Outline of Midterm Corporate Strategy 2021

Our new Midterm Corporate Strategy aims to realize triple-value growth* through MC’s business-management model. It will make MC more adaptable to changing geopolitical dynamics, the transition to a digital age and other rapid developments. The strategy’s four sections are outlined below.

* Simultaneously generating economic value, societal value, and environmental value

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External Environment
- Changing geopolitical dynamics due to “America-First” agenda in US, China’s “One-Belt, One-Road” policy, and other factors.
- Strong US & China economies, solid Japan-West relations and growth in emerging economies countered by constant market volatility.
- Growing influence of platform companies and digitization on business models.

Internal Challenges
- Building our envisioned portfolio – one that is adaptable to changes in our operating environment.
- Stimulating triple-value growth* by actively engaging in the management of MC’s business investments.
- Developing highly skilled management professionals.
Portfolio Strategies Aimed at Stimulating Further Growth

By strengthening our operations in the Services Sector and downstream businesses, we will endeavor to stimulate more growth in what is currently a very stable business portfolio.
Strategy Conception Through Multi-Dimensional Portfolio Analyses

We will optimize MC’s portfolio by analyzing the company’s businesses from a number of different vantage points, including region, industry presence and management engagement.

- Expand Japan-built midstream and downstream business models in Living sector into overseas markets and secure future growth
- Focus upstream businesses in the Living, Mobility & Infrastructure, and Energy & Power Generation sectors in regions with low country- and geopolitical-risk factors
- Grow midstream and downstream businesses in the Mobility & Infrastructure sectors in regions where MC has solid business foundations, such as Southeast Asia
- Continue to focus on Myanmar, India and Africa (i.e. “Regions Targeted for Companywide Development” and “Emerging Markets for Companywide Support”)
Value-Added Cyclical Growth Model & Improved ROE

We will identify Potential Growth Sources and nurture them into Growth Drivers and Core Businesses by enhancing their value. In this new cyclical growth model, even Core Businesses will be replaced with new Growth Driver Candidates if MC can no longer add value to them. This will have the added benefit of improving MC’s ROE.

**Potential Growth Sources ➔ Growth Drivers ➔ Core Businesses**

Our new growth model will enhance business value through this divestment-to-reinvestment cycle.

What makes MC capable of enhancing business value?

- **Collective Capabilities:** To enable a holistic view of industry
- **Conception Skills:** To identify Potential Growth Sources in the restructuring of industries, M&As, etc.
- **Execution Skills:** To grow corporate value by actively managing the businesses

**Improved ROE**

Generate sufficient returns as capital gains by enhancing value of businesses. ➔ Improve capital efficiency from all investments, including large scale M&As.

**Traditional Investment Model (Green Field)**

- Cost of Capital
- Returns (equity-method earnings ÷ investment amount)

**Growth Drivers**

Replace all businesses (including Core Businesses) where MC can no longer add value with new Growth Driver Candidates.

**Enhance Business Value**

Invest in businesses where MC can generate added value. Build both Potential Growth Sources and Growth Drivers simultaneously.

**Core Businesses**

Cost of Capital

Returns (equity-method earnings ÷ investment amount)
Reorganizations

To enhance our business creation capabilities and realize our envisioned portfolio, we will be restructuring MC into 10-Business Groups as of April 2019.

The Corporate Staff Section will be rearranged to focus on the main themes of Midterm Corporate Strategy 2021, namely our business portfolio, HR development and digital strategies.

<table>
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<tr>
<th>Business Groups ***</th>
<th>Divisions</th>
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</table>
| Natural Gas         | • Natural Gas (Asia Pacific)  
|                     | • Natural Gas (Americas, Europe and ME)                                   |
| Industrial Materials| • Carbon  
|                     | • Steel Business  
|                     | • Performance Materials                                                   |
| Petroleum & Chemicals| • Petroleum  
|                     | • Petrochemicals  
|                     | • Basic Chemicals                                                         |
| Mineral Resources   | • Mineral Resources Investment  
|                     | • Mineral Resources Trading                                                |
| Industrial Infrastructure| • Plant Engineering  
|                     | • Industrial Machinery  
|                     | • Ship & Aerospace                                                        |
| Automotive & Mobility | • Automotive Business  
|                       | • Isuzu Business                                                          |
| Food Industry       | • Food Sciences  
|                     | • Food Resources  
|                     | • Fresh Food Products                                                     |
| Consumer Industry   | • Retail  
|                     | • Apparel & S. P. A.  
|                     | • Healthcare Products & Distribution                                    |
|                     | • Logistics Business                                                      |
| Power Solution      | • Environmental Business                                                 |
|                     | • New Energy & Power Generation                                           |
| Urban Development   | • Urban Infrastructure  
|                     | • Urban Development                                                       |
|                     | • Asset Finance                                                           |

***) The number of Business Group Administration Departments is to be increased from seven to eight.
# Missions of the New Business Groups

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<th>Business Group</th>
<th>Mission Description</th>
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<td>Natural Gas</td>
<td>While LNG demand, as a principal source in both power and industrial sector, is growing, an energy-mix diversification through Japan market liberalization requires a new function of LNG supply/demand matching and adjustment to cope with an uncertainty. The mission is to improve our value to meet such a new era’s needs.</td>
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<tr>
<td>Industrial Materials</td>
<td>Against a backdrop of an increasingly competitive environment, diversifying materials needs are likely to present new business opportunities. The mission is to redefine the role MC can play in providing solutions to the industries in which it operates and focus resources in areas where the company can leverage its strengths and capabilities.</td>
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<tr>
<td>Petroleum &amp; Chemicals</td>
<td>The transition to low-carbon societies and arising of environmental awareness continue to have an impact on the petroleum and chemicals industry. The mission is to find solutions in these industries by concentrating on its core businesses where MC can demonstrate its strengths and functions.</td>
</tr>
<tr>
<td>Mineral Resources</td>
<td>Metallurgical coal and copper as its main pillars, the mission is to further enhance the competitive advantage as well as the quality of its world-class quality assets, while delivering long-term sustainability in ways which are good for the environment and for supply stability.</td>
</tr>
<tr>
<td>Industrial Infrastructure</td>
<td>More and more market players are looking to go digital and reduce their carbon footprints. The mission is to redefine MC’s position in industry by transitioning to high value-added business models providing solutions for industries, leveraging MC’s existing machinery, ship and plant-and-engineering sales businesses.</td>
</tr>
<tr>
<td>Automotive &amp; Mobility</td>
<td>The mission is to capture demand and leverage MC’s formidable business foundations in the evolving automotive and mobility industries, which are embracing digital technologies and services encapsulated by CASE (Connected, Autonomous, Sharing and Electric). The Group will endeavor to build business models aimed at solving people-and-goods related mobility issues.</td>
</tr>
<tr>
<td>Food Industry</td>
<td>The mission is to help solve the societal challenges surrounding supply chains and build a stable and sustainable business model. The Group also contributes to Japanese companies by expanding their quality products and services into overseas markets, thereby creating new growth opportunities for them.</td>
</tr>
<tr>
<td>Consumer Industry</td>
<td>The mission is to spearhead solutions to societal challenges in the retail and distribution industries and maximize the value of MC’s real-assets as social infrastructure, such as its retail stores network. It also effectively combines its real assets and digital technologies to build consumer-oriented retail-and-distribution platform businesses.</td>
</tr>
<tr>
<td>Power Solution</td>
<td>The mission is not only to contribute to stable power supplies, but also to create new added-values for power consumers/users by combining renewables and other environmentally-friendly energy sources and digital technologies.</td>
</tr>
<tr>
<td>Urban Development</td>
<td>The mission is to establish highly value-added and large scale businesses, through the combination of MC’s expertise in such areas as urban development, infrastructure development, asset finance and so on to meet the global needs in urbanization and reduction of carbon footprints.</td>
</tr>
</tbody>
</table>
Enhancement of New Business Concepts & Digital Strategies

The Group Business Creation GM and Digital Strategy GM will work with the Business Creation Office and Digital Strategy Department to develop new business models.

- Work with Business Groups to identify Potential Growth Sources and plan/conceive new businesses
- Combine multiple concepts into larger, more sophisticated business models
- Assess how concepts/models can be leveraged to break into next-generation growth sectors
- Enhance value of current businesses and promote replacement of those that have peaked out

CDO※

Corporate Strategy & Planning Department

Business Creation Office

Group GM for Business Creation

Natural Gas
Industrial Materials
Petroleum & Chemicals
Mineral Resources
Industrial Infrastructure
Automotive & Mobility
Food Industry
Consumer Industry
Power Solution
Urban Development

Group GM for Digital Strategy

Digital Infrastructure
AI/IoT
Sharing
Next-Gen Materials
B2C Branding
Mobile
5G
FinTech
Data Resources
Platform Businesses
Analytics

Planning & Execution of Industry-Wide Business Concepts/Models

Companywide Identification & Incubation of Potential Growth Sources

Collaboration

Digitization & Transformation

Internalization of Core Technologies

Tech Companies/Startups
Alliances & Investments
Academic Institutes, etc.
Open Innovation

Recruitment & Training of IT Professionals

※: Chief Digital Officer
**HR System Reforms**

We will be revising MC’s HR system to: (1) Ensure that employees gain the right experience to become management professionals earlier in their careers; (2) Be more meritocratic to ensure that the right people are assigned to the right positions; and (3) Utilize management talent more widely and effectively throughout the MC Group. Our aims are to continuously produce highly skilled management professionals capable of excelling in different fields, and to foster reciprocal growth between the company and its employees.

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**Key Features of the New HR System**

1. **Flexible promotion to management positions**
   - Maintain the skill-based grading system to develop talent in a stepwise fashion, but reduce the number of grades.

2. **Enhance Performance-based system**
   - Have employees and positions at or above certain level managed on a companywide basis. Pay these management professionals based on their managerial mission and performance.

3. **Share-based compensation**
   - To promote reciprocal employee-company growth, establish share-based compensation in addition to the cash remuneration packages to certain employees.

4. **Multilayered evaluation framework** (to all Employees)

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**Continuous Generation of Highly Skilled Management Professionals**

*Conception Skills (to conceive new businesses, strategies, etc.) / Execution Skills (leadership, ambition, etc.) / High Moral and Ethical Standards, etc.*

- Ensure employees gain right experience earlier
- Be more meritocratic to ensure right people are assigned to right positions
- Stimulate growth by utilizing management talent throughout MC Group

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**Management Expertise**

- "Frontline Professionals" 5 – 10 years
- "Practical Application of Management Experience" 10 – 20 years
- "Application as Management Professionals"
Financial Targets & Capital Policy

By continuously growing MC’s Business-Related Segments and making it more competitive in Market-Related Segments, we will aim for an even higher double-digit ROE. We will extend the current progressive dividend scheme, and aim to increase MC’s dividend payout ratio from 30% to 35% in the future.

- **Consolidated Net Income (billion yen)**
  - FY2016: 440.3
  - FY2017: 339.5
  - FY2018 (Estimate): 560.2
  - FY2021: 900

- **Financial Target**
  - Double-Digit ROE
  - FY2017: 640
  - FY2016: 243
  - FY2021: 250
  - Business-Related Segments: 650
  - Market-Related Segments: 250

- **Investment Plan**
  - Invest as necessary regardless of Business Group performance
  - Clean break from “market-follower” investment practice
  - Maintain optimal asset balance in Business Related and Market-Related Segments (at least 70% in Business-Related Segment)

- **Divestment Plan**
  - Divest to generate cash flow for new investments
  - Assign divestment target to each Business Group

- **Dividend Policy**
  - FY2016: 80 yen
  - FY2017: 110 yen
  - FY2018 (Estimate): 125 yen
  - FY2021: 125 yen

We will increase MC’s shareholder returns by flexibly buying back the company’s shares in a financially disciplined manner (e.g. paying due consideration to our optimal Investment Leverage Ratio range).
(Forward-Looking Statements)
• This release contains forward-looking statements about Mitsubishi Corporation’s future plans, strategies, beliefs and performance that are not historical facts. Such statements are based on the company’s assumptions and beliefs in light of competitive, financial and economic data currently available and are subject to a number of risks, uncertainties and assumptions that, without limitation, relate to world economic conditions, exchange rates and commodity prices.
• Accordingly, Mitsubishi Corporation wishes to caution readers that actual results may differ materially from those projected in this release and that Mitsubishi Corporation bears no responsibility for any negative impact caused by the use of this release.

(Notes Regarding these Presentation Materials)
• Consolidated net income in this presentation shows the amount of net income attributable to owners of the Parent, excluding noncontrolling interests. Equity shows the amount of equity attributable to owners of the Parent, excluding noncontrolling interests, which is a component of total equity.