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(Securities Code 9301)
June 7, 2017

To Shareholders with Voting Rights:

Akio Matsui
President
Mitsubishi Logistics Corporation
19-1, Nihonbashi, 1-chome, Chuo-ku,
Tokyo, Japan

**NOTICE OF
THE 214TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 214th Annual General Meeting of Shareholders of Mitsubishi Logistics Corporation (the "Company"). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing by submitting the Voting Rights Exercise Form, or via the Internet, etc. Please review the Reference Documents for the General Meeting of Shareholders (pages 43 through 49), and return your form no later than 5 p.m. Japan time on Wednesday, June 28, 2017, or cast your vote via the Internet, etc., by 5 p.m. Japan time on Wednesday, June 28, 2017.

(Please refer to the page 50 for the detailed procedures for exercising voting rights via the Internet, etc.)

- 1. Date and Time:** Thursday, June 29, 2017 at 10 a.m. Japan time
- 2. Place:** Nihonbashi Dia Building, Headquarters of the Company
19-1, Nihonbashi, 1-chome, Chuo-ku, Tokyo, Japan
- 3. Meeting Agenda:**
Matters to be reported:
 1. The Business Report, Consolidated Financial Statements for the Company's 214th Fiscal Year (April 1, 2016 - March 31, 2017) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company's 214th Fiscal Year (April 1, 2016 - March 31, 2017)

Proposals to be resolved:

- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Reverse Stock Split
- Proposal No. 3:** Election of Fourteen (14) Directors
- Proposal No. 4:** Payment of Bonuses to Directors

4. Information on Exercise of Voting Rights

(1) If you vote both in writing on the Voting Rights Exercise Form and via the Internet, only your vote placed via the Internet will be valid.

In addition, if you submit your vote multiple times via the Internet, only the last vote will be valid.

(2) If you are unable to attend the meeting, you can exercise your voting rights by proxy by appointing another shareholder with voting rights as proxy and submitting a document that attests the power of proxy.

When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.

Any updates to the Reference Materials for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and Non-consolidated Financial Statements will be posted on the “Investor Relations” on the Company’s website (<http://www.mitsubishi-logistics.co.jp/english/ir/index.html>).

Business Report

(April 1, 2016 - March 31, 2017)

I. Overview of the Company Group

1. Business Progress and Results

(1) Business Conditions

During the fiscal year under review, in the global economy, steady economic recovery continued in the United States while the recovery in Europe remained moderate and there was a sign of recovery in China. Japan, meanwhile, sustained a moderate recovery with improved employment environment and a sign of recovery in consumer spending and capital expenditure.

In these economic situations, the business environment surrounding the Group remained difficult. In the warehousing and harbor transportation business in the Logistics Segment, the competition with other companies has intensified despite the recovery trend seen in cargo movement. In the Real Estate Segment, the rent level did not recover despite improvement in demand for rental office buildings.

Under these circumstances, Mitsubishi Logistics Corporation and its subsidiaries and affiliates (collectively, the "Group") promoted aggressive marketing activities. In the Logistics Segment, we made efforts including the expansion of distribution operations especially for pharmaceuticals, and expansion reinforcement of operational bases overseas. In the Real Estate Segment, we focused our efforts on securing tenants, and maintaining and improving rent levels. Meanwhile, we endeavored to improve business performance through cost management and further improvement of efficiency in business operations.

As a result, revenue for the fiscal year under review amounted to 208,718 million yen, an increase of 1,886 million yen, or 0.9% from the previous fiscal year. In the Logistics Segment, freight handled increased in the warehousing & distribution, land transportation and harbor transportation businesses, although revenue decreased in the international transportation business owing to factors such as a decline in ocean freight and the effects of a stronger yen. In the Real Estate Segment, revenue increased due to an increase in condominiums sold. On the other hand, cost of services overall decreased 264 million yen, or 0.1% from the previous fiscal year to 185,573 million yen. In the Logistics Segment, operational and transportation consignment costs decreased as revenue in the international transportation business decreased while depreciation and amortization expenses decreased in both the Logistics and Real Estate Segments. In the Real Estate Segment, real estate sales costs increased in line with sales of condominiums increased. Due to factors such as an increase in the external standard tax portion of enterprise tax, selling, general and administrative expenses amounted to 10,396 million yen, an increase of 712 million yen, or 7.4% from the previous fiscal year.

As a result, operating income increased 1,439 million yen, or 12.7% year on year to 12,748 million yen, reflecting the rise in revenue in both the Logistics Segment and the Real Estate Segment. Ordinary income increased 2,031 million yen, or 14.5% to 16,056 million yen due partially to foreign exchange gains at an overseas consolidated subsidiary. Profit attributable to owners of parent increased 1,314 million yen, or 14.1% from the previous fiscal year to 10,665 million yen despite a decrease in gain on sale of marketable securities and investments in securities in extraordinary income, which was offset by lower impairment loss in extraordinary loss and the effects of a decrease in the effective corporate tax rate.

Performance by business segment of the Group was as follows.

1) Logistics Segment

In the warehousing & distribution business and land transportation business, transactions for medical products and beverages, etc. were strong, resulting in revenue to rise 0.8% from the previous fiscal year to 49,541 million yen in the warehousing & distribution business, and revenue in the land transportation business increased by 4.0% from the previous fiscal year to 45,732 million yen. In the harbor transportation business, revenue increased by 8.8% from the previous fiscal year to 22,994 million yen due mainly to an increase in container freight handling volume. However, in the international transportation business, factors such as a decline in ocean freight and the effects of a stronger yen contributed to a 10.1% decline in revenue from the previous fiscal year, to 44,146 million yen.

As a result, overall revenue in the Logistics Segment was 167,907 million yen, down 1,099 million yen, or 0.7% from the previous fiscal year. Additionally, operating expenses were down by 2,180 million yen, or

1.3%, from the previous fiscal year to 161,245 million yen due mainly to a decrease in operational and transportation consignment costs as revenue in the international transportation business decreased, and reduced depreciation and amortization expenses. Due to the above, operating income was 6,661 million yen, an increase of 1,081 million yen, or 19.4% from the previous fiscal year.

2) Real Estate Segment

In the mainstay real estate leasing business, revenue declined 1.8% from the previous fiscal year to 30,355 million yen due mainly to a decrease in ancillary revenue such as electrical power fees. Other revenue increased by 39.9% from the previous fiscal year to 12,539 million yen due to an increase in property sales in the condominium sales business.

As a result, overall revenue in the Real Estate Segment was 42,894 million yen, up 3,017 million yen, or 7.6% from the previous fiscal year. Additionally, operating expenses were up by 1,912 million yen, or 6.5% from the previous fiscal year to 31,174 million yen, primarily due to a rise in real estate sales costs as sales of condominiums increased, an increase in repair expenses in line with property maintenance, and a decrease in depreciation and amortization expenses. Due to the above, operating income was 11,719 million yen, an increase of 1,104 million yen, or 10.4% from the previous fiscal year.

Revenue by segment

(Millions of yen unless otherwise stated)

Categories	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016	Year-on-year change	
			Amount	Percentage (%)
Logistics Segment	167,907	169,006	(1,099)	(0.7)
[Warehousing & Distribution Business]	[49,541]	[49,127]	[414]	[0.8]
[Land Transportation Business]	[45,732]	[43,969]	[1,762]	[4.0]
[Harbor Transportation Business]	[22,994]	[21,127]	[1,867]	[8.8]
[International Transportation Business]	[44,146]	[49,124]	[(4,978)]	[(10.1)]
[Other]	[5,493]	[5,658]	[(164)]	[(2.9)]
Real Estate Segment	42,894	39,876	3,017	7.6
[Real estate Leasing Business]	[30,355]	[30,914]	[(559)]	[(1.8)]
[Other]	[12,539]	[8,961]	[3,577]	[39.9]
Elimination of inter-segment transactions	(2,083)	(2,051)	(31)	—
Total	208,718	206,831	1,886	0.9

(Notes)

1. Elimination of inter-segment transactions refers to the elimination of inter-segment transactions included in the revenue of the Logistics Segment and Real Estate Segment.
2. In line with diversification of operations in the Logistics Segment, operating revenue previously classified as “Other” in the Logistics Segment has increased, and from the fiscal year under review, revenue associated with each business included in “Other” in the Logistics Segment is incorporated into operating revenue in each business, and for comparison purposes, the same has been applied to the previous fiscal year.

(2) Capital Investments

The Group made capital investments in the total amount of 27,336 million yen for development and purchasing of land for warehouses and construction of warehouses and facilities for lease, etc.

The main investments made during the fiscal year under review were as follows.

1) Development completed land

Kobe: Site for Seishin Distribution Center [Completed in December 2016]
(within Kobe Logistics Center)
(Planned area: Approx. 55,900 m². Of which, approx. 16,500 m² was acquired by the previous fiscal year, and approx. 15,200 m² was purchased during the fiscal year under review (see 2) below))

2) Purchased land

Indonesia: P.T. Mitsubishi Logistics Indonesia MM2100 [Purchased in June 2016]
Distribution Center Site
(Approx. 169,800 m²)

Kobe: Site for Seishin Distribution Center [Purchased in January 2017]
(within Kobe Logistics Center)
(Approx. 15,200 m²)

Tokyo: Site for Lease office building, 1-chome, [Purchased in March 2017]
Nihonbashi-honcho, Chuo-ku
(Approx. 950 m². Of which, the Company holds 49% joint equity)

3) Construction completed facilities for lease

Kyoto: Kumano Staff Quarters, Kyoto University [Completed in February 2017]
Residential units for lease
(five stories, floor area of approx. 7,200 m²)

Tokyo: Staff quarters and joint research facility, The [Completed in March 2017]
University of Electro-Communications
Residential units and facilities for lease
(five stories and single story, floor area of approx. 16,700 m²)

4) Warehouses under construction

Indonesia: P.T. Mitsubishi Logistics Indonesia MM2100 [Scheduled for completion in
Distribution Center July 2017]
Warehouses
(single story, total floor area of approx. 18,000 m²)

Kobe: Seishin Distribution Center [Scheduled for completion in
March 2018]
Warehouses
(four stories, total floor area of approx. 60,500 m²)

(3) Financing

The capital investments and operating capital of the Group were funded by cash on hand.

(4) Future Outlook and Issues

With respect to the prospects of the world economy, the moderate recovery is expected in the United States and Europe while the economy in China continuously moves toward recovery. Japanese economy is also expected to recover gradually supported by continuous improvement of employment and income environment and implementation of various government policies.

In this economic climate, among the business environment surrounding the Group, harsh situations continue in the warehousing & distribution business and harbor transportation business due to the intensified competition despite a moderate increase in freight volume. Meanwhile, despite improvement in demand for rental office buildings, the recovery of rent levels will not lead to the improvement of the business condition in the real estate business.

Under these circumstances, in line with the newly formulated Medium-Term Management Plan [2016–2018] spanning three years beginning fiscal 2016, the Group will strive for sustainable growth mainly by further expanding its domestic and overseas integrated logistics business in response to changes in customers' global supply chains, and expanding the Real Estate Business with an emphasis on building leases.

Specifically, we will implement the following measures.

- 1) In the Logistics Segment, we will expand the domains of our domestic and international logistics services in tandem by thoroughly placing its first priority on customers. In addition, we will promote the improvement of the system through reorganization, etc. to reinforce the logistics business base and improve its service quality while strengthening cost competitiveness.
- 2) In the Real Estate Segment, we will maintain and improve features and functions of existing rental properties and expand business to other than building lease in order to secure long-term and stable profitability.
- 3) We will promote the reinforcement of Group management, and select and concenter management resources to enhance overall Group productivity. In addition, we will thoroughly implement risk management including disaster countermeasures, global environment measures, compliance and CSR as well as proper capital policy and secure financial soundness, thereby enhancing corporate value.

2. Trends in Assets and Income

Trends in assets and income of the Group and the Company for the fiscal year under review and the last three fiscal years are as follows.

(Millions of yen unless otherwise stated)

Item		The 211th fiscal year (April 1, 2013 - March 31, 2014)	The 212th fiscal year (April 1, 2014 - March 31, 2015)	The 213th fiscal year (April 1, 2015 - March 31, 2016)	Fiscal year under review (April 1, 2016 - March 31, 2017)
The Group	Revenue	198,161	204,362	206,831	208,718
	Operating income	12,148	11,449	11,309	12,748
	Ordinary income	14,113	14,456	14,025	16,056
	Profit attributable to owners of parent	8,520	9,133	9,350	10,665
	Basic earnings per share (yen)	48.62	52.12	53.37	60.88
	Total assets	396,238	433,041	413,264	435,354
	Total net assets	236,641	263,089	257,524	276,870
The Company	Revenue	139,075	141,638	144,391	146,896
	Operating income	8,861	8,025	8,783	10,284
	Ordinary income	10,985	10,880	11,492	13,073
	Net income	7,789	7,369	8,149	9,074
	Basic earnings per share (yen)	44.43	42.04	46.49	51.77
	Total assets	350,321	381,937	363,588	383,730
	Total net assets	218,859	240,665	234,989	252,899

(Notes)

1. Operating income of the Group and the Company decreased in the 212th fiscal year due mainly to posting temporary expenses arising from new operations and large-scale renovations of warehouses, facilities for lease and office buildings, and an increase in depreciation.
2. Total assets and net assets of the Group and of the Company in the 213th fiscal year decreased due mainly to a decrease in the valuation amount of stocks.
3. Basic earnings per share of the Group and of the Company are calculated based on the weighted-average number of shares outstanding during the relevant period and are rounded off to the second decimal place.

3. Material Subsidiaries

Company name	Capital (Millions of yen)	The Company's percentage of equity participation (%)	Principal business
Fuji Logistics Co., Ltd.	2,979	95.0	Warehousing & Distribution Business
Ryoso Transportation Co., Ltd.	360	100	Land Transportation Business
Dia Buil-Tech, Co., Ltd.	100	100	Real Estate Managing Business
Shinryo Koun Co., Ltd.	36	86.0	Harbor Transportation Business
Mitsubishi Logistics China Co., Ltd.	RMB250 million	100	Investment in Logistics Business in China and management of affiliate logistics companies
P.T. Mitsubishi Logistics Indonesia	IDR211,665 million	99.9	Warehousing & Distribution Business
Mitsubishi Logistics America Corporation	USD10,000 thousand	100	International Transportation Business
Mitsubishi Logistics Europe B.V.	EUR2,500 thousand	100	International Transportation Business

The number of the consolidated subsidiaries subject to consolidated accounting is 52 including 8 material subsidiaries shown above, while the number of affiliates subject to the equity method is 3. The majority of these companies are engaged in operations and transportation related to the logistics business and management of buildings related to the real estate business.

4. Principal Business

(1) Logistics Segment

1) Warehousing & Distribution Business

Business conducting storage and handling of incoming and outgoing cargo, etc. at warehouses containing consigned items

2) Land Transportation Business

Business conducting transport and usage transport, etc. by freight automobiles

3) Harbor Transportation Business

Business conducting coastal cargo handling and onboard cargo handling, etc. at ports

4) International Transportation Business

Business conducting handling of international product transport, etc. (including handling domestic marine cargo transport)

(2) Real Estate Segment

Business conducting consignment, design and oversight of purchase, leasing, management and construction of real estate

5. Principal Business Locations

(1) The Company

Headquarters: Chuo-ku, Tokyo

Branches: Tokyo, Yokohama, Nagoya, Osaka, Kobe and Fukuoka

(2) Subsidiaries

1) Logistics Segment

Fuji Logistics Co., Ltd. (Minato-ku, Tokyo)

Ryoso Transportation Co., Ltd. (Koto-ku, Tokyo)

Shinryo Koun Co., Ltd. (Chuo-ku, Kobe)

Mitsubishi Logistics China Co., Ltd. (Shanghai, China)

P.T. Mitsubishi Logistics Indonesia (Jakarta, Indonesia)

Mitsubishi Logistics America Corporation (New York City, State of New York, U.S.A)

Mitsubishi Logistics Europe B.V. (Rotterdam, South Holland, The Netherlands)

2) Real Estate Segment

Dia Buil-Tech, Co., Ltd. (Chuo-ku, Tokyo)

6. Employees

(1) Employees of the Group

Categories	Number of employees (Changes from March 31, 2016)
Logistics Segment	4,048 (decreased 72)
Real Estate Segment	298 (decreased 10)
Administrative segment, Headquarters of the Company	73 (increased 2)
Total	4,419 (decreased 80)

(Notes)

1. The figures in the above table do not include 53 persons on leave and seconded outside of the Group.
2. Separate from the above, there are 1,324 temporary employees and 1,152 seconded and contracted employees from outside the Group.

(2) Employees of the Company

Number of employees (Changes from previous fiscal year-end)	Average age	Average years of service
863 (increased 18)	39 years, 10 months	16 years, 8 months

(Notes)

1. The figures in the above table do not include 148 persons on leave and seconded outside of the Company.
2. Separate from the above, there are 116 temporary employees and 563 seconded and contracted employees from outside the Company.
3. Average ages and average years of service are rounded to the nearest month.

7. Material Lenders

Lender	Amount of borrowings (Millions of yen)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	19,193
The Norinchukin Bank	4,720
Mitsubishi UFJ Trust and Banking Corporation	3,575

II. Status of Shares

1. Matters concerning Shares

(1) Total number of shares authorized to be issued 440,000,000 shares

(2) Total number of shares outstanding, capital and number of shareholders

Item	Current fiscal year-end	Previous fiscal year-end	Changes from the previous fiscal year-end
Total number of shares outstanding (shares)	175,921,478	175,921,478	0
Capital (yen)	22,393,986,570	22,393,986,570	0
Number of shareholders (persons)	6,430	6,767	337 (decreased)

(Note) Total number of shares outstanding includes 659,143 shares of treasury shares.

(3) Major shareholders

Shareholder name	Number of shares	Shareholding ratio
	Thousand shares	%
The Master Trust Bank of Japan, Ltd. (trust account)	18,016	10.3
Japan Trustee Services Bank, Ltd. (trust account)	13,349	7.6
Meiji Yasuda Life Insurance Company	9,707	5.5
MITSUBISHI ESTATE CO., LTD.	7,331	4.2
Kirin Holdings Company, Limited	5,932	3.4
Tokio Marine & Nichido Fire Insurance Co., Ltd.	5,831	3.3
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,728	2.1
ASAHI GLASS CO., LTD.	3,315	1.9
Mitsubishi Corporation	3,205	1.8
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	3,134	1.8

- (Notes)
1. The Bank of Tokyo-Mitsubishi UFJ, Ltd. has set 1,500 thousand shares of the Company as trust funds for retirement benefits for which voting rights are reserved, in addition to the shares stated in the table above.
 2. The Company's treasury shares (659,143 shares) were excluded in the calculation of the percentage of shares held.

2. Company Officers

(1) Directors and Corporate Auditors

Position	Name	Areas of responsibility or significant concurrent positions
Chairman of the Board President *	Tetsuro Okamoto Akio Matsui	
Managing Director	Kazuhiko Takayama	Responsible for Warehousing & Distribution Business
Managing Director	Takanori Miyazaki	Responsible for Accounting & Financing, Information System, Technical and Real Estate Business
Managing Director	Yoshiji Ohara	Responsible for Harbor Transportation Business
Managing Director	Noboru Hiraoka	Responsible for International Transportation Business
Managing Director *	Fumihiko Shinohara	Responsible for General Affairs, Corporate Communications, Personnel, Planning, and Internal Audit
Director	Minoru Makihara	Senior Corporate Advisor, Mitsubishi Corporation
Director	Shigemitsu Miki	Senior Advisor, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Director	Koji Miyahara	Board Counselor, Nippon Yusen Kabushiki Kaisha
Director	Yasushi Saito	General Manager, Accounting & Financing Division
Director	Hitoshi Wakabayashi	General Manager, Warehousing & Distribution Business Division
Director	Tomohiko Takami	General Manager, International Transportation Business Division
Director	Masao Fujikura	General Manager, Osaka Branch
Standing Corporate Auditor	Tohru Watanabe	
Standing Corporate Auditor	Yoshihito Yoshizawa	
Corporate Auditor	Yohnosuke Yamada	Lawyer
Corporate Auditor	Kenji Sakurai	Certified Public Accountant
Corporate Auditor	Hiroshi Imai	Standing Auditor, FUJI LOGISTICS CO., LTD.

- (Notes)
1. Directors with an asterisk (*) are representative directors.
 2. Of Directors, Mr. Minoru Makihara, Mr. Shigemitsu Miki and Mr. Koji Miyahara are Outside Directors as stipulated by Article 2, Paragraph 15 of the Companies Act. The Company designated them as independent officers as stipulated by Tokyo Stock Exchange, Inc. and registered them with the said Exchange.
 3. Of Corporate Auditors, Mr. Yoshihito Yoshizawa, Mr. Yohnosuke Yamada and Mr. Kenji Sakurai are Outside Corporate Auditors as stipulated by Article 2, Paragraph 16 of the Companies Act. The Company designated them as independent officers as stipulated by Tokyo Stock Exchange, Inc. and registered them with the said Exchange.
 4. Corporate Auditor Mr. Kenji Sakurai is a Certified Public Accountant and has a considerable knowledge regarding finance and accounting.
 5. In addition to the above, the significant concurrent positions of Outside Officers are stated in “(3) Matters concerning Outside Directors” and “(4) Matters concerning Outside Corporate Auditors” below.
 6. The Directors and Corporate Auditors who retired during the fiscal year under review were as follows (retired on June 29, 2016).

Director Yuichi Hashimoto	Director Yoshinori Watabe
Director Masato Hoki	Director Yoichiro Hara
Corporate Auditor	Shunkyo Harada
 7. Of Directors shown above, positions and responsibilities were changed as follows on April 1, 2017.

(Old positions)		(New positions and responsibilities)
Managing Director	Kazuhiko Takayama	Director (—)
Director	Hitoshi Wakabayashi	Managing Director (Responsible for Warehousing & Distribution Business)
Director	Masao Fujikura	Managing Director (General Manager, Osaka Branch)

(2) Compensation to Directors and Corporate Auditors for the Fiscal Year under Review

Categories	Number of persons paid	Amount of payment (Millions of yen)
Directors	18	440
(of which, Outside Directors)	(3)	(28)
Corporate Auditors	6	61
(of which, Outside Corporate Auditors)	(3)	(35)

- (Notes)
1. Amount of payment above includes Directors’ bonuses in the total amount of 50 million yen (including the amount of 4 million yen to Outside Directors) which will be paid subject to the approval and resolution of Proposal No. 4 “Payment of Bonuses to Directors” at the 214th Annual General Meeting of Shareholders to be held on June 29, 2017.
 2. In addition to the amounts in the above table, to Directors concurrently serving as employees (5 persons during the fiscal year under review), the portions of their remuneration as employees of 61 million yen were paid.
 3. The upper limit on total compensation for Directors is 38 million yen per month (of which, 3 million yen per month for Outside Directors; resolved at the 209th Annual General Meeting of Shareholders held on June 28, 2012; not including the portion of employees’ salary for Directors who concurrently serve as employees), while 7 million yen per month for Corporate Auditors (resolved at the 203rd Annual General Meeting of Shareholders held on June 29, 2006).

(3) Matters concerning Outside Directors

1) Significant concurrent positions at other corporations, etc.

Name	Company name	Title
Minoru Makihara	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	Outside Director
Shigemitsu Miki	Mitsubishi Electric Corporation	Outside Director
Koji Miyahara	Toho GAS Co., Ltd.	Outside Director

- (Notes)
1. Mr. Shigemitsu Miki retired as Director of Mitsubishi Electric Corporation on June 29, 2016.
 2. The Company has transactions such as logistics operation consignment, etc. with Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
 3. The Company has transactions such as logistics operation consignment, etc. with Mitsubishi Electric Corporation.

2) Main activities

During the fiscal year under review, the Company held 12 meetings of the Board of Directors. Mr. Minoru Makihara participated in 11 meetings, Mr. Shigemitsu Miki in 10 meetings, and Mr. Koji Miyahara in 10 meetings. Outside Directors stated invaluable opinions based on their distinguished insight and broad perspectives.

(4) Matters concerning Outside Corporate Auditors

1) Significant concurrent positions at other corporations, etc.

Name	Company name	Title
Yohnosuke Yamada	SANYO TRADING CO., LTD.	Outside Director
	KANEMATSU CORPORATION	Outside Audit & Supervisory Board Member
Kenji Sakurai	Rhythm Watch Co., Ltd.	Auditor (External)
	Japan Drilling Co., Ltd.	Audit & Supervisory Board Member (External)

- (Notes)
1. Mr. Kenji Sakurai retired as Director of Rhythm Watch Co., Ltd. on June 22, 2016.
 2. The Company has transactions such as logistics operation consignment, etc. with SANYO TRADING CO., LTD.
 3. The Company has transactions such as logistics operation consignment, etc. with KANEMATSU CORPORATION.
 4. The Company has transactions such as logistics operation consignment, etc. with Japan Drilling Co., Ltd.

2) Main activities

During the fiscal year under review, the Company held 16 meetings of the Board of Corporate Auditors. Mr. Yoshihito Yoshizawa participated in 16 meetings, Mr. Yohnosuke Yamada in 14 meetings, and Mr. Kenji Sakurai in 16 meetings. During the fiscal year under review, the Company held 12 meetings of the Board of Directors. Mr. Yoshihito Yoshizawa participated in 12 meetings, Mr. Yohnosuke Yamada in 10 meetings, and Mr. Kenji Sakurai in 12 meetings. Each of Outside Corporate Auditors stated invaluable opinions from an objective and professional standpoint backed by their accumulated experiences as a manager at a trading firm, a lawyer, and a certified public accountant, respectively.

3. Accounting Auditor

(1) Accounting Auditor's Name
KPMG AZSA LLC

(2) Compensation for Audit Service Set Forth in Article 2, Paragraph 1 of the Certified Public Accountants Act

64 million yen

(Notes)

1. Upon confirming the content of the audit plan, the conditions of the execution status of the accounting audit, and the assumptions for calculating remuneration estimates, etc., of the Accounting Auditor, the Board of Corporate Auditors has given its approval under Article 399, Paragraph 1 of the Companies Act for the remuneration, etc., of the Accounting Auditor.
2. Under the audit agreement between the Company and its Accounting Auditor, compensation for audits pursuant to the Companies Act and audits pursuant to Financial Instruments and Exchange Law are not strictly separated, and otherwise cannot be separated. Consequently, the above amount reflects total compensation.

(3) Cash and other profits payable by the Company or its subsidiaries to Accounting Auditor

77 million yen

(Note)

Of significant subsidiaries of the Company, Mitsubishi Logistics China Co., Ltd., P.T. Mitsubishi Logistics Indonesia, and Mitsubishi Logistics Europe B.V. receive audits (limited to stipulations of the Companies Act and the Financial Instruments and Exchange Act (including laws and regulations of other countries corresponding to these laws)) from accounting auditors (including entities possessing qualifications in other countries corresponding to these qualifications) separate from the Accounting Auditor of the Company.

(4) Policy Regarding Determination of Termination or Nonrenewal of Appointment of Accounting Auditor

Aside from termination of the Accounting Auditor by the Board of Corporate Auditors as defined in Article 340 of the Companies Act, should the Accounting Auditor be deemed unable to execute its duties properly and the replacement of the Accounting Auditor be deemed necessary, the Company shall submit the proposal to terminate or not reappoint the Accounting Auditor to the General Meeting of Shareholders, based on a resolution of the Board of Corporate Auditors.

III. Company's Systems and Policies

1. System to ensure that Directors execute their duties in compliance with laws and regulations and the Articles of Incorporation and other systems to ensure proper business execution

As rules and a charter to be strictly followed by executives and employees during the course of executing duties, the Company has formulated a "Code of Conduct" as described below, and clearly states its position to actively work toward thorough compliance with related laws, in addition to environmental protection and social contribution, etc.

- 1) The Company will comply with laws and regulations and rules, and execute corporate activities sincerely and fairly so as not to disrupt societal norms.
- 2) The Company will disclose corporate information at appropriate times and in an appropriate way, and aim for broad communication with society.
- 3) The Company will continue to not have any relationships with anti-social forces that have a negative impact on the order and safety of civil society.
- 4) The Company will recognize the importance of environmental issues and cooperate with environmental protection activities.
- 5) While providing services that are safe, high quality, and socially effective, the Company will work toward societal contribution activities as a "good corporate citizen," placing harmony with regional societies and international society at the forefront.

Under this Code of Conduct, the Company has formulated "Basic Policy Regarding Implementation of Internal Control Systems" as described below, in order to ensure the appropriate execution of duties by executives and employees and appropriateness of corporate operations.

(1) System to ensure that the Directors execute their duties in compliance with laws and regulations and the Articles of Incorporation

Important decision-making shall be deliberated upon and resolved at a meeting of the Board of Directors that is held once per month in principle in accordance with the Regulations on the Board of Directors, which clarifies agenda standards. Regarding execution of duties, responsibilities for Directors shall be defined, and each Director shall execute duties concerning their responsibilities, with accountability pursuant to laws and regulations and the Articles of Incorporation.

Corporate Auditors shall inspect important decision-making documents, attend meetings of the Board of Directors and General Managers' meetings to ascertain the status of important decision-making and the execution of duties, and shall provide opinions.

(2) System to ensure that the employees execute their duties in compliance with laws and regulations and the Articles of Incorporation

While ensuring thorough recognition of the Company's "Code of Conduct" and internal regulations, the Internal Audit Department shall audit compliance with laws and regulations and the status of the execution of duties based on the annual audit plan, report the results to the responsible Executive Directors, and the division responsible for compliance shall evaluate the status of improvement of the audit results.

In order to prevent actions that may infringe upon laws and regulations and the Articles of Incorporation, an Internal Reporting Hotline (Helpline) shall be established.

Furthermore, through establishment of the Internal Control Committee and the CSR and Compliance Committee, the implementation status of internal control functions and the compliance conditions shall be evaluated, aiming to enhance the internal controls and CSR compliance.

(3) System for storage and management of information related to the execution of duties of the Directors

Minutes for meetings of the Board of Directors and important documents, etc. regarding the execution of duties by Directors shall be appropriately stored and managed in accordance with laws and regulations and internal regulations.

(4) Regulations or any other systems for management of risk of loss

While aiming for thorough compliance with the Basic Risk Management Manual, etc., the Risk Management Committee shall be established, working toward advance prevention of business risk and risks related to finance and legal matters, alongside with strengthening measures against natural disasters. Additionally, if risks arise, "Countermeasure Headquarters" shall be established, and companywide support and countermeasures shall be thoroughly implemented, aiming for minimization of losses and early restoration of normal operations.

- (5) System to ensure that the execution of duties of the Directors is efficient
Directors shall strictly maintain the efficiency and soundness of management while executing duties related to their responsibilities according to the management plan.
In addition all Executive Directors shall deliberate regarding the execution of important duties based on adequate documentation at Executive Committee held about once per week, while making resolutions or reporting on execution status at meetings of the Board of Directors.
- (6) System to ensure proper business execution within the Company group consisting of the Company and its subsidiaries
- Executives shall be dispatched from the Company to subsidiaries. In addition to implementation of Codes of Conduct suited for the businesses of subsidiaries, they oversee the duties of Directors of subsidiaries to be executed efficiently in accordance with the management plan.
 - The execution of important duties at subsidiaries shall be deliberated in advance with the Company in accordance with the Regulations on Affiliate and Subsidiary Administration, and Executive Directors in charge shall receive reports regarding the status of the execution of duties at subsidiaries and financial conditions, etc. from the subsidiaries periodically or as needed.
 - A Group Management Meeting, comprised of the Company and significant subsidiaries, shall be held about twice per year, ensuring the appropriateness of operations of the overall Group.
 - The Internal Audit Department shall audit compliance with laws and regulations and the status of the execution of duties at subsidiaries. Executive Directors in charge shall receive the results, cooperate with Corporate Auditors and Internal Audit Department of the Company and Corporate Auditors of the subsidiaries, and express their opinions regarding the optimization of operations of the overall Group as necessary.
 - To prevent actions that may infringe upon laws and regulations and the Articles of Incorporation, subsidiaries shall establish a common Internal Reporting Hotline (Helpline) jointly with the Company.
 - Regarding risk of losses at subsidiaries, in addition to management according to the Basic Risk Management Manual, etc., subsidiaries shall establish risk management structures according to their business types.
 - Appropriate structures for internal controls shall be implemented and operated in order to secure the reliability of financial reporting.
- (7) Employees to assist the duties of Corporate Auditors
The Corporate Auditors' Chamber shall be established as a department to assist the duties of Corporate Auditors, and dedicated personnel shall be assigned.
- (8) Independence of employees to assist the duties of Corporate Auditors from Directors and matters concerning effectiveness of instructions toward said employees
By the nature of their post, personnel dedicated to the Corporate Auditors' Chamber shall work directly for Corporate Auditors, and deliberation shall be made with the Board of Corporate Auditors in advance regarding the selection of such personnel, etc.
- (9) System for Directors and employees and executives and employees of subsidiaries (including parties receiving reports from these persons) to report to Corporate Auditors and other systems for reporting to Corporate Auditors
Directors and employees as well as executives and employees of subsidiaries (including parties receiving reports from these persons) shall report periodically to Corporate Auditors regarding the status of the execution of duties and financial conditions, etc., and the Internal Audit Department shall report the results of internal audits to Corporate Auditors.
Additionally, Directors and employees as well as executives and employees of subsidiaries (including parties receiving reports from these persons) shall report as required to Corporate Auditors regarding matters that will have a significant effect on management.
- (10) System to ensure that persons reporting to Corporate Auditors do not receive unfavorable treatment with said report as rationale
Any unfavorable treatment shall not be incurred due to reporting to Corporate Auditors including internal reporting.
- (11) Policies for processing expenses or liabilities incurred regarding the execution of duties by Corporate Auditors
Expenses or liabilities incurred regarding the execution of duties by Corporate Auditors shall be

processed appropriately in accordance with laws and regulations.

- (12) Other systems to ensure the effectiveness of audits by Corporate Auditors
Corporate Auditors shall receive periodic reports from the Accounting Auditor regarding the status of audits, and shall conduct effective audits through internal audits by the Internal Audit Department.
During audits, Directors and employees shall cooperate with Corporate Auditors to provide required information at the appropriate time.

2. Summary of the operational status of the system in 1. above

Based on the above “Basic Policy Regarding Implementation of Internal Control Systems,” the Company has established and operated the internal control systems for the Company and subsidiaries.

A summary of the operational status of internal control systems for the fiscal year under review is as follows.

- (1) Status of the execution of duties by Directors and employees
- Meetings of the Board of Directors were held 12 times, and the Board of Directors deliberated important matters and made resolutions, and Directors in charge provided reports on the status of execution of important duties.
 - Executive Committee, comprised of all Executive Directors (Chairman of the Board, President, and Managing Directors) chaired by President, was held about once per week, and deliberated on important matters regarding management.
 - In light of deliberations at Executive Committee, each Executive Director executed duties responsibly, including measures based on the Medium-term Management Plan [2016-2018], according to the division of duties.
 - Aside from General Managers of Branches, the General Managers’ Meetings also comprised of Directors, Corporate Auditors and the General Managers of the Headquarters Department were held about once per month for a total of 11 times, and the status of the execution of duties were reported and confirmed.
 - The Internal Control Committee, CSR and Compliance Committee, and Risk Management Committee were each held once, and the status of execution of duties companywide was evaluated from the independent viewpoints of each committee.
 - To ensure thorough dissemination of the Code of Conduct and internal regulations of the Company, internal training has been conducted, and the status of compliance among executives and employees has been confirmed through surveys, etc.
 - Minutes for meetings of the Board of Directors and important documents, etc. regarding the execution of duties by Directors have been managed by each responsible department according to the number of years required as defined by laws and regulations and internal regulations.
- (2) Status of the Corporate Group, composed of the Company and subsidiaries
- To manage risk of losses arising at the Group, the Company has prepared a “Basic Risk Management Manual,” and worked to disseminate it.
 - Executives and employees of the Company are dispatched to subsidiaries, execute duties in the subsidiaries and manage them by providing oversight and supervision.
 - A department to supervise subsidiaries were established, and the department discusses the execution of important duties with subsidiaries, receives periodic reports from subsidiaries regarding financial conditions, etc., and reports to Executive Directors in charge and Corporate Auditors. Additionally, the Group Management Meeting, comprised of the Company and significant subsidiaries, was held twice, and business results and issues, etc. were reported and confirmed, including the progress status of measures based on the Medium-term Management Plan [2016 – 2018].
 - Concerning internal controls regarding financial reporting, effectiveness is evaluated based on the “Internal Control Evaluation Policy Book,” which defines the Group’s systems regarding operation and evaluation, and basic policies such as processes and methods.
- (3) Status of Corporate Auditors, internal audits, and internal reporting
- Aside from exchanging information with the Representative Director through periodic meetings, etc., Corporate Auditors attended important meetings such as meetings of the Board of Directors and General Managers’ Meetings. In addition to the examination of important documents, etc. regarding the execution of duties by Directors such as decision-making documents, Corporate Auditors have inspected the Company’s audit and subsidiaries, etc. based on the annual audit plan. Additionally, meetings of the Board of Corporate Auditors were held 16 times, and information on the status of the

- Company and audit results, etc. have been shared.
- During the formulation and implementation, etc. of their respective annual audit plans, Corporate Auditors, the Internal Audit Department, Accounting Auditor and Corporate Auditors of subsidiaries have conducted periodic meetings and exchanged information as needed, executing duties effectively and efficiently.
 - To support the execution of duties of Corporate Auditors, a Corporate Auditors' Chamber (one dedicated employee) was established at the headquarters. The dedicated staff member executed duties under the direction of Corporate Auditors, and matters concerning related personnel, etc. were deliberated with the Board of Corporate Auditors in advance.
 - Expenses or liabilities that arose during the course of the execution of duties of Corporate Auditors were appropriately processed in accordance with laws and regulations upon request from Corporate Auditors.
 - Aside from establishing an Internal Audit Division (six dedicated employees) at the headquarters as the Internal Audit Department, audit support employees (two persons) were assigned, and auditors (one each) and audit support employees (two each) were assigned at each branch. Audits were conducted at the Company and Group companies based on the annual audit plan. Audit results were reported to Executive Directors in charge and Corporate Auditors, and the division responsible for compliance evaluated the status of improvement on a quarterly basis.
 - Including the Corporate Auditors' Chamber, multiple common Internal Reporting Hotlines were established in the Group, and internal regulations stipulated the prohibition of unfavorable treatment to the person who made an internal report.

3. Basic policy regarding the Company's control

The Group's primary businesses are the Logistics Business with warehousing & distribution business at its core, and the Real Estate Business, which focuses on the leasing of buildings.

Regarding the Logistics Business, the Group aims to organically and comprehensively operate each of the land transportation, international transportation and harbor transportation businesses centered on the warehousing & distribution business by using information technologies. In the Real Estate Business, the Group aims to expand the leasing business primarily in office buildings and commercial facilities by effectively using the Group's proprietary lands. Through fair operations of these businesses, the Group aims to ensure appropriate profits and stable growth, and provide returns to shareholders and employees, making contribution to realizing a prosperous society.

Due to the nature of the both businesses that needs land, building and facilities, etc. in favorable locations, both businesses require significant investment; therefore, the Company invest its management resources including funds in a continuous and planned manner from a long-term standpoint with the aim of expanding and developing businesses.

Although the Company does not unconditionally deny all intension of large-scale acquisition of the Company's shares, the Company believes that purchases in conflict with the above that damage corporate value or common interests of shareholders are inappropriate.

Currently, the Company has not recognized any parties that are attempting large-scale acquisitions of the Company's share. However, the Company constantly monitors the trading status of the Company's shares, and in the event that a party attempting a large-scale acquisition of the Company's shares in conflict with these views appears, and if the purchase will not contribute to the Company's corporate value and common interests of shareholders, appropriate countermeasures will be considered, and the Company will prepare a system for the swift implementation of the countermeasures.

Unless otherwise stated, the content of the above report adheres to the following.

1. Monetary amounts and share numbers are rounded down.
2. Ratios are rounded to the first decimal place.
3. If the number of shares or ratio is zero, it is presented as "-."

Consolidated Balance Sheet

(As of March 31, 2017)

(Millions of yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	89,167	Current liabilities	59,146
Cash and deposits	37,841	Notes and accounts payable	21,750
Notes and accounts receivable	33,588	Short-term bank loans and current maturities of long-term debt	20,546
Real estate held for sale	9,846	Income taxes payable	2,676
Deferred income taxes	1,638	Provision for directors' bonuses	50
Other	6,336	Other	14,123
Allowance for doubtful accounts	(83)	Long-term liabilities	99,337
Non-current assets	346,187	Bonds payable	27,000
Property and equipment	207,327	Long-term loans payable	18,053
Buildings and structures	108,550	Deposits on long-term leases	21,142
Machinery and equipment	4,049	Deferred income taxes	20,424
Land	86,905	Provision for directors' retirement benefits	195
Construction in progress	1,534	Net defined benefit liability	12,208
Other	6,287	Other	312
Intangible assets	15,882	Total liabilities	158,484
Leasehold right	7,722	(Net assets)	
Goodwill	1,236	Shareholders' equity	221,890
Other	6,923	Common stock	22,393
Investments and other assets	122,977	Capital surplus	19,566
Investments in securities	114,545	Retained earnings	180,762
Long-term loans receivable	527	Treasury shares	(832)
Deferred income taxes	2,359	Accumulated other comprehensive income	52,332
Other	5,708	Net unrealized holding gains on securities	51,422
Allowance for doubtful accounts	(22)	Foreign currency translation adjustments	975
Allowance for investment loss	(140)	Remeasurements of defined benefit plans	(64)
		Non-controlling interests	2,646
		Total net assets	276,870
Total assets	435,354	Total liabilities and net assets	435,354

(Figures are rounded down to the nearest million yen.)

Consolidated Statement of Income

(April 1, 2016 - March 31, 2017)

(Millions of yen)

Description	Breakdown	Amount
Revenue		
Warehousing fee income	23,749	
Stevedoring income	16,797	
Land transportation income	45,731	
Harbor stevedoring income	17,834	
International transportation income	44,026	
Rent of real estate for investment	32,025	
Other	28,554	208,718
Cost of services		
Operational and transportation consignment costs	83,840	
Personnel expenses	35,790	
Facility rental expenses	9,075	
Depreciation and amortization	12,565	
Other	44,301	185,573
Gross profit		23,144
Selling, general and administrative expenses		10,396
Operating income		12,748
Non-operating income		
Interest and dividend income	2,272	
Equity in earnings of unconsolidated subsidiaries and affiliates	525	
Foreign exchange gains	825	
Other	493	4,116
Non-operating expenses		
Interest expense	635	
Other	173	808
Ordinary income		16,056
Extraordinary income		
Gain on disposal of non-current assets	39	
Gain on sale of marketable securities and investments in securities	36	
Indemnity income of exiting facilities for lease	210	
Compensation income	353	639
Extraordinary losses		
Loss on disposal of non-current assets	678	
Impairment loss	193	
Provision of allowance for investment loss	27	900
Profit before income taxes		15,796
Income taxes - current	4,543	
Income taxes - deferred	488	5,032
Profit		10,763
Profit attributable to non-controlling interests		97
Profit attributable to owners of parent		10,665

(Figures are rounded down to the nearest million yen.)

Consolidated Statement of Changes in Net Assets

(April 1, 2016 - March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2016	22,393	19,618	172,200	(807)	213,405
Changes of items during period					
Cash dividends			(2,103)		(2,103)
Profit attributable to owners of parent			10,665		10,665
Purchase of treasury shares				(25)	(25)
Disposal of treasury shares		0		0	1
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(51)			(51)
Changes other than to shareholders' equity, net					
Total changes of items during period	-	(51)	8,562	(24)	8,485
Balance as of March 31, 2017	22,393	19,566	180,762	(832)	221,890

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Net unrealized holding gains on securities	Foreign currency translation adjustments	Remeasurements of defined benefit plan	Total accumulated other comprehensive income		
Balance as of April 1, 2016	40,282	1,703	(449)	41,535	2,583	257,524
Changes of items during period						
Cash dividends						(2,103)
Profit attributable to owners of parent						10,665
Purchase of treasury shares						(25)
Disposal of treasury shares						1
Change in treasury shares of parent arising from transactions with non-controlling shareholders						(51)
Changes other than to shareholders' equity, net	11,140	(727)	385	10,797	62	10,860
Total changes of items during period	11,140	(727)	385	10,797	62	19,346
Balance as of March 31, 2017	51,422	975	(64)	52,332	2,646	276,870

(Figures are rounded down to the nearest million yen.)

Notes to the Consolidated Financial Statements

Notes to the Basis for Preparation of Consolidated Financial Statements

1. Scope of consolidation

(1) Consolidated subsidiaries

Number of consolidated subsidiaries 52

Names of principal subsidiaries

Fuji Logistics Co., Ltd., Ryoso Transportation Co., Ltd., Dia Buil-Tech, Co., Ltd., Shinryo Koun Co., Ltd., Mitsubishi Logistics China Co., Ltd., P.T. Mitsubishi Logistics Indonesia, Mitsubishi Logistics America Corporation and Mitsubishi Logistics Europe B.V.

(2) Non-consolidated subsidiaries

Names of principal non-consolidated subsidiary

Dia Logistics (M) Sdn. Bhd.

Non-consolidated subsidiaries are respectively small in scale, and the totals of total assets, revenue, profit attributable to owners of parent (proportional amount of equity), and retained earnings (proportional amount of equity), etc., each do not have a significant effect on the consolidated financial statements, thus these subsidiaries are excluded from the scope of consolidation.

2. Application of the equity method

(1) Non-consolidated subsidiaries and affiliates accounted for the equity method

There are no non-consolidated subsidiaries accounted for the equity method.

Number of affiliates subject to the equity method 3

Name of principal affiliate

Kusatsu Soko Co., Ltd.

(2) Non-consolidated subsidiaries and affiliates not subject to the equity method

Name of principal non-consolidated subsidiary

Dia Logistics (M) Sdn. Bhd.

Name of principal affiliate

Nakatani Transportation Co., Ltd.

As non-consolidated subsidiaries and affiliates not subject to the equity method each of these companies has only an immaterial effect on profit attributable to owners of parent and retained earnings, etc. and is insignificant overall, these are excluded from application of the equity method.

3. Matters concerning the fiscal year, etc., of consolidated subsidiaries

All consolidated subsidiaries excluding 17 overseas subsidiaries such as Mitsubishi Logistics America Corporation end their fiscal years on the same day as the Company.

The last day of the fiscal year for oversea subsidiaries such as Mitsubishi Logistics America Corporation is December 31. The financial statements as of December 31 are used in the consolidated financial statements, and if any material transactions incur during the period from December 31 to March 31, necessary adjustments are made on the consolidated financial statements.

4. Matters concerning accounting procedures

(1) Standards and methods for valuation of important assets

A. Securities

Available-for-sale securities

Securities with market quotations

Stated at market based on the market price, etc. on the balance sheet date.

(Valuation difference is transferred directly to net assets. The cost of sales is calculated using the moving average method.)

Securities without market quotations

Stated at cost using the moving-average method.

B. Derivatives

Stated using the market value method.

C. Inventories (real estate held for sale)

Mainly stated at cost using the specific identification method.

(calculated by writing them down based on decline in profitability.)

(2) Depreciation and amortization method for important depreciable or amortizable assets

A. Property and equipment (excluding leased assets)

The declining-balance method is applied.

Warehouse facilities (actual buildings), commercial facilities for lease (actual buildings) and facilities and structures attached to buildings acquired on or after April 1, 2016 are calculated using the straight-line method.

Furthermore, useful lives are determined according to stipulations of the Corporation Tax Act, and lives for commercial facilities for lease (actual buildings) are determined with a standard of 20 years, taking into account the lease agreement period, etc.

B. Intangible assets (excluding leased assets)

The straight-line method is applied.

Computer software for internal use is amortized over the estimated internal useful life (5 to 10 years) using the straight-line method.

C. Leased assets

(Leased assets relating to finance lease transactions without the transfer of ownership)

Leased assets are depreciated using the straight-line method with no residual value over the useful life that is the lease term of the leased assets.

(3) Important standards of accounting for reserves

A. Allowance for doubtful accounts

To provide for losses resulting from unrecoverable claims such as accounts receivable and loans, allowance for doubtful accounts is recorded based on the historical write-off rate for ordinary receivables, and based on recoverability assessed individually for receivables such as doubtful accounts.

B. Allowance for investment loss

To provide for losses resulting from a decline in the substantial price of stock and investment without market value, allowance is recorded taking into account the possibility of recovery if total net assets of the issuing company fall below the book value.

C. Provision for directors' bonuses

To provide for bonuses to Directors, of estimated payment amount, amounts to be borne during the fiscal year under review are recorded.

D. Provision for directors' retirement benefits

To provide for payments of retirement benefits for executives at certain consolidated subsidiaries, amounts to be paid at the end of the fiscal year under review are recorded, based on predefined corporate standards.

(4) Accounting treatment of retirement benefits

A. Method of attributing the estimated benefit obligation to periods

Upon calculating the retirement benefit obligation, the estimated benefit obligation is attributed to the period up until the fiscal year under review on a benefit formula basis.

B. Amortization method of actuarial calculation differences and prior service costs

Actuarial calculation differences are amortized using the straight-line method over a certain period (5 to 16 years) within the average remaining years of service of employees, beginning from the fiscal year following the incurred year. Prior service costs are recognized using the straight-line method over a certain period (15 years) within the average remaining years of service of employees, beginning from the incurred year.

(5) Amortization method and amortization period of goodwill

Goodwill is amortized over 5 to 10 years on a straight-line basis. Any immaterial amounts are fully recognized as expenses as incurred.

(6) Accounting treatment of consumption taxes, etc.

For accounting treatment of consumption tax and local consumption tax, the tax exclusion method is applied.

Changes in accounting procedures

(Application of Practical Solution on Change in Depreciation Method due to Tax Reform 2016)

In line with the revisions to the Corporation Tax Act of Japan, the Company and domestic consolidated subsidiaries applied the “Practical Solution on Change in Depreciation Method due to Tax Reform 2016” (PITF No. 32, June 17, 2016) from the fiscal year under review. Accordingly, the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 was changed from the declining-balance method to the straight-line method.

As a result, operating income, ordinary income and profit before income taxes for the fiscal year under review each increased by 70 million yen.

Additional Information

(Application of Revised Implementation Guidance on Recoverability of Deferred Tax Assets)

The Company and its consolidated subsidiaries applied the “Revised Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016) from the fiscal year under review.

Notes to Consolidated Balance Sheet

1. Accumulated depreciation of property and equipment	296,431 million yen
2. Accumulated deferred tax reserves for non-current assets	3,378 million yen
3. Collateral assets	
Assets pledged as collateral	
Buildings and structures	108 million yen
Land	1,085 million yen
Obligations related to the above	
Short-term bank loans	300 million yen
“Other” of current liabilities	256 million yen
Long-term loans payable	6,638 million yen
Deposits on long-term leases	1,000 million yen
4. Guarantee liability	
Liability guarantees for borrowings of other companies	1,272 million yen

Notes to Consolidated Statements of Income

Impairment loss

The Company recognized impairment loss in the following asset group for the fiscal year under review:

Location	Use	Type	Amount (million yen)
Osaka City, Osaka	Rent of real estate facilities	Building and others	193

In calculating impairment loss, assets are grouped by the lowest level that generates a cash flow independent from other assets or asset groups.

The above asset groups have been recognized to have reduced profitability by operating activities, and as short-term recovery is not expected, book values for assets related to said asset groups have been reduced to the recoverable amounts, and the reduction amount of 193 million yen (193 million yen in buildings) has been recorded as impairment loss in extraordinary losses.

The recoverable amounts are measured based on net sale prices derived from on real estate appraisal evaluation amounts.

Notes to Consolidated Statement of Changes in Net Assets

1. Type and number of outstanding shares

Total number of outstanding shares as of March 31, 2107: Common stock 175,921,478 shares

2. Dividends

(1) Dividend amount

Resolution	Type of stock	Total dividends (million yen)	Dividend per share (yen)	Record date	Effective date
General Meeting of Shareholders on June 29, 2016	Common stock	1,051	6	March 31, 2016	June 30, 2016
Meeting of the Board of Directors on October 31, 2016	Common stock	1,051	6	September 30, 2016	December 1, 2016

(2) Dividends whose record date is during this fiscal year, but whose effective date is after the end of this fiscal year

The following items are proposed at the General Meeting of Shareholders to be held on June 29, 2017.

A. Total dividends	1,402 million yen
B. Source of dividends	Retained earnings
C. Dividend per share	8 yen
D. Record date	March 31, 2017
E. Effective date	June 30, 2017

Notes to Financial Instruments

1. Status of Financial Instruments

The Group raises necessary funds mainly by bank loans or issuance of bonds. Temporary cash surplus, if any, are invested in highly secured deposits, public bonds and corporate bonds, etc.

Notes and accounts receivable are exposed to credit risk of customers. In order to reduce such credit risk, the Group controls on due date and balance for each customer in accordance with internal customer credit management rules.

Investments in securities are mainly stocks issued by companies with which the Group has business relations. The Group ascertains the fair values of such stocks at regular intervals.

Short-term loans are used mainly for operating capital, while long-term loans payable are used mainly for capital expenditure. Interest rate swap contracts are used as a hedging instrument for long-term loans payable with floating interest rates in order to avoid interest rate fluctuation risk. Derivatives are used based on actual demand only.

2. Current Value, etc. of Financial Instruments

The amounts posted on the consolidated balance sheet, the market values, and the differences thereof as of March 31, 2017 are as follows. Items whose fair values are extremely difficult to measure are not included in the following table (please see (Note 2)).

(Millions of yen)

	Consolidated balance sheet amount	Market value	Difference
(1) Cash and deposits	37,841	37,841	-
(2) Notes and accounts receivable	33,588	33,588	-
(3) Investments in securities available for-sale securities	104,861	104,861	-
Total assets	176,291	176,291	-
(1) Notes and accounts payable	21,750	21,750	-
(2) Short-term bank loans	10,656	10,656	-
(3) Bonds payable	27,000	27,527	527
(4) Long-term loans payable (*)	27,944	28,082	137
(5) Deposits on long-term leases	1,165	1,161	(3)
(6) Derivatives	-	-	-
Total liabilities	88,516	89,177	661

(*) Including current maturities of long-term debt.

(Note 1) Calculation method of the market value of financial instruments and securities & derivative transactions
Assets

(1) Cash and deposits, (2) Notes and accounts receivable:

Relevant book values are used because the settlement term of the above items is short and their fair values approximate their book values.

(3) Available for-sale securities in investments in securities:

The fair values of stocks are determined using the quoted price at the stock exchange.

Liabilities

(1) Notes and accounts payable, (2) Short-term bank loans

Relevant book values are used because the settlement term of the above items is short and their fair values approximate their book values.

(3) Bonds payable

The fair values of bonds issued by the Company are calculated using the market price.

(4) Long-term loans payable

Long-term loans payable with floating interest rates require that the interest rates be amended at certain periods of

time. Therefore, relevant book values are used because their fair values approximate their book values. Long-term loans payable with fixed interest rates are calculated using the present value of the amount of principal and interest discounted using the current borrowing rate for similar loans of comparable maturity. Certain long-term loans payable with floating interest rates are subject to special treatment of interest rate swaps (see (6) below). Therefore, the fair values of such long-term loans payable are calculated by discounting the total amount of principal and interest that have been recorded together with said interest rate swap by an interest rate that would reasonably be estimated to apply to a similar loan.

(5) Deposits on long-term leases

Deposits on long-term leases are calculated by the present value of future cash flows discounted using a risk-free rate.

(6) Derivatives:

As those resulting from special treatment of interest rate swaps are processed in unity with long-term loans payable to which the hedge applies, these are recorded by including their values in the market value of said long-term loans payable (see (4) above).

(Note 2) Unlisted stocks and others (consolidated balance sheet amount of 9,683 million yen) are not included in “(3) Available for-sale securities in investment in securities,” because the identification of their market values is deemed extremely difficult due to the absence of market values and inability to estimate future cash flows. Of deposits on long-term leases, those with future cash flows that cannot be estimated and with fair values which are extremely difficult to measure (consolidated balance sheet amount of 19,977 million yen) are not included in “(5) Deposits on long-term leases.”

Notes to Real Estates for Rent

The Company and some of its subsidiaries have some office buildings for rent (including land) in Tokyo and other regions.

(Millions of yen)

Amount on the consolidated balance sheet	Fair value
95,598	327,638

(Note 1) The amount on the consolidated balance sheet is the amount obtained by deducting accumulated depreciation from acquisition cost.

(Note 2) Fair value as of March 31, 2017 was the amount mainly based on appraisal by an external real estate appraiser.

Notes to Per Share Information

1. Net assets per share 1,565.27 yen
2. Basic earnings per share 60.88 yen

Notes to Significant Subsequent Events

At the meeting of the Board of Directors held on April 28, 2017, the Company resolved to revise the number of shares constituting one unit and on partial amendments to the Articles of Incorporation and resolved to submit a proposal for the reverse stock split at the 214th Annual General Meeting of Shareholders scheduled to be held on June 29, 2017.

1. Reasons for reverse stock split

To enhance the convenience of investors, all stock exchanges in Japan have promoted efforts to standardize the trading unit (the number of shares constituting one trading unit) of common stock to a unit of 100 shares by October 1, 2018 in line with the “Action Plan for Consolidating Trading Units.”

Based on the above, the Company, as a company listed on the Tokyo Stock Exchange, proposes changing the number of shares constituting one trading unit for the Company’s stock from 1,000 shares to 100 shares. In accordance with this, reverse stock split will be implemented to adjust the investment unit standard (the price per trading unit) to an appropriate level.

2. Content of share consolidation

(1) Type and ratio of stock to be consolidated

The consolidation will be made at a ratio of one share for every two shares of the Company’s common stock.

(2) Effective date of share consolidation

October 1, 2017

3. Effect on per share information

Per share information for the fiscal year under review, assuming that the reverse stock split was conducted at the beginning of the fiscal year, is as follows.

(1) Net assets per share	3,130.53 yen
(2) Basic earnings per share	121.75 yen

Non-consolidated Balance Sheet

(As of March 31, 2017)

(Millions of yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	47,906	Current liabilities	44,596
Cash and deposits	13,860	Accounts payable	13,230
Notes receivable	315	Short-term bank loans and current maturities of long-term debt	17,837
Accounts receivable	19,352	Accounts payable - other	6,106
Real estate held for sale	9,846	Income taxes payable	2,040
Prepaid expenses	744	Advances received	2,594
Short-term loans receivable	292	Deposits received	2,220
Deferred income taxes	1,003	Provision for directors' bonuses	50
Advances paid	1,574	Other	514
Other	925	Long-term liabilities	86,234
Allowance for doubtful accounts	(8)	Bonds payable	27,000
Non-current assets	335,824	Long-term loans payable	16,589
Property and equipment	182,550	Deposits on long-term leases	19,593
Buildings	97,274	Deferred income taxes	18,622
Structures	1,939	Retirement benefits	4,429
Machinery and equipment	2,717	Total liabilities	130,831
Transportation equipment	122	(Net assets)	
Tools, furniture and fixtures	1,662	Shareholders' equity	202,405
Land	73,847	Common stock	22,393
Leased assets	3,490	Capital surplus	19,387
Construction in progress	1,496	Legal capital surplus	19,383
Intangible assets	12,649	Other capital surplus	4
Leasehold right	7,673	Retained earnings	161,419
Software	4,693	Legal retained earnings	3,121
Other	281	Other retained earnings	158,298
Investments and other assets	140,624	Reserve for private insurance	7,328
Investments in securities	103,733	Reserve for reduction entry	15,708
Investments in capital of subsidiaries and affiliates	27,527	Reserve for special depreciation	485
Long-term loans receivable	6,324	General reserve	123,740
Guarantee deposits	3,792	Retained earnings brought forward	11,036
Other	373	Treasury shares	(795)
Allowance for doubtful accounts	(15)	Valuation and translation adjustments	50,494
Allowance for investment loss	(1,111)	Net unrealized holding gains on securities	50,494
Total assets	383,730	Total net assets	252,899
		Total liabilities and net assets	383,730

(Figures are rounded down to the nearest million yen.)

Non-consolidated Statement of Income

(April 1, 2016 - March 31, 2017)

(Millions of yen)

Description	Breakdown	Amount
Revenue		
Warehousing fee income	17,391	
Stevedoring income	9,826	
Land transportation income	24,020	
Harbor stevedoring income	16,163	
International transportation income	28,053	
Rent of real estate for investment	29,367	
Other	22,072	146,896
Cost of services		
Operational and transportation consignment costs	65,828	
Personnel expenses	11,998	
Facility rental expenses	5,584	
Depreciation and amortization	10,630	
Other	37,106	131,147
Gross profit		15,748
Selling, general and administrative expenses		5,464
Operating income		10,284
Non-operating income		
Interest and dividend income	3,020	
Other	384	3,404
Non-operating expenses		
Interest expense	558	
Other	56	615
Ordinary income		13,073
Extraordinary income		
Gain on sale of marketable securities and investments in securities	36	
Indemnity income of exiting facilities for lease	174	
Compensation income	353	564
Extraordinary losses		
Loss on disposal of non-current assets	596	
Impairment loss	193	
Provision of allowance for investment loss	79	869
Income before income taxes		12,768
Income taxes - current	3,461	
Income taxes - deferred	232	3,693
Net income		9,074

(Figures are rounded down to the nearest million yen.)

Non-consolidated Statement of Changes in Net Assets

(April 1, 2016 - March 31, 2017)

(Millions of yen)

	Shareholders' equity						
	Common stock	Capital surplus		Legal retained earnings	Retained earnings		
		Legal capital surplus	Other capital surplus		Other retained earnings		
				Reserve for private insurance	Reserve for reduction entry	Reserve for special depreciation	
Balance as of April 1, 2016	22,393	19,383	4	3,121	7,128	15,731	622
Changes of items during period							
Cash dividends							
Net income							
Provision of reserve for private insurance					200		
Reversal of reserve for reduction entry						(190)	
Provision of reserve for reduction entry						167	
Reversal of reserve for special depreciation							(150)
Provision of reserve for special depreciation							13
Provision of general reserve							
Purchase of treasury shares							
Disposal of treasury shares			0				
Changes other than to shareholders' equity, net							
Total changes of items during the period	-	-	0	-	200	(23)	(137)
Balance as of March 31, 2017	22,393	19,383	4	3,121	7,328	15,708	485

(Figures are rounded down to the nearest million yen.)

	Shareholders' equity				Valuation and translation adjustments	Total net assets
	Retained earnings		Treasury shares	Total shareholders' equity	Net unrealized holding gains on securities	
	Other retained earnings					
	General reserve	Retained earnings brought forward				
Balance as of April 1, 2016	118,240	9,604	(771)	195,458	39,531	234,989
Changes of items during period						
Cash dividends		(2,103)		(2,103)		(2,103)
Net income		9,074		9,074		9,074
Provision of reserve for private insurance		(200)		-		-
Reversal of reserve for reduction entry		190		-		-
Provision of reserve for reduction entry		(167)		-		-
Reversal of reserve for special depreciation		150		-		-
Provision of reserve for special depreciation		(13)		-		-
Provision of general reserve	5,500	(5,500)		-		-
Purchase of treasury shares			(25)	(25)		(25)
Disposal of treasury shares			0	1		1
Changes other than to shareholders' equity, net					10,962	10,962
Total changes of items during the period	5,500	1,432	(24)	6,946	10,962	17,909
Balance as of March 31, 2017	123,740	11,036	(795)	202,405	50,494	252,899

(Figures are rounded down to the nearest million yen.)

Notes to the Non-consolidated Financial Statements

Notes to Significant Accounting Policies

1. Standards and methods of valuation of securities

(1) Stocks of subsidiaries and affiliates

Stated at cost using the moving-average method.

(2) Available-for-sale securities

Securities with market quotations

Stated at market based on the market price, etc. on the balance sheet date. (Valuation difference is transferred directly to net assets. The cost of sales is calculated using the moving average method.)

Securities without market quotations

Stated at cost using the moving-average method.

2. Standards and methods of valuation of derivatives

Stated using the market value method.

3. Standards and methods of valuation of inventories

Valuation for real estate held for sale is recorded using the cost accounting method (method to reduce book values based on declines in profitability) on an individual basis.

4. Depreciation and amortization method for non-current assets

(1) Property and equipment (excluding leased assets)

The declining-balance method is applied.

Warehouse facilities (actual buildings), commercial facilities for lease (actual buildings) and facilities and structures attached to buildings acquired on or after April 1, 2016 are calculated using the straight-line method.

Furthermore, useful lives are determined according to stipulations of the Corporation Tax Act, and commercial facilities for lease (actual buildings) are determined with a standard of 20 years, with adjustments made for factors such as the lease agreement period, etc.

(2) Intangible assets (excluding leased assets)

The straight-line method is applied.

Computer software for internal use is amortized over the estimated internal useful life (5 to 10 years) using the straight-line method.

(3) Leased assets

Leased assets relating to finance lease transactions without the transfer of ownership.

Leased assets are depreciated using the straight-line method with no residual value over the useful life that is the lease term of the leased assets.

5. Standards of accounting for reserves

Allowance for doubtful accounts

To provide for losses resulting from unrecoverable claims such as accounts receivable and loans, allowance for doubtful accounts is recorded based on the historical write-off rate for ordinary receivables, and based on recoverability assessed individually for receivables such as doubtful accounts.

Allowance for investment loss

To provide for losses resulting from a decline in the substantial price of stock and investment without market value, allowance is recorded taking into account the possibility of recovery if total net assets of the issuing company fall below the book value.

Provision for directors' bonuses

To provide for bonuses to Directors, of estimated payment amount, amounts to be borne during the fiscal year under review are recorded.

Provision for retirement benefits

Provision for retirement benefits is provided based on the estimated benefit obligation and pension assets as of March 31, 2017.

1) Method of attributing the estimated benefit obligation to periods

Upon calculating the retirement benefit obligation, the estimated benefit obligation is attributed to the period up until the fiscal year under review on a benefit formula basis.

2) Amortization method of actuarial calculation differences

Actuarial calculation differences are amortized using the straight-line method over a certain period (5 years) within the average remaining years of service of employees, beginning from the fiscal year following the incurred year.

6. Accounting treatment of consumption taxes, etc.

For accounting treatment of consumption tax and local consumption tax, the tax exclusion method is applied.

Changes in accounting procedures

(Application of Practical Solution on Change in Depreciation Method due to Tax Reform 2016)

In line with the revisions to the Corporation Tax Act of Japan, the Company applied the “Practical Solution on Change in Depreciation Method due to Tax Reform 2016” (PITF No. 32, June 17, 2016) from the fiscal year under review. Accordingly, the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 was changed from the declining-balance method to the straight-line method.

As a result, operating income, ordinary income, and profit before income taxes for the fiscal year under review each increased by 63 million yen.

Additional Information

(Application of Revised Implementation Guidance on Recoverability of Deferred Tax Assets)

The Company applied the “Revised Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016) from the fiscal year under review.

Notes to Non-Consolidated Balance Sheet

1. Monetary receivables from and payables to affiliates				
Short-term monetary asset	1,137 million yen	Long-term monetary asset	6,389 million yen	
Short-term monetary liability	4,778 million yen	Long-term monetary liability	613 million yen	
2. Accumulated depreciation of property and equipment			262,389 million yen	
3. Accumulated deferred tax reserves for non-current assets			3,373 million yen	
4. Collateral assets				
Assets pledged as collateral				
Buildings	98 million yen	Land	794 million yen	
Obligations related to the above				
Short-term bank loans	150 million yen	Advances received	256 million yen	
Long-term loans payable	6,638 million yen	Long-term deposits received	1,000 million yen	
5. Guarantee liability				
Liability guarantees for borrowings of other companies			1,334 million yen	

Notes to Non-consolidated Statement of Income

Transactions with affiliates

Operating transactions	Revenue	8,433 million yen	Cost	45,260 million yen
Transactions other than operating transactions		2,208 million yen		

Notes to Non-consolidated Statement of Changes in Net Assets

Number of treasury shares as of March 31, 2017

Common stock	659,143 shares
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Notes to Tax Effect Accounting

Major factors for deferred tax assets and liabilities

[Deferred tax assets]

Enterprise taxes payable	149 million yen
Allowance for investment loss	340 million yen
Accrued bonuses	407 million yen
Provision for retirement benefits	1,355 million yen
Depreciation	5,509 million yen
Impairment loss	2,399 million yen
Other	1,380 million yen
Total deferred tax assets	<u>11,543 million yen</u>

[Deferred tax liabilities]

Valuation difference on available-for-sale securities	(22,022) million yen
Provision of reserve for reduction entry	(6,926) million yen
Provision of reserve for special depreciation	(213) million yen
Total deferred tax liabilities	<u>(29,162) million yen</u>
Deferred tax liabilities, net	<u>(17,619) million yen</u>

Notes to Related-party Transactions

Subsidiaries, etc. (Millions of yen)

Type	Name of company, etc.	Percentage ownership of voting rights held	Relationship with related parties	Summary of transactions	Transaction amount	Item	Balance at period end
Subsidiary	P.T. Mitsubishi Logistics Indonesia	99.9% [-]	Funding assistance	Lending of funds	5,500	Long-term loans receivable	5,500

(Note) Interest is determined in consideration of market interest rates.

Notes to Per Share Information

1. Net assets per share 1,442.98 yen
2. Basic earnings per share 51.77 yen

Notes to Significant Subsequent Events

At the meeting of the Board of Directors held on April 28, 2017, the Company resolved to revise the number of shares constituting one unit and on partial amendments to the Articles of Incorporation and resolved to submit a proposal for the reverse stock split at the 214th Annual General Meeting of Shareholders scheduled to be held on June 29, 2017.

1. Reasons for reverse stock split

To enhance the convenience of investors, all stock exchanges in Japan have promoted efforts to standardize the trading unit (the number of shares constituting one trading unit) of common stock to a unit of 100 shares by October 1, 2018 in line with the “Action Plan for Consolidating Trading Units.”

Based on the above, the Company, as a company listed on the Tokyo Stock Exchange, proposes changing the number of shares constituting one trading unit for the Company’s stock from 1,000 shares to 100 shares. In accordance with this, reverse stock split will be implemented to adjust the investment unit standard (the price per trading unit) to an appropriate level.

2. Content of share consolidation

(1) Type and ratio of stock to be consolidated

The consolidation will be made at a ratio of one share for every two shares of the Company’s common stock.

(2) Effective date of share consolidation

October 1, 2017

3. Effect on per share information

Per share information for the fiscal year under review, assuming that the reverse stock split was conducted at the beginning of the fiscal year, is as follows.

- (1) Net assets per share 2,885.95 yen
- (2) Basic earnings per share 103.55 yen

Independent Auditor's Report

April 28, 2017

The Board of Directors
Mitsubishi Logistics Corporation

KPMG AZSA LLC

Atsuki Kanazuka
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yasuyuki Nagasaki
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takahiro Akiyama
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of Mitsubishi Logistics Corporation as at March 31, 2017 and for the year from April 1, 2016 to March 31, 2017 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the

overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of Mitsubishi Logistics Corporation and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Independent Auditor's Report

April 28, 2017

The Board of Directors
Mitsubishi Logistics Corporation

KPMG AZSA LLC

Atsuki Kanezuka
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yasuyuki Nagasaki
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takahiro Akiyama
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of Mitsubishi Logistics Corporation as at March 31, 2017 and for the year from April 1, 2016 to March 31, 2017 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting

estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Mitsubishi Logistics Corporation for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Audit Report

(English Translation)

Regarding the performance of duties by the Directors for the 214th fiscal year from April 1, 2016 to March 31, 2017, the Board of Corporate Auditors hereby submits its audit report, which has been prepared upon careful consideration based on the audit report prepared by each Corporate Auditor.

1. Summary of Auditing Methods by the Corporate Auditors and Board of Corporate Auditors

- (1) The Board of Corporate Auditors established auditing policies, allocation of duties, and other relevant matters, and received reports from each Corporate Auditor regarding his or her audits and results thereof, as well as received reports from the Directors, other relevant personnel and the Accounting Auditor regarding performance of their duties, and sought explanations as necessary.
- (2) Each Corporate Auditor complied with the auditing standards of the Corporate Auditors established by the Board of Corporate Auditors, followed the auditing policies, allocation of duties, and other relevant matters, communicated with Directors, the Internal Audit Department, other employees, and any other relevant personnel, and made efforts to prepare the environment for information collection and audit, as well as conducted the audit through the methods described below.
 1. We participated in meetings of the Board of Directors and other important meetings, received reports from the Directors, employees and other relevant personnel regarding performance of their duties, sought explanations as necessary, examined important authorized documents and associated information, and studied the operations and financial positions at the headquarters and principal business offices. With respect to subsidiaries, we communicated with, and collected information from, Directors and Corporate Auditors of subsidiaries as well as received reports from subsidiaries on their business as necessary.
 2. In addition, with respect to the system for ensuring that the performance of duties by the Directors as stated in the Business Report conforms to the related laws and regulations and the Articles of Incorporation, and the contents of the resolutions of the Board of Directors regarding preparation of other system to ensure the properness of operations of a group of enterprises consisting of a stock company and its subsidiaries as stipulated in Article 100, Paragraphs 1 and 3, of the Ordinance for Enforcement of the Companies Act and such other system prepared based on such resolutions (internal controls system), we received regular reports from Directors, employees and other relevant personnel regarding the development and the operation of the system, requested explanations as needed and expressed opinions.
 3. We examined the details of the basic policies pursuant to Article 118, Item 3 of the Ordinance for Enforcement of the Companies Act set forth in the business report, based on the careful consideration that took place during meetings of the Board of Directors and others.
 4. Furthermore, we monitored and verified whether the Accounting Auditor maintained its independence and implemented appropriate audits, as well as received reports from the Accounting Auditor regarding the performance of its duties and sought explanations as necessary. In addition, we received notice from the Accounting Auditor that “the system for ensuring that duties are performed properly” (matters set forth in each item of Article 131 of the Ordinance for Corporate Accounting) had been prepared in accordance with the Product Quality Management Standards Regarding Audits (issued by the Business Accounting Deliberation Council on October 28, 2005) and other relevant standards, and sought explanations as necessary.

Based on the above methods, we examined the Business Report and the supplementary schedules thereof, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and non-consolidated notes) and the supplementary schedules thereof, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and consolidated notes) related to the relevant fiscal year.

2. Results of Audit

(1) Results of Audit of Business Report and Other Relevant Documents

1. In our opinion, the business report and the supplementary schedules are in accordance with the related laws and regulations, and the Articles of Incorporation, and fairly represent the Company's condition.
2. We have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Incorporation, related to performance of duties by the Directors.
3. In our opinion, the contents of the resolutions of the Board of Directors related to the internal control systems are fair and reasonable. In addition, we have found no matters on which to remark regarding the description in the Business Report and the performance of duties by the Directors related to such internal control systems, as well as internal control over Financial Reporting.
4. We have found no matters to point out with respect to the basic policies regarding the Company's control as described in the Business Report.

(2) Results of Audit of Non-consolidated Financial Statements and Supplementary Schedules

In our opinion, the methods and results employed and rendered by Accounting Auditor KPMG AZSA LLC are fair and reasonable.

(3) Results of Audit of Consolidated Financial Statements

In our opinion, the methods and results employed and rendered by Accounting Auditor KPMG AZSA LLC are fair and reasonable.

May 2, 2017

Board of Corporate Auditors, Mitsubishi Logistics Corporation

Standing Corporate Auditor	Tohru Watanabe
Standing Corporate Auditor (Outside Corporate Auditor)	Yoshihito Yoshizawa
Corporate Auditor (Outside Corporate Auditor)	Yohnosuke Yamada
Corporate Auditor (Outside Corporate Auditor)	Kenji Sakurai
Corporate Auditor	Hiroshi Imai

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal No. 1: Appropriation of Surplus

As to the appropriation of surplus, the Company adheres to a policy of maintaining stable dividend in consideration of the earning level while paying attention to the systematic development of the logistics business centered on the warehousing & distribution business, the Company's mainstay business, and of the real estate business centered on building leases, as well as to strengthening of its financial structure in preparation for changes in its business environment.

For the fiscal year ended March 31, 2017, we propose the year-end dividend of 6 yen per share, taking into account such factors as the above basic policies and operating results for the year, and combined with a commemorative dividend of 2 yen per share to mark the 130th anniversary of the Company's founding, a total of 8 yen per share. As a result, the annual dividend, including the interim dividend, will be 14 yen, an increase of 2 yen per share from the previous fiscal year.

1. Matters regarding year-end dividends

(1) Type of dividend property

Cash

(2) Matters concerning the allotment of dividend property and its total amount

8 yen per share of common stock of the Company

The total amount: 1,402,098,680 yen

(3) Effective date of the dividend of surplus

June 30, 2017

2. Other matters regarding appropriation of surplus

(1) Item of surplus increased and its amount

Reserve for private insurance: 200,000,000 yen

General reserve: 6,500,000,000 yen

(2) Item of surplus decreased and its amount

Retained earnings brought forward: 6,700,000,000 yen

Proposal No. 2: Reverse Stock Split

1. Reasons for reverse stock split

To enhance the convenience of investors, all stock exchanges in Japan have promoted efforts to standardize the trading unit (the number of shares constituting one trading unit) of common stock to a unit of 100 shares by October 1, 2018 in line with the “Action Plan for Consolidating Trading Units.”

Based on the above, the Company, as a company listed on the Tokyo Stock Exchange, proposes changing the number of shares constituting one trading unit for the Company’s stock from 1,000 shares to 100 shares. In accordance with this, reverse stock split will be implemented to adjust the investment unit standard (the price per trading unit) to an appropriate level.

2. Ratio of reverse stock split

The reverse stock split will be implemented at a ratio of one share for every two shares of stock recorded on the final shareholder registry on September 30, 2017.

Furthermore, in the event that a fraction of less than one share arises due to the reverse stock split, the Company will dispose of the fractional shares collectively as prescribed in the Companies Act, and distribute the money in exchange of the disposal according to the ratio of the fractional shares.

3. Effective date of the share consolidation

October 1, 2017

4. Total number of shares authorized to be issued as of the effective date

220,000,000 shares

[Reference]

In the case that this Proposal is approved as originally proposed, the Articles of Incorporation of the Company will be amended on October 1, 2017 as follows.

(Underlines indicate amended sections.)

Current Articles of Incorporation (Chapter II Shares)	Amended Articles of Incorporation (Chapter II Shares)
Article 5 The total number of shares authorized to be issued of the Company shall be <u>440,000,000</u> shares.	Article 5 The total number of shares authorized to be issued of the Company shall be <u>220,000,000</u> shares.
Article 7 The number of shares constituting one trading unit of the Company shall be <u>1,000</u> shares.	Article 7 The number of shares constituting one trading unit of the Company shall be <u>100</u> shares.

Proposal No. 3: Election of Fourteen (14) Directors

The terms of office of all fourteen (14) Directors will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, we nominate the following fourteen (14) candidates for Directors:

No.	Name (Date of birth)	Past experience and significant concurrent positions	Number of shares of the Company held
1	Tetsuro Okamoto (August 2, 1950)	<p>April 1973 Joined the Company</p> <p>June 2002 General Manager, Yokohama Branch</p> <p>June 2004 General Manager, Tokyo Branch</p> <p>June 2006 Director assisting the Managing Director (responsible for Warehousing & Distribution Business)</p> <p>June 2007 Managing Director</p> <p>June 2008 President</p> <p>April 2013 Chairman of the Board (current position)</p>	64,000
	<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Tetsuro Okamoto had long served in the General Affairs division and Sales division in addition to his term of office as General Manager of Yokohama Branch and Tokyo Branch. After his term of office as Director assisting the Managing Director responsible for Warehousing & Distribution Business, and Managing Director, he had served as President and had overseen overall business operation as a chief executive of the Company from 2008 to 2013, and is currently serving as Chairman of the Board. He possesses a wealth of experience and professional knowledge for the Company's business operation, therefore, the Company nominated him as Director.</p>		
2	Akio Matsui (June 20, 1954)	<p>April 1977 Joined the Company</p> <p>June 2008 General Manager, Personnel Division</p> <p>June 2011 Director and General Manager, Personnel Division</p> <p>June 2012 Managing Director; and General Manager, Personnel Division</p> <p>April 2013 President (current position)</p>	32,570
	<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Akio Matsui had long served in the International Transportation Business division including overseas assignment in addition to his term of office as General Manager of Personnel Division, etc. After his term of office as the Managing Director responsible for General Affairs, Corporate Communications, Personnel, and Planning, he is currently serving as President and oversees overall business operation as a chief executive of the Company. He possesses a wealth of experience and professional knowledge for the Company's business operation, therefore, the Company nominated him as Director.</p>		
3	Takanori Miyazaki (December 27, 1953)	<p>April 1977 Joined the Company</p> <p>June 2010 General Manager, Kobe Branch</p> <p>June 2012 Director and General Manager, Kobe Branch</p> <p>April 2014 Managing Director (current position)</p>	24,000
	<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Takanori Miyazaki had long served in the General Affairs division and Sales division in addition to his term of office as General Manager of Kobe Branch, etc. He is currently serving as Managing Director responsible for Accounting & Financing, Information System, Technical, and Real Estate Business. He possesses a wealth of experience and professional knowledge for the Company's business operation, therefore, the Company nominated him as Director.</p>		
4	Yoshiji Ohara (August 5, 1954)	<p>October 1977 Joined the Company</p> <p>June 2011 General Manager, Harbor Transportation Business Division</p> <p>June 2014 Director and General Manager, Harbor Transportation Business Division</p> <p>April 2016 Managing Director (current position)</p>	7,000
	<p>[Reason for nomination as candidate for Director]</p> <p>Mr. Yoshiji Ohara had long served in the Harbor Transportation Business division in addition to his term of office as General Manager of Harbor Transportation Business Division, etc. He is currently serving as Managing Director responsible for Harbor Transportation Business. He possesses a wealth of experience and professional knowledge for the Company's business operation, therefore, the Company nominated him as Director.</p>		

No.	Name (Date of birth)	Past experience and significant concurrent positions		Number of shares of the Company held
5	Noboru Hiraoka (March 15, 1956)	April 1979	Joined the Company	17,000
		June 2010	General Manager, Fukuoka Branch	
		June 2011	General Manager, Osaka Branch	
		April 2015	General Manager, Warehousing & Distribution Business Division	
		June 2015	Director and General Manager, Warehousing & Distribution Business Division	
		April 2016	Managing Director (current position)	
[Reason for nomination as candidate for Director] Mr. Noboru Hiraoka had long served in the International Transportation Business division including overseas assignment in addition to his term of office as General Manager of Fukuoka Branch, General Manager of Osaka Branch and General Manager of Warehousing & Distribution Business Division. He is currently serving as Managing Director responsible for International Transportation Business. He possesses a wealth of experience and professional knowledge for the Company's business operation, therefore, the Company nominated him as Director.				
6	Fumihiro Shinohara (August 29, 1957)	April 1981	Joined the Company	10,000
		June 2009	General Manager, General Affairs Division and Corporate Communications Chamber	
		June 2015	Director and General Manager, General Affairs Division and Corporate Communications Chamber	
		April 2016	Managing Director (current position)	
[Reason for nomination as candidate for Director] Mr. Fumihiro Shinohara had long served in the General Affairs division in addition to his term of office as General Manager of General Affairs Division and Corporate Communications Chamber, etc. He is currently serving as Managing Director responsible for General Affairs, Corporate Communications, Personnel, Planning, and Internal Audit. He possesses a wealth of experience and professional knowledge for the Company's business operation, therefore, the Company nominated him as Director.				
7	Hitoshi Wakabayashi (January 22, 1960)	April 1982	Joined the Company	10,000
		June 2012	General Manager, Warehousing & Distribution Business Division	
		April 2015	Chairman of the Board of Mitsubishi Logistics China Co., Ltd.	
		April 2016	General Manager, Warehousing & Distribution Business Division of the Company	
		June 2016	Director and General Manager, Warehousing & Distribution Business Division	
		April 2017	Managing Director (current position)	
[Reason for nomination as candidate for Director] Mr. Hitoshi Wakabayashi had long served in the General Affairs division and the Warehousing & Distribution Business division in addition to his term of office as General Manager of Warehousing & Distribution Business Division and an officer in charge of an overseas subsidiary controlling the business in China, etc. He is currently serving as Managing Director responsible for Warehousing & Distribution Business Division. He possesses a wealth of experience and professional knowledge for the Company's business operation, therefore, the Company nominated him as Director.				
8	Masao Fujikura (March 20, 1959)	April 1982	Joined the Company	8,000
		June 2012	General Manager, International Business Coordination Chamber	
		April 2015	General Manager, Osaka Branch	
		June 2016	Director and General Manager, Osaka Branch	
		April 2017	Managing Director; and General Manager, Osaka Branch (current position)	
[Reason for nomination as candidate for Director] Mr. Masao Fujikura had long served in the Warehousing & Distribution Business division and the International Transportation Business division in addition to his term of office as General Manager of International Business Coordination Chamber, etc. He is currently serving as Managing Director and General Manager of Osaka Branch. He possesses a wealth of experience and professional knowledge for the Company's business operation, therefore, the Company nominated him as Director.				

No.	Name (Date of birth)	Past experience and significant concurrent positions	Number of shares of the Company held
9	Minoru Makihara (January 12, 1930)	<p>March 1956 Joined Mitsubishi Corporation</p> <p>June 1992 President of Mitsubishi Corporation</p> <p>April 1998 Chairman of the Board of Mitsubishi Corporation</p> <p>April 2004 Member of the Board, Senior Corporate Advisor (<i>Soudanyaku</i>) of Mitsubishi Corporation</p> <p>June 2004 Senior Corporate Advisor (<i>Soudanyaku</i>) of Mitsubishi Corporation</p> <p>June 2010 Senior Corporate Advisor of Mitsubishi Corporation (current position)</p> <p>June 1993 Director of the Company (current position)</p> <p>[Significant concurrent positions]</p> <p>Senior Corporate Advisor of Mitsubishi Corporation</p> <p>Outside Director of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.</p>	40,000
<p>[Reason for nomination as candidate for Outside Director]</p> <p>Mr. Minoru Makihara has long been engaged in corporate management of Mitsubishi Corporation. The Company nominated him as a Director so that the Company's management may benefit from the broad insight and invaluable advice from him who represents the business community in Japan.</p>			
10	Shigemitsu Miki (April 4, 1935)	<p>April 1958 Joined The Mitsubishi Bank, Ltd.</p> <p>June 2000 President of The Bank of Tokyo-Mitsubishi, Ltd.</p> <p>April 2001 President & CEO of Mitsubishi Tokyo Financial Group, Inc.</p> <p>June 2004 Chairman of The Bank of Tokyo-Mitsubishi, Ltd. Director of Mitsubishi Tokyo Financial Group, Inc.</p> <p>October 2005 Director of Mitsubishi UFJ Financial Group, Inc.</p> <p>January 2006 Chairman of The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>June 2006 Retired from Director of Mitsubishi UFJ Financial Group, Inc.</p> <p>April 2008 Senior Advisor (<i>Soudanyaku</i>) of The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>April 2010 Senior Advisor of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (current position)</p> <p>June 2009 Director of the Company (current position)</p> <p>[Significant concurrent positions]</p> <p>Senior Advisor of The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p>	0
<p>[Reason for nomination as candidate for Outside Director]</p> <p>Mr. Shigemitsu Miki has long been engaged in the corporate management of The Bank of Tokyo-Mitsubishi UFJ, Ltd. The Company nominated him as Director so that the Company's management may benefit from the broad insight and invaluable advice from him who represents the business community in Japan.</p>			
11	Koji Miyahara (December 3, 1945)	<p>April 1970 Joined Nippon Yusen Kabushiki Kaisha</p> <p>April 2004 President and Corporate Officer of Nippon Yusen Kabushiki Kaisha</p> <p>April 2006 President, President Corporate Officer of Nippon Yusen Kabushiki Kaisha</p> <p>April 2009 Chairman, Chairman Corporate Officer of Nippon Yusen Kabushiki Kaisha</p> <p>April 2015 Director, Board Counselor of Nippon Yusen Kabushiki Kaisha</p> <p>June 2015 Board Counselor of Nippon Yusen Kabushiki Kaisha (current position)</p> <p>June 2014 Director of the Company (current position)</p> <p>[Significant concurrent positions]</p> <p>Board Counselor of Nippon Yusen Kabushiki Kaisha</p> <p>Outside Director of Toho GAS Co., Ltd.</p>	0
<p>[Reason for nomination as candidate for Outside Director]</p> <p>Mr. Koji Miyahara has long been engaged in the corporate management of Nippon Yusen Kabushiki Kaisha. The Company nominated him as Director so that the Company's management may benefit from the broad insight and invaluable advice from him who represents the business community in Japan.</p>			

No.	Name (Date of birth)	Past experience and significant concurrent positions		Number of shares of the Company held
12	Yasushi Saito (October 16, 1958)	April 1982	Joined the Company	10,005
		June 2011	General Manager, Accounting & Financing Division	
		June 2016	Director and General Manager, Accounting & Financing Division (current position)	
[Reason for nomination as candidate for Director] Mr. Yasushi Saito had long served in the Accounting & Financing division and is currently serving as Director and General Manager of Accounting & Financing Division. He possesses a wealth of experience and professional knowledge for the Company's business operation, therefore, the Company nominated him as Director.				
13	Tomohiko Takami (May 15, 1956)	April 1981	Joined the Company	20,000
		June 2012	General Manager, International Transportation Business Division	
		June 2016	Director and General Manager, International Transportation Business Division (current position)	
[Reason for nomination as candidate for Director] Mr. Tomohiko Takami had long served in the Warehousing & Distribution Business division and the International Transportation Business division. He is currently serving as Director and General Manager of International Transportation Business Division. He possesses a wealth of experience and professional knowledge for the Company's business operation, therefore, the Company nominated him as Director.				
14	Shinji Kimura (July 18, 1958) <u>New candidate</u>	April 1982	Joined the Company	8,000
		April 2014	General Manager, Personnel Division	
		April 2016	General Manager, General Affairs Division, Corporate Communications Chamber and Personnel Division (current position)	
[Reason for nomination as candidate for Director] Mr. Shinji Kimura had long served in the management division such as planning, in addition to Harbor Transportation Business Division. He is currently serving as General Manager of General Affairs Division, Corporate Communications Chamber and Personnel Division. He possesses a wealth of experience and professional knowledge for the Company's business operation, therefore, the Company nominated him as Director.				

(Notes)

- There are no special interests between each candidate and the Company.
- Responsibilities of the candidates at the Company who are incumbent Directors of the Company are as stated in the Business Report (pages 11 through 12).
Additionally, the three Directors, Mr. Minoru Makihara, Mr. Shigemitsu Miki and Mr. Koji Miyahara are incumbent Outside Directors of the Company.
- Matters regarding the candidates for Outside Director are as follows.
 - Three Directors, Mr. Minoru Makihara, Mr. Shigemitsu Miki and Mr. Koji Miyahara are candidates for Outside Director and satisfy the requirements for independent officers as stipulated by Tokyo Stock Exchange, Inc.
 - Violation of laws and regulations, etc. at the companies where the candidates for Outside Director concurrently serve
 - Mr. Shigemitsu Miki
 - At MITSUBISHI MOTORS CORPORATION, where Mr. Shigemitsu Miki served as Outside Audit & Supervisory Board Member, it became apparent in September 2012 that machinery that utilized insulating oils that contained or possibly contained PCB (polychlorinated biphenyl) were improperly disposed of. Additionally, from April 2016 onward, subsequent to his retirement, it became apparent that improper methods were used to make fuel economy appear superior to actual measurements and methods differing from domestic regulations were utilized for measurement of running resistance for the acquisition of model approval for automobiles manufactured by said company.
Although he did not have prior knowledge of any of these facts, he had been calling for caution from the viewpoint of compliance with laws and regulations on a daily basis in the Audit & Supervisory Board, and for facts that were discovered during his service, he instructed investigation and recurrence prevention measures, etc., and fulfilled his duties.
 - At Mitsubishi Electric Corporation, where Mr. Shigemitsu Miki served as Outside Director, said company received a cease and desist order and an order for payment of surcharge from the Fair Trade Commission in November 2012 due to actions in violation of the Antimonopoly Act for the sale of certain automobile components, concluded a judiciary transaction agreement with the U.S. Department of Justice for the payment of fines, etc. in September 2013, an order for payment of surcharge from The National Development and Reform Commission in China in August 2014, an order for payment of surcharge from the European Commission in January 2016, and an order for corrective measures and an order for payment of surcharge from the Korea Fair Trade Commission in February 2016.
Although he did not have prior knowledge of any of these facts, he had been calling for caution from the viewpoint of compliance with laws and regulations on a daily basis in the Board of Directors meetings, etc., and subsequent to discovery of these facts, he has conducted thorough investigations to seek the causes and has provided advice, etc. regarding measures to further strengthen the compliance structure, etc. at the Board of Directors meetings, etc.

2) Mr. Koji Miyahara

- At Nippon Yusen Kabushiki Kaisha, where Mr. Koji Miyahara served as Director, said company received a cease and desist order and an order for payment of surcharge from the Fair Trade Commission in March 2014 due to actions in violation of the Antimonopoly Act for marine transport operations for automobiles, and concluded a judiciary transaction agreement with the U.S. Department of Justice for the payment of fines, etc. in December 2014. Additionally, in December 2015, a judgment was received from The National Development and Reform Commission in China regarding said operations that it was in violation of the Antimonopoly Act of said country.
- At Nippon Cargo Airlines, Co., Ltd., where Mr. Koji Miyahara served as Director, said company received an order for payment of surcharge from the Fair Trade Commission in Korea in November 2010 due to actions in the international air cargo transportation business that were in violation of the Fair Trade Law in Korea, and the orders were finalized for Japan-originating, South Korea-bound matters in May 2014, and South Korea-originating, worldwide-bound matters in September 2014, respectively.

(3) Mr. Shigemitsu Miki receives remuneration as Senior Advisor from The Bank of Tokyo-Mitsubishi UFJ, Ltd., an entity that has a special relationship with the Company (a major business partner).

(4) Years of service as Outside Directors of the Company since their first appointment (until the conclusion of this year's Annual General Meeting of Shareholders)

Mr. Minoru Makihara: 24 years Mr. Shigemitsu Miki: 8 years Mr. Koji Miyahara: 3 year

Proposal No. 4 Payment of Bonuses to Directors

Taking into consideration the performance of the current term, among other factors, we propose to pay bonuses to Directors at the amount of 50,000,000 yen to fourteen (14) Directors (including the amount of 4,500,000 yen to three (3) Outside Directors) as of the end of the fiscal year under review.

End

Instructions for Voting via the Internet

If you exercise your voting rights via the Internet, please view “4. Information on Exercise of Voting Rights” on page 2 and the following matters before you exercise your rights by 5 p.m. on Wednesday, June 28, 2017.

1. About the voting rights exercise website
 - (1) For the exercise of voting rights via the Internet (available in Japanese only), please use the voting rights exercise website (<http://www.evotep.jp/>) designated by the Company from either a personal computer or smartphone. (However, the website will be inactive between 2 a.m. and 5 a.m. each day.)
(Note) Voting rights cannot be exercised by feature phone, PDA, or gaming devices, etc.
 - (2) If firewalls, etc., are in use for the Internet connection, antivirus software is in use, or proxy servers are in use, etc., it may not be possible to use the website depending upon the Internet environment of the shareholder.
 - (3) Although the exercise of voting rights via the Internet will be available until 5 p.m. on Wednesday, June 28, 2017, please exercise in advance in consideration of vote counting, and please contact our inquiry in 4. below with any questions, etc.
2. Exercise method for voting rights via the Internet
 - (1) Please use the “Login ID” and “Temporary password” on the enclosed Voting Rights Exercise Form on the above voting rights exercise website, and indicate your vote for or against the proposals by following the on-screen instructions.
 - (2) To prevent unauthorized access by non-shareholders (so-called “spoofing”) and falsification of the content of the exercise of voting rights, the Company requests the modification of the “Temporary password” via the voting rights exercise website.
3. Expenses arising due to accessing the voting rights exercise website
Please note that the shareholder is solely responsible for any expenses (Internet connection fees, etc.) incurred while accessing the voting website.
4. Inquiries

<p>Stock Transfer Agency Department (Help Desk), Mitsubishi UFJ Trust and Banking Corporation Telephone: 0120-173-027 (Toll-free) Business Hours: 9 a.m. ~ 9 p.m. (Japan time)</p>
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< For institutional investors >

Institutional investors may exercise your voting right using the voting platform operated by ICJ, Inc.