

Mitsubishi Motors Corporation (Japan)

CASE SUMMARY

On Wednesday, April 20, 2016, Mitsubishi Motors Corporation (“Mitsubishi” or the “Company”) President Tetsuro Aikawa admitted to the public that the Company has been cheating Japanese emissions tests since at least June 2013. On news of this scandal, Mitsubishi’s common stock (ISIN: JP3899800001) dropped 15%, closing trading that day at ¥733 (\$6.74) per share, representing a market cap loss of \$1.2 billion. Further news emerged on April 21 and 22, 2016, pushing Mitsubishi’s stock price down to ¥504 (\$4.53) per share by close of business on Friday, April 22, 2016, representing a total market cap loss of approximately ¥345,038,364,000.00 (\$3,161,056,821.43) since the initial disclosure of April 20, 2016. Thereafter, on April 26, 2016, Mitsubishi made the shocking disclosure that its emission testing fraud extended back 25 years, to 1991. By the end of the day on April 27th, Mitsubishi was trading at only ¥422 (down from ¥864 on April 19th, the day before the scandal erupted). Since the scandal began on April 20th, the Company’s investors have lost more than 50 percent of the value of their investment with its market capitalization declining by ¥435 billion (\$4.1 billion).

The scandal was first revealed to investors in a press release of April 20, 2016, where Mitsubishi disclosed that since 2013, about 625,00 vehicles were implicated, divided into approximately 157,000 units of the eK Wagon and eK Space, and approximately 468,000 units of the Dayz and Dayz Rood (collectively, the “Affected Models”), sold through Nissan Motors Corporation (“Nissan”). All sales and production of the Affected Models have been suspended by Mitsubishi as well as Nissan, representing nearly 20% of the numbers of vehicles sold by Mitsubishi since 2013. According to the Company, the scheme involved using tire and air resistance that yielded better fuel economy during tests than the cars would actually get under normal conditions.

Thereafter, several reports indicated that by Mitsubishi had been violating Japanese law since 2002, because of lack of compliance with approved Japanese testing methods for fuel economy measurements. Most recently, on April 26th, Mitsubishi vice president Ryugo Nakao admitted that the company’s “improper testing” - which gave more favorable results for its vehicles - has been going on for around 25 years. At a press conference in Tokyo he said: “for the domestic market, we have been using that method since 1991...But we don’t know the number of models.”

As part of its cheating scheme, Mitsubishi has acknowledged that it has been misstating emissions numbers on at least four models of “minicars” it manufactures and sells in Japan with 660 ccm engines, including the eK Wagon, eK Space, Dayz and Dayz Rood. According to Mitsubishi, the Affected Models operate with 5-10% less fuel efficiency than advertised due to the cheating scheme. While all four Affected Models are manufactured by Mitsubishi, the Dayz and Dayz Rood are sold by Nissan. Further, based upon the most recent disclosure, it is nearly certain that multiple additional models are subject to the improper testing – but Mitsubishi has yet to identify publicly the expanded list of affected models.

The loss in market capitalization since the initial disclosure on April 20, 2016 is directly related to the disclosure of the cheating scheme, as such drastic fluctuations were not normal in the lead-up to the revelation. The per share price drop of ¥442 (¥864 to ¥422) from the time of disclosure on April 20 until close of trading April 27th in Tokyo, represents an almost 51% decline and was sparked by extreme market volatility in Mitsubishi stock. Daily trading volumes on April 20 and 22 saw extreme excess trading above average daily volumes for the prior 120 days. The Japanese authorities initially gave Mitsubishi until April 27, 2016 (subsequently extended) to submit a report as to exactly what the cheating scheme entailed. Moreover, Mitsubishi will complete its own investigation with external advisers over the next 3 months. Both reports, similar to the Olympus and Toshiba cases, will provide an excellent basis for shareholder damage recovery litigation. On April 27, 2016 Mitsubishi then admitted to using illegal testing methods at least in Japan since 1991.

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Additionally, Mitsubishi's offices were raided by investigators in preparation of a criminal investigation, which will likely produce a lot more useful information for shareholder litigation against Mitsubishi in Japan and serve as a basis for not only Financial Instruments Exchange Act (FIEA) claims but also for Japanese Civil Code (JCC) claims.

LEGAL RECOVERY OPTIONS

DRRT, Kessler Topaz Meltzer & Check, LLP ("KTMC"), Grant & Eisenhofer, P.A. ("G&E") (collectively "Global Counsel") and local Japanese counsel, Koga & Partners ("Koga"), have a wealth of experience in Japanese litigation, having successfully settled the Olympus case on behalf of institutional investors around the world for a record amount of approximately \$100 million. There is no equivalent of U.S.-style "opt-out" class-action litigation in Japan. However, group actions of several investors jointly filing a lawsuit is common and provides a good method of recovery of damages collectively suffered by a larger group of institutional investors.

Global Counsel, in conjunction with Koga, have performed a preliminary analysis of the misrepresentations and investor fraud perpetrated by Mitsubishi, based on the information disclosed by the Company on April 20-26, 2016. Global Counsel are prepared to fund and supervise litigation in Japan against Mitsubishi on a completely risk-free and no upfront cost, success fee basis.

Based upon our preliminary analysis, Global Counsel believe there will be viable claims under the Japanese Civil Code ("JCC") and are evaluating whether there are claims under the Financial Instruments Exchange Act ("FIEA"). There are no statute of limitations issues for transactions going back to June 2011 under the JCC. However, if there are viable FIEA claims, those claims extend only 5 years from filing, so claimants would have to be included in a demand letter to Mitsubishi by June 20, 2016 to preserve these claims. It is not clear time whether FIEA claims are viable, or if they are materially superior to JCC claims, but in order to preserve potential FIEA claims interested investor are encouraged to provide their data by May 20, 2016.

CASE DETAILS

ISIN:	JP3899800001 (ISIN)
SEDOLs:	B175XZ0 5507409 6598446
CUSIP (ADR):	606804102
CINS:	J44131167

Relevant Period: 06/20/2011 – 04/26/2016*

Data Period: 01/01/2011 – to date

*Relevant Period is subject to change pending the results of several investigations and further information regarding the extent of the scheme becoming public.

Any interested investor must submit the transaction data in the above referenced securities and Data Period (with shares held as of December 31, 2010) for evaluation and analysis. Your data will remain confidential and our review and evaluation is complimentary.

If you have any further questions, please contact www.mitsubishiaction.com for more information and additional contact details.