



May 13, 2016

To whom it may concern,

Company Name: Mitsubishi UFJ Financial Group, Inc.

Presentative: Nobuyuki Hirano, President & Group CEO

(Securities Code: 8306)

Company Name: Mitsubishi UFJ Lease & Finance Company Limited

Presentative: Tadashi Shiraishi, President & CEO

(Securities Code: 8593)

**Announcement of Capital and Business Alliance for Strengthening Financial Functions  
of Mitsubishi UFJ Lease & Finance Company Limited and Hitachi Capital Corporation**

Mitsubishi UFJ Financial Group, Inc. (headquarters: Tokyo, President & Group CEO: Nobuyuki Hirano, “MUFG”), The Bank of Tokyo-Mitsubishi UFJ, Ltd. (headquarters: Tokyo, President & CEO: Takashi Oyamada, “BTMU”), and Mitsubishi UFJ Lease & Finance Company Limited (headquarters: Tokyo, President & CEO: Tadashi Shiraishi, “MUL”) hereby announce that they have agreed to execute a business alliance with Hitachi, Ltd. (headquarters: Tokyo, Representative Executive Officer, President & CEO: Toshiaki Higashihara, “Hitachi”) and Hitachi Capital Corporation (headquarters: Tokyo, President & CEO: Seiji Kawabe, “HC”) (the “Business Alliance”) as follows.

To be specific, for the purpose of strengthening the financial functions of MUL and HC, the five companies, MUFG, BTMU, MUL, Hitachi and HC have signed a Memorandum of Understanding (the “MOU”) regarding business alliance including open financial platform, and MUFG and MUL will acquire 23.0% and 4.2% of HC’s outstanding shares (excluding treasury shares) from Hitachi, respectively (the “Acquisition”, hereinafter collectively referred to as the “Capital and Business Alliance” in conjunction with “Business Alliance”).

**I. Agreement on the Capital and Business Alliance**

**1. Reasons for the Capital and Business Alliance**

MUFG group, led by BTMU, has been focusing on financing deals in the areas of infrastructure development, such as electric power (including renewable energy), and

railroads etc., by leveraging its proven track record, know-how and global network, and built a solid track record as a leading bank in global project finance. Moreover, it is determined to make a contribution to overseas business development and business opportunities enhancement of Japanese companies through providing financial support in a way to address an increasing trend and diversification of social infrastructure project.

MUL has evolved its business model under New Medium-term Management Plan “Evolution,” by proactively participating in various business projects and then expanding its business scope, for the purpose of building a business portfolio that combines stability with growth potential. Additionally, the company newly set up Infrastructure Business Office as of April 1, 2016, with an aim to reinforce social infrastructure business globally by leveraging its insights and know-how accumulated from business model evolution and promotion process.

Recently, the global infrastructure market has become more competitive regarding order placement against a backdrop of the continuous scale expansion. Hence, a comprehensive proposal for large-scale and long-term infrastructure projects with financing arm as a package has gained more influence, and financial support for manufactures to pursue such business opportunities in infrastructure is stiffer.

In order to cope with the business environment mentioned above, it is necessary to build a framework in which financial institutions and manufacturers can display their financing arrangement abilities and technological strengths respectively in an integrated manner.

After engaging in various discussions among related parties with common understanding, MUFG, BTMU and MUL have reached an agreement to enter into the Capital and Business Alliance with Hitachi and HC, both of which are leading players in social infrastructure area.

The Capital and Business Alliance is considered to help expand business scope and enhance financial solutions including financial functions strengthening of MUL, and maximize the enterprise value of overall MUFG group.

## **2. Particulars of the Capital and Business Alliance**

MUFG, BTMU, MUL, Hitachi and HC will make a discussion on building an open financial platform, mainly operated by MUL and HC, in order to provide support for infrastructure industry from financial perspective.

In addition, MUL and HC have agreed to pursue specific discussions as followings to achieve business growth and enterprise value improvement of both parties, (i) to

reinforce existing business by leveraging each other's business franchise, (ii) to create new business opportunities by applying both know-how and network, (iii) to develop new solutions by combining both strengths.

In terms of the scope of business alliance, specific discussions will be made covering a wide range, but not limited to a certain field or region. In Japanese market, environment and energy, urban infrastructure and public facilities, real estate, and joint study on IoT across various fields are assumed, also overseas market mainly in the Americas, ASEAN, and China. Going forward, further discussions on additional regions or subjects will be conducted appropriately.

Such alliances are intended to enable MUL to expand business scope and enhance financial solution, along with HC to expand business scope and reinforce funding capacity in foreign currencies by leveraging distribution network and creditworthiness of MUFG group.

In order to exert a prompt effect of the alliances, MUFG and MUL will acquire 26,884,484 shares and 4,909,340 shares of HC from Hitachi at 3,400 yen per share, respectively. Moreover, HC will acquire 26,678,000 shares of MUL in the market sequentially.

Further, MUFG/MUL and HC have agreed that MUFG/MUL will dispatch representatives to the Board of Directors of HC, and HC meanwhile to MUL, subject to approval at general meeting of shareholder of fiscal year 2017.

In addition, the five companies are scheduled to advance consultations with an eye to the embodiment of the open financial platform in the further, as MUL and HC will engage in discussions appropriately towards relationship strengthening with an option of business integration post the Capital and Business Alliance.

### **3. Profiles of the Companies for Capital and Business Alliance**

#### **(1) Profile of HC**

(1) Name	Hitachi Capital Corporation
(2) Address	Nishi-Shimbashi Square, 3-1, Nishi Shimbashi 1-chome, Minato-ku, Tokyo, 105-0003 Japan
(3) Representative title, name	President & CEO Seiji Kawabe
(4) Business description	Comprehensive leasing
(5) Capital	¥9,983 mm (As of March 31, 2016)
(6) Founded	September 10, 1957

(7) Major shareholders and their stakes (as of September 30, 2015)	Hitachi, Ltd. 54.78%		
	The Master Trust Bank of Japan, Ltd. 4.85% (Trust Account)		
	Japan Trustee Services Bank, Ltd. 3.73% (Trust Account)		
	Hitachi High-Technologies Corporation 1.86%		
	NORTHERN TRUST CO. (AVFC) 1.84% RE15PCT TREATY ACCOUNT		
(8) Relationship with HC and MUFG and MUL	HC, on one hand, and MUFG and MUL, on the other, do not have any capital, personal or transactional relationship that are required to be disclosed		
(9) Consolidated financial results for the latest three years (IFRS) (¥mm)			
Fiscal year	Ending 03/2014	Ending 03/2015	Ending 03/2016
Total equity attributable to owners of the parent	298,288	325,223	335,503
Total assets	2,619,108	2,952,471	3,081,201
Equity per share attributable to owners of the parent (yen)	2,551.93	2,782.37	2,870.33
Revenues	342,675	356,291	365,354
Profit before tax	33,171	35,598	46,667
Net income attributable to owner of the parent	21,547	24,140	32,694
Earnings per share attributable to owners of the parent (yen)	184.35	206.53	279.71
Dividends per share (yen)	48.00	60.00	84.00

(2) Profiles of MUFG

(1) Name	Mitsubishi UFJ Financial Group, Inc.
(2) Address	7-1, Marunouchi 2-Chome, Chiyoda-ku, Tokyo, Japan
(3) Representative title, name	President & Group CEO Nobuyuki Hirano

(4) Business description	Manages the affairs of its subsidiaries within the group and the business of the group as a whole along with all relevant ancillary business		
(5) Capital	¥2,141,513 mm (As of March 31, 2016)		
(6) Establishment	April 2, 2001		
(7) Major shareholders and their stakes (as of September 30, 2015)	Japan Trustee Services Bank, Ltd. (Trust account)	5.00%	
	The Master Trust Bank of Japan, Ltd. (Trust Account)	4.12%	
	THE BANK OF NEW YORK MELLON SA/NV 10	1.82%	
	STATE STREET BANK AND TRUST COMPANY	1.51%	
	THE BANK OF NEW YORK MELLON AS DEPOSITARY BANK FOR DR HOLDERS	1.36%	
(8) Relationship with MUFG and Hitachi and HC	MUFG, on one hand, and Hitachi and HC, on the other, do not have any capital, personal or transactional relationship that are required to be disclosed		
(9) Consolidated financial results for the latest three years	(¥mm)		
Fiscal year	Ending 03/2013	Ending 03/2014	Ending 03/2015
Total assets	234,498,701	258,131,946	286,149,768
Total net assets per common stock (yen)	800.95	893.76	1,092.74
Ordinary income	4,763,225	5,176,102	5,638,402
Ordinary profits	1,344,176	1,694,820	1,713,001
Net income attributable to owners of the parent	852,623	984,845	1,033,759
Net income per common stock attributable to owners of the parent (yen)	58.99	68.28	73.21
Dividends per share (yen)	13.0	16.0	18.0

(3) Profile of MUL

(1)	Name	Mitsubishi UFJ Lease & Finance Company Limited		
(2)	Address	5-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, 100-6525, Japan		
(3)	Representative title, name	President & CEO Tadashi Shiraishi		
(4)	Business description	Lease, Installment sales, various types of financing, International business		
(5)	Capital	¥33,196 mm (As of March 31, 2016)		
(6)	Incorporation	April 12, 1971		
(7)	Major shareholders and their stakes (as of September 30, 2015)	Mitsubishi Corporation		20.00%
		Mitsubishi UFJ Financial Group, Inc		13.43%
		The Bank of Tokyo-Mitsubishi UFJ, Ltd.		6.08%
		Japan Trustee Services Bank, Ltd. (Trust Account)		4.29%
		Meiji Yasuda Life Insurance Company		3.44%
(8)	Relationship with MUL and Hitachi and HC	MUL, on one hand, and Hitachi and HC, on the other, do not have any capital, personal or transactional relationship that are required to be disclosed		
(9)	Consolidated financial results for the latest three years (¥mm)			
Fiscal year		Ending 03/2013	Ending 03/2014	Ending 03/2015
Total equity		468,061	534,250	621,344
Total assets		4,177,784	4,497,502	5,035,676
Equity per share(yen)		504.15	575.92	669.97
Revenues		698,155	717,760	742,452
Operating profit		59,987	65,278	70,237
Recurring profit		62,983	69,821	75,380
Net income attributable to owners of the parent		36,038	37,675	44,068
Net income per share attributable to owners of the parent of common stock (yen)		40.56	42.40	49.58
Dividend per share (yen)		65.00	8.00	9.50

(4) Profile of Hitachi

(1)	Name	Hitachi, Ltd		
(2)	Address	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo, 100-8280 Japan		
(3)	Representative title, name	Representative Executive Officer, President & CEO Toshiaki Higashihara		
(4)	Business description	Develops, manufactures, sells and services 9 segments across Information & Telecommunication Systems, Social Infrastructure & Industrial Systems, Electronic Systems & Equipment, Construction Machinery, High Functional Materials & Components, Automotive Systems, Smart Life & Ecofriendly Systems, Other, Financial Services (consolidated)		
(5)	Capital	¥458,790 mm (As of March 31, 2016)		
(6)	Established	February 1, 1920		
(7)	Major shareholders and their stakes  (as of September 30, 2015)	The Master Trust Bank of Japan, Ltd. (Trust Account)		5.89%
		Japan Trustee Services Bank, Ltd. (Trust Account)		4.42%
		Hitachi Employees' Shareholding Association		2.03%
		Nippon Life Insurance Company		1.93%
		THE BANK OF NEW YORK MELLON SA/NV10		1.69%
(8)	Relationship with Hitachi and MUFG and MUL	Hitachi, on one hand, and MUFG and MUL, on the other, do not have any capital, personal or transactional relationship that are required to be disclosed		
(9) Consolidated financial results for the latest three years (Note1) (¥mm)				
Fiscal year		Ending 03/2013	Ending 03/2014	Ending 03/2015
Total Hitachi, Ltd. stockholders' equity		2,082,560	2,668,657	2,942,281
Total assets		9,809,230	11,098,191	12,433,727
Hitachi stockholders' equity per share (yen)		431.13	552.62	609.35

Revenues	9,041,071	9,666,446	9,774,930
EBIT (Earnings before interest and taxes)(Note 2)	358,015	691,230	534,059
Net income	237,721	525,003	343,418
Net income attributable to Hitachi, Ltd. stockholders	175,326	413,877	217,482
Net income per share attributable to Hitachi stockholders/Earnings per share attributable to Hitachi stockholders (yen)	37.28	85.69	45.04
Dividends per share (yen)	10.00	10.50	12.00

(Note 1) Financial results for the year ending March 2013 are based on USGAAP, and financial results for the year ending March 2014 and 2015 are based on IFRS.

(Note 2) "EBIT (Earnings before interest and taxes)" is presented as income from continuing operations, before income taxes less interest income plus interest expense.

#### 4. Timeline of the Capital and Business Alliance

(1) Resolution of BOD	May 13, 2016
(2) Execution of the MOU regarding Business Alliance, the Agreement on Capital Alliance, and the Share Purchase Agreement	May 13, 2016
(3) Execution of a definitive agreement on business alliance, etc.	August 2016 (scheduled)*
(4) Transfer of HC shares	August 2016 (scheduled)*

(Note) The execution of HC shares transfer is subject to the execution of the definitive agreement on business alliance and approval of relevant regulatory authorities.

#### 5. Future Prospects

The impact of the Capital and Business Alliance on the financial results of each company for the year ending March 2017 will be minor. The Company will make an announcement on a timely basis if it becomes clear that this change will have a significant impact on the business performance of each company in the future.



## II. Overview of the Acquisition by MUFG and MUL

### 1. Background of the Acquisition

As stated in “I. Agreement on the Capital and Business Alliance” above, given that the agreement to transfer 26,884,484 shares and 4,909,340 shares of HC held by Hitachi, the parent company of HC, through off-market trading to MUFG and MUL, respectively has been reached among Hitachi, MUFG and MUL, the Acquisition will be conducted in August 2016 pursuant to procedures specified in the relevant laws and regulations.

### 2. Number of Voting Right and Ownership Percentage before and after the Acquisition

#### (1) MUFG

(1)	Number of shares owned before the Acquisition	0 shares (Number of voting right: 0) (Ownership percentage: 0%)
(2)	Number of shares to be acquired	26,884,484 shares
(3)	Acquisition price	Common stock of HC: 3,400 yen
(4)	Number of shares owned after the Acquisition	26,884,484 shares (Number of voting right: 268,844) (Ownership percentage: 23.0%)

#### (2) MUL

(1)	Number of shares owned before the Acquisition	0 shares (Number of voting right: 0) (Ownership percentage: 0%)
(2)	Number of shares to be acquired	4,909,340 shares
(3)	Acquisition price	Common stock of HC: 3,400 yen
(4)	Number of shares owned after the Acquisition	4,909,340 shares (Number of voting right: 49,093) (Ownership percentage: 4.2%)

### 3. Timeline of the Acquisition

(1)	Resolution of BOD	May 13, 2016
(2)	Execution of the Share Purchase Agreement	May 13, 2016

(3) Acquisition of HC shares	August 2016 (scheduled)
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#### **4. Future Prospects**

The impact of the Acquisition on financial results of MUFG and MUL for the year ending March 2017 will be minor. The Company will make an announcement on a timely basis if it becomes clear that this change will have a significant impact on the business performance of each company in the future.

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