



To whom it may concern,

May 13, 2016

Hitachi Capital Corporation
President & CEO Seiji Kawabe
(Securities Code No. 8586)
(Listed Exchange: Tokyo Stock Exchange)

Announcement of Business Alliance and Capital Alliance for the Purpose of Sustainable Growth, Secondary Distribution of Shares, and Changes to Parent Company, Other Affiliated Companies and Major Shareholder of Hitachi Capital

Hitachi Capital Corporation (President & CEO: Seiji Kawabe; “**Hitachi Capital**”), Hitachi, Ltd. (President & CEO: Toshiaki Higashihara; “**Hitachi**”), Mitsubishi UFJ Financial Group, Inc. (President & Group CEO: Nobuyuki Hirano; “**MUFG**”), The Bank of Tokyo-Mitsubishi UFJ, Ltd. (President & CEO: Takashi Oyamada; “**BTMU**”), and Mitsubishi UFJ Lease & Finance Company Limited (President & CEO: Tadashi Shiraishi; “**MUL**”) hereby announce that they agree to further consultations to carry out a business alliance (the “**Business Alliance**”) between (i) Hitachi Capital and MUL, and (ii) the five aforementioned companies, for the purpose of realizing sustainable growth and enhancing the provision of solutions for Hitachi Capital, and that they have entered into a Memorandum of Understanding (the “**MoU**”) today.

Following the above, Hitachi, MUFG and MUL have entered into an agreement (the “**Share Purchase Agreement**”) whereby Hitachi will transfer a portion of its shares in Hitachi Capital to MUFG and MUL (the “**Share Assignment**”).

Moreover, Hitachi Capital, MUFG and MUL have entered into a capital alliance agreement (the “**Capital Alliance Agreement**”) which sets out matters related to the capital alliance between the three companies.

We hereby announce that Hitachi Capital has executed the followings by means of the above set of agreements (the “**Business Alliances**”). We also hereby announce that the Share Assignment falls under a secondary distribution of Hitachi Capital’s shares, and will result in a change to the parent company, other affiliated companies, and the major shareholder of Hitachi Capital.

I. Agreement Regarding the Business Alliances

1. Reasons for the Business Alliances

Hitachi Capital has been contributing to creating a richer society through the provision of financial services by taking advantage of its diverse functions and strengths as a manufacturer-affiliated financial services company and promptly meeting social needs. In recent years, along with aggressively expanding business to various regions across the globe, Hitachi Capital has enhanced its functions and ability to make proposals to the Social Innovation Business, which Hitachi Group approaches as one, under the strong alliance with

the Hitachi Group.

Hitachi Capital is not just a financial services company. Currently, as a “Social Values Creating Company,” which provides new values to realize social development, Hitachi Capital aims to expand its global business, as well as enhance sustainable growth and the corporate value by contributing to the Social Innovation Business of Hitachi Group. For that purpose, it is necessary for Hitachi Capital to strengthen its ability to provide solutions, secure diverse human resources, and reinforce fundraising in foreign currencies and secure liquidity in order to develop an aggressive global business in various regions across the globe. Hitachi Capital has also considered strengthening and supplementing its functions by strategic collaboration with other partners to achieve aims that the Hitachi Capital cannot resolve on its own.

In order for Hitachi Capital to establish a business portfolio with both stability and growth potential, Hitachi Capital has consulted with relevant parties such as MUL, which drives the evolution of the business model including proactively participating in a variety of business and expanding global business, as well as MUFG, which has an abundance of achievements, know-how and a global business network centering on BTMU and accumulated achievements as one of the most competitive banks in global project financing.

As a result, Hitachi Capital has agreed with (i) MUL and (ii) Hitachi, MUFG, BTMU and MUL regarding the Business Alliances.

By strengthening the provision of solutions that make the most of a unique form which combines the strength between a manufacturer and a financial group through the Business Alliances, Hitachi Capital will maximize further growth of its business and the value of stockholders.

In addition, as a continuing important finance and business partner of Hitachi Group, Hitachi Capital will further strengthen its business collaboration with Hitachi in the Social Innovation Business and other related business areas.

2. Particulars of the Business Alliances

(1) Particulars of the Business Alliance between Hitachi Capital and MUL

In order to achieve mutual business growth and corporate value enhancement, Hitachi Capital and MUL reached an agreement to promote specific consultations for the purpose of (i) strengthening existing business by effectively utilizing the mutual business base, (ii) creating new business opportunities by utilizing mutual know-how and business networks, and (iii) developing new solutions to gather mutual strengths.

In Japan, they will collaborate in the business fields of environment and energy, urban infrastructure and public facilities, and real estate. Outside of Japan, they will consult on specific collaborations in the Americas, ASEAN, China, and other regions, focusing on Hitachi Capital’s local business, which will be substantially strengthened with an emphasis on fundraising and liquidity by means of the Business Alliance.

(2) Particulars of the Business Alliance between the five companies

Hitachi Capital, Hitachi, MUFG, BTMU and MUL have agreed to construct an open financial platform pertaining to the field of infrastructure business and proceed with specific consultations. Going forward, they will continue to consult, especially with regard to the details of the business alliance.

(3) Particulars of Changes to Shares and Capital Alliance

MUFG and MUL will acquire from Hitachi 26,884,484 shares (21.54% of outstanding shares, 23.01% of voting rights), and 4,909,340 shares (3.93% of outstanding shares, 4.20% of voting rights) respectively in Hitachi Capital at 3,400 yen per share. After the acquisition, Hitachi Capital intends to acquire 26,678,000 MUL shares (2.98% of outstanding shares, 3.00% of voting rights) through the stock market.

Hitachi intends to hold 39,031,800 shares of Hitachi Capital (33.40% of voting rights) and will continue to cooperate closely with Hitachi Capital as an important finance partner of the Hitachi Group.

For the purpose of deepening their relationship, Hitachi Capital, MUFG and MUL agree to endorse one candidate for director from MUFG and MUL to Hitachi Capital, and one from Hitachi Capital to MUL on the assumption that the Capital Alliance Agreement is approved at the annual general meeting of stockholders scheduled to be held in 2017.

Additionally, Hitachi Capital aims to reinforce its fundraising in foreign currencies and liquidity, expand its business areas, share information and exchange personnel with MUFG by means of the Business Alliance.

Moreover, Hitachi Capital and MUL will commence consultations at an appropriate time after entering into the Business Alliance with the aim of strengthening their future relationship, with business integration as one option for such relationship.

3. Outline of the Concerned Companies

(1) Outline of Hitachi

①	Name	Hitachi, Ltd.		
②	Address	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo		
③	Title and Name of Representative	President and CEO: Toshiaki Higashihara		
④	Description of Business	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	Amount of Capital	JPY458,790 million (as of March 31, 2016)		
⑥	Date of Incorporation	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 between Hitachi Capital and Hitachi	Capital relationship	Hitachi holds 56.74% shares (including 1.96% shares indirectly held) in Hitachi Capital.	
		Personnel relationship	One director and one executive officer within Hitachi are appointed as directors in Hitachi Capital.	
		Transactional relationship	Hitachi Capital provides Hitachi services such as leasing for production equipment, industrial equipment and office appliances, and leasing or loans for Hitachi's commercial equipment.	
		Related party or not	Hitachi is the parent company of Hitachi Capital. Accordingly, Hitachi applies to a related party.	
⑨	Consolidated Financial Results and Consolidated Financial Conditions for Past Three Years (Note 1)			
	Fiscal Year	Ending March 2013	Ending March 2014	Ending March 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.

(2) Outline of MUFG

①	Name	Mitsubishi UFJ Financial Group, Inc.	
②	Address	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	
③	Title and Name of Representative	President & Group CEO: Nobuyuki Hirano	
④	Description of Business	Managements of the affairs of subsidiaries within the group and the business of the group as a whole along with all relevant ancillary business	
⑤	Amount of Capital	JPY2,141,513 million (as of March 31, 2016)	
⑥	Date of Incorporation	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 between Hitachi Capital and MUFG	Capital relationship	N/A
		Personnel relationship	N/A
		Transactional relationship	Hitachi Capital and MUFG provide fundraising operations and others each other
		Related party	N/A

	or not		
⑨ Consolidated Financial Results and Consolidated Financial Conditions for Past Three Years			
Fiscal Year	Ending March 2013	Ending March 2014	Ending March 2015
Net Assets	13,519,655	15,112,895	17,287,533
Total Assets	234,498,701	258,131,946	286,149,768
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) Outline of BTMU

① Name	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	
② Address	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	
③ Title and Name of Representative	President & CEO: Takashi Oyamada	
④ Description of Business	Banking	
⑤ Amount of Capital	JPY1,711,958million (as of March 31, 2015)	
⑥ Date of Incorporation	August 15, 1919	
⑦ Major shareholders and their stakes (as of September 30, 2015)	Mitsubishi UFJ Financial Group, Inc. 100%	
⑧ Relationship between Hitachi Capital and BTMU	Capital relationship	N/A
	Personnel relationship	N/A
	Transactional relationship	Hitachi Capital and BTMU provide fundraising operations and others each other
	Related party	N/A

	or not		
⑨ Consolidated Financial Results and Consolidated Financial Conditions for Past Three Years			
Fiscal Year	Ending March 2013	Ending March 2014	Ending March 2015
Net Assets	10,658,841	11,741,453	13,201,844
Total Assets	181,625,557	201,614,685	219,313,264
Net Assets per common stock (yen)	729.93	798.38	954.03
Ordinary income	3,419,307	3,599,428	4,028,944
Ordinary profits	1,070,928	1,217,534	1,221,200
Net income attributable to owners of the parent	673,514	754,323	731,622
Net income per common stock attributable to owners of the parent (yen)	53.07	59.62	59.24
Dividends per share (yen)	11.19	17.85	32.57

(4) Outline of MUL

①	Name	Mitsubishi UFJ Lease & Finance Company Limited	
②	Address	5-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	
③	Title and Name of Representative	President & CEO: Tadashi Shiraishi	
④	Description of Business	Lease, Installment Sales, Various Types of Financing, International Business	
⑤	Amount of Capital	JPY33,196 million (as of March 31, 2016)	
⑥	Date of 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 between Hitachi Capital and MUL	Capital relationship	N/A
		Personnel relationship	N/A
		Transactional relationship	Hitachi Capital and MUL provide lease syndication transaction and others each

		other	
	Related party or not	N/A	
⑨ Consolidated Financial Results and Consolidated Financial Conditions for Past Three Years			
Fiscal Year	Ending March 2013	Ending March 2014	Ending March 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 common stock attributable to owners of the parent (yen)	40.56	42.40	49.58
Dividend per share (yen)	65.00	8.00	9.50

4. Timeline of the Business Alliance

(1) Board of Directors' approval	May 13, 2016
(2) MoU, Share Purchase Agreement, Capital Alliance Agreement [and License Agreement] execution	May 13, 2016
(3) Execution of the final agreement on the business alliance, etc.	August 2016 (TBD)
(4) Share Assignment	August 2016 (TBD)

(Note) Execution of the Share Assignment is subject to the execution of the final agreement on the business alliance, etc. and securing clearance and approval from the competition authority and the regulatory agency in each relevant country.

5. Future Outlook

The impact that the Business Alliances will have on Hitachi Capital's earnings this fiscal year is minor. Going forward, if it is found that there will be a material impact on Hitachi Capital's earnings, we will give prompt notification.

6. Matters Regarding Transactions with Controlling Shareholders

(1) Applicability to Transactions with Controlling Shareholders and Compatibility with Guidelines Regarding Protection of Minority Shareholders

Hitachi, a party to the Business Alliances, is Hitachi Capital's parent company. Therefore, the Business Alliances fall under a transaction with a controlling shareholder.

Hitachi Capital stated in its Corporate Governance Report (publicly released on April 1, 2016) that "As part of the Basic Policy for Internal Control Systems under the Companies Act, transactions with the parent company are not subject to business restrictions and are based on the same master agreements and market prices that would apply to other business partners, and the Board of Directors makes a resolution on guaranteeing that they are suitable transactions. Transactions of a fixed amount or more require approval from the head office examination division, and a report is made to the Board of Directors regarding such transactions. Under such governance structure, the Company is making efforts to guarantee profits for shareholders as a whole, and not just the parent company." At the time of the Business Alliances, Hitachi Capital will take fair and appropriate measures from the perspective of protecting minority shareholders as follows, and has concluded that they are compatible with the above policy.

(2) Matters Regarding Measures to Guarantee Fairness and Measures to Avoid Conflict of Interest

As detailed in (1) above, the Business Alliances fall under a transaction with a controlling shareholder. Therefore, Hitachi Capital is taking the following measures as measures to guarantee fairness and measures to avoid conflict of interest.

- Of the directors of Hitachi Capital, Takashi Miyoshi also holds a post as director of Hitachi, and Toshiaki Kuzuoka also holds a post as Senior Vice President and Executive Officer of Hitachi. Therefore, from the perspective of avoiding any conflict of interest, they do not consult or negotiate with Hitachi from Hitachi Capital's standpoint, and they do not participate in any deliberation or resolution regarding agenda items at Hitachi Capital's Board of Director meeting for the Business Alliances. At Hitachi Capital's Board of Directors meeting held today, the Board of Directors, excluding those two directors, unanimously agreed to the Business Alliances.
- As detailed in (3) below, an opinion was received from Hitachi Capital's external directors on May 12, 2016 that the Business Alliances are not disadvantageous to minority shareholders.

(3) Outline of Opinion Received from the Directors Who do not Have a Stake in the Controlling Shareholder Regarding the Fact that the Transaction is not Disadvantageous to Minority Shareholders

Hitachi Capital requested Akira Tsuda, Haruo Funabashi, and Koichiro Hiraiwa, external directors of Hitachi Capital, who do not have a stake in Hitachi, the controlling shareholder,

and regarding whom the Tokyo Stock Exchange has received notification of such external officer status, to give their opinion regarding whether the Business and Ancillary Alliances are disadvantageous to Hitachi Capital's minority shareholders. The three directors were given an explanation on, and considered, the purpose, particulars, and terms and conditions of, and the suitability and fairness of procedures in Hitachi Capital's decision-making for, the Business Alliances. As a result thereof, the three directors comprehensively determined the following:

- (i) The Business Alliances contribute to Hitachi Capital's business growth and the enhancement of corporate value by strengthening the provision of solutions on a global basis that make the most of a unique form which combines the strength between a manufacturer and a financial group;
- (ii) The details and other terms and conditions of each agreement regarding the Business Alliances to which Hitachi Capital is a party have not been recognized as particularly unreasonable; and
- (iii) Of the directors of Hitachi Capital, Takashi Miyoshi, who also holds a post as director of Hitachi, and Toshiaki Kuzuoka, who also holds a post as Senior Vice President and Executive Officer of Hitachi, are deemed to be subject to suitable and fair procedures, such as that they do not consult or negotiate with Hitachi from Hitachi Capital's standpoint, and they do not participate in any deliberation or resolution regarding agenda items at Hitachi Capital's Board of Director meeting for the Business Alliances.

The directors therefore stated their opinion that the Business Alliances are not disadvantageous to Hitachi Capital minority shareholders.

II. Secondary Distribution of Shares

1. Outline of Secondary Distribution

(1)	No. of shares for secondary distribution	26,884,484 shares of Hitachi Capital Corporation
(2)	Secondary distribution price	3,400 yen per share
(3)	Total secondary distribution price	91,407,245,600 yen
(4)	Owners of shares for secondary distribution and number of shares for secondary distribution	Hitachi; 26,884,484 shares
(5)	Secondary distribution method	Assignment of Hitachi Capital shares by Hitachi to MUFG

(6)	Subscription period	May 13, 2016
(7)	Settlement date	August 1, 2016 (TBD)
(8)	Subscription deposit	N/A
(9)	Subscription units	26,884,484 shares
(10)	Other	Hitachi Capital has submitted the above matters in the written notice of securities set out in the Financial Instruments and Exchange Act.

(Note) The secondary distribution price above was determined through consultations between the parties set forth in (5) above.

2. Purpose of Secondary Distribution

Given that an agreement to assign Hitachi Capital shares in an over-the-counter transaction was reached by Hitachi, MUFG and MUL in conjunction with the Business Alliances, the objective is to carry out the assignment through a secondary distribution pursuant to procedures set out in the relevant laws and regulations.

III. Changes in Hitachi Capital's Parent Company, Other Affiliated Companies and Major Shareholders

1. Scheduled Change Date

August 1, 2016 (TBD)

2. Background to the Changes

As set forth in "I. Agreement Regarding the Business Alliances" above, Hitachi (Hitachi Capital's parent company), MUFG and MUL have executed an agreement whereby Hitachi will assign 31,793,824 shares of its holdings of Hitachi Capital shares to MUFG and MUL through an over-the-counter transaction. Accordingly, pursuant to the procedures set out in the relevant laws and regulations, the assignment will take place in August 2016. As a result, changes in Hitachi Capital's parent company, other affiliated companies, and major shareholder are expected.

3. Profile of Changing Shareholders

(1) Profile of the Shareholder that will Cease to be Hitachi Capital's Parent Company and will Become Another Affiliated Company

(i)	Name	Hitachi, Ltd.
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For other profile information, such as address, see "I.3.(1) Profile of Hitachi."

(2) Profile of the Shareholder that will Become Hitachi Capital's Major Shareholder and Another Affiliated Company

(i)	Name	MUFG
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For other profile information, such as address, see “I.3.(2) Profile of MUFG.”

4. Number of Voting Rights the Shareholder Owns and the Voting Rights Ownership Ratio Prior to and After the Change

(1) Hitachi

	Category	Number of voting rights (voting rights ownership ratio) (number of shares owned)			Major shareholder ranking
		Directly held	Subject to inclusion	Total	
Prior to the change (as of March 31, 2016)	Parent Company	683,784 Voting rights (58.51%) (68,378,420 shares)	24,472 Voting rights (2.09%) (2,447,204 shares)	708,256 Voting rights (60.61%) (70,825,624 shares)	1st
After the change	Another Affiliated company	390,318 Voting rights (33.40%) (39,031,800 shares)	0 Voting rights (0.00%) (0 shares)	390,318 Voting rights (33.40%) (39,031,800 shares)	1st

(Note) Hitachi Capital shares that are indirectly held are scheduled to be transferred to Hitachi before the share purchase date (including within the same date).

(2) MUFG

	Category	Number of voting rights (voting rights ownership ratio) (number of shares owned)			Major shareholder ranking
		Directly held	Subject to inclusion	Total	
Prior to the change (as of March 31, 2016)	-	-	-	-	-
After the change	Another Affiliated company	268,844 Voting rights (23.01%) (26,884,484 shares)	-	268,844 Voting rights (23.01%) (26,884,484 shares)	2nd

5. Changes to Unlisted Parent Company Subject to Disclosure

Hitachi is listed on the Tokyo Stock Exchange and the Nagoya Stock Exchange, and thus is not an unlisted parent company subject to disclosure.

MUFG is listed on the Tokyo Stock Exchange and the Nagoya Stock Exchange and the New York Stock Exchange, and thus is not an unlisted parent company subject to disclosure.

6. Future Outlook

The impact that the changes will have on Hitachi Capital's earnings this fiscal year is minor. The impact that the Share Assignment and the Business Alliances will have on Hitachi Capital's earnings is set forth in "I.5. Future Outlook."

■Contact Information

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End of news release