

CORPORATE REPORT 2018



The CO₂ generated in the production of the Corporate Report, from raw material procurement to printing, was offset by a carbon credit.
Project name: Project for Reduction of CO₂ Emissions by Installing LED Streetlights in Myoko City, Niigata Prefecture
Offset amount: 2t CO₂



We preserve natural forest resources by using raw materials from certified managed forests.



We use a waterless printing process that generates no harmful effluents.



This report was printed with eco-friendly waterless volatile organic compound (VOC)-free ink made with plant-based (soybean) oil that eliminates all use of petroleum-based solvents.



Table of Contents

PROFILE

A Profile of Mitsubishi UFJ Lease & Finance

2	The Business of the Mitsubishi UFJ Lease & Finance Group	8	Value Creation Process for Achieving the Vision for Mitsubishi UFJ Lease & Finance
4	History of Mitsubishi UFJ Lease & Finance	10	Financial and Non-Financial Highlights
6	Mitsubishi UFJ Lease & Finance of Today and its Vision for the Future		

STRATEGY

Strategy Section

12	Message from the CEO	20	SPECIAL FEATURE Businesses that Resolve Social Issues— Toward Achieving Our Vision
----	----------------------	----	------------------------------------------------------------------------------------------

MANAGEMENT

Management Section

28	Interview with an Outside Director	36	Initiatives toward Human Resources that Support Business Evolution
30	Strengthening Governance to Improve Corporate Value over the Medium-to-Long Term	40	Efforts toward Preserving the Environment
34	Focus—Workplace Enhancement Project	42	Contributions to Society

DATA

Data Section

44	Business Results and Financial Position	48	Group Network
46	Consolidated Financial Highlights	50	Corporate Information

“Value Integrator”

Generating Value for the Community

Editorial Policy

With the aim of presenting its Group management and corporate activities to stakeholders in an accessible way, Mitsubishi UFJ Lease & Finance Company Limited issues the Corporate Report. Corporate Report 2018, for the fiscal year ended March 31, 2018, is produced with reference to International Integrated Reporting Framework Ver. 1.0, a guideline issued by the International Integrated Reporting Council (IIRC).^{*} Accordingly, the report presents a comprehensive overview of the Group's corporate activities and introduces its initiatives for the creation of sustainable corporate value.

Highly important information, such as an explanation of the growth strategy laid out in the medium-term management plan in effect from fiscal 2017 and information on environmental, social, and governance (ESG) issues affecting the Group's operations, has also been included.

Going forward, we will work to promote a better understanding of the Group's corporate activities by continuing to develop the report as a tool linking the Group with its stakeholders.

^{*} The International Integrated Reporting Council (IIRC) is an international federal body composed of regulators, investors, corporations, standards bodies, accounting specialists, and nongovernmental organizations.

Forward-Looking Statements

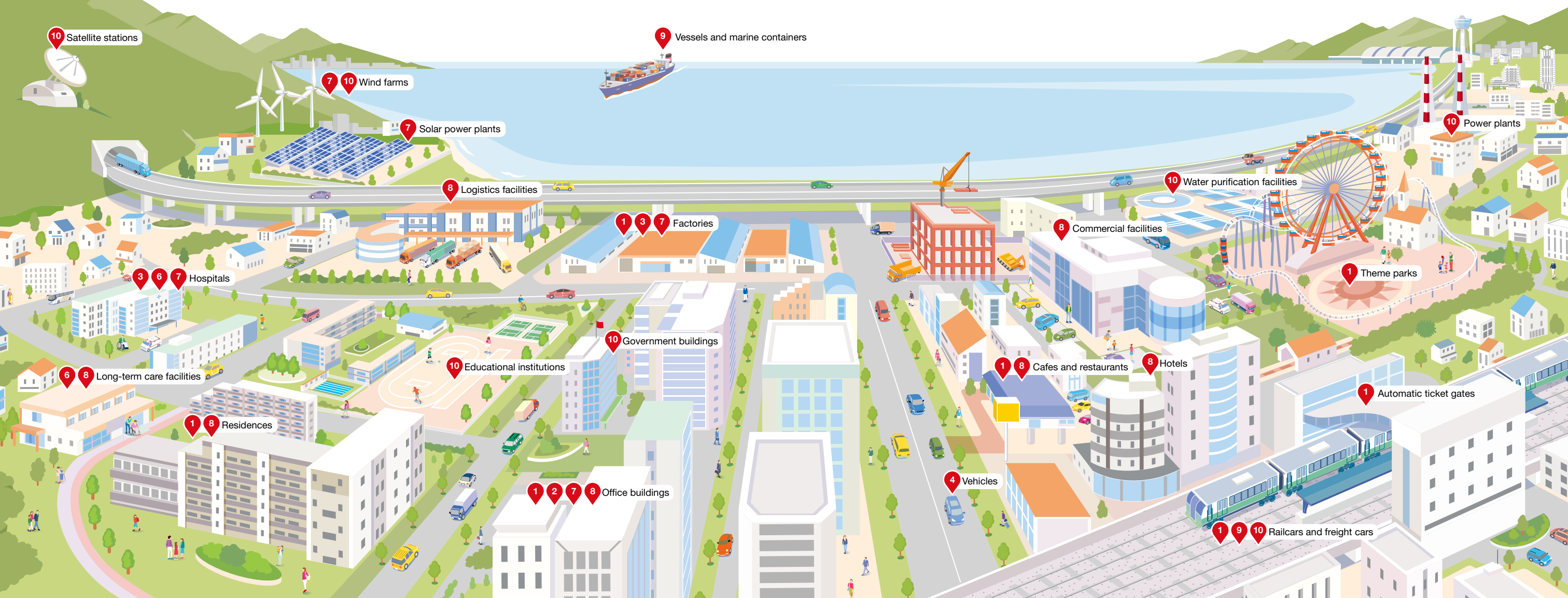
The strategies, plans, results, and other materials presented in this report contain future projections and forecasts. Such forward-looking statements reflect assessments made by the Group based on the information available at the time of publication. Please note that actual results are influenced by a wide range of significant factors and may therefore differ considerably from the content of these statements.

Mitsubishi UFJ Lease & Finance's corporate signature phrase “Value Integrator” encapsulates the Company's commitment to “integrating the value of management resources such as person-
nel, assets, capital, and information through the integration of finance and business to create new value for society as a whole.”

Mitsubishi UFJ Lease & Finance will continue to evolve in its quest to always be a company that creates and delivers new value, not only for its customers but also for the greater society.

The Business of the Mitsubishi UFJ Lease & Finance Group

The Mitsubishi UFJ Lease & Finance Group promotes the global expansion of a diverse array of businesses centered on its core lease and finance businesses.



1 Leasing and Finance Business

We support customers' capital investments by offering finance leases and operating leases for various things such as factory machine tools, heat-source facilities, and store equipment. We also provide asset management and other related services to assist customers with their administrative procedure outsourcing and other needs.

2 Rental Business

We meet a diverse range of rental needs, including those for IT equipment, machine tools, testing devices, and measurement equipment.

3 Used Equipment Trading Business

Utilizing the expertise in products acquired through our long experience in the leasing business, we trade in high-quality used machine tools, medical equipment, and IT equipment through Group companies that are highly specialized in this sector.

4 Auto Lease and Auto Finance Business

In addition to financing and maintenance services, we offer optimal vehicle management services that lighten the burden of vehicle management procedures, reduce costs, and increase safety while supporting the enhancement of vehicle eco-initiatives.

5 Equipment and Service Business

We offer sales finance and other support services to meet diverse customer needs.

6 Healthcare Business

We provide financial support for hospitals and other medical institutions for starting up operations, expanding or renovating facilities, or purchasing high-tech equipment. We also offer total solutions in this field that include the renovation of hospitals and the operation of long-term care facilities by a Group company.

7 Environment and Energy Business

We supply energy solutions for realizing facility energy savings as well as services related to carbon offset and other emissions credits. In addition, in the solar power field we lease solar panels and participate in power generation businesses, while a Group company is engaged in the acquisition and trading of solar power generation projects.

8 Real Estate Business

Our wide range of real estate businesses includes real estate leasing for properties such as commercial facilities, hotels, logistics facilities, and other buildings; nonrecourse financing, which is linked to a property's earnings capacity; and real estate revitalization investment, which targets aged buildings.

9 Aircraft and Logistics Business

We maintain global assets with high liquidity and market value, such as aircraft, aircraft engines, vessels and marine containers, and railcars. These assets are used to develop a wide range of businesses.

10 Infrastructure and Investment Business

We develop infrastructure businesses in Japan and overseas. The Company has one of the most extensive track records in Japan in private finance initiative (PFI) businesses, which involve utilizing private-sector funding expertise to construct public facilities and operate public infrastructure.

History of Mitsubishi UFJ Lease & Finance

Expanding our business domain in Japan and overseas by applying our expertise in products

The Mitsubishi UFJ Lease & Finance Group was created through the merger of Diamond Lease Company Limited and UFJ Central Leasing Co., Ltd., in April 2007. Since its inception, the Group has actively expanded its business beyond the boundaries of leasing and finance while implementing nonorganic strategies, such as carrying out acquisitions and forming business alliances. Through these strategies, the Group has achieved significant growth.

Leasing Business

2007
/4 Diamond Lease Company Limited and UFJ Central Leasing Co., Ltd., merged to form Mitsubishi UFJ Lease & Finance Company Limited

Acceleration of Global Expansion

2013
/1 Acquired all interests of JSA International Holdings, L.P., which owns aircraft leasing companies such as Jackson Square Aviation, LLC

2013
/11 Acquired major share of PT. Takari Kokoh Sejahtera

Creating New Opportunities to Generate Profit

2014
/5 Formed strategic business alliance with The Greenbrier Companies, Inc., of the United States

2014
/11 Acquired all of the outstanding shares of Engine Lease Finance Corporation
Acquired all of the equity interests of Beacon Intermodal Leasing, LLC

2015
/10 Established MUL Energy Investment Company Limited

New Value Creation

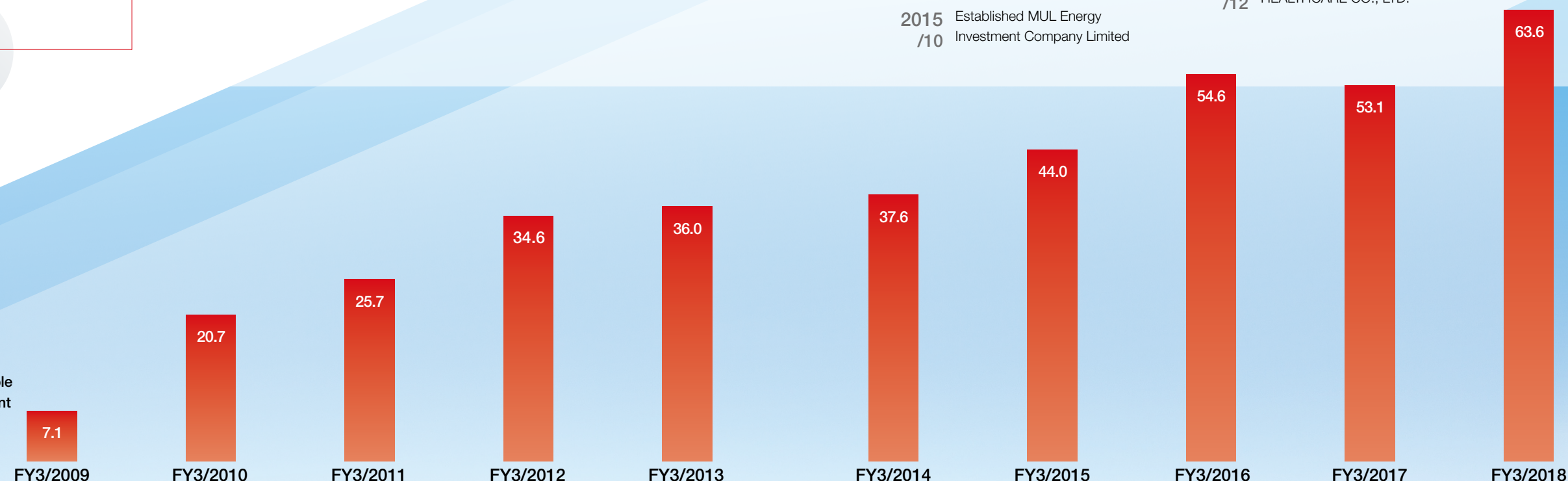
2017
/4 Commenced participation in a submarine power transmission project for offshore wind power plants in Germany

2017
/6 Entered into the aircraft engine parts-out business

2017
/7 Commenced participation in an on-shore wind power farm project in Ireland

Net income attributable
to owners of the parent

(Billions of yen)



Mitsubishi UFJ Lease & Finance of Today and its Vision for the Future

Offer new value to society to achieve solid growth

The Mitsubishi UFJ Lease & Finance Group is moving ahead with the strategies of its medium-term management plan **Breakthrough for the Next Decade**.

We combine the vast functions and expertise of the Group for resolving the issues faced by customers and society in order to create social value and improve corporate value, and thereby realize ongoing growth.

Creation of social value and improvement of corporate value through resolution of social issues

Evolution from business participation model to business management model

Environment and Energy

The environment and energy business includes solar power and other renewable energy generation operations and Energy Service Company (ESCO) operations, which entail energy conservation proposals for facilities, such as factories and buildings, as well as emissions credit-related services, financing, and asset management services for environmental facilities. Combining various functions, such as those pertaining to the creation, conservation, and management of energy, this business provides a robust lineup of environmental solutions.

SPECIAL FEATURE P.20-21

Healthcare

In the healthcare business, we provide support for opening clinics, offer medical equipment introduction and management support consulting, manage specialized healthcare and nursing care investment funds, trade used medical equipment, operate a medical mall and nursing care facility, and develop various other operations. We support the healthcare and nursing care facilities that are indispensable forms of infrastructure for local communities through proposals that integrate the Group's wide-ranging lineup of services.

SPECIAL FEATURE P.22

Real Estate

The Mitsubishi UFJ Lease & Finance Group has long been engaged in real estate leases of commercial, distribution, and other facilities as well as a real estate securitization business that deals with revenue-generating real estate, such as offices and hotels. We are also enhancing our real estate revitalization investment business, which entails renovating and improving the profitability of aged buildings constructed during the periods of high economic growth. In these ways, we are expanding operations in the real estate field on a Groupwide basis.

SPECIAL FEATURE P.23

Global Asset

The Mitsubishi UFJ Lease & Finance Group is building a business portfolio that is resilient to fluctuations in the market conditions of specific industries by diversifying a range of assets with high marketability and market value, such as aircraft, aircraft engines, vessels and marine containers, and railcars. In the future, we will form alliances through the Group's network and with other companies in order to expand the range of assets we handle and grow operations in ancillary service areas, such as asset management.

SPECIAL FEATURE P.24

Infrastructure

Our track record in the private finance initiative (PFI) business in Japan is top class, with us having received orders for a total of 60 PFI projects to date. In addition, we are extending our operations to overseas infrastructure, an area in which substantial demand growth is projected in the future, while utilizing the experience and expertise we have accumulated thus far. Going forward, we will seek to incorporate the growth of domestic and overseas infrastructure businesses in order to drive the growth of the Group.

SPECIAL FEATURE P.25



Customer

Businesses

Value Creation Process for Achieving the Vision for Mitsubishi UFJ Lease & Finance

Management Capital of the Mitsubishi UFJ Lease & Finance Group

Human Capital



- Diverse human resources
- Specialists
- Engagement with the Company and work

P.36-39

Intellectual Capital



- Specialized knowledge accumulated by providing services attached to objects
- Expertise in linking finance and business

Social Capital



- Diverse Group network
- Extensive business partner network (transactions with approximately 190,000 companies)

P.48-49

Financial Capital



- External credit rating at an industry highest level
- Reliable fund procurement capabilities

P.10

Value Creation Framework

Medium-Term Breakthrough for

Management Plan the Next Decade

Growth Strategies

- 1 Provide the values that customers choose
- 2 Realize a "business management model" unique to Mitsubishi UFJ Lease & Finance
- 3 Make full use of Group synergies
- 4 Optimize portfolio management
- 5 Strengthen ties with Hitachi Capital

Reinforcement Strategies for Business Infrastructure

- 1 Advance integrated risk management
- 2 Sophisticate financial strategies
- 3 Promote a review of working practices
- 4 Evolve into a professional organization
- 5 Maintain and improve the trust of the public as a good corporate citizen

Driven by both its customer businesses and Finance Group has been expanding the functions operation, while also delivering solutions to

its business divisions, the Mitsubishi UFJ Lease & Finance Group provides, from corporate finance to business resolve the issues faced by customers.

Customer Businesses

Sector Business Departments
Area Business Departments and Branches
Machinery Business Company
Group Companies
Overseas Customer Business Bases

Business Divisions

Environment & Energy Business Division
Healthcare Business Division
Real Estate Business Division
Aviation Business Division
Logistics Business Division
Infrastructure & Investment Business Division

Corporate finance

Asset finance

Provision of services

Business participation

Business operation

Value Output

Resolution of Social Issues and Improvement of Earnings

P.20-27

Creation of Comfortable Workplace Environments

P.34-35

Environmental Preservation

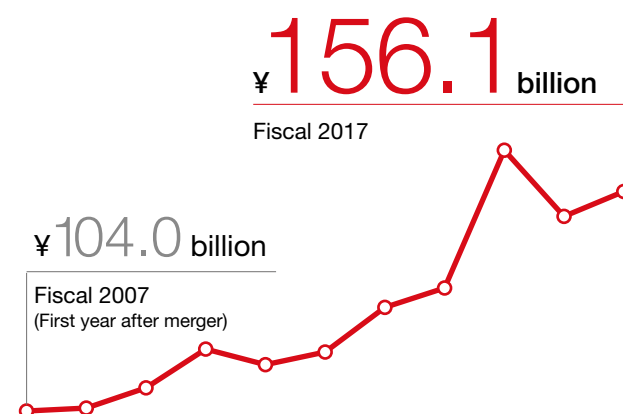
P.40-41

Ongoing Improvement of Shareholder Value

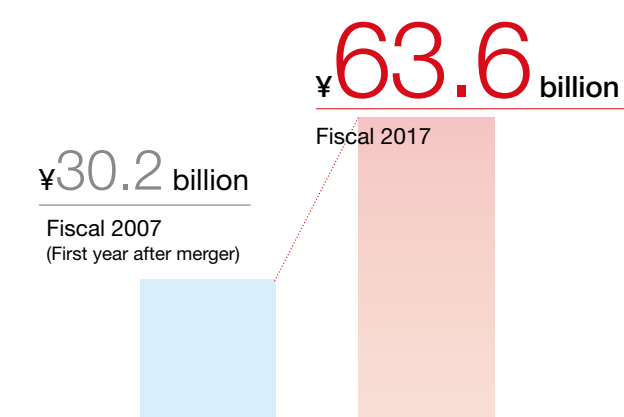
P.45

Financial Highlights

Gross Profit

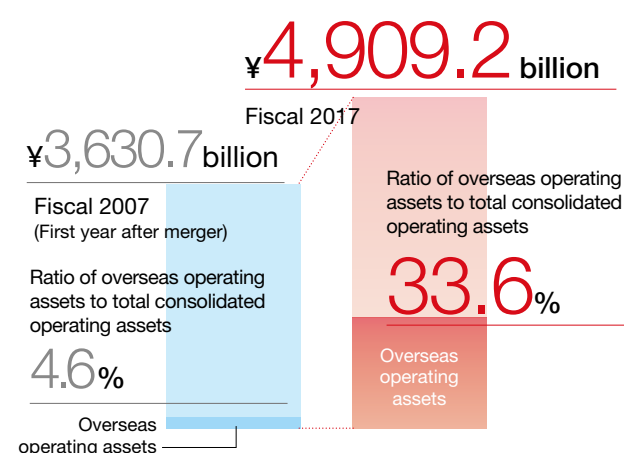


Net Income Attributable to Owners of the Parent



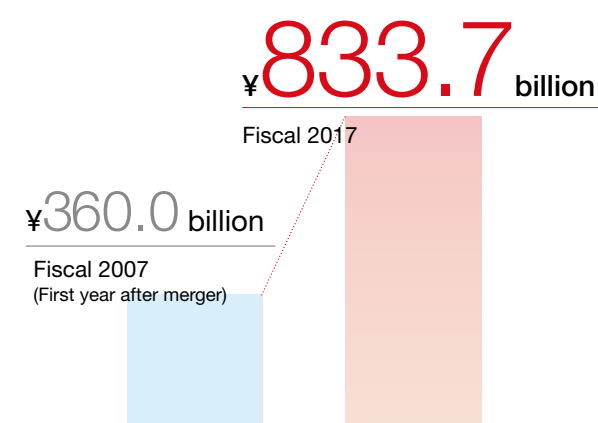
As the business model of Mitsubishi UFJ Lease & Finance evolves, branching out from a business centered on corporate finance to include asset finance, provision of services, business participation, and business operation, the Company's business domains continue to expand, which in turn is boosting profitability. Compared with fiscal 2007, gross profit in fiscal 2017 was 1.5 times higher and net income attributable to owners of the parent was 2.1 times higher.

Balance of Operating Assets and Ratio of Overseas Operating Assets



Through the augmentation of our global asset portfolio, which includes aircraft, aircraft engines, vessels and marine containers, and railcars, the amount of overseas operating assets has grown tenfold since fiscal 2007. At the same time, the ratio of overseas operating assets to total consolidated operating assets has risen from 4.6% to 33.6%.

Corporate Bonds Outstanding



As we grow our operations overseas, the range of currencies in which we issue bonds has become increasingly diverse. The Company currently issues bonds in four currencies: U.S. dollars, Chinese renminbi, Thai baht, and Indonesian rupiah.

External Credit Rating

Long-Term Issuer Rating (As of March 31, 2018)



Mitsubishi UFJ Lease & Finance receives credit ratings from the four rating institutions listed to the left in order to evaluate its creditability, and we have consistently been among the most highly rated companies in the industry. The Company strives to improve its ability to procure funds in order to support its competitiveness as it seeks to further grow its operations.

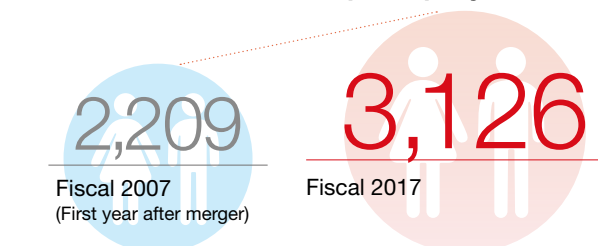
*1 Standard & Poor's

*2 Japan Credit Rating Agency

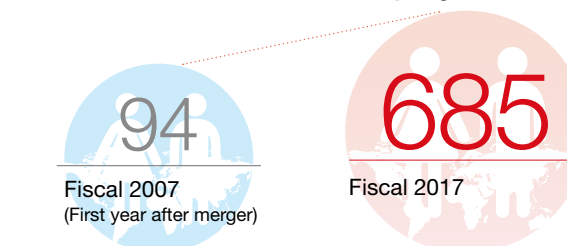
*3 Rating and Investment Information

Non-Financial Highlights

Total Number of Group Employees

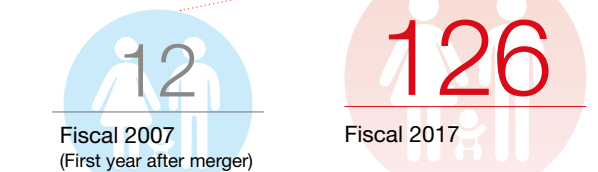


Number of Overseas Employees



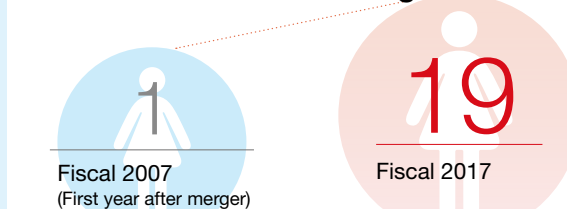
In the course of expanding its business domains, the Group has increased its number of employees by over 40% from fiscal 2007. The increase has been most apparent in regard to the number of overseas employees, which is seven times higher than in fiscal 2007 as a result of our proactive overseas expansion. The Mitsubishi UFJ Lease & Finance Group prides itself on its diverse base of employees with highly specialized skills in Japan and overseas. Going forward, we will continue striving to resolve the issues faced by our customers and society as a united team.

Number of Employees Taking Childcare Leave



The Mitsubishi UFJ Lease & Finance Group is cultivating a workplace environment that is conducive to diverse workstyles. As a result of these efforts, male employees have increasingly been taking childcare leave, and the total number of employees taking childcare leave in fiscal 2017 was 10 times higher than in fiscal 2007.

Number of Female Managers



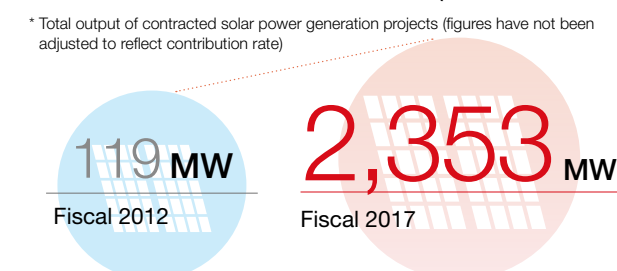
The number of female managers at the Group is growing amid efforts to empower female employees.

Carbon Offset (Amount of Emissions Credits)



Carbon offset trading volumes (amount of emissions credits) in fiscal 2017 were 48 times higher than in fiscal 2008, while the aggregate amount of solar power generated was 20 times higher than in fiscal 2012. These increases represent our success in contributing to the realization of a sustainable, eco-friendly environment through our business.

Total Solar Power Generated (Accumulated Total*)



* Total output of contracted solar power generation projects (figures have not been adjusted to reflect contribution rate)

Evaluation from External Institutions

FTSE Russell

The Company has been selected for an index component of the FTSE Blossom Japan Index, an index developed by the global index provider FTSE Russell, which reflects the performance of Japanese companies that demonstrate strong environmental, social, and governance (ESG) practices. In addition, the Company has been included in the FTSE4Good Index Series, a world-leading socially responsible investment (SRI) index, every year since 2006.

MSCI

The Company has been selected as an index component of the MSCI Japan ESG Select Leaders Index* and the MSCI Japan Empowering Women Index (WIN), which were developed by Morgan Stanley Capital International (MSCI) for companies with particularly strong ESG initiatives.

* Former MSCI Global Sustainability Index Series





Takahiro Yanai
President & CEO

Mitsubishi UFJ Lease & Finance strives to always be a company that is appealing to customers, shareholders, society, and all of its other stakeholders.

Distinctive Value Provided by Mitsubishi UFJ Lease & Finance

Mitsubishi UFJ Lease & Finance responds to the needs of its customers by supplying a diverse range of products and services that go beyond the boundaries of leasing. In today's rapidly changing operating environment, the needs of customers are growing ever-more diverse and complicated. We are therefore taking an earnest approach toward addressing the needs of customers and society, changing ourselves and evolving our business models to expand the business areas and the functions provided by the entire Group.

Under **Breakthrough for the Next Decade**, our medium-term management plan launched in April 2017, we have defined our desired corporate image in 10 years' time: "An entity that seeks to address social issues with customers beyond the boundaries of countries, regions, and industries

by detecting changes in the environment beforehand, and coordinating and providing diverse functions regarding finance, assets, and businesses."

Through the implementation of the strategies put forth by the medium-term management plan, we will further build upon the finance and asset expertise we have accumulated thus far and refine our asset and business risk-taking approach to create new earnings opportunities. Meanwhile, the Group will continue to contribute to society through its businesses to earn greater levels of trust as a good corporate citizen. Mitsubishi UFJ Lease & Finance is committed to achieving ongoing growth while living up to the expectations of all of its stakeholders.

August 2018

Takahiro Yanai
President & CEO

Integration of Finance and Business and Balance between Top-Line Management and Efficient Management

The medium-term management plan defines the two basic policies of integration of finance and business and balance between top-line management* and efficient management.

1. Integration of Finance and Business

The first basic policy of the medium-term management plan is to continue the integration of finance and business. In addition to its conventional corporate finance and asset finance services, Mitsubishi UFJ Lease & Finance has evolved and expanded the range of the functions it delivers to offer other services. We now provide peripheral services and invest in the businesses of partners to take part in these businesses while sharing risks. Moreover, we utilize a business management model in which we act as the business operator and play a leadership role in coordinating the functions and expertise of Group companies and partners. With this expanded range of functions, we have already begun operating solar power plants and rehabilitating and otherwise increasing the value

of aged real estate. We look forward to branching out into other fields going forward.

2. Balance between Top-Line Management and Efficient Management

Our second basic policy is to balance top-line management and efficient management. This policy goes beyond the stock-type business concept of “increasing profits by expanding assets.” Instead, it calls on us to use assets effectively in order to expand profits while simultaneously boosting asset efficiency. Accordingly, we will be transitioning to a style of operation that emphasizes profitability out of consideration for return on assets (ROA). This approach will entail us prioritizing the allocation of resources to high-profit businesses and assets and improving overall productivity by pursuing cost reductions through means such as utilizing digital technologies.

* Management policy targeting a boost in gross profit

[SPECIAL FEATURE] Businesses that Resolve Social Issues—Toward Achieving Our Vision P.20-27

Breakthrough for the Next Decade

Vision for the Next Decade An entity that seeks to address social issues with customers beyond the boundaries of countries, regions, and industries by detecting changes in the environment beforehand, and coordinating and providing diverse functions regarding finance, assets, and businesses. Such entity presents a vibrant environment where each employee acts with a strong sense of social mission and responsibility.

Basic Policy

1. Integration of Finance and Business

Evolution of business model	Corporate finance	Asset finance	Provision of services	Business participation	Business operation
Overview	Offer value through the flexibility of a nonbank	Promote operating leases based on value of assets	Provide services related to growth in the value of customers' assets	Share business risk with partners through investment and earn income from dividends	Coordinate diverse functions and expertise and enhance the business value of clients' industry-based value chains
Method	Finance lease, factoring, loan, etc.	Global asset, real estate securitization, etc.	Rental, used equipment trading, asset management businesses, etc.	Renewable energy generation, infrastructure investment, etc.	Real estate revitalization equity investment business and regional energy supply business

2. Balance between Top-Line Management and Efficient Management

Beyond the business concept of “increasing profits by expanding assets,” aim to increase profits, reduce costs, and enhance asset efficiency and risk-return at the same time by effectively utilizing assets

3. Measures for Implementing Basic Policies

As measures for implementing the aforementioned basic policies, we will advance assertive growth strategies and protective reinforcement strategies for business infrastructure. Through these strategies, we aim to achieve the numerical targets of net income attributable to owners of the parent of ¥63.0 billion or more and ROA (on a consolidated net income basis) of 1.1% or higher while also charting a course for the accomplishment of our desired corporate image in 10 years' time.

In terms of our business structure, we introduced a business division system in the fiscal year ended March 31, 2018, to facilitate more dynamic business activities in the key

industry fields of environment and energy, healthcare, real estate, global asset (mobility), and infrastructure. We also undertook a reorganization in April 2018 that involved assigning certain domestic sales divisions to serve specific customer sectors (industries) in order to strengthen the domestic customer business. As another part of this reorganization, we consolidated area business departments and branches to bolster our ability to respond to market changes.

By flexibly combining the industry insight and specialized knowledge of sector business departments with the region-based proposal capabilities of area business departments and branches, we will seek to provide our customers with services of even higher value.

Management Strategy

Five Growth Strategies

1 Provide the values that customers choose

We will provide our customers with unique value by having our business models evolve toward asset finance, service provision, and business participation, in addition to corporate finance, where competition is intensifying.

2 Realize a “business management model” unique to Mitsubishi UFJ Lease & Finance

We will coordinate a wide range of functions and know-how of our Group and alliance partners to be more deeply involved in improving the business value of the value chains in our customers' industries.

3 Make full use of Group synergies

We will maximize the effects of synergies by making full use of expertise in the industries and networks owned by our major shareholders and alliance partners as well as our domestic and overseas Group companies.

4 Optimize portfolio management

We will invest resources in growth fields and the fields that we have strength in, both in Japan and overseas, in a timely manner, changing the composition of the business portfolio in a flexible manner.

5 Strengthen ties with Hitachi Capital

We will combine the functions of Hitachi Capital with those of our Group to acquire an unprecedented range of business domains and overwhelming solution-providing capabilities.

Five Reinforcement Strategies for Business Infrastructure

1 Advance integrated risk management

We will continue to implement risk capital management to secure management soundness responding to new risk-taking such as asset, market, and business risk while further sophisticating risk and return management.

2 Sophisticate financial strategies

We will realize a procurement structure in line with the expansion of asset turnover/management-type businesses and an increase in market assets, such as global asset, and long-term assets, such as equity.

3 Promote a review of working practices

We will focus on promoting diversity, improving productivity with a view to utilizing robotics, and reinforcing business support for Group companies through shared services.

4 Evolve into a professional organization

We will promote active recruitment of external experts and measures to enhance employees' expertise so as to build a human resource portfolio that supports the launch and promotion of domestic and overseas businesses in key business segments.

5 Maintain and improve the trust of the public as a good corporate citizen

We will proactively transmit information internally and externally while also working to resolve social issues through business. Also, we will aim to further enhance our internal control system, based on the risks that have expanded as a result of business diversification.

Record-Breaking Net Income and Steady Progress in Medium-Term Management Plan Measures

In the fiscal year ended March 31, 2018, Mitsubishi UFJ Lease & Finance posted gross profit of ¥156.1 billion, up 4.0% year on year, and net income attributable to owners of the parent of ¥63.6 billion, which rose 19.8% year on year to break the record of ¥54.6 billion set in the fiscal year ended March 31, 2016. These results were a product of impressive performances in the aviation business and the real estate business.

Meanwhile, we made steady progress in the measures delineated in the medium-term management plan that kicked off in April 2017. I would first like to discuss the successes of our growth strategies. In the domestic customer business, our emphasis on profitability and ROA led us to transition to a style of operation aimed at generating greater returns with fewer assets. In the overseas customer business, the efforts to cater to local multinational companies in our countries of operation, an approach we adopted several years ago, have begun to steadily produce results.

Moving on to key industry fields, we made smooth progress in accumulating solar power-related assets in the environment and energy field. In the healthcare field, we diversified our business portfolio by commencing a full-fledged,

specialized healthcare and nursing care investment fund business and engaging in the securitization of nursing care facilities and the operation of healthcare complexes. With regard to the real estate field, we accelerated efforts in the real estate rehabilitating equity investment business while ramping up real estate equity investment in the United States. Our efforts in the global asset (mobility) field, meanwhile, included entering into the aircraft engine parts-out business and commencing operations at MUL Railcars, Inc., which will serve as the foundation for our North American railcar leasing business. As for the infrastructure field, we began participating in a submarine power transmission project in Germany as well as in an on-shore wind power farm project in Ireland.

I will now discuss our reinforcement strategies for business infrastructure. Initiatives to advance integrated risk management included enhancing management methodologies to increase the comprehensiveness of assessments on diversifying asset and business risks and to accommodate new risks, such as those pertaining to inventory transactions and overseas real estate transactions. In the strategy to sophisticate financial strategies, we reinforced liquidity risk management practices to diversify fund sources and stabilize funding. Another measure based on this strategy was to redevelop our liquidity portfolio through the issuance of U.S. dollar-denominated bonds that can be purchased by investors in the United States and through the backing of lease receivables with cash flows. With regard to the strategies to promote a review of working practices and evolve into a professional organization, we launched the Workplace Enhancement Project aimed at fostering a workplace environment that is conducive to employees working to their fullest and began advancing productivity reforms through this project. Also through this project, we are implementing human resource system reforms, which has involved defining the types of human resources and career paths and then reevaluating the skills we require in conjunction with the diversification of our strategies. These reforms will be implemented as we focus on recruiting and developing the human resources needed to support the medium-to-long-term growth of the Group.

Acceleration of Business Model Evolution

The fiscal year ending March 31, 2019, will be an important year in which we steadily proceed with reinforcing the foundations on which we will accomplish the targets for the final year of the medium-term management plan while also reaping the benefits of the initiatives implemented up until this point.

During this fiscal year, we will take steps to further entrench the perspective of the customer into the operations of the domestic customer business with the aim of ensuring that we are able to respond swiftly and accurately to customer needs. I expect that these efforts will help us take advantage of new earnings opportunities. In these efforts, our sector-business departments will strive to enhance their industry field insight and knowledge and formulate strategies based on their specific sectors. We thereby aim to create new value through more precise risk-taking and more effective function provision. Meanwhile, area business departments and branches will adopt an approach that takes advantage of the characteristics and strengths of each region as they aspire to become professional financial organizations that are the first choice of customers seeking consultation. At the same time, we seek to evolve and transform business models to make full use of the strong operating foundations we have built up until this point. We will also introduce IT and digital technologies and explore new functions that are compatible with digitalization as we endeavor to improve production efficiency.

In the overseas customer business, we will incorporate the development of overseas operations in key industry fields into our country and region strategies as we seek to expand our business areas. Meanwhile, we will generate synergies through increased coordination among overseas bases and between overseas bases and business divisions.

Next, I would like to explain the initiatives that will be implemented in key industry fields. In the environment and energy field, our initiatives will be aimed at ensuring the commencement of projects for which operations have yet to begin and establishing solar power generation funds with regard to products that are currently operational. We also intend to participate in a virtual power plant verification project* with

the potential to become a new source of renewable energy. Furthermore, we will develop new business models in which we can leverage the specialized expertise and operating foundations we have cultivated. Our initiatives in the healthcare field will include reinforcing alliances between Group companies to allow for operations that are more efficient and more in tune with customer needs. In the real estate field, we will accelerate initiatives in priority areas such as logistics facilities while also participating in real estate securitization projects in the United States and otherwise extending domestic business models overseas. Considering that our marine container leasing operations in the global asset (mobility) field will be advancing to the asset turnover stage in the next couple of years, efforts will be devoted to refining the systems in these operations. Also in this field, we will bring our North American railcar leasing business, for which we established a foundation in 2017, into full swing. Meanwhile, we will seek to maintain our high-quality portfolio in the aviation business through both participation in quality projects and sales of existing assets. In the infrastructure field, Mitsubishi UFJ Lease & Finance will strengthen its relationships with prominent industry field players through individual projects while seeking to take part in business opportunities in water infrastructure and a wide range of other fields.

Elsewhere, we established the Automobile Department in April 2018 with the aim of capitalizing on additional business opportunities in the automobile field, which is currently undergoing a once-in-a-century type of transformation.

In our business infrastructure reinforcement strategies, we will continue to develop more sophisticated asset and business risk management practices to improve the effectiveness of risk controls. At the same time, we will enhance our monitoring of risk and return data and other management information by business division to promote the effective utilization of risk capital.

* A platform that collectively controls small dispersed facilities—such as renewable energy generation equipment, storage batteries, fuel cells, and electric vehicles (EVs)—as well as networks and systems managing power demand to provide reliable and efficient supplies of energy by enabling several small-scale generation facilities and energy sources to function like a single power plant

Management Targets

Numerical targets (Fiscal year ending March 31, 2020)	Net income*	Consolidated ROA (on a consolidated net income basis)
	¥63.0 billion or more	1.1% or higher

* Net income attributable to owners of the parent



Message from the CEO



Our operating environment is changing at a breakneck speed. In this environment, we believe it is crucial to improve corporate value while also earning greater trust from stakeholders. The Company therefore incorporates environmental, social, and governance (ESG) perspectives into its management. ESG is an area that has been becoming increasingly important to society in recent years. By actively disclosing information on our ESG initiatives, we aim to win greater trust from stakeholders.

Mitsubishi UFJ Lease & Finance’s corporate signature phrase “Value Integrator—Generating Value for the Community” encapsulates our commitment to “integrating the value of management resources such as personnel, assets, capital, and information through the integration of finance and business to create new value for society as a whole.” We are

currently faced with the tasks of responding to the diversification of customer needs driven by rapid globalization and digitalization as well as of addressing a plethora of social issues that demand resolution, including global warming and other environmental issues, the aging of society, and disparity in access to medical services. Understanding the responsibilities these tasks present, we will move forward with our business activities, driven by the ongoing evolution of our highly dedicated and responsible employees, to contribute to the realization of an energized and sustainable society.

We are earnest in our commitment to creating both corporate and social value by addressing society’s problems. As we address the tasks at hand, I would like to ask our investors and other stakeholders for their continued support.

Ongoing Reinforcement of Corporate Governance Structure and Improvement of Productivity to Realize Continuous Growth

Mitsubishi UFJ Lease & Finance believes that respecting the rights and interests of all of its stakeholders—including shareholders, customers, communities, and employees—and living up to the trust they place in the Company are two of its social responsibilities. Based on this belief, we pursue ongoing improvements to our corporate governance structure by promoting brisk discussions at meetings of the Board of Directors, enhancing systems pertaining to the Audit & Supervisory Board and internal audits, practicing timely and appropriate information disclosure, and developing rigorous compliance systems.

The Board of Directors comprises diverse members to prevent overrepresentation of a single viewpoint and ensure that discussions are based on various viewpoints. We also take steps to facilitate effective proposal discussions, including holding multiple discussions regarding important proposals from the initial stages prior to making final decisions.

In addition, the Company provides communication opportunities, including regular forums for discussion between outside

directors who have also been designated as independent directors, other outside directors, and the representative directors, with the aim of bolstering coordination between officers.

The Workplace Enhancement Project I mentioned previously was launched in the fiscal year ended March 31, 2018, to advance priority measures related to employees. The master plan for this project was established based on town hall meetings between employees and myself and surveys administered to all employees. This master plan was not limited to just reducing overtime, but rather entailed us launching various productivity and human resource system reforms.

By creating a comfortable workplace, we hope to make it possible for all employees to be empowered to work efficiently and ambitiously while being mindful of their health. We will make strides toward our desired corporate image in 10 years’ time, as described in our medium-term management plan, while ensuring that all employees feel empowered in this way. Furthermore, we will accelerate reforms on this front by incorporating employee input going forward.

Businesses that Resolve Social Issues— Toward Achieving Our Vision

Mitsubishi UFJ Lease & Finance strives to resolve social issues on various business fronts, while leveraging its abundant experience and accumulated expertise, based on its basic policy of integration of finance and business under the new medium-term management plan *Breakthrough for the Next Decade*.

In this special feature, we introduce our initiatives to leverage Group strengths in resolving social issues from a variety of perspectives, such as priority industry sectors and customer businesses.



Environment and Energy × Insufficient energy resources and global warming

Japan is a country poor in oil, natural gas, and other energy resources. In 2016, Japan's self-sufficiency ratio*¹ in energy was 8.3%*², a relatively low level compared with other OECD member countries. In countries with few oil reserves, crude oil resources are projected to be depleted over the next two decades, making the effective use of limited resources imperative.

Moreover, the consumption of fossil fuels in massive amounts has led to a sharp increase in CO₂. In turn, global warming has caused serious problems, including abnormal weather, higher sea levels, flooding, food shortages, and environmental refugees.

The Mitsubishi UFJ Lease & Finance Group is working to resolve the social issues of insufficient energy resources around the world and global warming through energy creation and energy conservation initiatives.

*¹ Ratio of primary energy necessary for living and economic activity that a country can supply on its own

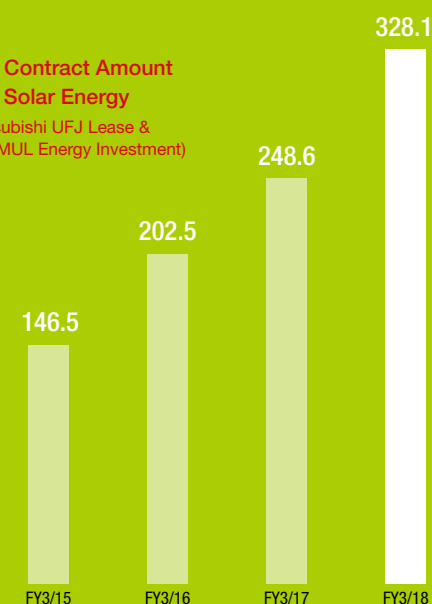
*² Source: Agency for Natural Resources and Energy's website
(http://www.enecho.meti.go.jp/en/category/brochures/pdf/japan_energy_2017.pdf)

Energy Creation

In the core solar energy business, Mitsubishi UFJ Lease & Finance has evolved its business model to include project financing and business participation, in addition to related equipment leasing and installment sales. In 2015, we established MUL Energy Investment Company Limited to develop the asset management service business and provide customers with total solutions in line with their needs.

Through initiatives in biomass and wind power generation, in addition to solar power, we will facilitate the spread of various renewable energy sources in Japan while accumulating know-how in each type of power generation business.

Aggregate Contract Amount
Related to Solar Energy
(Total for Mitsubishi UFJ Lease &
Finance and MUL Energy Investment)
(Billions of yen)



Energy Conservation

Mitsubishi UFJ Lease & Finance has a strong presence in the energy conservation field, having obtained ZEB Planner certification, a first for a leasing company, with the aim of advancing the spread of Zero Energy Building (ZEB)*³ construction, in addition to its Energy Service Company (ESCO) business, which has a top-class track record in Japan.

In fiscal 2017, Mitsubishi UFJ Lease & Finance became the first financial firm to receive the METI Minister's Award, the

highest honor, for the 2017 Energy Conservation Grand Prize*⁴ sponsored by the Energy Conservation Center, Japan.

*³ ZEB is an abbreviation for Zero Energy Building. The idea is to reduce the amount of energy used by buildings to as close to zero as possible through energy conservation and the use of renewable energy.

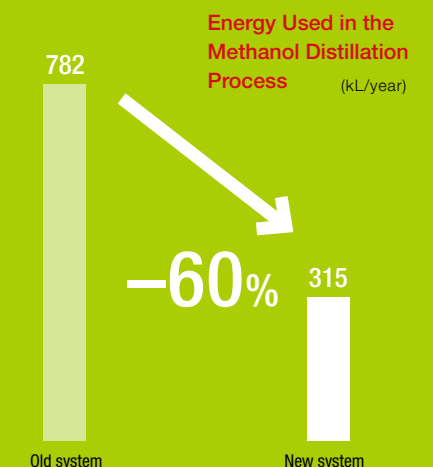
*⁴ The Energy Conservation Center, Japan sponsors these awards, which are also backed by the Ministry of Economy, Trade and Industry (METI), to recognize products with excellent energy efficiency thanks to technological development, and excellent initiatives to conserve energy at companies, public organizations, and educational institutions.

Outline of Project Receiving an Award



At customer Meito Sangyo Co., Ltd., the manufacturing process for its core product dextran*⁵ gives off a large amount of thermal energy that goes to waste. We focused our efforts on this and built a system to use this waste heat with heat pumps attached to the methanol distillation process, which uses the most energy in the manufacturing procedure. This resulted in a substantial reduction in the amount of energy used, while improving the operational efficiency of distillation towers.

*⁵ Dextran is a type of polysaccharide used as a raw material in pharmaceuticals and industrial products.



Interview with the Manager

Chief Expert Jun Mochizuki
Environment and Energy Business Department

When Meito Sangyo Co., Ltd. came to us for advice about saving energy at its Hachioji Plant, we noticed that waste heat generated from a core product's manufacturing process was going unused, and recommended installing a system for recovering this waste heat with heat pumps when updating the plant.

Updating plant equipment requires a considerable investment. With this in mind, we successfully built a system that resulted in substantial energy savings at relatively low cost by working with the engineering firm in charge of construction to lower the capital investment required. For example, one of our ideas was to operate the distillation tower at lower pressure so that inexpensive, efficient general-purpose heat pumps could be used in the project.



Although everyone agrees on the need to conserve energy, costs can be formidable enough to prevent companies from taking action. Using our knowledge and expertise accumulated from abundant experience in this area, we were able to propose a plan that took costs into account.

By providing a variety of solutions, we aim to proactively help our customers, and society in general, resolve their problems.



Healthcare × Aging society

Japan's population has been on the decline since 2011, while the population of elderly people aged 65 and over has increased since 1950. The ratio of elderly people in the population is projected to increase to 30.3% in 2025 and 39.4% by 2055.

As the needs of an elderly society must be addressed, the government has been building out an Integrated Community Care System for providing comprehensive assistance to the elderly for housing, healthcare, nursing care, preventive care, and lifestyle support. However, a mountain of issues must be resolved before such a system can be created, including collaboration between hospitals and nursing care facilities, introducing medical equipment with advanced technologies, rebuilding facilities past their prime, and supplying housing for the elderly.

Elderly Population Projections

The number of elderly people aged 65 or older is projected to reach 36.57 million people in 2025 and then peak out at 38.78 million in 2042.

Meanwhile, the ratio of elderly people aged 75 or older in the population will continue to increase in line with projections that it will cross 25% in 2055.

	August 2012	2015	2025	2055
Elderly population aged 65 or older (%)	30.58 million (24.0%)	33.95 million (26.8%)	36.57 million (30.3%)	36.26 million (39.4%)
Elderly population aged 75 or older (%)	15.11 million (11.8%)	16.46 million (13.0%)	21.79 million (18.1%)	24.01 million (26.1%)

Source: Ministry of Health, Labour and Welfare's website (in Japanese only)
(http://www.mhlw.go.jp/seisakunitsuite/bunya/hukushi_kaigo/kaigo_koureisha/chiki-houkatsu/dl/link1-1.pdf)

In light of these circumstances, Mitsubishi UFJ Lease & Finance is utilizing the functions of each Group company to provide various solutions, such as assistance for installing, managing and operating medical equipment and other facilities, as well as support in business management area, to medical institutions and nursing care providers in regions that participate in the Integrated Community Care System. In October 2016, Healthcare Management Partners, Inc. (HMP),

which supports management stabilization from a financial standpoint, became a Group company. Together with the Development Bank of Japan Inc., we also co-created one of the largest investment funds in Japan that offers real estate securitization and investment specialized for hospitals and nursing care providers to assist them with modernizing hospitals, business succession, and business expansion.

Outlook for the Healthcare Market

Poised to expand to over ¥100 trillion by 2025

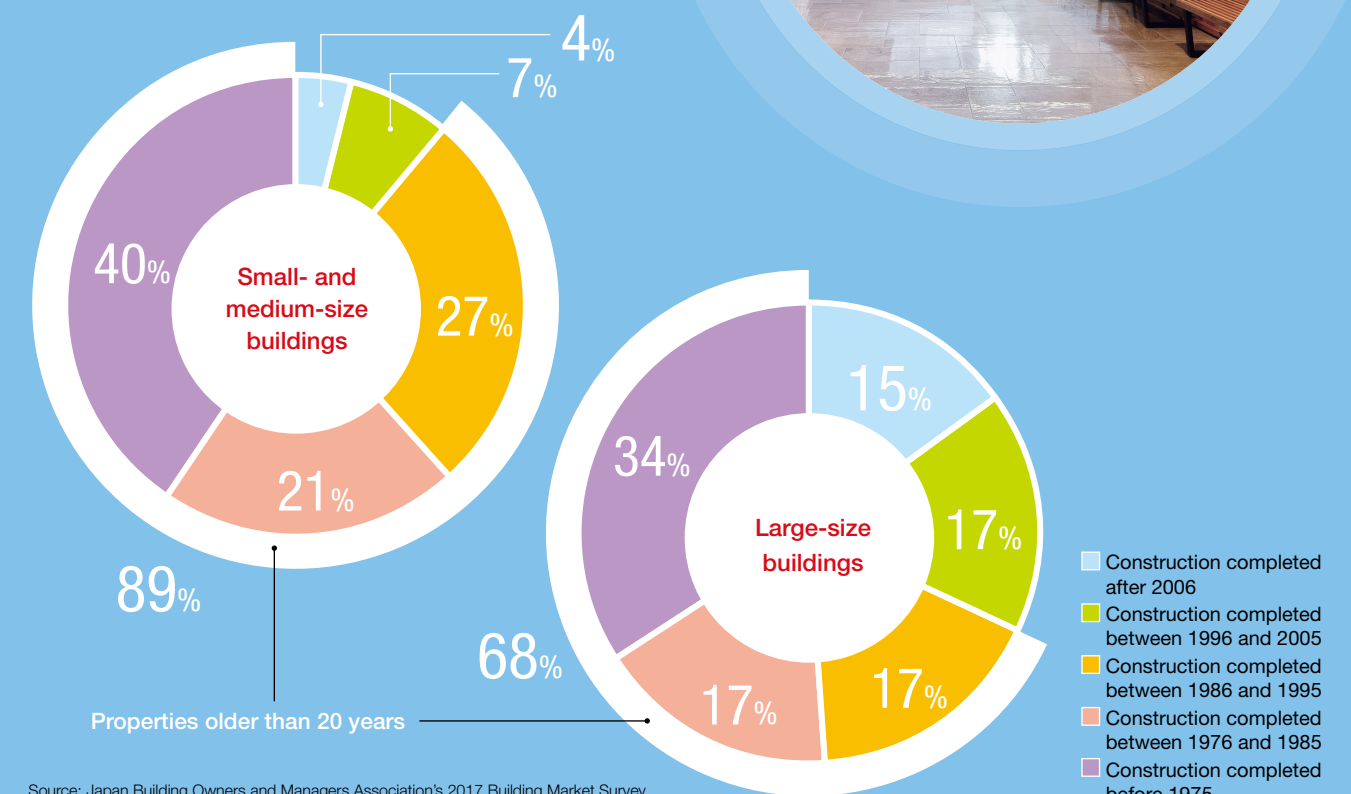
Market Scale	2016	2025
Healthcare	¥67.5 trillion	¥102.6 trillion
Medicine	¥41.3 trillion	¥61.0 trillion (up 47%)
Nursing care	¥10.4 trillion	¥21.0 trillion (up 101%)
Health promotion (preventive care)	¥15.8 trillion	¥20.6 trillion (up 30%)

Estimates by Mitsubishi UFJ Lease & Finance based on data from the Ministry of Economy, Trade and Industry (METI) and the Ministry of Health, Labour and Welfare (MHLW)



Real Estate × Increase in aging properties

The number of aged properties, especially small and medium-size office buildings, has been on the rise as a result of the large supply that came onto the market during Japan's bubble economy. Deteriorating properties have a number of issues, such as concerns about safety in the event of an earthquake, and poorer profitability due to waning competitiveness over the years. In the past, these older properties were mainly dealt with by selling or rebuilding them, but in recent years, attitudes have shifted from rebuilding to renovating them in light of rising construction costs and higher environmental awareness.



Leveraging its expert knowledge, Mitsubishi UFJ Lease & Finance handles investments to improve the value of properties via revitalization, including facility upgrades, seismic reinforcement, building use changes, renovation projects, energy-saving investments, and cost reductions, through a combination of

equity investments by MUL Realty Investment Company Limited (MURI), which was founded in 2016, and asset management by MUL Realty Advisers Company Limited (MURA)*.

We aim to help resolve social issues through the effective utilization of aged properties.

* A real estate asset management company jointly established in 2016 by MURI and Kenedix, Inc., a major independent asset management firm



Global Asset × Greater movement of people and things

With economic growth in emerging countries giving rise to the middle class, the number of passengers flying on aircraft is projected to reach 7.8 billion people*¹ by 2036, roughly double the number in 2017. Additionally, the volume of freight transportation, such as everyday goods and other cargo, is also projected to increase strongly as a result of growth in the global population and economic development.

The greater movement of people and cargo is an important theme for the healthy growth and development of people's lives and economies. Due to the high cost of aircraft and other means of transportation, in some cases, companies will not be able to own their entire fleets.

*¹ Source: International Air Transport Association (IATA)'s "2036 Forecast Reveals Air Passengers Will Nearly Double to 7.8 Billion"



© AIRBUS

Initiatives in Global Asset

The Mitsubishi UFJ Lease & Finance Group supports the development of global transportation infrastructure in the global asset business, which handles transportation equipment including aircraft, aircraft engines, vessels and marine containers, and railcars.

Mitsubishi UFJ Lease & Finance has diversified operations through M&As, including the acquisition of aircraft lessor Jackson Square Aviation, LLC, in 2013, aircraft engine lessor Engine Lease Finance Corporation (ELF) in 2014, and marine container lessor Beacon Intermodal Leasing, LLC, in 2014. We expanded the scope of the aircraft business by having ELF establish an aircraft engine parts-out*² joint venture in 2017 with INAV Group, LLC, which engages in this business. In addition, the Company formed a business tie-up in 2014 with The Greenbrier Companies, Inc., the second-largest manufacturer of railcars in the United States, for leasing freight cars in North America. In 2017, we launched MUL Railcars, Inc., as a business platform and then proceeded to put in place a foundation for business expansion.

Handling a diverse array of global assets allows us to contribute in a broad range of fields to the development of demand for transportation infrastructure around the world.

At the same time, it lowers our dependence on specific markets and spreads out business risk as we strive to continuously improve corporate value.

*² This business entails purchasing airplane engines near the end of their service and tearing apart the engines for parts, which are then refurbished and sold to airlines.



Infrastructure × Developing and upgrad- ing the foundations for livelihoods and economies



Demand for infrastructure has strengthened on a global scale, not only in emerging countries with rapidly expanding economies but also in industrialized countries with aging infrastructure in need of repair and growing demand for renewable energy facilities. The world infrastructure market is projected* to expand by \$57 trillion by 2030, at an average pace of \$3.2 trillion annually from 2013 to 2030.

In the past, the public sector was mainly responsible for the infrastructure that supports the livelihoods of people and forms the foundations of economic activity. More recently, however, private-sector companies have been enlisted in increasing numbers for their knowledge and funding to more efficiently and effectively maintain and operate this infrastructure.

* Source: McKinsey & Company's "Infrastructure Productivity: How to Save \$1 Trillion a Year"

Initiatives in the Overseas Infrastructure Business

Mitsubishi UFJ Lease & Finance has established a best-in-class track record in private finance initiatives (PFI) in Japan with a total of 60 project orders received. The Company is taking the experience and know-how it has gained in Japan to make inroads into the infrastructure business overseas.

In 2017, Mitsubishi UFJ Lease & Finance participated in a submarine power transmission project that delivers electricity from offshore wind power plants to the shore in Germany, its first overseas infrastructure project, and an on-shore wind power farm project in Ireland. Moreover, Japan Infrastructure

Initiative (JII), which was jointly established by Mitsubishi UFJ Lease & Finance, Hitachi Capital Corporation and MUFG Bank, Ltd., has invested in High Speed 1, a railway infrastructure project in the U.K., and participated in a fiber-optic submarine cable project that connects Japan, Guam, and Australia.

In addition to risk-taking unique to the Group, Mitsubishi UFJ Lease & Finance taps into growth in the global infrastructure market as its own source of growth, maximizing its ability to flexibly propose solutions, thereby contributing to the efficient and effective maintenance of infrastructure.



On-shore wind power generation project in Ireland

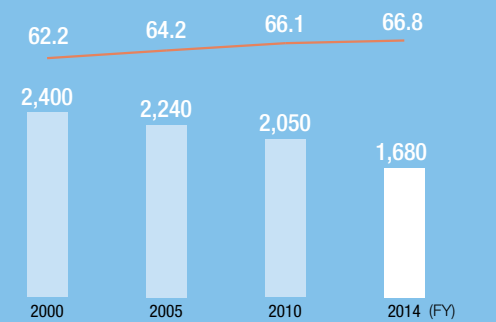
SOCIAL

Tea Plantation Management × Succession problems for farmers

The Japanese agricultural industry has drawn attention within the context of the Trans-Pacific Partnership (TPP) and Free Trade Agreements (FTA) with other countries and regional blocs. Meanwhile, farms are being abandoned as farmers grow older in Japan. Traditional Japanese tea cultivation is faced with the problem of not having anyone to take over the farm as younger generations leave the country for the city.

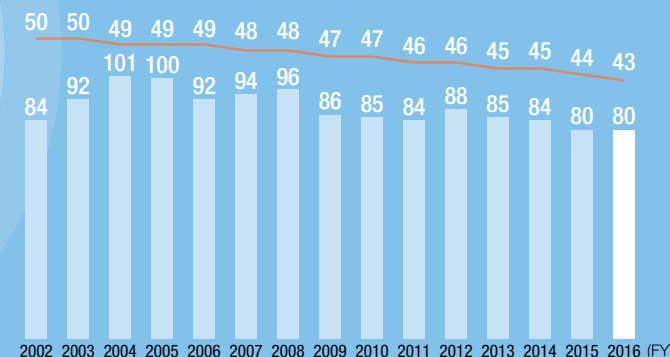


Number of Primary Farmers



■ Number of primary farmers (1,000 people) — Average age (years)
Source: Ministry of Agriculture, Forestry and Fisheries' website (in Japanese only) (http://www.maff.go.jp/j/wpaper/w_maff/h26/h26_h/trend/part1/chap2/c2_1_03.html)

Tea Crop Acreage and Production Volume



■ Production volume (1,000 tons) — Area under cultivation (1,000 hectares)
Source: Ministry of Agriculture, Forestry and Fisheries' website (<http://www.maff.go.jp/e/policies/agri/attach/pdf/index-1.pdf>)

Regional Revitalization through the Tea Cultivation Business

Shutoken Agri Farm Co., Ltd. (SAF), which was established by Group company Shutoken Leasing Co., Ltd., has been involved in the Sayama Tea cultivation business since 2015. Sayama Tea is a brand-name tea of Saitama Prefecture that holds a prominent position as one of the "big three" Japanese teas alongside Shizuoka Tea and Uji Tea. SAF has forged close ties with farmers in Saitama Prefecture and local communities, renting tea plantations from farmers who are abandoning farming due to a lack of successors. SAF helps revitalize regions by selling the Sayama Tea it harvests to major beverage makers in Japan, while improving awareness of the Sayama brand by selling the tea as gift boxes and by developing sales channels overseas.



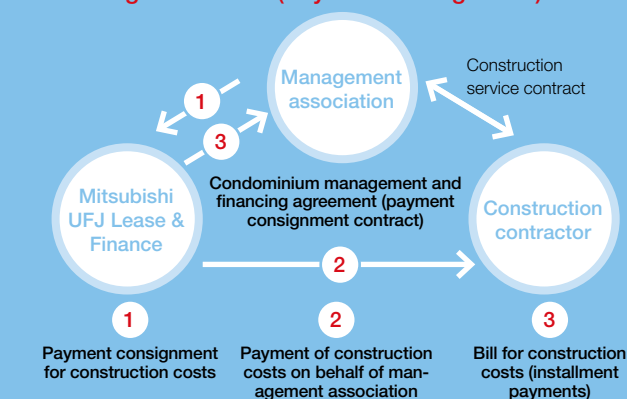
SOCIAL

Financial Services × Condominium management associations lack reserves for repairs in disaster-struck regions

In recent years, some condominium buildings lack the reserves for maintenance and repairs due to renovations and repair projects not going according to plan, owing to aged buildings and skyrocketing construction costs.

Mitsubishi UFJ Lease & Finance provides condominium management and financial services to condominium management associations that can be used for all kinds of construction costs, including large-scale maintenance projects, barrier-free construction, as well as plumbing and exterior wall projects. In October 2016, Mitsubishi UFJ Lease & Finance jointly developed a selection of financing options with Community One Co., Ltd., a member of the Tokyu Community Group, which is a business partner, for the purpose of ensuring the smooth payment of construction costs on behalf of condominium management associations for condominiums that were damaged in the Kumamoto Earthquake. Through this initiative, the Company contributes to the well-being of local communities so people can live in peace.

Financing Framework (Payment Consignment)



ENVIRONMENTAL

Carbon Offset Services × Global warming

At the 2015 United Nations Climate Change Conference (COP21), the Paris Agreement was adopted as a new legal framework for combating climate change from 2020 onward. Japan has pledged to cut greenhouse gas emissions by 3.8% versus fiscal 2005 levels by fiscal 2020.

In 2008, Mitsubishi UFJ Lease & Finance launched a carbon offset service that uses emissions credits obtained from activities to reduce greenhouse gases to offset other areas where such reductions are not feasible. The Company provides these credits to customers on request. For example, we support initiatives to reduce greenhouse gases at events, such as by taking on the responsibility of offsetting greenhouse gas emissions from the All-Japan Collegiate Ekiden Championship.



Photo courtesy of Asahi Shimbun



Teruyuki
Minoura
Outside Director

Question 1

Five years have passed since you were appointed as an outside director. What is your current evaluation of corporate governance at Mitsubishi UFJ Lease & Finance?

When evaluating a company, one factor I place great emphasis on is communication. It is, of course, important to furnish the necessary corporate governance systems and structures. However, effective communication among members of management and between management and employees is even more vital to functional governance.

I feel that Mitsubishi UFJ Lease & Finance is doing an exceptional job at facilitating communication. Daily communication within the Company between supervisors and their subordinates is smooth, and I have much praise for how effective communication is carried out even in the face of unexpected developments.

Furthermore, Mitsubishi UFJ Lease & Finance also practices effective communication with outside directors like myself. In a past meeting of the Board of Directors, I requested information that goes beyond a mere list of matters decided within the Company to include details on the processes that led to these decisions. This request was met swiftly and thoroughly. The goal of this request was to develop an understanding of the discussion process and changes in

specific figures contained in related materials so that I could more quickly detect any abnormalities presented by changes in operating environment conditions. I also wanted to ascertain whether or not effective communication was being practiced within the Company. Mitsubishi UFJ Lease & Finance is receptive toward my requests and will accurately reflect such requests in the proceedings of Board of Directors' meetings. This level of accommodation makes it easier for me to fulfill my responsibilities as an outside director.

In addition, the Company's various committees, namely, the Audit & Supervisory Board, Risk Management Committee, and Compliance Committee, are all effectively fulfilling their roles. I therefore see no issues with regard to corporate governance at Mitsubishi UFJ Lease & Finance.

Question 2

What do you see as your role as an outside director with regard to the improvement of corporate value?

As an outside director, I feel that I am expected to exercise both an oversight function and an advisory function. Moreover, these functions need be grounded on an ability to judge issues that may not be apparent to those within the organization from an objective, outside perspective. Mitsubishi UFJ Lease & Finance has appointed outside directors from various

backgrounds, ranging from finance to trading and manufacturing. This breadth of viewpoints enables outside directors to support management decisions by making judgments and proposals based on a variety of perspectives, rather than being limited to only one.

Personally, I have a long history in manufacturing, during which I have maintained a focus on productivity and human resource development. I try to make sure that the opinions I voice to the Company are informed by the experience and insight accumulated throughout this history. I hope that Mitsubishi UFJ Lease & Finance will incorporate viewpoints from different industries in order to facilitate discussions from a broader range of perspectives. This breadth is, of course, important to companies of all industries.

Question 3

What is your opinion of Mitsubishi UFJ Lease & Finance's current medium-term management plan?

I feel that the current medium-term management plan is built on sincere reflection of the previous medium-term management plan, its results, and the issues that it made apparent.

Rather than pursuing earnings growth through the haphazard expansion of assets, the current medium-term management plan sets a course toward increased earnings through the effective use of assets, which will contribute to improved return on assets. To accomplish this objective, the Company has implemented a business management model and introduced a business division system. I believe this was a very rational decision. I anticipate that the introduction of the business division system will result in a significant amount of authority being delegated to business divisions and thus enable even swifter and smoother business activities. However, capitalizing on the benefits of this system will require that the Company cultivate professionals capable of implementing concrete measures based on a deep understanding of customer needs. Accordingly, the future growth of Mitsubishi UFJ Lease & Finance will hinge on its ability to develop professionals who are experts in their respective business divisions.

I also have praise for the fact that the current medium-term management plan contains a vision for the next decade. In 2017, Mitsubishi UFJ Lease & Finance celebrated the 10-year anniversary of its birth through the merger. Accordingly, the Company is currently finding itself at an important juncture that urges it to implement new strategies targeting further growth. It is crucial for Mitsubishi UFJ Lease & Finance to cultivate the human resources who will support it in accomplishing the goals of the current medium-term management plan and in growing in the years that follow, and such human resources cannot be developed without a firm vision. I am also impressed with how the medium-term management plan clearly states the Company's intent to contribute to the resolution of social issues. If the Company acts with dedication to

serving its customers and society, I have no doubt that the scope of its initiatives will widen further.

Question 4

In closing, do you have any thoughts with regard to corporate governance or management for facilitating ongoing improvements in corporate value at Mitsubishi UFJ Lease & Finance?

Mitsubishi UFJ Lease & Finance is in the process of evolving its business model from traditional corporate finance to business operation. This process will require a deep understanding of each business in which the Company is engaged. There can be no doubt of how crucial a professional perspective is in making important management decisions related to matters such as investment in new businesses and withdrawal from underperforming businesses. Moreover, directors with expertise, not just in finance but also in various other fields, will become increasingly more vital.

The current breakneck speed of change in the operating environment means that accurate responses to such changes are more important than ever. Speaking from my experience, the Company will need to formulate an outlook for upcoming operating environment changes and a vision for its future and begin preparing related measures today if it hopes to address changes five or 10 years down the line. Accordingly, accurately projecting the changes that will occur over the next five or 10 years and developing the structures for addressing these changes will be critical to the ongoing improvement of corporate value at Mitsubishi UFJ Lease & Finance. I hope to assist with this process by offering oversight and advice steeped in my experience in order to make even greater contributions to the improvement of Mitsubishi UFJ Lease & Finance's corporate value.

Strengthening Governance to Improve Corporate Value over the Medium-to-Long Term

Basic Policies on Corporate Governance

■ Protection of Shareholder Rights and Equality

We take steps to ensure that the rights of shareholders are protected and can be exercised effectively, including furnishing the necessary environment for that exercise, and guarantee the fair treatment of minority shareholders, overseas shareholders, and all other shareholders.

■ Appropriate Collaboration with All Stakeholders

In accordance with our management philosophy, which guides all of our activities, and the Mitsubishi UFJ Lease & Finance Group Code of Ethics and Code of Behavior, which serves as the standard for decisions and behavior for all employees, we strive to ensure appropriate collaboration with our various stakeholders. In addition, we are fostering a corporate culture that encourages respect for the diversity of stakeholders as well as for their rights and perspectives and for sound corporate ethics.

■ Appropriate and Transparent Disclosure

The Company strives to be trusted and properly evaluated by every one of its stakeholders. To this end, we conduct proactive disclosure on an ongoing basis, having established appropriately operated systems to facilitate the swift and

impartial disclosure of accurate information. In addition to legally mandated information disclosure, we actively and voluntarily disclose non-financial information that has been deemed valuable to shareholders.

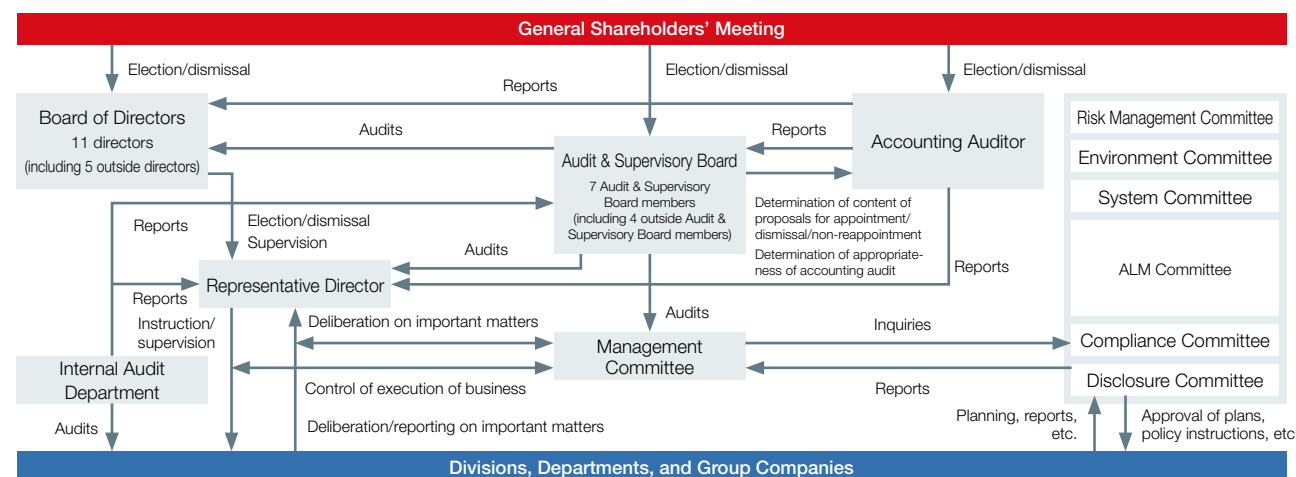
■ Responsibilities of the Board of Directors

Outside directors and all other members of the Board of Directors call upon their experience and insight as they engage in free and open discussion, contributing to active meeting proceedings. They thereby fulfill their duties and responsibilities of facilitating the ongoing growth of the Company, medium-to-long-term improvement of corporate value, and enhancement of earnings capacity and capital efficiency.

■ Shareholder Interactions

Through its financial results briefings and other domestic and overseas investor relations (IR) events, the Company pursues proactive and constructive interactions with shareholders. We thereby seek to gain an understanding with regard to the Company's management strategies and other aspects of operations while addressing shareholders in an appropriate manner based on an understanding of their perspective.

Corporate Governance Structure



Composition of the Board of Directors

The Board of Directors is composed of 11 directors, of whom five are outside directors and one of whom has been designated as an independent director as stipulated by the Tokyo Stock Exchange. All outside directors, regardless of whether or not they are specified as independent directors, call upon their experience and insight to engage in free and open discussion, contributing to active Board of Directors' meetings. We therefore recognize that the outside directors are effectively fulfilling their duties and responsibilities.

Measures for Governance Reinforcement

■ Evolving the Composition of the Board of Directors

At Mitsubishi UFJ Lease & Finance, the Board of Directors comprises members from diverse industries and backgrounds, including individuals from financial institutions, trading companies, and manufacturers. In June 2018, the number of internal directors was reduced by four, and, as a result, the Board of Directors is now composed of 11 directors, of whom five are outside directors. This move was taken to facilitate strategic and flexible management decisions and enhanced oversight. Directors call upon their skills and expertise backed by their unique experience to provide management oversight from various perspectives found on deep insight.

■ Analysis and Evaluation of the Board of Directors' Effectiveness

As a venue for incorporating objective, outside opinions into management, we regularly hold forums for the exchange of opinions between the representative director and Audit &



Supervisory Board members as well as the outside directors, one of whom has been designated as an independent director, and other outside officers. A wide range of matters related to the Board of Directors are also discussed, and the members perform analyses and evaluations of the effectiveness of the Board of Directors. Measures for addressing any issues identified are formulated and implemented to pursue ongoing improvements in effectiveness.

The following is an overview of the fiscal 2017 Board of Directors' evaluation results.

1. The Board of Directors of Mitsubishi UFJ Lease & Finance comprises members from diverse backgrounds, which allows for discussions to be conducted from a myriad of perspectives, rather than focusing predominately on one. The internal logic of the Company is submitted to scrutiny.

2. Steps are taken to improve processes related to resolutions, such as holding multiple discussions regarding important proposals from the initial stages prior to making final decisions, and similar steps are taken with regard to explaining proposals. Initiatives in this area have evolved greatly over the past several years.
3. Reports concerning not only the results of internal resolutions but also the processes realizing the resolutions are provided, contributing to more effective discussions at meetings of the Board of Directors.
4. Further improvement is needed with regard to the regular discussion and sharing of information on matters such as the conditions, issues, and trends of business divisions and Group companies, as these practices can be beneficial. In light of these results, the Company is gradually implementing protocol for reporting to the Board of Directors with respect to the strategies and issues of business divisions and the results of the monitoring of important Group companies. In addition, greater emphasis will be placed on explaining the background of proposals and the processes leading up to internal resolutions.

■ Revision and Verification of Policies for Cross-Shareholdings

The Company engages in cross-shareholdings for purposes such as building stable, long-term relationships with business partners and promoting sales, and it maintains these holdings under a policy of emphasizing medium-to-long-term improvements in its corporate value. Each fiscal year, individual holdings are evaluated based on their profitability, among other factors, and the policies for these holdings are revised. Regarding holdings that have been deemed to be of particular importance, the policy of continuing these holdings is verified after reporting this decision to the Board of Directors.

WEB Information regarding corporate governance is available on the Company's corporate website.
<http://www.lf.mufg.jp/english/corporate/governance/index.html>

Directors, Audit & Supervisory Board Members, and Executive Officers (As of June 28, 2018)

Chairman	Tadashi Shiraishi	Audit & Supervisory Board Members	Akira Hane Naohito Suzuki Naoki Matsumuro	Takeo Kudo Takatoshi Haruna Masaki Komoro Hiroaki Odajima Hironori Shiozawa Hiroshi Mii Shuji Miake Hiroshi Nishikita Masashi Nakano Masaki Mizutani Osamu Muramoto Kunihiro Sawada	Yuji Suzuki Susumu Nozaki Toshio Oka Tsutomu Kugasa Takeo Nakai Yukio Maruyama Shuji Matsuo Hidekazu Tanaka Yasuyuki Hirota Masao Kaneko Toru Fukuyama Takashi Ota Katsuya Kitahara Kazuyuki Kodo Itsuo Wakao
President & CEO	Takahiro Yanai*	Outside Audit & Supervisory Board Members	Shoji Tokumitsu Shota Yasuda Hiroyasu Nakata Hiroshi Minagawa		
Vice President	Toshimitsu Urabe*	Managing Executive Officers	Naoki Sato Katsuhiko Aoki Kenji Yasuno Hideya Takaishi Jun Utsuki Koji Nemoto Yoshiaki Yamamoto	Executive Officers	
Senior Managing Director	Tsuyoshi Nonoguchi*				
Managing Directors	Hiroto Yamashita* Yoichi Shimoyama*				
* Indicates concurrent posts of director and executive officer					
Outside Directors	Teruyuki Minoura Toshio Haigou Kiyoshi Kojima Shinya Yoshida Naomi Hayashi				

Further Enhancing Risk Management

Strengthening Integrated Risk Management

The risks facing Mitsubishi UFJ Lease & Finance are becoming increasingly more diverse and complicated following the evolution of the business model of the Company, the expansion of its business domains, and the increased concern for environmental, social, and governance (ESG) issues. Amid these circumstances, it is becoming more important for the Company to appropriately recognize the risks it is exposed to and control them in a precise manner. Accordingly, the Company has established various management systems in accordance with the specifics of each individual risk and is making concerted efforts to prevent risks from materializing as well as to minimize the loss and damage caused by risks should they occur.

Integrated Risk Management

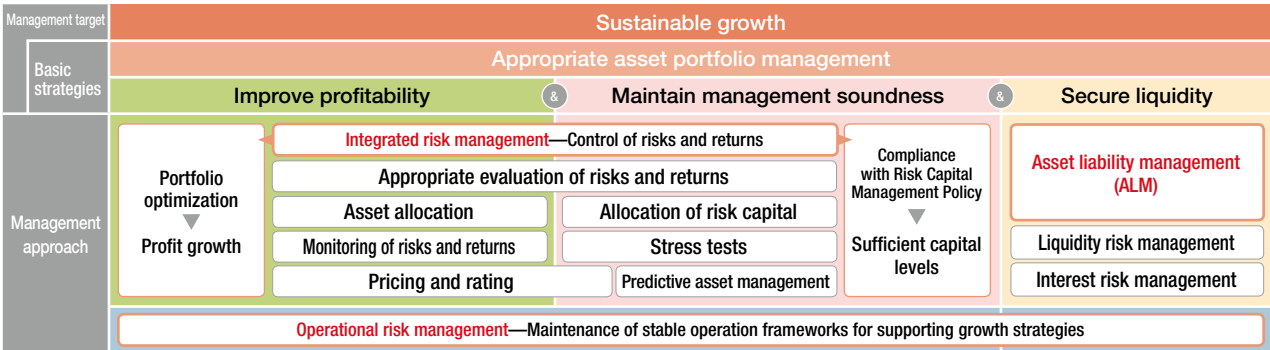
To realize sustainable growth by maintaining sound management and improving profitability, the Company is conducting

business operations that incorporate frameworks to manage integrated risks. Specifically, the Company has in place a structure for distributing risk capital to each risk category based on the Risk Capital Management Policy and after quantifying each risk through risk assessment methods that correspond with the characteristics of each asset and business. This structure also supports rational risk-taking within an acceptable range. In addition to implementing integrated risk management frameworks, the Company promotes the regular monitoring of the status of risk capital use and asset portfolios. This status is reported to the Risk Management Committee and the Management Committee as well as to the Board of Directors, which is responsible for managing this information. This structure facilitates enhanced internal communication in relation to risks as well as more appropriate responses to risks. In addition, the Company conducts stress tests based on multiple scenarios to verify its resistance to risks from a wide variety of perspectives.

Major Risks and Management Frameworks

Credit Risk	When examining individual projects, the Company works to ensure appropriate returns based on the risks involved in the project while keeping its focus on transaction and credit status as well as country risk. Taking into account the decentralization of risk across its entire portfolio, the Company manages credit limits while regularly measuring credit risk amounts. The Company adopts a system in which the status of credit risk is reported to the Risk Management Committee, which thereby controls risks accordingly.
Asset Risk	When examining individual projects involving lease properties and other operating assets, the Company works to ensure appropriate returns based on the risks involved in the project while keeping a sharp focus on future property value. In addition, while taking into account the decentralization of risk across its entire portfolio, the Company regularly measures the amount of risk related to fluctuations in asset value. The Company has in place a system for reporting the status of asset risk to the Risk Management Committee, which thereby controls risks accordingly.
Market Risk	Through comprehensive asset liability management (ALM), the Company monitors the condition of interest rate mismatches and controls the risk of interest rate fluctuation. In addition, the Company regularly measures the amount of market risk related to fluctuations in interest rates, exchange rates, and security prices. The Company adopts a system in which the status of market risk is reported to the Risk Management Committee and the ALM Committee, which thereby control risks accordingly.
Liquidity Risk	The Company makes efforts to ascertain the Groupwide condition of fund management and promotes adjustments to the balance of long-term fund procurement and the diversification of fund procurement methods. In doing so, the Company is working to procure funds in a stable manner. In addition, by taking steps to replenish liquidity in times of crisis, starting with the acquisition of commitment lines, the Company is securing a sufficient amount of fund liquidity. The results of evaluations made regarding the stages of liquidity risk are reported to the Risk Management Committee and the ALM Committee, which thereby control risks accordingly.
Operational Risk	The Company has established a management structure for its information systems that detects and prevents damage caused by system failure and abnormal interruption, inappropriate access from external sources, penetration of computer viruses, and cyberattacks. Furthermore, the Company continuously carries out internal educational activities related to information security and administrative management. In addition, the Company places compliance as its most important management issue and conducts its business activities with a high level of ethics and in accordance with internal regulations. At the same time, the Company implements compliance-related educational activities on a regular basis and has established measures to prevent inappropriate conduct. The status of operational risk is reported to the Risk Management Committee and the Compliance Committee, which control risks accordingly.

Overview of Risk Management



Investor Relations

Basic Policy on Information Disclosure

To promote the disclosure of corporate information in a way that is suitably prompt, accurate, and impartial, Mitsubishi UFJ Lease & Finance has established a set of regulations for handling information disclosure as well as policies regarding the Fair Disclosure Rule. In line with our IR Policy, meanwhile, we work to ensure fair and timely disclosure and two-way communication, engaging in proactive IR initiatives to gain the trust of shareholders and investors and assist them in reaching an accurate evaluation of the Company.

Communication with Shareholders and Investors

For Analysts and Institutional Investors

- We hold year-end and intermediate financial results briefings at which members of top management give presentations outlining financial results and management strategies, the progress of management plans, and other data.

- To further promote two-way communication with investors and analysts, we hold individual meetings and IR meeting sessions with institutional investors and analysts.
- We take part in conferences and other events organized by stock exchanges and securities companies. We also proactively hold individual meetings and other events.

For Overseas Institutional Investors

- At least once every year, we visit major investors in the United States and countries in Europe and Asia, where we hold individual meetings and participate in a range of IR conferences.

For Individual Investors

- We participate in various conferences, events, and seminars organized by stock exchanges and securities companies. Every year, we open an exhibition booth at the Nagoya Stock Exchange Expo, the Chubu region's largest IR event, which is organized by the Nagoya Stock Exchange.

Compliance / Internal Control

Compliance Committee and Improvement of Employee Awareness

The Compliance Committee is chaired by the chief compliance officer, a post with Companywide coordinating responsibility that is occupied by the executive officer in charge of the Legal & Compliance Department. The committee meets on a quarterly basis and carries out continuous inspections, audits, and checks of compliance status. Additionally, each employee receives grade-specific training and is subject to a self-check process based on e-learning to promote improved employee awareness.

Compliance Hotline

We operate a Compliance Hotline to create an environment that is conducive to corporate officers and employees making reports and seeking consultation and thereby strive to quickly identify compliance issues and respond appropriately. In 2017, venues for consulting with external organizations were established for use by domestic and overseas Group companies in response to the announcement of guidelines for private-sector companies in implementing and operating whistleblower systems based on the Whistleblower Protection Act. A message from senior management was also issued to all Group officers and employees with regard to the meaning and importance of whistleblower systems.

Initiatives for Prevention of Money Laundering

The Company established a basic policy on the prevention of money laundering in 2017. We are currently working to ensure that this policy and the basic policy on antisocial organizations are strictly complied with and enforced by all domestic and overseas corporate officers and employees.

Initiatives on Internal Control

To ensure the appropriate conduct of operations, Mitsubishi UFJ Lease & Finance works to continuously enhance and strengthen the internal control system. Each year, we review and expand the range of operations covered by the system. The relevant corporate departments, branches, and domestic and overseas Group companies report on the implementation status of internal control to the Accounting Department. Following an audit by the Internal Audit Department, this department presents an internal control implementation plan and a report evaluating the effectiveness of internal control to the Disclosure Committee on a quarterly basis. These documents are also submitted to the accounting auditor. Additionally, employees receive a copy of the Internal Controls Handbook to ensure full compliance with the standards of behavior under the internal control system.

Action on Information Security

In the area of information management, we have put in place a set of information security management rules and produce a range of manuals. Together, these regulate areas including the use, management, and disposal of information, creating a strict security system. We also recognize that it is our social responsibility to handle customers' personal information appropriately, and we have established a personal information protection policy as part of measures to ensure stringent control.

We also hold regular information security audits and carry out awareness checks on all corporate officers and employees.

Note: On this page, "corporate officers and employees" refers to corporate officers, full-time employees, contract employees, dispatch employees, and other individuals involved in the operations of the Company.

[Focus] Workplace Enhancement Project



Mitsubishi UFJ Lease & Finance is advancing the Workplace Enhancement Project, which is aimed at fostering a workplace environment that is conducive to employees working to their fullest. To date, the activities through this project have included drastically revising our prior structures and operating processes in the areas of back-office operations, systems, communications, and human resources and examining measures for bolstering efficiency and rationality therein.

As one part of this project's activities, five project team members from different divisions and the general manager of the Human Resources Department met for a roundtable discussion, the main highlights of which are described below.



Could you please explain your mind-set toward the project and the stance you have adopted with regard to the project's initiatives?

Nakamura: When it was first established, the project was named the "Workstyle Reform Project." However, we have since expanded our focus beyond simply cutting overtime to seek out fundamental means of improving productivity. This drive led us to change the name of the project to the "Workplace Enhancement Project." Now, the members of the project team here today and I are united in working toward the goal of creating a workplace environment in which sales staff can better focus on the needs of customers and in which all employees can give their utmost through productivity improvements. In advancing the project's initiatives, I seek to communicate the background and goals of the project to employees in an easy-to-understand manner and to conduct diligent monitoring thereafter.

Mimura: This relates to what General Manager Nakamura just said. I feel that in our past efforts we did not do a sufficient job at explaining the aims of the project's initiatives and the fundamental issues they sought to address. As part of my involvement in the Workplace Enhancement Project, I want to take a very open stance toward communicating information about the project so that employees can truly feel the benefits of the reforms we implement.

Oba: I am in charge of promoting communication. Accordingly, my contributions to the project include conducting wide-reaching employee surveys, which have revealed various issues pertaining to the complexity of decision-making processes, among other factors. I see the project as a prime opportunity to promote concerted efforts by all employees, and I stand committed to addressing these issues through the project.

A. Watanabe: If the project team members do not have a deep understanding of the issues and needs of front-line operations, it will be impossible to formulate effective measures. I therefore devote myself to soliciting input from those on the front lines so that I can relay meaningful insight to the members of the project team to incorporate employee ideas into our efforts.

What successes have been achieved by the project's initiatives thus far and what issues have been identified?

Oshima: I am in charge of developing operation systems. In the past, we received complaints from various divisions with regard to the complexity of internal security-related applications. After simplifying security applications, we witnessed improvements in efficiency that affected the entire organization, rather than being limited to specific divisions. This was a large and palpable success.

Oba: The corporate culture of Mitsubishi UFJ Lease & Finance is sometimes referred to as "stern," and some have gone as far as to say that this corporate culture is negatively impacting efficiency. Of course, being "stern" is not necessarily bad. However, should we choose to reform this corporate culture, I feel that it would be best to start with reforms targeting the Company's operation systems. The ability of Mitsubishi UFJ Lease & Finance to flexibly adapt its corporate culture based on an understanding of the project's goals will be an issue needing to be looked at in the future.

T. Watanabe: Another area in which we face difficulty is when conducting surveys of employees regarding the project or otherwise soliciting direct input from employees. When receiving such input, it can be hard to judge whether the issues employees speak of are personal or are indicative of larger, endemic issues.

A. Watanabe: I agree with you completely. When faced with two options without a clear consensus on which is best, we must still choose one option, regardless of the advantages or disadvantages either might present. In cases in which such decisions are made, I feel it is important to clearly explain the reasoning that led us to the decision and to take conscientious steps to facilitate employee understanding.



Looking ahead, what are your resolutions for contributing to future successes of the project?

T. Watanabe: First and foremost, I think it is important to do everything I can as a member of the project team. If my efforts through the project can gradually generate a positive effect on my colleagues and ultimately bring about changes for the Company as a whole, I will have no problem calling the project an overall success.

Oshima: I feel that my battle lies in finding ways to improve the efficiency of divisions in which progress is lacking with regard to the systematization of procedures. In addition, I will look to introduce successful systematization tools in place at certain divisions into other divisions in order to promote the active utilization of such tools throughout the Company.

Mimura: I am committed to accomplishing the primary goal of the project. At the same time, I feel that it will be exceptionally important to use this project as an opportunity to think about the cultivation of a comfortable workplace environment that encourages autonomous action by employees. We will need to develop certain frameworks for accomplishing this objective, and this will be a focus of mine going forward.

Nakamura: I will continue my exhaustive efforts to promote communication innovations and monitoring in relation to back-office operations, systems, and human resources. It can be hard to pinpoint exactly what has been improved in regard to communication. I therefore see a need to formulate communication improvement initiatives while collecting input from the front lines and incorporating various other opinions. This will be no simple process, but I am committed to carrying out wholehearted efforts together with the members of the project team to develop a workplace environment that enables employees to work comfortably.

Measure Progress and Results

Back-Office Operations

1 Expansion and delegation of authority to administrations section managers

The scope of authority was expanded in April 2018.
a. Increased contract document approval authority
b. Authority for approval processes through core systems

2 Revision of internal application forms and improvement of intranet portal site convenience

- (1) Approximately 40% of the internal-use forms on the intranet portal site (234 of 565) were revised.
- Revised 208 forms: Reduced items to be filled out, shortened time required to fill out forms, created electronic forms, constructed samples, etc.
- Abolished 26 forms: Integrated redundant forms, eliminated certain procedures, etc.
- (2) Approval-related forms and circulation procedures were revised to expedite approval processes and improve work efficiency.

Information Systems

1 Work efficiency improvement initiatives using systems

- (1) Digitalization measures (Trial RPA introduction)
- We have begun working toward practical application of RPA as a method of using digital technologies for improving work efficiency.
- In fiscal 2017, we began by utilizing RPA for certain routine corporate work procedures, and we currently expect to benefit from switching to RPA for nine

processes (equivalent to approximately 450 work hours a month).

- (2) Revision of security procedures to realize work efficiency improvements

2 Adoption of smartphones and enhancement of mobile tools

3 Information systemization of overseas operations and coordination between overseas bases

3 Workflow improvement support at sales departments and branches

Based on the results of meetings with 12 domestic sales departments and branches, we began offering workflow improvement support by employees versed in robotic process automation (RPA), Microsoft Excel, and other tools in fiscal 2018 to reduce the amount of work resulting from processing large quantities of data and from manual-handling processes.

Category	Status	Numbers of procedures	Annual reduction in work hours	Work hour reduction translated to employees
RPA	Operational	38	6,597.2 hours	3.4
Other than RPA*	Operational	21	747.0 hours	0.4
Total number of operational systems		59	7,344.2 hours	3.8
RPA	Not yet operational	25	6,135.2 hours	3.2
Total		84	13,479.4 hours	7.0

* Other than RPA: Solutions using Microsoft Excel, data warehouses, or other tools

Human Resources

1 Enhancement of systems underpinning flexible workstyles

Through the introduction of the following three systems, we seek to ensure that employees generally bound by restrictions pertaining to time or location, such as being on shortened work hours or having to work around time zone differences, are able to adjust their workstyle as necessary on a day-by-day basis. We thereby aim to

create frameworks that enable employees to work flexibly and unbound by time or location.

- (1) Selectable staggered work hours system
- (2) Teleworking system
- (3) By-hour leave acquisition system

2 Revision of human resource systems to reflect business changes

Initiatives toward Human Resources that Support Business Evolution

Expertise —Cultivation of expert human resources—

Initiative

Establishment of a medium-to-long-term plan to hire and cultivate expert human resources
Establishment of a system for evaluations

■ Hiring and Cultivating Expert Human Resources

In order to evolve into a professional organization, one of the reinforcement strategies for business infrastructure contained in the new medium-term management plan, Mitsubishi UFJ Lease & Finance is creating businesses in priority industry sectors both in Japan and overseas and building a human resource portfolio to increase competitiveness. Furthermore, we are taking a medium-to-long-term view in actively hiring expert human resources from outside the Company and enhancing the overall expertise of our human resources.

In addition, we introduced the Specialized Certification System in 2014 as part of our human resource policies to augment the knowledge of our employees and increase their desire to expand their expertise. This system seeks to provide human resources with superior skills and compensation that is suited to the level of their expertise and classifies employees into three categories based on their work achievements and expertise: executive expert (equivalent to a general manager), senior expert (equivalent to a chief manager), and chief expert (equivalent to a manager).

■ Training and Career Development Support Systems

To improve staff knowledge and skills, we implement a range of training specific to different staff grades, from junior and mid-level staff to management-level staff. To support career

development, we operate a system for changing careers and career paths and an internal job posting system through which employees can take on the challenge of working in their desired field.

New hires:

Introductory training, mentoring by senior staff members, etc.

Junior to mid-level staff:

Business school for gaining expert knowledge in finance and leadership training, dispatch for training overseas, language school, etc.

Management-level staff:

Diversity sessions and other management training, etc.

Local employees (hired at our overseas locations):

Manager training, practical training, etc.



Management training for local employees

Enthusiasm and vitality —Cultivating an open work environment—

Initiative

Cultivating a corporate environment that maximizes enthusiasm and vitality

■ Training and Surveys to Raise Vitality in the Workplace

In order to increase the enthusiasm and vitality of each and every employee, we are trying to create an open work environment that encourages employees to express their opinions. Specifically, we are evaluating issues raised in morale surveys and implementing awareness-raising training for members of management—the people who set the tone

when creating a work environment—for the purpose of improving the climate in the workplace and teaching methods for leading subordinates and communication techniques designed to inspire independence in employees. From fiscal 2016, we have been working to further enhance initiatives to improve work environments, such as by starting a 360-degree survey of general managers as part of our efforts to obtain objective evaluations from colleagues who are not superiors.

Diversity —Diversity promotion—

Initiative

Create a work climate that enables diverse human resources with varied backgrounds and careers to actively contribute

■ Diversity Initiatives

We work to cultivate diverse human resources and do not discriminate on the basis of differences in personal traits, stages of life, experiences, and values. Creating an organization where employees can perform to the best of their abilities is not only part of our management strategy, it is based on the idea that increasing diversity goes hand in hand with strengthening corporate competitiveness. To that end, the Diversity Promotion Office is moving forward with the creation of an organization that fully leverages the diversity of our human resources.

■ Promoting the Active Participation of Women in the Workplace

Women represent over 40% of our workforce. As such, promoting their active participation is indispensable to growth. In order to construct an environment that encourages both the growth and participation of women as active employees, we are implementing a variety of policies aimed at expanding support systems for women taking on both work and childcare and for creating a workplace where women can display more of their expertise.

For example, in addition to various types of training systems, the Company systematically cultivates and promotes female employees with desire and ability via its career switch system and internal job posting system. Our goal is to increase the proportion of female managers 5% above the 2015 level, to 10% or more by 2020.

■ Career Development and Training

In addition to Companywide diversity-themed training of those in management-level positions, we are implementing all sorts of educational initiatives aimed at raising career awareness in, teaching leadership skills to, and creating networks for female employees.

■ Receipt of “Eruboshi” Mark Certification

Mitsubishi UFJ Lease & Finance was awarded the second-level “Eruboshi” mark from the Ministry of Health, Labour and Welfare (MHLW) on February 9, 2018, recognizing the Company as implementing superior initiatives for promoting women’s participation in the workplace after meeting all certification standards based on the Act on Promotion of Women’s Participation and Advancement in the Workplace.



■ Supporting a Balance between Working and Raising Children

We are implementing a broad range of policies aimed at expanding support systems for women taking on both work and childcare. Specifically, we are pursuing support measures to ensure a smooth transition back to work for employees on childcare leave. These measures include the distribution of tablets (iPads) with access to the Company intranet and career advising for those returning to work after leave as well as the ability to change and/or choose work locations based on childcare and other family circumstances.

■ Acquisition of Platinum “Kurumin” Mark

The Company was awarded the Platinum “Kurumin” mark for companies providing high-level support for employees seeking to balance their work with raising small children by the MHLW on December 18, 2017, after meeting all certification standards based on the Act on Advancement of Measures to Support Raising Next-Generation Children.



■ Support for Staff with Nursing Care Responsibilities

We have put in place systems to support nursing care.

■ Major Support Systems

Nursing care leave: Total of one year, can be taken in three-part increments

Nursing care allowance: Up to five days

Shortened working hours: Total of three years separate from nursing care leave, can be taken in increments

Change and/or choose work location program: Can change or choose work location depending on the circumstances of nursing care provided

■ Employing Differently Abled Individuals

As one facet of our efforts to promote a more diverse human resources profile, we are encouraging the employment of differently abled individuals. In fiscal 2017, we established a group for performing office work from other departments with the aim of providing differently abled employees with a comfortable workplace environment.

WEB

Information regarding diversity initiatives is available on the Company’s corporate website (in Japanese only).
<http://www.lf.mufg.jp/corporate/csr/actionplan.html>

Productivity —Promoting work–life balance—

Initiative

Cultivating comfortable workplace environments by raising productivity and awareness

Initiatives to Raise Productivity

To promote work–life balance, we are conducting such initiatives as encouraging employees to leave on time and implementing a work–life synergy shift system that enable employees to stagger their work times to improve efficiency at work and limit working hours. Moreover, in fiscal 2017 we started the Workplace Enhancement Project with the aim of revising existing work practices and styles. Through this project, we implemented initiatives for further improving efficiency of internal procedures, introduced flexible working systems, and instituted other measures. We hope to use these methods to raise both efficiency and productivity in the workplace.

Introduction of Flexible Working Systems

The Company has introduced a work–life synergy shift system that enables employees to stagger their work times by starting and ending their workday one hour earlier or one hour later based on their individual work and lifestyle needs. We anticipate that this system will help employees enrich both their work and personal lives and thereby generate synergies between the two.

Health management —Facilitating improvements to employee health—

Initiative

Implementing health improvement measures for motivating and energizing each and every employee

Health Improvement Measures

The corporate philosophy of Mitsubishi UFJ Lease & Finance states, “We will create a workplace environment that motivates each and every employee and in which they can take pride.” Based on this philosophy, we are developing a healthcare system comprised of self-care, line care overseen by supervisors, and care provided by internal healthcare staff (human resources representatives) that incorporates industrial physicians, public health nurses, outside businesses, and other specialized organizations. Through this system, we aim to help all employees improve their health. Specific initiatives on this front include the following.

- Regular health examinations (100% of employees underwent examinations in fiscal 2017)
- Stress checks implemented prior to legal obligation arising from December 2015 enactment of revised Industrial Safety and Health Act
- Health consultation venues for speaking with health insurance unions, industrial physicians, and public health nurses
- Establishment of dedicated hotline for phone and email consultation on health and other concerns available 24-hours a day,

- free counseling services, and medical facility referrals offered through cooperation with external specialists
- Designation of mid-level employees as healthcare representatives in all workplaces to provide line care while working to prevent and quickly detect health issues among newer and other employees
 - Discussion of themes related to health improvement and illness at the Health Committee and dissemination of information based on these discussions and on lectures by industrial physicians

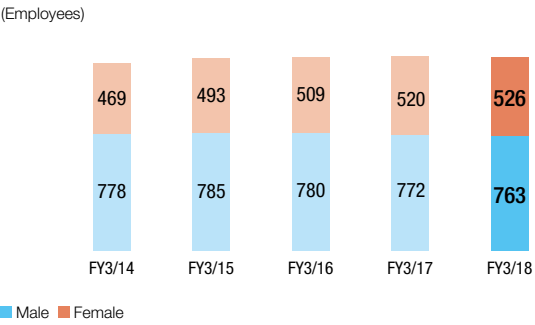
Reduction of Overtime

The Company seeks to minimize health issue risks resulting from fatigue accumulated through excessive work hours and promote work–life balance. To this end, we encourage employees to leave work on time twice a week. We have also set Companywide leave acquisition targets and are promoting systemic leave acquisition to meet these targets.

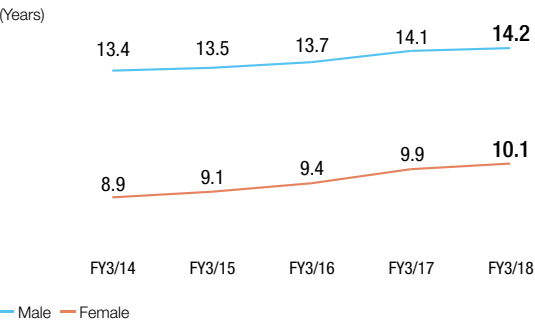
When an employee is judged to be at higher risk of health issues due to the accumulation of fatigue from excessive work hours, we ask this employee to consult with an industrial physician or public health nurse so that we can better keep track of their health condition and they can receive advice.

Data on Human Resources

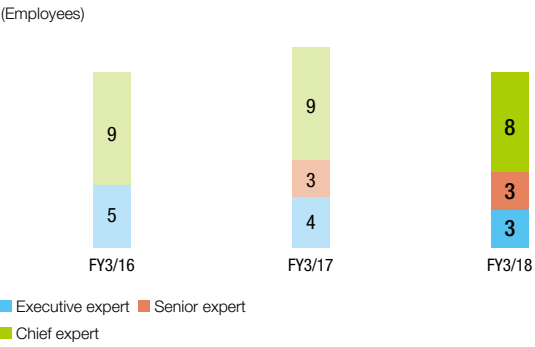
Number of Employees (Non-Consolidated)



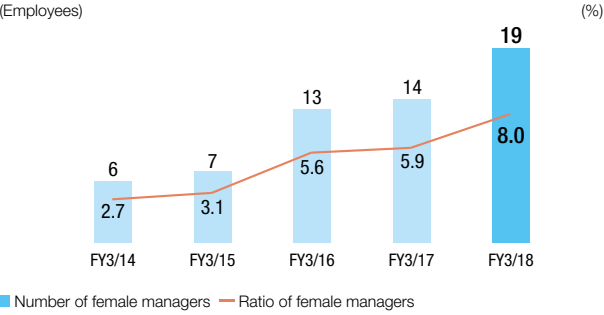
Average Years of Service



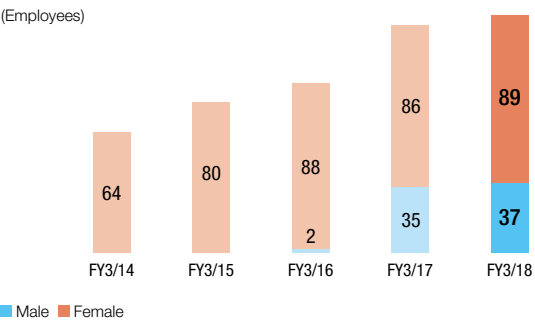
Number of Experts



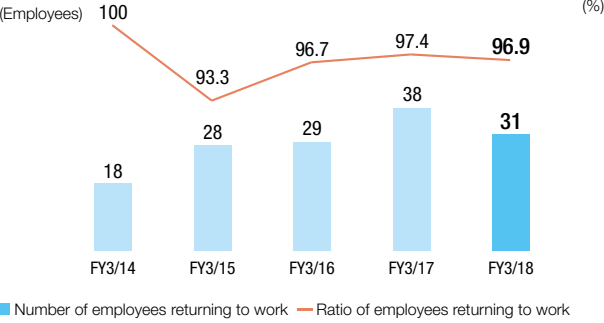
Number of Female Managers and Ratio of Total Managers



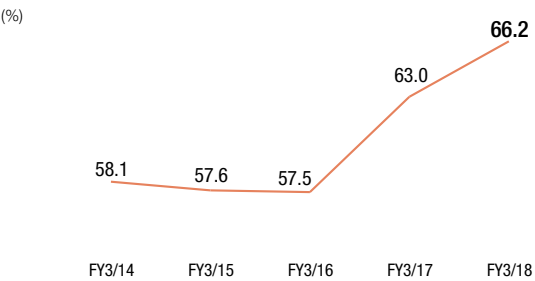
Number of Employees Taking Childcare Leave



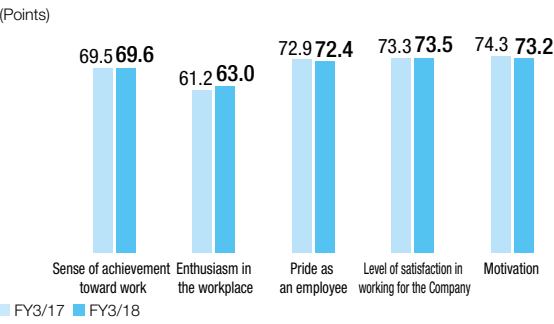
Number and Ratio of Employees Returning to Work from Childcare Leave



Ratio of Employees Taking Annual Paid Leave



Results of Survey on Employee Morale



Efforts toward Preserving the Environment



Basic Approach

Mitsubishi UFJ Lease & Finance views preserving the global environment as an important social responsibility, and engages in wide-ranging activities. With the aim of helping to realize a sustainable, recycling-oriented society with low environmental impact, we engage positively in environmental preservation activities, while working to raise the environmental awareness of all employees.

Eco Policy

- We meet economic targets through our leasing business and promote environmental protection in all our business activities.
- We work to continuously improve systems, and thereby improve environmental performance, by setting and reviewing environmental aims and targets, performing management reviews, and implementing other measures.
- We strive to prevent pollution and preserve the environment through the following measures.
 - We promote resource saving, energy saving, waste reduction, and other objectives to improve efficiency and reduce costs.
 - We emphasize waste volume reduction, resource recycling, and reuse when handling lease-up assets.
- We strive to prevent pollution and preserve the environment through the following measures.

Environmental Management System Organization

We are promoting our eco-activities under a Companywide management system.

Key Environmental Aims and Targets (Summary)

Medium- to long-term targets

Office-Based Initiatives

- Switch to low-pollution vehicles and promote eco-friendly driving
- Monitor data on green procurement activities (for paper and stationary)
- Reduce use of photocopies, paper, and electricity
 - Head Office electricity use reduction target: Reduce electricity use by 25% from the level of the fiscal year ended March 31, 2010, by the fiscal year ending March 31, 2021
- Reduce energy consumption

Sales

- Promote reduced energy consumption in line with the revised Act on Rationalizing Energy Use
- Act in compliance with the Construction Material Recycling Law, the Soil Contamination Countermeasures Act, and other laws and regulations
- Contribute to reducing environmental impact through eco-related businesses
- Develop abilities and skills for selecting assets with a high resale value and high rate of successful re-leasing to secure secondary profit and promote reduction of waste volume

Lease-Up Asset Handling

- Strict enforcement of day-to-day management, improvement and review in response to operational performance, etc.
- Efficient use of water resources
- Appropriate operations in line with the Waste Management and Public Cleansing Law
- Strict application of the waste treatment operator evaluation checklist and procedural manual, and building of good relationships with best-practice waste treatment operators to establish a system of appropriate checks and balances
- Appropriate operations in line with the Home Appliance Recycling Law, Act on Rational Use and Proper Management of Fluorocarbons, Construction Material Recycling Law, Air Pollution Control Act, PCB Special Measures Law, and other laws and regulations
- Appropriate management and operation of assets that are difficult to dispose of, and prevention of pollution
- Research and implement effective methods of asset sales to reduce waste volume
- Promote a recycling and reuse system through effective manual disassembly

ISO 14001 Certification

We acquired certification in 2001 under ISO 14001, the international standard for environmental management systems. In 2017, we successfully completed our 12th surveillance and recertification audit as well as an ISO 14001:2015 transition audit.

Business sites certified under ISO 14001

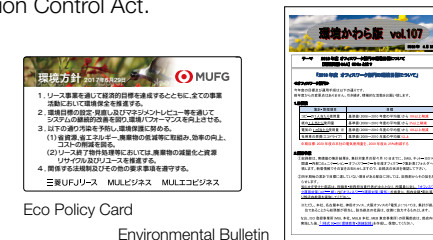
Mitsubishi UFJ Lease & Finance
Company Limited, Head Office
MUL Business Company Limited, Head Office
MUL Eco-Business Co., Ltd., Tokyo Office



Environmental Education

To raise environmental awareness, all employees are issued with an Eco Policy Card on which our Eco Policy is printed, and a quarterly Environmental Bulletin is circulated to present a variety of environmental information.

In addition, special education and training are provided to employees involved in operations closely linked to the environment, such as the disposal of lease-up assets and handling of assets covered by the Construction Material Recycling Law, the Soil Contamination Countermeasures Act, or the Air Pollution Control Act.



Environmental Accidents and Legal Infringements

In the fiscal year ended March 31, 2018, there were no environmental accidents or legal infringements. We will continue working to prevent environmental accidents and ensure legal compliance.

Biodiversity Guidelines

To contribute to preserving biodiversity, we have put in place a set of Biodiversity Guidelines, made up of business and office-based initiatives.

Our business-based initiatives include applying the “3Rs” (reduce, reuse, recycle) to lease-up assets and conducting operations in used equipment trading and the eco- and energy-related sector.

Our office-based initiatives include use of paper certified by the Forest Stewardship Council (FSC), which supports the preservation of the forest ecosystem, reduced use of photocopies, paper, and electricity, green procurement, and eco-friendly driving. In this way, we promote efficient use of resources and reduced waste emissions.

Acquisition of Value Assets

We actively seek to acquire value assets, which have long-term utility due to their resistance to depreciation, in order to reduce waste and lower our environment impact.

Waste Management and External Waste Disposal Operator Selection

We reduce waste emissions by applying the 3Rs consistently to lease-up assets. Assets that cannot be reused are disposed of appropriately in accordance with the Waste Management Law and other relevant laws and regulations. Products that use polychlorinated biphenyls (PCBs) are disposed of in accordance with the PCB Special Measures Law.

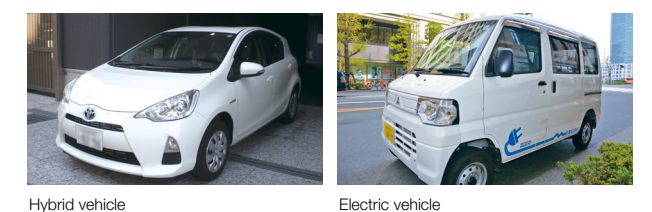
When selecting an external waste disposal operator, we do not merely request the business to cooperate with environmental preservation, but we also carry out stringent checks on its financial condition, facilities, recycling rate, and legal compliance. After selection, we continue to carry out periodic site inspections to check the state of operations.

Introduction of Low-Pollution Vehicles and Promotion of Eco-Friendly Driving

Our vehicle fleet consists entirely of low-pollution vehicles. We are also actively introducing hybrid vehicles and other eco-friendly models. To improve fuel efficiency, we also promote eco-friendly driving.

Low-Pollution Vehicles in Fleet

	FY3/16	FY3/17	FY3/18
Overall	158 low-pollution vehicles (entire fleet)	153 low-pollution vehicles (entire fleet)	150 low-pollution vehicles (entire fleet)
Break-down	Low-emission vehicles: 42 Hybrid vehicles: 113 Electric vehicles: 3	Low-emission vehicles: 37 Hybrid vehicles: 114 Electric vehicles: 2	Low-emission vehicles: 35 Hybrid vehicles: 113 Electric vehicles: 2



Principles for Financial Action towards a Sustainable Society

The Company has been a signatory to the Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century), a proactive initiative by financial institutions, since it was formulated in November 2011. The Principles for Financial Action for the 21st Century consist of seven principles for financial institutions that want to take an active role and responsibility in the creation of a sustainable society and guidelines tailored to each sector to implement the principles. We will continue to make active efforts for the environment and society based on these principles.

WEB

More information is available on the Company's corporate website (in Japanese only).
<http://www.lf.mufig.jp/corporate/csr/>

Environmental Data

No.	Statistical item	Unit	Baseline value	FY3/16 results	FY3/17 results	FY3/18 results	FY3/19 targets
1	Total energy input (Electricity consumption)	Per m ² (kW-h)	107.0	75.9	77.6	78.9	10% reduction from baseline value (FY3/09–FY3/11 average)
2	Photocopy paper consumption	Per person (Sheets)	1,849	1,018	941	862	10% reduction from baseline value (FY3/09–FY3/11 average)
3	Paper consumption	Per person (Sheets)	10,382	9,235	8,899	8,211	3% reduction from baseline value (FY3/09–FY3/11 average)
4	CO ₂ emissions from electricity consumption	Per m ² (kg-CO ₂)	43.15	38.96	38.97	38.73	10% reduction from baseline value (FY3/09–FY3/11 average)
5	CO ₂ emissions from gasoline	Per vehicle (kg-CO ₂)	2,414.75	1,599.19	1,522.96	1,442.48	No higher than the baseline value (average FY3/10–FY3/11)
6	Company vehicle fuel consumption	km / L	11.7	16.3	16.7	16.3	Baseline value (FY3/10–FY3/11 average) or higher
7	Share of green procurement	%	—	88.0	87.2	76.5	Promotion of green procurement

Note: Figures include Group companies co-certified under ISO 14001 (MUL Eco-Business Co., Ltd., and MUL Business Company Limited).

Environmental Accounting

(Millions of yen)

Environmental protection costs		
Category	Content of key initiatives	FY 3/18
Costs within business area	Pollution prevention (eco-vehicle leasing fees)	76
Upstream and downstream costs	Disposal costs of lease-up assets	381
Management activity costs	Environmental management system maintenance and operation costs, Corporate Report costs, etc.	13
(Millions of yen)		
Economic benefit from environmental protection		
Content of key initiatives	FY3/18	
Revenue from sale of used components (MUL Eco-Business Co., Ltd.)	52	

Contributions to Society



Supporting the Education of Future Generations

To contribute to future society by nurturing the younger generation, Mitsubishi UFJ Lease & Finance provides extensive educational support.

Overseas Scholarship Program

With the aim of supporting the education of the next generation at a global level, since 2012 we have operated an overseas scholarship program for students at overseas universities who are studying Japanese language and culture or who wish to work in fields related to Japan. To date, approximately 190 students have received scholarships through this program.



At the scholarship award ceremony

Program Offering Rooms in Company Dormitories to Exchange Students

Since 2015, we have taken part in a program for providing economic support to exchange students by placing them in company dormitories or housing spearheaded by the Association for Promoting Corporate Support for Exchange Students. We continue to support exchange students through this program, thereby promoting mutual understanding between people in Japan and individuals from around the world.

Job Shadow Program

Together with Junior Achievement Japan and the Tokyo Metropolitan Board of Education, we have implemented the Job Shadow work experience program since 2008. In this program, high school students are assigned an employee to “shadow” in order to gain an understanding of the meaning of work and a professional attitude so that they can use this insight in deciding their future career path.



Students in the Job Shadow program

The TOMODACHI Initiative

Since 2012, we have joined with companies of the Mitsubishi UFJ Financial Group to take part in the TOMODACHI Initiative organized by the U.S. Embassy and the U.S.-Japan Council. As part of this initiative, we run the TOMODACHI MUFG International Exchange Program, which allows Japanese students affected by the Great East Japan Earthquake and U.S. students to interact with each other through cultural exchange activities and homestays. The Japanese students are also given the opportunity to take part in educational programs as a way of motivating them to work or study overseas or take part in other forms of cultural exchange in the future.



Picture provided by Mitsubishi UFJ Financial Group

Social Contribution Activities

As a responsible member of the community, Mitsubishi UFJ Lease & Finance continues to take part in community-rooted social contribution activities, such as relief for disaster-stricken regions, in locations around the world.

Donation of Lease-Up PCs

We have been instituting an ongoing campaign to donate lease-up PCs to educational institutions and other recipients in areas affected by natural disasters. Through this campaign, we have supplied a total of 243 PCs during the period from 2011 to 2018.



Child Sponsorship Programs

Our Thailand subsidiary Bangkok Mitsubishi UFJ Lease Co., Ltd., takes part in child sponsorship programs of the international cooperation nongovernmental organization (NGO) World Vision. These programs offer children from poor and disadvantaged backgrounds support in education and everyday living.



MUFG Gives Back Global Volunteer Month

In the wake of the Great East Japan Earthquake, Japan was blessed with support from across the world for its reconstruction efforts. In response, and as an opportunity to express gratitude for the support Japan received, the MUFG Group instituted the MUFG Gives Back global volunteer month, in which employees around the world reach out to the community. Mitsubishi UFJ Lease & Finance takes part in this annual event.



Employees at Mitsubishi UFJ Lease & Finance (U.S.A.) Inc. taking part in volunteer activities

Social Investment

To achieve harmony between efforts to regenerate Japan’s forests and business activities, the Mitsubishi UFJ Lease & Finance Group has been collaborating with the Gifu Prefecture Union of Forestry Cooperatives and other partners in a forest and forestry regeneration project since 2010. Creating frameworks in which regional forestry initiatives can function as a business requires performing production control and administration based on private-sector management expertise. We are utilizing our leasing and financial expertise to support new forms of forestry management.



WEB

More information is available on the Company’s corporate website (in Japanese only).
<http://www.lf.mufg.jp/corporate/csr/>

DATA

Data Section

44 Business Results and Financial Position

46 Consolidated Financial Highlights

48 Group Network

50 Corporate Information

Business Results and Financial Position

Overview of Financial Results

In the fiscal year ended March 31, 2018, despite national and regional variations, the overall business environment showed a positive development. The Japanese economy likewise continued along a path of gradual recovery on the back of improved corporate results. Against this background, the Mitsubishi UFJ Lease & Finance Group continued to target strong and sustainable growth by actively pursuing the range of strategies set out in the medium-term management plan **Breakthrough for the Next Decade**, which was launched in April 2017 and runs through the end of March 2020.

Revenues and Profit

Consolidated revenues in the fiscal year ended March 31, 2018, grew ¥31.0 billion, or 3.7%, from the previous fiscal year, to ¥869.9 billion, due notably to the impact of major income streams from real estate-related sales. Gross profit increased ¥5.9 billion, or 4.0%, to ¥156.1 billion. This was due mainly to a year-on-year increase in real estate-related dividend income and positive results from businesses relating to aircraft and other global assets. Operating income rose ¥0.1 billion, or 0.2%, to ¥79.2 billion, and net income attributable to owners of the parent expanded ¥10.5 billion, or 19.8%, to ¥63.6 billion, due partly to the impact of U.S. tax reforms.

As a result, net income attributable to owners of the parent reached its highest ever level.

Volume of New Transactions

On the sales front, the volume of new transactions fell by 7.2% year on year, to ¥1,545.6 billion, as a result of our decision to prioritize profitability. Looking at the volume of new transactions by business segment, the leasing business saw a year-on-year decline of 17.3%, to ¥747.3 billion, and the installment sales business a decrease of 2.7%, to ¥100.2 billion, while the loans business posted a 2.8% rise, to ¥629.6 billion, and other businesses an expansion of 48.2%, to ¥68.3 billion.

Financial Position

As of March 31, 2018, the total assets of Mitsubishi UFJ Lease & Finance stood at ¥5,563.5 billion, an increase of ¥174.6 billion over the previous fiscal year-end. Due among other factors to the rise in net income attributable to owners of the parent, total equity expanded ¥44.7 billion from the previous fiscal year-end, to ¥731.1 billion, driving the equity ratio up 0.5 of a percentage point, to 12.7%.

Cash Flows

Cash and cash equivalents stood at ¥160.1 billion on March 31, 2018, an increase of ¥64.8 billion, or 68.1%, from the previous fiscal year-end. The ¥64.8 billion increase in cash was the result of net cash provided by financing activities of ¥147.6 billion, which outweighed net cash used in operating activities of ¥50.7 billion and net cash used in investing activities of ¥31.9 billion.

Net cash used in operating activities amounted to ¥50.7 billion. Major factors increasing cash included ¥88.2 billion in income before income taxes and ¥259.1 billion resulted from depreciation and amortization and loss on disposals and sales of leased assets. Major factors decreasing cash included ¥283.3 billion in purchases of leased assets and other operating assets, ¥29.5 billion in increase in lease receivables and investments in leases, ¥23.7 billion in increase in loan receivables, ¥18.9 billion in increase in operating securities and investments in private equity securities, and ¥24.4 billion in income taxes paid.

Net cash used in investing activities was ¥31.9 billion. Inflows, including ¥6.1 billion in proceeds from sales and redemption of investment securities, were set against outflows including ¥31.9 billion in purchases of investment securities and ¥4.5 billion in purchases of own used assets.

Net cash provided by financing activities came to ¥147.6 billion. Direct financing provided net proceeds of ¥84.8 billion, while indirect financing, such as bank loans, provided net proceeds of ¥75.5 billion. Among the main outflows was ¥12.6 billion in cash dividends paid.

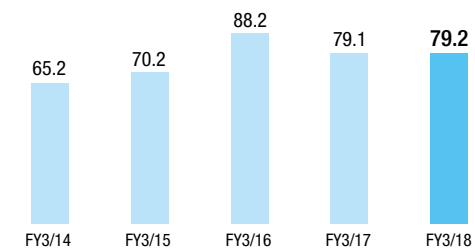
Basic Policy of Profit Distribution and Dividend

Our basic policy on profit distribution is to provide continuous and stable dividend payouts while seeking to maintain adequate equity reserves.

Based on this policy, we set the dividend for fiscal 2017 at ¥18.00 per share (interim dividend of ¥7.50 and year-end dividend of ¥10.50), an increase of ¥5.00 from the previous fiscal year and the 19th consecutive year of dividend growth if the effect of the 10-for-1 stock split carried out on April 1, 2013, is applied retrospectively.

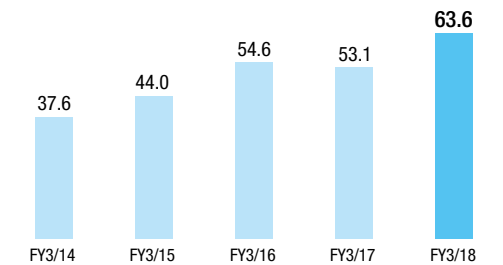
Operating Income

(Billions of yen)



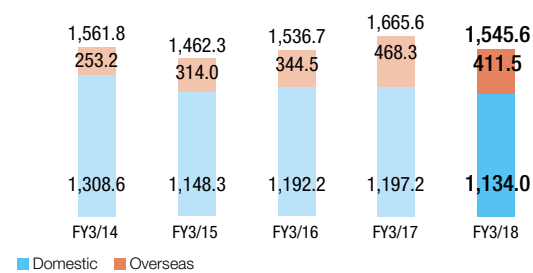
Net Income Attributable to Owners of the Parent

(Billions of yen)



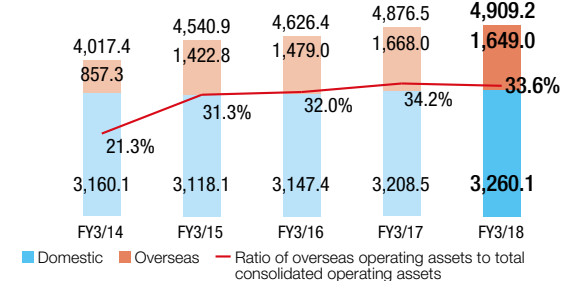
Volume of New Transactions (Domestic and Overseas)

(Billions of yen)



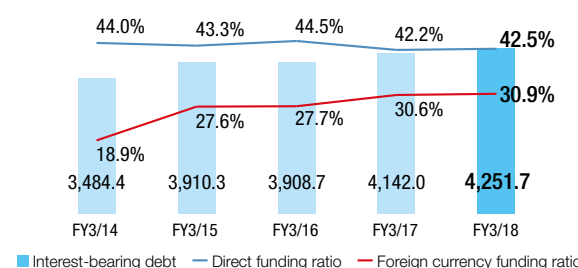
Operating Assets (Domestic and Overseas)

(Billions of yen)



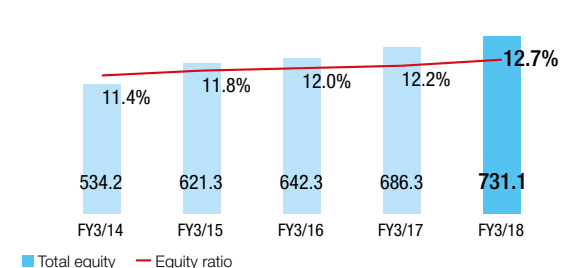
Interest-Bearing Debt

(Billions of yen)



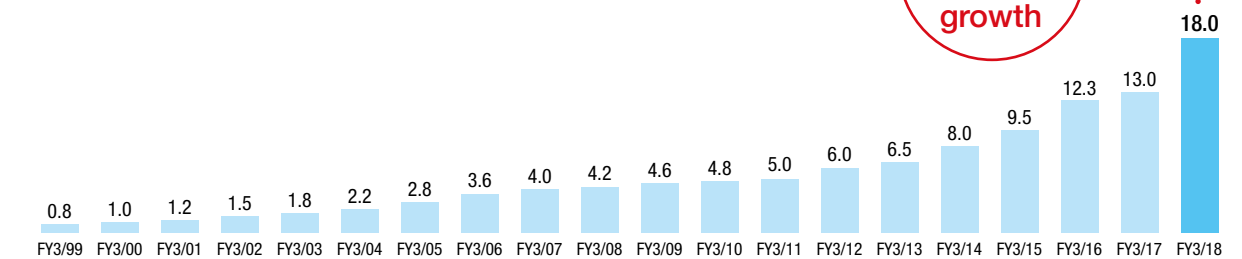
Total Equity / Equity Ratio

(Billions of yen)



Cash Dividends per Share*

(Yen)



* On April 1, 2013, Mitsubishi UFJ Lease & Finance split each share of its common stock, held by shareholders stated or recorded in the register of shareholders as of March 31, 2013, into 10 shares. Cash dividends per share has been retrospectively adjusted to reflect the stock split for all periods presented.

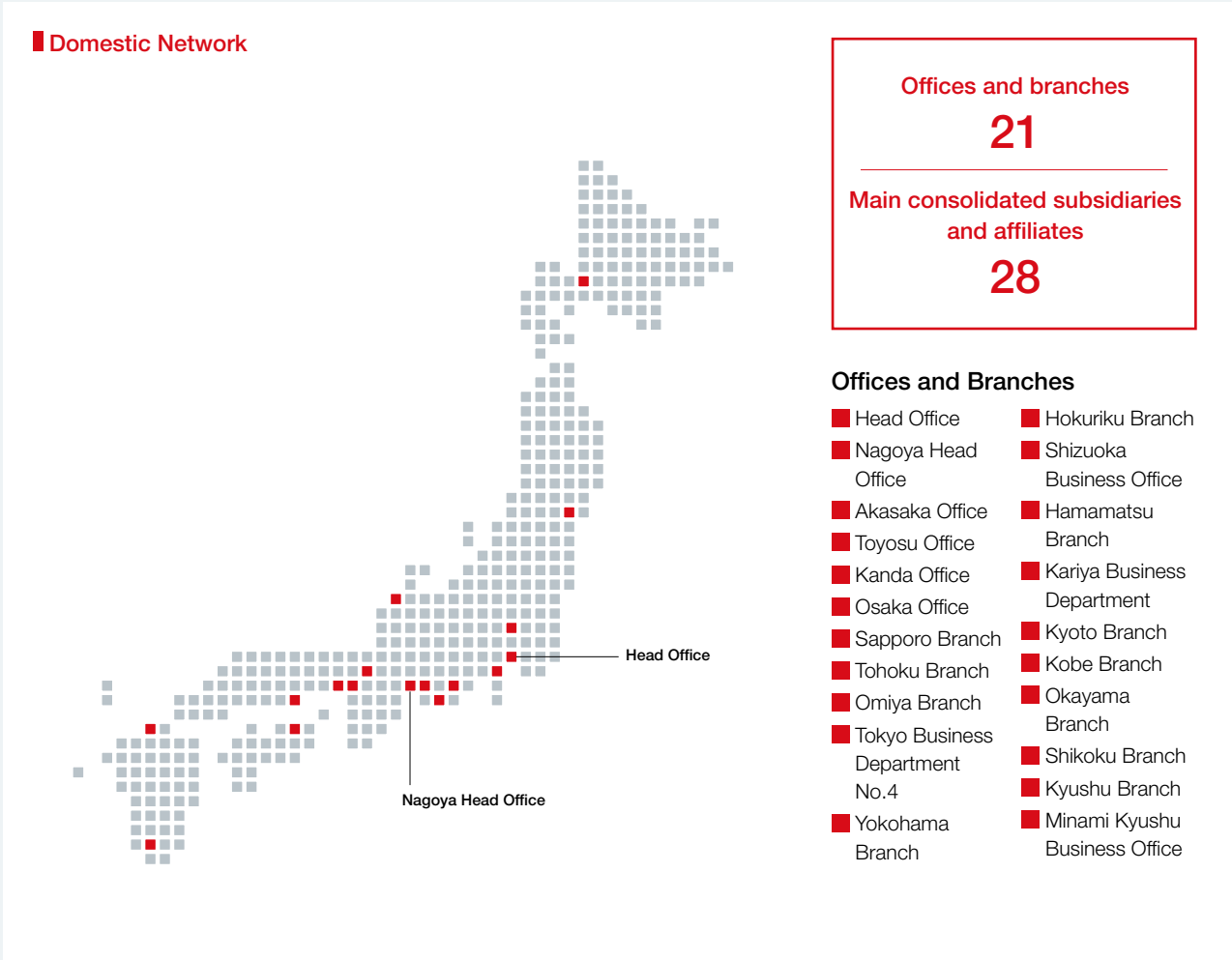
Consolidated Financial Highlights

(Millions of yen)

	FY3/2009	FY3/2010	FY3/2011	FY3/2012	FY3/2013	FY3/2014	FY3/2015	FY3/2016	FY3/2017	FY3/2018
Business Results										
Total revenues	818,618	747,043	724,762	724,611	698,155	717,760	742,452	825,845	838,886	869,948
Leases	613,716	558,615	560,610	562,878	546,625	579,753	604,062	674,118	692,125	706,615
Installment sales	140,159	122,615	99,414	92,533	85,021	83,270	83,408	85,673	92,232	94,668
Loans	38,393	39,048	36,802	35,611	35,592	35,068	33,892	34,162	33,655	35,018
Others	26,349	26,764	27,935	33,587	30,914	19,667	21,089	31,890	20,872	33,646
Cost of revenues	713,903	637,474	606,033	609,533	580,121	589,086	609,172	659,846	688,655	713,779
Gross profit	104,715	109,569	118,729	115,078	118,033	128,673	133,279	165,998	150,231	156,169
Selling, general and administrative expenses	77,829	83,755	62,846	61,921	58,045	63,395	63,042	77,726	71,119	76,883
Operating income	26,885	25,813	55,882	53,156	59,987	65,278	70,237	88,272	79,112	79,285
Net income attributable to owners of the parent	7,145	20,727	25,755	34,640	36,038	37,675	44,068	54,631	53,157	63,679
Comprehensive income	—	—	27,781	38,060	46,018	74,253	84,690	35,357	55,551	65,283
Profitability (%)										
Cost of revenues to total revenues	87.2	85.3	83.6	84.1	83.1	82.1	82.0	79.9	82.1	82.0
Gross profit margin	12.8	14.7	16.4	15.9	16.9	17.9	18.0	20.1	17.9	18.0
Overhead ratio	44.0	40.8	39.1	41.9	42.4	44.0	44.7	40.4	44.8	46.1
Return on equity (ROE)* ¹	2.3	6.1	7.1	8.9	8.5	7.9	8.0	9.0	8.4	9.3
Return on assets (ROA)* ¹	0.2	0.5	0.7	0.9	0.9	0.9	0.9	1.1	1.0	1.2
Sales Performance										
Volume of new transactions	1,705,126	1,301,590	1,169,542	1,276,464	1,356,270	1,561,842	1,462,319	1,536,731	1,665,612	1,545,635
Leases	561,734	516,455	438,713	472,899	581,479	718,390	720,868	787,463	904,018	747,335
Installment sales	84,002	50,646	49,424	67,293	78,259	91,755	86,263	96,969	103,078	100,244
Loans & others	1,059,389	734,487	681,403	736,271	696,531	751,696	655,187	652,297	658,514	698,054
Financial Position										
Total assets	3,909,077	3,885,161	3,721,136	3,682,299	4,177,784	4,497,502	5,035,676	5,121,253	5,388,844	5,563,515
Operating assets	3,497,071	3,517,982	3,393,547	3,335,620	3,713,972	4,017,419	4,540,920	4,626,455	4,876,553	4,909,279
Total equity	342,633	366,891	389,802	420,864	468,061	534,250	621,344	642,366	686,378	731,124
Interest-bearing debt	3,190,431	3,148,926	2,961,470	2,893,504	3,315,294	3,484,480	3,910,324	3,908,736	4,142,073	4,251,769
Equity ratio (%)	8.4	9.1	10.0	10.9	10.7	11.4	11.8	12.0	12.2	12.7
Cash Flows										
Net cash provided by (used in) operating activities	(103,149)	52,013	224,305	87,941	(63,407)	(41,776)	(56,296)	(36,819)	(220,251)	(50,751)
Net cash provided by (used in) investing activities	(32,245)	(11,415)	(5,402)	(7,631)	(102,372)	8,739	(31,453)	(5,105)	(28,865)	(31,962)
Net cash provided by (used in) financing activities	180,868	(82,443)	(191,694)	(68,631)	183,560	77,729	65,384	50,736	234,908	147,611
Net increase (decrease) in cash and cash equivalents	44,690	(41,773)	27,047	11,582	18,766	47,585	(17,942)	8,298	(15,876)	61,689
Cash and cash equivalents, end of year	54,653	12,980	40,408	51,765	72,954	120,540	102,773	111,071	95,263	160,124
Per Share Information* (Yen)										
Net income per share	8.02	23.14	28.76	38.72	40.56	42.40	49.58	61.45	59.77	71.57
Cash dividends per share	4.6	4.8	5.0	6.0	6.5	8.0	9.5	12.3	13.0	18.0
Number of Employees	2,122	2,219	2,245	2,275	2,402	2,511	2,729	2,828	2,969	3,126

*¹ Based on net income attributable to owners of the parent*² On April 1, 2013, Mitsubishi UFJ Lease & Finance split each share of its common stock, held by shareholders stated or recorded in the register of shareholders as of March 31, 2013, into 10 shares. Net income per share and cash dividends per share have been retrospectively adjusted to reflect the stock split for all periods presented.

Group Network



Domestic Group Companies

Domestic Customer Business

- DFL Lease Company Limited
- SHINKO LEASE CO., LTD.
- THE CASIO LEASE COMPANY LIMITED
- Hirogin Lease Co. Ltd.
- Shutoken Leasing Co., Ltd.
- CHUKYO GENERAL LEASE CO., LTD.
- DRS Company Limited
- MUL Eco-Business Co., Ltd.
- U-MACHINE Inc.
- MUL Insurance Company Limited
- MUL Business Company Limited
- Mitsubishi Electric Credit Corporation
- Mitsubishi Auto Leasing Corporation
- TECHNO RENT CO., LTD.

Healthcare Business

- JAPAN MEDICAL LEASE CORPORATION
- M-cast, Inc.
- MUL HEALTHCARE CO., LTD.
- Healthcare Management Partners, Inc.
- TRINITY CARE CO., LTD.

Environment and Energy Business

- MUL Energy Investment Company Limited
- MUL Utility Innovation Company Limited

Real Estate Business

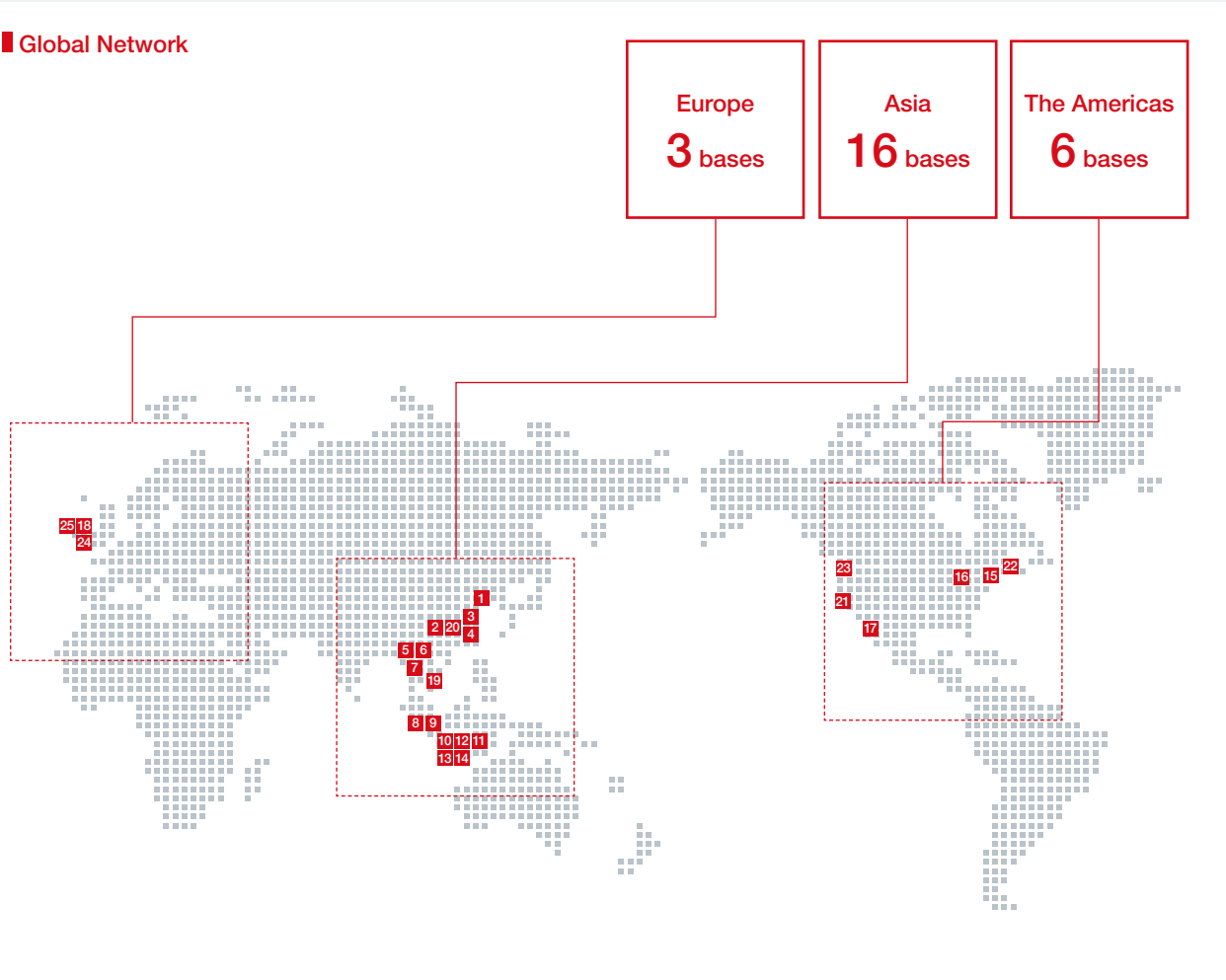
- MUL Property Co., Ltd.
- Diamond Asset Finance Company Limited
- Miyuki Building Co., Ltd.
- MUL Realty Investment Company Limited
- MUL Realty Advisers Company Limited

Infrastructure and Investment Business

- Japan Infrastructure Initiative Company Limited
- MUL Principal Investments Company Limited

Alliances with Regional Banks' Leasing Companies

SHIZUGIN LEASE CO., LTD. / Hyakujushi Lease Co., Ltd. / THE HACHIYUNI LEASE, LTD. / DAISHI LEASE CO., LTD. / 77 Lease Co., Ltd. / Oita Lease Company Limited / Yamagin Lease Co., Ltd. / HOKKAIDO LEASING CO., LTD. / AIGIN LEASE CO., LTD. / IWAGIN LEASE & DATA CO., LTD. / NANTO LEASE CO., LTD. / Aogin Lease Company Limited / Senshu Ikeda Lease Co., Ltd. / Yamanashi Chugin Lease Co., Ltd. / Mebuki Lease Co., Ltd. / The Juroku Lease Co., Ltd. / RYUKYU LEASING COMPANY LIMITED / The Kagoshima Lease Co., Ltd.



Overseas Group Companies

Overseas Customer Business

- 1 Mitsubishi UFJ Lease & Finance (China) Co. Ltd. <Head Office>
- 2 Mitsubishi UFJ Lease & Finance (China) Co. Ltd. <Shenzhen Branch>
- 3 Mitsubishi UFJ Lease & Finance (Hong Kong) Limited
- 4 DFL-Shutoken Leasing (Hong Kong) Company Limited
- 5 Bangkok Mitsubishi UFJ Lease Co., Ltd.
- 6 MUL (Thailand) Co., Ltd.
- 7 U-MACHINE (THAILAND) CO., LTD.
- 8 Mitsubishi UFJ Lease (Singapore) Pte. Ltd.
- 9 Kobelco Lease Singapore Pte. Ltd.
- 10 PT. Mitsubishi UFJ Lease & Finance Indonesia <Head Office>
- 11 PT. Mitsubishi UFJ Lease & Finance Indonesia <Surabaya Branch>
- 12 PT. Mitsubishi UFJ Lease & Finance Indonesia <Bandung Branch>
- 13 PT. Manajemen Unggul Lestari
- 14 PT. Takari Kokoh Sejahtera
- 15 Mitsubishi UFJ Lease & Finance (U.S.A.) Inc. <Head Office>
- 16 Mitsubishi UFJ Lease & Finance (U.S.A.) Inc. <Kentucky Branch>
- 17 Mitsubishi UFJ Lease & Finance (U.S.A.) Inc. <San Diego Branch>

- 18 Mitsubishi UFJ Lease & Finance (Ireland) Designated Activity Company
- 19 Ho Chi Minh City Representative Office

Environment and Energy Business

- 20 DMC Energy Management Services (Shenzhen) Co., Ltd.

Aircraft and Logistics Business

- 21 Jackson Square Aviation, LLC
- 22 Beacon Intermodal Leasing, LLC
- 23 MUL Railcars, Inc.
- 24 Jackson Square Aviation Ireland Limited
- 25 Engine Lease Finance Corporation

Corporate Information

Corporate Profile (As of March 31, 2018)

Company Name

Mitsubishi UFJ Lease & Finance Company Limited

Head Office

Shin-Marunouchi Building, 5-1, Marunouchi 1-chome,
Chiyoda-ku, Tokyo 100-6525, Japan

Date of Establishment

April 12, 1971

Paid-in Capital

¥33,196,047,500

Number of Employees

Consolidated: 3,126; Parent: 1,289

Business Activities

Leasing of assets
Installment sales of assets
Financing activities
International business
Other activities

Fiscal Year

April 1 to March 31

Credit Ratings

Rating agency	Long-term	Short-term
Moody's	A3	–
S&P*1	A–	–
JCR*2	AA–	J–1+
R&I*3	A+	a–1

Stock Information (As of March 31, 2018)

Stock Numbers

Number of authorized shares: 3,200,000,000

Number of issued shares: 895,834,160

Number of shares per unit: 100

Stock Listings

First Section of the Tokyo Stock Exchange (TSE)
First Section of the Nagoya Stock Exchange (NSE)
Security code: 8593

Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation
4-5, Marunouchi 1-chome, Chiyoda-ku,
Tokyo 100-8212, Japan

Accounting Auditor

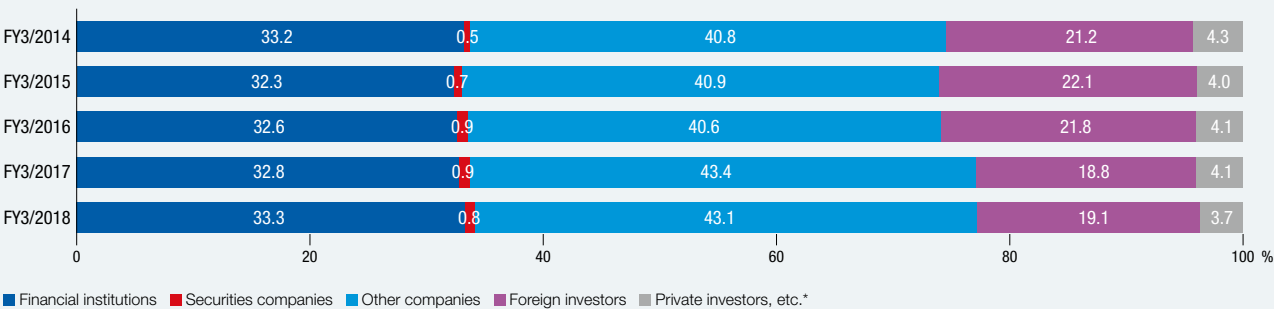
Deloitte Touche Tohmatsu LLC

Principal Shareholders

Mitsubishi Corporation
Mitsubishi UFJ Financial Group, Inc.
MUFG Bank, Ltd.*
Meiji Yasuda Life Insurance Company
Mitsubishi UFJ Trust and Banking Corporation

* The Bank of Tokyo-Mitsubishi UFJ, Ltd., changed its name to MUFG Bank, Ltd., as of April 1, 2018.

Distribution of Shareholders



Published

August 2018

Scope of Corporate Report 2018

This Corporate Report covers the activities of Mitsubishi UFJ Lease & Finance Company Limited and its Group companies.

Period Covered

Fiscal year ended March 31, 2018
(Information on some activities from other periods is also included.)

Contact

Corporate Communications Department
Mitsubishi UFJ Lease & Finance Company Limited
Shin-Marunouchi Building, 5-1, Marunouchi 1-chome,
Chiyoda-ku, Tokyo 100-6525, Japan
Tel: +81-3-6865-3002