Value Integrator

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Mitsubishi UFJ Lease & Finance

Annual Report 2008

For the Fiscal Year Ended March 31, 2008

We will prove worthy of the trust of customers, shareholders, and employees as we contribute to realize a more prosperous society.

- *We will work to achieve sustained improvement in corporate value by offering the best solutions to customers.*
- *We aim to play a part in the development of regions and society by pursuing environmentally considerate corporate activities in compliance with laws and regulations.*
- *We will create a workplace environment that motivates each and every employee and in which they can take pride.*

Contents

Value Integrator

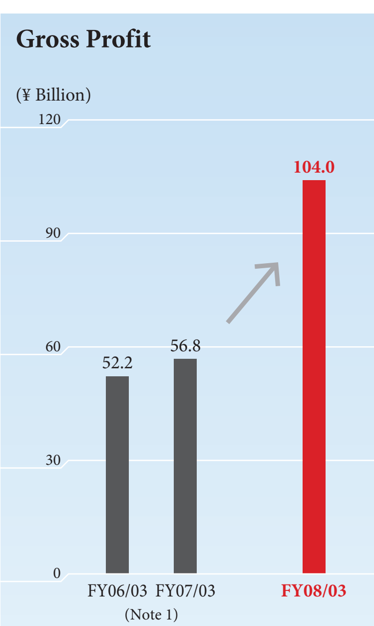
The phrase “Value Integrator” encapsulates Mitsubishi UFJ Lease & Finance’s corporate philosophy of creating new value by using leasing and financing as the means to integrate the current values of its tangible and intangible assets.

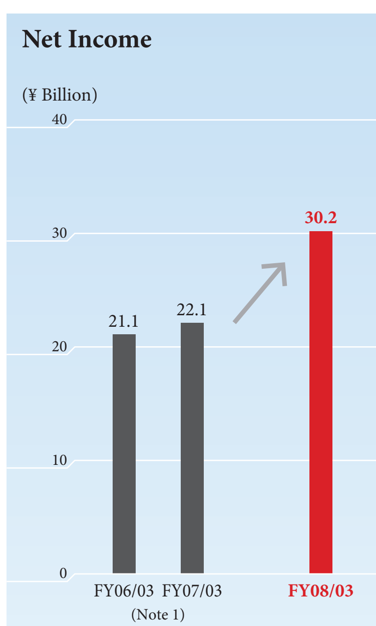
Forward-Looking Statements
Future forecasts and estimations regarding management and financial information in connection with Mitsubishi UFJ Lease & Finance Company Limited that are stated in this Annual Report have been made at our own discretion on the basis of information that we were able to obtain at the time of preparing this document. Please be aware that these forecasts and estimations contain risks and uncertainties, and that actual results may differ as a result of economic circumstances or other changes.

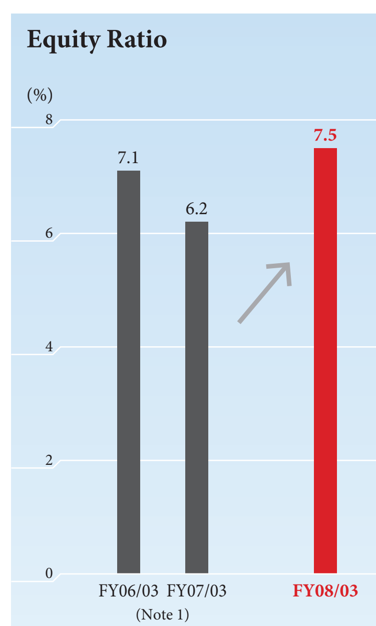
FINANCIAL HIGHLIGHTS

Years Ended March 31, 2008 and 2007

	Mitsubishi UFJ Lease & Finance Company Limited and its consolidated subsidiaries			The former UFJ Central Leasing Co., Ltd. (UFJCL) and its consolidated subsidiaries	Simple Sum
	Millions of Yen		Thousands of U.S. Dollars (Note 2)	Millions of Yen	Millions of Yen
For the Year:	**2008**	2007 (Note 1)	**2008**	2007	2007
Total revenues	**¥ 987,056**	¥ 517,430	**$ 9,870,560**	¥ 513,438	¥1,030,868
Gross profit	**104,031**	56,758	**1,040,310**	40,977	97,736
Net income	**30,246**	22,064	**302,460**	10,827	32,891
At year-end:					
Total assets	**¥3,965,891**	¥2,380,468	**$39,658,910**	¥1,419,634	¥3,800,101
Equity	**312,352**	154,268	**3,123,520**	85,322	239,590
Number of shares of common stock outstanding (thousands)	**80,292**	56,953		23,338	
Per share of common stock:	Yen		U.S. Dollars	Yen	
Basic net income	**¥ 376.70**	¥ 387.41	**$ 3.77**	¥ 463.90	
Cash dividends applicable to the year	**42.00**	40.00	**0.42**	40.00	
Ratios:	%			%	
Return on equity (ROE)	**13.6**	15.9		14.2	
Return on assets (ROA)	**1.0**	1.0		0.8	
Equity ratio	**7.5**	6.2		5.7	







Notes: 1. Diamond Lease Company Limited (DL) merged with UFJ Central Leasing Co., Ltd. on April 1, 2007. The figures for FY06/3 and FY07/3 were based on the former Diamond Lease Company Limited (DL).

2. The U.S. Dollar amounts have been translated from the amounts stated in yen, solely for the convenience of readers, at the rate of ¥100=U.S.$1.00, the approximate exchange rate on March 31, 2008, which was the final business day of financial institutions in FY08/3.

TO OUR STAKEHOLDERS

Kazuyoshi Tanaka,
Chairman

Amid the ongoing convergence of financial services and the business value chain in the Japanese commercial finance market, Mitsubishi UFJ Lease & Finance offers customers a diverse array of financial services as a comprehensive finance company. Our flexibility and dynamism give rise to advanced and innovative performance. By providing customers with truly valuable services through highly sophisticated commercial finance capabilities, we aim to be a leader in the commercial finance sector.

Changes in the environment surrounding the leasing business

The fiscal year ended March 31, 2008 was one of major changes for Mitsubishi UFJ Lease & Finance as we laid the foundations for realizing new growth and breakthroughs.

During the year under review, the operating environment surrounding the leasing industry underwent rapid change. The Japanese economy, which had been on a growth trend, has taken a step back in the wake of the slowdown of the global business climate and the skyrocketing prices of natural resources. In addition, customer demands on leasing companies have grown increasingly sophisticated and diverse due to revisions in lease accounting standards from April 2008. Responding accurately to these needs is now more important than ever.

Review of performance for fiscal year ended March 31, 2008

Under these circumstances, with our operations having expanded dramatically as a result of the strategic merger, we offered a diverse array of products and services to our enhanced customer base. As a result, we achieved consolidated total revenues of ¥987.1 billion, up 90.8% compared with the previous year, gross profit of ¥104.0 billion, up 83.3%, and operating income of ¥50.7 billion, up 54.0%. The consolidated volume of new contracts rose 57.8% to ¥1,948.3 billion, with the loans and other business segments in particular recording a 48.5% increase driven by real estate-related finance and factoring transactions.

Formulation of "*Vision 2010*"

Mitsubishi UFJ Lease & Finance has formulated a medium-term management plan (***Vision 2010***) for the three years starting with the fiscal year ending March 31, 2009. In the midst of a business environment undergoing significant change, we see ***Vision 2010*** as a plan for building a solid management infrastructure for future development and realizing sustained growth as an industry-leading comprehensive finance company. The keywords for executing this strategy are "Speed up," "Break through," "Change," and "Integrate."

By seizing the very opportunities presented by this period of transformation and steadily implementing our various management strategies, by the end of the fiscal year ending March 31, 2011 we aim to achieve the performance targets of over ¥140 billion in gross profit, over ¥48 billion in net income, and over 12% ROE.

To our stakeholders and investors

In order to secure our position as a leader in commercial finance, Mitsubishi UFJ Lease & Finance will continue to focus on enhancing our capabilities in developing products and services, proposal-making, and procurement, as well as cultivating high-caliber human resources to support these capabilities. We will continue to work to achieve sustained improvement of our corporate value by providing our customers with optimal solutions while at the same time contributing to the development of communities through legally compliant and environmentally sound business practices.

We respectfully request your continued guidance going forward.

Naotaka Obata

Naotaka Obata,
President & CEO

AN INTERVIEW WITH THE PRESIDENT

As a top-tier comprehensive finance company in Japan, Mitsubishi UFJ Lease & Finance aims to seize the opportunities presented by the rapidly changing business environment to raise corporate value by developing a unique selection of service offerings.

Q *A year on from the merger, how do you evaluate the progress made to date and the prevailing business environment?*

A Fiscal 2007 marked a major milestone for us. It saw the creation of Mitsubishi UFJ Lease & Finance with the merger in April 2007 of the former Diamond Lease Company Limited (DL) and the former UFJ Central Leasing Co., Ltd. (UFJCL). This union of two of the majors within the Japanese leasing industry transformed the sector by creating a firm that dominates the industry not only by virtue of scale—our total assets are about ¥4,000 billion—but also due to the complementary fit between the two firms in terms of customer bases, products and services. These are the hallmarks of an effective merger, and our shareholders, customers and various other stakeholders have praised the move.

Over the past year we have been able to integrate the organizations and systems of the two former companies speedily and effectively. We have unified business process flows, harmonized various rules and frameworks and completed systems integration. I am extremely satisfied with the progress that we made during the year. We solidified the business foundations for fresh and dramatic growth thanks to the high consciousness of all employees and officers concerning the significance of the new Group.

Our customer base has expanded as a result of the merger, and we have diversified our products and services. Compared with the fiscal 2006 results, consolidated revenues rose 90.8% to ¥987.1 billion for the year ended March 2008. Operating income increased 54.0% to ¥50.7 billion and net income rose 37.1% to ¥30.2 billion.

New Medium-term Management Plan:
Vision 2010

Management Strategy

Growth Strategy

- Offering unique services for an expanding value chain

  Five strategic business areas
  - Operating leases
  - Trading and valuation of used equipment
  - Real estate related business
  - Energy efficiency and the environment related business
  - Medical and nursing care related services
- Accelerating global business expansion
- Reinforcing contact with customers
- Promoting external growth strategy

Strengthening the Management Base

- Enhancing the management infrastructure
- Strengthening sales methods
- Improving efficiency
- Strengthening IT strategy
- Introducing a new corporate culture
- Reforming human resources management
- Fulfilling corporate social responsibility

The business environment has undergone rapid change during the past year. The Japanese economy slowed amid an economic downturn in the rest of the world and sharp increases in the prices of many raw materials. Growth in corporate earnings has weakened. Lease transaction volume continued to decline, following the trend of the previous year. Moreover, in an unforeseen development, the low cost of funding and credit, which had been the main drivers of growth for the leasing sector, went into complete reverse during the year. New lease accounting standards were implemented in Japan starting from April 2008. This served to magnify the importance of catering exactly to the requirements of customers, who are demanding a more advanced level of service from the leasing industry. We see these major shifts in the business environment as an opportunity for Mitsubishi UFJ Lease & Finance. We have started a new medium-term management plan, "***Vision 2010***," with the aim of achieving sustainable growth as a top-tier comprehensive finance company.

Q ***Please tell us about the new medium-term management plan Vision 2010.***

A ***Vision 2010*** is our new medium-term management plan that sets out the specific strategies that we must adopt to ensure that Mitsubishi UFJ Lease & Finance takes advantage of the opportunities presented by the changing business environment to achieve sustainable growth as a top-tier comprehensive finance company.

Since this was the first medium-term management plan to be formulated by the new merged company, we spent a significant amount of time conducting a thorough assessment of the realities of the current business environment. We fleshed out each of the issues in detail and developed a plan with specific measures to respond to each issue.

The keywords for executing this strategy are "Speed up," "Break through," "Change," and "Integrate." The specific business strategy outlined in the plan can be broken down into growth strategy and strengthening the management base. Our growth strategy includes expansion of the range of our services through functional development of the value chain and greater assumption of diversified risks, and an acceleration of our global business expansion. The emphasis here is on expanding and reinforcing our operations to develop the presence of the Mitsubishi UFJ Lease & Finance Group in new fields of business.

Our strategy for strengthening the management base focuses on making effective and efficient use of our newly expanded resources. The emphasis in this area is on promoting further development of our business base to support implementation of the strategies for growth.

Defining our path toward success, the slogan for the ***Vision 2010*** plan is "Change represents opportunity, opportunity is now." Our goal is to make optimal use of our enhanced customer base, business operations, products, services, capital base and funding capabilities to develop a risk portfolio that others in the industry cannot hope to emulate. By developing innovative and unique services, we aim to develop a significant presence in new business domains.

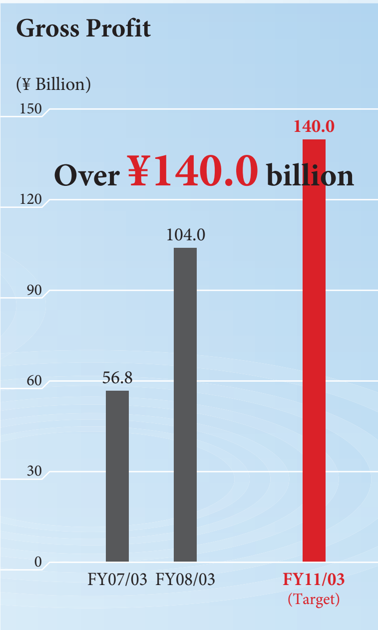
Q ***Please explain the business strategies emphasized in the plan.***

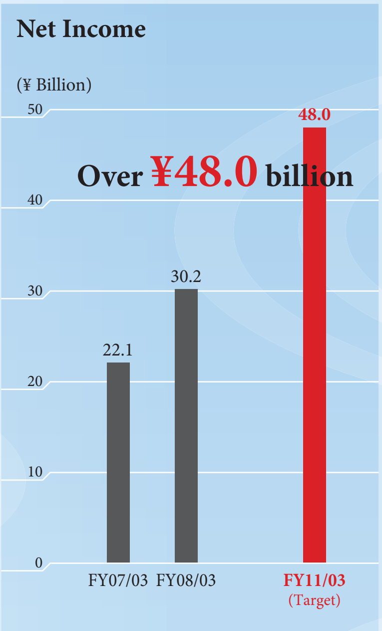
A The key part of the plan is the first element of the growth strategy. This involves expanding the range of services that the Mitsubishi UFJ Lease & Finance Group offers extending all along the value chain, while also developing unique services through the assumption of a more diverse portfolio of risks.

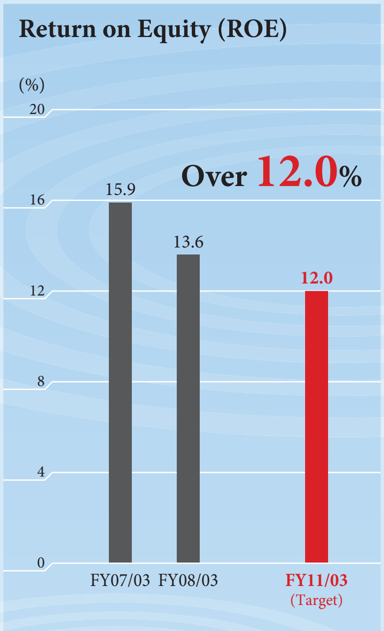
Take our real estate related business, for example. The upstream portion of the value chain includes businesses such as real estate development, planning, and property design. The downstream portion includes ownership, leasing, maintenance, and property management solutions, all of which are business sectors where we are expanding the Group's presence. In this way, we are developing the services offered by Mitsubishi UFJ Lease & Finance beyond traditional leasing and finance into numerous practical business areas that extend both up and down the value chain. Combining many of the elements of banks and trading companies, the Group's functional capabilities enable us to develop differentiated business models in these various areas. We plan to provide customers with unique services while adopting a greater pro-risk bias.

In other growth-related opportunities, we are planning to utilize the experience and expertise that we have accumulated to actively develop a greater range of equipment-based services. Strategically we plan to focus mainly on the operating lease sector. In specific terms, taking advantage of the huge database of information that we possess on various assets, we aim to build up our range of financial services that are linked to the characteristics of assets such as automobiles, personal computers, machine tools, semiconductor production equipment and other industrial machinery. Operating leases are a type of offering that can be differentiated from other financial services by lease companies that possess the requisite know-how. With the changes in the accounting standards governing leases, we believe that we now have a window of opportunity to provide innovative products in this area to set our services apart from those of banks and other financial institutions. We are the

Key corporate targets







Notes: Figures for FY07/03 were based on the former Diamond Lease Campany (DL).

clear leader within the operating lease sector in Japan. As such, we aim to forge the main path that customers and the market will want to follow.

As I outlined earlier, with general business conditions undergoing substantial and rapid change, the main thrust of this medium-term management plan is to target aggressive growth by actively expanding into new business, product and service domains.

Q ***What other strategies does the plan contain?***

A Acceleration of the international expansion of Group businesses is another major strategic pillar of our new medium-term management plan. We have increasingly sought to promote the global development of Mitsubishi UFJ Lease & Finance as our corporate clients have forged ahead in terms of overseas expansion in recent years.

In practical terms we have focused on Asia, which is a market of high potential for many Japanese companies. We continue to develop operating bases in the region to support our customers' overseas operations. In January 2008, we were the first firm in the industry to set up a local representative office in Vietnam, in Ho Chi Minh City. In May 2008, we converted our existing local representative office in Shanghai, China into a full subsidiary. We have now developed a wide-ranging network that spans the region, including bases in Shanghai, Hong Kong, Thailand, Indonesia, Singapore and Vietnam. This puts us in the lead in Asia within the Japanese leasing industry.

In Western markets and emerging markets outside Asia we are pursuing an expansion strategy involving alliances with external partners as well as M&A. We plan to develop our business in these markets by steadily acquiring the necessary expertise.

Q ***What are the performance targets you have set for the Group for three years from now?***

A For fiscal 2010, the final year of the plan ending in March 2011, we have set minimum consolidated performance targets of ¥140.0 billion in gross profit, ¥48.0 billion in net income and return on equity (ROE) of 12%.

These performance targets are ambitious, but, as I explained earlier, ***Vision 2010*** also contains a detailed program of measures to support growth strategy and strengthening of the management base. If we implement these various measures steadily, we are confident that we can achieve all of these financial goals. We aim to move quickly, harnessing the entire Group's human resources to achieve these performance objectives.

Q ***What are your thoughts on building shareholder value?***

A At Mitsubishi UFJ Lease & Finance, we believe that we have a clear corporate responsibility to our various stakeholders to provide customers with the best solutions through our capabilities in enterprise finance.

Our basic position on shareholder value stipulates the importance of sustained growth in key financial indicators, particularly net income per share and equity per share.

The medium-term management plan sets a goal of huge growth in earnings over three years. However, we are viewing ROE as the most important gauge of performance because it reflects real business returns that factor in the cost of capital. Another key financial aim is to maintain and improve our high credit ratings by strengthening the Group's financial position, which in turn will help us expand our earnings base by reinforcing our ability to procure low-cost funding. We will work to achieve sustained growth in shareholder value by focusing on these various initiatives.

Feature

Vision 2010

MEDIUM-TERM MANAGEMENT PLAN

*Mitsubishi UFJ Lease & Finance is developing its business based on a medium-term management plan called **Vision 2010** covering the three-year period to March 2011. This plan envisages taking advantage of the opportunities created by changing business conditions to become the dominant force in the commercial finance sector within Japan through a combination of the themes "Speed Up," "Break through," "Change," and "Integrate."*

***Vision 2010** outlines a management strategy aimed at meeting performance targets and achieving dramatic growth.*

Mitsubishi UFJ Lease & Finance Company Limited

MANAGEMENT PHILOSOPHY

We will prove worthy of the trust of customers, shareholders, and employees as we contribute to realize a more prosperous society.

1. We will work to achieve sustained improvement in corporate value by offering the best solutions to customers.
2. We aim to play a part in the development of regions and society by pursuing environmentally considerate corporate activities in compliance with laws and regulations.
3. We will create a workplace environment that motivates each and every employee and in which they can take pride.

MANAGEMENT VISION

Aim for surpassing leadership in the integration of finance and commerce.

Our advantage lies in becoming a coordinator of products, services, information and funds to offer our customers true value and benefit all stakeholders through sophisticated commercial finance functions.

External Environment

- Economic trends
- Changes in business environment (increased credit costs, flattened yield curve)
- Globalization
- Rationalization, Outsourcing
- Increasingly sophisticated corporate governance (J-Sox, Group quality)
- Environmental awareness
- Risk of lowered demand due to changes to lease accounting standards

Internal Environment

- Balanced customer base
- Highly capable staff
- Increased trust after the merger
- Improved risk-taking ability

Basic strategic approach

- Speed up
- Break through
- Change
- Integrate

Medium-term Management Plan *Vision 2010*

Change represents opportunity, opportunity is now.

Management Strategy

Growth Strategy

1. Offering unique services for an expanding value chain
2. Accelerating global business expansion
3. Reinforcing contact with customers
4. Promoting external growth strategy

Strengthening the Management Base

1. Enhancing the management infrastructure
2. Strengthening sales methods
3. Improving efficiency
4. Strengthening IT strategy
5. Introducing a new corporate culture
6. Reforming human resources management
7. Fulfilling corporate social responsibility

Management Targets

Gross profit: over ¥140 billion
Net income: over ¥48 billion
Return on equity (ROE): over 12%

Implement the established management strategy and achieve targets for sustained growth → **Business area expansion and high value added sales**

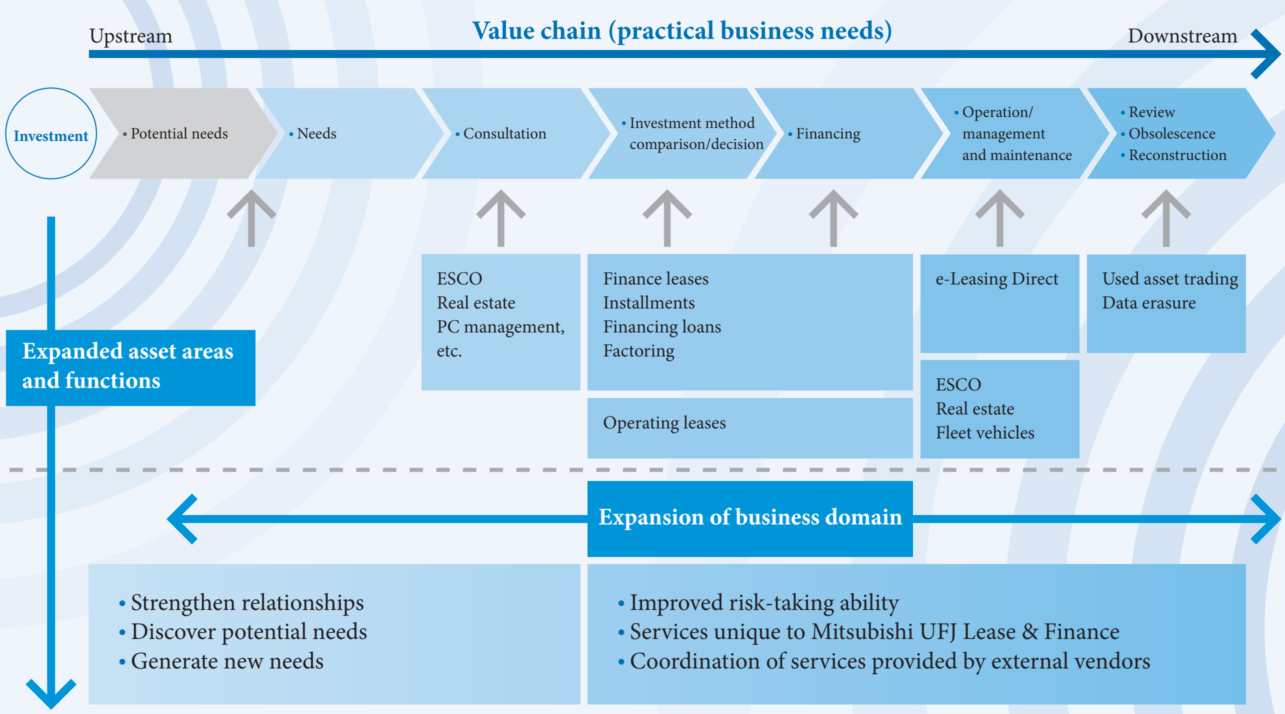
GROWTH STRATEGY (I):

OFFERING UNIQUE SERVICES FOR AN EXPANDING VALUE CHAIN

Historically, Mitsubishi UFJ Lease & Finance has offered customers an array of financial services, with a focus on lease financing. Going forward, we plan to expand the range of services that we offer by developing our presence along the value chain to cater to the many financial needs of businesses.

Specifically, we aim to utilize the expertise and vast database that we have acquired through leasing operations to develop functional capabilities along all parts of the value chain, thus expanding our business beyond the concepts of leasing and finance. We plan to target both upstream and downstream commercial needs, expanding our services by building a uniquely diversified portfolio of risks.

Going forward, we plan to offer customers differentiated services that bridge the worlds of finance and commerce to meet their increasingly sophisticated and diverse needs. In doing so we aim to expand our business domain within the financial services sector, including the development of a greater range of equipment-based services.



Strategic business areas

The plan identifies the following five core areas for strategic business development.

1) Operating leases

Making the best use of our wide-ranging expertise and vast database of information, we will offer services that provide optimal management of residual value-related risk while actively expanding our base of leased equipment. The plan also calls for aggressive internal investment to strengthen our organizational set-up with the aim of growing the value of net leased assets threefold within three years.

To facilitate this plan we have established the Operating Lease Business Department and the Asset Management Office, which will provide rigorous analysis for residual value calculations. Both commenced operations at the start of April 2008.

2) Trading and valuation of used equipment

We will fortify our trading operations for used equipment such as machine tools, medical equipment, PCs and semiconductor production equipment. Mitsubishi UFJ Lease & Finance Group companies are involved in all of these businesses. We also aim to expand business opportunities in this field by improving valuation techniques and related capabilities.

3) Real estate related business

We will actively develop a comprehensive range of services covering all aspects of real estate related business, from development to ownership, leasing and property management solutions. To highlight our specializations in the real estate field we have reinforced our organizational set-up with the creation of two new groups. The Real Estate Finance Department handles real estate-related finance, while the Real Estate Project Department focuses on building leases, Private Finance Initiative (PFI) projects and other areas of new business development.

4) Energy efficiency and environment related business

ESCO (energy service company) operations are one of the strengths of the Mitsubishi UFJ Lease & Finance Group. We will build up this business while expanding our upstream engagement within the field to offer a greater range of services catering to energy-efficiency and other environmental needs of businesses.

5) Medical and nursing care related services

In addition to financial services, we aim to offer general business support services to corporate clients operating in the medical and nursing care fields by marshaling the overall expertise of the Mitsubishi UFJ Lease & Finance Group.

GROWTH STRATEGY (II):

ACCELERATING GLOBAL BUSINESS EXPANSION, STRENGTHENING CONTACT WITH CUSTOMERS AND PROMOTING EXTERNAL GROWTH STRATEGY

Accelerating global business expansion

The Mitsubishi UFJ Lease & Finance Group as a whole, including our overseas subsidiaries, provides a range of products and services to customers engaged in international business expansion. At the same time, we are also accelerating development of operations outside Japan in fields such as energy efficiency and other environment-related services.

Three-pronged approach to international business development:

1) Asian markets

In Asia, a high-potential region for many Japanese companies, we are building up our operating network to serve key markets such as China, Thailand, Indonesia, Singapore and Vietnam. We have established a local representative office in Vietnam and made our local representative office in Shanghai a full subsidiary. Through these operations we plan to support our customers' growth as they expand overseas.

Recent operating base developments

- January 2008: Local representative office established in Ho Chi Minh City, Vietnam
- May 2008: Local representative office in Shanghai, China, converted to full subsidiary

2) Europe and United States

Our business development strategy in Europe and the United States is based on using alliances and M&A in specialized fields. We aim to achieve steady growth by pursuing synergy benefits generated through the acquisition of related expertise.

3) Emerging markets

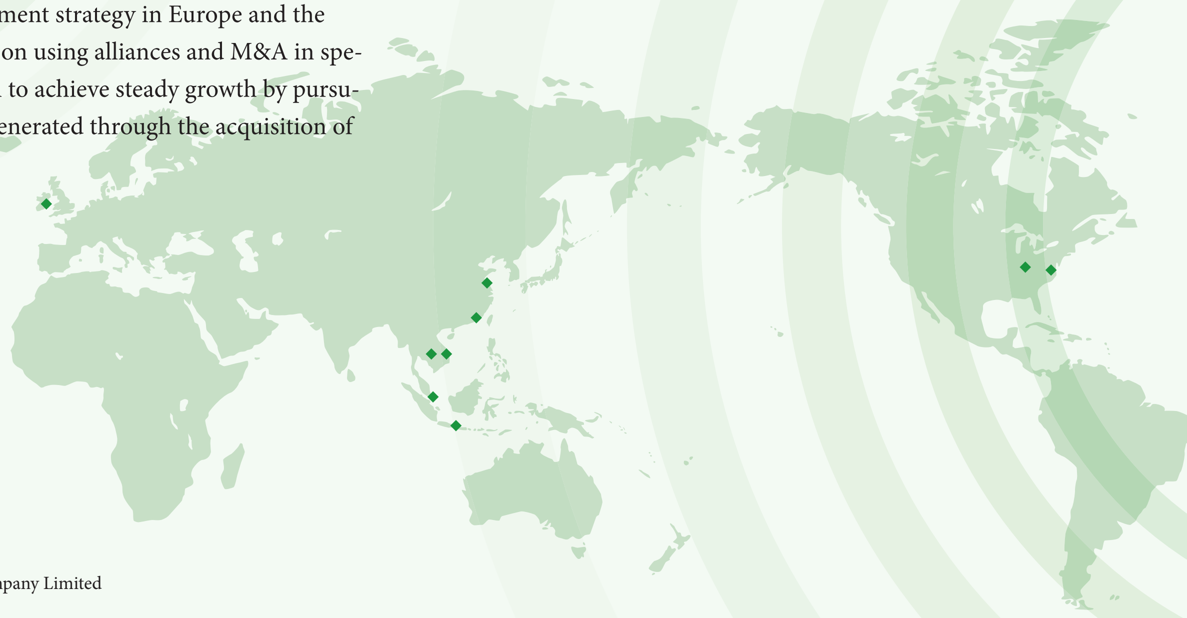
We are always looking to expand into markets with high growth potential through alliances with external partners. Recently we entered into the general leasing business in Saudi Arabia in a joint venture with Mitsubishi Corporation.

Strengthening contact with customers

We plan to strengthen the support functions and related systems for field operations so that we can better cater to the increasingly diverse needs of customers. We plan to form specialist sales and support teams to promote stronger, more effective contacts across each customer segment while also reviewing the performance evaluation of medium- and long-term actions and processes in order to reinforce ongoing expansion into new service functions and business domains.

Promoting external growth strategy

We will continue to focus actively on business alliances and M&A initiatives to complement the development of Group operations at the functional and regional levels in order to reinforce existing businesses and promote growth into new fields.



STRENGTHENING THE MANAGEMENT BASE

Mitsubishi UFJ Lease & Finance aims to underpin and accelerate these strategies for growth through the effective and efficient allocation of management resources to bolster the foundations of human resources and capital and funding procurement capabilities.

1. Enhancing the management infrastructure

1) Establish and reinforce advanced risk management practices by introducing more efficient screening systems and processes across each segment
2) Implement advanced, dynamic portfolio management that focuses on asset profitability
3) Uncover further Group synergies through stronger consolidated management

2. Strengthening sales methods

1) Boost productivity by reforming sales processes and developing business consulting tools and related infrastructure
2) Promote efficiency by building sales systems optimized to customer segments

3. Improving efficiency

1) Quickly realize synergy benefits from integration of core business systems
2) Promote efficiency while upgrading and expanding back-office functions

4. Strengthening IT strategy

1) Upgrade IT systems capabilities to support new businesses
2) Improve productivity across-Group by using common platforms
3) Upgrade and expand management-related information

5. Introducing a new corporate culture

1) Establish business incubation system and develop pilot businesses to tap in-house and external creativity
2) Promote faster information dissemination and decision-making processes

6. Reforming human resources management

1) Cultivate and develop managers and specialist human resources to support growth strategies
2) Encourage increased career diversity, especially for female employees
3) Promote use of performance-based remuneration systems

7. Fulfilling corporate social responsibility

1) Maintain high levels of transparency in corporate structures and systems
2) Cultivate social trust by promoting environmental management, strict regulatory compliance and reinforcement of internal control systems

REVIEW OF OPERATIONS

The consolidated volume of new assets acquired during the fiscal year ended March 31, 2008 increased 57.8% year on year to ¥1,948.3 billion, an increase of 10.4% compared with the combined figures for the former Diamond Lease Company Limited (DL) and the former UFJ Central Leasing Co., Ltd. (UFJCL) the previous fiscal year.

By segment, the leasing business posted ¥592.8 billion, up 98.2% year on year (down 14.0% compared with the combined two-company figures), installment sales ¥166.6 billion, up 23.7% year on year (down 22.4% compared with the combined figures), and the loans business and other business combined posted ¥1,188.8 billion, up 48.5% year on year (up 38.0% compared with the combined figures). The loans business and other business recorded significant growth, particularly in products such as factoring and real estate-related finance, as a result of the company's expanded customer base following the strategic merger and the offering of a diversified range of products and services.

(1) Leasing Business

The total volume of new contracts for information equipment was ¥205.2 billion, accounting for the largest share in the leasing business, followed by industrial machinery at ¥145.5 billion and commercial & service equipment at ¥70.8 billion. Medical equipment showed a high rate of growth with ¥43.9 billion of new contracts.

Operating Leases

Operating leases focus on the value of a property, setting the residual value for the end of the lease period. Operations are expanding, primarily in the area of industrial machinery including semiconductor manufacturing equipment, and the entire Group is aiming to actively expand into a broad range of properties such as transportation equipment and PC rentals. The consolidated volume of operating assets was ¥119.6 billion, up by 52.4%.

SYMPHONY (Real Estate Leases)

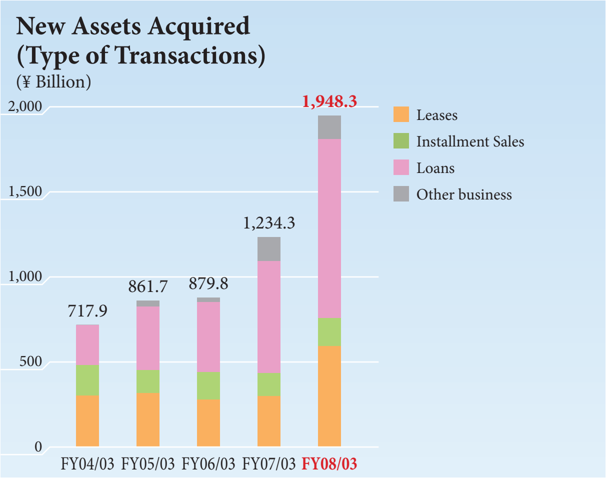
SYMPHONY operations lease facilities developed on land under commercial leaseholds. The types of leased facilities vary, ranging from shopping centers to logistics centers. This business is expected to continue to grow steadily. The balance at the end of the fiscal year under review was ¥155.4 billion (principal amount basis).

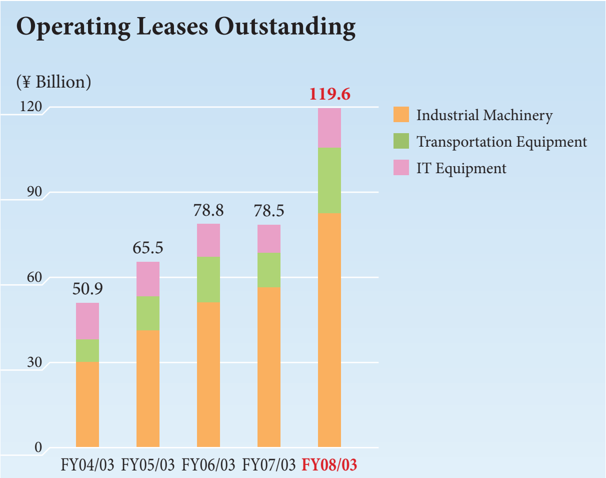
ESCO (Energy Service Company) Business

Our ESCO business is an energy-saving business that offers a package of technology, installation, and finance services pertaining to the implementation of energy-saving measures for an entire building, factory, or other facility. These services contribute to reducing costs and alleviating environmental burden. To date, a total of 175 ESCO projects have been handled, making us a leading practitioner in the area. The balance at the end of the fiscal year under review was ¥35.2 billion.

e-Leasing Direct

e-Leasing Direct is a proprietary service that enables customers to perform the entire range of lease transaction procedures via the Internet throughout the life of the lease, gaining the appreciation of customers managing multiple properties. A new service offering full support for the new lease accounting standards has been launched. The balance of receivables at the end of the fiscal year under review was ¥134.1 billion.





(2) Installment Sales Business

By item, industrial machinery accounted for ¥34.9 billion, commercial & service equipment ¥27.1 billion, and construction machinery ¥24.9 billion of the total volume of new contracts in the installment sales business.

(3) Loans Business

Factoring and real estate-related finance were major driving forces in the loans business, posting ¥379.9 billion and ¥417.2 billion, respectively, in the volume of new contracts.

Factoring

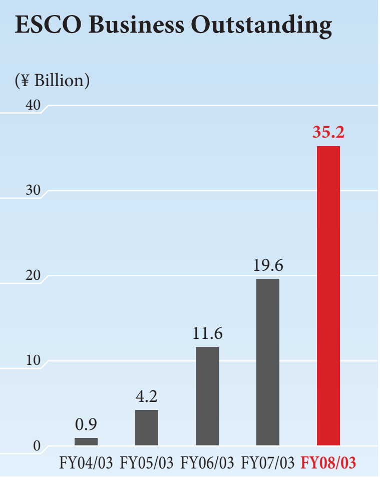
Sales receivables and receivables for medical care fees are the primary targets of factoring operations. By using a dedicated system capable of handling even high-volume low-value claims, Mitsubishi UFJ Lease & Finance enjoys significant competitive advantages. The average balance during the fiscal year under review was ¥85.4 billion.

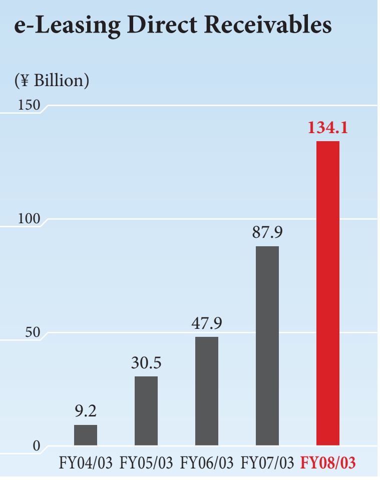
Real Estate-related Finance

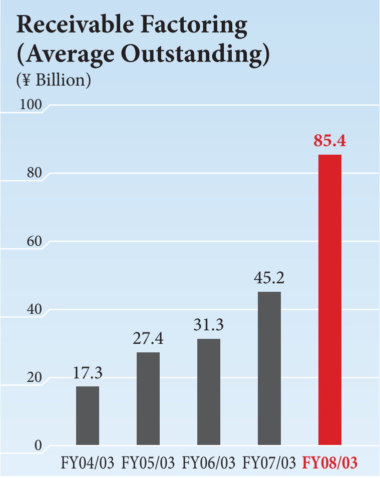
Operated under rigorous risk-management, this business offers a variety of services including non-recourse loans, which evaluate the profitability of the target property, and mezzanine loans. The balance at the end of the fiscal year under review was ¥678.8 billion.

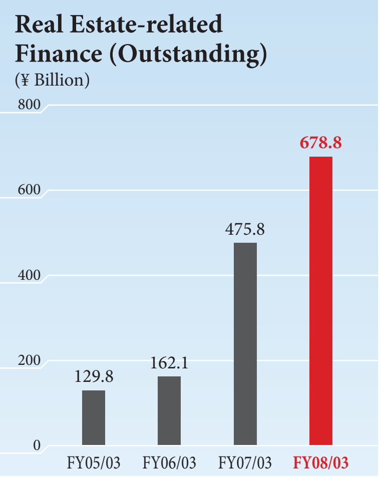
PFI (Private Finance Initiative) Business

In addition to simple finance services, Mitsubishi UFJ Lease & Finance is also actively involved in PFI (Private Finance Initiative) projects, both making arrangements as a representative company and acting as an investor. The company has served as the representative company in 11 of the 28 projects mandated, and Mitsubishi UFJ Lease & Finance has achieved a track record as a leading practitioner in the PFI business.









In April 2008, a consortium led by Mitsubishi UFJ Lease & Finance was selected for the Choshi City High School PFI project

CORPORATE SOCIAL RESPONSIBILITY

Approach to Corporate Social Responsibility (CSR)

In line with the ***Vision 2010*** medium-term management plan, Mitsubishi UFJ Lease & Finance is making earnest efforts to fulfill its corporate social responsibility as one of the Company's basic guidelines. Along with contributing to the development of society as an industry-leading comprehensive finance company, we also implement CSR management that takes into account all our stakeholders. We are committed to working to fulfill our social responsibility as a company that earns the trust of society.

For the benefit of society

Sponsored Lectures at Nagoya University

With the aim of deepening fundamental understanding of and increasing interest in environmental issues among a broad audience, starting in fiscal 2006 we launched a lecture series in cooperation with the Nagoya University Graduate School of Environmental Studies. During fiscal 2007, a total of 405 people attended the lectures.

A key feature of these lectures is that they are open to the general public as well as to the undergraduate and graduate students of Nagoya University and cross-enrolled students from other universities. During fiscal 2007, 74 members of the public attended the lectures.

The curriculum for the first semester focused on ESD (education for sustainable development) as part of the United Nations Decade of Education for Sustainable Development, while the latter half of the year addressed the theme "The Two Warmings: Global Warming and Heat Islands." In both semesters, participants learned about the current status of environmental issues not only in classroom lectures, but also firsthand through field study.

A lecture in the sponsored series at Nagoya University

For a family-friendly work environment

Childbirth and Childcare Support System

Mitsubishi UFJ Lease & Finance strives to enhance its maternity and childcare support systems in order to lighten the burden on employees raising children and enable them to engage in their work without having to worry about childcare. In addition, under certain conditions, if an employee's spouse is transferred, there is a system in place that permits reassignment to a nearby area.

We also work to create a corporate culture where employees can take full advantage of such systems by supporting a range of working styles that respond flexibly to family needs. In this way we broaden our employees' opportunities to succeed in the workplace.

Key Support Systems

- Special pre-maternity leave: From 6 months prior to expected delivery date
- Childcare leave: Until children reach the age of 2
- Paternity leave: Up to two days for male employees whose wives give birth
- Shortened working hours: Up to two hours per day for female employees during pregnancy and male and female employees with pre-elementary school children
- Nursing leave: Up to 10 days per year

For the environment

ISO 14001

Mitsubishi UFJ Lease & Finance played a pioneering role in the leasing industry with the creation of our EMS (environmental management system) in 2000, and we obtained ISO 14001 certification in 2001. A renewal audit that took place in July 2007 following the merger and relocation of the head office in April 2007 confirmed the appropriateness of modifications to and deployment of our EMS.

Another renewal audit was conducted in December 2007 as part of the regular audit and the addition of MUL Eco-Business Co., Ltd. (Nagoya branch) to the list of ISO certified sites. The maintenance and renewal of certification were approved.

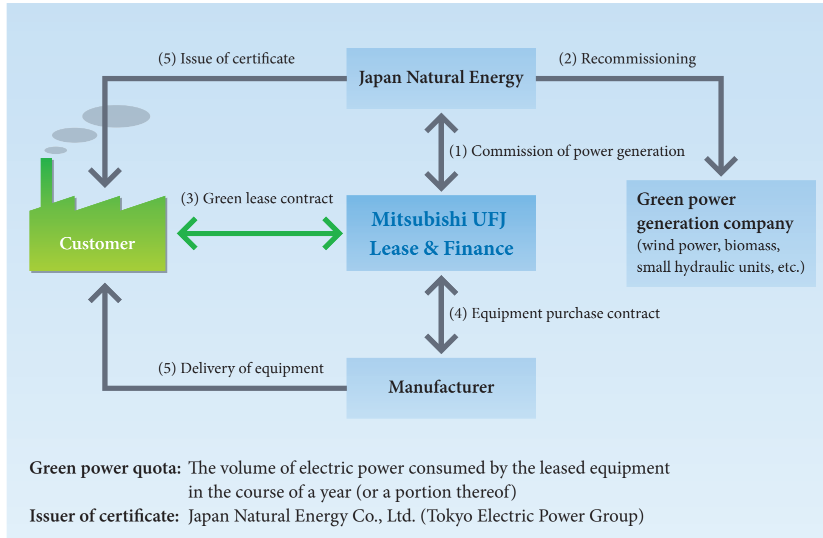
QUALITY ASSURANCE JIC REGISTERED ORGANIZATION

JAB EMS Accreditation RE002

Green leases

The use of green energy sources (energy sources that emit no CO_2, such as wind, hydraulic, and biomass power generation) is drawing attention around the world as a measure to reduce global warming. Green leases are an environmental conservation effort that encourages customers to lease equipment that uses this environmentally friendly green power.

Green lease customers receive Certificates of Green Power. These can be publicized as environmental conservation activities in corporate brochures and environmental reports, and used for ISO 14001 Series certification and renewal.



MUL Eco-Business

Mitsubishi UFJ Lease & Finance promotes efforts to reduce waste through appropriate disposal of leased equipment at the end of the lease term. Reuse and recycling of computers and office automation equipment is promoted through MUL Eco-Business, a Group company. In fiscal 2007, the company collected approximately 230,000 pieces of equipment, of which roughly 170,000 were resold as used items (reuse rate: approx. 74%). Including equipment not able to be sold as products, which are disassembled and resold for parts or materials, the reuse rate is close to 100%. Even the final disposal of any remaining waste is commissioned to contractors specializing in emissions-free processing for ultimate recycling.

Disposal of computer waste poses issues in terms of data leakage, and MUL Eco-Business has therefore long implemented thorough information security policies. Data on the hard disk drives of computers is erased the same day they are received using highly reliable deleting software. Hard drives with data that are difficult to erase with software are physically destroyed in order to prevent data retrieval. In addition, all stickers and other signs of previous use by customers or Mitsubishi UFJ Lease & Finance are removed completely, and inventory is managed with extreme accuracy using a barcode system. Employees also behave in an environmentally conscious manner during operations, working to limit vehicle idling time.

Waste issues are an inescapable problem in the physical asset leasing industry. Mitsubishi UFJ Lease & Finance works to address these issues by providing high-quality services committed not only to environmental conservation but also information security and compliance.

A data deletion program is loaded onto servers to erase a large number of computer hard drives at one time

Hard drives that cannot be deleted using software are physically destroyed by punching holes in them

CORPORATE GOVERNANCE

Mitsubishi UFJ Lease & Finance aims to continuously improve its corporate value through the execution of transparent and sound corporate management, and therefore considers enhancement of the corporate governance system a key management issue. The Company is constantly implementing and reviewing new initiatives, including further activating the Board of Directors, strengthening the functions of the Audit Committee and internal audit system, ensuring the timely disclosure of all necessary information, and bolstering investor relations. These actions ensure that the Company respects the rights and interests of all stakeholders and establishes satisfactory relations with them.

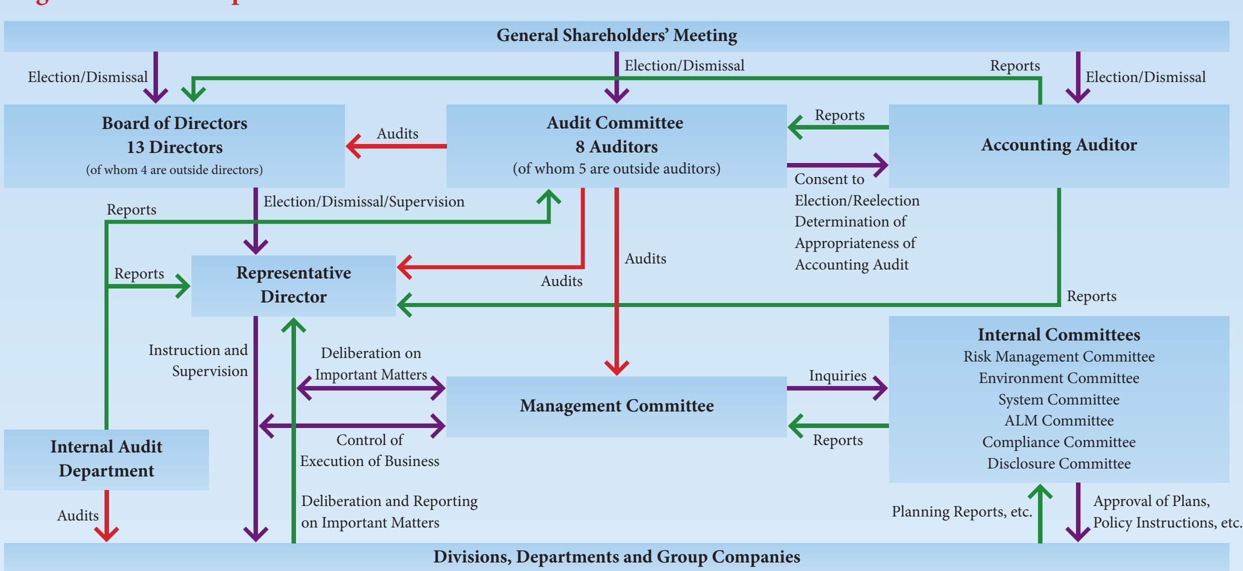
Internal Control Systems

The Company is working to establish and properly manage internal control systems in order to promote compliance with all necessary laws and regulations and to conduct transparent and fair corporate activities. Important matters regarding corporate management are decided by the Board of Directors. In order to increase management transparency, four members of the 13-member Board are elected from outside the Company. Further, the Management Committee deliberates on and decides matters related to management control of the business that the Board of Directors decides to execute. The Audit Committee comprises eight members, five of whom are from outside the Company. In collaboration with the Accounting Auditor and the Internal Audit Department, the Audit Committee conducts audits of execution of business from a multifaceted perspective. In order to separate management decision-making and supervisory functions from business execution functions and clarify their respective roles and responsibilities, the Company employs an Executive Officer system, and promotes increased efficiency and speed in business execution. Furthermore, as part of the effort to enhance the corporate governance system, the Company has built a systematic framework for ensuring that business is executed in an appropriate manner.

Legal and Regulatory Compliance System

As we strive to create and appropriately implement the compliance system, we have instituted various internal rules, including the “Code of Ethics” and “Guidelines for

Organization of Corporate Governance



Internal Committees

To ensure the appropriate operation of internal control systems, the following internal committees, which are independent of line management, have been established.

Risk Management Committee:
Receives up-to-date reports on various risks from departments and branches, and checks countermeasures, policies and so forth against them

Environment Committee:
Administers the environmental management system based on ISO 14001

System Committee:
Checks efficiency of information systems and implements appropriate measures

ALM (Asset Liability Management) Committee:
Manages market risks, such as interest rate risk, assesses current status and issues, and deliberates on countermeasures

Compliance Committee:
Regularly reviews and assesses compliance with laws, regulations and rules, and ensures improvements to and establishment of the compliance system

Disclosure Committee:
Deliberates on the adequacy of information disclosure and internal controls in relation to disclosure

Business Conduct," in order to promote a basic shared set of values and sense of ethics that employees throughout the Group companies will put into practice in business.

Information Disclosure System: In addition to establishing various internal rules to ensure timely and appropriate disclosure of information in accordance with accounting standards and other laws and regulations, we have set up a Disclosure Committee to monitor the appropriateness of information disclosure and related procedures.

Internal Audit System: The Internal Audit Department conducts scheduled internal audits in accordance with the "Annual Audit Schedule," provides opinions or guidance for items requiring improvement, and confirms the effect of audits in reports on improvement outcomes.

Compliance

Compliance System

At Mitsubishi UFJ Lease & Finance, compliance is regarded as one of the most important issues for management. We therefore place top priority on strict legal and regulatory compliance in order to gain the trust of shareholders and society. The Compliance Committee meets every three months to review and assess current compliance practices and to discuss improvement of the compliance system. Reports are made to the Management Committee. To reinforce the internal checking system, a compliance hotline has been set up to facilitate reporting and consulting on compliance concerns under the "Rules for Compliance Hotline." We are committed to further enhancing compliance practices. As a reference tool for ensuring compliance, we distribute to all employees and officers copies of the "Compliance Manual," a compilation of necessary information.

Systems Related to Risk Management

Fully recognizing the need for a process to control the various risks associated with our business operations, the Risk Management Committee meets every three months to regularly assess risk. The Committee receives reports from departments and branches on the current status of (i) overall risk management, (ii) quantified integrated risk management, (iii) credit risk including country risk, (iv) market risk, (v) liquidity risk of funds, (vi) asset risk, (vii) operational risk, and (viii) other risks that impact management, and discusses countermeasures, as well as other matters.

Group Management

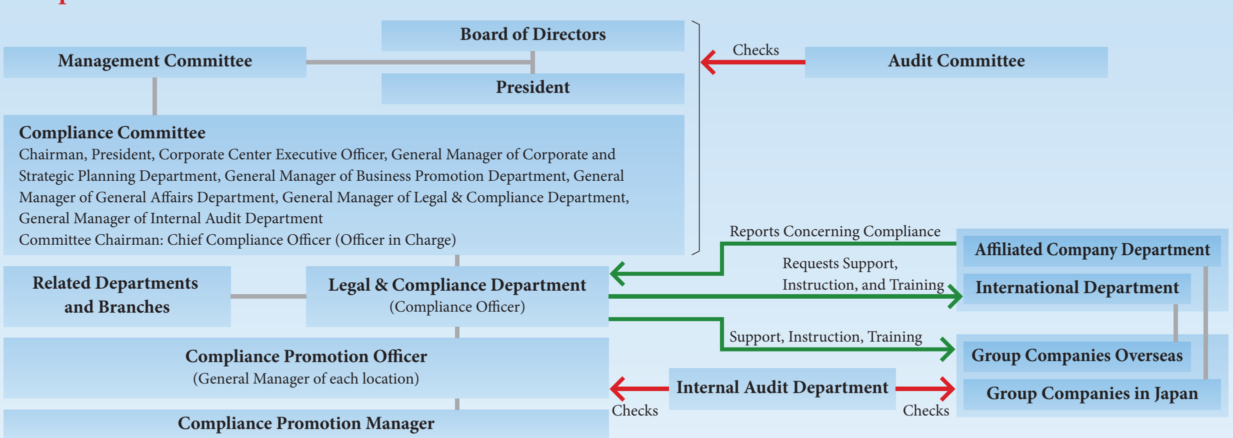
In cooperation with companies throughout the Group, Mitsubishi UFJ Lease & Finance has created a Group Management System with the aim of improving the corporate value of the entire Group and ensuring a basic shared set of values and sense of ethics. While preserving the autonomy of each company, this system manages Group companies appropriately by means of such tools as reporting, consultations, monitoring, and audits, enabling integrated Group business operations.

Code of Ethics

The Mitsubishi UFJ Lease & Finance Group has established a "Code of Ethics" to serve as basic guidelines for the Group's directors and employees.

(1) Establishing trust
(2) Taking a customer-first approach
(3) Strict compliance with laws and regulations
(4) Respect for human rights and the environment
(5) Confront anti-social forces

Compliance Structure



BOARD OF DIRECTORS, CORPORATE AUDITORS AND EXECUTIVE OFFICERS

(as of June 27, 2008)

Board of Directors

Chairman	Kazuyoshi Tanaka
President & CEO	Naotaka Obata*
Senior Managing Directors	Tetsuo Komori*
	Kazuo Momose*
Managing Directors	Yoshio Hirata*
	Kenichi Shimada*
	Masakazu Okabayashi*
	Takashi Miura*
	Yoshinobu Ushioda*
Directors	Tadashi Ishikawa Chairman of Toyota Industries Corporation
	Hideshi Takeuchi Executive Vice President of Mitsubishi Corporation
	Katsumi Yoneda Managing Executive Officer of Meiji Yasuda Life Insurance Company
	Takami Matsubayashi Senior Managing Director of Nagoya Railroad Co., Ltd.

Notes: 1. * indicate concurrent posts of Director and Executive Officer.
2. Messrs. Tadashi Ishikawa, Hideshi Takeuchi, Katsumi Yoneda and Takami Matsubayashi are outside directors defined in Article 2, Item 15 of the Corporation Act.

Corporate Auditors

Corporate Auditors	Yuji Tatano
	Kuniaki Takahashi
	Shigeyuki Murai
Corporate Auditors	Tatsunori Imagawa Corporate Auditor of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
	Syoji Tokumitsu President of Chukyo TV. Broadcasting Co., Ltd.
	Eisaku Maruyama Managing Executive Officer, The Dai-ichi Mutual Life Insurance Company
	Shinichiro Hayakawa Professor of University of Tokyo, Graduate School of Arts and Sciences
	Tetsuo Hachiro Chairman of M. U. Trust Apple Planning Company, Ltd.

Note: Messrs. Tatsunori Imagawa, Syoji Tokumitsu, Eisaku Maruyama, Shinichiro Hayakawa and Tetsuo Hachiro are outside auditors defined in Article 2, Item 16 of the Corporation Act.

Executive Officers

Senior Executive Officers	Kazuyuki Kataoka
	Makoto Tsuji
	Koji Saimura
	Hideki Urushibata
Executive Officers	Hiromichi Kawai
	Tokutaro Yasuda
	Takao Tomoto
	Hiroshi Kato
	Koichi Sakamoto
	Tetsuro Nishi
	Hiroshi Miyagawa
	Nobuyoshi Ishii
	Hiromasa Oda
	Kiyohiko Kohama
	Akio Wada

Note: Excluding Executive Officers concurrently serving as Directors (eight people)

FINANCIAL INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

On April 1, 2007, the former Diamond Lease Company Limited (DL) and the former UFJ Central Leasing Co., Ltd. (UFJCL) merged to form Mitsubishi UFJ Lease & Finance Company Limited. Financial analyses for the fiscal year ended March 31, 2007 are shown here for the operations of the former Diamond Lease Company Limited.

Business Results

In April 2007, the former DL and the former UFJCL merged to form the new Mitsubishi UFJ Lease & Finance Company Limited.

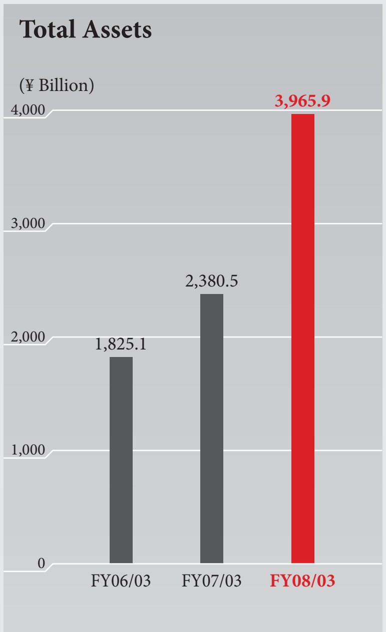
During the fiscal year ended March 31, 2008, Mitsubishi UFJ Lease & Finance Company Limited ("the Company") posted a consolidated volume of new contracts of ¥1,948.3 billion, an increase of 57.8% over the previous year. This was achieved thanks to the diverse offering of products and services we provide, in addition to the Company's newly rounded out customer base as a result of the merger.

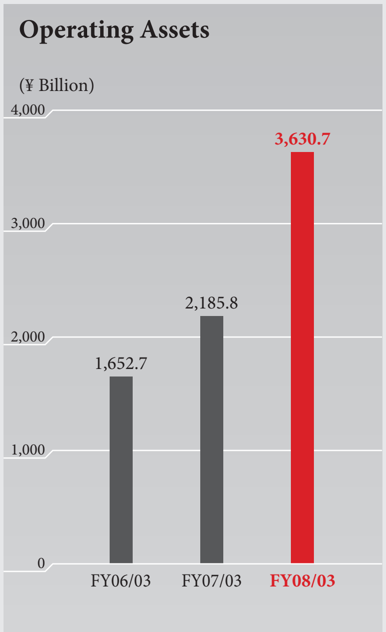
By segment, the leasing business recorded a 98.2% year-on-year increase in new contracts to ¥592.8 billion, installment sales increased by 23.7% to ¥166.6 billion, the loans business increased by 58.8% to ¥1,049.7 billion, and other business edged down 0.2% to ¥139.3 billion. Consolidated operating results for the fiscal year ended March 31, 2008 follow.

Total assets increased by ¥1,585.4 billion, or 66.6%, compared with the end of the previous fiscal year to ¥3,965.9 billion. In operating assets, net leased assets increased by ¥974.4 billion, or 118.8%, year on year to ¥1,794.9 billion. Meanwhile, installment sales receivables (net of deferred installment credit profit) increased ¥143.0 billion, or 49.6%, to ¥431.1 billion; loans increased by ¥244.1 billion, or 27.1%, to ¥1,145.9 billion; and other operating assets increased by ¥83.5 billion, or 47.6%, to ¥258.7 billion during the fiscal year.

Consolidated total revenues were ¥987.1 billion, up 90.8% compared with the previous year as a result of business expansion due to the merger. The breakdown of revenues is as follows: revenues from the leasing business were up 112.2% to ¥764.0 billion; revenues from installment sales were up 38.7% to ¥164.3 billion; revenues from loans were up 81.2% to ¥37.2 billion; and revenues from other business were up 16.9% to ¥21.6 billion.

In terms of earnings, financial expenses increased as a result of increased procurement volume and higher market interest rates associated with business expansion due to the merger. However, thanks to continued sales efforts that emphasized profitability, income before income taxes and minority interests jumped 46.7% to ¥53.8 billion, and net income rose 37.1% to ¥30.2 billion. At March 31, 2008, total equity stood at ¥312.4 billion, an increase of ¥158.1 billion, or 102.5%, and the equity ratio was 7.5%, up 1.3 points year on year.





Financial Position

At March 31, 2008, cash and cash equivalents (hereafter "cash") totaled ¥10.0 billion, an increase of ¥1.4 billion, or 15.6%, compared with a year ago.

Operating activities used net cash of ¥109.6 billion, compared with ¥256.7 billion in the previous year. Operating cash flows included cash outflows of ¥587.6 billion for purchases of leased assets and ¥198.0 billion associated with increases in installment sales receivables, loans, and trade financial securities, as well as ¥35.8 billion in interest payments. This compared with cash inflows of ¥53.8 billion from income before income taxes and minority interests and ¥637.9 billion from non-cash expenses relating to leased assets, specifically depreciation and amortization, and disposal and sale of assets.

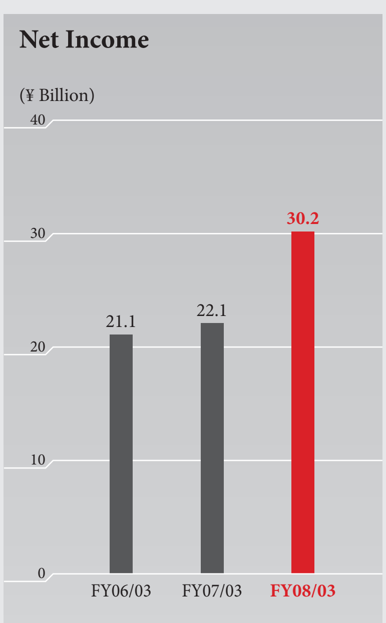
Investing activities used net cash of ¥13.1 billion, compared with ¥31.2 billion in the previous year. Although proceeds from sales/refund of investment securities yielded ¥7.3 billion in cash inflows, this was offset by purchases of property and equipment of ¥5.2 billion and purchases of investment securities of ¥17.6 billion.

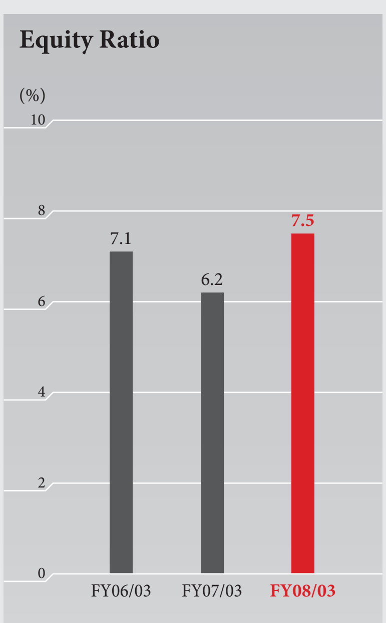
Financing activities provided net cash of ¥117.4 billion, compared with ¥290.9 billion in the previous year. This was largely as a result of cash inflows of ¥91.6 billion from direct financing and ¥28.7 billion from indirect financing. Furthermore, as a result of the merger with the former UFJCL, and the associated increase in consolidated subsidiaries, net cash increased ¥6.8 billion.

Dividend Information and Basic Policy on the Distribution of Profits

To aggressively address broad-based customer needs, the Company will focus on strengthening its equity, and by leveraging that, continually increase the stability of corporate management. At the same time, the Company will promote corporate management where the various interests of stakeholders, including shareholders and customers, are fully considered, and will consistently and stably distribute dividends in balance with its policy of strengthening equity. Going forward, the Company will effectively make use of internal reserves by applying them to the purchase of prime business assets and other uses.

The year-end dividend payment was set at ¥21 per share. The total annual dividend, including the interim dividend, applicable to the fiscal year was increased by ¥2 year on year to ¥42, meaning the Company has increased dividends for nine years in a row.





Mitsubishi UFJ Lease & Finance Company Limited (formerly Diamond Lease Company Limited)

CONSOLIDATED BALANCE SHEETS

Mitsubishi UFJ Lease & Finance Company Limited (formerly Diamond Lease Company Limited) and Consolidated Subsidiaries
March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Assets			
Current assets:			
Cash and cash equivalents	¥ 9,962	¥ 8,617	$ 99,620
Time deposits other than cash equivalents	21	10	210
Marketable securities (Note 4)	35,079	23,963	350,790
Receivables (Note 14):			
Lease	38,434	26,805	384,340
Installment sales (Note 8)	485,628	327,000	4,856,280
Loans (Note 8)	1,145,939	901,859	11,459,390
Allowance for doubtful receivables	(5,940)	(4,438)	(59,400)
Inventories (Note 5)	3,185	2,289	31,850
Deferred tax assets (Note 15)	8,248	3,154	82,480
Prepaid expenses and other	47,277	18,450	472,770
Total current assets	1,767,833	1,307,709	17,678,330
Leased assets — at cost (Note 8)	3,818,387	2,154,699	38,183,870
Accumulated depreciation	(2,023,450)	(1,334,158)	(20,234,500)
Net leased assets	1,794,937	820,541	17,949,370
Advances for purchases of leased assets	8,928	4,051	89,280
Total leased assets (Note 6)	1,803,865	824,592	18,038,650
Investments and other assets:			
Investment securities (Notes 4 and 8)	247,144	167,736	2,471,440
Investments in unconsolidated subsidiaries and associated companies	17,194	10,872	171,940
Investment in equity other than capital stock	16,270	12,569	162,700
Goodwill (Note 7)	52,734	13,028	527,340
Long-term receivables	6,383	4,475	63,830
Deferred tax assets (Note 15)	6,961	3,538	69,610
Other	39,101	28,353	391,010
Allowance for doubtful receivables	(2,015)	(1,044)	(20,150)
Total investments and other assets	383,772	239,527	3,837,720
Property and equipment — at cost	15,295	12,895	152,950
Accumulated depreciation	(4,874)	(4,255)	(48,740)
Net property and equipment	10,421	8,640	104,210
Total	¥ 3,965,891	¥ 2,380,468	$ 39,658,910

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Liabilities and Equity			
Current liabilities:			
Short-term borrowings (Notes 9 and 14)	¥1,708,679	¥1,168,420	$17,086,790
Current maturities of long-term debt (Notes 8, 9 and 14)	503,938	175,497	5,039,380
Payables — trade:			
Notes	23,600	11,149	236,000
Accounts	94,466	64,524	944,660
Accrued expenses	15,851	9,680	158,510
Income taxes payable	13,571	9,377	135,710
Deposits from customers	16,843	4,983	168,430
Deferred profit on installment sales	54,484	38,870	544,840
Other (Notes 14 and 15)	57,879	26,112	578,790
Total current liabilities	2,489,311	1,508,612	24,893,110
Long-term liabilities:			
Long-term debt, less current maturities (Notes 8, 9 and 14)	1,102,056	689,952	11,020,560
Liability for retirement benefits (Note 10)	2,419	893	24,190
Deferred tax liabilities (Note 15)	2,370	953	23,700
Other (Note 8)	57,383	25,790	573,830
Total long-term liabilities	1,164,228	717,588	11,642,280
Commitments and contingent liabilities (Notes 11, 16 and 17)			
Equity (Notes 12 and 19)**:**			
Common stock — authorized, 320,000,000 shares in 2008 and 180,000,000 shares in 2007; issued, 80,318,416 shares in 2008 and 56,980,000 shares in 2007	16,440	16,440	164,400
Capital surplus	150,034	17,051	1,500,340
Retained earnings	136,458	107,127	1,364,580
Net unrealized (loss) gain on available-for-sale securities	(1,992)	6,546	(19,920)
Deferred (loss) gain on derivatives under hedge accounting	(719)	444	(7,190)
Foreign currency translation adjustments	(1,617)	(1,052)	(16,170)
Treasury stock — at cost, 26,817 shares in 2008 and 26,790 shares in 2007	(74)	(74)	(740)
Sub-total	298,530	146,482	2,985,300
Minority interests	13,822	7,786	138,220
Total equity	312,352	154,268	3,123,520
Total	¥3,965,891	¥2,380,468	$39,658,910

CONSOLIDATED STATEMENTS OF INCOME

Mitsubishi UFJ Lease & Finance Company Limited (formerly Diamond Lease Company Limited) and Consolidated Subsidiaries
Years ended March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Revenues:			
Lease (Note 14)	¥763,990	¥359,973	$7,639,900
Installment sales (Note 14)	164,293	118,461	1,642,930
Loans (Note 14)	37,177	20,522	371,770
Other	21,596	18,474	215,960
Total revenues	987,056	517,430	9,870,560
Costs:			
Lease	684,595	322,205	6,845,950
Installment sales	152,173	111,249	1,521,730
Interest (Note 14)	34,608	14,325	346,080
Other	11,649	12,893	116,490
Total costs	883,025	460,672	8,830,250
Gross profit	104,031	56,758	1,040,310
Selling, general and administrative expenses (Note 13)	53,307	23,825	533,070
Operating income	50,724	32,933	507,240
Other income (expenses):			
Dividend income	790	546	7,900
Interest expense — Net of interest income of ¥168 million ($1,680 thousand) in 2008 and ¥133 million in 2007 (Note 14)	(1,899)	(608)	(18,990)
Other — Net	4,204	3,824	42,040
Income before income taxes and minority interests	53,819	36,695	538,190
Income taxes (Note 15):			
Current	26,287	13,338	262,870
Deferred	(3,824)	926	(38,240)
Total	22,463	14,264	224,630
Minority interests in net income	1,110	367	11,100
Net income	¥ 30,246	¥ 22,064	$ 302,460

	Yen		U.S. Dollars
	2008	2007	2008
Amounts per share of common stock (Note 2. q):			
Basic net income	¥376.70	¥387.41	$3.77
Cash dividends applicable to the year	42.00	40.00	0.42

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Mitsubishi UFJ Lease & Finance Company Limited (formerly Diamond Lease Company Limited) and Consolidated Subsidiaries
Years ended March 31, 2008 and 2007

	Thousands of Shares		Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008	2007	2008
Common stock					
Beginning balance	56,980	56,980	¥ 16,440	¥ 16,440	$ 164,400
Increase by merger (Note 3)	23,338				
Ending balance	80,318	56,980	¥ 16,440	¥ 16,440	$ 164,400
Capital surplus					
Beginning balance			¥ 17,051	¥ 17,051	$ 170,510
Increase by merger (Note 3)			132,983		1,329,830
Ending balance			¥150,034	¥ 17,051	$1,500,340
Retained earnings					
Beginning balance			¥107,127	¥ 89,220	$1,071,270
Adjustment of retained earnings for newly consolidated subsidiaries			4	87	40
Net income			30,246	22,064	302,460
Cash dividends paid			(2,825)	(2,278)	(28,250)
Bonuses to directors				(60)	
Adjustment of retained earnings of previous period			1,906		19,060
Decrease as a result of change from consolidated subsidiary to equity method application affiliate				(1,906)	
Ending balance			¥136,458	¥107,127	$1,364,580
Net unrealized gain on available-for-sale securities					
Beginning balance			¥ 6,546	¥ 8,833	$ 65,460
Net change in the year			(8,538)	(2,287)	(85,380)
Ending balance			¥ (1,992)	¥ 6,546	$ (19,920)
Deferred gain on derivatives under hedge accounting					
Beginning balance			¥ 444		$ 4,440
Net change in the year			¥ (1,163)	¥ 444	$ (11,630)
Ending balance			¥ (719)	¥ 444	$ (7,190)
Foreign currency translation adjustments					
Beginning balance			¥ (1,052)	¥ (1,292)	$ (10,520)
Net change in the year			(565)	240	(5,650)
Ending balance			¥ (1,617)	¥ (1,052)	$ (16,170)
Minority interests					
Beginning balance			¥ 7,786	¥ 2,861	$ 77,860
Net change in the year			6,036	4,925	60,360
Ending balance			¥ 13,822	¥ 7,786	$ 138,220
Treasury stock:					
Beginning balance	(27)	(25)	¥ (74)	¥ (65)	$ (740)
Treasury stock acquired, net		(2)		(9)	
Ending balance	(27)	(27)	¥ (74)	¥ (74)	$ (740)

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Mitsubishi UFJ Lease & Finance Company Limited (formerly Diamond Lease Company Limited) and Consolidated Subsidiaries
Years ended March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Operating activities:			
Income before income taxes and minority interests	¥ 53,819	¥ 36,695	$ 538,190
Adjustment for:			
Income taxes-paid	(28,358)	(9,940)	(283,580)
Depreciation and amortization	580,694	274,509	5,806,940
Reversal of allowance for doubtful receivables	(582)	(852)	(5,820)
Cost of disposal and sales on leased up assets	64,916	28,171	649,160
Loss on devaluation of investment securities	1,817	70	18,170
Provision for liability for retirement benefits	84	50	840
Changes in assets and liabilities:			
Increase in trade receivables	(137,114)	(173,801)	(1,371,140)
(Decrease) increase in trade payables	(27,213)	504	(272,130)
Increase (decrease) in interest payable	836	(389)	8,360
Purchases of leased assets	(587,639)	(297,851)	(5,876,390)
Other — net	(30,867)	(113,860)	(308,670)
Total adjustments	(163,426)	(293,389)	(1,634,260)
Net cash used in operating activities	(109,607)	(256,694)	(1,096,070)
Investing activities:			
Purchases of property and equipment	(5,176)	(1,734)	(51,760)
Purchases of investment securities	(17,568)	(9,827)	(175,680)
Proceeds from sales/redemption of investment securities	7,331	9,502	73,310
Considerations for purchase of newly consolidated subsidiaries, net of cash acquired		(29,177)	
Proceeds from sales of consolidated subsidiaries	936		9,360
Other — net	1,348	65	13,480
Net cash used in investing activities	(13,129)	(31,171)	(131,290)
Financing activities:			
Repayments of long-term debt	(575,369)	(305,200)	(5,753,690)
Proceeds from long-term debt	717,781	484,439	7,177,810
Net (decrease) increase in short-term borrowings	(22,096)	113,906	(220,960)
Cash dividends paid	(2,825)	(2,278)	(28,250)
Other — net	(66)	21	(660)
Net cash provided by financing activities	117,425	290,888	1,174,250
Foreign currency translation adjustments on cash and cash equivalents	(124)	(156)	(1,240)
Cash and cash equivalents increased by merger	2,869		28,690
Net (decrease) increase in cash and cash equivalents	(2,566)	2,867	(25,660)
Cash and cash equivalents of newly consolidated subsidiaries, beginning of year	3,911	306	39,110
Cash and cash equivalents of subsidiaries excluded from consolidation		(120)	
Cash and cash equivalents, beginning of year	8,617	5,564	86,170
Cash and cash equivalents, end of year	¥ 9,962	¥ 8,617	$ 99,620

See notes to consolidated financial statements.

Non-cash investing and financing activity
Increase in assets and liabilities due to the merger with UFJ Central Leasing Co., Ltd. (Note 3):

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
Current assets	¥ 324,654		$ 3,246,540
Fixed assets	1,128,028		11,280,280
Current liabilities	899,320		8,993,200
Fixed liabilities	415,183		4,151,830

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Mitsubishi UFJ Lease & Finance Company Limited (formerly Diamond Lease Company Limited) and Consolidated Subsidiaries
March 31, 2008 and 2007

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of Mitsubishi UFJ Lease & Finance Company Limited (formerly Diamond Lease Company Limited) (the "Company") and its consolidated subsidiaries (together, the "Companies") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law (formerly, the Japanese Securities and Exchange Law) and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2007 financial statements to conform to the classifications used in 2008.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥100=US$1.00, the approximate rate of exchange at March 31, 2008.

Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. Summary of Significant Accounting Policies

a. Consolidation — The consolidated financial statements as of March 31, 2008 include the accounts of the Company and its 83 (63 in 2007) significant subsidiaries.

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Companies have the ability to exercise significant influence are accounted for by the equity method.

Investments in 5 (4 in 2007) associated companies are accounted for by the equity method.

Investments in the remaining unconsolidated subsidiaries and associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The excess or less of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition is shown as "Goodwill" or "Negative goodwill" in "Investments and other assets" or "Long-term liabilities". Goodwill and Negative goodwill are amortized using the straight-line method over a period of 15 or 20 years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Companies is eliminated.

b. Business Combination — In October 2003, the Business Accounting Council (the "BAC") issued a Statement of Opinion, "Accounting for Business Combinations", and on December 27, 2005, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Statement No. 7, "Accounting Standard for Business Divestitures" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures". These new accounting pronouncements were effective for fiscal years beginning on or after April 1, 2006.

The accounting standard for business combinations allows companies to apply the pooling of interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests.

For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

On April 1 2007, the Company merged with UFJ Central Leasing Co., Ltd. Accounting procedures for the merger employed the purchase method, with the Company as the acquiring company (Note 3).

c. Cash Equivalents — Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits and commercial paper, all of which mature or become due within three months of the date of acquisition.

d. Lease Accounting — The Company and its consolidated domestic subsidiaries account for all leases as operating leases. Under Japanese accounting standards for leases, except for the case in which the ownership of the leased property is transferred to the lessee, finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the consolidated financial statements.

The leased assets are initially recorded at their acquisition costs and depreciated over the term of the lease on a straight-line basis.

e. Installment Sales — The Companies record revenues and profits from installment sales at the due date of each receipt.

The Companies follow the industry practice of including installment receivables due after one year in current assets. Receivables due after one year amounted to ¥347,369 million ($3,473,690 thousand) in 2008 and ¥237,677 million in 2007, respectively.

f. Marketable and Investment Securities — All securities are classified as available-for-sale securities. Marketable available-for-sale securities are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is determined based on the moving average method.

Non-marketable available-for-sale securities are stated at cost determined by the moving average method.

The Company reviews the fair value of its available-for-sale securities on a regular basis to determine if the fair value of any individual security has declined below its cost and if such decline is other than temporary. If the decline in value is judged to be other than temporary, the security is written down to fair value. The resulting realized loss is included in the consolidated statements of income in the period in which the decline was deemed to be other than temporary.

Investments in limited partnership for investment, which are considered as securities by Article 2, Clause 2 of the Japanese Financial Instrument and Exchange Law, are reported by equity method which are based on the latest financial statements which the company could obtain on the reportable date ruled by the partnership contracts.

g. Inventories — Prior to April 1, 2007, inventories were stated at cost, determined by the average method. On July 5, 2006, the ASBJ issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories", which is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted. This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate. The consolidated domestic subsidiaries adopted the new accounting standard for measurement of inventories in the year ended March 31, 2008. The effect of adoption of this accounting standard was immaterial.

h. Property and Equipment — Property and equipment held for the Companies' own use are stated at cost. Depreciation is computed based on the estimated useful lives of the assets under the declining-balance method while the straight-line method is applied to buildings acquired after April 1, 1998 for assets held by the Company and consolidated domestic subsidiaries, and under the straight-line method for assets held by consolidated foreign subsidiaries.

The range of estimated useful lives of the assets is principally as follows:

Buildings: 2 to 50 years

Furniture and equipment: 2 to 20 years

i. Long-lived Assets — The Company and its consolidated domestic subsidiaries review their long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

j. Presentation of Equity — On December 9, 2005, the ASBJ published a new accounting standard for presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities are now presented as components of equity. Such items include stock acquisition rights, minority interests, and any deferred gain or loss on derivatives accounted for under hedge accounting. This standard was effective for fiscal years ending on or after May 1, 2006. The balances of such items as of March 31, 2006 were reclassified as separate components of equity as of April 1, 2006 in the consolidated statements of changes in equity.

k. Retirement and Pension Plans

Employees' Retirement Benefits — The Company has non-contributory funded pension plans for employees. Additionally, certain consolidated domestic subsidiaries have unfunded retirement benefit plans.

The liability for retirement benefits of the Company is computed based on projected benefit obligations and plan assets at the balance sheet date, while the liability for retirement benefits of the subsidiaries is provided at 100% of the amount which would be required if all employees had retired at the balance sheet date.

Retirement Allowances for Directors and Corporate Auditors — Retirement allowances for directors and corporate auditors are recorded to state the liability at the amount that would be required if all directors and corporate auditors retired at the balance sheet date.

l. Bonuses to Directors and Corporate Auditors — Bonuses to directors and corporate auditors are accrued at the year end to which such bonuses are attributable.

m. Income Taxes — The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

n. Appropriations of Retained Earnings — Appropriations of retained earnings at each year end are reflected in the financial statements for the following year upon resolutions of Board of Directors.

o. Translation of Foreign Currency Accounts

Foreign Currency Transactions — All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date or, for hedged transactions, the applicable exchange rates. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income to the extent that they are not hedged by forward exchange contracts.

Foreign Currency Financial Statements — The balance sheet accounts and revenue and expense accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" in a separate component of equity.

p. Derivative and Hedging Activities — The Companies utilize derivative financial instruments, including foreign exchange forward contracts, currency option contracts and currency swap contracts, to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies. The Companies also enter into interest rate swap contracts and cap contracts to manage their interest rate risk exposures on certain assets and liabilities. The Companies do not enter into derivatives for trading or speculative purposes.

Derivative financial instruments are classified and accounted for as follows:
a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statements of income and b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The foreign exchange forward contracts, currency option contracts and currency swap contracts are utilized to hedge foreign exchange risk. Certain assets and liabilities denominated in foreign currencies are translated at the contracted rates if the contracts qualify for hedge accounting.

The interest rate swaps and caps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value. The differential paid or received under the swap agreements is recognized and included in interest expense or income. The other interest rate swaps and caps which qualify for hedge accounting are measured at market value at the balance sheet date and the unrealized gains or losses are deferred until maturity as other liabilities or assets.

q. Per Share Information — Basic net income per share is computed by dividing net income available to common shareholders, by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share is not disclosed because it is anti-dilutive.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

r. New Accounting Pronouncements

Lease Accounting — On March 30, 2007, the ASBJ issued ASBJ Statement No. 13, “Accounting Standard for Lease Transactions”, which revised the existing accounting standard for lease transactions issued on June 17, 1993.

The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Lessee

Under the existing accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, however, other finance leases are permitted to be accounted for as operating lease transactions if certain “as if capitalized” information is disclosed in the note to the lessee’s financial statements.

The revised accounting standard requires that all finance lease transactions shall be capitalized recognizing lease assets and lease obligations in the balance sheet.

Lessor

Under the existing accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, however, other finance leases are permitted to be accounted for as operating lease transactions if certain “as if capitalized” information is disclosed in the note to the lessor’s financial statements.

The revised accounting standard requires that all finance leases that deem to transfer ownership of the leased property to the lessee shall be recognized as lease receivables, and all finance leases that deem not to transfer ownership of the leased property to the lessee shall be recognized as investments in lease.

Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements — Under Japanese GAAP, a company currently can use the financial statements of its foreign subsidiaries which have been prepared in accordance with generally accepted accounting principles in their respective jurisdictions for its consolidation process unless they are clearly unreasonable. On May 17, 2006, the ASBJ issued ASBJ Practical Issues Task Force (PITF) No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements". The new standard prescribes: 1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, 2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States tentatively may be used for the consolidation process, 3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material:

(1) Amortization of goodwill
(2) Actuarial gains and losses of defined benefit plans recognized outside profit or loss
(3) Capitalization of intangible assets arising from development phases
(4) Fair value measurement of investment properties, and the revaluation model for property, plant and equipment, and intangible assets
(5) Retrospective application when accounting policies are changed
(6) Accounting for net income attributable to a minority interest

The new task force is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

Asset Retirement Obligations — On March 31, 2008, the ASBJ published a new accounting standard for asset retirement obligations. Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

3. Business Combination

On April 1, 2007, the Company merged with UFJ Central Leasing Co., Ltd. , and changed its name to Mitsubishi UFJ Lease & Finance Company Limited.

The following summarizes the descriptions of the merger.

(1) The Company was the surviving company.

(2) The Company issued 23,338,416 shares of common stock and allotted them to shareholders of UFJ Central Leasing Co., Ltd. at the rate of 1 share of the Company in exchange for 1 share of common stock of UFJ Central Leasing Co., Ltd. The amount of money delivered due to merger was not paid.

(3) Following the merger there was no increase of common stock but increase of capital surplus of ¥132,983 million ($1,329,830 thousand).

(4) Accounting procedures for the merger employed the purchase method, with the Company as the acquiring company.

(5) The total cost of acquisition was ¥133,347 million ($1,333,470 thousand).

(6) Goodwill in connection with the merger was ¥42,713 million ($427,130 thousand).

(7) The related goodwill is amortized using the straight-line method over 20 years.

4. Marketable and Investment Securities

Marketable and investment securities as of March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Current:			
Debt securities	¥ 20,396	¥ 23,663	$ 203,960
Trust fund investments and other	14,683	300	146,830
Total	¥ 35,079	¥ 23,963	$ 350,790
Non-current:			
Equity securities	¥ 30,257	¥ 19,308	$ 302,570
Debt securities	128,491	91,224	1,284,910
Trust fund investments and other	88,396	57,204	883,960
Total	¥247,144	¥167,736	$2,471,440

The carrying amounts and aggregate fair values of marketable and investment securities at March 31, 2008 and 2007 were as follows:

	Millions of Yen			
March 31, 2008	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥24,644	¥3,040	¥5,175	¥22,509
Debt securities	15,590	9	464	15,135
Trust fund investments	4,021		645	3,376

March 31, 2007	Millions of Yen Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 7,448	¥9,631	¥107	¥16,972
Debt securities	12,363		118	12,245
Trust fund investments	22	2		24

March 31, 2008	Thousands of U.S. Dollars Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	**$246,440**	**$30,400**	**$51,750**	**$225,090**
Debt securities	**155,900**	**90**	**4,640**	**151,350**
Trust fund investments	**40,210**		**6,450**	**33,760**

Available-for-sale securities whose fair value is not readily determinable as of March 31, 2008 and 2007 were as follows:

	Carrying amount Millions of Yen 2008	Millions of Yen 2007	Thousands of U.S. Dollars 2008
Available-for-sale:			
Equity securities	**¥ 7,748**	¥ 2,336	**$ 77,480**
Debt securities	**133,752**	102,642	**1,337,520**
Other	**99,703**	57,480	**997,030**
Total	**¥241,203**	¥162,458	**$2,412,030**

Proceeds from sales of available-for-sale securities for the years ended March 31, 2008 and 2007 were ¥5,992 million ($59,920 thousand) and ¥953 million, respectively. Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥3,390 million ($33,900 thousand) and ¥520 million ($5,200 thousand), respectively, for the year ended March 31, 2008 and ¥439 million and ¥14 million, respectively, for the year ended March 31, 2007.

The carrying values of debt securities and trust fund investments by contractual maturities for securities classified as available-for-sale at March 31, 2008 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due after one year through five years	¥170,748	$1,707,480
Due after five years through ten years	13,961	139,610
Due after ten years	2,017	20,170
Total	¥186,726	$1,867,260

The total carrying values of perpetuity bonds are not included in the above table.

5. Inventories

Inventories at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Merchandise	¥3,185	¥2,289	$31,850

6. Leased Assets

Leased assets as of March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Computers and office equipment	¥ 1,265,036	¥ 882,208	$ 12,650,360
Industrial and construction machinery	1,134,117	594,144	11,341,170
Other	1,419,234	678,347	14,192,340
Leased assets — At cost	3,818,387	2,154,699	38,183,870
Accumulated depreciation	(2,023,450)	(1,334,158)	(20,234,500)
Total	1,794,937	820,541	17,949,370
Advances for purchases of leased assets	8,928	4,051	89,280
Total leased assets	¥ 1,803,865	¥ 824,592	$ 18,038,650

The minimum future rentals on lease contracts as of March 31, 2008 and 2007 were ¥1,783,732 million ($17,837,320 thousand) and ¥809,076 million, respectively.

The aggregate annual maturities of the minimum future rentals on lease contracts as of March 31, 2008 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
2008	¥ 534,856	$ 5,348,560
2009	418,348	4,183,480
2010	311,194	3,111,940
2011	206,763	2,067,630
2012	114,583	1,145,830
Thereafter	197,988	1,979,880
Total	¥1,783,732	$17,837,320

7. Goodwill

Goodwill at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Goodwill in connection with the merger	¥40,578		$405,780
Consolidation goodwill	12,156	¥13,028	121,560
Total	¥52,734	¥13,028	$527,340

8. Pledged Assets

As of March 31, 2008 the following assets were pledged as collateral for long-term debt and other long-term liabilities.

	Millions of Yen	Thousands of U.S. Dollars
Receivables-installment sales	¥ 181	$ 1,810
Receivables-loans	1,602	16,020
Leased assets	2,729	27,290
Investment securities	124	1,240
Minimum future rentals on lease contracts	54,350	543,500

The liabilities secured by the foregoing assets were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Long-term debt including current maturities	¥51,999	$519,990
Other long-term liabilities	2,100	21,000

In addition to the pledged assets above, the Company entered into the forward contract of assigning minimum future rentals on lease contracts and others for collateral pledged for long-term debt including current maturities of ¥18,098 million ($180,980 thousand).

9. Short-term Borrowings and Long-term Debt

Short-term borrowings as of March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Short-term loans from banks and other financial institutions with interest rates ranging:			
2008 — from 0.21% to 10.83%	**¥ 807,879**		**$ 8,078,790**
2007 — from 0.66% to 5.65%		¥ 616,120	
Commercial paper with interest rates ranging:			
2008 — from 0.69% to 0.96%	**900,800**		**9,008,000**
2007 — from 0.53% to 0.72%		552,300	
Total	**¥1,708,679**	¥1,168,420	**$17,086,790**

Substantially all of the Company's short-term bank loans are made under agreements, as is customary in Japan, which provide that, at the request of such banks, the Company provide additional collateral or guarantors with respect to the loan. As of March 31, 2008, the Company has not received any such request.

Long-term debt as of March 31, 2008 and 2007 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Bonds			
Straight bonds due 2008 with interest rates ranging from 0.38% to 0.88%		¥ 64,000	
Straight bonds and floating-rate bonds due 2009 with interest rates ranging from 0.50% to 1.10%	¥ 176,600	92,000	$ 1,766,000
Straight bonds and floating-rate bonds due 2010 with interest rates ranging from 1.00% to 6.52%	66,266	61,500	662,660
Straight bonds and floating-rate bonds due 2011 with interest rates ranging from 1.04% to 4.88%	43,583	12,000	435,830
Straight bonds and floating-rate bonds due 2012 with interest rate of 1.49%	7,600	9,600	76,000
Straight bonds and floating-rate bonds due 2013 with interest rates ranging from 1.23% to 1.74%	64,000		640,000
Straight bonds and floating-rate bonds due 2014 with interest rates ranging from 1.87% to 1.90%		2,000	
Straight bonds due 2015 with interest rate of 2.22%	1,000		10,000
Straight bonds due 2018 with interest rate of 2.17%	1,000		10,000
Loans from the securitization of the minimum future rentals on lease contracts with interest rates ranging:			
from 1.05% to 1.24%, due through 2009		702	
from 0.53% to 2.62%, due through 2016	262,897		2,628,970
Floating-rate, due through 2011	25,211	62,302	252,110
Loans from the banks and other financial institutions, partially collateralized with interest rates ranging:			
from 0.38% to 8.06%, due through 2020	957,837		9,578,370
from 0.38% to 6.12%, due through 2017		561,345	
Total	1,605,994	865,449	16,059,940
Less current maturities	(503,938)	(175,497)	(5,039,380)
Long-term debt, less current maturities	¥1,102,056	¥ 689,952	$11,020,560

Annual maturities of long-term debt as of March 31, 2008 for the next five years and thereafter were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2009	¥ 503,938	$5,039,380
2010	297,913	2,979,130
2011	272,317	2,723,170
2012	149,141	1,491,410
2013	233,624	2,336,240
Thereafter	149,061	1,490,610
Total	¥1,605,994	$16,059,940

The Company maintained a total of ¥275,000 million ($2,750,000 thousand) in revolving credit facilities with certain domestic banks for the year ended March 31, 2008.

10. Retirement and Pension Plans

The Company has non-contributory funded pension plans for employees. Certain consolidated domestic subsidiaries have non-contributory funded pension plans for employees or unfunded retirement benefit plans.

Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from its domestic subsidiaries and annuity payments from a trustee. If the termination is involuntary, caused by retirement at the mandatory retirement age or caused by death, the employee is entitled to larger payment than in the case of voluntary termination.

The liability for retirement benefits for directors and corporate auditors at March 31, 2008 and 2007 was ¥468 million ($4,680 thousand) and ¥226 million, respectively. The retirement benefits for directors and corporate auditors are paid subject to the approval of the shareholders.

The liability for employees' retirement benefits at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Projected benefit obligation	¥12,110	¥ 8,015	$121,100
Fair value of plan assets	(8,269)	(6,407)	(82,690)
Unrecognized prior service cost	131	146	1,310
Unrecognized actuarial loss	(2,171)	(1,286)	(21,710)
Net liability	¥ 1,801	¥ 468	$ 18,010
Prepaid pension cost	¥ (150)	¥ (199)	$ (1,500)
Accrued liability	¥ 1,951	¥ 667	$ 19,510

The components of net periodic benefit costs for the years ended March 31, 2008 and 2007 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Service cost	¥ 775	¥433	$ 7,750
Interest cost	178	110	1,780
Expected return on plan assets	(143)	(80)	(1,430)
Amortization of prior service cost	(15)	(15)	(150)
Recognized actuarial loss	104	106	1,040
Additionally paid retirement benefits	1		10
Net periodic benefit costs	¥ 900	¥554	$ 9,000

Assumptions used for the years ended March 31, 2008 and 2007 are set forth as follows:

	2008	2007
Discount rate	1.5 to 1.9%	1.5 to 1.7%
Expected rate of return on plan assets	1.5 to 1.9%	1.7%
Amortization period of prior service cost	14 years	14 years
Recognition period of actuarial gain/loss	13 to 20 years	14 to 20 years

11. Commitments and Contingent Liabilities

As of March 31, 2008, the Companies have commitments for the purchase of assets for leasing and installment sales, having a cost of approximately ¥142,818 million ($1,428,180 thousand).

The Companies are contingently liable as of March 31, 2008 as guarantor or co-guarantor for borrowings and others of ¥6,595 million ($65,950 thousand) for their unconsolidated subsidiaries and others.

The Companies have entered into various interest rate swaps, caps, currency option and foreign exchange forward in the ordinary course of business (Note 17).

12. Equity

Since May 1, 2006, Japanese companies have been subject to the Corporate Law of Japan (the "Corporate Law"), which reformed and replaced the Commercial Code of Japan. The significant provisions in the Corporate Law that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Corporate Law, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

The Corporate Law permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements. Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Corporate Law provides certain limitation on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases / decreases and transfer of common stock, reserve and surplus

The Corporate Law requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Corporate Law also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Corporate Law also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula.

Under the Corporate Law, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity. The Corporate Law also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

13. Selling, General and Administrative Expenses

Selling, general and administrative expenses for the years ended March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Provision for doubtful receivables	¥ 4,220	¥ 1,733	$ 42,200
Employees' salaries, bonuses and allowances	14,545	7,258	145,450
Commission expenses	7,451	2,880	74,510
Others	27,091	11,954	270,910
Total	¥53,307	¥23,825	$533,070

14. Related Party Transactions

The transactions with affiliates and a principal shareholder for the years ended March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Interest expense	¥ 3,667	¥1,330	$ 36,670
Revenue			
Lease	15,760	5,134	157,600
Installment sales	3,791	697	37,910
Loans	173	142	1,730

Amounts due from and to affiliates and a principal shareholder as of March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Receivables:			
Lease	¥ 233	¥ 182	$ 2,330
Installment sales	8,827	3,287	88,270
Loans	2,000	27,197	20,000
Minimum future rentals on lease contracts	33,433	9,106	334,330
Short-term borrowings	185,000	188,350	1,850,000
Other current liabilities	374	43	3,740
Long-term debt including current maturities	142,335	25,866	1,423,350

15. Income Taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.7% for the years ended March 31, 2008, and 2007.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2008 and 2007 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Deferred tax assets:			
Allowance for doubtful receivables	¥ 5,069	¥ 2,607	$ 50,690
Tax effect on deficit of the subsidiary	3,231	2,960	32,310
Tax loss carryforwards	3,772	3,785	37,720
Property and equipment	3,244	1,065	32,440
Other	15,754	6,383	157,540
Total	¥31,070	¥16,800	$310,700
Less valuation allowance	5,055	3,596	50,550
Less deferred tax liabilities	10,806	6,512	108,060
Net deferred tax assets	¥15,209	¥ 6,692	$152,090

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Deferred tax liabilities:			
Difference in assets and liabilities between purchase method and tax basis	¥ 9,440		$ 94,400
Property and equipment	1,826	¥ 33	18,260
Net unrealized gain on available-for-sale securities	156	4,500	1,560
Recognized goodwill acquired in a business combination as a liability	1,307	1,708	13,070
Other	465	1,227	4,650
Total	13,194	7,468	131,940
Less deferred tax assets	10,806	6,512	
Net deferred tax liabilities	¥ 2,388	¥ 956	$ 23,880

The differences between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the year ended March 31, 2008 and 2007 are not significant.

16. Leases

The Companies lease certain equipment and other assets under finance leases. Total rental expenses under such leases were ¥109 million ($1,090 thousand) for 2008 and nil for 2007.

Pro forma information of leased property, such as acquisition cost, accumulated depreciation, obligations under finance lease which included obligations under sublease contracts, depreciation expense and other information for finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis, for the years ended March 31, 2008 was as follows:

	As of March 31, 2008 Millions of Yen		
	Property and equipment	Other (Software)	Total
Acquisition cost	¥131	¥ 202	¥ 333
Accumulated depreciation	(98)	(152)	(250)
Net leased property	¥ 33	¥ 50	¥ 83

	As of March 31, 2008 Thousands of U.S. dollars		
	Property and equipment	Other (Software)	Total
Acquisition cost	$1,310	$ 2,020	$ 3,330
Accumulated depreciation	(980)	(1,520)	(2,500)
Net leased property	$ 330	$ 500	$ 830

Depreciation expense, which is not reflected in the accompanying consolidated statements of income, computed by the straight-line method, was ¥109 million ($1,090 thousand) for 2008 and nil for 2007.

The future minimum payments for such non-cancelable financing leases, including the imputed interest, and operating leases as lessee at March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Obligations under finance leases			
Due within one year	¥1,504	¥305	$15,040
Due after one year	2,200	306	22,000
Total	¥3,704	¥611	$37,040
Obligations under operating leases			
Due within one year	¥1,531		$15,310
Due after one year	3,504		35,040
Total	¥5,035		$50,350

Obligations under finance leases include the amounts of sublease contracts.

17. Derivatives

The Companies enter into foreign exchange forward contracts, currency option contracts and currency swap contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies. The Companies also enter into interest rate swap contracts and cap contracts to manage their interest rate exposures on certain assets and liabilities.

All derivative transactions are entered into to hedge interest and foreign currency exposures incorporated within their businesses. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities. The Companies do not hold or issue derivatives for trading purposes. Because the counterparties to these derivatives are limited to major international financial institutions, the Companies do not anticipate any losses arising from credit risk. Derivative transactions entered into by the Companies have been made in accordance with internal policies which regulate the authorization and credit limit amounts.

The Companies had the following derivatives contracts outstanding at March 31, 2008 and 2007:

	Millions of Yen					
	2008			2007		
	Contract Amount	Fair Value	Unrealized Gain/Loss	Contract Amount	Fair Value	Unrealized Gain/Loss
Foreign exchange forward contracts:						
Selling	¥ 148	¥ 4	¥ 4	¥ 353	¥ (5)	¥ (5)
Buying	795	(1)	(1)	346	4	4
Interest rate swap contracts:						
Floating rate payment, fixed rate receipt	¥ 1,323	¥ (47)	¥ (47)	¥ 1,491	¥ 61	¥ 61
Fixed rate payment, floating rate receipt	17,787	(231)	(231)	21,508	(384)	¥(384)
Floating rate payment, floating rate receipt	13,000	100	100	6,000		
Interest rate cap						
Buying	¥ 342		¥ (4)			
Currency option contracts:						
Buying, call U.S. Dollar				¥ 46	¥ 3	¥ 1

	Thousands of U.S. Dollars		
	2008		
	Contract Amount	Fair Value	Unrealized Gain/Loss
Foreign exchange forward contracts:			
Selling	$ 1,480	$ 40	$ 40
Buying	7,950	(10)	(10)
Interest rate swap contracts:			
Floating rate payment, fixed rate receipt	$ 13,230	$ (470)	$ (470)
Fixed rate payment, floating rate receipt	177,870	(2,310)	(2,310)
Floating rate payment, floating rate receipt	130,000	1,000	1,000
Interest rate cap			
Buying	$ 3,420		$ (40)

Derivative contracts which qualify for hedge accounting, are assigned to the associated assets and liabilities and are recorded in the consolidated balance sheets at March 31, 2008 and 2007, are excluded from the disclosure of market value information.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are excluded from the disclosure of market value information.

The contract amounts of derivatives which are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Companies' exposure to credit or market risk.

18. Segment Information

Information about industry segments for the years ended March 31, 2008 and 2007 is as follows:

Industry segments

	Millions of Yen					
Year Ended March 31, 2008	Lease	Installment Sales	Loans	Other	Eliminations or Corporate	Consolidated
(1) Operating income						
Revenue from customers	¥ 763,990	¥164,293	¥ 37,177	¥ 21,596		¥ 987,056
Intersegment revenue	590		4,274	1,561	¥ (6,425)	
Total revenues	764,580	164,293	41,451	23,157	(6,425)	987,056
Operating expenses	726,475	159,624	23,075	16,571	10,587	936,332
Operating income	¥ 38,105	¥ 4,669	¥ 18,376	¥ 6,586	¥ (17,012)	¥ 50,724
(2) Total assets, depreciation and capital expenditures						
Total assets	¥1,902,899	¥491,805	¥1,567,481	¥281,206	¥(277,500)	¥3,965,891
Depreciation	572,983				4,617	577,600
Capital expenditures	586,108				5,176	591,284

	Millions of Yen					
Year Ended March 31, 2007	Lease	Installment Sales	Loans	Other	Eliminations or Corporate	Consolidated
(1) Operating income						
Revenue from customers	¥359,973	¥118,461	¥ 20,522	¥ 18,474		¥ 517,430
Intersegment revenue	85		1,574	1,060	¥ (2,719)	
Total revenues	360,058	118,461	22,096	19,534	(2,719)	517,430
Operating expenses	339,300	113,942	10,986	15,134	5,135	484,497
Operating income	¥ 20,758	¥ 4,519	¥ 11,110	¥ 4,400	¥ (7,854)	¥ 32,933
(2) Total assets, depreciation and capital expenditures						
Total assets	¥866,867	¥327,075	¥1,129,213	¥189,782	¥(132,469)	¥2,380,468
Depreciation	270,737				2,729	273,466
Capital expenditures	297,851				1,734	299,585

	Thousands of U.S. Dollars					
Year Ended March 31, 2008	Lease	Installment Sales	Loans	Other	Eliminations or Corporate	Consolidated
(1) Operating income						
Revenue from customers	$ 7,639,900	$1,642,930	$ 371,770	$ 215,960		$ 9,870,560
Intersegment revenue	5,900		42,740	15,610	$ 64,250	
Total revenues	7,645,800	1,642,930	414,510	231,570	(64,250)	9,870,560
Operating expenses	7,264,750	1,596,240	230,750	165,710	105,870	9,363,320
Operating income	$ 381,050	$ 46,690	$ 183,760	$ 65,860	$ (170,120)	$ 507,240
(2) Total assets, depreciation and capital expenditures						
Total assets	$19,028,990	$4,918,050	$15,674,810	$2,812,060	$(2,775,000)	$39,658,910
Depreciation	5,729,830				46,170	5,776,000
Capital expenditures	5,861,080				51,760	5,912,840

Revenues and total assets of the Company and its domestic subsidiaries for the year ended March 31, 2008 and 2007, represented more than 90% of consolidated revenues and total assets of each respective year. Accordingly, geographic segments are not required to be disclosed.

Revenues from foreign customers for the years ended March 31, 2008 and 2007, represented less than 10% of consolidated revenues of each respective year. Accordingly, revenues from foreign customers are not required to be disclosed.

19. Subsequent Event

a. On May 20, 2008, the Board of Directors declared the appropriation of retained earnings as follows:

	Millions of Yen	Thousands of U.S. Dollars
Appropriations:		
Cash dividends of ¥21 ($0.21) per share	¥1,686	$16,860

b. The Company issued 9,265,000 shares of common stock to Mitsubishi Corporation on April 18, 2008, based on a resolution of the Board of Directors on March 31, 2008. As a result of the issuance of new shares, the Company recorded an increase of common stock and capital surplus of ¥16,756 million ($167,560 thousand) and ¥16,756 million ($167,560 thousand), respectively. The capital paid-in is planned to be used principally for investment in important business lines (e.g., an operating lease, sale and assessment of property, real estate businesses, energy saving and environment businesses and medical treatment and nursing care businesses) which would contribute to the growth of our group and for a fund for M&As.

INDEPENDENT AUDITORS' REPORT

Deloitte.

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To the Board of Directors of
Mitsubishi UFJ Lease & Finance Company Limited:

We have audited the accompanying consolidated balance sheets of Mitsubishi UFJ Lease & Finance Company Limited (the"Company") and consolidated subsidiaries as of March 31, 2008 and 2007, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company. and consolidated subsidiaries as of March 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As discussed in Note 19 to the consolidated financial statements, the Company issued 9,265,000 shares of common stock on April 18, 2008.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 27, 2008

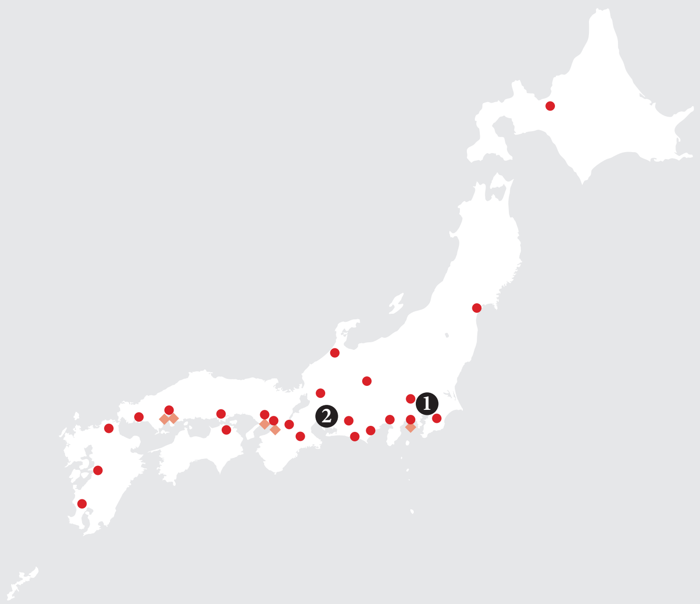
Member of
Deloitte Touche Tohmatsu

GROUP NETWORK

(as of June 30, 2008)

Overseas Network

◆ Mitsubishi UFJ Lease & Finance (Hong Kong) Limited	402 Far East Finance Centre, 16 Harcourt Road, Hong Kong Phone: 852-2527-7620
◆ Mitsubishi UFJ Lease & Finance (China) Co. Ltd.	Unit 2302, Azia Center, 1233 Lujiazui Ring Road, Pudong, Shanghai, P.R.C. Phone: 86-21-6888-0050
◆ Bangkok Mitsubishi UFJ Lease Co., Ltd.	8th FL Sethiwan Tower, 139 Pan Road, Silom, Bangrak Bangkok 10500, Thailand Phone: 66-2-266-6040
◆ PT. Mitsubishi UFJ Lease & Finance Indonesia	MIDPLAZA 1, 10th Floor, Jalan Jendral Sudirman Kav. 10-11, Jakarta 10220, Indonesia Phone: 62-21-573-5905
◆ Mitsubishi UFJ Lease (Singapore) Pte. Ltd.	80 Raffles Place #30-21, UOB Plaza 2, Singapore 048624 Phone: 65-6220-2515
◆ Mitsubishi UFJ Lease & Finance (U.S.A.) Inc.	7300 Turfway Road Suite 510, Florence, KY 41042, U.S.A. Phone: 1-859-594-4380
◆ Diamond Lease (U.S.A.), Inc.	350 Fifth Avenue, Empire State Building, Suite 616, New York, NY 10118, U.S.A. Phone: 1-917-351-0820
◆ Mitsubishi UFJ Lease & Finance (Ireland) Limited	AIB International Centre, IFSC, Dublin 1, Ireland Phone: 353-1-670-1822
◆ New York Representative Office	350 Fifth Avenue, Empire State Building, Suite 616, New York, NY 10118, U.S.A. Phone: 1-646-473-1572
◆ Ho Chi Minh City Representative Office	9th Floor Sun Wah Tower, 115 Nguyen Hue Boulevard, District 1, Ho Chi Minh City, Vietnam Phone: 84-8-821-9090



Domestic Network

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- Shinkawa office
- Otemachi office
- Shinjyuku Business Department
- Nagano Business Office
- Sapporo Branch
- Tohoku Branch
- Omiya Branch
- Chiba Branch
- Ueno Branch
- Gotanda Branch
- Ikebukuro Branch
- Tachikawa Branch
- Yokohama Branch
- Kariya Business Department
- Hokuriku Branch
- Gifu Branch
- Hamamatsu Branch
- Shizuoka Business Office
- Numazu Branch
- Yokkaichi Branch
- Osaka Office
- Kyoto Branch
- Kobe Branch
- Okayama Branch
- Shikoku Branch
- Hiroshima Branch
- Syunan Business Office
- Kyusyu Branch
- Kumamoto Business Office
- Minami Kyusyu Business Office

Domestic Subsidiaries and Affiliate

Lease and financing business
- DFL Lease Co. Ltd.
- Japan Medical Lease Corporation
- Shinko Lease Co., Ltd.
- The Casio Lease Co., Ltd.
- Hirogin Lease Co. Ltd.
- Shutoken Leasing Co., Ltd.
- Chukyo General Lease Co., Ltd.
- Mitsubishi Electric Credit Corporation

Auto lease and Auto financing business
- Central Auto Leasing Co., Ltd.
- MMC Diamond Finance Corporation
- Hirogin Auto Lease Co. Ltd.
- Mitsubishi Auto Leasing Holdings Corporation
- Mitsubishi Auto Leasing Corporation
- Just Automobile Leasing Co., Ltd.

Rental business
- Diamond Rental System Co., Ltd.
- Techno Rent Co., Ltd.

Real estate-related business
- Compass Inc.
- Diamond Asset Finance Company Limited
- Diamond Asset Service Company Limited

Used equipment trading business
- MUL Eco-Business Co., Ltd.
- Diamond Equipment, Inc.
- U-Machine Inc.
- M-CAST, Inc.
- Compass Inc.

Insurance business
- MUL Insurance Company Limited

Others
- MUL Business Company Limited
- CL Solution Management Co., Ltd.

CORPORATE HISTORY

History of the former DL

April 1971	Established by Mitsubishi Group companies
March 1985	Listed on the Second Section of the Tokyo Stock Exchange
September 1988	Listed on the First Section of the Tokyo Stock Exchange
December 1998	Acquired Minami-Kyusyu Diamond Lease Company Limited
October 1999	Merged with Ryoshin Leasing Corporation
August 2000	Acquired 80% equity stake in The Casio Lease Co., Ltd.
January 2001	Acquired ISO 14001 certification
March 2002	Acquired 80% equity stake in Hirogin Lease Co. Ltd.
December 2002	Acquired 100% equity stake in Meijiseimei Leasing Co., Ltd.
March 2003	Acquired 45% equity stake in Mitsubishi Electric Credit Co., Ltd.
January 2004	Acquired 95% equity stake in The Daiwa Factor and Leasing Co., Ltd. (renamed DFL Lease Co. Ltd.)
August 2006	Acquired 100% equity stake in Kyocera Leasing Company Limited (renamed Diamond Asset Finance Company Limited)
February 2007	Acquired 50% equity stake in MMC Diamond Finance Corporation
March 2007	Established Mitsubishi Auto Leasing Holdings Corporation with Mitsubishi Corporation, as a holding company for Diamond Auto Lease Co., Ltd. and Mitsubishi Auto Leasing Corporation

History of the former UFJCL

May 1969	Established as Central Leasing Co., Ltd., the first leasing operator in Japan's Chubu region
November 1989	Listed on the Second Section of the Nagoya Stock Exchange
March 2000	Acquired 80% equity stake in Shinko Lease Co., Ltd. Raised equity stake in Japan Medical Lease Corporation to 38.95%
March 2001	Acquired 100% equity stake in Techno Rent Co., Ltd. (30% as of March 2008) Raised equity stake in Japan Medical Lease Corporation to 53.95% (92.95% as of March 2008)
November 2002	Acquired ISO 14001 certification
March 2003	Raised equity stake in Chukyo General Lease Co., Ltd. to 70% Acquired 20% equity stake in Just Automobile Leasing Co., Ltd.
February 2004	Acquired 75.37% equity stake in Asahigin Leasing Co., Ltd. (renamed Shutoken Leasing Co., Ltd.; 75.63% as of March 2008)
April 2004	Integrated the leasing division of UFJ Business Finance Co., Ltd. (renamed Mitsubishi UFJ Factors Limited) and changed corporate name to UFJ Central Leasing Co., Ltd.
April 2004	Listed on the First Section of the Tokyo and Nagoya Stock Exchanges

MUFG Mitsubishi UFJ Lease & Finance Company Limited

April, 2007	The former DL and the former UFJCL merged to form Mitsubishi UFJ Lease & Finance Company Limited Listed on the First Section of the Nagoya Stock Exchange
October, 2007	Mitsubishi Auto Leasing Corporation merged with Diamond Auto Lease Co., Ltd. Company Name: Mitsubishi Auto Leasing Corporation

CORPORATE DATA

(as of March 31, 2008, unless otherwise noted)

Company Name	Mitsubishi UFJ Lease & Finance Company Limited
URL	http://www.lf.mufg.jp/english/
Head Office	Shin-Marunouchi Building, 5-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, 100-6525, Japan Phone: +81-3-6865-3000
Date of Establishment	April 12, 1971
Paid in Capital	¥33,196,047,500 (as of April 18, 2008)
Stock Information	Number of Authorized Shares: 320,000,000 Number of Issued Shares: 89,583,416 (as of April 18, 2008) Number of Shareholders: 6,245 Stock Listing First Section of the Tokyo Stock Exchange (TSE) First Section of the Nagoya Stock Exchange (NSE) Security code: 8593
Number of Employees	Consolidated: 2,209, Parent: 1,073
Fiscal Year	April 1 to March 31
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation
Auditor	Deloitte Touche Tohmatsu

	As of March 31, 2008		As of April 18, 2008	
	80,318,416 shares		89,583,416 shares	
Shareholder Name	Number of Shares Held (thousands)	Ownership (%)	Number of Shares Held (thousands)	Ownership (%)
Mitsubishi Corporation	8,653	10.8	17,918	20.0
Mitsubishi UFJ Financial Group, Inc.	8,267	10.3	8,267	9.2
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,448	6.8	5,448	6.1
Meiji Yasuda Life Insurance Company	3,177	4.0	3,177	3.5
Japan Trustee Services Bank, Ltd. (trust account)	3,116	3.9	3,116	3.5

* On April 18, 2008, Mitsubishi UFJ Lease & Finance issued 9,265,000 new shares by third-party allocation to Mitsubishi Corporation, increasing by 9,265,000 both number of issued shares and the number of shares held by Mitsubishi Corporation. The major stock status of Mitsubishi UFJ Lease & Finance as a result of this allotment is as shown above. The figures listed for the number of shares held as of April 18, 2008 by major shareholders other than Mitsubishi Corporation are as of March 31, 2008.

Mitsubishi UFJ Lease & Finance Company Limited

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