

May 15, 2017

|                 |   |
|-----------------|---|
| Company Name:   | Mitsubishi UFJ Lease & Finance Company Limited                              |
| Representative: | Tadashi Shiraishi, President & CEO  |
| Stock Code:     | 8593  |
| Stock Listing:  | Tokyo Stock Exchange, First Section<br>Nagoya Stock Exchange, First Section |
| For inquiries:  | Kei Murakami, General Manager<br>Corporate Communications Department        |

## **New Medium-term Management Plan “Breakthrough for the Next Decade“**

Mitsubishi UFJ Lease & Finance Company Limited (the “Company”) today announced its medium-term management plan covering the three-year period starting from April 1, 2017. As this year marks the tenth anniversary of the merger, the Company, with an eye on its desired corporate image in ten years’ time, positions the medium-term management plan as the first three years to attain the objective.

### 1. Corporate Message “**Value Integrator**”

- We will have the content of the message evolve as follows, while “**Value Integrator**” itself is immutable.
- We will create new values for society, by integrating values of different management resources (human resources, assets, funds and information) through convergence of finance and business.

### 2. Desired Corporate Image in Ten Years’ Time

- An enterprise that works together with its customers to solve social issues beyond the boundaries of countries, regions and industries, which can be achieved by recognizing environmental changes ahead of time and by coordinating and providing a variety of functions related to finance, assets and business. In such an enterprise, each employee acts with a strong sense of mission and responsibility towards society and a vibrant environment is realized.

### 3. Basic Policy

#### (a) “Convergence of finance and business”

- We will manage to solve social issues and improve profitability at the same time, through convergence of finance and business.

#### (b) Balance between “top-line management” and “efficient management”

- We will seek to expand profit, reduce cost and improve asset efficiency/risk–return simultaneously through effective use of assets, rather than “expanding profits by increasing assets.”

### 4. Management Strategies

- We will focus on domestic and overseas customer businesses, clarify key business segments, and seek business development that helps solve social issues by promoting five growth strategies.
- We will establish an efficient and robust management framework by implementing five reinforcement strategies for business infrastructure.

| Growth Strategy  | Reinforcement Strategy for Business Infrastructure                                     |
|--|--|
| (a) Provide the values that customers choose                                       | (a) Advance integrated risk management   |
| (b) Realize a “business management model” unique to Mitsubishi UFJ Lease & Finance | (b) Sophisticate financial strategies  |
| (c) Make full use of group synergies   | (c) Promote working-style reforms  |
| (d) Optimize portfolio management  | (d) Evolve into a professional organization  |
| (e) Strengthen ties with Hitachi Capital   | (e) Maintain and improve the trust the public places in us as a good corporate citizen |

➤ Growth Strategy

- We will have the business model evolve by conducting business operations through coordination between financial functions and the functions and know-how of group companies and allied partners. This can be achieved by identifying industrial sectors that have potential for convergence between finance and business and intensively investing resources in them.
- We will expand the “asset turnover/management type” business, in addition to the “asset holding type” business, to promote asset liquidity and optimize the portfolio.
- We will proactively explore new business opportunities related to the digital field such as IoT and AI.

➤ Reinforcement Strategy for Business Infrastructure

- We will work to improve the expertise and motivation/vitality of human resources in addition to building a mechanism to efficiently acquire and allocate important management resources (human resources, funds).
- We will actively utilize digital technologies such as robotics to develop a robust management foundation that has higher efficiency and transparency.

5. Numerical Targets (Targets for FY2019)

| Target Item                            | Target Value   |
|--|--|
| Consolidated net income                | 63 billion yen or more<br>(around 10 billion yen up from FY2016) |
| Consolidated ROA (based on net income) | 1.1% or higher   |

Attachment: New Medium-term Management Plan ***Breakthrough for the Next Decade***

END

(Note) This translation is prepared and provided for reference only. In the event of any discrepancy between this translated document and the original Japanese document, the original document shall prevail.

# **New Medium-Term Management Plan** ***~ Breakthrough for the Next Decade ~***

May 15, 2017

Mitsubishi UFJ Lease & Finance Company Limited

***Value Integrator***

# Review of Medium-Term Management Plan (Summary / Issues with New Medium-Term Management Plan) *Value Integrator*

| Achievements of Numerical Target |                                    | Previous Medium-Term Management Plan |                  |                  |                  |                  | Previous Medium-Term Management Plan |
|----------------------------------|------------------------------------|--------------------------------------|------------------|------------------|------------------|------------------|--------------------------------------|
|                                  |                                    | FY2013                               | FY2014           | FY2015           | FY2016           |                  |                                      |
|                                  |                                    | Actual                               | Actual           | Actual           | Actual           | Target Ratio     |                                      |
| Declared Target                  | Net Income                         | 37.6 billion yen                     | 44.0 billion yen | 54.6 billion yen | 53.1 billion yen | +8.1 billion yen | 45.0 billion yen or more             |
|                                  | Share of Overseas Operating Assets | 21.3%                                | 31.3%            | 32.0%            | 34.2%            | +4.2%            | 30.0%                                |

## Major Achievements of Previous Medium-Term Management Plan

**Growth strategy**

- Launched new businesses (eco, medical and nursing, real estate, social infrastructure area)
- Bolstered, grew the global asset business
- Business alliance with Hitachi Capital

**Business infrastructure reinforcement strategy**

- Advanced risk-based capital management
- Established a treatment system for experts, expanded hiring
- Set goals all year round

## Issues with New Medium-Term Management Plan

Realize growth in profits and improvement in asset efficiency at the same time

Flexibly manage portfolios

Utilize results of and further create new businesses

Further advance risk management

## Corporate Message

### *Value Integrator*

Integrating values of various management resources (human resources, assets, funds, information) through integration of finance and business, and creating new value for society.

## Vision for the Next Decade

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

## Title of the New Medium-Term Management Plan

# *Breakthrough for the Next Decade*

## Overall Policy

### 1. "Integration of Finance and Business"

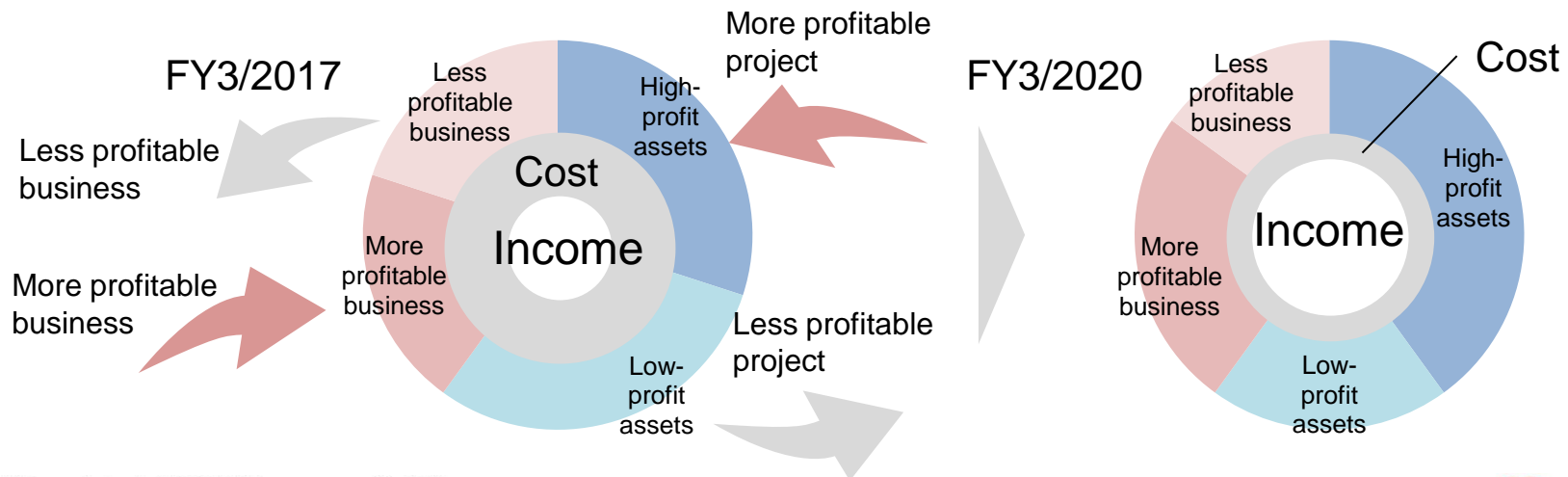
By integrating finance and business, aim to address social issues while improving profitability at the same time.

| Evolution of business model | Corporate finance                      | Asset finance                                     | Provision of services   | Business participation  | Business operation   |
|-----------------------------|--|---|---|---|--|
| Overview                    | Provide flexible finance as a non-bank | Promote operating leases based on value of assets | Provide services related to growth in value of customers' assets  | Share business risks with partners, and earn investment income from dividends | <b>Coordinate diverse functions, etc., and enhance customers' business value</b> |
| Method                      | Finance lease, factoring, loan, etc.   | Global asset, real estate securitization, etc.    | Rental, used equipment trading, asset management businesses, etc. | Renewable energy generation, social infrastructure investment, etc.           | Businesses such as real estate revitalization/ regional energy supply            |

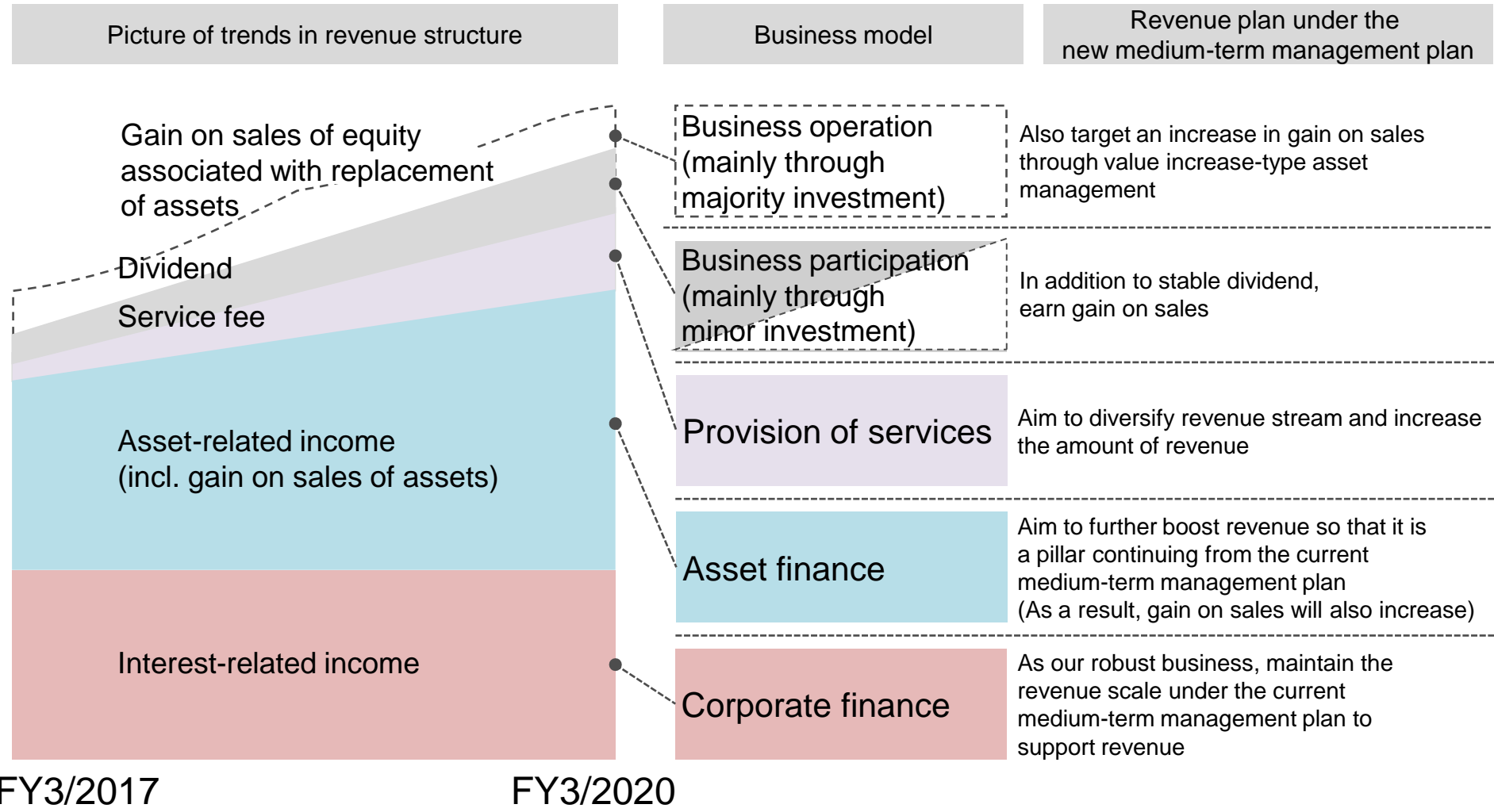
### 2. Value both "Top-line Management ※" and "Efficient Management"

※Management policy targeting a boost in operating income

Beyond the concept of "increasing profits by expanding assets," aim to increase profits, save costs and enhance asset efficiency and risk-return at the same time by effectively utilizing assets.



Maintain the corporate finance business that is a robust business for MUL. Aim to further increase income through, in addition to asset finance and provision of services, business participation and business operation.

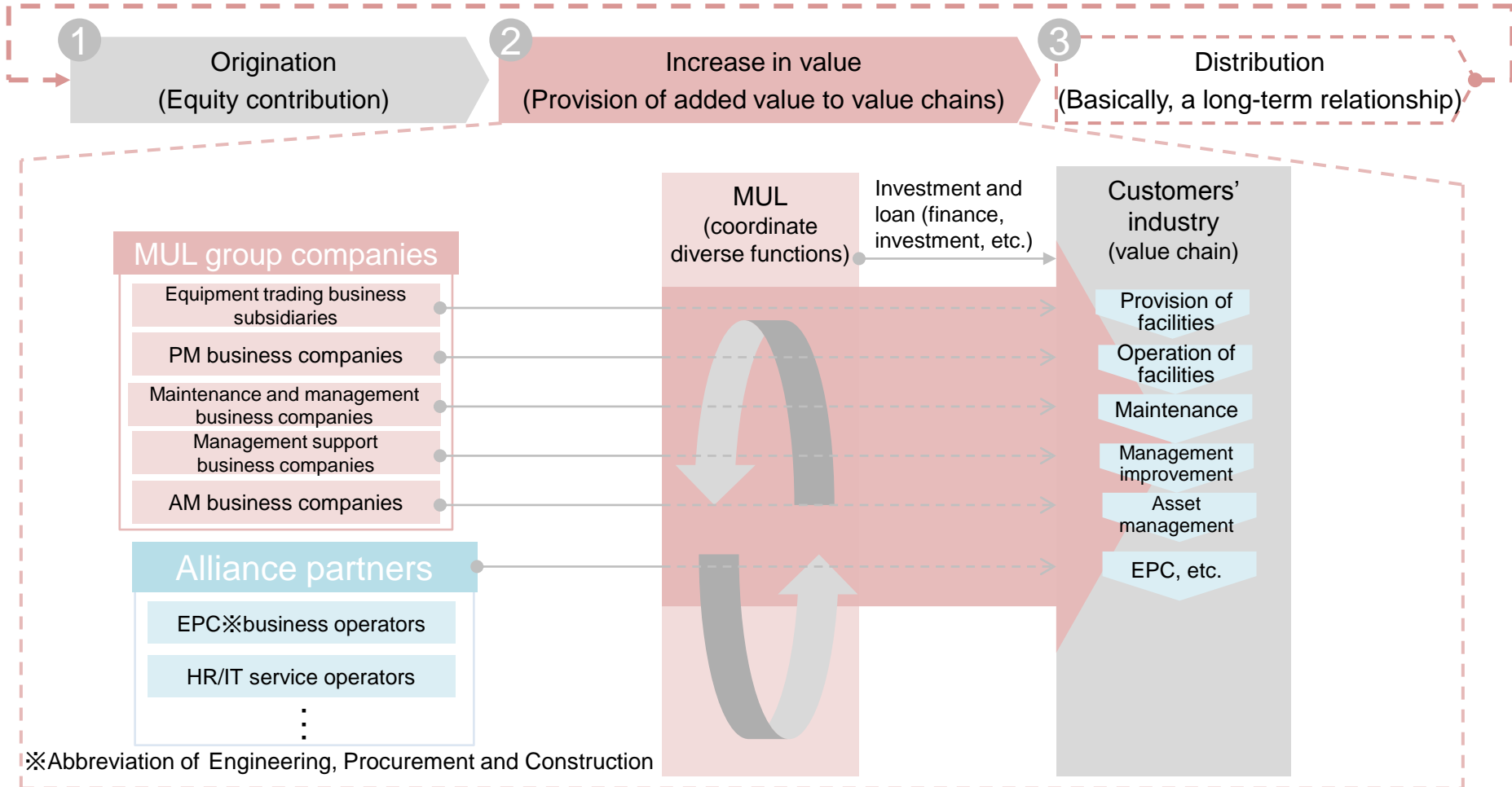


FY3/2017

FY3/2020

Coordinate diverse functions and know-how that MUL group companies and alliance partners have and get intimately involved in enhancing business values of value chains in customers' industries.

## Concept of Business Operation





## Implement five growth strategies

## (a) Provide the values that customers choose

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

## (b) Realize a “business management model” unique to Mitsubishi UFJ Lease &amp; Finance

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

## (c) Make full use of group synergies

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

## (d) Optimize portfolio management

We will invest resources in growth fields or the fields that we have strengths in, inside and outside Japan, in a timely manner, changing the composition of the business portfolio in a flexible manner.

## (e) Strengthen ties with Hitachi Capital

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

## Promote five reinforcement strategies for business infrastructure

**(a) Advance integrated risk management**

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

**(b) Sophisticate financial strategies**

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

**(c) Promote review of working practices**

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

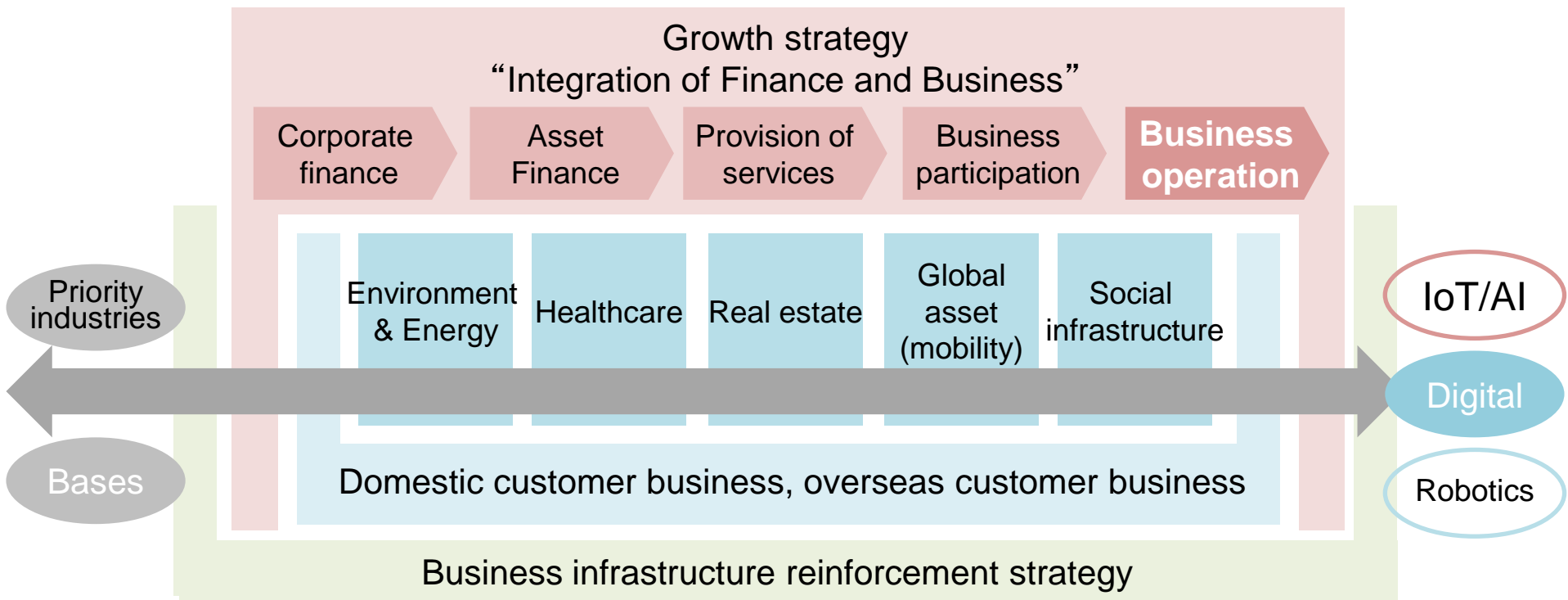
**(d) Evolve into a professional organization**

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

**(e) Maintain and improve the trust of the public as a good corporate citizen**

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

Overview of measures of growth strategy, business infrastructure reinforcement strategy, key business segments, bases, digital



**Numerical Target**

**Consolidated net income**  
**63.0 billion yen or more**

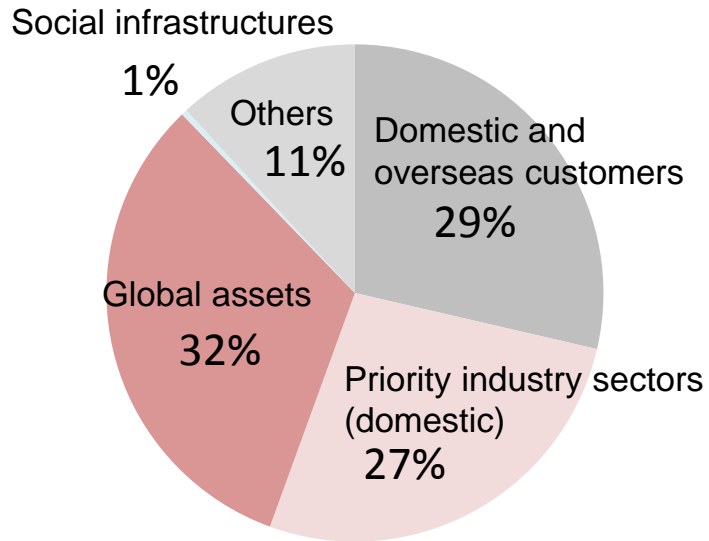
**Consolidated ROA**  
 (based on net income)  
**1.1% or higher**

Business directions by key business segments and target growth in profits

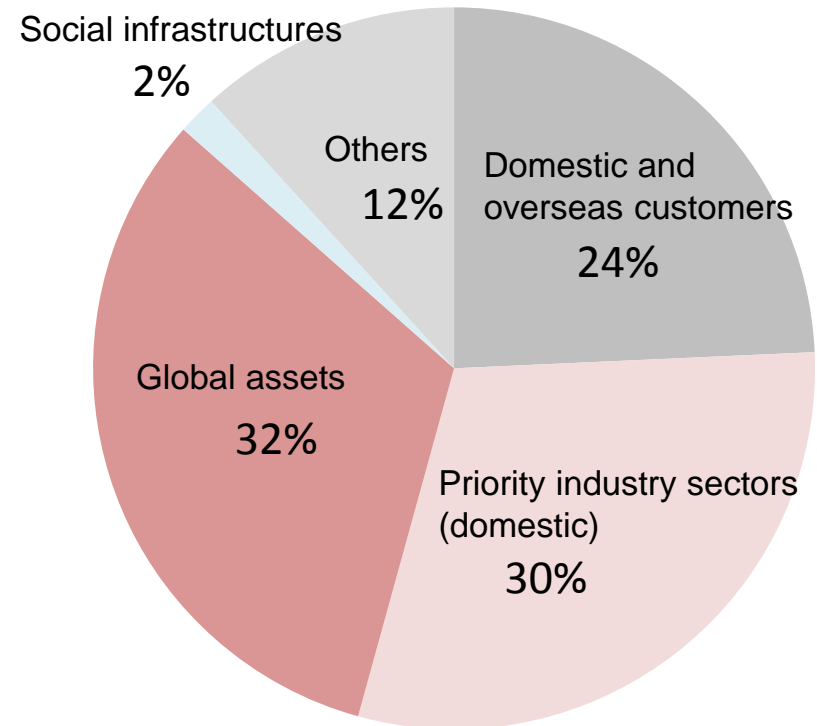
| Area                                | Environment & Energy  | Healthcare  | Real Estate   | Global Asset  | Social Infrastructure  |
|-------------------------------------|---|---|---|---|--|
| Measures for business               | Reinforce the equity business of solar power generation area  | Become a business partner of institutions promoting regional medical-nursing care collaboration | Reinforce the real estate revitalization investment business  | Enhance the aircraft/engine leasing business  | Expand financial functions in Japanese projects                                    |
|                                     | Participate in businesses in renewable energy area such as biomass/wind power   | Expand asset management businesses such as fund structuring                                     | Accelerate overseas deployment<br>U.S.: Equity/mezzanine loans<br>Asia: Collaboration with partners | Expand scope of businesses in the aircraft business                                       | Electricity, railway and port-related projects in Europe and North America         |
|                                     | Expand asset management / fund businesses   | Provide comprehensive solutions in cooperation with group companies                             | Strengthen mixed-type Property leasing  | Expand the railcar leasing business in North America                                      | Electricity, water and hospital-related projects in Asia and the Middle East, etc. |
|                                     | Efforts for business operation focused on ESP business※<br>※Business that provides comprehensive energy-related services on behalf of companies | Get involved in the “core of the management” of hospitals and nursing homes                     | Expand origination & distribution businesses such as asset management business                      | Upgrade an origination & distribution business Into the marine container leasing business | Collaborate with JII※<br>※Japan Infrastructure Initiative                          |
| Target growth (based on net income) | +1.0 billion yen from FY3/2017  | +1.5 billion yen from FY3/2017  | +2.0 billion yen from FY3/2017  | +2.5 billion yen from FY3/2017  | +1.0 billion yen from FY3/2017   |

Changes in profit composition by segment

FY3/2017



FY3/2020



Net Income

53.1 billion yen

63.0 billion yen

|                                      |  |
|--------------------------------------|--|
| Domestic and overseas customers      | Domestic customer businesses, overseas customer businesses       |
| Priority industry sectors (domestic) | Environment & energy, healthcare, real estate                    |
| Global assets                        | Aircraft, aircraft engines, marine containers, railcars, vessels |
| Social infrastructures               | Domestic and overseas social infrastructures                     |

## New initiative for comprehensive railcar leasing business in the U.S.

### Background

- In the U.S., freight car transportation accounts for over 40% of total cargo transportation, and railways are important logistical infrastructure.
- With a modal shift driven by environmental preservation, a firm, stable demand for rail transportation is expected.
- After entering into a strategic business alliance in May 2014, built up expertise and know-how in railcar leasing.

### Details of alliance

- (1) Purchase a specified number of syndicated leased railcars from GBX ※1, and additionally purchase leased vehicles that originated from GBX which will be subject to pre-agreed investment parameters.
- (2) Purchase 6,000 newly built railcars from GBX in installments.
- (3) Establish an equally financed joint venture company with GMS ※2 to provide railcar management service. MUL is the first Japanese company to make inroads into this business area.



※1: The Greenbrier Companies, Inc. (GBX).

One of the largest builders of railcars in the U.S. with a business history of over 30 years in the market, based in Oregon, U.S.

A company listed on the New York Stock Exchange

※2: Greenbrier Management Services, LLC (GMS)

A wholly-owned subsidiary of GBX and North America's largest railcar management company, it can boast of having 265,000 railcars under its management

## Future Development

Own 25,000 railcars by 2020, and intend to become a top 10 lessor in the railcar leasing industry in North America

## Results of MUL's first overseas infrastructure project

Overview

- Participated in submarine power transmission business in Germany jointly with Chubu Electric Power .
- A project from which we can expect stable income over the long term.

Future Development

- (1) Get Involved in origination of the project through business experience and expansion of functions.
- (2) Get involved from the stage of acquiring the project, and gain know-how in the entire process.



※Offshore power plants in Germany of submarine power transmission business in which MUL participates

## Future direction of the infrastructure business

### Infrastructure Business

Europe and the United States/North America

Asia/Middle East, etc.

Electricity

Electricity

Railway

Hospital

Water

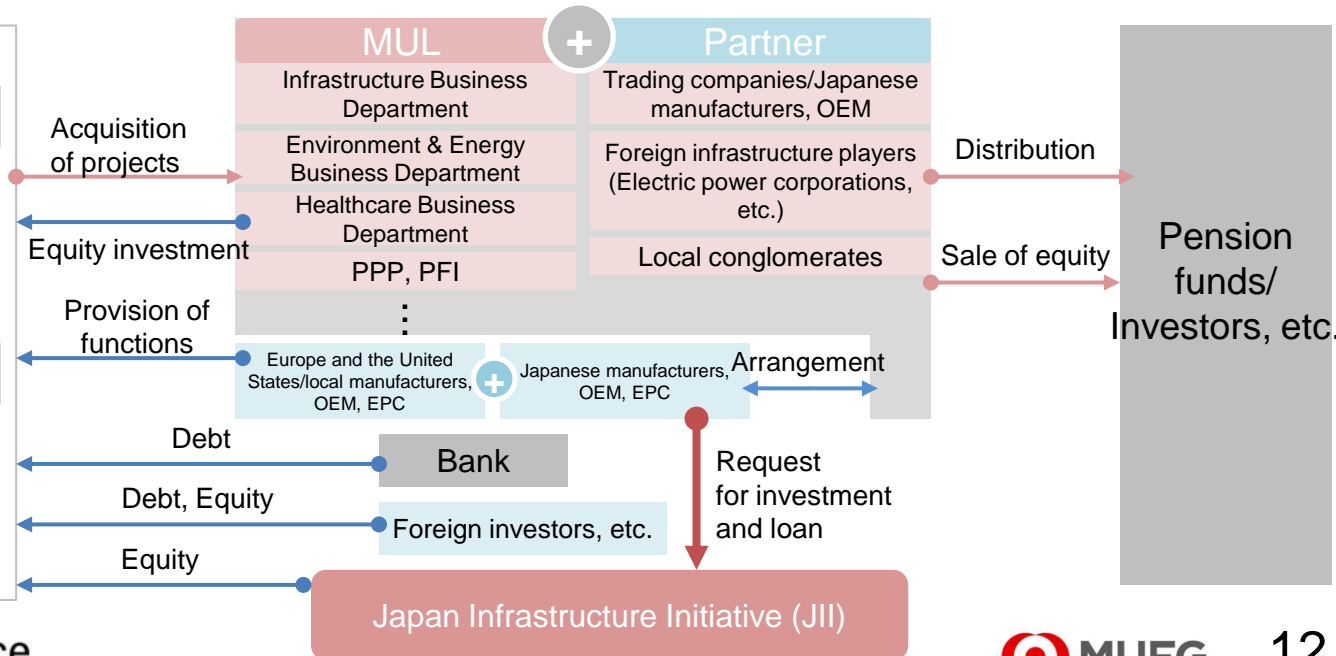
Japan

Hospital

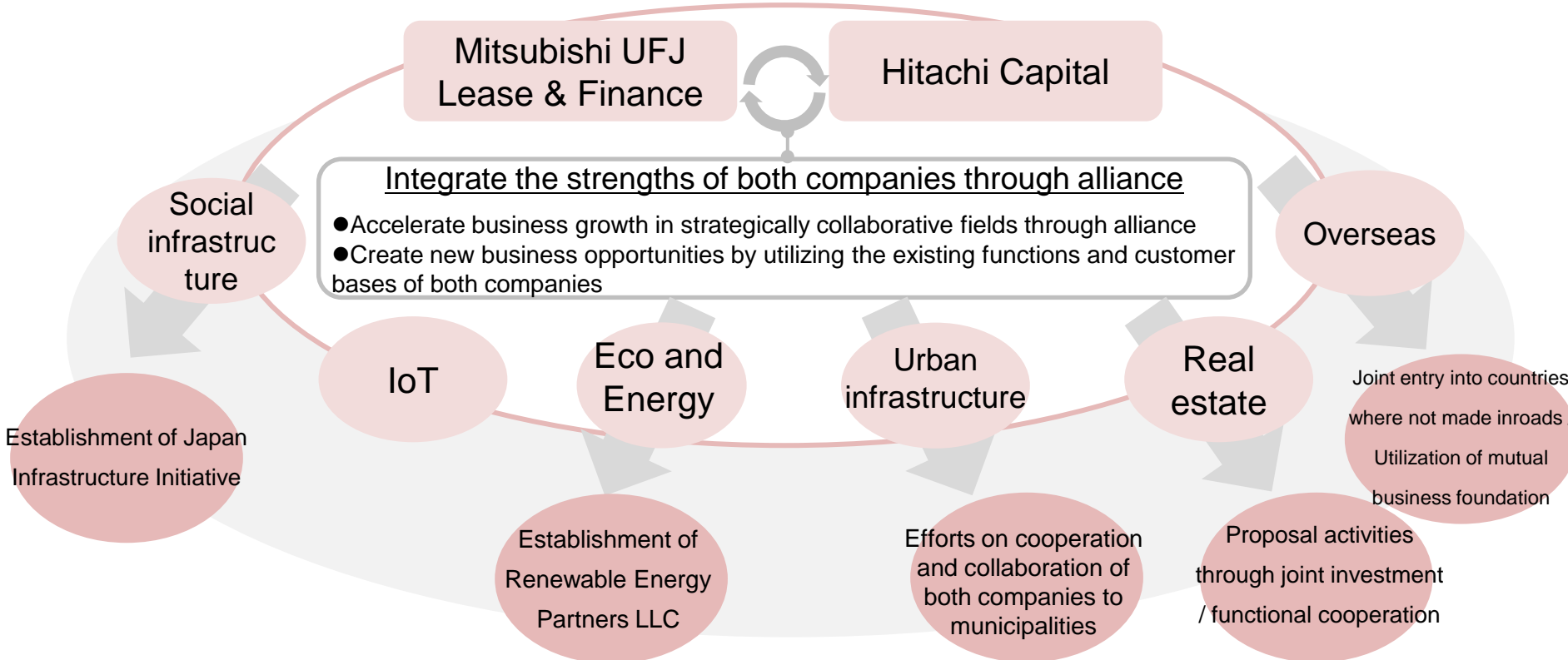
Water

Road

Road



Aim to acquire unprecedented wide-ranging business domains and ability to provide solutions through alliance with Hitachi Capital.



Maximize the synergy through expanding business collaboration fields and enhancing collaboration

Acquire overwhelming network

Acquire new solutions

Expand business base

Maximize corporate value





# Mitsubishi UFJ Lease & Finance

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