

Notes

(1) Notes regarding Going Concern

Not applicable.

(2) Material Subsequent Events

On May 13, 2016, the Company has concluded an agreement regarding the transfer of common stocks of Hitachi Capital Corporation, a consolidated subsidiary. Based on this agreement, a part of shares of Hitachi Capital Corporation held by the Company will be transferred to Mitsubishi UFJ Financial Group, Inc. and Mitsubishi UFJ Lease & Finance Company Limited.

Please refer to the News Release “Notification of Change of Subsidiary (Transfer of Shares)” announced today for detailed information.

(3) Other Notes

On February 1, 2014 (hereinafter the “effective date of company split”), the Company and Mitsubishi Heavy Industries, Ltd. (hereinafter “MHI”) integrated their thermal power generation systems businesses into MHI’s consolidated subsidiary, MITSUBISHI HITACHI POWER SYSTEMS, LTD. (hereinafter “MHPS”), through a spin-off in the form of an absorption-type company-split. As part of this business integration, assets and liabilities associated with boiler construction projects for Medupi and Kusile Power Stations for which the Company’s consolidated subsidiaries in the Republic of South Africa, Hitachi Power Africa Proprietary Limited (hereinafter “HPA”) and other companies received orders in 2007, as well as their contractual status in relation to customers, and rights and obligations thereof were transferred from HPA to MHI’s consolidated subsidiary, Mitsubishi Hitachi Power Systems Africa Proprietary Limited (hereinafter “MHPS Africa”) (hereinafter, the “Transfer of South African Business”).

Under the agreement executed between the Company and MHI regarding the Transfer of South African Business, the Company and HPA shall be liable for contingent liabilities resulting from events that occurred before the effective date of company split as well as claims that had already been made as of the said date, while MHPS and MHPS Africa shall be held responsible for the execution of business on and after the effective date of company split. Given these conditions, it has been agreed upon to determine the final transfer price upon agreement on future construction schedule as of the effective date of company split and confirmation of estimated project cash flows based on such schedule between the parties, and settle the difference with the provisional price.

The said transfer price adjustment for the Transfer of South African Business is still under discussion between the Company and MHI and not yet agreed upon at the moment. On March 31, 2016, MHI requested the Company to pay ZAR 48,200 million (approximately JPY 379.0 billion when ZAR 1 = JPY 7.87) to MHPS Africa as a portion of transfer price adjustment, etc. The Company replied to MHI on April 6, 2016 that the details of the demand letter lacked legal grounds under any agreement and thus the Company cannot accept it.

The Company has recorded provisions based on reasonable estimates for the aforementioned agreement related to the South African Business.