

“Aiming to be the No. 1 financial services company with a focus on products”

The Hitachi Capital Group initiated a new three-year mid-term management plan that runs from fiscal 2009 to fiscal 2011. The plan is based on our vision “to be the No. 1 financial services company with a focus on products.” We will implement three strategies to help us achieve this vision: “reform the profit structure,” “enhance and expand overseas business” and “strengthen the management foundation.” This special feature gives an overview of the new mid-term management plan.

In Pursuit of Sustainable Growth amid a Changing Business Environment

Japan's leasing industry has been characterized by reform on the back of changes to accounting standards for leases and expansion in scale. Meanwhile, the credit industry has been undergoing immense change on account of amendments to the Money-Lending Business Control and Regulation Law and the Installment Sales Law. Under such an environment, Hitachi Capital aims to drive sustainable growth for the next 50 years to build on the solid footing established in its first 50 years. The business structural reform program laid out in our new mid-term management plan seeks to achieve this goal.

New Business Vision

The vision of the plan is to establish the Hitachi Capital Group as "the No. 1 financial services company with a focus on products." Manufacturing operations of the Hitachi Group cover a wide spectrum ranging from power stations and plants to railway cars, construction equipment, computers, home appliances and electronic components. The state-of-the-art technology and reliability of these products have earned high praise from customers around the world.

Hitachi Capital's New Services

Food Analysis Services

Hitachi Capital together with Hitachi Kyowa Engineering Co., Ltd. started providing food analysis services that conform to the Positive List System* for regulating residual agricultural chemicals, including pesticides, in February 2008. Objects subject to testing include all agricultural products,

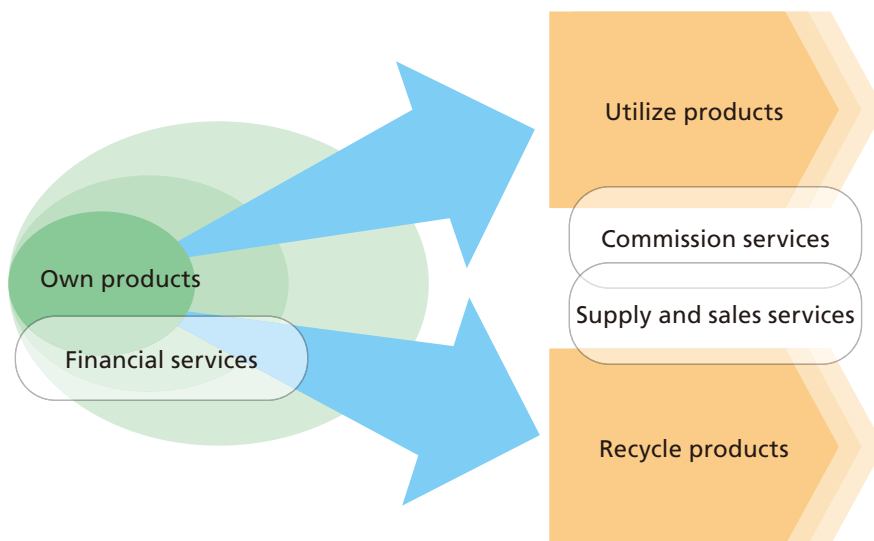


Liquid chromatograph mass spectrometer

compost, water quality, soil and crop residues. Samples requested by customers are analyzed and the data on residual agricultural chemicals is extracted and made available. We can therefore assist customers, from producers and processors to distributors, with the management of agricultural chemicals and support the food industry in Japan from the perspectives of food safety and reliability.

* Positive List System is a system that, more than ever before, strictly regulates pesticides and other substances contained in food products and prohibits the sale of foodstuffs with residual agricultural chemicals above a certain level. The system was launched in May 2006, and all foodstuffs, including processed food products, are as a rule subject to regulations for all pesticides, antibiotics, synthetic antimicrobials and other designated substances.

■ No. 1 Financial Services Company with a Focus on "Products"



Incorporated in our vision is a strong desire to develop diverse businesses related to owning “products,” using “products” and recycling “products,” and to create a new business model featuring a composite profit structure, which we will accomplish by leveraging traditional strengths and accumulated know-how in manufacturing.

While maintaining our long-standing competitive advantage in promoting business activities that are closely tailored to communities and customers, we will offer a multitude of new services aimed at achieving our vision.

Three Strategies

The Hitachi Capital Group will implement three strategies to help us achieve our new mid-term management plan: “reform the profit structure,” “enhance and expand overseas business” and “strengthen the management foundation.”

• Reform the Profit Structure

Under our traditional business model, we sought to expand finance income through leasing and installment sales. Intensifying competition, however, is expected to

put downward pressure on profitability. Conversely, we can develop business by exploiting our advantage as a manufacturer-affiliated financial services company through financial services pertaining to the ownership, utilization and recycling of “products.” To this end, we will shift to a profit structure that enables sustainable growth by executing the following four initiatives.

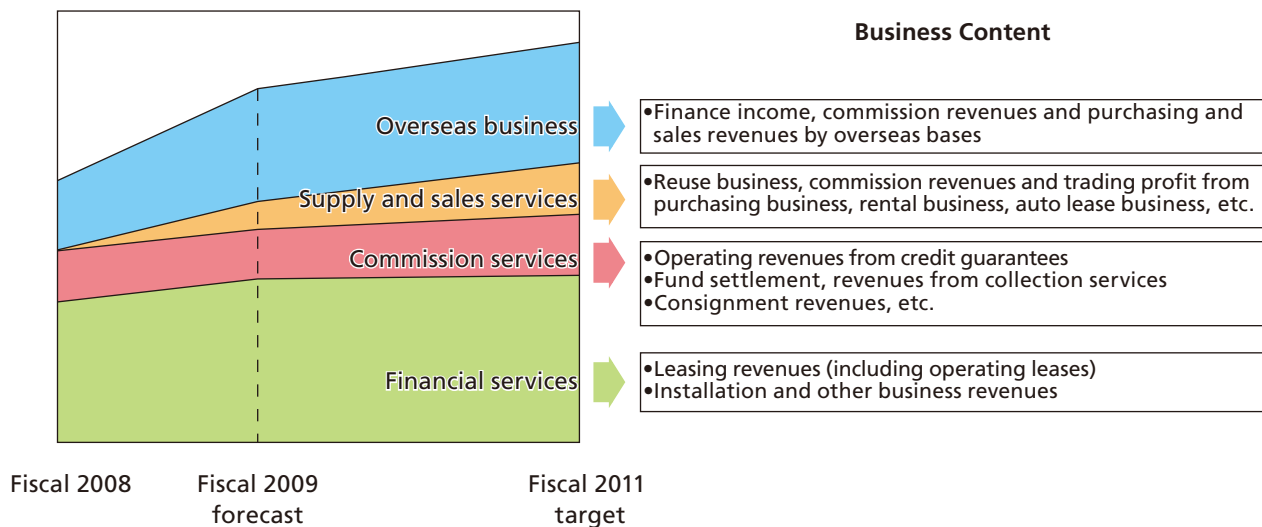
First, we will strengthen finance income based on “products.” In addition to traditional finance leases, we will expand our range to include operating leases and asset-based loans.

Second, we will boost commission revenues by focusing on the management and consignment of “products.” By making the most of our accumulated know-how, we can strengthen the consignment of equipment installation, operations management and disposal. We will also work to expand loan sales through alliances with financial institutions by exploiting our strengths in screening, credit and collection.

Third, we will enhance purchasing and sales revenues by focusing on the utility value and recycling of “products.” Besides our rental and auto lease businesses, we will bolster our recycling and reuse business.

Fourth, we will implement initiatives in new markets. We will aggressively develop new products

Desired Business Portfolio



that tackle current issues related to the environment, resources and energy, and that meet the needs of a society characterized by an aging population and a declining birthrate, regional development (shift from public to private sectors) and advancements in

information technology.

We will take a proactive approach to business alliances and M&A in order to accelerate this series of profit structure reforms and to strengthen our underlying revenues base.

Hitachi Capital's New Services

Total Asset Management Service

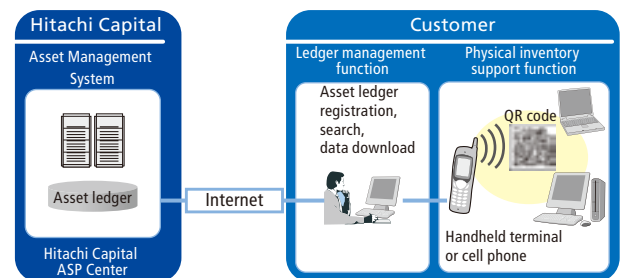
Hitachi Capital started providing a total asset management service called "Asset Navi Service" in October 2007 that can be used by businesses to manage and take inventory of all assets and equipment such as data processing equipment and office machinery.

While businesses face an increasingly greater need to control their assets in the interest of internal control and protection of personal information, in practice, many businesses struggle to accurately track and control their assets. Hitachi Capital has developed "Asset Navi Service" to help customers solve such problems.

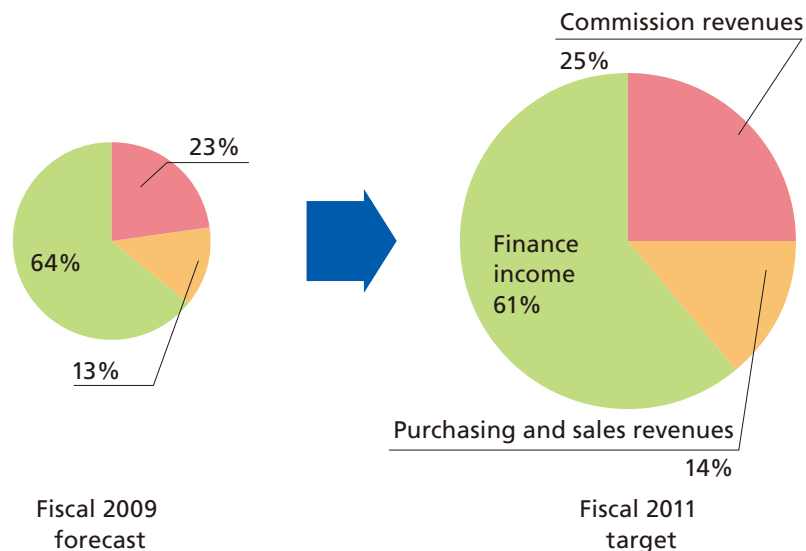
In that the system is provided as an ASP (Application Service Provider) service, it can be implemented quickly and economically. In addition, the system's servers are installed at the Hitachi Group's

data center with high levels of security via detection and notification of illegal access together with data backup. Hitachi Capital's ongoing upgrades of software and hardware maintenance service will ensure significant reductions in customer management costs.

Outline of Total Asset Management Service



Domestic Business Profit Structure Reform



• Enhance and Expand Overseas Business

We will foster and strengthen business overseas in key fields for the Hitachi Capital Group over the medium to long term. It is difficult to expect significant growth in the domestic market in part because of the aging population and declining birthrate. We believe that promoting business overseas as one of our growth strategies will in turn help drive sustainable growth for Hitachi Capital.

Specifically, we will bolster our network of operational bases, primarily in the three regions of Asia, Europe and North America. We will implement initiatives in each of these regions that target individuals and small and medium-size companies. Efforts will focus on business expansion, especially vendor finance in leasing and credit services that are closely tailored to local communities, the same as in Japan. Asia is viewed as our most promising market. We already have a strong track record in Singapore and Hong Kong and will expand business in Thailand going forward. In Europe, we plan to start operations in Eastern Europe, notably Poland, based on positive results in the United Kingdom. In North America, since further stagnation is forecast in the U.S. market owing to the subprime loan crisis, we will focus our energy on Canada.

Hitachi Capital's New Services

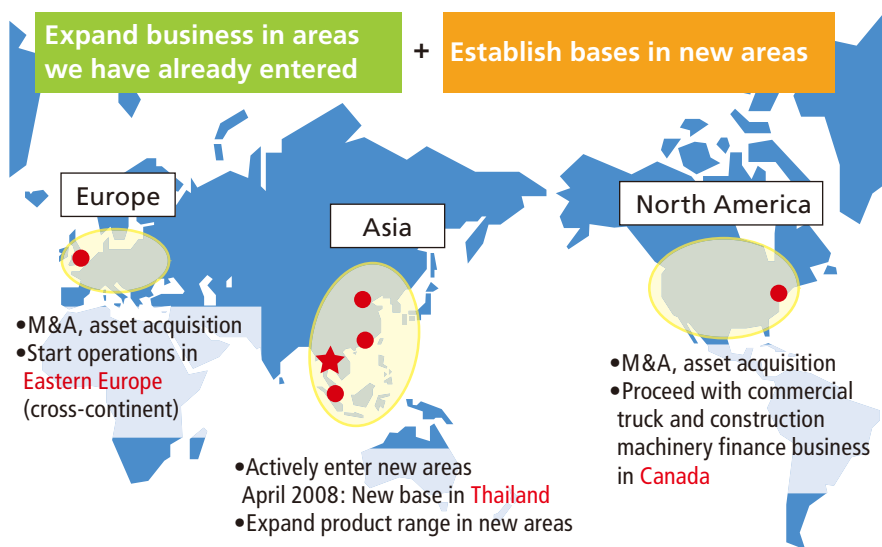
Comprehensive Operation and Administration Services for Office IT Equipment

Hitachi Capital has teamed up with Hitachi Electronics Services Co., Ltd. to provide new comprehensive operation and administration services from equipment installation to disposal for such office IT equipment as personal computers and printers catering to small and medium-size businesses. The new services started at the end of October 2007.

As businesses become increasingly dependent upon IT equipment, the need for operational management of this equipment, such as internal control and environmental management, has increased and become more advanced. The costs associated with installing and subsequently managing equipment are a heavy burden for small and medium-size companies.

As a new service menu, Hitachi Capital provides such companies with services that encompass operation and management from installation to disposal (purchasing, installation, lease, expansion, transfer, troubleshooting, inventory, data erasure and equipment disposal), in addition to curbing initial capital investment for customers through financing. Reducing the burden of operating and managing IT equipment provides the benefits of lower costs and permitting employees more time to concentrate on core businesses. Through these services, Hitachi Capital aims to boost management efficiency for customers' businesses and realize a society that doesn't waste resources, including effective utilization of equipment after disposal.

Overseas Business Strategies



• **Strengthen the Management Foundation**

To strengthen our management foundation amid a fast-changing business environment, the Hitachi Capital Group will work to enhance productivity through the restructuring of information systems and improve service quality.

In restructuring information systems, we will execute R&D investment to ensure that we can respond quickly to changes in accounting standards, taxation, laws and regulations, and systems. We will respond to customer queries and applications via the Internet by creating a "customer front system" directed towards realizing convenience for customers and operating efficiency.

In order to improve service quality, we will constantly review our business processes based on the slogan "Quality First," as well as conduct training and provide education for each employee to raise the level of quality across the board.

Hitachi Capital's New Services

Used Semiconductor Equipment Website

Hitachi Capital has been developing a recycling business for many years. In particular, we provide services relating to the reuse of used equipment and machinery, including assets that have been rented or leased, through various channels such as a website. The sale of used semiconductor equipment is one of these services. The product information section of the website shows a lineup of over 280 different kinds of used semiconductor equipment in three categories: returned equipment for which the Hitachi Capital lease has expired or is about to expire; equipment sold via consignment by our business partners; and equipment purchased by Hitachi Capital for the purpose of selling. Expertise in evaluating equipment is one of our strengths as a manufacturer-affiliated leasing company. By satisfying the needs of device makers who want to use high-end equipment at a reasonable price, we play an important role in creating a recycling-oriented society.



Used semiconductor equipment website:
<http://www.hitachi-capital.co.jp/semicon/english/index.html>

■ **Domestic/Overseas Operating Income**

