

BASIC POLICY

Hitachi Capital believes the establishment of an optimal management structure to enhance corporate value serves as the cornerstone of corporate governance. In keeping with this rationale, Hitachi Capital is working to strengthen its corporate governance structure as summarized below.

1. DESCRIPTION OF INTERNAL ORGANIZATIONS

Hitachi Capital uses a committee system as part of a management structure suitable for achieving fast and fair solutions to management issues currently facing the Company as well as in addressing future issues.

As of June 23, 2008, Hitachi Capital's Board of Directors consisted of seven directors, including four external directors, who normally convene monthly. As prescribed by laws, the Company's Articles of Incorporation and the regulations of the Board of Directors, it conducts decision-making on such pressing management issues as basic policies and key management strategies. The Board also undertakes the appointment of Corporate Officers, requests explanations and reports regarding executive activities when needed and ensures the proper functioning of operations.

The Nominating Committee, Audit Committee and Compensation Committee have been set up within the Board of Directors. The Audit Committee ordinarily meets monthly and is responsible for auditing management in terms of propriety and legality. The Nominating and Compensation committees convene when deemed necessary to decide on matters related to resolutions to select directors and appropriate compensation of officers.

Corporate Officers (eight as of June 23, 2008) elected by the Board make executive decisions and execute business affairs within the scope of authority delegated by the Board of Directors. A Corporate Officers Committee convenes monthly to make decisions on key matters.

2. COMPLIANCE STRUCTURE

Hitachi Capital has formulated a Basic Compliance Policy to ensure effective compliance, particularly with regard to social norms that include laws or ordinances relevant to the Hitachi Capital Group as well as voluntary industry rules. A Compliance Group has been established within the Legal Department to gather information and plan, prepare and promote frameworks for legal compliance. In terms of compliance education for employees, the Group undertakes educational programs created by the Human Resources and Education Department to offer basic legal education and well-planned training tailored to employee rank as well as specialized educational training.

In addition, Hitachi Capital employs an internal reporting system that allows Group employees to report any illegal activities or improper conduct occurring within the Group to either an internal contact point or external legal counsel.

Hitachi Capital is thoroughly managing personal information and other data within the Group, while further strengthening the structure to enable operations to be conducted based on a spirit of compliance toward such industry-specific laws as the Money-Lending Business Control and Regulation Law as well as various laws that affect its business.

3. RISK MANAGEMENT STRUCTURE

Hitachi Capital has formulated Basic Policies for Risk Management as a means of clarifying basic management policies as well as the methods for addressing risks. Cognizant of the fact that accurately detecting business risks and adjusting accordingly is a core and essential competency of the financial services industry, Hitachi Capital aims to comprehensively address a variety of risks within the Group, including business risks, credit risks and compliance risks. To that end, the Company has established the Risk Management Group within the Legal Department and is working to further bolster the risk management structure.