

Completed Turnaround to a Stronger Corporate Structure. Strategic Focus Is Now on Sustainable Growth.



Kazuya Miura
President & CEO

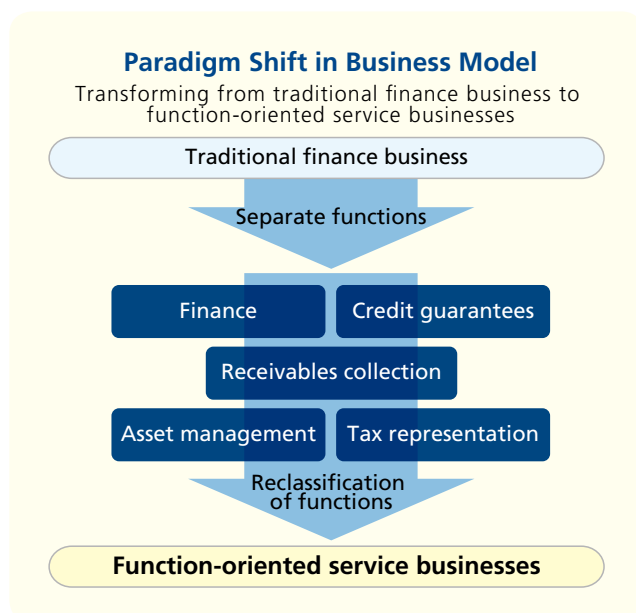
Overview of Fiscal 2010

With regard to our consolidated results, revenues in fiscal 2010, ended March 31, 2010, decreased 11.7% compared with the previous fiscal year to ¥95,357 million (US\$1,025 million) due primarily to weak capital investment in the corporate sector in Japan. Despite significant reductions in business operating costs, personnel costs and financing costs, operating income decreased 26.7% year-on-year to ¥12,895 million (US\$138 million) mainly attributable to the recording of business restructuring costs in Europe and the United States. Net income amounted to ¥8,248 million (US\$88 million), down 32.0%. Although the financial results were dismal, the Hitachi Capital Group positioned fiscal 2010 as the year to turnaround to a stronger structure, and thanks to our unflagging resolve in implementing the three core policies of shifting to a low-cost structure, clarifying a “winning business structure” and investing in human resources to nurture professionals, volume of business and revenues exceeded target figures. We also surpassed our target for net income primarily by reducing financing costs, even though operating expenses rose due to the recording of business restructuring costs in Europe and the United States as allowance for losses on receivables. Aside from this, we increased business efficiency by integrating back-office functions into the Business Support Center and improved profitability in each contract, and as a result, we completed the turnaround to a stronger corporate structure. This means we have solidified foundations that will enable us to adopt a new strategic emphasis from fiscal 2011.

Modifying Business Model in accordance with the Changing Environment

Our operating environment has changed drastically in the past three years to fiscal 2010. The almost simultaneous occurrence of a global economic downturn, industry reorganization, revisions to business laws and changes in accounting standards were major contributing factors. However, a more pertinent reason underpinning this change is the shift in Japan from an

industrial society to a knowledge-based society. This denotes transformation from an era of “generating sales through creating products” to one of “generating sales by providing the utility value of a product as a service.” This is a common phenomenon among developed countries and has prompted an increasing trend of shifting to overseas production. As a result, emerging nations are moving full steam ahead towards industrialization. The domestic finance market, which has traditionally focused on manufacture and sales of products, continues to contract amid such environmental changes. The Hitachi Capital Group has therefore had to modify its conventional business model based on a new perspective envisioning sustainable growth.



Drive Sustainable Growth from a New Perspective under New Mid-Term Management Plan

In line with the above-mentioned business environment, the Hitachi Capital Group started a new Mid-Term Management Plan covering the three years from fiscal 2011 to fiscal 2013. Our aim is to drive sustainable growth from a new perspective by exploiting our key strengths accumulated over the years. Details of this plan are

provided on pages 4 and 5 of the Special Feature section. In Japan, besides changing the business model by leveraging the diverse and unique functions of the Group in such areas as insurance, credit guarantees, receivables collection and trust services, we will utilize locally based sales systems to focus on raising shares in specific areas and increasing profitability in order to maintain our fundamental businesses. Overseas, we will continue to steadily expand business based on areas in which we have an established presence, particularly in emerging nations in Asia, while working closely with other Hitachi Group companies.

Policy on Returning Profits to Shareholders and Message

We seek to maintain a stable distribution of dividends linked to business performance, while ensuring a sound financial position and securing internal reserves necessary for sustainable growth and to cope with the changing operating environment. Based on this policy, we paid a year-end dividend of ¥15.00 (US\$0.16) per share. Including an interim dividend of the same amount, our annual dividend was ¥30.00 (US\$0.32) per share.

The operating environment is expected to remain extremely tough for the Hitachi Capital Group. Nonetheless, we will endeavor to achieve sustainable growth based on a stronger corporate structure built by overcoming adverse conditions. To ensure continued growth going forward, we will be closely attuned to the changing times and execute the initiatives of our Mid-Term Management Plan aimed at new challenges and reforms.

I ask all shareholders for your continued support.

Kazuya Miura, President & CEO