

**Notice Regarding Progress of Internal Investigation Committee
for Inappropriate Deals**

Tokyo, June 6, 2019 — Hitachi Capital Corporation (TSE: 8586) (President & CEO: Seiji Kawabe; “the Company”) hereby announces the progress of Internal Investigation Committee regarding the possibility of inappropriate deals provided by Hitachi Capital Factoring (China) Co., Ltd. which is a subsidiary of The Company, as announced in the “Notice Regarding Postponement of the Announcement for Consolidated Earnings Report for the Year Ended March 31, 2019” dated May 10, 2019.

As of today, the investigation of Internal Investigation Committee as well as consultation with the independent auditor concerning targeted receivables which have possibility of inappropriate deals are in progress, and the announcement day of financial statement is not determined.

We deeply apologize for causing a great deal of inconvenience and concern to our stakeholders including shareholders and investors.

1. Establishment of the Internal Investigation Committee and the progress of investigation

The Company established the Internal Investigation Committee and currently carry out an investigation of the facts, etc. concerning this matter as follows:

(1) . Purposes of investigation

To understand the impact on performances, the Company currently confirms the existence of receivables which have possibility of inappropriate deals and whether similar issues exist with respect to other accounts with large receivable balance of Hitachi Capital Factoring (China) Co., Ltd. Meanwhile, the Company also investigates whether officers and employees of the Company and its subsidiary in China have been involved in fraudulent behaviors or have any conflict of interest in the scoped-in cases.

Based on the results of investigation of the cause, it is scheduled that measures to prevent recurrence will be announced.

(2) . Members of the Internal Investigation Committee

	(Name)	(Position)
Chairperson	Seiichiro Kishino	Executive Vice President and Executive Officer (Head of Management Bases Initiatives Group)
Vice Chairperson	Tsuyoshi Sato	Executive Officer (Co-Head of Strategic Management Office)

Members * Consisting of managers of relevant departments in the Head Office
(Quality Assurance Dept., Legal Dept., IT Development Dept.,
Asset Management Dept.)

(3) . Engagement of external professionals

PricewaterhouseCoopers Business Consulting (Shanghai) Co Limited (engaged by management, as part of the investigation, to undertake certain limited procedures as agreed by management related to the conduct of company employees, and reported its factual findings to management without providing any assurance or conclusion)

Jin Mao Law Firm (advice on Chinese laws and regulations)

Zhongzi Law Office (advice on Chinese laws and regulations)

Miura & Partners (advice on interpretation of Japanese laws and regulations, and assessment of investigation method and result)

(4) . Period and progress of the investigation

Internal Investigation Committee reported the investigation result between April 22nd and May 19th, the period as planned, to the Internal Audit Committee on May 21st, 2019.

According to the investigation result by May 19th, it was found that the substantial amount of arrears in question are unlikely to be recovered as it is highly likely that we became a victim of fraud and the discussions with debtors have been making little progress. The investigation was also found no direct evidence to indicate that any of the targeted officers and employees of the Company and its subsidiary in China had been involved in fraudulent activities, nor did it identify any cases of conflict of interests in the cases reviewed..

Thereafter, the Internal Investigation Committee continued investigation and found other cases with possibility of inappropriate deals which are determined to be required additional investigations. With above reasons, the Company continues investigation by expanding its scope.

2. Impact on consolidated earnings for the year ended March 31, 2019

Currently, the Company investigates approximately 22.0 billion yen as targeted receivables and advances discussion related to the allowance for doubtful accounts.

However, the Company will announce the ultimate amount of allowance for doubtful accounts as determined based on the results of additional investigation currently in progress and consultation with the independent auditor.

3. Future schedule

The Company will announce the announcement day of consolidated earnings for the year ended March 31, 2019 as soon as it is decided.

■ Outline of Hitachi Capital Factoring (China) Co., Ltd.

Name	Hitachi Capital Factoring (China) Co., Ltd.
Business description	Factoring business
Partners/Customers	Japanese companies/Chinese companies
Number of customers	Approx. 50 companies
Operating assets	Approx. ¥30.0 billion
Establishment	August 2013
Capital	Approx. ¥5.0 billion
Voting rights	Hitachi Capital Corporation 100%

* Financial figures are results for the year ended March 31, 2019

###