

To whom it may concern:



**Announcement of Introduction of Performance-based Stock Compensation, etc.
for the Executive Officers**

Hitachi Capital Corporation (TSE: 8586) (“the Company”) hereby announces that, at the Compensation Committee’s meeting held today, it has resolved to introduce performance-based stock compensation, etc. for the Executive Officers.

1. Introduction of Performance-based Stock Compensation, etc.

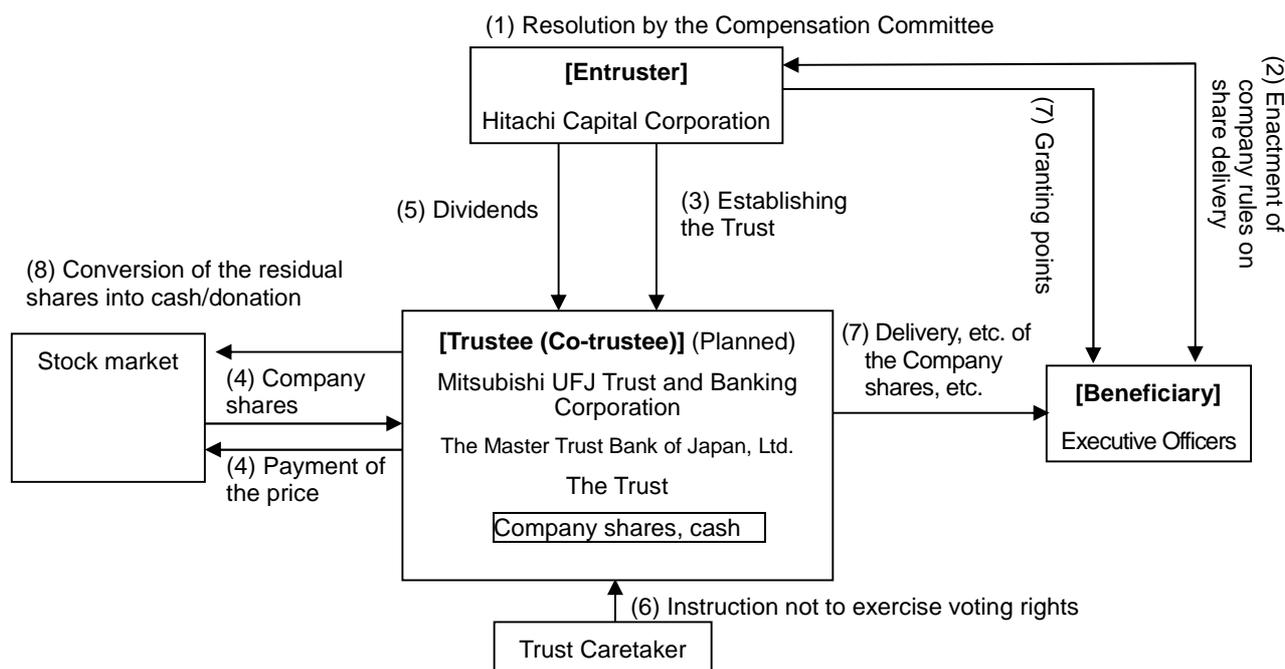
- (1) The Company will introduce performance-based stock compensation, etc. for the Executive Officers as a highly transparent and objective compensation system for officers which is closely linked to the company performance. The purpose of introducing the plan is to promote management focusing on business performance and corporate value from a mid- to long-term viewpoint by increasing motivation among executive officers to improve mid- to long-term performance and corporate value of the Group and sharing interest with shareholders.

[Outline of Performance-based Stock Compensation, etc.]

Eligibility under the plan	Type of performance-based stock compensation, etc.
Executive Officers residing in Japan	Performance-based stock compensation plan
Executive Officers not residing in Japan	Stock price-linked cash compensation plan

- (2) Under the performance-based stock compensation plan, the Company shares obtained from the stock market adopting the Board Incentive Plan Trust (“BIP Trust”) and the cash equivalent to the conversion value of the Company shares (“the Company shares, etc.”) will be delivered or paid (“the Delivery, etc.”) at a certain time to the Executive Officers residing in Japan based on the attainment level of performance targets.
The Company shares in the BIP Trust will have no dilutive effect as they will be acquired from the stock market.
- (3) Under the stock price-linked cash compensation plan, cash calculated in accordance with the method applied to the performance-based stock compensation plan for the Executive Officers residing in Japan will be paid to the Executive Officers not residing in Japan.
- (4) After the introduction of performance-based stock compensation, etc., the compensation for the Executive Officers will consist of “basic compensation,” “performance-based compensation,” and “performance-based stock compensation, etc. (performance-based stock compensation plan or stock price-linked cash compensation plan).

2. Overview of the Performance-based Stock Compensation Plan



- (1) The Company's Compensation Committee will pass a resolution to approve the introduction of a performance-based stock compensation plan ("the Stock Compensation Plan").
- (2) The Company's Compensation Committee will enact company rules on share delivery under the Stock Compensation Plan.
- (3) The Company will entrust money based on approval by resolution at the Compensation Committee in (1) and establish a trust wherein the Executive Officers meeting the beneficiary requirements will be the beneficiaries ("the Trust").
- (4) The Trustee acquires the Company shares from the stock market using the money contributed in (3) above in accordance with the instructions of the trust caretaker.
- (5) Dividends of the Company shares in the Trust will be distributed as well as other Company shares.
- (6) The voting rights of the Company shares in the Trust will not be exercised during the trust term.
- (7) During the trust term, certain points will be granted to the Executive Officers (excluding those not residing in Japan; the same shall apply hereinafter) according to their position and performance, etc. of each fiscal year. In principle, the Executive Officers who meet certain beneficiary requirements will receive the Company shares corresponding to a certain percentage of the number of accumulated points after the end of the fiscal year subject to the Mid-Term Management Plan of the Group (initially, after the end of the FY2021, the final year of the next Mid-Term Management Plan as the current Mid-Term Management Plan will end in the FY2018), and the cash equivalent to the conversion value of the Company shares corresponding to the remaining points through conversion into cash under the Trust pursuant to the trust agreement.
- (8) If there are residual shares at the end of the trust term due to, for example, non-attainment of performance targets, the Company may continue to use the Trust by amending the trust agreement and entrusting additional money to the Trust. In case of terminating the Trust, the Company will convert the

residual shares into cash under the Trust, and if the sum of the conversion proceeds and money held in the Trust exceeds allowance for trust expenses which is calculated as the trust money less funds to acquire the Company shares, the excess amount will be donated to groups that have no vested interest in the Company or the Executive Officers with the remainder belonging to the Company.

Note: If there is a possibility that the number of the Company shares held in the Trust falls short of the number of shares corresponding to the number of accumulated points specified for each executive officer (as defined in (4) below) or that money held in the Trust is not sufficient to pay trust fees and expenses during the trust term, the Company may entrust additional money to the Trust based on approval by resolution by the Compensation Committee.

(1) Outline of the Stock Compensation Plan

The Stock Compensation Plan is a plan covering the three consecutive fiscal years subject to the Mid-Term Management Plan of the Group (“the Target Period”), under which the Company shares, etc. will be delivered to the Executive Officers as officers’ compensation according to their position and the attainment level of performance targets after the end of the Target Period. As the current Mid-Term Management Plan of the Group will end at the end of March 2019, the initial Target Period will be the fiscal year ending March 31, 2019 (FY2018) and the Delivery, etc. of the Company shares, etc. attributable to the initial Target Period will be deferred until after the end of the next Target Period (from FY2019 to FY2021) in principle.

(2) Eligibility under the Stock Compensation Plan (Beneficiary Requirements)

The Executive Officers may receive the Company shares, etc. corresponding to the number of accumulated points (as defined in (4) below) from the Trust after the prescribed procedures to fix beneficiaries, provided that they meet the following beneficiary requirements.

Beneficiary requirements will be as follows:

- (i) a person who is in office as an Executive Officer of the Company during the Target Period after the start date of the plan (including those newly elected as Executive Officers after the start date of the plan);
- (ii) a person who resides in Japan during the Target Period after the start date of the plan;
- (iii) a person who has not left office for personal reasons (excluding cases where the Compensation Committee finds it unavoidable; the same shall apply hereinafter), dismissed, nor committed certain illegal activities during the term of office; and
- (iv) a person who meets other requirements deemed necessary to attain the objectives of the performance-based stock compensation plan

(3) Trust Term

(i) Initial trust term

The initial Target Period for the Stock Compensation Plan will be FY2018, the remainder of the current Mid-Term Management Plan, and therefore the initial trust term of the Trust will be a period of approximately one year from May 15, 2018 (scheduled) to August 31, 2019 (scheduled).

(ii) Continuance of the Trust

The Company may continue to use the Trust by amending the trust agreement and entrusting additional money upon the expiry of the trust term. In such case, the trust term of the Trust will be extended for another three years, and the Company will entrust additional money to be determined by the Compensation Committee upon each extension of the trust term and continue to grant points to the Executive Officers during the extended trust term. Such extension of the trust term is not limited to once but may be repeated in the same way.

(iii) Treatment of the termination of the Trust (extension of the trust term without additional contribution)

In case the Trust is to be terminated at the expiry of the initial trust term and there are Executive Officers in office who may meet the beneficiary requirements at the end of the trust term, the trust term will be extended until the Delivery, etc. of the Company shares, etc. to the Executive Officers is completed. In such case, new point will not be granted to the Executive Officers.

(4) Number of the Company shares, etc. to be delivered to Executive Officers

In principle, points will be granted in every June to the Executive Officers who are in office as Executive Officer during the fiscal year ending March 31 of that year (“the Target Fiscal Year”) during the trust term based on the performance and the number of months in office during the Target Fiscal Year. The specific points calculation formula is summarized as follows:

(Points calculation formula):

Total of (basic compensation according to the position during the Target Fiscal Year × Number of months in office by position during the Target Fiscal Year) × 50% × Factor for the fiscal year (*1) / Basic stock price under the plan (*2) × Performance-linked factor for the Target Fiscal Year

*1 Factor for the fiscal year shall be 20%; however, it shall be 60% if the Target Fiscal Year is the final fiscal year of the period subject to the Mid-Term Management Plan. 60% shall be applied for FY2018 as it is the final fiscal year of the current Mid-Term Management Plan.

*2 Basic stock price under the plan will be the average closing price of the Company share in the Tokyo Stock Exchange in the month immediately preceding the month in which the plan starts (in case the Trust is continued as described in (3) (ii) above, it shall be the average closing price of the Company share in the Tokyo Stock Exchange in the month immediately preceding the month in which the plan starts after the extension).

Performance-linked factor will range between 0% to 130% based on the attainment level of the performance target for the single year set forth in the Mid-Term Management Plan. Indicators used to measure the attainment level of the performance targets for the initial Target Period (FY2018) will be profit before tax, one of the management targets set forth in the current Mid-Term Management Plan, and those for the next Target Period will be determined taking into account the management targets, etc. of the new Mid-Term Management Plan.

To an Executive Officer who left office (excluding retirement, etc. due to personal reasons) or passed away during the term of office, points calculated by the above formula using 100% as the performance-linked factor for the Target Fiscal Year will be granted promptly.

The Company shares, etc. corresponding to the number of the accumulated points granted (“the Number of Accumulated Points”) will be delivered at the timing described in (5) below. One point corresponds to one Company share and any fraction less than one point, if any, is rounded down. However, in case of stock split, reverse stock split or other events for which it is considered fair to make adjustments to the number of points during the trust term, the number of the Company shares per point and the maximum number of shares to be delivered described in (6) below will be adjusted according to the relevant stock split ratio, or reverse stock split ratio, etc.

(5) Method and timing of the Delivery, etc. of the Company shares, etc. to the Executive Officers

The Executive Officers who meet the beneficiary requirements will receive from the Trust the Company shares corresponding to 50% of the Number of Accumulated Points (any fraction of shares will be rounded down) and the cash equivalent to the conversion value of the Company shares corresponding to the remaining Number of Accumulated Points (shares will be converted into cash under the Trust) around June after the end of the Target Period by carrying out the prescribed procedures to fix beneficiaries. As described in (1) above, the Delivery, etc. attributable to the initial Target Period (FY2018) will be deferred until the end of the next Target Period (from FY2019 to FY2021), in principle. In addition, the Company’s Executive Officer who left office during the trust term will receive from the Trust the Company shares corresponding to [50%] of the Number of Accumulated Points (any fraction of shares will be rounded down) and the cash equivalent to the conversion value of the Company shares corresponding to the remaining Number of Accumulated Points (shares will be converted into cash under the Trust). In case an Executive Officer who meets the beneficiary requirements passed away during the trust term, heir of the Executive Officer will receive from the Trust the cash equivalent to the conversion value of the Company shares corresponding to the Number of Accumulated Points to be calculated after the death of the Executive Officer by carrying out the prescribed procedures to fix beneficiaries (shares will be converted into cash under the Trust).

(6) Scheduled amount of trust money to be contributed to the Trust and the maximum number of the Company shares, etc. to be delivered by the Trust

The Company is scheduled to contribute the following money to the Trust as compensation to the Executive Officers during the initial Target Period (FY2018).

Scheduled amount of trust money to be contributed to the Trust during the initial Target Period (FY2018):
93 million yen in total (*)

The maximum number of the Company shares, etc. to be delivered from the Trust to the Executive Officers will be 40,000 shares for the initial Target Period (FY2018).

* Scheduled amount of trust money is calculated by adding trust fees and expenses to the funds to acquire the Company shares taking into account the current compensation level of the Executive Officers.

(7) Method for the Trust to acquire the Company shares

The Trust plans to initially acquire the Company shares from the stock market with the funds to acquire the Company shares to be contributed to the Trust as described in (6) above.

(8) Exercising voting rights related to the Company shares in the Trust

Voting rights related to the Company shares in the Trust (namely, the Company shares with respect to which the Delivery, etc. has not been conducted yet) will not be exercised during the trust term, to ensure the neutrality to management of the Company.

(9) Treatment of dividends related to the Company shares in the trust

Dividends related to the Company shares in the Trust will be received by the Trust and used for trust fees and trust expenses.

(10) Treatment at the end of the trust term

If there are residual shares at the end of the trust term due to, for example, non-attainment of performance targets, the Company may continue to use the Trust by amending the trust agreement and entrusting additional money to the Trust.

In case of terminating the Trust, the Company will convert the residual shares into cash under the Trust, and if the sum of the conversion proceeds and cash held in the Trust exceeds allowance for trust expenses which is calculated as the trust money less funds to acquire the Company shares, the excess amount will be donated to groups that have no vested interest in the Company or the Executive Officers with the remainder belonging to the Company.

(Reference) Trust Agreement Contents

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| (1) Type of Trust: | An individually operated designated trust of cash other than cash trust (third party benefit trust) |
| (2) Purpose of Trust: | To provide incentives to the Executive Officers |
| (3) Entruster: | Hitachi Capital Corporation |
| (4) Trustee: | Mitsubishi UFJ Trust and Banking Corporation (scheduled)
(Co-trustee: The Master Trust Bank of Japan, Ltd. (scheduled)) |
| (5) Beneficiaries: | The Executive Officers who meet beneficiary requirements |
| (6) Trust Caretaker: | A third person who has no vested interest in the Company |
| (7) Date of Trust Agreement: | May 15, 2018 (scheduled) |
| (8) Trust Period: | From May 15, 2018 (scheduled) to August 31, 2019 (scheduled) |
| (9) Start of the Plan: | June 1, 2018 (scheduled) |
| (10) Exercise of Voting Rights: | No voting rights will be exercised |
| (11) Type of Acquired Shares: | Common shares of Hitachi Capital Corporation |
| (12) Scheduled Amount of Trust Money: | 93 million yen
(including trust fee and trust expenses) |
| (13) Time to Acquire Shares: | From May 18, 2018 (scheduled) to June 30, 2018 (scheduled)
(excluding the period from five business days prior to the last day of the fiscal period (including six-month and quarterly periods) to the last day of the fiscal period) |
| (14) Method of Share Acquisition: | To be acquired from the stock market |
| (15) Vested Rights Holder: | Hitachi Capital Corporation |
| (16) Residual Assets: | Residual assets that the Company, which is the holder of vested rights, can receive are within the extent of allowances for trust expenses which is calculated as the trust money less funds to acquire the Company shares |

[Affairs Related to the Trust and Shares]

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| (1) Affairs Related to the Trust: | Mitsubishi UFJ Trust and Banking Corporation and The Master Trust Bank of Japan, Ltd. will be the Trustee of the Trust and engage in affairs related to the Trust. |
| (2) Affairs Related to Shares: | Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. will engage in affairs related to delivering the Company shares to beneficiaries based on the agreement on entrustment of affairs. |

3. Outline of the Stock Price-linked Cash Compensation Plan

(1) Outline of the stock price-linked cash compensation plan

The stock price-linked cash compensation plan (“the Cash Compensation Plan”) is a plan covering the same Target Period as the Stock Compensation Plan, under which the cash equivalent to the Company shares corresponding to the number of points granted in accordance with the calculation method under the Stock Compensation Plan will be paid as officers’ compensation to the Executive Officers not residing in Japan who are not eligible under the Stock Compensation Plan at the same timing as the Stock Compensation Plan.

(2) Eligibility under the cash Compensation Plan

The Executive Officers may receive the cash equivalent to the Company shares corresponding to the Number of Accumulated Points (as defined in (3) below) from the Company, provided that they meet the following payment requirements.

Payment requirements will be as follows:

- (i) a person who is in office as an Executive Officer of the Company during the Target Period after the start date of the plan (including those newly elected as Executive Officers after the start date of the plan);
- (ii) a person who has been a resident of countries other than Japan during the Target Period;
- (iii) a person who has not left office for personal reasons (excluding cases where the Compensation Committee finds it unavoidable; the same shall apply hereinafter), dismissed, nor committed certain illegal activities during the term of office; and
- (iv) a person who meets other requirements deemed necessary to attain the objectives of the stock price-linked cash compensation plan.

(3) Amount of the cash equivalent to the Company shares to be paid to the Executive Officers

The Executive Officers will be granted points calculated in accordance with the timing and method under the Stock Compensation Plan.

The cash equivalent to the Company shares corresponding to the number of accumulated points granted (“the Number of Accumulated Points”) will be calculated by multiplying the Number of Accumulated Points by the closing price of the Company share in the Tokyo Stock Exchange at the timing described in (4) below, and paid at the timing described in (4) below.

One point corresponds to the cash equivalent to one share of the Company and any fraction less than one point, if any, is rounded down. However, in case of stock split, reverse stock split or other events for which it is considered fair to make adjustments to the number of points during the trust term, the cash equivalent to the Company shares per point will be adjusted according to the relevant stock split ratio, or reverse stock split ratio, etc.

(4) Timing of payment of the cash equivalent to the Company shares to be paid to the Executive Officers

The Executive Officers who meet the payment requirements will receive from the Company the cash equivalent to the Company shares corresponding to the Number of Accumulated Points around June after the end of the Target Period. However, because the current Mid-Term Management Plan of the

Group will end at the end of March 2019, as is the case with the Stock Compensation Plan, the initial Target Period will be the fiscal year ending March 31, 2019 (FY 2018) and the payment of the cash equivalent to the Company shares attributable to the initial Target Period will be deferred until after the end of the next Target Period (from FY 2019 to FY2021) in principle (in such case, the cash equivalent to the Company shares attributable to the initial Target Period will be calculated by multiplying the Number of Accumulated Points by the closing price of the Company share in the Tokyo Stock Exchange at a certain time after the end of FY2021).

If an Executive Officer left office or passed away, it shall be treated in the same way as the Stock Compensation Plan.

End