

June 6, 2016

To whom it may concern:

Hitachi Capital Corporation (8586)

Announcement regarding “FY2016-FY2018 Mid-Term Management Plan”

Hitachi Capital Corporation (TSE:8586) (President & CEO: Seiji Kawabe, “Hitachi Capital”) today announced that it developed “FY2016-FY2018 Mid-Term Management Plan (“2018 Mid-Term Management Plan”).”

Hitachi Capital has set its new mission to be “Social Values Creating Company” and aims to improve corporate value in the mid- to long-term through continuous “Change” and “Growth” in response to constantly changing business environment under the 2018 Mid-Term Management Plan positioned as the “Second growth stage.”

1. Framework of 2018 Mid-Term Management Plan

(1) Positioning of 2018 Mid-Term Management Plan: 2nd Growth Stage

Mission: “Social Values Creating Company ”

We will be conscientious of the global environment and aim to become a Social Values Creating Company that provides new values to realize social development and richer life for people.

(2) Highlights of 2018 Mid-Term Management Plan

1) Global Business: Continues double digit growth—Maintain high and systematic growth

- Risk control according to regional characteristics
- Diversify business portfolio to build a system insusceptible to external environments
- Overseas ratio in FY2018: 60%^{*1} (profit before tax)

*1 Excluding adjustments

2) Japan Business: Challenge 2% ROA—Shift to growth stage through continuous business structural reform

- Improve asset efficiency by resetting focused sectors
- Strengthen back office capability to contribute to an enhanced competitiveness

3) Aggressive investment: Execute strategic investment to support business growth

- M&A: 300 billion yen in asset size, IT investment: 20 billion yen,
Human resources investment: Add 200 highly-skilled professionals

(3) 2018 Mid-Term Management Plan Targets

		FY2018 Target	FY2015 Result
Performance	ROE	10%	9.9%
	ROA ^{*2}	1.8%	1.6%
	Profit before tax	Around 60 billion yen ^{*3}	46.6 billion yen
Financial indicators	Equity ratio ^{*4}	11%	10.9%
	Bond issue rating	Maintain high credit ratings	
Return to shareholders	Payout ratio	30%	30%
Overseas ratio (profit before tax)		60%	55%

*2 ROA: Profit before tax / total operating assets

*3 Presumed foreign currency exchange rates: 180yen/1 GBP, 120yen/1 USD

*4 Equity attributable to owners of the parent ratio

2. Business Strategy (Growth Strategy/Strengthen Management Base)

(1) Business Map

		Regional strategy					
		Japan Business “Shift to growth stage through continuous business structural reform”		Global Business “Maintain high and systematic growth”			
		Focused sectors (Growing sectors/ Sprout)	Fundamental sectors Restructuring sectors	Europe	The Americas	China	ASEAN
Group Common Strategy	Hitachi Group Business: Provide services that contribute to the Social Innovation Business						
	Create synergies with capital and business alliance with MUFG and MUL ^{*5}						
	Vehicle Solution: Evolve from vehicle finance to vehicle solution and create the market						
	Eco- and energy- related: Develop the business focusing on energy generation & saving through domestic and international two-way information sharing and support						
Management Base: Establish high quality management base that contribute to enhance competitiveness (strengthen the risk management)							

*5 MUFG: Mitsubishi UFJ Financial Group, Inc.

MUL: Mitsubishi UFJ Lease & Finance Company Limited

(2) Business Fields: Consists of Core business (finance/service/commercialization) and “Combined business” which is a combination of core businesses

- Accelerate to strengthen core business and shift value-added “Combined Business” and generate “strength and uniqueness” by business enhancement

Core business	“Finance” Sales finance, Factoring, Business finance	Combined business	“Finance + Service” Rental, Vehicle Solution, etc.
	“Services” BPO ^{*6} /Risk management/ Facility management, etc.		“Finance + Commercialization” Project finance, etc.
	“Commercialization” Renewable energy business, Recycle and reuse business, etc.		“Finance + Service + Service Business” Multi-type distribution centers/ Commercial facilities, etc.

*6 BPO: Business Process Outsourcing

(3) Regional Strategy: Construct an optimal portfolio toward growth

Region	Basic policy	2018 Mid-Term Management Plan Targets/Plan (Figures in parentheses: vs FY2015)
Japan	“Improve profitability” Change business portfolio. Improve profitability by replacing and expanding focused sectors	<ul style="list-style-type: none"> • Profit growth rate^{*7}: 8% • ROA: 1.9% (+0.6%) [Challenge 2%] • Operating assets: 1.5 trillion yen (△10%)
The Americas	“Growth driver” Expand business through strategic investment (M&A, human resources)	<ul style="list-style-type: none"> • Profit growth rate: over 20% • ROA: over 2.0% (+0.3%) • Operating assets: 360 billion yen (+60%)
Europe	“Base for stable growth” Develop a platform business model as a base for stable growth	<ul style="list-style-type: none"> • Profit growth rate: 8% • ROA: over 2.5% • Operating assets: 750 billion yen (+20%)
China	“Strengthen risk management” Build high quality portfolio through strategic alliance	<ul style="list-style-type: none"> • Profit growth rate: 9% • ROA: over 2.0% • Operating assets: 400 billion yen (+30%)
ASEAN	“Strengthen business bases” Strengthen business bases toward mid- to long-term growth	<ul style="list-style-type: none"> • ROA: over 1.0% • Operating assets: 180 billion yen (+50%)

*7 Profit growth rate: Average annual growth rate of profit before tax (FY2015 to FY2018)

(4) Group Common Strategy

1) Capital and business alliance with MUFG and MUL

Creating new business opportunities through collaboration	<ul style="list-style-type: none"> • Collaboration between the two leading companies in respective industries and mutual use of know-how of manufacturer-affiliated company and financial institution-affiliated company [Japan] Collaboration in eco- and energy- related, urban infrastructure, public facilities, and real estate [Overseas] Collaboration in North America, China and ASEAN, etc.
Further growth of Global Business	<ul style="list-style-type: none"> • Utilize MUFG's global network that will underpin the growth of our Global Business • Constructing an open financial platform

2) Hitachi Group Business: Provide solutions contributing to social innovation business and global development

- Collaboration with Hitachi Group's key accounts
- Provide advices from the early stage of projects
- Offering funding through means including equity and mezzanine financing

Business sectors	Initiatives
Energy	Micro-grid business, Energy-management business, Power transmission/distribution business, Investment/asset holding/collection
Settlement business, Credit guarantees	Electronically recorded monetary claims, Factoring, Settlement infrastructure
Local governments/public sector	PPP ^{*8} / PFI ^{*9}
Cross-border financing, VMI ^{*10}	Leasing/installments in countries without business bases, Trade finance
Managed services, ATM	Asset holding, Maintenance packaging, Investment

*8 PPP: Public Private Partnership

*9 PFI: Private Finance Initiative

*10 VMI: Vendor Managed Inventory

<Risk information concerning forward-looking statements>

This document contains forward-looking statements with respect to future results, performance and achievements that are subject to risk and uncertainties and reflect management's views and assumptions formed using information available at the time. Accordingly, forecasts may differ from actual results due to a variety of factors.

###