

News Release

12th February, 2003

Hitachi Capital Corporation

Hitachi Capital Announces Reorganization of Credit Card Business as Separate Company

The Hitachi Capital Corporation board of directors has finalized details regarding the reorganization of the company's credit card business as a separate company called Hitachi Card Service Corporation, with the date of establishment set at April 1, 2003. The reorganization of the credit card business was initially announced on 24 October, 2002.

1. Purpose of Establishment of New Company

Hitachi Capital's card business is responsible for the infrastructure that supports the financial activities of the entire Hitachi Group and major client companies. The purpose of forming the new company is to improve the management of the card business to attract new customers and heighten customer satisfaction.

2. Outline of Establishment of New Company

(1) Schedule:

Board Meeting to Approve Agreement:	12th February, 2003
Signing of Agreement:	12th February, 2003
Shareholder Meeting to Approve Agreement:	27th February, 2003 (Planned) (Only Hitachi Card Service Corporation)
Transfer of card activities:	1st April, 2003 (Planned)
Registration of reorganization (New Company):	1st April, 2003 (Planned)

(2) Transfer Method:

Hitachi Capital's card business will be consolidated and reorganized as a company named Hitachi Card Service Corporation. In line with Article 374-22 of the Commercial Code, there is no need to obtain approval for this measure at a general shareholders' meeting of Hitachi Capital.

(3) Reasons for Adopting This Transfer Method:

This method will allow Hitachi Capital's card business to be reorganized as a separate company, while permitting Hitachi Capital to retain control of this business after the separation.

(4) Allocation of Shares:

1. Share Allocation Ratio

Hitachi Capital will receive all 14,000 shares issued by Hitachi Card Service in conjunction with this reorganization.

2. Calculation of Share Allotment Ratio

As Hitachi Card Service will be a wholly owned subsidiary, and since the separation is being treated as a spin-off (a physical separation of assets), this separation will not directly affect Hitachi Capital's shareholders because there will be no change in the net assets of Hitachi Capital. Consequently, both companies agreed upon the above share allocation ratio.

3. Results, Methods and Basis of Calculation by Third Parties

Third-party financial institutions were not retained for the purpose of calculating the share allocation ratio.

(5) Payment for Separation

No payment is required to effect the separation.

(6) Rights and Obligations of New Company

As of the transfer date, the new company shall assume responsibility for all assets and liabilities attached to Hitachi Capital's Card Business Division. Furthermore, the new company will assume all contractual rights and obligations incidental thereof. The new company shall assume responsibility for all employee contracts of the Card Business Division and all existing rights and obligations between Hitachi Capital and said employees.

(7) Outlook for Fulfillment of Obligations

As of the transfer date, no substantial changes in the assets and liabilities of both Hitachi Capital and the new company are expected. The two companies do not foresee any contingency that could compromise their ability to fulfill obligations arising from their businesses after the transfer date. Accordingly, Hitachi Capital and the new company expect to fulfill all obligations, taking into account projected asset and liability levels of both companies, as well as other claims and obligations and net assets.

(8) Directors to be Newly Appointed to the New Company

No directors shall be newly appointed.

3. Profile of Companies Involved in Separation

1	Company Name	Hitachi Capital Corporation (Company Effecting Separation)	Hitachi Card Service Corporation (Company Receiving Separated Business)
2	Business Activities	Other Financial Services	Credit Card Services
3	Date Established	10th September, 1957	1st October, 2002
4	Head Office	15-12, Nishi Shimbashi 2-chome Minato-ku, Tokyo	15-12, Nishi Shimbashi 2-chome Minato-ku, Tokyo
5	Representative	Kaichi Murata, President	Yosei Yamato, President
6	Capital	¥9,459 million	¥300 million
7	Shares of Common Stock Issued and Outstanding	134,191,626 shares	6,000 shares
8	Shareholders' Equity	¥212,739 million	¥299 million
9	Total Assets	¥1,716,526 million	¥299 million
10	Fiscal year end	31 March	31 March
11	Number of Employees	2,266	—
12	Major Customers	Corporations and consumers	—
13	Major Stockholders (As of March 31, 2002)	Hitachi, Ltd. (50.11%)	Hitachi Capital Corporation (100.00%)
14	Major Banks	Mizuho Bank, Ltd. Mizuho Corporate Bank, Ltd. UFJ Bank Limited	UFJ Bank Limited
15	Relationship Between Companies	Capital	Wholly owned subsidiary of Hitachi Capital Corporation
		Personnel	2 Hitachi Capital directors and 2 employees concurrently serve as directors
		Transactions	—

16 Three-Year Summary

	Hitachi Capital Corporation (Company Effecting Separation)		
	Fiscal years ended 31st March, 2000	Fiscal years ended 31st March, 2001	Fiscal years ended 31st March, 2002
	(million yen)		
Revenues	65,095	82,802	93,597
Operating income	18,727	23,250	24,508
Net income	10,758	13,209	8,586
	(yen)		
Net income per share	90.08	104.57	63.98
Cash dividend applicable to the year (per share)	27.00	33.00	34.00
Stockholders' equity per share	1,403.39	1,557.05	1,585.35

Note: Hitachi Card Service Corporation has yet to complete its first fiscal year, as the company was established on April 1, 2002.

4. Details of Operations to be Separated

(1) Nature of Card Business:
Credit card business

(2) Card Business Results for Fiscal Year Ended March 31, 2002

(million yen)

	Card Business (a)	Full-Year Results for Hitachi Capital (b)	Ratio (a/b) %
Revenues	896	93,597	0.96
Operating income	16	24,508	0.07

(3) Assets, Liabilities to be Transferred on Separation (As of March 31, 2002):

(million yen)

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	4,837	Current liabilities	4,948
Fixed assets	815	Long-term liabilities	4

5. Post-Separation Hitachi Capital

- (1) Company name: Unchanged
- (2) Business activities: Unchanged
- (3) Head office location: Unchanged
- (4) Representative: Unchanged
- (5) Capital: Unchanged
- (6) Total assets: ¥1,745,300 million

This figure takes into account the effects of the separation of the card business as a separate company as detailed in a separate press release, "Announcement of Merger," issued today.

- (7) Fiscal year end: Unchanged
- (8) Effect on earnings: Negligible.