

12th June, 2003

SOGO MEDICAL CO., LTD.
Hitachi Capital Corporation

SOGO MEDICAL and Hitachi Capital Form Alliance

SOGO MEDICAL CO., LTD. (Chuo-ku, Fukuoka; President: Hirosada Oyamada) and Hitachi Capital Corporation (Minato-ku, Tokyo; President: Kaichi Murata) today announced an alliance in the field of general services for medical institutions.

1. Purpose of Alliance:

The alliance will further enhance the two companies' general services for medical institutions, specifically hospitals and clinics.

SOGO MEDICAL has a strong market position in providing management support services for medical institutions, mainly in west Japan. The centerpiece of these services is the company's proprietary "DtoD*" system—a support system for succession, partnerships and job hunting for medical professionals. Hitachi Capital is a financial services provider with an extensive customer base and a nationwide network of sales bases and business partners. In the medical field, Hitachi Capital does business with more than 15,000 medical institutions.

*"DtoD" stands for "Doctor to Doctor."

The two companies will leverage each other's strengths to offer various general services, including financial services, as partners in "DtoD" services for medical institutions. The two companies will also join forces with Hitachi Group companies with the view to providing "DtoD" solutions that incorporate leading-edge medical services.

2. Details of the Alliance:

- (1) Jointly develop "DtoD" package services for medical institutions
- (2) Establish a framework for the creation of joint proposals
- (3) Conduct joint promotions

3. Specific Actions:

(1) Joint promotion of existing systems

The two companies will jointly provide services to medical institutions. SOGO MEDICAL will provide:

- "DtoD" solution support services for succeeding private practices, arranging introductions to physicians, forming medical partnerships, realizing other management enhancements;
- the design and construction of medical facilities; and
- consulting services.

Hitachi Capital will provide:

- financial services that include leasing, installment finance, commercial loans, rentals and asset securitization services.

"DtoD" solutions services will also be marketed in partnership with Hitachi Group companies.

(2) Develop and provide packaged services for realizing management enhancements and supporting physicians opening private practices

SOGO MEDICAL will conduct simple evaluations of medical institutions that do business with both itself and Hitachi Capital to identify potential customers.

Based on the findings, the two companies will jointly promote two types of services. One is packaged services for physicians succeeding private practices, including consulting, financing, general services and the provision of facilities, combining the strengths of the two companies. The other is management enhancement services tailored to the needs of each medical institution.

Reference:

“DtoD”: A Support System for Succession, Cooperation and Job Change for Medical Professionals

Today, with approximately 8,000 medical students graduating and becoming doctors every year, there is a declining number of positions for resident physicians at hospitals, which is raising concerns over long-term job security. Making matters worse, it is becoming increasingly difficult for physicians to open private practices due to intensifying competition and the availability of financing. Meanwhile, around a quarter of doctors owning their own practice are over 70 years old and around one-third of these doctors have no successor. Furthermore, hospitals are seeking to enhance the quality of medical services by recruiting highly qualified physicians, and to utilize cooperative external systems to source such medical professionals.

The “DtoD” support system addresses these issues. It offers comprehensive support in terms of human resources, assets, financing and information to three groups: medical professionals wanting to open private practices or change jobs, physicians in private practices who need to find successors and hospitals seeking outstanding doctors.

Notably, this system enables physicians to succeed private practices at one-third of the cost of opening private practices on their own. Because physicians take over an existing base of patients they have a stable stream of revenues from the first year of operation, allowing them to concentrate on practicing medicine.

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