

## News Release

29th January, 2004

**Hitachi Capital Corporation**

### **Hitachi Capital Announces Reorganization of Automobile Finance Business via Transfer to Subsidiary**

Hitachi Capital Corporation wishes to announce its decision to reorganize its automobile finance business in areas served by its nationwide network of auto branches. The reorganization will involve a transfer of the business to consolidated subsidiary Hitachi Capital Auto Lease Corporation.

This is the second step of a process that saw Hitachi Capital Corporation first reorganize its automobile finance business in central Tokyo and neighboring Kanagawa Prefecture. This earlier move also involved a transfer of the business to consolidated subsidiary Hitachi Capital Auto Lease, and was carried out on 1st October, 2003.

#### **1. Purpose of Separation**

By integrating its auto loan business and auto leasing business, Hitachi Capital aims to build a highly specialized business model that is capable of meeting the increasingly diverse needs of customers, and at the same time, develop a higher-value-added automobile finance business.

This integration will allow Hitachi Capital to drive forward its auto leasing business, which is positioned as a key expanding business in its medium-term management plan. Building on this momentum, Hitachi Capital will work to further grow the auto leasing business into a future core business.

#### **2. Outline of Separation**

(1) Schedule:

Board Meeting to Approve Agreement:	29th January, 2004
Signing of Agreement:	29th January, 2004
Shareholder Meeting to Approve Agreement:	16th February, 2004 (Planned) (Only Hitachi Capital Auto Lease)
Date of Transfer:	1st April, 2004 (Planned)
Registration of Separation (Company Receiving Separated Business):	1st, April, 2004 (Planned)

(2) Transfer Method:

Hitachi Capital's automobile finance business will be separated from Hitachi Capital and transferred to consolidated subsidiary Hitachi Capital Auto Lease. In line with Article 374-22 of the Commercial Code, there is no need to obtain approval for this move at a general shareholders' meeting of Hitachi Capital.

(3) Reasons for Adopting This Transfer Method:

This method will allow the company to increase efficiency by integrating businesses, 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 4,000 shares issued by Hitachi Capital Auto Lease in conjunction with this reorganization.

2. Calculation of the share allocation ratio:

As Hitachi Capital Auto Lease is a wholly owned subsidiary, and since the separation is being treated as a spin-off (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 Company Receiving Separated Business:

As of the transfer date, Hitachi Capital Auto Lease shall assume responsibility for all assets, liabilities and capital attached to Hitachi Capital's automobile finance business. Furthermore, Hitachi Capital Auto Lease will assume all contractual rights and obligations incidental thereof.

(7) Outlook for Fulfillment of Obligations:

Hitachi Capital and the company receiving the separated business expect to fulfill all obligations that arise as a result of this separation.

### 3. Profile of Companies Involved in Separation

(As of 31st March, 2003)

(1)	Company Name	Hitachi Capital Corporation (Company Effecting Separation)	Hitachi Capital Auto Lease Corporation (Company Receiving Separated Business)
(2)	Business Activities	Financial Services	Automobile leasing and rental services; automobile leasing services for individuals
(3)	Date Established	10th September, 1957	1st October, 1989
(4)	Head Office	15-12, Nishi Shimbashi 2-chome Minato-ku, Tokyo	22-10, Nishi Shimbashi 5-chome Minato-ku, Tokyo
(5)	Representative (As of 29th January, 2004)	Kaichi Murata, President and CEO	Yoshifumi Ishida, President
(6)	Capital	¥9,459 million	¥100 million
(7)	Shares of Common Stock Issued and Outstanding	134,191,626 shares	2,000 shares
(8)	Stockholders' Equity	¥206,647 million	¥1,521 million
(9)	Total Assets	¥1,717,989 million	¥54,147 million
(10)	Fiscal Year-end	31st March	31st March
(11)	Number of Employees	2,125	136
(12)	Major Customers	Corporations and consumers	Corporations and consumers

(13)	Major Stockholders and Stockholding	Hitachi, Ltd. (50.11%)	Hitachi Capital Corporation (100.0%)
(14)	Major Banks	Mizuho Bank, Ltd. Mizuho Corporate Bank, Ltd. UFJ Bank Limited	Mizuho Bank, Ltd.
(15)	Relationship Between Companies (As of 29th January, 2004)	Capital	Wholly owned subsidiary of Hitachi Capital Corporation
		Personnel	3 Hitachi Capital directors and 1 employee concurrently serve as directors
		Transactions	Credit sales of commercial vehicles, leasing of office equipment, and some leasing operations on a contractual basis

(16) Three-Year Summary

	Hitachi Capital Corporation (Company Effecting Separation)		
	Fiscal years ended 31st March, 2001	Fiscal years ended 31st March, 2002	Fiscal years ended 31st March, 2003
	(million yen)		
Revenues	82,802	93,597	81,331
Operating income (ordinary income)	23,520	24,508	15,760
Net income	13,209	8,586	7,022
	(yen)		
Net income per share	104.57	63.98	52.33
Cash dividend applicable to the year (per share)	33.00	34.00	32.00
Stockholders' equity per share	1,557.05	1,585.35	1,605.16

	Hitachi Capital Auto Lease Corporation (Company Receiving Separated Business)		
	Fiscal years ended 31st March, 2001	Fiscal years ended 31st March, 2002	Fiscal years ended 31st March, 2003
	(million yen)		
Revenues (note)	1,969	2,481	2,731
Operating income (ordinary income)	433	772	1,051
Net income	258	441	563
	(yen)		
Net income per share	129,005	220,675	274,425
Cash dividend applicable to the year (per share)	12,500	22,000	56,500
Stockholders' equity per share	333,306	531,982	760,658

Note: Revenues of Hitachi Capital Auto Lease Corporation are restated to conform to accounting standards used by Hitachi Capital.

#### 4. Details of Business to be Separated

(1) Description of Business:

Automobile finance business conducted at auto branches.

(2) Results of the Automobile Finance Business

(For the Three-Month Period From October to December 2003):

(million yen)

	Results of Automobile Finance Business (a)	Full-Year Results for Hitachi Capital (b)	Ratio (a/b) %
Revenues	1,549	18,936	8.2

(3) Assets, Liabilities to Be Transferred on Separation (As of 31st December, 2003):

(million yen)

Assets		Liabilities	
Item	Book value	Item	Book value
Assets	29,774	Liabilities	25,334
		Stockholders' equity	4,440
Total	29,774	Total	29,774

#### 5. Post-Separation Hitachi Capital

There will be no change in company name, business activities, head office location, representative, fiscal year-end, or decrease in capital as a result of this separation. The effect of the separation on earnings is negligible.