

< **Three-Year Mid-Term Management Plan for Fiscal 2011– 2013** >

Hitachi Capital Corporation has formulated a Mid-Term Management Plan covering the three years from fiscal 2011 (ending March 31, 2011) to fiscal 2013 (ending March 31, 2013). An outline of the plan follows.

**Outline of New Mid-Term Management Plan**

- Drive sustainable growth by switching focus to function-oriented service businesses -

**Quantitative targets for fiscal 2013**

(1) Revenues	: ¥110.0 billion
(2) Ordinary income	: ¥23.0 billion
(3) ROE	: Over 5.0%
(4) Stockholders' equity ratio	: Over 16%

**Direction of New Mid-Term Management Plan**

- Realizing a stage of sustainable growth by creating function-oriented service businesses -

Category	Fiscal 2011 (Forecast)	Fiscal 2013 (plan)
Revenues	¥97.8 billion	¥110.0 billion
Ordinary income	¥16.0 billion	¥23.0 billion

**Strategies to achieve goals of New Mid-Term Management Plan**

1. Develop and build up new function-oriented service businesses
2. Improve business efficiency of fundamental domestic businesses
3. Aggressively expand business in Asian markets
4. Enhance the quality of management foundations

## < **Basic Philosophy of New Medium-Term Business Plan** >

### **1. Business Environment**

The global economic downturn triggered by the Lehman shock has led to a drastic decline in capital investment in the corporate sector, while the introduction of new accounting standards for leases has impacted leasing demand, resulting in 34 straight months of year-on-year declines as of March 2010. As encapsulated in these factors, leasing industry's operating environment is extremely tough at present. This is a common phenomenon among developed countries, which has prompted a quantum shift from an era of "generating sales through creating products" to one of "generating sales by providing the utility value of a product as a service." The domestic market, which has traditionally focused on how to produce products and how to sell products, continues to contract amid such environmental changes. It has become clear that sustainable growth cannot be expected with this conventional business model.

### **2. Philosophy of Mid-Term Management Plan**

In this new era, there is a growing need for Hitachi Capital to provide services embedded within its leasing, credit and other traditional products, including collection management, credit guarantees and asset management and disposal. For that reason, Hitachi Capital has leveraged the capabilities and know-how of the Group in the areas of receivables collection, insurance, trust and asset disposal, and is working to develop function-oriented service businesses in order to drive sustainable growth through new market creation.

### **3. Strategies to Achieve Goals of New Mid-Term Management Plan**

#### **(1) Develop and build up new function-oriented service businesses**

Hitachi Capital will meet diverse customer needs by maximizing core competencies in collection management, credit guarantees, and asset management and disposal.

#### **(2) Improve business efficiency of fundamental domestic businesses**

By concentrating resources on social infrastructure in environmental, public, agricultural, medical and housing domains through sales promotion via close contact with local customers and by increasing sales efficiency, Hitachi Capital aims to increase the viability of its businesses.

#### **(3) Aggressively expand business in Asian markets**

Hitachi Capital will aggressively expand overseas businesses, particularly in the high-growth Asian region where it can make use of the business model developed domestically.

#### **(4) Enhance the quality of management foundations**

##### **a. Increase quality in financial domains**

Applying the lessons learned from the Lehman shock, Hitachi Capital will continue working

to enhance financial risk management and further strengthen the financial structure.

b. Increase quality of service

Based on the slogan “Quality First,” Hitachi Capital continues to implement measures aimed at increasing quality. These include constantly reviewing service processes to raise service quality and making IT investments to enable swift response to changes in accounting, taxation and legal systems, thereby improving service quality.

c. Increase quality of risk management

Hitachi Capital already manages credit risk both individually and by using portfolios. Going forward, Hitachi Capital will work to enhance risk management by creating a comprehensive risk management system that incorporates operational, legal and other risk factors.

d. Increase quality of human resources

In order to respond to diverse market and customer needs, taking a global perspective, Hitachi Capital recognizes the importance of fostering human resources who are knowledgeable and have the ability to take action, and who in turn are able to obtain customers’ trust. In particular, Hitachi Capital will endeavor to nurture global human resources who contribute to its overseas strategy going forward.