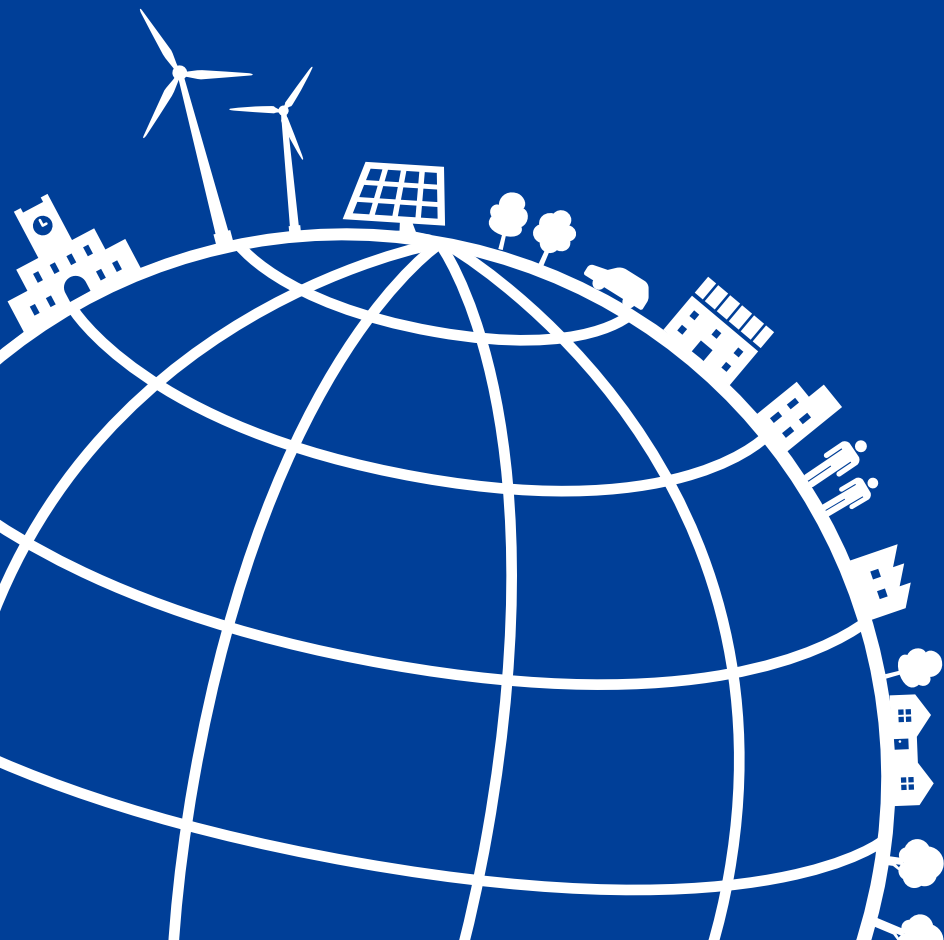


Hitachi Capital Report 2017

Year ended March 31, 2017



Basic Management Policy

The Basic Management Policy has been created, encompassing three key areas - "Principles," "Mission," and "Core Values."

By implementing the Basic Management Policy in business activities, we aim to achieve "the FY2016-FY2018 Mid-Term Management Plan" that is our organizational vision as a "Social Values Creating Company" that contributes to provide richer society.

Principles

Hitachi Capital advocates the following Principles "to contribute to the creation of a richer society by creating values desired by society and customers".

1. Sustainable Growth

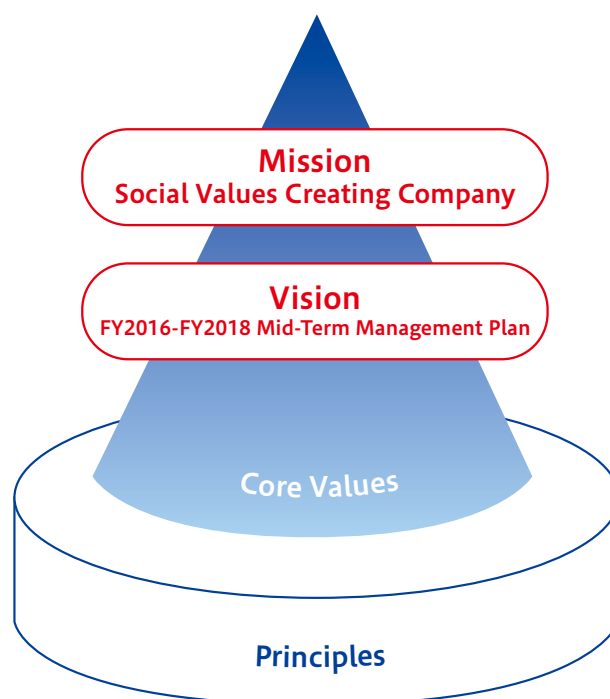
We will achieve sustainable growth backed by high quality management with trust as our first priority.

2. Respect for Human Dignity

We will improve ourselves as disciplined individuals and strive to increase our corporate strengths by treating each other with respect.

3. Implementation of Corporate Ethics

We will voluntarily act in accordance with laws and ethics and contribute to the development of a wholesome society.



Purpose of Report

Hitachi Capital has published this report under the title of Hitachi Capital Report, an integrated report, so that readers can better understand both the financial side and non-financial side of Hitachi Capital Group Organized in line with

related reporting guidelines, the report covers principles, systems, measures, and indicators in as much detail as possible.

Scope of the Report

[Organizations covered]

Financial information (economic reports) :
Hitachi Capital Corporation and its consolidated subsidiaries

Non-financial information (social and environmental reports) :
Hitachi Capital Corporation

[Period]

Fiscal 2016 (April 1, 2016 to March 31, 2017)

*Starting from this year's Report, the period covered by the fiscal year has changed.

Materials Used to Prepare This Report

- ISO26000: 2010, International Organization for Standardization
- The International Integrated Reporting Framework(IIRC (International Integrated Reporting Council)) (December 2013)
- The 4th Edition of GRI Guidelines of GRI (Global Reporting Initiative) (May 2013)
- The Environmental Reporting Guidelines 2012 by Ministry of the Environment, Japan (April 2012)
- Environmental Accounting Guidelines 2005 by Ministry of the Environment, Japan (February 2005)

Cautionary Statement Regarding Information in This Report

- The report has been prepared and updated with information available as of the date of publication.
- The earnings forecasts and other forward-looking statements in this report are made by the Company based on information available at the time of preparation, and include latent risks and uncertainties.

Financial Information

Financial Statement Report
(Japanese only)

Earnings Report
(Japanese and English)



IR Information
http://www.hitachi-capital.co.jp/hcc/english/ir_english/index.html

Hitachi Capital Report
(this report)

Non-financial Report

CSR Activities



http://www.hitachi-capital.co.jp/hcc/english/company/csr_index.html



Corporate Governance Report (Japanese only)



<http://www.hitachi-capital.co.jp/hcc/english/company/governance.html>

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.

Core Values

All of Hitachi Capital share and act on the following core values to realize the Mission, "Social Values Creating Company".

(i) Future-focused	Challenges to create a new value not by attaching to past methodology but adapting to changes in the future.
(ii) Customer-oriented	To become a company needed from customers, always pursuing customers' needs, taking actions from customers' perspectives.
(iii) The three actuals: "The actual place, actual situation, and the actual case"	The actual place is where communication with customers taking place. Customers are our priority, conducting business with understandings of actual situation and focusing on the actual case.
(iv) "Basics" and "Ethics"	Adopt the basics. Always need to get back to basics to conduct daily tasks properly and behave appropriately.
(v) Quality First	Always prioritizing quality first, continuing efforts to enhance quality to be a trusted and appreciated company by customers.
(vi) Diversity	Understanding different ideas and ways of working, and creating new values to create a vibrant corporate culture.
(vii) Individual Accountability	Accomplishing own role and responsibilities without relying on others and enhancing own ability and skills.
(viii) Harmony	The willingness to respect the opinions of others and discuss matters in a manner that is thorough and frank, but fair and impartial, and once a conclusion has been reached, to cooperate and work together to achieve a common goal.
(ix) Sincerity	To approach issues openly and honestly, without drawing false distinctions between oneself and others, "Sincerity" is the spirit that inspires the confidence that society has placed in us.
(x) Pioneering Spirit	A purposeful approach to one's work based on individual initiative, to create new business by pursuing novel, new goals. This spirit is manifested in a keen desire to be at the forefront of technology and the top of our chosen fields of expertise. These objectives are achieved by promoting the limitless potential of each individual member.

 <http://www.hitachi-capital.co.jp/hcc/english/company/policy.html>

Our Company's Stakeholders, and Methods Used for Engaging in Dialog with Stakeholders

Shareholders	Positioning	Methods Used for Engaging in Dialog with Stakeholders
Customers	Parties with whom we grow together by solving issues to create a sustainable society and environment	<ul style="list-style-type: none"> ● Dissemination of information using our company's website and the Hitachi Capital Report (this report) ● Periodic surveys of suppliers and customers ● Contact window for inquiries
Business partners	Suppliers with whom we collaborate to provide optimal solutions to customers	
Shareholders and Investors	Essential parties for the enhancement of corporate value	<ul style="list-style-type: none"> ● The Annual Meeting of Shareholders ● IR meetings ● Responding to investors' surveys and ratings ● Dissemination of information using our company's website, our annual report, earnings briefings, corporate governance reports, and the Hitachi Capital Report (this report)
Local communities and environment	A sustainable society and environment are essential for corporate sustainability	<ul style="list-style-type: none"> ● CSR activities and volunteering activities
Employees and their families	"Human capitals" and important assets for building trust with stakeholders in society.	<ul style="list-style-type: none"> ● Holding of corporate communication roadshows (CCRs) for dialog with managers ● Holding of labor-management coordination meetings ("Discussion between the representative employees and the President & CEO") ● Implementation of employee satisfaction surveys ● Dissemination of information using the company's intranet, the company's website, internal reports, and the Hitachi Capital Report ● Employee assistance programs (EAPs) and employee counseling services

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■ Symbols used in the "Introduction of Our Businesses" section

The symbols shown below are used to denote businesses that relate closely to the Hitachi Capital Group's Group-wide common strategies



Hitachi Group business



Creation of synergy through capital and business alliances between Mitsubishi UFJ Financial Group, Inc. and Mitsubishi UFJ Lease & Finance Company Limited.



Vehicle solutions



Eco and energy related business



Sales finance

Hitachi Capital aims to be a “Social Value Creating Company” offering flexible solutions and leverage that transcends the field of financial services to meet the needs of customers and society as a versatile partner.

Aiming to be a “Social Value Creating Company”

I would like to begin by extending my utmost appreciation for your ongoing support of the Hitachi Capital Group's activities. It is my hope that through this report our stakeholders will develop a deeper understanding of our activities.

Hitachi Capital has grown by flexibly addressing changes in the times and the needs of customers through the provision of a broad range of financial services, including sales finance. However, the world is approaching a major time of change with the future increasingly uncertain. To continue our growth, I believe more dynamic thinking and leverage that transcends the status quo is in order.

Today, Hitachi Capital is using such flexible thought and leverage transcending finance and the status quo to address global issues such as the environment and social issues facing each community. Toward this end, we constantly consider what society requires and the definition of a company

that truly gives back to and is needed by society, based on our mission of becoming a “Social Value Creating Company” that contributes to the development of society and enriching people's lives.

The year ended March 31, 2017 marked a major turning point toward our further “development and growth”

Currently, we are implementing our Mid-Term Management Plan for the period from fiscal 2016 to fiscal 2018 (hereinafter referred to as the “FY2018 Mid-Term Management Plan”), which is considered the Second Growth Stage for turning sustainable growth of the future into a reality. As a result, as the initial fiscal year of this plan, the year ended March 31, 2017 marked a key turning point for Hitachi Capital.

Since our founding, Hitachi Capital has provided financial services and solutions to Hitachi, Ltd. and other Hitachi Group companies as a member of the Hitachi Group. Aimed at further development

Key Performance Indicator

Income before taxes				ROE			
FY2015	FY2016	FY2017 (Forecast)	FY2018 (Target)	FY2015	FY2016	FY2017 (Forecast)	FY2018 (Target)
46.6 billion yen	46 billion yen	41.5 billion yen	50.0 billion yen	9.9%	9.6%	8.3%	Over 9%



Seiji Kawabe
President & CEO
Hitachi Capital Corporation

Seiji Kawabe

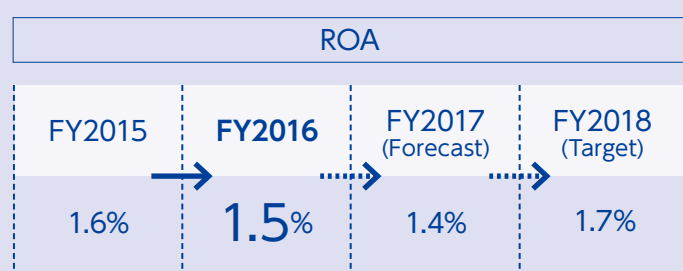
and growth, in May 2016 we announced a capital and business alliance with the Mitsubishi UFJ Financial Group, Inc. (MUFG) and Mitsubishi UFJ Lease & Finance Company Limited (MUL), and in October the same year the transfer of stock from Hitachi, Ltd. (Hitachi) was completed.

As a result, Hitachi Capital has embarked on a new journey as an affiliate under the equity method of both Hitachi and MUFG. First, Hitachi Capital will build a strong relationship using a style of collaboration never seen before between a financial services firm and manufacturing, fully utilizing our financial solutions mainly in the social innovation business as an

important financial partner to Hitachi.

Next, we will further strengthen our new relationship with MUFG with the aim of achieving further development globally by capitalizing on its access to funds and information network as well as personnel exchanges.

Finally, Hitachi Capital and MUL will create unparalleled high value-added solutions through collaboration involving leasing companies focused on manufacturing and financial services, respectively. This will help us to break through the stagnant nature of Japan's leasing industry, leading to enhancement of corporate value and growth for both companies.



A capital and business alliance announcement in May 2016

5-1 Vendor Solutions: Using the Hitachi Capital Group's leasing, installment sales, and other financial services to deliver solutions that meet the sales promotion and other needs of partner vendors.

5-2 Vehicle Solution: Vehicle Solution: A business model that addresses the needs of customers through the provision of not only financial services, but comprehensive services related to vehicles.

5-3 Standardizing operations: The act of distributing work more evenly to eliminate bias in demand and workload toward a certain time or resources.

The key words “prepare and advance”

The basic policies of the FY2018 Mid-Term Management Plan dictate that our Japan Business will be “making the shift to the growth stage through the continuous structural reform of businesses” and our Global Business will be “maintaining systematic and high growth potential.” Meanwhile, under our growth strategy based on the three pillars of “aggressive investment,” “human resources” and “IT,” we will deploy a business strategy focused on the unique nature of each community and implement a common group-wide strategy fully mindful of the Hitachi Capital Group's characteristics.

In the year ended March 31, 2017, we achieved ROA of 2.2%(local currency basis) and a 20% increase in income before taxes thanks to stable credit risk controls by the Global Business and certain business reinforcements including M&A.

The Japan Business responded to social issues, turned over assets into focus areas with growth expectations, and improved OHR (the distribution ratio of sales and administration expenses) through cost structure reforms. As a result, Hitachi Capital was able to increase ROA by 0.2% year over year to 1.5% and boost income before taxes by 6% year over year.

We consider the year ending March 31, 2018 to be an important year in achieving the goals of the FY2018 Mid-Term Management Plan, which concludes in the year ending March 31, 2019. For this reason, we have created the

key words “prepare and advance.”

On the business side, we will consolidate our Vendor Solutions^{*5-1} Business in Japan, invest in M&A for the Vehicle Solutions^{*5-2} Business, a common group-wide strategy, and build a structure aimed at generating effects from the alliances with MUFG and MUL. On the operations side, we will actively invest in IT to integrate core systems and introduce AI solutions, while also cross-training human resources and standardizing operations^{*5-3} by reviewing work flows, with the goal of making back-office operations more efficient like a factory.

Making “employees happier” and “strengthening human capital” through work-style innovations

To become a “Social Value Creating Company,” I believe we must transform the way our employees think and act as well as provide an environment where they can fully contribute their skills. For this reason, we launched the SKY Project



A visit to investigate the circumstances of customers in areas affected by the 2016 Kumamoto Earthquake, and to check on the welfare of Kumamoto Office employees and their family members (May 6, 2016).

Key Performance Indicator

OHR				Average monthly overtime (target)*			
FY2015	FY2016	FY2017 (Forecast)	FY2018 (Target)	FY2015	FY2016	FY2017 (Target)	FY2018 (Target)
59.9%	60.7%	62.5%	Less than 60%	27.3 hours	25.1 hours	10 hours	0 hour

*Please note that, starting from FY2017, a new definition of overtime hours has been adopted.(please see Page 33)

in April 2017 to usher in work-style innovations.

To provide creative solutions addressing change with a future-oriented perspective while working closely with stakeholders and customers with a customer-oriented perspective, we must create an open and natural corporate culture that attracts talent not only with high market value but also who are happy, motivated and excited.



Therefore, the goal of the SKY Project is to create a cycle for improving productivity across the entire company by developing talent with a high market value and fostering an open and natural corporate culture by working to make work more efficient without overtime and employees happier by being able to utilize this extra time created.

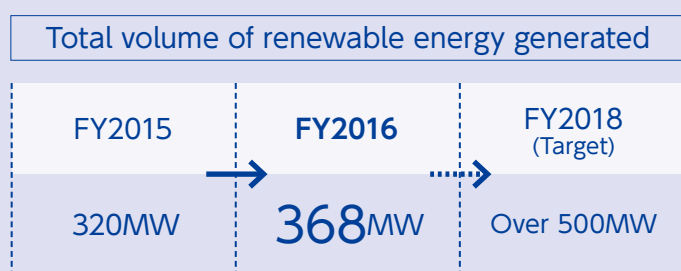
I believe that I must lead by example in order for employees to understand this goal and take the initiative. For this reason, I have organized talks with employees in my office, taken part in workplace patrols after business hours to crack down on overtime, and shared my thoughts through a blog. Also, I launched the corporate entrepreneurship program to support employees to think and take action independently.

Becoming a versatile partner truly needed by society

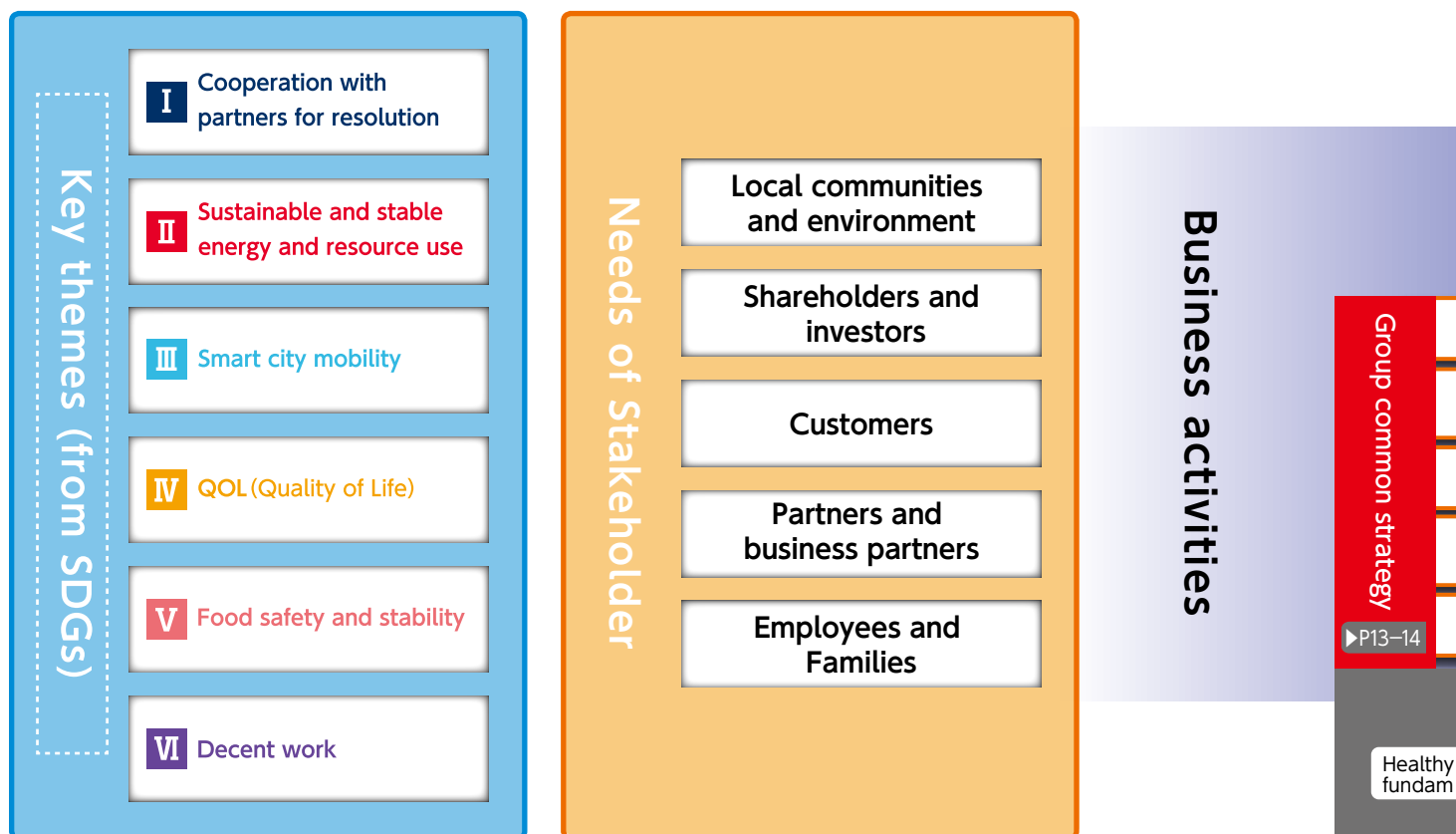
Hitachi Capital aims to become a versatile partner truly needed by society by providing various services and solutions for the needs of finance, services and business.

We will fulfill the expectations of stakeholders as a "Social Value Creating Company" that flexibly addresses changes in the business environment to achieve continuous growth.

In closing, I ask for your understanding and continued support of Hitachi Capital as we move forward.



The President patrolling the Company offices after office hours to monitor overtime working.



Key Challenges of Hitachi Capital

Through developing the business appropriate to characteristics of the region and Group common strategy, By undertaking business development in accordance with the characteristics of each region and with the Group's shared strategy, Hitachi Capital is able to meet the key challenges based on the SDGsⁱ (Sustainable Development Goals) and the needs of stakeholders.

Key challenges (themes) based on SDGs	2030 17 Targets of the UN SDGs*	Our group business/Actions (Examples)
I Cooperation with partners for resolution	(17) Partnerships as a means of implementation	<ul style="list-style-type: none"> •Hitachi group collaboration business •Capital and business alliances between MUFG and MUL •Sales finance (vendor solution)
II Sustainable and stable energy and resource use	(7) Energy (12) Sustainable production and consumption (13) Climate change (6) Water and sanitation (15) Biodiversity	<ul style="list-style-type: none"> •Environment and energy •Sales finance (operational leasing) •LCM (Lifecycle Management Service)
III Smart city mobility	(9) Infrastructure (11) Sustainable cities and human settlements	<ul style="list-style-type: none"> •Social infrastructure •Local governments/public sector •Vehicle Solution
IV QOL (Quality of Life)	(3) Health	<ul style="list-style-type: none"> •Healthcare •Consumer Finance
V Food safety and stability	(2) Food (14) Oceans	<ul style="list-style-type: none"> •Food and Agriculture •Sales Finances
VI Decent work *Human working conditions that allow people to carry on human lives	(4) Education (5) Gender (8) Employment (10) Inequality	<ul style="list-style-type: none"> •Personnel measures •Supporting human rights •BPO Businessⁱⁱ

*We believe that, by working to help find solutions to social problems through our business activities, we are indirectly making a positive contribution towards the realization of SDGs No. 1 (Ending poverty) and No. 16 (Building peace).

ⁱ SDGs(Sustainable Development Goals: "Transforming Our World - the 2030 Agenda for Sustainable Development" was adopted as an action plan, declaration, and goal for mankind, the Earth, and prosperity at the 2015 United Nations Sustainable Development Summit that was participated in by the leaders of more than 150 member countries as the successor to the Millennium Development Goals (MDGs). The agenda is composed of 17 goals and 169 targets.

ⁱⁱ BPO(Business Process Outsourcing): companies and others outsourcing non-core administrative business processes to specialist service providers.

Regional strategy

Our businesses in Japan ▶P15–18

"Making the shift to the growth stage through the continuous structural reform of businesses."

Focus Sectors
(Growth Sectors and Sprouting Sectors)

Fundamental Sectors
Restructuring Sectors

Our global businesses

"Maintaining systematic and high growth potential"

Europe
▶P19–20

Americas
▶P21–22

China
▶P23–24

ASEAN
▶P25–26

Hitachi Group business: Provision of services that contribute to the Social Innovation Businessⁱⁱⁱ



Creation of synergy through capital and business alliances between MUFG and MUL^{iv}



Vehicle solutions: Evolution from vehicle finance to vehicle solutions and the creation of markets



Eco and energy related: Development of businesses based on two-way information sharing and support in Japan and abroad, with a focus on the creation and conservation of energy



Sales finance: Pursuit of low cost operations and provision of added value



Management foundation: Pursuit of low cost operations and provision of added value ▶P28–44

financial
entails ▶P41–46

Governance ▶P37–40

Risk Management ▶P36

Human Capital ▶P32–33

Social significance

Whether a contribution can be made to more people and the long-term resolution of social issues

Creativity

Whether stakeholders will become able to do things they couldn't through the provision of our resources

Profitability

Whether the Company enhance the economic value by utilizing human capital, financing, etc.

Social Values Creation

As a Social Values Creating Company, Hitachi Capital implements its Basic Management Policy in business activities, contributes to the resolution of social issues through businesses that have been provided since its foundation, and works to create social value.



ⁱⁱⁱ Social Innovation Business: The Social Infrastructure Business of Hitachi Group Business with new innovative technology as IoT and AI, etc. and makes business and its solution developed and innovative.

^{iv} MUFG: Mitsubishi UFJ Financial Group, Inc. MUL: Mitsubishi UFJ Lease & Finance Company Limited

Hitachi Capital's Growth Strategy (Mid-Term Management Plan)

Hitachi Capital announced the FY2016-FY2018 Mid-Term Management Plan (hereinafter, "FY2018 Mid-Term Management Plan") as its vision on June 6, 2016, and has positioned as the "Second Growth Stages." Based on this position, we aim to improve corporate value in the mid- and long-term by continuing to change and grow under constantly fluctuating business circumstances.

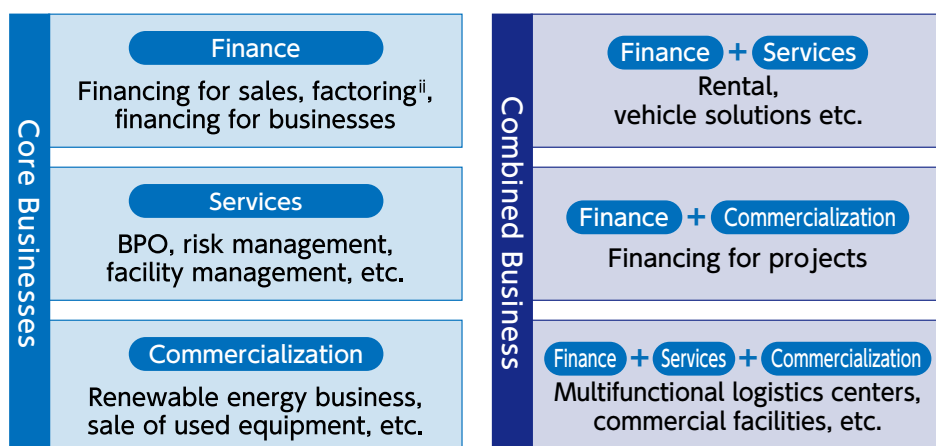
(1) FY2018 Mid-Term Management Plan Highlights

Based on our mission (management policy) as a Social Values Creating Company, we pursue value for society through dialogue with customers and the market, and aim for sustainable growth that will create and provide social values.

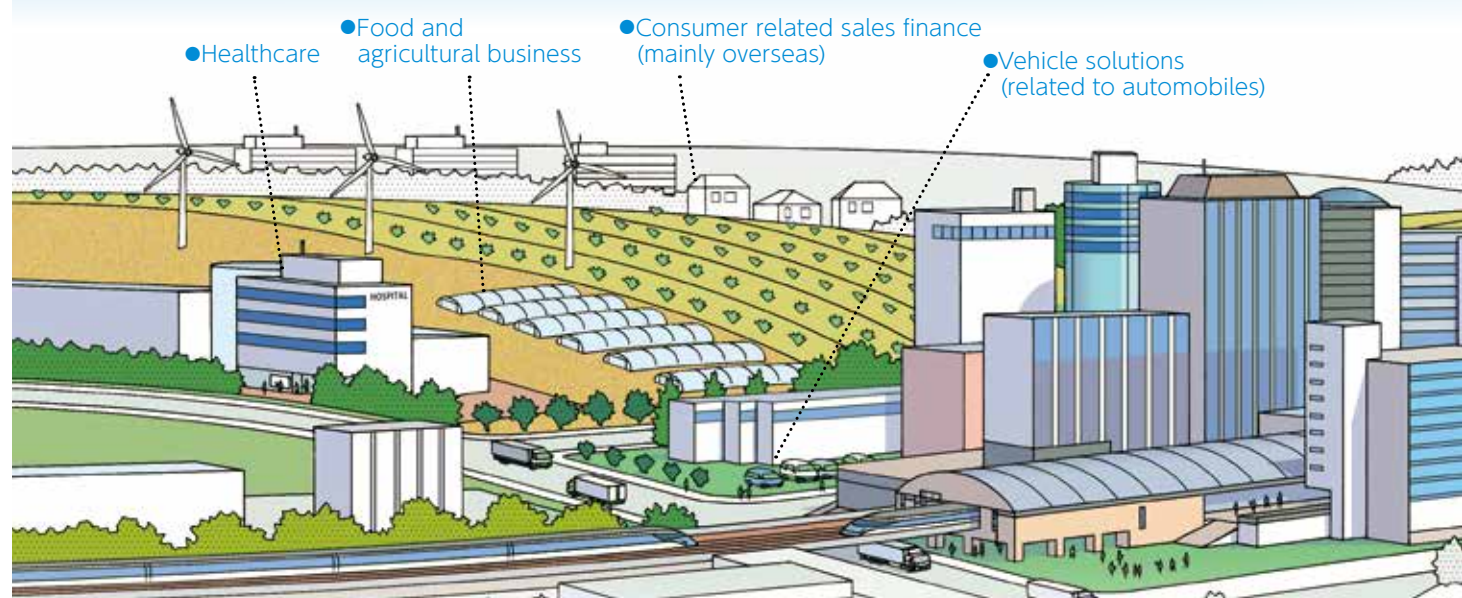
Global Business : Continuation of double-digit growth	"Maintaining systematic and high growth potential"	<ul style="list-style-type: none"> ●Risk control that is adapted to regional characteristics ●Diversification of portfolio to create operational structures that are not susceptible to external environmental factors ●Overseas business ratio in fiscal 2018: 60% (in terms of income before taxes)
Japan Business : Aiming to achieve 2% ROA	"Making the shift to the growth stage through the continuous structural reform of businesses."	<ul style="list-style-type: none"> ●Improvement in asset efficiency through the redefining of focus areas. ●Strengthening of back-office administrative departments that help to improve competitiveness.
Proactive Investment : Measures to increase the number of personnel with highly professional skills, establish competitive IT systems, and promote partnership collaborations.	Implementation of strategic investments to support business growth. (Establishment of business partnership, M&As, and investment in IT and human capitals)	<ul style="list-style-type: none"> ●M&A: assets of 300 billion yen ●IT investment: 20 billion yen ●Human resources investment: increase in 200 advanced human resources

(2) Business Areas of Hitachi Capital

Hitachi Capital will provide its solutions by not only strengthening the core businesses of the Group that consists of (1) finance, (2) services (BPO, risk management, facility managementⁱ, etc.), and (3) commercialization (renewable energy business, sale of used equipment, etc.), but also accelerating the shift to a value-added "Combined Business."



Business of Hitachi Capital





Chihiro Shirai
Senior Vice President and
Executive Officer, CMO,
Head of Corporate Sales &
Marketing Division

Message from CMO

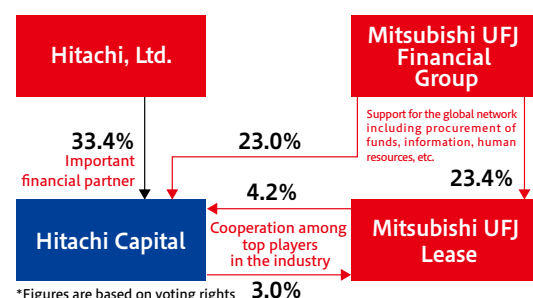
Fiscal 2016 was a year of great change in the operating environment of Hitachi Capital as it became an equity method associate of both Hitachi and MUFG as a result of a capital and business alliance between the MUFG and MUL. In order for us to achieve sustainable growth in face of these changes, first it is essential for each and every employee to improve their knowledge and skills and enhance their individual capabilities. Furthermore, in order to create a

working environment in which people can live and work with a sense of purpose and grow as human beings, we need an organizational culture that is full of enthusiasm that enables human resources of all ages and genders to contribute to customers and society based on a creative and innovative mindset. We will concentrate our full efforts towards becoming more trusted by stakeholders and offering higher value to these stakeholders.

(3) Capital and Business Alliance

On May 13, 2016, Hitachi, MUFG, the Bank of Tokyo-Mitsubishi UFJ, Ltd. (hereinafter, "BTMU"), MUL, and the Company entered a basic agreement for (1) a business alliance between the Company and MUL and (2) a business alliance between the five companies, and on October 3, 2016 Hitachi transferred some of the shares of the Company to MUFG and MUL. By strengthening the provision of solutions that leverage the unique form of the alliance that combines the respective strengths of manufacturers and a financial group, we aim for further business growth and the maximization of shareholder value. In addition, we will continue to further strengthen business alliances in the social innovation business, etc. with Hitachi, Ltd. as an important financial partner of the Hitachi Group.

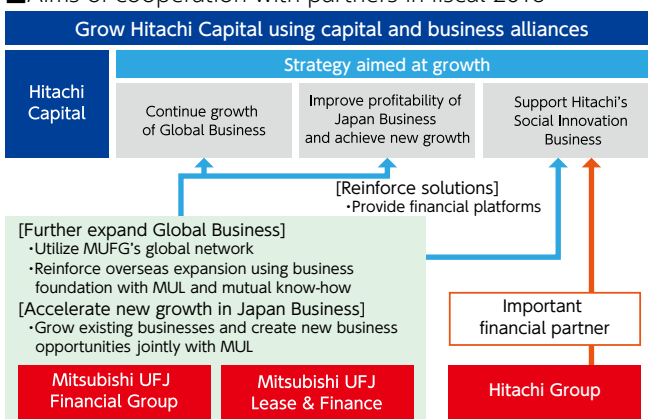
Partial transfer of the Company's shares held by Hitachi
(enacted: October 3, 2016),
leading to a new growth strategy stage



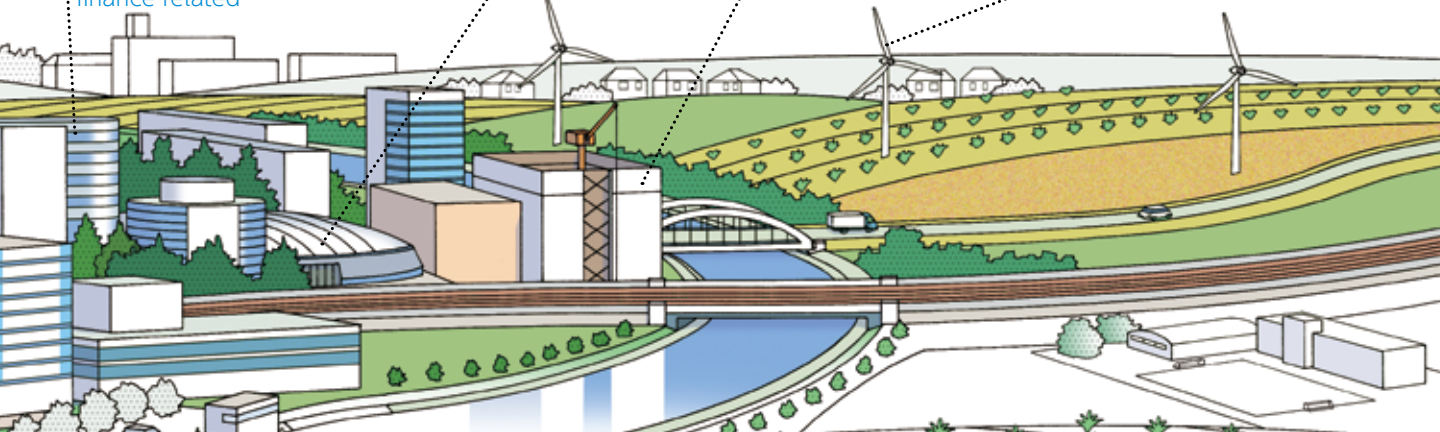
Details of cooperation with partners

Date	Achievement
May 13, 2016	<ul style="list-style-type: none"> Concluded basic agreements on business alliances between two companies (Hitachi Capital and MUL) and five companies (Hitachi Capital, Hitachi, MUFG, BTMU, and MUL) Concluded capital alliance between three companies (Hitachi Capital, MUFG and MUL)
August 3, 2016	Concluded business alliance agreement between Hitachi Capital and MUL
August 29, 2016	Concluded business alliance agreement for open financial platforms
October 3, 2016	Executed transfer of Hitachi Capital stock from Hitachi to MUFG and MUL
January 4, 2017	Established Japan Infrastructure Initiative (JII) as an open financial platform (commenced business in April 2017)
February 28, 2017	Formed Renewable Energy Partners LLC Silent Partnership as an investment fund for environmental and energy projects in Japan and the first in cooperation with MUL
September 2017	Implemented first financing project by JII (invested £75 million in UK rail infrastructure, High Speed 1)

Aims of cooperation with partners in fiscal 2016



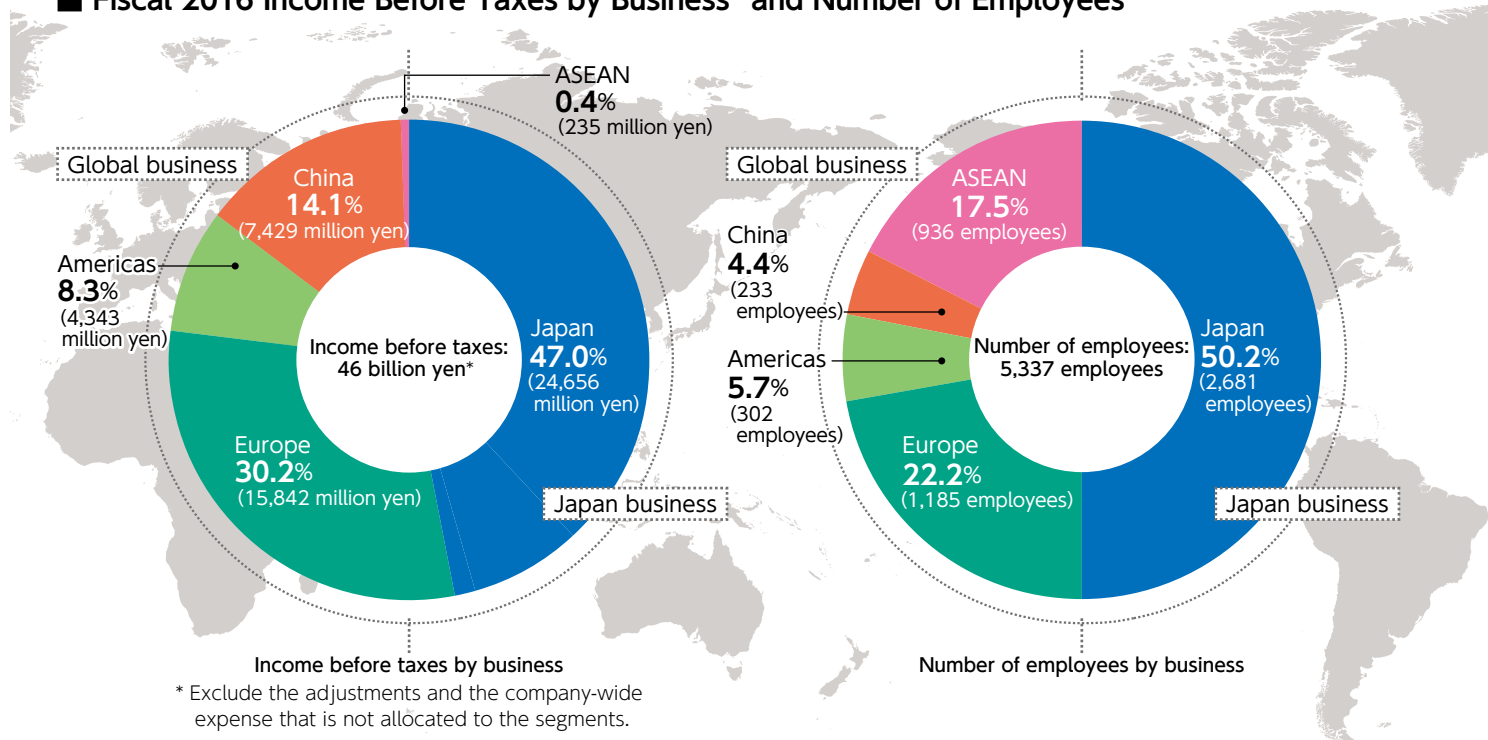
- Vendor solutions (related to OA equipment)
- Factoring (mainly overseas) and sales finance related
- Social Infrastructure Business
- Industrial equipment, Construction machinery related
- Eco and energy business



- i Facility Management: Optimize to manage, operate and maintain whole of the business real-estate/facilities.
- ii Factoring: Financing based on the collateral value of assets.

Overview of Activities in Fiscal 2016

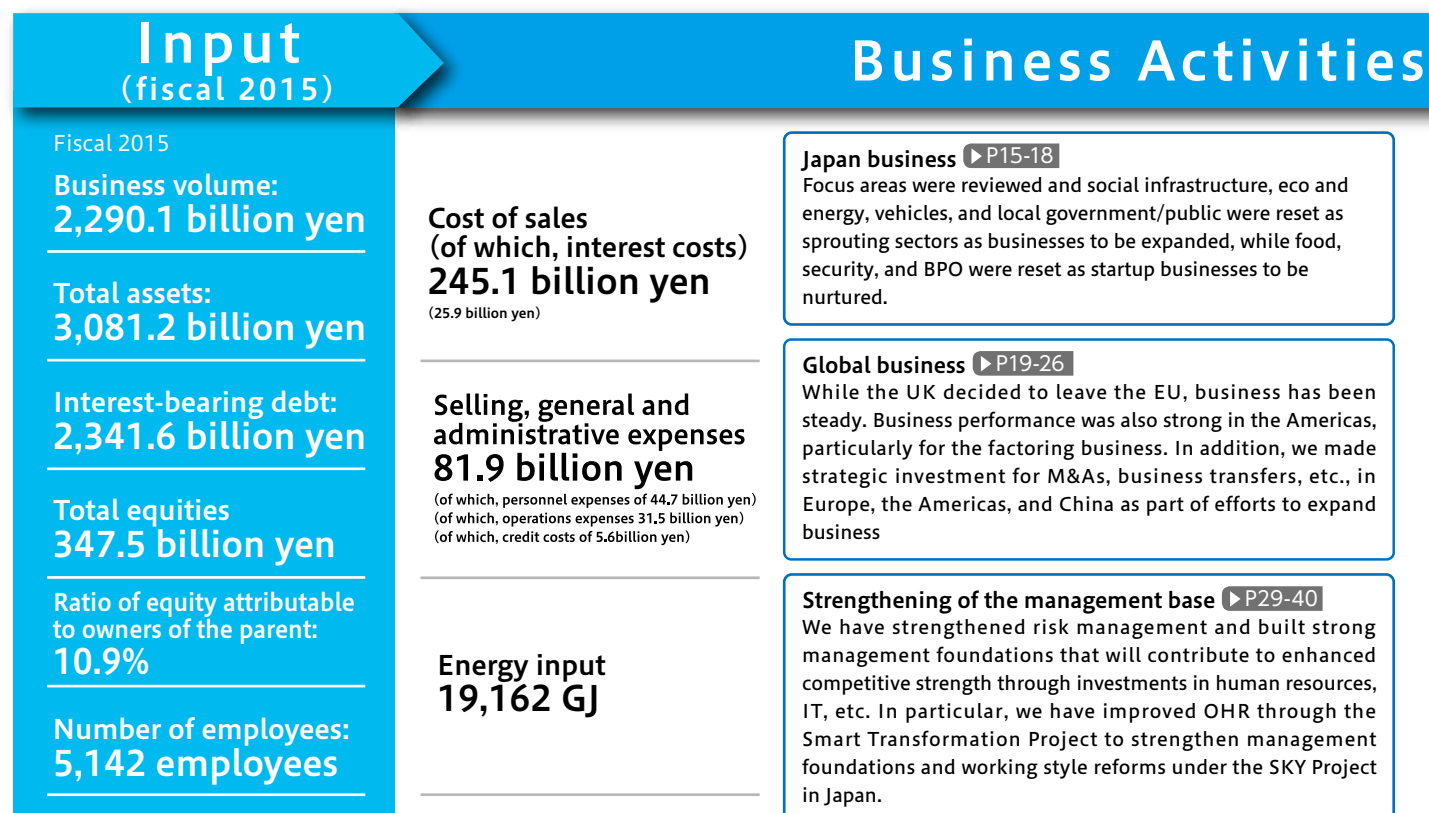
■ Fiscal 2016 Income Before Taxes by Business* and Number of Employees



■ KPIs and Efforts toward Sustainable Growth

Looking at the global economy in fiscal 2016, while there was steady economic growth in the US and the UK, the global economic and political situation continued to be uncertain as major changes occurred such as the Brexit decision after a vote in the UK and the birth of a new administration in the US. In Japan there were some signs of improvement in the economy as a result of factors including the continuation of the monetary easing policy and economic policies.

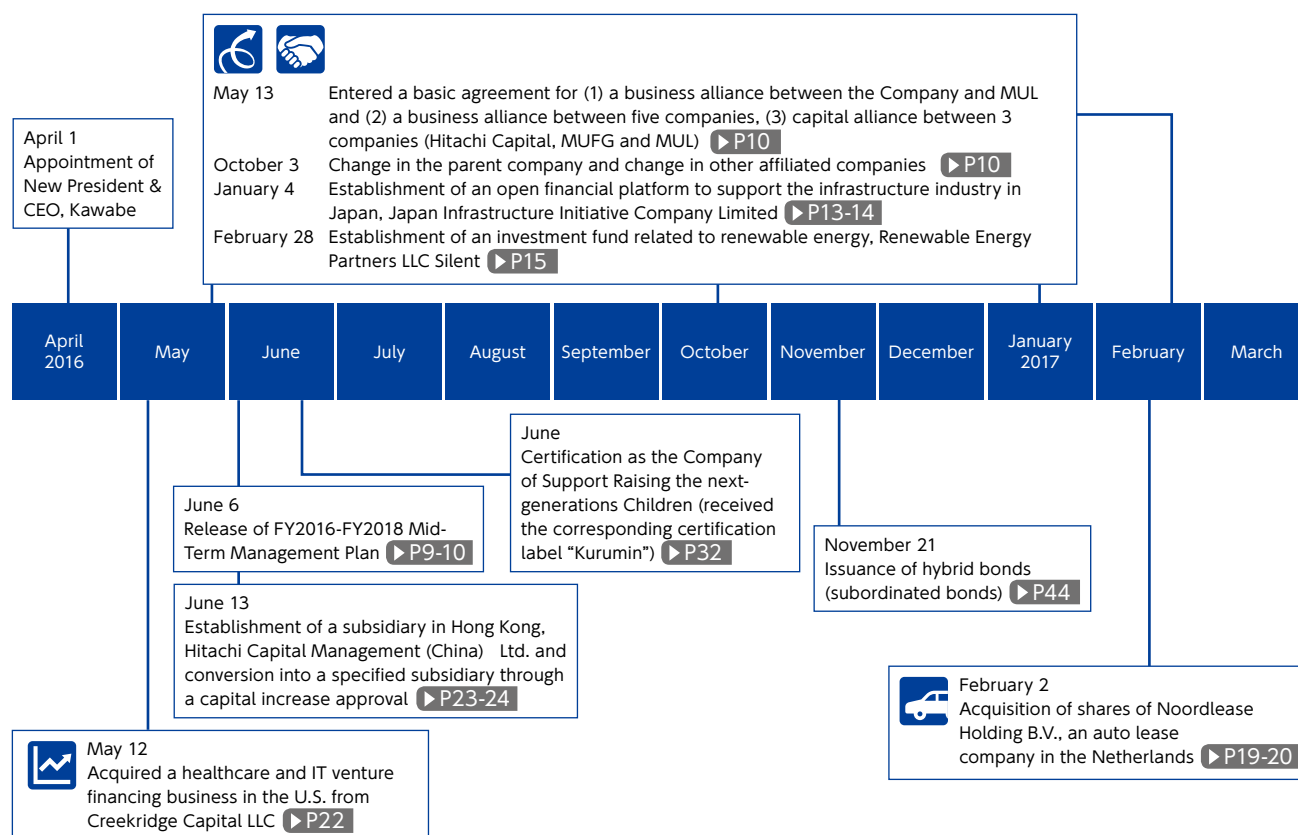
Against this backdrop, Hitachi Capital has established key performance indicators (KPI) in an effort to attain its targets through change and growth so it is not affected by the business environment, and the Company is engaged in various efforts to this end.



■ Fiscal 2016 Main Activity of Hitachi Capital



Please refer to "News Release" from the Hitachi Capital website for the latest information.
<http://www.hitachi-capital.co.jp/hcc/newsrelease/index.html>



(fiscal 2016)

Profitability improvement KPI: ROA*1

Entire group 1.5%
 (-0.0% YoY)

Japan business 1.5%
 (+0.2% YoY)

Global business 2.2%
 (local currency basis)
 (+0.0% YoY)

Management efficiency KPI: OHR*2

Entire group 60.7%
 (+0.7% YoY)

Efficiency of invested capital KPI: ROE

9.6%
 (-0.3% YoY)

Revenue
370.8 billion yen

Income before taxes
46 billion yen

Payout ratio
30.5%

CO₂ emissions
944t-CO₂

Total volume of renewable energy generated
368MW

Output (fiscal 2016)

Fiscal 2016

Business volume:
2,334.2 billion yen

Total assets:
3,245 billion yen

Interest-bearing debt:
2,546.7 billion yen

Total equities
363.1 billion yen

Ratio of equity attributable to owners of the parent:
10.8%

Number of employees:
5,337 employees

*1 ROA: Total ratio of profit before taxes to total assets

*2 OHR: Overhead ratio



Hitachi Group business: Provision of services that contribute to the Social Innovation Business



Eco and energy related: Development of businesses based on two-way information sharing and support in Japan and abroad, with a focus on the creation and conservation of energy

ESCO Businessⁱ through Utilization of the Self-Consignment Systemⁱⁱ to Enable Electric Power Interchange Between Locations

Hitachi Capital, Hitachi, and Nihon Canpack Limited signed a contract in March 2016 to enter a comprehensive ESCO business in which self-consignment is utilized to consign electric power generated in cogeneration facilities installed in some plants to other plants in an aim for the overall optimization of energy for all plants, the resolution of

imbalances between energy supply and demand, and a reduction in annual power consumption and CO₂ by approximately 16%.

Hitachi Capital has new cogeneration facilities and Nihon Canpack Limited provides facilities through a Shared Saving Methodⁱⁱⁱ in which funding risks are not assumed and the initial investment burden is reduced.



Creation of synergy through capital and business alliances between MUFG and MUL

Starting an Open Financial Platform

In January 2017, Japan Infrastructure Initiative Company Limited (JII) was established to serve as an open financial platform for supporting, from a financial perspective, the export activities of Japan's infrastructure-related industries. From now on, with demand for infrastructure growing throughout the world and becoming more diversified, there is a high level of potential demand for the high-quality, highly efficient products and services that Japanese firms are able to provide, and for solutions that package these products and services with cutting-edge technologies such as the Internet of Things (IoT) and artificial intelligence (AI). It is intended that the new company will provide financing support (including equity financing^{iv} and mezzanine

financing^v for infrastructure business, focusing in particular on business involving Japanese machinery manufacturers and engineering firms.

Initially, the company realizes to provide 75 million UK Pound investments against rail infrastructure, High Speed 1 (HS1) that operates the high speed rail link and stations in the UK in September, 2017. The UK rail sector is open to investments by private companies with a supportive framework and public investment provided by the UK government.

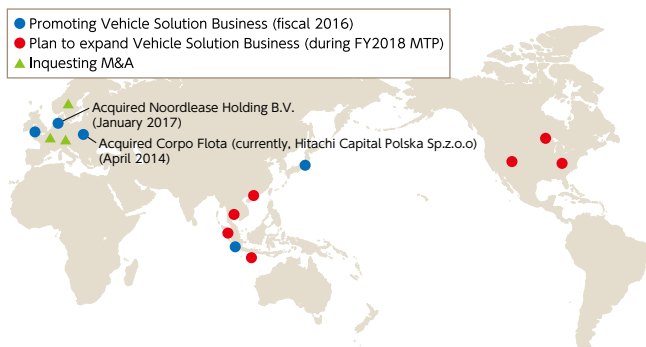
We will be aiming to provide thus internal and external investments totaling around 100 billion yen in size in the near future.



Vehicle solutions: Evolution from vehicle finance to vehicle solutions and the creation of markets

Global Expansion of the Vehicle Solution Business

The Vehicle Solution Business is a business model that delivers not only financial services, but comprehensive services related to vehicles. Hitachi Capital Group has positioned the Vehicle Solution Business as a common group strategy in its FY2018 Mid-Term Management Plan. We are now pursuing M&A mainly in Europe and the Americas valued at 150 billion yen using operating assets.

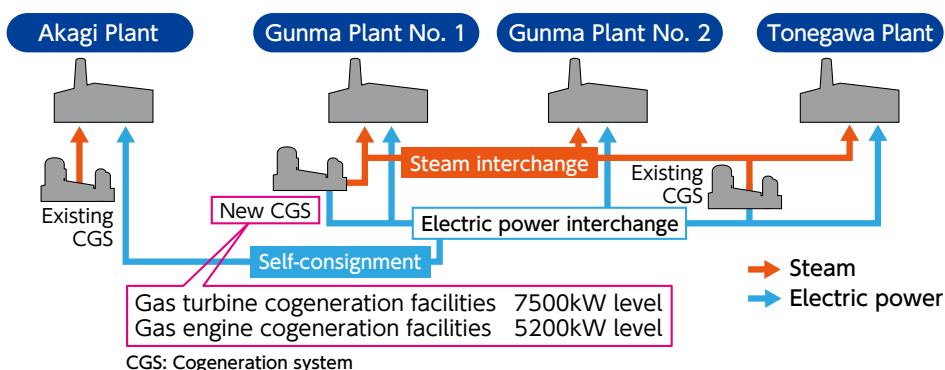


Sales finance: Pursuit of low cost operations and provision of added value

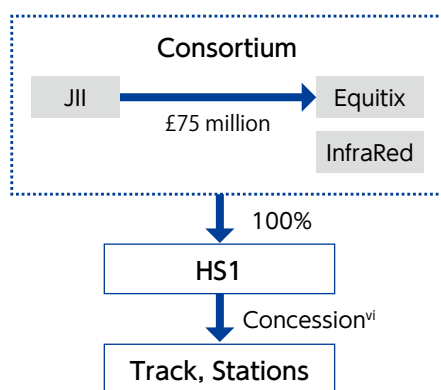
Hitachi Capital has provided leasing, deferred payments and other forms of sales finance to promote sales of manufacturers' and sales companies' products and merchandise as a financial services company affiliated with a manufacturer. Going forward, we aim to expand our business operations so that we can respond to the sales promotion needs of manufacturers and sales

companies around the world in a flexible manner. (Details about our sales finance solutions in each region are provided using an icon in the business profile page of each geographic region [see pages 15 to 26]).

■ Overview of energy interchange at the four plants of Nihon Canpack Limited



■ Investment Structure of the Initial Investment



The consortium led by UK infrastructure fund managers, Equitix and InfraRed, closed the deal in September 2017 to acquire all the shares in HS1. Funds managed by Equitix and InfraRed now hold 35% and 65% stakes in HS1 respectively. JII has contributed to the successful completion of the transaction by investing 75 million UK Pound in an Equitix managed fund which was established solely for the investment in HS1.

Started demonstration testing using a breath alcohol detector to help eliminate accidents caused by drunk-driving

Since March 2017, Hitachi Capital Auto Lease Corporation has started demonstration testing using a breath alcohol detector that Hitachi developed. From August 2017, we will expand the testing by using the detector and its associated application software to provide an additional function that will help prevent drunk-drivers from getting someone else to take the breathalyzer test on their behalf by using facial detection to

confirm that the face of person taking the breathalyzer test is the same as the face of person who was driving the vehicle, and we will increase the number of tests implemented and the number of test locations so as to enhance detector reliability, etc., as a further step towards commercialization.

■ Icons in business profiles

The following icons appear next to examples of businesses under our group common strategy in each region (see pages 15 to 26).



Hitachi Group business



Creation of synergy through capital and business alliances between Mitsubishi UFJ Financial Group, Inc. and Mitsubishi UFJ Lease & Finance Company Limited.



Vehicle solutions



Eco and energy related business



Sales finance

i ESCO Business: Abbreviation for energy service company. The ESCO business provides comprehensive services related to energy savings and receive partial compensation for the energy saving benefits (merits) provided to customers in a business that benefits customers and contributes to the preservation of the global environment. However, the recent contract does not include an energy saving guarantee.

ii Self-consignment System: System enacted in April 2014 as part of annual power consumption liberalization in which companies can consign power generated at their own power generation facilities such as plants to another of their own business locations far away through the networks managed by a general power transmission and distribution business.

iii Shared Saving Method: Funds for renovation work are provided by the ESCO business, and facilities are owned by the ESCO business. Profits are used to repay the initial investment and interest payments for energy saving modifications, and the remaining profits are distributed based on the contract between the ESCO business and the customer.

iv Equity financing is the process of raising capital through the sale of shares in an enterprise

v Mezzanine financing: a hybrid of debt and equity financing that gives the lender the rights to convert to an ownership or equity interest in the company in case of default, after venture capital companies and other senior lenders; mezzanine financing includes subordinated loans and hybrid securities (subordinated bonds, perpetual bonds, discount securities, preferred stocks, etc.).

vi Concession for operation of public facilities: An arrangement where a private sector company purchases the right to operate a public facility from the owner of the facility which is a public or government organization whereby the company has the right to operate the facility. A form of public-private partnership (PPP) (see page 16).

Japan

Europe

Americas

China

ASEAN



Kazumi Anei

Executive Officer,
Management Responsible in Japan,
Corporate Sales & Marketing Division
Head of Account Based Marketing Division

Main Country and Region
Japan Business



2018 Mid-Term Management Plan Basic Policy: Improve Profitability

We will be working to improve profitability by continuing to implement business structural reform and by expanding our focus sectors, including business expansion that contributes to regional revitalization.

We are also promoting the Food, Security, and BPO business as a newly incubating sector. In addition, we will be aiming to strengthen our competitiveness through "Proactive IT" measures and through the "implementation of business operations along factory process lines."

[Results in Fiscal 2016]

- Growth was achieved in **focus sectors**.^{*15-1} As a share of total operating assets, focus sectors grew from 26% to 32%. (Case Studies of Results Achieved in FY 2016 (1) , (2), (3) and (4))
- Our promotion of business efficiency enhancement realized an improvement in our overhead ratio, which fell to 62% (down 3 percentage points year-on-year) (Case Studies of Results Achieved in FY 2016 (5))

Strengths (Feature)

- Wide range of customer base and strong partnership with Hitachi Groups, etc.
- Effective promotion of the commercialization of a diversified range of financial functions and services that adapt to the change of the business circumstances and various customer needs

Issues (Direction)

- Improving top-line by expanding the focus area
- Promoting Low Cost Operation through IT investment to develop "factory-style" back-office operations, etc.
- Promoting Work Life Innovation to enhance effective business utilization

15-1 Focus Sectors: For the purposes of the 2018 Mid-term Management Plan, "focus sectors" includes growth areas such as social infrastructure, eco-energy, vehicle business, and business for local governments / public sector, as well as "Sprout sectors" (newly incubating sector of which is currently being cultivated), such as food, security, and business processing outsourcing (BPO). "Fundamental sectors" includes wholesaling, healthcare, etc.; "Restructuring sectors" includes vendor financing and agriculture.

Focus Sectors	Growth sectors: Sectors which are growing rapidly	<ul style="list-style-type: none"> ● Social infrastructure ● eco-energy ● vehicle business ● business for local government / public sector
	Sprout sectors: Newly incubating sector of which is currently being cultivated	<ul style="list-style-type: none"> ● Food ● Security ● BPO
Fundamental Sectors	<ul style="list-style-type: none"> • Wholesaling • Healthcare etc. 	
Restructuring Sectors	<ul style="list-style-type: none"> • Vendor financing • Agriculture 	
Closure Sectors	<ul style="list-style-type: none"> • Consumer business • factoring 	

Case Studies of Results Achieved in FY 2016

(1) Eco- and Energy-Related Business



As part of our efforts to provide comprehensive energy solutions through close collaboration with our partner organizations, and to contribute towards the realization of the "Low-carbon Society," Hitachi Capital has set itself the target of increasing adoption of renewable energy sources (including wind power, solar power, etc.) to a cumulative generating capacity of over 500MW in fiscal 2019, and is working actively to develop the eco-energy business.

In February 2017, we established the Renewable Energy Partners LLC Silent Partnership, an investment fund which will be focusing on investment in renewable energy, including photovoltaics, wind power, and biomass energy. Through this fund, we have been able to build an investment framework oriented towards large-scale electricity generation projects that are already under development, the large size of which would otherwise create challenges. The fund represents the first project in Hitachi Capital's Eco- and Energy-related Business that is closely integrated with our core business. Through the mutual utilization of the functions and networks



of Hitachi Capital and Renewable Energy Partners LLC and through risk-sharing, we will be able to make a major contribution towards promoting the widespread adoption of renewable energy in Japan.

From left: Nakajo Wind Power Electricity Generation Facility; Solar power plant at Hitachi Kitaura housing complex solar power station
See also:

- "ESCO business facilitates power pooling between business sites through effective utilization of the self-consignment system" ▶ P13-14
- "Expanding our eco-energy business" ▶ P30

(2) Social Infrastructure Business and Business for Local Government/Public Sector



In collaboration with the member companies of the Hitachi Group and with our other business partners, we are working to promote the development of our building lease business (handling logistics facilities, commercial facilities, etc.) and our public-private partnership (PPP^{*16-1}) and private finance initiative (PFI^{*16-2}) business (undertaken in collaboration with the central government and with local government authorities) .

As responding to the deterioration of facilities in various parts of Japan is becoming a challenge, we have positioned local government/public business as a growth field, and are engaged in the development and operations of highly convenient public facilities so that we can contribute to regional regeneration through health and culture. We are engaged in PPP and PFI businesses utilizing private sector funding and know-how, and financial advisory services.



Images facilities in the east area of Tochigi Prefectural General Sports Zone (a gymnasium and indoor swimming center) that Hitachi Capital was selected to lead the consortium for as a PFI business (scheduled to open in April 2021)

One of our company's strengths is our impressive track record of around 350 building lease projects undertaken since 1992 (this figure includes buildings that have subsequently been disposed of). In addition, as an important financing services partner for the Hitachi Group, Hitachi Capital is able to arrange provision of the Hitachi Group's Internet of Things (IoT), energy saving, security, and crime prevention services, etc.

Making effective use of our track record and know-how, Hitachi Capital has launched a serious move to develop the multi-tenant logistics facility building lease segment through Hitachi Capital Community Corporation, a real estate business affiliate; with the spread of online sales in Japan, we are focusing on meeting needs through the improvement and operation of multi-tenant logistics facilities and maintenance management, renewal etc. for facilities that have begun to deteriorate due to age.



multi-tenant logistics facilities

16-1 PPP: An abbreviation for public private partnership, which is a project conducted in partnership between government and the private sector. PPP differs from PFI in that the private enterprise participates from the planning stages of the government policy, as opposed to the government providing financial support.

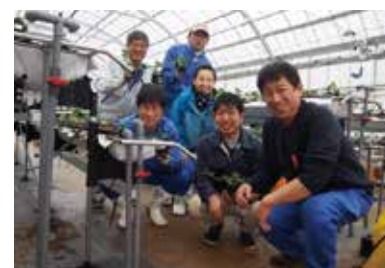
16-2 PFI: An abbreviation for private finance initiative. Consisting of the utilization of private sector capital, management and technical capabilities for the construction, maintenance, or operation of public facilities.

17-1 Franchise: The right to supply proprietary developed products (including services) using a business model in which a franchise package containing sales know-how is provided and the other party promises to pay consideration in the form of royalties for this package.

(3) Food and Agricultural Business



Hitachi Triple Win Corporation that is engaged in a food and agricultural business worked together with Aglis Co., Ltd. that provides agricultural guidance to commence production of strawberries that are resistant to heat at the Okinawa Pilot Farm in Yomitan Village, Okinawa Prefecture from March 2017. We will accumulate production and sales know-how and take into consideration not only the sales of agricultural products, but also the development of [franchises](#)^{*17-1} that support new farmers and market entry by new companies. Going forward, we will introduce advanced systems such as ICT and work to optimize production and sales.



Members of the Okinawa Pilot Farm and cultivation instructors (Aglis Co., Ltd.)

In addition, starting in 2017 we have been involved with the production, planning and operation of a Japanese sake brewery in Kamikawa City, Hokkaido, through the acquisition of a stake in Kamikawa Taisetsu Sake Brewery. The Kamikawa region has a wealth of local resources, including high-quality water and the cultivation of rice strains suitable for sake brewing. We aim to contribute to regional revitalization through the development of a strong regional brand by utilizing local resources and supporting the growth of this industry.



Newly built plant for the Sake Brewery, "Ryokkyugura" (Plant of Green Hills)

(4) Provision of sales financing for medication assistive devices with IoT functionality



Starting from January 2017 we launched a leasing service for the medication assistive devices "e-OKUSURI-SAN" that Eisai Co., Ltd. has developed and commercialized. It aims to help prevent people from forgetting to take their medicine or accidentally taking overdoses, and to provide support for patients and their families, pharmacists, and care managers, etc. in relation to the administration of medication. We also support the spread of medication assistive technology with IoT functionality by providing payment services for communication costs and leasing of telecommunications equipment in relation to the utilization of medication management data in the cloud.



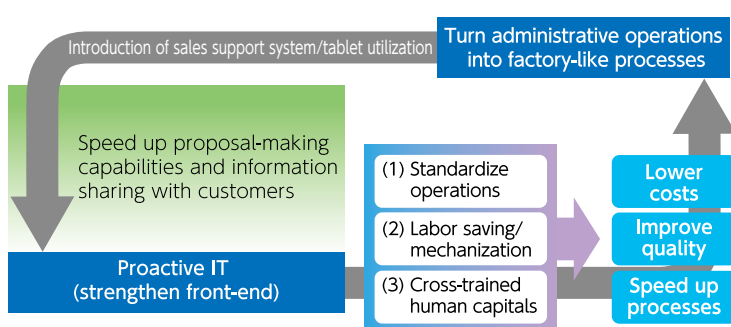
e-OKUSURI-SAN® developed and commercialized by Eisai Co., Ltd.

(5) Implementation of business operations along factory process lines

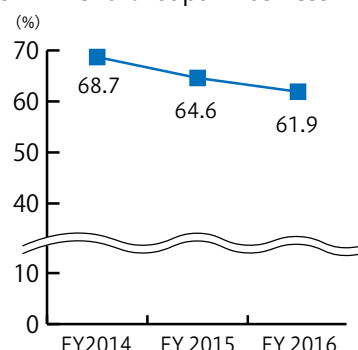
In the Japan Business, under the banner “proactive IT” in the FY2018 Mid-Term Management Plan, we are actively investing in IT, including integrating core systems and introducing new sales support systems along with tablet devices and AI solutions.

In addition, we are working to (1) lower costs, (2) improve quality and (3) speed-up operations by standardizing operations, reducing labor, shifting to mechanization, and cross-training employees so they have multiple skills, by positioning changes to our back-office workflow as “implementation of business operations along factory process lines.”

We have been implementing the SKY Project for work-style innovations since fiscal 2017 in order to use the time created from more efficient operations to achieve further growth as individuals and as a company.(please see Page 33)



OHR Trend of Japan Business



Hitachi Capital's Japan Business – Key Data and Future Strategy

FY2018 target of growth in profit

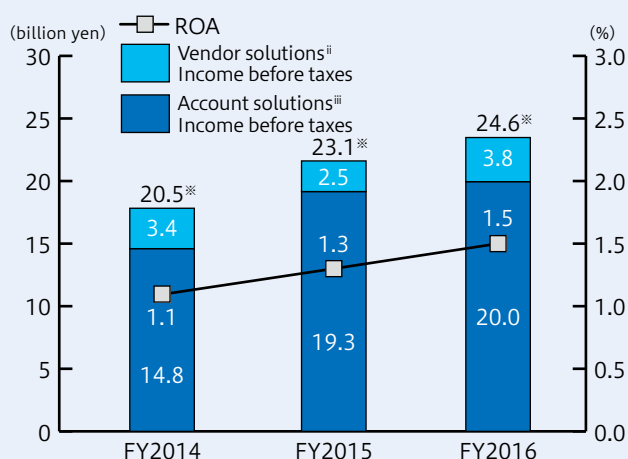
Growth in profit (CAGR)ⁱ : **8%**

ROA: **1.9%** (with a stretch goal of 2%)

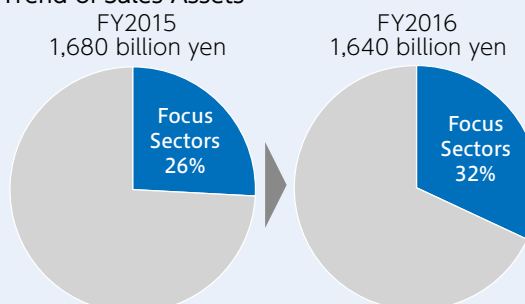
[Future Strategy]

- Expanding our focus sectors
 - Eco-energy business: Expansion focused on wind power generation (FY2018 cumulative generating capacity target: Over 500MW)
 - Vehicle business: Completing system overhaul and expanding business scale (FY2018 target for no. of vehicles under management: 0.1 million vehicles)
- Business restructuring in fundamental sectors and restructuring sectors
 - Focusing on the vendor solutions business (including operational consolidation, integration of backbone systems, etc.)

ROA and Income before taxes



Trend of Sales Assets



ⁱ Growth in profit (CAGR): annual average growth of income before income taxes for FY2015 and FY2018.

ⁱⁱ Vendor solutions: Solutions provided in response to the needs of partner vendors for sales promotion, etc. through the Group's financial services including leases and installments.

ⁱⁱⁱ Account solutions: Providing solutions to meet the needs of companies, government authorities, farms, and medical institutions through combinations of the Group's various functions including leases, insurance, and investment trusts, and through partnerships, including those within the Hitachi Group.

* The Japan Business total includes development of businesses not included in the Japan reporting segment, as well as companies undertaking business restructuring through rehabilitation, etc.

Japan

Europe

Americas

China

ASEAN



Yoshikazu Ohashi

Vice President and Executive Officer
Management Responsible in Europe,
Corporate Sales & Marketing Division
Head of Human Capital, Management
Bases Initiatives Division

Main Country and Region
Europe Business


2018 Mid-Term Management Plan Basic Policy: Building Foundations for Steady Growth

We have adopted a customer-driven approach, working to expand our consumer and corporate businesses (focusing in particular on the U.K.), while also developing our vehicle solutions to European Continent and implementing high-level risk management. As a result, we have been able to overcome the difficult business environment, and we are continuing to provide high-quality services and realize steady growth.

[Results in Fiscal 2016]

- Development of the consumer finance (CF) business (Case Studies of Results Achieved in FY 2016 (1) and (2))
- Sustained high growth in the vehicle solutions business (Case Studies of Results Achieved in FY 2016 (1) and (3))

Strengths (Feature)

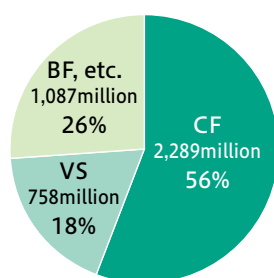
- Good risk control by throughout risk management
- Effective use of investment in IT to enhance operational efficiency and provide high-level services that contribute to enhance customer services

Issues (Direction)

- Uncertainty caused by Brexit and the economic slowdown
- Development in European Continental

Case Studies of Results Achieved in Fiscal 2016:

■ Operating assets balance

FY2016:
£4,133 million


(1) Current status of the Europe business and risk treatment



Since its establishment in 1982, Hitachi Capital (UK) PLC (HCUK), which accounts for the largest share of Europe business, has developed consumer finance (CF), vehicle solutions (VS) and corporate business financing (BF) businesses within the U.K. During the implementation period of the 2014-2016 Mid-term Management Plan, HCUK achieved average annual growth of 19% in income before tax, contributing significantly to the growth and target achievement of the Hitachi Capital Group as a whole.

On June 23, 2016, the U.K. decided, in a referendum, to leave the European Union (EU). HCUK has succeeded in building a stable management base able to withstand the impact of economic fluctuations, by means of the following measures: (1) Focusing on high service level activities where we provide a service of value rather than just capital in the U.K.; (2) Implementing rigorous financial risk management (with careful matching of asset and liability maturities and currencies); (3) Building a high quality, well diversified portfolio, and managing the risk within a defined credit appetite.

Business Sector	Business Content	Main Target Regions
Consumer Finance (CF)	Sales finance (sectors: furniture, home improvements, major high street retailers), as well as consumer and motor loans.	U.K.
Vehicle Solutions (VS)	Comprehensive vehicle solutions for corporate cars and commercial vehicles fleets to manage and strategically plan.	U.K. Poland* The Netherlands
Business Financing (BF)	Asset financing and invoice financing for corporate customers, covering sectors from agricultural to manufacturing.	U.K.
European Business Development (EBD) etc.	Sales financing for Hitachi Group companies and their distribution channels and key accounts.	Europe

* In April 2014, Hitachi Capital Polska Sp. z o.o. (formerly Corpo Flota Sp. z o.o.) became a subsidiary of HCUK.

In January 2017, HC acquired a 100% stake in Dutch auto leasing company Noordlease Holding B.V. to expand the developing our vehicle solutions to European Continent; we anticipate that this acquisition will not only lead to further growth through synergy, it will also help Hitachi Capital to further expand our business in Continental Europe.



A facility belonging to Noordlease Holding B.V.

(2) Sales financing scheme in collaboration with partners



In Europe the business financing segment, it had been difficult for HCUK (which is based in the U.K.) to provide financing services directly in other European countries due to regulatory restrictions. Before 2013, HCUK was providing very limited financing programs for the Hitachi Group. Since then, however, HCUK has started setting up partnerships with European funders providing sales finance under the Hitachi Capital brand. This initiative has been expanded so that we are now implementing 15 individual sales financing programs in 10 countries^{*20-1} (having added three new countries) and 1 region in the end of fiscal 2016, supporting Hitachi Group companies operating in Europe. In fiscal 2016, we achieved significant business growth.

20-1 The U.K., Poland, the Netherlands, France, Turkey, Germany, Italy, Spain, Portugal, and Belgium.

(3) In Poland, Hitachi Capital was honored as the top growth company in the fleet management



At the Outsourcing Stars Gala^{*20-3} held in Poland on January 31, 2017, Hitachi Capital Polska Sp. z o.o. (HCPL) was honored as the company with the most dynamic growth from 2015 to 2016 in the fleet management sector. HCPL was selected for this honor because of its unique proposals for providing better services to clients in the Poland market. Going forward, HCPL will continue to expand its customer-focused businesses.



Hitachi Capital Polska Sp. z o.o. President Michal Iwanek delivering the award speech

20-2 A vehicle and logistics management approach that seeks to streamline and optimize operations, including the utilization of vehicles.

20-3 A not-for-profit event that recognizes companies that have achieved speedy growth by supporting the growth of outsourcing in Poland.

Hitachi Capital's Europe Business – Key Data and Future Strategy

FY2018 target of growth in profit

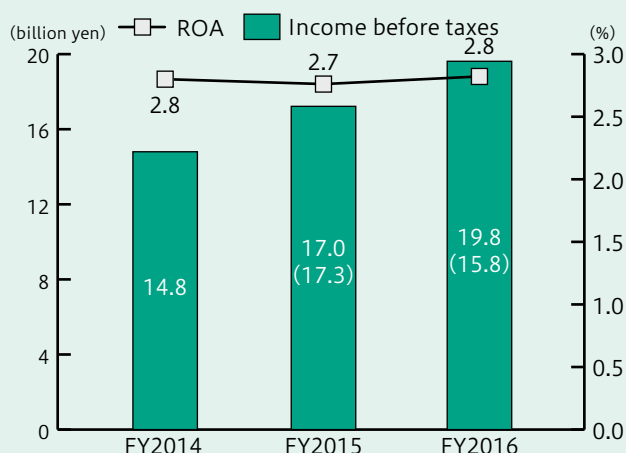
Growth in profit (CAGR)ⁱ : 8%

ROAⁱⁱ : 2.5%

[Future Strategy]

- U.K.: Continuing to maintain profitable, high credit quality business growth
 - Continue to develop fee earning opportunities
- Continental Europe
 - Continuing to acquire additional vehicle solution businesses
 - Continue to develop Hitachi Group sales finance through direct expansion and further collaboration with partners

ROA and Income before taxesⁱⁱ



ⁱ Growth in profit (CAGR): annual average growth of income before income taxes for FY2015 and FY2018.

ⁱⁱ ROA and Income before taxes are calculated on the basis of the exchange rate prevailing in FY2014. Figures given inside parentheses are calculated on the exchange rate for each fiscal year.

Japan

Europe

Americas

China

ASEAN



Akihiko Sugawara

Senior Vice President and Executive Officer
Management Responsible in Americas,
Corporate Sales & Marketing Division
Chairman & CEO, Hitachi Capital America
Corp.

Main Country and Region
Americas Business



2018 Mid-Term Management Plan Basic Policy: Growth Drivers

We are working to expand the breadth and volume of our business to drive growth for the Hitachi Group as a whole, both through our existing business areas – such as inventory financing and other forms of truck financing, factoring, etc. – and by strengthening our vendor finance services business.

[Results in Fiscal 2016]

- Securing of a large new client in our U.S. factoring business and expanding our Canada business (Case Studies of Results Achieved in FY 2016 (1) and (3))
- Extending the scope of our vendor financing business in the IT and healthcare sectors through acquisitions (Case Studies of Results Achieved in FY 2016 (2))

Strengths (Features)

- Financial sector deregulation and increased infrastructure spending in the U.S.
- Financial business diversification through acquisitions and smooth post-merger integration (PMI)
- Assignment of personnel with a high level of professional expertise and their own extensive networks of business contacts

Issues (Direction)

- Concern of acceleration in the pace at which the Federal Reserve Board (FRB) is raising benchmark interest rates and adapting to the U.S. administration's policy
- M&A of vehicle solution business, etc.

Case Studies of Results Achieved in Fiscal 2016:

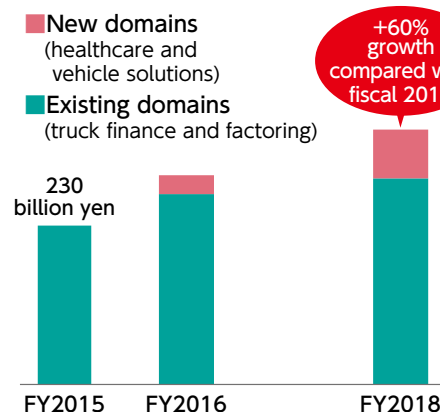
(1) Initiatives in the growth driver markets of the Americas

We are working to expand our business operations in the Americas as a key growth driver for the Hitachi Capital Group in the FY2018 Mid-Term Management Plan.

In the United States, we are working on generating stable income from our mainstay truck finance and factoring operations, while also expanding our new vendor financing business and expanding our coverage to include the West Coast.

In Canada, Hitachi Capital Canada Corp. is providing vendor financing for new trucks and factoring through tie-ups with Japanese automakers. Meanwhile, CLE Capital Inc. diversifying its business to accelerate growth by providing vendor financing for trucks and construction machinery as well as other financing solutions for various forms of equipment.

Changes in Balance of Operating Assets



(2) Acquired vendor financing business platform



In May 2016, Hitachi Capital America Corp. (HCA) acquired the healthcare and IT related vendor financing business of Creekridge Capital LLC (which has its headquarters in Minnesota).

The U.S. healthcare sector is forecast to grow at an average annual rate of 5.3%^{*22-1} until 2019, and the outlook for the healthcare IT sector (which integrates information technology with healthcare) is particularly bright, with growth forecast to average 13.5%^{*22-1} until 2020. Whereas up until now Hitachi Capital America Corp. has focused mainly on truck sales financing and factoring, in the future we will be working to grow our business through strategic investment in the vehicle solutions and healthcare sectors, and by building our presence on the West Coast, etc.

It is contributing to the strengthening of our Americas business as a whole through the following process for identifying business areas that can serve as growth drivers: (1) Brainstorming by team members with specialist knowledge; (2) Careful scrutiny involving verification on the basis of key checklist items; (3) Acquisition of business structure based pricing^{*22-2} knowledge.

22-1 Source by Three Keys Capital Advisors. LLC

22-2 Deciding on the price of products and services



Creekridge Capital LLC

(3) Developing the U.S. factoring business



Hitachi Capital America Corp. has secured the largest factoring transaction since HCA was first established in 1989, providing a solution based on the client's perspective that also aims to make effective use of HCA's unique risk-reduction capabilities, for a manufacturer that supplies aluminum cans and other containers to a beverage manufacturer.

The issues for the client were: (1) The fact of only having a single debtor; (2) The large size of the credit line, and the need to improve cash flow through early realization of receivables, which tend to grow rapidly every quarter. To enable the client to use its receivables as a basis for improving cash flow, while at the same time reducing the receivables acceptance risk borne by HCA, HCA combined adjustment of credit insurance^{*22-3} coverage and incorporation of coverage into the credit line with the provision of smooth operational flow covering every stage from the initial receivables factoring application from the manufacturer through application review and approval.

22-3 Also known as bad debt insurance, credit insurance is used to make good the creditor's loss in the event that a sales financing loan or general loan claim becomes irrecoverable.

Hitachi Capital's Americas Business – Key Data and Future Strategy

FY2018 target of growth in profit

Growth in profit (CAGR)ⁱ : 20%

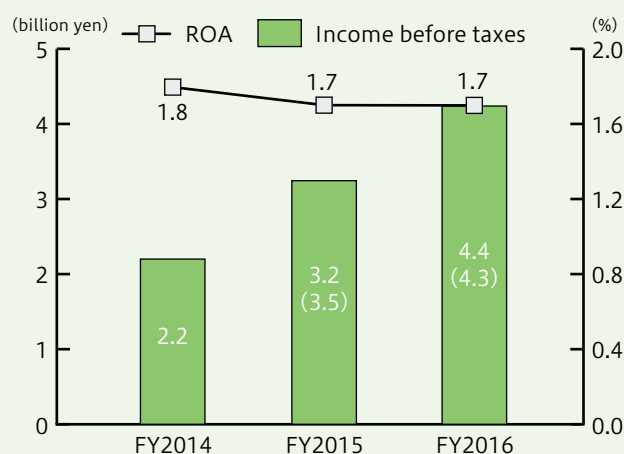
ROAⁱⁱ : Over 2.0%

[Future Strategy]

- Expansion of the IT / healthcare business
- Focusing on M&A in the vendor financing and vehicle solutions business

(We expect to identify new M&A candidates and implement acquisition in FY2017)

ROA and Income before taxesⁱⁱ



ⁱ Growth in profit (CAGR): annual average growth of income before income taxes for FY2015 and FY2018.

ⁱⁱ ROA and Income before taxes are calculated on basis of the exchange rate prevailing in FY2014. Figures given inside parentheses are calculated on the exchange rate for each fiscal year.

Japan

Europe

Americas

China

ASEAN



Ryoji Satoh

Executive Officer
Management Responsible in China,
Corporate Sales & Marketing Division
Chairman, Hitachi Capital Leasing (China) Co., Ltd.
Chairman, Hitachi Capital Factoring (China) Co., Ltd.
Chairman, Hitachi Capital (Hong Kong) Ltd.

Main Country and Region
China Business



2018 Mid-Term Management Plan Basic Policy: Strengthening Risk Management

We are working to build up a high-quality portfolio through strategic partnerships, and aiming at stable operation and a further strengthening of risk management.

[Results in Fiscal 2016]

- Focusing on a coordinated approach to public projects as an integral part of the Hitachi Group: Expanding public project related assets to 80% of operational assets (up from 70% in FY2015). (Case Studies of Results Achieved in FY 2016 (1) and (2))
- Establishment of Hitachi Capital Management (China) Ltd. (HCMC), providing an effective financing and utilizing investment function in Hong Kong. (Case Studies of Results Achieved in FY 2016 (1) and (3))

Strengths (Features)

- Collaborating with the Hitachi Group's China Business (Social Innovation Business)
- Business organization that clarifies the positioning based on its functional role (loan syndication, leasing, factoring, etc.)
- Establishment of Hitachi Capital Management (China) Ltd. (HCMC), which has financing and investing functions in Hong Kong, a major financial hub which is also the world's largest offshore Renminbi (RMB) financial center

Issues (Directions)

- Flexibly adopting to the regulatory environment and business circumstances and risk control

Case Studies of Results Achieved in Fiscal 2016:

(1) Strengthening the finance arrangement function in Mainland China



23-1 Syndicated loans: Also known as "co-financing," syndication involves meeting large-scale financing needs by forming a syndicate whose members include several different financial institutions, providing financing through a single loan agreement with uniform terms and conditions. The financial institution serving as arranger (the lead bank) negotiates with the firm or other organization seeking funding, deciding on the interest rates, loan periods, etc., with multiple financial institutions joining together to provide the funds.

23-2 Lender: Refers to a financial institution providing loans. Business is normally conducted within the profit value and sales value of non-recourse loans (A type of financing where a limit is placed on the underlying assets for repayment of the loan. Normally, the cash flow from the non-exempt property as the underlying assets is used for repayment, with no obligation to repay any amount beyond that.).

Hitachi Capital (Hong Kong) Ltd. (HCHK) has begun to implement syndicated loans^{*23-1} and participate as a lender^{*23-2} for business enterprises listed on the stock exchange in Hong Kong that are involved in social infrastructure related business areas such as the environment, energy, water purification, sewage treatment, among others. In the social infrastructure business, the scale and quality of facilities is directly affected by the amount of capital available. Many of these business enterprises involved in the social infrastructure business have developed business operations in Mainland China. By proposing financial solutions that meet clients' needs through collaboration with Hitachi Capital Leasing (China) Co., Ltd. (HCL) and Hitachi Capital Factoring (China) Co., Ltd. (HCF), HCHK is working to strengthen to support the "front desk" function for the Social Innovation Business that the Hitachi Group is currently striving to promote. More specifically, besides being responsible for various types of financial arrangements, such as organizing loan syndication groups and handling documentation (including the drawing up of contracts), HCHK also participates as a lender, while HCL and HCF also work closely with the Hitachi Group as a whole, providing



A solar power plant (1.034MW) belonging to a photovoltaics company for which HCHK handled loan syndication.

support for non-loan related financial needs such as leasing and factoring, etc. Together, we are creating new business opportunities, particularly in relation to solar power plants, etc. in Mainland China.

(2) Underground railway joint leasing business collaborated with Hitachi Group



China is currently seeing increased investment in infrastructure, and transportation infrastructure has become a particular focus of attention. Hitachi Capital Management (China) Ltd. (HCMC) has formed a joint venture company, one of the other participants in which is a government-affiliated leasing firm, to undertake underground railway leasing business in Qingdao City, China.

This investment will contribute to creating opportunities for the provision of products and solutions by the Hitachi Group (including underground railway equipment, elevators, air conditioning systems, security systems, etc.). HCL is also working to expand the range of solutions provided, offering proposals for station business (including advertising, retail sales, etc.) and station vicinity development, etc.

Similar projects involving the joint establishment of leasing companies, in collaboration with local government affiliated firms, etc., are being undertaken in other cities such as Nanjing, Xian, etc.; HCMC is representing the Hitachi Group as a partner for social innovation business development in China, while at the same time providing services that contribute to the development of the Hitachi Group's social innovation business.



The Qingdao underground railway and its stations (concept drawing showing how the railway is expected to appear on completion)

(3) Equity investments in Chinese leasing companies

Given changes taking place in the business climate in China, over the past several years we have been working with the Hitachi Group to shift focus to the public sector. As a result, public sector projects in mainland China now account for about 80% of our operating assets.

Additionally, we have made equity investments in four joint ventures with major Chinese state-owned leasing companies through a financial services company set up in Hong Kong.

Equity investments in Chinese leasing companies

Date	Area
April 2016	Nanjing
June 2016	Zibo
October 2016	Qingdao
February 2017	Xian

June 2016: Established HCMC



Hitachi Capital's China Business – Key Data and Future Strategy

FY2018 target of growth in profit

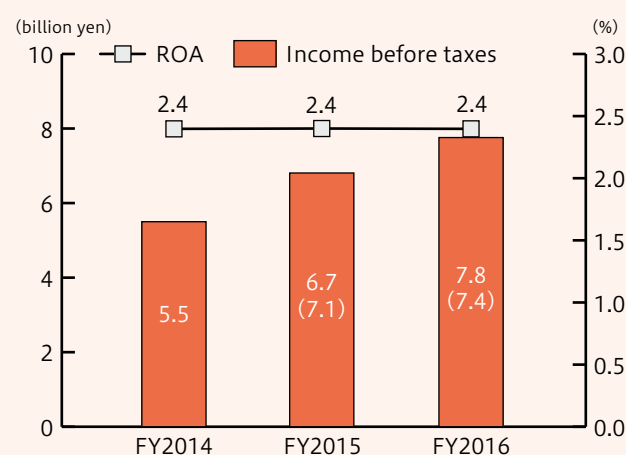
Growth in profit (CAGR)ⁱ : **9%**

ROAⁱⁱ : **Over 2.0%**

[Future Strategy]

- Strengthening our ability to serve as the “front desk” for collaboration on public sector projects
 - Promoting collaboration with existing key partners
- Making effective use of Hitachi Group products and solutions
- Strengthening our finance arrangement business by making effective use of the capabilities of Hitachi Capital Management (China) Ltd. (involving diversification of fund procurement channels, etc.)
- Expanding development of the semi-public sector in China and of sectors in which China is a world leader (such as PPP for environment and energy conservation, healthcare, electric vehicles (EV), and automatic operation, etc.)

ROA and Income before taxesⁱⁱ



ⁱ Growth in profit (CAGR): annual average growth of income before income taxes for FY2015 and FY2018.

ⁱⁱ ROA and Income before taxes are calculated on the basis of the exchange rate prevailing in FY2014. Figures given inside parentheses are calculated on the exchange rate for each fiscal year.

Japan

Europe

Americas

China

ASEAN



Hironori Tozawa

Management Responsible in ASEAN,
Corporate Sales & Marketing Division
CEO & Managing Director, Hitachi Capital Asia
Pacific Pte. Ltd.

Main Country and Region
ASEAN Business



2018 Mid-Term Management Plan Basic Policy: Focusing on the Management Framework

Aiming at medium- and long-term growth, we are working to strengthen our business base through the focusing of the management framework (through investment in human capital development and investment in IT) and the strengthening of the collection function, etc.

[Results in Fiscal 2016]

- In Malaysia, we have been speeding up the process of business portfolio transformation, and have expanded our corporate client business (Case Studies of Results Achieved in FY 2016 (1)).
- In Indonesia, we have improved loan quality through the strengthening of our credit extension and collection functions (Case Studies of Results Achieved in FY 2016 (2) and (3)).

Strengths (Features)

- Sales network that covers Singapore, Thailand, Malaysia and Indonesia, with business locations in each country
- Developing the business based on locally-integrated finance

Issues (Directions)

- Investment in human talent, and strengthening of key systems through IT investment
- Strengthening of credit extension and collection functions

Case Studies of Results Achieved in Fiscal 2016:

(1) Measures aimed portfolio improvement in Malaysia



25-1 Captive finance: Creating a dedicated finance company

Accompanying the structural shift away from its previous captive finance^{*25-1} focused business model towards a new focus on machinery and equipment financing, Hitachi Capital Malaysia Sdn. Bhd. (HCMY) has been implementing upstream management measures for collections, adjusting collection processes and implementing thorough management from the initial period of arrears onwards. Aim to speed up implementation of legal procedures, the PDCA cycle is being thoroughly implemented with the presenting of status reports at twice-monthly collections meetings; measures have also been taken to integrate collections more closely with sales, such as the inclusion of collections performance as an evaluation criterion for sales managers. A system has also been put in place to implement follow-up with respect to depreciated borrowings, where collections can be difficult, by making effective use of collaboration with lawyers, collection agencies, and salvage firms. As a result of these efforts, the default rate has been reduced drastically. Additionally, HCMY promotes sales finance for electric devices together with Japanese major manufacturers, not only in Japan but also in Malaysia.

(2) Overseas building lease arrangements in Indonesia



Our customer, Hitachi Transport System, Ltd., is developing a third-party logistics (3PL) business^{*26-1} globally, and they needed to build a new warehousing facility to expand their business in Indonesia.

To safeguard the free cash flow of this customer, we implemented repeated rental estimations and simulations using different contract terms, different intervals between interest rate adjustments, different investment amounts and different security deposit amounts, and used these as the basis for negotiating the best possible terms with the client, eventually agreeing on a financial arrangement with which the client was very satisfied. To strengthen the provision of business finance solutions (including this building lease arrangement), and also to expand the range of services that we provide, all Group member companies worked tirelessly to implement suitable measures, including the setting up of a new company in Indonesia, PT. Hitachi Capital Finance Indonesia.

26-1 Third-party logistics (3PL) business: Third-party logistics (3PL) involves outsourcing part or all of logistic functions to a third-party company. It is sometimes also referred to as contracted logistics.

(3) Set up the management base to expand business in ASEAN

Hitachi Capital Asia Pacific Pte. Ltd. is streamlining its operations and setting itself apart from competitors by shortening credit approval time and speeding up replies through the systemization of its screening operations. Additionally, we are working to reinforce our management foundation in ASEAN and strengthen our business foundation, which includes promoting the Vehicle Solutions Business at Hitachi Capital (Thailand) Co., Ltd.

A "Fellowship Gathering" in August 2016 and "Management Training Camp" in March 2017 as managers project to improve profitability were held at PT. Arthaasia Finance (AAF), with Hitachi Capital's ASEAN region director and AAF's President and Directors attending as observers, and with around 50 managers participating. The managers were divided into six teams, which undertook group discussions on different themes with the aim of boosting revenue, involving analysis of the current situation and formulation of new strategies. With presentations of case studies, and with time allocated for participants to think about what they themselves should be trying to do in the future, this activity also helped to enhance employee awareness. Following the Fellowship Gathering, new project teams were organized to implement the strategies that were discussed during the activity, and these strategies are being implemented expeditiously.



The AAF Fellowship Gathering in August 2016 and Management Training Camp in March 2017
Group Discussion at Management Training Camp

ASEAN Business – Key Data and Future Strategy

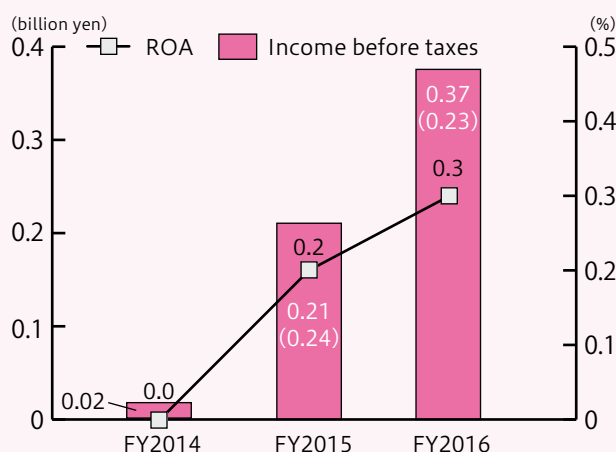
FY2018 target of growth in profit

ROAⁱ : Over 1.0%

[Future Strategy]

- Continuing to strengthen our business base
 - ▶ Thailand and Malaysia: Enhancing operational efficiency through investment in IT
- Cultivation of human talent within the ASEAN region
- Examining the potential for further geographical expansion (Vietnam, etc.)

ROA and Income before taxesⁱ



ⁱ ROA and Income before taxes are calculated on the basis of the exchange rate prevailing in FY2014. Figures given inside parentheses are calculated on the exchange rate for each fiscal year.

Financial and Non-financial Highlights



For the latest and more detailed financial information, please check the IR information on our website, as well as the "Securities Report" (Japanese) and "Financial Information Details" (English).
www.hitachi-capital.co.jp/hcc/english/ir_english/index.html

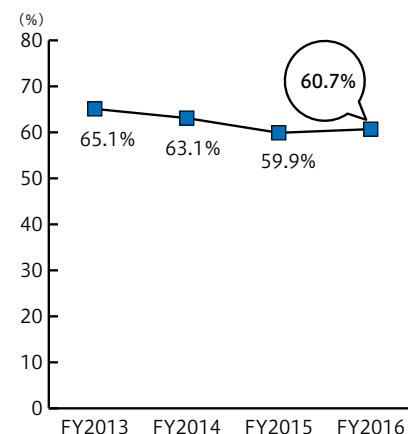
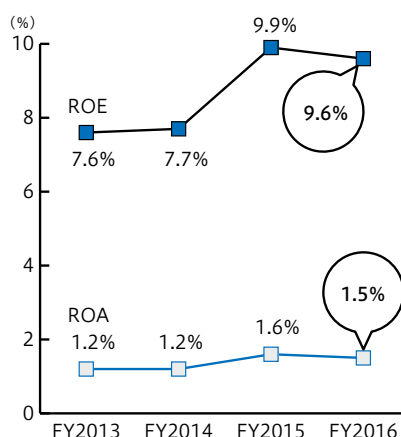
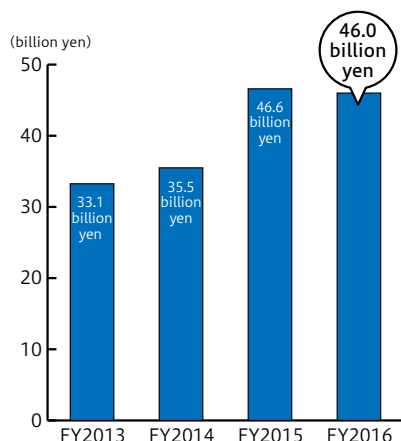
Financial Overview

Key Management Indexes

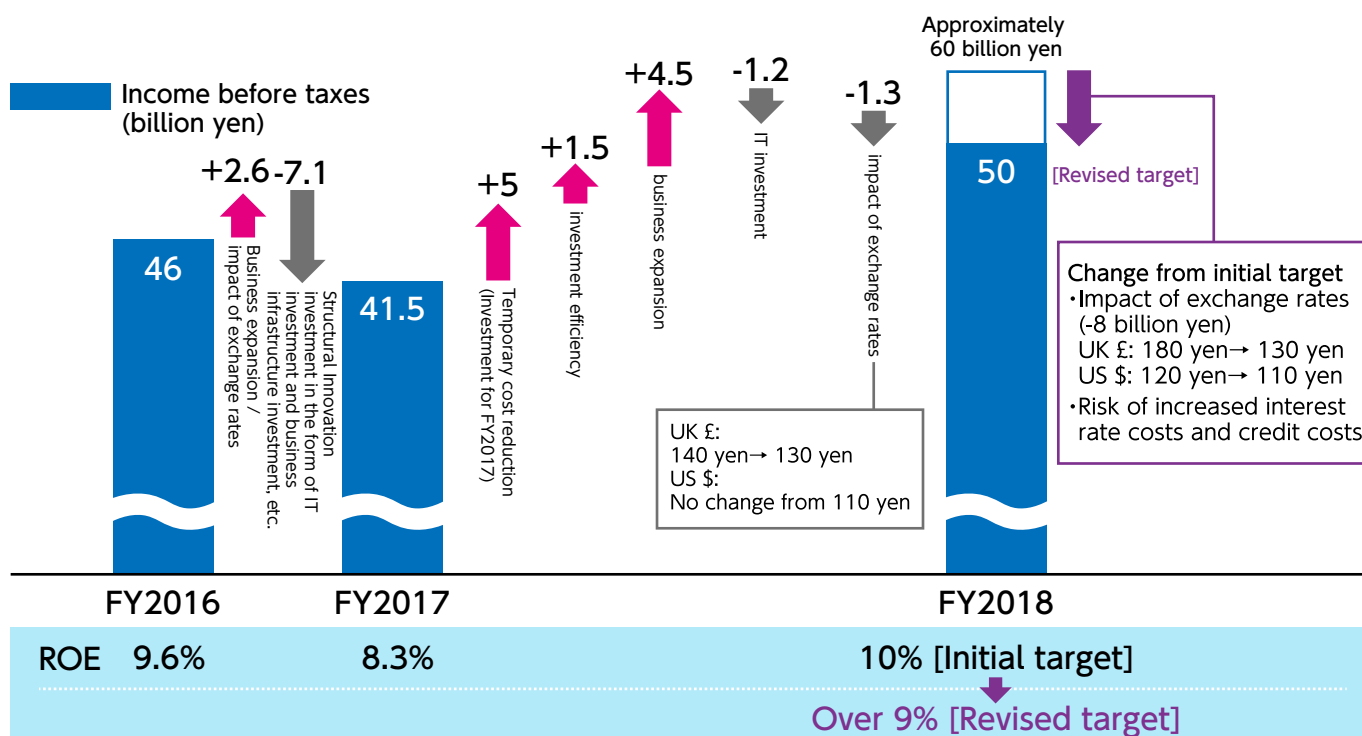
Revised FY2018 Mid-Term Management target for income before taxes
50 billion yen

Revised FY2018 Mid-Term Management target for ROE: **Over 9%**
 Revised FY2018 Mid-Term Management target for ROA: **1.7%**

OHR



FY2018 Mid-Term Management Plan Forecasting and Target Modification



While 1 UK Pound was calculated as 180 yen and 1 US dollar was calculated as 120 yen when the plan for fiscal 2018 announced in June 2016, 1 UK Pound has been revised to 130 yen and 1 US dollar has been revised to 110 yen. In consideration of this and the risk of increased interest rate costs and credit costs accompanying the impact of exchange rates and uncertain market trends going forward,

projections for fiscal 2018 have been changed to income before taxes of 50 billion yen and ROE of over 9%. We will continue IT investments and business structural reforms to achieve double digit growth in our global business and improved profitability in the Japan business and make investments in areas including human resources, IT, and M&A under our FY2018 Mid-Term Management Plan.



Please refer to "CSR Activities" from the Hitachi Capital website for detailed information.
http://www.hitachi-capital.co.jp/hcc/english/company/csr_index.html

Non-financial (ESG) Overview

Message from CSR Director



Seiichiro Kishino

Executive Vice President and
Executive Officer, and Director
in Charge of CSR

In an aim to become a "Social Values Creating Company" as the Mission of Hitachi Capital, the achievement of our Principles (Basic Management Policy) is positioned as our CSR (corporate social responsibility).

We will hold dialogue with all of our stakeholders in order to gain

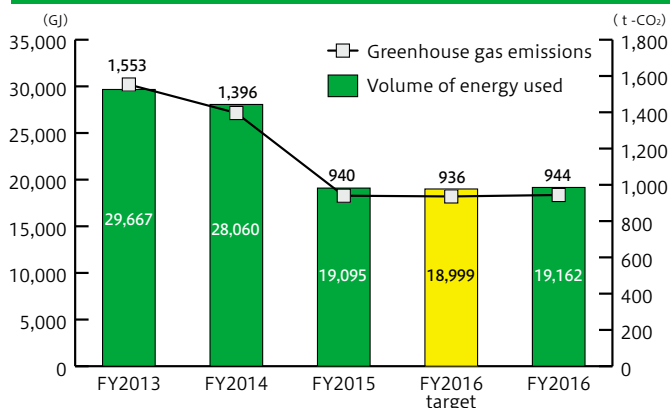
an understanding of issues and summarize the various policies related to ESG (environment, social, and governance) on a global level as we work to resolve these issues and strengthen our management base.

Environment ▶P29-30



<http://www.hitachi-capital.co.jp/hcc/english/company/environment.html>

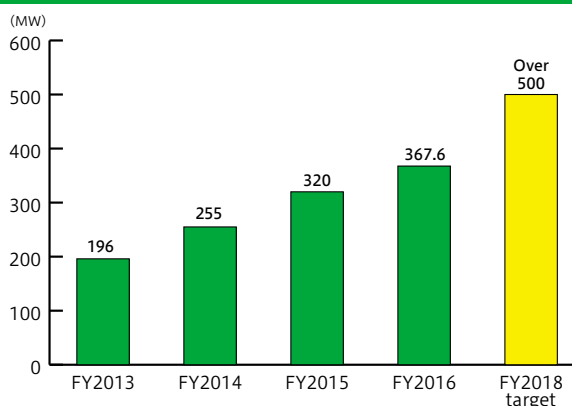
Reduction in the volume of energy used and CO₂ emissions



*Scope is Hitachi Capital Corporation on a non-consolidated basis.
 *The volume of energy used is calculated based solely on electric power.

*The energy conversion factors for each energy input are calculated through emission conversion factors based on the conversion factors of electricity suppliers disclosed as of the end of June 2017.

Total volume of renewable energy generated since FY2003

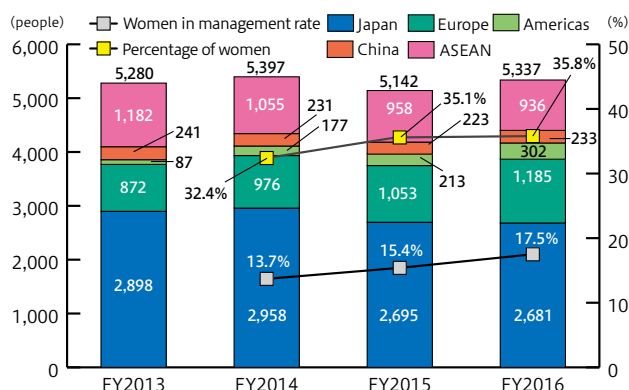


Society ▶P31-34



<http://www.hitachi-capital.co.jp/hcc/english/company/community.html>

Consolidated number of employees, percentage of women employees, percentage of women in management positions



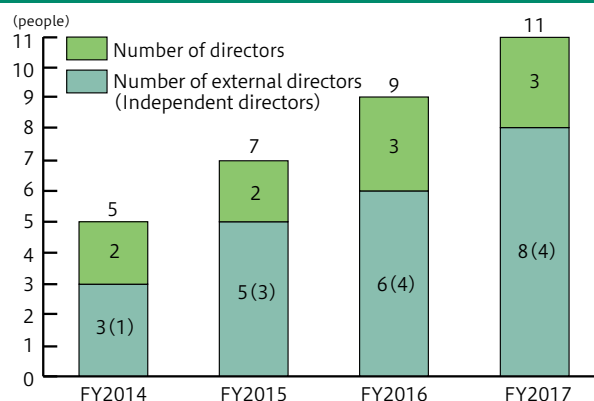
*The percentage of women employees and percentage of women in management positions on a consolidated basis have been calculated since fiscal 2014.

Governance ▶P35-40



<http://www.hitachi-capital.co.jp/hcc/english/company/governance.html>

The Member of the Directors



*The number of external directors is as of the end of general meeting of shareholders

Environment

Environment Report

We believe that creating a sustainable society and environment is a necessary pre-requisite for corporate sustainability. We therefore not only seek to reduce environmental burden but provide solutions to the users of our services to reduce their burden.

Environmental Policy

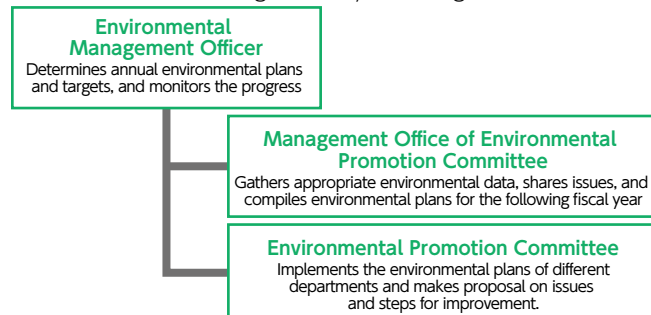
Consideration for the environment is a social need. Based on this concept, we formulated an environmental policy to realize our Principles that emphasizes helping to create a more prosperous society. We have been promoting initiatives to address environmental issues in accordance with the environmental policy.

Environmental Management System (EMS)

We have an Environmental Promotion Committee that consists of members from different departments, with an Executive Officer who is involved with environmental businesses acting as an Environmental Management Officer, to establish an environmental management system. The Committee formulates and promotes an environmental action plan for each fiscal year.

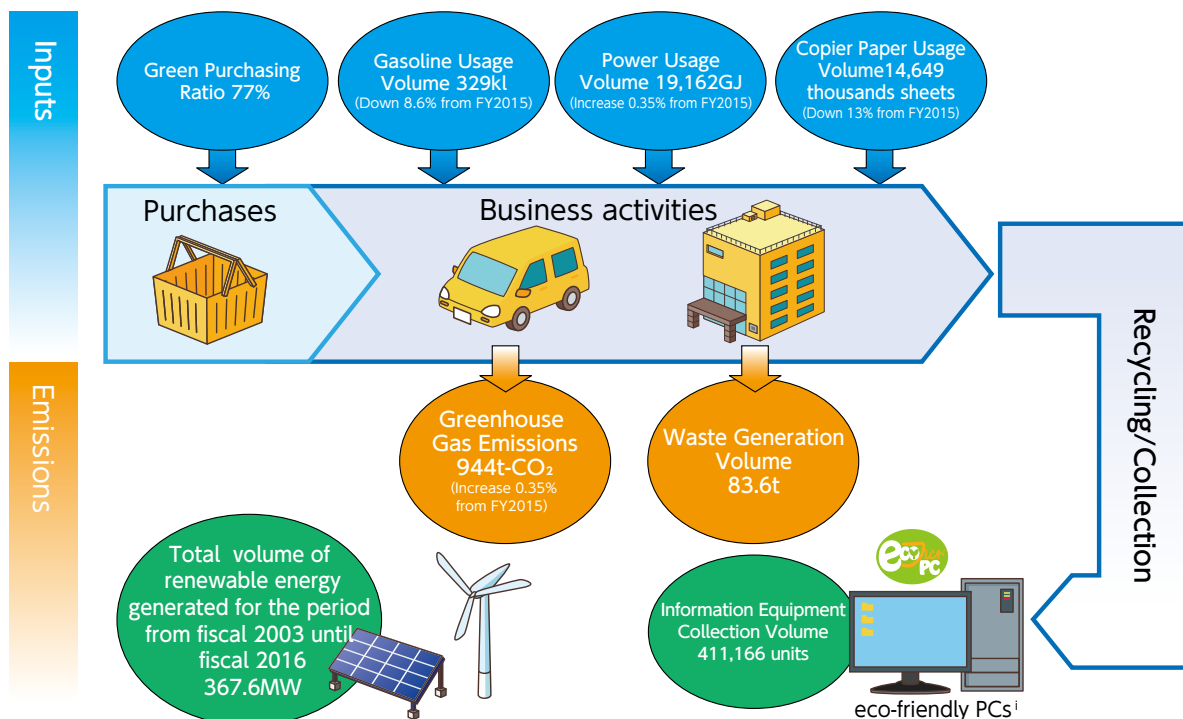
As part of our compliance activities, we also ensure that all the officers and employees of Hitachi Capital Group comply with

Environmental Management System Organization



all the laws and regulations, including those related to the environment. In addition, we conduct environmental audits on a regular basis. There were no reports of violations of laws and regulations, including those related to the environment, and external complaints in fiscal 2016.

Main Environmental Results for Fiscal 2016



For refer to Hitachi Capital website > Company Information > CSR Activities > Environmental Activities > Detailed Information: Main Environmental Targets and Environmental Results for Fiscal 2016 and Environmental Accounting.

ⁱ eco-Friend PC: Hitachi Capital Services Co., Ltd. engages in the sale of high-quality refurbished PCs that clear the company's own standards. These PCs are sold to companies and individuals as "eco-friendly PCs." This initiative aims to reuse and recycle assets that customers no longer need.

[Scope of compilation]

* Energy input, gasoline usage volume and CO₂ emissions cover only Hitachi Capital Corporation (including its headquarters and sales facilities, as well as the headquarters and sales offices of the Group companies located at these facilities).

The volume of energy used is calculated based solely on electric power input (Scope 2 which covers indirect emissions). Greenhouse gas emissions are calculated based on the energy conversion factors of electricity suppliers at the end of June 2016.

* The waste generation volume: Hitachi Capital Corporation (including its headquarters and sales facilities, as well as the headquarters and sales offices of the Group companies located at these facilities). However, the waste generation volume for fiscal 2015 after the month of September is estimated based on the ratio of the Company's space to the total floor of the corresponding premises.

* Copier paper usage volume, gasoline usage volume of CO₂ emissions from vehicles for sales activities, and green purchasing ratio cover only Hitachi Capital Corporation.



Please refer following web pages to know "For Environment" related policy and activities in detail.

<http://www.hitachi-capital.co.jp/hcc/english/company/environment.html>

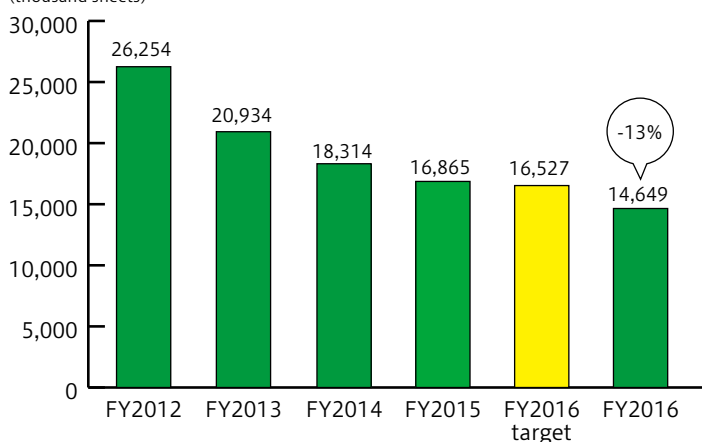
Environmentally Friendly Efforts on Site

We have also been working to reduce the environmental burden in our offices and buildings, where products and services are created.

As part of business structural reform efforts during fiscal 2016, the Company reformed groupware and introduced a workflow system for the digitization of various application, approval, and confirmation operations processes for thoroughly paperless operations, and reduced the volume of paper used by 13% in the fiscal year.

On the other hand power consumption, waste, and water use has grown along with the increase in personnel at the headquarters of Hitachi Capital. In Japan, the Company has further promoted energy saving activities by working to reduce overtime hours through working style reforms and the SKY Project.

■ Change in the Volume of Paper Usage at Hitachi Capital Corporation (thousand sheets)



Future environmental measures

Under the FY2018 Mid-Term Management Plan, we will (1) take the initiative in the environmental business as a group common strategy and (2) expand the scope of the environmental management system (EMS) for quantitative and qualitative management to include the scope of consolidation in order to advance with the development of an EMS framework for the entire Group and achieve both the establishment of a system that is fully accountable and a reduction in the environmental burden.

Environmental results for fiscal 2016(○: Results exceeding targets, △: Targets achieved, ×: Targets not achieved)

Activity items		Fiscal year target *Prorated from fiscal 2018	Fiscal 2016 results	Assessment/fiscal 2017 measures	
Management	Establishment of EMS framework worthy of trust on a global level	Establishment of EMS framework worthy of trust on a global level	•Current status of compilation in Japan and overseas	△	EMS implementation of human resources development
Service	Promotion of the environmental energy business as one of the Group's common strategies	•Expand the broad areas of environmental energy business (promote annually 5% expansion)	•Environmental energy business: business volume of 274%/year Total volume of renewable energy generated of 368MW (YoY expansion of 15%) •Signed the Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century) (July 2016)	○	•Compile the latest trends including law and regulation systems and assess with each department as necessary
Office	Prevention of global warming	•Reduction in the volume of energy used and CO ₂ emissions •FY2015 and thereafter (per floor area in the headquarters): Annual reduction by 0.5% on average	•Volume of energy used and CO ₂ emissions •FY2015 and thereafter (per floor area in the headquarters): Annual increase by 0.35% on average	×	•Promotion of energy saving measures along with efforts such as the reduction of overtime through working style reforms and the SKY Project (P33)
		Reduction in transportation energy: - Reduction in gasoline usage volume: 5% annually	•Reduction in transportation energy: - Reduction in gasoline usage volume: 8.6% annually	○	•Continuous replacement of environmentally conscious vehicles with saving energy and safety driving
	Effective use of resources	•Reduction in the volume of paper used: Reduction by 2% from the previous year	•Reduction in the volume of paper used: Reduction by 13.1% from the previous year •Waste Generation Volume: 83.6t •Amount of water used: 6,063m ³	○	•Waste: Thorough separation •Thorough utilization of new groupware
	Chemical substance and biodiversity	Fiscal 2016: Survey on the current status of business workload and compliance with independent law and regulation systems (Especially repair service locations)	•Adoption of fiscal year report regarding to compliance with independent law and regulation systems	○	•Ongoing periodic inspections
Collaboration with stakeholders	Social contribution activities / Dissemination of information	Promotion of activities that facilitate the participation of employees	•Regional clean-up activities: 3 times (participated in by 124 people and 2 executives)	○	•Consider participation-based social contributions



For the Customers and Partners

Hitachi Capital considers customers and business associates to be partners to resolve the issues to realize a sustainable society and environment, and attain growth together. We adhere to "Basics" and "Ethics" in our Core Values, and place top priority on rights and interests from the perspective of customers and business partners.

For the Customers

We are working to maintain our high-quality management organization and enhance customer satisfaction to provide reliable services and product that meet customer needs.

Enhancing Customer Satisfaction

We view feedback from customers fairly and seriously, and respond sincerely to customers in a timely manner. To more quickly address customer requests, we have made changes to our corporate website so as to reduce the total number of inquiries we receive from customers. Specifically, we have set up a dedicated inquiries page linked to our top page. The inquiries page contains an FAQ page ("Contact Us" and a page with information on various procedures where customers can download various documents, including for making changes to their contract information. In the same time, under our "Inquiries/Complaints Handling Policy for Customer's Satisfaction," we treat all of this feedback as opportunities for making continuous improvement in our products and services. Since December, 2015, we have redesigned and released the system for feedback from customers (alarm system), can respond to requests for consultation, complaints, and inquiries organizationally. In regards to requests for consultation, complaints, and inquiries from customers, we not only check the number of times we have been contacted. To solve the issues, we also make sure that (1) these complaints are recognized by responsible departments as complaints, that (2) they are addressed properly, and that (3) they are reported as information related to accidents. The results are shared throughout the entire company in the form of New Customer Reports on a monthly basis. Through these efforts, we work together as an organization to address complaints accurately and prevent their recurrence.

Trend of the number of complaints, inquiries, and requests for consultation

	FY2015	FY2016
Complaints	67	27
Inquiries	96,579	49,487
Requests for consultation	214,451	231,778
Total number of contacts	311,097	281,292

Please refer to our Quality Policy and Inquiries/Complaints Handling Policy for Customer's Satisfaction as follows:

WEB

<http://www.hitachi-capital.co.jp/hcc/english/company/supplychain.html>

For Partners (suppliers and partner vendors)

We esteem highly in mutual understanding and reliability relations to establish good partnership between the partners (suppliers and vendors) when we purchase the goods and services,

We position our partners as associates who work with us to provide our customers with optimum solutions. We act on the purchasing rules that clarify the procedures for carrying out purchasing operations, while working on the internal controlⁱ of purchasing operations and implementation of corporate ethics in those operations.

Basic Stance toward Purchasing

We conduct purchasing activities for all goods and services proactively and rationally, taking into account our management policies and the global environment, thereby contributing to the realization of our management targets. We always act with an awareness of costs and based on the idea that our business partners are also stakeholders. At the same time, we strive to act with dignity in observing social justice and corporate ethics in a way that is consistent with our Principles. We also strive to prevent damage attributable to "antisocial forces" by implementing initial and regular (half a year) survey (including as needed) for all customers and suppliers.

■FY2016 regular survey for customers and suppliers

Unit :cases

Customers (Customers/Users), Suppliers	1,244,418
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*Scope: Total number of the regular survey of Hitachi Capital Corporation that include the number of the group companies in Japan asked to research to Hitachi Capital Corporation

Internal controlsⁱ for purchasing operations

Purchase request, order (contract) and inspection processes are all considered independent of one another to facilitate internal control with the purpose of preventing fraud or mistakes. We also take steps to ensure that no single person has the authority to undertake two or more of these processes.



ⁱ internal systems that use an appropriate division of responsibility to prevent internal misconduct and errors from occurring, and which ensure that they are discovered rapidly in the event that they do occur.



For employees and their families

We consider employees to be “human capital” who are important management assets, a concept consistent with the idea of “Respect for Human Dignity,” which is one of our Principles. We seek to improve conditions so that all employees can be independent and valuable individuals who think and act from other people’s perspectives, respect others, and work and live in harmony both inside and outside the workplace.

Policy

Hitachi Capital seeks to protect human rights, and regards the human rights set forth in the “International Bill of Human Rights” and the “International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work” as the absolute minimum level of rights that must not be violated. We also fulfill our responsibility to respect the human rights of all the people involved in our business activities and services by the due diligence of human rightsⁱ as set forth in our “Human Rights Policy.” In addition, we are constantly improving the systems and rules for employment and labor based on our “Working Environment Policy.”

More information about our Human Rights Policy and Working Environment Policy can be found at:
<http://www.hitachi-capital.co.jp/hcc/english/company/humanresource.html>

Since August 2016, an “Anti-Slavery and Human Trafficking Statement” regarding Hitachi’s response to the enactment of the Modern Slavery Act in the U.K. has been displayed on the website of Hitachi Capital (UK) Ltd.

Dialogue Between the Management and Employees

The “Communication Roadshow” is held to provide a direct forum for communication between the management, including the president, and employees. In particular, because fiscal 2016 was the first year of the FY2018 Mid-Term Management Plan, and the Company became an equity method associate and joint ventures of Hitachi, Ltd. and the Mitsubishi UFJ Financial Group, Inc., the roadshow was held at all locations for all employees of domestic Group companies and management positions of overseas Group companies. In addition, Nationwide Employee Representative Round-table Meetings are held twice a year as a forum for sharing management challenges with employees.

■ Breakdown of employees at Hitachi Capital Group in fiscal 2016 (Unit :people)

Item	Japan	Europe	Americas	China	ASEAN
Total number of workers	2,681	1,185	302	233	936
Men	1,945	568	171	105	637
Women	736	617	131	128	299
Part-time	828	134	17	11	1

(*)
The total number of workers includes those who are transferred to the Company Group from outside the Group and part-time workers. It excludes those who are transferred from the Company Group to outside the Group. The figure given for the number of part-time workers is the annual average number.

ⁱ The due diligence of human rights: Addressing the negative impact on human rights that may arise in businesses and transactions.

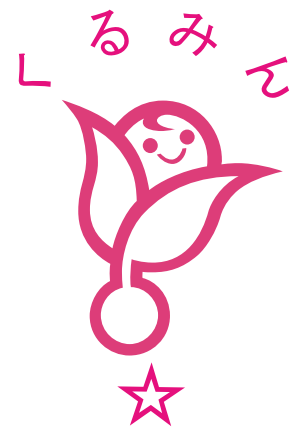
ⁱⁱ This certificate is given to companies that satisfy specified requirements and make an active effort to improve the work environment to ensure that their employees can balance work and child care. We have been evaluated for promoting following activities and efforts: male employees taking childbirth leave; enhancing the ratio of childbirth ratio for women; practicing and urging the understanding of diversity management through specialized lectures for executives; installing a system that realize to work in the morning as a trial; and establishing the regular event to return home at the same time without no overtime work at the whole company.

In addition, an employee survey is conducted once per year in order to assess the awareness of employees towards the company and organization and challenges in an effort to revise systems and organizations accordingly.

Promotion of diversity

The Hitachi Capital Group has been working actively to promote diversity in line with the Core Values of the Basic Management Policies, which call for greater diversity. To develop businesses on a global scale and create new forms of innovation, it is important to establish an environment in which a diverse range of “human capital” (individuals) — regardless their gender, nationality, age, job history, or disability—can exercise their capabilities to the fullest. Today the working population is shrinking as birthrates fall and the average age grows older. At the same time, business environments and customer needs are constantly changing and becoming more diverse. In light of these trends, we recognize various ways of thinking and working, aim to generate new forms of value, and seek to create a vital company.

We were certified as the Company of Support Raising the next-generations Children by the Ministry of Health, Labour and Welfare in June 2016 as a company taking steps in line with the Act on Advancement of Measures to Support Raising Next-Generation Children, and received the corresponding certification label.



the Kurumin Label

■ Numbers of managers at Hitachi Capital Group in fiscal 2016 (Unit :people)

Item	Japan	Europe	North America	China	ASEAN
Total number of managers	872	353	94	39	161
Men	809	233	61	24	126
Women	63	120	33	15	35

■ Employment of challenged people by Hitachi Capital Corporation (Unit :people)

Item	FY2015	FY2016
Number of applicable persons	74	72.5
Employment rate	2.38%	2.38%

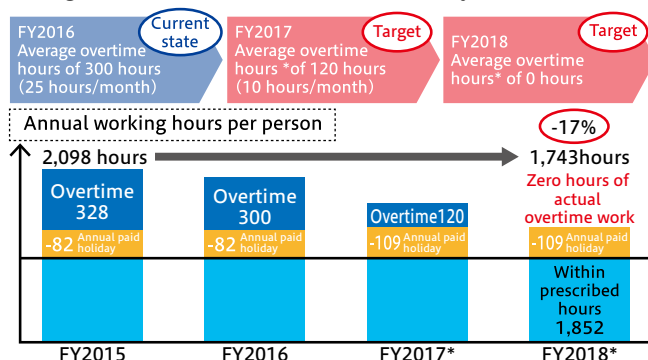
Revolutionize working practices, "SKY Project"

Starting from FY2017, Hitachi Capital Group companies in Japan are implementing the "SKY Project" to revolutionize working practices through the creation of a virtuous circle for individual employees with sophisticated "Human Capability" who has the attractive points as to supposed to work together by stakeholders and for the company as a whole by helping employees to make use of the extra free time created by the "Overtime ZERO" initiative (which seeks to foster a new working style in which working overtime is seen as the exception rather than the norm, by improving productivity and operational processes via ICT Tools that can realize remote working) in ways that contribute to the employee's personal growth. As part of these measures, discussions are hosted with employees in the president's office and the president takes part in workplace patrols after business hours.

To reduce overtime hours at all workplace, each department creates an annual plan to allocate overtime hours to individuals on a totally basis. The results of these plans are published for each department, including average overtime hours, flex time working hours, and the number of paid vacation days taken. Also, for fiscal 2017 only, we set up a bonus tied to the average number of overtime hours reduced as an incentive for departments.

To encourage employees to take paid vacation days, we recommend they take at least one day of paid vacation as a personal holiday in June when there are no public holidays, and to promote work-life balance, we organized a Children Visiting Day in which 25 employees and 31 children took part. There children visited their parent's workplace where they interacted with other employees.

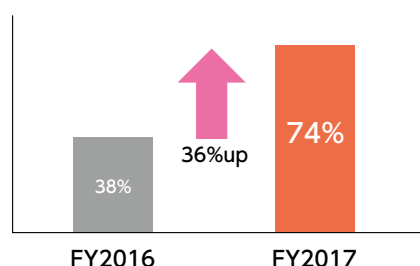
■ Average overtime hours at Hitachi Capital, and average targeted overtime hours for the SKY Project



Under the project, counting monthly annual paid holidays as -7.75 hours and half - holidays as -4 hours.

*Overtime worked in FY2017 and FY2018 was the target overtime hours based on our company's definition as outlined above.

■ Number of employees taking paid vacation days in June



■ Children Visiting Day

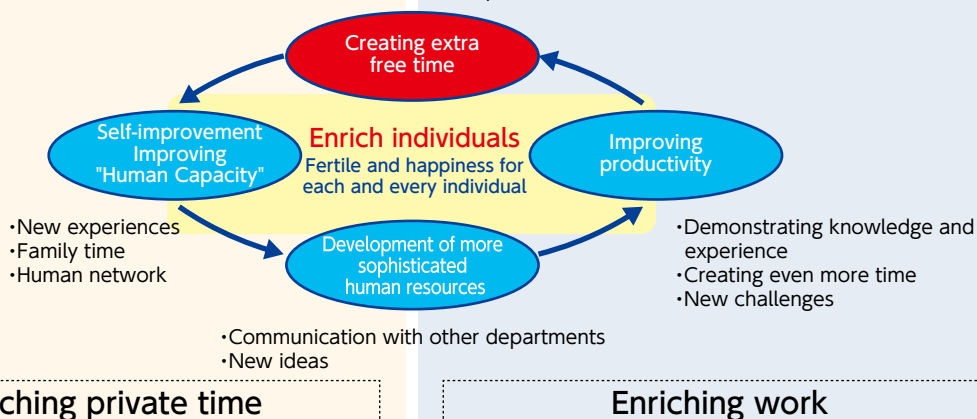


■ The SKY Project, working style reforms, aiming to create a positive cycle of individual and corporate growth

Sophisticated "Human Capability" which has the attractive points as to supposed to work together by stakeholders

Work-styles that improve productivity and do not require overtime = overtime ZERO

Achieving the budget is an "obvious"
Each and every employee contributes to increased earnings as a professional





For communities and societies

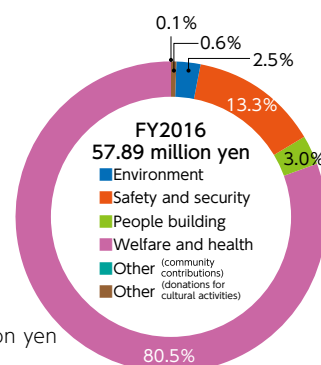
We established a Social Contribution Activity Policy in October 2017, clarifying the areas to emphasize in social contribution activities. We engage all employees to think and act voluntarily from the perspectives of others and work together to contribute to society.

Social Contribution Activity Policy

Focusing on the environment, people building, welfare and health, safe and secure, and regional contribution, Hitachi Capital Group continues to make contributions to society through its corporate social contribution activities, volunteer actions by employees, and so on, based on its corporate mission.

Social Contribution Activities in Each Region (Excerpts)

In addition to emergency and disaster assistance for Kumamoto Earthquake in 2016 and other disasters, the Group is actively engaged in charity activities and volunteer activities that also foster communication that are participated in by employees in each region.



Hitachi Capital Group donate 57.89 million yen for social contribution activities.

Hitachi Capital Corporation



Cosponsor of the "Artability Awards" to support challenged artists,

Hitachi Capital Group in Japan



Action in response to the 2016 Kumamoto Earthquake

In regard to this earthquake, we

- Established an HQ and a frontline task force (at Hakata, Fukuoka Prefecture) on April 16, 2016 to determine the circumstances of customers in the affected area, as well as employees at the Kumamoto offices and their family members, and to make prompt decisions regarding support measures
- Established a dedicated contact center related to this earthquake
- Contributed donations to Kumamoto Prefecture and Oita Prefecture, as well as group employees' donations to assist affected employees



Charity walking that the Business Finance Division of Hitachi Capital (UK) PLC participated in and donated to



Employee athletic meet for a charity for people with disabilities at Hitachi Capital Polska Sp.z. o. o. in Poland



189kg of food supplies and donations provided to local governments as the result of charity events over a period of eight months by the employees volunteer organization Comité d'action Communautaire (CAC) of CLE Capital Inc. in Canada



"Walk for Millions" charity campaign participated in by Hitachi Capital (Hong Kong) Ltd.




Hitachi Capital (Thailand) Co., Ltd. education support program that donated bags for school activities such as excursions



Meal event for children at an orphanage at the end of Ramadan sponsored by PT.Arthaasia Finance

Governance

Governance Report

 <http://www.hitachi-capital.co.jp/hcc/english/company/governance.html>

To realize medium- and long-term sustainable growth, we treat corporate governance as a mandatory system; we aim to establish an optimal management structure for increasing corporate value while complying with relevant laws and social norms.

Compliance Structure

The Group has formulated a Compliance Policy, and the Compliance Department handles the information gathering and the planning, proposal-making, and facilitation of compliance systems. Here it is worth pointing out that during fiscal 2016 there was neither a serious violation of legislation by any company or employee in our Group, nor a business-related incident leading to criminal charges.

We also act on a Policy against Antisocial Forces (groups and individuals who pursue economic gain through violence, force, and fraud), thereby seeking to avoid disrupting the social order while gaining public confidence. The policy set outs management systems to reject and completely eliminate any relationship with antisocial forces, and stipulates how to respond to improper demands from antisocial forces.

The Group has also put in place an Information Security Policy and a Personal Information Protection Policy based on which it operates management systems for diligent information management, and it has acquired the Privacy Mark.

In fiscal 2016, the Hitachi Capital Group developed the Hitachi Capital Global Compliance Program (HCGCP)

as regulations in response to areas such as preventing corruption, complying with competition laws, excluding antisocial forces, and money laundering to ensure the effective implementation of compliance while respecting social norms that include laws and regulations relevant to the Group. The Group will continue to ensure the effective implementation of compliance in fiscal 2017.



Please refer to the website for the following regulations and policies.

WEB [Site Top > Company Information > CSR Activities > Basic Management Policy](#)

- Hitachi Capital Global Compliance Program (HCGCP) Framework Policy
- Compliance Policy • Policy against Antisocial Forces
- Information Security Policy
- Personal Information Protection Policy
- Risk Management Policy
- Credit Risk Policy

The Group has a whistle blowing system that allows Group employees (not only fulltime employees currently working but all employees including those who have already left the company) to report any illegal activities or improper conduct that has occurred or is occurring in the Group to either an internal contact point or external legal counsel based on “Whistle-Blower Protection Act” in Japan. By putting a system in place for receiving whistleblowing (organizational development) through dedicated contact points inside and outside of the company in accordance with a prescribed format, and nurturing an awareness that illegal and improper conduct must not be overlooked (attitude building), we aim to quickly discover problems within the company and solve them before they escalate.

■ Number of whistle-blowing cases

(Hitachi Capital Corporation on a non-consolidated basis)

FY2013	FY2014	FY2015	FY2016
2	2	1	2

■ Number of whistle-blowing cases

(Hitachi Capital Group on a consolidated basis)*

FY2013	FY2014	FY2015	FY2016
3	3	4	9

*Calculated for companies to which the person who used the whistle-blowing system belongs to (including former affiliation). However, if a whistle-blowing report is received from a business partner, it is included in the number of whistle-blowing cases for Hitachi Capital Corporation on a non-consolidated basis.

*The figures for Hitachi Capital Corporation on a non-consolidated basis are also included in Hitachi Capital Group on a consolidated basis.

*Includes cases of whistle-blowing to Hitachi, Ltd. from fiscal 2013 to fiscal 2016 and cases of whistle-blowing overseas from fiscal 2015.

Risk Management Structure

The Group has formulated the Risk Management Policy and the Credit Risk Policy, to clarify basic management policies and methods for addressing risks. We recognize the importance and necessity of having a true and accurate grasp of risks affecting our business and addressing these risks appropriately. Based on this understanding, we have set up the Risk Management Department in the headquarters to further enhance our risk management stance. The department is intended to comprehensively address the Group's risks including Business Continuity Plan (BCP). Especially, in October 2017, to secure information security risk, we have emphasized the information security management system through setting the manager for responsible as CISO (Chief Information Security Officer).

We have set up the Enterprise Risk Management (ERM) Committee as a core organization responsible for overseeing risk management in business activities in order to establish a common understanding and share information among the Executive Board, divisions, and operations, thereby improving the effectiveness of our risk management.

The Committee meets each month to share information and countermeasures on a companywide basis, conduct effective risk impact assessments, and prioritize issues regarding matters reported by concerned departments, such as the (1) registration of accident information in Japan and abroad and operations of the accident investigation committee, (2) information-security related issues and activities, (3) customer inquiries and complaints, (4) points raised through internal audits, (5) responses to inspections conducted by government authorities and external institutions, and (6) trends of laws and regulations and compliance activities. In addition, a risk map was formulated in fiscal 2016 as an important tool for more sophisticated risk management. Going forward, the Group will promote risk management with risk-based approachⁱ utilizing the risk map has been formulated.

Additionally, to prevent risk and discover/prevent risk as early as possible, we execute monitoring system as "3 Lines of Defense" by 3 "lines" as individual, risk management, and supervising department.

ⁱ Method of identifying importance of risk and highly prioritized risks and introducing more management resources for effective and efficient risk management.

Business and Other Risks (excerpt)

The following represents the main potential risk factors facing the Group's businesses and other operations.

- Internal control-related risk
- Interest rate risk
- Liquidity risk
- Credit risk
- Residual value risk
- Risks associated with business structure reform
- System and administrative risk
- Compliance risk
- Risks related to business partners
- Institution and system change risk
- Human resources risk
- Risk of large-scale natural disaster and pandemics
- Overseas business risk

Details:

http://www.hitachi-capital.co.jp/hcc/english/company/c_governance.html

ERM Committee Organization

Person Responsible for the Risk Management Committee

Person responsible for the implementation or risk management in business activities

ERM Committee Secretariat

Risk mapping (PDCA situation), progress management of measures aimed at autonomous risk management, preparation of incident response reports as needed

ERM Promotion Committee

Deliberation on appropriate response at the time of serious incidents, sharing of risk information, Implementation of PDCA cycle for activities and measures aimed at realization of autonomous risk management
Members consist of the division heads of head office divisions and general managers of related departments

3 Lines of Defense

First Line Risk management activities

(Inspections by individual department)
Frequency of inspections set based on seriousness of risk

Monitoring

Second Line Risk management activities

(Inspections by risk management department)
Monitoring details and targets determined based on seriousness of risk

Third Line Risk management activities

(Inspections by supervising department)
Frequency of inspections set based on seriousness of risk

Effectiveness verification

Basic Ideas and Measures

We established the Corporate Governance Standards to define our basic and mandatory concept on the establishment of an optimum corporate governance system such as internal controlling system. This system serves as the basis for implementing our Principles of "Sustainable Growth," "Respect for Human Dignity," and "Implementation of Corporate Ethics," and realizing the growth on a mid- to long-term basis.

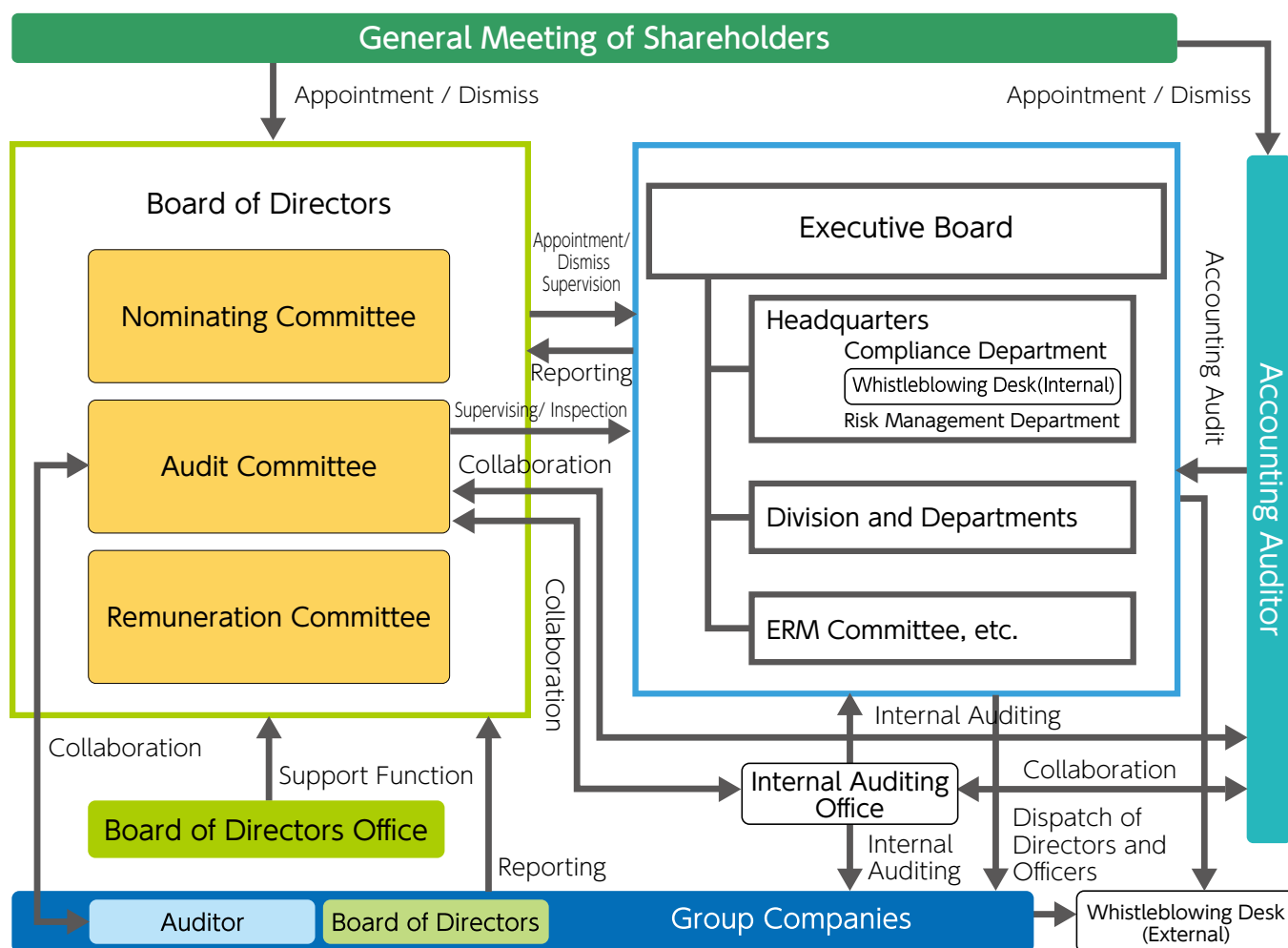
The Company will contribute to the creation of a more abundant society by appropriately cooperating with a variety of shareholders in the operating environment including shareholders, investors, customers, business partners, employees, creditors, and the local community while constantly seeking the optimal corporate governance structure and creating value sought by society and customers.

Corporate Governance

By separating supervising functions and business execution functions in our management, we aim to bring about a speedy and appropriate resolution of management issues we may face, now or in the future. We employ the company with Nominating Committee, etc. to form a part of management structure to enhance management transparency.

In addition, in order to enable prompt decisions on business execution and to maximize the allocation of the finite resources of the Board of Directors to oversight of business execution and the other unique functions of the Board of Directors, the Company efficiently delegates authority and delegates authority related to decisions on business execution to the extent permitted under the Companies Act to Executive Officers.

Overview of our Corporate Governance System



Board of Directors and Executive Board

The Board of Directors (as of June 23, 2017) consists of 11 directors, including eight external directors. Prioritized effective operation, it conduct decision making on important management matters such as basic policies and key management strategies, and executes self-assessment of the board of Directors itself annually. According to a self-assessment in April 2017, diversity has been ensured, and considerations for improvements in the efficiency of the Board of Directors have been effectively ensured. On the other hand, it was confirmed that discussions were necessary going forward on important themes such as development plans for timely execs and dialogue with stakeholders including shareholders and investors. In addition, the Executive Board has been established as an advisory organ for decision making by the President and Chief Executive Officer, and it is held two times a month as a general rule for the purpose of sufficient consideration and deliberations on matters related to business execution.

Corporate Governance Reports are issued periodically to provide further information and updates on the details of corporate governance.

Board Directors Selection Criteria and Independence of External Board Directors

The Board Directors Selection Criteria have been established as criteria for judging the appropriateness of all Board Directors and the independence of External Board Directors. The Nominating Committee selects candidates for Board Directors based on the Board Directors Selection Criteria. The four External Board Directors fulfill the independence judgment criteria in the Board Directors Selection Criteria, and have all been notified to the Tokyo Stock Exchange as Independent Officers because it was deemed that they are eligible as Independent Officers as stipulated by the Tokyo Stock Exchange.

Organization of Committees

Members of Committees (Nominating Committee, Audit Committee, and Remuneration Committee) should be basically consisted by External Board Directors who fulfill the independence judgment criteria in the Board Directors Selection Criteria.

However, an Internal Board Directors, familiar with the unique circumstances at the Company, become the members of the Committees to enhance the effectiveness of discharging their duties. Audit Committee set Full-time Audit Committee Member to ensure the adequacy of audit environment, collect company information, monitor and establish the system on a daily basis business development and management.

Status of Audits

The Audit Committee is composed of five Board Directors (of which, four External Board Directors) appointed by a resolution of the Board of Directors on June 23, 2017, and the committee is held every month as a general rule. The Audit Committee conducts audits on whether corporate management of the Board Directors and Executive Officers is being conducted appropriately based on the internal control system and audits of subsidiaries, and provides advice and recommendations as necessary. The Chairperson of the Audit Committee assigned an Internal Board Director who is familiar with the unique circumstances

at the Company to serve as a Full-time Audit Committee Member, so as to enhance the effectiveness of audits.

In addition, the Internal Auditing Office under the direct control of the President is responsible for internal audits. The Internal Auditing Office conducts auditsⁱ and inspectionsⁱⁱ on the headquarters, divisions, offices, and Group companies.

Remuneration for Executives

Under the Company's policy in accordance with the stipulations of the Companies Act regarding a company with a nominating committee, etc., the Remuneration Committee decides on the amount of remuneration for Board Directors and Executive Officers for each individual. This policy aim not only to leverage ones capabilities appropriately for the Board Directors but to decide management policies from the point of short-term and mid- and long-term for the Executive Officers that realize the management that worth management for the stakeholders as shareholders. The remuneration of Board Directors and Executive Officers is set at a level appropriate for the capabilities and responsibilities required for Board Directors and Executive Officers after taking into consideration market levels including competitors.

Executive category	Number of employees	Total by type of remuneration (million yen)		Total remuneration, etc. (million yen)
		Monthly remuneration	End-of-the-year bonus and remuneration linked with achievements	
Board Directors *(Of which, External Board Directors)	10 (7)	116 (39)	56 (8)	172 (47)
Executive Officer	10	286	90	377
Total	20	402	146	549

*The number of Board Directors does not include one Board Directors who concurrently serves as an Executive Officer.

*The amount of remuneration for Board Directors includes monthly remuneration and the end-of-the-year bonus supplied until the resignation in April of two Board Directors who resigned as of the end of the 59th Ordinary General Meeting of Shareholders held on June 24, 2016.

*In addition to the above, there were payments of a retirement bonus of 5 million yen for one External Board Director who resigned as of the end of the 59th Ordinary General Meeting of Shareholders, and a retirement bonus of 36 million yen for one Executive Officer who resigned on March 31, 2015 and one Executive Officer who resigned on March 31, 2017.

*In addition to the above, External Board Directors received executive remuneration totaling 39 million yen during the fiscal year from the parent company and subsidiaries.

Governance System in Each Global Geographic Area

As part of our locally-minded business expansion based on the unique characteristics of each global geographic area, we encourage local individuals be hired as CEO, COO, and other senior management positions at our subsidiaries.

In terms of governance, executive officers are assigned to be in charge of individual regions including Europe, the Americas and China. In ASEAN, we have established a regional headquarters company in Singapore, while at our subsidiaries in the United Kingdom, a majority of the board of directors is comprised of outside directors. In this manner, we have established a governance system based on the unique characteristics of each region and business.

i Audits: Conducted for the purpose of contributing to the achievement of management targets and improvements in the quality of operations by conducting audits from the perspective of the compatibility and effectiveness of administrative operations compared with management policies.

ii Inspections: Conducted for the purpose of discovering and preventing illegalities and contributing to the observation of compliance by clarifying current conditions as to whether operations are being accurately and appropriately handled based on company regulations, laws and regulations, and social ethics and norms.

Board of Directors on June 23, 2017



<http://www.hitachi-capital.co.jp/hcc/english/company/governance.html>



From back left: (6), (5), (2), (11), (4), (7), (8)
From front left: (1), (9), (10), (3)

◎ : Committee Chairman ○ : A member of Committee

Name	Current positions and responsibilities				Reason for nomination	Status of the Board of Directors	
	Positions/Titles	Nominating Committee	Audit Committee	Remuneration Committee		Attendance of Board of Directors' meetings	Term of office held
(1)Koichiro Hiraiwa External Independent	Director/ Director of Allied Telesis Holdings K.K. / Representative Director of Apua Consulting Inc.	◎	◎		•Has high-level insight in overall management and deep specialized knowledge of finance based on his extensive experience in management. •Based on this background, the Company expects to strengthen the functioning of the Board of Directors through leveraging his capabilities to make management decisions and initiatives by supervising management to oversee business execution from an independent and objective standpoint.	20 of 20 meetings (100%)	2 years
(2)Shigeharu Kawahara External Independent	Director/ Certified Public Accountant / Representative Shigeharu Kawahara Accounting Office / Special Assistant to Director of Hitotsubashi CFO Research Center, Hitotsubashi University		○	○	•Has working experience in global major companies as well as extensive knowledge and experience in accounting acquired at accounting firms, etc. •Based on this background, the Company expects to strengthen the functioning of the Board of Directors through leveraging his knowledge to oversee business execution from an independent and objective stand point.	15 of 15 meetings (100%)	1 year
(3)Wataru Sueyoshi External Independent	Director/ Partner of STW & Partners / Member of Subdivision on Copyrights of the Agency for Cultural Affairs organized by the Ministry of Education, Culture, Sports, Science and Technology	○	○	◎	•Has extensive experience as a lawyer at law firms and a high-level of specialized knowledge of corporate law and intellectual property. •Based on this background, the Company expects that he will strengthen the functioning of the Board of Directors through leveraging his knowledge to oversee business execution from an independent and objective stand point	15 of 15 meetings (100%)	1 year
(4)Takashi Nakamura External Independent	Director/ Chairman of Nichirei Biosciences Inc.	○	○	○	•Has extensive experience and high-level insight in overall management based on his management experience at global major companies, as well as deep specialized knowledge of finance and accounting. •Based on this background, the Company expects that he will strengthen the functioning of the Board of Directors through leveraging his capabilities to make management decisions and supervise management to oversee business execution from an independent and objective stand point.	-	-
(5) Ryuichi Kitayama External	Director/ Representative Executive Officer, Executive Vice President and Executive Officer of Hitachi, Ltd. / Board Director of Hitachi High-Technologies Corporation				•Has extensive experience as a corporate manager of Hitachi Ltd. and the Hitachi Group and deep specialized knowledge of overall sales operations. •The Company expects to strengthen the functioning the Board of Directors through leveraging his capabilities to make management decisions and supervise management, backed in particular by his experience as current Representative Executive Officer, Executive Vice President and Executive Officer of Hitachi Ltd., to oversee business execution from an objective standpoint.	13 of 13 meetings (100%)	1 year
(6)Shinichiro Omori External	Director/ Senior Vice President and Executive Officer, CIO, CTO, General Manager of Smart Transformation Project Initiatives Division, and Head of MONOZUKURI Strategy Division & Corporation Quality Assurance Division, Hitachi, Ltd.				•Has extensive experience as a corporate manager of Hitachi, Ltd. and the Hitachi Group and deep specialized knowledge of overall sales operations. •The Company expects to strengthen the functioning of the Board of Directors through leveraging his capabilities to make management decisions and supervise management based in particular on his current experience as Senior Vice President and Executive Officer of Hitachi, Ltd., to oversee business execution from an objective standpoint.	-	-
(7)Makoto Kobayashi External	Director/ Managing Executive Officer and Group Head of Financial Solution Group, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Chief Executive Officer in charge of Financial Solution Unit of Mitsubishi UFJ Financial Group, Inc.				•Was recommended by MUFG with the goal of advancing the strategic capital alliance with 5 companies including MUFG and MUL ("the Alliance"). •He will drive forward and achieve the goals of the Alliance by reflecting in the Company's management his knowledge from his current key position at MUFG. •Owing to having extensive practical experience, including key roles in global major banks, as well as broad range of expertise in financial operations both in Japan and internationally, the Company expects to strengthen the functioning of the Board of Directors through leveraging his knowledge based on this background to objectively oversee business execution.	-	-

Name	Current positions and responsibilities				Reason for nomination	Status of the Board of Directors	
	Positions/Titles	Nominating Committee	Audit Committee	Remuneration Committee		Attendance of Board of Directors' meetings	Term of office held
(8)Hideki Kobayakawa External	Director/ Managing Director and Executive Officer in charge of Corporate Center of Mitsubishi UFJ Lease & Finance Company Limited				<ul style="list-style-type: none"> Was recommended by MUL with the goal of advancing the strategic capital alliance with 5 companies including MUFG and MUL ("the Alliance"). To achieve the goals of the Alliance by reflecting in the Company's management his knowledge from his current position supervising the Corporate Center including the planning division at MUL. Owing to his having extensive practical experience in global major banks, as well as experience as an officer at MUL and its local company overseas, the Company expects to strengthen the functioning of the Board of Directors and leveraging his capabilities to make management decisions and supervise management to objectively oversee business execution. 	-	-
(9)Kazuya Miura	Chairman of the Board	○			<ul style="list-style-type: none"> Having served as Representative Executive Officer, President and Chief Executive Officer and Director of the Company until March 2016, the Company expects to strengthen the functioning of the Board of Directors through overseeing business execution from a high-level and effective standpoint, based on his experience and the unique situation of the Company. 	20 of 20 meetings (100%)	10 years
(10)Seiji Kawabe	Director/ Representative Executive Officer, President and Chief Executive Officer			○	<ul style="list-style-type: none"> The Company expects to share information with Board of Directors as a representative of the Executive Officers and strengthen the decision-making function of Board of Directors through extensive experience and performance of management and currently serving as Representative Executive Officer, President and Chief Executive Officer. 	15 of 15 meetings (100%)	1 year
(11)Kiyoshi Kojima	Director		○		<ul style="list-style-type: none"> Has extensive practical and managerial experience and a proven track record at the Company and its Group companies, including holding key positions in finance, management planning, and legal affairs at the Company, as well as involvement in the start-up and management of a securities company and a trust company in the Group. Owing to his also having served as a representative of overseas Group companies, and having deep understanding of their state of management and practical operations, the Company expects to strengthen the functioning of Board of Directors and draw on this experience to oversee business execution from a high-level and effective standpoint. 	-	-

*The Company employs the company with Nominating Committees, etc.

*The numbers of meetings of the Board of Directors held under Attendance at the Board of Directors' meetings differ between the Board of Directors because of the timing of appointment, etc.

Executive Officers of Executive Board On April 1, 2017



From back left: (9), (7), (5), (6), (8), (10)
From front left: (3), (1), (2), (4)

Titles	Name	Current positions and responsibilities
Representative Executive Officer, President and Chief Executive Officer	(1)Seiji Kawabe	Supervisor of overall operation
Representative Executive Officer, Executive Vice President and Executive Officer	(2)Seiichiro Kishino	Head of Management Bases Initiatives Division / Chairman of Export Controlling Committee / Chairman of CSR Promotion Committee
Senior Vice President and Executive Officer CMO	(3)Chihiro Shirai	Head of Corporate Sales & Marketing Division
Senior Vice President and Executive Officer	(4)Akihiko Sugawara	Management Responsible in Americas, Corporate Sales & Marketing Division / Chairman & CEO, Hitachi Capital America Corp.
Vice President and Executive Officer CRO Responsible Officer for Quality Assurance	(5)Masao Nishida	Head of Risk Management, Management Bases Initiatives Division / Head of Smart Transformation Division / Chairman of Crisis Management Committee / Chairman of ERM Committee / Chairman of J-SOX Committee / Chairman of Investment and Marketing Planning Promotion Committee

Titles	Name	Current positions and responsibilities
Vice President and Executive Officer CHRO	(6)Yoshikazu Ohashi	Head of Human Capital, Management Bases Initiatives Division / Management Responsible in Europe, Corporate Sales & Marketing Division / Chairman of Rewards and Punishments Committee / Chairman of Human Rights Promotion Committee / Chairman of Human Capital and Education Committee
Executive Officer	(7)Kazumi Anei	Management Responsible in Japan, Corporate Sales & Marketing Division / Head of Account Based Marketing Division / Chairman of Environmental Promotion Committee
Executive Officer CIO CISO	(8)Masao Takemoto	Head of Hitachi Group Business, Corporate Sales & Marketing Division / Management Bases Initiatives Division / Deputy Head of Smart Transportation Division
Executive Officer	(9)Ryoji Sato	Management Responsible in China, Corporate Sales & Marketing Division / Chairman, Hitachi Capital Leasing (China) Co., Ltd. / Chairman, Hitachi Capital Factoring (China) Co., Ltd. / Chairman, Hitachi Capital Hong Kong Ltd.
Executive Officer CFO	(10)Satoshi Inoue	Head of Finance, Management Bases Initiatives Division / Chairman of Pension Committee

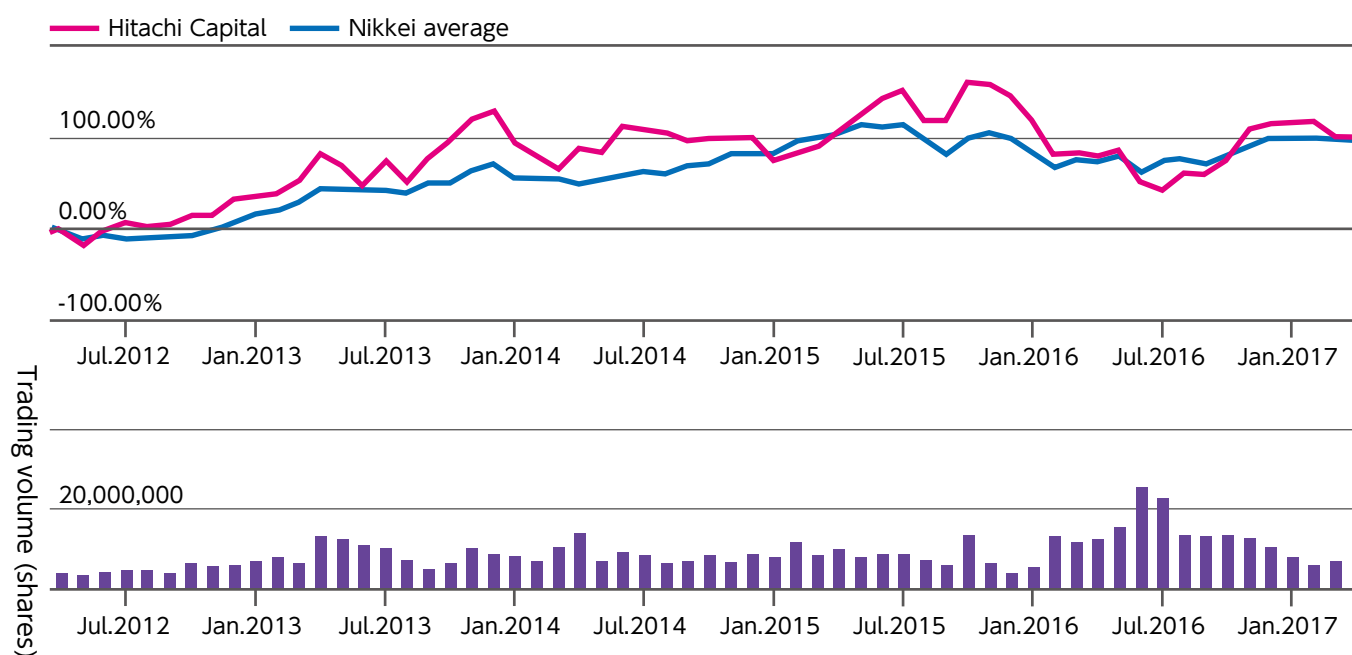
Financial Information (excerpt)



For the latest and more detailed financial information, please check the IR information on our website, as well as the "Securities Report" (Japanese) and "Financial Information Details" (English).
http://www.hitachi-capital.co.jp/hcc/english/ir_english/index.html

Accounting Standards		IFRS			
Item	Period	FY2013	FY2014	FY2015	FY2016
Financial results (million yen)					
Revenue		342,675	356,291	365,354	370,860
Income before income taxes		33,171	35,598	46,667	46,033
Net income		22,350	24,937	33,615	34,229
Net income attributable to owners of the parent		21,547	24,140	32,694	32,926
Volume of business		1,954,341	2,118,850	2,290,156	2,334,252
Year-end financial position (million yen)					
Total assets		2,619,108	2,952,471	3,081,201	3,245,029
Total liabilities		2,310,417	2,615,641	2,733,641	2,881,851
Total equities		308,690	336,830	347,559	363,178
Cash flows (million yen)					
Cash flows from operating activities		-260,693	-241,846	-206,372	-142,653
Cash flows from investing activities		-12,750	-3,443	-6,408	-52,388
Cash flows from financing activities		282,772	210,858	252,425	216,105
Corporate management indices					
ROE (Return on equity /Profit to equity attributable to owners of parent ratio)		7.6%	7.7%	9.9%	9.6%
ROA (Return on assets /Profit before tax to total assets ratio)		1.4%	1.3%	1.5%	1.5%
OHR (Overhead Ratio)		65.1%	63.1%	59.9%	60.7%
Equity ratio/Equity attributable to owners of the parent ratio		11.4%	11.0 %	10.9 %	10.8%
Per share information, etc. (yen)					
Equity per share attributable to equity owners of the parent		2,551.93	2,782.37	2,870.33	2,993.03
Basic net income per share		184.35	206.53	279.71	281.69
Dividends per share		48	60	84	86
Payout ratio		26.0%	29.1%	30.0%	30.5%

Share price trend over the past 5 years ⁱ



ⁱ Share price as of April 1, 2012. Created by Hitachi Capital based on Nikkei Value Search using the Nikkei Stock Average as index value of 0.0.

Share status (as of March 31, 2017)

Total number of authorized shares: 270,000,000

Total number of issued shares: 124,826,552

Number of shareholders: 7,338

One tangen (unit stock): 100 shares

Major Shareholders

Shareholder name	Number of shares held	Shareholding ownership ratio (%)	Shareholders' voting rights ratio (%)
Hitachi, Ltd.	39,031,800	31.27	33.40
Mitsubishi UFJ Financial Group, Inc.	26,884,484	21.54	23.01
Mitsubishi UFJ Lease & Finance Company Limited	4,909,340	3.93	4.20
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,992,600	2.40	2.56
STATE STREET BANK AND TRUST COMPANY	2,726,501	2.18	2.33
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,897,400	1.52	1.62
STANDARD LIFE ASSURANCE LIMITED-PENSION FUNDS	1,471,300	1.18	1.26
MSCO CUSTOMER SECURITIES	1,045,620	0.84	0.89
JP MORGAN CHASE BANK	1,030,100	0.83	0.88
NORTHERN TRUST CO.	1,019,400	0.82	0.87

*In addition to the above, we hold 7,939 thousand treasury shares (6.36% of the total number of issued shares). However, these treasury shares are non-voting, and thus are not counted as shares of the major shareholders as listed above.

Distribution of shares by owner

	Number of Shareholders (Unit: people)		Number of shares held (Unit: shares)			
	End of March 2016	End of March 2017	End of March 2016	Shareholding ratio (Unit : %)	End of March 2017	Shareholding ratio (Unit : %)
Japanese companies	173	167	89,884,494	72.01%	85,586,184	68.56%
Of which, financial institutions	63	61	17,341,357	13.89%	40,377,545	32.35%
Securities companies	47	35	1,117,892	0.90%	600,173	0.48%
Other Japanese companies	63	71	71,425,245	57.22%	44,608,466	35.74%
Government / local public organizations	0	0	0	0.00%	0	0.00%
Individuals and others	6,400	6,875	5,217,604	4.18%	5,323,939	4.27%
Foreign companies, etc.	296	295	21,784,518	17.45%	25,976,207	20.81%
Subtotal	6,869	7,337	116,886,616	93.64%	116,886,330	93.64%
<Treasury shares >	1	1	7,939,936	6.36%	7,940,222	6.36%
Total	6,870	7,338	124,826,552	100.00%	124,826,552	100.00%

Dividend policy

(1) Distribution of dividends from surplus

To enhance corporate value and realize sustainable growth, we secure necessary inner reservation to implement strategic investments which corresponds to solid financial position and business circumstances change. The distribution of dividends is positioned as one of our most important management measures with respect to shareholders, and we will continue to implement dividend distribution in an ongoing, steady manner.

(2) Acquisition of treasury shares

We acquire treasury shares as a complementary measure to the distribution of dividends in returning profit to shareholders to the extent that is in line with our dividend policy, while considering the capital required for maintaining our financial position and capital demand carrying out business plans, and market environments

Policy on Information Disclosure and Dialogue with Shareholders

We disclose information in a timely and appropriate manner, in line with "Policy on Information Disclosure and Dialogue with Shareholders", beyond the scope prescribed by laws and regulations relating to information disclosure, thereby helping people to better understand our management policy and businesses.

Policy on Information Disclosure and Dialogue with Shareholders

1. Basic Policy

Based on our management philosophy of "Sustainable Growth", "Respect for Human Dignity", and "Implementation of Corporate Ethics", Hitachi Capital Corporation (the "Company") will develop and maintain relationships of trust with our shareholders, investors, and all other various stakeholders supporting the Company and, in promoting constructive dialogue, will disclose information in an impartial and highly transparent manner and respond fairly and responsibly to our stakeholders through a variety of communication activities.

2. Disclosure of Material Information

The Company will disclose any information for which disclosure is required under relevant laws, ordinances, regulations, and the like through an appropriate and timely manner and will also announce such disclosed information promptly thereafter on the Company's website.

The Company will strictly control insider information, prevent information leaks, and preserve the fairness of disclosure. Additionally, the Company will, for a certain period of time before the announcements of financial results are made, refrain from responding to inquiries on the details of the content of such announcement.

3. Voluntary Information Disclosure

The Company will actively disclose not only the information prescribed in law, ordinance, disclosure-related regulations, and the like, but also management policies, business strategies, finance-related information, and non-financial information related to such issues as the environment and society as well, recognizing that these matters are material information necessary for the accurate understanding and judgment of the stakeholders of the Company.

To achieve the sustainable growth and enhance corporate value of the Company, the executive officers and directors will, to the reasonable and necessary extent, engage in dialogue with stakeholders at individual meetings, briefings, and other such manners.

4. Development of Internal Systems

With the executive officer and department in charge of investor relations taking the lead role, the Company will strive for interactive cooperation among all the relevant departments and work towards the optimization of the Company's internal systems so that the above policies and information disclosure can be appropriately carried out.

To the extent necessary, the Company will share and discuss views learned through shareholder dialogue that contribute to enhance corporate value with the Executive Officers Committee and the Board of Directors.

5. Revision and Abolition of this Policy

This Policy may be revised or abolished through a resolution of the Board of Directors.

Financing situation

For financing, Hitachi Capital issues commercial paper, long-term and short-term debt, and the following bonds such as corporate bonds in FY2016.

Issuing company	Securities / type	Issued amount
Hitachi Capital Corporation	The 61st unsecured domestic bonds payable	10,000 million yen
Hitachi Capital Corporation	The 62nd unsecured domestic bonds payable	30,000 million yen
Hitachi Capital Corporation	The 63rd unsecured domestic bonds payable	20,000 million yen
Hitachi Capital Corporation	The 64th unsecured domestic bonds payable	10,000 million yen
Hitachi Capital Corporation	The 1st unsecured, interest deferrable and early redeemable subordinated bonds	20,000 million yen
Hitachi Capital Corporation	The 2nd unsecured, interest deferrable and early redeemable subordinated bonds	10,000 million yen
Hitachi Capital (UK) PLC	Medium term note	573,457,000 GBP
Hitachi Capital America Corp.	Medium term note	100,000,000 USD
Hitachi Capital (Hong Kong) Ltd.	The 4th bond payable in HKD	300,000,000 HKD
Hitachi Capital (Hong Kong) Ltd.	The 5th bond payable in HKD	600,000,000 HKD

(Note) The issued amount for the medium term note issued by Hitachi Capital (UK) PLC is expressed in British pounds because it is converted to British pounds by currency swap even if issued in a foreign currency

External Evaluations

Hitachi Capital has received the following evaluations from external Parties.

Going forward, the Group will seek to fulfill our social responsibilities and achieve sustainable growth in society.

■Bond issue ratings(as of March 2016)

Rating agency	Rating
Standard & Poor's (S&P)	A ⁻
Japan Credit Rating (JCR)	AA ⁻
Rating and Investment Information (R&I)	A ⁺

■We have been selected for inclusion in the JPX-Nikkei Index 400.

■Recognized as one of the highest ranking companies by the Development Bank of Japan in Environment Rating



■Selected Representative ESG (Environment, Social and Governance) Indices

We have been adopted the following indices that reflect the highly evaluated in ESG performance of the Company.

FTSE Russell	"FTSE4Good Index Series"
	"FTSE Blossom Japan Index"
MSCI	"MSCI Japan ESG select Leaders Index"



Group Network

Company Profile

Company Name : Hitachi Capital Corporation

Description of Business : Financial Services

Address : Nishi-Shimbashi Square, 3-1, Nishi Shimbashi 1-chome, Minato-ku, Tokyo, 105-0003, Japan

Phone : +81-3-3503-2111

Management : Seiji Kawabe, President & CEO

Founded : September 10, 1957

Capital : 9,983 million yen

Principal shareholder : Hitachi Ltd., Mitsubishi UFJ Financial Group, Inc.

Consolidated volume of business : 2,334,252 million yen (FY2016)

Consolidated number of employees : 5,337 (as of March 31, 2017)

Relationship with parent company and significant subsidiaries (as of March 31, 2017)

(1) Relationship with parent company

While Hitachi Ltd. (address: Chiyoda-ku, Tokyo; capital: 458,790 million yen) was the Company's parent company, its attribute was changed from parent company to other affiliate as of October 3, 2016.

(2) Status of significant subsidiaries (as of March 31, 2017)

Company name	Location	Capital	Share of voting rights	Description of major operations
1 Okinawa Hitachi Capital Corporation	Naha City	¥30 million	100.00%	Leasing services / Auto leasing and credit
2 Hitachi Capital Servicer Corporation	Minato-ku, Tokyo	¥500 million	100.00%	Collection and management of specified monetary claims and factoring services under the Servicer Law
3 Hitachi Capital Services Co., Ltd.	Minato-ku, Tokyo	¥130 million	100.00%	Business involving the reuse and recycling of used assets
4 CS Amenity Support Co., Ltd.	Minato-ku, Tokyo	¥10 million	100.00% (100.00%)	Business involving the installation and operation of TV systems for hospitals
5 Hitachi Capital Auto Lease Corporation	Minato-ku, Tokyo	¥300 million	51.00%	Business pertaining to auto leasing and the management of vehicles
6 Hitachi Triple Win Corp.	Minato-ku, Tokyo	¥50 million	100.00%	Personnel and accounting outsourcing services / public debt collection services / insurance agency operations
7 Sekisui Leasing Co., Ltd.	Chuo-ku, Osaka	¥100 million	90.00%	General leasing business / Provision of various loans
8 Hitachi Capital Insurance Corporation	Chiyoda-ku	¥6,200 million	79.36%	Non-life insurance business / Agency services for other insurance companies and their administrative operations
9 Hitachi Capital Community Corporation	Ayase City, Kanagawa	¥80 million	100.00%	Development, operation, and management of commercial facilities and residential facilities
10 Hitachi Capital Trust Corporation	Minato-ku, Tokyo	¥1,000 million	100.00%	Trust for monetary claims, movable properties, money, securities, real estate, and other items / Management of properties / Sales of trust beneficiary rights
11 Daiichi Personal Credit Guarantee Corporation	Minato-ku, Tokyo	¥10 million	100.00%	Credit guarantee related to personal finance
12 Hitachi Capital NBL Corporation	Minato-ku, Tokyo	¥10,000 million	100.00%	General leasing business
13 Hitachi Green Energy Corporation	Minato-ku, Tokyo	¥3 million	100.00%	Electricity and heat supply business
14 Hitachi Wind Power Ltd.	Minato-ku, Tokyo	¥50 million	85.10%	Power generation business based on wind power
15 Hitachi Sustainable Energy Ltd.	Hitachi City, Ibaraki	¥50 million	85.10%	Power generation business based on renewable energy
16 Hitachi Capital (UK) PLC	Surrey, UK	110,668 thousand GBP	100.00%	Leasing and credit services for industrial equipment / Invoice discounting and factoring / Credit services for PCs, furniture, and home appliances, Leasing for automobiles and commercial vehicles / Fleet management

Company name	Location	Capital	Share of voting rights	Description of major operations
17 Hitachi Capital Polska Sp. z o. o.	Warsaw, Poland	50 thousand PLN	90.00% (90.00%)	Car fleet management business
18 Noordlease Holding B.V.	Groningen Province, the Netherlands	800 thousand EUR	96.7%	Financial holding company
19 Noordlease B.V.	Groningen Province, the Netherlands	45 thousand EUR	100.00% (100.00%)	Operating leases for passenger vehicles and light commercial vehicles, sales and repairs of passenger vehicles and light commercial vehicles
20 Hitachi Capital America Corp.	Connecticut, U.S.A.	180,000 thousand USD	100.00%	Leasing, loan, and inventory finance services primarily for information communication equipment, industrial equipment, medical equipment, and trucks / Factoring business
21 Hitachi Capital Canada Corp.	Ontario, Canada	25,000 thousand CAD	100.00% (100.00%)	Leasing, loan, inventory finance services and factoring business primarily for information communication equipment, industrial equipment, and trucks
22 CLE Canadian Leasing Enterprises Ltd.	Quebec, Canada	10,126 thousand CAD	100.00% (100.00%)	Finance business primarily for automobiles, healthcare related equipment, construction machinery, information equipment, and industrial machinery
23 CLE Leasing Enterprise Ltd.	Ontario, Canada	2,750 thousand CAD	100.00% (100.00%)	Finance business primarily for automobiles, healthcare related equipment, construction machinery, information equipment, and industrial machinery
24 Hitachi Capital (Hong Kong) Ltd.	Hong Kong, China	310,000 thousand HKD	100.00%	Leasing and credit services primarily for information communication equipment, industrial equipment, and others / Credit services for automobiles, PCs, furniture, residential equipment, and home appliances
25 Hitachi Capital Management (China) Ltd.	Hong Kong, China	175,000 thousand HKD	100.00%	Investing, controlling, and other business
26 Hitachi Capital Leasing (China) Co., Ltd.	Beijing, China	100,000 thousand USD	90.00%	Leasing for the Hitachi Group / Leasing for public sector, medical equipment, information communication equipment and industrial equipment / Other financial services falling within the approval scope of business
27 Hitachi Capital Factoring (China) Co., Ltd.	Shanghai, China	306,570 thousand RMB	100.00%	Factoring business
28 Hitachi Capital Asia Pacific Pte.Ltd.	Singapore	126,400 thousand SGD	100.00%	Leasing and credit services for information communication equipment, industry equipment and vehicles, and credit services for PCs, furniture, residential equipment, and home appliances
29 Hitachi Capital (Thailand) Co.,Ltd.	Bangkok, Thailand	100,000 thousand THB	100.00% (100.00%)	Leasing, credit services, and factoring business for information communication equipment industrial equipment and vehicles
30 Hitachi Capital Malaysia Sdn.Bhd	Pinang, Malaysia	15,000 thousand MYR	75.00% (75.00%)	Financing for commercial vehicles / Leasing mainly for information communication equipment and industrial equipment.
31 PT.Arthaasia Finance	Jakarta, Indonesia	116,500,000 thousand IDR	84.98% (84.98%)	Financing for commercial and passenger vehicles
32 PT. Hitachi Capital Finance Indonesia	Jakarta, Indonesia	100,000,000 thousand IDR	70.00% (70.00%)	Leasing mainly for information communication equipment and industrial equipment / Factoring business and leasing for buildings

(Note) The figures within the parenthesis indicate the share of voting rights through direct ownership.

[Changes in subsidiaries]

- (1) Hitachi Capital Trust Corporation was absorbed and merged with Financial Bridge Corporation on April 1, 2016.
- (2) All of the assets and liabilities of Hitachi Capital Vehicle Solutions Ltd. were transferred to Hitachi Capital (UK) PLC on April 1, 2016.
- (3) Hitachi Capital Management (China) Ltd. was established on June 16, 2016 and became a specified subsidiary of the Company.
- (4) The capital of PT. Arthaasia Finance was increased from IDR 100,000 million to IDR 116,500 million on June 16, 2016.
- (5) Hitachi Sustainable Energy Ltd. conducted direct and indirect investments in wind power plants on August 12, 2016 and September 12, 2016, and 13 companies became consolidated subsidiaries of the Company, and one company became an equity method affiliate company.
- (6) Hitachi Capital Services Co., Ltd. spun off part of its business and established CS Amenity Support Co., Ltd. on October 3, 2016.
- (7) The liquidation of HCIE Limited was completed on December 6, 2016.
- (8) The capital of Hitachi Capital (UK) PLC was increased from GBP 10,668 thousand to GBP 110,668 thousand on December 28, 2016.
- (9) The Company established Japan Infrastructure Initiative Company Limited on January 14, 2017 as an equity method affiliate company jointly with Mitsubishi UFJ Lease & Finance Company Limited and Bank of Tokyo-Mitsubishi UFJ, Ltd.
- (10) The Company acquired all of the outstanding shares of Noordlease Holding B.V. on January 31, 2017, and Noordlease Holding B.V. and the Group company Noordlease B.V. were converted into consolidated subsidiaries of the Company.
- (11) The capital of Hitachi Capital America Corp. was increased from USD 48,000 thousand to USD 180,000 thousand on February 28, 2017.
- (12) The Company absorbed Okinawa Hitachi Capital Corporation through a merger on April 1, 2017.
- (13) CLE Canadian Leasing Enterprises Ltd. absorbed CLE Leasing Enterprise Ltd. through a merger and changed its trade name to CLE Capital Inc. on April 1, 2017.
- (14) Hitachi Capital Asia Pacific Pte. Ltd. acquired all of the outstanding shares of Hitachi Capital Malaysia Sdn. Bnd. on May 4, 2017.
- (15) The capital of Hitachi Capital Malaysia Sdn. Bnd. was increased from MYR 15million to MYR 65 million on May 19, 2017.

(3) Status of specified wholly-owned subsidiaries (as of March 31, 2017)

Not applicable

"Kurumin Mark"

We acquired the accreditation mark "Kurumin" after being certified by the Ministry of Health, Labour and Welfare (Japan) as a general business owner that meets the standards based on the Act on Advancement of Measures to Support Raising Next-Generation Children in Japan in June, 2016.



Contact us here with your opinions and impressions about Hitachi Capital's activities

Hitachi Capital Corporation

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