

This report is solely an English translation of excerpts from the Japanese “*Kessan Tanshin*” (earnings report) filed with the Tokyo Stock Exchange, for the convenience of readers outside Japan. This report has been prepared in conformity with accounting principles and practices generally accepted in Japan, but is unaudited. All amounts rounded down.

Please note that certain figures in the English translation of the company’s earnings reports may differ from those reported in the company’s annual reports, as the consolidated financial statements contained in the latter include certain reclassifications and additional information which is not required under accounting principles generally accepted in Japan.

Unaudited

Consolidated Interim Earnings Report

for the Six Months Ended 30th September, 2003

23th October, 2003

Corporate Name: **Hitachi Capital Corporation**
 Stock Listing: Tokyo Stock Exchange
 (URL <http://www.hitachi-capital.co.jp>)

Stock Code: 8586
 Head Office: Tokyo

Representative Director: Mr. Kaichi Murata, President
 Inquiries: Mr. Akio Ogura, General Manager, Corporate Planning & Development
 Division, CI & Public Relations Dept.
 Phone: 03-3503-2118
 Meeting of the Board of Directors
 for Approval of Interim Results: 23th October, 2003
 Parent Company: Hitachi, Ltd. (Stock Code: 6501)
 Shareholding: 56.2%
 U.S. GAAP: Not Applicable

1. Consolidated Results for the Six Months Ended 30th September, 2003

(1st April, 2003 – 30th September, 2003)

(1) Consolidated Operating Results

(All amounts rounded down)

	Revenues		Operating income	
	¥ million	%	¥ million	%
Six months ended 30th September, 2003	55,046	(4.9)	10,367	(5.3)
Six months ended 30th September, 2002	57,867	(11.5)	10,942	(34.6)
Year ended 31st March, 2003	114,548	(9.1)	21,087	(27.6)

	Net income		Net income per share	Diluted net income per share
	¥ million	%	Yen	Yen
Six months ended 30th September, 2003	5,371	(13.0)	42.03	40.65
Six months ended 30th September, 2002	6,175	(33.6)	46.14	44.66
Year ended 31st March, 2003	8,961	(0.6)	66.29	64.34

Notes:

1. Volume of business:
 - Six months ended 30th September, 2003 ¥ 880,389 million
 - Six months ended 30th September, 2002 ¥ 799,316 million
 - Year ended 31st March, 2003 ¥ 1,746,946 million
2. Equity in earnings of affiliated companies:
 - Six months ended 30th September, 2003 ¥ 37 million
 - Six months ended 30th September, 2002 ¥ 10 million
 - Year ended 31st March, 2003 ¥ 21 million
3. Average number of shares of common stock outstanding:
 - Six months ended 30th September, 2003 127,787,149 shares
 - Six months ended 30th September, 2002 133,823,674 shares
 - Year ended 31st March, 2003 132,259,409 shares
4. No changes in accounting policy were applicable to the above figures.
5. Percentages for revenues, operating income and net income represent percentage changes from the corresponding period of the previous year.

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(2) Consolidated Financial Position

	Total assets	Total stockholders' equity	Stockholders' equity ratio	Stockholders' equity per share
	¥ million	¥ million	%	Yen
As of 30th September, 2003	2,058,376	223,201	10.8	1,764.72
As of 30th September, 2002	1,998,200	228,631	11.4	1,721.03
As of 31st March 31, 2003	2,017,889	222,788	11.0	1,729.87

Note:

Number of shares issued and outstanding:

As of 30th September, 2003	126,479,455 shares
As of 30th September, 2002	132,845,536 shares
As of 31st March, 2003	128,676,898 shares

(3) Consolidated Cash Flows

(¥ million)

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of the period
Six months ended 30th September, 2003	48,068	(2,599)	(63,293)	114,460
Six months ended 30th September, 2002	75,148	(508)	(112,874)	169,390
Year ended 31st March, 2003	43,276	(5,196)	(113,672)	132,573

Note: Acquisition of equipment for lease is included in cash flows from operating activities.

(4) Number of Consolidated Subsidiaries and Application of Equity Method

Consolidated subsidiaries:	19
Equity-method non-consolidated subsidiaries:	1
Equity-method affiliates:	3

(5) Changes in Consolidated Subsidiaries and Affiliates

Consolidated:	Excluded:	3
Equity method:	New:	1

2. Forecasts for the Year Ending 31st March, 2004

(1st April, 2003 – 31st March, 2004)

Fiscal year	Revenues		Operating income		Net income	
	¥ million	%	¥ million	%	¥ million	%
	109,500	(4.4)	21,300	1.0	11,300	26.1

Notes:

1. Volume of business: ¥1,778,000 million
2. Percentages for revenues, operating income and net income represent percentage changes from the corresponding period of the previous year.
Reference: Projected net income per share for the fiscal year: ¥ 89.75

FORWARD-LOOKING STATEMENTS

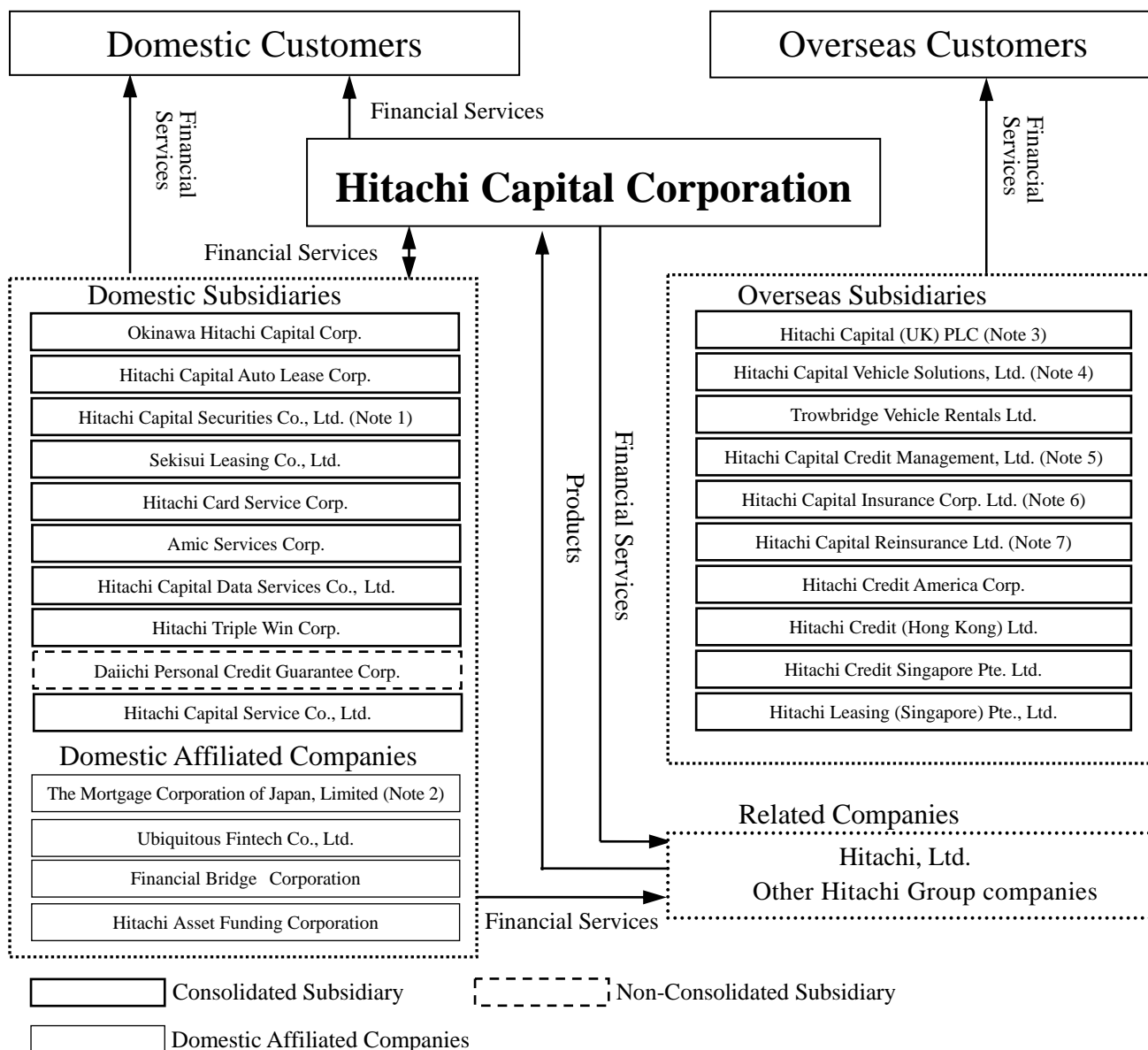
This interim consolidated earnings report contains forward-looking statements about future plans, strategies, beliefs and performance of Hitachi Capital and its subsidiaries. They are expectations, estimates, forecasts and projections based on information currently available to the Company and are subject to a number of risks, uncertainties and assumptions, which, without limitation, include economic trends, competition in markets where the Company is active, personal consumption, market demand, the tax system and other legislation. As such, actual results may differ materially from those projected.

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1. Hitachi Capital Group

The Hitachi Capital Group comprises Hitachi Capital Corporation, 19 consolidated subsidiaries, 1 non-consolidated subsidiary and 4 affiliates. Together with our parent company, Hitachi, Ltd., and other related manufacturing and sales companies, the Group serves corporate and individual customers with a diverse line of financial services in Japan and overseas.

The following organizational chart represents the business activities of the Hitachi Capital Group.



Notes :

1. Hitachi Credit Securities Co., Ltd. changed its name to Hitachi Capital Securities, Co., Ltd. on 1st October, 2003.
2. The Mortgage Corporation of Japan, Limited was established on 14th May, 2003.
3. Hitachi Credit (U.K.) PLC changed its name to Hitachi Capital (UK) PLC on 1st July, 2003.
4. Fleetlease (UK) Ltd. changed its name to Hitachi Capital Vehicle Solutions, Ltd. on 1st July, 2003.
5. Credit Solutions (Northern), Ltd. changed its name to Hitachi Capital Credit Management, Ltd. on 1st July, 2003.
6. Hitachi Credit Insurance Corp. Ltd. changed its name to Hitachi Capital Insurance, Ltd. on 1st July, 2003.
7. Hitachi Credit Reinsurance Ltd. changed its name to Hitachi Capital Reinsurance, Ltd. on 1st July, 2003.

Consolidated Balance Sheets

(¥ million, rounded down)

Item	Period	As of 30th September, 2003	As of 30th September, 2002	As of 31st March, 2003
(Assets)				
Current assets		645,279	688,059	628,624
Cash		37,018	108,941	72,357
Trade receivables		462,831	455,071	437,434
Parent company deposit		76,846	60,086	59,760
Short-term investments		1,118	799	1,300
Deferred tax assets		5,446	8,008	8,105
Other current assets		71,208	65,067	60,374
Allowance for doubtful accounts		(9,189)	(9,915)	(10,708)
Fixed assets		1,413,096	1,310,140	1,389,265
Property and equipment		1,371,395	1,260,348	1,345,820
Equipment held for leases		1,365,393	1,254,558	1,339,905
Buildings and structures		1,576	1,744	1,753
Machinery, equipment and vehicles		1,391	1,191	1,253
Furniture and fixtures		1,617	1,378	1,432
Land		1,416	1,475	1,475
Intangible fixed assets		8,003	5,692	7,477
Investments and other assets		33,697	44,099	35,967
Investments in securities		6,800	6,741	4,717
Long-term loans		-	5,000	4,150
Deferred tax assets		10,033	11,688	11,596
Other assets		18,341	24,016	17,558
Allowance for doubtful accounts		(1,477)	(3,346)	(2,055)
Total assets		2,058,376	1,998,200	2,017,889

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(¥ million, rounded down)

Item	Period	As of 30th September, 2003	As of 30th September, 2002	As of 31st March, 2003
(Liabilities)				
Current liabilities		891,506	786,240	855,526
Trade payables		246,381	219,399	238,175
Short-term bank loans		128,205	135,518	124,088
Commercial paper		130,679	85,772	125,920
Current portion of long-term debt		93,584	79,645	102,662
Current portion of convertible bonds		9,418	-	-
Current portion of long-term obligation for securitization of lease receivables		220,342	202,347	202,943
Income taxes payable		2,741	4,719	3,618
Deferred tax liabilities		977	757	1,051
Reserve for loan guarantees		3,970	3,100	3,300
Other current liabilities		55,205	54,979	53,766
Long-term liabilities		938,923	978,990	934,957
Bonds		371,305	363,592	366,938
Convertible bonds		-	9,148	9,148
Long-term debt		194,917	293,239	253,818
Long-term obligation for securitization of lease receivables		356,446	295,174	288,534
Retirement and severance benefits		5,474	7,462	6,194
Retirement benefits for directors		846	767	1,026
Other fixed liabilities		9,934	9,606	9,297
Total liabilities		1,830,429	1,765,230	1,790,484
(Minority interests)				
Minority interests		4,744	4,337	4,617
(Stockholders' equity)				
Common stock		9,459	9,459	9,459
Capital surplus		45,448	45,448	45,448
Retained earnings		180,096	176,317	176,977
Net unrealized holding gain on investments in securities		740	493	21
Foreign currency translation adjustments		(1,477)	(837)	(986)
Treasury stock		(11,067)	(2,250)	(8,133)
Total stockholders' equity		223,201	228,631	222,788
Total liabilities, minority interests and stockholders' equity		2,058,376	1,998,200	2,017,889

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Consolidated Statements of Income

(¥ million, rounded down)

Item	Period	Six months ended		
		30th September, 2003	30th September, 2002	Year ended 31st March, 2003
Revenues		55,046	57,867	114,548
Operating revenues		54,022	56,967	112,359
Interest and dividend income		129	116	262
Other income		894	783	1,926
Expenses		44,679	46,925	93,460
Selling, general and administrative expenses		30,751	29,529	60,975
Financing costs		12,045	14,928	28,268
Other expenses		1,881	2,468	4,217
Operating income		10,367	10,942	21,087
Extraordinary gains		-	562	562
Gain on return of substituted portion of governmental welfare pension fund		-	562	562
Extraordinary losses		-	-	3,841
Loss on revision of retirement benefit plan		-	-	3,841
Income before income taxes and minority interests		10,367	11,504	17,807
Income taxes		1,104	5,465	7,987
Deferred income taxes		3,499	(520)	79
Minority interests		392	384	779
Net income		5,371	6,175	8,961

Consolidated Statements of Capital Surplus and Retained Earnings

(¥ million, rounded down)

Item	Period	Six months ended		
		30th September, 2003	30th September, 2002	Year ended 31st March, 2003
(Capital surplus)				
. Balance, beginning of period		45,448	45,448	45,448
. Increase		-	-	-
. Decrease		-	-	-
. Balance, end of period		45,448	45,448	45,448
(Retained earnings)				
. Balance, beginning of period		176,977	172,780	172,780
. Increase		5,371	6,175	8,961
Net income		5,371	6,175	8,961
. Appropriations		2,252	2,638	4,764
Cash dividends		2,058	2,415	4,540
Directors' bonuses		193	200	200
Gain on disposal of treasury stock		0	-	-
Decrease arising from exclusion of equity-method affiliates		-	22	22
. Balance, end of period		180,096	176,317	176,977

Note: Amended guidelines for the preparation of consolidated financial statements have been applied to financial statements for the interim period ended 30th September, 2003, and retroactively applied to financial statements for the six months ended 30th September, 2002 and for the year ended 31st March, 2003.

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Consolidated Statements of Cash Flows

(¥ million, rounded down)

Item	Period	Six months ended 30th September, 2003		Six months ended 30th September, 2002		Year ended 31st March, 2003	
. Cash flows from operating activities							
Income before income taxes and minority interests			10,367		11,504		17,807
Non-cash items							
Depreciation		234,026		222,765		459,253	
Gain on return of the substituted portion of governmental welfare pension fund		-		(562)		(562)	
Loss on revision of retirement benefit plan		-		-		3,841	
Other		91	234,117	43	222,247	(190)	462,342
Investment and finance items							
Interest and dividend income		(129)		(116)		(262)	
Interest expenses		11,100		13,706		26,021	
Loss (gain) on sale of securities		(236)		-		64	
Other		272	11,006	(142)	13,447	80	25,904
Changes in assets and liabilities							
Decrease (increase) in trade receivables		33,821		(3,221)		11,451	
Cash provided by asset backed securitization		431,580		430,199		856,115	
Payment for asset backed securitization		(341,105)		(348,922)		(712,068)	
Increase (decrease) in allowance for losses on receivables and guarantees		(1,223)		(160)		(375)	
Loss (gain) on sale of equipment for lease		2,798		(672)		4,540	
Acquisition of equipment for lease		(291,818)		(264,277)		(675,155)	
Proceeds from sale of equipment for lease		25,019		30,212		55,457	
Increase (decrease) in trade payables		8,286	(200,285)	(5,721)	(162,564)	13,311	(446,723)
Other							
Increase (decrease) in retirement and severance benefits		(719)		1,192		(75)	
Decrease in other assets and liabilities		(4,554)	(5,274)	(4,567)	(3,375)	(5,643)	(5,719)
Subtotal			49,932		81,259		53,611
Income taxes paid			(1,864)		(6,111)		(10,334)
Net cash provided by operating activities			48,068		75,148		43,276
. Cash flows from investing activities							
Purchase of short-term investments			(656)		(613)		(1,677)
Proceeds from sale of short-term investments			976		342		998
Purchase of investments in securities and subsidiaries' common stock			(1,007)		(268)		(673)
Proceeds from sale of investments in securities			325		-		1,184
Capital expenditures			(2,418)		(320)		(5,777)
Proceeds from sale of capital assets			50		234		631
Interest and dividends received			129		116		116
Net cash used in investing activities			(2,599)		(508)		(5,196)
. Cash flows from financing activities							
Decrease in short-term bank loans			(1,559)		(19,021)		(23,423)
Increase (decrease) in commercial paper			5,886		21,379		61,690
Proceeds from long-term debt			21,292		16,284		23,444
Payment of long-term debt			(71,079)		(91,281)		(144,244)
Issuance of bonds			45,542		20,000		80,871
Redemption of bonds			(46,307)		(38,557)		(71,878)
Bond issuance expenses			(161)		(157)		(374)
Interest paid			(11,742)		(16,709)		(26,859)
Purchase of treasury stock			(2,933)		(2,248)		(8,131)
Proceeds from sale of treasury stock			0		-		-
Dividends paid to stockholders			(2,058)		(2,415)		(4,540)
Dividends paid to minority stockholders of subsidiaries			(170)		(147)		(225)
Net cash used in financing activities			(63,293)		(112,874)		(113,672)
. Effect of exchange rate changes on cash and cash equivalents			(288)		5		546
. Net increase (decrease) in cash and cash equivalents			(18,113)		(38,230)		(75,046)
. Cash and cash equivalents at beginning of period			132,573		207,620		207,620
. Cash and cash equivalents at end of period			114,460		169,390		132,573

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Supplementary Information

1. Segment Information

(1) For the Six Months Ended 30th September, 2003 (1st April, 2003 — 30th September, 2003)

(¥ million, round down)

	No	Finance		Other financial services		Total		Elimination and/or corporate	Consolidated	
			Change (%)		Change (%)		Change (%)			Change (%)
Revenues	1	50,975	93	7,711	126	58,686	96	(3,640)	55,046	95
(Composition %)		87		13		100				
Expenses	2	39,680	95	6,271	112	45,952	97	(1,272)	44,679	95
Operating income	3	11,295	88	1,439	277	12,734	95	(2,367)	10,367	95
(Composition %)		89		11		100				
Volume of business	4	751,506	107	135,708	134	887,215	110	(6,825)	880,389	110
(Composition %)		85		15		100				
Total assets	5	1,941,667	104	143,794	134	2,085,461	105	(27,085)	2,058,376	103
(Composition %)		93		7		100				
Number of employees at end of period	6	2,625	98	757	126	3,382	103	150	3,532	100
(Composition %)		74		22		96		4	100	

(2) For the Six Months Ended 30th September, 2002 (1st April, 2002 — 30th September, 2002)

(¥ million, round down)

	No	Finance		Other financial services		Total		Elimination and/or corporate	Consolidated	
			Change (%)		Change (%)		Change (%)			Change (%)
Revenues	1	54,685	88	6,134	120	60,820	90	(2,952)	57,867	89
(Composition %)		90		10		100				
Expenses	2	41,867	93	5,614	138	47,482	96	(556)	46,925	97
Operating income	3	12,817	75	519	50	13,337	74	(2,395)	10,942	65
(Composition %)		96		4		100				
Volume of business	4	702,376	90	101,207	91	803,583	90	(4,267)	799,316	90
(Composition %)		87		13		100				
Total assets	5	1,869,662	104	107,389	83	1,977,052	102	21,147	1,998,200	91
(Composition %)		95		5		100				
Number of employees at end of period	6	2,678	101	602	103	3,280	101	240	3,520	100
(Composition %)		76		17		93		7	100	

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(3) Forecasts for the Year Ending 31st March, 2004 (1st April, 2003 — 31st March, 2004)

(¥ million, round down)

	No	Finance		Other financial services		Total		Elimination and/or corporate	Consolidated	
			Change (%)		Change (%)		Change (%)			Change (%)
Revenues (Composition %)	1	101,900 87	95	15,100 13	118	117,000 100	97	(7,500)	109,500	96
Expenses	2	80,400	96	12,600	112	93,000	98	(4,800)	88,200	94
Operating income (Composition %)	3	21,500 90	91	2,500 10	161	24,000 100	95	(2,700)	21,300	101
Volume of business (Composition %)	4	1,536,900 86	101	254,100 14	112	1,791,000 100	102	(13,000)	1,778,000	102
Total assets (Composition %)	5	1,983,900 93	104	144,300 7	116	2,128,200 100	105	(31,800)	2,096,400	104
Number of employees at end of period (Composition %)	6	2,677 74	100	779 22	113	3,456 96	103	150 4	3,606 100	101

Notes:

1. The finance business encompasses two primary areas: leasing and loans extended to companies of all sizes, government agencies and farms; and financing for purchases by consumers. Targeting capital expenditures, the former entails the provision of loans and leasing of computers and other IT equipment, industrial machinery, medical devices and agricultural equipment. The latter helps consumers purchase goods and services that enhance their standard of living, such as automobiles, home appliances, homes and home refurbishment services.
2. The other financial services business consists of three sectors. The first is card services, where the company provides credit and payment services via credit cards to large but specific customer groups. The second is securitization services, which entails corporate financial services such as the arrangement of securitization schemes and the brokerage and sale of securitization products. The third is outsourcing services. This business includes payment processing, bill collection and other settlement-related outsourcing services, as well as the provision of various administrative tasks through outsourcing contracts.

2. Contract Segment Information

(1) For the Six Months Ended 30th September, 2003 (1st April, 2003 — 30th September, 2003)

(¥ million, round down)

	No	Lease		Guarantees		Installments and others		Total	
			Change (%)		Change (%)		Change (%)		Change (%)
Revenues (Composition %)	1	31,680 58	97	8,526 15	84	14,839 27	98	55,046 100	95
Volume of business (Composition %)	2	365,267 41	111	166,690 19	93	348,431 40	119	880,389 100	110
Trade receivables, loan guarantees and leases (Composition %)	3	1,712,498 53	105	838,740 26	99	668,823 21	108	3,220,063 100	104

(2) For the Six Months Ended 30th September, 2002 (1st April, 2002 — 30th September, 2002)

(¥ million, round down)

	No	Lease		Guarantees		Installments and others		Total	
			Change (%)		Change (%)		Change (%)		Change (%)
Revenues (Composition %)	1	32,504 56	90	10,145 18	87	15,218 26	86	57,867 100	89
Volume of business (Composition %)	2	328,555 41	94	179,158 22	100	291,602 37	82	799,316 100	90
Trade receivables, loan guarantees and leases (Composition %)	3	1,636,485 53	100	848,752 27	105	618,092 20	85	3,103,330 100	98

(3) Forecasts for the Year Ending 31st March, 2004 (1st April, 2003 — 31st March, 2004)

(¥ million, round down)

	No	Lease		Guarantees		Installments and others		Total	
			Change (%)		Change (%)		Change (%)		Change (%)
Revenues (Composition %)	1	62,000 57	99	18,500 17	91	29,000 26	92	109,500 100	96
Volume of business (Composition %)	2	758,000 43	101	357,000 20	98	663,000 37	105	1,778,000 100	102
Trade receivables, loan guarantees and leases (Composition %)	3	1,748,300 53	102	844,600 26	100	671,900 21	104	3,264,800 100	102

Notes

1. Trade receivables, loan guarantees and leases include off-balance sheet assets.
2. "Lease" includes lease rentals, auto leases and other items.
3. "Guarantees" includes loan sales through alliances and other items.
4. "Installments and others" includes installment sales, business loans, card services and other items.

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3. Volume of Business by Product

(¥ million, round down)

	NO	Six Months Ended 30th September, 2002	Six Months Ended 30th September, 2003		Forecasts for the Year Ending 31st March, 2004	
				Change (%)		Change (%)
Finance business	1	702,376	751,506	107	1,536,900	101
Automobile leasing services	2	208,366	195,522	94	394,400	94
Home appliances and home refurbishment	3	63,923	66,465	104	144,300	110
Home loans	4	25,305	33,857	134	60,900	118
Information equipment related	5	211,815	211,099	100	445,100	93
Industrial machinery	6	73,494	82,017	112	175,400	113
Construction machinery	7	16,329	15,916	97	32,100	99
Medical devices	8	31,095	38,556	124	84,000	122
Agricultural equipment	9	20,857	21,216	102	52,200	118
Others	10	51,189	86,854	170	148,500	100
Other financial services	11	101,207	135,708	134	254,100	112
Card business	12	17,832	17,438	98	36,000	100
Securitization business	13	18,944	38,840	205	60,700	108
Outsourcing business	14	64,431	79,429	123	157,400	117
Elimination and/or corporate	15	(4,267)	(6,825)	-	(13,000)	-
Total	16	799,316	880,389	110	1,778,000	102

Note: "Others" shown under the finance business includes commercial facilities, scientific instruments, maintenance services and other items.