Hitachi Capital Corporation

Annual Report 2011

Year ended March 31, 2011

HITACHI

Power of Solutions, Power to Customers

Illustration by Toshio Ohsumi, recipient of the Hitachi Capital Special Award of the 22nd Artbility Awards

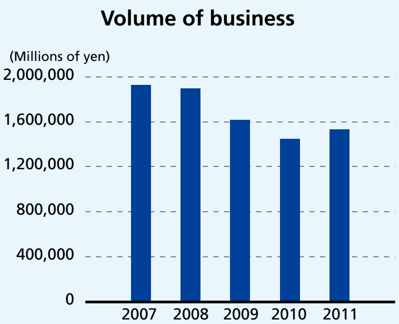
Hitachi Capital

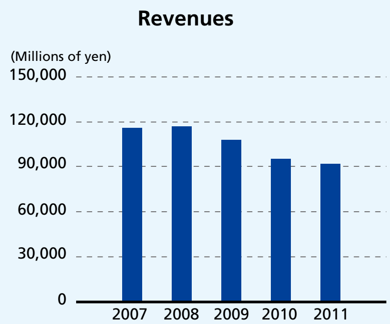
FINANCIAL HIGHLIGHTS

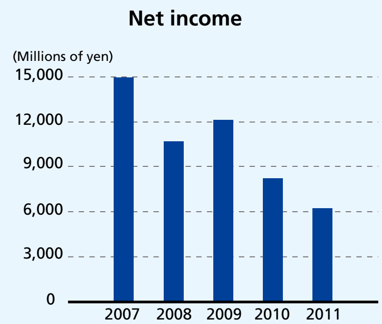
Hitachi Capital Corporation and Subsidiaries
Years ended March 31, 2011, 2010 and 2009

	In millions of yen, except per share data			Thousands of U.S. dollars, except per share data
	2011	2010	2009	**2011**
FOR THE YEAR:				
Volume of business	**¥ 1,535,252**	¥ 1,449,439	¥ 1,616,460	**$ 18,497,012**
Revenues	**92,018**	95,357	107,943	**1,108,650**
Operating income	**17,460**	12,895	17,580	**210,361**
Income before income taxes and minority interests	**9,655**	13,370	21,812	**116,325**
Net income	**6,234**	8,248	12,122	**75,108**
AT YEAR-END:				
Notes and accounts receivable – trade, including amounts maturing after one year	**¥ 521,758**	¥ 496,420	¥ 529,657	**$ 6,286,240**
Total assets	**1,562,410**	1,664,606	1,790,497	**18,824,216**
Net assets	**254,797**	252,268	241,394	**3,069,843**
Number of employees	**3,602**	3,392	3,513	**—**
PER SHARE DATA (in yen and U.S. dollars)**:**				
Net income (basic)	**¥ 53.3**	¥ 70.5	¥ 103.7	**$ 0.64**
Cash dividends paid and declared for the year	**32.0**	30.0	36.0	**0.38**
Stockholders' equity	**2,166**	2,145	2,053	**26.09**

Notes: 1. U.S. dollar amounts in this report represent translations of yen, solely for the convenience of the reader, at the rate of ¥83=US$1, the approximate exchange rate at March 31, 2011.
2. Net income (basic) per share is based on the weighted average number of shares of common stock outstanding during the respective years (see Note 3 (n) for per share data).
3. Hitachi Capital set aside a provision for losses due to damage caused by the Great East Japan Earthquake that struck on March 11, 2011 and recorded losses of ¥7,975 million that combines an amount in line with the application of accounting standards for asset retirement obligations and loss on valuation of investments in securities.







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Forward-Looking Statements
This annual report contains forward-looking statements about the future plans, strategies, beliefs and performance of Hitachi Capital and its subsidiaries. These forward-looking statements are not historical facts. 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.

Basic Management Policy

MANAGEMENT PHILOSOPHY

The Hitachi Capital Group adopts the following management policy to "contribute to creating a better society through the cultivation of financial services required by customers and society."

1. Sustainable Growth
2. Respect for Human Dignity
3. Implementation of Corporate Ethics

ACTION GUIDELINES

Under the following three action guidelines, the Hitachi Capital Group companies will strive to win the confidence and trust of customers.

1. Aiming for reliable and trusted management
2. Trying to cultivate our own services and products
3. Achieving customer satisfaction taking pride and joy in our work

MANAGEMENT POLICIES

The Hitachi Capital Group will provide financial services trusted by customers and the local community, taking a global perspective to meet the needs of society in such ways as consideration for the environment.

To achieve this, we will always bear in mind and sincerely adhere to the following principles.

1. "Basics" and "the Right Path"
2. "Stand on One's Own" and "Coexistence"
3. "Quality" and "Development"

Our Business Lines

Financial services

Financial services are based on "products" and include operating leases and credit with residual value besides finance leases.

Commission services

Commission services are focused on management and consignment of products and include services leveraging our goods management know-how acquired from lease transactions, as well as outsourcing business and credit guarantee business such as the collection of accounts receivable and settlement of accounts payable, focusing on the flow of goods and making extensive use of our credit and collection capabilities.

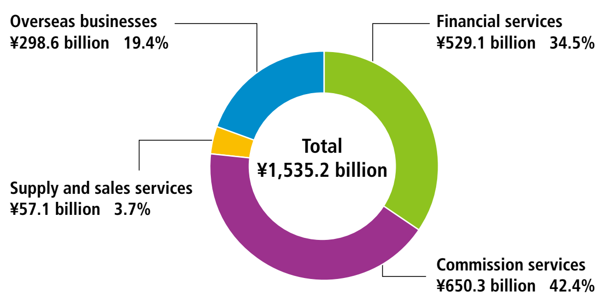
Supply and sales services

Supply and sales services are focused on the utility value and circulation of goods and include rental, auto lease and recycle and reuse transactions.

Overseas businesses

Overseas businesses include such businesses as finance leases and auto leases of overseas subsidiaries.

Volume of business
(business breakdown based on mid-term management plan)



Steadily Expand Revenues and Realize a Strategy Aimed at Sustainable Growth

Kazuya Miura
President & CEO

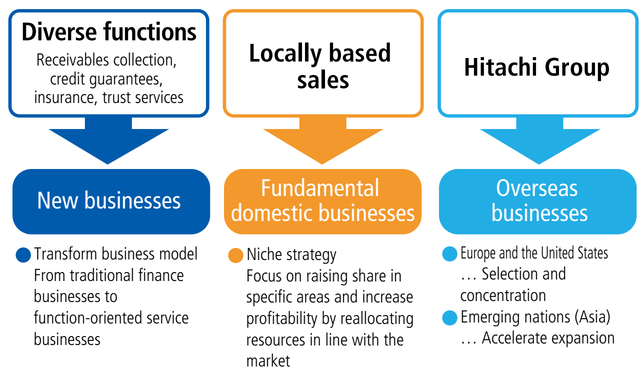
Overview of Fiscal 2011

With regard to the Hitachi Capital Group consolidated results for fiscal 2011, ended March 31, 2011, volume of business increased over the previous fiscal year. This was due to favorable conditions in the public sector and outsourcing business in Japan despite a downward trend in capital investment because of the decline of the impact of policy measures and the yen's appreciation and shift of production to overseas locations, as well as to a positive recovery in the United Kingdom and solid growth in Asia. Revenues stood at ¥92,018 million (US$1,108 million), down 3.5% year-on-year due primarily to the impact of foreign exchange rates as the yen rose. Efforts to reduce financing costs, and to cut credit costs in Europe and the United States, resulted in operating income of ¥17,460 million (US$210 million), an increase of 35.4% year-on-year. Net income amounted to ¥6,234 million (US$75 million), down 24.4% year-on-year, resulting from recording losses related to the Great East Japan Earthquake.

The key factor behind volume of business and operating income surpassing initial projections was the implementation of the three strategies in the first year of our Mid-Term Management Plan spanning from fiscal 2011 to fiscal 2013. Specifically, these three strategies entail: (1) Creating new domestic businesses, (2) Increasing profitability in fundamental domestic businesses and (3) Expanding overseas businesses.

These initiatives were underpinned by previous efforts until fiscal 2010 to build a stronger corporate structure. Going forward, we aim to accelerate the move to this business model and steadily expand revenues. I believe this is necessary to achieve the targets in the final fiscal year of the plan. For this purpose, under the new structure from April 2011, we have shifted a large number of personnel to new domestic businesses and overseas businesses, which are growth areas. In fundamental domestic businesses, we introduced an operational headquarters structure and reallocated management resources based on a policy of selection and concentration in seeking to increasing profitability.

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



Progress in the Three Strategies of Mid-Term Management Plan and Key Measures Going Forward

(1) Create new domestic businesses
(2) Increase profitability in fundamental domestic businesses
(3) Expand overseas businesses

Strategy 1: Create New Domestic Businesses

Accelerate development of function-oriented service businesses by augmenting management resources

In fiscal 2011, we delivered strong results in the four areas of "receivables collection business," "credit insurance business," "businesses in cooperation with regional banks" and "cloud computing business." In addition, we moved forward with the creation of businesses in new domains such as business trust agreements related to trade insurance as well as supply chain finance in the United States. By doing so, we were able to expose needs in our function-oriented service businesses, which we recognized as a positive point. In the future, it will be important to build up further achievements in a swift manner. Since latent markets in this business are set to expand due to changes in economic and operating environments, we will focus on fully exerting the capabilities of a greater number of human resources in order to accelerate business creation and increase profits.

Strategy 2: Increase Profitability in Fundamental Domestic Businesses

Pursue further profitability by thorough selection and concentration

We introduced an operational headquarters structure in our fundamental domestic businesses and unified business strategy and profit responsibility. We will pursue further profitability through flexible development in corporate and local government/public domains within the three major metropolitan areas of Japan, sales finance services for vendors in the Tokyo metropolitan area, acceleration of a niche strategy via alliances with business partners in specific fields and expansion of business in line with the characteristics of each region. One example is the strategic business and capital alliances aimed at forming a leading company group in auto leasing, for which a basic agreement was signed in March 2011.

Strategy 3: Expand Overseas Businesses

Accelerate expansion of overseas businesses, particularly in Asia

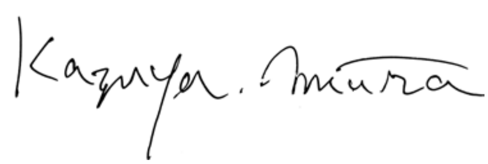
In overseas businesses, we will develop more localized businesses in Europe and North America, where we are strengthening management structure, and in Asia, where volume of business is growing steadily. At the same time, we will further expand business by reinforcing ties with the overseas bases of Hitachi Group companies. Particularly, in Asia we are creating strong competitive foundations. This includes establishing the No. 1 position in information and communications equipment leasing in Hong Kong and achieving our target of ¥10.0 billion in volume of business in China two years ahead of schedule. We will accelerate business expansion through the establishment of a new base in Shanghai in April 2011 that enables a tripartite system combining Beijing and Shenzhen. We will also work to further expand business area by including Indonesia, Malaysia and Vietnam, and bolster business in Asia as the growth engine of our overseas businesses.

Policy on Returning Profits to Shareholders and Message

We seek to maintain a stable distribution of dividends linked to business performance, while ensuring a sound financial position and securing internal reserves necessary for sustainable growth and to cope with the changing operating environment. Based on this policy, we paid a year-end dividend of ¥16.00 (US$0.19) per share. Including an interim dividend of the same amount, our annual dividend was ¥32.00 (US$0.38) per share, up ¥2.00 from fiscal 2010.

Although we are still unsure of the impact of the Great East Japan Earthquake on the future business environment, we will continue to increase revenues and accelerate the shift in business model as well as pursue the next stage of sustainable growth.

I ask all shareholders for your continued support.



Kazuya Miura, President & CEO

Hitachi Capital set aside a provision for losses due to damage caused by the Great East Japan Earthquake that struck on March 11, 2011 and recorded losses of ¥7,975 million that combines an amount in line with the application of accounting standards for asset retirement obligations and loss on valuation of investments in securities. Hitachi Capital set up a disaster response headquarters and a consultation center in the affected area to respond quickly to customer inquiries and requirements.

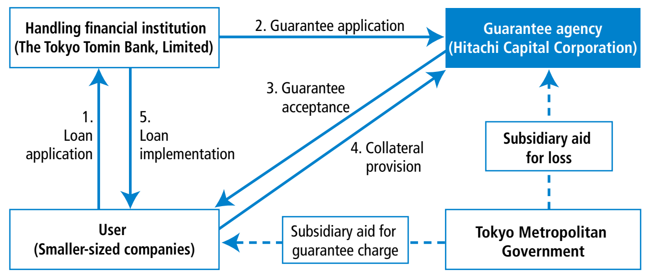
Business Topics 2011

New Domestic Businesses — Facilitating Smooth Financing for Small Businesses

Hitachi Capital has been serving as the guarantee agency for "Tokyo Machines and Facilities – Collateral Loan System" in Tokyo since September 2010. The loan system is a guarantee-attached loan system prepared for smaller-sized companies* in Tokyo by utilizing their machines and facilities as collateral for loans from The Tokyo Tomin Bank, Limited. The guarantee charges normally paid by the companies that wish to use these loans are entirely subsidized by the Tokyo Metropolitan Government, thus reducing the companies' burdens. Hitachi Capital reviews and endorses the collateral and creates an environment enabling smooth financing as the guarantee agency for the businesses. Hitachi Capital aims to support a large number of smaller-sized companies and expand foundations for growth through this new function-oriented service business that combines the know-how for evaluating and managing the "products" we have accumulated thus far as a manufacturer-affiliated financial services company, and the guarantee function.

*30 employees or less (10 or less for wholesale, retail and service field companies) (Excludes sole proprietors)

Loan Scheme



New Domestic Businesses — Utilizing a Wealth of Know-How in Agriculture to Expand Business

Hitachi Capital has become an agent of the Agriculture, Forestry, Fisheries and Food Business Unit of Japan Finance Corporation. This service mediates loans under the conditions set forth by Japan Finance Corporation for Hitachi Capital customers in the agricultural domain. The aims are to fortify relationships with customers to expand business and deepen new relationships with large-scale agricultural producers and food-related companies, thereby strengthening agriculture-commerce-industry cooperative projects.

Fundamental Domestic Businesses — Forming the Industry-Leading Company Group in Auto Leasing

The Japanese auto leasing market is expected to grow going forward due mainly to potential demand from smaller corporate customers with fewer volume of motor vehicle leasing transactions. Hitachi Capital and its Group company, Hitachi Capital Auto Lease Corporation ("HCAL"), signed a basic agreement in March 2011 to start talks on a business and capital alliances with the aim of forming a strategic joint partnership in the auto leasing business with Sumitomo Mitsui Auto Service Company ("SMAS"), co-financed by Sumitomo Corporation and Sumitomo Mitsui Financial Group ("SMFG"). The objective is to become the leading company group in auto leasing by securing an overwhelming top position in market share through excellence and effective use of the well-established customer bases possessed by the Hitachi Capital Group, Sumitomo Corporation Group and SMFG Group.

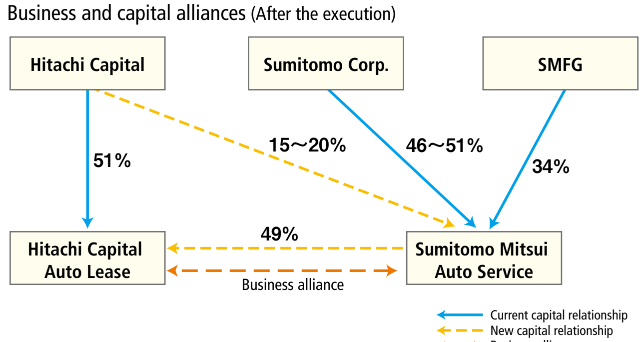
Specifically, HCAL and SMAS will tackle the following initiatives contributing to sustained growth in the auto leasing business of both companies.

- Improve profitability by expanding maintenance services taking advantage of the customer base possessed by both parties;
- Maximize customer satisfaction and create revenue and income opportunities by offering and improving supplemental auto leasing services;
- Reduce costs by jointly purchasing motor vehicles and parts to be leased; and
- Improve profitability through joint disposal of used motor vehicles

Discussions at this point in time will be conducted toward the implementation of the capital alliance with the aim of concluding the agreement by September 2011.

Alliance Scheme

Business and capital alliances (After the execution)



Fundamental Domestic Businesses

Proposed a Place for Multi-Functional Regional Interaction under Lease Method

Hitachi Capital received an order for the construction of the Dainan Citizen Center in Oita City. Construction work finished in March 2011. Oita City decided on a lease method for the project covering design and construction of the facilities followed by operation and maintenance. Different companies were then asked to bid for the contract by submitting a detailed proposal of plans. Hitachi Capital formed a project team with local design, construction, plumbing and operation and maintenance companies that included Yanai Co., Ltd., a general distributor for Hitachi, Ltd. We were selected for our citizen-oriented proposal utilizing local characteristics and focused on safety, economic potential and environmental friendliness. Many people are using the new Oita City Dainan Citizen Center as a place for regional interaction that incorporates childcare support and healthcare facilities.

President Miura with Oita City Mayor Ban Kugimiya (left) at the ceremony for new construction

Overseas Businesses

Opening of New Base in Shanghai

As part of efforts to expand business in the Asia region, one of the important pillars of our Mid-Term Management Plan, Hitachi Capital established the Shanghai Branch of Hitachi Capital Leasing (China) Co., Ltd. Operations commenced in April 2011. Hitachi Capital Leasing (China) Co., Ltd., established in Beijing in 2005, has worked to expand business centering on leasing medical equipment to major hospitals in China. The Shenzhen Branch, established in 2010, has sought to expand the business in South China. In addition to strengthening marketing capabilities in the medical equipment field, the new Shanghai Branch will newly develop business in industrial and information & telecommunication fields for Chinese companies and serve as a point of contact of the Hitachi Group that also offers leasing for Japanese companies in China. The tripartite structure covering North, South and East China will lead to further advancement in China business with the aim of swiftly achieving the targets of the Mid-Term Management Plan.

Remarks by President Miura at the opening ceremony

Overseas Businesses

U.K. Base Appointed by British Gas

The Consumer Finance business of Hitachi Capital (UK) PLC, an overseas Group company, was appointed by energy giant British Gas in May 2010 to provide innovative finance solutions to facilitate sales across its boiler and central heating offering. The agreement will allow the energy provider to offer more flexible payment solutions to customers looking to upgrade or replace their heating systems. Hitachi Capital (UK) PLC was highly evaluated for its strong financial position and wealth of knowledge in the energy market as well as speedy and efficient financial services.

Directors

Kazuhiro Mori
Chairman of the Board

Kazuya Miura
Director

Yuichiro Shimada
Director

Akira Tsuda
Director

Toshiaki Kuzuoka
Director

Corporate Officers

Kazuya Miura
President and
Chief Executive Officer

Yasushi Matsushita
Senior Corporate Officer,
General Manager of Regional
Business Head Office

Keiji Momoi
Senior Corporate Officer

Seiji Kawabe
Senior Corporate Officer,
General Manager of Corporate
Business Head Office, Finance
Services Head Office

Shinichi Urata
Senior Corporate Officer

Kiyoshi Kojima
Senior Corporate Officer

Hironori Tozawa
Senior Corporate Officer,
General Manager of Overseas
Business Head Office

Top Management at Subsidiaries

Toshio Ohama
Managing Director
Okinawa Hitachi Capital Corporation

Misuo Yoshii
Managing Director
Hitachi Capital Servicer Corporation

Toshiyuki Mori
Managing Director
Hitachi Capital Services Co., Ltd.

Akio Ohfuji
Managing Director
Hitachi Capital Auto Lease Corporation

Masayuki Yuasa
Managing Director
Hitachi Capital Securities Co., Ltd.

Kouji Ueda
Managing Director
Hitachi Triple Win Corp.

Kenji Hirama
Managing Director
Sekisui Leasing Co., Ltd.

Ryoji Sato
Managing Director
Hitachi Capital Insurance Corporation

Takeshi Ara
Managing Director
Hitachi Capital Community Corporation

Hiroyuki Fukuro
Managing Director
Hitachi Capital Trust Corporation

Hiroshi Honda
Managing Director
Financial Bridge Corporation

Kanji Kuchimura
Managing Director
Hitachi Capital (Hong Kong) Ltd.

Chihiro Shirai
Chief Executive Officer
Hitachi Capital (UK) PLC

Simon Oliphant
Managing Director
Hitachi Capital Vehicle Solutions Ltd.

Steven Lawler
Managing Director
Hitachi Capital Insurance Europe Ltd.

Yoshiyuki Kume
Chief Executive Officer
William H. Besgen
President & Chief Operating Officer
Hitachi Capital America Corp.

Satoshi Sekiya
Managing Director
Hitachi Capital Singapore Pte. Ltd.

Hironori Tozawa
Chairman
Seika Ryu
President & Director
Hitachi Capital Leasing (China) Co., Ltd.

Fumio Kuboyama
Managing Director
Hitachi Capital (Thailand) Co., Ltd.

(As of July 1, 2011)

BASIC POLICY

Hitachi Capital believes the establishment of an optimal management structure to enhance corporate value serves as the cornerstone of corporate governance. In keeping with this rationale, Hitachi Capital is working to strengthen its corporate governance structure as summarized below.

1. DESCRIPTION OF INTERNAL ORGANIZATIONS

Hitachi Capital uses a committee system as part of a management structure suitable for enhancing transparency and achieving fast and fair solutions to management issues currently facing the Company as well as in addressing future issues through separation of oversight and business operation functions.

As of June 20, 2011, Hitachi Capital's Board of Directors consisted of five directors, including three external directors, who normally convene monthly. As prescribed by laws, the Company's Articles of Incorporation and the regulations of the Board of Directors, it conducts decision-making on such pressing management issues as basic policies and key management strategies. The Board also undertakes the appointment of Corporate Officers, requests explanations and reports regarding executive activities when needed and ensures the proper functioning of operations.

The Nominating Committee, Audit Committee and Compensation Committee have been set up within the Board of Directors. The Audit Committee ordinarily meets monthly and is responsible for auditing management in terms of propriety and legality. The Nominating and Compensation committees convene when deemed necessary to decide on matters related to resolutions to select directors and appropriate compensation of officers.

Corporate Officers (seven as of June 20, 2011) elected by the Board make executive decisions and execute business affairs within the scope of authority delegated by the Board of Directors. A Corporate Officers Committee convenes monthly to make decisions on key matters.

2. COMPLIANCE STRUCTURE

Hitachi Capital has formulated a Basic Compliance Policy to ensure effective compliance, particularly with regard to social norms that include laws or ordinances relevant to the Hitachi Capital Group as well as voluntary industry rules. The Compliance Department has been established at the headquarters to gather information and plan, prepare and promote frameworks for legal compliance. In terms of compliance education for employees, the Group undertakes educational programs created by the division in charge of human resources and education to offer basic legal education and well-planned training tailored to employee rank as well as specialized educational training.

In addition, Hitachi Capital employs an internal reporting system that allows Group employees to report any illegal activities or improper conduct occurring within the Group to either an internal contact point or external legal counsel.

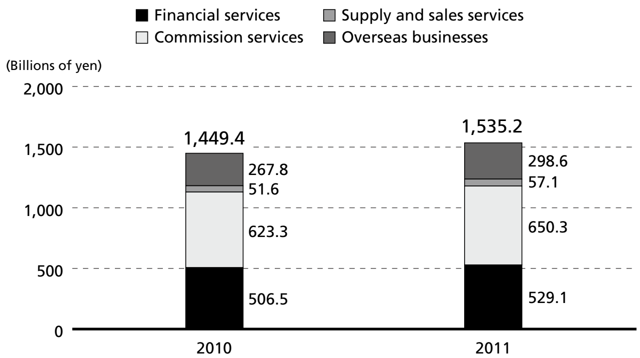
Hitachi Capital is thoroughly managing personal information and other data within the Group, while further strengthening the structure to enable operations to be conducted based on a spirit of compliance through measures that include comprehensive education on such industry-specific laws as the Money-Lending Business Control and Regulation Law as well as various laws that affect its business.

3. RISK MANAGEMENT STRUCTURE

Hitachi Capital has formulated Basic Policies for Risk Management as a means of clarifying basic management policies as well as the methods for addressing risks. Cognizant of the fact that accurately detecting business risks and adjusting accordingly is a core and essential competency of the financial services industry, Hitachi Capital aims to comprehensively address a variety of risks within the Group, including business risks, credit risks and compliance risks. To that end, the Company has established the Risk Management Department at the headquarters and is working to further bolster the risk management structure.

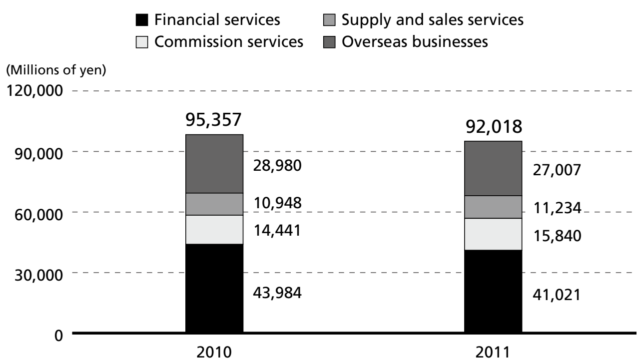
Volume of business

(business breakdown based on mid-term management plan)



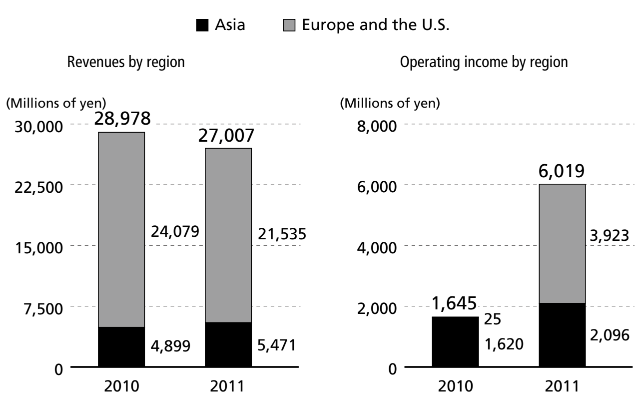
Revenues*¹

(business breakdown based on mid-term management plan)



*1. "Revenues" includes elimination of intersegment revenues and certain adjustments.

Breakdown of overseas revenues and operating income by region



BUSINESS RESULTS

During the fiscal year ended March 31, 2011, economic growth in Japan stagnated, particularly in the export sector, due notably to the yen's appreciation. Nonetheless, overall volume of business increased 5.9% from the previous fiscal year to ¥1,535,252 million (US$18,497 million) due primarily to favorable conditions in the public sector and outsourcing business for the Group as well as recovery in Europe and the United States and continued growth in Asia.

Consolidated revenues decreased 3.5% year-on-year to ¥92,018 million (US$1,108 million) due mainly to the impact of foreign exchange rates. Total expenses decreased by 9.6% to ¥74,558 million due to efforts to reduce financing costs and to cut credit costs in Europe and the United States. As a result, operating income increased by 35.4% year-on-year to ¥17,460 million (US$210 million). In addition, Hitachi Capital set aside a provision for losses due to damage caused by the Great East Japan Earthquake and recorded an extraordinary loss of ¥7,975 million (US$96 million) that combines an amount in line with the application of accounting standards for asset retirement obligations and loss on valuation of investments in securities. As a result, net income amounted to ¥6,234 million (US$75 million), down 24.4% year-on-year.

BUSINESS BREAKDOWN BASED ON MID-TERM MANAGEMENT PLAN

Financial Services

In financial services, consolidated volume of business for fiscal 2011 amounted to ¥529,171 million (US$6,375 million), up 4.5% year-on-year, due primarily to favorable conditions in the public service sector, including local government. Consolidated revenues were ¥41,021 million (US$494 million), down 6.7% year-on-year due mainly to a decrease in a new amount for liquidation.

Commission Services

In commission services, consolidated volume of business for fiscal 2011 amounted to ¥650,375 million (US$7,835 million), up 4.3% year-on-year due to growth in outsourcing business, notably a lump-sum payment system. Consolidated revenues were ¥15,840 million (US$190 million), up 9.7%.

Supply and Sales Services

In supply and sales services, consolidated volume of business for fiscal 2011 amounted to ¥57,100 million (US$687 million), up 10.6% year-on-year as a result of an increase in new automobile lease transactions. Consolidated revenues were ¥11,234 million (US$135 million), up 2.6%.

Overseas

In overseas operations, consolidated volume of business for fiscal 2011 amounted to ¥298,604 million (US$3,597 million), up 11.5% year-on-year due primarily to a recovery in the United Kingdom and continued favorable conditions in Asia. Consolidated revenues were ¥27,007 million (US$325 million), down 6.8% year-on-year due mainly to the impact of foreign exchange rates. Consolidated operating income was ¥6,019 million (US$72 million), up 265.9% due to improvement in the management structure in Europe and the United States.

PER SHARE INDICES AND ROE/ROA

Consolidated net income per share decreased by 24.4% year-on-year to ¥53.34 (US$0.64). ROE was 2.5% and ROA was 0.39%.

FINANCIAL POSITION

As of March 31, 2011, total assets amounted to ¥1,562,410 million (US$18,824 million), down ¥102,195 million from the previous year-end due to decreases in cash on hand and at bank and parent company deposits.

Total net assets at year-end amounted to ¥254,797 million (US$3,069 million), an increase of ¥2,528 million compared with the previous year-end due mainly to an increase in retained earnings. The stockholders' equity ratio rose 1.1 percentage points from the previous year-end to 16.2%.

Interest-bearing debt decreased by ¥49,796 million to ¥782,906 million (US$9,432 million) as a result of such factors as a decrease in current portion of bonds.

CASH FLOWS

Cash and cash equivalents at end of year amounted to ¥98,190 million (US$1,183 million), a decrease of ¥112,967 million from the previous fiscal year-end.

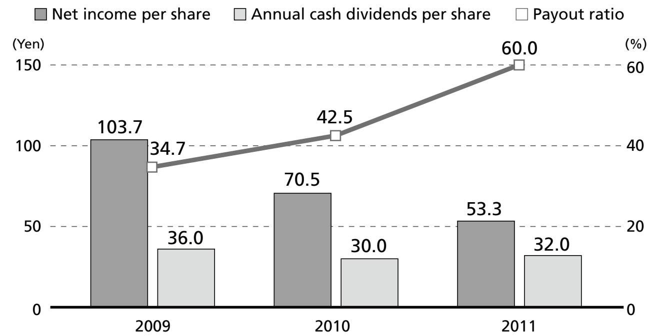
Net cash used in operating activities was ¥57,502 million (US$692 million). This consisted mainly of ¥80,356 million (US$968 million) in depreciation and ¥93,132 million (US$1,122 million) in acquisition of equipment for lease.

Net cash used in investing activities amounted to ¥1,990 million (US$23 million) mainly attributable to purchase of intangible fixed assets for company use.

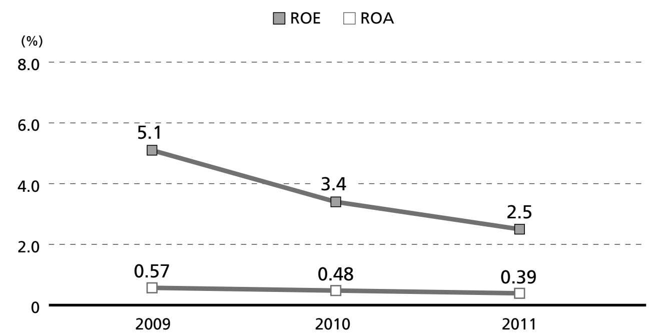
Net cash used in financing activities amounted to ¥53,313 million (US$642 million) primarily owing to redemption of bonds.

As a result, free cash flows, the sum of operating and investing cash flows, resulted in an expense of ¥59,492 million (US$716 million).

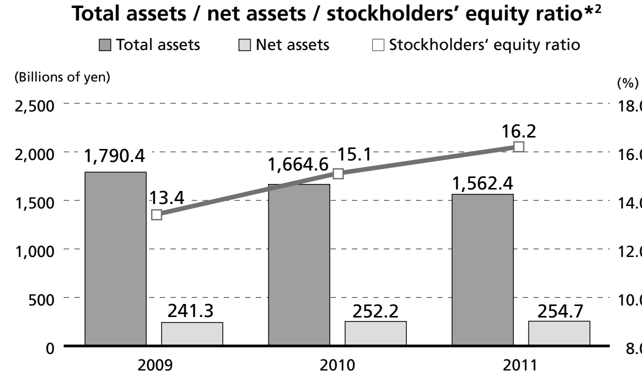
Net income per share / annual cash dividends per share / payout ratio



ROE / ROA

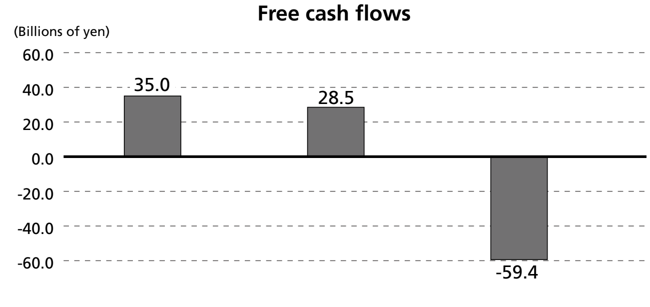


Total assets / net assets / stockholders' equity ratio*2



*2. Stockholders' equity ratio = (Net assets - Minority interests) / Total assets

Free cash flows



BUSINESS RISK

Internal Control-Related Risk

The Hitachi Capital Group has established and maintains an internal control system based on internal control resolutions, and evaluates and works to ensure the appropriateness of its internal controls through the Internal Control Committee. Nevertheless, if internal controls do not function effectively or unexpected problems arise, there could be an adverse impact on the Group's business results.

Interest Rate Risk

Since the Group provides financial services, including leasing and installment sales, it must procure large amounts of funds and carry out thorough ALM** through liquidation. A sharp rise in market interest rates, however, could cause a rise in fundraising costs and have an adverse impact on the Group's business results.

** Asset Liability Management: Companies firmly ascertain the characteristics of maturities and interest from their assets and liabilities, and monitor cash flows, liquidity, currency risk and interest risk.

Liquidity Risk

Although the Group works to appropriately manage its cash position, there are times it may be difficult to secure the funds required, including if the creditworthiness of the Group has declined, or due to turmoil in financial markets or changes in the market environment. Additionally, the Company may be forced to procure funds when interest rates are significantly higher than normal. Factors such as these could have an adverse impact on the Group's business results.

Credit Risk

The Group is engaged in various kinds of business associated with providing credit, including leasing, credit guarantees and installment sales. During such business execution, the Group appropriately controls credit risk by conducting screening at the time of a contract and ascertaining such factors as the state of credit while a credit receivable is being collected. Nevertheless, an increase in corporate and personal bankruptcies due to a changing economic environment could result in an increased burden with respect to losses on receivables and bad debts expenses for lease transactions.

With regard to collection risk due to the impact of the Great East Japan Earthquake that struck on March 11, 2011, Hitachi Capital recorded provision in the amount estimated for difficulties in collection. However, secondary disasters such as aftershocks could have an adverse impact on the Group's business results.

Laws and Regulations Changes Risk

Changes in laws and regulations related to Group business could also impact results. With total enforcement of the revised Money-Lending Business Control and Regulation Law and the revised Installment Sales Law, there could be additional costs associated with the changes, and customer demand may change. The Group has always complied with the Interest Limitation Law, so there is no direct risk of returning excess payments.

In addition, there could be additional costs associated with the strengthening of obligations for waste disposal in line with the full-fledged implementation of the revised Waste Management and Public Cleansing Act.

Business Structure Reform Risk

The Group is reforming its business structure in order to achieve sustainable growth. However, a delay or failure to achieve these reforms, for any reason, could have an adverse impact on the Group's business results.

Leased Assets Residual Value Risk

One of the Group's business strategies is to "provide financial services that focus on 'products'." To achieve this, we concentrate on operating leases in order to respond to changes in market demand accompanied by changes in accounting standards for finance leases. We will continue to improve our abilities and expertise in evaluating "products" and the resale of leased assets as the Group's core skills. However, there is a possibility of a decline in actual disposal value from the initial estimated value of leased property due to such factors as unexpected changes in the market environment and technological innovations.

Administrative and System Risk

The Group carries out its business activities using various information systems. Any error, including administrative or accidental human errors as well as fraudulence by employees, unauthorized access to systems or a computer virus from outside the Group, or a stoppage or breakdown of internal operating systems, could have an adverse impact on the Group's business results. In addition, external leaks or illicit use of information concerning customers or affiliates due to similar causes may result in damage to said customers or affiliates and lead to loss of trust from society, and this could have an adverse impact on the Group's business results.

Also, natural disasters such as earthquakes could cause damage to our data centers. As countermeasures for such risks, we have set up and maintain backup systems at both domestic and overseas sites. However, disasters of an unforeseeable scale could have an adverse impact on the Group's business results. There was no direct effect on the Group's human resources or data centers due to the Great East Japan Earthquake.

Compliance Risk

Given that the Group offers a variety of financial services, it must comply with a number of laws and regulations, such as the Installment Sales Law, the Financial Instruments and Exchange Law and the Money-Lending Business Control and Regulation Law, as well as various consumer protection and waste disposal regulations.

The Company must also comply with a wide range of social rules, from internal regulations and voluntary industry rules to social ethics and norms. The Company established the Compliance Department at the headquarters and is working to develop its compliance structure. However, failure to comply with applicable laws, regulations and social norms could have an adverse impact on the Group's business results due to criminal prosecution and loss of trust from society.

Human Resources Risk

The Group considers employees' abilities as important assets of a company and is implementing intensified recruitment, well-planned educational programs and improved training programs. However, there is a risk that the Group will not be able to secure the human resources required for business operations following reforms in cases where employees of existing businesses cannot adapt to business structural reforms, where appropriate employee placement is not conducted or where new personnel cannot be hired. Moreover, difficulties in ensuring that the Group's screening and collection management know-how and experience are effectively passed on to new employees could have an adverse impact on the Group's business results.

Business Partners-Related Risk

The Group conducts business in cooperation with numerous business partners due to the characteristics of the business. Despite thorough screening of other companies before committing to collaboration, the Group may have to shoulder responsibility in case of bankruptcy or illegal activity by a business partner, which could have an adverse impact on the Group's business results.

Non-Life Insurance Risk

The Group is engaged in non-life insurance business and works to reduce risks related to underwriting insurance. However, a major disaster could have an adverse impact on the Group's business due to payment of insurance claims that exceed expectations.

Hitachi Capital expects to keep underwriting risk due to the Great East Japan Earthquake within the amount of estimated risk, which includes ceding 100% reinsurance for earthquake risk.

CONSOLIDATED BALANCE SHEETS

Hitachi Capital Corporation and Subsidiaries
March 31, 2011 and 2010

ASSETS	Japanese yen (millions) 2011	2010	U.S. dollars (thousands) (Note 2) 2011
CURRENT ASSETS:			
Cash on hand and at bank (Notes 16 and 19)	**¥ 12,750**	¥ 28,739	**$ 153,614**
Notes and accounts receivable – trade, including amounts maturing after one year (Notes 15 and 19)	**521,758**	496,420	**6,286,240**
Investment in direct finance leases (Notes 18 and 19)	**511,649**	527,293	**6,164,445**
Less: Allowance for losses on receivables (Notes 3 (c), 5 and 19)	**14,115**	13,601	**170,060**
Net trade receivables	**1,019,292**	1,010,111	**12,280,626**
Parent company deposits (Notes 15,16 and 19)	**87,689**	184,918	**1,056,493**
Short-term investments (Notes 3 (d) and 19)	**3,306**	4,875	**39,831**
Prepaid expenses and other current assets (Note 8)	**37,751**	29,017	**454,831**
Total current assets	**1,160,790**	1,257,662	**13,985,421**
NON–CURRENT ASSETS:			
Equipment held for lease, at cost less accumulated depreciation (Notes 3 (h) and 18)			
Accumulated depreciation			
was ¥1,626,849 million ($19,600,590 thousand) in 2011			
and ¥1,604,496 million in 2010	**226,187**	225,625	**2,725,144**
Investments in securities (Notes 3 (d), 4 and 19)	**122,957**	130,955	**1,481,409**
Total investments	**349,144**	356,580	**4,206,554**
Property and equipment, at cost less accumulated depreciation	**3,293**	3,603	**39,674**
Other assets (Notes 8 and 15)	**49,182**	46,759	**592,554**
Total non–current assets	**401,620**	406,943	**4,838,795**
Total assets	**¥ 1,562,410**	¥ 1,664,606	**$ 18,824,216**

See accompanying notes to consolidated financial statements.

LIABILITIES AND NET ASSETS	Japanese yen (millions) 2011	2010	U.S. dollars (thousands) (Note 2) 2011
CURRENT LIABILITIES:			
Short-term bank loans (Notes 6 and 19)	¥ **116,746**	¥ 79,942	$ **1,406,578**
Commercial paper (Note 19)	**46,109**	42,443	**555,530**
Current portion of long-term debt (Notes 6 and 19)	**148,164**	133,671	**1,785,108**
Trade payables (Notes 7 and 19)	**224,713**	210,345	**2,707,385**
Accrued payables (Note 19)	**83,964**	130,495	**1,011,614**
Accrued expenses	**9,752**	10,568	**117,493**
Obligation for securitized lease receivables (Notes 3 (q) and 19)	**18,561**	25,438	**223,626**
Income taxes payable (Note 8)	**12,379**	1,512	**149,144**
Allowance for losses on guarantees (Notes 3 (c) and 5)	**6,564**	4,300	**79,084**
Other current liabilities (Note 8)	**38,290**	50,808	**461,325**
Total current liabilities	**705,248**	689,527	**8,496,963**
NON–CURRENT LIABILITIES:			
Long-term debt (Notes 6 and 19)	**471,885**	576,644	**5,685,361**
Retirement and severance benefits (Notes 3 (j) and 9)	**4,519**	4,502	**54,445**
Retirement benefits for directors (Note 3 (j))	**280**	305	**3,373**
Long-term obligation for securitized lease receivables (Notes 3 (q) and 19)	**74,492**	83,125	**897,493**
Other liabilities (Note 8)	**51,186**	58,231	**616,698**
Total non–current liabilities	**602,364**	722,810	**7,257,397**
Total liabilities	**1,307,612**	1,412,337	**15,754,361**
NET ASSETS:			
Stockholders' equity			
Common stock:			
Authorized 270,000,000 shares; issued 124,826,552 shares in 2011 and issued 124,826,552 shares in 2010	**9,983**	9,983	**120,277**
Capital surplus	**45,972**	45,972	**553,879**
Retained earnings (Notes 3 (m) and 11)	**214,101**	211,490	**2,579,530**
Treasury stock (Notes 3 (l) and 12)	**(14,331)**	(14,330)	**(172,662)**
Total stockholders' equity (Notes 3 (s) and 11)	**255,726**	253,116	**3,081,036**
Accumulated other comprehensive income			
Net unrealized holding gains on securities	**6,474**	7,113	**78,000**
Net unrealized losses on hedging derivatives	**(388)**	(2,094)	**(4,674)**
Foreign currency translation adjustments	**(8,623)**	(7,330)	**(103,891)**
Total accumulated other comprehensive income	**(2,536)**	(2,311)	**(30,554)**
Minority interests	**1,608**	1,463	**19,373**
Total net assets (Note 3 (s))	**254,797**	252,268	**3,069,843**
Total liabilities and net assets	**¥1,562,410**	¥ 1,664,606	**$ 18,824,216**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

Hitachi Capital Corporation and Subsidiaries
Years ended March 31, 2011, 2010 and 2009

	Japanese yen (millions)			U.S. dollars (thousands) (Note 2)
	2011	2010	2009	**2011**
REVENUES (Notes 15 and 17):				
Operating revenues	**¥ 90,970**	¥ 94,165	¥ 105,937	**$ 1,096,024**
Interest and dividend income	**1,047**	1,192	2,006	**12,614**
	92,018	95,357	107,943	**1,108,650**
EXPENSES (Notes 3 (z), 15 and 17):				
Selling, general and administrative expenses	**57,273**	63,703	63,828	**690,036**
Financing costs	**17,284**	18,758	26,534	**208,240**
	74,558	82,462	90,362	**898,289**
Operating income	**17,460**	12,895	17,580	**210,361**
Other income (Note 13)	**228**	540	26,645	**2,746**
Other expenses (Note 13)	**8,033**	65	22,413	**96,783**
Income before income taxes and minority interests	**9,655**	13,370	21,812	**116,325**
Income taxes (Notes 3 (i) and 8)	**3,208**	4,997	9,705	**38,650**
Income before minority interests	**6,446**	8,372	—	**77,662**
Minority interests	**211**	124	(15)	**2,542**
Net income	**¥ 6,234**	¥ 8,248	¥ 12,122	**$ 75,108**

	Japanese yen			U.S. dollars (Note 2)
PER SHARE DATA (Notes 3 (n) and 14):				
Net income (basic)	**¥ 53.3**	¥ 70.5	¥ 103.7	**$ 0.64**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Hitachi Capital Corporation and Subsidiaries
Years ended March 31, 2011 and 2010

	Japanese yen (millions)		U.S. dollars (thousands)
	2011	2010	**2011**
Income before minority interests	**¥ 6,446**	¥ 8,372	**$ 77,662**
Other comprehensive income			
Net unrealized holding gains (losses) on securities	**(643)**	6,170	**(7,746)**
Net unrealized gains (losses) on hedging derivatives	**1,705**	949	**20,542**
Foreign currency translation adjustments	**(1,343)**	(790)	**(16,180)**
Total other comprehensive income	**(281)**	6,329	**(3,385)**
Comprehensive income	**6,165**	14,702	**74,277**
Comprehensive income attributable to shareholders of the parent	**6,009**	14,572	**72,397**
Comprehensive income attributable to minority interests	**156**	129	**1,879**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Hitachi Capital Corporation and Subsidiaries
Years ended March 31, 2011, 2010 and 2009

	Japanese yen (millions)				
	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings (Notes 3 (m) and 11)	Treasury stock (Notes 3 (l) and 12)	Total stockholders' equity (Notes 3 (s) and 11)
Balance as of March 31, 2008	¥ 9,983	¥ 45,972	¥ 198,800	¥ (14,328)	¥ 240,428
Effect of changes in accounting policies applied to foreign subsidiary			384		384
Changes during the year					
Cash dividends			(4,208)		(4,208)
Net income			12,122		12,122
Purchase of treasury stock				(1)	(1)
Disposal of treasury stock		(0)	(0)	1	0
Net change in the items other than stockholders' equity during the period					
Total change during the year	—	(0)	7,913	(0)	7,913
Balance as of March 31, 2009	¥ 9,983	¥ 45,972	¥ 207,099	¥ (14,329)	¥ 248,726

	Japanese yen (millions)					
	Accumulated other comprehensive income					
	Net unrealized holding gains (losses) on securities	Net unrealized gains (losses) on hedging derivatives	Foreign currency translation adjustments	Total valuation and translation adjustments	Minority interests	Total net assets (Note 3 (q))
Balance as of March 31, 2008	¥ 994	¥ (1,750)	¥ (2,030)	¥ (2,786)	¥ 1,435	¥ 239,077
Effect of changes in accounting policies applied to foreign subsidiary						384
Changes during the year						
Cash dividends						(4,208)
Net income						12,122
Purchase of treasury stock						(1)
Disposal of treasury stock						0
Net change in the items other than stockholders' equity during the period	(51)	(1,293)	(4,504)	(5,849)	(131)	(5,981)
Total change during the year	(51)	(1,293)	(4,504)	(5,849)	(131)	1,931
Balance as of March 31, 2009	¥ 943	¥ (3,044)	¥ (6,534)	¥ (8,635)	¥ 1,303	¥ 241,394

	Japanese yen (millions)				
	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings (Notes 3 (m) and 11)	Treasury stock (Notes 3 (l) and 12)	Total stockholders' equity (Notes 3 (s) and 11)
Balance as of March 31, 2009	¥ 9,983	¥ 45,972	¥ 207,099	¥ (14,329)	¥ 248,726
Changes during the year					
Cash dividends			(3,857)		(3,857)
Net income			8,248		8,248
Purchase of treasury stock				(1)	(1)
Disposal of treasury stock			(0)	0	0
Net change in the items other than stockholders' equity during the period					
Total change during the year	—	—	4,391	(1)	4,390
Balance as of March 31, 2010	¥ 9,983	¥ 45,972	¥ 211,490	¥ (14,330)	¥ 253,116

	Japanese yen (millions)					
	Accumulated other comprehensive income					
	Net unrealized holding gains (losses) on securities	Net unrealized gains (losses) on hedging derivatives	Foreign currency translation adjustments	Total valuation and translation adjustments	Minority interests	Total net assets (Note 3 (q))
Balance as of March 31, 2009	¥ 943	¥ (3,044)	¥ (6,534)	¥ (8,635)	¥ 1,303	¥ 241,394
Changes during the year						
Cash dividends						(3,857)
Net income						8,248
Purchase of treasury stock						(1)
Disposal of treasury stock						0
Net change in the items other than stockholders' equity during the period	6,169	949	(795)	6,324	160	6,484
Total change during the year	6,169	949	(795)	6,324	160	10,874
Balance as of March 31, 2010	¥ 7,113	¥ (2,094)	¥ (7,330)	¥ (2,311)	¥ 1,463	¥ 252,268

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS (CONTINUED)

Hitachi Capital Corporation and Subsidiaries
Years ended March 31, 2011, 2010 and 2009

	Japanese yen (millions)				
	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings (Notes 3 (k) and 11)	Treasury stock (Notes 3 (j) and 12)	Total stockholders' equity (Notes 3 (q) and 11)
Balance as of March 31, 2010	¥ 9,983	¥ 45,972	¥ 211,490	¥ (14,330)	¥ 253,116
Changes during the year					
Cash dividends			(3,623)		(3,623)
Net income			6,234		6,234
Purchase of treasury stock				(1)	(1)
Disposal of treasury stock			—	—	—
Net change in the items other than stockholders' equity during the period					
Total change during the year	—	—	2,611	(1)	2,609
Balance as of March 31, 2011	¥ 9,983	¥ 45,972	¥ 214,101	¥ (14,331)	¥ 255,726

	Japanese yen (millions)					
	Accumulated other comprehensive income					
	Net unrealized holding gains (losses) on securities	Net unrealized gains (losses) on hedging derivatives	Foreign currency translation adjustments	Total valuation and translation adjustments	Minority interests	Total net assets (Note 3 (q))
Balance as of March 31, 2010	¥ 7,113	¥ (2,094)	¥ (7,330)	¥ (2,311)	¥ 1,463	¥ 252,268
Changes during the year						
Cash dividends						(3,623)
Net income						6,234
Purchase of treasury stock						(1)
Disposal of treasury stock						—
Net change in the items other than stockholders' equity during the period	(638)	1,705	(1,292)	(225)	144	(81)
Total change during the year	(638)	1,705	(1,292)	(225)	144	2,528
Balance as of March 31, 2011	¥ 6,474	¥ (388)	¥ (8,623)	¥ (2,536)	¥ 1,608	¥ 254,797

	U.S. dollars (thousands) (Note 2)				
	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings (Notes 3 (k) and 11)	Treasury stock (Notes 3 (j) and 12)	Total stockholders' equity (Notes 3 (q) and 11)
Balance as of March 31, 2010	$ 120,277	$ 553,879	$ 2,548,072	$ (172,650)	$ 3,049,590
Changes during the year					
Cash dividends			(43,650)		(43,650)
Net income			75,108		75,108
Purchase of treasury stock				(12)	(12)
Disposal of treasury stock			—	—	—
Net change in the items other than stockholders' equity during the period					
Total change during the year	—	—	31,457	(12)	31,433
Balance as of March 31, 2011	$ 120,277	$ 553,879	$ 2,579,530	$ (172,662)	$ 3,081,036

	U.S. dollars (thousands) (Note 2)					
	Accumulated other comprehensive income					
	Net unrealized holding gains (losses) on securities	Net unrealized gains (losses) on hedging derivatives	Foreign currency translation adjustments	Total valuation and translation adjustments	Minority interests	Total net assets (Note 3 (q))
Balance as of March 31, 2010	$ 85,698	$ (25,228)	$ (88,313)	$ (27,843)	$ 17,626	$ 3,039,373
Changes during the year						
Cash dividends						(43,650)
Net income						75,108
Purchase of treasury stock						(12)
Disposal of treasury stock						—
Net change in the items other than stockholders' equity during the period	(7,686)	20,542	(15,566)	(2,710)	1,734	(975)
Total change during the year	(7,686)	20,542	(15,566)	(2,710)	1,734	30,457
Balance as of March 31, 2011	$ 78,000	$ (4,674)	$(103,891)	$ (30,554)	$ 19,373	$ 3,069,843

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Hitachi Capital Corporation and Subsidiaries
Years ended March 31, 2011, 2010 and 2009

	Japanese yen (millions)			U.S. dollars (thousands) (Note 2)
	2011	2010	2009	**2011**
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income before income taxes and minority interests	**¥ 9,655**	¥ 13,370	¥ 21,812	**$ 116,325**
Depreciation	**80,356**	85,910	120,759	**968,144**
Impact resulting from the application of accounting standards for asset retirement obligations	**110**	—	—	**1,325**
Gain on transfer of lease receivables associated with change in accounting standard	**—**	—	(25,703)	**—**
Gain on change in accounting policy of revenues from installment transactions	**—**	—	(895)	**—**
Loss on change in accounting policy of revenues from affiliated loans	**—**	—	7,348	**—**
Bad debts expenses for lease transactions	**—**	—	1,414	**—**
Loss on change in accounting policy of maintenance cost for lease transactions	**—**	—	646	**—**
Impairment loss	**—**	—	3,206	**—**
Loss on valuation of investment securities	**961**	10	1,001	**11,578**
Loss on disaster	**6,903**	—	—	**83,168**
Provision for loss on disposal of assets for lease transactions	**—**	—	5,722	**—**
Loss on transfer of business	**—**	—	1,403	**—**
Depreciation of goodwill	**901**	912	1,185	**10,855**
Interest and dividend income	**(682)**	(944)	(1,744)	**(8,216)**
Interest expense	**15,960**	17,653	25,252	**192,289**
Gain on sale of securities	**—**	(509)	(10)	**—**
Gain on sale of investment securities	**(49)**	—	—	**(590)**
(Increase) Decrease in investment in financing leases	**(36,648)**	(48,748)	(31,364)	**(441,542)**
Increase (Decrease) in allowance for doubtful accounts	**899**	304	1,094	**10,831**
Increase (Decrease) in allowance for losses on loan guarantees	**2,264**	1,400	(500)	**27,277**
(Increase) Decrease in notes and accounts receivable-trade	**(44,961)**	32,673	(51,625)	**(541,698)**
(Gain) Loss on sale of equipment for lease	**(3,389)**	(4,622)	(206)	**(40,831)**
Acquisition of equipment for lease	**(93,132)**	(78,124)	(97,128)	**(1,122,072)**
Proceeds from sale of equipment for lease	**54,804**	95,348	56,097	**660,289**
Increase (Decrease) in trade payables	**28,811**	576	(39,835)	**347,120**
Increase (Decrease) in accounts payable of collection under fluidity receivables	**(47,240)**	(63,688)	—	**(569,156)**
Increase (Decrease) in retirement and severance benefits	**17**	(45)	(353)	**204**
Other	**(29,454)**	(3,651)	52,193	**(354,867)**
Income taxes paid	**(3,588)**	(17,920)	(7,605)	**(43,228)**
Net cash provided by operating activities	**(57,502)**	29,904	42,164	**(692,795)**
CASH FLOWS FROM INVESTING ACTIVITIES:				
Payments into time deposits	**(2,850)**	(3,600)	—	**(34,337)**
Proceeds from withdrawal of time deposits	**3,100**	1,100	—	**37,349**
Purchase of short-term investments	**(4,796)**	(7,696)	(17,786)	**(57,783)**
Proceeds from sale of short-term investments	**6,200**	10,232	15,019	**74,698**
Purchase of investments in securities	**(2,263)**	(1,146)	(286)	**(27,265)**
Proceeds from sales and repayment of investment securities	**188**	803	1,670	**2,265**
Purchase of investments in subsidiaries	**—**	—	(16)	**—**
Purchase of investments in subsidiaries resulting in change in scope of consolidation	**—**	(84)	(3,382)	**—**
Purchase of equipment for company use	**(452)**	(371)	(474)	**(5,445)**
Purchase of other intangible fixed assets	**(1,910)**	(1,680)	(3,904)	**(23,012)**
Interest and dividend received	**694**	958	1,644	**8,361**
Other	**100**	170	434	**1,204**
Net cash used in investing activities	**(1,990)**	(1,313)	(7,079)	**(23,975)**
CASH FLOWS FROM FINANCING ACTIVITIES:				
Increase (Decrease) in short-term bank loans, net	**41,892**	(18,747)	57,523	**504,722**
Increase (Decrease) in commercial paper, net	**5,446**	(99,155)	76,307	**65,614**
Proceeds from long-term borrowings	**50,232**	155,267	110,935	**605,204**
Payments of long-term borrowings	**(68,245)**	(87,204)	(84,284)	**(822,228)**
Issuance of bond	**60,421**	125,116	109,982	**727,963**
Redemption of bond	**(122,790)**	(122,699)	(123,346)	**(1,479,397)**
Interest paid	**(16,633)**	(18,251)	(25,236)	**(200,397)**
Acquisition of treasury stock	**(1)**	(1)	0	**(12)**
Dividends paid to stockholders	**(3,623)**	(3,857)	(4,208)	**(43,650)**
Dividends paid to minority stockholders of subsidiaries	**(11)**	(8)	(8)	**(132)**
Net cash provided by (used in) financing activities	**(53,313)**	(69,540)	117,664	**(642,325)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(161)**	234	(1,243)	**(1,939)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(112,967)**	(40,714)	151,505	**(1,361,048)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**211,157**	251,872	100,366	**2,544,060**
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 16)	**¥ 98,190**	¥ 211,157	¥ 251,872	**$ 1,183,012**

See accompanying notes to consolidated financial statements.

(1) BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Hitachi Capital Corporation (the Company) and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan. As permitted under the Financial Instruments and Exchange Law of Japan, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and in U.S. dollars) do not necessarily agree with the sums of the individual amounts.

(2) U.S. DOLLAR AMOUNTS

The consolidated financial statements are expressed in yen. Solely for the convenience of the reader, the consolidated financial statements as of and for the year ended March 31, 2011 have been translated into U.S. dollars at the rate of ¥83 to $1, the approximate exchange rate at March 31, 2011. The inclusion of such dollar amounts does not imply that the assets and liabilities, which originated in yen, have been or could readily be converted, realized or settled in dollars at ¥83 to $1 or at any other rate.

(3) SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidation

The consolidated financial statements include the accounts of the Company and following majority-owned subsidiaries, which are directly or indirectly controlled:
Okinawa Hitachi Capital Corporation, Hitachi Capital Servicer Corporation, Hitachi Capital Services Co., Ltd., Hitachi Capital Auto Lease Corporation, Hitachi Capital Securities Co., Ltd., Hitachi Triple Win Corp., Sekisui Leasing Co., Ltd., Hitachi Capital Insurance Corporation, Hitachi Capital Community Corporation, Hitachi Capital Trust Corporation, Financial Bridge Corporation, Hitachi Capital (UK) PLC, Hitachi Capital Vehicle Solutions Ltd., Robinsons Garage (Aylestone) Ltd., Hitachi Capital Invoice Finance Ltd., Hitachi Capital Insurance Europe Ltd., Hitachi Capital America Corp., Hitachi Capital (Hong Kong) Ltd., Hitachi Capital Singapore Pte. Ltd., Hitachi Capital Leasing (China) Co., Ltd., Hitachi Capital Management (Thailand) Co., Ltd., and Hitachi Capital (Thailand) Co., Ltd.

The liquidation of Hitachi Capital Invoice Finance Ltd. and Robinsons Garage (Aylestone) Ltd., started in March 2010, is still in process.

Daiichi Personal Credit Guarantee Corp. is a subsidiary of the Company. However, the company has been excluded from the scope of consolidation because it does not have a significant impact on the consolidated financial statements. The equity method is applied to investments in subsidiaries corresponding to Daiichi Personal Credit Guarantee Corp. This amount, ¥109 million ($1,313 thousand), is included in investments in securities.

The Company holds no shares in affiliated companies.

Information including an overview of special-purpose entities subject to disclosure, an overview of transactions employed by special-purpose entities subject to disclosure, and amounts of transactions with special-purpose entities subject to disclosure is provided in (21) SPECIAL-PURPOSE ENTITIES SUBJECT TO DISCLOSURE.

Hitachi Capital Leasing (China) Co., Ltd. has a December 31 fiscal year-end. Its significant transactions during the period from its fiscal year-end to March 31, which could materially affect the Company's financial position and results of operations, have been adjusted. All significant intercompany accounts have been eliminated in consolidation. The investments in affiliates are stated at its underlying equity value. The cost in excess of net assets acquired by the Company is amortized using the straightline method over five years in principle. As Hitachi Capital (UK) PLC became a wholly owned subsidiary of the Company, such cost in excess of the net assets acquired is amortized using the straight-line method over 20 years.

(b) Revenue Recognition

Finance Leases:

A finance lease transaction is a lease transaction in which the contract is not cancelable, by either party, during the lease term specified in the contract or any lease transaction in which the terms of the contract achieve a similar effect; and, under the contract, the lessee enjoys substantially all of the economic benefits arising from the use of the asset identified in the contract for the duration of the contract, and in return bears substantially all of the costs arising from such usage. In principle, interest income is recorded during each fiscal period as operating revenues mainly by the interest method. In the event that the lease transaction commenced prior to April 1, 2008 in compliance with the accounting standard for lease transactions, for finance lease transactions that do not transfer ownership, the total amount equivalent to interest is divided into equal amounts and recognized in each fiscal term over the lease period.

Operating Leases:
An operating lease transaction is a lease transaction other than a finance lease transaction. Lease revenue is recognized over the lease terms when lease payments become due. Lease costs, which primarily consist of depreciation expense, are generally recognized in proportion to the related lease revenue over the lease terms.

Loan guarantee arrangements:
The Company and subsidiaries provide loan guarantees to banks and other financial institutions on behalf of customers who borrow funds for the product purchase. The fees from customers are recognized at the inception of loans, when the customers pay total commissions. The amount of the guarantee commissions received from the financial institutions is calculated by the interest method.

Purchase of installment receivables:
The Company and subsidiaries purchase installment receivables from retailers at the inception of the installment contracts between retailers and their customers. The payables to retailers are determined based on the cash sales price of related goods and property, and revenue is calculated as the net of installments receivables and payables to retailers. The revenue is deferred and recognized over the installment period, when the monthly installments become due. The interest income is recorded as operating revenue by the interest method and allocated to each fiscal period.

Installment credit facilities:
The customers pay fees on installment credit facilities, which are computed at predetermined fixed rates based on the number of monthly installments. The fee income is deferred and recognized over the installment period, when monthly installments become due. The interest income on installment sales is recognized as operating revenue by interest method and allocated to each fiscal period.

(c) Allowance for Losses on Receivables and Guarantees
Receivables are classified into five categories based on the credit history of debtors and the allowance for losses on receivables has been provided for estimated uncollectible amounts by each category. In addition, an allowance has been provided for estimated losses arising from loan guarantees outstanding as of each balance sheet date, using the same method as receivables.

Owing to the Great East Japan Earthquake, the amount of future trade receivables deemed unrecoverable, after being reasonably estimated from features and conditions of each business obligation, is recorded as the allowance for doubtful accounts. Similarly, the amount of loan guarantees deemed unrecoverable, after being reasonably estimated from features and conditions of each loan guarantee obligation, is recorded as the allowance for losses on loan guarantees.

(d) Short-term Investments and Investments in Securities
The Company and subsidiaries adopted "Accounting Standards for Financial Instruments" issued by the Business Accounting Deliberation Council and the related implementation guidance issued by the Accounting Standards Board of Japan (ASBJ). Under this standard, securities are to be classified into one of the following three categories and accounted for as follows:

- Securities that are generally used with the objective of generating profits on short-term differences in price are classified as trading securities and measured at fair value, with unrealized holding gains and losses included in earnings.

- Securities that the Company and subsidiaries have positive intent and ability to hold to their maturities are classified as held-to-maturity securities and measured at amortized cost.

- Securities classified as neither trading securities nor held-to-maturity securities are classified as other securities and measured at fair value, with either unrealized holding gains and losses excluded from earnings and reported as a net amount in a separate component of net assets until realized, or unrealized holding losses included in earnings and unrealized gains excluded from earnings and reported as a net amount in a separate component of net assets until realized.

Held-to-maturity securities are amortized or accumulated to face value. Other securities with a fair value are carried at fair value with unrealized holding gains and losses excluded from earnings and reported as a net amount in a separate component of net assets until realized. Other securities without fair value are carried at cost. In computing realized gain or loss, cost of other securities was principally determined by the moving-average method.

(e) Method of Depreciation for Important Depreciable Assets
The declining-balance method is applied to property and equipment other than assets held for lease. However, the straight-line method is applied to buildings (excluding fixtures) acquired on or after April 1, 1998.

The straight-line method is applied to intangible fixed assets other than assets held for lease. Of these, the straight-line method is applied to software based on its in-house useful life (five years).

(f) Total accumulated advanced depreciation on property and equipment
Accumulated advanced depreciation on property and equipment including assets held for lease was ¥597 million ($7,192 thousand) in the fiscal year ended March 31, 2011, and ¥381 million in the fiscal year ended March 31, 2010.

(g) Impairment of Fixed Assets
The Company and subsidiaries adopted "Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council and the related implementation guidance issued by the ASBJ. Under this standard and implementation guidance, fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When amounts of undiscounted future cash flows of fixed assets are less than the carrying amounts, the fixed assets are determined to be impaired. Then, an

amount by which the carrying amount exceeds the recoverable amount is recognized as an impairment loss in earnings. The recoverable amount of fixed assets is the greater of the net selling price or the present value of the future cash flows expected to be derived from the fixed assets. The Company and consolidated subsidiaries identify groups of assets by their business units as the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

(h) Residual Value Reserves

Accumulated depreciation includes an allowance for losses on disposal of leased assets upon termination of lease contracts. The Company and subsidiaries provided for the allowance in the amount of ¥1,932 million ($23,277 thousand) for the year ended March 31, 2011 and ¥1,591 million for the year ended March 31, 2010 and appropriated for losses on disposal of leased assets in the amount of ¥1,121 million ($13,506 thousand) for the year ended March 31, 2011 and ¥1,936 million for the year ended March 31, 2010. The allowance included in accumulated depreciation was ¥2,748 million ($33,108 thousand) at March 31, 2011 and ¥1,987 million at March 31, 2010.

(i) Income Taxes

Deferred income taxes are accounted for under the asset and liability method, and deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be recovered or settled.

(j) Retirement and Severance Benefits

The Company and subsidiaries account for retirement and severance benefits in accordance with "Accounting Standard for Retirement Benefits" issued by the Business Accounting Deliberation Council. Under this standard, retirement and severance benefits for employees are accrued based on the estimated retirement benefit obligation and the pension assets.

Retirement benefits for directors and executive officers have been reserved for the vested benefits to which they are entitled if they were to retire or sever immediately at the balance sheet date.

On March 31, 2008, retirement benefits for directors and executive officers were eliminated. The reserve balance as of March 31, 2011 is to be drawn down as directors retire, when retirement bonus payment amounts are determined.

(k) Foreign Currency Translation

The Company accounts for foreign currency transactions in accordance with "Accounting Standard for Foreign Currency Transaction" issued by the Business Accounting Deliberation Council. Under this standard, foreign currency transactions are translated into yen on the basis of the rates in effect at the transaction date or, if the relation between a foreign currency transaction and related firm forward exchange contracts meets the criteria of hedge accounting as provided in "Accounting Standards for Financial Instruments," those transactions covered by firm forward exchange contracts can be translated at such contracts rates. At year-end, monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, except for those, as described above, translated at related contract rates. Gains or losses resulting from the translation of foreign currencies, including gains and losses on settlement, are recognized in earnings as incurred.

The financial statements of the foreign subsidiaries are translated into the reporting currency of yen as follows: all assets and liabilities are translated at the rates of exchange in effect at the balance sheet date; net assets accounts are translated at historical rates; income and expenses are translated at an average of exchange rates in effect during the year; and a comprehensive adjustment resulting from translation of assets, liabilities and net assets is included in Minority interests and Foreign currency translation adjustments, separate components of net assets.

(l) Treasury Stock

Treasury stock is recorded at cost as a deduction of stockholders' equity. When the Company reissues the treasury shares, the difference between the issuance price and the costs of the treasury shares are accounted for as capital surplus.

(m) Appropriation of Retained Earnings

Under the Japanese Corporate Law, the Company is able to appropriate retained earnings by resolution of the Board of Directors, provided that certain criteria are met.

(n) Per Share Data

Basic net income per share is computed by dividing net income available to common stockholders by the weighted average number of shares of common shares outstanding during each year. Diluted net income per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity.

(o) Financial Instruments

The Company accounts for installment accounts receivable in accordance with "Accounting Standards for Financial Instruments" issued by the Business Accounting Deliberation Council. Under this standard, installment accounts receivable is recorded at fair value less unearned income.

Effective from the year ended March 31, 2010, the Company adopted the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10 revised March 10, 2008) and the "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19 revised March 10, 2008). Accordingly, at March 31, 2010, investments in other securities increased by ¥8,884 million, deferred tax assets decreased by ¥3,599 million and net unrealized holding gain on securities increased by ¥5,285 million compared with the case where the previous accounting method was applied.

(p) Derivative Financial Instruments

The Company and certain subsidiaries account for derivative financial instruments in accordance with "Accounting Standards for Financial Instruments" issued by the Business Accounting Deliberation Council. Under this standard, in principle, net assets or liabilities arising from derivative financial transactions are measured at fair value, with unrealized gain or loss included in earnings. Hedging transactions, which meet the criteria of hedge accounting as provided in "Accounting Standards for Financial Instruments," are accounted for using deferral hedge accounting, which requires the unrealized gain or loss to be deferred as a liability or asset until gain or loss relating to the hedged instrument is recognized.

Net assets or liabilities arising from derivative financial transactions are measured at fair value, except for interest rate option contracts, which are accounted for using deferral hedge accounting. In addition, certain foreign currency swap transactions and certain interest rate swap transactions are accounted for using the allocation method and the special method, respectively, which are regulated in the standard. The allocation method requires recognized foreign currency receivables or payables covered by firm foreign currency swap transactions to be translated at such swap rates. Under the special method, interest rate swap transactions are accounted for as if the interest rates under those transactions were originally applied to underlying borrowings and debentures.

Interest rate swaps, currency swaps and exchange forward contracts are used as hedges. Hedged items are receivables, payables and forecast transactions.

Derivatives transactions are conducted to hedge interest rate risk and exchange rate risk related to financing activities. Counterparties on derivatives transactions are limited to highly rated financial institutions.

Hedging effectiveness is evaluated by conducting a comparative analysis, comparing cumulative fluctuations in rates on hedged items or their cash flows with cumulative fluctuations in the rates on hedging methods or their cash flows.

(q) Securitization

The Company and subsidiaries have a number of securitization programs. Under those programs, certain financial assets such as lease receivables, notes and accounts receivable – trade are sold to Special Purpose Entities which are funded through the issuance of asset-backed securities to investors. Among the securitizations of lease receivables that are recognized as finance leases, securitizations that satisfy the derecognition of financial assets were treated as financial transactions in the past. However, owing to the application of "Practical Guidelines on Accounting Standards for Financial Instruments" (Revision of Accounting Practice Committee Statement No. 14, March 25, 2008) from the year ended March 31, 2009, portions of leases related to the right to receive lease payments are now accounted for as sale and purchase transactions. With regard to securitizations that do not satisfy the derecognition of financial assets, the Company accounts for a transfer of investment in direct finance leases as a secured borrowing with pledge of collateral and classifies the borrowing as obligation for securitized lease receivables.

(r) Reclassification

The Company started presenting "Income before minority interests" on the consolidated statements of income from the year ended March 31, 2011 in accordance with "Cabinet Office Ordinance of Partial Amendment to Regulation for Terminology, Forms and Preparation of Financial Statements" (Cabinet Office Ordinance No. 5, March 24, 2009) based on "Accounting Standard for Consolidated Financial Statements"(ASBJ Statement No. 22, issued on December 26, 2008).
"Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, June 30, 2010) became effective for consolidated financial statements from the year ended March 31, 2011.
Accordingly, the Company has applied this standard and has presented the "Valuation and translation adjustments" and "Total valuation and translation adjustments" for the year ended March 31, 2010 as "Accumulated other comprehensive income" and "Total accumulated other comprehensive income" based on the new standard.
Regarding the securitization of items that were included within "other" in "cash flows from operating activities" for the fiscal year ended March 31, 2009, the net change in payables has been itemized for the fiscal year ended March 31, 2010. The increase in payables resulting from the securitization of items included within "other" in "cash flows from operating activities" for the fiscal year ended March 31, 2009 was ¥76,473 million ($822,290 thousand).

(s) Application of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

The "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18, May 17, 2006), is applied from the year ended March 31, 2009, and the necessary adjustments are made from the standpoint of consolidated accounting. This change has minimal impact on profits and losses.

(t) Application of "Accounting Standard for Lease Transactions"

In the past, finance lease transactions that do not transfer ownership were treated for accounting purposes as operating lease transactions. However, from the year ended March 31, 2009, the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, March 30, 2007, the revised statement by the First Subcommittee of the Business Accounting Council on June 17, 1993) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, March 30, 2009, the revised statement by the Standards Advisory Council of the Japanese Institute of Certified Public Accountants on January 18, 2009) are applied, and finance lease transactions shall be accounted for in a manner similar to the accounting for ordinary sale and purchase transactions. With respect to finance lease transactions that do not transfer ownership that commenced prior to April 1, 2008 in compliance with the accounting standard for lease transactions, the appropriate carrying amount (less accumulated depreciation) of the fixed assets as at the balance sheet date of the accounting year preceding the initial year of implementation of this accounting standard is recognized as the value of leased assets at the beginning of the year, or the total value of the amount equivalent to interest on these investment in direct finance leases remaining after the implementation of the accounting standard is divided into equal amounts and recognized in each fiscal term over the lease period.

During the year ended March 31, 2009, the impact of these changes on operating income and income before income taxes and minority interests is minimal.

(u) Application of "Practical Guidelines on Accounting Standards for Financial Instruments" (Accounting Practice Committee Statement No. 14, revised March 25, 2008)

The "Practical Guidelines on Accounting Standards for Financial Instruments" (Accounting Practice Committee Statement No. 14, revised March 25, 2008) are applied from the year ended March 31, 2009. As a result, of the securitization of investment in direct finance leases that are recognized as finance lease transactions, securitizations that satisfy the derecognition of financial assets are treated as financial transactions in the past; however, from the year ended March 31, 2009, the portion of lease related to the right to receive lease payments are accounted for as sale and purchase transactions.

For the aforesaid sales and purchase transactions accounted for as sale and purchase transactions, as it was difficult from a practical standpoint to determine the fair value of financial components of all securitization transactions back to their date of actual securitization, these have been treated at their carrying amounts as of the beginning of the year ended March 31, 2009.

As a result of these changes, at the beginning of the year ended March 31, 2009, ¥25,703 million was recorded as other income, and during the year ended March 31, 2009, operating income was ¥1,908 million higher than it would have been under the previous method, and income before income taxes and minority interests was ¥27,612 million higher. The impact on the consolidated balance sheets as of the beginning of the year ended March 31, 2009, is indicated below. The impact on segment information is indicated in the appropriate section.

	Japanese yen (millions)
	2009
Current assets	¥ (813,853)
Non-current assets	65,788
Total assets	¥ (748,065)
Current liabilities	¥ (280,157)
Non-current liabilities	(493,612)
Total liabilities	¥ (773,769)

(v) Change in basis of recording customer fee income on installment sales and installment credit obligations

From the year ended March 31, 2009, the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, March 30, 2007, the revised statement by the First Subcommittee of the Business Accounting Council on June 17, 1993) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, March 30, 2007, the revised statement by the Standards Advisory Council of the Japanese Institute of Certified Public Accountants on January 18, 2004) are applied. As a result, the method of recognizing lease transaction revenue changed from the straight-line method to an interest method. In line with this change, standards for posting installment sales and installment credit obligations that are similar to commercial substance, such as customer fee income on lease transaction, changed from an installment basis to revenue based on the interest method. As a result of this change, as of the beginning of the year ended March 31, 2009, the difference between the posted revenue amount resulting from customer fees on an installment basis and revenue based on the interest method amounted to installment sales of ¥379 million, installment credit obligations of ¥516 million being posted as other income. In addition, compared with the previous method, installment sales pushed up operating income in the year ended March 31, 2009, by ¥16 million, and raised income before income taxes and minority interests by ¥395 million; and installment credit obligations in the year ended March 31, 2009, raised operating income by ¥170 million and increased income before income taxes and minority interests by ¥687 million. The impact on segment information is indicated in the appropriate section.

(w) Change in basis of recording revenue from financial institution guarantees on loan sales through alliances

Revenue from loan sales through alliances comprises guarantee fees received from customers and guarantee commissions received from the financial institutions over the installment period. In the past, guarantee fees received from customers and guarantee commissions received were recorded as a lump sum on a sales basis, after costs were covered through a reserve allowance. However, owing to the application of the "Accounting Standard for Lease Transactions" and the "Guidance on Accounting Standard for Lease Transactions" from the year ended March 31, 2009, transactions similar to lease transactions, such as the recording of customer fee income on installment sales and installment credit obligations, was changed to recording of revenue based on the interest method. Accordingly, as commercial substance for commissions received from the financial institutions over the installment period are in line with installment sales and installment credit obligations, like standard for recognizing revenues from installment sales and installment credit obligations, revenue recognition was changed based on the interest method.

Owing to this change, as of the beginning of the year ended March 31, 2009, the difference between the amount recorded as a lump sum on a sales basis and the recognized revenue based on the interest method was recorded as an other expense of ¥7,348 million. Compared with the previous method, in the year ended March 31, 2009, this change had the effect of reducing operating income by ¥908 million and income before income taxes and minority interests by ¥8,257 million. The impact on segment information is indicated in the appropriate section.

(x) Change in recording basis of maintenance expenses on maintenance and lease agreements

Maintenance expenses on maintenance and lease agreements include expenses for repair and maintenance of leased vehicles undertaken by customers under lease agreements. In the past, expenses were recorded as repair and maintenance were incurred. In order for a more appropriate periodical accounting of profit and loss, from the year ended March 31, 2009, this method was changed to a monthly allocation of maintenance expenses over the lease term.

As a result of this change, as of the beginning of the year ended March 31, 2009, an other expense of ¥646 million was recorded. Compared with the previous method, this change had the effect of reducing operating income by ¥38 million and income before income taxes and minority interests by ¥685 million during the year ended March 31, 2009. The impact on segment information is indicated in the appropriate section.

(y) Application of "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No. 19, July 31, 2008)
Owing to the application of the "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No. 19, July 31, 2008) to the consolidated financial statements of consolidated fiscal years beginning on or before March 31, 2009, this standard is applied from the year ended March 31, 2009. As actuarial differences are recorded as expenses in the consolidated fiscal year ended March 31, 2009, this change had no effect on operating income or income before income taxes and minority interests for the year ended March 31, 2009. The unrecorded difference in retirement and severance benefit obligations owing to the application of this accounting standard is minimal.

(z) Selling, general and administrative expenses
Selling, general and administrative expenses for the years ended March 31, 2011, 2010 and 2009 consisted of the following:

	Japanese yen (millions)			U.S. dollars (thousands)
	2011	2010	2009	**2011**
Salaries and allowances	**¥ 25,733**	¥ 25,477	¥ 27,269	**$ 310,036**
Retirement benefit expenses	**2,676**	3,100	2,218	**32,240**
Welfare expenses	**3,256**	3,281	3,459	**39,228**
Rent expenses	**2,869**	3,122	3,327	**34,566**
Communication expenses	**1,047**	1,101	1,066	**12,614**
Operations consignment expenses	**2,501**	2,618	2,980	**30,132**
Difference on provision of allowance for doubtful accounts and allowance for guarantee for loans	**5,265**	11,554	9,216	**63,433**
Others	**13,921**	13,447	14,289	**167,722**
Total selling, general and administrative expenses	**¥ 57,273**	¥ 63,703	¥ 63,828	**$ 690,036**

(4) ASSETS DEPOSITED

As of March 31, 2011, investments in securities of ¥32 million ($385 thousand) were deposited as operating guarantees. In addition, investments in securities of ¥6 million ($72 thousand) issued by an affiliate of Hitachi, Ltd. were pledged as a collateral for the loan of the company.

As of March 31, 2010, investments in securities of ¥32 million were deposited as operating guarantees. Additionally, investments in securities of ¥6 million were pledged as a collateral for the loan of an affiliated company of Hitachi, Ltd.

(5) ALLOWANCE FOR LOSSES ON RECEIVABLES AND GUARANTEES

The Company and subsidiaries provide loan guarantee arrangements on behalf of customers. The outstanding balances of such loan guarantees as of March 31, 2011 and 2010 were ¥420,817 million ($5,070,084 thousand) and ¥413,609 million, respectively. The activities in the allowance for losses on receivables and guarantees provided for the years ended March 31, 2011 and 2010 are summarized as follows:

	Japanese yen (millions)		U.S. dollars (thousands)
	2011	2010	**2011**
Balance at beginning of year	**¥ 17,901**	¥ 16,274	**$ 215,674**
Write-off during the year	**(6,135)**	(9,763)	**(73,915)**
Provision	**5,265**	11,554	**63,433**
Effect of translation adjustments (Note 3 (i))	**3,646**	(163)	**43,927**
Balance at end of year:			
Allowance for losses on receivables	**14,115**	13,601	**170,060**
Allowance for losses on guarantees	**6,564**	4,300	**79,084**
	¥ 20,679	¥ 17,901	**$ 249,144**

(6) SHORT-TERM BANK LOANS AND LONG-TERM DEBT

The weighted average interest rates on short-term bank loans outstanding at March 31, 2011 and 2010 were 0.9% and 0.8%, respectively. Long-term debt at March 31, 2011 and 2010 consisted of the following:

	Japanese yen (millions)		U.S. dollars (thousands)
	2011	2010	**2011**
Unsecured bonds payable in Japanese yen, due from June 2011 to March 2015, interest ranging from 0.64% to 1.60%	**¥ 185,000**	¥ 185,000	**$ 2,228,915**
Unsecured bonds payable in Japanese yen (for specific institutional investors), due from August 2010 to March 2012, interest ranging from 1.28% to 1.93%	**—**	50,000	**—**
Medium-term notes payable issued by Hitachi Capital (UK) PLC, in euro-yen and euro-dollars, due from April 2011 to June 2015, interest ranging from 0.48% to 5.42%	**62,987**	59,633	**758,879**
Medium-term notes payable issued by Hitachi Capital America Corp., in euro-dollars, due from June 2011 to March 2015, interest ranging from 0.46% to 1.75%	**9,035**	30,328	**108,855**
Loans from banks and other financial institutions:			
Unsecured, maturing 2011-2026	**363,027**	385,354	**4,373,819**
	620,050	710,316	**7,470,481**
Less current portion	**148,164**	133,671	**1,785,108**
	¥ 471,885	¥ 576,644	**$ 5,685,361**

The weighted average interest rates on long-term loans from banks and other financial institutions outstanding at March 31, 2011 and 2010, shown above, were 1.4% and 1.6%, respectively. The aggregate annual maturities of long-term debt at March 31, 2011 were as follows:

	Japanese yen (millions)	U.S. dollars (thousands)
More than 1 year, within 2 years	¥ 207,783	$ 2,503,409
More than 2 years, within 3 years	98,561	1,187,481
More than 3 years, within 4 years	120,597	1,452,975
More than 4 years, within 5 years	16,158	194,674
More than 5 years	28,784	346,795
	¥ 471,885	$ 5,685,361

As is customary in Japan, both short-term and long-term bank loans are made under agreements which provide that securities and guarantees for present and future indebtedness will be given upon request from the bank, and that the bank shall have the right, as the obligations become due or in the event of default, to offset cash deposits against obligations to the bank.

(a) Hitachi Capital America Corp. set up a $400 million medium-term-note lending program with the Company's guarantee at October 29, 2003. Amounts of issues exceeding $400 million are guaranteed through separate applications. The issued note amount was $108 million as of March 31, 2011.

(b) Hitachi Capital (UK) PLC set up a $1,400 million medium-term euro-note lending program at November 15, 2004. The issued note amount was $757 million as of March 31, 2011.

(7) TRADE PAYABLES

Trade payables at March 31, 2011 and 2010 were as follows:

	Japanese yen (millions)		U.S. dollars (thousands)
	2011	2010	**2011**
Notes payable	**¥ 623**	¥ 1,414	**$ 7,506**
Accounts payable	**224,090**	208,931	**2,699,879**
	¥ 224,713	¥ 210,345	**$ 2,707,385**

Trade payables represent amounts arising from purchases of installment receivables and purchases of goods and property to be sold or leased by the Company and subsidiaries. Generally, notes payable become due from 30 to 180 days after the date of issue. The most common terms of maturity are from 30 to 120 days.

(8) INCOME TAXES

Income tax expense attributable to income from continuing operations for the years ended March 31, 2011, 2010 and 2009 consists of the following:

	Japanese yen (millions)			U.S. dollars (thousands)
	2011	2010	2009	**2011**
Current	**¥ 14,514**	¥ 4,240	¥ 17,069	**$ 174,867**
Deferred	**(11,305)**	756	(7,364)	**(136,204)**
	¥ 3,208	¥ 4,997	¥ 9,705	**$ 38,650**

The Company and its domestic subsidiaries are subject to a number of taxes based on income. The aggregated statutory income tax rate for domestic companies was approximately 40.5% for the years ended March 31, 2011, 2010 and 2009. Reconciliation between the statutory income tax rate and the effective income tax rate as a percentage of income before income taxes and minority interests is as follows:

	2011	2010	2009
Statutory income tax rate	**40.5%**	40.5%	40.5%
Per capita tax	**1.4**	1.0	0.7
Expenses not deductible for tax purposes	**4.3**	2.2	1.3
Difference in statutory tax rates of foreign subsidiaries	**(9.8)**	(5.1)	(1.8)
Elimination for tax credit on dividend income by consolidation	**8.5**	3.8	6.2
Depreciation of goodwill	**3.8**	2.2	1.9
Other consolidated adjustments without recognized tax effects	**(4.7)**	0.7	—
Tax credits	**(0.4)**	(1.2)	(0.8)
Decrease in valuation reserve	**(0.5)**	(4.8)	(0.2)
Dividends received and other non-taxable items excluded from calculations	**(8.0)**	(3.1)	(2.2)
Other	**(1.9)**	1.2	(1.1)
Effective income tax rate	**33.2%**	37.4%	44.5%

The effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of March 31, 2011 and 2010 are presented below:

	Japanese yen (millions)		U.S. dollars (thousands)
	2011	2010	**2011**
Total gross deferred tax assets:			
Depreciation	**¥ 16,663**	¥ 12,220	**$ 200,759**
Allowance for losses on receivables	**3,983**	2,761	**47,987**
Allowance for losses on guarantees	**2,659**	1,690	**32,036**
Accrued expenses	**1,513**	1,789	**18,228**
Net operating loss carryforwards	**1,565**	450	**18,855**
Cumulative revenues from leasing contracts	**6,901**	5,409	**83,144**
Accrued business taxes	**910**	78	**10,963**
Prepaid expenses	**115**	146	**1,385**
Retirement and severance benefits	**368**	26	**4,433**
Valuation loss on other securities	**796**	121	**9,590**
Retirement benefits for directors	**113**	124	**1,361**
Asset retirement obligations	**2,027**	—	**24,421**
Provision for loss on disaster	**531**	—	**6,397**
Bad debt write-off	**2,309**	1,663	**27,819**
Other	**2,562**	3,548	**30,867**
	43,021	30,031	**518,325**
Valuation allowance	**(2,019)**	(2,297)	**(24,325)**
	41,002	27,734	**494,000**
Total gross deferred tax liabilities:			
Gains and losses on lease receivable transactions	**(6,353)**	(8,997)	**(76,542)**
Net unrealized holding gain on investments in other securities	**(4,639)**	(4,885)	**(55,891)**
Temporary difference related to overseas subsidiaries and other	**—**	(709)	**—**
Additional depreciation by overseas subsidiaries	**(3,921)**	—	**(47,240)**
Business tax refunds receivable	**—**	(343)	**—**
Prepaid pension benefit cost	**(2,703)**	(2,705)	**(32,566)**
Total capitalization of asset retirement obligation cost	**(1,531)**	—	**(18,445)**
Other	**(554)**	(0)	**(6,674)**
	(19,704)	(17,642)	**(237,397)**
Net deferred tax assets	**¥ 21,297**	¥ 10,091	**$ 256,590**

As of March 31, 2011 and 2010, no deferred tax assets were recognized for the temporary differences related to the Company's divested operation, since it is not practicable to estimate the timing of the reversals of the temporary differences. Net deferred tax assets and liabilities as of March 31, 2011 and 2010 are reflected in the accompanying consolidated balance sheets under the following captions:

	Japanese yen (millions)		U.S. dollars (thousands)
	2011	2010	**2011**
Prepaid expenses and other current assets	**¥ 10,813**	¥ 5,147	**$ 130,277**
Other assets	**12,013**	5,877	**144,737**
Other current liabilities	**(1,148)**	(662)	**(13,831)**
Other liabilities	**(379)**	(270)	**(4,566)**
Net deferred tax assets	**¥ 21,297**	¥ 10,091	**$ 256,590**

(9) RETIREMENT AND SEVERANCE BENEFITS

The Company and its domestic subsidiaries have a number of pension plans to provide retirement and severance benefits to substantially all employees. Under these plans, contributions are made solely by the Company and subsidiaries.

Principal pension plans are unfunded defined benefit pension plans. Under the plans, employees are entitled to lump-sum payments based on the current rate of pay and the length of service upon retirement or termination of employment for reasons other than dismissal for cause. The liability is partially funded by contributions to trusted pension funds. Such contributions constitute funded status of the plans. In addition to the above plans, the Company and certain subsidiaries have defined contribution plans. Also certain overseas consolidated subsidiaries have introduced defined benefit and defined contribution plans.

The funded status of the Company's pension plans as of March 31, 2011 and 2010 is summarized as follows:

	Japanese yen (millions)		U.S. dollars (thousands)
	2011	2010	**2011**
Projected benefit obligation	**¥ (42,007)**	¥ (42,073)	**$ (506,108)**
Plan assets at fair value	**34,363**	34,987	**414,012**
Funded status	**(7,644)**	(7,086)	**(92,096)**
Unrecognized actuarial losses	**14,866**	15,660	**179,108**
Unrecognized prior service cost	**(1,472)**	(1,749)	**(17,734)**
Net amount recognized in the consolidated balance sheets	**¥ 5,749**	¥ 6,823	**$ 69,265**
Amounts recognized in the consolidated balance sheets consist of:			
Prepaid benefit cost	**¥ 10,269**	¥ 11,326	**$ 123,722**
Accrued benefit cost	**(4,519)**	(4,502)	**(54,445)**
	¥ 5,749	¥ 6,823	**$ 69,265**

Net periodic benefit cost for the years ended March 31, 2011, 2010 and 2009 consisted of the following components:

	Japanese yen (millions)			U.S. dollars (thousands)
	2011	2010	2009	**2011**
Service cost, net of participants' contributions	**¥ 1,331**	¥ 1,361	¥ 1,440	**$ 16,036**
Interest cost	**1,132**	1,130	1,182	**13,638**
Expected return on plan assets for the period	**(1,165)**	(1,009)	(1,330)	**(14,036)**
Amortization of actuarial losses	**1,655**	1,894	1,203	**19,939**
Amortization of prior service cost	**(277)**	(277)	(277)	**(3,337)**
Net periodic benefit cost	**2,676**	3,100	2,218	**32,240**
Contributions to the defined contribution pension plan	**¥ 357**	¥ 356	¥ 346	**$ 4,301**

Actuarial assumptions and the basis used in accounting for the Company's plans are principally as follows:

a. Discount rates were 2.0% to 2.5% for the years ended March 31, 2011, 2010 and 2009. The rate was 5.6% for overseas subsidiaries.
b. Expected rates of return were 3.0% for the years ended March 31, 2011, 2010 and 2009. The rate was 6.4% for overseas subsidiaries.
c. Actuarial losses are amortized using the straight-line method over 5 to 22 years, which is within the estimated average remaining service years of employees.
d. Prior service cost is amortized using the straight-line method over 11 to 19 years, which is within the estimated average remaining service years of employees.

(10) ASSET RETIREMENT OBLIGATIONS

Overview of asset retirement obligations on the consolidated balance sheets as of March 31, 2011 is shown below.

(1) Overview of asset retirement obligations
Real estate leasing agreements on office buildings involve obligations to return facilities to their original condition, and fixed-term lease agreements related to building leases also carry such obligations as restoring buildings to their original conditions.

(2) Method of calculating asset retirement obligation amounts
Expected useful lives of those office buildings are estimated to be 3 to 58 years after commencement of lease agreements, and asset retirement obligation amounts are calculated by using discount rates from 0.6% to 3.5%.

(3) Changes in total asset retirement obligations during the year ended March 31, 2011 are as follows.

	Japanese yen (millions)	U.S. dollars (thousands)
	2011	**2011**
The balance at the beginning of the year (Note)	**¥4,933**	**$59,433**
Increase due to acquisition of property and equipment	**45**	**542**
Elapsed time adjustment	**122**	**1,469**
Decrease due to fulfillment of asset retirement obligations	**(99)**	**(1,192)**
The balance at the end of the year	**¥5,002**	**$60,265**

(Note) The balance at the beginning of the year reflects the application from the year ended March 31, 2011 of the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008).

(11) STOCKHOLDERS' EQUITY

At March 31, 2011, 58.5% of the outstanding capital stock of the Company was directly owned by Hitachi, Ltd.

The Company has authorized to issue 270,000,000 shares of common stock as of March 31, 2011 and 2010.

The Japanese Corporate Law stipulates that the amounts actually paid in or provided in consideration for newly issued stocks shall be recorded as common stock. However, it also allows 50% or less of such amounts to be recorded as additional paid-in capital. The Japanese Corporate Law requires that an amount equal to 10% of dividends be appropriated to the legal reserve. However, such appropriation cannot be made if the aggregate amount of the legal reserve exceeds 25% of common stock (i.e., the aggregate amount of the Company's legal reserve has already reached 25% of its common stock).

Directors' bonuses are charged to income in the fiscal year in which they are accrued.

The accompanying consolidated financial statements do not include any provision for the semiannual dividend of ¥16.00 ($0.19) per share totaling ¥32.00 ($0.38) subsequently proposed by the Board of Directors with respect to the fiscal year ended March 31, 2011.

(12) TREASURY STOCK

The Japanese Corporate Law allows a company to acquire treasury stock upon shareholders' approval to the extent that sufficient distributable funds are available. If the Board of Directors' authority is stated in the articles of incorporation, a company is allowed to acquire treasury stock not upon shareholders' approval but Board of Directors' approval. In this connection, acquisition of treasury stock is allowed under the Company's articles of incorporation.

Pursuant to the provisions of the Japanese Corporate Law, shareholders may request the company to acquire their shares less than a minimum trading lot as shares less than a minimum trading lot cannot be publicly traded and such a shareholder holding less than a minimum trading lot cannot exercise a voting right and other shareholders' rights except as provided in the Japanese Corporate Law or the articles of incorporation. The Japanese Corporate Law also states that a shareholder holding shares less than a minimum trading lot may request the company to sell its treasury stock, if any, to the shareholder up to a minimum trading lot if entitled under the articles of incorporation. In this connection, sale of treasury stock is allowed under the Company's articles of incorporation.

The changes in treasury stock for the years ended March 31, 2011, 2010 and 2009 are summarized as follows:

	Japanese yen (millions)		U.S. dollars (thousands)
	Number of shares	Amount	Amount
Balance as of March 31, 2008	7,935,994	¥ 14,328	
Purchase of treasury stock	1,522	1	
Disposal of treasury stock	679	0	
Balance as of March 31, 2009	7,936,837	¥ 14,329	
Purchase of treasury stock	863	1	
Disposal of treasury stock	8	0	
Balance as of March 31, 2010	7,937,692	¥ 14,330	$ 172,650
Purchase of treasury stock	1,078	1	12
Disposal of treasury stock	—	—	—
Balance as of March 31, 2011	7,938,770	¥ 14,331	$ 172,662

(13) OTHER INCOME AND OTHER EXPENSES

The details of other income and other expenses for the years ended March 31, 2011, 2010 and 2009 are as follows:

	Japanese yen (millions)			U.S. dollars (thousands)
	2011	2010	2009	**2011**
Gain on allotment of stocks	**¥ 159**	¥ —	¥ —	**$ 1,915**
Gain on sale of investment securities	**49**	509	—	**590**
Gain on sale of fixed assets	**12**	15	—	**144**
Gain on transfer of lease receivables associated with change in accounting standard	**—**	—	25,703	**—**
Gain on change in accounting policy of revenues from installment transactions	**—**	—	895	**—**
Other	**7**	14	45	**84**
Other Income	**¥ 228**	¥ 540	¥ 26,645	**$ 2,746**

	Japanese yen (millions)			U.S. dollars (thousands)
	2011	2010	2009	**2011**
Loss on disaster	**¥ 6,903**	¥ —	¥ —	**$ 83,168**
Loss on valuation of investment securities	**961**	10	1,001	**11,578**
Impact resulting from the application of accounting standards for asset retirement obligations	**110**	—	—	**1,325**
Loss on retirement of fixed assets	**22**	29	—	**265**
Equity in losses of affiliates	**19**	15	—	**228**
Loss on change in accounting policy of revenues from loans	**—**	—	7,348	**—**
Bad debts expenses for lease transactions	**—**	—	1,414	**—**
Loss on change in accounting policy of maintenance cost for lease transactions	**—**	—	646	**—**
Impairment loss	**—**	—	3,206	**—**
Extra retirement payments	**—**	—	1,587	**—**
Provision for loss on disposal of assets for lease transactions	**—**	—	5,722	**—**
Loss on transfer of business	**—**	—	1,403	**—**
Other	**16**	9	81	**192**
Other expenses	**¥ 8,033**	¥ 65	¥ 22,413	**$ 96,783**

Loss on disaster

A breakdown of losses posted as a result of the Great East Japan Earthquake is provided as follows:

	Japanese yen (millions)	U.S. dollars (thousands)
	2011	**2011**
Estimated amount of uncollectible accounts receivables, etc.	**¥ 4,096**	**$ 49,349**
Expected losses on disposal and repair of facilities under lease	**4,144**	**49,927**
One-time expenses such as donations	**23**	**277**
Insurance claims receivable	**(1,361)**	**(16,397)**
Total loss on disaster	**¥ 6,903**	**$ 83,168**

The estimated amount of uncollectible accounts receivables is included in the allowance for losses on receivables and allowance for losses on guarantees. Expected losses on disposal and repair of facilities under lease are also included in the provision for loss on disaster, and decrease in investment in direct finance leases and equipment held for lease.

Bad debts expenses for lease transactions

One of the Company's business partners, a domestic semiconductor company, received acceptance of application for civil rehabilitation proceedings on September 25, 2008. The Company had provided this customer with leased testing and other equipment. However, the Company estimates that this equipment is unrecoverable, owing to the petition to commence civil rehabilitation proceedings. This amount is recorded as other expenses.

Impairment loss

The Company and its certain subsidiaries have recognized impairment losses on the assets listed below for the year ended March 31, 2009.

Category	Type	Location	Impairment Loss
Assets slated for disposal	Buildings, structures, land	Matsudo-shi, Chiba; Yama-gun, Fukushima; Osaka-shi, Osaka	¥ 679 million
Business-use asset	Leased assets	—*	¥ 1,540 million
Business-use asset (consolidated subsidiary)	Leased assets	—*	¥ 871 million
Business-use asset (consolidated subsidiary)	Other intangible fixed assets	Chiyoda-ku, Tokyo	¥ 115 million

* As lease assets are delivered over a wide-ranging area, locations have been omitted here.

The Hitachi Capital Group principally groups business-use assets in accordance with each company's business categories. Assets or asset management groups for which independent cash flows can be estimated are grouped separately. Assets to be disposed of are grouped as individual assets.

The business-use assets are written down to value in use and recorded as impairment losses in other expenses. Value in use is calculated by discounting future cash flows using discount rates ranging from 5.1% to 12.8%.

Impairment loss on assets to be disposed of was determined by recoverable value and the difference from carrying amount was recorded as impairment loss in other expenses for the year ended March 31, 2009. The recoverable value is estimated from the net sale or disposal value, which employs the expected sale or disposal value.

The estimated loss on disposal of assets corresponding to the estimated residual value on finance lease transactions is recorded in other expenses.

The Company and subsidiaries did not recognize any impairment loss for the years ended March 31, 2011 and 2010.

(14) NET INCOME PER SHARE INFORMATION

The basis for calculation of net assets per share is provided below.

	Number of shares	
	2011	2010
The number of common shares used in calculation of net assets per share at year end	**116,887,782**	116,888,860

	Japanese yen (millions)		U.S. dollars (thousands)
	2011	2010	**2011**
Total net assets	**¥ 254,797**	¥ 252,268	**$ 3,069,843**
Exclusion from total net assets	**1,608**	1,463	**19,373**
(Of which, minority interests)	**(1,608)**	(1,463)	**(19,373)**
Net assets attributable to common stock at March 31	**¥ 253,189**	250,804	**3,050,469**

	Japanese yen		U.S. dollars
	2011	2010	**2011**
Net assets per share	**¥ 2,166.0**	¥ 2,145.6	**$ 26.09**

The reconciliation of the number of shares and the amounts used in the basic and diluted net income per share computations is as follows:

	Number of shares		
	2011	2010	2009
Weighted average number of shares on which basic net income per share is calculated	**116,888,322**	116,889,199	116,890,155
Effect of dilutive securities:			
Convertible debentures	**—**	—	—
Number of shares on which diluted net income per share is calculated	**116,888,322**	116,889,199	116,890,155

	Japanese yen (millions)			U.S. dollars (thousands)
	2011	2010	2009	**2011**
Net income	**¥ 6,234**	¥ 8,248	¥ 12,122	**$ 75,108**
Net income on which basic net income per share is calculated	**6,234**	8,248	12,122	**75,108**
Effect of dilutive securities:				
Stock option granted by a subsidiary	**—**	—	—	**—**
Net income on which diluted net income per share is calculated	**¥ 6,234**	¥ 8,248	¥ 12,122	**$ 75,108**

	Japanese yen			U.S. dollars
	2011	2010	2009	**2011**
Net income per share data:				
Basic	**¥ 53.3**	¥ 70.5	¥ 103.7	**$ 0.64**
Diluted	**—**	—	—	**—**

(15) RELATED PARTIES TRANSACTIONS

The Company's balances with its parent company, Hitachi, Ltd., as of March 31, 2011 and 2010, and related transactions for the years ended March 31, 2011, 2010 and 2009 are summarized as follows:

	Japanese yen (millions)		U.S. dollars (thousands)
	2011	2010	**2011**
Balances:			
Receivables – current	**¥ 12,884**	¥ 8,876	**$ 155,228**
Investment in direct finance leases	**12,486**	10,995	**150,433**
Parent company deposit	**87,608**	184,857	**1,055,518**
Receivables – non-current	**586**	682	**7,060**
Payables – current	**15,858**	16,935	**191,060**

	Japanese yen (millions)			U.S. dollars (thousands)
	2011	2010	2009	**2011**
Transactions:				
Revenue	**¥ 17,482**	¥ 20,028	¥ 69,008	**$ 210,626**
Purchases	**39,520**	36,146	35,740	**476,144**
Interest income	**445**	734	1,087	**5,361**
Fund transaction, net	**97,694**	42,884	(151,911)	**1,177,036**

The Company's balances and related transactions with Hitachi Asset Funding Ltd., which currently has a common parent company, Hitachi, Ltd., are outlined below. Hitachi Asset Funding Ltd. was an affiliated company of the Company during the year ended March 31, 2009.

	Japanese yen (millions)		U.S. dollars (thousands)
	2011	2010	**2011**
Balances:			
Receivables – current	**¥ —**	¥ 6	**$ —**
Payables – current	**26,766**	54,696	**322,481**

	Japanese yen (millions)			U.S. dollars (thousands)
	2011	2010	2009	**2011**
Transactions:				
Revenue	**¥ 43**	¥ 82	¥ 119	**$ 518**
Transfer of receivables	**303,884**	320,591	595,567	**3,661,253**
Payments of funds collected	**331,391**	369,467	549,643	**3,992,662**

The Company's balances and related transactions with Hitachi Construction Machinery Co., Ltd., which currently has a common parent company, Hitachi, Ltd., are outlined below.

	Japanese yen (millions)	U.S. dollars (thousands)
	2011	**2011**
Balances:		
Receivables – current	**¥ 25,777**	**$ 310,566**

	Japanese yen (millions)	U.S. dollars (thousands)
	2011	**2011**
Transactions:		
Increase in the uncollected balance for the settlement services	**¥ 11,103**	**$ 133,771**

The Company's balances and related transactions with Hitachi Plant Technologies, Ltd., which currently has a common parent company, Hitachi, Ltd., are outlined below.

	Japanese yen (millions)	U.S. dollars (thousands)
	2011	**2011**
Balances:		
Receivables – current	**¥ 12,499**	**$ 150,590**

	Japanese yen (millions)	U.S. dollars (thousands)
	2011	**2011**
Transactions:		
Increase in the uncollected balance for the settlement services	**¥ 115**	**$ 1,385**

(16) CONSOLIDATED STATEMENTS OF CASH FLOWS — SUPPLEMENTARY INFORMATION

For the purpose of the statements of cash flows, the Company considers all highly liquid investments with insignificant risk of changes in value that have maturities of generally three months or less when purchased to be cash equivalents. The components of cash and cash equivalents at March 31, 2011, 2010 and 2009 were as follows:

	Japanese yen (millions)			U.S. dollars (thousands)
	2011	2010	2009	**2011**
Cash on hand and at bank	**¥ 12,750**	¥ 28,739	¥ 24,865	**$ 153,614**
Parent company deposit	**87,689**	184,918	227,007	**1,056,493**
Total	**¥ 100,440**	¥ 213,657	¥ 251,872	**$ 1,210,120**
Time deposits with a period of more than three months	**(2,250)**	(2,500)	—	**(27,108)**
Cash and cash equivalents	**¥ 98,190**	¥ 211,157	¥ 251,872	**$ 1,183,012**

(17) SEGMENT INFORMATION

No segmentation of business categories was indicated for the fiscal years ended March 31, 2010 and 2009.

1. Overview of reporting segments

The Group's reporting segments are composed of those individual business units for which separate financial information is available, about with the Board of Directors makes decisions regarding the allocation of management resources and for which operating performance can be evaluated, allowing them to be examined periodically.

The Hitachi Capital Group provides a wide range of financial services and systems that focus on "products" aimed at meeting our customers' needs while also deepening ties with affiliated companies.

The Group has four reporting segments: Financial services based on "products"; Commission services that leverage goods management knowhow; Supply and sales services that concentrate on the use, utility value and circulation of these goods; and Overseas businesses such as finance lease transactions in different countries.

Financial services are based on "products" and include finance leases.

Commission services include services leveraging goods management knowhow as well as outsourcing business and credit guarantee business such as the collection of accounts receivable and settlement of accounts payable. These focus on the flow of goods and make extensive use of our credit and collection capabilities.

Supply and sales services are focused on the use, utility value and circulation of goods and include rental, auto lease and recycling and reuse-based transactions.

Overseas businesses include finance leases at each site overseas.

2. Methods of calculating revenues, income or losses, assets, liabilities and other items by reporting segment

Methods of accounting for reported business segments are in principal the same as those indicated in "Basis of Presenting Consolidated Financial Statements."

3. Information on revenues and profits and losses by reporting segment

For the year ended March 31, 2011

	Japanese yen (millions)								
	Reporting segments					Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Financial services	Commission services	Supply and sales services	Overseas businesses	Subtotal				
Revenues									
Revenues from third parties	¥ 39,156	¥ 14,550	¥ 10,547	¥ 27,007	¥ 91,261	¥ 756	¥ 92,018	¥ —	¥ 92,018
Intersegment revenues									
Revenues and transfers	1,865	1,289	687	0	3,843	—	3,843	(3,843)	—
Total	41,021	15,840	11,234	27,007	95,104	756	95,861	(3,843)	92,018
Segment profit	¥ 8,197	¥ 2,748	¥ 3,168	¥ 5,990	¥ 20,104	¥ 756	¥ 20,860	¥ (3,400)	¥ 17,460

	U.S dollars (thousand)								
	Reporting segments					Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Financial services	Commission services	Supply and sales services	Overseas businesses	Subtotal				
Revenues									
Revenues from third parties	$ 471,759	$ 175,301	$ 127,072	$ 325,385	$1,099,530	$ 9,108	$1,108,650	$ —	$1,108,650
Intersegment revenues									
Revenues and transfers	22,469	15,530	8,277	0	46,301	—	46,301	(46,301)	—
Total	494,228	190,843	135,349	325,385	1,145,831	9,108	1,154,951	(46,301)	1,108,650
Segment profit	$ 98,759	$ 33,108	$ 38,168	$ 72,168	$ 242,216	$ 9,108	$ 251,325	$ (40,963)	$ 210,361

Notes:1. "Other" includes finance income from administrative department.
2. The segment profit adjustment of negative ¥3,400 million ($40,963 thousand) includes ¥340 million ($4,096 thousand) in intersegment transactions and the elimination of transactions involving dividends to consolidated subsidiaries, as well as ¥3,060 million ($36,867 thousand) in companywide costs that are not allocated to any individual reporting segments. Companywide expenses comprise mainly non-segment general and administrative expenses.
3. Segment profit is adjusted to the operating income figure stated in the Consolidated Statements of Income.
4. Goodwill and assets are not allocated to reporting segments. Goodwill was recorded through the acquisition of subsidiaries. ¥4,512 million ($54,361 thousand) remains unamortized while ¥901 million ($10,855 thousand) was amortized.

For the year ended March 31, 2010

	Japanese yen (millions)								
	Reporting segments					Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Financial services	Commission services	Supply and sales services	Overseas businesses	Subtotal				
Revenues									
Revenues from third parties	¥ 42,032	¥ 13,179	¥ 10,288	¥ 28,978	¥ 94,479	¥ 878	¥ 95,357	¥ —	¥ 95,357
Intersegment revenues									
Revenues and transfers	1,951	1,262	659	1	3,874	—	3,874	(3,874)	—
Total	43,984	14,441	10,948	28,980	98,354	878	99,232	(3,874)	95,357
Segment profit (loss)	¥ 11,175	¥ (409)	¥ 2,858	¥ 1,538	¥ 15,162	¥ 878	¥ 16,041	¥ (3,145)	¥ 12,895

Notes:1. "Other" includes finance income from administrative department.
2. The segment profit (loss) adjustment of negative ¥3,145 million includes ¥525 million in intersegment transactions and the elimination of transactions involving dividends to consolidated subsidiaries, as well as ¥2,620 million in companywide costs that are not allocated to any individual reporting segments. Companywide expenses comprise mainly non-segment general and administrative expenses.
3. Segment profit (loss) is adjusted to the operating income figure stated in the Consolidated Statements of Income.
4. Goodwill and assets are not allocated to reporting segments. Goodwill was recorded through the acquisition of subsidiaries. ¥5,467 million remains unamortized while ¥912 million was amortized.

Additional information
The Company has applied “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, issued on March 27, 2009) and “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, issued on March 21, 2008) from the year ended March 31, 2011.

Related information

For the year ended March 31, 2011

1. Information by Services

	Japanese yen (millions)			
	Lease	Guarantees	Other	Total
Revenues from third parties	¥ 53,050	¥ 6,785	¥ 32,182	¥ 92,018

2. Geographic information

(1) Revenues

Japanese yen (millions)			
Japan	Europe and North America	Asia	Total
¥ 65,010	¥ 21,535	¥ 5,471	¥ 92,018

Note: Countries included in each geographic segment are as follows:
(1) Europe and North America: United Kingdom, Ireland, United States
(2) Asia: Singapore, the People’s Republic of China, Thailand

(2) Property and equipment

Japanese yen (millions)			
Japan	Europe and North America	Asia	Total
¥ 148,463	¥ 44,650	¥ 1,359	¥ 194,473

Note: Countries included in each geographic segment are as follows:
(1) Europe and North America: United Kingdom, Ireland, United States
(2) Asia: Singapore, the People’s Republic of China, Thailand

For the years ended March 31, 2010 and 2009

	Japanese yen (millions) 2010	2009
Revenues		
Japan	¥ 66,488	¥ 75,835
Europe and North America	24,080	27,323
Asia	4,899	4,850
Intersegment elimination	(111)	(65)
Consolidated total	¥ 95,357	¥ 107,943
Expenses		
Japan	¥ 55,132	¥ 58,358
Europe and North America	24,167	28,515
Asia	3,274	3,554
Intersegment elimination	(111)	(65)
Consolidated total	¥ 82,462	¥ 90,362
Operating income (loss)		
Japan	¥ 11,356	¥ 17,476
Europe and North America	(86)	(1,191)
Asia	1,624	1,295
Intersegment elimination	—	—
Consolidated total	¥ 12,895	¥ 17,580
Assets		
Japan	¥ 1,328,710	¥ 1,441,927
Europe and North America	267,422	284,273
Asia	68,513	64,339
Intersegment elimination	(40)	(42)
Consolidated total	¥ 1,664,606	¥ 1,790,497

(Application of Practical Guidelines on Accounting Standards for Financial Instruments)

As stated in section (u) of (3) Significant Accounting Policies, the "Practical Guidelines on Accounting Standards for Financial Instruments" (Accounting Practice Committee Statement No. 14, revised March 25, 2008) are applied from the year ended March 31, 2009. Owing to this change, in the year ended March 31, 2009, revenues and operating income in Japan were each ¥1,908 million higher than they would have been under the previous method.

(Change in basis of recording customer fee income on installment sales and installment credit obligations)

As stated in section (v) of (3) Significant Accounting Policies, from the year ended March 31, 2009, the method of recognizing customer fee income on installment sales and installment credit obligations changed to an interest method basis. Owing to this change, in the year ended March 31, 2009, revenues and operating income in Japan were each ¥16 million higher from installment sales and ¥170 million higher from installment credit obligations than they would have been under the previous method.

(Change in basis of recording revenue from financial institution guarantees on loan sales through alliances)

As stated in section (w) of (3) Significant Accounting Policies, from the year ended March 31, 2009, the recognizing of revenue from financial institution guarantees on loan sales through alliances was changed to an interest method. Owing to this change, in the year ended March 31, 2009, revenues and operating income in Japan were each ¥908 million lower than they would have been under the previous method.

(Change in basis for recording maintenance expenses related to maintenance and lease agreements)

As stated in section (x) of (3) Significant Accounting Policies, from the year ended March 31, 2009, the method of recording maintenance expenses was changed to a monthly allocation of maintenance expenses over the lease term. Owing to this change, in the year ended March 31, 2009, revenues and operating income in Japan were each ¥38 million lower than they would have been under the previous method.

(18) LEASE INFORMATION

Finance leases

Additional lease information as of and for the years ended March 31, 2011, 2010 and 2009 is as follows.

(a) Lessee

(i) Depreciation method of lease assets

Lease assets are depreciated using the straight-line method, over the lease term.

Finance lease transactions that do not transfer ownership commenced prior to April 1, 2008, are accounted for in a manner similar to the accounting for operating lease transactions, following the accounting standard for lease transactions.

(ii) Acquisition costs, accumulated depreciation and net balance of leased assets at March 31, 2011 and 2010, if they had been capitalized:

	March 31, 2011				March 31, 2010		
	Japanese yen (millions)			U.S. dollars (thousands)	Japanese yen (millions)		
	Acquisition costs	Accumulated depreciation	Net balance	Net balance	Acquisition costs	Accumulated depreciation	Net balance
Furniture and equipment	**¥ 445**	**¥ 366**	**¥ 78**	**$ 939**	¥ 603	¥ 394	¥ 208

(iii) Future lease payments (includes non-accrued payments on underwritten leases) as of March 31, 2011 and 2010 are as follows:

	March 31		
	Japanese yen (millions)		U.S. dollars (thousands)
	2011	2010	**2011**
Within one year	**¥ 79**	¥ 130	**$ 951**
Over one year	**0**	80	**0**
Total	**¥ 80**	¥ 211	**$ 963**

(iv) Methods of calculating the amount equivalent to depreciation and interest

The amount equivalent to depreciation is calculated using the straight-line method over the lease term with no residual value. The amount equivalent to interest is the difference between the total lease amount and the acquisition costs of the lease assets, and is calculated using the interest method to allocate for each fiscal year over the lease term.

(v) Comparison of lease payments with depreciation and interest expense, if they had been capitalized:

	For the year ended March 31			
	Japanese yen (millions)			U.S. dollars (thousands)
	2011	2010	2009	**2011**
Lease payments	**¥ 136**	¥ 166	¥ 172	**$ 1,638**
Depreciation	**129**	158	163	**1,554**
Interest expense	**1**	2	4	**12**

(b) Lessor

The following table shows the future minimum lease receivables of finance and non-cancelable operating leases as of March 31, 2011 and 2010.

In the past, finance lease transactions that do not transfer ownership were treated for accounting purposes as operating lease transactions. However, as it was possible to apply the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, March 30, 2007, the revised statement by the First Subcommittee of the Business Accounting Council on June 17, 1993) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, March 30, 2007, the revised statement by the Standards Advisory Council of the Japanese Institute of Certified Public Accountants on January 18, 2004) to consolidated financial statements from fiscal years commencing on or after April 1, 2008, these standards are applied from the year ended March 31, 2009, and the accounting treatment of these transactions is as for ordinary sale and purchase transactions.

With regard to finance lease transactions that do not transfer ownership that commenced prior to April 1, 2008, the carrying amount of fixed assets (less accumulated depreciation) as of March 31, 2008 was recorded as the value of investment in direct finance leases at April 1, 2008. For investment in direct finance leases, the total amount equivalent to interest is allocated equally for each fiscal year of the period remaining after applying the accounting standard. As a result, the amount of income before income taxes and minority interests was ¥1,096 million ($13,204 thousand) more than it would be if the lease accounting standard had been retroactively applied.

	March 31		
	Japanese yen (millions)		U.S. dollars (thousands)
	2011	2010	**2011**
Within 1 year	**¥ 148,129**	¥ 158,138	**$ 1,784,686**
More than 1 year, within 2 years	**114,252**	117,021	**1,376,530**
More than 2 years, within 3 years	**81,204**	87,636	**978,361**
More than 3 years, within 4 years	**50,283**	56,043	**605,819**
More than 4 years, within 5 years	**28,197**	28,024	**339,722**
More than 5 years	**87,088**	69,158	**1,049,253**
Total minimum payments to be received	**¥ 509,155**	¥ 516,022	**$ 6,134,397**
Estimated residual value	**58,629**	70,392	**706,373**
Unearned income	**¥ (56,135)**	¥ (59,121)	**$ (676,325)**
Investments in direct finance leases	**¥ 511,649**	¥ 527,293	**$ 6,164,445**

Operating leases

(a) Lessee

Remaining lease expenses for non-cancellable operating lease transactions are as follows:

	March 31		
	Japanese yen (millions)		U.S. dollars (thousands)
	2011	2010	**2011**
Within one year	**¥ 174**	¥ 133	**$ 2,096**
Over one year	**456**	96	**5,493**
Total	**¥ 630**	¥ 230	**$ 7,590**

(b) Lessor

Future lease payments to be received are as follows:

	March 31		
	Japanese yen (millions)		U.S. dollars (thousands)
	2011	2010	**2011**
Within one year	**¥ 31,877**	¥ 34,028	**$ 384,060**
Over one year	**43,865**	45,952	**528,493**
Total	**¥ 75,743**	¥ 79,980	**$ 912,566**

Sub leases

Consolidated balance sheet amount equivalent to sub lease transactions which is recorded before deducting the amount equivalent to interest

(a) Lease receivables and investment in direct finance leases

	Japanese yen (millions)		U.S. dollars (thousands)
	2011	2010	**2011**
Current assets	**¥ 2,959**	¥ 3,029	**$ 35,650**

(b) Lease obligation

	Japanese yen (millions)		U.S. dollars (thousands)
	2011	2010	**2011**
Current liabilities	**¥ 924**	¥ 770	**$ 11,132**
Non-current liabilities	**2,034**	2,259	**24,506**

(19) FINANCIAL INSTRUMENTS

1. Overview of financial instruments

(1) Policies for using financial instruments

The Hitachi Capital Group, together with other members of the Hitachi Group, which includes our parent company, Hitachi, Ltd., and various other companies involved in manufacturing and sales, provides consumers and companies with a wide variety of financial services in various geographic regions. These services, which are tailored to meet the companies' needs, include finance leases, installment sales, guarantees, collection of accounts receivable and settlement of accounts payable. To conduct this business, the Hitachi Capital Group raises funds taking into consideration the market environment, as well as the balance between direct and indirect funding. In addition to raising funds directly by issuing securitized lease receivables, bonds, medium term notes and commercial paper, the Hitachi Capital Group raises funds through indirect methods, such as bank loans.

To reduce the impact of interest rate fluctuations on revenue, the Company and its consolidated subsidiaries employ asset-liability management (ALM), using fixed-rate funding through securitized lease receivables, bonds and bank loans in correspondence with fixed-rate assets. As part of these activities, the Company and its consolidated subsidiaries employ derivative transactions. However, derivative transactions are not entered into for speculative purposes.

(2) Content and risks of financial instruments

Financial assets held by the Hitachi Capital Group are mainly consumer and corporate receivables and beneficial interests in trust held in relation to the securitization of these receivables. These assets involve credit risk, arising from the possibility of clients becoming unable to perform their contractual obligations, and the risk of price fluctuations related to interest rate fluctuations. Certain foreign currency receivables also involve exchange rate fluctuation risk, which is hedged through the use of currency swap transactions.

In addition to the above-mentioned beneficial interests in trust, holdings of securities and marketable securities include such securities as bonds and equity securities, both for holding to maturity and for business promotion purposes. Also, the Company's non-life insurance subsidiary primarily holds bonds for investment purposes. These securities and investment securities may involve credit risk, interest rate fluctuation risk and price fluctuation risk.

Financial liabilities, including loans, bonds, medium-term notes, commercial paper and obligations for securitized lease receivables, involve funds raised primarily at fixed rates of interest, in accordance with the Group's ALM policy. The Hitachi Capital Group employs interest rate swap transactions to fix interest rates on loans taken out at variable interest rates.

The Company applies exceptional accounting treatments with regard to interest rate swap transactions.

Certain overseas subsidiaries employ currency swap transactions to hedge exchange rate fluctuation risk on funds procured in foreign currencies. Such subsidiaries also conduct interest rate swap transactions for the purpose of fixing the interest rate on funds procured at variable interest rates. Such transactions that do not meet the requirements for hedge accounting involve the risk of incurring losses.

Loans, bonds, medium-term notes and commercial paper entail liquidity risk, or the risk of not being able to execute payment on the payment date, in the event of a downturn in the economic environment.

(3) Risk management for financial instruments

1) Management of credit risk

The Hitachi Capital Group extends various types of credit, including on finance leases, installment sales and guarantees. Credit quality is determined according to the Company's regulations. For each deal, the Company conducts a credit review, sets a credit limit, manages credit information, establishes an internal rating, sets guarantees or establishes collateral, and handles problem loans. The Company has in place a structure to periodically monitor the status of these transactions.

In addition to business departments, credit quality is controlled by the receivable control department. Large amount transactions require the approval of a senior corporate officer and are reported to the Board of Directors.

With regard to issuers' credit risk on securities and investment securities, the department handling the transactions and the department in charge of finance control such risk by regularly monitoring credit information and market prices. Counterparties' credit risk on derivative transactions is managed by the department in charge of finance checking the issuer's financial results, ratings and stock prices, and periodically reporting this information to the representative executive officer.

2) Management of market risk

(i) Management of interest rate risk

In accordance with ALM policies approved at the Board of Directors meetings each fiscal year, the Company and certain consolidated subsidiaries check asset and liability durations and manage interest rate fluctuation risk. The progress and status of these activities are reported on a monthly basis to the representative executive officer and the executive officer in charge of finance. Certain consolidated subsidiaries report to the Finance Committee, which confirms fundraising methods and other information.

Certain overseas subsidiaries employ currency swap transactions to hedge exchange rate fluctuation risk on funds raised in foreign currencies. Such transactions that do not meet the requirements for hedge accounting involve the risk of incurring losses.

(ii) Management of exchange rate risk
The Company manages exchange rate fluctuation risk on a deal-by-deal basis.

Certain overseas subsidiaries employ currency swap transactions, all of which are for the purpose of hedging exchange rate fluctuation risk on funds raised in foreign currencies.

(iii) Management of price fluctuation risk
Investment instruments, including securities, are mainly intended for holding to maturity or for business promotion purposes, and the Company regularly monitors the market environment related to these instruments, as well as the financial status of transaction partners. This information is reported periodically to the executive officer in charge of finance.

The Company's non-life insurance subsidiary primarily holds bonds. The tolerance for risk is managed with risk limits. In addition, the department in charge of managing investment risk monitors and analyzes investment risk, in principle twice a year. The result of this monitoring and analysis is reported periodically to the Risk Management Committee.

(iv) Derivative transactions
With regard to derivative transactions, execution and approvals are handled by different departments. This arrangement meets internal control requirements in accordance with risk management regulations.

(v) Quantitative information related to market risks
The Group does not employ quantitative analysis of interest rate in its risk management. The Group's primary financial products that are affected by interest rate risk include notes and accounts receivable – trade, investment in direct finance leases, bonds classified as available-for sale securities within short-term investments and investments in securities, bonds, long-term debt, long-term obligations for securitized lease receivables and interest rate swaps on derivative transactions.

Fixing all other risk variables, as of March 31, 2011, for every 1 basis point (0.01%) decline in interest rates, the net effect on assets after factoring in these financial assets and financial liabilities was a ¥58 million increase in market values. Conversely, the figure declined by ¥59 million for every 1 basis point (0.01%) increase in interest rates.

3) Management of liquidity risk related to fund procurement
To reduce the impact of liquidity risk, the Company controls liquidity on hand risk according to the market environment and manages the repayment terms taking into account the due dates of financial assets. Furthermore, the Company employs various funding methods and financial institutions as the source of funds.

Certain overseas subsidiaries maintain commitment lines with financial institutions and strike a balance between short- and long-term funding to manage liquidity risk.

(4) Supplementary explanation of items pertaining to the market price of financial instruments
The fair values of some market instruments are based on market prices. The fair values of other financial instruments, for which market prices are not available, are based on rationally calculated values. However, as variables are used in these calculations, and different assumptions can cause different results, these values are not absolute. Also, in the note entitled "2. Fair value of financial instruments," market risk related to derivative financial instruments is not included in the contract amounts of those instruments.

2. Fair value of financial instruments
Carrying amounts, fair values, and differences between the two as of March 31, 2011 and 2010 are indicated as following. Instruments for which fair values are not readily determinable are not included in the following table. Please refer to (5) Short-term investments and investments in securities.

	Japanese yen (millions)			U.S. dollars (thousands)		
	2011			2011		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Assets						
(1) Cash on hand and at bank	**¥ 12,750**	**¥ 12,750**	**¥ —**	**$ 153,614**	**$ 153,614**	**$ —**
(2) Notes and accounts receivable – trade, including amounts maturing after one year	**518,011**	**—**	**—**	**6,241,096**	**—**	**—**
Allowance for loss on receivables (*1)	**(10,909)**	**—**	**—**	**(131,433)**	**—**	**—**
	507,102	**520,179**	**13,076**	**6,109,662**	**6,267,216**	**157,542**
(3) Investment in direct finance leases (*2)	**453,019**	**—**	**—**	**5,458,060**	**—**	**—**
Allowance for loss on receivables (*3)	**(3,206)**	**—**	**—**	**(38,626)**	**—**	**—**
	449,813	**481,353**	**31,540**	**5,419,433**	**5,799,433**	**380,000**
(4) Parent company deposits	**87,689**	**87,689**	**—**	**1,056,493**	**1,056,493**	**—**
(5) Short-term investments and investments in securities						
1) Bonds held to maturity	**231**	**240**	**9**	**2,783**	**2,891**	**108**
2) Other securities	**125,333**	**125,333**	**—**	**1,510,036**	**1,510,036**	**—**
Total assets	**¥ 1,182,920**	**¥ 1,227,547**	**¥ 44,626**	**$ 14,252,048**	**$ 14,789,722**	**$ 537,662**
Liabilities						
(1) Trade payables	**¥ 224,713**	**¥ 224,713**	**¥ —**	**$ 2,707,385**	**$ 2,707,385**	**$ —**
(2) Short-term bank loans (*5)	**203,143**	**206,852**	**3,709**	**2,447,506**	**2,492,192**	**44,686**
(3) Commercial paper	**46,109**	**46,109**	**—**	**555,530**	**555,530**	**—**
(4) Accrued payables	**83,964**	**83,964**	**—**	**1,011,614**	**1,011,614**	**—**
(5) Bonds (*6)	**257,023**	**268,633**	**11,610**	**3,096,662**	**3,236,542**	**139,879**
(6) Long-term debt	**276,630**	**283,661**	**7,031**	**3,332,891**	**3,417,602**	**84,710**
(7) Long-term obligation for securitized lease receivables (*7)	**93,054**	**93,012**	**(41)**	**1,121,132**	**1,120,626**	**(493)**
Total liabilities	**¥ 1,184,638**	**¥ 1,206,948**	**¥ 22,309**	**$ 14,272,746**	**$ 14,541,542**	**$ 268,783**
Derivative transactions (*4)						
1) Hedge accounting applied	**¥ (17)**	**¥ (17)**	**¥ —**	**$ (204)**	**$ (204)**	**$ —**
2) Hedge accounting not applied	**16,550**	**16,550**	**—**	**199,397**	**199,397**	**—**
Total derivative transactions	**¥ 16,533**	**¥ 16,533**	**¥ —**	**$ 199,192**	**$ 199,192**	**$ —**

	Japanese yen (millions)		
	2010		
	Carrying amount	Fair value	Difference
Assets			
(1) Cash on hand and at bank	¥ 28,739	¥ 28,739	¥ —
(2) Notes and accounts receivable – trade, including amounts maturing after one year	489,254	—	—
Allowance for loss on receivables (*1)	(9,001)	—	—
	480,253	502,186	21,932
(3) Investment in direct finance leases (*2)	456,901	—	—
Allowance for loss on receivables (*3)	(4,600)	—	—
	452,301	480,414	28,113
(4) Parent company deposits	184,918	184,918	—
(5) Short-term investments and investments in securities			
1) Bonds held to maturity	231	240	9
2) Other securities	134,881	134,881	—
Total assets	¥ 1,281,325	¥ 1,331,380	¥ 50,055
Liabilities			
(1) Trade payables	¥ 210,345	¥ 210,345	¥ —
(2) Short-term bank loans (*8)	117,996	118,786	790
(3) Commercial paper	42,443	42,443	—
(4) Accrued payables	130,495	130,495	—
(5) Bonds (*9)	324,961	341,378	16,416
(6) Long-term debt	347,300	358,288	10,987
(7) Long-term obligation for securitized lease receivables (*7)	108,563	108,583	19
Total liabilities	¥ 1,282,107	¥ 1,310,320	¥ 28,212
Derivative transactions (*4)			
1) Hedge accounting applied	¥ (126)	¥ (126)	¥ —
2) Hedge accounting not applied	18,951	18,951	—
Total derivative transactions	¥ 18,825	¥ 18,825	¥ —

(*1) The general allowance for loss on receivables and individual allowances for loss on receivables are deducted from "Notes and accounts receivable – trade, including amounts maturing after one year."

(*2) The difference from carrying amount corresponds to the estimated balance corresponding to finance lease transactions that do not transfer ownership.

(*3) The general allowance for loss on receivables and individual allowances for loss on receivables are deducted from "investment in direct finance leases."

(*4) Net amounts of receivables and payables arising from derivative transactions are indicated. Parentheses indicate totals that are net payable amounts.

(*5) The carrying amount of "Short-term bank loans," ¥203,143 million ($2,447,506 thousand), includes "Short-term bank loans" of ¥116,746 million ($1,406,578 thousand) and "Long-term debt" of ¥86,396 million ($1,040,915 thousand) in the "Current portion of long-term debt" on "CONSOLIDATED BALANCE SHEETS."

(*6) The carrying amount of "Bonds," ¥257,023 million ($3,096,662 thousand), includes "Bonds" of ¥61,768 million ($744,192 thousand) in the "Current portion of long-term debt" and "Bonds" of ¥195,255 million ($2,352,469 thousand) in "Long-term debt" in the "CONSOLIDATED BALANCE SHEETS."

(*7) "Long-term obligation for securitized lease receivables" includes "Obligation for securitized lease receivables" and "Long-term obligation for securitized lease receivables" in the "CONSOLIDATED BALANCE SHEETS."

(*8) The carrying amount of "Short-term bank loans" ¥117,996 million includes "Short-term bank loans" ¥79,942 million and "Long-term debt" ¥38,053 million in the "Current portion of long-term debt" on "CONSOLIDATED BALANCE SHEETS."

(*9) The carrying amount of "Bonds" ¥324,961 million includes "Bonds" of ¥95,617 million in the "Current portion of long-term debt" and "Bonds" of ¥229,343 million in "Long-term debt" in the "CONSOLIDATED BALANCE SHEETS."

(Note 1) Method of calculating the fair value of financial instruments and matters pertaining to securities and derivative transactions

Assets

(1) Cash on hand and at bank
As cash on hand and at bank is settled within a short term and its fair value and carrying amount is similar, its carrying amount is assumed as its fair value.

(2) Notes and accounts receivable – trade
As the periods to maturity on notes receivables are short and their fair values and carrying amounts are similar, their carrying amounts are assumed as their fair values.

As the majority of notes receivable bear fixed rates of interest, the Company classifies receivables (based on internal rankings) according to type of receivable and the collection history of individual receivables, as well as according to respective terms. The total amount is calculated, taking into consideration estimates regarding early repayments, cancellations and losses, and this amount is discounted to fair value using the risk-free rate. With regard to loans to creditors in danger of bankruptcy, estimated losses are determined on the basis of the amount estimated to be recoverable through insurance and the sale of collateral and property. As fair value is similar to the carrying amount after subtracting estimated losses, this amount is assumed as the fair value.

(3) Investment in direct finance leases
As for investments in direct finance leases recognized as finance lease transactions, the fair value of the right to receive future lease fees is calculated in the same manner as for accounts receivable.

(4) Parent company deposits
As the term of parent company deposits is short and fair values and carrying amounts are approximately the same, their carrying amount is deemed to be their fair value.

(5) Short-term investments and investments in securities
For shares, their market price is used as their fair value. The fair value of bonds is deemed to be their market price or the price indicated by financial institutions handling these transactions. Beneficial interest in trust held to cover securitized lease obligations of the Hitachi Capital Group are categorized by securitization scheme. After taking into consideration estimates regarding early repayments, cancellations and losses, the total amount of principal in trust and dividends is discounted to the fair value, using the risk-free rate.

As of March 31, 2011 and 2010, the Company had no securities for trading purposes.

The following table is a summary of the amortized cost basis, gross unrealized holding gains or losses and aggregate fair value of held-to-maturity securities and other securities by major security type as of March 31, 2011 and 2010. The below-stated beneficial interest in trust of other securities with gross unrealized holding gains is primarily subordinated beneficial interest in trust held by the Hitachi Capital Group in relation to the securitization of lease receivables.

	Japanese yen (millions)			U.S. dollars (thousands)		
	Amortized cost basis	Gross gains (losses)	Aggregate fair value	Amortized cost basis	Gross gains (losses)	Aggregate fair value
	2011			2011		
Held-to-maturity securities with gross unrealized holding gains:						
Government bonds	¥ 231	¥ 9	¥ 240	$ 2,783	$ 108	$ 2,891
	¥ 231	¥ 9	¥ 240	$ 2,783	$ 108	$ 2,891
Held-to-maturity securities with gross unrealized holding losses:	¥ —	¥ —	¥ —	$ —	$ —	$ —
	¥ —	¥ —	¥ —	$ —	$ —	$ —
	¥ 231	¥ 9	¥ 240	$ 2,783	$ 108	$ 2,891
Other securities with gross unrealized holding gains:						
Equity securities	¥ 1,675	¥ 483	¥ 2,158	$ 20,180	$ 5,819	$ 26,000
Government bonds	300	12	312	3,614	144	3,759
Corporate bonds	617	3	620	7,433	36	7,469
Beneficial interest in trust	103,709	10,964	114,673	1,249,506	132,096	1,381,602
	¥ 106,302	¥ 11,462	¥ 117,765	$ 1,280,746	$ 138,096	$ 1,418,855
Other securities with gross unrealized holding losses:						
Equity securities	¥ 3,087	¥ (527)	¥ 2,560	$ 37,192	$ (6,349)	$ 30,843
Government bonds	2,799	(0)	2,799	33,722	(0)	33,722
Corporate bonds	1,583	(28)	1,554	19,072	(337)	18,722
Other	665	(11)	654	8,012	(132)	7,879
	¥ 8,135	¥ (567)	¥ 7,567	$ 98,012	$ (6,831)	$ 91,168
	¥ 114,438	¥ 10,895	¥ 125,333	$ 1,378,771	$ 131,265	$ 1,510,036

	Japanese yen (millions)		
	Amortized cost basis	Gross gain (loss)	Aggregate fair value
	2010		
Held-to-maturity securities with gross unrealized holding gains:			
Government bonds	¥ 231	¥ 9	¥ 240
	¥ 231	¥ 9	¥ 240
Held-to-maturity securities with gross unrealized holding losses:			
Government bonds	¥ —	¥ —	¥ —
	¥ —	¥ —	¥ —
	¥ 231	¥ 9	¥ 240
Other securities with gross unrealized holding gains:			
Equity securities	¥ 1,752	¥ 847	¥ 2,599
Government bonds	500	10	510
Corporate bonds	1,224	7	1,231
Beneficial interest in trust	113,021	11,183	124,205
	¥ 116,498	¥ 12,049	¥ 128,547
Other securities with gross unrealized holding losses:			
Equity securities	¥ 3,013	¥ (78)	¥ 2,935
Government bonds	3,399	(0)	3,398
Corporate bonds	—	—	—
	¥ 6,412	¥ (78)	¥ 6,334
	¥ 122,911	¥ 11,970	¥ 134,881

Proceeds from sale of other securities for the years ended March 31, 2011 and 2010 were ¥187 million ($2,253 thousand) and ¥803 million, respectively. The gross realized gains on the sale for the years ended March 31, 2011 and 2010 were ¥49 million ($590 thousand) and ¥509 million, respectively.

It is not practicable to estimate the fair value of investments in non-marketable securities because of the lack of market price and difficulty in estimating fair value without incurring excessive cost. Unlisted shares at March 31, 2011 and 2010 amounted to ¥659 million ($7,939 thousand) and ¥675 million, respectively.

Liabilities

(1) Trade payables, (3) commercial paper and (4) accrued payables
As the settlement term of these instruments is short and their fair values and carrying amounts are similar, their carrying amounts are deemed to be their fair values.

(2) Short-term bank loans
With regard to short-term bank loans having a term of one year or less, as their settlement term is short and their fair values and carrying amounts are similar, their carrying amounts are deemed to be their fair values.

The fair value of long-term debt scheduled for repayment within one year is calculated in the same manner as (6) long-term debt.

(5) Bonds
The calculation of the fair value of bonds issued by the Company is based on their market price. For bonds that have no available market price, the total amount of principal and interest is discounted to their current value, using a rate of interest that takes into account their remaining term and credit risk.

(6) Long-term debt and (7) long-term obligation for securitized lease receivables
The Company assumes that fair values of long-term loans payable with floating interest rates are similar to their carrying amounts, as such rates reflect market interest rates over the short term, and the Company's credit conditions have not changed significantly after these loans commenced; therefore, their carrying amounts approximate their fair values.

For the portion of long-term debt and long-term obligations for securitized lease receivables bearing fixed interest rates, the total amount of principal and interest (*) is segmented by time period, and these amounts are discounted by the assumed interest rate.

(*) For long-term debt using interest rate swaps employing exceptional accounting, the interest rate swap rate is applied to the total amount of principal and interest.

Derivative transactions

1) Hedge accounting not applied

On derivative transactions to which hedge accounting is not applied, contract and equivalent principal amounts as of the balance sheet date, fair values, valuation gains (losses) and fair value calculation methods are determined for each category of hedged item and are described below.

Interest rate related:

Category	Transaction type	Japanese yen (millions) Contract amounts	Of which, longer than one year	Fair value	Valuation gain (loss)	U.S. dollars (thousands) Contract amounts	Of which, longer than one year	Fair value	Valuation gain (loss)
		2011				**2011**			
Non-market transactions	Interest rate swap transactions Fixed payment, floating receipt	**¥ 3,142**	**¥ 3,142**	**¥ (17)**	**¥ (17)**	**$ 37,855**	**$ 37,855**	**$ (204)**	**$ (204)**
Total		**¥ 3,142**	**¥ 3,142**	**¥ (17)**	**¥ (17)**	**$ 37,855**	**$ 37,855**	**$ (204)**	**$ (204)**

Category	Transaction type	Japanese yen (millions) Contract amounts	Of which, longer than one year	Fair value	Valuation gain (loss)
		2010			
Non-market transactions	Interest rate swap transactions Fixed payment, floating receipt	¥ 9,242	¥ —	¥ (126)	¥ (126)
Total		¥ 9,242	¥ —	¥ (126)	¥ (126)

(Note) Method of calculating fair value: Fair value is calculated based on the values indicated by the financial institutions handling these transactions for the Company.

2) Hedge accounting applied

On derivative transactions to which hedge accounting is applied, contract and equivalent principal amounts as of the balance sheet date, fair values, valuation gains (losses) and fair value calculation methods are determined for each category of hedged item and are described below.

(1) Currency-related

Hedge accounting method	Transaction type	Principal hedged item	Japanese yen (millions) Contract amounts	Of which, longer than one year	Fair value	U.S. dollars (thousands) Contract amounts	Of which, longer than one year	Fair value
			2011			**2011**		
Cash flow hedge	Exchange forward transaction Purchase denomination Euro	Commercial paper	**¥ 1,179**	**¥ 1,179**	**¥ 2**	**$ 14,204**	**$ 14,204**	**$ 24**
Cash flow hedge	Exchange forward transaction Sale denomination Hong Kong dollars	Receivables	**3,129**	**3,129**	**(23)**	**37,698**	**37,698**	**(277)**
Cash flow hedge	Currency swap	Long-term debt, short-term bank loans and medium-term notes	**81,436**	**27,466**	**10,945**	**981,156**	**330,915**	**131,867**
Fair value hedge	Currency swap	Medium-term notes	**26,345**	**10,238**	**6,148**	**317,409**	**123,349**	**74,072**
Total			**¥ 112,090**	**¥ 42,013**	**¥ 17,072**	**$ 1,350,481**	**$ 506,180**	**$ 205,686**

Hedge accounting method	Transaction type	Principal hedged item	Japanese yen (millions) Contract amounts	Of which, longer than one year	Fair value
			2010		
Cash flow hedge	Exchange forward transaction Purchase denomination Euro	Commercial paper	¥ 16,375	¥ —	¥ (66)
Cash flow hedge	Currency swap	Long-term debt, short-term bank loans and medium-term notes	100,077	52,687	16,217
Fair value hedge	Currency swap	Medium-term notes	21,337	14,877	4,180
Total			¥ 137,789	¥ 67,565	¥ 20,331

(Note) Method of calculating fair value: Fair value is calculated based on the values indicated by the financial institutions handling these transactions for the Company.

(2) Interest-related

Hedge accounting method	Transaction type	Principal hedged item	Japanese yen (millions) Contract amounts	Of which, longer than one year	Fair value	U.S. dollars (thousands) Contract amounts	Of which, longer than one year	Fair value
			2011			**2011**		
Cash flow hedge (*1)	Interest rate swap transactions Fixed payment, floating receipt	Long-term debt, short-term bank loans and medium-term notes	**¥ 60,923**	**¥ 41,720**	**¥ (521)**	**$ 734,012**	**$ 502,650**	**$ (6,277)**
Interest rate swap with exceptional accounting (*2)	Interest rate swap transactions							
	Floating payment, fixed receipt	Long-term debt	**10,000**	**10,000**	**—**	**120,481**	**120,481**	**—**
	Fixed payment, floating receipt	Long-term debt	**12,500**	**10,000**	**—**	**150,602**	**120,481**	**—**
	Floating payment, floating receipt	Long-term debt	**21,000**	**18,000**	**—**	**253,012**	**216,867**	**—**
Total			**¥ 104,423**	**¥ 79,720**	**¥ (521)**	**$ 1,258,108**	**$ 960,481**	**$ (6,277)**

Hedge accounting method	Transaction type	Principal hedged item	Japanese yen (millions) Contract amounts	Of which, longer than one year	Fair value
			2010		
Cash flow hedge (*1)	Interest rate swap transactions Fixed payment, floating receipt	Long-term debt, short-term bank loans and medium-term notes	¥ 60,688	¥ 36,397	¥ (1,380)
Interest rate swap with exceptional accounting (*2)	Interest rate swap transactions				
	Floating payment, fixed receipt	Long-term debt	12,000	10,000	—
	Fixed payment, floating receipt	Long-term debt	32,500	32,500	—
	Floating payment, floating receipt	Long-term debt	21,000	21,000	—
Total			¥ 126,188	¥ 99,897	¥ (1,380)

(*1) Method of calculating fair value of cash flow hedge
Fair value is calculated based on the values indicated by the financial institutions handling these transactions for the Company.
(*2) Method of calculating fair value of interest rate swap with exceptional accounting
As accounting for the hedged item is handled together with long-term debt, fair value is included in that of the corresponding long-term debt.

(Note 2) Monetary claims and securities with maturities after the balance sheet date and their expected maturity values

	Japanese yen (millions) Within 1 year	More than 1 year, within 2 years	More than 2 years, within 3 years	More than 3 years, within 4 years	More than 4 years, within 5 years	More than 5 years
	2011					
Cash on hand and at bank	**¥ 3,953**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ —**
Notes and accounts receivable – trade, including amounts maturing after one year	**325,492**	**71,545**	**41,041**	**27,588**	**13,585**	**38,758**
Investment in direct finance leases	**125,674**	**99,618**	**74,415**	**46,316**	**26,849**	**80,144**
Securities and investment securities						
Bonds held to maturity	**—**	**32**	**—**	**—**	**200**	**—**
Other securities with maturities	**3,300**	**700**	**200**	**—**	**—**	**1,667**
Total	**¥ 458,420**	**¥ 171,896**	**¥ 115,657**	**¥ 73,904**	**¥ 40,634**	**¥ 120,571**

	U.S. dollars (thousands) Within 1 year	More than 1 year, within 2 years	More than 2 years, within 3 years	More than 3 years, within 4 years	More than 4 years, within 5 years	More than 5 years
	2011					
Cash on hand and at bank	**$ 47,626**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Notes and accounts receivable – trade, including amounts maturing after one year	**3,921,590**	**861,987**	**494,469**	**332,385**	**163,674**	**466,963**
Investment in direct finance leases	**1,514,144**	**1,200,216**	**896,566**	**558,024**	**323,481**	**965,590**
Securities and investment securities						
Bonds held to maturity	**—**	**385**	**—**	**—**	**2,409**	**—**
Other securities with maturities	**39,759**	**8,433**	**2,409**	**—**	**—**	**20,084**
Total	**$ 5,523,132**	**$ 2,071,036**	**$ 1,393,457**	**$ 890,409**	**$ 489,566**	**$ 1,452,662**

	Japanese yen (millions)					
	Within 1 year	More than 1 year, within 2 years	More than 2 years, within 3 years	More than 3 years, within 4 years	More than 4 years, within 5 years	More than 5 years
	2010					
Cash on hand and at bank	¥ 3,891	¥ —	¥ —	¥ —	¥ —	¥ —
Notes and accounts receivable – trade, including amounts maturing after one year	290,167	77,576	45,804	23,856	12,927	38,921
Investment in direct finance leases	138,783	100,949	75,109	51,207	25,917	64,934
Securities and investment securities						
Bonds held to maturity	—	—	32	—	—	199
Other securities with maturities	4,303	405	—	—	—	432
Total	¥ 437,145	¥ 178,931	¥ 120,946	¥ 75,063	¥ 38,845	¥ 104,488

(Note 3) Bonds, long-term debt and other interest-bearing debt with maturities after the balance sheet date and their expected maturity values

	Japanese yen (millions)					
	Within 1 year	More than 1 year, within 2 years	More than 2 years, within 3 years	More than 3 years, within 4 years	More than 4 years, within 5 years	More than 5 years
	2011					
Short-term bank loans	**¥ 116,746**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ —**
Commercial paper	**46,109**	**—**	**—**	**—**	**—**	**—**
Bonds	**61,768**	**88,996**	**33,812**	**71,932**	**514**	**—**
Long-term debt	**86,396**	**118,787**	**64,749**	**48,665**	**15,644**	**28,784**
Total	**¥ 311,020**	**¥ 207,783**	**¥ 98,561**	**¥ 120,597**	**¥ 16,158**	**¥ 28,784**

	U.S. dollars (thousands)					
	Within 1 year	More than 1 year, within 2 years	More than 2 years, within 3 years	More than 3 years, within 4 years	More than 4 years, within 5 years	More than 5 years
	2011					
Short-term bank loans	**$ 1,406,578**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Commercial paper	**555,530**	**—**	**—**	**—**	**—**	**—**
Bonds	**744,192**	**1,072,240**	**407,373**	**866,650**	**6,192**	**—**
Long-term debt	**1,040,915**	**1,431,168**	**780,108**	**586,325**	**188,481**	**346,795**
Total	**$ 3,747,228**	**$ 2,503,409**	**$ 1,187,481**	**$ 1,452,975**	**$ 194,674**	**$ 346,795**

	Japanese yen (millions)					
	Within 1 year	More than 1 year, within 2 years	More than 2 years, within 3 years	More than 3 years, within 4 years	More than 4 years, within 5 years	More than 5 years
	2010					
Short-term bank loans	¥ 79,942	¥ —	¥ —	¥ —	¥ —	¥ —
Commercial paper	42,443	—	—	—	—	—
Bonds	95,617	92,661	69,081	26,050	41,550	—
Long-term debt	38,053	86,020	111,603	63,081	44,167	42,428
Total	¥ 256,057	¥ 178,682	¥ 180,685	¥ 89,131	¥ 85,717	¥ 42,428

(20) COMMITMENT AND CONTINGENCIES

The Company provides certain revolving lines of credit to their credit card holders in accordance with the terms of the credit card business customer service contracts. Furthermore, the Company provides credit facilities to parties in accordance with the service agency business contracts from which temporary payments on behalf of such parties are made. In addition, the Company provides loan commitments to certain investees. The outstanding balance of the revolving lines of credit as of March 31, 2011 and 2010 are shown as follows:

	Japanese yen (millions)	U.S. dollars (thousands)
	2011	**2011**
Total revolving lines of credit available	**¥ 10,967**	**$ 132,132**
Amount utilized	**980**	**11,807**
Balance available	**¥ 9,987**	**$ 120,325**

	Japanese yen (millions)
	2010
Total revolving lines of credit available	¥ 432,848
Amount utilized	4,392
Balance available	¥ 428,456

A portion of the revolving lines of credit, which are pending credit approval, cannot be utilized.
The "Total revolving lines of credit available" decreased during the fiscal year ended March 31, 2011. This decrease stems from the discontinuation of the cashing service previously offered as part of credit card services.
During the year ended March 31, 2011, operations involving advances for the redemption of commercial paper in line with the consigned management agreements of special-purpose entities were discontinued. Consequently, there is no longer any balance of unissued advances.

Other guaranteed liabilities are as follows:
Guaranteed liabilities concerning the sale of receivables of a foreign subsidiary amounted to ¥4,947 million ($59,602 thousand) and ¥5,713 million as of March 31, 2011 and 2010, respectively.

Contingent liabilities for guarantees of employees' housing loans amounted to ¥6 million ($72 thousand) and ¥7 million as of March 31, 2011 and 2010, respectively.

(21) SPECIAL-PURPOSE ENTITIES SUBJECT TO DISCLOSURE

Effective from the fiscal year ended March 31, 2008, the Company adopted the "Implementation Guidance on Disclosures about Certain Special Purpose Entities" (Accounting Standards Board of Japan Statement No. 15, March 29, 2007). An overview of special-purpose entities subject to disclosure, an overview of transactions employed by special-purpose entities subject to disclosure and amounts of transactions with special-purpose entities subject to disclosure are provided below.

(a) Overview of Special-Purpose Entities Subject to Disclosure and Overview of Transactions Employed by Special-Purpose Entities Subject to Disclosure

To diversify their fund-raising sources and ensure stable funding, the Company and certain of its consolidated subsidiaries securitize such assets as lease receivables, accounts receivables and pledged receivables.

In the past, liquiditization was handled by special-purpose entities that were subject to disclosure. However, from the year ended March 31, 2011, the Company has changed its method of fund procurement to the use of special-purpose entities that are fully supported by banks, so such transactions have been concluded.

Also, in the past these special-purpose entities acquired pledged receivables from customers, and the Company had service agency business contracts in place with such special-purpose entities, which procured funds on the Company's behalf by issuing commercial paper and through loans, which was reimbursed by the Company. These transactions have also been terminated.

Of the four special-purpose entities with which the Company had transactions balances as of March 31, 2010, three were discontinued during the year ended March 31, 2011.

The balance of transactions with a special-purpose entity as of March 31, 2011, according to the entity's most recent fiscal closing date, amounted to total assets of ¥10,021 million ($120,734 thousand) and total liabilities of ¥10,016 million ($120,674 thousand).

The balances of transactions with four special-purpose entities as of March 31, 2010 amounted to total assets (simple total) of ¥119,990 million and total liabilities (simple total) of ¥119,967 million.

The Company does not hold shares with voting rights in any of the special-purpose entity, nor are Company directors dispatched to any of the entity.

(b) Amounts of Transactions with Special-Purpose Entities

Amounts of transactions with special-purpose entities by the Company and a subsidiary during the fiscal year ended March 31, 2011, were as follows:

	Japanese yen (millions)		U.S. dollars (thousands)		Principle gains and losses		
	Amount of principal transactions	Balance at March 31, 2011	Amount of principal transactions	Balance at March 31, 2011	Line item	Japanese yen (millions)	U.S. dollars (thousands)
Transferred assets (*1):							
Loan receivables	**¥ 18,000**	**—**	**$ 216,867**	**—**	Gain on transfer	**¥ 0**	**$ 0**
Service agency business (*2):							
Collected funds payable	**—**	**—**	**—**	**—**	Commission revenue on service agency business	**37**	**445**
Commissioned sales of commercial paper (*3)	**—**	**—**	**—**	**—**	Sales commission revenue	**0**	**0**

(*1) Transaction amounts pertaining to transferred assets are recorded at the carrying amount of those assets at the time of transfer.
Consolidated subsidiaries hold obligations on loan receivables, as the funds that special-purpose entities subject to disclosure raise to acquire pledged receivables are borrowed from these subsidiaries. As the Company's consolidated subsidiaries are the lenders, such loan receivables are transferred to other special-purpose entities subject to disclosure, and the transactions for such transfers are recorded.
(*2) Commission revenue on service agency business includes commissions on agency collection services and revolving lines of credit, and is posted to operating revenues.
(*3) Sales commission revenue on commissioned sales of commercial paper is posted to operating revenues.
(*4) These transaction volumes include transaction amounts for three special-purposed entities that were closed during the year ended March 31, 2011.

Amounts of transactions with special-purpose entities by the Company and a subsidiary during the fiscal year ended March 31, 2010, were as follows:

	Japanese yen (millions)		Principle gains and losses	
	Amount of principal transactions	Balance at March 31, 2010	Line item	Japanese yen (millions)
Transferred assets (*1):				
Notes receivable	¥ 14,881	¥ —	Loss on transfer	¥ (24)
Pledged receivables	143,136	30,350	Loss on transfer	(292)
Loan receivables	163,781	10,442	Gain on transfer	1
Service agency business (*2):				
Collected funds payable	—	13,333	Commission revenue on service agency business	175
Commissioned sales of commercial paper (*3)	—	—	Sales commission revenue	47

(*1) Transaction amounts pertaining to transferred assets are recorded at the carrying amount of those assets at the time of transfer.
Consolidated subsidiaries hold obligations on loan receivables, as the funds that special-purpose entities subject to disclosure raise to acquire pledged receivables are borrowed from these subsidiaries. As the Company's consolidated subsidiaries are the lenders, such loan receivables are transferred to other special-purpose entities subject to disclosure, and the transactions for such transfers are recorded.
(*2) Commission revenue on service agency business includes commissions on agency collection services and revolving lines of credit, and is posted to operating revenues.
As of March 31, 2010, the advance limit on advances for the redemption of commercial paper in line with the consigned management agreements of special-purpose entities, as well as the balance of unissued advances, was ¥340,000 million.
(*3) Sales commission revenue on commissioned sales of commercial paper is posted to operating revenues.

(22) SUBSEQUENT EVENTS

1. Based on a comprehensive resolution to issue unsecured straight bonds passed at a meeting of the Board of Directors on March 31, 2011, the Company decided to issue its 41th unsecured straight bonds (with limited interbond pari passu clause) on May 20, 2011. The issue was made as follows:

(1) Total issue amount:	¥20,000 million
(2) Issue price:	¥100 per ¥100 bond face value
(3) Payment date:	May 27, 2011
(4) Redemption date:	Entire amount is redeemable on March 18, 2016
(5) Interest rate:	0.680% per annum
(6) Application of funds:	Redemption of short-term bonds

2. On May 24, 2011, the Company determined to transfer a portion of its holdings in Hitachi Capital Securities Co., Ltd., a consolidated subsidiary, to the Development Bank of Japan Inc., subject to approval by the relevant authorities.

(1) Reasons for the sale
To strengthen relationships for the purpose of enhancing finance arrangement services to customers

(2) Counterparty to the sale
Development Bank of Japan Inc.

(3) Timing of the sale
July 2011 or thereafter (following approval by the relevant authorities)

(4) Name and business areas of the subsidiary and transactional relationship with the Company
Name of subsidiary: Hitachi Capital Securities Co., Ltd.
Business areas: Securitization of receivables, sale and agency business involving bonds and commercial paper, consulting
Transactional relationship with the Company: A contract is in place between the Company and the subsidiary in the service agency advisory business.

(5) Number of shares to be sold, sale price, profit or loss on sale and percentage ownership following sale

Shares to be sold:	3,999 shares of common stock
Sale price:	¥199 million
Profit or loss on sale:	¥ — million
Percentage ownership following sale:	33.35%

The Board of Directors
Hitachi Capital Corporation

We have audited the accompanying consolidated balance sheets of Hitachi Capital Corporation and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income, changes in net assets, and cash flows for each of the three years in the period ended March 31, 2011 and consolidated statements of comprehensive income for the two years in the period ended March 31, 2011, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

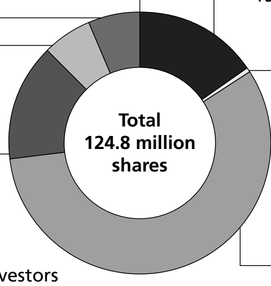
In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hitachi Capital Corporation and consolidated subsidiaries at March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2011 in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2011 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.

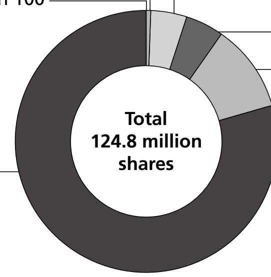
Ernst & Young ShinNihon LLC

June 21, 2011

COMPOSITION OF SHAREHOLDERS (Shares)



NUMBER OF SHARES OWNED



MAJOR SHAREHOLDERS

	Number of shares owned (thousands)	Ratio of shareholding (%)
Hitachi, Ltd.	68,357	58.48
Japan Trustee Services Bank, Ltd.	9,526	8.15
The Master Trust Bank of Japan, Ltd.	4,535	3.88
Hitachi High-Technologies Corporation	2,325	1.99
Trust & Custody Services Bank, Ltd.	1,579	1.35
CBHK-CITIBANK LONDON-F117	1,491	1.28
Mellon Bank N.A. as agent for its client Mellon Omnibus US Pension	1,464	1.25
The Chase Manhattan Bank N.A. London S.L. Omnibus Account	1,139	0.98
Hitachi Capital Employee Shareholding Association	969	0.83
CMBL SA Re-Mutual Funds	763	0.65
Total	92,152	78.84

Note: The above excludes 7,938 thousand of treasury shares held by Hitachi Capital Corporation.

CORPORATE DATA (As of March 31, 2011)

CORPORATE NAME
Hitachi Capital Corporation

FOUNDED
1957
(Incorporated in 1960)

NUMBER OF EMPLOYEES
Consolidated: 3,602

VOLUME OF BUSINESS
¥1,535,252 million

COMMON STOCK
Authorized: 270,000,000 shares
Issued: 124,826,552 shares

SHAREHOLDERS
6,753

STOCK LISTING
Tokyo Stock Exchange

CONSOLIDATED SUBSIDIARIES (As of June 20, 2011)

JAPAN

Okinawa Hitachi Capital Corporation
1-1, Kumoji 1-chome, Naha,
Okinawa 900-0015

Hitachi Capital Servicer Corporation
22-10, Shimbashi 5-chome,
Minato-ku, Tokyo 105-0004

Hitachi Capital Services Co., Ltd.
5-10 Iidabashi 1-chome,
Chiyoda-ku, Tokyo 102-0072

Hitachi Capital Auto Lease Corporation
1-11, Shimbashi 6-chome,
Minato-ku, Tokyo 105-0004

Hitachi Capital Securities Co., Ltd.
15-12, Nishi Shimbashi 2-chome,
Minato-ku, Tokyo 105-0003

Hitachi Triple Win Corp.
7-1, Nishi Shimbashi 3-chome,
Minato-ku, Tokyo 105-0003

Sekisui Leasing Co., Ltd.
13-8, Nishitenma 4-chome,
Kita-ku, Osaka, Osaka 530-0047

Hitachi Capital Insurance Corporation
1-4, Kojimachi 2-chome,
Chiyoda-ku, Tokyo 102-0083

Hitachi Capital Community Corporation
3734-1, Fukaya, Ayase,
Kanagawa 252-1103

Hitachi Capital Trust Corporation
15-12, Nishi Shimbashi 2-chome,
Minato-ku, Tokyo 105-0003

Financial Bridge Corporation
26-2, Minami Ooi 6-chome,
Shinagawa-ku, Tokyo 140-8573

EUROPE AND NORTH AMERICA

Hitachi Capital (UK) PLC
Wallbrook Business Centre,
Green Lane, Hounslow,
Middlesex TW4 6NW, UK

Hitachi Capital Vehicle Solutions Ltd.
Kiln House Kiln Road, Newbury,
Berkshire RG14 2NU, UK

Hitachi Capital Insurance Europe Ltd.
4th Floor, Marsh House 25-28,
Adelaide Road, Dublin 2,
Republic of Ireland

Hitachi Capital America Corp.
800 Connecticut Avenue,
Norwalk, CT 06854, U.S.A.

ASIA

Hitachi Capital (Hong Kong) Ltd.
16th Floor, Wai Fung Plaza, 664
Nathan Road, Kowloon, Hong Kong

Hitachi Capital (Thailand) Co., Ltd.
45/F CRC Tower, All Seasons Place 87/2
Wireless Road, Lumpini, Phatumwan,
Bangkok 10330, Thailand

Hitachi Capital Singapore Pte. Ltd.
111 Somerset Road #11-05
Singapore 238164

Hitachi Capital Leasing (China) Co., Ltd.
Room 1509, Beijing Fortune Building.
No.5, Dong san Huan Bei-lu,
Chao Yang District, Beijing 100004,
China

Cover:

Asaake Ni Tobu Tsuru
("Cranes Fly Chaoming") by
Toshio Ohsumi, recipient of the
Hitachi Capital Special Award

22nd Artbility Awards

Artbility, established by the social welfare corporation Tokyo Colony Association, is aimed at encouraging the participation in society of artists with disabilities through their artistic talent.

Based on the slogan "no barriers to talent," respective works of registered artists are evaluated and loaned out for use in publications issued by companies, municipal offices and other groups. This provides the artists with an avenue for publicizing their works while also supporting their financial self-reliance.

Since 1995, Hitachi Capital has sponsored the Artbility Awards, which honor the most successful artists during that year, and introduced its own Hitachi Capital Special Award in 1998. Hitachi Capital also supports Artbility's activities by using artworks widely in its advertisements and other PR materials.

Hitachi Capital Corporation

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