Hitachi Capital

Hitachi Capital Corporation

Annual Report 2013

Year ended March 31, 2013

Transform into a sustainable, high-profit enterprise

HITACHI

We will continue working to deliver reliability and win trust

About Hitachi Capital

The Hitachi Group is a global conglomerate formed around Hitachi Ltd. and offers services primarily in Social Innovation Business, as well as in sectors including Infrastructure Systems, Information & Telecommunication Systems, Power Systems, Construction Machinery, High Functional Materials & Components, and Automotive Systems. As one of Japan's leading corporate groups, the Hitachi Group boasts advanced technologies and R&D capabilities, a long history with extensive experience in all fields, a large customer base, and a solid business base.

The Hitachi Capital Group, as a financial services division of the Hitachi Group, provides various types of financial service functions to Hitachi Group businesses to enable the Group's provision of solutions. In addition to collaborating and realizing synergy with members of the Hitachi Group, we provide numerous functions, including receivables collection, credit guarantees, insurance, and trust services. At the same time, we pursue thorough localization measures, including active recruitment of local staff, to deliver community-based solutions. In these ways, we provide customers with the financial services they need, and build ties of trust with a large number of users.

Management Policies

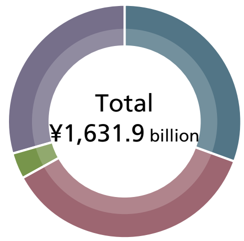
The Hitachi Capital Group will provide services trusted by its customers and the local community, taking a global perspective to meet the needs of society in such ways as consideration for the environment. To achieve this, we will always bear in mind and sincerely adhere to the principles in the column at right.

1. **"Basics" and "Ethics"**
   We will always return to the basics and keep on the right path.
2. **"Stand on One's Own" and "Coexistence"**
   We will stand and act on our own, and at the same time, coexist in harmony with our surroundings.
3. **"Quality" and "Development"**
   We will continue to develop our business through reliable quality.

Characteristics & Strengths

Leveraging the comprehensive capabilities of the Hitachi Group	We collaborate with members of the Hitachi Group in enabling the expansion of the Group's solutions business, as well as providing integrated financial services and risk control for Hitachi Group businesses. One of our biggest strengths is our ability to leverage the comprehensive capabilities of the Hitachi Group, including human capital, intellectual property and creditworthiness.
Diverse Functions	We meet the diverse needs of our customers through optimum combinations of diversified and high-quality functions such as collection, credit guarantees, insurance and trust. We provide new added value by finding new combinations of functions and improving functions themselves.
Globalization based on localization	We operate our businesses with locally-hired human resources for local customers in Japan, Europe, the Americas, China and ASEAN. This is achieving successful results, especially in areas such as product development targeting local markets, and local business risk management.
Sound financial position	We maintain high credit ratings: "A-" for debt issues (S&P) and "A-2" for CP issues (S&P). Our financial soundness gives us the advantage in fund usage.
Persistent pursuit of quality	We consistently pursue "quality" in sales, collections, financing, profits, operations, organization, and employees. Two of our Group companies have obtained ISO14001 certification and our Head Office, six business facilities and two overseas locations have obtained ISO9001 certification.

Volume of business



Financial Services	¥499.3 billion / 30.6%
Commission Services	¥593.8 billion / 36.4%
Supply and Sales Services	¥61.9 billion / 3.8%
Overseas Businesses	¥476.8 billion / 29.2%

* business breakdown based on mid-term management plan

Our Business Lines

Financial Services

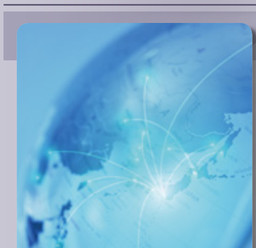
We provide fine-tuned services focused on the quality of physical assets. These include financing leases and operating leases, as well as credit with residual value, taking advantage of our "ability to judge quality."

Commission Services

We leverage our capabilities in the management of physical assets, as well as in credit and collection services, to engage in businesses including collection of accounts receivable and settlement of accounts payable. By combining these businesses with functions such as credit guarantees and insurance, we are currently expanding our activities into new fields such as support services that enable our customers to improve their financial positions and realize more efficient operations.

Supply and Sales Services

We operate businesses that focus on the efficient utilization of physical assets, including assessment of utility value and recycling potential. These businesses comprise a wide menu of auto leasing services, short-term to long-term rental services, and total support services for the reuse and recycling of products and assets, which forms the bedrock of the recycling-based society.



Overseas Businesses

We provide various financial services in accordance with the needs of local markets at our overseas offices. The Hitachi Capital Group — which as of March 31, 2013 comprised Hitachi Capital and twelve consolidated subsidiaries overseas (three in Europe, seven in Asia, and two in North America) — is continuing to expand its businesses on a global scale, with each business deeply rooted in the life of the local community.

Providing services in Japan, Europe, the Americas, China, and the ASEAN market

— Offering optimal solutions while contributing to regional communities —

CHINA, ASEAN

❹ Hitachi Capital (Hong Kong) Ltd.
https://www.hitachi-capital.com.hk/eng/index.aspx
Established: 1975 / Capital: HK$10,000 thousand
- Leasing for OA equipment, industrial equipment and others
- Hire purchase for automobiles, commercial vehicles, durable goods, personal loans and others

❺ Hitachi Capital Singapore Pte. Ltd.
http://www.hitachi-capital.com.sg/
Established: 1982 / Capital: S$26,400 thousand
- Leasing for OA equipment, IT equipment, industrial equipment and others
- Hire purchase for passenger and commercial vehicles and others
- Auto leasing, car maintenance, car sales

❻ Hitachi Capital Leasing (China) Co., Ltd.
http://www.hitachi-capital.cn/
Established: 2005 / Capital: US$100,000 thousand
- Leasing services for medical equipment, industrial equipment, and others

❼ Hitachi Capital (Thailand) Co., Ltd.
Established: 2008 / Capital: THB100,000 thousand
- Leasing & hire purchase for office automation equipment, forklifts, industrial equipment, motor vehicles, medical equipment and others

❽ First Peninsula Credit Sdn. Bhd.
Incorporated: 2011 / Capital: RM3,000 thousand
- Hire purchase & leasing for commercial vehicles, industrial equipment, forklifts, office automation equipment and others

❾ PT. Arthaasia Finance
Incorporated: 2012 / Capital: IDR100,000,000 thousand
- Financing services for commercial and passenger cars
- Leasing services for forklifts, industrial equipment, construction machinery, medical equipment and others

■ Hitachi Capital Corporation Vietnam Representative Office

EUROPE

❶ Hitachi Capital (UK) PLC
http://www.hitachicapital.co.uk/
Established: 1982 / Capital: £10,668 thousand
- Financing services for business equipment and machinery
- Invoice discounting and factoring
- Credit services for consumer retail products

❷ Hitachi Capital Vehicle Solutions Ltd.
http://www.hitachicapital.co.uk/vehicle-solutions/
Incorporated: 1991 / Capital: £1,700 thousand
- Leasing for cars and commercial vehicles
- Fleet management

❸ Hitachi Capital Insurance Europe Ltd.
Incorporated: 1995 / Capital: €8,580 thousand
- Underwriting of non-life insurance such as credit insurance
- Underwriting of income indemnity insurance and product assurance insurance

■ Hitachi Capital Corporation Poland Representative Office

Expansion of financial services

The Americas

22 Hitachi Capital America Corp.

http://www.hitachicapitalamerica.com/Default.aspx
Established: 1989 / Capital: US$13,000 thousand

- Leasing services for information technology equipment, industrial equipment, medical equipment, trucks, and others

23 Hitachi Capital Canada Corp.

Established: 2012 / Capital: C$5,000 thousand

- Leasing for commercial trucks, inventory finance for dealers

JAPAN

10 Okinawa Hitachi Capital Corporation

Established: 1968 / Capital: ¥30 million

- Leasing services for information communication equipment and medical equipment
- Auto leasing and loan services
- Loan services for home renovation
- Credit services for home appliances

11 Hitachi Capital Servicer Corporation

Established: 1983 / Capital: ¥500 million

- Collection management of monetary claims under the servicer law
- Loan purchase and factoring

12 Hitachi Capital Services Co., Ltd.

Established: 1989 / Capital: ¥130 million

- Leased asset management agency
- Old property collection and recycling business
- Prepaid television service

13 Hitachi Capital Auto Lease Corporation

Established: 1989 / Capital: ¥300 million

- Corporate auto leasing and vehicle management services
- Auto leasing
- Sale of property and casualty insurances

14 Hitachi Triple Win Corp.

Established: 2000 / Capital: ¥50 million

- Outsourcing of payroll calculation and accounting / treasury operations

15 Sekisui Leasing Co., Ltd.

Incorporated: 2002 / Capital: ¥100 million

- General leasing business
- Various types of loans

16 Hitachi Capital Insurance Corporation

Incorporated: 2004 / Capital: ¥6.2 billion

- Non-life insurance business
- Agent service for other insurance companies and administrative operations
- Guarantee of liabilities

17 Hitachi Capital Community Corporation

Established: 2004 / Capital: ¥80 million

- Development, operation and management of commercial facilities and residential facility

18 Hitachi Capital Trust Corporation

Established: 2005 / Capital: ¥1 billion

- Trust services for monetary claims, movable estate, money, real estate, and securities
- Property management
- Sale of trust beneficiary rights

19 Financial Bridge Corporation

Incorporated: 2009 / Capital: ¥50 million

- Provision of outsourcing services for "collective factoring service"

20 Daiichi Personal Credit Guarantee Corporation

Established: 1980 / Capital: ¥10 million

- Credit guarantee for consumer finance

21 NBL Co., Ltd.

Incorporated: 2013 / Capital: ¥10 billion

- General leasing business

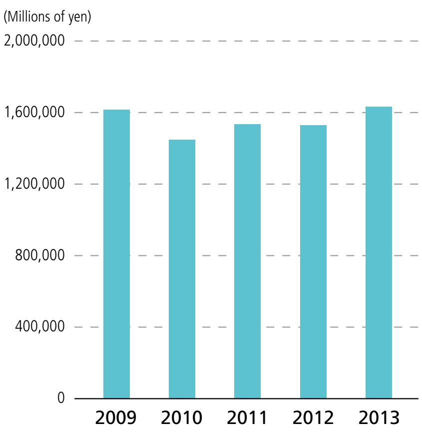
FINANCIAL HIGHLIGHTS

Hitachi Capital Corporation and Subsidiaries
Years ended March 31, 2009 to 2013

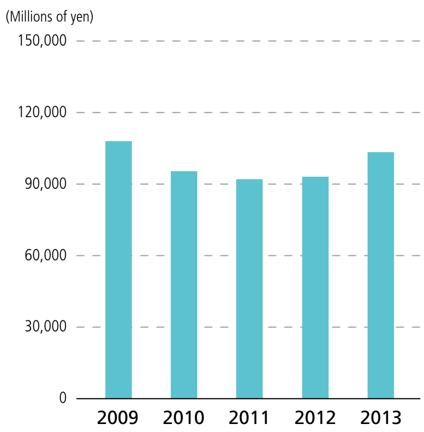
	In millions of yen, except per share data					Thousands of U.S. dollars, except per share data
	2013	2012	2011	2010	2009	**2013**
For the year:						
Volume of business	**¥1,631,990**	¥1,528,144	¥1,535,252	¥1,449,439	¥1,616,460	**$17,361,595**
Revenues	**103,304**	92,994	92,018	95,357	107,943	**1,098,978**
Operating income	**25,620**	22,238	17,460	12,895	17,580	**272,553**
Ordinary income (Income before extraordinary items, income taxes and minority interests)	**27,401**	22,637	17,630	13,370	17,544	**291,500**
Income before income taxes and minority interests	**25,382**	24,337	9,655	13,370	21,812	**270,021**
Net income	**16,546**	12,687	6,234	8,248	12,122	**176,021**
At year-end:						
Notes and accounts receivable – trade, including amounts maturing after one year	**¥ 712,902**	¥ 665,878	¥ 521,758	¥ 496,420	¥ 529,657	**$ 7,584,063**
Total assets	**1,891,431**	1,757,241	1,562,410	1,664,606	1,790,497	**20,121,606**
Net assets	**288,894**	270,404	254,797	252,268	241,394	**3,073,340**
Number of employees	**4,920**	4,693	3,602	3,392	3,513	—
Per share data (in yen and U.S. dollars):						
Net income (basic)	**¥ 141.5**	¥ 108.5	¥ 53.3	¥ 70.5	¥ 103.7	**$ 1.50**
Cash dividends paid and declared for the year	**38.00**	33.00	32.00	30.00	36.00	**0.40**
Net assets	**2,390.5**	2,243.7	2,166.0	2,145.6	2,053.9	**25.43**

Notes: 1. U.S. dollar amounts in this report represent translations of yen, solely for the convenience of the reader, at the rate of ¥94=US$1, the approximate exchange rate at March 31, 2013.
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 (m) for per share data).

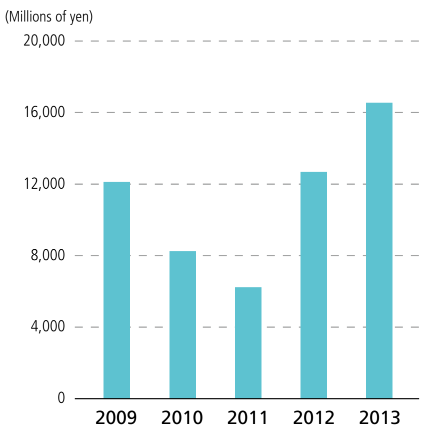
Volume of business



Revenues



Net income



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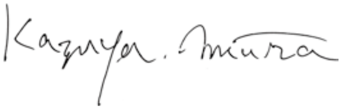
Forward-Looking Statements

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.

Strong recovery realized Transforming the Company into a high-profit enterprise for sustainable growth

Kazuya Miura
President & CEO



We have realized a strong recovery under our Mid-Term Management Plan, and set a new net income record

The first half of fiscal 2013 (the year ended March 31, 2013) saw the Japanese economy stagnate against the backdrop of a resurgence in the European sovereign debt crisis, as well as sluggish exports to China. The second half of the year, however, brought improved hopes of an upturn in business confidence in Japan, thanks to the recovery of the North American economy, as well as an ongoing correction of the yen's previous excessive appreciation and rising stock prices, both stemming from the economic policies and bold monetary easing measures implemented by the new administration of Prime Minister Shinzo Abe.

Against this background, we at the Hitachi Capital Group have focused our efforts in the year under review, which constituted the final term of our three-year Mid-Term Management Plan (fiscal 2011-2013), on our key strategies of increasing profitability in our fundamental domestic businesses, creating new domestic businesses, and expanding overseas businesses.

As a result of our efforts, the Company's overseas businesses expanded. Thanks to this and other factors, revenues reached ¥103,304 million (US$1,098 million), representing a year-on-year increase of 11.1%, while ordinary income rose 21.0% to ¥27,401 million (US$291 million), partly as a result of gain on investment in affiliates accounted for by the equity method. Net income posted year-on-year growth of 30.4%, for an all-time record of ¥16,546 million (US$176 million). Not only did we attain our numerical targets for the final year of the Mid-Term Management Plan, we also realized the "recovery scenario" that was the principal focus of the plan.

In overseas businesses, we will expand our operations in the ASEAN region and China, while focusing on resumption of growth in the European and North American markets

Our global business, which is the Company's main growth driver, is recording continuous strong increases in operating income thanks both to the resumption of growth in the European and North American markets, which are our main overseas business bases, and by growth in Asian markets, on which we are currently focusing our efforts.

We are expanding our operations in the Chinese market and also enjoying a contribution from the business operations we have purchased in Malaysia and Indonesia. As a result, we have realized high business growth in Asia. To further take advantage of economic growth in Asian markets, we are focusing on enhancing our corporate governance and risk management functions to lay the groundwork for sound growth.

In Europe and North America, meanwhile, we have now completed the reorganization of our management base and the reshuffling of our portfolios, and are ready to take full advantage of the resumption of economic growth following the late-2000s global financial crisis that was largely induced by the collapse of Lehman Brothers. We have taken over the operations of a retail factoring business in the United States, established a new company in Canada, and opened a representative office in Poland as the first step to creating a network of offices on the European mainland. In these ways, we will continue to seize new business opportunities so as to further strengthen our overseas businesses as a whole.

Setting the strategic target of becoming No.1 in domestic niche markets, and accelerating the creation of new businesses in Japan

We have been steadily implementing measures to strengthen our business operations in the Japanese domestic market despite the severity of the business environment.

First, in our fundamental businesses, we have been focusing on growing our share in specific markets while working to raise profitability. This is part of our growth strategy, whereby we aim to become the No.1 company in each niche market. In our vendor lease business, in April 2013 we made NBL Co., Ltd. into a subsidiary, thus achieving one of the top shares in this market in Japan. This move has enabled us to improve the level of our customer service through vendors, and is a major step toward becoming Japan's leading vendor lease enterprise. In our auto leasing business, in February 2012 we formed a capital and business alliance with Sumitomo Mitsui Auto Service Co., Ltd., thereby creating a corporate group that holds the top share in the domestic auto leasing market. Since then we have continued working to enhance the quality of our customer service, realize joint purchasing and sale of lease vehicles, and develop a new service model.

Regarding the Company's new businesses, we plan to shift the focus of our operations from our traditional financing businesses to function-oriented service businesses. To this end, during the term under review we made progress in developing new services that leverage the Company's unique and diverse range of functions. One example of this is the receivables collection business, where we have achieved solid results in the business of collecting insurance premiums for public pensions, among others, by effectively utilizing our capabilities in collection and billing. From here onward we plan to utilize the market-led approach, enabling us to design and offer services that truly meet customers' needs.

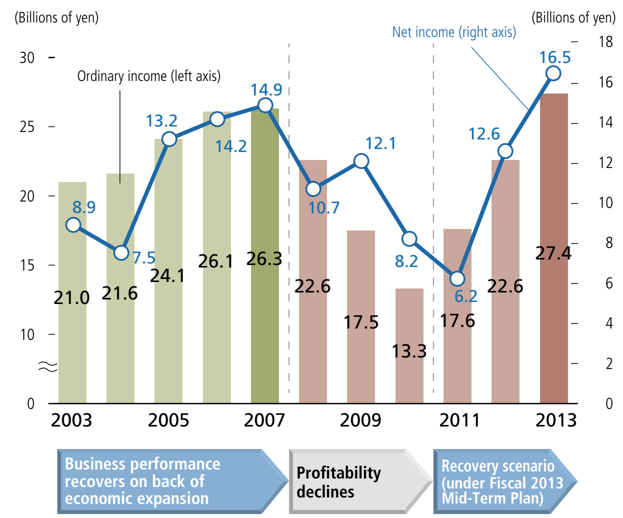
Making the transition to the next growth stage and transforming the Company into a high-profit enterprise

The Hitachi Capital Group has commenced a new Mid-Term Management Plan, running from fiscal 2014 to fiscal 2016. This plan, details of which can be found on the following pages, aims to transform Hitachi Capital into a high-profit enterprise for sustainable growth. We plan to do this by raising the capital efficiency of our management, thus addressing an issue of particular concern to our shareholders and enabling the Company to transition from the recovery stage to the growth stage. To realize this objective, we aim to fully leverage the Hitachi Capital Group's principal strengths — offering diverse functions and locally-based solutions, facilitated by our ties to the Hitachi Group — to realize a never-ending process of evolution and transformation in our business operations.

At Hitachi Capital, we have positioned the return of profits to our shareholders as one of our top-priority management goals. Our basic policy is to realize a stable distribution of dividends linked to business performance while maintaining a sound financial position and securing an adequate amount of internal reserves to ensure sustainable growth. Based on this policy, for the reporting period we paid a fiscal year-end dividend of ¥20 (US$0.21) per share. Together with the interim dividend, the total annual dividend was ¥38 (US$0.40) per share, for an increase of ¥5 (US$0.05) per share over the previous fiscal year.

I would like to ask all our shareholders and investors for their continued support.

Ordinary Income & Net Income



Achievements under Fiscal 2013 Mid-Term Management Plan

Item	Plan (Fiscal 2013)	Results (Fiscal 2013)	Evaluation
Revenues	¥103.0 billion	¥103.3 billion	○
Ordinary income	¥23.0 billion	¥27.4 billion	◎
ROA (Return on Assets)	1.0% (Target for Fiscal 2016)	1.0%	◎

Note: For revenues, the figure for the fiscal 2013 plan included in the Company's "Development of Overseas Businesses toward Sustainable Growth" released on June 8, 2011 is used.
ROA is calculated as ordinary income divided by total accounts receivable.

— Transitioning from the Recovery Stage to the Growth Stage —

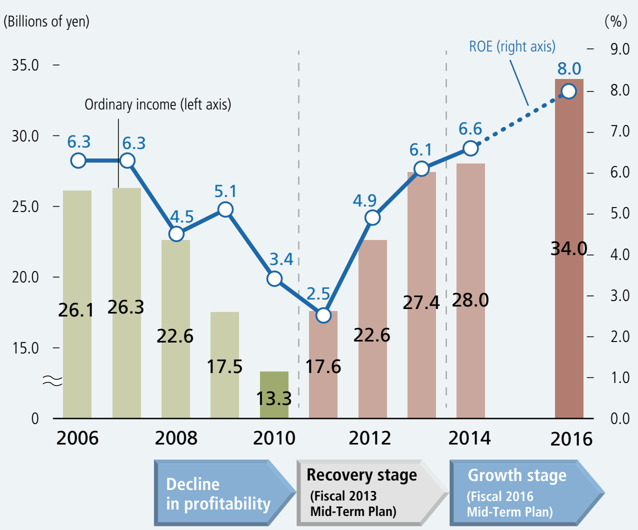
Transforming the Company into a High-Profit Enterprise for Sustainable Growth

The Hitachi Capital Group has commenced a three-year mid-term management plan covering the period from fiscal 2014 to fiscal 2016. Under this plan, whose primary goal is to achieve the transition from the recovery stage to the growth stage, we intend to realize a continuous structural transformation into a highly competitive management base. Through this powerful forward thrust, we aim to attain our growth strategy goals and strengthen our management base, making it possible to achieve an ROE greater or equal to 8%, an ordinary income*1 of ¥34,000 million, and an OHR*2 of less than 63% by fiscal 2016, the final year of the mid-term management plan.

By realizing our targets under this mid-term plan, we aim to effect a transition to the sustainable growth stage, and to maintain a stockholders' equity ratio of 10%*3 and an ROE greater or equal to 10%.

*1 Ordinary income = operating income + non-operating income or loss – non-operating expenses
*2 OHR (overhead ratio) = SG&A (selling, general and administrative expenses – bad debt expenses) / (revenues – financing costs)
*3 Risk asset basis

Ordinary Income & ROE



Numerical Targets

Item	Fiscal 2013 results	Fiscal 2016 targets	Average growth rate
ROE	6.1%	≧8%	—
Ordinary income	¥27.4 billion	¥34.0 billion	7.5%
OHR*2	67%	<63%	—

Overview of Fiscal 2014-2016 Mid-Term Management Plan

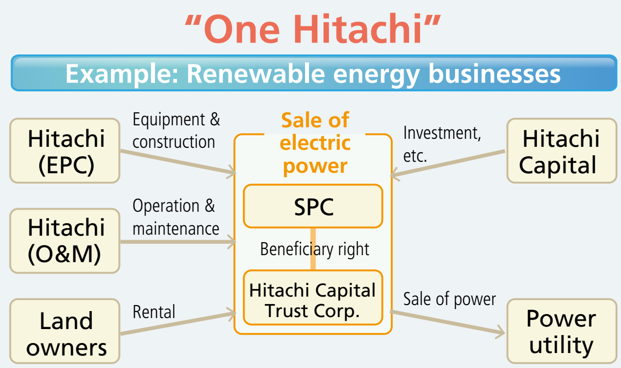
1 Hitachi Group Business

Policies

- Leverage comprehensive capabilities of entire Group under "One Hitachi" concept, for better solutions proposal and provision
- Adopt common strategy for collaboration with Hitachi Group members to speed up realization of growth strategy

Major plans

- Expand operational scale and help boost product sales through sales financing
- Offer financing schemes for asset-holding service enterprises
- Strengthen marketing approach to asset-holding enterprises (business operation, etc.)
- Improve cash flow, optimize working capital level
- Operating lease
- Offer credit insurance and overseas investment insurance support
- Offer project finance support



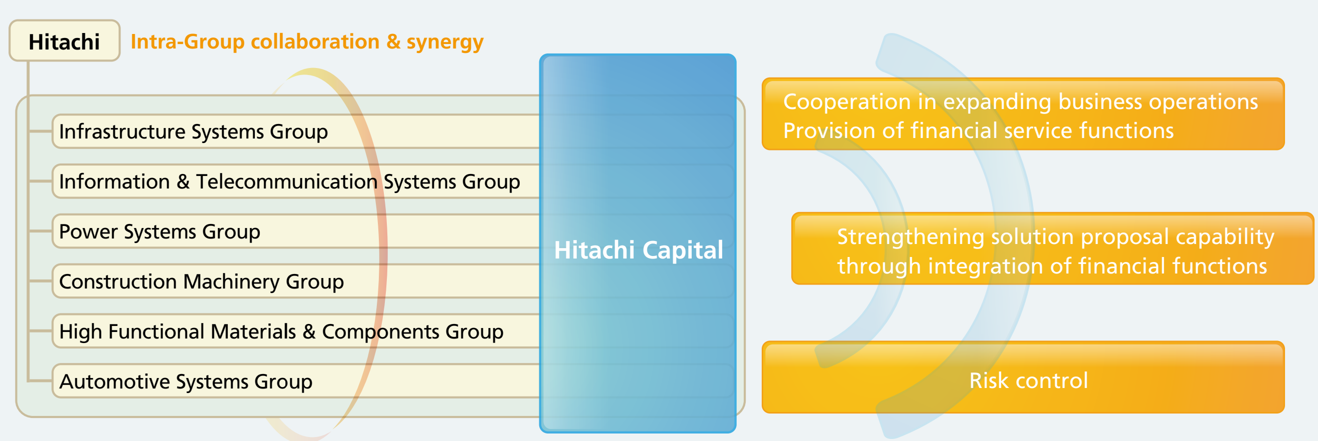
The Hitachi Group's business operations are divided into six groups, with the aim of leveraging the entire Group's capabilities to deliver solutions under the "One Hitachi" concept. As the Group's financial services division, Hitachi Capital aims to collaborate with each of these six groups and realize optimal synergistic benefits through pursuit of: "offering financial service functions for cooperation in business expansion"; "strengthening solution capability through integration of financial functions"; and "risk control."

In the renewable energy field, Hitachi will undertake EPCs (Energy Performance Contracts, covering energy-saving equipment and facility construction) and conduct Operation & Maintenance services, while Hitachi Capital will provide the necessary investment and trust management. In this way, a "One Hitachi" business, such as the power selling business, will come into being.

Regarding Hitachi Capital's factoring and related businesses, we are currently providing such services in Japan not only for the Hitachi Group but also for a wide range of other enterprises, and we boast one of the most extensive track records in this field of any non-bank financial company. We also provide factoring services in the U.K. and the U.S., and have recently added China to the list of countries where we operate. Thanks to this, Hitachi Capital will soon have a network in place that will allow us to provide factoring services — one of our particular strengths — on a truly global scale.

In the near future, we aim to reinforce our capability to propose and implement solutions, and to further expand the geographical regions around the world where we offer our services. In this way, we hope to adopt a common strategy for collaboration with Hitachi Group members to speed up realization of our growth strategy.

Strengthen Solutions Proposal and Provision Capability of the Hitachi Group under "One Hitachi" Concept



2 Japan Business

Policies

- Reinforce financial service functions through market-led approach
- Invest resources into six growth sectors
- Achieve a highly competitive management base by promoting the Smart Transformation Project

Major plans

Growth sector, focus sector

- Business collaboration with the Hitachi Group
- Focus on social infrastructure and renewable energy sectors
- Creation of new domestic demand

Niche No.1 strategy

- Establish No.1 position in vendor lease business
- Establish No.1 share group in auto lease business

Increase profitability in fundamental businesses

- Achieve transformation to cost structure commensurate with earnings level
- Rethinking of low-profitability businesses

The risk of a downswing in the Japanese economy has been receding recently, against the background of the ongoing correction of the yen's appreciation on the foreign exchange market, rising stock prices, and hopes of further beneficial effects from the implementation of "Abenomics." Business confidence is recovering and demand in the leasing market is expected to increase, thanks partly to government measures to shore up capital investment. Over the medium and long terms, hopes rest on a number of factors, including further steps to encourage capital investment, and new opportunities for growth in the fields of medical care, social infrastructure, the environment, and energy.

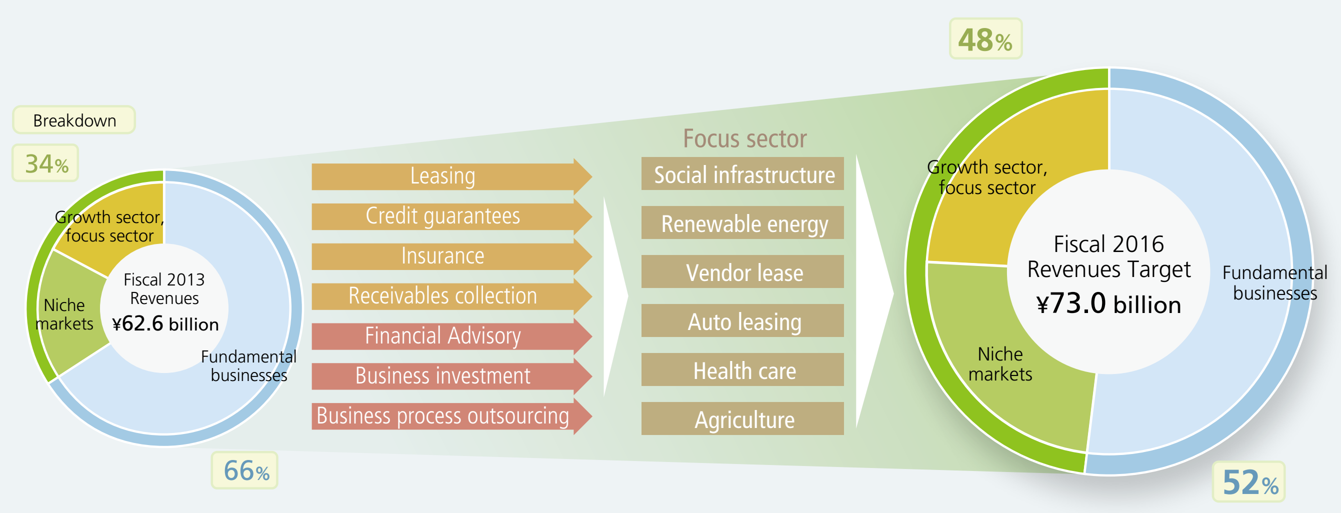
In these circumstances, to enable the Hitachi Capital Group to take advantage of upcoming business opportunities as appropriate and thus increase its earnings, we will adopt the market-led approach to strengthening our financial service functions, including business investment and business process outsourcing (BPO).

We will also be reinforcing our collaborative relationship with the Hitachi Group to enable us to invest management resources in our focus sectors of social infrastructure and renewable energy, as well as other fields such as health care and agriculture. In the vendor lease and auto leasing businesses, we plan to continue reinforcing our operations in each niche market so as to cement our position as the No.1 enterprise in a number of niche markets in Japan.

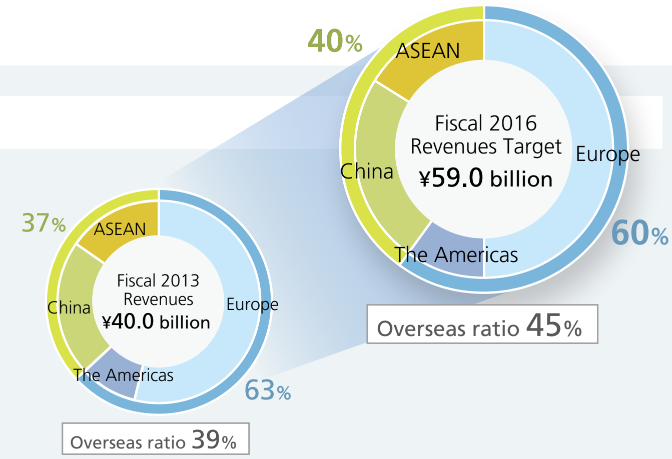
We aim to reform the Group's cost structure, reassess and reorganize low-profitability businesses, and realize a competitive management base through the implementation of our "Smart Transformation Project," with no areas off limits.

* Comprehensive outsourced service provision of clients' back-office administrative work

Focusing on Growth Sectors Utilizing Market-Led Approach, and Securing No.1 Position in Each Niche Market



3 Global Business



Policies

- Pursue true globalization through collaboration with the Hitachi Group and increased localization of business operations
- Accelerate the pace of the shift of our business focus to the global market via four operational centers in Europe, the Americas, China, and ASEAN

Major plans

Achieve growth strategies

- Expand operations, mainly through collaboration with Hitachi Group
- Thorough localization of operations
- Maximize M&A effects

Strengthen management base

- Reinforce internal controls and human resource development
- Strengthen IT infrastructure
- Reinforce corporate governance and risk management

The Hitachi Capital Group's main growth driver is the global business, and we aim to realize further successes from the application of our growth strategy to this business area. We will also take steps to strengthen our management base and to accelerate the shift of our operational focus to the global market, primarily by leveraging our four overseas business bases.

In Europe and the Americas, we are speeding up our business development to achieve resumed growth. Firstly, regarding Europe, in April 2013 we expanded our business base by acquiring auto lease debt factoring operations in the U.K. From here onward, we aim to reinforce our collaboration with the Hitachi Group for further expansion and horizontal deployment of our operations in the U.K., while we also consider plans for business expansion into countries on the European mainland, including Poland, France, and Turkey. In the Americas, meanwhile, we are currently operating business financing and factoring businesses in the U.S. and commercial truck finance in Canada, and in the near future we intend to expand our operations in such new fields as medical equipment and to extend our operations to all parts of the Americas — including Mexico and Brazil — through collaboration with the Hitachi Group.

Meanwhile, in Asia, which provides the main motive force for our global business in its role as the Company's growth driver, we aim to expand our operations over the medium-to-long term by strengthening our management base so as to take full advantage of growing demand in this market. For this purpose, we plan to establish a factoring service company in China in the first half of fiscal 2014. We also have plans to strengthen our sales network in China, not just in the highly developed coastal region, but also in interior regions, including the cities of Chengdu, Wuhan, and Changsha. We are also examining possibilities for the Company's participation in new special financial districts scheduled to be developed in the cities of Suzhou and Tianjin, as well as in southern China.

In the countries of ASEAN, in fiscal 2012 we added to our existing business bases in Singapore and Thailand through the acquisition of subsidiaries in Malaysia and Indonesia. From here on, too, we intend to invest actively in expanding our operations in this region, which is forecast to experience good growth over the medium and long terms. We will also strengthen our management base, open offices in new markets such as Vietnam and India, and enhance our financial services in all countries of this region through collaboration with the Hitachi Group.

Global Business Development in the Growth Stage

BUSINESS TOPICS

Oct. 2012	Reinforcing business base in Canada with a view to faster renewed business growth in North America
Oct. 2012	New system allows efficient metering and safety control of LPG with just one smartphone
Nov. 2012	Enhancing the earnings base of our factoring business in the U.S.
Dec. 2012	Opened a representative office in Vietnam
Mar. 2013	Opened a representative office in Poland
Apr. 2013	Strengthened vendor lease business with view to further expansion

Global Business

Reinforcing business base in Canada with a view to faster renewed business growth in North America

Hitachi Capital is carrying out an aggressive program of investments in the North American market with the goal of speeding up the process of renewed operational growth. In October 2012, Hitachi Capital America Corp., our locally incorporated subsidiary in the United States, established the new company Hitachi Capital Canada Corp. We are strengthening our operational base, centered on commercial truck leasing and inventory finance for truck dealers, with the aim in the near future of providing sales finance functions for Hitachi Group companies. We also aim to leverage the Hitachi Group's brand recognition and reputation for creditworthiness to deploy financial services for local corporations.

Opening ceremony at premises of Hitachi Capital Canada Corp.

Global Business

Enhancing the earnings base of our factoring business in the U.S.

In the U.S., in November 2012 Hitachi Capital took over the retail factoring business — targeting small and medium-sized enterprises — of Hennessey Capital, LLC, a company headquartered in Michigan. Hennessey Capital has long been engaged in factoring and loans for SMEs backed by trade receivables as collateral. We hope to leverage this business acquired from Hennessey Capital as a platform enabling us to turn our North American factoring operations into a true earnings driver that will help expand and reinforce our total earnings base in North America.

Employees at the Hennessey Capital reception desk

Global Business

Services tailored to conditions in local markets overseas

— Satisfying our customers and earning a high reputation in each market —

Hitachi Capital's global businesses, which are one of the principal driving forces behind the Company's growth, are supported by the approximately 2,000 staff at Group companies overseas, roughly 95% of whom were recruited locally. Our local staff work to ensure the Group's compliance with the legal system and business customs in each country, and to develop and market services that meet local users' needs. In the case of our Hong Kong subsidiary, these efforts have borne fruit in capturing the top share of the information equipment market, while in the U.K. two affiliates of our local subsidiary were recently recipients of the Credit Today Awards, the U.K.'s top awards in this field. In such ways, our overseas subsidiaries have succeeded in realizing full customer satisfaction and in building an excellent reputation for themselves in their respective markets. We have also begun offering services tailored to local market conditions in Vietnam and Poland, where we opened representative offices in December 2012 and March 2013, respectively.

The Credit Today Awards ceremony

Japan Business

New system allows efficient metering and safety control of LPG with just one smartphone

Together with KDDI Corporation, in October 2012 Hitachi Capital acquired an equity stake in Kumonouchusen Co., Ltd., a company established by Nippon Gas Co., Ltd. This company was set up to market the Kumonouchusen LPG operating system, in which cloud computing techniques are employed to manage all aspects of the liquefied petroleum gas business, including logistics and other facilities. This system greatly reduces customers' work burden, and makes possible much higher levels of operating efficiency while cutting logistics and administrative expenses.

Hitachi Capital provides financing services for the acquisition of the facilities and vehicles required for this service, and we are also working to more widely popularize systems that utilize the cloud computing concept.

Meeting to announce the Kumonouchusen system

Japan Business

Strengthened vendor lease business with view to further expansion

In April 2013 we amalgamated our principal vendor lease businesses and made NBL Co., Ltd., which we had acquired in October 2011, into a consolidated subsidiary to effect a radical reinforcement of our vendor lease operations. We acquired the shares in NBL held by The Bank of Tokyo-Mitsubishi UFJ, Ltd. Together with the shares we already held, this made NBL into a wholly owned subsidiary of Hitachi Capital.

Hitachi Capital and NBL will combine and harness their respective funds of expertise for their mutual benefit to create Japan's leading vendor lease business in every respect, including customer base, market share, and product marketing power. We hope to achieve mutual prosperity together with our important vendor partners, and by developing and proposing a new business model that will effectively drive sales growth, we aim to provide strong support for further computerization and higher administrative efficiency by SMEs in Japan.

* Vendor leases: These are lease agreements entered into with customers by lease companies through dealers (vendors) who are in alliance relationships with those same lease companies.

Our Approach to CSR

The corporate activities of the Hitachi Capital Group are constantly informed by the awareness on the part of each of our employees that he or she is not only a member of the Group but also a member of the wider community. The Group, by fulfilling its responsibility as a corporate citizen — not only in the business sense but also in the areas of the natural environment and the needs of society as a whole — simultaneously enhances its own corporate value and makes sustainable growth possible. Based on this concept, the Group pursues corporate social responsibility (CSR) measures appropriate to the nature of Hitachi Capital through business operations, and makes its own unique contributions to society.

Fulfilling CSR through business operations

Acquiring environmental responsibility ratings*, and fund raising at preferential interest rates

In October 2012 Hitachi Capital acquired a "DBJ Environmental Responsibility Rating" under a scheme developed by the Development Bank of Japan Inc. (DBJ) to identify corporate managements that are particularly active in showing concern for the natural environment in their business activities. At the same time, we received a loan from DBJ linked to this rating system. In accordance with the guiding principle of Hitachi Capital's environmental policy — "Conduct business activities in harmony with the environment, for sustainable social growth" — we are utilizing the aforesaid loan to pursue an electric power generation project that makes use of the Japanese government's feed-in tariff system for the promotion of renewable energy. In addition to financing the required power generation equipment, Hitachi Capital is also providing comprehensive financial services harnessing the specialist functions of all Group members, including insurance and trust services.

The awarding of the DBJ Environmental Responsibility Certificate

* DBJ Environmental Responsibility Ratings: This is a financing menu based on specialist assessment methods. Introduced by DBJ in 2004, it is the first of its kind in the world. Through the environmental responsibility screening system developed by DBJ, companies are marked according to the degree to which environmental considerations are reflected in their management actions. Companies are then assigned to one of three levels depending on the marks they have been given, with different interest rates applied to each level.

Promoting the Reuse Business

To help build a recycling-oriented society, we are operating a business in which we find ways to reuse physical assets after the termination of their leasing or rental contract periods. We operate a website where users seeking used semiconductor manufacturing equipment can find what they are looking for. The majority of the products on offer were formerly leased out on contracts that have been terminated, and this meets the needs of users looking for expensive equipment at reasonable prices.

Group member Hitachi Capital Services Co., Ltd. contributes to the creation of a society oriented to the recycling and reuse of products by purchasing and reselling personal computers that have been used in offices. After the completion of data erasure and the installation of new operating systems, the company offers these PCs for sale on "CS-e-shop," a dedicated secondhand PC sales website. It also sells special high-quality used PCs under the brand name "eco Friend PC." The company has also donated such PCs to communities devastated by the Great East Japan Earthquake.

Contributing to the regional community through sports

Since the year 2000 Hitachi Capital has been a sponsor of Kashiwa Reysol, a professional football club that competes in the J. League Division 1. Starting in 2013, the Company is also sponsoring the Kashiwa Reysol Academy Teams. These are teams formed as part of Kashiwa Reysol's youth academy system to develop young players at the elementary, middle school, and high school levels. There are currently about 450 youngsters in the academy teams, where the training has four basic aims: 1. to nurture players capable of advancing eventually to the professional team; 2. to develop creative players; 3. to provide training that helps the youngsters' all-round development; and 4. to assist in character formation. At Hitachi Capital, we engage in this sponsorship of the academy teams with the aims of supporting healthy sporting activities in the local region and thereby assisting the growth of young people as part of our overall social contributions. Hitachi Capital's corporate logo is displayed on the uniform shirt fronts of the selected team members (totaling 137 players).

The Kashiwa Reysol U-10 Academy Team (Under 10, 4th-year students at elementary school)

Participation in the "Artbility Awards" to encourage creative work and self-reliance by disabled people

Since 1992 we have provided support for creative work by disabled people by arranging for the display of pictorial art on printed matter issued by the Company, such as calendars and IR materials. In 1995 we began participating in the "Artbility Awards" prize-giving event, and since 1998 we have been offering the "Hitachi Capital Special Award" at this event. By these means, we hope to help disabled people become more independent and popularize artworks created by people with disabilities. Since 1995, we have utilized a magazine distributed to holders of our corporate card to introduce products made by people with mental disabilities at vocational aid centers as a way of helping them become more independent. These products are available via mail order.

The Artbility Grand Prix awards ceremony

Hitachi Capital's afforestation and employee volunteer activities

Since participating right from the start in 1992 in the Forestry Agency's "Corporate Afforestation Program," Hitachi Capital has been actively helping protect Japan's woodland resources. In 1999, we established a volunteers club for company employees based on the concept of the "Corporate Afforestation Program." Club members engage in the planting and management of woodlands, as well as cleanup work (removal of litter and other garbage, etc.) at woodlands, beaches and other coastal areas. We believe it is important for our employees to conduct such activities on an ongoing basis as a means of nurturing a sense of involvement in the community, a voluntarist attitude, and a diverse set of values. To encourage and facilitate volunteer activities by Company employees, we have set up a special leave system and provide other support for environmental voluntary activities.

DIRECTORS AND OFFICERS

Board Directors

Takashi Miyoshi
Chairman of the Board

Kazuya Miura
Board Director

Yuichiro Shimada
Board Director

Kenji Sakai
Board Director

Akira Tsuda
Board Director

Toshiaki Kuzuoka
Board Director

Executive Officers

Kazuya Miura
Representative Executive Officer, President and Chief Executive Officer

Seiichiro Kishino
Senior Vice President and Executive Officer, in charge of Financial Solution Business, Corporate Strategy

Kiyoshi Kojima
Senior Vice President and Executive Officer, in charge of Corporate Management

Seiji Kawabe
Senior Vice President and Executive Officer

Keiji Momoi
Vice President and Executive Officer, in charge of Quality Assurance, Smart Transformation Project Promoting

Hironori Tozawa
Vice President and Executive Officer, in charge of International Business

Jun Kataoka
Executive Officer, in charge of Hitachi Group Business

Yuji Kai
Executive Officer, in charge of Partnership Business

Masao Nishida
Executive Officer, in charge of Finance and Accounting, Co-head of Smart Transformation Project Promoting

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

Kouji Ueda
Managing Director
Hitachi Triple Win Corp.

Kenji Hirama
Managing Director
Sekisui Leasing Co., Ltd.

Hiroshi Honda
Managing Director
Hitachi Capital Insurance Corporation

Takeshi Ara
Managing Director
Hitachi Capital Community Corporation

Hiroyuki Fukuro
Managing Director
Hitachi Capital Trust Corporation

Ikuo Okada
Managing Director
Financial Bridge Corporation

Misuo Yoshii
Managing Director
Daiichi Personal Credit Guarantee Corporation

Atsuyoshi Kanto
Managing Director
NBL Co., Ltd.

Masashi Takeda
Managing Director
Hitachi Capital (Hong Kong) Ltd.

Chihiro Shirai
Chief Executive Officer
Robert Gordon
Chief Operating Officer
Hitachi Capital (UK) PLC

Simon Oliphant
Chief Executive Officer
Hitachi Capital Vehicle Solutions Ltd.

Chihiro Shirai
Chairman
Hitachi Capital Insurance Europe Ltd.

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

Hiromichi Yabana
Managing Director
Hitachi Capital Singapore Pte. Ltd.

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

Yoshikazu Ohashi
Managing Director
Hitachi Capital (Thailand) Co., Ltd.

Kazuaki Egawa
Managing Director
First Peninsula Credit Sdn. Bhd.

Fumio Kuboyama
President Director
PT. Arthaasia Finance

William H. Besgen
President & Chief Executive Officer
Hitachi Capital Canada Corp.

(As of July 1, 2013)

BASIC POLICY

At Hitachi Capital, we believe the establishment and maintenance of an optimal management structure that enhances corporate value is the cornerstone of corporate governance. In keeping with this rationale, we are working to strengthen our corporate governance structure, as summarized below.

1. DESCRIPTION OF INTERNAL ORGANIZATIONS

Hitachi Capital has adopted a committee system as its management structure in order to better resolve current and future issues confronting the Company in a timely and appropriate manner by separating the oversight and business execution functions of management, while at the same time enhancing management transparency.

As of June 26, 2013, Hitachi Capital's Board of Directors consisted of six 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 Executive 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.

Executive Officers (nine as of June 26, 2013) elected by the Board make executive decisions and execute business affairs within the scope of authority delegated by the Board of Directors. An Executive Officers Committee has been established and convenes monthly to deliberate on key matters.

2. COMPLIANCE STRUCTURE

Hitachi Capital has formulated a 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.

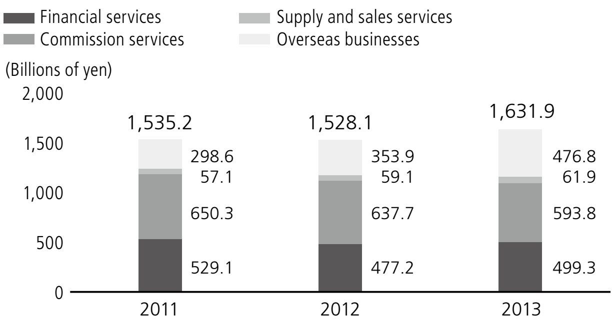
Hitachi Capital is thoroughly managing personal information and other data within the Group, while further strengthening the structure to enable operations to be conducted based on a spirit of compliance through measures that include comprehensive education on such industry-specific laws as the Money-Lending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

3. RISK MANAGEMENT STRUCTURE

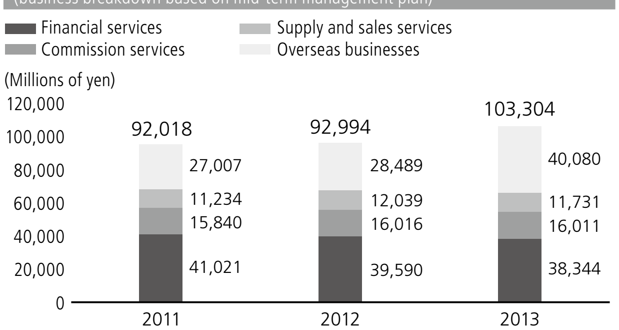
Hitachi Capital has formulated Policies for Risk Management as a means of clarifying basic management policies as well as the methods for addressing risks.

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)

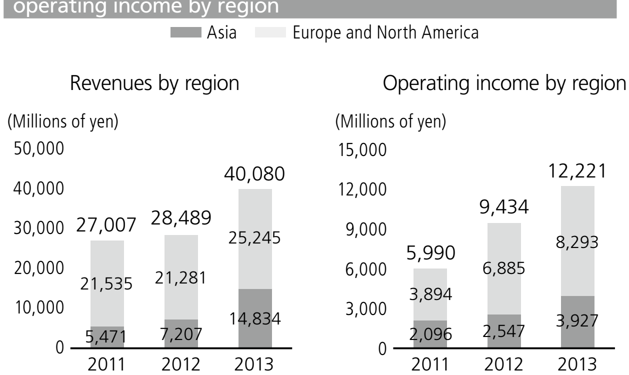


Revenues*1
(business breakdown based on mid-term management plan)



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

Breakdown of overseas revenues and operating income by region



BUSINESS RESULTS

During fiscal 2013, ended March 31, 2013, the volume of the Group’s business in Japan relating to information equipment and housing CMS recorded an increase, but overall business volume fell below the previous year’s level, due to a decline in the volume of outsourced business services such as factoring systems, in addition to further changes made in the marketing of retail home mortgage. In overseas businesses, on the other hand, our operations in Asia continued to expand, and business was also favorable in the European and North American markets. As a result, the Group’s volume of business on a consolidated basis rose 6.8% year on year to ¥1,631,990 million (US$17,361 million).

Thanks to firm sales in Europe, North America, and Asia, revenues for the fiscal year under review grew by 11.1% year on year to ¥103,304 million (US$1,098 million), while operating income rose 15.2% to ¥25,620 million (US$272 million). Net income increased sharply, by 30.4% year on year, to ¥16,546 million (US$176 million).

BUSINESS BREAKDOWN BASED ON THE MID-TERM MANAGEMENT PLAN

Financial Services

In financial services, the volume of business for fiscal 2013 rose 4.6% to ¥499,327 million (US$5,311 million), thanks to brisk business in the agriculture and information equipment fields. As a result of a reorganization of the Company’s operational structure, segment profit rose 19.6% year on year, to ¥11,947 million (US$127 million).

Commission Services

The corporate card and receivables collection businesses performed favorably during the term under review, but business volume in the fields of securitization and factoring, as well as business related to automobiles and housing, recorded a decline, with volume falling 6.9% year on year to ¥593,845 million (US$6,317 million). Segment profit declined by 5.3% year on year to ¥1,698 million (US$18 million) in spite of cost-cutting measures in the consumer business division, largely as a result of increased personnel costs due to a shift in operational emphasis to new businesses.

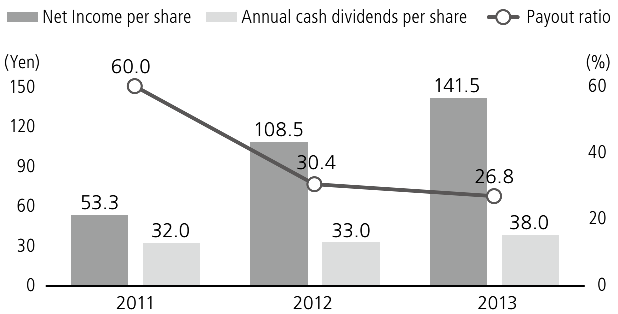
Supply and Sales Services

The information equipment rental and auto leasing businesses performed favorably, with the volume of business rising 4.7% to ¥61,953 million (US$659 million), but segment profit declined by 9.4% year on year to ¥3,435 million (US$36 million), mainly due to an increase in SG&A expenses resulting from investment in new computer systems.

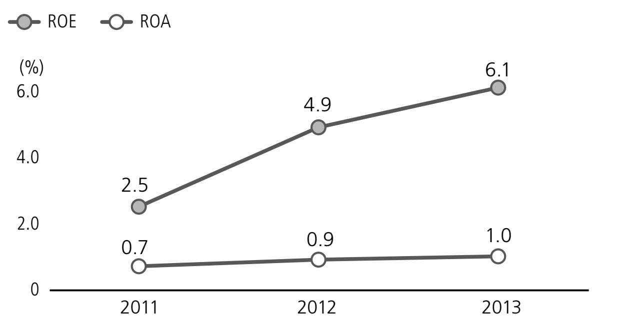
Overseas Businesses

Business was favorable, both in our traditional strongholds of Europe and North America, and in the Asian market, which is our main growth driver. The volume of business grew strongly, by 34.7% to ¥476,863 million (US$5,073 million). Segment profit rose in the European and North American markets, and by 54.2% in the Asian market, for an overall growth in segment profit from overseas businesses of 29.6%, to ¥12,221 million (US$130 million).

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

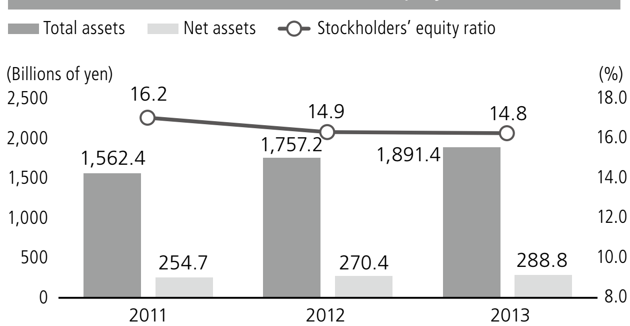


ROE / ROA*2



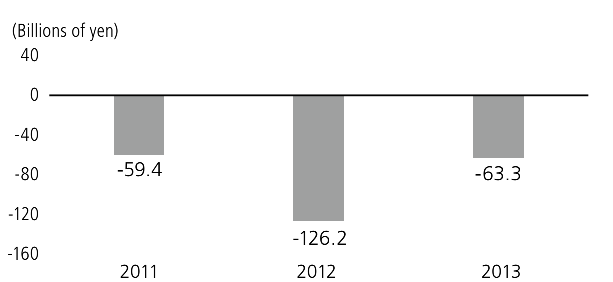
*2. ROA = Ordinary income / Total accounts receivable

Total assets / net assets / stockholders' equity ratio*3



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

Free cash flows



PER SHARE INDICES AND ROE/ROA

Net income per share increased 30.4% year on year to ¥141.5 (US$1.50). ROE was 6.1% and ROA 1.0%.

FINANCIAL POSITION

As of March 31, 2013, total assets stood at ¥1,891,431 million (US$20,121 million), up ¥134,189 million from the previous fiscal year-end. This largely reflected increases in notes and accounts receivable - trade, principally from our overseas businesses, as well as increases in lease receivables and investment in direct finance leases.

Total net assets as of March 31, 2013 amounted to ¥288,894 million (US$3,073 million), up ¥18,490 million over the previous fiscal year-end. This increase resulted from the posting of net income in the amount of ¥16,546 million (US$176 million) and the payment of dividends totaling ¥4,091 million (US$43 million), as well as an increase in the foreign currency translation adjustment account, owing to the yen's depreciation.

Interest-bearing debt rose ¥133,304 million to ¥1,092,636 million (US$11,623 million) as a result of an increase in bank loans and bonds, mainly overseas.

CASH FLOWS

Cash and cash equivalents at end of the fiscal year under review amounted to ¥132,756 million (US$1,412 million), an increase of ¥2,928 million compared with the previous fiscal year-end.

Net cash used in operating activities came to ¥25,837 million (US$274 million). This is mainly attributable to depreciation expenses in the amount of ¥77,750 million (US$827 million), an increase of ¥72,583 million (US$772 million) in investment in direct finance leases, and an expenditure of ¥88,182 million (US$938 million) for the acquisition of equipment for lease.

Net cash used in investing activities came to ¥37,476 million (US$398 million). This is mainly attributable to expenditure for the acquisition of investments in securities.

Net cash provided by financing activities came to ¥64,463 million (US$685 million). This is mainly attributable to proceeds from long-term borrowings.

As a result of the foregoing, free cash flows — the sum of operating and investing cash flows — resulted in an overall outflow of ¥63,313 million (US$673 million).

BUSINESS RISK

Internal Control-Related Risk

The Company has established and maintains an internal control system for entire Hitachi Capital Group based on internal control resolutions of the Board of Directors, and evaluates and works to ensure the effectiveness 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

The Group procures large amounts of funds in order to provide financial services, including leasing and installment sales. Although the Group carries out thorough ALM* through securitization of assets or other methods, as the duration of assets and liabilities are not completely consistent, large fluctuations in market interest rates, different movements between short-term and long-term interest rates or any other similar factors could cause a rise in fundraising costs, which could, in turn, 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 by diversifying its fundraising measures and expanding its fundraising sources, there are times it may be difficult for the Group to secure the funds required or the Group may be forced to procure funds when interest rates are significantly higher than ordinary rates in normal circumstances if the creditworthiness of the Group has declined, or due to turmoil in financial markets or changes in the market environment. These factors could weaken the Group's competitiveness in obtaining new orders or deteriorate the Group's profitability and then could have an adverse impact on the Group's business results and financial conditions.

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 strictly conducting such measures as 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 or bad debt expenses for lease transactions, which could have an adverse impact on the Group's business results.

Laws and Regulations Changes Risk

Changes in laws and regulations related to the Group's business could adversely impact the Group's business results. Due to the total enforcement of the amended Law for the Control of Money Lending Business and the amended Installment Sales Law, additional costs could arise and customer demands may change. As the Group has always complied with the Interest Limitation Law, the Group would not be directly affected by any refunding of excess payments. However, there could be additional costs associated with the strengthening of obligations for waste disposal companies in line with the full-fledged implementation of the amended Waste Management Law. Failure to comply with the laws and regulations applicable to the Group might lead to penalties. Also there is a risk that future changes in laws and regulations could negatively affect the Group's business results and financial conditions.

Risk Associated with Business Structure Reforming

The Group is reforming its business structure from low-profitable business to high-profitable business in line with changing economic and competitive environments in order to achieve sustainable growth. However, if for any reason the said structure reforming is delayed or fails to be achieved as desired, the Group could become unable to obtain profits that it had anticipated.

Leased Assets Residual Value Risk

One of the Group's strategies is to provide financial services that focus on physical assets. To achieve this, the Group concentrates on operating leases with assessed residual value in response to changes in market demand accompanied by changes in accounting standards for financial leases.

With respect to the Group's ability to evaluate physical assets and to resell its leased assets, the Group is working to accumulate more know-how and improve its expertise by strengthening its team of experts as its core skill-base. However, there is a possibility of losses incurred as a result of a decline in actual disposal value from the initial estimated value of leased assets due to such factors as unexpected changes in the market environment and technological innovations. These losses could have an adverse impact on the Group's business results and financial conditions.

Administrative and System Risk

The Group carries out its business activities using various information systems. Any human error, including inappropriate administrative work, accidents or fraudulence by employees, unauthorized access to systems from outside the Group, attacks by computer viruses, or a stoppage or breakdown of internal operating systems, or external leaks or illicit use of information concerning customers or business partners due to similar causes, could have an adverse impact on the Group's business results due to such causes as damage to said customers or business partners or loss of the Group's social credibility.

Also, natural disasters such as earthquakes could cause damage to the Group's data centers. As countermeasures for these risks, the Group has set up and maintains backup systems at both domestic and overseas sites. However, disasters of an unforeseeable scale could prevent the Group from continuing its business on a normal basis, which could have an adverse impact on the Group's business results and financial conditions.

Compliance Risk

Given that the Group offers a variety of financial services, it must comply with applicable laws and regulations, including but not limited to, the Installment Sales Law, the Financial Instruments and Exchange Law and the Law for the Control of the Money Lending Business, as well as a number of laws and regulations relating to consumer protection and waste disposal.

In addition to these laws and regulations, the Group must also comply with a wide range of social rules from internal regulations and voluntary industry rules to social norms. The Company established the Compliance Department at its headquarters and is working to develop and maintain its compliance structure. However, failure to comply with applicable laws, regulations and social norms could lead the Group to penalties and loss of social credibility, which could, in turn, have an adverse impact on the Group's business results and financial conditions.

Human Resources Risk

The Group considers employees' abilities as its substantial assets and is seeking to step up recruitment and planned education and training activities. However, if the existing employees are not able to deal with the new business in the business structure reforming in process, employees are not placed properly or it is impossible to secure new personnel or otherwise, there is a risk that the Group will not be able to secure the human resources required for business operations following the business structure reforming.

Also, no proper succession of the know-how necessary for its business operations, such as screening and receivables collection, that the Group has been accumulating for a long time, could prevent the Group from continuing its business activities. Such an event could also negatively impact on the business volume and damage business relationships, with a result of reduced profitability.

Risk Related to Business Partners

The Group has obtained new contracts in cooperation with numerous business partners. Although the Group endeavors to screen the business partners carefully at the time of collaboration, the Group may have to shoulder responsibility in case of bankruptcy of or misconduct such as illegal sales by a business partner, leading to demands for compensation from the Group's customers. This could have an adverse impact on the Group's business results and financial conditions.

Non-Life Insurance Risk

The Group is engaged in non-life insurance business at its subsidiary and endeavors to reduce risk associated with insurance underwriting. However, any occurrence of major insured event could cause unforeseeable claims to pay insurance that could require additional contribution of finances in order to maintain the required level of solvency.

Overseas Business Risk

One of the strategies of the Group is business expansion in overseas markets and the Group provides a wide range of financial services to not only Japanese companies operating overseas, but also local companies and individuals. Accordingly, any changes in laws, regulations and tax systems and other changes in business environment due to economic fluctuations peculiar to each country and region could have an adverse impact on the Group's business results.

CONSOLIDATED BALANCE SHEETS

Hitachi Capital Corporation and Subsidiaries
March 31, 2013 and 2012

	Japanese yen (millions)		U.S. dollars (thousands) (Note 2)
ASSETS	**2013**	2012	**2013**
CURRENT ASSETS:			
Cash on hand and at bank (Notes 4, 23 and 26)	**¥ 22,561**	¥ 22,519	**$ 240,010**
Notes and accounts receivable - trade, including amounts maturing after one year (Notes 4, 22 and 26)	**712,902**	665,878	**7,584,063**
Investment in direct finance leases (Notes 22, 25 and 26)	**608,376**	522,099	**6,472,085**
Less: Allowance for losses on receivables (Notes 3 (c), 10 and 26)	**13,699**	13,883	**145,734**
Net trade receivables	**1,307,580**	1,174,094	**13,910,425**
Parent company deposits (Notes 5, 22, 23 and 26)	**114,793**	111,562	**1,221,202**
Short-term investments (Notes 3 (d), 4 and 26)	**6,700**	5,648	**71,276**
Prepaid expenses and other current assets (Notes 13 and 22)	**38,084**	21,694	**405,117**
Total current assets	**1,489,718**	1,335,519	**15,848,063**
NON-CURRENT ASSETS:			
Equipment held for lease, at cost less accumulated depreciation (Notes 3 (f), (g), 6, 24 and 25) Accumulated depreciation was ¥1,579,165 million ($16,799,627 thousand) in 2013 and ¥1,630,213 million in 2012	**243,863**	237,403	**2,594,287**
Investments in securities (Notes 3 (d), 4, 7 and 26)	**104,908**	134,236	**1,116,042**
Total investments	**348,771**	371,640	**3,710,329**
Property and equipment, at cost less accumulated depreciation (Notes 3 (e), (f), (g), 4, 6 and 24)	**3,161**	2,687	**33,627**
Other assets (Notes 13 and 14)	**49,779**	47,394	**529,563**
Total non-current assets	**401,713**	421,722	**4,273,542**
Total assets	**¥1,891,431**	¥1,757,241	**$20,121,606**

See accompanying notes to consolidated financial statements.

LIABILITIES AND NET ASSETS	Japanese yen (millions) 2013	2012	U.S. dollars (thousands) (Note 2) 2013
CURRENT LIABILITIES:			
Short-term bank loans (Notes 11 and 26)	**¥ 137,776**	¥ 111,864	**$ 1,465,702**
Commercial paper (Note 26)	**138,626**	105,534	**1,474,744**
Current portion of long-term debt (Notes 11 and 26)	**126,100**	214,284	**1,341,489**
Trade payables (Notes 12, 22 and 26)	**256,226**	269,993	**2,725,808**
Accrued payables (Notes 22 and 26)	**41,915**	49,096	**445,904**
Accrued expenses	**10,906**	8,159	**116,021**
Obligation for securitized lease receivables (Notes 8 and 26)	**53,731**	56,146	**571,606**
Income taxes payable	**3,517**	1,932	**37,414**
Allowance for losses on guarantees (Notes 3 (c), 9 and 10)	**3,978**	4,903	**42,319**
Other current liabilities (Notes 13, 15, 22 and 25)	**38,700**	65,919	**411,702**
Total current liabilities	**811,479**	887,832	**8,632,755**
NON-CURRENT LIABILITIES:			
Long-term debt (Notes 11 and 26)	**690,133**	497,648	**7,341,840**
Retirement and severance benefits (Notes 3 (i) and 14)	**4,469**	4,614	**47,542**
Retirement benefits for directors (Note 3 (i))	**185**	188	**1,968**
Long-term obligation for securitized lease receivables (Notes 8 and 26)	**36,429**	44,179	**387,542**
Other liabilities (Notes 13, 15 and 25)	**59,840**	52,372	**636,595**
Total non-current liabilities	**791,057**	599,005	**8,415,500**
Total liabilities	**1,602,537**	1,486,837	**17,048,265**
NET ASSETS:			
Stockholders' equity			
Common stock:			
Authorized 270,000,000 shares;			
issued 124,826,552 shares in 2013 and			
issued 124,826,552 shares in 2012	**9,983**	9,983	**106,202**
Capital surplus	**45,972**	45,972	**489,063**
Retained earnings (Note 3 (l))	**235,504**	223,048	**2,505,361**
Treasury stock (Notes 3 (k) and 17)	**(14,331)**	(14,331)	**(152,457)**
Total stockholders' equity (Note 16)	**277,128**	264,673	**2,948,170**
Accumulated other comprehensive income			
Net unrealized holding gains on securities	**6,556**	7,080	**69,744**
Net unrealized losses on hedging derivatives (Note 26)	**(1,434)**	(1,144)	**(15,255)**
Foreign currency translation adjustments (Note 3 (j))	**(2,823)**	(8,341)	**(30,031)**
Total accumulated other comprehensive income	**2,298**	(2,406)	**24,446**
Minority interests	**9,466**	8,137	**100,702**
Total net assets	**288,894**	270,404	**3,073,340**
Total liabilities and net assets	**¥1,891,431**	¥1,757,241	**$20,121,606**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

Hitachi Capital Corporation and Subsidiaries
Years ended March 31, 2013 and 2012

	Japanese yen (millions)		U.S. dollars (thousands) (Note 2)
	2013	2012	**2013**
REVENUES (Notes 3 (b), 22 and 24):			
Operating revenues	**¥102,392**	¥92,164	**$1,089,276**
Interest and dividend income	**912**	830	**9,702**
	103,304	92,994	**1,098,978**
EXPENSES (Notes 19 and 24):			
Selling, general and administrative expenses	**61,335**	57,168	**652,500**
Financing costs	**16,347**	13,588	**173,904**
	77,683	70,756	**826,414**
Operating income	**25,620**	22,238	**272,553**
Other income (Note 18)	**1,875**	3,678	**19,946**
Other expenses (Note 18)	**2,114**	1,579	**22,489**
Income before income taxes and minority interests	**25,382**	24,337	**270,021**
Income taxes (Notes 3 (h) and 13)	**7,923**	11,457	**84,287**
Income before minority interests	**17,458**	12,879	**185,723**
Minority interests	**911**	192	**9,691**
Net income	**¥ 16,546**	¥12,687	**$ 176,021**

	Japanese yen		U.S. dollars (Note 2)
PER SHARE DATA (Notes 3 (m) and 20):			
Net income (basic)	**¥141.5**	¥108.5	**$1.50**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Hitachi Capital Corporation and Subsidiaries
Years ended March 31, 2013 and 2012

	Japanese yen (millions)		U.S. dollars (thousands) (Note 2)
	2013	2012	**2013**
Income before minority interests	**¥17,458**	¥12,879	**$185,723**
Other comprehensive income (Note 21)			
Net unrealized holding gains (losses) on securities	**(554)**	608	**(5,893)**
Net unrealized gains (losses) on hedging derivatives	**(289)**	(756)	**(3,074)**
Foreign currency translation adjustments	**5,731**	321	**60,968**
Share of other comprehensive income of affiliates accounted for by the equity method	**32**	—	**340**
Total other comprehensive income	**4,920**	173	**52,340**
Comprehensive income	**¥22,379**	¥13,053	**$238,074**
Comprehensive income attributable to shareholders of Hitachi Capital Corporation	**¥21,252**	¥12,817	**$226,085**
Comprehensive income attributable to minority interests	**¥ 1,126**	¥ 236	**$ 11,978**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Hitachi Capital Corporation and Subsidiaries
Years ended March 31, 2013 and 2012

	Japanese yen (millions)				
	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings (Note 3 (l))	Treasury stock (Notes 3 (k) and 17)	Total stockholders' equity (Note 16)
Balance as of March 31, 2011	¥9,983	¥45,972	¥214,101	¥(14,331)	¥255,726
Changes during the year					
Cash dividends			(3,740)		(3,740)
Net income			12,687		12,687
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock			(0)	0	0
Net change in the items other than stockholders' equity during the period					
Total change during the year	—	—	8,946	0	8,946
Balance as of March 31, 2012	¥9,983	¥45,972	¥223,048	¥(14,331)	¥264,673

	Japanese yen (millions)					
	Accumulated other comprehensive income					
	Net unrealized holding gains (losses) on securities	Net unrealized gains (losses) on hedging derivatives (Note 26)	Foreign currency translation adjustments (Note 3 (j))	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance as of March 31, 2011	¥6,474	¥ (388)	¥(8,623)	¥(2,536)	¥1,608	¥254,797
Changes during the year						
Cash dividends						(3,740)
Net income						12,687
Purchase of treasury stock						(0)
Disposal of treasury stock						0
Net change in the items other than stockholders' equity during the period	605	(756)	281	130	6,529	6,659
Total change during the year	605	(756)	281	130	6,529	15,606
Balance as of March 31, 2012	¥7,080	¥(1,144)	¥(8,341)	¥(2,406)	¥8,137	¥270,404

	Japanese yen (millions)				
	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings (Note 3 (l))	Treasury stock (Notes 3 (k) and 17)	Total stockholders' equity (Note 16)
Balance as of March 31, 2012	¥9,983	¥45,972	¥223,048	¥(14,331)	¥264,673
Changes during the year					
Cash dividends			(4,091)		(4,091)
Net income			16,546		16,546
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock			(0)	0	0
Net change in the items other than stockholders' equity during the period					
Total change during the year	—	—	12,455	0	12,455
Balance as of March 31, 2013	¥9,983	¥45,972	¥235,504	¥(14,331)	¥277,128

	Japanese yen (millions)					
	Accumulated other comprehensive income					
	Net unrealized holding gains (losses) on securities	Net unrealized gains (losses) on hedging derivatives (Note 26)	Foreign currency translation adjustments (Note 3 (j))	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance as of March 31, 2012	¥7,080	¥(1,144)	¥(8,341)	¥(2,406)	¥8,137	¥270,404
Changes during the year						
Cash dividends						(4,091)
Net income						16,546
Purchase of treasury stock						(0)
Disposal of treasury stock						0
Net change in the items other than stockholders' equity during the period	(523)	(289)	5,518	4,705	1,329	6,034
Total change during the year	(523)	(289)	5,518	4,705	1,329	18,490
Balance as of March 31, 2013	¥6,556	¥(1,434)	¥(2,823)	¥ 2,298	¥9,466	¥288,894

See accompanying notes to consolidated financial statements.

	U.S. dollars (thousands) (Note 2)				
	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings (Note 3 (l))	Treasury stock (Notes 3 (k) and 17)	Total stockholders' equity (Note 16)
Balance as of March 31, 2012	$106,202	$489,063	$2,372,851	$(152,457)	$2,815,670
Changes during the year					
Cash dividends			(43,521)		(43,521)
Net income			176,021		176,021
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock			(0)	0	0
Net change in the items other than stockholders' equity during the period					
Total change during the year	—	—	132,500	0	132,500
Balance as of March 31, 2013	$106,202	$489,063	$2,505,361	$(152,457)	$2,948,170

	U.S. dollars (thousands) (Note 2)					
	Accumulated other comprehensive income					
	Net unrealized holding gains (losses) on securities	Net unrealized gains (losses) on hedging derivatives (Note 26)	Foreign currency translation adjustments (Note 3 (j))	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance as of March 31, 2012	$75,319	$(12,170)	$(88,734)	$(25,595)	$ 86,563	$2,876,638
Changes during the year						
Cash dividends						(43,521)
Net income						176,021
Purchase of treasury stock						(0)
Disposal of treasury stock						0
Net change in the items other than stockholders' equity during the period	(5,563)	(3,074)	58,702	50,053	14,138	64,191
Total change during the year	(5,563)	(3,074)	58,702	50,053	14,138	196,702
Balance as of March 31, 2013	$69,744	$(15,255)	$(30,031)	$ 24,446	$100,702	$3,073,340

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Hitachi Capital Corporation and Subsidiaries
Years ended March 31, 2013 and 2012

	Japanese yen (millions)		U.S. dollars (thousands) (Note 2)
	2013	2012	2013
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before income taxes and minority interests	**¥ 25,382**	¥ 24,337	**$ 270,021**
Depreciation	**77,750**	77,248	**827,127**
Loss on valuation of investment securities	**12**	974	**127**
Impairment loss	**3**	376	**31**
Gain on reversal of provision for loss on disaster	**—**	(2,674)	**—**
Additional severance benefits	**2,019**	—	**21,478**
Depreciation of goodwill	**1,306**	1,017	**13,893**
Gain on negative goodwill	**—**	(128)	**—**
(Gain) Loss on investment in affiliates accounted for by the equity method	**(1,753)**	(188)	**(18,648)**
Interest and dividend income	**(582)**	(524)	**(6,191)**
Interest expense	**13,941**	11,548	**148,308**
(Increase) Decrease in notes and accounts receivable-trade	**(5,890)**	(138,059)	**(62,659)**
(Increase) Decrease in investment in direct finance leases	**(72,583)**	(49,959)	**(772,159)**
Increase (Decrease) in allowance for doubtful accounts	**(936)**	(374)	**(9,957)**
Increase (Decrease) in allowance for losses on loan guarantees	**(923)**	(1,661)	**(9,819)**
(Gain) Loss on sale of equipment for lease	**(1,488)**	(874)	**(15,829)**
Payments from acquisition of equipment for lease	**(88,182)**	(90,589)	**(938,106)**
Proceeds from sale of equipment for lease	**51,621**	43,050	**549,159**
Increase (Decrease) in trade payables	**(13,054)**	48,974	**(138,872)**
Increase (Decrease) in accounts payable of collection under securitized receivables	**(10,211)**	(33,901)	**(108,627)**
Increase (Decrease) in retirement and severance benefits	**(153)**	60	**(1,627)**
Other	**3,492**	23,820	**37,148**
Income taxes paid	**(5,607)**	(18,375)	**(59,648)**
Net cash provided by (used in) operating activities	**(25,837)**	(105,903)	**(274,861)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments into time deposits	**(8,002)**	(4,881)	**(85,127)**
Proceeds from withdrawal of time deposits	**7,712**	2,921	**82,042**
Purchase of short-term investments	**(13,495)**	(9,098)	**(143,563)**
Proceeds from sale and repayment of short-term investments	**12,649**	7,850	**134,563**
Purchase of investments in securities	**(42,700)**	(806)	**(454,255)**
Proceeds from sales and repayment of investment securities	**15,600**	941	**165,957**
Purchase of subsidiaries' shares resulting in changes in scope of consolidation	**—**	(4,712)	**—**
Proceeds from sales of subsidiaries' shares resulting in changes in scope of consolidation	**—**	660	**—**
Purchase of subsidiaries' shares	**(35)**	—	**(372)**
Proceeds from sales of subsidiaries' shares	**—**	6,163	**—**
Purchase of affiliates' shares	**—**	(18,903)	**—**
Payments of business transfer	**(1,373)**	—	**(14,606)**
Purchase of equipment for company use	**(1,020)**	(690)	**(10,851)**
Purchase of other intangible fixed assets	**(3,100)**	(1,465)	**(32,978)**
Interest and dividend received	**1,281**	503	**13,627**
(Increase) Decrease in short-term loan receivables, net	**(5,000)**	—	**(53,191)**
Other	**8**	1,211	**85**
Net cash provided by (used in) investing activities	**(37,476)**	(20,306)	**(398,680)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase (Decrease) in short-term bank loans, net	**(13,689)**	21,825	**(145,627)**
Increase (Decrease) in commercial paper, net	**30,643**	60,272	**325,989**
Proceeds from long-term borrowings	**186,945**	177,436	**1,988,776**
Payments of long-term borrowings	**(137,297)**	(98,995)	**(1,460,606)**
Issuance of bond	**103,625**	72,711	**1,102,393**
Redemption of bond	**(88,095)**	(60,214)	**(937,180)**
Interest paid	**(13,773)**	(11,556)	**(146,521)**
(Increase) Decrease of treasury stock, net	**(0)**	0	**(0)**
Proceeds from minority shareholders	**412**	—	**4,382**
Dividends paid to stockholders	**(4,091)**	(3,740)	**(43,521)**
Dividends paid to minority stockholders of subsidiaries	**(216)**	(13)	**(2,297)**
Net cash provided by (used in) financing activities	**64,463**	157,723	**685,776**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**1,778**	123	**18,914**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**2,928**	31,638	**31,148**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**129,828**	98,190	**1,381,148**
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 23)	**¥132,756**	¥129,828	**$1,412,297**

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Hitachi Capital Corporation and Subsidiaries

(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, 2013 have been translated into U.S. dollars at the rate of ¥94 to $1, the approximate exchange rate at March 31, 2013. 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 ¥94 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. Companies over which the Company exercises significant influence in terms of their operating and financial policies have been accounted for by the equity method.

As of March 31, 2013, the numbers of consolidated subsidiaries and subsidiaries and affiliates accounted for by the equity method were 23 and 3 (22 and 4 in 2012).

Consolidated subsidiaries: Okinawa Hitachi Capital Corporation, Hitachi Capital Servicer Corporation, Hitachi Capital Services Co., Ltd., Hitachi Capital Auto Lease Corporation, Hitachi Triple Win Corporation, Sekisui Leasing Co., Ltd., Hitachi Capital Insurance Corporation, Hitachi Capital Community Corporation, Hitachi Capital Trust Corporation, Financial Bridge Corporation, Daiichi Personal Credit Guarantee Corporation, Hitachi Capital (UK) PLC, Hitachi Capital Vehicle Solutions 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., Hitachi Capital (Thailand) Co., Ltd., First Peninsula Credit Sdn. Bhd., Pt. Arthaasia Finance, and Hitachi Capital Canada Corp.

Affiliates: DBJ Securities Co., Ltd., NBL Co., Ltd. and Sumitomo Mitsui Auto Service Company Limited.

During the year ended March 31, 2013, a newly established Hitachi Capital Canada Corp. and Daiichi Personal Credit Guarantee Corporation, previously an unconsolidated affiliate accounted for by the equity method, were included in the scope of consolidation.

Hitachi Capital Invoice Finance LTD. has been excluded from the scope of consolidation because their voluntary liquidations were completed.

[Fiscal year-end of the consolidated subsidiaries]

The fiscal year-ends of the consolidated subsidiaries which differ from that of the Company were as follows:

Company name	Fiscal year-end
Hitachi Capital Leasing (China) Co., Ltd.	December 31*1
Pt. Arthaasia Finance	December 31*2

*1 Based on the financial statements prepared as of March 31, 2013 in an equivalent manner as the actual year-end closing.

*2 As for previous fiscal year, the Company had used the financial statements of the company as of its fiscal year-end for consolidation purposes. From the fiscal year ended March 31, 2013, the Company used the preliminary financial statements of the company as of the consolidated fiscal year-end. As a result, profit and loss of the company for the period of 15 months from January 1, 2012 to March 31, 2013 were included in the consolidated statement of income for the year ended March 31, 2013. This change has minimal impact on profits and losses.

The investments in affiliates are stated at their underlying equity value. The cost in excess of net assets acquired by the Company is amortized using the straight-line 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 installment 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 the 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.

(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 available-for-sale 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. Available-for-sale 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. Available-for-sale securities without fair value are carried at cost. In computing realized gain or loss, cost of available-for-sale securities was principally determined by the moving-average method.

(e) Method of Depreciation for Important Depreciable Assets
Tangible fixed assets excluding leased assets are depreciated using the straight-line method.
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 ¥571 million ($6,074 thousand) in the fiscal year ended March 31, 2013, and ¥609 million in the fiscal year ended March 31, 2012.

(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) 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.

(i) 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, 2013 is to be drawn down as directors retire, when retirement bonus payment amounts are determined.

(j) Foreign Currency Translation

The Company accounts for foreign currency transactions in accordance with "Accounting Standard for Foreign Currency Transactions" 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 contract 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.

(k) 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.

(l) 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.

(m) 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.

(n) 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 net unrealized gains and losses on hedging derivatives, component of net assets, 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 designation method and the exceptional accounting treatments, respectively, which are regulated in the standard. The designation method requires recognized foreign currency receivables or payables covered by firm foreign currency swap transactions to be translated at such swap rates. Under the exceptional accounting treatments, 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.

(o) Accounting Standards not yet Applied

ASBJ Statement No 26, "Accounting Standard for Retirement Benefits" (May 17, 2012) and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits" (May 17, 2012)

- Overview
  The Standard, revised from the viewpoint of improvements to financial reporting and international trend, mainly focuses on (a) how actuarial gains and losses and past service costs should be accounted for, (b) how retirement benefit obligations and current service costs should be determined, and (c) enhancement of disclosures.
- Expected application date
  Expected to be applied from April 1, 2013.
- Impact of application of the accounting standard
  As a result of application of the accounting standard, accumulated other comprehensive income as of April 1, 2013 will decrease by ¥8,254 million ($87,808 thousand), retained earnings will decrease by ¥92 million ($978 thousand), and minority interest will decrease by ¥375 million ($3,989 thousand). The impact on earnings for the year ending March 31, 2014 is expected to be insignificant.

(p) Other Significant Fact Applied in Preparing Consolidated Financial Statements

- Consumption taxes
  Consumption tax and local consumption tax are excluded from revenue and expenses for domestic companies.
- Consolidated taxation systems
  The Company and certain domestic subsidiaries have applied the consolidated taxation systems.

(4) ASSETS DEPOSITED AS COLLATERAL AND DEBT COLLATERALIZED

As of March 31, 2013 and 2012, assets deposited as collateral and debt collateralized were as follows:

Assets deposited as collateral

	Carrying amount	
	Japanese yen (millions)	U.S. dollars (thousands)
Account	**2013**	
Cash on hand and at bank	**¥1,880**	**$20,000**
Investments in securities	**32**	**340**
Investments in securities	**6**	**63**
Total	**¥1,918**	**$20,404**

Debt collateralized

	Balance	
	Japanese yen (millions)	U.S. dollars (thousands)
Description	**2013**	
Long-term debt	**¥1,772**	**$18,851**
Operating guarantees	**—**	**—**
Loan of an affiliate of Hitachi, Ltd.	**—**	**—**
Total	**¥1,772**	**$18,851**

Assets deposited as collateral

	Carrying amount
	Japanese yen (millions)
Account	2012
Cash on hand and at bank	¥1,080
Cash on hand and at bank	26
Notes and accounts receivable – trade, including amounts maturing after one year	180
Short-term investments	32
Property and equipment, at cost less accumulated depreciation	111
Investments in securities	6
Total	¥1,437

Debt collateralized

	Balance
	Japanese yen (millions)
Description	2012
Long-term debt	¥ 871
Short-term bank loans	87
Long-term debt	93
Operating guarantees	—
Short-term bank loans	41
Loan of an affiliate of Hitachi, Ltd.	—
Total	¥1,092

(5) PARENT COMPANY DEPOSITS

Parent company deposits are funds deposited in a centralized cash management system, which the Hitachi Capital Group is participating in, conducted by its parent company, Hitachi, Ltd., for the Hitachi Group.

(6) ACCUMULATED DEPRECIATION AND ADVANCED DEPRECIATION OF TANGIBLE FIXED ASSETS

	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Accumulated depreciation of tangible fixed assets	**¥1,323,914**	¥1,361,618	**$14,084,191**
Accumulated reduction entry of tangible fixed assets	**571**	609	**6,074**

(7) INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES AND AFFILIATES

	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Investments in securities (equity securities)	**¥20,235**	¥19,301	**$215,265**

(8) SECURITIZATIONS

Obligation for securitized lease receivables are the balance funded through securitizations not accounted for as sales and purchase transactions among securitizations of lease receivables of the Hitachi Capital Group by using a trust scheme and special-purpose entities scheme.

(9) LOAN GUARANTEED LIABILITIES AND OTHER GUARANTEED LIABILITIES

	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Loan guaranteed liabilities	**¥395,695**	¥409,219	**$4,209,521**

	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Guaranteed liabilities on loan sales of overseas consolidated subsidiaries	**¥ 1,248**	¥3,655	**$ 13,276**
Guaranteed liabilities of affiliates' borrowings	**20,000**	—	**212,765**
Guaranteed liabilities of employees' housing loans	**—**	6	**—**

(10) 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, 2013 and 2012 were ¥395,695 million ($4,209,521 thousand) and ¥409,219 million, respectively. The activities in the allowance for losses on receivables and guarantees provided for the years ended March 31, 2013 and 2012 are summarized as follows:

	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Balance at beginning of year	**¥18,786**	¥20,679	**$199,851**
Write-off during the year	**(4,149)**	(3,754)	**(44,138)**
Provision	**2,702**	3,693	**28,744**
Effect of translation adjustments (Note 3 (j))	**337**	(1,835)	**3,585**
Balance at end of year:			
Allowance for losses on receivables	**13,699**	13,883	**145,734**
Allowance for losses on guarantees	**3,978**	4,903	**42,319**
	¥17,677	¥18,786	**$188,053**

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

The weighted average interest rates on short-term bank loans outstanding at March 31, 2013 and 2012 were 1.9% and 1.5%, respectively. Long-term debt at March 31, 2013 and 2012 consisted of the following:

	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Unsecured bonds payable in Japanese yen by the Company, due from June 2013 to December 2019, interest ranging from 0.42% to 1.24%	**¥180,000**	¥190,000	**$1,914,893**
Medium-term notes payable in China Yuan by the Company, due March 2015, interest at 3.75%	**7,580**	6,530	**80,638**
Medium-term notes payable in euro-yen and euro-dollars, by Hitachi Capital (UK) PLC, due from April 2013 to September 2017, interest ranging from 0.33% to 2.17%*[1]	**93,597**	64,944	**995,712**
Medium-term notes payable in euro-dollars, by Hitachi Capital America Corp., due from July 2014 to December 2017, interest ranging from 0.82% to 2.03%*[2]	**7,487**	6,792	**79,648**
Unsecured bonds payable in HKD, by Hitachi Capital Hong Kong Ltd, due from December 2016, interest at 1.38%	**3,636**	—	**38,680**
Loans from banks and other financial institutions:			
Unsecured, maturing 2013-2028	**523,932**	443,665	**5,573,744**
	816,233	711,933	**8,683,329**
Less current portion	**126,100**	214,284	**1,341,489**
	¥690,133	¥497,648	**$7,341,840**

*[1] 1.02% to 5.19% in consideration of the interest rate swap
*[2] 0.95% to 3.46% in consideration of the interest rate swap

The weighted average interest rates on long-term loans from banks and other financial institutions outstanding at March 31, 2013 and 2012, shown above, were 1.2% and 1.3%, respectively. The aggregate annual maturities of long-term debt at March 31, 2013 were as follows:

	Japanese yen (millions)	U.S. dollars (thousands)
More than 1 year, within 2 years	¥263,504	$2,803,234
More than 2 years, within 3 years	167,614	1,783,127
More than 3 years, within 4 years	122,657	1,304,861
More than 4 years, within 5 years	99,791	1,061,606
More than 5 years	36,565	388,989
	¥690,133	$7,341,840

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.

(12) TRADE PAYABLES

Trade payables at March 31, 2013 and 2012 were as follows:

	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Notes payable	**¥ 482**	¥ 984	**$ 5,127**
Accounts payable	**255,744**	269,008	**2,720,680**
	¥256,226	¥269,993	**$2,725,808**

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.

(13) INCOME TAXES

Income tax expense attributable to income from continuing operations for the years ended March 31, 2013 and 2012 consists of the following:

	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Current	**¥5,456**	¥ 7,129	**$58,042**
Deferred	**2,467**	4,328	**26,244**
	¥7,923	¥11,457	**$84,287**

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 37.8% and 40.5% for the years ended March 31, 2013 and 2012 respectively. 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:

	2013	2012
Statutory income tax rate	**37.8%**	40.5%
Per capita tax	**0.5**	0.6
Expenses not deductible for tax purposes	**1.2**	0.6
Difference in statutory tax rates of foreign subsidiaries	**(7.4)**	(6.4)
Elimination for tax credit on dividend income by consolidation	**6.8**	4.5
Depreciation of goodwill	**1.9**	1.7
Gain on investment in affiliates accounted for by the equity method	**(2.6)**	(0.3)
Decrease in valuation reserve	**(0.1)**	(0.6)
Dividends received and other non-taxable items excluded from calculations	**(5.7)**	(4.4)
Effects related to change in domestic tax rates	**—**	10.1
Other	**(1.2)**	0.8
Effective income tax rate	**31.2%**	47.1%

The effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of March 31, 2013 and 2012 are presented below:

	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Total gross deferred tax assets:			
Depreciation	**¥11,360**	¥13,110	**$120,851**
Allowance for losses on receivables	**3,189**	3,517	**33,925**
Allowance for losses on guarantees	**1,504**	1,855	**16,000**
Accrued expenses	**1,886**	1,428	**20,063**
Net operating loss carryforwards	**2,073**	1,787	**22,053**
Cumulative revenues from leasing contracts	**5,369**	5,860	**57,117**
Accrued business taxes	**172**	99	**1,829**
Prepaid expenses	**67**	85	**712**
Retirement and severance benefits	**1,591**	1,632	**16,925**
Valuation loss on other securities	**1,262**	1,029	**13,425**
Retirement benefits for directors	**67**	69	**712**
Asset retirement obligations	**1,876**	1,776	**19,957**
Bad debt write-off	**1,653**	1,699	**17,585**
Other	**2,890**	2,947	**30,744**
	34,966	36,901	**371,978**
Valuation allowance	**(2,445)**	(1,868)	**(26,010)**
	32,521	35,033	**345,968**
Total gross deferred tax liabilities:			
Gains and losses on lease receivable transactions	**(2,249)**	(3,820)	**(23,925)**
Net unrealized holding gain on investments in other securities	**(3,608)**	(3,901)	**(38,382)**
Additional depreciation by overseas subsidiaries	**(6,951)**	(5,053)	**(73,946)**
Prepaid pension benefit cost	**(2,811)**	(3,379)	**(29,904)**
Total capitalization of asset retirement obligation cost	**(1,360)**	(1,311)	**(14,468)**
Other	**(249)**	(13)	**(2,648)**
	(17,231)	(17,480)	**(183,308)**
Net deferred tax assets	**¥15,290**	¥17,552	**$162,659**

As of March 31, 2013 and 2012, 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, 2013 and 2012 are reflected in the accompanying consolidated balance sheets under the following captions:

	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Prepaid expenses and other current assets	**¥10,674**	¥10,435	**$113,553**
Other assets	**8,377**	9,276	**89,117**
Other current liabilities	**—**	(1,571)	**—**
Other liabilities	**(3,762)**	(587)	**(40,021)**
Net deferred tax assets	**¥15,290**	¥17,552	**$162,659**

(14) 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. Certain subsidiaries calculate retirement benefit obligation using the simplified method.

The funded status of the Company's pension plans as of March 31, 2013 and 2012 is summarized as follows:

	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Projected benefit obligation	**¥(48,918)**	¥(45,439)	**$(520,404)**
Plan assets at fair value	**39,476**	34,876	**419,957**
Funded status	**(9,442)**	(10,562)	**(100,446)**
Unrecognized actuarial losses	**13,963**	16,496	**148,542**
Unrecognized prior service cost	**(856)**	(1,130)	**(9,106)**
Net amount recognized in the consolidated balance sheets	**¥ 3,664**	¥ 4,803	**$ 38,978**
Amounts recognized in the consolidated balance sheets consist of:			
Prepaid benefit cost	**¥ 8,134**	¥ 9,418	**$ 86,531**
Accrued benefit cost	**(4,469)**	(4,614)	**(47,542)**
	¥ 3,664	¥ 4,803	**$ 38,978**

Retirement benefit expenses for the years ended March 31, 2013 and 2012 consisted of the following components:

	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Service cost, net of participants' contributions	**¥1,482**	¥1,334	**$15,765**
Interest cost	**1,010**	1,084	**10,744**
Expected return on plan assets for the period	**(995)**	(1,145)	**(10,585)**
Amortization of actuarial losses	**1,957**	1,712	**20,819**
Amortization of prior service cost	**(271)**	(272)	**(2,882)**
Contributions to the defined contribution pension plan	**468**	391	**4,978**
Retirement benefit expenses	**¥3,651**	¥3,105	**$38,840**

In addition to retirement benefit expenses presented above, additional severance benefits of ¥2,019 million ($21,478 thousand) were recorded as extraordinary loss during the year ended March 31, 2013.

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

a. Projected retirement benefit is allocated to each period using the straight-line method for the Company and domestic consolidated subsidiaries and on a pro rata basis for overseas subsidiaries.
b. Discount rates were 1.2% to 1.5% and 1.7% to 2.0% for the Company and its domestic subsidiaries for the years ended March 31, 2013 and 2012. The rate was 4.6% to 6.0% and 4.9% to 8.0% for overseas subsidiaries for the years ended March 31, 2013 and 2012.
c. Expected rates of return were 2.5% and 3.0% for the Company and its domestic subsidiaries for the years ended March 31, 2013 and 2012. The rate was 5.6% and 5.6% for overseas subsidiaries for the years ended March 31, 2013 and 2012.
d. Actuarial losses are amortized using the straight-line method over 9 to 22 years, which is within the estimated average remaining service years of employees.
e. Prior service cost is amortized using the straight-line method over 9 to 19 years, which is within the estimated average remaining service years of employees.

(15) ASSET RETIREMENT OBLIGATIONS

(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 condition.
(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 0.5% to 3.5%.
(3) Changes in total asset retirement obligations during the years ended March 31, 2013 and 2012 are as follows.

	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
The balance at the beginning of the year	**¥4,991**	¥5,002	**$53,095**
Increase due to acquisition of property and equipment	**194**	172	**2,063**
Elapsed time adjustment	**113**	50	**1,202**
Decrease due to fulfillment of asset retirement obligations	**(21)**	(234)	**(223)**
The balance at the end of the year	**¥5,277**	¥4,991	**$56,138**

(16) STOCKHOLDERS' EQUITY

At March 31, 2013, 58.51% 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, 2013.

The number of shares issued and outstanding as of March 31, 2013 is 124,826,552 shares.

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).

The accompanying consolidated financial statements do not include any provision for the dividend of ¥20.00 ($0.21) subsequently proposed by the Board of Directors with respect to the fiscal year ended March 31, 2013. Cash dividends per share for the year ended March 31, 2013 were ¥38.00 ($0.40) based on dividends declared with respect to earnings for the period.

(17) 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 upon Board of Directors' approval. Purchase 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.

The changes in treasury stock for the years ended March 31, 2013 and 2012 are summarized as follows:

	Japanese yen (millions)		U.S. dollars (thousands)
	Number of shares	Amount	Amount
Balance as of March 31, 2011	7,938,770	¥14,331	
Purchase of treasury stock	33	0	
Disposal of treasury stock	(42)	(0)	
Balance as of March 31, 2012	7,938,761	14,331	$152,457
Purchase of treasury stock	176	0	0
Disposal of treasury stock	(38)	(0)	(0)
Balance as of March 31, 2013	7,938,899	¥14,331	$152,457

(18) OTHER INCOME AND OTHER EXPENSES

The details of other income and other expenses for the years ended March 31, 2013 and 2012 are as follows:

	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Gain on sale of investment securities	**¥ 88**	¥ 100	**$ 936**
Gain on sale of fixed assets	**0**	455	**0**
Gain on investment in affiliates accounted for by the equity method	**1,753**	188	**18,648**
Gain on negative goodwill	**—**	128	**—**
Subsidy income	**—**	121	**—**
Gain on reversal of provision for loss on disaster	**—**	2,674	**—**
Other	**34**	9	**361**
Other Income	**¥1,875**	¥3,678	**$19,946**

	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Loss on valuation of investment securities	**¥ 12**	¥ 974	**$ 127**
Loss on retirement of fixed assets	**54**	67	**574**
Impairment loss	**3**	376	**31**
Loss on sale of investment securities	**1**	119	**10**
Loss on redemption of investment securities	**11**	—	**117**
Additional severance benefits	**2,019**	—	**21,478**
Other	**10**	42	**106**
Other expenses	**¥2,114**	¥1,579	**$22,489**

(19) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the years ended March 31, 2013 and 2012 consisted of the following:

	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Salaries and allowances	**¥27,558**	¥25,577	**$293,170**
Retirement and severance benefit expenses	**3,651**	3,105	**38,840**
Welfare expenses	**3,493**	3,473	**37,159**
Rent expenses	**3,422**	3,189	**36,404**
Communication expenses	**1,142**	1,094	**12,148**
Operations consignment expenses	**3,768**	2,680	**40,085**
Provision (Reversal) of allowance for doubtful accounts and allowance for guarantee for loans	**2,702**	3,693	**28,744**
Others	**15,596**	14,352	**165,914**
Total selling, general and administrative expenses	**¥61,335**	¥57,168	**$652,500**

(20) AMOUNT PER SHARE INFORMATION

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

	Number of shares	
	2013	2012
The number of common shares used in calculation of net assets per share at year-end	**116,887,653**	116,887,791

	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Total net assets	**¥288,894**	¥270,404	**$3,073,340**
Exclusion from total net assets	**9,466**	8,137	**100,702**
(Of which, minority interests)	**(9,466)**	(8,137)	**(100,702)**
Net assets attributable to common stock at March 31	**¥279,427**	¥262,266	**$2,972,627**

	Japanese yen		U.S. dollars
	2013	2012	**2013**
Net assets per share	**¥2,390.5**	¥2,243.7	**$25.43**

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

	Number of shares	
	2013	2012
Weighted average number of shares on which basic net income per share is calculated	**116,887,771**	116,887,771

	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Net income	**¥16,546**	¥12,687	**$176,021**
Net income on which basic net income per share is calculated	**16,546**	12,687	**176,021**

	Japanese yen		U.S. dollars
	2013	2012	**2013**
Net income per share data (basic)	**¥141.5**	¥108.5	**$1.50**

Diluted net income per share is not presented as there are no dilutive shares as of March 31, 2013 and 2012.

(21) OTHER COMPREHENSIVE INCOME

Reclassification adjustment and tax effect of other comprehensive income for the years ended March 31, 2013 and 2012 are as follows:

	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Net unrealized holding gains (losses) on securities			
Amount arising during the year	**¥ (33)**	¥ (747)	**$ (351)**
Reclassification adjustment	**(831)**	834	**(8,840)**
Amount before tax effect	**(864)**	87	**(9,191)**
Tax effect	**310**	520	**3,297**
Net unrealized holding gains (losses) on securities	**(554)**	608	**(5,893)**
Net unrealized gains (losses) on hedging derivatives			
Amount arising during the year	**(794)**	(1,264)	**(8,446)**
Reclassification adjustment	**402**	228	**4,276**
Amount before tax effect	**(391)**	(1,036)	**(4,159)**
Tax effect	**102**	279	**1,085**
Net unrealized gains (losses) on hedging derivatives	**(289)**	(756)	**(3,074)**
Foreign currency translation adjustments			
Amount arising during the year	**5,731**	321	**60,968**
Share of other comprehensive income of affiliates accounted for by the equity method			
Amount arising during the year	**32**	—	**340**
Total other comprehensive income	**¥4,920**	¥ 173	**$52,340**

(22) RELATED PARTIES TRANSACTIONS

The Company's balances with its parent company, Hitachi, Ltd., as of March 31, 2013 and 2012, and related transactions for the years ended March 31, 2013 and 2012 are summarized as follows:

	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Balances:			
Notes and accounts receivable – trade, including amounts maturing after one year	**¥ 11,454**	¥ 12,931	**$ 121,851**
Investment in direct finance leases	**9,024**	12,014	**96,000**
Parent company deposits	**114,659**	111,449	**1,219,776**
Trade payables	**13,176**	13,641	**140,170**
Other current liabilities	**—**	30,000	**—**

	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Transactions:			
Leases and installment sales, etc.	**¥11,422**	¥15,689	**$121,510**
Purchases	**30,338**	30,429	**322,744**
Interest income	**275**	281	**2,925**
Fund transaction, net.	**2,935**	23,559	**31,223**
Increase (decrease) in the uncollected balance for the settlement service	**(666)**	1,888	**(7,085)**
Borrowings	**—**	30,000	**—**

The Company's balances with NBL Co., Ltd., the Company's affiliates, and the related transactions are outlined below.

	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Balances:			
Other receivables	**¥1**	¥—	**$10**

	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Transactions:			
Guarantee of liabilities	**¥20,000**	¥—	**$212,765**
Receipt of guarantee fee	**13**	—	**138**

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

	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Balances:			
Accrued payables	**¥4,259**	¥8,911	**$45,308**

	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Transactions:			
Transfer of receivables	**¥132,100**	¥189,156	**$1,405,319**
Payments of funds collected	**164,830**	247,387	**1,753,510**

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)
	2013	2012	**2013**
Balances:			
Notes and accounts receivable – trade, including amounts maturing after one year	**¥28,814**	¥39,536	**$306,531**

	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Transactions:			
Increase (decrease) in the uncollected balance for the settlement services	**¥(10,339)**	¥13,759	**$(109,989)**

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)
	2013	2012	**2013**
Balances:			
Notes and accounts receivable – trade, including amounts maturing after one year	**¥28,538**	¥32,329	**$303,595**

	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Transactions:			
Increase (decrease) in the uncollected balance for the settlement services	**¥(5,765)**	¥11,420	**$(61,329)**

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

	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Balances:			
Notes and accounts receivable – trade, including amounts maturing after one year	**¥12,034**	¥13,155	**$128,021**

	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Transactions:			
Increase (decrease) in the uncollected balance for the settlement services	**¥(4,932)**	¥1,179	**$(52,468)**

Directors and major shareholders of the Company (only for the individual person)

For the years ended March 31, 2013 and 2012 are as follows:

Type	Name	Description of business or occupation	Voting rights holding or held (%)	Relations with the related parties	Transactions	2013 Transaction amounts Japanese yen (millions)	2013 Transaction amounts U.S. dollars (thousands)	2012 Transaction amounts Japanese yen (millions)	Accounts	Balances at end of the fiscal year
Director	Seiji Kawabe	Senior Vice President and Executive Officer	(Directly 0.00%)	Guaranteed liability	Guarantee of housing loan	—	—	38	—	—

Notes on parent company
Hitachi, Ltd. (Listed on Tokyo Stock Exchange, Osaka Stock Exchange, and Nagoya Stock Exchange)

(23) 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, 2013 and 2012 were as follows:

	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Cash on hand and at bank	**¥ 22,561**	¥ 22,519	**$ 240,010**
Parent company deposits	**114,793**	111,562	**1,221,202**
Total	**¥137,355**	¥134,082	**$1,461,223**
Time deposits with a period of more than three months	**(4,598)**	(4,254)	**(48,914)**
Cash and cash equivalents	**¥132,756**	¥129,828	**$1,412,297**

(24) SEGMENT INFORMATION

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 know-how 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, profits and losses 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, 2013

	Japanese yen (millions)								
	Reporting segments								
	Financial services	Commission services	Supply and sales services	Overseas businesses	Subtotal	Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
Revenues									
Revenues from third parties	**¥36,646**	**¥14,971**	**¥11,072**	**¥40,080**	**¥102,771**	**¥533**	**¥103,304**	**¥ —**	**¥103,304**
Intersegment revenues									
Revenues and transfers	**1,697**	**1,039**	**658**	**—**	**3,395**	**—**	**3,395**	**(3,395)**	**—**
Total	**38,344**	**16,011**	**11,731**	**40,080**	**106,166**	**533**	**106,700**	**(3,395)**	**103,304**
Segment profit	**¥11,947**	**¥ 1,698**	**¥ 3,435**	**¥12,221**	**¥ 29,302**	**¥533**	**¥ 29,835**	**¥(4,214)**	**¥ 25,620**

	U.S. dollars (thousands)								
	Reporting segments								
	Financial services	Commission services	Supply and sales services	Overseas businesses	Subtotal	Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
Revenues									
Revenues from third parties	**$389,851**	**$159,265**	**$117,787**	**$426,382**	**$1,093,308**	**$5,670**	**$1,098,978**	**$ —**	**$1,098,978**
Intersegment revenues									
Revenues and transfers	**18,053**	**11,053**	**7,000**	**—**	**36,117**	**—**	**36,117**	**(36,117)**	**—**
Total	**407,914**	**170,329**	**124,797**	**426,382**	**1,129,425**	**5,670**	**1,135,106**	**(36,117)**	**1,098,978**
Segment profit	**$127,095**	**$ 18,063**	**$ 36,542**	**$130,010**	**$ 311,723**	**$5,670**	**$ 317,393**	**$(44,829)**	**$ 272,553**

Notes: 1. "Other" includes finance income from administrative department.
2. The segment profit adjustment of negative ¥4,214 million ($44,829 thousand) includes ¥432 million ($4,595 thousand) in intersegment transactions and the elimination of transactions involving dividends from consolidated subsidiaries, as well as ¥3,781 million ($40,223 thousand) in companywide expenses 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. ¥5,453 million ($58,010 thousand) remains unamortized while ¥1,306 million ($13,893 thousand) was amortized.

For the year ended March 31, 2012

	Japanese yen (millions)								
	Reporting segments								
	Financial services	Commission services	Supply and sales services	Overseas businesses	Subtotal	Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
Revenues									
Revenues from third parties	¥38,157	¥14,617	¥11,234	¥28,489	¥92,498	¥496	¥92,994	¥ —	¥92,994
Intersegment revenues									
Revenues and transfers	1,432	1,399	805	(0)	3,636	—	3,636	(3,636)	—
Total	39,590	16,016	12,039	28,489	96,135	496	96,631	(3,636)	92,994
Segment profit	¥ 9,988	¥ 1,793	¥ 3,789	¥ 9,433	¥25,005	¥496	¥25,501	¥(3,262)	¥22,238

Notes: 1. "Other" includes finance income from administrative department.
2. The segment profit adjustment of negative ¥3,262 million includes ¥451 million in intersegment transactions and the elimination of transactions involving dividends from consolidated subsidiaries, as well as ¥2,811 million in companywide expenses 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. ¥6,493 million remains unamortized while ¥1,017 million was amortized.

Related information

1. Information by Services

For the year ended March 31, 2013

	Japanese yen (millions)				U.S. dollars (thousands)			
	Lease	Guarantees	Other	Total	Lease	Guarantees	Other	Total
Revenues from third parties	**¥57,258**	**¥5,318**	**¥40,727**	**¥103,304**	**$609,127**	**$56,574**	**$433,265**	**$1,098,978**

For the year ended March 31, 2012

	Japanese yen (millions)			
	Lease	Guarantees	Other	Total
Revenues from third parties	¥54,560	¥5,981	¥32,452	¥92,994

2. Geographic information

(1) Revenues

For the year ended March 31, 2013

Japanese yen (millions)				U.S. dollars (thousands)			
Japan	Europe and North America	Asia	Total	Japan	Europe and North America	Asia	Total
¥63,224	**¥25,245**	**¥14,834**	**¥103,304**	**$672,595**	**$268,563**	**$157,808**	**$1,098,978**

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

For the year ended March 31, 2012

Japanese yen (millions)			
Japan	Europe and North America	Asia	Total
¥64,505	¥21,281	¥7,207	¥92,994

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

(2) Property and equipment
As of March 31, 2013

Japanese yen (millions)				U.S. dollars (thousands)			
Japan	Europe and North America	Asia	Total	Japan	Europe and North America	Asia	Total
¥137,504	**¥65,126**	**¥4,582**	**¥207,213**	**$1,462,808**	**$692,829**	**$48,744**	**$2,204,393**

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

As of March 31, 2012

Japanese yen (millions)			
Japan	Europe and North America	Asia	Total
¥146,169	¥49,975	¥3,458	¥199,603

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

(25) LEASE INFORMATION

Finance leases

Additional lease information as of and for the years ended March 31, 2013, and 2012 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, 2013 and 2012, if they had been capitalized:

	March 31, 2013				March 31, 2012		
	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	**¥3**	**¥3**	**¥0**	**$0**	¥3	¥2	¥0

(iii) Future lease payments (includes non-accrued payments on underwritten leases) as of March 31, 2013 and 2012 are as follows:

	March 31		
	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Within one year	**¥ 0**	¥0	**$ 0**
Over one year	**—**	0	**—**
Total	**¥ 0**	¥0	**$ 0**

(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)
	2013	2012	**2013**
Lease payments	**¥0**	¥82	**$0**
Depreciation	**0**	78	**0**
Interest expense	**0**	0	**0**

(b) Lessor

The following table shows the future lease receivables of finance lease as of March 31, 2013 and 2012.

	March 31		
	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Within 1 year	**¥203,077**	¥155,342	**$2,160,393**
More than 1 year, within 2 years	**133,139**	113,741	**1,416,372**
More than 2 years, within 3 years	**103,564**	78,892	**1,101,744**
More than 3 years, within 4 years	**75,570**	65,465	**803,936**
More than 4 years, within 5 years	**30,861**	30,482	**328,308**
More than 5 years	**87,441**	90,566	**930,223**
Gross lease payments to be received	**¥633,655**	¥534,491	**$6,741,010**
Estimated residual value	**35,940**	45,093	**382,340**
Unearned interest income	**(61,219)**	(57,485)	**(651,265)**
Investments in direct finance leases	**¥608,376**	¥522,099	**$6,472,085**

Operating leases

(a) Lessee

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

	March 31		
	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Within one year	**¥157**	¥122	**$1,670**
Over one year	**311**	394	**3,308**
Total	**¥469**	¥516	**$4,989**

(b) Lessor

Future lease payments of non-cancelable operating lease to be received are as follows:

	March 31		
	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Within one year	**¥ 44,132**	¥37,899	**$ 469,489**
Over one year	**56,679**	45,651	**602,968**
Total	**¥100,811**	¥83,551	**$1,072,457**

Sub leases

The amount recorded on the consolidated balance sheets related to sub lease transactions, including the amount equivalent to interest are as follows:

(a) Investment in direct finance leases

	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Current assets	**¥2,591**	¥2,981	**$27,563**

(b) Lease obligation

	Japanese yen (millions)		U.S. dollars (thousands)
	2013	2012	**2013**
Current liabilities	**¥1,036**	¥1,013	**$11,021**
Non-current liabilities	**1,554**	1,967	**16,531**

(26) 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 range of financial services in various geographic regions. These services, which are tailored to meet the customer's 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. For the purpose of reducing risk, the Company and its consolidated subsidiaries use derivative transactions and do not enter into derivatives 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 customers becoming unable to perform their contractual obligations, and the risk of price fluctuations related to interest rate fluctuations. Certain foreign currency receivables 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, short-term investment and investments in 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 short-term investment and investments in 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 uses 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 use currency swap transactions to hedge exchange rate fluctuation risk on funds raised in foreign currencies. Such subsidiaries also enter into 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 involve 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 executive 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 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 enter into 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.

(ii) Management of exchange rate risk

The Company manages exchange rate fluctuation risk on a deal-by-deal basis.

Certain overseas subsidiaries use 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 business 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 to meet 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 rates 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, 2013 and 2012 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 ¥33 million ($351 thousand) decrease and a ¥14 million increase, respectively, in market values. Conversely, the figure was a ¥33 million ($351 thousand) increase and a ¥13 million decrease, respectively, for every 1 basis point (0.01%) increase in interest rates.

3) Management of liquidity risk related to fund raising
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," the contract amount of derivative transactions itself does not represent market risk associated with the derivative transactions.

2. Fair value of financial instruments

Carrying amounts, fair values and differences between the two as of March 31, 2013 and 2012 are indicated as follows.
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)		
	2013			2013		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Assets						
(1) Cash on hand and at bank	¥ 22,561	¥ 22,561	¥ —	$ 240,010	$ 240,010	$ —
(2) Notes and accounts receivable — trade, including amounts maturing after one year	706,993	—	—	7,521,202	—	—
Allowance for losses on receivables *1	(7,462)	—	—	(79,382)	—	—
	699,530	719,300	19,769	7,441,808	7,652,127	210,308
(3) Investment in direct finance leases *2	572,436	—	—	6,089,744	—	—
Allowance for losses on receivables *3	(6,236)	—	—	(66,340)	—	—
	566,199	592,186	25,987	6,023,393	6,299,851	276,457
(4) Parent company deposits	114,793	114,793	—	1,221,202	1,221,202	—
(5) Short-term investments and investments in securities						
1) Bonds held to maturity	231	238	7	2,457	2,531	74
2) Available-for-sale securities	90,629	90,629	—	964,138	964,138	—
Total assets	¥1,493,946	¥1,539,710	¥45,764	$15,893,042	$16,379,893	$486,851
Liabilities						
(1) Trade payables	¥ 256,226	¥ 256,226	¥ —	$ 2,725,808	$ 2,725,808	$ —
(2) Short-term bank loans *4	221,315	223,521	2,206	2,354,414	2,377,882	23,468
(3) Commercial paper	138,626	138,626	—	1,474,744	1,474,744	—
(4) Accrued payables	41,915	41,915	—	445,904	445,904	—
(5) Bonds *5	292,301	294,204	1,903	3,109,585	3,129,829	20,244
(6) Long-term debt	440,393	441,162	768	4,685,031	4,693,212	8,170
(7) Long-term obligation for securitized lease receivables *6	90,160	90,188	28	959,148	959,446	297
Total liabilities	¥1,480,939	¥1,485,845	¥ 4,906	$15,754,670	$15,806,861	$ 52,191
Derivative transactions *7						
1) Hedge accounting applied	¥ (29)	¥ (29)	¥ —	$ (308)	$ (308)	$ —
2) Hedge accounting not applied	(3,601)	(3,601)	—	(38,308)	(38,308)	—
Total derivative transactions	¥ (3,631)	¥ (3,631)	¥ —	$ (38,627)	$ (38,627)	$ —

	Japanese yen (millions)		
	2012		
	Carrying amount	Fair value	Difference
Assets			
(1) Cash on hand and at bank	¥ 22,519	¥ 22,519	¥ —
(2) Notes and accounts receivable — trade, including amounts maturing after one year	658,965	—	—
Allowance for losses on receivables *1	(8,491)	—	—
	650,473	668,974	18,500
(3) Investment in direct finance leases *2	477,006	—	—
Allowance for losses on receivables *3	(5,391)	—	—
	471,614	499,900	28,286
(4) Parent company deposits	111,562	111,562	—
(5) Short-term investments and investments in securities			
1) Bonds held to maturity	231	240	8
2) Available-for-sale securities	119,792	119,792	—
Total assets	¥1,376,194	¥1,422,990	¥46,795
Liabilities			
(1) Trade payables	¥ 269,993	¥ 269,993	¥ —
(2) Short-term bank loans *8	267,688	271,856	4,167
(3) Commercial paper	105,534	105,534	—
(4) Accrued payables	49,096	49,096	—
(5) Bonds *9	268,267	271,768	3,501
(6) Long-term debt	317,841	321,538	3,697
(7) Long-term obligation for securitized lease receivables *6	100,326	100,550	224
Total liabilities	¥1,378,747	¥1,390,338	¥11,590
Derivative transactions *7			
1) Hedge accounting applied	¥ (15)	¥ (15)	¥ —
2) Hedge accounting not applied	3,963	3,963	—
Total derivative transactions	¥ 3,947	¥ 3,947	¥ —

*1 The general allowance for losses on receivables and individual allowances for losses 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 losses on receivables and individual allowances for losses on receivables are deducted from "investment in direct finance leases."
*4 The carrying amount of "Short-term bank loans" of ¥221,315 million ($2,354,414 thousand) includes "Short-term bank loans" of ¥137,776 million ($1,465,702 thousand) and "Long-term debt" of ¥83,538 million ($888,702 thousand) in the "Current portion of long-term debt" on the "CONSOLIDATED BALANCE SHEETS."
*5 The carrying amount of "Bonds" of ¥292,301 million ($3,109,585 thousand) includes "Bonds" of ¥42,561 million ($452,776 thousand) in the "Current portion of long-term debt" and "Bonds" of ¥249,739 million ($2,656,797 thousand) in "Long-term debt" in the "CONSOLIDATED BALANCE SHEETS."
*6 "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."
*7 Net amounts of receivables and payables arising from derivative transactions are indicated. Parentheses indicate totals that are net payable amounts.
*8 The carrying amount of "Short-term bank loans" of ¥267,688 million includes "Short-term bank loans" of ¥141,864 million and "Long-term debt" of ¥125,824 million in the "Current portion of long-term debt" on "CONSOLIDATED BALANCE SHEETS."
*9 The carrying amount of "Bonds" of ¥268,267 million includes "Bonds" of ¥88,459 million in the "Current portion of long-term debt" and "Bonds" of ¥179,808 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 are similar, its carrying amount is assumed as its fair value.

(2) Notes and accounts receivable - trade, including amounts maturing after one year

As the periods to maturity on notes receivables are short and their fair value and carrying amount are similar, their carrying amount is assumed as their fair value.

As the majority of account receivable bears fixed rates of interest, the Company classifies receivables (based on internal rankings) according to the type of receivables 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 bad debt losses, and this amount is discounted to fair value using the risk-free rate. With regard to non-performing and probably irrecoverable loans, estimated bad debt 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 bad debt 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 payments 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 value and carrying amount 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. Trust beneficiary rights held as a result of securitization of the Group's receivables 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, 2013 and 2012, 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 fair value of held-to-maturity securities and available-for-sale securities by major security type as of March 31, 2013 and 2012. Beneficial interest in trust of available-for-sale 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)		
	Acquisition costs and amortized costs	Gross gains (losses)	Fair value	Acquisition costs and amortized costs	Gross gains (losses)	Fair value
		2013			**2013**	
Held-to-maturity securities with gross unrealized holding gains:						
Government bonds	**¥ 199**	**¥ 7**	**¥ 206**	**$ 2,117**	**$ 74**	**$ 2,191**
	¥ 199	**¥ 7**	**¥ 206**	**$ 2,117**	**$ 74**	**$ 2,191**
Held-to-maturity securities with gross unrealized holding losses:						
Government bonds	**¥ 32**	**¥ (0)**	**¥ 32**	**$ 340**	**$ (0)**	**$ 340**
	¥ 32	**¥ (0)**	**¥ 32**	**$ 340**	**$ (0)**	**$ 340**
	¥ 231	**¥ 7**	**¥ 238**	**$ 2,457**	**$ 74**	**$ 2,531**
Available-for-sale securities with gross unrealized holding gains:						
Equity securities	**¥ 3,045**	**¥ 1,621**	**¥ 4,666**	**$ 32,393**	**$ 17,244**	**$ 49,638**
Government bonds	**5,899**	**13**	**5,913**	**62,755**	**138**	**62,904**
Municipal bonds	**321**	**1**	**323**	**3,414**	**10**	**3,436**
Corporate bonds	**302**	**0**	**302**	**3,212**	**0**	**3,212**
Beneficial interest in trust	**41,689**	**8,529**	**50,219**	**443,500**	**90,734**	**534,244**
Preferred equity securities	**500**	**1**	**501**	**5,319**	**10**	**5,329**
	¥51,758	**¥10,168**	**¥61,927**	**$550,617**	**$108,170**	**$658,797**
Available-for-sale securities with gross unrealized holding losses:						
Government bonds	**¥ 1,099**	**¥ (0)**	**¥ 1,099**	**$ 11,691**	**$ (0)**	**$ 11,691**
Corporate bonds	**200**	**(0)**	**200**	**2,127**	**(0)**	**2,127**
Beneficial interest in trust	**27,452**	**(50)**	**27,401**	**292,042**	**(531)**	**291,500**
	¥28,752	**¥ (50)**	**¥28,701**	**$305,872**	**$ (531)**	**$305,329**
	¥80,511	**¥10,117**	**¥90,629**	**$856,500**	**$107,627**	**$964,138**

	Japanese yen (millions)		
	Acquisition costs and amortized costs	Gross gains (losses)	Fair value
		2012	
Held-to-maturity securities with gross unrealized holding gains:			
Government bonds	¥ 231	¥ 8	¥ 240
	¥ 231	¥ 8	¥ 240
Held-to-maturity securities with gross unrealized holding losses:			
Government bonds	¥ —	¥ —	¥ —
	¥ —	¥ —	¥ —
	¥ 231	¥8	¥ 240
Available-for-sale securities with gross unrealized holding gains:			
Equity securities	¥ 3,471	¥ 873	¥ 4,345
Government bonds	200	13	213
Corporate bonds	117	0	117
Beneficial interest in trust	98,058	10,106	108,164
Preferred equity securities	500	4	504
	¥102,348	¥10,998	¥113,346
Available-for-sale securities with gross unrealized holding losses:			
Equity securities	¥ 44	¥ (3)	¥ 40
Government bonds	4,449	(0)	4,449
Corporate bonds	1,967	(12)	1,955
	¥ 6,461	¥ (16)	¥ 6,445
	¥108,809	¥10,982	¥119,792

Proceeds from sale of available-for-sale securities for the years ended March 31, 2013 and 2012 were ¥592 million ($6,297 thousand) and ¥196 million, respectively. The gross realized gains on the sale for the years ended March 31, 2013 and 2012 were ¥88 million ($936 thousand) and ¥8 million, respectively.
The gross realized losses on the sale for the years ended March 31, 2013 and 2012 were ¥1 million ($10 thousand) and ¥115 million, respectively.

Write-down of available-for-sale securities

For the years ended March 31, 2013 and 2012, available-for-sale securities was written down and losses on valuation of investment securities were ¥12 million ($127 thousand) and ¥974 million, respectively.
Available-for-sale securities is subject to write-downs when its fair values have declined 50% or more from acquisition costs or the decline is determined to be other than temporary.

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, 2013 and 2012 amounted to ¥20,715 million ($220,372 thousand) and ¥19,824 million, respectively. Other amounted to ¥33 million ($351 thousand) and ¥36 million at March 31, 2013 and 2012, 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 present 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.

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.

(*) The sum of principal and interest of long-term debt subject to the exceptional accounting for interest rate swap, calculated using the relevant interest rate swap rate

Derivative transactions

1) Hedge accounting not applied

On derivative transactions to which hedge accounting is not applied, contract and contract amount 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:

		Japanese yen (millions)				U.S. dollars (thousands)			
Category	Transaction type	Contract amounts	Of which, longer than one year	Fair value	Valuation gain (loss)	Contract amounts	Of which, longer than one year	Fair value	Valuation gain (loss)
		2013				**2013**			
Non-market transactions	Interest rate swap transactions Fixed payment, floating receipt	**¥2,290**	**—**	**¥(29)**	**¥(29)**	**$24,361**	**—**	**$(308)**	**$(308)**
Total		**¥2,290**	**—**	**¥(29)**	**¥(29)**	**$24,361**	**—**	**$(308)**	**$(308)**

		Japanese yen (millions)			
Category	Transaction type	Contract amounts	Of which, longer than one year	Fair value	Valuation gain (loss)
		2012			
Non-market transactions	Interest rate swap transactions Fixed payment, floating receipt	¥3,082	—	¥(15)	¥(15)
Total		¥3,082	—	¥(15)	¥(15)

(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 contract amount 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	Japanese yen (millions) Of which, longer than one year	Japanese yen (millions) Fair value	U.S. dollars (thousands) Contract amounts	U.S. dollars (thousands) Of which, longer than one year	U.S. dollars (thousands) Fair value
				2013			2013	
Cash flow hedge*1	Currency swap	Long-term debt and medium-term notes	**119,824**	**78,308**	**(1,974)**	**1,274,723**	**833,063**	**(21,000)**
Fair value hedge*1	Currency swap	Long-term debt and medium-term notes	**24,750**	**19,232**	**(733)**	**263,297**	**204,595**	**(7,797)**
Foreign exchange forward designation method*2	Foreign exchange forward selling USD	Accounts receivable	**33**	**—**	**—**	**351**	**—**	**—**
Total			**¥144,607**	**¥97,540**	**¥(2,708)**	**$1,538,372**	**$1,037,659**	**$(28,808)**

Hedge accounting method	Transaction type	Principal hedged item	Japanese yen (millions) Contract amounts	Japanese yen (millions) Of which, longer than one year	Japanese yen (millions) Fair value
				2012	
Cash flow hedge	Currency swap	Long-term debt and medium-term notes	84,517	51,120	201
Fair value hedge	Currency swap	Long-term debt and medium-term notes	16,682	6,559	4,675
Total			¥101,200	¥57,680	¥4,877

*1 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 Method of calculating fair value of exchange contract under designation method: As accounting for the hedged item is handled together with accounts receivable, fair value is included in that of the corresponding accounts receivable.

(2) Interest-related

Hedge accounting method	Transaction type	Principal hedged item	Japanese yen (millions) Contract amounts	Japanese yen (millions) Of which, longer than one year	Japanese yen (millions) Fair value	U.S. dollars (thousands) Contract amounts	U.S. dollars (thousands) Of which, longer than one year	U.S. dollars (thousands) Fair value
				2013			**2013**	
Cash flow hedge *1	Interest rate swap transactions Fixed payment, floating receipt	Long-term debt, short-term bank loans and medium-term notes	**¥ 85,771**	**¥67,363**	**¥(893)**	**$ 912,457**	**$ 716,627**	**$(9,500)**
Interest rate swap with exceptional accounting *2	Interest rate swap transactions							
	Floating payment, fixed receipt	Long-term debt	**10,000**	**10,000**	**—**	**106,382**	**106,382**	**—**
	Fixed payment, floating receipt	Long-term debt	**10,000**	**—**	**—**	**106,382**	**—**	**—**
	Floating payment, floating receipt	Long-term debt	**18,000**	**18,000**	**—**	**191,489**	**191,489**	**—**
Total			**¥123,771**	**¥95,363**	**¥(893)**	**$1,316,712**	**$1,014,500**	**$(9,500)**

Hedge accounting method	Transaction type	Principal hedged item	Japanese yen (millions) Contract amounts	Of which, longer than one year	Fair value
			2012		
Cash flow hedge *1	Interest rate swap transactions Fixed payment, floating receipt	Long-term debt, short-term bank loans and medium-term notes	¥ 85,420	¥54,943	¥(913)
Interest rate swap with exceptional accounting *2	Interest rate swap transactions				
	Floating payment, fixed receipt	Long-term debt	10,000	10,000	—
	Fixed payment, floating receipt	Long-term debt	10,000	10,000	—
	Floating payment, floating receipt	Long-term debt	18,000	18,000	—
Total			¥123,420	¥92,943	¥(913)

*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
	2013					
Cash on hand and at bank	**¥ 22,561**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ —**
Notes and accounts receivable - trade, including amounts maturing after one year	**461,717**	**108,689**	**62,405**	**32,577**	**13,587**	**28,015**
Investment in direct finance leases	**182,167**	**119,943**	**95,139**	**70,621**	**27,819**	**76,746**
Short-term investments and investments in securities						
Bonds held to maturity	**—**	**—**	**232**	**—**	**—**	**—**
Available-for-sale securities with maturities	**6,700**	**300**	**500**	**200**	**300**	**300**
Total	**¥673,145**	**¥228,932**	**¥158,277**	**¥103,399**	**¥41,706**	**¥105,061**

	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
	2013					
Cash on hand and at bank	**$ 240,010**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Notes and accounts receivable - trade, including amounts maturing after one year	**4,911,882**	**1,156,265**	**663,882**	**346,563**	**144,542**	**298,031**
Investment in direct finance leases	**1,937,946**	**1,275,989**	**1,012,117**	**751,287**	**295,946**	**816,446**
Short-term investments and investments in securities						
Bonds held to maturity	**—**	**—**	**2,468**	**—**	**—**	**—**
Available-for-sale securities with maturities	**71,276**	**3,191**	**5,319**	**2,127**	**3,191**	**3,191**
Total	**$7,161,117**	**$2,435,446**	**$1,683,797**	**$1,099,989**	**$443,680**	**$1,117,670**

	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
	2012					
Cash on hand and at bank	¥ 22,519	¥ —	¥ —	¥ —	¥ —	¥ —
Notes and accounts receivable - trade, including amounts maturing after one year	468,884	82,683	46,742	23,705	11,950	24,998
Investment in direct finance leases	135,747	101,415	71,605	60,930	28,394	78,913
Short-term investments and investments in securities						
Bonds held to maturity	32	—	—	200	—	—
Available-for-sale securities with maturities	5,617	200	300	500	200	400
Total	¥632,801	¥184,298	¥118,647	¥85,336	¥40,544	¥104,312

(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
	2013					
Short-term bank loans	**¥137,776**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ —**
Commercial paper	**138,626**	**—**	**—**	**—**	**—**	**—**
Bonds	**42,561**	**102,743**	**47,561**	**28,002**	**61,433**	**10,000**
Long-term debt	**83,538**	**160,761**	**120,053**	**94,655**	**38,357**	**26,565**
Total	**¥402,503**	**¥263,504**	**¥167,614**	**¥122,657**	**¥99,791**	**¥36,565**

	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
	2013					
Short-term bank loans	**$1,465,702**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Commercial paper	**1,474,744**	**—**	**—**	**—**	**—**	**—**
Bonds	**452,776**	**1,093,010**	**505,968**	**297,893**	**653,542**	**106,382**
Long-term debt	**888,702**	**1,710,223**	**1,277,159**	**1,006,968**	**408,053**	**282,606**
Total	**$4,281,946**	**$2,803,234**	**$1,783,127**	**$1,304,861**	**$1,061,606**	**$388,989**

	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
	2012					
Short-term bank loans	¥141,864	¥ —	¥ —	¥ —	¥ —	¥ —
Commercial paper	105,534	—	—	—	—	—
Bonds	88,459	42,034	98,007	20,504	19,261	—
Long-term debt	125,824	74,610	134,436	35,738	56,471	16,584
Total	¥461,682	¥116,644	¥232,443	¥56,242	¥75,732	¥16,584

(27) COMMITMENT AND CONTINGENCIES

Company provides loan commitments to certain investees. The outstanding balance of the revolving lines of credit as of March 31, 2013 and 2012 are shown as follows:

	Japanese yen (millions)	U.S. dollars (thousands)
	2013	**2013**
Total revolving lines of credit available	**¥40,450**	**$430,319**
Amount utilized	**5,398**	**57,425**
Balance available	**¥35,052**	**$372,893**

	Japanese yen (millions)
	2012
Total revolving lines of credit available	¥10,652
Amount utilized	622
Balance available	¥10,030

A portion of the revolving lines of credit, which are pending credit approval, cannot be utilized.
Other guaranteed liabilities are as follows:
Guaranteed liabilities concerning the sale of receivables of a foreign subsidiary amounted to ¥1,248 million ($13,276 thousand) and ¥3,655 million as of March 31, 2013 and 2012, respectively.

Guarantee of liabilities for borrowings by an affiliate amounted to ¥20,000 million ($212,765 thousand) as of March 31, 2013.

Contingent liabilities for guarantees of employees' housing loans amounted to ¥6 million as of March 31, 2012.

(28) SUBSEQUENT EVENTS

1. The Company acquired all outstanding shares of NBL Co., Ltd., owned by the Bank of Tokyo-Mitsubishi UFJ, Ltd., and NBL Co., Ltd. became a wholly owned subsidiary of Hitachi Capital Corporation on April 1, 2013.

(1) Overview of business combination
1. Name of the acquired company and the description of the business
   Name of the acquired company NBL Co., Ltd.
   Type of Business General leasing business
2. Main reason of business combination
   To aim at a fundamental business enhancement through the integration of the Company's vendor lease-related major business with NBL
3. Date of business combination
   April 1, 2013
4. Legal form of business combination
   Acquisition of stock
5. Name after combination
   NBL Co., Ltd.
6. Ratio of acquired voting rights
   Voting rights held immediately before stock acquisition 40%
   Ratio of additional voting rights acquired on the date of business acquisition 60%
   Voting rights ratio after the acquisition 100%
7. Basis for the determination of the accounting acquirer
   The Company acquired 100% of the voting rights of NBL Co., Ltd. as a result of stock acquisition for cash consideration.

(2) Number of stock to be acquired, acquisition price of the acquired company
Number of stock to be acquired: 12,000,000 shares
Acquisition Price: ¥2,400 million

(3) Amount of goodwill incurred, reason for occurrence, method and period of amortization
Not finalized at this point.

(4) Assets acquired and liabilities assumed on the date of business combination and their major components
Not finalized at this point.

2. The Company determined the issuance of its 46th and 47th unsecured straight bonds (with Limited Interbond Pari Passu Clause) on March 28, 2013, and issued under the following terms.

	46th	47th
(1) Total issue amount	¥20,000 million	¥15,000 million
(2) Issue price	¥100 per ¥100 bond face value	
(3) Payment date	April 23, 2013	
(4) Redemption date	Entire amount is redeemable on June 20, 2018	Entire amount is redeemable on March 20, 2023
(5) Interest rate	0.447% per annum	0.874% per annum
(6) Application of funds	Redemption of short-term bonds	

Independent Auditor's Report

The Board of Directors
Hitachi Capital Corporation

We have audited the accompanying consolidated financial statements of Hitachi Capital Corporation (the "Company") and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2013, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hitachi Capital Corporation and its consolidated subsidiaries as at March 31, 2013, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

We draw attention to Note 28 to the consolidated financial statements, which describes that the Company acquired all outstanding shares of NBL Co., Ltd., owned by the Bank of Tokyo-Mitsubishi UFJ, Ltd., and NBL Co., Ltd. became a wholly owned subsidiary of Hitachi Capital Corporation on April 1, 2013. Our opinion is not qualified in respect of this matter.

Convenience Translation

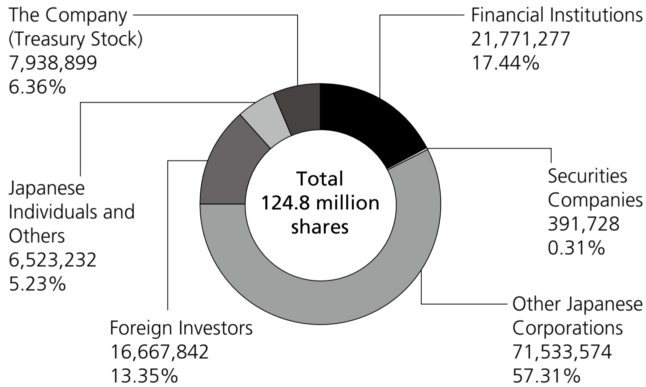
We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 2.

Ernst & Young ShinNihon LLC

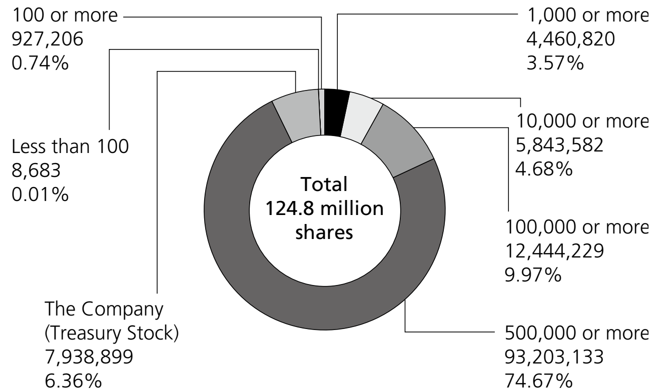
June 27, 2013
Tokyo, Japan

Investor Information (As of March 31, 2013)

Composition of Shareholders (Shares)



Number of Shares Owned (Shares)



Major shareholders

	Number of shares owned (thousands)	Ratio of shareholding (%)
Hitachi, Ltd.	68,378	58.50
Japan Trustee Services Bank, Ltd. (Trust Account)	6,086	5.21
Japan Trustee Services Bank, Ltd. (Trust Account 9)	3,884	3.32
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,849	3.29
Hitachi High-Technologies Corporation	2,325	1.99
The Chase Manhattan Bank N.A. London S.L. Omnibus Account	1,242	1.06
BBH for Variable Insurance Products FD3 MID Cap Portfolio	1,038	0.89
Hitachi Capital Employee Shareholding Association	994	0.85
CBHK-CITIBANK LONDON-F117	959	0.82
State Street Bank and Trust Client Omnibus Account OM02	725	0.62
Total	89,485	76.56

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

Corporate Data (As of March 31, 2013)

Corporate Name
Hitachi Capital Corporation

Founded
1957
(Incorporated in 1960)

Number of Employees
Consolidated: 4,920

Volume of Business
¥1,631,990 million

Common Stock
Authorized: 270,000,000 shares
Issued: 124,826,552 shares

Shareholders
6,362

Stock Listing
Tokyo Stock Exchange

Consolidated Subsidiaries (As of June 26, 2013)

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

Sekisui Leasing Co., Ltd.
4-10, Doshomachi 4-chome,
Chuo-ku, Osaka, Osaka 541-0045

Hitachi Capital Insurance Corporation
8-10, Kudan-kita 1-chome,
Chiyoda-ku, Tokyo 102-0073

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

Daiichi Personal Credit Guarantee Corporation
22-10, Shimbashi 5-chome,
Minato-ku, Tokyo 105-0004

NBL Co., Ltd.
4-6 Nihonbashi Honcho 3-chome,
Chuo-ku, Tokyo 103-0023

Europe and North America

Hitachi Capital (UK) PLC
Hitachi Capital House Thorpe Road,
Staines-upon-Thames,
Surrey, TW18 3HP, 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.

Hitachi Capital Canada Corp.
3390 South Service Road,
Suite 104, Burlington,
ON, L7N3J5 CANADA

ASIA

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16th Floor, Wai Fung Plaza, 664
Nathan Road, Kowloon, Hong Kong

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

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

First Peninsula Credit Sdn. Bhd.
No.998, 1st Floor, Jalan Tok kangar, Auto-
Link, 14100 Julu, Simpang Ampat, S.P.T.,
Pulau Pinang, Malaysia

PT. Arthaasia Finance
Business Park Kebon Jeruk Blok No.1-3 Jl.
Meruya Ilir No.88 Kebon Jeruk Jakarta
Barat 11620, Indonesia

Cover:

Tanpopo To Dobutsu Tachi
("Dandelion and Animals") by
Takaya Okamura, recipient of the
Hitachi Capital Special Award

24th 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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