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.

25th 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.

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Gitarisuto To Usagi No Gakudan
(Swinging from the Moon: Guitarist Leads Rabbit Band Stars) by Emiko Yuasa, recipient of the Hitachi Capital Special Award.
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, Automotive Systems, and Health Care. 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 and 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 the ASEAN region. 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+” for CP issues (R&I). Our financial soundness gives us the advantage in fund usage.

Pursuit of quality

We consistently pursue quality in our sales, collections, financing, operations, organization, and employees. Two of our Group companies obtained ISO9001 certification and Head Office, two business divisions and two overseas locations obtained ISO27001 certification.

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.

Global Business

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, 2014 comprised Hitachi Capital and 13 consolidated subsidiaries overseas—is continuing to expand its businesses via four key management areas in Europe, the Americas, China, and ASEAN with each business deeply rooted in the life of the local community.

Volume of business (Year-ended March 31, 2014)

<table>
<thead>
<tr>
<th>Business Line</th>
<th>Total Volume (¥)</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Services</td>
<td>¥670.6 billion</td>
<td>34.3%</td>
</tr>
<tr>
<td>Commission Services</td>
<td>¥543.7 billion</td>
<td>27.8%</td>
</tr>
<tr>
<td>Supply and Sales Services</td>
<td>¥64.4 billion</td>
<td>3.3%</td>
</tr>
<tr>
<td>Global Business</td>
<td>¥675.4 billion</td>
<td>34.6%</td>
</tr>
</tbody>
</table>
Providing services in Japan, Europe, the Americas, China, and the ASEAN market
— Offering optimal solutions while contributing to regional communities —

OUR GLOBAL NETWORK

(As of July 1, 2014)

THE AMERICAS

2 Hitachi Capital America Corp.
http://www.hitachicapitalamerica.com/
Established: 1989 / Capital: US$486,000 thousand
• Leasing, loan and inventory finance services for information technology equipment, industrial equipment, medical equipment, trucks, and others
• Factoring business

1 Hitachi Capital Canada Corp.
Established: 2012 / Capital: C$25,600 thousand
• Leasing, loan and inventory finance services for information technology equipment, industrial equipment, trucks, and others
• Factoring business

4 CLE Canadian Leasing Enterprises Ltd.
http://www.ckleasing.ca/
Incorporated: 2014 / Capital: C$25.6 million
• Finance business primarily for automobiles, healthcare-related equipment, construction machinery, information equipment and industrial machinery

ASEAN

5 Hitachi Capital (Hong Kong) Ltd.
https://www.hitachi-capital.com.hk/eng/
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

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

7 Hitachi Capital Factoring (China) Co., Ltd.
Established: 2013 / Capital: RMB306,579 thousand
• Factoring business

CHINA

9 Hitachi Capital Factoring (China) Co., Ltd.
Established: 1989 / Capital: ¥130 million
• Auto-leasing, car maintenance, and car sales

10 First Peninsula Credit Sdn. Bhd.
Incorporated: 2012 / Capital: RM100,000 thousand
• Hire purchase and leasing for commercial vehicles, industrial equipment, forklifts, industrial equipment, motor vehicles, medical equipment and others
• Factoring business

11 PT. Arthaasia Finance
Incorporated: 2007 / Capital: IDR100,000,000 thousand
• Loan services for commercial and passenger cars
• Leasing services for forklifts, industrial equipment, construction machinery, medical equipment and others

5 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, trucks, and others
• Factoring business

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

6 Hitachi Capital (UK) PLC
http://www.hitachi-capital.co.uk/
Established: 1982 / Capital: £10,668 thousand
• Finance services for business equipment and machinery
• Invoice discounting
• Credit services for consumer retail products
• Factoring business

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

6 Hitachi Capital Insurance Europe Ltd.
Incorporated: 1995 / Capital: €38,580 thousand
• Underwriting of non-life insurance such as credit insurance
• Underwriting of auto-indemnity insurance and product assurance insurance

6 Corpo Flota Sp. z o.o.
http://corpoflota.com/
Incorporated: 2014 / Capital: PLN100,000
• Car fleet management business (Comprehensive automobile related services, including auto leasing, maintenance and car management)

EUROPE

1 Hitachi Capital (UK) PLC
http://www.hitachi-capital.co.uk/
Established: 1982 / Capital: £10,668 thousand
• Finance services for business equipment and machinery
• Invoice discounting
• Credit services for consumer retail products
• Factoring business

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• Fleet management

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• Leasing services for medical equipment, public equipment and others

7 Hitachi Capital Factoring (China) Co., Ltd.
Established: 2013 / Capital: RMB306,579 thousand
• Factoring business

JAPAN

8 Okinawa Hitachi Capital Corporation
Established: 1968 / Capital: ¥30 million
• General leasing business

9 Hitachi Capital Servicer Corporation
Established: 1981 / Capital: ¥100 million
• Collection management of maritime claims under the servicer law
• Loan purchase
• Factoring business

10 Hitachi Capital Services Co., Ltd.
Established: 1989 / Capital: ¥130 million
• Leased asset management agency
• Old property collection and recycling business
• Prepaid television service

11 Hitachi Capital Auto Lease Corporation
Established: 1989 / Capital: ¥130 million
• Auto leasing and vehicle management business

12 Hitachi Triple Win Corp.
Established: 2000 / Capital: ¥150 million
• Outsourcing of payroll calculation and accounting / treasury operations and collections service for public fund receivables

13 Sekisui Leasing Co., Ltd.
Incorporated: 2002 / Capital: ¥100 million
• General leasing business
• Various types of leasing

2 Hitachi Capital Insurance Corporation
Established: 2004 / Capital: ¥9.2 billion
• Non-life insurance business
• Agent service for other insurance companies and administrative operations

3 Hitachi Capital Community Corporation
Established: 2004 / Capital: ¥90 million
• Development, operation and management of commercial facilities and residential facility

4 Hitachi Capital Trust Corporation
Established: 2005 / Capital: ¥1 billion
• Trust for monetary claims, movable estate, money, real estate and securities
• Property management
• Sale of trust beneficiary rights

5 Financial Bridge Corporation
Established: 1998 / Capital: ¥250 million
• Provision of outsourcing services for “collective settlement system” service

6 Daiichi Personal Credit Guarantee Corporation
Established: 1960 / Capital: ¥10 million
• Credit guarantee for consumer finance

7 NBL Co., Ltd.
Incorporated: 2013 / Capital: ¥150 million
• General leasing business

8 Hitachi Green Energy Corporation
Established: 2003 / Capital: ¥13 billion
• Power generation by natural energy and others

9 Hitachi Wind Power Ltd.
Established: 2014 / Capital: ¥150 million
• Power generation by wind power

Global Implementation of Group Common Strategies

Key Account Sales

Vehicle Solutions

Financing Solutions

Agent Services

Leasing & Factoring

Group Common Strategies

THE AMERICAS

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• Factoring business

1 Hitachi Capital Canada Corp.
Established: 2012 / Capital: C$25,600 thousand
• Leasing, loan and inventory finance services for information technology equipment, industrial equipment, trucks, and others
• Factoring business

4 CLE Canadian Leasing Enterprises Ltd.
http://www.ckleasing.ca/
Incorporated: 2014 / Capital: C$25.6 million
• Finance business primarily for automobiles, healthcare-related equipment, construction machinery, information equipment and industrial machinery

JAPAN

9 Hitachi Capital Servicer Corporation
Established: 1981 / Capital: ¥100 million
• Collection management of maritime claims under the servicer law
• Loan purchase
• Factoring business

10 Hitachi Capital Services Co., Ltd.
Established: 1989 / Capital: ¥130 million
• Leased asset management agency
• Old property collection and recycling business
• Prepaid television service

11 Hitachi Capital Auto Lease Corporation
Established: 1989 / Capital: ¥130 million
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Global Implementation of Group Common Strategies

Key Account Sales

Vehicle Solutions

Financing Solutions

Agent Services

Leasing & Factoring

Group Common Strategies
**FINANCIAL HIGHLIGHTS**

Hitachi Capital Corporation and Subsidiaries

Year ended March 31, 2010 to 2014

<table>
<thead>
<tr>
<th>In millions of yen, except per share data</th>
<th>Thousands of U.S. dollars, except per share data</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>For the year:</strong></td>
<td></td>
</tr>
<tr>
<td>Volume of business</td>
<td>¥1,954,341</td>
</tr>
<tr>
<td>Revenues</td>
<td>127,979</td>
</tr>
<tr>
<td>Operating income</td>
<td>32,380</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>33,619</td>
</tr>
<tr>
<td>Income before extraordinary items, income taxes and minority interests</td>
<td>24,380</td>
</tr>
<tr>
<td>Net income (basic)</td>
<td>22,195</td>
</tr>
<tr>
<td><strong>At year-end:</strong></td>
<td></td>
</tr>
<tr>
<td>Notes and accounts receivable-trade, including amounts maturing after one year</td>
<td>¥ 961,251</td>
</tr>
<tr>
<td>Total assets</td>
<td>2,990,401</td>
</tr>
<tr>
<td>Net assets</td>
<td>387,085</td>
</tr>
<tr>
<td>Number of employees</td>
<td>5,230</td>
</tr>
<tr>
<td>Per share data (in yen and U.S. dollars):</td>
<td></td>
</tr>
<tr>
<td>Net income (base)</td>
<td>¥ 188.8</td>
</tr>
<tr>
<td>Cash dividends paid and declared for the year</td>
<td>¥ 48.20</td>
</tr>
<tr>
<td>Net assets</td>
<td>¥ 2,542.0</td>
</tr>
</tbody>
</table>

**Notes:**
1. U.S. dollar amounts in this report represent translations of yen, solely for the convenience of the reader, at the rate of ¥103=US$1, the approximate exchange rate at March 31, 2014.
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).

**Message from the President**

**Kazuya Miura**
President & CEO

**Strong Start for the First Year of the New Management Plan**

**Final Year Targets Revised Upward**

During the fiscal year ended March 31, 2014, the Hitachi Capital Group worked on the continuous structural transformation into a “highly competitive management base” under the mid-term management plan covering the period from fiscal 2014 to fiscal 2016. In Japan Business we worked to improve profitability through business model reform, in Global Business to achieve truly global development, and in Hitachi Group Business to strengthen solution capabilities under “One Hitachi” concept.

As a result, revenues increased 23.9% year on year to ¥127,979 million (US$1,242 million) due mainly to expansion in Global Business, and improved profitability in Japan Business following a program of selection and concentration. Ordinary income reached a record high for the first time in 12 years, gaining 22.7% to ¥33,619 million (US$326 million). Net income was also at a record high for the second consecutive year, up 34.1% to ¥22,195 million (US$215 million) primarily due to recording extraordinary income arising from consolidation of NBL Co., Ltd.
Business results exceeded the targets for the first year of the mid-term management plan, and we have revised upward final year target for ordinary income from ¥34.0 billion to ¥38.0 billion. To achieve this new target, we will focus on each regional strategy for Japan, Europe, the Americas, China, and ASEAN, while globally developing group common strategy comprised of Hitachi Group Business, vehicle solutions, and key account sales.

In the Americas, earnings are growing steadily on expansion in vehicle solutions and Hitachi Group Business. We continue enhancing group common strategy.

In China, with the increased business risk stemming from the shadow banking issue, we focus on prime customers to transform business structure.

In ASEAN, despite expectations for mid- to long-term economic growth, there is a growing sense of uncertainty in certain newly emerging economies. In April 2014 we established Regional Headquarters of Asia-Pacific (in house), and will accelerate further growth strategies and strengthen governance.

In Japan Business, we are shifting resources to the focused six sectors, i.e. social infrastructure, environment and renewable energy, vendor finance, auto leasing, healthcare, and agriculture.

In Global Business—the growth driver—we introduced a new position in charge of the regional strategy in four key management areas to advance growth strategies and strengthen governance.

In Europe, we enhanced our presence through auto lease factoring, alliance with a major U.K. department store, and alliance with third-party financial institutions. We will further strengthen vehicle solutions and Hitachi Group Business.

In conclusion

Our basic policy regarding shareholder returns is to continu-ally pay a dividend commensurate with business results, while maintaining the soundness of our financial condition and securing retained earnings sufficient for sustainable growth and flexibility in response to changes in the business environment. Based on this policy, for fiscal 2014 we increased our year-end dividend by ¥5 (0.04) to ¥25 (0.24) per share, for a full year payout of ¥48 (0.46) per share, an increase of ¥10 (0.09) from the previous fiscal year.

I would like to express my sincerest appreciation to all our shareholders and investors for their continued support.

“Transformation” for a highly competitive management base

Hitachi Capital is focusing on “transformation” to ensure a highly competitive management base. As part of this effort, in August 2014 we will complete relocation of our Head Office and consolidate offices of domestic group companies. Through this relocation, we will shift to key account sales to improve our top line, reduce costs and improve operational efficiency, and enhance Business Continuity Plan. We are also taking this opportunity to change employees’ mind and transform working method.

Regional Strategy:
Shift resources to the focused six sectors in Japan

Clarify the business execution system in Global Business

In Japan Business, we are shifting resources to the focused six sectors, i.e. social infrastructure, environment and renewable energy, vendor finance, auto leasing, healthcare, and agriculture.

In Global Business—the growth driver—we introduced a new position in charge of the regional strategy in four key management areas to advance growth strategies and strengthen governance.

Another group common strategy is global application of the vehicle solution expertise in the U.K. In 2014 we acquired companies in Poland and Canada to further expand the business base and increase profitability for vehicle solutions.

Group Common Strategy:
Strengthen Hitachi Group Business and vehicle solutions

The Hitachi Group is pursuing global expansion of the social innovation business. To play a key role in this effort, we are strengthening our capabilities for proposing and implementing solutions. In Japan Business, we are establishing a track record in the environment and renewable energy sector, while in Global Business we are meeting customer needs for factoring and other services in each region.

In conclusion

Our basic policy regarding shareholder returns is to continu-ally pay a dividend commensurate with business results, while maintaining the soundness of our financial condition and securing retained earnings sufficient for sustainable growth and flexibility in response to changes in the business environment. Based on this policy, for fiscal 2014 we increased our year-end dividend by ¥5 (0.04) to ¥25 (0.24) per share, for a full year payout of ¥48 (0.46) per share, an increase of ¥10 (0.09) from the previous fiscal year.

I would like to express my sincerest appreciation to all our shareholders and investors for their continued support.
Developing Regional Strategy and Group Common Strategy under “One Hitachi Capital” Concept

Overview of Business Strategies

Hitachi Capital made an upward revision to the final year target in its mid-term management plan in April 2014, coupled with a new initiative. Along with the existing “vertical axis” of individual regional strategies for Japan, Europe, the Americas, China, and ASEAN, we are pursuing global expansion by establishing a common business platform for the Hitachi Capital Group on a “horizontal axis” comprising Hitachi Group Business, vehicle solutions, and key account sales.

Regional Strategy: Japan

Profitability in Japan has improved as a result of business model transformation for regrowth and sorting out of businesses. Going forward, we will accelerate the shift of management resources to six focused sectors. Final year targets have been revised upward for the three sectors of social infrastructure, environment and renewable energy, and agriculture. We will further expand business in these fields.

Overview of Fiscal 2014–2016 Mid-Term Management Plan

<table>
<thead>
<tr>
<th>Diverse functions</th>
<th>The Hitachi Capital Group’s Strengths</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivables collection, credit guarantees, insurance, trust services</td>
<td></td>
</tr>
</tbody>
</table>

| Hitachi Group | 
| One Hitachi: synergy, brand |

| Locally-based solutions | 
| Localized operations, business partners |

The Hitachi Capital Group’s Strengths

- Improve profitability by transforming business model
- Synergy effect by Hitachi Group Business
- Strengthen the business by growing priority market and deployment, cultivating new business, establishing a one partner management system
- Achieve growth strategy

Hitachi Group Business

- Accelerate the growth strategy by collaborating with the Hitachi Group on its common strategy
- Strengthen the position for providing solutions
- Synergize the effect of Hitachi Group Business

Global Business

- Pursue true globalization
- Strengthen management base

Promote Group Common Strategy under “One Hitachi Capital” Concept along with the Existing Regional Strategy

Group Common Strategy

- Japan Business
- The Americas
- China
- ASEAN

Regional Strategy

- Japan
- Vehicle Solutions
- Key Account Sales

“One Hitachi Capital”

- Finance, Insurance, FA, Collection agent, BPO*, Asset management, Factoring, Credit guarantees, Equity Investment, Trust services, Fee charging

Strengthen market-led approach through collaboration among the Hitachi Capital Group and provide solutions by “Service Innovation”

Touring the Company into a “high-profit enterprise” for sustainable growth

Revenues & Operating Income in Japan Business

<table>
<thead>
<tr>
<th>No.</th>
<th>Focused Sectors</th>
<th>Fiscal 2016 Targets</th>
<th>Fiscal 2014 Results</th>
<th>Evaluation*</th>
<th>Topics and Actions in Fiscal 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Social infrastructure</td>
<td>Volume of business (accumulated) $17.3 billion</td>
<td>$16.5 billion</td>
<td>++</td>
<td>Continuous growth by focusing on real estate lease such as logistic center Enhance the capability for FID/PPP</td>
</tr>
<tr>
<td>2</td>
<td>Environment and renewable energy</td>
<td>Amount of power generation (accumulated) 320 MW=350 MW</td>
<td>350 MW</td>
<td>++</td>
<td>Establish the business model in renewable energy field (Participated in solar power or wind power generation business)</td>
</tr>
<tr>
<td>3</td>
<td>Vendor finance</td>
<td>Volume of business $150 billion</td>
<td>$128.3 billion</td>
<td>+</td>
<td>Integrated sales channel with NBL Realize further low cost operations at an early stage</td>
</tr>
<tr>
<td>4</td>
<td>Auto leasing</td>
<td>Number of vehicles 110 thousand=110 thousand</td>
<td>90 thousand</td>
<td>–</td>
<td>Improved services collaborating with SMAS Provide risk management and BPO</td>
</tr>
<tr>
<td>5</td>
<td>Healthcare</td>
<td>Volume of business $50.0 billion</td>
<td>$44.6 billion</td>
<td>+</td>
<td>Invested in funds considering to enter nursing care service business Strengthen service business model with Hitachi (Health Care Group)</td>
</tr>
<tr>
<td>6</td>
<td>Agriculture</td>
<td>Volume of business $45.0 billion=95.0 billion</td>
<td>$45.0 billion</td>
<td>+</td>
<td>Focused on the leasing services using government’s subsidy program Develop agricultural solutions corresponding to “food industrialization” and energy savings</td>
</tr>
</tbody>
</table>

* Based on the comparison with Fiscal 2016 targets

* Revenues includes elimination of intersegment revenues and certain adjustments

-operate with customers’ back-office administrative work

-operate with customers’ business partners

-operate with customers’ key account sales
Regional strategy and group common strategy in four key management areas

Regional Strategy: Global
The pace of environmental change in Global Business is increasing, with more pronounced business risks in emerging economies. In April 2014, Hitachi Capital introduced a new position in charge of the regional strategy in four key management areas to strengthen the business base for our growth drivers, including advancing regional strategy and group governance.

Group Common Strategy
In terms of collaboration with the Hitachi Group, in order to play a key role in the social innovation business, mainly for financial services, Hitachi Capital is strengthening global business alliances and capabilities for providing and implementing solutions. In vehicle solutions, Hitachi Capital is pursuing global application of the successful U.K. business model. We are taking steps to integrate the supply chain in order to further enhance competitiveness and profitability.
**BUSINESS TOPICS**

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct. 2013</td>
<td>Global factoring structure expanded with new service company in China</td>
</tr>
<tr>
<td>Jan. 2014</td>
<td>Jointly established wind power generating company Hitachi Wind Power Ltd. with Hitachi Ltd. Commercial operations launched for new wind power system</td>
</tr>
<tr>
<td>Apr. 2014</td>
<td>Made a car fleet management company Corpo Flota Sp. z o.o. in Poland a subsidiary</td>
</tr>
<tr>
<td>May 2014</td>
<td>Made a general financing company CLE Canadian Leasing Enterprises a subsidiary</td>
</tr>
<tr>
<td>Jul. 2014</td>
<td>Commercial operations launched at a solar power facility in Kitaura as part of collaboration with the Hitachi Group</td>
</tr>
</tbody>
</table>

**Global Business**

**Made a car fleet management company Corpo Flota Sp. z o.o. in Poland a subsidiary**

In April 2014, Hitachi Capital (UK) PLC acquired 90% of outstanding shares of Corpo Flota Sp. z o.o. ("Corpo Flota"). This operation aims to further business expansion in the continental Europe and aims for further business expansion including collaboration with the Hitachi Group.

**Global factoring structure expanded with new service company in China**

The factoring business was expanded in October 2013 with the establishment of Hitachi Capital Factoring (China) Co., Ltd. in Shanghai, China. Hitachi Capital has been a leading company in the factoring business with a strong presence in Japan, the U.K., and the U.S., and the addition of this new company is a major step forward for the further globalization. Looking ahead, we plan to further expand financial services in China, and to work to provide optimal financial solutions for Japanese companies operating in China, including the Hitachi Group, as well as local Chinese firms. We will also continue to work toward achieving the growth strategies in our mid-term management plan.

**Made a general financing company CLE Canadian Leasing Enterprises a subsidiary**

In May 2014, Hitachi Capital Canada Corp. acquired all outstanding shares in the general financing company CLE Canadian Leasing Enterprises Ltd. ("CLE"), making it a consolidated subsidiary. Since establishing its Canadian subsidiary in 2012, the Hitachi Capital Group has been expanding finance business, mainly commercial truck finance with CLE as a strong partner which has strong sales base in Quebec. By making CLE a subsidiary, we plan to promote vehicle solution business, as well as collaboration with the Hitachi Group and business growth strategy in the Americas.

**Jointly established wind power generating company with Hitachi, Ltd. Commercial operations launched for new wind power system**

Hitachi Capital and Hitachi, Ltd. jointly established Hitachi Wind Power Ltd. ("HWP") in January 2014 as part of an effort to offer new energy solutions in the wind power market. In April 2014, we began commercial operations of the H-760D-86 wind power system at Naka-Jo Wind Power Plant in Niigata Prefecture. This system, developed by Hitachi, is capable of generating sufficient power even in a comparatively low wind speed range, and is attracting attention as a model with the potential to open new markets in Japan, where there are few remaining prime spots for wind power generation. HWP will continue to acquire expertise in wind power operations, power sales contracts, finance structuring, and other aspects of the business, in order to strengthen solution capabilities for wind power, develop and prove wind power system technologies that better meet customer needs, and expand the environmental and renewable energy business under the "One Hitachi" concept.

**Commercial operations launched at a solar power facility in Kitaura run by Hitachi Green Energy, part of a collaborative project with the Hitachi Group**

Hitachi Capital is one of the companies selected by Ibaraki Prefecture to build and operate a solar power plant in Kitaura. Construction was completed and commercial operations began in July 2014. This project utilizes a new business model in which four business companies, including a united Hitachi Capital and Hitachi, generate electric power independently, but jointly operate the transformers, and manage the power sales business. The large-scale plant is expected to have an annual electricity output sufficient to power 8,200 typical homes. Hitachi Capital participates as part of collaboration with the Hitachi Group, utilizing our expertise in business management.
Corporate Social Responsibility (CSR)

Approach to CSR

All employees of the Hitachi Capital Group conduct business with constant awareness that we are also members of society. By fulfilling our responsibilities as a corporate citizen, not only in terms of business but also with respect to the environment and society, we seek to enhance our corporate value, and achieve sustainable growth. Based on this approach, Hitachi Capital pursues through its business activities a style of CSR best suited to the Company, and its own unique contributions to society.

Hitachi Capital has been selected for inclusion in the FTSE4Good Index Series, one of the representative indices for socially responsible investment (SRI). The Series comprises companies chosen by the London Stock Exchange’s FTSE Group on the basis of environment, society, and governance (ESG) criteria. It is one of the most important sources of information for SRI investors on companies that meet international standards for CSR.

Hitachi Capital will continue to fulfill its social responsibilities, and contribute to a sustainable society.

The Development Bank of Japan (“DBJ”) has awarded Hitachi Capital the highest rank in its environmental responsibility rating. The awarding ceremony was held at Hitachi Capital’s Head Office in December 2013. The DBJ Environmental Responsibility Rating is the world’s first environmental rating for financing. The DBJ evaluates the degree of a company’s environmental management based on independent criteria, awarding one of three ranks of available interest rates according to the overall score. Hitachi Capital received the highest rating in recognition of 1) Increases in environmentally responsible leasing; 2) Improvements in transport efficiency from a common inventory management system at recycling centers; and 3) Adoption and widespread implementation of independent environmental performance criteria.

Contributions to Society

Hitachi Capital Vehicle Solutions support the zero-emissions effort in the U.K.

Hitachi Capital Vehicle Solutions Ltd. ("HCVS") in the U.K. has partnered with a major gas distribution company, university, and a major Japanese automaker for the U.K.’s largest trial of commercial electric vehicles. The trials, begun in November 2013, are part of the gas company’s plan to replace 10% of its fleet with electric vehicles by 2017. HCVS provided the financing, as well as other solutions to support the zero-emissions effort, including engineer support, driver training, and cost comparisons with gasoline-powered vehicles.

Afforestation program and employee volunteer activities

Hitachi Capital has participated in the Forestry Agency’s Corporate Afforestation Program since its launch in 1992, actively helping protect Japan’s woodland resources. In 1999, symbolizing this program, we established a volunteer club for company employees to participate in tree planting and forest management, as well as cleanup work at forests and beaches. Hitachi Capital believes it is important for employees to participate in such activities on an ongoing basis, in order to develop a sense of community involvement, a volunteer spirit, and diverse set of values. As such, we provide a special leave system and other types of support for volunteer activities.

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

Hitachi Capital has been supporting the creative activities of artists with disabilities since 1992, using their work in the Company’s calendars, IR materials, etc. In 1995 we began sponsoring the Artbility Awards, and since 1998 have presented the “Hitachi Capital Special Award” as a way to help persons with disabilities be more independent, and to publicize their work. To support independence for persons with disabilities, in 1995 we began offering products made at vocational aid centers as redeemable for points in our cardholder magazine.
CORPORATE GOVERNANCE

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 27, 2014, Hitachi Capital’s Board of Directors consisted of five directors, including three external directors, who normally convene monthly. As prescribed by laws, the Company’s Articles of Incorporation and the regulations of the Board of Directors, it conducts decision-making on such pressing management issues as basic policies and key management strategies.

The Board also undertakes the appointment of 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 (ten as of June 27, 2014) 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 Installment Sales Act, 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.
**BUSINESS RESULTS**

In the fiscal year ended March 31, 2014, the consolidated volume of business increased 19.9% from the previous fiscal year to ¥1,054,411 million (US$18,074 million). In Japan Business segment, the volume of business rose 10.7% on year, due mainly to growth in focused sectors of Financial Services such as vendor finance, social infrastructure, and agriculture, and offsetting a decline in consumer loans in Commission Services. In Global Business segment, the volume of business increased 41.6% on year, due mainly to gains in business volume in Europe and the Americas, and the continued weak yen.

Revenues in the subject fiscal year increased 23.9% from the previous fiscal year to ¥1,276,790 million (US$24,204 million), due mainly to the expansion of Global Business, and the inclusion of NBL Co., Ltd. in the scope of consolidation. Operating income rose 27.2% to ¥2,598 million (US$31,666 million). Net income, as a result of other income generated when NBL was made a subsidiary, increased 34.1% on year to ¥22,105 million (US$215 million).

**RESULTS BY BUSINESS BASED ON THE MID-TERM MANAGEMENT PLAN**

**Japan Business**

Revenues in Japan Business increased 14.8% on year to ¥71,952 million (US$698 million), with sharp gains in Financial Services from consolidation of the mainstay vendor finance sector offsetting declines in Commission Services. Segment profit, however, rose 27.0% to ¥2,684 million (US$251 million). Earnings from Commission Services declined 14.8% on year as a result of contraction of the consumer loans business for houses and automobiles in line with the mid-term management plan, but this was offset by a sharp rise in earnings in Financial Services on gains from consolidation in the vendor finance sector, and reductions in SG&A expenses.

**Global Business**

Revenues in Global Business rose 38.4% on year to ¥55,456 million (US$536 million), due mainly to double-digit growth in Europe, the Americas, and China compensating for an advance for doubtful accounts established in the ASEAN region.

**CASH FLOWS**

Cash and cash equivalents at end of the subject fiscal year amounted to ¥188,150 million (US$1,341 million), an increase of ¥5,194 million compared with the previous fiscal-year end.

Net cash used in operating activities amounted to ¥133,300 million (US$2,294 million). This was mainly attributable to ¥46,917 million (US$447 million) in payment of dividends, along with an increase in the foreign currency translation adjustment account resulting from the weak yen, and the recording of remeasurements of defined benefit plans stemming from early application of revised accounting standards for retirement benefits.

Net cash provided by investing activities amounted to ¥138,300 million (US$2,294 million). This was mainly attributable to ¥46,917 million (US$447 million) in payment of dividends, along with an increase in the foreign currency translation adjustment account resulting from the weak yen, and the recording of remeasurements of defined benefit plans stemming from early application of revised accounting standards for retirement benefits.

Net cash provided by financing activities amounted to ¥146,917 million (US$1,341 million), an increase of ¥5,194 million compared with the previous fiscal-year end.

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Net cash provided by financing activities amounted to ¥146,917 million (US$1,341 million), an increase of ¥5,194 million compared with the previous fiscal-year end.
**BUSINESS RISK**

**Internal Control-Related Risk**

The Company has established and maintains an internal control system for entire Hitachi Capital Group based on the board resolutions on internal control, 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.

**Liquidity Risk**

Although the Group works to appropriately manage its cash position by diversifying its fundraising means 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 because of a decline in actual disposal value from the initial estimated value of assets or a change in market demand. In this case, the Group may not be able to procure funds at lower interest rates, resulting in higher interest expenses and 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 Laws, 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 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 knowledge 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 unanticipated changes in the market environment or 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 cases 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.

**Risk Related to Business Partners**

With respect to the Group’s ability to evaluate physical assets and to resell its leased assets, the Group is working to accumulate more knowledge 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 unanticipated changes in the market environment or technological innovations. These losses could 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, 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.
## CONSOLIDATED BALANCE SHEETS

HITACHI CAPITAL CORPORATION and Subsidiaries
March 31, 2014 and 2013

### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2014 (millions)</th>
<th>2013 (millions)</th>
<th>2014 (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Japanese yen</td>
<td>U.S. dollars</td>
<td>Japanese yen</td>
</tr>
<tr>
<td>CURRENT ASSETS:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash on hand and at bank (Notes 4, 23 and 26)</td>
<td>¥ 31,023</td>
<td>$ 22,561</td>
<td>$ 201,194</td>
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<tr>
<td>Notes and accounts receivable, including amounts maturing after one year (Notes 22 and 26)</td>
<td>¥ 961,251</td>
<td>712,902</td>
<td>9,332,533</td>
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<tr>
<td>Investment in direct finance leases (Notes 22, 25 and 26)</td>
<td>¥ 827,641</td>
<td>608,270</td>
<td>8,035,349</td>
</tr>
<tr>
<td>Less: Allowance for losses on receivables (Notes 3 (c), 10 and 26)</td>
<td>10,396</td>
<td>7,220</td>
<td>158,174</td>
</tr>
<tr>
<td>Net trade receivables</td>
<td>¥ 1,775,846</td>
<td>1,287,380</td>
<td>17,211,788</td>
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<tr>
<td>Parent company deposits (Notes 5, 22, 23 and 26)</td>
<td>¥ 117,602</td>
<td>71,979</td>
<td>1,141,766</td>
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<tr>
<td>Prepaid expenses and other current assets (Note 18)</td>
<td>¥ 47,094</td>
<td>30,064</td>
<td>457,223</td>
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<tr>
<td>Total current assets</td>
<td>¥ 1,975,561</td>
<td>1,493,794</td>
<td>19,180,283</td>
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### NON-CURRENT ASSETS:

<table>
<thead>
<tr>
<th></th>
<th>2014 (millions)</th>
<th>2013 (millions)</th>
<th>2014 (millions)</th>
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<tbody>
<tr>
<td></td>
<td>Japanese yen</td>
<td>U.S. dollars</td>
<td>Japanese yen</td>
</tr>
<tr>
<td>Investments in direct finance leases (Notes 22, 25 and 26)</td>
<td>¥ 3,161</td>
<td>2,260</td>
<td>30,641</td>
</tr>
<tr>
<td>Property and equipment, at cost less accumulated depreciation (Notes 3 (a), (f), (g), 4, 6 and 24)</td>
<td>¥ 11,240</td>
<td>7,881</td>
<td>106,230</td>
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<tr>
<td>Other assets (Notes 13 and 14)</td>
<td>¥ 44,154</td>
<td>30,779</td>
<td>282,445</td>
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<tr>
<td>Total non-current assets</td>
<td>¥ 451,040</td>
<td>300,273</td>
<td>4,026,514</td>
</tr>
<tr>
<td>Total assets</td>
<td>¥ 2,426,601</td>
<td>¥ 1,793,461</td>
<td>¥ 22,209,718</td>
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### LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2014 (millions)</th>
<th>2013 (millions)</th>
<th>2014 (millions)</th>
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<tr>
<td></td>
<td>Japanese yen</td>
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<tr>
<td>CURRENT LIABILITIES:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term bank loans (Notes 11 and 26)</td>
<td>¥ 115,577</td>
<td>$ 137,776</td>
<td>$ 1,461,912</td>
</tr>
<tr>
<td>Commercial paper (Note 26)</td>
<td>¥ 171,320</td>
<td>138,626</td>
<td>1,462,330</td>
</tr>
<tr>
<td>Current portion of long-term debt (Notes 11 and 26)</td>
<td>¥ 251,039</td>
<td>228,854</td>
<td>2,677,854</td>
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<tr>
<td>Trade payables (Notes 12, 22 and 26)</td>
<td>¥ 276,349</td>
<td>256,226</td>
<td>2,683,000</td>
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<tr>
<td>Accrued payables (Notes 22 and 26)</td>
<td>¥ 40,332</td>
<td>41,815</td>
<td>439,476</td>
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<td>Accrued expenses</td>
<td>¥ 13,699</td>
<td>10,906</td>
<td>133,339</td>
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<tr>
<td>Obligation for secured lease receivables (Notes 8 and 26)</td>
<td>¥ 81,183</td>
<td>53,711</td>
<td>788,184</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>¥ 4,730</td>
<td>3,817</td>
<td>45,922</td>
</tr>
<tr>
<td>Allowance for losses on direct finance leases (Notes 3 (c), (d) and 26)</td>
<td>¥ 8,589</td>
<td>7,087</td>
<td>83,980</td>
</tr>
<tr>
<td>Other current liabilities (Notes 13, 15 and 25)</td>
<td>¥ 45,516</td>
<td>38,700</td>
<td>441,902</td>
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<tr>
<td>Total current liabilities</td>
<td>¥ 1,062,832</td>
<td>¥ 811,479</td>
<td>¥ 10,216,951</td>
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### NON-CURRENT LIABILITIES:

<table>
<thead>
<tr>
<th></th>
<th>2014 (millions)</th>
<th>2013 (millions)</th>
<th>2014 (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term debt (Notes 4, 11 and 26)</td>
<td>¥ 847,211</td>
<td>692,133</td>
<td>8,225,349</td>
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<tr>
<td>Retirement and severance benefits (Notes 3 (i), (o) and 14)</td>
<td>—</td>
<td>4,469</td>
<td>—</td>
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<tr>
<td>Liabilities for retirement benefits (Notes 3 (i), (o) and 14)</td>
<td>¥ 7,746</td>
<td>—</td>
<td>75,398</td>
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<tr>
<td>Retirement benefits for directors (Note 3 (i))</td>
<td>¥ 168</td>
<td>185</td>
<td>1,631</td>
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<tr>
<td>Long-term obligation for secured lease receivables (Notes 8 and 26)</td>
<td>¥ 89,123</td>
<td>84,429</td>
<td>865,271</td>
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<tr>
<td>Other liabilities (Notes 13, 15 and 26)</td>
<td>¥ 76,450</td>
<td>58,840</td>
<td>787,417</td>
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<tr>
<td>Total non-current liabilities</td>
<td>¥ 1,020,743</td>
<td>¥ 721,917</td>
<td>¥ 9,910,126</td>
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<tr>
<td>Total liabilities</td>
<td>¥ 2,083,595</td>
<td>¥ 1,523,395</td>
<td>¥ 20,229,077</td>
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</table>

### NET ASSETS:

<table>
<thead>
<tr>
<th></th>
<th>2014 (millions)</th>
<th>2013 (millions)</th>
<th>2014 (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stockholders' equity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Retained earnings (Note 3 (e))</td>
<td>¥ 252,581</td>
<td>235,104</td>
<td>2,452,242</td>
</tr>
<tr>
<td>Treasury stock (Notes 3 (e) and 17)</td>
<td>¥ (14,332)</td>
<td>(14,331)</td>
<td>(139,145)</td>
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<tr>
<td>Total stockholders' equity (Note 16)</td>
<td>¥ 238,249</td>
<td>220,773</td>
<td>2,313,097</td>
</tr>
<tr>
<td>Accumulated other comprehensive income</td>
<td>—</td>
<td>—</td>
<td>2,854,339</td>
</tr>
<tr>
<td>Net unrealized holding gains on securities</td>
<td>¥ 5,870</td>
<td>6,516</td>
<td>56,990</td>
</tr>
<tr>
<td>Net unrealized losses on hedging derivatives (Note 26)</td>
<td>(354)</td>
<td>(1,446)</td>
<td>(3,436)</td>
</tr>
<tr>
<td>Foreign currency translation adjustments (Note 3 (j))</td>
<td>¥ 3,722</td>
<td>(2,234)</td>
<td>35,941</td>
</tr>
<tr>
<td>Revaluations of defined benefit plans (Notes 3 (i), (o) and 14)</td>
<td>(6,288)</td>
<td>—</td>
<td>(61,048)</td>
</tr>
<tr>
<td>Total accumulated other comprehensive income</td>
<td>¥ 2,930</td>
<td>2,298</td>
<td>28,446</td>
</tr>
<tr>
<td>Minority interests</td>
<td>¥ 8,010</td>
<td>5,937</td>
<td>85,815</td>
</tr>
<tr>
<td>Total net assets</td>
<td>¥ 207,055</td>
<td>258,004</td>
<td>2,980,631</td>
</tr>
<tr>
<td>Total liabilities and net assets</td>
<td>¥ 2,390,601</td>
<td>¥ 1,831,431</td>
<td>¥ 23,209,718</td>
</tr>
</tbody>
</table>

See accompanying notes to consolidated financial statements.

---

**Note:** All amounts are presented in Japanese yen unless otherwise specified. Currency exchange rates are provided for information purposes only and are not intended for financial reporting. The exchange rates used were ¥108.58 per $1 USD for 2014 and ¥110.70 per $1 USD for 2013. The year-end exchange rate was ¥111.84 per $1 USD.
## CONSOLIDATED STATEMENTS OF INCOME
Hitachi Capital Corporation and Subsidiaries
Years ended March 31, 2014 and 2013

### REVENUES (Notes 3 (b), 22 and 24)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>127,979</td>
<td>103,994</td>
<td>124,514</td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>1,031</td>
<td>812</td>
<td>1,203</td>
</tr>
<tr>
<td>Total revenues</td>
<td>129,010</td>
<td>114,806</td>
<td>125,717</td>
</tr>
</tbody>
</table>

### EXPENSES (Notes 19 and 24)

<table>
<thead>
<tr>
<th>Expense Description</th>
<th>2014</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling, general and administrative expenses</td>
<td>75,244</td>
<td>61,385</td>
<td>73,524</td>
</tr>
<tr>
<td>Operating income</td>
<td>59,360</td>
<td>77,993</td>
<td>92,919</td>
</tr>
<tr>
<td>Other income (Note 18)</td>
<td>32,938</td>
<td>38,609</td>
<td>31,460</td>
</tr>
<tr>
<td>Other expenses (Note 10)</td>
<td>1,170</td>
<td>2,114</td>
<td>1,309</td>
</tr>
<tr>
<td>Income before income taxes and minority interests</td>
<td>34,360</td>
<td>25,962</td>
<td>33,376</td>
</tr>
<tr>
<td>Income taxes (Notes 3 (h) and 13)</td>
<td>1,170</td>
<td>1,051</td>
<td>1,051</td>
</tr>
<tr>
<td>Other income (Note 18)</td>
<td>22,920</td>
<td>25</td>
<td>22,920</td>
</tr>
<tr>
<td>Minority interests</td>
<td>7,029</td>
<td>9,311</td>
<td>7,029</td>
</tr>
<tr>
<td>Income before income taxes and minority interests</td>
<td>32,119</td>
<td>16,549</td>
<td>31,450</td>
</tr>
</tbody>
</table>

### PER SHARE DATA (Notes 3 (h) and 20)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>¥189.8</td>
<td>¥141.3</td>
<td>¥1.84</td>
</tr>
</tbody>
</table>

See accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Hitachi Capital Corporation and Subsidiaries
Years ended March 31, 2014, and 2013

### REVENUES (Notes 3 (b), 22 and 24)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>¥124,927</td>
<td>¥102,392</td>
<td>¥1,223,300</td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>¥1,031</td>
<td>¥812</td>
<td>¥16,203</td>
</tr>
</tbody>
</table>

### EXPENSES (Notes 19 and 24)

<table>
<thead>
<tr>
<th>Expense Description</th>
<th>2014</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling, general and administrative expenses</td>
<td>¥75,244</td>
<td>¥61,385</td>
<td>¥73,524</td>
</tr>
<tr>
<td>Operating income</td>
<td>¥59,360</td>
<td>¥77,993</td>
<td>¥92,919</td>
</tr>
<tr>
<td>Other income (Note 18)</td>
<td>¥32,938</td>
<td>¥38,609</td>
<td>¥31,460</td>
</tr>
<tr>
<td>Other expenses (Note 10)</td>
<td>¥1,170</td>
<td>¥2,114</td>
<td>¥1,309</td>
</tr>
<tr>
<td>Income before income taxes and minority interests</td>
<td>¥34,360</td>
<td>¥25,962</td>
<td>¥33,376</td>
</tr>
<tr>
<td>Income taxes (Notes 3 (h) and 13)</td>
<td>¥1,170</td>
<td>¥1,051</td>
<td>¥1,051</td>
</tr>
<tr>
<td>Other income (Note 18)</td>
<td>¥22,920</td>
<td>¥25</td>
<td>¥22,920</td>
</tr>
<tr>
<td>Minority interests</td>
<td>¥7,029</td>
<td>¥9,311</td>
<td>¥7,029</td>
</tr>
<tr>
<td>Income before income taxes and minority interests</td>
<td>¥32,119</td>
<td>¥16,549</td>
<td>¥31,450</td>
</tr>
</tbody>
</table>

See accompanying notes to consolidated financial statements.
CONSOLIDATED STATEMENTS OF CASH FLOWS

Hitachi Capital Corporation and Subsidiaries
Years ended March 31, 2014 and 2013

U.S. DOLLAR (THOUSANDS) NOTE 2
Summary of Cash Flow:

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as of March 31, 2015</td>
<td>$16,022</td>
</tr>
<tr>
<td>Cumulative effect of changes in accounting policies</td>
<td>(80,135)</td>
</tr>
<tr>
<td>Retained balance as of March 31, 2013</td>
<td>2,720,106</td>
</tr>
<tr>
<td>Cash provided by operating activities</td>
<td>63,650</td>
</tr>
<tr>
<td>Changes during the year</td>
<td>(13,922)</td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td>(27,407)</td>
</tr>
<tr>
<td>Divestiture of treasury stock</td>
<td>(80,135)</td>
</tr>
<tr>
<td>Net change in the terms other than stockholders’ equity during the period</td>
<td>(57,815)</td>
</tr>
<tr>
<td>Total change during the year</td>
<td>88,262</td>
</tr>
<tr>
<td>Balance as of March 31, 2014</td>
<td>$2,804,796</td>
</tr>
</tbody>
</table>

See accompanying notes to consolidated financial statements.

HITACHI CAPITAL CORPORATION ANNUAL REPORT  2014
The investments in affiliates are stated at the 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

Financial Lease

A finance lease transaction is a lease transaction in which the contract is not cancellable, 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 lease 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 has substantially all of the costs arising from such use. In principle, interest income is recorded during each fiscal period as operating revenue mainly by the interest method. The interest is applied to the lease receivables outstanding as of the date the lease is commenced. 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 fiscal periods 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 term as lease payments become due. Lease expenses, which primarily consist of depreciation expense, are generally recognized in proportion to the related lease revenue over the lease term.

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 purchase of machines. The fees from customers are recognized at the inception of loans, when the customers pay the full amounts. The amount of the guarantee receipts 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 fees from the 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 monthly installments become due. The interest income is recognized 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 guarantee 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 maturity 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 realized 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 gains included in earnings and unrealized gains excluded from earnings and reported as a net amount in a separate component of net assets until realized.

(c) Allowance for Losses on Receivables and Guarantees

Held-to-maturity securities are amortized or accumulated to face value. Available-for-sale securities with a fair value of net assets are recorded at fair value, and unrealized holding gains and losses 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 priced fairly determined by the moving average method.

(e) Method of Depreciation for Important Depreciable Assets

Tangible fixed assets including leased assets are depreciated using the straight-line method. The straight-line method is applied to tangible fixed assets other than assets held for lease. For those, 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 includes assets held for lease which were paid in advance of ¥909 million ($9.1 million) in the fiscal year ended March 31, 2016, and $175 million in the fiscal year ended March 31, 2015.

(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 uncorrelated future cash flows of fixed assets are less than the carrying amounts, the fixed assets are determined to be impaired. Then, an appropriate 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 that generate cash flows 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 plans and sets annual retirement and severance benefits in accordance with “Accounting Standard for Retirement Benefits” issued by the Business Accounting Deliberation Council. 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 reviewed for the vested benefits they are entitled to retire or sever immediately at the balance sheet date.

On March 31, 2006, retirement benefits for directors and executive officers were eliminated. The reserve balance as of March 31, 2014 is to be shown as directors’ retirement and retirement bonus payments is 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 is not consistent with the translation of the related foreign currency transaction and related firm forward exchange contracts is translated at such contract rate.

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 is not consistent with the translation of the related foreign currency transaction and related firm forward exchange contracts is translated at such contract rate.

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 is not consistent with the translation of the related foreign currency transaction and related firm forward exchange contracts is translated at such contract rate.
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.

(b) 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.

(c) Appropriation of Retained Earnings

Under the Japanese Corporate Laws, 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 stock outstanding during each period. Diluted net income per share reflects the potential dilution that could occur from 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 Delegation 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 defined as net unrealized gains and losses on hedging derivative, 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 exchange rates. Under the exceptional accounting treatments, interest rate swap transactions are accounted for at the interest rates under which 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 currency adjustments in rates on hedged items, or their cash flows, with cumulative fluctuations in the rates on hedging methods or their cash flows.

(e) Changes in accounting policies

As Accounting Standards Board of Japan (CASB)’s 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) (collectively “Standards”) became effective from the year beginning on or after April 1, 2013, the Group adopted the Standards from the year ended March 31, 2014. The Group adopted the method to record the difference between retirement benefit obligations and pension assets as liabilities for retirement benefits, and recorded unrecognized actuarial gains and losses and unrecognized prior service costs as liabilities for retirement benefits.

The Group reviewed the method to record retirement benefit obligations and service costs, and changed the method of attributing expected retirement benefits to period from straight-line basis to benefit formula basis. In adopting the Standards, the effect of recording the difference between retirement benefit obligations and pension assets as liabilities for retirement benefits is included in revaluations of defined benefit plans in accumulated other comprehensive income on April 1, 2013 in accordance with the transitional treatment set forth in Article 37 of the Accounting Standard for Retirement Benefits. The effect of changing calculation method of retirement benefit obligations and service costs is included mainly in retained earnings on April 1, 2013.

As a result, liabilities for retirement benefits of ¥5,689 million ($49,677 thousand) were recorded on April 1, 2013, and accumulated other comprehensive income as of April 1, 2013 decreased by ¥8,254 million ($80,135 thousand), retained earnings decreased by ¥52 million ($597 thousand) and minority interests decreased by ¥375 million ($5,739 thousand). The impact on net assets per share is ¥0.15.

(f) Accounting Standards not yet Applied

The Group adopted the method to record the difference between retirement benefit obligations and pension assets as liabilities for retirement benefits, and recorded unrecognized actuarial gains and losses on hedging derivative, component of net assets, until gain or loss relating to the hedged instrument is recognized.

The Group adopted the method to account for pension plan accounting for the entire Group as defined benefit plans in accumulated other comprehensive income on April 1, 2013 in accordance with the transitional treatment set forth in Article 37 of the Accounting Standard for Retirement Benefits. The effect of changing calculation method of retirement benefit obligations and service costs is included mainly in retained earnings on April 1, 2013.

As a result, liabilities for retirement benefits of ¥5,689 million ($49,677 thousand) were recorded on April 1, 2013, and accumulated other comprehensive income as of April 1, 2013 decreased by ¥8,254 million ($80,135 thousand), retained earnings decreased by ¥52 million ($597 thousand) and minority interests decreased by ¥375 million ($5,739 thousand). The impact on net assets per share is ¥0.15.

(g) (q) Other Significant Fact Applied in Preparing Consolidated Financial Statements

- Consumption taxes
- Consumption tax and local consumption tax are excluded from revenues 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, 2014 and 2013, assets deposited as collateral and debt collateralized were as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Japanese yen (millions)</th>
<th>US-Dollars (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account</td>
<td>9,295</td>
<td>$87,900</td>
</tr>
<tr>
<td>Investments in securities</td>
<td>32</td>
<td>310</td>
</tr>
<tr>
<td>Investments in securities</td>
<td>6</td>
<td>58</td>
</tr>
<tr>
<td>Total</td>
<td>9,318</td>
<td>$88,150</td>
</tr>
</tbody>
</table>

Debt collateralized

<table>
<thead>
<tr>
<th>Description</th>
<th>Japanese yen (millions)</th>
<th>US-Dollars (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>9,325</td>
<td>$87,950</td>
</tr>
</tbody>
</table>

(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.

<table>
<thead>
<tr>
<th>Description</th>
<th>Japanese yen (millions)</th>
<th>US-Dollars (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>7,772</td>
<td>$71,672</td>
</tr>
</tbody>
</table>
(6) ACCUMULATED DEPRECIATION AND ADVANCED DEPRECIATION OF TANGIBLE FIXED ASSETS

<table>
<thead>
<tr>
<th>Japanese yen (millions)</th>
<th>U.S. dollar (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>Accumulated depreciation of tangible fixed assets</td>
<td>¥3,207,651</td>
</tr>
<tr>
<td>Advanced depreciation of tangible fixed assets</td>
<td>609</td>
</tr>
</tbody>
</table>

(7) INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES AND AFFILIATES

<table>
<thead>
<tr>
<th>Japanese yen (millions)</th>
<th>U.S. dollar (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>Investments in securities (equity securities)</td>
<td>¥172,083</td>
</tr>
</tbody>
</table>

(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

<table>
<thead>
<tr>
<th>Japanese yen (millions)</th>
<th>U.S. dollar (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>Loan guaranteed liabilities</td>
<td>¥345,181</td>
</tr>
</tbody>
</table>

(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, 2014 and 2013 were ¥3,351,271 thousand and ¥2,308,714 thousand, respectively. The activities in the allowance for losses on receivables and guarantees provided for the years ended March 31, 2014 and 2013 are summarized as follows:

<table>
<thead>
<tr>
<th>Japanese yen (millions)</th>
<th>U.S. dollar (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>Balance at beginning of year</td>
<td>¥172,677</td>
</tr>
<tr>
<td>Write-off during the year</td>
<td>(2,337)</td>
</tr>
<tr>
<td>Provision (including an increase due to newly consolidated companies)</td>
<td>3,148</td>
</tr>
<tr>
<td>Effect of foreign exchange rate changes (Note 3 (v))</td>
<td>2,077</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>¥167,896</td>
</tr>
</tbody>
</table>

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

The weighted average interest rates on short-term bank loans outstanding at March 31, 2014 and 2013 were 1.0% and 1.9%, respectively. Long-term debt at March 31, 2014 and 2013 consisted of the following:

<table>
<thead>
<tr>
<th>Japanese yen (millions)</th>
<th>U.S. dollar (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>Unsecured bonds payable in yen by the Company, due from September 2014 to March 2019, interest ranging from 0.4% to 1.1%</td>
<td>¥233,000</td>
</tr>
<tr>
<td>Medium-term notes payable in China Yuan by the Company, due March 2015, interest at 3.7%</td>
<td>8,305</td>
</tr>
<tr>
<td>Medium-term notes payable in euro-yen and euro-dollars, by Hitachi Capital (UK) PLC, due from June 2014 to April 2021, interest ranging from 1.2% to 3.46%*2</td>
<td>162,501</td>
</tr>
<tr>
<td>Medium-term notes payable in euro-dollars, by Hitachi Capital America Corp., due from July 2014 to December 2017, interest ranging from 0.9% to 2.03%*2</td>
<td>11,700</td>
</tr>
<tr>
<td>Unsecured bonds payable in HKD, by Hitachi Capital Hong Kong Ltd, due from December 2016, interest at 1.88%</td>
<td>3,981</td>
</tr>
<tr>
<td>Loans from banks and other financial institutions</td>
<td></td>
</tr>
<tr>
<td>Unsecured, maturing 2014–2028</td>
<td>¥701,553</td>
</tr>
<tr>
<td>Less current portion</td>
<td>¥1,123,030</td>
</tr>
<tr>
<td>Total</td>
<td>¥275,819</td>
</tr>
</tbody>
</table>

*1 1.2% to 3.1% in consideration of the interest rate swap
*2 1.48% to 3.46% in consideration of the interest rate swap

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, 2014 and 2013 were as follows:

<table>
<thead>
<tr>
<th>Japanese yen (millions)</th>
<th>U.S. dollar (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>Notes payable</td>
<td>¥355</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>¥275,994</td>
</tr>
<tr>
<td>Total</td>
<td>¥276,949</td>
</tr>
</tbody>
</table>

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, 2014 and 2013 consists of the following:

<table>
<thead>
<tr>
<th>Japanese yen (millions)</th>
<th>U.S. dollar (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>Current</td>
<td>¥8,043</td>
</tr>
<tr>
<td>Deferred</td>
<td>2,415</td>
</tr>
<tr>
<td>Total</td>
<td>¥10,459</td>
</tr>
</tbody>
</table>
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 37.9% for the years ended March 31, 2014 and 2013, 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:

<table>
<thead>
<tr>
<th>Year Ended March 31,</th>
<th>Statutory income tax rate</th>
<th>Effective income tax rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>37.8%</td>
<td>35.46%</td>
</tr>
<tr>
<td>2013</td>
<td>37.9%</td>
<td>33.7%</td>
</tr>
</tbody>
</table>

Per capita tax
Expense not deductible for tax purposes
Depreciation of goodwill
Gain on investment in affiliates accounted for by the equity method
Decrease in valuation reserve
Dividends received and other non-taxable items excluded from calculations
Effects related to change in domestic tax rate
Other

Effective income tax rate: 35.46% (33.7%)

Modifications of the amount of deferred tax assets and deferred tax liabilities due to changes of corporate income tax rate

As a result of this change, the amount of deferred tax assets, net of deferred tax liabilities, decreased by ¥474 million ($4.601 thousand) and deferred income taxes increased by ¥475 million ($4.611 thousand).

The effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of March 31, 2014 and 2013 are presented below:

<table>
<thead>
<tr>
<th>Description</th>
<th>2014 (millions)</th>
<th>2013 (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allowance for losses on receivables</td>
<td>¥3,908</td>
<td>¥3,199</td>
</tr>
<tr>
<td>Allowance for income taxes</td>
<td>¥1,241</td>
<td>¥1,504</td>
</tr>
<tr>
<td>Capitalized costs attributable to lease contracts</td>
<td>¥5,720</td>
<td>¥6,369</td>
</tr>
<tr>
<td>Excess of business earnings</td>
<td>¥135</td>
<td>¥172</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>¥52</td>
<td>¥67</td>
</tr>
<tr>
<td>Retirement and severance benefits</td>
<td>¥2,724</td>
<td>¥2,073</td>
</tr>
<tr>
<td>Change in deferred tax asset or liability</td>
<td>¥648</td>
<td>¥429</td>
</tr>
<tr>
<td>Retirement benefits for directors</td>
<td>¥80</td>
<td>¥67</td>
</tr>
<tr>
<td>Asset retirement obligations</td>
<td>¥1,167</td>
<td>¥1,976</td>
</tr>
<tr>
<td>Prepaid benefit cost</td>
<td>¥8,134</td>
<td>¥6,291</td>
</tr>
<tr>
<td>Valuation allowance</td>
<td>¥33,829</td>
<td>¥32,456</td>
</tr>
<tr>
<td>Total gross deferred tax liabilities</td>
<td>¥32,439</td>
<td>¥31,971</td>
</tr>
</tbody>
</table>

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.

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

<table>
<thead>
<tr>
<th>Description</th>
<th>2013 (millions)</th>
<th>2012 (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected return on plan assets</td>
<td>¥2,942</td>
<td>¥2,122</td>
</tr>
<tr>
<td>Service cost, net of participant contributions</td>
<td>¥1,862</td>
<td>¥1,080</td>
</tr>
<tr>
<td>Expected return on plan assets for the period</td>
<td>¥595</td>
<td>¥595</td>
</tr>
<tr>
<td>Amortization of actuarial loss</td>
<td>¥1,967</td>
<td>¥1,178</td>
</tr>
<tr>
<td>Amortization of prior service cost</td>
<td>¥277</td>
<td>¥108</td>
</tr>
<tr>
<td>Contributions to the defined contribution pension plan</td>
<td>¥483</td>
<td>¥483</td>
</tr>
<tr>
<td>Retirement benefit expenses</td>
<td>¥6,038</td>
<td>¥3,645</td>
</tr>
</tbody>
</table>

In addition to retirement benefit expenses presented above, additional severance benefits of ¥2,003 million were recorded as a loss during the year ended March 31, 2013.

As of March 31, 2014 and 2013, 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 reversal of the temporary differences. Net deferred tax assets and liabilities as of March 31, 2014 and 2013 are reflected in the accompanying consolidated balance sheets under the following captions:
### 2. Defined benefit pension plan

#### (1) Reconciliation of projected benefit obligations at beginning and end of the period

<table>
<thead>
<tr>
<th></th>
<th>2014 (millions)</th>
<th>2013 (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net actuarial loss</td>
<td>895</td>
<td>8,689</td>
</tr>
<tr>
<td>Interest cost</td>
<td>805</td>
<td>6,889</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>(901)</td>
<td>(8,747)</td>
</tr>
<tr>
<td>Amortization of actual loss</td>
<td>1,265</td>
<td>18,485</td>
</tr>
<tr>
<td>Amortization of prior service cost</td>
<td>(231)</td>
<td>(2,436)</td>
</tr>
<tr>
<td>Actuarial gains (losses) for defined benefit plans</td>
<td>43,283</td>
<td>531,873</td>
</tr>
</tbody>
</table>

#### (2) Reconciliation of plan assets at beginning and end of the period

<table>
<thead>
<tr>
<th></th>
<th>2014 (millions)</th>
<th>2013 (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net periodic benefit obligation at beginning of year</td>
<td>946,918</td>
<td>547,932</td>
</tr>
<tr>
<td>Cumulative effect of changes in accounting policies</td>
<td>151</td>
<td>1,466</td>
</tr>
<tr>
<td>Prior service cost</td>
<td>3,322</td>
<td>32,232</td>
</tr>
<tr>
<td>Total</td>
<td>93,046</td>
<td>293,572</td>
</tr>
</tbody>
</table>

#### (3) Cumulative effect of remeasurements of defined benefit plans

<table>
<thead>
<tr>
<th></th>
<th>2014 (millions)</th>
<th>2013 (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase due to change in the scope of consolidation</td>
<td>266</td>
<td>655</td>
</tr>
<tr>
<td>Increase due to change of estimation</td>
<td>901</td>
<td>8,747</td>
</tr>
<tr>
<td>Decrease due to fulfillment of asset retirement obligations</td>
<td>1,133</td>
<td>5,852</td>
</tr>
<tr>
<td>Elapsed time adjustment</td>
<td>7</td>
<td>67</td>
</tr>
<tr>
<td>Total</td>
<td>96,717</td>
<td>561,336</td>
</tr>
</tbody>
</table>

### 15. Asset Retirement Obligations

#### (1) Overview of asset retirement obligations

Real estate lease agreements on office buildings (lease 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 5 to 50 years after commencement of lease agreements, and asset retirement obligation amounts are calculated by using discount rates from 0.3% to 5.4%.

### 16. Stockholders’ Equity

At March 31, 2014, 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, 2014.

The number of shares issued and outstanding as of March 31, 2014 is 124,626,512 shares.

The accompanying consolidated financial statements do not include any proportion for the dividend of ¥25.00 (10.2¢) subsequently proposed by the Board of Directors with respect to the fiscal year ended March 31, 2014.

### 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. 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 if the 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, 2014 and 2013 are summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014 (millions)</th>
<th>2013 (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of shares</td>
<td>1,135</td>
<td>655</td>
</tr>
</tbody>
</table>

### Notes to Financial Statements

#### (21) Treasury Stock

<table>
<thead>
<tr>
<th></th>
<th>2014 (millions)</th>
<th>2013 (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of treasury stock</td>
<td>180</td>
<td>80</td>
</tr>
<tr>
<td>Dividend on treasury stock</td>
<td>130</td>
<td>80</td>
</tr>
<tr>
<td>Balance as of March 31, 2013</td>
<td>150</td>
<td>160</td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td>310</td>
<td>0</td>
</tr>
<tr>
<td>Dividend on treasury stock</td>
<td>130</td>
<td>80</td>
</tr>
<tr>
<td>Balance as of March 31, 2014</td>
<td>520</td>
<td>160</td>
</tr>
</tbody>
</table>
### (18) OTHER INCOME AND OTHER EXPENSES

The details of other income and other expenses for the years ended March 31, 2014 and 2013 are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2014 (Japanese yen)</th>
<th>2014 (U.S. dollars)</th>
<th>2013 (Japanese yen)</th>
<th>2013 (U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gain on negative goodwill</td>
<td>8 45</td>
<td>$ 44</td>
<td>8 39</td>
<td>$ 42</td>
</tr>
<tr>
<td>Gain on investment in affiliates accounted for by the equity method</td>
<td>1,103</td>
<td>10,708</td>
<td>1,753</td>
<td>17,194</td>
</tr>
<tr>
<td>Gain on negative goodwill</td>
<td>1,771</td>
<td>17,194</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td>31</td>
<td>300</td>
<td>34</td>
<td>300</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td><strong>$2,951</strong></td>
<td><strong>$28,650</strong></td>
<td><strong>$3,175</strong></td>
<td><strong>$30,875</strong></td>
</tr>
</tbody>
</table>

Gain on sale of investment securities
1,011

Loss on step acquisitions

Additional severance benefits

Loss on redemption of investment securities

Additional severance benefits

Loss on step acquisitions

Other expenses

Total net assets

HITACHI CAPITAL CORPORATION
ANNUAL REPORT 2014

### (19) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the years ended March 31, 2014 and 2013 consisted of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>2014 (Japanese yen)</th>
<th>2014 (U.S. dollars)</th>
<th>2013 (Japanese yen)</th>
<th>2013 (U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent expenses</td>
<td>147</td>
<td>1,427</td>
<td>34</td>
<td>338</td>
</tr>
<tr>
<td>Impairment loss</td>
<td>3</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Loss on sale of investment securities</td>
<td>1</td>
<td>—</td>
<td>11</td>
<td>—</td>
</tr>
<tr>
<td>Loss on redemption of investment securities</td>
<td>—</td>
<td>—</td>
<td>11</td>
<td>—</td>
</tr>
<tr>
<td>Additional severance benefits</td>
<td>— 2,019</td>
<td>—</td>
<td>— 2,019</td>
<td>—</td>
</tr>
<tr>
<td>Loss on step acquisitions</td>
<td>1,011</td>
<td>9,015</td>
<td>10</td>
<td>97</td>
</tr>
<tr>
<td>Other</td>
<td>10</td>
<td>97</td>
<td>10</td>
<td>97</td>
</tr>
<tr>
<td><strong>Other expenses</strong></td>
<td><strong>$11,170</strong></td>
<td><strong>$11,159</strong></td>
<td><strong>$11,170</strong></td>
<td><strong>$11,159</strong></td>
</tr>
</tbody>
</table>

Exclusion from total net assets

Japanese yen 1,011

Japanese yen 1,103

Japanese yen 1,771

### (20) AMOUNT PER SHARE INFORMATION

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Number of shares</th>
<th>Japanese yen</th>
<th>U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>The number of common shares used in calculation of net assets per share at yearend</td>
<td>116,887,531</td>
<td>1,080</td>
<td>19,514</td>
</tr>
</tbody>
</table>

Japanese yen 116,887,531

The number of common shares used in calculation of net assets per share at yearend

**Total net assets**

Japanese yen 116,887,531

Japanese yen 2014

Japanese yen 2013

Japanese yen 2014

Japanese yen 2013

Japanese yen 2014

Japanese yen 2013

Japanese yen 2014

Japanese yen 2013

Japanese yen 2014

Japanese yen 2013

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Japanese yen 2013
(22) RELATED PARTIES TRANSACTIONS
The Company's balances with its parent company, Hitachi, Ltd., and related transactions for the years ended March 31, 2014 and 2013 are outlined below.

<table>
<thead>
<tr>
<th>Balances</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes and accounts receivable-trade, including amounts maturing after one year</td>
<td>¥33,047</td>
<td>¥11,614</td>
</tr>
<tr>
<td>Investment in direct finance leases</td>
<td>¥7,783</td>
<td>¥9,024</td>
</tr>
<tr>
<td>Parent company deposits</td>
<td>117,193</td>
<td>114,659</td>
</tr>
<tr>
<td>Trade payables</td>
<td>15,916</td>
<td>15,178</td>
</tr>
</tbody>
</table>

(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, 2014 and 2013 were as follows:

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand and at bank</td>
<td>¥31,023</td>
</tr>
<tr>
<td>Parent company deposits</td>
<td>117,602</td>
</tr>
<tr>
<td>Total</td>
<td>¥148,625</td>
</tr>
<tr>
<td>Time deposits with a period of more than three months</td>
<td>$(56,474)</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>¥112,151</td>
</tr>
</tbody>
</table>

(24) SEGMENT INFORMATION
1. Overview of reporting segments
The Group’s reporting segments are comprised of those individual business units for which separate financial information is available, about which 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” and services that concentrate on the use, utility value and circulation of these goods; global businesses such as finance lease transactions in different countries; financial services based on “products” and include finance leases.

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

For the year ended March 31, 2014

<table>
<thead>
<tr>
<th>Segment profit</th>
<th>Total</th>
<th>Intersegment revenues</th>
<th>Other (Note 5)</th>
<th>Total</th>
<th>Adjustment (Note 2)</th>
<th>Consolidated (Note 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial services</td>
<td>¥46,467</td>
<td>¥14,481</td>
<td>¥11,143</td>
<td>¥55,456</td>
<td>¥27,849</td>
<td>¥569</td>
</tr>
<tr>
<td>Other business (Note 5)</td>
<td>1,350</td>
<td>952</td>
<td>530</td>
<td>—</td>
<td>2,833</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>47,816</td>
<td>15,434</td>
<td>11,673</td>
<td>55,456</td>
<td>30,682</td>
<td>569</td>
</tr>
</tbody>
</table>

Segment profit: ¥130,813 (¥1,454 × 87,215) ¥15,672 ¥37,356 ¥(5,327) ¥32,598
For the year ended March 31, 2013

(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
(3) Japan
(4) Other (1) Total
(5) Note: Countries included in each geographic segment are as follows:

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### Notes:

- **(1)** Includes finance income from administrative department.
- **(2)** The segment profit adjustment of negative ¥2,087 million (¥22,545 thousand) is not allocated to any individual reporting segment. Company-wide expenses comprise mainly non-segment general and administrative expenses.
- **(3)**调整 for intersegment transactions, but the disclosure is omitted from the year ended March 31, 2014 due to immateriality.
- **(4)** Goodwill and assets are not allocated to reporting segments. Goodwill was recorded through the acquisition of subsidiaries. ¥3,028 million (¥33,989 thousand) remains unamortized while ¥2,480 million (¥27,199 thousand) was amortized.
- **(5)** During the year ended March 31, 2014, “Overseas businesses” was renamed to “Global businesses.”

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### Related information

#### 1. Information by Services

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Revenues from third parties</th>
<th>Lease guarantees</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial services</td>
<td>¥76,756</td>
<td>¥4,932</td>
<td>¥70,822</td>
<td>¥127,679</td>
</tr>
<tr>
<td>Commission services</td>
<td>¥2,556</td>
<td>¥126</td>
<td>¥3,092</td>
<td>¥3,092</td>
</tr>
<tr>
<td>Supply and sales services</td>
<td>¥49,080</td>
<td>¥42,771</td>
<td>¥131,851</td>
<td>¥223,682</td>
</tr>
<tr>
<td>Subtotal</td>
<td>¥132,393</td>
<td>¥49,709</td>
<td>¥306,564</td>
<td>¥488,666</td>
</tr>
<tr>
<td>Adjusted profit</td>
<td>¥127,679</td>
<td>¥49,709</td>
<td>¥301,548</td>
<td>¥471,936</td>
</tr>
<tr>
<td>Consolidated profit</td>
<td>¥127,679</td>
<td>¥49,709</td>
<td>¥301,548</td>
<td>¥471,936</td>
</tr>
</tbody>
</table>

---

#### 2. Geographic Information

<table>
<thead>
<tr>
<th>Region</th>
<th>Financial services</th>
<th>Commission services</th>
<th>Supply and sales services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>¥76,756</td>
<td>¥2,556</td>
<td>¥49,080</td>
<td>¥132,393</td>
</tr>
<tr>
<td>Europe and North America</td>
<td>¥4,932</td>
<td>¥126</td>
<td>¥3,092</td>
<td>¥9,140</td>
</tr>
<tr>
<td>Asia</td>
<td>¥70,822</td>
<td>¥42,771</td>
<td>¥131,851</td>
<td>¥245,444</td>
</tr>
<tr>
<td>Total</td>
<td>¥132,393</td>
<td>¥49,709</td>
<td>¥306,564</td>
<td>¥508,666</td>
</tr>
</tbody>
</table>

---

### Notes:

- **(1)** Includes finance income from administrative department.
- **(2)** The segment profit adjustment of negative ¥4,214 million includes ¥432 million in intersegment transactions and the elimination of transactions involving dividends from consolidated subsidiaries. ¥3,781 million in company-wide expenses that are not allocated to any individual reporting segment.

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### Additional lease information as of and for the years ended March 31, 2014, and 2013

<table>
<thead>
<tr>
<th>Lease period</th>
<th>More than 5 years, within 6 years</th>
<th>More than 4 years, within 5 years</th>
<th>More than 3 years, within 4 years</th>
<th>More than 2 years, within 3 years</th>
<th>More than 1 year, within 2 years</th>
<th>¥203,077</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>¥827,641</td>
<td>¥608,376</td>
<td>¥145,816</td>
<td>¥89,977</td>
<td>¥5,597</td>
<td>¥2,539,126</td>
</tr>
<tr>
<td>North America</td>
<td>¥261,530</td>
<td>¥133,139</td>
<td>¥30,861</td>
<td>¥5,940</td>
<td>¥2,801</td>
<td>¥8,035,349</td>
</tr>
<tr>
<td>Europe and North America</td>
<td>¥257,049</td>
<td>¥120,318</td>
<td>¥29,730</td>
<td>¥20,835</td>
<td>¥107,414</td>
<td>¥2,539,126</td>
</tr>
</tbody>
</table>

---

### LEASE INFORMATION

#### Finance leases

Additional lease information as of and for the years ended March 31, 2014, and 2013 is as follows.

- **(a)** Lessee
  - 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, 2006, are accounted for in a manner similar to the accounting for operating lease transactions, but the disclosure is omitted from the year ended March 31, 2014 due to immateriality.

- **(b)** Lessee
  - The following table shows the future lease receivables of finance lease as of March 31, 2014 and 2013.

<table>
<thead>
<tr>
<th>March 31</th>
<th>Japanese yen (milion)</th>
<th>U.S. dollars (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>¥2,539,126</td>
<td>$2,539,126</td>
</tr>
<tr>
<td>2015</td>
<td>¥2,539,126</td>
<td>$2,539,126</td>
</tr>
</tbody>
</table>

---

**Data Table**: Revenues from third parties, Lease guarantees, Other, Total, etc., with values in millions and thousands of yen or U.S. dollars.
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 throughout the Asia-Pacific region. These services, which are tailored to meet the customer’s needs, include financial 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 use derivative transactions and do not enter into derivative transactions 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.

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. 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 do not meet the requirements for hedge accounting involving the risk of interest rate fluctuations.

Loans, bonds, medium-term notes and commercial paper involve liquidity risk, in the risk of not being able to pay off the 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 financial 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 receivables control department. Large amount transactions require the approval of a senior executive officer and are reported to the Board of Directors.

With regard to issuance of credit risk on securities and investment securities, the department handling the transactions and the department in charge of financial control such as by regularly monitoring credit information and market prices. Counterparty credit risk on derivative transactions is managed by the department in charge of finance checking the issuer’s financial results, ratings and risk 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 policy, the Company and certain consolidated subsidiaries check asset and liability durations and manage interest rate fluctuation risk. The duration risk is assessed 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 funding 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 do not meet the requirements for hedge accounting involving the risk of interest rate fluctuations.

(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.

(ii) 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 assets, 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 analyses investment risk, in particular, and monitors and analyzes risk periodically reported 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 risk

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 financial 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.

For all other risk variables, as of March 31, 2014 and 2013 for every 1 basis point (0.01%) decrease in interest rates, the net effect on assets and liabilities is as follows.

For all other risk variables, as of March 31, 2014 and 2013 for every 1 basis point (0.01%) decrease in interest rates, the net effect on assets and liabilities is as follows.

To reduce the impact of liquidity risk, the Company controls liquidity-on-hand 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 term 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 amounts of derivative transactions itself does not represent market risk associated with the derivative transactions.
### 2. Fair value of financial instruments

Categorizing fair values and differences between the two as of March 31, 2014 and 2013 are indicated as follows.

#### Instruments for which fair values are not readily determinable are not included in the following table.

Please refer to (3) short-term investments and investments in securities.

#### 2. Fair value of financial instruments

<table>
<thead>
<tr>
<th>Description</th>
<th>2014 Cashing amount</th>
<th>2014 Fair value</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japanese yen (millions)</td>
<td>1,931,809</td>
<td>1,935,846</td>
<td>4,037</td>
</tr>
<tr>
<td>U.S. dollars (thousands)</td>
<td>$18,755,427</td>
<td>$18,794,621</td>
<td>$39,194</td>
</tr>
<tr>
<td><strong>Total derivative transactions</strong></td>
<td>$18,736,627</td>
<td>$18,738,621</td>
<td>$22,002</td>
</tr>
</tbody>
</table>

#### Notes

1. **Cash on hand and at bank**
   - 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.
   - Note the differences in carrying amount correspond to the estimated balance concerning future transactions, both debt and non-debt.

2. **Notes and accounts receivable trade, including amounts maturing after one year** (Note 1)
   - The differences in carrying amount correspond to the estimated balance concerning future transactions, both debt and non-debt.
   - Note the differences in carrying amount correspond to the estimated balance concerning future transactions, both debt and non-debt.

3. **Investment in direct finance leases**
   - The carrying amount of “Bonds” of ¥292,301 million includes “Bonds” of ¥42,561 million in the “Current portion of long-term debt” and “Bonds” of ¥249,739 million in “Long-term debt” in the “CONSOLIDATED BALANCE SHEETS.”

4. **Parent company deposits**
   - When calculating the fair value of financial instruments and matters pertaining to securities and derivative transactions.

5. **Bonds**
   - The carrying amount of “Bonds” of ¥421,478 million ($4,092,019 thousand) includes “Bonds” of ¥106,757 million ($1,036,475 thousand) in the “Current portion of long-term debt” and “Bonds” of ¥314,720 million ($3,055,533 thousand) in “Long-term debt” in the “CONSOLIDATED BALANCE SHEETS.”

6. **Long-term debt**
   - The carrying amount of “Bonds” of ¥292,301 million includes “Bonds” of ¥42,561 million in the “Current portion of long-term debt” and “Bonds” of ¥249,739 million in “Long-term debt” in the “CONSOLIDATED BALANCE SHEETS.”

7. **Long-term obligation for securitized lease receivables**
   - 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.”

8. **Total liabilities**
   - 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.

9. **Total assets**
   - 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.

### (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 receivable 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 terms 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.
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, 2014 and 2013.

### Held-to-maturity securities with gross unrealized holding losses:

<table>
<thead>
<tr>
<th>Security Type</th>
<th>2014</th>
<th>Fair Value</th>
<th>2013</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government bonds</td>
<td>¥593</td>
<td>¥2,978</td>
<td>¥591</td>
<td>¥2,975</td>
</tr>
<tr>
<td>Municipal bonds</td>
<td>¥38</td>
<td>¥202</td>
<td>¥36</td>
<td>¥200</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>¥3,952</td>
<td>¥8,001</td>
<td>¥3,939</td>
<td>¥8,018</td>
</tr>
<tr>
<td>Equity securities</td>
<td>¥2,505</td>
<td>¥5,002</td>
<td>¥2,505</td>
<td>¥5,002</td>
</tr>
<tr>
<td>Preferred equity securities</td>
<td>¥300</td>
<td>¥500</td>
<td>¥300</td>
<td>¥500</td>
</tr>
</tbody>
</table>

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.

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

### 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.

### 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:
2) Hedge accounting applied

On derivative transactions to which hedge accounting is applied, contract and contract amount are set aside in the balance sheet. Fair values, calculation of gains (losses) and gain calculation methods for each category of hedged item are described below.

(1) Currency-related

<table>
<thead>
<tr>
<th></th>
<th>Japanese p(millions)</th>
<th>U.S. dollars (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2014</td>
</tr>
<tr>
<td>Hedge accounting method</td>
<td></td>
<td>Contract amounts</td>
</tr>
<tr>
<td>Cash flow hedge</td>
<td></td>
<td>$1,079,782</td>
</tr>
<tr>
<td>Fair value hedge</td>
<td></td>
<td>$24,671</td>
</tr>
<tr>
<td>Foreign exchange forward designation method</td>
<td></td>
<td>Accounts receivable</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$1,104,457</td>
</tr>
</tbody>
</table>

(2) Interest-related

<table>
<thead>
<tr>
<th></th>
<th>Japanese p(millions)</th>
<th>U.S. dollars (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2014</td>
</tr>
<tr>
<td>Hedge accounting method</td>
<td></td>
<td>Contract amounts</td>
</tr>
<tr>
<td>Cash flow hedge</td>
<td></td>
<td>$1,075,592</td>
</tr>
<tr>
<td>Interest rate swap with exceptional accounting</td>
<td></td>
<td>Rolling rate, floating escape</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$1,075,592</td>
</tr>
</tbody>
</table>

(3) Short-term bank loans

Short-term bank loans | $1,357,577 | — | — | — | — | — | — |
Commercial paper | 177,529 | — | — | — | — | — | — |
Bonds | 106,757 | 57,600 | 46,157 | 5,897 | 20,015 |
Long-term debt | 106,062 | 105,800 | 183,394 | 65,220 | 25,007 | 59,195 |
Total | $1,751,162 | $226,140 | $249,832 | $153,029 | $95,219 | $121,995 |

(4) Long-term debt

Long-term debt | $1,461,912 | — | — | — | — | — | — |
Commercial paper | 1,662,330 | — | — | — | — | — | — |
Bonds | 1,036,475 | 561,776 | 597,368 | 755,417 | 537,067 | 640,683 |
Long-term debt | 1,644,854 | 1,779,553 | 827,378 | 523,310 | 754,708 |
Total | $1,982,196 | $2,323,531 | $2,376,923 | $1,592,365 | $1,069,378 | $1,570,601 |

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

(1) Japanese p(millions)

Within 1 year | Within 1 year, within 2 years | Within 2 years, within 3 years | Within 3 years, within 4 years | Within 4 years, within 5 years | More than 5 years |
--- | --- | --- | --- | --- | --- |
Total | $ 31,023 | — | — | — | — |
Cash on hand and at bank | 529,725 | 161,325 | 106,859 | 61,841 | 32,383 |
Investment in direct finance leases | 233,732 | 182,640 | 141,411 | 93,888 | 47,736 |
Short-term investments and investments in securities | — | 323 | — | — | — |
Bonds held to maturity | 6,096 | 600 | 280 | 600 | 906 |
Available for sale securities with maturities | — | — | — | — | — |
Total | 939,500 | $344,408 | $248,470 | $156,329 | $91,820 |

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

(1) Japanese p(millions)

Within 1 year | Within 1 year, within 2 years | Within 2 years, within 3 years | Within 3 years, within 4 years | Within 4 years, within 5 years | More than 5 years |
--- | --- | --- | --- | --- | --- |
Total | $ 230,104 | — | — | — | — |
Cash on hand and at bank | 1,142,961 | 1,565,388 | 1,027,466 | 600,398 | 314,396 |
Investment in direct finance leases | 2,249,342 | 1,773,203 | 1,372,952 | 911,533 | 460,456 |
Short-term investments and investments in securities | — | 323 | — | — | — |
Bonds held to maturity | 5,262 | 4,854 | 1,941 | 5,825 | 8,737 |
Available for sale securities with maturities | — | — | — | — | — |
Total | $7,731,650 | $3,345,708 | $2,412,330 | $1,517,757 | $746,601 |

(Note 1) Method of calculating fair value: Fair value is calculated based on the value indicated by the financial institutions handling these transactions for the Company.

(Note 2) Method of calculating fair value: Fair value is calculated based on the value indicated by the financial institutions handling these transactions for the Company.

(Note 3) Method of calculating fair value: Fair value is calculated based on the value indicated by the financial institutions handling these transactions for the Company.

* Determined by the financial institutions handling these transactions for the Company.

* Exceptional accounting

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HITACHI CAPITAL CORPORATION ANNUAL REPORT 2014

HITACHI CAPITAL CORPORATION ANNUAL REPORT 2014
(27) COMMITMENT AND CONTINGENCIES

The Company provides loan commitments to certain investors. The outstanding balance of the revolving lines of credit as of March 31, 2014 and 2013 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial paper</td>
<td>¥13,026</td>
<td></td>
</tr>
<tr>
<td>Bonds</td>
<td>¥4,063</td>
<td></td>
</tr>
<tr>
<td>Long-term debt</td>
<td>¥83,388</td>
<td>¥46,655</td>
</tr>
<tr>
<td>Total</td>
<td>¥94,400</td>
<td>¥53,643</td>
</tr>
</tbody>
</table>

A portion of the revolving lines of credit, which are pending loan application, cannot be utilized.

Other guaranteed liabilities are as follows:

- Guaranteed liabilities concerning the sale of receivables of a foreign subsidiary amounted to ¥0 million and ¥1,248 million as of March 31, 2014 and 2013, respectively.

- Guarantee of liabilities for borrowings by an affiliate amounted to ¥0 million and ¥200,000 million as of March 31, 2014 and 2013, respectively.

(28) Business Combination

1. Business combination by acquisition

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

- Name of the acquired company: NBL Co., Ltd.
- Name of the acquired company: NBL Co., Ltd.

Type of business: General leasing business

- Main reason of business combination

To aim at a fundamental business enhancement through the integration of the Company’s vendor lease-based major business with NBL.

- Date of combination

April 1, 2013

2. Legal form of business combination

Acquisition of stock

- Name after combination

NBL Co., Ltd.

3. Date of business combination

April 1, 2013

4. Legal form of business combination

Acquisition of stock

- Name after combination

NBL Co., Ltd.

5. Ratio of acquired voting rights

Voting rights held immediately before stock acquisition: 40%

Voting rights held immediately before stock acquisition: 40%

6. Ratio of acquired voting rights

Voting rights held immediately before stock acquisition: 40%

Voting rights held immediately before stock acquisition: 40%

7. Basis for the determination of the acquired company

The Company acquired all outstanding shares of NBL Co., Ltd. as a result of stock acquisition for cash consideration.

(2) Period of the business result of the acquired company included in the consolidated financial statements

April 1, 2013 to March 31, 2014

(3) Acquisition cost of the acquired company and its breakdown

The fair value of additional common stock of NBL Co., Ltd. acquired on the date of business acquisition:

- Before stock acquisition: ¥1,000 million (¥133,333 thousand)
- After stock acquisition: ¥2,400 million (¥300,000 thousand)

(4) The difference between acquisition cost of the acquired company and the total amount of acquisition cost by transactions:

Less on-step acquisitions:

- Loss on step acquisitions: ¥1,011 million (¥9,815 thousand)

(5) Amount of negative goodwill incurred and the reason for occurrence

1. Amount of negative goodwill: ¥1,771 million (¥17,194 thousand)

2. Reason for occurrence:

Since the net amount allocated to the assets acquired and the liabilities assumed exceeded the acquisition cost, the difference was recognized as gains on negative goodwill.

(6) Amount of assets acquired and liabilities assumed and its major components:

- Current assets: ¥187,751 million (¥18,227,199 thousand)
- Non-current assets: ¥5,984 million (¥577,089 thousand)
- Total assets: ¥193,735 million (¥18,800,388 thousand)
- Current liabilities: ¥154,246 million (¥1,495,052 thousand)
- Non-current liabilities: ¥31,405 million (¥3,045,577 thousand)
- Total liabilities: ¥185,651 million (¥18,005,629 thousand)

(29) SUBSEQUENT EVENTS

1. Introduction of new reporting segment system

Previously, the reporting segments of Hitachi Capital Group were “Financial Services,” “Commission Services,” “Supply and sales service” and “Global business.” Based on the review of business execution system on April 1, 2014, the reporting segments are revised as described below. In Japanese Business, as a result of our business model transformation in response to the environmental changes in recent years, we classified our business into the following two segments: “Account Solution” which provides financial services that meet diversifying needs of customers (accounts) and “Vendor Solution” which provides financial services that meet associated vendors’ needs including sales promotion. In Global Business, with an aim to achieve both promotion of growth strategy and strengthening of governance, we clarified the responsibility of business execution in each area and classified our business into the following four segments: “Europe,” “Asia,” “China,” and “A&SEAN.” Information on revenues and profits or losses by reporting segments based on the new reporting segments for the consolidated fiscal year ended March 31, 2014 is as follows:

Information on revenues and profits or losses by reporting segments

For the year ended March 31, 2014 (April 1, 2013–March 31, 2014)

Note 1: Others” includes business segments not included in the previous reporting segments and include companies to transition the structure through development and reorganization of business.

Note 2: Adjustment of segment revenues of ¥(19,184) million ($19,184 thousand) mainly consists of revenues from liquidation of receivables which are not allocated to reporting segments.

Note 3: Adjustment of segment profit of ¥(31,786) thousand includes elimination of intra-segment transactions and dividends from consolidated subsidiaries of ¥31,786 thousand and company-wide expenses not allocated to reporting segments.

Note 4: Adjustments of segment revenues, segment profit and certain consolidated statements of income.

5. Assets and equity not allocated to individual segments.

2. The Company determined issuance of its 51th, 52th and 53th unsecured straight bonds (with Limited Interbond Pari Passu Clause) on March 25, 2014, and issued under the following terms.

<table>
<thead>
<tr>
<th></th>
<th>51st</th>
<th>52nd</th>
<th>53rd</th>
</tr>
</thead>
<tbody>
<tr>
<td>Face</td>
<td>¥20,000 million</td>
<td>¥15,000 million</td>
<td>¥15,000 million</td>
</tr>
<tr>
<td>Price</td>
<td>¥999.95 per annum</td>
<td>¥999.95 per annum</td>
<td>¥999.95 per annum</td>
</tr>
<tr>
<td>Interest</td>
<td>0.00% per annum</td>
<td>0.00% per annum</td>
<td>0.00% per annum</td>
</tr>
<tr>
<td>Repayment</td>
<td>Redemption of short term bonds</td>
<td>Redemption of short term bonds</td>
<td>Redemption of short term bonds</td>
</tr>
</tbody>
</table>
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, 2014, 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 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, 2014, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

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.

June 27, 2014
Tokyo, Japan

Independent Auditor’s Report

Investor Information (As of March 31, 2014)

Corporate Data (As of March 31, 2014)

Corporate Name
Hitachi Capital Corporation

Head Office
15-12, Nishi Shimbashi 2-chome, Minato-ku, Tokyo 105-8712

*New address after relocation (completed August 2014)

Historical address:
3-1, Nishi Shimbashi 1-chome, Minato-ku, Tokyo

Founded
1957 (incorporated in 1960)

Number of Employees
Consolidated: 5,280

Composition of Shareholders

Number of Shares Owned

<table>
<thead>
<tr>
<th>Type</th>
<th>Number of Shares Owned (thousands)</th>
<th>Ratio of Shareholding (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hitachi, Ltd.</td>
<td>68,378</td>
<td>58.50</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account)</td>
<td>5,976</td>
<td>5.11</td>
</tr>
<tr>
<td>The Master Bank of Japan, Ltd. (Trust Account)</td>
<td>5,472</td>
<td>4.68</td>
</tr>
<tr>
<td>Hitachi High-Technologies Corporation</td>
<td>2,325</td>
<td>1.99</td>
</tr>
<tr>
<td>The Nomura Trust and Banking Co., Ltd. (Trust Account)</td>
<td>1,215</td>
<td>1.04</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account 1)</td>
<td>1,213</td>
<td>1.04</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account 2)</td>
<td>1,184</td>
<td>1.07</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account 3)</td>
<td>1,135</td>
<td>0.97</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account 4)</td>
<td>1,082</td>
<td>0.93</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account 5)</td>
<td>1,055</td>
<td>0.90</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account 6)</td>
<td>1,082</td>
<td>0.90</td>
</tr>
<tr>
<td>Total</td>
<td>89,039</td>
<td>76.18</td>
</tr>
</tbody>
</table>

Note: The above excludes 7,939 thousand of treasury shares held by Hitachi Capital Corporation.

Volume of Business
¥1,954,341 million

Common Stock
Authorized: 124,806,552 shares

Issue: 124,806,552 shares

Shareholders
5,971

Stock Listing
Tokyo Stock Exchange

Financial Institutions
23,571,017
18.88%

Securities Companies
501,183
0.40%

Other Japanese Corporations
71,490,509
57.27%

Foreign Investors
16,329,981
13.08%

The Company (Treasury Stock)
7,939,209
6.36%

Japanese Individuals and Others
4,393,653
3.40%

Total 124.8 million shares

Number of Shares Owned

<table>
<thead>
<tr>
<th>Number of Shares Owned (thousands)</th>
<th>Ratio of Shareholding (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 or more</td>
<td>93.2%</td>
</tr>
<tr>
<td>Less than 100</td>
<td>0.06%</td>
</tr>
<tr>
<td>10,000 or more</td>
<td>4.75%</td>
</tr>
<tr>
<td>100,000 or more</td>
<td>1.05%</td>
</tr>
<tr>
<td>500,000 or more</td>
<td>0.01%</td>
</tr>
<tr>
<td>Less than 100</td>
<td>0.01%</td>
</tr>
<tr>
<td>100 or more</td>
<td>0.75%</td>
</tr>
<tr>
<td>1,000 or more</td>
<td>2.80%</td>
</tr>
</tbody>
</table>

The Company (Treasury Stock)
7,939,209
6.36%

Less than 100
9,006
0.01%

100 or more
931,276
0.75%

1,000 or more
3,493,622
2.80%

10,000 or more
11,548,573
9.09%

100,000 or more
100,000
0.08%

500,000 or more
94,626,713
75.81%

Japanese Individuals and Others
4,393,653
3.40%

Total 124.8 million shares

Major Shareholders

Note: The above excludes 7,939 thousand of treasury shares held by Hitachi Capital Corporation.
### Major Consolidated Subsidiaries  
(As of July 1, 2014)

#### Japan

- **Okinawa Hitachi Capital Corporation**  
  1-1, Kumoji 1-chome, Naha, Okinawa 900-0015
- **Hitachi Capital Auto Lease Corporation**  
  1-11, Shimbashi 6-chome, Minato-ku, Tokyo 105-0004
- **Hitachi Capital Insurance Corporation**  
  8-10, Kudan-kitto 1-chome, Chiyoda-ku, Tokyo 105-0003
- **Hitachi Green Energy Corporation**  
  15-12, Nishi Shimbashi 2-chome, Minato-ku, Tokyo 105-0003
- **Hitachi Capital Servicer Corporation**  
  22-10, Shimbashi 5-chome, Minato-ku, Tokyo 105-0004
- **Hitachi Capital Community Corporation**  
  3734-1, Fukaya, Ayase, Kanagawa 252-1103
- **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
- **Hitachi Wind Power Ltd.**  
  15-12, Nishi Shimbashi 2-chome, Minato-ku, Tokyo 105-0003
- **Hitachi Capital Services Co., Ltd.**  
  5-10, Idabashi 1-chome, Chiyoda-ku, Tokyo 102-0072
- **Sekisui Leasing Co., Ltd.**  
  4-10, Doshomachi 4-chome, Chuo-ku, Osaka, Osaka 541-0045
- **Hitachi Capital Trust Corporation**  
  15-12, Nishi Shimbashi 2-chome, Minato-ku, Tokyo 105-0003
- **Hitachi Capital (UK) PLC**  
  Hitachi Capital House, Thorpe Road, Staines-upon-Thames, Surrey, TW18 3HP, UK
- **Corpo Flota Sp. z o. o.**  
  20/22 Palisadowa Street, 01-940 Warsaw, Poland
- **Hitachi Capital Vehicle Solutions Ltd.**  
  Klin House, Klin Road, Newbury, Berkshire, RG14 2NU, UK
- **Hitachi Capital Insurance Europe Ltd.**  
  4th Floor, Marsh House 25-28, Adelaide Road, Dublin 2, Republic of Ireland

#### Europe

- **Hitachi Capital (UK) PLC**  
  Hitachi Capital House, Thorpe Road, Staines-upon-Thames, Surrey, TW18 3HP, UK
- **Corpo Flota Sp. z o. o.**  
  20/22 Palisadowa Street, 01-940 Warsaw, Poland
- **Hitachi Capital Vehicle Solutions Ltd.**  
  Klin House, Klin Road, Newbury, Berkshire, RG14 2NU, UK
- **Hitachi Capital Insurance Europe Ltd.**  
  4th Floor, Marsh House 25-28, Adelaide Road, Dublin 2, Republic of Ireland

#### The Americas

- **Hitachi Capital America Corp.**  
  800 Connecticut Avenue, Norwalk, CT 06854, U.S.A.
- **Hitachi Capital Canada Corp.**  
  199 Bay Street, Suite 5300 Commerce Court West Toronto, ONTARIO M5L1B9 CANADA
- **CLE Canadian Leasing Enterprises Ltd.**  
  2200 De La Sidbe Sec South Street, Suite 202 Trois-Rivières, QUEBEC G8Z 4H1 CANADA

#### China

- **Hitachi Capital (Hong Kong) Ltd.**  
  16th Floor, Wai Fung Plaza, 664 Nathan Road, Mongkok, Kowloon, Hong Kong
- **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 Factoring (China) Co., Ltd.**  
  Room 041, 19th Floor, Hang Seng Bank Tower, 1000 Luijiazui Ring Road, Pudong New Area, Shanghai 200120, China

#### ASEAN

- **Hitachi Capital Singapore Pte. Ltd.**  
  111 Somerset Road #11-05 TripleOne Somerset Singapore 238164
- **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 Juru, Simpang Ampat, S.P.T., Pulau Pinang, Malaysia

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*New address after relocation (completed August 2014)  
New address:  
3-1, Nishi Shimbashi 1-chome, Minato-ku, Tokyo*