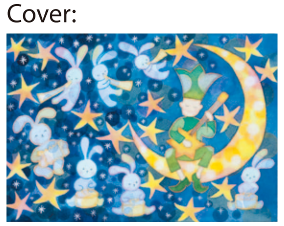
Cover:



Gitarisuto To Usagi No Gakudan
(Swinging from the Moon: Guitarist Leads Rabbit Band Stars) by Emiko Yuasa, recipient of the Hitachi Capital Special Award

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.

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

Hitachi Capital Corporation

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Phone: +81-3-3503-2118 http://www.hitachi-capital.co.jp

Printed in Japan

HITACHI CAPITAL CORPORATION ANNUAL REPORT 2014

HITACHI
Inspire the Next

Hitachi Capital Corporation

Annual Report 2014

Year ended March 31, 2014

Transform into a sustainable, high-profit enterprise

Hitachi Capital Corporation

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

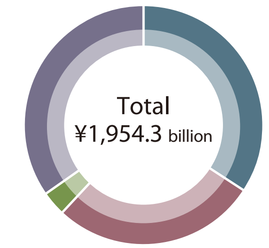
The Hitachi Capital Group will provide services trusted by its customers and the local community, taking a global perspective to meet the needs of society in such ways as consideration for the environment. To achieve this, we will always bear in mind and sincerely adhere to the principles in the column 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 ISO14001 certification and Head Office, two business divisions and two overseas locations obtained ISO9001 and ISO27001 certification.

Volume of business (Year ended March 31, 2014)



Financial Services	¥670.6 billion / 34.3 %
Commission Services	¥543.7 billion / 27.8 %
Supply and Sales Services	¥64.4 billion / 3.3 %
Global Business	¥675.4 billion / 34.6 %

* business breakdown based on mid-term management plan

Our Business Lines

Financial Services

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

Commission Services

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

Supply and Sales Services

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

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.

OUR GLOBAL NETWORK (As of July 1, 2014)

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

— Offering optimal solutions while contributing to regional communities —

EUROPE

1 Hitachi Capital (UK) PLC
http://www.hitachicapital.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

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

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

4 Corpo Flota Sp. z o.o.
http://corpoflota.com/
Incorporated: 2014 / Capital: PLN50,000
- Car fleet management business (Comprehensive automobile related services, including auto leasing, maintenance and car management)

CHINA

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

6 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: RMB306,570 thousand
- Factoring business

ASEAN

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

9 Hitachi Capital (Thailand) Co., Ltd.
Established: 2008 / Capital: THB100,000 thousand
- Leasing and hire purchase for OA equipment, forklifts, industrial equipment, motor vehicles, medical equipment and others
- Factoring business

10 First Peninsula Credit Sdn. Bhd.
Incorporated: 2011 / Capital: RM15,000 thousand
- Hire purchase and leasing for commercial vehicles, industrial equipment, forklifts, OA equipment and others

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

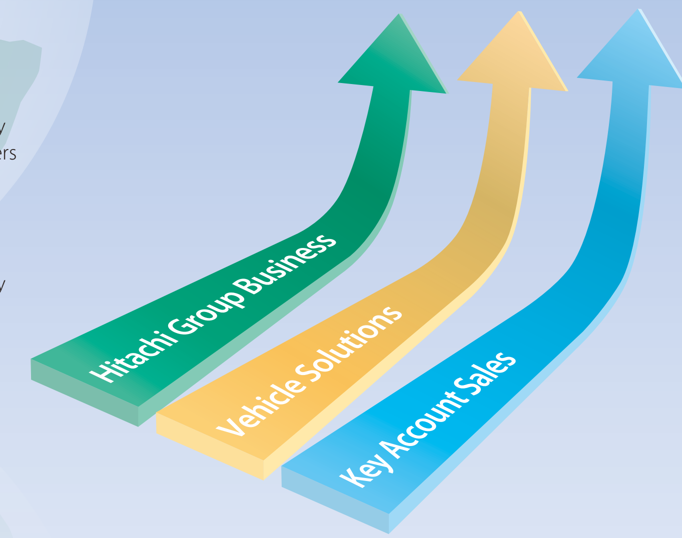
THE AMERICAS

12 Hitachi Capital America Corp.
http://www.hitachicapitalamerica.com/
Established: 1989 / Capital: US$48,000 thousand
- Leasing, loan and inventory finance services for information technology equipment, industrial equipment, medical equipment, trucks, and others
- Factoring business

13 Hitachi Capital Canada Corp.
Established: 2012 / Capital: C$25,000 thousand
- Leasing, loan and inventory finance services for information technology equipment, industrial equipment, trucks, and others
- Factoring business

14 CLE Canadian Leasing Enterprises Ltd.
http://www.cleleasing.ca/
Incorporated: 2014 / Capital: C$2.6 million
- Finance business primarily for automobiles, healthcare-related equipment, construction machinery, information equipment and industrial machinery

Global Implementation of Group Common Strategies



JAPAN

Okinawa Hitachi Capital Corporation
Established: 1968 / Capital: ¥30 million
- Leasing services for information communication equipment and medical equipment
- Auto leasing and loan services
- Credit services for home appliances

Hitachi Capital Servicer Corporation
Established: 1983 / Capital: ¥500 million
- Collection management of monetary claims under the servicer law
- Loan purchase
- Factoring business

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

Hitachi Capital Auto Lease Corporation
Established: 1989 / Capital: ¥300 million
- Auto leasing and vehicle management business

Hitachi Triple Win Corp.
Established: 2000 / Capital: ¥50 million
- Outsourcing of payroll calculation and accounting / treasury operations and collections service for public fund receivables

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

Hitachi Capital Insurance Corporation
Incorporated: 2004 / Capital: ¥6.2 billion
- Non-life insurance business
- Agent service for other insurance companies and administrative operations

Hitachi Capital Community Corporation
Established: 2004 / Capital: ¥80 million
- Development, operation and management of commercial facilities and residential facility

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

Financial Bridge Corporation
Incorporated: 2009 / Capital: ¥50 million
- Provision of outsourcing services for "collective settlement system" service

Daiichi Personal Credit Guarantee Corporation
Established: 1980 / Capital: ¥10 million
- Credit guarantee for consumer finance

NBL Co., Ltd.
Incorporated: 2013 / Capital: ¥10 billion
- General leasing business

Hitachi Green Energy Corporation
Incorporated: 2013 / Capital: ¥3 million
- Power generation by natural energy and others

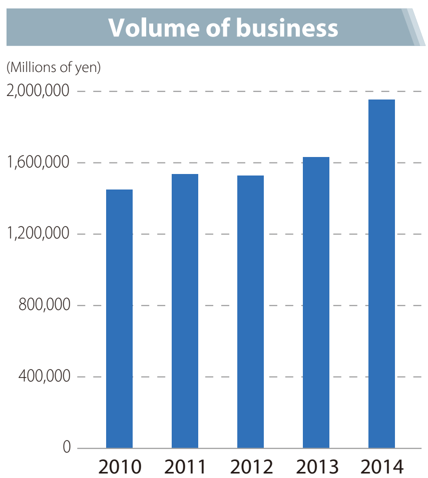
Hitachi Wind Power Ltd.
Established: 2014 / Capital: ¥50 million
- Power generation by wind power

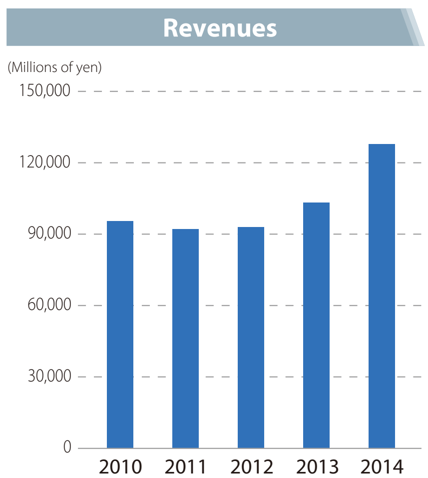
FINANCIAL HIGHLIGHTS

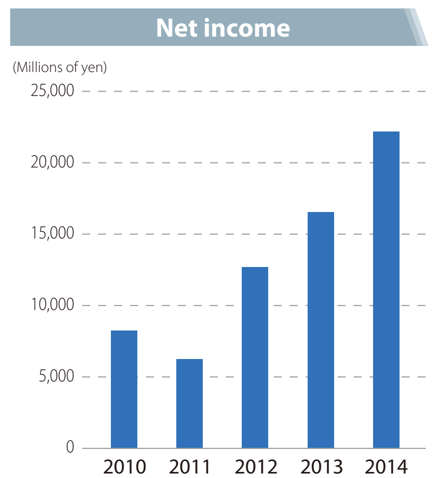
Hitachi Capital Corporation and Subsidiaries
Years ended March 31, 2010 to 2014

	In millions of yen, except per share data					Thousands of U.S. dollars, except per share data
	2014	2013	2012	2011	2010	**2014**
For the year:						
Volume of business	**¥1,954,341**	¥1,631,990	¥1,528,144	¥1,535,252	¥1,449,439	**$18,974,184**
Revenues	**127,979**	103,304	92,994	92,018	95,357	**1,242,514**
Operating income	**32,598**	25,620	22,238	17,460	12,895	**316,485**
Ordinary income (Income before extraordinary items, income taxes and minority interests)	**33,619**	27,401	22,637	17,630	13,370	**326,398**
Income before income taxes and minority interests	**34,380**	25,382	24,337	9,655	13,370	**333,786**
Net income	**22,195**	16,546	12,687	6,234	8,248	**215,485**
At year-end:						
Notes and accounts receivable–trade, including amounts maturing after one year	**¥ 961,251**	¥ 712,902	¥ 665,878	¥ 521,758	¥ 496,420	**$ 9,332,533**
Total assets	**2,390,601**	1,891,431	1,757,241	1,562,410	1,664,606	**23,209,718**
Net assets	**307,005**	288,894	270,404	254,797	252,268	**2,980,631**
Number of employees	**5,280**	4,920	4,693	3,602	3,392	—
Per share data (in yen and U.S. dollars):						
Net income (basic)	**¥ 189.8**	¥ 141.5	¥ 108.5	¥ 53.3	¥ 70.5	**$ 1.84**
Cash dividends paid and declared for the year	**48.00**	38.00	33.00	32.00	30.00	**0.46**
Net assets	**2,542.0**	2,390.5	2,243.7	2,166.0	2,145.6	**24.67**

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).







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Forward-Looking Statements

This annual report contains forward-looking statements about the future plans, strategies, beliefs and performance of Hitachi Capital and its subsidiaries. These forward-looking statements are not historical facts. They are expectations, estimates, forecasts and projections based on information currently available to the Company and are subject to a number of risks, uncertainties and assumptions, which, without limitation, include economic trends, competition in markets where the Company is active, personal consumption, market demand, the tax system and other legislation. As such, actual results may differ materially from those projected.

MESSAGE FROM THE PRESIDENT

Strong Start for the First Year of the New Management Plan Final Year Targets Revised Upward

Kazuya Miura
President & CEO

Kazuya Miura

Record high ordinary income for the first time in 12 years
Targets reached for the first year of the mid-term management plan

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.

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.

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 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.

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.

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.

"Transformation" for a highly competitive management base

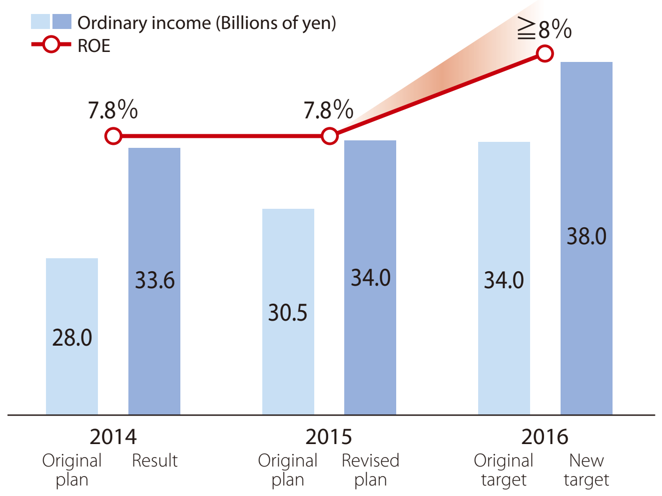
Hitachi Capital is focusing on "transformation" to ensure a highly competitive management base. As part of this effort, in August 2014 we will complete relocation of our Head Office and consolidate offices of domestic group companies. Through this relocation, we will shift to key account sales to improve 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.

In conclusion

Our basic policy regarding shareholder returns is to continually 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.

Ordinary Income & ROE

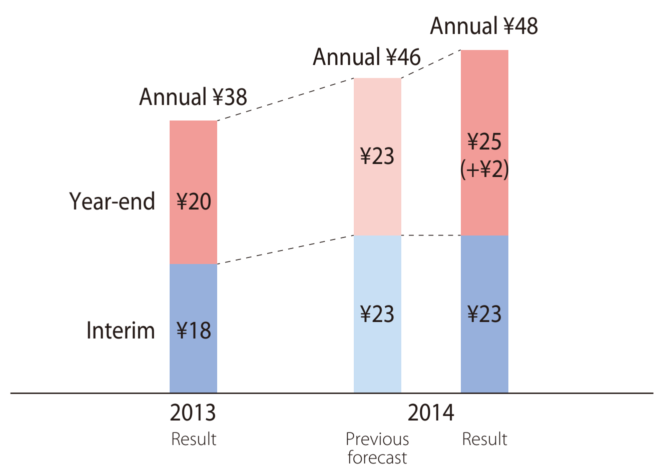


Fiscal 2014–2016 Mid-Term Management Plan –Targets and Progress

Item	Fiscal 2014 (Result)	Fiscal 2015 (Forecast)	Fiscal 2016 (New target)
ROE	7.8%	7.8%	≧8%
Ordinary income	**¥33.6 billion** ▲	**¥34.0 billion** ▲	**¥38.0 billion** ▲
original plan	¥28.0 billion	¥30.5 billion	¥34.0 billion
OHR*	67%	67%	<63%

*OHR (overhead ratio) = SG&A (selling, general and administrative expenses – bad debt expenses) / (revenues – financing costs)

Per-Share Dividends



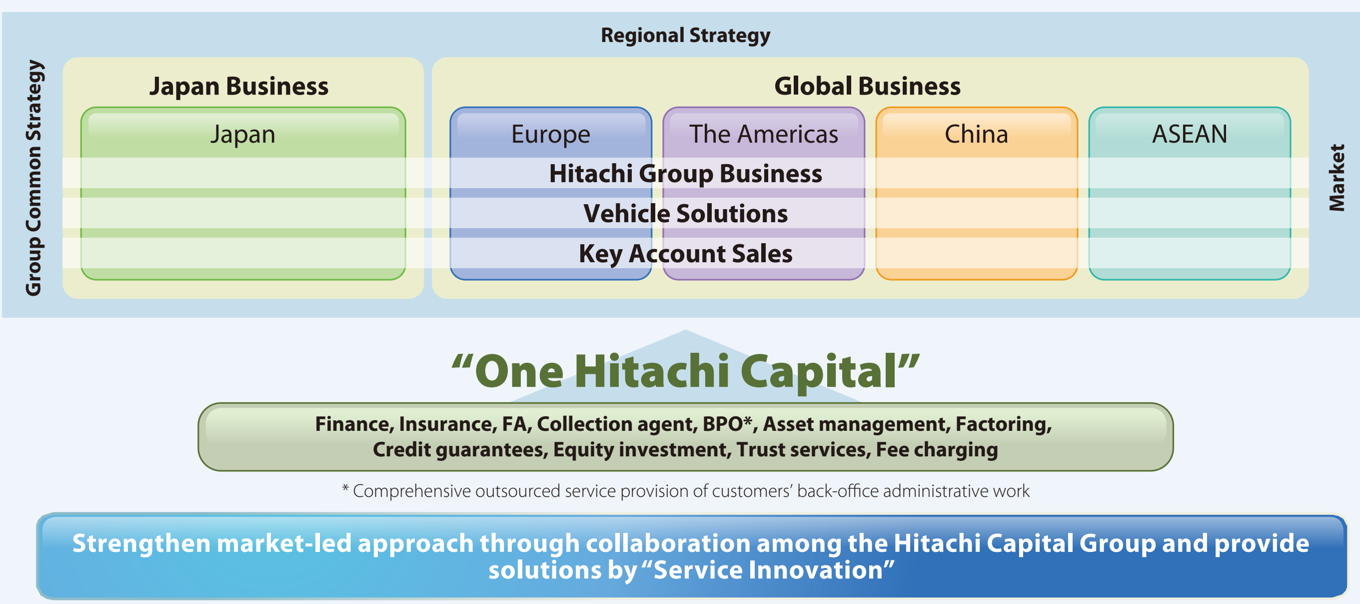
Developing Regional Strategy and Group Common Strategy under "One Hitachi Capital" Concept

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.

Overview of Fiscal 2014–2016 Mid-Term Management Plan

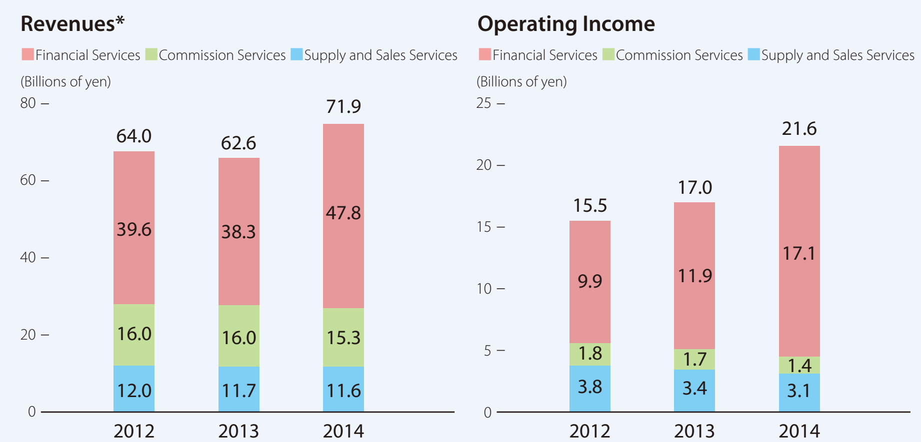
Promote Group Common Strategy under "One Hitachi Capital" Concept along with the Existing Regional Strategy



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.

Revenues & Operating Income in Japan Business



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

Focused Six Sectors in Japan Business

No.	Focused Sectors	Fiscal 2016 Targets	Fiscal 2014 Results	Evaluation*	Topics and Actions in Fiscal 2014
1	**Social infrastructure**	Volume of business (accumulated) ¥170.0 billion→**¥220.0 billion**	¥96.1 billion	++	• Continuous growth by focusing on real estate lease such as logistic center • Enhance the capability for PFI/PPP
2	**Environment and renewable energy**	Amount of power generation (accumulated) 320 MW→**350 MW**	196 MW	++	• Establish the business model in renewable energy field. (Participated in solar power or wind power generation business)
3	**Vendor finance**	Volume of business **¥150.0 billion**	¥128.3 billion	+	• Integrated sales channel with NBL • Realize further low cost operations at an early stage
4	**Auto leasing**	Number of vehicles 110 thousand→**100 thousand**	90 thousand	–	• Improved services collaborating with SMAS • Provide risk management and BPO
5	**Healthcare**	Volume of business **¥50.0 billion**	¥44.6 billion	+	• Invested in funds considering to enter nursing care service business • Strengthen service business model with Hitachi (Health Care Group)
6	**Agriculture**	Volume of business ¥43.0 billion→**¥50.0 billion**	¥45.9 billion	+	• Focused on the leasing services using government's subsidy program • Develop agricultural solutions corresponding to "6th industrialization" and energy savings

* Based on the comparison with Fiscal 2016 targets

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 driver, 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.

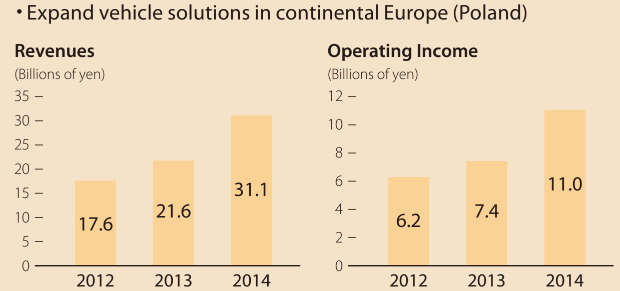
Europe

Regional Strategy

- Maintain a strong presence in the U.K.
- Accelerate efforts towards further growth

Group Common Strategy

- Develop a business scheme for the Hitachi Group's railway business in the U.K.
- Business alliance with third-party financial institutions
- Expand vehicle solutions in continental Europe (Poland)



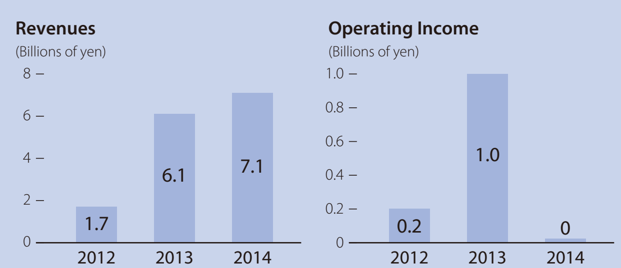
ASEAN

Regional Strategy

- Implement offensive and defensive strategies centered on Regional Headquarters of Asia–Pacific

Group Common Strategy

- Strengthen factoring and trade finance services for the Hitachi Group



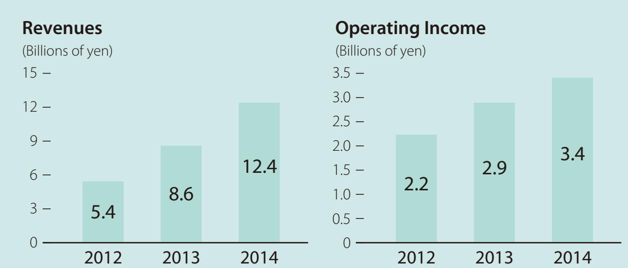
China

Regional Strategy

- Continue stable business in Hong Kong
- Accelerate business structure transformation in Mainland China

Group Common Strategy

- Strengthen sales finance and factoring services for the Hitachi Group in Hong Kong
- Enhance factoring business for the Hitachi Group in Mainland China



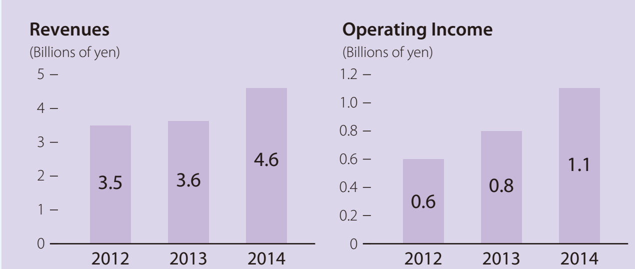
The Americas

Regional Strategy

- Develop group common strategy along with existing business model

Group Common Strategy

- Enhance the ability to deliver energy saving solutions for the Hitachi Group
- Accelerate vehicle solution business in Canada



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

Global Business

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.

New factoring service company established in Shanghai

Global Business

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.

Signing the contract with CLE for the share transfer

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"), which operates comprehensive car fleet management business in Poland, including auto leasing, maintenance and car management. The Hitachi Capital Group has been conducting a market research in Poland for our business expansions in continental Europe. The results showed that automobile related business including auto leasing is expected to grow, and we believe that our know-how accumulated in the U.K. can be used in Poland. Accordingly, we decided to acquire Corpo Flota. Through this acquisition, we will accelerate vehicle solution business in the continental Europe and aim further business expansion including collaboration with the Hitachi Group.

Signing the contract with Corpo Flota

Japan Business

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 HTW2.0-86 wind power system at Nakajo 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.

Japan Business

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 begun in July 2014. This project utilizes a new business model in which four business companies, including a united Hitachi Capital and Hitachi Ltd., 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.

Launch ceremony for the Kitaura solar power project

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.

CSR through Business Activities

Hitachi Capital selected for the FTSE4Good Index Series

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

FTSE4Good

The FTSE4Good Index Series logo

Highest rating for environmental responsibility from the Development Bank of Japan

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.

The awarding ceremony for the DBJ Environmental Responsibility Rating and the certificate

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.

Commercial electric vehicles used in the trial

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.

The awarding ceremony for the Artbility Awards

DIRECTORS AND OFFICERS

Board Directors


Takashi Miyoshi
Chairman of the Board


Kazuya Miura
Board Director


Kenji Sakai
Board Director


Akira Tsuda
Board Director


Toshiaki Kuzuoka
Board Director

Executive Officers


Kazuya Miura
Representative Executive Officer,
President and
Chief Executive Officer


Seiichiro Kishino
Senior Vice President and
Executive Officer,
in charge of Strategic
Management


Kiyoshi Kojima
Senior Vice President and
Executive Officer


Seiji Kawabe
Senior Vice President and
Executive Officer


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


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


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


Akihiko Sugawara
Vice President and
Executive Officer,
in charge of Human Capital


Jun Kataoka
Executive Officer,
in charge of Hitachi Group
Business,
Account Sales Promotion


Chihiro Shirai
Executive Officer,
Co-head of International
Business

Top Management at Major Subsidiaries

Toshio Ohama
Managing Director
Okinawa Hitachi Capital Corporation

Shigeru Komatsu
Managing Director
Hitachi Capital Servicer Corporation

Takashi Nakamura
Managing Director
Hitachi Capital Services Co., Ltd.

Toshiyuki Mori
Managing Director
Hitachi Capital Auto Lease Corporation

Keizo Utsunomiya
Managing Director
Hitachi Triple Win Corp.

Yutaka Sadamori
Managing Director
Sekisui Leasing Co., Ltd.

Hiroshi Honda
Managing Director
Hitachi Capital Insurance Corporation

Takeshi Ara
Managing Director
Hitachi Capital Community Corporation

Hiroyuki Fukuro
Managing Director
Hitachi Capital Trust Corporation

Ikuo Okada
Managing Director
Financial Bridge Corporation

Shigeru Komatsu
Managing Director
Daiichi Personal Credit Guarantee Corporation

Atsuyoshi Kanto
Managing Director
NBL Co., Ltd.

Yutaka Iida
Managing Director
Hitachi Green Energy Corporation

Jun Kataoka
Managing Director
Hitachi Wind Power Ltd.

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

Simon Oliphant
Chief Executive Officer
Hitachi Capital Vehicle Solutions Ltd.

Chihiro Shirai
Chairman
Hitachi Capital Insurance Europe Ltd.

Maichal Iwanek
President of the management board
Corpo Flota Sp. z o.o.

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

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

Luc Robitaille
President
CLE Canadian Leasing Enterprises Ltd.

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

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

Junichiro Ando
President & Director
Hitachi Capital Factoring (China) Co., Ltd.

Kiyoshi Kojima
Chairman
Hiromichi Yabana
Managing Director
Hitachi Capital Singapore Pte. Ltd.

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

Kazuaki Egawa
Managing Director
First Peninsula Credit Sdn. Bhd.

Fumio Kuboyama
President Director
PT. Arthaasia Finance

(As of July 1, 2014)

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.

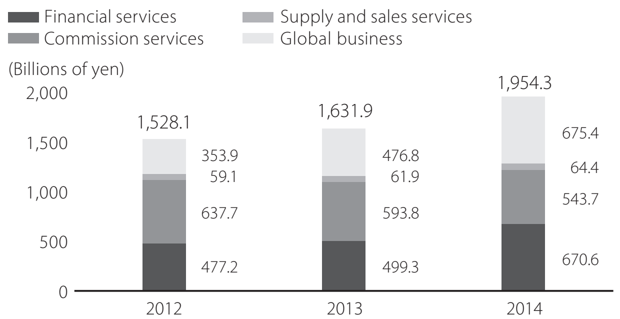
3. RISK MANAGEMENT STRUCTURE

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

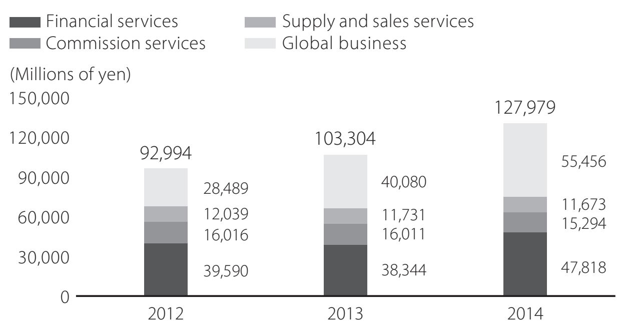
Cognizant of the fact that accurately detecting business risks and adjusting accordingly is a core and essential competency of the financial services industry, Hitachi Capital aims to comprehensively address a variety of risks within the Group, including business risks, credit risks and compliance risks.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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

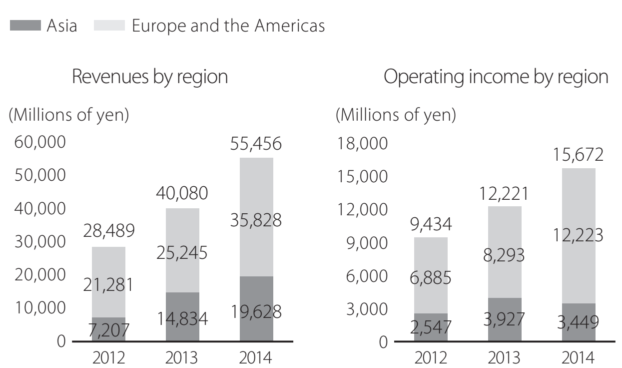


Revenues*1
(Business breakdown based on mid-term management plan)



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

Breakdown of overseas revenues and operating income by region



BUSINESS RESULTS

In the fiscal year ended March 31, 2014, the consolidated volume of business increased 19.8% from the previous fiscal year to ¥1,954,341 million (US$18,974 million). In Japan Business segment, the volume of business rose 10.7% year 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% year 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 ¥127,979 million (US$1,242 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 ¥32,598 million (US$316 million). Net income, as a result of other income generated when NBL was made a subsidiary, increased 34.1% year on year to ¥22,195 million (US$215 million).

RESULTS BY BUSINESS BASED ON THE MID-TERM MANAGEMENT PLAN

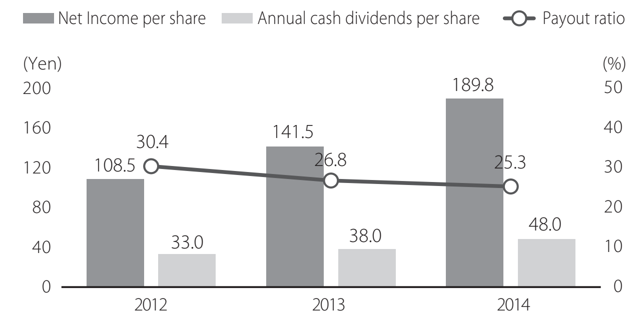
Japan Business

Revenues in Japan Business increased 14.8% year 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 ¥21,684 million (US$210 million). Earnings from Commission Services declined 14.4% year 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.

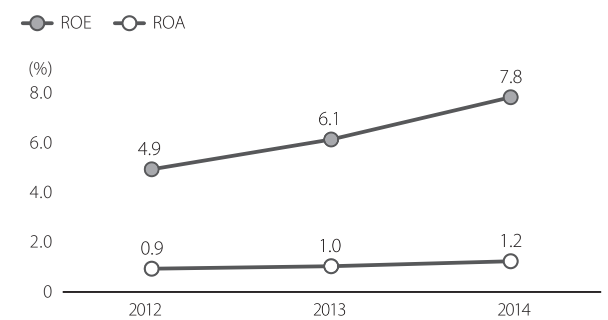
Global Business

Revenues in Global Business rose 38.4% year on year to ¥55,456 million (US$538 million), due mainly to double-digit growth in Europe, the Americas, China, and the ASEAN region. Segment profit increased 28.2% to ¥15,672 million (US$152 million), with gains in Europe, the Americas, and China compensating for an allowance for doubtful accounts established in the ASEAN region.

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

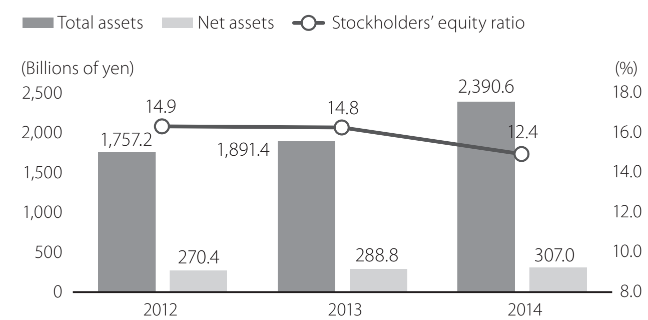


ROE / ROA*2



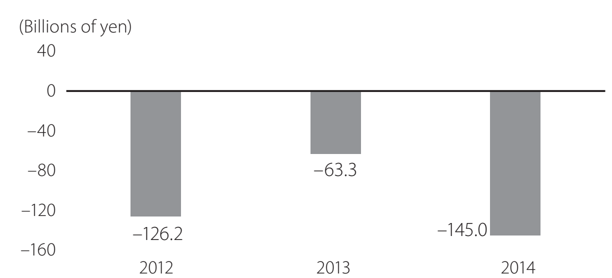
*2. ROA = Ordinary income / Total accounts receivable

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



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

Free cash flows



NET INCOME PER SHARE, ROE, ROA

Net income per share increased 34.1% year on year to ¥189.89 ($1.84). ROE rose 1.7 percentage points to 7.8%, and ROA 0.2 percentage points to 1.2%.

FINANCIAL POSITION

Total assets as of March 31, 2014, amounted to ¥2,390,601 million (US$23,209 million), an increase of ¥499,169 million from the end of the previous fiscal year (March 31, 2013). This was due mainly to increases in investment in direct finance leases following the inclusion of NBL Co., Ltd. in the scope of consolidation, along with gains in notes and accounts receivable-trade, principally overseas.

Total net assets amounted to ¥307,005 million (US$2,980 million), up ¥18,111 million over the previous fiscal year-end. This resulted mainly from the recording of ¥22,195 million (US$215 million) in net income, and ¥5,026 million (US$48 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.

Interest-bearing debt rose ¥352,194 million year on year to ¥1,444,830 million (US$14,027 million), mainly as a result of an increase in bank loans and bonds in response to the gain in assets.

CASH FLOWS

Cash and cash equivalents at end of the subject fiscal year amounted to ¥138,150 million (US$1,341 million), an increase of ¥5,394 million compared with the previous fiscal year-end.

Net cash used in operating activities amounted to ¥133,300 million (US$1,294 million). This was mainly attributable to ¥146,917 million (US$1,426 million) in increase in notes and accounts receivable-trade; ¥80,721 million (US$783 million) in investment in direct finance leases; ¥114,906 million (US$1,115 million) in acquisition of equipment for lease; and ¥49,032 million (US$476 million) in proceeds from sale of equipment for lease.

Net cash used in investing activities amounted to ¥11,722 million (US$113 million). This was mainly attributable to expenditures in the renewable energy business (purchase of equipment for company use).

Net cash provided by financing activities amounted to ¥149,057 million (US$1,447 million). This was mainly attributable to proceeds from long-term borrowings, and issuance of bonds.

As a result, free cash flow (the sum of operating and investing cash flows amounted to a net outflow of ¥145,022 million (US$1,407 million).

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.

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

Liquidity Risk

Although the Group works to appropriately manage its cash position by diversifying its fundraising measures and expanding its fundraising sources, there are times it may be difficult for the Group to secure the funds required or the Group may be forced to procure funds when interest rates are significantly higher than ordinary rates in normal circumstances if the creditworthiness of the Group has declined, or due to turmoil in financial markets or changes in the market environment. These factors could weaken the Group's competitiveness in obtaining new orders or deteriorate the Group's profitability and then could have an adverse impact on the Group's business results and financial conditions.

Credit Risk

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

Laws and Regulations Changes Risk

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

Risk Associated with Business Structure Reforming

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

Leased Assets Residual Value Risk

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

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

Administrative and System Risk

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

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

Compliance Risk

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

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

Human Resources Risk

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

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

Risk Related to Business Partners

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

Non-Life Insurance Risk

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

Overseas Business Risk

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

CONSOLIDATED BALANCE SHEETS

Hitachi Capital Corporation and Subsidiaries
March 31, 2014 and 2013

ASSETS	Japanese yen (millions) 2014	2013	U.S. dollars (thousands) (Note 2) 2014
CURRENT ASSETS:			
Cash on hand and at bank (Notes 4, 23 and 26)	**¥ 31,023**	¥ 22,561	**$ 301,194**
Notes and accounts receivable-trade, including amounts maturing after one year (Notes 22 and 26)	**961,251**	712,902	**9,332,533**
Investment in direct finance leases (Notes 22, 25 and 26)	**827,641**	608,376	**8,035,349**
Less: Allowance for losses on receivables (Notes 3 (c), 10 and 26)	**16,086**	13,699	**156,174**
Net trade receivables	**1,772,806**	1,307,580	**17,211,708**
Parent company deposits (Notes 5, 22, 23 and 26)	**117,602**	114,793	**1,141,766**
Short-term investments (Notes 3 (d) and 26)	**7,033**	6,700	**68,281**
Prepaid expenses and other current assets (Note 13)	**47,094**	38,084	**457,223**
Total current assets	**1,975,561**	1,489,718	**19,180,203**
NON-CURRENT ASSETS:			
Equipment held for lease, at cost less accumulated depreciation (Notes 3 (f), (g), 6, 24 and 25) Accumulated depreciation was ¥1,440,149 million ($13,982,029 thousand) in 2014 and ¥1,579,165 million in 2013	**270,143**	243,863	**2,622,747**
Investments in securities (Notes 3 (d), 4, 7 and 26)	**89,499**	104,908	**868,922**
Total investments	**359,642**	348,771	**3,491,669**
Property and equipment, at cost less accumulated depreciation (Notes 3 (e), (f), (g), 4, 6 and 24)	**11,260**	3,161	**109,320**
Other assets (Notes 13 and 14)	**44,134**	49,779	**428,485**
Total non-current assets	**415,040**	401,713	**4,029,514**
Total assets	**¥2,390,601**	¥1,891,431	**$23,209,718**

See accompanying notes to consolidated financial statements..

LIABILITIES AND NET ASSETS	Japanese yen (millions) 2014	2013	U.S. dollars (thousands) (Note 2) 2014
CURRENT LIABILITIES:			
Short-term bank loans (Notes 11 and 26)	**¥ 150,577**	¥ 137,776	**$ 1,461,912**
Commercial paper (Note 26)	**171,220**	138,626	**1,662,330**
Current portion of long-term debt (Notes 11 and 26)	**275,819**	126,100	**2,677,854**
Trade payables (Notes 12, 22 and 26)	**276,349**	256,226	**2,683,000**
Accrued payables (Notes 22 and 26)	**40,322**	41,915	**391,475**
Accrued expenses	**13,631**	10,906	**132,339**
Obligation for securitized lease receivables (Notes 8 and 26)	**81,183**	53,731	**788,184**
Income taxes payable	**4,730**	3,517	**45,922**
Allowance for losses on guarantees (Notes 3 (c), 9 and 10)	**3,500**	3,978	**33,980**
Other current liabilities (Notes 13, 15 and 25)	**45,516**	38,700	**441,902**
Total current liabilities	**1,062,852**	811,479	**10,318,951**
NON-CURRENT LIABILITIES:			
Long-term debt (Notes 4, 11 and 26)	**847,211**	690,133	**8,225,349**
Retirement and severance benefits (Notes 3 (i), (o) and 14)	**—**	4,469	**—**
Liabilities for retirement benefits (Notes 3 (i), (o) and 14)	**7,766**	—	**75,398**
Retirement benefits for directors (Note 3 (i))	**168**	185	**1,631**
Long-term obligation for securitized lease receivables (Notes 8 and 26)	**89,123**	36,429	**865,271**
Other liabilities (Notes 13, 15 and 25)	**76,469**	59,840	**742,417**
Total non-current liabilities	**1,020,743**	791,057	**9,910,126**
Total liabilities	**2,083,595**	1,602,537	**20,229,077**
NET ASSETS:			
Stockholders' equity			
Common stock: Authorized 270,000,000 shares; issued 124,826,552 shares in 2014 and issued 124,826,552 shares in 2013	**9,983**	9,983	**96,922**
Capital surplus	**45,972**	45,972	**446,330**
Retained earnings (Note 3 (l))	**252,581**	235,504	**2,452,242**
Treasury stock (Notes 3 (k) and 17)	**(14,332)**	(14,331)	**(139,145)**
Total stockholders' equity (Note 16)	**294,205**	277,128	**2,856,359**
Accumulated other comprehensive income			
Net unrealized holding gains on securities	**5,870**	6,556	**56,990**
Net unrealized losses on hedging derivatives (Note 26)	**(354)**	(1,434)	**(3,436)**
Foreign currency translation adjustments (Note 3 (j))	**3,702**	(2,823)	**35,941**
Remeasurements of defined benefit plans (Notes 3 (i), (o) and 14)	**(6,288)**	—	**(61,048)**
Total accumulated other comprehensive income	**2,930**	2,298	**28,446**
Minority interests	**9,869**	9,466	**95,815**
Total net assets	**307,005**	288,894	**2,980,631**
Total liabilities and net assets	**¥2,390,601**	¥1,891,431	**$23,209,718**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

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

	Japanese yen (millions) 2014	Japanese yen (millions) 2013	U.S. dollars (thousands) (Note 2) 2014
REVENUES (Notes 3 (b), 22 and 24)**:**			
Operating revenues	**¥126,927**	¥102,392	**$1,232,300**
Interest and dividend income	**1,051**	912	**10,203**
	127,979	103,304	**1,242,514**
EXPENSES (Notes 19 and 24)**:**			
Selling, general and administrative expenses	**75,244**	61,335	**730,524**
Financing costs	**20,135**	16,347	**195,485**
	95,380	77,683	**926,019**
Operating income	**32,598**	25,620	**316,485**
Other income (Note 18)	**2,951**	1,875	**28,650**
Other expenses (Note 18)	**1,170**	2,114	**11,359**
Income before income taxes and minority interests	**34,380**	25,382	**333,786**
Income taxes (Notes 3 (h) and 13)	**11,459**	7,923	**111,252**
Income before minority interests	**22,920**	17,458	**222,524**
Minority interests	**724**	911	**7,029**
Net income	**¥ 22,195**	¥ 16,546	**$ 215,485**

	Japanese yen 2014	Japanese yen 2013	U.S. dollars (Note 2) 2014
PER SHARE DATA (Notes 3 (m) and 20)**:**			
Net income (basic)	**¥189.8**	¥141.5	**$1.84**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	Japanese yen (millions) 2014	Japanese yen (millions) 2013	U.S. dollars (thousands) (Note 2) 2014
Income before minority interests	**¥22,920**	¥17,458	**$222,524**
Other comprehensive income (Note 21)			
Net unrealized holding gains (losses) on securities	**(723)**	(554)	**(7,019)**
Net unrealized gains (losses) on hedging derivatives	**1,080**	(289)	**10,485**
Foreign currency translation adjustments	**6,602**	5,731	**64,097**
Remeasurements of defined benefit plans	**2,010**	—	**19,514**
Share of other comprehensive income of affiliates accounted for by the equity method	**87**	32	**844**
Total other comprehensive income	**9,056**	4,920	**87,922**
Comprehensive income	**¥31,977**	¥22,379	**$310,456**
Comprehensive income attributable to shareholders of Hitachi Capital Corporation	**¥31,082**	¥21,252	**$301,766**
Comprehensive income attributable to minority interests	**¥ 895**	¥ 1,126	**$ 8,689**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

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

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

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

	Japanese yen (millions) Stockholders' equity: Common stock	Capital surplus	Retained earnings (Note 3 (l))	Treasury stock (Notes 3 (k) and 17)	Total stockholders' equity (Note 16)
Balance as of March 31, 2013	¥9,983	¥45,972	¥235,504	¥(14,331)	¥277,128
Cumulative effect of changes in accounting policies			**(92)**		**(92)**
Restated balance as of March 31, 2013	**9,983**	**45,972**	**235,411**	**(14,331)**	**277,036**
Changes during the year					
Cash dividends			**(5,026)**		**(5,026)**
Net income			**22,195**		**22,195**
Purchase of treasury stock				**(0)**	**(0)**
Disposal of treasury stock					
Net change in the items other than stockholders' equity during the period					
Total change during the year	**—**	**—**	**17,169**	**(0)**	**17,168**
Balance as of March 31, 2014	**¥9,983**	**¥45,972**	**¥252,581**	**¥(14,332)**	**¥294,205**

	Japanese yen (millions) Accumulated other comprehensive income: Net unrealized holding gains (losses) on securities	Net unrealized gains (losses) on hedging derivatives (Note 26)	Foreign currency translation adjustments (Note 3 (j))	Remeasurements of defined benefit plans (Notes 3 (i), (o) and 14)	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance as of March 31, 2013	¥6,556	¥(1,434)	¥(2,823)	¥ —	¥2,298	¥9,466	¥288,894
Cumulative effect of changes in accounting policies				**(8,254)**	**(8,254)**	**(375)**	**(8,722)**
Restated balance as of March 31, 2013	**6,556**	**(1,434)**	**(2,823)**	**(8,254)**	**(5,955)**	**9,091**	**280,171**
Changes during the year							
Cash dividends							**(5,026)**
Net income							**22,195**
Purchase of treasury stock							**(0)**
Disposal of treasury stock							
Net change in the items other than stockholders' equity during the period	**(685)**	**1,080**	**6,525**	**1,966**	**8,886**	**778**	**9,664**
Total change during the year	**(685)**	**1,080**	**6,525**	**1,966**	**8,886**	**778**	**26,833**
Balance as of March 31, 2014	**¥5,870**	**¥ (354)**	**¥ 3,702**	**¥(6,288)**	**¥2,930**	**¥9,869**	**¥307,005**

See accompanying notes to consolidated financial statements.

	U.S. dollars (thousands) (Note 2)				
	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings (Note 3 (l))	Treasury stock (Notes 3 (k) and 17)	Total stockholders' equity (Note 16)
Balance as of March 31, 2013	$96,922	$446,330	$2,286,446	$(139,135)	$2,690,563
Cumulative effect of changes in accounting policies			**(893)**		**(893)**
Restated balance as of March 31, 2013	**96,922**	**446,330**	**2,285,543**	**(139,135)**	**2,689,669**
Changes during the year					
Cash dividends			**(48,796)**		**(48,796)**
Net income			**215,485**		**215,485**
Purchase of treasury stock				**(0)**	**(0)**
Disposal of treasury stock					
Net change in the items other than stockholders' equity during the period					
Total change during the year	**—**	**—**	**166,689**	**(0)**	**166,679**
Balance as of March 31, 2014	**$96,922**	**$446,330**	**$2,452,242**	**$(139,145)**	**$2,856,359**

	U.S. dollars (thousands) (Note 2)						
	Accumulated other comprehensive income						
	Net unrealized holding gains (losses) on securities	Net unrealized gains (losses) on hedging derivatives (Note 26)	Foreign currency translation adjustments (Note 3 (j))	Remeasurements of defined benefit plans (Notes 3 (i), (o) and 14)	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance as of March 31, 2013	$63,650	$(13,922)	$(27,407)	$ —	$22,310	$91,902	$2,804,796
Cumulative effect of changes in accounting policies				**(80,135)**	**(80,135)**	**(3,640)**	**(84,679)**
Restated balance as of March 31, 2013	**63,650**	**(13,922)**	**(27,407)**	**(80,135)**	**(57,815)**	**88,262**	**2,720,106**
Changes during the year							
Cash dividends							**(48,796)**
Net income							**215,485**
Purchase of treasury stock							**(0)**
Disposal of treasury stock							
Net change in the items other than stockholders' equity during the period	**(6,650)**	**10,485**	**63,349**	**19,087**	**86,271**	**7,553**	**93,825**
Total change during the year	**(6,650)**	**10,485**	**63,349**	**19,087**	**86,271**	**7,553**	**260,514**
Balance as of March 31, 2014	**$56,990**	**$ (3,436)**	**$ 35,941**	**$(61,048)**	**$28,446**	**$95,815**	**$2,980,631**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Japanese yen (millions)		U.S. dollars (thousands) (Note 2)
	2014	2013	**2014**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before income taxes and minority interests	**¥ 34,380**	¥ 25,382	**$ 333,786**
Depreciation	**87,965**	77,750	**854,029**
Loss on step acquisitions	**1,011**	—	**9,815**
Loss on valuation of investment securities	**—**	12	**—**
Impairment loss	**—**	3	**—**
Additional severance benefits	**—**	2,019	**—**
Depreciation of goodwill	**2,348**	1,306	**22,796**
Gain on negative goodwill	**(1,771)**	—	**(17,194)**
(Gain) Loss on investment in affiliates accounted for by the equity method	**(1,103)**	(1,753)	**(10,708)**
Interest and dividend income	**(651)**	(582)	**(6,320)**
Interest expense	**17,615**	13,941	**171,019**
(Increase) Decrease in notes and accounts receivable-trade	**(146,917)**	(5,890)	**(1,426,378)**
(Increase) Decrease in investment in direct finance leases	**(80,721)**	(72,583)	**(783,699)**
Increase (Decrease) in allowance for doubtful accounts	**(488)**	(936)	**(4,737)**
Increase (Decrease) in allowance for losses on loan guarantees	**(478)**	(923)	**(4,640)**
(Gain) Loss on sale of equipment for lease	**(1,551)**	(1,488)	**(15,058)**
Payments from acquisition of equipment for lease	**(114,906)**	(88,182)	**(1,115,592)**
Proceeds from sale of equipment for lease	**49,032**	51,621	**476,038**
Increase (Decrease) in trade payables	**17,075**	(13,054)	**165,776**
Increase (Decrease) in accounts payable of collection under securitized receivables	**(176)**	(10,211)	**(1,708)**
Increase (Decrease) in retirement and severance benefits	**—**	(153)	**—**
Increase (Decrease) in liabilities for retirement benefits	**(2,486)**	—	**(24,135)**
Other	**14,670**	3,492	**142,427**
Income taxes paid	**(6,147)**	(5,607)	**(59,679)**
Net cash provided by (used in) operating activities	**(133,300)**	(25,837)	**(1,294,174)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments into time deposits	**(20,644)**	(8,002)	**(200,427)**
Proceeds from withdrawal of time deposits	**14,859**	7,712	**144,262**
Purchase of short-term investments	**(6,597)**	(13,495)	**(64,048)**
Proceeds from sale and repayment of short-term investments	**7,600**	12,649	**73,786**
Purchase of investments in securities	**(1,847)**	(42,700)	**(17,932)**
Proceeds from sales and repayment of investment securities	**5,811**	15,600	**56,417**
Purchase of subsidiaries' shares resulting in changes in scope of consolidation	**(2,251)**	—	**(21,854)**
Purchase of subsidiaries' shares	**—**	(35)	**—**
Payments of business transfer	**—**	(1,373)	**—**
Purchase of equipment for company use	**(8,410)**	(1,020)	**(81,650)**
Purchase of other intangible fixed assets	**(2,025)**	(3,100)	**(19,660)**
Interest and dividend received	**1,675**	1,281	**16,262**
(Increase) Decrease in short-term loan receivables, net	**—**	(5,000)	**—**
Other	**107**	8	**1,038**
Net cash provided by (used in) investing activities	**(11,722)**	(37,476)	**(113,805)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase (Decrease) in short-term bank loans, net	**(17,691)**	(13,689)	**(171,757)**
Increase (Decrease) in commercial paper, net	**(83,860)**	30,643	**(814,174)**
Proceeds from long-term borrowings	**253,342**	186,945	**2,459,631**
Payments of long-term borrowings	**(97,486)**	(137,297)	**(946,466)**
Issuance of bond	**162,953**	103,625	**1,582,067**
Redemption of bond	**(45,739)**	(88,095)	**(444,067)**
Interest paid	**(17,315)**	(13,773)	**(168,106)**
(Increase) Decrease of treasury stock, net	**(0)**	(0)	**(0)**
Proceeds from minority shareholders	**108**	412	**1,048**
Dividends paid to stockholders	**(5,026)**	(4,091)	**(48,796)**
Dividends paid to minority stockholders of subsidiaries	**(225)**	(216)	**(2,184)**
Net cash provided by (used in) financing activities	**149,057**	64,463	**1,447,155**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**1,359**	1,778	**13,194**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**5,394**	2,928	**52,368**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**132,756**	129,828	**1,288,893**
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 23)	**¥138,150**	¥132,756	**$1,341,262**

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Hitachi Capital Corporation and Subsidiaries

(1) BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

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

(2) U.S. DOLLAR AMOUNTS

The consolidated financial statements are expressed in yen. Solely for the convenience of the reader, the consolidated financial statements as of and for the year ended March 31, 2014 have been translated into U.S. dollars at the rate of ¥103 to $1, the approximate exchange rate at March 31, 2014. The inclusion of such dollar amounts does not imply that the assets and liabilities, which originated in yen, have been or could readily be converted, realized or settled in dollars at ¥103 to $1 or at any other rate.

(3) SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidation

The consolidated financial statements include the accounts of the Company and following majority-owned subsidiaries, which are directly or indirectly controlled. Companies over which the Company exercises significant influence in terms of their operating and financial policies have been accounted for by the equity method.

As of March 31, 2014, the numbers of consolidated subsidiaries and subsidiaries and affiliates accounted for by the equity method were 27 and 2 (23 and 3 in 2013).

Consolidated subsidiaries: Okinawa Hitachi Capital Corporation, Hitachi Capital Servicer Corporation, Hitachi Capital Services Co., Ltd., Hitachi Capital Auto Lease Corporation, Hitachi Triple Win Corporation, Sekisui Leasing Co., Ltd., Hitachi Capital Insurance Corporation, Hitachi Capital Community Corporation, Hitachi Capital Trust Corporation, Financial Bridge Corporation, Daiichi Personal Credit Guarantee Corporation, NBL Co., Ltd., Hitachi Green Energy Corporation, Hitachi Wind Power Ltd., Hitachi Capital (UK) PLC, Hitachi Capital Vehicle Solutions Ltd., Hitachi Capital Insurance Europe Ltd., Hitachi Capital America Corp., Hitachi Capital Canada Corp., Hitachi Capital (Hong Kong) Ltd., Hitachi Capital Singapore Pte. Ltd., Hitachi Capital Leasing (China) Co., Ltd., Hitachi Capital Factoring (China) Co., Ltd., Hitachi Capital Management (Thailand) Co., Ltd., Hitachi Capital (Thailand) Co., Ltd., First Peninsula Credit Sdn. Bhd., and Pt. Arthaasia Finance.

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

Companies newly consolidated from the current fiscal year include NBL Co., Ltd. due to additional acquisition of shares, Hitachi Green Energy Corporation (former Hitachi Asset Funding Corporation) due to new acquisition of shares, and two new established subsidiaries, Hitachi Capital Factoring (China) Co., Ltd. and Hitachi Wind Power Ltd.

[Fiscal year-end of the consolidated subsidiaries]

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

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

* Based on the financial statements prepared as of March 31, 2014 in an equivalent manner as the actual year-end closing.

The investments in affiliates are stated at their underlying equity value. The cost in excess of net assets acquired by the Company is amortized using the straight-line method over five years in principle. As Hitachi Capital (UK) PLC became a wholly owned subsidiary of the Company, such cost in excess of the net assets acquired is amortized using the straight-line method over 20 years.

(b) Revenue Recognition

Finance Leases:

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

Operating Leases:

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

Loan guarantee arrangements:

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

Purchase of installment receivables:

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

Installment credit facilities:

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

(c) Allowance for Losses on Receivables and Guarantees

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

(d) Short-term Investments and Investments in Securities

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

- Securities that are generally used with the objective of generating profits on short-term differences in price are classified as trading securities and measured at fair value, with unrealized holding gains and losses included in earnings.
- Securities that the Company and subsidiaries have positive intent and ability to hold to their maturities are classified as held-to-maturity securities and measured at amortized cost.
- Securities classified as neither trading securities nor held-to-maturity securities are classified as available-for-sale securities and measured at fair value, with either unrealized holding gains and losses excluded from earnings and reported as a net amount in a separate component of net assets until realized, or unrealized holding losses included in earnings and unrealized gains excluded from earnings and reported as a net amount in a separate component of net assets until realized.

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

(e) Method of Depreciation for Important Depreciable Assets

Tangible fixed assets excluding leased assets are depreciated using the straight-line method.

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

(f) Total Accumulated Advanced Depreciation on Property and Equipment

Accumulated advanced depreciation on property and equipment including assets held for lease was ¥609 million ($5,912 thousand) in the fiscal year ended March 31, 2014, and ¥571 million in the fiscal year ended March 31, 2013.

(g) Impairment of Fixed Assets

The Company and subsidiaries adopted "Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council and the related implementation guidance issued by the ASBJ. Under this standard and implementation guidance, fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When amounts of undiscounted future cash flows of fixed assets are less than the carrying amounts, the fixed assets are determined to be impaired. Then, an amount by which the carrying amount exceeds the recoverable amount is recognized as an impairment loss in earnings. The recoverable amount of fixed assets is the greater of the net selling price or the present value of the future cash flows expected to be derived from the fixed assets. The Company and consolidated subsidiaries identify groups of assets by their business units as the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

(h) Income Taxes

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

(i) Retirement and Severance Benefits

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

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

On March 31, 2008, retirement benefits for directors and executive officers were eliminated. The reserve balance as of March 31, 2014 is to be drawn down as directors retire, when retirement bonus payment amounts are determined.

(j) Foreign Currency Translation

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

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

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

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

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

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

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

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

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

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

(o) Changes in accounting policies
As Accounting Standards Board of Japan ("ASBJ") Statement No. 26, "Accounting Standard for Retirement Benefits" (May 17, 2012) and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits" (May 17, 2012) (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 remeasurements 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 ¥9,689 million ($94,067 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 ¥92 million ($893 thousand) and minority interests decreased by ¥375 million ($3,640 thousand). The impact on consolidated earnings is insignificant.

Net assets per share as of March 31, 2014 decreased by ¥57.02 ($0.55). The impact on net assets per shares is insignificant.

(p) Accounting Standards not yet Applied
ASBJ Statement No. 21, "Accounting Standard for Business Combination" (September 13, 2013)
ASBJ Statement No. 22, "Accounting Standard for Consolidated Financial Statements" (September 13, 2013)
ASBJ Statement No. 7, "Accounting Standard for Business Divestitures" (September 13, 2013)
ASBJ Statement No. 2, "Accounting Standard for Earnings Per Share" (September 13, 2013)
ASBJ Guidance No. 10, "Guidance on Accounting Standard for Business Combination and Accounting Standard for Business Divestitures" (September 13, 2013)
ASBJ Guidance No. 4, "Guidance on Accounting Standard for Earnings Per Share" (September 13, 2013)

(q) Other Significant Fact Applied in Preparing Consolidated Financial Statements
- Consumption taxes
  Consumption tax and local consumption tax are excluded from revenue and expenses for domestic companies.
- Consolidated taxation systems
  The Company and certain domestic subsidiaries have applied the consolidated taxation systems.

(4) ASSETS DEPOSITED AS COLLATERAL AND DEBT COLLATERALIZED
As of March 31, 2014 and 2013, assets deposited as collateral and debt collateralized were as follows:

Assets deposited as collateral

	Carrying amount	
	Japanese yen (millions)	U.S. dollars (thousands)
Account	2014	
Cash on hand and at bank	**¥3,580**	**$34,757**
Investments in securities	**32**	**310**
Investments in securities	**6**	**58**
Total	**¥3,618**	**$35,126**

Debt collateralized

	Balance	
	Japanese yen (millions)	U.S. dollars (thousands)
Description	2014	
Long-term debt	**¥3,295**	**$31,990**
Total	**¥3,295**	**$31,990**

Assets deposited as collateral

	Carrying amount
	Japanese yen (millions)
Account	2013
Cash on hand and at bank	¥1,880
Investments in securities	32
Investments in securities	6
Total	¥1,918

Debt collateralized

	Balance
	Japanese yen (millions)
Description	2013
Long-term debt	¥1,772
Total	¥1,772

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

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

	Japanese yen (millions)		U.S. dollars (thousands)
	2014	2013	**2014**
Accumulated depreciation of tangible fixed assets	**¥1,207,951**	¥1,323,914	**$11,727,679**
Accumulated advanced depreciation of tangible fixed assets	**609**	571	**5,912**

(7) INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES AND AFFILIATES

	Japanese yen (millions)		U.S. dollars (thousands)
	2014	2013	**2014**
Investments in securities (equity securities)	**¥17,982**	¥20,235	**$174,582**

(8) SECURITIZATIONS

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

(9) LOAN GUARANTEED LIABILITIES AND OTHER GUARANTEED LIABILITIES

	Japanese yen (millions)		U.S. dollars (thousands)
	2014	2013	**2014**
Loan guaranteed liabilities	**¥345,181**	¥395,695	**$3,351,271**

	Japanese yen (millions)		U.S. dollars (thousands)
	2014	2013	**2014**
Guaranteed liabilities on loan sales of overseas consolidated subsidiaries	**¥—**	¥ 1,248	**$—**
Guaranteed liabilities of affiliates' borrowings	**—**	20,000	**—**

(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 ¥345,181 million ($3,351,271 thousand) and ¥395,695 million, 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:

	Japanese yen (millions)		U.S. dollars (thousands)
	2014	2013	**2014**
Balance at beginning of year	**¥17,677**	¥18,786	**$171,621**
Write-off during the year	**(3,317)**	(4,149)	**(32,203)**
Provision (including an increase due to newly consolidated companies)	**3,148**	2,702	**30,563**
Effect of translation adjustments (Note 3 (i))	**2,077**	337	**20,165**
Balance at end of year:			
Allowance for losses on receivables	**16,086**	13,699	**156,174**
Allowance for losses on guarantees	**3,500**	3,978	**33,980**
	¥19,586	¥17,677	**$190,155**

(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 1.9% and 1.9%, respectively. Long-term debt at March 31, 2014 and 2013 consisted of the following:

	Japanese yen (millions)		U.S. dollars (thousands)
	2014	2013	**2014**
Unsecured bonds payable in Japanese yen by the Company, due from September 2014 to March 2024, interest ranging from 0.42% to 1.13%	**¥ 235,000**	¥180,000	**$ 2,281,553**
Medium-term notes payable in China Yuan by the Company, due March 2015, interest at 3.75%	**8,295**	7,580	**80,533**
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 1.28% to 3.07%*1	**162,501**	93,597	**1,577,679**
Medium-term notes payable in euro-dollars, by Hitachi Capital America Corp., due from July 2014 to December 2017, interest ranging from 0.93% to 2.03%*2	**11,700**	7,487	**113,592**
Unsecured bonds payable in HKD, by Hitachi Capital Hong Kong Ltd, due from December 2016, interest at 1.38%	**3,981**	3,636	**38,650**
Loans from banks and other financial institutions:			
Unsecured, maturing 2014–2028	**701,553**	523,932	**6,811,194**
	1,123,030	816,233	**10,903,203**
Less current portion	**275,819**	126,100	**2,677,854**
	¥ 847,211	¥690,133	**$ 8,225,349**

*1 1.27% to 3.18% in consideration of the interest rate swap
*2 1.48% to 3.46% in consideration of the interest rate swap

The weighted average interest rates on long-term loans from banks and other financial institutions outstanding at March 31, 2014 and 2013, shown above, were 1.2% and 1.2%, respectively. The aggregate annual maturities of long-term debt at March 31, 2014 were as follows:

	Japanese yen (millions)	U.S. dollars (thousands)
More than 1 year, within 2 years	¥208,640	$2,025,631
More than 2 years, within 3 years	244,823	2,376,922
More than 3 years, within 4 years	163,029	1,582,805
More than 4 years, within 5 years	109,219	1,060,378
More than 5 years	121,499	1,179,601
	¥847,212	$8,225,359

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:

	Japanese yen (millions)		U.S. dollars (thousands)
	2014	2013	**2014**
Notes payable	**¥ 355**	¥ 482	**$ 3,446**
Accounts payable	**275,994**	255,744	**2,679,553**
	¥276,349	¥256,226	**$2,683,000**

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:

	Japanese yen (millions)		U.S. dollars (thousands)
	2014	2013	**2014**
Current	**¥ 8,843**	¥5,456	**$ 85,854**
Deferred	**2,615**	2,467	**25,388**
	¥11,459	¥7,923	**$111,252**

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 37.8% 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:

	2014	2013
Statutory income tax rate	**37.8%**	37.8%
Per capita tax	**0.4**	0.5
Expenses not deductible for tax purposes	**0.9**	1.2
Difference in statutory tax rates of foreign subsidiaries	**(6.7)**	(7.4)
Elimination for tax credit on dividend income by consolidation	**5.1**	6.8
Depreciation of goodwill	**2.6**	1.9
Gain on investment in affiliates accounted for by the equity method	**(1.2)**	(2.6)
Decrease in valuation reserve	**(1.4)**	(0.1)
Dividends received and other non-taxable items excluded from calculations	**(4.3)**	(5.7)
Effects related to change in domestic tax rates	**1.4**	—
Other	**(1.3)**	(1.2)
Effective income tax rate	**33.3%**	31.2%

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

Following the promulgation of "Act for Partial Amendment of the Income Tax Act, etc." (Act No.10/2014) on March 31, 2014, special corporate tax for reconstruction will no longer be imposed for the fiscal years beginning on or after April 1, 2014.

Consequently, the statutory effective tax rates used to calculate deferred tax assets and deferred tax liabilities for temporary differences expected to be reversed during the fiscal year beginning on April 1, 2014 will be changed to 35.46% from 37.84% which was used in the fiscal year ended March 31, 2013.

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:

	Japanese yen (millions)		U.S. dollars (thousands)
	2014	2013	2014
Total gross deferred tax assets:			
Depreciation	**¥ 9,928**	¥11,360	**$ 96,388**
Allowance for losses on receivables	**3,908**	3,189	**37,941**
Allowance for losses on guarantees	**1,241**	1,504	**12,048**
Accrued expenses	**2,006**	1,886	**19,475**
Net operating loss carryforwards	**1,765**	2,073	**17,135**
Cumulative revenues from leasing contracts	**5,720**	5,369	**55,533**
Accrued business taxes	**135**	172	**1,310**
Prepaid expenses	**52**	67	**504**
Retirement and severance benefits	**—**	1,591	**—**
Liabilities for retirement benefits	**2,726**	—	**26,466**
Valuation loss on other securities	**648**	672	**6,291**
Retirement benefits for directors	**60**	67	**582**
Asset retirement obligations	**2,227**	1,876	**21,621**
Bad debt write-off	**1,167**	1,653	**11,330**
Other	**2,239**	2,890	**21,737**
	33,829	34,376	**328,436**
Valuation allowance	**(1,389)**	(1,855)	**(13,485)**
	32,439	32,521	**314,941**
Total gross deferred tax liabilities:			
Gains and losses on lease receivable transactions	**(1,658)**	(2,249)	**(16,097)**
Net unrealized holding gain on investments in other securities	**(3,267)**	(3,608)	**(31,718)**
Additional depreciation by overseas subsidiaries	**(5,314)**	(6,951)	**(51,592)**
Prepaid pension benefit cost	**—**	(2,811)	**—**
Total capitalization of asset retirement obligation cost	**(1,604)**	(1,360)	**(15,572)**
Other	**(158)**	(249)	**(1,533)**
	(12,003)	(17,231)	**(116,533)**
Net deferred tax assets	**¥20,435**	¥15,290	**$198,398**

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 reversals 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:

	Japanese yen (millions)		U.S. dollars (thousands)
	2014	2013	2014
Prepaid expenses and other current assets	**¥11,066**	¥10,674	**$107,436**
Other assets	**12,298**	8,377	**119,398**
Other liabilities	**(2,929)**	(3,762)	**(28,436)**
Net deferred tax assets	**¥20,435**	¥15,290	**$198,398**

(14) RETIREMENT AND SEVERANCE BENEFITS

Year ended March 31, 2013

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

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

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

	Japanese yen (millions)
	2013
Projected benefit obligation	¥(48,918)
Plan assets at fair value	39,476
Funded status	(9,442)
Unrecognized actuarial losses	13,963
Unrecognized prior service cost	(856)
Net amount recognized in the consolidated balance sheets	¥ 3,664
Amounts recognized in the consolidated balance sheets consist of:	
Prepaid benefit cost	¥ 8,134
Accrued benefit cost	(4,469)
	¥ 3,664

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

	Japanese yen (millions)
	2013
Service cost, net of participants' contributions	¥1,482
Interest cost	1,010
Expected return on plan assets for the period	(995)
Amortization of actuarial losses	1,957
Amortization of prior service cost	(271)
Contributions to the defined contribution pension plan	468
Retirement benefit expenses	¥3,651

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

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

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

Year ended March 31, 2014

1. Outline of pension plans

The Company and its certain consolidated subsidiaries have adopted funded and unfunded defined benefit pension plans and defined contribution plans for the payment of employee retirement benefits.

The defined benefit corporate pension plan (all funded type) provides lump-sum payment or pension payment based on the employee's rate of pay and the length of service.

The retirement lump-sum benefit plan (all unfunded type) provides lump-sum payment as retirement benefit based on the employee's rate of pay and the length of service.

2. Defined benefit pension plan

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

	Japanese yen (millions)	U.S. dollars (thousands)
	2014	2014
Projected benefit obligation at beginning of year	¥48,918	$474,932
Cumulative effect of changes in accounting policies	151	1,466
Restated balance at beginning of year	49,070	476,407
Service cost, net of participants' contributions	1,635	15,873
Interest cost	895	8,689
Actuarial losses incurred	370	3,592
Retirement benefits paid	(2,181)	(21,174)
Prior service costs incurred	24	233
Impact from the change in the scope of consolidation	665	6,456
Effect of exchange rate changes	981	9,524
Projected benefit obligation at end of year	¥51,461	$499,621

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

	Japanese yen (millions)	U.S. dollars (thousands)
	2014	2014
Plan assets at fair value at beginning of year	¥39,476	$383,262
Expected return on plan assets for the period	901	8,747
Actuarial gains incurred	1,933	18,766
Employer's contributions	3,041	29,524
Retirement benefits paid	(1,985)	(19,271)
Effect of exchange rate changes	1,049	10,184
Plan assets at fair value at end of year	¥44,416	$431,223

(3) Reconciliation of projected benefit obligations and plan assets at end of the period and net assets or liabilities for retirement benefits on balance sheet

	Japanese yen (millions)	U.S. dollars (thousands)
	2014	2014
Projected benefit obligations for funded plan	¥45,227	$439,097
Plan assets at fair value	(44,416)	(431,223)
	810	7,864
Projected benefit obligations for non-funded plan	6,233	60,514
Net assets or liabilities on consolidated balance sheet	7,044	68,388
Liabilities for retirement benefits	7,766	75,398
Assets for retirement benefits	(722)	(7,009)
Net assets or liabilities on consolidated balance sheet	¥ 7,044	$ 68,388

(4) Details of retirement benefit expenses

	Japanese yen (millions)	U.S. dollars (thousands)
	2014	2014
Service cost, net of participants' contributions	¥1,635	$15,873
Interest cost	895	8,689
Expected return on plan assets for the period	(901)	(8,747)
Amortization of actuarial losses	1,905	18,495
Amortization of prior service cost	(251)	(2,436)
Retirement benefit expenses for defined benefit plans	¥3,283	$31,873

(5) Remeasurements of defined benefit plans

Items recorded in remeasurements of defined benefit plans for the year ended March 31, 2014 (before tax effects) are as follows:

	Japanese yen (millions)	U.S. dollars (thousands)
	2014	2014
Prior service cost	¥ (275)	$ (2,669)
Actuarial losses	3,322	32,252
Total	¥3,046	$29,572

(6) Cumulative effect of remeasurements of defined benefit plans

Items recorded in cumulative effect of remeasurements of defined benefit plans as of March 31, 2014 (before tax effects) are as follows:

	Japanese yen (millions)	U.S. dollars (thousands)
	2014	2014
Unrecognized prior service cost	¥ 581	$ 5,640
Unrecognized actuarial losses	(10,642)	(103,320)
Total	¥(10,061)	$(97,679)

(7) Plan assets

a. Components of plan assets

Ratios of the main components to total plan assets are as follows:

Debt securities	58%
Stock	31%
Cash on hand and at bank	3%
Others	8%
Total	100%

b. Long-term expected rate of return on plan assets

Long-term expected rate of return on plan assets is determined taking into consideration current and future plan assets allocations as well as the current and future long-term rate of return from various assets comprising plan assets.

(8) Assumptions of the actuarial calculations

Assumptions of the actuarial calculations at the end of the current consolidated fiscal year

Discount rate 0.9%–8.5%

Long-term expected rate of return on plan assets 2%

3. Defined contribution plans

Contributions by the Company and certain consolidated subsidiaries for defined contribution plans were ¥597 million ($5,796 thousand).

(15) ASSET RETIREMENT OBLIGATIONS

(1) Overview of asset retirement obligations

Real estate leasing agreements on office buildings involve obligations to return facilities to their original condition, and fixed-term lease agreements related to building leases also carry such obligations as restoring buildings to their original condition.

(2) Method of calculating asset retirement obligation amounts

Expected useful lives of those office buildings are estimated to be 5 to 50 years after commencement of lease agreements, and asset retirement obligation amounts are calculated by using discount rates from 0.3% to 3.4%.

(3) Changes in total asset retirement obligations during the years ended March 31, 2014 and 2013 are as follows.

	Japanese yen (millions)		U.S. dollars (thousands)
	2014	2013	2014
The balance at the beginning of the year	¥5,277	¥4,991	$51,233
Increase due to acquisition of property and equipment	655	194	6,359
Elapsed time adjustment	117	113	1,135
Decrease due to fulfillment of asset retirement obligations	(6)	(21)	(58)
Increase due to change of estimation	266	—	2,582
Increase due to change in the scope of consolidation	7	—	67
The balance at the end of the year	¥6,317	¥5,277	$61,330

(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 124,826,552 shares.

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

The accompanying consolidated financial statements do not include any provision for the dividend of ¥25.00 ($0.24) subsequently proposed by the Board of Directors with respect to the fiscal year ended March 31, 2014. Cash dividends per share for the year ended March 31, 2014 were ¥48.00 ($0.46) based on dividends declared with respect to earnings for the period.

(17) TREASURY STOCK

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

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

The changes in treasury stock for the years ended March 31, 2014 and 2013 are summarized as follows:

	Japanese yen (millions)		U.S. dollars (thousands)
	Number of shares	Amount	Amount
Balance as of March 31, 2012	7,938,761	¥14,331	$139,135
Purchase of treasury stock	176	0	0
Disposal of treasury stock	(38)	(0)	(0)
Balance as of March 31, 2013	7,938,899	14,331	139,135
Purchase of treasury stock	310	0	0
Disposal of treasury stock	—	—	—
Balance as of March 31, 2014	7,939,209	¥14,332	$139,145

(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:

	Japanese yen (millions)		U.S. dollars (thousands)
	2014	2013	2014
Gain on sale of investment securities	¥ 45	¥ 88	$ 436
Gain on investment in affiliates accounted for by the equity method	1,103	1,753	10,708
Gain on negative goodwill	1,771	—	17,194
Other	31	34	300
Other Income	¥2,951	¥1,875	$28,650

	Japanese yen (millions)		U.S. dollars (thousands)
	2014	2013	2014
Loss on valuation of investment securities	¥ 1	¥ 12	$ 9
Loss on retirement of fixed assets	147	54	1,427
Impairment loss	—	3	—
Loss on sale of investment securities	—	1	—
Loss on redemption of investment securities	—	11	—
Additional severance benefits	—	2,019	—
Loss on step acquisitions	1,011	—	9,815
Other	10	10	97
Other expenses	¥1,170	¥2,114	$11,359

(19) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

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

	Japanese yen (millions)		U.S. dollars (thousands)
	2014	2013	2014
Salaries and allowances	¥32,444	¥27,558	$314,990
Retirement and severance benefit expenses	3,881	3,651	37,679
Welfare expenses	4,352	3,493	42,252
Rent expenses	3,906	3,422	37,922
Communication expenses	1,305	1,142	12,669
Operations consignment expenses	5,195	3,768	50,436
Provision (Reversal) of allowance for doubtful accounts and allowance for guarantee for loans	3,148	2,702	30,563
Others	21,010	15,596	203,980
Total selling, general and administrative expenses	¥75,244	¥61,335	$730,524

(20) AMOUNT PER SHARE INFORMATION

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

	Number of shares	
	2014	2013
The number of common shares used in calculation of net assets per share at year-end	116,887,343	116,887,653

	Japanese yen (millions)		U.S. dollars (thousands)
	2014	2013	2014
Total net assets	¥307,005	¥288,894	$2,980,631
Exclusion from total net assets	9,869	9,466	95,815
(Of which, minority interests)	(9,869)	(9,466)	(95,815)
Net assets attributable to common stock at March 31	¥297,136	¥279,427	$2,884,815

	Japanese yen		U.S. dollars
	2014	2013	2014
Net assets per share	¥2,542.0	¥2,390.5	$24.67

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

	Number of shares	
	2014	2013
Weighted average number of shares on which basic net income per share is calculated	116,887,531	116,887,771

	Japanese yen (millions)		U.S. dollars (thousands)
	2014	2013	2014
Net income	¥22,195	¥16,546	$215,485
Net income on which basic net income per share is calculated	22,195	16,546	215,485

	Japanese yen		U.S. dollars
	2014	2013	2014
Net income per share data (basic)	¥189.8	¥141.5	$1.84

Diluted net income per share is not presented as there are no dilutive shares as of March 31, 2014 and 2013.

(21) OTHER COMPREHENSIVE INCOME

Reclassification adjustment and tax effect of other comprehensive income for the years ended March 31, 2014 and 2013 are as follows:

	Japanese yen (millions)		U.S. dollars (thousands)
	2014	2013	2014
Net unrealized holding gains (losses) on securities			
Amount arising during the year	¥ (989)	¥ (33)	$ (9,601)
Reclassification adjustment	(137)	(831)	(1,330)
Amount before tax effect	(1,127)	(864)	(10,941)
Tax effect	403	310	3,912
Net unrealized holding gains (losses) on securities	(723)	(554)	(7,019)
Net unrealized gains (losses) on hedging derivatives			
Amount arising during the year	1,205	(794)	11,699
Reclassification adjustment	259	402	2,514
Amount before tax effect	1,464	(391)	14,213
Tax effect	(384)	102	(3,728)
Net unrealized gains (losses) on hedging derivatives	1,080	(289)	10,485
Foreign currency translation adjustments			
Amount arising during the year	6,602	5,731	64,097
Remeasurements of defined benefit plans			
Amount arising during the year	1,392	—	13,514
Reclassification adjustment	1,654	—	16,058
Amount before tax effect	3,046	—	29,572
Tax effect	(1,036)	—	(10,058)
Remeasurements of defined benefit plans	2,010	—	19,514
Share of other comprehensive income of affiliates accounted for by the equity method			
Amount arising during the year	78	32	757
Reclassification adjustment	8	—	77
Share of other comprehensive income of affiliates accounted for by the equity method	87	32	844
Total other comprehensive income	¥9,056	¥4,920	$87,922

(22) RELATED PARTIES TRANSACTIONS

The Company's balances with its parent company, Hitachi, Ltd., as of March 31, 2014 and 2013, and related transactions for the years ended March 31, 2014 and 2013 are summarized as follows:

	Japanese yen (millions)		U.S. dollars (thousands)
	2014	2013	**2014**
Balances:			
Notes and accounts receivable-trade, including amounts maturing after one year	**¥ 33,047**	¥ 11,454	**$ 320,844**
Investment in direct finance leases	**7,783**	9,024	**75,563**
Parent company deposits	**117,193**	114,659	**1,137,796**
Trade payables	**15,816**	13,176	**153,553**

	Japanese yen (millions)		U.S. dollars (thousands)
	2014	2013	**2014**
Transactions:			
Leases and installment sales, etc.	**¥ 7,282**	¥11,422	**$ 70,699**
Purchases	**44,861**	30,338	**435,543**
Interest income	**232**	275	**2,252**
Fund transaction, net	**2,301**	2,935	**22,339**
Increase (decrease) in the uncollected balance for the settlement service	**20,222**	(666)	**196,330**

The Company's balances and related transactions with Hitachi Construction Machinery Co., Ltd., which currently has a common parent company, Hitachi, Ltd., as of March 31, 2014 and 2013, and related transactions for the years ended March 31, 2014 and 2013 are outlined below.

	Japanese yen (millions)		U.S. dollars (thousands)
	2014	2013	**2014**
Balances:			
Notes and accounts receivable–trade, including amounts maturing after one year	**¥20,356**	¥28,814	**$197,631**

	Japanese yen (millions)		U.S. dollars (thousands)
	2014	2013	**2014**
Transactions:			
Increase (decrease) in the uncollected balance for the settlement services	**¥(8,840)**	¥(10,339)	**$(85,825)**

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

	Japanese yen (millions)		U.S. dollars (thousands)
	2014	2013	**2014**
Balances:			
Notes and accounts receivable–trade, including amounts maturing after one year	**¥24,062**	¥12,034	**$233,611**

	Japanese yen (millions)		U.S. dollars (thousands)
	2014	2013	**2014**
Transactions:			
Increase (decrease) in the uncollected balance for the settlement services	**¥12,027**	¥(4,932)	**$116,766**

(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:

	Japanese yen (millions)		U.S. dollars (thousands)
	2014	2013	**2014**
Cash on hand and at bank	**¥ 31,023**	¥ 22,561	**$ 301,194**
Parent company deposits	**117,602**	114,793	**1,141,766**
Total	**¥148,625**	¥137,355	**$1,442,961**
Time deposits with a period of more than three months	**(10,474)**	(4,598)	**(101,689)**
Cash and cash equivalents	**¥138,150**	¥132,756	**$1,341,262**

(24) SEGMENT INFORMATION

1. Overview of reporting segments

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

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

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

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

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

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

Global businesses include finance leases at each site overseas.

2. Methods of calculating revenues and profits or losses by reporting segments

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

3. Information on revenues and profits or losses by reporting segments

For the year ended March 31, 2014

	Japanese yen (millions)								
	Reporting segments								
	Financial services	Commission services	Supply and sales services	Global businesses (Note 5)	Subtotal	Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
Revenues									
Revenues from third parties	**¥46,467**	**¥14,341**	**¥11,143**	**¥55,456**	**¥127,409**	**¥569**	**¥127,979**	**¥ —**	**¥127,979**
Intersegment revenues									
Revenues and transfers	**1,350**	**952**	**530**	**—**	**2,833**	**—**	**2,833**	**(2,833)**	**—**
Total	**47,818**	**15,294**	**11,673**	**55,456**	**130,243**	**569**	**130,813**	**(2,833)**	**127,979**
Segment profit	**¥17,114**	**¥ 1,454**	**¥ 3,115**	**¥15,672**	**¥ 37,356**	**¥569**	**¥ 37,926**	**¥(5,327)**	**¥ 32,598**

	U.S. dollars (thousands)								
	Reporting segments								
	Financial services	Commission services	Supply and sales services	Global businesses (Note 5)	Subtotal	Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
Revenues									
Revenues from third parties	**$451,135**	**$139,233**	**$108,184**	**$538,407**	**$1,236,980**	**$5,524**	**$1,242,514**	**$ —**	**$1,242,514**
Intersegment revenues									
Revenues and transfers	**13,106**	**9,242**	**5,145**	**—**	**27,504**	**—**	**27,504**	**(27,504)**	**—**
Total	**464,252**	**148,485**	**113,330**	**538,407**	**1,264,495**	**5,524**	**1,270,029**	**(27,504)**	**1,242,514**
Segment profit	**$166,155**	**$ 14,116**	**$ 30,242**	**$152,155**	**$ 362,679**	**$5,524**	**$ 368,213**	**$(51,718)**	**$ 316,485**

Notes: 1. "Other" includes finance income from administrative department.
2. The segment profit adjustment of negative ¥5,327 million ($51,718 thousand) includes ¥39 million ($378 thousand) in intersegment transactions and the elimination of transactions involving dividends from consolidated subsidiaries, as well as ¥5,288 million ($51,339 thousand) in company-wide expenses that are not allocated to any individual reporting segments. Company-wide expenses comprise mainly non-segment general and administrative expenses.
3. Segment profit is adjusted to the operating income figure stated in the Consolidated Statements of Income.
4. Goodwill and assets are not allocated to reporting segments. Goodwill was recorded through the acquisition of subsidiaries. ¥3,028 million ($29,398 thousand) remains unamortized while ¥2,348 million ($22,796 thousand) was amortized.
5. During the year ended March 31, 2014, "Overseas businesses" was renamed to "Global businesses."

For the year ended March 31, 2013

	Japanese yen (millions)								
	Reporting segments								
	Financial services	Commission services	Supply and sales services	Global businesses (Note 5)	Subtotal	Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
Revenues									
Revenues from third parties	¥36,646	¥14,971	¥11,072	¥40,080	¥102,771	¥533	¥103,304	¥ —	¥103,304
Intersegment revenues									
Revenues and transfers	1,697	1,039	658	—	3,395	—	3,395	(3,395)	—
Total	38,344	16,011	11,731	40,080	106,166	533	106,700	(3,395)	103,304
Segment profit	¥11,947	¥ 1,698	¥ 3,435	¥12,221	¥ 29,302	¥533	¥ 29,835	¥(4,214)	¥ 25,620

Notes: 1. "Other" 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, as well as ¥3,781 million in company-wide expenses that are not allocated to any individual reporting segments. Company-wide expenses comprise mainly non-segment general and administrative expenses.
3. Segment profit is adjusted to the operating income figure stated in the Consolidated Statements of Income.
4. Goodwill and assets are not allocated to reporting segments. Goodwill was recorded through the acquisition of subsidiaries. ¥5,453 million remains unamortized while ¥1,306 million was amortized.
5. During the year ended March 31, 2014, "Overseas businesses" was renamed to "Global businesses."

Related information

1. Information by Services

For the year ended March 31, 2014

	Japanese yen (millions)				U.S. dollars (thousands)			
	Lease	Guarantees	Other	Total	Lease	Guarantees	Other	Total
Revenues from third parties	**¥72,734**	**¥4,492**	**¥50,752**	**¥127,979**	**$706,155**	**$43,611**	**$492,737**	**$1,242,514**

For the year ended March 31, 2013

	Japanese yen (millions)			
	Lease	Guarantees	Other	Total
Revenues from third parties	¥57,258	¥5,318	¥40,727	¥103,304

2. Geographic information

(1) Revenues

For the year ended March 31, 2014

Japanese yen (millions)				U.S. dollars (thousands)			
Japan	Europe and North America	Asia	Total	Japan	Europe and North America	Asia	Total
¥72,519	**¥35,828**	**¥19,631**	**¥127,979**	**$704,067**	**$347,844**	**$190,592**	**$1,242,514**

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

For the year ended March 31, 2013

Japanese yen (millions)			
Japan	Europe and North America	Asia	Total
¥63,224	¥25,245	¥14,834	¥103,304

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

(2) Property and equipment

As of March 31, 2014

Japanese yen (millions)				U.S. dollars (thousands)			
Japan	Europe and North America	Asia	Total	Japan	Europe and North America	Asia	Total
¥145,816	**¥89,977**	**¥5,597**	**¥241,391**	**$1,415,689**	**$873,563**	**$54,339**	**$2,343,601**

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

As of March 31, 2013

Japanese yen (millions)			
Japan	Europe and North America	Asia	Total
¥137,504	¥65,126	¥4,582	¥207,213

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

(25) 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, 2008, 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) Lessor

The following table shows the future lease receivables of finance lease as of March 31, 2014 and 2013.

	March 31		
	Japanese yen (millions)		U.S. dollars (thousands)
	2014	2013	**2014**
Within 1 year	**¥261,530**	¥203,077	**$2,539,126**
More than 1 year, within 2 years	**200,740**	133,139	**1,948,932**
More than 2 years, within 3 years	**152,863**	103,564	**1,484,106**
More than 3 years, within 4 years	**101,014**	75,570	**980,718**
More than 4 years, within 5 years	**52,261**	30,861	**507,388**
More than 5 years	**100,356**	87,441	**974,330**
Gross lease payments to be received	**¥868,765**	¥633,655	**$8,434,611**
Estimated residual value	**42,088**	35,940	**408,621**
Unearned interest income	**(83,212)**	(61,219)	**(807,883)**
Investments in direct finance leases	**¥827,641**	¥608,376	**$8,035,349**

Operating leases

(a) Lessee

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

	March 31		
	Japanese yen (millions)		U.S. dollars (thousands)
	2014	2013	**2014**
Within one year	**¥179**	¥157	**$1,737**
Over one year	**504**	311	**4,893**
Total	**¥683**	¥ 469	**$6,631**

(b) Lessor

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

	March 31		
	Japanese yen (millions)		U.S. dollars (thousands)
	2014	2013	**2014**
Within one year	**¥ 47,844**	¥ 44,132	**$ 464,504**
Over one year	**62,368**	56,679	**605,514**
Total	**¥110,212**	¥100,811	**$1,070,019**

Sub leases

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

(a) Investment in direct finance leases

	Japanese yen (millions)		U.S. dollars (thousands)
	2014	2013	**2014**
Current assets	**¥2,455**	¥ 2,591	**$23,834**

(b) Lease obligation

	Japanese yen (millions)		U.S. dollars (thousands)
	2014	2013	**2014**
Current liabilities	**¥ 931**	¥1,036	**$ 9,038**
Non-current liabilities	**1,523**	1,554	**14,786**

(26) FINANCIAL INSTRUMENTS

1. Overview of financial instruments

(1) Policies for using financial instruments

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

To reduce the impact of interest rate fluctuations on revenue, the Company and its consolidated subsidiaries employ asset-liability management (ALM), using fixed-rate funding through securitized lease receivables, bonds and bank loans in correspondence with fixed-rate assets. For the purpose of reducing risk, the Company and its consolidated subsidiaries use derivative transactions and do not enter into derivatives for speculative purposes.

(2) Content and risks of financial instruments

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

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

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

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

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

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

(3) Risk management for financial instruments

1) Management of credit risk

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

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

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

2) Management of market risk

(i) Management of interest rate risk

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

Certain overseas subsidiaries enter into interest rate swap transactions for the purpose of fixing the interest rate on funds procured at variable interest rates. Such transactions that do not meet the requirements for hedge accounting involve the risk of incurring losses.

(ii) Management of exchange rate risk

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

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

(iii) Management of price fluctuation risk

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

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

(iv) Derivative transactions

With regard to derivative transactions, execution and approvals are handled by different departments to meet internal control requirements in accordance with risk management regulations.

(v) Quantitative information related to market risks

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

Fixing all other risk variables, as of March 31, 2014 and 2013 for every 1 basis point (0.01%) decline in interest rates, the net effect on assets after factoring in these financial assets and financial liabilities was a ¥62 million ($601 thousand) decrease and a ¥33 million decrease, respectively, in market values. Conversely, the figure was a ¥62 million ($601 thousand) increase and a ¥33 million increase, respectively, for every 1 basis point (0.01%) increase in interest rates.

3) Management of liquidity risk related to fund raising

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

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

(4) Supplementary explanation of items pertaining to the market price of financial instruments

The fair values of some market instruments are based on market prices. The fair values of other financial instruments, for which market prices are not available, are based on rationally calculated values. However, as variables are used in these calculations, and different assumptions can cause different results, these values are not absolute. Also, in the note entitled "2. Fair value of financial instruments," the contract amount of derivative transactions itself does not represent market risk associated with the derivative transactions.

2. Fair value of financial instruments

Carrying amounts, fair values and differences between the two as of March 31, 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 (5) short-term investments and investments in securities.

	Japanese yen (millions)			U.S. dollars (thousands)		
	2014			2014		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Assets						
(1) Cash on hand and at bank	¥ 31,023	¥ 31,023	¥ —	$ 301,194	$ 301,194	$ —
(2) Notes and accounts receivable-trade, including						
amounts maturing after one year	955,301	—	—	9,274,766	—	—
Allowance for losses on receivables*1	(6,356)	—	—	(61,708)	—	—
	948,944	956,097	7,152	9,213,048	9,282,495	69,436
(3) Investment in direct finance leases*2	785,552	—	—	7,626,718	—	—
Allowance for losses on receivables*3	(9,730)	—	—	(94,466)	—	—
	775,822	810,852	35,029	7,532,252	7,872,349	340,087
(4) Parent company deposits	117,602	117,602	—	1,141,766	1,141,766	—
(5) Short-term investments and investments in securities						
1) Bonds held to maturity	231	236	4	2,242	2,291	38
2) Available-for-sale securities	77,828	77,828	—	755,611	755,611	—
Total assets	¥1,951,453	¥1,993,640	¥42,186	$18,946,145	$19,355,728	$409,572
Liabilities						
(1) Trade payables	¥ 276,349	¥ 276,349	¥ —	$ 2,683,000	$ 2,683,000	$ —
(2) Short-term bank loans*4	319,639	319,812	172	3,103,291	3,104,970	1,669
(3) Commercial paper	171,220	171,220	—	1,662,330	1,662,330	—
(4) Accrued payables	40,322	40,322	—	391,475	319,475	—
(5) Bonds*5	421,478	423,147	1,669	4,092,019	4,108,223	16,203
(6) Long-term debt	532,491	534,460	1,968	5,169,815	5,188,932	19,106
(7) Long-term obligation for securitized lease receivables*6	170,306	170,533	227	1,653,456	1,655,660	2,203
Total liabilities	¥1,931,809	¥1,935,846	¥ 4,037	$18,755,427	$18,794,621	$ 39,194
Derivative transactions*7						
1) Hedge accounting not applied	¥ (6)	¥ (6)	¥ —	$ (58)	$ (58)	$ —
2) Hedge accounting applied	(19,640)	(19,640)	—	(190,679)	(190,679)	—
Total derivative transactions	¥ (19,647)	¥ (19,647)	¥ —	$ (190,747)	$ (190,747)	$ —

	Japanese yen (millions)		
	2013		
	Carrying amount	Fair value	Difference
Assets			
(1) Cash on hand and at bank	¥ 22,561	¥ 22,561	¥ —
(2) Notes and accounts receivable-trade, including			
amounts maturing after one year	706,993	—	—
Allowance for losses on receivables*1	(7,462)	—	—
	699,530	719,300	19,769
(3) Investment in direct finance leases*2	572,436	—	—
Allowance for losses on receivables*3	(6,236)	—	—
	566,199	592,186	25,987
(4) Parent company deposits	114,793	114,793	—
(5) Short-term investments and investments in securities			
1) Bonds held to maturity	231	238	7
2) Available-for-sale securities	90,629	90,629	—
Total assets	¥1,493,946	¥1,539,710	¥45,764
Liabilities			
(1) Trade payables	¥ 256,226	¥ 256,226	¥ —
(2) Short-term bank loans*8	221,315	223,521	2,206
(3) Commercial paper	138,626	138,626	—
(4) Accrued payables	41,915	41,915	—
(5) Bonds*9	292,301	294,204	1,903
(6) Long-term debt	440,393	441,162	768
(7) Long-term obligation for securitized lease receivables*6	90,160	90,188	28
Total liabilities	¥1,480,939	¥1,485,845	¥ 4,906
Derivative transactions*7			
1) Hedge accounting not applied	¥ (29)	¥ (29)	¥ —
2) Hedge accounting applied	(3,601)	(3,601)	—
Total derivative transactions	¥ (3,631)	¥ (3,631)	¥ —

*1 The general allowance for losses on receivables and individual allowances for losses on receivables are deducted from "Notes and accounts receivable–trade, including amounts maturing after one year."
*2 The difference from carrying amount corresponds to the estimated balance corresponding to finance lease transactions that do not transfer ownership.
*3 The general allowance for losses on receivables and individual allowances for losses on receivables are deducted from "investment in direct finance leases."
*4 The carrying amount of "Short-term bank loans" of ¥319,639 million ($3,103,291 thousand) includes "Short-term bank loans" of ¥150,577 million ($1,461,912 thousand) and "Long-term debt" of ¥169,062 million ($1,641,378 thousand) in the "Current portion of long-term debt" on the "CONSOLIDATED BALANCE SHEETS."
*5 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 obligation for securitized lease receivables" includes "Obligation for securitized lease receivables" and "Long-term obligation for securitized lease receivables" in the "CONSOLIDATED BALANCE SHEETS."
*7 Net amounts of receivables and payables arising from derivative transactions are indicated. Parentheses indicate totals that are net payable amounts.
*8 The carrying amount of "Short-term bank loans" of ¥221,315 million includes "Short-term bank loans" of ¥137,776 million and "Long-term debt" of ¥83,538 million in the "Current portion of long-term debt" on "CONSOLIDATED BALANCE SHEETS."
*9 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."

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

Assets

(1) Cash on hand and at bank

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

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

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

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

(3) Investment in direct finance leases

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

(4) Parent company deposits

As the term of parent company deposits is short and fair value and carrying amount are approximately the same, their carrying amount is deemed to be their fair value.

(5) Short-term investments and investments in securities

For shares, their market price is used as their fair value. The fair value of bonds is deemed to be their market price or the price indicated by financial institutions handling these transactions. Trust beneficiary rights held as a result of securitization of the Group's receivables are categorized by securitization scheme. After taking into consideration estimates regarding early repayments, cancellations and losses, the total amount of principal in trust and dividends is discounted to the fair value, using the risk-free rate. As of March 31, 2014 and 2013, the Company had no securities for trading purposes.

The following table is a summary of the amortized cost basis, gross unrealized holding gains or losses and fair value of held-to-maturity securities and available-for-sale securities by major security type as of March 31, 2014 and 2013. Beneficial interest in trust of available-for-sale securities with gross unrealized holding gains is primarily subordinated beneficial interest in trust held by the Hitachi Capital Group in relation to the securitization of lease receivables.

	Japanese yen (millions)			U.S. dollars (thousands)		
	2014			**2014**		
	Acquisition costs and amortized costs	Gross gains (losses)	Fair value	Acquisition costs and amortized costs	Gross gains (losses)	Fair value
Held-to-maturity securities with gross unrealized holding gains:						
Government bonds	**¥ 199**	**¥ 4**	**¥ 203**	**$ 1,932**	**$ 38**	**$ 1,970**
	¥ 199	**¥ 4**	**¥ 203**	**$ 1,932**	**$ 38**	**$ 1,970**
Held-to-maturity securities with gross unrealized holding losses:						
Government bonds	**¥ 32**	**¥ (0)**	**¥ 32**	**$ 310**	**$ (0)**	**$ 310**
	¥ 32	**¥ (0)**	**¥ 32**	**$ 310**	**$ (0)**	**$ 310**
	¥ 231	**¥ 4**	**¥ 236**	**$ 2,242**	**$ 38**	**$ 2,291**
Available-for-sale securities with gross unrealized holding gains:						
Equity securities	**¥ 3,033**	**¥2,359**	**¥ 5,392**	**$ 29,446**	**$22,902**	**$ 52,349**
Government bonds	**4,699**	**12**	**4,712**	**45,621**	**116**	**45,747**
Municipal bonds	**318**	**1**	**319**	**3,087**	**9**	**3,097**
Corporate bonds	**1,237**	**11**	**1,249**	**12,009**	**106**	**12,126**
Beneficial interest in trust	**34,915**	**6,854**	**41,769**	**338,980**	**66,543**	**405,524**
Preferred equity securities	**500**	**2**	**502**	**4,854**	**19**	**4,873**
	¥44,703	**¥9,241**	**¥53,945**	**$434,009**	**$89,718**	**$523,737**
Available-for-sale securities with gross unrealized holding losses:						
Equity securities	**¥ 3**	**¥ (0)**	**¥ 3**	**$ 29**	**$ (0)**	**$ 29**
Government bonds	**2,103**	**(0)**	**2,103**	**20,417**	**(0)**	**20,417**
Corporate bonds	**300**	**(0)**	**299**	**2,912**	**(0)**	**2,902**
Beneficial interest in trust	**21,727**	**(250)**	**21,477**	**210,941**	**(2,427)**	**208,514**
	¥24,134	**¥ (251)**	**¥23,883**	**$234,310**	**$ (2,436)**	**$231,873**
	¥68,838	**¥8,990**	**¥77,828**	**$668,330**	**$87,281**	**$755,611**

	Japanese yen (millions)		
	2013		
	Acquisition costs and amortized costs	Gross gains (losses)	Fair value
Held-to-maturity securities with gross unrealized holding gains:			
Government bonds	¥ 199	¥ 7	¥ 206
	¥ 199	¥ 7	¥ 206
Held-to-maturity securities with gross unrealized holding losses:			
Government bonds	¥ 32	¥ (0)	¥ 32
	¥ 32	¥ (0)	¥ 32
	¥ 231	¥ 7	¥ 238
Available-for-sale securities with gross unrealized holding gains:			
Equity securities	¥ 3,045	¥ 1,621	¥ 4,666
Government bonds	5,899	13	5,913
Municipal bonds	321	1	323
Corporate bonds	302	0	302
Beneficial interest in trust	41,689	8,529	50,219
Preferred equity securities	500	1	501
	¥51,758	¥10,168	¥61,927
Available-for-sale securities with gross unrealized holding losses:			
Government bonds	¥ 1,099	¥ (0)	¥ 1,099
Corporate bonds	200	(0)	200
Beneficial interest in trust	27,452	(50)	27,401
	¥28,752	¥ (50)	¥28,701
	¥80,511	¥10,117	¥90,629

Proceeds from sale of available-for-sale securities for the years ended March 31, 2014 and 2013 were ¥65 million ($631 thousand) and ¥592 million, respectively. The gross realized gains on the sale for the years ended March 31, 2014 and 2013 were ¥45 million ($436 thousand) and ¥88 million, respectively.

The gross realized losses on the sale for the years ended March 31, 2014 and 2013 were ¥0 million ($0 thousand) and ¥1 million, respectively.

Write-down of available-for-sale securities

For the years ended March 31, 2014 and 2013, available-for-sale securities was written down and losses on valuation of investment securities were ¥1 million ($9 thousand) and ¥12 million, respectively.

Available-for-sale securities is subject to write-downs when its fair values have declined 50% or more from acquisition costs or the decline is determined to be other than temporary.

It is not practicable to estimate the fair value of investments in non-marketable securities because of the lack of market price and difficulty in estimating fair value without incurring excessive cost. Unlisted shares at March 31, 2014 and 2013 amounted to ¥18,451 million ($179,135 thousand) and ¥20,715 million, respectively. Other amounted to ¥20 million ($194 thousand) and ¥33 million at March 31, 2014 and 2013, respectively.

Liabilities

(1) Trade payables, (3) commercial paper and (4) accrued payables

As the settlement term of these instruments is short and their fair values and carrying amounts are similar, their carrying amounts are deemed to be their fair values.

(2) Short-term bank loans

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

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

(5) Bonds

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

(6) Long-term debt and (7) long-term obligation for securitized lease receivables

The Company assumes that fair values of long-term loans payable with floating interest rates are similar to their carrying amounts, as such rates reflect market interest rates over the short term, and the Company's credit conditions have not changed significantly after these loans commenced.

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

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

Derivative transactions

1) Hedge accounting not applied

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

Credit risk

		Japanese yen (millions)				U.S. dollars (thousands)			
		2014				**2014**			
Category	Transaction type	Contract amounts	Of which, longer than one year	Fair value	Valuation gain (loss)	Contract amounts	Of which, longer than one year	Fair value	Valuation gain (loss)
Non-market transactions	Credit default swap	**¥1,235**	**¥1,235**	**¥(6)**	**¥(6)**	**$11,990**	**$11,990**	**$(58)**	**$(58)**
Total		**¥1,235**	**¥1,235**	**¥(6)**	**¥(6)**	**$11,990**	**$11,990**	**$(58)**	**$(58)**

Interest rate related:

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

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

2) Hedge accounting applied

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

(1) Currency-related

			Japanese yen (millions)			U.S. dollars (thousands)		
			2014			**2014**		
Hedge accounting method	Transaction type	Principal hedged item	Contract amounts	Of which, longer than one year	Fair value	Contract amounts	Of which, longer than one year	Fair value
Cash flow hedge*1	Currency swap	Long-term debt and medium-term notes	**¥217,782**	**¥145,469**	**¥(15,224)**	**$2,114,388**	**$1,412,320**	**$(147,805)**
Fair value hedge*1	Currency swap	Long-term debt and medium-term notes	**29,471**	**28,176**	**(4,810)**	**286,126**	**273,553**	**(46,699)**
Foreign exchange forward designation method*2	Foreign exchange forward selling USD	Accounts receivable	**1,203**	**—**	**—**	**11,679**	**—**	**—**
Total			**¥248,457**	**¥173,646**	**¥(20,035)**	**$2,412,203**	**$1,685,883**	**$(194,514)**

			Japanese yen (millions)		
			2013		
Hedge accounting method	Transaction type	Principal hedged item	Contract amounts	Of which, longer than one year	Fair value
Cash flow hedge*1	Currency swap	Long-term debt and medium-term notes	¥119,824	¥78,308	¥(1,974)
Fair value hedge*1	Currency swap	Long-term debt and medium-term notes	24,750	19,232	(733)
Foreign exchange forward designation method*2	Foreign exchange forward selling USD	Accounts receivable	33	—	—
Total			¥144,607	¥97,540	¥(2,708)

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

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

(2) Interest-related

			Japanese yen (millions)			U.S. dollars (thousands)		
			2014			**2014**		
Hedge accounting method	Transaction type	Principal hedged item	Contract amounts	Of which, longer than one year	Fair value	Contract amounts	Of which, longer than one year	Fair value
Cash flow hedge*1	Interest rate swap transactions Fixed payment, floating receipt	Long-term debt, short-term bank loans and medium-term notes	**¥156,592**	**¥105,090**	**¥394**	**$1,520,310**	**$1,020,291**	**$3,825**
Interest rate swap with exceptional accounting*2	Interest rate swap transactions							
	Floating payment, fixed receipt	Long-term debt	**10,000**	**10,000**	**—**	**97,087**	**97,087**	**—**
	Fixed payment, floating receipt	Long-term debt	**1,000**	**—**	**—**	**9,708**	**—**	**—**
	Floating payment, floating receipt	Long-term debt	**18,000**	**3,000**	**—**	**174,757**	**29,126**	**—**
Total			**¥185,592**	**¥118,090**	**¥394**	**$1,801,864**	**$1,146,504**	**$3,825**

			Japanese yen (millions)		
			2013		
Hedge accounting method	Transaction type	Principal hedged item	Contract amounts	Of which, longer than one year	Fair value
Cash flow hedge*1	Interest rate swap transactions Fixed payment, floating receipt	Long-term debt, short-term bank loans and medium-term notes	¥ 85,771	¥67,363	¥(893)
Interest rate swap with exceptional accounting*2	Interest rate swap transactions				
	Floating payment, fixed receipt	Long-term debt	10,000	10,000	—
	Fixed payment, floating receipt	Long-term debt	10,000	—	—
	Floating payment, floating receipt	Long-term debt	18,000	18,000	—
Total			¥123,771	¥95,363	¥(893)

*1 Method of calculating fair value of cash flow hedge
Fair value is calculated based on the values indicated by the financial institutions handling these transactions for the Company.

*2 Method of calculating fair value of interest rate swap with exceptional accounting
As accounting for the hedged item is handled together with long-term debt, fair value is included in that of the corresponding long-term debt.

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

	Japanese yen (millions)					
	2014					
	Within 1 year	More than 1 year, within 2 years	More than 2 years, within 3 years	More than 3 years, within 4 years	More than 4 years, within 5 years	More than 5 years
Cash on hand and at bank	**¥ 31,023**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ —**
Notes and accounts receivable-trade, including amounts maturing after one year	**529,725**	**161,235**	**106,859**	**61,841**	**32,383**	**63,256**
Investment in direct finance leases	**233,732**	**182,640**	**141,411**	**93,888**	**47,736**	**86,143**
Short-term investments and investments in securities						
Bonds held to maturity	**—**	**232**	**—**	**—**	**—**	**—**
Available-for-sale securities with maturities	**6,000**	**500**	**200**	**600**	**900**	**900**
Total	**¥800,480**	**¥344,608**	**¥248,470**	**¥156,329**	**¥81,020**	**¥150,300**

	U.S. dollars (thousands)					
	2014					
	Within 1 year	More than 1 year, within 2 years	More than 2 years, within 3 years	More than 3 years, within 4 years	More than 4 years, within 5 years	More than 5 years
Cash on hand and at bank	**$ 301,194**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Notes and accounts receivable-trade, including amounts maturing after one year	**5,142,961**	**1,565,388**	**1,037,466**	**600,398**	**314,398**	**614,135**
Investment in direct finance leases	**2,269,242**	**1,773,203**	**1,372,922**	**911,533**	**463,456**	**836,339**
Short-term investments and investments in securities						
Bonds held to maturity	**—**	**2,252**	**—**	**—**	**—**	**—**
Available-for-sale securities with maturities	**58,252**	**4,854**	**1,941**	**5,825**	**8,737**	**8,737**
Total	**$7,771,650**	**$3,345,708**	**$2,412,330**	**$1,517,757**	**$786,601**	**$1,459,223**

	Japanese yen (millions)					
	2013					
	Within 1 year	More than 1 year, within 2 years	More than 2 years, within 3 years	More than 3 years, within 4 years	More than 4 years, within 5 years	More than 5 years
Cash on hand and at bank	¥ 22,561	¥ —	¥ —	¥ —	¥ —	¥ —
Notes and accounts receivable-trade, including amounts maturing after one year	461,717	108,689	62,405	32,577	13,587	28,015
Investment in direct finance leases	182,167	119,943	95,139	70,621	27,819	76,746
Short-term investments and investments in securities						
Bonds held to maturity	—	—	232	—	—	—
Available-for-sale securities with maturities	6,700	300	500	200	300	300
Total	¥673,145	¥228,932	¥158,277	¥103,399	¥41,706	¥105,061

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

	Japanese yen (millions)					
	2014					
	Within 1 year	More than 1 year, within 2 years	More than 2 years, within 3 years	More than 3 years, within 4 years	More than 4 years, within 5 years	More than 5 years
Short-term bank loans	**¥150,577**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ —**
Commercial paper	**171,220**	**—**	**—**	**—**	**—**	**—**
Bonds	**106,757**	**57,760**	**61,529**	**77,808**	**55,318**	**62,303**
Long-term debt	**169,062**	**150,880**	**183,294**	**85,220**	**53,901**	**59,195**
Total	**¥597,617**	**¥208,640**	**¥244,823**	**¥163,029**	**¥109,219**	**¥121,499**

	U.S. dollars (thousands)					
	2014					
	Within 1 year	More than 1 year, within 2 years	More than 2 years, within 3 years	More than 3 years, within 4 years	More than 4 years, within 5 years	More than 5 years
Short-term bank loans	**$1,461,912**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Commercial paper	**1,662,330**	**—**	**—**	**—**	**—**	**—**
Bonds	**1,036,475**	**560,776**	**597,368**	**755,417**	**537,067**	**604,883**
Long-term debt	**1,641,378**	**1,464,854**	**1,779,553**	**827,378**	**523,310**	**574,708**
Total	**$5,802,106**	**$2,025,631**	**$2,376,922**	**$1,582,805**	**$1,060,378**	**$1,179,601**

	Japanese yen (millions)					
	2013					
	Within 1 year	More than 1 year, within 2 years	More than 2 years, within 3 years	More than 3 years, within 4 years	More than 4 years, within 5 years	More than 5 years
Short-term bank loans	¥137,776	¥ —	¥ —	¥ —	¥ —	¥ —
Commercial paper	138,626	—	—	—	—	—
Bonds	42,561	102,743	47,561	28,002	61,433	10,000
Long-term debt	83,538	160,761	120,053	94,655	38,357	26,565
Total	¥402,503	¥263,504	¥167,614	¥122,657	¥99,791	¥36,565

(27) COMMITMENT AND CONTINGENCIES

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

	Japanese yen (millions)		U.S. dollars (thousands)
	2014	2013	**2014**
Total revolving lines of credit available	**¥40,304**	¥40,450	**$391,300**
Amount utilized	**5,252**	5,398	**50,990**
Balance available	**¥35,052**	¥35,052	**$340,310**

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

Other guaranteed liabilities are as follows:

Guaranteed liabilities concerning the sale of receivables of a foreign subsidiary amounted to ¥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 ¥20,000 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

1. Name of the acquired company and the description of the business
   Name of the acquired company: NBL Co., Ltd.
   Type of business: General leasing business
2. Main reason of business combination
   To aim at a fundamental business enhancement through the integration of the Company's vendor lease-related major business with NBL
3. Date of business combination
   April 1, 2013
4. Legal form of business combination
   Acquisition of stock
5. Name after combination
   NBL Co., Ltd.
6. Ratio of acquired voting rights
   Voting rights held immediately before stock acquisition: 40%
   Ratio of additional voting rights acquired on the date of business acquisition: 60%
   Voting rights ratio after the acquisition: 100%
7. Basis for the determination of the acquired company
   The Company acquired 100% of the voting rights 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 common stock of NBL Co., Ltd. held immediately before stock acquisition: ¥1,600 million ($15,533 thousand)
The fair value of additional common stock of NBL Co., Ltd. acquired on the date of business acquisition: ¥2,400 million ($23,300 thousand)
Acquisition cost of the acquired company: ¥4,000 million ($38,834 thousand)

(4) The difference between acquisition cost of the acquired company and the total of acquisition cost by transactions
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	¥187,701 million ($1,822,339 thousand)
Non-current assets	¥5,944 million ($57,708 thousand)
Total assets	¥193,646 million ($1,880,058 thousand)
Current liabilities	¥154,424 million ($1,499,262 thousand)
Non-current liabilities	¥33,450 million ($324,757 thousand)
Total liabilities	¥187,875 million ($1,824,029 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 services" and "Global businesses." 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," "the Americas," "China," and "ASEAN." "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)

	Japanese yen (millions)										
	Reporting segments										
	Japan										
	Account Solution	Vendor Solution	Europe	The Americas	China	ASEAN	Subtotal	Others (Note 1)	Total	Adjustment (Note 2) (Note 3)	Consolidated statement of income
Revenues											
Revenues from third parties	**¥45,797**	**¥16,609**	**¥31,133**	**¥4,695**	**¥12,493**	**¥7,134**	**¥117,862**	**¥12,093**	**¥129,956**	**¥(1,976)**	**¥127,979**
Intersegment revenues											
Revenues and transfers	**2,005**	**(20)**	**—**	**—**	**—**	**—**	**1,985**	**1,712**	**3,697**	**(3,697)**	**—**
Total	**¥47,802**	**¥16,589**	**¥31,133**	**¥4,695**	**¥12,493**	**¥7,134**	**¥119,847**	**¥13,805**	**¥133,653**	**¥(5,674)**	**¥127,979**
Segment profit	**¥14,618**	**¥ 3,444**	**¥11,029**	**¥1,193**	**¥ 3,436**	**¥ 12**	**¥ 33,734**	**¥ 2,138**	**¥ 35,872**	**¥(3,274)**	**¥ 32,598**

	U.S. dollars (thousands)										
	Reporting segments										
	Japan										
	Account Solution	Vendor Solution	Europe	The Americas	China	ASEAN	Subtotal	Others (Note 1)	Total	Adjustment (Note 2) (Note 3)	Consolidated statement of income
Revenues											
Revenues from third parties	**$444,631**	**$161,252**	**$302,262**	**$45,582**	**$121,291**	**$69,262**	**$1,144,291**	**$117,407**	**$1,261,708**	**$(19,184)**	**$1,242,514**
Intersegment revenues											
Revenues and transfers	**19,466**	**(194)**	**—**	**—**	**—**	**—**	**19,271**	**16,621**	**35,893**	**(35,893)**	**—**
Total	**$464,097**	**$161,058**	**$302,262**	**$45,582**	**$121,291**	**$69,262**	**$1,163,563**	**$134,029**	**$1,297,601**	**$(55,087)**	**$1,242,514**
Segment profit	**$141,922**	**$ 33,436**	**$107,077**	**$11,582**	**$ 33,359**	**$ 116**	**$ 327,514**	**$ 20,757**	**$ 348,271**	**$(31,786)**	**$ 316,485**

Notes: 1 "Others" include business segments not included in any other reporting segments and include companies to transform the structure through development and revitalization of business.
2 Adjustment of segment revenues of ¥(1,976) million ($(19,184) thousand) mainly consist of revenues from liquidation of receivables which are not allocated to reporting segments.
3 Adjustment of segment profit of ¥(3,274) million ($(31,786) thousand) includes elimination of intra-segment transaction and dividends from consolidated subsidiaries of ¥3,083 million ($29,932 thousand) and company-wide expenses not allocated to reporting segments of ¥(6,357) million ($(61,718) thousand).
The company-wide expenses mainly consist of general and administrative expenses not allocated to reporting segments.
4. The segment profit (or loss) is adjusted to the operating income of consolidated statements of income.
5. Assets are 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.

	51th	52th	53th
(1) Total issue amount	¥20,000 million	¥15,000 million	¥15,000 million
(2) Issue price	¥100 per ¥100 bond face value		
(3) Payment date	June 3, 2014		
(4) Redemption date	Entire amount is redeemable on June 20, 2019	Entire amount is redeemable on June 18, 2021	Entire amount is redeemable on March 19, 2024
(5) Interest rate	0.309% per annum	0.508% per annum	0.815% per annum
(6) Application of funds	Redemption of short-term bonds		

Independent Auditor's Report

The Board of Directors
Hitachi Capital Corporation

We have audited the accompanying consolidated financial statements of Hitachi Capital Corporation (the "Company") and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 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 used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hitachi Capital Corporation and its consolidated subsidiaries as at March 31, 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

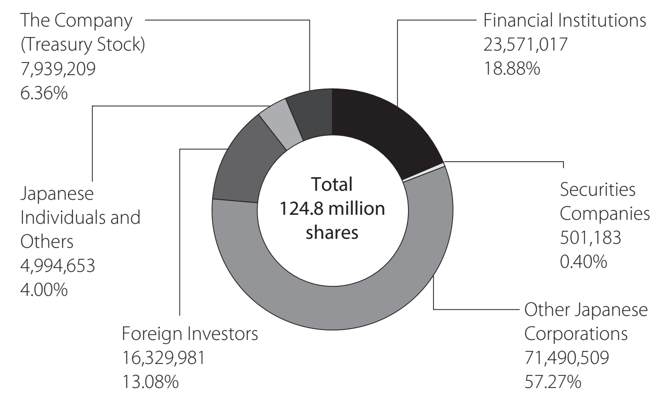
We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 2.

Ernst & Young ShinNihon LLC

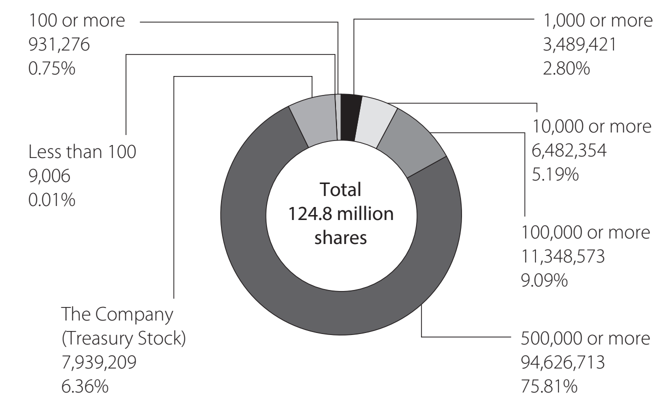
June 27, 2014
Tokyo, Japan

Investor Information (As of March 31, 2014)

Composition of Shareholders (Shares)



Number of Shares Owned (Shares)



Major Shareholders

	Number of shares owned (thousands)	Ratio of shareholding (%)
Hitachi, Ltd.	68,378	58.50
Japan Trustee Services Bank, Ltd. (Trust Account)	5,976	5.11
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,472	4.68
Hitachi High-Technologies Corporation	2,325	1.99
The Nomura Trust and Banking Co., Ltd. (Trust Account)	1,215	1.04
Japan Trustee Services Bank, Ltd. (Trust Account 2)	1,213	1.04
Japan Trustee Services Bank, Ltd. (Trust Account 6)	1,184	1.01
Japan Trustee Services Bank, Ltd. (Trust Account 1)	1,135	0.97
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,082	0.93
Japan Trustee Services Bank, Ltd. (Trust Account 3)	1,055	0.90
Total	89,039	76.18

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

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

Founded
1957 (Incorporated in 1960)

Number of Employees
Consolidated: 5,280

Volume of Business
¥1,954,341 million

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

Shareholders
5,971

Stock Listing
Tokyo Stock Exchange

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-kita 1-chome,
Chiyoda-ku, Tokyo 102-0073

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

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

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

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

Hitachi Wind Power Ltd.
15-12, Nishi Shimbashi 2-chome,
Minato-ku, Tokyo 105-0003

Hitachi Capital Services Co., Ltd.*
5-10, Iidabashi 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

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

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

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.
Kiln House, Kiln Road, Newbury,
Berkshire, RG14 2NU, UK

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

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 Sidbec 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

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111 Somerset Road #11-05
TripleOne Somerset
Singapore 238164

PT. Arthaasia Finance
Kencana Tower Building 5th & 6th Floor
Business Park Kebon Jeruk, Jl. Raya
Meruya Ilir No.88 Kebon Jeruk Jakarta
Barat 11620, Indonesia

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