

CONSOLIDATED STATEMENTS OF CASH FLOWS

Hitachi Capital Corporation and Subsidiaries
Years ended March 31, 2007, 2006 and 2005

	Japanese yen (millions)			U.S. dollars (thousands) (Note 2)
	2007	2006	2005	2007
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income before income taxes and minority interests	¥ 26,347	¥ 26,129	¥ 24,132	\$ 223,279
Depreciation	553,423	540,888	513,148	4,690,025
Interest and dividend income	(977)	(308)	(344)	(8,279)
Interest expense	23,817	20,159	19,814	201,838
Gain on sale of securities	(1,197)	(137)	(84)	(10,144)
Decrease (increase) in trade receivables	5,507	(111,368)	(42,425)	46,669
Loss on sale of equipment for lease	2,342	2,064	2,023	19,847
Acquisition of equipment for lease	(612,698)	(645,821)	(633,121)	(5,192,355)
Proceeds from sale of equipment for lease	53,410	57,614	53,279	452,627
Increase (decrease) in trade payables	28,565	48,815	(39,988)	242,076
Cash provided by asset backed securitization	1,231,992	1,232,315	1,081,081	10,440,610
Payment for asset backed securitization	(1,210,071)	(1,076,891)	(933,862)	(10,254,838)
Decrease in retirement and severance benefits	(102)	(32)	(235)	(864)
Other	4,249	(16,104)	(3,046)	36,008
Income taxes paid	(9,194)	(8,373)	(2,737)	(77,915)
Net cash provided by operating activities	95,412	68,948	37,635	808,576
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale of short-term investments	49	299	111	415
Purchase of investments in securities and subsidiaries' common stock	(1,638)	(2,887)	(5,092)	(13,881)
Acquisition of subsidiaries	—	541	(1,537)	—
Proceeds from sale of investments in securities	1,119	248	937	9,483
Capital expenditure	(3,830)	(2,775)	(2,954)	(32,457)
Proceeds from sale of capital assets	221	52	25	1,872
Interest and dividend received	1,017	238	258	8,618
Payment for acquisition of business assets	(2,455)	—	—	(20,805)
Net cash used in investing activities	(5,516)	(4,281)	(8,252)	(46,745)
CASH FLOWS FROM FINANCING ACTIVITIES:				
(Decrease) increase in short-term bank loans	(13,920)	3,370	9,670	(117,966)
(Decrease) increase in commercial paper	(63,740)	6,797	31,997	(540,169)
Proceeds from long-term borrowings	137,905	151,137	148,406	1,168,686
Payments of long-term borrowings	(126,351)	(189,262)	(226,209)	(1,070,771)
Interest paid	(22,369)	(20,285)	(21,085)	(189,567)
Purchase of treasury stock	(4)	(2,267)	(16,246)	(33)
Proceeds from sales of treasury stock	—	0	0	—
Dividends paid to stockholders	(4,208)	(4,111)	(3,887)	(35,661)
Dividends paid to minority stockholders of subsidiaries	(363)	(314)	(280)	(3,076)
Other	(38)	(23)	(170)	(322)
Net cash used in financing activities	(93,092)	(54,957)	(77,805)	(788,915)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	243	198	234	2,059
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,953)	9,908	(48,187)	(25,025)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	84,982	75,074	123,262	720,186
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 15)	¥ 82,029	¥ 84,982	¥ 75,074	\$ 695,161

See accompanying notes to consolidated financial statements.