

CONSOLIDATED STATEMENTS OF CASH FLOWS

Hitachi Capital Corporation and Subsidiaries
Years ended March 31, 2008, 2007 and 2006

	Japanese yen (millions)			U.S. dollars (thousands) (Note 2)
	2008	2007	2006	2008
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income before income taxes and minority interests	¥ 20,504	¥ 26,347	¥ 26,129	\$ 205,040
Depreciation	550,792	553,423	540,888	5,507,920
Loss on impairment of fixed assets	578	—	—	5,780
Loss on impairment of investments in securities	1,516	48	4	15,160
Interest and dividend income	(1,546)	(977)	(308)	(15,460)
Interest expense	26,988	23,817	20,159	269,880
Gain on sale of securities	(141)	(1,197)	(137)	(1,410)
(Increase) decrease in trade receivables	(55,139)	5,507	(111,368)	(551,390)
(Gain) loss on sale of equipment for lease	(1,008)	2,342	2,064	(10,080)
Acquisition of equipment for lease	(589,882)	(612,698)	(645,821)	(5,898,820)
Proceeds from sale of equipment for lease	58,367	53,410	57,614	583,670
Increase in trade payables	27,629	28,565	48,815	276,290
Cash provided by asset backed securitization	1,306,386	1,231,992	1,232,315	13,063,860
Payment for asset backed securitization	(1,236,648)	(1,210,071)	(1,076,891)	(12,366,480)
Decrease in retirement and severance benefits	(98)	(102)	(32)	(980)
Other	28,021	4,200	(16,109)	280,210
Income taxes paid	(8,973)	(9,194)	(8,373)	(89,730)
Net cash provided by operating activities	127,347	95,412	68,948	1,273,470
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale of short-term investments	2,280	49	299	22,800
Purchase of investments in securities and subsidiaries' common stock	(12,567)	(1,638)	(2,887)	(125,670)
Acquisition of subsidiaries	—	—	541	—
Proceeds from sale of investments in securities	1,292	1,119	248	12,920
Capital expenditure	(4,585)	(3,830)	(2,775)	(45,850)
Proceeds from sale of capital assets	443	221	52	4,430
Interest and dividend received	1,730	1,017	238	17,300
Payment for acquisition of business assets	—	(2,455)	—	—
Net cash used in investing activities	(11,406)	(5,516)	(4,281)	(114,060)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Increase (decrease) in short-term bank loans	5,267	(13,920)	3,370	52,670
(Decrease) increase in commercial paper	(93,714)	(63,740)	6,797	(937,140)
Proceeds from long-term borrowings	152,195	137,905	151,137	1,521,950
Payments of long-term borrowings	(128,631)	(126,351)	(189,262)	(1,286,310)
Interest paid	(26,976)	(22,369)	(20,285)	(269,760)
Purchase of treasury stock	(1)	(4)	(2,267)	(10)
Proceeds from sale of treasury stock	—	—	0	—
Dividends paid to stockholders	(4,675)	(4,208)	(4,111)	(46,750)
Dividends paid to minority stockholders of subsidiaries	(300)	(363)	(314)	(3,000)
Other	(180)	(38)	(23)	(1,800)
Net cash used in financing activities	(97,017)	(93,092)	(54,957)	(970,170)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(585)	243	198	(5,850)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	18,337	(2,953)	9,908	183,370
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	82,029	84,982	75,074	820,290
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 16)	¥ 100,366	¥ 82,029	¥ 84,982	\$ 1,003,660

See accompanying notes to consolidated financial statements.