

CONSOLIDATED STATEMENTS OF CASH FLOWS

Hitachi Capital Corporation and Subsidiaries
Years ended March 31, 2010, 2009 and 2008

	Japanese yen (millions)			U.S. dollars (thousands) (Note 2)
	2010	2009	2008	2010
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income before income taxes and minority interests	¥ 13,370	¥ 21,812	¥ 20,504	\$ 143,763
Depreciation	85,910	120,759	550,792	923,763
Gain on transfer of lease receivables associated with change in accounting standard	—	(25,703)	—	—
Gain on change in accounting policy of revenues from installment transactions	—	(895)	—	—
Loss on change in accounting policy of revenues from affiliated loans	—	7,348	—	—
Bad debts expenses for lease transactions	—	1,414	—	—
Loss on change in accounting policy of maintenance cost for lease transactions	—	646	—	—
Impairment loss	—	3,206	578	—
Loss on valuation of investment securities	10	1,001	1,516	107
Provision for loss on disposal of assets for lease transactions	—	5,722	—	—
Loss on transfer of business	—	1,403	—	—
Depreciation of goodwill	912	1,185	705	9,806
Interest and dividend income	(944)	(1,744)	(1,546)	(10,150)
Interest expense	17,653	25,252	26,988	189,817
Gain on sale of securities	(509)	(10)	(141)	(5,473)
(Increase) decrease in investment in financing leases	(48,748)	(31,364)	—	(524,172)
Increase (Decrease) in allowance for doubtful accounts	304	1,094	371	3,268
Increase (Decrease) in allowance for losses on loan guarantees	1,400	(500)	100	15,053
(Increase) decrease in notes and accounts receivable-trade	32,673	(51,625)	(55,139)	351,322
(Gain) loss on sale of equipment for lease	(4,622)	(206)	(1,008)	(49,698)
Acquisition of equipment for lease	(78,124)	(97,128)	(589,882)	(840,043)
Proceeds from sale of equipment for lease	95,348	56,097	58,367	1,025,247
Increase (Decrease) in trade payables	576	(39,835)	27,629	6,193
Cash provided by asset backed securitization	—	—	1,306,386	—
Payments for asset backed securitization	—	—	(1,236,648)	—
(Decrease) increase in accounts payable of collection under fluidity receivables	(63,688)	—	—	(684,817)
(Decrease) increase in retirement and severance benefits	(45)	(353)	(98)	(483)
Other	(3,651)	52,193	26,844	(39,258)
Income taxes paid	(17,920)	(7,605)	(8,973)	(192,688)
Net cash provided by operating activities	29,904	42,164	127,347	321,548
CASH FLOWS FROM INVESTING ACTIVITIES:				
Payments into time deposits	(3,600)	—	—	(38,709)
Proceeds from withdrawal of time deposits	1,100	—	—	11,827
Purchase of short-term investments	(7,696)	(17,786)	—	(82,752)
Proceeds from sale of short-term investments	10,232	15,019	2,280	110,021
Purchase of investments in securities	(1,146)	(286)	(2,854)	(12,322)
Proceeds from sales and repayment of investment securities	803	1,670	1,292	8,634
Purchase of investments in subsidiaries	—	(16)	(9,712)	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(84)	(3,382)	—	(903)
Purchase of equipment for company use	(371)	(474)	(1,901)	(3,989)
Purchase of other intangible fixed assets	(1,680)	(3,904)	(2,683)	(18,064)
Interest and dividend received	958	1,644	1,730	10,301
Other	170	434	443	1,827
Net cash used in investing activities	(1,313)	(7,079)	(11,406)	(14,118)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Increase (Decrease) in short-term bank loans, net	(18,747)	57,523	5,267	(201,580)
Increase (Decrease) in commercial paper, net	(99,155)	76,307	(93,714)	(1,066,182)
Proceeds from long-term borrowings	155,267	110,935	58,796	1,669,537
Payments of long-term borrowings	(87,204)	(84,284)	(44,857)	(937,677)
Issuance of bond	125,116	109,982	93,218	1,345,333
Redemption of bond	(122,699)	(123,346)	(83,774)	(1,319,344)
Interest paid	(18,251)	(25,236)	(26,976)	(196,247)
Acquisition of treasury stock	(1)	(0)	(1)	(10)
Dividends paid to stockholders	(3,857)	(4,208)	(4,675)	(41,473)
Dividends paid to minority stockholders of subsidiaries	(8)	(8)	(300)	(86)
Net cash provided by (used in) financing activities	(69,540)	117,664	(97,017)	(747,741)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	234	(1,243)	(585)	2,516
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(40,714)	151,505	18,337	(437,784)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	251,872	100,366	82,029	2,708,301
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 15)	¥ 211,157	¥ 251,872	¥ 100,366	\$ 2,270,505

See accompanying notes to consolidated financial statements