

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, 2010 have been translated into U.S. dollars at the rate of ¥93 to \$1, the approximate exchange rate at March 31,

2010. 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 ¥93 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:

Okinawa Hitachi Capital Corporation, Hitachi Capital Servicer Corporation, Hitachi Capital Services Co., Ltd., Hitachi Capital Auto Lease Corporation, Hitachi Capital Securities Co., Ltd., Hitachi Triple Win Corp., Sekisui Leasing Co., Ltd., Hitachi Capital Insurance Corporation, Hitachi Capital Trust Corporation, Hitachi Capital (UK) PLC, Hitachi Capital Vehicle Solutions Ltd., Robinsons Garage (Aylestone) Ltd., Hitachi Capital Invoice Finance Ltd., Hitachi Capital Insurance Europe Ltd., Hitachi Capital America Corp., Hitachi Capital (Hong Kong) Ltd., Hitachi Capital Singapore Pte. Ltd., Hitachi Capital Leasing (China) Co., Ltd., Hitachi Capital Management (Thailand) Co., Ltd., and Hitachi Capital (Thailand) Co., Ltd.

Hitachi Capital Invoice Finance Ltd. and Robinsons Garage (Aylestone) Ltd. are now in liquidation.

As a result of the acquisition of additional shares in Financial Bridge Corporation, which was formerly accounted for by the equity method, this company became a consolidated subsidiary and is consequently included in the scope of consolidation. In addition, the Company acquired Iseki Capital Corporation through a business combination, and Hitachi Capital Ayase SC Corporation (now, Hitachi Capital Community Corporation) acquired Gontazaka Square Corp. Accordingly, these companies are excluded from the scope of consolidation. Owing to the conclusion of liquidation proceedings for Trowbridge Vehicle Rentals Ltd., Hitachi Capital Reinsurance Ltd. and Hitachi Capital Credit Management Ltd., these companies are excluded from the scope of consolidation, as is The Driving Instructor Centre Ltd., as the Company has disposed of all its shareholdings in this company.

Hitachi Capital Leasing (China) Co., Ltd. has a December 31 fiscal year-end. Its significant transactions during the period from its fiscal year-end to March 31, which could materially affect the Company's financial position and results of operations, have been adjusted. All significant intercompany accounts have been eliminated in consolidation. The investments in affiliates are stated at its 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 affiliated 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 as the cash sales price of commodities, and revenue is calculated as the net of installments 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 commissions on installment credit facilities, which are computed at predetermined fixed rates based on the number of monthly installments. The commission revenue 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 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 other 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 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. Other 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. Other securities without fair value are carried at cost. In computing realized gain or loss, cost of other securities was principally determined by the moving-average method.

(e) 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.

(f) Residual Value Reserves

Accumulated depreciation includes an allowance for losses on disposal of leased assets upon termination of lease contracts. The Company and subsidiaries provided for the allowance in the amount of ¥1,591 million (\$17,107 thousand) and appropriated for losses on disposal of leased assets in the amount of ¥1,936 million (\$20,817 thousand) for the year ended March 31, 2010. The allowance included in accumulated depreciation was ¥1,987 million (\$21,365 thousand) at March 31, 2010.

(g) 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.

(h) 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, 2010 is to be drawn down as directors retire, when retirement bonus payment amounts are determined.

(i) Foreign Currency Translation

The Company accounts for foreign currency transactions in accordance with "Accounting Standard for Foreign Currency Transaction" 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.

(j) 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.

(k) Appropriation of Retained Earnings

On May 1, 2006, the Japanese Corporate Law went into effect and replaced the Japanese Commercial Code. 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.

(l) 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.

(m) Financial Instruments

The Company accounts for installment accounts receivable in accordance with "Accounting Standards for Financial Instruments" issued by the Business Accounting Deliberation Council. Under this standard, installment accounts receivable is recorded at fair value less unearned income.

(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 a liability or asset until gain or loss relating to the hedge object 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 allocation method and the special method, respectively, which are regulated in the standard. The allocation method requires recognized foreign currency receivables or payables covered by firm foreign currency swap transactions to be translated at such swap rates. Under the special method, interest rate swap transactions are accounted for as if the interest rates under those transactions were originally applied to underlying borrowings and debentures.

(o) Securitization

The Company and subsidiaries have a number of securitization programs. Under those programs, certain financial assets such as lease receivables, notes and accounts receivable-trade are sold to Special Purpose Entities which are funded through the issuance of asset-backed securities to investors. Among the securitizations of lease receivables that are recognized as finance leases, securitizations that satisfy the derecognition of financial assets were treated as financial transactions in the past. However, owing to the application of "Practical Guidelines on Accounting Standards for Financial Instruments" (Revision of Accounting Practice Committee Statement No. 14, March 25, 2008) from the year ended March 31, 2009, portions of leases related to the right to receive lease payments are now accounted for as sale and purchase transactions. With

regard to securitizations that do not satisfy the derecognition of financial assets, the Company accounts for a transfer of investment in direct finance leases as a secured borrowing with pledge of collateral and classifies the borrowing as obligation for securitized lease receivables.

(p) Reclassification

Regarding the securitization of items that were included within "other" in "cash flows from operating activities" for the fiscal year ended March 31, 2009, the net change in payables has been itemized for the fiscal year ended March 31, 2010. The increase in payables resulting from the securitization of items included within "other" in "cash flows from operating activities" for the fiscal year ended March 31, 2009 was ¥76,473 million (\$822,290 thousand).

From the year ended March 31, 2009, the securitizations that satisfy the derecognition of financial assets within the securitization of finance lease transactions previously included in the consolidated statements of cash flows under "cash provided by asset backed securitization" and "payment for asset backed securitization" are treated as sales and purchase transactions. In accordance with this change, cash provided by and settlement of this securitization is classified as "increase (decrease) in investment in direct finance leases" from the year ended March 31, 2009. Accordingly, the amount that was included in securitization of finance lease transactions indicated within "cash provided by asset backed securitization" and "payment for asset backed securitization" for the year ended March 31, 2008, that was not accounted for as sale and purchase transactions, cash provided by and settlement of this securitization, is included in the "other" category within "cash flows from operating activities" for the year ended March 31, 2009. Of securitization of finance lease transactions included in "other" within "cash flows from operating activities" for the year ended March 31, 2009, the amount of cash provided by and settlement of this securitization and the amount that was not accounted for as sale and purchase transactions were ¥19,745 million and negative ¥33,186 million, respectively.

(q) Application of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

The "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18, May 17, 2006), is applied from the year ended March 31, 2009, and the necessary adjustments are made from the standpoint of consolidated accounting. This change has minimal impact on profits and losses.

(r) Application of "Accounting Standard for Lease Transactions"

In the past, finance lease transactions that do not transfer ownership were treated for accounting purposes as operating lease transactions. However, from the year ended March 31, 2009, the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, March 30, 2007, the revised statement by the First Subcommittee of the Business Accounting Council on June 17, 1993) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, March 30, 2009, the revised statement by the Standards Advisory Council of the Japanese Institute of

Certified Public Accountants on January 18, 2009) are applied, and finance lease transactions shall be accounted for in a manner similar to the accounting for ordinary sale and purchase transactions. With respect to finance lease transactions that do not transfer ownership that commenced prior to April 1, 2008 in compliance with the accounting standard for lease transactions, the appropriate book value (less accumulated depreciation) of the fixed assets as at the balance sheet date of the accounting year preceding the initial year of implementation of this accounting standard is recognized as the value of leased assets at the beginning of the year, or the total value of the amount equivalent to interest on these investment in direct finance leases remaining after the implementation of the accounting standard is divided into equal amounts and recognized in each fiscal term over the lease period.

During the year ended March 31, 2009, the impact of these changes on operating income and income before income taxes and minority interests is minimal.

(s) Application of "Practical Guidelines on Accounting Standards for Financial Instruments" (Accounting Practice Committee Statement No. 14, revised March 25, 2008)

The "Practical Guidelines on Accounting Standards for Financial Instruments" (Accounting Practice Committee Statement No. 14, revised March 25, 2008) are applied from the year ended March 31, 2009. As a result, of the securitization of investment in direct finance leases that are recognized as finance lease transactions, securitizations that satisfy the derecognition of financial assets are treated as financial transactions in the past; however, from the year ended March 31, 2009, the portion of lease related to the right to receive lease payments are accounted for as sale and purchase transactions.

For the aforesaid sales and purchase transactions accounted for as sale and purchase transactions, as it was difficult from a practical standpoint to determine the fair value of financial components of all securitization transactions back to their date of actual securitization, these have been treated at their book values as of the beginning of the year ended March 31, 2009.

As a result of these changes, at the beginning of the year ended March 31, 2009, ¥25,703 million was recorded as other income, and during the year ended March 31, 2009, operating income was ¥1,908 million higher than it would have been under the previous method, and income before income taxes and minority interests was ¥27,612 million higher. The impact on the consolidated balance sheets as of the beginning of the year ended March 31, 2009, is indicated below. The impact on segment information is indicated in the appropriate section.

	Japanese yen (millions)
	2009
Current assets	¥ (813,853)
Non-current assets	65,788
Total assets	¥ (748,065)
Current liabilities	¥ (280,157)
Non-current liabilities	(493,612)
Total liabilities	¥ (773,769)

(t) Change in basis of recording customer fee income on installment sales and installment credit obligations

From the year ended March 31, 2009, the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, March 30, 2007, the revised statement by the First Subcommittee of the Business Accounting Council on June 17, 1993) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, March 30, 2007, the revised statement by the Standards Advisory Council of the Japanese Institute of Certified Public Accountants on January 18, 2004) are applied. As a result, the method of recognizing lease transaction revenue changed from an equal basis to an interest method basis. In line with this change, standards for posting installment sales and installment credit obligations that are similar to commercial substance, such as customer fee income on lease transaction, changed from an installment basis to revenue based on the interest method. As a result of this change, as of the beginning of the year ended March 31, 2009, the difference between the posted revenue amount resulting from customer fees on an installment basis and revenue based on the interest method amounted to installment sales of ¥379 million, installment credit obligations of ¥516 million being posted as other income. In addition, compared with the previous method, installment sales pushed up operating income in the year ended March 31, 2009, by ¥16 million, and raised income before income taxes and minority interests by ¥395 million; and installment credit obligations in the year ended March 31, 2009, raised operating income by ¥170 million and increased income before income taxes and minority interests by ¥687 million. The impact on segment information is indicated in the appropriate section.

(u) Change in basis of recording revenue from financial institution guarantees on loan sales through alliances

Revenue from loan sales through alliances comprises guarantee fees received from customers and guarantee commissions received from affiliated financial institutions over the installment period. In the past, guarantee fees received from customers and guarantee commissions received were recorded as a lump sum on a sales basis, and after costs were covered through a reserve allowance. However, owing to the application of the "Accounting Standard for Lease Transactions" and the "Guidance on Accounting Standard for Lease Transactions" from the year ended March 31, 2009, transactions similar to lease transactions, such as the recording of customer fee income on installment sales and installment credit obligations, was changed to recording of revenue based on the interest method. Accordingly, as commercial substance for commissions received from affiliated financial institutions over the installment period are in line with installment sales and installment credit obligations, like standard for recognizing revenues from installment sales and installment credit obligations, revenue recognition was changed based on the interest method.

Owing to this change, as of the beginning of the year ended March 31, 2009, the difference between the amount recorded as a lump sum on a sales basis and the recognized revenue based on the interest method was recorded as an other expense of ¥7,348 million. Compared with the

previous method, in the year ended March 31, 2009, this change had the effect of reducing operating income by ¥908 million and income before income taxes and minority interests by ¥8,257 million. The impact on segment information is indicated in the appropriate section.

(v) Change in recording basis of maintenance expenses on maintenance and lease agreements

Maintenance expenses on maintenance and lease agreements include expenses for repair and maintenance of leased vehicles undertaken by customers under lease agreements. In the past, expenses were recorded as repair and maintenance were incurred. In order for a more appropriate periodical accounting of profit and loss, from the year ended March 31, 2009, this method was changed to a monthly allocation of maintenance expenses over the lease term.

As a result of this change, as of the beginning of the year ended March 31, 2009, an other expense of ¥646 million was recorded. Compared with the previous method, this change had the effect of reducing operating income by ¥38 million and income before income taxes and minority interests by ¥685 million during the year ended March 31, 2009. The impact on segment information is indicated in the appropriate section.

(w) Application of "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No. 19, July 31, 2008)

Owing to the application of the "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No. 19, July 31, 2008) to the consolidated financial statements of consolidated fiscal years beginning on or before March 31, 2009, this standard is applied from the year ended March 31, 2009. As actuarial differences are recorded as expenses in the consolidated fiscal year ended March 31, 2009, this change had no effect on operating income or income before income taxes and minority interests for the year ended March 31, 2009. The unrecorded difference in retirement and severance benefit obligations owing to the application of this accounting standard is minimal.

(4) ASSETS DEPOSITED

As of March 31, 2010, investments in securities of ¥32 million (\$344 thousand) were deposited as operating guarantees, and investments in securities of ¥6 million (\$64 thousand) were pledged as a collateral for the loan of an affiliated company of Hitachi, Ltd. As of March 31, 2009,

investments in securities of ¥32 million were deposited as operating guarantees. Additionally, investments in securities of ¥6 million were pledged as a collateral for the loan of an affiliated company of Hitachi, Ltd.

(5) 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, 2010 and 2009 were ¥413,609 million (\$4,447,408 thousand) and

¥436,153 million, respectively. The activities in the allowance for losses on receivables and guarantees provided for the years ended March 31, 2010 and 2009 are summarized as follows:

	Japanese yen (millions)		U.S. dollars (thousands)
	2010	2009	2010
Balance at beginning of year	¥ 16,274	¥ 13,822	\$ 174,989
Write-off during the year	(9,763)	(7,330)	(104,978)
Provision	11,554	9,216	124,236
Effect of translation adjustments (Note 3 (i))	(163)	565	(1,752)
Balance at end of year:			
Allowance for losses on receivables	13,601	13,374	146,247
Allowance for losses on guarantees	4,300	2,900	46,236
	¥ 17,901	¥ 16,274	\$ 192,483

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

The weighted average interest rates on short-term bank loans outstanding at March 31, 2010 and 2009 were 0.8%

and 1.2%, respectively. Long-term debt at March 31, 2010 and 2009 consisted of the following:

	Japanese yen (millions)		U.S. dollars (thousands)
	2010	2009	2010
Unsecured bonds payable in Japanese yen, due from June 2010 to September 2014, interest ranging from 0.64% to 1.95%	¥ 185,000	¥ 170,000	\$ 1,989,247
Unsecured bonds payable in Japanese yen (for specific institutional investors), due from August 2010 to March 2012, interest ranging from 1.28% to 1.93%	50,000	50,000	537,634
Medium-term notes payable issued by Hitachi Capital America Corp., in euro-dollars, due from April 2010 to March 2015, interest ranging from 0.56% to 1.78%	30,328	29,751	326,107
Medium-term notes payable issued by Hitachi Capital (UK) PLC, in euro-yen and euro-dollars, due from April 2010 to March 2015, interest ranging from 0.43% to 2.78%	59,633	73,828	641,215
Loans from banks and other financial institutions:			
Unsecured, maturing 2010-2026	385,354	318,893	4,143,591
	710,316	642,472	7,637,806
Less current portion	133,671	192,975	1,437,322
	¥ 576,644	¥ 449,498	\$ 6,200,473

The weighted average interest rates on long-term loans from banks and other financial institutions outstanding at March 31, 2010 and 2009, shown above, were 1.6% and

2.1%, respectively. The aggregate annual maturities of long-term debt at March 31, 2010 were as follows:

	Japanese yen (millions)	U.S. dollars (thousands)
Years ending March 31:		
2012	¥ 178,682	\$ 1,921,311
2013	180,685	1,942,849
2014	89,131	958,397
2015	85,717	921,688
2016 and thereafter	42,428	456,215
	¥ 576,644	\$ 6,200,473

As is customary in Japan, both short-term and long-term bank loans are made under general 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.

(a) Hitachi Capital America Corp. established a \$400 million medium-term-note lending program with the Company's

guarantee on October 29, 2003. Amounts of issues exceeding \$400 million are guaranteed through separate applications. The issued note amount was \$325 million as of March 31, 2010.

(b) Hitachi Capital (UK) PLC established a \$1,400 million medium-term euro-note lending program on November 15, 2004. The issued note amount was \$640 million as of March 31, 2010.

(7) TRADE PAYABLES

Trade payables at March 31, 2010 and 2009 were as follows:

	Japanese yen (millions)		U.S. dollars (thousands)
	2010	2009	2010
Notes payable	¥ 1,414	¥ 2,460	\$ 15,204
Accounts payable	208,931	211,363	2,246,569
	<u>¥ 210,345</u>	<u>¥ 213,824</u>	<u>\$ 2,261,774</u>

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. Generally, notes payable become due from 30 to 180 days after the date of issue. The most common terms of maturity are from 30 to 120 days.

(8) INCOME TAXES

Income tax expense attributable to income from continuing operations for the years ended March 31, 2010, 2009 and 2008 consists of the following:

	Japanese yen (millions)			U.S. dollars (thousands)
	2010	2009	2008	2010
Current	¥ 4,240	¥ 17,069	¥ 9,935	\$ 45,591
Deferred	756	(7,364)	(56)	8,129
	<u>¥ 4,997</u>	<u>¥ 9,705</u>	<u>¥ 9,879</u>	<u>\$ 53,731</u>

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 40.5% for the years ended March 31, 2010

and 2009. 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:

	2010	2009
Statutory income tax rate	40.5%	40.5%
Per capita tax	1.0	0.7
Expenses not deductible for tax purposes	2.2	1.3
Difference in statutory tax rates of foreign subsidiaries	(5.1)	(1.8)
Elimination for tax credit on dividend income by consolidation	3.8	6.2
Depreciation of goodwill	2.2	1.9
Other consolidated adjustments without recognized tax effects	0.7	—
Tax credits	(1.2)	(0.8)
Decrease in valuation reserve	(4.8)	(0.2)
Dividends received and other non-taxable items excluded from calculations	(3.1)	(2.2)
Other	1.2	(1.1)
Effective income tax rate	<u>37.4%</u>	<u>44.5%</u>

The effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities

as of March 31, 2010 and 2009 are presented below:

	Japanese yen (millions)		U.S. dollars (thousands)
	2010	2009	2010
Total gross deferred tax assets:			
Depreciation	¥ 12,220	¥ 15,941	\$ 131,397
Allowance for losses on receivables	2,761	2,888	29,688
Allowance for losses on guarantees	1,690	1,039	18,172
Accrued expenses	1,789	1,527	19,236
Net operating loss carryforwards	450	642	4,838
Cumulative revenues from leasing contracts	5,409	2,929	58,161
Accrued business taxes	78	1,097	838
Prepaid expenses	146	183	1,569
Retirement and severance benefits	26	23	279
Valuation loss on other securities	121	513	1,301
Retirement benefits for directors	124	200	1,333
Bad debt write-off	1,663	1,772	17,881
Loss on transfer of business	—	567	—
Other	3,548	5,451	38,150
	30,031	34,779	322,913
Valuation allowance	(2,297)	(3,054)	(24,698)
	27,734	31,724	298,215
Total gross deferred tax liabilities:			
Gains and losses on lease receivable transactions	(8,997)	(10,843)	(96,741)
Net unrealized holding gain on investments in other securities	(4,885)	(966)	(52,526)
Temporary difference related to overseas subsidiaries and other	(709)	(746)	(7,623)
Business tax refunds receivable	(343)	—	(3,688)
Prepaid pension benefit cost	(2,705)	(3,286)	(29,086)
Other	(0)	(183)	(0)
	(17,642)	(16,026)	(189,698)
Net deferred tax assets	¥ 10,091	¥ 15,697	\$ 108,505

As of March 31, 2010 and 2009, 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, 2010 and 2009 are reflected in the accompanying consolidated balance sheets under the following captions:

	Japanese yen (millions)		U.S. dollars (thousands)
	2010	2009	2010
Prepaid expenses and other current assets	¥ 5,147	¥ 5,112	\$ 55,344
Other assets	5,877	11,624	63,193
Other current liabilities	(662)	(746)	(7,118)
Other liabilities	(270)	(291)	(2,903)
Net deferred tax assets	¥ 10,091	¥ 15,697	\$ 108,505

(9) RETIREMENT AND SEVERANCE BENEFITS

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.

The funded status of the Company's pension plans as of March 31, 2010 and 2009 is summarized as follows:

	Japanese yen (millions)		U.S. dollars (thousands)
	2010	2009	2010
Projected benefit obligation	¥ (42,073)	¥ (40,925)	\$ (452,397)
Plan assets at fair value	34,987	30,095	376,204
Funded status	(7,086)	(10,830)	(76,193)
Unrecognized actuarial loss	15,660	21,003	168,387
Unrecognized prior service cost	(1,749)	(2,027)	(18,806)
Net amount recognized in the consolidated balance sheets	¥ 6,823	¥ 8,145	\$ 73,365
Amounts recognized in the consolidated balance sheets consist of:			
Prepaid benefit cost	¥ 11,326	¥ 12,693	\$ 121,784
Accrued benefit cost	(4,502)	(4,548)	(48,408)
	¥ 6,823	¥ 8,145	\$ 73,365

Net periodic benefit cost for the years ended March 31 2010, 2009 and 2008 consisted of the following components:

	Japanese yen (millions)			U.S. dollars (thousands)
	2010	2009	2008	2010
Service cost, net of participants' contributions	¥ 1,361	¥ 1,440	¥ 1,257	\$ 14,634
Interest cost	1,130	1,182	895	12,150
Expected return on plan assets for the period	(1,009)	(1,330)	(1,128)	(10,849)
Amortization of actuarial loss	1,894	1,203	617	20,365
Amortization of prior service cost	(277)	(277)	(277)	(2,978)
Net periodic benefit cost	3,100	2,218	1,364	33,333
Contributions to the defined contribution pension plan	¥ 356	¥ 346	¥ 221	\$ 3,827

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

- Discount rates were 2.0 to 2.5% for the years ended March 31, 2010, 2009 and 2008. The rate was 5.6% for overseas subsidiaries.
- Expected rates of return were 3.0% for the years ended March 31, 2010, 2009 and 2008. The rate was 6.6% for overseas subsidiaries.
- Actuarial loss is amortized using the straight-line method over 5 to 22 years, which is within the estimated average remaining service years of employees.
- Prior service cost is amortized using the straight-line method over 11 to 19 years, which is within the estimated average remaining service years of employees.

(10) STOCKHOLDERS' EQUITY

At March 31, 2010, 58.5% 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.

The Japanese Corporate Law went into effect on May 1, 2006, replacing the Japanese Commercial Code. It is applicable to events or transactions of companies in Japan occurring on or after May 1, 2006 and for fiscal years ending on or after May 1, 2006. 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). Directors' bonuses are charged to income in the fiscal year in which they are accrued, although some subsidiaries previously conventionally accounted for them as appropriation of retained earnings in accordance with Japanese customary practices.

The accompanying consolidated financial statements do not include any provision for the semiannual dividend of ¥15.00 (\$0.16) per share totaling ¥30.00 (\$0.32) subsequently proposed by the Board of Directors with respect to the fiscal year ended March 31, 2010.

(11) 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 Board of Directors' approval. In this connection, acquisition 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. In this connection, sale of treasury stock is allowed under the Company's articles of incorporation.

The changes in treasury stock for the years ended March 31, 2010, 2009 and 2008 are summarized as follows:

	Japanese yen (millions)		U.S. dollars (thousands)
	Number of shares	Amount	Amount
Balance as of March 31, 2007	7,933,379	¥ 14,327	
Purchase of treasury stock	722	1	
Disposal of treasury stock	107	0	
Balance as of March 31, 2008	7,935,994	¥ 14,328	
Purchase of treasury stock	1,522	1	
Disposal of treasury stock	679	0	
Balance as of March 31, 2009	7,936,837	¥ 14,329	\$ 154,075
Purchase of treasury stock	863	1	10
Disposal of treasury stock	8	0	0
Balance as of March 31, 2010	7,937,692	¥ 14,330	\$ 154,086

(12) OTHER INCOME AND OTHER EXPENSES

The details of other income and other expenses for the years ended March 31, 2010 and 2009 are as follows:

	Japanese yen (millions)		U.S. dollars (thousands)
	2010	2009	2010
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	—
Other	540	45	5,806
Other Income	¥ 540	¥ 26,645	\$ 5,806

	Japanese yen (millions)		U.S. dollars (thousands)
	2010	2009	2010
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	—
Extra retirement payments	—	1,587	—
Loss on valuation of investment securities	—	1,001	—
Provision for loss on disposal of assets for lease transactions	—	5,722	—
Loss on transfer of business	—	1,403	—
Other	65	81	698
Other Expenses	¥ 65	¥ 22,413	\$ 698

Bad debts expenses for lease transactions

One of the Company's business partners, a domestic semiconductor company, received acceptance of application for civil rehabilitation proceedings on September 25, 2008. The Company had provided this customer with leased

testing and other equipment. However, the Company estimates that this equipment is unrecoverable, owing to the petition to commence civil rehabilitation proceedings. This amount is recorded as other expenses.

Impairment loss

The Company and its certain subsidiaries have recognized impairment losses on the assets listed below for the year ended March 31, 2009.

Category	Type	Location	Impairment Loss
Assets slated for disposal	Buildings, structures, land	Matsudo-shi, Chiba; Yama-gun, Fukushima; Osaka-shi, Osaka	¥ 679 million
Business-use asset	Leased assets	—*	¥ 1,540 million
Business-use asset (consolidated subsidiary)	Leased assets	—*	¥ 871 million
Business-use asset (consolidated subsidiary)	Other intangible fixed assets	Chiyoda-ku, Tokyo	¥ 115 million

* As lease assets are delivered over a wide-ranging area, locations have been omitted here.

The Hitachi Capital Group principally groups business-use assets in accordance with each company's business categories. Assets or asset management groups for which independent cash flows can be estimated are grouped separately. Assets to be disposed of are grouped as individual assets.

The business-use assets are written down to value in use and recorded as impairment losses in other expenses. Value in use is calculated by discounting future cash flows using discount rates ranging from 5.1% to 12.8%.

Impairment loss on assets to be disposed of was determined by recoverable value and the difference from book value

was recorded as impairment loss in other expenses for the year ended March 31, 2009. The recoverable value is estimated from the net sale or disposal value, which employs the expected sale or disposal value.

Provision for loss on disposal of assets for lease transactions

The estimated loss on disposal of assets corresponding to the estimated residual value on finance lease transactions is recorded in other expenses.

The Company and subsidiaries did not recognize impairment loss for the year ended March 31, 2010.

(13) NET INCOME PER SHARE INFORMATION

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

	Number of shares	
	2010	2009
Weighted average number of shares on which basic net income per share is calculated	116,889,199	116,890,155
Effect of dilutive securities:		
Convertible debentures	—	—
Number of shares on which diluted net income per share is calculated	116,889,199	116,890,155

	Japanese yen (millions)			U.S. dollars (thousands)
	2010	2009	2008	2010
Net income	¥ 8,248	¥ 12,122	¥ 10,722	\$ 88,688
Appropriations for directors' bonuses	—	—	—	—
Net income on which basic net income per share is calculated	8,248	12,122	10,722	88,688
Effect of dilutive securities:				
Stock option granted by a subsidiary	—	—	(4)	—
Net income on which diluted net income per share is calculated	¥ 8,248	¥ 12,122	¥ 10,718	\$ 88,688

Net income per share data:	Japanese yen			U.S. dollars
	2010	2009	2008	2010
Basic	¥ 70.5	¥ 103.7	¥ 91.7	\$ 0.75
Diluted	—	—	91.7	—

(14) RELATED PARTIES

The Company's balances with its parent company, Hitachi Ltd., as of March 31, 2010 and 2009, and related

transactions for the years ended March 31, 2010, 2009 and 2008 are summarized as follows:

	Japanese yen (millions)		U.S. dollars (thousands)	
	2010	2009	2010	
Balances:				
Receivables — current	¥ 8,876	¥ 11,991	\$ 95,440	
Parent company deposit	184,857	227,007	1,987,709	
Receivables — non-current	682	1,025	7,333	
Payables — current	16,935	19,654	182,096	
	Japanese yen (millions)		U.S. dollars (thousands)	
	2010	2009	2008	2010
Transactions:				
Revenue	¥ 20,028	¥ 69,008	¥ 42,298	\$ 215,354
Purchases	36,146	35,740	49,560	388,666
Interest income	734	1,087	757	7,892
Fund transaction, net	42,884	(151,911)	(15,728)	461,118

The Company's balances and related transactions with Hitachi Asset Funding Ltd., which currently has a common parent company, Hitachi Ltd., are outlined below. Hitachi Asset Funding Ltd. was an affiliated company of the Company during the years ended March 31, 2009 and 2008.

	Japanese yen (millions)		U.S. dollars (thousands)	
	2010	2009	2010	
Balances:				
Receivables — current	¥ 6	¥ 53	\$ 64	
Payables — current	54,696	50,739	588,129	
	Japanese yen (millions)		U.S. dollars (thousands)	
	2010	2009	2008	2010
Transactions:				
Revenue	¥ 82	¥ 119	¥ 112	\$ 881
Transfer of receivables	320,591	595,567	487,496	3,447,215
Payments of funds collected	369,467	549,643	485,629	3,972,763

(15) 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, 2010, 2009 and 2008 were as follows:

	Japanese yen (millions)		U.S. dollars (thousands)	
	2010	2009	2008	2010
Cash on hand and at bank	¥ 28,739	¥ 24,865	¥ 26,358	\$ 309,021
Parent company deposit	184,918	227,007	74,008	1,988,365
Total	¥ 213,657	¥ 251,872	¥ 100,366	\$ 2,297,387
Time deposits with a period of more than three months	(2,500)	—	—	(26,881)
Cash and cash equivalents	¥ 211,157	¥ 251,872	¥ 100,366	\$ 2,270,505

(16) SEGMENT INFORMATION

(a) Industry Segment Information

As members of the Hitachi Group, the Company and subsidiaries provide a wide range of financial services to respond to our customers' various needs in manufacturing, commercial and consumer finance. Although there is a wide range of financial services, the Company and subsidiaries have been categorized into two segments: Finance and Other financial services.

(Changes in business categories)

The Hitachi Capital Group strives to enhance its business

foundation to prepare for continuous growth. Specifically, in the area of non-life insurance the Company promotes the "finance business" area that consists mainly of a combined financing function and insurance function as core activities. In the future, the Company plans to develop more business that integrates a finance business aspect. In the "card business," by expanding the settlement services where the Company provides a finance function mainly to corporations, the Company will develop business that integrates to "finance business." As for its "securitization" and "outsourcing" businesses, in order to provide products

and services that meet customers' increasingly diverse needs for financing functions, Group companies and divisions unite as one and develop cooperative sales integrated to "finance business." The Company expects this trend to continue into the future. In the past, the Company classified its finance business into four categories according to the positioning of their ancillary businesses: non-life insurance, card business, securitization service and

outsourcing service. Each of these categories is closely related to the finance business. The Company has combined these categories into the "finance business" segment from the year ended March 31, 2009, as the integration of these categories has been much more progressed.

No segmentation of business categories is indicated for the fiscal years ended March 31, 2009 and 2010.

	Japanese yen (millions)				
	Finance	Other financial services	Total	Elimination and/or corporate	Consolidated
2008					
REVENUES:					
Third party revenues	¥ 109,050	¥ 7,164	¥ 116,215	¥ 970	¥ 117,185
Intersegment revenues	(204)	7,020	6,815	(6,815)	—
Total	108,846	14,184	123,030	(5,844)	117,185
EXPENSES	86,248	11,909	98,157	(3,458)	94,699
OPERATING INCOME	¥ 22,597	¥ 2,275	¥ 24,873	¥ (2,386)	¥ 22,486
Assets	¥ 2,106,876	¥ 302,195	¥ 2,409,071	¥ 38,720	¥ 2,447,791
Depreciation	548,510	252	548,762	2,030	550,792
Addition to fixed assets (tangible and intangible)	592,002	520	592,522	1,945	594,467

- i) Segment categories are defined according to lines of business. (See "Management's Discussion and Analysis.") Other financial services include Credit Card business, Insurance business, Securitization business and Outsourcing business.
- ii) Third party revenue of ¥970 million, shown in the column of Elimination and/or corporate represents interest and dividend income earned by the head office.

- iii) Of the Expenses shown in the column of Elimination and/or corporate, ¥2,817 million represents administrative expenses of the head office.
- iv) Of the Assets shown in the column of Elimination and/or corporate, ¥110,899 million mainly represents extra funds (cash and securities), long-term investments (investments in securities) and assets of the head office.

(b) Geographic Segment Information

	Japanese yen (millions)			U.S. dollars (thousands)
	2010	2009	2008	2010
Revenues				
Japan	¥ 66,488	¥ 75,835	¥ 80,122	\$ 714,924
Europe and North America	24,080	27,323	32,635	258,924
Asia	4,899	4,850	4,500	52,677
Intersegment elimination	(111)	(65)	(72)	(1,193)
Consolidated total	¥ 95,357	¥ 107,943	¥ 117,185	\$ 1,025,344
Expenses				
Japan	¥ 55,132	¥ 58,358	¥ 63,512	\$ 592,817
Europe and North America	24,167	28,515	28,111	259,860
Asia	3,274	3,554	3,147	35,204
Intersegment elimination	(111)	(65)	(72)	(1,193)
Consolidated total	¥ 82,462	¥ 90,362	¥ 94,699	\$ 886,688
Operating income (loss)				
Japan	¥ 11,356	¥ 17,476	¥ 16,610	\$ 122,107
Europe and North America	(86)	(1,191)	4,523	(924)
Asia	1,624	1,295	1,352	17,462
Intersegment elimination	—	—	—	—
Consolidated total	¥ 12,895	¥ 17,580	¥ 22,486	\$ 138,655
Assets				
Japan	¥ 1,328,710	¥ 1,441,927	¥ 2,094,253	\$ 14,287,204
Europe and North America	267,422	284,273	299,894	2,875,505
Asia	68,513	64,339	53,722	736,698
Intersegment elimination	(40)	(42)	(78)	(430)
Consolidated total	¥ 1,664,606	¥ 1,790,497	¥ 2,447,791	\$ 17,898,989

(Application of Practical Guidelines on Accounting Standards for Financial Instruments)

As stated in section (s) of (3) Significant Accounting Policies, the "Practical Guidelines on Accounting Standards for Financial Instruments" (Accounting Practice Committee Statement No. 14, revised March 25, 2008) are applied from the year ended March 31, 2009. Owing to this change, in the year ended March 31, 2009, revenues and operating income in Japan were each ¥1,908 million higher than they would have been under the previous method.

(Change in basis of recording customer fee income on installment sales and installment credit obligations)

As stated in section (t) of (3) Significant Accounting Policies, from the year ended March 31, 2009, the method of recognizing customer fee income on installment sales and installment credit obligations changed to an interest method basis. Owing to this change, in the year ended March 31, 2009, revenues and operating income in Japan were each ¥16 million higher from installment sales and ¥170 million higher from installment credit obligations than they would have been under the previous method.

(Change in basis of recording revenue from financial institution guarantees on loan sales through alliances)

As stated in section (u) of (3) Significant Accounting Policies, from the year ended March 31, 2009, the recognizing of revenue from financial institution guarantees on loan sales through alliances was changed to the interest method. Owing to this change, in the year ended March 31, 2009, revenues and operating income in Japan were each ¥908 million lower than they would have been under the previous method.

(Change in basis of recording maintenance expenses related to maintenance and lease agreements)

As stated in section (v) of (3) Significant Accounting Policies, from the year ended March 31, 2009, the method of recording maintenance expenses was changed to a monthly allocation of maintenance expenses over the lease term. Owing to this change, in the year ended March 31, 2009, revenues and operating income in Japan were each ¥38 million lower than they would have been under the previous method.

(17) LEASE INFORMATION**Finance leases**

Additional lease information as of and for the years ended March 31, 2010 and 2009 is as follows:

(a) Lessee

(i) Acquisition costs, accumulated depreciation and net balance of leased assets at March 31, 2010 and 2009, if they had been capitalized:

	March 31, 2010			U.S. dollars (thousands)	March 31, 2009		
	Japanese yen (millions)	U.S. dollars (thousands)	Net balance		Japanese yen (millions)	U.S. dollars (thousands)	Net balance
Furniture and equipment	¥ 603	¥ 394	¥ 208	\$ 2,236	¥ 643	¥ 276	¥ 366

(ii) Future lease payments (includes non-accrued payments on underwritten leases at year-end):

	March 31		U.S. dollars (thousands)
	Japanese yen (millions)	U.S. dollars (thousands)	
	2010	2009	2010
Within one year	¥ 130	¥ 158	\$ 1,397
Over one year	80	211	860
Total	¥ 211	¥ 369	\$ 2,268

(iii) Comparison of lease payments with depreciation and interest expense, if they had been capitalized:

	For the year ended March 31		U.S. dollars (thousands)
	Japanese yen (millions)	U.S. dollars (thousands)	
	2010	2009	2010
Lease payments	¥ 166	¥ 172	\$ 1,784
Depreciation	158	163	1,698
Interest expense	2	4	21

(iv) Operating lease transactions (lessee)

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

	March 31		U.S. dollars (thousands)
	Japanese yen (millions)	U.S. dollars (thousands)	
	2010	2009	2010
Within one year	¥ 133	¥ 137	\$ 1,430
Over one year	96	217	1,032
Total	¥ 230	¥ 355	\$ 2,473

(b) Lessor

(i) The following table shows the future minimum lease receivables of financing and non-cancelable operating leases as of March 31, 2010 and 2009 and acquisition costs, accumulated depreciation and net balance of leased assets at March 31, 2008 included in equipment held for lease.

In the past, finance lease transactions that do not transfer ownership were treated for accounting purposes as operating lease transactions. However, as it was possible to apply the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, March 30, 2007, the revised

statement by the First Subcommittee of the Business Accounting Council on June 17, 1993) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, March 30, 2007, the revised statement by the Standards Advisory Council of the Japanese Institute of Certified Public Accountants on January 18, 2004) to consolidated financial statements from fiscal years commencing on or after April 1, 2008, these standards are applied from the year ended March 31, 2009, and the accounting treatment of these transactions is as for ordinary sale and purchase transactions.

	March 31		
	Japanese yen (millions)		U.S. dollars (thousands)
	2010	2009	2010
2010	¥ 158,138	¥ 165,674	\$ 1,700,408
2011	117,021	128,454	1,258,290
2012	87,636	93,136	942,322
2013	56,043	60,942	602,612
2014	28,024	32,742	301,333
Thereafter	69,158	63,428	743,634
Total minimum payments to be received	¥ 516,022	¥ 544,379	\$ 5,548,623
Estimated residual value	70,392	79,331	756,903
Unearned income	¥ (59,121)	¥ (59,714)	\$ (635,709)
Investments in direct finance leases	¥ 527,293	¥ 563,995	\$ 5,669,817

	March 31, 2008		
	Japanese yen (millions)		
	Acquisition costs	Accumulated depreciation	Net balance
Equipment held for lease	¥ 2,310,760	¥ 1,093,954	¥ 1,216,806

(ii) Future lease payments to be received (Includes non-accrued payments on underwritten leases at year-end):

	March 31	
	Japanese yen (millions)	
	2008	
Within one year	¥ 396,634	
Over one year	837,475	
Total	¥ 1,234,109	

(iii) Comparison of lease income with depreciation expense and interest income:

	For the year ended March 31	
	Japanese yen (millions)	
	2008	
Lease income	¥ 463,981	
Depreciation	423,961	
Interest income	37,640	

Operating leases**(a) Lessee**

The Company did not have any lease contracts that need to be disclosed as non-cancelable operating leases as of March 31, 2010 and 2009.

(b) Lessor

Future lease payments to be received:

	March 31			
	Japanese yen (millions)		U.S. dollars (thousands)	
	2010	2009	2010	
Within one year	¥ 34,028	¥ 42,485	\$ 365,892	
Over one year	45,952	63,991	494,107	
Total	¥ 79,980	¥ 106,477	\$ 860,000	

(18) 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 variety of financial services in various geographic regions. These services, which are tailored to meet clients' 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. As part of these activities, the Company and its consolidated subsidiaries employ derivative transactions. However, derivative transactions are not employed 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 clients becoming unable to perform their contractual obligations, and the risk of price fluctuations related to interest rate fluctuations. Certain foreign currency receivables also 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, holdings of securities and marketable 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 securities and investment 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 employs 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 employ currency swap transactions to hedge exchange rate fluctuation risk on funds procured in foreign currencies. Such subsidiaries also conduct 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 entail 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 examination, 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 corporate 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. Counterparty 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 of these activities 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 employ currency swap transactions to hedge exchange rate fluctuation risk on funds raised in foreign currencies. 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 employ 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 transaction 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. This arrangement meets internal control requirements in accordance with risk management regulations.

3) Management of liquidity risk related to fund procurement

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. Items pertaining to the fair value of financial instruments," market risk related to derivative financial instruments is not included in the contract amounts of those instruments.

2. Items pertaining to the fair value of financial instruments

Book values as of March 31, 2010, fair values, and differences between the two are indicated below.

Instruments for which fair values are not readily determinable are not included in the table below. Please refer to (5) Short-term investments and investments in securities.

	Japanese yen (millions)			U.S. dollars (thousands)		
	2010	2010	2010	2010	2010	2010
	Book value	Fair value	Difference	Book value	Fair value	Difference
Assets						
(1) Cash on hand and at bank	¥ 28,739	¥ 28,739	¥ —	\$ 309,021	\$ 309,021	\$ —
(2) Notes and accounts receivable-trade	489,254	—	—	5,260,795	—	—
Allowance for loss on receivables (*1)	(9,001)	—	—	(96,784)	—	—
	480,253	502,186	21,932	5,164,010	5,399,849	235,827
(3) Investment in direct finance leases (*2)	456,901	—	—	4,912,913	—	—
Allowance for loss on receivables (*3)	(4,600)	—	—	(49,462)	—	—
	452,301	480,414	28,113	4,863,451	5,165,741	302,290
(4) Parent company deposits	184,918	184,918	—	1,988,365	1,988,365	—
(5) Short-term investments and investments in securities						
1) Bonds held to maturity	231	240	9	2,483	2,580	96
2) Other securities	134,881	134,881	—	1,450,333	1,450,333	—
Total assets	¥ 1,281,325	¥ 1,331,380	¥ 50,055	\$ 13,777,688	\$ 14,315,913	\$ 538,225
Liabilities						
(1) Trade payables	¥ 210,345	¥ 210,345	¥ —	\$ 2,261,774	\$ 2,261,774	\$ —
(2) Short-term bank loans	117,996	118,786	790	1,268,774	1,277,268	8,494
(3) Commercial paper	42,443	42,443	—	456,376	456,376	—
(4) Accrued payables	130,495	130,495	—	1,403,172	1,403,172	—
(5) Bonds	324,961	341,378	16,416	3,494,204	3,670,731	176,516
(6) Long-term debt	347,300	358,288	10,987	3,734,408	3,852,559	118,139
(7) Long-term obligation for securitized lease receivables	108,563	108,583	19	1,167,344	1,167,559	204
Total liabilities	¥ 1,282,107	¥ 1,310,320	¥ 28,212	\$ 13,786,096	\$ 14,089,462	\$ 303,354
Derivative transactions (*4)						
1) Hedge accounting applied	¥ (126)	¥ (126)	¥ —	\$ (1,354)	\$ (1,354)	\$ —
2) Hedge accounting not applied	18,951	18,951	—	203,774	203,774	—
Total derivative transactions	¥ 18,825	¥ 18,825	¥ —	\$ 202,419	\$ 202,419	\$ —

(*1) The general allowance for loss on receivables and individual allowances for loss on receivables are deducted from "Notes and accounts receivable-trade."

(*2) The difference from book value corresponds to the estimated balance corresponding to finance lease transactions that do not transfer ownership.

(*3) The general allowance for loss on receivables and individual allowances for loss on receivables are deducted from "investment in direct finance leases."

(*4) Net amounts of receivables and payables arising from derivative transactions are indicated. Parentheses indicate totals that are net payable amounts.

(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 book value is similar, its book value is assumed as its fair value.

(2) Notes and accounts receivable-trade

As the periods to maturity on notes receivables are short and their fair values and book values are similar, their book values are assumed as their fair values.

As the majority of notes receivable bear fixed rates of interest, the Company classifies receivables (based on internal rankings) according to type of receivable 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 losses, and this amount is discounted to fair value using the risk-free rate. With regard to loans to creditors in danger of bankruptcy, estimated 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 book value on the balance sheet date after subtracting estimated 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 fees 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 values and book values are approximately the same, their book value 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. Beneficial interest in trust held to cover securitized lease obligations of the Hitachi Capital Group 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, 2010 and 2009, 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 aggregate fair value of held-to-maturity securities and

other securities by major security type as of March 31, 2010 and 2009. The below-stated beneficial interest in trust of other 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)		
	Amortized cost basis	Gross gain (loss)	Aggregate fair value	Amortized cost basis	Gross gain (loss)	Aggregate fair value
	2010			2010		
Held-to-maturity securities with gross unrealized holding gains:						
Government bonds	¥ 231	¥ 9	¥ 240	\$ 2,483	\$ 96	\$ 2,580
	¥ 231	¥ 9	¥ 240	\$ 2,483	\$ 96	\$ 2,580
Held-to-maturity securities with gross unrealized holding losses:						
	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —
	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —
	¥ 231	¥ 9	¥ 240	\$ 2,483	\$ 96	\$ 2,580
Other securities with gross unrealized holding gains:						
Equity securities	¥ 1,752	¥ 847	¥ 2,599	\$ 18,838	\$ 9,107	\$ 27,946
Government bonds	500	10	510	5,376	107	5,483
Corporate bonds	1,224	7	1,231	13,161	75	13,236
Beneficial interest in trust	113,021	11,183	124,205	1,215,279	120,247	1,335,537
	¥ 116,498	¥ 12,049	¥ 128,547	\$ 1,252,666	\$ 129,559	\$ 1,382,225
Other securities with gross unrealized holding losses:						
Equity securities	¥ 3,013	¥ (78)	¥ 2,935	\$ 32,397	\$ (838)	\$ 31,559
Government bonds	3,399	(0)	3,398	36,548	(0)	36,537
Corporate bonds	—	—	—	—	—	—
	¥ 6,412	¥ (78)	¥ 6,334	\$ 68,946	\$ (838)	\$ 68,107
	¥ 122,911	¥ 11,970	¥ 134,881	\$ 1,321,623	\$ 128,709	\$ 1,450,333

	Japanese yen (millions)		
	Amortized cost basis	Gross gain (loss)	Aggregate fair value
	2009		
Held-to-maturity securities with gross unrealized holding gains:			
Government bonds	¥ 230	¥ 7	¥ 238
	¥ 230	¥ 7	¥ 238
Held-to-maturity securities with gross unrealized holding losses:			
Government bonds	¥ —	¥ —	¥ —
	¥ —	¥ —	¥ —
	¥ 230	¥ 7	¥ 238
Other securities with gross unrealized holding gains:			
Equity securities	¥ 657	¥ 435	¥ 1,092
Government bonds	6,097	16	6,113
Beneficial interest in trust	75,745	1,920	77,665
	¥ 82,500	¥ 2,371	¥ 84,871
Other securities with gross unrealized holding losses:			
Equity securities	¥ 4,153	¥ (769)	¥ 3,383
Government bonds	299	(0)	299
Corporate bonds	117	(0)	117
	¥ 4,570	¥ (769)	¥ 3,800
	¥ 87,071	¥ 1,601	¥ 88,672

Proceeds from sale of other securities for the years ended March 31, 2010 and 2009 were ¥803 million (\$8,634 thousand) and ¥1,667 million, respectively. The gross realized gains on the sale for the years ended March 31, 2010 and 2009 were ¥509 million (\$5,473 thousand) and ¥10 million, respectively.

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, 2010 and 2009 amounted to ¥675 million (\$7,258 thousand) and ¥805 million, respectively. At March 31, 2009, beneficial interest in trust amounted to ¥34,228

million. These beneficial interests in trust are primarily subordinated beneficial interests in trust held in relation to the securitization of the Company's mortgage loan receivables.

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 book values are similar, their book values 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 book values are similar, their book values 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 current 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 book values, 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; therefore, their book values approximate their fair values.

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.

(*) For long-term debt using interest rate swaps employing exceptional accounting, the interest rate swap rate is applied to the total amount of principal and interest.

Derivative transactions

1) Hedge accounting not applied

On derivative transactions to which hedge accounting is not applied, contract and equivalent principal amounts 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.

Interest rate related:

Category	Transaction type	Japanese yen (millions)				U.S. dollars (thousands)			
		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)
		2010				2010			
Non-market transactions	Interest rate swap transactions								
	Fixed payment, floating receipt	¥ 9,242	¥ —	¥ (126)	¥ (126)	\$ 99,376	\$ —	\$ (1,354)	\$ (1,354)
Total		¥ 9,242	¥ —	¥ (126)	¥ (126)	\$ 99,376	\$ —	\$ (1,354)	\$ (1,354)

Category	Transaction type	Japanese yen (millions)			
		Contract amounts	Of which, longer than one year	Fair value	Valuation gain (loss)
		2009			
Non-market transactions	Interest rate swap transactions				
	Fixed payment, floating receipt	¥ 18,621	¥ 9,227	¥ (591)	¥ (591)
Total		¥ 18,621	¥ 9,227	¥ (591)	¥ (591)

(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 equivalent principal amounts 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

Hedge accounting method	Transaction type	Principal hedged item	Japanese yen (millions)			U.S. dollars (thousands)		
			Contract amounts	Of which, longer than one year	Fair value	Contract amounts	Of which, longer than one year	Fair value
		2010			2010			
Cash flow hedge	Exchange forward transaction Purchase denomination Euro	Commercial paper	¥ 16,375	¥ —	¥ (66)	\$ 176,075	\$ —	\$ (709)
Cash flow hedge	Currency swap	Long-term debt, short-term bank loans and medium-term notes	100,077	52,687	16,217	1,076,096	566,526	174,376
Fair value hedge	Currency swap	Medium-term notes	21,337	14,877	4,180	229,430	159,967	44,946
Total			¥ 137,789	¥ 67,565	¥ 20,331	\$ 1,481,602	\$ 726,505	\$ 218,612

(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) Interest-related

Hedge accounting method	Transaction type	Principal hedged item	Japanese yen (millions)			U.S. dollars (thousands)		
			Contract amounts	Of which, longer than one year	Fair value	Contract amounts	Of which, longer than one year	Fair value
			2010			2010		
Cash flow hedge (*1)	Interest rate swap transactions Fixed payment, floating receipt	Long-term debt, short-term bank loans and medium-term notes	¥ 60,688	¥ 36,397	¥ (1,380)	\$ 652,559	\$ 391,365	\$ (14,838)
Interest rate swap with exceptional accounting (*2)	Interest rate swap transactions Floating payment, fixed receipt	Long-term debt	12,000	10,000	—	129,032	107,526	—
	Fixed payment, floating receipt	Long-term debt	32,500	32,500	—	349,462	349,462	—
	Floating payment, floating receipt	Long-term debt	21,000	21,000	—	225,806	225,806	—
Total			¥ 126,188	¥ 99,897	¥ (1,380)	\$ 1,356,860	\$ 1,074,161	\$ (14,838)

(*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)					
	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
	2010					
Cash on hand and at bank	¥ 3,891	¥ —	¥ —	¥ —	¥ —	¥ —
Notes and accounts receivable-trade	290,167	77,576	45,804	23,856	12,927	38,921
Investment in direct finance leases	138,783	100,949	75,109	51,207	25,917	64,934
Securities and investment securities						
Bonds held to maturity	—	—	32	—	—	199
Other securities with maturities	4,303	405	—	—	—	432
Total	¥ 437,145	¥ 178,931	¥ 120,946	¥ 75,063	¥ 38,845	¥ 104,488

	U.S. dollars (thousands)					
	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
	2010					
Cash on hand and at bank	\$ 41,838	\$ —	\$ —	\$ —	\$ —	\$ —
Notes and accounts receivable-trade	3,120,075	834,150	492,516	256,516	139,000	418,505
Investment in direct finance leases	1,492,290	1,085,473	807,623	550,612	278,677	698,215
Securities and investment securities						
Bonds held to maturity	—	—	344	—	—	2,139
Other securities with maturities	46,268	4,354	—	—	—	4,645
Total	\$ 4,700,483	\$ 1,923,989	\$ 1,300,494	\$ 807,129	\$ 417,688	\$ 1,123,526

(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)					
	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
	2010					
Short-term bank loans	¥ 79,942	¥ —	¥ —	¥ —	¥ —	¥ —
Commercial paper	42,443	—	—	—	—	—
Bonds	95,617	92,661	69,081	26,050	41,550	—
Long-term debt	38,053	86,020	111,603	63,081	44,167	42,428
Total	¥ 256,057	¥ 178,682	¥ 180,685	¥ 89,131	¥ 85,717	¥ 42,428

	U.S. dollars (thousands)					
	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
	2010					
Short-term bank loans	\$ 859,591	\$ —	\$ —	\$ —	\$ —	\$ —
Commercial paper	456,376	—	—	—	—	—
Bonds	1,028,139	996,354	742,806	280,107	446,774	—
Long-term debt	409,172	924,946	1,200,032	678,290	474,913	456,215
Total	\$ 2,753,301	\$ 1,921,311	\$ 1,942,849	\$ 958,397	\$ 921,688	\$ 456,215

(19) COMMITMENT AND CONTINGENCIES

The Company provides certain revolving lines of credit to their credit card holders in accordance with the terms of the credit card business customer service contracts. Furthermore, the Company provides credit facilities to parties in accordance with the service agency business

contracts from which temporary payments on behalf of such parties are made. In addition, the Company provides loan commitments to certain investees. The outstanding balance of the revolving lines of credit as of March 31, 2010 and 2009 are shown as follows:

	Japanese yen (millions)	U.S. dollars (thousands)
	2010	2010
Total revolving lines of credit available	¥ 432,848	\$ 4,654,279
Amount utilized	4,392	47,225
Balance available	¥ 428,456	\$ 4,607,053

	Japanese yen (millions)
	2009
Total revolving lines of credit available	¥ 639,774
Amount utilized	4,430
Balance available	¥ 635,344

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 ¥5,713 million (\$61,430

thousand) and ¥5,053 million as of March 31, 2010 and 2009, respectively.

Contingent liabilities for guarantees of employees' housing loans amounted to ¥7 million (\$75 thousand) and ¥10 million as of March 31, 2010 and 2009, respectively.

(20) SPECIAL-PURPOSE ENTITIES SUBJECT TO DISCLOSURE

Effective from the fiscal year ended March 31, 2008, the Company adopted the "Implementation Guidance on Disclosures about Certain Special Purpose Entities" (Accounting Standards Board of Japan Statement No. 15, March 29, 2007). An overview of special-purpose entities subject to disclosure, an overview of transactions employed by special-purpose entities subject to disclosure and amounts of transactions with special-purpose entities subject to disclosure are provided below.

(a) Overview of Special-Purpose Entities Subject to Disclosure and Overview of Transactions Employed by Special-Purpose Entities Subject to Disclosure

To diversify their fund-raising sources and ensure stable funding, the Company and certain of its consolidated subsidiaries securitize such assets as lease receivables, notes receivable, pledged receivables and notes receivable. Some of this securitization is performed using special-purpose entities established in the Caymans, which raise funds by issuing commercial paper and through loans. A certain remainder balance is retained on a portion of transferred assets.

These special-purpose entities also acquire pledged receivables from customers. The Company has service agency business contracts in place with such special-purpose entities, and three special-purpose entities raise funds on the Company's behalf by issuing commercial paper and through loans, which are reimbursed by the Company. Such reimbursement is conducted to provide special-purpose entities with temporary liquidity related to securitized lease receivables, and has no real impact on the Company's cash flow.

The balance of transactions with four special-purpose entities as of March 31, 2010, according to these entities' most recent fiscal closing dates, amounted to total assets (simple total) of ¥119,990 million (\$1,290,215 thousand) and total liabilities (simple total) of ¥119,967 million (\$1,289,967 thousand).

The Company does not hold shares with voting rights in any of these special-purpose entities, nor are Company directors dispatched to any of these entities.

(b) Amounts of Transactions with Special-Purpose Entities During the Fiscal Year Ended March 31, 2010

Amounts of transactions with special-purpose entities by

the Company and a subsidiary during the fiscal year ended March 31, 2010, were as follows:

	Japanese yen (millions)		U.S. dollars (thousands)		Line item	Principle gains and losses	
	Amount of principal transactions	Balance at March 31, 2010	Amount of principal transactions	Balance at March 31, 2010		Japanese yen (millions)	U.S. dollars (thousands)
Transferred assets (*1):							
Notes receivables	¥ 14,881	¥ —	\$ 160,010	\$ —	Loss on transfer	¥ (24)	\$ (258)
Pledged receivables	143,136	30,350	1,539,096	326,344	Loss on transfer	(292)	(3,139)
Loan receivables	163,781	10,442	1,761,086	112,279	Gain on transfer	1	10
Service agency business (*2):							
Collected funds payable	—	13,333	—	143,365	Commission revenue on service agency business	175	1,881
Commissioned sales of commercial paper (*3)	—	—	—	—	Sales commission revenue	47	505

(*1) Transaction amounts pertaining to transferred assets are recorded at the book value of those assets at the time of transfer.

Consolidated subsidiaries hold obligations on loan receivables, as the funds that special-purpose entities subject to disclosure raise to acquire pledged receivables are borrowed from these subsidiaries. As the Company's consolidated subsidiaries are the lenders, such loan receivables are transferred to other special-purpose entities subject to disclosure, and the transactions for such transfers are recorded.

(*2) Commission revenue on service agency business includes commissions on agency collection services and revolving lines of credit, and is posted to operating revenues.

As of March 31, 2010, the advance limit on advances for the redemption of commercial paper in line with the consigned management agreements of special-purpose entities, as well as the balance of unissued advances, was ¥340,000 million (\$3,655,913 thousand).

(*3) Sales commission revenue on commissioned sales of commercial paper is posted to operating revenues.

(21) SUBSEQUENT EVENTS

Based on a comprehensive resolution to issue unsecured straight bonds passed at a meeting of the Board of Directors on March 29, 2010, the Company decided to issue

its 40th unsecured straight bonds (with limited interbond pari passu clause) on April 13, 2010. The issue was made as follows.

- (a) Total issue amount: ¥30,000 million
- (b) Issue price: ¥100 per ¥100 face value
- (c) Payment date: April 20, 2010
- (d) Redemption date: Entire amount is redeemable on March 20, 2015
- (e) Interest rate: 0.818% annually
- (f) Application of funds: Redemption of short-term straight bonds and acquisition of property and equipment