

HITACHI LTD
Form 6-K
June 30, 2004
Table of Contents

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

REPORT OF FOREIGN PRIVATE ISSUER

**PURSUANT TO RULE 13A-16 OR 15D-16 OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the month of June 2004

Commission File Number 1-8320

Hitachi, Ltd.

(Translation of registrant's name into English)

6, Kanda-Surugadai 4-chome, Chiyoda-ku, Tokyo 101-8010, Japan

(Address of principal executive offices)

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Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-_____

Table of Contents

This report on Form 6-K contains the following:

1. Translation of the Notice of Holding the 135th Ordinary General Meeting of Shareholders.
2. Press release dated June 21, 2004 regarding appointment of new executive officer accompanying planned merger of Hitachi, Ltd., TOKICO LTD. and Hitachi Unisia Automotive, Ltd.
3. Translation of the Report on the Matter Reported and Resolutions Adopted at the 135th Ordinary General Meeting of Shareholders.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Hitachi, Ltd.

(Registrant)

Date June 30, 2004

By /s/ Takashi Hatchoji

Takashi Hatchoji
Senior Vice President and Executive Officer

Table of Contents

(Translation)

Hitachi, Ltd.

6, Kanda-Surugadai 4-chome

Chiyoda-ku, Tokyo

June 1, 2004

To Our Shareholders

Re: Notice of Holding the 135th Ordinary General Meeting of Shareholders

Dear Sir/Madam:

This is to inform you that the 135th Ordinary General Meeting of Shareholders of Hitachi, Ltd. (the Company) will be held as follows:

- 1. Date** **Thursday, June 24, 2004 at 10:00 a.m.**
- 2. Location** **Higashi-Ochanomizu Building**
29, Kanda-Awajicho 2-chome, Chiyoda-ku, Tokyo

3. Agenda

Reporting Matter

Report on the Business Report, the Statement of Income and the Appropriation of Retained Earnings for the 135th Business Term (from April 1, 2003 to March 31, 2004) and the Balance Sheet as of March 31, 2004

Matters to Be Resolved

- Item No. 1** Amendment to the Articles of Incorporation

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- Item No. 2** Election of 14 Directors due to expiration of the term of office of all Directors
- Item No. 3** Issuance of stock acquisition rights for the purpose of granting stock options

Very truly yours,

Etsuhiko Shoyama

President and Chief Executive Officer

The Business Report, the Balance Sheet, the Statement of Income, the Appropriation of Retained Earnings, the Transcripts of Accounting Auditors' Audit Report and the Audit Committee's Audit Report to be provided along with the Notice of Holding the General Meeting of Shareholders, reference information regarding exercise of right to vote on resolutions and the substance of agenda Items No. 1 and 3 are included in the following pages.

Table of Contents

Aggregate number of voting rights owned by shareholders 3,261,425 (As of March 31, 2004)

Matters to Be Resolved

Item No. 1 Amendment to the Articles of Incorporation

Pursuant to the Law to Amend Part of the Commercial Code and the Law for Special Exceptions to the Commercial Code Concerning Audit, etc. of Kabushiki-Kaisha (2003 Law No. 132), a company may repurchase its own shares by resolution of the board of directors if it has a relevant provision in its articles of incorporation.

The Company hereby proposes that in order to enable it to repurchase its own shares swiftly as part of its policy on distribution to shareholders based on a consideration of its financial conditions, market conditions and other relevant factors, required amendment be made to the Articles of Incorporation, as described below:

Table of Contents

<u>Currently in Force</u>	<u>Proposed Amendment (underlined)</u>	<u>Reason for Amendment</u>
(to be established)	<p><u>Article 7. (Repurchase of its own shares)</u></p> <p><u>The Company may repurchase its own shares by resolution of the Board of Directors pursuant to Article 211-3, paragraph 1, item 2 of the Commercial Code of Japan.</u></p>	<p>The Company intends to have a provision to enable it to repurchase its own shares by resolution of the Board of Directors with the aim of the swift implementation of the Company's capital policy.</p>
<p>Article 7 to Article 33. (provisions omitted)</p>	<p>Article <u>8</u> to Article <u>34</u>. (provisions omitted)</p>	<p>The Company intends to change the numbering of these Articles by increasing one number each.</p>

Table of Contents**Item No. 2 Election of 14 Directors due to expiration of the term of office of all Directors**

Due to expiration at the close of this Meeting of the term of office of all the present Directors, it is proposed that Directors be elected. Election of Directors shall not be made in accordance with cumulative voting, in conformity with the provision of the Articles of Incorporation of the Company.

Candidates for Directors are as follows. All candidates have agreed to take office as Directors assuming that they are elected at this Meeting.

No.	Name (Date of Birth)	Principal Occupation	Brief Personal History	Outstanding Shares of Hitachi, Ltd. Owned	Conflict of Interest
1	Tsutomu Kanai (Feb. 26, 1929)	Chairman of the Board, Hitachi, Ltd.	5/1958 Joined Hitachi, Ltd. 6/1985 Executive Managing Director 6/1987 Senior Executive Managing Director 6/1989 Executive Vice-President and Director 6/1991 President and Representative Director 4/1999 Chairman of the Board and Representative Director 6/2003 Chairman of the Board	76,500 shares	None
2	Etsuhiko Shoyama (Mar. 9, 1936)	Representative Executive Officer President, Chief Executive Officer and Director, Hitachi, Ltd.	4/1959 Joined Hitachi, Ltd. 6/1991 Director 6/1993 Executive Managing Director 6/1995 Senior Executive Managing Director 6/1997 Executive Vice-President and Representative Director 4/1999 President and Representative Director 6/2003 Representative Executive Officer, President, Chief Executive Officer and Director	69,000	None
3	Yoshiki Yagi (Feb. 27, 1938)	Director, Hitachi, Ltd.	4/1960 Joined Hitachi, Ltd. 6/1991 Director 6/1993 Executive Managing Director	68,250	None

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			6/1997	Senior Executive Managing Director		
			4/1999	Executive Vice President and Representative Director		
			6/2003	Representative Executive Officer, Executive Vice President, Executive Officer and Director		
			4 /2004	Director		
4	Kotaro Muneoka (Oct. 30, 1940)	Director, Hitachi, Ltd.	4/1964	Joined Hitachi, Ltd.		
			4/1999	Senior Vice President and Director		
			4/2001	Director	24,000	None
			6/2001	Corporate Auditor		
			6/2003	Director		
5	Takashi Miyoshi (Sep. 25, 1947)	Senior Vice President and Executive Officer, Hitachi, Ltd.	4/1970	Joined Hitachi, Ltd.		
			6/2002	General Manager, Finance Department I		
			4/2003	General Manager, Finance and Finance Department I	17,000	None
			6/2003	Executive Officer		
			4/2004	Senior Vice President and Executive Officer		

Table of Contents

No.	Name (Date of Birth)	Principal Occupation	Brief Personal History	Outstanding Shares of Hitachi, Ltd. Owned	Conflict of Interest
6	Ginko Sato (Jul. 6, 1934)	President, Japan Association for the Advancement of Working Women Director, Hitachi, Ltd.	4/1958 6/1985 1/1986 7/1990 10/1991 7/1995 7/1998 8/2001 6/2003	2,000	None
7	Hiromichi Seya (Oct. 7, 1930)	Senior Corporate Advisor, Asahi Glass Company, Limited (Asahi Glass) Director, Hitachi, Ltd.	4/1954 3/1985 3/1987 3/1988 3/1990 3/1992 6/1998 6/2002 6/2003 3/2004	4,000	None
8	Akira Chihaya (Mar. 6, 1935)	Representative Director and	4/1957		

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		Chairman of the Board, NIPPON STEEL CORPORATION	6/1987 6/1991 6/1995	STEEL CORPORATION) Director Managing Director Representative Director and Executive Vice President		
		Representative Director and President, Tekko Kaikan Co., Ltd.	4/1998	Representative Director and President		
		Director, Hitachi, Ltd.	4/2003 6/2003	Representative Director and Chairman of the Board Director, Hitachi, Ltd.		
9	Toshiro Nishimura (Apr. 10, 1933)	Attorney at Law	4/1961 5/1966	Member of the First Tokyo Bar Association Senior Partner of Nishimura & Partners	1,000	None
		Director, Hitachi, Ltd.	6/2003 1/2004	Director, Hitachi, Ltd. Founder, Senior Counsel, Nishimura & Partners		
10	Isao Uchigasaki (Jan. 2, 1939)	Chairman of the Board, Hitachi Chemical Co., Ltd. (Hitachi Chemical)	4/1962 4/1963 6/1991	Joined Hitachi, Ltd. Joined Hitachi Chemical Board Director		
		Hitachi Group Executive Officer, Hitachi, Ltd.	6/1993 6/1997 4/2003 6/2003 4/2004	Executive Managing Director President and Representative Director Chairman of the Board and Representative Director Chairman of the Board Hitachi Group Executive Officer, Hitachi, Ltd.	10,000	None

Table of Contents

No.	Name (Date of Birth)	Principal Occupation	Brief Personal History	Outstanding Shares of Hitachi, Ltd. Owned	Conflict of Interest
11	Takashi Kawamura (Dec. 19, 1939)	Chairman of the Board and Representative Executive Officer, Hitachi Software Engineering Co., Ltd. (Hitachi Software Engineering)	4/1962 Joined Hitachi, Ltd. 6/1995 Director 6/1997 Director 4/1999 Executive Managing Director	37,000	Note (2)
12	Yoshiro Kuwata (Sep. 1, 1936)	Chairman of the Board and Representative Executive Officer, Hitachi High-Technologies Corporation (Hitachi High-Technologies)	6/1961 Joined Hitachi, Ltd. 6/1993 Director 6/1995 Director 6/1997 Executive Managing Director 4/1999 Senior Executive Managing Director	27,700	Note (3)
13	Hiroshi Kuwahara (Nov. 23, 1935)	Chairman of the Board and Representative Executive Officer, Hitachi Maxell, Ltd. (Hitachi Maxell)	4/1960 Joined Hitachi, Ltd. 6/1989 Director 6/1991 Director 6/1993 Executive Managing Director 6/1995 Senior Executive Managing Director	31,600	Note (4)
		Director, Hitachi, Ltd.	4/2003 Executive Vice President and Representative Director 6/2003 Chairman of the Board and Representative Executive Officer, Hitachi Software Engineering		
		Director, Hitachi, Ltd.	6/2003 Executive Vice President and Representative Director Executive Vice President, Executive Officer and Director		
			4/2004 Chairman of the Board and Representative Executive Officer, Hitachi High-Technologies Director		
		Director, Hitachi, Ltd.	6/1999 Executive Vice-President and Representative Director Vice Chairman of the Board and Representative Director 1/2001 Executive member of Council for Science & Technology Policy, Cabinet Office		

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			Director		
		1/2003	Vice Chairman of the Board and Representative Director		
		4/2003	Director		
		6/2003	Chairman of the Board and Representative Executive Officer, Hitachi Maxell		
14	Masayoshi Hanabusa	Chairman of the Board, Hitachi Capital Corporation (Hitachi Capital)	4/1957	Joined Hitachi Sales Corporation	
	(Oct. 10, 1934)		8/1960	Joined Hitachi Credit Corporation (currently Hitachi Capital)	8,050
			6/1977	Director	None
		Director, Hitachi, Ltd.	6/1983	Executive Managing Director	
			6/1987	Senior Executive Managing Director	
			6/1991	President and Representative Director	
			6/2001	Chairman of the Board and	
				Representative Director	
			6/2003	Chairman of the Board	
				Director, Hitachi, Ltd.	

- Notes: (1) Mr. Akira Chihaya is the Representative Director and Chairman of the Board of NIPPON STEEL CORPORATION (NSC). Both NSC and the Company conduct businesses in the area of power and industrial systems. Additionally, the Company has continuous transactions with NSC, including purchases of steel products of NSC through trading firms and sales of rolling mill control systems and electric machinery to NSC. The amount of such business is negligible, in comparison to the revenues and procurement costs of both companies. The Company has no special interest in Tekko Kaikan Co., Ltd., for which Mr. Chihaya serves as Representative Director and President.
- (2) Mr. Takashi Kawamura is the Representative Executive Officer of Hitachi Software Engineering. Both Hitachi Software Engineering and the Company conduct businesses in the area of information & telecommunication systems. Additionally, the Company has continuous transactions with Hitachi Software Engineering, including purchases of software from Hitachi Software Engineering and sales of computers to Hitachi Software Engineering. The two
- companies also have dealings with each other in the form of loans under the Hitachi Group s centralized financial management system.

Table of Contents

- (3) Mr. Yoshiro Kuwata is the Representative Executive Officer of Hitachi High-Technologies. Both Hitachi High-Technologies and the Company conduct businesses in the areas of sales of information systems and medical equipment, etc. Additionally, the Company has continuous transactions with Hitachi High-Technologies, including purchases of information system equipment and electronic components from Hitachi High-Technologies and sales of information system equipment to Hitachi High-Technologies. The two companies also have dealings with each other in the form of loans under the Hitachi Group's centralized financial management system.
- (4) Mr. Hiroshi Kuwahara is the Representative Executive Officer of Hitachi Maxell. Both Hitachi Maxell and the Company conduct businesses in the area of digital media related products. Additionally, the Company has continuous transactions with Hitachi Maxell, including purchases of batteries from Hitachi Maxell and sales of components for computers and software to Hitachi Maxell. The two companies also have dealings with each other in the form of loans under the Hitachi Group's centralized financial management system.
- (5) Ms. Ginko Sato, Mr. Hiromichi Seya, Mr. Akira Chihaya and Mr. Toshiro Nishimura are candidates who fulfill the qualification requirements to be outside directors as provided for in Article 188.2.7-2 of the Commercial Code of Japan.

Table of Contents

Item No. 3 Issuance of stock acquisition rights for the purpose of granting stock options

To afford incentives to and raise the morale of the Directors, Executive Officers and employees to contribute to increasing the value of the Company, it is hereby proposed that the Company issue the stock acquisition rights without any consideration for the purpose of granting stock options pursuant to Article 280-20 and Article 280-21 of the Commercial Code of Japan.

The substance of the proposition to be submitted by the Board of Directors with regard to the issuance of stock acquisition rights is set forth below:

1. Qualified persons to be allocated the stock acquisition rights (the Rights)

Directors, Executive Officers and employees of the Company

2. Class and number of shares to be issued upon exercise of the Rights

Not more than 1,500,000 shares of the Company's common stock (the Common Stock) in total.

In the event that the Company splits or consolidates its Common Stock, the number of shares to be issued upon exercise of the Rights shall be adjusted according to the following formula.

Number of
shares after
adjustment

$$= \frac{\text{Number of shares before adjustment}}{\text{Ratio of stock split or consolidation}}$$

Any fraction less than one share derived in consequence of adjustment shall be rounded down to the nearest one share.

3. Total number of the Rights to be issued

Not more than 1,500 Rights in total. The number of shares to be issued upon exercise of each Right shall be 1,000, which shall be adjusted in accordance with the preceding provision.

4. Issue price of the Rights

No consideration shall be paid.

5. Amount to be paid upon exercise of the Rights

The amount to be paid per share upon exercise of the Rights (the Exercise Price) shall be 1.05 times of the market price (the Market Price), which is not lower price of either (i) the average of the closing price (including indication of any bid or offer) of a Common Stock on the Tokyo Stock Exchange on each of the thirty consecutive trading days commencing on the forty-fifth trading day preceding the issue date (excluding the number of days on which no closing price is quoted) or (ii) the closing price of the issue date (or if no closing price is quoted on the issue date, the latest closing price before the issue date shall be applied). Any fraction less than one yen shall be rounded up to the nearest one yen.

In the event that the Company issues new shares or reissues its own shares at price less than the Market Price (excluding the issue of shares resulting from the exercise of the stock acquisition rights) after the issue date, the Exercise Price will be subject to adjustment in accordance with the following formula, and any fraction less than one yen derived in consequence of adjustment shall be rounded up to the nearest one yen.

$$\begin{array}{rcccl}
 \text{Exercise} & & & \text{Number} & & \text{Number of} & & \text{Amount} \\
 \text{Price after} & & & \text{of shares} & + & \text{new shares} & \times & \text{to be paid} \\
 \text{adjustment} & = & \text{Exercise} & \text{already} & & \text{to be issued} & & \text{per share} \\
 & & \text{Price} & \text{issued} & & & & \\
 & & \text{before} & & & & & \\
 & & \text{adjustment} & \times & & \text{Market Price per share before} & & \\
 & & & & & \text{issue} & & \\
 & & & & & \text{Number of new} & & \\
 & & & & & \text{shares to be} & & \\
 & & & & & \text{issued} & &
 \end{array}$$

Table of Contents

In the above formula, the number of its own shares shall be excluded from the number of shares already issued. In the case of the reissue of its own shares, Number of new shares to be issued means Number of its own shares to be reissued and Market Price per share before issue means Market Price per share before reissue.

Upon stock split or consolidation of Common Stocks, the Exercise Price will be subject to adjustment in accordance with the following formula, and any fraction less than one yen derived in consequence of adjustment shall be rounded up to the nearest one yen.

$$\begin{array}{rcl}
 \text{Exercise} & & \\
 \text{Price} & = & \text{Exercise} \times \frac{1}{\text{Ratio of stock split or consolidation}} \\
 \text{after} & & \text{Price} \\
 \text{adjustment} & & \text{before} \\
 & & \text{adjustment}
 \end{array}$$

6. Period during which the Rights may be exercised

The Rights will be exercisable within a three-year period following one year from the issue date.

7. Conditions for exercise of the Rights

- (1) In the event a person holding the Rights loses the position of Director, Executive Officer or employee of the Company, such person may exercise the Rights only within the succeeding six months of such event. In the event of the death of the person, the Rights expire immediately.
- (2) Other terms of exercising the Rights shall be subject to the provisions in granting agreement between the Company and each qualified person.

8. Cancellation of the Rights

The Company may acquire and cancel the Rights at any time without consideration.

9. Restriction on the transfer of the Rights

The approval by the Board of Directors of the Company shall be required for transfer of the Rights.

Table of Contents

Reporting Matter

Report on the Business Report, the Statement of Income and the Appropriation of Retained Earnings for the 135th Business Term (from April 1, 2003 to March 31, 2004) and the Balance Sheet as of March 31, 2004

1. Business Report (from April 1, 2003 to March 31, 2004)

(1) General

Business Results

During the year under review, the Japanese economy recovered at a gradual but increasingly robust pace, powered by an increase in private-sector plant and equipment investment, rising exports and a burgeoning upturn in consumer spending.

Against this business environment, Hitachi moved to put in place a new Group-wide corporate structure designed to strengthen profitability. Major steps taken so far include the transfer of system LSI-centered semiconductor operations to Renesas Technology Corp., a company established jointly with Mitsubishi Electric Corporation, and the founding of Hitachi Global Storage Technologies by consolidating Hitachi's hard disk drive operations with similar operations acquired from IBM in the United States.

Business Results on an unconsolidated basis for the year under review were substantially affected by the above-mentioned reorganization of corporate structure. Orders received during the year declined 21% from the preceding year, to JPY2,369.9 billion, sales were down 20%, to JPY2,488.8 billion, and the year-end order backlog was JPY1,797.2 billion. Operating income amounted to JPY7.5 billion and ordinary income to JPY20.1 billion. While the Company posted extraordinary gain of JPY68.8 billion consisting of JPY61.8 billion from the sale of affiliated companies' common stock and investments in securities and JPY7.0 billion from the sale of land, it posted extraordinary loss of JPY10.1 billion for impairment loss on investments and securities. Taking these items into account, net income increased 42%, to JPY40.1 billion.

Measures Taken

During the year under review, the Company launched a medium-term management plan, the i.e. Hitachi Plan II, defining major management goals and key strategies through fiscal 2005. In line with the plan, a vigorous initiative is underway to reinforce existing operations and create new businesses capable of serving as engines of future growth.

Rejuvenation of existing operations is being pursued by designating strategic businesses as the Inspire A Business, which is invigorated by tight cooperation among business groups, R&D and corporate headquarters. One product of this growth initiative is a business called storage solutions that offers customers assistance in storing and exploiting massive amounts of information. Another is the Wooo brand high-definition equipment

business focusing chiefly on plasma TVs.

In the area of new business creation, the Hitachi Group is moving forward with broad-based R&D aimed at developing backbone technologies for utilizing advanced electronics and electric motorization to realize a next-generation car with markedly enhanced performance in environmental protection, safety and intelligence. In a move that will help to accelerate growth of the automotive equipment business, the Company has agreed with TOKICO LTD. and Hitachi Unisia Automotive, Ltd., both Hitachi Group companies, to merge on October 1, 2004.

As part of the ongoing reform of personnel practices, a system was introduced for rewarding non-managerial employees in accordance with the value they create through their jobs. This system, together with a similar one already in effect for managers, rounds out a full-blown merit system linking remuneration to performance and results. By motivating and drawing maximum performance from individual employees, this system is expected to make a substantial contribution to maintaining and increasing corporate vitality.

Table of Contents

At the 134th Ordinary General Meeting of Shareholders held in June 2003, approval was obtained for adoption of the Committee System aimed at strengthening corporate governance. Under the new structure, the Board of Directors decides basic management policies but is not directly involved in their execution. Company operations are instead delegated to Executive Officers elected by the Board of Directors and their performance is supervised by the Board of Directors. This division of functions enables the Executive Officers to conduct the Company's business with a high degree of flexibility. In addition, a Nominating Committee, Audit Committee and Compensation Committee have been established within the Board of Directors to enhance supervision by the Board of Directors. A majority of the members of each Committee are outside Directors.

Business Results by Operating Sector**[Sales by Operating Sector]**

Operating Sector	(Billions of yen)		
	2002(A)	2003(B)	(B)/(A)
Information & Telecommunication Systems	1,440.0	1,366.7	95%
Electronic Devices	495.6		%
Power & Industrial Systems	955.4	843.1	88%
Digital Media & Consumer Products	221.3	278.9	126%
Total	3,112.4	2,488.8	80%

- Notes: (1) The businesses of each sector are set out in (7) Main Products and Services.
- (2) The Electronic Devices sector was integrated into the Digital Media & Consumer Products sector from the fiscal year 2003, in accordance with the separation of the Displays Group on October 1, 2002, and the separation of the Semiconductor & Integrated Circuits Group excluding DRAM business on April 1, 2003.
- (3) In accordance with changes in the Company's organization, segmentation of some products has been revised.
- (4) Since the Company separated the Data Storage Systems Division of the Information & Telecommunication Systems Group, which had been part of the Information & Telecommunication Systems sector, on April 1, 2003, sales of the separated operation are not included in the Information & Telecommunication Systems sector on and after such date.

[Information & Telecommunication Systems]

Sector sales decreased 5% due to the separation of the hard disk drive operations on April 1, 2003. The Company and Omron Corporation have agreed to integrate of their automatic teller machines and other information equipment businesses on October 1, 2004.

[Power & Industrial Systems]

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Sector sales were down 12% despite higher automotive equipment sales. This was chiefly because of the sluggish results in power equipment due to dampened demand in the domestic market.

[Digital Media & Consumer Products]

Sector sales increased 26% due to the strong performance of Plasma TVs and other video equipment. On April 1, 2004, the Company transferred its development operations of mobile phones to Casio Hitachi Mobile Communications Co., Ltd., a company established jointly with Casio Computer Co., Ltd.

Relationship with Subsidiaries and Affiliates

An important element in Hitachi Group's strategy for building a stronger position in individual market sectors is to reorganize businesses in ways that enhance utilization of corporate resources. During the year under review, in a move to consolidate Group semiconductor production process-related operations, Hitachi, Ltd. transferred all shares of Hitachi Electronics Engineering Co., Ltd. to Hitachi High-Technologies Corporation. Continued development of the printer business was pursued through a plan to integrate operations with those of Ricoh Company, Ltd. For this, a basic agreement was concluded regarding Ricoh's purchase of Hitachi Printing Solutions, Ltd. shares held by the Company.

On March 9, 2004, the stock of Hitachi Systems & Services, Ltd., up to that time a wholly owned Hitachi, Ltd. subsidiary, was listed on the Tokyo Stock Exchange.

Table of Contents**[Consolidated Financial Highlights]**

	(Billions of yen)	
	Fiscal 2002	Fiscal 2003
Net Sales	8,191.7	8,632.4
Operating Income	152.9	184.8
Income before Income Taxes and Minority Interests	96.8	237.1
Net Income	27.8	15.8
Net Income per Share (yen)	8.31	4.81
Diluted Net Income per Share (yen)	8.19	4.75
Total Assets	10,179.3	9,590.3

Notes: (1) The consolidated figures shown above have been prepared in conformity with accounting principles generally accepted in the United States.

(2) In order to be consistent with financial reporting principles and practices generally accepted in Japan, operating income (loss) is presented as net sales less cost of sales and selling, general and administrative expenses. Under accounting principles generally accepted in the United States, restructuring charges etc. are included as part of operating income (loss).

(3) The number of consolidated subsidiaries is 956 and that of equity-method affiliates is 165 as of the end of fiscal 2003.

[Consolidated Business Results]

A breakdown of consolidated financial results by segment shows that Information & Telecommunication Systems sales were up 22% from the preceding year owing to the acquisition of the hard disk drive operations of IBM, but operating income declined 37%, to JPY69.9 billion. Electronic Devices posted a 16% decline in sales primarily because of the transfer of system LSI-centered semiconductor operations to Renesas Technology Corp., a company accounted for under the equity method by the Company. However, better results in the display sector produced an improvement in income, from an operating loss of JPY23.2 billion in the preceding year to an operating income of JPY30.4 billion in fiscal 2003. In Power & Industrial Systems, a good showing by construction machinery was offset by sluggish results in power equipment, leaving overall sales substantially unchanged from the preceding year. Operating income fell 36%, to JPY33.9 billion. Digital Media & Consumer Products experienced slow sales of air conditioners and other consumer products but sales nevertheless rose 2% from a year earlier thanks to the strong performance of plasma TVs. Operating income increased 12%, to JPY6.9 billion. High Functional Materials & Components saw sales rise 4% and operating income increase 156%, to JPY46.7 billion. The improvements were powered by a surge in sales of materials for information and electronic equipment. In Logistics, Services & Others, sales were down 13%. The decline was the result of organizational changes in the semiconductor and hard disk drive sectors that deprived the segment of sales of these products. Operating income amounted to JPY0.5 billion. Financial Services achieved an 86% improvement in operating income, to JPY22.3 billion, despite a 5% decrease in sales.

Net sales increased 5% from the preceding year, to JPY8,632.4 billion. Operating income came to JPY184.8 billion and income before income taxes and minority interests to JPY237.1 billion. Net income fell below the year-earlier level but at JPY15.8 billion was still higher than projected owing to measures taken to improve the profitability of low-profit businesses.

Table of Contents

[The Major Consolidated Subsidiaries of Hitachi, Ltd. (As of March 31, 2004)]

[Information & Telecommunication Systems]

- Hitachi Communication Technologies, Ltd.
- Hitachi Electronics Services Co., Ltd.
- Hitachi Information Systems, Ltd.
- Hitachi Software Engineering Co., Ltd.
- Hitachi Systems & Services, Ltd.
- Hitachi Computer Products (America), Inc.
- Hitachi Computer Products (Europe) S.A.S.
- Hitachi Data Systems Holding Corp.
- Hitachi Global Storage Technologies, Inc.

[Electronic Devices]

- Hitachi Displays, Ltd.
- Hitachi High-Technologies Corporation
- Hitachi Medical Corporation
- Hitachi Electronic Devices (USA), Inc.
- Hitachi Nippon Steel Semiconductor Singapore Pte. Ltd.

[Power & Industrial Systems]

- Babcock-Hitachi Kabushiki Kaisha
- Hitachi Air Conditioning Systems Co., Ltd.
- Hitachi Building Systems Co., Ltd.
- Hitachi Construction Machinery Co., Ltd.
- Hitachi Engineering Co., Ltd.
- Hitachi Engineering & Services Co., Ltd.
- Hitachi Industrial Equipment Systems Co., Ltd.
- Hitachi Industries Co., Ltd.
- Hitachi Kiden Kogyo, Ltd.
- Hitachi Plant Engineering & Construction Co., Ltd.
- Hitachi Unisia Automotive, Ltd.
- Hitachi Via Mechanics, Ltd.
- Japan Servo Co., Ltd.
- Hitachi Automotive Products (USA), Inc.
- Taiwan Hitachi Co., Ltd.

[Digital Media & Consumer Products]

- Hitachi Home & Life Solutions, Inc.

- Hitachi Maxell, Ltd.
- Hitachi Media Electronics Co., Ltd.
- Hitachi Home Electronics (America), Inc.
- Shanghai Hitachi Household Appliances Co., Ltd.

[High Functional Materials & Components]

- Hitachi Cable, Ltd.
- Hitachi Chemical Co., Ltd.
- Hitachi Metals, Ltd.

[Logistics, Services & Others]

- Chuo Shoji, Ltd.
- Hitachi Life Corporation
- Hitachi Mobile Co., Ltd.
- Hitachi Transport System, Ltd.
- Nikkyo Create, Ltd.
- Hitachi America, Ltd.
- Hitachi Asia Ltd.
- Hitachi China Ltd.
- Hitachi Europe Ltd.

[Financial Services]

- Hitachi Capital Corporation
- Hitachi Insurance Services, Ltd.

Notes: (1) The consolidated subsidiaries in the list above are the subsidiaries included in consolidated accounting.
(2) Companies are classified by industry segment used in consolidated accounting.

(2) Plant and Equipment Investment

Plant and equipment investment amounted to JPY40.0 billion, a decrease of JPY37.0 billion from the preceding year. The chief reason for the decrease was the Company's split off of semiconductor and display operations, both of which require heavy investment. This was invested primarily in development and production facilities for large-capacity disk array systems and production and development facilities for parts for hybrid electric automobiles.

(3) Research and Development

Expenditures on research and development during the year amounted to JPY135.5 billion, which is equivalent to 5.4% of unconsolidated net sales. Major achievements included the development of technology for incorporating an information read-out antenna in the μ -chip, a 0.4-mm square IC chip with wireless capability that is one of the world smallest. By making the chip easy to embed in paper or install in very small objects, this breakthrough is expected to open the way to a broad range of new applications, such as to systems for discriminating counterfeit securities.

(4) Capital Raising Activity

The Company issued the 12th unsecured debentures in the amount of JPY80.0 billion in the domestic market on May 27, 2003 to use the funds primarily for the redemption of the 6th unsecured convertible debentures, which reached maturity in September 2003. The 12th unsecured debentures mature in ten years and the coupon rate is 0.72%. As a result, the balance of debentures (including current installments of debentures) at the end of the year decreased JPY12.8 billion from at the end of the preceding year.

Table of Contents

The balance of borrowings and commercial paper at the end of the year decreased JPY75.9 billion from the end of the preceding year. A summary of the main sources of borrowed funds is shown below.

(As of March 31, 2004)

<u>Creditor</u>	<u>Balance of Borrowing</u>	<u>Shares Owned by Creditor</u>
Nippon Life Insurance Company	10.0 billion yen	105,208,960 shares
The Dai-Ichi Mutual Life Insurance Company	10.0 billion yen	80,630,222 shares
Meiji Yasuda Life Insurance Company	10.0 billion yen	49,808,818 shares
Sumitomo Life Insurance Company	10.0 billion yen	5,722,000 shares

Note: On January 1, 2004, Meiji Life Insurance Company and The Yasuda Mutual Life Insurance Company merged, forming Meiji Yasuda Life Insurance Company. Loans from both companies have therefore been taken over by Meiji Yasuda Life Insurance Company.

(5) Problems Facing the Company

Management's assessment of the future business environment is that the current gradual recovery of the Japanese economy will eventually decelerate owing to a slowing of exports and private-sector investment in new plant and equipment.

Against this backdrop, the Hitachi Group will join forces in implementing the following key measures toward achieving the commitments set out in the i.e.Hitachi Plan II medium-term management initiative.

- The Hitachi Group Headquarters established on April 1, 2004 will be used as a platform for promoting a unique Hitachi style of group management that stresses reinforcement of individual businesses and Hitachi Group teamwork.
- An intense effort will be made to strengthen advanced R&D for creating future core businesses of the Hitachi Group and to reinforce the basic technologies that underpin the Group's prowess in the crafting of things of quality.
- Projects will be launched flexibly that straddle multiple business divisions and Group companies, with the focus on combining the Hitachi Group's extensive resources to create next-generation core businesses.
- A unified Hitachi Group strategy will be hammered out for accelerating the development of businesses in overseas markets, particularly the rapidly expanding Chinese market, while other issues of Group-wide import, such as brand value enhancement, will be pursued and the resulting strategies implemented together with Group companies.
- Internal systems and practices will be reviewed as to whether the company's operations are being lawfully and efficiently conducted and steps will be taken to ensure that the Hitachi Group of the 21st century is able and ready to fulfill its Corporate Social Responsibility (CSR) with regard to environmental protection, compliance with laws and regulations, and activities that contribute to society.

(6) Five-year Summary (Unconsolidated basis)

(Billions of yen)

Fiscal Year	1999	2000	2001	2002	2003
Orders Received	3,604.4	3,812.6	3,193.5	2,984.8	2,369.9
Net Sales	3,771.9	4,015.8	3,522.2	3,112.4	2,488.8
Operating Income	40.8	98.5	-84.7	53.7	7.5
Ordinary Income	31.7	56.0	-81.6	52.0	20.1
Net Income	11.8	40.1	-252.6	28.2	40.1
Net Income per Share (yen)	3.56	12.02	-75.68	8.38	12.14
Total Assets	4,003.9	4,119.2	3,923.1	3,825.0	3,708.3

Notes: (1) In fiscal 2000, there was vigorous demand for semiconductors for mobile telephones and other applications, and the solutions services business showed good growth, helped by the implementation of IT by financial institutions. As a result, year-on-year gains were achieved in both sales and income.

(2) In fiscal 2001, the semiconductor, display and telecommunications equipment businesses experienced a severe decline in demand and markedly weaker prices. In addition, huge extraordinary losses were incurred owing mainly to the payment of special termination benefits under an early retirement benefit system. In combination, these factors produced a loss for the year exceeding that of fiscal 1998.

Table of Contents

- (3) In fiscal 2002, net sales decreased from the preceding fiscal year, due to transfer of several businesses to the subsidiaries, while income increased from the preceding fiscal year.
- (4) Net income per share is calculated for years up to and including fiscal 2000 based on total number of shares issued at year-end, for fiscal 2001 based on total number of shares issued at year-end less number of treasury stocks, and since fiscal 2002 based on total average number of shares issued less average number of treasury stocks during the year.

(7) Main Products and Services (Fiscal 2003)

Operating Sector	Business Group	Main Products and Services	Percentage to Total Sales
Information & Telecommunication Systems	-Information & Telecommunication Systems -Part of Ubiquitous Platform Systems	Solution Services such as System Integration, Electronic Commerce and Outsourcing Services, Software, General-Purpose Computers, Servers, Computer Terminals and Peripherals, Large-capacity Disk Array Systems, Network Equipment, PCs, Automatic Teller Machines	55%
Power & Industrial Systems	-Power Systems -Industrial Systems -Urban Planning and Development Systems -Automotive Systems	Power Equipment such as Generation Systems and Power Transmission and Conversion Systems, Electric and Machinery Systems and Equipment, Industrial Plants, Railroad Systems such as Rolling Stock and Control Systems, Traffic Transportation Systems, Elevators, Escalators, Electronic Components for Automobiles, Components for Automobile Engines	34%
Digital Media & Consumer Products	-Part of Ubiquitous Platform Systems	LCD Projectors, Mobile Communications Equipment, Plasma TVs, Equipment related to DVDs	11%

- Notes: (1) Each sector also engages in the sale and lease of software, consulting, licensing of industrial property rights and know-how, engineering and construction work in connection with these products and services.
- (2) Internet Systems Platform Division and Mechatronics Systems Division of the Ubiquitous Platform Systems Group are included in the Information & Telecommunication Systems sector and other organizations of the Ubiquitous Platform Systems Group are included in the Digital Media & Consumer Products sector.
- (3) In accordance with changes in the Company's organization, segmentation of some products has been revised.
- (4) On February 5, 2004, the Power & Industrial Systems Group was reorganized into the Power Systems Group and the Industrial Systems Group.

Table of Contents**(8) Board of Directors and Executive Officers (As of March 31, 2004)****Board of Directors**

<u>Name</u>	<u>Position</u>	<u>Committee Membership</u>	<u>Principal position outside the Company</u>
Tsutomu Kanai	Chairman of the Board	Chairman of Nominating Committee Chairman of Compensation Committee	-
Etsuhiko Shoyama	Director	Nominating Committee Compensation Committee	-
Yoshiki Yagi	Director	-	-
Yoshiro Kuwata	Director	-	-
**Shigemichi Matsuka	Director	Chairman of Audit Committee	-
**Kotaro Muneoka	Director	Audit Committee	-
*Ginko Sato	Director	Nominating Committee Audit Committee	President, Japan Association for the Advancement of Working Women
*Hiromichi Seya	Director	Nominating Committee Audit Committee Compensation Committee	Senior Corporate Advisor, Asahi Glass Company, Limited
*Akira Chihaya	Director	Compensation Committee	Representative Director and Chairman of the Board, NIPPON STEEL CORPORATION
*Toshiro Nishimura	Director	Nominating Committee Audit Committee Compensation Committee	Attorney at Law
Hiroshi Kuwahara	Director	-	Chairman of the Board and Representative Executive Officer, Hitachi Maxell, Ltd.
Takashi Kawamura	Director	-	Chairman of the Board and Representative Executive Officer, Hitachi Software Engineering Co., Ltd.
*Masayoshi Hanabusa	Director	-	Chairman of the Board, Hitachi Capital Corporation

Notes: (1) The Directors marked with * were newly elected and assumed their positions at the 134th Ordinary General Meeting of Shareholders on June 25, 2003.

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- (2) The Directors marked with ** retired from Corporate Auditors at the close of the 134th Ordinary General Meeting of Shareholders on June 25, 2003, in accordance with the adoption of the Committee System approved at the Meeting. They were newly elected and assumed their positions as Directors at the Meeting.
- (3) Three Directors, Messrs. Yuushi Samuro, Kazuo Sato and Masaaki Hayashi retired due to expiration of their term of office at the close of the 134th Ordinary General Meeting of Shareholders on June 25, 2003. Five Directors, Messrs. Kazuo Kumagai, Katsukuni Hisano, Takao Matsui, Isao Ono and Masaharu Sumikawa retired due to expiration of their term of office at the close of the Meeting, and they were newly elected and assumed their positions as Executive Officers at the Company's Board of Directors meeting held after the Meeting.
- (4) Mr. Tadashi Ishibashi retired from Corporate Auditor at the close of the 134th Ordinary General Meeting of Shareholders on June 25, 2003, in accordance with the adoption of the Committee System approved at the Meeting.
- (5) Two Corporate Auditors, Messrs. Makoto Murata and Michio Mizoguchi retired due to expiration of their term of office at the close of the 134th Ordinary General Meeting of Shareholders on June 25, 2003.
- (6) Directors, Ms. Ginko Sato, Mr. Hiromichi Seya, Mr. Akira Chihaya and Mr. Toshiro Nishimura are outside Directors who fulfill the qualification requirements as provided for in Article 188.2.7-2 of the Commercial Code of Japan.

Table of Contents**Executive Officers**

Name	Position	Responsibilities
*Etsuhiko Shoyama	Representative Executive Officer	Overall management
	President and Chief Executive Officer	
*Yoshiki Yagi	Representative Executive Officer	Finance and corporate auditing
	Executive Vice President and Executive Officer	
*Yoshiro Kuwata	Representative Executive Officer	Business development and global business
	Executive Vice President and Executive Officer	
Kazuo Kumagai	Representative Executive Officer	Legal matters, corporate communications and sales operations
	Executive Vice President and Executive Officer	
Katsukuni Hisano	Representative Executive Officer	Automotive systems business
	Executive Vice President and Executive Officer	
Takao Matsui	Senior Vice President and Executive Officer	Corporate marketing and sales operations
Isao Ono	Senior Vice President and Executive Officer	Information & telecommunication systems business
Michiharu Nakamura	Senior Vice President and Executive Officer	Research & development and business incubation
Hiromi Kuwahara	Senior Vice President and Executive Officer	Corporate strategy and human resources
Minoru Tsukada	Vice President and Executive Officer	Sales operations (Kansai area)
Yoshito Tsunoda	Vice President and Executive Officer	Urban planning and development systems business
Hiroaki Nakanishi	Vice President and Executive Officer	Global business
Manabu Shinomoto	Vice President and Executive Officer	Platform and network systems business
Takuya Tajima	Vice President and Executive Officer	Industrial systems business
Takashi Hatchoji	Vice President and Executive Officer	Legal matters, corporate communications and corporate auditing
Kazuo Furukawa	Vice President and Executive Officer	Information & telecommunication systems business
Shigeharu Mano	Vice President and Executive Officer	Power systems business
Masaharu Sumikawa	Executive Officer	Power & industrial systems business and production engineering
Shozo Saito	Executive Officer	Power systems engineering
Makoto Ebata	Executive Officer	Group management

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Yasuo Sakuta	Executive Officer	Intellectual property
Takao Suzuki	Executive Officer	Sales operations (Chugoku area)
Koichiro Nishikawa	Executive Officer	Business development
Tsugio Momose	Executive Officer	Digital media business
Kazuhiro Mori	Executive Officer	Sales operations (Chubu area)
Iwao Hara	Executive Officer	Human resources
Takashi Miyoshi	Executive Officer	Finance
Taiji Hasegawa	Executive Officer	Automotive systems business
Masahiro Hayashi	Executive Officer	System solutions business

- Notes:
- (1) The Executive Officers shown above excluding Mr. Shigeharu Mano were newly elected and assumed their positions at the Company's Board of Directors meeting held after the 134th Ordinary General Meeting of Shareholders on June 25, 2003.
 - (2) Mr. Shigeharu Mano was newly elected as Vice President and Executive Officer at the Company's Board of Directors meeting on February 4, 2004 and assumed the position on February 5, 2004.
 - (3) Mr. Tadahiko Ishigaki resigned from the position of Vice President and Executive Officer on February 4, 2004.
 - (4) The Executive Officers marked with * concurrently hold the position of Director.

Table of Contents

The Company changed management members, effective April 1, 2004. New Executive Officers are as follows:

Executive Officers (As of April 1, 2004)

<u>Name</u>	<u>Position</u>	<u>Responsibilities</u>
Etsuhiko Shoyama	Representative Executive Officer	Overall management
	President and Chief Executive Officer	
Katsukuni Hisano	Representative Executive Officer	Automotive systems business
	Executive Vice President and Executive Officer	
Isao Ono	Representative Executive Officer	Sales operations, information & telecommunication systems business and digital media business
	Executive Vice President and Executive Officer	
Michiharu Nakamura	Representative Executive Officer	Research & development, business incubation and corporate export regulation
	Executive Vice President and Executive Officer	
Kazuo Furukawa	Senior Vice President and Executive Officer	Information & telecommunication systems business
Hiroaki Nakanishi	Senior Vice President and Executive Officer	Hitachi group global business and business development
Takashi Hatchoji	Senior Vice President and Executive Officer	Hitachi group legal and corporate communications, corporate auditing and human resources
Takashi Miyoshi	Senior Vice President and Executive Officer	Finance and corporate pension system
Takuya Tajima	Vice President and Executive Officer	Sales operations
Shigeharu Mano	Vice President and Executive Officer	Power systems business
Kazuhiro Mori	Vice President and Executive Officer	Industrial systems business
Yoshito Tsunoda	Vice President and Executive Officer	Urban planning and development systems business
Manabu Shinomoto	Vice President and Executive Officer	Platform and network systems business