

Item 19. Financial Statements and Exhibits

(a) The following financial statements and schedule are filed in Part IV, Item 17 of this report:

Consolidated Financial Statements of Hitachi, Ltd. and Subsidiaries:

	<u>Page Number</u>
Independent Auditors' Report	37
Consolidated Balance Sheets as of March 31, 1999 and 1998	38
Consolidated Statements of Income for the years ended March 31, 1999, 1998 and 1997	39
Consolidated Statements of Stockholders' Equity for the years ended March 31, 1999, 1998 and 1997	40
Consolidated Statements of Cash Flows for the years ended March 31, 1999, 1998 and 1997	41
Notes to Consolidated Financial Statements	42

Schedule:

Independent Auditors' Report	37
Schedule II      Reserves for the years ended March 31, 1999, 1998 and 1997	65

(b) Exhibits:

The Articles of Incorporation of Hitachi, Ltd. as amended through June 29, 1999 (English translation)	68
The Board of Directors Regulations of Hitachi, Ltd. as amended through June 29, 1999 (English translation)	77

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant certifies that it meets all of the requirements for filing on Form 20-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

HITACHI, LTD.

(Registrant)

Date September 24, 1999 By /s/Kazuo Kumagai  
Kazuo Kumagai  
Senior Vice President and Director  
General Manager  
Secretary's Office

(Translation)

**Articles of Incorporation**  
**of**  
**Hitachi, Ltd.**

(Amended as of June 29, 1999)

**Articles of Incorporation  
of  
Hitachi, Ltd.**

Establishment: February 1, 1920

Amendments:	June 27, 1920	December 25, 1923
August 25, 1928	November 26, 1928	May 28, 1929
January 27, 1933	October 27, 1933	April 26, 1935
January 27, 1937	October 28, 1937	October 27, 1938
February 25, 1939	October 27, 1939	August 28, 1940
December 19, 1940	April 28, 1941	April 27, 1943
November 9, 1943	April 10, 1944	April 27, 1944
August 25, 1944	October 27, 1944	April 27, 1945
September 19, 1945	May 20, 1946	April 26, 1947
February 16, 1948	August 4, 1948	December 27, 1948
September 28, 1949	November 28, 1949	October 29, 1951
November 26, 1954	November 28, 1955	October 1, 1956
May 28, 1957	November 28, 1957	May 29, 1961
November 28, 1961	August 31, 1962	November 28, 1962
April 1, 1963	May 28, 1963	November 28, 1967
May 28, 1969	November 28, 1974	June 28, 1982
June 29, 1989	June 27, 1991	June 29, 1994
June 26, 1998	June 29, 1999	

## Chapter I General Provisions

### Article 1. (Corporate name)

The Company shall be called “Kabushiki Kaisha Hitachi Seisakusho” in Japanese and “Hitachi, Ltd.” in English.

### Article 2. (Corporate purpose)

The purpose of the Company shall be to carry on the following businesses:

1. Manufacture and sale of electrical machinery and appliances.
2. Manufacture and sale of industrial machinery and appliances.
3. Manufacture and sale of rolling stock.
4. Manufacture and sale of telecommunication and electronic machinery and appliances.
5. Manufacture and sale of lighting and household machinery and appliances.
6. Manufacture and sale of optical and medical machinery and instruments.
7. Manufacture and sale of measuring and other general machinery and appliances.
8. Manufacture and sale of materials related to the products mentioned in any of the foregoing items.
9. Preparation and sale of software.
10. Preparation and sale of images, software and data related to multimedia.
11. Leasing and maintenance services of the products mentioned in any of the foregoing items.
12. Supply of electricity
13. Telecommunication, information processing and information supply services, as well as broadcasting.
14. Consulting on any of the foregoing items.
15. Licensing of industrial property rights and know-how.
16. Undertaking of engineering related to any of the foregoing items.
17. Design, supervision and undertaking of construction work.
18. Money lending, factoring, debt guarantee and investment advisory business.
19. Any and all businesses relating to the foregoing items.

### Article 3. (Location of head office)

The Company shall have its head office in Chiyoda-ku, Tokyo.

### Article 4. (Method of giving public notices)

The public notices of the Company shall be given by publication in the Mainichi Shimbun and the Nihon Keizai Shimbun, both published in Tokyo.

## Chapter II Shares

Article 5. (Total number of shares authorized to be issued)

The total number of shares authorized to be issued by the Company shall be 10,000,000,000 shares; provided, however, that in the event that any shares are canceled, the number of such shares so canceled shall be subtracted from the total number of shares so authorized.

Article 6. (Cancellation of shares by appropriation of profit)

By resolution of the Board of Directors, the Company may purchase and cancel its own shares, not exceeding 300,000,000 shares.

Article 7. (Par value of share)

The par value of each par value share of the Company shall be ¥50.

Article 8. (Number of shares to constitute one unit)

The number of shares to constitute one unit of shares of the Company shall be 1,000 shares.

Article 9. (Transfer agent)

The Company shall have a transfer agent in respect of shares.

The share register and the beneficiaries' record of the Company shall be kept at the business office of the transfer agent.

The transfer agent mentioned in the first paragraph shall handle for the Company the registration of the transfer of shares, purchase of less-than-one-unit shares and other business relating to shares.

The provisions of the foregoing paragraphs shall apply with respect to debentures.

Article 10. (Share Handling Regulations)

In addition to what is provided in laws, regulations or these Articles of Incorporation, the denominations of share certificates of the Company and registration of the transfer of shares of the Company, registration of rights of pledges, declaration of property in trust, notices from shareholders (including beneficiaries hereinafter), reissue of share certificates, purchase of less-than-one-unit shares and other matters relating to the handling of shares shall be governed by the Share Handling Regulations established by the Board of Directors.

Article 11. (Provisional address or agent of shareholders, etc., residing abroad)

Shareholders, pledgees or their legal representatives residing in foreign countries shall establish their provisional addresses or appoint their agents, in Japan, and shall notify such addresses or agents in accordance with the Share Handling Regulations. The same shall apply in case of a change occurring in these matters.

Article 12. (Record date and closing of share register)

The Company shall treat the shareholders as of the date of the closing of accounts for each business term as shareholders entitled to exercise the rights of shareholders at the ordinary General Meeting of Shareholders for such business term.

In addition to the preceding paragraph, if it is deemed necessary, the Company may, by giving public notice in advance, by resolution of the Board of Directors, treat the shareholders or pledgees as of a certain date and hour as the shareholders or pledgees entitled to exercise their rights.

If necessary, in the case mentioned in any of the preceding paragraphs, any alteration of the entries in the share register may be suspended for a certain period by giving public notice in advance, by resolution of the Board of Directors.

## **Chapter III Organs**

### **Section 1. General Meeting of Shareholders**

Article 13. (Convening)

An ordinary General Meeting of Shareholders shall be convened in June of each year and an extraordinary General Meeting of Shareholders shall be convened whenever necessary by the President and Director.

If the President and Director is prevented from discharging his duties, such meeting shall be convened by another Representative Director in the order previously fixed by the Board of Directors.

Article 14. (Chairmanship)

Chairmanship of a General Meeting of Shareholders shall be assumed by the President and Director. If the President and Director is prevented from discharging his duties, then another Director shall act as such chairman in the order previously fixed by the Board of Directors.

Article 15. (Exercise of voting rights by proxy)

Shareholders or their legal representatives may exercise their voting rights by proxy; provided, however, that such proxy must be a shareholder of the Company entitled to vote.

In the case mentioned in the preceding paragraph, a document showing the power of representation shall be submitted to the Company in advance.

Article 16. (Method of adopting resolutions)

Unless otherwise provided by laws, regulations or these Articles of Incorporation, resolutions at a General Meeting of Shareholders shall be adopted by a majority of the votes of the shareholders present.

Article 17. (Minutes)

With respect to the proceedings at a General Meeting of Shareholders, minutes shall be prepared recording therein the general proceedings and the resultant actions taken thereat, and such minutes shall be kept at the Company after the chairman and the Directors present have affixed their names and seals thereto.

**Section 2. Directors and Board of Directors**

Article 18. (Number)

The Company shall have not more than 40 Directors.

Article 19. (Election)

For the adoption of resolutions for the election of Directors, the presence of holders of shares representing one-third or more of the voting shares out of the total number of voting shares issued and outstanding shall be required at the General Meeting of Shareholders.

Resolutions under the preceding paragraph shall not be made by cumulative voting.

Article 20. (Term of office)

The term of office of Directors shall expire at the close of the ordinary General Meeting of Shareholders relating to the last closing of accounts within two years after their assumption of office; provided, however, that the term of office of those Directors who have newly assumed office while the other Directors are still in office shall be for the remaining balance of the term of office of the other Directors presently in office.

Article 21. (Representative Directors)

Representative Directors shall be selected by resolution of the Board of Directors.

Article 22. (Chairman of the Board, Vice Chairman of the Board and President)

By resolution of the Board of Directors, a President and Director shall be selected and for reasons of the Company's operation, a Chairman of the Board and a Vice Chairman of the Board may be selected; provided that the President and Director must be a Representative Director.

Article 23. (Executive Vice Presidents, Senior Vice Presidents and Executive Managing Directors)

For reasons of its operation, the Company may have one or more Executive Vice Presidents and Directors, Senior Vice Presidents and Directors, and Executive Managing Directors, respectively, by resolution of the Board of Directors.

Article 24. (Convening of meeting of the Board of Directors)

Notice for convening a meeting of the Board of Directors shall be dispatched to each Director and each Corporate Auditor one week prior to the date of the meeting; provided, however, that in case of urgency, such period may be shortened and such notice may be dispatched three days prior to the date of the meeting.

Article 25. (Remuneration)

The remuneration and retirement allowance for Directors shall be decided at a General Meeting of Shareholders.

Article 26. (Board of Directors Regulations)

In addition to what is provided by laws, regulations or these Articles of Incorporation, the matters concerning the Board of Directors shall be governed by the Board of Directors Regulations established by the Board of Directors.

### **Section 3. Corporate Auditors and Board of Corporate Auditors**

Article 27. (Number)

The Company shall have not more than seven Corporate Auditors.

Article 28. (Term of office)

The term of office of Corporate Auditors shall expire at the close of the ordinary General Meeting of Shareholders relating to the last closing of accounts within three years after their assumption of office; provided, however, that the term of office of a Corporate Auditor elected to fill a vacancy created by the retirement of another Corporate Auditor before the expiration of his term of office shall expire at the time the term of office of the retired Corporate Auditor would have expired.

Article 29. (Application of provisions relating to Directors)

The provisions of the first paragraph of Article 19 and those of Article 25 shall apply, mutatis mutandis, with respect to Corporate Auditors.

Article 30. (Convening of meeting of the Board of Corporate Auditors)

Notice for convening a meeting of the Board of Corporate Auditors shall be dispatched to each Corporate Auditor one week prior to the date of the meeting; provided, however, that in case of urgency, such period may be shortened and such notice may be dispatched three days prior to the date of the meeting.

Article 31. (Regulations of the Board of Corporate Auditors)

In addition to what is provided by laws, regulations or these Articles of Incorporation, the matters concerning the Board of Corporate Auditors shall be governed by the Regulations of the Board of Corporate Auditors established by the Board of Corporate Auditors.

#### **Section 4. Chairmen Emeritus**

Article 32. (Chairmen Emeritus)

The Company may have Chairmen Emeritus by resolution of the Board of Directors.

### **Chapter IV Accounts**

Article 33. (Date of closing of accounts)

The date of closing of accounts of the Company shall be March 31 of each year.

Article 34. (Dividends)

Dividends shall be paid to the shareholders or registered pledgees as of each date of closing of accounts after the close of the ordinary General Meeting of Shareholders concerned.

If the dividends mentioned in the preceding paragraph are not received within three years from the date the same became due and payable, the Company shall be relieved of the obligation to pay such dividends.

Article 35. (Interim dividends)

The Company may, by resolution of the Board of Directors, make such distribution of money as provided for in Article 293-5 of the Commercial Code of Japan to the shareholders or registered pledgees as of the last day of September of each year.

The provisions of the second paragraph of the preceding Article shall apply, mutatis mutandis, to the distribution of money mentioned in the preceding paragraph.

Article 36. (Matters relating to convertible debentures)

For the purpose of dividends or the distribution of money under the first paragraph of the preceding Article, in case a request for conversion of convertible debentures is made, each of the periods from April 1 to September 30 and from October 1 to March 31 of the following year shall be deemed to constitute a business term, and the conversion shall be deemed to have occurred at the beginning of the business term in which such request for conversion was made.

(Translation)

**Board of Directors Regulations**  
**of**  
**Hitachi, Ltd.**

(Amended as of June 29, 1999)

**Board of Directors Regulations  
of  
Hitachi, Ltd.**

Establishment: August 4, 1951

Amendments:	November 28, 1967	November 29, 1971	November 28, 1974
	June 28, 1977	June 26, 1981	August 26, 1982
	March 28, 1991	October 27, 1998	February 25, 1999
	June 29, 1999		

Article 1. (Purpose)

In addition to what is provided in laws, orders or the Articles of Incorporation, matters relating to the Board of Directors of the Company shall be governed by these Regulations.

Article 2. (Powers of the Board of Directors)

The Board of Directors shall decide the administration of the affairs of the Company and supervise the execution of the duties of the Directors.

Article 3. (Person having power to convene meeting)

Ordinary meetings of the Board of Directors shall be convened once every month, and extraordinary meetings of the Board of Directors, whenever necessary, by the Chairman of the Board and Director (herein called the Chairman). If there is no Chairman or the Chairman is prevented from discharging his duties, such meetings shall be convened by the President and Director (herein called the President) and if the President is prevented from discharging his duties, such meetings shall be convened by one of the other Directors in the order previously fixed by resolution of the Board of Directors.

Article 4. (Request to convene meeting)

When a Director has requested that a meeting of the Board of Directors be convened, submitting to the Chairman a written statement giving of the matters to be taken up by such meeting, the Chairman shall convene a meeting of the Board of Directors without delay.

When a Corporate Auditor has requested that a meeting of the Board of Directors be convened in accordance with what is provided in laws and orders, the Chairman shall convene a meeting of the Board of Directors without delay.

Article 5. (Notice)

Notice of a meeting of the Board of Directors shall be dispatched to each Director and each Corporate Auditor one week prior to the date of meeting; provided, however, that in case of urgency such period may be shortened and such notice may be dispatched three days prior to the date of meeting.

Article 6. (Chairmanship)

Chairmanship of a meeting of the Board of Directors shall be assumed by the Chairman. If there is no Chairman or the Chairman is prevented from discharging his duties, the President shall assume the chairmanship and if the President is prevented from discharging his duties, one of the other Directors shall assume the chairmanship in the order previously fixed by resolution of the Board of Directors.

Article 7. (Method of resolution)

Resolutions of the Board of Directors shall be adopted by a majority vote of the Directors present at a meeting of the Board of Directors attended by more than one-half of the Directors.

A Director who has a special interest in a resolution under the preceding paragraph shall not take part in the voting thereon.

Article 8. (Matters requiring resolution)

Resolution of the Board of Directors shall be required for the following matters:

1. Convening of a General Meeting of Shareholders.
2. Matters and proposals to be presented to the General Meeting of Shareholders as the subjects to be discussed thereby.
3. Approval of the balance sheet, statement of income, business report and the plan for appropriation of retained earnings or treatment of losses, and detailed statements attached thereto.
4. Decision on distribution of money (interim dividends) to the shareholders or registered pledgees.
5. Selection of Representative Directors.
6. Selection of a Chairman of the Board and Director, a Vice Chairman of the Board and Director, a President and Director, Executive Vice Presidents and Directors, and Senior Vice Presidents and Directors.
7. Selection of Executive Officers and Administrative Officers.
8. Commissioning of Chairmen Emeritus.
9. Commissioning of Advisory Board Members.
10. Any other matters in addition to those mentioned in the preceding five items relating to important organizational and personnel affairs.
11. Approval of transactions between Directors and the Company.
12. Approval of transactions by the Company which might cause a conflict of interest between Directors and the Company.

13. Approval of transactions of Directors competitive with the Company.
14. Exercise of power to intervene with respect to transactions of Directors competitive with the Company.
15. Matters relating to issuance of new shares.
16. Transfer of reserves to stated capital.
17. Splitting-up of shares.
18. Matters relating to issuance of debentures.
19. Matters relating to issuance of debentures with warrant.
20. Matters relating to issuance of convertible debentures.
21. Conversion between shares having par value and shares without par value.
22. Matters relating to purchase of its own shares.
23. Borrowing of large sums.
24. Important policies relating to production and sales.
25. Acquisition and disposal of important property.
26. Conclusion of important contracts.
27. Matters relating to important litigation.
28. Establishment and amendment of the Share Handling Regulations.
29. Establishment, amendment and repeal of important regulations.
30. Matters in addition to those mentioned in the foregoing items provided in laws, orders or the Articles of Incorporation.
31. Matters entrusted to the decision of the Board of Directors at the General Meeting of Shareholders.
32. Other matters of the Company's business of importance comparable to those mentioned in the foregoing items.

Article 9. (Matters to be reported)

Every Director shall report to the Board of Directors on the following matters without delay:

1. Progress in the execution of his business.
2. Important matters relating to transactions between himself and the Company.
3. Important matters relating to transactions by the Company which might cause a conflict of the interest between Directors and the Company.
4. Important matters relating to transactions by him which are competitive with the Company.
5. Other matters the Board of Directors may deem necessary.

Article 10. (Presence of Corporate Auditors)

Corporate Auditors may be present at meetings of the Board of Directors, and may state opinions.

Article 11. (Minutes)

With respect to the proceedings at a meeting of the Board of Directors, minutes shall be prepared and signed by the Directors and the Corporate Auditors present thereat. Such minutes shall contain a summary of the proceedings and the results thereof.

Directors who have taken part in the voting on a resolution and who have recorded no objection in the minutes shall be deemed to have concurred in such resolution.

Article 12. (Amendment)

Resolution of the Board of Directors shall be required for any amendment of these Regulations.