

A NEW CHAPTER ANNUAL REPORT 2003
Year ended March 31, 2003

Plan //

i.e. HITACHI Plan //

HIGHLIGHTS OF THE YEAR

Hitachi, Ltd. and Subsidiaries

Years ended March 31, 2003, 2002 and 2001

	Millions of yen			Millions of U.S. dollars
	2003	2002	2001	2003
For the year:				
Net sales	¥ 8,191,752	¥7,993,784	¥ 8,416,982	\$68,265
Operating income (loss)	152,967	(117,415)	342,312	1,275
Net income (loss)	27,867	(483,837)	104,380	232
Cash dividends declared	20,107	10,013	36,716	168
At year-end:				
Total assets	10,179,389	9,915,654	11,246,608	84,828
Stockholders' equity	1,853,212	2,304,224	2,861,502	15,443
				Yen
				U.S. dollars
Per share data:				
Net income:				
Basic	¥ 8.31	¥(144.95)	¥ 31.27	\$ –
Diluted	8.19	(144.95)	30.32	–
Net income per ADS (representing 10 shares):				
Basic	83	(1,450)	313	1
Diluted	82	(1,450)	303	1
Cash dividends declared	6.0	3.0	11.0	–
Cash dividends declared per ADS (representing 10 shares)	60	30	110	1
Stockholders' equity	550.76	690.28	857.27	5

Notes: 1. The consolidated figures in this annual report are expressed in yen and, solely for the convenience of the reader, have been translated into United States dollars at the rate of ¥120=U.S.\$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market as of March 31, 2003. See note 2 of the accompanying notes to consolidated financial statements.

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. The Company believes that this is useful to investors in comparing the company's financial results with those of other Japanese companies. Under accounting principles generally accepted in the United States of America, restructuring charges, net gain or loss on sale and disposal of rental assets and other property, impairment losses, special termination benefits and the losses resulting from the adoption of EITF Issue No. 03-2 "Accounting for the Transfer to the Japanese Government of the Substitutional Portion of Employee Pension Fund Liabilities" are included as part of operating income (loss). See the consolidated statements of income and note 17 to the consolidated financial statements. The restructuring charges mainly represent impairment losses incurred with the reorganization of the business structures, and as the result of the Company and its subsidiaries reviewing and reshaping the business portfolio.

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CAUTIONARY STATEMENT

Certain statements contained in this annual report may constitute forward-looking statements which reflect management's current views with respect to certain future events and financial performance based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Words such as "anticipate," "believe," "expect," "estimate," "intend," "plan," "project" and similar expressions which indicate future events and trends may identify forward-looking statements. Actual results may differ materially from those projected or implied in the forward-looking statements and from historical trends. Further, certain forward-looking statements are based upon assumptions of future events which may not prove to be accurate. Factors that could cause actual results to differ materially from those projected or implied in any forward-looking statements and from historical trends include, but are not limited to: rapid technological change, particularly in the Information & Telecommunication Systems segment and Electronic Devices segment; uncertainty as to Hitachi's ability to continue to develop and market products that incorporate new technology on a timely and cost-effective basis and to achieve market acceptance for such products; fluctuations in product demand and industry capacity, particularly in the Information & Telecommunication Systems segment, Electronic Devices segment and Digital Media & Consumer Products segment; increasing commoditization of information technology products, and intensifying price competition in the market for such products; fluctuations in rates of exchange for the yen and other currencies in which Hitachi makes significant sales or in which Hitachi's assets and liabilities are denominated, particularly between the yen and the U.S. dollar; uncertainty as to Hitachi's ability to access, or access on favorable terms, liquidity or long-term financing, particularly in the context of limited credit availability currently prevailing in Japan; uncertainty as to Hitachi's ability to implement measures to reduce the potential negative impact of fluctuations in product demand and/or exchange rates; general economic conditions and the regulatory and trade environment of Hitachi's major markets, particularly, the United States, Japan and elsewhere in Asia, including, without limitation, continued stagnation or deterioration of the Japanese economy, or direct or indirect restriction by other nations of imports; uncertainty as to Hitachi's access to, or protection for, certain intellectual property rights, particularly those related to electronics and data processing technologies; uncertainty as to the success of alliances upon which Hitachi depends, some of which Hitachi may not control, with other corporations in the design and development of certain key products; and uncertainty as to general market price levels for equity securities in Japan, declines in which may require Hitachi to write-down equity securities it holds. These factors listed above are not exclusive and are in addition to other factors that are stated or indicated elsewhere in this report, or in other materials published by the Company.