



ANNUAL REPORT 2004  
Year ended March 31, 2004

# HIGHLIGHTS OF THE YEAR

Hitachi, Ltd. and Subsidiaries  
Years ended March 31, 2004, 2003 and 2002

	Millions of yen			Millions of U.S. dollars
	2004	2003	2002	2004
<b>For the year:</b>				
Revenues . . . . .	<b>¥8,632,450</b>	¥ 8,191,752	¥7,993,784	<b>\$81,438</b>
Operating income (loss) . . . . .	<b>184,863</b>	152,967	(117,415)	<b>1,744</b>
Net income (loss) . . . . .	<b>15,876</b>	27,867	(483,837)	<b>150</b>
Cash dividends declared . . . . .	<b>26,385</b>	20,107	10,013	<b>249</b>
<b>At year-end:</b>				
Total assets . . . . .	<b>¥9,590,322</b>	¥10,179,389	¥9,915,654	<b>\$90,475</b>
Stockholders' equity . . . . .	<b>2,168,131</b>	1,853,212	2,304,224	<b>20,454</b>
			Yen	U.S. dollars
<b>Per share data:</b>				
Net income (loss):				
Basic . . . . .	<b>¥ 4.81</b>	¥ 8.31	¥(144.95)	<b>\$0.05</b>
Diluted . . . . .	<b>4.75</b>	8.19	(144.95)	<b>0.04</b>
Net income (loss) per ADS (representing 10 shares):				
Basic . . . . .	<b>48</b>	83	(1,450)	<b>0.45</b>
Diluted . . . . .	<b>47</b>	82	(1,450)	<b>0.44</b>
Cash dividends declared . . . . .	<b>8.0</b>	6.0	3.0	<b>0.08</b>
Cash dividends declared per ADS (representing 10 shares) . . .	<b>80</b>	60	30	<b>0.75</b>
Stockholders' equity . . . . .	<b>657.42</b>	550.76	690.28	<b>6.20</b>

- 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 ¥106=U.S.\$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market as of March 31, 2004. See note 3 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 total revenues 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 remeasurement of the obligation upon 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 operations and notes 18, 19 and 20 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" as defined in the U.S. Private Securities Litigation Reform Act of 1995. Such "forward-looking statements" reflect management's current views with respect to certain future events and financial performance 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 are used to assist readers in identifying these "forward-looking statements." Such statements are based on currently available information and are subject to various risks and uncertainties that could cause actual results to differ materially from those projected or implied in the "forward-looking statements" and from historical trends. Certain "forward-looking statements" are based on current assumptions of future events which may not prove to be accurate. Undue reliance should not be placed on "forward-looking statements," as such statements speak only as of the date of this document.

Factors that could cause actual results to differ materially from those projected or implied in any "forward-looking statement" 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, a return to stagnation or deterioration of the Japanese economy, or direct or indirect restriction by other nations on imports; uncertainty as to Hitachi's access to, and ability to protect, 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.

The factors listed above are not all-inclusive and are in addition to other factors contained in Hitachi's periodic filings with the U.S. Securities and Exchange Commission and in other materials published by Hitachi.