

CHAIRMAN'S MESSAGE

Hitachi has been striving to enhance corporate governance in order to establish an executive system that facilitates speedy business operations and a high degree of management transparency. This was the motivation for the adoption of the Committee System in June 2003 by Hitachi, Ltd. and its 18 publicly owned Group companies. The system ensures the effective supervision of management and promotes faster decision-making by demarcating responsibilities for management oversight and those for execution of business operations. The establishment of the Hitachi Group Headquarters was another move inspired by the desire to bolster our management framework. This new organization is charged with devising and executing strategies that give full play to the collective strengths of the Hitachi Group.

The Hitachi Group, in addition to possessing a wide-ranging portfolio of businesses, counts among its members publicly listed subsidiaries that command strong positions in their respective spheres of operation in Japan. Our strategies are designed to strengthen the businesses of each Group company while capturing greater synergies throughout the Group, with the goal of lifting our enterprise value.

Hitachi, Ltd. has 14 directors, three of whom serve concurrently as executive officers. Four directors come from outside Hitachi. Each director brings a unique perspective and different skills and experience to the Board of Directors, and is working to stimulate discussion on the Board and to ensure that transparency remains a beacon for management.

I am confident that these measures will accelerate the creation of group management that is best suited to the unique nature of Hitachi and bolster the Group's competitiveness so that we can increase shareholder value.

June 24, 2004



Tsutomu Kanai

Chairman of the Board



Tsutomu Kanai
Chairman of the Board