

Report of Independent Registered Public Accounting Firm



To the Stockholders and Board of Directors of
Hitachi, Ltd.:

We have audited the accompanying consolidated balance sheets of Hitachi, Ltd. and subsidiaries as of March 31, 2006 and 2005, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended March 31, 2006, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The Company's consolidated financial statements do not disclose certain information required by Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information." Disclosure of this information is required by accounting principles generally accepted in the United States.

In our opinion, except for the omission of segment information as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hitachi, Ltd. and subsidiaries as of March 31, 2006 and 2005, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2006, in conformity with U.S. generally accepted accounting principles.

We have also recomputed the translation of the consolidated financial statements as of and for the year ended March 31, 2006 into United States dollars. In our opinion, the consolidated financial statements expressed in yen have been translated into United States dollars on the basis described in Note 3.

Ernst & Young Shinohara

Tokyo, Japan
May 17, 2006

Five-Year Summary

Hitachi, Ltd. and Subsidiaries

	Millions of yen				
	2006	2005	2004	2003	2002
For the year:					
Revenues	¥ 9,464,801	¥9,027,043	¥8,632,450	¥ 8,191,752	¥7,993,784
Operating income (loss) (note)	256,012	279,055	184,863	152,967	(117,415)
Net income (loss)	37,320	51,496	15,876	27,867	(483,837)
Cash dividends declared	36,641	36,462	26,385	20,107	10,013
Capital investment					
(Property, plant and equipment)	954,706	959,593	816,547	787,496	856,279
Depreciation (Property, plant and equipment)	451,170	425,080	436,053	480,274	529,418
R&D expenditures	405,079	388,634	371,825	377,154	415,448
At year-end:					
Total assets	10,021,195	9,736,247	9,590,322	10,179,389	9,915,654
Net property, plant and equipment	2,460,186	2,357,931	2,232,862	2,601,050	2,514,424
Stockholders' equity	2,507,773	2,307,831	2,168,131	1,853,212	2,304,224
Yen					
Per share information:					
Net income (loss):					
Basic	¥ 11.20	¥ 15.53	¥ 4.81	¥ 8.31	¥ (144.95)
Diluted	10.84	15.15	4.75	8.19	(144.95)
Net income (loss) per ADS					
(representing 10 shares):					
Basic	112	155	48	83	(1450)
Diluted	108	151	47	82	(1450)
Cash dividends declared	11.0	11.0	8.0	6.0	3.0
Cash dividends declared per ADS					
(representing 10 shares)					
Stockholders' equity	752.91	692.73	657.42	550.76	690.28
Number of employees	355,879	347,424	326,344	339,572	321,517

Note: 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 and special termination benefits are included as part of operating income (loss) for the years ended March 31, 2006, 2005 and 2004. See the consolidated statements of income and notes 19, 20 and 21 to the consolidated financial statements.

The restructuring charges mainly represent special termination benefits incurred with the reorganization of our business structures, and as the result of the Company and its subsidiaries reviewing and reshaping the business portfolio. 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," for the years ended March 31, 2003 and 2002 totaled net losses of ¥9,673 million and ¥349,361 million, respectively.

Corporate Data

(As of March 31, 2006)

Corporate Name

Hitachi, Ltd.
(Kabushiki Kaisha Hitachi Seisakusho)

Principal Office

6-6, Marunouchi 1-chome, Chiyoda-ku,
Tokyo, 100-8280, Japan

Founded

1910 (Incorporated in 1920)

Number of Employees

355,879

Number of Shares Issued

Common Stock: 3,368,126,056 shares

Number of Shareholders

407,522

Administrator of Shareholders' Register

Tokyo Securities Transfer Agent Co., Ltd.
4-2, Marunouchi 1-chome, Chiyoda-ku,
Tokyo, 100-0005, Japan
TEL: +81-3-3212-4611

Depository and Registrar for American Depositary Receipts

(New York Stock Exchange Listed Symbol — HIT)
Citibank, N.A. Shareholder Services
P.O. Box 43077
Providence, Rhode Island 02940-3077 USA

TEL: U.S.A. 1-877-248-4237 CITI-ADR
International +1-816-843-4281
E-mail: citibank@shareholders-online.com
URL: www.citigroup.com/adr

Overseas Stock Exchange Listings

(As of June 27, 2006)

Frankfurt and New York stock exchanges

Note: Hitachi, Ltd. is applying to delist its shares (represented by
depository receipts) from Frankfurt Stock Exchange.

Japanese Stock Exchange Listings

Tokyo, Osaka, Nagoya, Fukuoka
and Sapporo stock exchanges

Independent Registered Public Accounting Firm

Ernst & Young ShinNihon

URL

<http://www.hitachi.com/>

FOR FURTHER INFORMATION, PLEASE CONTACT:

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