

HITACHI LTD  
Form 6-K  
July 10, 2007  
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**FORM 6-K**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16 OF  
THE SECURITIES EXCHANGE ACT OF 1934**

**For the month of June 2007**

**Commission File Number 1-8320**

\_\_\_\_\_  
**Hitachi, Ltd.**

(Translation of registrant's name into English)

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

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-\_\_\_\_\_



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This report on Form 6-K contains the followings:

1. Translation of Notice of the 138th Ordinary General Meeting of Shareholders.
2. Press release dated June 29, 2007 regarding Hitachi's Announcement on policy on the reduction of number of shares constituting investment unit on Japanese Stock Exchanges.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Hitachi, Ltd.  
(Registrant)

Date: July 10, 2007

By /s/ Masahiro Hayashi  
Masahiro Hayashi  
Executive Vice President and Executive Officer

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(Translation)

**Hitachi, Ltd.**

6-6, Marunouchi 1-chome

Chiyoda-ku, Tokyo

June 1, 2007

**Notice of the 138th Ordinary General Meeting of Shareholders**

Dear Shareholders:

You are cordially invited to attend the 138th Ordinary General Meeting of Shareholders of Hitachi, Ltd. (local code: 6501; the Company ) to be held as follows:

In the event you are not able to attend, it is requested that you review the reference documentation for Ordinary General Meeting of Shareholders on pages 3 through 6 and exercise your voting rights by 5 p.m. of June 25, 2007 (Monday), as it is possible to exercise your voting rights in writing, via the Internet (<http://www.e-tosyodai.com/>), or by other means.

- 1. Date**        **Tuesday, June 26, 2007 at 10:00 a.m.**
- 2. Location**   **Higashi-Ochanomizu Building**  
                  **29, Kanda-Awajicho 2-chome, Chiyoda-ku, Tokyo**
- 3. Agenda**  
**Reporting Matter**

Report on the Business Report, Financial Statements, and Consolidated Financial Statements for the 138th Business Term (from April 1, 2006 to March 31, 2007), and the results of the audit on the Consolidated Financial Statements by the Accounting Auditors and the Audit Committee

**Matter to Be Resolved**

- Item**    Election of 13 Directors due to expiration of the term of office of all Directors

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**4. Matters Concerning Exercise of Voting Rights**

- (1) Should no indication is made of whether you approve or disapprove the agenda item in exercising your voting rights in writing, you will be deemed to have approved.
- (2) Should you exercise your voting rights via the Internet, your vote via the Internet will be deemed to be the official indication of your intent, even if you mail in your voting form.
- (3) You may appoint only one proxy who exercises your voting rights on your behalf; provided, however, that such proxy must be a shareholder of the Company entitled to vote. In so doing, a document certifying the power of representation is required to be submitted to the Company.

Very truly yours,

Kazuo Furukawa  
President and Director

When attending the Ordinary General Meeting of Shareholders, you are requested to submit the enclosed voting right card at the reception desk.

In the event the Business Report, Financial Statements, Consolidated Financial Statements or Reference Documents for the Ordinary General Meeting of Shareholders need to be modified in the period from the dispatch of this notice to the preceding day of the general meeting, the Company will post such modification on its website (<http://www.hitachi.co.jp/>).

The Notice of the 138th Ordinary General Meeting of Shareholders and Report on the 138th Business Term are posted on the Company website (<http://www.hitachi.co.jp/>).

**Table of Contents****Reference Documentation****Matter to Be Resolved****Item Election of 13 Directors due to expiration of the term of office of all Directors**

Due to expiration at the close of this Meeting of the term of office of all the present Directors, it is proposed that 13 Directors be elected. The Company does not adopt cumulative voting in the election of Directors in accordance with the provision of the Articles of Incorporation of the Company.

All nominees listed below have agreed to take office as Directors assuming that they are elected at this Meeting.

No.	Name (Date of Birth)	Position and Responsibilities at the Company, and Principal Position Outside the Company	Brief Biography	Share Ownership	Conflict of Interest
1	Etsuhiko Shoyama (Mar. 9, 1936)	Chairman of the Board, Hitachi, Ltd.  (Member of Nominating Committee)	4/1959 Joined Hitachi, Ltd. 6/1991 Director  6/1993 Executive Managing Director  6/1995 Senior Executive Managing Director  6/1997 Executive Vice-President and Representative Director  4/1999 President and Representative Director	Shares         124,000	None
2	Kazuo Furukawa (Nov. 3, 1946)	Representative Executive Officer, President and Director,  Hitachi, Ltd.	4/1971 Joined Hitachi, Ltd.  6/2003 Vice President and Executive Officer  4/2004 Senior Vice President and Executive Officer  4/2005 Representative Executive Officer, Executive Vice President and Executive Officer	66,000	None

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		4/2006 Representative Executive Officer and President		
		6/2006 Representative Executive Officer, President and Director		
Yoshiki Yagi	Director, Hitachi, Ltd.	4/1960 Joined Hitachi, Ltd.		
(Feb. 27, 1938)	(Standing member of Audit Committee)	6/1991 Director		
		6/1993 Executive Managing Director		
		6/1997 Senior Executive Managing Director		
		4/1999 Executive Vice President and Representative Director		
3		6/2003 Representative Executive Officer, Executive Vice President, Executive Officer and Director	108,000	None
		4/2004 Director		
		6/2005 Board Director (Chair)		
		4/2007 Director		





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7/2005 Advisor, Japan Institute of Workers  
Evolution

Representative Director, Kabushiki  
Kaisha Kokusai Kenshu Service

Mitsuo Ohashi  
(Jan. 18, 1936)

Chairman of the Board, Showa  
Denko K.K. ( Showa Denko )

3/1959 Joined the Mitsui Bank Limited

12/1961 Joined Showa Denko

3/1989 Director

3/1993 Managing Director

7

3/1995 Senior Managing Director

0

None

3/1997 President (CEO) and Representative  
Director

1/2005 Chairman of the Board of Directors and  
Representative Director

3/2007 Chairman of the Board

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No.	Name (Date of Birth)	Position and Responsibilities at the Company, and Principal Position Outside the Company	Brief Biography	Share Ownership	Conflict of Interest
8	Akihiko Nomiyama (Jun. 15, 1934)	Special Advisor, NIPPON MINING HOLDINGS, INC. ( NMH )	4/1957 Joined NIPPON MINING CO., LTD. 6/1984 Director, NIPPON MINING CO., LTD.  6/1989 Managing Director  12/1992 Managing Director, NIKKO KYODO CO., LTD.  12/1993 Managing Director, JAPAN ENERGY CORPORATION ( JEC )  6/1994 Senior Managing Director, JEC  6/1996 President and CEO and Representative Director,, JEC  6/2000 Chairman of the Board, President and CEO and Representative Director, JEC  4/2002 Chairman of the Board and Representative Director, JEC  9/2002 President and CEO and Representative Director, NMH  6/2003 Chairman of the Board and Representative Director, NMH	Shares	
9	Kenji Miyahara (Nov. 5, 1935)	Chairman of the Board and Representative Director, Sumitomo Corporation	6/2006 Special Advisor, NMH 4/1958 Joined Sumitomo Corporation  6/1986 Director  6/1990 Managing Director  6/1993 Senior Managing Director and Representative Director  6/1995 Executive Vice President and Representative Director  6/1996 President and Chief Executive Officer and Representative Director  6/2001 Chairman of the Board and Representative Director	0	Note (1)

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	Tohru Motobayashi	Attorney at Law	4/1963	Member of the Tokyo Bar Association		
	(Jan. 5, 1938)		6/1970	Partner, Mori Sogo Law Offices (currently, Mori Hamada & Matsumoto)		
10		Director, Hitachi, Ltd.	4/2002	President of the Japan Federation of Bar Associations (Retired in March 2004)	17,750	None Note (2)
		(Member of Nominating Committee and Compensation Committee)	6/2006	Director, Hitachi, Ltd.		
	Takeo Ueno	President and Representative Director, Hitachi Via Mechanics, Ltd.	4/1964	Joined Hitachi, Ltd.		
	(Feb. 9, 1942)		5/1995	General Manager, Materials Department		
11			4/2000	Deputy General Manager, Sales Management Division	36,000	None
			6/2001	President and Representative Director, Hitachi Via Mechanics, Ltd.		
	Isao Uchigasaki	Chairman of the Board, Hitachi Chemical Co., Ltd. ( Hitachi Chemical )	4/1962	Joined Hitachi, Ltd.		
	(Jan. 2, 1939)		4/1963	Joined Hitachi Chemical		
			6/1991	Board Director		
		Director, Hitachi, Ltd.	6/1993	Executive Managing Director		
			6/1997	President and Representative Director		
12			4/2003	Chairman of the Board and Representative Director	15,000	None
			6/2003	Chairman of the Board		
			4/2004	Hitachi Group Executive Officer, Hitachi, Ltd.		
			6/2004	Hitachi Group Executive Officer and Director, Hitachi, Ltd.		
			4/2006	Director, Hitachi, Ltd.		

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No.	Name (Date of Birth)	Position and Responsibilities at the Company, and Principal Position Outside the Company	Brief Biography	Share Ownership	Conflict of Interest
13	Michihiro Honda (Oct. 13, 1942)	Chairman of the Board, Hitachi Metals, Ltd. ( Hitachi Metals )	4/1965 Joined Hitachi Metals 6/1995 Member of the Board of Directors  6/1999 Executive Managing Director and Representative Director  6/2000 President and Representative Director  6/2003 Representative Executive Officer, President, Chief Executive Officer and Director  6/2006 Chairman of the Board	Shares   11,000	None

- Notes: 1. The Company has continuous transactions, including the purchase of steel pipes and steel plates as well as the sale of railroad vehicles, power generation equipment, and other products through Sumitomo Corporation, of which Mr. Miyahara is a representative director. The amount of such transactions is negligible, in comparison to the whole business scale of both companies.
2. The law firm Mori Hamada & Matsumoto, to which Mr. Tohru Motobayashi belongs, is one of the Company's advisory firms, but there is no contractual relationship regarding legal services between Mr. Motobayashi and the Company.
3. Ms. Yoshie Ota, Mr. Mitsuo Ohashi, Mr. Akihiko Nomiya, Mr. Kenji Miyahara and Mr. Tohru Motobayashi are nominees who fulfill the qualification requirements to be outside director nominees as provided for in Article 2, Paragraph 3-7 of the Enforcement Regulations of the Company Law.
4. Ms. Yoshie Ota was selected as an outside director nominee, since she can be expected to reinforce the functional aspects of the Company's Board of Directors by supervising the execution of duties by Executive Officers and others from an independent perspective based on her diverse experience and insight in such areas as public administration.
5. Messrs. Mitsuo Ohashi, Akihiko Nomiya and Kenji Miyahara were selected as outside director nominees, since they can be expected to reinforce the functional aspects of the Company's Board of Directors by supervising the execution of duties by Executive Officers and others from an independent perspective based on their rich experience and insight as the top executives of major global companies.
6. Mr. Tohru Motobayashi was selected as an outside director nominee, since he can be expected to reinforce the functional aspects of the Company's Board of Directors by supervising the execution of duties by Executive Officers and others from an independent perspective based on his rich experience and insight as a legal expert. Although Mr. Motobayashi has not been involved in the management of companies outside of his capacities as an outside director, the Company has determined that he will be able to perform his duties as an outside director appropriately, since he is well versed in the practical applications of business law, including corporate governance and the establishment of compliance structures. It has been one year since he assumed office as the Company's Outside Director.

7. The Company has a limited liability agreement (hereinafter referred to as Agreement ) stipulated in Article 427, Paragraph 1 of the Company Law with Mr. Tohru Motobayashi. The general intent of the Agreement is to limit the liability of outside Directors to the aggregate amount of the sums stipulated in each item under Article 425, Paragraph 1 of the Company Law, and the Agreement will be extended should Mr. Motobayashi be reappointed at this Meeting. A similar agreement will be executed with each of Ms. Yoshie Ota, Mr. Mitsuo Ohashi, Mr. Akihiko Nomiyama, and Mr. Kenji Miyahara in the event their appointment is approved.
8. There is no cross sitting of directors between Kabushiki Kaisha Kokusai Kenshu Service, Showa Denko, NMH or Sumitomo Corporation and the Company.
9. In the event this agenda is approved, the membership and the chair of the committees are expected to be as follows:

Nominating Committee:	Etsuhiko Shoyama (Chair), Yoshie Ota, Mitsuo Ohashi, Tohru Motobayashi, Kazuo Furukawa
Audit Committee:	Yoshiki Yagi (Chair), Yoshie Ota, Akihiko Nomiyama, Kenji Miyahara, Tadamichi Sakiyama
Compensation Committee:	Etsuhiko Shoyama (Chair), Akihiko Nomiyama, Kenji Miyahara, Tohru Motobayashi, Kazuo Furukawa

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### **Reporting Matter**

#### **1. Business Report (from April 1, 2006 to March 31, 2007)**

##### **(1) Business Overview and Results of Hitachi Group**

###### **Business Results**

The Japanese economy during the period under review saw an increase in production, powered by capital investments and exports, and continued to improve though at a moderate pace. The world economy was also robust.

To report on the consolidated performance of the Hitachi Group in this environment, sales increased by 8% from the preceding fiscal year to JPY 10,247.9 billion due mainly to growth in overseas sales. Operating income fell by 29% from the preceding fiscal year to JPY 182.5 billion and net loss of JPY 32.7 billion was posted in spite of increased earnings in Electronic Devices and High Functional Materials & Components, due to the decreased earnings in Information & Telecommunication Systems and Power & Industrial Systems, and the posting of operating loss by Digital Media & Consumer Products. Hitachi decided on annual dividend of JPY 6 per share, including interim dividend of JPY 3 per share.

The Company received an order from the Fair Trade Commission in September 2006 to pay a surcharge based on the allegation that a violation of the Antimonopoly Act was committed in connection with the bid for the installation of ventilation systems along the Shinjuku Route of the Metropolitan Expressway, the order for which was placed in 2004. Accordingly, in March 2007, the Company was ordered by the Ministry of Land, Infrastructure and Transport to suspend part of its business operations for 15 days. The Company offers its sincere apologies to its shareholders for causing them serious concerns. The Company intends to enforce regulatory compliance thoroughly and devote its efforts to preventing recurrences.

###### **Measures Taken**

The Hitachi Group is working on enhancing its competitive edge on a consolidated basis by continually promoting structural reforms of its businesses, while investing aggressively in its priority businesses.

A decision was made this fiscal year to establish a joint venture with General Electric Co. of the U.S. in the nuclear power generation equipment business, where growth is expected, and establish a comprehensive strategic alliance in domestic and overseas markets. In addition, drastic business reorganization was determined, including the consolidation of multiple productions sites in the hard disk drive business. A decision was also made to establish a new production site for flat panel TVs in the Czech Republic.

Domestically, the in-vehicle information system business was reinforced with the acquisition of Clarion Co., Ltd. as a subsidiary through a tender offer, and the Company's interest in Japan Servo Co., Ltd. was sold off in April 2007 in response to the tender offer initiated by NIDEC CORPORATION. Further, Hitachi Metals, Ltd. merged with its subsidiary NEOMAX Co., Ltd. as of April 1, 2007, for the purpose of reinforcing its magnetic materials business.

###### **Business Results by Industry Segment**

###### **[Information & Telecommunication Systems]**

Outsourcing, solution and software businesses showed solid performance in terms of both sales and earnings. However, the overall earnings declined due to such reasons as an increase in loss from the hard disk drive business.

###### **[Electronic Devices]**

Performance was solid overall, with Hitachi Displays, Ltd. achieving profitability in addition to Hitachi High-Technologies Corporation renewing its highest earnings record due to growth in semiconductor manufacturing equipment business.

###### **[Power & Industrial Systems]**

Both sales and earnings were buoyant for elevators, escalators, industrial equipment, and Hitachi Construction Machinery Co., Ltd. However, overall earnings substantially decreased due to the lump sum accrual of expenses for repair costs associated with the damaged blades of the

turbines delivered to domestic nuclear power plants and for additional costs associated with the construction of an overseas thermal power plant.



**Table of Contents****[Digital Media & Consumer Products]**

Sales increased due to the posting of sales from the former Hitachi Air Conditioning Systems Co., Ltd. to this segment as a result of its merger with Hitachi Home & Life Solutions, Inc., as well as an increase in sales of flat panel TVs. However, the segment posted a loss due to the effects of a decline in the price of the flat panel TVs, an increase in promotion expenses, and the slow sales of room air conditioners.

**[High Functional Materials & Components]**

The three major companies performed well, including Hitachi Metals, Ltd. in the electronics- and automotive-related product sectors, Hitachi Chemical Co., Ltd. in the semiconductor-related product sector, and Hitachi Cable, Ltd. in wires and cables.

**[Logistics, Services & Others]**

Business was solid overall, with Hitachi Transport System, Ltd. increasing its earnings, among other things.

**[Financial Services]**

Performance in this segment declined from the preceding fiscal year due to a decrease in the earnings of Hitachi Capital Corporation.

**[Revenues and Operating Income by Industry Segment]**

				(Billions of yen)		
	Fiscal	Revenues Fiscal		Operating Income (Loss)		
Industry Segment	2005(A)	2006(B)	(B)/(A)	Fiscal	Fiscal	(B)/(A)
Information & Telecommunication Systems	2,360.9	2,472.2	105%	84.6	60.3	71%
Electronic Devices	1,204.4	1,287.4	107%	20.4	45.7	224%
Power & Industrial Systems	2,805.1	3,022.2	108%	92.5	36.3	39%
Digital Media & Consumer Products	1,305.6	1,506.0	115%	(35.7)	(58.4)	%
High Functional Materials & Components	1,600.2	1,794.5	112%	110.0	132.3	120%
Logistics, Services & Others	1,214.7	1,213.5	100%	19.5	20.2	104%
Financial Services	517.9	500.0	97%	35.0	23.5	67%
Subtotal	11,009.1	11,796.1	107%	326.4	260.2	80%
Eliminations & Corporate Items	(1,544.3)	(1,548.2)	%	(70.4)	(77.7)	%
Total	9,464.8	10,247.9	108%	256.0	182.5	71%

Notes: (1) The consolidated figures of the Company have been prepared in conformity with accounting principles generally accepted in the United States, while revenues and operating income by industry segment have been prepared in conformity with accounting principles generally accepted in Japan.

(2) Restructuring charges etc. are included as part of other income or other deductions in conformity with accounting principles generally accepted in Japan, while they are included as part of operating income (loss) under accounting principles generally accepted in the United States.

(3) Revenues by industry segment include intersegment transactions.

(4) The businesses of each segment are set out in (2) Main Products and Services of Hitachi Group.



**Table of Contents****(2) Main Products and Services of Hitachi Group** (As of March 31, 2007)

Industry Segment	Main Products and Services	Percentage to Total Revenues
Information & Telecommunication Systems	Systems Integration, Outsourcing Services, Software, Hard Disk Drives, Disk Array Subsystems, Servers, Mainframes, Personal Computers, Telecommunications Equipment, ATMs	21%
Electronic Devices	Liquid Crystal Displays ( LCDs ), Semiconductor Manufacturing Equipment, Test and Measurement Equipment, Medical Electronics Equipment, Semiconductors	11%
Power & Industrial Systems	Nuclear Power Plants, Thermal Power Plants, Hydroelectric Power Plants, Industrial Machinery and Plants, Automotive Products, Construction Machinery, Elevators, Escalators, Railway Vehicles	26%
Digital Media & Consumer Products	Optical Disk Drives, Plasma TVs, LCD TVs, LCD Projectors, Mobile Phones, Room Air Conditioners, Refrigerators, Washing Machines, Information Storage Media, Batteries, Air-Conditioning Equipment for Enterprises	13%
High Functional Materials & Components	Wires and Cables, Copper Products, Semiconductor Materials, Circuit Boards and Materials, Organic and Inorganic Chemical Products, Synthetic Resin Products, Display Related Materials, Specialty Steels, Magnetic Materials and Components, High Grade Casting Components	15%
Logistics, Services & Others	General Trading, Logistics, Property Management	10%
Financial Services	Leasing, Loan Guarantees, Insurance Services	4%

**(3) Major Facilities of Hitachi Group** (As of March 31, 2007)**Major Facilities of the Company**

	Location
Head Office	Tokyo (Chiyoda-ku)
R&D	Tokyo (Chiyoda-ku, Kokubunji), Ibaraki (Hitachi, Hitachinaka), Saitama (Hatoyama), Kanagawa (Yokohama, Kawasaki)
Manufacturing, Design and Engineering	Tokyo (Chiyoda-ku, Koto-ku, Shinagawa-ku, Ome), Ibaraki (Hitachi, Hitachinaka), Saitama (Kawagoe), Kanagawa (Yokohama, Atsugi, Odawara, Kawasaki, Hadano), Aichi (Toyokawa), Yamaguchi (Kudamatsu)
Sales and Area Operations	Tokyo (Chiyoda-ku, Koto-ku, Shinagawa-ku), Hokkaido Area Operation (Sapporo), Tohoku Area Operation (Sendai), Kanto Area Operation (Tokyo), Yokohama Area Operation (Yokohama), Hokuriku Area Operation (Toyama), Chubu Area Operation (Nagoya), Kansai Area Operation (Osaka), Chugoku Area Operation (Hiroshima), Shikoku Area Operation (Takamatsu), Kyushu Area Operation (Fukuoka)

**Major Facilities of Consolidated Subsidiaries of the Company**

Major consolidated subsidiaries of the Company and their locations are as stated in (5) Major Hitachi Group Companies .



**Table of Contents****(4) Employees of Hitachi Group** (As of March 31, 2007)

Industry Segment	Number of Employees	Change from the end of the preceding year
Information & Telecommunication Systems	98,257	+7,875
Electronic Devices	28,859	+1,686
Power & Industrial Systems	96,893	+8,874
Digital Media & Consumer Products	36,249	+4,915
High Functional Materials & Components	53,464	-1,223
Logistics, Services & Others	29,258	+777
Financial Services	3,914	-252
Corporate	3,102	+20
<b>Total</b> (the Company)	<b>349,996</b> (38,069)	<b>+22,672</b> (-281)

Note: The total number of employees of Hitachi Group and the Company including part-time employees was 384,444 and 41,016, respectively.

**(5) Major Hitachi Group Companies** (As of March 31, 2007)

Industry Segment	Name of Company	Location
Information & Telecommunication Systems	Hitachi Communication Technologies, Ltd.	Shinagawa-ku, Tokyo
	Hitachi Electronics Services Co., Ltd.	Yokohama, Kanagawa
	Hitachi Information & Control Solutions, Ltd.	Hitachi, Ibaraki
	Hitachi Information Systems, Ltd.	Shinagawa-ku, Tokyo
	Hitachi-Omron Terminal Solutions, Corp.	Shinagawa-ku, Tokyo
	Hitachi Software Engineering Co., Ltd.	Yokohama, Kanagawa
	Hitachi Systems & Services, Ltd.	Minato-ku, Tokyo
	Hitachi Computer Products (America), Inc.	U.S.A.
	Hitachi Computer Products (Europe) S.A.S.	France
	*Hitachi Data Systems Holding Corp.	U.S.A.
*Hitachi Global Storage Technologies Netherlands B.V.	Netherlands	
Electronic Devices	Hitachi Displays, Ltd.	Mobara, Chiba
	Hitachi High-Technologies Corporation	Minato-ku, Tokyo
	Hitachi Medical Corporation	Chiyoda-ku, Tokyo
	Hitachi Display Device (Suzhou) Co., Ltd.	China
	Hitachi Semiconductor Singapore Pte. Ltd.	Singapore
Power & Industrial Systems	Babcock-Hitachi Kabushiki Kaisha	Chiyoda-ku, Tokyo
	Clarion Co., Ltd.	Bunkyo-ku, Tokyo
	Hitachi Building Systems Co., Ltd.	Chiyoda-ku, Tokyo
	Hitachi Construction Machinery Co., Ltd.	Bunkyo-ku, Tokyo
	Hitachi Engineering & Services Co., Ltd.	Hitachi, Ibaraki
	Hitachi Industrial Equipment Systems Co., Ltd.	Chiyoda-ku, Tokyo
	Hitachi Mobile Co., Ltd.	Shinagawa-ku, Tokyo
	Hitachi Plant Technologies, Ltd.	Chiyoda-ku, Tokyo
	Hitachi Via Mechanics, Ltd.	Ebina, Kanagawa
	Japan Servo Co., Ltd.	Chiyoda-ku, Tokyo
Guangzhou Hitachi Elevator Co., Ltd.	China	
Hitachi Automotive Products (USA), Inc.	U.S.A.	
Digital Media & Consumer Products	Fujitsu Hitachi Plasma Display Limited	Kunitomi, Miyazaki
	Hitachi Appliances, Inc.	Minato-ku, Tokyo

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	Hitachi Maxell, Ltd.	Ibaraki, Osaka
	Hitachi Media Electronics Co., Ltd.	Oshu, Iwate
	Hitachi Home Electronics (America), Inc.	U.S.A.
	Shanghai Hitachi Household Appliances Co., Ltd.	China
High Functional Materials & Components	Hitachi Cable, Ltd.	Chiyoda-ku, Tokyo
	Hitachi Chemical Co., Ltd.	Shinjuku-ku, Tokyo
	Hitachi Metals, Ltd.	Minato-ku, Tokyo
Logistics, Services & Others	Chuo Shoji, Ltd.	Chiyoda-ku, Tokyo
	Hitachi Life Corporation	Hitachi, Ibaraki
	Hitachi Transport System, Ltd.	Koto-ku, Tokyo
	Nikkyo Create, Ltd.	Chiyoda-ku, Tokyo
	Hitachi America, Ltd.	U.S.A.
	Hitachi Asia Ltd.	Singapore
	Hitachi (China), Ltd.	China
	Hitachi Europe Ltd.	U.K.
Financial Services	Hitachi Capital Corporation	Minato-ku, Tokyo
	Hitachi Insurance Services, Ltd.	Chiyoda-ku, Tokyo

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- Notes: (1) The total number of consolidated subsidiaries (including variable interest entities) pursuant to Article 2, Paragraph 3, Item 10 of the Regulations of Companies Financial Statements is 934.
- (2) The number of equity-method affiliates is 165. The major equity-method affiliates are Casio Hitachi Mobile Communications Co., Ltd., Hitachi Koki Co., Ltd., Hitachi Kokusai Electric Inc. and Renesas Technology Corp.
- (3) The companies marked with \* are holding companies; their major operating companies are located in the United States.
- (4) Hitachi Information & Control Solutions, Ltd. merged with Hitachi Engineering Co., Ltd. on April 1, 2006.
- (5) Clarion Co., Ltd. became a consolidated subsidiary of the Company as a result of the tender offer which the Company conducted for the shares of Clarion Co., Ltd.
- (6) Hitachi Engineering & Services Co., Ltd. acquired Power Systems Division of Hitachi Engineering Co., Ltd. through a corporate split on April 1, 2006.
- (7) Hitachi Plant Engineering & Construction Co., Ltd. acquired a part of Industrial Systems Group of the Company through corporate split, merged with Hitachi Kiden Kogyo, Ltd. and Hitachi Industries Co., Ltd. and changed its name to Hitachi Plant Technologies, Ltd. on April 1, 2006.
- (8) Japan Servo Co., Ltd. is no longer a consolidated subsidiary of the Company as a result of the sale of its shares in April 2007 in response to a tender offer.
- (9) Hitachi Air Conditioning Systems Co., Ltd. merged with Hitachi Home & Life Solutions, Inc. and changed its name to Hitachi Appliances, Inc. on April 1, 2006.

**(6) Capital Investment of Hitachi Group**

Investment in new plant and equipment come to JPY 1,048.5 billion, up JPY 93.8 billion from the preceding year. The total excluding investment in lease assets and the like was JPY 522.9 billion.

This amount was accounted for chiefly by investment directed to hard disk drives, automotive components and high functional materials. A breakdown of capital investment by industry segment is shown below.

Industry Segment	(Billions of yen) Amount
Information & Telecommunication Systems	155.6
Electronic Devices	34.6
Power & Industrial Systems	151.9
Digital Media & Consumer Products	83.1
High Functional Materials & Components	91.8
Logistics, Services & Others	28.2
Financial Services	554.8
Subtotal	1,100.4
Eliminations & Corporate Items	(518)

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Total 1,048.5

Note: The figures above include JPY525.5 billion of investment in assets to be leased. This mainly includes the investment relating to leasing business in the Financial Services segment.



**Table of Contents****(7) Research and Development of Hitachi Group**

Expenditures on research and development during the year amounted to JPY 412.5 billion, which is equivalent to 4.0% of consolidated revenues. R&D activities were focused on strengthening leading-edge and basic technologies, and accelerating start-up of new businesses and the development of new products. Notable achievements included the development of the world's smallest 0.05 mm square non-contact IC powder chip, which can dramatically expand the uses of non-contact IC chips including authentication of securities and various certificates. A breakdown of R&D expenses by industry segment is shown below.

Industry Segment	(Billions of yen) Amount
Information & Telecommunication Systems	157.8
Electronic Devices	46.0
Power & Industrial Systems	95.0
Digital Media & Consumer Products	35.8
High Functional Materials & Components	50.1
Logistics, Services & Others	2.5
Financial Services	1.5
Corporate Items	23.4
<b>Total</b>	<b>412.5</b>

**(8) Borrowings and Financing Activity of Hitachi Group****Major Financing Activities**

In August 2006, Hitachi Chemical Co., Ltd. issued 8th series of unsecured straight debentures in the amount of JPY 10.0 billion for the purpose of redeeming its straight debentures.

**Major Borrowings (As of March 31, 2007)**

Name of Company	Creditor	Balance of Borrowings
The Company	Nippon Life Insurance Company	30.0 billion yen
	Meiji Yasuda Life Insurance Company	25.0 billion yen
	Mizuho Corporate Bank, Ltd.	24.0 billion yen
Hitachi Capital Corporation	Mizuho Corporate Bank, Ltd.	30.0 billion yen
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	23.2 billion yen
	Nippon Life Insurance Company	21.3 billion yen
Hitachi Metals, Ltd.	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	44.7 billion yen
	Mizuho Corporate Bank, Ltd.	20.0 billion yen

Note: In addition to the figures shown above, the Company owes JPY170.0 billion of borrowings by means of syndicated loan agreements.

**(9) Problems Facing Hitachi Group**

Management believes that the world economy will continue to make solid progress, though it will gradually slow down, and that the Japanese economy will also continue to expand due to the robust private capital investments.

In this environment, the Company established a new corporate strategy to promote collaborative creation and profits with a rigorous focus on a market-oriented approach and profit creation as the basic policy in order to find a way out of the current stringent situation without further delay. The following measures will be promoted vigorously in accordance with the basic policy to achieve a quick recovery in profitability.

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All businesses will be thoroughly managed using Future Inspiration Value (FIV), a value-added evaluation index unique to the Company, and businesses will be reorganized and strengthened based on their FIV performance.

Proposal-based sales capabilities within the Hitachi Group will be strengthened to offer new values that anticipate market needs to customers.

Effective consolidated business management will be ensured through strengthening collaborative creation within the Hitachi Group. On the other hand, the number of consolidated subsidiaries will be reduced to improve the efficiency of consolidated business management, and capital relationship will be re-examined flexibly in order to increase profitability.

Importance will be placed on collaborative creation with domestic and overseas partners through aggressively pursuing strategic alliances including technical alliances, joint ventures, and business mergers, as Hitachi works to increase earnings.

In terms of global operations, collaborative creation with the local communities will be sought through increased recruitment of local human resources and localization of operations, while reinforcing sales capabilities and the Hitachi brand.

Efforts will be made to expand the sales of differentiated products with large market shares in order to achieve significant increase in profitability. Corporate research and development staff will be assigned to business divisions in order to shorten development periods.

Bearing firmly in mind that the maintenance and improvement of quality are key to winning credibility as a manufacturer, thorough quality control will be enforced in research and development, designing, manufacturing, and all other departments to strengthen manufacturing capabilities.

Adhering to business basics and ethics, internal structures will be operated effectively to eliminate deviation from laws and regulations in conducting business. At the same time, establishment and implementation of systems for a more efficient conduct of business will be promoted.

**Table of Contents****(10) Five-year Summary of Assets and Results of Operation of Hitachi Group****Consolidated Basis**

Fiscal Year	(Billions of yen)				
	2002	2003	2004	2005	2006
Revenues	8,191.7	8,632.4	9,027.0	9,464.8	10,247.9
Operating Income	152.9	184.8	279.0	256.0	182.5
Income Before Income Taxes and Minority Interests	96.8	237.1	264.5	274.8	202.3
Net Income (Loss)	27.8	15.8	51.4	37.3	(32.7)
Total Assets	10,179.3	9,590.3	9,736.2	10,021.1	10,644.2

Notes: (1) The consolidated figures shown above have been prepared in conformity with accounting principles generally accepted in the United States.

(2) Restructuring charges etc. are included as part of other income or other deductions in conformity with accounting principles generally accepted in Japan, while they are included as part of operating income (loss) under accounting principles generally accepted in the United States.

(3) In fiscal 2003, income before income taxes and minority interests increased sharply due mainly to the improvement of operating income and gain on sale of investments in securities.

(4) In fiscal 2004, operating income increased due to a good performance by High Functional Materials & Components segment and Power & Industrial Systems segment and net income also improved.

(5) In fiscal 2005, both operating income and net income decreased from the preceding year due primarily to a decrease in operating income in Electronic Devices segment and an operating loss in Digital Media & Consumer Products segment.

**Unconsolidated Basis**

Fiscal Year	(Billions of yen)				
	2002	2003	2004	2005	2006
Revenues	3,112.4	2,488.8	2,597.4	2,713.3	2,785.1
Operating Income (Loss)	53.7	7.5	(5.6)	1.0	(66.2)
Ordinary Income (Loss)	52.0	20.1	22.2	42.6	(37.2)
Net Income (Loss)	28.2	40.1	10.3	37.0	(178.0)
Total Assets	3,825.0	3,708.3	3,752.5	3,834.2	3,873.9

Notes: (1) In fiscal 2003, revenues decreased sharply from the preceding fiscal year due primarily to the corporate split of system LSI and other semiconductor operations and hard disk drive business from the Company.

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- (2) In fiscal 2004, the Company posted an operating loss due to deterioration in profitability of its main business sectors. Net income substantially decreased from the preceding fiscal year due to posting an extraordinary loss, which includes impairment loss on shares of an affiliated company engaging in plasma display panel operations and restructuring charges relating to digital media product business in Japan.
- (3) In fiscal 2005, profitability in the Company's main business sectors was improved and ordinary income and net income increased due to an increase in non-operating income.
- (4) In fiscal 2006, the Company posted a large amount of loss due primarily to a decrease in prices of plasma TVs and an impairment loss on common stock of an affiliated company engaging in hard disk drive business.

**Table of Contents****(11) Directors and Executive Officers****1) Name, Position and Responsibilities, etc. of Directors and Executive Officers****Directors** (As of March 31, 2007)

<b>Name</b>	<b>Position</b>	<b>Committee Membership</b>	<b>Principal Position outside the Company</b>
Yoshiki Yagi	Board Director (Chair)	Audit Committee (Chair)	Director, Hitachi Metals, Ltd.  Director, Hitachi Capital Corporation  Auditor, Sompo Japan Insurance Inc.
Etsuhiko Shoyama	Director	Nominating Committee	
*Kazuo Furukawa	Director		
*Tadamichi Sakiyama	Director	Director Assisting with the Duties of Audit Committee	Director, Hitachi Kokusai Electric Inc.  Director, Hitachi Information Systems, Ltd.  Director, Hitachi Transport System, Ltd.
Takashi Miyoshi	Director		Director, Hitachi Medical Corporation
Ginko Sato	Director	Nominating Committee  Audit Committee	Honorary President, Japan Association for the Advancement of Working Women
Hiromichi Seya	Director	Nominating Committee  Audit Committee  Compensation Committee	Senior Corporate Advisor, Asahi Glass Company, Limited
*Tohru Motobayashi	Director	Nominating Committee  Compensation Committee	Attorney at Law

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Isao Uchigasaki	Director		<p>Chairman of the Board, Hitachi Chemical Co., Ltd.</p> <p>Chairman of the Board, Hitachi Information Systems, Ltd.</p> <p>Director, Hitachi Transport System, Ltd.</p> <p>Auditor, Nippon Sheet Glass Company, Limited</p>
Takashi Kawamura	Director		<p>Chairman of the Board, Hitachi Software Engineering Co., Ltd.</p> <p>Chairman of the Board, Hitachi Plant Technologies, Ltd.</p>
Yoshiro Kuwata	Director		<p>Chairman of the Board and Representative Executive Officer, Hitachi High-Technologies Corporation</p> <p>Director, Hitachi Medical Corporation</p>
Masayoshi Hanabusa	Director	<p>Nominating Committee (Chair)</p> <p>Compensation Committee (Chair)</p>	<p>Chairman of the Board, Hitachi Capital Corporation</p> <p>Director, Hitachi Chemical Co., Ltd.</p> <p>Auditor, TOKYO GAS CO., LTD.</p>
Ryuichi Seguchi	Director		<p>Director, Hitachi High-Technologies Corporation</p>

Notes: (1) The Directors marked with \* were newly elected and assumed their positions at the 137th Ordinary General Meeting of Shareholders on June 27, 2006.

(2) Directors, Ms. Ginko Sato, Mr. Hiromichi Seya and Mr. Tohru Motobayashi are outside Directors who fulfill the qualification requirements as provided for in Article 2, Item 15 of the Company Law of Japan.

(3) Mr. Kazuo Furukawa, a Director, resigned from the Compensation Committee as of February 5, 2007.

(4) Mr. Tadamichi Sakiyama, a Director, resigned from the Audit Committee as of February 5, 2007. As of the same date, he was appointed to a Director Assisting with the Duties of Audit Committee.

(5) Mr. Yoshiki Yagi, Board Director (Chair), has considerable knowledge of finance and accounting due to his long experience as General Manager of Accounting Department, Director and Executive Officer responsible for accounting and finance of the Company.

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(6) Mr. Tadamichi Sakiyama, a Director Assisting in the Work of Audit Committee, has considerable knowledge of finance and accounting due to his long experience as General Manager of Accounting Department and General Manager of Internal Auditing Office of the Company, and as Director and Executive Officer responsible for accounting, finance and audit of Hitachi Construction Machinery Co., Ltd.

(7) The Company has continuous transactions with Asahi Glass Company, Ltd. ( Asahi Glass ), including purchases of filters for plasma TVs of Asahi Glass and maintenance services of information systems equipment to Asahi Glass. The amount of such transactions is negligible, in comparison to the whole business scale of both companies.

**Director Resigned by the End of Fiscal 2006** (As of January 22, 2007)

Name	Position	Committee Membership	Principal Position outside the Company
Akira Chihaya	Director	Audit Committee Compensation Committee	Representative Director and Chairman of the Board, NIPPON STEEL CORPORATION  Director, MITSUI & CO., LTD.

Notes: (1) Mr. Akira Chihaya ceased his terms of office as of January 22, 2007 due to his decease.

(2) Mr. Akira Chihaya was an outside Director who fulfills the qualification requirements as provided for in Article 2, Item 15 of the Company Law of Japan.

(3) The Company has continuous transactions with NIPPON STEEL CORPORATION ( NSC ), including purchases of steel products of NSC through trading firms and maintenance services of control systems and sales of computer control equipment, etc. to NSC. The amount of such transactions is negligible, in comparison to the whole business scale of both companies.

(4) Mr. Akira Chihaya served as an outside Director of MITSUI & CO., LTD.

**Table of Contents****Executive Officers** (As of March 31, 2007)

<b>Name</b>	<b>Position</b>	<b>Responsibilities</b>	<b>Principal Position outside the Company</b>
*Etsuhiko Shoyama	Representative Executive Officer Chairman	Management in general	
*Kazuo Furukawa	Representative Executive Officer President	Overall management	
Michiharu Nakamura	Representative Executive Officer Executive Vice President and Executive Officer	Research & development and business incubation	Director, Hitachi Chemical Co., Ltd.  Director, Hitachi Maxell, Ltd.
Takashi Hatchoji	Representative Executive Officer Executive Vice President and Executive Officer	Corporate planning, legal and corporate communications, corporate auditing and procurement	Director, Hitachi Maxell, Ltd.  Auditor, WOWOW INC.
*Takashi Miyoshi	Representative Executive Officer Executive Vice President and Executive Officer	Hitachi group management, business development, finance and corporate pension system	Director, Hitachi Medical Corporation
Kazuhiro Mori	Representative Executive Officer Executive Vice President and Executive Officer	Power systems business	Director, SEIKO ELECTRIC CO., LTD.
Tadahiko Ishigaki	Representative Executive Officer Senior Vice President and Executive Officer	Sales operations, digital media business, Hitachi group global business and corporate export regulation	Director, Hitachi Capital Corporation



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Kunihiko Ohnuma	Senior Vice President and Executive Officer	Industrial systems business and urban planning and development systems business	
Manabu Shinomoto	Senior Vice President and Executive Officer	Information & telecommunication systems business	
Taiji Hasegawa	Senior Vice President and Executive Officer	Automotive systems business	
Shozo Saito	Senior Vice President and Executive Officer	Quality assurance, production engineering, power systems business and power systems engineering	
Junzo Kawakami	Senior Vice President and Executive Officer	Research & development	Director, Hitachi Metals, Ltd.
Minoru Tsukada	Senior Vice President and Executive Officer	Hitachi group global business (China)	
Stephen Gomersall	Senior Vice President and Executive Officer	Hitachi group global business (Europe)	
Akira Maru	Vice President and Executive Officer	Power systems business	
Gaku Suzuki	Vice President and Executive Officer	Industrial systems business	
Naoya Takahashi	Vice President and Executive Officer	Storage systems business and platform and network systems business	Chairman of the Board, Opnext, Inc.

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Junzo Nakajima	Vice President and Executive Officer	System solutions business	
Kazuhiro Tachibana	Vice President and Executive Officer	Strategic marketing and planning	
Makoto Ebata	Vice President and Executive Officer	Consumer business and digital media business	
Masahiro Hayashi	Vice President and Executive Officer	Sales operations (Kansai area)	Auditor, ShinMaywa Industries, Ltd.
Koichiro Nishikawa	Vice President and Executive Officer	Business development	Director, Hitachi Software Engineering Co., Ltd.
Shinjiro Kasai	Vice President and Executive Officer	Human resources	
Hiroyuki Fukuyama	Vice President and Executive Officer	Quality assurance and production engineering	

Notes: (1) Changes during fiscal 2006 is as follows.

- 1) On May 1, 2006, Mr. Akira Maru became a Vice President and Executive Officer (in charge of power systems business) and power systems business was added to the responsibilities of Mr. Shozo Saito.
- 2) On October 1, 2006, Mr. Stephen Gomersall became a Senior Vice President and Executive Officer (in charge of Hitachi group global business (Europe)).
- 3) On January 1, 2007, the position and the responsibilities of certain Executive Officers were changed as follows: the position of Mr. Kazuhiro Mori were changed to Executive Vice President and Executive Officer and his responsibilities were changed to power systems business from Hitachi group companies management assistance; quality assurance was added to responsibilities of Mr. Shozo Saito and Mr. Hiroyuki Fukuyama; the responsibilities of Mr. Kazuhiro Tachibana was changed to strategic marketing and planning from consumer

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business; and consumer business was added to the responsibilities of Mr. Makoto Ebata.

(2) The Executive Officers marked with \* concurrently hold the position of Director.

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**Executive Officer Resigned by the End of Fiscal 2006** (As of December 31, 2006)

<b>Name</b>	<b>Position</b>	<b>Responsibilities</b>	<b>Principal Position outside the Company</b>
Hiroaki Nakanishi	Executive Vice President and Executive Officer	Hitachi group global business (North America)	Chairman of the Board and CEO, Hitachi Global Storage Technologies Netherlands B.V.

**Other Material Information Concerning Directors and Executive Officers of the Company**

The Company changed Directors position and Executive Officers as of April 1, 2007 as follows.

**[Changes in Directors Position] (As of April 1, 2007)**

<b>Name</b>	<b>Position</b>	<b>Committee Membership</b>
Etsuhiko Shoyama	Chairman of the Board	Nominating Committee
Yoshiki Yagi	Director	Audit Committee (Chair)

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[Executive Officers] (As of April 1, 2007)

<b>Name</b>	<b>Position</b>	<b>Responsibilities</b>
Kazuo Furukawa	Representative Executive Officer President	Overall management
Kazuhiro Mori	Representative Executive Officer Executive Vice President and Executive Officer	Social infrastructure business (power systems business and industrial systems business)
Kunihiko Ohnuma	Representative Executive Officer Executive Vice President and Executive Officer	Industrial infrastructure business (automotive systems business), life Infrastructure business (urban planning and development systems business and consumer business) and procurement
Junzo Kawakami	Representative Executive Officer Executive Vice President and Executive Officer	Infrastructure technology/products business, research & development, business incubation, quality assurance and production engineering
Manabu Shinomoto	Representative Executive Officer Executive Vice President and Executive Officer	Information infrastructure business (information & telecommunication systems business)
Masahiro Hayashi	Representative Executive Officer Executive Vice President and Executive Officer	Sales operations, Hitachi group global business, corporate export regulation, legal and corporate communications, Hitachi group management and corporate auditing
Naoya Takahashi	Senior Vice President and Executive Officer	Information & telecommunication systems business (services business (global) and platform systems business)
Koichiro Nishikawa	Senior Vice President and Executive Officer	Business development
Toyoaki Nakamura	Representative Executive Officer Senior Vice President and Executive Officer	Finance, corporate pension system, Hitachi group management and business development
Shozo Saito	Senior Vice President and Executive Officer	Quality assurance, production engineering and power systems engineering

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Tadahiko Ishigaki	Senior Vice President and Executive Officer	Hitachi group global business (North America)
Minoru Tsukada	Senior Vice President and Executive Officer	Hitachi group global business (China)
Stephen Gomersall	Senior Vice President and Executive Officer	Hitachi group global business (Europe)
Akira Maru	Vice President and Executive Officer	Power systems business
Koji Tanaka	Vice President and Executive Officer	Power systems business (Ibaraki Area and management improvement)
Toshiaki Higashihara	Vice President and Executive Officer	Power systems business (overseas business promotion)
Gaku Suzuki	Vice President and Executive Officer	Industrial systems business
Hideaki Takahashi	Vice President and Executive Officer	Urban planning and development systems business
Junzo Nakajima	Vice President and Executive Officer	Information & telecommunication systems business (system solutions business)
Mitsuo Yamaguchi	Vice President and Executive Officer	Information & telecommunication systems business (services business (global))
Makoto Ebata	Vice President and Executive Officer	Consumer business
Kazuhiro Tachibana	Vice President and Executive Officer	Consumer business (marketing)
Yasuhiko Honda	Vice President and Executive Officer	Automotive systems business
Eiji Takeda	Vice President and Executive Officer	Research & development
Takao Koyama	Vice President and Executive Officer	Sales Operations (Kansai Area)

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Kiyoshi Kozuka	Vice President and Executive Officer	Corporate planning and Hitachi group management
Kenji Ohno	Vice President and Executive Officer	Human resources
Toshiaki Kuzuoka	Vice President and Executive Officer	Legal and corporate auditing
Masao Hisada	Vice President and Executive Officer	Procurement and Hitachi group global business
Hiroyuki Fukuyama	Vice President and Executive Officer	Quality assurance and production engineering

Note: On May 1, 2007, the responsibilities of certain Executive Officers were changed as follows: corporate brand was added to the responsibilities of Mr. Masahiro Hayashi; and corporate communications and corporate brand were added to the responsibilities of Mr. Toshiaki Kuzuoka.

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**2) Matters Concerning Outside Directors**

**Major Activities of Outside Directors**

<b>Name</b>	<b>Major activities</b>
Ginko Sato	Ms. Sato attended all meetings of the Board of Directors held during this business term (10 days during her incumbency), as well as all meetings of the Nominating Committee (7 days during her incumbency) and the Audit Committee (11 days during her incumbency). Ms. Sato stated her opinions at the Board and Audit Committee meetings mainly from the perspective of the importance of recognition of and response to risks based on her extensive experience in such areas as public administration.
Hikomichi Seya	Mr. Seya attended all meetings of the Board of Directors held during this business term (10 days during his incumbency), as well as all meetings of the Nominating Committee (7 days during his incumbency), the Audit Committee (11 days during his incumbency) and the Compensation Committee (8 days during his incumbency). Mr. Seya stated his opinions at the Board and Audit Committee meetings mainly from the perspective of the importance of solid business operations based on his management experience with a major global manufacturer.
Tohru Motobayashi	Mr. Motobayashi attended all meetings of the Board of Directors held during this business term (8 days during his incumbency), as well as all meetings of the Nominating Committee (6 days during his incumbency) and the Compensation Committee (7 days during his incumbency). Mr. Motobayashi stated his opinions at the Board meetings mainly from the perspective of the importance of maintenance and implementation of compliance systems and structures based on his experience as a legal expert.
Akira Chihaya	Mr. Chihaya attended 6 days of the Board of Directors held during this business term (7 days during his incumbency), as well as all Audit Committee meetings (5 days during his incumbency) and 4 days of Compensation Committee meetings (5 days during his incumbency). Mr. Chihaya stated his opinions at the Board and Audit Committee meetings mainly from the perspective of the importance of understanding the business environment based on his management experience with a major global manufacturer.

**General intent of limited liability agreement with outside directors**

The Company has entered into a limited liability agreement stipulated in Article 427, Paragraph 1 of the Company Law with each of Ms. Ginko Sato, Mr. Hiromichi Seya, and Mr. Tohru Motobayashi. The general intent of the agreement is to limit the liability of Outside Directors to the aggregate amount of the sums stipulated in each item under Article 425, Paragraph 1 of the Company Law.



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### **3) Compensation for Directors and Executive Officers**

#### **Policy on the Determination of Compensation of Directors and Executive Officers**

##### **[Method of Determination of Policy]**

The Company's Compensation Committee sets forth the policy on the determination of the amount of compensation, etc. of each Director and Executive Officer pursuant to applicable provisions of the Company Law concerning companies with the Committee System.

##### **[Summary of Policy]**

###### **(i) Matters relating to both Directors and Executive Officers**

Compensation will be commensurate with the ability required of, and the responsibilities to be borne by, the Company's Directors and Executive Officers, taking into consideration compensation packages at other companies.

###### **(ii) Matters relating to Directors**

Compensation for Directors will consist of a monthly salary, a year-end allowance and a retirement allowance.

Monthly salary will be decided by making adjustments to basic salary that reflect full-time or part-time status, committee membership and position.

Year-end allowance will be a pre-determined amount equivalent to about twenty percent of the Director's annual income based on monthly salary, although this amount may be reduced depending on Company performance.

Retirement allowance will be an amount payable on retirement that is determined based on monthly salary and years of service (total years of service in the case of a Director who has served multiple terms as a Director) (the Director's Basic Retirement Amount). A Director concurrently serving as an Executive Officer will not be paid compensation as a Director.

###### **(iii) Matters relating to Executive Officers**

Compensation for Executive Officers will consist of a monthly salary, a performance-linked component and a retirement allowance.

Monthly salary will be decided by adjusting a basic amount set in accordance with the relevant position to reflect the results of an assessment.

The performance-linked component will be set within a range equivalent to about thirty percent of the Executive Officer's annual income, adjusted based on Company and individual performance.

Retirement allowance will be an amount payable on retirement. The amount will be determined by adding to an amount set in accordance with the position held at retirement, an amount based on the monthly salary of previous positions held over the course of the person's career and years of service in such positions (total years in each position, in the event of multiple periods in the same position) (the Executive Officer's Basic Retirement Amount).

###### **(iv) Miscellaneous**

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In accordance with a resolution of the 134th Ordinary General Meeting of Shareholders of the Company held on June 25, 2003, the amount of retirement allowance for a Director or Executive Officer who was a Director or Corporate Auditor prior to the close of the Meeting will include an allowance corresponding to the person's period of service as a Director or Corporate Auditor before the adoption of the Committee System.

Retirement allowance may, through an assessment, be supplemented for distinguished service by an amount equivalent to up to thirty percent of the Director's Basic Retirement Amount or Executive Officer's Basic Retirement Amount. Depending on the circumstances, each such Basic Retirement Amount may also be reduced.

### Amount of Compensation to Directors and Executive Officers

	Monthly Salary and Year-end Allowance or Performance-linked Component		Retirement Allowance	
	Number	(Fiscal 2006) Amount (millions of yen)	Number	Amount (millions of yen)
	Directors	11	203	6
(Outside Directors)	(4)	(61)	(3)	(25)
Executive Officers	22	720	2	113
<b>Total</b>	<b>33</b>	<b>924</b>	<b>8</b>	<b>436</b>

Notes: (1) The number of Directors excludes three Directors who serve concurrently as Executive Officers.

(2) The amount of retirement allowance to Directors consists of the amount to one Outside Director who ceased his terms of office as of January 22, 2007 and five Directors (including two Outside Directors) who will retire due to expiration of their terms of offices at the close of the 138th Ordinary General Meeting of Shareholders to be held on June 26, 2007.

(3) The amount of retirement allowance to Directors includes retirement allowance to two Directors relating to their terms of office of Directors before adopting the Committee System in accordance with a resolution of the 134th Ordinary General Meeting of Shareholders of the Company held on June 25, 2003.

**Table of Contents****(12) Matters Concerning the Company's Stock** (As of March 31, 2007)

- 1) **Authorized** 10,000,000,000 shares
- 2) **Number of Shares per Unit** 1,000 shares
- 3) **10 Largest Shareholders**

Name	Shareholder's Equity in the Company	
	Share Ownership shares	Percentage of total shares issued %
NATS CUMCO	380,516,700	11.30
State Street Bank and Trust Company	246,882,753	7.33
The Master Trust Bank of Japan, Ltd.	211,919,000	6.29
Japan Trustee Services Bank, Ltd.	144,684,000	4.30
Nippon Life Insurance Company	100,215,195	2.98
Hitachi Employees Shareholding Association	96,000,952	2.85
The Dai-ichi Mutual Life Insurance Company	74,748,222	2.22
The Chase Manhattan Bank, N.A. London	68,208,338	2.03
Trust & Custody Services Bank, Ltd.	63,663,000	1.89
Meiji Yasuda Life Insurance Company	49,058,818	1.46

Notes: (1) NATS CUMCO is the nominee name of the depositary bank, Citibank, N.A., for the aggregate of the Company's American Depositary Receipts (ADRs) holders.

(2) The Company holds 42,966,434 shares of treasury stock.

**4) Shareholders Composition**

Class of Shareholders	Percentage of		
	Number of Shareholders	Share Ownership (shares)	total shares issued (%)
Financial Institution and Securities Firm	404	930,488,612	27.63
Individual	380,740	945,986,223	28.09
Foreign Investor	1,009	1,363,849,640	40.49
Other	3,585	127,739,263	3.79
Government and Municipality	6	62,318	0.00
Total	385,744	3,368,126,056	100.00

**5) Repurchase of the Company's Own Shares**

- (i) The Company, in order to implement a flexible capital strategy in response to changes in the business environment, repurchased its own shares of common stock during the period from May 11, 2006 to May 17, 2006, in an aggregate number of 6,210,000 shares of

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common stock, for an aggregate amount of JPY4,996 million, pursuant to the resolution of the Board of Directors held on April 27, 2006.

- (ii) The Company, in order to ensure a medium and long-term capital strategy and a flexibility of business reorganization, repurchased its own shares of common stock during the period from February 6, 2007 to February 8, 2007, in an aggregate number of 7,200,000 shares of common stock, for an aggregate amount of JPY5,817 million, pursuant to the resolution of the Board of Directors held on December 19, 2006.

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(13) Matters Concerning Stock Acquisition Rights, etc. (As of March 31, 2007)

**Stock Acquisition Rights Which the Company's Directors and Executive Officers Hold**

Name of Stock Acquisition Rights	Hitachi, Ltd.	Hitachi, Ltd.	Hitachi, Ltd.	Hitachi, Ltd.
	1st Stock	2nd Stock	3rd Stock	4th Stock
	Acquisition Rights	Acquisition Rights	Acquisition Rights	Acquisition Rights
<b>Class and Number of Shares to Be Issued upon Exercise of Stock Acquisition Rights</b>	Common Stock	Common Stock	Common Stock	Common Stock
	259,000 shares	719,000 shares	13,000 shares	837,000 shares
<b>Amount to Be Paid upon Exercise of Stock Acquisition Rights</b>	JPY561 per share	JPY782 per share	JPY705 per share	JPY719 per share
<b>Period during Which Stock Acquisition Rights May Be Exercised</b>	From August 1, 2004 to July 31, 2007	From July 30, 2005 to July 29, 2008	From October 2, 2005 to October 1, 2008	From July 29, 2006 to July 28, 2009
<b>Number of Persons Who Hold Stock Acquisition Rights and Number of Stock Acquisition Rights Which They Hold</b>	<b>Directors</b>	8 persons	21 persons	1 person
	<b>(Excluding Outside Directors) and Executive Officers</b>	114 rights	414 rights	8 rights
	<b>Outside Directors</b>	1 person	2 persons	2 persons
		10 rights	60 rights	60 rights

Note: The number of shares to be issued upon exercise of stock acquisition rights excludes the number of stock acquisition rights which had already been exercised or expired.

**Other Material Information Concerning Stock Acquisition Rights, etc.**

<b>Name of Stock Acquisition Rights</b>	Series A Zero Coupon Convertible Bonds due 2009	Series B Zero Coupon Convertible Bonds due 2009
<b>Class and Number of Shares to Be Issued upon Exercise of Stock Acquisition Rights</b>	Common Stock 60,827,250 shares	Common Stock 60,827,250 shares
<b>Amount to Be Paid upon Exercise of Stock Acquisition Rights</b>	JPY822 per share	JPY822 per share
<b>Period during Which Stock Acquisition Rights May Be Exercised</b>	From November 2, 2004 to October 5, 2009 (London time)	From November 2, 2004 to October 5, 2009 (London time)

Note: The number of shares to be issued upon exercise of stock acquisition rights which were issued as bonds with stock acquisition rights is calculated based on the conversion price as of March 31, 2007.

**Table of Contents****(14) Matters Concerning Accounting Auditor**

1) **Name of accounting auditor** Ernst & Young ShinNihon

2) **Fees to accounting auditor** (Fiscal 2006)

Category	(Millions of yen) Amount
Total amount of cash and other financial benefits by the Company and its subsidiaries	1,432
Fees etc. by the Company*	492

Note: The column marked with \* includes fees for audits under applicable securities exchange laws.

3) **Description of non-audit services**

The Company pays fees to Ernst & Young ShinNihon for preview on evaluation of effectiveness of internal control over financial reporting etc., which are non-audit services.

4) **Subsidiaries whose financial statements are audited by certified public accountants, etc. other than Company's accounting auditors**

Of the major Hitachi Group companies (listed in (5) Major Hitachi Group Companies), Clarion Co., Ltd., Japan Servo Co., Ltd. and overseas subsidiaries have certified public accountants ( CPA ) or auditing firms other than Ernst & Young ShinNihon audit their financial statements.

5) **Dismissal and non-retention policy on accounting auditors**

**Dismissal**

- (i) In the event an accounting auditor, which is an auditing firm, is ordered by the Prime Minister of Japan to suspend its operation related to the audit of financial statements, in whole or in part, or to dissolve the firm pursuant to Article 34-21, Paragraph 2 of the Certified Public Accountant Law, the accounting auditor shall automatically resign, since said order constitutes a cause for disqualification as accounting auditor provided for in Article 337, Paragraph 3, Item 1 of the Company Law.
- (ii) In addition to (i) above, in the event the Audit Committee determines that the causes provided for in Articles 340, Paragraph 1, Item 1 or 2 of the Company Law apply to an accounting auditor, due to such reasons as that it can reasonably be expected that the prime minister of Japan shall issue an order to suspend operations, in whole or in part, or to dissolve the firm, the Audit Committee shall determine the contents of the agenda on the dismissal of the accounting auditor to be submitted to the general meeting of shareholders.
- (iii) In the event significant adverse effects on the audit of financial statements are reasonably expected in the case of (ii) above, the Audit Committee shall dismiss the accounting auditor by unanimity. Should this occur, the Audit Committee member selected by the Audit Committee shall give a report on the dismissal of the accounting auditor and the reason therefor at the first general meeting of shareholders to be convened after said dismissal.

**Non-retention**

- (i) In the event individuals selected by an accounting auditor, which is an auditing firm, from among its employees to perform their duties as accounting auditors are found to fall under any or all of the items under Article 340, Paragraph 1 of the Company Law or breach the obligation(s) of CPAs provided for in the Certified Public Accountant Law, should said auditing firm fail to select promptly individuals to perform their duties as accounting auditors in the place of the former, the Audit Committee shall determine the contents of the agenda item on the non-retention of the accounting auditor to be submitted to the general meeting of shareholders.
- (ii) In the event it is determined that an adequate performance of duties cannot be ensured with respect to the matters related to the performance of duties by accounting auditors provided for in Article 159 of the Regulations of Companies Financial Statements, the Audit Committee shall determine the contents of the agenda item on the non-retention of the accounting auditor to be submitted to the general meeting of shareholders.

**(15) Policy on Determination of Distribution of Surplus etc.**

The Company views enhancement of the long-term and overall interests of shareholders as an important management objective. The industrial sector encompassing energy, information systems, social infrastructure and other primary businesses of the Company is undergoing rapid technological innovation and changes in market structure. This makes vigorous upfront investment in R&D and plant and equipment essential for securing and maintaining market competitiveness and improving profitability. Dividends are therefore decided based on medium-to-long term business plans with an eye to ensuring the availability of internal funds for reinvestment and the stable growth of dividends, with appropriate consideration of a range of factors, including the Company's financial condition, results of operations and payout ratio.

The Company believes that the repurchase of its shares should be undertaken as part of its policy on distribution to shareholders to complement the dividend payout. In addition, the Company will repurchase its own shares on an ongoing basis in order to implement a flexible capital strategy, including business restructuring, to maximize shareholder value so far as consistent with the dividend policy. Such action will be taken by the Company based on a consideration of future capital requirement under its business plans, market conditions and other relevant factors.



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**(16) Summary of Resolution of Board of Directors on Enhancing Structures and Other Things to Ensure Adequacy of Business Operations**

- 1) Board of Directors Office (the Office ) shall be established specifically to assist with the duties of each Committee and the Board of Directors and staffed with personnel who are not subject to orders and instructions of Executive Officers. Further, one standing Director who is not an Executive Officer shall be assigned to assist with the duties of the Audit Committee.
- 2) In order to ensure the independence of the Office personnel from Executive Officers, the Audit Committee shall be informed in advance of planned transfers of the Office personnel.
- 3) Executive Officers and employees shall report without delay to the members of the Audit Committee significant matters affecting the whole Company, results of internal audits, and the implementation status of reporting under the internal reporting system.
- 4) In order to ensure the effectiveness of audits by the Audit Committee, standing Committee members shall be appointed to the Audit Committee, and activity plans of the Audit Committee shall be prepared in coordination with the audit plans of Internal Auditing Office.
- 5) A reporting system to Directors shall be established to ensure that the execution of duties by Executive Officers is in compliance with laws, regulations, and the Articles of Incorporation.
- 6) Information pertaining to the execution of duties by Executive Officers shall be prepared and maintained in accordance with internal rules.
- 7) A structure shall be established in which each relevant department shall establish regulations and guidelines, conduct training, prepare and distribute manuals, and carry out other such measures with respect to various risks. Efforts shall be made to identify possible new risks through such things as progress reports on business operations and, should it become necessary to respond to a new risk, an Executive Officer responsible for responding thereto shall be appointed promptly.
- 8) Efficient performance of duties shall be ensured through the following business management systems:

The Senior Executive Committee shall be established in order to deliberate on and facilitate the formulation of decisions based on due consideration of diverse factors regarding important issues that affect the Company and/or the Hitachi Group.

Based on the management policy, medium-t