

HITACHI LTD  
Form 6-K  
July 05, 2006  
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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 2006**

**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 following:

1. Translation of Notice of the 137th Ordinary General Meeting of Shareholders.
2. Translation of Report on the Matters Reported and Resolutions Adopted at the 137th Ordinary General Meeting of Shareholders.

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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 5, 2006

By /s/ Takashi Hatchoji  
Takashi Hatchoji  
Executive Vice President and Executive Officer

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(Translation)

**Hitachi, Ltd.**

6-6, Marunouchi 1-chome

Chiyoda-ku, Tokyo

June 1, 2006

**Notice of the 137th Ordinary General Meeting of Shareholders**

Dear Shareholders:

You are cordially invited to attend the 137th Ordinary General Meeting of Shareholders of Hitachi, Ltd. (local code: 6501; the Company ) to be held as follows:

- 1. Date**        **Tuesday, June 27, 2006 at 10:00 a.m.**
- 2. Location**   **Higashi-Ochanomizu Building**  
**29, Kanda-Awajicho 2-chome, Chiyoda-ku, Tokyo**
- 3. Agenda**  
**Reporting Matters**

- (1) Report on the Business Report, the Statement of Operations and the Appropriation of Retained Earnings for the 137th Business Term (from April 1, 2005 to March 31, 2006), the Balance Sheet as of March 31, 2006 and the repurchase of the Company's own shares
- (2) Report on the Consolidated Balance Sheet as of March 31, 2006, the Consolidated Statement of Operations for the 137th Business Term (from April 1, 2005 to March 31, 2006), and the results of the audit on the Consolidated Financial Statements by the Accounting Auditors and the Audit Committee

**Matters to Be Resolved**

**Item No. 1** Amendment to the Articles of Incorporation

**Item No. 2** Election of 14 Directors due to expiration of the term of office of all Directors

Very truly yours,

Kazuo Furukawa  
President

The Business Report, the Balance Sheet, the Statement of Operations, the Appropriation of Retained Earnings, the Transcripts of Audit Reports, the Consolidated Balance Sheet and the Consolidated Statement of Operations to be provided along with the Notice of the General Meeting of

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Shareholders, reference information regarding exercise of right to vote on resolutions and the substance of agenda Item No. 1 is included in the following pages. The Transcripts of Audit Reports on the Consolidated Financial Statements are also included in the following pages.

In the event the Business Report, the Balance Sheet, the Statement of Operations, the Appropriation of Retained Earnings or the Consolidated Financial Statements need to be modified after the dispatch of this notice, the Company will post such modification on its website (<http://www.hitachi.co.jp/>).

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**Total number of voting rights**

3,295,465 (As of March 31, 2006)

**Matters to Be Resolved**

**Item No. 1 Amendment to the Articles of Incorporation**

In response to the enactment of relevant laws and regulations (May 1, 2006), including the Company Law (Law No. 86-2005), the Enforcement Regulations of the Company Law (Ordinance No. 12-2006 of the Ministry of Justice) and the Regulations for Corporate Accounting (Ordinance No. 13-2006 of the Ministry of Justice), the Board of Directors now proposes the following amendments in the Articles of Incorporation of the Company:

1. Adoption of systems newly created under the Company Law

- (1) Less-than-one-unit shareholders hold only rights of receiving economic benefit such as receiving distribution of surplus because less-than-one-unit shares can be sold by exercising the right to repurchase of them at any time and there are no statutory voting rights of the General Meeting of Shareholders (Article 9 in the proposed amendment).
- (2) In order to promote fuller disclosure of information in connection with the General Meetings of Shareholders such as reference documents and other relevant information, an article which allows the Company to post such information to the website of the Company will be provided (Article 14 in the proposed amendment).
- (3) In accordance with the Company's customary practice and to facilitate the smooth proceeding of the General Meetings of Shareholders, each proxy chosen to exercise voting rights shall be an individual selected from among the Company's shareholders (Article 15 in the proposed amendment).
- (4) In order to be able to respond in a timely manner to a truly emergency situation where quick actions are necessary, a system shall be adopted in which matters requiring resolutions by the Board of Directors may be resolved without having a meeting if all directors express unanimously their consent or approval in writing or other method on such matters, and resolutions adopted by such method will be deemed effective resolutions of the Board of Directors (Article 22 in the proposed amendment).
- (5) The term of office of Executive Officers shall expire on the last day of the business year that ends within one year from their election so that their office term coincides with the period of the business year of the Company (Article 27 in the proposed amendment).

2. Amendment of provisions in the Articles of Incorporation in response to the enactment of the Company Law

- (1) The structure of the Company as a corporation that maintains statutory Committees shall be clearly stated in accordance with the purpose of the Company Law (Article 3 in the proposed amendment).
- (2) The provisions related to the transfer agent in respect of debentures (Article 9 in the present Articles of Incorporation), the convening of a General Meeting of Shareholders (Article 13 in the present Articles of Incorporation) and minutes (Article 17 in the present Articles of Incorporation) shall be deleted and such matters shall henceforth be handled in accordance with the provisions in the applicable law.

3. Change in reference to statutory provisions and change in wording

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- (1) References to the provisions of the former Commercial Code shall be changed such as referencing to the corresponding provisions in the Company Law, etc. (Articles 16, 23 and 29, Supplementary Provisions Articles 1 and 2 in the proposed amendment). Article 23 and Article 29 in the proposed amendment purport to exempt Directors and Executive Officers from liabilities caused by their conduct taken before the enactment of the Company Law.
- (2) Certain words defined in the former Commercial Code shall be changed to words defined in the Company Law (Articles 5, 6, 8, 9, 19, 31 and 33 in the proposed amendment).
- (3) In addition, some expressions and wording shall be changed, some Articles shall be moved or reorganized, and other general structure of the document shall be reorganized, aiming at clarifying the content of the Articles of Incorporation of the Company under the provisions of the Company Law.
- (4) Changes proposed in (1) to (3) shall give no substantial effect on the contents of the Articles of Incorporation.

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It should be noted that revisions to the provision regarding the organs of the Company except Executive Officers (Article 3), issue of share certificates (Article 7), the provision regarding appointment of an administrator of shareholders register (Article 10), and the provision regarding decision on matters, including distribution of surplus, by resolution of the Board of Directors without resolution at a General Meeting of Shareholders (Article 32) of the Article of Incorporation of the Company shall have become effective as of May 1, the date of enactment of the Company Law, in accordance with provisions regarding transitional measures stipulated in the Law Regarding Creation of Relevant Laws in Response to the Enactment of the Company Law (Law No. 87-2005).

(Underlined sections will be amended.)

**Present Articles of Incorporation**

**Proposed Amendment**

Article 3. (Provision of company which adopts the Committee System)

Article 3. (Company adopting Committee Systems)

The Company shall subject itself to the special exceptions as provided for in Chapter II, Section 4 of the Law for Special Exceptions to the Commercial Code Concerning Audit, etc. of Kabushiki-Kaisha (the Special Exceptions Law ) of Japan.

The Company shall have the Board of Directors, Committees, Accounting Auditors and Executive Officers.

Article 5. (Method of giving public notices)

Article 5. (Method of public notices)

The public notices of the Company shall be given by electronic public notices; provided, however, if the Company cannot give public notices by electronic public notices because of accidents or any other inevitable cause, the public notices shall be given by publication in the Nihon Keizai Shimbun.

The method of public notices of the Company shall be given by electronic public notices; provided, however, that if the Company is prevented from giving such public notices in the form of electronic media due to accidents or other causes beyond its control, public notices of the Company shall be given by publication in the Nihon Keizai Shimbun.

Article 6. (Total number of shares authorized to be issued)

Article 6. (Total shares authorized to be issued)

The total number of shares authorized to be issued by the Company shall be 10,000,000,000 shares; provided, however, that in the event that any shares are canceled, the number of such shares so canceled shall be subtracted from the total number of shares so authorized.

The total shares authorized to be issued by the Company shall be 10,000,000,000 shares.

(New provision)

Article 7. (Issue of share certificates)

The Company shall issue share certificates for its shares.

Article 7. (Repurchase of its own shares)

The Company may repurchase its own shares by resolution of the Board of Directors pursuant to Article 211-3, paragraph 1, item 2 of the Commercial Code of Japan.

(Delete)

Article 8. (Number of shares to constitute one unit, etc.)

Article 8. (Number of shares per one unit, etc.)

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The number of shares to constitute one unit of shares of the Company shall be 1,000 shares.

The number of shares per one unit of shares of the Company shall be 1,000 shares.

The Company shall not issue share certificates evidencing less-than-one-unit shares.

The Company shall not issue a share certificate for less-than-one-unit shares.

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**Present Articles of Incorporation**

**Proposed Amendment**

Any shareholder (including beneficiary; the same applies hereinafter) who holds less-than-one-unit shares of the Company shall be entitled to request the Company to sell the number of shares that will, together with such less-than-one-unit shares, constitute a full unit of shares.

Article 9. (Transfer agent)

The Company shall have a transfer agent in respect of shares.

The share register, the beneficiaries record and the register of loss of share certificates of the Company shall be kept at the business office of the transfer agent.

The transfer agent mentioned in the first paragraph shall handle for the Company the registration of the transfer of shares and other business relating to shares.

The provisions of the foregoing paragraphs shall apply with respect to debentures.

Article 10. (Share Handling Regulations)

In addition to what is provided in laws, regulations or these Articles of Incorporation, the denominations of share certificates of the Company and registration of the transfer of shares of the Company, registration of rights of pledges, declaration of property in trust, notices from shareholders, reissue of share certificates, handling of exercise of voting rights and other rights of shareholders by electromagnetic methods and other matters relating to the handling of shares shall be governed by the Share Handling Regulations established by the

Article 9. (Rights regarding less-than-one-unit shares)

Any shareholder (including beneficiary; the same applies hereafter) who holds less-than-one-unit shares of the Company, shall have no right to exercise other than those stipulated below regarding such less-than-one-unit shares.

1. Rights listed in items of Article 189, paragraph 2 of the Company Law;

2. Rights to receive allotment of share offering to shareholders and allotment of share purchase warrants; and

3. Rights specified in these Articles of Incorporation

Any less-than-one-unit shareholder of the Company shall be entitled to request the Company to sell the number of shares that will, together with such less-than-one-unit shares, constitute a full unit of shares.

Article 10. (Administrator of shareholders register)

The Company shall have an administrator of its shareholders register.

Article 11. (Regulations on Handling of Shares, etc.)

In addition to what is provided in laws, regulations or these Articles of Incorporation, handling of exercise of rights as shareholders of the Company, any other matters relating to the handling of shares and share purchase warrants and fees related thereto shall be governed by the Regulations on Handling of Shares, etc. established by the Executive Officer authorized by the Board of Directors.

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Executive Officer authorized by the Board of Directors.

Article 11. (Provisional address or agent of shareholders, etc., residing abroad)

Shareholders, pledgees or their legal representatives residing in foreign countries shall establish their provisional addresses or appoint their agents, in Japan, and shall notify such addresses or agents in accordance with the Share Handling Regulations. The same shall apply in case of a change occurring in these matters.

(Delete)

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Present Articles of Incorporation	Proposed Amendment
<p><u>Article 12. (Record date)</u></p> <p><u>The Company shall treat the shareholders as of the date of the closing of accounts for each business term as shareholders entitled to exercise the rights of shareholders at the ordinary General Meeting of Shareholders for such business term.</u></p> <p><u>In addition to the preceding paragraph, if it is deemed necessary, the Company may, by giving public notice in advance, by resolution of the Board of Directors, treat the shareholders or pledgees as of a certain date and hour as the shareholders or pledgees entitled to exercise their rights.</u></p>	<p>(Delete)</p>
<p><u>Article 13. (Convening)</u></p> <p><u>An ordinary General Meeting of Shareholders shall be convened within three months next following the date of closing of accounts of each year and an extraordinary General Meeting of Shareholders shall be convened whenever necessary, in a ward, or ku of Tokyo by the President in accordance with the resolution of the Board of Directors. If the President is prevented from discharging his duties, such meeting shall be convened by another Executive Officer in the order previously fixed by the Board of Directors.</u></p>	<p>(Delete)</p>
<p>(New provision)</p>	<p><u>Article 12. (Record date for the purpose of the Ordinary General Meeting of Shareholders)</u></p> <p><u>The Company shall regard the shareholders registered as of the last date of each business year as shareholders entitled to exercise the rights of shareholders at the Ordinary General Meeting of Shareholders for such business year.</u></p>
<p>Article <u>14</u>. (Chairmanship)</p> <p>Chairmanship of a General Meeting of Shareholders shall be assumed by the President. If the President is prevented from discharging his duties, another person shall act as such chairman in the order previously fixed by the Board of Directors.</p>	<p>Article <u>13</u>. (Chairmanship)</p> <p>Chairmanship of a General Meeting of Shareholders shall be assumed by the President. If the President is prevented from discharging his duties, another person shall act as such chairman in the order previously fixed by <u>the resolution of</u> the Board of Directors.</p>
<p>(New provision)</p>	<p><u>Article 14. (Website disclosure of reference documents for the General Meeting of Shareholders, etc.)</u></p> <p><u>As provided for in the applicable laws, it is deemed that the Company provided reference documents for the General Meeting of Shareholders, financial statements and consolidated financial statements (including auditor's report and Accounting Auditor's report for those consolidated financial statements), as well as other</u></p>

information required to be included or presented in the business report of the Company to its shareholders by posting them on its website on the Internet.

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<b>Present Articles of Incorporation</b>	<b>Proposed Amendment</b>
<p>Article 15. (Exercise of voting rights by proxy)</p> <p>Shareholders <u>or their legal representatives may exercise their voting rights by proxy</u>; provided, however, that such proxy must be a shareholder of the Company entitled to vote.</p> <p>In the case mentioned in the preceding paragraph, a document <u>showing</u> the power of representation shall be submitted to the Company in advance.</p> <p>Article 16. (Method of adopting resolutions)</p> <p>Unless otherwise provided by laws, regulations or these Articles of Incorporation, resolutions at a General Meeting of Shareholders shall be adopted by a majority of the votes of the shareholders present.</p> <p>Any resolution as provided for in <u>Article 343 of the Commercial Code of Japan</u> shall be adopted at a General Meeting of Shareholders at which shareholders representing one-third or more of the voting rights of all the shareholders shall be present, by a majority of two-thirds or more of the voting rights of the shareholders <u>so present</u>.</p> <p><u>Article 17. (Minutes)</u></p> <p><u>With respect to the proceedings at a General Meeting of Shareholders, minutes shall be prepared entering or recording therein the general proceedings and the resultant actions taken thereat, and such minutes shall be kept at the Company after the chairman, the Directors and the Executive Officers present have affixed their names and seals or their electronic signatures thereto.</u></p> <p>Article <u>18</u>. (The presentation of text is omitted here.)</p> <p>Article <u>19</u>. (Election)</p> <p>For the adoption of resolutions for the election of Directors, the presence of shareholders representing one-third or more of the voting rights of <u>all the</u> shareholders shall be required at the General Meeting of Shareholders.</p> <p>Resolutions under the preceding paragraph shall not be made by cumulative voting.</p>	<p>Article 15. (Exercise of voting rights by proxy)</p> <p><u>A shareholder may appoint a proxy who exercises such shareholder's voting rights on behalf of such shareholder</u>; provided, however, that such proxy must be a shareholder of the Company entitled to vote.</p> <p>In the case mentioned in the preceding paragraph, a document <u>certifying</u> the power of representation shall be submitted to the Company in advance.</p> <p>Article 16. (Method of adopting resolutions)</p> <p>Unless otherwise provided by laws, regulations or these Articles of Incorporation, resolutions at a General Meeting of Shareholders shall be adopted by a majority of the votes of <u>the shareholders who are present in such meeting and are entitled to vote</u>.</p> <p>Any resolution as provided for in <u>Article 309, paragraph 2 of the Company Law</u> shall be adopted at a General Meeting of Shareholders at which shareholders representing one-third or more of the voting rights of all the shareholders shall be present, by a majority of two-thirds or more of the voting rights of the shareholders <u>who are present in such meeting and are entitled to vote</u>.</p> <p style="text-align: right;">(Delete)</p> <p>Article <u>17</u>. (The presentation of text is omitted here.)</p> <p>Article <u>18</u>. (Election)</p> <p>For the adoption of resolutions for the election of Directors, the presence of shareholders representing one-third or more of the voting rights of shareholders <u>who are entitled to vote</u> shall be required at the General Meeting of Shareholders.</p> <p>Resolutions under the preceding paragraph shall not be made by cumulative voting.</p>

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### Article 20. (Term of office)

The term of office of Directors shall expire at the close of the ordinary General Meeting of Shareholders relating to the last closing of accounts within one year after their assumption of office; provided, however, that the term of office of those Directors who have newly assumed office while the other Directors are still in office shall be for the remaining balance of the term of office of the other Directors presently in office.

### Article 19. (Term of office)

The term of office of Directors shall expire at the close of the Ordinary General Meeting of Shareholders for the last business year that will end within one year after their election; provided, however, that the term of office of those Directors who have newly assumed office while the other Directors are still in office shall be for the remaining balance of the term of office of the other Directors presently in office.

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<b>Present Articles of Incorporation</b>	<b>Proposed Amendment</b>
<p>Article <u>21</u>. (Director to convene and preside over meetings of the Board of Directors)</p> <p>By resolution of the Board of Directors, a Director who convenes and presides over meetings of the Board of Directors shall be selected.</p>	<p>Article <u>20</u>. (Director to convene and preside over meetings of the Board of Directors)</p> <p>By resolution of the Board of Directors, a Director who convenes and presides over meetings of the Board of Directors shall be selected.</p> <p><i>[Note: Although notational changes were made in the original Japanese Article, the English translation has not changed.]</i></p>
<p>Article <u>22</u>. (Convening of meeting of the Board of Directors)</p> <p>Notice for convening a meeting of the Board of Directors shall be dispatched to each Director one week prior to the date of the meeting; provided, however, that in case of urgency, such period may be shortened and such notice may be dispatched <u>three days prior</u> to the date of the meeting.</p>	<p>Article <u>21</u>. (Convening of meeting of the Board of Directors)</p> <p>Notice for convening a meeting of the Board of Directors shall be dispatched to each Director one week prior to the date of the meeting; provided, however, that in case of urgency, such period may be shortened and such notice may be dispatched <u>by the preceding day</u> to the date of the meeting.</p>
<p>(New provision)</p>	<p><u>Article 22. (Resolutions of the Board of Directors without meeting)</u></p> <p><u>Matters that require resolutions in a meeting of the Board of Directors may be resolved without holding a meeting if all Directors who are entitled to vote for such resolutions express unanimously in writing or in electromagnetic recording media their consent or approval on such matters; and such unanimous consent or approval shall be treated as if resolutions were effectively adopted in a meeting of the Board of Directors.</u></p>
<p>Article 23. (Exemption of Directors from liabilities)</p> <p>The Company may, by resolution of the Board of Directors, exempt any Director from liabilities as provided in <u>Article 21-17, paragraph 1 of the Special Exceptions Law</u> to the extent as provided in laws or regulations.</p> <p>The Company may enter into an agreement with any outside Director to limit liabilities of such Director as provided in <u>Article 21-17, paragraph 1 of the Special Exceptions Law</u> to the aggregate amount as provided in the items of paragraph 19 of <u>Article 266 of the Commercial Code, which are applied by paragraph 5 of the said Article of the Special Exceptions Law</u>.</p>	<p>Article 23. (Exemption of Directors from liabilities)</p> <p>The Company may, by resolution of the Board of Directors, exempt any Director (<u>including former Directors</u>) from liabilities as provided in <u>Article 423, paragraph 1 of the Company Law</u> to the extent as provided in laws or regulations.</p> <p>The Company may enter into an agreement with any outside Director to limit liabilities as provided for in <u>Article 423, paragraph 1 of the Company Law</u> of such Director to <u>the extent in the aggregate amount as provided for in items of Article 425, paragraph 1 of the Company Law</u>.</p>
<p><u>Article 25. (Committees)</u></p> <p><u>The Company shall have the Nominating Committee, the Audit Committee and the Compensation Committee.</u></p>	<p>(Delete)</p>

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Article 26. (The presentation of text is omitted here.)

Article 25. (The presentation of text is omitted here.)

Article 27. (Number)

Article 26. (Number)

By resolution of the Board of Directors, the Company shall have not more than 40 Executive Officers.

By resolution of the Board of Directors, the Company shall have not more than 40 Executive Officers.

*[Note: Although notational changes were made in the original Japanese Article, the English translation has not changed.]*

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<b>Present Articles of Incorporation</b>	<b>Proposed Amendment</b>
<p>Article <u>28</u>. (Term of office)</p> <p>The term of office of Executive Officers shall expire <u>at the close of the first meeting of the Board of Directors after the ordinary General Meeting of Shareholders relating to the last closing of accounts within one year after their assumption of office; provided, however, that the term of office of those Executive Officers who have newly assumed office while the other Executive Officers are still in office shall be for the remaining balance of the term of office of the other Executive Officers presently in office.</u></p>	<p>Article <u>27</u>. (Term of office)</p> <p>The term of office of Executive Officers shall expire <u>on the last day of the business year that ends within one year from their election.</u></p>
<p>Article <u>29</u>. (President)</p> <p>By resolution of the Board of Directors, a President shall be selected, provided that the President must be a Representative Executive Officer.</p>	<p>Article <u>28</u>. (President)</p> <p>By resolution of the Board of Directors, a President shall be selected, provided that the President must be a Representative Executive Officer.</p> <p><i>[Note: Although notational changes were made in the original Japanese Article, the English translation has not changed.]</i></p>
<p>Article <u>30</u>. (Exemption of Executive Officers from liabilities)</p> <p>The Company may, by resolution of the Board of Directors, exempt any Executive Officer from liabilities as provided in <u>Article 21-17, paragraph 1 of the Special Exceptions Law</u> to the extent as provided in laws or regulations.</p>	<p>Article <u>29</u>. (Exemption of Executive Officers from liabilities)</p> <p>The Company may, by resolution of the Board of Directors, exempt any Executive Officers <u>(including former Executive Officers)</u> from liabilities as provided in <u>Article 423, paragraph 1 of the Company Law</u> to the extent as provided in laws or regulations.</p>
<p>Article <u>31</u>. (Chairmen Emeritus)</p> <p>The Company may have Chairmen Emeritus by resolution of the Board of Directors.</p>	<p>Article <u>30</u>. (Chairmen Emeritus)</p> <p>The Company may have Chairmen Emeritus by resolution of the Board of Directors.</p> <p><i>[Note: Although notational changes were made in the original Japanese Article, the English translation has not changed.]</i></p>
<p>Article <u>32</u>. (<u>Date of closing of accounts</u>)</p> <p><u>The date of closing of accounts</u> of the Company shall be <u>March 31 of each year.</u></p>	<p>Article <u>31</u>. (<u>Business year</u>)</p> <p><u>The business year</u> of the Company shall <u>start on April 1 every year and end on March 31 of the following year.</u></p>
<p>(New provision)</p>	<p><u>Article 32. (Distribution of surplus and repurchase of the Company's shares)</u></p> <p><u>The Company may, unless otherwise provided in the applicable laws, make decisions on matters specified in items of Article 459.</u></p>

paragraph 1 of the Company Law by resolution of its Board of Directors, without resolution at the General Meeting of Shareholders.

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**Present Articles of Incorporation**

Article 33. (Dividends)

Dividends shall be paid to the shareholders or registered pledgees as of each date of closing of accounts.

If the dividends mentioned in the preceding paragraph are not received within three years from the date they became due and payable, the Company shall be relieved of the obligation to pay such dividends.

Article 34. (Interim dividends)

The Company may, by resolution of the Board of Directors, make such distribution of money as provided for in Article 293-5 of the Commercial Code of Japan to the shareholders or registered pledgees as of the last day of September of each year.

The provisions of the second paragraph of the preceding Article shall apply, mutatis mutandis, to the distribution of money mentioned in the preceding paragraph.

Supplementary Provisions

Article 1. (Transitional measure regarding exemption of Directors from liabilities)

The Company may, by resolution of the Board of Directors, exempt any Director from liabilities in respect of any act prior to the close of the ordinary General Meeting of Shareholders relating to the accounting period ended March 2003 as provided in Article 266, paragraph 1, item 5 of the Commercial Code of Japan to the extent as provided in laws or regulations.

Article 2. (Transitional measure regarding exemption of Corporate Auditors from liabilities)

The Company may, by resolution of the Board of Directors, exempt any Corporate Auditor from liabilities prior to the close of the ordinary General Meeting of Shareholders relating to the accounting period ended March 2003 to the extent as provided in laws or regulations.

**Proposed Amendment**

Article 33. (Record date for the purpose of distribution of surplus, etc.)

Any distributions of surplus by the Company shall be to the shareholders or registered pledgees as of March 31 or September 30 of each year.

In addition to the dates specified above, the Company may designate another record date for the purpose of distributing surplus.

If a distribution of surplus is not received within three years from the date it became due and payable, the Company shall be relieved of the obligation to pay such distribution of surplus.

Supplementary Provisions

Article 1. (Transitional measure regarding exemption of Directors from liabilities)

The Company may, by resolution of the Board of Directors, exempt any Director from liabilities in respect of any act prior to the close of the Ordinary General Meeting of Shareholders for the accounting period ended March 2003 as provided in Article 266, paragraph 1, item 5 of the Commercial Code of Japan (hereinafter the Former Commercial Code) before it was revised in accordance with the Law Regarding Creation of Relevant Laws in Response to the Enactment of the Company Law to the extent as provided in laws or regulations.

Article 2. (Transitional measure regarding exemption of Corporate Auditors from liabilities)

The Company may, by resolution of the Board of Directors, exempt any Corporate Auditor from liabilities as provided for in the Former Commercial Code prior to the close of the Ordinary General Meeting of Shareholders for the accounting period ended March 2003 to the extent as provided in laws or regulations.



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Due to expiration at the close of this Meeting of the term of office of all the present Directors, it is proposed that 14 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)	Principal Occupation	Brief Biography	Share Ownership	Conflict of Interest
1	Yoshiki Yagi (Feb. 27, 1938)	Board Director (Chair), Hitachi, Ltd.  (Standing member of Audit Committee)	4/1960 Joined Hitachi, Ltd. 6/1991 Director  6/1993 Executive Managing Director  6/1997 Senior Executive Managing Director  4/1999 Executive Vice President and Representative Director	shares      105,000	None
2	Etsuhiko Shoyama (Mar. 9, 1936)	Representative Executive Officer, Chairman and Director, Hitachi, Ltd.  (Member of Nominating Committee and Compensation 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  6/2003 Representative Executive Officer, President, Chief Executive Officer and Director	116,000	None

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			4/2006 Representative Executive Officer, Chairman and Director		
3	Kazuo Furukawa (Nov. 3, 1946)	Representative Executive Officer and President,  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	58,000	None
			4/2006 Representative Executive Officer and President		
4	Tadamichi Sakiyama (Jun. 13, 1941)	Director, Hitachi Construction Machinery Co., Ltd. ( Hitachi Construction Machinery )	4/1964 Joined Hitachi, Ltd.  6/1994 General Manager of Accounting Department  6/1999 Vice President, General Manager of Internal Auditing Office  6/2001 Board Director, Senior Vice President, Hitachi Construction Machinery	19,000	None
			4/2003 Executive Vice President and Representative Director		
			6/2003 Representative Executive Officer, Executive Vice President, Executive Officer and Director		
			4/2006 Director		

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No.	Name (Date of Birth)	Principal Occupation	Brief Biography	Share Ownership	Conflict of Interest
5	Takashi Miyoshi (Sep. 25, 1947)	Representative Executive Officer, Executive Vice President, Executive Officer and Director, Hitachi, Ltd.	4/1970 Joined Hitachi, Ltd. 4/2003 General Manager, Finance 6/2003 Executive Officer 4/2004 Senior Vice President and Executive Officer 6/2004 Senior Vice President, Executive Officer and Director 4/2006 Representative Executive Officer, Executive Vice President, Executive Officer and Director	33,000	None
6	Ginko Sato (Jul. 6, 1934)	Honorary President, Japan Association for the Advancement of Working Women  Director, Hitachi, Ltd.  (Member of Nominating Committee and Audit Committee)	4/1958 Joined Ministry of Labour (currently Ministry of Health, Labour and Welfare) 6/1985 Ministerial Councillor, Ministry of Labour 1/1986 Director-General, Women's Bureau, Ministry of Labour 7/1990 Assistant Minister of Labour 10/1991 Ambassador Extraordinary and Plenipotentiary of Japan to Kenya	26,000	None
7	Hirofumi Seya		4/1954 Joined Asahi Glass	14,000	None

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(Oct. 7, 1930)	Senior Corporate Advisor, Asahi Glass Company, Limited ( Asahi Glass )	3/1985 Director  3/1987 Managing Director  3/1988 Representative Director Executive Vice President  3/1990 Representative Director Senior Executive Vice President  3/1992 Representative Director President  6/1998 Representative Director Chairman & CEO  6/2002 Representative Director Chairman of the Board  6/2003 Director, Hitachi, Ltd.  3/2004 Senior Corporate Advisor, Asahi Glass		
Akira Chihaya  (Mar. 6, 1935)	Representative Director and  Chairman of the Board, NIPPON STEEL CORPORATION ( NSC )  Representative Director and President, Tekko Kaikan Co., Ltd.  Director, Hitachi, Ltd.  (Member of Compensation Committee)	4/1957 Joined Yawata Iron & Steel Co., Ltd. (currently NSC)  6/1987 Director  6/1991 Managing Director  6/1995 Representative Director and Executive Vice President  4/1998 Representative Director and President  4/2003 Representative Director and Chairman of the Board  6/2003 Director, Hitachi, Ltd.	6,000	Note (1)

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No.	Name (Date of Birth)	Principal Occupation	Brief Biography	Share Ownership	Conflict of Interest
9	Tohru Motobayashi (Jan. 5, 1938)	Attorney at Law	4/1963 Member of the Tokyo Bar Association  6/1970 Partner, Mori Sogo Law Offices (currently, Mori Hamada & Matsumoto)  4/2002 President of the Japan Federation of Bar Associations (Retired in March 2004)	15,750	None Note (2)
10	Isao Uchigasaki (Jan. 2, 1939)	Chairman of the Board, Hitachi Chemical Co., Ltd. ( Hitachi Chemical )  Director, Hitachi, Ltd.	4/1962 Joined Hitachi, Ltd.  4/1963 Joined Hitachi Chemical  6/1991 Board Director  6/1993 Executive Managing Director  6/1997 President and Representative Director  4/2003 Chairman of the Board and Representative Director  6/2003 Chairman of the Board  4/2004 Hitachi Group Executive Officer, Hitachi, Ltd.  6/2004 Hitachi Group Executive Officer and Director, Hitachi, Ltd.  3/2006 Retired Hitachi Group Executive Officer	13,000	None
11	Takashi Kawamura (Dec. 19, 1939)	Chairman of the Board and Representative Executive Officer, Hitachi Software Engineering Co., Ltd. ( Hitachi Software Engineering )  Director, Hitachi, Ltd.	4/1962 Joined Hitachi, Ltd.  6/1995 Director  6/1997 Executive Managing Director  4/1999 Executive Vice President and Representative Director  4/2003 Director	67,000	Note (3)

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			6/2003 Chairman of the Board and Representative Executive Officer, Hitachi Software Engineering		
	Yoshiro Kuwata	Chairman of the Board and Representative Executive Officer, Hitachi	6/1961 Joined Hitachi, Ltd.		
	(Sep. 1, 1936)		6/1993 Director		
		High-Technologies Corporation ( Hitachi High-Technologies )	6/1995 Executive Managing Director		
			6/1997 Senior Executive Managing Director		
12		Director, Hitachi, Ltd.	4/1999 Executive Vice President and Representative Director	64,700	Note (4)
			6/2003 Representative Executive Officer, Executive Vice President, Executive Officer and Director Chairman of the Board and Representative Executive Officer, Hitachi High-Technologies		
			4/2004 Director		
	Masayoshi Hanabusa	Chairman of the Board, Hitachi Capital Corporation ( Hitachi Capital )	4/1957 Joined Hitachi Sales Corporation		
	(Oct. 10, 1934)		8/1960 Joined Hitachi Credit Corporation (currently Hitachi Capital)		
			6/1977 Director		
		Director, Hitachi, Ltd.	6/1983 Executive Managing Director		
13		(Member of Nominating Committee and Compensation Committee)	6/1987 Senior Executive Managing Director	15,050	None
			6/1991 President and Representative Director		
			6/2001 Chairman of the Board and Representative Director		
			6/2003 Chairman of the Board Director, Hitachi, Ltd.		

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No.	Name (Date of Birth)	Principal Occupation	Brief Biography	Share Ownership	Conflict of Interest
14	Ryuichi Seguchi (Nov. 19, 1933)	Director, Hitachi Construction Machinery  Director, Hitachi, Ltd.	4/1956 Joined Hitachi, Ltd.  10/1970 Joined Hitachi Construction Machinery  6/1981 Board Director  6/1983 Executive Managing Director  6/1989 Senior Executive Managing Director  6/1993 Executive Vice President  6/1997 President, Chief Executive Officer and Representative Director  4/2003 Chairman of the Board and Representative Director  6/2003 Chairman of the Board and Representative Executive Officer  4/2005 Chairman of the Board  6/2005 Director, Hitachi, Ltd.  4/2006 Director, Hitachi Construction Machinery	10,000	None

- Notes: (1) Both NSC, for which Mr. Akira Chihaya serves as Representative Director and Chairman of the Board, and the Company conduct businesses in the area of power and industrial systems. Additionally, the Company has continuous transactions with NSC, including purchases of steel products of NSC through trading firms and sales of control systems and computer control equipment, etc. to NSC. The amount of such transactions is negligible, in comparison to the whole business scale of both companies. The Company has no special interest in Tekko Kaikan Co., Ltd., for which Mr. Chihaya serves as Representative Director and President.
- (2) The law firm Mori Hamada & Matsumoto, to which Mr. Motobayashi belongs, is one of the Company's advisory firms, but there is no contractual relationship between Mr. Motobayashi and the Company. Further, the Company has no plans to select Mr. Motobayashi as a member of the Audit Committee should this resolution be approved and he be appointed as a director.
- (3) Both Hitachi Software Engineering, for which Mr. Takashi Kawamura serves as Representative Executive Officer, and the Company conduct businesses in the area of information & telecommunication systems. Additionally, the Company has continuous transactions with Hitachi Software Engineering, including purchases of software from Hitachi Software Engineering and sales of computers and components for computers to Hitachi Software Engineering. The two companies also have dealings with each other in the form of loans under the Hitachi Group's centralized cash management system.
- (4) Both Hitachi High-Technologies, for which Mr. Yoshiro Kuwata serves as Representative Executive Officer, and the Company conduct businesses in the areas of sales of information systems and medical equipment, etc. Additionally, the Company has continuous transactions with Hitachi High-Technologies, including purchases of information system equipment and liquid crystal related components from Hitachi High-Technologies and sales of information system equipment and software to Hitachi High-Technologies. The two companies also have dealings with each other in the form of loans under the Hitachi Group's centralized

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cash management system.

- (5) Ms. Ginko Sato, Mr. Hiromichi Seya, Mr. Akira Chihaya and Mr. Tohru Motobayashi are nominees who fulfill the qualification requirements to be outside directors as provided for in Article 2.3.7 of the Enforcement Regulations of the Company Law.

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### **Reporting Matters**

#### **1. Business Report (from April 1, 2005 to March 31, 2006)**

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

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

During the year under review, improved corporate earnings and a better employment situation worked to increase private sector investment in new plant and equipment and boost consumer spending. Because of these factors, and also clear signs of a recovery in exports, the Japanese economy was vigorous throughout the year.

Against this economic backdrop, consolidated revenues rose 5% from the preceding year, to JPY 9,464.8 billion. Operating income decreased 8%, to JPY 256.0 billion, owing to lower earnings in Electronic Devices and an operating loss posted by Digital Media & Consumer Products. Net income came to JPY 37.3 billion, down 28%.

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

The period under review marked the final year of the i.e. Hitachi Plan *II*, the medium-term management plan which Hitachi Group has implemented since fiscal 2003 primarily in order to accomplish increased profitability by focusing resources on Hitachi Group's targeted businesses. A number of products, such as hard disk drives, flat panel TVs and LCDs, were singled out for forward-looking investment because of the key role they are expected to play in the development of the emerging ubiquitous information society. Although the profitability and other issues encountered by these sectors make the reform less than a complete success, Hitachi Group's efforts for its business reorganization such as realignment of its business portfolio and creating new businesses have, in combination with enhanced consolidated management and speedier decision-making, produced substantial results.

During the year, Hitachi (China) Research and Development Corporation was established and started R&D activities in the information and telecommunication systems field in cooperation with a leading Chinese university. In other moves, Hitachi Global Storage Products (Shenzhen) Co., Ltd. was set up in Shenzhen as a hard disk drives production base, and Hitachi Building Equipment Manufacturing Co., Ltd., based in Tianjin, started production of elevators, etc. In addition, Hitachi Consulting Europe Limited, which was established in the U.K. in order to strengthen consulting services business, increased the strength and reach of Hitachi's consulting services by globally linking operations across Japan, the United States and Europe.

In Japan, part of Industrial Systems Group of the Company was transferred, by way of corporate split, to Hitachi Plant Engineering & Construction Co., Ltd., which was then merged with Hitachi Kiden Kogyo, Ltd. and Hitachi Industries Co., Ltd. to form Hitachi Plant Technologies, Ltd. in April 2006. This consolidation of capabilities is expected to accelerate the growth of businesses in the social and industrial infrastructure sectors.

On April 1, 2006, Etsuhiko Shoyama assumed the post of Chairman and Kazuo Furukawa assumed the post of President. Hitachi aims to improve its profitability under the new management.

**Table of Contents****Business Results by Industry Segment****[Revenues and Operating Income by Industry Segment]**

Industry Segment	(Billions of yen)					
	Revenues			Operating Income		
	Fiscal	Fiscal	(B)/(A)	Fiscal	Fiscal	(B)/(A)
	2004(A)	2005(B)	(B)/(A)	2004(A)	2005(B)	(B)/(A)
Information & Telecommunication Systems	2,268.3	2,360.9	104%	67.7	84.6	125%
Electronic Devices	1,320.1	1,204.4	91%	37.0	20.4	55%
Power & Industrial Systems	2,515.3	2,805.1	112%	73.6	92.5	126%
Digital Media & Consumer Products	1,280.3	1,305.6	102%	8.6	(35.7)	%
High Functional Materials & Components	1,504.3	1,600.2	106%	87.5	110.0	126%
Logistics, Services & Others	1,248.2	1,214.7	97%	9.8	19.5	199%
Financial Services	529.6	517.9	98%	31.0	35.0	113%
Subtotal	10,666.5	11,009.1	103%	315.5	326.4	103%
Eliminations & Corporate Items	(1,639.4)	(1,544.3)	%	(36.4)	(70.4)	%
Total	9,027.0	9,464.8	105%	279.0	256.0	92%

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.

**[Information & Telecommunication Systems]**

Sales of outsourcing businesses showed solid performance and sales of hard disk drives and disk array subsystems increased, partially offset by the transfer of all shares of the former Hitachi Printing Solutions, Ltd. to Ricoh Company, Ltd. and by declining servers and personal computers prices. Operating income was strong in the disk array subsystems and markedly higher in the software and services sector from the preceding year.

**[Electronic Devices]**

Sales of LCDs were down from the preceding year. Although operating income of Hitachi High-Technologies Corporation increased, operating income of this segment sharply declined from the preceding year.

**[Power & Industrial Systems]**

Industrial machinery and air-conditioning systems turned in strong sales results owing to rebounding private sector plant and equipment investment. In addition, sales of elevators, escalators and Hitachi Construction Machinery Co., Ltd. increased particularly in products for overseas markets. Hitachi Construction Machinery Co., Ltd. also recorded higher operating income. Operating income of elevators, escalators, industrial machinery and air-conditioning systems also increased.

**[Digital Media & Consumer Products]**

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Although revenues rose from a year earlier owing to advances by flat panel TVs and making Fujitsu Hitachi Plasma Display Limited a subsidiary of the Company, operating loss was posted as a result of an increase in digital media product sales investment and lower prices for flat panel TVs and white goods.

### **[High Functional Materials & Components]**

Revenues were higher at Hitachi Chemical Co., Ltd. and Hitachi Metals, Ltd., especially in the electronics and automotive related products sectors. Revenues of Hitachi Cable, Ltd. also increased. Operating income was buoyant.

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**[Logistics, Services & Others]**

Although revenues decreased from the preceding year, operating income was boosted considerably by increased earnings at Hitachi Transport System, Ltd.

**[Financial Services]**

Although revenues were down from a year earlier, operating income was buoyant due to robust performance by Hitachi Capital Corporation.

**Relationship with Subsidiaries and Affiliates**

During the year under review, Fujitsu Hitachi Plasma Display Limited, a company that manufactures and sells plasma display panels for flat panel TVs, was made a subsidiary of the Company through acquisition of some of the Fujitsu Hitachi Plasma Display Limited stock previously owned by Fujitsu Limited. In a move aimed at reinforcing Hitachi's position in the automotive systems business, the Company and Hitachi Mobile Co., Ltd. on April 1, 2006 carried out a stock-for-stock exchange that made Hitachi Mobile Co., Ltd. a wholly-owned subsidiary of the Company. In the air-conditioning systems business and consumer products sector, Hitachi Air Conditioning Systems Co., Ltd. and Hitachi Home & Life Solutions, Inc. merged in April 2006 to form a new company, Hitachi Appliances, Inc., with enhanced capabilities in lifestyle zone solutions business that promotes sophisticated lifestyle of people.

**[Major Consolidated Subsidiaries of Hitachi, Ltd. (As of March 31, 2006)]**

**[Information & Telecommunication Systems]**

Hitachi Communication Technologies, Ltd.  
 Hitachi Electronics Services Co., Ltd.  
 Hitachi Information Systems, Ltd.  
 Hitachi-Omron Terminal Solutions, Corp.  
 Hitachi Software Engineering Co., Ltd.  
 Hitachi Systems & Services, Ltd.  
 Hitachi Computer Products (America), Inc.  
 Hitachi Computer Products (Europe) S.A.S.  
 Hitachi Data Systems Holding Corp.  
 Hitachi Global Storage Technologies Netherlands B.V.

**[Electronic Devices]**

Hitachi Displays, Ltd.  
 Hitachi High-Technologies Corporation  
 Hitachi Medical Corporation

**[Digital Media & Consumer Products]**

Fujitsu Hitachi Plasma Display Limited  
 Hitachi Home & Life Solutions, Inc.  
 Hitachi Maxell, Ltd.  
 Hitachi Media Electronics Co., Ltd.  
 Hitachi Home Electronics (America), Inc.  
 Shanghai Hitachi Household Appliances Co., Ltd.

**[High Functional Materials & Components]**

Hitachi Cable, Ltd.  
 Hitachi Chemical Co., Ltd.  
 Hitachi Metals, Ltd.

**[Logistics, Services & Others]**

Chuo Shoji, Ltd.  
 Hitachi Life Corporation

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Hitachi Electronic Devices (USA), Inc.

Hitachi Mobile Co., Ltd.

Hitachi Semiconductor Singapore Pte. Ltd.

Hitachi Transport System, Ltd.

Nikkyo Create, Ltd.

Hitachi America, Ltd.

Hitachi Asia Ltd.

Hitachi (China), Ltd.

Hitachi Europe Ltd.

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

Babcock-Hitachi Kabushiki Kaisha

Hitachi Air Conditioning Systems Co., Ltd.

Hitachi Building Systems Co., Ltd.

Hitachi Construction Machinery Co., Ltd.

Hitachi Engineering Co., Ltd.

Hitachi Engineering & Services Co., Ltd.

Hitachi Industrial Equipment Systems Co., Ltd.

Hitachi Industries Co., Ltd.

Hitachi Kiden Kogyo, Ltd.

Hitachi Plant Engineering & Construction Co., Ltd.

Hitachi Via Mechanics, Ltd.

Japan Servo Co., Ltd.

Guangzhou Hitachi Elevator Co., Ltd.

Hitachi Automotive Products (USA), Inc.

### **[Financial Services]**

Hitachi Capital Corporation

Hitachi Insurance Services, Ltd.

- Notes: (1) The total number of consolidated subsidiaries (including variable interest entities) pursuant to Article 2.1.25 of the Enforcement Regulations of the Commercial Code of Japan is 932 as of March 31, 2006.
- (2) The number of equity-method affiliates is 158. The major equity-method affiliates are Casio Hitachi Mobile Communications Co., Ltd., Hitachi Koki Co., Ltd., Hitachi Kokusai Electric Inc. and Renesas Technology Corp. (Renesas).
- (3) Renesas is accounted for under the equity method by the Company as major decisions require consensus between the Company and Mitsubishi Electric Corporation in accordance with the joint venture agreement, although the Company owns more than 50% of voting rights of Renesas.
- (4) 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.
- (5) 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) Hitachi Engineering & Services Co., Ltd. acquired Power Systems Division of Hitachi Engineering Co., Ltd. through corporate split and changed its name to Hitachi Engineering & Services Co., Ltd. on April 1, 2006. Hitachi Engineering Co., Ltd. merged with Hitachi Information & Control Solutions, Ltd.

**Table of Contents****(2) Main Products and Services of Hitachi Group (Fiscal 2005)**

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, 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, Air-Conditioning Equipment	25%
Digital Media & Consumer Products	Optical Disk Drives, Televisions, LCD Projectors, Mobile Phones, Room Air Conditioners, Refrigerators, Washing Machines, Information Storage Media, Batteries	12%
High Functional Materials & Components	Wires and Cables, Copper Products, Semiconductor Materials, Circuit Boards and Materials, Organic and Inorganic Chemical Products, Synthetic Resin Products, LCD Materials, Specialty Steels, Magnetic Materials, Malleable Cast-Iron Products, Forged and Cast-Steel Products	15%
Logistics, Services & Others	General Trading, Logistics, Property Management	11%
Financial Services	Leasing, Loan Guarantees, Insurance Services	5%

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

Investment in new plant and equipment came to JPY 954.7 billion, down JPY 4.8 billion from the preceding year. The total excluding investment in lease assets and the like was JPY 397.4 billion. This amount was accounted for chiefly by investment directed to increasing hard disk drives, plasma display panels and automotive components production capacity. A breakdown of capital investment by industry segment is shown below.

Industry Segment	(Billions of yen)					
Amount						
Information & Telecommunication Systems	123.2					
Electronic Devices	35.7					
Power & Industrial Systems	106.7					
Digital Media & Consumer Products	38.5					
High Functional Materials & Components	84.5					
Logistics, Services & Others	24.1					
Financial Services	38,400	0	-	21.10	3/26/11	
	24,240	16,160	-	15.93	3/30/12	
	10,000	15,000	-	14.00	6/30/13	
	5,250	21,000	-	16.25	3/30/14	
	0	27,570	-	17.00	3/28/13	
	93,174	79,730	-			28,800 254,304 - -
Mark Newton	2,675	1,338	-	17.13	9/29/10	3,000 26,490 - -
	3,200	4,800	-	14.36	9/20/13	5,000 44,150
	1,920	7,680	-	19.59	9/25/14	
	0	11,520	-	14.30	9/30/15	
	7,795	25,338	-			8,000 70,640 - -
Dennis Alexejun	5,928	0		14.29	9/25/09	11,000 97,130 - -

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	6,800	6,800	-	17.13	9/29/12	6,600	58,278		
	7,208	10,812	-	14.36	9/20/13				
	3,786	15,144	-	19.59	9/25/14				
	0	19,690	-	14.30	9/30/15				
	23,722	52,446	-			17,600	155,408	-	-
Steve Dykman	17,860	0	-	17.71	12/22/09	5,000	44,150	-	-
	7,035	2,345	-	19.50	12/27/10				
	4,800	7,200	-	15.85	12/27/13				
	2,520	10,080	-	18.12	12/27/14				
	0	13,200	-	8.30	12/24/15				
	32,215	32,825	-			5,000	44,150	-	-
	25								

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(1) These options become exercisable, as long as employment with the Company continues, for twenty percent of the shares on each anniversary of the grant date commencing with the first anniversary of the grant date. Mr. Jen has 27,370, Mr. Newton has 4,013, and Mr. Dykman has 27,240 five-year options, that become exercisable, as long as employment with the Company continues, for twenty five percent of the shares each anniversary of the grant date commencing on the first anniversary of the grant date. The options were granted to Mr. Newton and Mr. Dykman before they became executive officers. Five-year options were granted to Mr. Jen to encourage him to remain with the Company. On March 30, 2005, in response to the required implementation of SFAS No. 123(R), the Company accelerated the vesting of current under water stock options. As a result of the vesting acceleration, stock option grants with an expiration date of 8/12/10, 9/24/10, 3/26/11, 6/30/11, 8/12/11 and 9/29/11 became immediately exercisable.

(2) The exercise price was the closing price of the stock on the date the Compensation Committee met to approve the option grants. The exercise price may be paid in cash, in shares of the Company's common stock, and/or by the surrender of the exercisable options valued at the difference between the exercise price and the market value of the underlying shares.

(3) Assuming continued employment with the Company, restrictions on shares lapse upon the expiration of five years from the date of grant. Dividends are and will be paid on these shares if, and to the same extent, paid on the Company's common stock.

(4) Represents the aggregate market value as of 12/31/08 for shares of common stock awarded under the Company's Second Restricted Stock Plan.

### Option Exercises and Stock Vested

The following table contains information regarding the exercise of stock options during the fiscal year ended December 31, 2008, by the following executive officers:

#### Option Exercises and Stock Vested for 2008

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Fred Bauer	160,000	248,800	0	0
Enoch Jen	0	0	0	0
Mark Newton	0	0	0	0
Dennis Alexejun	0	0	0	0
Steve Dykman	0	0	4,200	35,322

The Company has not adopted any long-term incentive plan, defined benefit or actuarial plan, or nonqualified deferred compensation plan, as those terms are defined in applicable laws, rules, and regulation promulgated by the Securities and Exchange Commission. The Company does not have any contracts with its named executive officers linked to a change in control of the Company other than with respect to vesting certain restricted stock or stock option awards which provisions are applicable to all employees receiving such awards.

**DIRECTOR COMPENSATION**

The following table discloses the cash, stock option awards, and other compensation earned, paid, or awarded to each of the Company's directors during the fiscal year 2008.

**Director Compensation for 2008**

Name	(1)	Stock Awards	(2)	Non-Equity Incentive Plan Compensation	Change in	(3)	Total
	Fees Earned or Paid in Cash		Option Awards		Pension Value and Nonqualified Deferred Compensation Earnings		
	(\$)	(\$)	(\$)	(\$)		(\$)	(\$)
Gary Goode	33,000	-	37,752	-	-	0	70,752
Arlyn Lanting	16,000	-	37,752	-	-	0	53,752
Kenneth La Grand	16,000	-	37,752	-	-	0	53,752
John Mulder	16,000	-	37,752	-	-	2,000 (4)	55,752
Rande Somma	20,000	-	37,752	-	-	0	57,752
Fred Sotok	30,000	-	37,752	-	-	0	67,752
Wallace Tsuha	21,000	-	37,752	-	-	0	58,752
Jim Wallace	16,000	-	37,752	-	-	0	53,752

(1) Directors who are employees of the Company receive no compensation for services as directors. Directors who are not employees of the Company receive a director's retainer in the amount of \$10,000 per year plus \$1,500 for each meeting of the Board attended and \$1,000 for each committee meeting attended. Directors who are chairman of the Compensation and Audit Committees receive an additional retainer fee in the amount of \$3,000 per year.

(2) Nonemployee directors who are directors immediately following each Annual Meeting of Shareholders are entitled to receive an option to purchase 6,000 shares of the Company's common stock at a price per share equal to the closing price of the Company's stock on NASDAQ on that date. Each option has a term of ten years and becomes exercisable in full six months after the date of grant. For each outstanding stock option award, the value shown is what is also included in the Company's financial statements per SFAS 123(R). See the Company's Annual Report (Footnote 6) for the year ended December 31, 2008, for a complete description of the SFAS 123(R) valuation.

(3) The Company also makes Company aircraft available to directors for personal use if such use does not conflict with any business purpose for the aircraft. Reimbursement of the Company's incremental cost is required for personal use of Company aircraft, which is calculated using average variable operating cost (including fuel, maintenance, use tax and other miscellaneous variable costs).

(4) The Company has entered into a consulting agreement with John Mulder subsequent to his retirement in June 2002. During 2008, the Company paid Mr. Mulder \$2,000 in consulting fees, plus reimbursement of business expenses.

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The following table summarizes securities issued and to be issued under the Company's equity compensation plans as of December 31, 2008:

### Executive Compensation Plan Summary

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation Plans approved by Shareholders	10,327,243	\$ 15.943	12,540,675
Equity Compensation Plans not approved by Shareholders	--	--	--
<b>Total</b>	<b>10,327,243</b>	<b>\$ 15.943</b>	<b>12,540,675</b>

### *Compensation Committee Interlocks and Insider Participation*

The Compensation Committee is currently comprised solely of members of the Company's Board of Directors who are independent under the applicable NASDAQ listing standards. The Compensation Committee is responsible for supervising the Company's executive compensation arrangements, including the making of decisions with respect to the award of stock-based incentives for executive officers. During the fiscal year ended December 31, 2008, Frederick Sotok served as a member of the Compensation Committee. See Certain Transactions below for additional information.

### CERTAIN TRANSACTIONS

The Audit Committee of the Company reviews and approves all related party transactions in accordance with its Charter. The Code of Business Conduct and Ethics requires directors, officers, and employees to report these types of matters. In addition, the Company uses questionnaires for its directors and officers annually in part to discover any unreported related-party transactions. The approval of the Audit Committee is required for related-party transactions.

Since 1978, prior to the time the Company became a publicly held corporation, the Company has leased a building that previously housed its main office, manufacturing and warehouse facilities, and currently houses production operations for the Company's fire protection products. The lessor for that building is G & C Associates, a general partnership, and nearly all of the partnership interests in G & C Associates are held by persons related to Fred Bauer. The lease is a net lease, obligating the Company to pay all expenses for maintenance, taxes, and insurance, in addition to rent. During 2008, the rent paid to this partnership was \$52,153, and the rent for the current fiscal year is the same. The Board of Directors believes that the terms of this lease are at least as favorable to the Company as could have been obtained from unrelated parties.

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Philip A. Sotok, the son of director Frederick Sotok, is an employee and has an indirect interest in a vendor of the Company. For a period of time starting on or about January 1, 2009, the Company has agreed to utilize this vendor, a certified minority supplier, as a distributor for certain electronic components. This vendor expects to realize net distribution fees of approximately \$3,000,000 between 2009 and 2012. By virtue of an indirect interest, Philip A. Sotok could realize approximately \$6,500.

Jeremy Fogg, Director of Mechanical Program Management, is the son-in-law of Fred Bauer, the Company's Chairman of the Board and Chief Executive Officer. In 2008, Jeremy Fogg earned \$150,372, including profit-sharing and performance-based bonuses. Jeremy Fogg also received an option to purchase 7,500 shares of Gentex common stock at an exercise price of \$14.30. All of Mr. Fogg's compensation is determined under and in accordance with the Company's existing compensation plans and policies applicable to all salaried employees.

The Company is highly selective, and hires new employees based upon merit. Employees may also be eligible for certain other benefits which are similarly available on no less favorable terms to other employees of the Company at the same level and pay rate. Family members of any employee are not discouraged from seeking employment.

### **RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS PRINCIPAL ACCOUNTING FEES AND SERVICES**

The Audit Committee and Board of Directors have selected, and submits to shareholders for ratification, Ernst & Young LLP to serve as the Company's independent auditors for the fiscal year ending December 31, 2009. The following fees were billed by Ernst & Young LLP, the Company's independent auditors, for the services provided to the Company during the fiscal years ended December 31:

	<b>2008</b>	<b>2007</b>
<b>Audit Fees</b>	\$ 193,900	\$ 189,100
<b>Audit-Related</b>	--	--
<b>Tax Fees</b>	--	57,000
<b>All Other</b>	--	--
<b>Total</b>	\$ 193,900	\$ 246,100

Audit fees include the annual audit of the Company's consolidated financial statements, the audit of internal control over financial reporting, timely quarterly reviews, foreign statutory audits and consultations concerning accounting matters associated with the annual audit. Tax services primarily include amounts billed for assistance with the calculation of the extra-territorial exclusion. All non-audit services were pre-approved by the Audit Committee pursuant to the Revised Audit Committee Procedures for Approval of Audit and Non-audit Services by Independent Auditors, which is attached as Appendix A to this Proxy Statement.

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Although ratification of the independent auditors by the Company's shareholders is not legally required, our Audit Committee and Board of Directors believes that submission of this matter to the shareholders follows sound business practice and is in the best interest of shareholders in the current environment. If the shareholders do not approve the selection of Ernst & Young LLP, the selection of such firm as our independent auditors will be reconsidered by the Audit Committee.

Representatives of Ernst & Young are expected to be present at the Annual Meeting to respond to appropriate questions and will have an opportunity to make a statement if they desire.

### **SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Based upon a review of Forms 3, 4, and 5 furnished to the Company during or with respect to the preceding fiscal year and written representations from certain reporting persons, the Company is not aware of any failure by any reporting person to make timely filings of those Forms as required by Section 16(a) of the Securities Exchange Act of 1934, except that Wallace Tsuha was late in reporting the open market purchase of 1,000 shares in October of 2008.

### **SHAREHOLDER PROPOSALS**

Any proposal of a shareholder intended to be presented at the 2010 Annual Meeting of the Company must be received by the Company at its headquarters, c/o Corporate Secretary's Office, 600 North Centennial Street, Zeeland, Michigan 49464, no later than December 4, 2009, if the shareholder wishes the proposal to be included in the Company's Proxy Statement relating to that meeting. In addition, the Company's Bylaws contain certain notice and procedural requirements applicable to shareholder proposals, irrespective of whether the proposal is to be included in the Company's Proxy materials. To be timely, such a shareholder's notice must be delivered, or mailed and received at, the Company's headquarters 60 days prior to the scheduled meeting date as the meeting date was announced on January 29, 2009. A copy of the Company's Bylaws is filed with the Securities and Exchange Commission and can be obtained from the Public Reference Section of the Commission or the Company.

### **MISCELLANEOUS**

The Company's Annual Report to Shareholders, including financial statements, is being delivered to shareholders with this Proxy Statement.

Management is not aware of any matters to be presented for action at the Annual Meeting other than as set forth in this Proxy Statement. If other business should come before the meeting, it is the intention of the persons named as Proxy holders in the accompanying Proxy to vote the shares in accordance with their judgment. Discretionary authority to do so is included in the Proxy.

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The cost of the solicitation of Proxies will be borne by the Company. In addition to the use of the mail and e-mail, Proxies may be solicited personally or by telephone or facsimile by a few regular employees of the Company without additional compensation. The Company does not intend to pay any compensation for the solicitation of Proxies, except that brokers, nominees, custodians, and other fiduciaries will be reimbursed by the Company for their expenses in connection with sending Proxy materials to registered and beneficial owners and obtaining their Proxies.

Shareholders are urged to promptly vote your shares either on the Internet (preferred method), via telephone, or by dating, signing, and returning the accompanying Proxy in the enclosed envelope.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Connie Hamblin

Connie Hamblin  
Secretary

April 3, 2009

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APPENDIX A

AUDIT COMMITTEE CHARTER

AUDIT COMMITTEE CHARTER

Effective February 19, 2009

I. **ROLE:**

The primary purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities for: (a) management's conduct of the Company's accounting and financial reporting processes; (b) the audits of the Company's financial statements; and (c) the Company's system of disclosure controls and internal controls regarding finance, accounting, legal compliance and ethics.

II. **MEMBERSHIP:**

A. **Independence/Composition.** The Audit Committee shall be comprised of not less than three (3) members of the Board of Directors. Each member of the Audit Committee shall meet independence and experience requirements of the NASDAQ Stock Market Rules, the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Securities and Exchange Commission (the Commission). Accordingly, the members of the Audit Committee will consist of directors:

None of whom has any relationship to the Company that would interfere with the exercise of his or her independent judgment as a member of the Audit Committee; and

All of whom, as determined by the Board of Directors in its business judgment, are financially literate and have a working familiarity with basic financial and accounting practices and at least one member of the Audit Committee shall (barring a vacancy) meet the NASDAQ standard for financial sophistication and one member shall (barring a vacancy) be an audit committee financial expert in compliance with the criteria established by the Commission.

B. **Appointment.** The members of the Audit Committee shall be nominated and appointed annually to one year terms by the Board of Directors. The Board shall designate one member of the Audit Committee as Chair. Audit Committee members may be replaced by the Board. A member of the Audit Committee shall not simultaneously serve on the audit committees of more than two other public companies.

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**III. MEETINGS:**

A. Schedule. The Audit Committee shall hold regular meetings at least quarterly each fiscal year. The meeting schedule shall include sessions with management, and the independent auditor. Each regularly scheduled meeting of the Audit Committee shall, however, conclude with an executive session of the Audit Committee, absent members of management and on such terms and conditions as the Audit Committee may elect. Special meetings of the Audit Committee may be called pursuant to any procedures established by the Audit Committee. Pre-meeting materials are expected to be distributed to Audit Committee members in sufficient time prior to meetings to permit review by members before such meetings.

B. Minutes/Reports. The Audit Committee shall keep written minutes of its meetings, including a report of all actions taken by the Audit Committee. Such minutes shall be delivered to the Board of Directors and shall be maintained with the books and records of the Company.

**IV. RESPONSIBILITIES:**

The Company's management is responsible for preparing the Company's financial statements, and the independent auditor is responsible for auditing the Company's financial statements. Consequently, the Audit Committee's role is one of oversight and does not provide any expert assurance or certification as to the Company's financial statements or the work of the independent auditor. The independent auditor, however, is directly accountable to the Audit Committee as set forth below.

The following functions are the common recurring activities of the Audit Committee in carrying out its oversight function:

A. Document and Report Review

1. Review, assess the adequacy of, and update this Charter periodically or as conditions dictate (no less often than annually).
  2. Review and discuss with management the Company's annual financial statements and any reports or other financial information submitted to the Securities and Exchange Commission or to the public, including any report issued by the independent auditor, and including matters required to be reviewed under applicable legal, regulatory, or NASDAQ requirements. In lieu of the entire Audit Committee undertaking such review and discussion, the Chair may review and discuss with management if the entire Audit Committee's involvement is not required by any applicable law, rule, or regulation.
  3. Review any management letters or other reports from the independent auditor, management's responses thereto, other communications between management and the independent auditor, and any subsequent updates on actions taken, as appropriate.
  4. Recommend to the Board of Directors whether the financial statements should be included in the Annual Report on Form 10-K.
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5. Review and discuss with management and the independent auditor the quarterly report on Form 10-Q prior to its filing, including matters required to be reviewed under applicable legal, regulatory, or NASDAQ requirements.
6. Discuss with management earnings press releases prior to dissemination, and financial information and earnings guidance provided to analysts and rating agencies. In lieu of the entire Audit Committee undertaking such discussions, the Chair may hold such discussions with management if the entire Audit Committee's involvement is not required by any applicable law, rule, or regulation.
7. Review management's assessment and report on the effectiveness of the Company's internal controls over financial reporting.

### B. Independent Auditors

1. Select and appoint, determine the compensation of and funding for, evaluate, and provide oversight of the Company's independent auditor (engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services), including the removal of the Company's independent auditor, all within the Audit Committee's sole authority. The independent auditor shall report and be accountable directly to the Audit Committee, and the Audit Committee shall oversee the resolution of any disagreements between management and the independent auditor.
  2. On an annual basis, receive from the independent auditor a formal written statement delineating, and review and discuss with the independent auditor, all relationships the auditor has with the Company (consistent with applicable requirements) to determine the auditor's objectivity and independence, undertaking or recommending appropriate action to ensure and continue that independence.
  3. Implement and administer the Company's Policy Regarding the Approval of Audit and Permissible Non-Audit Services Provided by the Independent Auditor.
  4. Review the independent auditor's attestation and report on management's assessment and report on the effectiveness of the Company's internal controls over financial reporting, and hold timely discussions with the independent auditor regarding the content of that attestation and report.
  5. At least annually, obtain and review a report by the independent auditor regarding:
    - (a) The firm's internal quality control procedures;
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- (b) Any material issues raised by the most recent internal quality-control review, peer review of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and
- (c) All relationships between the independent auditor and its related entities and the Company and its related entities (with a confirmation that in the professional judgment the auditor is independent of the Company under all applicable laws, rules, and regulations).

### C. Financial Reporting Processes

1. Review the integrity of the Company's financial reporting process, both internal and external, giving consideration to consultation with management and the independent auditors.
2. Review the Company's critical accounting policies and practices, and alternative treatments, as well as consider and approve, as appropriate, major changes to the Company's accounting policies and practices or internal controls over financial reporting as suggested by the independent auditor and/or management. Discuss with the independent auditor an analysis of the auditor's judgment as to the quality of the Company's accounting policies and practices.
3. Review and approve all related party transactions.
4. Establish and maintain procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls, or auditing matters, including procedures necessary to receive and respond to confidential and anonymous submissions by Company employees regarding questionable accounting or auditing matters.

### D. Internal Audit

1. Discuss with management and the independent auditor the necessity of an internal audit function.
  2. To the extent an internal audit function is considered necessary, to oversee the organization, objectivity, responsibilities, plans, budgets, and staffing of such a function.
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E. Ethical and Legal Compliance

1. Review the Company's Code of Conduct and Code of Ethics for Senior Officers to ensure that management has maintained a system to comply with expected ethical and legal requirements.
2. Review, with the Company's counsel, legal compliance matters including corporate securities trading policies.
3. Review, with the Company's counsel, any legal matter that could have a significant impact on the Company's financial statements.
4. Discuss the Company's risk assessment and risk management, any steps taken by management to control or mitigate risk exposure, as well as any audit problems or difficulties and management's response.

F. Other

1. Prepare the Audit Committee report, in accordance with all applicable rules and regulations, to be included in the Company's annual proxy statement to shareholders.
2. Perform an annual self-assessment relative to the Audit Committee's purpose, duties and responsibilities set forth in this Charter.
3. Obtain advice and assistance from outside legal, accounting or other advisors as deemed appropriate to perform the Audit Committee's duties and responsibilities. The Audit Committee has the sole authority to retain and determine the funding for such advisors and shall be given the necessary resources to retain such advisors and to otherwise fulfill its functions as set forth in this Charter.
4. Perform any other activities consistent with this Charter, the Company's Bylaws and governing law, as the Audit Committee or the Board of Directors deems necessary or appropriate.

V. LIMITATIONS:

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine if the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditor.

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**APPENDIX B**

Revised Audit Committee  
Procedures for Approval of Audit and Non-Audit  
Services by Independent Auditors

The following procedure is adopted by the Audit Committee relating to the approval of audit and non-audit services provided by the Company's independent auditors.

1. The Committee has reviewed and approved work to be performed by the independent auditors in the areas of tax, audit and advisory services and subcategories within each category as designated on the attached schedule.
2. Any additional audit and non-audit work performed by the independent auditors that is not included on the attached schedule must be specifically pre-approved as follows:
  - a. If the proposed independent auditors' engagement is equal to or less than \$25,000, the Chairman of the Audit Committee must pre-approve the work and will communicate his approval to the full Audit Committee at the next regularly scheduled meeting of the Audit Committee.
  - b. If the proposed independent auditors' engagement is greater than \$25,000, the full Audit Committee must pre-approve the work.
3. The independent auditors may not conduct any work that is prohibited by applicable SEC rules or regulations.

Effective October 30, 2003

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