R&D in the Hitachi Group encompasses activities undertaken by the Research & Development Group, a corporate R&D organization, as well as the product development divisions in business groups and Hitachi Group companies (some of which have independent research organizations). Overall, approximately 6,000 people are involved in R&D activities within the Hitachi Group (as of March 31, 2009). The Hitachi Group conducts R&D across many fields, ranging from information and telecommunication systems to financial services. R&D expenditure for the entire Group was ¥416.5 billion in fiscal 2008. This figure was 3% lower than in the previous year and represented 4.2% of fiscal 2008 consolidated revenues.

Hitachi’s Research & Development Group operates 6 corporate research laboratories in Japan and research facilities overseas: employing about 3,000 people in total. Its mission is to help expand current businesses, generate new businesses and create innovative technology. These organizations serve as the core of the Hitachi Group, establishing a research framework called “Technology platforms across the Hitachi Group,” and assembling R&D personnel from across the Group. Further, employees of business divisions as well as customers may also participate in projects. The purpose of this research scheme is to generate innovative technology to revolutionize MONOZUKURI as well as foster human resources that will contribute to the development of the Hitachi Group’s businesses.

In the Research & Development Group, 70% of R&D resources are allocated to expanding priority businesses, with a further 10% earmarked for innovation research and 20% for platform research. Furthermore, a special R&D scheme, Tokken, is utilized to facilitate Hitachi Group synergies, and Group CTO meetings are held to coordinate businesses and technology roadmaps.

Moreover, the Hitachi Group is concentrating its efforts in R&D to expand the Social Innovation Business. Specifically, the Company will strengthen R&D in nuclear and coal-fired thermal power plants, new energy, “green mobility” (railway, construction machinery and automotive systems), eco-friendly data centers, security products and solutions, as well as key devices supporting these businesses, such as high-performance motors and inverters, lithium-ion batteries, and environment and energy-conscious materials.

From 1989, Hitachi has established R&D centers in North America, Europe, China and Singapore. The mission of the overseas R&D centers is to; 1) contribute to local business operations, 2) cooperate with world leading research centers, and 3) deploy global staff. In each region, cooperation with universities and corporate research organizations is being strengthened to promote market-oriented research on a global basis.

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<th>Global Market-Oriented R&amp;D Initiatives</th>
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| **Europe** | • Joint global research for low-CO₂ coal-fired thermal power  
• Technology development for the UK railway business |
| **North America** | • Joint research with IBM for beyond-32nm node semiconductor manufacturing technology  
• Collaborative creation with North American customers in the storage business |
| **China** | • Energy-conserving electric system project in Yunnan Province  
• Development for a railway wireless communication system in Chongqing |
| **Asia** | • Establishment of the R&D Office in India  
• Hitachi lecture series at the Indian Institute of Technology |