

I. Introduction

The purpose of this report is to provide information about R&D and intellectual property (IP rights and brand), which are the main components of technology management for the Hitachi, Ltd. and its affiliates.

This report covers the period from April 1, 2004 to March 31, 2005 (FY 2004), including new measures and organization changes at the start of FY 2005.

II. Hitachi Technology Management

The Hitachi Group offers information system services, society infrastructure systems, and the core hardware, software, and high-performance materials related to these services and systems. The goal of management reform has been to become a global supplier of total solutions.

The midterm management plan (2003 to 2005) called “i.e. Hitachi Plan II” further promotes this basic goal of becoming the best solution partner. Hitachi Plan II concentrates on strengthening management resources in two sectors. The first is next-generation lifeline solutions for society infrastructure, including information services and energy systems. The second is advanced technology products for high-growth global markets, including software and hardware in which Hitachi puts its technology and knowledge. By pursuing synergy between these two sectors, Hitachi is striving to harness collective strength and to differentiate the Group from competitors.

Upon achieving the objectives of “i.e. Hitachi Plan II,” Hitachi Group is striving toward further high growth in the mid- and long- term and united technology management. Specifically, Hitachi Group is pursuing execution of group-collaborative R&D, improvement of efficiency in R&D, and development of technology for Inspire A businesses.

The goal of collaborative innovation is to strengthen R&D through Group technology interaction and product development through vertical integration of technology. To achieve this goal, Hitachi Group Frontier / Platform Research was introduced in FY 2004 and Hitachi Group CTO Meeting (Fig. 2.1) was established to implement technology development strategy.

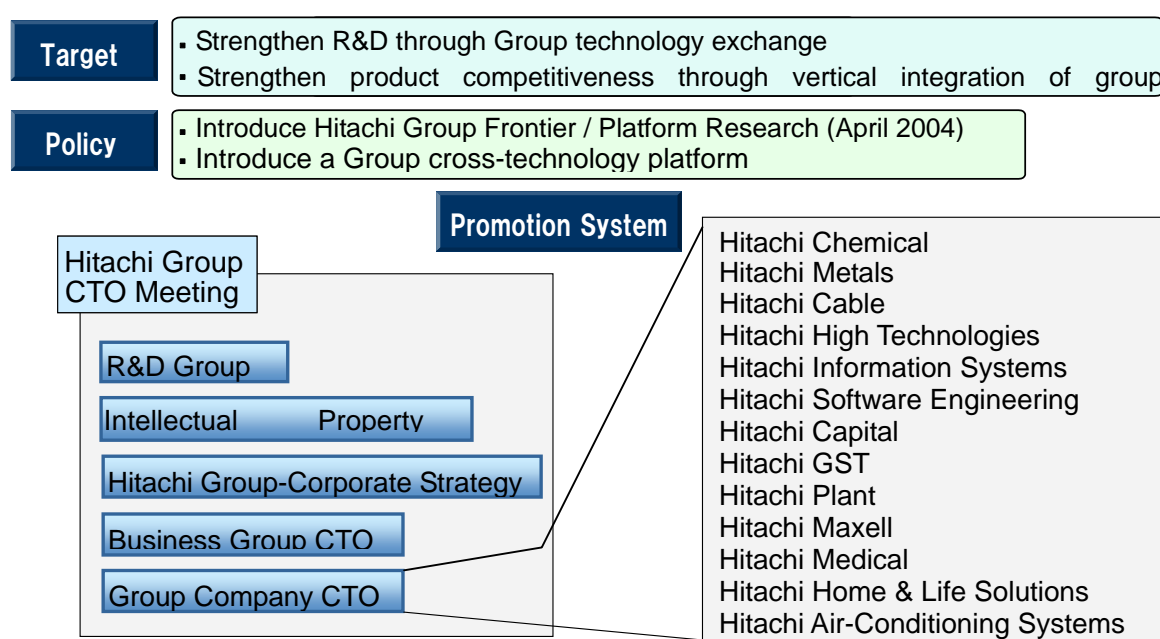


Figure 2.1 Toward a Group Collaborative Innovation System for R&D