

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 Hitachi, Ltd. and its affiliates.

This report covers the period from April 1, 2005 to March 31, 2006 (FY 2005), including new measures and organization changes at the start of FY 2006.

II. Hitachi Technology Management

1. What Hitachi should be

We are at the dawn of a new era in which information can be transmitted any time, any place, and between anyone. By making better use of information networks, the barriers among enterprises, communities, and individuals are being broken down to create new values that combine and interconnect in a new “ubiquitous information society.” The Hitachi Group is creating value for the “ubiquitous information society” by combining achievements in various business areas with information technology, and thus helping society to become more affluent. Combining businesses and information technology to create optimal value is the essence of Hitachi “uVALUE.”

The Hitachi Group is an aggregate of businesses that supports people’s lives through social infrastructure, industrial infrastructure, and life infrastructure. Each of these infrastructure businesses is combined with information infrastructure systems to generate synergies, to create optimal “uVALUE” for customers and society, and to put “Inspire the Next” into action. In other words, by freely combining experience, knowledge, and expertise drawn from a broad range of business areas, Hitachi should be a business entity that gives full play to its true collective strengths to create high added value.

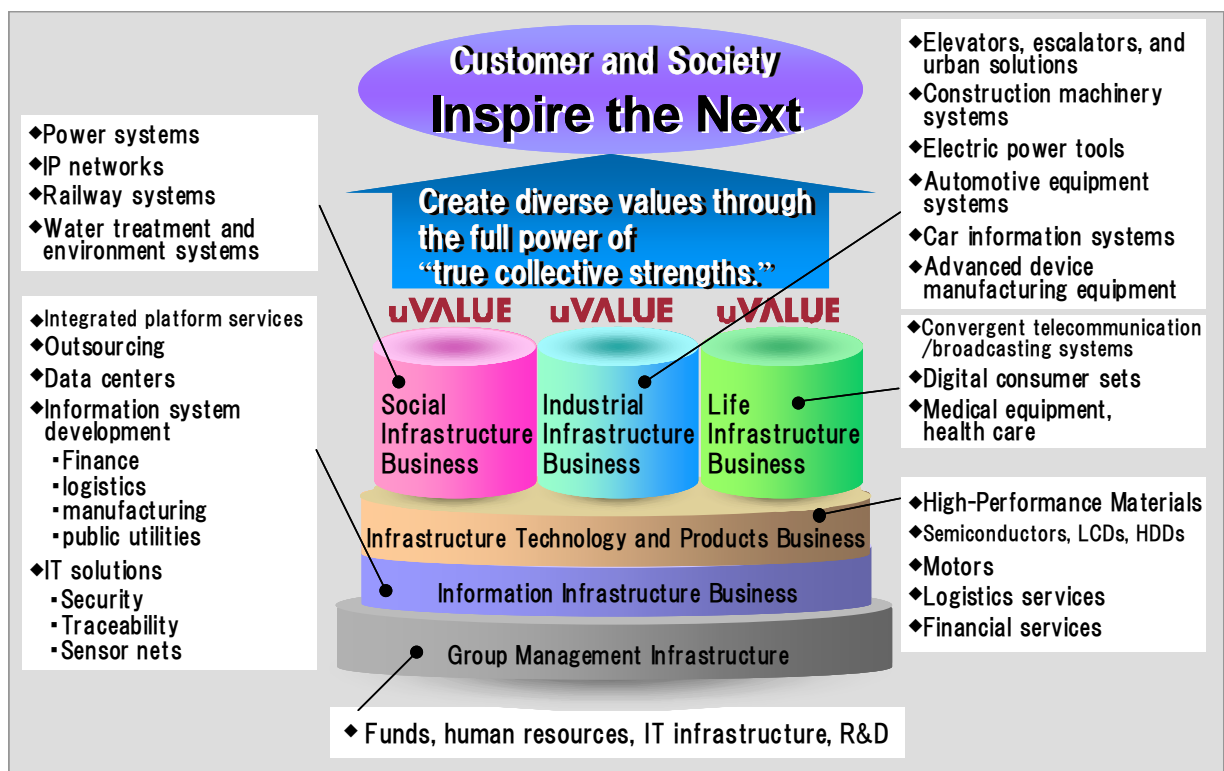


Figure 2.1 Value Creation through “True Collective Strengths”