

## **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, 2006 to March 31, 2007 (FY 2006), as well as new measures and organizational changes at the start of FY 2007.

## **II. Hitachi Technology Management**

### **1. What Hitachi should be**

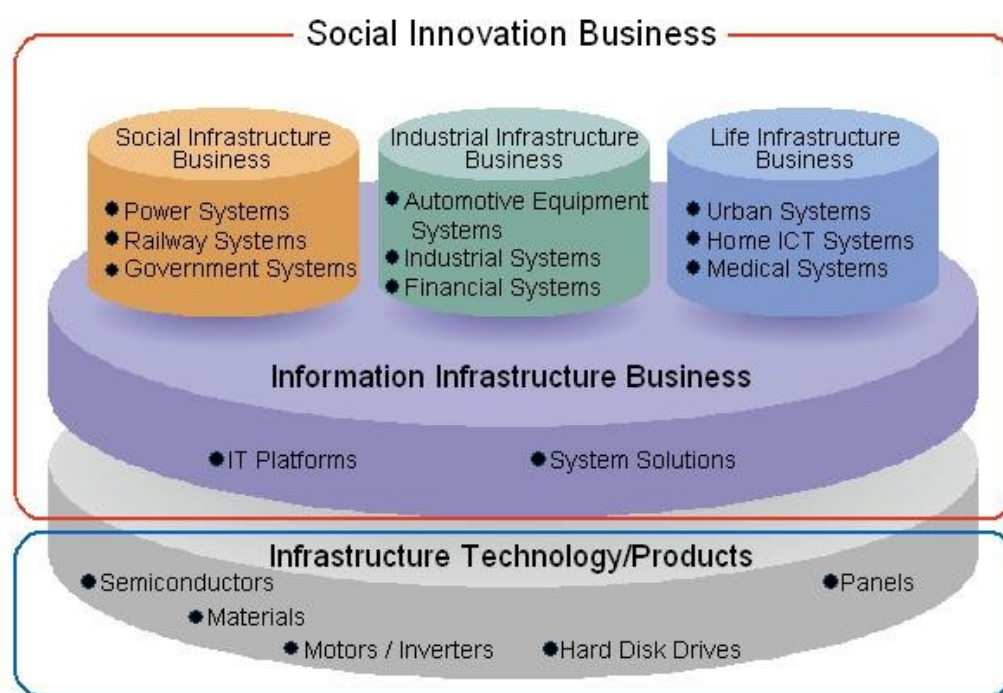
We are at the dawn of a new era in which information can be transmitted anytime, anywhere, and between anyone. By making better use of information networks, the barriers among enterprises, communities, and individuals are being broken down to create new values that combine and converge in a new “ubiquitous information society.” The Hitachi Group is creating value for this new society through a combination of expertise in various business areas and information technology, and thus contributing to the wealth of communities. The Hitachi business concept of “uVALUE” expresses our determination to create optimal value by combining business and information technology. The word “uVALUE” was originally coined by Hitachi to express the interconnection between business, life, and community. Creating value in the ubiquitous information society is Hitachi’s way to bring value to customers. Hitachi will continually strive to create new value as the best solutions partner for customers.

Based on this concept, Hitachi will give full play to its true collective strengths to provide society and customers with new value and to continually breathe new life into succeeding generations of the corporate Group. Hitachi’s motto of “Inspire the Next” will remain the Group’s steadfast mission.

### **2. Technology management approach**

To achieve a stable, high-profit business portfolio, Hitachi is building up the “Social Innovation Business,” which relates to social, industrial, and life infrastructure systems that support our daily necessities. In addition, these businesses strengthen information infrastructure systems, create new lifeline solutions through combining infrastructure systems, and enable the creation of globally competitive products and services through concentrating high technology and expertise. In the “Infrastructure Technology and Products Business,” Hitachi is maximizing synergies with the “Social Innovation Business” through high functional materials and other differentiated technologies. To ensure success, Hitachi is promoting research and development, intellectual property, and business as a triad of strategies based on the following approaches.

- Create Innovation on strong businesses that emphasize R&D investment.
- Globalize business activities through full emphasis on market-oriented approach in the world’s growing social infrastructure markets.
- Capture synergies between businesses to create new value from the diverse management resources within the Group.



**Figure 2.1 Collaborative Creation and Profits**

### 3. Technology management support system

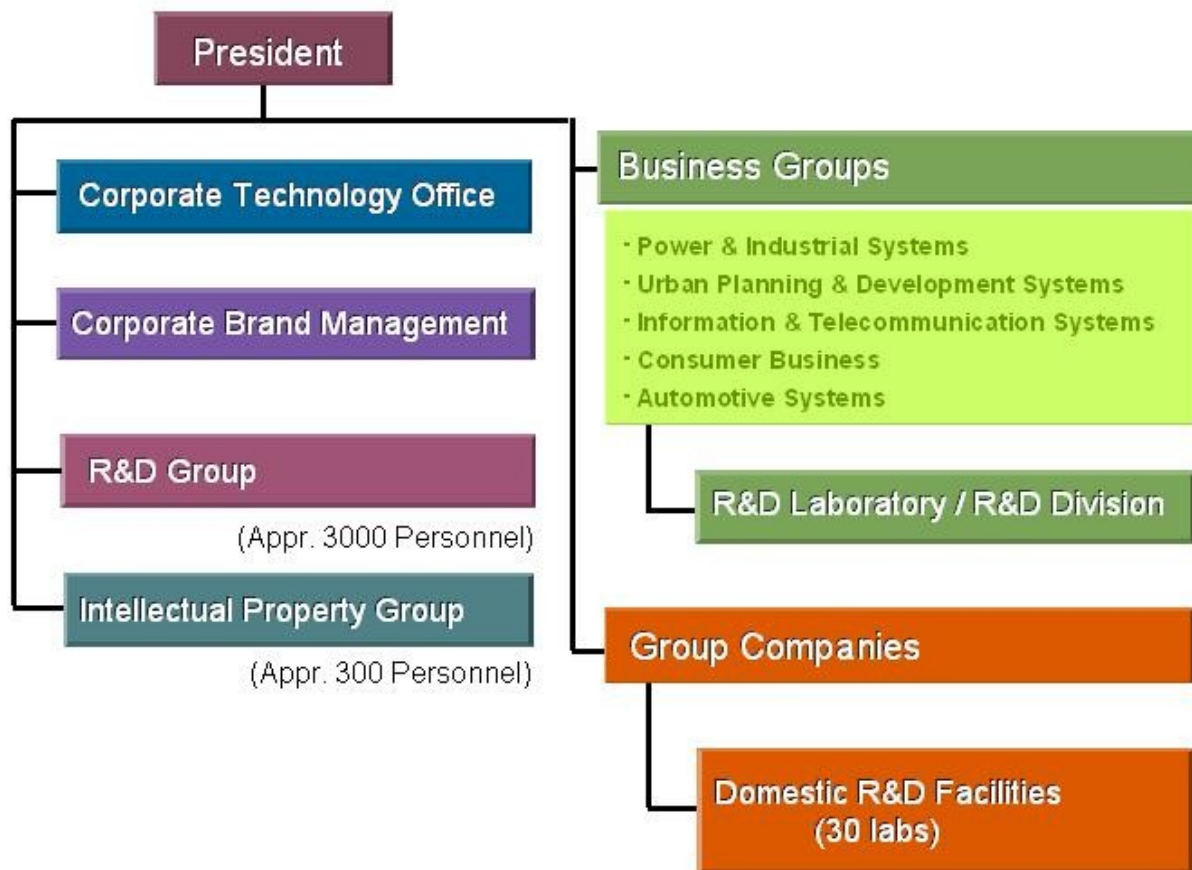
R&D within the Hitachi Group is supported by the corporate R&D Group of laboratories and the divisions within business groups and Group companies where products are developed directly. Some Group companies have their own independent research laboratory and structure. As of April 2007, the Group has a consolidated total of 5,951 people working in research and development. To strengthen collaboration between corporate R&D, and the R&D of business groups and Group companies, Hitachi is promoting the integrated management of common technologies.

The Intellectual Property Group is responsible for the acquisition of patent, design, and trademark rights, and the protection of copyrights and trade secrets. The IP Group works in close cooperation with R&D divisions and other related company offices. In particular, to ensure close cooperation with researchers in the acquisition of essential patent and design rights, the IP Group has five offices along with eight divisions that are categorized by technology field.

The Corporate Brand management positions the Hitachi brand, which is a common Group asset, as an important management resource to support competitive strength. Each business group and Group company has a brand manager who works closely with the Corporate Brand management to implement brand policies and promotional activities.

The Corporate Technology Office cooperates closely with business groups and Group companies to share technology information, to decide strategy for the entire Group, and to propose and develop activities that will promote synergies among Group businesses.

These organizations related to R&D and intellectual property are working together to actively promote the sharing of information (e.g., technology, intellectual property, market) and thereby create new value through the synergies of sharing.



**Figure 2.2 Technology Management System (As of June 2007)**