

I. Hitachi Group Technology Management

1. For the “Collaborative Creation and Profits”

Since its foundation, Hitachi has contributed to the development of the world and Japan with its unique technology and businesses based on Hitachi Founding Spirit: “harmony,” “sincerity” and “pioneering spirit.” This aspiration of ours will not waver no matter how the times and the social conditions change. With a renewed recognition of the founding spirit, we announced, in November 2006, a new corporate strategy featuring “Collaborative Creation and Profits” to ensure Hitachi’s continued growth and to contribute to the society in solving various problems it would face in the future.

The corporate strategy aims to create new value by sorting, from customers’ point of view, Hitachi’s various businesses into “Social Innovation Business” consisting of Social Infrastructure Business, Industrial Infrastructure Business, Life Infrastructure Business, Information Infrastructure Business, and “Infrastructure Technology/Products” including high functional materials, and by generating group synergies and deepening partnership with our partners. Always keeping our stance based on the market and the society, we aim to breathe new life into the next era by faithfully implementing the corporate strategy.

2. Basic Ideas for Technology Management

Hitachi will reinforce, among others, “Social Innovation Business” to create a stable and highly profitable business portfolio. The “Social Innovation Business” will provide solutions supporting the lifeline of the new era and offer global and competitive products and services consisting of high technology and Hitachi’s expertise by reinforcing and combining the social infrastructure system supporting our daily lives such as social, industrial and life infrastructures, and information services in the information infrastructure. The “Infrastructure Technology/Products” will maximize synergies with the “Social Innovation Business” with respect to differentiated technologies such as high functional materials. To this end, Hitachi is integrally promoting R&D strategies, IP strategies and business strategies based on the following basic ideas:

- Create innovation by preferential R&D investment in strong business
- Promote globalization with a thoroughly market-oriented attitude in growing social infrastructure markets in the world
- Create value by generating synergy effects among various businesses by using diverse management resources within Hitachi Group

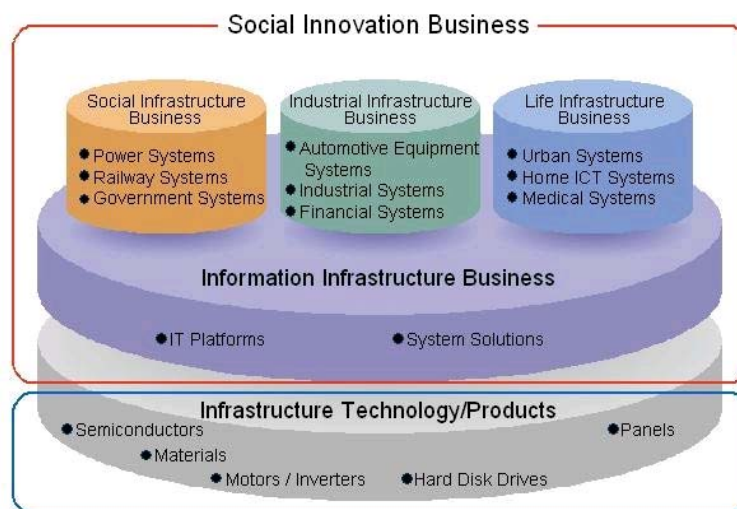


Fig. 1.1 Collaborative Creation and Profits

3. System for Technology Management

Hitachi Group's R&D is carried out by the Research & Development Group which is responsible for the corporate R&D activities, and development departments directly in charge product development in each business group and group company. Some group companies have their own laboratories and other research organizations. As of April 2008, a total of about 6,000 engineers in the Group is involved in R&D. The common technologies obtained through a reinforced collaboration of corporate R&D and R&D of business groups and group companies promote integrated management of Hitachi Group.

The Intellectual Property Group is responsible for registration of patent, design and trademark rights and protection of copyrights and trade secrets in a close cooperation with R&D departments and other related departments in within Hitachi Group. Because good collaboration with researchers is especially important in successfully registering patents and designs, the Intellectual Property Group promotes related activities by placing eight divisions in five offices depending on the product and technology fields.

Based on the understanding that the Hitachi brand, the group's common property, is one of important business resources supporting its competitiveness, the Corporate Brand Management Office controls the group in this field. Each business group and group company has a brand manager who works closely with the Corporate Brand Management Office to implement brand policies and promotional activities.

The Corporate Planning & Development Office promotes, in close cooperation with headquarters, business groups and group companies, the mutual use of technology information and strategies, decides group-wide technology strategies and plan and develop measures to generate synergies among various businesses.

These organizations related to R&D and intellectual property are working together to create new value based on Group synergies by actively promoting the sharing of information (e.g., technology information, IP information and market information).

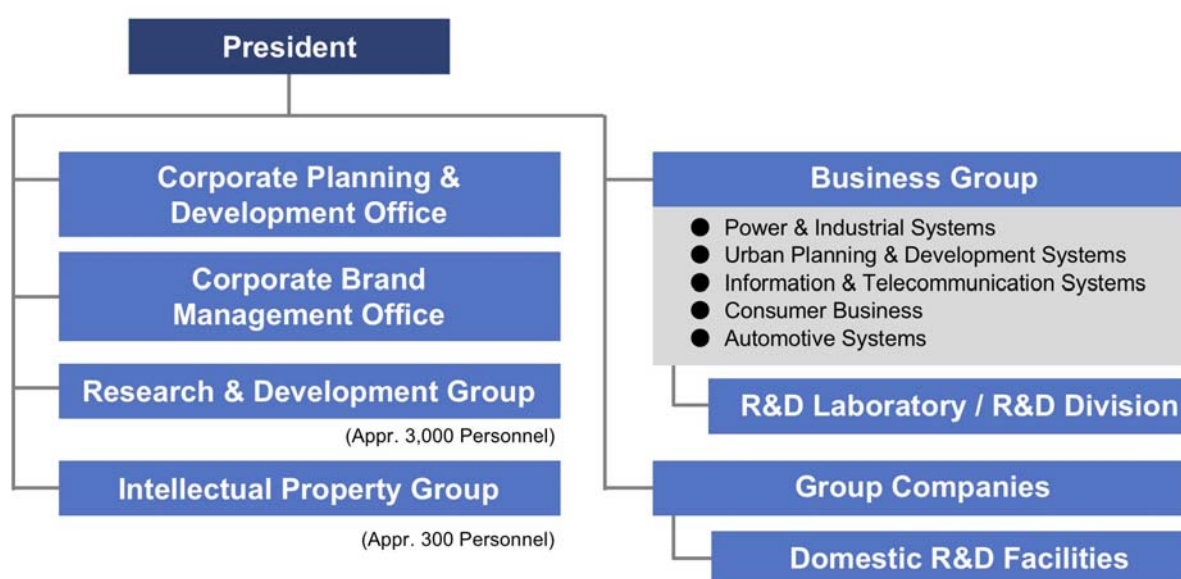


Fig. 1.2 Technology Management System (As of April 2008)