

**FOR IMMEDIATE RELEASE**

## **Hitachi Establishes New R&D Framework to Spur Global Growth of the Social Innovation Business**

*-- Plans to Increase R&D Personnel at Four Overseas Business Bases, Reorganize  
Eight Domestic Research Laboratories into Three --*

**Tokyo, January 17, 2011** — Hitachi, Ltd. (NYSE:HIT / TSE:6501) today announced the first establishment of the Company's new R&D framework in a quarter-century to take place on April 1, 2011. The move is part of Hitachi's plan to drive global growth of the Social Innovation Business.

In concrete terms, Hitachi will reorganize its research laboratories in Japan into three enhanced centers, while expanding the role of locally-led research overseas. Overseas, Hitachi plans to accelerate building a global R&D framework dedicated to supporting growth strategies for each region, centered on the four business bases, China, Europe, the Americas and Asia. To accelerate this process and strengthen R&D targeting local needs, Hitachi will double the number of overseas R&D personnel, currently about 150, in fiscal 2012. This will also include creation of a new R&D base in India.

In Japan, Hitachi will promote robust, integrated research to spearhead Social Innovation Business and create a research framework dedicated to building Hitachi's platform for the next 100 years of growth. Specifically, Hitachi will reorganize its six corporate research laboratories and two divisional laboratories into three research centers: (1) the Central Research Laboratory (a), focused on seamless integrated research from basic through to application level; (2) the Hitachi Research Laboratory (a), dedicated to supporting the Social Innovation Business, mainly working on social infrastructure; and (3) the Yokohama Research Laboratory (a), which will conduct R&D focused on IT platform technologies and manufacturing technologies.

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In addition, the Technology Strategy Office (a) within the Research and Development Group will oversee technology strategies for the entire Hitachi Group, and formulate medium- and long-term technology and development plans linked with business strategies.

#### Note

(a): tentative names

Since its foundation in 1910, Hitachi has been expanding its business by following its corporate credo “contributing to society through the development of superior, original technologies and products” , and actively worked on the R&D activities that support it. Hitachi established the Hitachi Research Laboratory in 1934, and the Central Research Laboratory in 1942. Since then, the company has established new laboratories and reorganized existing ones as its business domains expanded and changed. By 1985, Hitachi had built a framework of six corporate R&D laboratories. In 2010 the Group celebrated its 100th year of business.

Looking ahead to the next 100 years, Hitachi is stepping up measures to realize growth globally through its Social Innovation Business. To this end, Hitachi establishes its new R&D framework to expand locally-led research overseas, while strengthening the role of Hitachi’s domestic research centers that promulgate advanced technologies throughout the world. The objective is to accelerate the development of technologies to underpin the Social Innovation Business, and increase R&D efficiency.

#### ■ New R&D Framework

##### 1. Strengthening Overseas Research bases

To keep pace with the global expansion of the Social Innovation Business, Hitachi will strengthen its four key overseas R&D bases to promote R&D activities targeting the needs of each region. As a first step, Hitachi plans to double the number of overseas R&D personnel, currently about 150, during fiscal 2012. The goal is to truly localize overseas R&D bases to pursue R&D that is firmly grounded in local needs through deeper ties with local governments, corporations and research institutions. Specifically, the personnel increase will target a local talent ratio at overseas R&D bases of over 90%, with local PhD-level personnel at over 30%. The underlying themes for R&D will be focused on promoting the Social Innovation Business in every region, centered on the four overseas business bases. Specific R&D policies for each region are as follows.

China: In China Hitachi is further accelerating R&D activities in step with expansion of the Social Innovation Business locally. Measures include the establishment in August 2010 of a new Social Infrastructure Systems Research Office within its Beijing research base. This base is to serve as the core R&D base for the Hitachi Group in China going forward.

Europe: In Europe, Hitachi is strengthening its initiatives for frontier research and open innovation, notably in the area of spintronics, centered on the Hitachi Cambridge Laboratory. Hitachi will also focus on supporting the Social Innovation Business in Europe, including railway and power systems.

The Americas: At its U.S. research base, Hitachi is bolstering research and development of next-generation storage system technologies and environmentally friendly automobile technologies.

Asia: Hitachi will open a R&D base for IT related research in India in 2011. The base will study application software and other IT fields, while promoting links with local research institutions such as the Indian Institutes of Technology.

## 2. Reorganization of the Domestic R&D Framework

Hitachi established the Hitachi Research Laboratory in 1934, and the Central Research Laboratory in 1942 with the mission of "creating new technologies for the coming 10 to 20 years, as well as pursuing development work for today's business" Hitachi went on to open further laboratories and reorganize the research framework until 1985 when Hitachi established the Advanced Research Laboratory. Since then, Hitachi has operated with a framework of six corporate R&D laboratories.

Today, Hitachi is targeting growth through the Social Innovation Business, which provides social infrastructure supported by highly reliable, sophisticated information and communications technologies. To achieve this growth, Hitachi is transforming itself into a company based on even more advanced knowledge, technology, skills, experience and values, with management focused on the themes of global, fusion and the environment.

In R&D, meanwhile, basic research has come to the fore as the basis of global competitive strength for the coming age as the world races to develop technologies to circumvent the need for rare earth; the basic physical science and ultra advanced measuring technologies of Hitachi's Advanced Research Laboratory, and the

materials research carried out by the Hitachi Research Laboratory hold the keys to success in this field.

In response to these changes in the R&D landscape, Hitachi aims to build an R&D framework that will actively promote open innovation, strengthen the basic research that Hitachi has maintained to date, and increase the points of contact between basic research and business. To this end, on April 1, 2011, Hitachi will reorganize its six corporate research laboratories and the Power Systems Company's Energy and Environmental Systems Laboratory and Consumer Electronics Laboratory into three research centers: the Central Research Laboratory, the Hitachi Research Laboratory and the Yokohama Research Laboratory.

The Advanced Research Laboratory will merge with the Central Research Laboratory, which functions as a science interpreter, to form a framework for producing world-class products and technologies from a medium- to long-term perspective by promoting increased contact with business and the market. Another objective of the new framework is to enable swifter development of technologies to underpin the Social Innovation Business and to increase R&D efficiency. Hitachi will achieve this by integrating the research bases for the social infrastructure, IT and manufacturing fields to upsize its R&D for focus areas, particularly the Social Innovation Business. At the same time, the new framework will promote interaction between technologies that had been separated across multiple laboratories under the old framework. Some R&D functions for hard disk drives are scheduled to be transferred to Hitachi Global Storage Technologies, Inc.

#### (1) Central Research Laboratory

The Central Research Laboratory and the Advanced Research Laboratory will be integrated to form the Central Research Laboratory with approximately 900 personnel. The laboratory will conduct seamless integrated research at all levels from basic through to application level. The focus areas will include nano science; involving research in materials and measurement, life science; relating to healthcare and medical research, and computer science; concerned with intelligence and next-generation computing. The goal is to develop technologies to help expand the Social Innovation Business, and to promote R&D in new areas that anticipate the future needs of society.

## (2) Hitachi Research Laboratory

The Hitachi Research Laboratory, the Mechanical Engineering Research Laboratory, and the Energy and Environmental Systems Research Laboratory of the Power Systems Company will be integrated to form the Hitachi Research Laboratory with approximately 1,200 personnel. The laboratory will conduct research in a wide range of fields which underpin the Social Innovation Business, from power, industrial, transportation and urban development systems to materials and key devices on which the systems are founded.

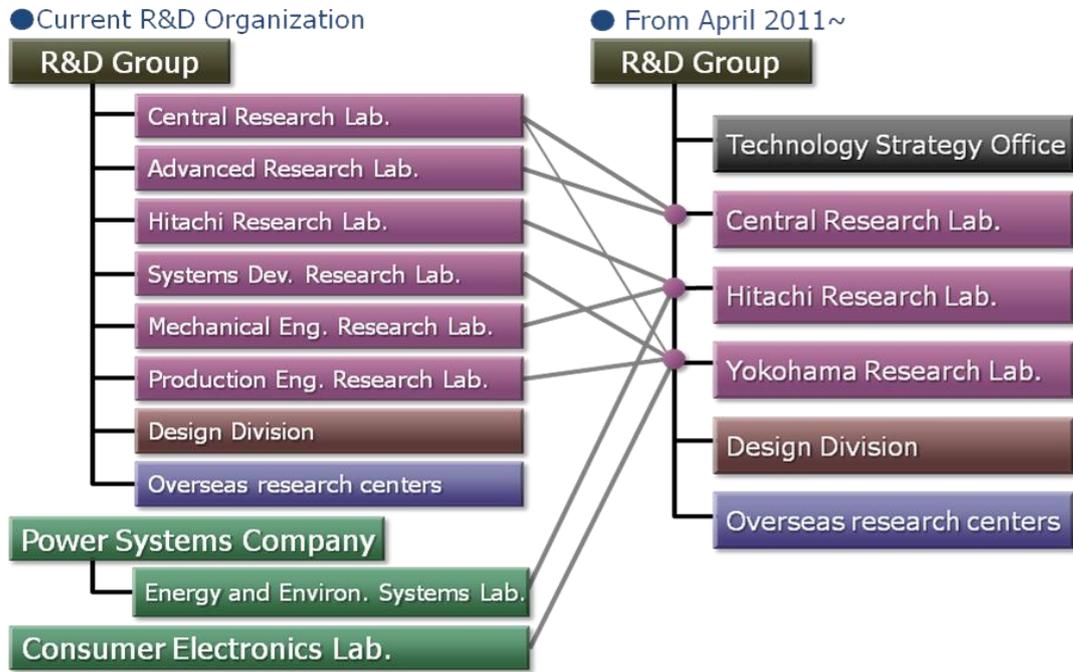
## (3) Yokohama Research Laboratory

The Yokohama Research Laboratory will integrate the Systems Development Laboratory, the Production Engineering Research Laboratory, part of the Central Research Laboratory, and the Consumer Electronics Laboratory which is responsible for R&D of application technologies for embedded systems. With around 1,100 personnel, the new laboratory will conduct R&D in information platforms and manufacturing technologies to underpin Hitachi's fusion business that integrates IT and infrastructure.

## 3. Technology Strategy Office

The Technology Strategy Office will be established within the Research and Development Group on April 1, 2011, and will oversee the technology strategies for the entire Hitachi Group. The Technology Strategy Office will formulate a medium- to long-term technology and development plans to link the corporate research laboratories and the business departments, and to accelerate the growth of Hitachi's focal businesses. The office will also propose strategic projects that involve cooperation across the group as a way to formulate technology strategies that will enable the Group to achieve its management goals.

■ Outline of New R&D Organization



■ About Hitachi, Ltd.

Hitachi, Ltd., (NYSE:HIT / TSE:6501), headquartered in Tokyo, Japan, is a leading global electronics company with approximately 360,000 employees worldwide. Fiscal 2009 (ended March 31, 2010) consolidated revenues totaled 8,968 billion yen (\$96.4 billion). Hitachi will focus more than ever on the Social Innovation Business, which includes information and telecommunication systems, power systems, environmental, industrial and transportation systems, and social and urban systems, as well as the sophisticated materials and key devices that support them. For more information on Hitachi, please visit the company's website at <http://www.hitachi.com>.

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