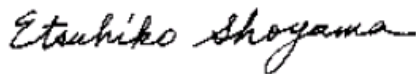


To Our Stakeholders

In the face of intensifying global competition, the Hitachi Group is expanding business through the growth of Hitachi Ltd. and all Group companies. Our goals are to offer customers products and services that provide a competitive edge with high value and to grow even stronger in the coming years. To use diverse management resources within the Group to the fullest, we are committed to pursuing Group synergies. Through review of businesses and restructuring, we are strengthening our competitiveness. Our basic policy is to enhance shareholder value by meeting to the expectations of stakeholders such as customers and shareholders.

In pursuit of our basic policy, we have a midterm management plan called “i.e. Hitachi Plan II.” The objective of this plan is to establish a high-earning system as a base of high profitability. Like last year, this report provides a review of research and development and intellectual property, which together are the key factors to establish a high-profit base. Through this report, customers, shareholders, investors, and analysts can understand the Hitachi Group’s approach to R&D and intellectual property and what the Group is doing to make the best use of these resources.

January, 2006



Etsuhiko Shoyama

President, Chief Executive Officer and Director