

Intellectual Property

Intellectual property (IP) is a key element of Hitachi's business strategy. With the vision of "constructing an IP organization to survive global competition," Hitachi is promoting the

globalization of IP activities while contributing to the Social Innovation Business by building and utilizing an IP portfolio.

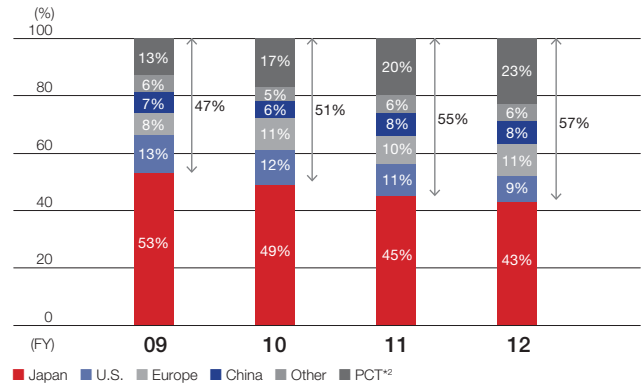
Globalization of IP Activity

In order to build a global patent portfolio, Hitachi had targeted a ratio of overseas patent applications to total applications of 55% by fiscal 2012. In fiscal 2012, the Company achieved a ratio of 57% surpassing its established target. This achievement is based on efforts to utilize international patent applications under the Patent Cooperation Treaty (PCT) for effectively acquiring patents in overseas countries. PCT patent applications ensure that a single application has the legal effect of patent filing in Treaty member countries. The ratio of PCT applications to total applications increased to 23% in fiscal 2012.

Hitachi received the Top 100 Global Innovators Award from U.S.-based Thomson Reuters. Based on an analysis of IP data held by Thomson Reuters, this award recognizes the leading 100 global companies and institutions for their outstanding contributions to innovation. Hitachi, in particular, was highly evaluated for the number and influence of its patents.

Moreover, aligning with its expanding overseas R&D network, in order to strengthen the Group's global IP capabilities, Hitachi established a new IP office in Shanghai, China in October 2012 and Munich, Germany in April 2013, while adding an IP staff member to our existing San Francisco office.

Trends in the Ratio of Overseas Patent Applications*1 to Total Applications by Region



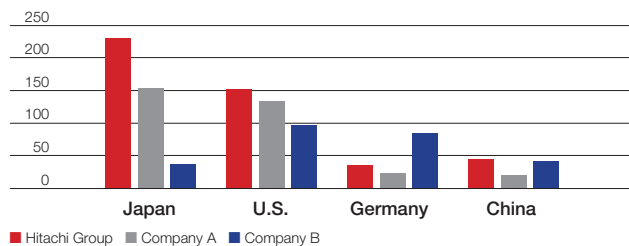
*1 The ratio of overseas patent applications to total applications: The number of overseas patent applications / The number of patent applications worldwide
 *2 The number of PCT patent applications is counted based on the number of countries where Hitachi plans to acquire patents by using PCT patent applications.

IP Portfolio Supporting the Hitachi Group's Business

In an effort to support its business, Hitachi is building an IP portfolio that extends across countries where its products are produced, as well as its products and services are provided. For example, Hitachi maintains the top global market share of a particular air flow sensor, an automotive part for which the Company holds the largest number of patents in Japan and the U.S. among competitors. Currently the Company has a policy to increase patent applications in Germany and China.

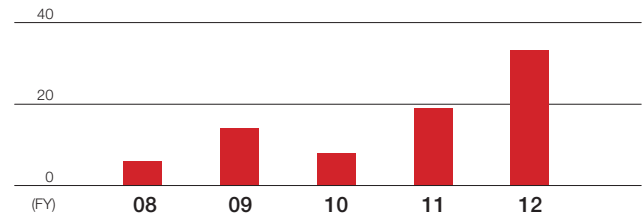
In the area of railway cars, Hitachi took steps to increase the number of patent applications in Europe around 2009 when the Company acquired preferred bidder status in connection with the Intercity Express Programme (IEP) in the U.K. The number of patent applications has again increased substantially following formal execution contracts in 2012.

Air Flow Sensor: The Number of Patents Held by Company*3



*3 Source: Hitachi (Patent information service, *Shareresearch*)

Railway Cars: The Number of Hitachi Patent Applications in Europe*4



*4 Total number of patent and design applications in Europe and PCT patent applications

Strengthening International Standardization Activities

Hitachi is actively engaging in international standardization activities. For example, in the area of smart cities, Hitachi contributed to Japanese secretariat position in the newly established subcommittee, TC268 SC1 "Smart Urban Infrastructure Metrics," in the International Organization for Standardization (ISO), and provided the Chairperson.

In addition, for Electrical Energy Storage System (EES), Hitachi also contributed to Japanese secretariat position on the Technical Committee of the International Electrotechnical Commission (IEC).