

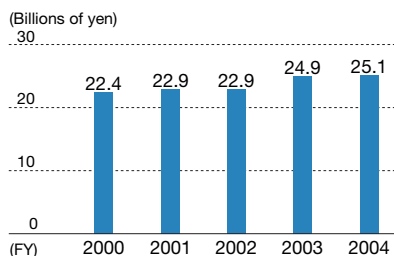
# Developing Next-generation Technologies and Products

## R&D for the next generation

The Hitachi Chemical Group is promoting customer-focused R&D, based on our technology platform for materials, to respond to customer needs swiftly. And the Group contributes to the next-generation high-technologies through the development of superior technologies and products.

In order to promote R&D for next-generation, the Group defined Strategic Development Projects; focused on the priority markets such as telecommunications, displays, energy, life science, and automobiles. The Group concentrates our management resources into those areas. In 2004, some of the strategic projects succeeded. For example, Hitachi Chemical is now conducting mass production trial of an ultra-thin (50 μm) flexible base material for multi-layer printed wiring boards (PWBs).

## R&D expenses



## Global Tri-Polar conducting system of R&D in the world

The Hitachi Chemical Group has three R&D center in the world: Japan, U.S.A. (Hitachi Chemical Research Center, Inc.) and China (Hitachi Chemical-Shanghai Jiao Tong University Research and Development Center). Each R&D center promotes customer-focused R&D in each territory.

In Japan, the R&D structure was reorganized in April 2005 from a single research laboratory structure consisting of the Research & Development Center into a three-part research institute structure consisting of the High Performance Materials R&D Center, the Electronic Materials R&D Center and the Advanced Materials R&D Center. With the integration of some of the planning and development functions that had been performed within each business division and the removal of the barriers that had separated the development functions in each business division and the Research & Development Center, we will accelerate development of new products that meet customer needs.

## Alliance with external R&D organizations

The Hitachi Chemical Group promotes research partnerships with

other companies in the Hitachi Group, other R&D institute, universities et al.

In 2004, Shin-Kobe Electric Machinery Co., Ltd. (a member of the Hitachi Chemical Group) , for example, established Hitachi Vehicle Energy, Ltd., a joint venture with Hitachi, Ltd. and Hitachi Maxell, Ltd., and accelerates R&D of rechargeable batteries for hybrid/electric vehicles by utilizing each company's technologies and resources.

## Strategic acquisition and utilization of patents

Hitachi Chemical is going to buildup a robust patents network through promoting inventions and acquisition of patents that have the medium- and long-term profitability. The Company promotes the 5FP (Fighting Patents) Program, which propels acquisition of at least five patents in terms of the technologies that competitors are likely to commercialize in the future.

## The "Material System Solution" Business Model

Hitachi Chemical has "Material System Solution," that is our unique business model, by which our sales forces and R&D people work in team and build a close relation with our customers. We do not only sell our products but also provid solutions that are tailored to customers. It contributes to improved performance, shortened development period, and reduced cost of the customer's production.

