

Commitment of President and Chief Executive Officer

Hitachi Kokusai Electric is working hard to create
a sustainable recycling-based society.
It is our goal to live up to every confidence society
may have in us.

I would first like to express my sincere gratitude for your assistance and your patronage of Hitachi Kokusai Electric Group. This report is now titled "CSR Report 2006," replacing our "Environmental Report" of past years and our "Environmental and Social Report" of just last year.

We intend to promote CSR* oriented management and make this report a tool for communication between you, our valued stakeholders**, and us. Hitachi Kokusai Electric Group, based on our Code of Conduct, earns customer trust and confidence by developing and manufacturing products and services with consideration for safety, quality, and our environment. We take a proactive and independent approach to protecting our global environment and improving the local environments where we work.

In fiscal 2005, we moved our headquarters from Higashi-nakano to Akihabara as the center of our sales force. We built a new factory in the Koganei Works, integrating the engineering force of our telecommunication, broadcasting, and video systems divisions. The former has shortened the distance with our customers, aiming at closer contact for mutual benefit, whereas the latter produces synergy of research and development among those divisions so that our manufacturing, *Monozukuri* contributes to society now and in the future.

Our products, generally speaking, are in state of the art technologies or meet advanced requirements of society, such as nanometer-level semiconductor manufacturing equipment. This report introduces several samples of our wireless video communication system and explains how our products contribute to society. Following the products and our customers' section, we report about our business partners, employees, and communities of the region we concern as our important stakeholders with examples of how we are related with and committed to them.

When building our new factory in the Koganei Works, we created the design considering the neighboring environment and landscape, while we contributed a southern strip of the ground to the local community as a walking path, as a gift for safety and convenience to our neighbors. After the terrible earthquake in northern Pakistan in October 2005, our employees gathered donations and withdrew matching funds from our company, doubling the total amount sent to the victims. Additionally, we donated our broadcasting equipment to national TV stations to help them get back on the air.

As for protecting our environment, in addition to our ongoing activities reported every year, we participated in Cool Biz and Black Illumination, working against global warming. We also adopted a new IT/administrative system to assure our compliance with international regulations concerning chemical substances.



Our fundamental philosophy, "Observe fundamentals, do things the right way" is the prerequisite to satisfying the expectations of society. The final section of this report covers our compliance with the laws and regulations, including those related to military proliferation, corporate disclosure, and corporate governance for adequate operation of our company.

I would appreciate it if you would kindly respond to us with your opinions and advice, which will help us in charting our future. Thank you in advance for your understanding and assistance with our CSR activities.

June 23, 2006

Kunio Hasegawa
President and Chief Executive Officer

*CSR: Corporate Social Responsibility

**Stakeholders: Entities related to the company, e.g. customers, business partners, employees, shareholders, NPO