

With Our Colleagues

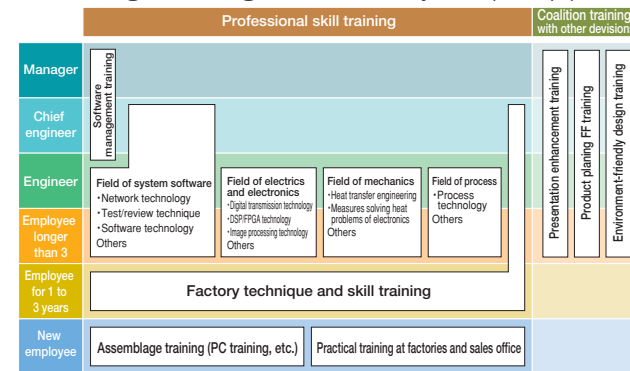
Hitachi Kokusai Electric respects the diversity, character, and individuality of all employees, providing them with a mentally and physically rewarding workplace environment. To help our employees realize their dreams, we

Developing human resources and building a comfortable working environment

Human resources development prioritizing individual quality

The fundamental philosophy for developing human resources is to develop people who think and perform on their own. Based on the development of self-initiative and action by employees in which they choose their own themes, formulate creative solutions, and carry them out, we offer OJT and other training programs to supplement it.

Technological training and education system (excerpt)



Activating our organization

We are endeavoring to bring up executives to lead the next generation and handle accelerated decision-making and business execution in conformity with the transition to a committee system company under the revised Commercial Law. To further activate our organization, ES (employee satisfaction) surveys are periodically implemented in an attempt to improve and reform our organization and constitution. The FY 2005 survey indicates substantial increases in indices of strategy activation (ES for corporate management force) and organization activation (ES for working environment) when compared with the previous year. Hitachi Kokusai Electric continues to engage in improving ES to higher levels.

Creating of a mentally and physically rewarding workplace environment

In spite of their desires, employees may not always work for us for some periods due to their personal lives including volunteer activities, raising children, and/or caring for the elderly. Hitachi Kokusai Electric has arranged a variety of holiday and temporary retirement systems to meet such employees' requirements.

1.Recommendation of utilizing holiday systems for engaging volunteerism

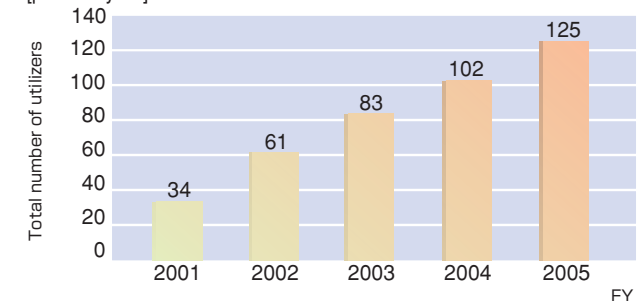
Since volunteerism is one of our recommended CSR activities, in and after April 2006 employees are permitted to take a leave under our accumulated leave system irrespective of the days off they have left for a certain year. This contributes to their taking holidays for volunteerism.



2.Child-care leave system

Hitachi Kokusai Electric has established, as a child-care period leave for parents up to the end of the fiscal year in which the child reaches 1 together with, if necessary, a one-month period for a trial period at a day-care center and/or a 6-month period for waiting for admission to the center. (There were 23 employees who utilized the child-care leave system in FY 2005.) To facilitate the smooth return to the workplace after taking such leaves, we are also developing an education program for enabling our employees to maintain and recover occupational abilities during that period, as well as new systems for assisting childcare expenses during parents' participation in such education programs.

Number of employees utilizing the child care leave (persons/year)



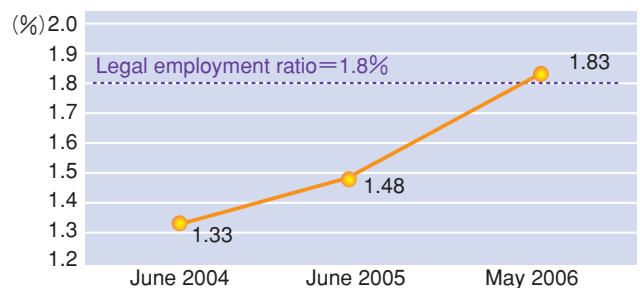
3.Prevention of sexual harassment

Hitachi Kokusai Electric endeavors to eliminate and prevent sexual harassment to allow every employee to have an equal partnership. As part of our measures to improve human rights in the work environment, we have periodic training for preventing sexual harassment and a permanent consulting staff composed of both management and labor at each of the works and offices.

4. Employment of physically challenged persons

In conformity with our policy to respect the diversity, character, and individuality of all employees, Hitachi Kokusai Electric regards promoting the employment of physically challenged persons as one measure to activate human resources. To our regret, however, we could not reach the legal employment ratio (1.8%) for a few years after the merger of our three companies due to the restructuring that followed. As a result of our continued review of measures to create employment opportunities thereafter, in May 2006 we reached a level of 1.83%, exceeding the legal employment ratio. A new measure in FY 2006 was the introduction of wet-type shredders for assuring information security.

Changes in the physically challenged employment ratio



endeavor to create an environment where they may concentrate on their jobs with peace of mind, recognize their performance, and continue to grow psychologically and technically.

Assuring Safety and Health

Under the motto that the protection of safety and health is our primary concern, we are endeavoring to

secure our safety and health by improving our in-house safety and health management system.

Safety and health management

As our basic policy, we establish a safe and comfortable working environment by having all employees recognize "Safety First" and "Mental/Physical Health First" and by promoting the reduction of safety and health risks in our working environment. We are all working toward safety and health management on the basic policy. FY 2006 gives practice to the following five items:

- 1.To build up a systematic safety and health management system and raise consciousness of safety by implementing proactive safety activities
- 2.To secure mental and physical health and establish a comfortable working environment
- 3.To prevent excessive labor and health disturbance from stress in the workplace
- 4.To observe fundamentals, do things the right way, working with latest laws and regulations
- 5.To strictly observe risk management measures (continued promotion of disaster-preventing measures against earthquakes, fires, explosions, etc.)

Toyama Works (June 2001) and Kokusai Electric Semiconductor Service Inc. (July 2003) were approved under the Occupational Safety and Health Management System (OSHMS), which is an effective standard for establishing safety and health management systems.

Accident free records

Hitachi Kokusai Electric continuously conducts safety activities such as safety and health patrols and safety inspections at the introduction of new facilities in order to reduce safety and health risks in the workplace, securing working environments where employees may work without fear of risk. Hamura Works (May 2004) and Koganei Works (January 2005) had accident free records in Classes 5 and 2, respectively.



Commemorative tree-planting ceremony for accident free record for 10.5 million hours at Koganei Works

Health management for employees

We conduct regular health and medical examinations against lifestyle-related illness to keep employees healthy. Importance is also attached to mental health and we keep holding workshops for mental health protection. A new attempt in FY 2006 is to start measures under an agreement with medical specialists in collaboration with the corporate health insurance society, including periodic holding of meetings with lecture, case management and illness prevention. The target is to halve the reported number of diagnoses on mental health.

Measures against asbestos (health management, removal, etc.)

Health hazards from asbestos have been raised by the press as a social problem. Hitachi Kokusai Electric has surveyed asbestos-handling operations and asbestos-sprayed areas and has informed retired and current employees of the results.

Although there have been no operations in which our employees constantly handled asbestos as stipulated in the law (Asbestos Disorder Preventing Regulation), Hitachi Kokusai Electric conducted health checkups of the medical items stipulated in the law for employees engaged in transient handling of asbestos or in an area of spraying asbestos who applied the checkup. Asbestos-removing operations are underway by selecting well-experienced professionals in a manner paying due consideration to the environment in conformity with the guidance of the Environment Bureau and local governments.

Number of health checkup applicants (end of May 2006)

Present Employer	Number of Health Checkup Applicants	Employees checked by May 2006
1. Our company (HiKE)	134	122
2. Group companies	220	220
3. Retirees	143	104
Total	497	446

Asbestos-removing operations in FY 2005

Locations removed	Period
1.Hamura Works, Building No. 5 boiler room	December
2.Hamura Works, Electricity supply and boiler room	2005