

We intend to become a corporation  
that continues into the future and lives up to  
the confidence placed in it by society.

Thank you very much for your continued generous support of the Hitachi Kokusai Electric Group.

Here, we are pleased to provide you with the "Hitachi Kokusai Electric Group CSR Report 2008." We wish to report to our stakeholders how our Group has been running itself and promoting its business, and request your ongoing assistance and advice.

In our Hitachi Kokusai Electric Code of Conduct, we have defined our Fundamental Philosophy to manufacture products that contribute to a safe and affluent society, looking to the future never stop working for continuous improvement, and observe the fundamen-

tals, do things the right way and be fair and transparent in all aspects of corporate conduct.

Under this managerial philosophy, we direct our three business groups (the segments of Wireless Communication and Information Systems, Broadcasting and Video Systems, and Semiconductor Manufacturing Systems) to collaborate with one another toward helping build a safer, more secure, affluent and vigorous society. That is, we build a leading-edge infrastructure for mobile telephony and other mobile communications, public and disaster prevention radio communications, and broadcasting and monitoring systems in an attempt to become a "leading company in wireless technology." We also develop semiconductor-manufacturing equipment that continues becoming increasingly precise and advanced in an attempt to become the "top global company in the semiconductor thermal process." As for numerical targets, we aim at achieving consolidated sales of 200 billion yen with an operating profit rate of 10% by the term ending March 2010. Since publishing our medium-term plan in 2005, we have been working to achieve these targets.

To contribute to society through our business activities, we must achieve performance and quality assurance that will earn the confidence of our customers, cooperate with our suppliers as partners in manufacturing, and coexist with the regional community. All these are important managerial responsibilities. Considering that all colleagues of our Group will interact and communicate with society through their business activities, we work to provide a workplace where colleagues can work vigorously and healthily both in body and mind, and which makes good use of the diversity, personalities,

and individuality of our colleagues—something which is mentally and physically rewarding.

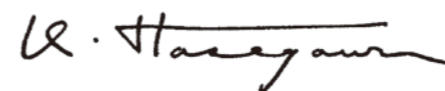
Recent years have witnessed a growing interest in global warming and other environmental issues. Our Group has been working to reduce CO<sub>2</sub> emissions and industrial waste. More positively than ever before, we will monitor the increasingly widespread needs of environmental conservation together with our customers, and devote ourselves to responding to those needs.

As a matter of course, we have been working to thoroughly engage in compliance and ethics by stepping up our education and internal audits, as well as maintaining our internal reporting system. As for an evaluation program for internal control, which entered the fiscal year of reporting and monitoring in April of this year due to the Financial Products Exchange Law, our buildup of the program has been progressing according to our earlier plan.

We would appreciate it if you read this report and contribute your frank comments and advice regarding the efforts of our Group toward becoming a group of companies that earns the confidence of society and continues into the future. It would provide us with hints on how to improve our future activities.

We sincerely request your continued support, interest and cooperation.

June 24, 2008



Kunio Hasegawa  
President and Chief Executive Officer

## Hitachi Kokusai Electric Code of Conduct

Hitachi Kokusai Electric, which respects human rights, observes the spirit as well as the letter of national and international laws and regulations, hereby adopts this Code of Conduct with a view to achieving continued growth and development while contributing to the creation of a sustainable society.

### Fundamental Philosophy

- 1 Manufacture products that contribute to a safe and affluent society.
- 2 Looking to the future, never stop working for continuous improvement.
- 3 Observe fundamentals, do things the right way, and be fair and transparent in all aspects of corporate conduct.

In accordance with the Fundamental Philosophy, Hitachi Kokusai Electric commits to the dissemination of this Code of Conduct with the following Guidelines and Commitments and to the maintenance of the related internal system.

### Guidelines and Commitments

- 1 Obtain customers' trust and confidence by developing and providing products and services in which the emphasis is on safety, quality and environmental soundness.
- 2 Engage in fair and transparent competition and business activities, comply with laws and be ethical in one's corporate conduct.
- 3 Respect the diversity, character and individuality of all employees and provide a mentally and physically rewarding workplace environment.
- 4 Provide shareholders and other stakeholders with full and fair disclosure of corporate information.
- 5 Take a proactive, independent approach to protecting the global environment and improving local living environments.
- 6 As a good corporate citizen, engage proactively in philanthropic activities and other activities that benefit society.
- 7 Respect international rules and local laws, cultures, practices and customs and always strive to contribute to local progress and development.
- 8 Respect the value of other companies' business and technology information as well as our own, and implement proper controls regarding such information.
- 9 Comply with trade-related laws and regulations in order to contribute to the maintenance of international peace and security.
- 10 Should a situation arise that runs counter to this Code of Conduct, managers shall endeavor to resolve the matter, establish the cause and take steps to prevent a reoccurrence. They will also endeavor to provide a prompt and accurate disclosure and explanation of the facts of the matter, clarify where the responsibility lies and deal strictly with those concerned, including with respect to their own activities.