

Toward Becoming a Company Living Up to Society's Expectations in Changing Times

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

Through the Hitachi Kokusai Electric Group CSR Report 2009, we are reporting the status of our Group management and business promotion to our stakeholders. We thereby welcome your comments and advice.

The Hitachi Kokusai Electric Code of Conduct sets forth our fundamental philosophy as manufacturing products that contribute to a safe and affluent society, looking toward the future in working incessantly for continuous improvement, observing fundamentals, doing things the right way, and being fair and transparent in all aspects of corporate conduct.

In line with this fundamental philosophy, centering on the segments of Wireless Communication and Information Systems, Broadcasting and Video Systems, and Semiconductor Manufacturing Systems, we work toward becoming a "leading company in wireless technology" and a "top global company in the semiconductor thermal process." We have already seen steady progress toward achieving the numerical targets of 200 billion yen in consolidated sales with a 10% operating profit rate by the term ending March 2010. However, the rapidly deteriorating market situation since the latter half of 2008 has forced us into a major regression.

This was a direct result of an economic crisis considered to occur only once a century, and the effects of subsequent market decline. Our Group faces this situation by focusing attention on changes in human society on a global scale, or the rapid changes people expect from corporations. We believe that corporations must now think and act quickly by finding out what

should be changed and what should remain with us.

We also believe that now is the time to again ask ourselves whether we possess a good understanding of how to preserve the global environment, ensure security and safety, and meet the other needs and expectations of society, strive toward developing, designing and releasing acceptable products on an ongoing basis, as well as questioning whether we have a well-grounded focus on how to earn user trust, and asking whether we still maintain a sufficiently strong cooperative relationship with our business partners in creative manufacturing. Moreover, we believe it is time to again ask whether we provide our employees with a physically and mentally rewarding workplace environment which allows employees to work actively in a healthy manner, both in mind and body, making good use of the diversity, character and individuality of the employees. If necessary, we will repeatedly question ourselves, seek any room for improvement, and immediately tackle the challenges at hand.

In March 2009, our company became a consolidated subsidiary of Hitachi, Ltd., and stepped up in utilizing the collective strength as a member of Hitachi Group. Our commitment shown above can be attributed to the managerial principles of the Hitachi Group: "harmony," "sincerity," "pioneering spirit," and "the spirit of gleaning."

Fortunately for our Group, all business segments have been blessed with a unique history, expertise and clientele of which we should be proud. We believe that we can make good use of such assets and increase their value by not simply being content with those assets but by closely examining and flexibly coping with ongoing changes.

We think that presenting the efforts of our Group in this report, receiving frank comments and advice from the readers, and deepening our dialogue with them will prove an important step in responding to changes. We hope to receive your further understanding and cooperation regarding our path toward the future in an attempt to become a corporation that lives up to society's trust.

June 29, 2009



Manabu Shinomoto
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.