

We will create value and realize a society of security, safety and happiness.



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

Fiscal 2011 marked a year when the economy and industries in Japan were forced to face significant fluctuations caused by the impact of the Great East Japan Earthquake, uncertain financial conditions in Europe, and other factors. As a result, a severe overall business environment continued with regard to your whole Group business, despite some steady demand due to the launch of reconstruction efforts after the disaster and capital investments made by leading semiconductor manufacturers.

Under these circumstances, your Group has been addressing efforts to strengthen their business structure by driving forward such measures as expanding order receipts, implementing a structural reform of business, and reducing costs through strategic project activities. And as a concrete measure for promoting globalization, in October 2011 they acquired the stock of a leading Brazilian manufacturer of broadcast-use transmission equipment to make it their subsidiary. Through the efforts and measures described above, your Group was able to achieve significant increases in both revenue and profit for the fiscal year from those of the previous year.

Fiscal 2012 will see the drastic changes in our business environment due to the effects of the disaster and other factors, coupled with even more intense corporate competition than before.

Corporate Statement

Hitachi Kokusai Electric Group strives to realize a society of security, safety and happiness, creates value by applying advanced technologies and pushes the boundaries of tomorrow.

Hitachi Kokusai Electric Way

1. Customers First:
By pursuing *Monozukuri*,* Hitachi Kokusai Electric Group provides true value to the customers and society.
2. Global Leader:
It develops advanced technologies as a world pioneer with the aim of creating an affluent and sustainable future.
3. Human Assets:
It respects the diversity of its human resources and provides them with the opportunity and environment to enhance and perform their abilities.
4. Basics and Ethics:
It respects human rights, observes laws and ethics and establishes a clean corporate culture that is admired by society.
5. Harmony, Sincerity and Pioneering Spirit:
It esteems harmony, acts with sincerity and promotes business with a pioneering spirit.

* *Monozukuri* is defined as all creative activities carried out by the Hitachi Kokusai Electric Group, including the development and provision of products and services, among others.

In our Company's current medium-term plan "HK-AV10," we set the management target of achieving "10% profit rate in three-year moving average by the final fiscal year, fiscal 2015," and shall concentrate our efforts on achieving this target.

Specifically, under our vision "to be a social innovator trusted by customers and creating new value in the next era," we set the goals of becoming "a top global company in video and wireless network system solutions" and "a top global company in eco- and thin film processing solutions." We shall proceed with measures "to strengthen our business structure" so as to build up the most optimum and powerful operation system, as well as ensure a dynamic business deployment through such managerial measures as "strengthening strategic business expansion," "stepping up our market-in approach," and "promoting globalization," to a further extent on the basis of local production for local consumption in the global market.

Last year many employees in our Group participated in volunteer activities, thus raising awareness about contributing to communities. Our Group will continue supporting activities for recovery and restoration from the disaster, and also do our utmost to positively participate in various recovery efforts, including building up safe and secure communities as a corporate group supporting the social infrastructure.

In order to clarify what our Group should be toward the future and the significance of our existence, we recently revised the "Hitachi Kokusai Electric Corporate Credo" and newly established the "Corporate Statement,

Hitachi Kokusai Electric Way, and Guidelines and Commitments." As corporations supporting the social infrastructure, we have set our Corporate Statement, as follows: "The Hitachi Kokusai Electric Group strives to realize a society of security, safety and happiness, creates value by applying advanced technologies and pushes the boundaries of tomorrow." We have clarified Hitachi Kokusai Electric Way as the basics of the Group management.

Under the new Corporate Statement, toward the future, our Group will contemplate various risks facing corporations and reinforce such concrete countermeasures as the business continuity plan (BCP), maintain keen sensitivity and a broad perspective for the flow of society, and thereby endeavor to create value needed in the next era.

Through this report and our website, we will proactively disseminate information to our stakeholders, while modestly listening to your frank comments and advice. We thus sincerely request your continued instruction and support.

June 25, 2012



Manabu Shinomoto
President and Chief Executive Officer

Guidelines and Commitments

For the purpose of implementing the Corporate Statement, in accordance with the Hitachi Kokusai Electric Way, Hitachi Kokusai Electric Group pledges to the dissemination of the following Guidelines and Commitments and to the maintenance of its internal systems.

1. Obtain the trust and confidence of customers and society 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 that are based on a commitment to high ethical standards; observe the spirit as well as the letter of international norms of behavior, national laws and regulations; and implement appropriate internal controls that reflect these considerations.
3. Respect the diversity, character and individuality of all employees; provide a mentally and physically rewarding, safe and healthy work environment as well as opportunities for further training and growth.
4. Provide all the stakeholders including customers, employees, business partners, communities and shareholders with full and fair disclosure of corporate information.
5. Endeavor to protect the global environment, local living environments and biodiversity with a view toward realizing a sustainable society.
6. As a good corporate citizen, engage proactively in philanthropic activities and other activities that benefit society.
7. In global business activities, respect 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 confidential information, including individual and customer 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 these Guidelines and Commitments, managers shall endeavor to resolve the matter, establish the cause and take steps to prevent a reoccurrence. They shall 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.