

Commitment of the President and Chief Executive Officer

We will create value with the aim of creating an affluent and sustainable future.



I thank all of you for your continuous support given to the business of your Hitachi Kokusai Electric Group.

Fiscal 2012 saw stagnant market conditions while the business recession continued due to the prolonged financial instability in Europe. Conversely, the domestic market saw steady demand in the public sector.

Under these circumstances, your Group has implemented measures both at home and abroad, such as actively increasing sales to meet new demand and strengthening its service and solution business. At the same time, the Group has conducted reforms in business structure, including the integration and consolidation of factory functions, and a rectification of the functions of its domestic group companies, in an attempt to build up the "optimal and strongest production system" designed to promote an offensive management strategy that copes with future market changes.

In the Video and Wireless Network segment, we pushed forward with vigorous sales initiatives such as a sales expansion project in response to steady demand in the public works sector, resulting in increased sales. However, sales in the Eco- and Thin Film Processing segment declined due to a tighter control on investments in plant and equipment among semiconductor manufacturers, resulting in an overall decline in sales of the Group for the first time in three years.

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.

Looking forward, a recovery trend in the financial market is observed reflecting the financial measures and other efforts being made by relevant countries, while the real global economy remains uncertain. In the domestic economy, a steady increase in investment is expected for the public works sector under the newly publicized plan to strengthen national land and a large supplementary budget. However, the economy has entered a period of reform in industrial structure, shifting from hardware to content and service, resulting in even more intense competition.

In such a business environment, your Group will promote the following measures in an attempt to achieve the goals of the Medium-term Management Plan "HK-AV10" ending in fiscal 2015.

- 1) Stepping up market-in approach
- 2) Enhancing global business capabilities
- 3) Strengthening the service business
- 4) Strengthening the business structure
- 5) Reorganizing the business portfolio
- 6) Promoting Hitachi Smart Transformation Project

On a segment basis, the Video and Wireless Network segment set up the Marketing Strategy Office to properly seek customer needs, including new business needs, and expand its small-scale community-based solution service business. In global business enhancement, we established the Global Business Strategy Office to promote closer collaboration with the sales agents, system integrators, and other partners in different regions, and actively promote the introduction of new products competitive and differentiated in the market, such as products using similar face search technologies.

In the Eco- and Thin Film Processing segment, we will strengthen its business portfolio from our conventional

memory-bound one to logic- and foundry-bound, thereby boldly moving forward to develop manufacturing equipment that supports next-generation devices. Moreover, we will expand our service business structure, including remodeling, used equipment, parts, and maintenance.

A broad outlook on the situation of society reveals economic gaps in various parts of the world, environmental problems leading to the climate change and a crisis in biodiversity, a growing worldwide awareness of respect for human rights, and various other streams of impacts, resulting in major changes in how corporations interact with society.

Under its Corporate Statement of "the Group strives to realize a society of security, safety and happiness, creates value by applying advanced technologies and pushes the boundaries of tomorrow," our Group is committed to having high sensitivity in responding to streams in society and a wide perspective in promptly responding to changes, thereby creating new value needed by customers and society with the aim of creating an affluent and sustainable future.

Further than this report, our Group will actively disclose its information to the stakeholders through its website and other means, and will listen closely to their frank opinions and advice. We thus request your continued guidance and support.

June 24, 2013



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.