

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.

In fiscal 2013, the economies of developed countries showed upward trends following the alleviation of credit uncertainties in Europe and smoothing out of fiscal problems in the United States, whereas the economic growth of emerging countries was sluggish. On the other hand, the Japanese economy remained steady, as the demand in the public works sector grew due to the economic promotion measures by the government.

In this situation, your Group engaged in vigorous business activities by expanding and promoting new businesses and by means of its customer-oriented sales proposal efforts, based on the firm business structure, which had been realized through the measures of business structure reform including reorganization of Group companies in Japan, the integration of business sites, and so forth in the previous fiscal year. The Video and Wireless Network segment conducted vigorous sales activities with sales promotion projects in the fields of radio communication system for disaster preventive administration, etc., as public works investment was steady. The Eco- and Thin Film Processing segment actively promoted sales activities by proposing products and services to meet the needs of customers, while the capital investment of semiconductor makers was favorable as the semiconductor market recovered.

As for the future outlook, it is expected that the global economy will gradually recover thanks to the robust economies of developed countries, although there are geopolitical risks, and the Japanese economy will keep recovering as the government's economic promotion

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.

Note: *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.

measures continue. However, markets are rapidly changing around the world, and competitions are getting fierce.

In this business environment, the Group will implement the following measures while participating in the "Hitachi Smart Transformation Project," which is promoted across the entire Hitachi Group, and promoting the reform of the cost structure, toward achieving the targets of the Medium-term Management Plan "HK-AV10," the final year of which will be fiscal 2015.

The Video and Wireless Network segment aims to expand local production for local consumption with regard to its broadcasting systems products while strengthening Brazil's position as its production base in global business, and expanding its sales channels by collaborating with local partners across the world's regions and M&A. As for its wireless and surveillance system products, the segment will expand its business by reinforcing the cooperation with the Hitachi Group, which aims to grow its social innovation business. In conjunction with these, the segment will also actively cultivate new businesses with differentiating technologies, such as advanced video surveillance systems. As for disaster preventive and land mobile radio system products, the segment will work to maintain and broaden its share of the market through sales proposal activities based on market-in approach. In conjunction with these activities, in the field of solutions services, it will strategically promote the provision of community-based solution services that fulfill customer needs and will ultimately reorganize its entire business portfolio.

In addition, from medium and long-term viewpoints, the segment will proactively promote the launch of a solution business for the next generation by collaborating with the Hitachi Group, while anticipating a growing need for further advanced solution services, including those with big data or cloud computing.

The Eco- and Thin Film Processing segment will promote the development of strategic products with high-quality and high productivity ---- compatible with

the next generation and the generation after next ---- by enhancing its joint development with customers, in order to win continuously in a market that is constantly undergoing rapid change, such as in device miniaturization and new types of film. This segment will expand its transnational services by the offering of locally oriented services, including the strengthening of local research, development, production, and support near to the customers, strengthen its product life cycle business by formulating service strategies from the stage of product development, and work to upgrade its service business. It will establish a production system capable of flexibly responding to the drastic changes in the cyclical demand in the semiconductor market and work to strengthen its earning structure by enhancing collaboration with local partners and sharing risks with suppliers.

From a broad outlook on the global society, there is a growing worldwide awareness of respect for human rights, as necessitated by issues of economic inequality in regions, environmental effects such as climate change and biodiversity degradation which lead to disasters and food crises, and humanitarian problems caused by regional conflicts.

The Group aims to contribute to society by creating values, with the Corporate Statement that it "strives to realize a society of security, safety and happiness, creates value by applying advanced technologies and pushes the boundaries of tomorrow." We will promote reform and business operation for a sustainable future, by reducing environmental burdens generated by production activities, respecting human rights, employing and training diverse personnel, observing law, fostering a clean corporate culture, making close conversations with stakeholders in each region, and thereby diligently dealing with problems.

We thus request your continued guidance and support.

June 23, 2014



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.