

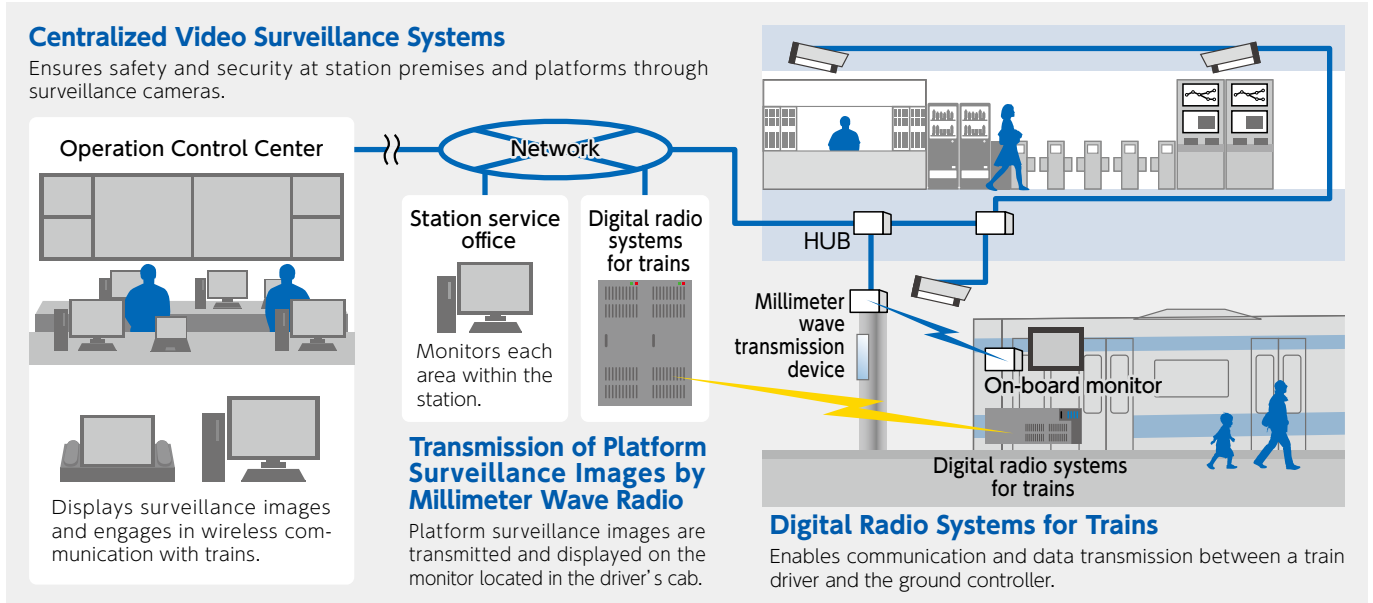


Value Created through Dialogue with Customers

We develop advanced technologies as a world pioneer with the aim of creating an affluent and sustainable future.

1 Realizing Safe and Secure Train Operations through Video and Wireless Technologies

■ Configuration example of train radio communication and video surveillance systems



As a public transportation system, railways are used by many people. The needs for terrorism countermeasures and safer train operations and transportation are expected to increase considerably in the next few years.

The Company contributes to realizing safe and secure train operation by providing train radio communication systems, which promote both security and reliability, and video surveillance systems that help protect the safety of passengers at train stations and platforms.

In recent years, in response to the conversion from analog to digital systems, we have worked to sophisticate and upgrade our systems by improving sound and image quality, increasing data transmission capacity, reducing radio wave interference, and enabling storage/analysis of large-volume video data and transmission of surveillance video images to trains. We supply our sophisticated digital radio systems for trains and

video surveillance systems to various train operators. We will strive to develop and provide high added-value solutions on a continuous basis by combining video and wireless technologies.

VOICE

For train radio systems, improved data transmission functionality is required to further increase train operation efficiency and improve passenger services. To meet these kinds of customer demands, we actively propose and provide digital radio systems suitable for data transmission and capable of multi-channel communications. We will strive in cooperation with our customers to realize a safe and secure society.

Takio Nishiwaki

Government & Public Business Sales Promotion Department,
Video & Communication Systems Division



2 Our Cameras Contribute to Production of Next-generation 4K Video Contents

Following the shift from analog to digital broadcasting, the world of video creation and broadcasting is evolving rapidly toward 4K and 8K to provide higher quality and sharper images. With the aim of getting 4K TVs into homes, the production of 4K content is now being promoted. Thirty sets of 4K cameras made by the Company were used to record a massive concert by major South Korean group BIGBANG, held in Seoul in April 2015. The client decided to use 4K cameras in order to capture beautiful, vivid images that give viewers the feeling of being right there at the venue. We provided technical support to camera operators and other staff to support the filming process.

VOICE

We built a camera system at the concert venue and conducted a number of rehearsals to make sure that everything was working properly. We were very nervous before the concert began. But the client highly appreciated our support and included the names of the Hitachi Kokusai Electric support team members in the end credits. The shift by the broadcasting and related industries toward this next-generation video technology is accelerating. We will strive to make even more beautiful images available in the home through the development of innovative cameras.

Min Hwangsoo

Global Business Center, Video &
Communication Systems Division



Min explaining to the operators at the venue how to operate the camera

3 Certificate of Appreciation Received from Hokkaido Logistics Depot of Japan Ground Self-Defense Force

On June 28, 2015, the Defense Electronics Division of the Company received a certificate of appreciation from the Hokkaido Logistics Depot of the Japan Ground Self-Defense Force (JGSDF). Since 1971 to date, our Company has continued to supply education and training systems, including training devices*, to

JGSDF logistics depots across Japan.

This award is a testament to the high appreciation that the JGSDF has for our swift and well-tailored services in support of their provision of effective and practical training, including maintenance and supply of spare parts for training devices, etc.

* Training devices: Devices attached to various types of equipment owned by the JGSDF that enable simulated combat exercises involving hundreds of military personnel using laser beams instead of live ammunition

VOICE

This commendation has made us very proud that we are involved in the supply and maintenance of training equipment for the JGSDF. The JGSDF's training covers a wide range of military exercises. As the scope of its missions expands, we will have to respond to various requests for changes and improvements. We have renewed our determination to provide equipment that will satisfy the JGSDF, based on our long-accumulated technologies.

Narihiro Shimoda

Sales Center, Defense Electronics Division



Commemorative shield presented together with the certificate of appreciation

Certificate of appreciation

4 PQS Award Received from Intel Corporation

On March 11, 2016, the Company received the Preferred Quality Supplier (PQS) award from Intel Corporation.

"In 2015, Hitachi Kokusai continued to meet and exceed Intel's expectations with their investment in quality systems and support for equipment reuse," said Mr. Shaheen Dayal, director of Global Supply Management, Business Development and Fab Strategic Sourcing at Intel. "Also, Hitachi Kokusai continued its strong commitment to velocity, safety and environmental and social governance programs. We appreciate their support and congratulate them on this well-earned award."



2015 PQS award trophy

VOICE

Our Company has won the SCQI/PQS award for 12 consecutive years, with this being the 16th time we have won it overall. We are very honored and proud to receive this award, because it acknowledges the performance and commitment we have demonstrated not only in equipment technology, quality, cost and customer service, but also in relatively new areas such as labor and ethics systems and environmental sustainability. We will continue to implement vigorous improvement activities to continue our consecutive wins next year and beyond.

Tomoki Ikeda

North America & Europe Sales Department
Semiconductor Process Engineering Division

5 Contributing to the Value Creation of Customers around the World through Development of Leading-edge Technologies

Our batch thermal process system, one of our Company's key products, is adopted by many leading-edge semiconductor manufacturers. We contribute to the evolution of electronic devices by enabling our customers to manufacture high-performance semiconductors. To help us respond to customer

needs speedily and deliver next-generation innovations, a decision has been made to construct a new production building to expand the development/evaluation area. The new production facility is planned to start operation in January 2017. By strengthening clean production and improving operational efficiency through the integration of production processes, we will promote mass production of next-generation equipment.

Located in the historically and culturally rich area of Yatsuo in Toyama City, the Toyama Technology & Manufacturing Center is blessed with fantastic employees and business partners. We will continue striving to contribute to the development of world-leading cutting-edge technologies.

VOICE

With the drive toward miniaturization, there has been an increasing customer demand for cleanliness of semiconductor manufacturing equipment. Seeing this construction project as an opportunity, we reviewed the flow of the production line and identified problems in each process to make the new plant a clean production facility (= a state-of-the-art plant for a semiconductor manufacturing equipment manufacturer). We will reflect our findings in the design of the new building. We aim to establish a plant with improved safety features and energy efficiency by particularly taking into consideration safety aspects in the assembly process and energy conservation during the production process.

Shoichi Yamazaki

Production Engineering Department,
Toyama Technology & Manufacturing Center



Conceptual image of the Toyama Technology & Manufacturing Center building with new extension
Illustration provided by Hitachi Architects & Engineers Co., Ltd.