

Management

Corporate Governance

The reinforcement of business execution oversight as well as bold and quick decision-making and business execution are important factors for sustaining growth in any corporation. To sustain corporate growth at Hitachi High-Technologies, we have adopted the style of corporate governance called “the Company with Committees System.” In a committee oriented company, business activity control and power can be delegated between the Board of directors and the Executive Officers.

In our company, the most important matters on management are dealt with by the Executive Committee and supervision is mutual shared among the Executive Officers. The role of the Board of Directors is to decide management basic policy and supervise the execution of business activities such as receiving the reports from Nominating Committee, Audit Committee, Compensation Committee, and Executive Officers. The Audit Committee monitors the execution of business activities through an internal control system centered in the Internal Auditing Division. Internal audits are routinely performed and the results are reported to the Board of Directors. Accounting Auditors are also included in the auditing process to ensure proper accounting.

Moreover, in adherence to the Sarbanes-Oxley Act, we established the Internal Control Group inside the Internal Auditing Division to build and implement internal control over financial reporting and to assess its effectiveness.

Compliance / Risk Management

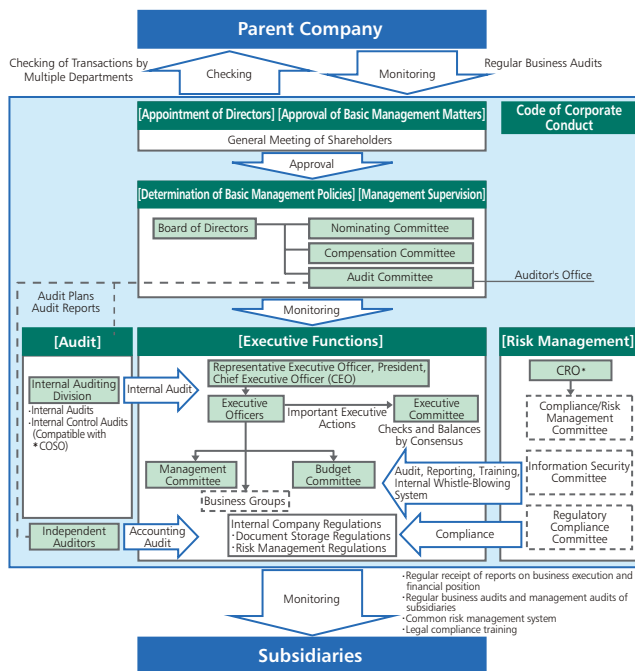
The Compliance/Risk Management Committee was set up in fiscal year 2003. In fiscal year 2006, under this committee system, we formulated our activity plan after investigating all the risks we might have in each section. From fiscal year 2007, this committee will check all department activities every 6 months to make sure everything is being carried out as it was originally planned.

We recognize information security to be a high risk issue due to recent social events, and therefore have taken various measures from management class to employees to insure security. E-learning and information security audit targeting all employees are some examples

of these measures.

In addition, on the basis of a result of the questionnaire survey carried out in 2005, we planned consciousness improvement toward the compliance in the whole Hitachi High-Technologies Group in fiscal 2006. First, a person responsible for compliance in each Division received the compliance trainer training and after that, they held the workshop for approximately 1,200 managers at their workplace. During the workshop we asked managers to do the self check according to “Code of conduct for managers” established in March, 2006 and then educate their subordinates.

Business Execution, Management Oversight and Internal Control System (As of May 1st, 2007)



* COSO: Acronym for the Committee of Sponsoring Organizations of the Treadway Commission, which publicized the internal governance framework in 1992.

* CRO: The Chief Risk Management Officer who is an executive officer responsible for compliance and risk management. The CRO is selected by the Board of Directors.