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# Rail Systems Business Strategy

Hitachi IR Day 2015

**June 11, 2015**

**Alistair Dormer**

**Vice President and Executive Officer  
Global CEO, Rail Systems Business  
Hitachi, Ltd.**

# Rail Systems Business Strategy

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- 1. Business Overview**
2. Key Achievements
3. Business Performance and Updated Forecasts
4. Market Environment and Industry Trends
5. Acquisition of Ansaldo STS and AnsaldoBreda
6. Conclusion
7. Appendix A: Supplementary Information

# 1-1. We operate across the entire rail value chain

## Rolling Stock Japan



- Shinkansen
- Commuter
- Intercity
- Metro

## Transportation Systems



- Turn-key solutions
- ✓ Metro Systems
- ✓ Monorail systems
- Operations and maintenance
- PPP Projects
- ✓ Train Lease

## Service



- Whole life maintenance
- Remote condition-based monitoring
- Overnight servicing
- Cleaning
- Wheel turning
- Fuelling
- Overhauls

## Components and Equipment



- Traction converters
- Auxiliary converters
- Traction motors
- HVAC
- Platform gates
- Substation Equipment
- Measurement Train Equipment
- Traction transformers

## Rail Control Solutions



- Automatic Train Protection
- Interlocking systems
- Communication-Based Train Control
- Train Control and Monitoring System
- Traffic Management System
- European Train Control System

## Rolling Stock Int'l



- AT100 – Metro
- AT200 – Commuter
- AT300 – Intercity
- AT400 – Very High Speed Train

## Information Solutions



- Passenger Information System
- Digital Signage
- Visual Information System

Rolling stock systems 75%\*

Transport management and control systems 25%\*

\* Based on FY2014 Revenue

PPP : Public Private Partnership

HVAC : Heat Ventilation Air Conditioner

# 1-2. Solid FY2014 performance vs forecasts

(Based on US GAAP)

## Revenues

Forecast **¥154.0B** / Actual **¥171.4B**

Chg (Billion yen): +17.4  
Chg (%): +11.3

## Op. Income Ratio

Forecast **4.0%** / Actual **4.6%**

Chg (bps): +60

## Free Cash Flow

Forecast **¥-11.0B** / Actual **¥6.9B**

Chg (Billion yen): +17.9  
Chg (%): N/A

## EBIT

Forecast **¥3.7B** / Actual **¥12.9B**

Chg (Billion yen): +9.2  
Chg (%): +248.6

## EBIT Ratio

Forecast **2.4%** / Actual **7.5%**

Chg (bps): +510

## Order Intake

Forecast **¥400.0B** / Actual **¥479.9B**

Chg (Billion yen): +79.9  
Chg (%): +20.0

## Order Backlog

Forecast **¥752.6B** / Actual **¥818.5B**

Chg (Billion yen): +65.9  
Chg (%): +8.8



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# 2-1. We continue to deliver on existing orders...

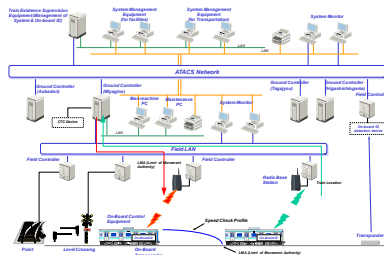
## Inauguration of Hokuriku



- ✓ Production of Kanazawa / Hokuriku Shinkansen E7/W7, COSMOS, DS-ATC, power supply, Platform gate.

## Signalling system operational

- ✓ Beginning operations for the ATACS on Senseki line.



## Introduction of Energy Savings



- ✓ Visualisation of power supply / on-demand power control, B-CHOP\*, RPC.

## Arrival of the first IEP train



- ✓ Arrival of the first pre-series Class 800 train for IEP at the port of Southampton, UK.

## UK factory on schedule

- ✓ Construction works for the new factory (Newton Aycliffe, UK) are well under way...



....as per our schedule, the factory will be completed and train production will start by September 2015.

## UK depots on schedule



- ✓ North Pole depot was completed in March 2015 with Bristol, Swansea and Doncaster being constructed on time.

## Daegu completed



- ✓ Completion of the Daegu Metro Line 3, the first monorail train in Korea.

## Singapore Office Established

- ✓ Set-up of Singapore rail office. New engineering team recruited.



## Ho Chi Minh metro project

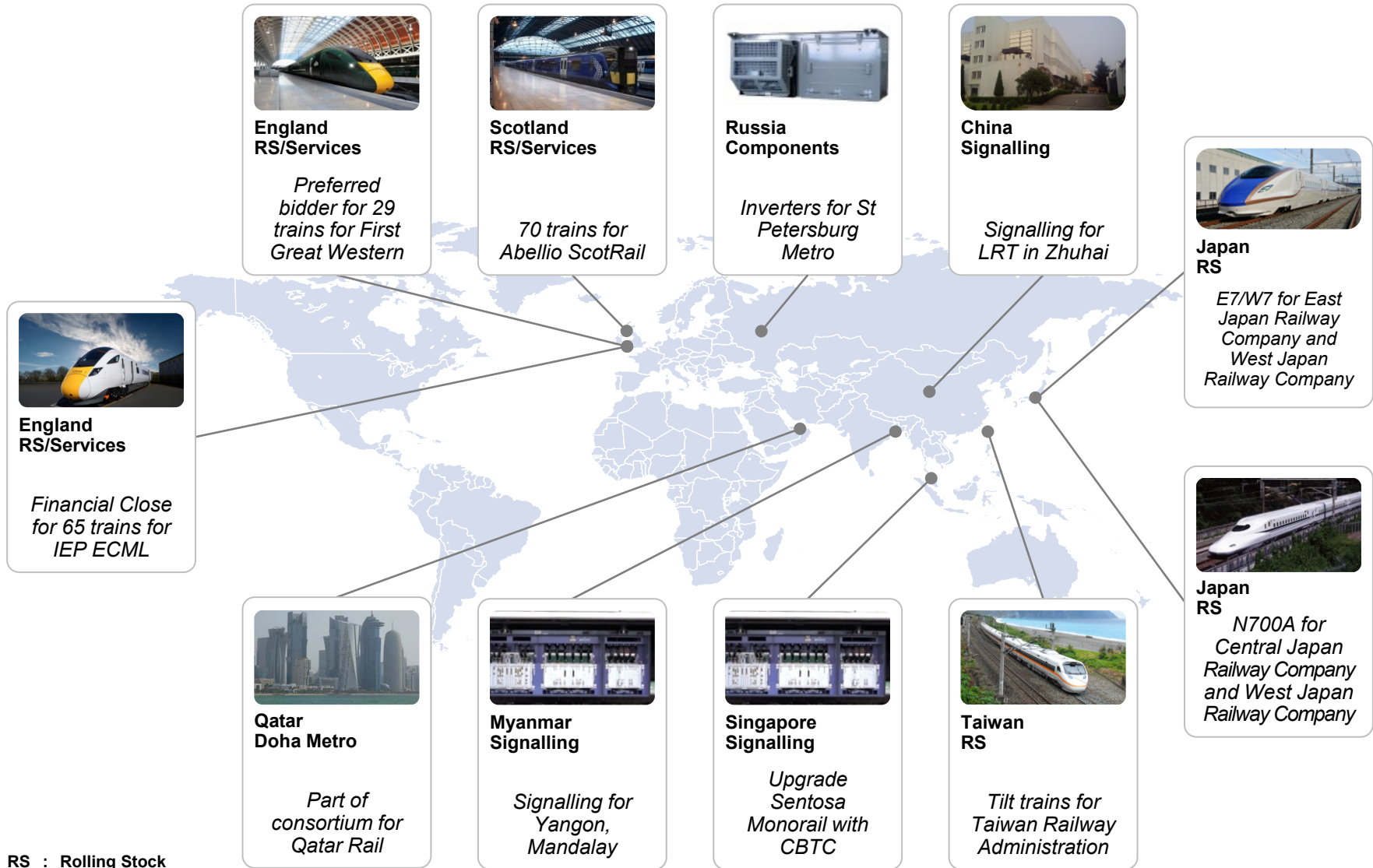


- ✓ Turn-Key project for Ho Chi Minh metro (Vietnam) is proceeding according to programme.

\* B-CHOP: Energy Storage for Traction Power Supply System  
 COSMOS : Computerized Safety Maintenance and Operation Systems of Shinkansen  
 DS-ATC : Digital communication and control for Shinkansen - ATC

ATACS : Advanced Train Administration and Communication System  
 RPC : Railway Static Power Conditioner  
 IEP : Intercity Express Programme

## 2-2. ... and successfully secure new orders in wide countries and regions



RS : Rolling Stock  
 ECML : East Coast Main Line  
 LRT : Light Rail Transit  
 CBTC : Communication-Based Train Control

# 2-3. We are executing our strategy...

## Our Strategy

### 1 Implementation of a global organisation

- Implementing the new global organisation
- Expand existing bases
- Develop market localisation

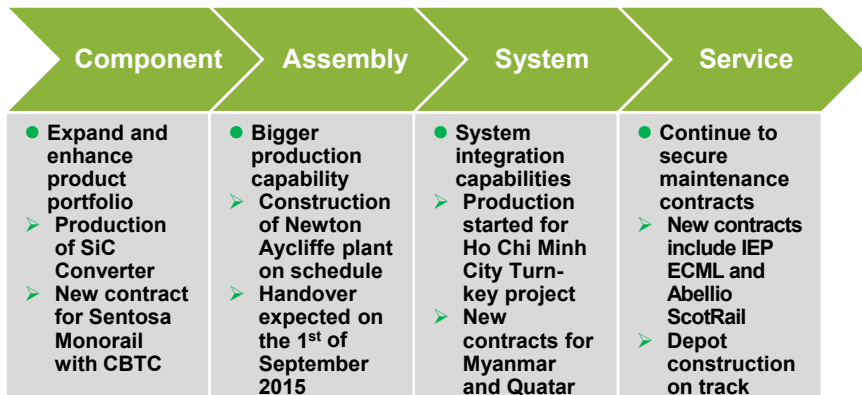
### 2 Transformation of the business model / portfolio

- Reshape the business portfolio
- Expand and enhance the product portfolio

### 3 Innovation

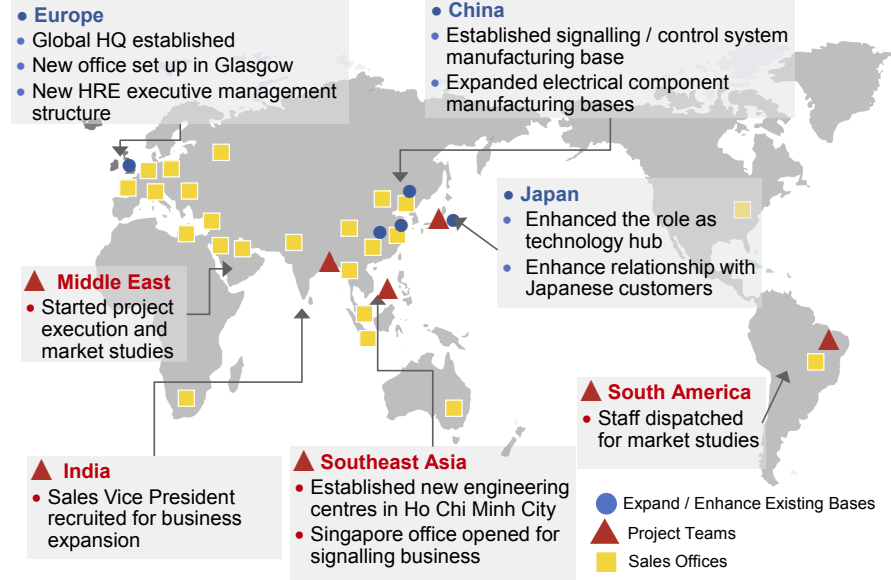
- Total rail systems solutions
- Intensive R&D investment

### 2 Transformation of the business model / portfolio



SiC : Silicon Carbide  
HRE : Hitachi Rail Europe

### 1 Implementation of a global organisation



### 3 Innovation

#### SiC Inverter

- R&D investment in SiC inverter

#### Hybrid train

- Hybrid (Battery + Engine) train

#### AT100, AT200, AT300 and AT400

- Modularised prototype developed and launched in UK

#### Remote condition monitoring

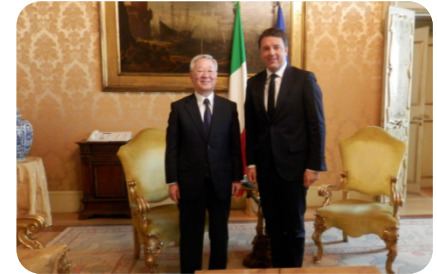
- Next generation Remote Condition Monitoring, including Big Data



# 2-4. ...and leading the global consolidation

On February 24th, 2015 the Boards of Directors of Hitachi, Ltd. and Finmeccanica S.p.A. announced that they had signed binding agreements for the sale and purchase of:

- the majority of the current business of AnsaldoBreda S.p.A., with the exclusion of some revamping activities and certain historical contracts
- the entire interest owned by Finmeccanica in Ansaldo STS S.p.A., equal to approximately 40% of the share capital



Hiroaki Nakanishi and Prime Minister Renzi



Alistair Dormer, Minister Guidi, Mauro Moretti



Businesses	Business Segments	Businesses	Business Segments
<p><b>Signalling systems</b> Design and production of signalling systems and components for railways both wayside and on-board</p> <p><b>Turn-Key Solutions</b> Design and engineering of integrated transport systems</p>	<ul style="list-style-type: none"> <li>● High Speed</li> <li>● Main Lines and Freight</li> <li>● Metros and Tramways</li> <li>➢ Equipment and Components</li> <li>➢ Computer Based Interlocking</li> <li>➢ Planning, Supervision and Traffic Control</li> <li>➢ Turn-Key Solutions</li> </ul>	<p><b>Rolling Stock</b> AnsaldoBreda specialises in the construction of technologically advanced rolling stock.</p>	<ul style="list-style-type: none"> <li>● High Speed</li> <li>● Main Line</li> <li>● Mass Transit</li> <li>● Driverless Metros</li> <li>● Trams</li> <li>● Locos</li> <li>● Services</li> </ul>

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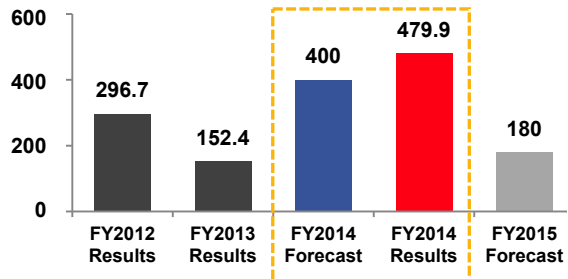
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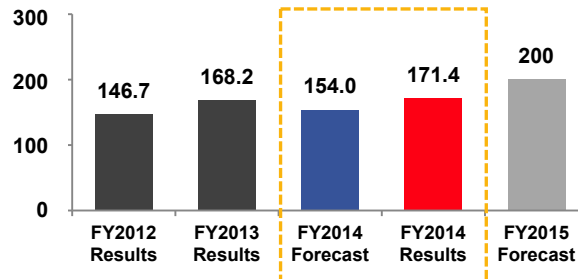
# 3-1. Solid financial performance

(Based on US GAAP)

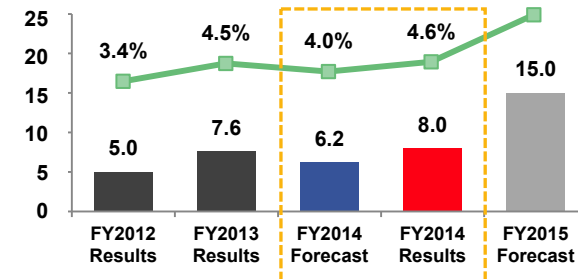
Orders (Billion yen)



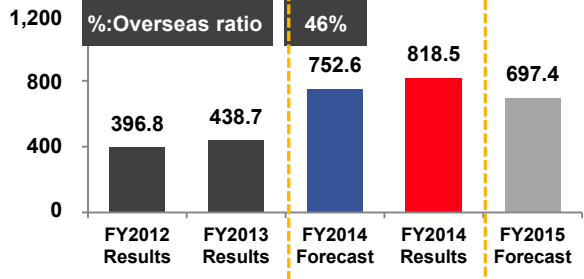
Revenues (Billion yen)



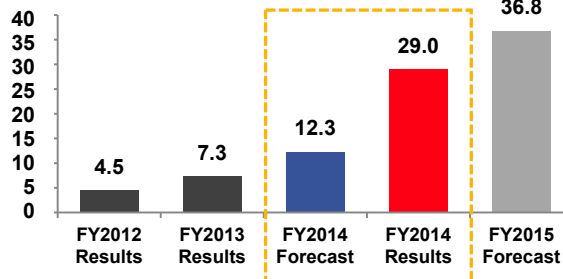
OP Income (Billion yen / %)



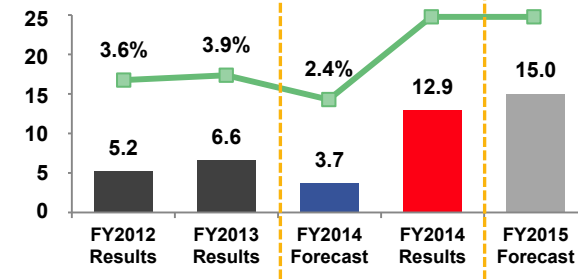
Order backlog (Billion yen)



Cumulative OP CF (Billion yen) - From FY2012



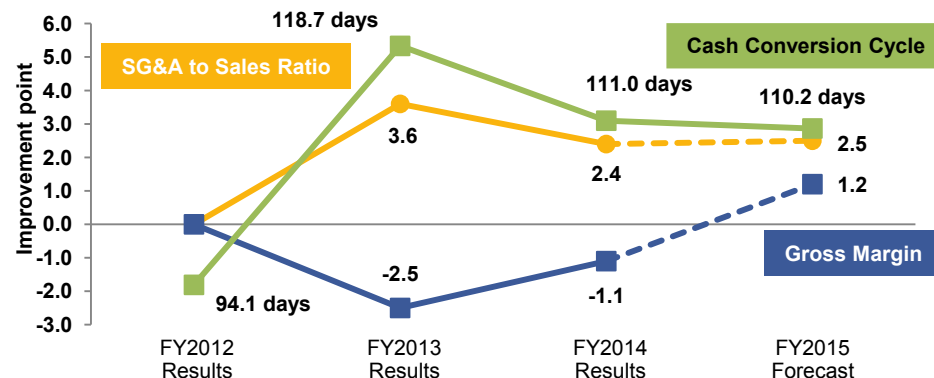
EBIT (Billion yen / %)



## Cash flow generation initiatives \*

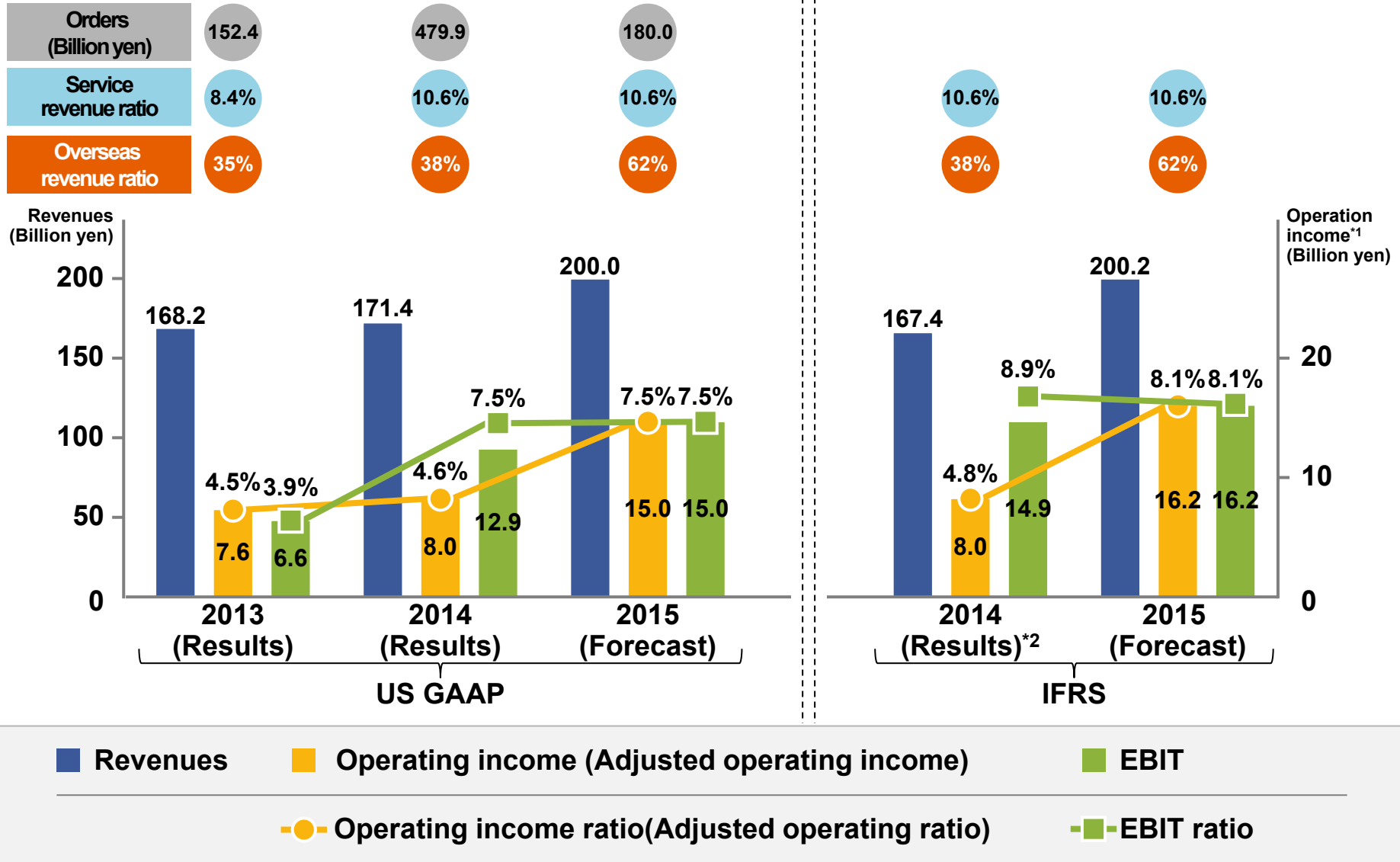
- Reduction of lead time
- Vendor Managed Inventory (VMI)
- Global supply chain management
- Strategic investment with high return
- Intensive post-investment monitoring

## Improving all 3 key metrics



\* In conjunction with Hitachi Capital, Hitachi High-Technologies and Hitachi Transport System

# 3-2. ...making a strong contribution to the Group



\*1 "Operating income (ratio)" is presented as "Adjusted operating income (ratio)" in IFRS (an "Adjusted Operating Income" presented as revenues less cost of sales as well as selling, general and administrative expenses)

\*2 Unaudited

### 3-3. We expect further growth and success in 2015

FY2015	US GAAP	IFRS
Revenues (Billion yen)	200.0	200.2
Overseas revenue ratio (%)	62	62
Operating income ratio (%)	7.5	8.1*1
EBIT ratio (%)	7.5	8.1
HSTP results *2	<ul style="list-style-type: none"> <li>● Gross margin improvement 120bps (vs FY12)</li> <li>● SG&amp;A to revenue ratio improvement 250bps (vs FY12)</li> </ul>	

- High quality backlog supports targets on profitability
- Maximise on global supply chain
- Evidence of transformed business model improving margins
- Innovative investments with high returns

\*1 IFRS based on after operational profits adjustment

\*2 Based on US GAAP

HSTP : Hitachi Smart Transformation Project

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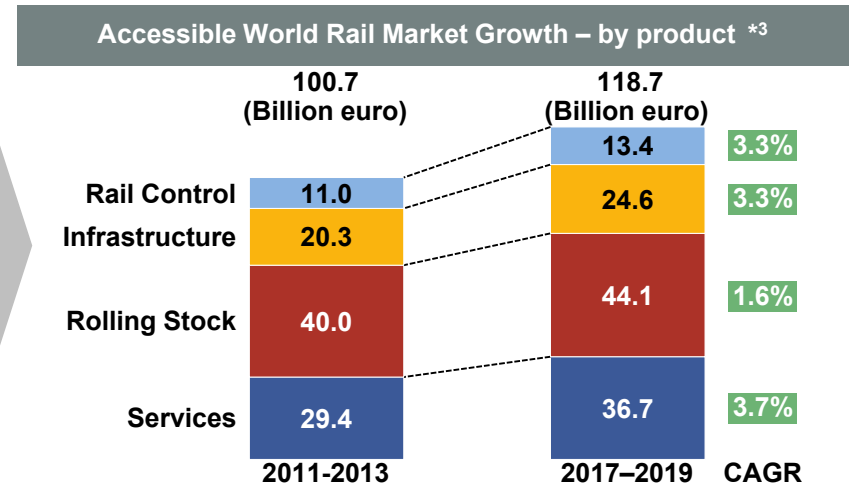
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# 4-1. Macro trends are supporting growth in the sector

## Urbanisation and environmental factors continue to drive growth in the rail sector

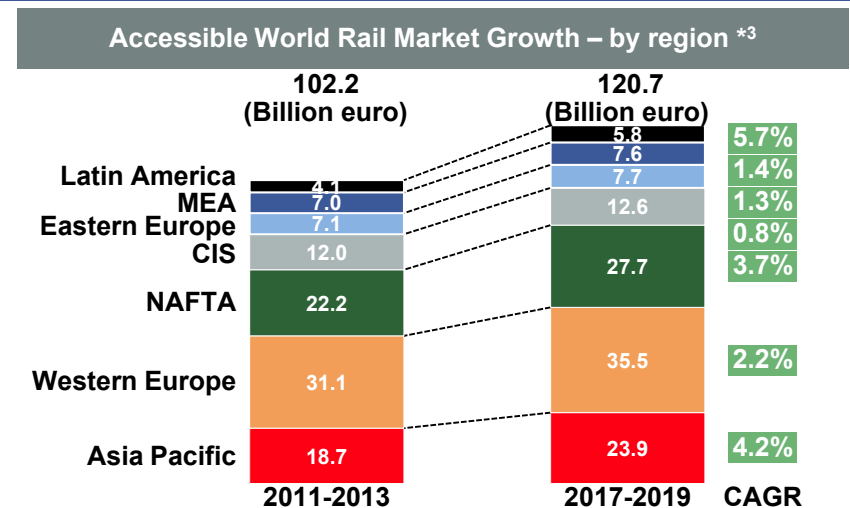
Environmental*1	<p><b>CO<sub>2</sub> emissions targets and rising fuel price will drive the electrification of lines and the use of rail</b></p>	<p>Greenhouse Gas Emissions by Travel (grams of CO<sub>2</sub> per passenger-kilometre)</p> <p>  150g     170g   30-70g                 </p>
Urbanisation*2	<p><b>Denser urban areas will provide opportunities for rail, such as metro, to reduce crowding and improve predictable transit times, ensuring that density works efficiently</b></p>	<p>Percentage of People Living in an Urban Area</p> <p>                     1900   20%                       1990   40%                       2010   50%                       2030   60%                       2050   70%  </p>



## Strong growth is expected in India and South East Asia

### Market situation – Region by Region

Japan	→	Steady but highly competitive
UK	↗	Positive - increase in renewals
China	→	Localisation and consolidation increase
Europe	→	Flat - although still demand for double deck coaches
India	↗	Strong potential demand
South East Asia	↗	Competition limited due to ODA loans
Middle East	→	Large projects in progress - localisation
North America	↗	Significant potential - metro and locomotive demand
Oceania	→	Steady with a demand for specific projects
South America / Brazil	↗	Significant potential
Russia / CIS	→	No large projects - demand for metro



Trends : Increase ↗ Steady → CAGR : Compound Annual Growth Ratio  
 \*1 Source: <http://www.chinadaily.com.cn/> \*2 Source: <http://catalystreview.net>

\*3 Source: UNIFE World Rail Market Study © Hitachi, Ltd. 2015. All rights reserved.

# 4-2. There is a clear trend towards consolidation in the sector

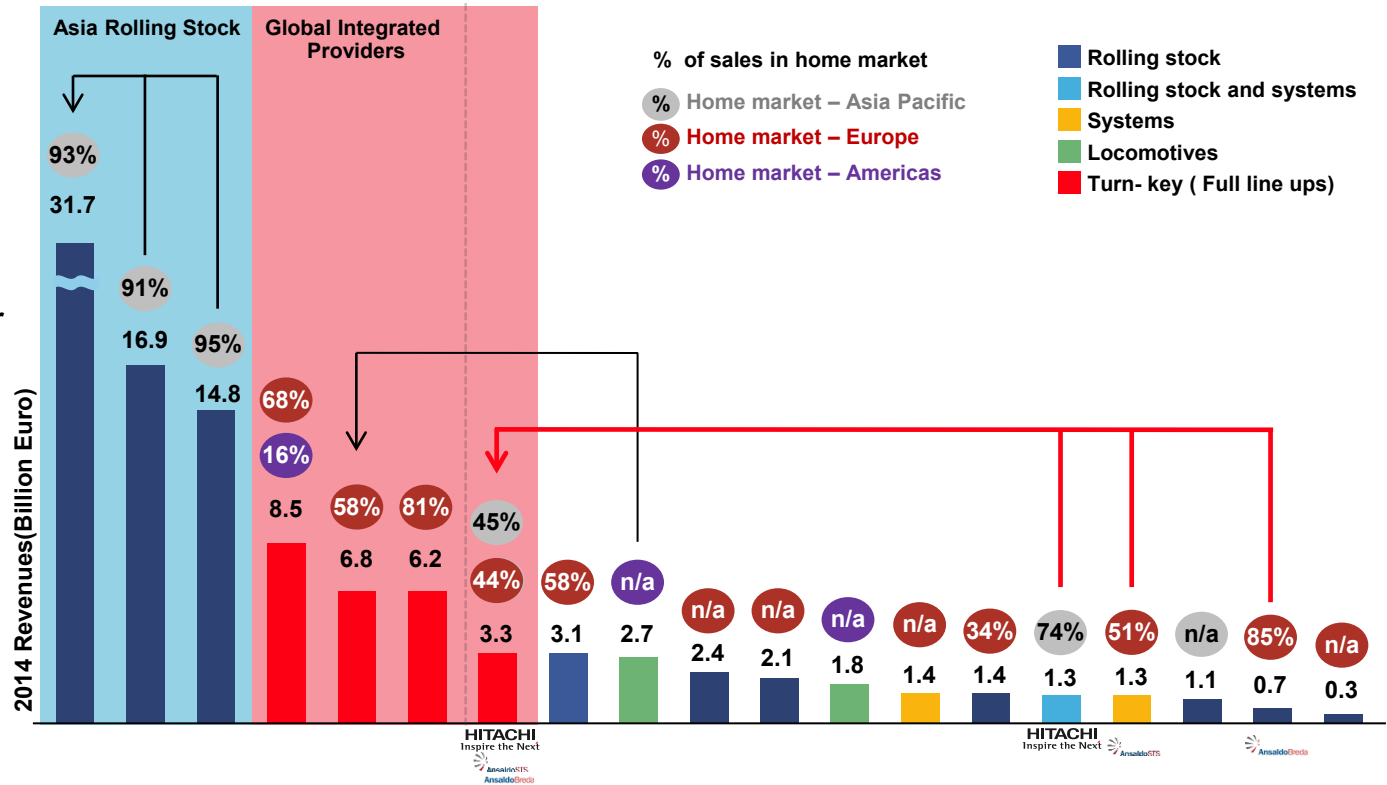
## The global rail sector is witnessing a clear trend towards consolidation \*

### Recent rail deals:

- Nov 12 – Siemens acquisition of Invensys Rail
- Oct 13 – Hyundai Rotem IPO
- Jun 14 – Alstom acquisition of GE rail signalling business
- Sep 14 – CNR / CSR announced the merger

### Near future:

1. Rail industry poised for further consolidation
2. Likely polarisation between global fully integrated rail providers and global component suppliers



Metro / Trams	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Locos	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
HSR	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Commuter	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Services	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Turn-key				✓	✓	✓	✓							

Global Integrated Providers

\* Source: Company Annual Reports and Hitachi Rail analysis

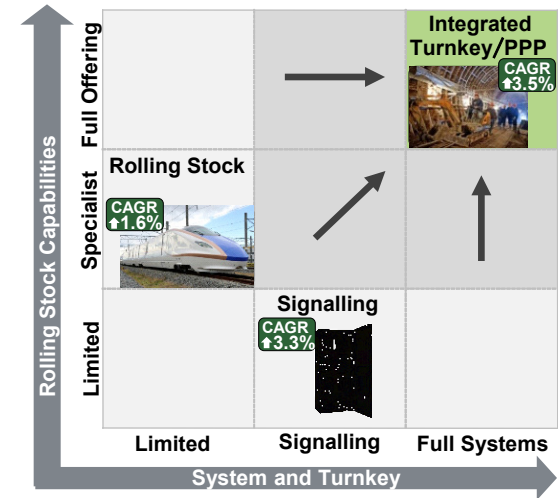


# 4-3. Market demands and IoT will drive true integration

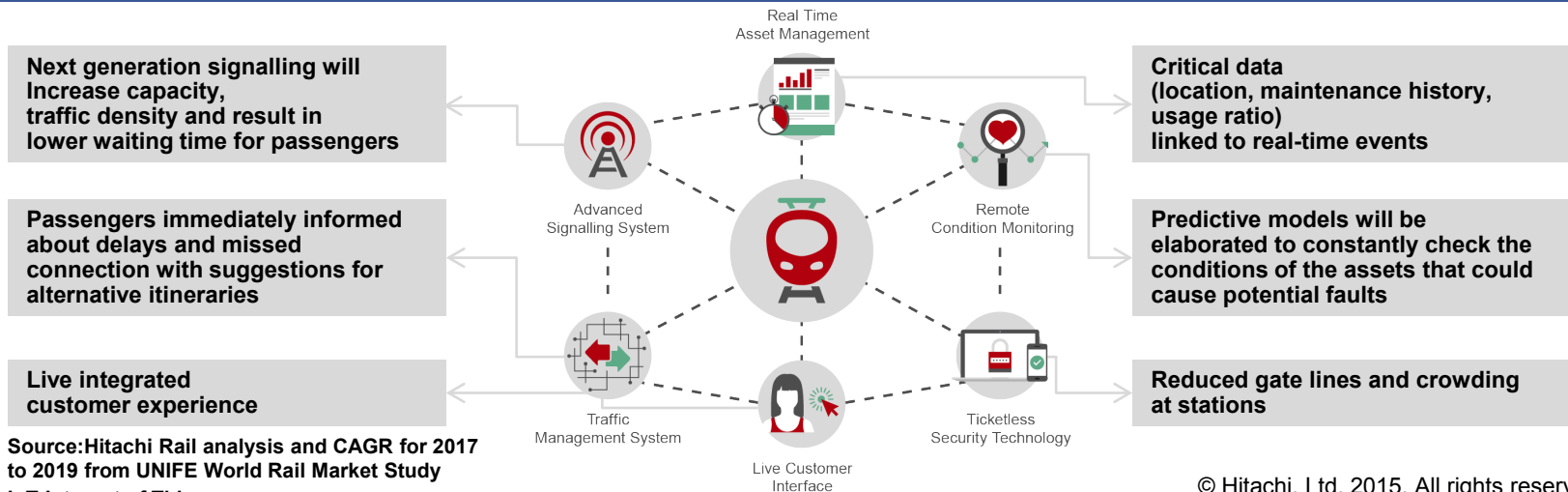
## The market is looking for rail providers capable of offering fully integrated solutions \*

- Likely polarisation between global fully integrated rail providers and global component players
- Business model diversification expected to lower risk profile and enhance growth and profitability
- Reduced overdependence on a specific product to allow for more flexibility in terms of business selection

■ Globally Integrated  
■ Hybrid Platform  
■ Specialists



## Big Data and Internet of Things will drive truly integrated transport solutions



\* Source: Hitachi Rail analysis and CAGR for 2017 to 2019 from UNIFE World Rail Market Study

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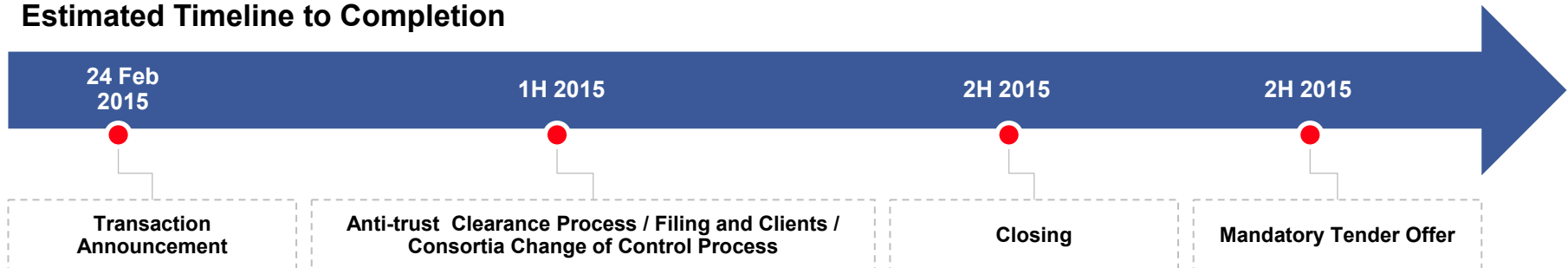
## Hitachi Rail



- Acquisition of the entire 40% stake owned by Finmeccanica in Ansaldo STS
- The ex-dividend purchase price\* for Ansaldo STS is 9.50 euro, resulting in a total consideration of 761 million euro and a total equity value of 1.9 billion euro for 100% of Ansaldo STS share capital
- Following the acquisition of the 40% stake, Hitachi will launch a mandatory tender offer on the outstanding Ansaldo STS shares

- The purchase of AnsaldoBreda's assets for 36 million euro, with the exclusion of some revamping activities and certain residual contracts, from Finmeccanica
- Historical liabilities (e.g. projects suffering major losses) will not to be transferred
- The perimeter includes 3 manufacturing plants in Italy (Pistoia, Naples, Reggio Calabria) and 1 in USA (Pittsburgh)

### Estimated Timeline to Completion



\* The Offer Price of 9.50 euro is adjusted for Ansaldo STS dividend of 0.15 euro, which had been paid to shareholders on 20 May 2015

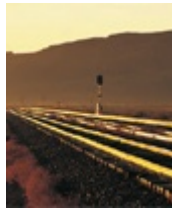
# 5-2. Ansaldo STS is a global leader in rail systems \*1

## Key strengths and capabilities

- 1 Unparalleled ability to win orders** demonstrated over time (ca.11 billion euro since 2009)
  - A significant portion (ca. 3.6 billion euro) are related to “jumbo” projects usually characterised by higher margins
- 2 Ansaldo STS can rely on a wide set of innovative technological solutions** and expertise to which competitors do not have access
- 3 Successful completion of some of the most complex and critical projects** including Turn-key

## 2 Unique technological expertise

### Businesses



#### Signalling systems and components

Design and production of signalling systems and components for railways both wayside and on-board.



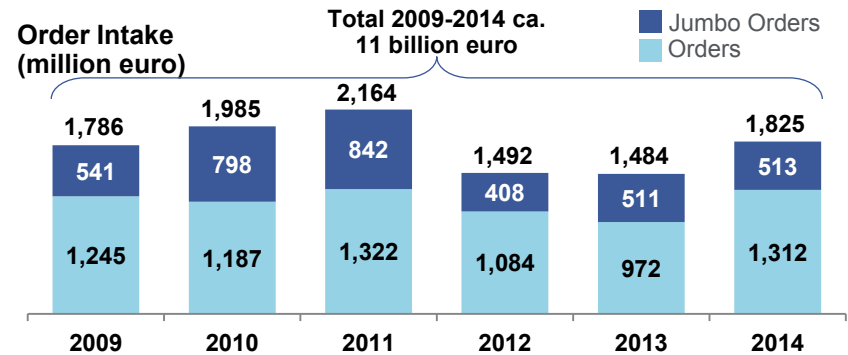
#### Railways, Mass Transit and Turn-key

Design and engineering of integrated transport systems including proven Turn-key capabilities

### Business Segments

- High Speed
- Main Lines and Freight
- Metros and Tramways
  - Equipment and Components
  - Computer Based Interlocking
  - Planning, Supervision and Traffic Control
  - Operation and maintenance

## 1 Proven ability to win new orders



## 3 Execution capabilities



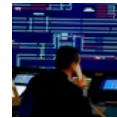
#### Copenhagen Metro Turn-key

- Driverless technology, fully automatic
- “World’s Best Driverless Metro” in 2009 and 2010
- “World’s Best Metro” in 2008



#### High Speed

- Over 30 years of expertise in High Speed rail:
  - Italian High Speed Network
  - Paris to London High Speed Line
  - High Speed Line connecting Madrid to Lleida
  - Seoul to Pusan High Speed Line (Korean TGV)



#### Rome Termini Station ACC

- Automatic train traffic control system controlling the train traffic through the entire Rome network
- Only one in the world of such a large scale

## 2014 Snapshot – from 2013 to 2014 (million euro)

**Revenue +6%**  
from 1,230 to 1,304

**EBITadj +0.4p.p.**  
from 9.6% to 10% \*2

**Net Result +7.9%**  
from 75 to 81

**Net Debt 19.5%**  
from -246 to -293

**Equity 15.2%**  
from 499 to 575

**FCF +66.4**  
from 9 to 76

\*1 Source: Company Annual Reports Ansaldo STS Analyst Conference March 9th 2015

\*2 before restructuring





ACC : Apparato Centrale Computerizzato

# 5-3. AnsaldoBreda will enhance rolling stock capacity

## Key Strengths and Capabilities

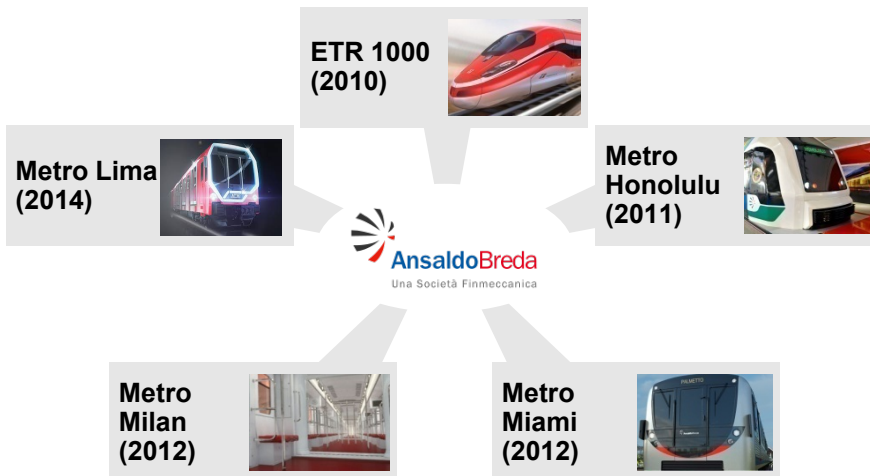
- 1 Unique expertise in engineering and construction solutions for a wide range of products internationally
- 2 Global presence in the rolling stock market, with manufacturing bases in mainland Europe and the USA
- 3 A market leader in the mass transit segment (driverless), competing effectively with players of larger scale

## 1 Engineering and Construction Capabilities

<b>ETR 1000</b>	<ul style="list-style-type: none"> <li>● 50 VHS trains</li> <li>● Max speed of 360 km/h</li> </ul>	
<b>METRO Milan</b>	<ul style="list-style-type: none"> <li>● 30 trains for ATM</li> <li>● Driverless, air conditioning and video surveillance system</li> </ul>	
<b>Metro Copenhagen</b>	<ul style="list-style-type: none"> <li>● Driverless 28 trains with 3 cars each</li> <li>● Max speed 90 km/h</li> </ul>	
<b>Honolulu</b>	<ul style="list-style-type: none"> <li>● 80 driverless cars</li> <li>● Max speed 105 km/h</li> </ul>	

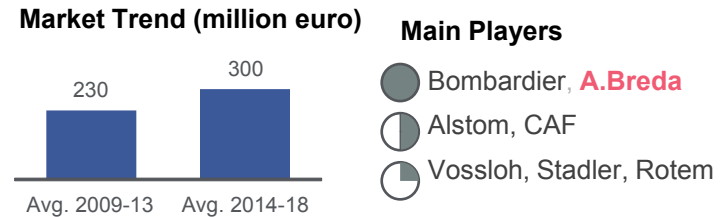
## 2 Global References

### Contracts Awarded

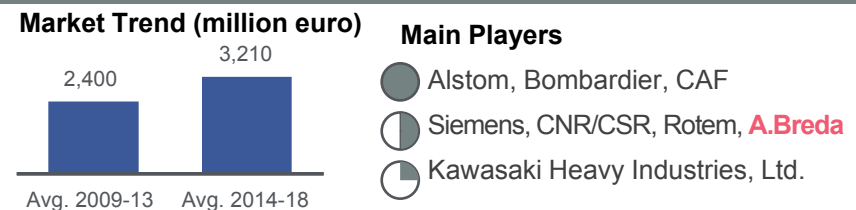


## 3 Strong Positioning in Mass Transit

### Metro – Low Capacity (excluding US) \*



### Metro – Medium Capacity (excluding US) \*

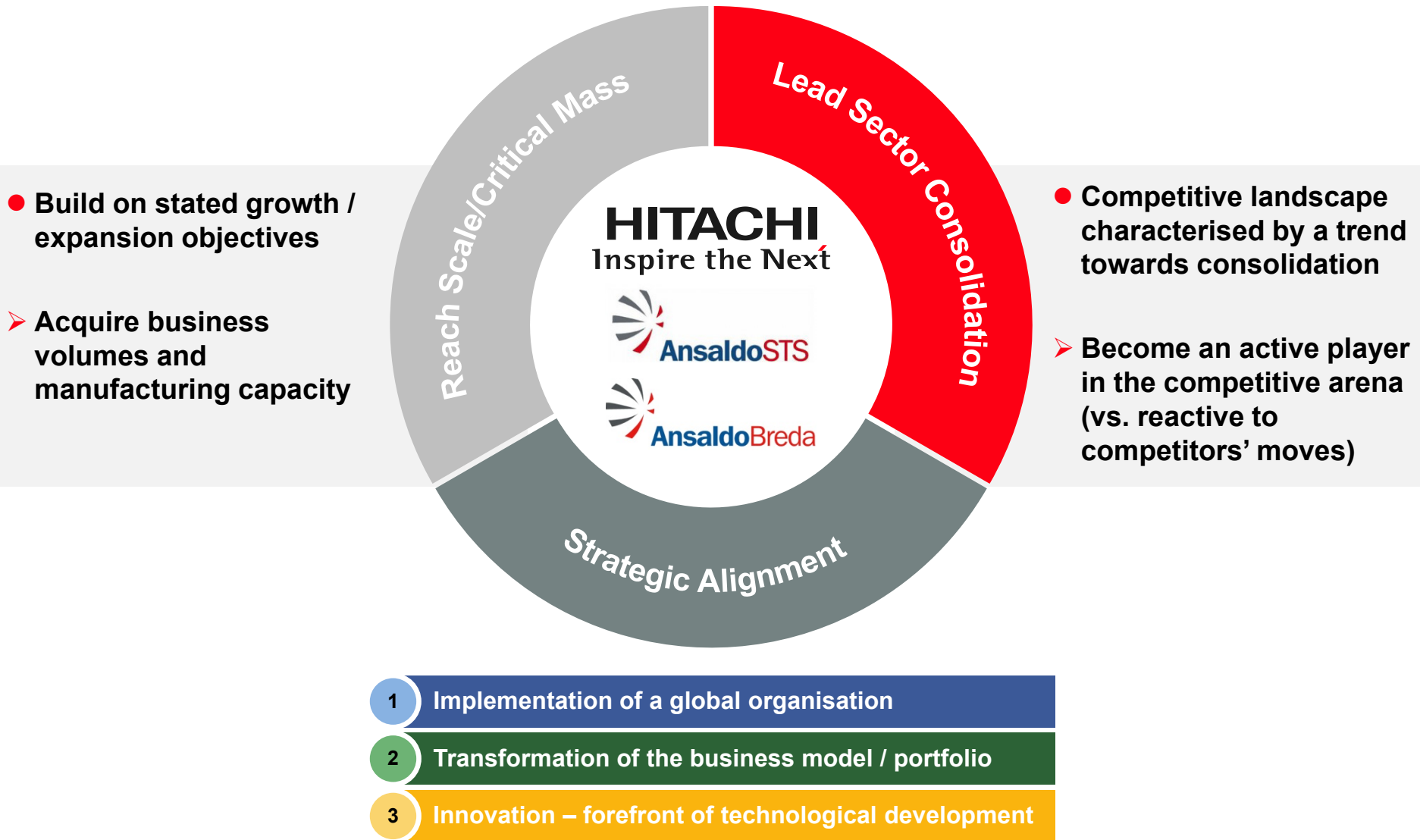


\* Source: All Hitachi Rail Analysis

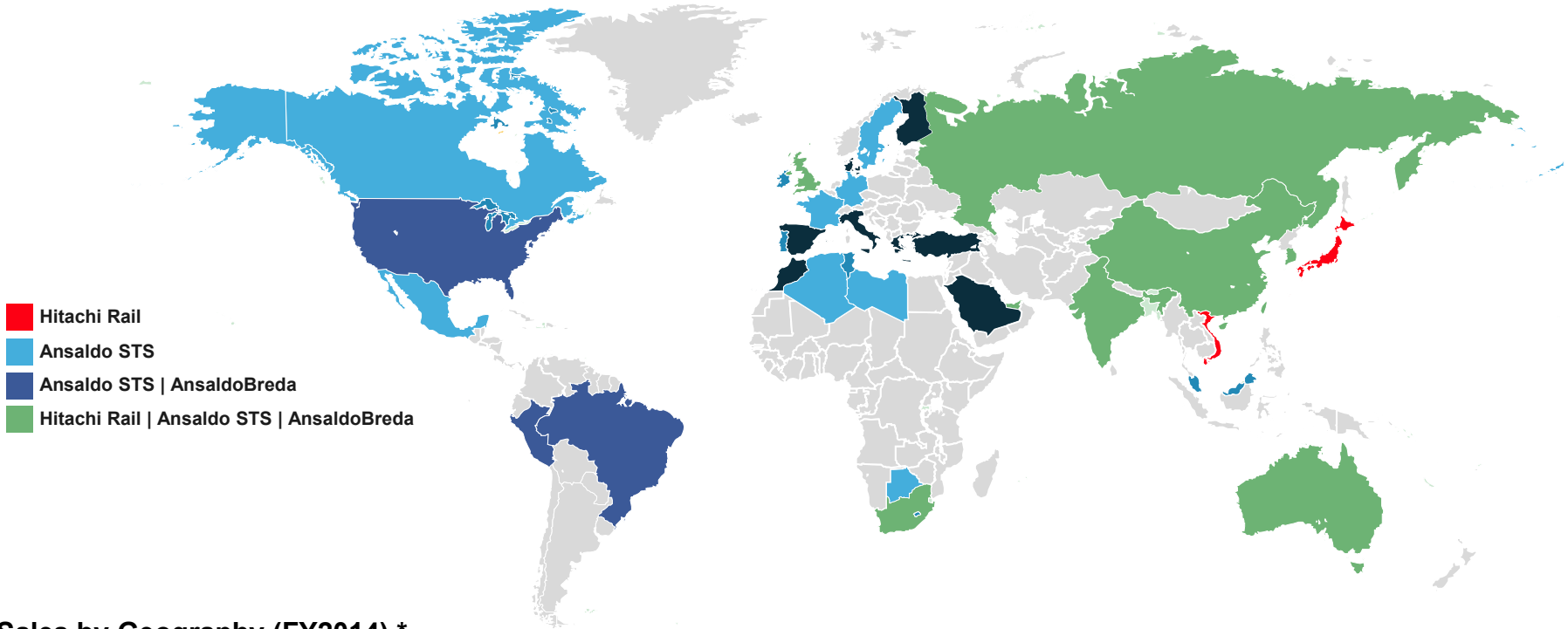
VHS : Very High Speed

ATM : Azienda Transporti Milanesi

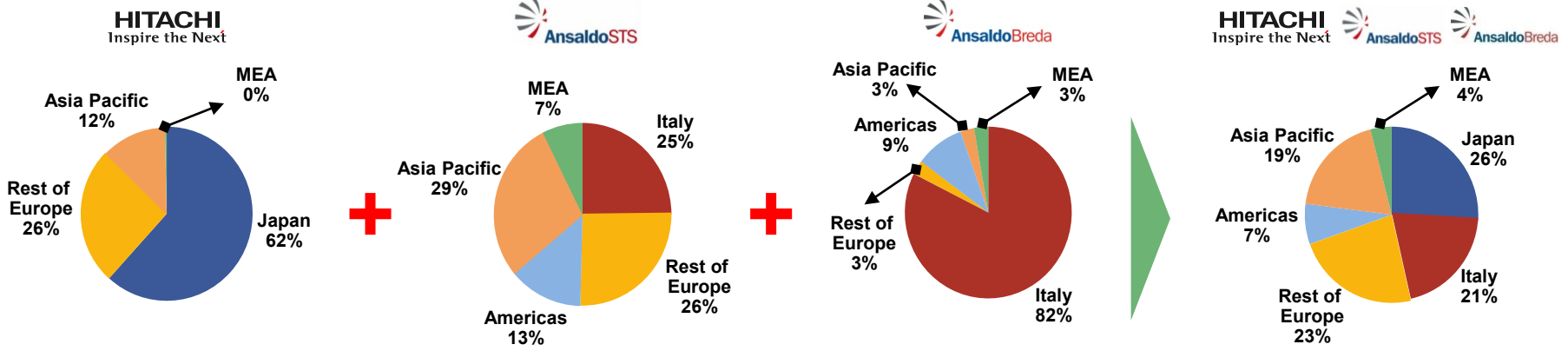
# 5-4. Rationale is underpinned by core three elements



# 5-5. We are creating a truly global organisation...

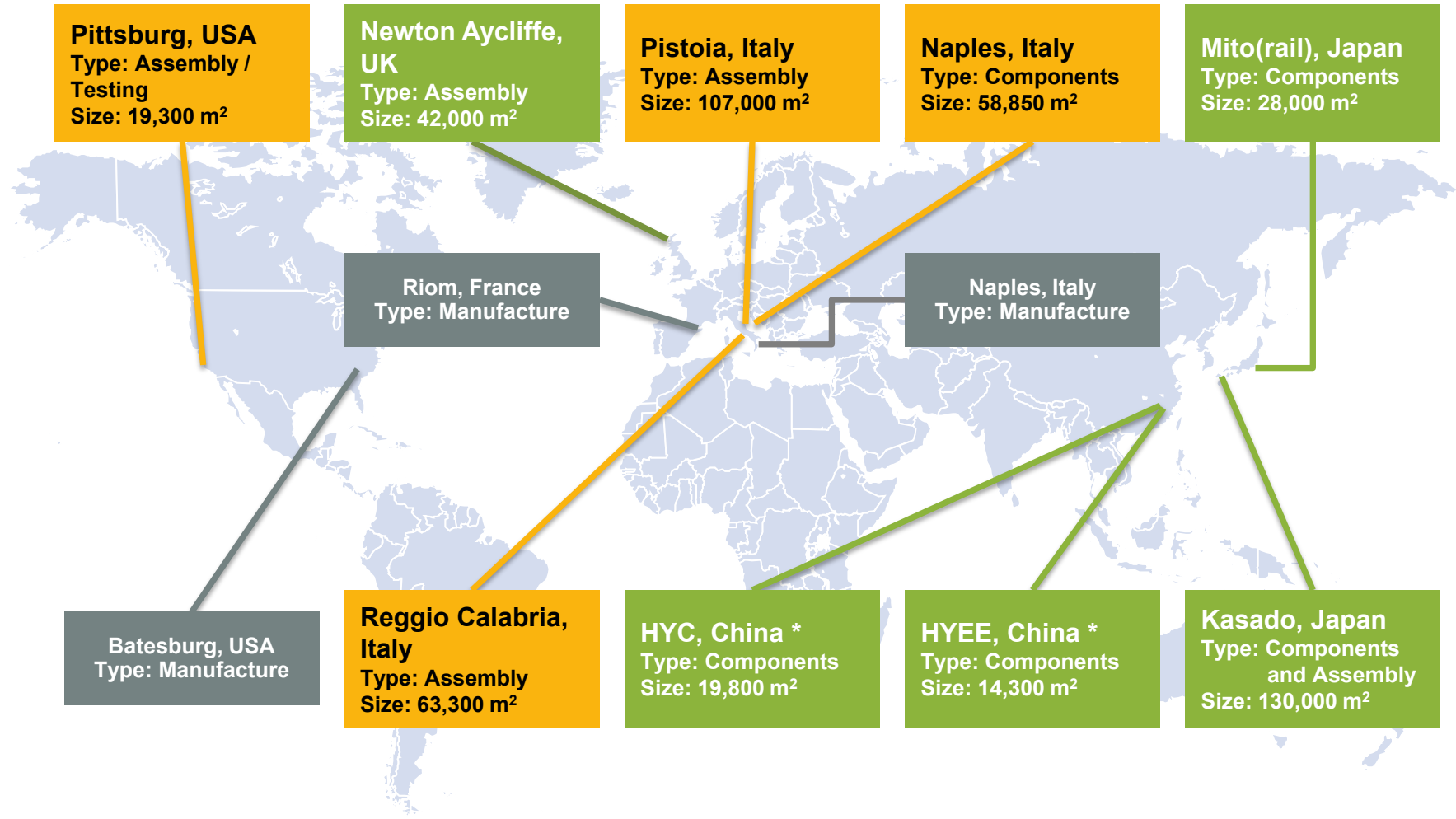


Sales by Geography (FY2014) \*



\* Source: Company Annual Reports

# 5-6. ...by increasing and globalising our footprint...



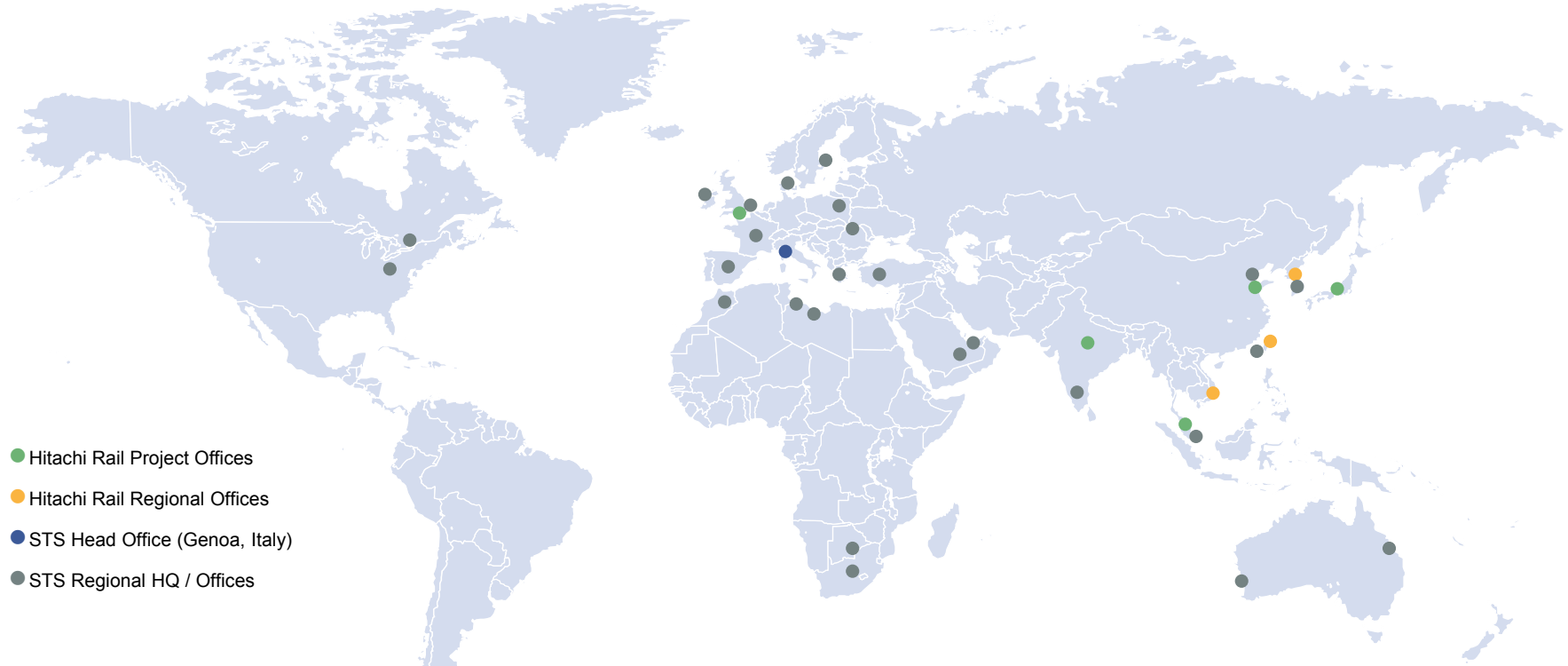
■ Hitachi Rail   ■ Ansaldo STS   ■ AnsaldoBreda

\* JV with CNR.

HYEE : Hitachi Yonge Electric Equipment (Xi'an) Co., Ltd.  
 HYC : Hitachi Yonge Electric Equipment (Changchun) Co., Ltd.)



# 5-7. ...and expanding our sales base and localisation



## Headcount by Country

Country	Hitachi *1	Ansaldo STS *2	Ansaldo Breda *3
Italy	-	1,468	1,916
France	-	567	-
Spain	-	166	7
Sweden	-	56	-



















Country	Hitachi	Ansaldo STS	Ansaldo Breda
UK	325	-	-
US / Canada	-	730	37
Australia	-	456	-
Japan	2,692	-	-

Country	Hitachi	Ansaldo STS	Ansaldo Breda
India	9	202	-
Malaysia	-	55	-
China	21	69	-
Others	94	30	8
<b>Total</b>	<b>3,141</b>	<b>3,799</b>	<b>1,968</b>

































\*1 Hitachi: As of the end of March, 2014  
\*2 Ansaldo STS: As of the end of March 2014  
\*3 AnsaldoBreda: As of the end of September, 2013

# 5-8. We have a complementary product mix...

## Systems

	TMS	Signalling	ERTMS	Turnkey
	 	 	 	 
				
<b>Combined</b>				

## Rolling Stock

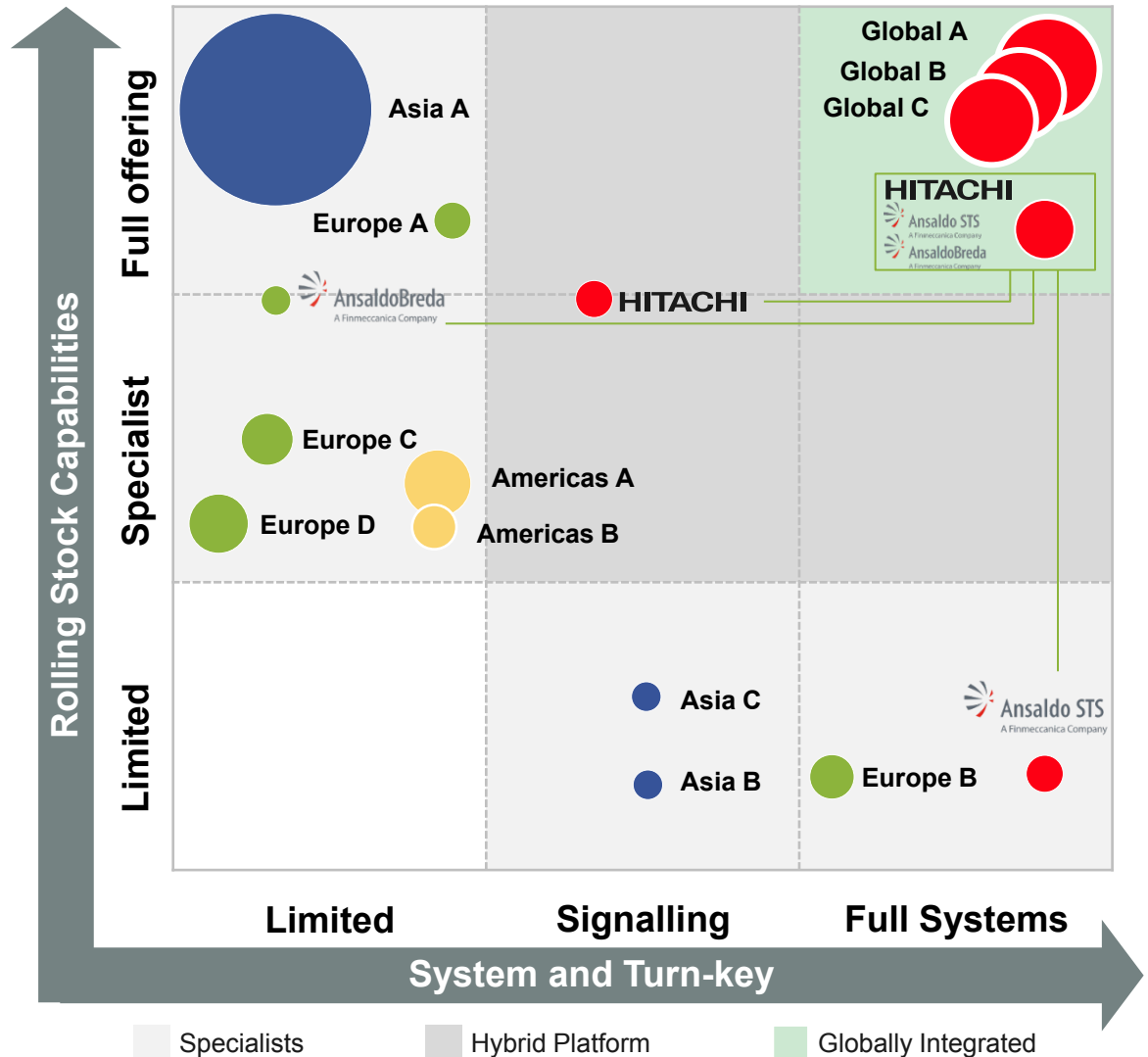
	Commuter	HSR	Locos	Monorail	Trams	Metros
	 	 	 	 	 	 
	 	 	 	 	 	 
<b>Combined</b>						

 Full Range  
  Comprehensive Range  
  Partial Range  
  Presence  
  No Products

TMS : Traffic Management System.  
 ERTMS : European Rail Traffic Management System  
 HSR : High Speed Rail

# 5-9. ...that transforms us into a global player

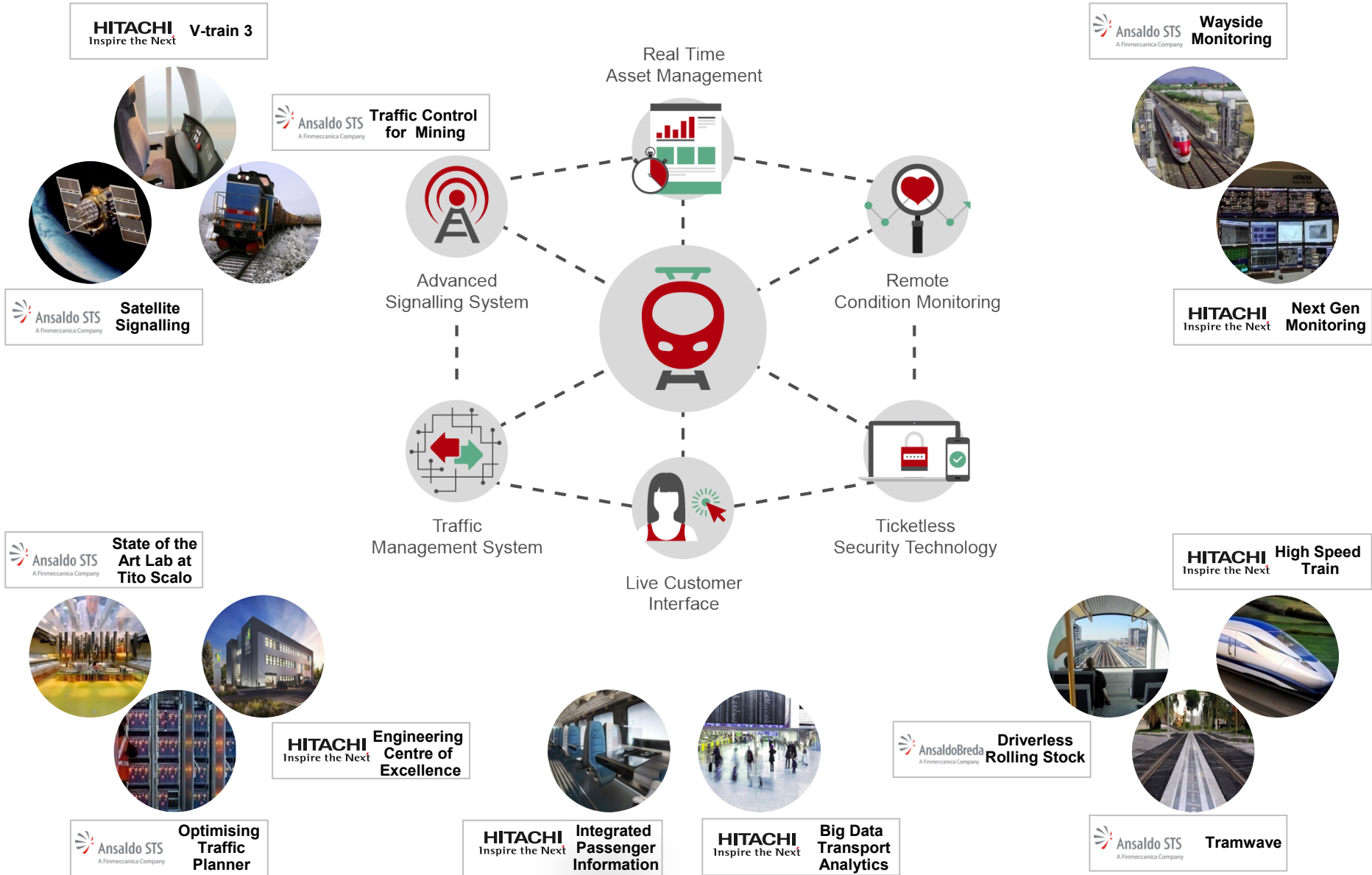
- The combination of Hitachi Rail, Ansaldo STS and AnsaldoBreda creates a company with a full product offering – a transformational event for us and the industry
- Hitachi's reliable product solutions and IT technology can more fully leverage AnsaldoBreda's product platforms and Ansaldo STS's unique signalling/ turn-key expertise.
- Hitachi's brand and corporate presence can support further growth for the new business



○ Represents size of 2014 rail related revenue

- 1 Global
- 2 Transform
- 3 Innovate

# 5-10. With improved R&D capabilities



# Rail Systems Business Strategy

## Contents

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1. Business Overview
2. Key Achievements
3. Business Performance and Updated Forecasts
4. Market Environment and Industry Trends
5. Acquisition of Ansaldo STS and AnsaldoBreda
- 6. Conclusion**
7. Appendix A: Supplementary Information

# 6. Conclusion



- Surpassed forecasts for FY 2014 successfully delivering large contracts
- Start the year with record ¥818.5B backlog of exceptional quality
- In FY2015 forecast ¥200B sales and 7.5% EBIT ratio
- Rail industry displays steady GDP growth – Hitachi exceeding this and gaining share
- The Ansaldo STS and AnsaldoBreda acquisitions are a transformational event placing both companies at the forefront of the industry
- Hitachi, Ansaldo STS and AnsaldoBreda together create a globally integrated systems provider
- The Ansaldo STS and AnsaldoBreda acquisitions accelerate our strategic plan to be more global, transform the business model and innovate

# Rail Systems Business Strategy

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# 7-1. Growth case study – IEP and Newton Aycliffe

## Project Overview (Largest UK Rolling Stock PPP)

- Customer : UK Department for Transport
- No. of rolling stocks : Total 866 cars with 27.5 years' maintenance
- Delivery : 2017 - 2019
- Procurement method : PPP (Public Private Partnership)



## Progress

- The first train is undergoing dynamic testing at Network Rail's test site.
- Night time test runs on a designated section of the East Coast Main Line, known as a Signal Protected Zone (SPZ), have also started.
- Testing will be undertaken in various train formations applicable to the delivery of the IEP fleet.
- The second train has now arrived at the test site, where it will support the type testing programme
- The Newton Aycliffe factory has been awarded Gold at the 2015 Considerate Constructors Award
- Newton Aycliffe will be completed and train production will start by September 2015

## Project Schedule

Calendar Year		2012	2013	2014	2015	2016	2017	2018	2019
Great Western Main Line	Prototype	Design and production			Test run in UK				
	Mass product			Design	Production		Product acceptance		
East Coast Main Line	Prototype		Design and production		Test run in UK				
	Mass product				Design	Production		Product acceptance	
Production Site			Construction		Completed	Production			



Newton Aycliffe, testing area



Newton Aycliffe, image



IEP front mask mock-up



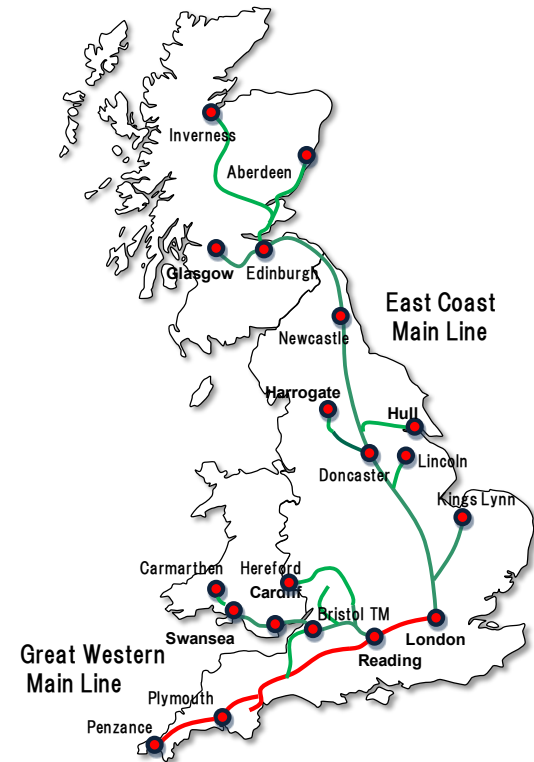
Car body: Under production at Kasado works



Being Nominated as preferred bidder in March 2015 and procuring WoE based on the success of the Class 800 and Class 395

## Project Overview

- Customer : First Group
- No. of rolling stocks : 22 x 5-car Bi-Mode unit, 7 x 9-car Bi-mode unit (Total 173 cars, 29 unit)
- Delivery : Dec 2018



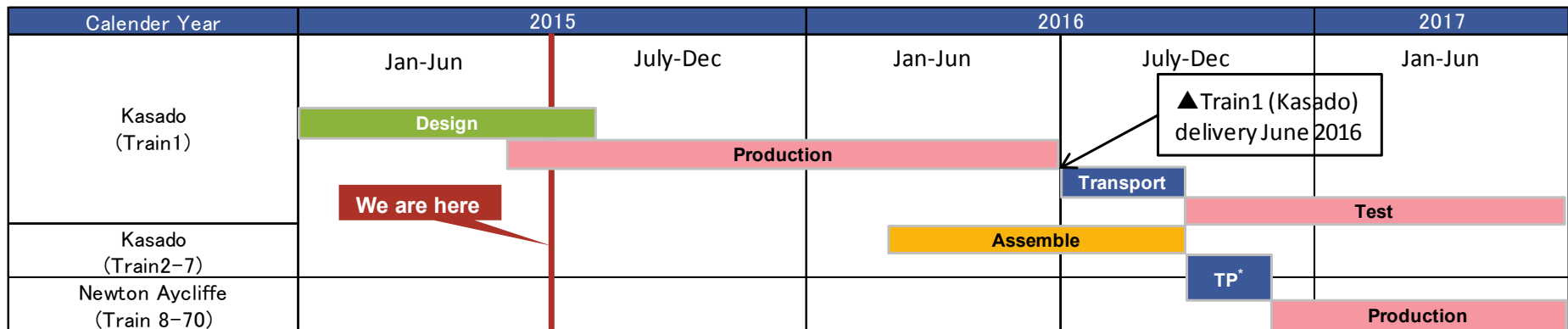
## New train and maintenance for the Abellio franchise in Scotland, introduction of our AT200 series to the UK

### Project Overview

- **Customer** : Abellio
- **Contract** : Completed the contract on March 3rd
- **Local office** : Open new office in Scotland
- **Delivery** : 70 train sets (2017/12)
- **Maintenance** : 2017/12-2026/12 (10 years)



### Project Schedule



\* TP-Transport

## “Urban Railway Line 1” in Ho Chi Minh City, Vietnam: Design submitted for customer approval. Production to start from 2015.

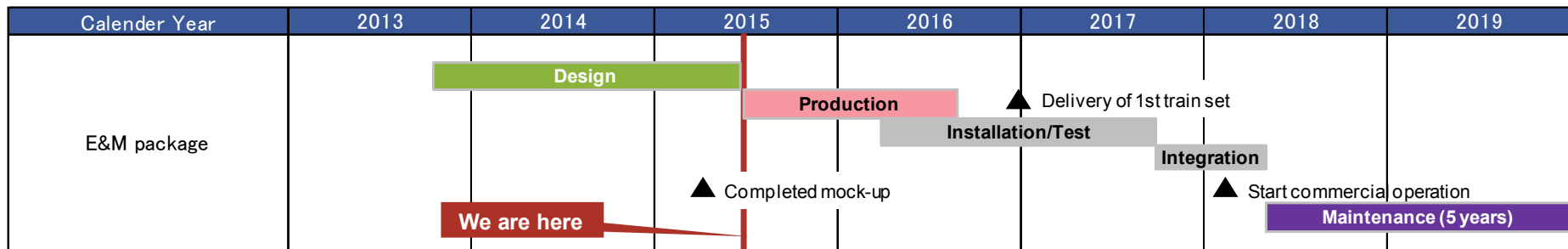
### Project Overview (1<sup>st</sup> Turn-key business in Vietnam)

- **Customer** : Management Authority for Urban Railways of the People’s Committee of Ho Chi Minh City
- **Line length** : 19.7km (underground and elevated line)
- **Contract scope** : Prime contractor – E & M package
  - 17 train sets (total of 51 cars)
  - Signalling and telecommunication system
  - Power supply system
  - Depot facilities, etc.
  - Maintenance: 5 years maintenance following the start of commercial operations



Ho Chi Minh City Line 1 (Image)

### Project Schedule



## Daegu Urban Railway Line 3 Monorail System (Korea): Train set delivery completed and commercial operation started on April 23rd

### Project Overview

- Line Length : 24 km (Elevated double track)
- Number of Stations : 30 Stations
- Car Depot : 2 Places
- Contract Scope : Monorail cars (84 cars), track switch and signalling system



Monorail cars in siding

### Project Schedule

Calendar Year	2008	2009	2010	2011	2012	2013	2014	2015
Rolling Stock		Design			Production		Commissioning/Tests	
Signalling		Design		Production		Commissioning/Tests	<b>We are here</b>	
System				Inspection/Trial Run				Commercial Operation (April 23rd) ▲



Operation centre

Certain statements found in this document may constitute “forward-looking statements” as defined in the U.S. Private Securities Litigation Reform Act of 1995. Such “forward-looking statements” reflect management’s current views with respect to certain future events and financial performance and include any statement that does not directly relate to any historical or current fact. Words such as “anticipate,” “believe,” “expect,” “estimate,” “forecast,” “intend,” “plan,” “project” and similar expressions which indicate future events and trends may identify “forward-looking statements.” Such statements are based on currently available information and are subject to various risks and uncertainties that could cause actual results to differ materially from those projected or implied in the “forward-looking statements” and from historical trends. Certain “forward-looking statements” are based upon current assumptions of future events which may not prove to be accurate. Undue reliance should not be placed on “forward-looking statements,” as such statements speak only as of the date of this document.

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- uncertainty as to Hitachi’s ability to attract and retain skilled personnel.

The factors listed above are not all-inclusive and are in addition to other factors contained in other materials published by Hitachi.

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