

**Hitachi and Kawasaki Heavy Industries  
Reach Agreement on Railway Systems for Overseas Markets**

Tokyo, Japan, April 6, 2001-- Hitachi, Ltd. (NYSE: HIT / TSE: 6501) and Kawasaki Heavy Industries, Ltd. (TSE: 7012) today announced that they have agreed to build a broad alliance in the overseas railway systems sector. The agreement calls for cooperation in substantially all areas of the overseas railway system business, including order acceptance and maintenance services.

As a first step for responding to increasingly active overseas demand for railway equipment and high-speed railcars, the companies plan to set up a joint order processing center during the month. A joint marketing office for managing individual projects is to be progressively organized.

Hitachi and Kawasaki Heavy Industries say the alliance will enable them to plan and execute all aspects of railway projects from the supply of railcars to the installation of the control system and overall construction. They plan to use this capability to expand their railway systems business still more aggressively into competitive overseas markets. The companies have complementary hardware and software lineups that will allow them respond to the requirements of virtually all types of railway systems, including commuter and subways, light rail transit (LRT), automated people movers and monorails.

Features such as outstanding safety, friendliness to the environment and high-volume transport capability are increasingly making railways the transportation system of choice around the globe. This has led to active building of new lines, extension of existing ones and moves to speed up services by upgrading railcars and systems, particularly in Southeast Asia, China, North America and Central and South America. The overseas railway system market is expanding steadily as a result.

Hitachi, Ltd. is a leading supplier of railcars, propulsion system, signal system, traffic management systems, for the Japanese shinkansen (bullet train) and conventional lines, monorail electrical components, main motors, control devices, and a wide range of railway systems extending from signal systems to traffic control systems. Utilizing its advanced IT resources, the company has moved to the forefront of the railway systems industry in signal systems, traffic management systems, and propulsion systems incorporating the insulated gate bipolar transistor (IGBT) pioneered by Hitachi ahead of worldwide competitors. In addition, the Hitachi Group includes Tokyo Monorail Co., Ltd. a company with extensive experience in railway system operation and maintenance.

Kawasaki Heavy Industries, Ltd., a manufacturer of railway cars and locomotives serving customers throughout the world, produces rolling stock for the Japanese shinkansen (bullet train) and conventional lines, automated people movers, and all other types of railway systems. A company with abundant export experience, Kawasaki Heavy Industries is also actively engaged in a diversity of overseas operations. In the United States, Kawasaki has a railcar assembly plant in New York and is currently building a new railcar production facility in Nebraska. The company is also a builder of overseas plants and has considerable experience in applying its know-how in this field to the building of railway systems.

By combining Hitachi's strengths in railway system hardware/software development and system engineering with Kawasaki Heavy Industry's railcar technology, R&D capability, overseas railcar project experience and construction engineering know-how, the alliance is expected to enable the companies to operate as a general contractor in the overseas railway project sector. The companies believe that by pooling their expertise and know-how they can effectively compete against Worldwide manufactures in securing contracts for railway projects in global markets.

#### **About Hitachi, Ltd.**

Hitachi, Ltd., headquartered in Tokyo, Japan, is one of the world's leading global electronics companies, with fiscal 1999 (ended March 31, 2000) consolidated sales of 8,001 billion yen (\$75.5 billion\*). The company manufactures and markets a wide range of products, including computers, semiconductors, consumer products and power and industrial equipment. For more information on Hitachi, Ltd., please visit Hitachi's web site at <http://global.hitachi.com/>

\*At an exchange rate of 106 yen to the dollar.

#### **About Kawasaki Heavy Industries, Ltd.**

Kawasaki Heavy Industries, Ltd. is a leading comprehensive manufacturer of transportation equipment and industrial goods in the world. With abroad technological base that encompasses land, sea and air, the company manufactures ships, rolling stock, aircraft and jet engines, refuse incinerators, industrial plants, steel structures and various manufacturing equipment and systems. Kawasaki also produces such world-famous consumer products as Kawasaki brand motorcycles and Jet Ski<sup>®</sup> personal watercraft. For further information, visit <http://www.khi.co.jp>