



4<sup>th</sup> of October, 2019

To whom it may concern:

Company name Hitachi Zosen Corporation  
Representative Takashi Tanisho  
Chairman & President  
(Code Number: 7004)  
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## Disclosure on Settlement of Lawsuit, Recording of Extraordinary Loss and Revision of Earnings Forecast

Regarding the lawsuit by Seattle Tunnel Partners, US civil construction JV, "STP" hereafter, against our Company and Hitachi Zosen U.S.A. Ltd. filed in a US court (Thurston County, WA) claiming for damages, a settlement has been reached between the parties. As a result, the related expenses and losses are to be recorded as extraordinary losses in the second quarter of the fiscal year ending March 2020, so the forecast announced on 5<sup>th</sup> of August 2019 is to be revised as follows.

### I. Settlement of the lawsuit

#### 1. Background from the lawsuit filing until the settlement

STP filed a lawsuit claiming insurance coverage in the US court (King County, WA) in June 2015 regarding the situation where the shield tunneling machine we delivered to STP stopped during tunnel excavation. Hitachi Zosen U.S.A. Ltd., our consolidated subsidiary joined it as plaintiff in January 2016.

On the other hand, STP filed a lawsuit for damages against our Company and Hitachi Zosen U.S.A. Ltd. in July 2016, which has been pending in a US court (Thurston County, WA).

As a result of comprehensive consideration of the business impact by litigation costs due to prolonged litigation, etc., the Board of Directors has determined that it is appropriate to resolve the problem as soon as possible and has decided to conclude a settlement agreement regarding the lawsuit for damages.

With regard to the on-going insurance claim lawsuit, we will continue to work on with our argument.

#### 2. Information on the counterparty

(1) Name	Seattle Tunnel Partners
(2) Location	999 3 <sup>rd</sup> Avenue Suite 2424 Seattle, WA 98104 U.S.A.

### 3. Outline of the settlement

USD 5 million shall be paid by Our Company to STP for settlement, and the costs incurred by the Company and STP respectively for repairing the shield machine shall be borne by each, upon which STP will withdraw the complaint. For details, the settlement agreement contains a confidentiality clause and will not be disclosed.

## II. Recording extraordinary losses

Based on the settlement agreement, related expenses and losses of approximately JPY 7billion are to be recorded as extraordinary losses in the second quarter of the fiscal year ending March 31, 2020.

## III. Revision of earnings forecast

In line with the above extraordinary loss, the consolidated financial forecast for the full year ending March 31, 2020 will be revised as follows. There will be no change to the year-end dividend forecast.

Revision of consolidated financial forecasts for FYE March 2020 (1 April 2019 – 31 March 2020)

	Operating Revenues	Operating Profit	Recurring Profit	Net income attributable to parent company shareholders	Net income per share
	Mil. JPY	Mil. JPY	Mil. JPY	Mil. JPY	JPY
Previous forecast (A)	380,000	12,000	8,000	5,000	29.67
Revised forecast (B)	380,000	12,000	8,000	1,000	5.93
Change (B-A)	—	—	—	- 4,000	
Change (%)	—	—	—	- 80.0	
(Ref.) Results for FYE 31 March 2019	378,140	7,358	6,720	5,445	32.31

The above forecasts have been prepared based on the information currently available and certain assumptions deemed reasonable. Actual results may differ from the aforementioned forecasts due to a variety of factors.