

October 31, 2008

Kawasaki Heavy Industries, Ltd.
Hitachi Construction Machinery Co., Ltd.
TCM Corporation

Announcement regarding Agreement of Alliance with respect to Wheel Loader Business

Kawasaki Heavy Industries, Ltd. (Kawasaki), Hitachi Construction Machinery Co., Ltd. (Hitachi) and TCM Corporation (TCM) announced that the three companies have reached an agreement to form an alliance with respect to their wheel loader businesses, consisting of joint research and development and a spin-off of Kawasaki's wheel loader operation and Hitachi's investment in the newly created Kawasaki subsidiary.

1. Summary of Business Alliance

(1) In anticipation of the next emission control regulations (Tier 4) to take effect in 2011, the three companies will combine their respective technologies and know-how and jointly conduct research and development of new models of wheel loaders that will comply with the emission control regulations. An arrangement will be made so that the three companies will have divided manufacturing responsibilities and will supply to one another such jointly-developed products. These measures are aimed at strengthening the competitiveness of their wheel loader businesses.

(2) Kawasaki will spin off its wheel loader operation to establish a wholly-owned subsidiary on or about April 1, 2009.

(3) Hitachi will make a capital investment in the new company, which investment is projected to take place during fiscal year 2009, and obtain a 34% stake by purchasing newly issued shares of the company.

(4) After 3 years from the date of its initial investment, Hitachi will have an option to acquire a majority of the interests in the new company.

2. Purpose of Business Alliance

The three companies each position wheel loaders as a key product of their construction machinery businesses, and have reached this agreement of alliance to pursue further development and expansion of their wheel loader businesses in the future through cooperation amid the growing number of global alliances being formed in the construction machinery

industry today.

The purpose of the alliance of the three companies is to strengthen their complementary relationship in technology development and products, to strengthen product competitiveness and to achieve a “win-win” cooperative relationship. Specifically, the three companies will share their respective sophisticated technologies developed in this area up to today, strongly and efficiently advance joint development of competitive wheel loaders compliant with the next emission control regulations, and establish a solid cooperative relationship through capital alliance. Following this agreement of joint research and development and capital alliance, the three companies will continue their discussions with the aim of establishing a broad alliance encompassing areas such as joint material procurement and dividing manufacturing operations and responsibilities for products (and supplying one another through reciprocal OEM arrangements).

3. Overview of Each Company

Kawasaki entered the construction machinery business in 1960, and, for over 40 years since the manufacture and sale of its first wheel loaders in 1962, has manufactured numerous construction machineries that meet the needs of its customers by utilizing a broad range of its technologies as a comprehensive manufacturer of industrial products.

Hitachi has always led the advancement of cutting-edge technologies in the industry since putting out the first power shovel purely made of domestic technology in 1949, and has been growing as a total construction machinery manufacturer that can offer comprehensive solutions to its customers.

TCM manufactured the first domestically-made forklift in 1949 and the first domestically-made wheel loader in 1960, and has since then expanded its business as a total logistics system manufacturer with its core unique technologies in both software and hardware. TCM is a 50.1% owned subsidiary of Hitachi.

| Name of Company | Kawasaki Heavy Industries, Ltd. | Hitachi Construction Machinery Co., Ltd. | TCM Corporation |
|-------------------------|---------------------------------|------------------------------------------|-----------------------------|
| Date of foundation | October 15, 1896 | October 1, 1970 | February 17, 1949 |
| Location of head office | Chuo-ku, Kobe, Hyogo | Bunkyo-ku, Tokyo | Minato-ku, Tokyo |
| Representative | Tadaharu Ohashi, President | Michijiro Kikawa, President | Hideo Arahata, President |
| Capital (Mar. 2008) | JPY 104.3 billion | JPY 81.5 billion | JPY 9.7 billion |
| Sales | JPY 1,501 billion | JPY 940.5 billion | JPY 135 billion |

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|-------------------------------------------------|--------|--------|-------|
| (Mar. 2008 consolidated) | | | |
| Number of employees (Mar. 2008 consolidated) | 30,563 | 16,117 | 2,669 |