

Company name: Hitachi Construction Machinery Co., Ltd.
Representative: Michijiro Kikawa
President
Stock code: 6305, first section of the Tokyo Stock Exchange and Osaka Securities Exchange
Contact person: Kotaro Hirano (Mr.)
Public Relations Strategy Office
general manager
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November 29, 2011

To interested parties

**Announcement of a merger (simple merger, short-form merger)
with a consolidated subsidiary**

We hereby announce that the board of directors of Hitachi Construction Machinery Co., Ltd. resolved at its meeting held on November 29, 2011 that Hitachi Construction Machinery is to merge with Hitachi Kenki Business Frontier Co., Ltd. (referred to as "HBF" below), a wholly owned subsidiary of Hitachi Construction Machinery, (referred to as the "Merger" below), on April 1, 2012. The details of the Merger are as stated below.

Please be informed that some of the matters to be disclosed are omitted because the Merger is a simple merger of a wholly owned consolidated subsidiary.

1. Purpose of the Merger

HBF operates the software business in the Hitachi Construction Machinery Group and carries out computer software development, sales, etc.

The purpose of the Merger is to concentrate management resources and raise operation efficiency by merging HBF with the information systems division of Hitachi Construction Machinery.

2. Outline of the Merger

(1) Schedule of the Merger

Date of resolution of the board of directors	November 29, 2011
Date of conclusion of the contract	November 29, 2011
Planned date of the Merger (effective day)	April 1, 2012 (planned)

Note: The Merger is planned to be carried out without obtaining approvals for the Merger contract at a general meeting of the shareholders of Hitachi Construction Machinery nor at a general meeting of the

shareholders of HBF because the Merger is a simple merger provided for in Article 796, Paragraph 3 of the Companies Act for Hitachi Construction Machinery, which will be the surviving company in the Merger, and because the Merger is a short-form merger provided for in Article 784, Paragraph 1 of the Companies Act for HBF, which will be the extinct company in the Merger.

(2) Method of the Merger

The Merger will be conducted with Hitachi Construction Machinery as the surviving company and HBF will be dissolved.

(3) Allotment pertaining to the Merger

New shares will not be issued nor will the capital be increased as a consequence of the Merger, because HBF is a wholly owned subsidiary of Hitachi Construction Machinery.

(4) Handling of warrants and warrant bonds in the Merger

HBF has not issued any warrants or warrant bonds.

3. Outline of companies involved in the Merger

	Surviving company in the Merger	Extinct company in the Merger
(1) Name	Hitachi Construction Machinery Co., Ltd.	Hitachi Kenki Business Frontier Co., Ltd.
(2) Address	2-5-1 Koraku, Bunkyo-ku, Tokyo	650 Kandatsu-machi, Tsuchiura City, Ibaraki Prefecture
(3) Name and position of the representative	Michijiro Kikawa, president	Hitoshi Yanagimoto President
(4) Business	The manufacture, sale, and servicing of construction machinery, etc.	The development and sale of computer software, etc.
(5) Capital	¥81,577 million	¥100 million
(6) Date of establishment	October 1, 1970	February 22, 1982
(7) Number of outstanding shares	215,115,038	200,000
(8) End date of each fiscal year	March 31	March 31
(9) Major shareholders and shareholding ratio (as of September 30, 2011)	Hitachi, Ltd.: 50.22% Japan Trustee Services Bank, Ltd. (trust): 3.73% The Master Trust Bank of Japan, Ltd. (trust): 3.49%	Hitachi Construction Machinery Co., Ltd.: 100%
(10) Financial conditions and operating results of previous fiscal year		
	Hitachi Construction Machinery (consolidated)	HBF
Relevant fiscal year	Fiscal year ended March 2011	Fiscal year ended March 2011

Net assets	¥348,986 million	¥2,248 million
Total assets	¥944,370 million	¥4,299 million
Book value per share	¥1,447.52	¥11,240.06
Sales	¥773,769 million	¥10,770 million
Operating income	¥41,511 million	¥670 million
Ordinary income	¥41,912 million	¥655 million
Net income	¥11,088 million	¥394 million
Net income per share	¥52.44	¥1,970.67

4. Changes after the Merger

The Merger will not cause any change to the name, address, representative, capital or the end date of the fiscal year of Hitachi Construction Machinery.

5. Business prospect

We expect that the Merger will cause little effect on the business results because HBF is already a consolidated subsidiary of Hitachi Construction Machinery.

Reference: Forecast of consolidated business results of this fiscal year (announced on October 25, 2011) and consolidated business results of the previous year

	Consolidated sales	Consolidated operating income	Consolidated ordinary income	Consolidated net income
Forecast of consolidated business results of this fiscal year (fiscal year ending March 2012)	¥860,000 million	¥65,000 million	¥56,000 million	¥23,000 million
Consolidated business results of the previous year (fiscal year ended March 2011)	¥773,769 million	¥41,511 million	¥41,912 million	¥11,088 million