

October 27, 2015

Corporate name: Hitachi Construction Machinery Co., Ltd.
(Code: 6305, First Section of the Tokyo Stock Exchange)

Name of representative: Yuichi Tsujimoto,
President and Chief Executive Officer

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Notice Concerning Acquisition of 100% Ownership of a Consolidated Subsidiary by Simplified Share Exchange

Hitachi Construction Machinery Co., Ltd. ("HCM") hereby announces that the Board of Directors passed the resolution today to conduct share exchange ("Share Exchange") in order to make Niigata-Material Co., Ltd. ("Niigata-Material"), currently a consolidated subsidiary of HCM, into a wholly owned subsidiary of HCM. HCM accordingly executed the share exchange agreement today. The further details are as follows.

Please note that the Share Exchange is a simplified share exchange for making a consolidated subsidiary into a wholly owned subsidiary. Therefore, some of the disclosure items and contents are partially omitted in this disclosure.

Descriptions

1. The purpose of the Share Exchange (acquisition of 100% ownership)

Niigata-Material primarily conducts business by manufacturing and processing parts used by HCM group. By acquiring 100% ownership of Niigata-Material, we aim to further enhance the efficiency of operation, expand synergy, strengthen the consolidated profitability, and improve the consolidated enterprise value.

2. Outline of the Share Exchange

(1) Schedule of the Share Exchange

The date of Board of Directors resolution	October 27, 2015
The date of execution of the agreement	October 27, 2015
Extraordinary general meeting of shareholders	November 13, 2015 (Niigata-Material) (scheduled)
Implementation date (effective date)	January 1, 2016 (scheduled)

(Note) The Share Exchange with HCM being the wholly owning parent company resulting from the share exchange is qualified as the simplified share exchange stipulated in Article 796 Paragraph 3 of the Companies Act. Accordingly, the Share Exchange is scheduled to be carried out without the approval of the share exchange agreement by the shareholders' meeting.

(2) Method of the Share Exchange

It is the Share Exchange with HCM being the wholly owning parent company resulting from the share exchange and Niigata-Materials being the wholly owned subsidiary company in share exchange.

(3) Contents of the Assignment Concerning the Share Exchange

	Hitachi Construction Machinery Co., Ltd. (The wholly owning parent company resulting from the share exchange)	Niigata-Material Co., Ltd. (The wholly owned subsidiary company in share exchange)
Share exchange ratio	1	1.9

(Note 1) HCM will allot and deliver 57,000 shares of common stock in this Share Exchange. However, such shares will be appropriated from the treasury stock it holds, and HCM will not issue any new shares.

(Note 2) For each share issued by Niigata-Material, 1.9 shares of HCM will be delivered by allotment. However, the 170,000 shares of Niigata-Material currently held by HCM will not be allotted through the Share Exchange.

(4) Handling of Share Option and Bonds with Share Option at the Share Exchange

Niigata-Material has not issued any share option or bonds with share option; therefore, there is not a relevant item.

3. The Basis for Calculating Details of Allotment of Shares in the Share Exchange, etc.

In order to ensure fairness and appropriateness, we appointed EY Transaction Advisory Services Co., Ltd. ("EY") as a third-party appraiser and requested calculation of the share exchange ratio. EY evaluated the share value of HCM by the average market share price method, by taking into consideration that HCM is a listed company. For the share value of Niigata-Material, EY took into account that Niigata-Material is a non-listed company and evaluated its share value by DCF (discounted cash flow) method, comparable peer company analysis, and adjusted book value net

assets method. After comprehensive consideration of each evaluation result, EY calculated the exchange ratio. In reference to the presented calculation results, HCM carried out careful negotiations and discussions with Niigata-Material, and determined the exchange ratio described above.

4. Overview of the Parties of the Share Exchange (as of March 31, 2015)

	Wholly owning parent company resulting from the share exchange	Wholly owned subsidiary company in the share exchange
(1) Company name	Hitachi Construction Machinery Co., Ltd.	Niigata-Material Co., Ltd.
(2) Office address	2-5-1 Koraku, Bunkyo-ku, Tokyo	1510 Teradomari Takemori, Nagaoka-shi, Niigata Prefecture
(3) Name and title of the representative	President and Executive Officer Yuichi Tsujimoto	President and Director Norihiko Akamatsu
(4) Business contents	Manufacturing, sales and services of construction machinery	Manufacturing and processing and sales of automotive parts and machine parts
(5) Amount of stated capital	¥81,577 million	¥100 million
(6) Establishment date	October 1, 1970	August 29, 1957
(7) Number of shares outstanding	215,115,038	200,000
(8) Accounting period	March 31	March 31
(9) Major shareholders and shareholding ratio	Hitachi, Ltd. 50.83% The Master Trust Bank of Japan, Ltd. (Trust Account) 6.40% Japan Trustee Services Bank, Ltd. (Trust Account) 4.22%	Hitachi Construction Machinery Co., Ltd. 85.00% Mitsubishi Steel Mfg. Co., Ltd. 15.00%
(10) Financial condition and operating results of the previous fiscal year		
	HCM [Japanese GAAP] (Consolidated)	Niigata-Material [Japanese GAAP]
Fiscal Year	2014	2014
Net Assets	¥490,996 million	¥664 million
Total assets	¥1,047,872 million	¥2,019 million
Net assets per share	1,975.73 yen	3,319 .02 yen
Net sales (Revenue)	¥815,792 million	¥2,893 million
Operating profit	¥54,345 million	(¥2 million)
Ordinary income	¥52,738 million	¥18 million
Net income	¥22,945 million	¥5 million
Net income per share	107 .95 yen	26 .38 yen

5. Situation after the Share Exchange

There will be no changes to the corporate name, office address, representative, stated capital, and the fiscal year due to the Share Exchange

6. Future Outlook

Since Niigata-Material is already a consolidated subsidiary of HCM, the impact of this Share Exchange on the consolidated operational results is expected to be minimal.

(Reference) Consolidated earnings forecast for the fiscal year ending March 31, 2016 (published on October 27, 2015) and the previous fiscal year consolidated financial results [IFRS]

	Revenue	Operating profit	Income before income taxes	Net income attributable to owners of the parent
FY ending March 2016 consolidated earnings forecast	¥780,000 million	¥30,000 million	¥21,000 million	¥13,000 million
FY ended March 2015 consolidated financial results	¥815,792 million	¥63,131 million	¥58,953 million	¥26,023 million