

**FOR IMMEDIATE RELEASE**

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  
Contact: Norio Hayamizu  
General Manager, Public Relations Strategy Office

**Notice of Corporate Separation (Simplified Assimilative-Divisive Reorganization)**

**Tokyo, January 28, 2016** --- Hitachi Construction Machinery Co., Ltd. (TSE: 6305, "HCM") today announced that HCM resolved to succeed HCM's wheel loader development and manufacturing business ("Business") to KCM Corporation ("KCM"), a wholly owned subsidiary of HCM, through a corporate separation having the (tentative) effective date of April 1, 2016 ("Corporate Separation") in a board of directors meeting held on January 28, 2016.

Because this Corporate Separation is a simplified assimilative-divisive reorganization which will succeed a business department to a wholly owned subsidiary of HCM, certain disclosure items and details are omitted.

1. Purpose of corporate separation

HCM and KCM have already been working together to accelerate joint development of new wheel loaders and streamline the production system, but global competition has intensified in the construction equipment market; and this move to concentrate the Business in KCM is intended to further integrate the technologies of both companies and achieve greater production efficiency, thereby strengthening the wheel loader development and manufacturing business and improving customer satisfaction.

2. Summary of corporate separation

(1) Timeline of corporate separation

Date of resolution of the board of directors	January 28, 2016
Date of contract conclusion	January 28, 2016
Planned demerger date (effective date)	April 1, 2016

Note: From the standpoint of HCM, which is the split company, the Corporate Separation is a simplified assimilative-divisive reorganization under Article 784, Paragraph 2 of the Companies Act; and from the standpoint of KCM, which is the successor company, the Corporate Separation is a short-form assimilative-divisive reorganization under Article 796, Paragraph 1 of the Companies Act. Therefore, the Corporate Separation is planned to take place without obtaining approval for an assimilative-divisive reorganization agreement from the general shareholders meetings of the two companies.

(2) Format of corporate separation

This is an assimilative-divisive reorganization in which HCM is the split company and KCM is the successor company.

(3) Allocation details in relation to the corporate separation

Because the Corporate Separation is between a parent company and its wholly-owned subsidiary, there will be no allocation of shares or other exchange of compensation.

(4) Handling with regard to share options and bonds with share options in relation to the corporate separation

There are no changes due to the Corporate Separation in HCM's handling of share options issued by HCM. Bonds with share options are not applicable.

(5) Capital increase or decrease due to the corporate separation

HCM has no capital increase or decrease due to the Corporate Separation.

(6) Rights and duties to be succeeded by the successor company

The successor company will succeed to those assets, liabilities, and related rights and duties concerning the Business as of the effective date which are specified in the assimilative-divisive reorganization agreement.

(7) Anticipated performance of obligations

No problems are anticipated in the performance of obligations of the successor company which will become payable on or after the effective date of the Corporate Separation.

3. Summary of companies involved in the corporate separation

	Split company (as of September 30, 2015)	Successor company (as of September 30, 2015)
(1) Corporate name	Hitachi Construction Machinery Co., Ltd.	KCM Corporation
(2) Address	5-1 Koraku 2-chome, Bunkyo-ku, Tokyo	2680 Oka, Inami-cho, Kako-gun, Hyogo
(3) Name and position of the representative	Representative Executive Officer: Yuichi Tsujimoto	President: Tadashi Mikawauchi
(4) Business	Manufacturing, sales and after-sales services of construction machinery, transport equipment, etc.	Manufacturing, sales and after-sales services of construction machinery, transport equipment, etc.
(5) Capital	¥81,577 million	¥1,500 million
(6) Date of establishment	October 1, 1970	April 1, 2009
(7) Number of shares issued	215,115,038 shares	4,049 shares
(8) End of fiscal year	March 31	March 31

(9) Major shareholders and shareholding ratio	Hitachi, Ltd.: 50.23% The Master Trust Bank of Japan, Ltd. (trust account): 5.61% Japan Trustee Services Bank, Ltd. (trust account): 4.64% BNP Paribas Securities (Japan) Limited: 1.61% Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account): 1.54%	Kawasaki Heavy Industries, Ltd.: 66% Hitachi Construction Machinery Co., Ltd.: 34% The Company acquired all of the shares of KCM Corporation owned by Kawasaki Heavy Industries, Ltd. on October 1, 2015, increasing the shareholding ratio of the Company to 100%.
(10) Financial condition and business results of the split company in the immediately preceding fiscal year (term ended March 31, 2015, consolidated, IFRS)		
Total assets	¥1,064,673 million	
Total capital	¥497,902 million	
Shareholders' equity of parent company per share	¥2,028.57	
Revenue	¥815,792 million	
Income before income taxes	¥58,953 million	
Current income	¥30,256 million	
Net income attributable to owners of the parent	¥26,023 million	
Total comprehensive current income	¥56,996 million	
Net income attributable to owners of the parent per share (basic)	¥122.44	
(11) Financial condition and business results of the successor company in the immediately preceding fiscal year (term ended March 31, 2015)		
Net assets	¥3,581 million	
Total assets	¥21,855 million	
Book-value per share	¥884,475.57	
Sales	¥31,681 million	
Operating income	¥453 million	
Ordinary income	¥722 million	
Net income	¥620 million	
Earnings per share	¥153,208.73	

#### 4. Summary of the business department for separation

(1) Business content of the department for separation

Development and manufacturing of wheel loaders

(2) Business results of the department for separation (term ended March 31, 2015, actual)

Revenue: Approximately 37,174 million yen

(3) Items and amounts of assets and liabilities for separation (as of April 1, 2016, expected)

Total assets: 8,074 million yen (breakdown: current assets 3,837 million yen, fixed assets 4,237 million yen)

Total liabilities: 5,883 million yen (breakdown: current liabilities 5,883 million yen)

#### 5. Situation after corporate separation

(1) Situation of the Company

No changes will occur in HCM's trade name, business content, head office location, name or title of representative, capital, or fiscal year due to the Corporate Separation.

(2) Situation of the successor company

No changes will occur in the successor company's trade name, business content, head office location, capital, or fiscal year due to the Corporate Separation. The name and title of representative is to be announced.

#### 6. Future outlook

Because this is a simplified assimilative-divisive reorganization between HCM and its wholly owned subsidiary, any effect on consolidated business results will be insignificant.

End

Reference: Forecast of consolidated business results for the current fiscal year (portion announced on January 28, 2016) and consolidated actual results in the preceding fiscal year (Unit: million yen)

	Revenue	Operating profit	Income before income taxes	Net income attributable to owners of the parent	Net income attributable to owners of the parent per share (basic)
Forecast of business results for current fiscal year (ending March 31, 2016)	760,000	30,000	19,500	9,500	¥44.68
Actual results in preceding fiscal year (ending March 31, 2015)	815,792	63,131	58,953	26,023	¥122.44