



December 27, 2016

Corporate name Hitachi Construction Machinery Co., Ltd.  
Name of representative Yuichi Tsujimoto  
President and Chief Executive Officer  
(Code: 6305, First Section of the Tokyo Stock Exchange)  
Contact Haruko Ido  
General Manager, Public Relations & Investor Relations Dept.

## Notice Regarding Transfer of Shares Involving Change of Subsidiary

Hitachi Construction Machinery Co., Ltd (HCM) today announced that its board of directors decided on December 26, 2016, to execute a memorandum concerning transfer of a portion of Hitachi Sumitomo Heavy Industries Construction Crane Co., Ltd. (HSC) stock owned by HCM to Sumitomo Heavy Industries, Ltd. (SHI). HSC is to be an equity-method affiliate of HCM from present consolidated subsidiary by this stock transfer.

### 1. Reasons for the transfer of shares

HCM and SHI established HSC integrating mutual crawler crane business in 2002 to enhance global competitiveness. Market environment is getting severe due to M&A or business restructuring among competitors, in addition to Chinese competitor's global business expansion. Given the accelerating technological innovation of crane for bigger lifting capacity, improvement of transportability, self-assembly and operational performance, we assume investment for product differentiation becomes of extremely important to the crane business.

HCM has agreed to transfer a portion of HSC stock owned by HCM to SHI for reinforcement of global competitiveness of the crawler crane business, in order for HSC to utilize SHI's mobile crane business in North America, production facility, productive skills and technology, HSC is to be an equity-method affiliate of HCM by this stock transfer.

HCM and SHI continue to cooperate for expansion of crawler crane business by continuous support for sales channel, technology and know-how.

### 2. Outline of the subsidiary transferred

(1) Corporate name	Hitachi Sumitomo Heavy Industries Construction Crane Co., Ltd.	
(2) Address	9-3, Higashi Ueno 6-chome, Taito-ku, Tokyo, Japan	
(3) Name and position of the representative	Shogo Yokoyama President and Representative Director	
(4) Business	Manufacture, repair and sales of construction equipment such as crawler cranes, and other auxiliary equipment.	
(5) Capital	4 billion yen	
(6) Date of establishment	July 1, 2002	
(7) Major shareholders and shareholding ratio	Hitachi Construction Machinery Co., Ltd. 50% Sumitomo Heavy Industries, Ltd. 50%	
(8) Relationship between HCM and HSC	Capital relationship	HCM holds 50% of the stock of HSC.
	Personnel relationship	HCM dispatches a director and an auditor to HSC.

	Business relationship	HSC has business relationship with companies bellow. HCM : Finance by Cash Management System Hitachi Capital Corporation : Factoring Hitachi Kenki Logistics Technology Co., Ltd. : Transportation of products Hitachi Construction Machinery Middle East Corporation FZE : Sales of Products		
(9) Business results and financial conditions for past 3 fiscal years				
Fiscal Year-end	March 2014	March 2015	March 2016	
Net assets (million yen)	9,911	12,202	13,744	
Total assets (million yen)	20,399	26,261	26,385	
Net assets per share (yen)	123,895.95	152,529.32	171,811.51	
Net sales (million yen)	37,240	42,855	44,125	
Operating income (million yen)	3,255	5,798	5,317	
Ordinary income (million yen)	3,266	5,838	5,424	
Net income (million yen)	2,156	2,930	3,882	
Net income per share (yen)	26,950.99	36,633.36	48,532.19	
Cash dividends per share (yen)	8,000	29,250	38,750	

### 3. Outline of the company purchasing the shares

(1) Corporate name	Sumitomo Heavy Industries, Ltd.	
(2) Address	1-1 Osaki 2-chome, Shinagawa-ku, Tokyo, Japan	
(3) Name and position of the representative	Shunsuke Betsukawa President and Chief Executive Officer	
(4) Business	Manufacture and sales for a broad range of industrial machinery ranging from general industrial machinery to precision control machines.	
(5) Capital	30,871.65 million yen	
(6) Date of establishment	November 1, 1934	
(7) Net assets	382,817 million yen (consolidated)	
(8) Total assets	782,859 million yen (consolidated)	
(9) Major shareholders and shareholding ratio	The Master Trust Bank of Japan, Ltd. (Trust account) 5.4% Japan Trustee Services Bank, Ltd. (Trust account) 4.9% Japan Trustee Services Bank, Ltd. (Trust account 9) 4.0%	
(10) Relationship between HCM and SHI	Capital relationship	None
	Personnel relationship	None
	Business relationship	None
	Status as related party	None

4. Number of transferred shares, transfer price, and status of shareholding before and after transfer

(1) Number of shares owned before transfer	40,000 (Number of voting rights 40,000) (Ratio of voting rights owned 50.0%)
(2) Number of transferred shares	12,800 (Number of voting rights 12,800)
(3) Transfer price	Transfer price will be disclosed once the amount is confirmed.
(4) Number of shares owned after transfer	27,200 (Number of voting rights 27,200) (Ratio of voting rights owned 34.0%)

5. Schedule

(1) The date of Board of Directors resolution	December 26, 2016
(2) The date of execution of the memorandum of understanding	December 27, 2016
(3) Effective date of transfer of shares	March 31, 2017 (scheduled)

6. Outlook

The impact of this Transfer of Shares on consolidated operational results is expected to be minimal.

In case that this transfer of shares has a significant impact on the consolidated business results, HCM will immediately announce it.