



December 21, 2016

To whom it may concern

Company name: Hitachi Construction Machinery Co., Ltd.
 Representative: Yuichi Tsujimoto, President and Chief Executive Officer
 (Stock code: 6305; First Section of the Tokyo Stock Exchange)
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 Public Relations Strategy Office

Notice Concerning the Acquisition of H-E Parts

Hitachi Construction Machinery Co., Ltd. (the “Company”) has been in discussion with H-E Parts Investors LLC (“H-E Parts Investors”), a wholly owning investor of H-E Parts International LLC and H-E Parts Australian Holdings LLC (collectively “H-E Parts”), regarding the acquisition of all the units of H-E Parts. H-E Parts provides solution services to the mining, quarrying, heavy construction, and materials processing and, in order to provide that service in a cost effective manner, it develops, manufactures, sells and repairs aftermarket parts for, among others, mining and construction machines in Australia, USA and other markets. At a meeting held today, the Board of Directors of the Company resolved to acquire all the units of H-E Parts, and the Company finalized a Unit Purchase Agreement with H-E Parts Investors. Details are as follows:

1. Purpose of the Acquisition

Faced with uncertain market conditions, the Company has promoted its “GROW TOGETHER 2016” Mid-term Management Plan and proactively sought to streamline management, including through establishing a global support framework, in order to flexibly adapt to changes in the operating environment.

The Company aims to provide highly efficient solution services at low costs, enhance the Company’s value chain and improve business stability and profitability through the acquisition of H-E Parts. The Company also plans to expand its solution service business by leveraging the knowledge and expertise of H-E Parts.

2. Overview of H-E Parts International LLC and H-E Parts Australian Holdings LLC

(1) Name	H-E Parts International LLC	
(2) Address	160 Greentree Drive, Suite 101, Dover, Kent County, Delaware 19904, USA	
(3) Representative	CEO Steve McBrayer	
(4) Business Description	Provider of services related to mining and construction machines, manufacturing, development, and the sale of aftermarket parts	
(5) Stated Capital	USD 37,989 thousands (Member’s Equity as of December 31, 2015)	
(6) Year of Establishment	November 30, 2005	
(7) Capital Ownership	H-E Parts Investors LLC : 100%	
(8) Relationship between Listed Company and Target Company	Capital Relationship	Not Applicable
	Personnel Relationship	Not Applicable
	Business Relationship	Not Applicable
(9) Business Performance for Most Recent Business Years (Unit: thousands of USD)		

Accounting Period	Business Year ending December 2013	Business Year ending December 2014	Business Year ending December 2015
Net Assets	51,746	48,268	37,989
Total Assets	126,139	127,774	107,924
Total Revenue	80,591	127,728	110,021
Operating Income	-3,968	4,438	-1,641
Adjusted EBITDA	8,207	10,018	7,956
Net Income	-5,705	-1,474	-8,843

(1) Name	H-E Parts Australian Holdings LLC		
(2) Address	160 Greentree Drive, Suite 101, Dover, Kent County, Delaware 19904, USA		
(3) Representative	CEO Steve McBrayer		
(4) Business Description	Shareholding		
(5) Stated Capital	USD 100		
(6) Year of Establishment	January 10, 2008		
(7) Ownership	H-E Parts Investors LLC :100%		
(8) Relationship between Listed Company and Target Company	Capital Relationship	Not Applicable	
	Personnel Relationship	Not Applicable	
	Business Relationship	Not Applicable	
(9) Business Performance for Most Recent Business Years	H-E Parts Australian Holdings LLC was established as a special purpose company to own units in HEP Australia Holdings Pty Ltd and do not prepare independent financial statements. H-E Parts Australian Holdings LLC is planned to be merged into H-E Parts International LLC immediately after the acquisition.		

<Reference> Overview of company owned by H-E Parts Australian Holdings LLC

(1) Name	HEP Australia Holdings Pty Ltd		
(2) Address	HWL Ebsworth Lawyers Australia Square Level 14 264-278 George Street Sydney NSW 2000, Australia		
(3) Representative	CEO Steve McBrayer		
(4) Business Description	Provider of services related to mining and construction machines, manufacturing, development, and the sale of aftermarket parts		
(5) Stated Capital	AUD 33,853 thousands (December 31, 2015)		
(6) Year of Establishment	January 12, 2008		
(7) Ownership	H-E Parts Australian Holdings LLC : 100%		
(8) Relationship between Listed Company and Target Company	Capital Relationship	Not Applicable	
	Personnel Relationship	Not Applicable	
	Business Relationship	Not Applicable	
(9) Business Performance for Most Recent Business Years (Unit: thousands of AUD)			
Accounting Period	Business Year ending December 2013	Business Year ending December 2014	Business Year ending December 2015
Net Assets	55,790	58,996	66,748
Total Assets	107,205	114,289	116,380
Total Revenue	109,521	133,934	127,799
Operating Income	11,059	6,336	12,071
Adjusted EBITDA	16,340	13,921	17,070
Net Income	5,919	3,166	7,569

3. Overview of the party from whom membership units will be acquired

(1) Name	H-E Parts Investors LLC
(2) Address	160 Greentree Drive, Suite 101, Dover, Kent County, Delaware 19801, USA
(3) Basis for Incorporation	Limited Liability Company under the Limited Liability Company Act of the State of Delaware
(4) Business Description	Private equity investment
(5) Year of Establishment	November 30, 2005
(6) Stated Capital	Non-disclosable due to confidentiality obligations
(7) Ownership	Non-disclosable due to confidentiality obligations
(8) Overview of Operating Partner	Non-disclosable due to confidentiality obligations
(9) Overview of Legal Agent in Japan	Not Applicable
(10) Relationships with Company	Not Applicable

* Except for above, non-disclosable due to confidentiality obligations

4. Number of Units to be Acquired, Acquisition Price, and Units Ownership Before and After the Acquisition

(1) Number of Units Held before Transfer	0%
(2) Ratio of Units to be Acquired	100%
(3) Acquisition Price	Enterprise Value USD 240 million Advisory Fees Small amount is expected
(4) Ratio of Units Held after Transfer	100%

5. Schedule

(1) Date of Resolution by the Board of Directors	December 21, 2016
(2) Date of the Agreement Conclusion	December 21, 2016
(3) Closing Date	December 21, 2016

6. Outlook

The Company expects that the acquisition will not have a material impact on the Company's consolidated financial performance. Should there be a material impact from the acquisition in the future, the Company will make a prompt disclosure of such impact.

End.