

March 2, 2012

Hitachi Construction Machinery Co., Ltd.

Hitachi Construction Machinery boosts global production capacity for mining machines

—Constructing new plants in Hitachinaka City in Ibaraki Prefecture and making investments overseas to increase production—

Hitachi Construction Machinery Co., Ltd. (president: Michijiro Kikawa) has decided to expand two existing plants in Hitachinaka City, Ibaraki Prefecture, and to construct more plants in the city to significantly boost the production capacity for machines for mining, such as large and ultra-large hydraulic excavators and dump trucks. The firm will also make investments to raise production at overseas plants (Indonesia and Canada).

1. Background to the construction of the plants

Demand for mining machinery is expected to continue to grow because of the robust demand for resources all over the world. Under these circumstances, Hitachi Construction Machinery has decided to significantly boost production capacity for mining machines, particularly large and ultra-large hydraulic excavators and dump trucks, and to make investments to raise production at domestic and overseas plants. Hitachi Construction Machinery will strengthen production capacity not only for mining machines as a whole, but also for the components needed for after-sale servicing, considering that mining machines are in continuous operation for many hours.

Hitachi Construction Machinery already has five plants, notably Tsuchiura Works, the company's development base, located in Ibaraki Prefecture, and further investments in the prefecture will bring about improvements in distribution efficiency, including cuts in transportation costs and greater production efficiency. The development and production of mining machines require advanced and sophisticated production technologies, including the procurement of materials. The quality of the machines will be enhanced and costs reduced by making the most of the advantages of concentrating production at plants near the development base. In this way, Hitachi Construction Machinery will also be able to make a contribution to national employment.

Hitachinaka-Rinko Works, in Hitachinaka City, Ibaraki Prefecture, which produces mining

machines, will be extended and land will be acquired (78,312 square meters) adjacent to both the harbor and Hitachinaka-Rinko Works, for the construction of new plant. Hitachinaka Works, in the city, which manufactures the components of mining machines (key components such as reduction gears), will also be extended. Nationally-owned land (224,335 square meters) adjacent to Hitachinaka Works has been acquired for the construction of a totally new plant that will incorporate innovative ideas. The components manufactured at Hitachinaka Works will be transferred to the new plant where they will be assembled to form modules (a functional group of components) to facilitate assembly of the machines. The transfer of modules to Hitachinaka-Rinko Works, which manufactures machines, will further raise the efficiency of machine assembly at Hitachinaka-Rinko Works. The plan is to ship these modules to overseas plants, so the new plant will play a role as the new distribution base.

We will make investments to raise the production capacity of plants in Indonesia and Canada, with the aim of improving production efficiency and boosting production capacity on a global basis.

2. Outline of the extensions of existing plants and the construction of new plants in Japan

(1) Hitachinaka-Rinko Works

Plant extension

i. Location

Extension to Hitachinaka-Rinko Works within the site. (Address: 163-10 Nagasuna, Hitachinaka City, Ibaraki Prefecture)

ii. Floor area: 9,950 square meters (area of the extension)

iii. Major purposes

- To extend the space for the assembly and coating of large and ultra-large hydraulic excavators and mining dump trucks.
- To set up a new training center (to provide training solely for the manufacture of mining machines, such as training in heavy metal sheet welding, large-area coating, and hydraulic hose assembly of ultra-large hydraulic excavators).

Construction of a new plant

i. Location

Land adjacent to both the harbor and Hitachinaka-Rinko Works. Planning to acquire 78,312 square meters of land (at the end of March 2012).

ii. Floor area: 29,297 square meters (construction of a new plant in an extended site)

iii. Major purposes

- To produce frames of large and ultra-large hydraulic excavators and mining dump trucks.
- To accommodate welfare facilities and administration office.

(2) Hitachinaka Works

Plant extension

i. Location

Extension to Hitachinaka Works within the site. (Address: 552-48 Shinko-cho, Hitachinaka City, Ibaraki Prefecture)

ii. Floor area: 29,900 square meters (area of the extension)

iii. Major purposes

- Machining of the components of large and ultra-large hydraulic excavators and mining dump trucks.

Construction of a new plant

i. Location

A site of nationally-owned land of 224,335 square meters in area adjacent to Hitachinaka Works has been acquired.

ii. Floor area: 37,155 square meters (construction of a new plant including a lean-to roof and an administration office building in an extended site)

iii. Major purposes

- The assembly and coating of the components of large and ultra-large hydraulic excavators and mining dump trucks.
- To supply the components to overseas plants (Indonesia, Canada).

iv. Features

To supply modules to Hitachinaka-Rinko Works, which manufactures machines. Also, to be the distribution base to ship modules to overseas plants.

3. Outline of the extensions of existing plants and the construction of a new plant abroad

(1) P.T. Hitachi Construction Machinery Indonesia

Plant extension, construction of a new plant

i. Location

- Extension to the Cibitung plant in Bekasi, Indonesia.

- Construction of a new plant (Cibitung plant no. 2) on a site of 100,000 square meters in area in West Cikarang, Bekasi.
- ii. Floor area: Cibitung plant: 11,118 square meters (area of the extension), Cibitung plant no. 2: 20,280 square meters
- iii. Major purposes
- To manufacture the components of the undercarriages of large and ultra-large hydraulic excavators (including assembly and coating).
 - To manufacture the components of frames and front attachments of large and ultra-large hydraulic excavators (to ship to Japan).

(2) Hitachi Construction Truck Manufacturing Ltd.

Plant extension

i. Location

Extension to an existing plant (110,000 square meters) in Guelph, Ontario, Canada.

ii. Floor area: 13,294 square meters (area of the extension)

iii. Major purposes

- To manufacture mining dump trucks (loading capacity: 190 - 300t) (mainly for North, Central and South America).

4. Scale of production, amount of investment, etc.

(1) Production scale (as of fiscal 2013, including outsourced production)

- Large hydraulic excavators (machine weight: 120t): 170 units/year
- Ultra-large hydraulic excavators (machine weight: 190t - 800t): 240 units/year
- Mining dump trucks (loading capacity: 190 - 300t): 260 units/year

(2) Amount of investment

Approximately ¥47 billion (¥40 billion in Japan, ¥7 billion overseas)

(3) New hiring (planning to increase the number of employees at Hitachinaka Works and Hitachinaka-Rinko Works)

About 560 employees by fiscal 2015 (about 100 more employees by fiscal 2018)

5. Schedule

(1) Domestic plants

January 2012	Commencement of extension work at Hitachinaka Works.
February 2012	Commencement of extension work at Hitachinaka-Rinko Works.
March 2012	Acquisition of land adjacent to Hitachinaka-Rinko Works.

	Acquisition of nationally-owned land adjacent to Hitachinaka Works.
May 2012	Commencement of construction of a new plant on land adjacent to Hitachinaka-Rinko Works.
August 2012	Commencement of construction of a new plant on land adjacent to Hitachinaka Works.
October 2012	Completion of extension of Hitachinaka-Rinko Works.
November 2012	Completion of extension of Hitachinaka Works.
March 2013	Completion of construction of the new plant on land adjacent to Hitachinaka-Rinko Works. Partial startup of operations.
June 2013	Completion of construction of the new plant on land adjacent to Hitachinaka Works. Partial startup of operations.
October 2013	Commencement of full-scale operation of Hitachinaka Works and Hitachinaka-Rinko Works.
(2) Overseas plants	
December 2011	Commencement of construction of Cibitung plant no. 2 of Hitachi Construction Machinery Indonesia.
April 2012	Commencement of extension work at Hitachi Construction Truck Manufacturing (in Canada).
September 2012	Completion of construction of Cibitung plant no. 2 of Hitachi Construction Machinery Indonesia. Partial startup of operations.
December 2012	Completion of extension of Hitachi Construction Truck Manufacturing.
April 2013	Commencement of full-scale operation of Cibitung plant no. 2 of Hitachi Construction Machinery Indonesia and Hitachi Construction Truck Manufacturing.

Please be informed that the information in the news release is information correct as of the date of the release and that the information may be changed without notice.