

Company name: Hitachi Construction Machinery Co., Ltd.  
Representative: Michijiro Kikawa  
President  
Stock code: 6305, first section of the Tokyo Stock Exchange and Osaka Securities Exchange  
Contact person: Kotaro Hirano (Mr.)  
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November 29, 2011

To interested parties

**Announcement of change of a consolidated subsidiary to a wholly owned subsidiary by a simple share exchange**

We hereby announce that the board of directors of Hitachi Construction Machinery Co., Ltd. resolved at its meeting held today to conduct a share exchange (referred to as the "Share Exchange" below) to change the status of Hitachi Construction Machinery Tierra Co., Ltd. (referred to as "Tierra" below) from a consolidated subsidiary of Hitachi Construction Machinery, to a wholly owned subsidiary of Hitachi Construction Machinery; further, that a contract for the Share Exchange has been concluded today, as detailed below.

Please be informed that some of the matters to be disclosed are omitted because the Share Exchange is a simple share exchange to change the status from a consolidated subsidiary to a wholly owned subsidiary.

1. Purpose of the Share Exchange (changing to a wholly owned subsidiary)  
Tierra carries out the development and manufacture of small-sized hydraulic excavators and small excavators, which are major products of Hitachi Construction Machinery Group.

The purpose of the Share Exchange is to strengthen the consolidated earnings capacity and to raise the consolidated corporate value by further enhancing the efficiency and synergy effect of development and manufacturing resources by making Tierra a wholly owned subsidiary.

2. Outline of the Share Exchange

(1) Schedule of the Share Exchange

Date of resolution of the board of directors	November 29, 2011
Date of conclusion of the contract	November 29, 2011
Planned date of the Share Exchange (effective day)	December 31, 2011 (planned)

Note: The Share Exchange is planned to be carried out without obtaining approvals for the Share Exchange contract at a general meeting of the shareholders of Hitachi Construction Machinery nor at a general meeting of the shareholders of Tierra because the Share Exchange is a simple share exchange provided for in Article 796, Paragraph 3 of the Companies Act for Hitachi Construction Machinery, which will be a wholly owning parent company in the Share Exchange, and because the Share Exchange is a short-form share exchange provided for in Article 784, Paragraph 1 of the Companies Act for Tierra, which will be a wholly owned subsidiary in the Share Exchange.

(2) Method of the Share Exchange

The Share Exchange will be conducted with Hitachi Construction Machinery as the wholly owning parent company and Tierra as the wholly owned subsidiary.

(3) Allotment pertaining to the Share Exchange

	Hitachi Construction Machinery (wholly owning parent company in the Share Exchange)	Hitachi Construction Machinery Tierra (wholly owned subsidiary in the Share Exchange)
Allotment ratio for the Share Exchange	1	0.2

Note 1: Hitachi Construction Machinery will allot 311,320 common shares from its treasury shares for the Share Exchange, which means that the company will not issue new shares.

Note 2: Hitachi Construction Machinery will issue its shares at a ratio of 0.2 common shares of Hitachi Construction Machinery to one common share of Tierra. However, Hitachi Construction Machinery will not issue its shares for 17,744,400 shares of Tierra that are presently held by Hitachi Construction Machinery in the Share Exchange.

(4) Handling of warrants and warrant bonds in the Share Exchange

Tierra has not issued any warrants or warrant bonds.

3. Grounds for the ratio set for the allotment pertaining to the Share Exchange  
 Aoi Corporate Advisory Inc. (referred to as "Aoi" below) was selected and assigned to act as a third-party appraiser to calculate the Share Exchange ratio in order to ensure the fairness and appropriateness of the ratio. Aoi calculated the exchange ratio by comprehensively considering the results of various appraisals, and used the average market share price method to appraise the share value of Hitachi Construction Machinery in consideration of the fact that Hitachi Construction Machinery is a listed

company, and used the discounted cash flow method (DCF method), the market multiples method and the adjusted net book value method to appraise the share value of Tierra in consideration of the fact that Tierra is an unlisted company. Referring to the result of the calculations, Hitachi Construction Machinery set the exchange ratio through prudent negotiation and discussion with Tierra.

#### 4. Outline of companies involved in the Share Exchange

	Wholly owning parent company in the Share Exchange	Wholly owned subsidiary in the Share Exchange
(1) Name	Hitachi Construction Machinery Co., Ltd.	Hitachi Construction Machinery Tierra Co., Ltd.
(2) Address	2-5-1 Koraku, Bunkyo-ku, Tokyo	16-55 Joshoji-cho, Kadoma City, Osaka
(3) Name and position of the representative	Michijiro Kikawa, president	Shigeru Murasugi, president
(4) Business	The manufacture, sale, and servicing of construction machinery, etc.	The manufacture, sale, and servicing of small excavators, etc.
(5) Capital	¥81,577 million	¥1,441 million
(6) Date of establishment	October 1, 1970	March 2, 1949
(7) Number of outstanding shares	215,115,038	19,301,000
(8) End date of each fiscal year	March 31	March 31
(9) Major shareholders and shareholding ratio (as of September 30, 2011)	Hitachi, Ltd.: 50.22% Japan Trustee Services Bank, Ltd. (trust): 3.73% The Master Trust Bank of Japan, Ltd. (trust): 3.49%	Hitachi Construction Machinery Co., Ltd.: 91.94% Mizuho Corporate Bank, Ltd.: 4.99% The Bank of Tokyo-Mitsubishi UFJ, Ltd.: 1.26%
(10) Financial conditions and operating results of previous fiscal year		
	Hitachi Construction Machinery (consolidated)	Tierra
Relevant fiscal year	Fiscal year ended March 2011	Fiscal year ended March 2011
Net assets	¥348,986 million	¥6,449 million
Total assets	¥944,370 million	¥24,587 million
Book value per share	¥1,447.52	¥334.12
Sales	¥773,769 million	¥45,195 million
Operating income	¥41,511 million	¥2,857 million
Ordinary income	¥41,912 million	¥2,741 million
Net income	¥11,088 million	¥1,547 million
Net income per share	¥52.44	¥80.19

#### 5. Changes after the Share Exchange

The Share Exchange will not cause any change to the name, address,

representative, capital or the end date of the fiscal year of Hitachi Construction Machinery.

6. Business prospect

We expect that the Share Exchange will cause little effect on the business results because Tierra is already a consolidated subsidiary of Hitachi Construction Machinery.

Reference: Forecast of consolidated business results of this fiscal year (announced on October 25, 2011) and consolidated business results of the previous year

	Consolidated sales	Consolidated operating income	Consolidated ordinary income	Consolidated net income
Forecast of consolidated business results of this fiscal year (fiscal year ending March 2012)	¥860,000 million	¥65,000 million	¥56,000 million	¥23,000 million
Consolidated business results of the previous year (fiscal year ended March 2011)	¥773,769 million	¥41,511 million	¥41,912 million	¥11,088 million