

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

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November 28, 2014

Subject: Acquisition of the Stock of KCM Corporation (to make KCM Corporation a subsidiary)

Hitachi Construction Machinery Co., Ltd. (hereinafter referred to as "HCM") announces that at its Board of Directors meeting held today, the Board approved the acquisition of the stock of KCM Corporation (hereinafter referred to as "KCM"), thereby making KCM a subsidiary of HCM, and that HCM and Kawasaki Heavy Industries, Ltd. (hereinafter referred to as "KHI") have agreed to the transaction, as detailed below.

1. Reason for acquisition of the stock

Since October 2008, KHI and HCM have collaborated in the wheel loader business, including joint research and development of new models of wheel loaders to meet the Tier 4 exhaust emission regulations. KCM was incorporated in January 2009, and in April of the same year, the wheel loader business of KHI was spun off to KCM. With HCM's capital investment in KCM in June 2010, the joint development of new models of wheel loaders, the increase in production efficiency and the like became accelerated. Global competition in the construction machinery industry has intensified. In order to enhance its competitiveness, HCM has decided to make KCM into a wholly owned subsidiary of HCM on October 1, 2015 (planned), to expand and strengthen the wheel loader business and to raise customer satisfaction by combining the technologies of the two companies and increasing production efficiency. With regard to KCMJ Corporation (hereinafter referred to as "KCMJ"), which carries out sales and service business for KCM products in Japan, HCM and KHI are currently in discussion with a view toward the transfer of the business of KCMJ to Hitachi Construction Machinery Japan Co., Ltd. concurrently with the transfer of KCM shares.

2. Outline of the company to become a subsidiary (KCM)

(1) Corporate name	KCM Corporation	
(2) Address	2680, Oka, Inami-cho, Kako-gun, Hyogo Prefecture	
(3) Name and position of the representative	President: Tadashi Mikawauchi	
(4) Business	Manufacturing, sales and after-sales services of construction machinery, transport equipment, etc.	
(5) Capital	¥4,825 million	
(6) Date of incorporation	April 1, 2009	
(7) Major shareholders and shareholding ratio	KHI: 66%, HCM: 34%	
(8) Relationship between HCM and the subject company	Capital relationship	HCM holds 34% of the voting rights of the company.
	Personnel relationship	One of the HCM executive officers concurrently holds the position of a director of the company.
	Business relationship	HCM and the company have a business relationship, such as sale and purchase of products.

(9) Operating results and financial condition of the company in the last three years			
Fiscal year	Fiscal year ended March 2012	Fiscal year ended March 2013	Fiscal year ended March 2014
Net assets	¥3,082 million	¥2,832 million	¥2,841 million
Total assets	¥18,959 million	¥20,777 million	¥18,802 million
Book-value per share	¥761,219.68	¥699,519.24	¥701,801.50
Sales	¥24,272 million	¥25,229 million	¥26,356 million
Operating income	¥347 million	¥379 million	¥822 million
Ordinary income	¥292 million	¥245 million	¥0 million
Net income	¥229 million	¥213 million	¥38 million
Earnings per share	¥56,623.28	¥52,700.76	¥9,443.44
Dividend per share	¥0	¥0	¥0

3. Outline of the counterparty from which shares will be acquired (As of September 30, 2014)

(1) Corporate name	Kawasaki Heavy Industries, Ltd.	
(2) Address	1-1, Higashikawasaki-cho 3-chome, Chuo-ku, Kobe City, Hyogo Prefecture	
(3) Name and position of the representative	President: Shigeru Murayama	
(4) Business	Manufacturing and sales of ships and boats, rolling stock, airplanes, gas turbines, motors, industrial machinery, environmental equipment, motorcycles, hydraulic equipment, industrial robots, etc.	
(5) Capital	¥104,484 million	
(6) Date of establishment	October 15, 1896	
(7) Net assets (consolidated)	¥382,542 million	
(8) Total assets (consolidated)	¥1,630,986 million	
(9) Major shareholders and shareholding ratio	The Master Trust Bank of Japan, Ltd. (trust account): 4.85% Mizuho Bank, Ltd.: 3.54% Nippon Life Insurance Company: 3.44% JFE Steel Corporation: 3.55% Japan Trustee Services Bank, Ltd. (trust account): 3.35%	
(10) Relationship between HCM and the subject company	Capital relationship	None
	Personnel relationship	None
	Business relationship	There is no significant business relationship.
	Related entity or unrelated entity	Unrelated entity.

4. Number of shares to be acquired and the shareholding status before and after the acquisition

(1) Number of shares held before the transfer	1,377 shares (number of voting rights: 1,377) (proportion of voting rights held: 34.0%)
(2) Number of shares to be acquired	2,672 shares (number of voting rights: 2,672)
(3) Number of shares to be held after the transfer	4,049 shares (number of voting rights: 4,049) (proportion of voting rights held: 100.0%)

Note: The amount payable for the acquisition, which will not be disclosed per agreement with the seller, was determined based on the results of an investigation into the financial and legal affairs by an independent organization to ensure fairness and appropriateness.

5. Schedule

(1) Date of approval of the board of directors	November 28, 2014
(2) Date of contract execution	November 28, 2014
(3) Date of transfer of the shares	October 1, 2015 (planned)

6. Prospect

The acquisition of the stock will not affect the forecast of the business results for the fiscal year ending March 2015, because the date of the acquisition of the stock is planned for October 1, 2015.

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(Information for reference)

Forecast of the consolidated business results of this fiscal year (announced on July 29, 2014), and the consolidated business results of the preceding fiscal year

	Consolidated sale	Consolidated operating income	Consolidated ordinary income	Consolidated net income
Forecast of the consolidated business results of this fiscal year (Fiscal year ending March 2015)	¥740,000 million	¥60,000 million	¥55,000 million	¥30,000 million
Consolidated business results of the preceding fiscal year (Fiscal year ending March 2014)	¥802,988 million	¥69,163 million	¥53,671 million	¥28,939 million