

<News Release>

Tokyo, Japan – 29<sup>th</sup> September, 2015

## Implementation of Early Retirement Incentive Program

Hitachi Construction Machinery Co., Ltd. (hereafter referred to as the “Company”) hereby announces that the board of Directors has resolved, at the meeting held today, to implement the “Early Retirement Incentive Program” (hereafter referred to as the “Program”) as below;

Following the resolution by the Board, the Program is to be informed to the Management Staff. Also, the negotiation with the Labor Union about implementation of the Program to Non-Management staff is to be started today.

### 1. Background

The Hitachi Construction Machinery Group is now trying to reach the targets of growth strategy and cost-structure reforms, in accordance with the Mid-Term Management Plan for fiscal year of 2014-2016, that was announced on 24<sup>th</sup> April, 2014.

For the growth strategy, the main actions includes “enhancing marketing capabilities”, “promoting the SCM (Supply Chain Management) reform”, “strengthening the mining business”, and the “entire value chain with a focus on the parts and service business”.

For the cost-structure reform, the Company is currently working on the Business Process Innovation, especially on the back office function in the Company, careful selection of capital investments, and improvement of the effectiveness on the R&D and Production process.

And due to the decreased demand in China, Russia, CIS and other emerging counties, and also the low demand of mining machinery with falls in prices of mining resources for last few years, the Company is now facing the enormous challenge to establish the foundation for the sustainable management by reforming the business and cost structures.

Under such circumstances, the Company has decided today to carry out the Program for optimizing its workforce in Japan, as part of the business restructuring plan.

### 2. Outline of the Program

- (1) Subject: Employees at the age of 35 years and above on the date of the early retirement, and “senior employees” who has the re-employed contract.
- (2) Target number to be applied: Not specified
- (3) Application period: From Mid-November 2015 to Mid-February 2016. (Planned)
- (4) Termination date: From 20<sup>th</sup> January to 20<sup>th</sup> March 2016. (Planned)
- (5) Benefit: Special retirement allowance will be added to the general severance allowance and the outplacement service is provided.

### 3. Action by the group companies in Japan

The action is to be considered according to the business circumstances and financial situation of each company.

#### 4. Future Outlook

Expenses associated with implementation of the Program are scheduled to be accounted for in the accounts settlement for the fiscal year ending March 2016. The amount of the expenses, the effect on the business results forecast and the effect on the business results for the fiscal year ending March 2017 and onwards will be carefully examined taking into consideration the level of applications and other matters, and they will be disclosed.

Information for reference:

Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2016(announced on July 28, 2015), and Financial Results in the Previous Fiscal Year Ended March 31, 2015.

(Million yen)

	Revenue	Operating profit	Income before income taxes	Net income attributable to owners of the parent
March, 2016 (Forecast)	810,000	54,000	49,000	27,000
March 2015	815,792	63,131	58,953	26,023