

May 21, 2019

Corporate name Hitachi Construction Machinery Co., Ltd.  
(Code: 6305, First Section of the Tokyo Stock Exchange)

Name of representative Kotaro Hirano,  
Executive Officer, President & CEO

### Notice Concerning Controlling Shareholders, etc.

Hitachi Construction Machinery Co., Ltd. (hereinafter referred to as “HCM”) hereby announces the following particulars concerning the controlling shareholders, etc. of HCM’s parent company, Hitachi, Ltd. (hereinafter referred to as “Hitachi”).

1. Trade names, etc. of the parent company, controlling shareholders (excluding parent company), other affiliates, or parent companies of other affiliates

(As of March 31, 2019)

Name	Attribute	Voting right percentage (%)			Financial instruments exchange, etc. where issued share certificates are listed
		Direct ownership	Combined relevant shares	Total	
Hitachi	Parent company	50.9	0.6	51.5	First Section of the Tokyo Stock Exchange First Section of the Nagoya Stock Exchange

2. Positioning of listed companies within the parent company’s corporate group, and other relationships between listed companies and the parent company

(1) Positioning of listed companies within the parent company’s corporate group, and business, personnel, and/or capital relationships between the parent company and its group companies

HCM belongs to the construction machinery segment of the Hitachi Group as the sole enterprise to assume the Group’s construction machinery business. While maintaining independent business management, HCM shares its parent company’s basic principles and brand as a member of the Hitachi Group.

Furthermore, HCM and Hitachi have a capital lending/borrowing transactional relationship based on the Hitachi Group’s cash pooling system, as well as a cooperative relationship in the areas of research and development. HCM has business relationships, such as product sales, with other Hitachi Group companies.

Additionally, in order to reinforce the corporate governance function of HCM’s Board of Directors and to ensure coordination with the Hitachi Group, one of the 10 directors is concurrently taking the post of advisor at Hitachi as of March 31, 2019.

(Concurrent directorships)

(As of March 31, 2019)

Title	Name	Title at parent company or its group company	Reason of appointment
Director	Koji Tanaka	Parent company Hitachi Advisor	HCM has determined that he will be able to further strengthen the HCM’s management structures by providing advice on the HCM’s overall management utilizing his extensive experience and deep insight in power systems business in Hitachi Group and as the top executive of a global company.

- (2) Business restraints, risks, and advantages from belonging to the corporate group of the parent company, and the impact of the business, personnel, and/or capital relationships with the parent company and its group companies on management and business activities

By being a part of the Hitachi Group, HCM can effectively use the research and development capacities, branding power, and other management resources of Hitachi and the Hitachi Group companies, as well as further contribute to improving HCM's and the HCM Group's corporate values.

- (3) Concept and measures for ensuring a certain level of independence from the parent company

One of the 10 HCM directors is concurrently taking a post as an advisor at Hitachi as of March 31, 2019, which creates a situation where he may have an impact on HCM's management policy decisions through expressing his opinions at board meetings. However, the board members concurrently taking on the posts at Hitachi are less than the majority of HCM's board members, and because three of HCM's outside directors are registered with the Tokyo Stock Exchange as independent officers, HCM believes that it is able to make independent management decisions. Terms of business with Hitachi and its group companies are rationally determined based on mutual accord, referencing market prices, etc.

- (4) Situation of ensuring a certain level of independence from the parent company

HCM conducts business activities individually on the basis of ensuring independence in terms of business transactions in the relationship with Hitachi. Additionally, as HCM's business activities do not significantly rely on business transactions with Hitachi, HCM recognizes that its independence from the parent company is ensured to a certain level.

### 3. Particulars related to transactions with controlling shareholders, etc.

The state of business transactions with Hitachi during the fiscal year ended in March 2019 (from April 1, 2018 to March 31, 2019) is as follows:

(Unit: Million yen)

Attribute	Company name	Capital or Investments	Line of business	Relationship with relevant party	Details of business transactions	Transaction amount	Account title	Final balance
Parent company	Hitachi	458,790	Manufacturing, sales, and service of electric machines and appliances and other products	Lending/Borrowing of funds; Payment of brand royalties;	Deposit of funds	2,486	Borrowing funds	37,508
					Borrowings of funds	37,508		
					Interest on borrowings	61		
					Payment of brand royalties	1,378	Accounts payable	6,320

Note: Transaction conditions or policy for determining transaction conditions

HCM is enrolled in the Hitachi Group's cash pooling system, which aims to centrally manage funds. Funds are accommodated on a daily basis, and therefore the transaction amount represents the balance against the amount as of the end of the previous fiscal year.

The interest rates for deposits and borrowings of funds are rationally determined considering market interest rates. Collaterals are not provided.

### 4. State of performance of measures to protect minority shareholders when transacting with controlling shareholders

When HCM transacts with Hitachi and Hitachi Group companies, fair trade is ensured by coming to a mutual accord where the price is rationally determined based on generally accepted market prices.