



[Translation]

February 25, 2016

To whom it may concern

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Announcement on Dissolution of Subsidiary and Posting of Loss Associated with Dissolution

Hitachi Koki Co., Ltd. announces its plans to dissolve Hitachi Koki Europe Ltd., a manufacturing subsidiary in Ireland (“Ireland plant”) and the posting of the loss associated with such dissolution as outlined below.

1. Reason for Dissolution

Hitachi Koki Co., Ltd. currently pursues its structural reform plan to strengthen our earning capacity as a part of actions to realize our management objective, the early realization of operating profit margin of over 10 percent. Ireland plant had mainly produced disc grinders and impact drills for European and Russian market. However, since it relied upon assembly of imported components from Southeast Asia and China, its operation has gradually been affected by the financial crisis after the bankruptcy of Lehman Brothers, depreciation of Euro under the European credit crisis, and recent economic downturn in Russia. These series of events have affected total order volumes as well as overall productivity of the company. Under such circumstances, we finally determined to close Ireland plant, as a part of structural reform. The production of this plant will be transferred to plants in Malaysia and Fujian, China, to increase the cost competitiveness of the products.

2. Overview of Subsidiary to be Dissolved

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|-------------------------------------------------------|--------------------------------------------------------------|
| (1) Name | Hitachi Koki Europe Ltd. |
| (2) Street Address | Clonshaugh Business & Technology Park, Dublin 17, Ireland |
| (3) Title and Name of Representative | Managing Director Gerard McHugh |
| (4) Description of Business | Manufacturing of power tools |
| (5) Capital Stock | 2.7 million Euro |
| (6) Date of Foundation | January 27 th , 1995 |
| (7) Shareholder and Shareholding Ratio | Hitachi Koki Co., Ltd. 100% |
| (8) Total Equity (Net Assets) | 4.2 million Euro |
| (9) Total Assets | 7.4 million Euro |
| (10) Revenue | 12.1 million Euro |
| (11) Operating income | 0.3 million Euro |
| (12) Net income attributable to owners of the Company | 0.3 million Euro |

Note: (8) to (12) are the results for fiscal year ending March 31, 2015.

3. Schedule for Dissolution

- (1) February 25, 2016 Board of Directors' resolution on policy to dissolve the subsidiary
- (2) March, 2017 Completion of liquidation of the subsidiary (tentative)

4. Posting of Loss Associated with the Dissolution

Hitachi Koki Co., Ltd. will book a loss of approximately 1.3 billion Yen in the consolidated financial results for fiscal year ending March 31, 2016.

5. Future Prospects

See "Notice of Revision of Business Forecast" dated February 25, 2016.

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