

To all parties concerned

January 13, 2017

Hitachi Koki Co., Ltd.

President & Representative Executive officer: Osami Maehara

Announcement of Opinion Regarding the Tender Offer for the Shares of Hitachi Koki Co., Ltd.

Hitachi Koki Co., Ltd. (the “Company” or “we”) the Company has issued a resolution today, in its judgment based on present circumstances, with regard to the Tender Offer (the “Tender Offer”) (Note 1) by HK Holdings Co., Ltd. (the “Offeror”) (Note 2) for the common shares of the Company (the “Company Shares”) and the stock options of the Company (the “Stock Options”) (Note 3), supporting the Tender Offer and entrusting the Company’s shareholders and option holders with the decision of whether or not to tender into the Tender Offer, once Tender Offer has been commenced.

For details, see “Announcement of Opinion Regarding the Tender Offer for the Shares of Hitachi Koki Co., Ltd.by HK Holdings Co., Ltd.” announced by the Company today.

Note 1: The Offeror intends to conduct the Tender Offer, as part of the series of transactions for acquiring all of the Company Shares and the Stock Options (excluding treasury shares held by the Company), such that the Company will become a wholly-owned subsidiary of the Offeror (such transaction, the “Transaction”).

Note 2 All issued shares of the Offeror are currently owned by KKR HK Investment L.P., a limited partnership established under the laws of the Cayman Islands on November 4, 2016, which is an investment fund belonging to Kohlberg Kravis Roberts & Co. L.P. (together with its affiliates and other related entities, “KKR”).

Note 3: The stock options are issued based on the resolutions passed at the Board of Directors meeting on July 28, 2016.

1. The reason why the Company has decided that the Transaction will contribute to further enhancement of the Company’s enterprise value.

In the electric power tool industry to which the Company belongs, cordless tools are becoming increasingly prevalent, and this trend is expected to continue in the future. Further, due to the influence of the so-called IoT (Internet of Things), electric power tool products which can connect to the Internet are becoming popular, and efforts are being directed toward increasing customer satisfaction by enhancing various features to enable management of these products using the Internet. This situation has resulted in intensifying market conditions, inside and outside Japan, with increasing competition being seen in the development/introduction of new products and in expansion of sales and marketing as well as pricing competition among competitors.

Given these circumstances, the Company has decided that, in response to the current business environment with a trend toward cordless products, utilizing KKR’s know-how and resources will contribute to further enhancement of the Company’s enterprise value. Such measures shall include: a transformation of the Company’s manufacturing/development, sales and service systems, such as the development and introduction of new products with a

focus on cordless products utilizing batteries and circuitry technologies developed in-house, reinforcement of a sales/marketing strategy aimed at having the Company's high-technology superiority further recognized by customers, improvement of efficiency by integrating overseas manufacturing and sales operation bases, as part of the structural reform currently in progress, and the pursuit of a non-linear growth opportunities centered on M&A.

As stated above, structural reform of the Company's manufacturing/development, sales and service systems and the increase of the Company's growth are urgent matters needed to overcome intensifying market conditions, inside and outside Japan, with increasing competition being seen in the development/introduction of new products and in expansion of sales and marketing as well as pricing competition among competitors. While the Company deems it essential to implement the above measures in order to continuously improve its enterprise value, certain costs and time are required for the effect of such measures to become apparent. Moreover, as additional investments will be made as necessary, shareholders of the Company may be exposed to a reduced share price due to a temporary drop in the Company's performance caused by upfront investment and the ongoing highly competitive business environment.

The Company's goal is to become one of the global leaders of the increasingly competitive electronic power tools industry, and with the industry's continuing trend towards cordless products and increasing competition, the Company believes that now is the ideal time to implement the above measures, strengthen the Company's business foundations through the implementation of related measures and increase the Company's growth prospects. Therefore, with the understanding that it is best for the Company to operate its business with a mid- to long-term outlook and with the Offeror as a new partner who is consistent with the Company's future growth strategy, the Company has investigated the possibility of privatization.

2. KKR

Founded in 1976, KKR is a comprehensive asset management firm included among the world's leading private equity funds and is listed on the New York Stock Exchange. KKR's investment philosophy is to invest from a long-term perspective in partnership with the management of the acquired company. KKR partners with companies and management teams with outstanding potential and business foundations, and leverages its resources and network with the aim of creating industry leaders. Based on this philosophy, KKR focuses on carve-outs of subsidiaries and business units from large corporations and supports their development as independent enterprises by supporting their organic and inorganic growth, increasing their profitability and improving their business processes. KKR has a track record of more than 50 carve-outs globally.

Since the opening of its Tokyo office in 2006, KKR has been actively investing in the Japanese market, with investment professionals from diverse backgrounds that possess an understanding of Japanese business practices.

3. Intention to Achieve Company Growth

The Company positively considers the decision this time as the opportunity for the Company to grow, and aims to enhance its mid- to long-term enterprise value on a companywide basis by refreshing its feelings. We would appreciate your kind continuous supports.

End.