

We are Striving to be a Group with Socially Recognized Values based on Corporate Philosophy we have Cultivated.

An interview with Mr. Kikawa, president of the company took place, on the future management policies and the basic concept of the CSR activities of the Hitachi Construction Machinery Group.

The Basis of Corporate Value is "Development of the Core Business"

--Mr. Kikawa, you have just been appointed president this April, so what type of company do you want to turn Hitachi Construction Machinery into?

When we go back to the basic reasons for being a company, it is above all important to do a good job and to keep on growing through the core business. This is the most important thing for customers, stockholders, local communities, business partners, and employees. If we get good results from the core business, we can win more trust from customers and heighten the pride of the employees, which will in turn drive further development. No corporate value can exist without development of the core business.

Fortunately, thanks to the current favorable business environment, we enjoyed the best consolidated sales and



President, Chief Executive Officer and Director

M. Kikawa

profits in our history in Fiscal 2005. Future prospects for demand are also good, and we see this as a golden opportunity for business expansion. Supported by the good economy, my current target is to make Hitachi Construction Machinery into a one trillion yen company.

Providing Customers with "Solutions"

-- In order to develop the core business, what do you think is necessary for the company to do?

I think the Hitachi Construction Machinery Group must meet challenges from three perspectives. The first perspective is on product. We will further improve and expand the hydraulic excavators, wheel loaders and other product lineups.

Another perspective is on the value chain. In order to enable customers to keep on using our products with a sense of reliability, we will maintain and repair the products we sold and supply spare parts. Financing services and purchase of used products are necessary services. It is only when all of these are mutually linked that we can satisfy customers, so enhancement of each service is the key to strengthen the competitive power.

The third perspective is on market. In addition to the five major markets of Japan, America, Europe, China and Oceania & Asia, we must also increase our share in markets with strong demand including Russia, India and the emerging markets in the Middle East.

If we can be successful from these three perspectives, we will be stronger and will not be far from being a trillion-yen company.

Among these three perspectives, of especial importance is value chain. This is what I've finally realized in the last few years. It is not products but "solutions" that we are selling. The Hitachi Construction Machinery Group has competitive hydraulic excavators and is good at manufacturing and selling them. But what customers require is not only products (hardware) but also results or the most efficient and best performance in business. For this reason, we provide them with "solutions" by offering a combination of the best products and services befitting each customer's needs. In the past few years, our sales operations have drastically changed including the coordination of rental, service and sales, and

promotion of Hi-OSS (Hitachi On-site Screening & Solution), and we are committed to accelerate these changes to meet the requirements of customers.

In Accordance with the Essential Spirit and Philosophy

-- Along with the business, it is also an important challenge to promote CSR activities and fulfill social responsibility as a corporate citizen. How will you proceed with this?

The main focus is on the pursuit of safe construction machinery friendly both for the environment and people. In the latest series of our core products, hydraulic excavators, we have not only enhanced safety by strengthening the operator's cab and adding the rearview monitoring function but also, in terms of environment-consciousness, complied with the Tier III Emission Regulations with their low noise and low fuel consumption design. For future product development, we will address more difficult challenges including easiness of operation for elderly operators, compliance with the Tier IV Emission Regulations, and development of electric drive technologies

In addition to this, we are making efforts with initiatives to plow back technologies we have cultivated to society. For example, the development of demining machines by Yamanashi Hitachi Construction Machinery, which has a history of more than a decade, and Hi-OSS to offer waste disposal solutions are unique initiatives of the Hitachi Construction Machinery Group with steady results.

In order to promote these activities, what I think is important is not to emphasize the term "CSR" prior to action. Fortunately, the Hitachi Construction Machinery Group has a corporate philosophy of "Toward a Rich Earth and Rich Town in the Future." This slogan represents exactly the reason for being a company that contributes to customers, stockholders, employees and all the other stakeholders. In other words, this is the spirit of CSR that has been passed down unbroken from generation to generation in the Hitachi Construction Machinery Group. Taking pride in this fact, I want to proceed with our operations and activities in accordance with the essential spirit and philosophy of the Hitachi Construction Machinery Group.

In Fiscal 2005, we established the CSR Committee and the



CSR Promotion Department as a mechanism to clearly decide the direction of the CSR activities and regularly review them. But when I look back, this is in fact a process to review our concepts and activities from the past to present from the viewpoint of CSR. It was the first year "when we reached the term, CSR," rather than the first year of CSR. I believe that from Fiscal 2006 and on, it is important to do what we have to do as the Hitachi Construction Machinery Group.

"Enthusiastic Group", "Lively Group", and "Promise-keeping Group"

-- What do you expect of employees who are responsible for CSR activities?

Firstly, in whatever they do, it is important that they feel happy about working in the group. In my inauguration address, we will aim to become a group that is "Enthusiastic", is "Lively" and that "Keeps its Promises". The enthusiastic group is inspired from the corporate culture where once it is agreed to do something, everyone will unite and address the challenge. When you do a job, you must do it happily and joyfully. Keeping one's promise is an essential attitude in business. It is indispensable that everyone is aware of the three concepts and tries to make a company that they can be proud of toward one's family. If you can make it, you can do anything. Talking about myself, I have often shown our products to my kids and boasted "taxi-yellow machines are really cool, aren't they."

-- Finally, please tell us about your resolutions toward the promotion of future activities.

Hitachi Construction Machinery is determined to become a trillion-yen company and in the end to be the biggest construction machinery company in the world. If we can make it, we will attract even more attention in the world. As one of the finishing points of the CSR activities, I have a corporate image where the company not only has large sales but also is recognized for its values and respected by everyone. For this goal, we are committed to promote the CSR activities as a united group.