

Company Outline

Hitachi Construction Machinery Background

| | |
|----------------------------|--|
| Company name | Hitachi Construction Machinery Co., Ltd. |
| Capital | ¥42,635,660,000 (As of March 31, 2007) (Total number of shares issued : 196,095,038) |
| Head office | 2-5-1 Koraku, Bunkyo-ku, Tokyo 112-8563 Japan |
| established | October 1, 1970 |
| President | Michijiro Kikawa |
| Number of employees | Consolidated : 14,272 Non-consolidated : 3,311 (As of March 31, 2007; excluding equity method investees) |
| Major operations | Manufacturing, sales and services of construction machinery, transportation machinery and other machines and devices |
| Company website | http://www.hitachi-kenki.co.jp |

Business locations of Hitachi Construction Machinery in Japan

Sales, services and training

| | |
|---|---|
| Divisions | East Japan Division (Soka, Saitama Prefecture) West Japan Division (Oyamazaki-cho, Otokuni-gun, Kyoto) |
| Number of regional sales offices | 17 |
| Number of branch sales offices | 121 |
| | Kasumigaura General Training Center, Technical training Center |

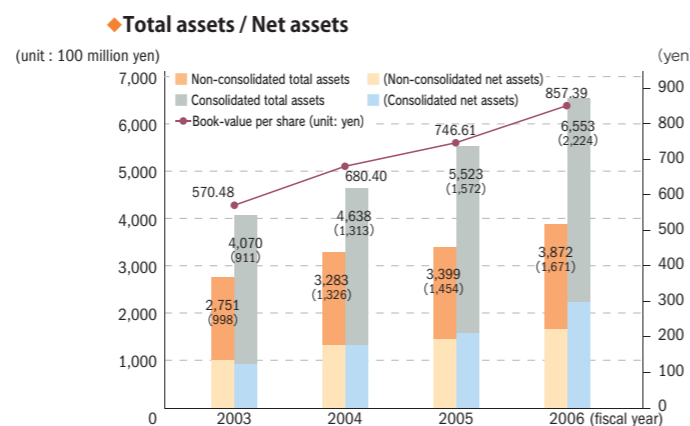
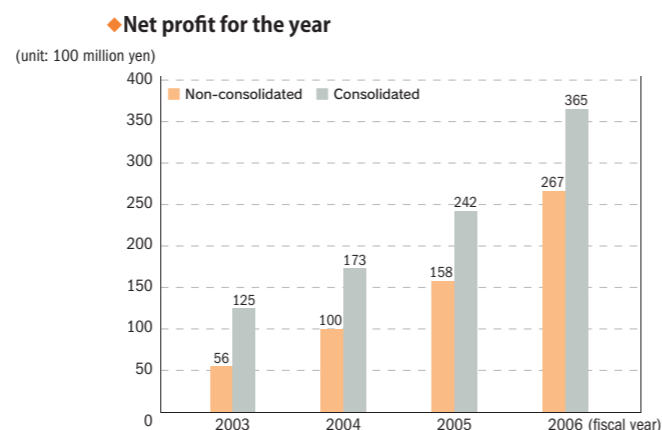
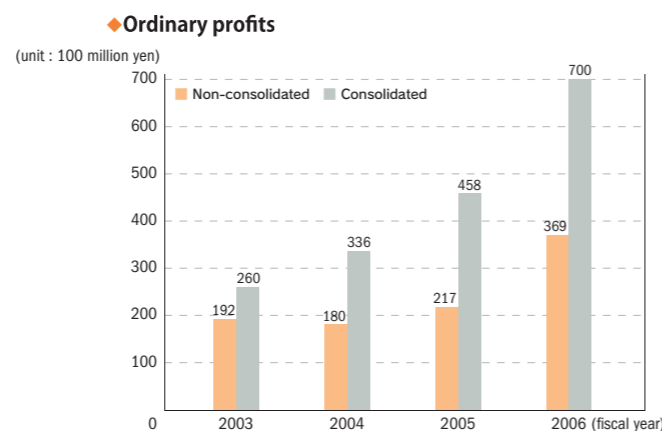
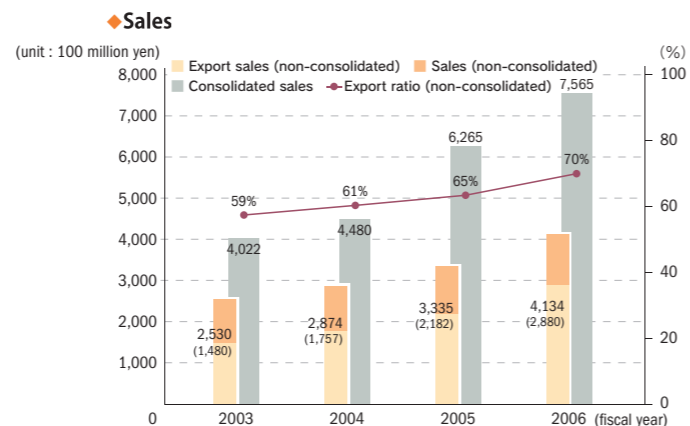
Plants and R&D

| |
|---------------------------|
| Technical Research Center |
| Tsuchiura Works |
| Kasumigaura Works |

Overview of Hitachi Construction Machinery Group

(As of March 31, 2007)

| | |
|--------------------------------------|----|
| Number of group companies | 88 |
| Number of consolidated companies | 70 |
| •Japan | 44 |
| •North America | 5 |
| •Europe, Africa and Middle/Near East | 5 |
| •Oceania and Asia | 11 |
| •China | 5 |
| Equity method investees | 18 |
| •Japan | 9 |
| •North America | 1 |
| •Europe, Africa and Middle/Near East | 2 |
| •Oceania and Asia | 3 |
| •China | 3 |



About the "Hitachi Construction Machinery Group CSR Report 2007"

Our group set up the CSR Committee (CSR: corporate social responsibility) in April 2005 and started our CSR activities. Investigation of our CSR activities and the editing of the "Hitachi Construction Machinery Group CSR Report 2006" issued last year reveals that a variety of economic, environmental and social activities in which our group has been engaged based on our group's philosophy are identical to CSR practices. We think we can fulfill CSR by thorough management, taking into consideration the opinions of various stakeholders. This is the second time we issued the CSR Report. This year we compiled the report to show the results of CSR activities based on the first CSR activity plans we made last year. The report includes as much information about the group companies as possible because the report last year had little coverage about the group companies. The report is expected to promote understanding of our group by our various stakeholders such as our customers, shareholders, business partners, employees and community members.

Scope of the report

Period

The report mainly covers the period April 1, 2006 to March 31, 2007, but may include relevant information before or after these dates.

Organizations reported

Consolidated companies of our group.

Coverage of performance data

| | |
|---------------------------|---|
| [Financial reporting] | Consolidated companies of our group |
| [Environmental reporting] | Hitachi Construction Machinery and some consolidated subsidiaries |
| [Social reporting] | Hitachi Construction Machinery and some consolidated subsidiaries |

Related reports

Detailed financial reports of Hitachi Construction Machinery are disclosed and discussed in the company's financial statements, reports for shareholders, etc.

Guidelines followed in the preparation of this report

Environmental Reporting Guidelines (FY2003 version); the Ministry of the Environment, the Government of Japan

Sustainability Reporting Guidelines 2002; Global Reporting Initiative

Next issue

June 2008, schedule

Contents

| | |
|---|----|
| Demining equipment which restores peaceful land is the symbol of Hitachi Construction Machinery Group's CSR. | 2 |
| Company Outline | 4 |
| About the "Hitachi Construction Machinery Group CSR Report 2007" | 5 |
| Message from the president | 6 |
| New Medium-term Management Plan | 8 |
| Hitachi Construction Machinery Group's Relation to Society | 10 |

HighLight

| | |
|---|----|
| ① Development of Demining Equipment | 12 |
| ② Hi-OSS(Hitachi On-site Screening & Solution) processes everything on site | 14 |
| ③ International Contributions through NPOs | 16 |
| ④ Special Sponsorship Kasumigaura Marathon and International Blind Marathon Kasumigaura | 17 |

Management

| | |
|---|----|
| CSR of Hitachi Construction Machinery Group | 18 |
| Corporate Governance | 20 |
| Compliance and Risk Management | 21 |

Reporting on social activities

| | |
|---|----|
| Product Quality and Safety | 22 |
| Procurement | 23 |
| Customer Satisfaction | 24 |
| Information Security and Private Information Protection | 26 |
| Disclosure and Communication | 27 |
| Employee Satisfaction, Employment, and Occupational Safety and Health | 28 |
| Social Contribution | 30 |

Reporting on Environmental Conservation Activities

| | |
|---|----|
| Environmental Management | 32 |
| FY2006 Results and FY2007 Targets | 34 |
| Inputs and Emissions Accompanying Business Operations | 36 |
| Sustainable Business Model | 37 |
| Activities to prevent global warming | 38 |
| Activities to reduce waste | 40 |
| Management and Reduction in Use of Chemicals | 41 |
| Design for Environment | 42 |
| Research and Development of Environmental Technology | 43 |
| Environmental Data of Business Establishments | 44 |
| Environmental Accounting | 46 |

| | |
|---------------------------|----|
| Third-party Comment | 47 |
|---------------------------|----|