



January 27, 2017

To all parties concerned

Company Name: Hitachi Koki Co., Ltd.
President & Representative Executive officer: Osami Maehara
(Securities Code 6581 First Section of the Tokyo Stock Exchange)
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Company Name: HK Holdings Co., Ltd.
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Announcement Regarding the Implementation of the Tender Offer for the Shares of Hitachi Koki Co., Ltd. (Securities Code 6581) by HK Holdings Co., Ltd. and Amendments to the Press Release titled “Announcement Regarding the Tender Offer for the Shares of Hitachi Koki Co., Ltd. (Securities Code 6581)”

HK Holdings Co., Ltd. hereby announces that as of today, it has decided to conduct the tender offer for the common shares and stock options of Hitachi Koki Co., Ltd., as planned, as specified in the attachment hereto and the contents of the press release titled “Announcement Regarding the Tender Offer for the Shares of Hitachi Koki Co., Ltd. (Securities Code 6581)” released by HK Holdings Co., Ltd. as of January 13, 2017 is amended.

End

This material is published by HK Holdings Co., Ltd. (the tender offeror) based on the request made to Hitachi Koki Co., Ltd. (the target company in the tender offer) pursuant to Article 30, Paragraph 1, Item 4 of the Order for Enforcement of the Financial Instruments and Exchange Act.

(Attachment)

“Announcement Regarding the Implementation of the Tender Offer for the Shares of Hitachi Koki Co., Ltd. (Securities Code 6581) and Amendments to the Press Release titled ‘Announcement Regarding the Tender Offer for the Shares of Hitachi Koki Co., Ltd. (Securities Code 6581)’” dated January 27, 2017.

January 27, 2017

Company Name: HK Holdings Co., Ltd.

Representative: William Janetschek

Contact: 03-6268-6000

Announcement Regarding the Implementation of the Tender Offer for the Shares of Hitachi Koki Co., Ltd. (Securities Code 6581) and Amendments to the Press Release titled “Announcement Regarding the Tender Offer for the Shares of Hitachi Koki Co., Ltd. (Securities Code 6581)”

1. Implementation of the Tender Offer for the Shares of Hitachi Koki Co., Ltd.

As announced in the press release issued on January 13, 2017 titled “Announcement Regarding the Tender Offer for the Shares of Hitachi Koki Co., Ltd. (Securities Code 6581)” (the “Press Release as of January 13, 2017”), HK Holdings Co., Ltd. (the “Offeror”) intends to commence a tender offer on January 30, 2017 (the “Tender Offer”) for the common shares and the share options issued based on the resolutions passed at the July 28, 2016 meeting of the Board of Directors of Hitachi Koki Co., Ltd. (Securities Code: 6581, First Section of the Tokyo Stock Exchange) (the “Target Company”), subject to the fulfillment of the Conditions Precedent to the Tender Offer (as defined on the page 1 of the Press Release as of January 13, 2017).

As it has been confirmed that the Conditions Precedent to the Tender Offer have been fulfilled as of today, the Offeror hereby announces that the Offeror has decided to commence the Tender Offer on January 30, 2017, as planned.

According to today’s press release of the Target Company titled “Announcement Concerning Opinion Regarding the Implementation of the Tender Offer for the Shares of Hitachi Koki Co., Ltd. by HK Holdings Co., Ltd. and Amendments to the Press Release titled ‘Announcement Concerning Opinion Regarding the Tender Offer for the Shares of Hitachi Koki Co., Ltd. by HK Holdings Co., Ltd.’”, as of today the Target Company’s Board of Directors has issued a resolution affirming that its opinion with regard to the Tender Offer has not changed, and that the Board of Directors of the Target Company supports the Tender Offer and leaves the decision of whether or not to tender into the Tender Offer once the Tender Offer has been commenced to the Target Company’s shareholders and Share Option holders (for details regarding the opinion, see the press release issued by the Target Company on January 13, 2017 titled “Announcement of Opinion Regarding the Tender Offer for the Shares of Hitachi Koki Co., Ltd. by HK Holdings Co., Ltd.”).

For details regarding the Tender Offer, please see the Press Release as of January 13, 2017.

2. Amendment to the Press Release as of January 13, 2017

The Offeror hereby announces that it amends the contents of the Press Release as of January 13, 2017 as follows. Amended matters are underlined.

<Pre-Amendment>

1. Purpose of the Tender Offer

<Omission of preceding paragraphs>

- (3) Measures to ensure the fairness of the Tender Offer Prices and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer

Due to the fact that the Offeror has entered into the Tender Agreement with Hitachi, the parent of the Target Company, and Hitachi Urban Investment, Hitachi's subsidiary, the Offeror and the Target Company have implemented the following measures to ensure the fairness of the Tender Offer. Even though the Offeror has not set a minimum number of shares (the so-called "Majority of Minority") to be purchased, the Target Company believes that the interests of the Target Company's minority shareholders have been adequately considered, because the total amount of the Share Purchase Price and the Special Dividend (¥1,450 per Target Company Share) represents a discount of 4.10% on ¥1,512, the closing price of the Target Company Shares on the First Section of the Tokyo Stock Exchange on January 12, 2017, which was the business day immediately preceding the date of the announcement of the Tender Offer (today). Additionally, as stated in "② Discussions between the Offeror, the Target Company and Hitachi, and the decision-making process of the Offeror" under "(2) Background, purpose, and decision-making process leading to the implementation of the Tender Offer, and management policy following the Tender Offer", the Offeror was selected from the bidding process conducted by the Target Company, and, regarding the Tender Offer the Offeror and Target Company have implemented the measures described in items (i) through (iv) below, which are based on explanations received from the Target Company.

<Omission of following paragraphs>

<Post-Amendment>

1. Purpose of the Tender Offer

<Omission of preceding paragraphs>

- (3) Measures to ensure the fairness of the Tender Offer Prices and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer

Due to the fact that the Offeror has entered into the Tender Agreement with Hitachi, the parent of the Target Company, and Hitachi Urban Investment, Hitachi's subsidiary, the Offeror and the Target Company have implemented the following measures to ensure the fairness of the Tender Offer. Even though the Offeror has not set a minimum number of shares (the so-called "Majority of Minority") to be purchased, the Target Company believes that the interests of the Target Company's minority shareholders have been adequately considered. Although the total amount of the Share Purchase Price and the Special Dividend (¥1,450 per Target Company Share) represents a discount of 4.10% on ¥1,512, the closing price of the Target Company Shares on the First Section of the Tokyo Stock Exchange on January 12, 2017, which was the business day immediately preceding the date of the announcement of the Tender Offer (today), (i) the Target Company believes that the total amount of the Share Purchase Price and the Special Dividend (¥1,450 per Target Company Share) is sufficiently valid and represents a premium on the listed share price (see below Note), because such total amount takes into consideration the effect of the media reports on October 5, 2016 and December 28, 2016 regarding Hitachi's sale of its Target Company Shares, which influenced the listed share price of the Target Company Shares, as well as periods in which the impact of such reports was limited. (ii) as stated in "② Discussions

between the Offeror, the Target Company and Hitachi, and the decision-making process of the Offeror” under “(2) Background, purpose, and decision-making process leading to the implementation of the Tender Offer, and management policy following the Tender Offer”, the Offeror was selected through a fair bidding process, including price competition, conducted by the Target Company, and, (iii) regarding the Tender Offer, the Offeror and Target Company have implemented the measures described in items (i) through (iv) below, which are based on explanations received from the Target Company.

(Note) The total amount of the Share Purchase Price and the Special Dividend (¥1,450 per Target Company Share) represents (x) a premium of 7.89% on ¥1,344, the one-month average closing price through January 12, 2017, the business day immediately preceding the date of the announcement of the Tender Offer (today); a premium of 35.26% on ¥1,072, the three-month average closing price through January 12, 2017; and a premium of 62.37% on ¥893, the six-month average closing price through January 12, 2017, and (y) a premium of 96.21% on ¥739, the closing price of the Target Company Shares on the First Section of the Tokyo Stock Exchange as of October 4, 2016, which was the business day immediately preceding October 5, 2016, when media reports regarding Hitachi’s sale of its Target Company Shares were released; a premium of 100.00% on ¥725, the one-month average closing price through October 4, 2016; a premium of 108.93% on ¥694, the three-month average closing price through October 4, 2016; and a premium of 108.03% on ¥697, the six-month average closing price through October 4, 2016 and (z) a premium of 15.72% on ¥1,253, the closing price of the Target Company Shares on the First Section of the Tokyo Stock Exchange as of December 27, 2016, which was the business day immediately preceding December 28, 2016, when further media reports regarding Hitachi’s sale of its Company Shares were released; a premium of 27.08% on ¥1,141, the one-month average closing price through December 27, 2016; a premium of 50.41% on ¥964, the three-month average closing price through December 27, 2016; and a premium of 76.40% on ¥822, the six-month average closing price through December 27, 2016;

<Omission of following paragraphs>

<Pre-Amendment>

1. Purpose of the Tender Offer

<Omission of preceding paragraphs >

(3) Measures to ensure the fairness of the Tender Offer Prices and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer

<Omission of preceding paragraphs >

③ The Target Company has established an independent committee to provide an opinion regarding the Transaction

<Omission of preceding paragraphs>

On September 29, 2016, the Target Company established an independent committee for the purpose of eliminating arbitrariness in decision-making for the Transaction and ensuring the fairness, transparency, and objectivity

of the Target Company's decision-making process. The independent committee is comprised of three members who do not have any interest in the Target Company, Hitachi or the Offeror. The members of the independent committee are: Ms. Haruko Shibumura (outside director of the Target Company); Mr. Taisuke Senoo (outside director of the Target Company); and Mr. Noboru Yamamoto (outside director of the Target Company). The members of the independent committee have not changed since the establishment of the committee. On December 20, 2016, the Target Company requested that the independent committee advise the Target Company as to whether (i) the purpose of the Transaction is justifiable and reasonable; (ii) the fairness of the procedures for the Transaction has been ensured; (iii) the fairness and propriety of the terms of the Transaction (including the amounts of the Share Purchase Price and the Special Dividend) have been ensured; and (iv) regarding the Transaction, it is not disadvantageous to the minority shareholders of the Target Company (a) that its Board of Directors expresses an opinion to support the Tender Offer, recommends tendering shares therein, and issues the Special Dividend; and or (b) that, after completion of the Tender Offer, depending on the Offeror, the Company may approve the Demand for the Sale of Shares and carry out the Share Consolidation (the "Matters of Inquiry").

<Omission of following paragraphs>

<Post-Amendment>

1. Purpose of the Tender Offer

<Omission of preceding paragraphs >

(3) Measures to ensure the fairness of the Tender Offer Prices and avoid conflicts of interest, and other measures to ensure the fairness of the Tender Offer<Omission of preceding paragraphs>

③ The Target Company has established an independent committee to provide an opinion regarding the Transaction

<Omission of preceding paragraphs>

On September 29, 2016, the Target Company established an independent committee for the purpose of eliminating arbitrariness in decision-making for the Transaction and ensuring the fairness, transparency, and objectivity of the Target Company's decision-making process. The independent committee is comprised of three members who do not have any interest in the Target Company, Hitachi or the Offeror. The members of the independent committee are: Ms. Haruko Shibumura (outside director of the Target Company); Mr. Taisuke Senoo (outside director of the Target Company); and Mr. Noboru Yamamoto (outside director of the Target Company). The members of the independent committee have not changed since the establishment of the committee. On December 20, 2016, the Target Company requested that the independent committee advise the Target Company as to whether (i) the purpose of the Transaction is justifiable and reasonable; (ii) the fairness of the procedures for the Transaction has been ensured; (iii) the fairness and propriety of the terms of the Transaction (including the total amounts of the Share Purchase Price and the Special Dividend) have been ensured; and (iv) regarding the Transaction, it is not disadvantageous to the minority shareholders of the Target Company (a) that its Board of Directors expresses an opinion to support the Tender Offer, recommends tendering shares therein, and issues the Special Dividend; and or (b) that, after completion of the Tender Offer, depending on the Offeror, the Company may approve the Demand for the Sale of Shares (as defined in "(5) Policy for

organizational restructuring after the Tender Offer (matters relating to ‘Two-Step Acquisition’)” below. The same shall apply hereinafter.) and carry out the Share Consolidation (as defined in “(5) Policy for organizational restructuring after the Tender Offer (matters relating to ‘Two-Step Acquisition’)” below. The same shall apply hereinafter.) (the “Matters of Inquiry”).

<Omission of following paragraphs>

<Pre-Amendment>

2. Outline of the Tender Offer

<Omission of preceding paragraphs>

(6) Changes to share ownership ratios due to the Tender Offer

Number of voting rights represented by shares held by the Offeror prior to the Tender Offer	-	Ownership ratio prior to the Tender Offer: -%
Number of voting rights represented by shares held by special related parties prior to the Tender Offer	-	Ownership ratio after the Tender Offer: -%
Number of voting rights represented by shares held by the Offeror after the Tender Offer	1,014,299	Ownership ratio after the Tender Offer: 100%
Number of voting rights represented by shares held by special related parties after the Tender Offer	-	Ownership ratio after the Tender Offer: -%
Total number of Target Company voting rights	1,012,689	

<Omission of following paragraphs>

<Post-Amendment>

2. Outline of the Tender Offer

<Omission of preceding paragraphs >

(6) Changes to share ownership ratios due to the Tender Offer

Number of voting rights represented by shares held by the Offeror prior to the Tender Offer	-	Ownership ratio prior to the Tender Offer: -%
Number of voting rights represented by shares held by special related parties prior to the Tender Offer	-	Ownership ratio <u>prior to</u> the Tender Offer: -%
Number of voting rights represented by shares held by the Offeror after the Tender Offer	1,014,299	Ownership ratio after the Tender Offer: 100%
Number of voting rights represented by shares held by special related parties after the Tender Offer	-	Ownership ratio after the Tender Offer: -%

Total number of Target Company voting rights	1,012,689	
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<Omission of following paragraphs>

3. Other

This press release has been prepared for the purpose of informing the public of the tender offer and stating revisions to Press Release as of January 13, 2017, and has not been prepared for the purpose of soliciting an offer to sell, or making an offer to purchase, any securities. If shareholders wish to make an offer to sell their shares in the tender offer, they should first read the Tender Offer Explanation Statement for the tender offer and offer their shares or share options for sale at their own discretion. This press release shall neither be, nor constitute a part of, an offer to sell or purchase, or a solicitation of an offer to sell or purchase, any securities, and neither this press release (or a part thereof) nor its distribution shall be interpreted to be the basis of any agreement in relation to the tender offer, and this press release may not be relied on at the time of entering into any such agreement.

The tender offer will be conducted for common shares and options of the Target Company, a company established in Japan. The tender offer will be conducted in accordance with the procedures and information disclosure standards prescribed by Japanese law, which may differ from the procedures and information disclosure standards in the United States. In particular, Section 13(e) and Section 14(d) of the U.S. Securities Exchange Act of 1934 and the rules prescribed thereunder do not apply to the tender offer, and the tender offer does not conform to those procedures and standards.

Unless otherwise specified, all procedures relating to the tender offer are to be conducted entirely in Japanese. If any part of a document relating to the tender offer is prepared in the English language and there is any inconsistency between the English-language documentation and the Japanese-language documentation, the Japanese-language documentation will prevail.

The financial advisors to the Offeror and the Target Company as well as the tender offer agent may engage in the purchase of shares of the Target Company for their own account or for their customers' accounts to the extent permitted under the Japanese Financial Instruments and Exchange Act, and the Offeror acknowledges such purchases. In the event information regarding such purchases is disclosed in Japan, such information will also be disclosed in English on the website of the Target Company or the financial advisor conducting such purchases or the website of the tender offer agent, or will otherwise be made publicly available.

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