

May 10, 2010
Sumitomo Heavy Industries, Ltd.
Sumitomo (S.H.I.) Construction Machinery Co., Ltd.

Notice Regarding the Expansion of Sumitomo (S.H.I.) Construction Machinery Co., Ltd.'s
Business in the ASEAN Region

Sumitomo (S.H.I.) Construction Machinery Co., Ltd. (Head Office: Shinagawa-ku, Tokyo; President and CEO: Kensuke Shimizu; hereinafter referred to as “SHI Construction Machinery” or the “Company”), a wholly-owned subsidiary of Sumitomo Heavy Industries, Ltd., announced today that it will be building a plant in Indonesia to act as the construction machinery manufacturing center hub for the ASEAN region. Until now, SHI Construction Machinery has been globally distributing its products from two existing plants located in Chiba, Japan and Tangshan, China. However, due to the shift in demand for construction machinery from developed to emerging markets, the Company was considering the development of a third plant in the ASEAN region. The decision to set up a locally incorporated company and to construct a plant in Indonesia was made primarily because Indonesia exhibits the highest demand for construction machinery within the ASEAN countries. The details of the new plant are as follows:

Details of the Announcement

1. Profile of Company to be Established

| | | |
|------|---------------------------|---|
| (1) | Company Name | PT. Sumitomo S.H.I. Construction Machinery Indonesia |
| (2) | Location | Karawang, Indonesia |
| (3) | Capital | USD33,000,000 (approximately JPY3,000,000,000) |
| (4) | Shareholders | Sumitomo Heavy Industries, Ltd. – 10% Sumitomo (S.H.I.) Construction Machinery Co., Ltd. – 90% |
| (5) | Date of Establishment | July 2010 (Anticipated) |
| (6) | Land Area | Approximately 100,000m ² |
| (7) | Number of Employees | Approximately 200 |
| (8) | Date of Commencement | September 2011 (Anticipated) |
| (9) | Production Capacity | 1,000 Hydraulic Excavators on an annual basis (Four types of excavators: 12 ton, 21 ton, 24 ton and 35 ton) |
| (10) | Capital Investment Amount | JPY2,350,000,000 (Land, Construction Materials, Construction, Assembly and Finishing Work, etc.) |
| (11) | Projected Sales | 2012: JPY4,500,000,000 2013: JPY7,700,000,000 |

2. Sales Conditions in the ASEAN Region and Reasons for Selecting Indonesia

At the present time, the Company exports its construction machinery products from its Chiba, Japan plant to local dealers in the ASEAN region who in turn perform and sales and service functions. For FY2009, the number of units sold to the region totaled 250. However, with the establishment of this new plant, sales are anticipated to hit 1,000 units by 2014.

Indonesia is already the largest market for construction machinery in the ASEAN region at more than 50% of the market being concentrated in the country. With a population of 200,000,000 people, growing demand for resources, and an improving infrastructure, the country is ripe for further expansion as it develops in the future. SHI Construction Machinery plans to expand its business in the ASEAN region by setting up a locally incorporated company in the country with the capacity to manufacture approximately 1,000 units that will also carry out sales and service functions. This will allow the Company to become a stable

supply source for customers in the region and also reduce the impact of currency exchange fluctuations on the Group's finances.

Proposed Plant Location Indonesia

