

May 24, 2010

To Whom It May Concern:

Company Name: Sumitomo Heavy Industries, Ltd.  
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### **Notice Regarding the Establishment of an Overseas Incorporated Entity and the Construction of a New Plant**

This is to notify that, at a board meeting held on May 24, 2010, the board of directors of Sumitomo Heavy Industries, Ltd. (hereinafter referred to as "SHI" or the "Company") passed a resolution to establish an overseas incorporated entity and to construct a new plant in Brazil. The details of resolution are as follows:

1. Purpose of Constructing a New Plant

SHI has established plants for its power transmission business in three locations in Japan, three locations in China, one location in Vietnam, one location in Germany, and one location in the United States of America. Through this, the Company has been able to supply products to customers anywhere in the world.

The medium-to-large scale power transmission equipment that is set to be manufactured at the new plant has a wide variety of uses in products and areas such as cranes of all sizes, cement and coal milling facilities, power plants, and elevators. Brazil, which is where the new plant will be located, is anticipated to see significant increases in infrastructure-related investments in the future as demand for resources such as iron ore will remain high as events such as the World Cup (2014) and the Olympics (2016) are set to be staged in the country. By establishing an overseas incorporated company in Brazil, SHI plans to become a stable supplier of power transmission equipment, increase sales in the country as well as neighboring countries, and ultimately expand its business presence in the region. With this objective in mind, SHI has set a figure of JPY5 billion as its sales target for 2015.

2. Profile of the Overseas Incorporated Entity

- a. Description of Business Activities – Manufacturing and sales of medium-to-large scale power transmission equipment in Brazil and other South American countries.
- b. Capital – Approximately JPY6 billion.
- c. Anticipated Date of Establishment – June 2010

3. Profile of New Plant

- a. Location – Sao Paolo, Brazil
- b. Capital Investment Amount – Approximately JPY5.2 billion (including cost of land)

The name of the overseas incorporated company, the specific address, and information on the plant will be disclosed as soon as such details are finalized.

4. Future Outlook

The impact to SHI's financial performance for the current fiscal year (ending March 2011) as a result of acquiring the land for the new plant and related activities with its construction is anticipated to be minimal. As a result, no changes will be made to the earnings forecast provided by the Company on May 10, 2010.