

December 21, 2010

Notice Regarding the Acquisition of Shares of Hansen Industrial Transmissions NV

On October 15 2010, Sumitomo Heavy Industries, Ltd. (hereinafter referred to as "Sumitomo HI" or the "Group") announced that Sumitomo HI has submitted an offer to Hansen Transmissions International (hereinafter referred to as "Hansen Transmissions") to acquire 100% of the shares of Hansen Industrial Transmissions NV (hereinafter referred to as "HIT"), subsidiary of Hansen Transmissions and manufacturer and distributor of industrial gear boxes based in Belgium, and entered an exclusive negotiation period with Hansen Transmissions in regards to the acquisition of HIT becoming a wholly-owned subsidiary of Sumitomo HI.

This is an announcement that on December 20 2010 in local time in Belgium Sumitomo HI and Hansen Transmissions have signed Sales and Purchase Agreement ("SPA") for the acquisition. Hereafter, and subject to the approval from shareholders of Hansen Transmissions and the other conditions to the SPA being satisfied, the acquisition is expected to close before the end of March 2011.

1. Reasons for Acquiring Shares in HIT

Sumitomo HI has positioned power transmission products as one of its core business areas and has worked, over the years, to enhance its capabilities in this sector. Presently, industrial gear boxes account for 25% of the overall sales of the power transmission business. With economic growth in emerging markets expected to remain steady, demand for power transmission-related products is anticipated to grow. Moreover, significant capital investment activity in resource-driven economies such as China, South America, South Africa, Australia and India are also expected to drive the expansion of the market for industrial gear boxes.

International customers account for more than 50% of the overall sales figure for the Group's industrial gear box business. However, on a geographic basis, international orders are dominated by customers in North America and Asia. In order to grow this area of business, Sumitomo HI recognized the need to expand its footprint and increase sales in areas such as Europe, South Africa and Australasia.

Hansen Transmissions, which was established in Belgium in 1923, is a manufacturer of gear boxes with a significant brand presence in the market. Its subsidiary, HIT, has a manufacturing base outside of Antwerp, Belgium and also operates assembly plants in six countries around the world. In addition, HIT has an established sales network in not only its home base of Europe, but also in resource-driven markets such as South Africa and Australia which are set to drive future demand in this sector.

Beginning in 1973, Sumitomo HI had a licensing agreement in place with Hansen Transmissions for approximately 20 years. As a result, the Group expects to be able to generate product synergies with HIT in the near term. Further, the acquisition of HIT shares and making the firm a wholly-owned subsidiary, will allow Sumitomo HI to expand its distribution channels, and increase the sales of industrial gear boxes on a global basis.

A subsequent release will be issued upon completion of the transaction, which is expected to occur by the end of March 2011.

2. Profile of Subsidiary to be Transferred

(1) Name	Hansen Industrial Transmissions NV	
(2) Address	Leonardo da Vincilaan 1-3 B-2650 Edegem (Antwerp), Belgium	
(3) Name and Title of Representative	Torsten Schultz (Managing Director)	
(4) Description of Business Activities	Manufacturing and sales of industrial gear boxes	
(5) Capital	€7,061,500	
(6) Date of Establishment	February 11, 2010	
(7) Major Shareholder and Percent Held	Hansen Transmissions International NV (100%)	
(8) Relationship Between Publicly Held Company and Company to be Acquired	Capital Relationship	Sumitomo HI and HIT do not have a significant capital relationship of note. Further, no related person or affiliate of Sumitomo HI has a significant capital relationship with any related person or affiliate of HIT.
	Personnel Relationship	Sumitomo HI and HIT do not have a significant personnel relationship of note. Further, no related person or affiliate of Sumitomo HI has a significant personnel relationship with any related person or affiliate of HIT.
	Transactional Relationship	Sumitomo HI and HIT do not have a significant transactional relationship of note. Further, no related person or affiliate of Sumitomo HI has a significant transactional relationship with any related person or affiliate of HIT.
(9) Consolidated Operating Results and Financial Condition for the Most Recent Three Year Period		
	Previous Fiscal Year ended March 31, 2010	
Total net assets	€68.0 m	
Total assets	€116.5 m	
Revenue	€83 m	
Profit/(loss) before tax	(€4.2 m)	
No financial statements have been prepared for the subsidiary to be transferred (i.e. HIT) as it was established in April 2010 and a full fiscal year cycle has not yet been completed as of the date of this publication. The above figures are given by Hansen transmissions.		

3. Profile of Company where Shares will be Acquired From

(1) Name	Hansen Transmissions International NV
(2) Address	Leonardo da Vincilaan 1-3 B-2650 Edegem (Antwerp), Belgium
(3) Name and Title of Representative	ADR Consulting BVBA, represented by Alex De Ryck, CEO
(4) Description of Business Activities	Manufacturing and sales of wind turbines and gear boxes for wind power generation, as well as industrial gear boxes.
(5) Capital	€17,966,814.57

(6) Date of Establishment	1923	
(7) Net Assets	€598,967,000	
(8) Total Assets	€1,066,082,000	
(9) Major Shareholder and Percent Held (as of October 28, 2010)	AE-Rotor Holding BV	26.06%
	Ecofin Limited	12.27%
	Blackrock Investment Management (UK) Ltd.	5.56%
	Fidelity - FIL Limited	5.01%
(10) Relationship Between Publicly Held Company and Company to be Acquired	Capital Relationship	Sumitomo HI and Hansen Transmissions do not have a significant capital relationship of note. Further, no related person or affiliate of Sumitomo HI has a significant capital relationship with any related person or affiliate of Hansen Transmissions.
	Personnel Relationship	Sumitomo HI and Hansen Transmissions do not have a significant personnel relationship of note. Further, no related person or affiliate of Sumitomo HI has a significant personnel relationship with any related person or affiliate of Hansen Transmissions.
	Transactional Relationship	Sumitomo HI and Hansen Transmissions do not have a significant transactional relationship of note. Further, no related person or affiliate of Sumitomo HI has a significant transactional relationship with any related person or affiliate of Hansen Transmissions.

4. Number of Shares to be Acquired and the Status of Shares Held Before and After the Proposed Acquisition

(1) Number of Shares Held by Sumitomo HI Prior to the Transfer (Acquisition)	0 shares (Number of Voting Rights: 0) (Percentage Held: 0.0%)
(2) Number of Shares to be Acquired	21,000 shares (Number of Voting Rights: 21,000) (Acquisition Price: €75million on a cash and debt free basis or JPY8,600 million)
(3) Number of Shares to be Held by Sumitomo HI After the Transfer (Acquisition) is Completed	21,000 shares (Number of Voting Rights: 21,000) (Percentage Held: 100%)

5. Schedule

(1) Transfer Date of Share Certificates	March 2011 (Anticipated)
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6. Future Outlook

If the proposed move is successful, HIT will become a wholly-owned subsidiary of Sumitomo HI. The impact on current year business results (ending March 2011) as a result of the proposed acquisition is expected to be minimal. If for unforeseen reasons there is to be a significant impact to the current forecast as a result of the proposed acquisition, an announcement will be made in a timely manner.

END

(Reference)

Current Year Consolidated Earnings Forecast (as announced on July 30, 2010) and Consolidated Financial Performance for the Previous Fiscal Year

(Units: in millions of Yen)

	Consolidated Net Sales	Consolidated Operating Income	Consolidated Ordinary Income	Consolidated Net Income
Current Year Consolidated Earnings Forecast (Period Ending March 2011)	550,000	40,000	35,000	20,000
Prior Year Consolidated Financial Performance (Period Ended March 2010)	516,165	28,254	26,333	13,280