

August 30, 2011

To Whom It May Concern:

Company Name: Sumitomo Heavy Industries, Ltd.
Representative: Yoshinobu Nakamura, President
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**Notice Regarding the Separation of the Compact Gear Motor Business through an
Incorporation-Type Company Split with a Subsidiary**

This is to notify that at a Board of Directors' Meeting held today, a resolution was passed to separate the small-sized gear motor manufacturing businesses of Sumitomo Heavy Industries, Inc. (hereinafter referred to as "SHI" or "the Company") and Sumiju Technos, Ltd. (hereinafter referred to as "Technos"), a subsidiary of the Company. It was further decided that the responsibilities of the separated businesses will be succeeded by a newly formed entity called Sumiju Small Gear Motor Co., Ltd. (hereinafter referred to as "Sumiju Small Gear Motor"). Both decisions are anticipated to come into effect on November 1, 2011. Details of the move are outlined below.

Please note that this incorporation-type company split is considered to be a Simplified Form of Business Separation under Article 805 of the Companies Act. As such, certain details regarding the transaction have been omitted from the below content.

1. Purpose of the Incorporation-Type Company Split

SHI has positioned the Power Transmission and Controls business as one of its core areas and has been working to strengthen its functions over the years. As part of its efforts to achieve significant growth in overseas markets, a decision was made to concentrate the manufacturing functions for small-sized gear motors to the Vietnam plant, ensuring cost competitiveness of its products in such markets. In the domestic market, a decision was made to set up an independent company to manage the manufacturing functions (primarily final assembly) of its small-sized gear motors to increase efficiency and the speed in which business can be performed.

With this in mind, an incorporation-type company split will be carried out jointly with Technos, a contract manufacturer of power transmission equipment, to form Sumiju Small Gear Motor which will commence operation on November 1, 2011. This move is anticipated to allow for speedy decision-making and dynamic operational management, ensuring that customer needs in the domestic market can be met from the standpoint of both detail and suitability.

2. Summary of the Incorporation-Type Company Split

i) Schedule for the Incorporation-Type Company Split

Development of Incorporation-Type Company Split Plan	August 30, 2011
Approval of Incorporation-Type Company Split Plan	August 30, 2011
Effective Date of Incorporation-Type Company Split	November 1, 2011 (Projected)

(Note – This incorporation-type company split is considered to be a simplified form of business separation under Article 805 of the Companies Act. As such, approval for the transaction at a General Shareholders' Meeting is not required.)

ii) Method of the Incorporation-Type Company Split

This will be a joint incorporation-type company split whereby businesses from both the Company and Technos will be separated to form Sumiju Small Gear Motor (the surviving company).

iii) Share Allotments Associated with the Incorporation-Type Company Split

Sumiju Small Gear Motor will issue 5,000 common shares as a result of the incorporation-type company split and allocate all the shares to the Company. No shares are to be allocated to Technos.

- iv) Handling of Equity Warrants and Bonds with Stock Acquisition Rights Associated with the Incorporation-Type Company Split
No equity warrants or bonds with stock acquisition rights are to be issued by the Company with respect to this transaction.
- v) Increase or Decrease in Capital Associated with the Incorporation-Type Company Split
No decreases in capital are anticipated as a result of the incorporation-type company split.
- vi) Rights and Obligations to be Assumed by Sumiju Small Gear Motor
Sumiju Small Gear Motor will assume the assets, liabilities and contractual obligations that are deemed necessary to perform the duties of the business areas that are separated as a result of the incorporation-type company split.
- vii) Prospects for Fulfilling Debt Obligations
The Company has concluded that debt obligations to be borne by the succeeding company can be met in its entirety.

3. Profiles of Companies Involved in the Incorporation-Type Company Split

	Sumitomo Heavy Industries, Ltd. (Splitting Company) – As of March 31, 2011	Sumiju Technos, Ltd. (Splitting Company) – As of March 31, 2011	Sumiju Small Gear Motor Co., Ltd. (Surviving Company through Incorporation Type Company Split) – Projected November 1, 2011
(1) Name	Sumitomo Heavy Industries, Ltd.	Sumiju Technos, Ltd.	Sumiju Small Gear Motor Co., Ltd.
(2) Head Office	1-1 Osaki 2-Chome, Shinagawa-ku, Tokyo, Japan	1 Asahi-Cho 6-Chome, Obu-shi, Aichi Prefecture	1 Asahi-Cho 6-Chome, Obu-shi, Aichi Prefecture
(3) Name and Position of Representative	Yoshinobu Nakamura, President	Masanori Oonishi, President	Takeshi Okabe, President
(4) Description of Business Operations	Manufacturing and sale of various industrial machinery ranging from general machinery to precision controls	Planning, design, repair, and contract manufacturing of plant and machinery	Manufacturing and sale of power transmission equipment and motors
(5) Capital	¥30,872 million	¥20 million	¥250 million
(6) Date of Establishment	November 1, 1934	August 1, 1983	November 1, 2011
(7) Number of Shares Outstanding	614,527,405 shares	400 shares	5,000 shares
(8) Fiscal Year End	March 31	March 31	March 31
(9) Number of Employees	17,025 (Consolidated)	185	95
(10) Main Customers	Sumitomo Corporation, Itochu Corporation, among others	Sumitomo Heavy Industries, Ltd.	Sumitomo Heavy Industries, Ltd.
(11) Main Banking Relationships	Sumitomo Mitsui Banking Corporation, The Sumitomo Trust & Banking Co., Ltd.	Sumitomo Mitsui Banking Corporation	Sumitomo Mitsui Banking Corporation

(12) Major Shareholders and Shareholding Ratios	Japan Trustee Services Bank, Ltd. (15.5%) The Master Trust Bank of Japan, Ltd. (7.1%) State Street Bank and Trust Company (6.0%) Sumitomo Life Insurance Company (3.7%) Trust & Custody Services Bank, Ltd. (3.1%)	Sumitomo Heavy Industries, Ltd. (100%)	Sumitomo Heavy Industries, Ltd. (100%)			
(13) Relationship Between Entities	Capital Relationship	Technos and Sumiju Small Gear Motor are wholly-owned subsidiaries of the Company				
	Personnel Relationship	The President and Representative Officer of both Technos and Sumiju Small Gear Motor are originally from the Company. Personnel from Technos and the Company will either be seconded or transferred to Sumiju Small Gear Motor				
	Transactional Relationship	Technos renders services to the Company. The Company will carry out such activities as development support and factory leasing to Sumiju Small Gear Motor				
	Consolidation Applicability of Parties Involved	Both Technos and Sumiju Small Gear Motor are consolidated subsidiaries of the Company				
(14) Operating Results and Financial Condition for the Past Three Years (Units: in ¥ millions)						
Fiscal Year	Sumitomo Heavy Industries, Ltd. (Splitting Company)			Sumiju Technos, Ltd. (Splitting Company)		
	Period Ended March 2009	Period Ended March 2010	Period Ended March 2011	Period Ended March 2009	Period Ended March 2010	Period Ended March 2011
Consolidated Net Assets	238,697	254,153	269,380	76	(10)	(10)
Consolidated Total Assets	657,436	610,087	626,829	277	214	210
Consolidated Net Assets per Share (¥)	378.78	404.73	435.10	191.06	(24.05)	(24.22)
Consolidated Net Sales	642,918	516,165	548,015	1,573	1,109	1,310
Consolidated Operating Income	56,940	28,254	45,803	(82)	(91)	8
Consolidated Ordinary Income	50,275	26,333	44,253	(78)	(91)	7
Consolidated Net Income	13,649	13,280	27,926	(47)	(86)	(0)
Consolidated Net Income per Share (¥)	22.62	22.01	45.87	(118.45)	(215.11)	(0.17)
Dividend per Share (¥)	6.0	4.0	8.0	0.0	0.0	0.0

i) Description of Business Operations of the Company to be Separated
Businesses related to the manufacturing of compact gear motors

ii) Operating Results of the Company to be Separated (for the period ended March 2011)

	Business to be Split Off (a)	Company (Consolidated) (b)	(a) / (b)
Net Sales (in ¥ millions)	7,468	548,015	1.4%

iii) Items and Amounts Associated with Assets and Liabilities to be Succeeded by the Succeeding Company (projected end of October 2011)

(Units: ¥ millions)

Item	Book Value	Item	Book Value
Current Assets	2,180	Current Liabilities	2,000
Fixed Assets	90	Long-Term Liabilities	20

4. Status of the Company after the Separation

There will be no change to the company name, description of business operations, location of the head office, representative, capital, and fiscal year arising from the incorporation-type company split.

5. Future Outlook

Since Sumiju Small Gear Motor (the newly formed entity through the incorporation-type company split) is a wholly-owned subsidiary, there is no anticipated impact to the consolidated financial performance of the Company.

END

(Reference)

Current Year Consolidated Operating Forecast (as disclosed on July 29, 2011) and Previous Year

Operating Results:

(Units: ¥ millions)

	Consolidated Net Sales	Consolidated Operating Income	Consolidated Ordinary Income	Consolidated Net Income
Current Year Operating Forecast (Period Ending March 2012)	630,000	54,000	50,500	30,000
Previous Year Operating Results (Period Ended March 2011)	548,015	45,803	44,253	27,926