

January 31, 2013

To whom it may concern:

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Announcement Regarding Transfer of Business Operation to Our Subsidiary Company Due to Divestiture

We hereby announce that a resolution was reached at the meeting of the Board of Directors of Sumitomo Heavy Industries Co., Ltd., (hereinafter referred to as "SHI") on January 31, 2013, to divest our Logistics and Parking System Division, to merge by absorption to Sumitomo Heavy Industries Engineering and Services Co., Ltd., our wholly owned subsidiary (hereinafter referred to as "SHI Engineering & Services").

Furthermore, since this divestiture is a Small Scale Reorganization, with which business operations are transferred to a wholly owned subsidiary, portions of the disclosure items, as well as descriptions, have been abbreviated in this disclosure.

Description

1. Purpose of corporate divestiture

SHI carries out logistics system and mechanical parking system business operations in the company's Logistics and Parking System Division. The logistics system business handles primarily general logistics systems for the domestic market, as well as film roll transport systems and the like, whereas the mechanical parking business handles mainly underground parking for offices and residential buildings in the implementation of business operations. SHI Engineering & Services, on the other hand, carries out business operations primarily with material handling systems and relevant after sale services.

However, the market environment of material handling systems and logistics systems, as well as mechanical parking systems, are changing, due to such reasons as restraints on new facility investments in the domestic market. It was therefore determined that this corporate divestiture must be implemented as an urgent necessity, in order to continue and expand these business operations, with the consolidation of

our material handling business and amalgamation of technologies and skills of both companies, while optimally allocating limited management resources and building an organizational framework that operates efficiently.

2. Summary of corporate divestiture

(1) Schedule of divestiture

Divestiture contract approved by the Board of Directors: January 31, 2013

Divestiture contract execution date: January 31, 2013

Divestiture contract approved at the General Meeting of Shareholders (SHI

Engineering and Services): March 22, 2013 (planned)

Divestiture date (effective date): April 1, 2013 (planned)

(2) Method of divestiture

This will be an absorption type of divestiture with SHI as the divested corporation and SHI Engineering & Services as the surviving company. This divestiture will be conducted by SHI without any other shareholders meeting for approval, in accordance with Section 3 under Article 784 of the Corporation Law that provides stipulations on Small Scale Reorganization.

(3) Quota of shares

The number of new shares issued by SHI Engineering & Services, in connection with this divestiture, will be one share of common stock and that share in its entirety will be allotted to SHI.

(4) Capital increase or decrease due to divestiture

Increases or decreases in capital will not occur due to this divestiture

(5) Handling of new share subscription rights and bonds with share option of divested company

SHI has not issued any new share subscription rights or bonds with share options.

(6) Rights and obligations transferred to surviving company

The assets and liabilities, as well as the contracts pertaining to the applicable business operations subject of this divestiture, which are deemed necessary for SHI Engineering & Services to execute business operations subject of this divestiture, as well as associated rights and obligations, will be transferred.

(7) Prospects on performance of obligations

It has been determined that no issues exist, relating to the probability of SHI and SHI Engineering & Services carrying out obligations, to be executed from the day on which this divestiture takes effect.

3. Summary of companies of divestiture

(1) Business name	Sumitomo Heavy Industries Co., Ltd., (divested corporation) * Current as of January 31, 2013	Sumitomo Heavy Industries Engineering and Services Co., Ltd., (surviving company) * Current as of January 31, 2013
(2) Business description	Manufacture and sale of various types of industrial machinery, ranging from general industrial machinery to precision control systems.	Design, manufacture and sales, as well as modifications, repairs, inspections and maintenance of material handling systems and general industrial machinery.
(3) Establishment date	November 1, 1934	December 1, 1999
(4) Head office location	2-1-1 Osaki, Shinagawa-ku, Tokyo, Japan	2-1-1 Osaki, Shinagawa-ku, Tokyo, Japan
(5) Representative officer	Yoshinobu Nakamura, President and CEO	Katsuhide Yokota, President and CEO
(6) Capital	JPY30.872 million	JPY480 million
(7) Total number of outstanding shares	614,527,405 shares	9,600 shares
(8) Fiscal year end	March 31	March 31
(9) Major shareholders and shareholding ratios	Japan Trustee Services Bank, Ltd., (trust account) 7.5% The Master Trust Bank of Japan, Ltd., (trust account) 7.0% Japan Trustee Services Bank, Ltd., (9 trust accounts) 4.2% Sumitomo Life Insurance Company 3.5% Sumitomo Mitsui Banking Corporation 2.5%	Sumitomo Heavy Industries Co., Ltd., 100%
(10) Operating results and financial status		
	Sumitomo Heavy Industries Co., Ltd., (consolidated)	Sumitomo Heavy Industries Engineering and Services Co., Ltd.
Net assets	JPY282,145 million	JPY16,513 million
Total assets	JPY691,841 million	JPY29,448 million
Net assets per share	JPY454.43	JPY1,720,077.36
Net sales	JPY624,100 million	JPY32,734 million
Operating profit and loss	JPY47,135 million	JPY5,012 million
Ordinary profit and loss	JPY44,619 million	JPY5,131 million
Current net income	JPY19,492 million	JPY3,040 million
Current net income per share	JPY31.75	JPY316,620.90

Operating results and financial status information, current as of March 31, 2012.

4. Description of business operations to be divested

(1) Description of business operation to be divested

Logistics system and mechanical parking system business operations, belonging to the Logistics and Parking System Division.

(2) Net sales of divested business operations, as of fiscal term ending March 2012

	Divested business operations (a)	SHI record (b)	Ratio (a/b)
Net sales	JPY12,678 million	JPY208,526 million	6.1%

(3) Amount of transferred assets and liabilities (predicted at time of divestiture)

Assets subject to transfer: Approx. JPY2,200 million

Liabilities subject to transfer: Approx. JPY600 million

5. Situation of listed company following corporate divestiture

The corporate name, address, as well as the names and titles of the representative officers or capital and fiscal term ending date, will not change due to the divestiture.

6. Predicted impact on business performance, due to divestiture

Since the scale of business operations subject to the divestiture is about 6% of the overall sales for SHI, as described in Item (2) of Section 4 above, any impact on the single corporate entity will be negligible. Furthermore, since SHI Engineering & Services is a wholly owned consolidated subsidiary, hardly any impact will be felt on the consolidated business performance arising from this divestiture.

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