May 26, 2017

To Whom It May Concern:

Company	:	Sumitomo Heavy Industries, Ltd.
Representative	:	Shunsuke Betsukawa President and Chief Executive Officer
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Notice Regarding a Change to the Trading Unit and Reverse Stock Split of the Shares of Sumitomo Heavy Industries, Ltd. along with a Partial Amendment to the Articles of Incorporation and Revision to the Dividend Forecast

At a Board of Directors meeting held today, the board members of Sumitomo Heavy Industries, Ltd. (hereinafter referred to as "SHI" or the "Company") passed a resolution to make a partial amendment to the articles of incorporation associated with a change in the trading unit of SHI shares in accordance with Section 1, Article 195 of the Companies Act. In addition, the board members of SHI also agreed to propose a resolution at the 121st Ordinary General Shareholders Meeting (hereinafter referred to as the "Shareholders Meeting") to be held on June 29, 2017 to carry out a reverse stock split of the Company's shares. As a result of the proposed reverse stock split, the dividend forecast which was previously announced on May 9, 2017 has been revised with further details provided below.

Please note that the changes below are subject to the reverse stock split resolution being approved at the Shareholders Meeting. At the present moment, the effective date of the reverse stock split is anticipated to be on October 1, 2017.

DETAILS

1. Changes to the Trading Unit

(1) Reason for the Change

The stock exchanges in Japan announced the "Action Plan for Consolidating Trading Units" and have set a target date of October 2018 for all common shares listed on the stock exchanges to transition to a single trading unit of 100 shares. As the Company's shares are listed on the Tokyo Stock Exchange, SHI has agreed to take action to reduce the trading unit from the existing 1,000 shares to 100 shares in line with the guidance provided by the stock exchanges.

(2) Details of the Change

The trading unit of the Company's shares will be changed from 1,000 shares to 100 shares.

(3) Conditions of the Change

The partial amendment to the articles of incorporation will be carried out through a board resolution as per the rules outlined in the Companies Act. However, such amendments are subject to the resolution for the reverse stock split (as outlined in 2. below) being approved at the Shareholders Meeting. If such approval is granted, the effective date of the change is expected to be on October 1, 2017.

2. Reverse Stock Split

(1) Purpose of the Reverse Stock Split

The Company has decided to carry out the reverse stock split for a few reasons. First, as mentioned in 1. above, there will be a change in the trading unit of the Company's shares from 1,000 shares to 100 shares. Also, the stock exchange has specified an optimal investment unit (above JPY50,000 but below JPY500,000) that SHI is aiming to achieve. Finally, the Company's aim is for shareholders to hold SHI shares in a stable manner and considerations were taken in regard to medium-to-long term share price fluctuations.

As per the reverse stock split ratio, the total number of authorized shares will be reduced from the current 1,800,000,000 shares to 360,000,000 shares.

(2) Details of the Reverse Stock Split

a. Type of shares that are the subject of the reverse stock split: Common stock

b. Reverse stock split ratio: On October 1, 2017, a 5-to-1 reverse stock split will be offered to all shareholders that are listed on the register of shareholders as of September 30th, 2017 (in actual fact September 29th, 2017)

c. Total number of authorized shares after the reverse stock split: 360,000,000 shares (1,800,000,000 shares prior to the reverse stock split). Please note that the total number of authorized shares will be changed as per the stipulations of Item 2, Article 182 of the Companies Act as of the effective date of the reverse stock split (October 1, 2017).

d. Number of shares reduced as a result of the reverse stock split

Total number of shares outstanding before the reverse stock split (as of March 31, 2017)	614,527,405 shares
Number of shares reduced as a result of the reverse stock split	491,621,924 shares
Total number of shares outstanding after the reverse stock split	122,905,481 shares

Note: The "number of shares reduced as a result of the reverse stock split" and the "total number of shares outstanding after the reverse stock split" are theoretical values calculated based on the total number of shares outstanding before the reverse stock split and the reverse stock split ratio.

e. Number of shareholders reduced as a result of the reverse stock split

The composition of the shareholders listed on the registry as of March 31, 2017 was as follows:

Number of shares in the shareholders possession	Number of shareholders (ratio)	Number of shares held (ratio)
Less than 5 shares	438 (1.17%)	1,073 shares (0.00%)
More than 5 shares	36,933 (98.83%)	614,526,332 shares (100.00%)
Total	37,371 (100.00%)	614,527,405 shares (100.00%)

If the reverse stock split is approved, the 438 shareholders that hold less than 5 shares (a total of 1,073 shares as of March 31, 2017) will lose their position as shareholders of the Company. If shareholders hold less than the trading unit of SHI shares, as per Item 1, Article 194 of the Companies Act, they can request the Company to sell them shares that total the trading unit of SHI shares after combining such shares with the shares that were below the trading unit. In addition, again as per Item 1, Article 192 of the Companies Act, shareholders holding shares less than the trading unit of SHI shares can request the

Company to purchase such shares back. For either option, if the shareholder does not have a securities broker or a brokerage account, they should contact the Company's shareholder registry administrator.

f. Treatment of fractional shares below a single share
If fractional shares are generated as a result of the reverse stock split, as stipulated in Article 235 of the Companies Act, such fractional shares will be disposed of at one time or will be bought back by the Company as treasury stock. The applicable proceeds from the sale will be distributed according to the fractional ownership ratio of the relevant shareholders.

(3) Conditions of the Reverse Stock Split
The reverse stock split is conditional upon the resolution for such stock split being approved at the Shareholders Meeting. If approved, the effective date of the reverse stock split will be October 1, 2017.

3. Partial Amendment to the Articles of Incorporation

The Company's articles of incorporation will be amended on October 1, 2017 subject to approval of the reverse stock split resolution (as outlined in 2. above) at the Shareholders Meeting. The details of the amendments are as follows:

Current Version of the Articles of Incorporation	Revision Version
(Total Number of Authorized Shares) Article 6 – The total number of authorized shares of the Company shall be 1,800,000,000. Article 8 – The trading unit of the Company's shares shall be 1,000.	(Total Number of Authorized Shares) Article 6 – The total number of authorized shares of the Company shall be 360,000,000. Article 8 – The trading unit of the Company's shares shall be 100.

4. Revision to the Dividend Forecast

With regard to the dividend forecast for the consolidated fiscal year ending March 2018, the figures that were previously announced on May 9, 2017 have been increased fivefold in line with the reverse stock split ratio. The new dividend forecast outlined in the table below are designed to increase the per share dividend in line with the reverse stock split. The total amount has not changed in value.

	Annual Dividend Amount		
	End of Q2	End of Fiscal Year	Total
Previous Forecast (Released on May 9, 2017)	JPY8.00	JPY8.00	JPY16.00
Current Revised Forecast	※1 JPY8.00	※2 JPY40.00	※3 —
Actual Dividends			
Dividend Amount for the Previous Fiscal Year (Period Ended March 2017)	JPY7.00	JPY9.00	JPY16.00

※1 The interim dividend amount forecast to be paid at the end of the second quarter of the current consolidated fiscal year ending March 2018 contemplates shares prior to the reverse stock split.
※2 The year-end dividend amount forecast to be paid at the end of the current consolidated fiscal year ending March 2018 contemplates shares post the reverse stock split.
※3 The total dividend amount forecast to be paid for the current consolidated fiscal year ending can not to be calculated.

5. Major Timeline

May 26, 2017	Board of director meeting (approval of changes to the trading unit and associated partial amendment to the articles of incorporation; agreement to submit a resolution at the 121st Ordinary General Shareholders Meeting)
June 29, 2017	121st Ordinary General Shareholders Meeting
September 26, 2017	Final day of trading using the old trading unit of 1,000 shares
September 27, 2017	First day of trading using the new trading unit of 100 shares
October 1, 2017	Effective date of the change in the trading unit of the Company's shares and the associated partial amendment to the articles of incorporation

(Reference)
As mentioned above, the effective date of the change in the trading unit of the Company's shares and the associated partial amendment to the articles of incorporation is scheduled to effective on October 1, 2017. However due to transfer procedures associated with the shares, shareholders will be able to trade using the new trading unit of 100 shares at the Tokyo Stock Exchange from September 27th, 2017 subject to the changes coming into force.

END