

October 30, 2014

To Whom It May Concern:

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**Notice Regarding Difference Between the Second Quarter Financial Results and Previous Forecast  
as well as Revisions to the Full-Year Financial Forecast  
and a Payment of a Dividend (Interim Dividend) from Retained Earnings**

Sumitomo Heavy Industries, Ltd. (hereinafter referred to as "SHI" or the "Group") hereby announces that a difference was noted between the second quarter year-to-date financial forecast for the period ending March 2015 (April 1, 2014 to September 30, 2015) that was made public on July 30, 2014 and the actual figures that have been announced today.

Further, based on recent financial performance, SHI also announces that the full-year financial forecast have been revised for the period ending March 2015 (April 1, 2014 to March 31, 2015).

Finally, at the Board of Directors meeting held today, a resolution was passed to make a dividend payment from retained earnings with a record date of September 30, 2014. Details for each of these announcements are provided below:

1. Difference between Actual Figures and the Second Quarter Year-to-Date Financial Forecast for the Period Ending March 2015  
(April 1, 2014 to September 30, 2014)

(Rounded down to millions)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share (in Yen)
Previous Forecast (A)	300,000	12,000	10,500	5,500	8.97
Actual Figures (B)	306,329	19,946	20,001	12,279	20.03
Difference (B - A)	6,329	7,946	9,501	6,779	—
% Difference	2.1	66.2	90.4	123.3	—
(Reference) Actual Figures for Prior Year Second Quarter YTD Period (2Q for Period Ended March 2014)	273,003	8,370	7,832	3,376	5.50

(Reasons for the Difference)

Sales for the second quarter year-to-date period were higher than the previous forecast mainly due to better than anticipated domestic market conditions for hydraulic excavators in the Construction Machinery Segment, and strong demand from the IT sector in Asia for plastic injection molding machines in the Precision Machinery segment. In terms of profitability, the figures for operating income, ordinary income and quarterly net income was better than the previous forecast as the increase in sales coupled with the effects of cost-cutting measures and the weaker Japanese Yen buoyed profitability.

2. Revisions to the Full-Year Financial Forecast for the Period Ending March 2015  
(April 1, 2014 to March 31, 2015)

(Rounded down to millions)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share (in Yen)
Previous Forecast (A)	650,000	37,000	33,500	19,000	30.98
Revised Forecast (B)	650,000	42,000	38,500	21,000	34.25
Difference (B - A)	—	5,000	5,000	2,000	—
% Difference	—	13.5	14.9	10.5	—
(Reference) Actuals from Previous Period (Period Ended March 2014)	615,271	34,329	33,000	17,891	29.17

(Reasons for the Revisions to the Full-Year Financial Forecast)

For the full-year, although the environment that the Group operates in remains unclear and there are concerns regarding the economic outlook for the future, upward revisions to the previous forecast have been made for operating income, ordinary income and full-year net income. This decision made after taking into consideration the strong second quarter year-to-date financial results for the period ending March 2015, as well as the effects of the cost-cutting measures made in the Construction Machinery and Precision Machinery segments. Please note that the sales forecast has not been revised from the previous forecast. Further, from the third quarter consolidated financial period onwards, the relevant exchange rates are anticipated to be USD1 = JPY105 and EUR1 = JPY135.

3. Payment of Dividend (Interim Dividend) from Retained Earnings  
(Details of Dividend)

	Fixed Figures	Most Recent Dividend Forecast (Published on July 30, 2014)	Actual Dividend from Previous Term (Interim Dividend for Period Ended March 2014)
Record Date	September 30, 2014	September 30, 2014	September 30, 2013
Dividend per Share	JPY5.00	JPY4.00	JPY3.00
Total Dividend Amount	JPY3,065,000,000	-	JPY1,840,000,000
Effective Date	December 1, 2014	-	December 2, 2013
Source of Funds for Dividend	Retained Earnings	-	Retained Earnings

(Reasons for the Revision)

The Group's basic stance on profit sharing is to pay a dividend amount commensurate to the income earned during the period, and to increase such amount whenever possible. However, the decision on the actual amount of the dividend to be paid is made after taking into consideration the appropriate level of retained earnings needed to ensure that the Group is able to sustain a stable business model in the long term. In the Medium-Term Management Plan 2016, the target consolidated dividend payout ratio is set at 30%.

As the full-year financial forecast for the period ending March 2015 has been revised upwards from the previous forecast, the Group has decided to increase the interim dividend for the period ending March 2015 to JPY5 per share, a JPY1 increase from the previous forecast of JPY4.

Further, the year-end dividend has been kept at JPY5 per share, meaning that the annual dividend forecast has increased to JPY10 per share.

## (Reference) Breakdown of Annual Dividend

(Units: Yen)

Record Date	Dividend Per Share		
	End of Second Quarter	End of the Fiscal Year	Total
Dividend Forecast		5.00	10.00
Dividends Paid to Date in the Current Period	5.00	—	
Actual Dividends Paid in Previous Period (Period Ended March 2014)	3.00	4.00	7.00

Note: This document contains forward-looking statements regarding the future performance and operations of the Company and its group affiliates. All such statements are based on rational judgments made by the Company with information that is obtainable at the time this document is published. Actual performance may vary from the published forecasts and outlooks due to changes in a variety of factors.

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