



November 16, 2017

To Whom It May Concern:

Company : Sumitomo Heavy Industries, Ltd.
Representative : Shunsuke Betsukawa
President and Chief Executive Officer
Code : 6302
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Notice Regarding Decision to Accept the Settlement Recommendation in the Lawsuit

This is to notify that Sumitomo Heavy Industries, Ltd. (the “Company” or “SHI”) has decided to accept the Court’s settlement recommendation (the “Settlement Recommendation”), regarding the lawsuit that was previously disclosed in the “Notice Regarding the Filing of a Lawsuit (Appeal) Against the Company,” dated July 15, 2016.

1. Historical Background from the Filing of the Lawsuit to the Acceptance of the Settlement Recommendation
As previously disclosed in the “Notice Regarding the Filing of a Lawsuit (Appeal) Against the Company,” dated July 15, 2016, an appeal was filed with the Osaka High Court against the Company by the City of Kyoto (the “City”) on June 10, 2016.

Considering all effects on its business comprehensively, the Company has decided to accept the Settlement Recommendation. It is expected that, if the City also accepts the Settlement Recommendation and the settlement is reached, the lawsuit at the Osaka High Court will end.

2. Counterparty of the Settlement Recommendation

- (1) Name: The City of Kyoto
- (2) Address: 488 Kami-Honnoji-Mae-Cho, Oike-agaru, Teramachi-dori, Nakagyo-ku, Kyoto city, Kyoto, Japan
- (3) Name of Representative: Mr. Daisaku Kadokawa, Mayor of the City of Kyoto

3. Summary of the Settlement Recommendation

The Company shall pay a settlement amount of JPY 15,380,682,685 to the City. The City shall waive any other claims against the Company, and the Company shall waive its counterclaim against the City.

4. Future Outlook

The impact on the Company’s financial performance in the fiscal year 2017 (April 1, 2017 to March 31, 2018) has been reflected in the forecast shown in the “Notice Regarding Revision to Full-Year Financial Forecast and Posting of an Extraordinary Loss” that will be separately disclosed today.

END

(Units: millions of yen)

| | Net sales | Operating income | Ordinary income | Net income attributed to shareholders of the parent company | Net income per share (yen) |
|---|-----------|------------------|-----------------|---|----------------------------|
| Consolidated forecast for the current fiscal year (fiscal year ending March 31, 2018) | 780,000 | 60,000 | 59,000 | 28,000 | 228.48 |
| Consolidated results for the previous fiscal year (fiscal year ended March 31, 2017) | 674,328 | 48,431 | 48,274 | 33,613 | 274.24 |

<References: Material made available to the public in the past>

<http://www.shi.co.jp/english/info/2013/6kgpsq0000001jv0-att/6kgpsq0000001jvi.pdf>

<http://www.shi.co.jp/english/info/2013/6kgpsq0000001jy0-att/6kgpsq0000001jyi.pdf>

<http://www.shi.co.jp/english/info/2013/6kgpsq0000001kg0-att/6kgpsq0000001kgi.pdf>

<http://www.shi.co.jp/english/info/2013/6kgpsq0000001ko0-att/6kgpsq0000001koi.pdf>

<http://www.shi.co.jp/english/info/2014/6kgpsq0000001kw0-att/6kgpsq0000001kwi.pdf>

<http://www.shi.co.jp/english/info/2014/6kgpsq0000001lj0-att/6kgpsq0000001lji.pdf>

<http://www.shi.co.jp/english/info/2016/6kgpsq0000001nua-att/6kgpsq0000001nus.pdf>

<http://www.shi.co.jp/english/info/2016/6kgpsq0000001nz0-att/6kgpsq0000001nzi.pdf>

<http://www.shi.co.jp/english/info/2016/6kgpsq0000001o80-att/6kgpsq0000001o8i.pdf>