

January 29, 2019

Sumitomo Precision Products Co., Ltd.

**Notice Concerning Overstatement of Man-Hours to the Ministry of Defense and  
the Appointment of the Special Committee**

Sumitomo Precision Products Co., Ltd. (“SPP”) has discovered that man-hours concerning some defense equipment contracts with the Ministry of Defense had been inappropriately manipulated and overstated. SPP has voluntarily reported this fact to the Ministry of Defense, and due to the necessity to conduct an investigation for various reasons such as to understand the course of events and analyze the cause, SPP determined to carry out a detailed investigation through appointing an independent special committee as described below. SPP will fully cooperate with the Ministry of Defense in its investigation.

SPP sincerely apologizes to all stakeholders for any inconvenience and concerns caused by this situation.

The effect of the foregoing to the company’s financial results is still unknown, and will be disclosed as soon as it is determined.

**1. Objective of Appointing a Special Committee**

SPP will carry out an investigation by appointing a special committee in order to understand the course of events and determine the appropriate measures to be taken; investigate facts relating to this overstatement and analyze the cause thereof; and make proposals for preventing the reoccurrence of such events in the future, among other objectives.

**2. Composition of the Special Committee**

Chair : Shiro Kuniya, Attorney-at-law, Oh-Ebashi LPC & Partners

Member: Yoshimasa Oe, Attorney-at-law, Oh-Ebashi LPC & Partners

Member: Tomohiro Kitano, Attorney-at-law, Oh-Ebashi LPC & Partners

Member: Ken Arahari, Certified Public Accountant, Ernst & Young ShinNihon LLC

**3. Future Response**

SPP will fully cooperate with the special committee in its investigation and promptly proceed with the investigation. SPP will promptly disclose the facts confirmed as a result of the investigation.