

**CONVOCAATION NOTICE OF
THE 146TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

June 2, 2016
Sumitomo Electric Industries, Ltd.

On June 2, 2016, Sumitomo Electric Industries, Ltd. ("SEI") has sent a notice convening the 146th Ordinary General Meeting of Shareholders (the "Notice") to its shareholders on record as of March 31, 2016. This document only provides translations of information contained in the Japanese original text of the Notice (except non-consolidated financial statements, independent auditor's reports, the report of Audit & Supervisory Board, instructions on exercise of voting rights and map) and of the notes to consolidated financial statements (the "Notes") disclosed on the internet in relation to the Convocation notice of the 146th Ordinary General Meeting of Shareholders, solely for the purpose of identifying the items of information contained in the Notice and the Notes for reference. SEI does not represent or warrant that the information provided on this document (the "Information") constitutes a summary of the Notice and the Notes or provides a complete and accurate record of the material information in the Notice and the Notes. No warranty is given to any user of the Information as to its accuracy or completeness or timeliness. In the event of a dispute or difference as to meaning or intent of the Information and the Japanese original text of the Notice and the Notes, the Japanese original text of the Notice and the Notes shall prevail. In order to accurately and completely understand the information contained in the Notice and the Notes, it is necessary to read the complete Japanese original text thereof. The shareholders of SEI are therefore requested to refer to the complete text of the Notice. The original Japanese text of the Notice and the Notes should be available on our Japanese Web site (<http://www.sei.co.jp/ir/meeting/>).

Neither the provision of the Information nor any part of the Information shall be deemed to be an offer to purchase or sell, or a solicitation of an offer to purchase or sell, any securities, nor shall it be deemed a recommendation for or an endorsement of investment by SEI. Neither SEI nor any of its directors, officers, employees, agents, affiliates and assigns shall be liable to any person for any losses, damages, costs or expenses of whatever nature arising out of, or in any way related to, any errors to, delays in, ambiguities of, omissions from or alterations to, the Information or for any reliance by such person on any part of the Information.

(Translation)

Securities Code: 5802

June 2, 2016

To the Shareholders

Sumitomo Electric Industries, Ltd.
5-33, Kitahama 4-chome
Chuo-ku, Osaka
Represented by: Masayoshi Matsumoto
President

**CONVOCAION NOTICE OF
THE 146TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

We are pleased to hereby inform you that the 146th Ordinary General Meeting of Shareholders will be held as set forth below, and to hereby request your attendance.

If you do not attend the Meeting, you can exercise your voting rights in writing or by electromagnetic means (the Internet, etc.). We cordially request that you exercise your voting rights (in doing so, please follow the "Instructions Regarding Voting" set forth on page 59 [of the Japanese original text]) by 5:15 p.m. of June 23, 2016 (Thursday), after examining the Reference Document regarding the Ordinary General Meeting of Shareholders set out below.

1. **Date:** June 24, 2016 (Friday) at 10:00 a.m.
2. **Place:** "The Grand Ballroom" 2nd floor
The Ritz-Carlton, Osaka
5-25, Umeda 2-chome, Kita-ku, Osaka
3. **Purposes of the Meeting:**

Matters to be reported

1. Reporting on the Business Report, the Consolidated Financial Statements and the results of the examination of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the 146th fiscal year (from April 1, 2015 to March 31, 2016)
2. Reporting on the Financial Statements for the 146th fiscal year (from April 1, 2015 to March 31, 2016)

Matters to be resolved

- First item: Disposition of surplus
- Second item: Appointment of thirteen (13) Directors due to expiration of the term of office for all of the current Directors
- Third item: Appointment of one (1) Audit & Supervisory Board Member

Fourth item: Payment of bonus to the Directors

Fifth item: Revision of the amount of remuneration for Directors

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- * When you attend the Meeting, please submit the enclosed "Voting Instruction Form" at the reception desk.
 - * Substitutions are allowed only when the proxy is the Company's shareholder with voting rights, and one person for each shareholder. (The proxy must bring not only the "Voting Instruction Form" of the shareholder but also a certification for his or her authority.)
 - * The notes to the consolidated financial statements and the notes to non-consolidated financial statements, which are a part of the documents that should be provided together with this Convocation Notice, are disclosed through postings on our website (<http://www.sei.co.jp/ir/>) pursuant to laws and regulations and the provision of Article 15 of the Articles of Incorporation, and are therefore not described in the attachment to this Convocation Notice. Accordingly, the consolidated financial statements and the non-consolidated financial statements attached to this Convocation Notice are part of the consolidated financial statements and the non-consolidated financial statements that were subject to audit by the Audit & Supervisory Board Members for the purpose of an auditors' report, as well as an audit by the Accounting Auditor for the purpose of an accounting auditor's report.
 - * When the contents of the attachment to this Convocation Notice (including the Reference Document regarding the Ordinary General Meeting of Shareholders) need modification by the day before the Meeting, we will notify the shareholders in writing by mail or by notice on our website (<http://www.sei.co.jp/ir/>).

(Translation)

(Attachment)

BUSINESS REPORT
(from April 1, 2015 to March 31, 2016)

1. Matters Concerning Current Status of Corporate Group

(1) Progression of Business and its Results

This fiscal year, for the world economy, although recovery trends continued in the U.S. and Europe picked up as a whole, the uncertain outlook is increasing due to, among others, concerns about the effect of slowing growth of emerging economies. The Japanese economy has been affected by factors such as China's economic slowdown, leading to the Japanese economy to also be at a standstill, exemplified by a halt in the growth of exports and personal consumption.

Regarding the business environment for the Sumitomo Electric Group, demand for wiring harnesses and anti-vibration rubber is steady, mainly overseas such as in the U.S., and demand for FPCs (flexible printed circuits) for mobile devices etc. also increased. In this environment, the consolidated financial settlement for this fiscal year saw revenue increase from the previous fiscal year, as net sales amounted to 2,933,089 million yen (preceding fiscal year: 2,822,811 million yen, +3.9%). In addition, although there was an increase in depreciation and amortization and in research and development costs because of prior investment, due to the impact of a weaker yen and cost reductions, operating income was 143,476 million yen (preceding fiscal year: 134,457 million yen, +6.7%) and ordinary income was 165,658 million yen (preceding fiscal year: 160,597 million yen, +3.2%), each of which shows a year-on-year increase in profit. Profit attributable to owners of the parent decreased to 91,001 million yen (preceding fiscal year: 119,771 million yen, -24.0%) due to the posting of extraordinary profits in the previous fiscal year associated with selling shares of Sumitomo 3M Ltd. (which changed its corporate name to "3M Japan Limited" as of September 1, 2014).

The following section is a report giving an outline of each segment.

(i) The Automotive segment

Demand for wiring harnesses and anti-vibration rubber overseas, such as in the U.S., was steady, and net sales increased 53,771 million yen (3.6%) to 1,541,985 million yen. Operating income decreased 598 million yen to 88,654 million yen although the segment enjoyed an increase in revenue and the positive effects of cost reductions. This is because consolidated subsidiaries of wiring harnesses, that post actuarial gains and losses related to retirement benefits as expenses in a lump sum when those gains and losses arise, posted a temporary profit last fiscal year due to factors such as a rise in share prices. Whereas, this fiscal year, costs for retirement benefits temporarily increased due to factors such as a fall in the discount rate against the backdrop of the introduction of the Bank of Japan's negative interest rates.

(ii) The Infocommunications segment

Net sales increased 12,677 million yen (7.4%) to 184,688 million yen due to increasing demand primarily overseas for optical/wireless devices and optical fiber cables. Operating income increased 8,154 million yen to 11,903 million yen due to improving

profitability thanks to an increase of extra low loss fibers for submarine cables and cost reductions, in addition to an increase in demand.

(iii) The Electronics segment

Net sales increased 20,016 million yen (6.9%) to 312,021 million yen due to increasing demand for FPCs for mobile devices. Operating income increased 4,743 million yen to 10,203 million yen due to the positive effects of cost reductions, in addition to increasing demand.

(iv) The Environment and Energy segment

Net sales increased 23,031 million yen (3.6%) to 659,543 million yen as the net sales of Sumiden Hitachi Cable Ltd., which was consolidated last fiscal year, have been posted since the third quarter of last fiscal year. Operating income decreased 124 million yen to 13,404 million yen due to factors such as intensifying cost competition for power cables, and a decrease in profitability following the extension of the construction period for an overseas submarine cables construction project due to bad weather and an unexpected deterioration of the installation conditions.

(v) The Industrial Materials segment and Others

Due to a decrease in demand for A.L.M.T. Corp.'s semiconductors heatspreader materials targeting mobile phone base stations and cemented carbide tools, net sales decreased 5,206 million yen (1.6%) to 312,154 million yen. Operating income decreased 3,758 million yen to 19,234 million yen due to factors such as a fall in demand and the posting of an appraisal loss of the market prices of raw materials at A.L.M.T. Corp., associated with a decrease in the market prices of tungsten and molybdenum.

Net Sales and Operating Income Breakdown by Segment

Segment	Preceding Fiscal Year		This Fiscal Year	
	Net Sales	Operating Income	Net Sales	Operating Income
	millions of yen	millions of yen	millions of yen	millions of yen
Automotive	1,488,214	89,252	1,541,985	88,654
Infocommunications	172,011	3,749	184,688	11,903
Electronics	292,005	5,460	312,021	10,203
Environment and Energy	636,512	13,528	659,543	13,404
Industrial Materials and Others	317,360	22,992	312,154	19,234
Elimination of Intersegment Transactions, etc.	(83,291)	(524)	(77,302)	78
Total	millions of yen 2,822,811	millions of yen 134,457	millions of yen 2,933,089	millions of yen 143,476

(2) Conditions of Capital Expenditure

The total amount of capital expenditure for this fiscal year was 167.3 billion yen. The following list shows the breakdown of capital expenditure by segment.

Segment	Amount of Capital Expenditure (billions of yen)	Main Content of Capital Expenditure
Automotive	76.3	Increased production of and rationalization investment in wiring harnesses and anti-vibration rubbers
Infocommunications	13.4	Increased production of and rationalization investment in optical/wireless devices and optical fiber cables
Electronics	28.7	Increased production of and rationalization investment in FPCs and electronic wires
Environment and Energy	27.3	Increased production of and rationalization investment in power transmission wires/cables and electric conductors
Industrial Materials and Others	21.6	Increased production of and rationalization investment in cemented carbide tools and sintered powder metal parts

(3) Fund-raising

The Group raised funds through long-term loans of 18.8 billion yen and through other means. The purpose of such fund-raising was allocation to repayment of short-term borrowings and repayment of long-term borrowings, etc.

(4) Key Issues Requiring Attention

For the global economy hereafter, the risk of an economic downturn is expected to increase, as opposed to the current trend of a mild recovery, due to China's continued economic slowdown, a modification to the U.S. monetary policy, the uncertainty and political unrest in emerging economies, and fluctuations in the financial and capital markets, among other factors. Also for the Japanese economy, due to these effects, it is expected that exports and personal consumption continue to lack vigor and the outlook remains unclear.

In these circumstances, the Group, having the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles as the foundation, intends to strive for improving "S" (Safety), "E" (Environment), "Q" (Quality), "C" (Cost), "D"(Delivery) and "D" (Development), while working on realizing the objectives of our "VISION 2017" medium-term management plan. Accordingly, we are pursuing the following strategies in each of our business segments.

In the Automotive segment, the Group has developed high-strength aluminum alloy wires, which has a reinforced strength to a level exceeding usual copper and is targeted at aluminum wiring harnesses that contribute to making lighter automobiles. Aluminum wiring harnesses using this have, for the first time in the world, been adopted for an engine part requiring high durability. The Group is continuously striving to be a global comprehensive auto-parts manufacturer while proceeding with developing and marketing new products, including high-voltage wiring harnesses designed for environmentally friendly vehicles and complicated and sophisticated electronic components corresponding to enhanced control of automobiles. In addition, the Group will focus on expanding its market share for non-Japanese customers and further improving its global productively. Sumitomo Riko Company Ltd. is accelerating the creation of synergies with overseas business operations it has acquired in the field of automotive anti-vibration rubbers and hoses and is continuing to drive forward global business expansion and enhancement of profitability.

In the Infocommunications segment, we are continuously working on ensuring to capture favorable demand in overseas for optical fiber cables, 100Gbps* high-speed optical devices, and GaN (Gallium Nitride) devices for mobile phone base stations, and proceeding further with marketing of extra low loss fibers for submarine cables and intelligent transport systems. In addition, we will focus on globally marketing new products of access network equipment, striving to further improve profitability.

In the Electronics segment, with regard to FPCs for mobile devices, electronic wires and irradiation tubes, we are accelerating our global marketing and striving to optimize our global production organization by expanding our manufacturing bases in areas such as Southeast Asia to drive forward further improvement in profitability. We will also work to increase precision, thinness and heat resistance of FPCs and proceed with expanding the business of space saving high speed wiring materials and FPCs for vehicles and others.

In the Environment and Energy segment, with respect to power cables, it has recently become difficult to be profitable due to factors such as intensifying competition. However, in addition to strengthening operational activity, we are accelerating the development of low-cost and high-quality products through the transfer conducted in January 2016 of the operations of design, development, and quality assurance from J-Power Systems Corporation to the Company. While in June 2015 we received an order of high-voltage direct current submarine power cable connecting the United Kingdom and Belgium, we are striving to further improve profitability by acquiring further large-scale projects, including orders in the Pacific Rim, such as Southeast Asia. In addition, the segment is promoting the marketing of flat winding magnet wires and porous metals for battery for motors used in environmentally friendly vehicles, while focusing on expanding the business related to renewable energy and smart grids by taking advantage of the Group's integrated capabilities, including power system equipment of Nissin Electric Co., Ltd. and constructions by Sumitomo Densetsu Co., Ltd."

In the Industrial Materials segment, we are striving more than ever before to capture demand for cemented carbide tools in the markets of emerging economies and other countries as well as reinforcing our marketing in the fields of aircrafts and precision processing that are expected to grow in the future, in addition to the main automotive field. We are also promoting reinforcement of our manufacturing capacity for sintered powder metal parts in countries including Japan, Indonesia, and Mexico. This enables us to strive to further strengthen our global operation and manufacturing system and procurement of raw materials. In addition, we will also proceed with enhancement and innovation of core technology and continue to focus on the development and marketing of new products such as nano polycrystalline diamonds in the field of cemented carbide tools, and electric vehicle products of sintered powder metal parts.

In research and development activities, we will make efforts to create new businesses and products that are original and excel in profitability. This includes the acceleration of developing redox flow batteries, concentrator photovoltaic systems, and Power Line Communication applications, with the aim of establishing a new electricity/energy infrastructure, and the commercialization of superconducting products, magnesium alloy products, water-treatment systems, devices for next-generation communication network, and large-capacity data transmission cables. Taking a long-term perspective, we will leverage the Group's strengths to develop new products in response to society's needs, including advanced traffic safety systems and searching for new materials with new functions.

Ultimately, we believe that compliance with laws and regulations and maintaining corporate ethics constitute the foundation of the Company's management, and that they are the absolute basis to continue and develop as a corporation. In particularly, we consider compliance with competition laws as our most important task, and since the establishment of a set of rules and regulations to ensure compliance with competition laws in June 2010, we

* Gbps: Stands for gigabits per second, a data transfer speed measurement. 1Gbps describes data transfer of 1 billion bits per second.

have worked to strengthen our competition law compliance as an entire group. From now on, under the principles of the Sumitomo Spirit, which values doing your sincere best, not only in business but also in every aspect of your life, placing importance on integrity and not acting rashly or carelessly in pursuit of easy gains., we will make all efforts to ensure that all corporate activities are conducted fairly and honestly and can be trusted by society.

We would like to ask our shareholders for your continued support and understanding.

(5) Trend of Assets and Profits or Losses

(i) Trend of Assets and Profit or Losses of Corporate Group (Consolidated)

Entry \ Year	FY2011	FY2012	FY2013	FY2014	FY2015 (this fiscal year)
Net Sales (millions of yen)	2,059,344	2,159,942	2,568,779	2,822,811	2,933,089
Operating Income (millions of yen)	86,946	76,790	120,058	134,457	143,476
Ordinary Income (millions of yen)	106,696	94,116	145,354	160,597	165,658
Profit Attributable to Owners of the Parent (millions of yen)	58,861	37,955	66,748	119,771	91,001
Basic Net Income per Share (yen)	74.21	47.85	84.15	151.00	114.73
Net Assets (millions of yen)	1,138,931	1,244,695	1,379,912	1,646,913	1,561,289
Total Assets (millions of yen)	2,072,064	2,297,567	2,554,819	2,925,785	2,742,848

(Notes)

- After adopting the "Accounting Standards for Business Combinations" (Accounting Standards Board of Japan Statement No. 21) and other accounting standards, we have changed "Net Income" to "Profit Attributable to Owners of the Parent" from this fiscal year.
- Basic net income per share is computed based on the weighted average number of shares of common stock outstanding during each period.
- With respect to FY2012, through strengthening of the sales function and development and promotion of sales of new technologies and products, net sales increased from the preceding fiscal year. However, mainly due to increase of depreciation and amortization expenses caused by additional investment in overseas manufacturing sites and an increase in costs such as research and development costs for future growth, operating income, ordinary income and net income all decreased from the preceding fiscal year.
- With respect to FY2015, please see "(1) Progression of Business and its Results" above.

(ii) Trend of Assets and Profits or Losses of the Company

Entry \ Year	FY2011	FY2012	FY2013	FY2014	FY2015 (this fiscal year)
Net Sales (millions of yen)	803,807	779,753	832,484	910,657	928,976
Operating Income (millions of yen)	537	(7,806)	(5,071)	(2,063)	(1,414)

Ordinary Income (millions of yen)	24,667	14,164	25,422	34,288	44,392
Net Income (millions of yen)	15,911	10,405	24,175	105,911	22,390
Basic Net Income per Share (yen)	20.06	13.11	30.47	133.50	28.22
Net Assets (millions of yen)	612,951	614,207	629,865	722,905	707,504
Total Assets (millions of yen)	1,041,203	1,064,793	1,120,231	1,180,671	1,220,413

(Note) Basic net income per share is computed based on the weighted average number of shares of common stock outstanding during each period.

(6) Content of Main Businesses (as of March 31, 2016)

The Group conducts manufacturing and sales of the following products, as well as construction design and execution.

Segment	Main products and others
Automotive	Wiring harnesses, anti-vibration rubbers/automotive hoses, car electronic components
Infocommunications	Optical fiber cables, telecommunication cables and equipment, fusion splicers, optical/wireless devices such as optical transceiver modules/wireless communication devices, network system products such as access network equipment (GE-PON/Content Delivery Network/CATV-related products, etc.)/traffic control
Electronics	Electronic wires, compound semiconductors, metal materials for electronic parts, electric beam irradiation products, flexible printed circuits, fluorine resin products
Environment & Energy	Electric conductors, power transmission wires/cables/equipment, magnet wires, air cushions for railroad vehicles, power system equipment such as substation equipment/control system, charged beam equipment and processing, electrical/power supply work and engineering, porous metals
Industrial Materials, etc.	Tensioning materials for prestressed concrete, precision spring steel wires, steel tire cords, cemented carbide tools, diamond and CBN tools, laser optics, sintered powder metal parts, semiconductors heatspreader materials

(7) Main Offices and Works (as of March 31, 2016)

(i) The Company

Head Office	Osaka City
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Offices	Osaka, Tokyo, Chubu District Office (Nagoya City), Okinawa Branch Office (Naha City), Kyushu Branch Office (Fukuoka City), Shikoku Sales Office (Takamatsu City), Chugoku Branch Office (Hiroshima City), Hokuriku Sales Office (Toyama City), Hitachi Branch Office (Hitachi City, Ibaraki Prefecture), Tohoku Branch Office (Sendai City), Hokkaido Branch Office (Sapporo City)
Works	Osaka Works (Osaka City), Itami Works (Itami City, Hyogo Prefecture), Yokohama Works (Yokohama City)

(ii) Subsidiaries

(Domestic)

Company Name	Location
Sumitomo Wiring Systems, Ltd.	Yokkaichi City, Mie Prefecture
Sumitomo Electric Device Innovations, Inc.	Yokohama City
Sumitomo Riko Company Ltd.	Nagoya City
Nissin Electric Co., Ltd.	Kyoto City
J-Power Systems Corporation	Minato Ward, Tokyo
Sumitomo Densetsu Co., Ltd.	Osaka City
Sumitomo Electric Tochigi Co., Ltd.	Utsunomiya City
Sumitomo Electric Hardmetal Corp.	Itami City, Hyogo Prefecture
Sumitomo Electric Sintered Alloy, Ltd.	Takahashi City, Okayama Prefecture
Sumitomo (SEI) Steel Wire Corp.	Itami City, Hyogo Prefecture
Sumitomo Electric Wintec, Inc.	Koka City, Shiga Prefecture
Sumiden Hitachi Cable Ltd.	Taito Ward, Tokyo

(Overseas)

Company Name	Location
Sumitomo Electric Wiring Systems, Inc.	U.S.A.
JUDD Wire, Inc.	U.S.A.
Sumidenso do Brasil Industrias Eletricas Ltda.	Brazil
Sumitomo Electric Wiring Systems (Europe) Limited	U.K.
Sumitomo Electric Bordnetze AG	Germany
SEWS-CABIND S.p.A.	Italy
PT. Karya Sumiden Indonesia	Indonesia
PT. Sumi Indo Kabel Tbk.	Indonesia
SEI Thai Electric Conductor Co., Ltd.	Thailand
Sumitomo Electric Interconnect Products (Shenzhen), Ltd.	China
Sumidenso Mediatech Suzhou Co., Ltd.	China
Sumitomo Electric Interconnect Products (Suzhou), Ltd.	China
Fuzhou Zhu Wiring Systems Co., Ltd.	China
Huizhou Zhurun Wiring Systems Co., Ltd.	China
Sumitomo Electric Interconnect Products (Hong Kong), Ltd.	Hong Kong
SEI Electronic Components (Vietnam), Ltd.	Vietnam
Sumidenso Vietnam Co., Ltd.	Vietnam

(Note) Sumitomo Electric Bordnetze GmbH changed its corporate name to Sumitomo Electric Bordnetze AG on December 1, 2015.

(iii) Affiliated Companies

Company Name	Location
Sumitomo Rubber Industries, Ltd.	Kobe City
MIRAIT Holdings Corporation	Koto Ward, Tokyo
TECHNO ASSOCIE CO., LTD.	Osaka City

(8) Employee Situation (as of March 31, 2016)

(i) Employee Situation of Corporate Group

Segment	Number of Employees	Increase from March 31, 2015
Automotive	182,330	1,527
Infocommunications	6,628	(69)
Electronics	25,326	(1,392)
Environment & Energy	12,935	0
Industrial Materials, etc.	13,646	1
Total	240,865	67

(Note) "Number of Employees" means the number of actual employees on duty (i.e., the number of employees dispatched to non-consolidated companies is not included, but the number of those dispatched from non-consolidated companies is included).

(ii) Employee Situation of the Company

Number of Employees	Increase from March 31, 2015	Average age	Average Length of Service (Years)
4,984	262	41.9	17.5

(Note) "Number of Employees" does not include the 6,420 employees of the Company who are dispatched to companies other than the Company.

(9) Status of Important Subsidiaries and Affiliates (as of March 31, 2016)

Company Name	Capital	Shareholding	Main Business
Sumitomo Wiring Systems, Ltd.	JPY 20,042 Million	% 100.00	Manufacture, processing and sales of automotive wiring harnesses, connectors
Sumitomo Electric Device Innovations, Inc.	JPY 15,000 Million	100.00	Development, manufacture and sales of optical transceiver, optical/wireless devices composed of compound semiconductors, and their application
Sumitomo Riko Company Ltd.	JPY 12,145 Million	50.56 (1.03)	Manufacture and sales of anti-vibration rubbers, hoses and resin products
Nissin Electric Co., Ltd.	JPY 10,253 Million	51.00	Manufacture and sales of substation equipment, plant control system, photovoltaic system, etc.

Company Name	Capital	Shareholding	Main Business
J-Power Systems Corporation	JPY 8,000 Million	100.00	Manufacture and sales of power transmission wires/cables/equipment
Sumitomo Densetsu Co., Ltd.	JPY 6,440 Million	50.17 (0.14)	Design, installation and supervision of power transmission lines, indoor wiring cables, communications system works
Sumitomo Electric Tochigi Co., Ltd.	JPY 5,250 Million	55.56	Manufacture and sales of steel tire cords, precision spring steel wires, stainless wires
Sumitomo Electric Hardmetal Corp.	JPY 5,000 Million	100.00	Manufacture and sales of cemented carbide tools, diamond and CBN tools, etc.
Sumitomo Electric Sintered Alloy, Ltd.	JPY 3,004 Million	100.00	Manufacture and sales of sintered powder metal parts
Sumitomo (SEI) Steel Wire Corp.	JPY 3,000 Million	100.00	Manufacture and sales of tensioning materials for prestressed concrete, precision spring steel wires, and sales of hard steel wire rods, steel tire cords
Sumitomo Electric Wintec, Inc.	JPY 3,000 Million	100.00	Manufacture and sales of magnet wires
※ Sumiden Hitachi Cable Ltd.	JPY 400 Million	56.00	Sales of wire cables
Sumitomo Electric Wiring Systems, Inc. <U.S.A.>	USD 143,920 Thousand	100.00 (40.00)	Manufacture and sales of automotive wiring harnesses, connectors
JUDD Wire, Inc. <U.S.A.>	USD 40,000 Thousand	100.00 (100.00)	Manufacture and sales of electronic wires
Sumidense do Brasil Industrias Eletricas Ltda <Brazil>	BRL 162,921 Thousand	100.00 (60.72)	Manufacture and sales of automotive wiring harnesses
Sumitomo Electric Wiring Systems (Europe) Limited <U.K.>	EUR 84,024 Thousand	100.00 (40.00)	Manufacture and sales of automotive wiring harnesses, connectors
Sumitomo Electric Bordnetze AG <Germany>	EUR 2,046 Thousand	100.00 (40.00)	Manufacture and sales of automotive wiring harnesses
SEWS-CABIND S.p.A. <Italy>	EUR 30,000 Thousand	100.00 (40.00)	Manufacture and sales of automotive wiring harnesses

Company Name	Capital	Shareholding	Main Business
PT. Karya Sumiden Indonesia <Indonesia>	USD 32,109 Thousand	100.00 (4.49)	Manufacture and sales of wire rods
PT. Sumi Indo Kabel Tbk. <Indonesia>	USD 52,431 Thousand	93.27 (0.21)	Manufacture and sales of wire cables
※ SEI Thai Electric Conductor Co., Ltd. <Thailand>	THB 2,010 Million	100.00	Manufacture and sales of drawn wires, aluminum wire rods and bars, automotive aluminum wires
Sumitomo Electric Interconnect Products (Shenzhen), Ltd. <China>	RMB 623,483 Thousand	100.00 (100.00)	Manufacture and sales of electronic wires, flexible printed circuits
Sumidense Mediatech Suzhou Co., Ltd. <China>	RMB 347,585 Thousand	100.00 (100.00)	Manufacture and sales of automotive wiring harnesses
Sumitomo Electric Interconnect Products (Suzhou), Ltd. <China>	RMB 338,299 Thousand	100.00	Manufacture and sales of electronic wires, flexible printed circuits
Fuzhou Zhu Wiring Systems Co., Ltd. <China>	RMB 275,236 Thousand	100.00 (100.00)	Manufacture and sales of automotive wiring harnesses and electric wires
Huizhou Zhurun Wiring Systems Co., Ltd. <China>	RMB 288,020 Thousand	87.86 (87.86)	Manufacture and sales of automotive wiring harnesses
Sumitomo Electric Interconnect Products (Hong Kong), Ltd. <Hong Kong>	HKD 648,000 Thousand	100.00	Sales of electronic wires, flexible printed circuits
※ SEI Electronic Components (Vietnam), Ltd. <Vietnam>	USD 70,000 Thousand	100.00	Manufacture and sales of flexible printed circuits
Sumidense Vietnam Co., Ltd. < Vietnam>	USD 35,000 Thousand	100.00 (100.00)	Manufacture and sales of automotive wiring harnesses

Company Name	Capital	Shareholding	Main Business
Sumitomo Rubber Industries, Ltd.	JPY 42,658 Million	28.74 (0.06)	Manufacture and sales of automotive tires, etc.
MIRAIT Holdings Corporation	JPY 7,000 Million	22.15 (3.14)	Management control of subsidiaries and group companies engaging in telecommunications engineering work, electrical work, civil engineering work, and construction work, etc.
TECHNO ASSOCIE CO., LTD.	JPY 5,001 Million	33.74 (0.01)	Sales of screws, nonferrous metals products, etc.

(Notes)

1. The figures in parentheses under “Shareholding” indicate the shareholding of the Company’s subsidiaries.
2. A company marked with “✕” under “Company Name” is a company added to the list starting this fiscal year.
3. Sumitomo Electric Bordnetze GmbH changed its corporate name to Sumitomo Electric Bordnetze AG on December 1, 2015.

(10) Important Corporate Restructuring, etc.

On January 1, 2016, J-Power Systems Corporation transferred its design, development, and quality assurance segments of electric wires, cables, and power transmission equipment to the Company, and its segments of manufacturing and raw materials procurement of power transmission equipment and its segments of design, development, manufacturing, quality assurance, and raw materials procurement of power distribution equipment and aerial equipment to Sumiden Asahi Industries, Ltd., respectively, through a company split system (absorption-type company split). Sumiden Asahi Industries, Ltd. changed its trade name to Sumiden Transmission and Distribution System Products, Ltd. on that day.

(11) Major Lenders (As of March 31, 2016)

Lenders	Balance of Borrowings
	millions of yen
Sumitomo Mitsui Banking Corporation	60,195
Sumitomo Mitsui Trust Bank, Limited	40,056
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	37,145
The Norinchukin Bank	25,715
The Mie Bank, Ltd.	19,100
The Hyakugo Bank, Ltd.	16,000
Development Bank of Japan Inc.	15,000
Mitsubishi UFJ Trust and Banking Corporation	13,003

(Notes)

1. The balance of borrowings above includes the borrowings from the overseas subsidiaries of each financial institution.
2. In addition to what is set forth in the table above, there is a syndicated loan which amounts to 158,400 million yen.

(12) Other Important Matters Concerning Current Status of Corporate Group

Class action lawsuits have been filed in countries including the U.S. against the Company and its subsidiaries for damages caused by violation of antitrust law in the Automotive segment. Also, the Company is in negotiations with some automakers for compensation.

2. Information Concerning Shares (As of March 31, 2016)

(1) Total Number of Authorized Shares

3,000,000,000 shares

(2) Total Number of Issued Shares

793,940,571 shares (compared with the end of preceding fiscal year: no increase or decrease)

(3) Number of Shares for One Unit of Shares

100 shares

(4) Number of Shareholders

57,723 persons (compared with the end of preceding fiscal year: decrease of 5,363 persons)

(5) Largest Shareholders (top 10 shareholders)

Name of the Shareholder	Number of Shares Held	Shareholding Percentage
	in thousands of shares	%
Japan Trustee Services Bank, Ltd. (trust account)	53,456	6.74
The Master Trust Bank of Japan, Ltd. (trust account)	46,180	5.82
Nippon Life Insurance Company	24,703	3.11
Japan Trustee Services Bank, Ltd. (trust account 9)	16,832	2.12
SUMITOMO LIFE INSURANCE COMPANY	15,556	1.96
CBNY - GOVERNMENT OF NORWAY	12,714	1.60
Sumitomo Mitsui Banking Corporation	12,551	1.58
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	11,943	1.51
THE BANK OF NEW YORK MELLON SA/NV 10	11,694	1.47
STATE STREET BANK WEST CLIENT - TREATY 505234	11,473	1.45
	in thousands of shares	%
Total	217,107	27.37

(Notes)

1. SUMITOMO LIFE INSURANCE COMPANY, in addition to what is set forth in the table above, has established a trust for retirement benefits holding 8,000 thousand shares (a 1.01% shareholding) in the Company, and has retained the authority to give instructions to exercise voting rights.
2. NEC Corporation holds 6,914 thousand shares in the Company. Also, NEC Corporation has established a trust for retirement benefits holding 6,900 thousand shares (a 1.74% shareholding as combined with the above NEC Corporation's holding) in the Company, and has retained the authority to give instructions to exercise voting rights.
3. Shareholding percentages have been calculated after deducting from the total number of issued shares the 606,183 of its own shares that the Company holds.

3. Matters Related to Officers of the Company

(1) Name, etc. of Directors and Audit & Supervisory Board Members (As of March 31, 2016)

Name	Position and Areas of Responsibility	Important Concurrent Post
※Masayoshi Matsumoto	President	
※Hiroyuki Takenaka	Executive Vice President Sales Group (Sales Compliance, Sales Planning & Marketing, New Business Marketing and Promotion)	Director, Meidensha Corporation Chairman of the Board, J-Power Systems Corporation Director, Sumiden Hitachi Cable Ltd.
※Fumikiyo Uchioke	Executive Vice President General Manager, Infocommunications Business Unit General Manager, New Business Development Unit	Director, Sumitomo Rubber Industries, Ltd. Director, MIRAIT Technologies Corporation Director, Sumitomo Electric Device Innovations Inc.
※Mitsuo Nishida	Executive Vice President General Manager, Automotive Business Unit Sales Group (Chubu District Office)	Director, Sumitomo Wiring Systems, Ltd. Chairman of the Board, Sumitomo Electric Wiring Systems, Inc. Director, SEWS-CABIND S.p.A. Joint Representative Director, Kyungshin Corporation
※Makoto Nakajima	Senior Managing Director Corporate Staff Group (Competition Law Compliance, Legal, Public Relations, Corporate Planning, Intellectual Property, Security Trade Control)	

Name	Position and Areas of Responsibility	Important Concurrent Post
Atsushi Yano	Managing Director General Manager, Optical Network & Systems Business Unit Deputy General Manager, R & D Unit (Infocommunications and Social Infrastructure Systems R&D)	
Fumiyoshi Kawai	Managing Director General Manager, Manufacturing Management & Engineering Unit	
Nozomi Ushijima	Managing Director General Manager, Advanced Materials Business Unit	Director, Sumitomo Electric Hardmetal Corp. Director, Sumitomo Electric Sintered Alloy, Ltd.
Shigeo Saito	Managing Director General Manager, Electronic Wire & Polymer Business Unit	Director, JUDD Wire, Inc. Director, Sumitomo Electric Interconnect Products (Shenzhen) Ltd. Chairman of the Board, Sumitomo Electric Interconnect Products (Suzhou) Ltd. Chairman of the Board, Zhongshan Sumiden Hybrid Products Co., Ltd.
Junji Itoh	Managing Director General Manager, R&D Unit	
Makoto Tani	Managing Director Corporate Staff Group (Accounting, Finance, Information Systems, Procurement, Logistics Management)	

Name	Position and Areas of Responsibility	Important Concurrent Post
Yoshitomo Kasui	Managing Director Deputy General Manager, Manufacturing Management & Engineering Unit (Safety & Environment) Corporate Staff Group (Competition Law Compliance, Legal, Administration, Human Resources , Human Resources Development, Internal Auditing, Security Trade Control)	
○Takahiro Nakano	Managing Director General Manager, Electric Wire & Cable, Energy Business Unit Environment and Energy Group (Superconductivity Technology)	
Kazuo Hiramatsu	Director	Trustee, Kwansei Gakuin Professor, School of Business Administration, Kwansei Gakuin University Director, Senshu Ikeda Holdings Inc. Director, The Senshu Ikeda Bank, Ltd. Director, ShinMaywa Industries, Ltd. Audit & Supervisory Board Member, DAIDO LIFE INSURANCE COMPANY
Hideaki Inayama	Audit & Supervisory Board Member (full-time)	Audit & Supervisory Board Member, Sumitomo Densetsu Co., Ltd.
○Satoru Ogura	Audit & Supervisory Board Member (full-time)	Audit & Supervisory Board Member, Sumitomo Densetsu Co., Ltd.

Name	Position and Areas of Responsibility	Important Concurrent Post
Takashi Kakimi	Audit & Supervisory Board Member	Attorney at law Audit & Supervisory Board Member, Kumagai Gumi Co., Ltd.
Kan Hayashi	Audit & Supervisory Board Member	Certified public accountant Certified public tax accountant
Katsuaki Watanabe	Audit & Supervisory Board Member	Senior Advisor to the Board of Toyota Motor Corporation Director, Kyushu Financial Group, Inc.

(Notes)

- Directors marked with “✕” are representative directors.
- The persons marked with “○” were newly appointed as a Director or an Audit & Supervisory Board Member at the 145th General Meeting of the Shareholders held on June 25, 2015.
- Among the Directors above, Mr. Kazuo Hiramatsu is not only an outside director under Article 2, Item 15 of the Companies Act, but also an independent officer under the rules of Tokyo Stock Exchange, Inc., etc.
- Among the Audit & Supervisory Board Members above, Mr. Takashi Kakimi, Mr. Kan Hayashi and Mr. Katsuaki Watanabe are not only outside audit & supervisory board members under Article 2, Item 16 of the Companies Act, but also independent officers under the rules of Tokyo Stock Exchange, Inc., etc.
- Mr. Hideaki Inayama, an Audit & Supervisory Board Member, having years of experience in the Accounting and Finance Department of the Company, has a distinguished level of knowledge of finance and accounting.
Mr. Kan Hayashi, an Audit & Supervisory Board Member, qualified as a certified public accountant and certified tax accountant, has a distinguished level of knowledge of finance and accounting.
- As of June 25, 2015, Mr. Shigeru Tanaka (Senior Managing Director) resigned from his director position at his request, and Mr. Kazuyoshi Hasegawa (Audit & Supervisory Board Member (full-time)) resigned from his Audit & Supervisory Board Member position due to expiration of his term of office.
Positions in parentheses are as of their resignations.
- The change regarding the important concurrent post of a director after the last day of this fiscal year is as follows:

Name	Position after the change	Position before the change	Date of change
K a z u o H i r a m a t s u	Administrative Trustee, Kwansei Gakuin Director, Senshu Ikeda Holdings Inc. Director, The Senshu Ikeda Bank, Ltd. Director, ShinMaywa Industries, Ltd. Audit & Supervisory Board Member, DAIDO LIFE INSURANCE COMPANY	Trustee, Kwansei Gakuin Professor, School of Business Administration, Kwansei Gakuin University Director, Senshu Ikeda Holdings Inc. Director, The Senshu Ikeda Bank, Ltd. Director, ShinMaywa Industries, Ltd.	As of April 1, 2016

		Audit & Supervisory Board Member, DAIDO LIFE INSURANCE COMPANY	
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(2) Remuneration, etc. of Directors and Audit & Supervisory Board Members

(i) Total Amounts of Remuneration, etc. of Directors and Audit & Supervisory Board Members

Position	Number of Officers	Amount
Directors	15	866,210,000yen
Audit & Supervisory Board Members	6	114,420,000 yen

(Notes)

1. The number of officers above includes one Director and one Audit & Supervisory Board Member who resigned as of June 25, 2015.
2. The amount of remuneration for Directors shown above includes the amount of a bonus payment of 230 million yen if a resolution regarding the payment of a bonus to the Directors is adopted as proposed at the 146th General Meeting of the Shareholders.

(ii) Policy for Determining Remuneration, etc.

Remuneration for Directors is determined by setting appropriate remuneration standards for the Company's Directors for each post, and then, the remuneration for each Director is determined based on the Director's role and degree of responsibility as well as on the extent of contribution to the Company's performance. Remuneration for Directors is determined within the framework of the remuneration amount resolved at the shareholders' meeting. In addition, the total amount of Directors' bonuses is subject to the annual shareholders' meeting resolution and determined based on the Company's performance of each fiscal year, particularly, items such as profit indices and dividend levels. The allocation for each Director is determined in consideration of a mid- and long-term perspective and based on the Director's post, degree of responsibility, achievement of main goals, and contribution to the Company's performance of each fiscal year. Directors' remuneration and bonuses are discussed at the Compensation Advisory Committee from an objective perspective, and based on the reports thereof, determined by resolution at a meeting of the Board of Directors.

Remuneration for Audit & Supervisory Board Members is determined through discussion among Audit & Supervisory Board Members within the framework of the remuneration amount resolved at the shareholders' meeting.

Regarding the determination of remuneration for officers, we ensure the objectivity of the standards of remuneration, bonuses, and annual salaries by utilizing a third party's analysis of officers' remuneration covering corporations similar to the Company in areas such as the business contents and scale.

(3) Matters concerning Outside Officers

(i) Relationships between the Company and Important Companies, etc. at which Positions are Concurrently Held by Officers of the Company (Concurrent Positions as Executives or Outside Officers, etc. at Other Companies, etc.)

Position	Name	Company, etc. at which Positions are Concurrently Held by Officers of the Company and	Relationship

		Content	
Director	Kazuo Hiramatsu	Trustee, Kwansei Gakuin	No particular relationship.
		Outside Director, Senshu Ikeda Holdings Inc.	No particular relationship.
		Outside Director, The Senshu Ikeda Bank, Ltd.	The Company has business relations, such as borrowing of funds.
		Outside Director, ShinMaywa Industries, Ltd.	The Company has business relations, such as facility repair contracts.
		Outside Audit & Supervisory Board Member, DAIDO LIFE INSURANCE COMPANY	No particular relationship.
Audit & Supervisory Board Member	Takashi Kakimi	Outside Audit & Supervisory Board Member, Kumagai Gumi Co., Ltd.	No particular relationship.
	Katsuaki Watanabe	Outside Director, Kyushu Financial Group, Inc.	No particular relationship.

(Note) The information under the heading “Company, etc. at which Positions are Concurrently Held by Officers of the Company and Content” is as of March 31, 2016.

(ii) Main activity status

Position	Name	Main Activity Status
Director	Kazuo Hiramatsu	He attended all 13 meetings of the Board of Directors held this fiscal year. He makes statements, as necessary, on overall corporate management, based on his scholarship in areas, such as accounting, and his experience in the administration of universities, academic societies and similar institutions. Furthermore, regarding compliance, he reviews and expresses opinions on internal control systems and specific measures responding to changes in global regulations, etc. and misconduct by other companies, on a routine basis. Particularly, he is making statements on the improvement and enhancement of the competition law compliance system for the entire group, and how to ensure its effectiveness, with respect to the eradication and prevention of the reoccurrence of violations of antitrust law, including foreign competition law.
Audit & Supervisory Board Member	Takashi Kakimi	He attended all 13 meetings of the Board of Directors and all 20 meetings of the Audit & Supervisory Board held this fiscal year. He makes statements, as necessary, mainly on risk and crisis management strategies, including compliance, and statements on measures responding to changes in global regulations, etc., misconduct by other companies and points of attention, etc. concerning corporate governance, based on knowledge acquired through his involvement in police administration and his

		<p>work as an attorney at law. Furthermore, regarding compliance, he reviews and expresses opinions on internal control systems and specific measures, in cooperation with other Audit & Supervisory Board Members, on a routine basis. Particularly, he is making statements on the improvement and enhancement of the competition law compliance system for the entire group and its thoroughness and organization with respect to the eradication and prevention of the reoccurrence of violations of antitrust law, including foreign competition law.</p>
	<p>Kan Hayashi</p>	<p>He attended all 13 meetings of the Board of Directors and all 20 meetings of the Audit & Supervisory Board held this fiscal year. He makes statements, as necessary, mainly on business management, including risk management, and statements on measures responding to changes in global regulations, etc., misconduct by other companies, and points of attention, etc. concerning corporate governance, based on his expertise and experience as a certified public accountant and certified tax accountant and his great insight into the global business activities of enterprises. Furthermore, regarding compliance, he reviews and expresses opinions on internal control systems and specific measures in cooperation with other Audit & Supervisory Board Members, on a routine basis. Particularly, he is making statements on the improvement and enhancement of the competition law compliance system for the entire group and its thoroughness and organization with respect to the eradication and prevention of the reoccurrence of violations of antitrust law, including foreign competition law.</p>
	<p>Katsuaki Watanabe</p>	<p>He attended 11 out of 13 meetings of the Board of Directors and 19 out of 20 meetings of the Audit & Supervisory Board held this fiscal year. He makes statements, as necessary, mainly on methods for viable business management for the whole group, and statements on measures responding to changes in global regulations, etc., misconduct by other companies, and points of attention, etc. concerning corporate governance, based on his rich experience in and extensive knowledge of corporate management in general, acquired by engaging in management of corporations developing global operations. Furthermore, regarding compliance, he reviews and expresses opinions on internal control systems and specific measures in cooperation with other Audit & Supervisory Board Members, on a routine basis. Particularly, he is making statements on the improvement and enhancement of the competition law compliance system for the entire group and its thoroughness and organization with respect to the eradication and prevention of the reoccurrence of violations of antitrust law, including foreign competition law.</p>

(iii) Outline of contents of limited liability contract

The Company has entered into limited liability contracts with all of the Outside Directors and the Outside Audit & Supervisory Board Members in accordance with the provisions of the Articles of Incorporation. An outline of the contents of the limited liability contracts is as follows:

With respect to the liability stipulated under Article 423, Paragraph 1 of the Companies Act, the Outside Director or the Outside Audit & Supervisory Board Member shall assume liability for damages limited to the higher amount of either 10 million yen or the minimum liability amount stipulated under Article 425, Paragraph 1 of the said Act, if he was without knowledge and not grossly negligent in conducting his duties.

(iv) Total amount of remuneration, etc.

One Director and three Audit & Supervisory Board Members:
63,060,000 yen

4. Matters Regarding Accounting Auditor

(1) Name of Accounting Auditor

KPMG AZSA LLC

(2) Amount of Remuneration, etc. to Accounting Auditor

(i)	Amount of remuneration, etc. to be paid by the Company	154 million yen
(ii)	Total amount of money and other financial benefits to be paid by the Company and its subsidiaries	744 million yen

(Notes)

- As a result of examining items such as the details of the audit plans for this fiscal year, the audit results of the previous fiscal year, and the basis for calculating estimates on which remuneration is based, the Audit & Supervisory Board determined that the remuneration amount of the Accounting Auditor was appropriate. Therefore, the Audit & Supervisory Board gave consent regarding Article 399, Paragraph 1 of the Companies Act.
- Under the audit contract concluded between the Company and the Accounting Auditor, the amount of remuneration, etc. for audits as per the Companies Act and the amount of remuneration, etc. for audits as per the Financial Instruments and Exchange Act are not and cannot practically be separated. Therefore, the total of these amounts is shown in (i) above.
- The Company pays to the Accounting Auditor compensation for services (i.e., investigation and advice services related to internal control, etc.), other than the services set forth in Article 2, Paragraph 1 of the Certified Public Accountants Act.
- Among the important subsidiaries of the Company specified in “1.(9) Status of Important Subsidiaries and Affiliates”, overseas subsidiaries are subject to audits (limited to the types of audit set forth in the Companies Act or the Financial Instruments and Exchange Act and their foreign equivalents) by certified public accountants or audit firms (including persons with qualifications in foreign countries that are equivalent to these qualifications) other than the Accounting Auditor of the Company.

(3) Policy for Determination of Dismissal or Non-Reappointment of Accounting Auditor

It is the Company’s policy that if any of the Items of Article 340, Paragraph 1 of the Companies Act applies to the Accounting Auditor, the Company will dismiss the Accounting Auditor. In addition, in any other circumstances where it is reasonably suspected that the Accounting Auditor cannot ensure fairness in implementing its duties and, therefore, it is deemed inappropriate for the Accounting Auditor to continue auditing, the Company will

either dismiss or refuse to reappoint the Accounting Auditor, depending on the circumstances.

5. Content of Resolutions Regarding Development of Systems Necessary to Ensure the Propriety of Operations and Outline of the Operational Status of the Systems

In accordance with Article 362, Paragraph 4, Item 6 of the Companies Act and Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act, the Company, at its Board of Directors meeting, adopted a resolution concerning development of systems necessary to ensure the propriety of operations of a stock company (basic policies regarding establishment of an internal control system), with the following content. In addition, the operational status of the systems is outlined as follows.

I. Content of Resolutions Regarding the Basic Policies to Establish the Internal Control Systems

(1) Systems for Preservation and Management of Information Related to the Execution of Duties by Directors

The Company shall produce and keep the minutes of Board of Directors' meetings, and shall record and appropriately manage information regarding the execution of duties and making of decisions by Directors, such as an internal document for drafting proposals and making internal approvals, as set forth in the internal rules of information management, the internal rules of document handling and the internal rules of papers preservation.

(2) Internal Rules and Other Systems for Managing Risk of Loss

Regarding major cross-Group risks such as those related to disaster, quality, safety, environment, credit extension and export and import trade controls, risk management shall be conducted by each department or division. Each department or division shall assess the risks pertaining to implementation of the business it controls pursuant to the responsive measures and accident examples and preventative measures which are shared within the Group either by the Corporate Staff Group which is responsible for each risk or by the committees hosted by Directors, etc. (meaning the "Executive Directors or Executive Officers"; hereinafter the same) who are in charge of the Corporate Staff Group.

Regarding bribery prevention, confidential information management, and other pressing legal, labor and tax issues which are increasingly important in conjunction with global business development, the Company intends to develop systems and reinforce its commitments through cooperation among relevant departments and divisions under the initiative of the Risk Management Committee.

Further, regarding risks peculiar to a specific department or division, the relevant department or division shall decrease risks by, as deemed necessary, obtaining the assistance of the Corporate Staff Group having expertise and external experts.

The Risk Management Committee shall exercise control over these activities pursuant to the internal rules of risk management, and shall monitor them in cooperation with the Audit & Supervisory Board Members, the Internal Auditing Department and the Corporate Staff Group which is responsible for each risk.

Further, if any material risk becomes evident and countermeasures urgently need to be taken, the Risk Management Steering Committee shall, among other things, assess the severity of the crisis and establish a task force.

(3) Systems for Ensuring the Efficiency of the Execution of Duties by Directors

In order to ensure efficient and appropriate execution of duties by Directors, etc. and administrative members, the Company shall set forth, in the job classification system and the internal rules of operations, (i) the department or division in charge, (ii) the authority vested in each role, and (iii) the operations governed by each organization.

Further, the Company shall adopt the Executive Officer System and the Business Unit System, and develop a system in which each Business Unit, the Sales & Marketing Unit and the R&D Unit will do business flexibly under the supervision of each General Manager of the Unit depending on environmental changes and customer demands.

Further, regarding the operational results, etc. of each Business Unit, the Company will develop a mid-term plan and an annual plan designed to achieve the mid-term plan, and adopt a system under which the Accounting and Finance Department and the Director in charge of accounting and finance shall track and analyze the progress toward achievement on a monthly basis, and shall report the results to the Management Conference and the Board of Directors in order to examine what measures might need to be taken.

The Company shall promote the use of video conference and computer and communication network systems, aiming to efficiently gather, analyze, utilize and share management information.

(4) Systems for Ensuring that the Execution of Duties by Directors and Employees Is Compliant with Laws and the Articles of Incorporation

The Company shall endeavor to spread the Charter of Corporate Code, which elaborates the Sumitomo Spirit and the Corporate Philosophy, and the Compliance Manual, which, among other things, provides specific prohibitions, etc. Further, the Company shall thoroughly implement the principle that compliance with laws and maintenance of corporate ethics constitute the foundation of management, through the statements and behavior of the top management.

The Compliance Committee chaired by the President shall, among other things, do the following: identify and analyze cross-Group compliance risks; produce and revise the Compliance Manual; plan and perform training; investigate the cause of violations and formulate proposed measures to prevent their reoccurrence; disseminate and have the above items thoroughly implemented within the Group; and conduct monitoring of the compliance promotion activities.

Meanwhile, each department and division shall identify and analyze compliance risks, including risks peculiar to the department or division, and take measures to prevent them; whereas the Compliance Committee, the Legal Department, the Audit & Supervisory Board Members and the Internal Auditing Department shall conduct their monitoring, in cooperation with one another.

Regarding compliance with domestic and foreign competition laws, the Company shall continuously provide education regarding competition laws in order to eradicate any cartel or bid-rigging activities, including suspected such activities, within the Group. Further, under the Compliance Committee, the Competition Law Compliance Office shall monitor the status of operation of, and compliance with, a set of rules and regulations to ensure compliance with competition laws and, further, plan and implement any other competition

compliance measures, in cooperation with the respective dedicated organization of each Unit or the Competition Law Compliance Officer.

Further, the Compliance Committee shall appropriately identify the circumstances pertaining to information provided to the notification and consultation desk established within and without the Company, and shall take necessary measures.

(5) Systems for Ensuring the Propriety of Financial Reporting

The Company shall establish an Internal Control Committee for Financial Reporting, chaired by the President, and shall also build a promotion organization in the Corporate Staff Group. Pursuant to their policies, guidance and assistance, each department, division and subsidiary shall proceed with the development and appropriate operation of the internal control system in accordance with the Financial Instruments and Exchange Act, as well as with the assessment and audit standards and implementation standards set forth by the Financial Services Agency, in order to further enhance the Company's system for ensuring the propriety of financial reporting. The Internal Auditing Department shall assess the effectiveness of the internal control system of the whole Group for each fiscal year, and compile an internal control report to be submitted to the Financial Services Agency based on the results of such assessment and shall obtain the approval of the Internal Control Committee for Financial Reporting and the Board of Directors.

(6) Systems for Ensuring the Propriety of the Operations Performed by the Corporate Group Comprised of the Company and the Subsidiaries

The Company shall also endeavor to spread the Charter of Corporate Code, which elaborates the Sumitomo Spirit and the Corporate Philosophy, to the Group companies, aiming to share with them the principles which should be respected and complied with in the course of business operations.

Pursuant to the internal rules of affiliated companies management, the Company shall receive reports from subsidiaries or have subsidiaries consult with the Company as deemed necessary, regarding matters to be decided and accrued facts to be reported or referred to the Management Conference and the Board of Directors' meeting of the Company, and certain matters related to risk management and compliance, etc.

In addition, the related persons of the governing Unit and the administrative members of the Accounting and Finance Department, among others, shall assume the offices of Directors and Audit & Supervisory Board Members of the subsidiaries in order to track their management status. Furthermore, information regarding risk management and compliance systems, etc. shall be exchanged at the conference of Audit & Supervisory Board Members of the Group, or through communication and exchanges between the Corporate Staff Group of the Company, such as the Human Resources Division, the Administration Division and the Accounting and Finance Department, on the one hand, and the relevant departments or divisions of the subsidiaries, on the other hand. In this regard, the major activities relating to risk management and compliance do not only cover the Company itself, but also its domestic and foreign subsidiaries, excluding listed companies and their subsidiaries.

Regarding major cross-Group risks, each subsidiary shall practice risk management by assessing the risks pertaining to the implementation of its business, pursuant to the responsive measures and accident examples and preventative measures shared within the Group by each department or division of the Company in charge, among others. Further, each subsidiary shall minimize risks peculiar to itself, by obtaining the assistance of the Company.

Regarding compliance risk, too, the Company has adopted a system under which each subsidiary takes measures, including those to cope with its peculiar risks, pursuant to the major compliance risks and measures to prevent their occurrence shared within the Group by the Compliance Committee and the Legal Department of the Company, among others. In this regard, the Company's notification and consultation desk for whistle-blowing shall guide each subsidiary to establish its own internal consultation desk, whereas it shall also establish the Group's common external consultation desks, both in Japan and abroad.

Under the current system, the business of each subsidiary is operated flexibly under the Business Unit System. Under this system, the business plan of each subsidiary is formulated as part of the mid-term plan and annual plan of each Unit, and the operational results of each Unit are reported to the Management Conference and the Board of Directors on a monthly basis, in order to examine measures required to be taken. Further, utilization of the Group's common infrastructure has also been promoted in regard to the utilization of computer and telecommunication systems, etc. at subsidiaries.

(7) Matters Related to the Employees to Provide Support to the Audit & Supervisory Board Members and Matters for Ensuring their Independence from Directors and the Effectiveness of Instructions to Such Employees

The Company shall establish the Office of Audit & Supervisory Board Members as a dedicated office to provide support to the Audit & Supervisory Board Members and shall allocate employees to such tasks (the "staff of Office of Audit & Supervisory Board Members"), some of whom shall be dedicated staff members. Personnel transfer and personnel evaluation of the staff of Office of Audit & Supervisory Board Members shall be subject to prior consultation with the Audit & Supervisory Board for their opinions, and the staff of Office of Audit & Supervisory Board Members shall follow the directions and commands of the Audit & Supervisory Board Members.

(8) Systems for Reporting by Directors and Employees of the Company, Directors and Employees of the Subsidiaries, or Persons Who Have Received Reports therefrom to the Audit & Supervisory Board Members of the Company and Other Systems for Reporting to the Audit & Supervisory Board Members of the Company

Audit & Supervisory Board Members shall attend various important meetings which govern the operation of the Company's whole Group, such as the Management Conference, the Risk Management Committee and the Compliance Committee. Further, the Company shall adopt a system under which the Directors, the senior managers of the departments or divisions, the presidents of the subsidiaries and others shall report to the Audit & Supervisory Board Members, as deemed necessary, regarding matters which occur within the Group such as sudden and unexpected acts violating laws or the Articles of Incorporation, or material execution of business or change to internal control system (excluding minor ones).

(9) Systems for Ensuring That a Person Who Has Made a Report to the Audit & Supervisory Board Members Shall Not Be Unfavorably Treated on Account of Having Made Such a Report

The Company and each subsidiary shall refrain from unfavorably treating any person who has made a report to the Audit & Supervisory Board Members as set forth in paragraph (8) above on account of having made such a report, by taking such measures as setting forth in their internal rules for whistle-blowing desk system that they shall not dismiss or otherwise unfavorably treat a person on account of such person having provided information to the staff of Office of Audit & Supervisory Board Members.

(10) Matters Related to Policies Regarding Accounting for the Costs or Debts Incurred in Relation to Execution of Duties of the Audit & Supervisory Board Members

For each fiscal year, a necessary budget shall be set with the approval of the Audit & Supervisory Board Members in order to account for costs or debts incurred in relation to execution of duties of the Audit & Supervisory Board Members, and a prompt response shall be made if an Audit & Supervisory Board Member requests reimbursement for costs having been prepaid or disbursed, or repayment of debts having been borne, by such Audit & Supervisory Board Member.

Further, costs incurred in the case where the Audit & Supervisory Board Members consult with external experts, such as lawyers and certified public accountants, in relation to execution of their duties shall be borne by the Company.

(11) Other Systems for Ensuring that the Audit & Supervisory Board Members Can Conduct Audits Effectively

The Company shall, as deemed necessary, secure opportunities for the Audit & Supervisory Board Members to interview Directors and the senior managers of the departments or divisions, and shall also periodically hold meetings for the Audit & Supervisory Board Members to exchange opinions with, among others, the Chairman of the Board of Directors, the President and the officers in charge of the Corporate Staff Group concerning important audit matters.

II Outline of Operational Status

(1) Systems for Preservation and Management of Information Related to the Execution of Duties by Directors

The minutes of Board of Directors' meetings are produced each time a meeting is held, and the originals, to which the officers who attend the meeting affix their names and seals, are kept at the Administration Division. Each department or division manages the documents and electronic data regarding the execution of duties and making of decisions by Directors, such as an internal document for drafting proposals and making internal approvals, as set forth in the internal rules of information management, the internal rules of document handling and the internal rules of papers preservation.

(2) Internal Rules and Other Systems for Managing Risk of Loss

Meetings of the Risk Management Committee are held at the same time as meetings of the Management Conference. Directors, etc. report matters such as the appearance of material risks in the department or division for which they are responsible, and discuss topics such as measures against those risks as necessary.

Major cross-Group risks are handled in accordance with the basic policies. Each department or division manages risk by reassessing the risks pertaining to implementation of the business it controls, following the responsive measures and accident examples and preventative measures which are shared within the Group either by the Corporate Staff Group which is responsible for each risk or by the committees hosted by Directors, etc. who are in charge of the Corporate Staff Group. Further, regarding risks unique to a specific department or division, the relevant department or division decreases risks by, as deemed necessary, obtaining the assistance of the Corporate Staff Group and external experts.

Regarding risks which are increasingly important in conjunction with global business development, the Company commits to actions such as taking measures to prevent leaks of important technical information and to tackle cyber-attacks with respect to confidential information management, and thereby strives to develop systems and reinforce its commitments through cooperation among relevant departments and divisions under the initiative of the Risk Management Committee.

The Risk Management Committee and its secretariat, the Risk Management Office, monitor these activities in cooperation with the Audit & Supervisory Board Members, the Internal Auditing Department, and the Corporate Staff Group which is responsible for each risk.

(3) Systems for Ensuring the Efficiency of the Execution of Duties by Directors

In order to ensure efficient and appropriate execution of duties by Directors, etc. and administrative members, the Company defines, in the job classification system and the internal rules of operations, (i) the department or division in charge, (ii) the authority vested in each role, and (iii) the operations governed by each organization. The Company appropriately revises the contents of the system and rules as necessary.

Further, regarding the operational results, etc. of each Business Unit, the Company develops a mid-term plan and an annual plan designed to achieve the mid-term plan, and the Accounting and Finance Department and the Director in charge of accounting and finance track and analyze the progress toward achievement on a monthly basis, and report the results to the Management Conference and the Board of Directors in order to examine what measures might need to be taken.

In order to gather and analyze management information, the Company has established and utilizes an accounting system that enables prompt and efficient gathering.

(4) Systems for Ensuring that the Execution of Duties by Directors and Employees Is Compliant with Laws and the Articles of Incorporation

The Company endeavors to spread the Sumitomo Spirit and the Charter of Corporate Code through measures such as distributing booklets explaining those ideas, and awareness about compliance by distributing Compliance Manuals and conducting training. Further, the President comments on the importance of the Sumitomo Spirit and that compliance with laws and maintenance of corporate ethics constitute the foundation of management, at opportunities to deliver messages within the Group, such as New Year's speeches and in-house newsletters, striving to spread awareness of these ideas. In March 2016, the Company produced and distributed the "Sumitomo Electric Group Compliance Code of Conduct" as a revision of the Compliance Manual.

In fiscal 2015, the Compliance Committee held four meetings and, among other things, undertook the following: identified and analyzed cross-Group compliance risks; planned and performed compliance trainings; and conducted monitoring of the compliance promotion activities of each department or division. Regarding compliance trainings, in Japan it was offered to officers, those who were promoted, and new employees while training regarding the prevention of bribery for managers and online training regarding competition laws, among others, was offered to those overseas.

Regarding compliance with domestic and foreign competition laws, the Company provides education regarding competition laws, within the Group, including domestic and foreign subsidiaries. Further, the Competition Law Compliance Office monitors the status of operation of, and compliance with, a set of rules and regulations to ensure compliance with

competition laws in cooperation with the respective dedicated organization of each Unit or the Competition Law Compliance Officer.

The Compliance Committee appropriately identifies the circumstances pertaining to information provided to the notification and consultation desk established by the Company and domestic and foreign subsidiaries within and without the Company (law firms and experts) , and takes necessary measures.

(5) Systems for Ensuring the Propriety of Financial Reporting

Pursuant to the guidance and assistance of the Internal Control Committee for Financial Reporting and the relevant Corporate Staff Group, each department, division, and subsidiary has developed and operated the internal control system. The Internal Auditing Department assesses the effectiveness of the internal control system of the whole Group, compiles an internal control report to be submitted to the Financial Services Agency based on the results of such assessment and obtains the approval of the Internal Control Committee for Financial Reporting and the Board of Directors.

(6) Systems for Ensuring the Propriety of the Operations Performed by the Corporate Group Comprised of the Company and the Subsidiaries

The Company also endeavors to spread the Sumitomo Spirit and the Charter of Corporate Code to each subsidiary.

Regarding specific matters pursuant to the internal rules of affiliated companies management, the responsible Unit and the relevant Corporate Staff Group of each subsidiary receive reports and consultation from the subsidiary, and as necessary, refer them to the Management Conference and the Board of Directors' meeting of the Company.

The relevant Corporate Staff Group gives guidance and assistance regarding matters related to risk management and compliance, etc.

The related persons of the governing Unit and the administrative members of the Accounting and Finance Department, among others, are placed as Directors or Audit & Supervisory Board Members of the subsidiaries in order to track their management status.

Information regarding risk management and compliance systems, etc. is exchanged at the conference of Audit & Supervisory Board Members of the Group, or through meetings held by the Corporate Staff Group of the Company, such as the Human Resources Division, the Administration Division, and the Accounting and Finance Department, with the relevant departments or divisions of the subsidiaries.

The major activities relating to risk management and compliance do not only cover the Company itself, but also its domestic and foreign subsidiaries, excluding listed companies and their subsidiaries.

The business plan of each subsidiary is formulated as part of the mid-term plan and annual plan of each Unit, and the operational results of each Unit are reported to the Management Conference and the Board of Directors on a monthly basis, in order to examine measures required to be taken.

(7) Systems for Ensuring that the Audit & Supervisory Board Members Can Conduct Audits Effectively

The Company has established the Office of Audit & Supervisory Board Members as a dedicated office to provide support to the Audit & Supervisory Board Members and allocated employees consisting of one dedicated staff member and four members who hold posts concurrently elsewhere to such tasks (the “staff of Office of Audit & Supervisory Board Members”). The Office of Audit & Supervisory Board Members does not fall under the responsibility of any Directors, etc. in terms of the organization, and the staff of Office of Audit & Supervisory Board Members must follow the instructions of the Audit & Supervisory Board Members. Regarding personnel transfer and personnel evaluation of the staff of Office of Audit & Supervisory Board Members, the Company hears the opinions of the Audit & Supervisory Board Members.

Audit & Supervisory Board Members attend various important meetings, such as the Management Conference, the Risk Management Committee and the Compliance Committee. The Directors, etc., the senior managers of the departments or divisions, the presidents of the subsidiaries and others report to the Audit & Supervisory Board Members, as deemed necessary, regarding material matters of the contents of the various important meetings that need supplementation.

A necessary budget is set with the approval of the Audit & Supervisory Board Members in order to account for costs or debts incurred in relation to execution of duties of the Audit & Supervisory Board Members, and a prompt response is made if an Audit & Supervisory Board Member makes requests such as reimbursement for costs having been prepaid or disbursed by such Audit & Supervisory Board Member.

The Directors and the senior managers of the departments or divisions hold meetings upon request from the Audit & Supervisory Board Members and are interviewed about matters necessary for audits. In fiscal 2015, the President and the officers in charge of the Human Resources, the Administration, and the Accounting and Finance held meetings twice with the Audit & Supervisory Board Members to report and exchange opinions concerning management policies and tasks, etc.

End.

(Note)

In this Business Report, all figures have been rounded to the nearest number as stated, except for the number of shares indicated in units of one thousand shares which have been rounded down to the nearest number as stated.

(Translation)

Consolidated Balance Sheet

(As of March 31, 2016)

(Millions of yen)

Accounts	Amount	Accounts	Amount
(ASSETS)		(LIABILITIES)	
Current assets	1,357,196	Current liabilities	771,173
Cash and time deposits	174,686	Trade notes and accounts payable	349,360
Trade notes and accounts receivable	622,944	Short-term debt	162,213
Securities	57	Current portion of bonds	10,610
Inventories	422,976	Other current liabilities	248,990
Deferred tax assets	48,764	Non-current liabilities	410,386
Other current assets	91,359	Bonds	25,000
Allowance for doubtful receivables	(3,590)	Long-term debt	256,239
		Deferred tax liabilities	59,228
		Net defined benefit liabilities	51,562
Non-current assets	1,385,652	Other non-current liabilities	18,357
Property, plant and equipment	780,120	Total liabilities	1,181,559
Buildings and structures	261,016	(NET ASSETS)	
Machinery and equipment	332,388	Shareholders' equity	1,251,787
Land	87,512	Common stock	99,737
Construction in progress	48,505	Capital surplus	171,314
Other	50,699	Retained earnings	981,413
		Treasury stock	(677)
Intangible assets	51,733	Accumulated other comprehensive income	108,752
		Net unrealized holding gains on available-for-sale securities	74,629
Investments and other assets	553,799	Deferred gains or losses on hedges	2,134
Investment securities	420,759	Foreign currency translation adjustments	27,680
Net defined benefit assets	75,728	Remeasurements of defined benefit plans	4,309
Deferred tax assets	17,829	Non-controlling interests	200,750
Other	40,911		
Allowance for doubtful receivables	(1,428)	Total net assets	1,561,289
Total assets	2,742,848	Total liabilities and net assets	2,742,848

(Note) Amounts shown in this financial statement have been rounded to the nearest million yen.

Consolidated Statement of Income

(From April 1, 2015 to March 31, 2016)

(Millions of yen)

Accounts	Amount	
Net sales		2,933,089
Cost of sales		2,397,166
Gross profit		535,923
Selling, general and administrative expenses		392,447
Operating income		143,476
Non-operating income		
Interest income	1,223	
Dividend income	4,048	
Share of profit of investments accounted for using the equity method	29,645	
Other income	11,795	46,711
Non-operating expenses		
Interest expenses	5,271	
Other expenses	19,258	24,529
Ordinary income		165,658
Extraordinary income		
Gain on sales of investment securities	32,186	32,186
Extraordinary losses		
Loss on disposal of property, plant and equipment	3,275	
Impairment losses of fixed assets	12,479	
Restructuring expenses	6,046	
Special transportation expenses	524	
Settlement package	20,661	42,985
Profit before income taxes		154,859
Income taxes - current	50,002	
Income taxes - deferred	(176)	49,826
Profit		105,033
Profit attributable to non-controlling interests		14,032
Profit attributable to owners of the parent		91,001

(Note) Amounts shown in this financial statement have been rounded to the nearest million yen.

Consolidated Statement of Changes in Net Assets

(From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total share-holders' equity
Balance at beginning of current period	99,737	171,020	920,850	(667)	1,190,940
Changes of items during the period					
Cash dividends			(27,767)		(27,767)
Profit attributable to owners of the parent for the year			91,001		91,001
Purchases of treasury stock				(10)	(10)
Disposal of treasury stock		0		0	0
Change in scope of consolidation			(663)		(663)
Change in scope of the equity method			602		602
Change in ownership interests arising from transactions with non-controlling shareholders		294			294
Other			(2,610)		(2,610)
Net changes of items other than those in shareholders' equity					
Total changes of items during the period	—	294	60,563	(10)	60,847
Balance at end of current period	99,737	171,314	981,413	(677)	1,251,787

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized holding gains on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	127,416	(838)	88,444	25,224	240,246	215,727	1,646,913
Changes of items during the period							
Cash dividends							(27,767)
Profit attributable to owners of the parent for the year							91,001
Purchases of treasury stock							(10)
Disposal of treasury stock							0
Changes in scope of consolidation							(663)
Changes in scope of the equity method							602
Change in ownership interests arising from transactions with non-controlling shareholders							294
Other							(2,610)
Net changes of items other than those in shareholders' equity	(52,787)	2,972	(60,764)	(20,915)	(131,494)	(14,977)	(146,471)
Total changes of items during the period	(52,787)	2,972	(60,764)	(20,915)	(131,494)	(14,977)	(85,624)
Balance at end of current period	74,629	2,134	27,680	4,309	108,752	200,750	1,561,289

(Note 1) Other changes of retained earnings consist of ¥(1,631) million resulting from the fact that affiliates accounted for using the equity method that have a fiscal year ending December 31 have changed the method for calculating retirement benefit obligation and service cost because they have applied the "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan ("ASBJ") Statement No.26, May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25, March 26, 2015), and ¥(979) million resulting from the fact that some of the overseas consolidated subsidiaries have changed the fiscal year-end from December 31 to March 31, or have processed additional financial closings at March-end for consolidation purposes.

(Note 2) Amounts shown in this financial statement have been rounded to the nearest million yen.

Notes to Consolidated Financial Statements

1. Basis of Consolidated Financial Statements

1-1. Scope of consolidation

(1) Consolidated subsidiaries

Consolidated subsidiaries: 353 companies

Major consolidated subsidiaries

Sumitomo Wiring Systems, Ltd., Sumitomo Electric Device Innovations, Inc., Sumitomo Riko Co., Ltd., Nissin Electric Co., Ltd., Sumitomo Electric Wiring Systems, Inc.

5 companies were newly included in the scope of consolidation as a result of being newly established or increase in materiality from the fiscal year ended March 31, 2016.

And 6 companies were excluded from consolidation as a result of merger, sales of shares or completion of liquidation.

(2) Unconsolidated subsidiaries

Major unconsolidated subsidiaries

SEI HR SERVICES, INC.

Reason for being excluded from consolidation

The unconsolidated subsidiaries are immaterial in terms of their assets, sales, profit or loss and retained earnings, and would not have significant effect on the consolidated financial statements either individually or collectively.

1-2. Adoption of the equity method

(1) Unconsolidated subsidiaries and affiliates accounted for by the equity method

Unconsolidated subsidiary accounted for by the equity method: none

Affiliates accounted for by the equity method: 36 companies

Major companies accounted for by the equity method

Sumitomo Rubber Industries, Ltd., MIRAIT Holdings Corporation, TECHNO ASSOCIE Co., Ltd.

1 affiliate was newly included in the scope of the equity method as a result of increase in materiality from the fiscal year ended March 31, 2016.

(2) Unconsolidated subsidiaries and affiliates not accounted for by the equity method

Major companies not accounted for by the equity method

KINKIDENKI Co.

Reason for not applying the equity method

The unconsolidated subsidiaries and affiliates not accounted for by the equity method are immaterial in terms of their profit or loss and retained earnings, and would not have significant effect on the consolidated financial statements either individually or collectively.

1-3. Significant accounting policies

(1) Valuation methods for assets

(a) Securities

Held-to-maturity debt securities: stated at amortized cost

Available-for-sale securities

with fair values: stated at the fair value at the fiscal year end

(Unrealized gains and losses, net of related taxes and non-controlling interests, are recognized as a separate component of net assets.

Acquisition costs on sales are computed using average cost.)

without fair values: stated at average cost

(b) Derivatives

Derivative financial instruments are stated at fair value.

(c) Inventories

Inventories are mainly stated at the lower of average cost or net realizable value.

(2) Depreciation of fixed assets

Property, plant and equipment

Sumitomo Electric Industries, Ltd. (the "Company") and its consolidated subsidiaries use the straight-line method to depreciate property, plant and equipment.

(3) Basis for allowance

Allowance for doubtful receivables

The allowance for doubtful receivables is provided based upon estimated uncollectible amounts for individually identified doubtful receivables and historical loss experience for other receivables.

(4) Other significant accounting policies

(a) Accounting for consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(b) Basis for retirement benefits

(i) Method of attributing benefits to periods of service

When calculating retirement benefit obligations, the benefit formula basis is used for attributing expected retirement benefits to periods of service.

(ii) Method of expenses for actuarial gains and losses and past service costs

Past service cost is amortized on a straight-line basis over certain periods within the average remaining service lives of employees (mainly 15 years) from the year in which it arises, or accounted for as an expense when it arises.

Actuarial gains and losses are amortized on a straight-line basis over certain periods within the average remaining service lives of employees (mainly 15 years) from the year following that in which they arise. It is accounted for as an expense when it arises at some consolidated subsidiaries.

(c) Adoption of consolidated taxation system

The Company and its wholly owned domestic consolidated subsidiaries have adopted the consolidated taxation system from the fiscal year ended March 31, 2016.

2. Changes in Accounting Policies

Effective from the fiscal year ended March 31, 2016, the Company has applied "Accounting Standard for Business Combinations" (ASBJ Statement No.21, September 13, 2013 ("Statement No.21")), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22, September 13, 2013 ("Statement No.22")) and "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013 ("Statement No.7")). As a result, the Company has recorded the difference caused by changes in ownership interests in subsidiaries in which the Company continues to control as capital surplus. In addition, the Company has recorded acquisition-related costs as expenses in the fiscal year in which the costs are incurred. Regarding business combination done after the beginning of the fiscal year ended March 31, 2016, the Company has processed reallocation of the acquisition costs arising from finalization of provisional accounting treatment on the consolidated financial statements of the fiscal year that the date of the business combination belongs to. In addition, the presentation of "Net income" has been changed, and the presentation of "Minority interests" has been changed to "Non-controlling interests."

The Company has applied these accounting standards prospectively from the beginning of the year ended March 31, 2016, in accordance with the transitional treatment stated in the article 58-2 (4) of "Statement No.21," the article 44-5 (4) of "Statement No.22" and the article 57-4 (4) of "Statement No. 7."

The effect of these changes on profit or loss for the fiscal year ended March 31, 2016 and capital surplus at March 31, 2016 is immaterial.

3. Notes to Consolidated Balance Sheet

3-1. Assets pledged as collateral

(1) Assets pledged as collateral

Property, plant and equipment	¥3,044million (¥146million)
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(2) Liabilities secured by the above collateral

Short-term debt	¥ 536million (¥170million)
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Long-term debt	¥ 956million
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Total	¥1,492million (¥170million)
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The amounts in parentheses are those for the foundation mortgage included therein.

3-2. Accumulated depreciation of property, plant and equipment	¥1,487,001million
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3-3. Guarantees	
Guarantees for debt of employees, unconsolidated subsidiaries and affiliates	¥5,059million (¥4,878million)
Contingent guarantees for debt of unconsolidated subsidiaries and affiliates	¥ 878million (¥ 878million)
Keepwell agreements and letters of awareness for debt of unconsolidated subsidiaries and affiliates	¥1,777million (¥1,595million)
Total	¥7,714million (¥7,351million)
The amounts in parentheses are those of the Company and its consolidated subsidiaries' own burden included therein.	

3-4. Notes receivable discounted	¥1,558million
Notes receivable endorsed	¥ 608million

3-5. Inventories	
Merchandise and finished goods	¥134,696million
Work in process	¥153,257million
Raw materials and supplies	¥135,023million

3-6. Other
Class action lawsuits have been filed in countries including the U.S. against the Company and its subsidiaries for damages caused by violation of antitrust law in the Automotive segment. Also, the Company is in negotiations with some automakers for compensation.

4. Notes to Consolidated Statement of Income

(1) Restructuring expenses in Extraordinary losses are related to the reorganization of the business locations and the restructuring some part of R&D themes, to make work productivity more efficient and strengthen new product development of the Company and some consolidated subsidiaries, in response to the rapid deceleration of the business environment. In addition, it is related to optimizing work force according to the size of business to strengthen profitability. The major details are impairment losses of ¥2,926 million and extra payment of retirement benefits of ¥1,202 million.

(2) Special transportation expenses in Extraordinary losses are related to significantly increased transportation costs for imported products and materials in some consolidated subsidiaries in the U.S., due to the long delay of cargo handling caused by the rapid deterioration of the labor-management relations at harbor facilities in the West Coast of the U.S.

5. Notes to Consolidated Statement of Changes in Net Assets

5-1. Type and number of shares issued and outstanding at the end of current fiscal year

Common stock 793,940,571 shares

5-2. Dividend Information

(1) Dividends paid

Resolution	Type of shares	Total amount (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Resources of dividends
Shareholders' meeting on June 25, 2015	Common stock	14,280	18.00	March 31, 2015	June 26, 2015	Retained earnings
Board of Directors on October 29, 2015	Common stock	13,487	17.00	September 30, 2015	December 1, 2015	Retained earnings

(2) Dividends of which record date was in the current fiscal year and effective date will be in the next fiscal year

Resolution	Type of shares	Total amount (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Resources of dividends
Shareholders' meeting on June 24, 2016	Common stock	14,280	18.00	March 31, 2016	June 27, 2016	Retained earnings

6. Financial Instruments

6-1. Qualitative Information on Financial Instruments

The Company and its consolidated subsidiaries finance investment in equipment and operating capital for business, mainly using borrowings from banks and the issuance of bonds based on their cash flow planning.

Trade notes and accounts receivable are exposed to the credit risks of customers, but the Company and its consolidated subsidiaries try to reduce the risk according to rules for credit control.

Operating receivables denominated in foreign currency are exposed to foreign exchange risks, but the Company and its consolidated subsidiaries hedge the risks using forward exchange contracts, etc., for the net position of foreign currency operating receivables and payables.

Securities and investment securities are mainly held to build and maintain good customer relationships and are exposed to market value fluctuation risks.

The main purpose of holding debt and issuing bonds is to secure financing for equipment and operating capital.

6-2. Fair Value of Financial Instruments

The carrying amounts and fair values of the financial instruments on the consolidated balance sheet as of March 31, 2016 are as follows.

(Millions of yen)

	Carrying amount*	Fair value*	Difference
(1) Cash and time deposits	174,686	174,686	—
(2) Trade notes and accounts receivable	622,944	622,944	—
(3) Securities	57	57	—
(4) Investment securities	327,936	455,052	127,116
(5) Trade notes and accounts payable	(349,360)	(349,360)	—
(6) Short-term debt	(162,213)	(162,213)	—
(7) Bonds	(35,610)	(36,124)	514
(8) Long-term debt	(256,239)	(263,376)	7,137

*Any item accounted for as a liability on the consolidated balance sheet is indicated in parentheses.

(Note) 1. Valuation approach for the fair value of financial instruments and matters related to securities and investment securities

(1) Cash and time deposits and (2) Trade notes and accounts receivable

The carrying amount approximates fair value because of the short maturity.

(3) Securities

The carrying amount is nearly equal to fair value because of the short maturity.

(4) Investment securities

Investment securities which have a quoted market value are stated at the fair market value.

The fair value of those which do not have a quoted market value is estimated based on the present value of future cash flows using appropriate current discount rates.

(5) Trade notes and accounts payable

The carrying amount approximates fair value because of the short maturity.

(6) Short-term debt

The carrying amount approximates fair value because of the short maturity of one year or less.

(7) Bonds

The fair value of bonds is stated at the fair market value.

(8) Long-term debt

The fair value of long-term debt is estimated based on the present value of future cash flows using appropriate current discount rates.

2. Unlisted Securities (the carrying amount on the consolidated balance sheet is ¥92,823 million) are not included in "(4) Investment securities," because they do not have quoted market values and their future cash flows cannot be estimated, therefore, their fair value is hard to determine.

7. Per Share Information

Net assets per share	¥1,715.28
Earnings per share	¥ 114.73

(Translation)

**REFERENCE DOCUMENTS
REGARDING THE ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Agendas and Reference Information

First item: Disposition of surplus

Based on maintenance of stable dividends, the Company has the basic policy of making distribution of profits to shareholders after taking into consideration the consolidated business results, the dividend payout ratio, the accumulation level of the retained earnings and other matters.

As for the year-end dividend for the 146th fiscal year, in consideration of the business results for this fiscal year and other matters, the Company proposes to distribute in the amount of eighteen yen (¥18) per share, which is equal to that of the preceding fiscal year. As a result, the dividend for this fiscal year, including the interim dividend (seventeen yen (¥17)), is thirty-five yen (¥35) per share, which is five yen (¥5) per share more than that of the preceding fiscal year.

1. Matters concerning the year-end dividend

(1) Type of properties to be distributed:

Cash

(2) Matter concerning the allocation of properties to be distributed and the total amount thereof:

Eighteen yen (¥18) per ordinary share of the Company
Total amount of dividends: 14,280,018,984 yen

(3) Effective date of distribution of surplus:

June 27, 2016

2. Other matters concerning the disposition of surplus

Not applicable.

Second item: Appointment of thirteen (13) Directors due to expiration of the term of office for all of the current Directors

The term of office for all fourteen (14) current Directors will expire upon the closing of this Meeting. Approval is hereby requested for the appointment of thirteen (13) Directors.

The nominees for the offices of Directors are as follows:

Nominee Number	Name (Birth Date)	Number of the Company Shares Owned										
1	Masayoshi Matsumoto (September 18, 1944)	54,700 shares										
	Career Summary, Position, Areas of Responsibility and Important Concurrent Post											
	<table border="0"> <tr> <td>Apr 1967</td> <td>Joined the Company</td> </tr> <tr> <td>Jun 1997</td> <td>Director</td> </tr> <tr> <td>Jun 1999</td> <td>Managing Director</td> </tr> <tr> <td>Jun 2003</td> <td>Senior Managing Director</td> </tr> <tr> <td>Jun 2004</td> <td>President</td> </tr> </table> <p>(currently maintained)</p>		Apr 1967	Joined the Company	Jun 1997	Director	Jun 1999	Managing Director	Jun 2003	Senior Managing Director	Jun 2004	President
	Apr 1967	Joined the Company										
	Jun 1997	Director										
Jun 1999	Managing Director											
Jun 2003	Senior Managing Director											
Jun 2004	President											
Reason Why the Company Nominates the Nominee as a Director												
<p>The Company has selected him as a nominee for the office of Director because he has been, as a President, one of the core members of the Company's management since June, 2004 and the Company has considered him to be qualified for a Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member."</p>												

Nominee Number	Name (Birth Date)	Number of the Company Shares Owned	
2	Fumikiyo Uchioke (October 29, 1948)	13,550 shares	
	Career Summary, Position, Areas of Responsibility and Important Concurrent Post		
	Apr 1971	Joined the Company	
	Jun 2003	Executive Officer	
	Jul 2003	Ditto	
	Deputy General Manager, Telecommunications Business Unit		
Jun 2004	Managing Executive Officer		
	General Manager, Telecommunications & Solutions Sales Unit		
Jan 2005	Managing Executive Officer		
	General Manager, Telecommunications Sales & Marketing Unit		
Jun 2005	Managing Director		
	General Manager, Telecommunications Sales & Marketing Unit		
Jun 2006	Director, Executive Vice President, Sumitomo Wiring Systems Ltd.		
Jun 2007	Director, President, Sumitomo Wiring Systems Ltd.		
Aug 2007	Deputy General Manager, Automotive Business Unit of the Company		
	Director, President, Sumitomo Wiring Systems Ltd.		
Jun 2012	Executive Vice President		
	General Manager, Infocommunications Business Unit		
Jun 2015	Ditto		
	General Manager, New Business Development Unit		
	(currently maintained)		
	Areas of Responsibility:		
	General Manager, Infocommunications Business Unit		
	General Manager, New Business Development Unit		
	Important Concurrent Post:		
	Director, Sumitomo Rubber Industries, Ltd.		
	Director, MIRAIT Technologies Corporation		
	Director, Sumitomo Electric Device Innovations Inc.		
	Reason Why the Company Nominates the Nominee as a Director		
	The Company has selected him as a nominee for the office of Director because he has been, as an Executive Vice President, one of the core members of the Company's management since June, 2012 and the Company has considered him to be qualified for a Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member."		

Nominee Number	Name (Birth Date)	Number of the Company Shares Owned
3	Mitsuo Nishida (February 11, 1948)	22,890 shares
	Career Summary, Position, Areas of Responsibility and Important Concurrent Post	
	Apr 1972	Joined the Company
	Jun 2005	Director, Senior Executive Officer, Sumitomo Wiring Systems, Ltd.
	Jun 2007	Managing Executive Officer, Deputy General Manager, Automotive Business Unit of the Company
Apr 2009	Managing Executive Officer	
	General Manager, Automotive Business Unit	
Jun 2009	Managing Director	
	General Manager, Automotive Business Unit	
Jun 2010	Senior Managing Director	
	General Manager, Automotive Business Unit	
Jun 2014	Executive Vice President	
	General Manager, Automotive Business Unit	
	(currently maintained)	
	Areas of Responsibility:	
	General Manager, Automotive Business Unit	
	Sales Group (Chubu District Office)	
	Important Concurrent Post:	
	Director, Sumitomo Wiring Systems, Ltd.	
	Chairman of the Board, Sumitomo Electric Wiring Systems, Inc.	
	Director, SEWS-CABIND S.p.A.	
	Joint Representative Director, Kyungshin Corporation	
	Reason Why the Company Nominates the Nominee as a Director	
	The Company has selected him as a nominee for the office of Director because he has been, as an Executive Vice President, one of the core members of the Company's management since June, 2014 and the Company has considered him to be qualified for a Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member."	

Nominee Number	Name (Birth Date)	Number of the Company Shares Owned
4	Fumiyoshi Kawai (July 31, 1954)	8,100 shares
	Career Summary, Position, Areas of Responsibility and Important Concurrent Post	
	Apr 1978	Joined the Company
	Jan 2003	General Manager, Plant & Production Systems Engineering Division
	Nov 2006	General Manager, Manufacturing Management & Engineering Unit, Ditto
	Jun 2007	Executive Officer Deputy General Manager, Manufacturing Management & Engineering Unit General Manager, Plant & Production Systems Engineering Division
May 2010	Managing Executive Officer General Manager, Electric Wire & Cable, Energy Business Unit General Manager, Superconductivity & Energy Technology Department	
Jan 2012	Managing Executive Officer General Manager, Electric Wire & Cable, Energy Business Unit General Manager, Superconductivity Technology Division	
Jul 2012	Managing Executive Officer General Manager, Electric Wire & Cable, Energy Business Unit	
Jun 2013	Managing Director General Manager, Manufacturing Management & Engineering Unit	
(currently maintained)		
Areas of Responsibility:		
General Manager, Manufacturing Management & Engineering Unit		
Reason Why the Company Nominates the Nominee as a Director		
He has abundant business experience at the Manufacturing Management & Engineering Group and the Environment and Energy Group of the Company, and has insight into the global business activities of enterprises. The Company has selected him as a nominee for the office of Director because he has served as Managing Director and General Manager of the Manufacturing Management & Engineering Unit since June, 2013 and the Company has considered him to be qualified for a Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member."		

Nominee Number	Name (Birth Date)	Number of the Company Shares Owned
5	Atsushi Yano (March 1, 1951)	29,100 shares
	Career Summary, Position, Areas of Responsibility and Important Concurrent Post	
	Apr 1975	Joined Nippon Telegraph and Telephone Public Corporation
	Jun 2002	Senior Vice President, Broadband Media Business Headquarters, NTT-ME Corporation
	Jun 2004	Senior Vice President, Plant Planning Department, Nippon Telegraph and Telephone East Corporation
	Jun 2005	Executive Vice President, Senior Executive Manager, Network Business Headquarters, Nippon Telegraph and Telephone East Corporation
	Jun 2006	Managing Director of the Company Deputy General Manager, R & D Unit
	Jun 2007	Managing Director General Manager, Information and Communications Technology R & D Unit
	Jun 2008	Managing Director Deputy General Manager, Infocommunications & Systems Business Unit
	Apr 2010	Managing Director General Manager, Information and Communications Technology R & D Unit Deputy General Manager, Infocommunications & Systems Business Unit
	Jun 2010	Managing Director General Manager, Information and Communications Technology R & D Unit
	Mar 2011	Ditto Deputy General Manager, Infocommunications & Systems Business Unit
	Oct 2011	Managing Director General Manager, Infocommunications & Systems Business Unit
	Jun 2012	Managing Director General Manager, Information and Communications Technology R & D Unit General Manager, Optical Network & Systems Business Unit
	Jun 2013	Managing Director Deputy General Manager, R & D General Managing Unit General Manager, Infocommunications and Social Infrastructure Systems R&D Center
	Jun 2014	Managing Director General Manager, Optical Network & Systems Business Unit
	Jun 2015	Ditto Deputy General Manager, R & D Unit General Manager, Infocommunications and Social Infrastructure Systems R&D Center
	<p>(currently maintained)</p> <p>Areas of Responsibility:</p> <p>General Manager, Optical Network & Systems Business Unit</p>	

Deputy General Manager, R & D Unit (Infocommunications and Social Infrastructure Systems R & D)

Reason Why the Company Nominates the Nominee as a Director

He has abundant experience, among others, having been engaged in a key position at a telecommunication company, and has served as Managing Director and both General Manager and Deputy General Manager of the R & D Group and the Infocommunications Group. The Company has selected him as a nominee for the office of Director because the Company has considered him to be qualified for a Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member."

Nominee Number	Name (Birth Date)	Number of the Company Shares Owned
6	Nozomi Ushijima (May 21, 1957)	9,200 shares
	Career Summary, Position, Areas of Responsibility and Important Concurrent Post	
	Apr 1980	Joined the Company
	Jun 2005	General Manager, Administrative & Planning Department, Industrial Materials Business Unit
	Jun 2010	Executive Officer General Manager, Hardmetal Division President and CEO, Sumitomo Electric Hardmetal Corp.
Jun 2011	Executive Officer Deputy General Manager, Industrial Materials Business Unit General Manager, Hardmetal Division President and CEO, Sumitomo Electric Hardmetal Corp.	
Jun 2012	Managing Executive Officer General Manager, Advanced Materials Business Unit	
Jun 2013	Managing Director General Manager, Advanced Materials Business Unit	
(currently maintained)		
Areas of Responsibility:		
General Manager, Advanced Materials Business Unit		
Important Concurrent Post:		
Director, Sumitomo Electric Hardmetal Corp.		
Director, Sumitomo Electric Sintered Alloy, Ltd.		
Reason Why the Company Nominates the Nominee as a Director		
He has abundant business experience at the Industrial Materials Group of the Company, and has insight into the global business activities of enterprises. The Company has selected him as a nominee for the office of Director because he has served as Managing Director and General Manager of the Industrial Materials Group since June, 2013, and the Company has considered him to be qualified for a Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member."		

Nominee Number	Name (Birth Date)	Number of the Company Shares Owned
7	<p style="text-align: center;">Junji Itoh (October 6, 1954)</p>	<p style="text-align: center;">10,800 shares</p>
	Career Summary, Position, Areas of Responsibility and Important Concurrent Post	
	Apr 1984	<p>Joined the Electrotechnical Laboratory, Agency of Industrial Science and Technology, Ministry of International Trade and Industry (present The National Institute of Advanced Industrial Science and Technology)</p>
	Apr 2001	<p>Director, the Electronic Research Institute, The Incorporated Administrative Agency of Advanced Industrial Science and Technology (present The National Institute of Advanced Industrial Science and Technology)</p>
	Apr 2007	<p>Vice President, The National Institute of Advanced Industrial Science and Technology</p>
Apr 2010	<p>Joined the Company General Manager, Power System R & D Laboratories</p>	
Jun 2011	<p>Executive Officer General Manager, Power System R & D Laboratories</p>	
Jun 2013	<p>Managing Executive Officer Deputy General Manager, R & D General Managing Unit General Manager, Power System R & D Center</p>	
Jun 2014	<p>Managing Director Deputy General Manager, R & D General Managing Unit General Manager, Power System R & D Center</p>	
Jun 2015	<p>Managing Director General Manager, R&D Unit General Manager, Power System R & D Center General Manager, Frontier Technologies Laboratory</p> <p>(currently maintained)</p> <p>Areas of Responsibility: General Manager, R&D Unit</p>	
Reason Why the Company Nominates the Nominee as a Director		
<p>He has abundant experience, among others, having been engaged in a key position at The National Institute of Advanced Industrial Science and Technology, and has served as Managing Director and both General Manager and Deputy General Manager of the R & D Group since June, 2014. The Company has selected him as a nominee for the office of Director because the Company has considered him to be qualified for a Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member."</p>		

Nominee Number	Name (Birth Date)	Number of the Company Shares Owned
8	Makoto Tani (May 28, 1957)	6,400 shares
	Career Summary, Position, Areas of Responsibility and Important Concurrent Post	
	<p>Apr 1980 Joined the Company</p> <p>Apr 2004 General Manager, Accounting Department</p> <p>Jun 2008 Executive Officer</p> <p> Ditto</p> <p>May 2011 Executive Officer</p> <p>Jun 2011 Ditto</p> <p> President, Sumitomo Electric Wiring Systems, Inc.</p> <p>Jun 2014 Managing Director</p> <p>(currently maintained)</p> <p>Areas of Responsibility:</p> <p>Corporate Staff Group (Accounting, Finance, Information Systems, Procurement, Logistics Management)</p>	
	Reason Why the Company Nominates the Nominee as a Director	
	<p>He has abundant business experience at the Accounting and Finance Department of the Company, and has insight into the global business activities of enterprises. The Company has selected him as a nominee for the office of Director because he has served as Managing Director and supervised the Corporate Staff Group including the Accounting and Finance Department since June, 2014, and the Company has considered him to be qualified for a Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member."</p>	

Nominee Number	Name (Birth Date)	Number of the Company Shares Owned
9	Yoshitomo Kasui (May 15, 1959)	7,900 shares
	Career Summary, Position, Areas of Responsibility and Important Concurrent Post	
	Apr 1983	Joined the Company
	Dec 2008	General Manager, HR & Administration Department
	Jun 2012	Executive Officer Deputy General Manager, Manufacturing Management & Engineering Unit Ditto
Jun 2013	Managing Executive Officer Deputy General Manager, Manufacturing Management & Engineering Unit General Manager, HR & Administration Division	
Jun 2014	Managing Director Deputy General Manager, Manufacturing Management & Engineering Unit General Manager, HR & Administration Division	
Oct 2015	Managing Director Deputy General Manager, Manufacturing Management & Engineering Unit	
(currently maintained)		
Areas of Responsibility:		
Deputy General Manager, Manufacturing Management & Engineering Unit (Safety & Environment)		
Corporate Staff Group (Competition Law Compliance, Legal, Administration, Human Resources, Human Resources Development, Internal Auditing, Security Trade Control)		
Reason Why the Company Nominates the Nominee as a Director		
He has abundant business experience at the Administration and Human Resource Division of the Company. The Company has selected him as a nominee for the office of Director because he has served as Managing Director and supervised the Corporate Staff Group including the Administration and Human Resource Division since June, 2014, and the Company has considered him to be qualified for a Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member."		

Nominee Number	Name (Birth Date)	Number of the Company Shares Owned	
10	Takahiro Nakano (January 23, 1956)	6,900 shares	
	Career Summary, Position, Areas of Responsibility and Important Concurrent Post		
	Apr 1980	Joined the Company	
	Jun 2008	General Manager, Administrative Department, Electric Wire & Cable, Energy Business Unit General Manager, Power Cable Division General Manager, Industrial Wire & Cable Division	
	May 2010	Executive Officer Deputy General Manager, Electric Wire & Cable, Energy Business Unit General Manager, Power Cable Division General Manager, Industrial Wire & Cable Division	
Apr 2011	Ditto General Manager, Energy Business Development Department		
Jun 2011	Executive Officer Deputy General Manager, Electric Wire & Cable, Energy Business Unit General Manager, Power Cable Division General Manager, Industrial Wire & Cable Division		
Jun 2012	Executive Officer Deputy General Manager, Electric Wire & Cable, Energy Business Unit		
May 2013	Ditto General Manager, HEPCO RF Project Division		
Jun 2013	Managing Executive Officer General Manager, Electric Wire & Cable, Energy Business Unit		
May 2015	Ditto General Manager, Power Cable Division		
Jun 2015	Managing Director General Manager, Electric Wire & Cable, Energy Business Unit General Manager, Power Cable Division		
(currently maintained)			
Areas of Responsibility:			
General Manager, Electric Wire & Cable, Energy Business Unit			
Environment and Energy Group (Superconductivity Technology)			
Reason Why the Company Nominates the Nominee as a Director			
He has abundant business experience at the Environment and Energy Group of the Company, and has insight into the global business activities of enterprises. The Company has selected him as a nominee for the office of Director because he has served as Managing Director and General Manager of the Environment and Energy Group since June, 2015, and the Company has considered him to be qualified for a Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member."			

Nominee Number	Name (Birth Date)	Number of the Company Shares Owned
11	<p style="text-align: center;">Kazuo Hiramatsu (August 10, 1947)</p> <div style="border: 1px solid black; padding: 2px; margin: 5px auto; width: fit-content;">Nominee for an Outside Director</div>	10,300 shares
	Career Summary, Position, Areas of Responsibility and Important Concurrent Post	
	<p>Apr 1979 Associate professor, School of Business Administration, Kwansei Gakuin University</p> <p>Apr 1985 Professor, School of Business Administration, Kwansei Gakuin University</p> <p>Apr 2001 Ditto Trustee, Kwansei Gakuin</p> <p>Apr 2002 Ditto President, Kwansei Gakuin University</p> <p>Oct 2005 Ditto 20th Period Member, the Science Council of Japan</p> <p>Apr 2008 Professor, School of Business Administration, Kwansei Gakuin University Trustee, Kwansei Gakuin 20th Period Member, the Science Council of Japan (21st Period Member since October 2008)</p> <p>Jun 2008 Ditto Director of the Company (Outside Director)</p> <p>Oct 2011 Professor, School of Business Administration, Kwansei Gakuin University Trustee, Kwansei Gakuin Director of the Company (Outside Director)</p> <p>Apr 2016 Administrative Trustee, Kwansei Gakuin Director of the Company (Outside Director)</p> <p>(currently maintained)</p> <p>Important Concurrent Post:</p> <p>Administrative Trustee, Kwansei Gakuin</p> <p>Director, Senshu Ikeda Holdings Inc. (Outside Director)</p> <p>Director, The Senshu Ikeda Bank, Ltd. (Outside Director)</p> <p>Director, ShinMaywa Industries, Ltd. (Outside Director)</p> <p>Audit & Supervisory Board Member, DAIDO LIFE INSURANCE COMPANY (Outside Audit & Supervisory Board Member)</p>	
	Reason Why the Company Nominates the Nominee as an Outside Director, and Reason Why the Company Has Determined that the Nominee Is Capable of Conducting the Duties Appropriately as an Outside Director	

	<p>He has great insight acquired as a university professor whose main area of study is accounting, and he has abundant experience, for example, as President of Kwansei Gakuin University, being involved in the management of the university. The Company has selected him as a nominee for the office of Outside Director because the Company has considered him to be qualified for an Outside Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member." He has no experience concerning company management other than acting as an Outside Director and an Outside Audit & Supervisory Board Member; however, the Company has determined that he is capable of appropriately conducting the duties of an Outside Director, due to the reasons mentioned above.</p>
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Nominee Number	Name (Birth Date)	Number of the Company Shares Owned
12	<p style="text-align: center;">Akira Nishimura (April 7, 1958)</p> <div style="border: 1px solid black; padding: 2px; margin: 5px auto; width: fit-content;">Newly Appointed</div>	5,000 shares
	Career Summary, Position, Areas of Responsibility and Important Concurrent Post	
	<p>Apr 1984 Joined the Company</p> <p>Apr 2010 General Manager, Optical Fiber & Cable Division</p> <p>Jun 2013 Executive Officer Deputy General Manager, Infocommunications Business Unit Ditto</p> <p>Jun 2015 Managing Executive Officer Deputy General Manager, Infocommunications Business Unit General Manager, Optical Fiber & Cable Division</p> <p>Jul 2015 Managing Executive Officer Deputy General Manager, Infocommunications Business Unit</p> <p>(currently maintained)</p> <p>Important Concurrent Post: Director, PT. Sumi Indo Kabel Tbk</p>	
	Reason Why the Company Nominates the Nominee as a Director	
	<p>He has abundant business experience at the Infocommunications Group of the Company. The Company has selected him as a nominee for the office of Director because he has served as Managing Executive Officer and Deputy General Manager of the Infocommunications Group since June, 2015, and the Company has considered him to be qualified for a Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member."</p>	

Nominee Number	Name (Birth Date)	Number of the Company Shares Owned																						
13	<p style="text-align: center;">Hiroshi Sato (September 25, 1945)</p> <div style="border: 1px solid black; width: fit-content; margin: 0 auto; padding: 2px;">Newly Appointed</div> <div style="border: 1px solid black; width: fit-content; margin: 0 auto; padding: 2px;">Nominee for an Outside Director</div>	0 shares																						
	Career Summary, Position, Areas of Responsibility and Important Concurrent Post																							
	<table border="0"> <tr><td style="vertical-align: top;">Apr 1970</td><td>Joined Kobe Steel, Ltd.</td></tr> <tr><td style="vertical-align: top;">Jun 1996</td><td>Director, Kobe Steel, Ltd.</td></tr> <tr><td style="vertical-align: top;">Apr 1999</td><td>Ditto, Executive Officer, Kobe Steel, Ltd.</td></tr> <tr><td style="vertical-align: top;">Jun 1999</td><td>Managing Executive Officer, Kobe Steel, Ltd.</td></tr> <tr><td style="vertical-align: top;">Jun 2000</td><td>Director, Kobe Steel, Ltd., Ditto</td></tr> <tr><td style="vertical-align: top;">Jun 2002</td><td>Director, Senior Managing Executive Officer, Kobe Steel, Ltd.</td></tr> <tr><td style="vertical-align: top;">Jun 2003</td><td>Senior Managing Director, Kobe Steel, Ltd.</td></tr> <tr><td style="vertical-align: top;">Jun 2004</td><td>Executive Vice President and Director, Kobe Steel, Ltd.</td></tr> <tr><td style="vertical-align: top;">Apr 2009</td><td>President and Director, Kobe Steel, Ltd.</td></tr> <tr><td style="vertical-align: top;">Apr 2013</td><td>Chairman of the Board and Director, Kobe Steel, Ltd.</td></tr> <tr><td style="vertical-align: top;">Apr 2016</td><td>Senior Adviser and Director, Kobe Steel, Ltd.</td></tr> </table> <p>(currently maintained)</p> <p>Important Concurrent Post:</p> <p style="padding-left: 20px;">Senior Adviser and Director, Kobe Steel, Ltd.</p> <p style="padding-left: 20px;">Director, Sumitomo Dainippon Pharma Co., Ltd.(Outside Director)</p>		Apr 1970	Joined Kobe Steel, Ltd.	Jun 1996	Director, Kobe Steel, Ltd.	Apr 1999	Ditto, Executive Officer, Kobe Steel, Ltd.	Jun 1999	Managing Executive Officer, Kobe Steel, Ltd.	Jun 2000	Director, Kobe Steel, Ltd., Ditto	Jun 2002	Director, Senior Managing Executive Officer, Kobe Steel, Ltd.	Jun 2003	Senior Managing Director, Kobe Steel, Ltd.	Jun 2004	Executive Vice President and Director, Kobe Steel, Ltd.	Apr 2009	President and Director, Kobe Steel, Ltd.	Apr 2013	Chairman of the Board and Director, Kobe Steel, Ltd.	Apr 2016	Senior Adviser and Director, Kobe Steel, Ltd.
	Apr 1970	Joined Kobe Steel, Ltd.																						
	Jun 1996	Director, Kobe Steel, Ltd.																						
Apr 1999	Ditto, Executive Officer, Kobe Steel, Ltd.																							
Jun 1999	Managing Executive Officer, Kobe Steel, Ltd.																							
Jun 2000	Director, Kobe Steel, Ltd., Ditto																							
Jun 2002	Director, Senior Managing Executive Officer, Kobe Steel, Ltd.																							
Jun 2003	Senior Managing Director, Kobe Steel, Ltd.																							
Jun 2004	Executive Vice President and Director, Kobe Steel, Ltd.																							
Apr 2009	President and Director, Kobe Steel, Ltd.																							
Apr 2013	Chairman of the Board and Director, Kobe Steel, Ltd.																							
Apr 2016	Senior Adviser and Director, Kobe Steel, Ltd.																							
Reason Why the Company Nominates the Nominee as an Outside Director																								
<p>He has abundant experience and great insight into overall business management, through being involved in the management of the company conducting a wide range of business, such as materials, machinery, and energy, with a central focus on iron and steel. The Company has selected him as a nominee for the office of Outside Director because the Company has considered him to be qualified for an Outside Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member."</p>																								

Notes:

1. The Director nominee Mr. Mitsuo Nishida is the Joint Representative Director of Kyungshin Corporation, which is a Korean company manufacturing and selling automotive wiring harnesses and their related components, and in which the Company and Sumitomo Wiring Systems, Ltd. invest money equivalent to 30% and 20%, respectively, of the shareholding ratio. The Company makes long term loans to the said company. Sumitomo Wiring Systems, Ltd. and the said company are in a transaction relationship, for example, conducting sales and purchase of automotive wiring harness components and technical assistance to said company.
The other nominees for the offices of Directors do not have business connections with the Company.
2. The Director nominee Mr. Hiroshi Sato is to resign as Director of Kobe Steel, Ltd. on June 22, 2016.

3. Messrs. Kazuo Hiramatsu and Hiroshi Sato are nominees for Outside Directors and for Outside Officers defined by Tokyo Stock Exchange, Inc., etc.
4. Matters to be described specifically regarding the Outside Director nominees (Messrs. Kazuo Hiramatsu and Hiroshi Sato) are as follows:

- (1) Facts that the Company violated laws and regulations or its articles of incorporation, or other facts that unjust business was being executed for the Company, during an Outside Director nominee, Mr. Kazuo Hiramatsu's last term of office of Outside Director of the Company, as well as acts conducted by the nominee to prevent the occurrence of such facts or cope after such facts occurred.

During the above term, in August 2014, the Company received an administrative monetary penalty payment order pursuant to the China Antimonopoly Act from the National Development and Reform Commission of China, in relation to transactions for automotive wiring harnesses and their related components; however, it is recognized that these violations ceased before 2009, which is before the above term. Mr. Kazuo Hiramatsu was not cognizant of the acts that were the subject matter of this order until the said circumstances were revealed. On the contrary, in light of changes to global regulations or scandals in other companies, he has always confirmed and expressed opinions on the internal control systems and specific policies in respect of compliance, and after such circumstances were revealed, he made statements about the establishment, enhancement, effectiveness of the compliance framework in the whole group in respect of competition laws, for the extirpation and prevention of recurrences of violations of the Antimonopoly Act, including competition laws in foreign countries.

- (2) An Outside Director nominee, Mr. Kazuo Hiramatsu's duration as an Outside Director of the Company

Mr. Kazuo Hiramatsu will have held office as an Outside Director for eight (8) years at the time of the closing of this Meeting.

- (3) Outline of the substance of the limited liability contract

The Company has entered into a limited liability contract with Mr. Kazuo Hiramatsu. The contract provides, with respect to the liability stipulated under Article 423, paragraph 1 of the Companies Act that Mr. Hiramatsu owes liability for damages limited to the higher amount of either 10 million yen or the minimum liability amount stipulated under Article 425, paragraph 1 of the Act, if he was without knowledge and not grossly negligent in conducting his duties.

If the appointment of Mr. Hiroshi Sato is approved, the Company intends to enter into a limited liability contract with him, the terms and conditions of which are similar to the limited liability contract with Mr. Kazuo Hiramatsu.

Third item: Appointment of one (1) Audit & Supervisory Board Member

The term of office of Audit & Supervisory Board Member Mr. Takashi Kakimi expires upon the closing of this Meeting. Approval is hereby requested for the appointment of one (1) Audit & Supervisory Board Member.

The nominee for the office of Audit & Supervisory Board Member is as follows, and this agenda has already been approved by the Audit & Supervisory Board.

Name (Birth Date)	Number of the Company Shares Owned
<p style="text-align: center;">Michiko Uehara (December 24, 1949)</p> <p style="text-align: center; border: 1px solid black; display: inline-block; padding: 2px;">Newly Appointed</p> <p style="text-align: center; border: 1px solid black; display: inline-block; padding: 2px;">Nominee for an Outside Audit & Supervisory Board Member</p>	1,000 shares
Career Summary, Position and Important Concurrent Post	
<p>Apr 1976 Assistant Judge, Kobe District Court</p> <p>Apr 1979 Assistant Judge, Amagasaki Branch of Kobe District Court</p> <p>Apr 1982 Assistant Judge, Osaka District Court</p> <p>Apr 1986 Judge, Fukuoka District Court</p> <p>Mar 1989 Retired from Office</p> <p>May 1989 Registered as Attorney at law</p> <p>(currently maintained)</p> <p>Important Concurrent Post:</p> <p style="padding-left: 20px;">Attorney at law</p>	
Reason Why the Company Nominates the Nominee as an Outside Audit & Supervisory Board Member, and Reason Why the Company Has Determined that the Nominee Is Capable of Conducting the Duties Appropriately as an Outside Audit & Supervisory Board Member	
<p>She has great insight and abundant experience in relation to corporate law, including compliance, having been engaged in the judiciary as a judge and an attorney-at-law. The Company has selected her as a nominee for the office of Outside Audit & Supervisory Board Member because the Company considers her to be qualified for an Outside Audit & Supervisory Board Member in light of the Company’s “Policy to Nominate Candidates for Director and Audit & Supervisory Board Member.” She has no experience directly concerning company management; however, the Company has determined that she is capable of appropriately conducting the duties of an Outside Audit & Supervisory Board Member, due to the reasons mentioned above.</p>	

Notes:

1. The nominee for the office of Audit & Supervisory Board Member has no business connections with the Company.
2. Ms. Michiko Uehara is a nominee for an Outside Audit & Supervisory Board Member and for an Outside Officer defined by Tokyo Stock Exchange, Inc., etc.
3. Matters to be described specifically regarding the Outside Audit & Supervisory Board Member nominee are as follows:

* Outline of the substance of the limited liability contract

If the appointment of Ms. Michiko Uehara is approved, the Company plans to enter into a limited liability contract with Ms. Michiko Uehara. The contract will provide, with respect to the liability stipulated under Article 423, paragraph 1 of the Companies Act, that Ms. Michiko Uehara owes liability for damages limited to the higher amount of either 10 million yen or the minimum liability amount stipulated under Article 425, paragraph 1 of the act, if she was without knowledge and not grossly negligent in conducting her duties.

[Reference Information]

The “Policy to Nominate Candidates for Director and Audit & Supervisory Board Member” of the Company is as follows:

1. Candidates to be nominated as inside directors will be individuals who have and have carried out the Sumitomo Spirit – which values doing your sincere best, not only in business but also in every aspect of your life, placing importance on integrity and not acting rashly or carelessly in pursuit of easy gains. These will be individuals who have extensive experience and excellent performance records in connection with our business; who have sound objective judgement concerning management in light of the changing environment surrounding us and future changes; and who have superior character, foresight and insight.
2. Candidates to be nominated as outside directors will be individuals with experience in company management, experts of respective fields or academic experts who would be suitable for supervising our management from the viewpoint of encouraging sustainable growth and striving to increase corporate value over the mid-to-long term.
3. Candidates to be nominated as Audit & Supervisory Board Members will be individuals with experience in company management and persons with expertise in law, finance or accounting.
4. The Nominating Advisory Committee will deliberate the candidates for directors and Audit & Supervisory Board Members from an objective viewpoint and the Board of Directors will decide on the candidates by a resolution based on the report of the committee.

Fourth item: Payment of bonus to the Directors

Taking into consideration the business results of this fiscal year, the existing amount of payment and other factors, the Company proposes to declare bonuses totaling 230 million yen (¥230,000,000) for thirteen (13) Directors other than the one (1) Outside Director among the fourteen (14) Directors in all, as of the end of this fiscal year.

Fifth item: Revision of the amount of remuneration for Directors

With respect to the current amount of remuneration for Directors, the amount of remuneration for Directors is not more than 60,000,000 yen per month (among which that for Outside Directors is not more than 3,000,000 yen per month) as resolved at the 137th Ordinary General Meeting of Shareholders, which was held on June 27, 2007. However, in consideration of the increase of their responsibility in connection with the expansion of management scale and the increase of the number of Outside Directors from one (1) to two (2) if the Second item is approved and resolved as originally proposed, approval is hereby requested for the revision of the amount of remuneration for Directors to not more than 70,000,000 yen per month (among which that for Outside Directors is not more than 6,000,000 yen per month).

As before, the amount of remuneration for Directors does not include any salaries received as employees by Directors who have the duties as employees, and the number of Directors

will be thirteen (13) Directors (including two (2) Outside Directors), if the Second item is approved and resolved as originally proposed.