

**CONVOCAATION NOTICE OF
THE 148TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

June 5, 2018
Sumitomo Electric Industries, Ltd.

On June 5, 2018, Sumitomo Electric Industries, Ltd. ("SEI") has sent a notice convening the 148th Ordinary General Meeting of Shareholders (the "Notice") to its shareholders on record as of March 31, 2018. 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 148th 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 5, 2018

To the Shareholders

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

**CONVOCAION NOTICE OF
THE 148TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

We are pleased to hereby inform you that the 148th 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 3 [of the Japanese original text]) by 5:15 p.m. of June 26, 2018 (Tuesday), after examining the Reference Document regarding the Ordinary General Meeting of Shareholders set out below.

1. **Date:** June 27, 2018 (Wednesday) 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 148th fiscal year (from April 1, 2017 to March 31, 2018)
2. Reporting on the Non-Consolidated Financial Statements for the 148th fiscal year (from April 1, 2017 to March 31, 2018)

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

-
- * 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 reference document regarding the ordinary general meeting of shareholders, the business report, the consolidated financial statements or the non-consolidated financial statements 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)

**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 148th fiscal year, in consideration of the business results for this fiscal year and other matters, the Company proposes to distribute in the amount of twenty-five yen (¥25) per share, which is two yen (¥2) year-end dividend per share more than that of the preceding fiscal year. As a result, the dividend for this fiscal year, including the interim dividend (twenty-one yen (¥21)), is forty-six yen (¥46) per share, which is six yen (¥6) per share more than that of the preceding fiscal year.

Furthermore, the Company proposes to reserve 20,000 million yen as a special reserve.

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:

Twenty-five yen (¥25) per ordinary share of the Company
Total amount of dividends: 19,502,123,450 yen
 - (3) Effective date of distribution of surplus:

June 28, 2018
2. Other matters concerning the disposition of surplus
 - (1) Item of surplus to be increased and the amount thereof:

Special reserve: 20,000,000,000 yen
 - (2) Item of surplus to be decreased and the amount thereof:

Earned surplus carried forward: 20,000,000,000 yen

Second item: Appointment of thirteen (13) Directors due to the 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)	58,900 shares
	Career Summary, Position, Areas of Responsibility and Important Concurrent Post	
	Apr 1967	Joined the Company
	Jun 1997	Director
	Jun 1999	Managing Director
	Jun 2003	Senior Managing Director
Jun 2004	President	
Jun 2017	Chairman of the Board of Directors	
(currently maintained)		
Important Concurrent Post:		
Chairman, Kansai Economic Federation		
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 a President since June 2004, and as a Chairman of the Board of Directors since June 2017, one of the core members of the Company's management and the Company considers him to be qualified for the office of 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
2	Osamu Inoue (August 25, 1952)	18,310 shares
	Career Summary, Position, Areas of Responsibility and Important Concurrent Post	
	Apr 1975	Joined the Company
	Jun 2004	Executive Officer Deputy General Manager, Automotive Business Unit
	Jan 2006	Executive Officer, Sumitomo Wiring Systems, Ltd.
Jun 2006	Director, Managing Executive Officer, Sumitomo Wiring Systems, Ltd.	
Jun 2007	Director, Senior Managing Executive Officer, Sumitomo Wiring Systems, Ltd.	
Jun 2008	Managing Director, General Manager, Automotive Business Unit of the Company	
Apr 2009	Director of the Company President, Sumitomo Electric Bordnetze GmbH (present Sumitomo Electric Bordnetze SE)	
Jun 2012	Deputy General Manager, Automotive Business Unit of the Company Director, President, Sumitomo Wiring Systems, Ltd.	
Apr 2017	Managing Executive Officer of the Company Director, Sumitomo Wiring Systems, Ltd.	
Jun 2017	President of the Company	
(currently maintained)		
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 a President, one of the core members of the Company's management since June 2017 and the Company considers him to be qualified for the office of 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 Managing 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	
Apr 2017	Ditto General Manager, Manufacturing Management & Engineering Unit	
(currently maintained)		
Areas of Responsibility:		
General Manager, Manufacturing Management & Engineering Unit		
General Manager, Automotive Business Unit		
Sales Group (Chubu District Office)		
Important Concurrent Post:		
Chairman of Board of Directors, Sumitomo Wiring Systems, Ltd.		
Chairman of the Board, Sumitomo Electric Wiring Systems, Inc.		
Joint Representative Director, Kyungshin Co., Ltd.		
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 considers him to be qualified for the office of 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	Nozomi Ushijima (May 21, 1957)	14,200 shares
	Career Summary, Position, Areas of Responsibility and Important Concurrent Post	
	Apr 1980	Joined the Company
	Jun 2010	Executive Officer President and CEO, Sumitomo Electric Hardmetal Corp.
	Jun 2011	Dlto Deputy General Manager, Industrial Materials Business Unit
Jun 2012	Managing Executive Officer General Manager, Advanced Materials Business Unit	
Jun 2013	Managing Director General Manager, Advanced Materials Business Unit	
Jun 2017	Senior 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 General Manager of the Industrial Materials Group since June 2012, and as Senior Managing Director and General Manager of the Group since June 2017, and the Company considers him to be qualified for the office of 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	Makoto Tani (May 28, 1957)	13,900 shares
	Career Summary, Position, Areas of Responsibility and Important Concurrent Post	
	<p>Apr 1980 Joined the Company</p> <p>Jun 2008 Executive Officer</p> <p>Jun 2011 Ditto President, Sumitomo Electric Wiring Systems, Inc.</p> <p>Jun 2014 Managing Director</p> <p>Jun 2017 Senior Managing Director</p> <p>(currently maintained)</p> <p>Areas of Responsibility: 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 since June 2014, and as Senior Managing Director and supervised the Corporate Staff Group including the Accounting and Finance Department since June 2017, and the Company considers him to be qualified for the office of 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	
6	Yoshitomo Kasui (May 15, 1959)	12,600 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 (Compliance & Risk Management, Legal, Administration, Tokyo Administration, Human Resources, Human Resources Development, Corporate Planning, 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 considers him to be qualified for the office of 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
	<p style="text-align: center;">Junji Itoh (October 6, 1954)</p>	<p style="text-align: center;">16,800 shares</p>
7	Career Summary, Position, Areas of Responsibility and Important Concurrent Post	
	Apr 1984	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)
	Apr 2001	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)
	Apr 2007	Vice President, The National Institute of Advanced Industrial Science and Technology
	Apr 2010	Joined the Company General Manager, Power Systems R & D Laboratories
	Jun 2011	Executive Officer General Manager, Power Systems R & D Laboratories
	Jun 2013	Managing Executive Officer Deputy General Manager, R & D General Managing Unit General Manager, Power Systems R & D Center
	Jun 2014	Managing Director Deputy General Manager, R & D General Managing Unit General Manager, Power Systems R & D Center
	Jun 2015	Managing Director General Manager, R&D Unit General Manager, Power Systems R & D Center General Manager, Frontier Technologies Laboratory
	Jun 2016	Managing Director General Manager, R&D Unit General Manager, Frontier Technologies Laboratory
Jan 2018	Managing Director General Manager, R&D Unit	
(currently maintained)		
Areas of Responsibility: <p style="text-align: center;">General Manager, R&D Unit</p>		
Reason Why the Company Nominates the Nominee as a Director		
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 considers him to be qualified for the office of 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
8	Akira Nishimura (April 7, 1958)	8,500 shares
	Career Summary, Position, Areas of Responsibility and Important Concurrent Post	
	Apr 1984	Joined the Company
	Apr 2010	General Manager, Optical Fiber & Cable Division
	Jun 2013	Executive Officer Deputy General Manager, Infocommunications Business Unit Ditto
Jun 2015	Managing Executive Officer Deputy General Manager, Infocommunications Business Unit General Manager, Optical Fiber & Cable Division	
Jul 2015	Managing Executive Officer Deputy General Manager, Infocommunications Business Unit	
Jun 2016	Managing Director General Manger, Infocommunications Business Unit	
(currently maintained)		
Areas of Responsibility:		
General Manger, Infocommunications Business Unit		
Electronics Group (Electronic Wire Division)		
Important Concurrent Post:		
Director, MIRAIT Technologies Corporation		
Chairman, Sumitomo Electric Lightwave Corp.		
Reason Why the Company Nominates the Nominee as a Director		
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 Director and General Manager of the Infocommunications Group since June 2016, and the Company considers him to be qualified for the office of 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
9	Hideo Hato (September 3, 1957)	5,600 shares
	Career Summary, Position, Areas of Responsibility and Important Concurrent Post	
	Apr 1981	Joined the Ministry of International Trade and Industry
	Jul 2007	Deputy Director-General, Ministry of Economy, Trade and Industry
	Jul 2008	Director General, Energy Conservation and Renewable Energy Department, Agency for Natural Resources and Energy
Sep 2009	Director General, Consumer Affairs Agency	
Jul 2011	President, Administrative Agency New Energy and Industrial Technology Development Organization (present National Research and Development Agency New Energy and Industrial Technology Development Organization)	
Jun 2013	Commissioner, Patent Office	
Jul 2014	Retired from office	
Jun 2016	Joined the Company Managing Executive Officer	
Jun 2017	Managing Director	
Apr 2018	Ditto Deputy General Manager, Automotive Business Unit	
(currently maintained)		
Areas of Responsibility: Deputy General Manager, Automotive Business Unit (Systems & Electronics Division) Corporate Staff Group (Public Relations, Corporate Planning, Intellectual Property) Environment and Energy Group (Energy System Division)		
Reason Why the Company Nominates the Nominee as a Director		
He held important posts including President of National Research and Development Agency, New Energy and Industrial Technology Development Organization and Commissioner of Patent Office and has abundant experience. The Company has selected him as a nominee for the office of Director because he has also supervised the Corporate Staff Group, including Public Relations Department, Corporate Planning Department, and Intellectual Property Department as Managing Director of the Company since June 2018, and the Company considers him to be qualified for the office of 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	Masaki Shirayama (November 29, 1961)	7,700 shares
	Career Summary, Position, Areas of Responsibility and Important Concurrent Post	
	Apr 1985	Joined the Company
	Jun 2012	General Manager, Business Development Division
	Jun 2013	Executive Officer Deputy General Manager, Network Products Sales & Marketing Unit General Manager, New Business Marketing and Promotion Division General Manager, Marketing & Promotion Department, New Business Development Unit
Jun 2014	Managing Executive Officer General Manager, Social Infrastructure Sales & Marketing Unit	
Jun 2017	Managing Director General Manager, Social Infrastructure Sales & Marketing Unit	
(currently maintained)		
Areas of Responsibility:		
General Manager, Social Infrastructure Sales & Marketing Unit Sales Group (Sales Compliance, New Business Marketing and Promotion)		
Reason Why the Company Nominates the Nominee as a Director		
He has abundant business experience and an excellent performance record in sales departments of infrastructure businesses. The Company has selected him as a nominee for the office of Director because he has served as General Manager of the Sales Group since June 2014, and as Managing Director and the General Manager of the Group since June 2017 and the Company considers him to be qualified for the office of 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;">Hiroshi Sato (September 25, 1945)</p> <div style="border: 1px solid black; padding: 2px; margin: 0 auto; width: fit-content;">Nominee for an Outside Director</div>	1,500 shares																																
	Career Summary, Position, Areas of Responsibility and Important Concurrent Post																																	
	<table border="0" style="width: 100%;"> <tr> <td style="width: 15%; vertical-align: top;">Apr 1970</td> <td>Joined Kobe Steel, Ltd.</td> </tr> <tr> <td style="vertical-align: top;">Apr 1992</td> <td>General Manager, Surface Design & Corrosion Research Section, Material Research Laboratory, Technical Development Group, Kobe Steel, Ltd.</td> </tr> <tr> <td style="vertical-align: top;">Apr 1993</td> <td>General Manager, Material Research Laboratory, Technical Development Group, Kobe Steel, Ltd.</td> </tr> <tr> <td style="vertical-align: top;">Apr 1995</td> <td>General Manager, Research & Development Planning Department, Technical Development Group, 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. Senior Advisor and Director, Kobe Steel, Ltd.</td> </tr> <tr> <td style="vertical-align: top;">Apr 2016</td> <td>Senior Advior, Kobe Steel, Ltd. Director of the Company (Outside Director)</td> </tr> <tr> <td style="vertical-align: top;">Jun 2016</td> <td>Advisor, Kobe Steel Ltd.</td> </tr> <tr> <td style="vertical-align: top;">Apr 2018</td> <td>Director of the Company (Outside Director)</td> </tr> </table> <p>(currently maintained)</p> <p>Important Concurrent Post:</p> <ul style="list-style-type: none"> Advisor, Kobe Steel, Ltd. Director, Sumitomo Dainippon Pharma Co., Ltd. (Outside Director) Director, Nitto Denko Corporation (Outside Director) 		Apr 1970	Joined Kobe Steel, Ltd.	Apr 1992	General Manager, Surface Design & Corrosion Research Section, Material Research Laboratory, Technical Development Group, Kobe Steel, Ltd.	Apr 1993	General Manager, Material Research Laboratory, Technical Development Group, Kobe Steel, Ltd.	Apr 1995	General Manager, Research & Development Planning Department, Technical Development Group, 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. Senior Advisor and Director, Kobe Steel, Ltd.	Apr 2016	Senior Advior, Kobe Steel, Ltd. Director of the Company (Outside Director)	Jun 2016	Advisor, Kobe Steel Ltd.	Apr 2018	Director of the Company (Outside Director)
	Apr 1970	Joined Kobe Steel, Ltd.																																
	Apr 1992	General Manager, Surface Design & Corrosion Research Section, Material Research Laboratory, Technical Development Group, Kobe Steel, Ltd.																																
Apr 1993	General Manager, Material Research Laboratory, Technical Development Group, Kobe Steel, Ltd.																																	
Apr 1995	General Manager, Research & Development Planning Department, Technical Development Group, 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. Senior Advisor and Director, Kobe Steel, Ltd.																																	
Apr 2016	Senior Advior, Kobe Steel, Ltd. Director of the Company (Outside Director)																																	
Jun 2016	Advisor, Kobe Steel Ltd.																																	
Apr 2018	Director of the Company (Outside Director)																																	
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 considers him to be qualified for the office of Outside Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member." Since his assumption of office as a Director of the Company in June 2016, he has expressed objective and valuable opinions concerning the overall management such as management policies and strategies and internal control systems, from an independent perspective, at meetings of the Board of Directors. He is also contributing to the Company's endeavors to maintain sustainable growth and increase corporate value over the mid-to-long term, by advising on business control, including affiliated company management and the operation of works, when attending other internal meetings and visits to business establishments of the Company and the affiliated companies. While the Company has a business relationship with Kobe Steel, Ltd. regarding buying and selling the products, where he served as an executive in the past, the value of each transaction is less than 1% of the total sales of the Company and Kobe Steel, Ltd. respectively. Therefore, that fact above does not influence his independence.</p>																																		

Nominee Number	Name (Birth Date)	Number of the Company Shares Owned
	<p style="text-align: center;">Michihiro Tsuchiya (July 12, 1947) Newly Appointed</p> <p style="text-align: center; border: 1px solid black; padding: 2px;">Nominee for an Outside Director</p>	0 shares
12	Career Summary, Position, Areas of Responsibility and Important Concurrent Post	
	<p>Apr 1976 Joined Tanabe Seiyaku Co., Ltd. (present Mitsubishi Tanabe Pharma Corporation)</p> <p>Jun 2001 Board Director, Tanabe Seiyaku Co., Ltd.</p> <p>Jun 2003 Managing Board Director, Tanabe Seiyaku Co., Ltd.</p> <p>Jun 2005 Board Director, Managing Executive Officer, Tanabe Seiyaku Co., Ltd.</p> <p>Jun 2006 Representative Director, Senior Managing Executive Officer, Tanabe Seiyaku Co., Ltd.</p> <p>Oct 2007 Board Director, Vice President, Mitsubishi Tanabe Pharma Corporation</p> <p>Jun 2008 Ditto Board Director, Mitsubishi Chemical Holdings Corporation</p> <p>Jun 2009 President & Representative Director, Chief Executive Officer, Mitsubishi Tanabe Pharma Corporation Board Director, Mitsubishi Chemical Holdings Corporation</p> <p>Jun 2014 Chairman of the Board & Representative Director, Mitsubishi Tanabe Pharma Corporation</p> <p>Jun 2016 Chairman of the Board, Mitsubishi Tanabe Pharma Corporation</p> <p>Jun 2017 Senior Advisor, Mitsubishi Tanabe Pharma Corporation</p> <p>(currently maintained)</p> <p>Important Concurrent Post: Senior Advisor, Mitsubishi Tanabe Pharma Corporation</p>	
	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 companies developing global business activities. The Company has selected him as a nominee for the office of Outside Director because the Company considers him to be qualified for the office of Outside Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member." The Company has no transactions with Mitsubishi Tanabe Pharma Corporation, where he currently holds office as a Senior Advisor.</p>	

Nominee Number	Name (Birth Date)	Number of the Company Shares Owned												
13	<p style="text-align: center;">Christina Ahmadjian (March 5, 1959)</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 Director</p>	200 shares												
	Career Summary, Position, Areas of Responsibility and Important Concurrent Post													
	<table border="0" style="width: 100%;"> <tr> <td style="width: 15%;">Jan 1995</td> <td>Assistant Professor, Graduate School of Business, Columbia University,</td> </tr> <tr> <td>Oct 2001</td> <td>Associate Professor, Graduate School of International Corporate Strategy, Hitotsubashi University</td> </tr> <tr> <td>Jan 2004</td> <td>Professor, Graduate School of International Corporate Strategy, Hitotsubashi University</td> </tr> <tr> <td>Apr 2010</td> <td>Dean of Graduate School, Graduate School of International Corporate Strategy, Hitotsubashi University</td> </tr> <tr> <td>Apr 2012</td> <td>Professor, Graduate School of Commerce and Management, Hitotsubashi University</td> </tr> <tr> <td>Apr 2018</td> <td>Professor, Graduate School of Business Administration, Hitotsubashi University</td> </tr> </table> <p>(currently maintained)</p> <p>Important Concurrent Post:</p> <p>Professor, Graduate School of Business Administration, Hitotsubashi University Director, Japan Exchange Group, Inc. (Outside Director) Director, Mitsubishi Heavy Industries, Ltd. (Outside Director)</p>		Jan 1995	Assistant Professor, Graduate School of Business, Columbia University,	Oct 2001	Associate Professor, Graduate School of International Corporate Strategy, Hitotsubashi University	Jan 2004	Professor, Graduate School of International Corporate Strategy, Hitotsubashi University	Apr 2010	Dean of Graduate School, Graduate School of International Corporate Strategy, Hitotsubashi University	Apr 2012	Professor, Graduate School of Commerce and Management, Hitotsubashi University	Apr 2018	Professor, Graduate School of Business Administration, Hitotsubashi University
	Jan 1995	Assistant Professor, Graduate School of Business, Columbia University,												
	Oct 2001	Associate Professor, Graduate School of International Corporate Strategy, Hitotsubashi University												
Jan 2004	Professor, Graduate School of International Corporate Strategy, Hitotsubashi University													
Apr 2010	Dean of Graduate School, Graduate School of International Corporate Strategy, Hitotsubashi University													
Apr 2012	Professor, Graduate School of Commerce and Management, Hitotsubashi University													
Apr 2018	Professor, Graduate School of Business Administration, Hitotsubashi University													
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>She has great insight and a global perspective as a university professor mainly studying in the fields of business management and corporate governance. The Company has selected her as a nominee for the office of Outside Director because the Company considers her to be qualified for the office of Outside Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member." She has no experience concerning company management other than acting as an Outside Director; however, the Company has determined that she is capable of conducting the duties appropriately as an Outside Director because of the reasons above. The Company has no transactions with and has made no donations to Hitotsubashi University, where she serves as a professor.</p>														

Notes:

1. The Director nominee Mr. Mitsuo Nishida is the Joint Representative Director of Kyungshin Co., Ltd., 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 and the said company do not have direct transaction relationship. 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. Mr. Hiroshi Sato, Mr. Michihiro Tsuchiya, and Ms. Christina Ahmadjian are nominees for Outside Directors and for Outside Officers defined by Tokyo Stock Exchange, Inc., etc.

3. Matters to be described specifically regarding the Outside Director nominees (Hiroshi Sato, Michihiro Tsuchiya and Christina Ahmadjian) are as follows:

- (1) Facts that the company violated laws and regulations or its articles of incorporation, or otherwise unfairly executed business during the term of office at other relevant stock companies if the candidate for the office of outside director has held office in the past five years as a director, executive officer or company auditor of another stock company

It was revealed in October 2017 that Kobe Steel, Ltd. (where Mr. Hiroshi Sato served as a Director until June 2016) and its group have been involved in the misconduct concerning the products and services provided by the group, such as the act of falsifying or fabricating inspection data for products falling short of public standards or customer specifications, and shipping or delivering those products to customers as if they conformed to the public standards or customer specifications.

In September 2013, Mitsubishi Tanabe Pharma Corporation (where Mr. Michihiro Tsuchiya served as a Director until June 2017) and Bipha Corporation (which is a subsidiary of Mitsubishi Tanabe Pharma Corporation) received a business improvement order from the Minister of Health, Labour and Welfare regarding the manufacture and sales of Medway Injection by Bipha Corporation, which is a recombinant human serum albumin product and includes an ingredient not listed in the approval documentation.

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

Mr. Hiroshi Sato will have held office as an Outside Director for two (2) 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. Hiroshi Sato. The contract provides, with respect to the liability stipulated under Article 423, paragraph 1 of the Companies Act, that Mr. Sato 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. Michihiro Tsuchiya and Ms. Chirstina Ahmadjian are approved, the Company intends to enter into a limited liability contract with them, the terms and conditions of which are similar to the limited liability contract with Mr. Hiroshi Sato.

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

The term of office of Audit & Supervisory Board Member Mr. Kan Hayashi 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;">Ikuo Yoshikawa (December 13, 1944) <u>Newly Appointed</u></p> <div style="border: 1px solid black; padding: 2px; margin: 5px auto; width: fit-content;"> <p style="text-align: center;">Nominee for an Outside Audit & Supervisory Board Member</p> </div>	0 shares
Career Summary, Position, and Important Concurrent Post	
<p>Jan 1969 Joined Tohmatsu Awoki & Co. (present Deloitte Touche Tohmatsu LLC)</p> <p>May 1986 Representative Member, Tohmatsu Awoki & Co. (present Deloitte Touche Tohmatsu LLC)</p> <p>Jun 2008 Resignation from Tohmatsu & Co. (present Deloitte Touche Tohmatsu LLC)</p> <p>Apr 2009 Professor, Institute of Business and Accounting, Professional Graduate School, Kwansei Gakuin University</p> <p>Apr 2013 Visiting Professor, Institute of Business and Accounting, Professional Graduate School, Kwansei Gakuin University</p> <p>(currently maintained)</p> <p>Important Concurrent Post:</p> <p style="padding-left: 20px;">Certified public accountant Konishi Co., Ltd. (Outside Audit & Supervisory Board Member)</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>He has abundant experience as a certified public accountant over many years and great insight into the field of accounting, through mainly being involved in the study of accounting as a university professor. The Company has selected him as a nominee for the office of Outside Audit & Supervisory Board Member because the Company considers him to be qualified for the office of Outside Audit & Supervisory Board Member 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 Audit & Supervisory Board Member; however, the Company has determined that he is capable of conducting the duties appropriately as an Outside Audit & Supervisory Board Member the Company considers he will perform the duties properly as an Outside Audit & Supervisory Board Member because of the reasons above. While, since before the merger, the Company donated 1.5 million yen annually as part of its social contribution to a junior high school and a high school which merged in April 2010 with Kwansei Gakuin, an incorporated educational institution, running Kwansei Gakuin University, where Mr. Yoshikawa has served as a professor, the Company has no more transactions with and has made no donations to Kwansei Gakuin. In addition, the Company has no advisory contract or continuous transaction with Deloitte Touche Tohmatsu LLC, where he served as a representative partner. The Company entered into an one-off service agreement with the LLC; however the value of the transaction is less than 1% of the LLC's revenue during fiscal 2017, and ten years has passed since he resigned from the LLC. Those facts above do not influence his independence.</p>	

Notes:

1. The nominee for the office of Audit & Supervisory Board Member has no business connections with the Company.
2. Mr. Ikuo Yoshikawa 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 Mr. Ikuo Yoshikawa is approved, the Company intends to enter into a limited liability contract with Mr. Ikuo Yoshikawa. The contract will provide, with respect to the liability stipulated under Article 423, paragraph 1 of the Companies Act, that Mr. Ikuo Yoshikawa 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.

[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 300 million yen (¥300,000,000) for twelve (12) Directors other than the two (2) Outside Directors among the fourteen (14) Directors in all, as of the end of this fiscal year.

(Translation)

(Attachment)

BUSINESS REPORT
(from April 1, 2017 to March 31, 2018)

1. Matters Concerning Current Status of Corporate Group

(1) Progression of Business and its Results

This fiscal year, the world economy showed stable growth, on the whole, such that expansionary trends continued in the U.S., and there were signs of recovery in Europe and China. The Japanese economy has also continued to show a moderate recovery trend due to an increase of exports and capital expenditure; however, due to factors such as the effects of U.S. economic policy and geopolitical risks, the outlook continues to be unpredictable.

Regarding the business environment for the Sumitomo Electric Group, due to an increase in production of automobiles by carmakers, mainly overseas, the demand for wiring harnesses, powder alloys, and sintered components showed steady growth, and the demand for infocommunications products such as optical fiber cables has 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 3,082,247 million yen (preceding fiscal year: 2,814,483 million yen, +9.5%). As for profit, due to factors such as proceeding with cost reductions of FPCs (flexible printed circuits) for mobile devices, in addition to an increase in demand, operating income was 173,139 million yen (preceding fiscal year: 150,503 million yen, +15.0%), ordinary income was 195,010 million yen (preceding fiscal year: 173,872 million yen, +12.2%), and the profit attributable to owners of the parent was 120,328 million yen (preceding fiscal year: 107,562 million yen, +11.9%), each of which shows a year-on-year increase in profit.

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

(i) The Automotive segment

Through proactively proceeding with capturing global demand for wiring harnesses, car electronic components, and anti-vibration rubbers, net sales increased 118,731 million yen (7.8%) to 1,631,952 million yen. Operating income decreased 1,811 million yen to 96,805 million yen due to factors such as an increase in costs for launching new anti-vibration rubber products, in addition to the effects of a price decline, despite proceeding with global cost reductions.

(ii) The Infocommunications segment

Net sales increased 22,086 million yen (11.1%) to 220,326 million yen due to proceeding with marketing optical fiber cables, among others. Operating income decreased 2,906 million yen to 18,603 million yen due to factors such as a decrease in the demand for optical devices.

(iii) The Electronics segment

Net sales decreased 4,794 million yen (1.9%) to 246,319 million yen despite proceeding with the marketing of electronic wires and FPCs for mobile devices, due to reorganization of some of the segments. Operating income improved 16,308 million yen to

5,410 million yen, from the preceding fiscal year (operating loss of 10,898 million yen), due to progress with cost reductions of FPC, which the whole company has been striving to achieve.

(iv) The Environment and Energy segment

Net sales increased 96,554 million yen (15.5%) to 717,972 million yen, due to the effect of the rising copper prices, in addition to an increase in demands at Sumitomo Densetsu Co., Ltd. Operating income increased 3,313 million yen to 24,120 million yen.

(v) The Industrial Materials segment and Others

Due to proceeding with the marketing of products, mainly cemented carbide tools and sintered components, net sales increased 39,183 million yen (12.9%) to 343,126 million yen. Operating income increased 7,680 million yen to 28,171 million yen.

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	1,513,221	98,616	1,631,952	96,805
Infocommunications	198,240	21,509	220,326	18,603
Electronics	251,113	(10,898)	246,319	5,410
Environment and Energy	621,418	20,807	717,972	24,120
Industrial Materials and Others	303,943	20,491	343,126	28,171
Elimination of Intersegment Transactions, etc.	(73,452)	(22)	(77,448)	30
Total	millions of yen 2,814,483	millions of yen 150,503	millions of yen 3,082,247	millions of yen 173,139

(2) Conditions of Capital Expenditure

The total amount of capital expenditure for this fiscal year was 171.1 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	77.0	Increased production of and rationalization investment in wiring harnesses and anti-vibration rubbers
Infocommunications	29.3	Increased production of and rationalization investment in optical fiber cables and optical/wireless devices
Electronics	10.5	Increased production of and rationalization investment in FPCs and electronic wires

Segment	Amount of Capital Expenditure (billions of yen)	Main Content of Capital Expenditure
Environment and Energy	25.8	Increased production of and rationalization investment in power transmission wires/cables and magnet wires
Industrial Materials and Others	28.5	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 22.9 billion yen, the issuance of corporate bonds of 15.0 billion yen, and through other means. The purpose of such fund-raising was allocation to repayment of long-term borrowings, equipment funds, and redemption for corporate bonds, etc.

(4) Key Issues Requiring Attention

The global economy hereafter, is expected to continue its moderate recovery as a whole. Also, for the Japanese economy, it is expected that recovery trends will continue through improvement of employment and the income environment. However, the risk of an economic downturn persists due to factors such as the uncertainty concerning U.S. trade policy and financial policy, uncertainty concerning the emerging economies, and an increase of geopolitical risks; therefore, the outlook is expected to remain unclear.

In these circumstances, the Group, having the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles as the foundation of its business activities, intends to strive for further evolution of “S” (Safety), “E” (Environment), “Q” (Quality), “C” (Cost), “D”(Delivery), and “D” (Development), accelerate efforts for growth such as further reinforcement of the corporate structure, globalization, and prompt commercialization from research and development, and devote ourselves with the whole Group to the realization of “VISION 2022”, the medium-term management plan that begins in this fiscal year. Further, we are pursuing the following strategies in each of our business segments.

In the Automotive segment, the Group is striving to be a mega supplier, having wiring harnesses as its core, and accelerating the development and marketing of high-voltage wiring harnesses and batteries-related products designed for electric vehicles, high-strength aluminum wiring harnesses that are light and excel in durability, and electronic components and connectors for high-speed communication corresponding to electronic control of automobiles, etc. In addition, the Group will strive to expand its market share for overseas customers as well as strengthen the product development capabilities through reinforcement of cooperation within the Group and collaboration with other companies, in anticipation of popularization of electric vehicles, automated driving, and connected cars, and work to further expand its business. Sumitomo Riko Company Ltd. is endeavoring to market by taking advantage of sales and development bases that extend globally, in the field of automotive anti-vibration rubbers and hoses and is also working on developing new products for the next-generation vehicles.

In the Infocommunications segment, we are continuously working on capturing global demand 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

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

extra low loss fibers for submarine cables and ultra-high-fiber-count optical fiber cables for data centers. In addition, we will focus on responding to the increase in demand for optical fibers and next-generation optical/electronic devices, due to an increase of communication data volume as a result of the development of a fifth-generation mobile communications system, expansion of video streaming services and cloud services, etc.

In the Electronics segment, with regard to FPCs for mobile devices, we will continue to focus on global marketing, in addition to thorough quality improvement and cost reductions. Further, through taking advantage of the Group's integrated capabilities, we will work to ensure the launch of new products that are highly precise, thin, and heat-resistant and to expand business to automotive markets and other markets. In addition, with regard to electronic wires and irradiation tubes, we are accelerating to strengthen global production and marketing.

In the Environment and Energy segment, we will strengthen the manufacturing organization of power cables, and further proceed with cost reductions and quality improvement, as well as endeavor to improve profitability through winning orders for domestic and international large-scale power cable projects and ensuring capture of the demands in the renewal of outdated facilities. Other than the above, the segment will continue expanding the marketing of flat magnet wires for motors used in electric vehicles, and also focus on expanding the business related to renewable energy and smart grids, while taking advantage of the Group's integrated capabilities, including Nissin Electric Co., Ltd. and Sumitomo Densetsu Co., Ltd.

In the Industrial Materials segment, with regard to the cemented carbide tools, we will strive, more than ever before, to capture domestic and international demands through increasing production capacity, and in addition to the main automotive field, we will strengthen development and marketing of new products for the machining of difficult-to-cut materials for the fields of aircrafts and energy. Furthermore, we will work to further strengthen the domestic and international supply organization of sintered components, as well as focus on the expansion of the global production organization and marketing for tensioning materials for prestressed concrete and precision spring steel wires.

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 and domestic and international substantive experimenting for the prompt commercialization of redox flow batteries, concentrator photovoltaic systems, and energy management system-related products, with the aim of establishing a new electricity/energy infrastructure, and the commercialization of superconducting products, magnesium alloy products, water-treatment systems, SiC (silicon carbide) power semiconductor devices, and products for next-generation communication network. Taking a long-term perspective, we will focus on leveraging the Group's strengths to develop new products in response to society's needs, including strengthening the development organization of on-board equipment that is compatible with automated driving and electric vehicles and searching for new materials with new functions, as well as working proactively for production innovation by utilizing AI* and IoT* at manufacturing sites and countermeasures for cyber security.

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 particular, 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 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

* AI: Stands for Artificial Intelligence.

* IoT: Stands for the Internet of Things, various things, not limited to information communication devices including PCs and smartphones, being connected to a network such as the Internet.

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 further understanding and support in the future.

(5) Trend of Assets and Profits or Losses

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

Entry \ Year	FY2013	FY2014	FY2015	FY2016	FY2017 (this fiscal year)
Net Sales (millions of yen)	2,568,779	2,822,811	2,933,089	2,814,483	3,082,247
Operating Income (millions of yen)	120,058	134,457	143,476	150,503	173,139
Ordinary Income (millions of yen)	145,354	160,597	165,658	173,872	195,010
Profit Attributable to Owners of the Parent (millions of yen)	66,748	119,771	91,001	107,562	120,328
Earnings per Share (yen)	84.15	151.00	114.73	137.61	154.29
Net Assets (millions of yen)	1,379,912	1,646,913	1,561,289	1,628,615	1,764,086
Total Assets (millions of yen)	2,554,819	2,925,785	2,742,848	2,907,292	3,017,303

(Notes)

- Earnings per share is computed based on the weighted average number of shares of common stock outstanding during each period.
- 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 FY2015.
- From FY2017, we have adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (PITF No. 18, March 29, 2017) and the "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (PITF No. 24, March 29, 2017); and with respect to FY2016, the number shown reflects such changes to the accounting principle upon retrospective adoption.
- With respect to FY2015, as demand for automotive wiring harnesses and anti-vibration rubber is mainly steady overseas, such as in the U.S., and demand for FPCs for mobile devices, etc. also increased, net sales increased from the preceding fiscal year. Also, while depreciation and amortization expenses and research and development costs increased due to prior investment, operating income and ordinary income increased from the preceding fiscal year due to the impact of a weaker yen and cost reductions. However, 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), profit attributable to owners of the parent decreased from the preceding fiscal year.
- With respect to FY2016, although demand for products such as automotive wiring harnesses, optical fiber cables, and optical/wireless devices has been mainly steady overseas, due to the effect of the fall in demand for FPCs for mobile devices, a stronger yen, and the fall in copper prices, net sales decreased from the preceding fiscal year. However, as a result of proceeding with global cost reductions and developing and marketing new products, operating

income, ordinary income, and the profit attributable to owners of the parent increased from the preceding fiscal year.

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

Year Entry	FY2013	FY2014	FY2015	FY2016	FY2017 (this fiscal year)
Net Sales (millions of yen)	832,484	910,657	928,976	901,892	1,084,165
Operating Income (millions of yen)	(5,071)	(2,063)	(1,414)	(924)	12,714
Ordinary Income (millions of yen)	25,422	34,288	44,392	49,367	65,523
Profit for the year (millions of yen)	24,175	105,911	22,390	42,737	61,357
Earnings per Share (yen)	30.47	133.50	28.22	54.66	78.65
Net Assets (millions of yen)	629,865	722,905	707,504	707,105	739,165
Total Assets (millions of yen)	1,120,231	1,180,671	1,220,413	1,237,498	1,297,652

(Note) Earnings 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, 2018)

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, compound semiconductors, network system products such as access network equipment (GE-PON/set-top box/CATV-related products, etc.)/traffic control
Electronics	Electronic wires, electric beam irradiation products, flexible printed circuits, fluorine resin products

Segment	Main products and others
Environment and 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, metal materials for electronic parts
Industrial Materials and Others	Tensioning materials for prestressed concrete, precision spring steel wires, steel tire cord, 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, 2018)

(i) The Company

Head Office	Osaka City
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	Hitachi City, Ibaraki Prefecture
Sumitomo Electric Hardmetal Corp.	Itami City, Hyogo Prefecture
Sumitomo Densetsu Co., Ltd.	Osaka City
Sumitomo Electric Tochigi Co., Ltd.	Utsunomiya City, Tochigi 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.
Sumitomo Electric Lightwave Corp.	U.S.A.
JUDD Wire, Inc.	U.S.A.
Sumidense do Brasil Industrias Eletricas Ltda.	Brazil
Sumitomo Electric Wiring Systems (Europe) Limited	U.K.

Company Name	Location
Sumitomo Electric Bordnetze SE	Germany
SEWS-CABIND S.p.A.	Italy
PT. Sumiden Serasi Wire Products	Indonesia
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
Sumidense 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
Sumidense Vietnam Co., Ltd.	Vietnam

(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, 2018)

(i) Employee Situation of Corporate Group

Segment	Number of Employees	Increase from March 31, 2017
Automotive	196,177	8,362
Infocommunications	7,218	484
Electronics	23,529	(2,323)
Environment and Energy	13,651	574
Industrial Materials and Others	14,558	(294)
Total	255,133	6,803

(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, 2017	Average age	Average Length of Service (Years)
5,100	66	42.0	17.3

(Note) "Number of Employees" does not include the 6,413 employees of the Company who are dispatched to companies other than the Company.

(9) Status of Important Subsidiaries and Affiliates (as of March 31, 2018)

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.
J-Power Systems Corporation	JPY 8,000 Million	100.00	Manufacture and sales of power transmission wires/cables
Sumitomo Electric Hardmetal Corp.	JPY 8,000 Million	100.00	Manufacture and sales of cemented carbide tools, diamond and CBN tools, etc.
Sumitomo Densetsu Co., Ltd.	JPY 6,440 Million	50.17 (0.14)	Design, installation and supervision of power transmission lines, indoor wiring cables and communications system works
※ Sumitomo Electric Tochigi Co., Ltd.	JPY 5,250 Million	55.56	Manufacture and sales of steel tire cord, precision spring steel wires, and stainless wires
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 cord
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 243,920 Thousand	100.00 (40.00)	Manufacture and sales of automotive wiring harnesses and connectors
Sumitomo Electric Lightwave Corp. <U.S.A.>	USD 54,780 Thousand	100.00 (100.00)	Manufacture and sales of optical cables, etc., and sales of fusion splicers, etc.

Company Name	Capital	Shareholding	Main Business
JUDD Wire, Inc. <U.S.A.>	USD 40,000 Thousand	% 100.00 (100.00)	Manufacture and sales of electronic wires
Sumidenso 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 and connectors
Sumitomo Electric Bordnetze SE <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
PT. Sumiden Serasi Wire Products <Indonesia>	USD 51,000 Thousand	100.00	Manufacture and sales of tensioning materials for prestressed concrete, precision spring steel wires, and steel cord for tire reinforcement
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	92.40 (0.21)	Manufacture and sales of wire cables
SEI Thai Electric Conductor Co., Ltd. <Thailand>	THB 2,010 Million	100.00 (0.00)	Manufacture and sales of wire rods, 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
Sumidenso 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

Company Name	Capital	Shareholding	Main Business
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
Sumidenseo Vietnam Co., Ltd. < Vietnam>	USD 35,000 Thousand	100.00 (100.00)	Manufacture and sales of automotive wiring harnesses
Sumitomo Rubber Industries, Ltd.	JPY 42,658 Million	28.91 (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 (0.00)	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.

(10) Important Corporate Restructuring, etc.

At the Company’s meeting of the Board of Directors held on March 27, 2018, it has been resolved to transfer all of the respective shares held by the Company and Furukawa Electric Co., Ltd. (equivalent to 24%, and 48% in total of two companies) in Nuclear Fuel Industries, Ltd., in which the Company, Furukawa Electric Co., Ltd., and Westinghouse Electric U.K. Holdings Limited have equity, to Toshiba Energy Systems & Solutions Corporation, a subsidiary of Toshiba Corporation.

(11) Major Lenders (As of March 31, 2018)

Lenders	Balance of Borrowings
	millions of yen
Sumitomo Mitsui Banking Corporation	59,854
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	39,501
The Norinchukin Bank	38,920
Sumitomo Mitsui Trust Bank, Limited	26,392
The Mie Bank, Ltd.	19,100
The Hyakugo Bank, Ltd.	16,000
Mitsubishi UFJ Trust and Banking Corporation	14,898
Mizuho Bank, Ltd.	13,688

(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 154,371 million yen.
3. The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its trade name to MUFG Bank, Ltd. on April 1, 2018.

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

The Company is in negotiations with some automakers for compensation regarding violation of antitrust law in the Automotive segment.

2. Information Concerning Shares (As of March 31, 2018)

(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

59,512 persons (compared with the end of preceding fiscal year: increase of 5,680 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)	57,128	7.32
The Master Trust Bank of Japan, Ltd. (trust account)	50,897	6.52
Nippon Life Insurance Company	24,703	3.17
SUMITOMO LIFE INSURANCE COMPANY	15,556	1.99
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	14,472	1.86
STATE STREET BANK WEST CLIENT - TREATY 505234	14,399	1.85
Japan Trustee Services Bank, Ltd. (trust account 5)	14,129	1.81
Japan Trustee Services Bank, Ltd. (trust account 9)	12,283	1.57
STATE STREET BANK AND TRUST COMPANY 505225	11,358	1.46
Japan Trustee Services Bank, Ltd. (trust account 1)	10,521	1.35
Total	in thousands of shares 225,452	% 28.90

(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 1.03% 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 1.77% 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 13,855,633 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, 2018)

Name	Position and Areas of Responsibility	Important Concurrent Post
※Masayoshi Matsumoto	Chairman of the Board of Directors	Chairman, Kansai Economic Federation
○※Osamu Inoue	President	
※Fumikiyo Uchioke	Executive Vice President General Manager, New Business Development Unit Corporate Staff Group (Security Trade Control) Electronics Group (Flexible Printed Circuits Division)	Director, Sumitomo Rubber Industries, Ltd. Director, Sumitomo Electric Interconnect Products (Shenzhen) Ltd. Director, SEI Electronic Components (Vietnam), Ltd.
※Mitsuo Nishida	Executive Vice President General Manager, Manufacturing Management & Engineering Unit General Manager, Automotive Business Unit Sales Group (Chubu District Office)	Chairman of Board of Directors, Sumitomo Wiring Systems, Ltd. Chairman of the Board, Sumitomo Electric Wiring Systems, Inc. Joint Representative Director, Kyungshin Co., Ltd.
※Nozomi Ushijima	Senior Managing Director General Manager, Advanced Materials Business Unit	Director, Sumitomo Electric Hardmetal Corp. Director, Sumitomo Electric Sintered Alloy, Ltd.
※Makoto Tani	Senior Managing Director Corporate Staff Group (Accounting, Finance, Information Systems, Procurement, Logistics Management)	
Junji Itoh	Managing Director General Manager, R&D Unit	

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 (Compliance & Risk Management, Legal, Administration, Tokyo Administration, Human Resources, Human Resources Development, Corporate Planning, Internal Auditing, Security Trade Control)	
Takahiro Nakano	Managing Director General Manager, Electric Wire & Cable, Energy Business Unit	
Akira Nishimura	Managing Director General Manager, Infocommunications Business Unit Electronics Group (Electronic Wire Division)	Director, MIRAIT Technologies Corporation Chairman, Sumitomo Electric Lightwave Corp.
○Hideo Hato	Managing Director Corporate Staff Group (Public Relations, Corporate Planning, Intellectual Property) Environment and Energy Group (Energy System Division) Infocommunications Group (Systems & Electronics Division)	
○Masaki Shirayama	Managing Director General Manager, Social Infrastructure Sales & Marketing Unit Sales Group (Sales Compliance, New Business Marketing and Promotion)	
Kazuo Hiramatsu	Director	Administrative Trustee, Kwansei Gakuin Director, Senshu Ikeda Holdings, Inc. Director, ShinMaywa Industries, Ltd. Audit & Supervisory Board Member, DAIDO LIFE INSURANCE COMPANY

Name	Position and Areas of Responsibility	Important Concurrent Post
Hiroshi Sato	Director	Senior Advisor, Kobe Steel, Ltd. Director, Sumitomo Dainippon Pharma Co., Ltd. Director, Nitto Denko Corporation
Satoru Ogura	Audit & Supervisory Board Member (full-time)	
○Akira Hayashi	Audit & Supervisory Board Member (full-time)	
Kan Hayashi	Audit & Supervisory Board Member	Certified public accountant
Katsuaki Watanabe	Audit & Supervisory Board Member	Advisor, Toyota Motor Corporation Director, Kyushu Financial Group, Inc.
Michiko Uehara	Audit & Supervisory Board Member	Attorney at law Audit & Supervisory Board Member, The Japan Wool Textile Co., Ltd

(Notes)

1. Directors marked with “※” are representative directors.
2. The persons marked with “○” were newly appointed as a Director or an Audit & Supervisory Board Member at the 147th General Meeting of the Shareholders held on June 28, 2017.
3. Among the Directors above, Mr. Kazuo Hiramatsu and Mr. Hiroshi Sato are not only outside directors under Article 2, Item 15 of the Companies Act, but also independent officers under the rules of Tokyo Stock Exchange, Inc., etc.
4. Among the Audit & Supervisory Board Members above, Mr. Kan Hayashi, Mr. Katsuaki Watanabe and Ms. Michiko Uehara 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.
5. Mr. Akira Hayashi, 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, has a distinguished level of knowledge of finance and accounting.
6. As of June 28, 2017, Mr. Atsushi Yano (Managing Director) resigned from his director position, and Mr. Hideaki Inayama (Audit & Supervisory Board Member (full-time)) resigned from his Audit & Supervisory Board Member position, each due to voluntary resignation.
Positions in parentheses are as of their resignations.

7. Transfer of positions and areas of responsibility of Directors after the last day of this fiscal year is as follows:

Name	Position after the change	Position before the change	Date of change
Hideo Hato	Managing Director Deputy General Manager, Automotive Business Unit (Systems & Electronics Division) Corporate Staff Group (Public Relations, Corporate Planning, Intellectual Property) Environment and Energy Group (Energy System Division)	Managing Director Corporate Staff Group (Public Relations, Corporate Planning, Intellectual Property) Environment and Energy Group (Energy System Division) Infocommunications Group (Systems & Electronics Division)	As of April 1, 2018

(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	957,590,000 yen
Audit & Supervisory Board Members	6	113,040,000 yen

(Notes)

- The number of officers above includes one Director and one Audit & Supervisory Board Member who resigned as of June 28, 2017.
- The amount of remuneration for Directors shown above includes the amount of a bonus payment of 300 million yen if a resolution regarding the payment of a bonus to the Directors is adopted as proposed at the 148th 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 Content	Relationship
Directors	Kazuo Hiramatsu	Administrative Trustee, Kwansei Gakuin	No particular relationship.
		Outside Director, Senshu Ikeda, Holdings Inc.	No particular relationship.
		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.
	Hiroshi Sato	Outside Director, Sumitomo Dainippon Pharma Co., Ltd.	No particular relationship.
		Outside Director, Nitto Denko Corporation	No particular relationship.
Audit & Supervisory Board Members	Katsuaki Watanabe	Outside Director, Kyushu Financial Group, Inc.	No particular relationship.
	Michiko Uehara	Outside Audit & Supervisory Board Member, The Japan Wool Textile Co., Ltd	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, 2018.

- (ii) Main activity status

Position	Name	Main Activity Status
Director	Kazuo Hiramatsu	He attended 11 out of 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 rich 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.
Director	Hiroshi Sato	He attended 12 out of 13 meetings of the Board of Directors held this fiscal year. He makes statements, as necessary, on corporate management in general, based on his rich experience and his extensive knowledge as a manager of a corporation with wide ranging business areas, such as involving materials like iron and steel, machines and energy. 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 Members	Kan Hayashi	He attended all 13 meetings of the Board of Directors and all 17 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 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.
	Katsuaki Watanabe	He attended 11 out of 13 meetings of the Board of Directors and 15 out of 17 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.
Audit & Supervisory Board Members	Michiko Uehara	She attended 12 out of 13 meetings of the Board of Directors and 16 out of 17 meetings of the Audit & Supervisory Board held this fiscal year. She makes statements, as necessary, mainly on business management, including risk management, measures responding to changes in global regulations and misconduct by other companies, and points of attention, etc. concerning corporate governance, based on her expertise and experience as an attorney at law and great insight into risk and crisis management, etc., including compliance by corporations. Furthermore, regarding compliance, she reviews and expresses opinions on internal control systems and specific measures in cooperation with other Audit & Supervisory Board Members, on a routine basis. Particularly, she 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.

(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.

Two Directors and three Audit & Supervisory Board Members: 90,660,000 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	163 million yen
(ii)	Total amount of money and other financial benefits to be paid by the Company and its subsidiaries	690 million yen

(Notes)

1. 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.
2. 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.
3. The Company pays to the Accounting Auditor compensation for services (i.e., guidance and advice related to investigation into financing of subsidiaries, etc.), other than the services set forth in Article 2, Paragraph 1 of the Certified Public Accountants Act.
4. 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 pressing issues such as cyber security that deals with the increase and sophistication of cyber-attacks, bribery prevention which is increasingly important in conjunction with global business development, management of confidential information and personal information, and legal, labor and tax issues, 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 Behavior, which elaborates the Sumitomo Spirit and the Corporate Philosophy, and the Code of Conduct, which provides the Group's common rules on compliance. 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 Code of Conduct; 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 suspicious activities, within the Group. Further, under the Compliance Committee, the Compliance & Risk Management 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 Behavior, which elaborates the Sumitomo Spirit and the Corporate Philosophy, to the Group companies, aiming to share with them the principles that 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. With respect to the notification and consultation desk for whistle-blowing, the Company guides each subsidiary to establish its own internal consultation desk, whereas the Company also maintains 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. Furthermore, the Internal Auditing Department shall act in cooperation with the Audit & Supervisory Board Members.

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 is proceeding with the development of a system corresponding to the EU General Data Protection Regulation regarding personal information management. Also, the Company strives to develop systems and reinforce its commitments through cooperation among relevant departments and divisions under the initiative of the Risk Management Committee, such as developing cyber security to deal with the increase and sophistication of cyber-attacks.

The Risk Management Committee and its secretariat, the Compliance & 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 Behavior through measures such as distributing booklets explaining those ideas, and awareness about compliance by distributing the Code of Conduct, established for adoption at all subsidiaries of the Group around the world, in place of the conventional Compliance Code of Conduct, 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 fiscal 2017, 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 of the Company, and managers of the Company and the subsidiaries while training regarding competition laws, among others, was offered to some of the subsidiaries 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 Compliance & Risk Management 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.

Regarding prevention of bribery, the Company provides education within the Group, including domestic and foreign subsidiaries, and the manager in charge of bribery prevention in each department or division operates systems such as a pre-approval system to providing business entertainment, among others, pursuant to the internal rules on bribery prevention.

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 Behavior to each subsidiary, aiming to share with them the principles that should be respected and complied with in the course of business operations.

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 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.

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.

Regarding commitments to risk management and compliance systems, such information 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, and guidance and support are conducted by the relevant Corporate Staff Group for each subsidiary. Also, 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.

(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 five 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 2017, 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. Furthermore, the Internal Auditing Department requests that the Audit & Supervisory Board Members attend report meetings regarding the results of audit in each division, department, etc. and hears the opinions of the Audit & Supervisory Board Members. It also acts in cooperation with the Audit & Supervisory Board Members through activities such as reporting and exchanging opinions concerning annual audit plans and its results.

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, 2018)

(Millions of yen)

Accounts	Amount	Accounts	Amount
(ASSETS)		(LIABILITIES)	
Current assets	1,445,119	Current liabilities	803,703
Cash and time deposits	178,918	Trade notes and accounts payable	367,297
Trade notes and accounts receivable	668,616	Short-term debt	186,931
Securities	2,065	Other current liabilities	249,475
Inventories	466,437	Non-current liabilities	449,514
Deferred tax assets	43,422	Bonds	74,805
Other current assets	88,277	Long-term debt	226,627
Allowance for doubtful receivables	(2,616)	Deferred tax liabilities	75,028
		Net defined benefit liabilities	54,661
		Other non-current liabilities	18,393
Non-current assets	1,572,184	Total liabilities	1,253,217
Property, plant and equipment	845,834	(NET ASSETS)	
Buildings and structures	273,231	Shareholders' equity	1,410,438
Machinery and equipment	376,445	Common stock	99,737
Land	88,461	Capital surplus	170,849
Construction in progress	51,705	Retained earnings	1,160,601
Other	55,992	Treasury stock	(20,749)
		Accumulated other comprehensive income	129,015
Intangible assets	49,115	Net unrealized holding gains on available-for-sale securities	86,251
		Deferred gains or losses on hedges	(230)
Investments and other assets	677,235	Foreign currency translation adjustments	238
Investment securities	478,761	Remeasurements of defined benefit plans	42,756
Net defined benefit assets	134,470		
Deferred tax assets	16,967	Non-controlling interests	224,633
Other	49,171		
Allowance for doubtful receivables	(2,134)	Total net assets	1,764,086
Total assets	3,017,303	Total liabilities and net assets	3,017,303

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

Consolidated Statement of Income

(From April 1, 2017 to March 31, 2018)

(Millions of yen)

Accounts	Amount	
Net sales		3,082,247
Cost of sales		2,507,434
Gross profit		574,813
Selling, general and administrative expenses		401,674
Operating income		173,139
Non-operating income		
Interest income	1,178	
Dividend income	4,023	
Share of profit of investments accounted for using the equity method	27,813	
Other income	10,105	43,119
Non-operating expenses		
Interest expenses	5,514	
Other expenses	15,734	21,248
Ordinary income		195,010
Extraordinary income		
Gain on sales of investment securities	13,506	13,506
Extraordinary losses		
Loss on disposal of property, plant and equipment	3,728	
Impairment loss on fixed assets	3,439	
Restructuring expenses	3,951	
Loss on overseas construction related accident	4,061	15,179
Profit before income taxes		193,337
Income taxes - current	48,918	
Income taxes - deferred	4,431	53,349
Profit for the year		139,988
Profit attributable to non-controlling interests		19,660
Profit attributable to owners of the parent		120,328

(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, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period※	99,737	170,849	1,074,770	(20,736)	1,324,620
Changes of items during the period					
Cash dividends			(34,324)		(34,324)
Profit attributable to owners of the parent for the year			120,328		120,328
Purchases of treasury stock				(13)	(13)
Disposal of treasury stock		0		0	0
Change in scope of consolidation			(84)		(84)
Change in ownership interests arising from transactions with non-controlling shareholders			(89)		(89)
Net changes of items other than those in shareholders' equity					
Total changes of items during the period	—	0	85,831	(13)	85,818
Balance at end of current period	99,737	170,849	1,160,601	(20,749)	1,410,438

	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※	78,725	56	(9,019)	21,372	91,134	212,861	1,628,615
Changes of items during the period							
Cash dividends							(34,324)
Profit attributable to owners of the parent for the year							120,328
Purchases of treasury stock							(13)
Disposal of treasury stock							0
Changes in scope of consolidation							(84)
Change in ownership interests arising from transactions with non-controlling shareholder							(89)
Net changes of items other than those in shareholders' equity	7,526	(286)	9,257	21,384	37,881	11,772	49,653
Total changes of items during the period	7,526	(286)	9,257	21,384	37,881	11,772	135,471
Balance at end of current period	86,251	(230)	238	42,756	129,015	224,633	1,764,086

(Note 1) Balance at beginning of current period marked with “※” was adjusted to reflect the cumulative effects of changes in accounting policies. In light of this, after the retrospective application of the changes, the balance at beginning of current period increased by ¥13,396 million in retained earnings, ¥1,941 million in net unrealized holding gains on available-for-sale securities, ¥728 million in remeasurements of defined benefit plans and ¥1,785 million in non-controlling interests respectively, while decreased by ¥171 million in deferred gains or losses on hedges and ¥15,566 million in foreign currency translation adjustments respectively.

(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: 358 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.

7 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, 2018.

And 6 companies were excluded from the scope of consolidation as a result of merger 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 subsidiaries accounted for by the equity method: 2 companies

Affiliates accounted for by the equity method: 35 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 acquisition of shares from the fiscal year ended March 31, 2018.

And 1 affiliate was excluded from the scope of the equity method as a result of sales of shares.

(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 years of employees (mainly 5 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 years of employees (mainly 14 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.

2. Changes in Accounting Policies

Effective from the fiscal year ended March 31, 2018, the Company has applied “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements” (ASBJ PITF No. 18 revised on March 29, 2017) and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (ASBJ PITF No. 24 revised on March 29, 2017). The Company has made necessary adjustments in its consolidation procedures, utilizing the consolidated financial statements of a domestic consolidated subsidiary, Sumitomo Riko Co., Ltd., and a domestic affiliate, Sumitomo Rubber Industries, Ltd., which applied the designated IFRSs, according to the practical solution on “Unification of Accounting Policies of Foreign Subsidiaries, etc. in Consolidation Procedures.”

As a result, reflecting the cumulative effects to the beginning balance of net assets, the balance of retained earnings at beginning of the fiscal year ended March 31, 2018 on the consolidated statement of changes in net assets increased by ¥13,396 million.

3. Change in Accounting Estimate

Actuarial gains and losses were previously amortized mainly over 15 years. The Company has changed it to mainly over 14 years effective from the fiscal year ended March 31, 2018 due to a decrease in the average remaining service years of employees.

As a result, operating income, ordinary income and profit before income taxes for the fiscal year ended March 31, 2018 increased by ¥2,786 million, respectively.

4. Notes to Consolidated Balance Sheet

4-1. Assets pledged as collateral and liabilities secured by collateral

(1) Assets pledged as collateral

Property, plant and equipment	¥2,554 million
-------------------------------	----------------

(2) Liabilities secured by the above collateral

Short-term debt	¥ 377 million
Long-term debt	¥ 238 million
Total	¥ 615 million

4-2. Accumulated depreciation of property, plant and equipment ¥1,612,703 million

4-3. Guarantees

Debt guarantees and similar agreements

Tianjin SEI-Futong Optical Cable Co., Ltd.	¥1,907 million
--	----------------

Jiaxing SEI-Futong Optical fiber Co., Ltd.	¥1,501 million
--	----------------

Employees	¥ 302 million
-----------	---------------

Others	¥ 638 million
--------	---------------

Total	¥4,348 million
-------	----------------

4-4. Notes receivable discounted ¥2,177 million

Notes receivable endorsed	¥ 446 million
---------------------------	---------------

4-5. Inventories

Merchandise and finished goods	¥148,328 million
Work in process	¥160,647 million
Raw materials and supplies	¥157,462 million

4-6. Other

The Company is in negotiations with some automakers for compensation regarding violation of antitrust law in the Automotive segment.

5. Notes to Consolidated Statement of Income

(1) Restructuring expenses in Extraordinary losses are related to the reorganization of the business locations, to improve the efficiency of wiring harnesses business, etc. The major details are extra payment of retirement benefits of ¥2,121 million and loss on disposal of property, plant, and equipment of ¥682 million.

(2) Loss on overseas construction related accident in Extraordinary losses includes restoration cost relating to accident in which the laid cable was damaged by external factor in overseas high-voltage submarine power cables construction. Regarding insurance income and compensation for the accident, a portion of insurance income that is almost certain to be paid was recorded as income, but the remaining portions are not recorded because they are not certain to be paid at the present time.

6. Notes to Consolidated Statement of Changes in Net Assets

6-1. Type and number of shares issued and outstanding at the end of current fiscal year

Common stock 793,940,571 shares

6-2. 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 28, 2017	Common stock	17,942	23.00	March 31, 2017	June 29, 2017	Retained earnings
Board of Directors on November 7, 2017	Common stock	16,382	21.00	September 30, 2017	December 1, 2017	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 27, 2018	Common stock	19,502	25.00	March 31, 2018	June 28, 2018	Retained earnings

6-3. Significant Changes in amounts of Shareholders' equity

Effective from the fiscal year ended March 31, 2018, the Company has applied "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statement" (ASBJ PITF No.18 revised on March 29, 2017) and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (ASBJ PITF No.24 revised on March 29, 2017). The effect of these changes is described in "2. Changes in Accounting Policies."

7. Financial Instruments

7-1. 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 in accordance with their cash flow planning.

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

Operating receivables denominated in foreign currency are exposed to foreign exchange risks.

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.

7-2. Fair Value of Financial Instruments

The carrying amounts and fair values of the financial instruments on the consolidated balance sheet as of March 31, 2018 are set forth in the table below.

(Millions of yen)

	Carrying amount*	Fair value*	Difference
(1) Cash and time deposits	178,918	178,918	—
(2) Trade notes and accounts receivable	668,616	668,616	—
(3) Securities	2,065	2,065	—
(4) Investment securities	382,291	622,271	239,980
(5) Trade notes and accounts payable	(367,297)	(367,297)	—
(6) Short-term debt	(186,931)	(186,931)	—
(7) Bonds	(74,805)	(75,338)	533
(8) Long-term debt	(226,627)	(229,801)	3,174

*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 the fair value because of the short maturity.

(3) Securities

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

(6) Short-term debt

The carrying amount approximates the 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 ¥96,470 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.

8. Per Share Information

Net assets per share	¥1,973.95
Earnings per share	¥ 154.29