

**CONVOCAATION NOTICE OF
THE 149TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

May 30, 2019
Sumitomo Electric Industries, Ltd.

On May 30, 2019, Sumitomo Electric Industries, Ltd. (“SEI”) has sent a notice convening the 149th Ordinary General Meeting of Shareholders (the “Notice”) to its shareholders on record as of March 31, 2019. 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 149th 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 (<https://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

May 30, 2019

To the Shareholders

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

**CONVOCAION NOTICE OF
THE 149TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

We are pleased to hereby inform you that the 149th 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 20, 2019 (Thursday), after examining the Reference Document regarding the Ordinary General Meeting of Shareholders set out below.

1. **Date:** June 21, 2019 (Friday) at 10:00 a.m.
2. **Place:** "The Grand Ballroom" 2nd floor
The Ritz-Carlton, Osaka
5-25, Umeda 2-chome, Kita-ku, Osaka
3. **Purposes of the Meeting:**

Matters to be reported

1. Reporting on the Business Report, the Consolidated Financial Statements and the results of the examination of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the 149th fiscal year (from April 1, 2018 to March 31, 2019)
2. Reporting on the Non-Consolidated Financial Statements for the 149th fiscal year (from April 1, 2018 to March 31, 2019)

Matters to be resolved

- First item: Disposition of surplus
- Second item: Appointment of one (1) Director
- Third item: Appointment of two (2) Audit & Supervisory Board Members

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 (<https://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 (<https://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 149th 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-four yen (¥24) per share, which is the same as the interim dividend for this fiscal year. As a result, the dividend for this fiscal year, including the interim dividend (twenty-four yen (¥24)), is forty-eight yen (¥48) per share, which is two yen (¥2) per share more than that of the preceding fiscal year.

1. Matters concerning the year-end dividend

(1) Type of properties to be distributed:

Cash

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

Twenty-four yen (¥24) per ordinary share of the Company
Total amount of dividends: 18,721,991,568 yen

(3) Effective date of distribution of surplus:

June 24, 2019

2. Other matters concerning the disposition of surplus

Not applicable.

Second item: Appointment of one (1) Director

Director Mr. Makoto Tani will resign upon the closing of this Meeting. Approval is hereby requested for the appointment of one (1) Director to fill this vacancy.

The nominee for the office of Director is as follows:

Name (Birth Date)	Number of the Company Shares Owned
Nobuyuki Kobayashi (May 31, 1961) Newly appointed	5,000 shares
Career Summary, Position, Areas of Responsibility and Important Concurrent Post	
Apr. 1985 Joined the Company Jan. 2016 General Manager, Accounting Division Jun. 2016 Executive Officer Ditto (currently maintained)	
Reason Why the Company Nominates the Nominee as a Director	
He has abundant business experience at the Accounting and Finance Divisions 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 an Executive Officer and supervised the Finance Division 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, etc."	

Note: The nominee for the office of director has no business connections with the Company.

Third item: Appointment of two (2) Audit & Supervisory Board Members

The terms of office of Audit & Supervisory Board Member Mr. Satoru Ogura and Mr. Akira Hayashi will expire upon the closing of this Meeting. Approval is hereby requested for the appointment of two (2) Audit & Supervisory Board Members.

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.

Nominee Number	Name (Birth Date)	Number of the Company Shares Owned
1	Satoru Ogura (February 23, 1957)	8,900 shares
	Career Summary, Position and Important Concurrent Post	
	Apr. 1982	Joined the Company
	Apr. 2004	General Manager, Legal Department
	Jun. 2009	Executive Officer Deputy General Manager, Manufacturing Management & Engineering Unit Ditto
	Jun. 2010	Ditto General Manager, Competition Law Compliance Office
Jun. 2012	Executive Officer General Manager, Competition Law Compliance Office General Manager, Legal Department	
Jul. 2012	Executive Officer General Manager, Competition Law Compliance Office	
Jun. 2015	Audit & Supervisory Board Member (full-time)	
(currently maintained)		
Reason Why the Company Nominates the Nominee as an Audit & Supervisory Board Member		
He has abundant business experience at the Legal and Human Resources Divisions of the Company and the area of competition law compliance. The Company has selected him as a nominee for the office of Audit & Supervisory Board Member because he has served as a full-time Audit & Supervisory Board Member since June 2015, and the Company considers him to be qualified for the office of Audit & Supervisory Board Member in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member, etc."		

Nominee Number	Name (Birth Date)	Number of the Company Shares Owned
2	Akira Hayashi (June 30, 1958)	23,200 shares
	Career Summary, Position and Important Concurrent Post	
	Apr. 1981	Joined the Company
	Jul. 2009	General Manager, Internal Auditing Department
	May. 2011	General Manager, Accounting Division
Jan. 2016	General Manager	
Jun. 2017	Audit & Supervisory Board Member (full-time)	
(currently maintained)		
Reason Why the Company Nominates the Nominee as an Audit & Supervisory Board Member		
He has abundant business experience at the Finance and Accounting Divisions of the Company. The Company has selected him as a nominee for the office of Audit & Supervisory Board Member because he has served as a full-time Audit & Supervisory Board Member since June 2017, and the Company considers him to be qualified for the office of Audit & Supervisory Board Member in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member, etc."		

Note:

Each of the nominees for the office of Audit & Supervisory Board Member has no business connections with the Company.

[Reference Information]

The "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member, etc." 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. If a Director is found to be in material breach of compliance with the laws and regulations or the Articles of Incorporation, or it is otherwise determined that he/she is not able to appropriately fulfill his/her role or responsibility as a Director, the submission of an agenda for dismissal to the meeting of shareholders may be deliberated, depending on the circumstances.
4. 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.
5. The Nominating Advisory Committee will deliberate the candidates for Directors and Audit & Supervisory Board Members and the submission of an agenda regarding the dismissal of a

Director to the meeting of shareholders, and the Board of Directors will decide them 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 240 million yen (¥240,000,000) for ten (10) Directors other than the three (3) Outside Directors among the thirteen (13) Directors in all, as of the end of this fiscal year.

(Translation)

(Attachment)

BUSINESS REPORT
(from April 1, 2018 to March 31, 2019)

1. Matters Concerning Current Status of Corporate Group

(1) Progression of Business and its Results

The Japanese economy in the first half of this fiscal year has shown stable growth due to the support of domestic demand mainly from a favorable employment environment and capital expenditure; however, due to slowdown of the economy in China and Europe, exports and production developed weakly in the second half. Regarding the world economy, signs of refraining from consumption and investment due to trade confliction between the U.S. and China and uncertainty of the outlook of the economy in China affected the economy in other countries, resulting in the eventual strengthening of the gradual slowdown trend.

Regarding the business environment for the Sumitomo Electric Group, the first half generally showed steady growth; however, the decrease in production of automobiles in China and Europe has become prominent since the second half of last year, and the situation became increasingly tough due to the worldwide underperformance of smartphone sales and a fade in demand in some parts of the cemented carbide tools markets. In this environment, the consolidated financial settlement for this fiscal year secured revenue increase from the previous fiscal year, as net sales amounted to 3,177,985 million yen (preceding fiscal year: 3,082,247 million yen, +3.1%); however, in respect of profits, despite proceeding with global cost reductions, due to price reductions in the automobile industry and factors that increase costs such as additional duties between the U.S. and China, in addition to an increase in research and development costs for the future, operating income was 166,260 million yen (preceding fiscal year: 173,139 million yen, -4.0%), ordinary income was 188,649 million yen (preceding fiscal year: 195,010 million yen, -3.3%), and the profit attributable to owners of the parent was 118,063 million yen (preceding fiscal year: 120,328 million yen, -1.9%), each of which shows a decrease in profit.

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

(i) The Automotive segment

Through proactively proceeding with marketing for wiring harnesses, car electronic components, and anti-vibration rubbers, net sales increased 77,474 million yen (4.7%) to 1,709,426 million yen. Operating income decreased 12,136 million yen to 84,669 million yen due to factors such as additional duties between the U.S. and China and deterioration in profitability of anti-vibration rubber products, in addition to a price decline and increase in research and development costs for the future.

(ii) The Infocommunications segment

Net sales decreased 11,906 million yen (5.4%) to 208,420 million yen due to the effects of transferring the responsibility of some of the business to other segments, despite proceeding with marketing optical fiber cables, among others. Operating income decreased 2,205 million yen to 16,398 million yen due to factors such as a price decline caused by intensified competition, despite proceeding with cost reductions by improving productivity.

(iii) The Electronics segment

Net sales decreased 17,386 million yen (7.1%) to 228,933 million yen despite proceeding with the marketing of electronic wires and irradiation tubes, due to decrease of FPCs (flexible printed circuits) for mobile devices, and so on. Operating income increased 1,606 million yen to 7,016 million yen, due to improvement in the profit margin through striving for thorough cost reductions.

(iv) The Environment and Energy segment

Net sales increased 41,814 million yen (5.8%) to 759,786 million yen, due to an increase in requests for electrical works at Sumitomo Densetsu Co., Ltd. and so on, in addition to proceeding with marketing electrical wires and (power) cables. Operating income increased 5,942 million yen to 30,062 million yen.

(v) The Industrial Materials segment and Others

Due to proceeding with the marketing of products, mainly cemented carbide tools, net sales increased 14,698 million yen (4.3%) to 357,824 million yen. Operating income increased 22 million yen to 28,193 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	1,631,952	96,805	1,709,426	84,669
Infocommunications	220,326	18,603	208,420	16,398
Electronics	246,319	5,410	228,933	7,016
Environment and Energy	717,972	24,120	759,786	30,062
Industrial Materials and Others	343,126	28,171	357,824	28,193
Elimination of Intersegment Transactions, etc.	(77,448)	30	(86,404)	(78)
Total	3,082,247	173,139	3,177,985	166,260

(2) Conditions of Capital Expenditure

The total amount of capital expenditure for this fiscal year was 190.3 billion yen. The following list shows the breakdown of capital expenditure by segment.

Segment	Amount of Capital Expenditure (billions of yen)	Main Content of Capital Expenditure
Automotive	91.0	Increased production of and rationalization investment in wiring harnesses and anti-vibration rubbers

Segment	Amount of Capital Expenditure (billions of yen)	Main Content of Capital Expenditure
Infocommunications	18.7	Increased production of and rationalization investment in optical/wireless devices and optical fiber cables
Electronics	19.2	Increased production of and rationalization investment in FPCs and electronic wires
Environment and Energy	29.6	Increased production of and rationalization investment in power system equipment and magnet wires
Industrial Materials and Others	31.8	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 48.5 billion yen and through other means. The purpose of such fund-raising was allocation to repayment of long-term borrowings and equipment funds, etc.

(4) Key Issues Requiring Attention

The global economy hereafter, is unpredictable due to the effects of U.S. trade policy and the outlook of the Chinese economy, political and geopolitical risks in Europe and Asia, and so on; therefore, there is concern that the environment for the company will become tougher, depending on the tendencies of those factors, in economic circumstances. Regarding the Japanese economy, there is concern that the sluggish export and production levels will be prolonged along with the slowdown in the overseas economy; 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 and deepening of “S” (Safety), “E” (Environment), “Q” (Quality), “C” (Cost), “D”(Delivery), and “D” (Development). Also, we are pursuing the following strategies in each of our business segments for the realization of “VISION 2022”, the mid-term management plan starting from 2018 with a concept of “Contributing to a better society by leveraging our expertise in connectivity and transmission technologies through concerted efforts of the entire group” aiming to become a “Glorious Excellent Company.”

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 various kinds of products designed for electric vehicles such as high-voltage wiring harnesses and battery-related parts, 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. In addition, the Group will strive to further expand its market share for overseas customers and anticipate the popularization of electric vehicles, automated driving, and connected cars, and work to further expand its business. Sumitomo Riko Company Limited is endeavoring to market globally, in the field of automotive anti-vibration rubbers and hoses and make efforts for early recovery of profitability, and is also working on developing new products for the next-generation vehicles.

In the Infocommunications segment, 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 and the development of a fifth-generation mobile

communications system, and strive for further cost reduction to enhance competitiveness. In addition, we will endeavor to further improve profitability, focusing on marketing extra low loss fibers for submarine cables and products related to data centers such as ultra-high-fiber-count optical fiber cables and optical wiring products, and marketing new products such as access-based network products and new 4K compatible video distribution equipment.

In the Electronics segment, with regard to FPCs for mobile devices, we will continue to focus on global marketing, in addition to cost reductions through thorough productivity improvement. Further, we will work to ensure the launch of new products that respond to the customers' needs such as being 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 capturing the various needs of high-performance cables, components and materials, and continue to proceed with global marketing.

In the Environment and Energy segment, we will further proceed with ensuring production capacity and cost reductions by strengthening the manufacturing organization of power cables, and strive to expand our business through ensuring capture of new large-scale power cable projects overseas and the demands in the renewal of domestic facilities. In addition, other than the above, we will proceed with 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, in addition to the main automotive field, we will proceed with global marketing in the field of industrial machinery and construction machinery, and electronics; further, we will strengthen development and marketing of new products for the machining of difficult-to-cut materials for the fields of aircrafts and medical care. Furthermore, we will work to further strengthen the supply capacity and cost competitiveness of sintered components in each production base, and continue to focus on the strengthening of the 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 commercialization of magnesium alloy products, water-treatment systems, superconducting products, SiC (silicon carbide) power semiconductor devices and products for next-generation communication networks, and 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. Also, 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.

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 from now on, under the principles of the Sumitomo Spirit, which values doing your sincere best, not only in business but also in every aspect of your life, placing importance on integrity, and not acting rashly or carelessly in pursuit of easy gains, we will make all efforts to ensure that all corporate activities are conducted fairly and honestly and can be trusted by society. In addition, we consider that the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles

* 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.

share common core values with the SDGs (Sustainable Development Goals) adopted at a UN summit in 2015; the Group aims to provide various values in order to realize “A safe and secure society,” “A green society” and “A comfortable and viable society” through concerted efforts.

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	FY2014	FY2015	FY2016	FY2017	FY2018 (this fiscal year)
Net Sales (millions of yen)	2,822,811	2,933,089	2,814,483	3,082,247	3,177,985
Operating Income (millions of yen)	134,457	143,476	150,503	173,139	166,260
Ordinary Income (millions of yen)	160,597	165,658	173,872	195,010	188,649
Profit Attributable to Owners of the Parent (millions of yen)	119,771	91,001	107,562	120,328	118,063
Earnings per Share (yen)	151.00	114.73	137.61	154.29	151.38
Net Assets (millions of yen)	1,646,913	1,561,289	1,628,615	1,764,086	1,776,313
Total Assets (millions of yen)	2,925,785	2,742,848	2,907,292	2,999,903	3,053,263

(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.
- We have adopted “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan Statement No. 28, February 16, 2018), etc. from the beginning of FY2018; therefore, with respect to FY2017, we have retrospectively adopted the Amendments to Accounting Standard, etc. on those figures.
- With respect to FY2015, as demand for automotive wiring harnesses and anti-vibration rubber was 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 had 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.

6. With respect to FY2018, please see “(1) Progression of Business and its Results” above.

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

Year Entry	FY2014	FY2015	FY2016	FY2017	FY2018 (this fiscal year)
Net Sales (millions of yen)	910,657	928,976	901,892	1,084,165	1,142,621
Operating Income (millions of yen)	(2,063)	(1,414)	(924)	12,714	16,921
Ordinary Income (millions of yen)	34,288	44,392	49,367	65,523	65,847
Profit for the year (millions of yen)	105,911	22,390	42,737	61,357	71,147
Earnings per Share (yen)	133.50	28.22	54.66	78.65	91.20
Net Assets (millions of yen)	722,905	707,504	707,105	739,165	783,028
Total Assets (millions of yen)	1,180,671	1,220,413	1,237,498	1,288,934	1,351,028

(Notes)

- Earnings per share is computed based on the weighted average number of shares of common stock outstanding during each period.
- We have adopted “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan Statement No. 28, February 16, 2018), etc. from the beginning of FY2018; therefore, with respect to FY2017, we have retrospectively adopted the Amendments to Accounting Standard, etc. on those figures.

(6) Content of Main Businesses (as of March 31, 2019)

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 and network system products such as traffic control
Infocommunications	Optical fiber cables, telecommunication cables and equipment, fusion splicers, optical/wireless devices such as optical transceiver modules/wireless communication devices, compound semiconductors, access network equipment (GE-PON/set-top box/CATV-related products, etc.)
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, 2019)

(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 Limited	Nagoya City
Nissin Electric Co., Ltd.	Kyoto City
Sumitomo Electric Hardmetal Corp.	Itami City, Hyogo Prefecture
J-Power Systems Corporation	Hitachi City, Ibaraki Prefecture
Sumitomo Densetsu Co., Ltd.	Osaka City
Sumitomo (SEI) Steel Wire Corp.	Itami City, Hyogo Prefecture
Sumitomo Electric Sintered Alloy, Ltd.	Takahashi City, Okayama Prefecture
Sumitomo Electric Wintec, Inc.	Koka City, Shiga Prefecture
Sumiden Hitachi Cable Ltd.	Osaka City

(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.
Sumitomo Electric Bordnetze SE	Germany

Company Name	Location
SEWS-CABIND S.p.A.	Italy
PT. Sumiden Serasi Wire Products	Indonesia
PT. Karya Sumiden Indonesia	Indonesia
PT SUMITOMO ELECTRIC WINTEC 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
TECHNO ASSOCIE Co., Ltd.	Osaka City

(8) Employee Situation (as of March 31, 2019)

(i) Employee Situation of Corporate Group

Segment	Number of Employees	Increase from March 31, 2018
Automotive	214,345	18,168
Infocommunications	6,771	(447)
Electronics	21,995	(1,534)
Environment and Energy	14,059	408
Industrial Materials and Others	15,626	1,068
Total	272,796	17,663

(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, 2018	Average age	Average Length of Service (Years)
5,377	277	41.8	16.9

(Note) "Number of Employees" does not include the 6,266 employees of the Company who are dispatched to companies other than the Company.

(9) Status of Important Subsidiaries and Affiliates (as of March 31, 2019)

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 Limited	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.
Sumitomo Electric Hardmetal Corp.	JPY 10,000 Million	100.00	Manufacture and sales of cemented carbide tools, diamond and CBN tools, etc.
J-Power Systems Corporation	JPY 8,000 Million	100.00	Manufacture and sales of power transmission wires/cables
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 (SEI) Steel Wire Corp.	JPY 4,500 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 Sintered Alloy, Ltd.	JPY 3,004 Million	100.00	Manufacture and sales of sintered powder metal parts
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.
JUDD Wire, Inc. <U.S.A.>	USD 40,000 Thousand	100.00 (100.00)	Manufacture and sales of electronic wires

Company Name	Capital	Shareholding	Main Business
Sumidense do Brasil Industrias Eletricas Ltda. <Brazil>	BRL 162,921 Thousand	% 100.00 (60.72)	Manufacture and sales of automotive wiring harnesses
Sumitomo Electric Wiring Systems (Europe) Limited <U.K.>	EUR 84,024 Thousand	100.00 (40.00)	Manufacture and sales of automotive wiring harnesses 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 (0.00)	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 SUMITOMO ELECTRIC WINTEC INDONESIA <Indonesia>	USD 35,000 Thousand	100.00	Manufacture and sales of magnet wires
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
Sumidense Mediatech Suzhou Co., Ltd. <China>	RMB 347,585 Thousand	100.00 (100.00)	Manufacture and sales of automotive wiring harnesses
Sumitomo Electric Interconnect Products (Suzhou), Ltd. <China>	RMB 338,299 Thousand	100.00	Manufacture and sales of electronic wires
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

Company Name	Capital	Shareholding	Main Business
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 100,000 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.
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.

- (i) As of June 29, 2018, the Company has transferred 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.
- (ii) As of November 2, 2018, the Company sold part of the shares it owned in MIRAIT Holdings Corporation, an associate accounted for using the equity method; therefore, MIRAIT Holdings Corporation was excluded from the Company’s scope of the equity method.
- (iii) At the Company’s Board of Directors meeting held on December 21, 2018, it was resolved that it would merge with Sumitomo (SEI) Steel Wire Corp. by absorption on April 1, 2019 (said absorption-type merger has been conducted as of April 1, 2019).

(11) Major Lenders (As of March 31, 2019)

Lenders	Balance of Borrowings
	millions of yen
Sumitomo Mitsui Banking Corporation	77,826
The Norinchukin Bank	50,386
MUFG Bank, Ltd.	43,924
Sumitomo Mitsui Trust Bank, Limited	40,705
Mizuho Bank, Ltd.	24,822
Development Bank of Japan Inc.	21,000
The Mie Bank, Ltd.	19,100
The Hyakugo Bank, Ltd.	16,000

(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 144,379 million yen.

(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, 2019)

(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

59,884 persons (compared with the end of preceding fiscal year: increase of 372 persons)

(5) Largest Shareholders (top 10 shareholders)

Name of the Shareholder	Number of Shares Held	Shareholding Percentage
	in thousands of shares	%
The Master Trust Bank of Japan, Ltd. (trust account)	60,928	7.81
Japan Trustee Services Bank, Ltd. (trust account)	58,646	7.52
Nippon Life Insurance Company	24,703	3.17
JP MORGAN CHASE BANK 385151	16,231	2.08
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	15,929	2.04
SUMITOMO LIFE INSURANCE COMPANY	15,556	1.99
Japan Trustee Services Bank, Ltd. (trust account 5)	14,505	1.86
Japan Trustee Services Bank, Ltd. (trust account 4)	11,948	1.53
STATE STREET BANK WEST CLIENT - TREATY 505234	11,700	1.50
STATE STREET BANK AND TRUST COMPANY 505225	11,101	1.42
	in thousands of shares	%
Total	241,252	30.93

(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 13,857,589 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, 2019)

Name	Position and Areas of Responsibility	Important Concurrent Post
※Masayoshi Matsumoto	Chairman of the Board of Directors	Chairman, Kansai Economic Federation
※Osamu Inoue	President	
※Mitsuo Nishida	Executive Vice President General Manager, Manufacturing Management & Engineering Unit General Manager, Automotive Business Unit	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)	Director, Sumitomo Rubber Industries, Ltd.
※Yoshitomo Kasui	Senior 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)	
Junji Itoh	Managing Director General Manager, R&D Unit	
Akira Nishimura	Managing Director General Manager, Infocommunications Business Unit Electronics Group (Electronic Wire Division)	Director, MIRAIT Technologies Corporation Chairman, Sumitomo Electric Lightwave Corp.

Name	Position and Areas of Responsibility	Important Concurrent Post
Hideo Hato	Managing Director General Manager, New Business Development Unit 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)	
Masaki Shirayama	Managing Director General Manager, Electric Wire & Cable, Energy Business	
Hiroshi Sato	Director	Advisor, Kobe Steel, Ltd.
○Michihiro Tsuchiya	Director	Senior Advisor, Mitsubishi Tanabe Pharma Corporation
○Christina Ahmadjian	Director	Professor, Graduate School of Business Administration, Hitotsubashi University Director, Japan Exchange Group, Inc. Director, Mitsubishi Heavy Industries, Ltd. Director, Asahi Group Holdings, Ltd.
Satoru Ogura	Audit & Supervisory Board Member (full-time)	
Akira Hayashi	Audit & Supervisory Board Member (full-time)	
Katsuaki Watanabe	Audit & Supervisory Board Member	Director, Kyushu Financial Group, Inc.
Michiko Uehara	Audit & Supervisory Board Member	Attorney at law Audit & Supervisory Board Member, The Japan Wool Textile Co., Ltd
○Ikuo Yoshikawa	Audit & Supervisory Board Member	Certified public accountant Audit & Supervisory Board Member, Konishi 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 148th General Meeting of the Shareholders held on June 27, 2018.

3. Among the Directors above, Mr. Hiroshi Sato, Mr. Michihiro Tsuchiya and Ms. Christina Ahmadjian 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. Katsuaki Watanabe, Ms. Michiko Uehara and Mr. Ikuo Yoshikawa 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. Ikuo Yoshikawa, 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 27, 2018, Mr. Fumikiyo Uchioke (Executive Vice President), Mr. Takahiro Nakano (Managing Director) and Mr. Kazuo Hiramatsu (Director) resigned from their director positions, and Mr. Kan Hayashi (Audit & Supervisory Board Member) resigned from his Audit & Supervisory Board Member position, each due to expiration of their terms of office.
Positions in parentheses are as of their resignations.

(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	16	882,900,000 yen
Audit & Supervisory Board Members	6	111,600,000 yen

(Notes)

1. The number of officers above includes three Directors and one Audit & Supervisory Board Member who resigned as of June 27, 2018.
2. The amount of remuneration for Directors shown above includes the amount of a bonus payment of 240 million yen if a resolution regarding the payment of a bonus to the Directors is adopted as proposed at the 149th General Meeting of the Shareholders.

- (ii) Policy for Determining Remuneration, etc.

Remuneration for Directors is composed of monthly remuneration and bonus.

Regarding monthly remuneration, a monthly remuneration table for each post is set based on each post's role and degree of responsibility as well as on the extent of his/her contribution to the Company's performance, after ensuring the objectivity of the standards of remuneration by utilizing third party analysis of officers' remuneration covering corporations similar to the Company in areas such as the business contents and scale. The amount in the table adopted for each person is determined upon consideration of the Director's role, degree of responsibility, scale, complexity and difficulty of the area of which the Director is in charge as well as on the extent of his/her contribution to the Company's performance also with a mid- and long-term perspective. The total amount of monthly remuneration for Directors is determined within the framework of the remuneration amount resolved at the shareholders' meeting.

The Directors' bonuses shall be performance-based bonuses, and their total amount 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, after ensuring the objectivity of the standards of remuneration by utilizing third party analysis of officers' remuneration covering corporations similar to the Company in

areas such as the business contents and scale. 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 his/her contribution to the Company's performance of each fiscal year.

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.

(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
Director	Christina Ahmadjian	Professor, Graduate School of Business Administration, Hitotsubashi University	No particular relationship.
		Outside Director, Japan Exchange Group, Inc.	No particular relationship.
		Outside Director, Mitsubishi Heavy Industries, Ltd.	No particular relationship.
		Outside Director, Asahi Group Holdings, Ltd.	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.
	Ikuo Yoshikawa	Outside Audit & Supervisory Board Member, Konishi 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, 2019.

- (ii) Main activity status

Position	Name	Main Activity Status
Director	Hiroshi Sato	He attended all 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.
Director	Michihiro Tsuchiya	After he assumed the office of Director as of June 27, 2018, he attended all 10 meetings of the Board of Directors held by the end of 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 developing global business activities. 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.
	Christina Ahmadjian	After she assumed the office of Director as of June 27, 2018, she attended 8 out of 10 meetings of the Board of Directors held by the end of this fiscal year. She makes statements, as necessary, on corporate management in general, based on her extensive knowledge as a professor of a university whose main research fields are corporate management and corporate governance and global perspective. Furthermore, regarding compliance, she 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, she 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	Katsuaki Watanabe	He attended all 13 meetings of the Board of Directors and 15 out of 16 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 all 13 meetings of the Board of Directors and all 16 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.
	Ikuo Yoshikawa	He attended all 10 meetings of the Board of Directors and all 12 meetings of the Audit & Supervisory Board held by the end of this fiscal year after being appointed as an Audit & Supervisory Board Member as of June 27, 2018. He makes statements, as necessary, mainly on business management, including risk management, measures responding to changes in global regulations, etc. and 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 extensive knowledge as a professor of a university whose main research field is accountancy. 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.

(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.

Four Directors and four Audit & Supervisory Board Members: 104,100,000 yen

(Note) The number of officers above includes one Director and one Audit & Supervisory Board Member who resigned as of June 27, 2018.

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	161 million yen
(ii)	Total amount of money and other financial benefits to be paid by the Company and its subsidiaries	761 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 formulation of accounting standards of the group, 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 arranging a system corresponding to the EU General Data Protection Regulation regarding personal information management. Also, the Company strives to reinforce development of cyber security through cooperation among relevant departments and divisions under the initiative of the Risk Management Committee 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 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 2018, 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, it was offered to officers, those who were promoted, and new employees of the Company, and managers of the Company and the subsidiaries.

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 two dedicated staff members and four members who hold posts concurrently elsewhere to such tasks (the “staff of Office of Audit & Supervisory Board Members”). The Office of Audit & Supervisory Board Members does not fall under the responsibility of any Directors, etc. in terms of the organization, and the staff of Office of Audit & Supervisory Board Members must follow the instructions of the Audit & Supervisory Board Members. Regarding personnel transfer and personnel evaluation of the staff of Office of Audit & Supervisory Board Members, the Company hears the opinions of the Audit & Supervisory Board Members.

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

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

The Directors and the senior managers of the departments or divisions hold meetings upon request from the Audit & Supervisory Board Members and are interviewed about matters necessary for audits. In fiscal 2018, 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, 2019)

(Millions of yen)

Accounts	Amount	Accounts	Amount
(ASSETS)		(LIABILITIES)	
Current assets	1,513,640	Current liabilities	880,751
Cash and time deposits	167,225	Trade notes and accounts payable	379,844
Trade notes and accounts receivable	708,617	Short-term debt	248,583
Securities	2,084	Other current liabilities	252,324
Inventories	528,789	Non-current liabilities	396,199
Other current assets	108,534	Bonds	74,828
Allowance for doubtful receivables	(1,609)	Long-term debt	213,330
		Deferred tax liabilities	36,690
		Net defined benefit liabilities	55,867
Non-current assets	1,539,623	Other non-current liabilities	15,484
Property, plant and equipment	885,823	Total liabilities	1,276,950
Buildings and structures	278,473	(NET ASSETS)	
Machinery and equipment	405,266	Shareholders' equity	1,466,063
Land	89,229	Common stock	99,737
Construction in progress	52,747	Capital surplus	170,868
Other	60,108	Retained earnings	1,216,207
		Treasury stock	(20,749)
Intangible assets	40,695	Accumulated other comprehensive income	84,820
		Net unrealized holding gains on available-for-sale securities	83,430
Investments and other assets	613,105	Deferred gains or losses on hedges	(128)
Investment securities	446,559	Foreign currency translation adjustments	(13,927)
Net defined benefit assets	87,569	Remeasurements of defined benefit plans	15,445
Deferred tax assets	33,382	Non-controlling interests	225,430
Other	47,822	Total net assets	1,776,313
Allowance for doubtful receivables	(2,227)	Total liabilities and net assets	3,053,263
Total assets	3,053,263		

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

Consolidated Statement of Income

(From April 1, 2018 to March 31, 2019)

(Millions of yen)

Accounts	Amount	
Net sales		3,177,985
Cost of sales		2,593,363
Gross profit		584,622
Selling, general and administrative expenses		418,362
Operating income		166,260
Non-operating income		
Interest income	1,192	
Dividend income	4,609	
Share of profit of investments accounted for using the equity method	25,051	
Other income	14,423	45,275
Non-operating expenses		
Interest expenses	6,897	
Other expenses	15,989	22,886
Ordinary income		188,649
Extraordinary income		
Gain on return of assets from retirement benefit trust	8,905	8,905
Extraordinary losses		
Loss on disposal of property, plant and equipment	3,094	
Impairment loss on fixed assets	10,715	
Restructuring expenses	2,357	16,166
Profit before income taxes		181,388
Income taxes - current	51,118	
Income taxes - deferred	63	51,181
Profit for the year		130,207
Profit attributable to non-controlling interests		12,144
Profit attributable to owners of the parent		118,063

(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, 2018 to March 31, 2019)

(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	1,160,601	(20,749)	1,410,438
Changes of items during the period					
Cash dividends			(38,224)		(38,224)
Profit attributable to owners of the parent for the year			118,063		118,063
Purchases of treasury stock				(3)	(3)
Disposal of treasury stock		(0)		3	3
Change of scope of consolidation			(299)		(299)
Change of scope of equity method			(23,934)		(23,934)
Change in ownership interests arising from transactions with non-controlling shareholders		19			19
Net changes of items other than those in shareholders' equity					
Total changes of items during the period	—	19	55,606	0	55,625
Balance at end of current period	99,737	170,868	1,216,207	(20,749)	1,466,063

	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	86,251	(230)	238	42,756	129,015	224,633	1,764,086
Changes of items during the period							
Cash dividends							(38,224)
Profit attributable to owners of the parent for the year							118,063
Purchases of treasury stock							(3)
Disposal of treasury stock							3
Change of scope of consolidation							(299)
Change of scope of equity method							(23,934)
Change in ownership interests arising from transactions with non-controlling shareholders							19
Net changes of items other than those in shareholders' equity	(2,821)	102	(14,165)	(27,311)	(44,195)	797	(43,398)
Total changes of items during the period	(2,821)	102	(14,165)	(27,311)	(44,195)	797	12,227
Balance at end of current period	83,430	(128)	(13,927)	15,445	84,820	225,430	1,776,313

(Note) 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: 357 companies

Major consolidated subsidiaries

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

3 companies were newly included in the scope of consolidation as a result of acquisition of shares, establishment or increase in materiality from the fiscal year ended March 31, 2019. And 4 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: 31 companies

Major companies accounted for by the equity method

Sumitomo Rubber Industries, Ltd., and TECHNO ASSOCIE Co., Ltd.

4 affiliates were excluded from the scope of the equity method; MIRAIT Holdings Corporation was excluded as a result of the sale of some of shares held by Sumitomo Electric Industries, Ltd. (the "Company").

(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

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) 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.

(b) Accounting for consumption taxes

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

(c) Adoption of consolidated taxation system

The Company and its wholly owned domestic consolidated subsidiaries have adopted the consolidated taxation system.

2. Changes in Presentation

The “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) has been adopted from the beginning of the fiscal year ended March 31, 2019. As a result, deferred tax assets are presented under investments and other assets, and deferred tax liabilities are presented under non-current liabilities.

3. Notes to Consolidated Balance Sheet

3-1. Assets pledged as collateral and liabilities secured by collateral

(1) Assets pledged as collateral

Property, plant and equipment	¥2,370 million
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(2) Liabilities secured by the above collateral

Short-term debt	¥ 483 million
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Long-term debt	¥ 124 million
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Total	¥ 607 million
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3-2. Accumulated depreciation of property, plant and equipment ¥1,678,179 million

3-3. Guarantees

Debt guarantees and similar agreements

Jiaying SEI-Futong Optical Fiber Co., Ltd.	¥1,895 million
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Daeheung SumiRiko Rubber Material (Yancheng) Co., Ltd.	¥ 857 million
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Employees	¥ 236 million
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Others	¥ 296 million
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Total	¥3,284 million
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3-4. Notes receivable endorsed ¥677 million

3-5. Inventories

Merchandise and finished goods	¥162,318 million
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Work in process	¥181,055 million
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Raw materials and supplies	¥185,416 million
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3-6. Other

The Company is in negotiations with some automakers for damages regarding violation of competition law by it in the automotive segment.

4. Notes to Consolidated Statement of Income

(1) Gain on return of assets from retirement benefit trust in extraordinary income are gains resulting from amortization of unrecognized actuarial gains and losses related to the return of a portion of retirement benefit trust of the Company and its consolidated subsidiary.

(2) Restructuring expenses in extraordinary losses are related to the closure of some products, etc, to improve the efficiency of optical devices business, etc. The major details are impairment loss of ¥1,164 million and loss on revaluation of inventories of ¥578 million.

5. Notes to Consolidated Statement of Changes in Net Assets

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

Common stock 793,940,571 shares

5-2. Dividend Information

(1) Dividends paid

Resolution	Type of shares	Total amount (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Resources of dividends
Shareholders' meeting on June 27, 2018	Common stock	19,502	25.00	March 31, 2018	June 28, 2018	Retained earnings
Board of Directors on November 1, 2018	Common stock	18,722	24.00	September 30, 2018	December 3, 2018	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 21, 2019	Common stock	18,722	24.00	March 31, 2019	June 24, 2019	Retained earnings

6. Financial Instruments

6-1. Qualitative Information on Financial Instruments

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

6-2. Fair Value of Financial Instruments

The carrying amounts and fair values of the financial instruments on the consolidated balance sheet as of March 31, 2019 are set forth in the table below.

(Millions of yen)

	Carrying amount*	Fair value*	Difference
(1) Cash and time deposits	167,225	167,225	—
(2) Trade notes and accounts receivable	708,617	708,617	—
(3) Securities	2,084	2,084	—
(4) Investment securities	349,505	464,668	115,163
(5) Trade notes and accounts payable	(379,844)	(379,844)	—
(6) Short-term debt	(248,583)	(248,583)	—
(7) Bonds	(74,828)	(75,966)	1,138
(8) Long-term debt	(213,330)	(216,805)	3,475

*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 ¥97,054 million) are not included in “(4) Investment securities,” because they do not have quoted market values and their future cash flows cannot be estimated, therefore, their fair value is hard to determine.

7. Per Share Information

Net assets per share	¥1,988.58
Earnings per share	¥ 151.38

(Translation)

(Announcement)

The Company resolved, at its Board of Directors meeting held on May 10, 2019, to acquire ordinary shares of TECHNO ASSOCIE Co., Ltd., an associate accounted for using the equity method, by means of a tender offer, in order to make the company a consolidated subsidiary of the Company. A summary, etc. of the tender offer is as follows:

(1) Conditions to the Tender Offer

The tender offer will be implemented if the following conditions are satisfied (or if the Company waives these conditions to the tender offer): necessary procedures and actions required under domestic and foreign competition laws have been completed; the Board of Directors of TECHNO ASSOCIE Co., Ltd. has duly and validly approved expressing its opinion supporting the tender offer, and has made a public announcement to that effect; and no event that would have a material adverse effect on the financial position of TECHNO ASSOCIE Co., Ltd. has occurred.

(2) Schedule, Etc.

The Company aims to commence the tender offer by August 2019, when the necessary procedures and actions required under domestic and foreign competition laws will be completed. In addition, the tender offer period shall be for 20 business days, in principle.

(3) Number of Share Certificates, Etc. to Be Purchased

Number of share certificates, etc. to be purchased	2,734,100 shares
Minimum number of share certificates, etc. to be purchased	— shares
Maximum number of share certificates, etc. to be purchased	2,734,100 shares

(Note) If the total number of tendered share certificates, etc. is equal to or less than the number of share certificates, etc. to be purchased (2,734,100 shares), the Company will purchase all of the tendered share certificates, etc. If the total number of tendered share certificates, etc. exceeds the maximum number of the share certificates, etc. to be purchased (2,734,100 shares), the Company will not purchase all or any part of that excess amount, and will implement the delivery and other settlement for purchasing share certificates, etc. on a pro rata basis as provided for in Article 27-13, Paragraph 5 of the Financial Instruments and Exchange Act and Article 32 of the Cabinet Office Order on Disclosure Required for Tender Offer for Share Certificates by Persons Other Than Issuers.

The total number of shares of TECHNO ASSOCIE Co., Ltd. held by the Company, in addition to shares indirectly held through the Company's subsidiary, is 6,761,126 shares (ownership ratio: 36.25%) and the number will be 9,495,226 shares (ownership ratio: 50.92%) after purchase of the number of shares to be purchased through the tender offer.

(4) Price of the Tender Offer

1,380 yen per ordinary share

(5) Purchase Price

3,773,058,000 yen (scheduled)

End