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Securities Code: 3436
March 8, 2017

Dear Shareholders,

1-2-1 Shibaura, Minato-ku, Tokyo
SUMCO CORPORATION
Mayuki Hashimoto,
Representative Director

Notice of Convocation of the 18th Ordinary General Meeting of Shareholders

You are cordially invited to attend the 18th Ordinary General Meeting of Shareholders of SUMCO CORPORATION. The meeting will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights by postal voting or via the Internet, etc. Prior to voting, please examine the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights as outlined on page 3.

Details

1. Date and Time: Wednesday, March 29, 2017, at 10 a.m. (reception starts at 9 a.m.)

2. Place: Mielparque Hall
2-5-20 Shiba-koen, Minato-ku, Tokyo

3. Objectives of the Meeting

Matters to be reported:

1. Business Report and Consolidated Financial Statements for the 18th Fiscal Year (from January 1, 2016 to December 31, 2016), as well as the Audit Reports of the Accounting Auditor and the Audit and Supervisory Committee for Consolidated Financial Statements
2. Non-consolidated Financial Statements for the 18th Fiscal Year (from January 1, 2016 to December 31, 2016)

Agenda for resolution:

Proposal : Election of Six (6) Directors (excluding Directors who are Audit and Supervisory Committee Members)

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* As provided for by laws and regulations and the provisions of Article 14 of the Articles of Incorporation of the Company, the items below are posted on the Company's website and are not included in the accompanying material to this document. As a result, the accompanying material to this document includes only a part of the materials that are the object of the audit by the Audit and Supervisory Committee and the Accounting Auditors.

1) Consolidated Statement of Changes in Equity in Consolidated Financial Statements and Notes to Consolidated Financial Statements
2) Non-consolidated Statement of Changes in Equity in Non-consolidated Financial Statements and Notes to Non-consolidated Financial Statements

* If any changes have been made to items in the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements, or Non-consolidated Financial Statements that need to be amended by the day before the General Meeting of Shareholders, such changes will be posted to you by mail or on the Company's website.
* The Company's website: http://www.sumcosi.com/
* The contents of the Notice of Convocation have been disclosed through postings on the Company's website prior to dispatching the Notice of Convocation from the perspective of providing information at an early stage.

Instructions Concerning the Exercise of Voting Rights

You may exercise your voting rights by one of the following three methods:

By attending the General Meeting of Shareholders

Please submit the enclosed Form for the Exercise of Voting Right to the receptionist of the meeting. (A personal seal will not be required.)

Date and Time: Wednesday, March 29, 2017, at 10 a.m. (reception starts at 9 a.m.)
Place: Mielparque Hall, 2-5-20 Shiba-koen, Minato-ku, Tokyo

By submitting the Form for the Exercise of Voting Right by mail

Please indicate your approval or disapproval to the proposal on the Form for the Exercise of Voting Right and post it to the Company without a postage stamp.

Exercise due date: To be received no later than 5:45 p.m. on Tuesday, March 28, 2017

By the exercise of voting rights via the Internet, etc.

Use a personal computer, smartphone, or mobile phone to access the Website for the Exercise of Voting Rights (http://www.web54.net/). Login with the "Login ID" and "password" printed on the enclosed Form for the Exercise of Voting Right. Follow the on-screen instructions to indicate your approval or disapproval to the proposal.

Exercise due date: No later than 5:45 p.m. on Tuesday, March 28, 2017

1) Please be aware that, in order to prevent illegal online access by third parties who are non-shareholders (spoofing) and vote tampering, you will be asked to change your password on the aforementioned Website for the Exercise of Voting Rights.
2) You will be notified of a new "Login ID" and "password" every time a General Meeting of Shareholders is convened.

Cautions regarding the exercise of voting rights via the Internet, etc.

1) If you exercise your voting rights in duplicate both in writing and via the Internet, etc., your voting via the Internet, etc. shall prevail.
2) If you exercise your voting rights multiple times via the Internet, etc., only your last voting instructions will be counted as valid. Also, if you exercise your voting rights in duplicate using a PC, smartphone, or mobile phone, only your last voting instructions will be counted as valid.
3) You shall be responsible for any fees (including the Internet provider's connection fee and a telephone fee) incurred when accessing the Website for the Exercise of Voting Rights. Similarly, if voting via mobile phone, you will be responsible for any connection charges or other fees such as packet communication fees and other fees for mobile phone use, etc.
4) Voting rights exercised via the Internet are accepted until 5:45 p.m. on Tuesday, March 28, 2017; however, we request that you vote as early as possible.
   Please contact our web support (details at the end of this instruction) with any questions.

Website for the Exercise of Voting Rights

1) You can only exercise your voting rights via the Internet by accessing and using the Company's designated Website for the Exercise of Voting Rights (http://www.web54.net/) from a personal computer, smartphone, or mobile phone.
   * You may also access the Website for the Exercise of Voting Rights by using a mobile phone with a barcode reading function to read the "QR code®" to the right. Please refer to your mobile phone manual for your phone's detailed operating instructions.
   * QR code is a registered trademark of DENSO WAVE INCORPORATED.
2) Please be aware that, depending on your Internet connection and usage environment, you may not be able to use your personal computer or smartphone to exercise your voting rights via the Internet (e.g. if you connect to the Internet via a firewall, have anti-virus software installed or use a proxy server, etc.).
3) When you exercise your voting rights via mobile phone, for security purposes, models that allow encrypted communication (SSL communication) are required.

Electronic Voting Platform

Regarding the exercise of voting rights via electronic means at the General Meeting of Shareholders of the Company, nominee shareholders such as trust and custody banks (including standing proxies) may, as an alternative to the voting via the Internet described above, use the Electronic Voting Platform organized by the Investor Communications Japan (ICJ) Inc., a joint venture company established by the Tokyo Stock Exchange, etc., provided that application for the use of the Electronic Voting Platform is made in advance.
Please check the availability for the Platform in each company.

(Web Support)

For inquiries about the system or other matters, please contact:
Stock Transfer Agency Web Support, Sumitomo Mitsui Trust Bank, Limited
Phone: 0120-652-031 (from 9 a.m. to 9 p.m., toll free, only in Japan)

Reference Documents for the General Meeting of Shareholders

Proposal : Election of Six (6) Directors (excluding Directors who are Audit and Supervisory Committee Members)

The terms of office of all eight (8) Directors (excluding Directors who are Audit and Supervisory Committee Members) will expire as of the conclusion of this Ordinary General Meeting of Shareholders. Therefore, the Company requests the election of six (6) Directors (excluding Directors who are Audit and Supervisory Committee Members).

The Audit and Supervisory Committee has examined this Proposal, and we have received its opinion that there were no special matters to be raised regarding this Proposal.

The candidates for Directors (excluding Directors who are Audit and Supervisory Committee Members) are as follows.

No.	Name	Position in the Company	Number of attendance at the Meetings of a Board of Directors
1 (re-appointed)	Mayuki Hashimoto	Representative Director CEO & Chairman of the Board	16 out of 16
2 (re-appointed)	Michiharu Takii	Representative Director COO & President	16 out of 16
3 (re-appointed)	Harumitsu Endo	Representative Director Executive Vice President	15 out of 16
4 (re-appointed)	Hisashi Furuya	Director Senior Managing Executive Officer	16 out of 16
5 (re-appointed)	Kazuo Hiramoto	Director Senior Managing Executive Officer	16 out of 16
6 (re-appointed)	Fumio Inoue	Director Managing Executive Officer	16 out of 16

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Career summary, position and areas of responsibility in the Company, and significant concurrent occupations or positions</th></tr>
<tr><td rowspan="2">1</td><td>Mayuki Hashimoto
(January 10, 1951)

Re-appointed

Number of the Company’s common shares held
13,400 shares

Number of years in office as Director
7 years (as of the conclusion of this Ordinary General Meeting of Shareholders)

Number of attendance at the Meetings of a Board of Directors
16 out of 16</td><td>Apr. 1976 Joined Mitsubishi Metal Corporation (the current Mitsubishi Materials Corporation)
Apr. 2005 General Manager of Silicon Div., Electronic Materials & Components Company, Mitsubishi Materials Corporation
Jun. 2005 Executive Officer, General Manager of Corporate Strategy Dept., Mitsubishi Materials Corporation
Jun. 2006 Senior Executive Officer, President of Electronic Materials & Components Company, Mitsubishi Materials Corporation
Jun. 2007 Managing Director (Representative Director), President of Electronic Materials & Components Company, Mitsubishi Materials Corporation
Apr. 2010 Director of the Company
Jun. 2011 Executive Vice President (Representative Director) of Mitsubishi Materials Corporation
Apr. 2012 President (Representative Director) of the Company
Mar. 2016 Representative Director, CEO & Chairman of the Board of the Company (present post)
<Areas of responsibility in the Company>
Chief Executive Officer
Overall control</td></tr>
<tr><td colspan="2"><Reasons for nomination as a candidate for Director>
He has abundant experiences and a satisfactory result of many years in the electronic materials business as well as excellent business execution capabilities as a management of the Company. He assumed the post of President (Representative Director) of the Company in 2012 and has served as Representative Director, CEO & Chairman of the Board since 2016. Because he can be expected to strengthen the function of a Board of Directors with his abundant experiences in the electronic materials business and the Company’s businesses as well as knowledge about general management, the Company nominates him again as a candidate for Director.

<Special interests between the candidate and the Company>
Mayuki Hashimoto has no special interests with the Company.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Career summary, position and areas of responsibility in the Company, and significant concurrent occupations or positions</th></tr>
<tr><td rowspan="2">2</td><td>Michiharu Takii
(February 10, 1950)

Re-appointed

Number of the Company’s common shares held
12,300 shares

Number of years in office as Director
5 years (as of the conclusion of this Ordinary General Meeting of Shareholders)

Number of attendance at the Meetings of a Board of Directors
16 out of 16</td><td>Apr. 1974 Joined Sumitomo Metal Industries, Ltd. (the current Nippon Steel & Sumitomo Metal Corporation)
Apr. 2005 Managing Executive Officer, Assistant General Manager of Wakayama Steel Works, Sumitomo Metal Industries, Ltd.
Oct. 2005 Managing Executive Officer, General Manager of Corporate Planning Dept., Sumitomo Metal Industries, Ltd.
Apr. 2006 Director of the Company
Apr. 2009 Senior Managing Executive Officer of Sumitomo Metal Industries, Ltd.
Jun. 2009 Director, Senior Managing Executive Officer of Sumitomo Metal Industries, Ltd.
Apr. 2012 Executive Vice President (Representative Director) of the Company
Mar. 2016 Representative Director, COO & President of the Company (present post)
<Areas of responsibility in the Company>
Chief Operating Officer</td></tr>
<tr><td colspan="2"><Reasons for nomination as a candidate for Director>
He has abundant experiences and a satisfactory result of many years in the administration section as well as excellent business execution capabilities as a management of the Company. He assumed the post of Executive Vice President (Representative Director) of the Company in 2012 and has served as Representative Director, COO & President since 2016. Because he can be expected to strengthen the function of a Board of Directors with his abundant experiences in the administration section and knowledge about general management, the Company nominates him again as a candidate for Director.

<Special interests between the candidate and the Company>
Michiharu Takii has no special interests with the Company.</td></tr>
</table>

No.	Name (Date of birth)	Career summary, position and areas of responsibility in the Company, and significant concurrent occupations or positions
3	**Harumitsu Endo** **(January 12, 1953)** Re-appointed Number of the Company's common shares held 10,500 shares Number of years in office as Director 5 years (as of the conclusion of this Ordinary General Meeting of Shareholders) Number of attendance at the Meetings of a Board of Directors 15 out of 16	Apr. 1975 Joined Mitsubishi Metal Corporation (the current Mitsubishi Materials Corporation) Apr. 2004 General Manager of Chitose Plant, Production & Technology Div., the Company Nov. 2005 General Manager of Sales & Marketing Dept. II, Sales & Marketing Div., the Company Mar. 2006 Executive Officer, General Manager of Sales & Marketing Dept. I, Sales & Marketing Div., the Company Apr. 2008 Managing Executive Officer, Deputy General Manager of Sales & Marketing Div., the Company Jan. 2012 Managing Executive Officer, General Manager of Sales & Marketing Div., the Company Apr. 2012 Director, Senior Managing Executive Officer, General Manager of Sales & Marketing Div., the Company Mar. 2016 Representative Director, Executive Vice President, General Manager of Sales & Marketing Div., the Company (present post) <Areas of responsibility in the Company> Assistant to the President (all areas) General Manager of Sales & Marketing Div.
	<Reasons for nomination as a candidate for Director> He has been engaged in operations of the manufacturing section and the sales & marketing section for many years, and has abundant experiences and a satisfactory result. He has served as General Manager of Sales & Marketing Division since 2012 and as Representative Director, Executive Vice President since 2016. Because he can be expected to strengthen the function of a Board of Directors based on his abundant experiences and satisfactory results, the Company nominates him again as a candidate for Director. <Special interests between the candidate and the Company> Harumitsu Endo has no special interests with the Company.	

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Career summary, position and areas of responsibility in the Company, and significant concurrent occupations or positions</th></tr>
<tr><td rowspan="2">4</td><td>Hisashi Furuya
(October 30, 1954)

Re-appointed

Number of the Company’s common shares held
5,300 shares

Number of years in office as Director
4 years (as of the conclusion of this Ordinary General Meeting of Shareholders)

Number of attendance at the Meetings of a Board of Directors
16 out of 16</td><td>Apr. 1983 Joined Mitsubishi Metal Corporation (the current Mitsubishi Materials Corporation)
Apr. 2005 General Manager of Crystal Engineering Dept., Production & Technology Div., the Company
Apr. 2007 General Manager of Yonezawa Plant, Production & Technology Div., the Company
Apr. 2008 Executive Officer, General Manager of Yonezawa Plant, Production & Technology Div., the Company
Apr. 2011 Managing Executive Officer, General Manager of Solar Div., the Company
Apr. 2012 Managing Executive Officer, Deputy General Manager of Production & Technology Div., the Company
Oct. 2012 Managing Executive Officer, General Manager of Technology Div., the Company
Apr. 2013 Director, Managing Executive Officer, General Manager of Technology Div., the Company
Mar. 2014 Director, Senior Managing Executive Officer, General Manager of Technology Div., the Company (present post)
<Areas of responsibility in the Company>
General Manager of Technology Div.
Head of Information Systems</td></tr>
<tr><td colspan="2"><Reasons for nomination as a candidate for Director>
He has been engaged in operations of the technology section for many years, and has abundant experiences and a satisfactory result. He has served as General Manager of Technology Division since 2012. Because he can be expected to strengthen the function of a Board of Directors based on his abundant experiences and satisfactory results, the Company nominates him again as a candidate for Director.

<Special interests between the candidate and the Company>
Hisashi Furuya has no special interests with the Company.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Career summary, position and areas of responsibility in the Company, and significant concurrent occupations or positions</th></tr>
<tr><td rowspan="2">5</td><td>Kazuo Hiramoto
(September 13, 1956)

Re-appointed

Number of the Company’s common shares held
4,900 shares

Number of years in office as Director
6 years (as of the conclusion of this Ordinary General Meeting of Shareholders)

Number of attendance at the Meetings of a Board of Directors
16 out of 16</td><td>Apr. 1982 Joined Sumitomo Metal Industries, Ltd. (the current Nippon Steel & Sumitomo Metal Corporation)
Apr. 2005 General Manager of Wafer Engineering Dept., Production & Technology Div., the Company
Apr. 2007 General Manager of Kansai Factory, Production & Technology Div., the Company
Apr. 2008 Executive Officer, General Manager of Kansai Factory, Production & Technology Div., the Company
Feb. 2011 Executive Officer, Deputy General Manager of Production & Technology Div., the Company
Apr. 2011 Director, Managing Executive Officer, Deputy General Manager of Production & Technology Div., the Company
Oct. 2012 Director, Managing Executive Officer, General Manager of Production Div., the Company
Mar. 2014 Director, Senior Managing Executive Officer, General Manager of Production Div., the Company (present post)
<Areas of responsibility in the Company>
General Manager of Production Div.
General Manager of Kyushu Factory</td></tr>
<tr><td colspan="2"><Reasons for nomination as a candidate for Director>
He has been engaged in operations of the technology section and the manufacturing section for many years, and has abundant experiences and a satisfactory result. He has served as General Manager of Production Division since 2012. Because he can be expected to strengthen the function of a Board of Directors based on his abundant experiences and satisfactory results, the Company nominates him again as a candidate for Director.

<Special interests between the candidate and the Company>
Kazuo Hiramoto has no special interests with the Company.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Career summary, position and areas of responsibility in the Company, and significant concurrent occupations or positions</th></tr>
<tr><td rowspan="2">6</td><td>Fumio Inoue
(August 22, 1957)

Re-appointed

Number of the Company’s common shares held
5,300 shares

Number of years in office as Director
2 years (as of the conclusion of this Ordinary General Meeting of Shareholders)

Number of attendance at the Meetings of a Board of Directors
16 out of 16</td><td>Apr. 1981 Joined Sumitomo Metal Industries, Ltd. (the current Nippon Steel & Sumitomo Metal Corporation)
Apr. 2007 General Manager of Corporate Controller & Group Companies Management Dept., the Company
Apr. 2009 General Manager of Corporate Controller & Group Companies Management Dept., General Manager of Corporate Planning Dept., the Company
Feb. 2010 General Manager of Corporate Strategy Dept., General Manager of Corporate Controller & Group Companies Management Dept., the Company
Apr. 2011 Executive Officer, General Manager of Corporate Strategy Div., General Manager of Corporate Controller & Group Companies Management Dept., the Company
Oct. 2012 Executive Officer, General Manager of Corporate Planning Dept., Corporate Strategy Div., the Company
Mar. 2014 Managing Executive Officer, In charge of Accounting & Budget Control Dept., General Manager of Finance Dept., Corporate Strategy Div., the Company
Mar. 2015 Director, Managing Executive Officer, General Manager of Corporate Planning Dept., Corporate Strategy Div., the Company (present post)
<Areas of responsibility in the Company>
General Manager of Corporate Planning Dept., Corporate Strategy Div.
In charge of Accounting & Budget Control Dept. and Finance Dept., Corporate Strategy Div.</td></tr>
<tr><td colspan="2"><Reasons for nomination as a candidate for Director>
He has been engaged in the operations of the administration section for many years, and has abundant experiences and a satisfactory result. He has served as General Manager of Corporate Planning Department, Corporate Strategy Division since 2015. Because he can be expected to strengthen the function of a Board of Directors based on his abundant experiences and satisfactory results, the Company nominates him again as a candidate for Director.

<Special interests between the candidate and the Company>
Fumio Inoue has no special interests with the Company.</td></tr>
</table>

[Attached documents to the Notice of Convocation of the 18th Ordinary General Meeting of Shareholders]

Business Report

(From January 1, 2016 to December 31, 2016)

1. Business Progress and Achievement of the Corporate Group

(1) Business activities and results

The market of silicon wafers for semiconductors in the consolidated fiscal year under review saw continued strong demand. While the fiscal year began with lingering effects from inventory adjustments, wafer demand grew from spring onwards, driven by advances in smartphone functions and by data center needs from increased data traffic.

The supply and demand balance in 300 mm wafers market has tightened, supported by growth in demand for memory use and, from spring onward, for logic use also. As for the long-declining demand for small-diameter wafers of 200 mm or less, the demand has recovered to increase, boosted by demand for automobile, industrial, communication, IoT, and other applications.

Meanwhile, the Group's results were impacted by higher evaluation of yen.

Under this environment, the SUMCO Group has strived to increase its presence among customers by developing technologies that respond to customers' demand for sophistication and product differentiation and to improve the break-even point through cost reduction, based on the policies of the SUMCO Vision.

As a result of the above, for the consolidated fiscal year under review, the SUMCO Group posted net sales of 211,361 million yen, operating income of 14,046 million yen, ordinary income of 9,919 million yen, and net income attributable to owners of the Parent of 6,588 million yen.

<SUMCO Vision>

1. World's Best in Technology
2. Deficit-Resistant Even during Economic Downturns
3. Empower Employee Awareness of Profit
4. Competitiveness in Overseas Markets

(2) Status of capital investments

Capital investment for the SUMCO Group executed during the consolidated fiscal year under review totaled 16,513 million yen.

The principal items are attributed to investments related to 300 mm wafers and investments in the maintenance and renewal of facilities.

(3) Status of financing

During the consolidated fiscal year under review, the SUMCO Group raised a total of 63,234 million yen through long-term debt from multiple financial institutions as the Group's necessary funds.

(4) Issues to be dealt with

The current vigorous demand for semiconductor wafers has made it difficult for SUMCO to supply the quantities required by customers, particularly for the mainstay 300 mm wafers. Moreover, supported by demand for smartphones, automobile, communication, industrial and other applications, the market of silicon wafers for semiconductors is projected to continue its gradual growth in the future.

In this environment, and following the direction set by the SUMCO Vision, the SUMCO Group will continue striving to raise its presence among customers through technology development to

meet needs for leading edge, distinctive products, while improving its break-even point through cost reductions. The SUMCO Group will further endeavor to raise productivity, for better meeting customer requirements.

With regard to polycrystalline silicon, which is the main raw material of silicon wafers, due to abrupt changes in the market, a disparity now exists between the demand forecasts upon entering into long-term purchase contracts and the near-term consumption forecasts. Consequently, we are now holding excess inventory, and the balance of "raw materials and supplies," including raw materials inventory, has increased 17.2 billion yen from the end of the previous fiscal year to 151.4 billion yen.

This balance is expected to decline in the future as long-term contracts gradually expire, and to recover to a more appropriate level in the medium to long term.

(5) Status of consolidated assets and operating results for the last 3 fiscal years

Category	15th fiscal year (year ended December 31, 2013)	16th fiscal year (year ended December 31, 2014)	17th fiscal year (year ended December 31, 2015)	18th fiscal year (year ended December 31, 2016)
Net sales (millions of yen)	185,105	225,319	236,826	211,361
Ordinary income (millions of yen)	7,065	21,926	25,538	9,919
Net income attributable to owners of the Parent (millions of yen)	715	16,289	19,747	6,588
Net income (loss) per share (yen)	(1.22)	58.84	70.06	22.46
Total assets (millions of yen)	498,522	510,570	489,842	493,243
Net assets (millions of yen)	194,836	216,725	244,540	242,836
Net assets per share (yen)	473.42	538.81	721.78	715.46

(Notes) 1. ( ) signifies a loss.

2. Due to the change of the last day of the fiscal year, the 15th fiscal year is the 11-month period from February 1, 2013 to December 31, 2013.

3. In line with the adoption of "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013), and other standards, the line item name "Net income" was changed to "Net income attributable to owners of the Parent" effective from the fiscal year under review.

(6) Status of significant parent company and subsidiaries

1) Relation to parent company

N/A

2) Major subsidiaries

Company name	Capital	Equity ownership (includes indirect holdings)	Main business activities
SUMCO TECHXIV CORPORATION	100 million yen	100.00%	Manufacture of silicon wafers for semiconductor
SUMCO Phoenix Corporation	483 million US dollars	100.00%	Manufacture and sales of silicon wafers for semiconductor
FORMOSA SUMCO TECHNOLOGY CORPORATION	7,756 million NT dollars	48.85%	Manufacture and sales of silicon wafers for semiconductor

(7) Main business activities (as of December 31, 2016)

Manufacture and sales of silicon wafers for semiconductor

(8) Main offices and plants (as of December 31, 2016)

The Company	Head Office	Minato-ku, Tokyo
	Sales Offices	Minato-ku, Tokyo Yodogawa-ku, Osaka Hakata-ku, Fukuoka
	Factories and Plants	Kyushu Factory (Imari-shi, Saga and Kohoku-machi, Kishima-gun, Saga) Yonezawa Plant (Yonezawa-shi, Yamagata) Chitose Plant (Chitose-shi, Hokkaido) JSQ Division (Akita-shi, Akita)
Subsidiaries	Domestic Manufacturing Bases	SUMCO TECHXIV CORPORATION (Omura-shi, Nagasaki, etc.)
	Overseas Manufacturing Bases	SUMCO Phoenix Corporation (USA) FORMOSA SUMCO TECHNOLOGY CORPORATION (Taiwan)

(9) Status of employees (as of December 31, 2016)

1) Employees of the corporate group

Number of employees	Increase (decrease) from the previous consolidated fiscal year-end
7,520	Increased by 40

(Note) The number of employees represents the number of employees working in the SUMCO Group, but does not include temporary workers.

2) Employees of the Company

Number of employees	Increase (decrease) from the previous fiscal year-end	Average age	Average service years
3,501	Increased by 12	42.6 years old	18.1 years

(Note) The number of employees represents the number of employees working in the Company, but does not include temporary workers.

(10) Major creditors (as of December 31, 2016)

Creditor	Balance of borrowings
	millions of yen
Development Bank of Japan Inc.	19,370
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	16,503
Sumitomo Mitsui Banking Corporation	16,168
Syndicated loan	15,900
Mitsubishi UFJ Trust and Banking Corporation	11,002
Sumitomo Mitsui Trust Bank, Limited	10,347
Mizuho Bank, Ltd.	9,953

(Notes) 1. The syndicated loan is joint-financing from The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Sumitomo Mitsui Banking Corporation as the lead managers as well as 16 other banks.

2. In order to raise operating funds in a flexible manner, other than the amounts noted above, the Company has entered into a commitment line agreement with a borrowing limit of 59,300 million yen with multiple financial institutions (executed amount: 4,078 million yen).

2. Status of the Company's Shares (as of December 31, 2016)

(1) Total number of authorized shares: Common shares 804,000,000

(2) Total number of issued shares: Common shares 293,285,539
(including 7,046 shares of treasury stock)

(3) Number of shareholders: Common shares 47,048
(decrease of 9,216 from the previous fiscal year-end)

(4) Major shareholders (Top 10)

Name of shareholder	Number of shares held	Equity ownership
	thousand shares	%
Nippon Steel & Sumitomo Metal Corporation	53,933	18.39
Mitsubishi Materials Corporation	53,933	18.39
GOLDMAN SACHS INTERNATIONAL	13,162	4.49
Japan Trustee Services Bank, Ltd. (Trust account)	10,019	3.42
The Master Trust Bank of Japan, Ltd. (Trust account)	9,113	3.11
STATE STREET BANK AND TRUST COMPANY	6,895	2.35
STATE STREET BANK AND TRUST COMPANY 505001	5,856	2.00
STATE STREET BANK AND TRUST COMPANY 505223	5,612	1.91
MSCO CUSTOMER SECURITIES	5,597	1.91
THE CHASE MANHATTAN BANK 385036	3,805	1.30

(Note) The equity ownership is calculated after deducting treasury stock (7,046 shares).

(Reference)

Nippon Steel & Sumitomo Metal Corporation and Mitsubishi Materials Corporation, both of which are major shareholders of the Company, sold part of their holding of shares in the Company. Therefore, the number of shares held by each of them decreased to 39,346,400 shares from 53,933,200 shares respectively, as of February 15, 2017.

3. Officers of the Company

(1) Status of Directors (as of December 31, 2016)

Position	Name	Significant concurrent occupations or positions
Representative Director	Mayuki Hashimoto	
Representative Director	Michiharu Takii	
Representative Director	Harumitsu Endo	
Director	Hisashi Furuya	
Director	Kazuo Hiramoto	
Director	Fumio Inoue	
Director	Shiro Mokudai	General Manager of Sales and R&D Strategy Dept., Electronic Materials & Components Company, Mitsubishi Materials Corporation
Director	Susumu Maekawa	General Manager of Group Companies Planning Div., Nippon Steel & Sumitomo Metal Corporation Outside Director of NIPPON COKE & ENGINEERING Co., Ltd.
Director Full-time Audit and Supervisory Committee Member	Hiroshi Yoshikawa	
Director Full-time Audit and Supervisory Committee Member	Hisashi Katahama	
Director Audit and Supervisory Committee Member	Hitoshi Tanaka	Attorney at law (Representative of Marunouchi Minami Law Office) Outside Director of TOKYO ENERGY & SYSTEMS INC.
Director Audit and Supervisory Committee Member	Masahiro Mitomi	Certified Public Accountant Representative Director of Value Create Inc.
Director Audit and Supervisory Committee Member	Shinichiro Ota	Senior Counselor of Electric Power Development Co., Ltd.
Director Audit and Supervisory Committee Member	Kohei Nakanishi	Corporate Advisor of Mitsubishi Corporation

(Notes) 1. Directors Hitoshi Tanaka, Masahiro Mitomi, Shinichiro Ota, and Kohei Nakanishi are Outside Directors.

2. Audit and Supervisory Committee Member Masahiro Mitomi is a certified public accountant and has considerable knowledge in finance and accounting.

3. For the purpose of strengthening the auditing and supervisory functions of the Audit and Supervisory Committee, Hiroshi Yoshikawa and Hisashi Katahama are appointed as Full-time Audit and Supervisory Committee Members for information collection from Directors (excluding Directors who are Audit and Supervisory Committee Members), executive officers, employees, and other relevant personnel, participation in important meetings, and close coordination with the Internal Auditing Department and other relevant departments.

4. Based on the resolution at the 17th Ordinary General Meeting of Shareholders held on March 29, 2016, the Company transferred to a Company with Audit and Supervisory Committee from a Company with a Board of Corporate Auditors as of the same date. In response to this transition, Hiroshi Yoshikawa, Hisashi Katahama, and Hitoshi Tanaka resigned from the position of Corporate Auditor on the same date due to the expiration of their term of office, and each of them assumed the office of Director and Audit and Supervisory Committee Member as of the same date.

5. Masahiro Mitomi resigned from the position of Director on March 29, 2016 (the date on which the 17th Ordinary General Meeting of Shareholders was held) due to the expiration of his term of office and assumed the office of Director and Audit and Supervisory Committee Member as of the same date.
6. The Company has appointed Directors Hitoshi Tanaka, Masahiro Mitomi, Shinichiro Ota, and Kohei Nakanishi as Independent Directors as provided for in the regulations of the Tokyo Stock Exchange and notified the Exchange to that effect.
7. Pursuant to Article 427, Paragraph 1 of the Companies Act, it is prescribed in the Articles of Incorporation of the Company in effect that the Company may enter into contracts with non-Executive Directors with regard to limitation of liability for damages to the Company in an effort to attract competent individuals from outside the Company to the said posts and encourage them to perform their duties to the best of their ability. In accordance with the said provision, the Company has entered into contracts for limitation of liability with non-Executive Directors Shiro Mokudai, Susumu Maekawa, Hitoshi Tanaka, Masahiro Mitomi, Shinichiro Ota, and Kohei Nakanishi, respectively. The outline of the contract is as follows.
   - If non-Executive Directors have acted in good faith and without gross negligence in performing their duties, the liability for damages of the non-Executive Directors pursuant to Article 423, Paragraph 1 of the Companies Act shall be limited to the total amount specified in Article 425, Paragraph 1 of the said Act and they shall not be liable to the Company for any amount exceeding such limit.
8. Director and Audit and Supervisory Committee Member Masahiro Mitomi is nominated as a candidate for Director who is an Audit and Supervisory Committee Member of OTSUKA KAGU, LTD. The proposed appointment will be submitted to the Ordinary General Meeting of Shareholders of OTSUKA KAGU, LTD. to be held on March 24, 2017.

9. Directors and Corporate Auditors who retired during the business year under review are as follows.

Position in the Company and significant concurrent occupations or positions	Name	Date of retirement	Reason for retirement
Director General Manager of Group Companies Planning Div., Nippon Steel & Sumitomo Metal Corporation	Makoto Nakaoka	March 29, 2016	Expiration of term of office
Corporate Auditor Full-time Corporate Auditor, Mitsubishi Materials Corporation	Keisuke Yamanobe	March 29, 2016	Expiration of term of office in line with the transition to a Company with Audit and Supervisory Committee
Corporate Auditor General Manager of Corporate Planning Div., Nippon Steel & Sumitomo Metal Corporation	Manabu Uehara	March 29, 2016	Expiration of term of office in line with the transition to a Company with Audit and Supervisory Committee

(Note) "Position in the company" and "significant concurrent occupations or positions" are those as of the time of retirement.

10. The Company adopts an executive officer system. The following is the list of executive officers as of December 31, 2016.

Title	Name	Area(s) of responsibility
* CEO & Chairman of the Board	Mayuki Hashimoto	Chief Executive Officer Overall control
* COO & President	Michiharu Takii	Chief Operating Officer
* Executive Vice President	Harumitsu Endo	Assistant to the President (all areas) General Manager of Sales & Marketing Div.
* Senior Managing Executive Officer	Hisashi Furuya	General Manager of Technology Div. Head of Information Systems
* Senior Managing Executive Officer	Kazuo Hiramoto	General Manager of Production Div. General Manager of Kyushu Factory

Title	Name	Area(s) of responsibility
* Managing Executive Officer	Fumio Inoue	General Manager of Corporate Planning Dept., Corporate Strategy Div. In charge of Accounting & Budget Control Dept. and Finance Dept., Corporate Strategy Div.
Managing Executive Officer	Keiichi Tanaka	Deputy General Manager of Technology Div. In charge of Customer Product Engineering Dept. and Quality Assurance Dept.
Managing Executive Officer	Kazuhiro Ikezawa	Deputy General Manager of Production Div. In charge of Productivity Promotion & TPM Steering Dept. and Production Planning & Control Dept.
Managing Executive Officer	Seiji Miyachi	Executive Vice President and Director of SUMCO TECHXIV CORPORATION
Managing Executive Officer	Takayuki Morikawa	Head of General Affairs and Human Resources In charge of Safety, Environment & Disaster Prevention Management Dept.
Managing Executive Officer	Makoto Itoh	General Manager of JSQ Div.
Executive Officer	Jiro Ryuta	President of SUMCO Phoenix Corporation
Executive Officer	Hiroshi Shibuya	General Manager of Public Relations & IR Dept.
Executive Officer	Hiroshi Shinyashiki	General Manager of Chitose Plant
Executive Officer	Toshihiro Awa	Deputy General Manager of Sales & Marketing Div. In charge of Sales Planning & Administration Dept., Domestic Sales & Marketing Dept., and International Sales & Marketing Dept.
Executive Officer	Takashi Fukushima	Chief Executive Officer and Director of FORMOSA SUMCO TECHNOLOGY CORPORATION
Executive Officer	Naoki Ikeda	General Manager of Advanced Evaluation & Technology Development Dept. In charge of Engineering Planning Dept. and Intellectual Property Dept.
Executive Officer	Takashi Atami	In charge of Saga Plant, Yonezawa Plant, and Crystal Engineering Dept.

(Note) Executive officers marked with * are also Directors of the Company.

(2) Remuneration and other payments to Directors and other officers

1) Before the transition to a Company with Audit and Supervisory Committee (from January 1, 2016 to the closing of the 17th Ordinary General Meeting of Shareholders (March 29, 2016))

Category	Number of persons paid	Amount paid
		thousands of yen
Directors	8	67,773
(Outside Directors (inclusive in the above))	(2)	(2,100)
Corporate Auditors	4	16,242
(Outside Corporate Auditors (inclusive in the above))	(2)	(1,800)
Total	12	84,015
(Outside Directors and Corporate Auditors (inclusive in the above))	(4)	(3,900)

2) After the transition to a Company with Audit and Supervisory Committee (from the closing of the 17th Ordinary General Meeting of Shareholders (March 29, 2016) to December 31, 2016)

Category	Number of persons paid	Amount paid
		thousands of yen
Directors (excluding Directors who are Audit and Supervisory Committee Members)	7	195,811
Directors who are Audit and Supervisory Committee Members	6	71,926
(Outside Directors (inclusive in the above))	(4)	(28,800)
Total	13	267,737
(Outside Directors (inclusive in the above))	(4)	(28,800)

(Notes) 1. The upper limit of the total remuneration for all Directors before the transition to a Company with Audit and Supervisory Committee was 500 million yen annually (excluding employee salary) pursuant to the resolution at the 8th Ordinary General Meeting of Shareholders held on April 26, 2007.

2. The upper limit of the total remuneration for all Corporate Auditors before the transition to a Company with Audit and Supervisory Committee was 5.9 million yen monthly pursuant to the resolution at the 6th Ordinary General Meeting of Shareholders held on April 26, 2005.

3. The upper limit of the total remuneration for all Directors (excluding Directors who are Audit and Supervisory Committee Members) is 460 million yen annually (excluding employee salary) pursuant to the resolution at the 17th Ordinary General Meeting of Shareholders held on March 29, 2016.

4. The upper limit of the total remuneration for all Directors who are Audit and Supervisory Committee Members is 110 million yen annually pursuant to the resolution at the 17th Ordinary General Meeting of Shareholders held on March 29, 2016.

5. The aforementioned numbers of persons and amounts paid in 1) exclude one (1) Director and one (1) Corporate Auditor who both served without remuneration.

6. The aforementioned numbers of persons and amounts paid in 2) exclude one (1) Director (excluding Directors who are Audit and Supervisory Committee Members) who served without remuneration.

7. As of the end of the business year under review, there were eight (8) Directors (excluding Directors who are Audit and Supervisory Committee Members) and six (6) Directors who are Audit and Supervisory Committee Members.

(3) Matters concerning Outside Directors

1) Significant concurrent occupations or positions in other organizations and the Company's relationship with them

Category	Name	Company where concurrent service is provided	Concurrent position	Relationship
Outside Director	Hitoshi Tanaka	Attorney at law (Marunouchi Minami Law Office)	Representative	–
		TOKYO ENERGY & SYSTEMS INC.	Outside Director	–
Outside Director	Masahiro Mitomi	Value Create Inc.	Representative Director	–
Outside Director	Shinichiro Ota	Electric Power Development Co., Ltd.	Senior Counselor	–
Outside Director	Kohei Nakanishi	Mitsubishi Corporation	Corporate Advisor	–

2) Major activities during the business year under review

Category	Name	Status of major activities
Hitoshi Tanaka	Outside Corporate Auditor	Having attended all the 3 meetings of a Board of Directors and all the 4 meetings of a Board of Corporate Auditors held before the transition to a Company with Audit and Supervisory Committee, Hitoshi Tanaka speaks as a Corporate Auditor who possesses expert knowledge mainly on laws and regulations, which he has cultivated through working as an attorney at law.
	Outside Director Audit and Supervisory Committee Member	Having attended all the 13 meetings of a Board of Directors and all the 10 meetings of an Audit and Supervisory Committee held after the transition to a Company with Audit and Supervisory Committee, Hitoshi Tanaka speaks as a Director who possesses expert knowledge mainly on laws and regulations, which he has cultivated through working as an attorney at law.
Masahiro Mitomi	Outside Director	Having attended all the 3 meetings of a Board of Directors held before the transition to a Company with Audit and Supervisory Committee, Masahiro Mitomi speaks as a Director who possesses expert knowledge mainly on corporate management, etc., which he has cultivated through working as a management consultant, and expert knowledge on finance and accounting, which he has cultivated through working as a certified public accountant.
	Outside Director Audit and Supervisory Committee Member	Having attended all the 13 meetings of a Board of Directors and all the 10 meetings of an Audit and Supervisory Committee held after the transition to a Company with Audit and Supervisory Committee, Masahiro Mitomi speaks as a Director who possesses expert knowledge mainly on corporate management, etc., which he has cultivated through working as a management consultant, and expert knowledge on finance and accounting, which he has cultivated through working as a certified public accountant.
Shinichiro Ota	Outside Director Audit and Supervisory Committee Member	Having attended all the 13 meetings of a Board of Directors and all the 10 meetings of an Audit and Supervisory Committee held since assuming his post on March 29, 2016, Shinichiro Ota speaks as a Director who possesses broad experience and knowledge which he has cultivated through his duties in the public administration field, and many years of experience in corporate management.
Kohei Nakanishi	Outside Director Audit and Supervisory Committee Member	Having attended 12 of the 13 meetings of a Board of Directors and 9 of the 10 meetings of an Audit and Supervisory Committee held since assuming his post on March 29, 2016, Kohei Nakanishi speaks as a Director who possesses broad experience and knowledge about international finance, experience in corporate management and knowledge about corporate governance.

4. Accounting Auditor

(1) Name of Accounting Auditor (Independent Auditor)

Deloitte Touche Tohmatsu LLC

(2) Amount of compensation, etc.

Contents of compensation	Amount paid
	millions of yen
(1) Total amount of compensation and other payments for the business year under review	78
(2) Total amount of monies and other property benefits payable by the Company and its subsidiaries to the Accounting Auditors (including the above (1))	105

(Notes) 1. In the audit contract between the Company and the Accounting Auditor, it is not possible to make a reasonable differentiation between audit compensation based on the Companies Act and that based on the Financial Instruments and Exchange Act. Therefore, the total agreement amount is shown in the figure (1) above.

2. In addition to obtaining necessary documents and receiving reports from Directors, related departments of the Company, and Accounting Auditors, the Audit and Supervisory Committee agreed on the amount of compensation, etc., for the Accounting Auditors, pursuant to Article 399, Paragraph 1 of the Companies Act after verifying and examining the contents of the audit plan, the status of implementation of duties, and the basis for calculation of estimated compensation, etc. submitted by the Accounting Auditors.

3. SUMCO Phoenix Corporation and FORMOSA SUMCO TECHNOLOGY CORPORATION, major subsidiaries of the Company, are audited by Accounting Auditors other than that of the Company.

(3) Policy for making decisions regarding the dismissal or non-reappointment of Accounting Auditors

When the Accounting Auditor falls under any of the items stipulated in Article 340, Paragraph 1 of the Companies Act, an Audit and Supervisory Committee shall dismiss the Accounting Auditor based on the consent of all Audit and Supervisory Committee Members. In this case, an Audit and Supervisory Committee Member selected by the Audit and Supervisory Committee shall report the dismissal of the Accounting Auditor and the reason for the dismissal at the first General Meeting of Shareholders to be held after the dismissal. An Audit and Supervisory Committee shall decide the content of a proposal for dismissal or non-reappointment of the Accounting Auditor, which is to be submitted to a General Meeting of Shareholders, when it recognizes necessity for doing so, including a case in which performance of duties by the Accounting Auditor is hindered.

5. Matters Relating to the Formulation of a System to Ensure Appropriate Corporate Actions

(1) System to ensure compliance with laws and regulations and the Articles of Incorporation of the Company by Directors and employees when executing their duties

1) The Company shall enact the "SUMCO CHARTER" as the supreme code of conduct for officers and employees to ensure that their duties comply with laws and regulations, and the Articles of Incorporation of the Company and fulfill their social responsibility. The Company shall also educate officers and employees to familiarize them with the "SUMCO CHARTER."

2) The Chief Compliance Officer shall be assigned as the supreme officer responsible for supervising compliance with the "SUMCO CHARTER." Each General Manager who is the head of an organization in the Company shall supervise compliance in his or her organization and submit regular reports on compliance with the CHARTER to the Chief Compliance Officer.

3) The Company shall establish an internal hotline for reporting violations or alleged violations of laws and regulations or the Articles of Incorporation as well as suspicious activities.

4) The Internal Auditing Department shall perform periodic audits to verify compliance in each department.

5) The Company shall further disseminate to its officers and employees the understanding of not having any connections with antisocial forces and refusing their improper solicitations as clearly stated in the "SUMCO CHARTER."

(2) System for the preservation and management of information regarding the execution of duties by Directors

The Company shall appropriately preserve and manage information regarding the execution of duties by Directors, in accordance with laws and regulations, the Articles of Incorporation and internal regulations under a system that enables the access to and duplication of the said information by Directors, Accounting Auditors, etc.

(3) Regulations and other systems for managing the risk of loss

1) The Company shall establish the "Risk Management Basic Rules" that stipulate basic issues on risk management, and based on them, the Company shall set up an information distribution route to be used upon occurrence of major risks and develop a system for installing Emergency Headquarters.

2) The Company shall establish a "Business Security Committee (BSC)" that supervises overall risk management, to formulate a cross-sectional risk management policy and confirm the progress in addressing risks.

3) The Company shall establish internal regulations to appropriately manage individual risks related to information leakage, financial markets and product quality based on the Risk Management Basic Rules.

(4) System to ensure the effective execution of duties by Directors

1) The Company shall employ the executive officer system under which management decision-making and supervisory functions are separated from executive functions. Under the system a Board of Directors shall carry out decision-making on important matters such as management policy and monitor the execution of duties by Directors as well as the performance of duties by

executive officers, while the executive officers shall perform their duties delegated by a Board of Directors.

2) Important matters relating to management shall be deliberated at Management Conferences whose members shall consist of individuals holding the position of managing executive officer or higher.

3) The Company shall stipulate and clarify the criteria for submitting proposals to a Board of Directors and stipulate the authority of executive officers in internal regulations clarifying the responsibilities and authority of them.

4) A Board of Directors shall formulate management strategies and management plans and budgets and the executive officers shall execute duties aimed at achieving the objectives set forth in them. Directors also serving as executive officers shall periodically report on their duties to a Board of Directors.

(5) System to ensure proper business practices by the corporate group comprised of the Company, its parent company, and its subsidiaries

1) By making every subsidiary of the Company establish its own CHARTER as the supreme code of conduct equivalent to the "SUMCO CHARTER," compliance in each subsidiary as a member of the corporate group shall be established. Respective subsidiaries are requested to periodically report on their compliance with their CHARTERs.

2) The Company shall assign a department to manage subsidiaries and clarify subsidiary management standards in internal regulations in an effort to improve the soundness and effectiveness of management both in each of them and in the SUMCO Group as a whole. In addition, respective subsidiaries are requested to report on violations of laws and regulations and Articles of Incorporation or a probability of such violations, or matters that can cause serious losses to them, besides the performance, financial conditions and other important management information, etc.

3) Respective subsidiaries are requested to formulate basic policies related to risk management and promote their response to risks. They are requested to report on the state of the implementation of risk management at the "Business Security Committee (BSC)." In addition, respective subsidiaries are requested to establish a communication route in case that a serious risk occurs.

4) The Company shall establish an internal hotline which is independent from the executive office of the Company to allow employees of the subsidiaries to directly report violations or alleged violations of laws and regulations or the Articles of Incorporation as well as suspicious activities, etc.

5) The Internal Auditing Department shall perform periodic internal audits of the subsidiaries.

(6) Matters regarding employees requested by an Audit and Supervisory Committee to assist their duties, matters regarding the independence of those employees from other Directors (excluding Directors who are Audit and Supervisory Committee Members) of the Company, and matters relating to ensuring the effectiveness of instructions of an Audit and Supervisory Committee to such employees

1) The Company shall establish an Audit and Supervisory Committee Office and deploy staff as employees assisting the Audit and Supervisory Committee in their duties.

2) In order to ensure the independence of the staff for an Audit and Supervisory Committee Office, prior approval of the Audit and Supervisory Committee shall be required for personnel changes, and performance appraisals shall be conducted by full-time Audit and Supervisory Committee Members.

3) The staff for an Audit and Supervisory Committee Office shall follow only the instructions of Audit and Supervisory Committee Members and the Audit and Supervisory Committee when executing their duties.

(7) System for reporting to an Audit and Supervisory Committee

1) Directors (excluding Directors who are Audit and Supervisory Committee Members) shall stipulate in internal regulations matters to be reported to an Audit and Supervisory Committee, such as matters that significantly affect the management and results of the Company, and do so appropriately.

2) Subsidiaries shall establish a system for reporting in which Directors or employees of subsidiaries report to the department responsible for the management of subsidiaries and an Audit and Supervisory Committee of the Company in case that a violation of laws and regulations and Articles of Incorporation or a probability of such a violation, or a matter that can cause a serious loss to subsidiaries occurs in subsidiaries. In addition, the department responsible for the management of subsidiaries that received reports from Directors or employees of the subsidiary shall report to an Audit and Supervisory Committee.

3) Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees of the Company, and Directors, Corporate Auditors and employees of subsidiaries may report to an Audit and Supervisory Committee of the Company, if they recognize the necessity.

4) An Audit and Supervisory Committee of the Company may directly request reports from Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees of the Company, and Directors, Corporate Auditors and employees of subsidiaries, if it recognizes the necessity.

5) The Company shall clearly stipulate in the regulations, etc., that employees will not be subject to disadvantageous treatment for their reporting to an Audit and Supervisory Committee.

(8) Matters relating to the procedure for advance payment or redemption of the cost incurred by the execution of duties by Audit and Supervisory Committee Members (limited to that regarding the execution of duties by an Audit and Supervisory Committee), and other policies for treating the costs or liabilities incurred by the execution of the said duties

When Audit and Supervisory Committee Members claim the advance payment of the costs incurred by the execution of their duties or its redemption and others (limited to that regarding the execution of duties by an Audit and Supervisory Committee), the Company shall respond to the said claim without delay.

(9) Other systems for ensuring effective audits by an Audit and Supervisory Committee

1) The Audit and Supervisory Committee shall exchange opinions with CEO & Chairman of the Board and COO & President periodically or whenever necessary.

2) The Company shall proactively create opportunities for Audit and Supervisory Committee Members to attend the Management Conference and other important meetings.

6. Overview of the State of the Operations of a System to Ensure Appropriate Corporate Actions

The outline of the state of the operations of a system to ensure appropriate corporate actions executed during the consolidated fiscal year under review is as below.

1) The Company transferred to a Company with Audit and Supervisory Committee comprising a majority of Outside Directors for the purpose of further strengthening the auditing function of a Board of Directors at the 17th Ordinary General Meeting of Shareholders held on March 29, 2016.

2) The Company formulated a basic policy on corporate governance in order to contribute to the sustainable growth and medium- to long-term increase in corporate value.

3) The Company has established a Nomination and Compensation Committee composed mainly of Independent Outside Directors as a discretionary advisory body to the Board of Directors in order to increase transparency regarding the process for selection of candidate Directors (excluding Directors who are Audit and Supervisory Committee Members) and the determination of compensation.

4) During the consolidated fiscal year under review, meetings of a Board of Directors were held 16 times, in which the Board determined matters stipulated by laws and regulations and other important matters regarding management including the formulation of the budget. Directors who serve as executive officers concurrently reported on the state of execution of their duties regularly.

5) During the consolidated fiscal year under review, meetings of an Audit and Supervisory Committee were held 10 times (4 meetings of a Board of Corporate Auditors before the transition to a Company with Audit and Supervisory Committee) to discuss and determine audit policies and audit plans. Full-time Audit and Supervisory Committee Members reported on the state of execution of duties and compliance with laws and regulations by Directors (excluding Directors who are Audit and Supervisory Committee Members), which they understood through attending important internal meetings and auditing the state of duties and properties.

6) The Company established the “SUMCO CHARTER” as the supreme code of conduct to ensure that the execution of duties by officers and employees complies with laws and regulations and Articles of Incorporation and fulfills social responsibilities. The Company educated officers and employees to familiarize them with the CHARTER, and confirmed the state of compliance in the corporate group including subsidiaries during the consolidated fiscal year under review.

7) The progress of risk management in the Company and subsidiaries was confirmed in the “Business Security Committee (BSC) that supervises all risk management.

8) Based on the disaster response manual, simulation trainings were held to confirm the communication system and the initial response system in case of a large natural disaster.

7. Policy on Determination of Dividends from Surplus, etc.

The Articles of Incorporation of the Company stipulate that except as otherwise provided by laws and regulations, the Company may determine, by a resolution of a Board of Directors, the matters stipulated in each Item of Article 459, Paragraph 1 of the Companies Act including dividends from surplus and acquisition of the Company’s own shares, etc. The Company considers that returning appropriate profits to its shareholders is an important management priority. As for dividends, the Company intends to provide returns to its shareholders flexibly and proactively, with due consideration to the level of profit , the outlook for subsequent business years, capital requirements such as for capital investment, the status of internal reserves, and other factors in each business year.

In line with the above policy, the year-end dividend was determined to be 5 yen per share by a resolution of the Board of Directors held on February 22, 2017. As a result, the annual payment of dividends for the business year under review totaled 10 yen per share, combined with the interim dividend of 5 yen per share.

Consolidated Balance Sheet

(As of December 31, 2016)

(Millions of yen)

Category	Amount	Category	Amount
(Assets)		**(Liabilities)**	
Current assets	**275,019**	**Current liabilities**	**105,191**
Cash and time deposits	39,065	Notes and accounts payable – trade	27,764
Notes and accounts receivable – trade	44,927	Short-term borrowings	55,847
Marketable securities	6,500	Current portion of long-term lease obligations	1,665
Finished products	13,272	Accrued income taxes	1,053
Work in process	13,689	Reserve for bonuses	1,154
Raw materials and supplies	151,410	Notes and accounts payable – construction	3,296
Deferred income tax assets	41		
Other	6,123	Other	14,410
Allowance for doubtful accounts	(10)		
		Long-term liabilities	**145,215**
Non-current assets	**218,224**	Long-term debt	116,637
Property, plant and equipment	**150,771**	Long-term lease obligations	2,935
Buildings and structures	77,968	Deferred income tax liabilities	1,247
Machinery, equipment and vehicles	48,198	Deferred income tax liabilities on revaluation reserve for land	1,342
Land	20,272	Net defined benefit liability	21,523
Construction in progress	3,255	Other	1,528
Other	1,075		
		Total liabilities	**250,407**
Intangible assets	**13,306**	**(Equity)**	
Goodwill	8,438	**Shareholders' equity**	**212,783**
Software	4,241	**Capital stock**	**138,718**
Other	627	**Capital surplus**	**23,384**
		Retained earnings	**50,691**
Investments and other assets	**54,145**	**Treasury stock**	**(11)**
Investment securities	82		
Long-term advance payments	44,032	**Accumulated other comprehensive income**	**(2,954)**
Long-term prepaid expenses	3,354	**Net unrealized gain on available-for-sale securities**	**0**
Deferred income tax assets	5,842	**Deferred loss on derivatives under hedge accounting**	**(2,484)**
Other	1,213	**Land revaluation surplus**	**2,886**
Allowance for doubtful accounts	(378)	**Foreign currency translation adjustments**	**236**
		Remeasurements of defined benefit plans	**(3,593)**
		Non-controlling interests	**33,007**
		Total equity	**242,836**
Total assets	**493,243**	**Total liabilities and equity**	**493,243**

Consolidated Statement of Income

(From January 1, 2016 to December 31, 2016)

(Millions of yen)

Category	Amount	
Net sales		**211,361**
Cost of sales		**173,092**
Gross profit		**38,268**
Selling, general and administrative expenses		**24,222**
Operating income		**14,046**
Non-operating income		
Interest and dividend income	95	
Insurance income	291	
Subsidy income	89	
Other	166	642
Non-operating expenses		
Interest expense	2,775	
Foreign exchange loss	1,463	
Other	530	4,769
Ordinary income		**9,919**
Income before income taxes		**9,919**
Income taxes – current	1,053	
Income taxes – deferred	90	1,144
Net income		**8,775**
Net income attributable to non-controlling interests		2,187
Net income attributable to owners of the Parent		**6,588**

Non-consolidated Balance Sheet

(As of December 31, 2016)

(Millions of yen)

Category	Amount	Category	Amount
(Assets)		**(Liabilities)**	
Current assets	**226,116**	**Current liabilities**	**120,301**
Cash and time deposits	16,672	Accounts payable – trade	35,529
Accounts receivable – trade	43,879	Short-term borrowings	69,884
Marketable securities	6,500	Current portion of long-term lease obligations	1,638
Finished products	5,015		
Work in process	8,650	Accrued liabilities	4,704
Raw materials and supplies	134,742	Accrued expenses	459
Advance payments	2,554	Accounts payable – construction	2,683
Prepaid expenses	190	Advances received	6
Short-term loans	4,070	Forward exchange contracts	4,390
Accounts receivable – other	2,567	Other	1,002
Other	1,277	**Long-term liabilities**	**130,539**
Allowance for doubtful accounts	(3)	Long-term debt	116,637
Non-current assets	**210,733**	Long-term lease obligations	2,870
Property, plant and equipment	**95,923**	Deferred income tax liabilities	117
Buildings	57,649	Deferred income tax liabilities on revaluation reserve for land	1,342
Structures	2,021		
Machinery	18,334	Liability for retirement benefits	8,921
Motor vehicles and transport equipment	30	Asset retirement obligations	469
Tools, appliances and furniture	382	Other	180
Land	15,322	**Total liabilities**	**250,840**
Lease assets	45	**(Equity)**	
Construction in progress	2,138	**Shareholders' equity**	**185,607**
Intangible assets	**4,258**	**Capital stock**	**138,718**
Software	3,754	**Capital surplus**	**23,384**
Other	503	Capital reserve	3,611
Investments and other assets	**110,551**	Others	19,772
Investment securities	3	**Retained earnings**	**23,515**
Stocks of subsidiaries and affiliates	27,057	Retained earnings reserve	1,241
Investments in subsidiaries and affiliates	55	Other retained earnings	22,273
		Retained earnings carried forward	22,273
Long-term loans receivable from subsidiaries and affiliates	36,884	**Treasury stock**	**(11)**
Long-term advance payments	43,164		
Long-term prepaid expenses	2,108	**Variance of valuation/translation, etc.**	**402**
Prepaid pension cost	288	**Deferred loss on derivatives under hedge accounting**	**(2,484)**
Other	1,186		
Allowance for doubtful accounts	(196)	**Land revaluation surplus**	**2,886**
		Total equity	**186,010**
Total assets	**436,850**	**Total liabilities and equity**	**436,850**

Non-consolidated Statement of Income

(From January 1, 2016 to December 31, 2016)

(Millions of yen)

Category	Amount	
Net sales		**167,138**
Cost of sales		**144,896**
Gross profit		**22,241**
Selling, general and administrative expenses		**17,348**
Operating income		**4,893**
Non-operating income		
Interest income	509	
Dividend income	1,048	
Other	252	1,810
Non-operating expenses		
Interest expense	2,879	
Foreign exchange loss	1,057	
Loss on sales and retirement of non-current assets	240	
Other	179	4,357
Ordinary income		**2,345**
Extraordinary income		
Gain on sales of fixed assets	1,253	1,253
Income before income taxes		**3,598**
Income taxes – current	(62)	
Income taxes – deferred	(6)	(68)
Net income		**3,667**

[English Translation of the Independent Auditors' Report Originally Issued in the Japanese Language]

Accounting audit report on Consolidated Financial Statements

Independent Auditors' Report

February 14, 2017

SUMCO CORPORATION
The Board of Directors

Deloitte Touche Tohmatsu LLC

Designated Limited Liability Partner and Engagement Partner	Certified Public Accountant Mitsuru Hirano	(Seal)
Designated Limited Liability Partner and Engagement Partner	Certified Public Accountant Yosuke Naganuma	(Seal)

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements, namely, the Consolidated Balance Sheet, the Consolidated Statement of Income, the Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements of SUMCO CORPORATION ("the Company") for the fiscal year from January 1, 2016 to December 31, 2016.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit as independent auditors. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of

accounting policies used, the method of their application and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of December 31, 2016, and the results of their operations for the fiscal year then ended in conformity with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

[English Translation of the Independent Auditors' Report Originally Issued in the Japanese Language]

Accounting audit report on Non-consolidated Financial Statements

Independent Auditors' Report

February 14, 2017

SUMCO CORPORATION
The Board of Directors

Deloitte Touche Tohmatsu LLC

Designated Limited Liability Partner and Engagement Partner	Certified Public Accountant Mitsuru Hirano	(Seal)
Designated Limited Liability Partner and Engagement Partner	Certified Public Accountant Yosuke Naganuma	(Seal)

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the non-consolidated financial statements, namely, the Non-consolidated Balance Sheet, the Non-consolidated Statement of Income, the Non-consolidated Statement of Changes in Equity, Notes to Non-Consolidated Financial Statements, and their supporting schedules of SUMCO CORPORATION ("the Company") for the 18th business year from January 1, 2016 to December 31, 2016.

Management's Responsibility for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements and their supporting schedules in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation and fair presentation of non-consolidated financial statements and their supporting schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements and their supporting schedules based on our audit as independent auditors. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and their supporting schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and their supporting schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and their supporting schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation and fair presentation of the non-consolidated financial statements and their supporting schedules in order

to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and their supporting schedules.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the non-consolidated financial statements and their supporting schedules referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2016 and the results of its operations for the business year then ended in conformity with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

(TRANSLATION PURPOSE ONLY)

<Audit report of Audit and Supervisory Committee>

AUDIT REPORT

Regarding the execution of duties by Directors for the 18th business year from January 1, 2016 to December 31, 2016, the Audit and Supervisory Committee conducted an audit and hereby submits its audit report on the methods and results.

1. Auditing Methods and Details of Such Methods

While the Audit and Supervisory Committee periodically received reports from Directors, employees and other relevant personnel, sought explanations as necessary, and expressed its opinions regarding the contents of resolutions by the Board of Directors concerning matters stipulated in Article 399-13, Paragraph 1, Item 1(b) and (c) of the Companies Act as well as the status of the building and management of the system developed pursuant to such resolutions (internal control system), it conducted an audit by following the methods described below:

I. Pursuant to auditing policies and duties determined by the Audit and Supervisory Committee and in coordination with the internal control department of the Company, we participated in important meetings, received reports from Directors, employees, and other relevant personnel regarding matters relating to their duties, sought explanations as necessary, examined important authorized documents and associated information, and studied the operations and financial positions at the head office and principal offices. With respect to subsidiaries, we communicated and exchanged information with Directors, Corporate Auditors, and other relevant personnel of the subsidiaries, and received business reports from the subsidiaries as necessary.

II. We monitored and verified whether the Accounting Auditors maintained their independence and implemented appropriate audits, and we received reports from the Accounting Auditors regarding the performance of their duties and sought explanations as necessary. In addition, we received notice from the Accounting Auditors that "the system for ensuring that duties are performed properly" (matters set forth in each Item of Article 131 of the Corporate Accounting Rules) is organized in accordance with the "product quality management standards regarding audits" (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations as necessary.

Based on the above methods, we examined the business report and its supporting schedules, Non-consolidated Financial Statements (Non-consolidated Balance Sheet, Non-consolidated Statement of Income, Non-consolidated Statement of Changes in Equity, Notes to Non-consolidated Financial Statements) and their supporting schedules, as well as the Consolidated Financial Statements (Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Equity, Notes to Consolidated Financial Statements) related to the relevant business year.

2. Audit Results

(1) Results of Audit of Business Report and Other Relevant Documents

I. In our opinion, the business report and its supporting schedules are in accordance with the related laws and regulations and the Articles of Incorporation, and fairly represent the Company's condition.

II. With regard to the performance of duties by Directors, we have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Incorporation.

III. In our opinion, resolutions of a Board of Directors for the internal control system are fair and reasonable. Moreover, we have found no matters that need to be raised regarding items in the internal control system section of the business report or the performance of duties by Directors.

(2) Results of Audit of Non-consolidated Financial Statements and their supporting schedules

In our opinion, the methods and results employed and rendered by the Accounting Auditors, Deloitte Touche Tohmatsu LLC, are fair and reasonable.

(3) Results of Audit of Consolidated Financial Statements

In our opinion, the methods and results employed and rendered by the Accounting Auditors, Deloitte Touche Tohmatsu LLC, are fair and reasonable.

February 15, 2017

Audit and Supervisory Committee, SUMCO CORPORATION

Full-time Audit and Supervisory Committee Member	Hiroshi Yoshikawa	(Seal)
Full-time Audit and Supervisory Committee Member	Hisashi Katahama	(Seal)
Audit and Supervisory Committee Member	Hitoshi Tanaka	(Seal)
Audit and Supervisory Committee Member	Masahiro Mitomi	(Seal)
Audit and Supervisory Committee Member	Shinichiro Ota	(Seal)
Audit and Supervisory Committee Member	Kohei Nakanishi	(Seal)

(Note 1) Audit and Supervisory Committee Members Hitoshi Tanaka, Masahiro Mitomi, Shinichiro Ota and Kohei Nakanishi are Outside Directors stipulated in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.

(Note 2) Based on the resolution at the 17th Ordinary General Meeting of Shareholders held on March 29, 2016, the Company transferred to a Company with Audit and Supervisory Committee from a Company with a Board of Corporate Auditors as of March 29, 2016. The status during the period from January 1, 2016 to March 28, 2016 is based on the results handed over from the former Board of Corporate Auditors.