NOTICE OF THE 62ND ANNUAL GENERAL MEETING OF SHAREHOLDERS

Time and Date:

1:00 p.m., Sunday, March 26, 2017 (JST)

(The reception desk will open at 12:30 p.m., JST.)

Venue:

Orion, Hilton Tokyo Odaiba (1st Floor),
1-9-1, Daiba, Minato-ku, Tokyo

Agenda: Election of seven (7) directors

sumida

Stock Code: 6817

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This is a translation of the original notice in Japanese. In the event of any discrepancy, the original notice in Japanese shall prevail.

(Stock Code: 6817)
March 3, 2017

NOTICE OF THE 62ND ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

SUMIDA CORPORATION (the "Company") hereby would like to inform you that the 62nd Annual General Meeting of Shareholders will be held as outlined below. Please accept our cordial invitation to this meeting.
If you are unable to attend the meeting in person, you may exercise your voting rights in writing or via the Internet. Please examine the appended "Reference Materials for Annual General Meeting of Shareholders" and exercise your voting rights in accordance with the instructions given on page 3.

Yours faithfully,
Shigeyuki Yawata
Director, Representative Executive Officer and CEO
SUMIDA CORPORATION
Harumi Island Triton Square Office Tower X 14/F,
1-8-10 Harumi, Chuo-ku, Tokyo

1. Time and Date: 1:00 p.m., Sunday, March 26, 2017 (JST)
(The reception desk will open at 12:30 p.m., JST.)

2. Venue: Orion, Hilton Tokyo Odaiba (1st Floor),
1-9-1, Daiba, Minato-ku, Tokyo

3. Meeting Agenda:

- Items to be reported

1. Business Report, Consolidated Financial Statements and reports on the audited results of the Consolidated Financial Statements by the independent auditors and the Audit Committee for the 62nd term (January 1 to December 31, 2016)
2. Non-consolidated Financial Statements for the 62nd term (January 1 to December 31, 2016)

- Item to be resolved

Agenda: Election of seven (7) directors

4. Decisions Made for the Notice of the Meeting

(1) If a shareholder does not indicate acceptance or rejection of the agenda items when exercising a voting right in writing or via the Internet, the Company will treat such cases as indications of acceptance.

(2) In the event that a shareholder exercises a voting right via the Internet, even if the voting form is returned to us by mail, the Company will treat the shareholder's vote via the Internet as the effective exercise of the voting right.

(3) If a shareholder exercises a voting right in writing, the shareholder is requested to return the voting form to us by mail by 5:00 p.m. on Friday, March 24, 2017 (JST).

(4) If a shareholder exercises a voting right via the Internet, the shareholder is requested to do so by 5:00 p.m. on Friday, March 24, 2017 (JST).

(5) In the event that a shareholder exercises voting rights diversely, the shareholder is requested to submit his/her intention to do so and the reason for the diverse exercise of voting rights to the Company in writing by three days before the meeting.

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*If attending the meeting in person, please hand in the enclosed voting form, completed, to the receptionist at the meeting. In the interest of saving resources, please bring this notice with you to the meeting.

*The information contained in this notice has been disclosed on the Company's website before dispatching this notice with the objective of providing the information promptly.

*If the Reference Materials for Annual General Meeting of Shareholders, Business Report, and Non-consolidated and Consolidated Financial Statements are subsequently revised, the revisions shall be posted on the Company's website (http://www.sumida.com).

* Please note that the Company is not planning to hold any company presentation or reception after the meeting.

<Concerning the Exercise of Voting Rights>

* Shareholders attending the meeting in person are requested to submit the voting form enclosed with this notice at the reception desk on the day of the meeting.
* A shareholder may exercise his/her voting rights by designating one proxy who is another shareholder of the Company with voting rights pursuant to Article 17 of the Articles of Incorporation. In such cases, please submit to the Company a document proving the proxy's power of representation (power of attorney).
* If you are unable to attend the meeting in person, please exercise your voting rights using either of the below methods.

[Exercising Voting Rights by Mail]

After indicating your acceptance or rejection of the agenda items on the voting form enclosed with this notice, return it without affixing a stamp.

Votes to be received by: 5:00 p.m., Friday, March 24, 2017 (JST)

[Exercising Voting Rights via the Internet]

Please access the Website for Exercising Voting Rights (http://www.evote.jp/) with a computer, smartphone, or mobile phone, and enter the log-in ID and temporary password shown on the voting form enclosed with this notice. Follow the instructions given on the screen to indicate your acceptance or rejection.

Votes to be given by: 5:00 p.m., Friday, March 24, 2017 (JST)

1. Please note that shareholders are to bear any and all telecommunications charges, including call charges, and connection charges to be paid to Internet service providers when accessing the Website for Exercising Voting Rights.
2. For shareholders who intend to exercise voting rights via mobile phones or smartphones, please note that it may not be possible to do so using certain models.
3. In the event that a shareholder exercises a voting right on multiple occasions via the Internet, the Company will treat the shareholder's final vote as the effective exercise of the voting right.

Please direct any inquiries you may have concerning the exercise of voting rights via the Internet to:
Shareholders' Register Manager: Transfer Agent Department (Help Desk),
Mitsubishi UFJ Trust and Banking Corporation
Tel: 0120-173-027 (Toll-free, available only in Japan)
Operating hours: 9:00 a.m. to 9:00 p.m. (JST)

[To All Institutional Investors]

In the event that you apply for the use of the platform for electronic exercise of voting rights (the so-called TSE platform) operated by ICJ, you may use it as your electronic method for exercising voting rights at the Company's General Meetings of Shareholders, in addition to the above-mentioned electronic methods via the Internet.

Reference Materials for Annual General Meeting of Shareholders

Agenda: Election of seven (7) directors

The terms of office of seven (7) directors will expire at the conclusion of this Annual General Meeting of Shareholders. The Company hereby requests the election of seven (7) directors including six (6) outside directors as nominated by the Nomination Committee.

The candidates for the directors' positions are as follows. Six (6) of the candidates for director, namely Messrs. Johji Sato, Pak Hong Auyang, Soichiro Uchida, Yukihiro Moroe, Atsushi Kato and Michael Mühlbayer, seek the positions as outside directors as stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.

[Reference] List of candidates

No.	Name	Positions and duties at the Company	
1	Shigeyuki Yawata	Director (Chairman of the Board of Directors), Representative Executive Officer and CEO, member of the Nomination Committee and Compensation Committee and Chairman of the Risk Management Committee	[Re-election]
2	Johji Sato	Director, Chairman of the Audit Committee and member of the Risk Management Committee	[Re-election] [Outside] [Independent]
3	Pak Hong Auyang	Director, Chairman of the Nomination Committee and Compensation Committee	[Re-election] [Outside] [Independent]
4	Soichiro Uchida	Director, member of the Nomination Committee, Compensation Committee and Risk Management Committee	[Re-election] [Outside] [Independent]
5	Yukihiro Moroe	Director and member of the Audit Committee	[Re-election] [Outside] [Independent]
6	Atsushi Kato	Director and member of the Audit Committee	[Re-election] [Outside] [Independent]
7	Michael Mühlbayer	Director and member of the Nomination Committee	[Re-election] [Outside] [Independent]

No.	Name (Date of birth)	Brief personal profile and positions and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
1 Re-election	Shigeyuki Yawata (October 28, 1951) Rate of attendance at the Board of Directors meetings in FY2016: 6/6	**(Brief personal profile)** Nov. 1977 Joined the Company Mar. 1988 Director Mar. 1990 Representative Director and Senior Managing Director Apr. 1991 Representative Director and Vice President Mar. 1992 Representative Director and President Apr. 2003 Director, Representative Executive Officer and CEO (To date) **(Positions and duties at the Company)** Director (Chairman of the Board of Directors), Representative Executive Officer and CEO, member of the Nomination Committee and Compensation Committee, and Chairman of the Risk Management Committee **(Important concurrent occupations or positions at other organizations)** Managing Director, SUMIDA Europe GmbH	258,000

<Reasons for the selection of candidates nominated for director>

Mr. Shigeyuki Yawata possesses abundant experience and a proven track record in regard to not only his service in the executive management of the Group but also his role in operating and developing global business operations. The Company proposed him as a candidate for director because it expects Mr. Yawata not only to offer his extensive insight regarding the electronic components industry but also to continue to strengthen the function of the Board of Directors as he has served the executive management role in the Company of Representative Executive Officer and CEO.

No.	Name (Date of birth)	Brief personal profile and positions and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
2 Re-election/ Outside/ Independent	Johji Sato (November 20, 1953) Rate of attendance at the Board of Directors meetings in FY2016: 6/6	**(Brief personal profile)** Apr. 1982 Joined Chuo Coopers & Lybrand Associates, Inc. Sep. 1985 Assigned to London Office, Coopers & Lybrand UK (Currently PricewaterhouseCoopers LLP) Oct. 1989 Partner (International Corporate Tax Division), London Office, Coopers & Lybrand UK (Currently PricewaterhouseCoopers LLP) Jul. 1995 Lead Partner (Japanese Business Group in Europe, the Middle East and Africa), London Office, Coopers & Lybrand UK (Currently PricewaterhouseCoopers LLP) Jul. 2002 Chair Partner, Japanese Business Steering Committee, Central Cluster (Europe, the Middle East, Africa and India), PricewaterhouseCoopers LLP May 2012 Executive Senior Director (Global Japanese Business), PricewaterhouseCoopers Co., Ltd. Mar. 2013 Outside Director of the Company (To date) **(Positions and duties at the Company)** Director, Chairman of the Audit Committee and member of the Risk Management Committee	0

<Reasons for the selection of candidates nominated for outside director>

Mr. Johji Sato has been involved in the provision of advice regarding taxation and investment to global corporations over many years, and has held various posts including partner at PricewaterhouseCoopers LLP. The Company proposed him as a candidate for outside director because it expects him to oversee and check management based on the managerial knowledge and experience that he has accumulated throughout his career, especially in the fields of accounting and taxation. He currently serves as outside director of the Company. The length of his service as outside director will be four (4) years at the conclusion of this Annual General Meeting of Shareholders.

No.	Name (Date of birth)	Brief personal profile and positions and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
3 Re-election/ Outside/ Independent	Pak Hong Auyang (December 24, 1967) Rate of attendance at the Board of Directors meetings in FY2016: 6/6	**(Brief personal profile)** Sep. 1991 Joined Computime Group Limited Sep. 2002 CEO, Computime Group Limited Nov. 2009 Chairman, Vida Nova Ventures Jul. 2010 Co-CEO & Executive Director, Touchmedia Mar. 2013 Outside Director of the Company (To date) Dec. 2015 CEO, Altis Technology Limited (To date) **(Positions and duties at the Company)** Director, Chairman of the Nomination Committee and Compensation Committee **(Important concurrent occupations or positions at other organizations)** CEO, Altis Technology Limited Outside Director, Grayhill Hong Kong Company Limited Director, QVIVO Limited Director, Greenlink Global Limited	0

<Reasons for the selection of candidates nominated for outside director>

Mr. Pak Hong Auyang was engaged in the management of electronic control products manufacturer Computime Group Limited of Hong Kong, and currently serves as a manager or director at Asian companies mainly in China and Hong Kong. The Company proposed him as a candidate for outside director because it expects him to oversee and check management based on the knowledge and experience as a corporate executive that he has accumulated throughout his career, and his insight into the Asian market. He currently serves as outside director of the Company. The length of his service as outside director will be four (4) years at the conclusion of this Annual General Meeting of Shareholders.

No.	Name (Date of birth)	Brief personal profile and positions and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
4 Re-election/ Outside/ Independent	Soichiro Uchida (November 8, 1953) Rate of attendance at the Board of Directors meetings in FY2016: 6/6	**(Brief personal profile)** Mar. 1981 Joined NOK CORPORATION Jun. 1993 Director, NOK CORPORATION Jun. 2007 Senior Managing Director, SYNZTEC Co., Ltd. Jun. 2010 Representative Director & President, SYNZTEC Co., Ltd. Apr. 2013 Adviser, NOK CORPORATION Mar. 2014 Outside Director of the Company (To date) **(Positions and duties at the Company)** Director, member of the Nomination Committee, Compensation Committee and Risk Management Committee	0

<Reasons for the selection of candidates nominated for outside director>

Mr. Soichiro Uchida has served as director of NOK CORPORATION for many years and engaged in the management of SYNZTEC Co., Ltd. The Company proposed him as a candidate for outside director because it expects him to oversee and check management based on the knowledge and experience as a corporate executive that he has accumulated throughout his career, and his insight into the automotive components industry. He currently serves as outside director of the Company. The length of his service as outside director will be three (3) years at the conclusion of this Annual General Meeting of Shareholders.

No.	Name (Date of birth)	Brief personal profile and positions and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
5 Re-election/ Outside/ Independent	Yukihiro Moroe (July 18, 1955) Rate of attendance at the Board of Directors meetings in FY2016: 6/6	**(Brief personal profile)** Nov. 1985 Joined The Nomura Securities Co., Ltd. Jul. 1988 Joined Goldman Sachs Japan Nov. 1998 Managing Director, Goldman Sachs Japan Aug. 2008 Representative Director, YUME Capital Co., Ltd. (To date) Representative Director, Itohan Japan Co., Ltd. (To date) Jun. 2009 Outside Corporate Auditor, Oisix Inc. (To date) Mar. 2014 Outside Director of the Company (To date) **(Positions and duties at the Company)** Director, member of the Audit Committee **(Important concurrent occupations or positions at other organizations)** Representative Director, YUME Capital Co., Ltd. Representative Director, Itohan Japan Co., Ltd. Outside Corporate Auditor, Oisix Inc.	0

<Reasons for the selection of candidates nominated for outside director>

Mr. Yukihiro Moroe has accumulated a wealth of experience in the financial industry over many years, and currently engages in management and serves as director and outside corporate auditor at several companies. The Company proposed him as a candidate for outside director because it expects him to oversee and check management based on the experience and insight that he has accumulated throughout his career. He currently serves as outside director of the Company. The length of his service as outside director will be three (3) years at the conclusion of this Annual General Meeting of Shareholders.

No.	Name (Date of birth)	Brief personal profile and positions and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
6 Re-election/ Outside/ Independent	Atsushi Kato (April 14, 1943) Rate of attendance at the Board of Directors meetings in FY2016: 5/6	**(Brief personal profile)** Apr. 1968 Established a tax accountant office, Director Oct. 1971 Joined Tokyo Office, Coopers & Lybrand Jul. 1983 Partner, Tokyo Office, Coopers & Lybrand Jul. 1984 Representative Partner, Chuo Audit Corporation (later ChuoAoyama Audit Corporation, a PricewaterhouseCoopers member firm) due to a merger Jul. 2001 Part-time member, Accounting Standards Board of Japan (ASBJ) Sep. 2006 Representative Partner, PricewaterhouseCoopers Aarata (currently, PricewaterhouseCoopers Aarata LLC, a PricewaterhouseCoopers member firm) Feb. 2007 Representative Director and President, Control Solutions International, Inc. Apr. 2009 Full-time Member, Accounting Standards Board of Japan (ASBJ) Apr. 2010 Full-time Vice Chairman, Accounting Standards Board of Japan (ASBJ) Apr. 2013 Certified Public Accountant, Atsushi Kato Certified Public Accountant Office (To date) Mar. 2015 Outside Director of the Company (To date) Jun. 2016 Outside Audit & Supervisory Board Member, UNIZO Holdings Company, Limited (To date) **(Positions and duties at the Company)** Director, member of the Audit Committee **(Important concurrent occupations or positions at other organizations)** Certified Public Accountant, Atsushi Kato Certified Public Accountant Office Outside Audit & Supervisory Board Member, UNIZO Holdings Company, Limited	0

<Reasons for the selection of candidates nominated for outside director>

Mr. Atsushi Kato has been involved in the provision of advice and activities regarding finance, audit, internal control and International Financial Reporting Standards (IFRS) for global corporations over many years, and has held various posts including partner at Coopers & Lybrand (C&L). The Company proposed him as a candidate for outside director because it expects him to oversee and check management based on the managerial knowledge and experience that he has accumulated throughout his career, especially in the fields of accounting and taxation. He currently serves as outside director of the Company. The length of his service as outside director will be two (2) years at the conclusion of this Annual General Meeting of Shareholders.

No.	Name (Date of birth)	Brief personal profile and positions and duties at the Company (Important concurrent occupations or positions at other organizations)	Number of shares held in the Company
7 Re-election/ Outside/ Independent	Michael Mühlbayer (February 22, 1955) Rate of attendance at the Board of Directors meetings in FY2016: 6/6	**(Brief personal profile)** Oct. 1985 Joined Daimler AG Apr. 1994 Manager, Treasury Control, MTU Friedrichshafen GmbH, Daimler AG Group Apr. 1997 Executive Vice President, TEMIC TELEFUNKEN Mikroelektronik GmbH, Daimler AG Group Nov. 1998 Executive Vice President, New York Office, Mercedes-Benz Credit Corp, U.S., Daimler AG Group Nov. 1998 Executive Vice President, Detroit Office, Chrysler Financial Corp, U.S. Aug. 2000 Senior Vice President (Treasury), DaimlerChrysler AG Jul. 2005 Senior Vice President (Investor Relations & Treasury), Daimler AG Mar. 2015 Outside Director of the Company (To date) **(Positions and duties at the Company)** Director, member of the Nomination Committee	0

<Reasons for the selection of candidates nominated for outside director>

Mr. Michael Mühlbayer has been involved in finance of Daimler AG, a German automobile manufacturer, over many years. The Company proposed him as a candidate for outside director because it expects him to oversee and check management based on the knowledge and experience as a corporate executive that he has accumulated throughout his career, especially in the field of finance, and his insight into the automobile and electric and electronics industries and the European and U.S. markets. He currently serves as outside director of the Company. The length of his service as outside director will be two (2) years at the conclusion of this Annual General Meeting of Shareholders.

Notes:

1. SUMIDA Europe GmbH is a subsidiary of the Company. Among other things, the Company loans funds to the subsidiary.
2. There are no special interest relationships between the candidates and the Company.
3. If the six (6) candidates for outside director, Messrs. Johji Sato, Pak Hong Auyang, Soichiro Uchida, Yukihiro Moroe, Atsushi Kato and Michael Mühlbayer, are elected as originally proposed, the Company plans that these persons will be independent directors in accordance with the provisions of the Tokyo Stock Exchange.

Reasons for the selection:

Seven (7) of the candidates nominated for director, Messrs. Shigeyuki Yawata, Johji Sato, Pak Hong Auyang, Soichiro Uchida, Yukihiro Moroe, Atsushi Kato and Michael Mühlbayer, have sufficiently served as directors who determine basic management policies and supervise operations. The Company therefore requests to reelect them as directors.

Reasons for the selection of candidates nominated for outside director, independence as outside directors and the explanation of liability limitation contracts with outside directors are as follows.

(1) Reasons for the selection of candidates nominated for outside director

The Company is a company employing a committee-based corporate governance structure, called a company with nomination committee, etc. At a company with nomination committee, etc., the board of directors specializes in supervising management, while a committee made up of a majority of outside directors is established to improve the transparency of management and executive officers are installed as an organ to work full-time for the execution of operations. Thus, a company with nomination committee, etc. clearly separates "supervision of management" from "execution of operations" to make them function effectively. Such a company generally needs to elect multiple outside

directors. To further enhance the functions of the board of directors, the Company is to make outside directors account for a majority of directors, and hereby requests the election of six (6) outside directors.

(2) Independence of candidates for outside director

(i) None of the candidates for outside director have been managing members of the Company or business operators that have specific relations with the Company in the past.

(ii) None of the candidates for outside director have received or plan to receive a large amount of money or other property from the Company or business operators that have specific relations with the Company.

(iii) None of the candidates for outside director have relatives in the third degree or closer with managing members of the Company or business operators that have specific relations with the Company.

(3) Liability limitation contracts with outside directors

The Company has entered into liability limitation contracts with the candidates for outside director of the Company, Messrs. Johji Sato, Pak Hong Auyang, Soichiro Uchida, Yukihiro Moroe, Atsushi Kato and Michael Mühlbayer. (Outline of the contracts is stated on pages 33 of the Business Report.) In case of their re-election, the Company will continue the above liability limitation contracts with them.

Business Report

for the 62nd term

(January 1 to December 31, 2016)

Shigeyuki Yawata
Director, Representative Executive Officer and CEO
SUMIDA CORPORATION

Business Report

(January 1 to December 31, 2016)

1. Matters Concerning the Current Status of the Sumida Group

(1) Business conditions for the fiscal year under review

(i) Progress and results of the business

Looking at the global economy in the current fiscal year, despite major changes, such as the U.S. presidential election and decision by the U.K. to leave the EU, which may shake the existing framework of the world, steady growth has been seen, managing risks including the economic slowdown in China and European banking crisis.

In the electronic devices market, the situation around consumer electronics related products has been characterized by the slowing growth of smartphones sales, stagnant tablets sales, and an absence of the powerful market driver in place of smartphones. In the industry-related products sector, supported by the aggressive investments by semiconductor manufacturers and robust performance in the automotive sector, demand for machine tools and robots has been stable. The subdued demand for construction machinery in the first half of the fiscal year showed some signs of recovery in the second half, as the problem of excess inventory in China has been resolved.

Meanwhile, demand for automotive-related electronic components grew, due to the strong new car sales in North America and Europe as well as unit sales growth in China fueled by tax-cuts for small cars. In addition, the increasingly stringent emission regulations, which followed emissions scandals, resulted in an increase in demand for electronic components in the areas of technologies to improve fuel efficiency, development of EV and PHEV, and others, creating demand which surpasses the growth in the number of automotive sales.

Given these circumstances, the Group strengthened the production system to significantly reduce impact on profit by fluctuations of foreign exchange through further promotion of local production for local consumption, further promoted automated production at China factories to raise productivity, and started operations at Vietnam No. 2 factory (outskirts of Da-Nang). The Group also started to increase personnel and strengthen capacity of our R&D staff to promote the development of products for the future.

Although net sales were steady in general on the local currency basis in the current fiscal year, the impact of yen appreciation, approximately 10% higher than the previous fiscal year in terms of the average yen exchange rates against the U.S. dollar (109.31 yen per U.S. dollar) and the euro (120.75 yen per euro), was significant. As a result, net sales for the current fiscal year decreased by 6.0% year on year to 81,052 million yen. Meanwhile, operating income increased by 34.4% year on year to 5,696 million yen, owing to the lowered cost of sales and selling, general and administrative expenses by the stronger yen, reflecting the Group's high share of overseas operation, including production, in addition to a freezing of minimum-wage increases in some areas in China and reduction in raw materials prices such as copper. Ordinary income increased by 45.2% year on year to 4,805 million yen, despite foreign exchange losses caused by sharp fluctuations in foreign exchange rates. Profit attributable to owners of parent increased by 51.9% year on year to 3,087 million yen.

(Reporting segment information)

The following is the business performance in the current fiscal year by reporting segment.

1) Asia Pacific Business

In the Asia Pacific Business, despite the healthy demand for automotive-related products in North America and other regions, sales of products for smartphones were weak and the yen significantly appreciated against the U.S. dollar. Consequently, net sales for the current fiscal year decreased by 9.4% year on year to 47,827 million yen. Segment profit increased by 26.7% year on year to 5,227 million yen.

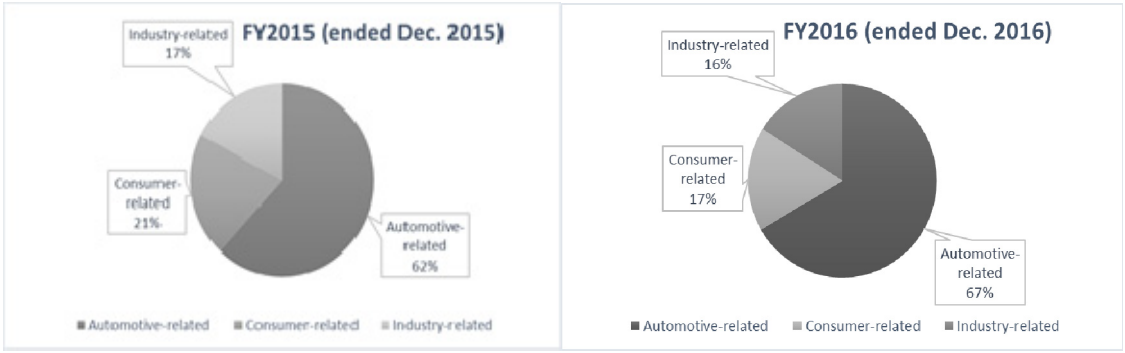
2) EU Business

In the EU Business, demand for automotive-related products was robust, owing to a further advance in automotive electrification, favorable new car sales in the United States and Europe, and other factors. However, amid the continued yen appreciation against the euro, net sales decreased by 0.6% year on year to 33,225 million yen. Segment profit increased by 21.7% year on year to 2,596 million yen.

Business segment	Net sales (million yen)
Asia Pacific Business	47,827
EU Business	33,225
Total	81,052

(Reference)

Looking at the composition of sales by market, the share of sales derived from automotive-related products increased, while the share of sales derived from consumer electronics related products and industry-related products declined from the previous fiscal year.



(ii) Fund procurement

1) Loan commitment agreements

In order to raise working capital effectively, the Group has concluded a bilateral commitment line agreement with 1 of its financing banks and has concluded loan commitment agreements with 8 of its financing banks amounting during the current fiscal year. Unused loan commitments at the end of the current fiscal year are as follows:

	As of December 31, 2016 (million yen)
Total amount specified in loan commitment agreements	4,000
Outstanding borrowings	–
Balance	4,000

2) Global commitment line agreements

In order to make it possible to raise working capital effectively, the Company has concluded global commitment line agreements with 5 of its financing banks. Unused global commitment lines based on the said agreements at the end of the current fiscal year are as follows:

	As of December 31, 2016 (million yen)
Total amount specified in global commitment line agreements	3,600
Outstanding borrowings	–
Balance	3,600

(iii) Plant and equipment investment

The Group continuously makes investments to expand facilities and enhance research and development for rationalization of production, quality improvement and increasing demand. For the current fiscal year, total investment amounted to 4,508 million yen, including constant investments related to the development and manufacturing of new products, enhancement of automotive-related facilities to meet active demand, and production automation and expansion of facilities in China.

(iv) Acquisition or disposal of shares, other stakes or stock acquisition rights of other companies

SUMIDA AG

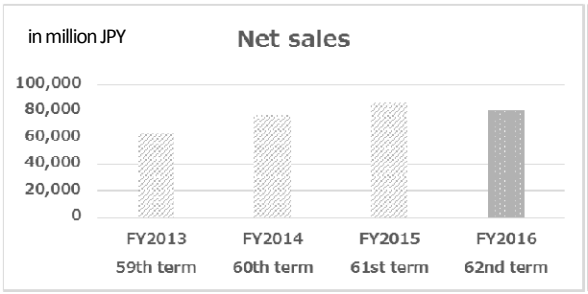
After the Group fulfilled demand of purchasing shares by shareholders, the percentage of SUMIDA AG shares held by the Sumida Group increased to 97.779% from 97.765%. Accordingly, the ratio of shareholding in subsidiaries of the company by the Sumida Group also increased.

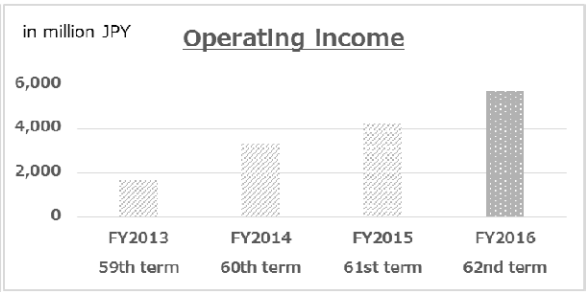
(2) Summary of assets, profit and losses

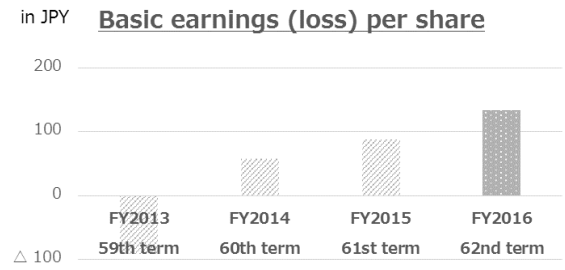
	59th term (ended Dec. 2013)	60th term (ended Dec. 2014)	61st term (ended Dec. 2015)	62nd (current) term (ended Dec. 2016)
Net sales (million yen)	63,893	77,563	86,236	81,052
Operating income (million yen)	1,698	3,345	4,237	5,696
Profit (loss) attributable to owners of parent (million yen)	(2,008)	1,346	2,032	3,087
Basic earnings (loss) per share (yen)	(91.41)	58.01	87.55	133.02
Total assets (million yen)	56,743	70,110	67,876	67,034
Net assets (million yen)	14,510	17,724	18,669	19,903
Net assets per share (yen)	583.50	711.88	746.93	790.14
ROE (Return On Equity) (%)	–	9.0	12.0	17.3

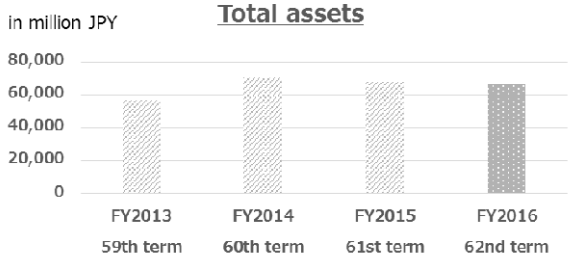
Notes:

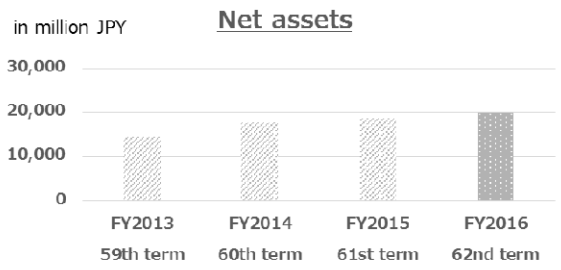
1. Basic earnings (loss) per share is calculated based on the average number of shares issued in each fiscal term and net assets per share is calculated based on the total number of shares issued at the end of each fiscal term. In calculating basic earnings (loss) per share and net assets per share, treasury shares are excluded from the total average number of shares issued during each fiscal term and from the total number of shares issued at the end of each fiscal term.
2. Amendments to IAS19 were published on June 16, 2011 and have taken effect from the fiscal year which had started from January 1, 2013. Accordingly, starting from the 59th term (2013), the amended IAS19 was applied to a part of the consolidated subsidiaries.

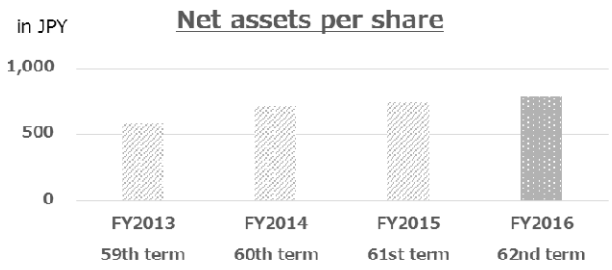









Net assets
in million JPY
30,000
20,000
10,000
0
FY2013
59th term
FY2014
60th term
FY2015
61st term
FY2016
62nd term


Net assets per share
in JPY
1,000
500
0
FY2013
59th term
FY2014
60th term
FY2015
61st term
FY2016
62nd term

(3) Significant matters of the parent company and subsidiaries

(i) Parent company

There were no relevant issues.

(ii) Significant subsidiaries

Company name	Capital (in thousand)	Voting rights of the Company (%)	Key business
Sumida Electronic Components Co., Ltd.	50,000 yen	100	Control of the Asia Pacific Business
Sumida Electric Co., Ltd.	450,000 yen	100 (100)	Manufacture, sale and research & development of coils
Sumida Corporate Service Incorporated	25,000 yen	100	Control of Group management
Sumida Power Technology Co., Ltd.	301,000 yen	100 (100)	Manufacture and sale of coils
Dongguan Sumida (Tai Ping) Electric Co., Ltd.	305,000 Hong Kong dollars	100 (100)	Manufacture of coils
SUMIDA ELECTRIC (GUANGXI) CO., LTD.	17,561 yuan	100 (100)	Manufacture of coils
Sumida Electric (H.K.) Company Limited	255,000 Hong Kong dollars	100 (100)	Manufacture and research & development of coils
SUMIDA TRADING PTE. LTD.	6,000 Singapore dollars	100 (100)	Sale of coils
SUMIDA AMERICA COMPONENTS INC.	6,350 U.S. dollars	100 (100)	Sale of coils
SUMIDA TRADING (SHANGHAI) COMPANY LIMITED	8,070 yuan	100 (100)	Sale of coils
TAIWAN SUMIDA TRADING COMPANY LIMITED	30,000 Taiwan dollars	100 (100)	Sale of coils
SUMIDA TRADING (KOREA) COMPANY LIMITED	2,000,000 Korea won	100 (100)	Sale of coils
SUMIDA Europe GmbH	25 euro	100	Control of the EU Business
SUMIDA Components GmbH	105 euro	97.8 (97.8)	Manufacture and sale of coils
SUMIDA AG	7,344 euro	97.8 (97.8)	Intermediate holding company of the EU Business
SUMIDA Components & Modules GmbH	25 euro	97.8 (97.8)	Manufacture, sale and research & development of coils
SUMIDA EMS GmbH	25 euro	97.8 (97.8)	Controlling company of EMS
SUMIDA Lehesten GmbH	1,100 euro	97.8 (97.8)	EMS
SUMIDA COMPONENTS DE MEXICO, S.A. DE C.V.	50 Mexico peso	72.3 (72.3)	Manufacture of coils
SUMIDA ROMANIA S.R.L.	3,101 euro	97.8 (97.8)	Manufacture of coils
SUMIDA electronic Shanghai Co., Ltd.	37,904 yuan	97.8 (97.8)	Manufacture and sale of coils
SUMIDA Slovenija, d.o.o.	503 euro	72.3 (72.3)	Manufacture of coils

Company name	Capital (in thousand)	Voting rights of the Company (%)	Key business
vogtronics GmbH	25 euro	72.3 (72.3)	Manufacture and sale of coils
SUMIDA flexible connections GmbH	25 euro	97.8 (97.8)	Manufacture and sale of flat cables
SUMIDA FLEXIBLE CONNECTIONS ROMANIA S.R.L.	156 euro	97.8 (97.8)	Manufacture and sale of flat cables
Sumida Electric (Thailand) Co., Ltd.	140,000 baht	100 (100)	Development, manufacture and sales of power electronics related coils
ISMART GLOBAL LIMITED	6,308 euro	100	Intermediate holding company
Sumida Finance B.V.	20 euro	100	Financial control company
SUMIDA ELECTRONIC VIETNAM CO., LTD.	2,000 U.S. dollars	100 (100)	Manufacture of coils
Sumida Electric (Changde) Co., Ltd.	8,796 yuan	100 (100)	Manufacture of coils
Sumida Electric (JI'AN) Co., Ltd.	60,628 yuan	100 (100)	Manufacture of coils
Guangzhou Sumida Electric Co., Ltd.	129,394 yuan	100 (100)	Manufacture of coils
Sumida Technologies Inc.	200 Canadian dollars	100 (100)	Research & development of coils
SUMIDA Electronic SuQian Co., Ltd.	4,500 yuan	97.8 (97.8)	Manufacture of coils
SUMIDA ELECTRONIC QUANG NGAI CO., LTD.	2,000 U.S. dollars	100 (100)	Manufacture of coils
Sumida Insurance Corporation	5,000 U.S. dollars	100	Control and management of group insurance

Notes:

1. Figures shown in parentheses in the column of voting rights are the percentages held indirectly.
2. Details of the specified wholly owned subsidiary as of December 31, 2016 are as follows.

Name of specified wholly owned subsidiary	Sumida Electronic Components Co., Ltd.
Address of specified wholly owned subsidiary	Harumi Island Triton Square Office Tower X 14/F, 1-8-10 Harumi, Chuo-ku, Tokyo
Book value of shares for specified wholly owned subsidiaries of the Company, and for specified wholly owned subsidiaries of the Company's wholly owned subsidiaries	14,461 million yen
Total assets of the Company	44,100 million yen

3. SUMIDA TRADING (KOREA) COMPANY LIMITED increased its capital during the current fiscal year.
4 As all of SUMIDA TRADING COMPANY LIMITED's business (sale of coils) was transferred to Sumida Electric (H. K.) Company Limited on January 1, 2016, it has been excluded from significant subsidiaries.

(4) Issues to address

(i) Chaotic global situation

The global situation is marked by events such as the U.S. presidential election result and the U.K.'s decision to leave the EU, which are causing significant change that could rock the current global framework. The situation is chaotic due to widespread concerns about negative economic impacts of weakening emerging market currencies with the appreciation of the U.S. dollar backed by the U.S. economic policies.

However, the potential growth ability in the emerging economies has not changed; their economic growth which is increasing their significance as sales markets beyond their historical positioning as production locations remains unchanged. Given these circumstances, the Group will have to adjust its planning approach so that the Group's actions are quickly responsive to changes and trends as they emerge.

(ii) Improving corporate value

(Business expansion into new fields)

The Company will leverage its expertise to develop products for new applications in automotive-related products and specialize in growth segments with an emphasis on profitability in consumer electronics related products. Moreover, it will seek business expansion in the industry-related products sector, focusing on the fields of industrial equipment, energy, medical and healthcare, identification systems, security, lighting, etc.

(Sales)

In addition to the automotive-related business, the Company will focus on expanding the U.S. sales of high technology applications such as energy, medical and security related areas which have extremely high potential for growth and expanding China sales by strengthening design-in capabilities and re-engineering the distribution system within China to expand business with Chinese manufacturers.

(Manufacturing)

The Sumida Group will further accelerate the automation of production lines, which the Group has been promoting for some time, particularly for automotive-related products with long product life cycles and lower volume fluctuations. Moreover, the Group will strengthen its overall purchasing power through unification of the procurement system and focus on a single contact window to suppliers, expediting the global optimization of suppliers. The Sumida Group will lower direct labor costs by continuously promoting the transfer of production to low cost sites, primarily satellite plants, in accordance with the "Sumida Silk Road" strategy. Combined with the on-going development of and transfer of production to new low cost sites in both Asia and Europe, the Group believes that even greater reductions in direct labor costs will be possible. The Group will strive for manufacturing cost reduction by further promoting low cost operations at its manufacturing bases.

(Development)

The Sumida Group will work to reconstruct its development structure, accelerate personnel expansion and development of new products and production technology, develop products targeted at highly profitable markets, and carry out market launches.

(Finance)

The Sumida Group will continuously estimate cash flow of the whole Group, and based on the estimation, use cash pooling to utilize efficient cash management and accelerate repayment of

debts. Furthermore, the Group will raise capital efficiency through reducing inventory and improving accounts receivable and payable terms.

(iii) Continuing focus on corporate governance

Developments in the Japanese business environment show that the Company's focus is correct. The basics of the Company's corporate governance are to maintain transparency and efficiency of management, meet the expectations of stakeholders and continuously improve the corporate value, which it recognizes as being one of the most important issues for its management. In particular, the role of governance under a system in which "execution" and "supervision" are segregated through delegation of substantial authority for executing operations is extremely important. The Company always tries to develop a system in which both duties function effectively and efficiently to realize more suitable governance.

(iv) Pursuing corporate social responsibility

Also of continuing importance to the Company is corporate social responsibility. Under the existing circumstances, in which companies need to fulfill legal, economic and social responsibilities more than ever, and in which they need to actively contribute to society and make concrete actions, the Group fulfills its social responsibilities by performing business based on basic principles such as integrity, discipline and common sense, and at the same time makes broad efforts to further enhance the trust that society places in it through measures including reinforcement of the legal and compliance functions and active commitment to environmental and social issues.

(5) Major business lines (as of December 31, 2016)

Lines of business	Key products
Asia Pacific Business	DC/DC converter transformers, switching power supply transformers, stroboscopical oscillating transformers, noise filter coils, DC/DC converter units, power inductors, IFT/RF coils, keyless entry antenna coils, ADSL modem transformers, data line filters, antenna coils, video filters, signal inductors, RF-ID, four-way valve coils, CCFL driving inverter transformers, ABS coils, injection coils, antenna coils, sensor coils, noise filers, solenoid coils for automotive air conditioner, high-frequency transformers, high-frequency choke coils, edge-wise coils, stick coils, motor coils for HDD, low-frequency transformers, harmonic preventive reactors, reactors, common mode coils
EU Business	Antenna coils, sensor coil modules, ignition coil modules, noise filters, xDSL splitter modules, DC/DC converter transformers, keyless entry antenna coils, Xenon igniters, power steering control units, GPS antennas, anti-theft control units, diesel engine control units, power supplies, high-frequency transformers, high-frequency choke coils, edge-wise coils, stick coils, motor coils for HDD, low-frequency transformers, harmonic preventive reactors, reactors, common mode coils

(6) Major business offices of the Sumida Group (as of December 31, 2016)

Headquarters: Chuo-ku, Tokyo (the Company)

Business supervising companies:

Sumida Electronic Components Co., Ltd. (Chuo-ku [Tokyo]), SUMIDA Europe GmbH (Germany), SUMIDA AG (Germany), Sumida Corporate Service Incorporated (Chuo-ku [Tokyo]), Sumida Finance B.V. (Netherlands), SUMIDA INSURANCE CORPORATION (Micronesia)

Domestic sales offices:

Sumida Electric Co., Ltd. (Saitama-shi [Saitama], Kawasaki-shi [Kanagawa], Osaka-shi, Nagoya-shi, Natori-shi [Miyagi], Komoro-shi [Nagano]), Sumida Power Technology Co., Ltd. (Ueda-shi [Nagano])

Overseas sales offices:

Sumida Electric (H.K.) Company Limited (Hong Kong), SUMIDA TRADING PTE. LTD. (Singapore), SUMIDA AMERICA COMPONENTS INC. (U.S.), SUMIDA Components GmbH (Germany), SUMIDA TRADING (SHANGHAI) COMPANY LIMITED (China), SUMIDA Components & Modules GmbH (Germany), vogtronics GmbH (Germany), SUMIDA Lehesten GmbH (Germany), SUMIDA flexible connections GmbH (Germany), SUMIDA TRADING (KOREA) COMPANY LIMITED (South Korea), TAIWAN SUMIDA TRADING COMPANY LIMITED (Taiwan), Sumida Electric (Thailand) Co., Ltd. (Thailand), SUMIDA electronic Shanghai Co., Ltd. (China)

Domestic production bases:

Sumida Electric Co., Ltd. (Mutsu-shi [Aomori]), Sumida Power Technology Co., Ltd. (Ueda-shi [Nagano])

Overseas production bases:

Sumida Electric (H.K.) Company Limited (Hong Kong), Dongguan Sumida (Tai Ping) Electric Co., Ltd. (China), SUMIDA Components GmbH (Germany), SUMIDA Components & Modules GmbH (Germany), SUMIDA ROMANIA S.R.L. (Romania), SUMIDA COMPONENTS DE MEXICO, S.A. DE C.V. (Mexico), SUMIDA Slovenija, d.o.o. (Slovenia), SUMIDA Lehesten GmbH (Germany), SUMIDA electronic Shanghai Co., Ltd. (China), SUMIDA flexible connections GmbH (Germany), SUMIDA ELECTRIC (GUANGXI) CO., LTD. (China), Sumida Electric (Thailand) Co., Ltd. (Thailand), SUMIDA FLEXIBLE CONNECTIONS ROMANIA S.R.L. (Romania), SUMIDA ELECTRONIC VIETNAM CO., LTD. (Vietnam), Sumida Electric (JI'AN) Co., Ltd. (China), Sumida Electric (Changde) Co., Ltd. (China), Guangzhou Sumida Electric Co., Ltd. (China), SUMIDA Electronic SuQian Co., Ltd. (China), SUMIDA ELECTRONIC QUANG NGAI CO., LTD. (Vietnam)

Domestic R&D centers:

Sumida Electric Co., Ltd. (Natori-shi [Miyagi], Saitama-shi [Saitama], Komoro-shi [Nagano])

Overseas R&D centers:

Sumida Electric (H.K.) Company Limited (Hong Kong), SUMIDA AMERICA COMPONENTS INC. (U.S.), SUMIDA Components GmbH (Germany), SUMIDA Components & Modules GmbH (Germany), SUMIDA flexible connections GmbH (Germany), Sumida Technologies Inc. (Canada)

(7) Employees (as of December 31, 2016)

(i) Employees of the Sumida Group

Business segments	Number of employees	Changes from the end of the previous fiscal year
Asia Pacific Business	16,223	Increase by 973
EU Business	3,495	Increase by 100
Company-wide (common)	103	Decrease by 9
Total	19,821	Increase by 1,064

Notes:

1. The number of employees is the number of persons who engage in work in the Sumida Group.
2. "Company-wide (common)" indicates the number of employees posted in Sumida Corporate Service Incorporated which carries out a headquarter and support function, in Sumida Electric (H.K.) Company Limited and in the Service Department of Sumida Electric Co., Ltd.
3. The number of employees includes those in the consigned processing companies.

(ii) Employees of the Company

The Company is a pure holding company and it has no employees.

(8) Major lenders (as of December 31, 2016)

Lenders	Amount borrowed (million yen)
Sumitomo Mitsui Banking Corporation	8,932
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4,549
Resona Bank, Limited	4,038
Sumitomo Mitsui Trust Bank, Limited	3,182
Mizuho Bank, Ltd.	2,988

(9) Policy on determination of dividend of surplus

The Company's basic policy for the return of profits to shareholders is to deliver dividends in consideration of a consolidated dividend payout ratio (25% to 30%) with top priority on the profit distribution through dividends.

Regarding the payment method of dividends, the Company pays quarterly the amount obtained by dividing the amount of scheduled annual dividend into quarters. In addition, in order to have dividends reflect the consolidated business results, if the dividend amount calculated according to the consolidated dividend payout ratio (25% to 30%) exceeds the scheduled amount of annual dividend, it is the Company's policy to add the excess amount to the year-end dividend.

Regarding the annual dividend in the current fiscal year, the Company decided to pay the scheduled annual dividend at 24 yen per share at the beginning of the fiscal year, and paid 6 yen in each quarter from the first quarter through the third quarter of the current fiscal year. As the dividend amount calculation result, which reflects the consolidated business results, exceeded the scheduled amount of annual dividend of 24 yen set at the beginning of the fiscal year, the Company plans to submit to the meeting of the Board of Directors to be held on February 21, 2017 the proposal to pay a year-end dividend of 16 yen per share, that will in effect add the above excess amount to the scheduled annual dividend. Consequently, the amount of annual dividend for the fiscal year ended December 31, 2016 shall be 34 yen per share.

Details of dividend of surplus for the current fiscal year are as follows:

Date of Board of Directors resolution	Term	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Date of commencement of payment
April 27, 2016	The 1st quarter	139	6.00	March 31, 2016	May 31, 2016
July 28, 2016	The 2nd quarter	139	6.00	June 30, 2016	August 26, 2016
October 28, 2016	The 3rd quarter	139	6.00	September 30, 2016	November 30, 2016
February 21, 2017	The 4th quarter	371	16.00	December 31, 2016	March 6, 2017

Note:

Pursuant to Article 459 of the Companies Act, the Company stipulates in the Articles of Incorporation that it shall be entitled to allocate dividends of surplus on predetermined record dates (March 31, June 30, September 30 and December 31) by a resolution of the Board of Directors.

2. Matters Concerning the Company

(1) Shares of the Company (as of December 31, 2016)

(i) Number of shares issuable: 70,000,000 shares

(ii) Total number of shares issued: 23,944,317 shares (including treasury shares)

(iii) Number of shareholders as of December 31, 2016: 6,006

(iv) Major shareholders (top 10 shareholders, excluding treasury shares)

Name of shareholders	Number of stock held (thousand shares)	Ratio of the number of stock held (%)
Yawata Building Co., Ltd.	4,812	20.73
Japan Trustee Services Bank, Ltd. (Trust Account)	1,632	7.03
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,097	4.72
Japan Trustee Services Bank, Ltd. (Trust Account 9)	786	3.38
Yawata Zaidan Limited	661	2.85
BBH BOSTON CUSTODIAN FOR JAPAN EQUITY PR EMIUM FUND OF CREDIT SUISSE UNIVER620373	636	2.74
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	610	2.62
Masakazu Matsuo	542	2.33
Japan Trustee Services Bank, Ltd. (TDK Corporation Retirement Benefit Trust Account reentrusted by Sumitomo Mitsui Trust Bank, Limited)	329	1.41
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	303	1.30

Notes:

1. Although the Company holds 733,599 shares of treasury shares, it is excluded from the list of major shareholders above.
2. The ratio of the number of stock held has been calculated excluding treasury shares.

(v) Other significant matters concerning shares

There were no relevant issues at the end of this fiscal year.

(2) Matters concerning the Company's stock acquisition rights

(i) Stock acquisition rights granted to and held by executive officers of the Company as compensation for exercise of their duties at the end of this fiscal year

Date of resolution to issue	April 20, 2015
Number of stock acquisition rights (unit)	1,700
Number of treasury shares subject to stock acquisition rights out of the above (unit)	–
Class of share subject to stock acquisition rights	Common shares
Number of target shares for stock acquisition rights (share) (Note 1)	170,000
Amount to be paid per share upon exercise of stock acquisition rights (yen)	1
Exercise period of stock acquisition rights	from March 27, 2018 through March 26, 2021
Amount to be paid and amount to be accounted for as stated capital in respect of shares to be issued upon exercise of stock acquisition rights (yen)	Issue price: 609.6 (Note 2) Amount to be accounted for as stated capital: (Note 3)
Terms and conditions for exercising stock acquisition rights	(Note 4)
Matters concerning transfer of stock acquisition rights	Any transfer of the stock acquisition rights shall be subject to the approval of the Board of Directors.
Matters concerning substitute payment	–
Matters concerning grant of stock acquisition rights as part of the business restructuring	(Note 5)

Notes:

1. The number of shares to be delivered upon exercise of one (1) stock acquisition right (hereinafter the "Number of Shares Granted") shall be 100.
   Notwithstanding the foregoing, in the event that the Company carries out a share split (including any allotment of shares without contribution; the same shall apply hereinafter) or a share consolidation, the Number of Shares Granted for stock acquisition rights that are unexercised as of the time of the share split or share consolidation shall be adjusted according to the following formula. Any fraction of one (1) share resulting from this adjustment shall be discarded.

   Number of Shares Granted after Adjustment = Number of Shares Granted before adjustment x Ratio of share split or consolidation

   In addition, in the event that it is necessary for the Company to make an adjustment to the Number of Shares Granted in cases where the Company carries out a merger, company split, share exchange, share transfer, etc., the Company may make an appropriate adjustment taking into account the merger ratio and other conditions, to the extent reasonable.
2. The issue price is the sum of the amount to be paid per share upon exercise of stock acquisition rights of one (1) yen and the fair value of a stock option at the grant date of 608.6 yen.
3. (a) The amount of capital stock increase in the event of an issuance of shares upon exercise of the stock acquisition rights shall be half the maximum amount of increase in capital stock, etc., calculated in accordance with the provision in Article 17, Paragraph 1 of the Ordinance on Accounting of Companies. Any fraction of one (1) yen resulting from the calculation shall be rounded up to the nearest yen.
   (b) The amount of legal capital surplus increase in the event of an issuance of shares upon exercise of the stock acquisition rights shall be the amount obtained by subtracting the capital stock increase stipulated in (a) above from the maximum amount of increase in capital stock, etc., described in (a) above.
4. (a) When the numerical target of 2,600 million yen or more of profit attributable to owners of parent in the consolidated statement of income for the fiscal year ending December 31, 2017, in the annual securities report filed for the said fiscal year pursuant to the Financial Instruments and Exchange Act, (hereinafter the "Numerical Target") is achieved, holders of the stock acquisition rights may exercise their stock acquisition rights up to the number of stock acquisition rights allotted to each holder of the stock acquisition rights. In this case, the achievement rate of the Numerical Target shall not be taken into consideration, and stock acquisition rights may be exercised only if the Numerical Target as set forth above is achieved.

(b) Holders of the stock acquisition rights must be in a position of executive officer of the Company, or director or employee of the Company or its subsidiary (collectively, the "Required Position") until the time of exercise of the stock acquisition rights on a continuing basis.

(c) With regard to holders of the stock acquisition rights, there must not be a situation where dismissal of director has been adopted at a general meeting of shareholders of the Company or its subsidiary, or where punitive dismissal has been decided pursuant to the rules of employment of the Company or its subsidiary, or a similar situation, as of the time of exercise of the stock acquisition rights.

(d) Notwithstanding (b) above, stock acquisition rights may be exercised even when a holder of the stock acquisition rights has lost the Required Position, if the reason for the loss of the Required Position is mandatory retirement at the age limit, retirement because of reaching contractual age-limit, retirement assigned by company, retirement mainly because of physical disability resulting from occupational injury or illness, dismissal because of unavoidable operational reason (layoff) or resignation or retirement similar to these. In this case, the holder may exercise stock acquisition rights only from and including whichever is later of the date of loss of the Required Position or the commencement date of the Exercise Period, to and including the date on which one (1) year has elapsed from the aforesaid date on the condition that the last day is on or before the expiration date of the Exercise Period.

(e) When a holder of the stock acquisition rights has passed away, his/her heir is deemed to be able to exercise the stock acquisition rights if (I) the holder has met the conditions of (b) above and (c) above immediately before the death, or (II) the holder had been able to exercise stock acquisition rights in accordance with the provision of (d) above immediately before the death (such heir who may exercise the stock acquisition rights is hereinafter referred to as "Successor of Rights"); provided, however, that in the case of (I), a Successor of Rights may exercise stock acquisition rights only from and including whichever is later of the date of death of the relevant holder of the stock acquisition rights or the commencement date of the Exercise Period, to and including the date on which one (1) year has elapsed from the aforesaid date on the condition that the last day is on or before the expiration date of the Exercise Period, and in the case of (II) a Successor of Rights may exercise stock acquisition rights during the same period as the period allowed for the relevant holder of the stock acquisition rights to exercise those in accordance with (d) above.

(f) When a Successor of Rights passes away, his/her heir may not exercise the stock acquisition rights.

(g) A holder of the stock acquisition rights or a Successor of Rights may not exercise the allotted stock acquisition rights in installments.

(h) Other terms and conditions shall be as per specifications in the Stock Acquisition Rights Allotment Agreement to be entered into between the Company and holders of the stock acquisition rights.

5. In the event that the Company carries out a merger (limited to cases where the Company disappears due to the merger), an absorption-type or incorporation-type company split (limited to cases where the Company becomes a split company), or a share exchange or transfer (limited to cases where the Company becomes a wholly-owned subsidiary) (collectively, the "Act of Structural Reorganization"), the Company shall, in each of the above cases, deliver the stock acquisition rights of any of the relevant companies set forth in Article 236, Paragraph 1, Items 8(a) to 8(e) of the Companies Act (hereinafter referred to as the "Reorganized Company") to the holders of the stock acquisition rights remaining as of the effective date of the relevant Act of Structural Reorganization (hereinafter the "Remaining Stock Acquisition Rights") in accordance with the following terms and conditions. In this case, the Remaining Stock Acquisition Rights shall be extinguished and the Reorganized Company shall issue new stock acquisition rights; provided, however, that the foregoing shall be on the condition that delivery of such stock acquisition rights of the Reorganized Company in accordance with the following terms and conditions is stipulated in a merger agreement, an absorption-type company split agreement, an incorporation-type company split plan, a share exchange agreement or a share transfer plan.

(a) Number of stock acquisition rights of the Reorganized Company to be delivered
A number equal to the number of the Remaining Stock Acquisition Rights held by the holder shall be delivered to each such holder.

(b) Class of shares of the Reorganized Company to be delivered upon exercise of stock acquisition rights
Shares of common stock of the Reorganized Company

(c) Number of shares of the Reorganized Company to be delivered upon exercise of stock acquisition rights
To be determined in accordance with "Class of share subject to stock acquisition rights" and "Number of target shares for stock acquisition rights" above, taking into consideration the conditions, etc. of the Act of Structural Reorganization.

(d) Value of property to be contributed upon exercise of stock acquisition rights

The value of property to be contributed upon exercise of each stock acquisition right to be delivered shall be the amount obtained by multiplying the amount per share to be paid in after reorganization obtained by adjusting the Exercise Price set forth in this terms and conditions of the stock acquisition rights by the number of shares of the Reorganized Company to be delivered upon exercise of relevant stock acquisition rights as determined in accordance with the guidance on issuance of stock acquisition right described above, taking into consideration the conditions, etc. of the Act of Structural Reorganization.

(e) Exercise period of the stock acquisition rights
From and including whichever is the later of the commencement date of the period during which the stock acquisition rights may be exercised as provided for in "Exercise period of stock acquisition rights" above (hereinafter the "Exercise Period") or the effective date of the Act of Structural Reorganization, to and including the expiry date of the Exercise Period.

(f) Terms and conditions for exercising stock acquisition rights
To be determined in accordance with "Terms and conditions for exercising stock acquisition rights" above.

(g) Matters concerning capital stock and legal capital surplus increases in event of issuance of shares upon exercise of stock acquisition rights
To be determined in accordance with "Amount to be paid and amount to be accounted for as stated capital in respect of shares to be issued upon exercise of stock acquisition rights" above.

(h) Matters concerning acquisition of stock acquisition rights
To be determined in accordance with matters concerning acquisition of stock acquisition rights specified in the guidance on issuance of stock acquisition right described above.

(i) Restriction on acquisition of stock acquisition rights by way of transfer
Acquisition of the stock acquisition rights by way of transfer shall be subject to the approval by resolution of the board of directors of the Reorganized Company (or a director of the Reorganized Company if the Reorganized Company is not a company with a board of directors).

(ii) Stock acquisition rights granted to employees, etc. as compensation for exercise of their duties during this fiscal year

There were no relevant issues.

(3) Matters concerning corporate officers of the Company

(i) Directors and executive officers (as of December 31, 2016)

Position at the Company	Name	Duties at the Company and important concurrent occupations or positions at other organizations
Director, Representative Executive Officer and CEO	Shigeyuki Yawata	Chairman of the Board of Directors, member of the Nomination Committee and Compensation Committee and Chairman of the Risk Management Committee Managing Director, SUMIDA Europe GmbH
Director (Independent director)	Johji Sato	Chairman of the Audit Committee and member of the Risk Management Committee
Director (Independent director)	Pak Hong Auyang	Chairman of the Nomination Committee and Compensation Committee CEO, Altis Technology Limited Outside Director, Grayhill Hong Kong Company Limited Director, QVIVO Limited Director, Greenlink Global Limited
Director (Independent director)	Soichiro Uchida	Member of Nomination Committee, Compensation Committee and Risk Management Committee
Director (Independent director)	Yukihiro Moroe	Member of the Audit Committee Representative Director, YUME Capital Co., Ltd. Representative Director, Itohan Japan Co., Ltd. Outside Corporate Auditor, Oisix Inc.
Director (Independent director)	Atsushi Kato	Member of the Audit Committee Certified Public Accountant, Atsushi Kato Certified Public Accountant Office Outside Audit & Supervisory Board Member, UNIZO Holdings Company, Limited
Director (Independent director)	Michael Mühlbayer	Member of the Nomination Committee
Representative Executive Officer, President	Tomoharu Suseki	Member of the Risk Management Committee Representative Director and President, Sumida Electronic Components Co., Ltd. Managing Director, SUMIDA Europe GmbH
Representative Executive Officer and CFO	Yoshiyuki Honda	Member of the Risk Management Committee Representative Director, Sumida Finance B.V. Managing Director, SUMIDA Europe GmbH External Auditor, McDonald's Holdings Company (Japan), Ltd.
Executive Officer	Paul Hofbauer	Managing Director, SUMIDA Europe GmbH
Executive Officer	Takatoshi Oyo	Representative Director, Sumida Electric (H.K.) Company Limited

Notes:

1. Messrs. Johji Sato, Pak Hong Auyang, Soichiro Uchida, Yukihiro Moroe, Atsushi Kato and Michael Mühlbayer are outside directors set forth in Article 2, Item 15 of the Companies Act.
2. Messrs. Johji Sato, Pak Hong Auyang, Soichiro Uchida, Yukihiro Moroe, Atsushi Kato and Michael Mühlbayer have been designated as independent directors of the Company in accordance with the rules of the Tokyo Stock Exchange and their names have been notified to the said stock exchange.
3. Aside from statutory committees (Nomination, Audit and Compensation Committees), the Company has voluntarily set up a Risk Management Committee.
4. Mr. Johji Sato, member of the Audit Committee, has been involved in the provision of advice regarding taxation and investment to global corporations over many years while Mr. Yukihiro Moroe, member of the Audit Committee, has experienced in the financial industry over many years and has been involved in running several companies and Mr. Atsushi Kato, member of the Audit Committee and a certified public accountant, served as full-time Vice Chairman of the Accounting Standards Board of Japan. As such, all three members of the Audit Committee have considerable financial and accounting knowledge.

5. As all three members of the Audit Committee are outside directors, the Company has not appointed any standing members of the said Committee. Therefore, although none of them serve on a full-time basis, members of the Audit Committee take charge of internal control of not only the Company, but also the entire Group, while Corporate Governance Office oversees compliance and risk management operations and performs internal audits, working closely with the Audit Committee in order to enhance the effectiveness of the audit.

(ii) Directors and executive officers who retired during this fiscal year
There were no relevant issues.

(iii) Policy to determine the amount of compensation for directors and executive officers by the Compensation Committee

1. Scope of decision and extent of disclosure
"The amount of individual compensation for directors and executive officers" that the Compensation Committee defines and discloses shall be the total amount of compensation paid by the Sumida Group in order to enhance its transparency. It shall be disclosed separately for directors and executive officers.

2. Directors' compensation
The directors' compensation shall be determined by reflecting the position and responsibility of each director, and in consideration of the economic trends and the business environment of the Company. Directors' compensation is composed of the following two elements and this will not be paid to those who serve as executive officer concurrently.
   1) Basic compensation
   Compensation for the responsibilities as director (including the compensation for the responsibilities of the members of the Nomination and Compensation Committees)
   2) Compensation of Audit Committee members
   Compensation for the responsibilities as the member of the Audit Committee

3. Executive officers' compensation
For executive officers' compensation, incentive compensation (corporate performance-linked compensation) shall be adopted in addition to the basic compensation (fixed compensation) in order to maintain and raise the motivation for the execution of operations. Executive officers' compensation is composed of the following five elements:
   1) Basic compensation
   Basic compensation shall be on a fixed basis in consideration of the position and responsibility as an executive officer within the Company, and any additional post as an officer at subsidiaries. The amount of compensation shall be determined by taking into account the previous operational performance and comparison with the actual compensation for the previous fiscal year.
   2) Short-term incentives
   These compensations are intended to maintain and raise the short-term motivation, and the base amount shall be determined depending on the position and responsibility of each executive officer. The amount to be paid will be changed in accordance with the target performance set at the beginning of the term and the actual performance and

execution of duties of the Group as a whole or the function in charge. Additional bonuses may be paid to any distinguished achievement for which the Compensation Committee gives credit.

3) Stock option
The Company shall grant performance-linked stock acquisition rights in accordance with the Mid-Term Business Plan.

4) Long-term incentives
The Company shall grant this compensation to maintain and raise the medium- and long-term motivation of executive officers, and to prevent the loss of such officers.

5) Pension plans
The Company shall grant this compensation as additional benefit to public pension in consideration of their service period in order to help eligible retired executive officers have stable lives after retirement.

(iv) Total amount of compensation paid to directors and executive officers
(Period: January 1 to December 31, 2016)

Category	Number of payees (person)	Basic compensation (million yen)	Short-term incentive (million yen)	Long-term incentive (million yen)	Pension plan (million yen)	Total (million yen)
Executive officers	5	214	189	78	43	526
Directors	0	–	–	–	–	–
Outside directors	6	38	–	–	–	38
Total	11	252	189	78	43	564

Notes:

1. During the current fiscal year, the Company has five executive officers, one director and six outside directors. As one of the five executive officers serves as a director concurrently, the total number of officers is eleven. Directors' compensations are not paid to those who concurrently serve as executive officer and director, and therefore, they are included in the figures shown in the row of executive officers and excluded from the figures indicated in the row of directors.
2. The figures are consolidated compensation of the Group. Compensation relating to the Company consists of 214 million yen for five executive officers, and 38 million yen for six outside directors.
3. Long-term incentive compensation
Phantom stocks depending on the positions of the executive officers for the next fiscal year shall be granted, with underlying assets calculated by multiplying the total amount of dividend for this fiscal year by the rate designated by the Company.
4. The cell of outside directors in the basic compensation row indicates the sum of basic compensation and compensation of Audit Committee members.
5. In addition to the above compensations, the Group paid fringe benefits totaling 33 million yen (including 5 million yen paid by the Company) to eligible executive officers.

(v) Outline of liability limitation contracts

In order to obtain excellent directors from outside, the Company has made provisions limiting liability for damages under Article 423, Paragraph 1 of the Companies Act in the Articles of Incorporation pursuant to the provisions under Article 427, Paragraph 1 of the said act. In accordance with the aforementioned provisions, the Company has entered into liability limitation contracts with six outside directors. The limit of liability for damages under such contracts has been set at the minimum liability provided for under Article 425, Paragraph 1 of the Companies Act. However, liability limitation is applied only when the relevant outside directors have carried out their duties, for which they are supposed to assume liability, in good faith or without gross negligence.

(vi) Matters concerning outside directors

1. Important concurrent occupations or positions at other organizations

This is as described in the list of (i) Directors and executive officers above. There are no business relationships between the Company and other organizations where they hold the additional posts.

2. Relatives of managing members of the Company or business operators that have specific relations with the Company such as main clients

1) None of the outside directors have been managing members of the Company or business operators that have specific relations with the Company in the past.
2) None of the outside directors have relatives in the third degree or closer with managing members of the Company or business operators that have specific relations with the Company.

3. Main activities during the current fiscal year

1) Attendance of outside directors

Name	The Board of Directors meetings	Audit Committee meetings	Nomination Committee meetings	Compensation Committee meetings	Risk Management Committee meetings
Johji Sato	6/6	10/10	–	–	4/4
Pak Hong Auyang	6/6	–	4/4	4/4	–
Soichiro Uchida	6/6	–	4/4	4/4	4/4
Yukihiro Moroe	6/6	10/10	–	–	–
Atsushi Kato	5/6	10/10	–	–	–
Michael Mühlbayer	6/6	–	4/4	–	–

Note:
The Company established the Risk Management Committee. Members include executive officers, directors and chairman of the Audit Committee.

2) Statements of each outside director

(a) Mr. Johji Sato

At the meetings of the Board of Directors, he made necessary remarks in deliberations from time to time, mainly from the perspective of a financial strategy expert.

As chairman of the Audit Committee meetings, he led the deliberations from the perspective of promoting compliance management through audits and leveraging it to enhance the corporate value, and performed audits of the Business Report, the Non-consolidated Financial Statements, the Consolidated Financial Statements, etc.

At the Risk Management Committee meetings, he made necessary remarks in risk identification and planning of risk-averse measures on a timely basis.

(b) Mr. Pak Hong Auyang

At the meetings of the Board of Directors, he made necessary remarks in deliberations from time to time, mainly from the perspective of a corporate business executive.

As chairman of the Nomination Committee meetings, he made necessary remarks in deliberations on a timely basis, from the standpoint of examining and actualizing the lineup and organization of the Board and executive officers appropriate and required for the business development of the Company.

As chairman of the Compensation Committee, he led the deliberations from the perspective of determining fairly and properly the compensation bases for directors and executive officers, and defined the policy on the details and amount of individual compensation received by directors and executive officers.

(c) Mr. Soichiro Uchida

At the meetings of the Board of Directors, he made necessary remarks in deliberations from time to time, mainly from the perspective of a corporate business executive.

At the Nomination Committee meetings, he made necessary remarks in deliberations on a timely basis, from the standpoint of examining and actualizing the lineup and organization of the Board and executive officers appropriate and required for the business development of the Company.

At the Compensation Committee meetings, he made necessary and timely remarks in deliberations in order to fairly and properly determine the compensation bases for directors and executive officers.

At the Risk Management Committee meetings, he made necessary remarks in risk identification and planning of risk-averse measures on a timely basis.

(d) Mr. Yukihiro Moroe

At the meetings of the Board of Directors, he made necessary remarks in deliberations from time to time, mainly from the perspective of a corporate business executive.

At the Audit Committee meetings, he made necessary and timely remarks in deliberations from the perspective of promoting compliance management through audits and leveraging it to enhance the corporate value.

(e) Mr. Atsushi Kato

At the meetings of the Board of Directors, he made necessary remarks in deliberations from time to time, mainly from the perspective of his knowledge and experience as an accounting expert.

At the Audit Committee meetings, he made necessary and timely remarks in deliberations from the perspective of promoting compliance management through audits and leveraging it to enhance the corporate value.

(f) Mr. Michael Mühlbayer

At the meetings of the Board of Directors, he made necessary remarks in deliberations from time to time, mainly from the perspective of a corporate business executive.

At the Nomination Committee meetings, he made necessary remarks in deliberations on a timely basis, from the standpoint of examining and actualizing the lineup and organization of the Board and executive officers appropriate and required for the business development of the Company.

4. Total amount of compensations received from the subsidiaries
There were no relevant issues.

5. Criteria and policy relating to independence
The Company has not defined specific criteria relating to independence in electing outside directors. However, with reference to the Enforcement Rules for Securities Listing Regulations of the Tokyo Stock Exchange, the Company carefully investigates and examines the beneficial interests and other relationships between outside directors and the Company and ensures the absence of possible conflicts of interest with ordinary shareholders. Meanwhile, the Company focuses on election of outside directors who have a wealth of experience and knowledge relating to management in a wide array of business fields and high levels of expertise.

(4) Independent auditors

(i) Name: KPMG AZSA LLC

(ii) Amount of compensations:

	Amount to be paid (million yen)
Amount of compensations for the current fiscal year	93
Total amount of money and other property benefits to be paid by the Company and its subsidiaries to independent auditors	1

Note:
Since in the audit agreement concluded between the Company and the independent auditor, compensation for audits is not clearly classified into compensation based on the Companies Act and compensation in accordance with the Financial Instruments and Exchange Act, and since that compensation cannot substantially be divided either, the item "Amount of compensations for the current fiscal year" shows the sum of these amounts.

(iii) Basis of consent to the amount of compensations for independent auditor by the Audit Committee

The Audit Committee of the Company, based upon the Practical Guidelines for Cooperation with Independent Auditors released by the Japan Audit & Supervisory Board Members Association, conducts confirmation of auditing system and auditing plans of the independent auditor, the status of execution of duties by the independent auditor, the quality control system of the audit corporation, the grounds for calculation of compensation estimates and other matters, and having investigated these, gives consent to compensation, etc. for the independent auditor in accordance with Article 399, Paragraph 1 of the Companies Act.

(iv) Auditing of consolidated subsidiaries

Subsidiaries of the Company, such as Sumida Electric (H.K.) Company Limited and SUMIDA AG, were audited by either a certified public accountant or an auditing firm who is not an independent auditor at the Company.

(v) Details of non-audit services

Other than the services which are defined in the Article 2, Paragraph 1 of Certified Public Accountants Act (non-audit services), the Company entrusts the independent auditor to carry out services such as advisory work regarding the introduction of IFRS.

(vi) Policy on determination of dismissal or non-reappointment of the independent auditor

The Audit Committee will annually discuss whether to reappoint the independent auditor in consideration of the quality of the audit performed by the independent auditor and the effectiveness and efficiency of its audit performance. When dismissal or non-reappointment of the independent auditor is deemed appropriate, the Audit Committee will determine the content of an agenda to be proposed to the General Meeting of Shareholders concerning the dismissal or non-reappointment of appointment of the independent auditor based on the rules of the Audit Committee.

When the Audit Committee finds that any of the items in Article 340, Paragraph 1 of the Companies Act apply to the independent auditor, after adequate deliberations with respect to the appropriateness of the dismissal, that independent auditor shall be dismissed with the consent of all the committee members. In such case, a member of the Audit Committee designated by

the said Committee shall report the dismissal of the independent auditor and the reason for it at the first General Meeting of Shareholders convened after the dismissal.

(5) System to secure properness of operations

(i) System to ensure that executive officers, directors of the Group and employees comply with the applicable laws, regulations and the Articles of Incorporation with regard to their business activities

The Group has established "Sumida Business Principles (hereinafter, the 'Principles')" which embodies the Group's vision, management principles, commitment, code of conduct, corporate governance principles, and environment policy.

Representative executive officers shall build up a system to monitor for compliance which enables to ensure that the executive officers, directors of the Group and employees perform their duties in accordance with the Principles. Details are as follows:

(a) All directors, officers and employees shall always be reminded to understand and embody the Principles. The Principles, which is written in four languages, Japanese, English, Chinese and German, is always put on the company's intranet, so that it enables all members of the Group to check and confirm their activities and behaviors as needed. The Corporate Governance Office* shall be responsible for monitoring and verifying how the Principles have been observed.

(b) While compliance is recognized as the base of corporate governance, SUMIDA regards it in a more proactive manner rather than simply limiting the issue to the observance of laws and regulations, by defining it as activities to positively fulfill our Corporate Social Responsibility (CSR) based on integrity, discipline and common sense. The Corporate Governance Office shall be primarily responsible for the enhancement of the Group's overall system and monitoring its activities.

(c) The Corporate Governance Office shall report the situation of the aforementioned activities to the representative executive officers and the Audit Committee, and a summary of which shall be reported to the Board of Directors.

(d) Representative executive officers shall verify the effectiveness of internal control, including compliance, and shall send reports to the Board of Directors.

* The Corporate Governance Office reports to representative executive officers and made up of the Risk Management Office, Compliance Office and Internal Audit.

(ii) System regarding the preservation and management of information of executive officers' business activities

Representative executive officers shall centrally manage important information related to execution of duties with clarifying the level of importance of information as well as the period and place of safekeeping, in accordance with the rules and regulations regarding information and document management. Documents are available to the directors at all times.

(iii) System regarding the reporting of matters concerning executive officers' business activities of the Group

Executive officers of the Group shall report regularly the financial information, matters concerning risk and compliance and other material matters of subsidiaries to the Company in accordance with group company management rules.

(iv) System and regulations with regard to risk management of the Group

Representative Executive Officer and CEO as the Chief Risk Management Officer who takes the highest responsibility for risk management, has established the Risk Management Committee, which is responsible for overseeing risk management, and set up the Risk Management Office, which is responsible for executing the duties of said Committee, within the Corporate Governance Office. The Risk Management Office has set out the internal risk management rules and thereby identifies and analyzes potential risks and formulates and manages preventive measures from a global business perspective through placement of a risk management monitoring system in major business bases of the Group including overseas sites. In the event that a risk materializes, the Risk Management Office shall discuss countermeasures to minimize losses. Executive officers, directors of the Group and employees shall perform their duties in compliance with the rules. The Corporate Governance Office shall monitor and evaluate the implementation of the above, and shall report the situation to the representative executive officers and the Audit Committee, and deliver a summary to the Board of Directors.

(v) System to ensure the effectiveness and efficiency of business activities of the executive officers, directors of the Group and employees

Executive officers shall set up a system based on the Principles to ensure a proper decision-making process of the Group and surveillance of individual activities and thereby enhance the operating efficiency. Details are as follows:

(a) Each representative executive officer shall set up an Advisory Board as the need arises, with whom they shall consult and engage in sufficient discussion when making important decisions.

(b) Representative executive officers shall set out the authority and regulations for decision-making process of the Group and conduct regular reviews of the situation.

(c) Representative executive officers shall make regular reviews of the achievement and progress of businesses they are responsible for decision-making of the Group thereof and ensure further propriety and efficiency of management and execution of operation by giving feedback of the results of the review.

(d) Representative executive officers shall ensure a proper and quick decision-making process of the Group by smoothly collecting, analyzing, communicating, sharing and archiving the necessary information on SUMIDA's business activities.

(vi) System to ensure the propriety of business of the Group

SUMIDA CORPORATION is a pure holding company with business activities conducted by its group companies. In light of this, executive officers and directors of the Group shall always perform their duties with the view of group governance.

The Corporate Governance Office oversees compliance and risk management operations. It also performs internal audits and then submits the results to the representative executive officers and the Audit Committee as internal audit reports. The Audit Committee shall carry out its audit in cooperation with Corporate Governance Office. The Corporate Governance Office shall take charge of internal control of the entire Group.

(vii) Matters concerning employees who assist the Audit Committee, matters concerning the independence of those employees from executive officers and to ensure effectiveness of instruction of the Audit Committee to those employees

The Corporate Governance Office shall be responsible for the secretariat of the Audit Committee. However, any decisions with regard to changes or transfers of personnel, reorganization, disciplinary action or any other considerations shall require the prior approval of the Audit Committee. Furthermore, when employees who assist the Audit Committee receive the instruction of the Audit Committee, those employees shall exclusively follow its directions and instructions.

(viii) System whereby executive officers, directors of the Group and employees report to the Audit Committee, and to ensure individuals who make the reports are not treated unfavorably

Representative executive officers, executive officers, directors of the Group and employees shall set out the rules to report the following matters, and thereby report them to the Audit Committee. Furthermore, the prohibition of disadvantageous treatment of the individuals who make the reports for making those reports, etc. shall be stipulated in the rules and disseminated to all parties involved. A summary of the report shall be reported to the Board of Directors.

(a) Incidents, which may cause material losses and/or gains to, or material damage and/or benefit to, the Company
(b) When there arises any material fact or possibility thereof involving misconduct or malpractice, breach of laws and regulations or Articles of Incorporation in relation to the execution of duties of the directors or executive officers, such fact
(c) Monthly accounting statements on a consolidated basis
(d) Internal audit report
(e) Monthly reports from the main operating divisions
(f) Other important matters

(ix) Procedures for prepayment or reimbursement of costs arising from the execution of duties of the Audit & Supervisory Board Members and policy related to the handling of costs or liabilities arising from the execution of other duties

When the Company is asked by Audit & Supervisory Board Members to prepay expenses for the execution of their duties as provided for in Article 404, Paragraph 4 of the Companies Act, the Company shall promptly handle the costs or liabilities, except in cases where it can prove the costs or liabilities or the duties carried out by the claiming Audit & Supervisory Board were unnecessary.

(x) System to ensure the effectiveness of audits executed by the Audit Committee members

(a) The Corporate Governance Office shall have prior consultations with the Audit Committee when setting out the annual audit policies and plans. The Office shall also report the progress and results of internal audit to the Audit Committee. The Audit Committee may request the Corporate Governance Office for an additional audit if necessary.
(b) Independent auditors shall explain to the Audit Committee its auditing plan at the outset of the fiscal year and report to the Audit Committee the progress of its interim audit and the end-term audit results, etc. Furthermore, the independent auditors may have consultations and discussions with the Audit Committee if needed.

(c) In order to ensure the independence of independent auditors from the executive officers, as well as to guarantee the implementation of the audit activities, decisions on the independent auditors' compensation shall require the Audit Committee's prior consent.

(xi) Evaluation of the implementation of system to ensure the propriety of business of the Group

The Board of Directors shall make regular reviews of the implementation of system to ensure the propriety of business of the Group.

(xii) Basic policy toward exclusion of antisocial forces

The Company shall take a firm stance against antisocial forces that threaten the social order or safety of civil society.

(xiii) Overview of the implementation of system to ensure properness of operations

The Board of Directors held six meetings in the current fiscal year and strove to strengthen and put into practice its supervisory function through such actions as formulating basic management policies, making decisions on prescribed legal matters and conducting regular reviews of the status of operating execution. The Nomination Committee held four meetings, and it formulated the election criteria for director candidates and decided the candidates for director. The Audit Committee held 10 meetings; it carried out audits related to various matters, including the suitability of the process for preparing financial statements related to financial results of regular accounting periods, the internal audit and internal control system, the information disclosure system, the risk management system, and the compliance system; and it reported the results of these audits to the Board of Directors. The Audit Committee also decided on the content of the proposal to elect the independent auditor. The Compensation Committee held four meetings, and it decided the policy for deciding compensation for directors and executive officers as well as the compensations, etc. for each individual.

Note: The amounts of money and the numbers of shares described in this Business Report are rounded down to the nearest units.

Consolidated and Non-consolidated Financial Statements

for the 62nd term

(January 1 to December 31, 2016)

Consolidated Balance Sheet
Consolidated Statement of Income
Consolidated Statement of Changes in Shareholders' Equity
Non-consolidated Balance Sheet
Non-consolidated Statement of Income
Non-consolidated Statement of Changes in Shareholders' Equity

Shigeyuki Yawata
Director, Representative Executive Officer and CEO
SUMIDA CORPORATION

Consolidated Balance Sheet

(Millions of yen)

	62nd term As of December 31, 2016	(Reference) 61st term As of December 31, 2015
ASSETS		
Current assets:		
Cash and deposits	3,577	3,569
Notes and accounts receivable-trade	17,026	16,998
Merchandise and finished goods	7,058	7,776
Work in process	1,724	1,632
Raw materials and supplies	4,834	4,853
Deferred tax assets	428	569
Income taxes receivable	191	98
Other	2,465	2,650
Allowance for doubtful accounts	(157)	(172)
Total current assets	37,148	37,978
Non-current assets:		
Property, plant and equipment		
Buildings and structures	13,514	13,128
Machinery, equipment and vehicles	41,915	41,244
Tools, furniture and fixtures	5,006	4,946
Land	1,356	1,368
Leased assets	1,203	1,275
Construction in progress	1,980	2,201
Accumulated depreciation	(41,385)	(41,488)
Total property, plant and equipment	23,591	22,676
Intangible assets:		
Goodwill	1,505	1,966
Leasehold right	688	618
Software	250	154
Software in progress	-	5
Other	163	167
Total intangible assets	2,608	2,912
Investments and other assets:		
Investment securities	232	241
Deferred tax assets	2,285	2,882
Other	1,281	1,288
Allowance for doubtful accounts	(121)	(123)
Total investments and other assets	3,678	4,289
Total non-current assets	29,877	29,877
Deferred assets		
Business commencement expenses	2	5
Share issuance cost	0	2
Bond issuance cost	5	12
Total deferred assets	8	20
Total assets	67,034	67,876

Note: The amounts of money described above are rounded down to the nearest million yen.

Consolidated Balance Sheet

(Millions of yen)

	62nd term As of December 31, 2016	(Reference) 61st term As of December 31, 2015
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	8,221	7,042
Short-term loans payable	3,672	6,445
Current portion of bonds	420	420
Current portion of long-term loans payable	8,666	6,104
Accounts payable-other	1,321	1,360
Accrued expenses	2,831	2,505
Income taxes payable	422	695
Deferred tax liabilities	-	6
Other	973	1,033
Total current liabilities	26,529	25,614
Non-current liabilities:		
Bonds payable	60	480
Long-term loans payable	17,196	19,720
Deferred tax liabilities	622	649
Net defined benefit liability	1,406	1,413
Lease obligations	523	634
Other	792	695
Total non-current liabilities	20,602	23,593
Total liabilities	47,131	49,207
NET ASSETS		
Shareholders' equity:		
Capital stock	8,143	8,143
Capital surplus	7,956	7,956
Retained earnings	9,701	7,287
Treasury shares	(1,525)	(1,525)
Total shareholders' equity	24,276	21,862
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	62	68
Deferred profit or loss from hedges	0	(6)
Foreign currency translation adjustment	(5,908)	(4,561)
Remeasurements of defined benefit plans	(91)	(25)
Total accumulated other comprehensive income	(5,936)	(4,525)
Stock acquisition rights	172	73
Non-controlling interests	1,391	1,258
Total net assets	19,903	18,669
Total liabilities and net assets	67,034	67,876

Note: The amounts of money described above are rounded down to the nearest million yen.

Consolidated Statement of Income

(Millions of yen)

	62nd term Year ended December 31, 2016	(Reference) 61st term Year ended December 31, 2015
Net sales	81,052	86,236
Cost of sales	64,934	71,295
Gross profit	16,118	14,941
Selling, general and administrative expenses	10,421	10,703
Operating income	5,696	4,237
Non-operating income:		
Interest income	14	13
Dividends income	1	2
Gain on valuation of derivatives	-	8
Gain on sales of investment securities	-	0
Subsidy income	-	10
Other	10	52
	26	87
Non-operating expenses:		
Interest expenses	470	550
Foreign exchange losses	217	188
Commission fee	84	85
Loss on valuation of derivatives	4	-
Other	140	191
	917	1,016
Ordinary income	4,805	3,309
Extraordinary income:		
Gain on sales of non-current assets	35	41
Insurance income	-	37
Subsidy income	-	52
	35	132
Extraordinary losses:		
Loss on sales and retirement of non-current assets	35	73
Business structure improvement expenses	-	40
Loss on disaster	-	166
Loss on sales of investment securities	-	125
Other	-	103
	35	508
Profit before income taxes	4,805	2,932
Income taxes-current	1,011	1,164
Income taxes-deferred	527	(421)
Profit	3,265	2,188
Profit attributable to non-controlling interests	178	156
Profit attributable to owners of parent	3,087	2,032

Note: The amounts of money described above are rounded down to the nearest million yen.

Consolidated Statement of Changes in Shareholders' Equity
Year ended December 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of Jan. 1, 2016	8,143	7,956	7,287	(1,525)	21,862
Changes of items during period					
Purchase of shares of consolidated subsidiaries		(0)			(0)
Dividends of surplus			(673)		(673)
Profit attributable to owners of parent			3,087		3,087
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(0)	0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(0)	2,414	(0)	2,414
Balance as of Dec. 31, 2016	8,143	7,956	9,701	(1,525)	24,276

(Millions of yen)

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred profit or loss from hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income			
Balance as of Jan. 1, 2016	68	(6)	(4,561)	(25)	(4,525)	73	1,258	18,669
Changes of items during period								
Purchase of shares of consolidated subsidiaries								(0)
Dividends of surplus								(673)
Profit attributable to owners of parent								3,087
Purchase of treasury shares								(0)
Disposal of treasury shares								0
Net changes of items other than shareholders' equity	(6)	6	(1,346)	(65)	(1,411)	98	133	(1,180)
Total changes of items during period	(6)	6	(1,346)	(65)	(1,411)	98	133	1,233
Balance as of Dec. 31, 2016	62	0	(5,908)	(91)	(5,936)	172	1,391	19,903

Note: The amounts of money described above are rounded down to the nearest million yen.

Non-consolidated Balance Sheet

(Millions of yen)

	62nd term As of December 31, 2016	(Reference) 61st term As of December 31, 2015
ASSETS		
Current assets:		
Cash and deposits	199	108
Prepaid expenses	132	140
Deferred tax assets	153	117
Short-term loans receivable	2,140	3,391
Income taxes receivable	70	-
Accounts receivable-other	231	26
Advances paid	272	215
Other	8	11
Total current assets	3,208	4,010
Non-current assets:		
Property, plant and equipment		
Buildings	747	775
Structures	8	10
Tools, furniture and fixtures	4	5
Land	503	503
Leased assets	11	17
Total property, plant and equipment	1,275	1,313
Intangible assets:		
Telephone subscription right	3	3
Software	81	48
Software in progress	-	5
Total intangible assets	84	57
Investments and other assets:		
Investment securities	67	78
Shares of subsidiaries and associates	29,633	29,633
Long-term loans receivable	9,000	9,749
Long-term prepaid expenses	89	121
Insurance funds	713	676
Other	64	74
Allowance for doubtful accounts	(44)	(47)
Total investments and other assets	39,524	40,286
Total non-current assets	40,885	41,657
Deferred assets		
Bond issuance cost	5	12
Share issuance cost	-	1
Total deferred assets	5	14
Total assets	44,100	45,682

Note: The amounts of money described above are rounded down to the nearest million yen.

Non-consolidated Balance Sheet

(Millions of yen)

	62nd term As of December 31, 2016	(Reference) 61st term As of December 31, 2015
LIABILITIES		
Current liabilities:		
Short-term loans payable	2,330	3,063
Current portion of bonds	420	420
Current portion of long-term loans payable	5,249	4,270
Accounts payable-other	119	481
Accrued expenses	45	47
Income taxes payable	-	272
Deposits received	3,419	5,378
Other	11	5
Total current liabilities	11,595	13,939
Non-current liabilities:		
Bonds payable	60	480
Long-term loans payable	12,240	11,168
Deferred tax liabilities	336	769
Other	31	42
Total non-current liabilities	12,669	12,459
Total liabilities	24,265	26,398
NET ASSETS		
Shareholders' equity:		
Capital stock	8,143	8,143
Capital surplus	7,956	7,956
Legal capital surplus	7,956	7,956
Retained earnings	5,031	4,584
Legal retained earnings	264	264
Other retained earnings	4,767	4,319
Retained earnings brought forward	4,767	4,319
Treasury shares	(1,525)	(1,525)
Total shareholders' equity	19,606	19,159
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	37	43
Deferred gains or losses on hedges	19	7
Total valuation and translation adjustments	56	50
Stock acquisition rights	172	73
Total net assets	19,834	19,283
Total liabilities and net assets	44,100	45,682

Note: The amounts of money described above are rounded down to the nearest million yen.

Non-consolidated Statement of Income

(Millions of yen)

	62nd term Year ended December 31, 2016	(Reference) 61st term Year ended December 31, 2015
Operating revenue	1,524	2,727
Operating expenses	838	703
Operating income	686	2,024
Non-operating income:		
Interest income	199	209
Other	3	1
	202	211
Non-operating expenses:		
Interest expenses	210	214
Interest on bonds	6	33
Amortization of bond issuance cost	6	16
Foreign exchange losses	3	23
Commission fee	68	67
Other	2	52
	298	406
Ordinary income	589	1,828
Extraordinary income:		
Gain on sales of non-current assets	-	2
	-	2
Extraordinary losses:		
Loss on sales of investment securities	-	125
	-	125
Profit before income taxes	589	1,705
Income taxes-current	(61)	800
Income taxes-deferred	(469)	(793)
Profit	1,120	1,698

Note: The amounts of money described above are rounded down to the nearest million yen.

Non-consolidated Statement of Changes in Shareholders' Equity
Year ended December 31, 2016

(Millions of yen)

	Shareholders' equity							
		Capital surplus		Retained earnings				
	Capital stock	Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings	Treasury shares	Total shareholders' equity
					Retained earnings brought forward			
Balance as of Jan. 1, 2016	8,143	7,956	7,956	264	4,319	4,584	(1,525)	19,159
Changes of items during period								
Dividends of surplus					(673)	(673)		(673)
Profit					1,120	1,120		1,120
Purchase of treasury shares							(0)	(0)
Disposal of treasury shares					(0)	(0)	0	0
Net changes of items other than shareholders' equity								
Total changes of items during period	-	-	-	-	447	447	(0)	446
Balance as of Dec. 31, 2016	8,143	7,956	7,956	264	4,767	5,031	(1,525)	19,606

(Millions of yen)

	Valuation and translation adjustments			Stock acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance as of Jan. 1, 2016	43	7	50	73	19,283
Changes of items during period					
Dividends of surplus					(673)
Profit					1,120
Purchase of treasury shares					(0)
Disposal of treasury shares					0
Net changes of items other than shareholders' equity	(6)	11	5	98	103
Total changes of items during period	(6)	11	5	98	550
Balance as of Dec. 31, 2016	37	19	56	172	19,834

Note: The amounts of money described above are rounded down to the nearest million yen.

(Translation)

Audit Report

The Audit Committee has audited the performance of duties by directors and executive officers for the 62nd term from January 1, 2016 to December 31, 2016. We report the methods and the results of the audit as follows.

1. Methods used in audits and content of audits

With respect to the resolutions of the Board of Directors regarding the organization of the system stipulated in Article 416, Paragraph 1, Item 1, (b) and (e) of the Companies Act and the status of the system based on said resolutions (internal control systems), the Audit Committee received reports from directors, executive officers, employees and others, requested explanations on those reports, when necessary, expressed an opinion concerning the establishment and operation of the system, and the inspected in cooperation with the internal control division the process and content of the decision making at significant meetings, the content of the major authorization documents and other important documents related to business operations, the business performance of the executive officers, and the Company's operation and condition of property in accordance with the auditing policies established by the Audit Committee, the segregation of duties and others. With respect to subsidiaries, the Audit Committee took steps to facilitate communication with the directors and others of subsidiaries and, when necessary, received reports from subsidiaries on the status of their businesses.

In addition, the Audit Committee also monitored and verified whether the independent auditor was maintaining its independence and was carrying out its audits in an appropriate manner. The Audit Committee received reports from the independent auditor on the execution of its duties and, when necessary, requested explanations regarding those reports. The Audit Committee also received notification from the independent auditor that it implemented the "system for ensuring the proper execution of its duties" (as enumerated in items of Article 131 of the Corporate Accounting Rules) in compliance with the "Quality Control Standards Relating to Auditing" (adopted by the Business Accounting Deliberation Council on October 28, 2005). When necessary, Audit Committee requested explanations on the notification.

Based on the foregoing methods, the Audit Committee also examined the Business Report, the Non-consolidated Financial Statements (Non-consolidated Balance Sheet, Non-consolidated Statement of Income, Non-consolidated Statement of Changes in Shareholders' Equity, and notes to Non-consolidated Financial Statements) and supporting schedules, and the Consolidated Financial Statements (Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Shareholders' Equity, and notes to Consolidated Financial Statements) related to the fiscal year.

2. Results of the Audit

(1) Results of audit of Business Report

(i) In our opinion, the Business Report and supporting schedules fairly present the situation of the Company, in compliance with the provisions of applicable laws and regulations, and the Articles of Incorporation.

(ii) Neither improper actions in the execution of duties by directors and executive officers, nor material facts in violation of the provisions of applicable laws and regulations or the Articles of Incorporation, were found.

(iii) In our opinion, the content of the resolution by the Board of Directors regarding internal control systems was appropriate; furthermore, nothing was pointed out regarding the contents of the Business Reports and the execution of duties by directors and executive officers with respect to executing internal control systems.

(2) Results of the audit of Non-consolidated Financial Statements and supporting schedules

In our opinion, the auditing methods used by the independent auditor, KPMG AZSA LLC and the results of its audit were appropriate.

(3) Results of the audit of Consolidated Financial Statements

In our opinion, the auditing methods used by the independent auditor, KPMG AZSA LLC and the results of its audit were appropriate.

February 20, 2017

Audit Committee
SUMIDA CORPORATION

Johji Sato (Seal)
Member of the Audit Committee

Yukihiro Moroe (Seal)
Member of the Audit Committee

Atsushi Kato (Seal)
Member of the Audit Committee

Note: The three members of the Audit Committee are outside directors as stipulated in Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.