

The following is an unofficial English translation of the Notice of Convocation of the 148th Ordinary General Meeting of Shareholders of Sumitomo Corporation (hereinafter referred to as the "Company"). The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise. Please also refer to "Terms and Conditions of Use" on Sumitomo Corporation website.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements contained in this notice relating to our future plans, targets, objectives, expectations, operations, performance and other developments, economic prospects, projections of revenue, income, earnings, expenditures or other financial results and intentions constitute forward-looking statements. The forward-looking statements can be identified by the use of words such as "believes," "expects," "anticipate," "should," "will," "would," "plan," "estimate," "potential," "goal," "outlook," "may," "predicts," "could," "seek," "intend," or the negative of those words and other comparable expressions. The forward-looking statements are based on management's current assumptions and expectations of future events, and are subject to a number of factors and uncertainties that may result in changes in circumstances. Actual results may differ materially from those the Company expected for a wide range of possible reasons, including general industry and market conditions, general international economic conditions and the risk factors identified in our public filings. In light of the many risks and uncertainties, you are advised not to put undue reliance on these statements. The Company may be unsuccessful in implementing its business strategies, and management may fail to achieve its targets. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, events or performances. These forward-looking statements are made as of the date of this notice and the Company is under no obligation -- and expressly disclaims any such obligation -- to update or alter its forward-looking statements.

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

April 1, 2015 through March 31, 2016

SUMITOMO CORPORATION

To All Shareholders,

I wish to express my sincere thanks for the exceptional favor you have always given us.

It is my great pleasure to invite you to our 148th Ordinary General Meeting of Shareholders (for the fiscal year April 1, 2015 to March 31, 2016), to be held on June 24, 2016.

I humbly ask that you review the Notice of Convocation which includes the present status of the Sumitomo Corporation Group during the above fiscal year, and explains the propositions that will be put before the Meeting.

June 2016
Kuniharu Nakamura
President and CEO

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To All Shareholders

Sumitomo Corporation
8-11, Harumi 1-chome
Chuo-ku, Tokyo

NOTICE OF CONVOCAION OF
THE ORDINARY GENERAL MEETING OF SHAREHOLDERS

We wish to express our sincere thanks for the exceptional favor you have always shown us.

We have the pleasure of extending to you a cordial invitation to attend the 148th Ordinary General Meeting of Shareholders of the Company (hereinafter referred to as the “Meeting”), which will be held as set forth below.

If you will be unable to attend the Meeting in person, you can exercise your voting rights in writing or by electronic means (the Internet) (please refer to pages 3 and 4 for more details). Please take the time to examine the Reference Documents for the Meeting on the following pages and exercise your voting rights no later than 5:45 p.m. on Thursday June 23, 2016.

With highest regards,
Kuniharu Nakamura
President and CEO

- If you attend the Meeting in person, please submit the enclosed Proxy Card to the receptionists.
- If any of the items included in the following Business Report, Consolidated Financial Statements, Financial Statements, or Reference Documents for the Meeting require amendment up to and including the day before the Meeting, the amended items will be posted on the Sumitomo Corporation website.

Sumitomo Corporation Website <http://www.sumitomocorp.co.jp/ir/stock/stmt/>

1. Date & Time: Friday June 24, 2016, at 10:00 a.m. (Open at 9:00 a.m.)

2. Venue: Grand Ballroom
Grand Hyatt Tokyo, 3rd floor
6-10-3 Roppongi, Minato-ku, Tokyo

3. Purpose of the Meeting

Presentation of Reports:

No. 1: Business Report, Consolidated Financial Statements, and Audit Reports by the Accounting Auditor and the Board of Corporate Auditors regarding the Consolidated Financial Statements for the 148th Fiscal Year (April 1, 2015 through March 31, 2016)

No. 2: Non-consolidated Financial Statements for the 148th Fiscal Year (April 1, 2015 through March 31, 2016)

Propositions:

Proposition No. 1: Distribution of Retained Earnings as Cash Dividends

Proposition No. 2: Election of Fourteen Directors

Proposition No. 3: Election of Three Corporate Auditors

Proposition No. 4: Issuing Bonuses to the Company's Directors

Guidance Notes on the Exercise of Voting Rights

1. Methods

Please refer to the Reference Documents for the General Meeting of Shareholders attached from page 5 onward and exercise your voting rights by any of the following methods:

(1) Attendance at the General Meeting of Shareholders

Date and time: Friday June 24, 2016, at 10:00 a.m. (Open at 9:00 a.m.)

Please bring the enclosed Proxy Card to the meeting and submit it to the receptionists.

Please arrive at the venue in plenty of time, since the reception desk will be very congested immediately before the meeting begins.

(2) Exercise of Voting Rights in Writing

Deadline for exercise of voting rights: 5:45 p.m. on Thursday June 23, 2016.

Please indicate your approval or disapproval of each proposition on the enclosed Proxy Card and return it to reach our Registrar of Shareholders no later than the deadline noted above.

(3) Exercise of Voting Rights by Electronic Means (the Internet)

Deadline for exercise of voting rights: 5:45 p.m. on Thursday June 23, 2016.

To exercise your voting rights, please use a personal computer, smartphone, or other Internet-capable device to access the website for exercising voting rights, <http://www.web54.net>, and register your approval or disapproval of each proposition, by using the code and password for the exercise of voting rights indicated on the Proxy Card enclosed herewith and following the directions on the screen.



The website can be accessed from smartphones or other devices equipped with a barcode reader by scanning the QR code on the left.

Notes:

- Provider access fees, telecommunication fees, and any other fees for usage of the website to exercise voting rights shall be borne by the shareholders.
- Ability to use the website for exercising voting rights may depend on the user's Internet environment, ISP contract, or device model.

2. Treatment of Voting Rights Exercised Repeatedly

- (1) If you exercise your voting rights both in writing and via the Internet, we will only accept the exercise of your voting rights via the Internet as valid.
- (2) If you exercise your voting rights more than once via the Internet, we will only accept the last exercise of your voting rights as valid.

3. Institutional Investors

If you have already registered for the electronic voting platform operated by ICJ, please exercise your voting rights via this platform.

Please call the following number if you have any questions relating to this guidance.

Stock Transfer Agency Business Planning Department, Sumitomo Mitsui Trust Bank, Limited

Inquiries about exercising voting rights via the Internet: 0120-652-031 (9:00 a.m.–9:00 p.m., toll-free)

Other inquiries: 0120-782-031 (9:00 a.m.–5:00 p.m. Mon.–Fri., toll free)

REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS

Propositions to be Voted on and Reference Matters Relating thereto

Proposition No. 1: Distribution of Retained Earnings as Cash Dividends

We aim to increase dividends by achieving medium and long term earnings growth while adhering to its fundamental policy of paying shareholders a stable dividend over the long term.

“Be the Best, Be the One 2017,” our medium-term management plan launched in April 2015, sets forth that the dividend amount would be decided in view of the situations regarding basic profit and cash flow, with 50 yen per share as the minimum amount of annual dividend and a consolidated payout ratio of 25% or more as our reference. Although profit for the year attributable to owners of the parent¹ for fiscal 2015 was 74.5 billion yen, in accordance with the above dividend policy, we would like to propose that the year-end dividends for the 148th Fiscal Year be paid to shareholders as set forth below.

(1) Type of dividend assets

Cash

(2) Matters related to the allotment of dividend assets to shareholders and total amount thereof

- 25 yen per common share of the Company

- Total amount: 31,202,400,625yen

Annual dividends for the 148th Fiscal Year will be 50 yen per share, which is the sum of the amount of the interim dividend (25 yen per share) and the amount of the said year-end dividend (25 yen per share).

(3) Effective date of distribution of retained earnings

June 27, 2016

Proposition No. 2: Election of Fourteen Directors

The term of all of the thirteen incumbent Directors will expire as of the close of the Meeting. Accordingly, this proposition calls for the election of fourteen Directors. The candidates for Directors are as follows.

Four of the fourteen Director candidates are candidates for the position of Outside Director as specified in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. All four candidates satisfy the Standards for Appointment and Independence of Outside Directors and Outside Corporate Auditors specified by the Company. (Please refer to page 18 regarding the standards for appointment of Directors and Corporate Auditors [including the Standards for Appointment and Independence of Outside Directors and Outside Corporate Auditors].)

¹ “Profit for the year attributable to owners of the parent” stands for the net profit attributable to the shareholders of Sumitomo Corporation.

Candidate No.

1

Kazuo Ohmori (Born November 11, 1948)

Re-election

●Work History, Positions and Responsibilities

| | |
|------------|---|
| April 1971 | Entered the Company |
| June 2006 | Director & Managing Executive Officer |
| April 2007 | Director & Senior Managing Executive Officer |
| April 2009 | Director & Executive Vice President |
| April 2012 | Director & Assistant to the President's Office |
| June 2012 | Special Advisor |
| June 2013 | Chairman of the Board of Directors (present position) |

●Shares owned in the Company

88,200

●Attendance at Meetings of the Board of Directors in fiscal 2015

16 of 17 meetings (94.1%)

●Reasons for proposing Mr. Kazuo Ohmori as a candidate for Director

Since entering the Company, Mr. Ohmori has worked primarily in transportation systems-related businesses in Japan and overseas, serving as General Manager, Ship, Aerospace & Transportation Systems Division and General Manager, Transportation & Construction Systems Business Unit, among other roles. He also served as Executive Vice President from 2009 to 2012, and since 2013 has served as Chairman of the Board of Directors. Through these roles Mr. Ohmori has accumulated expert knowledge and a wealth of experience, including management experience, and he is also honest in character, as well as highly insightful and capable. Having judged that he will be able to perform his duties properly as Director of the Company, we propose him as a candidate for re-election to that position.

Candidate No.

2

Kuniharu Nakamura (Born August 28, 1950)

Re-election

●Work History, Positions and Responsibilities

| | |
|------------|--|
| April 1974 | Entered the Company |
| June 2009 | Director & Senior Managing Executive Officer |
| April 2012 | Director & Executive Vice President |
| June 2012 | President & CEO (present position) |

●Shares owned in the Company

82,800

●Attendance at Meetings of the Board of Directors in fiscal 2015

17 of 17 meetings (100%)

●Reasons for proposing Mr. Kuniharu Nakamura as a candidate for Director

Since entering the Company, Mr. Nakamura has worked primarily in automotive-related businesses in Japan and overseas, serving as General Manager, Corporate Planning & Coordination Group and General Manager, Mineral Resources, Energy, Chemical & Electronics Business Unit, among other roles. Since 2012 he has served as President & CEO. Through these roles Mr. Nakamura has accumulated expert knowledge and a wealth of experience, including management experience, and he is also honest in character, as well as highly insightful and capable. Having judged that he will be able to perform his duties properly as Director of the Company, we propose him as a candidate for re-election to that position.

Candidate No.

3

Naoki Hidaka (Born May 16, 1953)

Re-election

●Work History, Positions and Responsibilities

| | |
|------------|---|
| April 1976 | Entered the Company |
| April 2007 | Executive Officer |
| April 2009 | Managing Executive Officer |
| April 2012 | Senior Managing Executive Officer |
| June 2013 | Director & Senior Managing Executive Officer (General Manager, Transportation & Construction Systems Business Unit) |
| April 2015 | Director & Executive Vice President (General Manager, Transportation & Construction Systems Business Unit) (present position) |

●Shares owned in the Company

54,200
●Attendance at Meetings of the Board of Directors in fiscal 2015

17 of 17 meetings (100%)
●Reasons for proposing Mr. Naoki Hidaka as a candidate for Director

Since entering the Company, Mr. Hidaka has worked primarily in metal product-related businesses in Japan and overseas, serving as General Manager, Rolled Steel Division in Sumitomo Corporation of America; General Manager, Metal Products for Automotive Industries Division; and General Manager, Kansai Regional Business Unit, among other roles. He currently serves as Executive Vice President (General Manager, Transportation & Construction Systems Business Unit). Through these roles Mr. Hidaka has accumulated expert knowledge and a wealth of experience, including management experience, and he is also honest in character, as well as highly insightful and capable. Having judged that he will be able to perform his duties properly as Director of the Company, we propose him as a candidate for re-election to that position.

Candidate No.

4

Hideki Iwasawa (Born November 1, 1954)

Re-election

●Work History, Positions and Responsibilities

| | |
|------------|---|
| April 1977 | Entered the Company |
| April 2009 | Executive Officer |
| April 2011 | Managing Executive Officer |
| April 2014 | Senior Managing Executive Officer |
| June 2015 | Director & Senior Managing Executive Officer (Chief Administration Officer) |
| April 2016 | Director & Executive Vice President (Chief Administration Officer) (present position) |

●Shares owned in the Company

28,800
●Attendance at Meetings of the Board of Directors in fiscal 2015

14 of 14 meetings (100%) (Since appointed Director on June 23, 2015)
●Reasons for proposing Mr. Hideki Iwasawa as a candidate for Director

Since entering the Company, Mr. Iwasawa has worked primarily in finance and risk management-related operations in Japan and overseas, serving as Assistant General Manager, Financial Resources Management Group and Executive Vice President and CFO of Sumitomo Corporation of America, among other roles. He currently serves as Executive Vice President (Chief Administration Officer). Through these roles Mr. Iwasawa has accumulated expert knowledge and a wealth of experience, including management experience, and he is also honest in character, as well as highly insightful and capable. Having judged that he will be able to

perform his duties properly as Director of the Company, we propose him as a candidate for re-election to that position.

Candidate No.

5

Masahiro Fujita (Born November 12, 1954)

Re-election

●Work History, Positions and Responsibilities

| | |
|---------------|--|
| April 1977 | Entered Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry) |
| July 2003 | Director-General for Energy Conservation and Renewable Energy Department, Agency for Natural Resources and Energy Deputy Director-General for Policy Coordination, Minister's Secretariat Councillor, Cabinet Secretariat Director-General, Kanto Bureau of Economy, Trade and Industry |
| July 2008 | Director-General, Trade and Economic Cooperation Bureau, METI (retired July 2009) |
| November 2010 | Executive Officer, Sumitomo Corporation |
| April 2012 | Managing Executive Officer |
| April 2014 | Senior Managing Executive Officer (General Manager, Mineral Resources, Energy, Chemical & Electronics Business Unit) |
| June 2014 | Director & Senior Managing Executive Officer (General Manager, Mineral Resources, Energy, Chemical & Electronics Business Unit) (present position) |

●Shares owned in the Company

29,700

●Attendance at Meetings of the Board of Directors in fiscal 2015

17 of 17 meetings (100%)

●Reasons for proposing Mr. Masahiro Fujita as a candidate for Director

Mr. Fujita entered the Company in 2010 after working in important positions in Japan's Ministry of Economy, Trade and Industry, including the positions of Director-General, Kanto Bureau of Economy, Trade and Industry and Director-General, Trade and Economic Cooperation Bureau. Since entering the Company he has served as Assistant General Manager, Corporate Planning & Coordination Group and Assistant General Manager, Mineral Resources, Energy, Chemical & Electronics Business Unit. He currently serves as Senior Managing Executive Officer (General Manager, Mineral Resources, Energy, Chemical & Electronics Business Unit). Through these roles Mr. Fujita has accumulated expert knowledge and a wealth of experience, including management experience, and he is also honest in character, as well as highly insightful and capable. Having judged that he will be able to perform his duties properly as Director of the Company, we propose him as a candidate for re-election to that position.

Candidate No.

6

Masao Tabuchi (Born July 14, 1957)

Re-election

●Work History, Positions and Responsibilities

| | |
|------------|---|
| April 1980 | Entered the Company |
| April 2012 | Executive Officer |
| April 2015 | Managing Executive Officer |
| June 2015 | Director & Managing Executive Officer (Chief Strategy Officer; Managing Executive Officer Responsible for Chubu Region) |
| April 2016 | Director & Managing Executive Officer (Chief Strategy Officer) (present position) |

●Shares owned in the Company

17,200

●Attendance at Meetings of the Board of Directors in fiscal 2015

14 of 14 meetings (100%) (Since appointed Director on June 23, 2015)

●Reasons for proposing Mr. Masao Tabuchi as a candidate for Director

Since entering the Company, Mr. Tabuchi has worked primarily in transportation systems-related businesses in Japan and overseas, serving as General Manager, Automotive Division, No.1 and General Manager, Ship, Aerospace & Transportation Systems Division, among other roles. He currently serves as Managing Executive Officer (Chief Strategy Officer). Through these roles Mr. Tabuchi has accumulated expert knowledge and a wealth of experience, including management experience, and he is also honest in character, as well as highly insightful and capable. Having judged that he will be able to perform his duties properly as Director of the Company, we propose him as a candidate for re-election to that position.

Candidate No.

7

Hirohiko Imura (Born February 14, 1958)

Re-election

●Work History, Positions and Responsibilities

| | |
|------------|--|
| April 1981 | Entered the Company |
| April 2012 | Executive Officer |
| April 2015 | Managing Executive Officer (General Manager, Media, Network, Lifestyle Related Goods & Services Business Unit) |
| June 2015 | Director & Managing Executive Officer (General Manager, Media, Network, Lifestyle Related Goods & Services Business Unit) (present position) |

●Shares owned in the Company

12,000

●Attendance at Meetings of the Board of Directors in fiscal 2015

14 of 14 meetings (100%) (Since appointed Director on June 23, 2015)

●Reasons for proposing Mr. Hirohiko Imura as a candidate for Director

Since entering the Company, Mr. Imura has worked primarily in investment and risk management-related operations in Japan and overseas, serving as General Manager, Risk Management Group in Sumitomo Corporation of America; General Manager, Corporate Risk Management Dept.; and General Manager, Food Business Division, among other roles. He currently serves as Managing Executive Officer (General Manager, Media, Network, Lifestyle Related Goods & Services Business Unit). Through these roles Mr. Imura has accumulated expert knowledge and a wealth of experience, including management experience, and he is also honest in character, as well as highly insightful and capable. Having judged that he will be able to perform his duties properly as Director of the Company, we propose him as a candidate for re-election to that position.

Candidate No.

8

Makoto Horie (Born March 15, 1959)

Re-election

●Work History, Positions and Responsibilities

| | |
|------------|--|
| April 1981 | Entered the Company |
| April 2012 | Executive Officer |
| April 2015 | Managing Executive Officer (General Manager, Metal Products Business Unit) |
| June 2015 | Director & Managing Executive Officer (General Manager, Metal Products Business Unit) (present position) |

●Shares owned in the Company

21,900

●Attendance at Meetings of the Board of Directors in fiscal 2015

14 of 14 meetings (100%) (Since appointed Director on June 23, 2015)

●Reasons for proposing Mr. Makoto Horie as a candidate for Director

Since entering the Company, Mr. Horie has worked primarily in metal product-related businesses in Japan and overseas, serving as General Manager, Tubular Products Division in Sumitomo Corporation of America; General Manager, Iron & Steel Division, No.3; and General Manager, Metal Products for Automotive & Railway Industry Division, among other roles. He currently serves as Managing Executive Officer (General Manager, Metal Products Business Unit). Through these roles Mr. Horie has accumulated expert knowledge and a wealth of experience, including management experience, and he is also honest in character, as well as highly insightful and capable. Having judged that he will be able to perform his duties properly as Director of the Company, we propose him as a candidate for re-election to that position.

Candidate No.

9

Koichi Takahata (Born February 24, 1956)

New-election

●Work History, Positions and Responsibilities

| | |
|------------|---|
| April 1978 | Entered the Company |
| June 2004 | General Manager, Investor Relations Dept. Corporate Officer (General Manager, Investor Relations Dept.) Corporate Officer (General Manager, Accounting Controlling Dept.) |
| April 2010 | Executive Officer (General Manager, Accounting Controlling Dept.) |
| April 2012 | Managing Executive Officer (Assistant General Manager, Financial Resources Management Group; General Manager, Accounting Controlling Dept.) |
| April 2015 | Senior Managing Executive Officer (Assistant CFO, Accounting; General Manager, Accounting Controlling Dept.) |
| April 2016 | Senior Managing Executive Officer (Chief Financial Officer) (present position) |

●Shares owned in the Company

22,300

●Attendance at Meetings of the Board of Directors in fiscal 2015

●Reasons for proposing Mr. Koichi Takahata as a candidate for Director

Since entering the Company, Mr. Takahata has worked primarily in accounting-related operations in Japan and overseas, serving as General Manager, Investor Relations Dept.; General Manager, Accounting Controlling Dept.; and Assistant CFO, among other roles. He currently serves as Senior Managing Executive Officer (Chief Financial Officer). Through these roles Mr. Takahata has accumulated expert knowledge and a wealth of experience, including management experience, and he is also honest in character, as well as highly insightful and capable. Having judged that he will be able to perform his duties properly as Director of the Company, we propose him as a candidate for election to that position.

Candidate No.

10

Masayuki Hyodo (Born June 26, 1959)

New-election

●Work History, Positions and Responsibilities

| | |
|------------|---|
| April 1984 | Entered the Company |
| April 2004 | General Manager, Tanjung Jati B Project Dept. General Manager, Tanjung Jati B Project Dept. and General Manager, Power Plant EPC Dept. No.1 Corporate Officer (Deputy General Manager, Power & Social Infrastructure Business Division; General Manager, Tanjung Jati B Project Dept.; General Manager, Power & Plant EPC Dept. No.1) |

| | |
|------------|---|
| | Corporate Officer (Assistant General Manager for Asia; President and CEO, PT. Sumitomo Indonesia) |
| | Corporate Officer (Assistant General Manager for Asia; General Manager, Infrastructure, New Industry Development & Cross- function Business Unit in Sumitomo Corporation Asia Group; President and CEO, PT. Sumitomo Indonesia) |
| April 2012 | Executive Officer (General Manager, Global Power Infrastructure Business Division) |
| April 2014 | Executive Officer (General Manager, Corporate Planning & Coordination Dept.) |
| April 2015 | Managing Executive Officer (General Manager, Corporate Planning & Coordination Dept.) |
| April 2016 | Managing Executive Officer (General Manager, Environment & Infrastructure Business Unit) |

●Shares owned in the Company

16,700

●Attendance at Meetings of the Board of Directors in fiscal 2015

—

●Reasons for proposing Mr. Masayuki Hyodo as a candidate for Director

Since entering the Company, Mr. Hyodo has worked primarily in electric power infrastructure-related businesses in Japan and overseas, serving as President and CEO, PT. Sumitomo Indonesia; General Manager, Global Power Infrastructure Business Division; and General Manager, Corporate Planning & Coordination Dept., among other roles. He currently serves as Managing Executive Officer (General Manager, Environment & Infrastructure Business Unit). Through these roles Mr. Hyodo has accumulated expert knowledge and a wealth of experience, including management experience, and he is also honest in character, as well as highly insightful and capable. Having judged that he will be able to perform his duties properly as Director of the Company, we propose him as a candidate for election to that position.

Candidate No.
11

Akio Harada (Born November 3, 1939)

| |
|----------------------------|
| Re-election |
| Outside Director Candidate |
| Independent Director |

●Work History, Positions and Responsibilities

| | |
|--------------|--|
| April 1965 | Public Prosecutor |
| April 1992 | Chief Public Prosecutor, Morioka Public Prosecutors Office |
| | Public Prosecutor, Supreme Public Prosecutors Office |
| | Director-General, Secretariat of the Ministry of Justice |
| | Director-General, Criminal Affairs Bureau of the Ministry of Justice |
| | Vice-Minister of Justice |
| | Superintending Prosecutor, Tokyo High Public Prosecutor's Office |
| July 2001 | Prosecutor-General (retired in June 2004) |
| October 2004 | Attorney at Law (present position) |
| June 2005 | Outside Corporate Auditor, Sumitomo Corporation |
| June 2013 | Outside Director, Sumitomo Corporation (present position) |

●Shares owned in the Company

19,600

●Attendance at Meetings of the Board of Directors in fiscal 2015

14 of 17 meetings (82.4%)

●Significant positions concurrently held

Attorney at Law
Outside Corporate Auditor, Shiseido Company, Limited

Outside Director, Seiko Holdings Corporation
Outside Director, Yamazaki Baking Co., Ltd.

●Reasons for proposing Mr. Akio Harada as a candidate for Outside Director

Mr. Harada has highly specialized knowledge and a wealth of experience in law based on his career over many years as a public prosecutor and attorney at law. He is also honest in character, as well as highly insightful and capable. Mr. Harada will contribute to the Company's aims of ensuring appropriate decisionmaking from diverse perspectives in board meetings and further enhancing supervisory functions, and is thus judged to be qualified for the role of Outside Director of the Company and to be able to perform his duties properly in that position. For these reasons, we propose him as a candidate for re-election to the position of Outside Director.

●Items warranting special mention related to candidacy for Outside Director's position

1. Mr. Akio Harada was engaged by the Company as an Outside Corporate Auditor from June 2005 to June 2013.
2. Mr. Akio Harada is currently an Outside Director of the Company, and his term as an Outside Director will become three years as of the close of this General Meeting of Shareholders.

Candidate No.
12

Yayoi Tanaka (Born March 20, 1960)

| |
|----------------------------|
| Re-election |
| Outside Director Candidate |
| Independent Director |

●Work History, Positions and Responsibilities

| | |
|----------------|---|
| April 1982 | Entered Nippon Kogaku K.K. (currently Nikon Corporation) |
| September 2006 | Associate Professor, Center for International Relations, National Institution for Academic Degrees and University Evaluation (*) |
| January 2007 | Member, Fiscal System Council, Ministry of Finance (present position) |
| April 2007 | Associate Professor, Department of Evaluation and Research, National Institution for Academic Degrees and University Evaluation (*) |
| April 2007 | Adjunct faculty member, Graduate School of Public Policy, The University of Tokyo (present position) |
| February 2013 | Private sector member, Administrative Reform Promotion Council, Cabinet Secretariat (present position) |
| April 2013 | Professor, Research Department, National Institution for Academic Degrees and University Evaluation (*) (present position) |
| April 2015 | Member, Policy Evaluation Committee, Ministry of Internal Affairs and Communications (present position) |
| June 2015 | Outside Director, Sumitomo Corporation (present position) |

The institution marked with an asterisk (*) was renamed "National Institution for Academic Degrees and Quality Enhancement of Higher Education" on April 1, 2016.

●Shares owned in the Company

600

●Attendance at Meetings of the Board of Directors in fiscal 2015

13 of 14 meetings (92.9%) (Since appointed Outside Director on June 23, 2015)

●Reasons for proposing Ms. Yayoi Tanaka as a candidate for Outside Director

For many years Ms. Tanaka has engaged in specialist research in the fields of evaluation studies and civil society organizational theory at institutions including universities and the National Institution for Academic Degrees and University Evaluation (currently the National Institution for Academic Degrees and Quality Enhancement of Higher Education), and has served on various government committees including the Administrative Reform Promotion Council (private-sector member) and the Ministry of Finance Fiscal System Council (member). Through these roles, Ms. Tanaka has accumulated highly specialized knowledge and a wealth of

experience, and she is also honest in character, as well as highly insightful and capable. Ms. Tanaka will contribute to the Company's aims of ensuring appropriate decisionmaking from diverse perspectives in board meetings and further enhancing supervisory functions, and is thus judged to be qualified for the role of Outside Director of the Company and to be able to perform her duties properly in that position. For these reasons, we propose her as a candidate for re-election to the position of Outside Director.

●Item warranting special mention related to candidacy for Outside Director's position

Ms. Yayoi Tanaka is currently an Outside Director of the Company, and her term as an Outside Director will become one year as of the close of this General Meeting of Shareholders.

Candidate No.
13

Hideji Sugiyama (Born February 28, 1948)

| |
|----------------------------|
| New-election |
| Outside Director Candidate |
| Independent Director |

●Work History, Positions and Responsibilities

| | |
|----------------|--|
| July 1971 | Entered Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry) |
| July 1997 | Deputy Director-General |
| June 1998 | Director-General, Kinki Bureau of International Trade and Industry |
| September 1999 | Deputy Director-General for Commerce and Distribution Policy |
| July 2001 | Commissioner, Small and Medium Enterprise Agency |
| July 2003 | Director-General, Economic and Industrial Policy Bureau |
| June 2004 | Vice-Minister of Economy, Trade and Industry (retired in July 2006) |
| October 2008 | Deputy President (Representative Director), The Shoko Chukin Bank, Ltd. |
| June 2013 | President (Representative Director), The Shoko Chukin Bank, Ltd. (present position) |

●Shares owned in the Company

0

●Attendance at Meetings of the Board of Directors in fiscal 2015

—

●Reasons for proposing Mr. Hideji Sugiyama as a candidate for Outside Director

Mr. Sugiyama has wide-ranging knowledge and a wealth of experience in fields including resources, energy, industrial policy, and finance, as well as in business management, accumulated through his many years working in important positions in Japan's Ministry of Economy, Trade and Industry, and managing a financial institution, among other roles. He is also honest in character, as well as highly insightful and capable. Mr. Sugiyama will contribute to the Company's aims of ensuring appropriate decisionmaking from diverse perspectives in board meetings and further enhancing supervisory functions, and is thus judged to be qualified for the role of Outside Director of the Company and to be able to perform his duties properly in that position. For these reasons, we propose him as a candidate for election to the position of Outside Director.

●Item warranting special mention related to candidacy for Outside Director's position

While Mr. Hideji Sugiyama is engaged in the execution of the operations of The Shoko Chukin Bank, Ltd. as its President (Representative Director), no business relationship existed between Sumitomo Corporation and The Shoko Chukin Bank, Ltd. in the previous fiscal year.

Candidate No.
14

Nobuyoshi Ehara (Born October 17, 1951)

| |
|----------------------------|
| New-election |
| Outside Director Candidate |
| Independent Director |

●Work History, Positions and Responsibilities

| | |
|----------------|---------------------------------------|
| September 1978 | Entered Morgan Guaranty Trust Company |
| October 1980 | Entered Goldman Sachs & Co. |

| | |
|----------------|---|
| October 1988 | Partner, Goldman Sachs & Co. |
| November 1996 | Limited Partner, Goldman Sachs & Co. |
| January 1999 | Representative Director, Unison Capital, Inc. |
| September 2015 | Vice Chairman, The Japan Private Equity Association |

● **Shares owned in the Company**

0

● **Attendance at Meetings of the Board of Directors in fiscal 2015**

—

● **Significant positions concurrently held**

Representative Director, Unison Capital, Inc.

● **Reasons for proposing Mr. Nobuyoshi Ehara as a candidate for Outside Director**

Mr. Ehara has wide-ranging knowledge and a wealth of experience in finance and business management accumulated through his many years working in important positions at a major US financial institution and managing a private equity firm, among other roles. He is also honest in character, as well as highly insightful and capable. Mr. Ehara will contribute to the Company's aims of ensuring appropriate decisionmaking from diverse perspectives in board meetings and further enhancing supervisory functions, and is thus judged to be qualified for the role of Outside Director of the Company and to be able to perform his duties properly in that position. For these reasons, we propose him as a candidate for election to the position of Outside Director.

● **Item warranting special mention related to candidacy for Outside Director's position**

While Mr. Nobuyoshi Ehara is engaged in the execution of the operations of Unison Capital, Inc. as its Representative Director, no business relationship existed between Sumitomo Corporation and Unison Capital, Inc. in the previous fiscal year.

(Notes)

1. Special Conflict of Interest between Candidates and the Company
None of the above candidates have any special conflict of interest with the Company.
2. Independent Directors
Mr. Akio Harada, Ms. Yayoi Tanaka, Mr. Hideji Sugiyama and Mr. Nobuyoshi Ehara fulfill the standards related to independence set by the Tokyo Stock Exchange, Inc. and other financial instruments exchanges that the Company is listed on. The Company has notified the exchanges, under their respective provisions, of Mr. Akio Harada's status and Ms. Yayoi Tanaka's status as an independent director, and the Company also intends to notify the exchanges, under their respective provisions, of Mr. Hideji Sugiyama's status and Mr. Nobuyoshi Ehara's status as an independent director.
3. Conclusion of Limitation of Liability Contracts
Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has concluded a limitation of liability contract with each of Mr. Kazuo Ohmori, Mr. Akio Harada and Ms. Yayoi Tanaka limiting the liability of each of them to the amount stipulated by law provided each of them has acted in good faith and without gross negligence. If their elections are approved, the Company will continue said limitation of liability contract with each of them, and will conclude a limitation of liability contract on the same terms and conditions with each of Mr. Hideji Sugiyama and Mr. Nobuyoshi Ehara.

Proposition No. 3: Election of Three Corporate Auditors

Of the Company's four incumbent Corporate Auditors, Mr. Tsuguoki Fujinuma will reach the end of his term and Mr. Takahiro Moriyama will resign as of the close of the Meeting. In addition, Mr. Mutsuo Nitta ceased to be Corporate Auditor due to his passing away on November 2, 2015. Accordingly, this proposition calls for the election of three Corporate Auditors. The candidates for Corporate Auditors are as follows.

Two of the three Corporate Auditor candidates are candidates for the position of Outside Corporate Auditor as specified in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act. Both of the candidates fulfill the Standards for Appointment and Independence of Outside Directors and Outside Corporate Auditors specified by the Company. (Please refer to page 18 regarding the standards for appointment of Directors and Corporate Auditors [including the Standards for Appointment and Independence of Outside Directors and Outside Corporate Auditors].)

The Board of Corporate Auditors has given its consent with regard to the submission of this proposition.

Candidate No.

1

Takuro Kawahara (Born July 10, 1951)

New-election

●Work History and Positions

| | |
|------------|--|
| April 1975 | Entered the Company |
| April 2005 | Executive Officer |
| April 2008 | Managing Executive Officer |
| June 2009 | Director & Managing Executive Officer |
| April 2011 | Director & Senior Managing Executive Officer (General Manager, Human Resources, General Affairs & Legal Group) |
| April 2013 | Director & Executive Vice President (General Manager, Human Resources, General Affairs & Legal Group) |
| April 2015 | Director & Assistant to the President's Office |
| June 2015 | Special Advisor (present position) |

●Shares owned in the Company

92,700

●Reasons for proposing Mr. Takuro Kawahara as a candidate for Corporate Auditor

Since entering the Company, Mr. Kawahara has worked primarily in law-related operations in Japan and overseas, serving as Director & Executive Vice President (General Manager, Human Resources, General Affairs & Legal Group), among other roles. He has a wealth of knowledge and experience in all aspects of the Company's manage and business administration and is also honest in character, as well as highly insightful and capable. He is thus judged to be able to perform his duties properly as a Corporate Auditor. For these reasons, we propose him as a candidate for election to that position.

Candidate No.

2

Toshio Nagai (Born July 13, 1949)

New-election

Outside Corporate Auditor Candidate

Independent Corporate Auditor

●Work History and Positions

| | |
|----------------|--|
| April 1974 | Assistant Judge |
| April 1986 | Judicial Research Official, Supreme Court |
| April 1997 | Presiding Judge, Tokyo District Court |
| September 2001 | Senior Judicial Research Official, Supreme Court |
| December 2006 | Chief Judge, Kofu District/Family Court |
| December 2007 | Presiding Judge, Tokyo High Court |
| November 2008 | Chief Judicial Research Official, Supreme Court |
| March 2012 | President, Hiroshima High Court |

March 2013 President, Osaka High Court (Retired in July 2014)
 September 2014 Attorney at Law (present position)
 June 2015 Outside Corporate Auditor, Toray Industries, Inc. (present position)

● **Shares owned in the Company**

0

● **Significant positions concurrently held**

Attorney at Law
 Outside Corporate Auditor, Toray Industries, Inc.

● **Reasons for proposing Mr. Toshio Nagai as a candidate for Outside Corporate Auditor**

Mr. Nagai has highly specialized knowledge and a wealth of experience in law based on his career over many years as a judge and attorney at law. He is also honest in character, as well as highly insightful and capable. Mr. Nagai will contribute to the Company's aim of conducting audits from diverse perspectives, and is thus judged to be qualified for the role of Outside Corporate Auditor of the Company and to be able to perform his duties properly in that position. For these reasons, we propose him as a candidate for election to the position of Outside Corporate Auditor.

Candidate No.

3

Yoshitaka Kato (Born September 17, 1951)

New-election

Outside Corporate Auditor Candidate

Independent Corporate Auditor

● **Work History and Positions**

November 1974 Entered Tetsuzo Ota & Co. (*)
 September 1978 Certified Public Accountant (present position)
 May 1998 Representative Associate, Showa Ota & Co. (*)
 June 2006 Executive Director, Ernst & Young ShinNihon (*)
 August 2008 CEO, Ernst & Young ShinNihon LLC (retired from Ernst & Young ShinNihon LLC in June 2014)
 June 2015 Outside Corporate Auditor, Sumitomo Chemical Company, Limited (present position)
 June 2015 Outside Corporate Auditor, Mitsui Fudosan Co., Ltd. (present position)
 June 2015 Auditor, the General Insurance Rating Organization of Japan (present position)

(*) Currently Ernst & Young ShinNihon LLC

● **Shares owned in the Company**

0

● **Significant positions concurrently held**

Certified Public Accountant
 Outside Corporate Auditor, Sumitomo Chemical Company, Limited
 Outside Corporate Auditor, Mitsui Fudosan Co., Ltd.

● **Reasons for proposing Mr. Yoshitaka Kato as a candidate for Outside Corporate Auditor**

Mr. Kato has highly specialized knowledge and a wealth of experience in finance, accounting, and corporate auditing based on his career over many years as a certified public accountant. He is also honest in character, as well as highly insightful and capable. Mr. Kato will contribute to the Company's aim of conducting audits from diverse perspectives, and is thus judged to be qualified for the role of Outside Corporate Auditor of the Company and to be able to perform his duties properly in that position. For these reasons, we propose him as a candidate for election to the position of Outside Corporate Auditor.

●Item warranting special mention related to candidacy for Outside Corporate Auditor's position

Mr. Yoshitaka Kato was formerly engaged in the execution of the operations of Ernst & Young ShinNihon LLC but has not been involved since retiring in June 2014. While a business relationship exists between Sumitomo Corporation and Ernst & Young ShinNihon LLC in which the former is the contractor and the latter is the contractee, the ratios of said transaction amount to the sales of Ernst & Young ShinNihon LLC and to the consolidated gross profit of the Company were both less than 0.1% in the previous fiscal year.

(Notes)

1. Special Conflict of Interest between Candidates and the Company
None of the above candidates have any special conflict of interest with the Company.
2. Independent Corporate Auditors
Mr. Toshio Nagai and Mr. Yoshitaka Kato fulfill the standards related to independence set by the Tokyo Stock Exchange, Inc. and other financial instruments exchanges that the Company is listed on, and the Company intends to notify the exchanges, under their respective provisions, of Mr. Toshio Nagai's status and Mr. Yoshitaka Kato's status as an independent corporate auditor.
3. Conclusion of Limitation of Liability Contracts
If the elections of Mr. Takuro Kawahara, Mr. Toshio Nagai and Mr. Yoshitaka Kato are approved, pursuant to Article 427, Paragraph 1 of the Companies Act, the Company intends to conclude a limitation of liability contract with each of them limiting the liability of each of them to the amount stipulated by law provided each of them has acted in good faith and without gross negligence.

Proposition No. 4: Issuing Bonuses to the Company's Directors

The Company proposes that as bonuses, an amount which is calculated in accordance with the formula linked to the Company's consolidated operating results decided at the Board of Directors meeting, totaling up to 67 million yen, be paid to the nine Directors serving as of the end of this fiscal year (excluding Chairman of the Board of Directors and Outside Directors).

(Please refer to page 20 regarding the Policy for Deciding Remuneration for Directors and Corporate Auditors [including the detailed formula of the directors' bonuses].)

(Reference) Standards for Appointment of Directors and Corporate Auditors

Candidates for internal directors shall be honest in character, highly insightful and capable and must have expert business knowledge and extensive experience, including management experience. Candidates for outside directors shall be honest in character, highly insightful and capable and with a view to bringing in diverse perspectives, shall have knowledge of their particular area of business as well as extensive knowledge and experience.

Candidates for internal corporate auditors shall be honest in character, highly insightful and capable, and must have expert business knowledge and extensive experience. Candidates for outside corporate auditors shall be honest in character, highly insightful and capable, and hold a high degree of specialized knowledge and a wealth of experience in specific fields such as law, accounting, business management, and the like.

Gender and nationality etc. shall be of no consequence.

Outside directors and outside corporate auditors are selected in accordance with the Company's internal rules, the Standards for Appointment and Independence of Outside Directors and Outside Corporate Auditors, Article 4, as referenced below.

Candidates for directors and corporate auditors are studied by the Nomination and Remuneration Advisory Committee (comprised of a majority of outside directors and chaired by an outside director), acting as an advisory body to the Board of Directors, in accordance with the standards for selecting directors and corporate auditors established by the Committee. The Board of Directors approves the appointment of nominated directors and corporate auditors based on the results of the study reported by the Committee.

Standards for Appointment and Independence of Outside Directors and Outside Corporate Auditors

Article 4

- (1) Outside directors or outside corporate auditors of the Company shall be judged to be independent provided none of the following descriptions apply.
 1. A major shareholder of the Company (holding 10% or more of the total voting rights in the Company at the end of the most recent fiscal year) or an individual who serves as an executive in an entity that is a major shareholder of the Company
 2. An individual for whom the Company is a major business partner or who serves as an executive in an entity for which the Company is a major business partner

3. An individual who is a major business partner of the Company or who serves as an executive in an entity that is a major business partner of the Company
 4. An accounting auditor of the Company or its consolidated subsidiary, or an individual who is responsible for auditing the Company or its consolidated subsidiary as an employee at an auditing firm
 5. An attorney, judicial scrivener, patent agent, certified public accountant, certified tax accountant, consultant, or other professional who receives more than JPY 10 million in cash or other assets annually from the Company in addition to director's or corporate auditor's remuneration (or if the entity receiving such assets is an organization such as a corporation or association, an individual belonging to an entity receiving assets from the Company exceeding 2% of annual income)
 6. A major lender for the Company (a lender whose personal or corporate name is stated as a major lender in the Company's business report for the most recent fiscal year) or who serves as an executive in an entity that is a major lender for the Company
 7. An individual who receives more than JPY 10 million in donations annually from the Company (or if the entity receiving such donations is an organization such as a corporation or association, an individual who serves as an executive in an entity receiving assets from the Company exceeding 2% of annual income).
 8. An individual to whom any of the items numbered 1 to 7 above applied within the last three years
 9. A relative within the second degree of kinship or closer of an individual described in any of the items numbered 1 to 8 above (applies only to key individuals)
 10. A relative within the second degree of kinship or closer of a director, executive officer, corporate officer, manager, employee, or accounting advisor (in the case of a corporation, this includes corporate employees required to perform work for the corporation) of the Company or its consolidated subsidiary
 11. A relative within the second degree of kinship or closer of an individual who was a director, executive officer, corporate officer, manager, employee, or accounting advisor (in the case of a corporation, this includes corporate employees required to perform work for the corporation) of the Company or its consolidated subsidiary within the last three years
 12. An individual subject to any exceptional circumstances other than those described in the items above that might potentially cause a conflict of interest with the Company or otherwise make it impossible to fulfill duties as an independent outside director or outside corporate auditor
- (2) Outside director or outside corporate auditor judged to be independent pursuant to this Article shall notify the Company immediately once they no longer qualify as independent.
- (3) Within this Article "major business partner" denotes a business partner accounting for more than 2% of annual consolidated net sales (or in the case of the Company, annual consolidated gross profit) for the most recent fiscal year.

(Reference) Policy for Deciding Remuneration for Directors and Corporate Auditors

In November 2015, the Company dissolved the Remuneration Committee for constructive reasons and replaced it with a new Nomination and Remuneration Advisory Committee comprising a majority of outside directors (chairperson: outside director) to serve as an advisory body to the Board of Directors. The Nomination and Remuneration Advisory Committee studies the formula and level of remuneration of the Company's Directors and the limit of remuneration of Corporate Auditors, and reports the results of its studies to the Board of Directors in order to make the processes more transparent and objective. Based on this report, the specific structures of remuneration and how they should be determined are decided as follows.²

1. Directors' Remuneration

(1) Structure

Remuneration for an individual Director (excluding the Chairman of the Board of Directors and Outside Directors) is comprised of: monthly remuneration, directors' bonuses, new share acquisition rights in the form of stock options (hereinafter, "New Share Acquisition rights"), and new share acquisition rights in the form of stock options for the stock-linked compensation plan (hereinafter, "New Share Acquisition Rights (stock-linked compensation)") as detailed on the right.

The remuneration for the Chairman of the Board of Directors and Outside Directors is comprised of only a fixed amount of monthly remuneration, which is paid on a monthly basis.

(2) Method of Deciding Remuneration

The maximum amount of remuneration for Directors comprising monthly remuneration, New Share Acquisition Rights, and New Share Acquisition Rights (stock-linked compensation) is 1.2 billion yen per year (the maximum amount of remuneration for Outside Directors is 60 million yen per year), as resolved at the 145th Ordinary General Meeting of Shareholders held on June 21, 2013. Specific amounts of such remuneration paid to individual Directors are decided by a resolution of the Board of Directors within this limit.

Payment of Directors' bonuses is subject to approval by a resolution of the ordinary general meeting of shareholders held each year, as they are strongly linked with the business performance of the Company.

2. Corporate Auditors' Remuneration

(1) Structure

The remuneration for Corporate Auditors is comprised only of a fixed amount of monthly remuneration, which is paid on a monthly basis.

(2) Method to Decide Remuneration

The maximum amount of monthly remuneration for Corporate Auditors is 180 million yen per year, as resolved at the 145th Ordinary General Meeting of Shareholders held on June 21, 2013. Specific amounts for individual Corporate Auditors are decided by the conference between the Corporate Auditors within this limit.

² These policies were approved by the former Remuneration Committee and handed over to the new Nomination and Remuneration Advisory Committee.

Remuneration for Directors (excluding the Chairman of the Board of Directors and Outside Directors)

| Type of remuneration | Description of remuneration | Payment mode | | | | | | | | | | | | | | | |
|---|--|---------------------------------------|---|--------------------------------------|---|--------------------------------------|-----------------|-----|-----|-----|-----|---|---------------|---------------|---------------|---------------|------|
| Monthly remuneration | A fixed amount of remuneration paid to each Director every month; decided based on the standard amount designated for each director position and adjusted by quantitative and qualitative evaluation of the performance of each Director | Cash | | | | | | | | | | | | | | | |
| Directors' bonuses | <p>Calculated by using the following calculation formula decided by the Board of Directors after receiving a Corporate Auditors' statement confirming appropriateness of the formula, and paid to Directors after the closing of each fiscal year of the Company, subject to being proposed and approved at the ordinary general meeting of shareholders each year.</p> <p>(1) Total amount</p> <p>The total amount to be paid to Directors shall be as follows, whichever is lower:</p> <ul style="list-style-type: none">◆ Profit for the year attributable to owners of the parent) x 0.09% x (total position points of all Directors divided by 10.5) (any fractional amount less than one million yen shall be rounded down), or◆ 400 million yen <p>If the profit for the year attributable to owners of the parent is negative (i.e. a net loss), the total amount of directors' bonuses is 0.</p> <p>(2) Specific amount of bonus paid to each Director</p> <p>The total amounts of directors' bonuses will be distributed to individual Directors proportionately according to the following points designated to individual positions (any fractional amount less than 1,000 yen shall be rounded down):</p> <p>(Bonus for each Director = Total amount of directors' bonuses x position points of each Director / total position points of all Directors)</p> <table><tr><th></th><th>Director, President & CEO</th><th>Director, Exective Vice President</th><th>Director, Senior Managing Executive Officer</th><th>Director, Managing Executive Officer</th></tr><tr><td>Position points</td><td>2.2</td><td>1.2</td><td>1.0</td><td>0.9</td></tr><tr><td>Upper limit (based on the constituents of Directors as of March 31, 2016)</td><td>¥83.8 million</td><td>¥45.7 million</td><td>¥38.1 million</td><td>¥34.3 million</td></tr></table> | | Director, President & CEO | Director, Exective Vice President | Director, Senior Managing Executive Officer | Director, Managing Executive Officer | Position points | 2.2 | 1.2 | 1.0 | 0.9 | Upper limit (based on the constituents of Directors as of March 31, 2016) | ¥83.8 million | ¥45.7 million | ¥38.1 million | ¥34.3 million | Cash |
| | Director, President & CEO | Director, Exective Vice President | Director, Senior Managing Executive Officer | Director, Managing Executive Officer | | | | | | | | | | | | | |
| Position points | 2.2 | 1.2 | 1.0 | 0.9 | | | | | | | | | | | | | |
| Upper limit (based on the constituents of Directors as of March 31, 2016) | ¥83.8 million | ¥45.7 million | ¥38.1 million | ¥34.3 million | | | | | | | | | | | | | |
| New Share Acquisition Rights | Granted each year to Directors according to their positions | Shares (new share acquisition rights) | | | | | | | | | | | | | | | |
| New Share Acquisition Rights (stock-linked compensation) | Granted each year to Directors according to their positions | Shares (new share acquisition rights) | | | | | | | | | | | | | | | |

Business Report (April 1, 2015 through March 31, 2016)

I. Particulars Regarding the Present Status of the Sumitomo Corporation Group

1. Course of Operations and Operating Results

(1) Economic Environment

During the period under review (fiscal 2015, i.e., April 1, 2015 through March 31, 2016), on the global economic front, although developed countries maintained their strong performance, the economic growth rates of emerging economies slowed down even further, resulting in only moderate growth overall. An interest rate hike in the United States and the structural transformation of the Chinese economy increased uncertainty about the outlook for the global economy. In international commodity markets, slowdown in demand growth, in addition to oversupply, put even greater downward pressure on prices.

In the Japanese economy, the improvement of the employment and income environment and the significant increase in the number of foreign travelers visiting Japan underpinned consumption. Due to improved corporate performance, capital investment also showed some hint of recovery. On the other hand, however, exports to Asia became sluggish due to the slowdown in the growth of emerging economies, causing production to stagnate in the second half.

(2) Operating Results and Financial Status

(A) Operating results

Total trading transactions³ for the fiscal year ended March 31, 2016 amounted to 7,584.1 billion yen, representing a decrease of 1,012.6 billion yen from the previous fiscal year. Gross profit totaled 894.1 billion yen down by 58.9 billion yen, while selling, general and administrative expenses increased by 7.5 billion yen to 762.7 billion yen. Impairment losses on long-lived assets decreased by 221.4 billion yen to 57.2 billion yen. Operating profit improved by 198.1 billion yen to 113.7 billion yen. Share of profit (loss) of investments accounted for using the equity method decreased by 102.9 billion yen to a loss of 53.8 billion yen. As a result, profit for the year attributable to owners of the parent⁴ totaled 74.5 billion yen, representing an increase of 147.7 billion yen from the previous fiscal year.

³ "Total trading transactions" is presented in a manner customarily used in Japan solely for Japanese investors' purpose. It represents the gross transaction volume of trading activities, or the nominal aggregate value of the transactions for which the Company and its consolidated subsidiaries act as principal or as agent.

⁴ "Profit for the year attributable to owners of the parent" stands for the net profit attributes to the shareholders of Sumitomo Corporation.

(B) Financial status

(a) Total assets, liabilities, and equity as of March 31, 2016

Total assets stood at 7,817.8 billion yen, representing a decrease of 1,203.6 billion yen from the previous fiscal year-end. Key factors causing the net decrease were a decrease resulting from asset replacements such as the business reorganization of the automobile financing business in Indonesia and the sales of renewable energy power generation businesses, impairment losses including in Nickel mining and refining business in Madagascar and Iron ore mining project in South Africa, and a decrease in trade receivables and inventories.

Equity attributable to owners of the parent⁵ totaled to 2,251.5 billion yen, a decrease of 229.9 billion yen from the previous fiscal year-end, due primarily to a decrease in exchange differences on translating foreign operations caused by yen's appreciation.

Interest-bearing liabilities (net) decreased by 747.2 billion yen from the previous fiscal year-end, to 2,770.3 billion yen. In consequence, debt-equity ratio(net)⁶ was 1.2.

(b) Cash flows

Net cash provided by operating activities totaled 599.7 billion yen due to the cash inflow stemming from a decrease in working capital in addition to our core businesses that performed well in generating cash.

Net cash used in investing activities totaled 85.4 billion yen due mainly to new investments of approximately 270.0 billion yen, despite collection of funds by asset replacement.

As a result, free cash flow totaled 514.3 billion yen inflow.

Net cash used in financing activities was 507.2 billion yen.

In consequence, cash and cash equivalents as of March 31, 2016 decreased by 27.1 billion yen from March 31, 2015 to 868.8 billion yen.

⁵ "Equity attributable to owners of the parent" stands for the equity attributable to shareholders of Sumitomo Corporation.

⁶ "Debt-equity ratio (net)" is calculated by dividing Interest-bearing liabilities (net) by "equity attributable to owners of the parent."

(C) Dividend policy for the medium-term management plan “Be the Best, Be the One 2017”

Sumitomo Corporation aims to increase dividends by achieving medium and long-term earnings growth while adhering to its fundamental policy of paying shareholders a stable dividend over the long term.

During “Be the Best, Be the One 2017 (BBBO2017),” the medium-term management plan launched in March 2015, we decide the dividend amount in view of the situations regarding basic profit and cash flow, with 50 yen per share as the minimum amount of annual dividend and a consolidated payout ratio of 25% or more as our reference.

Although the consolidated profits for FY 2015 resulted in 74.5 billion yen, the year-end dividend for the fiscal year ended March 31, 2016, as we announced in the most recent forecast, will be 25 yen per share, which will be submitted to the Ordinary General Meeting of Shareholders scheduled for June. If this is resolved, the annual dividend for the fiscal year will be 50 yen per share, adding the interim dividend for fiscal 2015 of 25 yen per share. (The annual dividend for the previous fiscal year was 50 yen per share)

The annual dividend forecast for the fiscal year ending March 31, 2017, is projected to be 50 yen per share (interim dividend: 25 yen, year-end dividend: 25 yen per share) based on our dividend policy during BBBO2017.

(3) Segment Information

(A) Trend of Financial Status and Profit and Loss of each Segment (Condensed) [Prepared on the basis of IFRSs]

| 2016: | Segment | Millions of Yen | | |
|-------|--|-----------------|---|--------------------------------|
| | | Gross profit | Profit for the year (attributable to owners of the parent) | As of March 31 Total assets |
| | Metal Products | ¥ 77,331 | ¥ 12,030 | ¥ 674,150 |
| | Transportation & Construction Systems | 175,527 | 73,411 | 1,508,501 |
| | Environment & Infrastructure | 56,790 | 25,629 | 560,195 |
| | Media, Network, Lifestyle Related Goods & Services | 254,567 | 64,779 | 1,734,959 |
| | Mineral Resources, Energy, Chemical & Electronics | 80,344 | (151,612) | 1,434,374 |
| | Overseas Subsidiaries and Branches | 253,249 | 21,091 | 1,869,558 |
| | Segment Total | 897,808 | 45,328 | 7,781,737 |
| | Corporate and Eliminations | (3,751) | 29,218 | 36,081 |
| | Consolidated | ¥ 894,057 | ¥ 74,546 | ¥ 7,817,818 |

| 2015: | Segment | Millions of Yen | | |
|-------|--|-----------------|--|--------------------------------|
| | | Gross profit | Profit (loss) for the year (attributable to owners of the parent) | As of March 31 Total assets |
| | Metal Products | ¥ 103,533 | ¥ 32,508 | ¥ 877,599 |
| | Transportation & Construction Systems | 183,630 | 40,592 | 1,756,429 |
| | Environment & Infrastructure | 64,471 | 22,948 | 597,197 |
| | Media, Network, Lifestyle Related Goods & Services | 238,992 | 57,060 | 1,762,730 |
| | Mineral Resources, Energy, Chemical & Electronics | 86,915 | (191,023) | 1,682,739 |
| | Overseas Subsidiaries and Branches | 277,499 | (22,658) | 2,164,414 |
| | Segment Total | 955,040 | (60,573) | 8,841,108 |
| | Corporate and Eliminations | (2,099) | (12,597) | 180,262 |
| | Consolidated | ¥ 952,941 | ¥ (73,170) | ¥ 9,021,370 |

Note:

AS of April 1, 2015 Tire Department was transferred from Media, Network, Lifestyle Related Goods & Services Business Unit to Transportation & Construction Systems Business Unit.

The segment information of the previous year has also been reclassified.

(B) Activities of Business Units

(a) Metal Products Business Unit

[Business Overview]

- Trade of steel products (steel sheets, plates, wires, tubular products such as Oil Country Tubular Goods [OCTG] and line pipes, etc.) and non-ferrous metals (aluminum, titanium, etc.)
- Processing of steel sheets, tubular products, and non-ferrous metals, and other related businesses

[Profit (loss) for the Year Attributable to Owners of the Parent]

Metal Products Business Unit posted profit of 12.0 billion yen, a decrease of 20.5 billion yen from the previous fiscal year. Although the operation of overseas steel service centers showed stable performances, there was the impairment loss of 5.3 billion yen in Edgen Group, in addition to a decrease in earnings of tubular products business in North America.

[TOPIC] Mexico: Expanding Our Steel Service Center Businesses by Constructing a New Plant

Servilamina Summit Mexicana S.A. de C.V., a 100% subsidiary of the Sumitomo Corporation Group that processes and distributes steel products in Mexico, has decided to construct a third plant to join the two plants already in operation. The new plant will increase the subsidiary's capacity to process and supply automotive steel sheets, among other products. The subsidiary aspires to achieve co-prosperity with automakers, its main customers, in Mexico, where the production of automobiles is expected to continue to increase as a major supply center for the United States, one of the largest automotive markets.

(b) Transportation & Construction Systems Business Unit

[Business Overview]

- Trade of ships, aircraft, railway cars, transportation systems, automobiles, motorcycles, construction and mining equipment, agricultural machinery, and industrial vehicles, and their related equipment and components as well as other associated businesses
- Leasing and financing businesses

[Profit (loss) for the Year Attributable to Owners of the Parent]

Transportation & Construction Systems Business Unit posted profit of 73.4 billion yen, up by 32.8 billion yen. This was attributable to factors such as the profits on sale and revaluation of stocks stemming from the business reorganization of the automobile financing business in Indonesia, in addition to robust performances by leasing business and construction equipment rental business in the U.S.

[TOPIC] Thailand: Contract Award for the Construction of Mass Transit System Project in Bangkok

Together with Mitsubishi Heavy Industries, Ltd. and Hitachi, Ltd., Sumitomo Corporation has been awarded a contract to design and build an Electric and Mechanical system, including supplying railway cars for the Red Line Construction Project, a mega project to construct a mass transit system in the Bangkok metropolitan region. In this region (population about 10 million), traffic congestion and air pollution caused by an increased number of automobiles and other motor vehicles are becoming severe, and the government is promoting a shift away from road transportation to urban railway transportation. We will utilize this project as a foundation for the further expansion of our business in Thailand, with a view to gaining more contract awards in our railway business while contributing to the country's efforts to reduce traffic congestion and air pollution.

(c) Environment & Infrastructure Business Unit

[Business Overview]

- Social infrastructure businesses such as electric power, water supply, and sewerage systems
- Renewable energy businesses such as solar photovoltaic power generation and wind power generation ventures
- Environmental businesses such as next-generation batteries and recycling
- Industrial infrastructure businesses such as industrial facilities and equipment
- Logistics, insurance, and overseas industrial-park-related businesses

[Profit (loss) for the Year Attributable to Owners of the Parent]

Environment & Infrastructure Business Unit posted profit of 25.6 billion yen, an increase of 2.7 billion yen. This was owing to factors such as profits from value realization in renewable energy power generation businesses in addition to a stable performance of overseas power infrastructure business, although a decrease in earning of domestic power infrastructure business, impacted by the fluctuation of wholesale prices in the electric power market.

[TOPIC] Initiating Electricity Retail Sales to Households

Following the liberalization of electricity supply to high-voltage users and package sales of electricity to condominium complexes, electricity sales to households have also been deregulated. The Sumitomo Corporation Group has advanced into this power supply business through two of its Group companies: Summit Energy Corporation, which has an ample track record in electricity retail sales, and Jupiter Telecommunications Co., Ltd. (J:COM), a cable TV operator with an extensive sales network reaching millions of households. The two companies will closely cooperate to expand the new business and offer energy services that sustain daily life. Summit Energy Corporation is currently constructing biomass power plants in the cities of Handa in Aichi Prefecture and Sakata in Yamagata Prefecture as new sources of power supply that will support the expansion of the Group's electricity retail business.

(d) Media, Network, Lifestyle Related Goods & Services Business Unit

[Business Overview]

- Media businesses in cable television, television programming distribution, and other business segments
- Network businesses in integrated mobile, IT, and other business segments
- Lifestyle/Retail businesses in TV shopping channel, supermarket, and other business segments
- Food/food product businesses
- General materials and supplies (including wood and other building materials) and real estate ventures

[Profit (loss) for the Year Attributable to Owners of the Parent]

Media, Network, Lifestyle Related Goods & Services Business Unit posted profit of 64.8 billion yen, up by 7.7 billion yen. This was attributable to robust performances of domestic major group companies and real estate business, although there was the impairment loss of 9.8 billion yen in Grain business in Australia.

[TOPIC] Capital Reorganization for the TV Shopping Business

The ownership structure of Jupiter Shop Channel Co., Ltd. ("Shop Channel"), the TV shopping company of the Sumitomo Corporation Group, has been altered by allowing J:COM and KDDI Corporation (KDDI) to respectively acquire 50% and 5% of Shop Channel shares, placing the company under the control of a new partnership among Sumitomo Corporation, J:COM, and KDDI. This will enable J:COM and Shop Channel to conduct sales and promotional activities targeted at each other's customers to cultivate new customers and expand their businesses. The Business Unit is thus able to leverage the

strength of each of its businesses while reinforcing collaboration among them to develop new services and businesses and increase earnings.

(e) Mineral Resources, Energy, Chemical & Electronics Business Unit

[Business Overview]

- Businesses related to coal, iron ore, non-ferrous metal materials, petroleum, natural gas, battery materials, carbon-related materials, and their semi-finished/finished products
- Businesses related to Synthetic resins, organic/inorganic chemicals, rare earth elements, pharmaceuticals, agricultural chemicals, fertilizers, and electronic materials

[Profit (loss) for the Year Attributable to Owners of the Parent]

Mineral Resources, Energy, Chemical & Electronics Business Unit posted a loss of 151.6 billion yen, an increase of 39.4 billion yen. This was due to factors such as a decrease in the amount of impairment losses, although there was a decrease in earnings impacted by the decline of mineral resources prices. In this fiscal year, there were impairment losses of 156.8 billion yen in total posted for several businesses, including Nickel mining and refining business in Madagascar, Iron ore mining project in South Africa, Iron ore mining project in Brazil, Copper and molybdenum mining business in Chile, and Coal-mining projects in Australia. On the other hand, there were impairment losses and provisions of 227.8 billion yen in total posted in the previous fiscal year for several businesses, such as Tight oil development project in the U.S., Iron ore mining project in Brazil, Shale gas project in the U.S., and Coal-mining projects in Australia.

[TOPIC] Cambodia: Establishment of Electronics Manufacturing Services Site.

Sumitomo Corporation has decided to launch electronics manufacturing services (EMS) in Cambodia, a country in which the rapid growth of the manufacturing industry is expected. According to the plan, the Sumitronics Group, a subsidiary of Sumitomo Corporation, will establish a local company, and commence EMS operations in October 2016, mainly for Japanese manufacturers operating in Thailand, Cambodia's neighboring country. Southeast Asia, where the ASEAN Economic Community was established at the end of 2015, is likely to see greater economic collaboration within the community and economic growth in the near future. Based on its experience in the area of EMS, We aim to achieve further expansion of the business and contribution to the development of the region through the business.

(C) Overseas Subsidiaries and Branches Segment

[Profit (loss) for the Year Attributable to Owners of the Parent]

Overseas Subsidiaries and Branches segment posted profit of 21.1 billion yen, up by 43.7 billion yen. This was owing to factors such as a decrease in the amount of impairment losses in

addition to realized gains resulting from asset replacements, although there was a decrease in earnings of tubular products business in North America. In this fiscal year, there were impairment losses of 23.6 billion yen in total for several businesses, including Edgen group and Grain business in Australia. On the other hand, there were impairment losses and provisions of 75.0 billion yen in total posted in the previous year for several businesses, such as Tight oil development project in the U.S. and Tire business in the U.S.

(Reference) CSR in the Sumitomo Corporation Group

The Sumitomo Corporation Group works hard to contribute to the development of a sustainable society by creating and providing new social value through its business and social contribution activities, all the while fully respecting human rights and ensuring environmental protection.

Please visit our website below for the Group's views on CSR and specific activities.

<http://www.sumitomocorp.co.jp/english/csr/>

TOPIC (Social Contribution Activities)

Sumitomo Corporation Scholarship for Exchange Students in China

The Sumitomo Corporation Scholarship Program has been offered to students in universities in 11 countries across Asia. In fiscal 2015, a part of the program for students studying at Chinese universities was revised, and the new scholarship program was introduced in autumn 2015 to support Chinese students planning to attend Japanese universities as exchange students (New Scholarship Program). With a view to developing the next generation of human resources, that is, those who will undertake future private-sector exchanges between Japan and China, the New Scholarship Program covers living expenses while in Japan and outbound and inbound travel costs between the two countries for Chinese students enrolled at universities in various locations in Japan. The students are also provided with advice about studying and living in Japan before they leave China as well as with opportunities to gain diverse experience while in Japan, including internship training at the head office of Sumitomo Corporation.

The New Scholarship Program recipients experienced various activities such as training in the business of a general trading company (*sogo shosha*) at the head office, volunteer activities, Noh drama, tea ceremony and other Japanese cultural activities, and home stays with the families of Sumitomo Corporation employees. It is hoped that the positive impacts of these experiences on the students will help them play an active role in the promotion of mutual understanding and friendship between Japan and China after they return home.

2. Management Challenges

(1) Economic Prospects

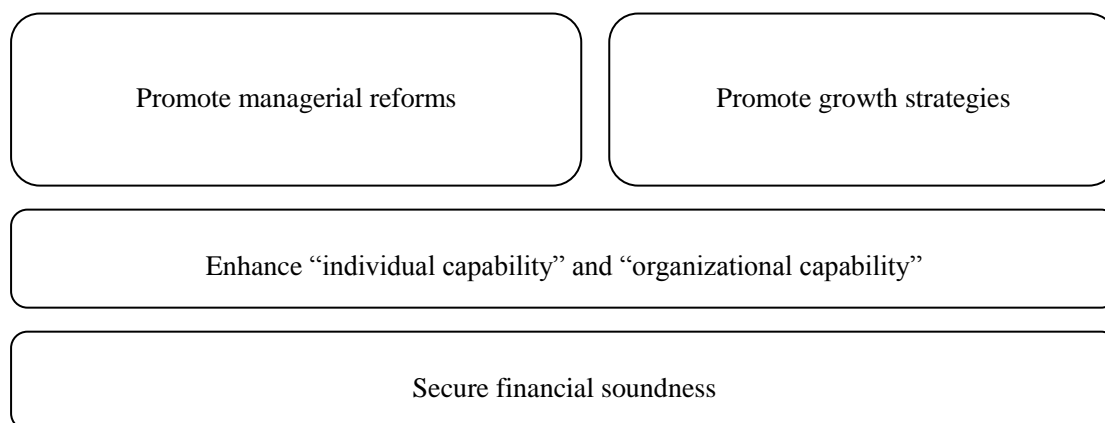
On the global front, while developed countries are expected to continue upon the path of gradual economic growth, in emerging economies low natural resource prices and increased funding costs caused by the U.S. interest rate hike may continue to pose a heavy burden. Furthermore, there is a concern that the current situation in which prices remain stagnant due to oversupply and there is low willingness to invest may be prolonged.

The Japanese economy will be underpinned by economic measures undertaken by the government and Bank of Japan, and it is expected that the employment and income environment will continue to improve. However, the decrease in exports and return on investment that may be caused by the slowdown of growth in the United States and emerging economies in Asia will represent a risk that may hold the economy back.

(2) Promoting the medium-term management plan, “Be the Best, Be the One 2017”

In its medium-term management plan “Be the Best, Be the One 2017 (BBBO2017),” Sumitomo Corporation has been promoting managerial reforms and growth strategies, enhancing “individual capability” and “organizational capability,” and securing financial soundness based on the theme of making group-wide efforts in overcoming issues and outlining a path toward the realization of “What We Aim to Be in 2019, Our Centennial Year,” in light of changes in the environments that surround our businesses as well as managerial issues that manifested in large-scale impairment losses in FY2014.

<Overview of “BBBO2017”>



Initial quantitative targets (key indicators)

○Profit targets

Consolidated net income⁷ – FY2015: ¥230 billion; FY2017: ¥300 billion or more

⁷ “Consolidated net income” is equivalent to the “profit attributable to owners of the parent” set out in the International Financial Reporting Standards (IFRSs).

- Financial policies
 - Regaining the balance between the core risk buffer and risk-adjusted assets⁸
(by the end of FY2017)
 - Free cash flow:¥200 billion (3-year total)
(Post-dividend free cash flow) (Positive (3-year total))

The major progress made in fiscal 2015 is described below:

(A) Promoting managerial reforms

(a) Revising decision-making process

The Management Council was designated the highest decision-making body at the operational execution level as of July 2015, and a system has been put in place to incorporate diverse opinions and multilateral discussions into the process for making decisions on specific key matters. We have added another Outside Director to the Board of Directors, and we have amended the standards for matters to be discussed by the Board of Directors so that the Board can concentrate on the deliberation of important matters regarding the company-wide management such as the business policy and management plan. At the same time, we have increased the submitting matters to the Board of Directors to strengthen the Board's monitoring function over the execution of operations so that it can give priority to formulating Company-wide strategies and basic policies when deliberating on matters.

(b) Revamping risk management system

Loan and Investment Committee meetings were held at the business unit and Company-wide levels and a framework established whereby discussions can be conducted from a variety of angles both when considering investments and when executing them, and we revised our hurdle rate for investments and our post-investment monitoring system.

(c) Complying with Corporate Governance Code

In addition to amending the Corporate Governance Principles, we dissolved the Remuneration Committee for constructive reasons and replaced it with a new Nomination and Remuneration Advisory Committee comprising a majority of outside directors (chairperson: outside director) to serve as an advisory body to the Board of Directors in order to make the processes for deciding on the nomination and remuneration of Directors more transparent and objective. Furthermore, analyses/evaluations of the Board of Directors are being conducted each year from FY2015 using self-evaluations by Directors and Corporate Auditors and other means to enable the Company to

⁸ Our core risk buffer represents the sum of “common stock,” “additional paid-in capital,” “retained earnings” and “exchange difference on translating foreign operations” minus “treasury stock, at cost.” Our basic management policy is to keep risk-adjusted assets, which are our maximum possible losses, within our core risk buffer.

achieve sustained growth and improve its corporate value.⁹

(B) Promoting growth strategies

(a) Strengthening/promoting cross-organizational collaboration

We executed growth strategies in the metal products, transportation systems, media and other businesses in which the Company enjoys advantages, and undertook cross-organizational collaboration and enhanced our approaches for pursuing these as Company-wide projects in energy-related business, retail business in Asia, and other fields with high growth potential.

(b) Efforts in upstream mineral resources & energy businesses

We focused on launching projects in which we have invested over recent years, e.g., achieved financial completion of Nickel mining and refining business in Madagascar in September 2015, and we continued to cut costs in existing projects. We also formulated a policy for managing our upstream mineral resource portfolio, and established a new specialist organization to strengthen our market analyses and technical evaluation abilities.

(c) Executing investment/loan plans

In FY2015, the initial year of “BBBO2017,” we increased our assets in our construction equipment rental business in the United States, invested in domestic real estate projects including commercial facilities, and carried out investment to launch existing upstream mineral resource projects, executing investment and loans totaling approximately 270 billion yen across the Company.

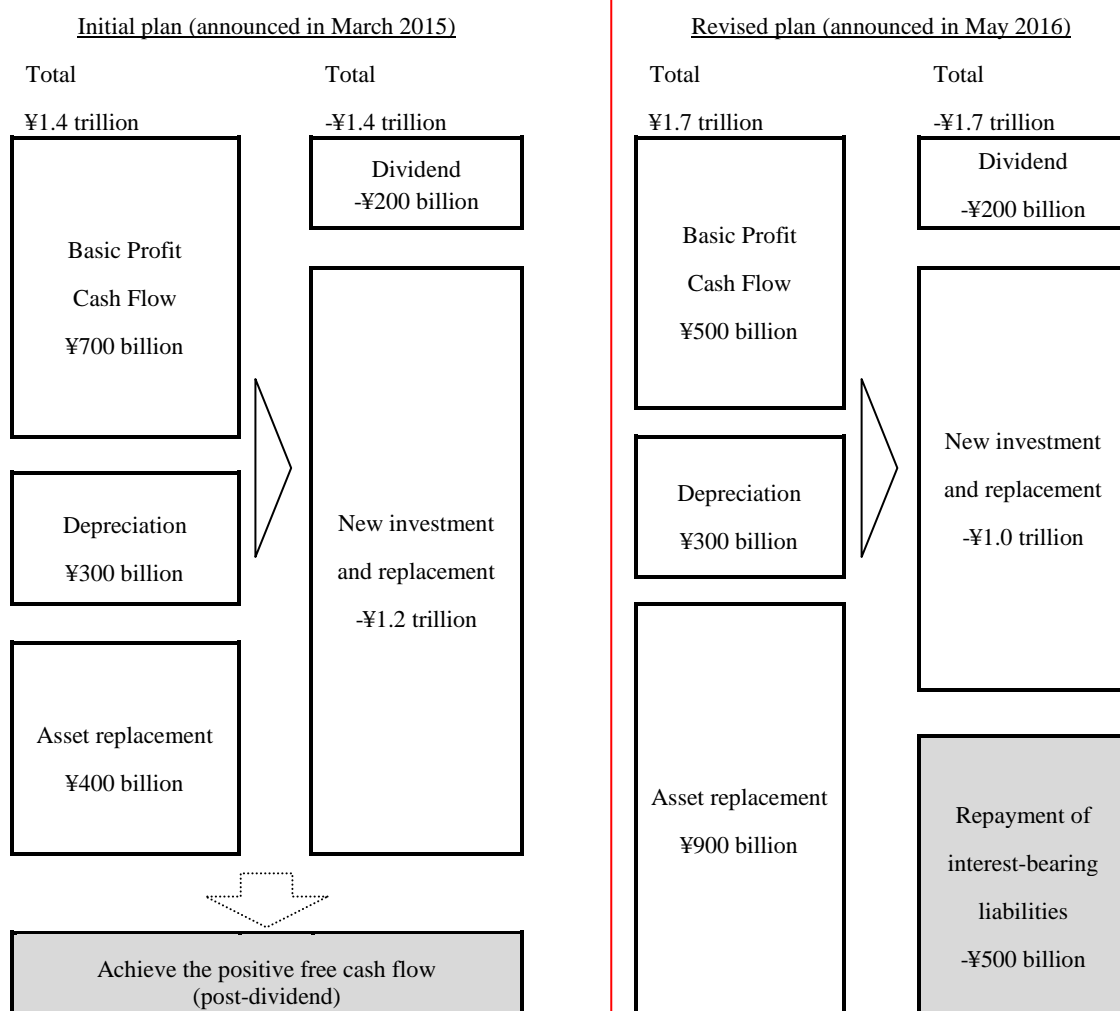
(C) Securing financial soundness

(a) Reducing interest-bearing liabilities

In FY2015, we recovered approximately 230 billion yen in funds owing to asset replacements including the business reorganization of our automobile financing business in Indonesia and disposal of our renewable energy power generation business. In addition, a cash was generated due to a decrease in working capital. As a result, post-dividend free cash flow for FY2015 reached a positive figure of 451.9 billion yen. Although we had been upholding the target of securing a positive post-dividend free cash flow (three-year total) in our initial plan for the purpose of maintaining financial soundness, in light of the Company’s performance and the recent deterioration in the business environment, we have revised our post-dividend free cash flow target to 500 billion yen (three-year total), with the funds recovered to be used to repay interest-bearing liabilities in order to further reduce our interest-bearing liabilities and enhance our financial structure during the term for “BBBO2017.”

⁹ Please also see page 86 on Sumitomo Corporation’s corporate governance efforts.

Cash-in / cash-out (3-year total of the period of “BBBO2017”)



- Notes:
1. Basic Profit Cash Flow = Basic Profit – Share of profit (loss) of investments accounted for using the equity method + Dividend from investments accounted for using the equity method
 2. Basic Profit = (Gross profit + Selling, general and administrative expenses (excluding provision for doubtful receivables) + Interest expense, net of interest income + Dividends) × (1-Tax rate) + Share of profit (loss) of investments accounted for using the equity method

(b) Regaining the balance between the core risk buffer and risk-adjusted assets

We will execute the plan described in (a) above and regain the balance between the core risk buffer and risk-adjusted assets by the end of fiscal 2017, the final fiscal year of “BBBO2017.”

(D) Quantitative targets

(a) FY2015 results

Non-mineral resource businesses made a steady showing overall in FY2015, but performance deteriorated in our mineral resources businesses and tubular products business due to falling mineral

resource prices, and several businesses including upstream mineral resource-related ones saw impairment losses of approximately 195.1 billion yen. Consequently, consolidated net income regrettably came to 74.5 billion yen vis-à-vis our target of 230 billion yen.

The principal projects that posted impairment losses in FY2015 are as follows:

| Projects | Project Outline | Amount of Impact on Consolidated Net Income (billions of yen) | Main Reason for Impairment Loss |
|---|--|--|---|
| Nickel mining and refining business in Madagascar | Nickel development and related business in Madagascar | -77.0 | Decline in the nickel prices and revision of the long-term business plan |
| Iron Ore Mining Project in South Africa | Investment in iron ore project in South Africa | -18.3 | Decline in the iron ore prices and revision of the long-term business plan |
| Edgen Group | Global distributor of metal and tubular products for energy industry | -18.1 | Decline in demand resulting from drop in the oil prices and revision of the long-term business plan |
| Iron ore mining business in Brazil | Iron ore mining operations and relevant businesses in the Serra Azul region of the state of Minas Gerais in Brazil | -14.6 | Decline in the iron ore prices and revision of the long-term business plan |
| Copper and molybdenum mining business in Chile | Investment in and financing of the Sierra Gorda copper mine in Chile | -14.0 | Decline in the copper prices and revision of the long-term business plan |
| Coal mining projects in Australia | Investments in coal mines in Australia | -12.1 | Decline in the coal prices and revision of the long-term business plan |
| Grain business in Australia | Grain accumulation and investment in grain storage and export terminal operating business in Australia | -11.4 | Revision of the business plan |
| Others | | -29.5 | |
| Total amount | | -195.1 | |

(b) Forecasts for FY2016

With regard to our forecasts for FY2016, while robust overall performance is projected in our non-mineral resources businesses, such as our main businesses in Environment & Infrastructure and Media, Network, Lifestyle Related Goods & Services segments, we expect the difficult business climate for our mineral resources businesses and tubular products business to continue as a result of the impact of falling mineral resources prices. In addition to these elements, we are factoring in approximately 20 billion yen in cost needs for steady asset replacements and improvement of our financial structure. As a result, a consolidated net income of 130 billion yen is forecast for FY2016.

(c) Revision of quantitative targets

Anticipating slow recoveries in the mineral resource, energy-related and tubular products businesses due to the prolonged slump in mineral resource prices, we have revised the quantitative targets for “BBBO2017” as follows:

| | | FY/Period | Initial plan | Revised plan |
|--------------------|---|----------------------|----------------------|----------------------|
| Profit targets | Consolidated net income | FY2015 | ¥230 billion | ¥74.5 billion |
| | | FY2016 | — | ¥130 billion |
| | | FY2017 | ¥300 billion or more | ¥220 billion or more |
| | ROA | FY2017 | 3% or more | 2.5% or more |
| | Risk-adjusted return ratio | FY2017 | 10% or more | 9.0% or more |
| | ROE | FY2017 | Around 10% | Around 9.0% |
| Financial policies | Balance between the core risk buffer and risk-adjusted assets | By the end of FY2017 | Regain balance | Regain balance |
| | Free cash flow | 3-year total | ¥200 billion | ¥700 billion |
| | Post-dividend free cash flow | 3-year total | Positive | ¥500 billion |
| Investment plan | | 3-year total | ¥1.2 trillion | ¥1.0 trillion |

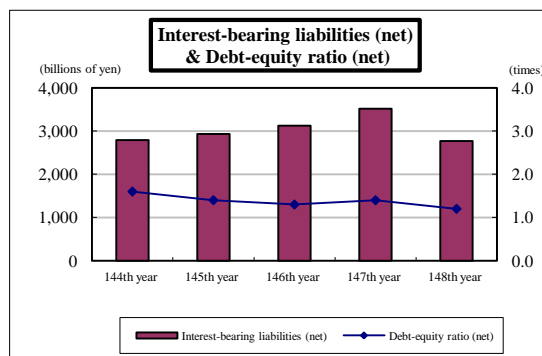
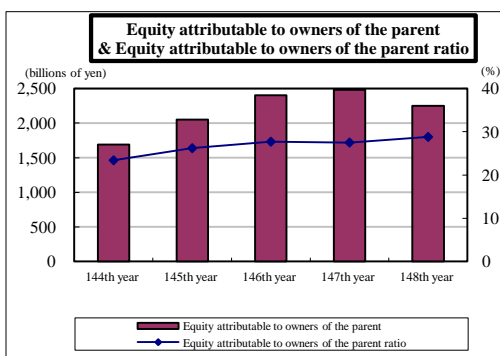
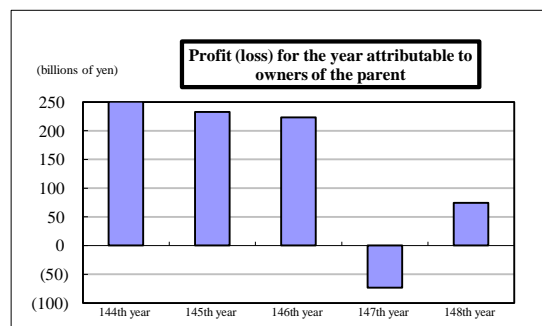
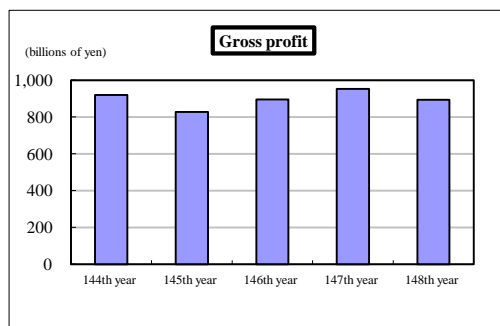
With the business environment expected to remain challenging, we will strive to improve our financial structure through the reduction of interest-bearing liabilities, and to bolster our earning power and return to a growth track by steadily executing the growth strategies set out in “BBBO2017” and by promoting cross-organizational collaboration in Company-wide projects.

We sincerely request the ongoing understanding, support and encouragement of all our shareholders.

3. Trend of Financial Status and Profit and Loss

| | 144th year (Fiscal 2011) | 145th year (Fiscal 2012) | 146th year (Fiscal 2013) | 147th year (Fiscal 2014) | 148th year (Fiscal 2015) |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Gross profit (billions of yen) | 918.8 | 827.0 | 894.4 | 952.9 | 894.1 |
| Profit (loss) for the year attributable to owners of the parent (billions of yen) | 250.7 | 232.5 | 223.1 | (73.2) | 74.5 |
| Earnings (loss) per share attributable to owners of the parent (yen) | 200.52 | 185.92 | 178.59 | (58.64) | 59.73 |
| Total assets (billions of yen) | 7,226.8 | 7,832.8 | 8,668.7 | 9,021.4 | 7,817.8 |
| Equity attributable to owners of the parent (billions of yen) | 1,689.1 | 2,052.8 | 2,404.7 | 2,481.4 | 2,251.5 |
| Equity per share attributable to owners of the parent (yen) | 1,351.10 | 1,641.60 | 1,927.37 | 1,988.62 | 1,803.95 |
| ROE (%) | 15.4 | 12.4 | 10.0 | (3.0) | 3.2 |
| ROA (%) | 3.5 | 3.1 | 2.7 | (0.8) | 0.9 |
| Equity attributable to owners of the parent ratio (%) | 23.4 | 26.2 | 27.7 | 27.5 | 28.8 |
| Interest-bearing liabilities (net) (billions of yen) | 2,786.7 | 2,930.3 | 3,123.5 | 3,517.5 | 2,770.3 |
| Debt-equity ratio (net) (times) | 1.6 | 1.4 | 1.3 | 1.4 | 1.2 |
| Total trading transactions (billions of yen) | 8,273.0 | 7,502.7 | 8,146.2 | 8,596.7 | 7,584.1 |

- Notes: 1. We prepared consolidated financial statements on the basis of International Financial Reporting Standards (“IFRSs”) in compliance with Article 120, Paragraph 1 of the Company Accounting Regulations, from the 144th year.
2. Interest-bearing liabilities (net) excludes cash and cash equivalents and time deposits from interest-bearing liabilities.
3. Total trading transactions represents the gross transaction volume of trading activities, or the nominal aggregate value of the transactions for which the Company and its consolidated subsidiaries act as principal or as agent.
- Total trading transactions is a measure commonly used by Japanese trading companies. It is not to be construed as equivalent to, or a substitute for, sales or revenues under U.S. GAAP or IFRSs.
4. Amounts in billions of yen are rounded to the nearest tenth.



4. Principal Lines of Business (as of March 31, 2016)

Through its worldwide network, the Sumitomo Corporation Group engages in diverse business activities in a wide variety of fields, such as Metal Products; Transportation & Construction Systems; Environment & Infrastructure; Media, Network, Lifestyle Related Goods & Services; Mineral Resources, Energy, Chemical & Electronics. These activities include engaging in domestic and overseas transactions, import and export of various goods and commodities, providing wide range of services, and investing in businesses.

5. Status of Principal Operating Locations and Work Force (as of March 31, 2016)

(1) Domestic

| | | |
|-------------------------------------|----------------|--|
| The Company's head office | Chuo-ku, Tokyo | |
| The Company's regional main offices | 6 offices | Hokkaido (Sapporo), Tohoku (Sendai), Chubu (Nagoya), Kansai (Osaka), Chugoku (Hiroshima), Kyushu (Fukuoka) |
| The Company's branch offices | 5 offices | Hamamatsu, Shikoku (Takamatsu), Niihama, Nagasaki, Okinawa (Naha) |

Note: In addition to the above, there are 2 sub-branch offices of the Company.

| | | |
|--|----------------|---|
| The Company's domestic incorporated subsidiaries | 3 subsidiaries | Sumitomo Corporation Hokkaido Co., Ltd., Sumitomo Corporation Tohoku Co., Ltd., Sumitomo Corporation Kyushu Co., Ltd. |
|--|----------------|---|

Note: There are 9 head, branch or other offices of these 3 domestic incorporated subsidiaries of the Company.

(2) Overseas

| | | |
|---|-----------|---|
| The Company's branch offices and sub-branch offices | 6 offices | Manila Branch, Kuala Lumpur Branch, Johannesburg Branch, Kiev Branch, Almaty Branch, Astana Sub-Branch Office |
|---|-----------|---|

- Notes:
1. In addition to the above, there are 26 overseas representative offices of the Company.
 2. As of March 31, 2016, the Kuala Lumpur branch office was abolished.
 3. As of April 30, 2016, the Manila branch office was abolished.

| | | |
|--|-----------------|--|
| The Company's overseas locally-incorporated subsidiaries | 38 subsidiaries | Sumitomo Corporation of Americas (US), Sumitomo Corporation do Brasil S.A., Sumitomo Corporation Europe Holding Limited (UK), Sumitomo Corporation Europe Limited (UK), Sumitomo Corporation Africa Pty. Ltd. (South Africa), Sumitomo Corporation Middle East FZCO (UAE), Sumitomo Corporation (Central Eurasia) LLC (Russia), Sumitomo Corporation Asia & Oceania Pte. Ltd. (Singapore), Sumitomo Corporation (China) Holding Ltd., etc. |
|--|-----------------|--|

Note: There are 81 head, branch or other offices of these 38 overseas locally-incorporated subsidiaries of the Company.

6. Status of Work Force

(1) Number of employees of the Sumitomo Corporation Group

| Name of operating segment | Number of employees |
|---|---|
| Metal Products | 6,580 |
| Transportation & Construction Systems | 10,320 |
| Environment & Infrastructure | 2,835 |
| Media, Network & Lifestyle Related Goods & Services | 19,330 |
| Mineral Resources, Energy, Chemical & Electronics | 5,239 |
| Overseas Subsidiaries and Branches | 20,779 |
| Others | 1,777 |
| Total | 66,860 (decrease of 8,588 compared with the end of the previous fiscal year) |

(2) Number of employees of the Company

Total 5,389¹⁰ (increase of 18 compared with the end of the previous fiscal year)

¹⁰ It includes 185 persons whom overseas offices of the Company employ.

7. Status of Important Subsidiaries

(1) Status of Consolidated Subsidiaries and Other Associated Companies

| | 145th year (Fiscal 2012) | 146th year (Fiscal 2013) | 147th year (Fiscal 2014) | 148th year (Fiscal 2015) |
|-------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Number of consolidated subsidiaries | 562 | 606 | 596 | 577 |
| Number of associated companies | 237 | 254 | 266 | 269 |

(2) Status of Major Consolidated Subsidiaries and Associated Companies

| Segment | Company name | Major lines of business |
|--|--|--|
| Metal Products | Edgen Group Inc. (C) | Global distributor of metal and tubular products for energy industry |
| | Sumisho Metalex Corporation (C) | Sale of non-ferrous metal products |
| Transportation & Construction Systems | TBC Corporation (C) | Distribution and retailing of tires in the U.S. |
| | Sumitomo Mitsui Finance and Leasing Company, Limited (A) | Leasing business |
| Environment & Infrastructure | PT. Central Java Power (C) | Leasing operations of power plants in Indonesia |
| | Summit Energy Corporation (C) | Development, ownership and management of power plants, and electric power sales in Japan |
| Media, Network, Lifestyle Related Goods & Services | SCSK Corporation (C) | System integration, IT infrastructure implementation, and IT management |
| | Jupiter Telecommunications Co., Ltd. (A) | Integrated cable TV operation and management of TV programming and content providing business for multi-channel broadcasting |
| Mineral Resources, Energy, Chemical & Electronics | Sumisho Coal Australia Pty Ltd. (C) | Investment in coal mines in Australia |
| | Nusa Tenggara Mining Corporation (C) | Investment in and financing of the Batu Hijau copper/gold mine development project in Indonesia |
| Overseas Subsidiaries and Branches | Sumitomo Corporation of Americas (C) | Export, import and wholesale |
| | Sumitomo Corporation Europe Holding Limited (C) | Holding company of European subsidiaries |

Note: (C) and (A) stand for “consolidated subsidiaries” and “associated companies,” respectively.

8. Principal Lenders and Loans Payable (as of March 31, 2016)

| Name of lender | Loans payable (in millions of yen) |
|--|------------------------------------|
| Meiji Yasuda Life Insurance Company | 168,000 |
| Sumitomo Life Insurance Company | 148,000 |
| Development Bank of Japan Inc. | 144,506 |
| Nippon Life Insurance Company | 119,000 |
| The Dai-ichi Life Insurance Company, Limited | 93,000 |
| Sumitomo Mitsui Banking Corporation | 85,643 |
| Japan Bank for International Cooperation | 79,262 |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 77,547 |
| Mizuho Bank, Ltd. | 73,068 |
| Sumitomo Mitsui Trust Bank, Limited | 72,320 |
| Others | 1,031,213 |
| Total of loans payable by the Company | 2,091,559 |
| Total of loans payable by consolidated subsidiaries of the Company | 1,103,755 |
| Total of consolidated loans payable | 3,195,314 |

Note: "Others" presented above includes syndicate loans of a total of 171,000 million yen which were arranged by one or plural of banks of Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Mizuho Bank, Ltd.

9. Status of Fund Raising¹¹

With respect to fund raising, in addition to using means such as long-term and short-term borrowing and the issuance of commercial paper, the Sumitomo Corporation Group has been issuing unsecured debentures by the consolidated subsidiaries as follows:

By the consolidated subsidiaries

Unsecured debentures; approximately 9.1 billion yen in accordance with the Euro MTN Programme established jointly by Sumitomo Corporation Capital Europe plc (UK), Sumitomo Corporation of Americas and Sumitomo Corporation Asia Pte. Ltd. (Singapore)

¹¹ In accordance with Article 120, Paragraph 1, Item 5 of the Enforcement Regulations promulgated under the Companies Act, the Company shall provide the status of significant fund raising, corporate spending on equipment and facilities, etc., but since the Company does not have other significant items to report regarding this clause, the following information is only regarding the status of fund raising.

II. Particulars regarding the Shares of the Company (as of March 31, 2016)

1. Number of Shares Authorized for Issuance 2,000,000,000 shares
 2. Number of Issued Shares 1,250,602,867 shares
 (no change compared with the end of the previous fiscal year/
 including treasury stock 2,506,842 shares)

3. Number of Shareholders 178,173 persons
 (increase of 11,086 compared with the end of the previous fiscal year)

4. Number of Shares in One Voting Unit 100 shares

5. Major Shareholders

| Name of shareholder | Ownership of shares of the Company | |
|--|------------------------------------|------------------------|
| | Number of shares (thousand shares) | Shareholding ratio (%) |
| The Master Trust Bank of Japan, Ltd. (trust account) | 70,630 | 5.66 |
| Japan Trustee Services Bank, Ltd. (trust account) | 59,102 | 4.74 |
| Liberty Programming Japan, LLC | 45,652 | 3.66 |
| JP Morgan Chase Bank 385632 | 41,147 | 3.30 |
| Sumitomo Life Insurance Company | 30,855 | 2.47 |
| Mitsui Sumitomo Insurance Company, Limited | 20,886 | 1.67 |
| Barclays Securities Japan Limited | 20,000 | 1.60 |
| Japan Trustee Services Bank, Ltd. (trust account 9) | 17,859 | 1.43 |
| The Dai-ichi Life Insurance Company, Limited | 15,889 | 1.27 |
| Japan Trustee Services Bank, Ltd. (trust account 7) | 15,749 | 1.26 |

Note: The shareholding ratio is calculated by dividing the number of shares held by the number of shares outstanding—which is derived by deducting treasury stock (2,506,842 shares) from the total number of issued shares—and rounding to the nearest hundredth of a percent.

III. Particulars regarding the New Share Acquisition Rights, etc. of the Company

1. New Share Acquisition Rights Held by the Company's Directors, etc. as of the Final Day of this Fiscal Year

(1) New Share Acquisition Rights

(A) Summary of the new share acquisition rights

| Date issued | Total number of the new share acquisition rights | Type and number of shares subject to the new share acquisition rights | Number of shares for each new share acquisition right | Issuing price | Exercise price per share | Exercise period |
|---|--|---|---|------------------------------|--------------------------|-------------------------------------|
| July 31, 2011 (the 10 th) | 190 rights | Common Shares 19,000 shares | 100 shares | Issued without consideration | ¥1,109 | From April 1, 2012 to June 30, 2016 |
| July 31, 2012 (the 11 th) | 490 rights | Common Shares 49,000 shares | 100 shares | Issued without consideration | ¥1,125 | From April 1, 2013 to June 30, 2017 |
| July 31, 2013 (the 12 th) | 1,100 rights | Common Shares 110,000 shares | 100 shares | Issued without consideration | ¥1,312 | From April 1, 2014 to June 30, 2018 |
| August 1, 2014 (the 13 th) | 1,440 rights | Common Shares 144,000 shares | 100 shares | Issued without consideration | ¥1,441 | From April 1, 2015 to June 30, 2019 |
| July 31, 2015 (the 14 th) | 1,740 rights | Common Shares 174,000 shares | 100 shares | Issued without consideration | ¥1,532 | From April 1, 2016 to June 30, 2020 |

- Notes: 1. The amount to be paid for exercising a new share acquisition right shall be the exercise price per share, multiplied by the number of shares for every right.
2. "Total number of the new share acquisition rights" presented above does not include the new share acquisition rights which the holders do not satisfy the condition required to exercise by reason of retirement, etc.

(B) Total number of persons holding the new share acquisition rights and rights held by such persons (breakdown)

| Date issued | Directors (excluding those who are Outside Directors concurrently) | | Executive Officers (excluding those who are Directors concurrently) | | Employees (Corporate Officers under the Company's qualification system) | |
|---|---|--|--|--|--|--|
| | Total number of persons holding the new share acquisition rights | Total number of the new share acquisition rights held by persons | Total number of persons holding the new share acquisition rights | Total number of the new share acquisition rights held by persons | Total number of persons holding the new share acquisition rights | Total number of the new share acquisition rights held by persons |
| July 31, 2011 (the 10 th) | 1 person | 10 rights | 10 persons | 120 rights | 6 persons | 60 rights |
| July 31, 2012 (the 11 th) | 2 persons | 70 rights | 17 persons | 240 rights | 18 persons | 180 rights |
| July 31, 2013 (the 12 th) | 8 persons | 340 rights | 24 persons | 470 rights | 29 persons | 290 rights |
| August 1, 2014 (the 13 th) | 9 persons | 410 rights | 27 persons | 640 rights | 39 persons | 390 rights |
| July 31, 2015 (the 14 th) | 9 persons | 500 rights | 27 persons | 760 rights | 48 persons | 480 rights |

Note: "Total number of the new share acquisition rights" presented above does not include the new share acquisition rights which the holders do not satisfy the condition required to exercise by reason of retirement, etc.

(2) New Share Acquisition Rights in the Form of Stock Options for a Stock-Linked Compensation Plan

(A) Summary of the new share acquisition rights

| Date issued | Total number of the new share acquisition rights | Type and number of shares subject to the new share acquisition rights | Number of shares for each new share acquisition right | Issuing price | Exercise price per share | Exercise period |
|---|--|---|---|------------------------------|--------------------------|---|
| July 31, 2006 (the 1 st) | 10 rights | Common Shares 10,000 shares | 1,000 shares | Issued without consideration | ¥1 | 10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer |
| July 31, 2007 (the 2 nd) | 230 rights | Common Shares 23,000 shares | 100 shares | Issued without consideration | ¥1 | 10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer |
| July 31, 2008 (the 3 rd) | 434 rights | Common Shares 43,400 shares | 100 shares | Issued without consideration | ¥1 | 10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer |
| July 31, 2009 (the 4 th) | 831 rights | Common Shares 83,100 shares | 100 shares | Issued without consideration | ¥1 | 10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer |
| July 31, 2010 (the 5 th) | 1,118 rights | Common Shares 111,800 shares | 100 shares | Issued without consideration | ¥1 | 10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer |

| | | | | | | |
|--|--------------|---------------------------------|------------|------------------------------------|----|---|
| July 31, 2011 (the 6 th) | 1,138 rights | Common Shares 113,800 shares | 100 shares | Issued without consideration | ¥1 | 10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer |
| July 31, 2012 (the 7 th) | 1,448 rights | Common Shares 144,800 shares | 100 shares | Issued without consideration | ¥1 | 10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer |
| July 31, 2013 (the 8 th) | 1,159 rights | Common Shares 115,900 shares | 100 shares | Issued without consideration | ¥1 | 10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer |
| August 1, 2014 (the 9 th) | 1,209 rights | Common Shares 120,900 shares | 100 shares | Issued without consideration | ¥1 | 10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer |
| July 31, 2015 (the 10 th) | 1,254 rights | Common Shares 125,400 shares | 100 shares | Issued without consideration | ¥1 | 10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer |

Note: The amount to be paid for exercising a new share acquisition right shall be the exercise price per share, multiplied by the number of shares for every right.

(B) Total number of persons holding the new share acquisition rights and rights held by such persons (breakdown)

| Date issued | Directors (excluding those who are Outside Directors concurrently) | | Corporate Auditors (excluding those who are Outside Corporate Auditors concurrently) | | Executive Officers (excluding those who are Directors concurrently) | | Employees or others | |
|--|--|--|---|--|--|--|--|---|
| | Total number of persons holding the new share acquisition rights | Total number of the new share acquisition rights held by persons | Total number of persons holding the new share acquisition rights | Total number of the new share acquisition rights held by persons | Total number of persons holding the new share acquisition rights | Total number of the new share acquisition rights held by persons | Total number of persons holding the new share acquisition rights | Total number of the new share acquisition rights held by persons |
| July 31, 2006 (the 1 st) | 1 person | 1 right | 0 person | 0 right | 0 person | 0 right | 5 persons | 9 rights |
| July 31, 2007 (the 2 nd) | 2 persons | 43 rights | 0 person | 0 right | 0 person | 0 right | 9 persons | 187 rights |
| July 31, 2008 (the 3 rd) | 3 persons | 83 rights | 0 person | 0 right | 1 person | 22 rights | 9 persons | 329 rights |
| July 31, 2009 (the 4 th) | 5 persons | 256 rights | 0 person | 0 right | 1 person | 33 rights | 9 persons | 542 rights |
| July 31, 2010 (the 5 th) | 5 persons | 275 rights | 1 person | 34 rights | 3 persons | 102 rights | 12 persons | 707 rights |
| July 31, 2011 (the 6 th) | 6 persons | 354 rights | 1 person | 31 rights | 4 persons | 124 rights | 11 persons | 629 rights |
| July 31, 2012 (the 7 th) | 8 persons | 518 rights | 0 person | 0 right | 9 persons | 300 rights | 11 persons | 630 rights |
| July 31, 2013 (the 8 th) | 8 persons | 493 rights | 0 person | 0 right | 13 persons | 464 rights | 6 persons | 202 rights |
| August 1, 2014 (the 9 th) | 9 persons | 512 rights | 0 person | 0 right | 18 persons | 562 rights | 3 persons | 135 rights |
| July 31, 2015 (the 10 th) | 9 persons | 629 rights | 0 person | 0 right | 22 persons | 625 rights | 0 person | 0 right |

Note: The Company does not grant new share acquisition rights in the form of stock options for a stock-linked compensation plan to Outside Directors or Corporate Auditors (including Outside Corporate Auditors) or employees or others. The new share acquisition rights held by the above Corporate Auditors and employees or others are rights granted to them when they assumed the position of Directors or Executive Officers.

2. New Share Acquisition Rights Issued to the Company's Employees, etc. during this Fiscal Year

| | New share acquisition rights | New share acquisition rights in the form of stock options for a stock-linked compensation plan |
|--|--|---|
| Date issued | July 31, 2015 (the 14 th) | July 31, 2015 (the 10 th) |
| Total number of new share acquisition rights | 1,280 rights | 648 rights |
| Total number of the persons to which the new share acquisition rights are issued and rights held by such persons | Executive Officers (excluding those who are Directors concurrently) 28 persons 780 rights | Executive Officers (excluding those who are Directors concurrently) 23 persons 648 rights |
| | Employees (Corporate Officers under the Company's qualification system) 50 persons 500 rights | Employees (Corporate Officers under the Company's qualification system) 0 person 0 right |
| Type and number of shares subject to the new share acquisition rights | Common shares 128,000 shares | Common shares 64,800 shares |
| Number of shares for each new share acquisition right | 100 shares | 100 shares |
| Issuing price | Issued without consideration | Issued without consideration |
| Exercise price per share | ¥1,532 | ¥1 |
| Exercise period | From April 1, 2016 to June 30, 2020 | 10 years from the day following the day on which the person allocated the new share acquisition right becomes neither a Director nor an Executive Officer |

- Notes: 1. The amount to be paid for exercising a new share acquisition right shall be the exercise price per share, multiplied by the number of shares for every right.
2. In addition to the above, the Company has issued 500 new share acquisition rights (the 14th) and 629 new share acquisition rights (in the form of stock options for a stock-linked compensation plan) (the 10th) to 9 Directors (excluding Chairman of the Board of Directors and Outside Directors).

IV. Particulars regarding the Company's Directors and Corporate Auditors

1. Name and Other Particulars of the Directors and Corporate Auditors (as of March 31, 2016)

| Name | Position in the Company | Particulars of important posts concurrently held (for Outside Directors, including relationships between Sumitomo Corporation and the relevant organizations) |
|-------------------|------------------------------------|--|
| Kazuo Ohmori | Chairman of the Board of Directors | |
| Kuniharu Nakamura | President and CEO ^{*1} | |
| Naoki Hidaka | Director ^{*1} | |
| Hiroyuki Inohara | Director ^{*1} | |
| Michihiko Kanegae | Director ^{*1} | |
| Hideki Iwasawa | Director ^{*1} | |
| Masahiro Fujita | Director ^{*1} | |
| Masao Tabuchi | Director ^{*1} | |
| Hirohiko Imura | Director ^{*1} | |
| Makoto Horie | Director ^{*1} | |
| Akio Harada | Outside Director ^{*2} | <p>Attorney at Law Outside Corporate Auditor, Shiseido Company, Limited Outside Director, Seiko Holdings Corporation Outside Director, Yamazaki Baking Co., Ltd.</p> <p>(Relationships between Sumitomo Corporation and the Relevant Organizations) Sumitomo Corporation has dealings in such items as raw materials for breads and confectioneries with Yamazaki Baking Co., Ltd. Also, as of December 31, 2015, Sumitomo Corporation is the fifth largest shareholder of Yamazaki Baking Co., Ltd.</p> <p>No special relationship exists between Sumitomo Corporation and Shiseido Company, Limited or Seiko Holdings Corporation.</p> |
| Kazuo Matsunaga | Outside Director ^{*2} | <p>Outside Director, Takasago Thermal Engineering Co., Ltd. Outside Director, Sony Corporation Outside Director, Hashimoto Sogyo Co., Ltd.^{*4}</p> <p>(Relationships between Sumitomo Corporation and the Relevant Organizations) Sumitomo Corporation has dealings in such items as broadcasting equipment with Sony Corporation.</p> <p>Sumitomo Corporation has dealings in such items as steel pipes with Hashimoto Sogyo Co., Ltd.</p> <p>No special relationship exists between Sumitomo Corporation and Takasago Thermal Engineering Co., Ltd.</p> |

| | | |
|-------------------|---|--|
| Yayoi Tanaka | Outside Director ^{*2} | |
| Takahiro Moriyama | Standing Corporate Auditor (full-time) | |
| Nobuhiko Yuki | Corporate Auditor (full-time) | |
| Tsuguoki Fujinuma | Outside Corporate Auditor ^{*3} | <p>Certified Public Accountant Outside Corporate Auditor, Takeda Pharmaceutical Company Limited Outside Director, Nomura Holdings, Inc. Outside Director, Nomura Securities Co., Ltd. Outside Director, Sumitomo Life Insurance Company Outside Corporate Auditor, Seven & i Holdings Co., Ltd.</p> <p>(Relationships between Sumitomo Corporation and the Relevant Organizations)</p> <p>Sumitomo Life Insurance Company is a shareholder in Sumitomo Corporation, ranking fifth in the number of shares held as of March 31, 2016. In addition, we have dealings with it, including the borrowing of funds.</p> <p>No special relationship exists between Sumitomo Corporation and Takeda Pharmaceutical Company Limited, Nomura Holdings, Inc., Nomura Securities Co., Ltd., or Seven & i Holdings Co, Ltd. during this fiscal year.</p> |
| Haruo Kasama | Outside Corporate Auditor ^{*3} | <p>Attorney at Law Outside Director, Japan Post Holdings Co., Ltd. Outside Corporate Auditor, Sampo Japan Nipponkoa Holdings, Inc. Outside Corporate Auditor, Kewpie Corporation</p> <p>(Relationships between Sumitomo Corporation and the Relevant Organizations)</p> <p>Sumitomo Corporation has dealings in such items as vegetable oil with Kewpie Corporation.</p> <p>No special relationship exists between Sumitomo Corporation and Japan Post Holdings Co., Ltd., or Sampo Japan Nipponkoa Holdings, Inc.</p> |

- Notes:
1. Individuals marked with *1 are Representative Directors.
 2. Individuals marked with *2 meet the requirements of an Outside Director specified by Article 2 Item 15 of the Companies Act. The individuals marked with *2 also meet the criteria for independence set by the Tokyo Stock Exchange and other exchanges on which the Company is listed, and in the Company's internal rules "Standards for Appointment and Independence of Outside Directors and Outside Corporate Auditors"(please refer to page 18). The Company has registered all these individuals as independent executives based on the exchanges' respective provisions.
 3. Individuals marked with *3 meet the requirements of an Outside Corporate Auditor specified by Article 2 Item 16 of the Companies Act. The individuals marked with *3 also meet the criteria for independence set by the Tokyo Stock Exchange and other exchanges on which the Company is listed, and in the Company's internal rules "Standards for Appointment and Independence of Outside Directors and Outside Corporate Auditors"

(please refer to page 18). The Company has registered all these individuals as independent executives based on the exchanges' respective provisions.

4. The company marked with *4 changed its name to Hashimoto Sogyo Holdings Co., Ltd. as of April 1, 2016.
5. Mr. Tsuguoki Fujinuma is qualified as a certified public accountant, and thus has a respectable degree of knowledge regarding finance and accounting.
6. Mr. Hirohiko Imura resigned from the post of Outside Corporate Auditor of Kato Sangyo Co., Ltd. on December 18, 2015.
7. The following Corporate Auditor retired during the current fiscal year.

| Name | Retirement date | Reason for retiring | Details regarding important posts concurrently held upon retiring (including relationships between Sumitomo Corporation and the relevant organizations) |
|--------------|------------------|---------------------|---|
| Mutsuo Nitta | November 2, 2015 | Passed away | Attorney at Law Outside Corporate Auditor, East Japan Railway Company (Relationships between Sumitomo Corporation and the Relevant Organizations) Sumitomo Corporation has dealings in such items as train car parts with East Japan Railway Company. |

2. Total Amount of Remuneration of the Company's Directors and Corporate Auditors in this Fiscal Year

| Classification | Number of payees | Total amount of remuneration pertaining to this fiscal year | Breakdown | | |
|--|------------------|---|----------------------|-------------|------------------------------|
| | | | Monthly remuneration | Bonuses | New Share Acquisition Rights |
| Directors | 17 persons | ¥877 million | ¥720 million | ¥67 million | ¥90 million |
| (particulars relating to Outside Directors) | (3 persons) | (¥34 million) | (¥34 million) | (-) | (-) |
| Corporate Auditors | 5 persons | ¥122 million | ¥122 million | - | - |
| (particulars relating to Outside Corporate Auditors) | (3 persons) | (¥35 million) | (¥35 million) | (-) | (-) |

- Notes:
1. The numbers in the table above include one Outside Corporate Auditor who passed away (and thus effectively retired) on November 2, 2015.
 2. As of the end of this fiscal year, we had 13 Directors and 4 Corporate Auditors (including 3 Outside Directors and 2 Outside Corporate Auditors).
 3. No Director of the Company is concurrently an employee of the Company.
 4. The amounts in the Bonuses above are the upper limit of the total payments to be proposed at the 148th Ordinary General Meeting of Shareholders scheduled on June 24, 2016
 5. The above stock options are the total amounts recorded as expenses in this fiscal year for granting the Fourteenth New Share Acquisition Rights (issued on July 31, 2015), the Ninth New Share Acquisition Rights (stock-linked compensation) (issued on August 1, 2014) and the Tenth New Share Acquisition Rights (stock-linked compensation) (issued on July 31, 2015).
 6. The maximum amount of remuneration to Directors comprising monthly remuneration, new share acquisition rights in the form of stock options, and new share acquisition rights in the form of stock options for a stock-linked compensation plan is 1.2 billion yen per year (the maximum amount of remuneration to Outside Directors is 60 million yen per year), as resolved at the 145th Ordinary General Meeting of Shareholders held on June 21, 2013.
 7. The maximum amount of monthly remuneration to Corporate Auditors is 180 million yen per year, as resolved at the 145th Ordinary General Meeting of Shareholders held on June 21, 2013.

3. Summary of the agreement regarding the exemption of liability

Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has concluded a limitation of liability contract with each of the Directors (excluding executive directors, etc) and Corporate Auditors limiting the liability of each of them to the amount stipulated by law provided each of them has acted in good faith and without gross negligence.

4. Particulars regarding the Outside Directors and Outside Corporate Auditors

| Classification | Name | Attendance in meetings of the Board of Directors (Attendance rate) | Attendance in meetings of the Board of Corporate Auditors (Attendance rate) | Main activities during this fiscal year |
|---------------------------------|----------------------|--|---|---|
| Outside Director | Akio Harada | 14 of 17 meetings (82.4%) | — | Mr. Akio Harada made questions and comments as necessary based on his extensive knowledge and long experience from his career as a legal professional and specialist. |
| Outside Director | Kazuo Matsunaga | 14 of 17 meetings (82.4%) | — | Mr. Kazuo Matsunaga made questions and comments as necessary based on his broad knowledge and long years of experience in such fields as resources, energy and industrial policy mostly developed at the Ministry of Economy, Trade and Industry. |
| Outside Director | Yayoi Tanaka | 13 of 14 meetings (92.9%) | — | Ms. Yayoi Tanaka made questions and comments as necessary based on her broad knowledge and long years of experience in such fields as research activities mainly in the evaluation studies and the civil society organizational theory, and as a member of government committees. |
| Outside Corporate Auditor | Tsuguoki Fujinuma | 15 of 17 meetings (88.2%) | 16 of 16 meetings (100%) | Mr. Tsuguoki Fujinuma made questions and comments as necessary based on his extensive knowledge and long experience from his career as a professional and specialist in accounting. |
| Outside Corporate Auditor | Mutsuo Nitta | 7 of 10 meetings (70%) | 8 of 11 meetings (72.7%) | Mr. Mutsuo Nitta made questions and comments as necessary based on his extensive knowledge and long experience from his career as a legal professional and specialist. |
| Outside Corporate Auditor | Haruo Kasama | 17 of 17 meetings (100%) | 16 of 16 meetings (100%) | Mr. Haruo Kasama made questions and comments as necessary based on his extensive knowledge and long experience from his career as a legal professional and specialist. |

- Notes: 1. Of the above, the status of activities of Outside Director Ms. Yayoi Tanaka applies from June 23, 2015.
2. Mr. Mutsuo Nitta retired as Outside Corporate Auditor due to his passing away on November 2, 2015.

5. Name and Other Particulars of the Company's Executive Officers after the Final Day of this Fiscal Year

The positions and areas of responsibility of the Executive Officers in the Company were changed as of April 1, 2016. Their positions and areas of responsibility as of March 31, 2016 and as of April 1, 2016 are as follows.

| Positions in the Company | Name | Areas of responsibility in the Company | |
|---|-------------------|---|---|
| | | As of March 31, 2016 | As of April 1, 2016 |
| President and CEO ^{*1} | Kuniharu Nakamura | - | |
| Executive Vice President ^{*1} | Naoki Hidaka | General Manager, Transportation & Construction Systems Business Unit | |
| Executive Vice President ^{*1} | Hideki Iwasawa | Chief Administration Officer | |
| Senior Managing Executive Officer ^{*1} | Masahiro Fujita | General Manager, Mineral Resources, Energy, Chemical & Electronics Business Unit | |
| Senior Managing Executive Officer | Koichi Takahata | Assistant CFO, Accounting; General Manager, Accounting Controlling Dept. | Chief Financial Officer |
| Senior Managing Executive Officer | Masao Sekiuchi | General Manager for Asia & Oceania | |
| Senior Managing Executive Officer | Masato Sugimori | Assistant CFO, Risk Management | |
| Senior Managing Executive Officer | Akira Satake | Assistant CFO, Finance | |
| Managing Executive Officer | Hiroki Inoue | General Manager for East Asia | General Manager for Japan Region; General Manager, Kansai Office |
| Managing Executive Officer ^{*1} | Masao Tabuchi | Chief Strategy Officer; Responsible for Chubu Region | Chief Strategy Officer |
| Managing Executive Officer ^{*1} | Hirohiko Imura | General Manager, Media, Network, Lifestyle Related Goods & Services Business Unit | |
| Managing Executive Officer | Kiyoshi Sunobe | General Manager for Europe, Middle East, Africa & CIS; General Manager for Europe | General Manager for Europe, Middle East, Africa & CIS |
| Managing Executive Officer ^{*1} | Makoto Horie | General Manager, Metal Products Business Unit | |
| Managing Executive Officer | Toshikazu Nambu | General Manager for the Americas | |
| Managing Executive Officer | Masayuki Hyodo | General Manager, Corporate Planning & Coordination Dept. | General Manager, Environment & Infrastructure Business Unit |
| Managing Executive Officer | Fumihiko Koba | General Manager, Steel Sheet & Construction Steel Products Division | General Manager for East Asia |
| Managing Executive Officer | Shingo Ueno | General Manager, Energy Division | Assistant General Manager, Mineral Resources, Energy, Chemical & Electronics Business Unit; General Manager, Planning & Coordination Dept., Mineral Resources, Energy, Chemical & Electronics Business Unit; General Manager, Energy Division |

| | | | |
|---------------------------------|-------------------|--|---|
| Managing Executive Officer | Michihiko Hosono | Assistant CAO, General Affairs & Legal | |
| Managing Executive Officer | Akira Tsuyuguchi | Senior Managing Executive Officer, Sumitomo Mitsui Auto Service Company, Limited | |
| Executive Officer | Atsushi Shinohara | President and CEO, Jupiter Shop Channel Co., Ltd. | |
| Executive Officer | Hiroyuki Takai | President, Sumitomo Corporation Global Research Co. Ltd. | |
| Executive Officer | Takeshi Saraoka | General Manager, Planning & Administration Dept., Mineral Resources, Energy, Chemical & Electronics Business Unit | General Manager, Risk Management Dept. No.4 |
| Executive Officer | Shuichi Suzuki | General Manager, Tubular Products Division | |
| Executive Officer | Hideo Ogawa | General Manager, Planning & Administration Dept., Media, Network, Lifestyle Related Goods & Services Business Unit | General Manager, Risk Management Dept. No.3 |
| Executive Officer | Daisuke Mikogami | Director, Executive Vice President, Jupiter Telecommunications Co., Ltd. | |
| Executive Officer | Shoichiro Oka | General Manager, Automotive Division, No. 2 | General Manager, Planning & Coordination Dept., Transportation & Construction Systems Business Unit; General Manager, Automotive Division, No. 2 |
| Executive Officer | Tsuyoshi Oikawa | General Manager, Mineral Resources Division No. 2 | |
| Executive Officer | Tsutomu Akimoto | General Manager, Global Power Infrastructure Business Division | |
| Executive Officer | Masato Ishida | Assistant General Manager for Europe, Middle East, Africa & CIS; General Manager for Middle East | |
| Executive Officer | Takeshi Murata | General Manager, Ship, Aerospace & Transportation Systems Division | |
| Executive Officer | Nobuki Ando | General Manager, Materials, Supplies & Real Estate Division | Assistant General Manager, Media, Network, Lifestyle Related Goods & Services Business Unit; General Manager, Planning & Coordination Dept., Media, Network, Lifestyle Related Goods & Services Business Unit |
| Executive Officer ^{*2} | Keiji Tanaka | - | Assistant General Manager, Media, Network, Lifestyle Related Goods & Services Business Unit |
| Executive Officer ^{*2} | Reiji Morooka | - | Assistant CFO, Accounting; General Manager, Accounting Controlling Dept. |
| Executive Officer ^{*2} | Takayuki Seishima | - | Assistant General Manager for the Americas; Executive Vice President and CFO of Sumitomo Corporation of Americas Group; Executive Vice President and CFO of Sumitomo Corporation of Americas |
| Executive Officer ^{*2} | Toyoaki Funakoshi | - | General Manager, Environment & Infrastructure Project Business Division |
| Executive Officer ^{*2} | Masaki Nakajima | - | General Manager, Automotive |

| | | | |
|---------------------------------|----------------|---|--|
| | | | Division, No.1 |
| Executive Officer ^{*2} | Toshiaki Murai | - | General Manager, Mineral Resources Division No.1 |
| Executive Officer ^{*2} | Hideki Yamano | - | General Manager, Corporate Planning & Coordination Dept. |
| Executive Officer ^{*2} | Keigo Shiomi | - | General Manager, Light Metals & Specialty Steel Sheet Division |

- Notes:
1. Individuals marked with *1 are Directors (Representative Directors).
 2. Individuals marked with *2 are Executive Officers who were newly elected and each of them assumed his duty as of April 1, 2016.
 3. On April 1, 2016, General Manager for Japan Region was newly stationed by replacing the former executive officers responsible for the Kansai and Chubu Regions. After this change, all regional organizations in Japan came under the control of General Manager for Japan Region.
 4. On April 1, 2016, Planning & Administration Departments in Business Units was reorganized and divided into Planning & Coordination Departments in Business Units and Risk Management Department No. 3, 4 and 5.
 5. The following Executive Officers retired as of March 31, 2016. Of these, Mr. Hiroyuki Inohara and Mr. Michihiko Kanegae are Directors (Representative Directors). Mr. Shoichi Kato continues to serve as President and CEO, KI Fresh Access Inc.

| Positions in the Company when retired | Name | Areas of responsibility in the Company when retired |
|---------------------------------------|-------------------|--|
| Executive Vice President | Hiroyuki Inohara | Chief Financial Officer |
| Executive Vice President | Michihiko Kanegae | General Manager, Environment & Infrastructure Business Unit |
| Senior Managing Executive Officer | Masaru Nakamura | Responsible for Kansai Region; General Manager, Kansai Office |
| Managing Executive Officer | Kiyoshi Ogawa | General Manager, Internal Auditing Dept. |
| Executive Officer | Shoichi Kato | President and CEO, KI Fresh Access, Inc. |

V. Particulars regarding the Company's Accounting Auditor

1. Name of the Accounting Auditor

KPMG AZSA LLC

2. Total Remuneration, etc. to Be Paid to the Accounting Auditor

| | |
|---|----------------|
| (A) Audit remuneration and other fees to be paid to Accounting Auditors by the Company | ¥505 million |
| (B) Total amount of cash and other financial benefits payable by the Company and its consolidated subsidiaries to Accounting Auditors (including (A)) | ¥1,104 million |

Notes: 1. In line with the "Practical Guidelines for Collaboration with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association, the Company's Board of Corporate Auditors checks the details of auditing plans, the performance of duties during the preceding fiscal year, the calculation bases for remuneration estimates, etc., and gives due consideration to these findings when approving compensation, etc. for the Accounting Auditor, as stipulated in Article 399, Paragraph 1 of the Companies Act.

2. The Company pays remuneration to the Accounting Auditor for accounting advisory services, etc. in addition to the service defined in Article 2, Paragraph 1 of the Certified Public Accountants Act.

3. The subsidiaries abroad such as Sumitomo Corporation of Americas and Sumitomo Corporation Europe Holding Limited, etc. of the major consolidated subsidiaries described in "I. 7. Status of Important Subsidiaries," is audited by audit firms other than the Company's Accounting Auditor.

4. The audit agreement between the Company and the Accounting Auditor does not differentiate audit remuneration and other fees based on the Companies Act from audit remuneration and other fees based on the Financial Instruments and Exchange Act, and the two types of remuneration cannot actually be differentiated. Therefore, the above amounts show the total of these two types of remuneration and other fees.

3. Policy for the Determination of the Dismissal or Non-reappointment of the Accounting Auditor

In the event of a significant adverse effect on the adequate execution of the Company's Accounting Auditor's duties due to reasons such as the emergence of causes detrimental to the eligibility or independence of said Accounting Auditor, and the Board of Corporate Auditors judges that there is no expectancy for such a situation to be resolved, the Board of Corporate Auditors' policy is to dismiss or refuse to reappoint said Accounting Auditor and to decide on an agenda for the election of a new Accounting Auditor. Based on the decision, the Board of Directors shall submit said agenda to the General Meeting of Shareholders.

In addition, in the event the Company's Accounting Auditor falls under any of the situation stipulated in each clause of Article 340, Paragraph 1 of the Companies Act, and the Board of Corporate Auditors judges that there is no expectancy for such situation to be remedied, the Board of Corporate Auditors' policy is to dismiss such Accounting Auditor, in accordance with the consent of all the Corporate Auditors.

VI. Systems Necessary to Ensure the Properness of Operations of the Company (Internal Control Systems)

The Company's Board of Directors reviewed the development of the systems (internal control systems) set forth in the Companies Act, Article 362, Paragraph 4, Item 6, at its meetings in May and November 2015, and approved and implemented the measures described below.

In addition, the Internal Control Committee in a February 2016 meeting assessed the implementation of the approved internal control systems, confirmed that these internal control systems are functioning effectively, and reported this fact at the Board of Directors' meeting held in March 2016.

The following is an overview of implementation during this fiscal year:

- (1) The Company has been working to ensure compliance and more robust risk management by holding meetings of the Internal Control Committee and other company-wide committees, establishing new internal rules, revising/abolishing existing rules and conducting in-house seminars, training, etc., thereby making sure that the Company, its subsidiaries and other consolidated companies execute their operations efficiently.
- (2) In July 2015, the Management Council was transformed from an advisory organ to the President and CEO into a decision-making body. The risk management system was also strengthened by introducing loan and investment committees into individual business units to supplement the Company-wide Loan and Investment Committee. Furthermore, the compliance system was revamped by such measures as the appointment of Chief Compliance Officer.
- (3) In November 2015, the Remuneration Committee, an advisory organ to the Board of Directors, was dissolved for constructive reasons and replaced with a new Nomination and Remuneration Advisory Committee comprising a majority of outside directors (chairperson: outside director).

The Company will establish and implement, as described in the following, systems to ensure that the Company's Directors comply with laws and regulations and the Company's Articles of Incorporation in the execution of their duties, and other systems necessary to ensure the properness of the operations of the Company and operations of group of enterprises consisting of the Company and its subsidiaries (these systems are hereinafter referred to collectively as the "Internal Control System").

The Internal Control System based on this resolution has already been established and implemented, but henceforth the Company will endeavor to establish a superior system in line with requests made from time to time based on ongoing reevaluations.

1. Systems for ensuring that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation:
 - In addition to explicitly requiring compliance with laws and regulations under the "Corporate Mission Statement" of the Sumitomo Corporation Group, the Company will set forth important items that are to be observed with particular strictness from the viewpoint of compliance as "Compliance Guiding Principles," and a "Compliance Manual" will be prepared and distributed to all officers and employees.
 - The Company will require all officers and employees to provide a written "Confirmation of Compliance" with the purport of rigorously assuring strict compliance with laws and regulations.
 - Based on the Company's internal rules, a "Chief Compliance Officer," a "Compliance Committee," "Compliance Leaders," and a "Speak-Up System" will be created.
 - The Chief Compliance Officer will supervise the handling of potential and verified compliance violations, will implement measures to ensure compliance, and will deal with matters brought to light via the "Speak-Up System."
 - The Compliance Committee will formulate and propose compliance-related measures, and will offer advice to the Chief Compliance Officer on the implementation of these compliance-related measures.
 - Compliance Leaders will rigorously assure compliance in each business unit and domestic and overseas office from a position close to the front lines, and they will also conduct activities relating

to compliance enlightenment.

- Routes will be secured via the Speak-Up System that enable employees and officers to communicate information on compliance directly to the Chief Compliance Officer, with the Legal Department, Corporate Auditors, and outside attorneys serving as liaisons.
2. Systems for retaining and managing information pertaining to the Directors' execution of their duties:
- Important documents with regard to meetings of each type, including minutes of meetings of the Board of Directors, and information pertaining to the execution of duties and decision-making will be properly preserved and managed under internal rules regarding the respective matters.
 - Steps will be taken under internal rules to prevent divulgence of information to third parties or other misuse of information.
 - Important documents pertaining to the Directors' execution of their duties will be made available for review in a timely manner when requested by a Corporate Auditor.
3. Rules and other systems pertaining to the management of risk of loss:
- The various risks associated with the Company's business will be categorized into two major types of risk and managed. The first type of risk is categorized as "quantifiable risk," including market risk, investment risk, and credit risk, with respect to which diligent efforts will be made to manage risk and pursue returns in line with such risk through the adoption of the concept of "risk asset management." The second type of risk is categorized as "non-quantifiable risk," including natural disasters, mistakes in paperwork, and misconduct, with respect to which the Company will endeavor to limit risk through Company-wide countermeasures.
 - The sections of the Corporate Group will build a framework, conduct monitoring, and implement improvements regarding risk management across all levels of the Company through the formulation of internal rules pertaining to the respective areas of operational responsibility and the formulation of risk management policies, methods, and guidelines. In addition, they will strive to improve risk management through the preparation and distribution of manuals and training activities as appropriate. All business units and other sections conducting business will carry out risk management required for the conduct of individual cases under this company-wide framework.
 - An "Internal Control Committee" will be instituted and will carry out overall management and timely evaluation of internal controls as a whole on a consolidated basis, along with the identification of important issues with respect to internal controls and the drafting and implementation of basic policies for improvement. In addition, this committee will maintain and improve the Internal Control System and deal with the internal control reporting system based on the Financial Instruments and Exchange Law.
 - A "Company-wide Loan and Investment Committee" will be established as an advisory organ to the "Management Council," which serves as a decision-making body and will carry out deliberations regarding important rules, systems, and the like for risk management and regarding important investment and financing cases.
 - Plans for restoration of operations will be set forth to enhance preparedness for disasters and other crisis situations.
 - An "Internal Auditing Department" will be established under the direct supervision of the President and CEO as an independent body for company-wide monitoring of operations, and its auditing will apply to all organizations within the Company and in its domestic and overseas subsidiaries. The results of internal auditing will be reported directly to the President and CEO each month and will also be reported regularly to the Board of Directors.
4. Systems for ensuring the efficient execution of the Directors' duties:
- The size of the Board of Directors will be sufficient to enable full discussions and speedy and reasonable decision-making.
 - Two or more Outside Directors will be elected so that through their diverse perspectives, the Company can ensure appropriate decision-making in the meeting of the Board of Directors and further enhancement of supervisory functions.
 - A system of Executive Officers will be introduced in order to clarify responsibility and authority

for the execution of operations and to endeavor for the strengthening of the supervisory functions of the Board of Directors.

- With the exceptions of the Chairman of the Board of Directors and Outside Directors, all Directors will, in principle, be Representative Directors, and will hold concurrent posts as Executive Officers.
 - A business unit system will be adopted, and Directors will serve as General Managers of the various business units.
 - Management responsibilities will be made clear each business year, and the term of office for Directors will be set at one year so as to respond speedily to changes in the management environment.
 - The terms of office for the Chairman of the Board of Directors and the President and CEO will not, in principle, exceed six years each.
 - A “Nomination and Remuneration Advisory Committee” composed of a majority of outside directors will be established as an advisory organ to the Board of Directors. The Nomination and Remuneration Advisory Committee will carry out reviews of selection criteria for directors and auditors, nominations of candidates for directors (including outside directors), Management Council members and Corporate Auditors, and structures/levels of remuneration and bonuses for Directors and Executive Officers, and it will submit the results thereof as recommendations to the Board of Directors.
 - In addition to the Management Council as a decision-making body, various committees will be established as advisory organs. In addition, “Liaison Meetings” and various other conferences will be instituted for the exchange of information.
 - A medium-term management plan will be formulated and a budget will be compiled to set goals. In addition, a performance management system will be introduced in order to ascertain the state of General Managers’ execution of operations and to serve in the formulation of strategies for the future.
 - Under internal rules, agenda items requiring discussion by the Board of Directors will be specified in writing, and the job responsibilities of officers and employees will be made clear; in addition, the decision-making authority of officers and employees regarding important matters will be specified in writing.
5. Systems for ensuring the properness of operations by the corporate group comprising the Company and its subsidiaries:
- The Corporate Mission Statement of the Sumitomo Corporation Group promotes compliance with laws and regulations and the sharing of values to be respected throughout the Group.
 - Under internal rules, the Company will set forth the “important management issues” regarding which subsidiaries and other consolidated companies are to report to and consult with the Company. In addition, the Company will manage subsidiaries and other consolidated companies through the dispatch of directors, corporate auditors, and employees and other personnel assigned to execute operations.
 - The Company will carry out support so that internal controls are created, operated, evaluated, and improved appropriately at its subsidiaries and other consolidated companies.
 - Internal audits of subsidiaries and other consolidated companies of which the Company is the managing entity will be conducted in accordance with internal rules.
 - The Company will support its subsidiaries and other consolidated companies to construct a framework for risk management, including risk management policies, methods, guidelines, regulations, etc., and to make necessary improvements thereto.
 - Subsidiaries will be instructed to develop systems for complying with laws and regulations in the same strict manner as the Company, including through the establishment of a Compliance Committee, the implementation of a Speak-Up System, and the preparation/distribution of a Compliance Manual.
 - The Company will ascertain its consolidated performance, including that of subsidiaries, promptly and accurately on a monthly basis, and it will carry out performance management in detail.
6. Matters regarding personnel assigned to support the operations of Corporate Auditors:

- A “Corporate Auditor’s Administration Department” will be established to support the operations of the Corporate Auditors, and several full-time staffers will be assigned to this department.
 - Internal rules will clearly stipulate those persons authorized to issue instructions to the Corporate Auditor’s Administration Department and the responsibilities of the Corporate Auditor’s Administration Department, and will clearly define the purpose of the Corporate Auditor’s Administration Department as an organization for assisting the Corporate Auditors in their operations.
 - The personnel evaluations of the members of the Corporate Auditor’s Administration Department will be conducted by the Board of Corporate Auditors or a Corporate Auditor appointed by the Board of Corporate Auditors. In addition, the Directors shall consult in advance with the Board of Corporate Auditors or a Corporate Auditor appointed by the Board of Corporate Auditors and obtain the consent thereof regarding personnel transfers.
7. Systems for reporting to Corporate Auditors:
- Corporate Auditors may attend all meetings, including those of the Management Council. In addition, the Chairman of the Board of Directors, the President and CEO, and the Corporate Auditors will meet regularly.
 - Important materials pertaining to the execution of operations involving the Company, its subsidiaries and other consolidated companies will be delivered to the Corporate Auditors, and officers and employees will report and give briefings to the Corporate Auditors as necessary.
 - Persons submitting the aforementioned reports and persons making contact via the Speak-Up System will not be subjected to adverse treatment due to such reports/contact.
8. Other systems for ensuring that auditing will be carried out effectively by the Corporate Auditors:
- The external Corporate Auditors will be experts on law, accounting, and the like, and auditing will be implemented from diverse points of view.
 - The Internal Auditing Department will maintain close contact with the Corporate Auditors so as to contribute to effective auditing by the Corporate Auditors, such as by reporting the plans and results of internal audits to the Corporate Auditors in a timely manner.
 - The Corporate Auditors will endeavor to ascertain the audit activities of the Accounting Auditor responsible for auditing the Company’s financial results and exchange information by holding regular meetings, and will endeavor to efficiently and qualitatively improve the audit activities of the Accounting Auditor such as by attending audit evaluation meetings, and being present for inventory audits.
 - In order to pursue their duties appropriately, the Corporate Auditors will endeavor to communicate and exchange information with the subsidiaries’ corporate auditors, such as by conducting liaison meetings with them.
 - Internal rules will clearly stipulate the methods for handling the expenses and liabilities incurred by Corporate Auditors in the execution of their duties.

Note: Amounts in billions of yen and those in millions of yen in the business report are rounded to the nearest billion and the nearest million respectively. Also, numbers of shares shown per a unit of thousand shares are rounded down to the nearest thousand.

Consolidated Statements of Financial Position [Prepared on the basis of IFRSs]

Sumitomo Corporation and Subsidiaries
As of March 31, 2016 and 2015

| | Millions of Yen | |
|---|-----------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | ¥ 868,755 | ¥ 895,875 |
| Time deposits | 11,930 | 7,866 |
| Marketable securities | 4,748 | 9,622 |
| Trade and other receivables | 1,204,650 | 1,569,214 |
| Other financial assets | 132,886 | 101,706 |
| Inventories | 807,371 | 994,404 |
| Advance payments to suppliers | 164,669 | 140,935 |
| Other current assets | 192,063 | 229,062 |
| Total current assets | 3,387,072 | 3,948,684 |
| Non-current assets: | | |
| Investments accounted for using the equity method | 1,891,768 | 1,947,115 |
| Other investments | 410,730 | 495,451 |
| Trade and other receivables | 538,855 | 780,781 |
| Other financial assets | 120,737 | 174,403 |
| Property, plant and equipment | 785,009 | 884,766 |
| Intangible assets | 310,789 | 365,438 |
| Investment property | 266,623 | 269,460 |
| Biological assets | 11,911 | 12,851 |
| Prepaid expenses | 22,881 | 58,497 |
| Deferred tax assets | 71,443 | 83,924 |
| Total non-current assets | 4,430,746 | 5,072,686 |
| Total assets | ¥ 7,817,818 | ¥ 9,021,370 |

Note:

The Consolidated Statement of Financial Position as of March 31, 2015 is not required to be included under the Companies Act, and is included solely for the convenience of shareholders.

Consolidated Statements of Financial Position [Prepared on the basis of IFRSs]

Sumitomo Corporation and Subsidiaries
As of March 31, 2016 and 2015

| | Millions of Yen | |
|---|-----------------|----------------|
| | March 31, 2016 | March 31, 2015 |
| LIABILITIES AND EQUITY | | |
| Current liabilities: | | |
| Bonds and borrowings | ¥ 737,457 | ¥ 947,997 |
| Trade and other payables | 933,147 | 1,051,081 |
| Other financial liabilities | 66,195 | 77,005 |
| Income tax payables | 21,916 | 19,396 |
| Accrued expenses | 103,967 | 127,982 |
| Advances from customers | 186,383 | 169,664 |
| Provisions | 10,940 | 4,306 |
| Other current liabilities | 60,114 | 82,189 |
| Total current liabilities | 2,120,119 | 2,479,620 |
| Non-current liabilities: | | |
| Bonds and borrowings | 2,913,486 | 3,473,280 |
| Trade and other payables | 134,240 | 131,661 |
| Other financial liabilities | 64,384 | 69,775 |
| Accrued pension and retirement benefits | 34,332 | 32,529 |
| Provisions | 38,059 | 48,247 |
| Deferred tax liabilities | 121,253 | 169,008 |
| Total non-current liabilities | 3,305,754 | 3,924,500 |
| Total liabilities | 5,425,873 | 6,404,120 |
| Equity: | | |
| Common stock | 219,279 | 219,279 |
| Additional paid-in capital | 256,500 | 260,009 |
| Treasury stock | (3,344) | (3,721) |
| Other components of equity | 311,880 | 531,343 |
| Retained earnings | 1,467,194 | 1,474,522 |
| Equity attributable to owners of the parent | 2,251,509 | 2,481,432 |
| Non-controlling interests | 140,436 | 135,818 |
| Total equity | 2,391,945 | 2,617,250 |
| Total liabilities and equity | ¥ 7,817,818 | ¥ 9,021,370 |

Note:

The Consolidated Statement of Financial Position as of March 31, 2015 is not required to be included under the Companies Act, and is included solely for the convenience of shareholders.

Consolidated Statements of Comprehensive Income [Prepared on the basis of IFRSs]

Sumitomo Corporation and Subsidiaries
For the years ended March 31, 2016 and 2015

| | Millions of Yen | |
|--|--------------------|--------------------|
| | 2016 | 2015 |
| Revenues: | | |
| Sales of tangible products | ¥ 3,439,634 | ¥ 3,129,946 |
| Sales of services and others | 571,174 | 632,290 |
| Total revenues | 4,010,808 | 3,762,236 |
| Cost: | | |
| Cost of tangible products sold | (2,905,949) | (2,629,241) |
| Cost of services and others | (210,802) | (180,054) |
| Total cost | (3,116,751) | (2,809,295) |
| Gross profit | 894,057 | 952,941 |
| Other income (expenses): | | |
| Selling, general and administrative expenses | (762,724) | (755,190) |
| Impairment losses on long-lived assets | (57,228) | (278,620) |
| Gain (loss) on sale of long-lived assets, net | 23,783 | 9,450 |
| Other, net | 15,834 | (12,955) |
| Total other income (expenses) | (780,335) | (1,037,315) |
| Operating profit (loss) | 113,722 | (84,374) |
| Finance income (costs): | | |
| Interest income | 29,724 | 20,718 |
| Interest expense | (32,351) | (33,680) |
| Dividends | 10,623 | 17,242 |
| Gain (loss) on securities and other investments, net | 72,213 | 12,441 |
| Finance income (costs), net | 80,209 | 16,721 |
| Share of profit (loss) of investments accounted for using the equity method | (53,815) | 49,092 |
| Profit (loss) before tax | 140,116 | (18,561) |
| Income tax expense | (51,549) | (52,256) |
| Profit (loss) for the year | 88,567 | (70,817) |
| Profit (loss) for the year attributable to: | | |
| Owners of the parent | ¥ 74,546 | ¥ (73,170) |
| Non-controlling interests | 14,021 | 2,353 |
| Other comprehensive income: | | |
| Items that will not be reclassified to profit or loss | | |
| Financial assets measured at fair value through other comprehensive income | (37,004) | 64,845 |
| Remeasurements of defined benefit pension plans | (24,894) | (587) |
| Share of other comprehensive income of investments accounted for using the equity method | 96 | 2,162 |
| Total items that will not be reclassified to profit or loss | (61,802) | 66,420 |
| Items that may be reclassified subsequently to profit or loss | | |
| Exchange differences on translating foreign operations | (170,348) | 163,746 |
| Cash-flow hedges | (7,647) | 3,171 |
| Share of other comprehensive income of investments accounted for using the equity method | (5,874) | (7,815) |
| Total items that may be reclassified subsequently to profit or loss | (183,869) | 159,102 |
| Other comprehensive income, net of tax | (245,671) | 225,522 |
| Comprehensive income for the year | (157,104) | 154,705 |
| Comprehensive income for the year attributable to: | | |
| Owners of the parent | ¥ (164,394) | ¥ 145,989 |
| Non-controlling interests | 7,290 | 8,716 |
| Total trading transactions | ¥ 7,584,146 | ¥ 8,596,699 |

Notes:

1. Total trading transactions represents the gross transaction volume of trading activities, or the nominal aggregate value of the transactions for which the Company and its subsidiaries act as a principal or as an agent. Total trading transactions is a measure commonly used by Japanese trading companies. It is not to be construed as equivalent to, or a substitute for, sales or revenues under IFRSs.
2. The Consolidated Statement of Comprehensive Income for the year ended March 31, 2015 is not required to be included under the Companies Act, and is included solely for the convenience of shareholders.

Consolidated Statements of Changes in Equity [Prepared on the basis of IFRSs]

Sumitomo Corporation and Subsidiaries

For the years ended March 31, 2016 and 2015

| | Millions of Yen | |
|---|-----------------|-------------|
| | 2016 | 2015 |
| Equity: | | |
| Common stock: | | |
| Balance, beginning of year | ¥ 219,279 | ¥ 219,279 |
| Balance, end of year | 219,279 | 219,279 |
| Additional paid-in capital: | | |
| Balance, beginning of year | 260,009 | 268,332 |
| Acquisition (disposal) of non-controlling interests, net | (294) | (3,459) |
| Others | (3,215) | (4,864) |
| Balance, end of year | 256,500 | 260,009 |
| Treasury stock: | | |
| Balance, beginning of year | (3,721) | (3,952) |
| Acquisition (disposal) of treasury stock, net | 377 | 231 |
| Balance, end of year | (3,344) | (3,721) |
| Other components of equity: | | |
| Balance, beginning of year | 531,343 | 346,222 |
| Other comprehensive income for the year | (238,940) | 219,159 |
| Transfer to retained earnings | 19,477 | (34,038) |
| Balance, end of year | 311,880 | 531,343 |
| Retained earnings: | | |
| Balance, beginning of year | 1,474,522 | 1,574,789 |
| Transfer from other components of equity | (19,477) | 34,038 |
| Profit (loss) for the year attributable to owners of the parent | 74,546 | (73,170) |
| Cash dividends | (62,397) | (61,135) |
| Balance, end of year | 1,467,194 | 1,474,522 |
| Equity attributable to owners of the parent | ¥ 2,251,509 | ¥ 2,481,432 |
| Non-controlling interests: | | |
| Balance, beginning of year | 135,818 | 135,514 |
| Cash dividends to non-controlling interests | (4,762) | (3,872) |
| Acquisition (disposal) of non-controlling interests and others, net | 2,090 | (4,540) |
| Profit for the year attributable to non-controlling interests | 14,021 | 2,353 |
| Other comprehensive income for the year | (6,731) | 6,363 |
| Balance, end of year | 140,436 | 135,818 |
| Total equity | ¥ 2,391,945 | ¥ 2,617,250 |
| Comprehensive income for the year attributable to: | | |
| Owners of the parent | (164,394) | 145,989 |
| Non-controlling interests | 7,290 | 8,716 |
| Total comprehensive income for the year | ¥ (157,104) | ¥ 154,705 |

Note:

The Consolidated Statement of Changes in Equity for the year ended March 31, 2015 is not required to be included under the Companies Act, and is included solely for the convenience of shareholders.

Condensed Consolidated Statements of Cash Flows [Prepared on the basis of IFRSs]

Sumitomo Corporation and Subsidiaries

For the years ended March 31, 2016 and 2015

(Unaudited)

| | Millions of Yen | |
|--|------------------|------------------|
| | 2016 | 2015 |
| Operating activities: | | |
| Profit (loss) for the year | ¥ 88,567 | ¥ (70,817) |
| Adjustments to reconcile profit for the year to net cash provided by operating activities: | | |
| Depreciation and amortization | 125,076 | 117,687 |
| Impairment losses on long-lived assets | 57,228 | 278,620 |
| Finance (income) costs, net | (80,209) | (16,721) |
| Share of (profit) loss of investments accounted for using the equity method | 53,815 | (49,092) |
| (Gain) loss on sale of long-lived assets, net | (23,783) | (9,450) |
| Income tax expense | 51,549 | 52,256 |
| Decrease (increase) in inventories | 148,190 | (48,657) |
| Decrease in trade and other receivables | 174,890 | 94,399 |
| Decrease (increase) in prepaid expenses | 5,552 | (14,503) |
| Decrease in trade and other payables | (43,778) | (67,246) |
| Other, net | 42,611 | (22,781) |
| Net cash provided by operating activities | 599,708 | 243,695 |
| Investing activities: | | |
| Changes in: | | |
| Property, plant, equipment and other assets | (84,066) | (241,934) |
| Marketable securities and investments | 28,219 | (78,252) |
| Loans receivables | (29,601) | (79,400) |
| Net cash used in investing activities | (85,448) | (399,586) |
| Financing activities: | | |
| Changes in: | | |
| Short-term debt | (212,719) | (10,360) |
| Long-term debt | (233,910) | 4,366 |
| Cash dividends paid | (62,397) | (61,135) |
| (Acquisition) disposal of treasury stock, net | 86 | 115 |
| Payment to and from non-controlling interests and others, net | 1,783 | (7,762) |
| Net cash used in financing activities | (507,157) | (74,776) |
| Net increase (decrease) in cash and cash equivalents | 7,103 | (230,667) |
| Cash and cash equivalents at the beginning of year | 895,875 | 1,111,192 |
| Effect of exchange rate changes on cash and cash equivalents | (34,223) | 15,350 |
| Cash and cash equivalents at the end of year | ¥ 868,755 | ¥ 895,875 |

Note:

The Condensed Consolidated Statements of Cash Flows are not required to be included under the Companies Act, and are included solely for the convenience of shareholders.

Notes to Consolidated Financial Statements (For the year ended March 31, 2016)

Basic Significant Matters Regarding Preparation of Consolidated Financial Statements

1. Accounting standards of consolidated financial statements

The consolidated financial statements including consolidated statements of financial position, consolidated statements of comprehensive income and consolidated statements of changes in equity have been prepared on the basis of International Financial Reporting Standards ("IFRSs"), in compliance with Article 120, paragraph 1 of the Company Accounting Regulations.

In compliance with the second sentence of the same paragraph, certain disclosures required on the basis of IFRSs are omitted.

2. The scope of the consolidation

Number of consolidated subsidiaries

577

Names of principal consolidated subsidiaries

Sumitomo Corporation of Americas

SCSK Corporation

3. The application of equity method

Number of associated companies

269

Names of principal associated companies

Sumitomo Mitsui Finance and Leasing Company, Limited

Jupiter Telecommunications Co., Ltd.

4. Significant accounting principles

(1) Valuation basis and method for assets

(A) Valuation basis and method for financial assets

The Company and its subsidiaries (the "Companies") apply International Financial Reporting Standard No. 9 *Financial Instruments* ("IFRS 9").

Financial assets measured at amortized cost

Financial assets measured at amortized cost are initially measured at fair value (plus directly attributable transaction costs). Subsequently, the carrying amount of the financial assets measured at amortized cost is calculated using the effective interest method, less impairment loss when necessary. The impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate, and recognized in profit or loss.

Financial assets which are measured at fair value through profit or loss ("FVTPL")

Financial assets other than equity instruments that do not meet the conditions about amortized cost are measured at FVTPL.

Equity investments are measured at fair value with gains or losses on re-measurement recognized in profit or loss unless the Companies make an irrevocable election to measure equity investments at fair value through other comprehensive income on initial recognition.

Financial assets measured at FVTPL are initially measured at fair value and transaction costs are recognized in profit or loss when they occur.

Financial assets which are measured at fair value through other comprehensive income ("FVTOCI")

Financial assets measured at FVTOCI are initially measured at their fair value (including directly attributable transaction costs). Subsequently, they are measured at fair value, and gains and losses arising from changes in fair value are recognized in other comprehensive income and presented as "Financial assets measured at fair value through other comprehensive income" in other components of equity. The amount of other components of equity is transferred directly to retained earnings, not to profit or loss, when the equity investment is derecognized or the decline in its fair value compared to its acquisition cost is significant and other-than-temporary.

However, dividends on financial assets measured at FVTOCI are recognized in profit or loss as finance income.

(B) Valuation basis and method for non-financial assets

Inventories

Inventories are measured at the lower of cost and net realizable value.

Net realizable value represents the estimated selling price in the ordinary course of business less any estimated costs of completion and the estimated costs necessary to make the sale.

Inventories acquired with the purpose of generating profits from short-term fluctuations in price are measured at fair value less costs to sell, and changes in fair value are recognized in profit or loss.

The cost of inventories other than acquired with the purpose of generating profits from short-term fluctuations in price is determined based on either specific identification basis when inventories are not ordinarily interchangeable, or mainly moving average basis when inventories are ordinarily interchangeable.

Property, plant, equipment and investment property

Property, plant, equipment and investment property are measured at cost less any accumulated depreciation and accumulated impairment losses.

Intangible assets

Intangible assets are measured at cost less any accumulated amortization and accumulated impairment losses.

| | |
|--|---|
| Impairment | <p>At the end of each reporting period, the carrying amounts of non-financial assets, excluding inventories, biological assets and deferred tax assets, are assessed whether there is any indication of impairment. If any such indication exists, the recoverable amount of the non-financial asset is estimated. Regarding goodwill and intangible assets with indefinite useful lives, and intangible assets not yet available for use, the recoverable amount is estimated at the same time every year.</p> <p>The significant changes in accounting estimate for the year ended March 31, 2016 is described in "Notes to Consolidated Statements of Comprehensive Income 1. Impairment loss".</p> |
| (2) Depreciation and amortization method of assets | |
| (A) Property, plant and equipment | <p>Buildings, leasehold improvements, machinery and equipment</p> <p>Mining rights</p> |
| (B) Intangible assets except goodwill | |
| (C) Investment property | |
| (3) Provisions | <p>Depreciation is principally computed by the straight-line method.</p> <p>Depreciation is computed by the unit-of-production method.</p> <p>Amortization is computed by the straight-line method.</p> <p>Depreciation is principally computed by the straight-line method.</p> <p>Provisions are recognized when the Companies have present legal or constructive obligations as a result of past events, it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and reliable estimates can be made of the amount of the obligations. Provisions are discounted to their present value using a pre-tax rate that reflects the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.</p> |
| (4) Defined benefit plans | <p>The Companies' net defined benefit obligations are calculated separately for each plan by estimating the future amount of benefit that employees have earned in exchange for their service for the previous years. The benefits are discounted to determine the present value, and fair value of plan assets is deducted. When plan amendments are made, the change in defined benefit obligations related to past service by employees is recognized in profit or loss immediately.</p> <p>The Companies recognize remeasurements of the net defined benefit liability (asset) in other comprehensive income and immediately reclassify them from other components of equity to retained earnings.</p> |
| (5) Derivatives including hedge accounting | <p>At the initial designation of the hedging relationship, the Companies document the relationship between the hedging instrument and the hedged item, along with their risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item, the nature of the risk being hedged, and how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed.</p> <p>At the inception of the hedge and on an ongoing basis, the Companies assess whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk throughout the period for which the hedge is designated.</p> <p>To qualify as a cash flow hedge of a forecast transaction, the transaction must be highly probable.</p> <p>Derivatives are initially recognized at fair value with transaction costs recognized in profit or loss when they occur. Subsequently derivatives are measured at fair value, and gains and losses arising from changes in the fair values are accounted for as follows:</p> |
| (A) Fair value hedges | <p>The changes in the fair value of the hedging instrument are recognized in profit or loss. The carrying amounts of the hedged items are measured at fair value and the gains or losses on the hedged items attributable to the hedged risks are recognized in profit or loss.</p> |
| (B) Cash flow hedges | <p>When derivatives are designated as hedging instrument to hedge the exposure to variability in cash flows that are attributable to a particular risk associated with recognized assets or liabilities or a highly probable forecast transactions which could affect profit or loss, the effective portion of changes in the fair value of derivatives is recognized in other comprehensive income and included in cash flow hedges in the other components of equity. The balances of cash flow hedges are reclassified to profit or loss from other comprehensive income in the periods when the cash flows of hedged items affect profit or loss, in the same line items of the consolidated statement of comprehensive income as those of hedged items. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.</p> |
| (C) Hedges of a net investment in foreign operations | <p>Exchange differences arising from the retranslation of financial instruments designated as hedging instruments for a net investment in foreign operations are recognized in other comprehensive income to the extent that the hedge is effective, and are presented as "Exchange differences on translating foreign operations" in other components of equity.</p> |
| (6) Consumption tax | <p>Consumption tax is accounted for by the segregated method under which consumption tax is excluded from presentation of sales, cost of sales and expenses.</p> |

Notes to Consolidated Statements of Financial Position

(Millions of yen)

1. Pledged assets and secured liabilities

| Pledged assets | | Secured liabilities | |
|---------------------------------------|---------|------------------------------|---------|
| Cash and deposits | 46,684 | Bonds, borrowings and others | 392,249 |
| Marketable securities and investments | 143,798 | | |
| Trade and other receivables | 394,491 | | |
| Inventories | 25,455 | | |
| Property, plant and equipment | 72,409 | | |
| Investment property | 20,552 | | |
| Leasehold right | 0 | | |
| Total | 703,388 | Total | 392,249 |

In addition to the above, marketable securities and investments of 9,459 millions of yen are pledged as substitution for guarantee deposits.

2. Allowance for doubtful receivables directly deducted from trade and other receivables

25,839 millions of yen

3. Tax receivables included in other current assets

31,531 millions of yen

4. Accumulated depreciation and impairment losses of property, plant and equipment

891,877 millions of yen

5. Accumulated depreciation and impairment losses of investment property

42,427 millions of yen

6. Guarantees of indebtedness

(Millions of yen)

| | |
|----------------------|---------|
| Associated companies | 103,433 |
| Others | 59,890 |
| Total | 163,323 |

Notes to Consolidated Statements of Comprehensive Income

1. Impairment loss

The significant impairment losses for the year ended March 31, 2016 are as follows.

The Company recognized the impairment loss of 77,031 million yen relating to Nickel mining and refining business in Madagascar. In 2005, the Company participated in the business tasked with establishing nickel operations that integrate processes from mining through to refining.

The Company, through Summit Ambatovy Mineral Resources Investment B.V. (Head Office: Amsterdam, Netherlands), its wholly owned subsidiary, has invested in Ambatovy Minerals S.A., a mining company, and Dynatec Madagascar S.A., a refining company, (Head Office: Antananarivo, Madagascar, hereinafter "Project Companies") at 32.5% share ratio respectively. The business is jointly operated with Sherritt International Corporation (Head Office: Ontario, Canada, Share ratio 40%) and Korea Resources Corporation (Head Office: Gangwon-do, Korea, Share ratio 27.5%).

As a result of revisions to medium and long-term price forecasts due to the current decline in nickel prices, Project Companies have determined that it will be difficult to recover the entire carrying value of their fixed assets and have accordingly posted an impairment loss up to the recoverable amount.

In Edgen Group, the impairment loss of 19,884 million yen was recognized due to the decline in demand resulting from drop in the oil prices and revision of the long-term business plan.

In Iron ore mining project in South Africa and Iron ore mining project in Brazil, the impairment losses of 18,338 million yen and 14,572 million yen were recognized respectively due to the decline in iron ore prices and revision of the long-term business plan.

In Copper and molybdenum mining business in Chile, the impairment loss of 14,039 million yen was recognized due to the decline in copper prices and revision of the long-term business plan.

In Grain business in Australia, the impairment loss of 12,104 million yen was recognized due to revision of the business plan, etc.

In Coal-mining projects in Australia, the impairment loss of 12,079 million yen was recognized due to the decline in coal prices and revision of the long-term business plan.

The impairment losses relating to Nickel mining and refining business in Madagascar, Iron ore mining project in South Africa, Iron ore mining project in Brazil, and Copper and molybdenum mining business in Chile are included in "Share of profit (loss) of investments accounted for using the equity method" and others are included in "Impairment losses on long-lived assets" in the Consolidated Statements of Comprehensive Income.

(Reference)

The significant impairment losses for the year ended March 31, 2015 are as follows.

The impairment losses of 199,224 million yen in Tight oil development project in the U.S., 62,342 million yen in Iron ore mining project in Brazil, 31,095 million yen in Shale gas project in the U.S., 21,868 million yen in Tire business in the U.S., and 17,594 million yen in Coal-mining projects in Australia, were recognized respectively.

The impairment loss relating to Iron ore mining project in Brazil is included in "Share of profit (loss) of investments accounted for using the equity method" and others are included in "Impairment losses on long-lived assets" in the Consolidated Statements of Comprehensive Income.

Notes to Consolidated Statements of Changes in Equity

| | | |
|--|--|-------------------------|
| 1. Number of issued shares (Common shares) | | 1,250,602,867 shares |
| 2. Dividends for the year ended March 31, 2016 | The year-end ordinary dividends were resolved in the ordinary general meeting of shareholders held on June 23, 2015 as follows: | |
| | Total amount of dividends (yen) | 31,195,332,225 |
| | Dividends per share (yen) | 25 |
| | Record date | March 31, 2015 |
| | Effective date | June 24, 2015 |
| | The interim dividends were resolved by the board of directors on October 30, 2015 as follows: | |
| | Total amount of dividends (yen) | 31,201,387,900 |
| | Dividends per share (yen) | 25 |
| | Record date | September 30, 2015 |
| | Effective date | December 1, 2015 |
| 3. Dividends after March 31, 2016 | The year-end ordinary dividends will be resolved in the ordinary general meeting of shareholders held on June 24, 2016 as follows: | |
| | Total amount of dividends (yen) | 31,202,400,625 |
| | Source of dividends | Retained earnings |
| | Dividends per share (yen) | 25 |
| | Record date | March 31, 2016 |
| | Effective date | June 27, 2016 |
| 4. Number of shares subject to new share acquisition rights authorized by the ordinary general meeting of shareholders or the board of directors | In the ordinary general meeting of shareholders held on June 23, 2006 (Stock-Linked compensation plan) | 10,000 shares |
| | In the ordinary general meeting of shareholders held on June 22, 2007 (Stock-Linked compensation plan) | 23,000 shares |
| | In the ordinary general meeting of shareholders held on June 20, 2008 (Stock-Linked compensation plan) | 43,400 shares |
| | In the ordinary general meeting of shareholders held on June 19, 2009 (Stock-Linked compensation plan) | 83,100 shares |
| | In the ordinary general meeting of shareholders held on June 22, 2010 (Stock-Linked compensation plan) | 111,800 shares |
| | In the ordinary general meeting of shareholders held on June 24, 2011 | 19,000 shares |
| | In the ordinary general meeting of shareholders held on June 24, 2011 (Stock-Linked compensation plan) | 113,800 shares |
| | In the ordinary general meeting of shareholders held on June 22, 2012 | 49,000 shares |
| | In the ordinary general meeting of shareholders held on June 22, 2012 (Stock-Linked compensation plan) | 144,800 shares |
| | In the ordinary general meeting of shareholders held on June 21, 2013 | 110,000 shares |
| | In the ordinary general meeting of shareholders held on June 21, 2013 (Stock-Linked compensation plan) | 115,900 shares |
| | In the meeting of the board of directors held on July 31, 2014 | 144,000 shares |
| | In the meeting of the board of directors held on July 31, 2014 (Stock-Linked compensation plan) | 120,900 shares |
| | In the meeting of the board of directors held on July 30, 2015 | 174,000 shares |
| | In the meeting of the board of directors held on July 30, 2015 (Stock-Linked compensation plan) | 125,400 shares |
| | Total | <u>1,388,100 shares</u> |

"Total" includes 714,500 shares for which the exercise period has not commenced at March 31, 2016.

Notes to Financial Instruments

1. Qualitative information of financial instruments

The Companies' basic policy for fund raising activities is to secure stable, medium- to long-term funds and liquidity for our operations.

Marketable securities and other investments are mainly strategic investments in stocks and others issued by financial institutions, customers and suppliers. The Companies are exposed to equity price risk inherent in these securities. On a continuous basis, but no less frequently than at the end of each quarterly period, the Companies evaluate the cost basis of these securities for possible impairment.

Trade and other receivables are mainly accounts receivable and loans from customers. Credit risk of customers is managed through the credit line approved by management and by monitoring the credibility of counterparties periodically based on the internal credit rating model. On a continuous basis, but no less frequently than at the end of each quarterly period, the Companies make provisions for doubtful receivables based on assessments about the possibility of collection.

The Companies operate internationally, exposing them to the risk of changes in foreign exchange rates, interest rates and commodity prices. Derivative financial instruments are comprised principally of foreign exchange contracts, foreign currency swaps, interest rate swaps and commodity future contracts utilized by the Company and certain of its subsidiaries to reduce these risks. The Companies assess foreign currency exchange rate risk, interest rate risk and commodity price risk by continuously monitoring changes in these exposures and by evaluating hedging opportunities. The Companies hold or issue commodity derivatives for trading purposes.

Management has been monitoring liquidity risk by setting various worst case scenarios including financial market turmoil. The Companies secure necessary liquidity from the cash flows from operations and borrowing from financial institutions. The Companies deposit these funds at the highly creditable financial institutions.

2. Fair values of financial instruments

Carrying amounts of financial instruments, fair values and the differences as of March 31, 2016 are as follows:

Financial instruments measured at amortized cost

| (Millions of yen) | | | |
|----------------------------------|-----------------|------------|------------|
| | Carrying amount | Fair value | Difference |
| Assets : | | | |
| Securities and other investments | 6,045 | 6,045 | — |
| Trade and other receivables | 1,714,122 | 1,720,998 | 6,876 |
| Liabilities : | | | |
| Bonds and borrowings | 3,650,943 | 3,670,241 | 19,298 |
| Trade and other payables | 988,307 | 988,602 | 295 |

Financial instruments measured at fair value

| (Millions of yen) | | | |
|----------------------------------|-----------------|------------|------------|
| | Carrying amount | Fair value | Difference |
| Assets : | | | |
| Securities and other investments | 409,433 | 409,433 | — |
| Trade and other receivables | 29,383 | 29,383 | — |
| Other financial assets | 253,623 | 253,623 | — |
| Liabilities : | | | |
| Trade and other payables | 79,080 | 79,080 | — |
| Other financial liabilities | 130,579 | 130,579 | — |

The fair values of financial assets and liabilities are determined as follows:

Quoted market prices, if available, are used as fair values of financial instruments. If quoted market prices are not available, fair values for such financial instruments are measured by using appropriate measurement techniques such as a discounted future cash flow method or others.

(1) Cash and cash equivalents, time deposits and marketable securities

The carrying amounts of these instruments approximate their fair value due to their short-term maturities.

(2) Other investments

The fair values of marketable securities are estimated using quoted market prices.

Fair values of unlisted investments in common stock are determined by discounted future cash flow method, valuation models based on revenue, profitability and net assets of investees, market values of comparable companies, and other valuation approaches.

(3) Trade and other receivables, trade and other payables

The fair values of current and non-current trade receivables and payables, except for loans with floating rates whose carrying amounts approximate fair value, are estimated by discounted future cash flow analysis, using interest rates currently being offered for loans or accounts receivables with similar terms to borrowers or customers of similar credit quality and remaining maturities.

(4) Bonds and borrowings

The fair values of bonds and borrowings, except for debt with floating rates whose carrying amount approximates fair value, are estimated by discounted future cash flow analysis using interest rates currently available for similar types of borrowings with similar terms and remaining maturities.

(5) Other financial assets, other financial liabilities

The fair values of interest rate swaps, currency swap agreements and currency option contracts are estimated by obtaining quotes from brokers and other appropriate valuation techniques based on information available to the Companies.

The fair values of foreign exchange forward contracts are estimated based on quoted market prices for contracts with similar terms.

The fair values of interest rate future contracts, bond future contracts, commodity forwards, futures and swap contracts are estimated by using quoted market prices and others.

Notes to Investment Property

1. Qualitative information of investment property

The Companies own office buildings for rent in Tokyo, and other areas.

2. Fair values of investment property

| (Millions of yen) | |
|-------------------|------------|
| Carrying amount | Fair value |
| 266,623 | 298,342 |

Notes: 1. Investment property is measured at cost less any accumulated depreciation and accumulated impairment losses.

2. The fair value as of March 31, 2016 is based on valuation conducted by independent valuation appraisers having recent experience in the locations and categories of the investment property being valued and the appropriate and recognized professional qualifications, such as a registered appraiser. The valuation, which conforms to the standards of the country where the investment property is located, is based on market evidence of transaction prices for similar properties.

Notes to per Share Information

1. Equity per share attributable to owners of the parent

1,803.95 yen

2. Earnings per share attributable to owners of the parent

59.73 yen

Note to Significant Subsequent Events

There are no significant subsequent events to be disclosed.

Note to change in the corporate tax rates

In Japan, following the enactment of the "Act for Partial Revision of the Income Tax Act, etc." (Act No.15 of 2016) and the "Act for Partial Revision of the Local Tax Act, etc." (Act No.13 of 2016) by the Diet on March 29, 2016, effective from fiscal years beginning on and after April 1, 2016, corporate tax rates will be reduced. In accordance with this reform, the effective statutory tax rate, used to measure deferred tax assets and deferred tax liabilities, will be reduced from 32.30% to 30.86% for temporary differences and others that are expected to be realized during the fiscal years beginning on April 1, 2016 and on April 1, 2017, and to 30.62% for temporary differences and others that are expected to be realized during and after the fiscal years beginning on April 1, 2018. The effects due to this change on income tax expense and other comprehensive income are immaterial.

Note to Others

On December 30, 2011, Minera San Cristobal S.A. ("MSC"), which is a consolidated subsidiary of the Company in Plurinational State of Bolivia ("Bolivia"), received a correction notice relating to its withholding tax returns, from Bolivian Tax Authority. MSC has appealed to the Supreme Court for the revocation of corrected amount of tax payment order, etc (approximately 185 million US dollars) issued by the General Authority of Taxes. In addition, MSC has offered the appropriate fixed assets as a collateral in accordance with the procedure stipulated in the related Bolivian law. On March 21, 2016, the Supreme Court of Bolivia elected the judge in charge of this appeal. MSC has not received the ruling as of May 11, 2016.

Note : Consolidated results' amounts in millions of yen are rounded to the nearest million.

Non-consolidated Balance Sheets

Sumitomo Corporation

[Prepared on the basis of accounting principles generally accepted in Japan]

(Unit: millions of yen)

| Assets | As of March 31, 2016 | As of March 31, 2015 | Liabilities and net assets | As of March 31, 2016 | As of March 31, 2015 |
|---|----------------------------|----------------------------|--|----------------------------|----------------------------|
| Current assets | 1,495,643 | 1,623,692 | Current liabilities | 1,071,431 | 973,001 |
| Cash and deposits | 216,575 | 280,138 | Notes payable, trade | 9,471 | 11,073 |
| Notes receivable, trade | 20,141 | 25,489 | Accounts payable, trade | 388,650 | 438,203 |
| Accounts receivable, trade | 453,739 | 570,905 | Short-term loans | 396,125 | 278,737 |
| Marketable securities | 246,000 | 242,002 | Bonds and notes (Due within one year) | 35,000 | 40,000 |
| Merchandise | 112,197 | 113,625 | Accrued expenses | 15,424 | 18,607 |
| Real estate held for development and resale | 77,354 | 80,307 | Income taxes | 1,569 | 106 |
| Advances to suppliers | 165,398 | 121,221 | Advances from customers | 159,572 | 133,073 |
| Prepaid expenses | 11,629 | 10,618 | Deposits received | 35,320 | 19,379 |
| Short-term loans receivable | 25,933 | 36,198 | Deferred income | 1,366 | 1,882 |
| Deferred tax assets | 6,908 | 9,199 | Other current liabilities | 28,929 | 31,935 |
| Other current assets | 160,263 | 134,686 | | | |
| Allowance for doubtful receivables | (500) | (700) | | | |
| Fixed assets | 2,476,807 | 2,631,500 | Long-term liabilities | 2,027,068 | 2,352,101 |
| Tangible fixed assets, at cost less accumulated depreciation | 261,584 | 264,058 | Long-term loans | 1,695,432 | 1,983,010 |
| Buildings | 51,878 | 51,936 | Bonds and notes | 285,000 | 320,000 |
| Other structures | 1,032 | 880 | Other long-term liabilities | 46,635 | 49,090 |
| Machinery and equipment | 737 | 429 | | | |
| Vehicles and transportation equipment | 227 | 208 | Total liabilities | 3,098,500 | 3,325,102 |
| Furniture and fixtures | 2,945 | 2,922 | | | |
| Land | 194,385 | 196,244 | Shareholders' equity | 782,185 | 819,448 |
| Construction in progress | 10,376 | 11,437 | Common stock | 219,278 | 219,278 |
| Intangible fixed assets | 14,974 | 15,279 | Capital surplus | 230,412 | 230,412 |
| Software | 9,157 | 9,698 | Additional paid-in capital | 230,412 | 230,412 |
| Other intangible fixed assets | 5,817 | 5,581 | Retained earnings | 335,837 | 373,478 |
| Investments and other assets | 2,200,248 | 2,352,161 | Appropriated for legal reserve | 17,696 | 17,696 |
| Investment securities | 315,585 | 396,815 | Other retained earnings | 318,141 | 355,782 |
| Investment securities in subsidiaries and associated companies | 1,232,436 | 1,228,451 | General reserve | 65,042 | 65,042 |
| Other investment securities in subsidiaries and associated companies | 2,524 | 5,382 | Retained earnings brought forward | 253,098 | 290,739 |
| Other equity interests | 13,595 | 14,334 | Treasury stock | (3,343) | (3,721) |
| Other equity interests in subsidiaries and associated companies | 372,776 | 440,723 | Difference of appreciation and conversion | 90,708 | 109,504 |
| Long-term loans receivable | 144,513 | 132,452 | Net unrealized holding gains on securities and others | 105,022 | 147,464 |
| Long-term trade receivables, over due | 104,115 | 81,863 | Net deferred profits on hedges | (14,313) | (37,959) |
| Long-term prepaid expenses | 60,512 | 66,560 | New shares acquisition rights | 1,056 | 1,137 |
| Deferred tax assets | 43,509 | 20,478 | | | |
| Other investments and assets | 54,179 | 100,851 | Total net assets | 873,950 | 930,090 |
| Allowance for doubtful receivables | (143,498) | (135,751) | Total liabilities and net assets | 3,972,450 | 4,255,193 |
| Total assets | 3,972,450 | 4,255,193 | | | |

Notes:

1. The Non-consolidated Balance Sheet as of March 31, 2015 is not required to be included under the Companies Act, and is included solely for the convenience of shareholders.
2. The Company presents the Non-consolidated Balance Sheet as of March 31, 2015, reclassifying the effects of correction of errors described in Notes to Non-consolidated Financial Statements.

Non-consolidated Statements of Income

Sumitomo Corporation

[Prepared on the basis of accounting principles generally accepted in Japan]

(Unit : millions of yen)

| | For the years ended March 31 | |
|--|------------------------------|-------------|
| | 2016 | 2015 |
| Sales | 2,758,832 | 3,229,406 |
| Cost of sales | (2,615,401) | (3,081,480) |
| Gross trading profit | 143,431 | 147,926 |
| Selling, general and administrative expenses | (162,036) | (168,075) |
| Operating loss | (18,604) | (20,149) |
| Non-operating income | 259,834 | 270,834 |
| Interest income | 10,098 | 11,543 |
| Dividends | 205,903 | 181,580 |
| Gain on sale of investment securities | 36,175 | 68,733 |
| Other non-operating income | 7,658 | 8,977 |
| Non-operating expense | (240,072) | (310,366) |
| Interest expense | (10,084) | (11,337) |
| Loss on sale of investment securities | (1,674) | (8,070) |
| Valuation loss on investment securities | (206,375) | (199,256) |
| Provision for bad debts reserve of affiliates and others | (19,185) | (88,101) |
| Other non-operating expense | (2,752) | (3,600) |
| Ordinary income (loss) | 1,157 | (59,681) |
| Extraordinary gain | 18,721 | 6,304 |
| Gain on sale of fixed assets | 18,721 | 6,304 |
| Extraordinary loss | (576) | (13,142) |
| Loss on sale of fixed assets | (576) | (13,142) |
| Net income (loss) before income taxes | 19,301 | (66,518) |
| Income taxes-current | 3,000 | 6,400 |
| Income taxes-deferred | 2,500 | 7,330 |
| Net income (loss) | 24,801 | (52,788) |

Notes:

1. The Non-consolidated Statement of Income for the year ended March 31, 2015 is not required to be included under the Companies Act, and is included solely for the convenience of shareholders.
2. The Company presents the Non-consolidated Statement of Income for the year ended March 31, 2015, reclassifying the effects of correction of errors described in Notes to Non-consolidated Financial Statements.

Non-consolidated Statements of Changes in Shareholders' Equity

Sumitomo Corporation

[Prepared on the basis of accounting principles generally accepted in Japan]

For the year ended March 31, 2016

(Unit: millions of yen)

| | Shareholders' equity | | | | | | | | Difference of appreciation and conversion | | | (Unit: millions of yen) | |
|--|----------------------|----------------------------|--------------------------------|-------------------------|-----------------------------------|-------------------------|----------------|----------------------------|---|--------------------------------|---|------------------------------|------------------|
| | Common stock | Capital surplus | Retained earnings | | | | Treasury stock | Total shareholders' equity | Net unrealized holding gains on securities and others | Net deferred profits on hedges | Total difference of appreciation and conversion | New share acquisition rights | Total net assets |
| | | Additional paid-in capital | Appropriated for legal reserve | Other retained earnings | | Total retained earnings | | | | | | | |
| | | | | General reserve | Retained earnings brought forward | | | | | | | | |
| Balance, beginning of year | 219,278 | 230,412 | 17,696 | 65,042 | 312,431 | 395,170 | (3,721) | 841,140 | 147,464 | (55,301) | 92,162 | 1,137 | 934,441 |
| Cumulative effects of correction of errors | | | | | (21,692) | (21,692) | | (21,692) | | 17,341 | 17,341 | | (4,350) |
| Restated balance, beginning of year | 219,278 | 230,412 | 17,696 | 65,042 | 290,739 | 373,478 | (3,721) | 819,448 | 147,464 | (37,959) | 109,504 | 1,137 | 930,090 |
| Changes in the year | | | | | | | | | | | | | |
| Cash dividends | | | | | (62,396) | (62,396) | | (62,396) | | | | | (62,396) |
| Net income | | | | | 24,801 | 24,801 | | 24,801 | | | | | 24,801 |
| Acquisition of treasury stock | | | | | | | (6) | (6) | | | | | (6) |
| Disposal of treasury stock | | | | | (45) | (45) | 384 | 338 | | | | | 338 |
| Changes of items other than shareholders' equity (Net) | | | | | | | | - | (42,442) | 23,646 | (18,796) | (80) | (18,876) |
| Total Changes in the year | - | - | - | - | (37,640) | (37,640) | 377 | (37,263) | (42,442) | 23,646 | (18,796) | (80) | (56,140) |
| Balance, end of year | 219,278 | 230,412 | 17,696 | 65,042 | 253,098 | 335,837 | (3,343) | 782,185 | 105,022 | (14,313) | 90,708 | 1,056 | 873,950 |

For the year ended March 31, 2015

(Unit: millions of yen)

| | Shareholders' equity | | | | | | | | Difference of appreciation and conversion | | | (Unit: millions of yen) | |
|--|----------------------|----------------------------|--------------------------------|-------------------------|-----------------------------------|-------------------------|----------------|----------------------------|---|--------------------------------|---|------------------------------|------------------|
| | Common stock | Capital surplus | Retained earnings | | | | Treasury stock | Total shareholders' equity | Net unrealized holding gains on securities and others | Net deferred profits on hedges | Total difference of appreciation and conversion | New share acquisition rights | Total net assets |
| | | Additional paid-in capital | Appropriated for legal reserve | Other retained earnings | | Total retained earnings | | | | | | | |
| | | | | General reserve | Retained earnings brought forward | | | | | | | | |
| Balance, beginning of year | 219,278 | 230,412 | 17,696 | 65,042 | 404,666 | 487,405 | (3,951) | 933,144 | 118,225 | (20,546) | 97,678 | 1,042 | 1,031,865 |
| Changes in the year | | | | | | | | | | | | | |
| Cash dividends | | | | | (61,135) | (61,135) | | (61,135) | | | | | (61,135) |
| Net loss | | | | | (52,788) | (52,788) | | (52,788) | | | | | (52,788) |
| Acquisition of treasury stock | | | | | | | (7) | (7) | | | | | (7) |
| Disposal of treasury stock | | | | | (2) | (2) | 238 | 235 | | | | | 235 |
| Changes of items other than shareholders' equity (Net) | | | | | | | | - | 29,239 | (17,413) | 11,825 | 94 | 11,920 |
| Total Changes in the year | - | - | - | - | (113,926) | (113,926) | 230 | (113,696) | 29,239 | (17,413) | 11,825 | 94 | (101,775) |
| Balance, end of year | 219,278 | 230,412 | 17,696 | 65,042 | 290,739 | 373,478 | (3,721) | 819,448 | 147,464 | (37,959) | 109,504 | 1,137 | 930,090 |

Notes:

1. The Non-consolidated Statement of Changes in Shareholders' Equity for the year ended March 31, 2015 is not required to be included under the Companies Act, and is included solely for the convenience of shareholders.

2. The Company presents the Non-consolidated Statement of Changes in Shareholders' Equity for the year ended March 31, 2015, reclassifying the effects of correction of errors described in Notes to Non-consolidated Financial Statements.

Note:

Please also see page 77 on Notes to Correction of Errors in Notes to Non-consolidated Financial Statements about the correction of errors.

Notes to Non-consolidated Financial Statements (For the year ended March 31, 2016)

Significant Accounting Principles

1. Valuation basis and method for assets

(1) Valuation basis and method for securities

Trading securities

Stated at fair value. The cost of securities sold is determined based on the average cost of all shares of such security held at the time of sale.

Held to maturity securities

Stated at amortized cost

Other securities

- Marketable securities

Stated at fair value based on quoted market prices and others at the end of the fiscal year. Unrealized holding gains and losses are excluded from earnings and reported in a separate component of net assets. The cost of securities sold is determined based on the average cost of all shares of such security held at the time of sale.

- Non-marketable securities

Stated at average cost

Investment securities in subsidiaries and associated companies

Stated at average cost

(2) Valuation basis and method for derivatives

Stated at fair value

(3) Valuation basis and method for inventories

Inventories held for ordinary transaction

Stated at cost based on moving average basis or specific identification basis (book-value is stated lower according to the decline of profitability)

Inventories held for trading purpose

Stated at fair value

2. Depreciation method of fixed assets

(1) Tangible fixed assets

Tangible fixed assets acquired before April 1, 2007

Depreciation is computed by the straight-line method under pre-revised Corporate Tax Law.

Tangible fixed assets acquired on and after April 1, 2007

Depreciation is computed by the straight-line method.

(2) Intangible fixed assets

Depreciation is computed by the straight-line method.

Depreciation of internal-use software is based on the estimated useful life in the Company (5years).

3. Allowance and provisions

(1) Allowance for doubtful receivables

An allowance for doubtful receivables is maintained at the level which is adequate to provide for probable losses that can be reasonably estimated.

As for the general receivables, an allowance is computed based on internal credit rating system.

As for the specific receivables, an allowance is computed based on the specific probability of uncollectibility.

(2) Accrued pension and severance liabilities

Accrued pension and severance liabilities are to be recognized based upon the estimated benefit obligation and the fair value of plan assets for postretirement benefits.

Since the fair value of plan assets for postretirement benefits exceeds benefit obligation, no accrued pension and severance liabilities were recognized as of March 31, 2016.

Estimated retirement benefits are attributed to periods of service under the plan's benefit formula.

Past service costs are recognized over 12 years which is within average remaining service period (straight line).

Unrecognized actuarial losses are recognized over 12 years which is within average remaining service period (straight line).

4. Deferred charges

All items which may be deferred under the Companies Act are charged to earnings when incurred.

5. Hedge accounting

Gains or losses on derivatives are principally deferred until realization of the designated hedged items. Interest rate swaps are not remeasured at fair value, but the differential paid or received under the swap contracts are recognized on an accrual basis and included in interest expense or income to the extent that their nominal amounts, conditions of interest receipts or payments and contractual periods are almost the same as hedged items.

6. Consumption tax

Consumption tax is accounted for by the segregated method under which consumption tax is excluded from presentation of sales, cost of sales and expenses.

7. Other

The Company adopted a consolidated taxation system.

Notes to Correction of Errors

1. Contents of errors

The Company held foreign currency loans for the purpose of hedging the foreign exchange risk in relation to its investment in Tight oil development project in the U.S.

As a result of reimbursing the foreign currency loans due to recognizing the impairment loss of its project in September 2014, the foreign exchange loss of 23,122 million yen was realized and the loss of 17,341 million yen after considering deferred tax was posted in the net assets as net deferred loss on hedges in the non-consolidated financial statements for the year ended March 31, 2015.

At the time of the account closing procedure for the year ended March 31, 2016, it turned out that the foreign currency exchange loss should be posted in the net loss for the year ended March 31, 2015 as valuation loss on investment securities. As a result of revising the accounting treatment including deferred tax, the net loss of 21,692 million yen increased. The Company, therefore, corrected the beginning balance of retained earnings in the non-consolidated financial statements for the year ended March 31, 2016 as errors of application of accounting standards.

The consolidated financial statements remain unchanged because the foreign exchange loss was already recognized in the consolidated financial statements.

2. Effects on the net assets in the beginning balance for the year ended March 31, 2016

As a result of correction of errors, "Retained earnings brought forward" of 21,692 million yen decreased and "Net deferred profits on hedges" of 17,341 million yen increased. Consequently, "Total net assets" of 4,350 million yen decreased in the beginning balance for the year ended March 31, 2016.

Notes to Non-consolidated Balance Sheets

1. Pledged assets and secured liabilities

| (Millions of yen) | | | |
|--|--------|------------------------------|-------|
| Pledged assets | | Secured liabilities | |
| Cash and deposits | 11,268 | Long-term loans, | 1,182 |
| Accounts receivable, trade | 1,204 | including current maturities | |
| Buildings | 0 | of long-term loans | |
| Land | 354 | Other long-term liabilities | 1,612 |
| Intangible fixed assets | 0 | | |
| Investment securities | 10 | | |
| Investment securities in subsidiaries and associated companies | 49,679 | | |
| Total | 62,517 | Total | 2,794 |

In addition to the above, investment securities and other assets of 9,459 millions of yen are pledged as substitution for guarantee deposits.

2. Accumulated depreciation of tangible fixed assets

64,768 millions of yen

3. Guarantees of indebtedness

| (Millions of yen) | |
|---|-----------|
| (1) Subsidiaries and associated companies | 733,676 |
| (2) Others | 51,623 |
| Sub-total | 785,299 |
| (3) Keep-well agreement on subsidiaries' financing arrangements | 448,063 |
| Total | 1,233,363 |

4. Discounted trade notes receivable with banks

74,812 millions of yen

5. Monetary receivables and payables to subsidiaries and associated companies

| | |
|---------------------------------|-------------------------|
| Short-term monetary receivables | 327,885 millions of yen |
| Short-term monetary payables | 97,991 millions of yen |
| Long-term monetary receivables | 239,122 millions of yen |
| Long-term monetary payables | 11,431 millions of yen |

Notes to Non-consolidated Statements of Income

1. Operating transactions with subsidiaries and associated companies

| | |
|-----------|-------------------------|
| Sales | 886,553 millions of yen |
| Purchases | 408,189 millions of yen |

2. Non-operating transactions with subsidiaries and associated companies

202,532 millions of yen

3. Valuation loss on investment securities and

Provision for bad debts reserve of affiliates and others

In the year ended March 31, 2016, "Valuation loss on investment securities" of 106,125 million yen was recognized in relation to the investment in Summit Ambatovy Mineral Resources Investment B.V. (Head Office: Amsterdam, Netherlands), a wholly owned subsidiary of the Company in Nickel mining and refining business in Madagascar. "Valuation loss on investment securities" of 35,790 million yen was recognized in relation to the investment in Summit Global Capital Management B.V. (Head Office: Amsterdam, Netherlands), a wholly owned subsidiary of the Company, which has invested in Indonesian commercial bank PT. Bank Tabungan Pensiunan Nasional Tbk. "Valuation loss on investment securities" of 25,470 million yen was recognized in relation to the investment in Inversiones SC Sierra Gorda Limitada (Head Office: Santiago, Chile), a 99.96% owned subsidiary of the Company in Copper and molybdenum mining business in Chile. "Valuation loss on investment securities" of 14,385 million yen and "Provision for bad debts reserve of affiliates and others" of 6,407 million yen were recognized in relation to the investment and loan in Serra Azul Iron Ore LLC (Head Office: Tokyo, Japan), a wholly owned subsidiary of the Company in Iron ore mining project in Brazil. "Valuation loss on investment securities" of 10,801 million yen and "Provision for bad debts reserve of affiliates and others" of 2,710 million yen were recognized in relation to the investment, etc in Summit Grain Investment (Australia) Pty Ltd (Head Office: Sydney, Australia), a 70% owned subsidiary of the Company in Grain business in Australia.

(Reference)

In the year ended March 31, 2015, "Valuation loss on investment securities" of 116,352 million yen and "Provision for bad debts reserve of affiliates and others" of 74,123 million yen were recognized in relation to the investment and loan, etc in Summit Shale International Corporation (Head Office: Texas, USA), a wholly owned subsidiary of the Company in Tight oil development project in the U.S.

"Valuation loss on investment securities" of 68,295 million yen was recognized in relation to the investment in Serra Azul Iron Ore LLC (Head Office: Tokyo, Japan), a wholly owned subsidiary of the Company in Iron ore mining project in Brazil.

Note to Non-consolidated Statements of Changes in Shareholders' Equity

| | | |
|--|---|-------------------------|
| Number of treasury stock (Common shares) | Balance, beginning of year | 2,789,578 shares |
| | Decrease due to sale through exercise of stock options | 287,900 shares |
| | Increase due to purchase of less-than-one-voting-unit shares and others | 5,164 shares |
| | Balance, end of year | <u>2,506,842 shares</u> |

Notes to Deferred Income Tax

1. Significant components of deferred tax assets
2. Significant components of deferred tax liabilities
3. Effects due to change in the corporate tax rate

Valuation loss on investment securities, provision for bad debts reserve and others.
Net unrealized holding gains on securities, securities contributed to the Trust and others.
Following the enactment of the "Act for Partial Revision of the Income Tax Act, etc." (Act No.15 of 2016) and the "Act for Partial Revision of the Local Tax Act, etc." (Act No.13 of 2016) by the Diet on March 29, 2016, effective from fiscal years beginning on and after April 1, 2016, corporate tax rates will be reduced. In accordance with this reform, the effective statutory tax rate, used to measure deferred tax assets and deferred tax liabilities, will be reduced from 32.30% to 30.86% for temporary differences and others that are expected to be realized during the fiscal years beginning on April 1, 2016 and on April 1, 2017, and to 30.62% for temporary differences and others that are expected to be realized during and after the fiscal years beginning on April 1, 2018.
The effects due to this change on income tax expense and other comprehensive income are immaterial.

Notes to per Share Information

- | | |
|-------------------------|------------|
| 1. Net assets per share | 699.38 yen |
| 2. Net income per share | 19.87 yen |

Note to Significant Subsequent Events

There are no significant subsequent events to be disclosed.

Note : Non-consolidated results' amounts in millions of yen are rounded down to the nearest million.

Independent Auditor's Report

May 11, 2016

The Board of Directors
Sumitomo Corporation

KPMG AZSA LLC

Masahiro Mekada (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Toshiya Mori (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Tomoyasu Sugizaki (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the related notes of Sumitomo Corporation as at March 31, 2016 and for the year from April 1, 2015 to March 31, 2016 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the latter part of Article 120-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required by International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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

accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above, which were prepared in accordance with the latter part of Article 120-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required by International Financial Reporting Standards, present fairly, in all material respects, the financial position and the results of operations of Sumitomo Corporation and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Independent Auditor's Report

May 11, 2016

The Board of Directors
Sumitomo Corporation

KPMG AZSA LLC

Masahiro Mekada (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Toshiya Mori (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Tomoyasu Sugizaki (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the non-consolidated financial statements, comprising the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in shareholders' equity and the related notes, and the supplementary schedules of Sumitomo Corporation as at March 31, 2016 and for the year from April 1, 2015 to March 31, 2016 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the non-consolidated Financial Statements and Others

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

Auditor's Responsibility

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

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

design audit procedures that are appropriate in the circumstances, while the objective of the non-consolidated financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the supplementary schedules.

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

Opinion

In our opinion, the non-consolidated financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Sumitomo corporation for the period, for which the non-consolidated financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

We draw attention to Notes to Correction of Errors in notes to non-consolidated financial statements which describe the correction of errors in accounting treatment of the prior period. Consequently, retained earnings at the beginnings of the current period is restated. Our opinion is not qualified in respect of this matter.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Audit Report by the Board of Corporate Auditors

[English translation of the Corporate Auditors' report originally issued in the Japanese language]

Audit Report

In accordance with each Corporate Auditor's audit report and due deliberation, we, the Board of Corporate Auditors, have made this audit report regarding the Company's Directors' execution of their duties during the 148th fiscal year from April 1, 2015 to March 31, 2016 as follows:

1. Details of the Audit by Each Corporate Auditor and the Board of Corporate Auditors

(1) The Board of Corporate Auditors has established the policies of audit, the manner of dividing roles, etc., and in addition to receiving reports on the status of audit and its results from each Corporate Auditor, we received reports from the Directors, etc. and the Accounting Auditor regarding the execution of their duties, and asked them for explanations as necessary.

(2) Each Corporate Auditor, in accordance with the standard concerning the Corporate Auditor's audit, the policies of audit and the manner of dividing roles, which were established by the Board of Corporate Auditors, promoted communications with the Directors and Internal Auditing Department and other employees, strove to collect information and to enhance the environment for auditing, and conducted the audit by the following methods:

- (i) Each Corporate Auditor attended important meetings such as the Meeting of the Board of Directors, received reports from Directors and employees, etc. regarding the execution of their duties, asked them for explanations as necessary, inspected important internal authorization documents and examined the status of operations and the financial status at the head office and important operating locations. As for subsidiaries, each Corporate Auditor promoted communication and exchange of information with directors and corporate auditors, etc. of the subsidiaries, and received reports on the subsidiaries' business as necessary.

On the details of the Board of Directors' resolution regarding the development of systems necessary to ensure that the execution of duties by directors complies with laws and regulations and the articles of incorporation, and other systems prescribed by the Article 100, Paragraphs 1 and 3 of the Enforcement Regulations promulgated under the Companies Act as systems necessary to ensure the properness of operations of the Company and operations of group of enterprises consisting of the Company and its subsidiaries, which is stated in the business report, and the system that is established in accordance with such resolution (the "Internal Control System"), each Corporate Auditor received regular reports from Directors and employees, etc. regarding the status of the development and implementation of the Internal Control System, asked them for explanations as necessary, and stated opinions. As for internal controls over financial reporting, each Corporate Auditor received reports from the Directors, etc. and KPMG AZSA LLC regarding the evaluation and the status of audit on such internal controls, and asked them for explanations as necessary.

- (ii) Each Corporate Auditor monitored and followed up on whether the Accounting Auditor has retained its independent position and has conducted its audit in an adequate manner, and received reports from the Accounting Auditor regarding the execution of its duties, and asked the Accounting Auditor for explanations as necessary. In addition, each Corporate Auditor received notice from the Accounting Auditor that the "System to Ensure the Execution of Duties is Conducted in an Appropriate Manner (the matters set forth in each item of Article 131 of the Enforcement Regulations Regarding Accounting promulgated under the Companies Act)" is established under the "Quality Control Standard Regarding Audit (by the Business Accounting Council, October 28, 2005)," and asked the Accounting Auditor for explanations as necessary.

By the methods set forth above, we inspected this fiscal year's business report and its supporting schedules, non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in shareholders' equity and notes to the non-consolidated financial statements) and their supporting schedules, and the consolidated financial statements (consolidated statements of financial position,

consolidated statements of comprehensive income, consolidated statements of changes in equity and notes to the consolidated financial statements).

2. Results of Our Audit

(1) Results of the Audit regarding the Business Report, etc.

- (i) We consider that the business report and its supporting schedules comply with the applicable laws and regulations and with the Articles of Incorporation of the Company and that they present fairly the status of the Company.
- (ii) There is no serious violation of any applicable laws and regulations or of the Articles of Incorporation of the Company concerning the Directors' execution of their duties.
- (iii) We consider the contents of the business report and the Board of Director's resolution regarding the Internal Control System to be proper. Furthermore, there is no matter that requires comment, regarding the Directors' execution their duties concerning the Internal Control System including internal controls over financial reporting.

(2) Results of the Audit regarding the Non-consolidated Financial Statements and their Supporting Documents

We consider the method and results of the audit conducted by the Accounting Auditor, KPMG AZSA LLC, to be proper.

(3) Results of the Audit regarding the Consolidated Financial Statements

We consider the method and results of the audit conducted by the Accounting Auditor, KPMG AZSA LLC, to be proper.

May 16, 2016

The Board of Corporate Auditors
Sumitomo Corporation

Takahiro Moriyama(Seal)
Standing Corporate Auditor(full-time)

Nobuhiko Yuki (Seal)
Corporate Auditor(full-time)

Tsuguoki Fujinuma (Seal)
Corporate Auditor

Haruo Kasama (Seal)
Corporate Auditor

Note: Tsuguoki Fujinuma and Haruo Kasama are Outside Corporate Auditors stipulated by Article 2, Item 16 and Article 335, Paragraph 3 of the Companies Act.

Note: Mutsuo Nitta passed away, thereby effectively retiring as an Outside Corporate Auditor on November 2, 2015.

* * *

(Reference) Management Principles

Based on Sumitomo's Business Philosophy, which was devised 400 years ago, Sumitomo Corporation established the following Management Principles in 1998. By sharing the values presented in the Management Principles across Sumitomo Corporation Group to materialize them in specific business activities, we aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society.

Management Principles

- To achieve prosperity and realize dreams through sound business activities
- To place prime importance on integrity and sound management with utmost respect for the individual
- To foster a corporate culture full of vitality and conducive to innovation

Sumitomo's Business Philosophy

Sumitomo's Business Philosophy, which is the basis of our Management Principles, has been handed down through many generations for over 400 years in Sumitomo's businesses, based on the Founder's Precepts "Monjuin Shiigaki," which Masatomo Sumitomo (1585-1652), the founder of the Sumitomo family, wrote and passed on to describe how a merchant should conduct business. The basic points of Sumitomo's Business Philosophy have been embodied in the form of the following two articles on the Business Principles:

Business Principles

Article 1. Sumitomo shall achieve strength and prosperity by placing prime importance on integrity and sound management in the conduct of its business.

Article 2. Sumitomo shall manage its activities with foresight and flexibility in order to cope effectively with the changing times. Under no circumstances, however, shall it pursue easy gains or act imprudently.

Article 1 emphasizes the utmost importance of integrity and sound management in the business, while Article 2 advocates the importance of having an enterprising spirit to generate profits quickly and faithfully while adapting to a changing society, and improving business operations while avoiding the pursuit of easy gains or acting carelessly.

Several other credos are also contained in Sumitomo's Business Philosophy. One example is: "Benefit for self and others, private and public interests are one and the same." To put it another way, Sumitomo's business, while benefiting Sumitomo, must also benefit the nation and benefit society. This represents the corporate vision that the Sumitomo Corporation Group as a whole must pursue at all times.

Sumitomo's Business Philosophy thus stresses the need for an enterprising spirit to stay a step ahead in dealing with change, while ascribing importance to maintaining integrity and sound management, avoiding easy gains, and working for the public interest, without being misled by short-term immediate changes. This philosophy has continuously formed the basis of the Sumitomo Corporation Group's business.

(Reference) Sumitomo Corporation's Corporate Governance Efforts ¹²

1. Corporate Governance Principles

Sumitomo Corporation established the "Sumitomo Corporation Corporate Governance Principles" while keeping in mind that our backbone of corporate ethics is in the "Sumitomo's Business Philosophy" and the "Management Principles." The Sumitomo Corporation Corporate Governance Principles was established based on our view that the essence of corporate governance is "improving management efficiency" and "maintaining sound management," as well as "ensuring management transparency" to secure the first two. Following the "Sumitomo Corporation Corporate Governance Principles," we are always seeking to establish the most appropriate managerial system for the Company and are strengthening our corporate governance to realize management that serves the interests of shareholders and all other stakeholders.

2. Corporate Governance System

We have adopted corporate auditor system believing that it is the most legitimate means of improving the effectiveness of our corporate governance to enhance and reinforce it through auditing from diversified external viewpoints. We have four Corporate Auditors, two of which are Outside Corporate Auditors. Of these two, one is a legal expert (a former Prosecutor-General) and the other one is an accounting expert – ensuring an auditing system that incorporates a diversity of perspectives. Furthermore, three Outside Directors, who are diverse in experience and specialty, are elected so that through their diverse perspectives, Outside Directors help ensure appropriate decision-making in board meetings and further enhancement of supervisory function. We believe that we can achieve the ultimate goals of corporate governance that is "improving management efficiency", "maintaining sound management" and "ensuring management transparency" by reinforcing management oversight by independent Outside Directors and Outside Corporate Auditors.

3. Framework for "Improving Management Efficiency" and "Maintaining Sound Management"

(1) Directors and the Board of Directors

(A) Improvement of Deliberation and Enhancement of Monitoring Function at the Board of Directors

We have amended the standards related to the Board of Directors on July 1st, 2015, so that the Board of Directors can be concentrated in the deliberation of important matter regarding the company-wide management such as the business policy and management plan. At the same time, we have increased the submitting matters to the Board of Directors to make it possible for the Board of Directors to

¹² Specifics of the corporate governance systems of the Company, including the number of Directors and Corporate Auditors (including outside Directors and outside Corporate Auditors), are as of March 31, 2016.

concentrate monitoring of execution of operation, so that the Board of Directors can enhance its monitoring function.

(B)Optimal Size of Board of Directors

Currently, the Board has 13 members (including three Outside Directors). Through this optimized Board of Directors, which oversees the operations of the business and serves as the Company's decision-making body concerning key management matters, we aim to facilitate due deliberation and speedy and reasonable decision-making.

(C)Terms of Directors

The terms of Directors are one year. We aim to clarify the responsibility of management among members of management each fiscal year. This, in turn, helps ensure fast reaction times to changes in business conditions.

(D)Limits on Terms of the Chairman of the Board of Directors and the President and CEO

In principle, the positions of Chairman of the Board of Directors and the President and CEO are clearly defined and separate in order to ensure mutual supervision, and both positions cannot be held simultaneously by the one person. In principle, the Chairman of the Board of Directors and the President and CEO are each limited to terms of six years. These limitations on the tenure of top management help minimize the possibility of governance problems.

(E)Establishment of the Advisory Body to the Board of Directors

We established the Nomination and Remuneration Advisory Committee (chairperson: outside director). Functioning as an advisory body to the Board of Directors, more than half of the Committee members are Outside Directors. The Nomination and Remuneration Advisory Committee is in charge of studying the standards for nomination of Directors and Corporate Auditors, nomination of Directors (including Outside Directors), members of Management Council and Corporate Auditors, the formula and level of remuneration and bonuses of Directors and Executive Officers, and the limit of remuneration of Corporate Auditors, and reports the results of its studies to the Board of Directors.

(F)Election of Outside Director

For the purpose that Sumitomo Corporation ensures appropriate decision-making in board meetings and further enhancement of supervisory functions through diverse perspectives, three Outside Directors are elected. They fulfill the standards related to independence set by the Tokyo Stock Exchange and other exchanges, and the Standards for Independence set by Sumitomo Corporation.

(2)Corporate Auditors and the Board of Corporate Auditors

(A)Enhancement of Corporate Auditing Framework

To further strengthen external views within the corporate auditing framework, we bring the number of external auditors to two out of the four members on the Board of Corporate Auditors. Of these two, one is a legal expert (a former Prosecutor-General) and one is an accounting expert—ensuring an auditing system that incorporates a diversity of perspectives. They fulfill the standards related to independence set by the Tokyo Stock Exchange and other exchanges, and the Standards for Independence set by Sumitomo Corporation.

(B)Ensuring Audit Effectiveness

Corporate Auditors attend meetings of the Board of Directors and all other important internal meetings, to obtain the information necessary for proper auditing. Corporate Auditors also meet the Chairman of the Board of Directors and the President and CEO every month to exchange opinions on material issues regarding management policy and auditing. Moreover, the Corporate Auditor's Administration Department is assigned to assist Corporate Auditors, so that the auditing system functions effectively and without hindrance.

(C)Collaboration between Internal Auditing Department and Accounting Auditors

To ensure audit efficiency, Corporate Auditors interact closely with the Internal Auditing Department, receiving reports on internal audit plans and their results in a timely manner. In addition, Corporate Auditors exchange information with and monitor the auditing activities of the Accounting Auditors through regular meetings. By attending audit review meetings and observing inventory audits with the Accounting Auditors, the Corporate Auditors constantly work to improve audit efficiency and quality.

(3)Standards for Independence

Standards for independence of outside directors and outside corporate auditors shall be prescribed in the Company's internal rules "Standards for Appointment and Independence of Outside Directors and Outside Corporate Auditors" (please refer to page 18).

(4)Management Council

On July 1st, 2015, we had changed the Management Council, which had been positioned as an advisory body to the President and CEO, into a decision-making body in order to make a decision through diverse opinion and multilateral discussions more than before. The Management Council deliberates on and renders decisions regarding specific key matters related to management within the scope of its mandate from the Board of Directors.

(5)Introduction of an Executive Officer System

We have introduced an executive officer system with the aim of clarifying the responsibilities and authority for execution and strengthening the monitoring function of the Board of Directors. We currently have about 40 Executive Officers selected by the Board of Directors. Of these, 9 Executive Officers (President and CEO, Chief Strategy Officer, Chief Administration Officer, Chief Financial Officer, and five who are General Managers of Business Units) also serve concurrently as Directors. In this way, we have established the management system under which we can effectively execute the operation based on the decisions made at Board of Directors meetings.

(6)Committees

Committees including Company Investment Committee, Medium-term Management Plan Promotion Support Committee, Internal Control Committee, Compliance Committee are established as advisory bodies for the President and CEO or the Management Council with regard to specific matters that are important from the perspective of Sumitomo Corporation as a whole.

4. System for Ensuring Management Transparency

(1)Basic Policy on Information Disclosure

To bring an accurate understanding of the Company's management policies and business activities to all our stakeholders, we shall strive to make full disclosure, not limiting ourselves to the disclosure of information required by law but also actively pursuing the voluntary disclosure of information.

(2)Communicating with Shareholders and Other Investors

(A)Encouraging the Execution of Voting Rights at the General Meeting of Shareholders

We send out a Notice of Convocation to shareholders approximately three weeks prior to each regularly scheduled General Meeting of Shareholders. For the convenience of overseas shareholders, we also provide an English-language translation of the notice on our website in advance of sending a Notice of Convocation. We have allowed our shareholders to exercise their voting rights via the Internet using personal computers since 2004 and via the Internet using mobile phones since 2005. In 2007, we introduced the Electronic Voting Platform operated by Investor Communication Japan, Inc. (ICJ). The new platform allows institutional investors sufficient time to thoroughly examine the propositions to be resolved at the meeting.

(B)Disclosing Various Information

The IR section of our corporate website provides various materials that may be useful in making investment decisions in a timely manner. These materials include financial results, yukashoken houkokusho (Japanese annual securities reports) and other Tokyo Stock Exchange filings as well as streaming and related documents of various meetings. Moreover, we provide our Annual Report and endeavor to ensure proactive disclosure.

(C)Investor Relations

In order to ensure direct communication with shareholders and other investors, we hold quarterly meetings attended by top management to provide information on our financial results for analysts and institutional investors. Also, we periodically visit the United States, the United Kingdom, and other countries in Europe and Asia to hold one-on-one meetings with investors in each region. In addition, we regularly hold meetings with individual investors in Japan. While increasing management transparency, we aim to strengthen our relationships of trust with shareholders and investors.

Corporate Governance System

