

(Translation)

(Stock Code: 6817)

March 5, 2008

NOTICE OF THE 53RD ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

SUMIDA CORPORATION hereby would like to inform you that the 53rd annual general meeting of shareholders will be held as outlined below. Please accept our cordial invitation to this meeting.

If you are unable to attend the meeting, you may exercise your voting rights in writing or via the Internet. Please examine the appended "Reference Materials for Annual General Meeting of Shareholders" and exercise your voting rights in accordance with the instructions given in pages 2 and 3.

Yours faithfully,
Shigeyuki Yawata
Director and Representative Executive Officer (CEO)
SUMIDA CORPORATION
Yaesu Center Building
1-6-6, Yaesu, Chuo-ku, Tokyo

- 1. Date and Time:** 1:00 p.m., Saturday, March 22, 2008
2. Venue: Rose Room, Palace Hotel Tokyo (2nd Floor),
1-1-1 Marunouchi, Chiyoda-ku, Tokyo

3. Meeting Agenda:

- Items to be reported

1. Business Report, consolidated financial statements and a report on the audit results of consolidated financial statements by the accounting auditors and the audit committee for the 53rd term (January 1 to December 31, 2007)
2. Non-consolidated financial statements for the 53rd term (January 1 to December 31, 2007)

- Items to be resolved

Agenda: Election of eleven (11) directors

4. Decisions made for the notice of the meeting

- (1) If a shareholder does not indicate acceptance or rejection of the agenda items when exercising a voting right in writing or via the Internet, the Company shall treat such cases as indications of acceptance.
- (2) In the event that a shareholder exercises a voting right via the Internet, even if the voting form is returned to us by mail, the Company shall treat the shareholder's Internet vote as the effective exercise of the voting right.
- (3) If a shareholder exercises a voting right in writing, the shareholder is requested to return a voting form to us by mail by 5:00 p.m. on Friday, March 21, 2008 (JST).
- (4) If a shareholder exercises a voting right via the Internet, the shareholder is requested to do so by 5:00 p.m. on Friday, March 21, 2008 (JST).
- (5) In the event that a shareholder exercises voting rights inconsistently, the shareholder is requested to submit his/her intention to do so and the reason for the inconsistent exercise of voting rights to the Company in writing by three days before the meeting.

If the Reference Materials for Annual General Meeting of Shareholders, Business Report, Consolidated and Non-consolidated Financial Statements are revised, the revisions shall be posted on our Website (<http://www.sumida.com>).

<Concerning the Exercise of Voting Rights>

- * Shareholders attending the meeting in person are requested to fill out the voting form enclosed with this notice and submit it at the reception desk on the day of the meeting.
- * If you are unable to attend the meeting in person, please exercise your voting rights using either of the below methods.

[How to submit your voting form by mail]

After indicating your acceptance or rejection of the agenda items on the voting form enclosed with this notice, return the form to us.

[How to exercise your voting rights via the Internet]

1. When using a computer
 - (1) Access the Website for Exercising General Shareholder Meeting Voting Rights at <http://www.e-tosyodai.com>.
 - (2) After reading the requests listed on the voting form, input the exercise of voting right number and exclusive password for the exercise of voting rights.
 - (3) Follow the instructions given on the screen to exercise your voting rights.

2. When using a mobile phone

(1) The following services can be utilized. When using a mobile phone, access the Website for Exercising General Shareholder Meeting Voting Rights (<http://www.e-tosyodai.com>) and follow the instructions displayed on the screen to exercise your voting rights in the same way as specified in “1. When using a computer” above.

- i-mode

- EZweb

- Yahoo! Keitai

(i-mode is a service mark / registered trademark of NTT DoCoMo, Inc., EZweb is a service mark / registered trademark of KDDI Corp. and Yahoo! Keitai is a service mark / registered trademark of Softbank Mobile Corp.)

(2) Your mobile phone needs to be equipped with an SSL communications function for secure encrypted communications.

3. Please note that shareholders are to bear any and all telecommunications charges, including call charges, and connection charges to be paid to Internet service providers when accessing the Website for Exercising General Shareholder Meeting Voting Rights.

4. In the event that a shareholder exercises a voting right on multiple occasions, the Company shall treat the shareholder’s final vote as the effective exercise of the voting right.

Please direct any enquiries you may have concerning the exercise of voting rights via the Internet to:
Shareholders’ Register Manager: Tokyo Securities Transfer Agent Co., Ltd.
Tel: 0120-49-7009 (Toll free number)
Operating hours: 9:00 a.m. to 5:00 p.m. weekdays (excluding Saturdays, Sundays and holidays)

[To All Institutional Investors]

In the event that institutional investors apply for the use of the platform for electronic exercise of voting rights (the so-called TSE platform) operated by ICJ, they may use it as their electronic method for exercising voting rights at the Company’s general meetings of shareholders, in addition to the above-mentioned electronic method via the Internet.

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

Business Report

for the 53rd business term

(January 1 to December 31, 2007)

Shigeyuki Yawata

Representative Executive Officer (CEO)

SUMIDA CORPORATION

Business Report

(January 1 to December 31, 2007)

1. Matters Concerning the Current Status of the Sumida Group

(1) Business conditions for the fiscal year under review

(i) Progress and results of the business

The US economy in 2007 continued to experience a drastic slowdown in housing investment because banks tightened their criteria for providing loans against the backdrop of their worsening profit in the wake of the subprime mortgage shock. The US economy grew sluggishly at the end of 2007 as a result of doldrums in consumer spending caused by a rise in the price of oil, a slowdown in corporate capital investment with weakening business sentiment, and a constraint in inventory investment. However, the economy is expected to gradually start to recover in and after the second half of 2008 as the profitability of banks' ordinary operations improves and their loan criteria loosen from the effect of the FRB lowering the interest rates. The euro area continuously enjoyed favorable growth thanks to increased exports to the nations of the former Soviet Republics centered on Russia and oil-producing nations in the Middle East and active corporate activities. It is expected to experience another period of growth from the third quarter of 2008 because of strong domestic demand such as consumer spending and capital investment, although the euro-area economy is presently seeing a period of slowdown because of the effects of frequent increases in interest rates and the high-valued euro. In Japan, although the economy continues to slow down in terms of housing investment and capital investment because of the revised Building Standards Law that toughened procedures for confirming the safety of buildings, including checking their earthquake resistance, the growth rate is expected to rise in the middle of 2008 or after because housing investment and capital investment will increase after a round of effects of the revised building code and consumer spending will increase owing to an improvement in employment and wage conditions.

China, which achieved a real GDP of around 11.4% in 2007, is expected to maintain a growth rate of around 10% in 2008, although its economy will mildly slow down going forward because of a rise in the prices of commodities and its credit restraint policy. The Indian economy is also expected to see a high growth of 9.1% in 2007 and 9.2% in 2008, supported by investment in its infrastructure. In Russia, a growth rate of 7.6% in 2007 and 6.7% in 2008 is forecast against the backdrop of the high level of oil prices.

According to the latest announcement by the IMF, the real world GDP is expected to see continuous growth with an expansion of 4.9% in 2007 and 4.1% in 2008, with great contributions from emerging nations including China, India and Russia, though the world economy toned down from the previous announcement by IMF owing to confusion in the US housing market.

The global markets for electronic devices have been expanding steadily against the backdrop of higher replacement rates of sophisticated models of key products including notebook PCs, cellular phones and digital products in developed countries, more new purchases in emerging countries and increasing use of second machines.

Shipments of audio and visual equipment such as liquid crystal display (LCD) TVs and DSCs recorded favorable growth, despite the continuous downturn in sales of PDP-TVs. In 2007, shipments of personal computers increased constantly by 10.9% to 59 million units in the first quarter, 12.5% to 59 million units in the second quarter, 15.5% to 67 million units in the third quarter, and 15.5% to 77 million units in the fourth quarter compared with the corresponding term of last year. The sales volume of cellular phones continuously increased by 10.0% to 256 million units in the first quarter, 16.2% to 273 million units in the second quarter, 13.8% to 289 million units in the third quarter, and by 11.6% to 334 million units in the fourth quarter compared with the same term of the previous year. And demand for automotive parts and peripherals that optimize the safety, comfort and fuel-economy of cars has been further increasing.

Under such circumstances, the Sumida Group has been making efforts to improve its profitability by reorganizing its businesses with low profitability. It has done this by selling Jensen in Sweden, shifting its manufacturing division from Mexico to the Panyu Plant in China, restructuring VOGT, and selling the Inverter Unit Companies in Taiwan and Suzhou, China. In addition, the Group sold the building of the head office and fixed assets in Taiwan to streamline the balance sheet of the Group and get it into shape.

Overall net sales of the fiscal year increased 10.6% to ¥70,210 million yen from the previous fiscal year thanks to the steady growth in the Legacy Business centered on power solutions and signals, as well as a favorable expansion in the Automotive and other Businesses and the VOGT Business, despite the decline in sales of the Inverter Business.

Operating income increased 13.0% year on year to ¥4,712 million on the back of the increase in the VOGT Components Business's income in reaction to the amortization of goodwill in the previous fiscal term, the effect of favorable increases in revenues and the improvement of profitability in the Automotive Business and Other Business, and the steady growth in the Coil Business' income, despite the decrease in the VOGT EMS Business's income, which we are currently reorganizing.

Ordinary income dropped by 3.1% year on year to ¥4,368 million owing to the increase in interest payment and the decrease in foreign exchange gains, though investment loss on equity-method accounting marked a decrease in non-operating income and expenses. Net income increased by 30.9% year on year to ¥2,855 million owing to gain on the sales of the head office building, fixed assets in Taiwan and the Inverter Unit Business, though expenses of structural reforms relevant to the business reorganization including VOGT, Panta and Mexico as well as a loss on valuation of investments in securities with Arima were recorded in extraordinary losses.

For the fiscal year under review, business performance of each segment was as follows: The Sumida Group is composed of Coil Business, VOGT Components Business, and VOGT EMS Business.

A. Coil Business

Sales for Coil Business increased by 8.9% year on year to ¥46,004 million due to moderate increase in Legacy Business, and to substantial growth of Automotive Business and Other Business despite of a decrease in Inverter Business.

1) Legacy Business

Sales for Legacy Business were up 7.7% year on year to ¥25,447 million thanks to double-digit increase in Signal and Power Solution, and to solid growth of sales in Power Inductor.

a) Power Solution

Sales of Power Solution were up 20.4% year on year to ¥4,585 million.

In terms of area, sales expanded in Hong Kong / China, the U.S., Singapore and Europe despite of sales decreases in Japan and Taiwan. For sales by product used, while industry equipment, medical equipment and communication devices decreased,

PC and its peripherals, AV equipment, recreational equipment, automotive-related devices, garage equipment, and the 4V coils for switching between heating and cooling showed an increase.

b) Power Inductor

Sales of the Power Inductor rose by 3.6% year on year to ¥15,815 million. In terms of area, sales in Hong Kong / China, Taiwan, Europe, and Singapore increased, but sales in Japan and the U.S. were declined. For sales by product used, although AV equipments, industry equipment and medical equipment decreased, PC and its peripherals, recreational equipment, communication equipment and electric power equipment increased.

c) Signal

Sales of the Signal grew by 10.8% year on year to ¥5,047 million. In terms of area, sales were increased in Hong Kong / China, Japan, Europe, and Singapore but sales in the U.S. and Taiwan were declined. For sales by product used, industrial equipment and medical equipment declined, but AV equipment, Automotive-related devices, OA equipment and tags increased.

2) Inverter Business

Sales of Inverter Business decreased by 10.6% year on year to ¥6,724 million. In terms of area, sales were up in Hong Kong / China, Japan, and the U.S., but declined in Taiwan, Europe and Singapore. For sales by product used, liquid crystal display TVs expanded whereas notebook PCs and liquid crystal displays dropped.

3) Automotive Business

Sales of Automotive Business gained 19.8% to ¥9,862 million from the previous fiscal year. In terms of area, sales declined in Japan and Singapore but, on the other hand, were favorably increased in Europe, the U.S., and Hong Kong / China. Looking at sales by product, although there were sluggish sales of keyless entry systems, there were higher sales of ABS systems, injection systems for direct engines and automotive air conditioners.

4) Other Business

Sales of Other Business were increased by 38.7% year on year to ¥3,971 million. Other Business is classified into STELCO, Jensen, Panta, etc. Although STELCO

marked a decrease in sales and Jensen has been excluded from the scope of consolidation from the second quarter of 2008, Panta, which the Company acquired in the third quarter of the previous year, greatly contributed to the sales of the Company.

B. VOGT Components Business

Sales in VOGT Components Business were increased by 14.9% year on year to ¥21,699 million. Sales of communication devices and recreational equipment decreased, while sales of automotive-related equipment, home electric appliances, lighting equipment, industry equipment and medical equipment increased.

C. VOGT EMS Business

Sales in VOGT EMS Business were increased by 5.3% year on year to ¥2,507 million. Sales of home electric appliances and lighting equipment increased, while sales of communication devices, industry equipment, medical equipment and automotive-related equipment fell.

(¥ million)

Business Segment	Net Sales
Coil Business	46,004
VOGT Components Business	21,699
VOGT EMS Business	2,507
Total	70,210

Note: Above amounts do not include consumption tax.

(ii) Plant and equipment investment

The Group continuously makes investments to expand facilities and enhance research and development for rationalization of production, quality improvement and increasing demand. For the current fiscal year, the total investment amounted to 4,523 million yen, including constant investments related to the development and manufacturing of new products.

(iii) Fund procurement

During the current fiscal year, bank borrowings increased to 2,621 million yen from the end of the previous fiscal year, to meet the funding requirements for M&A.

Additionally, borrowing commitment agreements have been concluded with five

Companies' financing banks to raise working capital effectively. The undisbursed commitment pertaining to the borrowing commitment as of the last day of the current fiscal year is shown as follows:

Total borrowing commitment:	¥6,000 million
Borrowings outstanding:	—
Undisturbed commitment:	¥6,000 million

(iv) Business transfers, absorption-type demerger, and incorporation-type demerger

The Sumida Group transferred the business related to R&D, manufacture and sales of inverter unit to Sunrise Co., Ltd. as of December 31, 2007.

(v) Business acceptance from other companies

There were no relevant issues.

(vi) Succession in rights and obligation related to the businesses of other companies through merger or spin-off by absorption

There were no relevant issues.

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

1) Jensen Devices AB

Jensen Devices AB (Sweden), a consolidated subsidiary, has been excluded from the scope of consolidation because the Company sold the shares in Jensen that it held.

2) VOGT electronic AG

The Company subscribed the capital increase through shareholder allocation to VOGT electronic AG, a consolidated subsidiary, and as a result the percentage of its shares held by the Sumida Group increased to 83.7% from 78.1%. Accordingly, the ratio of shareholding in subsidiaries of the company by the Sumida Group also increased.

3) Panta GmbH

The Company increased its stake in Panta GmbH, a consolidated subsidiary, and as a result the percentage of its shares held increased to 76% from 61%.

4) Sumida Shintex Company Limited

The Company acquired all the shares issued by Sumida Shintex Company Limited by concluding an agreement to transfer the shares with Shintex, Corporation in March 2007. As a result, Sumida Shintex became a wholly-owned subsidiary of

the Company. In January 2008, the corporate name Sumida Shintex Company Limited was changed to Sumida LCM Company Limited.

5) VOGT electronic Letron GmbH

VOGT electronic Letron GmbH (Germany), a consolidated subsidiary in the previous fiscal year, has been excluded from the scope of consolidation because the Company sold its shares in VOGT that it held in November 2007.

6) Taiwan Sumida Trading Company Limited

In August 2007, the Company established Taiwan Sumida Trading Company Limited, a wholly-owned subsidiary that engages in sales of magnetic products in Taiwan, and recorded it as a consolidated subsidiary.

7) Taiwan Sumida Electronics Inc.

In December 2007, the Company sold all the shares it held in Taiwan Sumida Electronics Inc., a consolidated subsidiary in the previous fiscal year, by transferring the inverter units business.

8) Suzhou Sumida Electric Co., Ltd.

In December 2007, the Company sold all the shares it held in Suzhou Sumida Electric Co., Ltd., a consolidated subsidiary in the previous fiscal year, by transferring the inverter units business.

(2) Summary of assets, profit and losses

Item	50th Fiscal Term (ended Dec. 2004)	51st Fiscal Term (ended Dec. 2005)	52nd Fiscal Term (ended Dec. 2006)	53rd (Current) Fiscal Term (ended Dec. 2007)
Net sales (million yen)	36,246	39,666	63,508	70,210
Net income (million yen)	1,807	2,435	2,182	2,855
Net income per share (yen)	104.25	126.54	111.88	149.96
Total assets (million yen)	34,170	51,701	70,161	71,510
Net assets (million yen)	20,511	24,920	27,150	29,919
Net assets per share (yen)	1,175.67	1,285.44	1,383.75	1,486.13

Notes:

1. Net sales do not include consumption tax
2. Starting from the 52nd fiscal term, "Accounting Standard for Indication of Shareholders' Equity on the Balance Sheet" (Accounting Standard No. 5, December 9, 2005) and "Implementation Guidance for Accounting Standard for Indication of Shareholders' Equity on the Balance Sheet" (Implementation Guidance for Accounting Standard No. 8, December 9, 2005) have been adopted.
3. From the 50th to the 51st fiscal term, "Accounting Standard for Net Income per Share" (Accounting Standard No. 2, September 25, 2002) and "Implementation Guidance for Accounting Standard for Net Income per Share" (Implementation Guidance for Accounting Standard No. 4, September 25, 2002) were adopted for calculation of net assets per share, net income per share and fully-diluted net income per share.
4. During the 50th and 51st fiscal terms, a 1.1-for-1 stock split was executed. Net income per share was calculated based on the assumption that the stock split was executed at the beginning of each fiscal term.
5. Starting from the 52nd fiscal term, "Accounting Standard for Net Income per Share" (Amended Accounting Standard No. 2, January 31, 2006) and "Implementation Guidance for Accounting Standard for Net Income per Share" (Implementation Guidance for Amended Accounting Standard No. 4, January 31, 2006) were adopted for calculation of net assets per share, net income per share, and fully-diluted net income per share.

(3) Significant matters of the parent company and subsidiaries

(i) Relationship with the parent company

There were no relevant issues.

(ii) Significant subsidiaries

Company name	Capital (in thousand)	Voting rights of the Company (%)	Key business
Sumida Electronic Components Co., Ltd.	50,000 yen	100	Control of the coil business
Sumida Electric Co., Ltd.	1,000,000 yen	100 (100)	Sale and research & development of coils
Sumida Corporate Service Incorporated	25,000 yen	100	Control of Group management
Dongguan Sumida (Tai Ping) Electric Co., Ltd.	305,000 Hong Kong dollars	100 (100)	Manufacture of coils
SUMIDA Electric (H.K.) Company Limited	132,000 Hong Kong dollars	100 (100)	Manufacture and research & development of coils
SUMIDA TRADING COMPANY LIMITED	80,000 Hong Kong dollars	100 (100)	Sale of coils

Company name	Capital (in thousand)	Voting rights of the Company (%)	Key business
SUMIDA CORPORATE SERVICE COMPANY LIMITED	50 Hong Kong dollars	100	Control of overseas operations and financial issues
SUMIDA SERVICE COMPANY LIMITED	13,000 Hong Kong dollars	100 (100)	Internal services
Sumida Trading PTE LTD	6,000 Singapore dollars	100 (100)	Sale of coils
SUMIDA AMERICA INC.	48,636 U.S. dollars *1	100 (100)	Manufacture and sale of coils
SUMIDA DE MEXICO S.A. DE C.V.	5 US dollars *	100 (100)	Manufacture of coils
SMD MARKETING (M) SDN. BHD.	50 Malaysia dollars	100 (100)	Sale of coils
Sumida Korea, Inc.	1,000,000 Korea won	51 (51)	Sale of coils
SUMIDA TRADING (SHANGHAI) COMPANY LIMITED	8,070 yuan	100 (100)	Sale of coils
TAIWAN SUMIDA TRADING COMPANY LIMITED	30,000 Taiwan dollars	100 (100)	Sale of coils
SUMIDA TRADING (KOREA) COMPANY LIMITED	250,000 Korea won	100 (100)	Sale of coils
SUMIDA SHINTEX COMPANY LIMITED	10,000 Hong Kong dollars	100 (100)	Manufacture and sale of LCD modules
Sumida VOGT GmbH	25 euro	100	Control of European operations
STELCO GmbH Electronic Components	105 euro	100 (100)	Manufacture and sale of coils
VOGT electronic AG	5,849 euro	83.7 (83.7)	Holding company
VOGT electronic Austria GmbH	1,500 euro	83.7 (83.7)	Manufacture of components
VOGT electronic Components GmbH	25 euro	83.7 (83.7)	Control and sale of components
VOGT electronic EMS GmbH	25 euro	83.7 (83.7)	Controlling company of EMS
VOGT electronic Lehesten GmbH	1,100 euro	83.7 (83.7)	EMS
VOGT electronic de Mexico S.A. de C.V.	50 Mexico peso	61.9 (61.9)	Manufacture of components
VOGT electronic of North America, Inc.	350 US dollars	83.7 (83.7)	Sale of components
VOGT electronic Oberzell GmbH	5,025 euro	83.7 (83.7)	Manufacture of components
VOGT electronic Romania S.R.L.	698 euro	83.7 (83.7)	Manufacture of components
VOGT electronic Shanghai Co., Ltd.	37,905 yuan	83.7 (83.7)	Manufacture of components

Company name	Capital (in thousand)	Voting rights of the Company (%)	Key business
VOGT electronic Slovenija, d.o.o.	503 euro	61.9 (61.9)	Manufacture of components
vogtronics GmbH	25 euro	61.9 (61.9)	Manufacture and sale of components
Panta GmbH	26 euro	76 (76)	Manufacture and sale of flat cables

Notes:

1. Asterisks: Figures inclusive of capital reserve.
2. Figures shown in parentheses in the column of voting rights are the percentages held indirectly.
3. SUMIDA SHINTEX COMPANY LIMITED changed its name to SUMIDA LCM COMPANY LIMITED as of January, 2008.

(4) Issues to address

(i) Sustainable growth and maintenance of profitability

The Sumida Group has strived to expand its corporate scale by promoting its medium-term business plan (net sales of 100 billion yen and EBITDA (earnings before interest, taxes, depreciation and amortization) of 10 billion yen by fiscal 2007) that started in 2003 and improve its corporate structure by raising the awareness of its employees and making the company stronger. Although the Group had not reached the sales targets when this plan terminated, it had successfully built a solid foundation for becoming a company with sales on a scale of 100 billion yen through steady growth of the existing businesses and large-scale acquisition of companies in Europe.

The Sumida Group will lay out a new medium-term business plan for the next fiscal year and beyond, with the aim of sustaining and further expanding its growth as well as maintaining and improving profitability, by enhancing the existing businesses and fostering growth through business tie-ups and corporate acquisitions.

(ii) Speedy and flexible management in response to changes in business environment

A more mobile and flexible management attitude is required to appropriately keep up with the drastically changing business environment. The Company strives to speed up the execution of operations throughout the Group by substantially assigning authority to the executive officers under the proper corporate governance system as a company with committees, always review the profitability of each business, and efficiently allocate resources by drastically scaling down the less profitable businesses and focusing on the more profitable ones.

For this fiscal year, it has reorganized its business line under two executive officers and COOs who were newly appointed to clarify responsibility. And more speedy business

activities have been brought into view by assigning substantial authority to these officers. The Company will continuously pursue management that can accommodate environmental change by selecting and concentrating its businesses.

(iii) Corporate governance

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

(iv) Corporate social responsibility

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

(5) Major business lines (as of December 31, 2007)

Lines of business	Key products
Coil business	DC/CD converter transformers, switching power supply transformers, stroboscopical oscillating transformers, noise filter coils, DC/DC converter units, power inductors, IFT/RF coils, keyless entry antenna coils, ADSL modem transformers, data line filters, antenna coils, video filters, signal inductors, RF-ID, four-way valve coils, CCFL driving inverter transformers, CCFL driving inverter units, ABS coils, injection coils, antenna coils, sensor coils, and noise filers
VOGT Components Business	Antenna coils, sensor coil modules, ignition coil modules, noise filters, xDSL splitter modules, and DC/DC converter transformers
VOGT EMS Business	Power steering control units, GPS antennas, anti-theft control units, diesel engine control units, and power supply

(6) Major sales offices of the Sumida Group (as of December 31, 2007)

Headquarters: Chuo-ku, Tokyo (the Company)

Business Supervising Companies:

Sumida Electric Co., Ltd. (Chuo-ku [Tokyo]), Sumida VOGT GmbH (Germany),
VOGT electronic AG (Germany)

Domestic sales offices:

Sumida Electronic Components Co., Ltd. (Chuo-ku [Tokyo], Yokohama, Osaka,
Nagoya and other four offices)

Overseas sales offices:

SUMIDA TRADING COMPANY LIMITED (Hong Kong), SUMIDA TRADING
PTE LTD. (Singapore), SUMIDA AMERICA INC. (U.S.), SMD MARKETING (M)
SDN. BHD. (Malaysia), SUMIDA Korea Inc. (South Korea), STELCO GmbH
Electronic Components (Germany), VOGT electric Austria GmbH (Austria),
SUMIDA TRADING (SHANGHAI) COMPANY LIMITED (China), VOGT
electronic Components GmbH (Germany), VOGT electronic EMS GmbH (Germany),
vogtronics GmbH (Germany), VOGT electronic Lehesten GmbH (Germany), VOGT
electronic of North America, Inc. (U.S.), VOGT electronic Shanghai Co., Ltd. (China),
Panta GmbH (Germany), SUMIDA SHINTEX COMPANY LIMITED (Hong Kong),
SUMIDA TRADING (KOREA) COMPANY LIMITED (South Korea), TAIWAN
SUMIDA TRADING Co., Ltd. (Taiwan)

Overseas production bases:

SUMIDA Electric (H.K.) Company Limited (Hong Kong), Dongguan Sumida (Tai
Ping) Electric Co., Ltd. (China), SUMIDA AMERICA INC. (U.S.), SUMIDA DE
MEXICO S.A. DE C.V. (Mexico), VOGT electric Austria GmbH (Austria), STELCO
GmbH Electronic Components (Germany), VOCT electronic Oberzell GmbH
(Germany), VOGT electronic Romania S.R.L. (Rumania), vogtronics GmbH
(Germany), VOGT electronic de Mexico S.A. de C.V. (Mexico), VOGT electronic
Slovenija, d.o.o. (Slovenia), VOGT electronic Lehesten GmbH (Germany), VOGT
electronic Shanghai Co., Ltd. (China), Panta GmbH (Germany), Sumida Shintex
Company Limited (Hong Kong)

Domestic R&D centers:

Sumida Electronic Components Co., Ltd. (Chuo-ku [Tokyo], Natori-shi [Miyagi])

Overseas R&D centers:

Sumida Electric (H.K.) Company Limited (Hong Kong), Dongguan Sumida (Tai
Ping) Electric Co., Ltd. (China), SUMIDA AMERICA INC. (U.S.), SUMIDA Korea

Inc. (South Korea), STELCO GmbH Electronic Components (Germany), VOGT electronic Austria GmbH (Austria), VOGT electronic Components GmbH (Germany), vogtronics GmbH (Germany), VOGT electronic Shanghai Co., Ltd. (China), VOGT electronic de Mexico S.A. de C.V. (Mexico)

(7) Employees (as of December 31, 2007)

(i) Employees of the Sumida Group

Industry segments Number of employees	Changes from the end of the previous fiscal year
20,805	Decrease by 2,900

Notes:

1. The number of employees is the number of persons who engage in full-time work.
2. The number of employees fell by 2,900 from the end of the previous fiscal year because of the integration of bases and the streamlining of production through structural reform.
3. The number of employees includes those in the consigned processing companies.

(ii) Employees of the Company

As the Company is a pure holding company, it has no employees.

(8) Major lenders (as of December 31, 2007)

Lenders	Amount borrowed (million yen)
Sumitomo Mitsui Banking Corporation	7,360
Bank of Tokyo-Mitsubishi UFJ, Ltd	4,725
Resona Bank Limited	3,750
Mizuho Corporate Bank, Ltd.	3,645

(9) Other important matters concerning the Sumida Group

- (i) On June 29, 2005, the Company received a notice of tax reassessment from the Tokyo Regional Taxation Bureau for the fiscal years that ended in December 2002 and 2003, based on the judgment that its Hong Kong subsidiary, SUMIDA Electric (H.K.) Company Limited, is considered to be applicable to the “tax heaven” measures under Japanese Law. The taxable income was upwardly revised to around 1,800 million yen. However, since the Company had losses carried forward, it made no additional payment by offsetting those losses against tax. As the Company did not agree to the bureau’s assessment, it appealed to the Tokyo National Tax Tribunal on August 29, 2005. However, its claim was rejected on January 24, 2008. The Company intends to make an appeal through a lawsuit going forward.
- (ii) Taiwan Sumida Electronics Inc. (TSE), 14.6% of whose shares are indirectly held by the Company, became embroiled in a patent infringement case in connection with its

inverter module products filed by O₂Micro International Limited, a supplier of integrated circuit products (IC chips). In April 2006, the U.S. District Court of Eastern Texas rendered such final judgment in favor of O₂Micro to find that O₂Micro had suffered losses and damages due to the infringement by TSE, concurrently issuing an injunction to prohibit use of certain IC chips manufactured by Monolithic Power Systems Inc. (MPS), the focus of the dispute. In May 2006, however, TSE, discontented with those rulings, appealed its case to the U.S. Appeals Court in Washington D.C. and this case is still being fought at the appellate phase.

2. Matters Concerning the Company

(1) Shares of the Company

- (i) Number of shares issuable: 70,000,000 shares
- (ii) Total number of shares outstanding: 19,944,317 shares
- (iii) Number of shareholders: 6,172
- (iv) Major shareholders who hold more than one tenth of total number of shares outstanding

Name of shareholders	Investment in the Company	
	Share ownership	Investment ratio
Yawata Building Co., Ltd.	5,150 thousand shares	26.81%

Note: Investment ratio has been calculated excluding treasury shares (731,097 shares).

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

- (i) Stock acquisition rights granted to and held by the Company's officers in compensation for exercise of their duties (as of December 31, 2007)
- Stock acquisition rights in accordance with the decision of representative executive officers on May 30, 2003
- Number of stock acquisition rights: 2,797 units (121 shares per unit)
 - Number of treasury stock subject to stock acquisition rights out of the above: NA
 - Number of shares subject to stock acquisition rights: 338,437 shares
 - Amount to be paid upon exercise of stock acquisition rights: 0 yen per unit
 - Value of contribution upon exercise of stock acquisition rights: 167,900 yen per unit (1,679 yen per share)
 - Amount to be accounted for as stated capital in respect of shares to be issued upon exercise of stock acquisition rights: 840 yen per share
 - Exercise Period of stock acquisition rights: Between June 10, 2003 and March 31, 2008

- Terms to exercise stock acquisition rights:

- 1) Those who are allotted stock acquisition rights are required to be directors, executive officers or employees of the Company or its consolidated subsidiaries, even at the time of exercise; provided, however, this is not the case when they resign upon the expiration of the term, or retire.
- 2) In case of a person given stock acquisition rights passing during exercise period, the successor of this deceased shall be able to exercise that person's stock acquisition rights pursuant to the contract of the stock acquisition rights.
- 3) Other terms are determined by the chief executive officers.

- Stock acquisition rights held by the Company's officers

	Exercise period	Number of stock acquisition rights	Number of shares subject to stock acquisition rights	Number of holders
Executive officers	Between June 10, 2003 and March 31, 2008	666	80,586	1
Directors	Between June 10, 2003 and March 31, 2008	50	6,050	1
Outside directors	Between June 10, 2003 and March 31, 2008	60	7,260	3

- (ii) Stock acquisition rights granted to employees in compensation for exercise of their duties during the current fiscal year

There were no relevant issues.

(iii) Other important matters concerning stock acquisition rights

In addition to the foregoing, yen-denominated convertible bond-type bonds attached with stock acquisition rights have been issued pursuant to the provisions of Article 341-2 of the former Commercial Code.

[Yen-denominated convertible bond-type bonds attached with stock acquisition rights]

	As of the end of fiscal year (December 31, 2007)
Number of stock acquisition rights	1,600 units
Number of treasury stock subject to stock acquisition rights out of the above	NA
Class of share subject to stock acquisition rights	Common shares
Number of target shares for stock acquisition rights	3,201,280 shares
Amount to be paid per share upon exercise of stock acquisition rights	2,499 yen
Exercise period of stock acquisition rights	In principle, between February 1, 2005 and January 13, 2009 (Swiss time)
Amount to be paid and amount to be accounted for as stated capital in respect of shares to be issued upon exercise of stock acquisition rights	Issue price: 2,499 yen Amount to be accounted for as stated capital: 1,250 yen
Terms of exercise of stock acquisition rights	Partial exercise of each unit of stock acquisition rights is not allowed.
Matters concerning transfer of stock acquisition rights	Separate transfer of stock acquisition rights from the bond is not allowed.
Matters concerning substitute payment	Under Items 7 and 8, Paragraph 1, Article 341-3 of the former Commercial Law, when those who hold the bonds attached with stock acquisition rights exercise the stock acquisition rights, the entire amount of payment to be made upon exercise of the relevant stock acquisition rights shall be deemed to have been made in lieu of redemption of all amount of the bonds attached with the relevant stock acquisition rights.
Matters concerning grant of stock acquisition rights as part of the business restructuring	NA

(3) Matters concerning corporate officers of the Company

(i) Directors and executive officers (as of December 31, 2007)

Name	Position and responsibility at the Company	Important concurrent responsibilities as representatives and outside officers at other companies
Shigeyuki Yawata	Director, Representative Executive Officer and CEO (Chairman of the Board of Directors)	
Ka Sheung Chiu	Director, Representative Executive Officer and Group President	
Robert E. Patterson	Director (Member of the Nomination Committee and Compensation Committee)	Representative Director, Peninsula Equity Partners
Ashok B. Melwani	Director (Member of the Nomination Committee)	CEO, AB Melwani PTE, Ltd.
Tadakazu Koizumi	Director (Chairman of the Audit Committee)	Outside corporate auditor, Data Applications Co., Ltd
Hiroshi Matsuhashi	Director (Member of the Audit Committee)	
Kazuhide Kondo	Director (Chairman of the Compensation Committee, and Member of the Nomination Committee)	Outside Auditor, Ajinomoto Co., Ltd.
Masato Tsuru	Director (Chairman of the Nomination Committee)	Chairman and President, Representative Director, NOK Corporation
Kotaro Miyagi	Director (Member of the Audit Committee)	Representative Director, GlobiTech Japan Co., Ltd.
Ulrich Ruetz	Director (Member of the Compensation Committee)	
Hideo Kamoshita	Director	
Saburo Matsuda	Representative Executive Officer and CFO	
Tomoharu Suseki	Executive Officer and COO	
Hans-Joachim Dittloff	Executive Officer and COO	

Notes:

1. Robert E. Patterson, Ashok B. Melwani, Hiroshi Matsuhashi, Kazuhide Kondo, Masato Tsuru, Kotaro Miyagi and Ulrich Ruetz are Outside Directors set forth in Article 2, Item 15 of the Companies Act.
2. The Company has voluntarily set up an Independent Board of Directors consisting of all outside directors; Chairman: Mr. Kotaro Miyagi
3. Aside from statutory committees (Nomination, Audit and Compensation Committees), the Company has voluntarily set up a Strategy Committee.
Members of the Strategy Committee: Messrs. Kotaro Miyagi (chairman), Shigeyuki Yawata, Ka Sheung Chiu, Robert E. Patterson, Ashok B. Melwani, Ulrich Ruetz.
4. Mr. Hiroshi Matsuhashi, member of the Audit Committee, had 30 years of experience in the financial department at a major trading company before assuming the position of director of the Company, and thus has a fair knowledge of finance and accounting.

- (ii) Policy to determine the compensations of directors and executive officers by the Compensation Committee and the details of the policy

A. Basic policy

The “Compensation Committee Charter” of the Company advocates the guidelines of the activities and the purposes and responsibilities of the Committee as follows:

1) Guidelines

“To establish a compensation system to constantly allow the Sumida Group to recruit excellent human resources among the world’s top 20%. To set the level of compensation required to achieving this goal.”

2) Purposes and responsibilities

“The Compensation Committee is intended to fairly and properly determine the compensation base for directors and executive officers.”
The Company has made these a basic policy to define the details of individual compensation for directors and executive officers and established a concrete policy for the current fiscal year as follows.

B. Scope of decision and extent of disclosure

To increase transparency, “the amount of individual compensation of directors and executive officers” that the Compensation Committee defines and discloses shall be the total amount of compensation paid by the Sumida Group.

C. Directors’ compensation

Directors’ compensation shall be on a fixed basis rather than a corporate performance-linked basis in order to ensure the healthy functioning of the supervising executive officers. The level of compensation will be determined by reflecting the position, responsibility and working hours of each director, and in consideration of the economic trends and the business environment of the Company. Directors’ compensation is composed of the following four elements and this will not be paid to those who serve as executive officer concurrently.

1) Basic compensation

Compensation for the responsibilities as director (including the compensation for the responsibilities of the members of the Nomination and Compensation Committees)

2) Compensation of Audit Committee members

Compensation for the responsibilities as the member of the Audit Committee

- 3) Compensation of Strategy Committee members
Compensation for the knowledge and insight provided by the member of the Strategy Committee
- 4) Compensation of full-timers
Compensation for full-time directors

D. Executive officers' compensation

For executive officers' compensation, corporate performance-linked compensation will be adopted in addition to the fixed compensation in order to maintain and raise the incentive for the execution of operations. Executive officers' compensation is composed of the following four elements:

- 1) Basic compensation

Basic compensation shall be on a fixed basis in consideration of the position and responsibility as an executive officer within the Company, and any additional post as an officer at subsidiaries. The amount of compensation will be determined by taking into account the previous operational performance and comparison with the actual compensation for the prior fiscal year.

- 2) Short-term incentives (Bonuses)

These compensations are intended to maintain and raise the short-term incentives, and the base amount will be determined depending on the position and responsibility of each executive officer. The amount to be paid will be changed in accordance with the target performance set at the beginning of the term and the performance achievement of the Group as a whole or the function in charge. Additional bonuses may be paid to any distinguished achievement, for which the Compensation Committee gives credit.

- 3) Long-term incentives

These compensations are designed to maintain and raise the medium- and long-term incentives, and to prevent the loss of human resources. They are in line with the medium-term business plan and will not be paid during the current period.

- 4) Pension plans

Plans to help retirees have stable lives after retirement (aged 68 or older)

(iii) Total amount of compensation paid to directors and executive officers

(Period: January 1 to December 31, 2007)

Item	Amount determined by the resolution of the Compensation Committee		Non-cash compensation based on the resolution of the Compensation Committee		Total
	Payees	Amount paid (million yen)	Payees	Amount paid (million yen)	Amount paid (million yen)
Executive officers	5	465	1	18	483
Directors	2	17	–	–	17
Outside directors	7	60	–	–	60
Total	14	542	1	18	560

Notes:

1. Officers as of the end of the fiscal year include five executive officers, two Directors, and seven outside directors. As two of the five executive officers serve as Directors concurrently, the total number of officers is fourteen. Directors' compensation are not paid to those who concurrently serve as executive officer and Director, and therefore, they are included in the figures shown in the column of executive officers and excluded from the figures indicated in the column of Directors.
2. Non-cash compensations for directors and executive officers (amount of property benefits for performance of duties) include company sponsored-housing for corporate officers.
3. Compensation for executive officers includes contribution for pension plans.

(iv) Matters concerning outside directors

A. Important concurrent offices of executive directors and outside officers at other companies

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

B. Relationships with specially related companies including main clients

- 1) None of the outside directors have ever served as business executors of the Company or its specially related companies.
- 2) None of the outside directors have ever received a significant amount of money or other properties from the Company or its specially related companies.
- 3) None of the outside directors are relatives within the third degree of relationship with directors and executive officers of the Company.

C. Main activities during the current fiscal year

1) Activities of each outside director

(a) Mr. Robert E. Patterson

He attended all Board meetings held during the current fiscal year, and made necessary remarks in deliberations on a timely basis, mainly from the standpoint of a model of U.S. corporate governance.

He attended all Nomination Committee meetings, and made necessary remarks in deliberations on a timely basis, from the standpoint of discussing and actualizing the lineup and composition of the Board and executive officers appropriate for the business development of the Company, and the ideal directors and executive officers required.

He attended all Compensation Committee meetings held during the current fiscal year, and made necessary and timely remarks in deliberations in order to fairly and properly determine the compensation bases for directors and executive officers.

At the Strategy Committee meetings held during the current fiscal year, he made necessary and timely remarks for strategy formulation to enhance the corporate value of the Company and actualize the medium-term Vision.

(b) Mr. Ashok B. Melwani

He attended all Board meetings held during the current fiscal year, and made necessary remarks in deliberations from time to time, mainly from the perspective of a business executive.

He attended all Nomination Committee meetings, and made necessary remarks in deliberations on a timely basis, from the standpoint of discussing and actualizing the lineup and composition of the Board and executive officers appropriate for the business development of the Company, and the ideal directors and executive officers required.

At the Strategy Committee meetings held during the current fiscal year, he made necessary and timely remarks for strategy formulation to enhance the corporate value of the Company and actualize the

medium-term Vision.

(c) Mr. Hiroshi Matsushashi

He attended all Board meetings held during the current fiscal year, and made necessary remarks in deliberations on a timely basis, mainly from the viewpoint of knowledge of and experience in finance and accounting and of companies like trading houses.

He attended all Audit Committee meetings held during the current fiscal year, and made necessary remarks in deliberations from time to time, in terms of promoting compliance management through audits and leading it to increasing corporate value.

(d) Mr. Kazuhide Kondo

He attended all Board meetings held during the current fiscal year, and made necessary remarks in deliberations from time to time mainly as a financial and accounting expert.

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

(e) Mr. Masato Tsuru

He attended nearly all Board meetings held during the current fiscal year, and made necessary and timely remarks in deliberations, mainly from a point of view of a business executive and based on the knowledge on automobile industry.

As chairman of the Nomination Committee, he led hearings of bills in terms of discussing and actualizing the lineup and composition of the Board and executive officers appropriate for business development of the Company, and the ideal directors and executive officers required. He decided candidates for directors and recommended candidates for executive officers.

(f) Mr. Kotaro Miyagi

He attended all Board meetings held during the current fiscal year, and made necessary remarks in deliberations from time to time,

mainly from the viewpoint of a business executive and based on the knowledge on electric machinery industry.

He attended nearly all Audit Committee meetings held during the current fiscal year, and made necessary and timely remarks in deliberations, from the perspective of promoting compliance management through audits and leading it to enhance the corporate value.

As chairman of the Strategy Committee meetings held during the current fiscal year, he made necessary remarks for strategy formulation on a timely basis, in order to enhance the corporate value of the Company and actualize the medium-term Vision.

As chairman of the Independent Board meetings, he led deliberations fairly and equitably, and orchestrated the opinions of the Independent Board meetings.

(g) Mr. Ulrich Ruetz

He attended all Board Meetings held after he took office on March 21, 2007, and made necessary and timely remarks in deliberations, mainly from the viewpoint of a business executive.

He attended all Compensation Committee meetings held after he took office on March 21, 2007, and made necessary and timely remarks in deliberations, in order to fairly and properly determine the compensation bases for directors and executive officers.

At the Strategy Committee meetings held after he took office on March 21, 2007, he made necessary remarks for strategy formulation on a timely basis, in order to enhance the corporate value of the Company and actualize the medium-term Vision.

2) Independent Board of Directors

During the current fiscal year, the Company set up an Independent Board of Directors, consisting of all outside directors, to discuss better corporate governance and the role of the Board of Directors from the position of representing shareholders.

D. Outline of liability limitation contracts

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

E. Total amount of compensations received from the parent company or subsidiaries

There were no relevant issues.

(4) Accounting auditors

(i) Name: Ernst & Young ShinNihon

(ii) Amount of compensations:

	Amount to be paid (million yen)
Amount of compensations for the current fiscal year	57
Total amount of money and other property benefits to be paid by the Company and its subsidiaries to accounting auditors	63

Note:

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

(iii) Auditing of consolidated subsidiaries

Important consolidated subsidiaries of the Company that are located abroad are undergoing auditing (only those stipulated by the Companies Act or Financial Instruments and Exchange Law (including foreign laws and regulations that are the equivalent of these laws)) by either an auditing firm or a certified public accountant (including those who possess equivalent qualifications abroad) who is not an accounting auditor at the Company.

(iv) Details of non-audit services

There were no relevant issues.

(v) Policy on determination of a regarding dismissal or non-reappointment of the accounting auditor

When the Audit Committee deems that any of the following items in Paragraph 1, Article 340 of the Companies Act apply to the Accounting Auditor, that Accounting Auditor shall be dismissed with the consent of all the committee members. In addition, the Audit Committee will annually discuss whether to reappoint the Accounting Auditor in consideration of the quality of the audit performed by the Accounting Auditor and the effectiveness and efficiency of its audit performance.

(5) System to secure appropriateness of operations

(i) System to ensure that Executive Officers and employees comply with the applicable laws, regulations and the Articles of Incorporation with regard to their business activities

SUMIDA has established “Sumida Business Principles (hereinafter, the ‘Principles’)” which embodies the group’s vision, management principles, commitment, code of conduct, corporate governance principles, and environment policy. Representative Executive Officers shall build up a system to ensure that the Executive Officers and employees perform their duties in accordance with the Principles, as well as to monitor for compliance. Details are as follows:

- (a) All directors, officers and employees shall always be reminded to understand and embody the Principles. The Principles, which is written in three languages, Japanese, English and Chinese, is always put on the company’s intranet and a booklet is distributed to all members of the group, so that it enables the employees to check and confirm their activities and behaviors as needed. The Sumida Academy and Compliance Office shall be responsible for the education and training of the Principles and the Internal Audit Office shall be responsible for the surveillance of the implementation.
- (b) While compliance is recognized as the base of corporate governance, SUMIDA regards it in a more proactive manner rather than simply limiting the issue to the observance of law, with activities, which are defined in a wider scope as Corporate Social Responsibilities (CSR), based on integrity, and discipline and common sense. The Compliance Office shall be primarily responsible for the enhancement of the group’s overall system and

monitoring its activities.

- (c) The Compliance Office and the Internal Audit Office shall report the situation of the aforementioned activities to the Representative CEO and the Audit Committee, and a summary of which shall be reported to the Board of Directors.
- (d) Representative Executive Officers shall evaluate and verify the effectiveness of internal control.

- (ii) System regarding the preservation and management of information of Executive Officers' business activities

Representative Executive Officers shall manage all important business documents in accordance with the internal rules and regulations, which stipulate the period and place of preservation of documents and make them available to the Directors at all times.

- (iii) System and regulations with regard to risk management

The Representative CEO shall act as the Chief Risk Management Officer who takes the highest responsibility for risk management and leads the Risk Management Committee and Risk Management Office which are responsible for decision-making and enforcement, respectively.

The Risk Management Office shall set out the internal risk management rules and thereby identify and analyze potential risks and formulate and take preventive, protective and diversifying measures from a global business perspective, so that SUMIDA can minimize losses when a risk materializes.

Executive officers and employees shall perform their duties in compliance with the rules. The Internal Audit Office shall monitor and evaluate the implementation of the above. The Risk Management Office and the Internal Audit Office shall report the situation of the aforementioned activities to the Representative CEO and the Audit Committee and a summary of which shall be reported to the Board of Directors.

- (iv) System to ensure the effectiveness and efficiency of Executive Officers' business activities

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

- (a) Each Representative Executive Officer shall set up a respective Advisory

Board with whom they shall consult and engage in sufficient discussion when making important decisions.

- (b) Representative Executive Officers shall set out regulations for the authority and decision-making process and conduct regular reviews of the situation.
- (c) Representative Executive Officers shall make regular reviews of the achievement and progress of business and ensure further propriety and efficiency of management by giving feedback of the results of the decision-making process.
- (d) Representative Executive Officers shall ensure an appropriate and prompt decision-making process by collecting, analyzing and communicating important information on SUMIDA's business activities, as well as sharing and archiving the necessary information.

- (v) System to ensure the propriety of business of the group consisted of the Company and its subsidiaries

SUMIDA Corporation is a holding company with business activities conducted by its group companies. In light of this, Directors and Executive Officers shall always perform their duties with the view of group governance. The Audit Committee shall carry out its audit in cooperation with auditors of each member company.

The Compliance Office, the Legal Office, the Risk Management Committee, as well as the Internal Audit Office shall strive to reinforce and strengthen their respective functions and these internal control institutions shall take charge of internal control of not only the company, but also the entire Group.

- (vi) System with regard to employees who assist the Audit Committee and matters concerning the independence of those employees from Executive Officers

The Internal Audit Office shall be responsible for assisting the Audit Committee, and the Corporate Governance Office shall be responsible for the secretariat of the Audit Committee. Any decisions with regard to changes or transfers of personnel, reorganization or any other considerations, which may have material effect on the duties of employees, shall require the prior approval of the Audit Committee.

- (vii) System whereby Executive Officers and employees report to the Audit Committee or its members

The Representative CEO shall set out the rules for Executive Officers and employees to report the following matters, and thereby report it to the Audit Committee and a

summary of which to shall be reported to the Board of Directors

- (a) Incidents, which may cause material losses and/or gains to, or material damage and/or benefit to, the company
- (b) Any actual incident or potential risk involving an actual or suspected misconduct, malpractice or breach of laws, regulations or Memorandum & Articles of Incorporation by the Directors and Executive Officers
- (c) Monthly accounting statements on a consolidated basis
- (d) Monthly internal audit report
- (e) Monthly reports from the main operating divisions
- (f) Other important matters

(viii) System to ensure the effectiveness of audit executed by the Audit Committee members

- (a) The Internal Audit Office shall have prior consultations with the Audit Committee when setting out the annual audit policies and plans. The office shall also report the progress and results of internal audit to the Audit Committee. The Audit Committee may request Internal Audit Office for an additional audit as necessary.
- (b) External auditors shall explain to the Audit Committee its auditing plan at the outset of the financial year and report to the Audit Committee the progress of its interim audit and the end-term audit results, etc. Furthermore, the external auditors may have consultations and discussions with the Audit Committee if needed.
- (c) In order to ensure the independence of auditors from the Executive Officers, as well as to guarantee the implementation of the audit activities, decisions on the auditors' compensation require the Audit Committee's prior approval.

(6) Policy on determination of dividend from retained earnings

The Company considers the return of profits to its shareholders, depending on its consolidated business results, to be a priority business issue. The mid- and long-term policy of the Company is to maintain a basic dividend payout ratio (25–30%) in a stable manner while expanding the necessary internal reserves to boost its future business and keep up with the changing management environment. Pursuant to Article 459 of the Companies Act, the Company stipulates in these Articles of Incorporation that it shall be entitled to allocate dividends from retained earnings on predetermined record dates, by a resolution of the Board of Directors.

As for dividends from retained earnings, the Company will decide an annual dividend per share in accordance with the annual business plan and basic dividend payout ratio (25–30 %: a ratio decided in consideration of Japanese and overseas shareholders by reference to the dividend payout ratio level of Japanese quality companies listed on first section of Tokyo Stock Exchange as well as overseas companies located in the U.S. and Europe) and divide it in quarters to pay on a quarterly basis.

Based on the above policy, the Company decided to pay quarterly dividends of ¥10 per share from retained earnings for the fiscal year. In total, the annual dividend is ¥40 per share, the same as the annual dividend in the previous fiscal year.

Note: Details of dividends paid from the retained earnings for the Fiscal Year ended December 31, 2006 are as follows:

Date of Board of Directors Resolution	Term	Total amount of dividends (¥ million)	Dividend per share (¥)	Record Date	Date of commencement of payment
April 23, 2007	The 1 st quarter	189	10.00	March 31, 2007	May 21, 2007
July 27, 2007	The 2 nd quarter	189	10.00	June 30, 2007	August 20, 2007
October 31, 2007	The 3 rd quarter	192	10.00	September 30, 2007	November 19, 2007
February 18, 2008	The 4 th quarter	192	10.00	December 31, 2007	March 6, 2008

(7) Basic policy regarding control of a company

The Company has not specifically defined a basic policy for those who control the financial and business guidelines of a company.

Note: The amounts of money and the numbers of shares described in this business report are rounded to the nearest unit shown.

Consolidated and Non-consolidated Financial Statements

for the 53rd business term

(January 1 to December 31, 2007)

Consolidated Balance Sheet

Consolidated Statement of Income

Consolidated Statement of Changes in Shareholders' Equity

Non-consolidated Balance Sheet

Non-consolidated Statement of Income

Non-consolidated Statement of Changes in Shareholders' Equity

Shigeyuki Yawata

Representative Executive Officer (CEO)

SUMIDA CORPORATION

Consolidated Balance Sheet
As of December 31, 2007

	Millions of yen
	As of December 31,
	2007
ASSETS	
Current assets:	
Cash and cash equivalents	9,181
Trade notes and accounts receivable	12,597
Inventories	9,814
Deferred tax assets	1,894
Others	6,207
Allowance for doubtful accounts	(35)
Total current assets	39,658
Fixed assets	
Tangible fixed assets:	
Buildings and structures	11,450
Machinery and equipment	24,017
Furniture and fixtures	7,881
Land	1,367
Construction in progress	2,282
Accumulated depreciation	(27,121)
Total tangible fixed assets	19,876
Intangible fixed assets:	
Leasehold	458
Software	290
Goodwill	6,495
Others	630
Total intangible fixed assets	7,873
Investments and other assets:	
Investments in securities	881
Deferred tax assets	1,852
Others	1,370
Total investments and other assets	4,103
Total fixed assets	31,852
Total assets	71,510

Consolidated Balance Sheet
As of December 31, 2007

	Millions of yen
	As of December 31,
	2007
LIABILITIES	
Current liabilities:	
Trade notes and accounts payable	4,433
Short-term borrowings	14,673
Current portion of long-term debt	1,523
Other accounts payable	1,565
Accrued expenses	1,598
Income taxes payable	928
Deferred tax liabilities	369
Forward exchange contract	46
Others	704
Total current liabilities	25,839
Long-term liabilities:	
Convertible-type bonds with stock warrants	8,000
Long-term borrowings	3,563
Allowance for retirement benefits	1,046
Deferred tax liabilities	566
Lease obligation	1,051
Others	1,526
Total long-term liabilities	15,752
Total liabilities	41,591
NET ASSETS	
Shareholders' equity:	
Common stock	7,217
Capital surplus	7,030
Retained earnings	15,934
Treasury stock, at cost	(1,524)
Total shareholders' equity	28,657
Valuation and translation differences:	
Net unrealized holding gain on securities	(82)
Deferred profit or loss from hedges	(27)
Translation adjustments	6
Total valuation and translation differences	(103)
Minority interests	1,365
Total net assets	29,919
Total liabilities and net assets	71,510

Consolidated Statement of Income
Year ended December 31, 2007

	Millions of yen
	Year ended December 31,
	2007
Net sales	70,210
Cost of sales	53,102
Gross profit on sales	17,108
Selling, general and administrative expenses	12,396
Operating income	4,712
Non-operating income:	
Interest and dividend income	132
Foreign exchange gains	28
Others	50
	210
Non-operating expenses:	
Interest expense	426
Investment loss on equity method	68
Others	60
	554
Ordinary income	4,368
Extraordinary income:	
Gain on sale of fixed assets	3,028
Gain on sale of investments in securities	103
Gain on changes in equity	370
	3,501
Extraordinary losses:	
Loss on sale and retirement of fixed assets	193
Structural reform expenses	2,267
Loss on valuation of investments in securities	1,383
Loss on sale of investment in affiliated companies	162
Others	250
	4,255
Income before income taxes and minority interests	3,614
Income taxes:	
Current	1,740
Deferred	(1,034)
Minority interests	53
	759
Net income	2,855

Consolidated Statement of Changes in Shareholders' Equity
Year ended December 31, 2007

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of Dec. 31, 2006	6,961	6,775	13,642	(1,522)	25,856
Change during this term					
Issuance of new shares	256	255			511
Dividends of retained earnings			(781)		(781)
Net income			2,855		2,855
Acquisition of treasury stock				(2)	(2)
Disposal of treasury stock			(0)	0	(0)
Increase in retained earnings resulting from exclusion of equity-method companies			218		218
(Net) Changes in items other than shareholders' equity during this term					-
Total changes during this term	256	255	2,292	(2)	2,801
Balance as of Dec. 31, 2007	7,217	7,030	15,934	(1,524)	28,657

(Millions of yen)

	Valuation / translation differences				Minority interests	Total net assets
	Net unrealized holding gain on securities	Deferred profit or loss from hedges	Translation adjustments	Total valuation / translation differences		
Balance as of Dec. 31, 2006	29	96	186	311	984	27,151
Change during this term						
Issuance of new shares						511
Dividends of retained earnings						(781)
Net income						2,855
Acquisition of treasury stock						(2)
Disposal of treasury stock						(0)
Increase in retained earnings resulting from exclusion of equity-method companies						218
(Net) Changes in items other than shareholders' equity during this term	(111)	(123)	(180)	(414)	381	(33)
Total changes during this term	(111)	(123)	(180)	(414)	381	2,768
Balance as of Dec. 31, 2007	(82)	(27)	6	(103)	1,365	29,919

Non-consolidated Balance Sheet
As of December 31, 2007

	Millions of yen
	As of December 31,
	2007
ASSETS	
Current assets:	
Cash and cash equivalents	2,841
Trade notes receivable	518
Short-term lending	4,974
Other accounts receivable	2,685
Deferred tax assets	802
Others	876
Total current assets	12,696
Fixed assets	
Tangible fixed assets:	
Buildings	1,011
Structures	35
Machinery and equipment	8
Land	505
Total tangible fixed assets	1,559
Intangible fixed assets:	
Telephone subscription rights	4
Software	9
Total intangible fixed assets	13
Investments and other assets:	
Investments in securities	471
Investment in affiliated companies	30,870
Deferred tax assets	730
Others	993
Total investments and other assets	33,064
Total fixed assets	34,636
Total assets	47,332

Non-consolidated Balance Sheet
As of December 31, 2007

	Millions of yen
	As of December 31,
	2007
LIABILITIES	
Current liabilities:	
Short-term borrowings	14,430
Current portion of long-term debt	1,500
Other accounts payable	67
Accrued expenses	6
Income taxes payable	417
Forward exchange contract	46
Deposits	1,100
Others	71
Total current liabilities	17,637
Long-term liabilities:	
Convertible-type bonds with stock warrants	8,000
Long-term borrowings	3,550
Total long-term liabilities	11,550
Total liabilities	29,187
NET ASSETS	
Shareholders' Equity:	
Common stock	7,217
Capital surplus	7,030
Capital reserve	7,030
Retained earnings	5,505
Legal reserve	264
Other retained earnings	5,241
Special reserve	3,100
Retained earnings carried forward	2,141
Treasury stock, at cost	(1,524)
Total shareholders' equity	18,228
Total valuation and translation differences	(83)
Net unrealized holding gain on securities	(83)
Total net assets	18,145
Total liabilities and net assets	47,332

Non-consolidated Statement of Income
Year ended December 31, 2007

	Millions of yen
	Year ended December 31,
	2007
Net sales	1,146
Cost of sales	497
Operating income	649
Non-operating income:	
Interest income	26
Dividends income	1
Foreign exchange gains	236
Others	0
	263
Non-operating expenses:	
Interest expense	223
Others	12
	235
Ordinary income	677
Extraordinary income:	
Gain on sale of fixed assets	2,022
Gain on sale of investments in securities	32
	2,054
Extraordinary losses:	
Loss on valuation of investments in securities	1,211
Loss on valuation of stocks of subsidiaries and affiliates	16
Provision of allowance for doubtful accounts	800
	2,027
Income before income taxes	704
Income taxes:	
Current	493
Deferred	(672)
Net income	883

Non-consolidated Statement of Changes in Shareholders' Equity
Year ended December 31, 2007

(Millions of yen)

	Shareholders' equity								
	Common stock	Capital surplus		Legal reserve	Retained earnings			Treasury stock	Total shareholders' equity
		Capital reserve	Total capital surplus		Other retained earnings		Total retained earnings		
					Special reserve	Retained earnings carried forward			
Balance as of Dec. 31, 2006	6,961	6,775	6,775	264	3,100	2,017	5,381	(1,522)	17,595
Change during this term									
Issuance of new shares	256	255	255						511
Dividends of retained earnings						(759)	(759)		(759)
Net income						883	883		883
Acquisition of treasury stock								(2)	(2)
Disposal of treasury stock						(0)	(0)	0	0
(Net) Changes in items other than shareholders' equity during this term									
Total changes during this term	256	255	255	–	–	124	124	(2)	633
Balance as of Dec. 31, 2007	7,217	7,030	7,030	264	3,100	2,141	5,505	(1,524)	18,228

(Millions of yen)

	Valuation / translation differences		Total net assets
	Net unrealized holding gain on securities	Total valuation / translation differences	
Balance as of Dec. 31, 2006	0	0	17,595
Change during this term			
Issuance of new shares			511
Dividends of retained earnings			(759)
Net income			883
Acquisition of treasury stock			(2)
Disposal of treasury stock			0
(Net) Changes in items other than shareholders' equity during this term	(83)	(83)	(83)
Total changes during this term	(83)	(83)	550
Balance as of Dec. 31, 2007	(83)	(83)	18,145

(Translation)

Audit Report

The Audit Committee has audited the performance of duties by Directors and Executive Officers for the 53rd Fiscal Year from January 1, 2007 to December 31, 2007. We report the methods and the results of the audit as follows.

1. Methods used in audits and content of audits

The Audit Committee observed and examined the resolutions of the Board of Directors regarding the organization of the system stipulated in (b) and (e), Item 1, Paragraph 1 of Article 416 of the Companies Act and the status of the system based on said resolutions (internal control systems). We also inspected in cooperation with the internal control division the process and the content of the decision making on the significant meeting, the content of the major authorized documents and other important documents related to significant business operation, business performance of the Executive Officers (and major employees), and the Company's operation and condition of property in accordance with the auditing policies the Audit Committee established, the segregation of duties and others. With respect to subsidiaries, the Audit Committee took steps to facilitate communication with the Directors and Company Auditors of subsidiaries and, when necessary, received reports from subsidiaries on the status of their businesses.

In addition, the Audit Committee also observed and verified whether the accounting auditor was maintaining its independence and was carrying out its audits in an appropriate manner. The Audit Committee received reports from the accounting auditor on the execution of its duties and, when necessary, requested explanations regarding those reports. The Audit Committee also received notification from the accounting auditor that it was taking steps to improve the "system for ensuring the proper execution of its duties" (as enumerated in items of Article 159 of the Corporate Accounting Rules) in compliance with the "Quality Control Standards Relating to Auditing" (adopted by the Business Accounting Deliberation Council on October 28, 2005). When necessary, Audit Committee requested explanations on these reports and notifications and confirmed that the system under which the financial auditor operated was functioning appropriately.

Based on the foregoing methods, the Audit Committee also examined the business report and the financial statements (balance sheet, statement of income, statement of changes in shareholders' equity, and notes to financial statements) related to the fiscal year under review and supporting schedules.

2. Results of the Audit

(1) Results of audit of business report

- (i) In our opinion, the business report and supporting schedules fairly present the situation of the Company, in compliance with the provisions of applicable laws, regulations and the Articles of Incorporation.
- (ii) Neither improper actions in the execution of duties by Directors and Executive Officers, nor material facts in violation of the provisions of applicable laws, regulations or the Articles of Incorporation, were found.
- (iii) In our opinion, the content of the resolution by the Board of Directors regarding internal control systems was appropriate, and, furthermore, all actions of Directors and Executive Officers with respect to executing internal control systems were carried out appropriately.

(2) Results of the audit of financial statements and supporting schedules

In our opinion, the auditing methods used by the Accounting Auditor, Ernst & Young ShinNihon and the results of its audit were appropriate.

February 25, 2008

Audit Committee

SUMIDA CORPORATION

Tadakazu Koizumi (Seal)

Member of the Audit Committee

Hiroshi Matsubishi (Seal)

Member of the Audit Committee

Kohtaro Miyagi (Seal)

Member of the Audit Committee

Note: Members of the Audit Committee, Hiroshi Matsubishi and Kohtaro Miyagi are outside directors, as provided for in Item 15, Article 2, and Paragraph 3, Article 400 of the Companies Act.

(Translation)

Audit Report Concerning the Consolidated Financial Statements

The Audit Committee has audited the consolidated financial statements (the consolidated balance sheet, the consolidated statement of income, the consolidated statement of stockholders' equity and the notes to consolidated financial statements) for the 53rd Fiscal Year from January 1, 2007 to December 31, 2007. We report the methods and the results of the audit as follows.

1. Methods used in audits and content of audits

In accordance with the auditing policies the Audit Committee established, the segregation of duties and others, the Audit Committee received reports on the consolidated financial statements from Executive Officers and others, and when necessary, requested explanations regarding those reports.

In addition, the Audit Committee also observed and verified whether the accounting auditor was maintaining its independence and was carrying out its audits in an appropriate manner. The Audit Committee received reports from the accounting auditor on the execution of its duties and, when necessary, requested explanations regarding those reports. The Audit Committee also received notification from the accounting auditor that it was taking steps to improve the "system for ensuring the proper execution of its duties" (as listed in items of Article 159 of the Corporate Accounting Rules) in compliance with the "Quality Control Standards Relating to Auditing" (adopted by the Business Accounting Deliberation Council on October 28, 2005) etc. When necessary, Audit Committee requested explanations.

Based on the foregoing methods, the Audit Committee also examined the consolidated financial statements related to the fiscal year under review.

2. Results of the Audit

In our opinion, the auditing methods used by the Accounting Auditor, Ernst & Young ShinNihon and the results of its audit were appropriate.

February 25, 2008

Audit Committee

SUMIDA CORPORATION

Tadakazu Koizumi (Seal)

Member of the Audit Committee

Hiroshi Matsubishi (Seal)

Member of the Audit Committee

Kohtaro Miyagi (Seal)

Member of the Audit Committee

Note: Member of the Audit Committee, Hiroshi Matsubishi and Kohtaro Miyagi are outside directors, as provided for in Item 15, Article 2, and Paragraph 3, Article 400 of the Companies Act.

Reference Materials for Annual General Meeting of Shareholders

Agenda: Election of eleven (11) directors

The tenure of office of eleven (11) directors will expire at the end of this Annual General Meeting of Shareholders. The Company requests the election of eleven (11) directors based on the decision of the Nomination Committee.

The candidates for the directors' positions are as follows.

No.	Name (Date of birth)	Brief personal profile, position and duties at the Company, and directorships at other companies	Number of shares held in the Company
1	Shigeyuki Yawata (October 28, 1951)	Nov. 1977 Joined the Company Mar. 1988 Director Mar. 1990 Representative Director and Senior Managing Director Apr. 1991 Representative Director and Vice President Mar. 1992 Representative Director and President Apr. 2003 Director, Representative Executive Officer and CEO (To date)	542,474
2	Ka Sheung Chiu (October 23, 1957)	Apr. 1983 Joined the Company Dec. 1987 Branch Head, Hong Kong Mar. 1996 Director Jun. 2000 Managing Director Mar. 2001 Representative Director Jul. 2001 Representative Director and COO Apr. 2003 Director, Representative Executive Officer and COO (To date)	60,500
3	Robert E. Patterson (September 14, 1942)	Dec. 1972 Registered Attorney, California, U.S.A. Joined Graham James LLP (Squire, Sanders and Dempsey LLP) Jan. 1978 Representative Partner Apr. 1981 Thompson Clive Director Nov. 1999 SUMIDA Advisory Board Dec. 2000 Resigned Thompson Clive Outside Director Jan. 2001 Peninsula Equity Partners Representative Director Apr. 2003 SUMIDA Director (To date)	0
4	Ashok B. Melwani (November 26, 1958)	Apr. 1989 M. B. Melwani CEO Sep. 1998 Resigned M. B. Melwani CEO Apr. 1999 A. B. Melwani CEO Nov. 1999 SUMIDA Advisory Board Apr. 2003 Director (To date)	8,097

No.	Name (Date of birth)	Brief personal profile, position and duties at the Company, and directorships at other companies	Number of shares held in the Company
5	Tadakazu Koizumi (November 5, 1944)	Apr. 1967 Joined Kankaku Securities (Currently Mizuho Investors Securities) Jul. 1998 Resigned Kankaku Securities Aug. 1998 Joined the Company Corporate Strategy Officer Mar. 2001 Full-Time Corporate Auditor Mar. 2003 Resigned Corporate Auditor Apr. 2003 Director Jan. 2005 Data Applications Co., Ltd. outside Corporate Auditor (To date)	6,050
6	Kazuhide Kondo (April 1, 1941)	Mar. 1967 Registered Chartered Accountant May 1996 Ota Showa & Co., Representative Partner (Currently Ernst & Young ShinNihon) Jun. 2003 Resigned Ota Showa & Co., Representative Partner Mar. 2004 SUMIDA Director Jun. 2004 Ajinomoto Outside Corporate Auditor (To date)	0
7	Masato Tsuru (January 11, 1948)	Jun. 1985 NOK Representative Director, Chief Executive Officer, (Present Post) Jun. 1989 NOK Representative Director and Chairman Mar. 2005 SUMIDA Director (To date)	0
8	Kotaro Miyagi (June 17, 1940)	Mar. 1995 Canon, Director Mar. 2001 Canon Full-Time Corporate Auditor Mar. 2004 Resigned Canon Full-Time Corporate Auditor Mar. 2006 SUMIDA Director Jan. 2007 Representative Director, GlobiTech Japan (To date)	0
9	Ulrich Ruetz (March 15, 1940)	Feb. 1983 BERU GmbH Director (Currently BERU AG) Jan. 1994 President Oct. 1997 CEO Apr. 2003 Resigned BERU GmbH CEO Mar. 2005 SUMIDA Director (To date)	0
10	Hideo Kamoshita (June 23, 1944)	Apr. 1988 Mitsumi Electric Center Manager, Coil Business Sep. 2001 Resigned Mitsumi Electric Oct. 2001 Joined Sumida Corporate Service Sumida Corporate Service Corporate Strategy Officer Dec. 2006 Resigned Sumida Corporate Service Mar. 2007 SUMIDA Director (To date)	6,074

No.	Name (Date of birth)	Brief personal profile, position and duties at the Company, and directorships at other companies	Number of shares held in the Company
11	Masaru Hattori (February 12, 1945)	Jul. 1974 Joined Orient Leasing (Currently ORIX) Apr. 2001 ORIX Corporate Senior Vice President Jun. 2002 Fuji Fire and Marine Insurance Corporate Auditor Jun. 2005 Fuji Fire and Marine Insurance Director, Audit Commissioner Jan. 2008 ORIX Corporate Adviser (To date)	0

Notes:

1. One of the candidates for director, Shigeyuki Yawata, also serves as Representative Director of Sumida Vogt GmbH, and Ismart Global Limited.
2. One of the candidates for director, Ka Sheung Chiu, also serves as Representative Director of SEC, Sumida Electric Co., Ltd., Sumida Electric (H.K.) Co., Ltd., Dong Guan Sumida (Tai Ping) Electric Co., Ltd., Sumida Corporate Service Co., Ltd., Sumida Service Co., Ltd., Sumida Trading Co., Ltd., M. Sumida Electric Sdn. Bhd., Sumida Trading Private Limited, Sumida America Inc., Sumida Electronica de Mexico, Suzhou Sumida Electric Co., Ltd., Sumida Vogt GmbH, Sumida Trading (Shanghai) Co., Ltd., Sumida Shintex Co., Ltd., SMD MARKETING (M) SDN. BHD., Sumida Korea Inc., Ismart Global, Ltd.
3. Apart from those stated above, there are no special interest relationships between the candidates and the Company.
4. One of the candidates for director, Masato Tsuru, is Representative Director of Nippon Mektron, Ltd., Synztec Co. Ltd., NOK Klüber Co., Ltd., Unimatec Co., Ltd., Seiwa Jisho Co., Ltd., NOK Asia Co., Pte. Ltd., NOK Technical Research and Development Co., Ltd., and NOK Inc..
5. Seven (7) of the candidates for director, Robert E. Patterson, Ashok B. Melwani, Kazuhide Kondo, Masato Tsuru, Kotaro Miyagi, Ulrich Ruetz and Masaru Hattori seek positions as outside directors as stipulated in Article 2(3)(vii) of the Ordinance for Enforcement of the Companies Act.
6. Two (2) of the candidates for director, Robert E. Patterson and Ashok B. Melwani, were made outside directors, starting from the 51st fiscal year, after the Company had considered legal interpretation and the actual state of their business activities.
7. Reasons for the selection of candidates for outside director, independence as outside directors and liability limitation contracts with outside directors

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

The Company is a company employing a committee-based corporate governance structure, called a company-with-committees. At a company-with-committees, the board of directors specializes in supervising management, while a committee made up of a majority of outside directors is established to improve the transparency of management and executive officers are installed as an organ to work full-time for the execution of operations. Thus, a company with committees clearly separates “supervision of management” from “execution of duties” to make them function effectively. Such a company generally needs to select multiple outside directors. To further enhance the functions of the board of directors, the Company aims to make outside directors account for a majority of directors, and hereby requests the appointment of seven outside directors.

All the candidates for outside director mentioned above satisfy requirements specified in Item 15, Article 2 of the Companies Act.

- (i) Robert E. Patterson is a U.S. attorney (currently on inactive status), and has served as an outside director of a U.S. corporation for many years. The Company made him a candidate for outside

director because it expects him to oversee and check management based on his knowledge and experience as a legal expert, which have been accumulated through his career, and his insight into corporate governance at U.S. corporations and into the U.S. market. He currently serves as an outside director of the Company. The length of his service as an outside director will be two years at the end of this Annual General Meeting of Shareholders.

- (ii) Ashok B. Melwani has managed a corporation in Singapore for a long time. The Company made him a candidate for outside director because it expects him to oversee and check management based on the knowledge and experience as a corporate executive that he has accumulated throughout his career, and for his insight into the Asian market. He currently serves as an outside director of the Company. The length of his service as an outside director will be two years at the end of this Annual General Meeting of Shareholders.
 - (iii) Kazuhide Kondo is a certified public accountant and serves as an outside corporate auditor of an Other Business. The Company made him a candidate for outside director because it expects him to oversee and check management based on the expertise and experience in financial affairs and accounting that he has accumulated throughout his career. He currently serves as an outside director of the Company. The length of his service as an outside director will be four years at the end of this Annual General Meeting of Shareholders.
 - (iv) Masato Tsuru has long engaged in the management of NOK. The Company made him a candidate for outside director because it expects him to oversee and check management based on the knowledge and experience as a corporate executive that he has accumulated throughout his career, and his insight into the automobile industry. He currently serves as an outside director of the Company. The length of his service as an outside director will be three years at the end of this Annual General Meeting of Shareholders.
 - (v) Kotaro Miyagi served as President of an overseas unit of Canon Inc., and Director and full-time Corporate Auditor of Canon. The Company made him a candidate for outside director because it expects him to oversee and check management based on the knowledge and experience as a corporate executive that he has accumulated throughout his career, and for his insight into the electrical machinery industry. He currently serves as an outside director of the Company. The length of his service as an outside director will be two years at the end of this Annual General Meeting of Shareholders.
 - (vi) Ulrich Ruetz has engaged in the management of BERU AG of Germany for a long time. He currently serves as an outside director of a European corporation. The Company made him a candidate for outside director because it expects him to oversee and check management based on the knowledge and experience as a corporate executive that he has accumulated throughout his career, and for his insight into the automobile and electrical machinery industries and the European market. He currently serves as an outside director of the Company. The length of his service as an outside director will be one year at the end of this Annual General Meeting of Shareholders.
 - (vii) Masaru Hattori served as an executive managing director of ORIX. He serves as a director of Fuji fire and marine insurance Co. The Company made him a candidate for outside director because it expects him to oversee and check management based on the knowledge and experience as a corporate executive that he has accumulated throughout his career, especially in the corporate planning and accounting fields, and for his insight into the audit.
- (2) Independence of candidates for outside directors
- (i) None of the candidates for outside director have been managing members of the Company or business operators that have specific relations with the Company in the past.
 - (ii) None of the candidates for outside director have received or plan to receive a large amount of money

or other property from the Company or business operators that have specific relations with the Company.

(iii) None of the candidates for outside director have relatives in the third degree or closer with directors or executive officers of the Company.

(3) Responsibility limitation contracts with outside directors

The Company has concluded liability limitation contracts with current outside directors. (Details of the contracts are stated on page 28 of the Business Report.) If the new appointment of Masaru Hattori, a candidate for outside director, is approved, the Company shall conclude a liability limitation contract of the same content with him.