



Ingenious Dynamics

Annual Report 2009
Year Ended March 31, 2009



SUMITOMO ELECTRIC

Ingenious Dynamics™

Each company of the Sumitomo Electric Group combines its unsurpassed creativity with knowledge and experience to generate dynamics that allow the Group to contribute to society.

April 2008

Business Activities

Launched Full-scale Local Production of Optical Devices and Transceivers in Suzhou, China

Sumitomo Electric Photo-Electronics Components (Suzhou), Ltd. started the integrated production of optical device manufacturing and optical transceiver assembly in Suzhou, China. This integrated production system enabled us to reinforce our supply systems to the global market by successfully reducing production lead times and greatly improving production efficiency.



June 2008

New Products & Technologies

Completed Prototype of the World's First Superconducting Electric Car

To verify the suitability of high-temperature superconducting technology used for electric cars, as well as to widely appeal to industrial sectors and society to adopt the technology, we have produced a superconducting electric car on a trial basis. The car runs on a motor incorporating Sumitomo Electric's high-temperature superconducting technology.



July 2008

New Products & Technologies

Developed Technique for Analyzing Red Phosphorus Content in Resins

Sumitomo Electric has succeeded in developing the world's first method never before possible for measuring red phosphorus content in resins. We anticipate the method's applications to wide areas ranging from material development for resin products to quality control and incoming inspections.

September 2008

Business Activities

Established the First Automotive Wiring Harness Manufacturer in Egypt

To strengthen our capability for automotive wiring harness supply in Europe, we set up a manufacturer in Port Said, Egypt.

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September 2008 New Products & Technologies

Developed 10-Gbps Long-Distance Optical Transceiver with Built-in DML

Sumitomo Electric generated the world's first 10-Gbps optical transceiver incorporating a direct-modulation laser diode (DML), achieving the transition up to 80 kilometers.



October 2008 Business Activities

Established Optical Fiber Product Joint Ventures with Futong Group in China

Sumitomo Electric has agreed with Futong Group Co., Ltd., a Chinese fast-growing company in the optical fiber and cable market, to set up three optical fiber-related joint ventures including an optical fiber preform manufacturing company in China.



November 2008 Others

Won Cisco "Excellence in Quality" Supplier Award for 2008

ExceLight Communications, Inc., our sales subsidiary of optical communication components in the North America, won "Excellence in Quality" Supplier Award for 2008 at the 17th Annual Supplier Appreciation Event held by Cisco Systems, Inc. in the U.S.



December 2008 Business Activities

Formed FTTH Cable Business Tie-up with Nexans in Europe

Sumitomo Electric reached an agreement with Nexans S.A., a major electric cable manufacturer in Europe, to collaborate in optical fiber cable business and acquired 40% of the shares in Opticable S.A., Nexans's manufacturing subsidiary. In the framework of this agreement, Sumitomo Electric supplies optical fiber cable to Opticable. Aiming at raising its presence in the European optical fiber and fiber cable markets, Sumitomo Electric also provides technical support relating to the cable and Fiber-To-The-Home (FTTH) networking along with its technologies and know-how accumulated through domestic operation.

April 2009 Business Activities

Established Submarine Cable Joint Venture in Saudi Arabia

J-Power Systems Corporation, a 50-50 joint venture of Sumitomo Electric and Hitachi Cable, Ltd., has agreed with Marubeni Metals Co., Ltd. to establish a joint venture in Saudi Arabia for the manufacturing and sales of submarine electrical cable.

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Forward-Looking Statements

This presentation contains various forward-looking statements which are based on the current expectations and assumptions of future events. All figures and statements with respect to the future performance, projections and business plans of Sumitomo Electric and its group companies constitute forward-looking statements. Although Sumitomo Electric believes that its expectations and assumptions are reasonable, actual results and trends of Sumitomo Electric's performance could differ materially from those expressed or implied by such figures or statements due to risks and uncertainties in the future business circumstances. The factors which may cause such difference include, without limitation:

1. General market and economic conditions in the U.S., Europe, Japan and other Asian countries, especially personal consumption and capital expenditure.
2. Fluctuations of currency exchange rates, especially between Japanese yen and U.S. dollar, Euro and Asian currencies.
3. Rapid technological development and Sumitomo Electric and its affiliated companies' ability to cope with it.
4. Changes in various assumptions including financial, managerial and environmental ones.
5. Current and future laws and regulations by foreign countries about trading and other activities.
6. Change in market value of securities that Sumitomo Electric and its affiliated companies own.

Please be advised that there are possibilities actual sales and profits could be different from those described in this material. Sumitomo Electric and its affiliated companies are not obliged to update and make public any descriptions in forward-looking statements after releasing this material.

The Origin of the Sumitomo Electric Group

The Spirit Fostered in Sumitomo's 400-Year Tradition

**After centuries of years,
our high-minded spirit glows ever more brightly.**

The Sumitomo Electric Group is committed to maintaining public trust by conducting business activities with integrity, in accordance with the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles. As the company expands its business operation across the world, linking closely with society, it always gives top priority to the cultivation of high corporate ethics to be a world-class company.

The Sumitomo Spirit grew out of the guiding principles set down by Sumitomo's founding father Masatomo Sumitomo in his Monjuin Shiigaki (the Aphorisms of Monjuin), and it has been passed down for over 400 years. The essence of the spirit was condensed in the Sumitomo Business Principles.

In Monjuin Shiigaki, he preached the importance of doing one's sincere best in not only business but also every aspect of their life. This is the spirit that we, the members of the entire Sumitomo Electric Group, have inherited and strive to embody.

The Sumitomo Spirit

- 1 Sumitomo shall achieve prosperity based on solid foundation by placing prime importance on integrity and sound management in the conduct of its business.
- 2 Sumitomo's business interest must always be in harmony with public interest; Sumitomo shall adapt to good times and bad times but will not pursue immoral business.

(Excerpt from "Business Principles" in the Rules Governing the Sumitomo family, enacted in 1891)

Other important aspects of the Sumitomo Business Spirit have never been formerly codified. Such aspects include Sumitomo's traditional emphasis on "respect for human resources" and "high regard for technology," as well as on "vision and long-range planning" based on its long-year experience of copper mine management that requires long-term, continuous consideration. Sumitomo also respects the philosophy of "civic-mindedness" and reconciles the pursuit of profit with respect for public interest, attaching importance to business that not only benefits Sumitomo itself but the country and mankind in general as well. The unique spirit of Sumitomo is united with the business principles and continuously inherited to each of Sumitomo group companies.

The Ever-Evolving Principles

The Sumitomo Electric Group makes commitments to all of its stakeholders.

Based on the Sumitomo Spirit, the Sumitomo Electric Group Corporate Principles were established as the fundamental spirits of the Group's business operation. In the Corporate Principles, we declare our commitment to the customers, shareholders, society, natural environment and employees. The Principles also emphasize the importance of compliance and public trust.

Sumitomo Electric Group Corporate Principles

(Established in June 1997)

Each company of the Sumitomo Electric Group shall

- Offer the very best goods and services to satisfy customer needs.
- Build technical expertise, realize changes and strive for consistent growth.
- Contribute to creating a better society and environment, with a firm awareness of our social responsibility.
- Maintain high corporate ethics and strive to become a company worthy of society's trust.
- Nurture a lively corporate culture that enables employee self-improvement.

Sumitomo's history begins with two outstanding men named Masatomo Sumitomo (1585-1652) and Riemon Soga (1572-1636).

Masatomo Sumitomo, the founding father of the House of Sumitomo, entered the Buddhist priesthood as a young man and took the Buddhist name Monjuin. He later left the priesthood and opened a shop named Fujiya in Kyoto selling books and medicine. He remained fully dedicated to the precepts he had learned while a priest and wrote many texts of teachings. One of those texts was the Monjuin Shiigaki (The Aphorisms of Monjuin, later codified into "Sumitomo Business Principles") that set the tone for the Sumitomo Spirit.

Masatomo's brother-in-law Riemon Soga studied copper refining and established the Izumiya copper business in Kyoto. He learned and developed what was called the nanban-buki (foreign-style) smelting technique to extract silver from copper ore. The landmark technology he perfected launched the Sumitomo business on the path to business success.



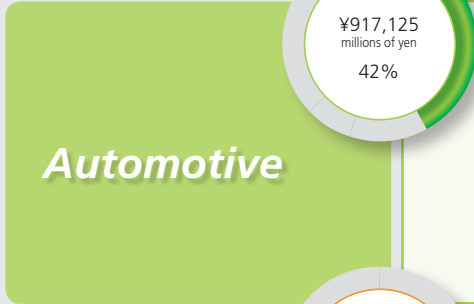
Statue of Masatomo Sumitomo (Monjuin)

At a Glance

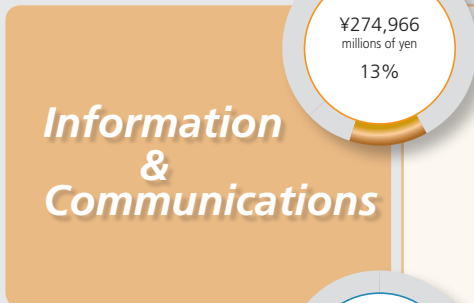
Sumitomo Electric Industries Ltd. (TSE: 5802) and its subsidiaries and affiliates globally undertake product development, manufacturing and marketing as well as service provision in their five business segments: “Automotive,” “Information & Communications,” “Electronics,” “Electric Wire & Cable, Energy,” and “Industrial Materials & Others.” In research and development, the Group endeavors to create new businesses and

Net Sales Breakdown

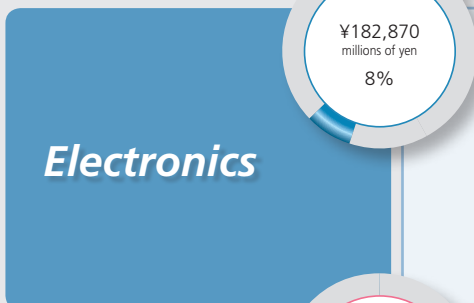
Market Environment



Due to the sudden deceleration of the global economy from September 2008 onward, automobile production in Japan, the U.S. and Europe drastically plunged on a volume basis. For Sumitomo Electric, orders declined rapidly in the latter half of fiscal 2009. Global inventory adjustments are expected to bottom out in the first half of fiscal 2010.



In Japan, although the number of subscribers to Fiber-To-The-Home (FTTH) services exceeded 15 million subscriptions, its growing rate is slowing. In contrast, in overseas markets, concerns of a decline in demand in the U.S. and Europe were offset by firm demand for optical fiber cable in China and the other emerging markets.



Demand was sluggish for digital consumer products such as mobile-phones, flat-screen TVs and digital cameras due to the dramatic deceleration of the economy.



Demand remained strong for overseas high-voltage and ultra-high-voltage power cable projects. In Japan, demand declined for low- and medium-voltage cables as a result of substantial reductions in private sector capital investment and housing investments due to the impact of the recession.



Due to the decline in automobile production in Japan and overseas, demand for hard materials plunged severely, and inventory adjustments in the market are taking time. With regard to other products, demand for products in the automotive and electronics industries is also declining.

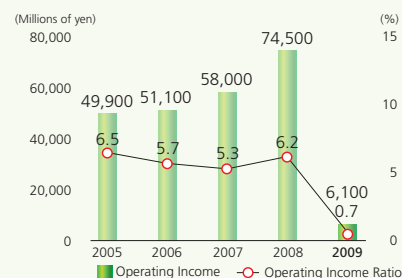


products by making the most of its originality. The Group is now focusing development efforts on new research themes that will yield next-generation core products and businesses for its future growth. The Sumitomo Electric Group employs more than 150,000 people worldwide, with operations spanning 30 countries. We will continue making active efforts as a major company leading the global market.

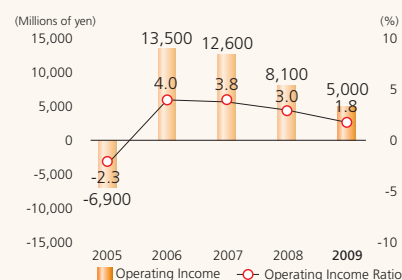
Performance

Sales decreased ¥282.2 billion, or 23.5% year-on-year, to ¥917.1 billion, due primarily to a decline in demand for wiring harnesses and anti-vibration rubber products from last autumn. Another factor is the transfer of the automotive brake business to Aishin Seiki Co., Ltd. in the previous second half. Operating income fell by ¥68.4 billion to ¥6.1 billion. The decline was attributable to weakening demand, as well as considerable expenses for the reorganization and transfer of the wiring harness plants in the U.S. and Europe.

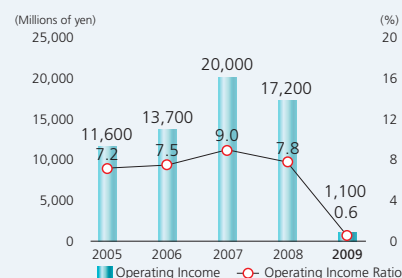
Operating Income and Operating Income Ratio



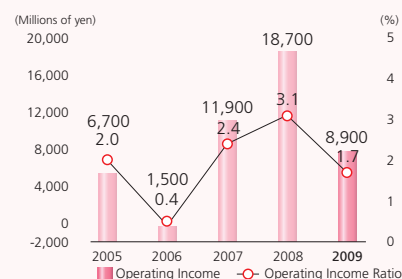
Despite a growing demand for networking equipment following the commencement last year of next-generation network (NGN) services in Japan, demand for optical fiber and cable remained sluggish. Sales in this segment declined ¥630 million, or 0.2% year-on-year, to ¥275.0 billion. Operating income fell by ¥3.1 billion to ¥5.0 billion, reflecting deterioration in profitability for exported items, such as optical fiber and optical communication devices, in tandem with the yen's appreciation.



The overall market for mobile-phones and digital consumer appliances shrank, leading to declining demand for flexible printed circuits (FPCs), ultrafine coaxial cables and gallium nitride substrates for blue-violet lasers. As a result, sales in this segment fell ¥37.1 billion, or 16.9%, to ¥182.9 billion. Operating income decreased ¥16.1 billion to ¥1.1 billion.



Despite a rise in sales resulting from the inclusion of Nissin Electric Co., Ltd. within the scope of consolidation in the second half of the previous period, there was greater drawback such as the declining price of copper, decreasing demand for magnet wire for the construction and electric power industries, as well as sluggish demand from the automotive and electronics industries. Sales in this segment came to ¥536.1 billion, down ¥58.7 billion or 9.9% year-on-year. Operating income fell ¥9.8 billion to ¥8.9 billion.



The large decline in automobile production from the autumn onward resulted in extremely sluggish demand for products for the automotive industry including hard materials, sintered parts, and steel wires for engine valve springs. Demand for sputtering target materials for LCD production also weakened. Consequently, sales decreased ¥19.8 billion, or 6.6% year-on-year, to ¥282.1 billion. Operating income fell ¥28.0 billion to ¥2.3 billion, due to a decline in demand. Valuation losses on inventories accompanying a plunge in raw material prices were another factor.



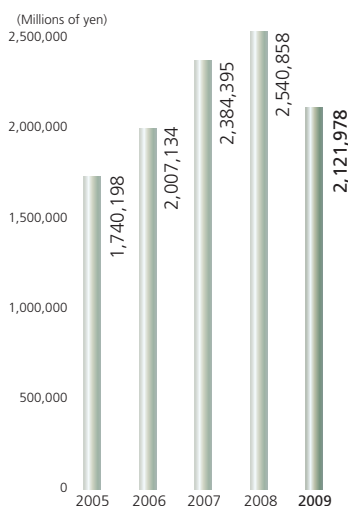
Financial Highlights

SUMITOMO ELECTRIC INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES
For the years ended March 31

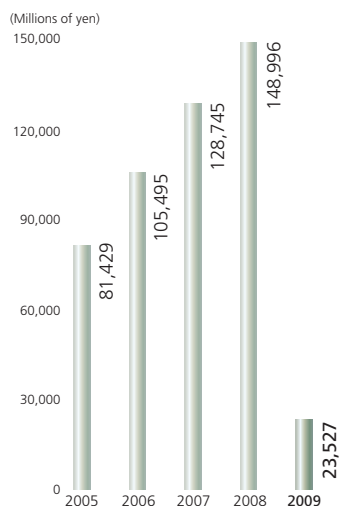
	Millions of yen					Thousands of U.S. dollars ¹
	2009	2008	2007	2006	2005	2009
For the Year:						
Net sales	¥2,121,978	2,540,858	2,384,395	2,007,134	1,740,198	\$21,602,138
Operating income	23,527	148,996	128,745	105,495	81,429	239,509
Income before income taxes and minority interests	41,126	166,612	144,550	108,279	90,130	418,670
Net income	17,237	87,804	76,029	58,346	36,540	175,476
Capital expenditures	143,182	134,421	128,568	132,707	108,988	1,457,620
Depreciation and amortization	108,168	106,892	99,802	87,151	80,005	1,101,171
R&D expenses	72,988	72,271	68,373	64,427	56,480	743,032
At Year-End:						
Total assets	1,868,174	2,194,882	2,126,405	1,991,048	1,735,814	19,018,365
Total interest-bearing liabilities	405,477	415,473	456,399	452,808	414,655	4,127,833
Total net assets ²	1,014,082	1,128,235	1,052,989	811,121	690,872	10,323,547
Cash Flows:						
Net cash provided by operating activities	168,509	204,612	130,997	124,973	108,979	1,715,454
Net cash used in investing activities	(161,050)	(126,414)	(131,193)	(155,340)	(79,937)	(1,639,520)
Net cash provided by (used in) financing activities	(11,957)	(55,946)	(16,549)	21,102	(18,403)	(121,725)

Notes: 1. All dollar figures herein refer to U.S. currency. Yen amounts have been translated, for convenience only, at the rate of ¥98.23 to U.S. \$1.00, the approximate exchange rate prevailing on March 31, 2009.
2. See page 47.

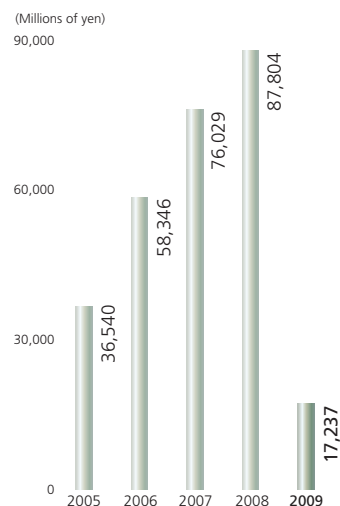
Net Sales



Operating Income



Net Income



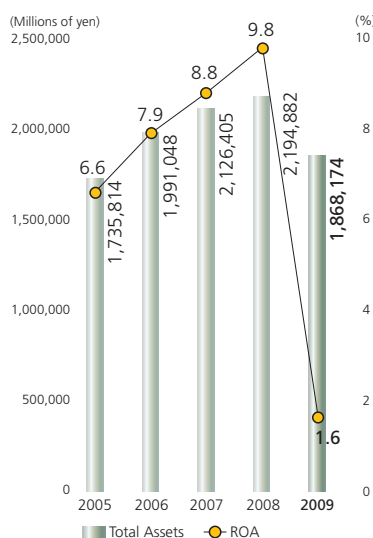
SUMITOMO ELECTRIC INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES
For the years ended March 31

	Yen					U.S. dollars ¹
	2009	2008	2007	2006	2005	2009
Per Share Data:						
Net income: Basic	¥ 21.78	112.74	100.22	76.43	48.01	\$ 0.222
Diluted	21.32	107.71	95.40	72.72	46.04	0.217
Cash dividends	18.00	20.00	17.00	13.00	10.00	0.183
Shareholders' equity per share ³	1,086.79	1,226.56	1,170.54	1,068.73	911.24	11.064
Financial Indexes:						
R&D expenses / net sales (%)	3.4	2.8	2.9	3.2	3.2	
Net income / net sales (%)	0.8	3.5	3.2	2.9	2.1	
Return on equity (%)	1.9	9.5	8.9	7.8	5.4	
Return on assets (%) ⁴	1.6	9.8	8.8	7.9	6.6	
Current ratio (Times)	1.6	1.5	1.6	1.6	1.7	
Shareholders' equity ratio (%)	46.1	44.1	41.8	40.7	39.8	

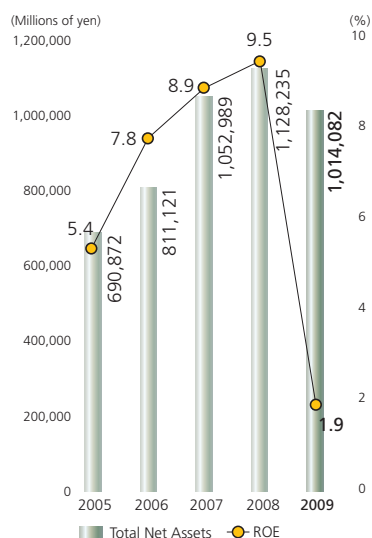
Notes: 3. Shareholders' equity = Net assets excluding share warrants and minority interests

4. ROA = Operating income divided by average capital employed

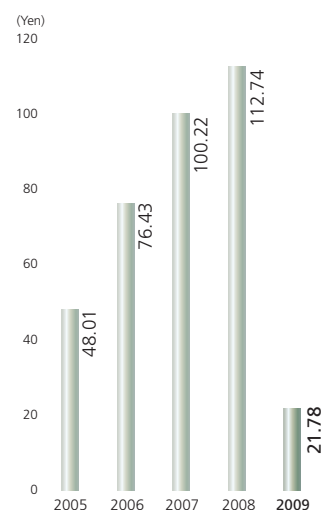
Total Assets and ROA



Total Net Assets and ROE



Net Income per Share



Interview with the President

Leveraging the Group's capabilities, we are implementing structural reforms to help make Sumitomo Electric a "Glorious Excellent Company."



Masayoshi Matsumoto
President and CEO

Q.

1

What is your assessment of the Company's business performance in the fiscal year ended March 2009?

A.

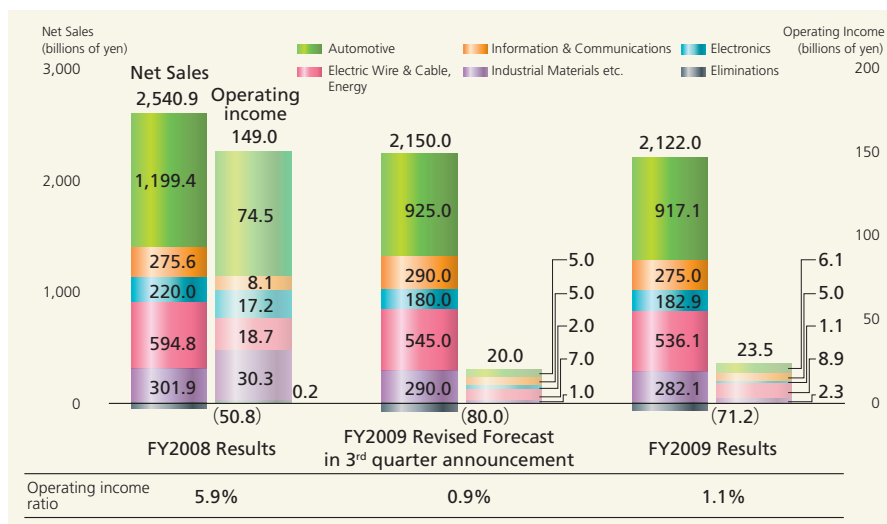
Despite the harsh business conditions, operating income exceeded our revised targets.

Our consolidated business performance in fiscal 2009 was hurt by the dramatic deceleration of the global economy that began in the autumn of 2008. Sales fell 16.5% year-on-year to ¥2,122.0 billion. This was attributable to a rapid fall-off in demand in the automobile and electronics industries, as well as a downward trend in the price of copper. Operating income declined 84.2% to ¥23.5 billion. This is the result not

only of weakening demand, but also a deterioration in the profitability of exports due to the strong yen. In addition, the prices of crude oil and the raw materials for copper surged during the first half of 2008, followed by plunging prices for copper and molybdenum, which resulted in the posting of valuation losses from mid-year onward. Consequently, ordinary income decreased 77.7% to ¥37.8 billion, and net income fell 80.4% year-on-year to ¥17.2 billion. We regret to report such a huge decline in profits.

With regard to operating income, we were able to achieve a figure that was ¥3.5 billion higher than our revised estimate released in January 2009 (¥23.0 billion) thanks to a reduction in fixed costs. We implemented various emergency measures, such as decreasing the reserve for bonus payments at the Company and its domestic subsidiaries, reducing the workforce in Japan, and cutting other costs. At the same time, to create a stronger financial position we posted a substantial loss on the disposal/valuation of non-current assets, and applied the lower-of-cost-or-market method to inventories. Amortization expenses for actuarial losses also increased.

> FY2009 Consolidated Results Overview



Q.
A.

2

What is your view of the outlook for fiscal 2010?

Improving profitability through structural reforms

The outlook for Japan's economy in 2009 is somewhat positive as economic countermeasures and financial initiatives have already been producing results. There have been signs in some sectors of a bottoming out, but sluggish exports are expected to continue due to the strong yen, and consumer sentiment will also likely remain weak. In the U.S. and Europe, the ongoing financial instability and a worsening employment situation could further dampen consumer sentiment. In China and the other emerging markets, concerns of a deceleration in growth have been prompted by declining global demand, which has caused a slowdown in exports. In short, the outlook for corporate earnings in general is gloomier than ever.

Amid these conditions, sales revenue for the Company in the current term is expected to decrease some 20%

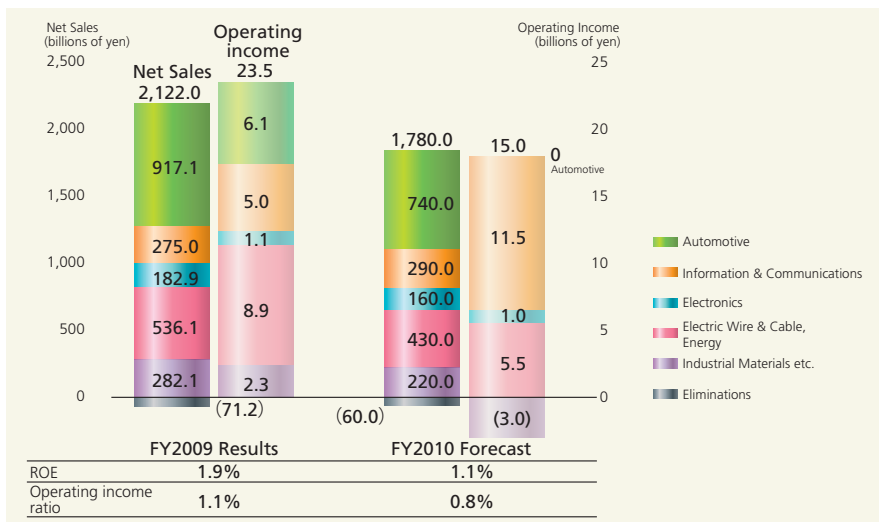
year-on-year in the Automotive and Industrial Materials segments, while revenues are expected to drop 10% or more in the Electronics segment, given that demand in the automobile and electronics markets is likely to remain stagnant. In the Electric Wire & Cable, Energy segment, we expect a decline in sales of magnet wire, as well copper wire rods for use in construction and electric power fields. Taking into account the impact of the declining price of copper, we expect sales revenue of this segment to fall by 20%. Consequently, we forecast total sales of ¥1,780.0 billion, for a year-on-year decline of ¥342.0 billion (16.1%).

To counter weakening demand, we have implemented various measures, including workforce reductions in Japan and overseas, wage cuts and other cost-cutting measures. In addition, in 2008 we undertook the impairment of long-lived assets and transferred or consolidated production bases. Thanks to these structural reforms, we are forecasting operating income of ¥15.0 billion, a relatively modest decline of ¥8.5 billion year-on-year, compared with a huge decline in sales (¥342.0 billion).

Aiming to further reduce costs, we plan to reduce plant and equipment investment by ¥51.6 billion year-on-year in fiscal 2010, to ¥80.0 billion. Depreciation expenses are expected to decrease by ¥8.2 billion year-on-year.

Taking into account these forecasts, we are planning to reduce our annual dividend payment by 4 yen from the 18 yen paid for fiscal 2009, to 14 yen for the current period ending March 2010.

> FY2010 Financial Forecast Overview



Q.
A.

3

Please give us an explanation of specific measures for resuming growth?

To return to the growth path, we are implementing three strategies to become lean and competitive.

The Sumitomo Electric Group endeavors to survive the current unprecedented hardships and get back on the growth path. To this end, the Group is implementing the following three management principles: 1) Keeping our organizations appropriate to declining demand and reconstructing our cost structure; 2) Improving quality and efficiency of operations; and 3) Educational rearmament.

Let me explain what I mean by our principle of “Keeping our organizations appropriate to declining demand and reconstructing our cost structure.” The current recession and subsequent major change in demand trends occurred just when our sales had grown by ¥1 trillion over a five-year period ended in March 2008 and our management resources had expanded. We must create a business structure that meets

the specific requirements of the current sluggish demand conditions. Thus, we are reviewing resource allocation to determine the appropriate level for each business segment, taking into account the scale of orders and sales being targeted. In some cases, personnel are being reassigned, the impairment of long-lived assets (equipment) is being undertaken, and inventory assets and merchandise stock are being reduced. The aim is to carry out organizational reforms that will allow for the achievement of profitability in any kind of business environment.

Our second management principle, which is “Improving quality and efficiency of operations,” involves radical reforms focusing on priority production issues for all manufacturers, namely: SEQDD (Safety, Environment, Quality, Cost, Delivery and Development). We are



Manufacturing diagnosis at a factory in MKP



Technical Training Center



identifying and visualizing all SEQCDD challenges of all the divisions, and working to find effective solutions to the problems thus clarified, with the aim of building a strong financial base. To accelerate these initiatives, we have established three training programs: the MKP or Monozukuri Kakushin Pro Jissen Dojo (Manufacturing Innovation Professionals' Workshop), the GKP or Genba Kaizen Pro Jissen Dojo (On-Site Improvement Professionals' Workshop), and the KKP or Monozukuri Kiban Kyoka Program (Manufacturing Foundation Reinforcement Program) to ensure the

The Sumitomo Electric Group is leveraging its comprehensive strengths to focus on priority issues.

participation of all members of the manufacturing staff. In the case of the MKP and GKP programs, engineers from each business segment are selected as representatives. The programs are designed to find solutions to SEQCDD challenges, while simultaneously cultivating the human resources required for achieving innovations in manufacturing.

Our third principle is "Educational rearmament." Ultimately, it is the power of the individual that will determine whether or not we come out of this difficult period successfully. We must raise the added value of the output each and every employee generates, in terms of both quality and quantity, to raise the Group's overall competitiveness. It

is vitally important that we take action to ensure that every single employee acquires new knowledge and skills and becomes more competitive. This process, which we call "Educational rearmament," realizes massive reforms and modifications in our human resources and organizational constitution. We will improve the curriculum of the Group's training system, which we call the "SEI University." Group employees, particularly those involved in manufacturing, are now working to increase their knowledge and improve their skills, making full use of the aforementioned MKP, GKP, and KKP programs, as well as other programs offered by the Technical Training Center, established in October 2008.

For details regarding the specific initiatives of each business segment, please refer to the Review of Operations which begins on page 16.

We are forecasting year-on-year declines in both revenues and earnings for the current term, and plan to reduce the amount of our annual dividend payment. However, we anticipate an improvement in our financial position by the end of the period, and hope Japan's economy will show signs of recovery. We will do our best to exceed these forecasts, and will revise these forecasts upward if the situation warrants such action.

Viewing the current economic recession as an opportunity for change, the Group will work strenuously to implement an organizational restructuring of its business operations and achieve a strong financial position for enhanced competitiveness. Each member of the Sumitomo Electric Group is making utmost efforts to help make Sumitomo Electric a "Glorious Excellent Company." We would like to request the ongoing support of our shareholders and investors.

Research & Development

For the commitment to

value-creating technology

Basic Policy

In line with the Sumitomo Electric Group Corporate Principles – building technical expertise, realizing changes and striving for consistent growth – we are focusing on fields with growth potential and working to develop new businesses and products that display originality and have good earnings prospects. We adopt an aggressive stance toward the discovery and nurturing of new research themes that meet future technology needs and that promise to drive the Group's growth into the next generation.

Automotive

In the field of car electronic devices, we are developing new electronic equipment including power distributors, next-generation in-vehicle LANs and related software, as well as wire harnessing systems specially designed for these applications. To make our products more environmentally friendly, we are redesigning our wiring harnesses to be lighter, and developing a high-voltage wiring harness for use in electric vehicles and hybrid vehicles. We are also working to develop technology that imposes a minimum load on the environment, such as halogen-free electric wire, lead-free solder, and solderless connecting terminals.



High-Voltage Harness for HEVs

Information & Communications

In the field of fiber-optic products for the Enterprise and Metro optical fiber networks, demand is growing for 10-Gbps optic links. We are working on technological development to expand our lineup, as well as on products that will enable higher-speed transmission. We are also working to accelerate the speed of the trunk line network to meet the photonic network needs of the future. To this end, we are conducting research on optic links appropriate for ultra-high-speed transmissions. We are also upgrading our optical modules to enable the improved functioning of optical fiber and optical nodes. Eudyna Devices, Inc. became a wholly-owned subsidiary of the Company in April 2009. Sumitomo Electric and Eudyna Devices plan to combine their technologies and work to develop new products in the fields of optical devices and electronic devices, with the aim of accelerating commercialization and building a solid technological foundation.

In broadband network systems, we are focusing on the development of increasingly high-speed next-generation systems, such as the 10-Gigabit Ethernet*¹-passive optical network (10GE-PON). We are also developing outdoor, wireless terminals used for WiMAX*² base stations, mobile



GE-PON

*¹ Ethernet is a trademark of the Xerox Corporation.

*² WiMAX is a trademark of the WiMAX Forum.

towers, and high-efficiency wireless amplifiers – the key components for wireless broadband access networks and 3G mobile-phone networks. In the field of car traffic control systems, to enhance safety we are undertaking the development of traffic control algorithms and driver safety support systems.

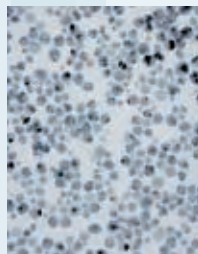
Electronics

In the field of compound semiconductors, we are working on the refinement of gallium nitride (GaN) substrates for use in blue-violet laser diodes for next-generation DVD players, and are also pursuing the development of aluminum nitride substrates, which are a promising material for high-performance electronic devices.

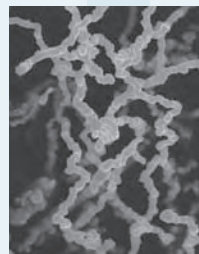
In electronic materials development, we are creating products made from metallic nano powder, including pastes that exhibit high electrical conductivity and inks for use in the inkjet printing of electronic circuits. We are also working on high-precision mounting materials, such as anisotropic conductive films which are compatible with fine-pitch electrodes.

Measures to conserve resources and prevent global warming include the development of production technology for electrode materials used in batteries and for magnesium alloys with the aim of making lighter materials.

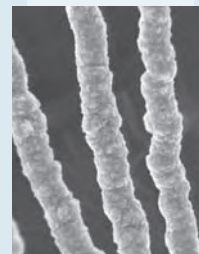
Metal Nano Powder



Spherical type



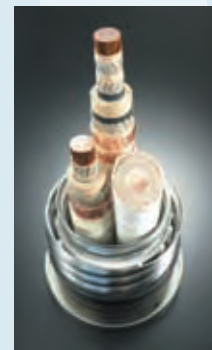
Chain-like type



Straight-chain-like type

Electric Wire & Cable, Energy

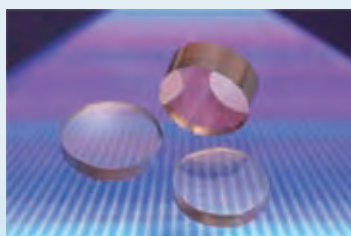
In the superconducting field, the New Energy and Industrial Technology Development Organization (NEDO), an independent government agency in Japan, launched the High-temperature Superconductor Cable Demonstration Project in 2007 to demonstrate the feasibility of high-temperature superconducting cable. In fiscal 2011, Japan's first onsite trial of a high-temperature superconductivity power transmission system will be carried out at the Tokyo Electric Power Company's Asahi Substation. We have also built a pilot electric car with a superconducting electric motor.



Superconducting Cable

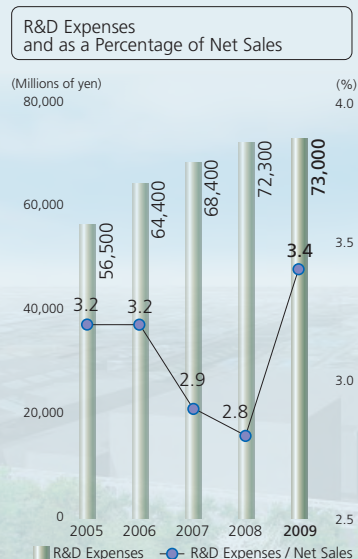
Industrial Materials & Others

With regard to diamonds, through the development of new ultrahigh-pressure technology and a proprietary process, we have succeeded in developing synthetic ultrahard nano-polycrystalline diamonds (NPD) from nano-sized superfine grains. Development efforts are focused on the commercialization of this extremely promising material for application as a next-generation high-performance precision fabrication tool.



Nano-Polycrystalline Diamond

The Sumitomo Electric Group manufactures and sells products utilizing rare metals such as tungsten, cobalt, gallium, and indium. We place a high management priority on pursuing an eco-friendly 3Rs (reduce, reuse and recycle) policy so as to reduce waste disposal. Through collaborations between industry, the government and academia, we have been conducting research on material recovery and recycle technologies with the aim of contributing to lowering the environmental load of industrial activities.



Strategy for Intellectual Assets

Basic Policy

Sumitomo Electric views the development of proprietary technologies as a matter of crucial importance. Especially in recent years, we have been making full use of such technologies to develop products in-house. The acquisition of intellectual property rights and the subsequent commercialization of these technologies are top management priorities. We are also actively working to secure global rights for our intellectual assets.

The Japanese government aims to make intellectual property a key driving force behind national prosperity. Since 2002, the government has implemented a variety of measures in quick succession, including the drafting of the Intellectual Property Basic Act, the launch of intellectual property promotion programs, and the establishment of the Intellectual Property High Court. The Intellectual Property Strategy Headquarters has also been set up within the Cabinet Office. Thus, one of Japan's leading policies is to promote the creation, protection and full utilization of intellectual property assets.

To survive the fierce competition with its corporate rivals, Sumitomo Electric has promoted companywide intellectual property management enhancement activities through close collaboration among its business divisions, the R&D Division and the Intellectual Property Division. Specifically, the Company has been focusing on the development of a unified patent portfolio of new products and technologies, and greater utilization of intellectual property. These activities are now being extended to our affiliates. The Sumitomo Electric Group will continue to make groupwide efforts to further expand its intellectual property enhancement and utilization activities.

Public Recognition and Awards

At Sumitomo Electric, we have actively submitted inventions to contests held by outside organizations, partly because we intend to raise public recognition of our strong emphasis on intellectual property management.

In fiscal 2009, we received the following prestigious awards, which indicate the degree to which our innovations are held in high esteem in Japan.

The Japan Institute of Invention and Innovation
The 2008 Kinki Local Commendation for Invention

“Osaka Branch Award”

Precision Wire Saw

The Japan Institute of Invention and Innovation
The 2008 Kinki Local Commendation for Invention

“Incentive Award”

Austenite-based stainless steel wire for heat-resistant coils, heat-resistant coils and their production process

The Japan Institute of Invention and Innovation
The 2008 National Commendation for Invention

“Incentive Award for the 21st Century Invention”

“Contribution Award for the 21st Century Invention”

Gallium nitride semiconductor substrates and their production process

Automotive

Helping realize safer and greener vehicles



Segment Overview

In modern society, cars need to be safe and comfortable, while also being eco-friendly. Under the theme of upgrading the so-called man-automobile interface, we provide a wide variety of key automotive parts and systems.

Key Challenges under VISION 2012

Global automobile sales have declined sharply over the last few months. While auto markets in developed countries are becoming saturated, sales are rising in emerging markets and resource-rich markets. Demand trends indicate a shift from sedans, SUVs and vans to compact, low-priced models and eco-friendly vehicles. Under the premise that there will be no changes in the long-term trend, we have devised the following measures.

To respond correctly to moves by Japanese automakers, we intend to secure steady orders for priority car models, other models for which there is a global strategy, and models targeting BRICs and other emerging markets. To respond to the needs of non-Japanese

automakers, we will strengthen our overseas bases to expand sales. By reinforcing sales to local business groups, we plan to secure a 15% share of this niche market by 2012.

In response to the decline in global auto production on a volume basis, we are making an effort to raise the efficiency of our wire harness business and reduce overall costs. We plan to accelerate the relocation of factories and outsourcing of production operations to lower-cost regions. Examples include transferring operations from Eastern European countries to Northern Africa, and from North America to ASEAN countries.

In terms of our priorities in development, we are working on new products and technologies to meet demand for vehicles that are more lightweight and eco-friendly. We will also develop products for hybrid cars and electric cars.



Compact, High-Reliability Relay Box
By adopting the semiconductor relay and a new heatsink structure, we achieved miniaturization and weight reduction of our high-reliability relay box.



Anti-Vibration Rubber Products
Anti-vibration rubbers are the important functional components that absorb and dampen the vibrations of car bodies and engines.



Halogen-Free Electrical Wire
Our environmentally-friendly automotive electrical wires do not contain any halogen elements or lead compounds, and conform to ISO standards.

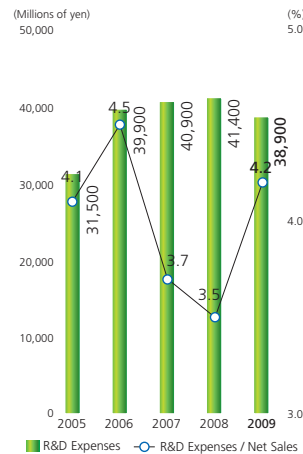


Wiring Harnesses
Wiring harnesses are wiring systems that are used both for power supply and data transmission. Users demand that the electronic components of the harnesses be made even smaller, lighter and more reliable.

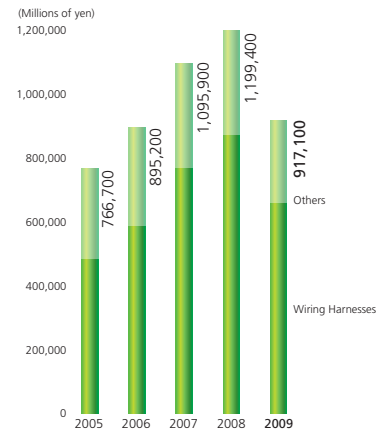
Recent Developments

We are focusing on increasing our marketing activities targeting non-Japanese automakers (Renault, PSA Peugeot Citroën, and Ford), with emphasis on achieving a smooth start-up of production for new orders. Simultaneously, we are also reconfiguring our production system to meet recent declines in demand, cutting staff, and reducing capital investment and other fixed costs. In new products and technologies, we are focusing on the development of high-voltage harnesses and peripheral equipment for hybrid electric vehicles. We will also begin producing wire harnesses using aluminum wiring to help realize lighter vehicles.

R&D Expenses and as a Percentage of Net Sales



Net Sales



Topics

Establishment of Egypt's first automotive wire harness manufacturing company

During the reporting term our subsidiary Sumitomo Electric Wiring Systems (Europe) Ltd. established a wire harness manufacturing company in Port Said, Egypt – the country's first automotive wire harness manufacturing enterprise. This will further strengthen our automotive wire harness supply system for the European market.

Information & Communications

Creating more efficient communication systems to meet future needs



Segment Overview

We provide an extensive lineup of optical components and system products, and are supporting the advancement of broadband networks. Leveraging our wealth of experience and know-how in telecommunications technology, we also provide automobile and transportation system products.

Key Challenges under VISION 2012

Demand for optical fiber cable has been sluggish in the Japanese market since the fiscal year ended March 2009. With regard to network products, while demand for next-generation networks emerged in fiscal 2009, demand for next-generation networks is forecast to fall off in the second half of fiscal 2010, and a high level of demand is expected to be reported for the full term. In overseas markets, demand is expected to remain strong in emerging markets for optical fiber products, primarily from China and India. However, a decline in demand in the industrialized nations cannot be ruled out. Against this backdrop, we intend to carry out business operations from a global perspective. We are working to improve our price competitiveness, reduce costs, and capture orders for broadband and fiber-to-the-home (FTTH) in overseas markets. Regarding optical fiber components, we aim to increase our share of the world market through the expansion of our lineup of products compatible with 10-Gbps. In network

equipment, we intend to expand sales by developing new products compatible with Japan's next-generation network system.

Recent Developments

In optical fiber cable, to offset the stagnant demand in the Japanese market, we intend to focus on marketing in the United States, Europe, China and the Middle East. In the Chinese market, we have set up a joint venture with a local company to expand our production capabilities and strengthen our marketing capabilities in China. (Please refer to the Topics section). In the European market, we have invested in Opticable SA, the optical fiber manufacturing subsidiary of leading French cable manufacturer Nexans SA, and will be supplying optical fiber cable to Opticable. In addition, we have invested in a global undersea electrical cable manufacturer to strengthen our operations for optical fiber components and materials used in undersea cable systems.

Regarding components for optical communications, we are making efforts to expand our lineup of products for leading customers in the United States, Europe and China. We have also developed new products such as the small form-factor pluggable (SFP) optical transceivers compatible with for 10-Gbps, to strengthen our competitiveness in the 10-Gbps market. We established an integrated system for the manufacturing of optical transmission components in Suzhou, China in April 2008, and have succeeded in enhancing our competitiveness by reducing



Optical Fiber Fusion Splicer

Optical fiber splicing tools are ideal for use in FTTH installation, which is expected to spread widely in the future, and in laying and maintenance of optical fiber cables in buildings.



Multicore Optical Fiber Cable

Our multicore optical fiber cables, in which fiber ribbons are housed in the groove of the slot, offer high fiber density and small cable diameter.



Content Delivery Network (CDN) products (StreamCruiser™)

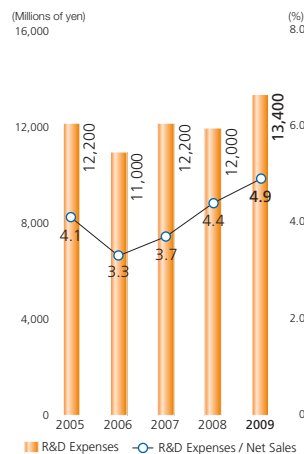
We have developed an IP set-top box that is compatible with such services as Internet protocol-based full high-definition digital rebroadcasting (a world's first), multiple channel broadcasting, video on demand (VOD), karaoke, and broadcasters' archive contents, among other services. We are currently mass producing IP set-top boxes for internet protocol television (IPTV) services, utilizing a next-generation network (NGN) service.

both lead time and costs. Also, we made Eudyna Devices Inc., a producer of optical devices, a wholly owned subsidiary in April 2009. In the future, we will reorganize our optical and electronic device operations to accelerate new product development and commercialization, enhance quality, improve cost competitiveness (by integrating production and marketing bases), and leverage other potential synergies.

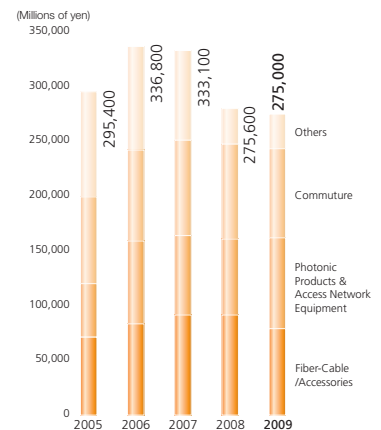
In network equipment, we will work to further expand sales of Gigabit Ethernet* Passive Optical Network (GE-PON), home gateway (HGW), and Internet protocol set-top boxes (IP-STB) for next-generation-network (NGN) services, while aggressively marketing the GE-PON in Taiwan, Hong Kong and other parts of China.

* Ethernet is a trademark of the Xerox Corporation.

R&D Expenses and as a Percentage of Net Sales



Net Sales



Topics

In October 2008 we signed an agreement with the Futong Group, the company responsible for supporting the rapid growth of China's optical fiber and cable market, to set up three local optical fiber joint ventures. We aim to win the top share in the Chinese market by leveraging our own cutting-edge technologies, which include optical preforms for fiber optics, and the Futong Group's strong marketing capabilities.

1. Optical preform and fiber manufacturing company

Name: Hangzhou SEI-Futong Optical Fiber Co., Ltd.
Holding ratio: Sumitomo Electric Industries, Ltd., 51%; Futong Group Co., Ltd., 49%

2. Optical cable manufacturing company

Name: Chengdu SEI-Futong Optical Cable Co., Ltd.
Holding ratio: Sumitomo Electric Industries, Ltd., 49%; Chengdu Futong Optical Communication Technology Co., Ltd., 51%
(Chengdu Futong is a wholly owned subsidiary of the Futong Group)

3. Holding company

(The existing two optical fiber cable manufacturing companies are subsidiaries of this holding company.)
Hong Kong SEI-Futong Holding Limited
Holding ratio: Sumitomo Electric Industries, Ltd., 49%; Futong Hong Kong, 51%
(Futong Hong Kong is a wholly owned subsidiary of the Futong Group)

Accelerating industrial development with sophisticated, high-quality products

Segment Overview

Technological innovation is an ongoing process in the electronics industry. Sumitomo Electric's Electronics segment works to develop and supply the new materials and components needed by the electronics industry for miniaturization, reduced weight, and higher product performance.

Key Challenges under VISION 2012

In this segment, the Sumitomo Electric Group is focusing efforts on the development and marketing of products in the growth fields of mobile-phones, LCDs, and game consoles. At the same time, we are continuing to invest resources in strengthening our marketing and production systems on a global scale. Other challenges include expanding sales of high-value-added products, taking steps to lower the sales cost of mainline products, and investing more in the development of unique new products and technologies.

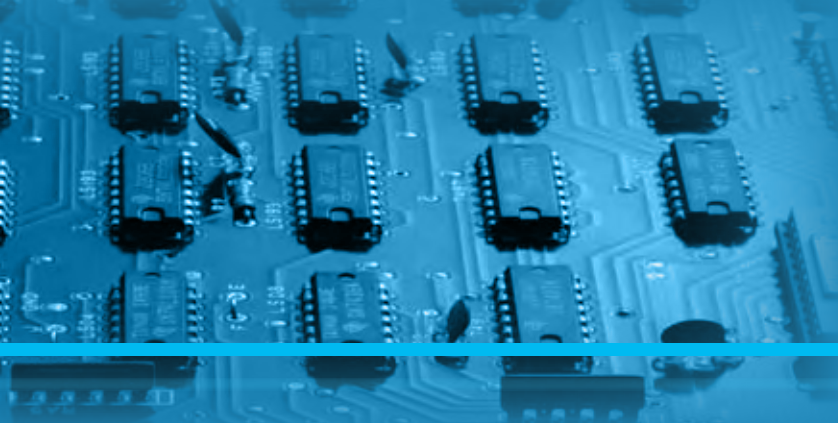
Recent Developments

We have achieved some success in expanding the applications of our electronic wire products to new fields such as medical equipment. In the field of automotive components we are working to ensure the smooth startup of our Tab-Lead business and increase sales. With regard to halogen-free electric cable and our Sumi-Card™ flat cable, we have received orders from electronics plants in China.

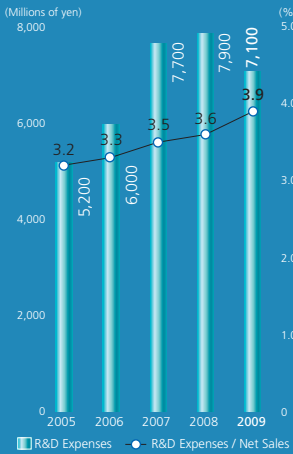
During the reporting term we took steps to strengthen our overseas marketing system for flexible printed circuits, acquiring new customers among foreign-owned companies and new applications to HDDs and game consoles. At the same time, we are investing in the development of FPC mounting technologies and in modular products. In the field of semiconductor chips, we are actively marketing GaN substrates for use with Blu-ray* discs, and are exploring widened applications in the fields of LCD backlights and high-power LEDs.

In other products, we are working to realize commercial operations at an early date in superfine filtration membrane modules for water treatment systems, and metallic nano-particle materials.

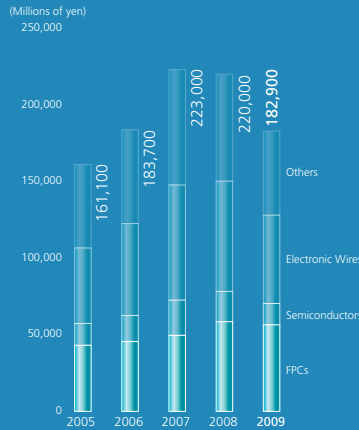
* Blu-ray Disc is a trademark of the Blu-ray Disc Association.



R&D Expenses and as a Percentage of Net Sales



Net Sales



Topics

Mass-production method achieved for polytetrafluoroethylene (PTFE) membrane with nano-scale perforations

Sumitomo Electric has employed unique technology to make POREFLON™, a multiperforation membrane made of polytetrafluoroethylene (PTFE), which exhibits a number of superior functions. POREFLON™ is used in the filtration of liquid agents employed to manufacture semiconductors, as a water-resistant coating for mobile-phones and vehicle components, and in filtration equipment for industrial waste or sewage treatment.

In line with the increasing circuit density of semiconductor chips in recent years, filters used in chip manufacturing processes must be able to filter out ever-more minute particles, and high-performance membranes for this purpose are in strong demand. In response to these needs, Sumitomo Electric Fine Polymer, Inc. has developed a wholly unique manufacturing method that enables the production of a PTFE membrane capable of blocking particles only 30 nanometers in diameter. Commercialization of this product, which is expected to make a major contribution to improving semiconductor chip production yields, has recently been achieved.



Gallium Nitride (GaN) Substrate
GaN semiconductors are used in blue-violet lasers that enable reading data from and writing data to the next-generation DVD discs.



Tab-Lead
Tab-Lead is used to draw electricity from lithium-ion batteries or electric double layer capacitors covered with aluminum laminated film. This wire is remarkably resistant to battery electrolyte. Also, its insulating layer prevents heat deformation. These characteristics provide excellent sealing reliability.



Micro Flex Coaxial (MFCX™) Cable
MFCX™ cable has an extremely small outer diameter ranging from 0.20 to 0.35 mm. This cable is mainly used in the hinge connection area between the motherboard and LCD of a laptop PC or mobile-phone. Double-shielded structure is also available to enhance noise immunity.



Flexible Printed Circuit (FPC)
FPCs consist of a copper circuitry overlaid on an ultra-thin insulation film. They greatly contribute to the downsizing, weight saving, and cost reduction of electronic devices, and are used in computer hard disc drives, camera-integrated video recorders, mobile-phones, etc.





Review of Operations

Electric Wire & Cable, Energy

Widening our operational scope to encompass safer materials and new energy-related businesses

Topics

Submarine power company set up in Saudi Arabia

Activity in the development of offshore oil and gas fields in Saudi Arabia has increased considerably in recent years, and this is pushing up demand for submarine power cables. In response, J-Power Systems Corporation (a 50-50 joint venture with Hitachi Cable, Ltd.) has reached agreement with Marubeni Metals Co., Ltd. on a plan to establish a joint venture for the production and sale of submarine power cables in Saudi Arabia. The company is scheduled to be established in July of this year and go into operation in January 2011.

It will manufacture CV submarine power cables for the transmission of medium-voltage power (between 5 kV and 35 kV), and will provide them to companies engaged in oil- and gas-field development in Saudi Arabia and other Middle Eastern countries, as well as in Africa.

Tentative name: J-Power Systems Saudi Arabia Co., Ltd.

Paid-in capital: SR 62.5 million

Holding ratio: J-Power Systems Corporation, 75%;
Marubeni Metals Co., Ltd., 25%

Segment Overview

We manufacture cables used in the transmission and distribution of electric power, trolley wires used in railway lines such as the Shinkansen bullet train, and wire coils used in consumer appliances, vehicles and many other fields.

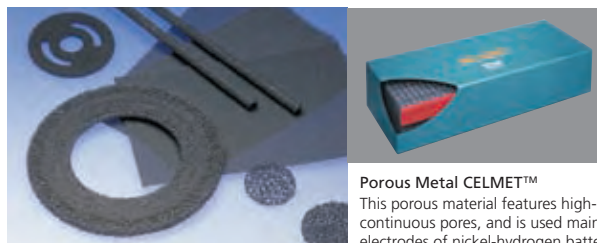
Key Challenges under VISION 2012

We are undertaking a restructuring of our operations in products for which the market has matured, and are pursuing strict cost-reduction measures. We are also aggressively marketing our electric power cable and equipment products in areas where energy-related demand is brisk, such as China, India and the Middle East. We are developing new products for the vehicle and electronics markets, and are pursuing coordinated marketing campaigns across the entire Sumitomo Electric Group. We intend to open up and exploit new business avenues in the fields of energy, resources, and the environment, which are expected to grow strongly.

Recent Developments

Our strict cost-reduction initiatives include actively investing in the replacement of production equipment with more efficient and lower-cost models so as to reduce the sales cost. With respect to emerging markets, our affiliate J-Power Systems Corporation has set up an electric cable manufacturing company in India in a joint venture with local companies, and in Saudi Arabia we have established a joint venture for the manufacture of submarine power cables. These steps will help us take full advantage of the growing demand for such products in these parts of the world.

With regard to wire coils, we are working on the development of a new type of wire for use in hybrid vehicles that will boast greater strength and will be able to handle high-voltage power. We have invested in increased production capacity for our CELMET™ porous metal product, as demand for which is expected to grow for use in batteries for hybrid vehicles. In collaboration with Nissin Electric Co., Ltd., which was made into a consolidated subsidiary in December 2008, we are working to create an organization that will demonstrate synergy in marketing and product development on a global scale.



Porous Metal CELMET™
This porous material features high-porosity and continuous pores, and is used mainly in the electrodes of nickel-hydrogen batteries.



Infrared Optical Product
We manufacture optical materials of all kinds that are applicable to the infrared to visible region. We conduct and manage all steps of product manufacturing, from material manufacturing to polishing and thin film coating.

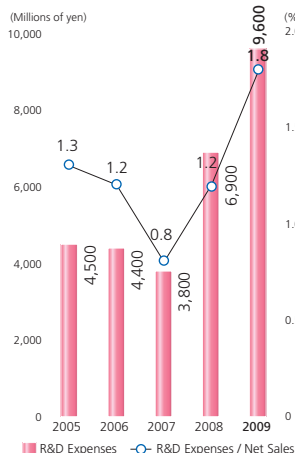


Cross-Linked Polyethylene (XLPE) Insulated Cable
Our high-voltage electric wires and cables, which stably supply large-capacity electric power, serve as the main arteries of energy transmission by power companies in Japan and abroad.

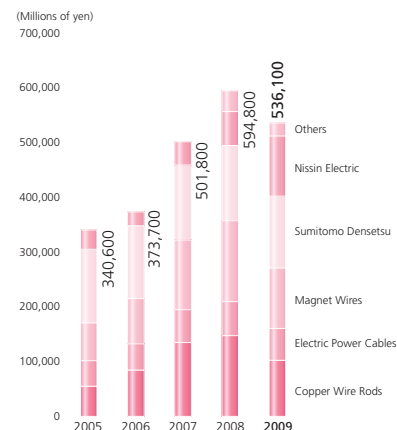


Scratch-Resistant Magnet Wire
Magnet wires are widely used in automotive electric components. Our magnet wires can withstand harsh conditions during coil winding and are used in high-efficiency motors and coils.

R&D Expenses and as a Percentage of Net Sales



Net Sales



Industrial Materials & Others

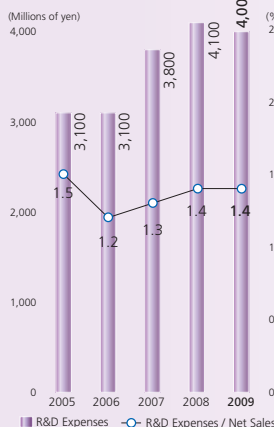
Segment Overview

This segment features the use of the proprietary technologies that the Company has developed through the manufacture of electric wires and cables. This technology base has given birth to a wide range of products used in the machinery manufacturing, construction, and automotive industries, among others.

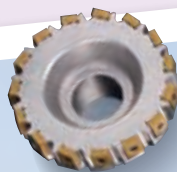
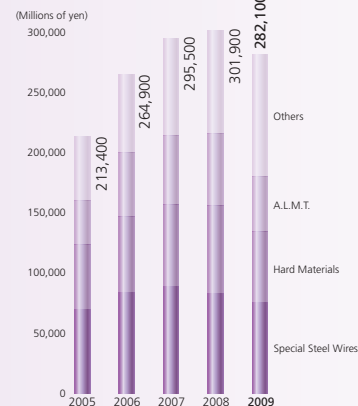
Key Challenges under VISION 2012

In the field of cutting tools, we are pursuing a program of accelerating the global development of our production and marketing network for strategic products such as a tip-changeable drill, MULTI-DRILL™ and cubic boron nitride (CBN) cutting tools. The Sumitomo Electric Group is working to leverage its core technology base, including its unique expertise in powder metallurgy techniques. This will improve its ability to develop and commercialize new materials and products, as well as to perfect new processing methods so as to better differentiate the Company from its competitors. We are also putting efforts into the development of new products in potential growth areas, such as the aviation industry and energy supply, other than the automotive industry. At the same time, the development of recycling technologies is being undertaken to ensure a Group of a stable supply of essential materials such as tungsten and to help preserve the environment.

R&D Expenses and as a Percentage of Net Sales



Net Sales



Supporting industry,
delivering products
that meet society's needs

Recent Developments



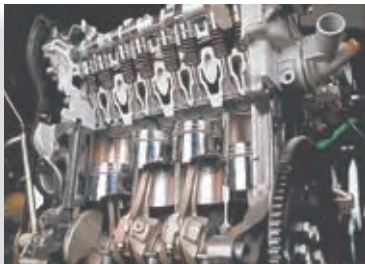
Sintered Parts

Sintered parts are made mainly of iron powder using a powder metallurgical technique. They are widely used as the structural parts for automobiles, office instruments and home electric appliances.



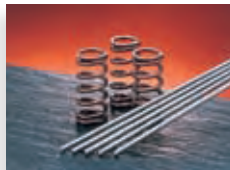
Prestressing Material

Prestressed concrete (PC) technology makes concrete strong and durable by applying prestress using high strength steel wires. PC technology is applied in the fields of civil engineering and building construction. Our products are used in versatile applications such as bridges, tanks, buildings, airport pavements, ground anchors, nuclear reactor containment vessels and offshore structures.



Oil-Tempered Wire for Valve Springs

Oil-tempered wires are used for automotive valve springs and torque converter springs, which are required to have good fatigue resistance under high stress conditions.



Cemented Carbide Tool, IGETALLOY™

Responding to the need for faster, more efficient and higher-precision machining, IGETALLOY™ inserts work as a mechanical interface between machine and material, gaining importance in such fields as cutting and plastic working.

In the area of special steel wire, we are conducting marketing activities overseas with the aim of winning orders for Prestressed concrete (PC) steel wire. In the production of oil-tempered wire for steel springs and wire saws, we have integrated some of our production plants to reduce costs, and have hopes of expanding our sales of wire saws to makers of solar cell panels, which are expected to show good growth. We have also taken steps to increase our overseas sales of steel cords for tires, and to lower production costs.

In the field of powder metallurgy, we are setting up marketing subsidiaries in the BRICS countries, Mexico and elsewhere, and are also increasing the number of our overseas sales agents to strengthen our position in the world market. In tip-changeable drills and CBN cutting tools we have amalgamated a number of production facilities to reduce costs. We are expanding our marketing reach to industries other than the automotive-related market, and are conducting joint research with Nagoya University on methods for recycling super-hard tools. With respect to sintered parts, we have integrated all production of general-purpose types at our subsidiary Sumitomo Electric Sintered Alloy Ltd. This is just one step in a long-term program to reduce costs through consolidation and restructuring.

Topics

New global logistics system started up for cutting tool operations

Group member Sumitomo Electric Hardmetal Corp. (SHM) has constructed a new Logistic Center in Osaka to upgrade its logistics capabilities and open the way to development of a global-scale business.

In addition to investment in the manufacturing and marketing infrastructure enhancement in Japan and overseas, in June 2006 SHM embarked on a project to redesign its entire business process to realize greater user satisfaction and expand its business scale. This project involves the accurate forecasting and analysis of demand to enable the precise adjustment of inventories throughout its global network, thereby realizing a revolutionary improvement in global distribution and logistics efficiency. The construction of the Osaka Logistic Center puts the finishing touches to the restructuring of the

company's business process.

At the new Logistic Center, SHM is collaborating with logistics and delivery contractors in the creation of a new system that realizes a smooth-flowing delivery process with no stoppages. Customers located in some Asian countries will be able to take delivery of products ordered within 24 hours. This will both achieve a dramatic shortening in the lead time and cut costs by enabling inventories to be kept at optimal levels.

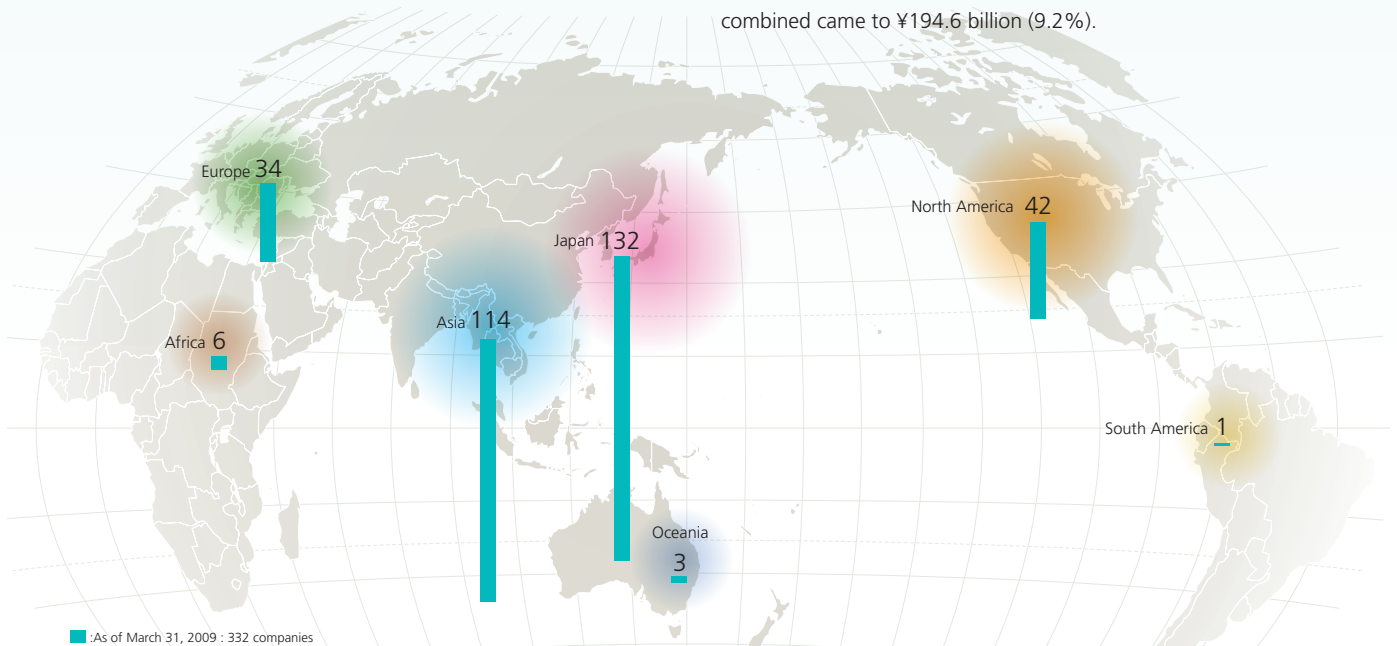
SHM's system ensures management and control of all products right up to handover to the customer. The system incorporates full order traceability, and a system is being developed that will allow customers to carry out the trucking themselves when they wish to. These features should lead to a notable improvement in customer satisfaction.

Overseas Activities

Expanding globally,
offering unique value

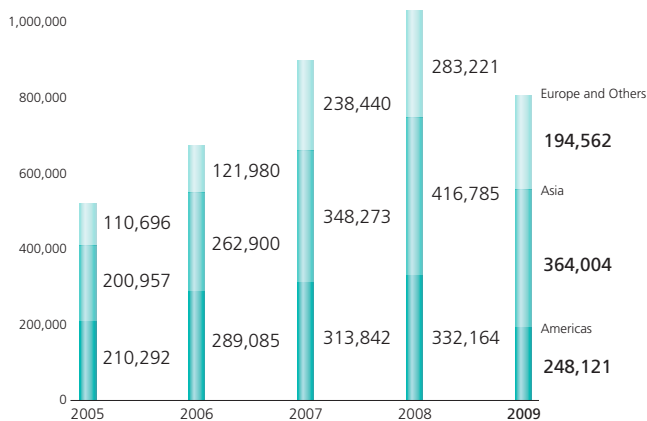
Overseas Sales

Overseas sales for the reporting term ended March 2009 fell by ¥225.5 billion (21.9%) from the previous period, to ¥806.7 billion. This decline is attributable to the rapid decrease in demand, as well as the impact of the yen's appreciation against other major currencies. Overseas sales accounted for 38.0% of total sales on a consolidated basis, for a year-on-year decrease of 2.6 percentage points. Regionally, sales in the Americas came to ¥248.1 billion (accounting for 11.7% of total sales), sales in Asia amounted to ¥364.0 billion (17.1%) and sales in Europe and other regions combined came to ¥194.6 billion (9.2%).



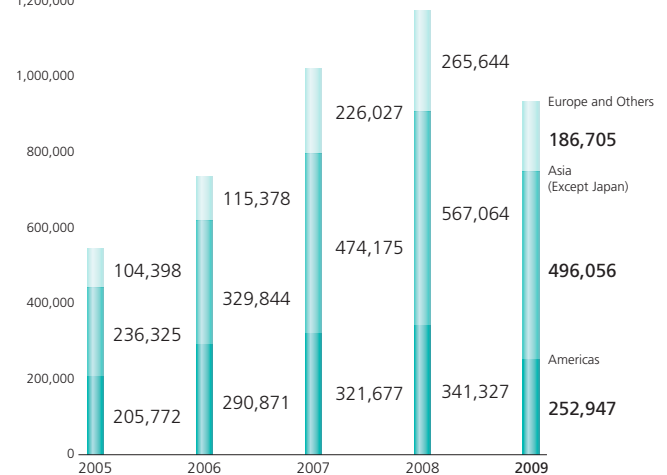
Overseas Sales

(Millions of yen)
1,200,000



Geographical Segment Sales

(Millions of yen)
1,200,000



Corporate Governance

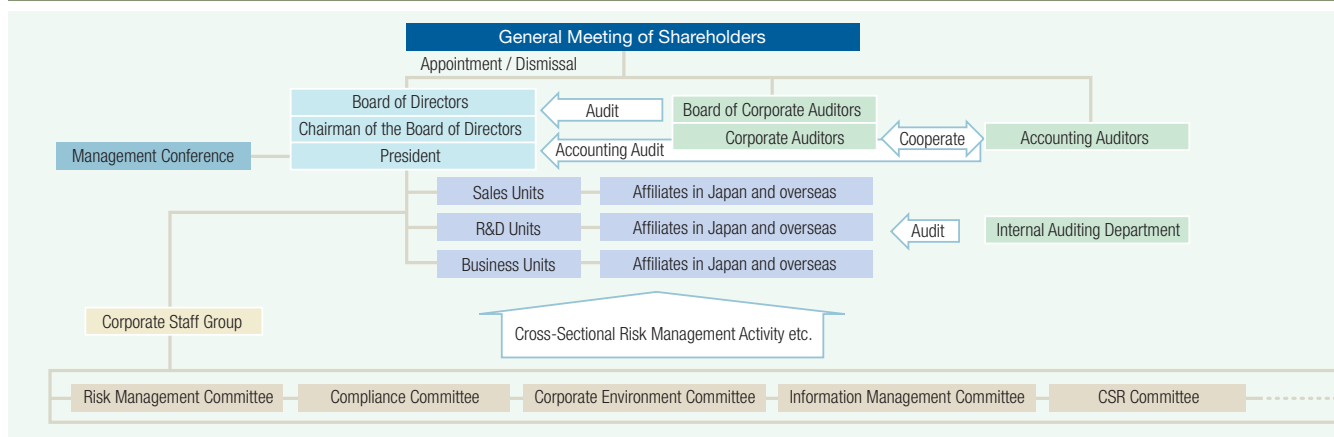
Basic Policy

The consistent basic policy of the Sumitomo Electric Group is to make a positive contribution to society through the pursuit of fair business activities, in line with the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles. To develop our business and enhance our corporate value while adhering to this basic policy, we are committed to improving overall management efficiency and speed, and to ensuring the legality and appropriateness of our business decisions and activities. We are also working to further strengthen our management oversight system so as to increase monitoring capabilities and enhance the remedial function. Specifically, in June 2003 Sumitomo Electric adopted the Executive Officer System, along with the Business Unit System, which resulted in reducing the number of directors. Implementation of these systems accelerated the Board's decision making, improved its supervisory functions, and clarified the scope of authority

and responsibilities of individual business units, thereby helping create a flexible system of business execution. At the Company's 138th Annual General Meeting of Shareholders held in June 2008, an outside corporate auditor with no personal interests in the Company was appointed with the aim of further strengthening the supervisory functions of the Board of Directors.

The Executive Officers have been selected not only from among the business executives of Sumitomo Electric, but also from among managers of Sumitomo Electric Group companies, so as to reinforce group administration. Important initiatives to be implemented by the Group as a whole, such as common corporate principles, compliance and risk management, are overseen from a Group-wide perspective by Sumitomo Electric's Corporate Staff Group and also by Sumitomo Electric's Administrative Departments, which administer the Group member companies.

Corporate Governance Structure



Compliance

Upgrading compliance manuals and training systems to raise compliance awareness across the Group

Basic Policy

Sumitomo Electric believes that complying with laws and regulations and maintaining corporate ethics comprise the backbone of its management; these matters are its social duties as a corporation, and form the absolute basis for the Company's continued existence and development.

Compliance Committee

Sumitomo Electric has established the Compliance

Committee, chaired by the President, as an organization that promotes measures necessary to develop and further strengthen the compliance system. The Committee engages in various activities, including preparing and distributing the Sumitomo Electric Employee Compliance Manual, and organizing compliance training programs. In addition, the Committee identifies and analyzes Group-wide compliance risks and monitors the compliance activities implemented by each department and division to proactively minimize risk within the Group. For Group companies in Japan and overseas, Sumitomo Electric also provides support and advice in helping reinforce their own compliance system, based on the outcome of the Company's compliance initiatives.

Business Risk

The following major categories of risk could affect the business performance and financial position of the Sumitomo Electric Group. Forward-looking statements in this section represent judgments made by the Group's management as of the end of the consolidated fiscal year ended March 2009.

Political and economic situations, demand fluctuation

The Group's businesses span the "Automotive," "Information & Communications," "Electronics," "Electric Wire & Cable, Energy" and "Industrial Materials & Others" sectors. In addition to Japan, the Group has business operations in America, the rest of Asia and Europe. For this reason, its business performance, financial position and cash flows do not depend excessively on specific trading partners, products or technologies, but are affected by sector- and locality-specific changes in demand, the shortening of product life cycles due to technological innovation, and political change in the countries in which the Group operates. Most of the Group's products are components for end-user goods, and materials and systems used in public facilities and infrastructure. Hence, the Group is exposed to fluctuations in consumer spending as well as changes in customers' procurement policies and decisions on capital expenditures.

Changes in laws and regulations

In addition to its Japanese facilities, the Group has manufacturing and marketing subsidiaries and affiliates in countries around the world. Operations in each of these markets entail the following risk factors, which are impossible to fully avoid, and which could affect the business performance and financial position of the Group.

— Falling sales or a deterioration in the cost-to-sales ratio due to import restrictions and increases in customs duties.

— Increased tax cost due to changes in taxation systems for domestic or cross-border transactions.

— Inability to recover investment due to foreign currency restrictions, hyperinflation, acts of terrorism, the outbreak of infectious diseases including new influenza or other factors.

Risks relating to lawsuits, regulations and other legal measures by regulatory authorities

In the course of its ordinary business operations, the Sumitomo Electric Group is exposed to risks related to lawsuits, administrative orders and other legal measures carried out by regulatory authorities, which could claim compensation for damages or pecuniary penalties. Another possibility is the imposition of constraints that could obstruct the Company's ordinary business operations. Such lawsuit, administrative orders or legal measures taken by regulatory authorities could have negative impacts on the

Group's business operations, earnings performance and financial conditions.

In January 2009, the Sumitomo Electric Group was subjected to an on-the-spot inspection by the Japan Fair Trade Commission with regard to collusion and cartel allegations in high-pressure/special high-voltage electric power cable business. Meanwhile, regulatory authorities in the EU and U.S. also started their investigations into this field. Sumitomo Electric transferred its development, manufacturing and export businesses in this field in October 2001, and its sales operations targeting domestic power companies in October 2004, to J-Power Systems Corporation, our 50-50 joint venture with Hitachi Cable, Ltd.

In June 2009, Sumitomo Electric was subjected to an on-the-spot inspection by the Japan Fair Trade Commission with regard to collusion and cartel allegations in domestic business of optical-fiber cables and relevant product for telecommunications carrier.

Natural disasters

Having sustained significant damage mainly at its Itami Works in the Great Hanshin-Awaji Earthquake of 1995, the Group has earthquake and other disaster measures in place. However, the Group may suffer significant earthquake damage as some of its manufacturing facilities are located in the areas most likely be affected if earthquakes were to hit the Tokai and Tonankai/Nankai regions.

Interest-rate changes

In its fund-raising activities, the Group takes care of funding requirements, the financial market environment and the balance of funding sources. The Group raises funds mainly through the issuance of long-term, fixed-rate corporate bonds, to ensure a stable, long-term supply of funding for capital investment. For this reason, the Group has relatively little exposure to short-term fluctuations in interest rates, but medium- to long-term rises in interest rates can push up the costs of funding via corporate bonds and other funding sources, which could in turn adversely affect the business performance and financial position of the Group.

Exchange-rate fluctuations

Individual financial statements of overseas subsidiaries and equity-method affiliates of the Group are prepared using local currencies, which are then translated into Japanese yen when the consolidated

financial statements are compiled. Therefore, even when there is no major variation in business results in local currency basis, the Group can suffer adverse effects on its business performance and financial position at the time of translation into yen as a result of changes in the exchange rate against the U.S. dollar, the euro and other currencies.

The Group carries out its manufacturing and marketing activities in countries all over the world (overseas sales accounts for 38.0% of total sales for this consolidated fiscal year). The Group minimizes risk from short-term exchange-rate fluctuations by using forward exchange contracts and similar instruments, but substantial exchange-rate fluctuations over the medium-to-long term can adversely affect its business performance and the financial position of the Group.

Raw materials procurement

The Group produces a large number of items that use copper as main component, including electrical cables. In setting the sales prices of major products containing copper, risk of market price fluctuation is avoided through the widespread industry practice of using the prevailing copper price quoted on the London Metal Exchange. However, this method is not used for setting the prices of certain Group products containing copper, which means that any rapid rise in copper market prices could adversely affect the Group's business performance and financial position.

For the procurement of other raw and secondary materials such as non-ferrous metals, steel and petrochemicals, the Group is strengthening measures to purchase at more advantageous terms, for example through joint purchasing. However, a rapid rise in market prices or a sharp drop in the inventory prices of such raw and secondary materials could adversely affect the financial performance and business standing of the Group.

Difficulty may also be experienced in procuring needed volumes of rare metals, because rare metal deposits and suppliers are limited.

Valuation losses on securities held for business purposes

The Group holds shares in its trading partners with the purpose of ensuring stable supplies of raw materials and resilient business relations with customers. Because the Group does not hold securities for the purpose of investment, it is exposed to a relatively low level of risk from share-price fluctuation, but a rapid fall in the

stock market could erode the Group's equity ratio.

Intellectual property

In addition to protecting its own technologies through the acquisition of patents, design rights and other intellectual property protection, the Group is scrupulous in its observance of other companies' intellectual property rights. However, circumstances may arise in which the Group unwittingly violates the intellectual property rights of another company due to diversification of product configuration or manufacturing technology, expansion of overseas business activities, and increased complexity of retail channels. This could result in the Group being forced to suspend marketing activities or make design changes. Further, because the necessary protection cannot always be assured in cases where other companies violate the Group's intellectual property rights, due to differences in legal systems and enforcement practices from one country to another, the Group is unable to guarantee that its products will win a significant share in overseas markets.

Information leakage

In the pursuit of its business activities, the Group holds a great deal of personal and confidential information. The Group has taken every possible measure to uphold confidentiality of such information, but can offer no definitive guarantee that leakage will not occur in the case of unforeseen circumstances. If such circumstances arise, the Group's business performance and financial position could be adversely affected by harm done to its reputation and damage claims.

Defective products and inferior services

Based on predetermined product quality standards, the Group makes every effort to ensure the quality of its products and services. However, in certain unforeseen circumstances, it cannot rule out the possibility of the occurrence of product quality problems leading to large-scale recalls and manufacturer-liability compensation payments. If such circumstances arise, the Group's business performance and financial position could be adversely affected.



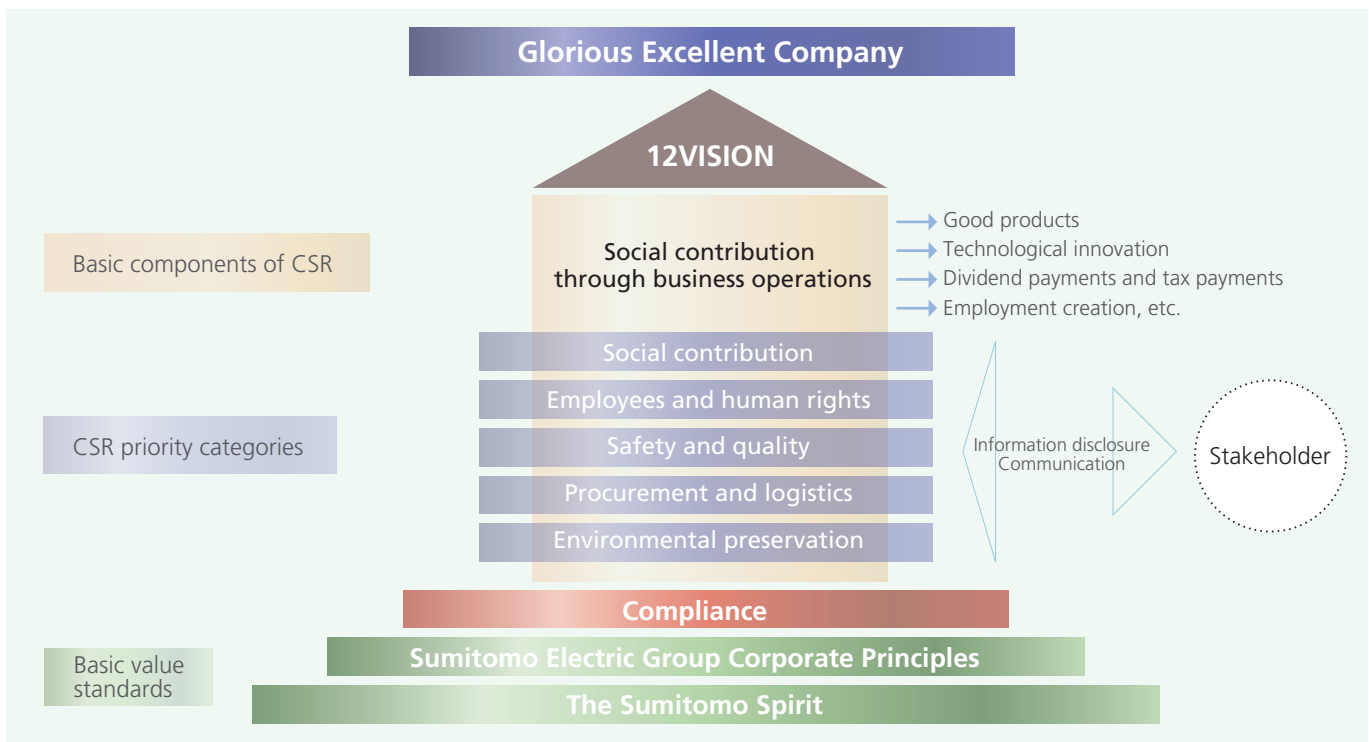
We contribute to society through business operations

Sumitomo Electric Group CSR Basic Policy

The Sumitomo Spirit, which gives top priority to social credibility and corporate ethics, is deeply instilled into the Sumitomo Electric Group. The Sumitomo Spirit including approach to CSR, as well as the Sumitomo Electric Group Corporate Principles, established on the occasion of Sumitomo Electric's centennial celebration (1997), both serve as the basic value standards that guide us. We feel that the Sumitomo Electric Group's CSR basic policy is to contribute to society through business operations in line with these Spirit and Principles.

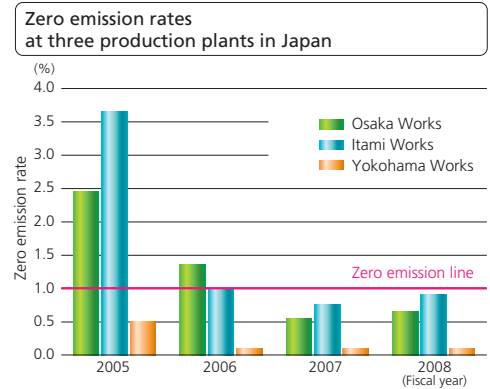
Moreover, we have set out five priority areas in the field of CSR; environmental preservation; procurement and logistics; safety and quality; employees and human rights; and social contribution. We believe that the Sumitomo Electric Group's basic corporate social responsibility is to continue sustained growth through establishing favorable relationships with our stakeholders, so as to become a "Glorious Excellent Company."

Our Basic Stance on CSR



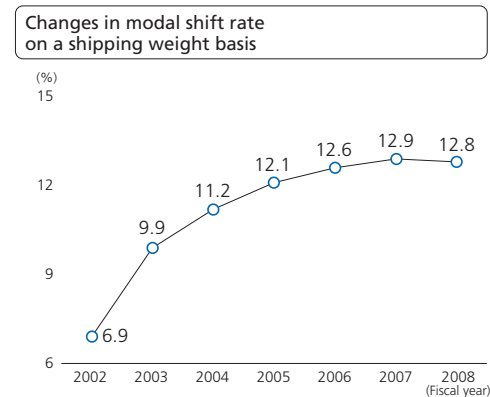
Zero emissions achieved for second straight year

The management of the Sumitomo Electric puts a high priority on addressing environmental issues from a global perspective, and during the reporting term we continued to pursue our "Action ECO-21" Campaign, a groupwide initiative under which targets have been set for prevention of global warming and conservation of natural resources through recycling and other means. As part of this initiative, we have undertaken improvement to production equipment at our plants, and have set up systems for the in-house treatment of waste liquids and in-house reuse of plastics. As a result of our efforts in these fields, for the second year running we achieved a de facto waste emissions rate of zero at all three of our plants in Japan for fiscal 2008, the last year for which data is available. That is to say, we kept the proportion of waste disposed of through simple incineration or landfill below 1% of the total.



Promotion of Shift in Transport Modes (Modal Shift)

As part of its policy of helping to reduce atmospheric emissions of carbon dioxide, since fiscal 2003 the Group has been switching the mode of goods transportation (used particularly for the transport of large volumes over long distances) from trucks to trains or ships, which both emit less CO₂. Additionally, we have been collaborating with companies from other industries in the shared use of containers in railway and seagoing transportation so as to raise load efficiency. In this and other ways we have been putting considerable effort into environmental preservation in recent years, and even greater efforts will be made from here onward.



Employment of the Physically or Mentally Challenged

In July 2008 we established Sumiden Friend Co., Ltd. to offer working environments and conditions that will enable the physically or mentally challenged to more easily become part of the Group's workforce. Jobs offered by the company include maintenance of decorative plants such as potted flowering plants in the offices of Group companies, as well as the packaging of cushioning materials used for the protection of the Company's products.

We intend to continue taking various steps to help the physically or mentally challenged find employment within the Group, principally via Sumiden Friend.



Sumitomo Electric Group CSR Report

For further details of the Group's CSR activities, please access our website at: http://global-sei.com/csr_e/

The 2009 edition of the CSR Report is scheduled for publication in October.



Directors, Corporate Auditors and Executive Officers



Masayoshi Matsumoto
President and CEO



Toshhide Kimura
Senior Managing Director



Hiroyuki Takenaka
Senior Managing Director



Akira Nishimura
Managing Director



Atsushi Yano
Managing Director



Yuji Hamasaki
Managing Director



Shigeru Tanaka
Managing Director



Katsuhide Kurasaka
Managing Director



Shigeru Noda
Managing Director



Hideaki Inayama
Managing Director



Mitsuo Nishida
Managing Director



Osamu Inoue
Director



Kazuo Hiramatsu
Director (Outside Director)

President and CEO

Masayoshi Matsumoto

Senior Managing Directors

Toshhide Kimura
Hiroyuki Takenaka

Managing Directors

Akira Nishimura
Atsushi Yano
Yuji Hamasaki
Shigeru Tanaka
Katsuhide Kurasaka
Shigeru Noda
Hideaki Inayama
Mitsuo Nishida

Directors

Osamu Inoue
Kazuo Hiramatsu
(Outside Director)

Corporate Auditors

Shintaro Mitake
Yoshio Ebihara
Takashi Kakimi
Ichiro Kobayashi
Mitsuhiro Ishibashi

Managing Executive Officers

Shosuke Hongo
Hideyuki Shigi
Hirokazu Sugawara
Masato Isobe
Yuzo Tokumaru
Akito Kubo
Kazuyoshi Hasegawa
Seizo Takamuku
Masanori Yoshikai

Executive Officers

Masamichi Yokogawa
Hisashi Takada
Fumiyoshi Kawai
Yasuyoshi Saegusa
Masahiro Shibata
Hisato Shingu
Yoshihiro Minato
Makoto Tani
Naoyuki Yamabayashi
Satoru Ogura

(As of June 2009)

Financial Section 2009

Five-Year Financial Data and Indexes

SUMITOMO ELECTRIC INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES
For the five years in the period ended March 31, 2009

	Millions of yen					Thousands of U.S. dollars
	2009	2008	2007	2006	2005	2009
For the Year:						
Net sales	¥2,121,978	¥2,540,858	¥2,384,395	¥2,007,134	¥1,740,198	\$21,602,138
Cost of sales	1,814,447	2,102,375	1,979,737	1,645,805	1,426,241	18,471,414
Selling, general and administrative expenses...	284,004	289,487	275,913	255,834	232,528	2,891,215
Operating income	23,527	148,996	128,745	105,495	81,429	239,509
Income before income taxes and minority interests.....	41,126	166,612	144,550	108,279	90,130	418,670
Net income	17,237	87,804	76,029	58,346	36,540	175,476
Capital expenditures	143,182	134,421	128,568	132,707	108,988	1,457,620
Depreciation and amortization	108,168	106,892	99,802	87,151	80,005	1,101,171
R&D expenses.....	72,988	72,271	68,373	64,427	56,480	743,032
At Year-End:						
Total assets	1,868,174	2,194,882	2,126,405	1,991,048	1,735,814	19,018,365
Working capital.....	313,591	387,088	386,791	339,271	354,241	3,912,416
Total interest-bearing liabilities.....	405,477	415,473	456,399	452,808	414,655	4,127,833
Total net assets*	1,014,082	1,128,235	1,052,989	811,121	690,872	10,323,547
				Yen		U.S. dollars
Per Share Data:						
Net income:						
Basic	¥ 21.78	¥ 112.74	¥ 100.22	¥ 76.43	¥ 48.01	\$ 0.222
Diluted	21.32	107.71	95.40	72.72	46.04	0.217
Cash dividends.....	18.00	20.00	17.00	13.00	10.00	0.183
Shareholders' equity per share	1,086.79	1,226.56	1,170.54	1,068.73	911.24	11.064
Weighted average number of shares outstanding (in thousands).....	791,414	778,785	758,606	757,929	752,764	
Number of employees (at year-end)	152,547	153,725	133,853	124,650	104,398	
Financial Indexes:						
R&D expenses / net sales (%).....	3.4	2.8	2.9	3.2	3.2	
Net income / net sales (%).....	0.8	3.5	3.2	2.9	2.1	
Return on equity (%).....	1.9	9.5	8.9	7.8	5.4	
Current ratio (Times)	1.6	1.5	1.6	1.6	1.7	
Shareholders' equity ratio (%)	46.1	44.1	41.8	40.7	39.8	
Total assets turnover (Times)	1.0	1.2	1.2	1.1	1.0	
Inventory turnover (Times).....	7.3	8.7	9.5	9.2	8.7	

Note: All dollar figures herein refer to U.S. currency. Yen amounts have been translated, for convenience only, at the rate of ¥98.23 to U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2009.

*See Note 8.

Management's Discussion and Analysis

Results of Operations

In fiscal 2009, ended March 31, 2009, the Japanese economy, which had been driven by exports in the previous years, has fallen into serious recession due to the severe fall of capital investments and personal consumption caused by sharp decrease of exports and increase of unemployment as a result of the contraction of global market since the third quarter.

The world economy has also fallen at the same time, in the United States of America and Europe, decrease of demand has been followed by increase of unemployment and vice versa as a result of depreciation of prices of stocks and real estates caused by the turmoil of financial markets since the bankruptcy of major financial institutions. In newly developing countries, most notably China, economic growth has slowed down drastically.

The Sumitomo Electric Group's business environment has become increasingly severer due to unprofitability of export and depreciation of product prices caused by drastic yen's appreciation and intensifying global competition in addition to outstanding decrease of global demand mainly in automotive and electronics markets.

In this business environment, the Group worked to effect improvements in its structures. The Group has also continued to minimize costs, improve its quality level, develop new products, and innovate technologies. However, due to the tremendously unfavorable influence of global demand decrease, the result shows that in the reporting period (the fiscal year ended March 2009) net sales decreased 16.5% year-on-year, to ¥2,122.0 billion; operating income fell 84.2%, to ¥23.5 billion; and net income was down by 80.4%, at ¥17.2 billion.

Business Segment Information

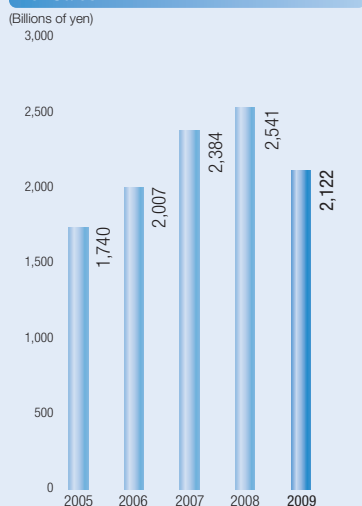
In the Automotive segment, sales for the reporting period fell 23.5% year-on-year, to ¥917.1 billion reflecting a decrease in demand for wiring harnesses and anti-vibration rubber products and an effect of the transfer of automotive brake business last year, and operating income decreased 91.8% to ¥6.1 billion due to decrease of demand and one-time cost increase resulting from reorganization and relocation of wiring harnesses factories in Europe and the United States. The operating income margin decreased 5.5 of a percentage point, to 0.7%.

In the Information & Communications segment, despite an increase in sales of networking equipment for Next-Generation Network, sales decreased 0.2% to ¥275.0 billion due to a decrease in demand for optical fibers and cables and operating income fell 38.5% to ¥5.0 billion in the reporting period due to unprofitability of exports of optical fibers and optical devices. The operating income margin was down by 1.2 of a percentage point from the previous year at 1.8%.

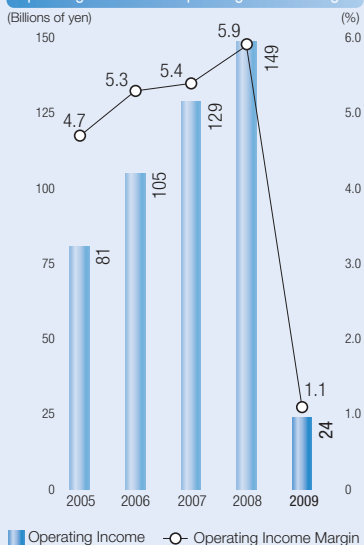
In the Electronics segment, sales fell 16.9% to ¥182.9 billion and operating income decreased 93.6% to ¥1.1 billion, due to a decrease in demand for FPCs, ultrafine coaxial cables and GaN substrates by the contraction of mobile-phones and digital electric appliances markets. The operating income margin was down by 7.2 percentage points, at 0.6%.

In the Electric Wire & Cable, Energy segment, in spite of an increase in sales by the inclusion of Nissin Electric Co., Ltd. in consolidation, sales fell 9.9% to ¥536.1 billion and operating income decreased by ¥9.8 billion to ¥8.9 billion due to falling prices of copper and a decrease in demand for magnet wires

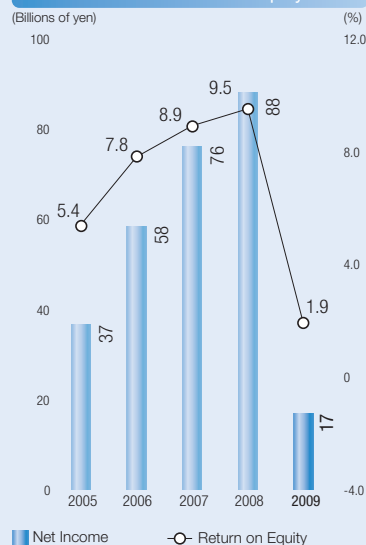
Net Sales



Operating Income and Operating Income Margin



Net Income and Return on Equity



in automotive and electronics. The operating income margin decreased 1.4 of a percentage point to 1.7%.

In the Industrial Materials & Others segment, sales were down 6.6% at ¥282.1 billion due to a decrease in demand for special steel wires, hard materials and sintered parts, and operating income decreased 92.3% to ¥2.3 billion. The operating income margin was down by 9.2 percentage points to 0.8%.

Performance by Geographical Segment

In Japan, sales decreased 14.8% year-on-year, to ¥1,605.6 billion, and operating loss came to ¥1.1 billion, due to a decrease in demand (Operating income was ¥93.0 billion in the previous year).

In the Americas, sales decreased 25.9% to ¥252.9 billion and operating income was down 90.5% to ¥1.3 billion due to a decrease in automotive demand. The operating income margin decreased 3.4 of a percentage point to 0.5%.

In Asia, sales and operating income decreased by 12.5% to ¥496.1 billion, and by 27.3% to ¥24.1 billion, respectively, due to a decrease in automotive demand. The operating income margin was down by 0.9 percentage points at 4.9%.

In Europe and other regions, sales decreased 29.7% to ¥186.7 billion due to a decrease in automotive demand. Operating loss came to ¥2.2 billion (Operating income was ¥9.4 billion in the previous year).

Overseas Sales

Overseas sales decreased 21.9% to ¥806.7 billion, and the ratio to net sales decreased 2.6 percentage points to 38.0% due to a decrease in demand and drastic yen's appreciation. Sales in the Americas amounted to ¥248.1 billion, or 11.7% of net sales; sales in Asia totaled ¥364.0 billion, or 17.1% of net sales; and sales in Europe and other regions came to ¥194.6 billion, or 9.2% of net sales.

Cash Flows

The term-end balance of cash and cash equivalents decreased by ¥7.8 billion, or 5%, compared with the previous term-end, to stand at ¥143.9 billion.

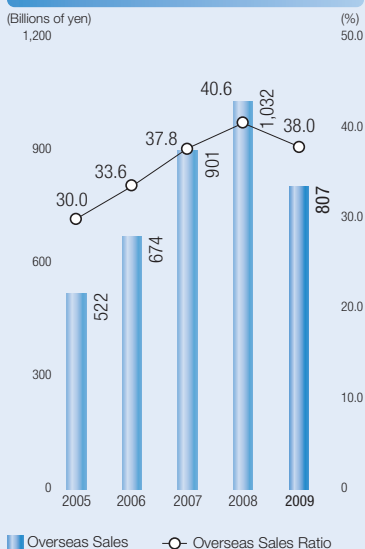
Net cash provided by operating activities decreased by ¥36.1 billion to ¥168.5 billion. This is primarily attributable to ¥41.1 billion in income before income taxes and minority interests and the decrease of ¥163.1 billion in trade notes and accounts.

Net cash used in investing activities increased by ¥34.6 billion to ¥161.1 billion. Expenditures for purchase of property, plant and equipment increased to ¥126.4 billion (up ¥5.8 billion year-on-year).

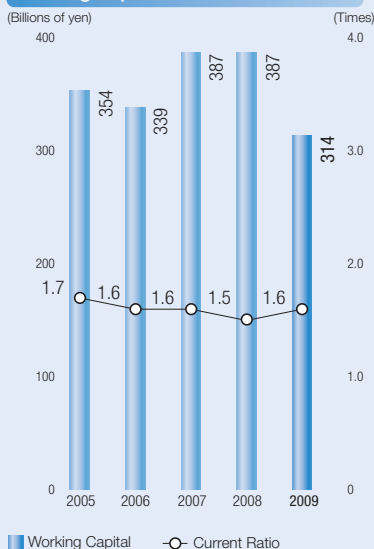
Free cash flow, cash flows provided from operating activities and investing activities (combined), posted a positive figure in the amount of ¥7.5 billion, compared with ¥78.2 billion (positive) in the previous year.

Net cash used in financing activities came to ¥12.0 billion, compared with ¥55.9 billion used in the previous year. This is primarily attributable to payment of dividend.

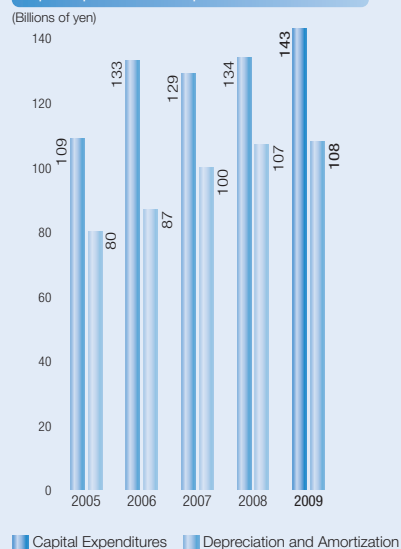
Overseas Sales and Overseas Sales Ratio



Working Capital and Current Ratio



Capital Expenditures and Depreciation and Amortization



Consolidated Balance Sheets

SUMITOMO ELECTRIC INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES
As of March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
ASSETS			
Current Assets:			
Cash and time deposits (Note 3)	¥ 131,239	¥ 137,948	\$ 1,336,038
Securities (Note 4)	13,500	15,001	137,432
Receivables (Note 10):			
Trade notes and accounts	371,309	580,487	3,779,996
Other	35,071	33,835	357,029
Allowance for doubtful receivables	(3,199)	(2,927)	(32,566)
	547,920	611,395	5,577,929
Inventories (Note 6)	268,078	311,983	2,729,085
Deferred income taxes (Note 11)	28,155	35,699	286,623
Other current assets	24,660	21,792	251,044
Total current assets	868,813	1,133,818	8,844,681
Property, Plant and Equipment (Note 7):			
Land	80,399	83,228	818,477
Buildings and structures	446,929	441,289	4,549,822
Machinery, equipment and others	1,066,830	1,097,714	10,860,531
Construction in progress	26,653	19,383	271,333
	1,620,811	1,641,614	16,500,163
Accumulated depreciation	(1,079,495)	(1,071,230)	(10,989,464)
Net property, plant and equipment	541,316	570,384	5,510,699
Investments and Other Assets:			
Investments in and loans to unconsolidated subsidiaries and affiliates...	174,017	186,352	1,771,526
Investment securities (Notes 4 and 7)	144,453	210,630	1,470,559
Deferred income taxes (Note 11)	26,506	17,257	269,836
Other	113,069	76,441	1,151,064
Total investments and other assets	458,045	490,680	4,662,985
Total assets	¥1,868,174	¥2,194,882	\$19,018,365

The accompanying notes to consolidated financial statements are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
LIABILITIES			
Current Liabilities:			
Short-term debt (Note 7)	¥ 168,620	¥ 133,041	\$ 1,716,584
Current portion of long-term debt (Note 7)	37,984	87,723	386,684
Notes and accounts payable:			
Trade (Note 10).....	208,153	336,847	2,119,037
Construction.....	29,482	28,650	300,132
Accrued expenses	66,805	84,548	680,088
Accrued income taxes	9,418	23,421	95,877
Other current liabilities (Note 11).....	34,760	52,500	353,863
Total current liabilities	555,222	746,730	5,652,265
Long-Term Liabilities:			
Long-term debt (Note 7)	198,873	194,709	2,024,565
Accrued pension and severance costs (Note 12).....	28,560	27,115	290,746
Deferred income taxes (Note 11).....	57,296	80,220	583,284
Other long-term liabilities.....	14,141	17,873	143,958
Total long-term liabilities	298,870	319,917	3,042,553
Total liabilities	854,092	1,066,647	8,694,818
Contingent Liabilities (Note 13)			
NET ASSETS (Note 8)			
Shareholders' Equity:			
Common stock;			
Authorized—3,000,000 thousand shares in 2009 and 2008			
Issued—793,941 thousand shares in 2009 and			
789,502 thousand shares in 2008	99,737	96,914	1,015,342
Capital surplus	171,020	168,197	1,741,016
Retained earnings	622,186	616,834	6,333,971
Treasury stock, at cost; 696 thousand shares in 2009 and			
684 thousand shares in 2008.....	(612)	(600)	(6,230)
Total shareholders' equity.....	892,331	881,345	9,084,099
Valuation and Translation Adjustments:			
Net unrealized holding gains on available-for-sale securities	31,514	70,408	320,818
Deferred gains and losses on hedges.....	377	(237)	3,838
Land revaluation.....	(1,422)	(1,422)	(14,476)
Foreign currency translation adjustments	(60,713)	17,435	(618,070)
Total valuation and translation adjustments	(30,244)	86,184	(307,890)
Share Warrants	37	31	377
Minority Interests	151,958	160,675	1,546,961
Total net assets	1,014,082	1,128,235	10,323,547
Total liabilities and net assets	¥1,868,174	¥2,194,882	\$19,018,365

Consolidated Statements of Income

SUMITOMO ELECTRIC INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES
For the years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Net Sales (Note 10)	¥2,121,978	¥2,540,858	\$21,602,138
Cost of Sales (Note 10).....	1,814,447	2,102,375	18,471,414
Gross profit	307,531	438,483	3,130,724
Selling, General and Administrative Expenses	284,004	289,487	2,891,215
Operating income	23,527	148,996	239,509
Other Income (Expenses):			
Interest and dividend income	8,032	7,386	81,767
Interest expense	(8,294)	(9,856)	(84,434)
Equity in net income	12,529	19,765	127,548
Gain on contribution of securities to retirement benefit trust	31,231	—	317,937
Gain on business transfers (Note 17).....	—	9,601	—
Loss on disposal of property, plant and equipment	(3,635)	(3,750)	(37,005)
Loss on valuation of investment securities.....	(9,067)	(550)	(92,304)
Impairment losses of fixed assets (Note 15).....	(8,713)	(10,439)	(88,700)
Restructuring expenses (Note 16)	(6,463)	—	(65,795)
Other, net.....	1,979	5,459	20,147
	17,599	17,616	179,161
Income before Income Taxes and Minority Interests	41,126	166,612	418,670
Income Taxes (Note 11):			
Current	17,690	45,374	180,087
Deferred.....	782	13,488	7,961
	18,472	58,862	188,048
Minority Interests	(5,417)	(19,946)	(55,146)
Net Income	¥ 17,237	¥ 87,804	\$ 175,476
	Yen		U.S. dollars (Note 1)
Per Share of Common Stock (Note 9):			
Net income (basic)	¥21.78	¥112.74	\$0.222
Net income (diluted)	21.32	107.71	0.217
Cash dividends	18.00	20.00	0.183

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

SUMITOMO ELECTRIC INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2009 and 2008

	Millions of yen										
	Shareholders' Equity				Valuation and Translation Adjustments						
	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized holding gains on available-for-sale securities	Deferred gains and losses on hedges	Land revaluation	Foreign currency translation adjustments	Share warrants	Minority interests	Total net assets
Balance at March 31, 2008	¥96,914	¥168,197	¥616,834	¥(600)	¥70,408	¥(237)	¥(1,422)	¥17,435	¥31	¥160,675	¥1,128,235
Effect arising from the change of accounting policies of foreign subsidiaries			1,194								1,194
Conversions of convertible bonds...	2,823	2,823									5,646
Cash dividends.....			(16,616)								(16,616)
Net income for the year.....			17,237								17,237
Effect arising from net increase in number of subsidiaries and affiliates for consolidation			1,625								1,625
Purchases of treasury stock.....				(17)							(17)
Disposal of treasury stock.....				5							5
Other			1,912		(38,894)	614		(78,148)	6	(8,717)	(123,227)
Balance at March 31, 2009	¥99,737	¥171,020	¥622,186	¥(612)	¥31,514	¥377	¥(1,422)	¥(60,713)	¥37	¥151,958	¥1,014,082

	Millions of yen										
	Shareholders' Equity				Valuation and Translation Adjustments						
	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized holding gains on available-for-sale securities	Deferred gains and losses on hedges	Land revaluation	Foreign currency translation adjustments	Share warrants	Minority interests	Total net assets
Balance at March 31, 2007	¥96,784	¥117,491	¥543,451	¥(591)	¥117,178	¥243	¥(1,422)	¥14,854	¥24	¥164,977	¥1,052,989
Conversions of convertible bonds...	130	130									260
Share exchange.....		50,285		(977)							49,308
Disposal of treasury stock.....		291		992							1,283
Cash dividends.....			(15,477)								(15,477)
Net income for the year.....			87,804								87,804
Effect arising from net increase in number of subsidiaries and affiliates for consolidation			153								153
Purchases of treasury stock.....				(24)							(24)
Other			903		(46,770)	(480)		2,581	7	(4,302)	(48,061)
Balance at March 31, 2008	¥96,914	¥168,197	¥616,834	¥(600)	¥ 70,408	¥(237)	¥(1,422)	¥17,435	¥31	¥160,675	¥1,128,235

	Thousands of U.S. dollars (Note 1)										
	Shareholders' Equity				Valuation and Translation Adjustments						
	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized holding gains on available-for-sale securities	Deferred gains and losses on hedges	Land revaluation	Foreign currency translation adjustments	Share warrants	Minority interests	Total net assets
Balance at March 31, 2008	\$ 986,603	\$1,712,277	\$6,279,487	\$(6,108)	\$716,766	\$(2,413)	\$(14,476)	\$177,492	\$316	\$1,635,702	\$11,485,646
Effect arising from the change of accounting policies of foreign subsidiaries			12,155								12,155
Conversions of convertible bonds...	28,739	28,739									57,478
Cash dividends.....			(169,154)								(169,154)
Net income for the year.....			175,476								175,476
Effect arising from net increase in number of subsidiaries and affiliates for consolidation			16,543								16,543
Purchases of treasury stock.....				(173)							(173)
Disposal of treasury stock.....				51							51
Other			19,464		(395,948)	6,251		(795,562)	61	(88,741)	(1,254,475)
Balance at March 31, 2009	\$1,015,342	\$1,741,016	\$6,333,971	\$(6,230)	\$320,818	\$3,838	\$(14,476)	\$(618,070)	\$377	\$1,546,961	\$10,323,547

The accompanying notes to consolidated financial statements are an integral part of these statements (see Note 8).

Consolidated Statements of Cash Flows

SUMITOMO ELECTRIC INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES
For the years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	¥ 41,126	¥166,612	\$ 418,670
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	107,840	106,682	1,097,832
Impairment losses of fixed assets	11,471	10,439	116,777
Interest and dividend income	(8,032)	(7,386)	(81,767)
Interest expense	8,294	9,856	84,434
Equity in net income	(12,529)	(19,765)	(127,548)
Gain on business transfers	—	(9,601)	—
Gain on contribution of securities to retirement benefit trust	(31,231)	—	(317,937)
Decrease in accrued pension and severance costs	(678)	(7,348)	(6,902)
Loss on disposal of property, plant and equipment	3,972	3,750	40,436
Loss on valuation of investment securities	9,067	550	92,304
Decrease (increase) in trade notes and accounts receivable	163,086	(11,467)	1,660,246
Decrease (increase) in inventories	16,748	(19,897)	170,498
(Decrease) increase in trade notes and accounts payable	(88,191)	15,021	(897,801)
Other, net	(26,349)	9,308	(268,238)
Subtotal	194,594	246,754	1,981,004
Interest and dividend received	11,719	11,476	119,302
Interest paid	(8,154)	(9,828)	(83,009)
Income taxes paid	(29,650)	(43,790)	(301,843)
Net cash provided by operating activities	168,509	204,612	1,715,454
Cash Flows from Investing Activities:			
Expenditures for purchase of property, plant and equipment	(126,350)	(120,524)	(1,286,267)
Proceeds from sales of property, plant and equipment	1,721	2,969	17,520
Expenditures for purchase of securities	(19,276)	(12,492)	(196,233)
Proceeds from sales and redemption of securities	1,358	1,051	13,824
Proceeds from business transfers	—	18,883	—
Expenditures for acquisition of shares of newly consolidated subsidiaries	—	(11,833)	—
Other, net	(18,503)	(4,468)	(188,364)
Net cash used in investing activities	(161,050)	(126,414)	(1,639,520)
Cash Flows from Financing Activities:			
Net increase (decrease) in short-term borrowings	33,464	(11,394)	340,670
Net increase in commercial paper	14,997	—	152,672
Proceeds from long-term debt	42,210	2,100	429,706
Repayment of long-term debt	(83,154)	(29,969)	(846,524)
Proceeds from issuance of stock to minority shareholders	634	98	6,454
Sale of treasury stock	5	1,635	51
Purchase of treasury stock	(11)	(21)	(112)
Cash dividends paid	(16,616)	(15,477)	(169,154)
Cash dividends paid to minority shareholders	(3,204)	(2,908)	(32,617)
Other, net	(282)	(10)	(2,871)
Net cash used in financing activities	(11,957)	(55,946)	(121,725)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(6,767)	(3,480)	(68,889)
Net (Decrease) Increase in Cash and Cash Equivalents	(11,265)	18,772	(114,680)
Cash and Cash Equivalents at Beginning of Year	151,778	130,521	1,545,129
Cash and Cash Equivalents of Newly Consolidated Subsidiaries	3,946	2,920	40,171
Cash and Cash Equivalents of Deconsolidated Subsidiaries	(513)	(435)	(5,222)
Cash and Cash Equivalents at End of Year (Note 3)	¥143,946	¥151,778	\$1,465,398

The accompanying notes to consolidated financial statements are an integral part of these statements.

Notes to Consolidated Financial Statements

SUMITOMO ELECTRIC INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES
March 31, 2009 and 2008

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

Sumitomo Electric Industries, Ltd. (the "Company") and its consolidated domestic subsidiaries maintain their accounts and records in Japanese yen, and in accordance with the provisions set forth in the Japanese Corporate Law (the "Law"), the Japanese Financial Instruments and Exchange Act, which took effect on September 30, 2007 replacing the Japanese Securities and Exchange Law, and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

Prior to the year ended March 31, 2009, the accounts of overseas consolidated subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. As discussed in Note 2. s), the accounts of overseas consolidated subsidiaries for the year ended March 31, 2009 are prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles, with adjustments for the specified six items as applicable.

The accompanying consolidated financial statements have been restructured and translated into English, with some expanded descriptions, from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance in Japan as required by the Japanese Financial Instruments and Exchange Act. Some supplementary information included in the statutory consolidated financial statements prepared in Japanese, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2009, which was ¥98.23 to U.S.\$1.00. These translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Consolidation

The consolidated financial statements include the accounts of the Company and all of its significant subsidiaries. All significant intercompany transactions and balances have been

eliminated. The difference between the cost of investments in consolidated subsidiaries and the underlying equity at dates of acquisition is amortized over periods within 20 years, however, most are in five years.

Investments in significant affiliates and unconsolidated subsidiaries are accounted for by the equity method.

Investments in unconsolidated subsidiaries and affiliates, not accounted for by the equity method, are stated at cost.

All but two of the overseas consolidated subsidiaries have December 31 balance sheet date in fiscal 2009: whereas all but one of the overseas consolidated subsidiaries, including one domestic subsidiary, have December 31 balance sheet date in fiscal 2008. Any significant differences in intercompany accounts and transactions during the period from the day after the consolidated subsidiaries' balance sheet dates through March 31 have been adjusted, if necessary.

b) Translation of Foreign Currencies

All assets, liabilities, revenues and expenses of overseas subsidiaries and affiliates are translated into Japanese yen at the current exchange rate of the respective fiscal year end, and shareholders' equity at historical rates. The resulting foreign currency translation adjustments are shown as a separate component of net assets, net of minority interests.

c) Cash and Time Deposits

Cash and time deposits include cash on hand, readily available deposits and deposits with a maturity of one year or less.

d) Securities

The Company and its domestic consolidated subsidiaries classify and account for securities as follows.

Held-to-maturity debt securities are stated at amortized cost. Investments in unconsolidated subsidiaries and affiliates, excluding those accounted for by the equity method, are stated at cost.

Debt and equity securities, not classified as above, are classified as available-for-sale securities. Available-for-sale securities which have a quoted market value are stated at the fair market value at the fiscal year end, and unrealized gains and losses, net of related taxes and minority interests are reported as a separate component of net assets. Available-for-sale securities which do not have a quoted market value are stated at average cost. Realized gains or losses on sales of such securities are computed using average cost.

Held-to-maturity debt securities and available-for-sale securities maturing within one year from the fiscal year end, and highly liquid investment funds are included in securities in current assets. Other securities are included in investments in and loans to unconsolidated subsidiaries and affiliates and

investment securities.

In fiscal 2008, in accordance with the practical guidance for accounting standard for financial instruments (the Accounting Committee Report No.14 issued by the JICPA amended on July 4, 2007), the Company and its domestic consolidated subsidiaries changed the account used for the presentation of negotiable certificates of deposit from "Cash and time deposits" to "Securities".

e) Derivatives and Hedging Transactions

The Company and its consolidated subsidiaries utilize hedge accounting for foreign currency forward exchange contracts and currency options hedging foreign currency monetary assets and liabilities, foreign currency swap contracts hedging foreign currency borrowings, interest rate swap contracts hedging interest on borrowings and bonds, and commodity forward contracts, etc., hedging raw materials.

Derivative financial instruments are stated at fair value. If derivative financial instruments meet certain hedging criteria, the Company and its consolidated subsidiaries defer the recognition of gains or losses until the hedged transactions occur. Certain foreign currency exchange contracts, currency options and foreign currency swap contracts, meeting certain conditions, are accounted for as a part of translating foreign currency monetary assets and liabilities in the consolidated balance sheets. In case where interest rate swap contract is used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract is executed.

The Company and its consolidated subsidiaries utilize hedging instruments to hedge risks of future changes in foreign exchange rates and interest rates in accordance with respective internal policies and procedures on risk control.

The Company and its consolidated subsidiaries assess the effectiveness of each hedge contract by comparing the total cash flow fluctuation of hedging instruments and hedged items, except in case where interest rate swap contract is used as hedges and meet certain hedging criteria.

f) Allowance for Doubtful Receivables

The allowance for doubtful receivables is provided based upon estimated uncollectible amounts for individually identified doubtful receivables and historical loss experience for other receivables.

g) Inventories

Inventories are mainly stated at the lower of average cost or net realizable value at March 31, 2009.

In fiscal 2009, in accordance with "Accounting Standard

for Measurement of Inventories" ("ASBJ Statement No.9" issued by the Accounting Standards Board of Japan on July 5, 2006), the Company and its domestic consolidated subsidiaries have changed the valuation principle for inventories excluding principal raw materials, which, as a result, are mainly stated at the lower of average cost or net realizable value at March 31, 2009, while until fiscal 2008 they had been mainly stated at average cost. The effect of this change was to decrease operating income by ¥16,660 million (US\$169,602 thousand) and income before income taxes and minority interests by ¥8,793 million (US\$89,514 thousand).

In fiscal 2009, the Company and some of its consolidated subsidiaries have changed the valuation method of principal raw materials from last-in, first-out to moving average or average. The change is in response to the current discrepancy between the carrying value and market value of inventories caused by the fluctuation of market prices of principal raw materials. The effect of this change was to increase both operating income and income before income taxes and minority interests by ¥1,490 million (US\$15,168 thousand).

h) Property, Plant and Equipment (excluding Leases)

The Company and its domestic consolidated subsidiaries principally use the straight-line method for depreciation of buildings and the declining-balance method for other depreciable assets, and overseas subsidiaries principally use the straight-line method, based on the estimated useful lives of the respective assets.

In fiscal 2009, the Company and its domestic consolidated subsidiaries have changed the useful lives of certain tangible fixed assets based on the reassessment of the useful lives in light of the change in the Japanese Corporate Tax Law (the "Tax Law"). The effect of this change was to decrease operating income by ¥3,055 million (US\$31,100 thousand) and income before income taxes and minority interests by ¥3,067 million (US\$31,227 thousand).

In fiscal 2008, in accordance with the Tax Law revised in 2007, the Company and its domestic consolidated subsidiaries adopted the new method of depreciation based on the Tax Law for the tangible fixed assets acquired on or after April 1, 2007. Compared with the previous method, the effect of this change was to decrease both operating income and income before income taxes and minority interests by ¥2,086 million.

In fiscal 2008, in accordance with the revised Tax Law, for the tangible fixed assets acquired on or before March 31, 2007, the Company and its domestic consolidated subsidiaries started to depreciate the remaining balance of the assets over a five year period using straight-line method from the following fiscal year after the book value of the

assets decreases to 5% of the acquisition costs under the method of depreciation based on the Tax Law before revision. Compared with the previous method, the effect of this change was to decrease operating income by ¥2,493 million and income before income taxes and minority interests by ¥2,502 million.

i) Land Revaluation

Pursuant to the “Law Concerning Land Revaluation”, a domestic consolidated subsidiary revaluated land used in business activities on March 31, 2002. The net unrealized losses in value of the subsidiary’s land, net of related income taxes and minority interests, are recorded as “Land revaluation” in net assets based upon a real estate tax value.

j) Revenue Recognition

Sales are generally recorded at the time of shipment of products.

For significant long-term and large-scale construction contracts, revenue is recognized using the percentage-of-completion method. The completed-contract method is used for all other contracts. In applying the completed-contract method, during the construction period, accumulated costs of the contracts are included in inventories and advances from customers received on the related contracts are included in other current liabilities.

k) Research and Development

Expenses related to research and development activities are charged to income as incurred and totaled ¥72,988 million (US\$743,032 thousand) and ¥72,271 million for the years ended March 31, 2009 and 2008, respectively.

l) Pension and Severance Costs

The Company and most of its domestic consolidated subsidiaries have contributory and noncontributory defined benefit plans and lump-sum retirement benefit plans, while the Company and some of its subsidiaries have defined contribution plans and some subsidiaries have prepaid retirement allowance plans. Some overseas subsidiaries have defined benefit plans.

In fiscal 2009, the Company and one of its domestic consolidated subsidiaries have contributed certain securities to the employees’ retirement benefit trust. A gain of ¥31,231 million (US\$317,937 thousand) has been recognized and is included in other income representing the excess of market value over the acquisition cost of such securities.

m) Income Taxes

Income taxes are accounted for under the asset and liability

method. Deferred tax assets and liabilities are determined based on the financial statements carrying amounts and tax bases of assets and liabilities, using the effective tax rates in effect for the year in which the temporary differences are expected to be recovered or settled. Deferred tax assets are also recognized for the estimated future tax effects attributable to operating loss carryforwards. Valuation allowances are provided to reduce deferred tax assets if it is more likely than not that some portion or all of the deferred tax assets will not be realized.

In fiscal 2009, in accordance with the Tax Law revised in 2009, the Company treated a portion of dividends receivable from overseas subsidiaries as non-taxable income. The effect of this change was to decrease the deferred tax liabilities for undistributed earnings of the overseas consolidated subsidiaries and the affiliates by ¥9,434 million (US\$96,040 thousand), with the increase of the net income, net of minority interests, by ¥8,408 million (US\$85,595 thousand).

n) Leases

Finance leases which do not transfer ownership are accounted for as purchase and sale transactions and are depreciated by straight-line method over their lease terms, while some of such leases are accounted for in the same manner as operating leases if they commenced prior to April 1, 2008.

In fiscal 2009, in accordance with the Accounting Standard (“ASBJ Statement No.13” issued by the Accounting Standards Board of Japan on March 30, 2007), (“ASBJ Guidance No.16” issued by the Accounting Standards Board of Japan on March 30, 2007), finance leases which do not transfer ownership have been accounted for as purchase and sale transactions, while they had been accounted for in the same manner as operating leases with disclosures of certain “as if capitalized” information until fiscal 2008. The effect of this change was immaterial to the operating income and income before income taxes and minority interests.

o) Consolidated Statements of Cash Flows

In preparing the consolidated statements of cash flows, cash on hand, readily available deposits and short-term highly liquid investments with maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

p) Appropriation of Retained Earnings

The Company and its domestic consolidated subsidiaries record, as a charge directly to retained earnings, cash dividends in the financial year in which the appropriation of retained earnings is approved at the shareholders’ meeting.

q) Use of Estimates

The management of the Company has made a number of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in preparing these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

r) Reclassifications and Restatement

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications and restatement had no effect on previously reported results of operations or retained earnings.

s) Accounting Policies Applied to Foreign Subsidiaries

In fiscal 2009, Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements ("ASBJ Practical Issues Task Force No.18" issued by the Accounting Standards Board of Japan on May 17, 2006) has been applied to the accounts of the Company's overseas consolidated subsidiaries for consolidation purpose. As a result of this change, the effect of the necessary adjustments was immaterial to the operating income or income before income taxes and minority interests.

3. CASH AND CASH EQUIVALENTS

The reconciliations between cash and time deposits in the consolidated balance sheets and cash and cash equivalents in the consolidated statements of cash flows as of March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Cash and time deposits.....	¥131,239	¥137,948	\$1,336,038
Securities (excluding held-to-maturity debt securities).....	13,000	14,000	132,342
Deposits placed with banks with a maturity of over three months	(201)	(170)	(2,046)
Compensating balances	(92)	—	(936)
Cash and cash equivalents	¥143,946	¥151,778	\$1,465,398

In fiscal 2009, the decrease in convertible bonds of the Company due to conversion is ¥5,646 million (US\$57,477 thousand).

In fiscal 2008, Sumitomo Wiring Systems, Ltd., one of the Company's consolidated subsidiaries, became a wholly-owned subsidiary of the Company as a result of share exchange. Consequently, capital surplus increased by ¥50,285 million.

4. SECURITIES

The carrying amounts of securities in current assets and investment securities at March 31, 2009 and 2008 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Securities in current assets:			
Available-for-sale securities	¥ 13,000	¥ 14,000	\$ 132,342
Held-to-maturity debt securities	500	1,001	5,090
	¥ 13,500	¥ 15,001	\$ 137,432
Investment securities:			
Available-for-sale securities:			
Marketable securities	¥113,971	¥189,431	\$1,160,246
Non-marketable securities	30,473	20,690	310,221
Held-to-maturity debt securities	9	509	92
	¥144,453	¥210,630	\$1,470,559

Available-for-sale securities with quoted market values, included in investment securities, at March 31, 2009 and 2008 are as follows:

	Millions of yen			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Book value (Market value)
2009				
Equity securities	¥34,267	¥84,685	¥(4,981)	¥113,971
Other	—	—	—	—
	¥34,267	¥84,685	¥(4,981)	¥113,971
	Millions of yen			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Book value (Market value)
2008				
Equity securities	¥41,839	¥150,532	¥(2,940)	¥189,431
Other	—	—	—	—
	¥41,839	¥150,532	¥(2,940)	¥189,431
	Thousands of U.S. dollars			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Book value (Market value)
2009				
Equity securities	\$348,845	\$862,109	\$(50,708)	\$1,160,246
Other	—	—	—	—
	\$348,845	\$862,109	\$(50,708)	\$1,160,246

Proceeds from sales of available-for-sale securities were ¥357 million (US\$3,634 thousand) and ¥1,051 million for the years ended March 31, 2009 and 2008, respectively. The gross realized gains and losses on those sales were ¥153 million (US\$1,558 thousand) and ¥13 million (US\$132 thousand), respectively, for the year ended March 31, 2009. The net realized gains on sales were ¥722 million for the year ended March 31, 2008.

5. DERIVATIVE TRANSACTIONS

The Company and its consolidated subsidiaries have entered into foreign currency forward exchange contracts, currency options and foreign currency swap contracts to hedge risks of exchange rate fluctuations of foreign currency monetary assets and liabilities, interest rate swap contracts to hedge risks of interest rate fluctuations of borrowings and other debts, and commodity forward contracts, etc., for copper and aluminum to hedge risks of price fluctuations. The Company and its consolidated subsidiaries use derivative transactions for managing market risk related to recorded assets and liabilities as well as for future commitments, and not for speculation or dealing purposes. The Company and its consolidated subsidiaries deal with highly rated international

financial institutions and trading concerns as counter-parties to these transactions to minimize credit risk exposure.

Derivative transactions are entered into by each operational division, and the processing of the transactions is controlled and reviewed by administrative divisions, in accordance with established policies that restrict dealing in derivatives, including limits on authorities and amounts.

The following is a summary of only the derivative contracts which do not meet the Japanese GAAP criteria for hedge accounting. The net changes in market value are recorded in the consolidated statements of income for the years ended March 31, 2009 and 2008.

	Millions of yen						Thousands of U.S. dollars		
	2009			2008			2009		
	Contracted amount	Fair value	Recognized gain (loss)	Contracted amount	Fair value	Recognized gain (loss)	Contracted amount	Fair value	Recognized gain (loss)
Interest rate swap contracts	¥ 5,000	¥(88)	¥(88)	¥ 5,000	¥ (94)	¥(94)	\$ 50,901	\$(896)	\$(896)
Foreign currency forward exchange contracts:									
Buy.....	—	—	—	532	507	(25)	—	—	—
Sell	—	—	—	315	311	4	—	—	—
Foreign currency swap contracts.....	5,024	79	79	6,503	75	75	51,145	804	804
	¥10,024	¥ (9)	¥ (9)	¥12,350	¥799	¥(40)	\$102,046	\$ (92)	\$ (92)

6. INVENTORIES

Inventories at March 31, 2009 and 2008 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Merchandise and finished goods	¥ 72,505	¥ 86,993	\$ 738,115
Work in process	107,307	127,607	1,092,405
Raw materials and supplies	88,266	97,383	898,565
	¥268,078	¥311,983	\$2,729,085

7. SHORT-TERM DEBT AND LONG-TERM DEBT

Short-term debt at March 31, 2009 and 2008 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Unsecured	¥143,229	¥122,791	\$1,458,099
Secured	10,394	10,250	105,813
Commercial papers	14,997	—	152,672
	¥168,620	¥133,041	\$1,716,584

Weighted average year end interest rates were approximately 2.7% and 3.2% in 2009 and 2008, respectively. The Company and its consolidated subsidiaries have had no difficulty in renewing such notes upon maturity.

Long-term debt at March 31, 2009 and 2008 consists of the following:

	Conversion price (Per share)	Millions of yen		Thousands of U.S. dollars
		2009	2008	2009
Unsecured convertible bonds:				
Interest 0.25%, payable in yen, due 2008	¥1,272.00	¥ —	¥ 47,001	\$ —
Unsecured bonds, payable in yen, due 2008 to 2016, interest 0.41%–2.5%		165,000	169,500	1,679,732
Secured loans from banks, insurance companies and other financial institutions, due 2009–2015, interest 1.0%–6.0%		1,938	2,237	19,729
Unsecured loans from banks, insurance companies and other financial institutions, due 2008–2023, interest 0.6%–12.3%		69,150	63,694	703,960
Finance lease obligations, due 2009–2014		769	—	7,828
		236,857	282,432	2,411,249
Current portion of long-term debt and finance lease obligations		(37,984)	(87,723)	(386,684)
		¥198,873	¥194,709	\$2,024,565

Substantially all of the loans from banks are made under basic agreements, customary in Japan, which provide that, with respect to all present or future liabilities to the banks, the Company and its consolidated subsidiaries shall provide collateral or a third-party guarantee at the request of any such banks, that any collateral provided under any agreement

will be applicable to all indebtedness to the banks and that lending banks have the right to offset deposits with them against any debt or obligation that becomes due and, in case of default or certain other specified events, against all debts payable to the banks.

The aggregate annual maturities of long-term debt

outstanding at March 31, 2009 are as follows:

March 31	Millions of yen	Thousands of U.S. dollars
2010.....	¥ 37,984	\$ 386,684
2011.....	56,633	576,535
2012.....	42,597	433,646
2013.....	27,356	278,489
2014	37,651	383,294
2015 and thereafter	34,636	352,601
	<u>¥236,857</u>	<u>\$2,411,249</u>

The following assets were pledged as collateral for short-term debt and long-term debt, including current portion, at March 31, 2009 and 2008.

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Investment securities	¥ 8,510	¥ 9,479	\$ 86,633
Property, plant and equipment, net of accumulated depreciation.....	3,701	4,018	37,677
	<u>¥12,211</u>	<u>¥13,497</u>	<u>\$124,310</u>

8. NET ASSETS

Under the Law, the entire amount of the issue price of shares is required to be accounted for as common stock. However a company may, by a resolution of the Board of Directors, account for an amount not exceeding 50% of the issue price of the new shares as additional paid-in capital, which is included in capital surplus. However, an increase resulting from share exchange can be included in capital surplus up to a full amount.

The Law provides that the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve, in cases where a dividend distribution of surplus is made.

Under the Law, additional paid-in capital may be used to eliminate or reduce a deficit, or may be capitalized by a resolution of the shareholders' meeting, and legal earnings reserve may be used to eliminate or reduce a deficit by a resolution of the shareholders' meeting. Legal earnings reserve is included in retained earnings in the accompanying financial statements.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Law, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings,

respectively, which are potentially available for dividends.

The maximum amount that a company can distribute as dividends is calculated based on its non-consolidated financial statements in accordance with the Law.

Conversions of convertible bonds into common stock are accounted for in accordance with the provisions of the Law by crediting approximately one-half of the conversion proceeds to the common stock account and the remainder to the capital surplus account.

a) Stock Information

Changes in number of shares issued and outstanding during the years ended March 31, 2009 and 2008 are as follows:

Common stock outstanding

	Thousands of shares	
	2009	2008
Balance at beginning	789,502	759,293
Increase due to conversion of convertible bonds.....	4,439	204
Increase due to share exchange.....	—	30,005
Balance at end	793,941	789,502

Treasury stock outstanding

	Thousands of shares	
	2009	2008
Balance at beginning	684	679
Increase due to purchase of odd-lot stocks.....	10	12
Decrease due to exercise of stock options.....	—	(16)
Other, net	2	9
Balance at end	696	684

b) Dividend Information

Dividends paid in fiscal 2009

Resolution	Record date	Effective date	Total amount	
			Millions of yen	Thousands of U.S.dollars
The shareholders' meeting on June 26, 2008	March 31, 2008	June 27, 2008	¥7,889	\$80,312
The board of directors on October 31, 2008	September 30, 2008	December 1, 2008	¥8,727	\$88,842

Dividend paid after March 31, 2009 with record date in fiscal 2009

Resolution	Record date	Effective date	Total amount	
			Millions of yen	Thousands of U.S.dollars
The shareholders' meeting on June 25, 2009	March 31, 2009	June 26, 2009	¥5,553	\$56,531

9. EARNINGS PER SHARE

Basic net income per share is computed based on the weighted average number of shares of common stock outstanding during each period. Diluted net income per share is computed based on the weighted average number of shares of common stock outstanding increased by the number of

shares which would have been outstanding assuming the conversion of dilutive bonds and exercise of dilutive share warrants at the beginning of the period. The related interest expense, net of income taxes, has been eliminated for the purpose of this calculation.

10. TRANSACTIONS WITH UNCONSOLIDATED SUBSIDIARIES AND AFFILIATES

Sales to and purchases from unconsolidated subsidiaries and affiliates, related year end trade notes and accounts receivable and payable, and other receivables in current assets from those companies are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
For the years ended March 31:			
Sales.....	¥101,097	¥128,563	\$1,029,187
Purchases.....	81,427	124,110	828,942
As of March 31:			
Trade notes and accounts receivable	23,113	34,100	235,295
Trade notes and accounts payable.....	15,631	19,941	159,127
Other receivables in current assets.....	6,054	1,053	61,631

11. INCOME TAXES

The Company and its domestic consolidated subsidiaries are subject to several taxes based on income which, in the aggregate, result in statutory tax rates of approximately 40.6% for the years ended March 31, 2009 and 2008.

The following table summarizes the significant differences between the statutory tax rate and the effective tax rate for financial statement purposes for the years ended March 31, 2009 and 2008:

	2009	2008
Statutory tax rate.....	40.6%	40.6%
Equity in net income	(12.4)	(4.8)
Expenses not deductible for tax purposes	1.3	0.3
Dividend income from overseas consolidated subsidiaries	17.6	4.7
Tax credits	(3.5)	(3.3)
Effect of lower tax rates for overseas consolidated subsidiaries	(13.6)	(7.3)
Valuation allowance	16.7	0.8
Intercompany profits	2.4	0.5
Undistributed earnings of consolidated subsidiaries and affiliates	(10.8)	3.1
Impairment and amortization of goodwill.....	6.2	2.0
Other	0.4	(1.3)
Effective tax rate	44.9%	35.3%

Deferred tax assets and liabilities included in the consolidated balance sheets at March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Deferred income taxes (current assets)	¥28,155	¥ 35,699	\$286,623
Deferred income taxes (investments and other assets).....	26,506	17,257	269,836
Other current liabilities	(415)	(199)	(4,225)
Deferred income taxes (long-term liabilities)	(57,296)	(80,220)	(583,284)
	¥ (3,050)	¥(27,463)	\$ (31,050)

Significant components of the deferred tax assets and liabilities at March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Deferred tax assets:			
Net operating loss carryforwards.....	¥ 27,614	¥ 11,278	\$ 281,116
Fixed assets.....	20,559	21,331	209,295
Accrued pension and severance costs.....	12,199	11,974	124,188
Accrued expenses	11,941	14,865	121,562
Inventories	8,252	7,281	84,007
Intercompany profits	5,670	7,831	57,722
Investment securities.....	5,065	6,841	51,562
Accrued contributions of transfer to defined contribution plans	2,039	3,732	20,757
Allowance for doubtful receivables	2,033	1,630	20,696
Other	21,943	18,556	223,384
	117,315	105,319	1,194,289
Less—Valuation allowance	(39,205)	(32,445)	(399,114)
Total deferred tax assets.....	78,110	72,874	795,175
Deferred tax liabilities:			
Net unrealized holding gains on investment securities	(32,805)	(59,871)	(333,961)
Prepaid pension cost	(18,519)	(4,002)	(188,527)
Undistributed earnings of consolidated subsidiaries and affiliates	(13,892)	(18,723)	(141,423)
Reserve for deferred gains on sales of fixed assets	(6,078)	(6,672)	(61,875)
Excess of fair value over the book value of assets and liabilities of consolidated subsidiaries at the acquisition dates.....	(4,701)	(4,701)	(47,857)
Accelerated depreciation of overseas consolidated subsidiaries.....	(2,818)	(3,810)	(28,688)
Land revaluation.....	(745)	(745)	(7,585)
Other	(1,602)	(1,813)	(16,309)
Total deferred tax liabilities	(81,160)	(100,337)	(826,225)
Net deferred tax liabilities.....	¥ (3,050)	¥ (27,463)	\$ (31,050)

12. PENSION AND SEVERANCE COSTS

The following table sets forth the employee benefit obligations, plan assets and funded status of the Company and its consolidated subsidiaries at March 31, 2009 and 2008.

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Benefit obligation at end of year.....	¥(250,805)	¥(261,516)	\$(2,553,243)
Fair value of plan assets at end of year	195,699	214,419	1,992,253
Funded status:			
Plan assets in excess of (less than) benefit obligation	(55,106)	(47,097)	(560,990)
Unrecognized actuarial differences	96,455	51,402	981,930
Unrecognized prior service cost	(2,634)	(3,663)	(26,814)
Subtotal.....	38,715	642	394,126
Advances to funded pension plans.....	65,443	26,018	666,222
Accrued pension and severance costs for employees in the consolidated balance sheets.....	¥ (26,728)	¥ (25,376)	\$ (272,096)

In addition, retirement benefits for directors and corporate auditors of certain subsidiaries of ¥1,832 million (US\$18,650 thousand) and ¥1,739 million are included in accrued pension and severance costs as of March 31, 2009 and 2008, respectively.

Pension and severance costs of the Company and its consolidated subsidiaries consist of the following components for the years ended March 31, 2009 and 2008:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Service cost.....	¥ 9,186	¥ 9,136	\$ 93,515
Interest cost	6,131	6,202	62,415
Expected return on plan assets	(2,982)	(3,219)	(30,357)
Amortization:			
Actuarial differences	7,984	156	81,279
Prior service cost	(652)	(898)	(6,638)
Net periodic pension and severance costs.....	¥19,667	¥11,377	\$200,214

Amortization of prior service cost was included in other income in the consolidated statements of income for the year ended March 31, 2008.

Assumptions used in the accounting for the defined benefit plans for the years ended March 31, 2009 and 2008 are as follows:

	2009	2008
Method of attributing benefits to periods of service.....	Straight-line basis	Straight-line basis
Discount rates	Mainly 2.5%	Mainly 2.5%
Long-term rates of expected return on plan assets.....	0.0%–6.2%	0.0%–6.8%
Amortization period for prior service cost	Mainly 15 years	Mainly 3 years
Amortization period for actuarial differences.....	Average remaining service period or less (mainly 15 years)	Average remaining service period or less (mainly 15 years)

13. CONTINGENT LIABILITIES

Contingent liabilities at March 31, 2009, are as follows:

	Millions of yen	Thousands of U.S. dollars
Notes receivable discounted.....	¥ 262	\$ 2,667
Notes receivable endorsed	452	4,601
Guarantees:		
Guarantees for borrowings by employees, unconsolidated subsidiaries and affiliates ...	9,385	95,541
Contingent guarantees for borrowings by unconsolidated subsidiaries and affiliates.....	764	7,778
Keepwell agreements and letters of awareness for borrowings by unconsolidated subsidiaries and affiliates	2,518	25,634

14. LEASES

Information related to non-capitalized finance leases commenced prior to April 1, 2008, except for which the ownership of the leased assets is considered to be transferred to the lessee, and operating leases is as follows:

a) Finance Leases as Lessor

Finance leases as lessor, at March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Acquisition cost	¥432	¥435	\$4,398
Accumulated depreciation...	270	198	2,749
Net book value	¥162	¥237	\$1,649

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Payments due within one year	¥ 72	¥ 90	\$ 733
Payments due after one year	125	196	1,272
	¥197	¥286	\$2,005

Lease payments received under such leases for the years ended March 31, 2009 and 2008 were ¥89 million (US\$906 thousand) and ¥100 million, respectively.

b) Finance Leases as Lessee

Information on lease obligations for non-capitalized finance leases accounted for as operating leases at March 31, 2009 and 2008 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Original lease obligation*	¥7,064	¥9,124	\$71,912
Payments made to date	3,687	4,544	37,534
Payments remaining*	¥3,377	¥4,580	\$34,378

* Including assumed future interest

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Payments due within one year	¥ 987	¥1,572	\$10,048
Payments due after one year	2,390	3,008	24,330
	¥3,377	¥4,580	\$34,378

Lease payments under such leases for the years ended March 31, 2009 and 2008 were ¥1,649 million (US\$16,787 thousand) and ¥2,064 million, respectively.

c) Operating Leases as Lessee

Lease obligations under non-cancellable operating leases, at March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Payments due within one year	¥ 3,148	¥1,448	\$ 32,047
Payments due after one year	8,482	5,284	86,348
	¥11,630	¥6,732	\$118,395

15. IMPAIRMENT LOSSES OF FIXED ASSETS

Details of impairment losses of fixed assets for the years ended March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Machinery, equipment and others	¥ 4,307	¥ 2,319	\$ 43,846
Buildings and structures	2,136	1,531	21,745
Construction in progress....	446	227	4,540
Intangible assets.....	4,451	5,632	45,312
Other	131	730	1,334
	¥11,471*	¥10,439	\$116,777

*The amount of ¥8,713 million (US\$88,700 thousand) is shown as "Impairment losses of fixed assets" and the amount of ¥2,758 million (US\$28,077 thousand) is included in "Restructuring Expenses" (Note 16) in the consolidated

16. RESTRUCTURING EXPENSES

In fiscal 2009, restructuring expenses are mainly related to the restructuring of manufacturing locations in overseas automotive business for the purpose of business structure improvement.

Details of the expenses are as follows:

	Millions of yen	Thousands of U.S. dollars
Impairment losses of fixed assets (Note 15)	¥2,758	\$28,077
Loss on disposal of property, plant and equipment	337	3,431
Extra payment of retirement benefit and others.....	3,368	34,287
	¥6,463	\$65,795

17. GAIN ON BUSINESS TRANSFERS

Gain on business transfers for the year ended March 31, 2008 related to the transfer of the network integration business and the automotive brake business.

18. BUSINESS COMBINATION

On May 11, 2007, the Company entered into a share exchange agreement with Sumitomo Wiring Systems, Ltd. (SWS), a consolidated subsidiary of the Company, to convert SWS into a wholly-owned subsidiary. The Company executed the share exchange and issued 30,005,244 shares of common stock to the shareholders of SWS at the ratio of 1.57 shares for each share of SWS on August 1, 2007.

As the share exchange was a transaction with minority shareholders, the equity interest corresponding to the additional acquisition of shares was deducted from minority interests. The difference between the amount of additional investment and the decrease in minority interest was accounted for as goodwill.

Additional information about the acquisition of SWS's shares is as follows:

Acquisition cost	¥50,515 million
Allocated share amount	¥50,285 million
Goodwill	
Amount	¥ 1,574 million
Amortization method.....	Straight-line method
Amortization period	5 years

statement of income for fiscal 2009.

The Company and its consolidated subsidiaries grouped long-lived assets into asset groups by business segment, and conducted impairment tests with the conclusion that the carrying amounts should be reduced by ¥11,471 million (US\$116,777 thousand) and ¥10,439 million to the recoverable amounts in fiscal 2009 and 2008, respectively.

The recoverable amount is the net selling price or the value in use, which is equal to net future cash flow discounted at 6.5% in Japan. Impairment losses at overseas consolidated subsidiaries are recognized based on generally accepted accounting principles prevailing in the respective countries of domicile.

Figures of impairment losses of fixed assets for each business segment are disclosed in Note 19a).

19. SEGMENT INFORMATION

a) Business Segments

Automotive:

Wiring harnesses, anti-vibration rubber products and other automotive parts

Information & Communications:

Optical fiber cables, optical fiber fusion splicers, optical data links and other optical components, access network system products such as GE-PON, CDN-related product and traffic control systems

Electronics:

Electronic wires, compound semiconductors, materials for electronic components, irradiated products and flexible printed circuits (FPCs)

Electric Wire & Cable, Energy:

Copper wire rods, electric power cables, magnet wires, power system equipment such as substation equipment, supervisory telecontrol equipment and power cable construction works

Industrial Materials & Others:

Special steel wires, hard materials and sintered parts

Business segment information for the years ended March 31, 2009 and 2008 is as follows:

	Millions of yen						
	Automotive	Information & Communications	Electronics	Electric Wire & Cable, Energy	Industrial Materials & Others	Eliminations & Corporate	Consolidated
2009							
Sales to customers.....	¥914,652	¥268,783	¥172,188	¥519,292	¥247,063	¥ —	¥2,121,978
Intersegment sales	2,473	6,183	10,682	16,798	34,993	(71,129)	—
Net sales.....	¥917,125	¥274,966	¥182,870	¥536,090	¥282,056	¥(71,129)	¥2,121,978
Operating income	¥ 6,142	¥ 5,010	¥ 1,104	¥ 8,899	¥ 2,346	¥ 26	¥ 23,527
Total assets	¥657,739	¥255,405	¥126,821	¥397,473	¥413,619	¥ 17,117	¥1,868,174
Depreciation and amortization.....	55,316	10,260	11,301	12,957	18,334	—	108,168
Impairment losses of fixed assets	4,543	593	1,472	849	1,256	—	8,713
Capital expenditures	74,351	12,421	12,678	20,872	22,860	—	143,182

	Millions of yen						
	Automotive	Information & Communications	Electronics	Electric Wire & Cable, Energy	Industrial Materials & Others	Eliminations & Corporate	Consolidated
2008							
Sales to customers.....	¥1,196,183	¥268,688	¥208,743	¥576,029	¥291,215	¥ —	¥2,540,858
Intersegment sales	3,169	6,908	11,242	18,728	10,668	(50,715)	—
Net sales.....	¥1,199,352	¥275,596	¥219,985	¥594,757	¥301,883	¥(50,715)	¥2,540,858
Operating income	¥ 74,532	¥ 8,143	¥ 17,154	¥ 18,734	¥ 30,300	¥ 133	¥ 148,996
Total assets	¥ 829,119	¥231,950	¥157,835	¥475,766	¥445,644	¥ 54,568	¥2,194,882
Depreciation and amortization.....	57,556	10,006	11,447	10,163	17,720	—	106,892
Impairment losses of fixed assets	7,627	71	94	1,935	712	—	10,439
Capital expenditures	80,976	9,360	12,015	10,023	22,047	—	134,421

Thousands of U.S. dollars

2009	Automotive	Information & Communications	Electronics	Electric Wire & Cable, Energy	Industrial Materials & Others	Eliminations & Corporate	Consolidated
Sales to customers.....	\$9,311,331	\$2,736,262	\$1,752,906	\$5,286,491	\$2,515,148	\$ —	\$21,602,138
Intersegment sales	25,176	62,944	108,745	171,007	356,235	(724,107)	—
Net sales	\$9,336,507	\$2,799,206	\$1,861,651	\$5,457,498	\$2,871,383	\$(724,107)	\$21,602,138
Operating income	\$ 62,526	\$ 51,003	\$ 11,239	\$ 90,593	\$ 23,883	\$ 265	\$ 239,509
Total assets	\$6,695,908	\$2,600,071	\$1,291,062	\$4,046,350	\$4,210,720	\$ 174,254	\$19,018,365
Depreciation and amortization.....	563,127	104,449	115,046	131,905	186,644	—	1,101,171
Impairment losses of fixed assets	46,249	6,037	14,985	8,643	12,786	—	88,700
Capital expenditures.....	756,907	126,448	129,065	212,481	232,719	—	1,457,620

1. Corporate assets included in Eliminations & Corporate of ¥89,118 million (US\$907,238 thousand) and ¥140,233 million at March 31, 2009 and 2008, respectively, consist mainly of cash and time deposits and investment securities owned by the Company.

2. Changes in Accounting Policies and Estimates

As stated in the “Notes to Consolidated Financial Statements 2.g)”, in fiscal 2009, “Accounting Standard for Measurement of Inventories” (“ASBJ Statement No.9” issued by the Accounting Standards Board of Japan on July 5, 2006) has been applied. The effect of this change was to decrease operating income by ¥6,009 million (US\$61,173 thousand) in the Automotive segment, ¥3,552 million (US\$36,160 thousand) in the Information & Communications segment, ¥1,611 million (US\$16,400 thousand) in the Electronics segment, ¥3,051 million (US\$31,060 thousand) in the Electric Wire & Cable, Energy segment, and ¥2,437 million (US\$24,809 thousand) in the Industrial Materials & Others segment in fiscal 2009.

In fiscal 2009, the Company and some of its consolidated subsidiaries have changed the valuation method of principal raw materials from last-in, first-out to moving average or average. The effect of this change was to increase operating income by ¥2,068 million (US\$21,053 thousand) in the Automotive segment, and ¥496 million (US\$5,049 thousand) in the Industrial Materials & Others segment, and to decrease operating income by ¥59 million (US\$601 thousand) in the Electronics segment, and ¥1,015 million (US\$10,333 thousand) in the Electric Wire & Cable, Energy segment in fiscal 2009.

As stated in the “Notes to Consolidated Financial Statements 2.s)”, in fiscal 2009, Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (“ASBJ Practical Issues Task Force No.18” issued by the Accounting

Standards Board of Japan on May 17, 2006) has been applied. As a result of this change, the effect of the necessary adjustments was immaterial to the operating income of each business segment.

As stated in the “Notes to Consolidated Financial Statements 2.h)”, in fiscal 2009, the Company and its domestic consolidated subsidiaries have changed the estimate of the useful lives of certain tangible fixed assets. The effect of this change was to decrease operating income by ¥1,639 million (US\$16,685 thousand) in the Automotive segment, ¥279 million (US\$2,840 thousand) in the Information & Communications segment, ¥352 million (US\$3,584 thousand) in the Electronics segment, and ¥889 million (US\$9,050 thousand) in the Electric Wire & Cable, Energy segment, and to increase operating income by ¥104 million (US\$1,059 thousand) in the Industrial Materials & Others segment, in fiscal 2009.

In fiscal 2008, in accordance with the Tax Law revised in 2007, the Company and its domestic consolidated subsidiaries adopted the new method of depreciation based on the revised Tax Law for the tangible fixed assets acquired on or after April 1, 2007. Compared with the previous method, the effect of this change was to decrease operating income by ¥1,051 million in the Automotive segment, ¥293 million in the Information & Communications segment, ¥168 million in the Electronics segment, ¥163 million in the Electric Wire & Cable, Energy segment, and ¥411 million in the Industrial Materials & Others segment in fiscal 2008.

In fiscal 2008, in accordance with the revised Tax Law, for the tangible fixed assets acquired on or before March 31, 2007, the Company and its domestic consolidated subsidiaries started to depreciate the remaining balance of the assets over a five year period using straight-line method from the following fiscal year after the book value of the assets decreases to 5% of the acquisition costs under the method of

depreciation based on the Tax Law before revision. Compared with the previous method, the effect of this change was to decrease operating income by ¥921 million in the Automotive segment, ¥444 million in the Information & Communications

segment, ¥217 million in the Electronics segment, ¥281 million in the Electric Wire & Cable, Energy segment, and ¥630 million in the Industrial Materials & Others segment in fiscal 2008.

b) Geographical Segments

The operations of the Company and its consolidated subsidiaries are classified into geographical areas as follows: Japan, Americas (U.S.A. and others), Asia (China and others) and Europe and Others (Germany, U.K. and others).

Information by geographic area for the years ended March 31, 2009 and 2008 is as follows:

2009	Millions of yen					
	Japan	Americas	Asia	Europe and Others	Eliminations & Corporate	Consolidated
Sales to customers.....	¥1,366,321	¥243,108	¥330,593	¥181,956	¥ —	¥2,121,978
Intersegment sales	239,293	9,839	165,463	4,749	(419,344)	—
Net sales.....	¥1,605,614	¥252,947	¥496,056	¥186,705	¥(419,344)	¥2,121,978
Operating income (loss).....	¥ (1,089)	¥ 1,270	¥ 24,069	¥ (2,150)	¥ 1,427	¥ 23,527
Total assets	¥1,557,175	¥147,643	¥279,111	¥115,586	¥(231,341)	¥1,868,174

2008	Millions of yen					
	Japan	Americas	Asia	Europe and Others	Eliminations & Corporate	Consolidated
Sales to customers.....	¥1,572,409	¥330,956	¥374,493	¥263,000	¥ —	¥2,540,858
Intersegment sales	311,827	10,371	192,571	2,644	(517,413)	—
Net sales.....	¥1,884,236	¥341,327	¥567,064	¥265,644	¥(517,413)	¥2,540,858
Operating income.....	¥ 92,954	¥ 13,330	¥ 33,104	¥ 9,440	¥ 168	¥ 148,996
Total assets	¥1,724,268	¥179,818	¥334,039	¥165,037	¥(208,280)	¥2,194,882

2009	Thousands of U.S. dollars					
	Japan	Americas	Asia	Europe and Others	Eliminations & Corporate	Consolidated
Sales to customers.....	\$13,909,407	\$2,474,885	\$3,365,499	\$1,852,347	\$ —	\$21,602,138
Intersegment sales	2,436,048	100,163	1,684,445	48,346	(4,269,002)	—
Net sales	\$16,345,455	\$2,575,048	\$5,049,944	\$1,900,693	\$(4,269,002)	\$21,602,138
Operating income (loss).....	\$ (11,086)	\$ 12,929	\$ 245,027	\$ (21,888)	\$ 14,527	\$ 239,509
Total assets	\$15,852,336	\$1,503,034	\$2,841,403	\$1,176,687	\$(2,355,095)	\$19,018,365

Changes in Accounting Policies and Estimates

As stated in the “Notes to Consolidated Financial Statements 2.g)”, in fiscal 2009, “Accounting Standard for Measurement of Inventories” (“ASBJ Statement No.9” issued by the Accounting Standards Board of Japan on July 5, 2006) has been applied. The effect of this change was to increase operating losses by ¥15,403 million (US\$156,805 thousand) in Japan, and ¥238 million (US\$2,423 thousand) in Europe and Others, and to decrease operating income by ¥39 million (US\$397 thousand) in Americas, and ¥980 million (US\$9,977 thousand) in Asia in fiscal 2009.

In fiscal 2009, the Company and some of its consolidated subsidiaries have changed the valuation method of principal raw materials from last-in, first-out to moving average or average. The effect of this change was to decrease operating losses by ¥1,490 million (US\$15,168 thousand) in Japan in fiscal 2009.

As stated in the “Notes to Consolidated Financial Statements 2.s)”, in fiscal 2009, Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (“ASBJ Practical Issues Task Force No.18” issued by the Accounting Standards Board of Japan on May 17, 2006) has been applied. As a result of this change, the effect of the necessary adjustments was immaterial to the operating income (loss) of each business segment.

As stated in the “Notes to Consolidated Financial Statements 2.h)”, in fiscal 2009, the Company and its domestic consolidated subsidiaries have changed the estimate of the useful lives of certain tangible fixed assets. The effect of this change was to increase operating losses by ¥3,055 million (US\$31,100 thousand) in Japan in fiscal 2009.

In fiscal 2008, in accordance with the Tax Law revised in 2007, the Company and its domestic consolidated

subsidiaries adopted the new method of depreciation based on the revised Tax Law for the tangible fixed assets acquired on or after April 1, 2007. Compared with the previous method, the effect of this change was to decrease operating income by ¥2,086 million in Japan in fiscal 2008.

In fiscal 2008, in accordance with the revised of Tax Law, for the tangible fixed assets acquired on or before March 31, 2007, the Company and its domestic consolidated

subsidiaries started to depreciate the remaining balance of the assets over a five year period using straight-line method from the following fiscal year after the book value of the assets decreases to 5% of the acquisition costs under the method of depreciation based on the Tax Law before revision. Compared with the previous method, the effect of this change was to decrease operating income by ¥2,493 million in Japan in fiscal 2008.

c) Overseas Sales

The main countries of the geographical areas mentioned below are as follows: Americas (U.S.A. and others), Asia (China, Thailand and others) and Europe and Others (Germany, Italy, U.K. and others).

Overseas sales for the years ended March 31, 2009 and 2008 are as follows:

	Millions of yen			
	Americas	Asia	Europe and Others	Total
2009				
Overseas sales	¥248,121	¥364,004	¥194,562	¥ 806,687
Consolidated net sales				¥2,121,978
Ratio of overseas sales to consolidated net sales	11.7%	17.1%	9.2%	38.0%
	Millions of yen			
2008				
Overseas sales	¥332,164	¥416,785	¥283,221	¥1,032,170
Consolidated net sales				¥2,540,858
Ratio of overseas sales to consolidated net sales	13.1%	16.4%	11.1%	40.6%
	Thousands of U.S. dollars			
2009				
Overseas sales	\$2,525,919	\$3,705,629	\$1,980,678	\$8,212,226

20. SUBSEQUENT EVENTS

On April 1, 2009, based on the resolution of the Board of Directors' meeting held on March 27, 2009, the Company acquired 50% of the outstanding shares of Eudyna Devices Inc. (EUD) from Fujitsu Limited. EUD effectively became a wholly-owned subsidiary on that date.

Independent Auditors' Report

To the Board of Directors of Sumitomo Electric Industries, Ltd.:

We have audited the accompanying consolidated balance sheets of Sumitomo Electric Industries, Ltd. and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sumitomo Electric Industries, Ltd. and subsidiaries as of March 31, 2009 and 2008, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the following:

- (1) As discussed in Note 2 (g) to the consolidated financial statements, effective April 1, 2008, Sumitomo Electric Industries, Ltd. and consolidated domestic subsidiaries adopted new accounting standard for measurement of inventories.
- (2) As discussed in Note 2 (g) to the consolidated financial statements, Sumitomo Electric Industries, Ltd. and some of its consolidated subsidiaries changed the valuation method of principal raw materials for the year ended March 31, 2009.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA & Co.

Osaka, Japan
June 25, 2009

Corporate Directory

Head Office (Osaka)

5-33, Kitahama 4-chome, Chuo-ku, Osaka
541-0041, Japan
Tel.: 81 (6) 6220-4141
Fax: 81 (6) 6222-3380

Head Office (Tokyo)

Shibaura Renasite Tower 3-9-1 Shibaura,
Minato-ku, Tokyo 108-8539, Japan
Tel.: 81 (3) 6722-3100
Fax: 81 (3) 6722-3109

DOMESTIC WORKS

Osaka Works

Main Products: Electric conductors, Electric power cables, Power line construction and engineering, Optical fiber cables, Telecommunication cables, Optical transmission components, Information systems, Control systems, High frequency products, Hybrid products

Itami Works

Main Products: Special steel wires, Powdered alloys, Sintered powder metal products, Diamond products, Compounds semiconductors

Yokohama Works

Main Products: Optical fiber cables, Telecommunication cables, Optical connectors, Optical fiber fusion splicers, Optical amplifiers, Optical transmission components

AUTOMOTIVE

DOMESTIC CONSOLIDATED SUBSIDIARIES

• Tokai Rubber Industries, Ltd.

Main Products: Rubber products

• Sumitomo Wiring Systems, Ltd.

Main Products: Automotive wiring harnesses

★ AutoNetworks Technologies, Ltd.

Main Service: Automotive wiring harnesses R&D

• Sumiden Electronics, Ltd.

Main Products: Electronic components and devices for automobiles

OVERSEAS CONSOLIDATED SUBSIDIARIES

• Sumitomo Electric Wiring Systems, Inc.

Kentucky, U.S.A.
Main Products: Automotive wiring harnesses

★ K&S Wiring System, Inc.

Tennessee, U.S.A.
Main Products: Automotive wiring harnesses

• Sumitomo Electric Wiring Systems

(Thailand), Ltd.
Bangkok, Thailand
Main Products: Automotive wiring harnesses

• Sumidenseo Vietnam Co., Ltd.

Hai Duong, Vietnam
Main Products: Automotive wiring harnesses

• Tianjin Jin Zhu Wiring Systems Co., Ltd.

Tianjin, China
Main Products: Automotive wiring harnesses

• Huizhou Zhurun Wiring Systems Co., Ltd.

Huizhou, China
Main Products: Automotive wiring harnesses

• Sumidenseo Mediatech Suzhou Co., Ltd.

Suzhou, China
Main Products: Automotive wiring harnesses

• Sumitomo Electric Wiring Systems

(Europe) Ltd.
Staffordshire, U.K.
Main Products: Automotive wiring harnesses

• Sumitomo Electric Bordnetze GmbH

Wolfsburg, Germany
Main Products: Automotive wiring harnesses

• SEWS-CABIND S.p.A.

Collegno, Italy
Main Products: Automotive wiring harnesses

119 other companies

INFORMATION & COMMUNICATIONS

DOMESTIC CONSOLIDATED SUBSIDIARIES

• Commutere Corp.

Main Service: Communications facilities designing and installation

• Kiyohara Sumiden, Ltd.

Main Products: Optical fibers

• Toyokuni Electric Cable Co., Ltd.

Main Products: Electric wires and cables

• Sumitomo Electric Networks, Inc.

Main Products: Information and communications equipment

• Sumitomo Electric Device Innovations, Inc.

(ex. Eudyna Devices Inc.)
Main Products: Optical and electronic devices

OVERSEAS CONSOLIDATED SUBSIDIARIES

• Sumitomo Electric Lightwave Corp.

North Carolina, U.S.A.
Main Products: Optical fiber fusion splicers and optical fiber cables

• Sumitomo Electric Device Innovation (U.S.A.), Inc. (ex. ExcelLight Communications, Inc.)

North Carolina, U.S.A.
Main Products: Optical transmission components

• Sumitomo Electric Optical Components

(Wuxi) Co., Ltd.
Wuxi, China
Main Products: Optical couplers and optical connectors

8 other companies

ELECTRONICS

DOMESTIC CONSOLIDATED SUBSIDIARIES

• Sumitomo (SEI) Electronic Wire, Inc.

Main Products: Electric wires and electric wire products

• Sumitomo Electric Flat Components, Inc.

Main Products: Flat cables

• Sumitomo Electric Printed Circuits, Inc.

Main Products: Flexible printed circuits

• Sumitomo Electric Fine Polymer, Inc.

Main Products: Fine polymer products

★ Sumiden Tomita Shoji Co., Ltd.

Main Products: Electronic components, wire and systems

OVERSEAS CONSOLIDATED SUBSIDIARIES

• Judd Wire, Inc.

Massachusetts, U.S.A.
Main Products: Electronic wires

• Sumitomo Electric Semiconductor Materials, Inc.

Oregon, U.S.A.
Main Products: Compound semiconductor materials

• Sumitomo Electric Interconnect Products (Suzhou), Ltd.

Suzhou, China
Main Products: Electronic wires for electronic and information equipment

- Suzhou Sumiden Electric Materials Co., Ltd.
Suzhou, China
Main Products: Electronic parts

- Sumitomo Electric Interconnect Products
(Hong Kong), Ltd.
Hong Kong, China
Main Products: Electric wires, FPCs,
Irradiated products

15 other companies

ELECTRIC WIRE & CABLE, ENERGY

DOMESTIC CONSOLIDATED SUBSIDIARIES

- **Nissin Electric Co., Ltd.**

Main Products: Electric-power control systems

- **Sumitomo Densetsu Co., Ltd.**

Main Service: Electric transmission lines installation

- Sumitomo Electric Wintec, Inc.

Main Products: Magnet wires and related products

- Sumitomo Electric Toyama Co., Ltd.

Main Products: Electric wires and cables and metal materials

- Sumitomo Electric Industrial Wire & Cable, Inc.
Main Products: Electric wires and cables

- Daikoku Electric Wire Co., Ltd.

Main Products: Electric Wires and coils

OVERSEAS CONSOLIDATED SUBSIDIARIES

- P.T. Karya Sumiden Indonesia

Jakarta, Indonesia
Main Products: Copper wire rods

- **P.T. Sumi Indo Kabel Tbk**

Jakarta, Indonesia
Main Products: Power cables

- Sumitomo Electric Wintec (Wuxi) Co., Ltd.

Wuxi, China
Main Products: Magnet wires and DG coils

50 other companies

INDUSTRIAL MATERIALS & OTHERS

DOMESTIC CONSOLIDATED SUBSIDIARIES

- Sumitomo Electric Hardmetal Corp.

Main Products: Cemented carbide and sintered diamond cutting tools

- Sumitomo Electric Sintered Alloy, Ltd.

Main Products: Sintered parts

- A.L.M.T. Corp.

Main Products: Tungsten and molybdenum products

- Sumitomo (SEI) Steel Wire Corp.

Main Products: Special steel wires

- Sumitomo Electric Tochigi Co., Ltd.

Main Products: Steel cords

OVERSEAS CONSOLIDATED SUBSIDIARIES

- ★ Sumitomo Electric U.S.A., Inc.

New York, U.S.A.
Regional headquarter

- ★ Sumitomo Electric Finance U.S.A., Inc.

New York, U.S.A.
Finance company

- ★ Sumitomo Electric Carbide, Inc.

Illinois, U.S.A.
Main Products: Cemented carbide tools

- Sumitomo Electric Hardmetal

Manufacturing (Thailand), Ltd.
Samutprakarn, Thailand
Main Products: Cemented carbide tools

- P.T. Sumiden Serasi Wire Products

Java Barat, Indonesia
Main Products: Special steel wires

- ★ Sumitomo Electric Asia, Ltd.

Hong Kong, China
Regional Headquarter

- ★ Sumitomo Electric Europe Ltd.

London, U.K.
Regional Headquarter

- ★ Sumitomo Electric Finance U.K. Ltd.

London, U.K.
Finance company

- ★ Sumitomo Electric Hartmetall GmbH

Willich, Germany
Main Products: Cemented carbide alloys

46 other companies

SUBSIDIARIES AND AFFILIATES ACCOUNTED FOR BY THE EQUITY METHOD

DOMESTIC

- **Sumitomo Rubber Industries, Ltd.**

Main Products: Automotive tires and sporting goods

- ★ **TECHNO ASSOCIE, Ltd.**

Main Products: Threads and non-ferrous metal products

- Sumitomo 3M, Ltd.

Main Products: Abrasives and industrial tapes

- ADVICS CO., Ltd.

Main Products: Automotive brake systems

- J-Power Systems Corporation

Main Products: Power transmission cables and cable accessories

- Kitanihon Electric Cable Co., Ltd.

Main Products: Electric wires and cables

- Daiden Co., Ltd.

Main Products: Electric wires and cables

- Nuclear Fuel Industries, Ltd.

Main Products: Nuclear fuel

OVERSEAS

- Kyungshin Industrial Co., Ltd.

Incheon, South Korea
Main Products: Automotive wiring harnesses

30 other companies

Notes 1. Publicly listed companies are indicated in bold print.

2. The number of the companies is as of March 31, 2009.

- Manufacturing / Construction company

- ★ Sales company / Others

History

1897	Sumitomo Copper Rolling Works was founded
1900	Started production of coated wires
1908	Started production of power cables
1909	Started trial production of telecommunication cables
1911	Established Sumitomo Electric Wire & Cable Works
	Laid first Japan-made high-voltage underground cables
1916	Opened a new factory (now the Osaka Works)
	Started production of enamel wires
1920	Sumitomo Electric Wire & Cable Works incorporated as a limited company
1931	Started production of cemented carbide tools
1932	Started production of special steel wires
1939	Company name changed to the current name, Sumitomo Electric Industries, Ltd.
1941	Opened the Itami Works
1943	Started production of vibration-proof rubber products and fuel tanks
1946	Opened a branch office in Tokyo (now the Tokyo Head Office)
1948	Started marketing sintered powder metal products
1949	Entered into the construction business of overhead transmission lines
1957	Delivered the first Japan-made television broadcasting antennas to NHK
1961	Opened the Yokohama Works
	Delivered the wiring harnesses for four-wheel vehicles for the first time in its history
1962	Started production of the "Irrax™ Tube" electron beam irradiation tubes
	The head office was moved from Osaka's Konohana Ward to its present location in Chuo Ward
1963	Started production of disc brakes
1964	Started production of electron beam irradiation wires
1968	Entered into the traffic control systems business
1969	Established the first overseas production subsidiary
	Started production of flexible printed circuits (FPCs)
1970	Started production of compound semiconductors

1971	Opened the Kanto Works
1974	Started production of optical fiber cables
1975	Contracted to construct a power transmission line in Iran
1976	Received an order for a large telecommunications network construction project in Nigeria
1978	Delivered and put into operation the world's first bidirectional fiber optics CATV system called "Hi-OVIS"
1981	Delivered and installed fiber optic LAN systems for the first time in its history
1982	Succeeded in producing the world's-largest-class (1.2 carats) synthetic diamonds
1996	Developed a technology for producing long-length oxide high voltage superconducting wires
1998	Developed and started marketing ecology wires and cables
1999	Sumitomo Electric Fine Polymer, Inc. (fine polymer products) started operation
2001	J-Power Systems Corporation (high-voltage power cables) started operation
2002	Sumitomo Electric Networks, Inc. (network equipment), Sumitomo (SEI) Steel Wire Corp. (special steel wires) and Sumitomo Electric Wintec, Inc. (magnet wires) started operation
2003	Sumiden Hitachi Cable Ltd. (wires and cables for buildings and industrial equipment) and Sumitomo Electric Hardmetal Corp. (powder metal and diamond products) started operation
2004	Eudyna Devices Inc. (semiconductor devices) started operation
	A.L.M.T. Corp. was made a wholly-owned subsidiary
2006	The HTS cable used in a power transmission grid in the U.S. started supplying electricity
2007	Sumitomo Wiring Systems, Ltd. was made a wholly-owned subsidiary
	Nissin Electric Co., Ltd. was made a consolidated subsidiary
2008	Opened Technical Training Center
2009	Eudyna Devices Inc. was made a wholly-owned subsidiary and changed its trade name to Sumitomo Electric Device Innovations, Inc.

Company Information

Sumitomo Electric Industries, Ltd. (As of March 31, 2009)

HEAD OFFICE (OSAKA)

5-33, Kitahama 4-chome, Chuo-ku, Osaka 541-0041, Japan

HEAD OFFICE (TOKYO)

Shibaura Renasite Tower 3-9-1 Shibaura, Minato-ku,
Tokyo 108-8539, Japan

INCORPORATED

December 1920

NUMBER OF EMPLOYEES

152,547

COMMON STOCK

Authorized: 3,000,000,000 shares
Issued: 793,940,571 shares

NUMBER OF SHAREHOLDERS

66,336

STOCK EXCHANGE LISTINGS

Four domestic stock and securities exchanges: Tokyo, Osaka,
Nagoya, and Fukuoka
Ticker Code: 5802

SHAREHOLDER REGISTER MANAGER

The Sumitomo Trust & Banking Co., Ltd.
5-33, Kitahama 4-chome, Chuo-ku, Osaka 541-0041, Japan

SUMITOMO ELECTRIC VIA THE INTERNET

Sumitomo Electric Group's web site provides a wide range of
corporate information, including the latest annual report, news
releases, and financial results.
<http://global-sei.com/>

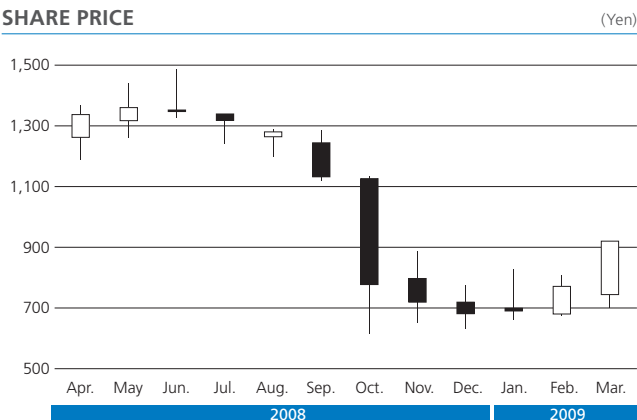
PRINCIPAL SHAREHOLDERS

	Shareholdings (Thousands)	Outstanding voting share (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	82,026	10.33
The Master Trust Bank of Japan, Ltd. (Trust Account)	65,828	8.29
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	48,906	6.16
Nippon Life Insurance Company	41,289	5.20
Sumitomo Life Insurance Company	15,556	1.96
Sumitomo Mitsui Banking Corporation	12,551	1.58
Japan Trustee Services Bank, Ltd. (Trust Account 4)	12,458	1.57
The Dai-ichi Mutual Life Insurance Company	9,389	1.18
MELLON BANK, N.A. AS AGENT FOR ITS CLIENT MELLON OMNIBUS US PENSION	8,510	1.07
The Sumitomo Trust & Banking Co., Ltd.	8,325	1.05

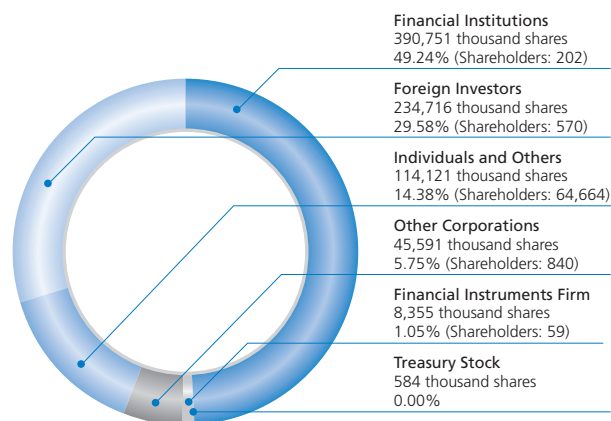
SHARE PRICE RANGE

Year	Month	Yen		
		High	Low	
2008	Apr.	1,370	1,189	
	May	1,410	1,261	
	Jun.	1,485	1,326	
	Jul.	1,366	1,240	
	Aug.	1,289	1,200	
	Sep.	1,285	1,120	
	Oct.	1,133	614	
	Nov.	886	650	
	Dec.	775	632	
	2009	Jan.	829	663
		Feb.	808	673
		Mar.	902	702

SHARE PRICE



BREAKDOWN OF SHAREHOLDERS





5-33, Kitahama 4-chome, Chuo-ku, Osaka 541-0041, Japan

Tel: +81 (6) 6220-4141

Fax: +81 (6) 6222-3380

<http://global-sei.com/>