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Security Code: 3436

April 9, 2010

Dear Shareholders,

1-2-1 Shibaura, Minato-ku, Tokyo

**SUMCO CORPORATION**

Yoichi Taguchi,  
President

## Notice of Convocation of the 11th Ordinary General Meeting of Shareholders

You are cordially invited to attend the 11th Ordinary General Meeting of Shareholders of SUMCO CORPORATION. The meeting will be held as described below.

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

### Details

1. **Date and Time:** Wednesday, April 28, 2010, at 10 a.m. (reception starts at 9 a.m.)
2. **Place:** Mielparque Hall  
2-5-20, Shibakouen, Minato-ku, Tokyo
3. **Objectives of the Meeting**  
**Matters to be reported:**
  1. Business Report and Consolidated Financial Statements for the 11th Fiscal Year (from February 1, 2009 to January 31, 2010), as well as the Audit Reports of the Accounting Auditor and the Board of Corporate Auditors for Consolidated Financial Statements
  2. Non-consolidated Financial Statements for the 11th Business Year (from February 1, 2009 to January 31, 2010)

### Agenda for resolutions:

**Proposal 1:** Election of Nine (9) Directors

**Proposal 2:** Election of One (1) Corporate Auditor

## **Exercising Voting Rights**

### **(Exercising voting rights by postal voting)**

Shareholders are requested to indicate for or against each proposal by filling in the enclosed Form for Exercising Voting Rights, and post it to us by mail so that your vote is received by 5:45 p.m. on Tuesday, April 27, 2010.

Please attach the enclosed information protection sticker on the Form for Exercising Voting Rights when returning it to us.

### **(Exercising voting rights via the Internet)**

Shareholders are requested to review the Procedures for the Exercise of Voting Rights via the Internet on pages 50 and 51, and exercise their voting rights by 5:45 p.m. on Tuesday, April 27, 2010.

If you vote multiple times via the Internet, the final vote shall be deemed to be valid.

If a vote is duplicated by being exercised both by postal voting and via the Internet, the vote received via the Internet shall be deemed to be valid.

You are kindly requested to present the enclosed Form for Exercising Voting Rights to the receptionist when you attend the meeting.

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\* If any changes have been made to items in the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements, or Non-consolidated Financial Statements which need to be amended by the day before the General Meeting of Shareholders, such changes will be posted to you by mail or on the Company's website. (<https://www.sumcosi.com/>)

## **Business Report**

(For the fiscal year from February 1, 2009 to January 31, 2010)

### **1. Business Progress and Achievement of the Corporate Group**

#### **(1) Business activities and results**

Looking at the economic conditions during the current fiscal year, although progress toward recovery was seen in some areas as a result of the emergency fiscal stimulation packages implemented by various countries and the economic growth achieved in China and other emerging economies, this was not enough to launch and sustain an autonomous recovery. Most notably, the employment environment remained strained and private-sector capital investment languished at low levels in the midst of prolonged economic downturn triggered by the financial crisis. Consequently, severe economic conditions generally persisted during the current fiscal year.

In the semiconductor market, a recovery trend was observed. The inventory adjustment phase that began with the economic downturn in 2008 has run its course, and after the spring of 2009, orders for semiconductors received a strong boost from robust demand for personal computers, mobile phones, and other products equipped with semiconductor devices.

Meanwhile, in the silicon wafer market, demand bottomed out during the early stages of the current fiscal year. Thereafter, the volume of shipments turned positive as demand recovered, led by orders for 300 mm wafers, our main product. However, difficult conditions persisted as prices remained at low levels.

In this business environment, the SUMCO Group exercised constraint towards investment for production expansion, particularly 300 mm wafers. At the same time, the SUMCO Group carried out operations efficiently by responding to changes in demand for silicon wafers and persistently adhered to a centralized production system by closely observing demand for each kind of wafer. In addition, the SUMCO Group worked together ardently to improve its corporate foundations by reducing inventories, cutting costs and other measures. In contrast, demand for small-diameter wafers generally contracted. In response to this, the SUMCO Group sequentially implemented various measures to reorganize the manufacturing base based on the Business Restructuring Plan that was adopted earlier. Also, taking into account the current business environment, the SUMCO Group pursued the reinforcement of its technology and development foundations which it sees as essential for further enhancing “product quality” and “technological capabilities,” and boosting product competitiveness. The SUMCO Group aims to utilize these internal efforts as a foundation as it strives to improve wafer prices.

However, the prolonged period of depressed wafer prices has had a significant impact on revenue, and for the current fiscal year, the SUMCO Group posted net sales of 218,217 million yen (down 44.3% from the previous fiscal year), and most regrettably, operating loss of 86,502 million yen, ordinary loss of 114,797 million yen and net loss of 100,472 million yen.

With sincere apologies, the Company has decided not to pay a year-end dividend in light of the current business environment.

#### **(2) Status of capital investments**

Capital investment for the corporate group executed during the current fiscal year totaled 29,913 million yen. Significant components of this investment were 13,652 million yen for manufacturing facilities for 300 mm wafers and 9,374 million yen for manufacturing facilities for silicon wafers for use in solar energy cells, of the SUMCO Group.

**(3) Status of financing**

Financings through long-term borrowings and sale and leaseback transactions during the current fiscal year totaled 182,996 million yen and they were principally used as cash for capital investment as well as for the repayment of the long-term borrowings.

**(4) Material organizational restructuring**

As of August 31, 2009, an absorption-type merger was conducted where SUMCO Phoenix Corporation, a consolidated subsidiary of the Company, became the surviving company and SUMCO USA Sales Corporation, also its consolidated subsidiary, became the dissolving company.

**(5) Issues to be dealt with**

The SUMCO Group will further strengthen its competitive edge through the steady and smooth implementation of the following measures.

**1) Responding to changing business environment**

Although a recovery in the semiconductor device market has generally led to more favorable operating results for our customers, severe conditions continue to prevail for the SUMCO Group. It is an urgent and pressing issue for the SUMCO Group to overcome this current situation as soon as possible. We are pushing ahead with fundamental cost rationalization, which among other measures includes efficiently operating production facilities, reducing fixed costs by reorganizing production systems, reducing various costs and cutting material procurement expenses. The SUMCO Group will make every effort to rectify silicon wafer prices as soon as possible so that a sufficient level of revenue can be secured to enhance technological capabilities and implement investments to respond to demand.

The SUMCO Group is committed to steadily implementing the above measures in order to strengthen its corporate foundations and to thereby sustain its profit levels even under severe business conditions.

**2) Further development of technological foundations**

The SUMCO Group is committed to responding accurately and speedily to increasingly higher precision requirements for silicon wafer products. At the same time, the SUMCO Group will focus its energies on developing production technologies that will yield significant reductions in manufacturing costs. We will also continue to engage in future-oriented technological challenges, including R&D for the development of next-generation wafers and the development of wafers that will achieve higher conversion rates in solar energy cells. We will also strive to further strengthen our R&D foundations and to maximize corporate value through the efficient allocation and use of the management resources in the entire SUMCO Group.

**(6) Status of consolidated assets and operating results for the last 3 business years**

Category	8th business year (year ended January 31, 2007)	9th business year (year ended January 31, 2008)	10th business year (year ended January 31, 2009)	11th fiscal year (year ended January 31, 2010)
Net sales (millions of yen)	319,385	474,951	391,928	218,217
Ordinary profit (loss) (millions of yen)	75,835	133,028	39,371	(114,797)
Net income (loss) (millions of yen)	72,051	74,879	18,886	(100,472)
Net income (loss) per share (yen)	597.66	294.34	74.36	(389.81)
Total assets (millions of yen)	578,854	710,495	733,897	662,882
Net assets (millions of yen)	327,318	415,510	389,521	284,923
Net assets per share (yen)	2,297.90	1,409.59	1,419.24	1,025.35

- (Notes)
- ( ) signifies a loss.
  - In the 8th business year, the Company issued new shares through public offering on December 19, 2006, and allocated new shares to third parties on January 15, 2007, increasing its capital by 31,933 million yen and its capital surplus by 31,933 million yen.
  - The Company executed two for one common stock split on February 1, 2007. The following table shows retroactive adjustment of per-share data, as a reference of the trend of net income per share and net assets per share that takes into account the impact of the aforesaid common stock split.

Category	8th business year (year ended January 31, 2007)
Net income per share (yen)	298.83
Net assets per share (yen)	1,148.95

**(7) Status of significant parent company and subsidiaries****1) Relation to parent company**

N/A

**2) Major subsidiaries**

Company name	Capital	Equity ownership (includes indirect holdings)	Main business activities
SUMCO TECHXIV CORPORATION	11,636 million yen	100.00%	Manufacture of silicon wafers for semiconductor
Japan Super Quartz Corporation	300 million yen	100.00%	Manufacture and sales of high-purity quartz crucibles
SUMCO Solar Corporation	450 million yen	85.00%	Manufacture of silicon wafers for use in solar energy cells
SUMCO Phoenix Corporation	483 million US dollars	100.00%	Manufacture and sales of silicon wafers for semiconductor
FORMOSA SUMCO TECHNOLOGY CORPORATION	7,756 million NT dollars	48.85%	Manufacture and sales of silicon wafers for semiconductor

- (Notes)
1. On December 18, 2009, consolidated subsidiary, SUMCO Phoenix Corporation issued new shares of 80 million US dollars, and its capital increased from 403 million US dollars to 483 million US dollars.
  2. On August 26, 2009, consolidated subsidiary, FORMOSA SUMCO TECHNOLOGY CORPORATION paid a stock dividend by appropriation of profit, and its capital increased from 7,387 million NT dollars to 7,756 million NT dollars.

**(8) Main business activities (as of January 31, 2010)**

Manufacture and sales of silicon wafers

**(9) Main offices and plants (as of January 31, 2010)**

The Company	Head Office	Minato-ku, Tokyo
	Offices	Minato-ku, Tokyo Yodogawa-ku, Osaka Hakata-ku, Fukuoka
	Factories and Plants	Imari Factory (Imari-shi, Saga) Saga Plant (Kohoku-machi, Kishima-gun, Saga) Kansai Factory, Ikuno Plant (Asago-shi, Hyogo) Kansai Factory, Amagasaki Plant (Amagasaki-shi, Hyogo) Yonezawa Plant (Yonezawa-shi, Yamagata) Chitose Plant (Chitose-shi, Hokkaido)
Subsidiaries	Domestic Manufacturing Bases	SUMCO TECHXIV CORPORATION (Omura-shi, Nagasaki, etc.) Japan Super Quartz Corporation (Akita-shi, Akita) SUMCO Solar Corporation (Kainan-shi, Wakayama)
	Overseas Manufacturing Bases	SUMCO Phoenix Corporation (USA) FORMOSA SUMCO TECHNOLOGY CORPORATION (Taiwan)

**(10) Status of employees (as of January 31, 2010)****1) Employees of the corporate group**

Number of employees	Increase (decrease) from the previous year-end
9,719	Increased by 90

(Note) The number of employees does not include temporary workers.

**2) Employees of the Company**

Number of employees	Increase (decrease) from the previous year-end	Average age	Average service years
4,931	Increased by 49	39.3 years old	14.9 years

(Note) The number of employees does not include temporary workers.

**(11) Major creditors (as of January 31, 2010)**

Creditor	Balance of borrowings
	millions of yen
Sumitomo Mitsui Banking Corporation	29,049
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	28,182
Development Bank of Japan Inc.	26,185
Mizuho Corporate Bank, Ltd.	22,164
Mitsubishi UFJ Trust and Banking Corporation	20,112
The Sumitomo Trust and Banking Co., Ltd.	19,992

## 2. Status of the Company's Shares (as of January 31, 2010)

- (1) Total number of authorized shares: 804,000,000
- (2) Total number of issued shares: 257,751,739 (including 3,911 shares of treasury stock)
- (3) Number of shareholders: 64,763 (decrease of 9,191 from the previous year-end)

### (4) Major shareholders (Top 10)

Name of shareholder	Number of shares held	Equity ownership
	thousand shares	%
Sumitomo Metal Industries, Ltd.	71,700	27.82
Mitsubishi Materials Corporation	71,700	27.82
Japan Trustee Services Bank, Ltd. (Trust account)	5,527	2.14
The Master Trust Bank of Japan, Ltd. (Trust account)	5,158	2.00
THE CHASE MANHATTAN BANK 385036	4,167	1.62
Komatsu Ltd.	3,961	1.54
NikkoCiti Trust and Banking Corporation (Investment trust account)	3,445	1.34
THE BANK OF NEW YORK — JASDECTREATY ACCOUNT	2,784	1.08
NORTHERN TRUST CO. AVFC RE FIDELITY FUNDS	2,282	0.89
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	1,893	0.73

(Note) The equity ownership is calculated after deducting treasury stock (3,911 shares).



### 3. Directors and Corporate Auditors of the Company

#### (1) Directors and corporate auditors (as of January 31, 2010)

Position	Name	Status of significant concurrent occupations or positions
* Director and President	Yoichi Taguchi	
Director	Yutaka Hirose	
Director	Takashi Abe	
Director	Kazufumi Yanaga	
Director	Kimihito Matsuo	
Director	Yukihiro Saeki	
Director	Michiharu Takii	Director, Senior Managing Executive Officer, Sumitomo Metal Industries, Ltd. Outside Corporate Auditor, Kyoei Steel Ltd.
Director	Hiroshi Kanemoto	Managing Director (Representative Director), Mitsubishi Materials Corporation
Full-time Corporate Auditor	Katsutoshi Fukushima	
Full-time Corporate Auditor	Tamio Kobayashi	
Corporate Auditor	Hitoshi Tanaka	Attorney at law
Corporate Auditor	Mayuki Hashimoto	Managing Director (Representative Director), Mitsubishi Materials Corporation
Corporate Auditor	Kitaro Yoshida	Standing Corporate Auditor, Sumitomo Metal Industries, Ltd.

- (Notes)
1. The director marked with \* is the Representative Director.
  2. Yoichi Taguchi assumed the post of director and president (Representative Director) as of May 29, 2009.
  3. Director Michiharu Takii is outside director.
  4. Corporate auditors Hitoshi Tanaka, Mayuki Hashimoto and Kitaro Yoshida are outside corporate auditors.
  5. Corporate auditor Tamio Kobayashi, who acquired experiences in corporate accounting and finance over many years at the Company, Mitsubishi Materials Corporation and its corporate group, has considerable knowledge in finance and accounting.
  6. Directors and corporate auditors who retired during the current business year are as follows.

Position and areas of responsibility in the Company, and significant concurrent occupations or positions	Name	Date of retirement	Reason of retirement
Director, Executive Vice President General Manager of Sales & Marketing Division	Yuichi Muramatsu	April 28, 2009	Resignation
Director, Senior Managing Executive Officer General Manager of Production & Technology Division	Yoshiaki Shida	April 28, 2009	Resignation
Director	Naoyuki Hosoda	April 28, 2009	Resignation
Full-time Corporate Auditor	Fumio Iida	April 28, 2009	Expiration of term of office
President (Representative Director)	Kenjiro Shigematsu	May 29, 2009	Resignation

7. The Company adopts an executive officer system. The following is the list of executive officers as of January 31, 2010.

Title	Name	Area(s) of responsibility
* President	Yoichi Taguchi	
* Executive Vice President	Yutaka Hirose	Assistant to the President Head of Corporate Planning, Public Relations & IR, Corporate Controller & Group Companies Management, Finance & Accounting, Solar Planning and Purchasing
* Executive Vice President	Takashi Abe	Assistant to the President, General Manager of Sales & Marketing Div. Head of Information Systems, Production Planning & Control and Customer Product Engineering
* Senior Managing Executive Officer	Kimihito Matsuo	General Manager of Production & Technology Div. In charge of Production Planning & Control Dept.
Senior Managing Executive Officer	Hidemi Sumiya	In charge of Corporate Planning Dept., Corporate Controller & Group Companies Management Dept., Finance & Accounting Dept. and Solar Planning Dept.
* Senior Managing Executive Officer	Kazufumi Yanaga	Head of General Affairs, Personnel & Industrial Relations, Safety, Environment & Disaster Prevention Management and SCP Center Chief Compliance Officer
* Managing Executive Officer	Yukihiro Saeki	Deputy General Manager of Production & Technology Div. General Manager of Imari Factory, Production & Technology Div. In charge of Saga Plant, Production & Technology Div.
Managing Executive Officer	Harumitsu Endo	Deputy General Manager of Sales & Marketing Div. In charge of Domestic Sales & Marketing Dept. and International Sales & Marketing Dept., Sales & Marketing Div.
Managing Executive Officer	Kazumasa Shoji	In charge of Sales Planning & Administration Dept., Sales & Marketing Div., Information Systems Dept. and Production Planning & Control Dept.
Managing Executive Officer	Shigeo Sumita	Deputy General Manager of Production & Technology Div. In charge of Quality Assurance Dept., Engineering Planning Dept., Intellectual Property Dept., Analysis & Characterization Technology Dept., Crystal Engineering Dept., Wafer Engineering Dept. I, Wafer Engineering Dept. II, Epitaxial Engineering Dept., Wafer Technology Development Dept., Product Development Dept., Advanced Technology Development Dept. and Solar Technology Dept., Production & Technology Div.
Executive Officer	Tatsuaki Matada	General Manager of Plant Engineering Dept., Production & Technology Div.
Executive Officer	Yoichi Tsuchiya	General Manager of General Affairs Dept.
Executive Officer	Hisashi Furuya	General Manager of Yonezawa Plant, Production & Technology Div.

Title	Name	Area(s) of responsibility
Executive Officer	Kazuo Hiramoto	General Manager of Kansai Factory, Production & Technology Div. and General Manager of Ikuno Plant, Kansai Factory, Production & Technology Div.
Executive Officer	Masakazu Kobayashi	General Manager of Customer Product Engineering Dept.
Executive Officer	Hideki Inaba	General Manager of Chitose Plant, Production & Technology Div.

Executive officers marked with \* are also directors of the Company.

## (2) Remuneration and other payments to directors and corporate auditors

Category	Number of persons paid	Amount paid
		thousands of yen
Directors	12	265,374
(including Outside Directors)	(2)	(7,500)
Corporate Auditors	6	70,008
(including Outside Corporate Auditors)	(3)	(18,000)
Total	18	335,382
(including Outside Directors and Corporate Auditors)	(5)	(25,500)

- (Notes)
1. The upper limit of the total remuneration for all the directors is 500 million yen annually (excluding employee salary) pursuant to the resolution at a general meeting of shareholders (resolution adopted by the 8th Ordinary General Meeting of Shareholders held on April 26, 2007).
  2. The upper limit of the total remuneration for all the corporate auditors is 5.9 million yen monthly pursuant to the resolution at a general meeting of shareholders (resolution adopted by the 6th Ordinary General Meeting of Shareholders held on April 26, 2005).
  3. The above-stated number of persons and amounts paid include three (3) directors resigning their posts upon the conclusion of the 10th Ordinary General Meeting of Shareholders held on April 28, 2009 and one (1) corporate auditor whose term of office terminated upon the same date, and one (1) director resigning his post as of May 29, 2009. Outside director, Yoichi Taguchi assumed the post of executive director as of April 28, 2009, and the number of persons and amounts paid pertaining to his term of office as outside director is stated under the category of outside directors.
  4. As of the end of the current business year, there were eight (8) directors and five (5) corporate auditors.
  5. The Company decided not to pay directors' bonuses for the current business year in light of the operating results of the current business year.
  6. The above-stated amounts include the allowance for directors' retirement bonuses for the current business year (subject period: from February 2009 to April 2009) (43,244 thousand yen for six (6) directors and 1,500 thousand yen for two (2) corporate auditors).
  7. In addition to the above, pursuant to the resolution at the 10th Ordinary General Meeting of Shareholders held on April 28, 2009, 186,390 thousand yen was paid to four (4) directors and 15,000 thousand yen to one (1) corporate auditor as directors' retirement bonuses. Besides the relevant amounts in the above 6, each amount includes the provision for allowance for directors' retirement bonuses that was included in the total amount of the "Remuneration and other payments to directors and corporate auditors" in the business report of the prior fiscal years.

### (3) Matters concerning outside directors and corporate auditors

#### 1) Status of significant concurrent occupations or positions at other organizations and the Company's relationship with them

Category	Name	Company where concurrent service is provided	Concurrent position	Relationship
Outside Director	Michiharu Takii	Sumitomo Metal Industries, Ltd.	Director, Senior Managing Executive Officer	Sumitomo Metal Industries, Ltd. is one of the major shareholders of the Company.
		Kyoei Steel Ltd.	Outside Corporate Auditor	—
Outside Corporate Auditor	Mayuki Hashimoto	Mitsubishi Materials Corporation	Managing Director (Representative Director)	Mitsubishi Materials Corporation is one of the major shareholders of the Company and has business relations with the Company such as our purchasing of raw materials, etc. It is also a competitor of the Company in the area of manufacturing and sales of polycrystalline silicon for use in solar energy cells.
Outside Corporate Auditor	Kitaro Yoshida	Sumitomo Metal Industries, Ltd.	Standing Corporate Auditor	Sumitomo Metal Industries, Ltd. is one of the major shareholders of the Company.

#### 2) Major activities during the current business year

Category	Name	Status of major activities
Outside Director	Michiharu Takii	Having attended 11 of the 14 Board of Directors meetings held during the current business year, Michiharu Takii speaks as a director possessing knowledge mainly on the business of the Company and insight about management in general.
Outside Corporate Auditor	Hitoshi Tanaka	Having attended 10 of the 14 Board of Directors meetings and 9 of the 11 Board of Corporate Auditors meetings held during the current business year, Hitoshi Tanaka speaks as a corporate auditor possessing specialized knowledge mainly on laws and regulations.
Outside Corporate Auditor	Mayuki Hashimoto	Having attended all 14 of the Board of Directors meetings and all 11 of the Board of Corporate Auditors meetings held during the current business year, Mayuki Hashimoto speaks as a corporate auditor possessing knowledge mainly on the business of the Company.
Outside Corporate Auditor	Kitaro Yoshida	Having attended all 14 of the Board of Directors meetings and all 11 of the Board of Corporate Auditors meetings held during the current business year, Kitaro Yoshida speaks as a corporate auditor possessing knowledge mainly on the business of the Company.

### 3) Overview of contracts for limitation of liability

Pursuant to Article 427, Paragraph 1 of the Corporation Law, it is prescribed in the Articles of Incorporation in effect that the Company may enter into contracts with outside directors and outside corporate auditors with regards to limitation of liability for damages to the Company in an effort to attract competent individuals to said posts and encourage them to perform their duties to the best of their ability. In accordance with the said provision, the Company has entered into contracts with one (1) outside director and three (3) outside corporate auditors to limit their liabilities. The outline of the contract is as follows:

If outside directors and outside corporate auditors are without knowledge and are not grossly negligent in performing their duties, the liability for damages of the outside directors and outside corporate auditors pursuant to Article 423, Paragraph 1 of the Corporation Law shall be limited to the amount specified in Article 425, Paragraph 1 of said Law and same shall not be liable to the Company for any amount exceeding this limit.

## 4. Accounting Auditor

### (1) Name of accounting auditor (Independent Auditor)

Deloitte Touche Tohmatsu LLC

(Note) Deloitte Touche Tohmatsu became Deloitte Touche Tohmatsu LLC, as it shifted to a limited liability auditing firm as of July 1, 2009.

### (2) Amount of compensation, etc.

Item	Total payment
	millions of yen
(1) Total compensation and other payments for the current business year	79
(2) Total of monies and other property benefits, which the Company and subsidiaries should pay to the accounting auditors (including the above (1))	130

- (Notes)
1. The audit contract between the Company and the accounting auditor does not differentiate audit compensation based on the Corporation Law from that based on the Financial Instruments and Exchange Law, and the two types of compensation cannot be differentiated, therefore, the total agreement amount is shown in the figure (1) above.
  2. SUMCO Phoenix Corporation and FORMOSA SUMCO TECHNOLOGY CORPORATION, major subsidiaries of the Company, are audited by different accounting auditors than that of the Company.

### (3) Non-audit services

Advisory businesses to establish and develop internal control systems

### (4) Policy for making decisions regarding the dismissal or non-reappointment of accounting auditors

In the event of the non-reappointment of an accounting auditor by the Company or should circumstances arise placing serious doubt on the fulfillment of duties on a continual basis, a proposal for dismissal or non-reappointment shall be put on the agenda of the General Meeting of Shareholders under approval of or by the request of the Board of Corporate Auditors.

Please note that in the event circumstances arise rendering an accounting auditor applicable to the provisions established in Article 340, Paragraph 1 of the Corporation Law resulting in the dismissal of same by the Board of Corporate Auditors, the Board of Corporate Auditors selects a corporate auditor to submit a report containing the purport and reason of the said dismissal to the first subsequent General Meeting of Shareholders.

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

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

- 1) The Company has enacted the “SUMCO CHARTER” as the supreme code of conduct for officers and employees to ensure that their activities comply with laws and regulations and the Company’s Articles of Incorporation and that the Company’s actions are appropriate as a good corporate citizen. It has also been educating officers and employees to familiarize them with the “SUMCO CHARTER.”
- 2) The Chief Compliance Officer is assigned as the supreme officer responsible for supervising compliance with the “SUMCO CHARTER.” Each General Manager who is the head of an organization in the Company supervises compliance in his or her organization and submits regular reports in compliance with the CHARTER to the Chief Compliance Officer.
- 3) The Company has established and is implementing a hotline for reporting violations or alleged violations of laws and regulations or the Articles of Incorporation as well as suspicious activities.
- 4) The Internal Auditing Department shall perform periodic audits to verify compliance in each department.
- 5) The Company shall further disseminate to its officers and employees the understanding of not having any connections with antisocial forces and refuse their improper solicitations as clearly stated in the “SUMCO CHARTER.”

### **(2) System for the preservation and management of information regarding the execution of duties by directors**

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

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

- 1) The Company shall establish the “Risk Management Basic Rules” that stipulate basic issues on risk management, and based on them, the Company shall set up an information distribution route to be used upon occurrence of major risks and develop a system for installing Emergency Headquarters.
- 2) To manage overall risks, the Company shall establish a “Business Security Committee (BSC)” to formulate a cross-sectional risk management policy and confirm the progress in addressing risks.
- 3) The Company shall establish internal regulations to appropriately manage individual risks related to information leakage, financial markets and product quality based on the Risk Management Basic Rules.

### **(4) System to ensure the effective execution of duties by directors**

- 1) The Company shall employ the executive officer system under which management decision-making and supervisory functions are separated from executive functions and whereby the Board of Directors carries out decision-making on important matters such as management policy while monitoring the execution of duties by directors as well as the performance of executive officers, whose duties are delegated by the Board of Directors.

- 2) Important matters relating to management shall be deliberated at Management Conference whose members shall consist of individuals holding the position of managing executive officer or higher.
- 3) The Company shall stipulate and clarify the criteria for submitting proposals to the Board of Directors and stipulate the authority of executive officers in internal regulations clarifying the responsibilities and authority of same.
- 4) The Board of Directors shall formulate medium-term management plans and annual budgets and the executive officers shall execute duties aimed at achieving the objectives set forth in same.  
Directors also serving as executive officers shall periodically report on their duties to the Board of Directors.
- (5) System to ensure proper business practices by the corporate group comprised of the Company, its parent company, and its subsidiaries**
  - 1) By making every subsidiary of the Company establish its own CHARTER as the supreme code of conduct equivalent to the “SUMCO CHARTER,” compliance in each subsidiary shall be established as a member of the corporate group.
  - 2) The Company shall assign a department to manage subsidiaries and clarify subsidiary management standards in internal regulations in an effort to improve the soundness and effectiveness of management both in each subsidiary and in the SUMCO Group as a whole.
  - 3) The Internal Auditing Department shall perform periodic internal audits of the subsidiaries.
- (6) System for employees requested by corporate auditors to assist in their duties and matters regarding the independence of those employees from directors**
  - 1) The Company shall establish the position of “Staff for Corporate Auditor” for employees assisting corporate auditors in their duties.
  - 2) In order to ensure the independence of the aforementioned staff for corporate auditor, prior approval of the Board of Corporate Auditors is required for personnel changes with performance appraisals conducted by a full-time corporate auditor.
- (7) System for reporting to corporate auditors by directors and employees and other systems for reporting to corporate auditors**  
Directors shall stipulate in internal regulations matters to be reported to corporate auditors, such as matters that significantly affect the management and results of the Company, and do so appropriately.
- (8) Other systems for ensuring effective audits by corporate auditors**
  - 1) Corporate auditors and the President shall exchange opinions periodically or whenever necessary.
  - 2) The Company shall proactively create opportunities for corporate auditors to attend Board of Directors meetings and other important gatherings.

## **Consolidated Balance Sheet**

(As of January 31, 2010)

(Millions of yen)

Category	Amount	Category	Amount
<b>( Assets )</b>		<b>( Liabilities )</b>	
<b>Current assets</b>	<b>200,381</b>	<b>Current liabilities</b>	<b>143,252</b>
Cash and time deposits	71,776	Notes payable and accounts payable	23,898
Notes receivable and accounts receivable	40,218	Short-term borrowings	87,139
Merchandise and finished goods	16,841	Lease liabilities	10,210
Work in process	17,263	Income taxes, etc. payable	467
Raw materials and supplies	40,015	Allowance for employee bonuses	3,277
Deferred income tax assets	6,206	Facilities related notes payable and accounts payable	4,327
Others	10,091	Others	13,931
Allowance for doubtful accounts	(2,032)		
<b>Fixed assets</b>	<b>462,501</b>	<b>Fixed liabilities</b>	<b>234,707</b>
<b>Tangible fixed assets</b>	<b>333,550</b>	Long-term borrowings	173,251
Buildings and structures	128,426	Lease liabilities	29,018
Machinery and transport equipment	164,508	Deferred income tax liabilities	172
Land	20,587	Deferred tax liabilities for land revaluation	1,784
Construction in progress	17,938	Allowance for employee retirement benefits	17,979
Others	2,089	Others	12,500
<b>Intangible fixed assets</b>	<b>43,975</b>	<b>Total liabilities</b>	<b>377,959</b>
Goodwill	37,278	<b>( Net assets )</b>	
Software	6,231	<b>Shareholders' equity</b>	<b>270,883</b>
Others	464	Capital	114,107
<b>Investments and other assets</b>	<b>84,976</b>	Capital surplus	89,291
Investment securities	1,927	Retained earnings	67,492
Long-term prepaid expenses	5,322	Treasury stock	(7)
Deferred income tax assets	42,012	<b>Variance of valuation/translation etc.</b>	<b>(6,602)</b>
Long-term advances	34,081	Net unrealized gain on available-for-sale securities	1,079
Others	3,232	Revaluation reserve for land	2,252
Allowance for doubtful accounts	(1,599)	Foreign currency translation adjustments	(9,934)
		<b>Minority interests</b>	<b>20,642</b>
		<b>Total net assets</b>	<b>284,923</b>
<b>Total assets</b>	<b>662,882</b>	<b>Total liabilities and net assets</b>	<b>662,882</b>



## **Consolidated Statement of Income**

(Year ended January 31, 2010)

(Millions of yen)

Category	Amount	
<b>Net sales</b>		<b>218,217</b>
<b>Cost of sales</b>		<b>273,836</b>
<b>Gross loss</b>		<b>(55,619)</b>
<b>Selling, general and administrative expenses</b>		<b>30,883</b>
<b>Operating loss</b>		<b>(86,502)</b>
Non-operating profit		
Interest and dividends income	131	
Subsidies received	951	
Foreign-exchange gains	199	
Others	617	1,900
Non-operating expenses		
Interest expense	4,496	
Depreciation charges	23,990	
Loss on sales and disposals on fixed assets	597	
Others	1,111	30,195
<b>Ordinary loss</b>		<b>(114,797)</b>
Extraordinary loss		
Business restructuring expense	15,092	15,092
<b>Net loss before taxes and minority interests</b>		<b>(129,889)</b>
Corporate income tax, local resident tax and business tax	695	
Refund of income taxes	(154)	
Adjustment of corporate income tax, etc	(27,162)	(26,622)
Minority interests in loss		(2,795)
<b>Net loss</b>		<b>(100,472)</b>

## **Consolidated Statement of Changes in Net Assets**

(Year ended January 31, 2010)

(Millions of yen)

Shareholders' equity	
Capital	
Balance as of January 31, 2009	114,107
Changes during fiscal year	
Total changes during fiscal year	—
Balance as of January 31, 2010	114,107
Capital surplus	
Balance as of January 31, 2009	89,291
Changes during fiscal year	
Total changes during fiscal year	—
Balance as of January 31, 2010	89,291
Retained earnings	
Balance as of January 31, 2009	171,186
Changes during fiscal year	
Dividends from surplus	(3,221)
Net loss	(100,472)
Total changes during fiscal year	(103,694)
Balance as of January 31, 2010	67,492
Treasury stock	
Balance as of January 31, 2009	(6)
Changes during fiscal year	
Acquisition of treasury stock	(1)
Total changes during fiscal year	(1)
Balance as of January 31, 2010	(7)
Total shareholders' equity	
Balance as of January 31, 2009	374,578
Changes during fiscal year	
Dividends from surplus	(3,221)
Net loss	(100,472)
Acquisition of treasury stock	(1)
Total changes during fiscal year	(103,695)
Balance as of January 31, 2010	270,883

(Millions of yen)

Variance of valuation/translation etc.	
Net unrealized gain (loss) on available-for-sale securities	
Balance as of January 31, 2009	(7)
Changes during fiscal year	
Changes (net) in items other than shareholders' equity during fiscal year	1,086
Total changes during fiscal year	1,086
Balance as of January 31, 2010	1,079
Gains (losses) of deferred hedge	
Balance as of January 31, 2009	(1)
Changes during fiscal year	
Changes (net) in items other than shareholders' equity during fiscal year	1
Total changes during fiscal year	1
Balance as of January 31, 2010	—
Revaluation reserve for land	
Balance as of January 31, 2009	2,252
Changes during fiscal year	
Changes (net) in items other than shareholders' equity during fiscal year	—
Total changes during fiscal year	—
Balance as of January 31, 2010	2,252
Foreign currency translation adjustments	
Balance as of January 31, 2009	(11,014)
Changes during fiscal year	
Changes (net) in items other than shareholders' equity during consolidated fiscal year	1,080
Total changes during fiscal year	1,080
Balance as of January 31, 2010	(9,934)
Total variance of valuation/translation etc.	
Balance as of January 31, 2009	(8,770)
Changes during fiscal year	
Changes (net) in items other than shareholders' equity during consolidated fiscal year	2,168
Total changes during fiscal year	2,168
Balance as of January 31, 2010	(6,602)
Minority interests	
Balance as of January 31, 2009	23,713
Changes during fiscal year	
Changes (net) in items other than shareholders' equity during consolidated fiscal year	(3,071)
Total changes during fiscal year	(3,071)
Balance as of January 31, 2010	20,642

(Millions of yen)

Total net assets	
Balance as of January 31, 2009	389,521
Changes during fiscal year	
Dividends from surplus	(3,221)
Net loss	(100,472)
Acquisition of treasury stock	(1)
Changes (net) in items other than shareholders' equity during consolidated fiscal year	(903)
Total changes during fiscal year	<u>(104,598)</u>
Balance as of January 31, 2010	<u>284,923</u>

## **I. Basic Matters of Importance for Preparing Consolidated Financial Statements**

### **1. Scope of consolidation**

#### **(1) Number of consolidated subsidiaries: 17**

Names of major consolidated subsidiaries:

SUMCO TECHXIV CORPORATION

Japan Super Quartz Corporation

SUMCO Solar Corporation

SUMCO Phoenix Corporation

SUMCO Europe Sales Plc

PT. SUMCO Indonesia

FORMOSA SUMCO TECHNOLOGY CORPORATION

SUMCO USA Sales Corporation, which was a consolidated subsidiary of the Company in the previous fiscal year, no longer exists as it has been merged with SUMCO Phoenix Corporation, a consolidated subsidiary of the Company, in the current fiscal year.

#### **(2) Number of non-consolidated subsidiaries: 6**

All of these non-consolidated subsidiaries are exempt, as they are small in scale and none of the total of their total assets, net sales, net income (appropriate amount to equity) and retained earnings (appropriate amount to equity) will significantly affect the consolidated financial statements.

### **2. Application of the equity method**

We do not have any non-consolidated subsidiary or affiliate company to which the equity method is applied.

The number of non-consolidated subsidiaries and affiliate companies to which the equity method is not applied is 6. All 6 companies are exempt from application as their influences on net income (appropriate amount to equity) and their combined retained earnings (appropriate amount to equity) are minor, and basically insignificant as a whole.

### **3. Consolidated subsidiaries' business year-end, etc.**

The balance sheet date of 10 overseas consolidated subsidiaries is December 31, which is different from the date used in the consolidated accounting.

Financial data as of the above balance sheet date is used for the preparation of consolidated financial statements for those companies.

However, necessary adjustments required for consolidation are made to data relating to business transactions of significance that have taken place between the two balance sheet dates.

### **4. Standards for accounting treatments**

#### **(1) Standards for and method of evaluation of major assets**

##### **(a) Securities**

Other securities

Securities with market value:

We employ the market value method (using the "all included directly in capital" method of accounting for valuation differences, and working out the cost by the "moving average cost" method) based on the market price, etc. at the balance sheet date.

Securities without market value:

We mainly employ the cost method based on the "moving average cost" method.

**(b) Derivatives**

Market value method

**(c) Inventories**

Mainly employ the cost method based on the periodic average method. (Balance sheet values are calculated using the devaluating book value method based on decreases in profitability.)

**(2) Method of depreciation of major depreciable assets**

**(a) Tangible fixed assets (excluding lease assets)**

SUMCO and its consolidated domestic subsidiaries mainly employ the straight-line method for buildings and the constant percentage method for other fixed assets.

Service life for buildings and structures is mainly set at 31 years and for machinery and transport equipment mainly at 5 years.

(Additional information)

The service lives of machinery of SUMCO and its consolidated domestic subsidiaries have been reviewed and changed in the current fiscal year in association with the revision of the Corporation Tax Act.

As a result of the change, the operating loss rose 15,511 million yen, and ordinary loss and net loss before taxes and minority interests both increased 22,367 million yen.

**(b) Intangible fixed assets (excluding lease assets)**

As for software, we employ the straight-line method based on the usable period (5 years) set within the company.

**(c) Lease assets**

For assets leased under finance lease transactions that are not deemed to transfer ownership, we employ the straight-line method in which the lease period is used as the service life and residual value of the relevant asset falls to zero at the end of the leased period.

However, finance lease transactions executed on or before January 31, 2008 that are not deemed to transfer ownership are accounted for using the same method as operating leases.

**(3) Standard for provision of major allowances**

**(a) Allowance for doubtful accounts**

In anticipation of potential losses from bad debts, the estimated irrecoverable amount is provided in accordance with the loan loss ratio for general credits and through the individual examination of recoverability for particular credits such as claims to obligors with high possibility of business failure.

**(b) Allowance for employee bonuses**

At SUMCO and its consolidated domestic subsidiaries, allowance for employee bonuses is provided for payment of bonuses to employees in the amount of estimated bonuses, which is attributable to the current period.

**(c) Allowance for director bonuses**

To provide for bonuses to be paid to directors, the estimated obligatory amount is posted.

**(d) Allowance for employee retirement benefits**

Allowance for employee retirement benefits is provided for payment of retirement benefits to employees in the amount deemed accrued at the current period, based on the projected retirement benefit obligation and the fair value of plan assets at the current fiscal year end.

Past service liability is amortized from the time of accrual using the straight-line method over a fixed number of years (10 years) within the employees' average remaining service period at incurrence.

Actuarial difference is amortized using the straight-line method over a fixed number of years (10 years) within the employees' average remaining service period at incurrence, commencing from the next fiscal year of incurrence.

**(4) Standards for translation of major foreign currency-denominated assets and liabilities into Japanese yen**

Values of assets and liabilities of foreign subsidiaries are translated into Japanese yen at the spot rates of foreign exchange markets on the closing dates of accounting for the respective companies, revenues and expenses are converted to Japanese yen at the average market rates during the periods. Translation differences are inclusively posted in the foreign currency translation adjustments account and minority interests in the net assets section.

**(5) Major hedge accounting**

**(a) Method of hedge accounting**

Deferred hedge processing is performed. Special processing is adopted for interest rate swaps that meet the requirements for special processing.

**(b) Hedging instrument and hedged item**

Interest rate swaps are used to avert a risk of fluctuations in market interest rates for borrowed funds and the currency forward is used to avert a risk of currency fluctuations associated with anticipated transactions denominated in foreign currencies.

**(c) Hedging policy**

Based on our own risk management policy, we hedge against market interest rate risk and currency risk. As for market interest rate risk, we maintain the ratio of borrowings with fixed interest rates to total borrowings above a certain level. Also, as for a risk of currency fluctuations, we arrange currency forward contracts within the scope of anticipated sales.

**(d) Method of assessment of effectiveness of hedges**

In terms of hedging instruments and hedged items, we verify the effectiveness of the hedges based on individual transactions. However, the effectiveness assessment process is curtailed when important conditions such as the principal, interest rate, period and currency are identical in the hedging instrument and the hedged item as, in such a case, it is obvious that the particular hedge is highly effective.

**(6) Other significant matters for the preparation of consolidated financial statements**

The tax exclusion method is adopted for accounting for consumption taxes.

**5. Matters concerning the evaluation of assets and liabilities of consolidated subsidiaries**

Assets and liabilities of consolidated subsidiaries are evaluated at market value as of the respective date of acquisition.

## 6. Matters concerning amortization of goodwill and negative goodwill

Goodwill is evenly amortized over a period of between 15 and 20 years.

## 7. Changes to presentations

- (1) With the application of the Cabinet Office Ordinance to Amend a Part of the Regulations Concerning Terminology, Forms, and Preparation Methods of Financial Statements, Etc. (Cabinet Office Ordinance No. 50 of August 7, 2008), assets presented as “Inventories” in the previous fiscal year are separately presented as “Merchandise and finished goods,” “Work in process,” and “Raw materials and supplies” in the current fiscal year.
- (2) “Long-term advances,” which was included in “Others” of “Investments and other assets” in the Consolidated Balance Sheet for the previous fiscal year, is separately presented because of its increased materiality.
- (3) “Subsidies received,” which was included in “Others” of “Non-operating profit” in the Consolidated Statement of Income for the previous fiscal year, is separately presented because of its increased materiality.
- (4) “Loss on revaluation of investments in securities,” which was presented under “Non-operating expenses” in the Consolidated Statement of Income for the previous fiscal year, is included in “Others” because of its lower materiality.

## II. Notes to Consolidated Balance Sheet

### 1. Hypothecated assets and corresponding liabilities

#### (1) Hypothecated assets

Buildings and structures	6,167 million yen
Machinery and transport equipment	6,169 million yen
Total	12,336 million yen

#### (2) Corresponding liabilities

Long-term borrowings	5,415 million yen
(Repayment of above scheduled within one year)	(- million yen)

2. Accumulated depreciation of tangible fixed assets 701,679 million yen

3. Guarantee obligation 1,523 million yen

### 4. Land revaluation

We carried out a revaluation of the land owned by the merged company for business use based on the Land Revaluation Law (March 31, 1998, Law No. 34) and posted the tax equivalent amount on the relevant revaluation difference to the liabilities section as ‘deferred tax liabilities for land revaluation,’ and at the same time posted the amount with the tax equivalent portion deducted to the net assets section as ‘revaluation reserve for land.’

Method of revaluation:

A revaluation was carried out with a reasonable adjustment made for the assessed value of fixed assets tax as stipulated in Article 2, Item 3 of the Enforcement Order for the Land Revaluation Law (March 31, 1998, Cabinet Order No. 119).

Date of revaluation:

March 31, 2000

Difference between market value of land at end of year of revaluation and book value after revaluation:

(3,204) million yen



#### 5. Accounting treatment of notes receivable/payable maturing on the balance sheet date

Notes receivable/payable maturing on the balance sheet date are treated as if they were settled at the clearing date of notes.

Consequently, as the balance sheet date was a bank holiday, the following notes receivable/payable maturing on the balance sheet date are included in the ending balance.

Notes receivable	0 million yen
Notes payable	154 million yen
Facilities related notes payable	12 million yen

### III. Notes to Consolidated Statement of Income

#### 1. Detail of depreciation charges included in non-operating expenses

Machinery, especially 300 mm wafer manufacturing facilities, that was able to be operated but was not operated was depreciated.

#### 2. Detail of business restructuring expense included in extraordinary loss

Business restructuring expense is primarily expense generated from the restructuring of the small-diameter wafers manufacturing system specified in the Business Restructuring Plan, and consists of the extraordinary depreciation of assets to be scrapped of 6,702 million yen associated with the reduction in production capacity in accordance with the downsizing of the market, impairment loss of 4,698 million yen on buildings and machinery becoming idle in association with the restructuring of production systems, and estimated expenses for the removal of assets to be scrapped of 3,691 million yen.

The impairment loss is the recognized impairment of idle assets that became idle based on the Business Restructuring Plan. After performing asset grouping by individual unit as an idle asset, the book values of these assets have been written down to their recoverable values. The idle assets are mainly “Buildings and structures” and “Machinery and transport equipment.”

The recoverable value of each idle asset is measured by its use value. Since future cash flows are not expected from the idle assets, the recoverable value is deemed to be zero.

### IV. Notes to Consolidated Statement of Changes in Net Assets

#### 1. Particulars concerning total number of shares issued

Class of shares	Number of shares as of January 31, 2009 (thousand shares)	Increase in the number of shares during the current fiscal year (thousand shares)	Decrease in the number of shares during the current fiscal year (thousand shares)	Number of shares as of January 31, 2010 (thousand shares)
Common stock	257,751	—	—	257,751

#### 2. Particulars concerning dividends of surplus

##### Dividends paid, etc.

##### Matters resolved at the 10th Ordinary General Meeting of Shareholders, April 28, 2009

Total amount of dividends:	3,221 million yen
Dividend per share:	12.50 yen
Record date:	January 31, 2009
Effective date:	April 30, 2009

**V. 'Per Share' Information**

- |                          |              |
|--------------------------|--------------|
| 1. Net assets per share: | 1,025.35 yen |
| 2. Net loss per share:   | (389.81) yen |

**VI. Significant Subsequent Events**

N/A

## **Non-consolidated Balance Sheet**

(As of January 31, 2010)

(Millions of yen)

Category	Amount	Category	Amount
<b>( Assets )</b>		<b>( Liabilities )</b>	
<b>Current assets</b>	<b>220,753</b>	<b>Current liabilities</b>	<b>130,941</b>
Cash and time deposits	61,759	Accounts payable	22,157
Accounts receivable	39,680	Short-term borrowings	86,003
Merchandise and finished goods	6,516	Lease liabilities	8,426
Work in process	10,449	Accrued liabilities	4,119
Raw materials and supplies	23,167	Accrued expenses	2,586
Prepaid expenses	645	Guarantee deposited	1,503
Advances	2,847	Allowance for employee bonuses	2,138
Deferred income tax assets	6,055	Facilities related notes payable and	
Short-term loans	69,210	accounts payable	3,555
Accounts receivable - other	1,634	Others	450
Others	801		
Allowance for doubtful accounts	(2,014)	<b>Fixed liabilities</b>	<b>220,177</b>
<b>Fixed assets</b>	<b>421,744</b>	Long-term borrowings	167,468
<b>Tangible fixed assets</b>	<b>233,423</b>	Lease liabilities	28,350
Buildings	96,565	Long-term guarantee deposited	11,196
Structures	3,745	Deferred income tax liabilities	0
Machinery	105,241	Deferred tax liabilities for land	
Motor vehicles and transport		revaluation	1,784
equipment	225	Allowance for employee retirement	
Tools, appliances and furniture	750	benefits	11,265
Land	15,752	Others	112
Lease assets	457		
Construction in progress	10,683	<b>Total liabilities</b>	<b>351,119</b>
<b>Intangible fixed assets</b>	<b>5,101</b>	<b>( Net assets )</b>	
Software	4,882	<b>Shareholders' equity</b>	<b>288,053</b>
Others	219	<b>Capital</b>	<b>114,107</b>
<b>Investments and other assets</b>	<b>183,219</b>	<b>Capital surplus</b>	<b>89,292</b>
Investment securities	1,706	Capital reserves	86,046
Stocks of subsidiaries and affiliated		Others	3,245
companies	109,797	<b>Retained earnings</b>	<b>84,661</b>
Investments in subsidiaries and		Other retained earnings	84,661
affiliated companies	55	Retained earnings carried forward	84,661
Long-term loans receivable from		<b>Treasury stock</b>	<b>(7)</b>
subsidiaries and affiliated		<b>Variance of valuation/translation etc.</b>	<b>3,325</b>
companies	3,000	<b>Net unrealized gain on available-</b>	
Long-term prepaid expenses	4,559	<b>for-sale securities</b>	<b>1,072</b>
Long-term advances	27,398	<b>Revaluation reserve for land</b>	<b>2,252</b>
Deferred income tax assets	35,818		
Others	1,451		
Allowance for doubtful accounts	(566)	<b>Total net assets</b>	<b>291,378</b>
<b>Total assets</b>	<b>642,497</b>	<b>Total liabilities and net assets</b>	<b>642,497</b>

## **Non-consolidated Statement of Income**

(Year ended January 31, 2010)

(Millions of yen)

Category	Amount	
<b>Net sales</b>		<b>183,222</b>
<b>Cost of sales</b>		<b>215,277</b>
<b>Gross loss</b>		<b>(32,055)</b>
<b>Selling, general and administrative expenses</b>		<b>21,148</b>
<b>Operating loss</b>		<b>(53,203)</b>
<b>Non-operating profit</b>		
Interest and dividends income	2,433	
Foreign-exchange gains	305	
Subsidies received	590	
Others	519	3,849
<b>Non-operating expenses</b>		
Interest expense	4,207	
Loss on sales and disposals on fixed assets	525	
Depreciation charges	18,778	
Others	878	24,389
<b>Ordinary loss</b>		<b>(73,742)</b>
<b>Extraordinary loss</b>		
Business restructuring expense	7,628	7,628
<b>Net loss before taxes</b>		<b>(81,371)</b>
Corporate income tax, local resident tax and business tax	49	
Refund of income taxes	(154)	
Adjustment of corporate income tax, etc	(32,506)	(32,610)
<b>Net loss</b>		<b>(48,760)</b>

## **Non-consolidated Statement of Changes in Net Assets**

(Year ended January 31, 2010)

(Millions of yen)

Shareholders' equity	
Capital	
Balance as of January 31, 2009	114,107
Changes during business year	
Total changes during business year	—
Balance as of January 31, 2010	114,107
Capital surplus	
Capital reserves	
Balance as of January 31, 2009	86,046
Changes during business year	
Total changes during business year	—
Balance as of January 31, 2010	86,046
Others	
Balance as of January 31, 2009	3,245
Changes during business year	
Total changes during business year	—
Balance as of January 31, 2010	3,245
Total capital surplus	
Balance as of January 31, 2009	89,292
Changes during business year	
Total changes during business year	—
Balance as of January 31, 2010	89,292
Retained earnings	
Other retained earnings	
Retained earnings carried forward	
Balance as of January 31, 2009	136,643
Changes during business year	
Dividends from surplus	(3,221)
Net loss	(48,760)
Total changes during business year	(51,982)
Balance as of January 31, 2010	84,661

(Millions of yen)

Treasury stock	
Balance as of January 31, 2009	(5)
Changes during business year	
Acquisition of treasury stock	(1)
Total changes during business year	(1)
Balance as of January 31, 2010	(7)
Total shareholders' equity	
Balance as of January 31, 2009	340,037
Changes during business year	
Dividends from surplus	(3,221)
Net loss	(48,760)
Acquisition of treasury stock	(1)
Total changes during business year	(51,984)
Balance as of January 31, 2010	288,053
Variance of valuation/translation etc.	
Net unrealized gain (loss) on available-for-sale securities	
Balance as of January 31, 2009	0
Changes during business year	
Changes (net) in items other than shareholders' equity during business year	1,072
Total changes during business year	1,072
Balance as of January 31, 2010	1,072
Gains (losses) of deferred hedge	
Balance as of January 31, 2009	(1)
Changes during business year	
Changes (net) in items other than shareholders' equity during business year	1
Total changes during business year	1
Balance as of January 31, 2010	—
Revaluation reserve for land	
Balance as of January 31, 2009	2,252
Changes during business year	
Changes (net) in items other than shareholders' equity during business year	—
Total changes during business year	—
Balance as of January 31, 2010	2,252
Total variance of valuation/translation etc.	
Balance as of January 31, 2009	2,251
Changes during business year	
Changes (net) in items other than shareholders' equity during business year	1,074
Total changes during business year	1,074
Balance as of January 31, 2010	3,325

(Millions of yen)

Total net assets	
Balance as of January 31, 2009	342,288
Changes during business year	
Dividends from surplus	(3,221)
Net loss	(48,760)
Acquisition of treasury stock	(1)
Changes (net) in items other than shareholders' equity during business year	1,074
Total changes during business year	<u>(50,909)</u>
Balance as of January 31, 2010	<u>291,378</u>

## **I. Summary of Major Accounting Policies**

### **1. Standards for and method of evaluation of securities**

#### **(1) Stocks of subsidiaries and affiliated companies**

We employ the cost method based on the “moving average cost” method.

#### **(2) Other securities**

Securities with market value:

We employ the market value method (using the “all included directly in capital” method of accounting for valuation differences, and working out the cost by the “moving average cost” method) based on the market price at the balance sheet date, etc.

Securities without market value:

We employ the cost method based on the “moving average cost” method.

### **2. Standards for and method of evaluation of derivatives**

Market value method

### **3. Standards for and method of evaluation of inventories**

We employ the cost method based on the periodic average method. (Balance sheet values are calculated using the devaluating book value method based on decreases in profitability)

### **4. Method of depreciation of fixed assets**

#### **(1) Tangible fixed assets (excluding lease assets)**

Buildings: straight-line method (usable period is mainly 31 years)

Other tangible fixed assets: constant percentage method (usable period is mainly 5 years)

(Additional information)

The service lives of machinery have been reviewed and changed in the current business year in association with the revision of the Corporation Tax Act.

As a result of the change, the operating loss rose 11,870 million yen, and ordinary loss and net loss before taxes both increased 17,235 million yen.

#### **(2) Intangible fixed assets (excluding lease assets)**

Software: straight-line method based on the usable period (5 years) set within the company.

Other intangible fixed assets: straight-line method

#### **(3) Lease assets**

For assets leased under finance lease transactions that are not deemed to transfer ownership, we employ the straight-line method in which the lease period is used as the service life and residual value of the relevant asset falls to zero at the end of the leased period.

However, finance lease transactions executed on or before January 31, 2008 that are not deemed to transfer ownership are accounted for using the same method as operating leases.



## **5. Standard for provision of allowances**

### **(1) Allowance for doubtful accounts**

In anticipation of potential losses from bad debts, the estimated irrecoverable amount is provided in accordance with the loan loss ratio for general credits and through the individual examination of recoverability for particular credits such as claims to obligors with high possibility of business failure.

### **(2) Allowance for employee bonuses**

Allowance for employee bonuses is provided for payment of bonuses to employees in the amount of estimated bonuses, which is attributable to the current business year.

### **(3) Allowance for director bonuses**

To provide for bonuses to be paid to directors, the estimated obligatory amount is posted.

### **(4) Allowance for employee retirement benefits**

Allowance for employee retirement benefits is provided for payment of retirement benefits to employees in the amount deemed accrued at the current business year, based on the projected retirement benefit obligation and the fair value of plan assets at the current business year end. Past service liability is amortized from the time of accrual using the straight-line method over a fixed number of years (10 years) within the employees' average remaining service period at incurrence.

Actuarial difference is amortized using the straight-line method over a fixed number of years (10 years) within the employees' average remaining service period at incurrence, commencing from the next business year of incurrence.

## **6. Hedge accounting**

### **(1) Method of hedge accounting**

Deferred hedge processing is performed. Special processing is adopted for interest rate swaps that meet the requirements for special processing.

### **(2) Hedging instrument and hedged item**

Interest rate swaps are used to avert a risk of fluctuations in market interest rates for borrowed funds and the currency forward is used to avert a risk of currency fluctuations associated with anticipated transactions denominated in foreign currencies.

### **(3) Hedging policy**

Based on our own risk management policy, we hedge against market interest rate risk and currency risk. As for market interest rate risk, we maintain the ratio of borrowings with fixed interest rates to total borrowings above a certain level. Also, as for a risk of currency fluctuations, we arrange currency forward contracts within the scope of anticipated sales.

### **(4) Method of assessment of effectiveness of hedges**

In terms of hedging instruments and hedged items, we verify the effectiveness of the hedges based on individual transactions. However, the effectiveness assessment process is curtailed when important conditions such as the principal, interest rate, period and currency are identical in the hedging instrument and the hedged item as, in such a case, it is obvious that the particular hedge is highly effective.

## 7. Other important matters for the preparation of non-consolidated financial statements

The tax exclusion method is adopted for accounting for consumption taxes.

## 8. Changes to presentations

- (1) With the application of the Cabinet Office Ordinance to Amend a Part of the Regulations Concerning Terminology, Forms, and Preparation Methods of Financial Statements, Etc. (Cabinet Office Ordinance No. 50 of August 7, 2008), assets presented as “Raw materials” and “Supplies” in the previous business year are separately presented as “Raw materials and supplies” in the current business year.
- (2) “Subsidies received,” which was included in “Others” of “Non-operating profit” in the Non-consolidated Statement of Income for the previous business year, is separately presented because of its increased materiality.
- (3) “Loss on revaluation of investments in securities,” which was presented under “Non-operating expenses” in the Non-consolidated Statement of Income for the previous business year, is included in “Others” because of its lower materiality.

## II. Notes to Non-consolidated Balance Sheet

### 1. Accumulated depreciation of tangible fixed assets 387,463 million yen

### 2. Guarantee obligation

SUMCO Phoenix Corporation	3,014 million yen
PT. SUMCO Indonesia	80 million yen
Employees	1,523 million yen
Total	4,618 million yen

### 3. Accounts receivable from and payable to subsidiaries and affiliated companies

Short-term accounts receivable	81,241 million yen
Short-term accounts payable	13,215 million yen

### 4. Land revaluation

We carried out a revaluation of the land owned by the merged company for business use based on the Land Revaluation Law (March 31, 1998, Law No. 34) and posted the tax equivalent amount on the relevant revaluation difference to the liabilities section as ‘deferred tax liabilities for land revaluation,’ and at the same time posted the amount with the tax equivalent portion deducted to the net assets section as ‘revaluation reserve for land.’

Method of revaluation:

A revaluation was carried out with a reasonable adjustment made for the assessed value of fixed assets as stipulated in Article 2, Item 3 of the ‘Enforcement Order for the Land Revaluation Law (March 31, 1998, Cabinet Order No. 119).

Date of revaluation:

March 31, 2000

Difference between market value of land at end of year of revaluation and book value after revaluation:

(3,204) million yen

### III. Notes to Non-consolidated Statement of Income

#### 1. Volume of transactions with subsidiaries and affiliated companies

Amount of sales	37,842 million yen
Amount of purchase	66,934 million yen
Transactions other than operational transactions	2,486 million yen

#### 2. Detail of depreciation charges included in non-operating expenses

Machinery, especially 300 mm wafer manufacturing facilities, that was able to be operated but was not operated was depreciated.

#### 3. Detail of business restructuring expense included in extraordinary loss

Business restructuring expense is primarily expense generated from the restructuring of the small-diameter wafers manufacturing system specified in the Business Restructuring Plan, and consists of impairment loss of 3,059 million yen on buildings, etc. becoming idle in association with the relocation and retirement of facilities, the extraordinary depreciation of assets to be scrapped of 2,995 million yen associated with the reduction in production capacity in accordance with the downsizing of the market, and estimated expenses for the removal of assets to be scrapped of 1,574 million yen.

The impairment loss is the recognized impairment of idle assets that became idle based on the Business Restructuring Plan. After performing asset grouping by individual unit as an idle asset, the book values of these assets have been written down to their recoverable values. The idle assets are mainly “Buildings,” “Structures,” and “Machinery.”

The recoverable value of each idle asset is measured by its use value. Since future cash flows are not expected from the idle assets, the recoverable value is deemed to be zero.

### IV. Note to Non-consolidated Statement of Changes in Net Assets

#### Particulars concerning total number of treasury shares

Class of shares	Number of shares as of January 31, 2009 (thousand shares)	Increase in the number of shares during the current business year (thousand shares)	Decrease in the number of shares during the current business year (thousand shares)	Number of shares as of January 31, 2010 (thousand shares)
Common stock	3	0	—	3

(Note) The increase of 0 thousand shares (meaning amount less than one thousand) in the number of common shares held as treasury stock is due to purchases of shares less than one unit.

## V. Notes Regarding Deferred Tax Accounting

### 1. Details on main causes of deferred income tax assets and deferred income tax liabilities

#### Deferred income tax assets

Loss carried forward	22,936 million yen
Fixed assets	10,186 million yen
Allowance for employee retirement benefits	4,517 million yen
Inventories	2,895 million yen
Stocks of subsidiaries and affiliated companies	2,843 million yen
Others	2,946 million yen
Subtotal deferred income tax assets	46,326 million yen
Valuation allowance	(3,219) million yen
Total deferred income tax assets	43,106 million yen

#### Deferred income tax liabilities

Stocks of subsidiaries and affiliated companies	(1,114) million yen
Others	(119) million yen
Total deferred income tax liabilities	(1,233) million yen

Net deferred income tax assets 41,873 million yen

Deferred tax liabilities for land revaluation (1,784) million yen

### 2. Details on main items causing a difference between the statutory effective tax rate and the actual effective tax rate for income taxes after the application of deferred tax accounting

Reconciliation between the statutory effective tax rate and the actual effective tax rate for income taxes after the application of deferred tax accounting is omitted because the differential rate is less than 5% of the statutory effective tax rate.

## VI. Notes Regarding Fixed Assets Used as Lease Assets

### 1. Finance leases excluding those that are not deemed to transfer ownership

#### (1) Acquisition cost equivalent, accumulated depreciation equivalent and present value equivalent of leased property

	Acquisition cost equivalent	Accumulated depreciation equivalent	Present value equivalent
Machinery	509 million yen	313 million yen	195 million yen
Motor vehicles and transport equipment	29 million yen	19 million yen	10 million yen
Tools, appliances and furniture	2,145 million yen	1,356 million yen	789 million yen
Total	2,684 million yen	1,690 million yen	994 million yen

(Note) The above amounts are calculated by the inclusion of interest expenses method as the ratio of present value of future minimum lease payments at end of period to tangible fixed assets at end of period is low.

**(2) Present value of future minimum lease payments**

Within one year	500 million yen
Over one year	494 million yen
Total	994 million yen

(Note) The above amounts are calculated by the inclusion of interest expenses method as the ratio of present value of future minimum lease payments at end of period to tangible fixed assets at end of period is low.

**(3) Lease payments and depreciation equivalent**

Lease payment	652 million yen
Depreciation	652 million yen

**(4) Calculation of depreciation equivalent**

We employ the straight-line method in which the lease period is used as the service life and residual value of the relevant asset falls to zero at the end of the leased period.

**2. Operating lease transactions**

Future minimum lease payments	
Within one year	247 million yen
Over one year	412 million yen
Total	659 million yen

## VII. Note Regarding Related Party Transactions

### Subsidiaries

Attribution	Company name	Their voting interest (%)	Business relationship	Transaction contents	Transaction amount (millions of yen)	Account title	Balance at end of fiscal year (millions of yen)
Subsidiary	SUMCO Phoenix Corporation	100 (direct ownership)	Sales destination of the Company's products	Subscription for capital increase	7,250	—	—
Subsidiary	SUMCO TECHXIV CORPORATION	100 (direct ownership)	Manufacturer of products purchased	Purchase of products Lending of funds Receipts of interests	35,390 18,000 739	Accounts payable Short-term loans Long-term loans Other current assets	4,098 67,000 3,000 79
Subsidiary	SUMCO Technology Corporation	100 (direct ownership)	Processor of semi-finished goods on commission	Receipts of dividends	900	—	—
Subsidiary	Japan Super Quartz Corporation	100 (direct ownership)	Manufacturer of manufactured supplies	Receipts of dividends	396	—	—

- (Notes)
1. Transaction amount excludes consumption taxes.
  2. Trade conditions and policy on decision-making of trade conditions  
Product purchase prices with SUMCO TECHXIV CORPORATION are determined under the same conditions as general trades taking market prices into consideration.  
Interest rates for the lending of funds to SUMCO TECHXIV CORPORATION are reasonably determined taking market interest rates into consideration.

## VIII. 'Per Share' Information

1. Net assets per share: 1,130.48 yen
2. Net loss per share: (189.18) yen

## IX. Significant Subsequent Events

N/A

**Accounting audit report on Consolidated Financial Statements**

**Independent Auditors' Report**

March 19, 2010

SUMCO CORPORATION

The Board of Directors

**Deloitte Touche Tohmatsu LLC**

Designated Limited  
Partner and  
Engagement Partner

Certified Public Accountant Yasuyoshi Ichikawa (Seal)

Designated Limited  
Partner and  
Engagement Partner

Certified Public Accountant Tetsuo Yamamoto (Seal)

We have audited the consolidated financial statements, that is, the Consolidated Balance Sheet, the Consolidated Statement of Income, the Consolidated Statement of Changes in Net Assets of SUMCO CORPORATION for the fiscal year from February 1, 2009 to January 31, 2010, in accordance with Article 444, Paragraph 4 of the Corporation Law. The consolidated financial statements is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require us to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit is performed on a test basis and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of SUMCO CORPORATION and consolidated subsidiaries for the period for which the consolidated financial statements are prepared, in conformity with accounting principles generally accepted in Japan.

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

**Accounting audit report on Non-consolidated Financial Statements**

**Independent Auditors' Report**

March 19, 2010

SUMCO CORPORATION

The Board of Directors

**Deloitte Touche Tohmatsu LLC**

Designated Limited Partner and Engagement Partner	Certified Public Accountant Yasuyoshi Ichikawa (Seal)
Designated Limited Partner and Engagement Partner	Certified Public Accountant Tetsuo Yamamoto (Seal)

We have audited the non-consolidated financial statements, that is, the Non-consolidated Balance Sheet, the Non-consolidated Statement of Income, the Non-consolidated Statement of Changes in Net Assets, and its supporting schedules of SUMCO CORPORATION for the 11th business year from February 1, 2009 to January 31, 2010, in accordance with Article 436, Paragraph 2, Item 1 of the Corporation Law. The non-consolidated financial statements and its supporting schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the non-consolidated financial statements and its supporting schedules based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require us to obtain reasonable assurance about whether the non-consolidated financial statements and its supporting schedules are free of material misstatement. An audit is performed on a test basis and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and its supporting schedules. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the non-consolidated financial statements and its supporting schedules referred to above present fairly, in all material respects, the financial position and the results of operations of SUMCO CORPORATION for the period for which the non-consolidated financial statements and its supporting schedules are prepared, in conformity with accounting principles generally accepted in Japan.

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



<Audit report of the Board of Corporate Auditors>

**AUDIT REPORT**

Regarding the execution of duties by the directors for the 11th business year from February 1, 2009 to January 31, 2010, the Board of Corporate Auditors hereby submits its audit report, which has been prepared through discussions based on the audit report prepared by each corporate auditor.

**1. Auditing Methods Employed by the corporate auditors and Board of Corporate Auditors and Details of Such Methods**

The Board of Corporate Auditors established auditing policies, auditing plan, and other relevant matters, and received reports from each corporate auditor regarding his or her audits and results thereof, as well as received reports from the directors, other relevant personnel, and accounting auditors regarding performance of their duties, and sought explanations as necessary.

Each corporate auditor complied with the auditing standards of corporate auditors established by the Board of Corporate Auditors, followed the auditing policies, auditing plan, and other relevant matters, communicated with the directors, the internal auditing department, other employees, and any other relevant personnel, and made efforts to optimize the environment for information collection and audit, and participated in the Board of Directors meetings and other important meetings, received reports from the directors, employees, and other relevant personnel regarding performance of their duties, sought explanations as necessary, examined important authorized documents and associated information, and studied the operations and financial positions at the head office and principal offices. In addition, we monitored and verified the resolutions of the Board of Directors regarding the improvement of the system stipulated in Article 100, Paragraph 1 and Paragraph 3 of the Ordinance for Enforcement of the Corporation Law and status of the system (internal control system) based on the resolutions, which are stipulated as necessary system and other requirements for ensuring that the performance of duties by the directors conforms to the laws and regulations and Articles of Incorporation, as well as for ensuring an appropriateness of operations of a stock company. With respect to subsidiaries, we communicated and exchanged information with directors, corporate auditors, and other relevant personnel of the subsidiaries, and received business reports from the subsidiaries as necessary. Based on the above methods, we examined the business report and supporting schedules related to the relevant business year.

Furthermore, we monitored and verified whether the accounting auditors maintained their independence and implemented appropriate audits, and we received reports from the accounting auditors regarding the performance of their duties and sought explanations as necessary. In addition, we received notice from the accounting auditors that “the system for ensuring that duties are performed properly” (matters set forth in each Item of Article 131 of the Accounting Rules) is organized in accordance with the “product quality management standards regarding audits” (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations as necessary. Based on the above methods, we examined the Non-consolidated Financial Statements (Non-consolidated Balance Sheet, Non-consolidated Statement of Income, Non-consolidated Statement of Changes in Net Assets) and its supporting schedules, as well as Consolidated Financial Statements (Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Net Assets) related to the relevant business year.

## **2. Audit Results**

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

- I. In our opinion, the business report and its supporting schedules are in accordance with the related laws and regulations and Articles of Incorporation, and fairly represent the Company's condition.
- II. With regard to the performance of duties by the directors, we have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Incorporation.
- III. In our opinion, resolutions of the Board of Directors for internal control system are fair and reasonable. And there is no problem for the performance of duties by directors of the internal control system.

### **(2) Results of Audit of Non-consolidated Financial Statements and its Supporting Schedules**

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

### **(3) Results of Audit of Consolidated Financial Statements**

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

March 24, 2010

Board of Corporate Auditors, SUMCO CORPORATION

Full-time Corporate Auditor	Katsutoshi Fukushima	(Seal)
Full-time Corporate Auditor	Tamio Kobayashi	(Seal)
Outside Corporate Auditor	Hitoshi Tanaka	(Seal)
Outside Corporate Auditor	Mayuki Hashimoto	(Seal)
Outside Corporate Auditor	Kitaro Yoshida	(Seal)

## Reference Documents for the General Meeting of Shareholders

### Proposal 1: Election of Nine (9) Directors

The term of office of all eight (8) Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders. Therefore, and in order to further strengthen the management system, it is proposed that a total of nine (9) Directors be elected, increasing the total number of Directors by one (1).

The candidates for directors are as follows:

No.	Name (Date of birth)	Career summary, position and areas of responsibility in the Company, and significant concurrent occupations or positions		Number of the Company's shares held
1	Yoichi Taguchi (August 13, 1947)	Apr. 1970	Joined Mitsubishi Metal Mining Co., Ltd. (the current Mitsubishi Materials Corporation)	6,400 shares
		Jun. 2002	Executive Officer, General Manager of Legal Dept., Mitsubishi Materials Corporation	
		Apr. 2003	Executive Officer, General Manager of General Administration & Legal Affairs Div., Mitsubishi Materials Corporation	
		Jun. 2003	Senior Executive Officer, General Manager of General Administration & Legal Affairs Div., Mitsubishi Materials Corporation	
		Jun. 2004	Senior Executive Officer, General Manager of High Performance Alloy Products Div., Mitsubishi Materials Corporation	
		Apr. 2005	Senior Executive Officer, Mitsubishi Materials Corporation Director of the Company	
		Jun. 2005	Managing Director (Representative Director), Mitsubishi Materials Corporation	
		Feb. 2009	Executive Vice President (Representative Director), Mitsubishi Materials Corporation	
		Apr. 2009	Director, Executive Vice President (Representative Director), the Company	
		May 2009	President (Representative Director) of the Company (incumbent)	

No.	Name (Date of birth)	Career summary, position and areas of responsibility in the Company, and significant concurrent occupations or positions	Number of the Company's shares held
2	Yoshinari Ishizuka (January 21, 1949)	<p>Apr. 1972      Joined Sumitomo Metal Industries, Ltd.</p> <p>Apr. 2003      Managing Executive Officer, General Manager of Corporate Planning Dept., Sumitomo Metal Industries, Ltd. Director of the Company</p> <p>Jun. 2005      Director, Managing Executive Officer, Sumitomo Metal Industries, Ltd.</p> <p>Apr. 2006      Director, Senior Managing Executive Officer, General Manager of Treasury Dept., Sumitomo Metal Industries, Ltd.</p> <p>Apr. 2007      Director, Senior Managing Executive Officer, Sumitomo Metal Industries, Ltd.</p> <p>Apr. 2010      Advisor of the Company (incumbent)</p>	5,300 shares
3	Takashi Abe (November 28, 1948)	<p>Apr. 1971      Joined Komatsu Ltd.</p> <p>Jun. 1997      Director, General Manager of Process Engineering Div., Nagasaki Plant, Komatsu Electronic Metals Co., Ltd. (the current SUMCO TECHXIV CORPORATION)</p> <p>Jun. 2003      Director, Managing Executive Officer, General Manager of Technology Div., Komatsu Electronic Metals Co., Ltd. (the current SUMCO TECHXIV CORPORATION)</p> <p>Jun. 2005      President and Representative Director, Komatsu Electronic Metals Co., Ltd. (the current SUMCO TECHXIV CORPORATION)</p> <p>Apr. 2007      Director, Executive Vice President, Assistant to the President, the Company</p> <p>Apr. 2009      Director, Executive Vice President, Assistant to the President, General Manager of Sales &amp; Marketing Div., the Company (incumbent)</p> <p>&lt; Areas of responsibility in the Company &gt; Assistant to the President General Manager of Sales &amp; Marketing Div. Head of Solar Planning and Customer Product Engineering</p>	12,560 shares

No.	Name (Date of birth)	Career summary, position and areas of responsibility in the Company, and significant concurrent occupations or positions	Number of the Company's shares held
4	Kazufumi Yanaga (March 7, 1952)	<p>Apr. 1974      Joined Mitsubishi Metal Corporation (the current Mitsubishi Materials Corporation)</p> <p>Apr. 2005      Executive Officer, General Manager of Corporate Planning Dept., the Company</p> <p>Mar. 2006      Managing Executive Officer of the Company</p> <p>Apr. 2006      Director, Managing Executive Officer, the Company</p> <p>Apr. 2009      Director, Senior Managing Executive Officer, the Company (incumbent)</p> <p>&lt; Areas or responsibility in the Company &gt;</p> <p>Head of General Affairs, Personnel &amp; Industrial Relations, Safety, Environment &amp; Disaster Prevention Management, SCP Center and Purchasing</p> <p>Chief Compliance Officer</p>	4,500 shares
5	Kimihito Matsuo (December 27, 1948)	<p>Feb. 1980      Joined Kyushu Electronic Metal Co., Ltd.</p> <p>Oct. 1999      General Manager of Production Planning &amp; Control Dept., Silicon Factory, Sitix Div., Sumitomo Metal Industries, Ltd.</p> <p>Feb. 2002      General Manager of Imari Plant, General Manager of Saga Plant, the Company</p> <p>Apr. 2004      Chief Officer, General Manager of Kyushu Plant, the Company</p> <p>Apr. 2005      Managing Executive Officer of the Company</p> <p>Apr. 2008      Senior Managing Executive Officer, Deputy General Manager of Production &amp; Technology Div., the Company</p> <p>Apr. 2009      Director, Senior Managing Executive Officer, General Manager of Production &amp; Technology Div., the Company (incumbent)</p> <p>&lt; Areas of responsibility in the Company &gt;</p> <p>General Manager of Production &amp; Technology Div.</p> <p>Head of Production Planning &amp; Control</p>	2,500 shares

No.	Name (Date of birth)	Career summary, position and areas of responsibility in the Company, and significant concurrent occupations or positions	Number of the Company's shares held
6	Yukihiro Saeki (October 27, 1951)	<p>Apr. 1975      Joined Mitsubishi Metal Corporation (the current Mitsubishi Materials Corporation)</p> <p>Feb. 2002      General Manager of Ikuno Plant, the Company</p> <p>Apr. 2005      Executive Officer, General Manager of Kyushu Plant, Production &amp; Technology Div., the Company</p> <p>Apr. 2008      Managing Executive Officer, General Manager of Imari Factory, Production &amp; Technology Div., General Manager of Imari Plant I, Imari Factory, Production &amp; Technology Div., the Company</p> <p>Apr. 2009      Director, Managing Executive Officer, Deputy General Manager of Production &amp; Technology Div., the Company (incumbent)</p> <p>&lt; Areas of responsibility in the Company &gt;  Deputy General Manager of Production &amp; Technology Div.  General Manager of Imari Factory, Production &amp; Technology Div.  In charge of Saga Plant, Kansai Factory, Yonezawa Plant, Chitose Plant and Productivity Promotion &amp; TPM Steering Dept., Production &amp; Technology Div.</p>	900 shares
7	Kazumasa Shoji (June 27, 1950)	<p>Apr. 1975      Joined Sumitomo Metal Industries, Ltd.</p> <p>Oct. 2002      General Manager of Information Systems Dept., the Company</p> <p>Apr. 2005      General Manager of Production Planning &amp; Control Dept., the Company</p> <p>Mar. 2006      Executive Officer, General Manager of Production Planning &amp; Control Dept., the Company</p> <p>Apr. 2009      Managing Executive Officer of the Company (incumbent)</p> <p>&lt; Areas of responsibility in the Company &gt;  Special Assignment to the President</p>	900 shares

No.	Name (Date of birth)	Career summary, position and areas of responsibility in the Company, and significant concurrent occupations or positions	Number of the Company's shares held
8	Mayuki Hashimoto (January 10, 1951)	<p>Apr. 1976      Joined Mitsubishi Metal Corporation (the current Mitsubishi Materials Corporation)</p> <p>Jun. 2003      General Manager of Silicon Div., Mitsubishi Materials Corporation</p> <p>Apr. 2005      General Manager of Silicon Div., Electronic Materials &amp; Components Company, Mitsubishi Materials Corporation</p> <p>Corporate Auditor of the Company (incumbent)</p> <p>Jun. 2005      Executive Officer, General Manager of Corporate Strategy Dept., Mitsubishi Materials Corporation</p> <p>Jun. 2006      Senior Executive Officer, President of Electronic Materials &amp; Components Company, Mitsubishi Materials Corporation</p> <p>Jun. 2007      Managing Director (Representative Director), President of Electronic Materials &amp; Components Company, Mitsubishi Materials Corporation (incumbent)</p> <p>&lt;Significant concurrent occupations or positions&gt;</p> <p>Managing Director (Representative Director) of Mitsubishi Materials Corporation</p>	200 shares
9	Kenji Takahashi (July 1, 1955)	<p>Apr. 1981      Joined Sumitomo Metal Industries, Ltd.</p> <p>Apr. 2003      General Manager of Steel Sheet Planning &amp; Quality Control Dept., Steel Sheet, Plate &amp; Structural Steel Company, Sumitomo Metal Industries, Ltd.</p> <p>Apr. 2006      Member of Steel Sheet, Plate &amp; Structural Steel Company, Deputy General Manager of Nagoya Branch, Sumitomo Metal Industries, Ltd.</p> <p>Oct. 2008      General Manager of Corporate Planning Dept., General Manager of Corporate Research &amp; Strategy Group, Sumitomo Metal Industries, Ltd.</p> <p>Apr. 2010      Managing Executive Officer, Sumitomo Metal Industries, Ltd. (incumbent)</p>	—

(Notes) 1. Special interests between the Company and candidates for directors

- (1) Mayuki Hashimoto is a representative director of Mitsubishi Materials Corporation. The Company has business relations with the company such as purchasing raw materials, etc. It is also a competitor of the Company in the area of manufacturing and sales of polycrystalline silicon for use in solar energy cells.
- (2) Other candidates for directors have no special interests in the Company.
2. Mayuki Hashimoto and Kenji Takahashi are candidates for outside directors.
3. Notes concerning the candidates for outside directors are as below:
  - (1) Reason for nomination

Since both Mayuki Hashimoto and Kenji Takahashi possess knowledge on the business of the Company and have excellent insight about management in general, their election as outside directors is proposed.

- (2) The term of office of Mayuki Hashimoto as an outside corporate auditor will have been five (5) years at the conclusion of this Ordinary General Meeting of Shareholders.
- (3) Contract for limitation of liability

Pursuant to Article 427, Paragraph 1 of the Corporation Law, it is prescribed in the Articles of Incorporation in effect that the Company may enter into contracts with outside directors with regards to limitation of liability for damages to the Company in an effort to attract competent individuals to said posts and encourage them to perform their duties to the best of their ability. Based on this, the Company will enter into contract for limitation of liability with the candidates for outside directors Mayuki Hashimoto and Kenji Takahashi.

The outline of the contract is as follows:

If the outside directors are without knowledge and are not grossly negligent in performing their duties, the liability for damages of the outside directors pursuant to Article 423, Paragraph 1 of the Corporation Law shall be limited to the amount specified in Article 425, Paragraph 1 of said Law and same shall not be liable to the Company for any amount exceeding this limit.



Corporate Auditor Mayuki Hashimoto will resign at the conclusion of this Ordinary General Meeting of Shareholders. Therefore, it is proposed that one (1) Corporate Auditor be elected as his substitute.

The candidate for corporate auditor is as follows:

Name (Date of birth)	Career summary, position in the Company, and significant concurrent occupations or positions		Number of the Company's shares held
Keisuke Yamanobe (November 5, 1951)	Apr. 1975	Joined Mitsubishi Mining & Cement Co., Ltd. (the current Mitsubishi Materials Corporation)	—
	Oct. 2005	General Manager of Finance Dept., Finance & Accounting Div., Mitsubishi Materials Corporation	
	Apr. 2008	General Manager of Finance & Accounting Div., Mitsubishi Materials Corporation	
	Jun. 2008	Executive Officer, Mitsubishi Materials Corporation (incumbent)	

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## **Procedures for the Exercise of Voting Rights via the Internet**

### **1. Procedures for the Exercise of Voting Rights via the Internet**

If you prefer to exercise your voting rights via the Internet, please accept the following conditions before exercising your voting rights.

- (1) Shareholders exercising their voting rights via the Internet can only do so via the website designated by the Company (shown below). They can also exercise their voting rights online by mobile phone.  
(Website URL for the exercise of voting rights)     <http://www.webdk.net>
- (2) If you are exercising your voting rights via the Internet, please enter the code and the password for the exercise of voting rights indicated in the enclosed Form for Exercising Voting Rights and follow the instructions on the screen to register whether you are for or against each proposal.
- (3) Please acknowledge that, the password indicated in the enclosed Form for Exercising Voting Rights is temporary, and that, in order to prevent illegal online access by non-shareholders and vote tampering, you will be asked to change the temporary password to the password of your choice. The code and temporary password (including the new password selected by shareholders) will only be valid for this Ordinary General Meeting of Shareholders.
- (4) Exercise of voting rights via the Internet is accepted until 5:45 p.m. on Tuesday, April 27, 2010. Please note, however, that we would like to ask you to exercise your voting rights as soon as possible to ensure that we have sufficient time for tallying the votes.
- (5) Connection fees payable to the providers and communication expenses payable to telecommunication carriers (including telephone charges) when accessing the website for the exercise of voting rights will be borne by the shareholders.
- (6) If you exercise your voting rights via the Internet, it is not necessary to return the enclosed Form for Exercising Voting Rights.

## **2. System Environment for the Exercise of Voting Rights via the Internet**

The following system environment is required for the use of the website to exercise voting rights.

- (1) If you are exercising your voting rights using your personal computer, Microsoft® Internet Explorer 6.0 (or above) must be installed as your browser. Any PC hardware capable of supporting these browsers will be adequate.
  - (2) If you are exercising your voting rights by mobile phone, the device must be capable of 128bit SSL telecommunication (encrypted communication). (For security reasons, the website is only configured to support 128bit SSL telecommunications (encrypted communication). Consequently, certain devices cannot be used).
- \* Microsoft is a registered trademark of U.S. Microsoft Corporation in the U.S. and other countries.

## **3. TSE Platform for the Electronic Exercise of Voting Rights**

If you apply in advance to use the “Electronic Voting Platform for Institutional Investors” (the “TSE Platform”) managed by ICJ Inc., you may use the TSE Platform as an alternative to the conventional method of online voting described above.

### **Inquiries about the Exercise of Voting Rights via the Internet**

The Sumitomo Trust and Banking Co., Ltd.  
Stock Transfer Agency Department (Shareholder registry administrator of the Company)  
Dedicated line:  
0120-186-417 (toll-free and available 24 hours; within Japan only)

Other inquiries:  
0120-176-417 (toll-free and available from 9 a.m. - 5 p.m. on weekdays; within Japan only)