

For further understanding of Sumitomo Corporation, an integrated trading company (Sogo Shosha)

As the business model of *Sogo Shosha* is very unique, we are often asked to explain the operation and activities of the Company. To answer the questions, and to provide better understanding of who we are, the following is a historical background and description of our activities, and how we conduct business.

Our business activities have evolved as society and its socio-economic needs change. In the post WWII period, we developed business focused on exports and imports. We played a leading role in trade that was the national agenda for Japan at the time.

When the Japanese economy grew in the 1960s and 1970s, we expanded investment activities in natural resources overseas, and developed sizable infrastructure projects. We also promoted urban development and housing supply as the nation's quality of life improved.

Since the 1980s, not only did we develop our business in a wide range of industries all over the world, but also we explored the emerging fields including information technology and biotechnology.

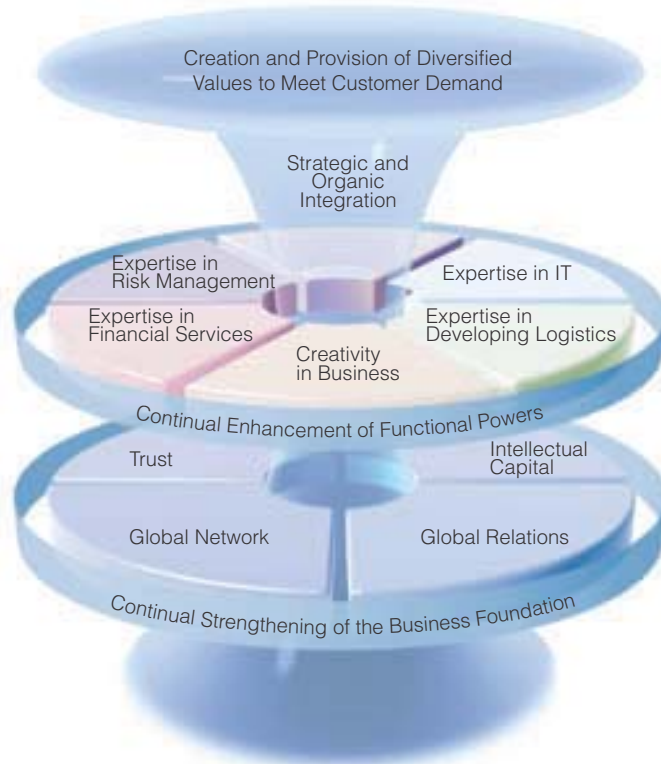
Over time, we adapted ourselves to what the business environment has demanded. We are where we are today because we have regarded our management principles with the utmost respect and acted in absolute accordance with them, emphasizing the importance of trust and developing of competent human resources. Based on this, we have successfully expanded our business by strengthening our foundation, including our global relationship with business partners in diverse fields, and by perpetually revamping and upgrading our functions.

Our real strength and uniqueness are centered on our global relations and global network. Our global relations include approximately 100,000 business partners and customers. Our global network consists of around 180 offices and subsidiaries around the world. This large-scale business base has evolved from our long-term activities, which we are proud of.

Although our diverse activities cover all industries and regions, we are selective in undertaking specific businesses and determining particular fields that we strategically pursue, or where we concentrate our resources. Given many years of experience, we can ensure successful completion of business deals by “Continual Enhancement of Functional Powers” in the areas such as risk management, financial services, logistics development and application of information technology.

“Integrated corporate strength” is our core competence, and means our business foundation and functions are fully integrated to strategically and organically meet customer needs and create new values. We create diverse business by maximizing our “integrated corporate strength” as described in the chart in page 9. By combining various kinds of businesses, we can respond to a wide range of demand from our customers and clients.

■ Core Competence: Integrated Corporate Strength



For example, in the natural resources business, we can arrange project finance, supply materials and equipment, and handle transportation on top of investing in local development companies. We can manage marketing and sales activities in Japan and third countries for such products as well.

For the automobile business, we employ a comprehensive approach by combining various services: supply production facilities, materials and components to car manufacturers; export complete cars from Japan, import and distribute cars in foreign markets; invest and manage dealerships; and provide financing services to customers.

In our biotechnology-related business, we import and introduce the equipment and technology developed by biotechnology venture companies in the U.S. and Europe, as well as provide drug discovery support through our specialized sub-

sidaries. We are also expanding the activities in this area by aligning related businesses, and creating a biotechnology venture fund designed to search for profit from new technology.

Also, we focus on searching for promising manufacturing businesses to make investments in and incorporate them into our group. We get involved in their operation to improve their results by adding competent managements and enhance business opportunities not only in supplying raw materials, but also by marketing their products.

Although we have many business lines, there is one thing in common that every single business is based upon and that is, our core competence, “integrated corporate strength.” The “Overview of Operations” section in the following pages has more details to help you further understand Sumitomo Corporation, an integrated trading company.

■ Diversity of Our Business

