

The Strength of Sumitomo Corporation
—What Enables Sustained Growth

SUMITOMO
CORPORATION is

...INNOVATIVE

...BALANCED

...TRUSTWORTHY

SUMITOMO CORPORATION is

...INNOVATIVE

Sumitomo Corporation has changed through management based on Risk-adjusted Return approach.

Ahead of our peers, Sumitomo Corporation introduced the Risk-adjusted Return Ratio, a management indicator, in 1998.

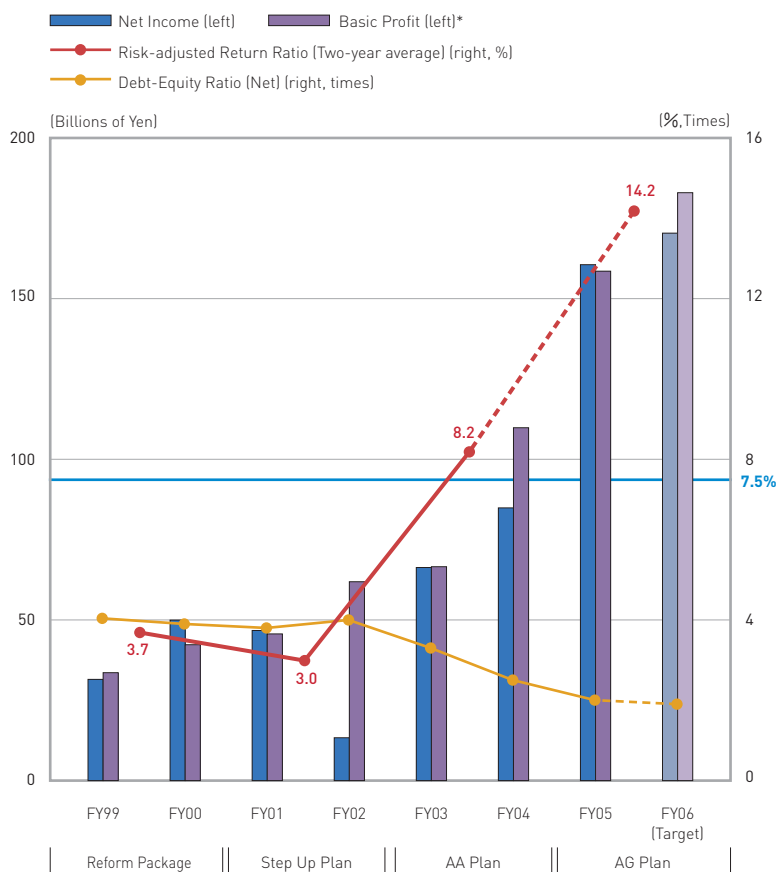
The businesses of an integrated trading company are diverse and they all carry risks. The first step we took was to quantify individual risks. We then used the ratio of the returns on those quantified risks, the risk-adjusted return ratio, as a common, company-wide yardstick to evaluate the profitability of all of our businesses. We have worked this concept into our management activities employing it as a standard for the selection of businesses.

We have steadily improved our “profitability” and “quality of assets” through continuous selection and concentration of businesses and replacement of assets. At the time we introduced the risk-adjusted return ratio, we set a target of raising earning power to cover the shareholders’ capital cost expected by investors, namely risk-adjusted return, to over 7.5%. This was achieved under the AA Plan, which ended in fiscal year 2004, becoming 8.2%. Under the AG Plan ending in fiscal year 2006, the risk-adjusted return ratio is expected to rise to 14.2%, having entered a stage of creating greater value exceeding shareholders’ capital cost.

Risk-adjusted Return Ratio (%) = Net Income ÷ Risk-adjusted Assets

Risk-adjusted Assets: The value of maximum losses that could be incurred if all the potential risks were actually to occur during the same period.

FY1999-FY2006 FINANCIAL PERFORMANCE



*Basic Profit = [Gross profit - Selling, general and administrative expenses - Interest expenses, net of interest income + Dividends] x (1-Tax rate) + Equity in earnings of associated companies, net (Tax rate was 42% for the years through fiscal year 2003, and 41% for fiscal year 2004 and after)

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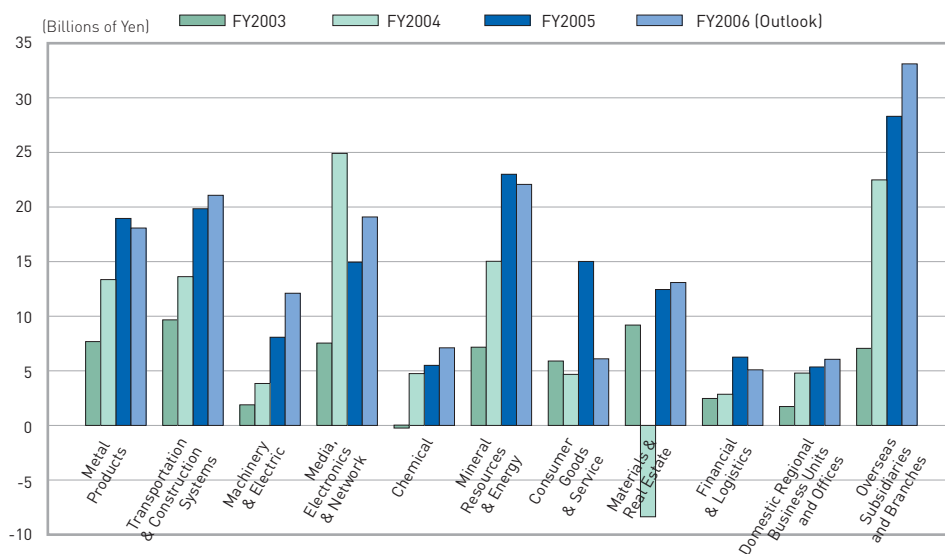
A **Balanced Business Portfolio** and
A **Balanced Management** are the **Strength** of
Sumitomo Corporation.

Sumitomo Corporation's nine Business Units and domestic and overseas regional segments cover diverse business fields and regions. Taking advantage of business opportunities in each of those fields, we are cultivating highly profitable businesses. Not over-dependent on any specific area, we have multiple pillars of profits in each Business Unit, and are constructing a balanced earnings base that can deliver stable earnings even in a changing business environment. Over the two years of the AG Plan, the risk-adjusted return ratio in all segments is expected to exceed 10% with increasing profitability.

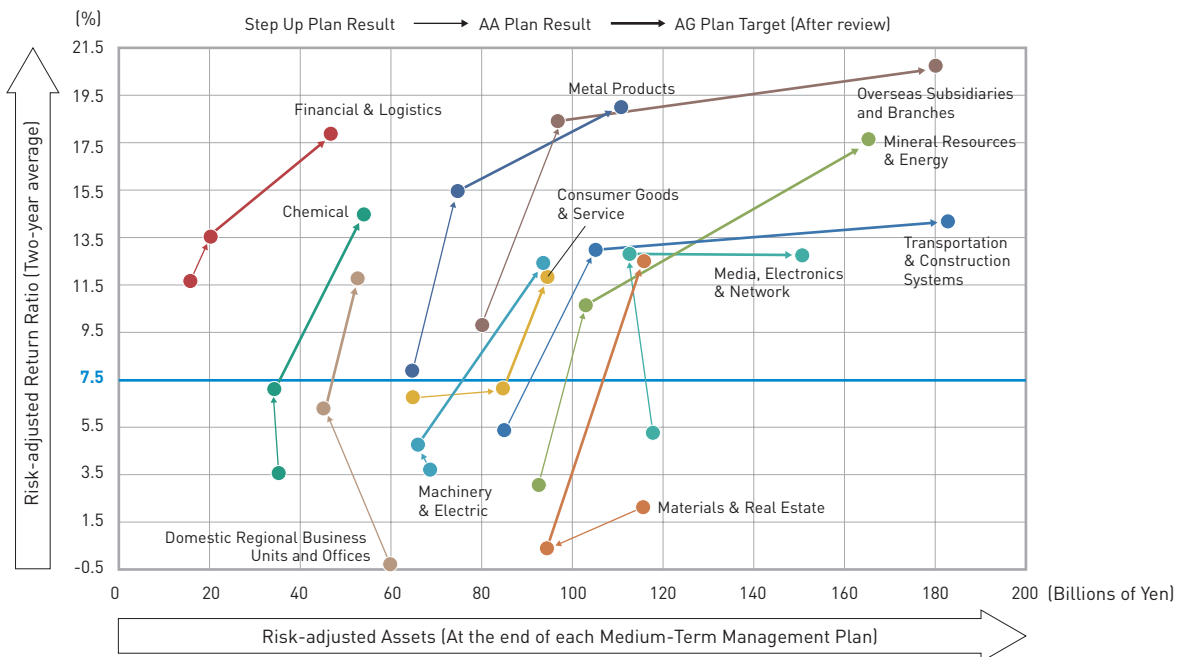
Along with this expansion of our earnings base, we have been enhancing our corporate strength by pursuing soundness and efficiency. In addition to reinforcing our financial position, we have also been engaged in advancing risk management, strengthening internal control systems, and attaining full compliance awareness.

Our well-balanced business portfolio and management firmly incorporating both offense and defense will support sustained growth.

NET INCOME BY SEGMENT



RISK-ADJUSTED RETURN RATIO/RISK-ADJUSTED ASSETS, BY SEGMENT



SUMITOMO CORPORATION is

...**TRUSTWORTHY**

Sumitomo Corporation Esteems "Trust."

Underlying Sumitomo Corporation's business activities is the "Sumitomo Business Spirit," which is founded upon a respect for trust cultivated and passed down over 400 years.

The Sumitomo Business Spirit is the basis of our business operations, and points toward universal values that should be respected in all ages. These values are shared by all our officers and employees, and we intend to continue inheriting them in the future.

We will further enhance our relationship of mutual trust with our stakeholders by maximizing our corporate value through achieving the targets we have set, pursuing profitability, growth potential, and stability.

