



President and CEO Susumu Kato

Results for Fiscal 2006 and the AG Plan

Net income for fiscal 2006 (ended March 31, 2007) came to ¥211.0 billion, setting a new record for the fourth consecutive year.

Over the two years of the AG Plan, our medium-term management plan for fiscal 2005 and 2006, net income totaled ¥371.2 billion, far above the initial target of ¥230 billion, and our average risk-adjusted return ratio was 15.8%, also well above the target of 10.2%. The results show the effects of our drive to expand our earnings base under the AG Plan, in which we adopted a dynamic growth strategy to complement our ongoing efforts at selection and concentration.

We have set the dividend per share for fiscal 2006 at ¥33, up ¥8 from the previous year, based on the dividend payout ratio of around 20%.

The Principles of Our Business Activities: The Sumitomo Business Spirit and Our Corporate Mission Statement

The Sumitomo Corporation Group's vision is "to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society." The principles governing our business activities and the company we aim to become are set forth in the Sumitomo Business Spirit that we have built up over Sumitomo's 400-year history and in the Sumitomo Corporation Group's Management Principles and Activity Guidelines.

Our prime mission is to implement the call set forth in our Management Principles "to achieve prosperity and realize dreams through sound business activities"; this is also the way for us to fulfill our corporate social responsibility. Our Corporate Mission Statement also expresses the basic posture and values that we must maintain consistently in every age as we do business, including the prime importance of integrity so as to win the trust of our stakeholders, strict compliance with laws and regulations, observance of high ethical standards, and the spirit of challenge in staying a step ahead of change.

All the officers and employees of the Sumitomo Corporation Group will strive to make this corporate vision come true by reconfirming these principles, internalizing them, and putting them into practice.

Launch of the GG Plan, the New Medium-Term Management Plan

The ongoing reform process

The Sumitomo Corporation Group has grown to an unprecedented level in terms of both earnings and asset scale. I believe that this is the fruit of the ongoing efforts we have devoted to the reform of our business thinking and structures, the expansion of our earnings base, and the reinforcement of our corporate strength.

Over the period after we launched the Reform Package as a medium-term management plan in 1999, we strove to reach a risk-adjusted return ratio of 7.5% to cover our shareholders' capital cost. In the first four years of the reform drive, we focused on reinforcing our corporate strength, distinguishing between core and non-core businesses, downsizing asset scale, and improving management efficiency. Over the subsequent four years, we took an offensive posture and actively worked to expand our earnings base, which we were able to do successfully in pace with the recovery trends in the Japanese and global economies. As a result, our net income has increased to ¥211.0 billion in fiscal 2006, and our risk-adjusted return ratio rose to an average of 15.8% over the two years of the AG Plan.

At the same time, a number of issues have come to light requiring attention as we seek to grow further. We have been performing well at the company-wide level, but when we look at the results at the level of individual divisions, departments, and Group companies, we find disparities in earning power. We need to further raise the value of the new businesses that we have acquired and of the existing core businesses that we have actively expanded. We must also further strengthen our systems of risk management and internal controls.

Our business performance is now good, and I believe that it is important for us to take advantage of this favorable environment to deal with these issues during the two years of the GG Plan, fiscal 2007 and 2008, so that we can ensure sustained growth.

Corporate Mission Statement

We aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society.

Management Principles

- To achieve prosperity and realize dreams through sound business activities
- To place prime importance on integrity and sound management with utmost respect for the individual
- To foster a corporate culture full of vitality and conducive to innovation

Activity Guidelines

- To act with honesty and sincerity on the basis of Sumitomo Business Spirit and in keeping with the Management Principles
- To comply with laws and regulations while maintaining the highest ethical standards
- To set high value on transparency and openness
- To attach great importance to protecting the global environment
- To contribute to society as a good corporate citizen
- To achieve teamwork and integrated corporate strength through active communication
- To set clear objectives and achieve them with enthusiasm

Policy directions under the GG Plan

In drawing up the GG Plan, we decided to aim for the creation of an earnings structure with which we can consistently secure a risk-adjusted return ratio of 15% or more on a medium-to-long-term basis regardless of economic conditions.

As we set forth on the path toward further development, we have positioned the two years of the GG Plan as a time to firm up our footing, shifting from our earlier growth strategy based on the active expansion of our earnings base to the pursuit of further improvement of quality and expansion of scale in a balanced manner. Specifically, to achieve sustained growth, we will establish a truly solid earnings base by vigorously strengthening and expanding our core businesses and, at the same time, further improve our quality. To this end, we will pursue quality improvement in four areas: (1) Earnings Base, (2) Operations, (3) Group Management, and (4) Human Resources and Workstyles.

Replacement of assets and enhancement of core businesses

The most important issue for us in connection with the improvement of the quality of our earnings base is to be even more thorough in replacing existing assets and to enhance the value of our core businesses and businesses we have acquired. We have been making ongoing efforts with respect to replacement of assets, including the selection and concentration of core businesses and the review of small-scale Group companies, and with the launch of the GG Plan, we have moved to step up these efforts with the strengthening of our quantitative and qualitative standards for investment and the upgrading of an integrated monitoring process from entry to exit for each business in which we are involved. By boldly replacing assets and rigorously enhancing the value of our core businesses, we will establish a truly solid earnings base.

Quantitative targets under the GG Plan

As quantitative targets under the GG Plan, we are aiming for a two-year average risk-adjusted return ratio of 15% or more and annual net income of ¥235 billion, for a two-year total of ¥470 billion. We also plan to increase our total risk-adjusted assets by ¥280 billion over this period. By achieving the targets of the GG Plan without fail, I hope that we will be able to further strengthen the trust placed in the Sumitomo Corporation Group by all its stakeholders—shareholders, business counterparts, society, and ourselves as officers and employees.

GG Plan Basic Policy

Basic Policy

Pursuit of further improvement of quality
heading for a new stage of growth
—Aiming to be a “Great & Growing Company”—

Focus of the GG Plan

Strengthen the accomplishments of the reform process since the Reform Package (FY1999–2000) and head for a new stage of growth

For Sustained Growth

- Pursue both the improvement of quality and the expansion of our earnings base in a balanced manner
- Steadily increase our returns exceeding the shareholders’ capital cost

Build an earnings base which stably realizes
a risk-adjusted return of 15% or more over the long term

GG Plan Quantitative & Qualitative Targets

Quantitative Targets

Risk-adjusted Return: **15%** or more (2-year average)

Net Income: **¥470** billion (2-year total)
(FY2007 **¥235** billion, FY2008 **¥235** billion)

Risk Assets Plan

Amount Increasing over Two Years: **¥280** billion (net)

Qualitative Targets

- Establish a truly solid earnings base through the rigorous strengthening and expansion of our core businesses
- Improve the management quality to pursue sustained growth

Accomplish by improving quality in four areas;
“Earnings Base,” “Operations,” “Group Management,” and
“Human Resources and Workstyles”

Turn Changes into Chances and Chances into Growth

We have a solid business foundation, including our global network, global relations, integrity, and intellectual assets, based on which we have built a wide range of functions, including strengths in the delivery of financial services, logistics solutions, risk management, IT solutions, market intelligence and information gathering and analysis, and business development. Our ability to create and provide diversified values to meet customers' demands through the integration of this business foundation and these functions constitutes the core competence of the Sumitomo Corporation Group—our “integrated corporate strength.”

The changes in the social and economic environment in which we operate are likely to become even more intensive in the period ahead. We intend to take these changes as chances and, by constantly honing our integrated corporate strength and leveraging it to the utmost, to use these chances as the basis for steady growth. Our aim is to have the Sumitomo Corporation Group achieve sustained growth and development, and thereby make even greater contributions to society.

I sincerely request your ongoing understanding and support.



Susumu Kato
President and CEO

July 2007

Integrated Corporate Strength: Sumitomo Corporation's Core Competence

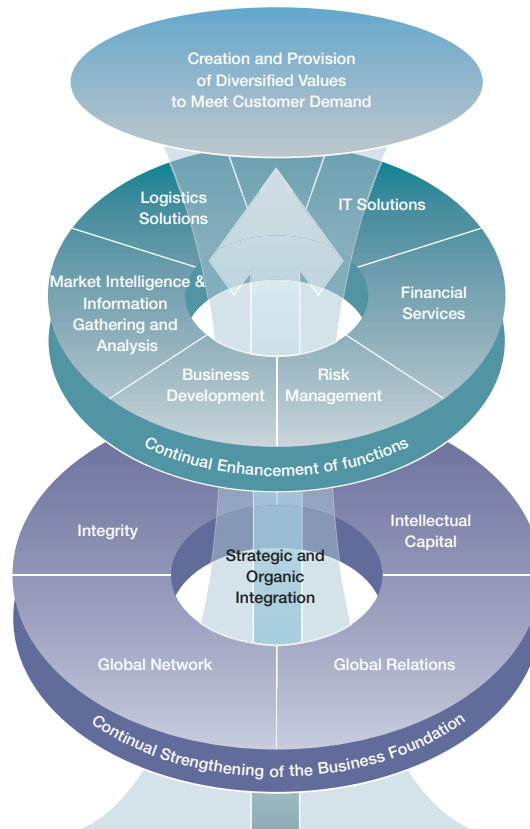
Logistics Solutions: In addition to the ability to provide a wide range of integrated logistic services, we also have the capacity to develop and deploy services to match demand and supply of cargo, trucks, and warehouse space.

Market Intelligence & Information Gathering and Analysis: Through our wide range of business activity, we gather information from every business segment and market. By engaging our deep experience and business know-how, we do comprehensive analysis of this market intelligence, and utilize it in our day to day business activity.

Business Development: We excel in business creation, which involves identifying promising new products, developing new markets and organizing appropriate business operations.

Integrity: Based on the Sumitomo Business Spirit, we have cultivated the trust of our customers over the years. This is the most fundamental and valuable asset of our business. It is important that our customers know they are entrusting their business to safe hands.

Global Network: With around 150 offices and over 800 subsidiaries and associated companies worldwide, our business network provides a basic platform for the prompt and secure transfer of goods, funds, and information.



IT Solutions: This involves the ability to build Supply Chain Management (SCM) systems and to support network business.

Financial Services: This includes fee collection/payment, the provision of capital, project financing, and advanced financing services, such as the securitization of assets.

Risk Management: Only an integrated trading company with decades of business experience can expertly manage the diverse risks associated with credit standing, markets, and enterprise operations.

Intellectual Capital: The wealth of know-how, experience, and information accumulated by our skilled personnel in diverse fields is also an important element of our solid business foundation.

Global Relations: Based on the integrity and global network we have created, our company has established close and multi-faceted relations with over 100,000 business partners around the world across all industries. Sumitomo Corporation is promoting cross-cultural communication and mutual understanding with our worldwide business partners based on direct person-to-person contact. These global relations are even more valuable assets now that the focus of the times is on information technology (IT).