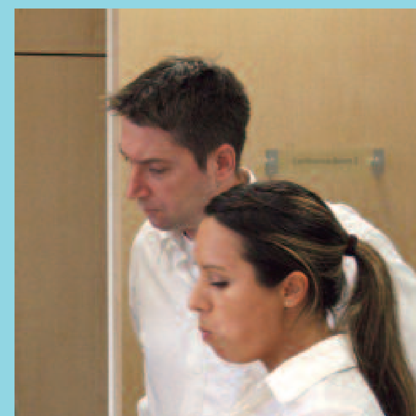
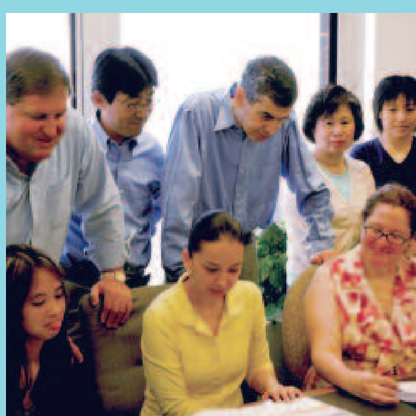
OVERVIEW OF OPERATIONS



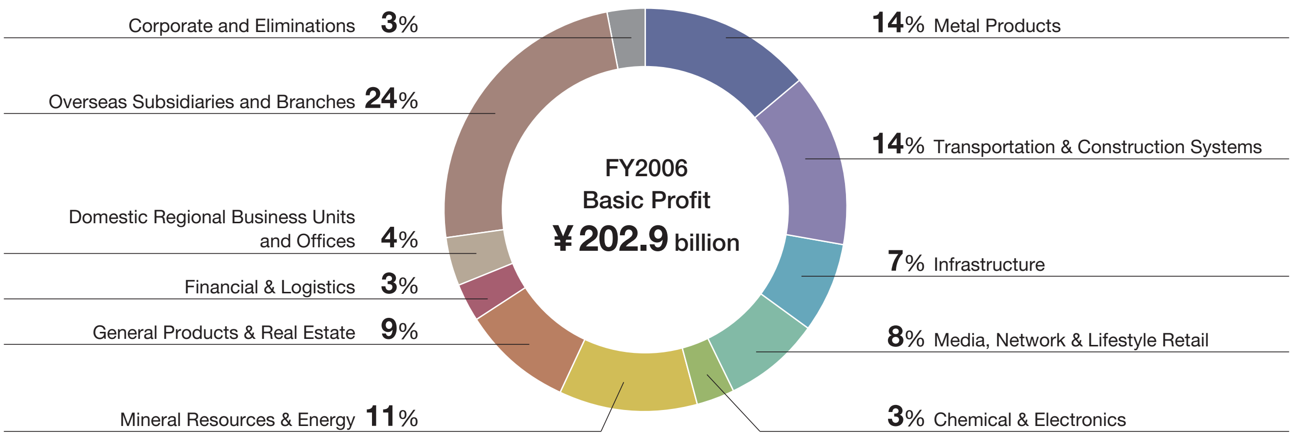






AT A GLANCE

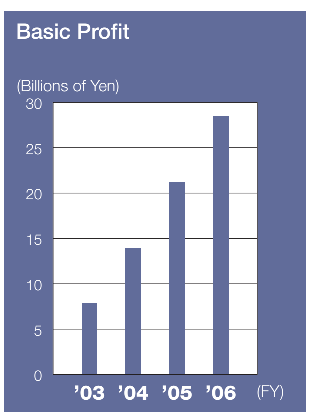
Under the GG Plan, we will expand our earnings base by increasing profitable assets in core businesses and their surrounding fields in each segment. Through these initiatives, we will strengthen our well-balanced business portfolio.

In April 2007, we reorganized our Business Units in order to strengthen the services and functions we offer to our customers by leveraging our integrated corporate strength and further expanding our earnings base. Our previous structure of nine Business Units has been reformed to a new organization comprising eight Business Units.



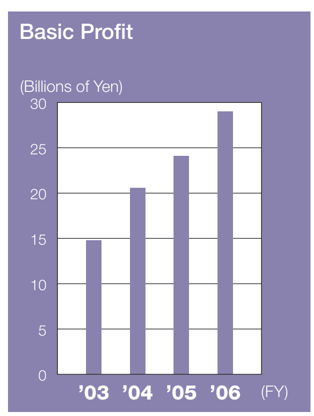
*Basic Profit = (Gross profit - Selling, general and administrative expenses - Interest expenses, net of interest income + Dividends) x (1-Tax rate) + Equity in earnings of associated companies, net (Tax rate was 42% for fiscal 2003, and 41% for fiscal 2004 and after)

METAL PRODUCTS



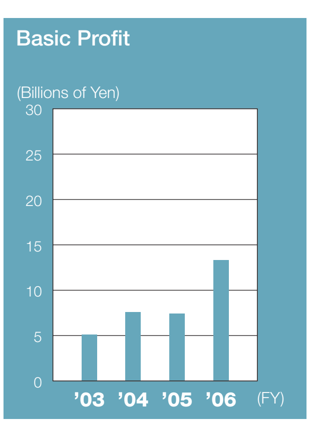
Strategic Fields
- Steel service centers
- Tubular products SCM
- Primary aluminum
- Metal products for automotive use
- Tool steel processing & trading
- Stainless steel processing & trading in Japan

TRANSPORTATION & CONSTRUCTION SYSTEMS



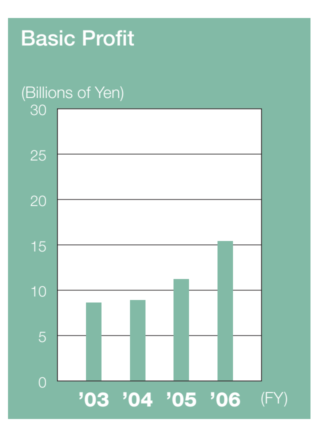
Strategic Fields
- Automobile-related value chain
- Construction equipment value chain
- Ships value chain
- Aircraft & transportation leasing

INFRASTRUCTURE



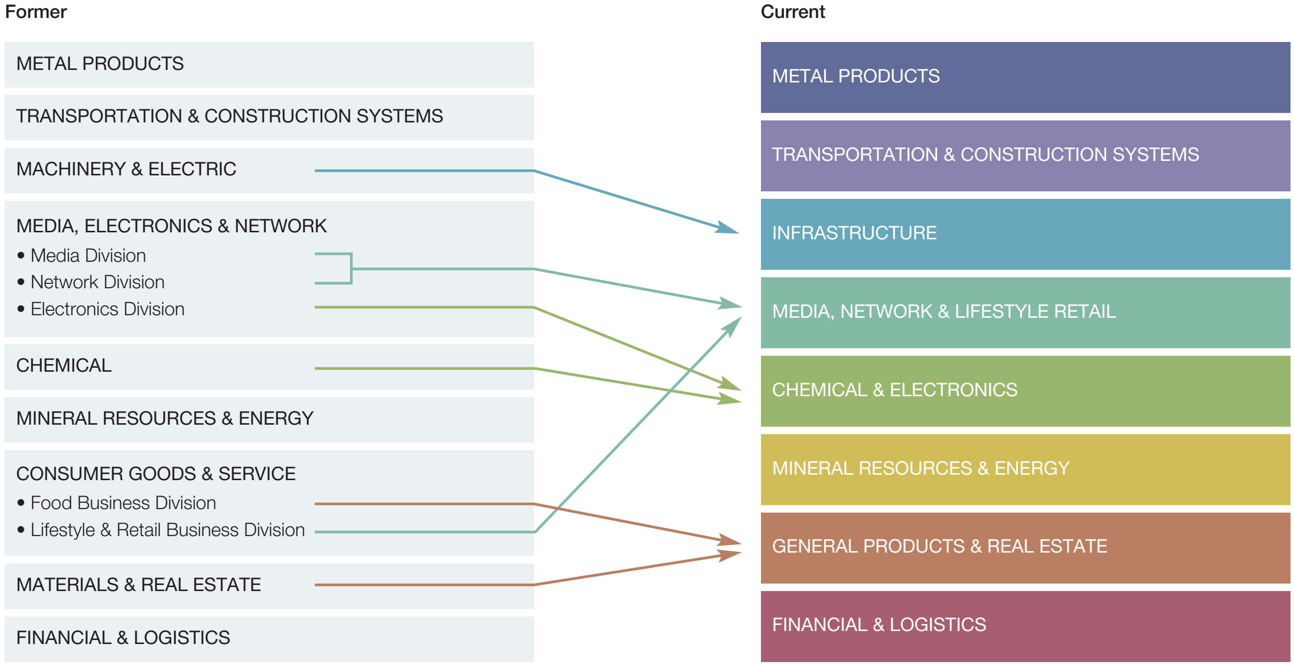
Strategic Fields
- IPP/IWPP
- Power plant EPC
- Telecommunications
- Environmental business
- Industrial infrastructure

MEDIA, NETWORK & LIFESTYLE RETAIL



Strategic Fields
- Cable TV
- Programming & film-related business
- Mobile communications
- Web-related business
- IT solutions
- Food supermarket
- Drugstore
- Brand business
- Direct marketing

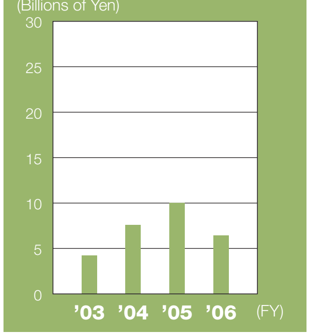
Reorganization of Business Units (April 1, 2007)



CHEMICAL & ELECTRONICS

Basic Profit

(Billions of Yen)

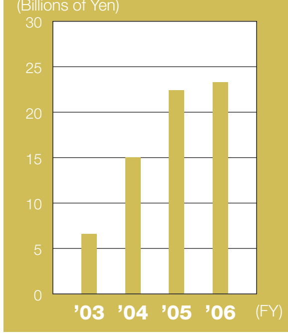


Strategic Fields
- Plastics
- Organic chemicals
- Emission credits
- Inorganic chemicals
- Advanced technologies such as electronic chemicals and battery materials
- EMS
- High-value-added electronic materials
- Pharmaceuticals & medical care
- Agricultural chemicals
- Pet care

MINERAL RESOURCES & ENERGY

Basic Profit

(Billions of Yen)

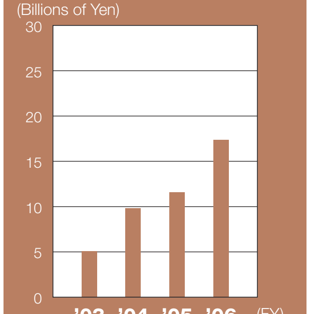


Strategic Fields
- Copper & gold
- Coal
- Oil & gas
- LNG
- Zinc & silver
- Nickel
- Uranium
- Iron ore
- Carbon
- Biofuels
- Clean energy

GENERAL PRODUCTS & REAL ESTATE

Basic Profit

(Billions of Yen)

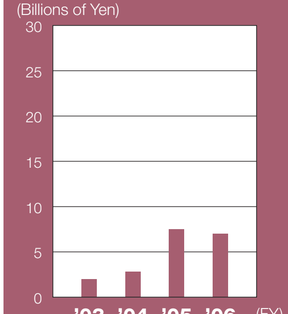


Strategic Fields
- Fresh foods
- Fertilizer
- Tires
- Lumber & building materials
- Ready-mixed concretes
- Pulp & paper
- Office buildings & retail facilities leasing
- Condominium sales
- Real estate redevelopment
- Real estate funds

FINANCIAL & LOGISTICS

Basic Profit

(Billions of Yen)



Strategic Fields
- Asset management
- Commodity trading
- Direct investments
- Value-added logistics network
- Overseas industrial parks
- Insurance

METAL PRODUCTS

Kenzo Okubo
General Manager
Metal Products Business Unit

Developing a Broad Value Chain as a Comprehensive Solutions Provider

Our business covers a broad range of steel products, including sheets and tubular products, and such non-ferrous metals as aluminum and titanium. In each field of operations, we are expanding our value chain by utilizing our innovative services to respond to the diverse needs of customers worldwide. In Japan and overseas, we are leveraging our steel service center network to provide supply chain management (SCM) services, including steel sheet processing and storage, mainly to automobile and home appliance manufacturers. We also supply tubular products to leading oil and gas companies through our Tubular Information Management System (TIMS), a proprietary SCM system, while expanding our global network as a total service provider.

GG Plan Policies and Strategies

In the steel and aluminum industries, we anticipate firm demand worldwide, especially for such energy-related items as tubular products, the market for which has been stimulated by high crude oil and gas prices. We also expect robust exports of high-quality steel sheets from Japan, driven by growth in the automobile and home appliance industries in China and the ASEAN region. Nevertheless, we are paying attention to supply and demand trends in iron and steel, particularly for general-purpose items in China, as well as to shifts in raw material and energy prices.

In line with the GG Plan, we are strengthening not only metal product trading and SCM operations but also processing and manufacturing activities. As a provider of highly functional solutions, we are further expanding our value chain, and upgrading Group management to secure sustained growth.

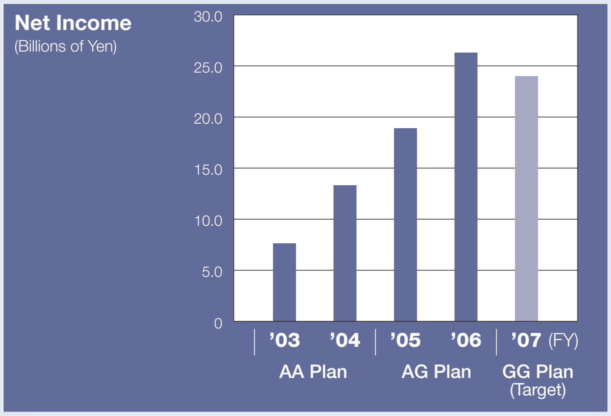
We will further allocate management resources and increase risk-adjusted assets in the energy- and automobile-related fields where high demand is expected to continue.

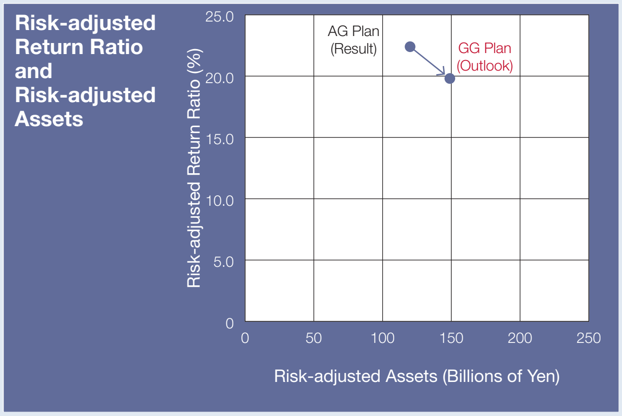
In tubular products, we will reinforce our tubular product value chains, which encompass 11 locations in 10 countries.

In steel sheets, we are expanding steel service center operations, which offer processing capacity that places us among the top trading companies, while cultivating the automotive parts manufacturing businesses. Domestically, the focus is on reinforcing our stainless steel processing and trading businesses and tool steel service center operations.

In nonferrous metals, we are expanding the value chain of our aluminum business. We aim to acquire equity stakes in aluminum smelters and increase equity metal trading volumes. We will also broaden our aluminum products trading in midstream fields.

Reflecting these efforts, we plan to increase risk-adjusted assets ¥29.0 billion, to ¥149.0 billion, by the fiscal 2008 year-end. We anticipate an average risk-adjusted return ratio of 19.8% during the GG Plan term.





Summit Showa Aluminum is producing aluminum alloys in four factories at Chiba, Ibaraki, Aichi, and Shiga. The alloys are mainly used for casting and die casting products in various fields, including automobile parts, construction materials, and electric appliances. Expectations remain high for persistent strong demand in the future.

Sumitomo Corporation concluded a long-term contract with a subsidiary of Royal Dutch Shell for the supply of oil country tubular goods. The contract covers the Sakhalin II oil and natural gas project in Russia and includes SCM services. Under the contract, we established a stockyard at Kholmsk, Sakhalin Island, and are providing stock management services and deliveries to the project site.

Results under the AG Plan

Under the AG Plan, we have increased risk-adjusted assets aggressively and broadened our earnings base.

In steel sheets, we expanded our steel service center network worldwide. Domestically, we acquired Tanimoto Steel Corporation and set up KS Summit Steel Co., Ltd., a joint venture with Kobe Steel, Ltd. Overseas, we opened new centers in Dubai (the United Arab Emirates) and Danang (Vietnam) as well as Dalian and Nanjing (China). In steel sheet construction materials, we also acquired Sofuku Co., Ltd.

In tubular products, we concluded a five-year, long-term contract that includes SCM services with a Royal Dutch Shell subsidiary for Oil Country Tubular Goods (OCTG) for the Sakhalin II project, a major Russian oil and natural gas development. In addition, we obtained a large order for large-diameter welded tubular products for an undersea gas pipeline serving an LNG plant in Qatar.

In the aluminum market, we integrated our aluminum alloy operations with Showa Denko K.K. and established Summit Showa Aluminum Ltd. The new company operates four production facilities and boasts a top-class production capacity in Japan.

With respect to stainless steel, we reorganized and consolidated our U.S. stainless steel wholesale operations. We acquired KG Specialty Steel Inc., North America's largest stainless steel wholesaler, from Kanematsu USA Inc. in September 2005 and integrated its operations into our wholly owned U.S. stainless steel subsidiary in 2006. Operations at the newly established company, Summit Stainless Steel LLC, are now on stream.

To capture emerging demand for automobile parts and other demand in China, we established tool steel processing and sales operations in Foshan (Guangdong Province) and Dalian that complement existing operations in Shanghai. Furthermore, in Poland, we launched a company manufacturing and selling forged metal parts for automobile engine drives and engines.

Performance Highlights
(Billions of Yen)

	FY03 (Results)	FY04 (Results)	FY05 (Results)	FY06 (Results)	FY07 (Targets)
Gross Profit	42.0	49.9	65.4	77.6	78.0
Equity in Earnings of Associated Companies	0.6	3.3	4.1	7.4	—
Net Income	7.6	13.3	18.9	26.3	24.0
Basic Profit	7.9	14.0	21.2	28.5	—
Total Assets	390.4	472.6	662.8	799.2	—

	AG Plan (Results)	GG Plan (Outlook)
Risk-adjusted Assets (at end of FY06 and FY08)	120.0	149.0
Risk-adjusted Return Ratio (two-year average)	22.4%	19.8%

TRANSPORTATION & CONSTRUCTION SYSTEMS

Kazuo Ohmori
General Manager
Transportation & Construction Systems Business Unit

Expanding Upstream and Downstream Operations for Stable Growth

Aiming to expand operations both upstream and downstream in addition to midstream, our Business Unit's focus includes automobiles, ships, aircraft, railways, and construction equipment. In automotive operations, our global value chain covers parts manufacturing, dealerships, and finance. In the ship business sector, we are the only Japanese trading company to hold an equity stake in a shipbuilding company, Oshima Shipbuilding Co., Ltd. We are also engaged in the ship-owning and operating business. Regarding construction equipment, we are the leading Japanese trading company having a unique group of diversified operations worldwide.

In the aircraft business, we mainly operate a lease business but also have investments in the aerospace area. In the railway car business, we promote railway projects and rolling stock exports business.

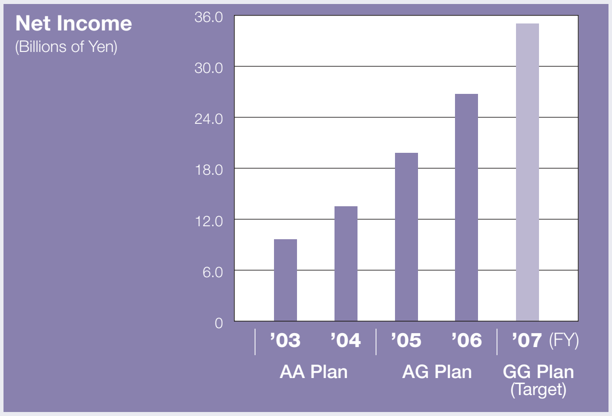
GG Plan Policies and Strategies

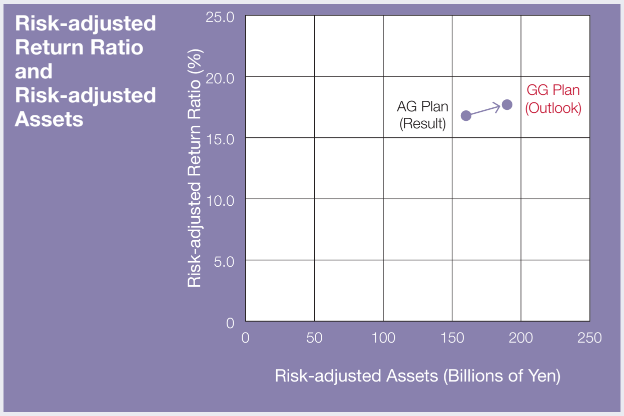
Demand for construction equipment backed up by robust natural resource development and global infrastructure development is expected to grow in the mainstay Japanese, U.S., and European markets and newly emerging industrializing areas such as China and Russia. New ship building demand is anticipated to remain firm, supported by economic growth across Asia and a strong freight market. In contrast, the automobile consumer finance and airline industries are confronting keen competition. Striving "to solidify our foothold as the basis for stable growth" in accordance with the GG Plan, we will improve the quality of our business portfolio through the continuous selection and replacement of operations and acceleration of our entry into new business areas.

In downstream automotive operations (retail sales, consumer finance) Sumisho Auto Leasing Corporation and SMBC Auto Leasing Co., Ltd. will merge in October 2007 and strive to make the new company the No. 1 auto leasing business in Japan. In addition, we launched a lease finance management team to concentrate on reinforcing management, mainly in automobile consumer finance, and to support value realization through strategic M&A and business withdrawal. Upstream, the automotive parts manufacturing business is positioned as a strategic core activity. KIRIU Corporation, a consolidated subsidiary that manufactures casting components, is the nucleus of our overseas business development. We also reinforce such activities in China through Fujiwa Machinery Industry (Kunshan) Co., Ltd., in which we invested in December 2006.

In our ship-owning and freight railcar lease businesses, we are further bolstering our earnings base. Within the construction equipment business, we will allocate management resources to local downstream operations and seek to enter various peripheral businesses covering the complete industry value chain.

As a result, we plan to increase risk-adjusted assets ¥30.0 billion, to ¥190.0 billion, by the end of fiscal 2008 and anticipate an average risk-adjusted return ratio of 17.7% during the GG Plan term.





In addition to its aircraft leasing business, Sumitomo Corporation mediates wet leases, which include aircraft, crews and equipment. As an agent for U.S.-based ABX Air, Inc., we concluded a wet lease agreement with All Nippon Airways Co., Ltd. in March 2007, the first such contract in Japan.

An automobile dealer of Shanghai Baosteel Group Corporation, in which Sumitomo Corporation took an equity stake in January 2007. This is the first joint venture between a state-owned enterprise and foreign company in a car dealership offering a variety of automobile brands in China.

Results under the AG Plan

The AG Plan yielded favorable results, with steady growth in downstream automotive operations. The pending merger of Sumisho Auto Leasing and SMBC Auto Leasing will bring our fleet to an estimated 500,000 leased automobiles (estimation as of March 31, 2007), helping us to target the leading market position.

In China, a joint venture started operations following our investment in an automobile retail sales company, a member of the Shanghai Baosteel Group, with which we have a 20-year business relationship. In Indonesia, P.T. Summit Oto Finance, a consolidated subsidiary of motorcycle consumer financing, is capturing increased demand and broadening its earnings base.

In the railway passenger car field, we received an additional order for 50 double-decker coach cars from Virginia Railway Express in alliance with Nippon Sharyo Ltd. Also, from the Northern Indiana Commuter Transportation District, we received an additional order for 14 double-decker electric railcars. In the ship-related sector, we increased our own fleet by adding pure car carriers and bulk carriers to our fleet in order to reinforce businesses through long-term owned vessels. In addition, through a joint venture company with Mitsui O.S.K. Lines, Ltd. and LNG Japan Corporation, we concluded a long-term charter contract with Luxembourg-based Suez LNG Trading S.A. that enables us to enter into LNG carrier operations. Moreover, in fiscal 2006, the number of new building contracts we were involved in reached a record high.

During fiscal 2006, we upgraded our aircraft leasing fleet through proactive replacement. In addition to aircraft, we expanded the scope of our business to include engines, components, and wet leases.* We were also the first trading company to participate in the leasing of engines for private-sector aircraft.

In the construction equipment field, we expanded our Komatsu product distribution network into Finland, the three Baltic states, and Poland, thereby both strengthening and expanding our business base.

* A wet lease is a type of aircraft leasing under which the lessor provides crews, ground support equipment, and fuel, etc.

Performance Highlights

(Billions of Yen)

	FY03 (Results)	FY04 (Results)	FY05 (Results)	FY06 (Results)	FY07 (Targets)
Gross Profit	98.6	113.3	127.5	134.6	151.0
Equity in Earnings of Associated Companies	2.9	3.8	4.0	5.0	—
Net Income	9.6	13.5	19.8	26.7	35.0
Basic Profit	14.8	20.6	24.1	29.0	—
Total Assets	793.0	871.5	1,037.0	1,140.7	—

	AG Plan (Results)	GG Plan (Outlook)
Risk-adjusted Assets (at end of FY06 and FY08)	160.0	190.0
Risk-adjusted Return Ratio (two-year average)	16.8%	17.7%

Takahiro Moriyama
General Manager
Infrastructure Business Unit

Strengthening the Electric Power Field and Establishing New Core Businesses

"Our mission is to contribute to society through infrastructure enhancement, adding our own value to it." Based on this mission, we strive to ensure the sustainable expansion of our earnings base through the optimal business combination of trade and investment in the fields of IPP/IWPP,* power plant EPC,** telecommunications, eco and energy-saving businesses, and social and industrial infrastructure. In the electric power field, we boast particularly excellent capabilities in project organization and execution, including finance and risk management. In power plant EPC, the total power generation capacity we have handled to date is nearly 43,000 megawatts, placing us in the top tier among trading companies. Our retained power generation capacity was approximately 2,700 megawatts as of March 2007.

GG Plan Policies and Strategies

We will pursue both quality improvements and the expansion of our earnings base by reinforcing competitive core businesses and cultivating new core businesses.

Reflecting economic growth, demand for electric power is particularly robust in emerging and developing countries. Such countries are increasing their utilization of private enterprises for power supply. Although close attention to country risks and construction risks is required, the business environment is favorable. Accordingly, we will further strengthen our IPP/IWPP businesses and power plant EPC projects. Specifically, we are aiming to increase IPP/IWPP projects in Asia, the Middle East, and the U.S. and to raise our retained power generation capacity to 6,300 megawatts by 2010. At the same time, we are working to secure sustained orders for power plant EPC projects, mainly in Asia and the Middle East.

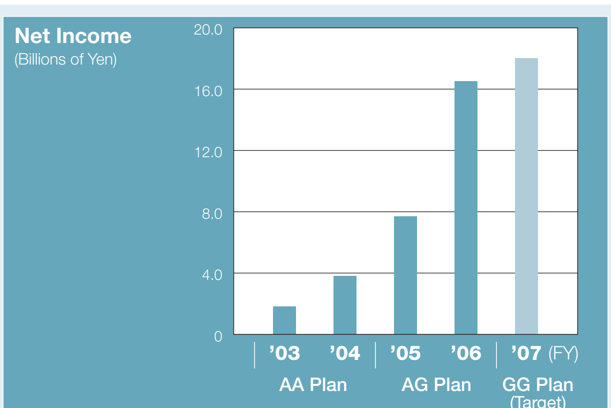
We will allocate our resources especially in telecommunications and water-related business fields to nurture them as core businesses on par with electric power businesses. In the telecommunications field, the broadband and mobile phone markets continue to expand. We have identified the mobile phone, mobile phone-related and mobile handset distribution and retailing businesses as three core growth areas and are striving for business development in the U.S., Southeast Asia, and Russia and other CIS countries. At the same time, we aim to expand our water-related businesses in Latin America and the Middle East.

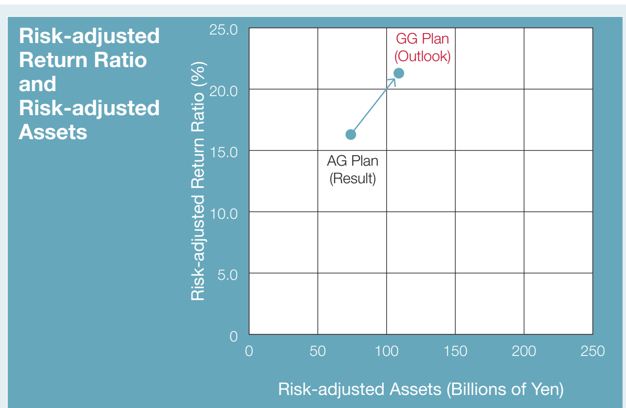
In the industrial infrastructure, telecommunication projects, and energy solutions businesses, we are working to strengthen and stabilize our earnings base.

In the eco and energy-saving field, regulations are becoming stricter and subsidy programs are increasing. We will leverage new technologies and establish businesses that contribute to environment.

Based on the above factors, we plan to increase risk-adjusted assets ¥35 billion, to ¥109 billion, by the fiscal 2008 year-end. We anticipate an average risk-adjusted return ratio of 21.3% during the GG Plan period.

* IPP: Independent Power Producer
IWPP: Independent Water and Power Producer
** EPC: Engineering, Procurement and Construction





Tanjung Jati-B coal-fired thermal power plant (1,320MW) located in the Tanjung Jati district in Central Java. Completed in 2006, the plant provides an important source of electric power supply and is currently leased to the Indonesia's state electricity corporation (PLN).

The Wayang Windu Geothermal Power Station in Indonesia. We received orders from the independent power producer Magma Nusantara Limited for Phase 1 (110MW) completed in 2000, and for phase 2 (117MW) in 2007. From an environmental perspective, geothermal power stations deliver added value due to the low emission of CO_2.

Results under the AG Plan

In the electric power business, we completed the Tanjung Jati B (TJB) coal-fired thermal power plant in Indonesia, the construction of which was interrupted by the Asian Currency Crisis. We commenced leasing the plant in the second half of 2006, and the leasing period is 23 years. In addition, we have acquired operating rights for various large-scale IPP/IWPP projects, including the Hidd IWPP project in Bahrain, the Birecik hydropower plant in Turkey, and the CBK hydropower plant in the Philippines, all of which are contributing to financial results.

In the EPC area, we received orders for a 700 megawatt combined-cycle power plant in Thailand and blast-furnace-gas (BFG) fired gas turbine combined-cycle (GTCC) power generation units for Ukraine iron and steel works. In addition, we received orders for geothermal power stations in Indonesia and New Zealand. Particularly in Indonesia, the world's largest source of geothermal energy, geothermal power generation is expected to increase to meet enormous power demand, and we received four orders in succession. In Japan, we commenced operation of a wind power generation project in Ibaraki Prefecture that is the largest in the Kanto region. As these examples demonstrate, we are proactively engaged in eco-friendly electric power projects utilizing wind power and geothermal heat both in Japan and overseas. In the eco and energy-saving field, we launched an energy service business that efficiently provides electric power and heat to Hiroshima Elpida Memory, Inc. while promoting the PET bottle recycling business through the installation of Reverse Vending Machines (RVMs).

In the telecommunication field, we participated in various businesses, including mobile phone, wireless broadband, and mobile phone content distribution operations in Russia. We also invested in Pacific Telecom Inc., the largest telecommunications operator in the North Mariana Islands. Pacific Telecom provides such services as mobile phone, ISP, and fixed-line services and is promoting new business development.

Performance Highlights
(Billions of Yen)

	FY03 (Results)	FY04 (Results)	FY05 (Results)	FY06 (Results)	FY07 (Targets)
Gross Profit	28.2	32.2	29.1	38.3	44.0
Equity in Earnings of Associated Companies	1.0	1.3	4.1	5.2	—
Net Income	1.8	3.8	7.7	16.5	18.0
Basic Profit	5.1	7.6	7.4	13.3	—
Total Assets	435.7	457.4	466.2	472.6	—

	AG Plan (Results)	GG Plan (Outlook)
Risk-adjusted Assets (at end of FY06 and FY08)	74.0	109.0
Risk-adjusted Return Ratio (two-year average)	16.3%	21.3%

Shingo Yoshii
General Manager
Media, Network & Lifestyle Retail Business Unit

Creating and Providing New Value by Integrating Media, IT, and Retail Services

Amid the ongoing fusion and collaboration between communications and broadcasting, as well as the increasing diversification of consumer spending, the Media, Network & Lifestyle Retail Business Unit was established in April 2007 to create and provide new values to consumers with diversified lifestyles. In the media field, we provide both infrastructure and content services, primarily in cable TV (CATV), multichannel television programming and film-related businesses. In the network field, our business activities center on IT solutions and mobile communication. In the lifestyle and retail fields, our mainstay operations are food supermarket, drugstore, and brand-related businesses.

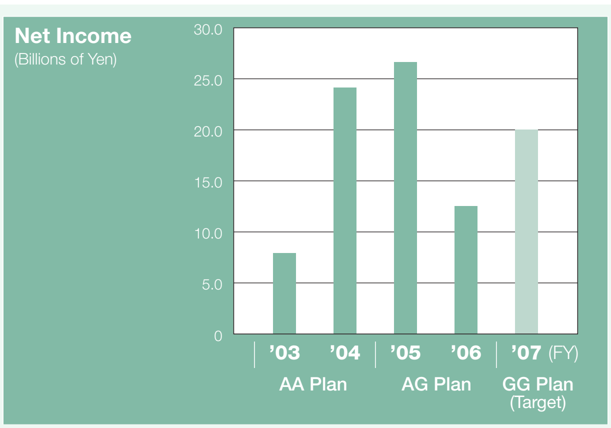
GG Plan Policies and Strategies

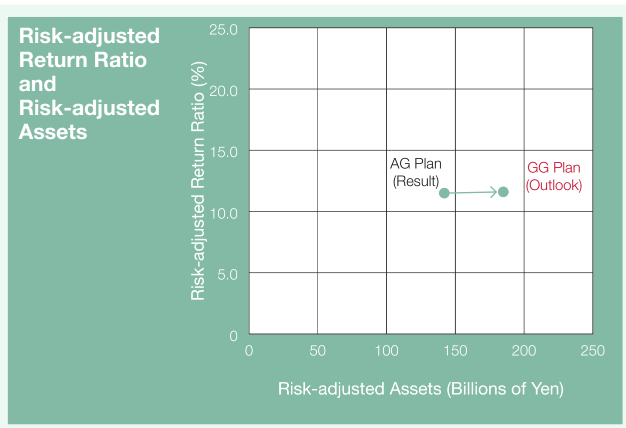
In the media field, we are enhancing our comprehensive CATV services through the merger of Jupiter Telecommunications Co., Ltd. (J:COM), a CATV industry leader, and Jupiter TV Co., Ltd. (JTV), a multichannel TV programming and content provider. We are integrating infrastructure and content services while strengthening community-based services and wide-area operations through M&A. In addition, we consolidated Jupiter Shop Channel Co., Ltd. (JSC), a former JTV group company, as our subsidiary. Leveraging these mergers, we will expand our retail operations through multiple sales channels, including TV and the Internet. In the film-related business, United Cinemas Co., Ltd. (UC) will work on both expanding its business size and improving operational efficiency through strategic alliances.

In the network field, MS Communications Co., Ltd. (MSCOM) will strengthen its earnings base in the mobile communication business through M&A and improvements in management efficiency. In the IT solution business, Sumisho Computer Systems Corporation (SCS) will concentrate its management resources in growth areas and focus on broadening its earnings base through M&A to reinforce its stable earnings base.

In the lifestyle and retail field, with JSC at the core, we will promote our comprehensive retail operations by integrating retail shops, media and the Internet. Summit, Inc., a major food supermarket chain, and Sumisho Drugstores Inc., a dispensing pharmacy/drugstore operator, will both work to increase market share through organic growth and strategic alliances. In the brand-related business, we will promote broadening our earnings base and pioneering new business fields in the three core areas of fashion apparel, bags and accessories, and home furnishings by leveraging Barneys Japan Co., Ltd.'s operations.

Implementing the plans noted above, we plan to increase risk-adjusted assets ¥43 billion, to ¥185 billion, by the fiscal 2008 year-end. We anticipate our average risk-adjusted return ratio will be 11.6% during the GG Plan period.





JSC broadcasts a 24-hour, real-time TV shopping program supported by Japan's largest call center, with 320 operators' desks on a single floor. On average, the call center receives between 50,000 and 60,000 requests, orders and inquiries a day. Utilizing information brought by the customer calls, JSC is producing interactive programs and promoting a new business model combining media and retail operations.

In August 2006, Sumitomo Corporation acquired Barneys Japan, a company that sells apparel and sundry goods under the Barneys New York brand and other luxury import brands. In addition to Shinjuku, Yokohama, and Ginza, we plan to expand operations outside the Tokyo Metropolitan area and to realize synergies with a variety of fashion and brand businesses.

Results under the AG Plan

In the media field, J:COM furthered its wide-area operations by acquiring neighboring CATV operators, including Cable West Inc., Japan's third largest CATV operator, and Odakyu Telecommunication Services Co., Ltd. (Odakyu Cable Vision). Also, J:COM increased the number of digital broadcasting service subscribers, broadened its high definition TV program lineup, and introduced and promoted other new services. As a result, the number of total subscribers as of March 31, 2007 rose to 2.64 million, an increase of approximately 37% over the past two years. TV shopping channel JSC increased sales and contributed to earnings growth, expanding e-commerce operations, logistics centers, and call centers. In the film-related business, we worked to establish our future earnings base. We consolidated Asmik Ace Entertainment Inc., a film producer and distributor, as our subsidiary and enhanced our value chain. Further, UC became the third largest cinema complex in the industry with the acquisition of Japan AMC Theatres, Inc. and the opening of new sites.

In the network field, SCS merged with Sumisho Electronics Co., Ltd. (SSE) to integrate SCS's distinguished software development resources with SSE's skilled hardware sales. Now SCS provides powerful one-stop service in the IT solution business and has improved its profitability. Furthermore, MSCOM acquired Calsonic Communication Co., Ltd., making it the largest mobile phone distributor in the industry.

In the retail business, we sold shares in Coach Japan, Inc. for value realization purpose while acquiring Barneys Japan to position it as the core player of our future brand-related businesses. In the drugstore business, we acquired Kouei Drug Co., Ltd., a dispensing pharmacy/drugstore operator focusing on individual consultation service, which greatly augmented the drugstore retail chain operated by Sumisho Drugstores.

In December 2006, we established the Web Business Planning Department, aiming to expand our business base by promoting the fusion of retail and web-related operations. This department will function as a cross-divisional and strategic organization.

Performance Highlights
(Billions of Yen)

	FY03 (Results)	FY04 (Results)	FY05 (Results)	FY06 (Results)	FY07 (Targets)
Gross Profit	95.2	102.0	104.1	126.1	163.0
Equity in Earnings of Associated Companies	4.2	5.4	10.5	12.7	—
Net Income	7.9	24.1	26.6	12.5	20.0
Basic Profit	8.6	8.9	11.2	15.4	—
Total Assets	449.9	445.6	505.1	513.9	—

	AG Plan (Results)	GG Plan (Outlook)
Risk-adjusted Assets (at end of FY06 and FY08)	142.0	185.0
Risk-adjusted Return Ratio (two-year average)	11.5%	11.6%

Yoshiyuki Matsuoka
General Manager
Chemical & Electronics Business Unit

Accelerating the Selection and Concentration of Assets and Improvement of Quality

The Chemical & Electronics Business Unit was established in April 2007 to maximize our integrated corporate strengths and synergies through the expansion of chemical-related businesses and the consolidation of electronics-related businesses. In the basic, electronic, and performance chemical fields, we handle an extensive range of products, including raw materials for plastics, plastic products, organic and inorganic chemicals, and electronic chemicals. In the electronics field, we handle such cutting-edge electronic materials as silicon wafers and blue LEDs. We are also actively operating EMS* mainly in Asia. In addition, our life science business is active in pharmaceuticals, medical care, agricultural chemicals, antibiotics and pet supplies.

* EMS: Electronics Manufacturing Services, providing electronics devices manufacturing services on a contract basis.

GG Plan Policies and Strategies

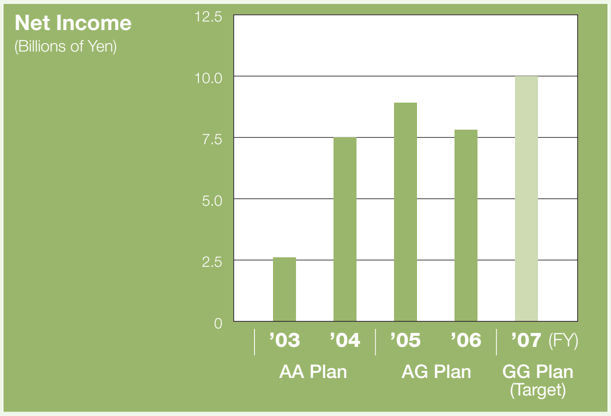
We will improve the quality of our earnings base and group management by further strengthening our subsidiaries and associated companies and creating added value in electronics-related businesses from raw materials supply through EMS operation.

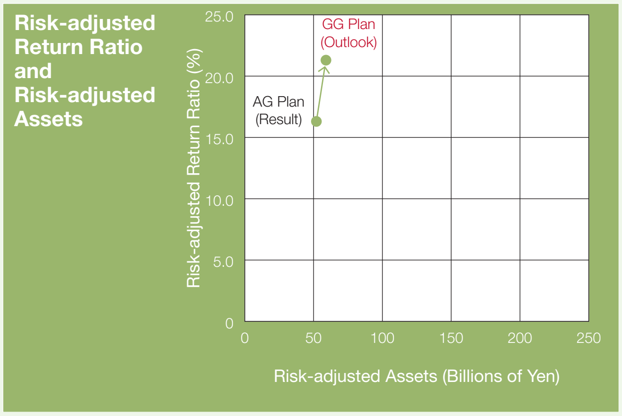
In basic, electronic, and performance chemicals, Cantex Inc., which focuses on plastics, will expand its production of general-purpose pipes and sales of lightweight pipes. In organic and inorganic chemicals, we will diversify the global distribution of such core products as olefin, phenol, sulfuric acid, and sulfur. In industrial performance materials, we will focus on expanding our earnings base in such glass raw materials as soda ash and the emissions credits business. In electronic chemicals, we will pursue business synergies in electronics-related businesses, using Sumitomo Shoji Chemicals Co., Ltd. as a core while focusing on fuel cell and other new technology businesses.

In electronics, we will upgrade Sumitronics Corporation's EMS, mainly in flat-screen LCD TVs and compact LCDs, while expanding operations from Asia to North America and Europe. As for electronic materials, we will fortify our core businesses, including the silicon wafer and blue LED business, while focusing on developing such new materials as carbon nanotubes and silicon carbide (SiC) wafers.

In the life science field, we will expand pharmaceutical raw material supply operations while augmenting the clinical development of in-house products and the manufacturing and marketing of generic drugs, business mainly handled by Summit Pharmaceuticals International Corporation, Medisa Shinyaku Inc., and Henan Topfond Pharmaceutical Co., Ltd. In addition, mainstay Summit Agro International, Ltd. will augment its agricultural chemical product lineup and extend its global sales network, while The Hartz Mountain Corporation (Hartz) will expand the pet supply business.

Under the GG Plan, we plan to increase risk-adjusted assets ¥7.0 billion, to ¥59.0 billion, by the end of fiscal 2008, for an average risk-adjusted return ratio of 21.3%.





Sumitomo Corporation first commenced the import of natural soda ash from the U.S. in 1983. Since then, we have continuously supplied glass, chemical, detergent and other manufacturers with the material and today trade 160,000 tons annually. In April 2007, we fully acquired Asahi Glass Co., Ltd.'s remaining interest in Soda Ash Japan, making it a wholly owned subsidiary.

A joint venture plant for PCB mounting operation established in North America in March 2007. As TV manufacturers augment their overseas production of such flat-panel TVs as LCDs, Sumitomo Corporation is providing component procurement, inventory management, PCB mounting and other services (EMS) to those assembly plants.

Results under the AG Plan

In basic, electronic, and performance chemicals, in October 2005, we consolidated Sumitomo Shoji Chemicals, Sumitomo Shoji Plastics Co., Ltd. and Sumisho Chemicals & Plastics Nagoya Co., Ltd. to form the new Sumitomo Shoji Chemicals Co., Ltd. This move aims to upgrade management efficiency and further expand our earnings base by integrating plastic, organic chemical, electronic and performance chemical, and other operations. Overseas, Cantex decided to construct a new plant to increase its production capacity. In addition, we acquired a petrochemical trading company to reinforce our global network and made Soda Ash Japan Co., Ltd., which imports and markets soda ash from the U.S., a wholly owned subsidiary to strengthen our glass raw materials business. We also revitalized the management at Interacid Trading S.A., the world's top trader in sulfuric acid, for further business expansion. In electronic materials, we enlarged our raw material supply operations serving the overseas bases of Japanese semiconductor and printed circuit board (PCB) manufacturers.

In the electronics field, Sumitronics expanded its PCB mounting operation for flat-panel TVs into the North American market. In addition, we expanded sales of silicon wafers, blue LEDs, HDD-related components, and other leading-edge electronics material technology products.

In life science, we consolidated Summit Pharmaceuticals International Corporation and Summit Medi-Chem, Ltd. to form the new Summit Pharmaceuticals International Corporation, strengthening our medical science-related business. In addition, we invested in Medisa Shinyaku, a subsidiary of Sawai Pharmaceutical Co., Ltd., to enter the generic anti-cancer drug development business. We also acquired equity in Henan Topfond, a pharmaceutical manufacturer and marketer, and advanced into the medicine manufacturing business in China. As for the agricultural science business, we strengthened our value chain and expanded sales networks by augmenting our in-house product line and entering end-user sales in Mexico. As for the pet supply business, Hartz won a large-scale contract from a major customer thanks to its development of high-value-added products, succeeded in transferring raw material price fluctuations to product prices, and improved its financial results.

Performance Highlights

(Billions of Yen)

	FY03 (Results)	FY04 (Results)	FY05 (Results)	FY06 (Results)	FY07 (Targets)
Gross Profit	33.1	41.5	48.3	47.9	58.0
Equity in Earnings of Associated Companies	1.1	0.7	0.9	0.1	—
Net Income	2.6	7.5	8.9	7.8	10.0
Basic Profit	4.2	7.6	10.0	6.4	—
Total Assets	259.1	311.5	356.2	390.5	—

	AG Plan (Results)	GG Plan (Outlook)
Risk-adjusted Assets (at end of FY06 and FY08)	52.0	59.0
Risk-adjusted Return Ratio (two-year average)	16.3%	21.3%

Iwao Okamoto
General Manager
Mineral Resources & Energy Business Unit

Reinforcing Our Well-Balanced Mineral Resource Portfolio

Our balanced portfolio comprises upstream mineral and energy resource interests in four mainstay areas: copper, coal, oil, and liquefied natural gas (LNG). While maximizing the value of these existing interests, we acquired interests in such new areas as zinc, nickel, uranium, and iron ore through strategic alliances with overseas mining companies and defended against market fluctuations. We hold interests in Australian coal mines with rich deposits of high-quality coking coal and long minelife. Our equity production capacity in copper is 120 thousand tons per year, which is the largest among our peers. We are also the only trading company with equity interest in a gold mine. In the midstream and downstream areas, our subsidiary LNG Japan Corporation handles approximately 30% of the annual LNG contractual import volume to Japan.

GG Plan Policies and Strategies

Economic growth in the BRICs, particularly in China, has resulted in a global tightening of supply and demand for such key mineral resources as coal, iron ore, and copper as well as a surge in non-ferrous metal prices. As the value of resource interests rises, investment in new upstream projects is becoming difficult. A trend toward resource nationalization also requires attention.

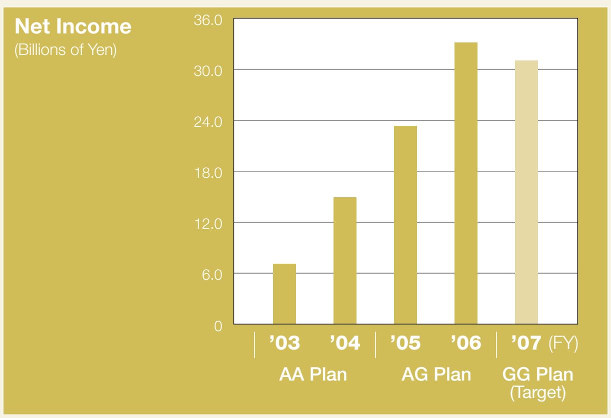
In this severe business environment, we will reallocate assets and further broaden our earnings base under the GG Plan.

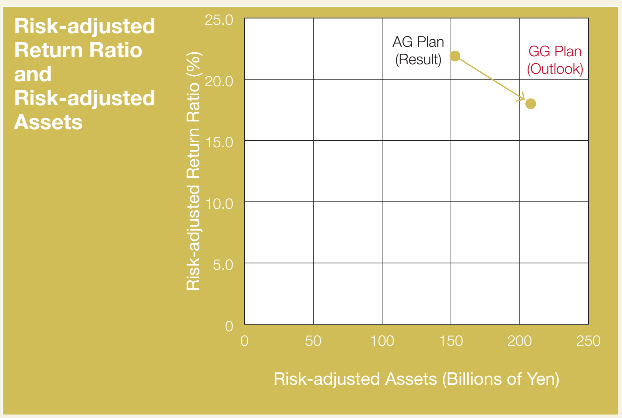
In upstream operations, we are maximizing the value of existing resource equity interests while steadily progressing with new project development, including a silver-zinc-lead mine in Bolivia. We are aiming to further strengthen our mineral resource portfolio by acquiring new interests and establishing another pillar of profits in addition to the four mainstay areas. With regard to existing resources, we are developing new ore deposits at Australian and U.S. copper mines, reinforcing our top-class position in equity copper and copper concentrate production.

In coal, taking full advantage of our existing interests in Australian mines, which boast rich deposits of high-quality coking coal and long minelife, we will concentrate on projects that are cost-competitive. In oil, where an influx of speculative funds is causing prices to rise, we are shifting our focus from the acquisition of producing wells to the acquisition of discovered but undeveloped interests as well as the maximization of production and reserves of our existing interests.

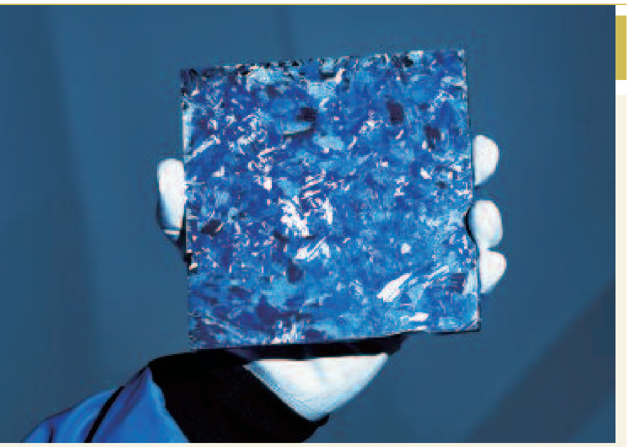
We will also upgrade our functions in midstream and downstream businesses while channeling management resources into the clean energy and new energy areas toward future growth.

Reflecting the above, we plan to increase risk-adjusted assets ¥55 billion to ¥208 billion, by the fiscal 2008 year-end. We anticipate an average risk-adjusted return ratio of 18.0% during the GG Plan period.





The San Cristobal silver-zinc-lead mining project in the Andes Mountains in Bolivia is expected to be one of the world's largest mining developments over the next five years. Production will start in the second half of 2007, and this mine is expected to be a stable source of silver, zinc, and lead, for which demand is rising globally.



Sumitomo Corporation entered into a long-term strategic partnership with a leading global manufacturer of raw materials for solar cells. We provide such raw materials as silicon wafers (pictured) to major solar cell manufacturers worldwide. Utilizing a robust industry network, we are steadily expanding business at each stage of the value chain.

Results under the AG Plan

In upstream areas, we made new entries in as well as further advanced overseas large-scale non-ferrous metal mine development projects. In Bolivia, we participated in one of the world's largest silver-zinc-lead mine projects, which is under development by Apex Silver Mines Limited. Simultaneously, we entered into a strategic alliance with Apex Silver, securing a first priority right of negotiation for participation in its other mine developing projects. In the Ambatovy Nikel Project, a joint venture with a Canadian mining company in the Republic of Madagascar, the project further advanced toward the development stage as a South Korean government-run overseas mineral resources development and investment company and a Canadian engineering company joined this project. In South Africa, we acquired an equity stake in the iron ore and manganese mining company, Assmang Limited, securing another resource that is indispensable in steelmaking to our portfolio.

In LNG, the construction of production bases at Indonesia's Tangguh project, in which LNG Japan Corporation participiates, has proceeded steadily. Looking ahead, we are aiming to take part in a new project in Nigeria.

In clean energy, we have signed a long-term large-scale procurement agreement for multicrystalline silicon wafers with the world's largest manufacturer, Norway's REC Scanwafer AS. We will supply them to solar cell manufacturers, including the global leader, Sharp Corporation.

Other projects under development also showed progress. At Peru's Cerro Verde copper mine, the development of sulfide ore has proceeded and the first shipment was completed. In Kazakhstan, we established a joint-venture company to develop uranium mines with the local government-run nuclear fuel company and Kansai Electric Power Co., Inc. Furthermore, Alaska's Pogo gold mine has commenced commercial gold production.

Performance Highlights

(Billions of Yen)

	FY03 (Results)	FY04 (Results)	FY05 (Results)	FY06 (Results)	FY07 (Targets)
Gross Profit	27.1	35.2	48.9	48.1	50.0
Equity in Earnings of Associated Companies	6.0	10.1	11.8	16.2	—
Net Income	7.1	14.9	23.3	33.1	31.0
Basic Profit	6.6	15.0	22.4	23.3	—
Total Assets	345.7	497.1	627.4	726.4	—

	AG Plan (Results)	GG Plan (Outlook)
Risk-adjusted Assets (at end of FY06 and FY08)	153.0	208.0
Risk-adjusted Return Ratio (two-year average)	21.9%	18.0%

Takashi Kano
General Manager
General Products & Real Estate Business Unit

Further Reinforcing Competitive Businesses

Our Business Unit's three main businesses are food, materials and supplies, and construction and real estate. In the food area, we have an integrated business model encompassing production, sales, and quality control with top priority placed on safety and reliability. In the materials and supplies area, we are the industry leader in multiple fields, including tires, ready-mixed concrete, lumber and building materials, woodchips, and used paper. In real estate, our core operations are the leasing and operation of office buildings and retail facilities, housing development and sales, and the real estate investment fund business along with a focus on large-scale mixed-use development projects.

GG Plan Policies and Strategies

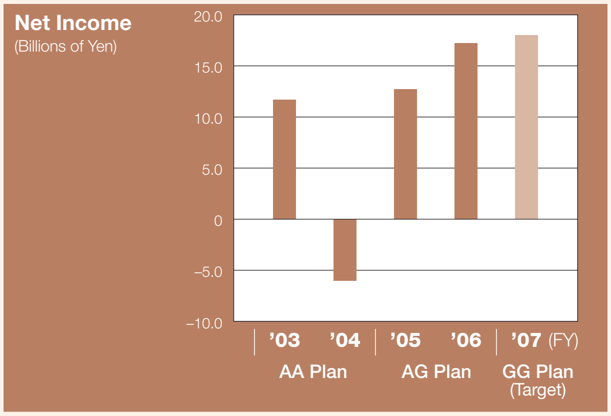
Our Business Unit's mission is to meet customer demands through the provision of safe and reliable materials, living environments, and services.

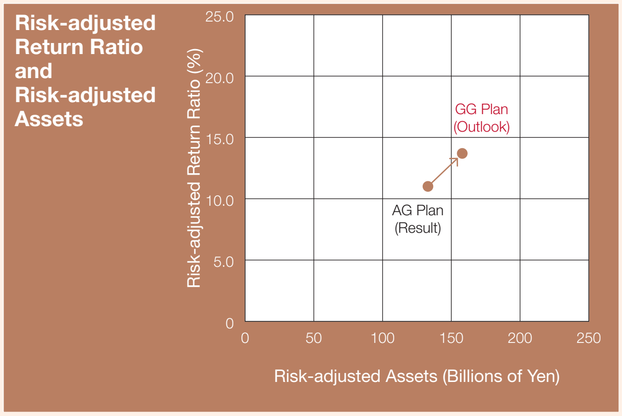
In our food operations, we will focus on strengthening the businesses of fruit and other fresh foods, fertilizer, and sugar. In fresh fruit, with regard to the banana business we will reinforce direct sales to domestic general merchandise stores with the aim of becoming the leading supplier both in quality and quantity. In addition, we are proactively expanding overseas sales, particularly in the Middle East and China. In the fertilizer business, we will strengthen domestic sales by expanding the operations of Summit Agri-Business Corporation and enhance our overseas earnings bases in Australia, China, and Malaysia. As for the sugar business, we are striving to expand domestic sales by strengthening ties with Nissin Sugar Manufacturing Co., Ltd.

In materials and supplies, we are expanding the U.S. replacement tire marketer TBC Corporation (TBC)'s retail channels while entering neighboring markets. In lumber and building materials, we will establish environmentally responsive businesses through the marketing of Russian lumber with Forest Stewardship Council (FSC) certification. We are also streamlining the management of SEVEN INDUSTRIES CO., LTD., a manufacturer of laminated lumber, and IG Kogyo Co., Ltd., a manufacturer of insulated metal panels, in Japan. In the pulp and paper sector, we reinforced our domestic foundations in the paperboard field through a strategic alliance with Rengo Co., Ltd. and Nippon Paper Group, Inc. In ready-mixed concrete, we aim to develop new business as well as to further expand the business base of S.C. Cement (Kyushu) Co., Ltd.

In real estate, we are increasing the profitability of existing buildings while acquiring new buildings and expanding building sales and subleasing. In the housing business, we will continue to supply superior large-scale mixed-use development projects. We are also working to enhance our real estate investment fund business, establish new business models and promote overseas business development.

As a result, we plan to increase risk-adjusted assets ¥25 billion to ¥158 billion by the end of fiscal 2008. We anticipate an average risk-adjusted return ratio of 13.7% during the GG Plan period.





Forest owned by OAO Terneyles in Maritime Province, Russia. The company owns 2.4 million hectares of forest and is one of Russia's biggest suppliers of forest products. Practicing environment-conscious and sustainable forest management, the company has acquired FSC certification and provides environment-friendly products.

A large-scale commercial facility in the Shonan district of Kanagawa Prefecture. The Shonan district is known for its rich nature, lifestyle, and culture, and this complex will be a new urban-type project having both suburban and urban lifestyle convenience. The complex will be composed of approximately 200 stores with total floor space of 80,000 square meters.

Results under the AG Plan

In the food business, we reinforced our integrated supply system for bananas, expanding plantations and investing in loading facilities in the Philippines. In addition, we reinforced sales and logistics channels and streamlined operations through the merger of SC Foods Co., Ltd., which handles processed foods and Sumisho Fresh Meat Co., Ltd., forming a new SC Foods Co., Ltd. In the fertilizer business, we merged Nittoh Bion Co., Ltd., and Sumisho Nosan Kaisha, Ltd., to establish Japan's leading fertilizer manufacturing and sales company, Summit Agri-Business Corporation. Also, we increased our equity in Nissin Sugar Manufacturing to 20% and jointly invested with Kato Sangyo Co., Ltd. in Guangzhou Walsin (Group) Trade Ltd., Southern China's largest wholesale agrifood company, thereby securing a foothold in China.

In materials and supplies, after acquiring TBC, we established the tire sales company Dunlop Tire (Thailand) Co., Ltd. jointly with Sumitomo Rubber Industries, Ltd. and a local partner, thereby strengthening our earnings base. In pulp and paper, we made a strategic alliance with Rengo and Nippon Paper Group to facilitate raw material procurement and overseas business development. In addition, we increased our share in and consolidated OAO Terneyles, the first forest product company to acquire FSC certification in Russia.

In real estate, a group led by Sumitomo Corporation was selected as a business contractor to redevelop the area Osaka's Senri-Chuo railway station faces as well as to participate in the Hanshin Mikage Development Project in Kobe and to undertake a large-scale retail facility development in front of Tsujido station in Fujisawa. We also signed a joint business agreement with GIC Real Estate Pte Ltd., the real estate investment company of the Government of Singapore Investment Corporation Pte Ltd., covering investment in and the development and operation of retail facilities in Japan. The condominium sales business enjoyed robust demand for THE TOKYO TOWERS 1,981-unit high-rise condominium in Kachidoki, Tokyo, and condominiums in Shanghai. Meanwhile, we aggressively promoted asset replacement, including the sale of leased buildings.

Performance Highlights
(Billions of Yen)

	FY03 (Results)	FY04 (Results)	FY05 (Results)	FY06 (Results)	FY07 (Targets)
Gross Profit	73.6	66.7	83.6	118.1	129.0
Equity in Earnings of Associated Companies	0.1	0.8	0.5	2.4	—
Net Income	11.7	(6.0)	12.7	17.2	18.0
Basic Profit	5.1	9.8	11.6	17.4	—
Total Assets	760.6	766.4	772.0	741.7	—

	AG Plan (Results)	GG Plan (Outlook)
Risk-adjusted Assets (at end of FY06 and FY08)	133.0	158.0
Risk-adjusted Return Ratio (two-year average)	11.0%	13.7%

Makoto Shibahara
General Manager
Financial & Logistics Business Unit

Providing High-Value-Added Services by Leveraging Our Capabilities

We are distinguished by various high-value-added services. Our strengths are based on superb access to information, expertise, and skills as well as a global network that we have built as an integrated trading company in many fields. In the financial services field, we are positioned in the top tier of Japanese commodities trading powerhouses handling derivatives, and are fully utilizing our sophisticated business acumen nurtured through that business and expanding our customer-oriented asset management business. In the logistics field, our mainstay player Sumisho Global Logistics Co., Ltd. provides comprehensive global logistics functions to our customers. Also, we are deploying a series of industrial parks in Vietnam, Indonesia, and the Philippines.

GG Plan Policies and Strategies

In the commodities trading business, we will continue to focus on providing various risk management services to commercial customers. In addition to such traditional commodities as precious metals, non-ferrous metals and energy products, in which we have expertise, we will seek opportunities in such emerging products as greenhouse gas emission credits. Geographically speaking, apart from our full-fledged headquarters in Tokyo, we have established London-based Sumitomo Corporation Global Commodities Limited, through which we will pioneer business in the U.S. and European markets.

In the investment advisory business, which has become one of our core businesses in the financial services field, we will increase assets under management in the area of alternative investments, including hedge funds and commodities, taking advantage of our functions as an integrated trading company.

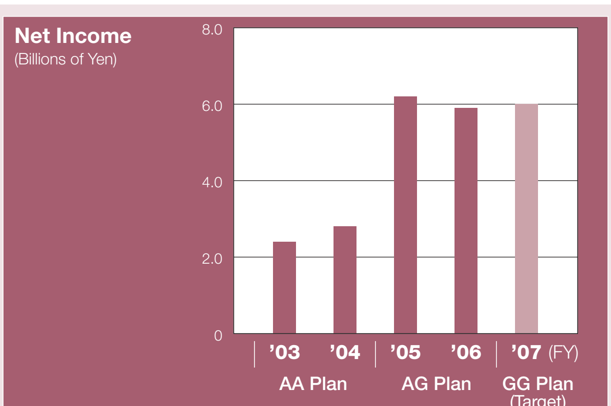
In the direct investment and fund investment businesses, we will aggressively create new business value by grasping investment opportunities generated by industrial, social, and corporate restructuring.

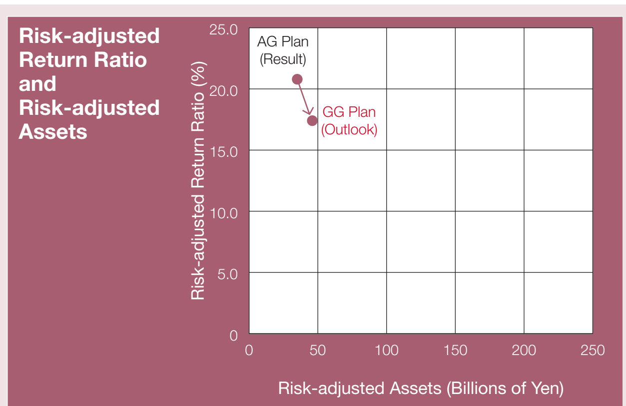
In the logistics field, the market is expanding rapidly, particularly in the raw material, component, and consumer goods distribution areas and especially in Southeast Asia and China. In response, with these regions as the sites of key operational bases, we are reinforcing our global logistics network, offering comprehensive component procurement and distribution services. These activities will facilitate improved logistics service quality and a greater diversity of functions.

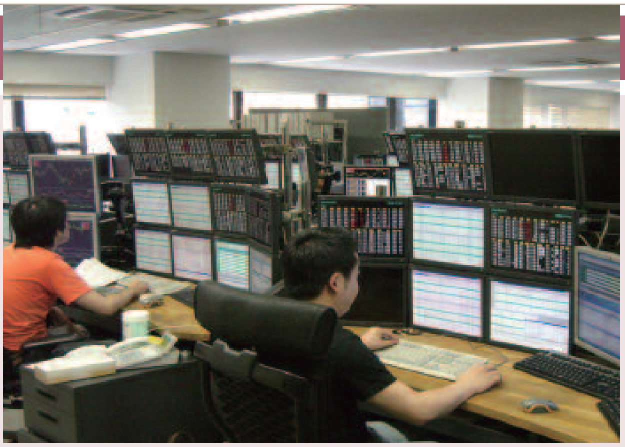
In the overseas industrial park business, we provide tenants with extensive services, utilizing our integrated corporate strengths to reinforce our market presence while contributing to local economic growth.

Similarly, in the insurance field, we aim to expand our earnings base. To this end, we are promoting our Rent-a-Captive business, which provides services through our overseas reinsurance companies, as well as our political risk insurance business.

Taking into account the aforementioned initiatives, we plan to increase risk-adjusted assets ¥11 billion, to ¥46 billion by the fiscal 2008 year-end. We anticipate an average risk-adjusted return ratio of 17.4% during the GG Plan period.







A dealing room operated by Sumisho ElecTrade. The company started dealing operations in October 2006, and today has an about 10% share in the Japanese commodity futures market. In May 2007, it commenced domestic financial futures trading and plans to enter overseas futures markets in Europe and the U.S. Although Sumisho ElecTrade is now handling only its own trading account, the company plans to advance into dealer nurturing business in the future.

The Akanehama Logistics Centers operated by Sumisho Global Logistics. During the period from August 2006 through March 2007, the company started operations of 2 centers, with a total floor space of 90,000 square meters. The centers provide B2B and B2C logistics services mainly dealing in TV/Internet/mobile shopping goods, brand/apparel goods, and dental/medical equipment.

Results under the AG Plan

In the financial field, our ability to respond to an ever changing market environment has led to favorable results in commodities trading. Our responsiveness is being enhanced by the establishment of a new company in London, together with which we cover the market 24 hours a day. Amid the accelerating digitization of financial product futures trading, we have established Sumisho ElecTrade Ltd., specializing in electronic trading. Sumisho ElecTrade uses its own capital to deal in commodities and financial futures while providing professional dealer training programs.

In the investment advisory business, we have steadily increased assets under management, launching a hedge fund and developing a commodity index fund in cooperation with the Daiwa Securities Group. In the direct and fund investment businesses, we used our extensive market and corporate management know-how to reinforce our portfolio through investment in promising growth businesses in Japan and elsewhere in Asia.

In the logistics field, we opened advanced, large-scale logistics centers in Chiba, Japan, and in Shanghai, while meeting increased demand for B2C and other logistics services through such activities as TV shopping and e-commerce. Also, Sumisho Global Logistics Co., Ltd. was formed through the consolidation and integration of three existing logistics subsidiaries' long-nurtured logistics functions, thereby improving the quality of our domestic and international logistics services and enabling us to offer one-stop, high-value-added services while strengthening our competitiveness.

As for the industrial park business in Vietnam, where the economy is showing high growth, lot sales in connection with the expansion phase of Thang Long Industrial Park are anticipated to be robust before completion. Therefore, we started developing the Thang Long Industrial Park II, which is scheduled for completion in 2009. The new industrial park will boast a total area of 220 ha, 80% of the size of the existing park.

Performance Highlights

(Billions of Yen)

	FY03 (Results)	FY04 (Results)	FY05 (Results)	FY06 (Results)	FY07 (Targets)
Gross Profit	15.7	17.0	25.0	29.2	31.0
Equity in Earnings of Associated Companies	1.1	1.5	2.3	1.4	—
Net Income	2.4	2.8	6.2	5.9	6.0
Basic Profit	2.0	2.8	7.5	7.0	—
Total Assets	193.5	232.8	470.8	430.1	—

	AG Plan (Results)	GG Plan (Outlook)
Risk-adjusted Assets (at end of FY06 and FY08)	35.0	46.0
Risk-adjusted Return Ratio (two-year average)	20.8%	17.4%

Expanding Our Global Reach

One of the important business foundations of Sumitomo Corporation is the global network, consisting of approximately 150 offices and about 900 consolidated subsidiaries and associated companies worldwide. Eight Business Units, covering various business domains and regional organizations in Japan and overseas are fulfilling their capabilities and strengthening cooperation to capture growth opportunities on a global basis and steadily broadening the earnings base.

Principal Businesses by Region

Through its global network, Sumitomo Corporation is developing its operations in various regions. The graph presented below, "Basic Profit by Region," shows how each region has expanded its business base in a well-balanced manner.

Looking at principal businesses by region, in Japan, Jupiter Telecommunications, a cable TV operator, Jupiter Shop Channel, a TV shopping channel, and Sumisho Lease and Sumisho Auto Leasing, which are scheduled to form joint businesses with the Sumitomo Mitsui Financial Group, are strengthening their leading market positions and expanding their businesses. In addition, our condominium sales business and such retail businesses as supermarket operations have grown into stable earnings bases

In Asia, our extended network of steel service centers, the electronics manufacturing services (EMS) business, and electric power projects as well as the automobile finance business and copper and gold mining business in Indonesia are providing strong earnings bases and have become pillars of profits.

In the Americas, which include North America, Central America, and South America, the metal products business centered on supply chain management (SCM) services for tubular products and the construction equipment business are performing steadily and expanding earnings. At the same time, TBC Corporation, a U.S.-based tire marketer that we acquired in 2005, and our copper mining business in Peru, which increased production, are developing as new earnings bases.

In Europe, oil field operations in the North Sea, the SCM business for tubular products, the multiregional automobile dealership business, and the construction equipment business constitute the backbone of the earnings.

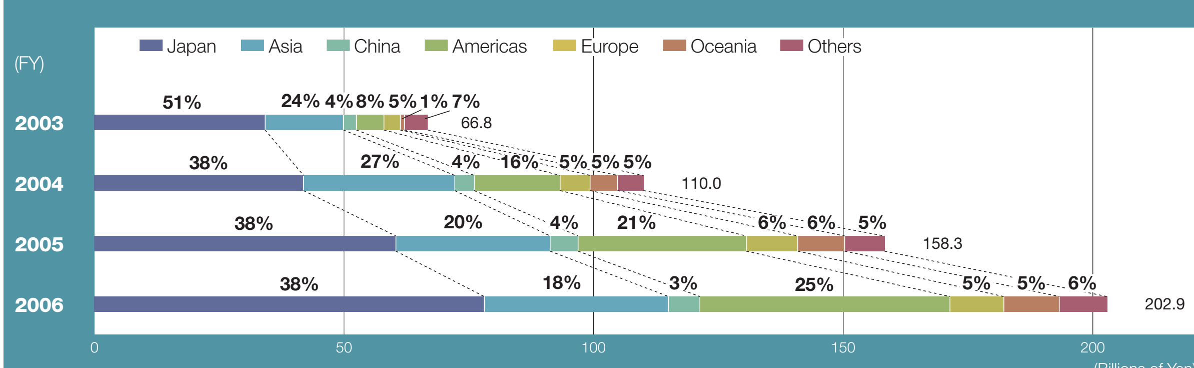
In Oceania, the coal business in Australia is showing strong performance. In Others, the electric power and water businesses and metal products trading in the Middle East, and the automobile business in Africa are steadily expanding.

Further Strengthening of Global Network

Under the GG Plan, Sumitomo Corporation has introduced a Regional Initiative Support System to allow regional organizations to proactively promote and expand their locally based global businesses.

The system provides support and aid for regional organizations' initiatives aimed at expanding multifaceted ties with existing leading local partners, developing new partnerships with potential leading local enterprises, and reinforcing cooperation among regional organizations for such multifaceted activities. Through this system, we will further reinforce our global network and bolster our earning power.

Basic Profit by Region

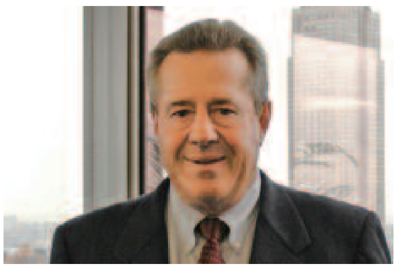


Notes: 1. Basic Profit = (Gross profit - Selling, general and administrative expenses - Interest expenses, net of interest income + Dividends) x (1-Tax rate) + Equity in earnings of associated companies, net (Tax rate was 42% for fiscal 2003, and 41% for fiscal 2004 and after)
2. Profits of affiliated companies are allocated by their locations. Profits of Sumitomo Corporation (parent) are allocated by customers' locations.

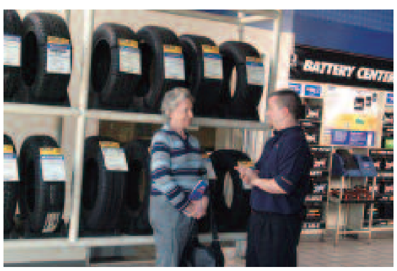
Locally Oriented Businesses

In bolstering the scope and capability of its global network, while maximizing synergies and the expertise gained in each region, Sumitomo Corporation is expanding locally oriented businesses worldwide. Prime examples of those businesses are TBC Corporation, the largest tire marketer in North America, and the Oto Group, which is engaged in auto financing in Indonesia. A brief overview for each company is provided as follows.

TBC Corporation



Lawrence C. Day, President & CEO



One of the company owned retail stores, NTB

TBC Corporation, based in the U.S., is the largest marketer and distributor of private label tires in the North American replacement market, selling about 26 million tires annually. Our focus is on three core businesses: wholesale and distribution, franchised retail stores, and company owned retail stores.

We will expand our wholesale distribution businesses by offering complete lines of tires on an exclusive basis to regional wholesalers and selected retailers. Aggressive growth will be focused on our subsidiary Carroll Tire. To enhance the business, we consolidated Treadways Corporation, which was a subsidiary of Sumitomo Corporation in October 2006. Continued growth of the franchised store chain will come from new franchisees. We will focus on increasing the number of stores, which are now 550. We also operate 650 company owned retail stores. This retail group will expand the number of stores to over 1,000 by building new locations and through the acquisition of strong regional chains.

Demand for consumer tires is expected to grow steadily on a long term basis due to the increasing number of vehicles and annual miles driven. We will increase our sales and profits through market share growth and by capitalizing on these market trends. We will also leverage our competitive advantage and continuous improvement by fully utilizing the integrated strength and competencies of Sumitomo Corporation.

The Oto Group: P.T. Oto Multiartha and P.T. Summit Oto Finance

Djohan Marzuki, President & CEO

Commuter scene in Jakarta

The Oto group, based in Indonesia, traces its origin to the establishment of P.T. Oto Multiartha, an independent auto financing company, in 1994. The group has continued to secure a significant presence in the domestic market, managing about 140,000 active four-wheel vehicle customers as of December 31, 2006. Based on our automobile financing skills and business model, we established P.T. Summit Oto Finance (SOF), an independent motorcycle financing company, in 2003. SOF has substantially expanded its business network to more than 70 outlets and currently manages about 700,000 active motorcycle customers.

This ability to steadily expand its business is attributed to the Oto Group's key success factor: 3M+1T (Man (human resources), Money (financial resources), Management and Technology). Our achievement is a result of a synergy between Sumitomo Corporation and local human resources and management. Since qualified human resources are our engine for growth, we always put top priority on human resource development and training. Our Learning Centre facility in West Java is the industry's largest and most comprehensive and caters to a workforce that has burgeoned to more than 8,000 employees.

Looking ahead, we will continue to forge a leading position within the industry, leveraging our relationship with manufacturers as well as our fund procurement capabilities, which are supported by Sumitomo Corporation.

PRINCIPAL SUBSIDIARIES AND ASSOCIATED COMPANIES CONTRIBUTING TO CONSOLIDATED RESULTS

	Shares in equity (End of FY2006) (%)	Main Business	Equity in earnings (FY2005) (100 million yen)	Equity in earnings (FY2006) (100 million yen)
METAL PRODUCTS				
SC Pipe Services Inc.	100.00	Investment in pipe manufacturing and sales company in the U.S.	20.3	30.2
Sumisho Metalex Corporation	*100.00	Sale of non-ferrous metal products, materials for home heat solution	7.8	16.6
National Pipe Company, Ltd.	16.00	Pipe manufacturing and sales company in Saudi Arabia	3.0	9.7
Asian Steel Company Ltd.	100.00	Shearing, slitting, and sale of steel plates in Southeast Asia	7.9	6.9
TRANSPORTATION & CONSTRUCTION SYSTEMS				
Sumisho Auto Leasing Corporation *5	100.00	Leasing of motor vehicles [Shares in equity April to July 2005: 52.90%; From August 2005: 100%]	43.3	50.4
P.T. Oto Multiartha	96.34	Financing of motor vehicles in Indonesia	17.2	16.3
P.T. Summit Oto Finance	*99.59	Financing of motor vehicles in Indonesia [Shares in equity (End of FY2005): 99.70%]	8.6	15.3
Sumisho Aircraft Asset Management B.V.	*100.00	Aircraft leasing	6.6	2.0
INFRASTRUCTURE				
MobiCom Corporation	33.98	Integrated telecommunication service in Mongolia [Shares in equity (End of FY2005): 30.00%]	11.2	14.9
Perennial Power Holdings Inc.	*100.00	Development, ownership and management of power plant in the U.S.	13.3	11.5
MEDIA, NETWORK & LIFESTYLE RETAIL				
Jupiter Telecommunications Co., Ltd.	25.74	Operation of multiple cable TV stations (MSO) [Shares in equity (End of FY2005): 25.93%]	52.8	66.2
Jupiter TV Co., Ltd.	50.00	Management and operation of programming services	29.9	40.0
MS Communications Co., Ltd.	*50.00	Sales of telephone circuits and equipment	20.7	26.2
Summit, Inc.	100.00	Supermarket chain	21.4	26.2
Sumisho Computer Systems Corporation *2	56.98	System integration; data processing services; development and sale of computer software and hardware [Shares in equity (End of FY2005): 55.73%]	8.4	24.7
Montrive Corporation	*100.00	Sole import, designing and sales of the luxury line of chenille fabrics, "FEILER" [Shares in equity (End of FY2005): 99.00%]	10.6	11.3
Sumisho Drugstores Inc.	100.00	Drugstore chain	5.3	3.0
CHEMICAL & ELECTRONICS				
Sumitronics Corporation	*100.00	Electronics Manufacturing Service and sale of electronics products and parts	25.4	25.8
Cantex Inc.	*100.00	Manufacture and sales of polyvinyl chloride pipes	44.0	17.5
Sumitomo Shoji Chemicals Co., Ltd. *3	*100.00	Sales and trade of chemicals and plastics	20.8	11.5
Summit Agro Europe Ltd.	*100.00	Investment in agricultural chemicals in Europe	6.5	7.1
The Hartz Mountain Corporation	*96.30	Manufacturing, distribution, and sales of pet care products in the U.S.	(30.8)	4.6
MINERAL RESOURCES & ENERGY				
Sumisho Coal Australia Pty. Ltd.	100.00	Investment in coal mines in Australia	105.2	98.0
SC Minerals America, Inc.	*100.00	Investment in the Morenci copper mine, the Pogo gold mine in the U.S. and the Candelaria & Ojos del Salado copper mines in Chile	13.9	48.0
Nusa Tenggara Mining Corporation	74.28	Investment in and financing of the Batu Hijau copper/gold mine development project in Indonesia	48.7	34.0
LNG Japan Corporation	50.00	Trading of LNG, investment and financing related to LNG business	15.0	19.3
Petro Summit Pte. Ltd.	*100.00	International trade of crude oil and petroleum products	6.8	16.6
Petro Summit Investment Corporation	100.00	Exploration, development, production and sale of and investment in oil and natural gas etc.; investment in and financing business of the same kind	23.6	(56.0)
GENERAL PRODUCTS & REAL ESTATE				
TBC Corporation	*100.00	Retail and wholesale of tires in the U.S.	12.3	36.0
Sumifru Corporation *4	—	Import and sales of fruits and vegetables	6.0	11.6
S.C. Cement Co., Ltd.	100.00	Sales of cement, ready-mixed concrete and concrete products	7.2	7.4
Sumisho & Mitsuibussan Kenzai Co., Ltd.	50.00	Sales of building materials	3.6	4.8
FINANCIAL & LOGISTICS				
Bluewell Corporation	100.00	Agent for casualty insurance and life insurance	6.5	7.2
Thang Long Industrial Park Corporation	58.00	Development, sales, and operation of industrial estate in Vietnam	5.8	4.6
OVERSEAS SUBSIDIARIES				
Sumitomo Corporation of America	100.00	Export, import, investment	134.9	235.6
Sumitomo Corporation Europe Holding Ltd.	100.00	Export, import, investment	34.0	53.2
Sumitomo Corporation (Singapore) Pte. Ltd.	100.00	Export, import, investment	31.3	43.0
Total 9 subsidiaries in China	—	Export, import, investment	26.5	31.5
Sumitomo Australia Limited	100.00	Export, import, investment	11.0	12.9
Sumitomo Corporation Taiwan Ltd.	100.00	Export, import, investment	8.0	8.3
OTHERS				
Sumisho Lease Co., Ltd. *5	*96.73	Leasing [Shares in equity (End of FY2005): 36.21%]	61.8	100.6

*1. Shares in equity and equity in earnings for companies marked with an asterisk are the percentage shares and equity amounts company-wide including other segments.

*2. On August 1, 2005, Sumisho Computer Systems Corporation and Sumisho Electronics Co., Ltd. merged with Sumisho Computer Systems Corporation as the surviving concern and Sumisho Electronics Co., Ltd. dissolved. Equity in earnings of Sumisho Electronics Co., Ltd. has been included in figures for Sumisho Computer Systems Corporation for the previous fiscal year.

*3. On October 1, 2005, Sumitomo Shoji Plastics Co., Ltd., Sumitomo Shoji Chemicals Co., Ltd. and Sumisho Chemicals & Plastics Nagoya Co., Ltd. merged with Sumitomo Shoji Plastics Co., Ltd. as the surviving concern and Sumitomo Shoji Chemicals Co., Ltd. and Sumisho Chemicals & Plastics Nagoya Co., Ltd. dissolved. Sumitomo Shoji Plastics Co., Ltd. changed its name to Sumitomo Shoji Chemicals Co., Ltd. The total of equity in earnings in each of the three companies prior to the merger have been included in figures for Sumitomo Shoji Chemicals Co., Ltd. for the previous fiscal year.

*4. Equity in earnings of Sumifru Corporation for the previous fiscal year and the fiscal year under review include those of related companies.

*5. On October 13, 2006, the Sumitomo Corporation Group and the Sumitomo Mitsui Financial Group reached a basic agreement to pursue strategic joint businesses in leasing and auto leasing. This basic agreement encompasses Sumitomo Corporation, Sumisho Lease Co., Ltd. and Sumisho Auto Leasing Corporation from the Sumitomo Corporation Group and Sumitomo Mitsui Financial Group, Inc., SMBC Leasing Company, Limited and SMBC Auto Leasing Company, Limited from the Sumitomo Mitsui Financial Group. In line with the basic agreement, plans are in place for the merger of SMBC Leasing Company, Limited, Sumisho Auto Leasing Corporation and SMBC Auto Leasing Company, Limited around October 2007.