

TO OUR STAKEHOLDERS



Susumu Kato President and CEO

Results for Fiscal 2007 and Outlook for Fiscal 2008

Net income in fiscal 2007 (ended March 31, 2008) was ¥238.9 billion, surpassing the ¥235 billion first-year target of the GG Plan, our current medium-term management plan. This set a new record for the fifth consecutive year.

The overall good performance was derived from seven segments including Metal Products; Transportation & Construction Systems; Mineral Resources & Energy, and; Overseas Subsidiaries and Branches, whose results exceeded their net income targets, while performances in the Media, Network & Lifestyle Retail; Chemical & Electronics, and; Financial & Logistics businesses fell short of expectations.

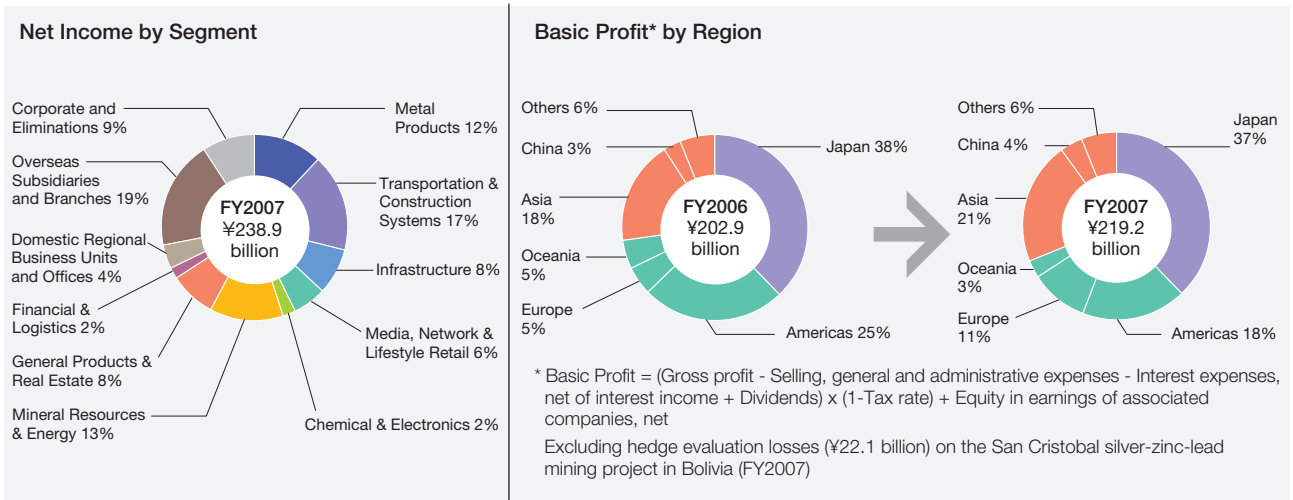
By geographic region, profit growth in Europe and emerging economies, mainly China and other Asian countries more than offset the year-on-year decline in basic profits in the Americas, which

experienced changes in the business environment.

The Sumitomo Corporation Group has consistently focused on enhancing its earnings base to ensure a balanced and stable footing that minimizes the adverse effects of economic and commodity price fluctuations. I believe our record-setting results reflect the efficacy of these efforts.

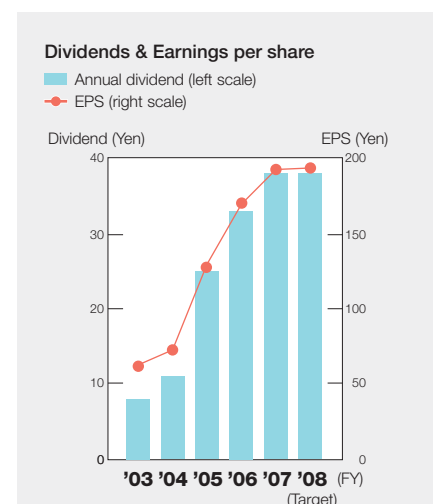
In fiscal 2008, we expect global economic growth to slow due to sharp deceleration in the United States and other industrialized countries. With regard to commodity prices, we anticipate they will remain high. At the same time, we are paying close attention to risk factors, such as the surge in raw material prices and yen appreciation.

Our consolidated net income target for fiscal 2008 is ¥243 billion, for a year-on-year increase of ¥4.1 billion. We expect the absence of capital gains, which were recorded through the reorganization of our leasing business in fiscal 2007, to be offset by profit growth stemming from the effects of strategic business reorganization implemented to date, the expansion of existing core businesses and higher commodity prices. Accordingly, I anticipate performance will surpass the quantitative targets of the GG Plan. On a two-year cumulative basis, I expect net income will reach ¥481.9 billion with a two-year average risk-adjusted return ratio of 17.3%.



Returns to Our Shareholders

Regarding our policy on shareholder returns, we have reflected consolidated financial results in dividend payments since the second half of fiscal 2004. Under the GG Plan, we are working to expand our earnings base in order to ensure sustained growth, therefore, we have set the dividend payout ratio at around 20%, taking into consideration the use of retained earnings for investment. In line with this policy, Sumitomo Corporation paid annual dividends of ¥38 per share for fiscal 2007, an increase of ¥5 per share from the previous fiscal year. We also plan to pay a dividend of ¥38 per share for fiscal 2008 based on our net income target of ¥243 billion.



Toward Sustained Growth

Striving for sustained growth, we took an offensive posture under the AG Plan, a two-year management plan that ended in fiscal 2006, and expanded our earnings base remarkably by increasing profitable assets. However, taking a fresh, fine-tuned look at each business line we have identified disparities in earnings power that call for the further selection and concentration of business and assets.

Against this backdrop, the Sumitomo Corporation Group has positioned the GG Plan as the time to solidify our footing and shifted our strategy to the pursuit of “further improvement of quality” and “expansion of scale” in a balanced manner.

Next, I would like to review our progress under the GG Plan as the first year came to a close.

In pursuit of expanding business scale, we are continuing to increase profitable assets. We are steadily building up our asset portfolio in core businesses and peripheral fields in each business segment and expect a gross increase in risk-adjusted assets of ¥340 billion over the two years of the GG Plan. We also plan a gross decrease of ¥180 billion in risk-adjusted assets as a result of the proactive replacement of assets, the effects of the strong yen and the weak stock market. Overall, we expect to see a net increase of ¥160 billion during the GG Plan, which is lower than our initial target of a ¥280 billion. With regard to the balance between risk-adjusted assets and the core risk buffer, we possess sufficient investment resources. In addition, economic conditions are favorable for our acquiring profitable assets at reasonable prices, owing to changes in the financial environment since the subprime loan problem emerged last year.

Eyeing these changes as opportunities, the Sumitomo Corporation Group will continue to increase risk-adjusted assets while ensuring strict adherence to its stringent investment criteria.

In seeking further improvements in quality, we have decided to focus on four initiatives. The first is to improve the quality of our earnings base through selection and concentration. Second, we will

GG Plan Quantitative & Qualitative Targets

Quantitative Targets

Risk-adjusted Return (2-year average): **15%** or more
 Net Income (2-year total): **¥470.0** billion
 (FY2007 Result: **¥238.9** billion, FY2008 Target: **¥243.0** billion)

Risk Assets Plan

Amount Increasing over Two Years (net): **¥280.0** billion
 →Outlook: Around **¥160.0** billion

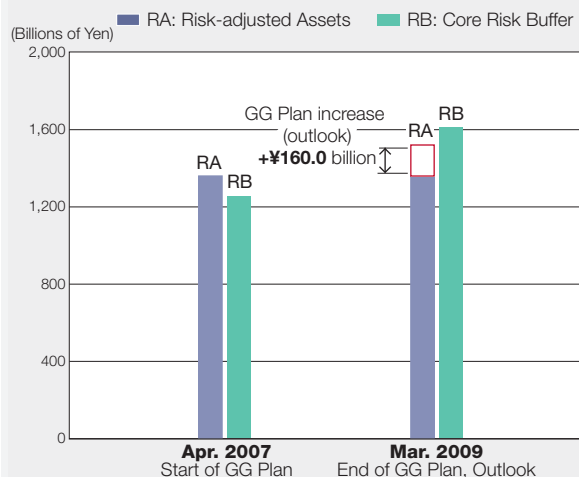
Qualitative Targets

- 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”

Plan for Increasing Risk-adjusted Assets



focus on improving the quality of our operations by raising our soundness and efficiency to a higher level. Our third initiative is the improvement of quality in Group management with the aim of upgrading the earnings base quality of Group companies. Lastly is the improvement of quality in human resources and workstyles by aiming for the growth and vitality of Group employees. Of these initiatives, the most important is the improvement of the quality of our earnings base. To this end, we will implement measures for constructing pillars of profit in each business segment.

We are further improving the quality of our business portfolio under the GG Plan by continuously promoting replacement of assets. To that end, we introduced qualitative criteria—including growth potential and business strategies—in addition to quantitative criteria—such as profitability—and are strategically selling, merging and replacing existing assets in each segment in a timely manner.

Impacted by changes in the operating environment, we identified deviations among certain large-scale investments. In order to increase the value of these projects, we are soundly analyzing the issues and quickly taking measures.

The Sumitomo Corporation Group has been seeking to construct a stronger earnings base in order to realize sustained growth by pursuing profitability, growth potential and soundness in a balanced manner. I believe that our fiscal 2007 results attest to the success of these efforts to date. However, the underpinnings of growth changed during the fiscal year with the emergence of risks, including the subprime loan problem, global credit crunch, deceleration of the United States economy and appreciation in the value of the yen. Despite such changes, we will take surefooted steps guided by the GG Plan in our aim to achieve sustained and stable growth.

I sincerely request your ongoing understanding and support.

A handwritten signature in black ink, consisting of several fluid, overlapping loops and a long horizontal stroke extending to the right.

Susumu Kato
President and CEO
July 2008