01 Risk-Adjusted Asset Buildup

To ensure sustained growth, Sumitomo Corporation has placed great importance on the consistent enhancement of its earnings base in core businesses and peripheral fields in each business segment.

We expect the net increase in risk-adjusted assets to fall short of the initial GG Plan target due to aggressive asset replacement. Nevertheless, we plan a gross increase of ¥340 billion over the two years of the plan as we are progressively expanding our earnings base.

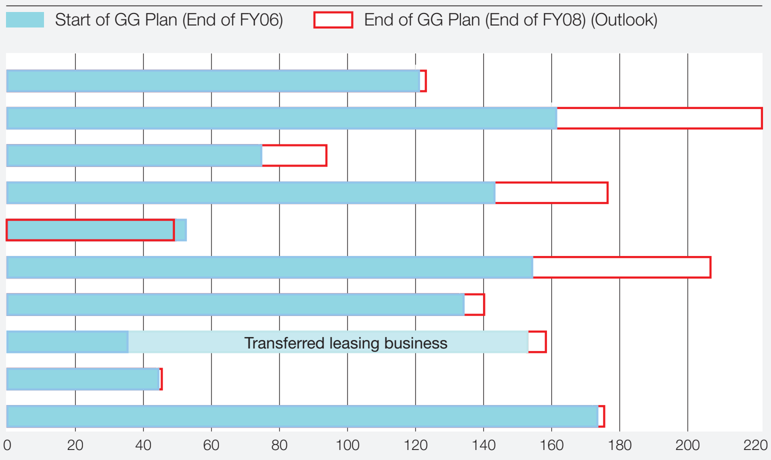
Risk-adjusted Assets & Risk-adjusted Return by Segment

Risk-adjusted Return Ratio (%)

GG Plan (FY07-08)	GG Plan (Target)	GG Plan (Outlook)
Metal Products	19.8	24.0
Transportation & Construction Systems	17.7	18.5
Infrastructure	21.3	25.1
Media, Network & Lifestyle Retail	11.6	8.0
Chemical & Electronics	21.3	14.3
Mineral Resources & Energy	18.0	25.4
General Products & Real Estate	13.7	16.0
Financial & Logistics	17.4	7.9
Domestic Regional Business Units and Offices	18.3	20.6
Overseas Subsidiaries and Branches	23.1	25.9
Consolidated	15.6	17.3

Note: Risk-adjusted return ratios are two-year averages.

Balance of Risk-adjusted Assets (Billions of Yen)



In fiscal 2007, the gross increase in risk-adjusted assets was about ¥170 billion. We plan an equivalent increase in fiscal 2008 as well, with expansion mainly in Transportation & Construction Systems; Infrastructure, and; Mineral Resources & Energy. Here, we present specific examples of how we expanded the earnings base in our unique core businesses in fiscal 2007.

(1) Leasing and Auto Leasing Businesses (Financial & Logistics, Transportation & Construction Systems)

Together with the Sumitomo Mitsui Financial Group, Inc., we reorganized and further bolstered the operations of our leasing and auto leasing business, which play a major role in the Japanese market. Through this reorganization, we aim to further expand our earnings bases by combining our banking and trading functions so that we are able to provide a more diverse and differentiated range of unique, high-value-added products and services. In the auto leasing business, Sumitomo Corporation also acquired Ace Auto Lease Corporation, which is strong in leases for individuals, and forged a mutually beneficial relationship with Sumitomo Mitsui Auto Service Company, Limited which is strong in corporate fleet leases.

(2) Cable TV, TV Shopping Businesses (Media, Network & Lifestyle Retail)

One of Sumitomo Corporation's strengths is the stable earnings base of its number one domestic cable TV and TV shopping businesses. In fiscal 2007, we made Jupiter Shop Channel Co., Ltd., a TV shopping channel, into a subsidiary that has enjoyed strong growth even in the mature domestic retail market. We will advance our multichannel retail businesses through tie-ups with our leading brick-and-mortar retailers while striving for expansion in the TV shopping business.

(3) Ambatovy Nickel Project in Madagascar (Mineral Resources & Energy)

Sumitomo Corporation has been working to build new pillars of profit to complement its copper, coal, oil and LNG businesses in the Mineral Resources & Energy segment. Nickel is used in many applications, including buildings, home appliances, automobiles and industrial machinery. Therefore, expecting demand for nickel to increase, we began developing the Ambatovy Nickel Project. It will be one of the largest projects of its kind in the world, producing 60 thousand tons of nickel annually in an integrated operation covering mining to processing and refining.

(4) IPP Business (Infrastructure)

In light of economic growth in emerging countries, we expect demand for electric power to increase, and we have thus been concentrating resources on the EPC* and IPP/IWPP** businesses in the Infrastructure segment. In order to enlarge our earnings base further, we acquired a stake in Amata Power Limited, an IPP in Thailand. Our retained power generation capacity is about 2,800MW, mainly in Asia and the Middle East.

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

02 Reallocating Management Resources

The ongoing replacement of assets is essential to improving the quality of our earnings base. Under the GG Plan, we are proactively reassessing small-scale Group companies with the purpose of more effectively allocating limited management resources.

Reassessment of Group Companies

Number of Group companies

Mar. 2006		Mar. 2007		Mar. 2008
875	+135 / -112	898	+ 85 / -150	833

Reassess Group companies from the viewpoint of "profitability" "growth" "strategy"

Utilize corporate resources (Risk assets, human resources)

- Reduction Target: About 250 companies
- Progress: Exited or merged about 100 companies by Mar. 2008

Under the AG Plan in fiscal 2005 to fiscal 2006, our earnings base grew considerably as a result of actively inceasing profitable assets. Over the same period, the number of Group companies increased to about 900. These companies now need to be assessed in terms of not only the optimal allocation of management resources but also internal control.

Under the GG Plan, we are reducing the number of small-scale Group companies not only by raising the quantitative criteria set out in our exit strategy but also by applying qualitative criteria that take into account strategic importance, growth potential and internal controls. We have identified around 250 companies as candidates for our exit strategy and, in fiscal 2007, eliminated or merged about 100 of these companies.

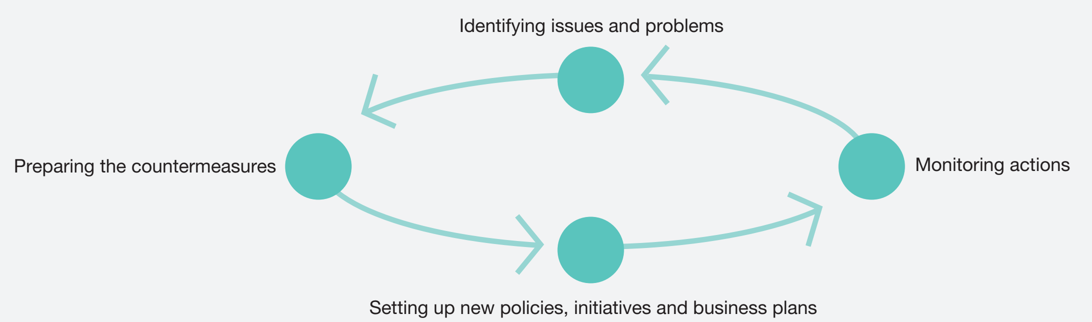
To ensure sustained growth, it is essential that we improve the quality of our business portfolio through the strategic selection and concentration of management resources.

In the lifestyle retail business, we divested our interest in

Otto-Sumisho Inc., a mail-order company, in order to concentrate more management resources in the TV shopping business. In the oil-related business, we sold all of our shareholdings in Sumisho Oil Corporation, which engages in downstream operations, in line with our policy of focusing on upstream and midstream operations. In the LPG business, we decided to merge Sumisho LPG Holdings Co., Ltd. with the LPG operations of Showa Shell Sekiyu K.K. to reinforce our earnings base and enhance business efficiency via restructuring. In addition, we will continue to reallocate management resources by implementing such initiatives as the relocation of automobile dealership business operations to high-growth-potential regions and concentration on high-margin properties in the U.S. building business.

03 Valuing up Large-Scale Investment Projects

In order to realize large pillars of profit and further improve our earnings power, it is essential to steadily increase the value of acquired investments. We devote all available resources to large-scale investment projects that have the potential to significantly impact earnings and track progress in minute detail to ensure a swift response to any changes in business conditions.



When carrying out an acquisition, we run various simulations and take a conservative approach toward assessments. Nevertheless, there are occasions when acquisitions do not proceed as planned due to unanticipated changes in the business environment. Here, we highlight some examples of our "Value-Up" plan.

(1) TBC Corporation (TBC)

Our tire business in the United States had acquired TBC Corporation in an aim to strengthen its midstream to downstream earnings base. TBC is the number one replacement tire marketer in the United States. The tire market has grown stably over the years, but the recent sharp rise in oil prices has depressed growth. In response to these changes in external conditions, our efforts have focused on two fronts, namely to improve profitability by bolstering maintenance services and to gradually enhance value by opening more stores and diversifying product offerings.

(2) The Hartz Mountain Corporation

Expecting growth in the U.S. market for pet-related supplies, Sumitomo Corporation had acquired The Hartz Mountain Corporation, a pet care products company with a leading share of the market for flea and tick treatments. Soon after the acquisition, earnings were weakened mainly by a voluntary recall of core products due to quality concerns as well as a downturn in consumer spending in the United States. To improve performance, we have been launching high-margin core products, creating new products and developing new sales channels.

(3) Jupiter Shop Channel Co., Ltd.

Jupiter Shop Channel Co., Ltd. has grown steadily since it was established in 1996, and it is now the number one TV shopping channel company in Japan, with an about 30% share of the market. In fiscal 2007, however, its financial performance was adversely affected by the introduction of more stringent product labeling rules. To counter the effect of this change, we have been developing new, unique products and targeting a broader customer base.

04 Nurturing and Strengthening Personnel

Integrated trading companies grow by leveraging their highly diverse functions to create innovative business models. We believe that a company grows and advances step by step in tune with the evolution of its organization, which is achieved through the nurturing and strengthening of its personnel, the creators of new businesses. In line with this conviction, we have implemented the following policies and systems.

Accelerating corporate growth and advancement

↑

Enhancing organizational abilities

↑

Strengthening employee abilities

Strengthening Our Employees' Abilities

We believe that education at an early stage is essential to fostering talented personnel. So that employees acquire the diverse range of knowledge and expertise necessary for working at a trading company, we emphasize training and education during their first 10 years at the Company. Our personnel training entails mainly on-the-job training and, comprehensive training programs offered through the Sumisho Business College (SBC) to all employees. New employees also receive one-on-one advice and guidance from senior personnel, allowing them to efficiently absorb the essentials of working at a trading company.

SBC provides training programs covering the fundamentals of a broad variety of fields, as well as specialized knowledge and skills programs on topics including investment, corporate management, business innovation and creation and leadership. In this manner, SBC offers support systems for each stage of an employee's growth.

Locally Hired Staff

We think a stronger global earnings capability requires the expansion of locally conceived businesses and the enhancement of functions at overseas organizations. We recognize that it is very important to employ and train local staff who possess local business networks and business knowledge. In addition, it is essential to give them responsible positions so that they can fully exert their abilities. We send locally hired staff to our head office in Tokyo for training specific to upper-level managers, mid-level managers and staff, with a particular focus on further improving their business skills, leadership abilities and common understanding of corporate management policies and strategies.

Work-Life Balance

We believe that employees who lead fulfilling lives both at home and at work exhibit greater energy and vitality to create new value. We therefore aim to provide a worthwhile workplace that allows our employees to work actively and maximize their productivity. Under the GG Plan, we are seeking greater flexibility in working times and locations, as well as improving working conditions for female employees. We have started a program that lets employees work shorter hours in order to care for their infants or elderly parents and a personal leave system for those whose spouses are transferred overseas for work. In autumn 2008, we plan to open a childcare center at our Tokyo headquarters.