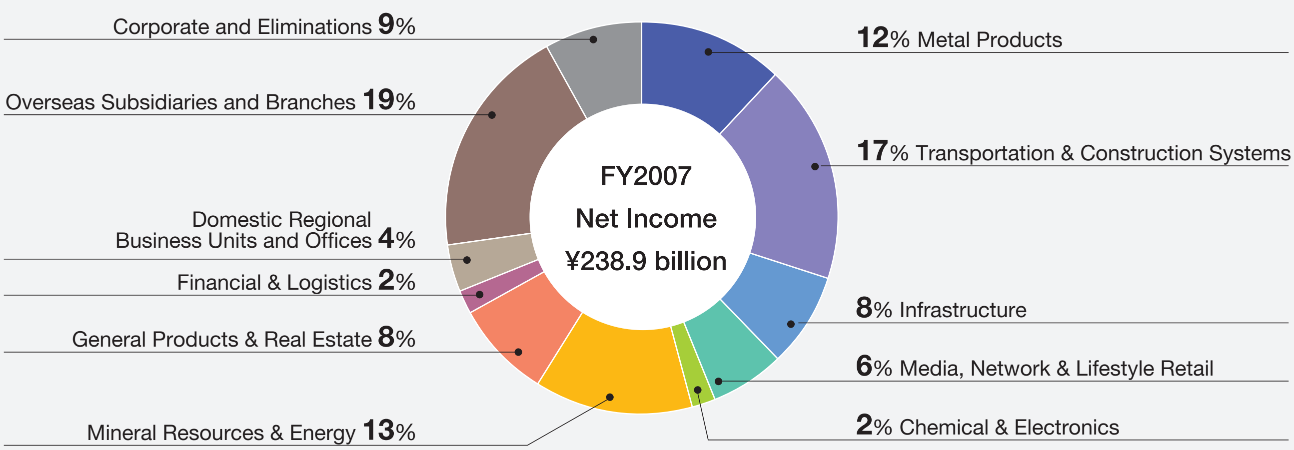
Overview of Operations

AT A GLANCE

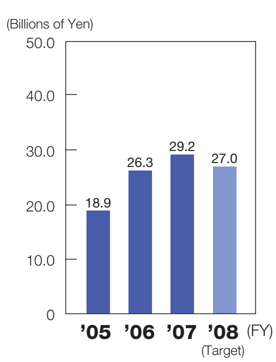
To expand our earnings base under the GG Plan, in each segment we will increase profitable assets in core businesses and their surrounding fields. Through these initiatives, we will strengthen our well-balanced business portfolio to better withstand changes in the business environment.

Net Income by Segment



Metal Products

Net Income

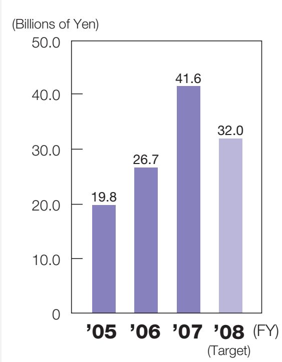


Strategic Fields

- 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

Net Income

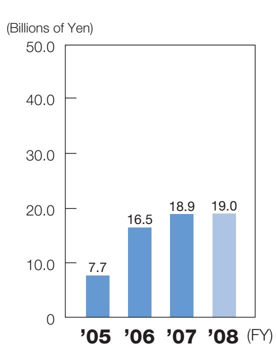


Strategic Fields

- Ships value chain
- Railcar leasing
- Automobile-related value chain
- Construction equipment value chain

Infrastructure

Net Income

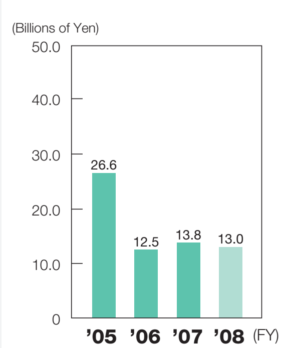


Strategic Fields

- IPP/IWPP
- Power plant EPC
- Telecommunications
- Water-related business
- Industrial infrastructure
- Telecommunication project
- Power energy solutions
- Eco and energy-saving businesses

Media, Network & Lifestyle Retail

Net Income



Strategic Fields

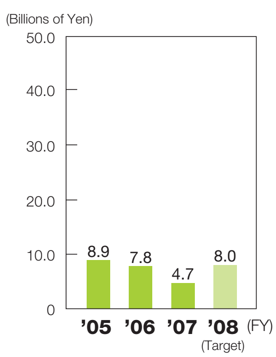
- Cable TV
- Programming & film-related business
- Mobile communications
- Web-related business
- IT solutions
- Food supermarket
- Drugstore
- Brand business
- Direct marketing

Principal Efforts to Expand Our Earnings Base

Segment	FY2007	FY2008 (plan)
Metal Products	Made HOWCO a subsidiary Acquired additional equity interest in Sumitomo Metal Industries	Invest in steel tubular mill in Brazil Strengthen global network of steel service centers
Transportation & Construction Systems	Established Sumitomo Mitsui Auto Service Acquired Ace Auto Lease	Strengthen automobile and construction equipment business Expand ship and railcar business portfolios
Infrastructure	Acquired equity interest in Amata Power in Thailand Launched district cooling project in UAE	Enhance IPP/IWPP business Strengthen overseas telecommunication business
Media, Network & Lifestyle Retail	Made Jupiter Shop Channel a subsidiary Integrated J:COM and JTV	Expand J:COM's CATV base Enhance Retail business (TV/Web shopping)
Chemical & Electronics	Established new Cantex factory in the U.S. Engaged in EMS business for flat-panel TVs in North America	Strengthen EMS business Enhance agricultural chemical business
Mineral Resources & Energy	Launched Ambatovy Nickel Project in Madagascar Acquired equity in Assmang of South Africa	Promote Ambatovy Nickel Project in Madagascar Acquire new upstream interests
General Products & Real Estate	Acquired additional equity interest in Terneyles in Russia Acquired office building	Establish factory in Terneyles in Russia Expand real estate portfolio
Financial & Logistics	Invested in GALLIA PLUS Corporation Developed Thang Long Industrial Park II in Vietnam	Strengthen investment development business Bolster leasing business

Chemical & Electronics

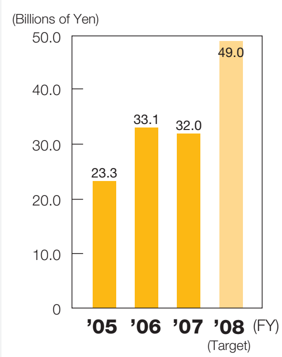
Net Income



Strategic Fields
- Sulfur and sulfuric acid value chain
- Emission credits business
- Glass raw material
- Plastics
- Organic chemicals
- EMS
- FPD-related business
- Pet care
- Pharmaceuticals
- Agricultural chemicals

Mineral Resources & Energy

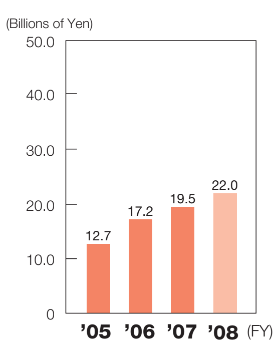
Net Income



Strategic Fields
- Copper & gold
- Coal
- Oil & gas
- LNG
- Silver & zinc & lead
- Nickel
- Uranium
- Iron ore
- Carbon
- Biofuels
- Clean energy

General Products & Real Estate

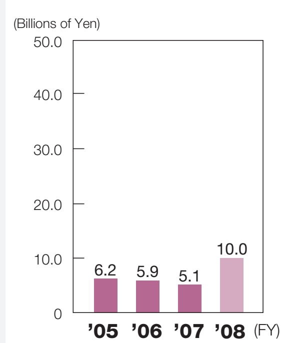
Net Income



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

Financial & Logistics

Net Income



Strategic Fields
- Lease-related business
- Commodity trading
- Asset management
- Small- and medium-sized business financing
- Direct investments
- Value-added logistics network
- Overseas industrial parks
- Insurance

Metal Products

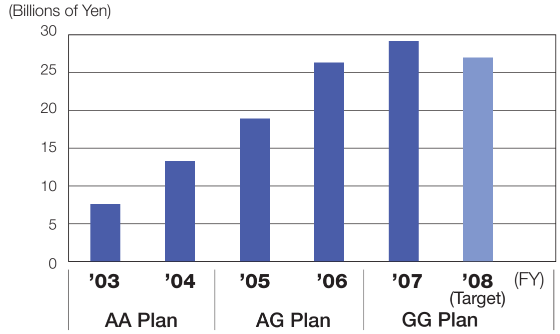
Shunichi Arai
General Manager
Metal Products Business Unit

Enhancing Our Value Chain to Serve the Energy and Automobile Industries

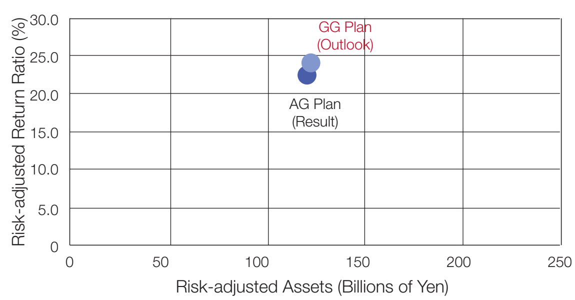
Our business covers a broad range of steel products, including sheets and tubular products, and such non-ferrous metals as aluminum and titanium. We are expanding our value chain by precisely responding to the diverse needs of customers in a huge variety of fields. In steel sheets, we are leveraging our steel service center network in Japan and overseas to provide services, including procurement, storage, processing and just-in-time supply, mainly to automobile and home appliance manufacturers. In tubular products, we are enhancing our functions as a total service provider by developing oil field services in addition to supplying tubular products to leading oil and gas companies through our Tubular Information Management System (TIMS), a proprietary SCM system.

Net Income

(Billions of Yen)



Risk-adjusted Return Ratio and Risk-adjusted Assets



Performance Highlights

(Billions of Yen)

	FY03 (Results)	FY04 (Results)	FY05 (Results)	FY06 (Results)	FY07 (Results)	FY08 (Targets)
Gross Profit	42.0	49.9	65.4	77.6	80.2	90.0
Equity in Earnings of Associated Companies	0.6	3.3	4.1	7.4	9.0	—
Net Income	7.6	13.3	18.9	26.3	29.2	27.0
Basic Profit	7.9	14.0	21.2	28.5	29.5	—
Total Assets	390.4	472.6	662.8	799.2	755.5	—

	AG Plan (Results)	GG Plan (Outlook)
Risk-adjusted Assets (at end of FY06 and FY08)	120.0	122.0
Risk-adjusted Return Ratio (two-year average)	22.4%	24.0%

In May 2007 in Washington State, full-fledged operations commenced at the newly constructed first plant of Katana Summit, LLC, a company jointly established by Sumitomo and Seattle-based T Bailey Group. Intended to function as Sumitomo’s new manufacturing base for wind-power generation towers in the United States, Katana Summit aims to build 400 to 600 towers annually by 2010.

HOWCO Group’s Irvine Factory in Scotland. Vigorous oil and gas field development is driving increased demand for multifunctional equipment. HOWCO specializes in the manufacture of metal parts and equipment for oil well systems and provides SCM solutions in locations as diverse as England, North America, Dubai and Singapore.

Policies of the GG Plan and Fiscal 2008 Strategies

In the steel and aluminum industries, domestic and overseas demand has remained firm despite concerns about the influence of a rapid rise in raw material prices. The demand for such energy- and shipbuilding-related items as steel plates and tubular products has stayed firm amid accelerating rates of resource and energy consumption. In the automobile and home appliance industries, exports of high-quality steel sheets from Japan to such emerging economies as China and ASEAN countries have also been high.

Under the GG Plan, we are allocating management resources to the energy- and automobile-related fields, which we expect will grow. Also, we are focusing on strengthening the value chain as an advanced solutions provider by bolstering processing and manufacturing functions in addition to metal product trading and SCM.

In tubular products, we will enhance our value chain by bolstering processing and services together with tubular SCM, which encompasses 13 locations spanning 12 countries.

In steel sheets, our steel service center network, which is top-ranked among trading companies, is strengthening and upgrading its processing facilities. Meanwhile, we are furthering business growth in emerging countries and expanding business in the automotive-related field.

In nonferrous metals, we will expand transactions around the world by enhancing the value chain of our aluminum and titanium businesses, from upstream to downstream operations.

Fiscal 2007 Results

Net income increased ¥2.9 billion year on year to ¥29.2 billion. This was mainly attributable to stable business in tubular products for oil and gas development applications in the Middle East, Africa and CIS countries. Moreover, both the performance of the steel service center business and steel plate transactions were firm.

In fiscal 2007, we reinforced our earnings base by increasing risk-adjusted assets in the energy- and automobile-related fields.

In the energy-related field focusing on tubular products, we made the HOWCO Group—which is headquartered in Scotland and the world's largest supplier of metal parts for equipment used in oil and gas fields—a consolidated subsidiary. In this manner, we built a business framework to provide not only tubular products but also accessories and related services, resulting in an enhanced value chain. Moreover, we decided to invest in a company in Brazil established by the French steel manufacturer Vallourec Group and Sumitomo Metal Industries, Ltd. Through this joint venture, we plan to carry out integrated operations from blast furnace processing to the production of seamless pipes beginning in 2010. In steel plates, along with U.S.-based steel-tank maker T Bailey, Inc. Group, we established Katana Summit, LLC as a manufacturing and marketing company for wind power generation towers.

In the automotive-related field focusing on steel sheets, together with Fuji Heavy Industries Ltd. and China International Marine Containers (Group) Co., Ltd., a Chinese manufacturer of containers and special-purpose motor vehicles, we established a company to manufacture and sell waste collection vehicles in China. Also, together with JAY BHARAT MILLS, a major Indian automobile parts maker and Japan's Nisshin Steel Co., Ltd., we established a joint venture to manufacture and sell steel tubes for automobiles in India in response to the rapidly growing automobile market. In China, a second forging press line came on-stream at Huizhou Sumikin Forging Co., Ltd., a production and sales company for crankshafts jointly established by Sumitomo Metal Industries and ThyssenKrupp China. As a result, its annual production capacity increased from 0.8 million to 1.8 million units, enhancing supply in China and the ASEAN region.

We integrated our domestic stainless steel sheet distribution and steel service centers businesses with Nippon Steel & Sumikin Stainless Steel Corporation, Nippon Steel Trading Co., Ltd., establishing NS-Stainless Corporation in order to strengthen marketing.

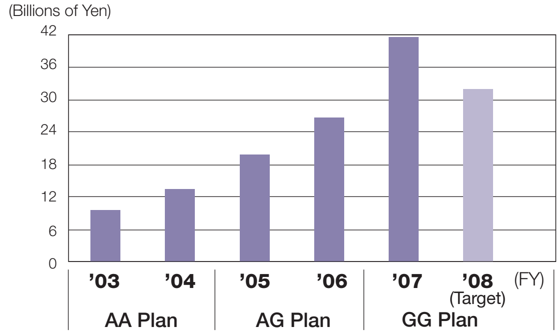
Transportation & Construction Systems

Kazuo Ohmori
General Manager
Transportation & Construction Systems
Business Unit

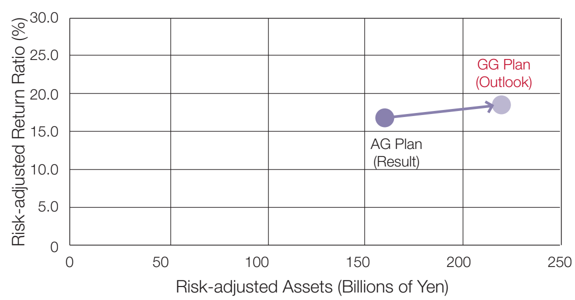
Maintaining Stable Business Expansion while Entering New Businesses

Aiming to expand operations both upstream and downstream in addition to mid-stream, our Business Unit's focus includes automobiles, ships, aircraft, railways and construction equipment. In automotive operations, our growing global value chain covers parts manufacturing, wholesale, retail sale and retail finance. Moreover, in the ship business, we are the only Japanese trading company to hold an equity stake in a shipbuilding company, and we are also engaged in the ship-owning and operating business. Regarding construction equipment, we are the leading Japanese trading company in terms of transaction volume, which is handled through our global network. Our value chain also covers the areas of rental operations, used equipment sales and production parts logistics. In the railway car business, we promote rail projects and the rolling stock export business.

Net Income



Risk-adjusted Return Ratio and Risk-adjusted Assets



Performance Highlights

(Billions of Yen)

	FY03 (Results)	FY04 (Results)	FY05 (Results)	FY06 (Results)	FY07 (Results)	FY08 (Targets)
Gross Profit	98.6	113.3	127.5	134.6	157.7	167.0
Equity in Earnings of Associated Companies	2.9	3.8	4.0	5.0	7.1	—
Net Income	9.6	13.5	19.8	26.7	41.6	32.0
Basic Profit	14.8	20.6	24.1	29.0	35.3	—
Total Assets	793.0	871.5	1,037.0	1,140.7	1,604.9	—

	AG Plan (Results)	GG Plan (Outlook)
Risk-adjusted Assets (at end of FY06 and FY08)	160.0	220.0
Risk-adjusted Return Ratio (two-year average)	16.8%	18.5%

Lexus sales in the Ukraine commenced in 2007. We are expanding automobile wholesale, retail and financial operations.

Together with Hyundai Rotem Company, a South Korean manufacturer of railway cars, we received an order from Tunisia's SNCFT to supply a fleet of 76 new-model commuter railway cars. Tunisia is introducing electrification as it modernizes its existing railway network in order to reduce traffic congestion and ease the burden on the environment.

Policies of the GG Plan and Fiscal 2008 Strategies

The automotive market is expected to expand in tandem with economic growth in China, India and ASEAN countries. As for construction equipment, we expect overall demand to stay strong as a result of urban development in emerging countries and stepped up extraction activities in resource-rich nations, in contrast to the shrinking U.S. market. In the ship business, conditions remain favorable thanks to robust shipping activity and firm freight rates.

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 continual selection and replacement of operations while aggressively expanding overseas operations in such strategic fields as automotive parts manufacturing.

In downstream automotive operations, including retail sales and consumer finance, we will augment the earnings base of Sumitomo Mitsui Auto Service Company, Limited which was created in an October 2007 merger of two companies, by saving costs through economies of scale while expanding maintenance, credit card, insurance and other peripheral businesses. In Indonesia, we are concentrating on expanding scale of our automobile and motorcycle financing services while looking to apply this business model to other Asian countries.

In the business field of construction equipment, we are working to expand our sales network in the important markets of China and Russia, drawing on operational know-how gained through our operations as construction equipment distributors in Western Europe as well as North America. We also promote overseas rental operations.

In the ships business, we aim to expand the client base for new shipbuilding. In the railcar leasing business, we are further diversifying our portfolio.

Fiscal 2007 Results

Net income increased ¥14.9 billion year on year to ¥41.6 billion. This growth was due mainly to strong performances in the automobile, construction equipment and ship businesses and capital gains from the mergers that formed Sumitomo Mitsui Auto Service.

In our domestic downstream retail sales and finance automobile operations, we made Ace Auto Lease Corporation—a strong provider of leases for individuals—a subsidiary. In cooperation with Sumitomo Mitsui Auto Service, we are strengthening our auto leasing operations for medium-sized and small companies and individuals.

In overseas upstream automobile operations, our affiliate Swaraj Mazda Limited began manufacturing and marketing Isuzu semi-large buses with a passenger capacity of 40 to 45 people in India. In addition, we started producing automobile brake parts by setting up a joint venture with Hero Motors Ltd. In overseas downstream operations, we began importing and selling Lexus cars in Ukraine.

In aircraft leasing operations, we promoted the replacement of existing assets with more profitable ones. We concluded an operation lease contract with Virgin America Inc. for two passenger aircraft and launched aircraft parts leasing operations in Japan. In addition, working with a U.S.-based cargo express airline, we arranged Japan's first wet lease* of two cargo aircraft for All Nippon Airways Co., Ltd. On top of competing for additional orders in Japan, we will focus on expanding wet lease arrangements for cargo aircraft by developing new customers, such as Chinese airlines.

In the railway passenger car field, we received orders for 76 new-model commuter railway cars from Tunisia's national railway, SNCFT, in cooperation with a major South Korean railway car manufacturer.

In the construction equipment business, we aggressively invested in our Canadian operation, where there has been robust demand related to natural resource and energy development. We reinforced services connected to the repair of large construction equipment, including spare parts supply. Results in European markets were favorable, and we expanded sales in such emerging markets as China, the Middle East and Russia.

The ship business continued to see healthy conditions on the back of firm demand for new shipbuilding owing to robust shipping activities in emerging countries.

* A wet lease is an arrangement for leasing an aircraft under which the lessor provides crews, ground support equipment, and fuel, etc.

Infrastructure

Takahiro Moriyama
General Manager
Infrastructure Business Unit

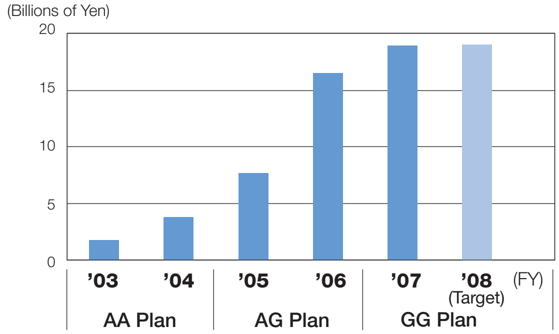
Fostering and Strengthening Core Businesses to Expand Our Earnings Base

"Our mission is to contribute to society through infrastructure enhancement, adding our own value to it." Based on this mission, we operate globally in the fields of electric power, telecommunications, eco and energy-saving and industrial infrastructure. We strive to ensure the sustainable expansion of our earnings base over the medium and long terms through the optimal business combination of trade and investment in these fields. Especially in the electric power field, we are expanding our business by leveraging our capabilities in financing and project management. As a result, in EPC,* the total generation capacity we have handled to date is nearly 45,000MW, mainly in Asia, placing us in the top tier among trading companies. In overseas electric power projects, our retained generation capacity was approximately 2,800MW as of March 2008.

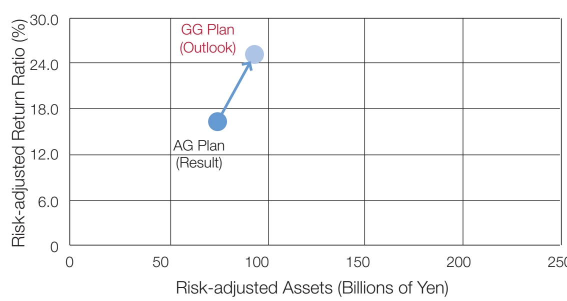
*EPC: Engineering, Procurement and Construction

Net Income

(Billions of Yen)



Risk-adjusted Return Ratio and Risk-adjusted Assets



Performance Highlights

(Billions of Yen)

	FY03 (Results)	FY04 (Results)	FY05 (Results)	FY06 (Results)	FY07 (Results)	FY08 (Targets)
Gross Profit	28.2	32.2	29.1	38.3	41.0	43.0
Equity in Earnings of Associated Companies	1.0	1.3	4.1	5.2	6.8	—
Net Income	1.8	3.8	7.7	16.5	18.9	19.0
Basic Profit	5.1	7.6	7.4	13.3	16.0	—
Total Assets	435.7	457.4	466.2	472.6	478.8	—

	AG Plan (Results)	GG Plan (Outlook)
Risk-adjusted Assets (at end of FY06 and FY08)	74.0	93.0
Risk-adjusted Return Ratio (two-year average)	16.3%	25.1%

With 2,100MW capacity, the Tanjung Bin coal-fired thermal power plant was built for Malakoff Corporation Berhad, Malaysia's leading IPP. Constructed in Johor, Malaysia, and facing the Singapore coast, this is the largest power plant in South East Asia and benefits approximately three million Malaysians.

The East Telecom head office building in Uzbekistan. Together with leasing lines to mobile phone operators and ISPs, the company provides IP telephony services, data communications services and a variety of value-added services, mainly to corporate customers.

Policies of the GG Plan and Fiscal 2008 Strategies

Robust demand for electric power in emerging and developing countries is driving capital investment in electric power facilities. Amid heightening global interest in the world environment, eco and energy saving businesses are expected to expand. In the telecommunications field, the fixed-line telephone market has stalled while broadband and mobile phone markets continue to grow.

Under these business circumstances, we will further strengthen our IPP*/IWPP** operations and power plant EPC projects and will allocate our resources to the telecommunications and water-related businesses in order to foster them as core businesses.

In the electric power field, we are working to secure sustained orders for EPC projects, principally in Asia, the Middle East, CIS countries and Africa. We aim to expand IPP/IWPP operations in Asia, the Middle East and the United States.

In the water-related business, we are creating opportunities in Mexico, Asia and the Middle East. In the telecommunications business field, we aim to grow the broadband and mobile phone businesses by increasing profitable assets, mainly in the United States and CIS countries.

In the eco and energy-saving field, we will promote various environmental projects, including those in renewable energy supply areas such as solar power, wind power and greenhouse gas emissions reduction.

With regard to telecommunications projects and the industrial infrastructure field, we will strengthen our stable earnings base by promoting facility and plant businesses overseas while participating in electric power retailing operations and the machinery trading business in Japan.

*IPP: Independent Power Producer
** IWPP: Independent Water & Power Producer

Fiscal 2007 Results

Net income increased ¥2.4 billion year on year to ¥18.9 billion, due to strong performance in the electric power business, mainly in Asia.

In the electric power business, our financial performance was supported by the Phu My 2-2 thermal power plant in Vietnam, the CBK hydropower plant in the Philippines, the Birecik hydropower plant in Turkey and the Tanjung Jati B coal-fired thermal power plant in Indonesia, which started operations in the second half of 2006. In addition, we newly acquired a share in Amata Power Limited, which operates three power stations serving industrial parks in Thailand and Vietnam. We continue to concentrate on expanding business in the IPP/IWPP field. Among EPC projects, we completed the Tanjung Bin coal-fired thermal power plant in Malaysia, one of the largest in Asia. We were able to construct this huge plant in the very shortest time frame, enhancing our reputation for competitive project management skills. With regard to our environment-friendly power generation facilities, we have received an order for blast-furnace-gas fired GTCC* power generators for Ukraine. Moreover, we have been constructing geothermal power stations in Indonesia and New Zealand.

In the eco and energy-saving field, we participated in a district cooling project with Electric Power Development Co., Ltd. and The National Central Cooling Co. (Tabreed), a major district cooling company in the United Arab Emirates. In the Canary Islands, we have launched a solar power generation project, one of the largest in terms of power output to be led by a Japanese company.

In the telecommunications business, we invested in two telecommunication companies in Uzbekistan together with KT Corporation, South Korea's largest communications provider. One of the Uzbek joint ventures, JV East Telecom, owns the optical fiber cable backbone networks that connect the major cities of Uzbekistan. The other, Super iMAX, is offering wireless broadband Internet services in 18 large cities. As demand for mobile phone and Internet access is increasing, we expect these two companies will expand their businesses.

GTCC* : Gas Turbine Combined Cycle

Media, Network & Lifestyle Retail

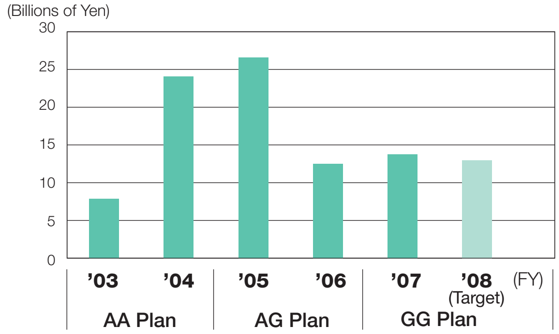
Yoshio Osawa
General Manager
Media, Network & Lifestyle Retail Business Unit

Strengthening Core Businesses While Advancing Cross-Media Retail Operations

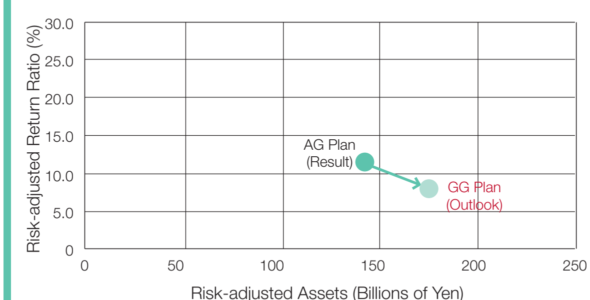
Amid the ongoing fusion and collaboration of broadcasting and various other media, including telecommunications, as well as the increasing diversification of consumer spending, we integrate the fields of media, networks, and lifestyle retail while creating and providing new value for the diversifying lifestyles of consumers. In the media field, we provide both infrastructure and content services, primarily in the cable TV (CATV), multichannel television programming and film-related businesses. In the network field, our business activities center on IT solutions, the Internet-related field and mobile communication. In the lifestyle and retail fields, we have Jupiter Shop Channel, the largest TV shopping business in Japan, and other mainstay operations include food supermarket, drugstore and brand-related businesses.

Net Income

(Billions of Yen)



Risk-adjusted Return Ratio and Risk-adjusted Assets



Performance Highlights

(Billions of Yen)

	FY03 (Results)	FY04 (Results)	FY05 (Results)	FY06 (Results)	FY07 (Results)	FY08 (Targets)
Gross Profit	95.2	102.0	104.1	126.1	168.7	186.0
Equity in Earnings of Associated Companies	4.2	5.4	10.5	12.7	9.3	—
Net Income	7.9	24.1	26.6	12.5	13.8	13.0
Basic Profit	8.6	8.9	11.2	15.4	19.1	—
Total Assets	449.9	445.6	505.1	513.9	675.6	—

	AG Plan (Results)	GG Plan (Outlook)
Risk-adjusted Assets (at end of FY06 and FY08)	142.0	175.0
Risk-adjusted Return Ratio (two-year average)	11.5%	8.0%

As of March 31, 2008, J:COM, Japan's largest CATV provider, comprised 42 systems under 20 franchises and boasted a 35% share of the Japanese market. J:COM has expanded its customer base by offering super-high-speed Internet services and high-quality value-added services as well as unique services tied closely to local communities.

"NARA CAMICIE" is an Italian luxury apparel brand. As of March 31, 2008, it has 74 shops across Japan, mainly in department stores. It also aims to expand operations through Internet, TV, catalogue and other market channels.

Policies of the GG Plan and Fiscal 2008 Strategies

In the media field, we have developed comprehensive CATV services, having merged Jupiter Telecommunications Co., Ltd. (J:COM), the No. 1 CATV operator, and Jupiter TV Co., Ltd. (JTV), one of the largest multichannel TV programming and content providers in Japan. We are integrating these companies' infrastructure and content services while strengthening community-based services, super-high-speed Internet service and high-definition broadcasting. In the film-related business, we are enhancing our earnings base and value chain through various initiatives from movie production investment to cinema complex.

In the network field, MS Communications Co., Ltd. (MSCOM), which sells mobile communication handsets, aims to strengthen its earnings base and improve management efficiency through a merger with its competitor Telepark Corp. Through this initiative, we will further strengthen our overwhelming No. 1 position. In the IT solutions field, Sumisho Computer Systems Corporation (SCS) will concentrate its management resources in growth areas and focus on broadening its earnings base through M&A.

In the lifestyle and retail field, food supermarket chain Summit, Inc. and Sumisho Drugstores Inc., which operates drugstores with dispensing pharmacies, will increase market share through organic growth and strategic alliances. In addition, we will promote cross-media retail businesses by integrating retail shops, TV shopping, e-commerce and mobile commerce. This will be also enhanced in the brand business field, focusing mainly on subsidiary Jupiter Shop Channel Co., Ltd. (JSC).

Fiscal 2007 Results

Net income rose ¥1.3 billion year on year to ¥13.8 billion, reflecting capital gains in the media field, which offset losses related to the sale of shares in The Seiyu, Ltd.

In the media field, J:COM furthered its wide-area operations by acquiring regional CATV operators, resulting in a rise in the total number of subscribers to 2.83 million. J:COM also increased the number of channels it offers and broadened its lineup of digital services. In the film-related business, we fortified our earnings base by forming an alliance between United Cinemas Co., Ltd. (UC) and TOKYU RECREATION CO., LTD., which collaborated to promote box-office films.

In the network field, SCS is reinforcing its comprehensive IT solutions proposal capabilities and promoting a variety of management reforms. These initiatives have yielded high profitability and stronger performance. Furthermore, MSCOM expanded its retail operations through the acquisition of small and medium-size distributors. Also, we made the Internet-based drugstore operator Soukai Drug Co., Ltd. a subsidiary in order to accelerate its growth strategy.

In the retail business, JSC increased its sales and became the first TV shopping company in Japan to record net sales of ¥100 billion. This was achieved through growth in the number of households viewing JSC.

In the brand-related business, we bolstered our portfolio through the acquisition of Naracamicie Co., Ltd., which imports and sells luxury brands of apparel from Italy. Results were also firm in the mainstay Montrive Corporation and Barneys Japan Co., Ltd. brand businesses. We promoted cross-media activities by enhancing existing retail businesses with web-based functions, such as Summit's net supermarket "Rakuchinkun" and AMERICAN PHARMACY's online drugstore.

Chemical & Electronics

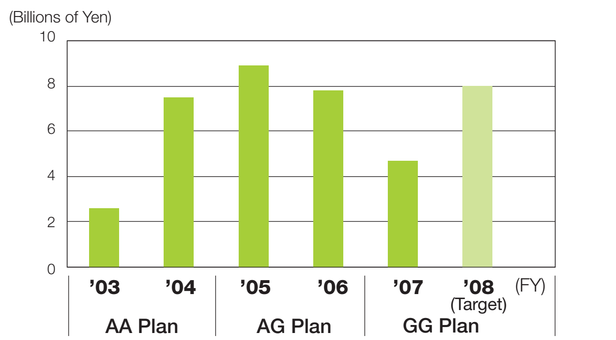
Shuichi Mori
General Manager
Chemical & Electronics Business Unit

Expanding Our Global Network in Core Businesses

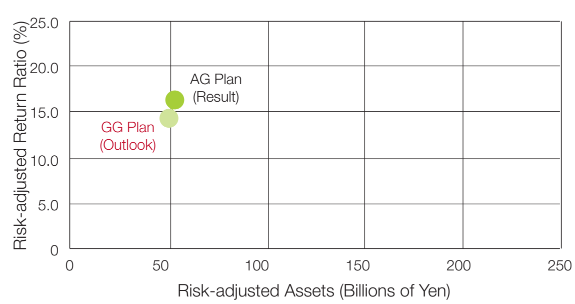
We are pursuing sustained growth by promoting global operations and accelerating the reallocation of management resources. In the basic chemicals field, we handle an extensive range of products, including raw materials for plastics and plastic products as well as organic and inorganic chemicals. In the 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 engaged in pharmaceuticals, agricultural chemicals, household insecticides and pet care products.

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

Net Income



Risk-adjusted Return Ratio and Risk-adjusted Assets



Performance Highlights

(Billions of Yen)

	FY03 (Results)	FY04 (Results)	FY05 (Results)	FY06 (Results)	FY07 (Results)	FY08 (Targets)
Gross Profit	33.1	41.5	48.3	47.9	46.0	53.0
Equity in Earnings of Associated Companies	1.1	0.7	0.9	0.1	0.5	—
Net Income	2.6	7.5	8.9	7.8	4.7	8.0
Basic Profit	4.2	7.6	10.0	6.4	4.9	—
Total Assets	259.1	311.5	356.2	390.5	352.8	—

	AG Plan (Results)	GG Plan (Outlook)
Risk-adjusted Assets (at end of FY06 and FY08)	52.0	49.0
Risk-adjusted Return Ratio (two-year average)	16.3%	14.3%

Sulfuric acid, one of the chemical industry's most essential basic materials, is used in metal refining, fertilizer manufacture and a wide range of other applications. Sulfur and sulfuric acid trader Interacid Trading has established its headquarters in Switzerland, and is expanding its trading functions globally. Photo: Sulfuric acid transport ship

The PVC pipes and fittings manufactured and sold by Cantex are used mainly to protect electric lines and telecommunication cables. In the United States, Cantex boasts a high market share and has achieved market differentiation through the introduction of lightweight pipe, pipe suited for underground construction, and other high value-added products.

Policies of the GG Plan and Fiscal 2008 Strategies

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

In the basic chemicals field, Cantex Inc., which focuses on plastics, plans to expand its market share in the southwestern United States by utilizing the newly opened plant in Arizona and to launch new lightweight pipes and other unique products. 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 related to glass raw materials, such as soda ash, in addition to the emissions credit business.

In the electronics field, we are focusing on flat-screen LCD TVs, compact LCDs and LCD modules. We will upgrade Sumitronics Corporation's EMS while expanding operations from Asia to North America and Europe. As for electronic materials, we will fortify our core businesses, including activities in silicon wafers and blue LEDs, while focusing on developing such new fields as lithium batteries.

In the life science field, with regard to medical science, we will focus our efforts on the development, manufacture and sale of generic anticancer drugs at Medisa Shinyaku Inc. while advancing our pharmaceutical manufacturing operations in China. In agricultural science, we plan to augment our agricultural chemicals lineup through acquisitions and the joint development of new products. We will continue to expand our pet care business through The Hartz Mountain Corporation (Hartz) in the pet science field.

Fiscal 2007 Results

Net income decreased ¥3.1 billion year on year to ¥4.7 billion, owing to lower earnings at such core subsidiaries as Cantex, Sumitronics and Hartz.

In the basic chemicals field, we received United Nations CDM* recognition for a project that recovers greenhouse gas emissions from wastewater discharged by a tapioca starch factory in Indonesia. The methane recovered in this project is used for power generation. In the sulfuric acid and sulfur business, we fortified the trading functions of Interacid Trading S.A., which handles the largest volume of sulfuric acid in the world, expanding its port facilities in Chile.

In the electronics field, Sumitronics launched full-fledged operations in the flat-panel TV printed circuit board (PCB) mounting business in North America. In addition, aiming to expand our value chain beyond the PCB mounting business, we began to offer a wide range of operations through to final product assembly. In the LCD and other displays field, we developed design operations, set up operations for the improvement of mounting technology in Shenzhen, China, and fortified the quality assurance system.

In the life science field, we dove into the fast-growing market for agricultural chemicals in Russia, as a part of our initiative to expand the sales network. In Australia, we bolstered our local sales structure through investment in the sales company of a major Italian agricultural chemical manufacturer. In addition, we received an order to supply insecticide-impregnated mosquito nets to the Republic of Senegal and the Republic of the Congo, as part of an Africa-based project funded by the World Bank. In the pet care business, Hartz introduced new products in the United States OTC market. In addition, we established Summit VetPharm, LLC, which specializes in sales through veterinary channels, in an attempt to expand sales of insecticides for fleas and ticks. In Japan, we began to sell products under the Hartz brand.

* CDM: Clean Development Mechanism

Mineral Resources & Energy

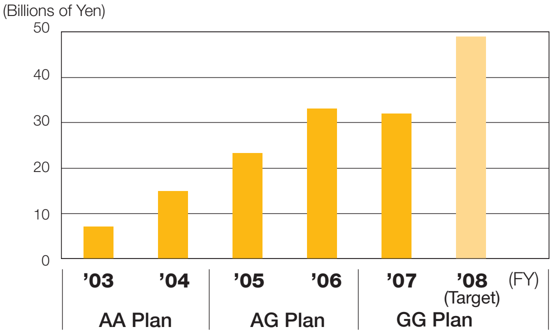
Iwao Okamoto
General Manager
Mineral Resources & Energy Business Unit

Strengthening Our Well-Balanced Mineral Resource Portfolio

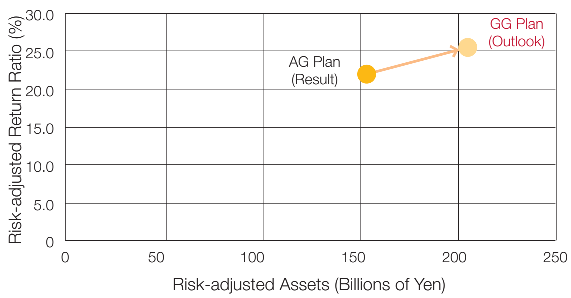
Our portfolio principally comprises upstream mineral resource interests in four mainstay areas: copper, coal, oil and liquefied natural gas (LNG). We are actively strengthening this portfolio through the addition of new interests in mineral resources, including rare earth metals, ranging from zinc in Bolivia, nickel in Madagascar, uranium in Kazakhstan and the United States, and iron ore and manganese in South Africa. With regard to copper, our equity production capacity is one of the largest among our peers, and we hold interests in Australian coal mines with rich deposits of high-quality coking coal. Moreover, we are the only Japanese trading company with an interest in a gold mine. In midstream and downstream areas, LNG Japan Corporation handles roughly 25% of the annual LNG contractual import volume to Japan. In the clean energy field, which is our targeted growth area, we have expanded our solar cell materials trading business.

Net Income

(Billions of Yen)



Risk-adjusted Return Ratio and Risk-adjusted Assets



Performance Highlights

(Billions of Yen)

	FY03 (Results)	FY04 (Results)	FY05 (Results)	FY06 (Results)	FY07 (Results)	FY08 (Targets)
Gross Profit	27.1	35.2	48.9	48.1	48.0	65.0
Equity in Earnings of Associated Companies	6.0	10.1	11.8	16.2	2.3	—
Net Income	7.1	14.9	23.3	33.1	32.0	49.0
Basic Profit	6.6	15.0	22.4	23.3	8.5	—
Total Assets	345.7	497.1	627.4	726.4	760.4	—

	AG Plan (Results)	GG Plan (Outlook)
Risk-adjusted Assets (at end of FY06 and FY08)	153.0	205.0
Risk-adjusted Return Ratio (two-year average)	21.9%	25.4%

One of the manganese mines held by Assmang, a South African mineral resource mining company in which Sumitomo has invested. Assmang’s high-grade manganese ore reserves are among the world’s largest.

The West Mynkuduk deposit of uranium in Kazakhstan is under joint development by that country’s National Atomic Company Kazatomprom and Japan’s the Kansai Electric Power Co., Inc. Pilot production commenced from 2007, and full-fledged production is scheduled from 2010.

Policies of the GG Plan and Fiscal 2008 Strategies

There has been a global tightening in the supply-demand balance for key mineral resources, such as coal, iron ore and copper. Commodities prices, including that of oil, have remained at record-high levels. Earnings from upstream businesses in coal, copper and oil have grown. On the other hand, rising commodities prices have caused intensified competition for the acquisition of resource interests. A trend toward stronger resource nationalization is another factor that we are facing.

Under such business conditions, we continue to expand our earnings base through the increase of profitable assets as well as the replacement of unprofitable assets in line with the GG Plan.

In upstream businesses, we are maximizing the value of existing resource interests and broadening our asset portfolio by making steady progress in newly acquired projects, including a silver-zinc-lead mine in San Cristobal, Bolivia, and a nickel mining project in Ambatovy, Madagascar. We aim to grow these projects into profit pillars that will stand in addition to our four mainstay areas.

Among our four mainstay areas, we are continuously strengthening our copper mine portfolio by maximizing production at existing mines in Indonesia and encouraging the development of newly acquired copper mine interests. We are also vigorously pursuing opportunities at undeveloped coal mines. In oil, we are focusing on the acquisition of discovered but undeveloped interests as well as the exploration and development of the U.K. North Sea close to the fields where we have interests.

In midstream and downstream businesses, we are expanding our global oil trading operations by utilizing storage facilities and refinery capabilities as well as increasing our solar cell material trading. In addition, we are further developing the trading of natural gas to electric power and gas companies in the United States.

We are also allocating more management resources into our targeted growth areas of clean energy and new energy.

Fiscal 2007 Results

Net income decreased ¥1.1 billion year on year to ¥32.0 billon. Although we encountered evaluation losses on price hedging for the silver-zinc-lead mining operation in Bolivia, our profitability remained strong, particularly in the copper business in Indonesia and the Americas.

In upstream operations, our copper and gold mines in Batu Hijau, Indonesia, turned out record-high profits and our investment in the Cerro Verde copper mine in Peru led to the first dividend payment since we began participating in this project. Alaska's Pogo gold mine achieved full production.

We saw substantial progress in newly acquired projects. In Bolivia, production began at one of the world's largest silver-zinc-lead mines, which we participate in with Apex Silver Mines Limited of the United States. In Madagascar, construction began after we put together a financing package for the Ambatovy Nickel Project, which entails all aspects of the project from nickel extraction to bullion refining. In South Africa, we acquired additional equity in Assmang Limited, an iron ore and manganese resource company. In Kazakhstan, we began trial production at a uranium mine. In New Mexico of the United States, we entered into a feasibility study for the commercialization of a new uranium mine being undertaken by Strathmore Minerals Corporation of Canada.

In midstream and downstream operations, we are further enhancing the business partnership with Mitsui Mining Co., Ltd. by increasing our shareholdings in that company. Sales increased considerably for carbon products, such as electrodes and cathodes used in aluminum refining. Moreover, we continued to improve our business portfolio through the replacement of assets including the integration of our domestic LPG operations with Showa Shell Sekiyu K.K. and the transfer of our stocks in Sumisho Oil Corporation, a domestic oil retailer, to Idemitsu Kosan Co., Ltd.

In the clean energy field, we have a long-term partnership with Renewable Energy Corporation ASA, a Norwegian company that manufactures silicon materials for solar cells. We also made a minor investment in Solargiga Energy Holdings Limited, a silicon material producer in China. In addition, we concluded major long-term supply contracts with companies in Europe and Asia.

General Products & Real Estate

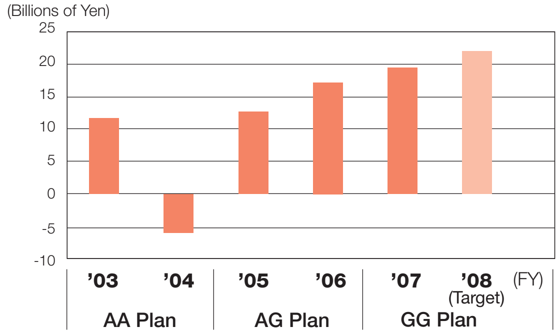
Takashi Kano
General Manager
General Products & Real Estate Business Unit

Further Reinforcing Competitive Businesses and Developing Emerging Markets

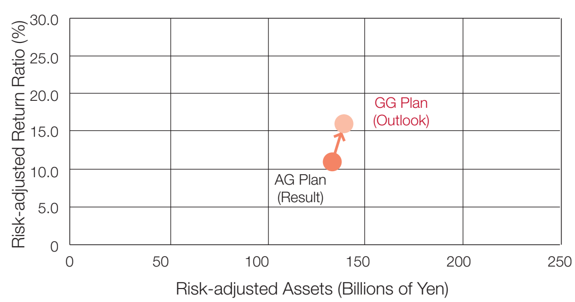
Our Business Unit operates in three lifestyle fields. They are food, materials and supplies, and construction and real estate. In the food area, we have an integrated business model that extends from production to quality management and sales. This model places top priority on safety and security, issues of considerable concern to customers. In the materials and supplies area, we are the industry leader in multiple fields, including tires, ready-mixed concrete, lumber and building materials and used paper. In real estate, our core businesses 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.

Net Income

(Billions of Yen)



Risk-adjusted Return Ratio and Risk-adjusted Assets



Performance Highlights

(Billions of Yen)

	FY03 (Results)	FY04 (Results)	FY05 (Results)	FY06 (Results)	FY07 (Results)	FY08 (Targets)
Gross Profit	73.6	66.7	83.6	118.1	122.0	130.0
Equity in Earnings of Associated Companies	0.1	0.8	0.5	2.4	2.0	—
Net Income	11.7	(6.0)	12.7	17.2	19.5	22.0
Basic Profit	5.1	9.8	11.6	17.4	18.3	—
Total Assets	760.6	766.4	772.0	741.7	742.0	—

	AG Plan (Results)	GG Plan (Outlook)
Risk-adjusted Assets (at end of FY06 and FY08)	133.0	139.0
Risk-adjusted Return Ratio (two-year average)	11.0%	16.0%

THE TOKYO TOWERS, a high-rise condominium complex in Kachidoki, in Tokyo's Chuo Ward. With a total of 2,794 units, when completed in January 2008 the complex had 58 floors, the most of any condominium tower in Japan. Sumitomo acquired the long idle business site and revitalized it as a legal redevelopment project.

Rendering of a lumber and veneer processing plant currently under construction at OAO Terneyles, a forestry company that Sumitomo has invested in. Since export tariffs on raw timber from Russia are set to surge from January 2009, Terneyles will shift from exports of raw timber to exports of processed lumber.

Policies of the GG Plan and Fiscal 2008 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 businesses related to fresh foods, including fruits and vegetables, fertilizer and sugar. In fruits and vegetables, with regard to the banana business, we will continue to reinforce direct sales to general merchandise stores with the aim of becoming the leading supplier both in terms of quality and quantity. In addition, we are proactively expanding overseas sales, particularly in the Middle East and China, while sourcing new production bases. 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 top priority areas, such as Australia, China, Thailand and Malaysia. As for the sugar business, we are striving to expand domestic sales by strengthening ties with Nissin Sugar Manufacturing Co., Ltd.

In the tire business, which belongs to the materials and supplies field, we are enhancing our earnings base by expanding the dealer network of TBC Corporation (TBC), a U.S. tire marketer. Also, we are cultivating merchandising activities in such growing markets as Thailand and Russia. In the wood resources business, anticipating an increase in export tariffs on raw timber from Russia in 2009, we will promote processing operations for lumber and veneer with Forest Stewardship Council (FSC) certification. We also aim to improve our earnings base by enhancing management efficiency at domestic affiliates handling building materials. In pulp and paper, we are reinforcing our business foundations in the paperboard field through a strategic alliance with Rengo Co., Ltd. and Nippon Paper Group, Inc.

In real estate, we aim to increase the profitability of existing buildings while acquiring new buildings and promoting a new business model for development and sales. In the housing business, we will continue to supply large-scale, mixed-use development projects. We are also working to enhance our real estate investment fund business, to establish new business models and to promote overseas business development.

Fiscal 2007 Results

Net income increased ¥2.3 billion year on year to ¥19.5 billion, owing to firm housing sales and other real estate operations.

In the fruits and vegetables business, we expanded sales of premium bananas through aggressive marketing campaigns and broadened our production base. In the fertilizer business, we established Summit Agri-Business Corporation through the merger of Nittoh Bion Co., Ltd. and Sumisho Nosan Kaisha, Ltd. By integrating and combining product lineups and sales networks, we met customer needs while raising competitiveness by increasing production and logistics efficiency. Moreover, we developed footholds in growth markets by investing in southern China's largest food wholesaler with Kato Sangyo Co., Ltd.

In the tire business, TBC moved proactively to open new retail stores and broaden its product lineup amid a weak North American tire market. We also developed our presence in such growth markets as Thailand and Russia. In the wood resources business, we became the principal shareholder of OAO Terneyles with a 45% stake and began building a lumber and veneer process plant. OAO Terneyles is the first company in far eastern Russia to acquire FSC certification.

In real estate, in cooperation with GIC Real Estate Pte Ltd., the real estate investment company of the Government of Singapore Investment Corporation Pte Ltd., we committed to a major investment of about ¥150 billion over a two-year period for the development and operation of commercial retail facilities in Japan. Maximizing our know-how and network, we have been working to secure long-term management revenues by enhancing the value of investment properties through identification, development, management and operation. Specifically, in March 2008 we opened "Mikage Classe," a large shopping complex that was developed in close connection with the regional community. The complex boasts a variety of specialty shops anchored by The Hanshin Department Store, Ltd. and is located in front of the Hanshin Mikage train station. In the condominium sales business, the promotion and the construction of "THE TOKYO TOWERS," a high-rise condominium in Kachidoki Tokyo, was successfully completed. We are planning to commence sales of units in the Mikage Tower Residence, a high-rise condominium tower built next to Mikage Classe, during fiscal 2008. Meanwhile, we aggressively promoted asset replacement, by selling and acquiring buildings.

Financial & Logistics

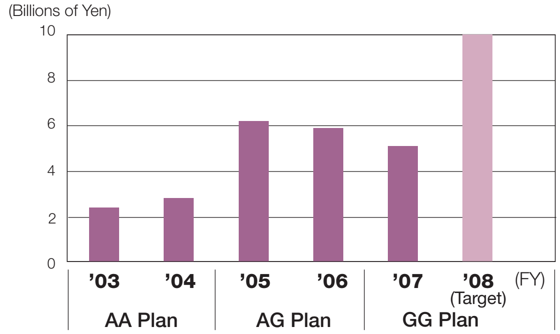
Makoto Shibahara
General Manager
Financial & Logistics Business Unit

Providing High-Value-Added Services by Leveraging Our Capabilities

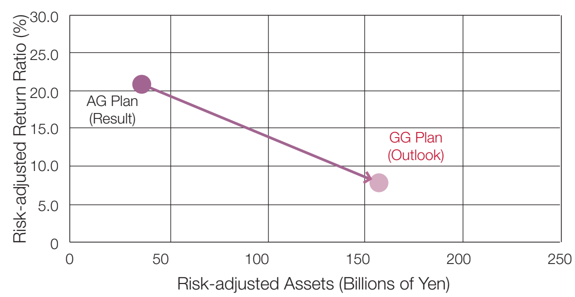
Leveraging our strengths based on superb access to information, expertise and a global network that we have built as an integrated trading company, we provide a diverse array of high-value-added financial and logistic services to customers as well as other business units and subsidiaries. In the financial services field, we continue to grow our commodities trading and asset management businesses by utilizing our accumulated expertise. Moreover we are pursuing synergies with Sumitomo Mitsui Finance and Leasing Company, Ltd. (SMFL), through our newly established Leasing Business Department. In the logistics field, Sumisho Global Logistics Co., Ltd. continues to provide comprehensive global logistics functions to our clients. In addition, we are deploying a series of industrial parks in Vietnam, Indonesia and the Philippines.

Net Income

(Billions of Yen)



Risk-adjusted Return Ratio and Risk-adjusted Assets



Performance Highlights

(Billions of Yen)

	FY03 (Results)	FY04 (Results)	FY05 (Results)	FY06 (Results)	FY07 (Results)	FY08 (Targets)
Gross Profit	15.7	17.0	25.0	29.2	31.8	34.0
Equity in Earnings of Associated Companies	1.1	1.5	2.3	1.4	0.9	—
Net Income	2.4	2.8	6.2	5.9	5.1	10.0
Basic Profit	2.0	2.8	7.5	7.0	6.1	—
Total Assets	193.5	232.8	470.8	430.1	449.5	—

	AG Plan (Results)	GG Plan (Outlook)
Risk-adjusted Assets (at end of FY06 and FY08)	35.0	157.0
Risk-adjusted Return Ratio (two-year average)	20.8%	7.9%

The London dealing room at trading company Sumitomo Corporation Global Commodities Limited. This company has created a framework for 24-hour trading in international commodities markets, and is making inroads into European and U.S. markets.

Nanjing CMSC Logistics Co., Ltd. handles integrated automobile logistics. The company offers high-quality logistic services to automobile companies, from components to finished vehicles, including in-plant logistics, in the fast-growing Chinese market.

Policies of the GG Plan and Fiscal 2008 Strategies

In the financial services field, we established the new Leasing Business Department in April 2008 after assuming control over the SMFL-related business and aircraft leasing business from other Business Units. Through our alliance with SMFL and Sumitomo Mitsui Financial Group, Inc., we are embarking on a new core strategy to strengthen and expand our financial service business.

In the commodities trading business, we aim to extend our reach in the United States and Europe while simultaneously expanding the range of products we trade and the risk management services we provide to commercial customers. The asset management business will continue to grow as we increase assets under management in specific alternative investments, which include commodity indices and hedge funds, two areas in our realm of expertise. Our direct investment and fund businesses will grow as we continue to create value by taking advantage of investment opportunities in Asia and other growth markets.

In the logistics field, the market has been expanding for raw materials, parts and consumer goods, especially in China and Southeast Asia. We are reinforcing our global logistics network, offering comprehensive component procurement and distribution services. These activities will enhance our logistics capabilities, the diversity of services provided and, ultimately, the quality of our service.

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.

In the insurance field, we will expand our earnings base through the promotion of reinsurance brokerage and other businesses.

Fiscal 2007 Results

Net income decreased ¥0.8 billion year on year to ¥5.1 billion due to lower profits in the commodities business.

In the financial services field, we acquired GALLIA PLUS Corporation, which owns business model patents for small and medium-sized companies that use trade accounts receivable as collateral for funds. We believe this acquisition will enhance our ability to meet the rising demand for financing that has accompanied the credit contraction in financial markets. We are steadily expanding the scale of this business by forming tie-ups with related parties.

In accordance with a revision of the Financial Instruments and Exchange Law, we established SCM Securities Co., Ltd. and registered it as a securities company—a necessary step in promoting our asset management business. As a result, we can now boost our financial product engineering and marketing capabilities while providing securities functions to other business units.

In the logistics business, we established an integrated automobile logistics company in Nanjing, China. This company provides various logistic services, from components to finished vehicles, including in-plant logistics. In addition, we commenced scheduled land transportation services between Vietnam and southern China for a Japanese precision machinery manufacturer. These services offer faster delivery than by sea, coupled with the benefit of regular schedules.

In China, we are expanding centers that provide services to auto parts, automobile, hazardous chemical, electronics and electrical product manufacturers. In Asia other than China, we are strengthening our services to automobile, motorcycle and construction equipment manufacturers.

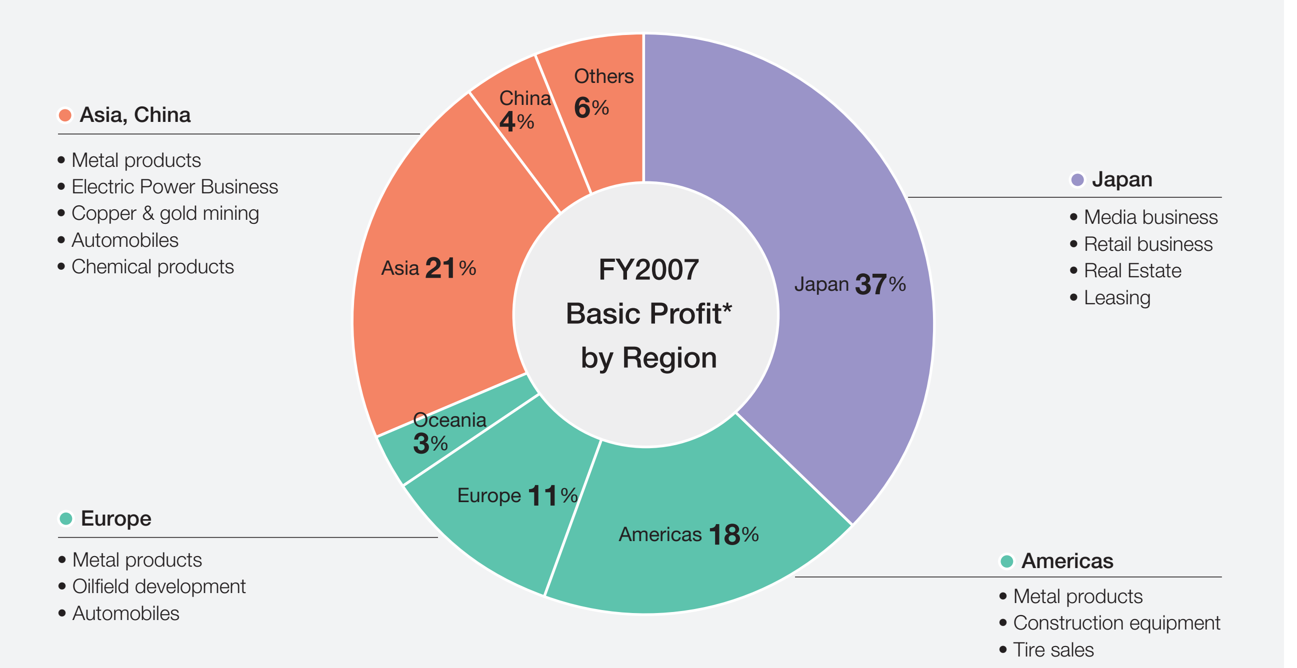
In the overseas industrial park business, we completed the sale of all park lots, including sector three of Thang Long Industrial Park in Vietnam. Expecting an increased flow of investment from Japan into Vietnam, we are developing Thang Long Industrial Park II, which will be approximately the same size as the first park. We continue to explore the feasibility of developing industrial parks in India and other regions.

GLOBAL BUSINESS OPERATIONS

One of the important business foundations of Sumitomo Corporation is its global network consisting of approximately 150 offices and about 800 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 while steadily broadening the Group's earnings base.

Principal Businesses by Region

The graph presented below, "Basic Profit* by Region," shows how our earnings base is well-balanced geographically. Basic profit is almost the same in each of the three regions, namely Japan; other advanced nations, such as the Americas and Europe; and emerging countries in Asia and China.



*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

In Japan, the cable TV operator J:COM, TV shopping channel Jupiter Shop Channel and the leasing companies Sumitomo Mitsui Finance and Leasing and Sumitomo Mitsui Auto Service have been strengthening their leading market positions and expanding their businesses. Moreover, our condominium sales and office building leasing operations have provided a stable source of earnings.

In the Americas, our pet care business and the polyvinyl chloride pipe business in the United States as well as other consumption and housing-related operations have been affected by the subprime loan problem. However, this effect has been limited, because the businesses that are now contributing largely to our profit in this region comprise the metal products business, which mainly constitutes tubular products, and the construction equipment business for mining development.

In Europe, oilfield operations in the North Sea and the SCM business for tubular products as well as our automobile wholesale, retail and financing operations have become stable pillars of profit.

In the fast-growing economies of Asia, including China, our steel service centers and automobile sales, financing, and parts manufacturing businesses have recorded steady growth and power generation operations have been buoyed by robust electricity demand.

Capturing Growth Opportunities on a Global Basis

Here, we highlight some of our established efforts to strengthen our well-balanced earnings base in such emerging countries as India, Vietnam and the United Arab Emirates, which are expected to see continuous growth.

India

● Market Outline

India's economy has consistently grown at an annual pace of 7% or higher since 2003. This is attributable to steady manufacturing industry expansion driven by the IT sector.

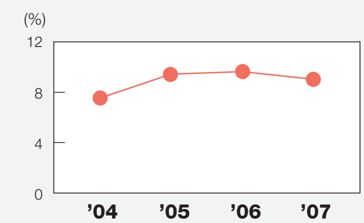
Boasting a population in excess of 1.1 billion, economic development in India has expanded the middle income bracket. This has contributed to rapid consumer market growth. In particular, the automobile market has grown at an annual rate of 10% or more with automobile production rising to 2,300,000 vehicles in fiscal 2007.

● Strategic Initiatives in a Potential Growth Market

Positioning India as both a domestic market as well as export base in an automobile industry that is expected to enjoy continued growth, we have been proactively developing related businesses.

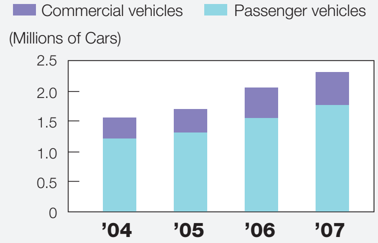
In fiscal 2007, we started production of steel tubes for automobiles in an alliance with Nisshin Steel and a local auto parts manufacturer. In addition, we launched a brake disc production business with our subsidiary KIRIU Corporation and Hero Motors in India. Swaraj Mazda, a light-duty truck and bus manufacturer in which we have an approximately 40% stake, began manufacturing semi-large buses to meet demand that is growing as the nation's highway system is expanded.

India's Real GDP Growth Rate



Source: Central Statistical Organization

Automobile Production in India



Source: Society of Indian Automobile Manufacturers (SIAM)

Swaraj Mazda Limited

Business Outline

Since its founding in 1983, Swaraj Mazda has manufactured and sold light-duty trucks and buses. Today, it is a mid-tier commercial vehicle manufacturer with around 130 sales bases throughout India. In 2006, it produced about 12,000 vehicles and held a share of between 3% and 4% of India's commercial vehicle market.

Amid expectations for stronger demand for medium and heavy-duty buses as the nation's transportation infrastructure is upgraded, in 2007, Swaraj Mazda began producing buses with a passenger capacity of 40 to 45 people under Isuzu Motors Limited's technical assistance for medium- to large-sized buses.

In India, Swaraj Mazda has an integrated production capability for vehicle chassis and bodies. This is unlike other automakers, which usually make only the chassis, contracting the vehicle bodywork out to a specialist. Since it has its own sales network, the company can meet customer needs with sales and after-sales services of finished buses.

Body production line

Future Growth Strategy

Swaraj Mazda will deepen its cooperation with Isuzu Motors to expand its product lineup and is preparing to start manufacturing medium-duty buses capable of carrying 20 to 25 passengers. The company is also looking into manufacturing trucks locally.

Finished buses

Vietnam

Market Outline

In recent years, Vietnam has improved investment conditions. Recognized for its political and social stability, a large industrious and young workforce, Vietnam is viewed by Japanese manufacturers as an excellent alternative location to China.

In January 2007, Vietnam joined the World Trade Organization. Steps to further liberalize the market and improve investment conditions are expected to encourage more Japanese companies to invest in the country.

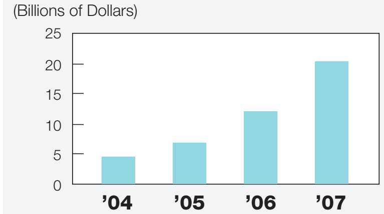
Strategic Initiatives in a Potential Growth Market

In October 2007, we established Sumitomo Corporation Vietnam LLC, anticipating the country's eventual move to open commerce to foreign capital from January 2009. This was undertaken with the aim of strengthening our business base in Vietnam by building up knowledge of the market and securing expert personnel.

We have promoted infrastructure projects in power generation, water treatment, transportation and related fields, which underpin economic development in Vietnam. To support the increasing number of Japanese companies entering Vietnam we are strengthening the availability of our logistics services by starting the scheduled land transportation services between Vietnam and southern China while expanding our industrial parks. And we are offering steel sheet processing services for automobile and home appliance manufacturers at our steel service centers in Hanoi, Da nang and Dong Nai. Sumitronics Corporation provides EMS* to manufacturers of IT equipment and digital home electronics.

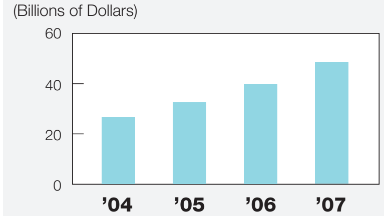
* EMS: Electronics Manufacturing Services, providing electronics device manufacturing services on a contract basis

Approved Foreign Direct Investment in Vietnam



Source: General Statistics Office of Vietnam

Value of Total Vietnamese Exports



Source: General Statistics Office of Vietnam

Thang Long Industrial Park (TLIP)

Business Outline

In 1997, TLIP was developed in Hanoi as a joint venture with a government-run company. Since then, 274 hectares have been developed, in which 82 mainly Japanese companies, such as Canon Inc. and Matsushita Electric Industrial Co., Ltd., currently have set up operations. Annual exports from TLIP amount to around $1.6 billion, or more than 3% of Vietnam's total export value.

We provide support on all fronts to the tenants, starting with such basic infrastructure as electricity, water and sewage treatment to services such as paperwork for establishing a company in Vietnam. We also operate a bonded logistics center within the industrial park.

Entrance of TLIP

Future Growth Strategy

We have started developing the Thang Long Industrial Park II in Hung Yen, a province next to Hanoi, to help accommodate the influx of Japanese companies into Vietnam. We plan to start accepting applications for lots in the new industrial park in August 2008.

Moreover, we will expand our steel service center facilities within the industrial park and pursue opportunities to expand our business base.

Steel service center in TLIP

U A E

Market Outline

The Middle East has about 60% of the world's extractable oil reserves, and oil and gas development in the region has picked up in tandem with rising global demand for energy in recent years. The profits from this activity are not only funneling into the world's financial markets, they are being invested in the development of the region's infrastructure.

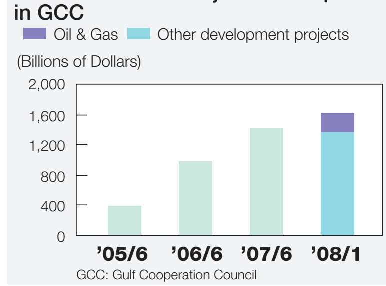
In the United Arab Emirates, Abu Dhabi will continue to develop through oil and natural gas projects while Dubai has positioned itself as the economic hub of the Gulf region by attracting foreign funds, such as the establishment of a free trade zone.

Strategic Initiatives in a Potential Growth Market

We are engaged in various businesses in the Middle East, working to the best of our ability to meet demand for metal products for oil and gas field development and petrochemical plant construction. Through Mezon Stainless Steel FZCO in Dubai, we operate an inventory business for stainless steel tubular products, steel sheets, fittings and flanges. In 2008, we launched SC Tubular and Steel Products (M.E.) FZCO in Dubai to strengthen our operations and marketing related to oil well casing and tubing, line pipes and specialty tubular products.

We aim to expand sales of construction equipment in the Middle East by establishing our marketing base in the United Arab Emirates to meet growing demand for infrastructure and urban development.

Value of Current Project Development in GCC



Source: Middle East Business Intelligence (MEED)

High-rise building under construction in Dubai

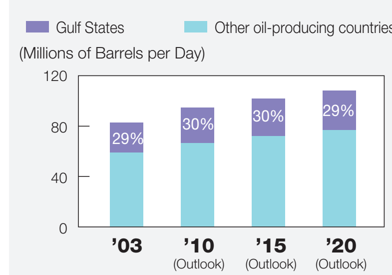
SC Tubular and Steel Products (M.E.) FZCO

Business Outline

The Metal Products Business Unit provides SCM services ranging from the supply of steel tubular products to storage, processing, inspection, transportation and maintenance particularly from six of its bases—located in Japan, the United States, the United Kingdom, Singapore, Australia and the Middle East.

In the Middle East, demand has been soaring for high-grade oil well casing and tubing and line pipes for oil and gas development projects. We accordingly established SC Tubular and Steel Products (M.E.) FZCO in Dubai in March 2008 to meet this demand. Together, we aim to reinforce our sales structure to expand sales of steel tubular products with an option of offering SCM in the Middle East. SC Tubular and Steel Products (M.E.) is marketing primarily oil well casing and tubing to customers in the Gulf States, including the United Arab Emirates, Qatar, Saudi Arabia and Kuwait.

World Oil Production (Share Held by the Gulf States)



Source: Energy Information Administration (EIA)

Future Growth Strategy

In addition to the development of oil resources, gas field development has been picking up in the Middle East due to the relatively lighter impact on the environment. We expect to be able to tap into the demand for steel tubular products for gas field development from national oil and gas companies as well as Major Oil Companies operating in the Middle East.

In addition to an inventory business of high-value-added, high-grade steel tubular products, through this company we will offer timely and highly satisfying services to our customers to meet their commercial and technical requirements, which are becoming more advanced and specialized day by day.

Steel tubular storage yard in Dubai

PRINCIPAL SUBSIDIARIES AND ASSOCIATED COMPANIES CONTRIBUTING TO CONSOLIDATED RESULTS

	Shares in equity (End of FY2007) (%)	Main Business	Equity in earnings (FY2006) (100 million yen)	Equity in earnings (FY2007) (100 million yen)
● Metal Products				
ERYNGIUM Ltd.	*89.10	Manufacture, processing and distribution of speciality metals for OCTG market	—	46.6
SC Pipe Services Inc.	100.00	Investment in pipe manufacturing and sales company in the U.S.	30.2	18.6
National Pipe Company, Ltd.	16.00	Pipe manufacturing and sales company in Saudi Arabia	9.7	14.8
Sumisho Metalex Corporation	*100.00	Sale of non-ferrous metal products, materials for home heat solution	16.6	13.0
Asian Steel Company Ltd.	100.00	Shearing, slitting, and sale of steel plates	6.9	11.1
Sumisho Steel Corporation (Hong Kong)	*100.00	Investment in steel service centers in Southern China	1.7	8.3
● Transportation & Construction Systems				
Sumitomo Mitsui Auto Service Company, Limited (Former Sumisho Auto Leasing Corporation)	60.00	Leasing of motor vehicles [Shares in equity (End of FY2006): 100.00%; From October 2007: 60.00%]	50.4	49.8
P.T. Oto Multiartha	80.30	Financing of motor vehicles	16.3	21.2
P.T. Summit Oto Finance	*99.51	Financing of motor vehicles [Shares in equity (End of FY2006): 99.59%]	15.3	6.2
Sumisho Aircraft Asset Management B.V.	*100.00	Aircraft operating lease	2.0	4.8
● Infrastructure				
MobiCom Corporation	33.98	Integrated telecommunication service in Mongolia	14.9	23.1
Perennial Power Holdings Inc.	*100.00	Development, ownership and management of power plant in the U.S.	11.5	14.7
● Media, Network & Lifestyle Retail				
Jupiter Telecommunications Co., Ltd.	27.76	Operation of multiple cable TV systems (MSO) and channels (MCO) [Shares in equity (End of FY2006): 25.74%]	66.2	67.5
SC Media & Commerce Inc. (Former Jupiter TV Co., Ltd.)	100.00	Management and operation of programming services and TV shopping channel [Shares in equity (End of FY2006): 50.00%; From July 2007: 100.00%]	40.0	60.3
Sumisho Computer Systems Corporation	58.96	System Integration; data processing services; development and sale of computer software and hardware [Shares in equity (End of FY2006): 56.98%]	24.7	31.3
Summit, Inc.	*100.00	Supermarket chain	26.2	28.5
MS Communications Co., Ltd.	*50.00	Sale of cellular phones and fixed line telecommunication services	26.2	27.2
Montrive Corporation	*100.00	Sole import, designing and sale of the luxury line of chenille fabrics, “FEILER”	11.3	11.3
● Chemical & Electronics				
Sumitomo Shoji Chemicals Co., Ltd.	*100.00	Sale and trade of chemicals and plastics	11.5	16.3
Sumitronics Corporation	*100.00	Electronics Manufacturing Service and sale of electronics products and parts	25.8	15.0
Summit Agro Europe Ltd.	*100.00	Investment in agricultural chemicals in Europe	7.1	8.0
The Hartz Mountain Corporation	*96.30	Manufacturing, distribution, and sales of pet care products	4.6	0.5
Cantex Inc.	*100.00	Manufacture and sale of polyvinyl chloride pipes	17.5	(0.9)
● Mineral Resources & Energy				
Nusa Tenggara Mining Corporation	74.28	Investment in and financing of the Batu Hijau copper/gold mine development project in Indonesia	34.0	91.3
Sumisho Coal Australia Pty. Ltd.	100.00	Investment in coal mines in Australia	98.0	83.8
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	48.0	56.3
SMM Cerro Verde Netherlands B.V.	20.00	Investment in the Cerro Verde copper mine in Peru	9.9	30.9
2 companies with oil field interests in the North Sea	*—	Development, production and sale of crude oil and natural gas in the British and Norwegian zones of the North Sea	0.1	26.5
LNG Japan Corporation	50.00	Trading of LNG, investment and financing related to LNG business	19.3	16.4
Petro Summit Pte. Ltd.	*100.00	International trade of crude oil and petroleum products	16.6	13.0
SC Mineral Resources Pty. Ltd.	100.00	Investment in the Northparkes copper mine in Australia	19.3	8.6
2 silver, zinc and lead business companies in Bolivia	100.00	Investment in silver, zinc, and lead mine operating, and ore concentrate sales companies in Bolivia	0.0	(14.4)
Summit Gulf Venture	*100.00	Development, production and sale of crude oil and natural gas in the Gulf of Mexico, the United States	(85.2)	(112.9)
Apex Silver Finance	35.00	Hedge trading for Bolivian silver, zinc and lead mines	—	(221.2)
● General Products & Real Estate				
TBC Corporation	*100.00	Retail and wholesale of tires	36.0	39.5
Sumisho Paper Co., Ltd.	100.00	Sale of pulp, wastepaper, paper, paperboard and packaging materials	10.8	8.0
S.C. Cement Co., Ltd.	100.00	Sale of cement, ready-mixed concrete and concrete products	7.4	6.5
3 companies in the banana business	—	Import and sale of fruits and vegetables	11.6	4.0
● Financial & Logistics				
Bluewell Corporation	100.00	Agent for casualty insurance and life insurance	7.2	7.4
Thang Long Industrial Park Corporation	58.00	Development, sales, and operation of industrial estate in Vietnam	4.6	4.3
● Overseas				
Sumitomo Corporation of America	100.00	Export, import, investment	253.6	219.0
Sumitomo Corporation Europe Holding Ltd.	100.00	Export, import, investment	53.2	84.6
Sumitomo Corporation Asia Pte. Ltd.	100.00	Export, import, investment	64.0	70.5
Total 9 subsidiaries in China	100.00	Export, import, investment	31.5	34.9
Sumitomo Australia Limited	100.00	Export, import, investment	12.9	14.4
Sumitomo Corporation Taiwan Ltd.	100.00	Export, import, investment	8.3	9.0
● Others				
Sumitomo Mitsui Finance and Leasing Company, Limited (Former Sumisho Lease Co., Ltd.)	*45.00	Finance & Lease [Shares in equity (End of FY2006): 96.73%; From October 2007: 45.00%]	100.6	89.4

* 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.