Sumitomo Corporation

ANNUAL REPORT 2009

For the year ended March 31, 2009

CONTENTS

Cautionary Statement Concerning Forward-Looking Statements

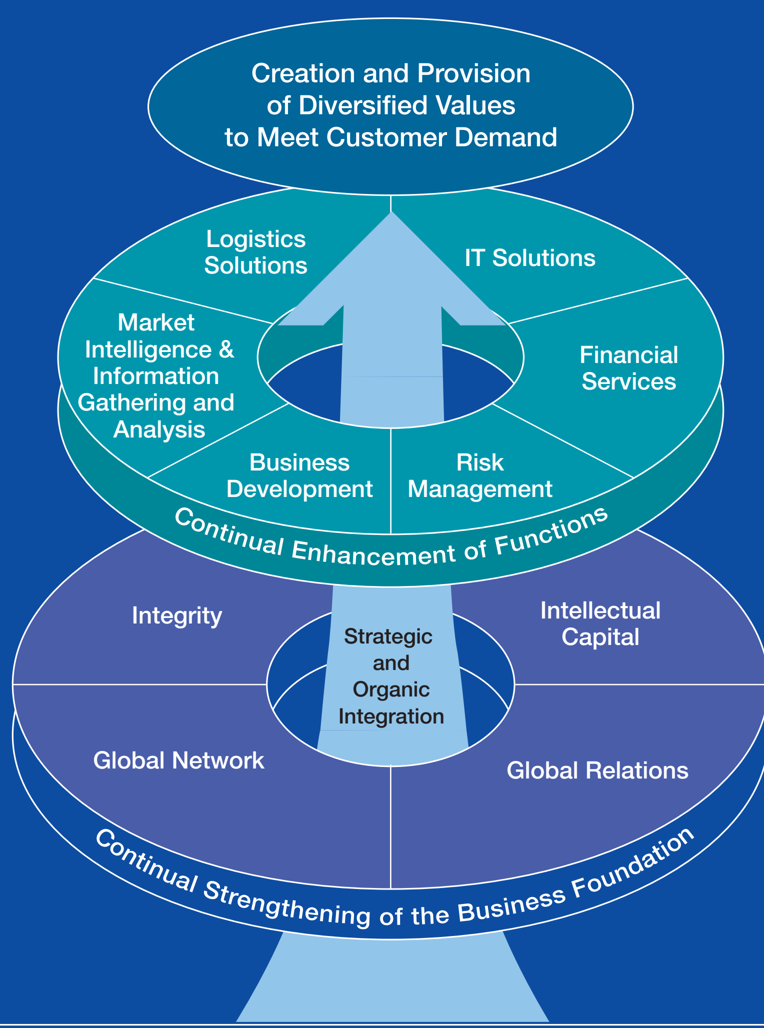
This report includes forward-looking statements relating to our future plans, targets, objectives, expectations, and intentions. The forward-looking statements reflect management's current assumptions and expectations of future events and, accordingly, they are inherently susceptible to uncertainties and changes in circumstances and are not guarantees of future performance. Actual results may differ materially, for a wide range of possible reasons, including general industry and market conditions and general international economic conditions. In light of the many risks and uncertainties, you are advised not to put undue reliance on these statements. The management targets included in this report are not projections, and do not represent management's current estimates of future performance. Rather, they represent targets that management strives to achieve through the successful implementation of the Company's business strategies. The Company may be unsuccessful in implementing its business strategies, and management may fail to achieve its targets.

The Company is under no obligation—and expressly disclaims any such obligation—to update or alter its forward-looking statements.

A GROWTH SCENARIO ON A NEW STAGE

Sumitomo Corporation attained steady growth by responding flexibly and swiftly to change. Under our current medium-term management plan, FOCUS'10, we will strive for the creation of "new value" as stated in our management principles by leveraging our integrated corporate strengths—our core competencies.

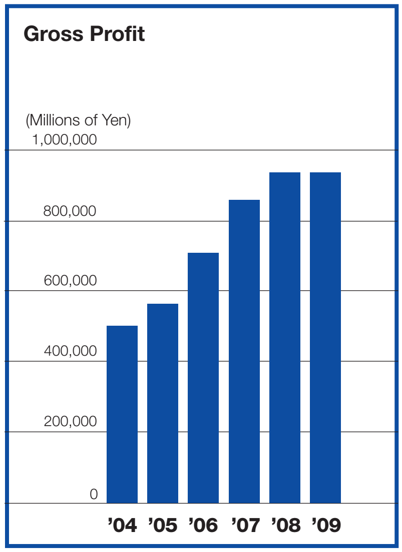
Integrated Corporate Strength: Sumitomo Corporation's Core Competence

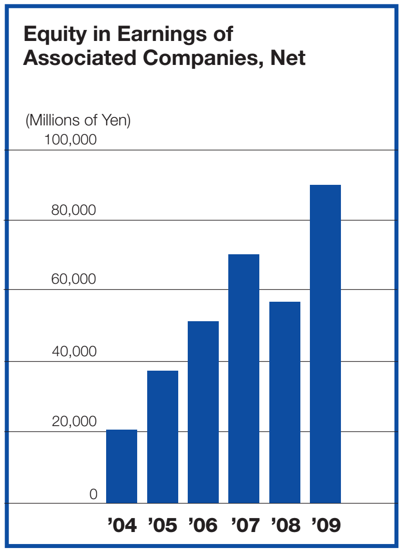


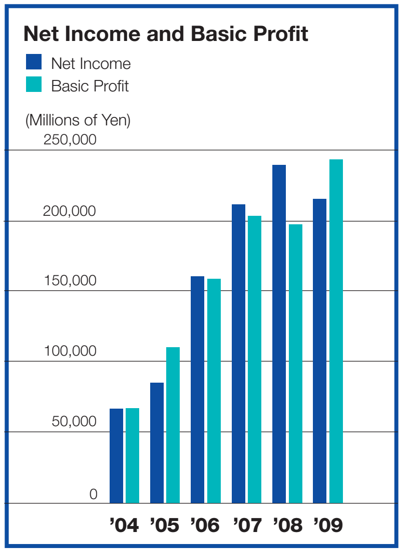
FINANCIAL HIGHLIGHTS

For the years ended March 31

	Millions of Yen					
	2009	2008	2007	2006	2005	2004
Results of Operations:						
Gross Profit	**¥ 935,232**	¥ 934,542	¥ 857,689	¥ 706,647	¥ 563,130	¥ 501,332
Net Financial Income	**(21,487)**	(27,578)	(22,991)	(9,530)	(2,259)	560
Interest Expense, net	**(36,120)**	(42,838)	(37,086)	(19,953)	(8,645)	(6,374)
Dividends	**14,633**	15,260	14,095	10,423	6,386	6,934
Equity in Earnings of Associated Companies, net	**89,954**	56,942	70,307	51,374	37,387	20,693
Net Income	**215,078**	238,928	211,004	160,237	85,073	66,621
Financial Position at Year End:						
Total Assets	**7,018,156**	7,571,399	8,430,477	6,711,894	5,533,127	5,012,465
Shareholders' Equity	**1,353,115**	1,492,742	1,473,128	1,303,975	934,891	730,848
Interest-Bearing Liabilities (net)	**3,186,833**	3,247,556	2,913,256	2,622,176	2,376,014	2,377,607
Cash Flows:						
Net Cash Provided by (Used in) Operating Activities	**345,596**	320,651	191,235	(62,752)	(20,831)	61,754
Net Cash (Used in) Provided by Investing Activities	**(308,653)**	(299,843)	(453,120)	(141,428)	(55,833)	57,929
Free Cash Flow	**36,943**	20,808	(261,885)	(204,180)	(76,664)	119,683
Net Cash Provided by (Used in) Financing Activities	**44,475**	12,679	176,106	262,145	115,825	(23,582)

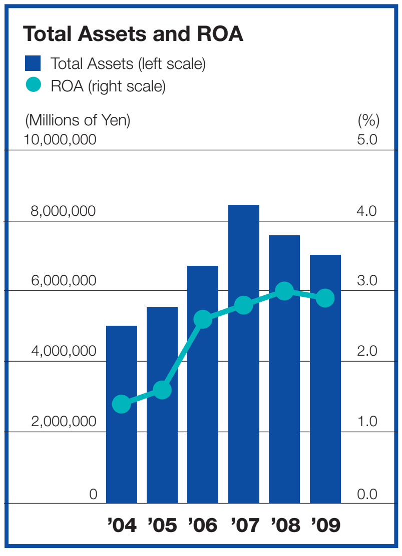




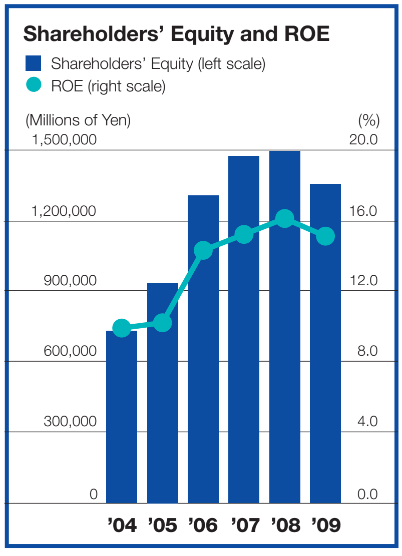


	2009	2008	2007	2006	2005	2004
	Yen					
Amounts per Share:						
Net Income: Basic	¥ **172.06**	¥ 192.51	¥ 169.93	¥ 130.18	¥ 72.83	¥ 62.66
Diluted	**172.03**	192.47	169.90	130.17	72.82	61.31
Shareholders' Equity	**1,082.47**	1,194.20	1,192.35	1,047.88	776.61	686.99
Cash Dividends Declared for the Year	**34.00**	38.00	33.00	25.00	11.00	8.00
	%, Times					
Ratios:						
Shareholders' Equity Ratio (%)	**19.3**	19.7	17.5	19.4	16.9	14.6
ROE (%)	**15.1**	16.1	15.2	14.3	10.2	9.9
ROA (%)	**2.9**	3.0	2.8	2.6	1.6	1.4
Debt-Equity Ratio (net) (times)	**2.4**	2.2	2.0	2.0	2.5	3.3
	Millions of Yen					
For Reference:						
Total Trading Transactions	**¥ 10,749,996**	¥11,484,585	¥10,528,277	¥10,336,265	¥ 9,898,598	¥ 9,197,882
Operating Income	**263,392**	254,101	239,748	176,133	112,385	70,950
Basic Profit	**242,982**	197,126	202,938	158,347	109,970	66,820

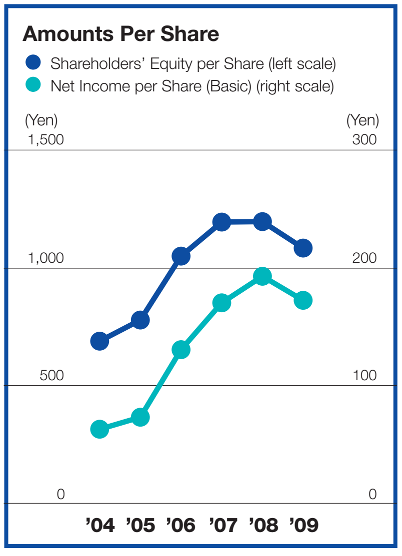
Notes: 1. Cash dividends per share represents the cash dividends declared applicable to each respective year, including dividends paid after the year-end.
2. Total trading transactions and operating income are presented in a manner customarily used in Japan solely for Japanese investors' purposes.
3. Total trading transactions represents the gross transaction volume of trading activities, or the nominal aggregate value of the transactions for which the Companies act as principal or as agent. Total trading transactions is a measure commonly used by Japanese trading companies. It is not to be construed as equivalent to, or a substitute for, sales or revenues under accounting principles generally accepted in the United States of America ("U.S. GAAP").
4. Basic Profit = (Gross profit - Selling, general and administrative expenses - Interest expenses, net of interest income + Dividends) x (1-Tax rate) + Equity in earnings of associated companies, net
(Tax rate was 42% for fiscal year ended March 31, 2004 and 41% for fiscal year ended March 31, 2005 and after)



Total Assets and ROA



Shareholders' Equity and ROE



Amounts Per Share

Susumu Kato
President and CEO

Results for Fiscal 2008

Affected by the deteriorating economy in the latter half of the fiscal year, net income in fiscal 2008 (ended March 31, 2009) was ¥215.1 billion, ¥27.9 billion short of our initial target.

Starting in the latter half of fiscal 2008, the credit crunch had enormous impact on the real global economy. At the same time, prices on international commodity markets fell in response to the effects of moves to reduce risk asset holdings and sharp drops in demand.

Our performance in fiscal 2008 advanced at a steady pace until the third quarter thanks to a favorable market environment and rising natural resource prices. Core businesses that showed strong performance due to the abovementioned factors were steel service centers and the tubular products business in Metal Products, automobile and construction equipment businesses in Transportation & Construction Systems and the coal business in Mineral Resources & Energy. However, economic deterioration in the fourth quarter led to a decline in total trading transactions as well as extraordinary losses that included inventory valuation losses and impairment losses on securities. As a result, net income in fiscal 2008 amounted to ¥215.1 billion, ¥27.9 billion short of the initial target of ¥243 billion.

Our two-year net income was ¥454 billion, which also fell short of the ¥470 billion target set under the GG Plan, our medium-term management plan from April 2007 to March 2009.

Constantly staying a step ahead in dealing with change, we create new value to realize sustained growth.

Looking Back on the GG Plan

Under the GG Plan for solidifying our footing in order to stably secure a Risk-adjusted Return Ratio of 15% or more, we pursued the expansion of our earnings base and further improvements in management quality in a balanced manner.

To expand our earnings base, we aimed to realize large pillars of profit immune to changes in the business environment and worked to increase profitable assets in core businesses and peripheral fields in each segment. For instance, among initiatives conducted to expand our base of existing core businesses, we enhanced our value chain of tubular product for oil and gas development in Metal Products, strengthened the automobile finance and lease business in Transportation & Construction Systems, then, made the TV shopping business into a wholly owned subsidiary in Media, Network & Lifestyle Retail. We also endeavored to build new pillars of profit in Mineral Resources & Energy with the silver-zinc-lead mine in Bolivia and a nickel project in Madagascar.

With regard to management quality, we have made efforts in four areas: “earnings base,” “operations,” “group management,” and “human resources and workstyles.” Improving the quality of our earnings base is an issue of utmost importance. To accomplish this, we worked to further implement selection and concentration and raise the value of individual

GG Plan Quantitative Targets & Results

	Quantitative Targets	Results
Risk-adjusted Return (2-year average):	15% or more	16.5%
Net income (2-year total)	¥470 billion	¥454 billion

GG Plan 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”

businesses by enhancing business monitoring processes and refining our investment rules. In addition, to more effectively utilize limited management resources, together with efforts to improve asset efficiency we actively reduced the number of small-scale Group companies.

I believe that our efforts under the GG Plan to improve the earnings base enabled us to achieve the target Risk-adjusted Return Ratio of 15% or more in a business environment that had changed far more radically than anticipated. However, there were also large-scale investment projects that did not proceed as planned. I recognize that increasing the value of individual businesses is an issue to which we must continue to apply our energies. Furthermore, in acknowledgement of the sobering fact that we were not able to achieve our net income targets, we will continue to make efforts to further improve management quality.

FOCUS'10 Objectives

Under FOCUS'10, we aim to construct a business model that enables us to maintain sustained growth even in harsh economic conditions

From April 2009 we commenced FOCUS'10, a new two-year medium-term management plan. Under the assumption that the harsh external conditions will continue for the time being, we have set the net income target for fiscal 2009 at ¥115 billion. In deciding on this figure, we took into account the results of 10 years of management reforms implemented under the Reform Package through to the GG Plan. This target also reflects our firm conviction that we will be able to secure a Risk-adjusted Return Ratio that exceeds the shareholders' capital cost of 7.5% regardless of the business environment. Moreover, keeping in mind our desire to once again achieve a Risk-adjusted Return Ratio of 15% over the medium to long term, we set our target for the next two-year average Risk-adjusted Return Ratio's at approximately 10%.

FOCUS'10 Fundamental Principles and Qualitative Targets

"A Growth Scenario on a New Stage"

Fundamental Principles

- Promote medium/long-term growth by enhancing value-creation capability while reinforcing soundness and efficiency
- Promote company-wide growth by leveraging the diversity and strengths of our businesses

Qualitative Targets

- Steady execution of selective & focused growth strategy
- Thorough reinforcement of soundness and efficiency
- Development of human and organizational dynamism to enhance value-creation capability

FOCUS'10 Quantitative Targets and Plan

Quantitative Targets

Net income (FY2009)*	¥115 billion
Risk-adjusted Return (two-year average)	Around 10%

Risk Asset Plan (two-year total)

Amount increasing over two years (gross)	¥200 billion
Decrease	¥100 billion
Amount increasing (net)	¥100 billion

Soundness & Efficiency

- Total Assets: Remains on the same level as of the end of March 2009
- Free Cash Flow: Positive two-year total

* "Net income" presented above means "Net income attributable to shareholders of Sumitomo Corporation" in the Statement of Financial Accounting Standards No. 160, effective April 1, 2009, which is equivalent to the caption "Net income" appearing in the consolidated financial statements for fiscal year ended March 31, 2009.

The aim of FOCUS'10 is to establish "A Growth Scenario on a New Stage" with a view to the next 10 years. We aim to build a corporate framework and growth model capable of maintaining sustained growth, even in the severe business environment we are now facing. We will maintain and deepen Risk-adjusted Return Ratio management.

FOCUS'10 Initiatives

We will steadily execute our growth strategy with a view to the medium and long term through the selective and concentrated allocation of management resources and by setting objectives in line with the diverse characteristics of individual business.

Under FOCUS'10, a framework is introduced that promotes diverse growth by making use of the distinctive features and strengths of each business. Our aim is to construct earnings pillars from a medium- to long-term viewpoint. To achieve this, we classify each business in terms of both profitability and earnings scale and set selective and concentrated targets and allocate management resources in accordance with their stage of growth.

In the two years of FOCUS'10, we plan to newly accumulate ¥200 billion in Risk-adjusted Assets. Within these assets, we intend to mainly allocate management resources to earnings pillars that meet the quantitative conditions of a Risk-adjusted Return Ratio of 7.5% or more and annual net income ¥1 billion and above.

Under FOCUS'10, we will work to thoroughly strengthen soundness and efficiency, securing sustained growth backed mainly by retained earnings

In order to maintain growth in any financial or economic environment, I believe it essential to strengthen soundness and efficiency so that we are able to continue making investments backed mainly by retained earnings. Taking this into account, under FOCUS'10, we will raise the quality of our business portfolio by implementing balance sheet management and controlling the amount of total assets through the replacement of assets.

In addition to reducing the number of small-scale companies as in the past, we will further intensify the strategic replacement of large-scale assets and shift management resources to businesses with greater asset efficiency. Through these efforts, we aim to maintain total assets at the same level as of March 31, 2009, and secure a positive free cash flow on a two-year total basis.

Returns to our Shareholders

Under FOCUS'10, we will maintain a dividend payout ratio of 20% to bolster our financial soundness and secure funds for investment.

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 have set the dividend payout ratio at 20%, taking into consideration the level of retained earnings required to execute our growth strategy. In line with this policy, we paid annual dividends of ¥34 per share for fiscal 2008.

Considering the current financial environment, and in order to strengthen our capital base aimed at realizing a sound financial condition and securing investment capital, we will maintain the dividend payout ratio at 20% for the two years of FOCUS'10. In accordance with this, we plan to pay a dividend of ¥18 per share for fiscal 2009 based on our net income target of ¥115 billion.

Aiming for Sustained Growth

We aim for sustained growth, striving to expand with market change.

In the past, while striving to maintain and improve soundness and efficiency, even in harsh business environments, we attained growth by responding flexibly and swiftly to environmental changes, for example, by enhancing our functions, initiating new businesses and transforming our corporate structure. I believe this is the result of leveraging our integrated corporate strengths and core competencies as well as of putting into practice our "aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society," as stated in our management principles, as well as our corporate mission "to achieve prosperity and realize dreams through sound business activities."

As we look toward the current world economy, we can see we are in a severe situation compared with the upswing of the past few years. For us to maintain sustained growth no matter what the business environment, I believe it critical that we exert our integrated corporate strength and keep ahead of change while continuing to create value.

To steadily implement our medium- to long-term strategic growth strategy by maximizing value creation capability, which is generated from business and employee diversity and integrated corporate strength, we will reinforce our business foundation for sustained growth backed mainly by retained earnings over the next two years. To that end, the entire Company will unite as one and strive to thoroughly fortify soundness and efficiency.

I sincerely request your ongoing understanding and support.

Susumu Kato
President and CEO
July 2009

Under our new medium-term management plan, FOCUS'10, and taking into account the results of 10 years of management reforms implemented under the Reform Package, which started in 1999, through the GG Plan, we will deepen Risk Asset Based Management and establish "A Growth Scenario on a New Stage" with a view to the next 10 years.

FOCUS on:

Future	A Medium- to Long-term Perspective
Originality	Respect for Individuality and Diversity
Core	Solid Earning Pillars
Unity	Leveraging of Our Integrated Corporate Strength
Soundness	Reinforcement of Operational Soundness and Efficiency

Under FOCUS'10, we are focusing on the creation of the foundations for future growth through the following qualitative targets: the steady execution of selective and focused growth strategy, the thorough reinforcement of soundness and efficiency, and the development of human and organizational dynamism to enhance value-creation capability. We introduce the specific measures below for achieving these targets.

FOCUS'10 Qualitative Targets and Measures

- **Steady execution of selective and focused growth strategy**
  - Implementation of the Business Line* Expected Role System
  - Risk-adjusted Asset Plan
  - Value Integration Committee
- **Thorough reinforcement of soundness and efficiency**
  - Promotion of balance sheet management
- **Development of human and organizational dynamism to enhance value-creation capability**
  - Further reinforcement of training and activation of diverse human resources

* A business line is a single business unit defined by its products, markets and business models.

Implementation of the Business Line Expected Role System

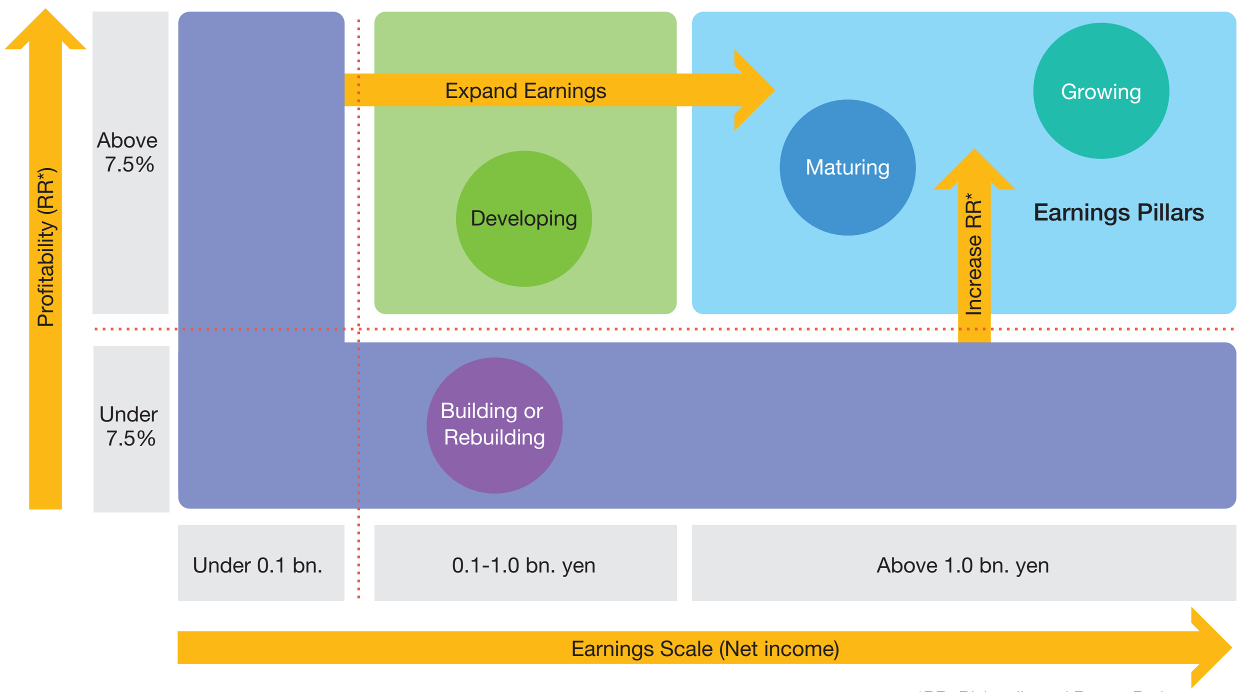
Leveraging the diversity and strengths of our business to deepen Risk-adjusted Return Ratio management, we aim to promote company-wide growth under FOCUS'10.

We categorize each business line in terms of two quantitative benchmarks: profitability (Risk-adjusted Return Ratio) and earnings scale (net income). Based on these results, we place each business line into one of four categories: "Growing," "Maturing," "Developing," or "Building or Rebuilding." We then set selective and focused targets and allocate management resources in accordance with their particular growth stages.

Business lines that fulfill the quantitative conditions of a Risk-adjusted Return Ratio of 7.5% or more and net income of more than ¥1 billion are classified as "Growing" and "Maturing." These business lines are given priority in management resource allocation as earnings pillars. By constructing several new earnings pillars from a medium- to long-term perspective, we will further reinforce our company-wide business portfolio.

Business Line Expected Role System

- **Clarify the expected role of each business line and promote its contribution to growth in accordance with this role**
- **Create major earnings pillars and make them larger**



*RR: Risk-adjusted Return Ratio

Growing Business Lines

Growing business lines are current earnings pillars with a competitive advantage and in markets with strong growth potential. We aim to increase earnings by actively investing management resources.

Categorized businesses (example):

- Tubular product value chain (Metal Products)
- IPP/IWPP business (Infrastructure)
- Cable TV business (Media, Network & Lifestyle Retail)

Maturing Business Lines

Maturing business lines have established solid business foundations that generate stable profits. We will work to steadily expand earnings scale while preserving profitability.

Categorized businesses (example):

- Steel service center network (Metal Products)
- Ship business (Transportation & Construction Systems)
- Real estate business (General Products & Real Estate)

Developing Business Lines

Developing business lines are those with a small earnings scale but fulfilling requirements for profitability. We focus on expanding the earnings scale of these business lines with the aim of turning them into future earnings pillars.

Categorized businesses (example):

- Medical science business (Mineral Resources, Energy, Chemical & Electronics)

Building or Rebuilding Business Lines

Building or rebuilding business lines include new businesses and projects at the launch stage that are striving to achieve initial targets. On the other hand, we quickly withdraw from the businesses without a future or growth potential as judged through periodic monitoring.

Categorized businesses (example):

- Eco and energy-saving business (Infrastructure)
- Nickel project (Mineral Resources, Energy, Chemical & Electronics)
- Leasing business (Financial & Logistics)

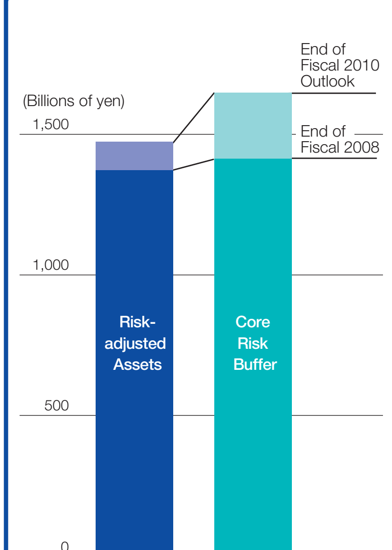
Risk-adjusted Asset Plan

From the standpoint of sound management, we have focused on maintaining a balance between Risk-adjusted Assets and the core risk buffer. Under FOCUS'10, we plan to increase Risk-adjusted Assets within the scope of retained earnings.

We plan a net increase of ¥100 billion in Risk-adjusted Assets over the two-year period of FOCUS'10 by accumulating ¥200 billion in new Risk-adjusted Assets and reducing ¥100 billion from our portfolio. We will accumulate Risk-adjusted Assets by putting an emphasis on "Growing" and "Maturing" business lines. In addition, we will take a balanced approach to increasing Risk-adjusted Assets in each segment as shown below, with an eye to future earnings growth.

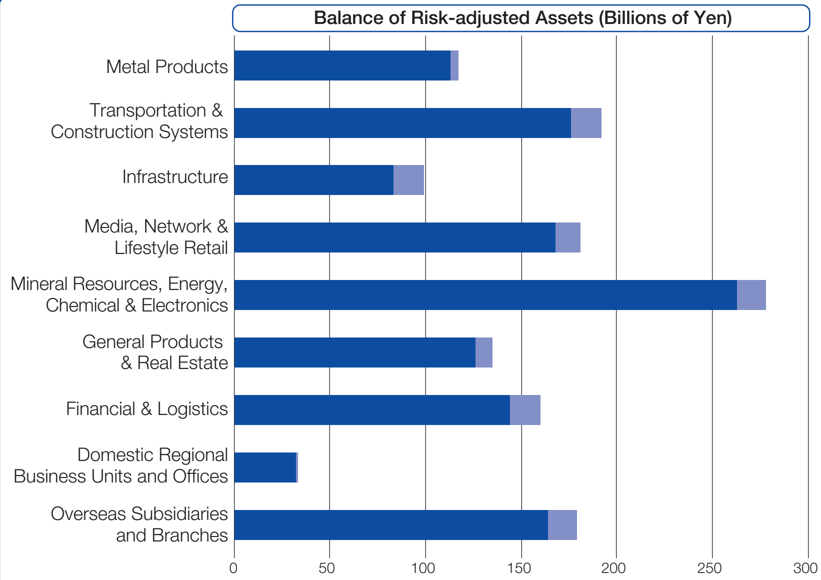
We identified the following fields in which we expect stable earnings: the expansion of a power plant in Indonesia in Infrastructure and asset accumulation in the office building leasing business in General Products & Real Estate. In Mineral Resources, Energy, Chemical & Electronics, we also have developed a nickel project in Madagascar. Moreover, as the cost of profitable assets declined to more reasonable levels, due mainly to a downturn in the financial environment and market prices, we acquired interests in an oil and gas project in the North Sea in May 2009.

Plan for Increasing Risk-adjusted Assets



Core risk buffer = Common stock + Retained earnings + Foreign currency translation adjustments - Treasury stock, at cost

Risk-adjusted Asset Plan by Segment (FY2009-2010)



Value Integration Committee

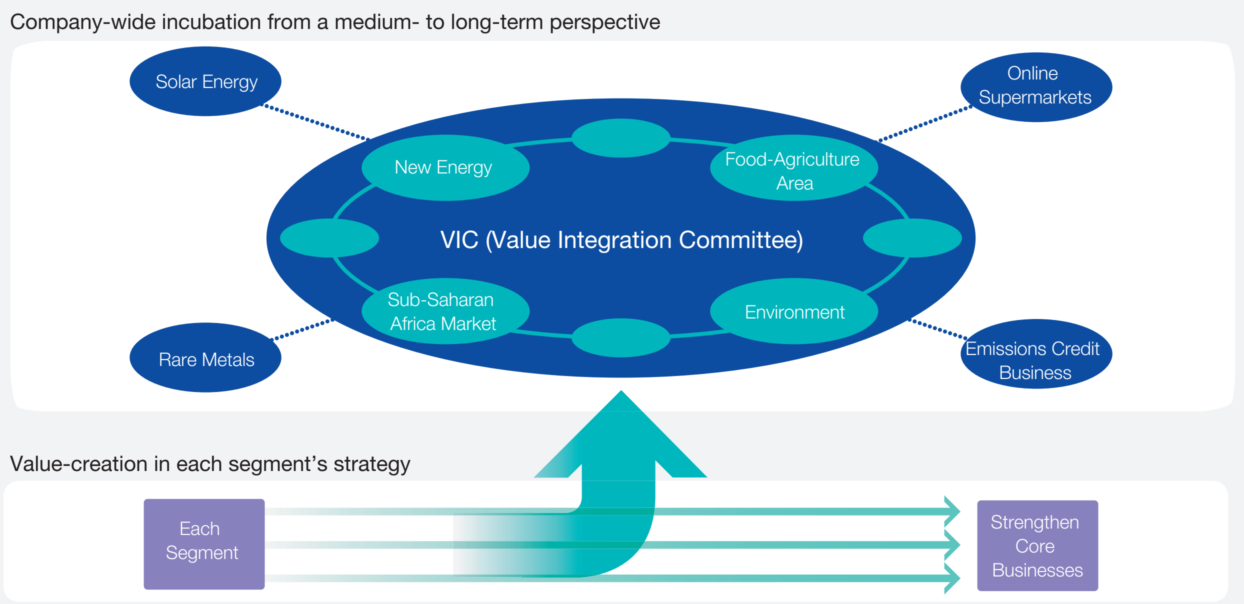
While expanding the earnings base and developing new businesses in each Business Unit and regional organization, we have been bolstering the activities of the Value Integration Committee (VIC), which was established under the GG Plan, in order to guide efforts over the longer term from a company-wide perspective.

The VIC functions as a company-wide incubator of business fields for the next generation and supports the development and nurturing of new businesses.

Under the GG Plan, we have taken several businesses from the incubation stage to the actual business execution stage, such as the online supermarket business, which we have positioned as core to our multichannel sales strategy in the food and ingredient field, and the emissions credit business, which is a part of our environmental operations.

Under FOCUS'10, we will continue efforts in the environmental and new energy fields and pursue business along key strategic themes, such as food and agriculture, which are gaining attention around the world, as well as the Sub-Saharan African market, areas that hold promise as new markets.

Business Development and Support Scheme



Promotion of Balance Sheet Management

Under FOCUS'10, we promote balance sheet management with the aim of strengthening soundness and efficiency. We are working to ensure positive free cash flow and manage interest-bearing debt levels by controlling asset scale and improving the business portfolio via strategic allocation.

Specifically, to improve asset efficiency, each segment formulates balance sheet plans that take into account the reduction of assets in addition to investment plans.

Moreover, at a company-wide level, we have set up a task force for promoting balance sheet management and strive to execute strategic large-scale asset replacements in order to continue investment for growth while reinforcing financial soundness.

Preparing for the possible losses that may be incurred from the sale of assets and business withdrawals, we have reserved an asset replacement fund of an after tax, two-year total amount of ¥10 billion, which enables us to actively replace assets even in this harsh environment.

Through these efforts at balance sheet management, we expect our debt-equity ratio, an indicator of financial soundness, to improve from 2.4 times to about 2.0 times over the next two years, by restraining increase in interest-bearing debt while keeping total assets at the same level.

Promotion of Balance Sheet Management

Segment Level

- Promotion of balance sheet plan in each segment
- Improvement in asset efficiency (ROA, gross margins ratio, etc.)
- Reduction of small-scale, lower profitability assets

Company-wide Level

- Replacement of large-scale assets and investments
- Asset replacement fund of ¥10 billion (after-tax, two-year total)
- Management of concentration risk and exposure

Key Financial Indicators

(Billions of yen)	Start of FOCUS'10 (April 2009)	End of FOCUS'10 (March 2011) (outlook)
Total assets	7,018.2	The same level
Total Shareholders' Equity	1,353.1	*1,600.0
Shareholders' Equity Ratio	19.3%	Around 22%
Interest-bearing Liabilities (net)	3,186.8	3,200.0
Debt-equity Ratio (net) (times)	2.4	Around 2.0
Free Cash Flow (two year total)	GG Plan 57.8	FOCUS'10 Positive

* Not including the effect of adopting statement of Financial Accounting Standards No. 160, effective April 1, 2009

Further Reinforcement of Training and Activation of Diverse Human Resources

The Sumitomo Corporation Group is further strengthening its personnel training programs and promoting diversity in human resources as a strategy to sustain growth over the longer term. Our four main policy objectives on this front are to: further develop individual capabilities, enhance organizational human resource management, reinforce human resources on a globally consolidated basis and expand efforts to develop and activate personnel with global capabilities.

In particular, to further develop individual capabilities, we launched a company-wide personnel training program that rotates personnel at our business sites. We hope to nurture employees who are able to take a multi-angled approach to solving problems based on their on-site experience and from a company-wide perspective as well as management's point of view. Under FOCUS'10, we implemented work training rotations between Business Units and the Corporate Group and assigned a certain number of new employees to the Corporate Group with the understanding who they would be transferred to a Business Unit in the future. We will also promote work rotations across Business Units in the future and strive for the strategic and optimal allocation of human resources across the organization. In this way, we aim to improve the vitality of our organizations and workplaces and enhance our ability to create value.

OUR MANAGEMENT PHILOSOPHY—RISK ASSET BASED MANAGEMENT

We are now facing a harsher business environment compared to the past few years, during which we saw steady growth. However, we have been implementing management reforms on the basis of the Risk-adjusted Return Approach for many years, building a business foundation able to sustain stable earnings and a firm financial condition even during severe economic environments. In this special feature, we will introduce Risk-adjusted Return as the backbone of our management approach.

Background to the Introduction of the Risk-adjusted Return Ratio

Until the early 1980s, the main business of Sumitomo Corporation and other integrated trading companies was acting as intermediaries for goods and services. From the late 1980s onward, integrated trading companies sharply stepped up their involvement in new businesses as well as overseas investment as they responded to a decline in demand for trading company financing and the growing transfer of production overseas due to the yen's appreciation.

In the early 1990s, in addition to this business diversification, a series of changes came about in the operating environment. The collapse of the bubble economy in the early 1990s triggered a plunge in stock and real estate prices, and in 1997 the Asian Currency Crisis caused problems for many overseas projects. In addition to the effects of these factors, we recorded substantial impairment of shareholders' equity due to an incident involving unauthorized copper trading in 1996. Thereafter, improving profitability and our financial condition became our topmost priority.

As our Business Units covered diverse fields, it was difficult to evaluate each business's performance based only on net income. We needed a company-wide, universal yardstick for measuring the return on management resources invested in each business and for optimally allocating limited management resources.

The basic aim of any business is to generate returns relative to the risks involved and in autumn 1998, ahead of its peers, Sumitomo Corporation introduced the Risk-adjusted Return Ratio as an indicator of profitability, i.e., the degree of return from a certain level of risk.

Specifically, we calculate Risk-adjusted Assets as the value of maximum possible losses by multiplying the value of assets by a risk weight that assumes the maximum possible loss ratio in asset values.

With Risk-adjusted Assets as the denominator, we use returns, i.e., net income, as the numerator to calculate profitability, both in each business and for the Company as a whole.

$$\text{Risk-adjusted Return Ratio} = \frac{\text{Net income}}{\text{Risk-adjusted Assets (maximum possible losses)}}$$

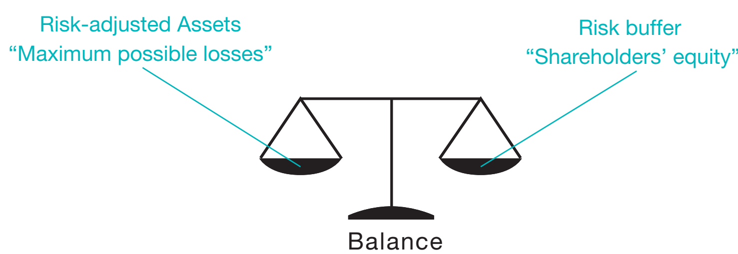
Basics of Risk-adjusted Return Ratio Management

Since its introduction as a management indicator, the Risk-adjusted Return Ratio has played a major role as a tool for achieving universal company-wide objectives.

From the perspective of ensuring business stability, a core management principle is to avoid excessive risks by balancing shareholders' equity (the risk buffer) against Risk-adjusted Assets (maximum possible losses). This principle means that even if all potential risks were to actually occur at once, shareholders' equity would be able to absorb the losses.

Moreover, to ensure earnings power, return on risks must be greater than our shareholders' capital cost. In other words, we set the Risk-adjusted Return Ratio at 7.5% as the minimum requirement for the whole company. In every business, the basis we use for choosing to move forward is this Risk-adjusted Return Ratio of 7.5%.

Risk-adjusted Return Ratio > Shareholders' capital cost (7.5%)



Focus: What are Risk-adjusted Assets?

■ **Risk-adjusted Assets**

= The value of maximum losses that could be incurred if all the potential risks were actually to occur during the accounting period

= The value of assets that may not be collected x Maximum loss ratio on each asset

= Risk principal (ex. book value of assets) x Risk weight (%)

■ **For example, assuming we have ¥10 billion in receivables from two companies, A (with a long-term bond credit rating of A) and B (with a long-term bond credit rating of BB). We calculate company A's Risk-adjusted Assets and company B's Risk-adjusted Assets as follows:**

Risk-adjusted Assets for the receivables of company A = ¥10 billion x 3%* = ¥0.3 billion

Risk-adjusted Assets for the receivables of company B = ¥10 billion x 10%* = ¥1 billion

■ **The Risk-adjusted Assets for acquiring the listed stock of company A at ¥10 billion would be calculated as:**

Risk-adjusted Assets for the listed stock of company A = ¥10 billion x 30%* = ¥3 billion

Accordingly, when comparing two equivalent assets, the value of Risk-adjusted Assets is greater for assets with a higher maximum loss ratio (risk weight). Assets with large Risk-adjusted Asset values require larger returns from owning the asset.

* The risk weights above are different from the figures actually used. Based on information such as historical data, the actual risk weight used in each case is the maximum loss ratio which falls within a probability of 99%.

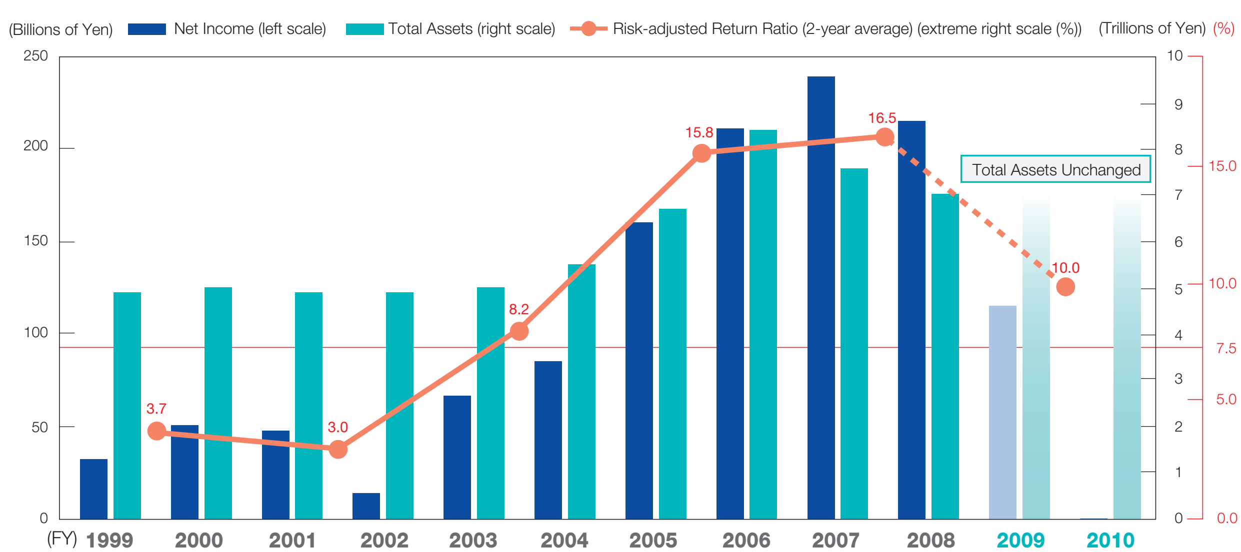
Progress on Management Reforms

Under the medium-term management plans dubbed Reform Package and Step Up Plan launched in fiscal 1999 and 2001, respectively, company-wide Risk-adjusted Assets exceeded the risk buffer. In response, management focused on controlling business scale expansion and strengthening financial soundness. Asset scale remained stable under these management plans, as we streamlined businesses with low Risk-adjusted Return Ratios and focused on businesses with higher projected Risk-adjusted Return Ratios.

Almost realizing a balance between Risk-adjusted Assets and the risk buffer, under the AA Plan and the AG Plan, implemented in fiscal 2003 and 2005, respectively, management shifted its focus to increasing profitable assets. By actively investing in businesses with the potential for high Risk-adjusted Return Ratios, management aimed to increase profitability and expand the scale of the Company's earnings base. During this period, asset scale expanded and the Risk-adjusted Return Ratio improved rapidly together with the positive trends of the global economic recovery. By the time the AG Plan concluded, the Risk-adjusted Return Ratio had improved to 15.8%, more than double our shareholders' capital cost.

Under the GG Plan initiated in fiscal 2007, we aimed to create a structure able to attain a Risk-adjusted Return Ratio of 15% or higher even when the external environment changes, marking a shift from our earlier growth strategy based on the active expansion of our earnings base to the pursuit of further improvement of quality and expansion scale in a balanced manner. Specifically, we steadily accumulated profitable assets in the core businesses and peripheral fields of each segment while improving the quality of our earnings base by increasing the value of existing core businesses and acquired businesses. At the same time,

Medium-Term Management Plans



Reform Package	Step Up Plan	AA Plan	AG Plan	GG Plan	FOCUS'10
Enhanced corporate strength by selecting core businesses and withdrawing from non-core businesses	Increased profitability by replacing low return assets with potentially higher return assets	Strategic investments in assets with potential profitability	Strategic moves for further growth and development	Pursuit of further improvement of quality heading for a new stage of growth	A growth scenario on a new stage

we reinforced our quantitative and qualitative standards for investments and reorganized our business portfolio by withdrawing from small-scale and less-profitable businesses. In addition, due to the yen appreciation and lower stock prices, asset scale was reduced under the GG Plan.

Under our current management plan, FOCUS'10, we are aiming to maintain a Risk-adjusted Return Ratio higher than our shareholders' capital cost (7.5%) despite the severe business environment. In addition, we are concentrating on the creation of a structure that will enable us to realize a Risk-adjusted Return Ratio of 15% over the medium to long term. With these aims in mind, our objective under FOCUS'10 is to achieve a two-year average Risk-adjusted Return Ratio of around 10%. Based on the perspective that both medium- to long-term growth require improvements in soundness and efficiency, we are going to replace assets on a greater scale than before while maintaining asset scale at its current level.

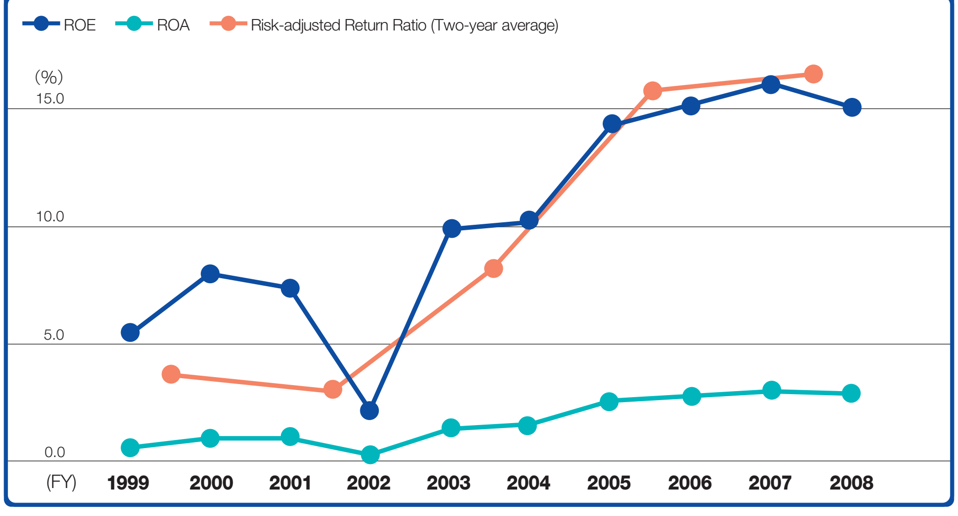
Progress on Risk-adjusted Return Ratio Management and Improvement in Management Indicators

Our efforts to increase earnings power by effectively allocating Risk-adjusted Assets while ensuring a Risk-adjusted Return Ratio exceeding our shareholders' capital cost have led to improvements in asset and capital efficiency.

In fiscal 1999, when the Company launched management reforms based on the Risk-adjusted Return Ratio, return on assets (ROA) and return on equity (ROE) were 0.6% and 5.4%, respectively. These figures improved to 2.9% and 15.1% as of the end of fiscal 2008, when the previous medium-term management plan concluded.

To achieve a higher level of soundness, since the GG Plan, we have balanced Risk-adjusted Assets and the core risk buffer instead of the risk buffer. The core risk buffer excludes unrealized gains on equity securities and real estate. Even during uncertain economic times, we maintain a strong financial condition and are ready to invest for sustained growth.

Improvement in Key Financial Indicators



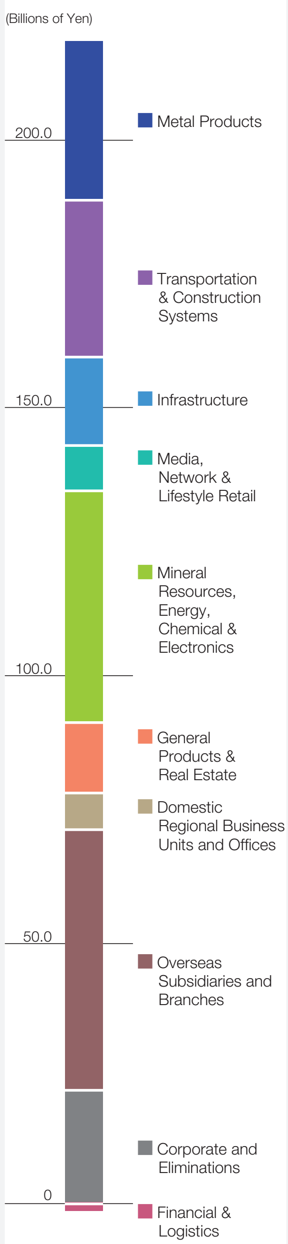
CONTENTS

Under FOCUS'10, we will introduce a framework that promotes diverse growth by making use of the distinctive features and strengths of each business. We aim to construct earnings pillars from a medium- to long-term viewpoint in each segment by setting selective and concentrated targets and allocating management resources.

Effective on April 1, 2009, the Mineral Resources & Energy Business Unit and the Chemical & Electronics Business Unit were merged into the newly established Mineral Resources, Energy, Chemical & Electronics Business Unit.

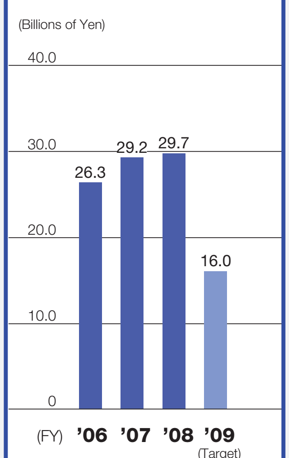
Net Income by Segment

(FY2008)



Metal Products

Net Income

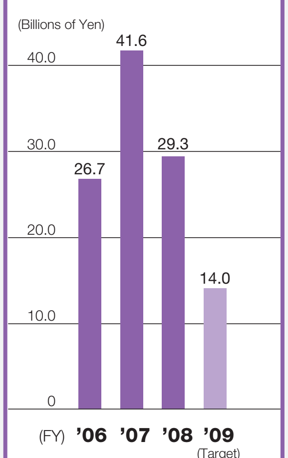


Strategic Fields

- Steel service centers
- Tubular products value chain
- Primary aluminum
- Metal products for automotive use
- Tool steel processing & trading
- Stainless steel processing & trading
- Metal business related to alternative energy

Transportation & Construction Systems

Net Income

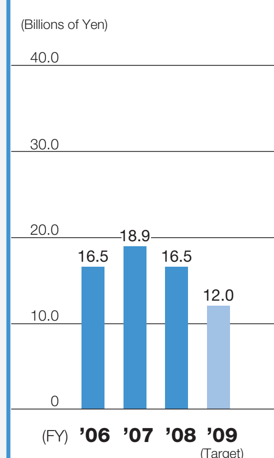


Strategic Fields

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

Infrastructure

Net Income

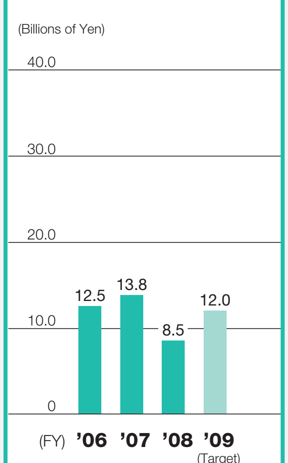


Strategic Fields

- 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

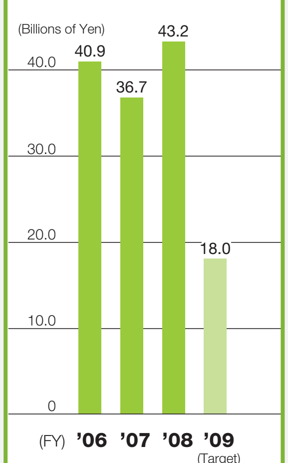


Strategic Fields

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

Mineral Resources, Energy, Chemical & Electronics

Net Income

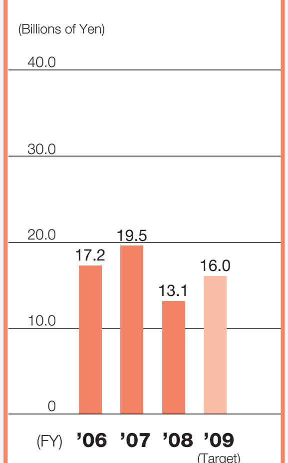


Strategic Fields

- Copper & gold
- Coal & iron ore
- Zinc & lead & nickel
- Oil & gas & LNG
- Clean energy
- Sulfur and sulfuric acid value chain
- Emission credits business
- EMS
- Pet care
- Agricultural chemicals

General Products & Real Estate

Net Income

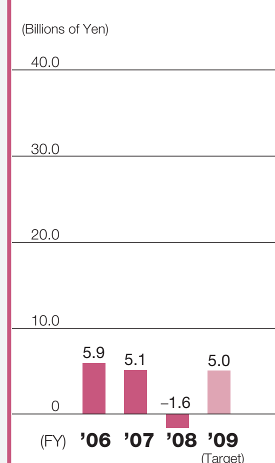


Strategic Fields

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

Financial & Logistics

Net Income



Strategic Fields

- Leasing Business
- Commodity Derivatives
- Alternative Asset Management
- Finance and Investment
- Value-added logistics network
- Overseas industrial parks
- Insurance

Metal Products

Shunichi Arai
General Manager
Metal Products Business Unit

Planning & Administration Dept.
Iron & Steel Division, No. 1
Iron & Steel Division, No. 2
Iron & Steel Division, No. 3
Tubular Products Division
Non-Ferrous Products & Metals Division

Enhancing Our Value Chain and Functions in the Metal Products Field

Business Unit Overview

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 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 proprietary supply chain management (SCM) system.

We will increase our participation in upstream manufacturing operations, aiming to reinforce our business foundations through an enhanced value chain and the promotion of upstream and downstream functions.

Fiscal 2008 Results

Net income increased ¥0.4 billion year on year to ¥29.7 billion. The steel service center business and tubular products business in North America led the increase. This was despite the decrease in transaction volume in the fourth quarter due to plunging market conditions and an inventory valuation loss at the end of the fiscal year.

In the steel sheets business, we established a production and sales joint venture with Akiyama Seiko Co., Ltd. for the manufacture of small-diameter bars for office equipment and decided to invest in a steel sheet mill joint venture established in Vietnam by CHINA STEEL CORPORATION and Sumitomo Metal Industries, Ltd. (SMI). In North America, we worked in tandem with SMI to acquire an automobile crankshaft machining business from Norton Manufacturing Company, Inc., thereby establishing a business structure that enables us to meet demand from customers shifting to the outsourcing of machining processes. In the tubular products business, along with SMI, we jointly acquired an equity interest in premium joint maker V&M Atlas Bradford, LLC from Vallourec S.A. Group. Furthermore, we independently acquired an equity interest in a company specializing in the heat treatment of seamless pipes used in oil and natural gas development.

Performance Highlights

(Billions of Yen)

	FY04	FY05	FY06	FY07	FY08	FY09 (Targets)
Gross Profit	49.9	65.4	77.6	80.2	86.4	70.0
Equity in Earnings of Associated Companies	3.3	4.1	7.4	9.0	8.8	—
Net Income	13.3	18.9	26.3	29.2	29.7	16.0
Basic Profit	14.0	21.2	28.5	29.5	31.5	17.0
Total Assets	472.6	662.8	799.2	755.5	645.5	—

FOCUS'10

Basic Policy

In addition to the growth fields of energy and automobile-related businesses, we will position the environment and new energy as strategic fields and develop future core businesses.

Reinforcing the Tubular Product Value Chain from Downstream to Upstream in Response to Increased Energy Demand over the Medium to Long Term

Due to falling crude oil prices, conditions are characterized by a temporary downturn and the postponement of oil and gas development. In the medium to long term, on the other hand, energy demand is anticipated to grow. Accordingly, development projects are expected to pick up worldwide. In the tubular products-related business, we are establishing an SCM system that offers integrated services covering everything from ordering to storage, processing, inspection, transportation and maintenance. While enhancing SCM system functions, we are also expanding business bases in the Middle East, the CIS countries and India, where demand has been brisk in recent years.

Furthermore, we are striving to reinforce our business foundation through investments in the manufacture of tubular products in the United States; the manufacture and sale of parts for equipment used in oil and gas fields; and the processing of accessories. In addition, we plan to commence seamless tubular product manufacturing in Brazil via a joint venture established in tandem with SMI and Vallourec in 2010. Once this is up and running, we will expand sales of these tubular products in North America, Africa and the Middle East. Looking ahead, we will continue to make every effort to expand the tubular product value chain by further strengthening upstream business sectors in this field.

Enhancing Steel Sheet Business Bases to Meet Changing Customer Needs and Growing Demand in Emerging Countries

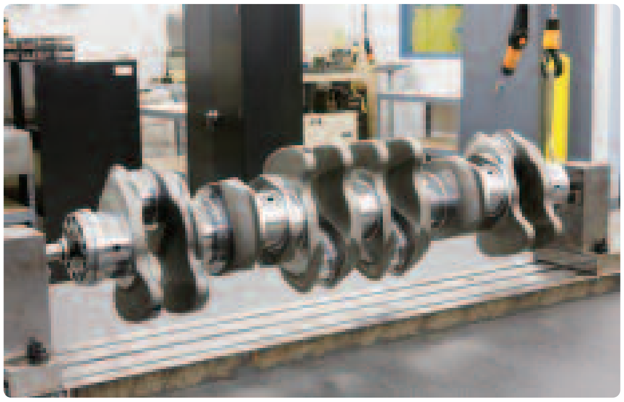
Reflecting the decrease in automobile production and sluggish sales of home appliances in the United States and Europe, demand for steel sheets dropped abruptly. As a result, our business environment is expected to remain harsh for some time.

Amid such circumstances, we will flexibly respond to changing needs by meeting demand for smaller and more lightweight automobiles through our steel service center network, which is primarily centered in Southeast Asia and China. To aid these efforts, we will strengthen and upgrade processing facilities. Furthermore, given the possibility of medium- to long-term demand growth for automobiles particularly in emerging countries, we will focus on the manufacture of such automobile-related parts as crankshafts and tubular products in addition to steel service centers in order to reinforce our business foundation.

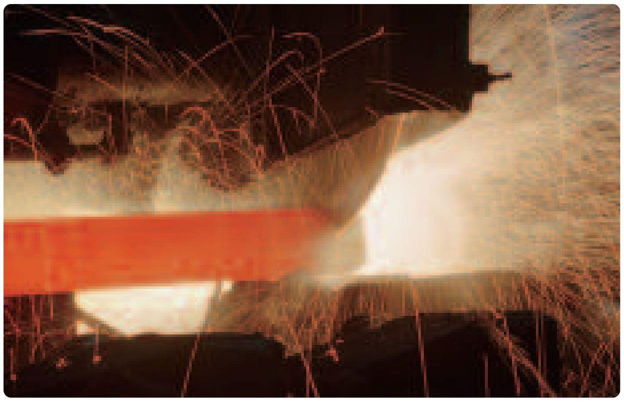
Bolstering New Core Businesses in Response to the Rising Interest in Renewable Energy

In the midst of growing concern regarding environmental issues, an increase in demand for renewable energy, such as for wind and solar power, is expected primarily in industrialized countries, including the United States, European nations and Japan.

To address this market, we established Katana Summit, LLC in the United States as a specialty company manufacturing wind power generation towers with the aim of producing as many as 400 to 500 units a year by 2010. In non-ferrous metal-related operations, we will strengthen our business activities in the solar cell and secondary battery fields in pursuit of expanding our business base in the renewable energy sector.



Crankshafts being manufactured at Norton Manufacturing Company Inc., a U.S. machining company. Upon the acquisition of Norton Manufacturing, together with our strategic partner SMI we established an integrated manufacturing system encompassing base metal manufacturing, forging and machining.



Tubular products being manufactured at U.S.-based V&M Star LP. With energy demand expected to grow in the medium to long term, a steady increase in demand for tubular products and premium joints for oil and gas development projects is anticipated.

Transportation & Construction Systems

Kazuo Ohmori
General Manager
Transportation & Construction Systems Business Unit

Planning & Administration Dept.
Ship, Aerospace & Transportation Systems Division
Automotive Division, No. 1
Automotive Division, No. 2
Construction & Mining Systems Division

Maintaining Stable Business Expansion while Entering New Businesses

Business Unit Overview

We are expanding our upstream, midstream and downstream operations in the fields of automobiles; ships; aircraft; railway and other transportation systems; and construction equipment. In automotive operations, our growing global value chain covers parts manufacturing, wholesale, retail sale, leasing, and retail finance operations. 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 procurement and logistics. In the transportation systems business, we promote transportation projects and railway car manufacturing and exports.

Fiscal 2008 Results

Net income decreased ¥12.3 billion year on year to ¥29.3 billion. In the ship business, we realized value on our own ships that contributed to earnings in the first half of the year. However, there was some impact from reduced automobile and construction equipment sales in the second half. Also, in the previous fiscal year, there was a capital gain from the mergers that formed Sumitomo Mitsui Auto Service Company, Limited.

In transportation projects, we received an order for an automated people mover (APM) system together with Mitsubishi Heavy Industries, Ltd. The APM system will connect Miami International Airport terminals and nearby transportation facilities. In the ship business, our receipt of new shipbuilding orders reached a record-high level, while we actively replaced our own ships. In the automobile business, we made Swaraj Mazda Limited, a manufacturer of commercial vehicles in India, into a subsidiary. In addition, we expanded automobile sales in Nigeria and Ukraine. As a new business in the construction equipment business portfolio, we established a joint venture to sell agricultural machinery in Chennai, India in partnership with KUBOTA Corporation.

Performance Highlights (Billions of Yen)

	FY04	FY05	FY06	FY07	FY08	FY09 (Targets)
Gross Profit	113.3	127.5	134.6	157.7	155.6	133.0
Equity in Earnings of Associated Companies	3.8	4.0	5.0	7.1	7.7	—
Net Income	13.5	19.8	26.7	41.6	29.3	14.0
Basic Profit	20.6	24.1	29.0	35.3	35.1	19.0
Total Assets	871.5	1,037.0	1,140.7	1,604.9	1,451.4	—

Basic Policy

In light of the severe business environment, we are working to improve asset efficiency by boldly replacing business assets while taking up the challenge of entering into new businesses to achieve growth over the medium to long term.

Strengthening the Automobile Business to Adapt to Changes in the Business Environment

Since 2008, industrialized countries have been at the epicenter of a dramatic contraction in the automobile market. However, it is expected that demand will expand over the medium to long term. Factors contributing to this expansion will be market recovery corresponding to technological advances in accordance with environmental issues as well as demand expansion related to deeply rooted motorization in emerging countries.

In the automotive retail finance business, we are strengthening operations in Indonesia, where growth is expected. We are also expanding Isuzu truck and bus manufacturing and marketing in India. Furthermore, we will actively replace assets in order to adapt to changes in automobile demand. Through these initiatives, we will further strengthen our earnings base.

Strengthening the Existing Construction Equipment Business and Developing Such New Businesses as Overseas Rental and Agricultural Machinery

As housing sectors in the United States and Europe are depressed, equipment demand is sluggish. In addition, demand for large mining equipment has started to be affected by the plunge in natural resource prices. Amid these conditions, we are working to improve the asset efficiencies of existing businesses in the area of construction equipment distribution. At the same time, we are striving to strengthen and enhance business operations in China and Russia, where we see medium- to long-term growth potential. Moreover, we are endeavoring to expand the mining equipment sale, repair and service-related businesses globally as well as overseas-based construction equipment rental operations and agricultural machinery sales, which we initiated last year in India. These are representative of our efforts to nurture new core businesses.

Replacing the Ships We Now Own with New, High-Profit Ships and Maintaining a Stable Asset Portfolio over the Medium to Long Term

The worldwide decline in distribution volume has depressed the shipping industry and impacting our ship-owning business as well. However, we are selling off ships we now own and replacing them with high-profit vessels. In this way, we will maintain and enhance an asset portfolio that exerts earnings power over the medium to long term.

Actively Promoting Airport People Mover and Other Rail Projects

Investments in transit projects are accelerating mainly in the U.S. with an eye to combating global warming. We will continue to position railway-related operations as a core business, including people mover projects at airports in the United States where we have developed a strong track record.

We established a local joint venture with KUBOTA in the suburbs of Chennai, India, for the sale of KUBOTA-made tractors, combines and rice transplanters. The new company will help improve the food production base as it responds to demand for agricultural machinery in Southern India where large rice paddies are located.

In cooperation with Mitsubishi Heavy Industries, we received an order for an automated people mover system connecting Miami International Airport terminals and nearby transportation facilities. Applying our integrated project operation capabilities, we will endeavor to garner orders from major airports all over the world, including the United States.

Infrastructure

Takahiro Moriyama
General Manager
Infrastructure Business Unit

Planning & Administration Dept.
Telecommunication, Environment & Industrial Infrastructure Business Division
Power & Social Infrastructure Business Division

Building a Stable Earnings Base Encompassing both Trade and Investment

Business Unit Overview

Our Business Unit is engaged globally in fields related to power, telecommunications, eco and energy-saving as well as industrial infrastructure. In the power project field, we are broadening our earnings base through functions that include finance and project management. Consequently, in EPC,* the total generation capacity we have handled to date is approximately 45,000MW, mainly in Asia. In the overseas IPP/IWPP** field, we achieved a power generation capacity of 4,700MW.***

Our mission is "to contribute to society through infrastructure enhancement, adding our value to it," and we are building a stable earnings base over the medium to long term through the optimal business combination of trade and investment.

Fiscal 2008 Results

Net income decreased ¥2.4 billion year on year to ¥16.5 billion. While the power business showed stable performance mainly in Asia in the period under review, overall results were affected by the stronger yen and large-scale construction projects in the previous fiscal year.

In the power business, we participated in two projects: the Shuweihat S1 power generation and water desalination project in the United Arab Emirates and the Kwinana natural gas-fired power plant in Australia. Furthermore, a new lease contract for expansion was concluded, finance arrangements were closed and construction commenced at the Tanjung Jati B coal-fired thermal power plant in Indonesia, with a view to completing construction in 2012.

In the telecommunications business, Uzbekistan's first wireless broadband Internet service commenced at major cities together with South Korea's largest communications provider, KT Corporation.

In the eco and energy-saving field, a project for generating 12.6MW of solar power on the island of Tenerife in the Canary Islands, an autonomous region of Spain, started commercial operations in September 2008.

* EPC: Engineering, Procurement and Construction
** IPP: Independent Power Producer
IWPP: Independent Water & Power Producer
*** Total of retained generation capacity both in operation and contract, as of March 2009.

Performance Highlights (Billions of Yen)

	FY04	FY05	FY06	FY07	FY08	FY09 (Targets)
Gross Profit	32.2	29.1	38.3	41.0	40.4	34.0
Equity in Earnings of Associated Companies	1.3	4.1	5.2	6.8	7.6	—
Net Income	3.8	7.7	16.5	18.9	16.5	12.0
Basic Profit	7.6	7.4	13.3	16.0	16.3	11.0
Total Assets	457.4	466.2	472.6	478.8	482.5	—

FOCUS'10

Basic Policy

We are working to accelerate asset replacement and to bolster our earnings base in growth markets, with a view to anticipating changes in the external environment and ensuring our continued evolution.

Accelerating Asset Replacement while Expanding Power Generation and Water-Related Businesses, Mainly in Emerging Countries

Looking ahead, there are concerns that such factors as population increases and economic growth will bring about acute shortages of electric power and water in some emerging countries.

In anticipation of future increases in power demand, we will work diligently to secure orders for EPC projects encompassing such renewable energy fields as geothermal power generation in key markets, focusing primarily on Southeast Asia.

In the IPP/IWPP field, we are pursuing business development in the Americas, Asia, Australia and the Middle East. With regard to the expansion of the Tanjung Jati B coal-fired thermal power plant in Indonesia, we began constructing two additional 660MW units next to the existing power plant, to be leased to a state-owned power company for 20 years from 2012.

In the water-related business, we are searching out opportunities for new businesses in the Middle East and Asian regions, where water resources are scarce.

In the years to come, in an effort to build and develop an optimal business portfolio we will strictly follow a policy of business selection and concentration, and will replace assets through the sale of existing interests.

Focusing on Expansion of the IT Telecommunications Business by Applying Japanese Technologies and Business Models Overseas

The number of subscribers to mobile phone and Internet lines is increasing in step with economic growth in emerging areas, such as the BRICs .

We are developing overseas operations in mobile communications and related businesses as well as in such IT telecommunications fields as wireless broadband in diverse locations, including Mongolia, Guam, Saipan, Russia and Uzbekistan. Positioning the mobile phone-related business as a strategic field, we are exploring opportunities for business participation in other areas and working to foster synergies between the aforementioned activities by applying Japanese advanced technologies and business models.

Engaging in Business Development in Response to the Growing Use of Renewable Energy across Regions that Include Europe and the United States

The European Union (EU) is working toward lifting the rate of renewable energy utilization, having set the target of 20% by 2020. Governments in both the United States and Japan are also making plans to expand renewable energy utilization domestically.

In the eco and energy-saving field, we will continue to pursue the business development of solar power generation across such diverse regions as Europe, the United States, the Middle East, China and Australia, leveraging the knowledge gained through a project in the Canary Islands, that encompasses expertise ranging from project organization to construction and operation. Utilizing our capabilities in such fields as wind power generation and district cooling, we will also promote businesses that contribute to the environment.

The Shuweihat S1 power plant boasts facilities capable of generating 1,500MW of electricity as well as desalinating 460,000 tons of seawater a day. Having acquired a 20% interest in this project, we offer stable supplies of electricity and water based on a long-term contract with the Abu Dhabi Water and Electricity Company (ADWEC).

Solar power generation project located on Tenerife Island, one of the islands forming the Spanish Autonomous Community of the Canary Islands. With a rated daily power output of 12.6MW, this is one of the largest projects led by a Japanese company. We are involved in this project as the principal shareholder.

Media, Network & Lifestyle Retail

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

Planning & Administration Dept.
Media Division
Network Division
Lifestyle & Retail Business Division

Fusing Media, IT and Retail Businesses and Advancing Cross-Media Retail Operations

Business Unit Overview

Amid the ongoing fusion and collaboration of broadcasting and various other media, including telecommunications, as well as the increasing diversification of consumer spending, we are integrating 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, Internet-related operations and mobile communications. In the lifestyle and retail fields, we have the TV shopping business and other mainstay operations, including food supermarket, drugstore, brand-related, and apparel OEM businesses.

Fiscal 2008 Results

Net income decreased ¥5.3 billion year on year to ¥8.5 billion. Despite the strong performance of Jupiter Telecommunications Co., Ltd. (J:COM), results were impacted by an impairment loss on FUJI MEDIA HOLDINGS, Inc. securities and capital gains from business reorganization in the media field, which took place in the previous fiscal year.

In the media field, major cable TV company J:COM secured solid results by steadily increasing the number of its household subscribers and the average number of services offered per subscribing household. In the network field, mobile phone distributor MS Communications Co., Ltd. merged with Telepark Corp. to form T-Gaia Corporation, a new company that boasts the industry's top market share. In the lifestyle and retail fields, we made Jupiter Shop Channel Co., Ltd. (JSC), the leading TV shopping company, a wholly owned subsidiary. Moreover, in the food supermarket business we established SC NETSUPER CORP. and in the brand-related businesses we established a joint-venture company with U.S.-based Marc Jacobs International, LLC to sell its luxury apparel and bags.

Performance Highlights

(Billions of Yen)

	FY04	FY05	FY06	FY07	FY08	FY09 (Targets)
Gross Profit	102.0	104.1	126.1	168.7	176.4	185.0
Equity in Earnings of Associated Companies	5.4	10.5	12.7	9.3	10.0	—
Net Income	24.1	26.6	12.5	13.8	8.5	12.0
Basic Profit	8.9	11.2	15.4	19.1	17.5	21.0
Total Assets	445.6	505.1	513.9	675.6	696.9	—

Basic Policy

While operating top-level businesses in the media, network, and lifestyle retail fields, we are actively deepening the value chain among operating companies and promoting cross-media operations that integrate media, IT and retail. Through these initiatives, we are establishing consumer-oriented businesses unique to Sumitomo Corporation that allow us to create and provide new value that addresses the diverse lifestyle needs of consumers.

J:COM Offers Integrated Broadcasting and Telecommunications Services

As one of our core media businesses, J:COM provides comprehensive media services that integrate broadcasting and telecommunications by taking advantage of its own infrastructure and content services.

With competition in the media industry expected to increase, J:COM is working diligently to enhance content and further raise service quality while building deeper business ties with regional communities by vigorously developing its network of J:COM Shops. Through these initiatives, J:COM aims to become a leading company in the media industry. At the same time, J:COM is promoting the smooth changeover to terrestrial digital broadcasting through complete digitization by 2010. These initiatives will enable the enhancement of high-definition programs and further speeding up of Internet services, allowing J:COM to increase its menu of high value-added services.

Providing an IT Platform in the Network Field

In the network field, in line with the maturing of the market, the sale of mobile phones has seen increasingly intense competition among business operators. T-Gaia Corporation, the largest player in the industry, will make efforts to strengthen its sales network and improve management efficiency by taking advantage of its business scale, aiming to boost service quality.

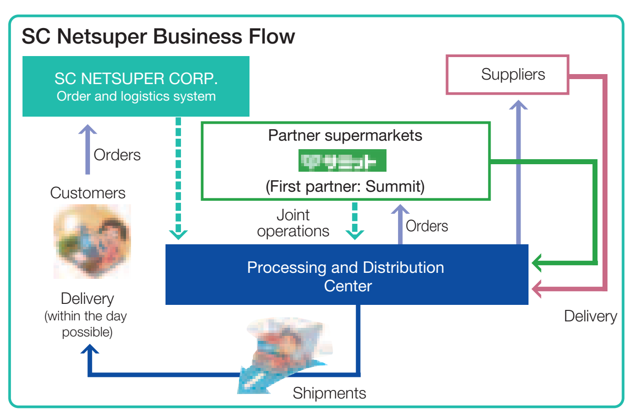
In the IT solutions business, Sumisho Computer Systems Corporation (SCS) will fortify sales of its proprietary packaged software, boost the productivity of software development, and raise employee capabilities and global service strengths. Through these means, SCS will enhance its business base, paving a path toward solid growth.

Creating Next-Generation Lifestyles in the Retail Field

In fiscal 2009, under a continued downturn in domestic consumption, JSC will aim for further growth through the enhancement of products and programs while expanding its customer base. Placing JSC at the core of our multichannel retail business over the medium term, we intend to further accelerate collaboration between the retail and brand businesses.

On the other hand, food product-related demand—an area relatively immune to economic downturns—is expected to remain firm. Under these circumstances, the food supermarket chain Summit, Inc. maintains an unwavering focus on food safety measures and aims to expand market share by launching new stores. In addition, we will start a full-fledged online supermarket business with a dedicated processing and distribution center in the Tokyo metropolitan area to create a next-generation style of consumption.

In December 2008, we established Marc Jacobs Japan KK jointly with Marc Jacobs International of the LVMH group. With sales commencing in July 2009, Marc Jacobs Japan will expand its sales network for pret-a-porter, bags and accessories.



We established SC NETSUPER CORP. in order to start a full-fledged online supermarket business with dedicated processing and distribution centers. We will begin operations in October 2009, leveraging know-how gained through the operations of Group company Summit.

Mineral Resources, Energy, Chemical & Electronics

Kuniharu Nakamura
General Manager
Mineral Resources, Energy, Chemical & Electronics Business Unit

Planning & Administration Dept.
San Cristobal Project Dept.
Mineral Resources Division No. 1
Mineral Resources Division No. 2
Energy Division
Basic Chemicals Division
Electronics Business Division
Life Science Division

Creating New Value That Reflects the Synergies of Business Unit Integration

Business Unit Overview

The Mineral Resources, Energy, Chemical & Electronics Business Unit was established in April 2009 through the integration of the Mineral Resources & Energy Business Unit and the Chemical & Electronics Business Unit.

In the area of mineral resources and energy business, we continue to increase our interests in new resources, including iron ore, uranium, zinc, and such rare metals as nickel and cobalt. This will complement our existing interests in the resources of copper, coal, petroleum and liquefied natural gas (LNG). These efforts are enhancing our mineral resource portfolio. In the midstream and downstream areas, where trading operations are expanding, we handle approximately 20% of the LNG brought into Japan on a contractual import volume basis through LNG Japan Corporation.

In the basic chemicals field, we handle a wide variety of items, including organic and inorganic chemicals as well as plastic. In the electronics field, our businesses deal in such cutting-edge electronic industry materials as silicon wafers and LEDs. Simultaneously, we maintain proactive EMS* operations. In the life science field, we handle pharmaceuticals, agricultural chemicals, household insecticides and pet care products.

Fiscal 2008 Results

Net income increased ¥6.5 billion year on year to ¥43.2 billion. This was attributable to the rise in the coal prices and the hedge evaluation gains regarding the San Cristobal silver-zinc-lead mining project in Bolivia. On the other hand, the results of housing- and consumption-related businesses in the United States deteriorated.

In the mineral resources and energy field, we became the sole owner of Minera San Cristobal S.A., which operates in the above-mentioned mine in Bolivia. We also acquired an additional concession in Assmang Limited, a South African mining company that produces iron ore, manganese ore and chrome ore.

In the basic chemicals field, Interacid Trading S.A. saw enhanced sales on the back of a brisk sulfuric acid market. In the life science field, we introduced new products to reinforce our marketing capabilities in Central and Eastern Europe as well as South America, where the agricultural chemicals business is enjoying steady growth.

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

Performance Highlights

(Billions of Yen)

	FY04	FY05	FY06	FY07	FY08	FY09 (Targets)
Gross Profit	76.7	97.2	96.0	94.0	91.9	72.0
Equity in Earnings of Associated Companies	10.8	12.7	16.3	2.8	37.0	—
Net Income	22.4	32.1	40.9	36.7	43.2	18.0
Basic Profit	22.6	32.5	29.7	13.4	55.9	22.0
Total Assets	808.5	983.5	1,116.9	1,113.2	968.0	—

Basic Policy

We are making every effort to keep our two major ongoing upstream projects on track. In addition, we are actively replacing assets through the acquisition of promising interests and the parallel sale of existing assets. With regard to trading activities, our focus is on the expansion of businesses which could differentiate us in growth markets. Looking to global trends, we are pursuing product development in the fields of renewable energy, nuclear power and clean coal technology to secure access to diverse new technologies.

Pursuing Enhanced Product and Business Synergies through the Integration of the Mineral Resources & Energy Business Unit and the Chemical & Electronics Business Unit

The integration of these business units has positioned us to pursue further synergies among adjacent products and business fields—including crude oil, natural gas and organic chemicals, non-ferrous metal resources and inorganic chemicals—while mutually leveraging the development capabilities of the Mineral Resources & Energy Business Unit and the extensive sales networks of the Chemical & Electronics Business Unit. Through these efforts, we intend to cultivate new businesses.

Placing Top Priority on Two Ongoing Major Upstream Projects while Concentrating on Expanding a Balanced Portfolio

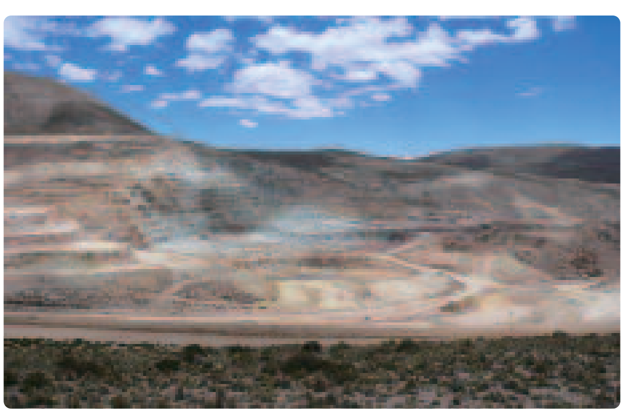
We completed the acquisition from our former partner of the remaining 65% interest in the Sun Cristobal project in Bolivia. Full-scale production has been achieved and we will focus on further cost reductions. We dispatched an officer to assume the position of president of the operating company in addition to several other employees in order to accelerate operational improvement and the reinforcement of management systems. We are maintaining our excellent relationship with the Bolivian government.

At our nickel mining and refinery project in Madagascar, the Ambatovy project, development costs have exceeded initial plans due to a variety of factors, including a surge in equipment costs and labor costs. In addition, recent political unrest in the country has increasingly generated uncertainty with regard to the future of the project. Given the project's potential as a cost-competitive business, however, we will move steadily forward while paying attention to development in the political situation, and consulting with other project partners and senior lenders. In line with these efforts, we aim to commence production by 2010.

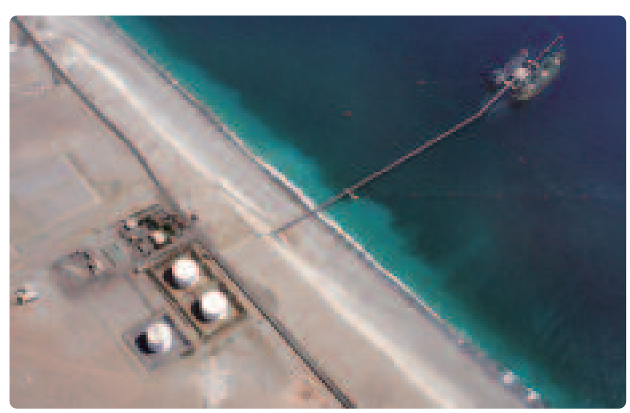
We will also expand the Business Unit's earnings base in the areas of ferrous raw materials and energy through the acquisition of promising new interests and the sale of existing assets in a timely manner.

Expanding the Agricultural-Related Product Sales Network

In the agricultural industry, which is little impacted by economic fluctuations, we will strive to expand our trading functions in the areas of agricultural chemicals and sulfuric acid, a fertilizer raw material. With regard to agricultural chemical sales, we will expand our sales network from Eastern Europe to other areas including the Americas and Asia. In addition, we will aim to develop new items to enhance our product portfolio.



The silver-zinc-lead mining project in San Cristobal, Bolivia, commenced production in August 2007 and achieved full-scale production in November 2008. Located in highlands with an altitude ranging between 3,800m and 4,500m, the site boasts the third largest silver mine and sixth largest zinc mine in the world in the production capacity.



The port facilities for sulfuric acid discharging in Chile were expanded in 2007. Interacid Trading, a Swiss-based sulfur and sulfuric acid trader, possesses its own facilities and operates a trading business that is responding to the global demand for sulfur and sulfuric acid.

General Products & Real Estate

Nobuo Kitagawa
General Manager
General Products & Real Estate Business Unit

Planning & Administration Dept.
Food Business Division
Materials & Supplies Division
Construction & Real Estate Division
General Construction Development & Coordination Dept.

Strengthening Highly Competitive Businesses, Endeavoring to Expand the Earnings Base

Business Unit Overview

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.

Fiscal 2008 Results

Net income decreased ¥6.4 billion year on year to ¥13.1 billion. In Japan, the lumber and building materials business remained sluggish due to a fall in construction demand. Likewise, the tire business in the United States was affected by the economic downturn. In addition, net income decreased in the real estate business reflecting the absence of substantial condominium sales in the previous fiscal year.

In food operations, the banana business showed stable performance led by firm demand. In addition, the decision was made to participate in a wheat flour milling business in China with Prima Limited, a Singaporean flour mill group, in anticipation of increasing local demand. In the materials and supplies field, lumber and veneer processing plants were completed in Plastun, Primorsky Krai, on Russia's Siberian coast. We are aiming to improve the earnings power of this business by shifting its business model from the export of raw timber to the export of processed lumber. In the construction and real estate business, progress has been made in acquiring new, high-quality properties that are expected to form the basis of our earnings in the future and in replacing existing assets.

Performance Highlights (Billions of Yen)

	FY04	FY05	FY06	FY07	FY08	FY09 (Targets)
Gross Profit	66.7	83.6	118.1	122.0	111.1	113.0
Equity in Earnings of Associated Companies	0.8	0.5	2.4	2.0	1.7	—
Net Income	(6.0)	12.7	17.2	19.5	13.1	16.0
Basic Profit	9.8	11.6	17.4	18.3	15.3	15.0
Total Assets	766.4	772.0	741.7	742.0	722.2	—

FOCUS'10

Basic Policy

While making lasting improvements in soundness and efficiency, we aim to build a solid foundation in the construction and real estate business centered on the office building business. At the same time, with a view to stable growth, we will strengthen our foundations, primarily in the fields of bananas, wood resources, and tires.

Banana Business Responding to Increased Demand, Ongoing Production Base Enhancements

Despite the economic downturn, the outlook for domestic demand for fresh foods is likely to be stable. Under these conditions, we have been making ongoing plans to strengthen our production base and are endeavoring to expand our earnings base through our domestic sales network. Moreover, in addition to increasing the volume of high-value-added products, we have set our sights on performance stabilization by continuing sales in such areas as China and the Middle East. Also, during fiscal 2008, we commenced sales of the Eco banana, which is traded using the structure of carbon offset. Looking ahead, we will put into effect similar measures that promote harmony with nature, taking environmental issues seriously rather than merely seeking to increase revenues.

Focusing on Improving Its Earnings Base, U.S. Tire Marketer TBC Corporation Addresses Demand for Maintenance in Stagnant North American Market

In fiscal 2008, demand for replacement tires in North America stagnated, due to worsening consumer confidence brought about by such factors as escalating gasoline prices and financial constraints. Looking forward, however, since gasoline prices are declining and there is an ongoing upward trend in the number of car registrations, demand for replacement tires is expected to recover over the medium to long term. In addition to promoting tire sales, TBC will focus on expanding its maintenance business, demand for which rises as the average age of cars increases.

Construction and Real Estate Business Making Headway with Quality Property Acquisitions in order to Build an Earnings Base for the Future

The real estate market was generally lackluster in 2008, with Japanese condominium sales shrinking 26.7% year on year and the office vacancy ratio trending upward.

Nevertheless, we have been able to stabilize our office building leasing business by focusing on CBD* areas where demand remains high. Under FOCUS'10, we will promote the disposal of low-profitability assets while augmenting profitable assets in order to strengthen our business base. As a part of this policy, we decided to participate in a project to develop the Tokyo Senju campus of the TOKYO DENKI UNIVERSITY and to redevelop the existing Kanda campus as a business partner.

In condominium sales, we are mainly developing quality properties in urban areas, where demand is expected to be robust over the medium to long term. We will pursue new property development with careful consideration that will ensure a robust earnings base beyond FOCUS'10.

*CBD: Central Business District

OAO Terneyles, Russia's largest general forest products company, commenced full-fledged operations at its lumber and veneer processing plants in April 2009. In response to a substantial increase in Russia's export tariffs on raw timber in or after 2010, Terneyles is shifting its business style to the export of processed products. In addition, it will continue to pursue environment-friendly and sustainable forest management in line with its Forest Stewardship Council (FSC) certification.

The Takebashi Building was renovated and re-opened in March 2009. Leveraging our experience in the development of other properties, we constructed the building using environment-friendly methods. We will promote the building leasing business, making it a strong earnings pillar, concentrating mainly on CBD areas.

Financial & Logistics

Yasuyuki Abe
General Manager
Financial & Logistics Business Unit

Planning & Administration Dept.
Financial Service Division
Logistics & Insurance Business Division

Providing High-Value-Added Services by Leveraging Our Capabilities

Business Unit Overview

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, Limited. (SMFL) through our Leasing Business Department. In the logistics field, Sumisho Global Logistics Co., Ltd. provides comprehensive logistics functions on a worldwide basis. In addition, we are deploying a series of high-value-added industrial park businesses in Vietnam, Indonesia and the Philippines.

Fiscal 2008 Results

Net income decreased ¥6.7 billion year on year to a net loss of ¥1.6 billion. This was mainly attributable to the impairment loss on securities of an unlisted company and provisions for doubtful receivables in domestic finance businesses that were affected by chaotic conditions within financial markets.

Within the financial services field, the core aircraft leasing business progressed with the replacement of assets, signing an operating lease contract for passenger aircraft for Japan Airlines Corporation and the sale of passenger aircraft to Scandinavian Airlines System.

In the field of direct investment and investment in buy-out funds, we acquired an equity stake in Ant Corporate Advisory Inc, which puts together and manages investment funds. We aim to build a balanced, high-quality portfolio, making use of the resources of this company.

In the overseas industrial park business, we completed the sale of lots in the third-phase development zone of our Thang Long Industrial Park in Vietnam. In view of the prospect for continued expansion of investment in Vietnam, we have started work on Thang Long Industrial Park II, which will be approximately the same size as the first park, and commenced the advance sale of lots.

Performance Highlights

(Billions of Yen)

	FY04	FY05	FY06	FY07	FY08	FY09 (Targets)
Gross Profit	17.0	25.0	29.2	31.8	26.9	28.0
Equity in Earnings of Associated Companies	1.5	2.3	1.4	0.9	3.8	—
Net Income	2.8	6.2	5.9	5.1	(1.6)	5.0
Basic Profit	2.8	7.5	7.0	6.1	3.8	8.0
Total Assets	232.8	470.8	430.1	449.5	581.5	—

FOCUS'10

Basic Policy

In the financial services field, we are working to restore our earnings power by channeling management resources to those areas that have a solid foundation and results. In the logistics field, we are maximizing synergies with other business units by raising our information-gathering and function-providing capabilities. Through these efforts, we will fortify our earnings base and endeavoring to contribute to Groupwide earnings.

Broadening Our Customer Base in Commodities Trading, a Business Defined by Its Robust Foundation and Results

Price hedge needs are increasing in a variety of fields owing to wide fluctuations in commodity prices. In the commodities trading business, in which we boast a long-standing track record, we work actively to take in these needs while cultivating new business opportunities in Japan and overseas.

As a functioning unit, we also provide other business units with ongoing financial support. For instance, we propose means for product price hedging, particularly for mineral resource and energy projects in which the Group holds a stake.

Collaborating with SMFL and Expanding the Aircraft Leasing Business

The business environment surrounding the aviation industry has encountered turbulence due to such factors as declining passenger revenue triggered by global economic downturn. The aircraft operating leasing business, however, is one area that is expected to expand in the medium to long term, benefiting from economic growth in emerging markets and burgeoning demand for economically efficient aircraft.

We are expanding operations by integrating our accumulated expertise in aircraft management with the Sumitomo Mitsui Financial Group's financial strength and solutions capabilities. To this end, in December 2008 we established SMFL Aircraft Capital Corporation B.V., a joint venture with SMFL, Japan's leading general leasing company.

Expanding the Overseas Industrial Park Business into New Regions

None of the Japanese companies that have expanded their business in overseas markets have been left unaffected by the slowdown in the global economy.

We will work diligently to enhance our service menu through such initiatives as increasing rental factory space at our industrial parks in Vietnam, the Philippines and Indonesia in order to ease the initial burden placed on our tenants.

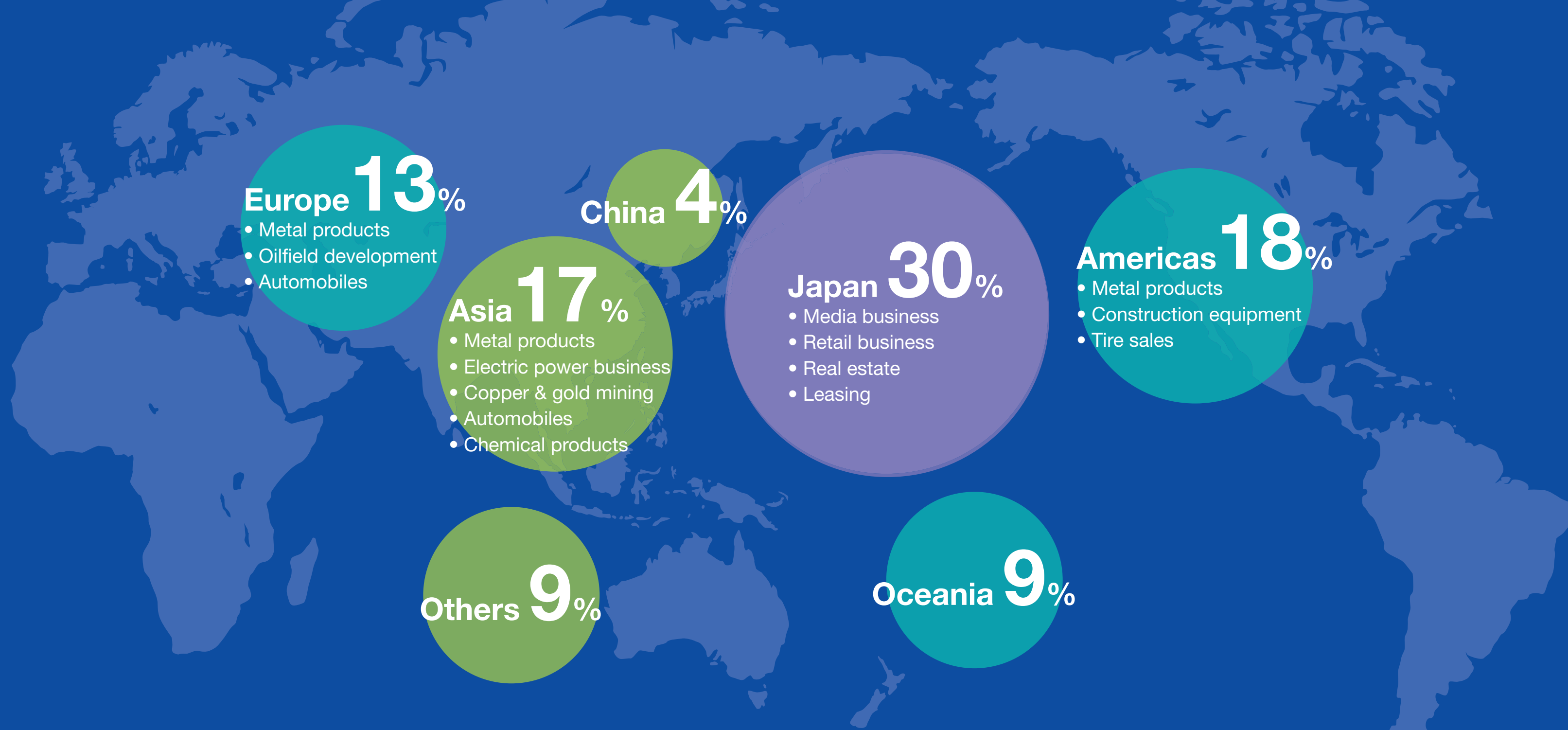
In addition to focusing on the development and sale of lots at the Thang Long Industrial Park II in Vietnam, we will explore the feasibility of developing industrial parks in other regions including India, where market penetration by Japanese corporations can be expected.

While receiving new contracts in the aircraft leasing business, we also worked diligently to replace assets, for example, by selling passenger aircraft to Scandinavian Airlines System in fiscal 2008. We aim to expand our business base through an aircraft leasing joint company established in collaboration with SMFL.

We completed the sale of all lots of the 274-hectare Thang Long Industrial Park (TLIP I) in Vietnam. In response to increasing demand, we commenced the development of the Thang Long Industrial Park II, which will be approximately the same size as TLIP I.

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. Seven 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.

FY2008 Basic Profit* & Major Businesses by Region



*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

Looking at basic profit by region in fiscal 2008, our earnings base was well-balanced geographically. Basic profit was 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.

In fiscal 2009, our businesses in advanced nations, including the Americas and Europe, are expected to confront harsh conditions for the time being due to the continued downturn in the global economy. On the other hand, the businesses in which we are exercising our competitive strengths in Japan and newly emerging countries, particularly in Asia, including China, are forecasted to show solid performance.

In Japan, the results of cable TV operator J:COM and TV shopping channel Jupiter Shop Channel remain stable. This reflects each company's ability to successfully address lifestyle trends and diverse consumer spending patterns. In the office building leasing business, where demand in CBD* areas remains strong, we anticipate continued stable performance.

Our businesses related to domestic consumption in Asia are stable, reflecting the expansion of economic growth throughout the region. In Indonesia, for example, the motorcycle financing business is expected to show stable performance thanks to an upswing in demand due to the advance of motorization. In the same manner, robust demand for electricity is forecasted to lead to new power projects. In China, as the government implements various stimulus policies, we anticipate steady gains in our construction equipment business as well as a pickup in steel sheet sales to local automobile manufacturers.

*CBD: Central Business District

Recognizing its importance as a strategic market due to its large growth potential, we have made various efforts to cultivate and establish new businesses in China. Although the full-scale recovery of the global economy is expected to take some time, China is seeing sustained economic expansion driven mainly by robust domestic consumption. Looking ahead, we will work diligently to further enhance our business base in China.

Here, we outline our organizational and operating structure in China and highlight some of our businesses related with domestic consumption.

As the effects of fiscal stimulus initiatives totaling four trillion yuan and monetary policies aimed at easing financial markets in quantitative terms increasingly take hold, economic growth rates in China, particularly led by domestic consumption, are expected to show a relatively fast-paced recovery.

With nine local subsidiaries and their five offices, our China operations consist of 14 business locations. Based on our offices in Changchun, Jilin Province, in the north, Hong Kong, in the south, and Chengdu, Sichuan Province in the west, we mainly cover most of the major cities along the Chinese coast, an area showing remarkable economic growth. Boasting investments totaling 80 billion Japanese Yen in approximately 110 companies, we are active in business development across a wide spectrum of fields.

While our business in China is in no small measure impacted by the global downturn in demand, mainly in advanced nations, our businesses oriented toward domestic consumption still offer expectations of steady growth.

We are actively promoting business in the automobile industry, which we have positioned as a strategic field. Due to a robust upswing in sales, China's automobile market is projected to continue to grow. In upstream manufacturing and processing fields, we are developing our steel sheet service center business while investing in manufacturing operations for automobile-related parts, such as tool steel for molds, tubular products, cast components and forged crankshafts. In downstream sales operations, we have invested in an automobile dealer holding company with Baosteel Group Corporation and have been developing a new car dealership network in the East China region. After establishing an integrated automobile logistics company in Nanjing, we are now providing diverse logistic services ranging from components to finished vehicles, including in-plant logistics.

In the construction equipment business, which is expected to see growth in demand on the back of increased infrastructure investment, we are focusing on the upgrade of our sales network. In this context, we are investing in Komatsu construction equipment distributors.

With its emphasis on domestic consumption-related sectors, we are also focusing on the import and sale of bananas as well as of Russian building materials in China.

PRINCIPAL SUBSIDIARIES AND ASSOCIATED COMPANIES CONTRIBUTING TO CONSOLIDATED RESULTS

	Shares in equity (End of FY2008) (%)	Main Business	Equity in earnings (FY2007) (100 million yen)	Equity in earnings (FY2008) (100 million yen)
Metal Products				
ERYNGIUM Ltd.	*90.00	Manufacture, processing and distribution of speciality metals for OCTG market [Shares in equity (FY2007): 50.00%]	46.6	57.7
SC Pipe Services Inc.	100.00	Investment in pipe manufacturing and sales company in the U.S.	18.6	52.9
National Pipe Company, Ltd.	16.00	Pipe manufacturing and sales company in Saudi Arabia	14.8	15.5
Asian Steel Company Ltd.	100.00	Shearing, slitting, and sale of steel plates	11.1	10.6
Sumisho Metalex Corporation	*100.00	Sale of non-ferrous metal products, materials for home heat solution	13.0	7.1
Transportation & Construction Systems				
P.T. Oto Multiartha	83.86	Financing of automobiles in Indonesia [Shares in equity (End of FY2007): 80.30%]	21.2	35.6
Sumitomo Mitsui Auto Service Company, Limited (Former Sumisho Auto Leasing Corporation)	60.00	Leasing of motor vehicles	49.8	19.1
P.T. Summit Oto Finance	*99.65	Financing of motorcycles in Indonesia [Shares in equity (End of FY2007): 99.51%]	6.2	8.8
Infrastructure				
MobiCom Corporation	33.98	Integrated telecommunication service in Mongolia	23.1	26.2
Sumisho Machinery Trade Corporation	*100.00	Trading of machinery, equipment and automobiles in Japan	18.6	16.7
Perennial Power Holdings Inc.	*100.00	Development, ownership and management of power plant in the U.S.	14.7	12.7
Media, Network & Lifestyle Retail				
Jupiter Telecommunications Co., Ltd.	27.73	Operation of multiple cable TV systems (MSO) and channels (MCO) [Shares in equity (End of FY2007): 27.76%]	67.5	78.3
SC Media & Commerce Inc. (Former Jupiter TV Co., Ltd.)	100.00	Management and operation of programming services and TV shopping channel	60.3	65.8
Summit, Inc.	*100.00	Supermarket chain	28.5	28.7
Sumisho Computer Systems Corporation	60.56	System Integration; data processing services; development and sale of computer software and hardware [Shares in equity (End of FY2007): 58.96%]	31.3	23.7
Montrive Corporation	*100.00	Sole import, designing and sale of the luxury line of chenille fabrics, “FEILER”	11.3	9.9
Mineral Resources, Energy, Chemical & Electronics				
Apex Silver Finance	35.00	Hedge trading for Bolivian silver, zinc and lead mines	(221.2)	221.2
Sumisho Coal Australia Pty. Ltd.	100.00	Investment in coal mines in Australia	83.8	211.7
Oresteel Investments (Proprietary) Limited	*49.00	Investment in Assmang iron ore and manganese mine in South Africa [Shares in equity (End of FY2007): 29.00%]	7.1	58.4
Nusa Tenggara Mining Corporation	74.28	Investment in and financing of the Batu Hijau copper/gold mine project in Indonesia [Interest in project: 35%]	91.3	34.5
SMM Cerro Verde Netherlands B.V.	20.00	Investment in the Cerro Verde copper mine in Peru	30.9	30.0
SC Minerals America, Inc.	*100.00	Investment in the Morenci copper mine, the Pogo gold mine in the U.S. and the Candelaria & Ojos del Salado copper mines in Chile	56.3	28.4
LNG Japan Corporation	50.00	Trading of LNG, investment and financing related to LNG business	16.4	19.9
Summit Agro Europe Ltd.	*100.00	Investment in agricultural chemicals business in Europe	8.0	16.6
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	26.5	10.2
Sumitronics Corporation	100.00	Electronics Manufacturing Service	15.0	5.2
Sumitomo Shoji Chemicals Co., Ltd.	*100.00	Sale and trade of chemicals and plastics	16.3	1.7
Petro Summit Pte. Ltd.	*100.00	International trade of crude oil and petroleum products	13.0	(0.9)
Cantex Inc.	*100.00	Manufacture and sale of polyvinyl chloride pipes	(0.9)	(40.9)
The Hartz Mountain Corporation	*100.00	Manufacturing, distribution, and sales of pet care products in the U.S. [Shares in equity (End of FY2007): 96.30%]	0.5	(54.8)
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	(14.4)	(59.9)
General Products & Real Estate				
2 companies in the banana business	—	Import and sale of fruits and vegetables	4.0	17.0
TBC Corporation	*100.00	Retail and wholesale of tires in the U.S.	39.5	16.5
Financial & Logistics				
Sumitomo Mitsui Finance and Leasing Company, Limited. (Former Sumisho Lease Co., Ltd.)	*40.00	Finance & Lease [Shares in equity (End of FY2007): 45.00%]	89.4	56.0
Bluewell Corporation	100.00	Agent for casualty insurance and life insurance	7.4	4.9
Overseas				
Sumitomo Corporation of America	100.00	Export, import, wholesale	219.0	225.0
Sumitomo Corporation Europe Holding Ltd.	100.00	Export, import, wholesale	84.6	110.6
Sumitomo Corporation Asia Pte. Ltd.	100.00	Export, import, wholesale	70.5	56.4
Total 9 subsidiaries in China	100.00	Export, import, wholesale	34.9	37.9
Sumitomo Australia Limited	100.00	Export, import, wholesale	14.4	7.5

* 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.

CONTENTS

BASICS OF SUMITOMO CORPORATION

Sumitomo Corporation Group's Corporate Mission Statement, consisting of the Management Principles and the Activity Guidelines, is the fundamental and ultimate value standard of the Company. The Management Principles are the redefinition of Sumitomo's business philosophy, which has been cultivated over its 400 years of business history, from a contemporary and global perspective set out in a simple and clear structure. The Activity Guidelines stipulate the required behavior of the Company and its officers and employees and provide the means to realize the Management Principles.

Management Principles and Activity Guidelines

The first sentence of the Corporate Mission Statement "We aim to be a global organization that consistently stays a step ahead in dealing with change, creates new values, and contributes broadly to society" constitutes the "Corporate Vision" of the Company.

The first article of the Management Principles "To achieve prosperity and realize dreams through sound business activity" represents the "Corporate Mission," the second article "To place prime importance on integrity and sound management with utmost respect for the individuals" represents the "Management Style" and the third article "To foster a corporate culture full of vitality and conducive to innovation" represents the "Corporate Culture" of the Company, respectively.

Sumitomo Corporation shall share this value standard throughout the Group, and shall practice it in each business activity to contribute to realization and improvement of the economic and social value of all stakeholders of the Company.

Sumitomo's Business Philosophy

The origin of the Management Principles lies in Sumitomo's business philosophy, which has been inherited and adhered to by the Sumitomo Group for the more than 400 years since its foundation.

In essence, it tells us that "We should place prime importance on integrity and sound business activities, and should never be moved from joy to sorrow by daily market fluctuations. But, when faced with a paradigm shift, we must take the lead in striving for structural innovation. In this way we can and should create meaningful values not only for ourselves but for society as well."

It implies a universal value valid enough even now, but more than 400 years have passed. There are some expressions too profound for the officers and employees of today, and other articles requiring some complementing for a company doing business on a global basis like us. So, Sumitomo Corporation has translated it into plain language and reorganized it in a clear structure in the Management Principles formulated in 1998.

Corporate Mission Statement

Corporate Vision

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

Management Principles

<Corporate Mission>
- To achieve prosperity and realize dreams through sound business activities

<Management Style>
- To place prime importance on integrity and sound management with utmost respect for the individual

<Corporate Culture>
- To foster a corporate culture full of vitality and conducive to innovation

Activity Guidelines

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

Monjuin Shiigaki ("Founder's Precepts")
Showing Sumitomo's business philosophy
(around 1650, from Sumitomo Historical Archives)

We have established the "Sumitomo Corporation Corporate Governance Principles," based on our view that the ultimate goals of corporate governance are "improving management efficiency" and "maintaining sound management" as well as "ensuring management transparency" to secure the first two. Positioning "Sumitomo's business philosophy" and the Company's "Management Principles" as the cornerstones of our corporate ethics, we work to establish the most appropriate managerial system by strengthening our corporate governance and to realize management that serves the interests of shareholders and all other stakeholders.

Past Initiatives to Strengthen and Enhance Corporate Governance

To date, we have strengthened and improved our corporate governance system through initiatives covering many points, such as optimizing the size of the Board of Directors, setting term limits for the Chairman of the Board of Directors and the President and CEO, shortening the terms of Directors, establishing advisory bodies, strengthening the corporate auditors system, introducing the executive officer system, and appointing external advisors.

Our approach to corporate governance is embodied in the "Sumitomo Corporation Corporate Governance Principles," which can be accessed from the following web page.
URL: http://www.sumitomocorp.co.jp/english/company/governance/index.html

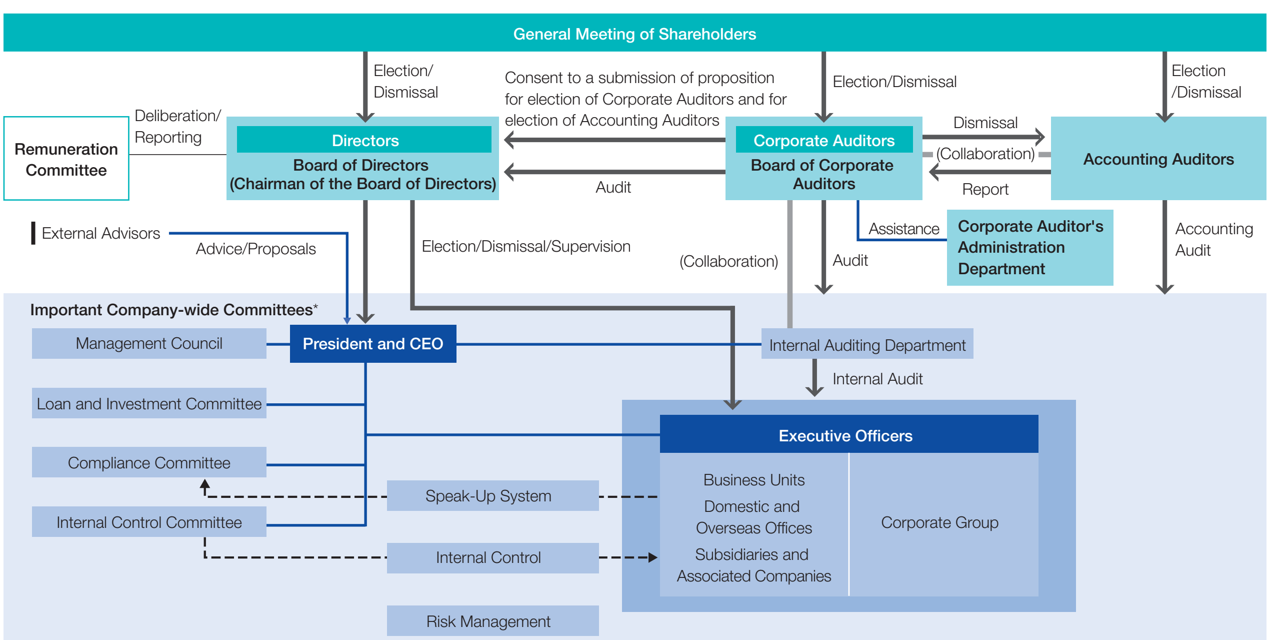
Features of Our Corporate Governance System

Under the former Commercial Code, since April 2003, Japanese companies have been able to adopt a company with a committee based system of corporate governance. However we believe that the best way for us to improve the effectiveness of our corporate governance is to maintain our existing corporate auditor system while enhancing and reinforcing it through auditing from diversified external viewpoints and with opinions and advice from additional external advisors.

We will monitor global trends and legislation concerning companies while preserving our corporate culture as a Japanese company. At the same time, we will observe the benefits of different corporate governance frameworks in other countries.

Thus, Sumitomo Corporation will continually study the most appropriate corporate governance system.

The Company's Corporate Governance System



* Management Council: Exchange of opinions and information on basic policy and important matters related to management
Loan and Investment Committee: Deliberation of important matters, such as investment and financing
Compliance Committee: Enhancement of Group compliance focused on "maintaining sound management"
Internal Control Committee: Promotion of efficient and effective Internal Control

Framework for "Improving Management Efficiency" and "Maintaining Sound Management"

Directors and the Board of Directors

● Optimization of Size of Board of Directors

We halved the number of Board members from 24 in 2003. As of July 2009, the Board has 12 members. Through this optimized Board of Directors, which oversees the operations of the business and serves as the Company's decision-making body concerning key management matters, we aim to facilitate substantial and active discussion as well as to promote greater efficiency and effectiveness in the decision-making process.

● Limiting Terms of Directors

In June 2005, the terms of Directors were reduced from two years to one year. We aim to clarify the responsibility of management among members of management each fiscal year. This, in turn, helps ensure fast reaction times to changes in business conditions.

● Limits on Terms of the Chairman of the Board of Directors and the President and CEO

In principle, the positions of Chairman of the Board of Directors and the President and CEO are clearly defined and separate in order to ensure mutual supervision. Both positions cannot be held simultaneously by the one person. In principle, the Chairman of the Board of Directors and the President and CEO are each limited to terms of six years. These limitations on the tenure of top management help minimize the possibility of governance problems.

● Establishment of the Advisory Body to the Board of Directors

With the aim of enhancing the transparency and objectivity of decision-making processes with regard to the remuneration of Directors and Executive Officers, we established the Remuneration Committee. Functioning as an advisory body to the Board of Directors, no fewer than half of the Committee members are from outside the Company. The Remuneration Committee is in charge of studying remuneration and bonuses of directors and executive directors, and reports the results of its studies to the Board of Directors.

Corporate Auditors and the Board of Corporate Auditors

● Enhancement of Corporate Auditing Framework

To further strengthen external views within the corporate auditing framework, we added one external auditor in June 2003, bringing the number of external auditors to three out of the five members on the Board of Corporate Auditors. Of these three, two are legal experts (a former Public Prosecutor General and a former President of the Tokyo High Court) and one is an accounting expert—ensuring an auditing system that incorporates a diversity of perspectives.

● Ensuring Audit Effectiveness

Corporate Auditors attend meetings of the Board of Directors and all other important internal meetings, to obtain the information necessary for proper auditing. Corporate Auditors also meet the Chairman of the Board of Directors and the President and CEO every month to exchange opinions on material issues regarding management policy and auditing. Moreover, the Corporate Auditor's Administration Department is assigned to assist Corporate Auditors, so that the auditing system functions effectively and without hindrance.

● Collaboration between Internal Auditing Department and Accounting Auditors

To ensure audit efficiency, Corporate Auditors interact closely with the Internal Auditing Department, receiving reports on internal audit plans and their results in a timely manner. In addition, Corporate Auditors exchange information with and monitor the auditing activities of the Accounting Auditors through regular meetings. By attending audit review meetings and observing inventory audits with the Accounting Auditors, the Corporate Auditors constantly work to improve audit efficiency and quality.

Introduction of an Executive Officer System

We have introduced an executive officer system with the aim of clarifying the responsibilities and authority for execution and strengthening the monitoring function of the Board of Directors. We currently have 33 Executive Officers selected by the Board of Directors. Of these, 11 Executive Officers also serve concurrently as Directors, including seven who are also General Managers of Business Units. In this way, we aim to prevent gaps between decisions made at Board of Directors meetings and the execution of those decisions.

Appointment of External Advisors

Management Council members meet with outside specialists employed as external advisors to incorporate outside perspectives into our management. In this way, external advisors provide us with advice from diverse perspectives on various themes related to management issues. External advisors also give speeches and lectures in their respective areas of expertise, such as leadership and career development, to employees at various levels within our organization.

System for Ensuring Management Transparency

Basic Policy on Information Disclosure

To bring an accurate understanding of the Company's management policies and business activities to all our stakeholders, we shall strive to make full disclosure, not limiting ourselves to the disclosure of information required by law but also actively pursuing the voluntary disclosure of information.

Communicating with Shareholders and Other Investors

● Encouraging the Execution of Voting Rights at the General Meeting of Shareholders

We send out a Notice of Convocation to shareholders three weeks prior to each regularly scheduled General Meeting of Shareholders. For the convenience of overseas shareholders, we also provide an English-language translation of the notice on our website. We have allowed our shareholders to exercise their voting rights via the Internet using personal computers since 2004 and via the Internet using mobile phones since 2005. In 2007, we introduced the Electronic Voting Platform operated by Investor Communication Japan, Inc. (ICJ), a joint venture instituted by Tokyo Stock Exchange, Inc. and others. The new platform allows institutional investors sufficient time to thoroughly examine the propositions to be resolved at the meeting.

● Disclosing Various Information

The IR section of our corporate website provides various materials that may be useful in making investment decisions in a timely manner. These materials include financial results, *yukashoken houkokusho* (Japanese annual securities reports), *shihanki houkokusho* (Japanese quarterly securities reports) and other Tokyo Stock Exchange filings as well as streaming and related documents of various meetings, and *Sustainability Reports.* Moreover, we provide our *Annual Report,* and *SC News,* our public relations news magazine and endeavor to ensure proactive disclosure.

● Investor Relations

In order to ensure direct communication with shareholders and other investors, we hold quarterly meetings attended by top management to provide information on our financial results for analysts and institutional investors. Also, we periodically visit the United States, the United Kingdom, and other countries in Europe and Asia to hold one-on-one meetings with investors in each region. In addition, in fiscal 2004 we began regularly holding meetings with individual investors in Japan. In fiscal 2008, we held such meetings in five cities, with a total of 1,400 individual investors attending.

In fiscal 2008, the Tokyo Stock Exchange commended our efforts to actively expand the number of individual shareholders through nationwide meetings attended by top management, the upgrade of our Website targeting individual investors and other initiatives.

While increasing management transparency, we aim to strengthen our relationships of trust with shareholders and investors.

While working to strengthen and enhance our corporate governance structure and systems, from the perspectives of "improving management efficiency" and "maintaining sound management," we will continue to further strengthen internal control programs, internal auditing, risk management, compliance, to further improve the effectiveness of internal control.

INTERNAL CONTROL PROGRAM AND INTERNAL AUDIT

The Sumitomo Corporation Group has strengthened its internal controls in order to retain the trust of all its stakeholders. Our Internal Control Program and internal audits are key components of our internal control system for monitoring operations.

Internal Control Program

The Sumitomo Corporation Group is formed of seven Business Units as well as regional organizations in Japan and overseas. The Business Units, organizations and group companies collectively work together in broad business fields. It is essential that we provide a uniform standard in operational quality at these businesses, irrespective of their business sector or region. This standard must also meet the expectations of our stakeholders.

From this perspective, we launched our Internal Control Program in 2005 to perform a comprehensive evaluation of the status of internal controls using a standards-based checklist. This Internal Control Program checklist covers 350 points pertaining to general operations that should be common across the Group, including risk management, accounting and financial controls and compliance.

To ensure that this checklist assessment is conducted effectively, we make concerted efforts to educate all our officers and employees, including those at Group companies, on the essential fine points of internal controls that must be verified.

We are undertaking checklist assessments of the Internal Control Program at more than 500 operations around the world, including all major business locations, regardless of industry field, business model, region or scale. The Planning and Administration Department and other relevant departments in each Business Unit and region review the assessment results and provide support for the formulation and execution of necessary improvement measures.

● Fulfillment of Legal Requirements

In recent years, due to social demands, legislation requiring companies to constantly improve and monitor their internal control systems has been passed under the Japanese Company Law and the Financial Instruments and Exchange Law. We have treated meeting these legal obligations as an opportunity to further reinforce our internal control program, which we had implemented ahead of the enactment of this legislation. Our efforts in this area are ongoing and not transitional.

The Japanese Company Law, which came into effect in May 2006, calls for companies to establish "systems ensuring that the execution of duties by directors conforms to legal regulations and their Articles of Incorporation as well as systems ensuring that business processes are handled appropriately." Having previously established various systems and frameworks, the Sumitomo Corporation Group fulfills the requirements of this law.

Our Internal Control Program monitors these systems to ensure that they are functioning adequately and makes any necessary improvements.

To comply with the internal control reporting rules stipulated in the Financial Instruments and Exchange Law, which took effect on April 1, 2008, we are tracking and evaluating our internal controls with regard to the reliability of financial reporting, as required by the law, through the effective application of Internal Control Program results and its promotion structure.

For the fiscal year ended March 31, 2009, the first fiscal year that the law applies to, as a result of evaluations and subsequent improvements, we found our internal controls related to financial reporting to be effective and received an unqualified opinion from the accounting auditor upholding the results of our assessment.

Through the aforementioned efforts and measures, the Sumitomo Corporation Group aims to continuously improve the quality of its operations.

Internal Audit

Operating separately from the Internal Control Program, the Internal Auditing Department monitors Group operations from an independent third-party standpoint. Internal audits are constantly being performed at all organizations within Sumitomo Corporation and at each consolidated subsidiary. In fiscal 2008, we undertook 120 audits in Japan and 50 at overseas locations.

Positioning legal and regulatory compliance as a basic premise for all corporate activity, Sumitomo Corporation is building a compliance structure in accordance with clearly defined policies. In maintaining strict adherence to this compliance structure, we are ensuring our existence as a going concern and securing our credibility and status.

Policies and the Reporting Structure of Corporate Compliance

It is our policy that both officers and employees should never risk transgression in pursuit of profit for the Company. In order to promote compliance, Sumitomo Corporation established the Compliance Committee under the direct supervision of the President and CEO. The Compliance Committee is responsible for preparing the Company's *Compliance Manual* and distributing it to all officers and employees. The *Compliance Manual* covers the following 19 Guiding Principles to ensure the Company's bottom line: "If there is even a trace of doubt, don't do it." If a potential compliance problem is detected, we continuously encourage our employees to report it to their supervisors or the relevant departments immediately, so that the best countermeasures can be implemented swiftly.

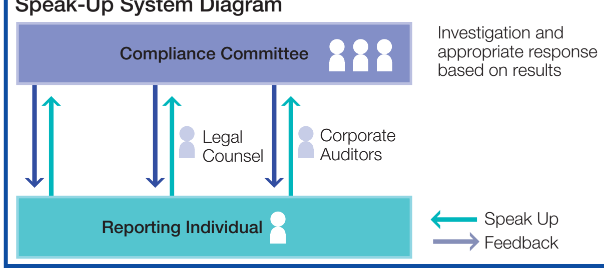
Compliance Training and Education

Employees have access to the latest version of the *Compliance Manual* and other manuals detailing applicable laws and regulations on the Company's intranet. We also offer various training programs and educational activities on compliance, including: programs for specific groups, such as employees, managers and corporate officers new to the Company; seminars provided by each Business Unit; seminars targeted at all officers and employees; and seminars for overseas offices and Group companies. We also make use of various domestic and overseas conferences for compliance education. In fiscal 2008, approximately 2,600 people attended the 57 seminars and conferences on compliance held for members of the Company and Group companies. In addition, we hold e-learning compliance seminars open to employees from all levels and plan to continue these seminars for new and other employees. Such e-learning is also held at Group companies.

Speak-Up System

If an employee becomes aware of a possible compliance problem, he or she can pass the information along the chain of command. In addition, the "Speak-Up System" was introduced to allow individuals to report a potential problem directly to the Compliance Committee. Outside legal counsel and our Corporate Auditors have been included as additional points of contact to further augment the system. Although, in principle, reporting individuals are asked to identify themselves so that they can be updated on the outcome of their cases, Company rules state that both the identity of such individuals and the nature of the information provided are kept confidential, and that no negative repercussions will redound on the reporting employees due to such reporting. The Compliance Committee is responsible for handling all the information it receives in an appropriate manner. As of March 2009, similar systems have been implemented at approximately 120 domestic Group companies.

Speak-Up System Diagram



Guiding Principles

Business Activities

- Observing Antimonopoly Laws
- Security Trade Control
- Customs / Controlled Items
- Compliance with Applicable Laws
- Respecting and Protecting Intellectual Property Rights
- Prohibition of Unfair Competition
- Information Management
- Preservation of the Environment
- Overseas Business Activities

Corporate Citizen as a Member of Society

- Prohibition on Giving Bribes
- Prevention of Unlawful Payments to Foreign Governmental Officials
- Political Contributions
- Confrontation with Antisocial Forces

Maintenance of a Good Working Environment

- Respect for Human Rights*
- Prohibition of Sexual Harassment
- Prohibition on Abuse of Authority

*Based on the Universal Declaration of Human Rights.

Personal Interest

- Insider Trading
- Conflict of Interest
- Proper Use of Information Systems

In order to cope effectively with the diversifying risk environment, we have built a risk management framework, developing our risk management approach from a micro to a macro perspective, shifting our focus from "minimizing losses from individual transactions" to "maximizing corporate value." This framework is strongly linked to the management plan, playing a critical role in supporting the efficient management of our corporate resources.

The Purpose of Risk Management

In response to the shift of our risk management focus from "probability of losses" to "probability of discrepancy between the plan and the actual results," we have set the following three items as the purpose for our risk management activities.

1. Stabilize Performance: Minimize discrepancies between the plan and the actual results
2. Strengthen Financial Base: Maintain Risk-adjusted Assets within the buffer (shareholders' equity)
3. Maintain Corporate Reputation: Fulfill CSR requirements and preserve corporate reputation

Risk Management Basic Policy

We classify our risks into two categories: Quantifiable risk and Non-quantifiable risk. Quantifiable risk is defined as "Value creating risk," where we proactively take to gain the return. Our policy is to maximize the risk-adjusted return while maintaining Risk-adjusted Assets within our buffer. Non-quantifiable risk is defined as "Value breaking risk," which only generates losses when it surfaces. We are building a framework that prevents or minimizes the probability of this risk to materialize.

Risk Management Framework

Managing Quantifiable Risk

● Managing Investment Risk

Once an investment is made, it is often difficult to make a withdrawal decision and the loss impact of the withdrawal is usually significant in scale. To manage the investment risk, we have in place an integrated framework covering the entry process to the exit process. For the entry process, we have set a hurdle rate, an indicator that returns from the new investments must overcome. In case of new investments that are large-scale important projects, the case will be raised before the Loan and Investment Committee for thorough examination. After making an investment, related business plans are thoroughly monitored. If the performance of an investment doesn't meet the standard, the investment is placed as an "Investment required to withdraw" according to our Exit Rule.

● Managing Credit Risks

We have incorporated our original credit rating model, the Sumisho Credit Rating (SCR), to assess our customer's credit risk. The authority level to provide credit exposure to customers depends on the assigned credit rating, and the risk weight ranging from 1.5% to 50% is set for each rating criteria. A higher ranked officer's approval is required to provide credit to low-rated customers, with larger Risk-adjusted Assets being calculated. This consideration provides each Business Unit with an incentive to reduce the amount of credit extended to customers with low credit ratings. We are expanding the scope of the SCR system to subsidiaries and associated companies to enhance Groupwide credit risk management.

● Managing Market Risks

We set limits on contract balances as well as the maximum amounts of allowable losses for the interim and/or full year for commodity and financial instrument transactions. At the same time, we constantly monitor Value at Risk (VaR)—an estimate of potential risk. In the event of a periodical loss, VaR includes accounting loss—to ensure that VaR falls within the maximum amounts of allowable losses. In addition, we conduct liquidity risk management for each product on an individual futures market basis in order to be prepared in the event that it becomes difficult to close positions due to shrinking liquidity. The Financial Resources Management Group undertakes both the back and middle office functions in order to completely separate those functions from the Business Units, thereby enabling us to maintain the soundness of internal checks.

● Managing Concentration Risks

As we are operating globally and engaging in a variety of business fields, we need to ensure that the risks are not excessively concentrated in particular areas. In order to avoid overly concentrated exposure in certain countries and regions, we have in place a country risk management system. In addition, in order to avoid the excessive concentration of resources in any specific field and maximize our corporate value, we refine our business portfolio at a meeting held in December each year.

Managing Non-Quantifiable Risks

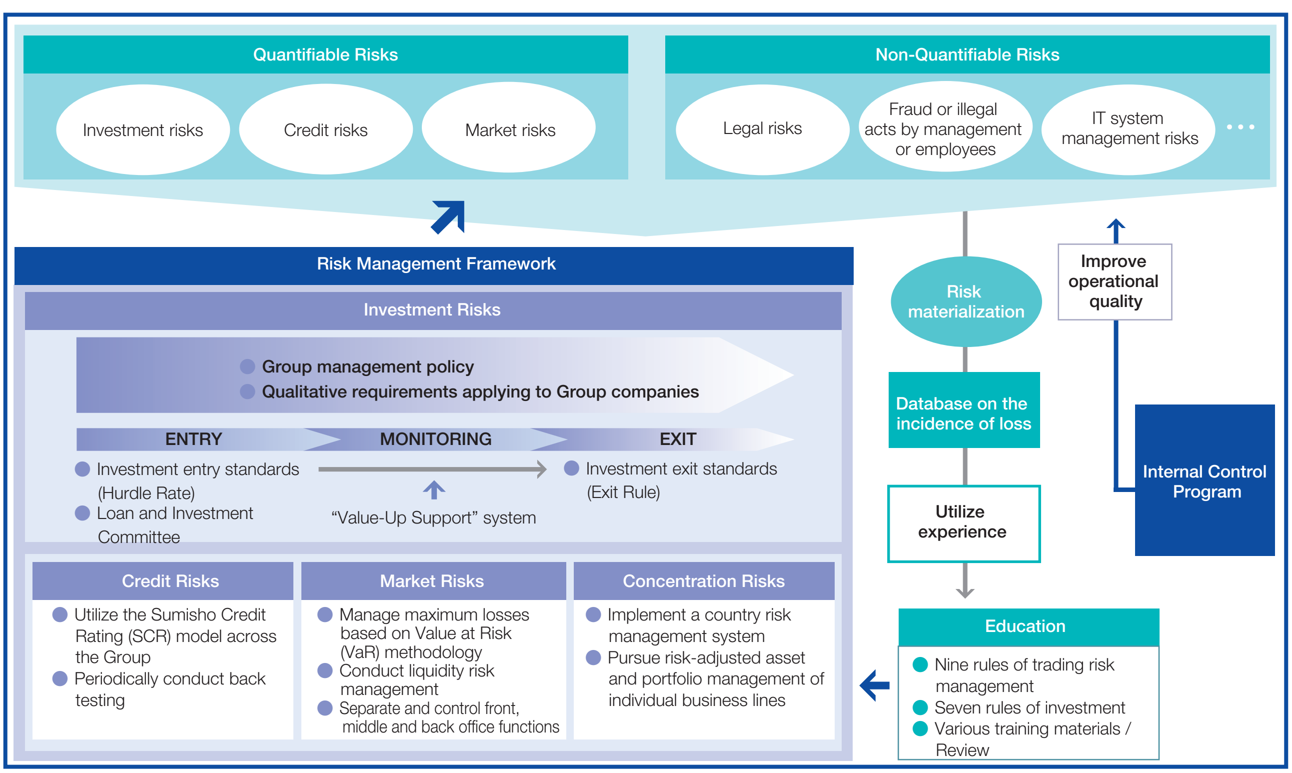
Non-quantifiable risks are those that must be borne, but for which we cannot expect returns. These include litigation and other legal risks, operational risks such as clerical mistakes or fraud acts, and natural disaster risk. Some of these risks involve events that rarely occur but could have a critical impact on our operations once they arise. Our basic policy is to prevent or minimize the probability of these risks to materialize. We have built a framework to periodically and comprehensively assess the effectiveness of our internal control system over these risks through our Internal Control Program, which enables us to monitor the situation on a global and consolidated basis. Based on the assessment result, we continuously search for a more efficient and effective organizational structure and procedures to improve the quality of our business operations.

Embedding the Sense of Risk Management

Although we have been constructing the best possible risk management framework to cope with diversified risks, we cannot completely prevent the incurrence of loss in the course of business activities only by the framework itself. We are putting our efforts into implementing the initiatives that enable us to quickly identify the occurrence of losses in order to suppress loss accumulation and prevent the contagion effects that lead to secondary losses. These initiatives include devising ways to quickly identify the cause of losses and share such information among top management and related departments. We have compiled a database of such loss information that allows for the systematic analysis of the causes of loss-incurring events. These analyses are used as training materials for employees as part of various educational programs. Through this knowledge feedback process, individual employees can upgrade their risk management capabilities, supporting the prevention of the same kind of loss events.

Eyeing the Future of Risk Management

Over the past decade, Sumitomo Corporation has created a formidable risk management framework by studying advanced methods and processes. Our goal was to implement the best practices in risk management while maintaining the flexibility to adapt to changes in the business environment. The surrounding environment is continually changing, however, and new business models that we could never have imagined are emerging on a daily basis. Responding to changing circumstances in a timely and effective manner, we continually upgrade our risk management under the direction of top management.



CORPORATE SOCIAL RESPONSIBILITY (CSR)

In the context of "Sumitomo's business philosophy," there is a saying: "Conformity of self-interest and altruism, of public and private affairs." To follow this idea, the successive leaders of Sumitomo have consistently emphasized that "Sumitomo's business is for the profit of Sumitomo and at the same time for the profit of the community and the country" and "we must not be blinded by profit seeking but always try to have a balance between profits and public benefits." This is the essence of Corporate Social Responsibility and we recognize and nurture "Sumitomo's business philosophy" as our corporate DNA.

Initiatives for the United Nations Global Compact

The Sumitomo Corporation Group declared in March 2009 its support for the 10 principles of the UN Global Compact (GC). With our participation in the GC, we are committed to enhancing our corporate value by clearly identifying areas for improvement in our business activities in light of the values advocated by the 10 principles.

The GC was proposed by the former UN Secretary General Kofi Annan at the World Economic Forum (in Davos) in 1999 and officially launched in 2000 at the UN Headquarters in New York. The GC is an initiative aimed at realizing greater sustainability in the global economy through the voluntary participation of businesses in a worldwide network. As good corporate citizens, participating companies work diligently to ensure sustainable growth by proactively adopting into their business operations the 10 principles—based on the four areas of human rights, labor standards, the environment and anti-corruption—while at the same time assuming responsible and creative leadership.

The Global Compact's 10 Principles

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

Labour Standards

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

Sustainability Report

For details on our environmental initiatives and social contributions, please refer to our *Sustainability Report.* The report is available on our website:
http://www.sumitomocorp.co.jp/english/society/report.html

Environmental Initiatives

The Sumitomo Corporation Group recognizes that environmental issues are global long-term concerns that will affect future generations. Through sound business activities, we are striving to achieve sustainable development characterized by symbiosis between society, the economy and the global environment.

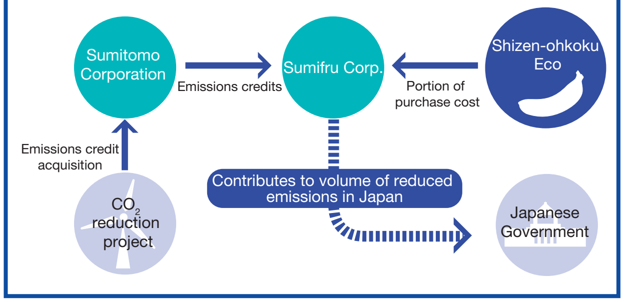
Initiatives toward Carbon Offsetting

Overseas, Sumitomo Corporation promotes wind and photovoltaic power generation projects that reduce greenhouse gases (GHGs). Domestically, we are involved in carbon offsetting through the emissions credit business. Carbon offsetting primarily encourages individuals or businesses to become aware of the unavoidable emissions they emit in the course of trading activities. It is a way of mitigating that portion of emissions that their own efforts fail to offset through "credits" generated by investing in developing countries' activities that reduce GHG.

Sumifru Corporation, our subsidiary, has commenced the sale of "*Shizen-ohkoku* Eco" bananas that take advantage of carbon offsets. With each pack of bananas, a consumer can contribute to a one-kilogram reduction in carbon dioxide emissions.

Our affiliate Sumitomo Mitsui Auto Service Company, Limited (SMAS), offers an "Eco-Fleet*" of leased vehicles that provide CO_2 emissions credits to corporate customers. Based on individual customers' monthly fuel consumption data, SMAS offsets CO_2 emitted through automobile use using emissions credits it has preliminarily purchased from Sumitomo Corporation.

Carbon offset scheme for Shizen-ohkoku Eco



Leveraging the global network of a trading company, we contribute to the reduction of CO_2 in a variety of ways.

* Business model patent-pending since March 2008

Global Safety Management

The Sumitomo Corporation Group puts "safety first" in its business activities. Endeavoring to better prepare for and prevent incidents, accidents and disaster in Japan and overseas, we regularly conduct educational activities and upgrade our safety planning infrastructure. Through these means, we work diligently to ensure that all executives and employees maintain a deep awareness of crisis situations, understand all appropriate safety guidelines and measures and put them into practice.

As a part of the aforementioned endeavors, we are striving to realize "zero" workplace accidents at subsidiaries and associated companies engaged in manufacturing, processing and warehouse activities. A Safety Management Committee has been established at each Business Unit. These committees take action to ensure safety management and prevent workplace accidents together with Group subsidiaries and associated companies in Japan and overseas.

Initiatives to Enhance Safety Awareness and Prevent Accidents

In the Metal Products Business Unit, all subsidiaries and associated companies document their safety activities in accordance with the Group's *Safety Manual, Safety and Hygiene Management Guidelines,* and *Work* handbooks, and every employee is appropriately trained on safety in the workplace. This vigilance helps prevent accidents before they happen.

In our Tubular Products Group's Supply Chain Management operations at such sites as Norway and Azerbaijan, Group companies assess operations together with customers and subcontractors to create safe work environments and procedures designed to minimize the risk of accidents for all involved.

We strive on a daily basis to continuously raise safety awareness among Sumitomo employees and our contractors.

In fiscal 2008, we performed risk assessments and pursued safety management activities in such new locations as India and Equatorial Guinea.

Safety First: This pipe storage and transportation system is a unique feature of our inventory stocking location in Floro, Norway

Philanthropic Initiatives

The Sumitomo Corporation Group engages in a wide spectrum of activities aimed at cultivating the human resources of the next generation, who will play a major role in securing a sustainable growth society, and contributing to those domestic and international communities in which we operate. In this context and as a good corporate citizen, we are committed to socially responsible activities.

Promotion of Barrier-Free Movie Screenings

Since 2004, as part of its philanthropic activities, Sumitomo Corporation has been promoting barrier-free screenings of movies so that they may be enjoyed by as many people as possible. Barrier-free screenings of more than 10 domestic movies sponsored and produced primarily by Sumitomo Corporation and its Group company Asmik Ace Entertainment Inc.—including “Our Mother,” “The Witch of the West is Dead” and others—have now taken place.

Barrier-free movie screenings that we promote provide audio descriptions and Japanese-language subtitles for individuals who have visual and hearing difficulties. We work to provide people with disabilities the opportunity to view these movies in movie theaters at the same time as regular audiences.

In 2008, as part of interdisciplinary learning activities held at at an elementary school that is located near Sumitomo Corporation’s head office in Tokyo, we held a barrier-free pre-screening of “The Witch of the West is Dead.” This event was held to encourage children to think about the notion of a barrier-free society. As for the children, they were enthusiastic, with one remarking, “Seeing the movie with my eyes closed or my ears covered, I could understand what it feels like to be visually or hearing challenged.” Another said: “I was able to learn things that I wouldn’t have been able to had there been no subtitles.” Comments from audience members with disabilities included, “We looked forward to the screening as we don’t usually have the opportunity to see a movie in barrier-free facilities before its official release. We hope to have this kind of opportunity in the future, as well.”

We would like to continue to have as many people as possible know about the existence of barrier-free movies. We hope that everyone, including those with disabilities, will enjoy watching movies together and that there will be more barrier-free movies in the future.

TABLE FOR TWO Activities Start

TABLE FOR TWO—introduced by Sumitomo Corporation in October 2008 at its head office cafeteria in Tokyo—offers employees the opportunity to freely participate in activities that contribute to their health. We support the TABLE FOR TWO initiative, under which every time a standard healthy meal is ordered 20 yen, equivalent to the cost of the average meal in a developing country, is donated to provide a school meal to a child in such a country.

With activities that contribute to society attracting an increasing amount of attention, TABLE FOR TWO International, a Japanese NPO, launched this project in 2007 to help resolve the problems of lifestyle-related diseases prevalent in developed countries and hunger current in the developing world. The title of the program, TABLE FOR TWO, is intended to convey the idea of two participants—one each in the developed and developing world—sharing a virtual table.

Along with our head office building in Tokyo, we have introduced the program at employee cafeterias in the buildings occupied by our Kansai and Chubu Regional Business Units. As of April 2009, contributions equivalent to approximately 8,000 school meals had been collected.

This program encourages participants to improve their own health while fostering a sense of global citizenship. Sumitomo Corporation hopes to continue promoting this program for many years to come.

Barrier-free pre-screening event for “The Witch of the West is Dead”

Supporting school meal programs in Uganda, Rwanda and Malawi

DIRECTORS AND CORPORATE AUDITORS

(As of July 1, 2009)

Michio Ogimura
Executive Vice President

Kazuo Ohmori
Executive Vice President

Motoyuki Oka
Chairman of
the Board of Directors

Susumu Kato
President and CEO

DIRECTORS AND CORPORATE AUDITORS

Chairman of
the Board of Directors
Motoyuki Oka

President and CEO
Susumu Kato

Director
Kazuo Ohmori

Director
Shunichi Arai

Director
Nobuo Kitagawa

Director
Toyosaku Hamada

Director
Takahiro Moriyama

Director
Takashi Kano

Director
Kuniharu Nakamura

Director
Takuro Kawahara

Director
Yoshio Osawa

Director
Yasuyuki Abe

Standing Corporate Auditor
(Full Time)
Kenzo Okubo

Corporate Auditor
(Full Time)
Tetsuro Fukumoto

Corporate Auditor
(Lawyer)
Akio Harada*

Corporate Auditor
(Certified Public Accountant)
Tsuguoki Fujinuma*

Corporate Auditor
(Lawyer)
Mutsuo Nitta*

Notes: 1. All Directors are Representative Directors.
2. Outside Corporate Auditors are indicated by an asterisk (*).

EXECUTIVE OFFICERS

President and CEO

Susumu Kato

Executive Vice Presidents

Michio Ogimura
General Manager for Asia
Director & President,
Sumitomo Corporation Asia Pte. Ltd

Kazuo Ohmori
General Manager,
Transportation & Construction
Systems Business Unit

Senior Managing Executive Officers

Michihisa Shinagawa
General Manager for the Americas
President and CEO,
Sumitomo Corporation North
America Group
Director & President,
Sumitomo Corporation of America

Shuichi Mori
General Manager,
Kansai Regional Business Unit

Shunichi Arai
General Manager,
Metal Products Business Unit

Nobuo Kitagawa
General Manager,
General Products & Real Estate
Business Unit

Kenji Kajiwara
General Manager for China
CEO,
Sumitomo Corporation China
Group
President,
Sumitomo Corporation (China)
Holding Ltd.

Toyosaku Hamada
CFO
General Manager,
Financial Resources Management
Group

Takahiro Moriyama
General Manager,
Infrastructure Business Unit

Takashi Kano
General Manager,
Corporate Planning &
Coordination Group

Kuniharu Nakamura
General Manager,
Mineral Resources,
Energy, Chemical & Electronics
Business Unit

Managing Executive Officers

Ichiro Miura
Responsible for Internal
Auditing Dept.

Shinichi Sasaki
General Manager for Europe
CEO,
Sumitomo Corporation Europe
Group
Director & President,
Sumitomo Corporation Europe
Holding Limited
Chairman,
Director & President,
Sumitomo Corporation Europe
Limited

Takuro Kawahara
General Manager,
Human Resources,
General Affairs & Legal Group

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

Yasuyuki Abe
General Manager,
Financial & Logistics Business Unit

Kazuhisa Togashi
Assistant General Manager,
Metal Products Business Unit
General Manager,
Iron & Steel Division, No.3

Kazuhiro Takeuchi
General Manager,
Corporate Planning & Coordination
Dept.

Shinichi Ishida
Assistant General Manager,
Transportation & Construction
Systems Business Unit
General Manager,
Construction & Mining Systems
Division

Takafumi Sone
General Manager for CIS
Assistant General Manager
for Europe

Naoki Hidaka
General Manager,
Chubu Regional Business Unit

Shigeru Ohashi
Assistant General Manager,
Media, Network & Lifestyle
Retail Business Unit
General Manager,
Lifestyle & Retail Business Division

Executive Officers

Makoto Nakamura
General Manager,
Planning & Administration Dept.,
Media, Network & Lifestyle Retail
Business Unit

Yasuo Kumagai
General Manager,
Materials & Supplies Division

Masayuki Doi
Assistant General Manager
for Asia
President,
PT. Sumitomo Indonesia

Toru Furihata
General Manager,
Mineral Resources Division No.2

Hiroyuki Inohara
Assistant General Manager,
Financial Resources Management
Group
General Manager, Finance Dept.

Masaru Nakamura
General Manager,
Tubular Products Division

Kohei Hirao
General Manager,
Power & Social Infrastructure
Business Division

Michihiko Kanegae
General Manager,
Telecommunication,
Environment & Industrial
Infrastructure Business Division

Kiyomi Machida
General Manager,
Automotive Division, No.2

Hideki Iwasawa
Assistant General Manager,
Financial Resources Management
Group
General Manager,
Corporate Risk Management Dept.

BUSINESS OPERATING STRUCTURE

CONTENTS

ORGANIZATION

(As of July 1, 2009)

- General Meeting of Shareholders
  - Board of Corporate Auditors
    - Corporate Auditors
      - Corporate Auditor's Administration Dept.
  - Board of Directors
    - President and CEO Executive Officers

CORPORATE GROUP

- Internal Auditing Dept.
- Corporate Planning & Coordination Group
- Human Resources, General Affairs & Legal Group
- Financial Resources Management Group

BUSINESS UNITS

Metal Products Business Unit
- Planning & Administration Dept., Metal Products Business Unit
- Iron & Steel Division, No.1
- Iron & Steel Division, No.2
- Iron & Steel Division, No.3
- Tubular Products Division
- Non-Ferrous Products & Metals Division

Transportation & Construction Systems Business Unit
- Planning & Administration Dept., Transportation & Construction Systems Business Unit
- Ship, Aerospace & Transportation Systems Division
- Automotive Division, No.1
- Automotive Division, No.2
- Construction & Mining Systems Division

Infrastructure Business Unit
- Planning & Administration Dept., Infrastructure Business Unit
- Telecommunication, Environment & Industrial Infrastructure Business Division
- Power & Social Infrastructure Business Division

Media, Network & Lifestyle Retail Business Unit
- Planning & Administration Dept., Media, Network & Lifestyle Retail Business Unit
- Media Division
- Network Division
- Lifestyle & Retail Business Division

Mineral Resources, Energy, Chemical & Electronics Business Unit
- Planning & Administration Dept., Mineral Resources, Energy, Chemical & Electronics Business Unit
- San Cristobal Project Dept.
- Mineral Resources Division No.1
- Mineral Resources Division No.2
- Energy Division
- Basic Chemicals Division
- Electronics Business Division
- Life Science Division

General Products & Real Estate Business Unit
- Planning & Administration Dept., General Products & Real Estate Business Unit
- Food Business Division
- Materials & Supplies Division
- Construction & Real Estate Division
- General Construction Development & Coordination Dept.

Financial & Logistics Business Unit
- Planning & Administration Dept., Financial & Logistics Business Unit
- Financial Service Division
- Logistics & Insurance Business Division

JAPAN		OVERSEAS	
3	Subsidiaries	41	Subsidiaries
3	Regional Business Units	1	Branch
2	Offices	38	Offices

REGIONAL BUSINESS UNITS AND SUBSIDIARIES

(As of July 1, 2009)

Region	Name of Regional Business Unit or Subsidiary	Location
Japan	Kansai Regional Business Unit	Osaka
	Chubu Regional Business Unit	Nagoya
	Kyushu-Okinawa Regional Business Unit/ Sumitomo Corporation Kyushu Co., Ltd.	Fukuoka
	Sumitomo Corporation Hokkaido Co., Ltd.	Sapporo
	Sumitomo Corporation Tohoku Co., Ltd.	Sendai
Asia	Sumitomo Corporation (China) Holding Ltd.	Beijing
	Sumitomo Corporation (China) Limited	Beijing
	Sumitomo Corporation (Shanghai) Limited	Shanghai
	Sumitomo Corporation (Tianjin) Ltd.	Tianjin
	Sumitomo Corporation (Dalian) Ltd.	Dalian
	Sumitomo Corporation (Qingdao) Ltd.	Qingdao
	Sumitomo Corporation (Guangzhou) Ltd.	Guangzhou
	Shenzhen Sumitomo Corporation Ltd.	Shenzhen
	Sumitomo Corporation (Hong Kong) Limited	Hong Kong
	Sumitomo Corporation Taiwan Ltd.	Taipei
	Sumitomo Corporation Korea Ltd.	Seoul
	Sumitomo Corporation Asia Pte. Ltd.	Singapore
	Sumitomo Corporation Thailand, Ltd./ Sumi-Thai International Limited	Bangkok
	Sumur Cahaya Sdn. Bhd.	Kuala Lumpur
	Sumitomo Corporation of the Philippines	Manila
	PT. Sumitomo Indonesia	Jakarta
	Sumitomo Corporation Vietnam LLC	Hanoi
	Sumitomo Corporation India Private Limited	New Delhi
The Middle East	Sumitomo Corporation M.E. FZ-LLC	Dubai
	Sumitomo Corporation Iran, Ltd.	Teheran
	Sumitomo Corporation Dis Ticaret A.S.	Istanbul
Europe	Sumitomo Corporation Europe Holding Limited	London
	Sumitomo Corporation Europe Limited	London
	Sumitomo Corporation Italia S.p.A.	Milan
	Sumitomo Corporation Hellas S.A.	Athens
	Sumitomo Corporation España S.A.	Madrid
	Sumitomo Deutschland GmbH	Dusseldorf
	Sumitomo France S.A.S.	Paris
	Sumitomo Benelux S.A./N.V.	Brussels
North America	Sumitomo Canada Limited	Toronto
	Sumitomo Corporation of America	New York
Central America and South America	Sumitomo Corporation de Mexico S.A. de C.V.	Mexico City
	Sumitomo Corporation del Ecuador S.A.	Quito
	Sumitomo Corporation de Venezuela, S.A.	Caracas
	Sumitomo Corporation Colombia S.A.	Bogota
	Sumitomo Corporation del Peru S.A.	Lima
	Sumitomo Corporation Argentina S.A.	Buenos Aires
	Sumitomo Corporation (Chile) Limitada	Santiago
	Sumitomo Corporation do Brasil S.A.	Sao Paulo
Oceania	Sumitomo Australia Pty Ltd	Sydney

GLOBAL NETWORK

(As of July 1, 2009)

EUROPE AND CIS

- London
- Oslo
- Brussels
- Duesseldorf
- Paris
- Milan
- Turin
- Madrid
- Athens
- Krakow
- Prague
- Moscow
- Khabarovsk
- Vladivostok
- St. Petersburg
- Kiev
- Almaty
- Tashkent
- Astana

AFRICA

- Algiers
- Casablanca
- Nairobi
- Luanda
- Johannesburg
- Antananarivo

MIDDLE EAST

- Teheran
- Kuwait
- Bahrain
- Doha
- Abu Dhabi
- Dubai
- Muscat
- Riyadh
- Jeddah
- Alkhobar
- Sanaa
- Baghdad
- Amman
- Damascus
- Istanbul
- Ankara
- Cairo
- Tripoli

OCEANIA

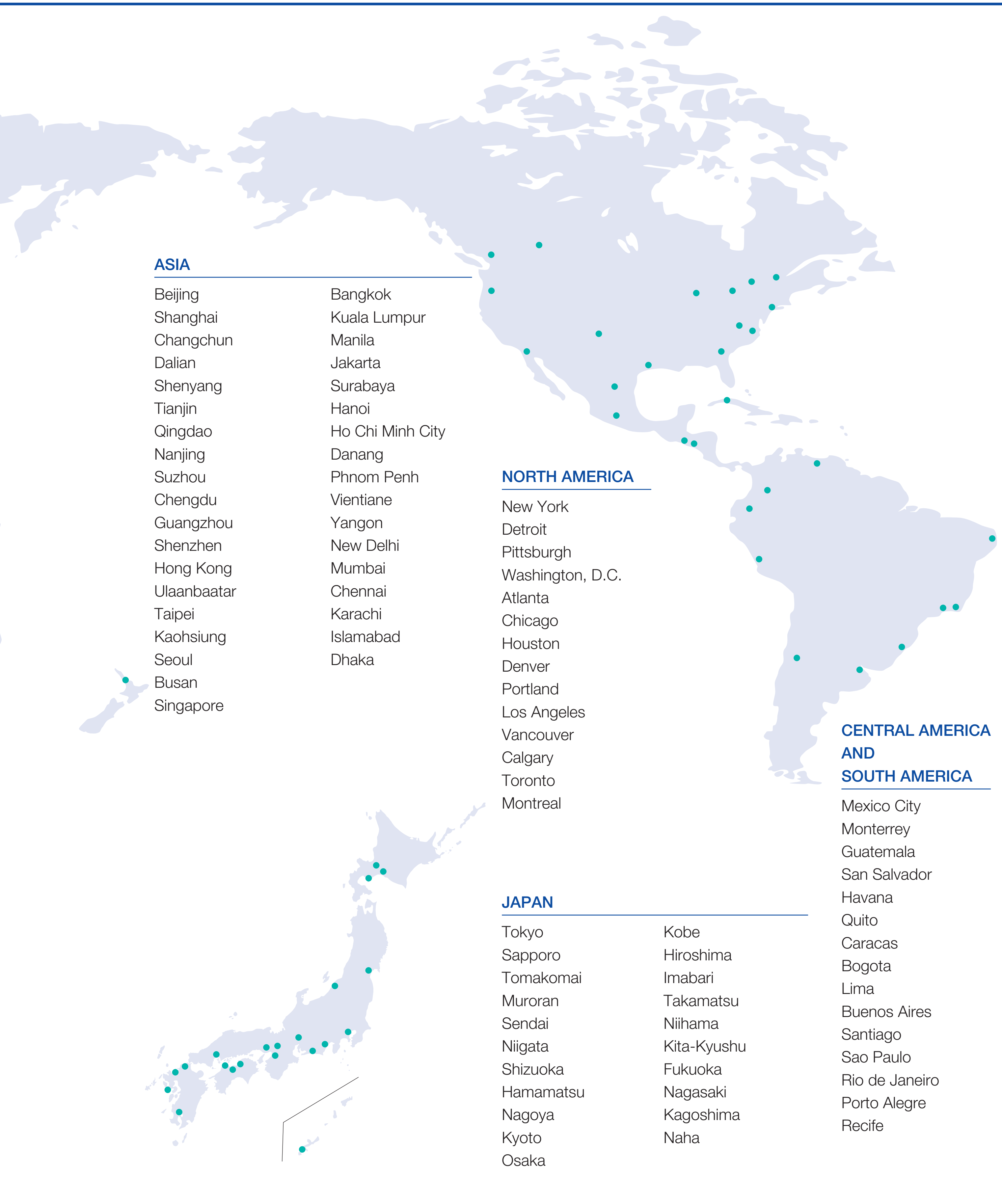
- Sydney
- Melbourne
- Perth
- Auckland

Overseas: 65 countries

41 Subsidiaries /	80 locations
1 Branch /	1 location
38 Offices /	38 locations
Total	**119 locations**

Japan:

Headquarters	
3 Subsidiaries /	10 locations
3 Regional Business Units /	13 locations
2 Offices /	2 locations
Total	**26 locations**



ASIA

Beijing
Shanghai
Changchun
Dalian
Shenyang
Tianjin
Qingdao
Nanjing
Suzhou
Chengdu
Guangzhou
Shenzhen
Hong Kong
Ulaanbaatar
Taipei
Kaohsiung
Seoul
Busan
Singapore
Bangkok
Kuala Lumpur
Manila
Jakarta
Surabaya
Hanoi
Ho Chi Minh City
Danang
Phnom Penh
Vientiane
Yangon
New Delhi
Mumbai
Chennai
Karachi
Islamabad
Dhaka

NORTH AMERICA

New York
Detroit
Pittsburgh
Washington, D.C.
Atlanta
Chicago
Houston
Denver
Portland
Los Angeles
Vancouver
Calgary
Toronto
Montreal

JAPAN

Tokyo
Sapporo
Tomakomai
Muroran
Sendai
Niigata
Shizuoka
Hamamatsu
Nagoya
Kyoto
Osaka
Kobe
Hiroshima
Imabari
Takamatsu
Niihama
Kita-Kyushu
Fukuoka
Nagasaki
Kagoshima
Naha

CENTRAL AMERICA AND SOUTH AMERICA

Mexico City
Monterrey
Guatemala
San Salvador
Havana
Quito
Caracas
Bogota
Lima
Buenos Aires
Santiago
Sao Paulo
Rio de Janeiro
Porto Alegre
Recife

PRINCIPAL SUBSIDIARIES AND ASSOCIATED COMPANIES

(As of March 31, 2009)

		Subsidiary/ Associated Company	Main Business
Metal Products Business Unit			
Japan	Alcut Co., Ltd.	Sub.	Shearing, slitting, and blanking of aluminum coils, sheets, and circles
	Hokkaido Shearing Kaisha, Ltd.	Sub.	Fabrication and sale of steel products
	Ishihara Kohtetu Co., Ltd	Sub.	Stock, sale, and processing of tool steel
	KS Summit Steel Co., Ltd.	Sub.	Steel service center (processing and sale of steel sheets)
	Mazda Steel Co., Ltd.	Sub.	Shearing, slitting, and blanking of steel sheets
	SC Tubulars Co., Ltd.	Sub.	Sale of specialty tubular products
	Sofuku-koki Co., Ltd.	Sub.	Manufacture and sale of steel racks
	Sumisho Metalex Corporation	Sub.	Sale of non-ferrous metal products, materials for home heat solution
	Sumisho Pipe and Steel Co., Ltd.	Sub.	Sale of steel piping and other steel products
	Sumisho Speciality Steel Corporation	Sub.	Stock, sale, and processing of specialty steel
	Sumisho Tekko Hanbai Co., Ltd.	Sub.	Sale of steel products
	Summit Showa Aluminum Ltd.	Sub.	Production of aluminum alloy ingots
	Summit Steel Corporation	Sub.	Sale of steel sheets
	Summit Steel Oita	Sub.	Steel service center (processing and sale of steel sheets)
	Tanimoto Steel Corporation	Sub.	Shearing, slitting, and sale of steel plates
Asia	Dalian Summit Metal Products Co., Ltd. (China)	Sub.	Shearing, slitting, and sale of steel plates
	Dong Guan Nitec Metal Processing Co., Ltd. (China)	Sub.	Shearing, slitting, and sale of steel plates
	Dong Guan S.Y. Metal Ltd. (China)	Sub.	Shearing, slitting, and sale of steel plates
	Foshan Summit Nikka Mold & Metal Products Co., Ltd. (China)	Sub.	Stock, sale, and processing of tool steel
	Hangzhou Summit Metal Products Co., Ltd. (China)	Sub.	Shearing, slitting, and sale of steel plates
	Shanghai Hi-Tec Metal Products Co., Ltd. (China)	Sub.	Manufacture and sale of metal-processing products
	Shanghai Nikka Metal Products Co., Ltd. (China)	Sub.	Stock, sale, and processing of tool steel
	Shanghai Summit Metal Products Co., Ltd. (China)	Sub.	Shearing, slitting, and sale of steel plates
	Tianjin Hua Zhu Metal Products Co., Ltd. (China)	Sub.	Shearing, slitting, and sale of steel plates
	Wuxi Meifeng Metal Products Co., Ltd. (China)	Sub.	Shearing, slitting, and sale of steel plates
	Zhongshan Nomura Steel Products Co., Ltd. (China)	Sub.	Shearing, slitting, and sale of steel plates
	P.T. Super Steel Indah (Indonesia)	Ass.	Shearing, slitting, and sale of steel plates
	P.T. Super Steel Karawang (Indonesia)	Sub.	Shearing, slitting, and sale of steel plates
	Steel Centre Malaysia Sdn. Bhd. (Malaysia)	Sub.	Shearing, slitting, and sale of steel plates
	Sumiputeh Steel Centre Sdn. Bhd. (Malaysia)	Ass.	Shearing, slitting, and sale of steel plates
	Calamba Steel Center Inc. (Philippines)	Sub.	Shearing, slitting, and sale of steel plates
	Mactan Steel Center Inc. (Philippines)	Sub.	Shearing, slitting, and sale of steel plates
	Asian Steel Company Ltd. (Singapore)	Sub.	Shearing, slitting, and sale of steel plates
	Mason Metal Industry Co., Ltd. (Taiwan)	Sub.	Shearing, slitting, and sale of steel plates
	CS Metal Co., Ltd. (Thailand)	Ass.	Shearing, slitting, and sale of steel plates
	CS Non-Ferrous Center Co., Ltd. (Thailand)	Ass.	Shearing, slitting, and sale of non-ferrous metal sheets
	Thai Special Wire Co., Ltd. (Thailand)	Sub.	Manufacture and sale of PC wires and strands
	Thai Steel Service Center Ltd. (Thailand)	Sub.	Shearing, slitting, and sale of steel plates
	Danang Steel Center Co., Ltd. (Vietnam)	Sub.	Shearing, slitting, and sale of steel plates
	Hanoi Steel Center Co., Ltd. (Vietnam)	Sub.	Shearing, slitting, and sale of steel plates
	Saigon Steel Service & Processing Co. (Vietnam)	Ass.	Shearing, slitting, and sale of steel plates
The Middle East	Mezon Stainless Steel FZCO (UAE)	Sub.	Sale of stainless pipes, fittings, flanges and steel plates
	Summit Steel (M.E.) FZCO (UAE)	Sub.	Trade of various steel products, steel service center, sale of flat steel products
Europe	Steel Center Europe, s.r.o. (Czech)	Ass.	Shearing, slitting, and sale of steel plates
The Americas	Servilamina Summit Mexicana S.A. de C.V. (Mexico)	Sub.	Steel service center (processing and sale of steel sheets)
	AB Tube Processing, Inc. (U.S.)	Sub.	Tube processing for airbag inflators
	Arkansas Steel Associates LLC (U.S.)	Ass.	Steel mini mill (manufacture of railroad tie plates)
	SC Pipe Services Inc. (U.S.)	Sub.	Investment in pipe manufacturing and sales company in the U.S.
	Summit Stainless Steel LLC (U.S.)	Sub.	Sales of stainless steel products
Oceania	SC Metal Pty. Ltd. (Australia)	Sub.	Investment in aluminum smelting operation in Australia

		Subsidiary/ Associated Company	Main Business
Transportation & Construction Systems Business Unit			
Japan	Oshima Shipbuilding Co., Ltd.	Ass.	Shipbuilding
	KIRIU Corporation	Sub.	Automotive components manufacturer (disc rotors, brake drums, etc.)
	SC-ABeam Automotive Consulting	Sub.	Automotive industry focused consulting
	SC Automotive Investment	Sub.	Automotive related investment fund operation and management
	Sumisho Aero-Systems Corporation	Sub.	Sale of aerospace equipment
	Sumitomo Mitsui Auto Service Company, Limited	Sub.	Leasing of motor vehicles
	Sumisho Machinery Trade Corporation	Sub.	Trading of machinery, equipment and automobiles
	Sumisho Marine Co., Ltd.	Sub.	Ship related operational services
	Sumisho Rental Support Corporation	Sub.	Rental of aerial work platforms, temporary housing house, hydraulic excavator, attachment, etc.
Asia	SC Construction Machinery (Shanghai) Corporation (China)	Sub.	Sale, rental, other services of construction equipment
	Shanghai Baosteel Summit Auto Trading Co., Ltd. (China)	Ass.	Dealership of motor vehicles
	Kubota Agricultural Machinery india Private Ltd. (India)	Ass.	Sale of tractors, combines, and rice transplanters in India
	Swaraj Mazda Limited (India)	Sub.	Commercial vehicle manufacturer
	P.T. Oto Multiartha (Indonesia)	Sub.	Financing of automobiles
	P.T. Summit Oto Finance (Indonesia)	Sub.	Financing of motorcycles
	P.T. Traktor Nusantara (Indonesia)	Ass.	Forklift hire/rental, and sale/service for forklift, farm tractor and industrial equipment
	Summit Auto Management (Thailand)	Sub.	Holding and management company of automotive dealership and finance companies
	Summit Capital Leasing Co., Ltd. (Thailand)	Sub.	Financing of motor vehicles
	Toyota Giai Phong Company (Vietnam)	Ass.	Dealership of Toyota motor vehicles
	Toyota Ly Thuong Kiet (Vietnam)	Sub.	Dealership of Toyota motor vehicles
The Middle East	Summit Auto Trade Facilities (Jordan)	Sub.	Financing of motor vehicles
	Nissan Otomotiv A.S. (Turkey)	Sub.	Import and sale of Nissan motor vehicles and parts
	Sumisatt International FZCO (UAE)	Sub.	Sale of construction equipment
Europe	Summit Auto Poland Sp. z.o.o. (Poland)	Sub.	Dealership of Honda motor vehicles
	Summit Motors Poland Sp. z.o.o. (Poland)	Sub.	Dealership of Ford motor vehicles
	Sumitec International, Ltd. (Russia)	Sub.	Sale and aftersales service of construction, mining and material handling equipment
	Summit Motors (Vladivostok) (Russia)	Sub.	Import and sale of Toyota motor vehicles and parts
	Summit Finance Slovakia s.r.o. (Slovakia)	Sub.	Financing of motor vehicles
	Summit Motors Slovakia s.r.o. (Slovakia)	Sub.	Import and sale of Ford motor vehicles and parts
	Summit Leasing Slovenija d.o.o. (Slovenia)	Sub.	Financing of motor vehicles and dealership
	Summit motors Ljubljana d.o.o. (Slovenia)	Sub.	Import and sale of Ford motor vehicles and parts
	Tecnosumit (Tecnologia para La Construccion y Mineria S.L.) (Spain)	Sub.	Holding and management company of Komatsu distributor and other business
	Toyota Canarias, S.A. (Canary Islands, Spain)	Sub.	Import and wholesale of Toyota and Lexus motor vehicles and parts
	SC Motors Sweden AB (Sweden)	Sub.	Management company of automotive distributorship and finance company, and wholesale of parts and accessories
	LLC Summit Motors Ukraine (Ukraine)	Sub.	Dealership of Lexus motor vehicles
	Toyota Ukraine (Ukraine)	Sub.	Import, wholesale and retail sales of Toyota and Lexus motor vehicles and parts
The Americas	SMS Construction and Mining Systems Inc. (Canada)	Sub.	Sale, rental and other services of construction and mining equipment
	Plaza Motors Corporation (Puerto Rico)	Sub.	Import and sale of Mazda motor vehicles
	Linder Industrial Machinery Company (U.S.)	Sub.	Sale of Komatsu construction equipment
	SMS International Corporation (U.S.)	Sub.	Management and financial services for Komatsu construction equipment dealership
Oceania	Summit Auto Lease Australia Pty Limited (Australia)	Sub.	Motor vehicle leasing to corporate customers
	Summit Investment Australia Pty Limited (Australia)	Sub.	Holding and management company of automotive dealership and leasing companies

Infrastructure Business Unit			
Japan	Hokkaido District Heating Co., Ltd.	Ass.	District heating in Sapporo
	Inamoto Manufacturing Co., Ltd.	Sub.	Manufacture and sale of industrial washing machines
	SC Hiroshima Energy Corporation	Sub.	Electricity and Steam Supply for Hiroshima ELPIDA Memory (Energy Service Provider)
	Sumisho Inax Corporation	Sub.	Sale and maintenance of industrial washing machines
	Sumisho Machinery Trade Corporation	Sub.	Trading of machinery, equipment and automobiles in Japan
	Sumitomo Shoji Machinex Co., Ltd.	Sub.	Sale of machinery and equipment

		Subsidiary/ Associated Company	Main Business
	Summit Energy Holdings Corporation	Sub.	Planning, development and operation of business in electric power and energy field
	Summit Power Holdings Limited	Sub.	Planning, development and operation of electric power
Asia	MobiCom Corporation (Mongolia)	Ass.	Integrated telecommunication service in Mongolia
	Summit Sunrise Energy Co., Ltd. (Thailand)	Sub.	Development, ownership and management of power plant in Thailand
	Mekong Energy Company Ltd. (Vietnam)	Ass.	Power generation and supply of electricity in Vietnam
The Middle East	Hidd Power Company (Bahrain)	Ass.	Power generation and sea water desalination project company in Bahrain
Europe	CBK Netherlands Holdings B.V. (Netherlands)	Ass.	Holding Company of CBK Power Company Ltd, which operates Hydraulic Power Plant in Philippines
The Americas	Perennial Power Holdings Inc. (U.S.)	Sub.	Development, ownership and management of power plant in the U.S.
Oceania	Summit Southern Cross Power Pty. Ltd. (Australia)	Sub.	Development, ownership and management of power plant in Australia.
Media, Network & Lifestyle Retail Business Unit			
Japan	AJCC Corporation	Sub.	Leasing of CATV equipment (set top box, etc.)
	Asmik Ace Entertainment Inc.	Sub.	Production, distribution and sale of movies and videos
	Barneys Japan Co., Ltd.	Sub.	Import and sale of apparel, accessories, cosmetics, and goods
	G-Plan Inc.	Sub.	Point exchange service and advertising on the Internet
	Jupiter Shop Channel Co., Ltd.	Sub.	Operation of TV shopping channel
	Jupiter Telecommunications Co., Ltd.	Ass.	Operation of multiple cable TV systems (MSO) and channels (MCO)
	LANCEL JAPAN LIMITED	Sub.	Sole import and sale of bags and accessories, “LANCEL”
	Mammy Mart Corporation	Ass.	Supermarket chain
	MARC JACOBS JAPAN K.K.	Ass.	Import and sale of bags, apparel and accessories, “MARC JACOBS” and “MARC BY MARC JACOBS”
	Montrive Corporation	Sub.	Sole import, designing and sale of the luxury line of chenille fabrics, “FEILER”
	Naracamicie Co., Ltd.	Sub.	Sale, import and design of women’s apparel and accessories, “NARA CAMICIE”
	Nissho Electronics Corporation	Ass.	Sale and support of computer software and hardware; system integration
	SC Media & Commerce Inc.	Sub.	Management and operation of programming services and TV shopping channel
	SC NETSUPER CORP.	Sub.	Online grocery shopping service
	Soukai Drug Co., Ltd.	Sub.	Internet drugstore
	Sumisho Computer Systems Corporation	Sub.	System Integration; data processing services; development and sale of computer software and hardware
	Sumisho Drugstores Inc.	Sub.	Drugstore chain
	Sumisho Interior International Inc.	Sub.	Space & interior designing and installation, import, export and sale of consumer goods, such as furniture and carpet for residential and contract use
	Sumitex International Co., Ltd	Sub.	Production and sale of textile products and materials
	Summit, Inc.	Sub.	Supermarket chain
	Summit Colmo, Inc.	Sub.	General merchandise store chain
	T-Gaia Corporation	Ass.	Sale of cellular phones and fixed line telecommunication services
	United Cinemas Co., Ltd.	Sub.	Development and operation of multiplex cinema theaters
	WAM!NET Japan K.K.	Sub.	Data transfer and storage services for video, music and image sources
Asia	Sumitex Hong Kong Limited (Hong Kong)	Sub.	Sale of textile products and materials
The Americas	PRESIDIO STX, LLC (U.S.)	Sub.	Investment in IT ventures and sale of computer hardware and software
Mineral Resources, Energy, Chemical & Electronics Business Unit			
Japan	Enessance Holdings Co., Ltd.	Ass.	Planning strategy of LPG & home solution business, controlling its subsidiaries, and LPG wholesale
	LNG Japan Corporation	Ass.	Trading of LNG, investment and financing related to LNG business
	Medisa Shinyaku Inc.	Ass.	Manufacturing and sale of generic pharmaceuticals
	Nusa Tenggara Mining Corporation	Sub.	Investment in and financing of the Batu Hijau copper/gold mine project in Indonesia
	Osakagas Summit Resources Co., Ltd.	Ass.	Exploration, development, production and sale of and investment in oil and natural gas

		Subsidiary/ Associated Company	Main Business
	Soda Ash Japan Co., Ltd.	Sub.	Sale of soda ash from the United States
	Sumitomo Shoji Chemicals Co., Ltd.	Sub.	Sale and trade of chemicals and plastics
	Sumitronics Corporation	Sub.	Electronics Manufacturing Service
	Summit Agro International, Ltd.	Sub.	Development and sales of crop protection products, house hold insecticides and pet-care products
	Summit CRM, Ltd.	Sub.	Trading of carbon-related materials (coke, etc.), refractories and ferrous raw materials
	Summit Pharmaceuticals International Corporation	Sub.	Drug discovery services, pharmaceutical development, and supply of active pharmaceutical ingredients, intermediates and formulations
Asia	New Port Bulk Terminal Sdn. Bhd. (Malaysia)	Sub.	Storage, transportation, and sale of liquid chemicals
	Technoclean Philippines, Inc. (Philippines)	Sub.	Precision cleaning service for HDD parts and clean room garments, and sale of electronics materials and parts
	Petro Summit Pte. Ltd. (Singapore)	Sub.	International trade of crude oil and petroleum products
	Sumitronics Taiwan Co., Ltd. (Taiwan)	Sub.	Sale of electronics materials and parts
Europe	Appak LLP (Kazakhstan)	Ass.	Development of uranium mine in Kazakhstan and production/sale of uranium ore concentrates
	SMM Cerro Verde Netherlands B.V. (Netherlands)	Ass.	Investment in the Cerro Verde copper mine in Peru
	Interacid Trading S.A. (Switzerland)	Sub.	International trade of sulfur and sulfuric acid
	Petro Summit Investment U.K. Limited (U.K.)	Sub.	Exploration, development, production and sale of and investment in oil and natural gas in U.K. North Sea
	Summit Agro Europe Ltd. (U.K.)	Sub.	Investment in agricultural chemicals business in Europe
The Americas	Minera San Cristobal S.A. (Bolivia)	Sub.	Mining of San Cristobal silver, zinc and lead project in Bolivia
	Cantex Inc. (U.S.)	Sub.	Manufacture and sale of polyvinyl chloride pipes
	Pacific Summit Energy LLC (U.S.)	Sub.	Sale of natural gas
	SC Minerals America, Inc. (U.S.)	Sub.	Investment in the Morenci copper mine, the Pogo gold mine in the U.S. and the Candelaria & Ojos del Salado copper mines in Chile
	Summit Petrochemical Trading Inc. (U.S.)	Sub.	Sale and trade of Aromatics Products
	The Hartz Mountain Corporation (U.S.)	Sub.	Manufacturing, distribution, and sales of pet care products
Oceania	SC Mineral Resources Pty. Ltd. (Australia)	Sub.	Investment in the Northparkes copper mine in Australia
	Sumisho Coal Australia Pty. Ltd. (Australia)	Sub.	Investment in coal mines in Australia
	Tasmanian Advanced Minerals Pty. Ltd. (Australia)	Sub.	Production and sale of high purity silica powder
Africa	Ambatovy Minerals S.A. (Madagascar)	Ass.	Mining of Ambatovy nickel project in Madagascar
	Dynatec Madagascar S.A. (Madagascar)	Ass.	Processing and refining of Ambatovy nickel project in Madagascar
	Oresteel Investments (Proprietary) Limited (South Africa)	Ass.	Investment in Assmang iron ore and manganese mine in South Africa

General Products & Real Estate Business Unit			
Japan	Chiba Kyodo Silo Co., Ltd.	Sub.	Operation of silo facility and handling of grain, such as wheat, barley and corn
	Harumi Corporation	Ass.	Facility management of Harumi Triton Square
	i879 Co., Ltd.	Sub.	Online flower gifts order processor
	IG Kogyo Co., Ltd.	Sub.	Manufacture and sale of insulated metal panels for roofing and walls
	Kishiwada Cancan Bayside Mall Corporation	Sub.	Management, operation and leasing of multipurpose facilities
	Nissin Sugar Manufacturing Co., Ltd.	Ass.	Sugar refining
	Reibi Corporation	Sub.	Facility management of buildings in Kansai region
	S.C. Cement Co., Ltd.	Sub.	Sale of cement, ready-mixed concrete and concrete products
	S.C. Cement (Kyushu) Co., Ltd.	Sub.	Sale of ready-mixed concrete, concrete products, cement and aggregate
	SC Foods Co., Ltd.	Sub.	Import, development, and sale of foodstuffs
	SEVEN INDUSTRIES CO., LTD.	Sub.	Manufacture and sale of laminated lumber and wood products
	Shinko Sugar Co., Ltd.	Sub.	Sugar refining
	Sumifru Corporation	Sub.	Import and sale of fruits and vegetables
	Sumisho & Mitsuibussan Kenzai Co., Ltd.	Ass.	Sale of building materials
	Sumisho Building Management Co., Ltd.	Sub.	Property management of office buildings
	Sumisho Paper Co., Ltd.	Sub.	Sale of pulp, wastepaper, paper, paperboard and packaging materials
	Sumisho Realty Management Co., Ltd.	Sub.	Asset management business of real estate

		Subsidiary/ Associated Company	Main Business
	Sumisho Tatemono Co., Ltd.	Sub.	Sales and management of residential properties, housing remodeling
	Sumisho Urban Kaihatsu Co., Ltd.	Sub.	Planning, development, management, and operation of shopping centers
	Summit Agri-Business Corporation	Sub.	Manufacture and sale of fertilizer and agriculture-related materials
	Summit Oil Mill Co., Ltd.	Sub.	Manufacture and sale of vegetable oil and oil meal
	Yasato Kosan Kaisha, Ltd.	Sub.	Owning and operating of golf course: Summit Golf Club (Ibaraki Pref.)
	Yokohama City Management Co., Ltd.	Ass.	Management, operation and leasing of multipurpose facilities in Minato Mirai 21
Asia	Summit Fertilizer (Qingdao) Co., Ltd. (China)	Ass.	Manufacture and sale of chemical fertilizer
	P.T. Summitmas Property (Indonesia)	Ass.	Management, operation and leasing of office buildings
	Sumifert Sdn. Bhd. (Malaysia)	Sub.	Import and sale of fertilizers
	Sumi-Thai Fertilizer Co., Ltd. (Thailand)	Sub.	Import of fertilizer materials and sale of chemical fertilizers
The Middle East	Shaheen Tyres Company L.L.C. (UAE)	Ass.	Import and sale of tires in the UAE
Europe	OAO Terneyles (Russia)	Ass.	General forest products company
	ZAO PTS Hardwood (Russia)	Ass.	Manufacture and sale of laminated lumber and wood products
	ZAO STS Technowood (Russia)	Sub.	Manufacture and sale of laminated lumber and wood products
The Americas	TBC Corporation (U.S.)	Sub.	Retail and wholesale of tires
Oceania	Australian Bulk Alliance Pty., Ltd. (Australia)	Ass.	Investment in grain export terminal in Australia
	Summit Rural Western Australia Pty. Ltd. (Australia)	Sub.	Import of fertilizer materials and sale of chemical fertilizers in Western Australia

Financial & Logistics Business Unit			
Japan	Ant Corporate Advisory Inc	Ass.	Investment funds
	Bluewell Corporation	Sub.	Agent for casualty insurance and life insurance
	Bluewell Insurance Brokers Ltd.	Sub.	Broker for casualty insurance and re-insurance
	GALLIA PLUS Corporation	Sub.	Financial service
	SC Bio Capital Co., Ltd.	Sub.	Investment funds
	SC Asset Management Co., Ltd.	Sub.	Securities firm
	Sumisho ElecTrade Ltd.	Sub.	Proprietary trading firm
	Sumisho Finance Co., Ltd.	Sub.	Financial services
	Sumisho Global Logistics Co., Ltd.	Sub.	Global logistics provider
	Sumisho Materials Corporation	Sub.	Trading of precious metals and other products
	Sumitomo Mitsui Finance and Leasing Company, Limited.	Ass.	Finance & Lease
	Summit Air Service Corporation	Sub.	Travel agency
Asia	Nanjing CMSC Logistics Co., Ltd. (China)	Ass.	Automobile related transportation
	Shanghai Dazhong Sagawa Logistics Co., Ltd. (China)	Ass.	Door-to-door delivery services
	Sumisho Global Logistics (Shanghai) Co., Ltd. (China)	Sub.	Warehousing and distribution services
	Sumisho Global Logistics South China Co., Ltd. (China)	Sub.	Global logistics provider
	Wuxi Sumisho Hi-tech Logistics Co., Ltd. (China)	Ass.	Warehousing and distribution services
	Zero SCM Logistics (Beijing) Co., Ltd. (China)	Ass.	Transportation of vehicles
	Sumisho Global Logistics (HK) Limited (Hong Kong)	Sub.	Global logistics provider
	Sumitomo Corporation Equity Asia Limited (Hong Kong)	Sub.	Private equity investment in Asia
	P.T. East Jakarta Industrial Park (Indonesia)	Sub.	Development, sales, and operation of industrial estate in Indonesia
	P.T. Indo Summit Logistics (Indonesia)	Sub.	Warehousing and distribution services
	First Philippine Industrial Park, Inc. (Philippines)	Ass.	Development, sales, and operation of industrial estate in Philippines
	Bluewell Insurance (Singapore) Pte. Ltd. (Singapore)	Sub.	Captive insurance company
	Sumisho Capital Management (Singapore) Pte. Ltd. (Singapore)	Sub.	Investment management
	Sumisho Global Logistics (Thailand) Co., Ltd. (Thailand)	Sub.	Warehousing and distribution services
	Dragon Logistics Co., Ltd. (Vietnam)	Ass.	Warehousing and distribution services
	Thang Long Industrial Park Corporation (Vietnam)	Sub.	Development, sales, and operation of industrial estate in Vietnam
	Thang Long Industrial Park II Corporation (Vietnam)	Sub.	Development, sales, and operation of industrial estate in Vietnam
Europe	Sumisho Aircraft Asset Management B.V. (Netherlands)	Sub.	Aircraft operating lease
	Bluewell Reinsurance Company (Bermuda) Ltd. (U.K.)	Sub.	Captive insurance company (Rent A Captive)
	Sumitomo Corporation Global Commodities Limited (U.K.)	Sub.	Trading and marketing of commodities

		Subsidiary/ Associated Company	Main Business
Domestic			
Japan	Ishida Metal Co., Ltd.	Sub.	Processing and sale of stainless steel sheets
	Nippon Katan Co., Ltd.	Sub.	Manufacture and sale of power line hardware
	SC Machinery & Service Co., Ltd.	Sub.	Sales of equipments for automotive industries and FA products
	SC Pipe Solutions Co., Ltd.	Sub.	Sale of steel tubular products
	Sumisho Airbag Systems Co., Ltd.	Sub.	Manufacture and sale of cushion for side curtain airbag
	Sumisho Material Chugoku Co., Ltd.	Sub.	Sale of steel materials for civil engineering and construction
	Sumisho Montblanc Co., Ltd.	Sub.	Processing and sale of work uniforms and related clothing products
	Sumisho Steel Sheets Works Co., Ltd.	Sub.	Processing and sale of steel products
	Tortoise Co., Ltd.	Sub.	Sale of interior goods and home furnishing to consumers' coop-eratives
	TOYO KOKAN Co., Ltd.	Sub.	Sale of steel tubular and non-ferrous products
Oceania	Summit Wool Spinners Limited (New Zealand)	Sub.	Manufacture and sale of wool yarn for carpets
Overseas			
The Middle East	SC Tubular and Steel Products (M.E.) FZCO (UAE)	Sub.	Sale of Steel Tubular and Steel Products
Europe	Sumitrans Europe GmbH (Germany)	Sub.	Forwarding, logistics business
	Summit D&V Kft. (Hungary)	Sub.	OEM supply, sub-assembly and sequence delivery of automotive components
	ERYNGIUM Ltd. (U.K.)	Sub.	Manufacture, processing and distribution of speciality metals for OCTG market
	Sumitomo Corporation Capital Europe Plc (U.K.)	Sub.	Financial services to Group companies
	Summit Pharmaceuticals Europe Ltd. (U.K.)	Sub.	Sale of pharmaceuticals products
The Americas	Summit Tubulars Corporation (Canada)	Sub.	Sale of tubular products for oil and gas industry
	Auto Summit Commercial Services, S.A. de C.V. SOFOM E.N.R. (Mexico)	Sub.	Auto finance
	Noble Summit Metal Processing de Mexico, S. de R.L. de C.V. (Mexico)	Ass.	Blanking and laser-welding of steel parts for automotive industry
	Atlantic Hills Corporation (U.S.)	Sub.	Residential area development
	Cantex Inc. (U.S.)	Sub.	Manufacture and sale of polyvinyl chloride pipes
	Diversified CPC International, Inc. (U.S.)	Sub.	Mixing, refining, and sale of aerosol gases
	Global Stainless Supply, Inc. (U.S.)	Sub.	Wholesale of stainless steel tubes
	Katana Summit, LLC (U.S.)	Sub.	Manufacture of wind power tower
	Leavitt Tube Company, LLC (U.S.)	Ass.	Manufacture of structural tubing
	123 Mission St., LLC (U.S.)	Sub.	Office building leasing
	Oxford Finance Corporation (U.S.)	Sub.	Equipment loan service in bioscience industry
	Perennial Power Holdings, Inc. (U.S.)	Sub.	Development, ownership and management of power plant in the U.S.
	Premier Pipe, L.P. (U.S.)	Sub.	Sale of tubular products for oil and gas industry
	Presperse LLC (U.S.)	Ass.	Cosmetic chemical distributor
	SCOA Capital LLC (U.S.)	Sub.	Investments in buyout funds
	SCOA Finance Company, LLC (U.S.)	Sub.	Financial services
	SCOA Residential L.L.C. (U.S.)	Sub.	Investment in house/apartment developments
	SC Rail Leasing America, Inc. (U.S.)	Sub.	Leasing of railcars
	SteelSummit Holdings, Inc. (U.S.)	Sub.	Steel service center (processing and sale of steel sheets)
	SteelSummit International Inc. (U.S.)	Sub.	Sale of steel products
	Sumisho Global Logistics (USA) Corporation (U.S.)	Sub.	International intermodal transport
	Summit Motor Management, Inc. (U.S.)	Sub.	Holding and management company of automotive dealerships
	Summit VetPharm, LLC (U.S.)	Sub.	Manufacturing and sale of companion animal health products
	TBC Corporation (U.S.)	Sub.	Retail and wholesale of tires
	The Hartz Mountain Corporation (U.S.)	Sub.	Manufacturing, distribution, and sales of pet care products
	Unique Machine, LLC (U.S.)	Sub.	OCTG/Accessory threading
	V & M Star LP (U.S.)	Ass.	Seamless tubular products mill
Others			
Japan	Sumisho Administration Services Co., Ltd.	Sub.	Personnel & general affair service
	Sumitomo Shoji Financial Management Co., Ltd.	Sub.	Financial services such as cash management, trade settlement, and accounting services to Sumitomo Corporation and its subsidiaries
	Sumitomo Shoji Research Institute, Inc.	Sub.	Research and consulting for Sumitomo Corporation Group companies

CONTENTS

SIX-YEAR FINANCIAL SUMMARY

For the years ended March 31

1. Key Financial Indicators

	Billions of Yen						Millions of U.S. Dollars
	2009	2008	2007	2006	2005	2004	2009
Total assets	7,018.2	7,571.4	8,430.5	6,711.9	5,533.1	5,012.5	70,890
Shareholders' equity	1,353.1	1,492.7	1,473.1	1,304.0	934.9	730.8	13,668
Shareholders' equity ratio (%)	19.3	19.7	17.5	19.4	16.9	14.6	19.3
Return on equity (%)	15.1	16.1	15.2	14.3	10.2	9.9	15.1
Return on assets (%)	2.9	3.0	2.8	2.6	1.6	1.4	2.9
Interest-bearing liabilities (gross)	3,702.7	3,709.8	3,355.6	3,152.5	2,840.1	2,795.9	37,401
Interest-bearing liabilities (net)	3,186.8	3,247.6	2,913.3	2,622.2	2,376.0	2,377.6	32,190
Debt-equity ratio (gross) (times)	2.7	2.5	2.3	2.4	3.0	3.8	2.7
Debt-equity ratio (net) (times)	2.4	2.2	2.0	2.0	2.5	3.3	2.4
Working capital	795.1	990.4	1,310.3	1,021.8	897.0	694.0	8,032

2. Consolidated Statements of Income

	Billions of Yen						Millions of U.S. Dollars
	2009	2008	2007	2006	2005	2004	2009
Revenues:							
Sales of tangible products	2,833.3	3,040.7	2,495.0	2,079.6	1,586.1	1,284.1	28,619
Sales of services and others	678.3	630.2	582.2	501.8	463.2	424.5	6,851
Total revenues	3,511.6	3,670.9	3,077.2	2,581.4	2,049.3	1,708.6	35,470
Cost:							
Cost of tangible products sold	2,342.9	2,551.7	2,076.6	1,737.7	1,361.8	1,097.5	23,665
Cost of services and others	233.5	184.7	142.9	137.1	124.4	109.8	2,358
Total cost	2,576.3	2,736.4	2,219.5	1,874.8	1,486.2	1,207.3	26,023
Gross profit	935.2	934.5	857.7	706.6	563.1	501.3	9,447
Other income (expenses):							
Selling, general and administrative expenses	(654.4)	(669.4)	(609.9)	(515.8)	(437.9)	(422.4)	(6,610)
Settlements on copper trading litigation	—	—	9.6	(0.1)	2.8	(7.1)	—
Provision for doubtful receivables	(17.5)	(11.1)	(8.0)	(14.7)	(12.9)	(8.0)	(176)
Impairment losses on long-lived assets	(14.7)	(13.5)	(9.8)	(12.4)	(29.5)	(5.2)	(149)
Gain (loss) on sale of property and equipment, net	(0.4)	3.5	2.4	(0.4)	11.5	13.3	(4)
Interest income	21.6	28.3	32.9	19.0	14.6	15.7	218
Interest expense	(57.7)	(71.1)	(70.0)	(39.0)	(23.2)	(22.0)	(583)
Dividends	14.6	15.3	14.1	10.4	6.4	6.9	148
Gain on marketable securities and other investments, net	4.5	94.9	44.4	41.8	20.0	16.3	45
Equity in earnings of associated companies, net	90.0	56.9	70.3	51.4	37.4	20.7	909
Other, net	(1.6)	(0.7)	(1.8)	1.0	(1.0)	(0.5)	(16)
Total other income (expenses)	(615.6)	(566.9)	(525.8)	(458.8)	(411.8)	(392.3)	(6,218)
Income before income taxes and minority interests in earnings of subsidiaries	319.6	367.6	331.9	247.8	151.3	109.0	3,229
Income taxes	96.3	119.8	114.8	80.7	57.8	35.7	973
Income before minority interests in earnings of subsidiaries	223.3	247.8	217.1	167.1	93.5	73.3	2,256
Minority interests in earnings of subsidiaries, net	(8.3)	(8.9)	(6.1)	(6.9)	(8.4)	(6.7)	(83)
Net income	215.1	238.9	211.0	160.2	85.1	66.6	2,173
Total trading transactions*	10,750.0	11,484.6	10,528.3	10,336.3	9,898.6	9,197.9	108,586

* Total trading transactions represents the gross transaction volume of trading activities, or the nominal aggregate value of the transactions for which the Companies act as principal or as agent. Total trading transactions is a measure commonly used by Japanese trading companies. It is not to be construed as equivalent to, or a substitute for, sales or revenues under accounting principles generally accepted in the United States of America ("U.S. GAAP").

3. Consolidated Statements of Comprehensive Income (Loss)

	Billions of Yen						Millions of U.S. Dollars
	2009	2008	2007	2006	2005	2004	2009
Net income	215.1	238.9	211.0	160.2	85.1	66.6	2,173
Net unrealized holding gains (losses) on securities available-for-sale	(108.7)	(134.7)	11.9	152.4	28.5	79.5	(1,098)
Foreign currency translation adjustments	(160.6)	(56.4)	25.7	46.0	0.7	(26.1)	(1,623)
Net unrealized gains (losses) on derivatives	(12.2)	2.7	4.7	(8.2)	(1.0)	0.4	(123)
Pension liability adjustments	(24.8)	(11.0)	—	—	—	—	(250)
Total comprehensive income (loss)	(91.2)	39.5	253.3	350.4	113.3	120.4	(921)

4. Consolidated Balance Sheets

	Billions of Yen						Millions of U.S. Dollars
	2009	2008	2007	2006	2005	2004	**2009**
Current assets:							
Cash and cash equivalents	**511.4**	456.8	436.8	522.0	453.9	415.6	**5,165**
Time deposits	**4.5**	5.4	5.5	8.3	10.2	2.7	**46**
Marketable securities	**19.0**	19.9	17.3	22.1	23.1	2.8	**192**
Receivables—trade:							
Notes and loans	**188.6**	242.3	292.6	265.0	307.1	238.2	**1,905**
Accounts	**1,304.0**	1,782.1	1,722.1	1,646.1	1,355.7	1,178.0	**13,172**
Associated companies	**115.9**	109.3	100.0	98.3	84.9	151.2	**1,171**
Allowance for doubtful receivables	**(16.5)**	(14.8)	(13.6)	(15.3)	(11.0)	(8.9)	**(166)**
Inventories	**840.1**	756.2	757.5	705.2	503.8	412.3	**8,485**
Deferred income taxes	**34.0**	39.3	39.3	32.0	39.2	37.6	**343**
Advance payments to suppliers	**94.9**	73.9	55.6	50.2	56.9	51.6	**958**
Assets held for sale	**—**	—	1,516.4	—	—	—	**—**
Other current assets	**279.0**	253.4	228.1	310.4	271.2	140.1	**2,818**
Total current assets	**3,374.8**	3,723.8	5,157.8	3,644.3	3,095.0	2,621.2	**34,089**
Investments and long-term receivables:							
Investments in and advances to associated companies	**893.4**	883.6	559.5	469.5	394.6	384.0	**9,024**
Other investments	**450.3**	655.2	833.8	783.0	502.7	469.0	**4,549**
Long-term receivables	**745.6**	832.8	706.1	662.1	620.8	597.5	**7,531**
Allowance for doubtful receivables	**(33.1)**	(22.1)	(28.4)	(40.7)	(45.7)	(50.0)	**(334)**
Total investments and long-term receivables	**2,056.2**	2,349.5	2,071.0	1,873.9	1,472.4	1,400.5	**20,770**
Property and equipment, at cost	**1,725.9**	1,596.4	1,371.7	1,263.7	1,129.7	1,157.4	**17,433**
Accumulated depreciation	**(670.7)**	(599.3)	(507.0)	(444.2)	(409.3)	(388.8)	**(6,775)**
	1,055.1	997.1	864.7	819.5	720.4	768.6	**10,658**
Goodwill and other intangible assets	**400.6**	379.4	255.5	259.3	113.6	78.4	**4,046**
Prepaid expenses, non-current	**43.5**	47.8	47.4	94.7	94.8	98.6	**439**
Deferred income taxes, non-current	**36.2**	14.2	11.6	13.5	10.2	9.4	**365**
Other assets	**51.7**	59.6	22.5	6.7	26.7	35.8	**523**
Total	**7,018.2**	7,571.4	8,430.5	6,711.9	5,533.1	5,012.5	**70,890**
Current liabilities:							
Short-term debt	**792.2**	625.1	461.9	539.6	412.2	452.1	**8,002**
Current maturities of long-term debt	**382.8**	428.9	416.5	428.5	438.5	330.6	**3,867**
Payables—trade:							
Notes and acceptances	**63.7**	84.6	107.9	93.3	101.7	107.5	**644**
Accounts	**830.4**	1,159.2	1,103.8	1,070.9	879.0	771.1	**8,387**
Associated companies	**34.9**	26.7	38.7	29.7	18.3	22.8	**352**
Income taxes	**28.1**	37.4	54.9	33.0	20.2	15.9	**284**
Accrued expenses	**85.6**	101.5	103.8	93.0	60.5	61.2	**865**
Advances from customers	**122.4**	107.3	79.1	90.5	85.4	66.2	**1,236**
Liabilities associated with assets held for sale	**—**	—	1,329.3	—	—	—	**—**
Other current liabilities	**239.6**	162.7	151.5	244.0	182.2	99.8	**2,420**
Total current liabilities	**2,579.7**	2,733.4	3,847.4	2,622.5	2,198.0	1,927.2	**26,057**
Long-term debt, less current maturities	**2,821.3**	3,012.0	2,764.4	2,447.2	2,213.7	2,218.5	**28,498**
Accrued pension and retirement benefits	**20.0**	14.1	9.8	13.2	11.8	10.9	**202**
Deferred income taxes, non-current	**138.3**	189.3	239.5	230.3	85.7	38.8	**1,397**
Minority interests	**105.8**	129.9	96.3	94.7	89.0	86.3	**1,068**
Shareholders' equity:							
Common stock	**219.3**	219.3	219.3	219.3	219.3	169.4	**2,215**
Additional paid-in capital	**291.3**	291.0	279.7	279.5	238.9	189.6	**2,942**
Retained earnings:							
Appropriated for legal reserve	**17.7**	17.7	17.7	17.7	17.7	17.7	**179**
Unappropriated	**1,109.4**	943.1	755.2	579.2	442.6	365.9	**11,206**
	1,127.1	960.8	772.9	596.9	460.3	383.6	**11,385**
Accumulated other comprehensive income (loss)	**(283.4)**	22.8	222.2	213.8	17.1	(11.2)	**(2,863)**
Treasury stock, at cost	**(1.1)**	(1.2)	(21.0)	(5.5)	(0.7)	(0.6)	**(11)**
Total shareholders' equity	**1,353.1**	1,492.7	1,473.1	1,304.0	934.9	730.8	**13,668**
Total	**7,018.2**	7,571.4	8,430.5	6,711.9	5,533.1	5,012.5	**70,890**

Notes: 1. For the fiscal year ended March 31, 2005, the Companies reclassified Mining rights from Other assets to Property and equipment, at cost and Accumulated depreciation in a manner consistent with the accounting guidance in Emerging Issues Task Force ("EITF") Issue No. 04-02. The presentation of the prior years has been reclassified accordingly.

2. The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥99=U.S.$1, the approximate exchange rate on March 31, 2009.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

1 INTRODUCTION

We are an integrated trading company (*sogo shosha*) engaged in a wide range of business activities on a global basis. Our business foundation consists of trust, global relations with over 100,000 business partners around the world, a global network with offices and subsidiaries worldwide, intellectual capital and advanced functions in business development, logistic solutions, financial services, IT solutions, risk management and intelligence gathering and analysis. Through integration of these elements, we provide a diverse array of values to our customers. Based on this business foundation and these functions, we engage in general trading of a wide range of goods and commodities and in various business activities. We act as both principal and agent in these trading transactions. We also provide a range of services for a variety of industries, such as: financing for customers and suppliers; planning, coordination and operation of urban and industrial infrastructure projects; consulting in areas such as system integration and technology development; and transportation and logistics. In addition, we engage in other diverse business activities, including investing in a variety of industries ranging from biotechnology to communications; developing natural resources; manufacturing and processing products such as steel products and textiles; developing and managing real estate; and operating retail stores.

We conduct our business through eight industry-based business segments and two sets of regional operations (domestic and overseas). Our industry-based business segments are:

- Metal Products
- Transportation & Construction Systems
- Infrastructure
- Media, Network & Lifestyle Retail
- Chemical & Electronics
- Mineral Resources & Energy
- General Products & Real Estate
- Financial & Logistics

Each business segment operates with a degree of autonomy in pursuing its strategic goals, managing operations and ensuring accountability. Each business unit also has its own planning and administration department to enable prompt decision-making and facilitate efficient operation. In today's increasingly global business environment, our worldwide network of offices, subsidiaries and associated companies, and our global relationships with customers, suppliers and business partners have allowed us to conduct and expand our operations around the world. Our eight industry-based business units and domestic and overseas operations regularly collaborate with one another to leverage their combined strengths to conduct their respective businesses more effectively as well as to meet our corporate targets and goals. We have designed our infrastructure to centralize and consolidate information from all of our business units and domestic and overseas operations to facilitate proper integration and risk control.

As of March 31, 2009, we had total assets of ¥7,018.2 billion and 70,755 employees worldwide. For the fiscal year ended March 31, 2009, our consolidated net income was ¥215.1 billion.

On April 1, 2009, the Chemical & Electronics Business Unit and the Mineral Resources & Energy Unit were reorganized to form the newly established "Mineral Resources, Energy, Chemical & Electronics Business Unit." The industry-based business segments after the reorganization are:

- Metal Products
- Transportation & Construction Systems
- Infrastructure
- Media, Network & Lifestyle Retail
- Mineral Resources, Energy, Chemical & Electronics
- General Products & Real Estate
- Financial & Logistics

2 OUR MEDIUM-TERM TARGETS

The following discussion of our medium-term targets contains forward-looking statements and measures that have been calculated based on a number of judgments, estimates and assumptions. Unless otherwise stated, the forward-looking statements reflect management's current assumptions and expectations of future events as of March 31, 2009. Accordingly, they are inherently susceptible to uncertainties and changes in circumstances and are not guarantees of future performance.

In recent years, we have been setting targets for, and monitoring the progress of, our businesses and operations by establishing medium-term plans. Under the GG Plan, a medium-term management plan from April 1, 2007 to March 31, 2009, we set the quantitative targets of a two-year average risk-adjusted return ratio of 15% or more and of net income of ¥470 billion as the two-year total (¥235 billion in both fiscal 2007 and fiscal 2008). As our qualitative goals, we undertook a globally consolidated drive to improve quality in the four areas of earnings base, operations, group management, and human resources and workstyles, seeking to establish a truly solid earnings base through the rigorous strengthening and expansion of our core businesses and to improve management quality in pursuit of sustained growth.

In order to achieve these targets, in April 2007 we reinforced our business capability with the reorganization of our business units, reducing the number from nine to eight, and in April 2008 we reinforced our management and operational support systems with the reorganization of our Corporate Group, switching from a setup consisting of two groups and one office to a three-group setup. We also established Sumitomo Corporation Asia Pte. Ltd., thereby further consolidating our organizational infrastructure for strategy implementation in the high-growth region of Asia. In addition, we implemented measures in support of efforts to create and grow new businesses to serve as future earnings pillars and to expand locally sourced businesses. We also undertook even more rigorous selection and concentration with steps including the strengthening our monitoring process for individual business and the tightening of our investment standards so as to improve the quality of our earnings base. Furthermore, we moved actively to improve quality in the areas of operations, group management, and human resources and workstyles with such steps as the strengthening of internal controls and the improvement of asset efficiency on a globally consolidated basis and the promotion of work-life balance. As a result, regarding the two-year average risk-adjusted return ratio, we reached our goal by achieving the ratio of 16.5%, but for net income, we did not reach our goal of ¥470 billion since net income was ¥215.1 billion for fiscal 2008, which was impacted primarily by the global business recession even though we recorded net income of ¥238.9 billion in fiscal 2007, reaching a new record high.

This April we launched our new medium-term management plan, “FOCUS’10.” From the Reform Package launched in April 1999 through the GG Plan completed in March of this year, we have implemented management reforms over a period of 10 years. Building on this track record and by confronting external conditions of an unprecedented economic crisis, we under the new plan will formulate a “growth scenario on a new stage” with a focus on the next 10 years by continuing to strive for the “creation of new value” as set forth in our Mission Statement.

Our fundamental principles to accomplish this goal will be to (1) promote medium- to long-term growth by enhancing our value-creation capability while reinforcing our soundness and efficiency and (2) promote company-wide growth by leveraging the diversity and the strength of our businesses. On this basis we will devote efforts to the achievement of three qualitative targets: the steady execution of selective and focused growth strategies, the thorough reinforcement of soundness and efficiency and the development of human and organizational dynamism to enhance value-creation capability.

Under FOCUS’10 our quantitative targets, investment plan, and indicators are as listed below. The quantitative targets have been set based on the intention that we will maintain a risk-adjusted return ratio of 7.5%, which is assumed to cover our cost of shareholder’s equity, even under the severe business environment, and that we will restore a risk-adjusted return ratio 15% over the medium-term. And with a view to the reinforcement of our soundness and efficiency, which will be essential as we aim for medium- to long-term growth, we have adopted general indicators for consolidated total assets and free cash flow. In addition, the cost for the acceleration of asset replacement on a group-wide basis, which is an after-tax cost of ¥5 billion, has been taken into consideration in setting the consolidated net income targets.

Quantitative targets

- Net income: ¥115 billion in FY 2009
- Risk-adjusted return ratio: Two-year average of around 10%

Note: “Net income” presented above means “Net income attributable to shareholders of Sumitomo Corporation” in the Statement of Financial Accounting Standards No. 160 effective April 1, 2009, which is equivalent to the caption “Net income” appearing in the consolidated financial statements for fiscal year ended March 31, 2009

Investment plan

- Net increase in risk-adjusted assets: Two-years total of ¥100 billion

Indicators of soundness and efficiency

- Consolidated total assets: Remains on the same level as the end of March 2009
- Consolidated free cash flow: Positive two-year total

3 ECONOMIC ENVIRONMENT

Internationally during the period, the effects of the credit crunch set off by the collapse of a major U.S. investment bank spread not just among the advanced countries but to the emerging and developing countries as well, and a simultaneous global downturn appeared to be taking place, with economies caught in a vicious cycle of deteriorating economic sentiment and declining demand. Prices on international commodity markets fell in response to the effects of moves to reduce risk asset holdings and sharp drops in demand.

The effects of the global credit crunch also had an impact domestically, leading to declines in both exports and production; moves to reduce employment also progressed rapidly. The government initiated emergency economic stimulus measures, and the Bank of Japan lowered interest rates in stages, but the deterioration of economic sentiment continued, with the yen appreciating, stock prices falling, and unemployment and corporate bankruptcies increasing.

4 CERTAIN LINE ITEMS IN OUR CONSOLIDATED STATEMENTS OF INCOME

The following is a description of certain line items in our consolidated statements of income:

Revenues. We categorize our revenues into sales of tangible products and sales of services and others. We generate revenues from sales of tangible products:

- in connection with our wholesale, retail, manufacturing and processing operations;
- in connection with our real estate operations; and
- under long-term construction type arrangements.

We enter into transactions that include multiple element arrangements, which may include any combination of products, equipment and installation services.

We generate revenues from sale of services and others in connection with:

- customized software development services contracts and other software related services;
- direct financing and operating leases of commercial real estate, automobiles, vessels and aircrafts; and

- other service arrangements, such as arranging finance and coordinating logistics in connection with trading activities.

Gross Profit. Gross profit primarily consists of:
- gross profit on transactions for which we act as a principal; and
- fees and commissions received on transactions for which we act as an agent.

To the extent revenues are recorded on a gross basis, any expenses or commissions or other payments to third parties that are directly attributable to the sales are recorded as cost of sales. Gross profit reflects the net amount of gross revenues after cost of sales. As part of sales of services and others, we recognize revenues from fees and commissions on a net basis. As a result, sales of services and others contribute a larger portion of our gross profit than they do of our revenues. For the fiscal year ended March 31, 2009, sales of services and others accounted for 19.3% of our total revenues, but the gross profit from sales of services and others accounted for 47.6% of our gross profit.

Provision for Doubtful Receivables. Provision for doubtful receivables represents additions to the valuation allowance provided for probable losses inherent in the trade receivables and long-term loans portfolio. In cases where we are able to collect on such receivables and loans due to changes in circumstances, we subsequently record a reversal of the allowance for doubtful receivables. See "6—Critical Accounting Policies—Collectibility of Receivables."

Impairment Losses on Long-Lived Assets. To operate our global business, we maintain a significant amount of long-lived assets. A large portion of such long-lived assets are our real estate, goodwill and other intangible assets. We have recognized impairment losses with respect to our real estate, goodwill and other intangible assets. For a detailed discussion of our accounting policy with respect to such impairment losses, see "6—Critical Accounting Policies—Recoverability of Long-Lived Assets."

Gain (Loss) on Sale of Property and Equipment, Net. As a result of strategic and aggressive replacement of our asset portfolio, we may, at times, recognize gains and losses on sales of some of our real estate assets.

Dividends. Dividends reflect dividends declared by companies in which we hold interests other than our consolidated subsidiaries or associated companies.

Other than Temporary Impairment Losses on Securities. We maintain a significant level of investments in order to supplement our trading activities. When the fair value of an investment is deemed to have suffered an other-than-temporary decline in value, we recognize impairment losses on such investments. For a detailed discussion of our accounting policy with respect to our marketable securities and other investments, see "6—Critical Accounting Policies—Impairment of Investments in Marketable Securities and Other Investments."

Gain on Sale of Marketable Securities and Other Investments, Net. We recognize gains on sales of our non-trading marketable securities and other investments when we elect to sell investment holdings.

Gain (Loss) on Issuances of Stock by Subsidiaries and Associated Companies. If an affiliate company issues shares to a third party, we may recognize gain or loss based on the effect of the difference between our book value per share in the investment and the price at which shares are sold to the third party.

Equity in Earnings of Associated Companies, Net. In connection with our investment strategy and the development of business opportunities, we may, from time to time, acquire or make investments in newly established or existing companies, enter into joint ventures with other entities or form strategic business alliances with industry participants, in each case in a variety of business segments. In general, we account for the earnings or losses of such investee under the equity method when the level of the investment is between 20% and 50% of the total voting equity of the investee.

Total Trading Transactions. Total trading transactions is a voluntary disclosure and represents the gross transaction volume of trading transactions, or the nominal aggregate value of the transactions for which we act as principal or as agent. Total trading transactions is not meant to represent sales or revenues in accordance with U.S. GAAP. Total trading transactions should not be construed as equivalent to, or a substitute or proxy for, revenues, or as an indicator of our operating performance, liquidity or cash flows generated by operating, investing or financing activities. A substantial part of total trading transactions represents transactions in which we participate without physical acquisition of goods or without significant inventory risk. We have included the information concerning total trading transactions because it is used by similar Japanese trading companies as an industry benchmark, and we believe it is a useful supplement to results of operations data as a measure of our performance compared to other similar Japanese trading companies.

5 EFFECTS OF RECENT TRANSACTIONS ON OUR CONSOLIDATED STATEMENTS OF INCOME

On January 12, 2009, the Company executed a sales and purchase agreement with Apex Silver Mines Limited whereby the Company purchased 65% of the shares of Minera San Cristobal S.A. ("MSC") which wholly owns an interest in the development and operations of San Cristobal Silver, Zinc and Lead Mining Project in the Plurinational State of Bolivia. The acquisition from Apex Silver Mines Limited for consideration of $27.5 million was completed on March 24, 2009. As a result of the acquisition, the Company owns 100% of the shares of MSC and MSC is now a wholly owned subsidiary of the Company.

Operating results of MSC will be included in the consolidated financial statements of the Company based on the 100% ownership interest beginning the date of above acquisition.

6 CRITICAL ACCOUNTING POLICIES

The preparation of our consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, we evaluate our estimates, which are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. The results of these evaluations form the basis for making judgments about the carrying values of assets and liabilities and the reported amounts of revenues and expenses that are not readily apparent from other sources. Actual results may differ from those estimates under different assumptions. For a summary of our significant accounting policies, including the critical accounting policies discussed below, see note 2 to our consolidated financial statements.

The following are the critical accounting policies that are important to our financial condition and results of operations and require significant management judgments and estimates:

Revenue Presentation – Gross Versus Net

Acting as an intermediary in executing transactions with third parties is a distinctive role of an integrated trading company (*sogo shosha*). In recognizing revenue from transactions, we must determine whether we are acting as a "principal" in the transaction, and should report revenue on a gross basis based on the sales amount of the transaction, or acting as an "agent" in the transaction, and should recognize net fees or commissions earned. The evaluation of the relevant factors in making this determination is subject to significant subjective judgments. In certain situations, others might make a different determination. Similarly, if our risks and obligations in a certain type of transaction change, the determination of whether revenue should be recognized on a net or gross basis for that type of transaction may also change. Revenues related to a substantial portion of the trading transactions in all our business segments are recognized on a net basis. The amounts of gross profit and net income are not affected by whether revenue is reported on a gross or net basis.

Factors that indicate that we are acting as a principal, and thus should recognize revenue on a gross basis include:

- we are the primary obligor in the arrangement;
- we have general inventory risk (before customer order is placed or upon customer return);
- we have physical loss inventory risk (after customer order or during shipping);
- we have latitude in establishing price;
- we change the product or perform part of the services;
- we have discretion in supplier selection;
- we are involved in the determination of product or service specifications; and
- we have credit risk.

Factors that indicate that we are acting as an agent, and thus should recognize revenue on a net basis relative to the service offered include:

- the supplier (not us) is the primary obligor in the arrangement;
- the amount we earn is fixed; and
- the supplier (not us) has credit risk.

Revenue Recognition

Most of our revenues are the result of (i) the sale of tangible products in connection with our wholesale, retail, manufacturing, and processing operations from which revenue is recognized based on the transfer of title, delivery or shipment, or the attainment of customer acceptance, or (ii) from the provision of services and the other sales, from which revenue is recognized based on the delivery of services. Revenue recognition in these situations does not involve difficult, subjective or complex judgments or estimations.

Recognition of revenue using the percentage-of-completion method for certain long-term construction-type arrangements is based on the ratio that costs incurred bear to total estimated project costs and is dependent on our ability to estimate these costs reliably. The impact of revisions of profit estimates on fixed price contracts is recognized in the period in which the revisions are made; anticipated losses on fixed price contracts are charged to earnings when losses can be estimated; and provisions are made for contingencies in the period in which they become known and losses are estimable.

Collectibility of Receivables

We engage in a variety of businesses and carry substantial notes and loans receivable, accounts receivable, receivables for associated companies, and long-term receivables. In maintaining our allowance for doubtful receivables, our estimate of probable losses requires consideration of historical loss experience, adjusted for current conditions, and judgments about the probable effects of relevant observable data, including present economic conditions such as delinquency rates, financial health of specific customers and market sectors, collateral values, and the present and expected future levels of interest rates. This estimation requires us to make assumptions and judgments about inherently uncertain matters, and we cannot predict with absolute certainty the amount of losses inherent in the portfolio.

Operating segments that hold greater amounts of long-term receivables than other segments are Transportation & Construction Systems and Infrastructure Business Units.

Recoverability of Long-Lived Assets

We maintain significant long-lived assets in the operation of our global business. We review long- lived assets, such as real estate, aircraft and intangibles subject to amortization, for impairment whenever events or changes in circumstances suggest that the carrying amount of such assets may not be recoverable.

Determining whether impairment has occurred typically requires various estimates and assumptions, including determining whether cash flows are directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount, and the asset's residual value, if any. We also review goodwill and other intangible assets with indefinite useful life for impairment at least annually, or more often if events or circumstances, such as adverse changes in the business climate, indicate that there may be impairment. In turn, measurement of an impairment loss requires a determination of fair value, which is based on the best information available. We use internal discounted cash flow estimates, quoted market prices, when available, and independent appraisals, as appropriate, to determine fair value. We derive cash flow estimates from our historical experience and our internal business plans, and apply an appropriate discount rate. Changes in strategy or in market conditions could significantly affect these determinations.

Impairment of Investments in Marketable Securities and Other Investments

We regularly review investment securities for impairment based on criteria that include the extent to which the investment's carrying value exceeds its market value, the duration of the market decline, our ability to hold to recovery, and the financial strength and specific prospects of the issuer of the security. We monitor market conditions and the performance of the investees to identify potentially impaired investments. The fair value of non-marketable securities for which impairment losses are recognized is determined based on estimated discounted future cash flows, or other appropriate valuation methods.

Tax Asset Valuation

A valuation allowance is established for deferred tax assets when, in management's judgment, it is more likely than not that the deferred tax assets, or a portion thereof, will not be realized. In assessing the realizability of deferred tax assets, we must determine whether we will be able to generate adequate future taxable income in the tax jurisdictions that give rise to the deferred tax assets during the periods in which the underlying temporary differences become deductible or before tax net operating loss carryforwards expire. We consider all available evidence, both positive and negative, in making this assessment. Determination of the allowance is based on estimates and judgment. A change in the ability of our operations to generate future taxable income in the tax jurisdictions that give rise to the deferred tax assets could change our assessment as to the realizability of these assets.

7 RESULTS OF OPERATIONS

Fiscal Year Ended March 31, 2009 Compared to Fiscal Year Ended March 31, 2008

Total Revenues. Total revenues decreased by ¥159.3 billion, or 4.3%, from ¥3,670.9 billion in the fiscal year ended March 31, 2008 to ¥3,511.6 billion in the fiscal year ended March 31, 2009. The decrease was mainly due to the stronger yen which eroded the revenues of overseas subsidiaries.

Gross Profit. Gross profit in the fiscal year ended March 31, 2009 was ¥935.2 billion, approximately the same as the gross profit in the fiscal year ended March 31, 2008 of ¥934.5 billion. While stronger yen eroded the gross profit of overseas subsidiaries, strong performance in tubular products operations in North America and coal mining operation in Australia contributed to the increase.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased by ¥15.0 billion, or 2.2%, from ¥669.4 billion in the fiscal year ended March 31, 2008, to ¥654.4 billion in the fiscal year ended March 31, 2009. The decrease was due to the stronger yen which decreased the expenses of overseas subsidiaries. In addition, there was a decrease in expenses as a result of a subsidiary becoming an associated company.

Provision for Doubtful Receivables. The provision for doubtful receivables increased by ¥6.4 billion, or 57.7%, to ¥17.5 billion in the fiscal year ended March 31, 2009, compared to ¥11.1 billion in the fiscal year ended March 31, 2008. The provision for doubtful receivables for the fiscal year ended March 31, 2009 was recognized mainly at our domestic finance business and auto leasing operation.

Impairment Losses on Long-Lived Assets. Impairment losses on long-lived assets increased by ¥1.2 billion, or 8.6%, from ¥13.5 billion in the fiscal year ended March 31, 2008 to ¥14.7 billion in the fiscal year ended March 31, 2009. Impairment losses recognized for the fiscal year ended March 31, 2009 were mainly related to an impairment loss on an oil field interest in the North Sea and on goodwill of Hartz Mountain, a pet care business in the U.S.

Gain (Loss) on Sale of Property and Equipment, Net. Gain on sale of property and equipment decreased by ¥3.9 billion from ¥3.5 billion gain in the fiscal year ended March 31, 2008 to ¥0.4 billion loss in the fiscal year ended March 31, 2009.

Interest Income. Interest income decreased by ¥6.7 billion, or 23.6%, from ¥28.3 billion in the fiscal year ended March 31, 2008 to ¥21.6 billion in the fiscal year ended March 31, 2009. This was mainly due to a lower U.S. dollar interest rate.

Interest Expense. Interest expense decreased by ¥13.4 billion, or 18.8%, from ¥71.1 billion in the fiscal year ended March 31, 2008 to ¥57.7 billion in the fiscal year ended March 31, 2009. This was mainly due to a lower U.S. dollar interest rate.

Dividends. Total dividend income was ¥14.6 billion in the fiscal year ended March 31, 2009, approximately the same as dividend income of ¥15.3 billion in the fiscal year ended March 31, 2008.

Other than Temporary Impairment Losses on Securities. Other than temporary impairment losses on securities increased by

¥6.6 billion, or 41.2%, from ¥16.0 billion in the fiscal year ended March 31, 2008 to ¥22.6 billion in the fiscal year ended March 31, 2009. Impairment losses recognized for the fiscal year ended March 31, 2009 were mainly related to the investment in Fuji Media Holdings, Inc.

Gain (Loss) on Sale of Marketable Securities and Other Investments, Net. Gain on sale of marketable securities and other investments decreased by ¥43.4 billion, or 61.6%, from ¥70.5 billion for the fiscal year ended March 31, 2008 to ¥27.1 billion for the fiscal year ended March 31, 2009. While we had capital gains on business restructuring of MS communications Co., Ltd. and on sales of shares of INPEX Corporation for the fiscal year ended March 31, 2009, there was a larger gain for the fiscal year ended March 31, 2008, including gains related to large scale business restructuring and value realization through sales of marketable securities.

Gain (Loss) on Issuances of Stock by Subsidiaries and Associated Companies. Gain on issuances of stock by subsidiaries and associated companies decreased by ¥40.4 billion from the fiscal year ended March 31, 2008. Gain for the fiscal year ended March 31, 2008 includes a gain associated with the merger of general and auto leasing businesses.

Equity in Earnings of Associated Companies, Net. Equity in earnings of associated companies increased by ¥33.0 billion, or 58.0%, from ¥56.9 billion in the fiscal year ended March 31, 2008 to ¥90.0 billion in the fiscal year ended March 31, 2009. While equity earnings of our copper business in Indonesia (Batu Hijau copper & gold mine project) decreased due to the decline of its production volume, equity earnings of our iron ore business in South Africa contributed to the increase. In addition, there was hedge evaluation gain related to the San Cristobal silver-zinc-lead mining project in Bolivia.

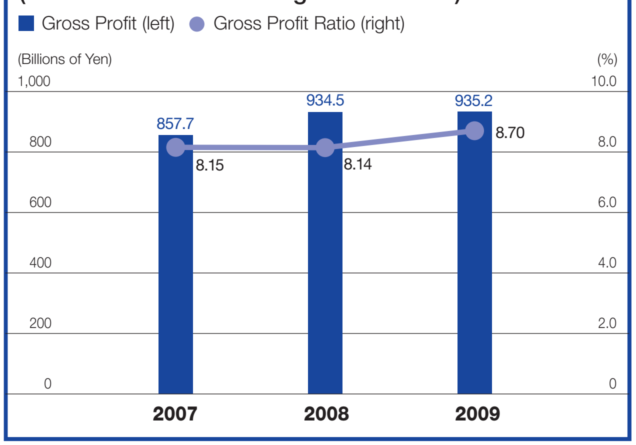
Income Taxes. Income taxes decreased by ¥23.5 billion, or 19.6%, from ¥119.8 billion in the fiscal year ended March 31, 2008 to ¥96.3 billion in the fiscal year ended March 31, 2009, attributable to the reversal of the deferred tax liability as a result of a dividend distribution of undistributed earnings of Sumitomo Mitsui Finance and Leasing Company, Limited.

Minority Interests in Earnings of Subsidiaries, Net. Minority interests in earnings of subsidiaries in the fiscal year ended March 31, 2009 was ¥8.3 billion, approximately the same as minority interests in earnings in the fiscal year ended March 31, 2008 of ¥8.9 billion.

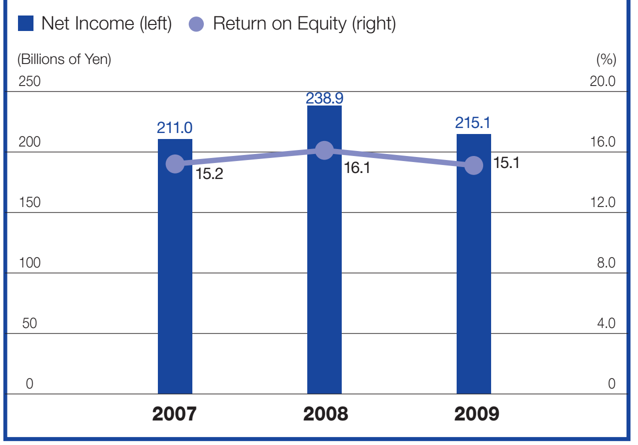
Net Income. As a result of the factors discussed above, net income decreased by ¥23.9 billion, or 10.0%, from ¥238.9 billion in the fiscal year ended March 31, 2008 to ¥215.1 billion in the fiscal year ended March 31, 2009.

Total Trading Transactions. Total trading transactions decreased by ¥734.6 billion, or 6.4%, from ¥11,484.6 billion in the fiscal year ended March 31, 2008 to ¥10,750.0 billion in the fiscal year ended March 31, 2009. This was mainly due to the stronger yen which eroded the total trading transactions of overseas subsidiaries.

Gross Profit & Gross Profit Ratio (Gross Profit/Total Trading Transactions)



Net Income & Return on Equity



8 OPERATING SEGMENT ANALYSIS

We manage and assess our business using ten operating segments, including eight operating segments based on industries and two operating segments based on a geographical focus.

We conduct our business using eight business segments based on industries, including: Metal Products; Transportation & Construction Systems; Infrastructure; Media, Network & Lifestyle Retail; Chemical & Electronics; Mineral Resources & Energy; General Products & Real Estate; and Financial & Logistics.

In addition, we conduct our business in regional operations—domestic and overseas. Domestically, in addition to our subsidiaries and offices throughout Japan, we have three regional business units, which are distinct from the industry-based business units, that oversee activities in the Kansai, Chubu and Kyushu-Okinawa regions. Our overseas operations are conducted by our overseas subsidiaries, such as Sumitomo Corporation of America, and branch offices. These regional operations conduct trading activities in all industry sectors based on their specialized knowledge of the regions. In addition, they work together on certain projects with our industry-based business units in order to develop products and services that are more focused for any particular region. In such cases, revenues and expenses are shared by the units based on their respective roles. These regional operations constitute the "Domestic Regional Business Units and Offices" and "Overseas Subsidiaries and Branches" segments in our consolidated financial statements.

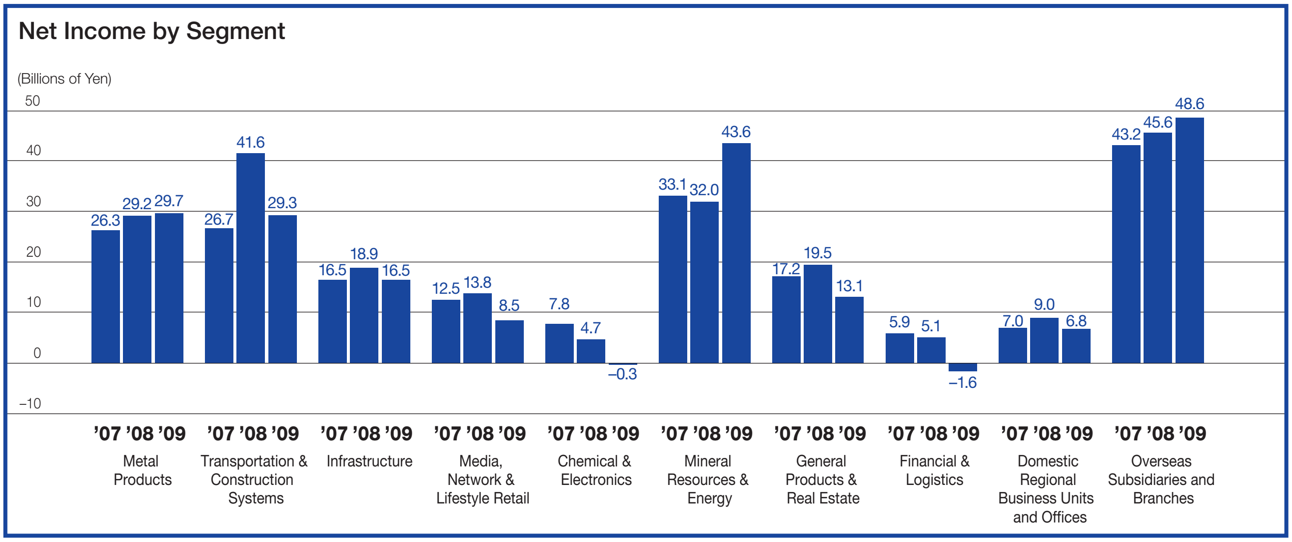
The following table sets forth our operating results by operating segments for the fiscal years ended March 31, 2009 and 2008.

Breakdown of Gross Profit by Operating Segment

	Billions of Yen				Millions of U.S. Dollars
For the years ended March 31, 2009 and 2008	**2009**	2008	Increase/ decrease	Increase/ decrease	**2009**
Metal Products	**¥ 86.4**	¥ 80.2	¥ 6.2	7.7%	**$ 873**
Transportation & Construction Systems	**155.6**	157.7	(2.1)	(1.3)	**1,572**
Infrastructure	**40.4**	41.0	(0.6)	(1.5)	**408**
Media, Network & Lifestyle Retail	**176.4**	168.7	7.7	4.6	**1,781**
Chemical & Electronics	**40.4**	46.0	(5.6)	(12.2)	**408**
Mineral Resources & Energy	**51.5**	48.0	3.5	7.3	**520**
General Products & Real Estate	**111.1**	122.0	(10.9)	(8.9)	**1,122**
Financial & Logistics	**26.8**	31.8	(5.0)	(15.7)	**271**
Domestic Regional Business Units and Offices	**42.6**	43.7	(1.1)	(2.5)	**431**
Overseas Subsidiaries and Branches	**211.7**	200.7	11.0	5.5	**2,138**
Segment Total	**942.9**	939.8	3.1	0.3	**9,524**
Corporate and Eliminations	**(7.7)**	(5.3)	(2.4)	(45.3)	**(77)**
Consolidated	**¥935.2**	¥934.5	¥ 0.7	0.1%	**$9,447**

Breakdown of Net Income by Operating Segment

	Billions of Yen				Millions of U.S. Dollars
For the years ended March 31, 2009 and 2008	**2009**	2008	Increase/ decrease	Increase/ decrease	**2009**
Metal Products	**¥ 29.7**	¥ 29.2	¥ 0.5	1.7%	**$ 300**
Transportation & Construction Systems	**29.3**	41.6	(12.3)	(29.6)	**296**
Infrastructure	**16.5**	18.9	(2.4)	(12.7)	**167**
Media, Network & Lifestyle Retail	**8.5**	13.8	(5.3)	(38.4)	**86**
Chemical & Electronics	**(0.3)**	4.7	(5.0)	—	**(3)**
Mineral Resources & Energy	**43.6**	32.0	11.6	36.3	**440**
General Products & Real Estate	**13.1**	19.5	(6.4)	(32.8)	**132**
Financial & Logistics	**(1.6)**	5.1	(6.7)	—	**(17)**
Domestic Regional Business Units and Offices	**6.8**	9.0	(2.2)	(24.4)	**69**
Overseas Subsidiaries and Branches	**48.6**	45.6	3.0	6.6	**491**
Segment Total	**194.2**	219.4	(25.2)	(11.5)	**1,961**
Corporate and Eliminations	**20.9**	19.5	1.4	7.2	**212**
Consolidated	**¥215.1**	¥238.9	¥(23.8)	(10.0)%	**$2,173**



Note: For the year ended March 31, 2007, net income by segment was adjusted to reflect the reorganization of business units in April 2007.

Fiscal Year Ended March 31, 2009 Compared to Fiscal Year Ended March 31, 2008

Metal Products

Gross profit increased by ¥6.2 billion, or 7.7%, from ¥80.2 billion in the fiscal year ended March 31, 2008 to ¥86.4 billion in the fiscal year ended March 31, 2009. Although the gross profit decreased in the 4th quarter due to the plunge of the market and the recognition of inventory valuation losses, strong performance in tubular products business in North America and in the steel service center business contributed to the increase. Net income increased by ¥0.5 billion, or 1.7%, from ¥29.2 billion in the fiscal year ended March 31, 2008 to ¥29.7 billion in the fiscal year ended March 31, 2009.

Transportation & Construction Systems

Gross profit decreased by ¥2.1 billion, or 1.3%, from ¥157.7 billion in the fiscal year ended March 31, 2008 to ¥155.6 billion in the fiscal year ended March 31, 2009. The decrease was mainly due to the decrease in gross profit of the automotive and construction equipment business in the 4th quarter. Net income decreased by ¥12.3 billion, or 29.6%, from ¥41.6 billion in the fiscal year ended March 31, 2008 to ¥29.3 billion in the fiscal year ended March 31, 2009. The decrease was mainly due to the decrease in gross profit and the capital gain as a result of a merger of auto leasing operations in the fiscal year ended March 31, 2008.

Infrastructure

Gross profit in the fiscal year ended March 31, 2009 was ¥40.4 billion, approximately the same as the gross profit in the fiscal year ended March 31, 2008 of ¥41.0 billion. Net income decreased by ¥2.4 billion, or 12.7%, from ¥18.9 billion in the fiscal year ended March 31, 2008 to ¥16.5 billion in the fiscal year ended March 31, 2009. While the IPP business mainly in Asia showed stable performance, net income decreased since there were large scale construction projects in the fiscal year ended March 31, 2008.

Media, Network & Lifestyle Retail

Gross profit increased by ¥7.7 billion, or 4.6%, from ¥168.7 billion in the fiscal year ended March 31, 2008 to ¥176.4 billion in the fiscal year ended March 31, 2009. The increase was mainly due to the consolidation of Jupiter Shop Channel (SC Media & Commerce Inc.). Net income decreased by ¥5.3 billion, or 38.4%, from ¥13.8 billion in the fiscal year ended March 31, 2008 to ¥8.5 billion in the fiscal year ended March 31, 2009. Although Jupiter Telecommunications Co., Ltd. (J:COM) showed strong performance, there was a impairment loss on shares of Fuji Media Holdings, Inc.

Chemical & Electronics

Gross profit decreased by ¥5.6 billion, or 12.2%, from ¥46.0 billion in the fiscal year ended March 31, 2008 to ¥40.4 billion in the fiscal year ended March 31, 2009. The decrease was mainly due to the weak performance in Cantex Inc., the U.S. polyvinyl chloride pipe manufacturer, Sumitronics Corporation and Sumitomo Shoji Chemicals Co., Ltd., which were affected by the flagging market. Meanwhile the agricultural chemical business showed strong performance. Net income decreased by ¥5.0 billion, from net income of ¥4.7 billion in the fiscal year ended March 31, 2008 to net loss of ¥0.3 billion in the fiscal year ended March 31, 2009. In addition to the decrease in gross profit, this was mainly due to the impairment loss on goodwill of The Hartz Mountain Corporation.

Mineral Resources & Energy

Gross profit increased by ¥3.5 billion, or 7.3%, from ¥48.0 billion in the fiscal year ended March 31, 2008 to ¥51.5 billion in the fiscal year ended March 31, 2009, since coal mining operation in Australia showed strong performance due to the rise of coal prices although its gross profit decelerated in the 4th quarter. Net income increased by ¥11.6 billion, or 36.3%, from ¥32.0 billion in the fiscal year ended March 31, 2008 to ¥43.6 billion in the fiscal year ended March 31, 2009. The increase was mainly due to the hedge evaluation gains related to the San Cristobal silver-zinc-lead project in Bolivia, while equity earnings from copper business in Indonesia (Batu Hijau copper & gold mine project) decreased due to the decline in its production volume.

General Products & Real Estate

Gross profit decreased by ¥10.9 billion, or 8.9%, from ¥122.0 billion in the fiscal year ended March 31, 2008 to ¥111.1 billion in the fiscal year ended March 31, 2009. Although the banana business showed strong performance, gross profit from the domestic building-product business and TBC Corporation (tire business in the U.S.) decreased. Net income decreased by ¥6.4 billion, or 32.8%, from ¥19.5 billion in the fiscal year ended March 31, 2008 to ¥13.1 billion in the fiscal year ended March 31, 2009.

Financial & Logistics

Gross profit decreased by ¥5.0 billion, or 15.7%, from ¥31.8 billion in the fiscal year ended March 31, 2008 to ¥26.8 billion in the fiscal year ended March 31, 2009, due to the decrease in gross profit of asset management business and commodities trading business. Net income decreased by ¥6.7 billion, from net income of ¥5.1 billion in the fiscal year ended March 31, 2008 to a net loss of ¥1.6 billion in the fiscal year ended March 31, 2009. In addition to the decline in gross profit, the decrease was due to the impairment losses on shares of unlisted companies and the provisions for doubtful receivables in the domestic finance business.

Domestic Regional Business Units and Offices

Gross profit decreased by ¥1.1 billion, or 2.5%, from ¥43.7 billion in the fiscal year ended March 31, 2008 to ¥42.6 billion in the fiscal year ended March 31, 2009. The decrease was mainly due to the inventory valuation loss associated with the metal products business. Net income decreased by ¥2.2 billion, or 24.4%, from ¥9.0 billion in the fiscal year ended March 31, 2008 to ¥6.8 billion in the fiscal year ended March 31, 2009. The decrease was due to the decrease in gross profit and to the capital gain in the fiscal year ended March 31, 2008.

Overseas Subsidiaries and Branches

Gross profit increased by ¥11.0 billion, or 5.5%, from ¥200.7 billion in the fiscal year ended March 31, 2008 to ¥211.7 billion in the fiscal year ended March 31, 2009. The increase was mainly due to the strong performance in tubular products business in North America. Net income increased by ¥3.0 billion, or 6.6%, from ¥45.6 billion in the fiscal year ended March 31, 2008 to ¥48.6 billion in the fiscal year ended March 31, 2009. The increase was mainly due to the increase in gross profit, while there was an impairment loss on goodwill of The Hartz Mountain Corporation.

9 LIQUIDITY AND CAPITAL RESOURCES

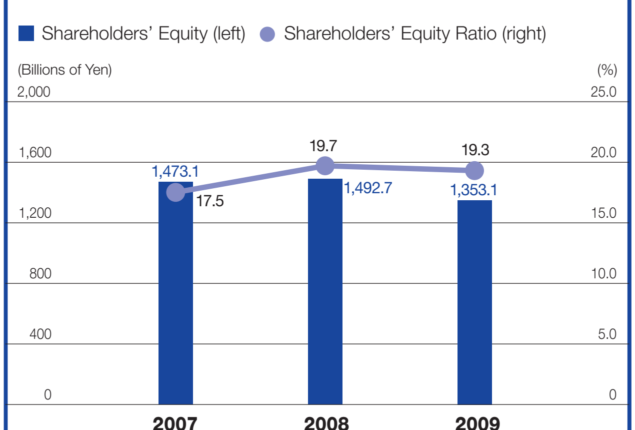
In general, we seek to fund our operations through cash flow from operations, bank debt and debt raised in the capital markets and issuance of commercial paper. Our basic policy for fund raising activities is to secure stable, medium- to long-term low-interest rate funds and liquidity for our operations. Although the effects of the credit crunch set off by the collapse of the Lehman Brothers spread out globally and caused serious confusion to in the financial markets, we were able to secure stable funding, mainly from the major banks with whom we have maintained long-term relationships. As a result the effects of the recent market turmoil was quite limited.

As of March 31, 2009, we had ¥4,006.5 billion of short-term and long-term debt. Our short-term debt, excluding current maturities of long-term debt was ¥792.2 billion, an increase of ¥167.1 billion from the previous year. Our short-term debt consisted of ¥471.1 billion of loans, principally from banks, and ¥321.1 billion of commercial paper.

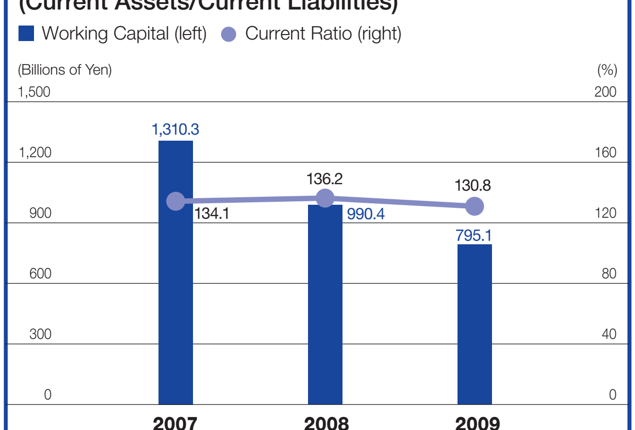
As of March 31, 2009, we had long-term debt of ¥3,214.3 billion, a decrease of ¥250.5 billion from the previous year, including current maturities of ¥393.0 billion. As of March 31, 2009, the balance of our borrowings from banks and insurance companies was ¥2,473.5 billion, a decrease of ¥35.2 billion from the previous year, the balance of notes and bonds was ¥437.0 billion, a decrease of ¥138.9 billion from the previous year, and the balance of other long-term debt including capital lease obligations was ¥303.8 billion, a decrease of ¥76.4 billion from the previous year.

Most of our loans from banks contain covenant provisions customary in Japan. We do not believe those provisions materially limit

Shareholders' Equity & Shareholders' Equity Ratio



Working Capital & Current Ratio (Current Assets/Current Liabilities)



our operating or financial flexibility. However, some credit agreements require us to obtain prior approval for any dividend payments or other distributions to shareholders. Several of the loan agreements require maintenance of certain financial ratios and minimum levels of tangible net worth. Under some agreements, principally with government-owned financial institutions, we may be required to make early repayments of an outstanding amount if the lender concludes that we are able to repay the outstanding amount through improved earnings or from the proceeds of an equity or debt offering, and makes such prepayment request. Certain agreements provide that the banks may require the borrower to receive bank approval prior to the payment of dividends and other appropriations of earnings. We have not been asked to make any such prepayments and currently do not anticipate any prepayment requests. See "Risk Factors—Risks stemming from restriction on access to liquidity and capital."

In addition, we continuously determine various worst case scenarios, including the current financial market turmoil to maintain certain levels of liquidity in any market condition. As of March 31, 2009, we had several committed lines of credit available for immediate borrowing, providing an aggregate of up to $1,050 million and ¥445 billion in short-term loans. These lines of credit consist of:

- a $1,000 million multi-borrower and multi-currency line of credit provided by a syndicate of major European and U.S. banks, under which we can obtain loans for Sumitomo Corporation or any of our subsidiaries in the United Kingdom, Netherlands and the United States;
- a $50 million U.S. dollar-denominated line of credit provided to Sumitomo Corporation of America by a major U.S. bank;
- a ¥330 billion line of credit provided by a syndicate of major Japanese banks; and
- a ¥115 billion line of credit provided by a syndicate of Japanese regional banks.

To date, we have not drawn on any of these lines of credit. We believe these lines of credit do not contain any material covenants, ratings triggers or other restrictions that could potentially impair our ability to draw down funds. We also have several uncommitted lines of credit.

As of March 31, 2009, our long-term and short-term credit ratings are A2/P-1 from Moody's Investors Service, A/A-1 from Standard & Poor's and AA-/a-1+ from Rating and Investment Information, Inc. In order to facilitate our access to capital markets for funding, we have established several funding programs, including:

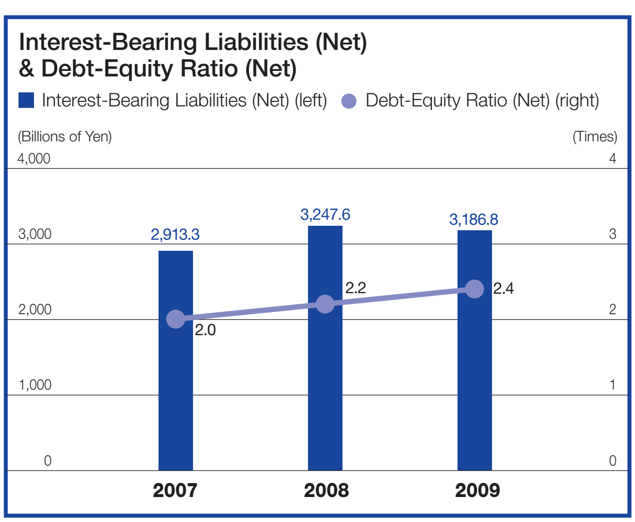
- a ¥200 billion Japanese shelf registration for primary debt offerings;
- a ¥1.0 trillion commercial paper program in Japan;
- a $1,500 million commercial paper program, established by our U.S. subsidiary, Sumitomo Corporation of America;
- a U.S.$3,000 million Euro Medium Term Note program jointly established by Sumitomo Corporation Capital Europe PLC, Sumitomo Corporation Capital Netherlands N.V., Sumitomo Corporation of America and Sumitomo Corporation Capital Asia.
- a U.S.$1,500 million Euro-denominated commercial paper program established by Sumitomo Corporation Capital Europe.

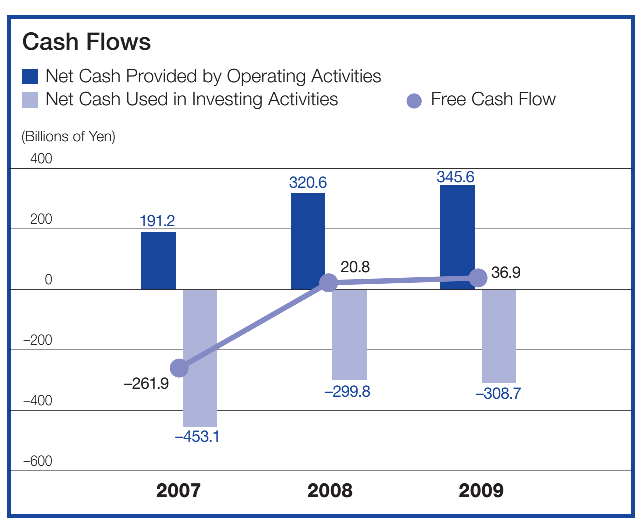
Our total assets decreased by ¥553.2 billion from March 31, 2008, to ¥7,018.2 billion mainly due to the stronger yen and the decrease of operating receivables as a result of the fall in commodity prices and the decrease of transaction volume.

As of March 31, 2009, our shareholders' equity was ¥1,353.1 billion, representing a decrease of ¥139.6 billion from March 31, 2008, due to the decrease of foreign currency transaction adjustments caused by the stronger yen and the decrease in unrealized holding gains on securities available-for-sale although there was increase in retained earnings. Our ratio of shareholders' equity to total assets was 19.3%. Our interest-bearing liabilities (net) were ¥3,186.8 billion, a decrease of ¥60.7 billion. As a result, our net debt-to-equity ratio was 2.4 as of March 31, 2009.

As of March 31, 2009, we had current trade receivables of ¥1,492.6 billion from third parties and ¥115.9 billion from associated companies. Our current trade receivables in Japan are generally collected within six months. We make allowances for doubtful current receivables, which at March 31, 2009 were ¥16.5 billion. As of March 31, 2009, we had current trade payables of ¥894.1 billion to third parties and ¥34.9 billion to associated companies.

We had working capital of ¥795.1 billion as of March 31, 2009 compared to ¥990.4 billion as of March 31, 2008.





Liquidity and Capital Resources

As of March 31, 2009, 2008 and 2007	Billions of Yen 2009	2008	2007	Millions of U.S. Dollars 2009
Short-term				
Loans, principally from banks	¥ 471.1	¥ 356.0	¥ 316.2	$ 4,758
Commercial paper	321.1	269.1	145.7	3,244
	792.2	625.1	461.9	8,002
Long-term, including current maturities of long-term debt				
Secured long-term debt				
Loans	221.9	214.1	237.4	2,242
Bonds	17.0	35.1	25.3	172
Unsecured long-term debt				
Loans	2,251.6	2,294.7	2,131.4	22,743
Bonds and notes	420.0	540.8	499.6	4,242
	2,910.5	3,084.7	2,893.7	29,399
Interest-bearing liabilities (gross)	3,702.7	3,709.8	3,355.6	37,401
Cash and cash equivalents & time deposits	515.9	462.2	442.3	5,211
Interest-bearing liabilities (net)	3,186.8	3,247.6	2,913.3	32,190
Total assets	7,018.2	7,571.4	8,430.5	70,890
Shareholders' equity	1,353.1	1,492.7	1,473.1	13,668
Shareholders' equity ratio (%)	19.3	19.7	17.5	
Debt-equity ratio (gross) (times)	2.7	2.5	2.3	
Debt-equity ratio (net) (times)	2.4	2.2	2.0	

The following table sets forth our cash flow information for the fiscal years ended March 31, 2009, 2008 and 2007:

Summary Statements of Consolidated Cash Flows

For the years ended March 31, 2009, 2008 and 2007	Billions of Yen 2009	2008	2007	Millions of U.S. Dollars 2009
Net cash provided by operating activities	¥ 345.6	¥ 320.6	¥ 191.2	$ 3,491
Net cash used in investing activities	(308.7)	(299.8)	(453.1)	(3,118)
Free cash flow	36.9	20.8	(261.9)	373
Net cash provided by financing activities	44.5	12.7	176.1	449
Effect of exchange rate changes on cash and cash equivalents	(26.9)	(15.8)	4.4	(271)
Effect of the change in the reporting period of subsidiaries and associated companies	—	—	3.8	—
Net increase (decrease) in cash and cash equivalents included in assets held for sale	—	2.3	(7.6)	—
Net increase (decrease) in cash and cash equivalents	¥ 54.5	¥ 20.0	¥ (85.2)	$ 551

Net cash provided by operating activities was ¥345.6 billion for the fiscal year ended March 31, 2009, compared to ¥320.6 billion provided by operating activities for the fiscal year ended March 31, 2008. This was due to the strong business performances in each segment.

Net cash used in investing activities was ¥308.7 billion for the fiscal year ended March 31, 2009 compared to ¥299.8 billion for the fiscal year ended March 31, 2008. This was mainly due to the strategic investments such as acquiring office buildings in the United States as well as acquiring additional ownership interest in Jupiter Shop Channel Co., Ltd. to make it a wholly owned subsidiary, while replacing assets such as by selling a partial share of Sumitomo Mitsui Finance and Leasing Company, Limited.

As a result, free cash flow, calculated as net cash provided by operating activities plus net cash used in investing activities, was ¥36.9 billion cash in for the fiscal year ended March 31, 2009, and ¥20.8 billion cash in for the fiscal year ended March 31, 2008.

Net cash provided by financing activities was ¥44.5 billion for the fiscal year ended March 31, 2009, and ¥12.7 billion for the fiscal year ended March 31, 2008. As a result of the factors discussed above, cash and cash equivalents increased by ¥54.5 billion from the fiscal year ended March 31, 2008, to ¥511.4 billion.

As of March 31, 2009, our contractual cash obligations for the periods indicated were as follows:

	Billions of Yen						
	Payments due by period						
	Total	Less than 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	More than 5 years
Long-term debt	**¥3,214.3**	¥393.0	¥523.4	¥566.9	¥421.5	¥320.5	¥ 989.0
Operating leases	**362.9**	44.7	40.1	37.9	34.3	31.9	174.0
Total	**¥3,577.2**	¥437.7	¥563.5	¥604.8	¥455.8	¥352.4	¥1,163.0

Long-term debt includes capital lease obligations.

As of March 31, 2009, we had long-term financing commitments in the aggregate amount of ¥12.1 billion in connection with loans and investments in equity capital.

We enter into long-term purchase commitments in the normal course of our trading operations that provide for either fixed prices or basic purchase prices adjustable to market. Those commitments are in most instances matched with counterparty sales contracts. Long-term purchase contracts at fixed prices or at basic purchase prices adjustable to market amounted to ¥1,390.8 billion as of March 31, 2009. Scheduled deliveries are at various dates through 2017.

As of March 31, 2009, we have no material commitments for capital expenditures.

In addition to our commitments discussed above, in connection with our businesses, from time to time, we incur various contingent liabilities, such as guarantees of our customers' obligations. In addition, we are, from time to time, subject to contingent liabilities arising from litigation. These contingent liabilities are discussed in detail in "10 Contingencies" and "11 Litigation" described below. Although we currently do not believe that our cash needs under such contingent liabilities will be significant, if, contrary to expectations, defaults under guarantees are substantial or there is a major adverse outcome in our litigation, such contingent liabilities may create significant new cash needs for us.

Our primary future recurring cash needs will be for working capital, capital investments in new and existing business ventures and debt service. Our growth strategy contemplates the making of investments, in the form of acquisitions, equity investments and loans. We invested ¥330.1 billion in property, equipment and other assets and made ¥195.3 billion of other investments in the fiscal year ended March 31, 2009. We are currently contemplating acquisitions of companies complementary to our existing businesses and also to related business areas in all business segments.

These investments, however, are either at a preliminary evaluation stage or are subject to a number of conditions, and accordingly, may not be completed. And we believe that our existing cash, current credit arrangements and cash flow from operations will be sufficient to meet our cash needs during the foreseeable future, although we cannot assure you that this will be the case. If our future cash flows from operations are less than we expect, we may need to incur additional debt, pursue other sources of liquidity, or modify our investment plans.

10 CONTINGENCIES

In connection with our businesses, from time to time, we incur various contingent liabilities, such as guarantees of our customers' obligations. We conduct business with counterparties around the world, and we make an effort to control the related trade receivables and guarantees in order to minimize concentrations of credit risks. We do not anticipate losses on the commitments and guarantees discussed below in excess of established allowances.

From time to time, we sell certain trade notes receivable to banks and other financial institutions on a recourse basis in the ordinary course of our business. In particular, we enter into such transactions when we believe holding a particular receivable may expose us to unnecessary risks, such as foreign currency exchange risks associated with a non-yen-denominated receivable matched with a yen-denominated payable. As of March 31, 2009, we were contingently liable to certain banks for the aggregate amount of ¥152.1 billion for discounted trade notes receivable (principally relating to export transactions maturing through 2010) sold to those banks on a recourse basis.

As of March 31, 2009, we were contingently liable for guarantees (continuing through 2034) in the aggregate amount of ¥121.3 billion, including ¥78.9 billion relating to our associated companies and ¥2.8 billion to our employees but excluding discounted trade notes receivable sold to banks on a recourse basis as discussed above. The guarantees were primarily to enhance the credit standings of our associated companies, suppliers, buyers and employees, and in respect of the residual value on operating leases.

We also provide residual value guarantees to compensate for any potential shortfall between a specified price and actual sale proceeds on fixed dates to 2015 in the aggregate amount of ¥11.2 billion, for some owners in relation to transportation equipment subject to operating leases. If the market value of the transportation equipment is less than the guaranteed value on the fixed date, we will be required to compensate for the shortfall. The current estimated future value of such transportation equipment is higher than the guaranteed value, and consequently there was no allowance for the liabilities under these guarantees as of March 31, 2009.

11 LITIGATION

The Companies are involved in certain legal actions and claims incidental to its business. In the opinion of management, none of these actions or claims will have a material adverse effect on the financial position or results of operations of the Companies.

12 NEW ACCOUNTING PRONOUNCEMENTS

In December, 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations" ("SFAS No. 141R"). SFAS No. 141R amends the principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired arising from business combinations. SFAS No. 141R also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. SFAS No. 141R is effective as of the beginning of an entity's first fiscal year that begins after December 14, 2008. The Companies are evaluating the effect of the adoption of SFAS No. 141R.

In December, 2007, the FASB issued SFAS No. 160, "Noncontrolling Interest in Consolidated Financial Statements, an amendment of ARB No. 51." SFAS No. 160 defines the accounting for noncontrolling interests (previously referred to as minority interests) which should be reported as a component of equity. SFAS No. 160 also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS No. 160 is effective as of the beginning of an entity's first fiscal year that begins after December 14, 2008. The Companies are evaluating the effect of the adoption of SFAS No. 160.

13 QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

In the normal course of business, we are exposed to risks arising from fluctuations in interest and currency exchange rates, commodity prices and equity prices. In order to manage these risks, we use financial and commodity derivative instruments including: foreign exchange forwards, currency swaps and options; interest rate swaps, futures and options; and commodity futures, forwards, swaps, and options. To a lesser degree, we also use derivative commodity instruments for trading purposes within prescribed position limits and loss limits imposed under the risk management structure described below.

Interest Rate Risk

Our business activities expose us to market risks arising from changes in interest rates, which we monitor and for which we take measures to minimize through our Financial Resources Management Group of the Corporate Group. In particular, interest rate fluctuations will impact our borrowing costs because a significant amount of our outstanding debt instruments are floating rate instruments and because we have short-term borrowings that we refinance from time to time. However, the impact on our borrowing costs will be partially offset by increased returns on certain of our assets which will also be impacted by interest rate fluctuations. In addition, we are engaged in financing activities, such as automobile financing, which could be affected by interest rate fluctuations. To manage this risk, we enter into interest rate swap agreements, future contracts and option contracts which serve to modify and match the interest rate characteristics of our assets and liabilities.

Foreign Currency Exchange Rate Risk

The nature of our global operations expose us to market risks caused by fluctuations in foreign currency exchange rates related to imports, exports and financing in currencies other than the local currency. Each business department manages its foreign currency exchange rate risk by entering into internal foreign exchange forward contracts with our Financial Resources Management Group, except for the certain risks including the risk associated with foreign investments considered to be permanent. Through those internal transactions and otherwise, the Financial Resources Management Group monitors the company-wide market risks arising from the changes in foreign exchange rates associated with underlying transactions denominated in foreign currencies. The Financial Resources Management Group enters into foreign exchange forward contracts, currency swap agreements and currency option contracts with third parties for hedging purposes.

Commodity Price Risk

As major participants in global commodity markets, we trade in commodities such as physical precious and base metals, energy products (crude oil and refined oil products) and agricultural products (wheat, coffee, sugar and others), and utilize a variety of derivatives related to these commodities. Derivatives on those commodities are often used to hedge price movements in the underlying physical transactions. To a lesser degree, we use such instruments for trading purposes within well-defined position limits and loss limits. In addition, we are engaged in mining and oil and gas production operations, which are subject to fluctuations in commodity prices.

Equity Price Risk

We are exposed to equity price risk inherent in stock we hold in financial institutions and our customers and suppliers for strategic purposes and in the other investments held by us. We do not engage in continuous hedging measures against the market exposures on those securities.

The cost, fair value and unrealized holding net gains on our marketable equity securities as of March 31, 2009 and 2008 were as follows:

The Cost, Fair Value and Net Unrealized Gains on Marketable Equity Securities

	Billions of Yen		Millions of U.S. Dollars
As of March 31, 2009 and 2008	**2009**	2008	**2009**
Cost	**¥232.3**	¥238.1	**$2,347**
Fair value	**282.7**	467.6	**2,856**
Net unrealized gains	**¥ 50.4**	¥229.5	**$ 509**

Risk Management Structure

Any business department wishing to enter into a derivative transaction or any other type of transaction exposing us to market risk must obtain approval from the President or General Manager, depending on the magnitude of the transaction, before entering into the transaction. The President or General Manager, as the case may be, reviews requests with the assistance of staff members who have expertise in derivative contracts. The request must identify the counterparty, the applicable market and credit risks and state the objectives of the transaction, the trading limit, and the loss limit amount.

The Financial Resources Management Group provides the following with respect to the execution and monitoring of transactions:

- back office support services for financial and derivative commodity transactions, such as opening accounts, confirming the execution of contracts, processing settlement and delivery of funds, and maintaining accounting records for the transactions;
- confirmation of balances of each transaction position; and
- monitoring of the status of positions and analyzing and calculating the risks of related transactions on a company-wide basis, and issuing periodic reports to our senior management, including semi-annual reports to our board of directors.

Our subsidiaries are required to comply with the risk management structure described above when they execute commodity market transactions.

VaR (Value-at-Risk)

VaR is a statistical measure of the potential maximum loss in the fair value of a portfolio that may result from adverse market movements in underlying risk factors, which is calculated over a defined period and within a certain confidence level. We use the VaR method to measure the market risk for certain market-sensitive commodity transactions, including transactions associated with precious metals, non-ferrous metals, fuels, and agricultural products, and certain financial transactions. The following table sets forth the year-end, high, low, and average VaR figures (which are generally calculated using a three-day holding period) as of the end of each month in the fiscal year ended March 31, 2009:

VaR

	Billions of Yen			
For the year ended March 31, 2009	At year-end	High	Low	Average
	¥3.8	¥6.7	¥3.6	¥5.1

We estimated VaR during the defined periods using the Monte Carlo simulation method with a confidence level of 99%. As VaR incorporates historical data regarding changes in market risk factors, our actual results may differ materially from the calculations above.

We periodically conduct backtesting in which estimated quantitative risks are compared with actual gains or losses to verify the accuracy of our VaR measurement model. Most recently, we have conducted backtesting during the twelve months ended December 31, 2008. Based on the backtesting conducted, though unusual market fluctuations caused by the recent global financial turmoil resulted in some transactions' gains and losses exceeding our VaR threshold, overall, the majority of the transactions' gains and losses fell within our VaR threshold. Consequently, we believe our VaR model has provided reasonably accurate measurements.

CONSOLIDATED BALANCE SHEETS

Sumitomo Corporation and Subsidiaries
As of March 31, 2009 and 2008

	Millions of Yen		Millions of U.S. Dollars
ASSETS	2009	2008	2009
Current assets:			
Cash and cash equivalents (Note 11)	¥ 511,350	¥ 456,809	$ 5,165
Time deposits (Note 11)	4,514	5,369	46
Marketable securities (Notes 5, 11 and 18)	18,963	19,856	192
Receivables—trade (Notes 6, 11 and 22):			
Notes and loans	188,564	242,312	1,905
Accounts	1,304,030	1,782,114	13,172
Associated companies	115,943	109,354	1,171
Allowance for doubtful receivables	(16,477)	(14,789)	(166)
Inventories (Notes 7 and 18)	840,088	756,190	8,485
Deferred income taxes (Note 12)	33,987	39,300	343
Advance payments to suppliers	94,859	73,881	958
Other current assets (Notes 13, 16 and 17)	279,026	253,354	2,818
Total current assets	3,374,847	3,723,750	34,089
Investments and long-term receivables (Notes 6, 11, 17 and 22):			
Investments in and advances to associated companies (Note 8)	893,372	883,635	9,024
Other investments (Notes 5 and 18)	450,280	655,190	4,549
Long-term receivables	745,583	832,761	7,531
Allowance for doubtful receivables	(33,051)	(22,099)	(334)
Total investments and long-term receivables	2,056,184	2,349,487	20,770
Property and equipment, at cost (Notes 9, 11 and 22)	1,725,887	1,596,457	17,433
Accumulated depreciation	(670,738)	(599,329)	(6,775)
	1,055,149	997,128	10,658
Goodwill and other intangible assets (Notes 3, 10 and 22)	400,555	379,405	4,046
Prepaid expenses, non-current (Note 13)	43,518	47,836	439
Deferred income taxes, non-current (Note 12)	36,161	14,228	365
Other assets (Note 16)	51,742	59,565	523
Total (Note 20)	¥7,018,156	¥7,571,399	$70,890

See the accompanying notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen 2009	Millions of Yen 2008	Millions of U.S. Dollars 2009
Current liabilities:			
Short-term debt (Note 11)	¥ 792,169	¥ 625,106	$ 8,002
Current maturities of long-term debt (Note 11)	382,849	428,869	3,867
Payables—trade (Note 22):			
Notes and acceptances	63,719	84,610	644
Accounts	830,356	1,159,158	8,387
Associated companies	34,863	26,716	352
Income taxes (Note 12)	28,133	37,419	284
Accrued expenses	85,634	101,557	865
Advances from customers	122,389	107,269	1,236
Other current liabilities (Notes 12, 16 and 17)	239,591	162,667	2,420
Total current liabilities	2,579,703	2,733,371	26,057
Long-term debt, less current maturities (Notes 11, 16, 17, 22 and 23)	2,821,287	3,011,992	28,498
Accrued pension and retirement benefits (Note 13)	20,003	14,074	202
Deferred income taxes, non-current (Note 12)	138,264	189,273	1,397
Minority interests	105,784	129,947	1,068
Commitments and contingent liabilities (Note 24)			
Shareholders' equity (Notes 14 and 19):			
Common stock — authorized 2,000,000,000 shares; issued 1,250,602,867 shares in 2009 and 2008	219,279	219,279	2,215
Additional paid-in capital	291,256	291,032	2,942
Retained earnings:			
Appropriated for legal reserve	17,696	17,696	179
Unappropriated	1,109,442	943,114	11,206
	1,127,138	960,810	11,385
Accumulated other comprehensive income (loss) (Note 15)	(283,416)	22,845	(2,863)
Treasury stock, at cost: 576,321 and 607,954 shares in 2009 and 2008, respectively	(1,142)	(1,224)	(11)
Total shareholders' equity	1,353,115	1,492,742	13,668
Total	¥7,018,156	¥7,571,399	$70,890

CONSOLIDATED STATEMENTS OF INCOME

Sumitomo Corporation and Subsidiaries
For the years ended March 31, 2009, 2008 and 2007

	Millions of Yen			Millions of U.S. Dollars
	2009	2008	2007	**2009**
Revenues (Notes 16 and 20):				
Sales of tangible products (Note 18)	**¥ 2,833,308**	¥ 3,040,712	¥ 2,495,030	**$ 28,619**
Sales of services and others	**678,269**	630,184	582,180	**6,851**
Total revenues	**3,511,577**	3,670,896	3,077,210	**35,470**
Cost (Notes 9, 16 and 21):				
Cost of tangible products sold (Note 18)	**2,342,890**	2,551,640	2,076,591	**23,665**
Cost of services and others	**233,455**	184,714	142,930	**2,358**
Total cost	**2,576,345**	2,736,354	2,219,521	**26,023**
Gross profit (Note 20)	**935,232**	934,542	857,689	**9,447**
Other income (expenses):				
Selling, general and administrative expenses (Notes 9, 10, 13 and 14)	**(654,375)**	(669,364)	(609,900)	**(6,610)**
Settlements on copper trading litigation	**—**	—	9,584	**—**
Provision for doubtful receivables (Note 6)	**(17,465)**	(11,077)	(8,041)	**(176)**
Impairment losses on long-lived assets (Notes 9 and 10)	**(14,714)**	(13,545)	(9,822)	**(149)**
Gain (loss) on sale of property and equipment, net	**(386)**	3,471	2,355	**(4)**
Interest income (Note 16)	**21,593**	28,273	32,936	**218**
Interest expense (Note 16)	**(57,713)**	(71,111)	(70,022)	**(583)**
Dividends	**14,633**	15,260	14,095	**148**
Other than temporary impairment losses on securities	**(22,593)**	(15,996)	(2,850)	**(228)**
Gain on sale of marketable securities and other investments, net (Note 5)	**27,089**	70,529	46,970	**273**
Gain (loss) on issuances of stock by subsidiaries and associated companies (Notes 3 and 8)	**(12)**	40,411	360	**(0)**
Equity in earnings of associated companies, net (Notes 8 and 12)	**89,954**	56,942	70,307	**909**
Other, net (Note 16)	**(1,608)**	(742)	(1,732)	**(16)**
Total other income (expenses)	**(615,597)**	(566,949)	(525,760)	**(6,218)**
Income before income taxes and minority interests in earnings of subsidiaries (Note 12)	**319,635**	367,593	331,929	**3,229**
Income taxes (Note 12)	**96,303**	119,772	114,843	**973**
Income before minority interests in earnings of subsidiaries	**223,332**	247,821	217,086	**2,256**
Minority interests in earnings of subsidiaries, net	**(8,254)**	(8,893)	(6,082)	**(83)**
Net income (Note 20)	**¥ 215,078**	¥ 238,928	¥ 211,004	**$ 2,173**
Total trading transactions* (Note 20)	**¥10,749,996**	¥11,484,585	¥10,528,277	**$108,586**

	Yen			U.S. Dollars
Net income per share of common stock (Note 19):				
Basic	**¥ 172.06**	¥ 192.51	¥ 169.93	**$ 1.74**
Diluted	**172.03**	192.47	169.90	**1.74**

*Total trading transactions represents the gross transaction volume of trading activities, or the nominal aggregate value of the transactions for which the Companies act as principal or as agent. Total trading transactions is a measure commonly used by Japanese trading companies. It is not to be construed as equivalent to, or a substitute for, sales or revenues under accounting principles generally accepted in the United States of America ("U.S. GAAP").

See the accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME

Sumitomo Corporation and Subsidiaries
For the years ended March 31, 2009, 2008 and 2007

	Millions of Yen			Millions of U.S. Dollars
	2009	2008	2007	2009
Common stock:				
Balance, beginning of year	¥ 219,279	¥ 219,279	¥ 219,279	$ 2,215
Balance, end of year	¥ 219,279	¥ 219,279	¥ 219,279	$ 2,215
Additional paid-in capital:				
Balance, beginning of year	¥ 291,032	¥ 279,711	¥ 279,470	$ 2,940
Increase due to Share Exchange Agreement (Note 3)	—	11,190	—	—
Increase due to grant of stock options	298	341	263	3
Loss on sale of treasury stock	(74)	(210)	(22)	(1)
Balance, end of year	¥ 291,256	¥ 291,032	¥ 279,711	$ 2,942
Retained earnings appropriated for legal reserve:				
Balance, beginning of year	¥ 17,696	¥ 17,696	¥ 17,696	$ 179
Balance, end of year	¥ 17,696	¥ 17,696	¥ 17,696	$ 179
Unappropriated retained earnings:				
Balance, beginning of year	¥ 943,114	¥ 755,159	¥ 579,217	$ 9,526
Effect of adoption of new accounting standard (Notes 12 and 14)	—	(6,099)	—	—
Net income	215,078	238,928	211,004	2,173
Cash dividends	(48,750)	(44,874)	(36,188)	(493)
Effect of the change in the reporting period of subsidiaries and associated companies	—	—	2,406	—
Effect of the change of the accounting principles and others (Note 14)	—	—	(1,280)	—
Balance, end of year	¥1,109,442	¥ 943,114	¥ 755,159	$11,206
Accumulated other comprehensive income (loss), net of tax (Note 15):				
Balance, beginning of year	¥ 22,845	¥ 222,290	¥ 213,767	$ 231
Other comprehensive income (loss), net of tax	(306,261)	(199,445)	42,329	(3,094)
Adjustment to initially apply SFAS No.158 (Note 13)	—	—	(30,436)	—
Effect of the change in the reporting period of subsidiaries and associated companies	—	—	(3,370)	—
Balance, end of year	¥ (283,416)	¥ 22,845	¥ 222,290	$ (2,863)
Treasury stock, common stock:				
Balance, beginning of year	¥ (1,224)	¥ (21,007)	¥ (5,454)	$ (12)
Increase due to Sumisho Lease becoming a Subsidiary (Note 3)	—	—	(15,468)	—
Increase due to Share Exchange Agreement (Note 3)	—	(72,245)	—	—
Decrease due to Share Exchange Agreement (Note 3)	—	91,680	—	—
Other, net	82	348	(85)	1
Balance, end of year	¥ (1,142)	¥ (1,224)	¥ (21,007)	$ (11)
Total	¥1,353,115	¥1,492,742	¥1,473,128	$13,668
Comprehensive income (loss):				
Net income	¥ 215,078	¥ 238,928	¥ 211,004	$ 2,173
Other comprehensive income (loss), net of tax (Note 15)				
Net unrealized holding gains (losses) on securities available-for-sale (Note 5)	(108,675)	(134,662)	11,925	(1,098)
Foreign currency transaction adjustments (Note 16)	(160,653)	(56,441)	25,688	(1,623)
Net unrealized gains (losses) on derivatives (Note 16)	(12,179)	2,697	4,716	(123)
Pension liability adjustments	(24,754)	(11,039)	—	(250)
Comprehensive income (loss)	¥ (91,183)	¥ 39,483	¥ 253,333	$ (921)

See the accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Sumitomo Corporation and Subsidiaries
For the years ended March 31, 2009, 2008 and 2007

	Millions of Yen			Millions of U.S. Dollars
	2009	2008	2007	2009
Operating activities:				
Net income	¥ 215,078	¥ 238,928	¥ 211,004	$ 2,173
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	157,454	146,624	113,278	1,590
Provision for doubtful receivables	17,465	11,077	8,041	176
Impairment losses on long-lived assets	14,714	13,545	9,822	149
Loss (gain) on sale of property and equipment, net	386	(3,471)	(2,355)	4
Other than temporary impairment losses on securities	22,593	15,996	2,850	228
Gain on sale of marketable securities and other investments, net	(27,089)	(70,529)	(46,970)	(274)
Loss (gain) on issuances of stock by subsidiaries and associated companies	12	(40,411)	(360)	1
Equity in earnings of associated companies, less dividends received	(38,670)	(17,041)	(44,412)	(391)
Changes in operating assets and liabilities, excluding effect of acquisitions and divestitures:				
Decrease (increase) in receivables	379,573	(3,611)	(92,375)	3,834
Increase in inventories	(131,177)	(41,415)	(87,503)	(1,325)
(Decrease) increase in payables	(265,166)	69,990	106,887	(2,678)
(Increase) decrease in prepaid expenses	(32,087)	(21,576)	10,266	(324)
Other, net	32,510	22,545	3,062	328
Net cash provided by operating activities	345,596	320,651	191,235	3,491
Investing activities:				
Expenditures for property, equipment and other assets	(330,070)	(496,554)	(317,034)	(3,334)
Proceeds from sale of property, equipment and other assets	61,327	63,562	43,174	619
Acquisition of available-for-sale securities	(13,642)	(58,022)	(35,327)	(138)
Proceeds from sale of available-for-sale securities	12,647	51,391	48,246	128
Proceeds from maturities of available-for-sale securities	—	102	75	—
Acquisition of held-to-maturity securities	(250)	(310)	(165)	(3)
Proceeds from maturities of held-to-maturity securities	6,169	1,795	2,395	62
Acquisition of other investments	(195,256)	(106,971)	(300,749)	(1,972)
Proceeds from sale of other investments	99,558	83,446	35,368	1,006
Increase in loans and other receivables	(489,647)	(483,953)	(434,036)	(4,946)
Collection of loans and other receivables	541,430	646,327	497,551	5,469
Net (increase) decrease in time deposits	(919)	(656)	7,382	(9)
Net cash used in investing activities	(308,653)	(299,843)	(453,120)	(3,118)
Financing activities:				
Net increase (decrease) in short-term debt	234,970	38,162	(28,140)	2,373
Proceeds from issuance of long-term debt	436,503	681,881	779,713	4,409
Repayment of long-term debt	(578,330)	(592,987)	(539,739)	(5,842)
Cash dividends paid	(48,750)	(44,874)	(36,188)	(492)
Capital contribution from minority interests	—	1,286	565	—
(Acquisition) sales of treasury stock, net	82	(70,789)	(105)	1
Net cash provided by financing activities	44,475	12,679	176,106	449
Effect of exchange rate changes on cash and cash equivalents	(26,877)	(15,823)	4,414	(271)
Effect of the change in the reporting period of subsidiaries and associated companies	—	—	3,815	—
Net increase (decrease) in cash and cash equivalents included in assets held for sale	—	2,331	(7,636)	—
Net increase (decrease) in cash and cash equivalents	54,541	19,995	(85,186)	551
Cash and cash equivalents, beginning of year	456,809	436,814	522,000	4,614
Cash and cash equivalents, end of year	¥ 511,350	¥ 456,809	¥ 436,814	$ 5,165

See the accompanying notes to consolidated financial statements.

1 DESCRIPTION OF BUSINESS

Sumitomo Corporation (the "Company") is an integrated trading company (*sogo shosha*). The Company and its subsidiaries (together, the "Companies") are engaged in a wide range of business activities on a global basis. The Companies' business foundation consists of trust, global relations with over 100,000 business partners around the world, a global network with offices and subsidiaries worldwide, intellectual capital, and advanced functions in business development, logistic solutions, financial services, IT solutions, risk management and intelligence gathering and analysis. Through integration of these elements, the Companies provide a diverse array of values to our customers. Based on this business foundation and these functions, the Companies engage in general trading of a wide range of goods and commodities and in various business activities. The Companies act as both principal and agent in these trading transactions. The Companies also provide a range of services for a variety of industries, such as: financing for customers and suppliers; planning, coordination and operation of urban and industrial infrastructure projects; consulting in areas such as system integration and technology development; and transportation and logistics. In addition, the Companies engage in other diverse business activities, including investing in a variety of industries ranging from biotechnology to communications; developing natural resources; manufacturing and processing products such as steel products and textiles; developing and managing real estate; and operating retail stores.

The Companies conduct business through eight industry-based business segments and two sets of regional operations (domestic and overseas) (see Note 20). The Companies' industry-based business segments are:

- Metal Products
- Transportation & Construction Systems
- Infrastructure
- Media, Network & Lifestyle Retail
- Chemical & Electronics
- Mineral Resources & Energy
- General Products & Real Estate
- Financial & Logistics

Each business segment operates with a degree of autonomy in pursuing strategic goals, managing operations and ensuring accountability.

We reformed our nine Business Unit segments to eight on April 1, 2007. Accordingly, the four operating segments before March 31, 2007, the "Media, Electronics & Network", the "Chemical", the "Consumer Goods & Service" and the "Materials & Real Estate" Business Unit segment, were reorganized to the three, the "Media, Network & Lifestyle Retail", the "Chemical & Electronics" and the "General Products & Real Estate" Business Unit segment. The "Machinery & Electric" Business Unit segment changed the name to the "Infrastructure" Business Unit segment.

"Trading" as used in the following descriptions of the Companies' industry-based business segments represents sales transactions where the business segment acts as a principal or an agent. See revenue recognition discussed in Note 2 (o).

Metal Products— The Metal Products Business Unit segment engages in global trading involving ferrous and non-ferrous metal products and investment in processing and manufacturing. In steel sheets and tubular products business, we are offering supply chain management (SCM) services in response to the customer's precise needs. This segment consists of three Iron & Steel Divisions, the Tubular Products Division, the Metal Products for Automotive Industries Division and the Non-Ferrous Products & Metals Division.

Transportation & Construction Systems— The Transportation & Construction Systems Business Unit segment engages in global transactions involving ships, aircraft, transportation systems, motor vehicles, construction equipment and related components and parts. Activities of this segment range from trading, leasing and financing to designing and arranging the construction of public transportation systems. This segment consists of the Ship, Aerospace & Transportation Systems Division, two Automotive Divisions and the Construction & Mining Systems Division.

Infrastructure— The Infrastructure Business Unit segment engages in a wide range of large-scale infrastructure development projects relating to, power generation, telecommunications facilities, water and sewage facilities and so on. This segment also engages in constructing, investing and financing of infrastructure projects overseas and in supplying manufacturing equipment and systems, and electric power projects for various domestic industries. This segment also engages in trading and investing in businesses such as energy-saving and environment-friendly technology. This segment consists of the Telecommunication, Environment & Industrial Infrastructure Business Division and the Power & Social Infrastructure Business Division.

Media, Network & Lifestyle Retail— The Media, Network & Lifestyle Retail Business Unit segment engages in cable TV operations, production and distribution of programming, movie business, IT solution service business, cell-phone related business and internet related business. This segment also engages in retail business such as food supermarket, drugstore, various mail order business and fashion brand business. With these businesses, this segment intends to enhance the value of each business, as well as to expand synergy among them. This segment consists of the Media Division, the Network Division and the Lifestyle & Retail Business Division.

Chemical & Electronics— The Chemical & Electronics Business Unit segment handles an extensive range of products such as raw materials for plastics, plastic products, organic and inorganic chemicals, and is also involved and invests in businesses, relating to cutting-edge electronic materials including silicon wafers and blue LEDs, pharmaceuticals, medical services, agricultural chemicals, household insecticide and pet supplies. This segment is also actively operating EMS* mainly in Asia. This segment consists of the Basic Chemicals Division, the Electronics Business Division and the Life Science Division.

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

Mineral Resources & Energy— The Mineral Resources & Energy Business Unit segment develops and trades various mineral and energy sources including coal, iron ore, non-ferrous metal, precious metal, petroleum, natural gas and liquefied natural gas (LNG). This segment also trades ferrous and non-ferrous raw materials, petroleum products, liquefied petroleum gas (LPG), solar and storage batteries, carbon products and nuclear fuels. This segment consists of two Mineral Resources Divisions and the Energy Division.

General Products & Real Estate— The General Products & Real Estate Business Unit segment engages in trading, marketing, manufacturing, selling, processing and distribution of food, foodstuffs, fertilizers, cement, timber, building materials, paper pulp, used paper and tires. This segment is also engaged in a variety of real estate activities relating to office buildings and commercial and residential real property. This segment consists of the Food Business Division, the Materials & Supplies Division and the Construction & Real Estate Division.

Financial & Logistics— The Financial & Logistics Business Unit segment engages in finance-related businesses such as commodity futures trading, derivative transactions, private equity investments, mergers and acquisition-related activities, small-business financing, leasing business, the development and marketing of alternative investment instruments, and in logistics services ranging from delivery, customs clearance and transportation services to the development and operation of industrial parks. Acting as a broker, this segment also arranges for insurance in connection with trading conducted by other business segments. This segment consists of the Financial Service Division and the Logistics & Insurance Business Division.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of the accompanying consolidated financial statements are summarized below:

(a) Principles of Presentation and Consolidation

The accompanying consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and principally operates. The translation of Japanese yen amounts into United States dollars for the year ended March 31, 2009 is included solely for the convenience of readers and has been made at the rate of ¥99 = U.S. $1, the approximate exchange rate prevailing at the Federal Reserve Bank of New York on March 31, 2009. Such translation should not be construed as a representation that the Japanese yen amounts have been, or could in the future be converted into United States dollars at that or any other rate.

The accompanying consolidated financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Company and most of its subsidiaries' accounting records are maintained principally in accordance with accounting practices prevailing in the countries of domicile. Adjustments to those records have been made to present these consolidated financial statements in accordance with U.S. GAAP. The significant adjustments include those relating to the accounting for the valuation of certain investment securities, pension costs, accrual of certain expenses and losses, derivative instruments and hedging activities, leases, business combinations, and deferred taxes.

The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. Associated companies consist of companies and corporate joint ventures owned 20% to 50%, or those owned less than 20% in the case where the Companies have the ability to exercise significant influence over operating and financial policies. Investments in associated companies are accounted for by the equity method. A loss in value of an investment that is other than a temporary decline is recognized in the period incurred. All significant intercompany accounts and transactions have been eliminated. The accounts of certain subsidiaries that have a fiscal year end within three months prior to March 31 have been included in the consolidated financial statements based on their fiscal year.

During the fiscal year ended March 31, 2007, some subsidiaries and associated companies changed their reporting periods to March 31. The effect of these changes was included in the accompanying Consolidated Statements of Shareholders' Equity and Comprehensive Income and of Cash Flows classified as "Effect of the change in the reporting period of subsidiaries and associated companies."

The Companies also consolidate variable interest entities for which they are the primary beneficiary, in accordance with FASB Interpretation No. 46R, "Consolidation of Variable Interest Entities ("FIN No. 46R")."

(b) Cash Equivalents

The Companies consider all highly liquid investments, including short-term time deposits, with an original maturity of three months or less, to be cash equivalents.

(c) Foreign Currency Translation

The Company's functional and reporting currency is Japanese yen. Under the provision of Statements of Financial Accounting Standards ("SFAS") No. 52, "Foreign Currency Transactions," assets and liabilities denominated in foreign currencies are translated into Japanese yen at the respective year-end exchange rates. All income and expense accounts are translated at the average rates of exchange prevailing during each fiscal year in consolidating the financial statements of overseas subsidiaries whose functional currency is other than Japanese yen. The resulting accumulated translation adjustments are included in a separate component of accumulated other comprehensive income (loss) in the accompanying consolidated balance sheets. All foreign currency transaction gains and losses are included in income in the period incurred.

(d) Inventories

Inventories mainly consist of commodities, materials and real estate held for development and resale. The cost of inventories is determined based on the moving average basis or specific-identification basis. Precious metals that have immediate marketability at quoted market prices are valued at market value with unrealized gains and losses included in earnings. Other commodities and materials are stated at the lower of average cost or market. Real estate held for development and resale are stated at the lower of cost or net realizable value.

(e) Marketable Securities and Other Investments

Marketable equity securities and all debt securities

SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities" requires all investments in debt and marketable equity securities to be classified as either trading, available-for-sale, or held-to-maturity securities. All of the Companies' investments in debt securities and marketable equity securities are classified as either (i) trading securities, which are accounted for at fair value with unrealized gains and losses included in earnings, (ii) available-for-sale securities, which are accounted for at fair value with unrealized gains and losses excluded from earnings and reported in a separate component of accumulated other comprehensive income (loss), net of related taxes in the accompanying consolidated balance sheets, or (iii) held-to-maturity securities, which are accounted for at amortized cost. Those securities that mature or are expected to be sold in one year are classified as current assets.

A decline in fair value of any available-for-sale or held-to-maturity securities below the amortized cost basis that is deemed to be other than temporary results in a write-down of the amortized cost basis to fair value as a new cost basis and the amount of the write-down is included in earnings. Impairment to be recognized is measured based on the amount by which the carrying amount of the investment exceeds the fair value of the investment. Fair value is determined based on quoted market prices.

On a continuous basis, but no less frequently than at the end of each quarterly period, the Companies evaluate the cost basis of available-for-sale securities and held-to-maturity securities for possible impairment. Factors considered in assessing whether an indication of other than temporary impairment exists include: the degree of change in the ratio of market prices per share to book value per share at date of evaluation compared to that at date of acquisition, the financial condition and prospects of each investee company, industry conditions in which the investee company operates, the fair value of an available-for-sale security relative to the cost basis of the investment, the period of time the fair value of an available-for-sale security has been below the cost basis of the investment and other relevant factors.

The cost of securities sold is determined based on the average cost of all the shares of such security held at the time of sale.

Other investments

Non-marketable equity securities held as investments are carried at cost. Management quarterly assesses the results of the underlying companies, the performance of the underlying companies relative to plan, industry conditions, financial condition and prospects and determines whether any events or changes in circumstances that might have a significant adverse effect on fair value are identified. When events or changes in circumstances that might have a significant adverse effect on fair value are identified, management assesses whether the fair value of the investment has declined below its carrying amount. If a decline in fair value below cost is judged to be other than temporary, after considering the period of time that the estimated fair value has been below the carrying amount of the investment, the carrying value of the investment is written down to its estimated fair value. Fair value is determined based on analysis of discounted estimated cash flows, valuation models based on revenues, profitability and net worth, market value of comparable companies, and other valuation approaches.

(f) Allowance for Doubtful Receivables

An allowance for doubtful receivables is maintained at the level which, in the judgment of management, is adequate to provide for probable losses that can be reasonably estimated. Management considers individual customers' risk factors such as historical performance, recent developments, changes in original terms, internal risk-ratings, industry trends, and other specific factors applicable to the customer as well as general risk factors including, but not limited to, sovereign risk of the country where the customer resides.

The Companies maintain a specific allowance for impaired loans. A loan is considered impaired pursuant to SFAS No. 114, "Accounting by Creditors for Impairment of a Loan." Pursuant to SFAS No. 114, a loan is impaired if it is probable that the Companies will not collect all principal and interest due. An impairment allowance is recognized equal to the difference between the loan's book value and either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's market price if available, or the fair value of collateral if the loan is collateral dependent. In addition to the specific allowance, an allowance is established for probable losses that are not individually identified but are expected to have occurred that are inherent in portfolios of similar loans. This allowance for losses is based on relevant observable data that include, but are not limited to, historical experience, delinquencies, loan stratification by portfolio, and when applicable, geography, collateral type, and size of the loan balance. Past due balances are reviewed individually for collectibility. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

(g) Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation of buildings, including leasehold improvements, is computed principally under the straight-line method based on the estimated useful lives of the assets. Depreciation of machinery and equipment is computed under the straight-line method or the declining-balance method based on the estimated useful lives of the assets. Depreciation of mineral rights is computed under the units-of-production over the estimated proven and probable reserve tons.

SFAS No. 143, "Accounting for Asset Retirement Obligations" addresses the financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The Company records the fair value of an asset retirement obligation as a liability with the corresponding increases to the carrying amount of the long-lived assets that are amortized over the life of the assets. The liability is adjusted each period to reflect the passage of time and changes in the estimates.

(h) Impairment of Long-Lived Assets

Long-lived assets and purchased intangibles subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Recoverability of an asset to be held and used is measured by a comparison of the carrying amount of the asset to estimated undiscounted future cash flows without interest expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. Fair values are determined based on market values, appraisal or discounted future cash flows based on realistic assumptions less costs to sell.

Assets to be disposed of are reported separately in the balance sheet at the lower of the carrying amount or fair value less cost to sell, and are no longer depreciated. The assets and liabilities of a disposal group classified as held for sale would be presented separately in the appropriate asset and liability sections of the balance sheet.

(i) Goodwill and Other Intangible Assets

Goodwill represents the excess of the cost of an acquired entity over the net of the amount assigned to assets acquired and liabilities assumed. SFAS No. 141, "Business Combinations" requires that all business combinations are accounted for by the purchase method. Under SFAS No. 142, "Goodwill and Other Intangible Assets," goodwill is not amortized and instead requires annual impairment testing thereof at least annually. Intangible assets with a definite useful life are amortized over their respective estimated useful lives and reviewed for impairment in accordance with SFAS No. 144. Intangible assets determined to have an indefinite useful life are not amortized, but instead are tested for impairment based on fair value at least annually until the remaining life would be determined to no longer be indefinite.

Goodwill and intangible assets not subject to amortization are tested for impairment at the reporting unit level at least annually, or more often if events or circumstances, such as adverse changes in the business climate, indicate that there may be impairment.

(j) Stock Option Plan

The Company has stock option plans as incentive plans for directors, executive officers, and corporate officers under the Company's qualification system.

The Company accounted for these arrangements under SFAS No. 123R, "Share-Based Payment." SFAS No. 123R requires measurement of the cost of employee services received in exchange for stock compensation based on the grant-date fair value of the employee stock options. Incremental compensation costs arising from subsequent modifications of awards after the grant date must also be recognized. The Company adopted SFAS No. 123R under the modified prospective method of application.

(k) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the enactment date.

The Companies adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109" ("FIN No. 48") on April 1, 2007. FIN No. 48 clarifies the criteria for recognizing tax benefits under SFAS No. 109, "Accounting for Income Taxes." FIN No. 48 also requires additional financial statement disclosures about uncertain tax positions. The Companies recognize interest and penalties accrued to be paid on an underpayment of income taxes in income taxes in the Consolidated Statement of Income. See Note 14 about the effect of the adoption of FIN No. 48.

(l) Derivative Instruments and Hedging Activities

The Companies account for derivatives and hedging activities in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Certain Hedging Activities," as amended, which requires that all derivative instruments be recorded on the accompanying consolidated balance sheets at their respective fair values. The Companies utilize derivative instruments to manage interest rate risk, foreign currency risk and the risk of the price fluctuation of commodity inventories and trading commitments. The primary derivative instruments used by the Companies include foreign exchange forward contracts, currency swaps, interest rate swaps and commodity future contracts.

On the date a derivative contract is entered into, the Companies designate the derivative as a hedge of the fair value of a recognized asset or liability (fair-value hedge), a hedge of the variability of cash flows to be received or paid related to a recognized asset or liability (cash-flow hedge), or a hedge of a net investment in a foreign operation. For all hedging relationships the Companies formally document the hedging relationship, their risk-management objective, strategy for undertaking the hedge, the hedging instrument, the hedged item, the nature of the risk being hedged, how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed, and a description of the method of measuring effectiveness and ineffectiveness. This process includes linking all derivatives that are designated as hedges to specific assets and liabilities on the accompanying consolidated balance sheets. The Companies also formally assess, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a fair-value hedge, along with the loss or gain on the hedged asset or liability that is attributable to the hedged risk, are recorded in earnings. Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a cash-flow hedge are recorded in other comprehensive income (loss) on the accompanying consolidated balance sheets to the extent that the derivative is effective as a hedge, until earnings are affected by the variability in cash flows of the designated hedged item. If a derivative is used as a hedge of a net investment in a foreign operation, its changes in fair value, to the extent effective as a hedge, are recorded in other comprehensive income (loss). The ineffective portion of the change in fair value of a derivative instrument that qualifies as either a fair-value hedge, a cash-flow hedge or a hedge of a net investment in foreign operation is reported in earnings. Changes in the fair value of derivative trading instruments are reported in current period earnings.

The Companies discontinue hedge accounting prospectively when it is determined that the derivative is no longer effective in offsetting changes in the fair value or cash flows of the hedged item, the derivative expires or is sold, terminated, or exercised, or the derivative is de-designated as a hedging instrument, because management determines that designation of the derivative as a hedging instrument is no longer appropriate.

When hedge accounting is discontinued because it is determined that the derivative no longer qualifies as an effective fair-value hedge, the Companies continue to carry the derivative on the accompanying consolidated balance sheets at its fair value and no longer adjust the hedged asset or liability for changes in fair value. The adjustment of the carrying amount of the hedged asset or liability is accounted for in the same manner as other components of the carrying amount of that asset or liability. In all other situations in which hedge accounting is discontinued, the Companies continue to carry the derivative at its fair value on the accompanying consolidated balance sheets and recognize any subsequent changes in its fair value in earnings.

(m) Use of Estimates in the Preparation of the Financial Statements

Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period to prepare these consolidated financial statements in conformity with U.S. GAAP. Significant items subject to such estimates and assumptions include the allowance for doubtful receivables, inventories, investments, impairment of long-lived assets, deferred income taxes and contingencies. Actual results could differ from those estimates.

(n) Net Income per Share

Net income per share is presented in accordance with the provisions of SFAS No. 128, “Earnings per Share.” Under SFAS No. 128, basic net income per share excludes dilution for potential common shares and is computed by dividing net income by the weighted average number of common shares outstanding for the period. Diluted net income per share reflects the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted into common shares.

(o) Revenue Recognition

The Companies recognize revenue when it is realized or realizable and earned. The Companies consider revenue realized or realizable and earned when it has persuasive evidence of an arrangement, the goods have been delivered or the services have been rendered to the customer, the sales price is fixed or determinable, and collectibility is reasonably assured.

The Companies also enter into transactions that include multiple element arrangements, which may include any combination of products, equipment, and installation services. In accordance with FASB EITF No. 00-21, “Revenue Arrangements with Multiple Deliverables,” if certain elements are delivered prior to others in the arrangement, revenue is deferred until the delivery of the last element, unless transactions are such that the price of a deliverable, when it is regularly sold on a standalone basis of the undelivered elements, is available and the functionality of the delivered element is not dependent on the undelivered elements. The Companies allocate revenue involving multiple elements to each element based on its relative fair value.

Gross versus net

In the normal course of business, the Companies frequently act as an intermediary or agent in executing transactions with third parties. In these arrangements, the Companies determine whether to report revenue based on the “gross” amount billed to the ultimate customer for goods or services provided or on the “net” amount received from the customer after commissions and other payments to third parties. However, the amounts of gross profit and net income are not affected by whether revenue is reported on a gross or net basis.

Determining whether revenue should be reported gross or net is based on an assessment of whether the Companies are acting as a “principal” or an “agent” in a transaction. Accordingly, to the extent that the Companies are acting as a principal in a transaction, the Companies report revenue on a gross basis and to the extent that the Companies are acting as an agent in a transaction, the Companies report revenue on a net basis. The determination of whether the Companies are acting as a principal or an agent in a transaction involves judgment and is based on an evaluation of the terms of an arrangement.

Factors that indicate that the Companies act as a principal, and thus recognize revenue on a gross basis include: (i) the Companies are the primary obligor in the arrangement, (ii) the Companies have general inventory risk (before customer order is placed or upon customer return), (iii) the Companies have physical loss inventory risk (after customer order or during shipping), (iv) the Companies have latitude in establishing price, (v) the Companies change the product or perform part of the services, (vi) the Companies have discretion in supplier selection, (vii) the Companies are involved in the determination of product or service specifications, and (viii) the Companies have credit risk.

Factors that indicate that the Companies act as an agent, and thus recognize revenue on a net basis relative to the service offered include: (i) the supplier (not the Companies) is the primary obligor in the arrangement, (ii) the amount the Companies earn is fixed, and (iii) the supplier (not the Companies) has credit risk.

Revenue from sales of tangible products

The Companies generate revenue from sales of tangible products (i) in connection with the Companies' wholesale, retail, manufacturing and processing operations, (ii) in connection with the Companies' real estate operations, and (iii) under long-term construction type arrangements.

The Companies recognize revenue from sales of tangible products in connection with the Companies' wholesale, retail, manufacturing and processing operations when title and risk of loss have been transferred to the customer. Depending upon the terms of the contract, this may occur at the time of delivery or shipment or upon the attainment of customer acceptance. The conditions of acceptance are governed by the terms of the contract or customer arrangement and those not meeting the predetermined specifications are not recognized as revenue until the attainment of customer acceptance. The Companies' policy is not to accept product returns unless the products are defective. The Companies have no material exposure to losses under warranty provisions on transactions with which the Companies are involved. Such losses are recognized when probable and estimable. The effects of rebate and discount programs are recognized as a reduction of revenue. The effects of such programs are not material. The Companies recognize revenue upon delivery, shipment, or upon the attainment of customer acceptance for steel service center operations in which the Companies process and cut steel sheets to customer specifications [Metal Products], dealership operations in which the Companies sell automobiles to general consumers and distribute construction equipment and machinery to construction companies [Transportation & Construction Systems], retail business operations such as supermarkets and drugstores [Media, Network & Lifestyle Retail], plastic products [Chemical & Electronics], and service station operations in which the Companies provide petroleum for automobiles [Mineral Resources & Energy].

Revenues from sale of land, office-buildings, and condominiums are recognized using the full accrual method provided that various criteria relating to the terms of the transactions are met. These criteria deal with whether (i) a sale is consummated, (ii) the buyer's initial and continuing investments are adequate, (iii) the seller's receivable is not subject to future subordination, and (iv) the seller has transferred to the buyer the usual risks and rewards of ownership and does not have a substantial continuing involvement with the property. Revenues relating to transactions that do not meet the established criteria are deferred and recognized when the criteria are met or using the installment or cost recovery methods as appropriate in the circumstances.

The Companies generate revenue from sales of tangible products under long-term construction type arrangements, principally in connection with the construction of power plants in which the Companies provide engineering, procurement and construction [Infrastructure] under the percentage-of-completion method as prescribed by AICPA Statement of Position ("SOP") No. 81-1, "Accounting for Performance of Construction-Type and Certain Production-Type Contracts." Progress toward completion is measured using the cost-to-cost method. Under the cost-to-cost method, revenues are recognized based on the ratio that costs incurred bear to total estimated costs. The Companies review cost performance and estimate to complete projections on its contracts at least quarterly, and in many cases, more frequently. The impact of revisions of profit estimates on fixed price contracts are recognized in the period in which the revisions are made. Anticipated losses on fixed price contracts are charged to earnings when such losses can be estimated. Provisions are made for contingencies in the period in which they become known pursuant to specific contract terms and conditions are estimable.

Revenue from sales of services and others

The Companies also generate revenue from sales of services and others in connection with (i) customized software development services contracts and other software related services, (ii) direct financing and operating leases of automobiles, vessels, and aircrafts, and (iii) all other service arrangements such as arranging finance and coordinating logistics in connection with trading activities.

The Companies recognize revenue from customized software development services contracts and other software related services in accordance with the provisions of SOP No. 97-2, "Software Revenue Recognition," as amended by SOP No. 98-9, "Modification of SOP No. 97-2, Software Revenue Recognition, With Respect to Certain Transactions." Revenue from the customized software services contracts that require the Companies to develop, manufacture or modify information technology (IT) systems to a customer's specification, and to provide services related to the performance of such contracts, is recognized upon customer acceptance if pricing is fixed and determinable and collectibility is probable. The terms of such service contracts are less than one year. Revenue from maintenance is recognized over the contractual period or as the services are performed [Media, Network & Lifestyle Retail].

The Companies recognize revenue from direct financing leases, sales type leases and leveraged leases using methods that approximate the interest method. The Companies recognize revenue from the sales of equipment under sales type leases at the inception of lease. Related origination and other non-refundable fees and direct origination costs are deferred and amortized as an adjustment of interest and direct financing lease income over the contractual lives of the arrangements. Rental income on operating leases is recognized on an accrual basis.

The accrual of interest income on direct financing leases, sales type leases and leveraged leases is generally suspended and an account placed on non-accrual status when payment of principal on interest is contractually delinquent for ninety days or more, or earlier when in the opinion of management, full collection of principal and interest is doubtful. To the extent that the estimated value of collateral does not satisfy both the principal and accrued income receivables, previously accrued interest is reversed. Proceeds received on non-accrued loans are applied to the outstanding principal balance until such time as the outstanding receivable is collected, or charged off, or returned to accrual status.

Direct financing leases, sales type leases and leveraged leases are recorded at the aggregate of future minimum lease payments plus estimated residual values less unearned finance income. Operating lease equipment is carried at cost less accumulated depreciation and is depreciated to estimated residual value using the straight-line method over the projected economic life of the asset. Equipment acquired in satisfaction of loans and subsequently placed on operating lease is recorded at the lower of carrying value or estimated fair value when acquired. Management performs periodic reviews of the estimated residual values and recognizes impairment losses in the period they are determined to occur. The Companies recognize revenue from operating leases in connection with automobiles leased to consumers, vessels leased to shipping companies, aircraft leased to airlines [Transportation & Construction Systems], and rental of commercial real estate [General Products & Real Estate].

Revenue from all other service arrangements include transactions in which the Companies act between customer and supplier as agent or broker to provide such services as arranging financing or coordinating logistics in connection with trading activities. Such revenues are recognized when the contracted services are rendered to third-party customers.

Total trading transactions

Total trading transactions is a voluntary disclosure and represents the gross transaction volume of trading transactions, or the nominal aggregate value of the transactions for which the Companies act as principal or as agent. Total trading transactions is not meant to represent sales or revenues in accordance with U.S. GAAP. Total trading transactions should not be construed as equivalent to, or a substitute or proxy for, revenues, or as an indicator of our operating performance, liquidity or cash flows generated by operating, investing or financing activities. A substantial part of total trading transactions represents transactions in which the Companies participate without physical acquisition of goods or without significant inventory risk. The Companies have included the information concerning total trading transactions because it is used by similar Japanese trading companies as an industry benchmark, and the Companies believe it is a useful supplement to results of operations data as a measure of the Companies' performance compared to other similar Japanese trading companies.

(p) Issuance of Stock by Subsidiaries and Associated Companies

The Company recognizes a gain or loss when a subsidiary or an associated company issues its shares to third parties at amounts in excess of or less than the Company's average carrying value. Such a gain or loss is recognized only when the realization of a gain or loss is reasonably assured and the value of the proceeds can be objectively determined.

(q) Capitalized Software Costs

The Companies capitalize certain costs incurred to purchase or develop software for internal-use. Costs incurred to develop software for internal-use are expensed as incurred during the preliminary project stage, which includes costs for making strategic decisions about the project, determining performance and system requirements and vendor demonstration cost. Costs incurred subsequent to the preliminary project stage through implementation are capitalized. The Companies also expense costs incurred for internal-use software projects in the post implementation stage such as costs for training and maintenance.

Costs incurred to develop software to be sold are capitalized subsequent to the attainment of technological feasibility in the form of detailed program design. Those costs include coding and testing performed subsequent to establishing technological feasibility. Costs incurred prior to reaching technological feasibility are expensed as incurred. Capitalized software costs are amortized on a product-by-product basis. The annual amortization is the greater of the amount computed using (i) the ratio that current gross revenues for a product bear to the total of current and anticipated future gross revenues for that product or (ii) the straight-line method over the remaining estimated economic life of the product including the period being reported on. Amortization starts when the product is available for general release to customers.

(r) Fair Value Measurements

The Companies adopted SFAS No. 157, "Fair Value Measurements." SFAS No. 157 defines fair value, establishes a framework for the measurement of fair value, and enhances disclosures about fair value measurements. SFAS No. 157 applies when other accounting pronouncements require or permit fair value measurements. See Note 18 about disclosures under SFAS No.157.

(s) New Accounting Standards

In December, 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations" ("SFAS No. 141R"). SFAS No. 141R amends the principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired arising from business combinations. SFAS No. 141R also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. SFAS No. 141R is effective as of the beginning of an entity's first fiscal year that begins after December 14, 2008. The Companies are evaluating the effect of the adoption of SFAS No. 141R.

In December, 2007, the FASB issued SFAS No. 160, "Noncontrolling Interest in Consolidated Financial Statements, an amendment of ARB No. 51." SFAS No. 160 defines the accounting for noncontrolling interests (previously referred to as minority interests) which should be reported as a component of equity. SFAS No. 160 also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS No. 160 is effective as of the beginning of an entity's first fiscal year that begins after December 14, 2008. The Companies are evaluating the effect of the adoption of SFAS No. 160.

(t) Reclassifications

Certain reclassifications of previously reported amounts have been made to conform to the current year presentation.

3 ACQUISITIONS

2009

On January 12, 2009, the Company executed a sales and purchase agreement with Apex Silver Mines Limited whereby the Company purchased 65% of the shares of Minera San Cristobal S.A. ("MSC") which wholly owns an interest in the development and operations of San Cristobal Silver, Zinc and Lead Mining Project in the Plurinational State of Bolivia. The acquisition from Apex Silver Mines Limited for consideration of $27.5 million was completed on March 24, 2009. As a result of the acquisition, the Company owns 100% of the shares of MSC and MSC is now a wholly owned subsidiary of the Company.

The acquisition was made to allow the Company to develop and operate the project under its own control.

The accompanying consolidated financial statements for the year ended March 31, 2009 include the operating results of MSC based on the 35% ownership of MSC before the acquisition of the 65% interest as described above.

The following table summarizes the estimated fair values of the assets purchased and liabilities assumed at the date of purchase.

	Millions of Yen	Millions of U.S. Dollars
Current assets	¥ 18,728	$ 189
Property and equipment	72,379	731
Other assets	15,526	157
Total assets purchased	106,633	1,077
Current liabilities	(19,590)	(198)
Long-term liabilities	(63,277)	(639)
Total liabilities assumed	(82,867)	(837)
Book value of investment before acquisition	(21,079)	(213)
Net assets purchased	¥ 2,687	$ 27

During the year ended March 31, 2009, excluding the MSC acquisition, the Companies made material business acquisitions of four companies with an aggregate purchase price of ¥8,315 million ($84 million), including businesses with operations in the sales and rental of construction machineries and material, sales and processing of steel pipe and aluminum products (for cylinder etc.), sales and manufacturing of commercial vehicles, sales and processing of steel sheets and other operations. In connection with these business combinations, ¥1,905 million ($19 million) and ¥1,040 million ($11 million) were recognized in other intangible assets and goodwill, respectively. The intangible assets subject to amortization consist primarily of customer relationships.

The Companies have used preliminary estimates with respect to the value of the underlying net assets acquired above in determining goodwill. The amount of goodwill may be adjusted upon completion of the final purchase price allocation.

2008

On May 22, 2007, the Company executed a comprehensive business restructuring agreement ("the Master Agreement") with Liberty Media International, Inc. ("LMI"), Liberty Programming Japan, Inc. (a wholly-owned subsidiary of LMI; "LPJ") and Jupiter TV Co., Ltd. (a joint venture with 50% investment by the Company and LPJ, respectively; "JTV") regarding the business restructuring of JTV, which owned shares in Jupiter Shop Channel Co., Ltd. ("Shop"). The business restructuring included following items;

(1) The Company purchased one share of JTV to be issued under the third-party share allocation on May 23, 2007, automatically turning JTV into a consolidated subsidiary of the Company, holding shares of over 50%.

The purchase price was determined based on the expected future cash flows JTV will generate. The accompanying consolidated financial statements for the year ended March 31, 2008 include the operating results of JTV based on the increase of ownership, from 50% to over 50% of shares outstanding after the purchase of newly issued shares of JTV on May 23, 2007.

The following table summarizes the estimated fair values of the assets purchased and liabilities assumed at the date of purchase.

	Millions of Yen
Current assets	¥ 35,364
Property and equipment	7,744
Goodwill and other intangible assets	7,492
Other assets	7,394
Total assets purchased	57,994
Current liabilities	(17,165)
Long-term liabilities	(3,743)
Minority interest	(23,433)
Total liabilities assumed	(44,341)
Book value of investment before acquisition	(13,652)
Net assets purchased	¥ 1

(2) Corporate spin-off and establishment of a new company ("the Spin-off") under which JTV was the Spin-off company and the new company established on July 2, 2007 ("JTV1") was the Successor company. The company name of "JTV" was changed to "SC Media & Commerce Inc." beginning July 2, 2007.

(3) The Company acquired SC Media & Commerce Inc. as a wholly-owned subsidiary through a share exchange between the Company and SC Media & Commerce Inc. ("the Share Exchange") on July 3, 2007, which was conditional on the Spin-off being effective. The fair value of treasury stock granted to LPJ upon the Share Exchange was ¥102,124 million.

This transaction promoted the further growth of the Shop business by directly linking the Shop operation with the strategy of the Company, and strengthening of the business foundations of the Company's overall retail business that the Company is actively expanding. In addition, the Company intends to maximize revenues by expanding new retail business opportunities from e-commerce and Web marketing, etc.

In connection with this transaction, ¥46,463 million and ¥58,708 million were assigned to intangible assets subject to amortization and goodwill, respectively. The intangible assets subject to amortization consist primarily of customer relationships with a weighted-average amortization period of 17 years.

(4) Jupiter Telecommunications Co., Ltd. (equity method affiliate of the Company; "J:COM") and JTV1 had merged on September 1, 2007, which was conditional on the Spin-off being effective. By merging J:COM and JTV1, the Company intends to maximize revenues of J:COM business and the programming provisioning business through utilizing the financial strength and customer information of J:COM to provide more attractive programming service for the customers.

On October 13, 2006, the Company, Sumisho Lease Co., Ltd. ("SCL"), Sumisho Auto Leasing Corporation ("SAL"), Sumitomo Mitsui Financial Group, Inc. ("SMFG"), SMBC Leasing Company, Limited, a wholly owned subsidiary of SMFG ("SMBC Leasing") and SMBC Auto Leasing Company, Limited, a wholly owned subsidiary of SMBC Leasing ("SMBC Auto Leasing") announced that they had reached a basic agreement to pursue strategic joint businesses in leasing and auto leasing.

SAL and SMBC Auto Leasing merged on October 1, 2007 and the newly merged company's name was changed to "Sumitomo Mitsui Auto Service Company, Limited."

SAL issued 10,767,948 common shares at ¥4,139 per share, or ¥44,567 million in total, in this merger.

This transaction's objective is to win a place in the leasing industry that is becoming increasingly competitive and to establish a structure aimed at being ranked number one with respect to market share based upon the high-quality of customer bases of both the Companies' Group and SMFG by combining high-value-added service based on SAL's value chain and business network of SMBC Auto Leasing.

The Company had a wholly-owned ownership of the voting shares of SAL prior to this merger and a 60% ownership of the voting shares of Sumitomo Mitsui Auto Service Company, Limited. The merger ratio was determined based on the stock value of SAL and SMBC Auto Leasing.

The following table summarizes the estimated fair values of the assets purchased and liabilities assumed at the date of merger.

	Millions of Yen
Current assets	¥ 228,032
Property and equipment	76,957
Other assets	24,085
Total assets purchased	329,074
Current liabilities	(222,772)
Long-term liabilities	(70,543)
Minority interest	(6,518)
Total liabilities assumed	(299,833)
Net assets purchased	¥ 29,241

In connection with this transaction, ¥5,280 million and ¥13,983 million were assigned to intangible assets subject to amortization and goodwill, respectively. The intangible assets subject to amortization consist primarily of customer relationships with a weighted-average amortization period of 20 years.

As a result of this merger, the Companies recognized a gain of ¥13,021 million, related to the difference between the Companies' book value of the investment and the price at which shares were sold to SMFG which is classified as "Gain (loss) on issuances of stock by subsidiaries and associated companies." The Companies have not recognized income taxes for this gain because the Companies have a tax planning strategy with an objective to avoid any future taxes on the gain.

For the year ended March 31, 2008, other than SC Media & Commerce Inc. and SMBC Auto Leasing acquisition, the Companies made material business acquisitions with an aggregate purchase amount of ¥20,069 million for six companies, including operations such as a leading oilfield services provider to OEM's, sale, import and design of Italian apparel, automobile lease, financial services provider focused on the domestic companies, internet drugstore, sales of U.S. natural soda ash and others. In connection with these business combinations, ¥8,053 million and ¥5,630 million were recognized in other intangible assets and goodwill, respectively. The intangible assets subject to amortization consist primarily of customer relationships.

4 CASH FLOW INFORMATION

Supplemental disclosure of cash flow information for the years ended March 31, 2009, 2008 and 2007 is as follows:

	Millions of Yen			Millions of U.S. Dollars
	2009	2008	2007	2009
Cash paid during the year for:				
Interest	¥ 53,023	¥ 78,324	¥ 70,886	$ 536
Income taxes	106,867	147,062	78,349	1,079
Non-cash investing and financing activities:				
Capital lease obligations incurred	2,035	26,125	26,710	21
Acquisition of wholly-owned subsidiaries due to Share Exchange Agreement (Note 3)	—	102,870	—	—
Acquisition of subsidiaries:				
Fair value of assets acquired	132,269	474,318	1,545,745	1,336
Fair value of liabilities assumed	(98,526)	(384,807)	(1,306,466)	(995)
Minority interests assumed	(2,574)	(37,761)	(3,759)	(26)
Fair value of treasury stock	—	—	15,468	—
Book value of investment before acquisition	(23,412)	(45,567)	(50,355)	(237)
Gain on issuances of stock by subsidiaries and associated companies	—	(13,021)	—	—
Cash paid (received), net	7,757	(6,838)	200,633	78
Deconsolidation of subsidiaries due to merger:				
Transferred assets	—	1,470,331	—	—
Transferred liabilities	—	(1,218,443)	—	—
Gain on issuances of stock by subsidiaries and associated companies	—	27,252	—	—
Acquired investment	—	279,140	—	—

5 MARKETABLE SECURITIES AND OTHER INVESTMENTS

Marketable securities and other investments as of March 31, 2009 and 2008 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	2009
Marketable securities—current:			
Trading	¥ 8,927	¥12,830	$ 90
Available-for-sale	3,024	855	31
Held-to-maturity	7,012	6,171	71
	¥18,963	¥19,856	$192

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	2009
Other investments:			
Available-for-sale	¥283,040	¥490,431	$2,859
Held-to-maturity	550	7,320	6
Non-marketable securities and other investments	166,690	157,439	1,684
	¥450,280	¥655,190	$4,549

(a) Marketable Equity Securities and All Debt Securities

Information regarding each category of securities classified as trading, available-for-sale and held-to-maturity as of March 31, 2009 and 2008 is as follows (excluding non-marketable securities and other investments discussed below):

	Millions of Yen			
As of March 31, 2009:	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Trading	¥ 8,927	¥ —	¥ —	¥ 8,927
Available-for-sale:				
Equity securities	232,298	60,908	(10,539)	282,667
Debt securities	3,387	10	—	3,397
Held-to-maturity	7,562	—	—	7,562
	¥252,174	¥60,918	¥(10,539)	¥302,553

	Millions of Yen			
As of March 31, 2008:	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Trading	¥ 12,830	¥ —	¥ —	¥ 12,830
Available-for-sale:				
Equity securities	238,142	236,715	(7,233)	467,624
Debt securities	21,259	2,403	—	23,662
Held-to-maturity	13,491	—	—	13,491
	¥285,722	¥239,118	¥(7,233)	¥517,607

	Millions of U.S. Dollars			
As of March 31, 2009:	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Trading	$ 90	$ —	$ —	$ 90
Available-for-sale:				
Equity securities	2,347	615	(106)	2,856
Debt securities	34	0	—	34
Held-to-maturity	77	—	—	77
	$2,548	$615	$(106)	$3,057

Debt securities classified as available-for-sale securities and held-to-maturity securities mainly consist of preferred stock that must be redeemed, Japanese government and municipal bonds, and corporate debt securities. Gross unrealized losses on marketable securities that had been in a continuous unrealized loss position for twelve months or longer as of March 31, 2009 were immaterial.

The carrying values of debt securities classified as available-for-sale and held-to-maturity as of March 31, 2009 and 2008 are summarized by contractual maturities as follows:

	Millions of Yen				Millions of U.S. Dollars	
	2009		2008		2009	
	Available-for-sale	Held-to-maturity	Available-for-sale	Held-to-maturity	Available-for-sale	Held-to-maturity
Due in one year or less	¥2,978	¥7,012	¥ 573	¥ 6,171	$30	$71
Due after one year through five years	416	550	23,075	7,320	4	6
Due after five years through ten years	3	—	14	—	0	—
Due after ten years	—	—	—	—	—	—
Total	¥3,397	¥7,562	¥23,662	¥13,491	$34	$77

Proceeds from sales and gross gain and loss on sale of securities on available-for-sale securities for the years ended March 31, 2009, 2008 and 2007 are as follows:

	Millions of Yen			Millions of U.S. Dollars
	2009	2008	2007	2009
Proceeds from sales	¥12,647	¥51,391	¥48,246	$128
Gross gain on sale of securities	¥ 6,600	¥46,086	¥35,725	$ 67
Gross loss on sale of securities	245	1,269	235	3
Net realized gains	¥ 6,355	¥44,817	¥35,490	$ 64

(b) Non-Marketable Securities and Other Investments

Other investments as of March 31, 2009 and 2008 included investments in non-traded, unassociated companies, and others, amounting to ¥166,690 million ($1,684 million) and ¥157,439 million, respectively. As of March 31, 2009 and 2008, investments in non-traded securities of unassociated companies, and others carried at cost were ¥153,910 million ($1,555 million) and ¥144,410 million, respectively. If there is decline in the fair value of an investment below its carrying amount that is determined to be other than temporary, the investment is written down to its fair value. As of March 31, 2009 and 2008, investments with aggregate cost of ¥83,369 million ($842 million) and ¥118,041 million, respectively, were not evaluated for fair value because no events or changes in circumstances that might have a significant adverse effect on the fair value were identified in the impairment evaluation, and estimation of fair value is not practicable.

6 RECEIVABLES

Receivables by operating segment as of March 31, 2009 and 2008 are summarized as follows:

	Millions of Yen				
As of March 31, 2009:	Notes and loans receivable	Accounts receivable	Receivables from associated companies	Long-term receivables	Total
Metal Products	¥ 43,016	¥ 202,233	¥ 19,885	¥ 7,800	¥ 272,934
Transportation & Construction Systems	72,397	222,842	44,563	419,335	759,137
Infrastructure	12,159	89,445	426	211,673	313,703
Media, Network & Lifestyle Retail	5,759	44,347	1,803	41,109	93,018
Chemical & Electronics	12,562	114,745	240	2,187	129,734
Mineral Resources & Energy	66,279	140,574	5,638	67,267	279,758
General Products & Real Estate	14,538	101,148	5,599	28,768	150,053
Financial & Logistics	20,984	60,704	5,064	38,780	125,532
Others	(59,130)	327,992	32,725	54,076	355,663
	188,564	1,304,030	115,943	870,995	2,479,532
Less: Allowance for doubtful receivables	(2,117)	(14,066)	(294)	(33,051)	(49,528)
Total	¥186,447	¥1,289,964	¥115,649	¥837,944	¥2,430,004

	Millions of Yen				
As of March 31, 2008:	Notes and loans receivable	Accounts receivable	Receivables from associated companies	Long-term receivables	Total
Metal Products	¥ 58,745	¥ 268,898	¥ 20,719	¥ 8,894	¥ 357,256
Transportation & Construction Systems	66,294	281,919	48,954	455,685	852,852
Infrastructure	11,335	92,467	1,138	199,063	304,003
Media, Network & Lifestyle Retail	7,520	70,863	1,572	91,428	171,383
Chemical & Electronics	13,999	192,446	1,487	3,097	211,029
Mineral Resources & Energy	41,708	263,942	826	34,527	341,003
General Products & Real Estate	18,733	119,149	2,887	33,121	173,890
Financial & Logistics	21,569	91,549	712	46,578	160,408
Others	2,409	400,881	31,059	75,697	510,046
	242,312	1,782,114	109,354	948,090	3,081,870
Less: Allowance for doubtful receivables	(1,960)	(12,622)	(207)	(22,099)	(36,888)
Total	¥240,352	¥1,769,492	¥109,147	¥925,991	¥ 3,044,982

As of March 31, 2009:	Millions of U.S. Dollars Notes and loans receivable	Accounts receivable	Receivables from associated companies	Long-term receivables	Total
Metal Products	$ 434	$ 2,043	$ 201	$ 79	$ 2,757
Transportation & Construction Systems	731	2,251	450	4,236	7,668
Infrastructure	123	903	5	2,138	3,169
Media, Network & Lifestyle Retail	58	448	18	415	939
Chemical & Electronics	127	1,159	2	22	1,310
Mineral Resources & Energy	670	1,420	57	679	2,826
General Products & Real Estate	147	1,022	56	291	1,516
Financial & Logistics	212	613	51	392	1,268
Others	(597)	3,313	331	546	3,593
	1,905	13,172	1,171	8,798	25,046
Less: Allowance for doubtful receivables	(21)	(142)	(3)	(334)	(500)
Total	$1,884	$13,030	$1,168	$8,464	$24,546

The following analysis of activity in the allowance for credit losses for the years ended March 31, 2009, 2008 and 2007 encompasses allowance for receivables.

	Millions of Yen			Millions of U.S. Dollars
	2009	2008	2007	2009
Balance, beginning of year	¥ 36,888	¥ 42,048	¥ 56,038	$ 373
Provision for allowance for doubtful receivables	17,465	11,077	8,041	176
Charge-off	(1,416)	(15,336)	(22,819)	(14)
Foreign currency translation adjustments	(3,409)	(901)	788	(35)
Balance, end of year	49,528	36,888	42,048	500
Less: Current portion	(16,477)	(14,789)	(13,594)	(166)
Long-term portion	¥ 33,051	¥ 22,099	¥ 28,454	$ 334

As of March 31, 2009 and 2008, the total gross amount of long-term receivables considered impaired was ¥43,363 million ($438 million) and ¥27,979 million, respectively, and the related valuation allowance provided as at each year-end was ¥33,102 million ($334 million) and ¥20,138 million, respectively. The amount of long-term receivables considered impaired, for which no allowance for doubtful receivable was provided, was ¥1,044 million ($11 million) and ¥1,089 million as of March 31, 2009 and 2008, respectively.

The average investment in impaired receivables for the years ended March 31, 2009 and 2008 was ¥35,149 million ($355 million) and ¥39,809 million, respectively.

The Companies recognize interest income on impaired loans on a cash basis. Interest income on impaired loans recognized for the years ended March 31, 2009, 2008 and 2007 was not material.

7 INVENTORIES

Major segments that hold inventories are Overseas Subsidiaries and Branches, General Products & Real Estate, Metal Products and Transportation & Construction Systems, described in Note 20. Real estate held for development and resale aggregated ¥82,202 million ($830 million) and ¥55,405 million as of March 31, 2009 and 2008, respectively, mainly in General Products & Real Estate.

8 INVESTMENTS IN AND ADVANCES TO ASSOCIATED COMPANIES

Associated companies operate principally in the manufacturing and service industries and participate substantially in the Companies' revenue generating transactions as either purchasers or suppliers.

Investments in and advances to associated companies as of March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Investments in common stock	**¥767,960**	¥768,306	**$7,757**
Advances	**125,412**	115,329	**1,267**
Total	**¥893,372**	¥883,635	**$9,024**

Investments in common stock in the above include goodwill amounting to ¥156,318 million ($1,579 million) and ¥146,387 million as of March 31, 2009 and 2008, respectively. The ending balance as of March 31, 2009 includes goodwill determined using an initial purchase price allocation. Associated companies numbered 229 and 232 and weighted average ownership percentages for those associated companies were approximately 31% and 34% as of March 31, 2009 and 2008, respectively. Investments in common stock of certain associated companies as of March 31, 2009 and 2008 included marketable securities of public associated companies with carrying amounts of ¥54,729 million ($553 million) and ¥29,495 million, respectively, with corresponding aggregate quoted market values of ¥50,893 million ($514 million) and ¥41,818 million, respectively.

Summarized combined financial information of associated companies accounted for by the equity method as of March 31, 2009 and 2008 and for the years ended March 31, 2009, 2008 and 2007 are presented below:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Current assets	**¥2,994,962**	¥2,452,522	**$30,252**
Property and equipment, net	**1,827,265**	1,392,618	**18,457**
Other assets	**2,231,026**	2,951,663	**22,536**
Total assets	**¥7,053,253**	¥6,796,803	**$71,245**
Current liabilities	**¥2,633,525**	¥2,618,427	**$26,601**
Non-current liabilities	**2,445,519**	2,383,764	**24,702**
Shareholders' equity	**1,974,209**	1,794,612	**19,942**
Total liabilities and shareholders' equity	**¥7,053,253**	¥6,796,803	**$71,245**

	Millions of Yen			Millions of U.S. Dollars
	2009	2008	2007	**2009**
Gross profit	**¥749,590**	¥665,940	¥590,183	**$7,572**
Net income	**¥255,060**	¥206,594	¥223,310	**$2,576**

Associated companies include certain variable interest entities as defined in FIN No. 46R where the companies are not deemed to be the primary beneficiary. These variable interest entities mainly engage in mineral resources development projects. These variable interest entities have total assets of ¥210,630 million ($2,128 million) and ¥90,894 million as of March 31, 2009 and 2008, respectively. The total amounts of investments in, advances to and guarantees of indebtness for these variable interest entities were ¥91,260 million ($922 million) and ¥20,215 million as of March 31, 2009 and 2008, respectively.

The three major associated companies accounted for by the equity method included in the summarized combined financial information above are Sumitomo Mitsui Finance and Leasing Company, Limited (40% owned), Jupiter Telecommunication Co., Ltd. (approximately 27.7% owned), and P.T. Newmont Nusa Tenggara (economic interest 26% owned). The following summarized financial information for these three associated companies has been presented due to the relative significance of these entities to the Company's operations.

Sumitomo Mitsui Finance and Leasing Company, Limited

Sumitomo Mitsui Finance and Leasing Company, Limited's summarized financial information as of and for the year ended March 31, 2009 and 2008:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Lease receivables and others	**¥3,008,179**	¥3,329,224	**$30,386**
Property and equipment, net	**183,851**	52,053	**1,857**
Total assets	**¥3,192,030**	¥3,381,277	**$32,243**
Current liabilities	**¥1,533,999**	¥1,571,836	**$15,495**
Non-current liabilities	**1,130,881**	1,284,471	**11,423**
Shareholders' equity	**527,150**	524,970	**5,325**
Total liabilities and shareholders' equity	**¥3,192,030**	¥3,381,277	**$32,243**

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Revenues	**¥646,176**	¥798,577	**$6,527**
Net income	**¥ 12,692**	¥ 13,344	**$ 128**

Sumitomo Mitsui Finance and Leasing Company, Limited engages in a variety of financial services, including leasing and leasing-related financing services. On October 1, 2007, Sumisho Lease Co., Ltd. merged with SMBC Leasing Company, Limited and changed its company name to Sumitomo Mitsui Finance and Leasing Company, Limited. Sumisho Lease Co., Ltd. was a consolidated subsidiary as of March 31, 2007. Sumisho Lease Co., Ltd. issued Sumitomo Mitsui Financial Group, Inc. 52,422,762 common shares at ¥7,011 per share, or ¥367,552 million in total, in this merger. As a result of this merger, the Companies recognized a gain of ¥27,252 million, related to the difference between the Companies' book value of the investment and the price at which shares were issued to Sumitomo Mitsui Financial Group, Inc., classified as "Gain (loss) on issuances of stock by subsidiaries and associated companies" and recognized deferred income taxes of ¥11,174 million on the gain for the year ended March 31, 2008.

Jupiter Telecommunication Co., Ltd. ("J:COM")

J:COM's summarized financial information as of March 31, 2009 and 2008 and for the years ended March 31, 2009, 2008 and 2007:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Current assets	**¥ 62,224**	¥ 50,960	**$ 629**
Property and equipment, net	**380,879**	340,243	**3,847**
Other assets	**316,057**	290,117	**3,192**
Total assets	**¥759,160**	¥681,320	**$7,668**
Current liabilities	**¥ 87,129**	¥ 80,149	**$ 880**
Non-current liabilities	**317,221**	264,488	**3,204**
Shareholders' equity	**354,810**	336,683	**3,584**
Total liabilities and shareholders' equity	**¥759,160**	¥681,320	**$7,668**

	Millions of Yen			Millions of U.S. Dollars
	2009	2008	2007	**2009**
Revenues	**¥303,624**	¥272,328	¥234,466	**$3,067**
Net income	**¥ 28,252**	¥ 25,165	¥ 25,598	**$ 285**

J:COM is a Multiple System Operator (MSO) in Japan that provides multi-channel broadcasting, internet, and telephony services. As of March 31, 2009, the Company held an approximately 27.7% interest in J:COM. An approximately 24.0% interest* in J:COM is indirectly owned through LGI/Sumisho Super Media, LLC ("Super Media"), a holding company that owns shares in J:COM. Super Media is approximately 41.3%-owned by the Company and approximately 58.7%-owned by Liberty Global, Inc. ("LGI"). An approximately 3.7% interest** in J:COM is directly owned by the Company.

* The Company and LGI have an agreement whereby the Company contributed substantially all its remaining ownership interest in J:COM to Super Media in September, 2005. Super Media will dissolve in February 2010 unless the Company and LGI agree otherwise.

**As part of the reorganization of the Company's media business field, including J:COM, the Company acquired an approximately 3.7% interest in J:COM in September 2007. As to the reorganization of the Company's media business field, refer to Note 3.

P.T. Newmont Nusa Tenggara

P.T. Newmont Nusa Tenggara ("PTNNT")'s summarized financial information as of December 31, 2008 and 2007 and for the years ended December 31, 2008, 2007 and 2006:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Current assets	**¥ 35,863**	¥ 77,691	**$ 362**
Property and equipment, net	**123,714**	163,005	**1,250**
Other assets	**57,868**	44,612	**584**
Total assets	**¥217,445**	¥285,308	**$2,196**
Current liabilities	**¥ 32,469**	¥ 41,589	**$ 328**
Non-current liabilities	**56,627**	82,988	**572**
Shareholders' equity	**128,349**	160,731	**1,296**
Total liabilities and shareholders' equity	**¥217,445**	¥285,308	**$2,196**

	Millions of Yen			Millions of U.S. Dollars
	2009	2008	2007	**2009**
Revenues	**¥37,926**	¥99,483	¥108,860	**$383**
Net income	**¥20,085**	¥61,449	¥ 24,337	**$203**

PTNNT, an Indonesian corporation holds a Contract of Work ("COW") issued by the Indonesian government, under which it explores for and develops on an exclusive basis mineral resources within certain defined areas in Sumbawa, Lombok and Nusa Tenggara Barat, Indonesia.

PTNNT is 80%-owned by Nusa Tenggara Partnership V.O.F. ("NTP"), a general partnership organized under the laws of the Netherlands, and 20%-owned by P.T. Pukuafu Indah ("PTPI").

NTP is 43.75%-owned by Nusa Tenggara Mining Corporation, a 74.3%-owned subsidiary of the Company, and 56.25%-owned by Newmont Indonesia Limited ("NIL"), a subsidiary of Newmont Mining Corporation ("Newmont"), both U.S. corporations. Both the Company and Newmont have significant participating rights in the NTP business and unanimous approval is needed for vital NTP decisions.

PTPI owned a 20% "carried interest," as its capital interest, in PTNNT. NTP funded indirectly this carried interest and PTPI agreed to assign 70% of its rights to dividends from PTNNT to NTP, pursuant to an agreement with NIL. Including its share of this carried interest, the Company's economic interest in PTNNT amounted to 30.5%. On May 25, 2007, PTPI fully repaid the carried interest funded by NTP. As a result of the carried interest repayment, the Company's economic interest in PTNNT has been reduced from 30.5% to 26%.

Under the COW, a portion of NTP must be offered for sale to the Indonesian government or to Indonesian nationals. If this offer is accepted, the effect of this provision, combined with the effect of the repayment of the carried interest, could potentially reduce NTP's economic interest in PTNNT to 49%, and that of the Company's to 15.9%. On January 28, 2008, NTP agreed to sell 2% of PTNNT's shares to Kabupaten Sumbawa, one of the local governments. On February 11, 2008, PTNNT received notification from the Indonesian government alleging that PTNNT is in breach of its divestiture requirements under the COW and threatening to issue a notice to terminate the COW if PTNNT does not agree to divest a 3% interest (required to be offered for sale in 2006) and a 7% interest (required to be offered for sale in 2007), in accordance with the direction of the Indonesian government, by March 3, 2008. NTP made an effort to offer for sale to the central government and local governments, but was unsuccessful. On March 3, 2008, the Indonesian government and PTNNT filed for international arbitration as provided for under the article 21 of the COW.

Following a series of the arguments between the Indonesian government and PTNNT over whether or not the Indonesian government is entitled to terminate the COW in July through November 2008 and a hearing held in Jakarta in December 8 to 13, 2008, the arbitration panel issued its Final Award on the matter on March 31, 2009. In its Final Award decision, (1) the arbitration panel determined that PTNNT's foreign shareholders had not complied with the divestiture procedure required by the COW in 2006 and 2007 (2006 3% interest and 2007 7% interest), but the panel ruled that the Indonesian government is not entitled to immediately terminate the COW and the panel rejected the Indonesian government's claim for damages. (2) The Arbitration Panel granted PTNNT 180 days from the date of notification of the Final Award to transfer 17% interest in total including 2008 7% interest as described above in PTNNT to the Indonesian government and local governments or their respective nominees. PTNNT is committed to working with the Indonesian government to transfer the shares pursuant to the award.

The Companies engage in various agency transactions with associated companies involving sales by third parties to associated companies and sales by associated companies to third parties. Net fees earned on these transactions are not material. Transactions with associated companies are summarized as follows:

	Millions of Yen			Millions of U.S. Dollars
	2009	2008	2007	**2009**
Management and secondment fees, received	**¥2,857**	¥2,811	¥3,662	**$29**
Interest income	**2,345**	2,398	2,332	**24**
Interest expense	**879**	763	404	**9**

9 PROPERTY AND EQUIPMENT

Property and equipment, including property and equipment under capital leases (see Note 22) as of March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	**2009**
Land and land improvements	**¥ 224,508**	¥ 208,425	**$ 2,268**
Buildings, including leasehold improvements	**412,822**	386,328	**4,170**
Machinery and equipment	**1,017,666**	916,313	**10,279**
Projects in progress	**23,875**	23,201	**241**
Mining rights	**47,016**	62,190	**475**
Total	**1,725,887**	1,596,457	**17,433**
Less: Accumulated depreciation	**(670,738)**	(599,329)	**(6,775)**
Property and equipment, net	**¥1,055,149**	¥ 997,128	**$10,658**

Depreciation expense for the years ended March 31, 2009, 2008 and 2007 was ¥132,520 million ($1,338 million), ¥123,681 million and ¥93,812 million, respectively.

The Companies assess the potential impairment of all material long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Certain assets, primarily mining rights of oil development in North Sea were deemed to be impaired during the year ended March 31, 2009, and certain assets, primarily mining rights of gas development in North America were deemed to be impaired during the years ended March 31, 2008 and 2007. Those impairment losses were recognized in Mineral Resources & Energy and Overseas Subsidiaries and Branches. The losses recognized from the impairment for the years ended March 31, 2009, 2008 and 2007 were applicable to the following segments:

	Millions of Yen			Millions of U.S. Dollars
	2009	2008	2007	**2009**
Metal Products	**¥ —**	¥ 18	¥ 46	**$—**
Transportation & Construction Systems	**4**	15	37	**0**
Infrastructure	**—**	518	140	**—**
Media, Network & Lifestyle Retail	**415**	1,264	754	**4**
Chemical & Electronics	**10**	—	12	**0**
Mineral Resources & Energy	**6,424**	7,185	4,801	**65**
General Products & Real Estate	**1,105**	40	22	**11**
Domestic Regional Business Units and Offices	**—**	—	117	**—**
Overseas Subsidiaries and Branches	**731**	2,762	1,997	**8**
Corporate and Eliminations	**381**	—	1,490	**4**
Total	**¥9,070**	¥11,802	¥9,416	**$92**

These amounts were included in "Impairment losses on long-lived assets" in the accompanying Consolidated Statements of Income. Such impairment losses were calculated based on appraisals for assets or using the best estimates of discounted future cash flows based on realistic assumptions as to continuing operations.

10 GOODWILL AND OTHER INTANGIBLE ASSETS

(a) Intangible Assets

The components of intangible assets subject to amortization as of March 31, 2009 and 2008 are as follows:

	Millions of Yen			Millions of U.S. Dollars		
	2009			2009		
	Gross amount	Accumulated amortization	Net carrying value	Gross amount	Accumulated amortization	Net carrying value
Software	¥103,196	¥ 75,263	¥ 27,933	$1,042	$ 760	$ 282
Sales licenses, trademarks and customer relationships	189,619	33,765	155,854	1,915	341	1,574
Other	13,974	4,913	9,061	142	50	92
Total	¥306,789	¥113,941	¥192,848	$3,099	$1,151	$1,948

	Millions of Yen		
	2008		
	Gross amount	Accumulated amortization	Net carrying value
Software	¥ 85,416	¥58,491	¥ 26,925
Sales licenses, trademarks and customer relationships	175,222	29,067	146,155
Other	9,952	3,619	6,333
Total	¥270,590	¥91,177	¥179,413

Intangible assets subject to amortization acquired during the years ended March 31, 2009 and 2008 were ¥51,631 million ($522 million) and ¥75,629 million, respectively, which were related primarily to acquisitions described in Note 3. For the year ended March 31, 2007, certain subsidiaries changed their fiscal year-ends to March 31, mainly from December 31, in order to conform the subsidiaries' fiscal year ends with the fiscal year end of the Company. The earnings or losses of the subsidiaries for the stub period of the fiscal year exceeding 12 months were directly credited or charged to unappropriated retained earnings in order to maintain the comparability of periodic earnings. Intangible assets subject to amortization acquired during the stub period of the year ended March 31, 2007 were ¥2 million. The weighted-average amortization periods are five years for software, fifteen years for sales licenses, trademarks and customer relationships, and twenty years for other. Aggregate amortization expense for the years ended March 31, 2009, 2008 and 2007 was ¥24,934 million ($252 million), ¥22,943 million and ¥19,466 million, respectively. Estimated amortization expense for the next five years ending March 31 is: ¥22,787 million ($230 million) in 2010, ¥19,406 million ($196 million) in 2011, ¥17,534 million ($177 million) in 2012, ¥15,833 million ($160 million) in 2013, and ¥13,772 million ($139 million) in 2014, respectively.

The components of intangible assets not subject to amortization as of March 31, 2009 and 2008 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	2009
Leaseholds on land	¥18,549	¥18,364	$187
Sales licenses and trademarks	10,632	6,812	107
Other	725	639	8
Total	¥29,906	¥25,815	$302

In accordance with SFAS No. 142 and No. 144, these intangible assets were tested for impairment. For the years ended March 31, 2009, 2008 and 2007, the Companies recognized impairment losses of ¥1,703 million ($17 million), ¥466 million and ¥93 million, respectively. These amounts were included in "Impairment losses on long-lived assets" in the accompanying Consolidated Statements of Income. Impairment losses recorded for the year ended March 31, 2009 consist primarily of ¥1,555 million ($16 million) for the write-down of intangible assets related to an acquired sales license and others of the U.S. subsidiary. Fair value was determined based on the discounted cash flows in a revised business plan. These impaired assets were included in the Chemical & Electronics Business Unit segment and Overseas Subsidiaries and Branches segment.

(b) Goodwill

The following table shows changes in the carrying amount of goodwill by operating segment for the years ended March 31, 2009 and 2008:

	Millions of Yen				
As of March 31, 2009:	Balance, beginning of year	Acquisition	Impairment losses	Foreign currency translation adjustments and other	Balance, end of year
Metal Products	¥ 5,228	¥ 860	¥ —	¥ (896)	¥ 5,192
Transportation & Construction Systems	28,710	2,161	—	(1,930)	28,941
Media, Network & Lifestyle Retail	72,676	9,314	(372)	1,214	82,832
Chemical & Electronics	6,107	—	(1,449)	(195)	4,463
Mineral Resources & Energy	606	—	—	—	606
General Products & Real Estate	18,453	146	—	(1,460)	17,139
Financial & Logistics	108	—	—	—	108
Overseas Subsidiaries and Branches	42,289	2,035	(2,120)	(3,684)	38,520
Total	¥174,177	¥14,516	¥(3,941)	¥(6,951)	¥177,801

	Millions of Yen				
As of March 31, 2008:	Balance, beginning of year	Acquisition	Impairment losses	Foreign currency translation adjustments and other	Balance, end of year
Metal Products	¥ 3,189	¥ 2,854	¥ —	¥ (815)	¥ 5,228
Transportation & Construction Systems	20,683	13,983	—	(5,956)	28,710
Media, Network & Lifestyle Retail	13,608	58,957	—	111	72,676
Chemical & Electronics	7,533	286	(867)	(845)	6,107
Mineral Resources & Energy	—	606	—	—	606
General Products & Real Estate	22,889	533	—	(4,969)	18,453
Financial & Logistics	—	108	—	—	108
Overseas Subsidiaries and Branches	41,800	8,086	(410)	(7,187)	42,289
Total	¥109,702	¥85,413	¥(1,277)	¥(19,661)	¥174,177

	Millions of U.S. Dollars				
As of March 31, 2009:	Balance, beginning of year	Acquisition	Impairment losses	Foreign currency translation adjustments and other	Balance, end of year
Metal Products	$ 53	$ 9	$ —	$(10)	$ 52
Transportation & Construction Systems	290	22	—	(20)	292
Media, Network & Lifestyle Retail	734	94	(4)	13	837
Chemical & Electronics	62	—	(15)	(2)	45
Mineral Resources & Energy	6	—	—	—	6
General Products & Real Estate	186	1	—	(14)	173
Financial & Logistics	1	—	—	—	1
Overseas Subsidiaries and Branches	427	21	(21)	(37)	390
Total	$1,759	$147	$(40)	$(70)	$1,796

*Foreign currency translation adjustments and other consists primarily of reclassifications to/from other accounts.

In accordance with SFAS No. 142, goodwill was tested for impairment. For the years ended March 31, 2009, 2008 and 2007, the Companies recognized impairment losses of ¥3,941 million ($40 million), ¥1,277 million and ¥313 million, respectively. These amounts were included in "Impairment losses on long-lived assets" in the accompanying Consolidated Statements of Income. Impairment losses recorded for the year ended March 31, 2009 consist primarily of ¥3,569 million ($36 million) for goodwill of the U.S. subsidiary. Fair value was determined based on the discounted cash flows in a revised business plan. This goodwill was included in the Chemical & Electronics Business Unit segment and Overseas Subsidiaries and Branches segment.

The Companies used preliminary estimates with respect to the value of the underlying net assets of the acquired companies in determining the amount of goodwill. The amount of goodwill may be adjusted upon completion of the purchase price allocation.

11 SHORT-TERM AND LONG-TERM DEBT

Short-term debt as of March 31, 2009 and 2008 consisted of the following:

	Millions of Yen				Millions of U.S. Dollars
	2009		2008		2009
		Weighted average interest rate		Weighted average interest rate	
Loans, principally from banks	¥471,057	2.34%	¥356,012	3.42%	$4,758
Commercial paper	321,112	0.84	269,094	1.64	3,244
Total	¥792,169		¥625,106		$8,002

The interest rates represent weighted average rates in effect as of March 31, 2009 and 2008 though the range of the interest rates varies by borrowing currency.

The Companies have line of credit agreements available for immediate borrowing with syndicates of domestic and foreign banks, in the amount of $1,050 million with foreign banks and ¥445,000 million ($4,495million) with domestic banks. All of these lines of credit were unused as of March 31, 2009.

Long-term debt as of March 31, 2009 and 2008 and interest rates as of March 31, 2009 consisted of the following:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	2009
Secured long-term debt:			
Banks and insurance companies, maturing serially through 2024, average rate 4.65%	¥ 221,939	¥ 214,091	$ 2,242
Bonds payable in Indonesian rupiah, maturing serially through 2010, average rate 11.24%	17,015	35,090	172
Unsecured long-term debt:			
Banks and insurance companies, maturing serially through 2025, average rate 1.53%	2,251,570	2,294,652	22,743
Bonds payable in Japanese yen due,			
2008, fixed rate	—	13,991	—
2010, fixed rates 0.81% to 2.07%	30,035	30,078	303
2011, fixed rates 0.82% to 1.28%	32,125	32,017	324
2012, fixed and floating rates 1.07% to 1.17%	30,003	29,924	303
2013, fixed and floating rates 1.03% to 1.43%	45,272	45,196	457
2014, fixed and floating rates 1.45% to 1.83%	40,806	40,797	412
2015, floating rate 0.96%	15,000	15,000	152
2016, fixed rates 1.70% to 2.12%	52,556	52,241	531
2017, fixed and floating rates 1.33% to 1.98%	20,635	20,545	208
2018, fixed and floating rates 1.35% to 1.89%	25,606	25,474	259
2019, fixed rate 2.21%	10,897	10,745	110
Medium-term notes, maturing serially through 2018, average rate 1.84%	116,319	223,977	1,175
Various notes and bonds, maturing serially through 2011, average rate 0.64%	750	810	8
Capital lease obligations	35,310	93,814	357
Other	268,463	286,400	2,712
Total	3,214,301	3,464,842	32,468
Less: Current maturities	(393,014)	(452,850)	(3,970)
Long-term debt, less current maturities	¥2,821,287	¥3,011,992	$28,498

Annual maturities of long-term debt as of March 31, 2009 are as follows:

Year ending March 31,	Millions of Yen	Millions of U.S. Dollars
2010	¥ 393,014	$ 3,970
2011	523,359	5,287
2012	566,917	5,726
2013	421,508	4,258
2014	320,494	3,237
2015 and thereafter	989,009	9,990
Total	¥3,214,301	$32,468

Most short-term and long-term loans from banks contain certain covenants. The banks may, under certain conditions, require the Companies to provide collateral (or additional collateral) or guarantors. The banks may treat any collateral as collateral for all indebtedness to the banks. Several of the loan agreements require maintenance of certain financial ratios and minimum levels of tangible net worth. Default provisions of certain agreements grant certain rights of possession to the banks. The borrower may be required to make early repayments of outstanding amounts under some agreements, principally with government-owned financial institutions, if the lender concludes that the borrower is able to repay the outstanding amount through improved earnings or from the proceeds of an equity or debt offering, and makes the prepayment request. Certain agreements provide that the banks may require the borrower to receive bank approval prior to the payment of dividends and other appropriations of earnings, before presentation to the shareholders. The Companies have not been asked to make any prepayments during the years ended March 31, 2009, 2008 and 2007 and currently do not anticipate any prepayment requests.

The Companies have been in compliance with all of the short-term borrowing and long-term debt obligation covenants for the years ended March 31, 2009, 2008 and 2007.

Pledged Assets

The following table summarizes the book value of assets pledged as collateral for short-term debt and long-term debt, including current maturities of long-term debt of the Companies as of March 31, 2009:

	Millions of Yen	Millions of U.S. Dollars
Cash and deposits	¥ 17,699	$ 179
Marketable securities and investments	68,602	693
Trade receivables and long-term receivables	331,950	3,353
Property and equipment, net	88,480	894
Total	¥506,731	$5,119

Such collateral secured the following obligations:

	Millions of Yen	Millions of U.S. Dollars
Short-term debt	¥ 14,536	$ 147
Long-term debt, including current maturities of long-term debt	327,729	3,310
Total	¥342,265	$3,457

In addition to the above, marketable securities and investments of ¥12,333 million ($125 million) are pledged as substitution for a guarantee deposit.

Trust receipts issued under customary import financing arrangements give recipient banks a security interest in the merchandise imported and/or the accounts receivable or sales proceeds resulting from the sale of such merchandise. The Companies repay the related notes and acceptances payable at the maturity dates without applying the sales proceeds to specific notes or acceptances. The large number of transactions makes it impracticable to determine the aggregate amounts of assets covered by outstanding trust receipts.

12 INCOME TAXES

The Company is subject to a national corporate tax of 30%, an inhabitant tax of 6.21% and a deductible business tax of 7.56%, which in the aggregate resulted in a statutory income tax rate of approximately 41%. Foreign subsidiaries are subject to the income taxes of the countries in which they operate.

Income before income taxes and minority interests in earnings of subsidiaries for the years ended March 31, 2009, 2008 and 2007 is as follows:

	Millions of Yen			Millions of U.S. Dollars
	2009	2008	2007	**2009**
Domestic	**¥118,980**	¥229,492	¥186,258	**$1,202**
Foreign	**200,655**	138,101	145,671	**2,027**
Total	**¥319,635**	¥367,593	¥331,929	**$3,229**

Income tax provision for the years ended March 31, 2009, 2008 and 2007 is as follows:

	Millions of Yen			Millions of U.S. Dollars
	2009	2008	2007	**2009**
Current:				
Domestic	**¥36,359**	¥ 47,581	¥ 59,723	**$367**
Foreign	**50,768**	37,444	40,076	**513**
Deferred:				
Domestic	**(3,131)**	33,999	13,448	**(31)**
Foreign	**12,307**	748	1,596	**124**
Total	**¥96,303**	¥119,772	¥114,843	**$973**

The reconciliation between the statutory income tax rate in Japan and the Companies' effective income tax rate reflected in the accompanying Consolidated Statements of Income for the years ended March 31, 2009, 2008 and 2007 is summarized as follows:

	2009	2008	2007
Tax statutory income tax rate in Japan	**41.0%**	41.0%	41.0%
Increases (decreases) in tax rate due to:			
Expenses not deductible for tax purposes	**1.2**	0.9	0.7
Tax effect on undistributed earnings of associated companies and corporate joint ventures	**(5.0)**	(2.3)	(1.9)
Changes in valuation allowance	**3.2**	0.2	0.8
Difference in statutory tax rate of foreign subsidiaries	**(6.9)**	(5.1)	(4.2)
Other—net	**(3.4)**	(2.1)	(1.8)
The Companies' effective income tax rate	**30.1%**	32.6%	34.6%

Total income taxes recognized for the years ended March 31, 2009, 2008 and 2007 are allocated as follows:

	Millions of Yen			Millions of U.S. Dollars
	2009	2008	2007	**2009**
Income before income taxes and minority interests in earnings of subsidiaries	**¥ 96,303**	¥119,772	¥114,843	**$ 973**
Shareholders' equity:				
Net unrealized holding gains (losses) on securities available-for-sale	**(72,831)**	(94,696)	3,745	**(736)**
Foreign currency translation adjustments	**(15,605)**	(572)	1,416	**(158)**
Net unrealized gains (losses) on derivatives	**(2,912)**	1,365	2,507	**(29)**
Pension liability adjustments	**(16,766)**	(7,632)	(21,079)	**(169)**
Total income taxes	**¥(11,811)**	¥ 18,237	¥101,432	**$(119)**

The tax effects of temporary differences that give rise to significant components of deferred tax assets and liabilities as of March 31, 2009 and 2008 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	2009
Assets:			
Net operating loss carry forwards	¥ 30,219	¥ 20,554	$ 305
Investment securities	46,203	46,544	466
Inventories and long-lived assets	35,698	38,539	360
Allowance for doubtful receivables	1,741	2,211	18
Accrued pension and retirement benefits	51,270	33,982	518
Accrual and other	18,342	12,274	185
Gross deferred tax assets	183,473	154,104	1,852
Less: Valuation allowance	(21,026)	(13,030)	(212)
Deferred tax assets, less valuation allowance	162,447	141,074	1,640
Liabilities:			
Investment in marketable securities	(19,932)	(93,704)	(201)
Deferred gain on sales of property for tax purposes	(22,418)	(24,832)	(226)
Securities contributed to the Trust	(22,941)	(22,540)	(232)
Undistributed earnings of subsidiaries and associated companies	(76,222)	(73,318)	(770)
Long-lived assets	(75,550)	(52,174)	(763)
Other	(15,454)	(17,853)	(156)
Gross deferred tax liabilities	(232,517)	(284,421)	(2,348)
Net deferred tax liabilities	¥ (70,070)	¥(143,347)	$ (708)

Deferred income taxes as of March 31, 2009 and 2008 are reflected in the accompanying Consolidated Balance Sheets as follows:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	2009
Assets:			
Deferred income taxes	¥ 33,987	¥ 39,300	$ 343
Deferred income taxes, non-current	36,161	14,228	365
Liabilities:			
Other current liabilities	(1,954)	(7,602)	(19)
Deferred income taxes, non-current	(138,264)	(189,273)	(1,397)
Net deferred tax liabilities	¥ (70,070)	¥(143,347)	$ (708)

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences, net of the existing valuation allowances. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced. The net change in the total valuation allowance for the years ended March 31, 2009, 2008 and 2007 was an increase of ¥7,996 million ($81 million), a decrease of ¥21 million, and an increase of ¥780 million, respectively.

The valuation allowance relates primarily to the valuation allowance for deferred tax assets associated with net operating loss carryforwards of certain domestic subsidiaries. The Company has performed an analysis for each of these subsidiaries to assess their ability to realize such deferred tax assets. Considering scheduled reversals of deferred tax liabilities, projections for future taxable income, historical performance, tax planning strategies, market conditions and other factors, as appropriate, management believes it is more likely than not that these subsidiaries will realize their respective deferred tax assets (principally net operating loss carryforwards) net of the existing valuation allowance.

As of March 31, 2009 and 2008, the Company has not provided a deferred tax liability on the undistributed earnings of its foreign subsidiaries and foreign corporate joint ventures because the Company intends to reinvest those unremitted earnings indefinitely.

A deferred tax liability will be recognized when the Company no longer plans to permanently reinvest the undistributed earnings. As of March 31, 2009 and 2008, the amounts of undistributed earnings of such foreign subsidiaries and foreign corporate joint ventures on which a deferred tax liability has not been recognized in the accompanying consolidated financial statements totaled to ¥563,876 million ($5,696 million) and ¥449,615 million, respectively. Calculation of the unrecognized deferred tax liability is not practicable. The domestic undistributed earnings would not, under present Japanese tax laws, be subject to additional taxation.

As of March 31, 2009, the Companies have aggregate net operating loss carryforwards of ¥72,790 million ($735 million), which may be used as a deduction in the determination of taxable income in future periods. If not utilized, such loss carryforwards expire as follows:

Year ending March 31,	Millions of Yen	Millions of U.S. Dollars
2010	¥ 2,361	$ 24
2011	2,066	21
2012	2,480	25
2013	2,417	24
2014	3,465	35
2015 and thereafter	60,001	606
Total	¥72,790	$735

The Companies adopted FIN No. 48 from April 1, 2007.

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	2009
Balance, beginning of the year	¥ 7,357	¥6,630	$75
Increase related to current year tax positions	14	870	0
Increase related to prior year tax positions	—	49	—
Decrease related to prior year tax positions	(6,228)	—	(63)
Settlements	(666)	(192)	(7)
Balance, end of the year	¥ 477	¥7,357	$ 5

The total amount of unrecognized tax benefits as of March 31, 2009 and 2008 that, if recognized, would affect the effective tax rate, are ¥477 million ($5 million) and ¥7,357 million, respectively. Given the uncertainty regarding when tax authorities will complete their examinations, the items subject to their examinations and the possible outcomes of their examinations, an accurate estimate of significant increases or decreases that may occur within the next 12 months cannot be made at this time. Based on the facts that the Companies have evaluated, any change in the unrecognized tax benefits within the next 12 months is not expected to be material to the financial statements.

Interest and penalties included in income taxes are not material for the years ended March 31, 2009 and 2008. The Companies file income tax returns in Japan and various foreign tax jurisdictions. In Japan, the United States and other major foreign tax jurisdictions, the Companies with few exceptions will not be subject to income tax examinations by tax authorities for the years before 2002.

13 ACCRUED PENSION AND RETIREMENT BENEFITS

The Company has non-contributory defined benefit pension plans (the "Plans") covering substantially all employees other than directors and executive officers. The Plans provide benefits based upon years of service, compensation at the time of severance, and other factors.

Most of the subsidiaries have unfunded retirement benefit plans and/or funded pension plans. Employees, other than directors, are entitled to, under most circumstances, upon mandatory retirement at normal retirement age or earlier termination of employment, lump-sum retirement benefits based on compensation at the time of retirement, years of service and other factors.

Net periodic pension costs for the years ended March 31, 2009, 2008 and 2007 include the following components:

	Millions of Yen			Millions of U.S. Dollars
	2009	2008	2007	2009
Service cost—benefits earned during the year	¥ 6,923	¥ 6,936	¥ 7,297	$ 70
Interest cost on projected benefit obligation	5,318	4,905	5,047	54
Expected return on plan assets	(4,829)	(5,105)	(5,220)	(49)
Amortization of unrecognized actuarial loss	4,293	3,060	2,181	43
Amortization of unrecognized prior service cost	224	252	213	2
(Gain) loss on settlements and curtailments	—	4	(73)	—
Net periodic pension cost	¥11,929	¥10,052	¥ 9,445	$120

The reconciliation of beginning and ending balances of the projected benefit obligations and the fair value of the plan assets is as follows:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	2009
Change in benefit obligations:			
Projected benefit obligations, beginning of year	¥186,922	¥193,883	$1,888
Service cost	6,923	6,936	70
Interest cost	5,318	4,905	54
Actuarial (gain) loss	9,655	(9,129)	97
Plan amendments	(28)	5	(0)
Benefits paid	(9,443)	(9,806)	(95)
Settlements	(122)	(803)	(1)
Acquisitions and divestitures	(2,425)	1,734	(25)
Foreign currency translation adjustments	(2,477)	(803)	(25)
Projected benefit obligations, end of year	194,323	186,922	1,963
Change in plan assets:			
Fair value of plan assets, beginning of year	197,086	218,942	1,991
Actual return on plan assets	(32,648)	(26,856)	(330)
Employer contribution	41,298	13,919	417
Benefits paid from plan assets	(8,012)	(8,034)	(81)
Settlements	(11)	(678)	(0)
Acquisitions and divestitures	(2,443)	163	(25)
Foreign currency translation adjustments	(2,990)	(370)	(30)
Fair value of plan assets, end of year	192,280	197,086	1,942
Funded status	¥ (2,043)	¥ 10,164	$ (21)
Amounts recognized in the accompanying Consolidated Balance Sheets consist of:			
Other current assets and Prepaid expenses, non-current (Prepaid cost for retirement benefits)	17,960	24,238	181
Accrued pension and retirement benefits	(20,003)	(14,074)	(202)
Net amount recognized	¥ (2,043)	¥ 10,164	$ (21)

The amounts recognized in accumulated other comprehensive income (loss) (pretax amount) are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	2009
Actuarial loss	¥113,136	¥69,966	$1,143
Prior service cost	659	880	6
Total	¥113,795	¥70,846	$1,149

The measurement dates used to determine the benefit obligations are mainly March 31 of each year.

The Companies' funding policy is based on a number of factors including the tax deductibility of contributions, funded status, actuarial calculations and other considerations. Contributions are intended to provide not only for benefits attributable to service to date but also for those expected to be earned in the future. In addition, the Company may contribute certain marketable equity securities, or cash to an employee retirement benefit trust in order to maintain a sufficient level of funding at the end of the fiscal year.

The asset allocations are as follows:

	2009 Actual Allocation	2008 Actual Allocation
Equity securities	35%	45%
Debt securities	35%	39%
Other*	30%	16%
Total	100%	100%

*Other mainly includes cash, alternative investments and life insurance company general accounts.

The Companies set investment policies, strategies and target allocation and oversees the investment allocation process, which includes selecting investment managers, commissioning periodic asset-liability studies, setting long-term strategic targets and monitoring asset allocations. The target allocations are guidelines, not limitations, and occasionally the Companies will approve an allocation above or below a target allocation.

The Companies' target allocation is 53% equity securities, 34% debt securities and 13% other.

Assumptions used for the years ended March 31, 2009, 2008 and 2007 in determining costs and the funded status information shown above are principally as follows:

Weighted average assumptions used to determine the net periodic benefit cost

	2009	2008	2007
Discount rate	3.0%	2.6%	2.6%
Expected long-term rate of return on plan assets	2.5%	2.3%	2.3%
Rate of expectable salary increase	3.1%	3.2%	3.0%

Weighted average assumptions used to determine the benefit obligations

	2009	2008
Discount rate	2.4%	3.0%
Rate of expectable salary increase	2.9%	3.1%

The Companies' expected long-term rate of return on plan assets assumption is derived from a detailed study that includes a review of the asset allocation strategy, anticipated future long-term performance of individual asset classes, risks and correlations for each of the asset classes that comprise the funds' asset mix.

The accumulated benefit obligations for the defined benefit plans of the Companies are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	2009
Accumulated benefit obligations, end of year	¥187,212	¥179,290	$1,891

The employer's contributions expected to be paid for the year ending March 31, 2010 are ¥10,368 million ($105 million).

Benefits expected to be paid in the future are as follows:

Year ending March 31,	Millions of Yen	Millions of U.S. Dollars
2010	¥ 9,916	$ 100
2011	9,952	101
2012	10,582	107
2013	10,465	106
2014	10,619	107
2015 – 2019	53,304	538
Total	¥104,838	$1,059

The actuarial loss and prior service costs that will be amortized into net periodic pension costs for the year ending March 31, 2010 are ¥7,412 million ($75 million) and ¥436 million ($4 million), respectively.

Certain subsidiaries have defined contribution plans. The cost of defined contribution plans for the years ended March 31, 2009, 2008 and 2007 were ¥1,910 million ($19 million), ¥2,224 million and ¥1,717 million, respectively.

In addition to unfunded retirement benefit plans or funded pension plans, certain domestic subsidiaries and associated companies also participate in a multiemployer defined benefit pension plan, recognizing the required contributions for a period as net pension cost and recognizing any contributions due and unpaid as a liability. The total amount of the domestic subsidiaries' contributions to the plan for the years ended March 31, 2009, 2008 and 2007 were ¥2,197 million ($22 million), ¥1,799 million and ¥1,669 million, respectively.

14 SHAREHOLDERS' EQUITY

(a) Common Stock and Additional Paid-in Capital

Under the Company Law of Japan ("the Company Law"), at least 50% of the proceeds of certain issues of common shares shall be credited to the common stock account. The remainder of the proceeds shall be credited to additional paid-in capital. The Company Law permits, upon approval of the general meeting of shareholders, the transfer of amounts from additional paid-in capital to the common stock account.

For the year ended March 31, 2008, under the Company Law, there was an increase of ¥11,190 million in "Additional paid-in capital" in the accompanying Consolidated Balance Sheets as a result of the Share Exchange described in Note 3 (3).

(b) Appropriated for Legal Reserve

The Company Law provides that a 10% dividend of retained earnings shall be appropriated as additional paid-in capital or legal reserve until an aggregate amount of additional paid-in capital and legal reserve equals 25% of common stock. The legal reserve may be used to eliminate or reduce a deficit or transferred to retained earnings by resolution of the shareholders.

(c) Unappropriated Retained Earnings

Retained earnings available for dividends under the Company Law is based on the amount recorded in the Company's general accounting records maintained in accordance with accounting principles generally accepted in Japan.

The Company Law limits the amount of retained earnings available for dividends. Retained earnings of ¥270,972 million ($2,737 million) and ¥243,255 million, shown by the Company's accounting records as of March 31, 2009 and 2008, respectively, exclusive of the amount previously appropriated for legal reserve, were not restricted by the limitations under the Company Law.

Dividends are approved by the shareholders at the general meeting of shareholders held subsequent to the statutory fiscal period for which the dividends are payable to shareholders. Interim dividends are approved by the Board of Directors for the interim six-month period. Dividends are reported in the accompanying Consolidated Statements of Shareholders' Equity and Comprehensive Income when approved.

On June 19, 2009, the shareholders authorized a cash dividend to shareholders of record as of March 31, 2009 of ¥15 ($0.2) per share for a total of ¥18,750 million ($189 million).

(d) Stock Option Plan

The Company has stock option plans for directors, executive officers of the Company, and corporate officers under the Company's qualification system. Under the plans, each stock option granted from September 1, 2006 entitles the recipient to acquire 100 shares of common stock at an exercise price equal to the greater of (i) 105% of the average closing market price of the Company's common stock on the Tokyo Stock Exchange for the calendar month before the grant date (excluding days when there were no transactions), or (ii) the closing market price of the Company's common stock on the Tokyo Stock Exchange on the grant date (or the closing market price on the day immediately preceding such date, if there were no transactions on such date). Each stock option granted until August 31, 2006 entitles the recipient to acquire 1,000 shares of common stock under the same conditions described above.

The options vest 100% at the grant date. The options granted are exercisable beginning April 1 of the fiscal year after the fiscal year in which they are granted. They are exercisable for four years and three months from that date.

On May 16, 2008, the Board of Directors, and on June 20, 2008, the shareholders authorized the issue of new stock options for up to 195,000 shares of common stock. The options for 195,000 shares were granted under these authorizations. On May 15, 2009, the Board of Directors, and on June 19, 2009, the shareholders authorized the issue of new stock options for up to 195,000 shares of common stock.

The following table summarizes information about stock option activity for the years ended March 31, 2009, 2008 and 2007:

	2009			2008		2007	
	Number of shares	Weighted average exercise price	Weighted average exercise price	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
		Yen	U.S. Dollars		Yen		Yen
Outstanding, beginning of year	386,000	¥1,941	$20	383,000	¥1,255	367,000	¥ 882
Granted	195,000	1,537	16	196,000	2,415	189,000	1,624
Exercised	22,000	1,068	11	174,000	981	142,000	831
Cancelled or expired	42,000	1,980	20	19,000	1,803	31,000	1,028
Outstanding, end of year	517,000	1,822	18	386,000	1,941	383,000	1,255
Options exercisable, end of year	324,000	¥1,992	$20	196,000	¥1,481	199,000	¥ 914

The following table summarizes information about stock options outstanding and exercisable as of March 31, 2009:

	Outstanding				Exercisable		
Exercisable price range	Number of shares	Weighted average exercise price	Weighted average exercise price	Weighted average remaining life	Number of shares	Weighted average exercise price	Weighted average exercise price
Yen		Yen	U.S. Dollars			Yen	U.S. Dollars
¥ 801 ~ 1,000	22,000	¥ 934	$ 9	1.07	22,000	¥ 934	$ 9
1,401 ~ 1,600	193,000	1,537	16	4.25	—	—	—
1,601 ~ 1,800	132,000	1,624	16	2.25	132,000	1,624	16
2,401 ~ 2,600	170,000	2,415	24	3.25	170,000	2,415	24
	517,000	¥1,822	$18	3.28	324,000	¥1,992	$20

The fair value of these stock options was estimated using the Black-Scholes option pricing model with the following weighted-average valuation assumptions:

	2009	2008
Expected life	4.5 years	4.5 years
Risk-free rate	1.07%	1.31%
Expected volatility	29.77%	29.18%
Expected dividend yield	1.65%	1.37%

The Company has stock-linked compensation plans for directors and executive officers. Under the plans, each stock option granted beginning September 1, 2006 entitles the recipient to acquire 100 shares of common stock at an exercise price equal to ¥1 ($0.01) per share. Each stock option granted prior to and including August 31, 2006 entitles the recipient to acquire 1,000 shares of common stock at an exercise price equal to ¥1 per share.

The options vest 100% at the grant date. The options granted are exercisable beginning the day after leaving their positions as both director and executive officer of the Company. The options are exercisable for ten years from that date.

On May 16, 2008, the Board of Directors, and on June 20, 2008, the shareholders authorized the issue of new stock options under these stock-linked compensation plans for up to 240,000 shares of common stock based on the plans. Options for 143,000 shares were granted under these authorizations. On May 15, 2009, the Board of Directors, and on June 19, 2009, the shareholders authorized the issue of new stock options for up to 490,000 shares of common stock based on the plans.

The following table summarizes information about stock option activity under the stock-linked compensation plans for the year ended March 31, 2009 and 2008:

	2009	2008
	Number of shares	Number of shares
Outstanding, beginning of year	**181,400**	111,000
Granted	**143,000**	94,400
Exercised	**23,600**	24,000
Cancelled or expired	**—**	—
Outstanding, end of year	**300,800**	181,400
Options exercisable, end of year	**2,800**	—

The fair value of these stock options based on the plans was estimated using the Black-Scholes option pricing model with the following weighted-average valuation assumptions:

	2009	2008
Expected life	**3.2 years**	3.6 years
Risk-free rate	**0.89%**	1.16%
Expected volatility	**32.83%**	26.67%
Expected dividend yield	**1.88%**	1.36%

Compensation expense incurred based on the stock option plans and the stock-linked compensation plans for the years ended March 31, 2009, 2008 and 2007 was ¥258 million ($3 million), ¥305 million and ¥220 million, respectively.

(e) Effect of Adoption of New Accounting Standard

As described in Note 12, for the year ended March 31, 2008, the adoption of FIN No. 48 decreased unappropriated retained earnings by ¥5,196 million. The adoption of EITF Issue No. 06-2 "Accounting for Sabbatical Leave and Other Similar Benefits Pursuant to FASB Statement No. 43" decreased unappropriated retained earnings by ¥903 million. EITF 06-2 provides guidance as to compensation cost associated with a sabbatical or other similar benefit arrangement that requires the compensation of a minimum service period, in which the benefit does not increase with additional years of service, in which the individual continues to be a compensated employee and is not required to perform duties for the entity during the absence. The compensation cost associated with a sabbatical or other similar benefit arrangement should be accrued over the requisite service period.

(f) Effect of the Change in the Reporting Period of Subsidiaries and Associated Companies

EITF Issue No. 06-9 "Reporting a Change in (or the Elimination of) a Previously Existing Difference between the Fiscal Year-End of a Parent Company and that of a Consolidated Entity or between the Reporting Period of an Investor and that of an Equity Method Investee" was effective for the year ended March 31, 2007. The adoption of EITF Issue No. 06-9 had no effect on the Companies' consolidated financial statements.

(g) Effect of the Change of the Accounting Principles and Others

For the year ended March 31, 2007, the adoption of EITF Issue No. 04-6 "Accounting for Stripping Costs Incurred during Production in the Mining Industry" increased unappropriated retained earnings by ¥908 million. EITF 04-6 provides guidance that stripping costs incurred during the production phase of a mine are variable production costs that should be included in the costs of the inventory produced during the period in which the stripping costs are incurred. In connection with EITF 04-6, the Companies have changed the accounting policy for costs of ongoing underground development incurred before the production phase of a mine are variable production costs that should be included in the costs of the inventory produced during the period that the cost of ongoing underground development in advance are incurred. This change decreased unappropriated retained earnings by ¥2,188 million. As it is impracticable to determine the period-specific effects of this change on all prior periods presented, the total amount is included directly in the consolidated statements of shareholders' equity and comprehensive income.

15 OTHER COMPREHENSIVE INCOME (LOSS)

Changes in each component of accumulated other comprehensive income (loss) for the years ended March 31, 2009, 2008 and 2007 are as follows:

	Millions of Yen			Millions of U.S. Dollars
	2009	2008	2007	2009
Net unrealized holding gains (losses) on securities available-for-sale:				
Balance, beginning of year	¥ 127,630	¥ 262,292	¥251,013	$ 1,289
Adjustment for the year	(108,675)	(134,662)	11,279	(1,098)
Balance, end of year	¥ 18,955	¥ 127,630	¥262,292	$ 191
Foreign currency translation adjustments:				
Balance, beginning of year	¥ (60,638)	¥ (4,197)	¥ (27,750)	$ (612)
Adjustment for the year	(160,653)	(56,441)	23,553	(1,623)
Balance, end of year	¥(221,291)	¥ (60,638)	¥ (4,197)	$(2,235)
Net unrealized gains (losses) on derivatives:				
Balance, beginning of year	¥ (2,672)	¥ (5,369)	¥ (9,496)	$ (27)
Adjustment for the year	(12,179)	2,697	4,127	(123)
Balance, end of year	¥ (14,851)	¥ (2,672)	¥ (5,369)	$ (150)
Pension liability adjustments:				
Balance, beginning of year	¥ (41,475)	¥ (30,436)	¥ —	$ (419)
Adjustment for the year	(24,754)	(11,039)	(30,436)	(250)
Balance, end of year	¥ (66,229)	¥ (41,475)	¥ (30,436)	$ (669)
Total accumulated other comprehensive income (loss):				
Balance, beginning of year	¥ 22,845	¥ 222,290	¥213,767	$ 231
Adjustment for the year	(306,261)	(199,445)	8,523	(3,094)
Balance, end of year	¥(283,416)	¥ 22,845	¥222,290	$(2,863)

Tax effects allocated to each component of other comprehensive income (loss) are as follows:

	Millions of Yen		
2009:	Pretax amount	Tax (expense) or benefit	Net-of-tax amount
Net unrealized holding losses on securities available-for-sale:			
Unrealized holding losses arising during the year	¥(191,006)	¥ 76,702	¥(114,304)
Reclassification adjustment for losses included in net income	9,500	(3,871)	5,629
Adjustment for the year	(181,506)	72,831	(108,675)
Foreign currency translation adjustments:			
Aggregated adjustment for the year resulting from translation of foreign currency financial statements	(173,568)	15,226	(158,342)
Reclassification adjustment for gains included in net income	(2,690)	379	(2,311)
Adjustment for the year	(176,258)	15,605	(160,653)
Net unrealized losses on derivatives:			
Unrealized losses arising during the year	(12,913)	2,134	(10,779)
Reclassification adjustment for gains included in net income	(2,178)	778	(1,400)
Adjustment for the year	(15,091)	2,912	(12,179)
Pension liability adjustments:			
Unrealized losses arising during the year	(46,037)	18,616	(27,421)
Reclassification adjustment for losses included in net income	4,517	(1,850)	2,667
Adjustment for the year	(41,520)	16,766	(24,754)
Other comprehensive income (loss)	¥(414,375)	¥108,114	¥(306,261)

2008:	Millions of Yen Pretax amount	 Tax (expense) or benefit	 Net-of-tax amount
Net unrealized holding losses on securities available-for-sale:			
Unrealized holding losses arising during the year	¥(196,126)	¥ 81,473	¥(114,653)
Reclassification adjustment for gains included in net income	(33,232)	13,223	(20,009)
Adjustment for the year	(229,358)	94,696	(134,662)
Foreign currency translation adjustments:			
Aggregated adjustment for the year resulting from translation of foreign currency financial statements	(56,689)	563	(56,126)
Reclassification adjustment for losses included in net income	(324)	9	(315)
Adjustment for the year	(57,013)	572	(56,441)
Net unrealized gains on derivatives:			
Unrealized losses arising during the year	(1,370)	945	(425)
Reclassification adjustment for losses included in net income	5,432	(2,310)	3,122
Adjustment for the year	4,062	(1,365)	2,697
Pension liability adjustments:			
Unrealized losses arising during the year	(21,983)	8,975	(13,008)
Reclassification adjustment for losses included in net income	3,312	(1,343)	1,969
Adjustment for the year	(18,671)	7,632	(11,039)
Other comprehensive income (loss)	¥(300,980)	¥101,535	¥(199,445)

2007:	Millions of Yen Pretax amount	 Tax (expense) or benefit	 Net-of-tax amount
Net unrealized holding gains on securities available-for-sale:			
Unrealized holding gains arising during the year	¥ 50,814	¥(18,184)	¥ 32,630
Effect of the change in the reporting period of subsidiaries and associated companies	(923)	277	(646)
Reclassification adjustment for gains included in net income	(34,867)	14,162	(20,705)
Adjustment for the year	15,024	(3,745)	11,279
Foreign currency translation adjustments:			
Aggregated adjustment for the year resulting from translation of foreign currency financial statements	27,732	(1,539)	26,193
Effect of the change in the reporting period of subsidiaries and associated companies	(2,135)	—	(2,135)
Reclassification adjustment for losses included in net income	(628)	123	(505)
Adjustment for the year	24,969	(1,416)	23,553
Net unrealized gains on derivatives:			
Unrealized losses arising during the year	(14,728)	6,734	(7,994)
Effect of the change in the reporting period of subsidiaries and associated companies	(841)	252	(589)
Reclassification adjustment for losses included in net income	22,203	(9,493)	12,710
Adjustment for the year	6,634	(2,507)	4,127
Pension liability adjustments:			
Adjustment to initially apply SFAS No. 158	(51,515)	21,079	(30,436)
Adjustment for the year	(51,515)	21,079	(30,436)
Other comprehensive income (loss)	¥ (4,888)	¥ 13,411	¥ 8,523

2009:	Millions of U.S. Dollars Pretax amount	Tax (expense) or benefit	Net-of-tax amount
Net unrealized holding losses on securities available-for-sale:			
Unrealized holding losses arising during the year	$(1,930)	$ 775	$(1,155)
Reclassification adjustment for losses included in net income	96	(39)	57
Adjustment for the year	(1,834)	736	(1,098)
Foreign currency translation adjustments:			
Aggregated adjustment for the year resulting from translation of foreign currency financial statements	(1,754)	154	(1,600)
Reclassification adjustment for gains included in net income	(27)	4	(23)
Adjustment for the year	(1,781)	158	(1,623)
Net unrealized losses on derivatives:			
Unrealized losses arising during the year	(130)	21	(109)
Reclassification adjustment for gains included in net income	(22)	8	(14)
Adjustment for the year	(152)	29	(123)
Pension liability adjustments:			
Unrealized losses arising during the year	(465)	188	(277)
Reclassification adjustment for losses included in net income	46	(19)	27
Adjustment for the year	(419)	169	(250)
Other comprehensive income (loss)	$(4,186)	$1,092	$(3,094)

16 DERIVATIVES AND HEDGING ACTIVITIES

Risk Management Policy

The Companies operate internationally, exposing them to the risk of changes in foreign exchange rates, interest rates and commodity prices. Derivative financial instruments are comprised principally of foreign exchange contracts, interest rate swaps and commodity future contracts utilized by the Company and certain of its subsidiaries to reduce these risks. The Companies assess foreign currency exchange rate risk, interest rate risk and commodity price risk by continually monitoring changes in these exposures and by evaluating hedging opportunities. The Companies hold or issue commodity derivatives for trading purposes. The Companies are also exposed to credit-related losses in the event of non-performance by counterparties to derivative financial instruments, but it is not expected that any counterparties will fail to meet their obligations, because most of the counterparties are internationally recognized financial institutions and contracts are diversified across a number of major financial institutions.

Foreign Currency Exchange Rate Risk Management

The Companies operate internationally and are exposed to foreign currency risks related to purchasing, selling, financing and investing in currencies other than the local currencies in which the Companies operate. The Companies' strategy to manage foreign currency risks is to net foreign currency exposures on recognized assets, liabilities and unrecognized firm commitments by taking advantage of natural offsets, and purchase foreign exchange forward contracts and other contracts to preserve the economic value of cash flows in non-functional currencies.

Interest Rate Risk Management

The Companies' exposure to the market risk of changes in interest rates relates primarily to its debt obligations. The fixed-rate debt obligations expose the Companies to variability in their fair values due to changes in interest rates. To manage the variability in fair values caused by interest rate changes, the Companies enter into interest rate swaps when it is determined to be appropriate based on market conditions. The interest rate swaps change the fixed-rate debt obligations to variable-rate debt obligations by entering into receive-fixed, pay-variable interest rate swaps. The hedging relationship between the interest rate swaps and the hedged debt obligations is highly effective in achieving offsetting changes in fair values resulting from interest rate risk.

Commodity Price Risk Management

The Companies are exposed to price fluctuations of commodities used in their trading and other operating activities. To hedge the variability in commodity prices, the Companies enter into commodity futures, forwards and swaps contracts. These contracts relate principally to precious metals, nonferrous metals, crude oil and agricultural products.

Fair-Value Hedges

Fair-value hedges are hedges that eliminate the risk of changes in the fair values of assets and liabilities. The Companies use interest rate swaps to hedge the change of fair value on fixed-rate borrowings used to fund assets earning interest at variable rates. Changes in the fair value of derivatives designated as fair-value hedges are recorded in earnings and are offset by corresponding changes in the fair value of the hedged item to the extent of hedge effectiveness.

Cash-Flow Hedges

Cash-flow hedges are hedges that use derivatives to offset the variability of expected future cash flows. The Companies use commodity future contracts to hedge the variability of cash flows related to forecasted transactions and interest rate swaps to hedge the variability of cash flows related to floating-rate borrowings. The Companies record changes in the fair value of derivative instruments in other comprehensive income (loss) as a separate component of shareholders' equity. Such amounts are released to earnings contemporaneously when the hedged item affects earnings. For the year ended March 31, 2009, net derivative gains of ¥1,400 million ($14 million), net of related income tax expense of ¥778 million ($8 million), were reclassified into earnings. For the year ended March 31, 2008, net derivative losses of ¥3,122 million, net of related income tax benefit of ¥2,310 million, were also reclassified. As of March 31, 2009, net derivative losses that were expected to be reclassified into earnings, net of the related tax benefit, within the next fiscal year were ¥4,767 million ($48 million).

Hedge of the Net investment in Foreign Operations

The Companies use currency swaps to hedge the foreign currency risk of the net investments in foreign operations. The Companies recorded changes in fair values of hedging instruments in foreign currency translation adjustments within other comprehensive income (loss) as a separate component of shareholders' equity to the extent of hedge effectiveness. For the years ended March 31, 2009 and 2008, net derivative gains of ¥19,066 million ($193 million) and ¥12,329 were included in foreign currency translation adjustments, respectively.

Derivatives not Designated as Hedges

SFAS No. 133 specifies criteria that must be met in order to apply hedge accounting. For example, hedge accounting is not permitted for hedged items that are remeasured with the changes in fair-value attributable to the hedged risk reported currently in earnings. The Companies use derivatives to hedge exposures when it makes economic sense to do so, including circumstances in which the hedging relationship does not qualify for hedge accounting.

The Companies use foreign exchange forward contracts to economically hedge the fluctuations of foreign exchange rates on foreign currency assets, liabilities and unrecognized firm commitments. The Companies also enter into commodity forwards, futures and swap contracts to economically hedge their inventories and unrecognized firm commitments against market price fluctuations. Certain commodity derivatives are entered into for trading purposes to the extent approved by management. These derivatives do not qualify for hedge accounting and any changes in their fair value are recognized in earnings.

Earnings Effects of Derivatives

For the years ended March 31, 2009, 2008 and 2007, the amount of hedge ineffectiveness recognized on fair-value hedges and the hedge of the net investment in foreign operations was losses of ¥76 million ($1 million), losses of ¥69 million and losses of ¥124 million, respectively. There were no gains or losses excluded from the assessment of hedge effectiveness for the years ended March 31, 2009, 2008 and 2007.

In the context of hedging relationships, "Effectiveness" refers to the degree of achieving offsetting changes in fair value or offsetting the variability in cash flows attributable to the risk being hedged.

Management continuously assesses effectiveness of these derivative transactions and market risks surrounding these transactions to formulate the Companies' policy regarding derivative transactions.

The Fair Values of Derivative Instruments

The fair values of derivative instruments as of March 31, 2009 were as follows:

	Millions of Yen			
	Asset derivatives		Liability derivatives	
As of March 31, 2009:	Balance sheet location	Fair value	Balance sheet location	Fair value
Derivatives designated as hedges				
Interest rate contracts	Other current assets	¥ 22	Other current liabilities	¥ 1,608
	Other assets	24,978	Long-term debt, less current maturities	4,673
Foreign exchange contracts	Other current assets	7,160	Other current liabilities	3,384
	Other assets	11,000	Long-term debt, less current maturities	2,133
Commodity contracts	Other current assets	978	Other current liabilities	2,212
	Other assets	122	Long-term debt, less current maturities	4,519
Total derivatives designated as hedges		¥ 44,260		¥ 18,529
Derivatives not designated as hedges				
Interest rate contracts	Other assets	¥ 1,299	Other current liabilities	¥ 141
			Long-term debt, less current maturities	1,262
Foreign exchange contracts	Other current assets	14,777	Other current liabilities	33,691
	Other assets	9,810	Long-term debt, less current maturities	2,713
Commodity contracts	Other current assets	68,137	Other current liabilities	66,575
	Other assets	15,287	Long-term debt, less current maturities	50,471
Other contracts			Other current liabilities	1
Total derivatives not designated as hedges		¥109,310		¥154,854
Total derivatives		¥153,570		¥173,383

As of March 31, 2009:	Millions of U.S. Dollars			
	Asset derivatives		Liability derivatives	
	Balance sheet location	Fair value	Balance sheet location	Fair value
Derivatives designated as hedges				
Interest rate contracts	Other current assets	$ 0	Other current liabilities	$ 16
	Other assets	252	Long-term debt, less current maturities	47
Foreign exchange contracts	Other current assets	73	Other current liabilities	34
	Other assets	111	Long-term debt, less current maturities	22
Commodity contracts	Other current assets	10	Other current liabilities	22
	Other assets	1	Long-term debt, less current maturities	46
Total derivatives designated as hedges		$ 447		$ 187
Derivatives not designated as hedges				
Interest rate contracts	Other assets	$ 13	Other current liabilities	$ 1
			Long-term debt, less current maturities	13
Foreign exchange contracts	Other current assets	149	Other current liabilities	340
	Other assets	99	Long-term debt, less current maturities	27
Commodity contracts	Other current assets	688	Other current liabilities	673
	Other assets	155	Long-term debt, less current maturities	510
Other contracts			Other current liabilities	0
Total derivatives not designated as hedges		$1,104		$1,564
Total derivatives		$1,551		$1,751

The Impact of Derivative Instruments on the Consolidated Statements of Income

The impact of derivative instruments on the consolidated statements of income for the year ended March 31, 2009 were as follows:

Fair-value hedges:

	Millions of Yen			
	Gain or loss on derivatives		Gain or loss on hedged item	
	Location	Amount	Location	Amount
Interest rate contracts	Interest income/expense	¥ (3,650)	Interest income/expense	¥ 3,634
Foreign exchange contracts	Cost/Other, net	(8,926)	Cost/Other, net	8,926
Commodity contracts	Revenues/Cost	565	Revenues/Cost	(565)
Total		¥ (12,011)		¥11,995

	Millions of U.S. Dollars			
	Gain or loss on derivatives		Gain or loss on hedged item	
	Location	Amount	Location	Amount
Interest rate contracts	Interest income/expense	$ (37)	Interest income/expense	$ 37
Foreign exchange contracts	Cost/Other, net	(90)	Cost/Other, net	90
Commodity contracts	Revenues/Cost	6	Revenues/Cost	(6)
Total		$(121)		$121

Cash-flow hedges:

	Millions of Yen				
	Gain or loss recognized in OCI on derivatives (Effective portion)	Gain or loss reclassified from accumulated OCI into income (Effective portion)		Gain or loss on derivatives (Ineffective portion and amount excluded from effectiveness testing)	
	Amount	Location	Amount	Location	Amount
Interest rate contracts	¥(10,619)	Interest income/expense	¥(426)	—	—
Foreign exchange contracts	12,285	Cost/Other, net	705	—	—
Commodity contracts	2,261	Revenues/Cost	(81)	—	—
Total	¥ 3,927		¥ 198		—

	Millions of U.S. Dollars				
	Gain or loss recognized in OCI on derivatives (Effective portion)	Gain or loss reclassified from accumulated OCI into income (Effective portion)		Gain or loss on derivatives (Ineffective portion and amount excluded from effectiveness testing)	
	Amount	Location	Amount	Location	Amount
Interest rate contracts	$(107)	Interest income/expense	$(4)	—	—
Foreign exchange contracts	124	Cost/Other, net	7	—	—
Commodity contracts	23	Revenues/Cost	(1)	—	—
Total	$ 40		$ 2		—

Hedges of the net investment in foreign operations:

	Millions of Yen				
	Gain or loss recognized in OCI on derivatives (Effective portion)	Gain or loss reclassified from accumulated OCI into income (Effective portion)		Gain or loss on derivatives (Ineffective portion and amount excluded from effectiveness testing)	
	Amount	Location	Amount	Location	Amount
Foreign exchange contracts	¥(4,355)	—	—	—	—

	Millions of U.S. Dollars				
	Gain or loss recognized in OCI on derivatives (Effective portion)	Gain or loss reclassified from accumulated OCI into income (Effective portion)		Gain or loss on derivatives (Ineffective portion and amount excluded from effectiveness testing)	
	Amount	Location	Amount	Location	Amount
Foreign exchange contracts	$(44)	—	—	—	—

Derivatives not designated as hedges:

	Millions of Yen		Millions of U.S. Dollars	
	Gain or loss on derivatives		Gain or loss on hedged item	
	Location	Amount	Location	Amount
Interest rate contracts	Interest income/expense	¥ 627	Interest income/expense	$ 6
Foreign exchange contracts	Cost/Other, net	(21,413)	Cost/Other, net	(216)
Commodity contracts	Revenues/Cost	(9,397)	Revenues/Cost	(95)
Other contracts	Revenues/Cost/Interest income	95	Revenues/Cost/Interest income	1
Total		¥(30,088)		$(304)

The impact of derivative instruments on the consolidated statements of income represents the changes from January 1, 2009 to March 31, 2009 after the adoption of SFAS No.161.

17 FINANCIAL INSTRUMENTS

In accordance with the requirements of SFAS No. 107, “Disclosures about Fair Value of Financial Instruments,” the Companies have provided the following fair value estimates and information about valuation methodologies.

Quoted market prices, where available, are used to estimate fair values of financial instruments. However, quoted market prices are not available for a substantial portion of the Companies’ financial instruments, and, therefore, fair values for such financial instruments are estimated using a discounted cash flow analysis or other valuation techniques as deemed appropriate.

Cash, Cash Equivalents, Short-Term Investments, Accounts Receivable, Accounts Payable and Notes Payable
The carrying amount approximates fair value of these instruments because of their short-term maturities.

Marketable Securities and Other Investments
The fair values of marketable securities are estimated using quoted market prices. Other investments include investments in common stock of non-traded and unaffiliated companies such as customers and suppliers, and investments in non-listed preferred stock of certain financial institutions. It is not practicable to estimate the fair

value of investments in unlisted common stock because of the lack of a market price and difficulty in estimating fair value without incurring excessive cost (see Note 5).

Non-Current Trade Receivables and Advances to Associated Companies

The fair values of non-current trade receivables including long-term loans receivable, except for loans with floating rates whose carrying amount approximates fair value, are estimated by discounted cash flow analysis, using interest rates currently being offered for loans or accounts receivable with similar terms to borrowers or customers of similar credit quality and remaining maturities.

Long-Term Debt

The fair values of long-term debt, except for debt with floating rates whose carrying amount approximates fair value, are estimated by discounted cash flow analysis, using rates currently available for similar types of borrowings with similar terms and remaining maturities.

Guarantee of Third Party Debt

As a result of the adoption of FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others," the fair values of financial guarantees are estimated based on the premiums received or receivables by guarantors in an arm's length transactions with unrelated parties (see Note 24).

Interest Rate Swaps, Currency Swap Agreements and Currency Option Contracts

The fair values of interest rate swaps, currency swap agreements and currency option contracts are estimated by obtaining quotes from brokers and other appropriate valuation techniques based on information available to the Companies.

Foreign Exchange Forward Contracts

The fair values of foreign exchange forward contracts are estimated based on market prices for contracts with similar terms.

Interest Rate Future Contracts and Bond Future Contracts

The fair values of interest rate future contracts and bond future contracts are estimated using quoted market prices.

The estimated fair values of certain financial instruments and derivative financial instruments as of March 31, 2009 and 2008 were as follows:

	Millions of Yen			Millions of U.S. Dollars		
As of March 31, 2009:	Notional amount	Carrying amount	Fair value	Notional amount	Carrying amount	Fair value
Financial Assets:						
Non-current trade receivables and advances to associated companies, less allowance for doubtful receivables	¥ —	¥ 843,920	¥ 845,906	$ —	$ 8,524	$ 8,545
Financial Liabilities:						
Long-term debt, including current maturities	—	3,204,136	3,221,204	—	32,365	32,537
Derivative Financial Instruments (Assets):						
Interest rate swaps	1,122,582	26,261	26,261	11,339	265	265
Currency swap agreements, and currency options	166,255	26,525	26,525	1,679	268	268
Foreign exchange forward contracts	260,619	9,499	9,499	2,633	96	96
Derivative Financial Instruments (Liabilities):						
Interest rate swaps	158,502	7,646	7,646	1,601	77	77
Currency swap agreements, and currency options	281,064	14,692	14,692	2,839	148	148
Foreign exchange forward contracts	573,595	20,506	20,506	5,794	207	207
Bond future contracts	1,382	1	1	14	0	0

As of March 31, 2008:	Millions of Yen Notional amount	 Carrying amount	 Fair value
Financial Assets:			
Non-current trade receivables and advances to associated companies, less allowance for doubtful receivables	¥ —	¥ 936,331	¥ 941,158
Financial Liabilities:			
Long-term debt, including current maturities	—	3,440,861	3,457,167
Derivative Financial Instruments (Assets):			
Interest rate swaps	1,223,971	23,491	23,491
Currency swap agreements, and currency options	436,577	38,056	38,056
Foreign exchange forward contracts	733,167	13,654	13,654
Derivative Financial Instruments (Liabilities):			
Interest rate swaps	143,260	3,528	3,528
Interest rate future contracts	138,793	61	61
Currency swap agreements, and currency options	37,372	2,699	2,699
Foreign exchange forward contracts	394,247	17,306	17,306

The Companies' global operation in a variety of businesses with diverse customers and suppliers reduces concentrations of credit risks. The Companies deal with selected international financial institutions, with a certain credit rating or higher from the international statistical credit rating agency, in order to mitigate the credit risk exposure of derivatives with off-balance-sheet risk. Credit risk represents the possibility that the counterparties may be unable to perform under the terms of the agreements. Management does not expect any material losses as a result of counterparty default on financial instruments. Credit risk is managed through the credit line approved by management and by monitoring the counterparties periodically. The Companies require collateral to the extent considered necessary. There was no major customer comprising more than 10% of the sales transactions with the Companies for the years ended March 31, 2009, 2008 and 2007.

18 FAIR VALUE MEASUREMENTS

The Companies adopted SFAS No. 157 on April 1, 2008. SFAS No. 157 establishes the three levels of the fair value hierarchy that prioritize the inputs used to measure fair value as follows:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents assets and liabilities that are measured at fair value on a recurring basis as of March 31, 2009:

	Millions of Yen Level 1	 Level 2	 Level 3	 Total
Assets:				
Trading securities	¥ 8,927	¥ —	¥ —	¥ 8,927
Available-for-sale securities	286,064	—	—	286,064
Inventories*	43,510	—	—	43,510
Derivatives	2,363	111,345	387	114,095
Total	¥340,864	¥111,345	¥ 387	¥452,596
Liabilities:				
Derivatives	¥ 4,731	¥120,557	¥17,760	¥143,048
Total	¥ 4,731	¥120,557	¥17,760	¥143,048

*Primarily represented precious metals.

	Millions of U.S. Dollars			
	Level 1	Level 2	Level 3	Total
Assets:				
Trading securities	$ 90	$ —	$ —	$ 90
Available-for-sale securities	2,890	—	—	2,890
Inventories*	439	—	—	439
Derivatives	24	1,125	4	1,153
Total	$3,443	$1,125	$ 4	$4,572
Liabilities:				
Derivatives	$ 48	$1,218	$179	$1,445
Total	$ 48	$1,218	$179	$1,445

*Primarily represented precious metals.

Trading securities, available-for-sale securities and inventories are classified within Level 1. This is because they are valued using quoted market prices. Derivatives are classified within Level 1, Level 2 or Level 3. This is because Level 1 derivatives are valued using quoted prices in active markets, Level 2 derivatives are valued using quoted pricing models using observable market inputs such as foreign currency exchange rates and interest rates, Level 3 derivatives are valued using quoted pricing models using unobservable inputs.

A reconciliation of the beginning and ending amount of net derivatives measured at fair value on a recurring basis using Level 3 inputs as defined in SFAS No. 157 is as follows:

	Millions of Yen	Millions of U.S. Dollars
Balance at April 1, 2008	¥(40,572)	$(410)
Total gains or losses included in earnings (realized or unrealized)	15,852	160
Settlements	7,347	75
Balance at March 31, 2009	¥(17,373)	$(175)
The amount of total gains or losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets still held at March 31, 2009	¥ 16,021	$ 162

Total gains or losses included in earnings (realized or unrealized) were included in “Sales of tangible products” and “Cost of tangible products sold” in the accompanying Consolidated Statements of Income.

The Companies have adopted FASB Staff Position SFAS No. 157-2, “Effective Date of FASB Statement No. 157.” FSP FAS 157-2 delays the effective date of SFAS No. 157 until fiscal years beginning after November 15, 2008 for all nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis.

19 NET INCOME PER SHARE

A reconciliation of the numerators and denominators of the basic and diluted net income per share computations for the years ended March 31, 2009, 2008 and 2007 is as follows:

	Millions of Yen			Millions of U.S. Dollars
Income (Numerator)	2009	2008	2007	2009
Net income	¥215,078	¥238,928	¥211,004	$2,173

	Number of shares		
Shares (Denominator)	2009	2008	2007
Weighted-average shares—basic	1,250,005,230	1,241,143,028	1,241,708,656
Dilutive effect of:			
Stock options	209,139	222,583	191,223
Weighted-average shares—diluted	1,250,214,369	1,241,365,611	1,241,899,879

	Yen			U.S. Dollars
	2009	2008	2007	**2009**
Net income per share:				
Basic	**¥172.06**	¥192.51	¥169.93	**$1.74**
Diluted	**172.03**	192.47	169.90	**1.74**

20 SEGMENT INFORMATION

The Companies conduct business through the eight industry-based business segments as described in Note 1 and two sets of regional operations; domestic and overseas described as follows.

Domestic Regional Business Units and Offices—Domestic Regional Business Units and Offices segment conducts domestic regional operations in three regional business units, focused in the Kansai, Chubu and Kyushu-Okinawa regions, and two other regional offices. This region-focused operation conducts business activities in all industry sectors based on their specialized knowledge of the region. The region-focused operation also works together on certain projects with the industry-based business segments in order to develop products and services that are more focused on that particular region.

Overseas Subsidiaries and Branches—The Overseas Subsidiaries and Branches segment includes subsidiaries, branches located throughout the world and representative offices in China, with the largest operations in the Americas, Europe, China, and Asia. This region-focused operation conducts business activities in all industry sectors based on their specialized knowledge of the region. The region-focused operation also works together on certain projects with the industry-based business segments in order to develop products and services that are more focused on that particular region.

Each business segment operates with a degree of autonomy in pursuing strategic goals, managing operations and ensuring accountability. Each business segment also has its own planning and administration department and separate financial reporting. The reportable segments are organized based on the nature of products and services provided and on certain specific domestic and overseas region that oversee the business activities of all business in those regions. Segment financial information is evaluated regularly by management in order to assess performance and determine the allocation of resources.

Information by operating segment for the years ended March 31, 2009, 2008 and 2007 is summarized as follows:

Operating Segments:

2009:	Millions of Yen				
Segment	Revenues	Gross profit	Net income	Assets	Total trading transactions*
Metal Products	**¥ 577,339**	**¥ 86,449**	**¥ 29,686**	**¥ 645,509**	**¥ 1,918,842**
Transportation & Construction Systems	**826,001**	**155,595**	**29,282**	**1,451,365**	**1,715,967**
Infrastructure	**128,454**	**40,406**	**16,511**	**482,537**	**334,306**
Media, Network & Lifestyle Retail	**495,364**	**176,363**	**8,504**	**696,877**	**594,828**
Chemical & Electronics	**179,492**	**40,356**	**(328)**	**250,360**	**858,605**
Mineral Resources & Energy	**89,359**	**51,496**	**43,562**	**717,603**	**2,346,647**
General Products & Real Estate	**352,566**	**111,111**	**13,097**	**722,158**	**835,526**
Financial & Logistics	**78,432**	**26,859**	**(1,627)**	**581,484**	**125,872**
Domestic Regional Business Units and Offices	**81,933**	**42,620**	**6,857**	**409,142**	**1,087,399**
Overseas Subsidiaries and Branches	**717,998**	**211,666**	**48,626**	**1,203,154**	**1,957,134**
Segment Total	**3,526,938**	**942,921**	**194,170**	**7,160,189**	**11,775,126**
Corporate and Eliminations	**(15,361)**	**(7,689)**	**20,908**	**(142,033)**	**(1,025,130)**
Consolidated	**¥3,511,577**	**¥935,232**	**¥215,078**	**¥7,018,156**	**¥10,749,996**

2008: Segment	Millions of Yen Revenues	Gross profit	Net income	Assets	Total trading transactions*
Metal Products	¥ 605,934	¥ 80,259	¥ 29,237	¥ 755,525	¥ 1,885,768
Transportation & Construction Systems	864,521	157,670	41,567	1,604,917	1,815,107
Infrastructure	168,385	40,960	18,916	478,782	351,347
Media, Network & Lifestyle Retail	472,562	168,675	13,791	675,640	589,091
Chemical & Electronics	232,511	46,019	4,670	352,770	1,099,882
Mineral Resources & Energy	144,012	47,985	31,980	760,426	2,707,705
General Products & Real Estate	407,752	121,964	19,541	742,039	876,070
Financial & Logistics	37,563	31,838	5,093	449,488	90,534
Domestic Regional Business Units and Offices	79,428	43,725	8,953	480,052	1,138,282
Overseas Subsidiaries and Branches	671,959	200,753	45,646	1,000,685	2,159,170
Segment Total	3,684,627	939,848	219,394	7,300,324	12,712,956
Corporate and Eliminations	(13,731)	(5,306)	19,534	271,075	(1,228,371)
Consolidated	¥3,670,896	¥934,542	¥238,928	¥7,571,399	¥11,484,585

2007: Segment	Millions of Yen Revenues	Gross profit	Net income	Assets	Total trading transactions*
Metal Products	¥ 449,303	¥ 77,624	¥ 26,331	¥ 799,211	¥ 1,756,350
Transportation & Construction Systems	714,956	134,573	26,717	1,140,692	1,751,363
Infrastructure	141,813	38,259	16,503	472,603	326,320
Media, Network & Lifestyle Retail	353,764	126,097	12,522	513,927	465,594
Chemical & Electronics	96,696	47,925	7,789	390,521	1,050,879
Mineral Resources & Energy	141,102	48,069	33,126	726,421	2,007,528
General Products & Real Estate	396,239	118,105	17,194	741,721	868,599
Financial & Logistics	140,305	29,154	5,864	430,059	170,568
Domestic Regional Business Units and Offices	72,119	41,711	6,989	508,777	1,115,767
Overseas Subsidiaries and Branches	690,664	226,436	43,208	1,035,653	2,055,666
Segment Total	3,196,961	887,953	196,243	6,759,585	11,568,634
Corporate and Eliminations	(119,751)	(30,264)	14,761	1,670,892	(1,040,357)
Consolidated	¥3,077,210	¥857,689	¥211,004	¥8,430,477	¥10,528,277

2009: Segment	Millions of U.S. Dollars Revenues	Gross profit	Net income	Assets	Total trading transactions*
Metal Products	**$ 5,832**	**$ 873**	**$ 300**	**$ 6,520**	**$ 19,382**
Transportation & Construction Systems	**8,343**	**1,572**	**296**	**14,660**	**17,333**
Infrastructure	**1,298**	**408**	**167**	**4,874**	**3,377**
Media, Network & Lifestyle Retail	**5,004**	**1,781**	**86**	**7,039**	**6,008**
Chemical & Electronics	**1,813**	**408**	**(3)**	**2,529**	**8,673**
Mineral Resources & Energy	**903**	**520**	**440**	**7,248**	**23,704**
General Products & Real Estate	**3,561**	**1,122**	**132**	**7,295**	**8,440**
Financial & Logistics	**792**	**271**	**(17)**	**5,874**	**1,271**
Domestic Regional Business Units and Offices	**828**	**431**	**69**	**4,133**	**10,984**
Overseas Subsidiaries and Branches	**7,252**	**2,138**	**491**	**12,153**	**19,769**
Segment Total	**35,626**	**9,524**	**1,961**	**72,325**	**118,941**
Corporate and Eliminations	**(156)**	**(77)**	**212**	**(1,435)**	**(10,355)**
Consolidated	**$35,470**	**$9,447**	**$2,173**	**$70,890**	**$108,586**

Corporate assets consist primarily of cash and cash equivalents and marketable securities maintained for general corporate purposes. As of March 31, 2007, "Assets held for sale", which is recognized in relation to the strategic reorganization of the Companies' lease business, is included in the Assets of Corporate and Eliminations segment.

Transfers between segments are made at arm's-length prices.

*Total trading transactions represents the gross transaction volume of trading activities, or the nominal aggregate value of the transactions for which the Companies act as principal or as agent. Total trading transactions is a measure commonly used by Japanese trading companies. It is not to be construed as equivalent to, or a substitute for, sales or revenues under U.S. GAAP.

Geographic Information:

2009:	Millions of Yen		Millions of U.S. Dollars	
	Revenues	Long-lived assets	Revenues	Long-lived assets
Japan	¥1,705,930	¥ 939,836	$17,232	$ 9,494
Asia	376,220	44,865	3,800	453
North America:				
U.S.	751,884	228,907	7,595	2,312
Other	127,447	15,520	1,287	157
Europe	380,115	131,568	3,839	1,329
Other	169,981	138,526	1,717	1,399
Total	¥3,511,577	¥1,499,222	$35,470	$15,144

2008:	Millions of Yen	
	Revenues	Long-lived assets
Japan	¥1,767,909	¥ 914,465
Asia	427,181	45,541
North America:		
U.S.	759,909	199,561
Other	155,939	16,545
Europe	362,700	154,419
Other	197,258	93,838
Total	¥3,670,896	¥1,424,369

2007:	Millions of Yen	
	Revenues	Long-lived assets
Japan	¥1,509,414	¥ 652,885
Asia	231,842	40,956
North America:		
U.S.	817,141	245,662
Other	113,669	17,295
Europe	264,108	117,213
Other	141,036	93,634
Total	¥3,077,210	¥1,167,645

21 FOREIGN EXCHANGE GAINS AND LOSSES

Gains and losses resulting from translating assets and liabilities denominated in a currency other than the functional currency of the reporting entity or from settling such items are included in earnings as they arise. Net foreign currency transaction losses of ¥8,078 million ($82 million), gains of ¥10,967 million, and gains of ¥3,416 million, were included in the determination of net income for the years ended March 31, 2009, 2008 and 2007, respectively.

22 LEASES

As Lessor

The Companies lease vehicles, vessels, power station, service equipment, and others under arrangements which are classified as direct financing leases, sales type leases or leveraged leases under SFAS No. 13, "Accounting for Leases."

Net investments in direct financing leases or sales type leases at March 31, 2009 and 2008, included in "Receivables—trade" and "Long-term receivables" in the accompanying Consolidated Balance Sheets, are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	2009
Future minimum lease payments to be received	¥508,918	¥ 652,416	$5,141
Unguaranteed residual value	10,600	11,322	107
Less: unearned income	(94,220)	(113,022)	(952)
Net investments	¥425,298	¥ 550,716	$4,296

Contingent rentals amounted to ¥4,071 million ($41 million) and ¥9,525 million for the years ended March 31, 2009 and 2008, respectively.

The Companies also lease aircraft, office buildings and other industrial properties and equipment to third parties under cancelable and non-cancelable operating leases. As of March 31, 2009 and 2008, the cost of the leased property was ¥876,189 million ($8,850 million) and ¥758,469 million, respectively, and the accumulated depreciation was ¥355,165 million ($3,588 million) and ¥271,311 million, respectively, these are included in "Property and equipment" and "Goodwill and other intangible assets." (See Notes 9 and 10.)

Future minimum lease payments to be received as of March 31, 2009 are as follows:

	Millions of Yen			Millions of U.S. Dollars		
Year ending March 31,	Direct financing leases and sales type leases	Non-cancelable operating leases	Total	Direct financing leases and sales type leases	Non-cancelable operating leases	Total
2010	¥125,366	¥126,757	¥252,123	$1,266	$1,280	$2,546
2011	98,128	94,397	192,525	991	954	1,945
2012	73,364	66,124	139,488	741	668	1,409
2013	49,370	44,562	93,932	499	450	949
2014	33,573	23,333	56,906	339	236	575
2015 and thereafter	129,117	49,424	178,541	1,304	499	1,803
Total	¥508,918	¥404,597	¥913,515	$5,140	$4,087	$9,227

The components of the net investment in leveraged leases at March 31, 2009 and 2008 are as follows:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	2009
Future minimum lease payments to be received (net of principal and interest on third-party nonrecourse debt)	¥ 2,514	¥ 3,222	$ 25
Unguaranteed residual value	7,633	7,633	77
Less: unearned income	(2,332)	(2,899)	(23)
Investments in leveraged leases	7,815	7,956	79
Less: deferred tax liabilities arising from leveraged leases	(1,284)	(1,033)	(13)
Net investments	¥ 6,531	¥ 6,923	$ 66

As Lessee

The Companies lease office space and certain other assets under cancelable and non-cancelable operating leases. Total rental expenses under such cancelable and non-cancelable leases for the years ended March 31, 2009, 2008 and 2007 were ¥62,011 million ($626 million), ¥59,289 million and ¥54,207 million, respectively. The Companies also lease equipment and others under arrangements which are classified as capital leases under SFAS No. 13, "Accounting for Leases." As of March 31, 2009 and 2008, the cost of the leased property was ¥43,504 million ($439 million) and ¥39,794 million, respectively, and the accumulated depreciation was ¥16,350 million ($165 million) and ¥16,688 million, respectively, these are included in "Property and equipment" and "Goodwill and other intangible assets." (See Notes 9 and 10.)

As of March 31, 2009, the future minimum lease payments under capital leases and non-cancelable operating leases are as follows:

	Millions of Yen			Millions of U.S. Dollars		
Year ending March 31,	Capital leases	Non-cancelable operating leases	Total	Capital leases	Non-cancelable operating leases	Total
2010	¥ 12,487	¥ 44,668	¥ 57,155	$ 126	$ 451	$ 577
2011	7,105	40,123	47,228	72	405	477
2012	5,687	37,861	43,548	57	383	440
2013	4,831	34,321	39,152	49	346	395
2014	3,534	31,878	35,412	36	322	358
2015 and thereafter	15,229	174,030	189,259	154	1,758	1,912
	48,873	362,881	411,754	494	3,665	4,159
Less: amount representing interest	(13,563)			(137)		
	¥ 35,310			$ 357		

23 ASSET RETIREMENT OBLIGATIONS

The Companies account for asset retirement obligations, consisting of the costs related to dismantlement of facilities and mine reclamation, in accordance with SFAS No. 143, "Accounting for Asset Retirement Obligations." The asset retirement obligations are principally related to the costs of dismantlement of crude oil and coal mining drilling facilities. These liabilities are included in "Long-term debt, less current maturities" in the consolidated balance sheets.

The changes in asset retirement obligations for the years ended March 31, 2009 and 2008 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2009	2008	2009
Balance, beginning of year	¥13,176	¥12,070	$133
Liabilities incurred	580	821	6
Liabilities settled	(294)	(24)	(3)
Accretion expense	261	296	3
Revisions in estimated cash flows	982	(220)	10
Other*	(2,154)	233	(22)
Balance, end of year	¥12,551	¥13,176	$127

*Other includes the effect of changes in foreign currency exchange rates and the effect of consolidation and deconsolidation of certain subsidiaries.

24 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Commitments

The Companies customarily enter into long-term purchase commitments for certain items, principally ocean transport vessels and industry materials, either at fixed prices or at basic purchase prices adjustable to market. Such purchase commitments are in most instances matched with counter-party sales contracts. Long-term purchase contracts at fixed prices or at basic purchase prices adjustable to market amounted to ¥1,390,822 million ($14,049 million) as of March 31, 2009. Scheduled deliveries are at various dates through 2017.

The Companies also had long-term financing commitments of ¥12,145 million ($123 million) as of March 31, 2009 for loans and investments in equity capital.

(b) Guarantees

The Companies enter into various guarantee agreements. These agreements arise in transactions related to enhancing the credit standings of associated companies, suppliers, buyers and employees, and residual values on operating leases.

FIN No. 45 requires that the Companies recognize the fair value of guarantee and indemnification arrangements issued or modified after December 31, 2002, if the arrangements are within the scope of the Interpretation. The carrying amounts of the liabilities recognized for the Companies' obligations as a guarantor under those guarantees as of March 31, 2009 were insignificant.

The following table provides the undiscounted maximum amount of potential future payments for each major group of guarantees:

As of March 31, 2009:	Millions of Yen	Millions of U.S. Dollars
Discounted trade notes receivable with banks	¥152,123	$1,536
Guarantees of indebtedness:		
Associated companies	78,877	797
Third parties	39,629	400
Employees	2,765	28
Residual value guarantees	11,249	114
Total	¥284,643	$2,875

Discounted Trade Notes Receivable with Banks

The Companies are contingently liable for trade notes receivable sold to banks on a discounted basis with recourse to the Companies. These notes arise mainly from export transactions and mature through 2010. If an issuer of a note defaults on its payment, the Companies would be required to pay the banks for any loss. As of March 31, 2009, ¥115,499 million ($1,167 million) of outstanding discounted trade notes receivable were covered by letters of credit, whereby other banks would be required to pay for any defaults by the issuers of the notes.

Guarantees of Indebtedness for Associated Companies

The Companies provide guarantees on certain of their associated companies' borrowings from banks, payables to suppliers and other indebtedness. These guarantees mature through 2021. Guarantees with third party guarantee aggregated ¥1,252 million ($13 million) as of March 31, 2009. The Companies would be obligated to reimburse the banks for losses, if any, if a borrower defaults on a guaranteed loan.

Guarantees of Indebtedness for Third Parties

The Companies also provide guarantees of indebtedness for third parties. These guarantees are arranged mainly with suppliers and customers and mature through 2025. The Companies must pay if a guaranteed party defaults on a guaranteed indebtedness. Guarantees with third party guarantee aggregated ¥72 million ($1 million) as of March 31, 2009. Certain of these guarantees are also collateralized by borrower assets.

Guarantees of Indebtedness for Employees

The Companies offer guarantees to banks for housing loans of employees as an employee benefit. The maximum maturity of the guarantees is 25 years. The Companies would be obligated to reimburse the bank for losses, if any, if the employee defaults on a guaranteed loan. These guarantees are collateralized by the housing units related to the loans.

Residual Value Guarantees

The Companies also provide residual value guarantees to owners of transportation equipment leased by third parties under operating leases to compensate for the gap between fixed prices and actual disposal proceeds on dates specified in these contracts. These guarantees mature through 2015. If the actual disposal amount of the equipment is less than the guaranteed value on the specified date, the Companies will be required to compensate for the shortfall so long as obligations by the lessee under the contract are satisfied. The current estimated future values of such transportation equipment are higher than the guaranteed values, and, accordingly, no allowance has been provided as of March 31, 2009.

Management does not anticipate incurring losses on the above commitments and guarantees in excess of established allowances.

(c) Litigation

The Companies are involved in certain legal actions and claims incidental to its business. In the opinion of management, none of these actions or claims will have a material adverse effect on the financial position or results of operations of the Companies.

Independent Auditors' Report

The Board of Directors and Shareholders
Sumitomo Corporation:

We have audited the accompanying consolidated balance sheets of Sumitomo Corporation and subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income, shareholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended March 31, 2009, all expressed in yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sumitomo Corporation and subsidiaries as of March 31, 2009 and 2008, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2009, in conformity with U.S. generally accepted accounting principles.

The accompanying consolidated financial statements as of and for the year ended March 31, 2009 have been translated into United States dollars solely for the convenience of the reader. We have audited the translation and, in our opinion, the consolidated financial statements expressed in Japanese yen have been translated into dollars on the basis set forth in note 2 of the notes to the consolidated financial statements.

KPMG AZSA & Co.

Tokyo, Japan

June 19, 2009

The factors described below may conceivably materially affect investors' decisions as risks relating to us. Unless otherwise specified, information concerning the future presented herein are forecasts based on our decisions, targets, certain premises or assumptions as of the last day (March 31, 2009) of the consolidated fiscal year and may differ materially from the actual results.

RISKS RELATED TO OUR BUSINESS

The risk of our revenues and profitability fluctuating from period to period unexpectedly

Our results of operations for any quarter, half year or year are not necessarily indicative of results to be expected in future periods. Our operating results have historically been, and we expect they will continue to be, subject to quarterly, half yearly and yearly fluctuations as a result of a number of factors, including:

- changes in prevailing economic and other conditions relating to our businesses;
- variations in costs, sales prices and volume of our products and services, and the mix of products and services we offer;
- changes in customer demand and/or our supply chains, which in turn will often depend upon market conditions for the relevant products, the success of our customers' or suppliers' businesses, industry trends, and other factors;
- changes in the level of performance of our strategic investments, which in turn will affect our gains and losses on sales of such investments or may result in the write-off or impairment of such investments;
- changes in our asset prices, including equity, real estate and other assets, which in turn will affect our gains and losses on sales of such assets or may result in the write-off or impairment of such assets;
- changes in the financial and commodity markets; and
- changes in the credit quality of our customers.

As such, you should not rely on comparisons of our historical results of operations as an indication of our future performance.

The risk that we may not be able to achieve the managerial targets set forth in our medium-term business plans

As part of our efforts to strengthen our position as a leading global business enterprise, we intend to increase our profitability and our earnings base and to improve our financial strength and the efficiency and effectiveness of our operations. As part of these continuing efforts, we set and implement a medium-term business plan every two years. In the medium-term business plan, we set certain quantitative and qualitative targets and undertake efforts to achieve such targets while monitoring the status of progress. The targets are set based on the gathering and analysis of information deemed appropriate at the time of such target-setting. However, since we may not be able to always gather all the necessary information, we may not be able to achieve the targets due to changes in the operating environment and other factors.

In our business plan, we use two key management measures that we call "risk-adjusted assets" and "risk-adjusted return ratio," which are targets set for each of our industry-based business units and for our company as a whole. These targets involve a certain statistical confidence level, estimates and assumptions. Since they are different from return on assets or any other measure of performance determined in accordance with U.S. GAAP, they may not be useful to all investors in making investment decisions.

The risk that economic conditions may change adversely for our business

We undertake operations through our offices in over 60 countries, including Japan. Since we are engaged in business activities and other transactions in a broad range of industrial sectors in Japan and abroad, we are affected by not only general Japanese economic conditions but also the economic conditions of the relevant countries in which we operate and the world economy as a whole.

As a result of the financial crisis that occurred in many major economies last year, some countries in which we operate have experienced, or are currently experiencing, deflation, currency depreciation, and liquidity crises, and these conditions may continue or reoccur in the future. Although some emerging countries continue to show high economic growth, there have been signs of a slowdown in that growth.

Moreover, economic conditions in key countries for our operations have been adversely impacted by events such as the continued fear of future terrorist attacks and political instability.

These changes in economic conditions in key countries for our operations may adversely affect our results of operations and financial condition.

Risks associated with intense competition

The markets for many of the industries in which we are involved are intensely competitive. For many of our businesses, we are involved at all levels of the supply chain and compete with companies that are engaged in certain of the same businesses as we are, but that are more concentrated in individual business segments. We also compete with other integrated trading companies in Japan which often establish and pursue similar strategic business plans as ours. Our competitors may have stronger relationships and associations with our current or potential customers, suppliers, counterparties and business partners. Our competitors may also have greater financial, technical, marketing, distribution, information, human and other resources than we do and may be stronger in certain of the market segments in which we operate.

In this intensely competitive environment, our results of operations will be adversely affected if we are unable to:

- anticipate and meet market trends to timely satisfy our customers' changing needs;
- maintain relationships with our customers and suppliers;
- maintain our global and regional network of associated companies and business partners;
- obtain financing to carry out our business plans on reasonable terms or at all; and
- adapt our cost structure to constantly changing market conditions so as to maintain our cost competitiveness.

Credit risk arising from customers and counterparties

We extend credit to our customers in the form of accounts receivable, advances, loans, guarantees and other means and therefore bear credit risk. Some of our customers are also companies in which we invest. In those cases, our potential exposure includes both credit risk and the investment exposure. We also enter into various swap and other derivative transactions largely as a part of our hedging activities and have counterparty payment risk on these contracts. If our customers or counterparties fail to meet their financial or contractual commitments to us, or if we fail to collect on our receivables, it could have a material adverse effect on our business, results of operations and financial condition.

We undertake efforts to manage credit risk by carrying out credit checks on customers based on our internal credit rating system, obtaining collateral or guarantees, and having a diversified customer base. We make allowances for doubtful receivables based on certain assumptions, estimates and assessments about the credit worthiness of our customers, the value of collateral we hold and other items.

However, such efforts may fail or be insufficient. Furthermore, these assumptions, estimates and assessments might be wrong. And if general economic conditions deteriorate, if other factors which were the basis for our assumptions, estimates and assessments change, or if we are adversely affected by other factors to an extent worse than anticipated, our actual losses could materially exceed our allowances.

Risks related to investment activities and our strategic business alliances

In connection with our corporate strategy and the development of our business opportunities, we have acquired or made investments in newly established or existing companies and intend to continue to do so in the future. And we sometimes extend credit, through such as credit sales, loans, and guaranties, to the companies in which we invest. As our business investments sometimes require the commitment of substantial capital resources, in some instances, we may be required to contribute additional funds. We may not be able to achieve the benefits we expect from such investments. In addition, since a substantial portion of our business investments is illiquid, we may not be able to exit from such investments at the time or in the manner we would like.

In order to curb such risk as much as possible, we in principle invest only in projects that meet the specified hurdle rate at inception of investment. At the same time, as for large, important projects that could have a major impact on the entire company, the Corporate Group has a restraining function on business segments through the Loan and Investment Committee, which analyzes project risks from an specialist view point and assesses whether or not to go ahead with them prior to the investment.

We sometimes enter into partnerships, joint ventures or strategic business alliances with other industry participants in a number of business segments, including with our competitors. In some cases, we cannot control the operations and the assets of the companies in which we invest nor can we make major decisions without the consent of other shareholders or participants or at all. Our business could be adversely affected in such cases or if we are unable to continue with one or more of our partnerships, joint ventures or strategic business alliances.

Fluctuations of interest rates, foreign currency exchange rates, and commodity prices

We rely on debt financing in the form of loans from financial institutions or the issuance of corporate bonds and commercial paper to finance our operations. We also often extend credit to our customers and suppliers in the form of loans, guarantees, advances and other financing means. For example, through several subsidiaries, we are engaged in motor vehicle financing and leasing businesses in Japan and other countries. Revenues and expenses and the fair price of our assets and liabilities arising from such business transactions, in some cases, are affected by interest rate fluctuations.

Foreign currency exchange rate fluctuations can affect the yen value of our investments denominated in foreign currencies as well as revenues and expenses and our foreign currency-denominated assets and liabilities arising from business transactions and investments denominated in foreign currencies. Exchange rate fluctuations can also affect the yen value of the foreign currency financial statements of our foreign subsidiaries. Although we attempt to reduce such interest rate fluctuations and foreign currency exchange risks, primarily by using various derivative instruments, we are not able to fully insulate ourselves from the effects of interest rate fluctuations and exchange rate fluctuations.

As a major participant in the global commodities markets, we trade in a variety of commodities, including mineral, metal, chemical, energy and agricultural products and invest in natural resource development projects. As such, we may be adversely affected by the fluctuations in the prices of the relevant commodities. Although we attempt to reduce our exposure to price volatility by hedge-selling commodities, matching the quantity and timing of buying and selling, and utilizing derivative instruments for hedging purposes, we are not able to fully insulate ourselves from the effects of commodity price movements.

Risks related to declines in real estate market or impairment loss on fixed assets, etc.

Our real estate business involves developing, renting and managing of and providing services to office buildings and commercial and residential properties in Japan and abroad. If the real estate market deteriorates, our results of operations and financial condition could be materially adversely affected.

Also, if land prices and rental values decline, we may be forced to write down the value of our properties as well as the value of land and buildings held for lease and land held for development. Not only real estate but also our property holdings are exposed to impairment risk. As such, our business, operating results and financial condition could be adversely affected.

Risks related to continued volatility of equity markets in Japan and elsewhere

A significant portion of our investments consists of marketable equity securities, particularly those of Japanese issuers. Our results of operation and financial conditions may be adversely affected if the Japanese equity market declines in the future because we would incur impairment losses for equity securities.

Risks regarding uncertainty about pension expenses

Declines in the Japanese and foreign stock market would reduce the value of our pension plan assets, and could necessitate additional funding of the plan by us and an increase in pension expenses. This could adversely affect our results of operations and financial condition.

Concentration of risk exposure in specific fields

Some parts of our operations and businesses are concentrated in a few particular markets, entities, and regions. As a result, if these operations and businesses do not perform as we expect or if the economic conditions in these markets and regions deteriorate unexpectedly, it could have a disproportionately negative effect on our businesses and results of operations. For example, we are involved in a large copper and gold mine project, a large power plant project, the automobile lease and finance business, liquefied natural gas projects and other business activities in Indonesia. As such, risk exposure is concentrated there.

Risks stemming from restrictions on access to liquidity and capital

We rely on debt financing in the form of loans from financial institutions or the issuance of corporate bonds and commercial paper etc. to finance our operations. If financial markets are in turmoil and financial institutions reduce their lendings to us and there is a significant downgrade of our credit ratings by one or more credit rating agencies, we may not be able to access funds when we need them on acceptable terms, our access to debt capital markets may become more restricted or the cost of financing our operations through indebtedness may increase. This could adversely affect our results of operations and financial condition.

Risks regarding laws and regulations

Our operations are subject to extensive laws and regulations covering a wide range of fields in Japan and many other countries. These laws and regulations govern, among other things, tariffs and other taxation, repatriation of profits, business and investment approvals, import and export activities (including restrictions based on national security interests), antitrust and competition, commercial activities, currency exchange, distributor protection, consumer protection and environmental protection. In some of the countries in which we operate, our operations may subject us to additional or future relevant laws and regulations. Also particularly in developing countries with relatively nascent legal systems, our burden of compliance may further increase due to factors such as the lack of laws and regulations, unexpected interpretations of existing laws and regulations and changing practices of regulatory, judicial and administrative bodies. Failure to comply with current or future laws and regulations could lead to penalties and fines against us and restrictions in our operations or damage to our reputation. If that occurs, our business, results of operations and financial condition could be materially adversely affected.

Risks related to legal actions, etc.

We are party to a number of legal actions and other disputes in Japan and abroad. In performing our business, lawsuits arising incidentally and claims that do not develop into lawsuits may be brought against us.

Due to the inherent uncertainty of litigation, it is not possible to predict the ultimate outcome of the actions in which we are involved at this time. There can be no assurance that we will prevail in any action or that we will not be materially adversely affected by such action in the future.

Risks regarding internal control over executives and employees and regarding management of our information and communications systems

Due to our size, as well as the diversity and geographic breadth of our activities, our day-to-day operations are necessarily decentralized. The nature of our operations requires extensive internal controls and management oversight to ensure compliance by our employees with applicable laws and regulations and our internal policies. There can be no assurance that we will succeed in preventing misconduct by our employees through our internal control and compliance systems. Employee misconduct could have a material adverse effect on our results of operations, expose us to legal and financial risks and compromise our reputation.

We are dependent on the proper functioning of our information and communications systems to maintain our global operations. System malfunction may result in disruptions of our operations.

There is no assurance that our risk management systems will effectively minimize various types of risks in our operations to appropriate levels.

Our extensive and diverse businesses expose us to various types of risks. We conduct our business through industry-based business units and regional operations, domestic and overseas. At the same time, we are expanding our business activities into new areas. Accordingly, in addition to the risks and uncertainties that we face as a whole as an integrated trading company, each of our industry-based business units and regional operations may be subject to risks inherent in or relating to each industry, market and/or geographic focus.

Our existing risk management systems, which consist of various elements from risk measurement methodology and information system to internal rule and organization structure, may not work satisfactorily with respect to various risks. Furthermore, we may have no experience or only limited experience with the risks relating to our new business activities, products and services.

In such cases, our new business activities, products and services may require the introduction of more complex management systems and additional management resources, such as human resources.

Moreover, a shortage of management resources, such as human resources, may lead to a restriction of business operation.

CORPORATE INFORMATION (As of March 31, 2009)

Company Name:	Sumitomo Corporation
Date of Establishment:	December 24, 1919
Consolidated Shareholders' Equity:	¥1,353.1 billion
Number of Consolidated Subsidiaries:	557 (Overseas 402, Domestic 155)
Associated Companies: [equity method]	229 (Overseas 171, Domestic 58)
Total:	786
Fiscal Year:	From April 1 of each year through March 31 of the following year
Headquarters:	1-8-11, Harumi, Chuo-ku, Tokyo 104-8610, Japan
Number of Employees:	Total, including Consolidated Subsidiaries 70,755 Non-Consolidated 4,968

STOCK INFORMATION (As of April 1, 2009)

Stock Listings:	Tokyo, Osaka, Nagoya, Fukuoka
American Depository Receipts:	
Ratio:	1ADR:1ORD
Exchange:	OTC (Over-the-Counter)
Symbol:	SSUMY
CUSIP Number:	865613103
Depository and Registrar:	Citi Global Transaction Services Depositary Receipts Services, P.O. Box 43077, Providence, Rhode Island 02940-3077, U.S.A.
Toll Free Number:	1-877-248-4237(CITI-ADR)
Overseas Dial-In:	1-781-575-4555
e-mail:	citibank@shareholders-online.com
URL:	http://www.citigroup.com/adr

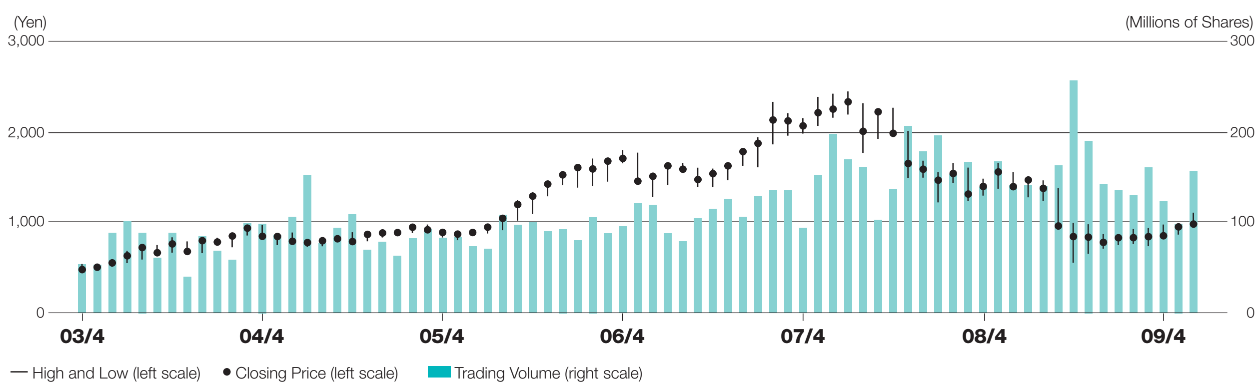
Major Shareholders

(As of March 31, 2009)

Name	Number of Shares (In Thousands of Shares)	Shareholding Ratio (%)
1. Japan Trustee Services Bank, Ltd. (trust account)	93,316	7.46
2. The Master Trust Bank of Japan, Ltd. (trust account)	85,027	6.80
3. Japan Trustee Services Bank, Ltd. (trust account 4G)	76,881	6.15
4. Liberty Programming Japan, Inc.	45,652	3.65
5. Mitsui Sumitomo Insurance Co., Ltd.	33,227	2.66
6. Sumitomo Life Insurance Co.	30,855	2.47
7. Japan Trustee Services Bank, Ltd. (trust account 4)	24,397	1.95
8. Sumitomo Metal Industries, Ltd.	19,291	1.54
9. Nippon Life Insurance Co.	16,532	1.32
10. The Dai-ichi Mutual Life Insurance Co.	15,889	1.27

Shareholder Composition

Stock Price and Trading Volume



		08/4	5	6	7	8	9	10	11	12	09/1	2	3	4	5	6
Stock Price	Closing Price	1,397	1,557	1,395	1,468	1,376	961	844	838	780	831	832	843	853	951	982
(Yen)	High	1,483	1,658	1,597	1,498	1,464	1,377	996	980	872	870	928	938	977	971	1,108
	Low	1,296	1,372	1,354	1,277	1,235	952	556	654	711	750	762	738	832	866	946
Trading Volume		138,685	166,933	140,944	141,311	139,748	162,979	256,297	190,014	142,272	135,405	129,944	160,707	122,963	98,634	156,898

Note: Above stock prices and trading volume are based on Tokyo Stock Exchange data.

For further information contact:

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Sumitomo Corporation

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