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

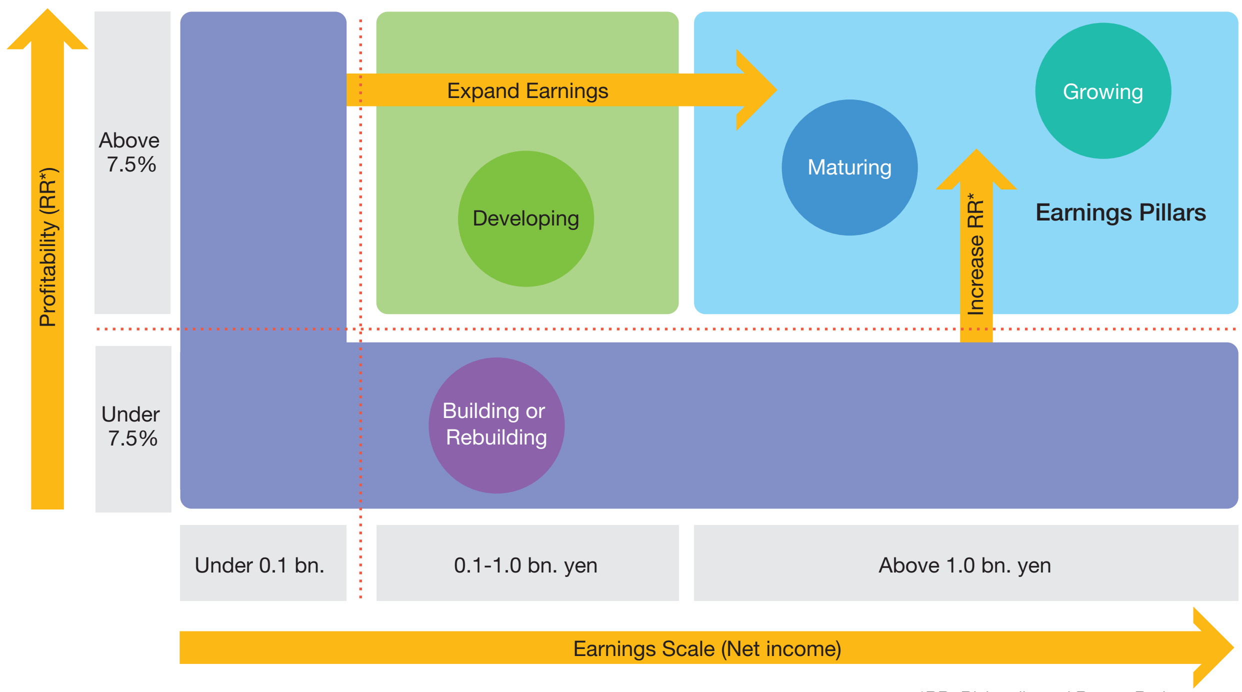
Leveraging the diversity and strengths of our business to deepen Risk-adjusted Return Ratio management, we aim to promote company-wide growth under FOCUS'10.

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)

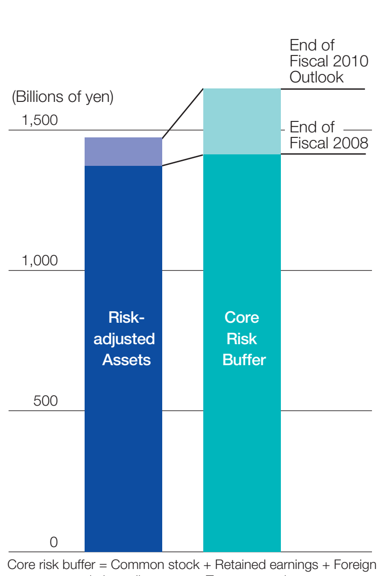
Risk-adjusted Asset Plan

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.

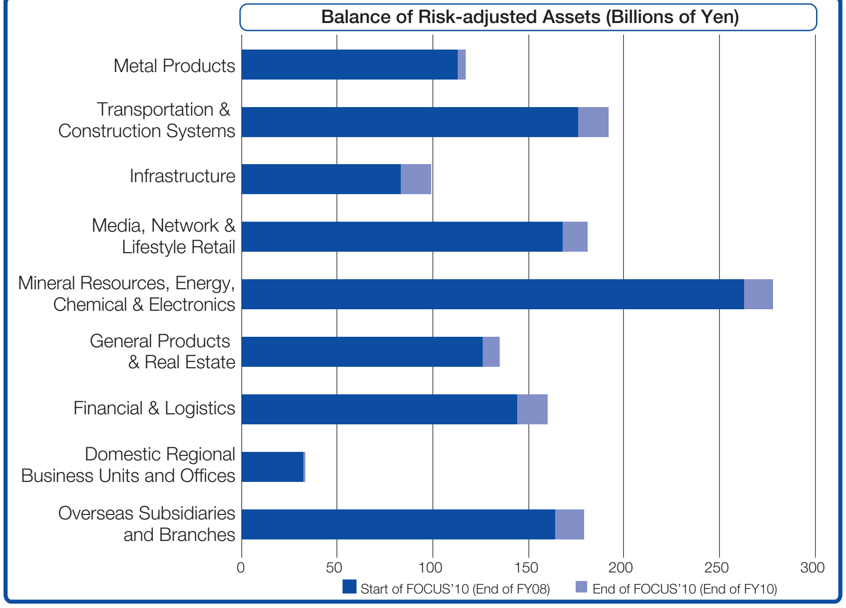
We identified the following fields in which we expect stable earnings: the expansion of a power plant in Indonesia in Infrastructure and asset accumulation in the office building leasing business in General Products & Real Estate. In Mineral Resources, Energy, Chemical & Electronics, we also have developed 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

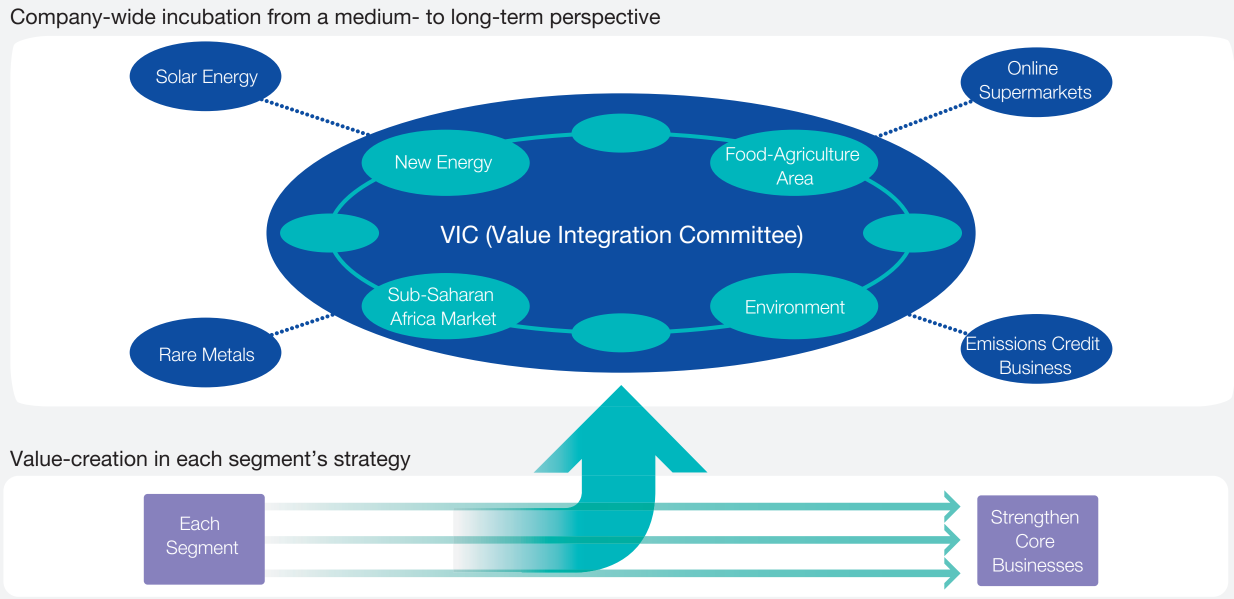
While expanding the earnings base and developing new businesses in each Business Unit and regional organization, we have been bolstering the activities of the Value Integration Committee (VIC), which was established under the GG Plan, in order to guide efforts over the longer term from a company-wide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

SPECIAL FEATURE 2
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.

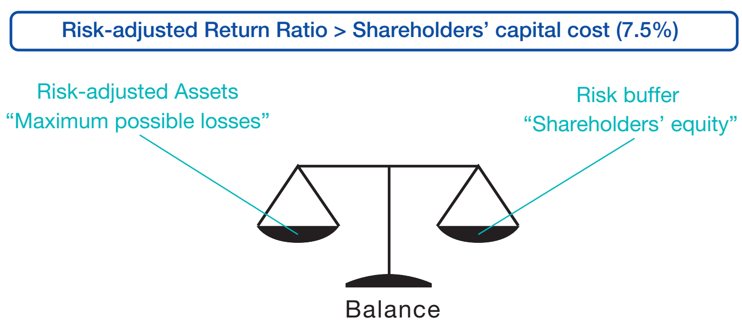
$$\text{Risk-adjusted Return Ratio} = \frac{\text{Net income}}{\text{Risk-adjusted Assets (maximum possible losses)}}$$

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%.



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%.

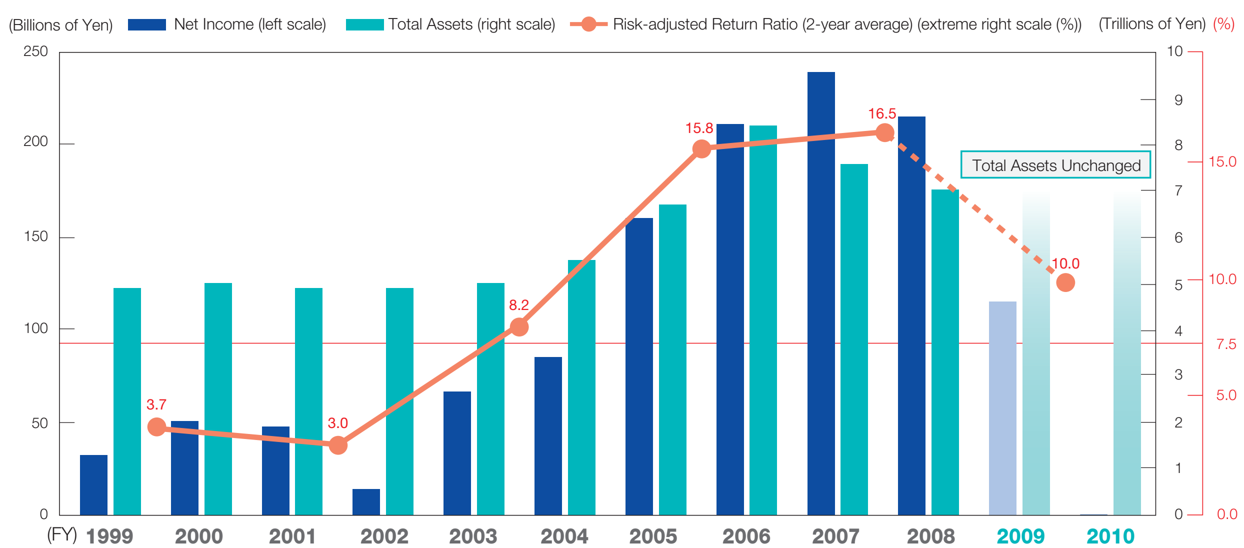
Progress on Management Reforms

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