

Infrastructure Business

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Media, Network &
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CREATING A NEW TOMORROW WITH

Sumitomo Corporation has built up strengths including its global business foundations and trading company functions through business activities over the years. Under our current FOCUS'10 medium-term management plan, the main thrust of our strategy is to leverage our strengths to construct solid pillars of profit for the future.

In the special feature, we take a look at our strategies from two perspectives—Core Business Expansion in existing businesses, and New Business Innovation to set the stage for the future.



New Business Development
& Promotion Division

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CORE BUSINESS EXPANSION

[Infrastructure Business]

Initiatives in the Power and Wind Power/Water Infrastructure Fields

Our infrastructure business plays an important role in supporting a broad range of industries and people's lives around the world. In particular, the power and wind power/water infrastructure fields offer strong prospects for stable earnings over the medium and long term, and business opportunities should continue to increase substantially in step with future market growth. In addition, we believe that these fields take full advantage of our strengths, including our functions and business expertise obtained through business over many years.

In this feature, we present our initiatives in the power and wind power/water infrastructure fields in detail.

Our activities in the power field started out with the export of power equipment in the 1960s, and we then evolved our functions in line with market needs. Specifically,



we started the installation of equipment and a power plant EPC*¹ business, which provides a full-line of services ranging from power plant design to construction. In the power plant EPC business, we have been involved with the construction of many different types of power plants, such as thermal, hydropower, geothermal and biomass power plants mainly in Asia, including Indonesia, Malaysia and Vietnam. We have completed power plants with a total generation capacity of approximately 47,000MW (as of March 31, 2010). While implementing initiatives that fit the unique needs of various regions, we have sharpened our strengths by raising the sophistication of project execution functions, including finance and risk management functions, as well as project arrangement and organizer functions. Other measures include

building strong relationships with customers and business partners, and deepening our insight into the market characteristics of each region.

Leveraging these strengths, we entered the IPP/IWPP*² businesses on a full scale at the beginning of 2000, and today have expanded our power generation capacity to 5,000MW*³.

Furthermore, we are expanding our business foundations to the wind power/water infrastructure fields. This market as a whole boasts a high potential growth rate, and we can effectively use business expertise built-up in IPP/IWPP operations.

*1 EPC (Engineering, Procurement and Construction)

*2 IPP (Independent Power Producer)

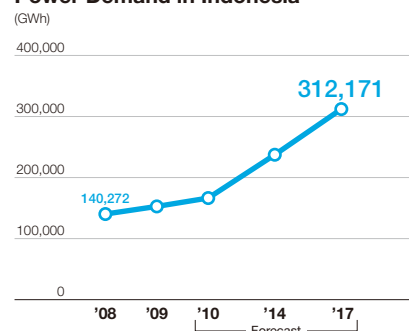
IWPP (Independent Water and Power Producer)

*3 Total of retained generation capacity both in operation and contract, as of March 31, 2010

Tanjung Jati B

Sumitomo Corporation has built and owns the Tanjung Jati B (TJB) coal-fired thermal power plant, one of the largest of its kind in Indonesia (total capacity of Units 1 & 2: 1,320MW), and currently leases the plant to PT. Perusahaan Listrik Negara (PLN), an Indonesian state-owned electricity corporation. Although the project encountered unforeseen twists and turns, such as the suspension of construction in the wake of the financial and economic turmoil triggered by the Asian currency crisis, it was resumed through the development of an entirely new financing scheme, resolute coordination and other measures. After a period of 11 years, the power plant was finally completed in 2006. Thereafter, in response to rapidly increasing power demand driven by population growth and industrialization, we were appointed to conduct an expansion project at the TJB coal-fired thermal power plant based on discussions with various Indonesian government authorities. An expansion project (construction of Units 3 & 4, total capacity: 1,320MW) is currently under way with the aim of commencing operations in fiscal 2011. Harnessing its track record in the power business in Indonesia, including the TJB coal-fired thermal power plant, Sumitomo Corporation is working to expand its business in the country by accurately capturing market needs.

Power Demand in Indonesia



Source: Ministry of Energy and Natural Resources

► Leveraging Extensive Expertise in the Power Plant EPC Business to Reinforce Our Earnings Base—IPP/IWPP Business

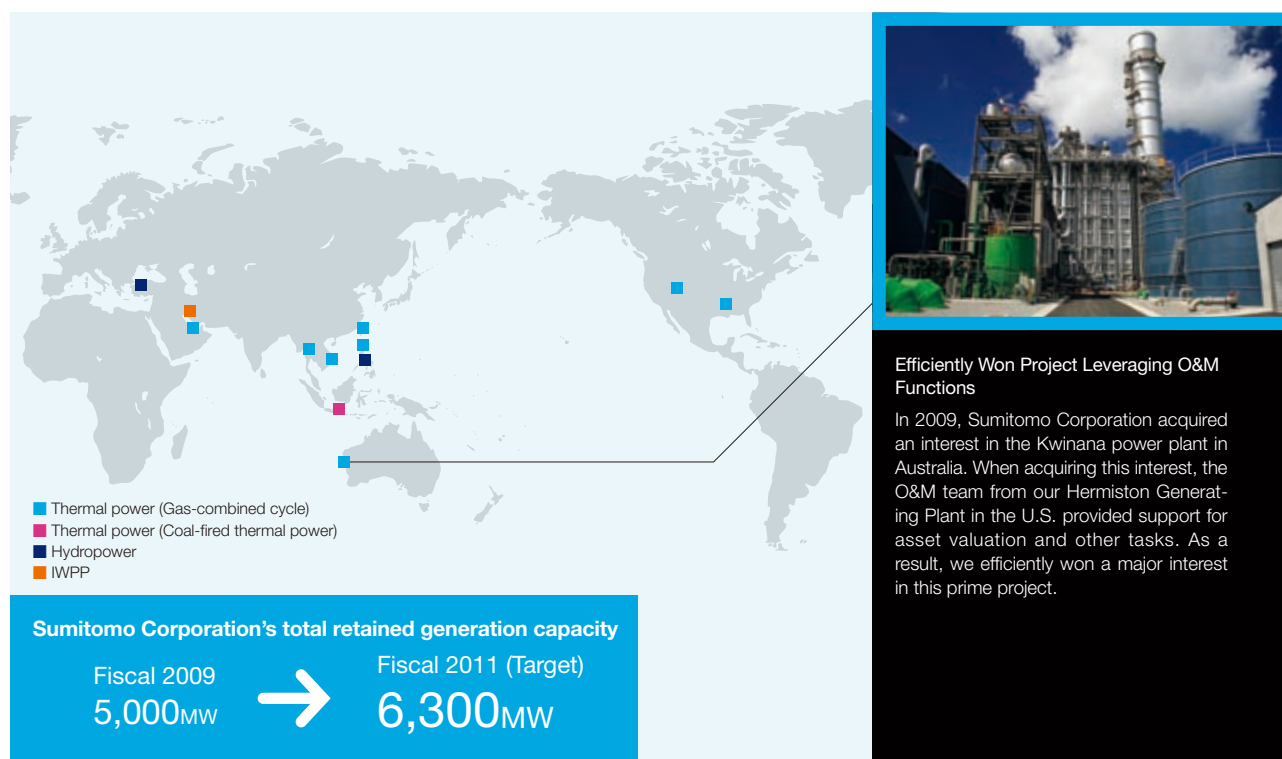
Based on initiatives in the power plant EPC business, we are also focusing efforts on the IPP/IWPP business. Having entered the business on a full scale in 2000, we have a relatively short track record in this field. However, we have steadily expanded business mainly in Asia, but also in the U.S., Middle East, Australia and other regions. Today, our total retained generation capacity exceeds 5,000MW. By the end of fiscal 2011, we plan to raise this capacity to 6,300MW by pursuing both “brown field” projects (the acquisition and expansion of existing power plants) and “green field” projects (new development projects).

In “green field” projects, although there are various risks associated with developing and constructing power plants from scratch, and it takes time to generate earnings, relatively high returns can be expected from these projects. Therefore, we intend to concentrate efforts even more than before in this field. When developing business, market insight is essential because these projects are primarily located in emerging countries. In addition, sophisticated functions and specialist expertise in such areas as risk management and finance arrangement are necessary, and collaboration with prominent partners is also important.

In light of these points, we are proceeding with new projects based on a strategy of selection and concentration for regions and projects. Specifically, we are narrowing down our targets to the four priority regions of Asia, North America, the Middle East/Africa and Oceania, where we already have a strong presence in the power field. We also aim to win projects efficiently through collaboration with strategic partners with whom we have a complementary relationship in terms of functions, and with whom we share common policies on winning and executing projects and so forth.

Meanwhile, we will also concentrate on raising the value of power businesses that we already own and operate. We will take full advantage of our business functions, such as our ability to raise the efficiency of O&M* of plant facilities and to reduce finance costs, in order to increase our earnings power, with the aim of enhancing the value of our businesses. We also intend to boldly create new value by actively pursuing expansion projects at power plants that we own.

* O&M: Operation and Maintenance



Efficiently Won Project Leveraging O&M Functions

In 2009, Sumitomo Corporation acquired an interest in the Kwinana power plant in Australia. When acquiring this interest, the O&M team from our Hermiston Generating Plant in the U.S. provided support for asset valuation and other tasks. As a result, we efficiently won a major interest in this prime project.

▶ Leveraging Strengths in the Power Field to Capture Fast Growing Demand—Wind Power/Water Infrastructure Businesses

The world's water business serves a market that is currently valued at around ¥36 trillion. By 2025, the market is expected to grow rapidly, mainly in emerging countries, to around ¥90 trillion, nearly 3 times larger than the current level. By 2020, the wind power market is projected to grow roughly six-fold to 1,000GW on an installed capacity basis.

In order to build a solid position in these rapidly growing markets, we established the Wind Power & Water Infrastructure Business Department in April 2010.

We currently provide water-treatment services to approximately 2.5 million people in Turkey, Mexico and other countries. We aim to increase the number of service beneficiaries to more than 20 million people within the next several years, and join the ranks of the world's top ten water business operators. To achieve this goal, we are putting priority on allocating resources to Malaysia, Vietnam, Saudi Arabia, and other countries where we already have a large presence in the power field, and also in the huge Chinese market.

In the wind power business, we now have a retained generation capacity of approximately 100MW. In addition to operations in Japan, this figure was achieved by starting a

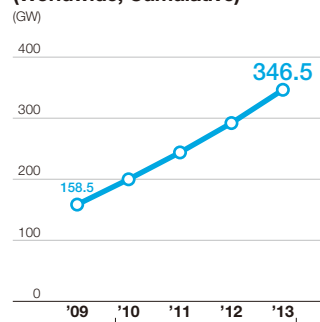
“green field” project in China and acquiring an established business in the United States in fiscal 2009. We aim to develop operations principally in the United States and China, both countries where wind power has already gained a major foothold, and quickly raise retained generation capacity to 1,000MW. In addition, we are researching and investigating offshore wind farming, which is projected to expand in the future wind power market.

The foundations for promoting the foregoing initiatives are the strengths we have developed through the power business. These include our insight and business expertise on each country's market as well as our relationships of trust with customers, and functions such as project management and finance. By taking full advantage of these foundations, we aim to achieve our targets as quickly as possible in the wind power/water infrastructure businesses, by raising the sophistication of O&M functions, forming strategic alliances with prominent partners, and nurturing human resources who can conduct a range of activities, such as the development, arrangement and execution of large projects.



Our wind power plant in China's Inner Mongolia Autonomous Region began commercial operations in 2009.

Wind Power Generation Capacity (Worldwide, Cumulative)



Source: Global Wind Energy Council

CORE BUSINESS EXPANSION

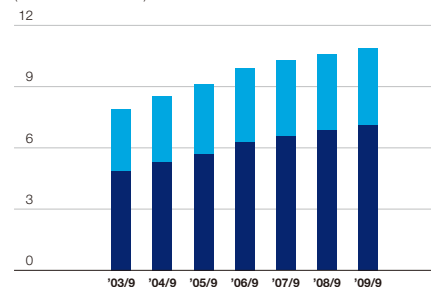
[Media, Network & Lifestyle Retail Business]

Initiatives in the Media Field

In contrast to the significant economic growth of emerging countries, Japan's relatively mature consumer market is widely considered to have limited growth potential. However, with the world's third largest retail market valued at around ¥135 trillion, the Japanese market remains significant, particularly during this period of unprecedented environmental changes such as the widespread adoption of the Internet and the diversification of consumer purchasing behavior. Accordingly, Sumitomo Corporation's Media, Network & Lifestyle Retail Business Unit has adopted a unique cross-media retail strategy aimed at expanding its presence in the market. Here, we introduce several Sumitomo Corporation initiatives designed to enrich the lives of customers by turning these changes into opportunities.

Growth Potential of the Multichannel Pay TV Broadcasting Market

■ Number of SKY PerfecTV! Subscribers
■ Cable TV (Number of household multichannel pay TV subscribers)
(Millions of households)



Sources: Hosono Journal, December 2009 Issue, publicly disclosed reports from SKY PerfecTV! JSAT Corporation



Yoshio Osawa

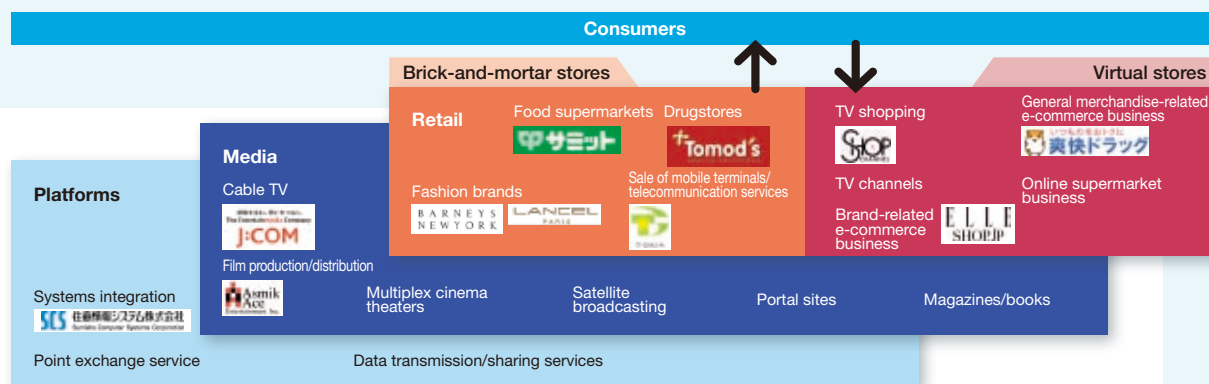
General Manager
Media, Network & Lifestyle Retail Business Unit



How will you achieve growth in Japan's maturing consumer market?



The cross-media retail strategy of our business unit will expand consumer reach and maximize earnings opportunities by providing products and services to individual consumers through various channels, including brick-and-mortar retailers, TV, magazines, the Internet and mobile. To give you a clear example, we feature the various products handled by our brand-related businesses on Jupiter Shop Channel Co., Ltd. (SHOP), our TV shopping business, and then broadcast this programming nationwide via Jupiter Telecommunications Co., Ltd. (J:COM). Along the same line, we have developed a system where Sumisho Computer Systems Corporation (SCS) plays



an important role in the development and operation of IT infrastructure for our subsidiaries and affiliates. In this manner, we are expanding our earnings base through a cross-media retail strategy that leverages the strengths of our business unit and allows our industry-leading media, IT, and retail operating companies to build a value chain which traverses industry boundaries.

Q Sumitomo Corporation raised its stake in its core media business J:COM to 40.1%. What led to this decision?

A Sumitomo Corporation has continuously played a leading role in supporting J:COM's growth since its establishment in 1995. The additional purchase of shares was necessary to strengthen our commitment to J:COM, while enabling it to maintain its independence as a publicly listed company.

Several important initiatives will be taken to increase J:COM's corporate value. Not only will we seek to increase the number of household subscribers, we will also focus on increasing the average revenue per household subscriber. We believe that improving the quality of programming and services will lead to higher penetration of multichannel pay TV broadcasting services. Sumitomo Corporation has supported J:COM's growth from many different angles. For example, we have supplied programming from SHOP and film company Asmik Ace Entertainment, Inc. Furthermore, we have facilitated M&A activity through our strong credibility and by providing access to our extensive network. Going forward, we will continue expanding these efforts to maximize J:COM's corporate value.

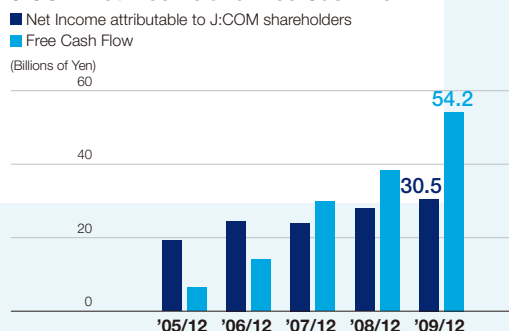
Q How do you view the purchase price of ¥120 billion?

A Considering potential synergies with Sumitomo Corporation's businesses together with J:COM's profitability and growth potential, we believe

that we can sufficiently generate earnings that justify this purchase price. J:COM is extremely profitable, currently generating net income of ¥30.5 billion and free cash flow of ¥54.2 billion (for the year ended December 31, 2009). Going forward, we see growth potential particularly in the cable television (CATV) subscription rate (the ratio of the number of actual household subscribers to the number of potential household subscribers). J:COM's service areas have an average subscription rate of around 20%, and while this is higher than the nationwide average of around 16%, J:COM's subscription rate is still less than one-half of that in major Western countries. Improving the subscription rate is a top priority for J:COM. We believe that there is substantial room for growth, especially since, of the 48 stations operated by J:COM, some of the oldest stations in service have subscription rates that surpass 30%. By providing the multi-faceted support explained earlier and placing J:COM at the core of our cross-media retail strategy, we will enable J:COM to grow, leading to the further strengthening of our earnings base.

Additionally, we will work together with KDDI Corporation, which became a major shareholder of J:COM in February 2010. Looking ahead, we believe that J:COM's corporate value will be further increased by leveraging KDDI's mobile phone infrastructure, business expertise and other resources.

J:COM Net Income and Free Cash Flow

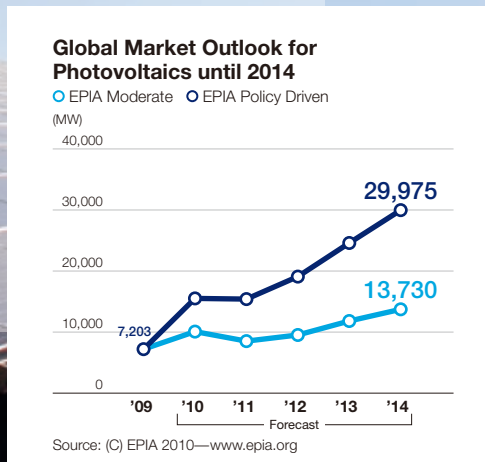


NEW BUSINESS INNOVATION

[New Business Development & Promotion Division]

Aiming to Develop New Core Businesses Leading to Future Growth

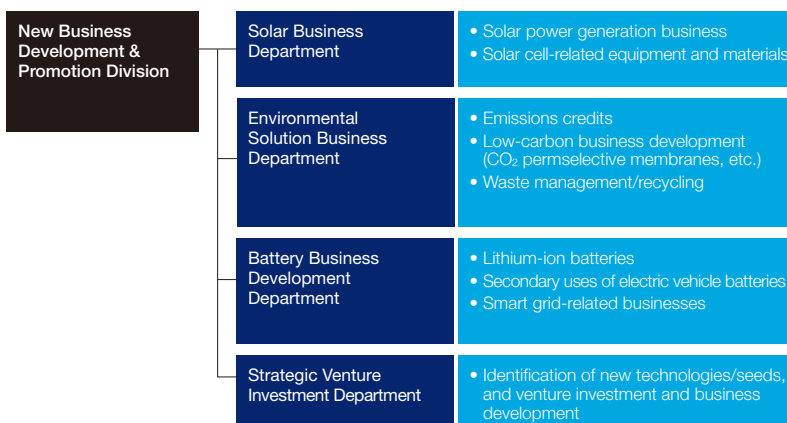
In the environment and new energy field, where medium- and long-term growth is expected, Sumitomo Corporation has conducted distinctive activities in multiple business units from an early stage. Based on these activities, the New Business Development & Promotion Division was established in April 2010 to consolidate activities for which considerable growth as an industry is anticipated. Here, we present the activities of this division as it develops new core businesses from a medium- and long-term perspective.



Developing New Core Businesses Leading to Future Growth

The New Business Development & Promotion Division is made up of four departments: the Solar Business Department, Environmental Solution Business Department, Battery Business Development Department and Strategic Venture Investment Department. The Division is working to create and develop new core businesses that lead to future growth.

Organizational Chart



► Building Value Chains in New Fields

Environmental Recycling Business

There is growing interest in waste processing and recycling worldwide, from the perspective of recovering and making effective use of finite resources.

In particular, China is the world's largest source of demand for home appliances, and its massive amounts of end-of-life home appliances and consumer electronics are expected to provide a new source of supply for resources—becoming a so-called “urban mine.” Business opportunities in the recycling field are expected to increase, including the enactment in January 2011 of a new law to promote the adequate recycling of used or end-of-life household electronic appliances. In response, Sumitomo Corporation has decided to enter the business of recycling consumer electronics and home appliances in China. In April 2010, we established a joint company with DOWA ECO-SYSTEM Co., Ltd., which has technologies in this field, and a local Chinese company, and will begin business operations in Tianjin from January 2011.

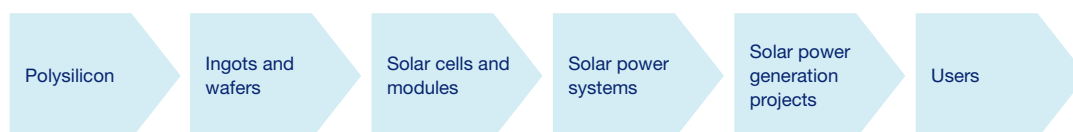
Furthermore, we aim to expand business by establishing 5–10 recycling locations across China within the next two years, leveraging our business management expertise and network in the country. We will also consider expanding business beyond China to the rest of the Asian region and building a value chain in the waste management field.

Demand for solar power, as a renewable source of energy, is steadily growing around the world. Sumitomo Corporation took a stake in a manufacturer of polycrystalline silicon ingots in the early 1990s. We then expanded our solar cell business by investing in a solar cell materials manufacturer in the early 2000s. In total, the solar materials and solar power generation equipment we have handled to date is equivalent to approximately 1,300MW of power on a capacity basis. From 2008, we have participated in a 12.6MW solar power generation project. Through our involvement in the development and operation of this entire project, we have built up experience and expertise in solar power generation projects.

Leveraging these strengths, we aim to comprehensively cover every segment of the value chain for the solar power generation business from upstream to downstream, in order to capture the business opportunity presented by the global increase in demand for solar power.

Solar Business

Value Chain for the Solar Power Generation Business



Lithium-ion Battery Business

The lithium-ion battery market is expected to expand dramatically, driven by the use of these batteries in electric vehicles and other factors. Sumitomo Corporation is actively engaged in building value chains for lithium-ion batteries, targeting markets where electric vehicles will find broad penetration.

In the materials field, together with Morita Chemical Industries Co. Ltd., we are conducting an electrolyte manufacturing business in China. An expansion project aimed at making us the world's No.1 electrolyte manufacturer is now under way. Together with Nissan Motor Co., Ltd., we are pursuing the development of effective secondary uses for lithium-ion batteries used in electric vehicles. This initiative will contribute to the realization of a low-carbon society by promoting wider use of electric vehicles.

Value Chain for the Lithium-ion Battery Business

