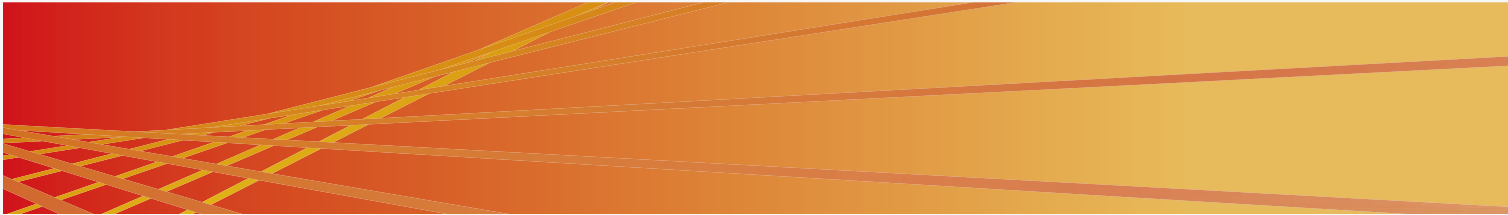

WHY IMPLEMENT THE NEW MEDIUM-TERM MANAGEMENT PLAN $f(x)$?



SUMITOMO CORPORATION'S CULTIVATED STRENGTHS

Faced with a dizzying pace of change in the economic and business environment, Sumitomo Corporation has achieved growth by constantly staying a step ahead in dealing with change and striving to create new value. The engine behind this growth has been the Company's diverse business portfolio and the strong foundations on which it rests—talented human resources and a strong financial position.

Diverse Business Portfolio

Diversity is certainly one reason Sumitomo Corporation has been able to stay a step

ahead in dealing with changes in the operating environment. By diversity, the Company means both operational and geographic diversity. The former refers to the breadth of operations they have developed, as highlighted by their seven business units. The latter refers to the development of these businesses across multiple regions worldwide. Having identified business opportunities in each field and region, Sumitomo Corporation has developed highly profitable businesses with strong growth potential. By developing additional new businesses from the Company's operationally and

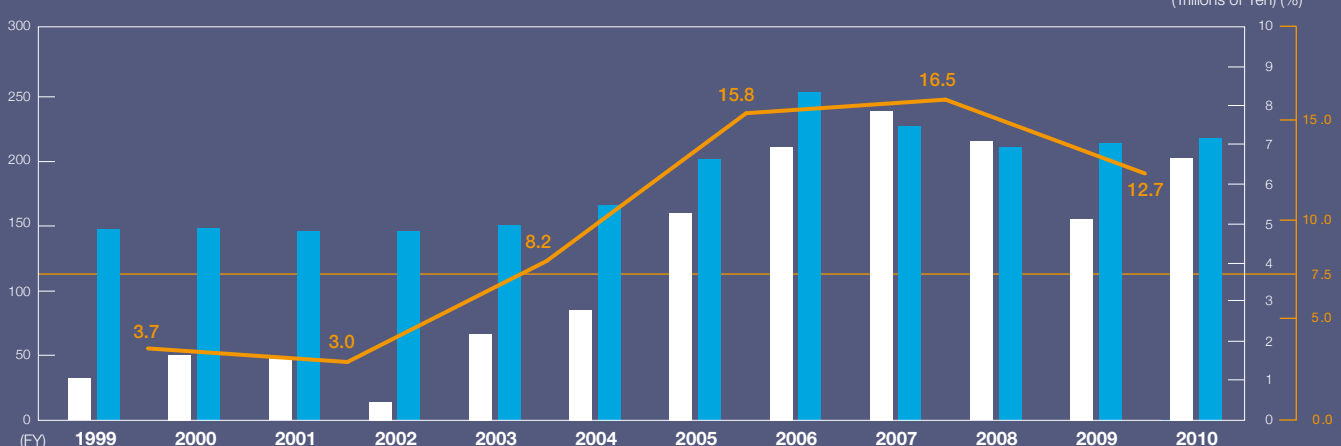
geographically diverse business portfolio, the Company has achieved sustainable growth.

Human Resources

Part of the foundation of Sumitomo Corporation's diverse business portfolio is its employees, who possess a diverse array of abilities and experiences. People are Sumitomo Corporation's most important asset. The Sumitomo Corporation Group has around 65,000 employees in 65 countries around the world. Every day, the Group's people bring together the strengths of the

Retracing the Steps of Previous Medium-Term Management Plans

(Billions of Yen) ■ Net income (left scale) ■ Total assets (right scale) — Risk-adjusted return (2-year avg.) (right scale (%))



Reform Package

Enhance corporate strength by selecting core businesses and withdrawing from non-core businesses

Step Up Plan

Increase profitability by replacing low-return assets with potentially higher-return assets

AA Plan

Strategic investment in assets with profit potential

AG Plan

Strategic initiatives for further growth and development

GG Plan

Further enhance quality toward a stage for new growth

FOCUS'10

A growth scenario on a new stage

Group's partners by tapping into the Group's global networks in a broad range of fields, as they work to realize prosperity and dreams.

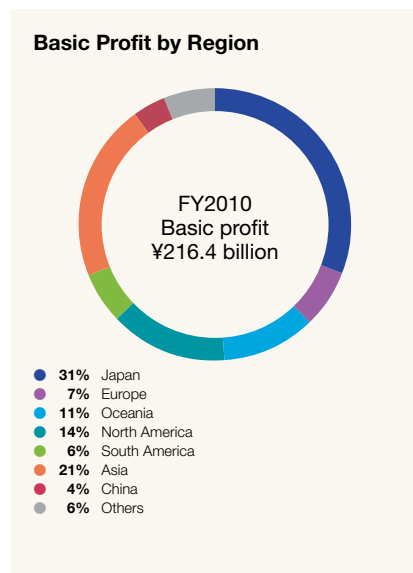
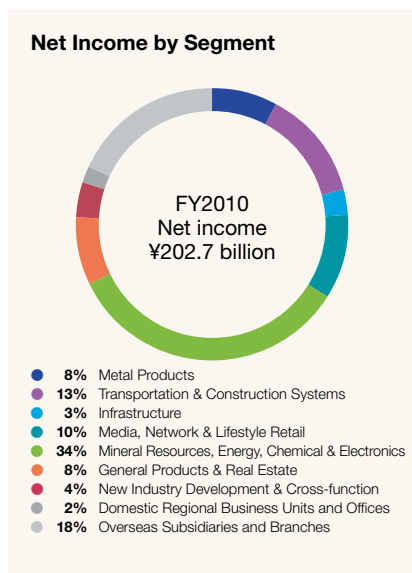
Strong Financial Position

Through business reforms carried on from the past, Sumitomo Corporation has expanded earnings while strengthening its financial position by pursuing greater financial soundness and efficiency. The basics of the trading company business are to take on risk, manage risk, and generate returns that justify the risk. From this standpoint, the

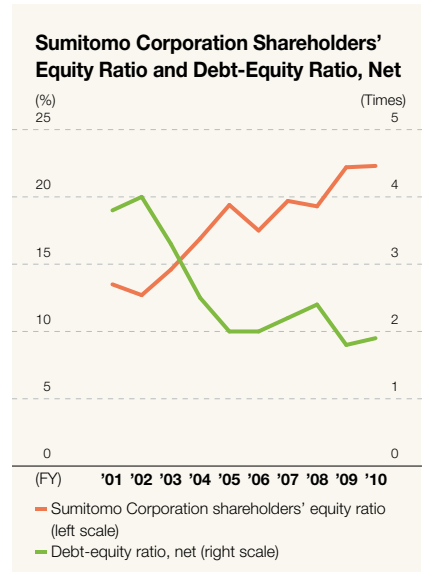
Company introduced a management benchmark called the Risk-adjusted Return Ratio* in fiscal 1998 to provide a common measure of returns relative to risks across a diverse spectrum of businesses. Since its inception to the present day, this risk-return approach has played a pivotal role as an instrument for achieving sustainable growth, a common goal throughout the Company. Back when the Risk-adjusted Return Ratio was introduced, Sumitomo Corporation had many unprofitable businesses because of the worsening business environment and an insufficient grasp of

business risk. In response, they boldly implemented business reforms based on the Risk-adjusted Return Ratio and started to exit unprofitable business operations and replace them with prime assets. Through these reforms, they enhanced their profitability and shored up their balance sheet.

From the standpoint of ensuring management stability, Sumitomo Corporation's basic management policy is to hold risk assets, which represent maximum possible loss exposure, within the risk buffer afforded by Sumitomo Corporation shareholders' equity.



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





Guided by the Risk-adjusted Return Ratio, the Company has increased its stock of prime assets while continuously replacing assets. As a result, Sumitomo Corporation shareholders' equity had increased to ¥1,600 billion as of March 31, 2011, the Sumitomo Corporation shareholders' equity ratio improved to 22% and the debt-equity ratio improved to 1.9. In this manner, their strong financial position has made new growth possible, and this growth has in turn made their balance sheet even stronger.

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



PARADIGM SHIFT

Structural Changes in the Global Economy and Sumitomo Corporation's Role

The march of globalization is rapidly increasing in step with the phenomenal growth of emerging countries. Amid this change, the global economy is experiencing fundamental structural changes. These changes provide Sumitomo Corporation the opportunity to build a diverse portfolio of growing business fields and to reach for new heights.

Shifts in Global Power Structure and Industrial Structure

The blueprint for the global economy is increasingly being defined by low-

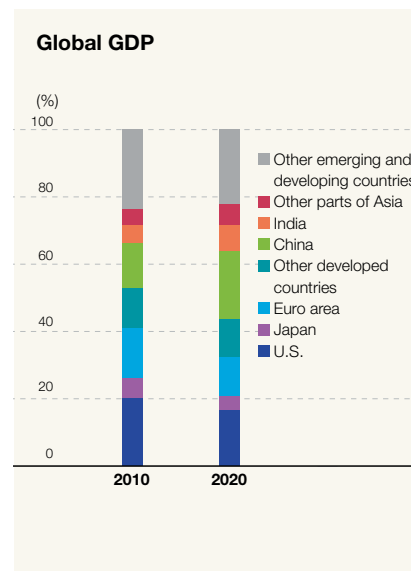
growth in developed countries, and high-growth in emerging countries. As this trend takes hold, we are seeing shifts in global power structure from developed countries to emerging countries. Traditionally, developed countries were the engine behind global economic growth, but emerging countries are now assuming this role. Developed countries' share of worldwide GDP is falling, whereas that of emerging countries is increasing. Taking demographics into account, this development can be expected to continue for some time. Underlying this development is a profound structural

shift: emerging countries are not only performing the role of the world's manufacturing center by producing goods for developed countries, but are also becoming a huge consumer market in their own right as their number of middle-income population increases.

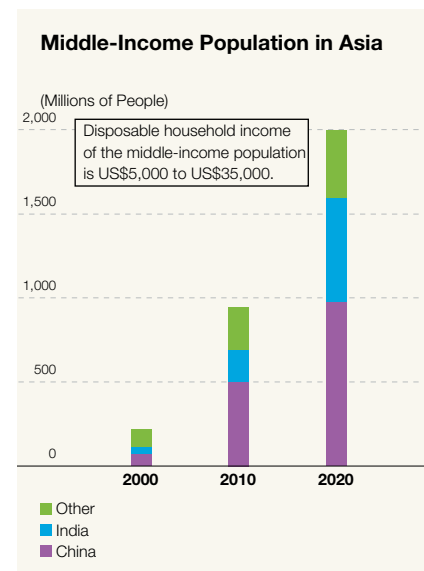
Another fundamental shift is a change in the industrial structure. The world is facing global issues that require medium-to long-term solutions, such as global warming, and tightening food supplies in step with the economic advancement of emerging countries. These issues have led to profound structural changes in the



The environment and new energy field, including wind, solar photovoltaic, and geothermal power generation, is attracting increasing interest.



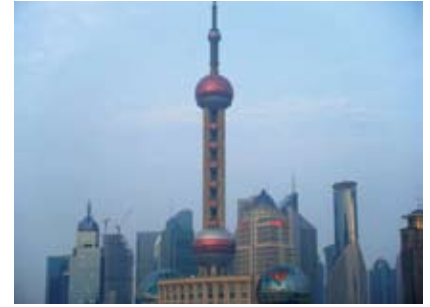
Source: World Economic Outlook 2010 (IMF)
Estimate for 2020 from Sumitomo Shoji Research Institute, Inc.



Source: White Paper on International Economy and Trade 2010



Advances in information and communications technologies are causing dramatic changes in industry and people's lives.



Ongoing shift in momentum from developed countries to emerging countries as the driving force of the world economy.

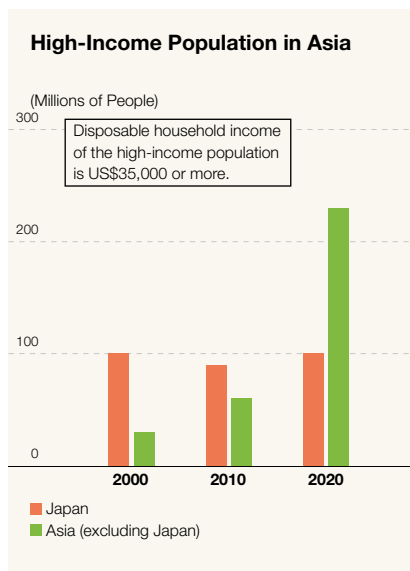
auto industry and environmental business, as well as food and agriculture and other fields. With companies from emerging countries building a stronger presence, Sumitomo Corporation is now in an environment where it needs fresh ideas that go beyond merely extending traditional business practices.

Rising Expectations for Sumitomo Corporation's Functions

To address these shifts in global power structure and industrial structure, multiple industries and corporations must

join forces and work together as one. With its diverse business portfolio and the ability to coordinate the strengths of its partners, Sumitomo Corporation is extremely well positioned to find solutions to these issues. For example, it's fair to say that there are growing expectations for Sumitomo Corporation as an integrated trading company to fulfill a financing role, which has become increasingly important since the Lehman bankruptcy, establish value chains and perform other vital functions. In today's environment where structural changes in the global economy are reshaping a

multitude of fields, Sumitomo Corporation will be called upon to fulfill many more roles and provide increasingly sophisticated functions.



Source: White Paper on International Economy and Trade 2010

Changes in Business Environment and Opportunities for Trading Companies

- Tightening resources and environmental issues**
Growing demand for renewable energy, continued dependence on fossil fuels, penetration of next-generation vehicles and energy-efficient technologies, expanded demand for green IT, etc.
- Emergence of new consumer needs**
Growing businesses targeting senior citizens, expansion in lifestyle security business, etc.
- Food problems**
Ensuring stable food supplies along with food safety and quality, growing needs for GMO (genetically modified organism) foods, etc.
- Growing demand for infrastructure and equipment**
Demand for infrastructure in step with progress with urbanization in emerging countries, etc.
- Westernization of lifestyles**
Growing demand for Westernized goods and services in emerging countries, etc.
- Burgeoning medical and nursing care needs**
Upgrading and enhancing basic medical infrastructure in emerging countries, growing needs for advanced medical care and preventive medicine in developed countries, etc.

Source: Sumitomo Shoji Research Institute, Inc.

BEYOND BOUNDARIES TO

In April 2011, Sumitomo Corporation launched $f(x)$, its new medium-term management plan. The purpose of the new plan is to convert a growing field of business opportunities spawned by structural changes in the global economy into continued growth by harnessing the strengths the Company has cultivated so far. The main thrust of the plan is to achieve cross-boundary growth across regions, generations, and organizations together with all of our partners. Under the plan, Sumitomo Corporation aims to ensure the speedy execution of business model innovation to achieve cross-boundary growth.

* The f of $f(x)$ is from "FOCUS'10," and the x is taken from the English word "execution." In order to express the idea of "cross-boundary growth," meaning growth that reaches across regional, generational and organizational boundaries, we have decided to read the letter x as "cross" rather than "ex."

New Medium-Term Management Plan



Basic Policy

While carrying on the basic policies and various initiatives of the previous medium-term management plan FOCUS'10, which was formulated with a 10-year horizon, we will execute **business model innovation** based on the management philosophy of value creation, with the aim of achieving cross-boundary growth across regions, generations and organizations together with all partners.

NEW GROWTH

Four Key Actions

① Make Visible and Share Long-Term Ideal Images on the Front Lines

In order to seize business opportunities, we must use this vision as a starting point to discuss measures and various internal and external issues from a medium- and long-term perspective.

② Accelerate Strategic Resource Management

In order to capitalize on business opportunities, we must strategically shift our assets and people, both of which are finite business resources, to businesses with strong future prospects. This is a top priority because it will give our young future business leaders an opportunity to grow.

③ Enhance Our Integrated Corporate Strength on a Global Basis

It is no exaggeration to say that how we capitalize on changes in the global business environment to achieve growth will have a decisive impact on the Company's future. We must bring together our networks within and outside the Company and the strengths

of our partners across organizational and corporate boundaries to create new business. In other words, we must deepen our integrated corporate strength.

④ Strengthen Human Resource Management on a Company-Wide Level

Under $f(x)$, we will strive to enhance human resources so that they can execute business model innovation. We will attract, retain and develop key global business development personnel, while closely coordinating the development of business and human resources strategies, with the aim of promoting strategic personnel assignments across the Company.

The four key actions are closely interrelated to one another. By steadily implementing each action, the entire Company will make a collective effort to ensure the execution of business model innovation.

Quantitative Targets (IFRS)

	FY2011	FY2012
Net income	¥220 billion	¥260 billion
Risk-adjusted Return Ratio	-	15% or more

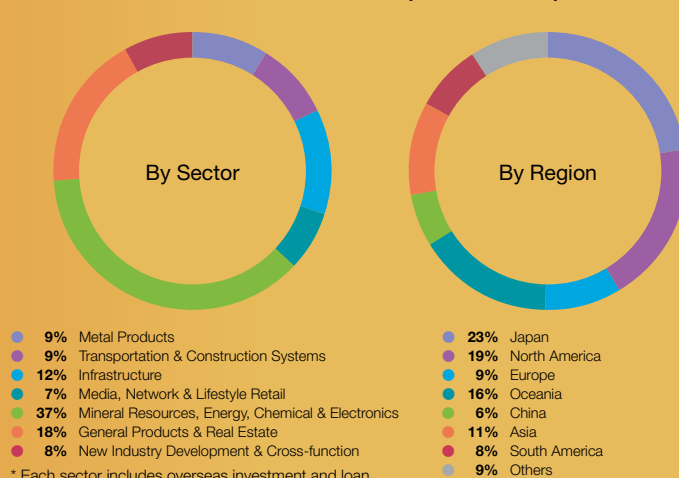
2-year Balance Sheet Plan

	Amount	Risk Assets
Acquisition & Enhancement	+¥1,150 billion	+¥350 billion
(new investment & loan included)	(+¥580 billion)	(+¥320 billion)
Divestiture & Reduction	-¥1,150 billion	-¥130 billion

Monitoring Index

Debt-equity ratio, net	Around 1.5 times
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Breakdown of New Investment & Loan (Amount Basis)



Please see page 11 for President Kato's perspectives on the new medium-term management plan $f(x)$.