Annual Results for FY2005

May 10, 2006

Motoyuki Oka

President and CEO

Sumitomo Corporation

Topics

1. Summary of FY2005

Net income: 160.2 billion yen
(88% growth from the previous year, record-high for 3 consecutive years)

2. Targets for FY2006

Revised net income target to 170 billion yen
(Initial target: 120 billion yen)

3. Return to Shareholders

Increased annual dividend to 25 yen per share (previous year: 11 yen)
Resolved to reduce the number of shares in one voting unit

4. Progress of the AG Plan

Progress of expanding earnings base, and aiming for sustained growth

I am Motoyuki Oka, president and CEO of Sumitomo Corporation. Thank you for attending our financial results meeting.

Today I would like to cover four topics, namely, a summary of the financial results for fiscal 2005, targets for fiscal 2006, return to shareholders, and progress of the AG Plan.

First, I would like to point out that consolidated net income for fiscal 2005 increased 88% over the previous year, to 160.2 billion, setting a record high for the third consecutive year.

Given this strong result, we revised upward our target of consolidated net income for fiscal 2006 to 170 billion yen from 120 billion yen under the initial target of AG Plan.

We will increase the annual dividend per share for fiscal 2005 to 25 yen. Also, as a means of further expanding our investor base, including individual investors, and enhancing the liquidity of our shares, we will reduce the number of shares in one voting unit.

I would also like to mention that our objective of expanding the earnings base under the AG Plan is making steady progress. I will explain the details later.

1. Summary of FY2005
Results for Principal Items

(billion yen)

	Initial target	Increase	Revised target (05/10)	Increase	Results
Net income	110.0	+30.0	140.0	+20.2	160.2
Basic profit*	122.9	+22.6	145.5	+12.8	158.3
Gross profit	620.0	+40.0	660.0	+46.6	706.6
Operating income	135.0	+33.0	168.0	+8.1	176.1
Equity in earnings of associated companies	45.0	+2.0	47.0	+4.4	51.4

*Calculation: (Gross profit-Selling, general and administrative expenses-Interest expenses, net of interest income+Dividends) ×59% (to take into account income taxes) + Equity in earnings of associated companies, net

- **Net income: 160.2 billion yen**
- **Steady expansion of earnings base**

Net income for fiscal 2005 came to 160.2 billion yen, far exceeding the net income target of 110 billion yen for the first year of the AG Plan.

Meanwhile, basic profit amounted to 158.3 billion yen.
Both these figures were record highs.

We attribute these strong results to the fruits of the efforts we have been pursuing to expand our earnings base through the reinforcement of core businesses and M&A.

1. Summary of FY2005
Key Financial Indicators

(billion yen)

	End of FY2004	End of FY2005
Total assets	5,533.1	6,711.9
Total shareholders' equity	934.9	1,304.0
Shareholders' equity ratio	16.9%	19.4%
Interest-bearing liabilities, net	2,376.0	2,622.2
Debt-equity ratio, net (times)	2.5	2.0
ROE	10.2%	14.3%
ROA	1.6%	2.6%
EPS (yen)	73	130
BPS (yen)	777	1,048

Total assets: +1,178.8 billion yen

- Increased profitable assets
(Including the effect of rise in stock prices and the depreciation of yen)

Total shareholders' equity: +369.1 billion yen

- Increases in net income
- Increase in unrealized holding gains on securities available-for-sale
- Exceeded 1,000 billion yen

You are now looking at the key financial indicators.

Total assets amounted to 6,711.9 billion yen at the end of fiscal 2005.

As a result of increasing investments, including the acquisition of TBC Corporation, a U.S. tire marketer, and expanding strategic businesses, total assets increased 1,178.8 billion yen compared to the end of the previous fiscal year.

Shareholders' equity rose 369.1 billion yen over the previous year, to 1,304 billion yen, due to an increase in net income and unrealized holding gains on securities available-for-sale.

As a result, shareholders' equity ratio edged up to 19.4%, and debt-equity ratio, net improved to 2 times.

Furthermore, ROE and ROA improved to 14.3% and 2.6%, respectively.

2. Targets for FY2006

Global Economy and Assumptions

Global Economy:
Stable growth will be sustained on the strength of high growth in emerging countries such as China and India. However, economy growth is expected to decelerate due to inflationary pressures in major advanced countries.
Japanese Economy:
Domestic and foreign demand is expected to be firm.

Assumptions (Average)		FY2004 (Results)	FY2005 (Results)	FY2006 (Assumptions)
Foreign exchange (YEN/US$)[Apr.-Mar.]		107.60	113.93	120
Interest rate	LIBOR 6M (YEN)[Apr.-Mar.]	0.07%	0.08%	0.40%
	LIBOR 6M (US$)[Apr.-Mar.]	2.3%	4.2%	5.3%
Crude oil <North Sea Brent>(US$/bbl)[Jan.-Dec.]		38	55	48
Hard coking coal (US$/MT) [Apr.-Mar.]*		around 60	around 125	around 105～116
Copper (US¢/lb)[Jan.-Dec.]		130	167	185

*Market price

Now allow me to explain the target for fiscal 2006.

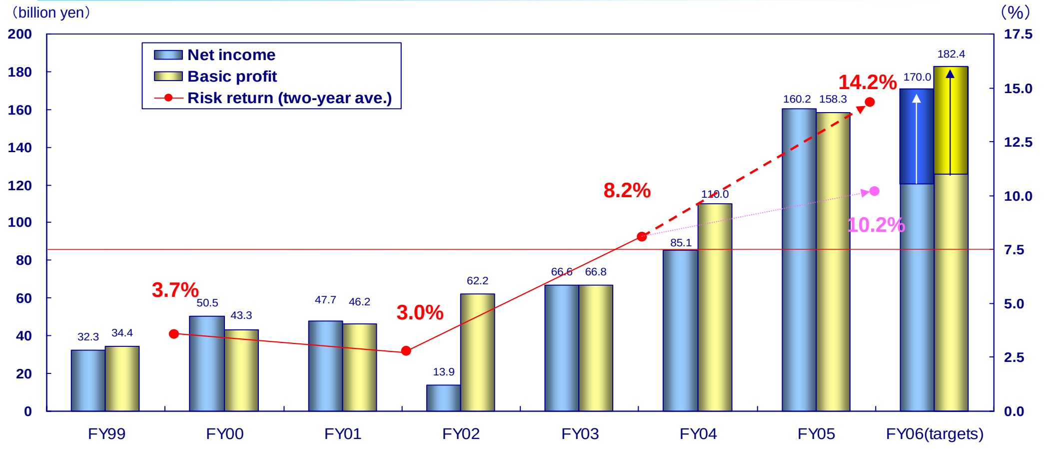
We expect global economic growth to decelerate due to inflationary pressures in major advanced countries. However, we anticipate that stable growth will be sustained on the strength of high growth in emerging countries such as China and India.

Although there are concerns about the effects of a rise in interest rates on the Japanese economy, we expect both domestic and foreign demand to be firm.

The assumptions for formulating the targets are as shown. Regarding commodity prices, our assumption calls for slightly lower crude oil and coal prices compared to the previous year.

2. Targets for FY2006

Upward Revision of Initial Targets



Reform Package	Step Up Plan	AA Plan	AG Plan

*Calculation: (Gross profit-Selling, general and administrative expenses-Interest expenses, net of interest income+Dividends) ×59% (to take into account income taxes) + Equity in earnings of associated companies, net

- Net income (Target for FY2006) : 120 billion yen⇒170 billion yen
- Net income (AG Plan two-year total) : 230 billion yen⇒330 billion yen
- Risk return (AG Plan two-year average) : 10.2%⇒14.2%

Taking into consideration these assumptions and the fact that our recent financial results and earnings base have been expanding steadily, we revised upward our net income target for fiscal 2006 to 170 billion yen from the initial target of 120 billion yen.

As a result of this revision, we expect net income for the two years of the AG Plan to amount to 330 billion yen and the risk-adjusted return based on a two-year average to improve from the initial target of 10.2% to 14.2%.

2. Targets for FY2006
Outlook for Principal Items

(billion yen)	FY2005	Increase /decrease	FY2006	Increase percentage
Net income	160.2	+9.8	170.0	+6%
Basic profit	158.3	+24.1	182.4	+15%
Gross profit	706.6	+143.4	850.0	+20%
Operating income	176.1	+53.9	230.0	+31%
Equity in earnings of associated companies	51.4	+3.6	55.0	+7%
Other expenses	15.1	-15.1	0	-

*Calculation: (Gross profit-Selling, general and administrative expenses-Interest expenses, net of interest income+Dividends) ×59% (to take into account income taxes) + Equity in earnings of associated companies, net

- **15% growth in basic profit**
- **Record-high for 4 consecutive years in net income**

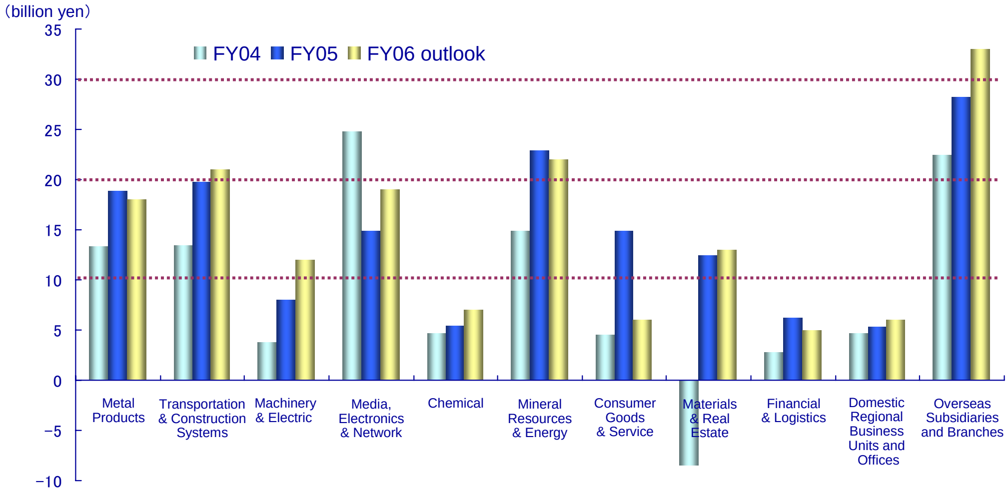
The principal items of earnings for fiscal 2006 are as shown.
We anticipate basic profit, an indicator to assess earning power, to grow 15% over the previous year.

As in the previous year, our outlook calls for the improvement of earning power in core businesses and contributions from new acquisitions.

We therefore expect net income to set a record high for the fourth consecutive year.

2. Targets for FY2006

Net Income by Segment



- **Well-balanced business portfolio**
- **Segments which attribute to the increase in net income (FY06): Machinery & Electric, Media, Electronics & Network, Overseas Subsidiaries and Branches**

Now you are looking at net income by segment for the three years from fiscal 2004 through fiscal 2006.

We have been endeavoring to establish a well-balanced business portfolio that is not over-dependent on specific areas. In doing so, we are seeking to enhance management stability by strengthening the pillars of profits for each segment.

We are looking for a slight year-on-year decrease in net income for Metal Products and Mineral Resources & Energy in fiscal 2006, but for continuously strong performances by Transportation & Construction Systems; Media, Electronics & Network; and Overseas Subsidiaries and Branches.

In addition, we are looking for an expansion of earning power in Machinery & Electric in which overseas IPP business are expected to contribute to earnings and Materials & Real Estate in which the contribution of TBC Corporation is expected.

As you can see, we anticipate that our business portfolio which has a strong foundation will be further strengthened.

2. Targets for FY2006

Outlook for Key Financial Indicators

(billion yen)	Revised Plan	Initial Plan
Total assets	7,150	6,300
Total shareholders' equity	1,450	1,100
Shareholders' equity ratio	20.3%	18.0%
Interest-bearing liabilities, net	2,800	2,850
Debt-equity ratio, net (times)	1.9	2.6
ROE	12.3%	11.0%
ROA	2.5%	2.0%

Expansion of earnings base and improvement of financial strength surpass the initial plan

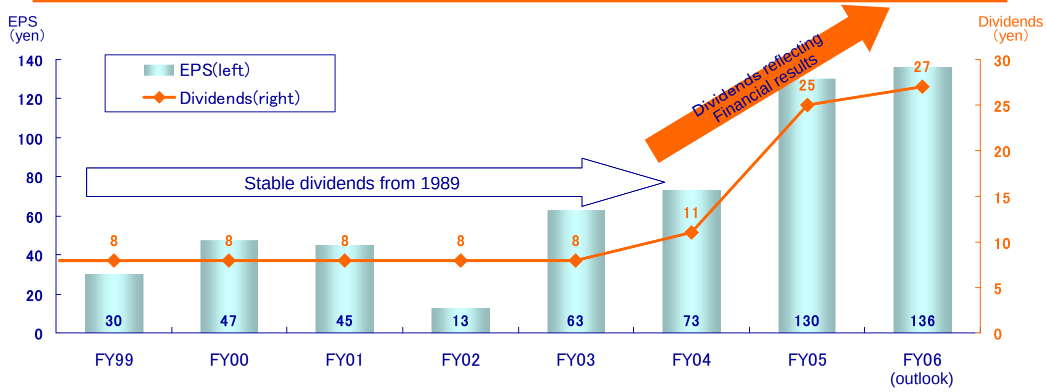
You are now looking at the outlook for key financial indicators at the end of the AG Plan.

As we will continue to actively increase profitable assets as in the previous year, our outlook calls for total assets to surpass the initial target at the end of the AG Plan.

Meanwhile, since we revised upward the net income target, we expect shareholders' equity to be further enhanced and the shareholders' equity ratio and debt-equity ratio, net to improve. We are steadily laying the groundwork for future growth.

3. Return to Shareholders
Annual Dividend

<Dividend per share> FY2005: 25 yen, FY2006: 27 yen (Outlook)



<Change in number of shares in one voting unit>

- **Voting unit：1,000 shares ⇒ 100 shares**
- **Effective from September 1, 2006**

Next, I will explain the return of profit to shareholders.

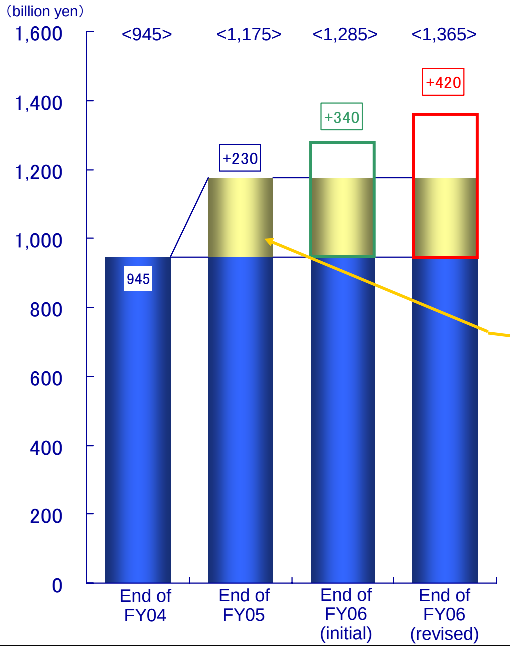
Taking into consideration our basic policy of stably returning profit to shareholders over the long term, as well as reflecting consolidated financial results, we set the dividend payout ratio at around 20% during the period of the AG Plan.

As a result, the annual dividend per share for fiscal 2005 will be 25 yen, a substantial increase from the annual dividend of 11 yen for fiscal 2004.

Moreover, in the event that the target net income of 170 billion yen is achieved for fiscal 2006, the annual dividend is expected to be 27 yen.

Also, owing to an upsurge in our share price since last year, the investment amount required to realize one voting unit has risen. Taking this into consideration, we decided to reduce the number of shares in one voting unit from 1,000 shares to 100 shares on September 1 of this year in order to provide investment opportunities to more investors, including individual investors, and to further enhance the liquidity of our shares.

4. Progress of the AG Plan
Risk Assets



(billion yen)

■ **Increase in Risk Assets**

Initial Plan +340 → **Revised Plan +420**

■ **Increase in FY2005： +230**

- **Strategic investments and increase in operating assets: +170**
- **Rise in stock prices and the depreciation of yen: +60**

■ **Outlook of FY2006： +190**

Next, I will explain the progress of expanding our earnings base under the AG Plan.

As a result of reviewing the risk assets plan, the amount of increase for two years is expected to come to 420 billion yen, exceeding the initial target of 340 billion yen.

In the first year, risk assets increased by a total of about 230 billion yen—170 billion yen due to an expansion in strategic investments and operating assets and 60 billion yen due to external factors such as an upswing in share prices and the yen’s depreciation.
In the second year, we are looking for an increase of 190 billion yen.

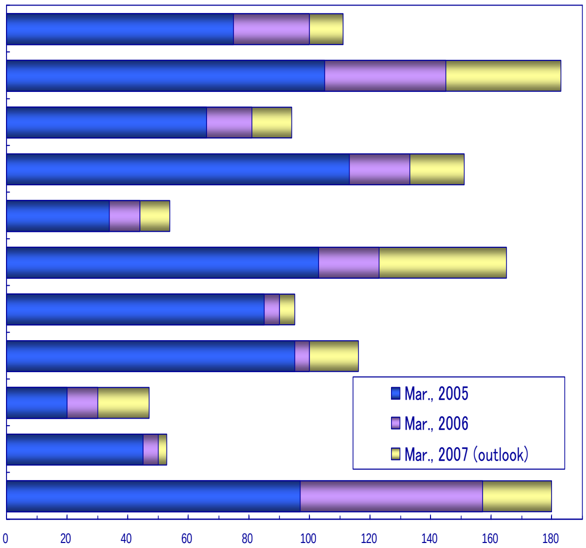
Although it is not indicated in the handout, our outlook calls for gross investments and loans of roughly 800 billion yen for two years.

We are steadily expanding our earnings base in core businesses and their surrounding fields.

4. Progress of the AG Plan
Risk Return and Risk Assets by Segment

AA: AA Plan(FY03-04) AG: AG Plan(FY05-06)	Risk return two-years ave.（%）		
	AA(results)	AG(initial)	AG(revised)
Metal Products	15.4	12.9	19.0
Transportation & Construction Systems	13.0	11.5	14.2
Machinery & Electrics	4.7	10.0	12.4
Media, Electronics & Network	12.8	11.8	12.9
Chemical	7.1	11.4	14.5
Mineral Resources & Energy	10.6	14.0	17.4
Consumer Goods & Service	7.1	12.0	11.7
Materials & Real Estate	0.3	10.3	12.4
Financial & Logistics	13.5	13.2	17.8
Domestic Regional Business Units, and Offices	6.2	12.3	11.7
Overseas Subsidiaries and Branches	18.4	15.0	20.8
Consolidated	8.2	10.2	14.2

Risk assets (billion yen)



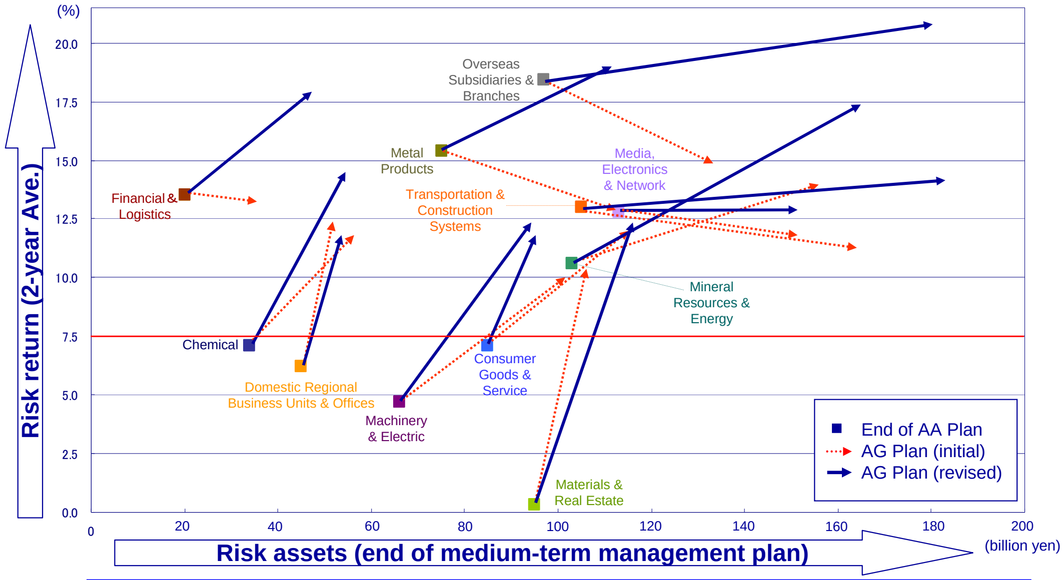
You are now looking at risk-adjusted return and risk assets by segment.

The risk-adjusted return is anticipated to exceed 10% for all segments as initially planned.

The progress in increasing risk assets is as shown in the right graph. In Consumer Goods & Service and Materials & Real Estate, which actively replaced assets, risk assets increased only slightly for fiscal 2005.

4. Progress of the AG Plan

Directions of Risk Return and Risk Assets by Segment

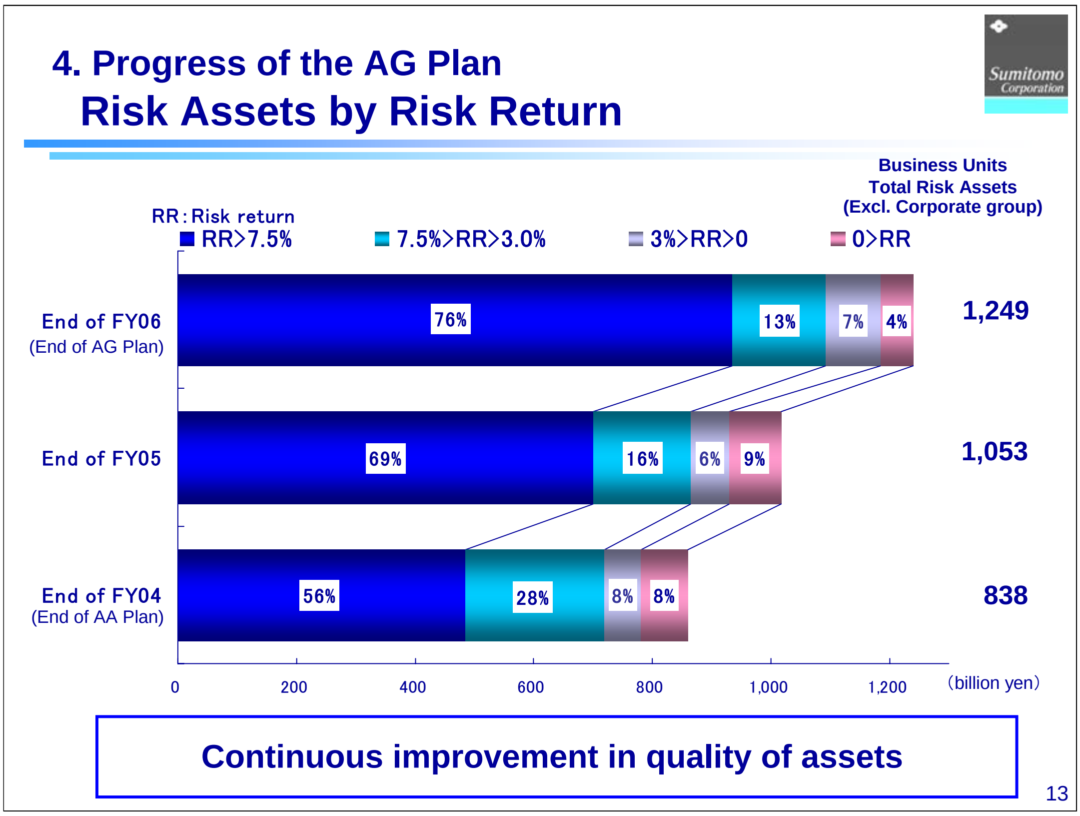


Risk return is improving from the initial plan

You are looking at the initial targets and the revised targets for risk assets and risk-adjusted return for each segment.

Since the AG Plan focuses on expanding the earnings base, we had initially planned the risk-adjusted return to be below that of the AA Plan in the segments of Metal Products; Transportation & Construction Systems; Media, Electronics & Network; and Overseas Subsidiaries and Branches.

As you can see, the figures after the review shows that the risk-adjusted return is anticipated to improve and rise steadily even in these segments. An examination by segment also reveals that profitability is improving.



Now you are looking at the composition ratio of risk assets by risk-adjusted return.

I had been considering to raise the composition ratio of risk assets with a risk-adjusted return of more than 7.5% to 70% of the total by end of the AG Plan. In the first year, the composition ratio improved to nearly this level.

I think you can see that the overall quality of assets is rising due to the ongoing “selection” and “concentration” of businesses and to the steady increase of profitable assets.

4. Progress of the AG Plan
Business Strategies (1)

Metal Products [Expand global operation]

- **Expanding steel service center operations (Annual processing capacity: 7.2 million tons)**
- **Strengthening steel pipe supply chain management (SCM)**

Transportation & Construction Systems [Expand value chain]

- **Broadening our competitive fields (Automobile lease and finance, construction equipments)**
- **Establishing new business base (Freight car leasing, automotive parts manufacturing)**

Machinery & Electric [Establish diversified earnings base]

- **Overseas IPP / IWPP: Bahrain, Turkey, the Philippines**
- **Power plant EPC: Indonesia, Malaysia, Middle East**
- **Telecommunication businesses: Mongolia, Russia**

Now I would like to explain the progress of business strategies and expansion of the earnings base by segment. Please refer to page 24 and the pages following that in the handout.

In Metal Products, we expanded the base of the steel service centers in Japan and abroad and augmented our annual processing capacity to 7.2 million tons.

In addition, we channeled our energies into strengthening steel pipe supply chain management (SCM) centered on Oil Country Tubular Goods (OCTG). We will continue to undertake efforts to expand our earnings base on a global basis.

In Transportation & Construction Systems, we are focusing our efforts on broadening fields in which we have a competitive advantage, such as automobile lease and finance and construction equipment, as well as in new fields, such as freight car leasing and auto parts manufacturing.
We are seeking to establish a more solid earnings base by expanding our business fields.

In Machinery & Electric, we have steadily expanded the overseas IPP business, which is gradually becoming a new pillar of earnings.
In fiscal 2006 a large-scale power plant currently under construction in Indonesia is scheduled to start operation and is expected to contribute to earnings. Furthermore, we entered into mobile phone related business in Russia and pursuing diversified business operations in telecommunications-related fields.

4. Progress of the AG Plan
Business Strategies (2)

Media Electronics & Network [Strengthen core businesses]

- **Media : Jupiter Telecommunications, Jupiter TV, United Cinemas, Asmik Ace Entertainment**
- **Network : Sumisho Computer Systems, MS Communications**
- **Electronics : Sumitronics (Electronics Manufacturing Services (EMS))**

Chemical [Expand core businesses]

- **Basic chemicals: Broaden our global network**
- **Electronic and performance chemicals: SCM business, greenhouse gas emissions credit business**
- **Life science: Pharmaceuticals, agricultural chemicals, pet supplies**

Mineral Resources & Energy [Well-balanced portfolio in upstream area]

- **Expand mainstay areas (copper, coal, oil, LNG)**
- **Strategic development in other resources (gold, uranium, nickel, zinc, etc.)**

In Media, Electronics & Network, we are further reinforcing core businesses.
In the media business, Jupiter Telecommunications is expanding its earnings base through acquisitions, while Jupiter TV is strengthening content.
In the network business, Sumisho Computer Systems merged Sumisho Electronics with a view to enhancing earning power through the provision of integrated solutions.
In the electronics business, Sumitronics is broadening its business line in China as the number one Japanese EMS provider.

With regard to the Chemical business, we endeavored to broaden our global network through the acquisition of a petrochemical products trader and other initiatives in basic chemicals.
In the area of electronic and performance chemicals, we are pursuing the collective delivery business for raw materials by means of supply chain management and promoting the greenhouse gas emissions credit business.
Moreover, in life sciences, we are channeling our energies into laying the foundation for fields that are expected to grow, such as pharmaceuticals and pet supplies.

In Mineral Resources & Energy, we expanded existing core businesses.
Amid a sharp rise in mineral resources prices, we carefully selected outstanding projects and invested in a Chile copper mine and in the oil field development business in the Norwegian North Sea. In addition, we started shipment of coal from Australia’s Rolleston coal mine.
Also, we will participate in the Kazakhstan uranium mine development project with an eye to the strategic resource business. We will continue to develop a value chain through the expansion of interests in the upstream field and the upgrading of the trade function in midstream and downstream fields.

4. Progress of the AG Plan
Business Strategies (3)

Consumer Goods & Service [Expand retail business]

- **Fresh food (fruits, meat, vegetable)**
- **Food supermarket, drugstore**
- **Brand-related business**

Materials & Real Estate [Reinforce competitive fields]

- **Tires (Acquired TBC Corporation in the U.S.)**
- **Lumber and building materials (Russia business, Sumisho & Mitsui Kenzai, SEVEN INDUSTRIES, IG Kogyo)**
- **Multipurpose-complex (offices, commercial facilities, condominiums)**

Financial & Logistics [Upgrade functions and services]

- **Commodity trading, direct investments, fund investments**
- **Logistics business (Established Sumisho Global Logistics)**
- **Overseas industrial park (Vietnam / Thang Long Industrial Park etc.)**

In Consumer Goods & Service, we are aiming at expanding the fresh foods business, which covers fruits and vegetables and meat. As for the banana business in the Philippines, we expanded the cultivation area and invested in loading facilities. We fortified the integrated system of supplying bananas straight from the farm.
Moreover, we are expanding our operating base by opening new stores in food supermarkets and drug stores, which are existing core businesses, as well as focusing our efforts on the search for and cultivation of brand-related businesses.

In Materials & Real Estate, we are endeavoring to reinforce businesses in which we boast strength such as tires, lumber and building materials and real estate multiprupose-complex development projects.
In the tire business, we entered into the retail market in the U.S. last year following the acquisition of TBC Corporation. This move is highly expected to contribute to earnings in and after fiscal 2006 due to the promotion of TBC's growth strategy and synergy with the existing tire business.

In Financial & Logistics, we are seeking to strengthen the earnings base by upgrading functions and services. In the financial field, we are augmenting direct investments and investments through funds.
Furthermore, in the logistics field, we merged three domestic logistics companies and will broaden the logistics business in Japan and abroad as an integrated logistics company.
In addition, in the overseas industrial park business, we started development work in Vietnam.

4. Progress of the AG Plan

Expansion of Earnings Base (1)

Continuous "Selection" and "concentration"

- **Optimum allocation of management resources (Risk assets, human resources, etc.) through ongoing replacement of assets**

Management Resources Reallocation Task Force

- Reassess group companies and business lines applying exit rules and three qualitative evaluations
- Withdraw or merge about 200 companies out of 836 consolidated companies (as of March 2005)
  ⇒ Reduced 89 companies by March 2006
- Secure and reallocate human resources

I believe that in order for us to achieve sustained growth, it is vital that we improve profitability and at the same time steadily expand our earnings base.

This calls for the optimum allocation of management resources through the "selection" and "concentration" of businesses on an ongoing basis.

Through the Management Resources Reallocation Task Force, we are seeking to realize the optimum allocation of management resources, including human resources, and review group companies on a companywide level.
Out of 836 consolidated companies as of March 31, 2005, we decided to withdraw or merge about 200 companies in accordance with the usual quantitative exit rules as well as based on a qualitative evaluation of the following three criteria:

- Whether the company can envision a future growth strategy;
- Whether employees can maintain a high level of morale and work enthusiastically; and
- Whether internal control and legal compliance have been introduced thoroughly.

Of these, we reduced 89 companies by March 2006.

4. Progress of the AG Plan
Expansion of Earnings Base (2)

Pursuing growth and scale

- **Promote and support company-wide projects**
  - **Search and promote significant or large-scale projects**
    (Web business, large-scale mineral resources projects, etc.)
  - **Follow-up and support significant projects to achieve quantitative targets and enhance value**
    (TBC Corporation, The Hartz Mountain Corporation)

In order to make the greatest use of our integrated corporate strength and achieve dynamic growth, we are searching for and supporting businesses in which we can display synergy on a companywide level.

For example, in view of the rapid growth of e-commerce businesses which utilize the internet, we are seeking to make full use of our business resources in Media, Electronics & Network, Consumer Goods & Service and Financial & Logistics, and dynamically develop web businesses.

Furthermore, given the recent increase in large-scale, or strategic acquisitions, we have a committee to follow-up and support after the acquisition in order to steadily achieve quantitative targets and enhance value.

4. Progress of the AG Plan
Implementation of Human Resource Strategies

Securing, training and utilization of human resources

- **Reinforce new hiring and mid-career recruitment**
  - FY05: New graduates: 140, Mid-career: 43
  - FY06: New graduates: about 156, Mid-career: about 50
  - FY07: New graduates: about 170, Mid-career: about 50
- **Introduced new human resources management system**

  Provide an environment in which all employee can fully display their talents
  - Define 10 years after entering the company as training and development period
  - Managerial Class: Eliminate seniority-based wage and promotion system
  - Active job assignment to younger employees as well as elder employees
  - Introducing the "Human Resources Assessment" for each employee's career development

I consider the securing, training and utilization of human resources to be an extremely crucial management issue and therefore seeking to implement human resource strategies in line with growth strategies.

First, as you can see, we are reinforcing new hiring and mid-career recruitment in an effort to secure human resources.

In fiscal 2006, we hired 156 new graduates who entered the Company in April and plan to hire about 50 mid-career staff during this fiscal year.
As such, we expect to hire a total of more than 200 persons.
In fiscal 2007, we plan to further augment the hiring of new graduates.

Also, we introduced a new human resources management system in April of this year for the purpose of enhancing manpower and providing an environment in which all employees can fully display their talents.

4. Progress of the AG Plan
Pursuit of Soundness and Efficiency

Advancing risk management
Upgrading our operational quality and efficiency

- **Introduced Internal Control System**
  - Upgrade operational quality on a global basis
  - Implemented self-assessment in 299 locations in Japan, and 210 locations in overseas
- **Promote efficiency through business process reengineering**
  - Reinforcement of earning power / Rationalization of operations / Reinforcement of the checking function
- **Upgrade risk management**

Honing awareness of legal compliance

- Make every officer and employee fully aware of compliance issues on a global basis

Moreover, we are further reinforcing efforts to realize soundness and efficiency to pave the way for sustained growth.

We introduced the internal control system with a view to “improving operational quality” on a global consolidated basis, checked the status of internal control at about 500 locations in Japan and abroad, identified the relevant issues, and made necessary improvements.

We are also undertaking the Business Process Reengineering Project to realize “the reinforcement of earning power”, “rationalization of operations”, and “reinforcement of checking function.”

In addition, we are upgrading our business assessment methods in continuing to upgrade risk management.

Furthermore, we consider legal compliance to be the foremost management issue. From this standpoint, we will make every officer and employee fully aware of compliance issues on a global basis.

For Sustained Growth

Pursue "Profitability," "Growth Potential" and "Stability" in a balanced manner

Commitment to achieve the stated targets without fail while enhancing transparency of management

Realize "prosperity and dreams" of all stakeholders

⇨ Enhance corporate value

Owing to the management reforms we have been working on, our earning power has improved tremendously.
Furthermore, total assets have expanded to a significant scale.
And as such, I feel that we have entered a new stage of growth.

In times like these, it is ever more vital to maintain a balance of "profitability", "growth potential" and "stability" while carrying out "aggressive" initiatives and "defense" in a reliable manner.

Based on our commitment to achieving the targets we mentioned without fail, while further enhancing "transparency" of management, we intend to cement the trust of our stakeholders.

We will strive to improve corporate value in the future, and therefore request and appreciate your ongoing understanding and support.

This concludes my presentation. Thank you very much.

Sumitomo Corporation

Appendix

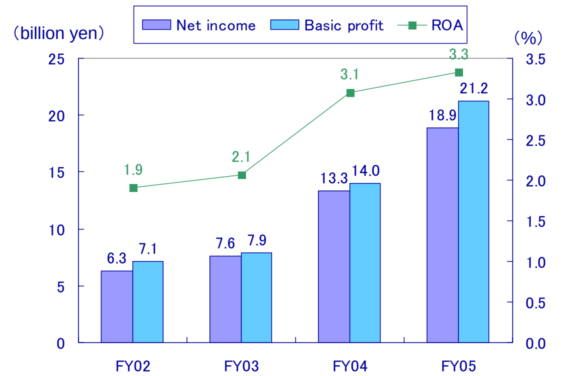
Sumitomo Corporation

Risk Return and Risk Assets by Segment

	Risk assets (billion yen)			Risk return (Two-year average(%))	
	As of Mar.31, 2005	As of Mar.31, 2007 (Initial plan)	As of Mar.31, 2007 (Revised plan)	FY2005-2006 (Initial plan)	FY2005-2006 (Revised plan)
Metal Products	75	112	111	12.9	19.0
Transportation & Construction Systems	105	165	183	11.5	14.2
Machinery & Electric	66	102	94	10.0	12.4
Media Electronics & Network	113	151	151	11.8	12.9
Chemical	34	56	54	11.4	14.5
Mineral Resources & Energy	103	156	165	14.0	17.4
Consumer Goods & Service	85	115	95	12.0	11.7
Materials & Real Estate	95	106	116	10.3	12.4
Financial & Logistics	20	35	47	13.2	17.8
Domestic Regional Business Units, and Offices	45	52	53	12.3	11.7
Overseas Subsidiaries and Branches	97	133	180	15.0	20.8
Total	838	1,184	1,249	12.3	15.3
Corporate & Eliminations	107	101	116	▲10.1	4.7
Consolidated	945	1,285	1,365	10.2	14.2

Metal Products

【Financial Results】



(billion yen)

	FY02	FY03	FY04	FY05
Gross profit	37.2	42.0	49.9	65.4
Operating income	9.2	12.4	18.5	29.3
Equity in earnings of Associated companies, net	1.9	0.6	3.3	4.1
Total assets	344.1	390.4	472.6	662.8

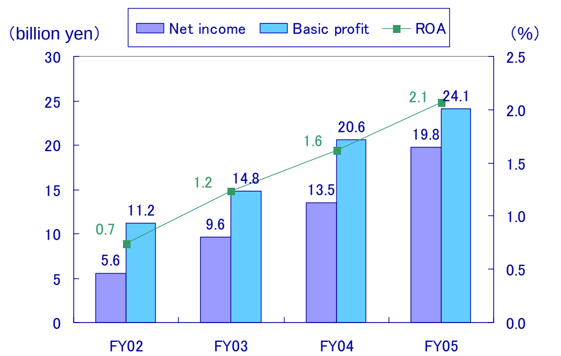
【Strategic Fields】
- Steel sheet business
  (Including steel service centers)
- Steel pipes SCM
- Primary aluminum・Titanium
- Metal products' processing
  & manufacturing for automotive-use
- Tool steel processing & trading

【Topics for FY2005】
- Expanding steel service center operations
  Overseas: UAE, Vietnam, China
  Japan : Acquired Tanimoto Steel, Established J/V with Kobe Steel
- Undersea gas pipeline for LNG plant in Qatar
- Acquired the largest stainless product wholesale company in North America
  (KG Specialty Steel)

<Steel service center>
Annual processing capacity:
Overseas: 37 centers, 5.2 million tons
Japan : 10 centers, 2.0 million tons

Transportation & Construction Systems

【Financial Results】



(billion yen)

	FY02	FY03	FY04	FY05
Gross profit	86.2	98.6	113.3	127.5
Operating income	16.7	21.3	28.6	33.7
Equity in earnings of associated companies, net	1.6	2.9	3.8	4.0
Total assets	764.9	793.0	871.5	1,037.0

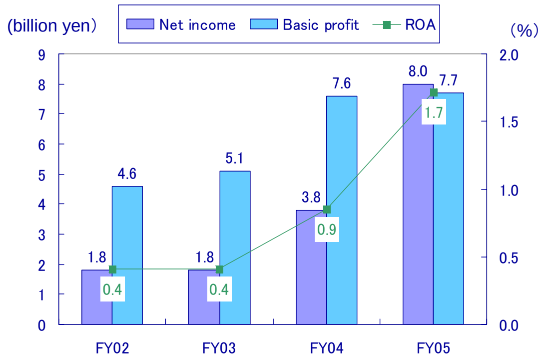
【Strategic Fields】
- Automobile-related value chain
- Construction equipment
- Ships
- Aircraft & transportation leasing

【Topics for FY2005】
- Made Sumisho Auto Leasing a wholly owned subsidiary
- Entered into a long-term time charter agreement for a newly built LNG carrier
- Expanded business base of construction equipment rental business in Canada

<Automobile lease and finance business>
- Sumisho Auto Leasing: 231,000 vehicles
  (2^{nd} largest in Japan)
- Operating in 11 countries in overseas

Machinery & Electric

【Financial Results】



(billion yen)

	FY02	FY03	FY04	FY05
Gross profit	28.6	28.2	32.2	29.3
Operating income	4.3	0.4	6.7	3.6
Equity in earnings of associated companies, net	0.7	1.0	1.3	4.2
Total assets	451.2	435.7	457.4	475.4

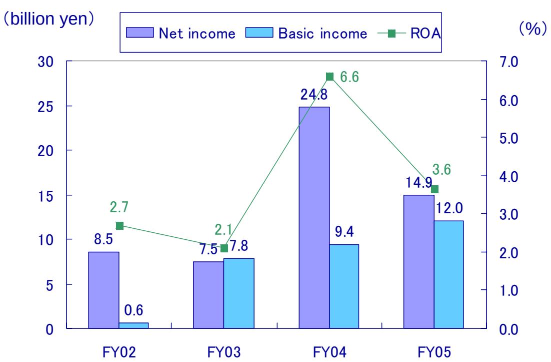
【Strategic Fields】
- Investments in IPP/IWPP projects
- Power plant EPC
- Investments in telecommunication projects
- Eco & energy-saving businesses
- Industrial infrastructure

【Topics for FY2005】
- Expanded IPP/IWPP business in overseas
  Hidd, Bahrain (IWPP)
  Birecik, Turkey (hydro)
  CBK, the Philippines (hydro)
- Power plant EPC
  Large-scale coal thermal power plant in Malaysia and Indonesia
- Telecommunication business investments in Russia
  Content provider for mobile phone,
  Wireless broadband service
- Energy service business (Hiroshima Elpida Memory)
- Started construction of wind power plant in Kashima city

Net capacity of IPP/IWPP: about 2,800MW
(Target: 6,300MW in 2010)

Media Electronics & Network

【Financial Results】



(billion yen)

	FY02	FY03	FY04	FY05
Gross profit	40.9	40.8	44.1	47.2
Operating income	5.2	6.5	6.0	3.7
Equity in earnings of associated companies, net	−1.9	3.8	6.0	10.3
Total assets	339.2	375.0	375.0	441.7

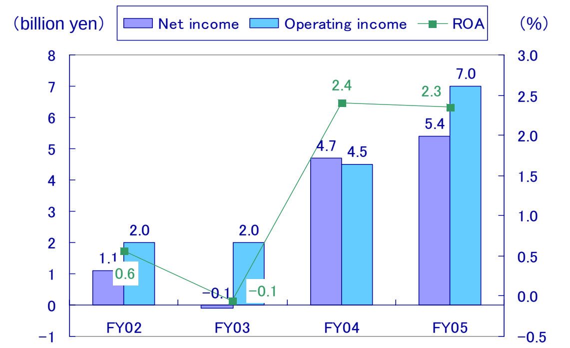
【Strategic Fields】
- Cable TV
- Programming & content
- IT solutions
- EMS
- Mobile communications

【Topics for FY2005】
- Jupiter Telecommunications: Promoted M&A
- Jupiter TV: Steady growth in Shop Channel
- United Cinemas:
  Acquired Japan AMC Theatres
- MS Communications:
  Acquired Calsonic Communication
- Sumisho Computer System merged Sumisho Electronics
- EMS business: Strengthened business base in China and Asia

- Jupiter Telecommunications:
  2.16 million subscribers as of March 2006
- Jupiter TV: 17 channels

Chemical

【Financial Results】



(billion yen)

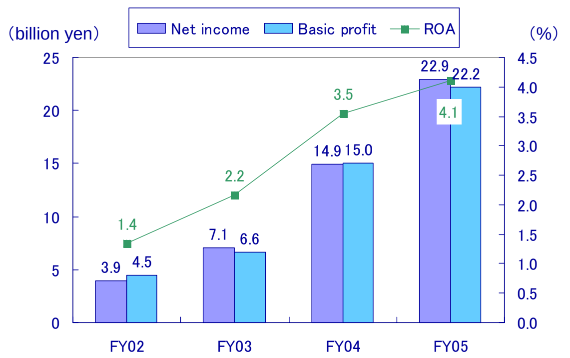
	FY02	FY03	FY04	FY05
Gross profit	23.6	22.8	28.5	35.5
Operating income	3.2	1.9	7.1	10.3
Equity in earnings of associated companies, net	0.0	0.9	0.4	0.8
Total assets	186.5	174.9	217.2	243.2

【Strategic fields】
- Plastics
- Organic chemicals
- Resource-based inorganic chemicals
- Advanced technology such as electronic and performance chemicals and battery materials
- Pharmaceuticals & medical care
- Agricultural chemicals
- Pet care

【Topics for FY2005】
- Strong performance in Cantex
- Merged three chemical related companies into Sumitomo Shoji Chemicals
- Acquired petrochemical products trader
- Investment in generic drugs development business (Medisa Shinyaku)
- Acquired equity stake in Hanan Topfond Phamaceutical (China)
- Hartz (pet supplies): Developments of new products and suppliers

Mineral Resources & Energy

【Financial Results】



(billion yen)

	FY02	FY03	FY04	FY05
Gross profit	31.6	27.1	35.2	48.7
Operating income	4.5	1.4	8.6	18.0
Equity in earnings of associated companies, net	2.2	6.0	10.1	11.6
Total assets	309.5	345.7	497.1	618.2

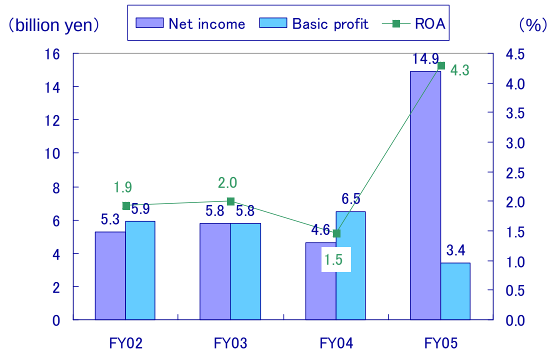
【Strategic Fields】
- Copper & gold
- Coal
- Oil & gas
- LNG
- Uranium
- Carbon
- Zinc
- Nickel

【Topics for FY2005】
- Acquired equity stake in copper mining project in Chile (Ojos del Salado)
- Invested in oil fields in Norwegian North Sea
- Pogo gold mine (Alaska) started production
- Rolleston coal mine (Australia) started shipping
- Participated in a new uranium mine development project (Kazakhstan)

<Shares of annual production capacity >
Copper : 120 thousand tons
Coal : 5 million tons
Oil and gas: 8 million barrel

Consumer Goods & Service

【Financial Results】



(billion yen)

	FY02	FY03	FY04	FY05
Gross profit	86.1	90.4	98.9	98.6
Operating income	10.5	10.0	12.4	7.2
Equity in earnings of associated companies, net	0.6	0.4	−0.3	−0.4
Total assets	271.5	304.6	325.1	368.0

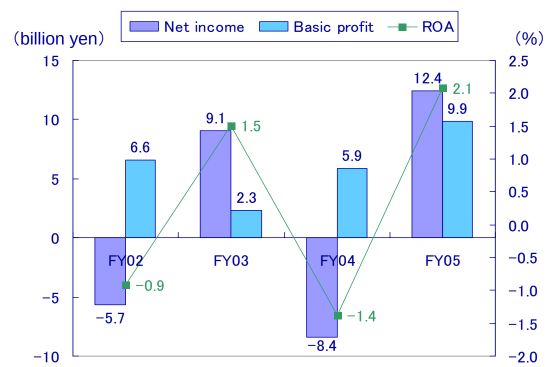
【Strategic Fields】
- Fresh foods
- Fertilizer
- Food supermarket
- Brand business
- Drugstore

【Topics for FY2005】
- Strong performances in supermarket Summit and Sumisho Drug Stores
- Expanding banana business in the Philippines
- Value realization of Coach Japan
- Sumisho Airbag Systems started commercial production

<Number of stores as of March 2006>
Summit: 81 stores
Mummy Mart: 50 stores
Sumisho Drugstores: 70 stores

Materials & Real Estate

【Financial Results】



(billion yen)

	FY02	FY03	FY04	FY05
Gross profit	57.8	47.8	38.7	56.2
Operating income	18.3	8.4	13.7	19.1
Equity in earnings of associated companies, net	0.3	0.5	0.8	1.1
Total assets	602.8	615.3	606.1	587.7

【Strategic Fields】
<Materials>
- Tires
- Lumber & building materials
- Ready-mixed concretes

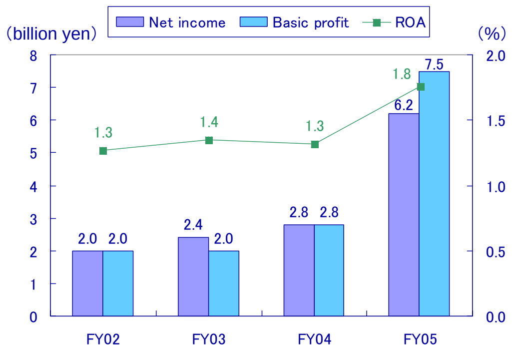
<Real Estate>
- Office buildings & retail facilities leasing
- Condominium sales
- Real estate redevelopment
- Real estate funds

【Topics for FY2005】
<Materials>
- Acquired TBC CORPORATION, tire marketer in the U.S.
- IG Kogyo acquired metal sandwich panel factory
- Acquired ready-mixed concretes factories in Kyushu area

<Real Estate>
- Promoted redevelopment project in front of Senri Chuo station
- Recorded good sales in THE TOKYO TOWERS, high rise condominium
- Condominium sales in Shanghai

Financial & Logistics

【Financial Results】



(billion yen)

	FY02	FY03	FY04	FY05
Gross profit	15.5	15.7	17.0	25.0
Operating income	2.0	1.8	2.2	8.2
Equity in earnings of associated companies, net	1.1	1.1	1.5	2.3
Total assets	161.5	193.5	232.8	470.8

【Strategic Fields】
- Commodity trading
- Investment advisory business
- Direct investments, fund investments
- Value-added logistics network
- Overseas industrial parks

【Topics for FY2005】
- Direct investment:
  Sales company of second-hand golf club in Japan
  Video advertising related business in China
- Commodity business:
  Established a new subsidiary in London for 24 hours trading
- Constructing logistics centers in Chiba and Shanghai
- Thang Long Industrial Park (Vietnam) sold out second phase lots and started the third phase expansion

Shareholders Composition