

For Immediate Release

Sumitomo Corporation Announces Quarterly Financial Results for the fiscal year 2008 (Nine-month period ended December 31, 2008)

On January 30, 2009, Sumitomo Corporation announced its consolidated results for the nine-month period ended December 31, 2008, prepared on the basis of accounting principles generally accepted in the United States of America.

Net income for the nine-month period was 215.8 billion yen, an increase of 17.8 billion yen representing 9% growth from the same period of the previous year.

1. Operating results

- Gross profit was 768.4 billion yen, an increase of 64.3 billion yen from the same period of the previous year.
- Businesses which contributed to the increase were as follows:
 - Steel service center operation in Asia and China led by sales price increase in the first half of the fiscal year 2008.
 - Tubular products operation in North America led by the strong demand and sales price.
 - Coal mining operation in Australia led by the rise of coal prices.
 - Strategic restructuring such as merger of Sumitomo Mitsui Auto Service Company, Limited and making Jupiter Shop Channel Co., Ltd. (SC Media & Commerce Inc.) a subsidiary (fiscal year 2007).
- Selling, general and administrative expenses was 500.4 billion yen increased slightly from the same period of the previous year.
Accordingly, operating income was 256.6 billion yen increasing 27% from the same period of the previous year.
- Interest expense, net of interest income decreased by 8.6 billion yen mainly due to the decline of interest rate in US\$.

- Equity in earnings of associated companies increased by 33.7 billion yen to 79.9 billion yen. This included the improvement of hedge evaluation gain/loss regarding the San Cristobal silver-zinc-lead mining project in Bolivia. In addition, strong performance of Jupiter Telecommunications Co.,Ltd. and IPP/IWPP business which is expanding their business mainly in emerging countries, such as UAE and Thailand, contributed to the increase.
- Provision for doubtful receivables was 11.4 billion yen, an increase of 3.9 billion yen mainly in domestic finance business in the second quarter.
- Gain on marketable securities and other investments was 8.2 billion yen including strategic restructuring and replacements of assets such as value realization through merger of MS Communications Co., Ltd. and capital gain of Sumitomo Mitsui Finance & Leasing Co., Ltd.
- As a result, net income totaled 215.8 billion yen, an increase of 17.8 billion yen or representing 9% growth from the same period of the previous year.
- 4 segments out of 10, namely “Metal Products”, “Mineral Resources & Energy”, “Domestic Regional business Units and Offices” and “Overseas Subsidiaries and Branches”, increased their net income led by the businesses mentioned above while the following segments showed a decrease from the same period of the previous year.
 - Transportation & Construction Systems
Ship business showed strong performance in the first half due to robust marine transportation market in addition to the capital gain through replacements of assets (ships) . Although, there was capital gain through merger of auto leasing operations in the same period of the previous year caused decrease compared to the same period of the previous year.
 - Infrastructure
There were large scale construction projects in the same period of the previous year while IPP (Independent Power Plant) business in Asia showed stable performance.
 - Media, Network & Lifestyle Retail
Jupiter Telecommunications Co., Ltd. showed strong performance through

expanding their earnings base such as acquiring Mediatti Communications, Inc., the third largest cable TV operator in Japan. There was extraordinary profit from value realizations in the same period of the previous year.

- **Chemical & Electronics**
Cantex, PVC pipe business in U.S., showed weak performance due to flagging market while agricultural chemical business in East Europe, and sulfur and sulfuric acid business showed strong performance.

- **General Products & Real Estate**
Decline of domestic construction affected building-product business and there was large sales of condominium in the same period of the previous year.

- **Financial & Logistics**
Net income declined due to the valuation loss of the unlisted company and provision for doubtful receivables in domestic finance business due to severe financial condition.

2. Financial position

- Total assets as of December 31, 2008 amounted to 7,443.9 billion yen, a decrease of 127.5 billion yen from March 31, 2008 mainly due to stronger yen and decrease of operating receivables due to the fall in commodity prices.

- Total shareholders' equity decreased by 83.1 billion yen, due to the decrease of foreign currency translation adjustments caused by stronger yen and decrease in unrealized holding gains on securities available-for-sale although there was increase in retained earnings. Shareholders' equity ratio was 18.9% or 0.8 points down from March 31, 2008.

3. Cash flows

- Net cash provided by operating activities was 158.1 billion yen as a result of strong business performances in each segment although working capital increased due to the increase of inventory.

- Net cash used in investing activities was 252.9 billion yen, mainly due to the strategic investments such as making Jupiter Shop Channel a fully owned subsidiary in the third quarter, in addition to acquiring office buildings in the United States in the second quarter, while replacing assets such as partially selling share of Sumitomo Mitsui Finance & Leasing Co., Ltd.
- Accordingly, free cash flow was 94.8 billion yen outflow.

4. Progress for the full fiscal year ending March 31, 2009

- Although the nine-month net income reached 89% of the annual target, the current business environment has dramatically changed from October 29, 2008, when we announced the second quarter results. Especially from this third quarter, world economy is decelerating in unprecedented speed and scale due to the vicious cycle of credit crunch and worsened business confident.
- Not only the finance and mineral resources businesses, but also some businesses of the Chemical & Electronics and General Products & Real Estate have been affected from this third quarter due to the fall in commodity prices and rapid fall of demand.
- In the following fourth quarter, other segments, which have led our performances are expected to be affected as well.
- Although we remain our annual target of 243.0 billion yen unchanged at this moment, it might be possible that our results of the full fiscal year may decrease by about 10% considering possible valuation loss and impairment loss due to the drastic plunge of demand and market toward the end of this fiscal year.
- We will proceed our business enhancing risk management while maintaining our sound financial condition. On the other hand, we will take changes in this business environment as an opportunity and expand our earnings base for sustained growth.

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