



## Current Status of Sumitomo Corporation Including Six Months Results ended Sep.30, 2011

November, 2011

*Sumitomo Corporation*

### Topics

1. Six Months Results of FY 2011

2. Forecasts for FY 2011

3. Progress in  $f(x)$

4. Dividends

#### Cautionary Statement Concerning Forward-looking Statements

This report includes forward-looking statements relating to our future plans, forecasts, objectives, expectations and intentions. The forward-looking statements reflect management's current assumptions and expectations of future events, and accordingly, they are inherently susceptible to uncertainties and changes in circumstances and are not guarantees of future performance. Actual results may differ materially, for a wide range of possible reasons, including general industry and market conditions and general international economic conditions. In light of the many risks and uncertainties, you are advised not to put undue reliance on these statements. The management forecasts included in this report are not projections, and do not represent management's current estimates of future performance. Rather, they represent forecasts that management strives to achieve through the successful implementation of the Company's business strategies. The company may be unsuccessful in implementing its business strategies, and management may fail to achieve its forecasts. The Company is under no obligation -- and expressly disclaims any such obligation -- to update or alter its forward-looking statements.

# 1. Six Months Results of FY2011

## (1) Net Income

Achieved 69% of 220 billion yen initial annual forecast

(billion yen)	FY 2010 Apr-Sep Result	FY 2011 Apr-Sep Result	Increase compared to FY2010 Apr-Sep Result (%)
<b>Net Income *</b>	111.7	151.5	+39.8(+36%)

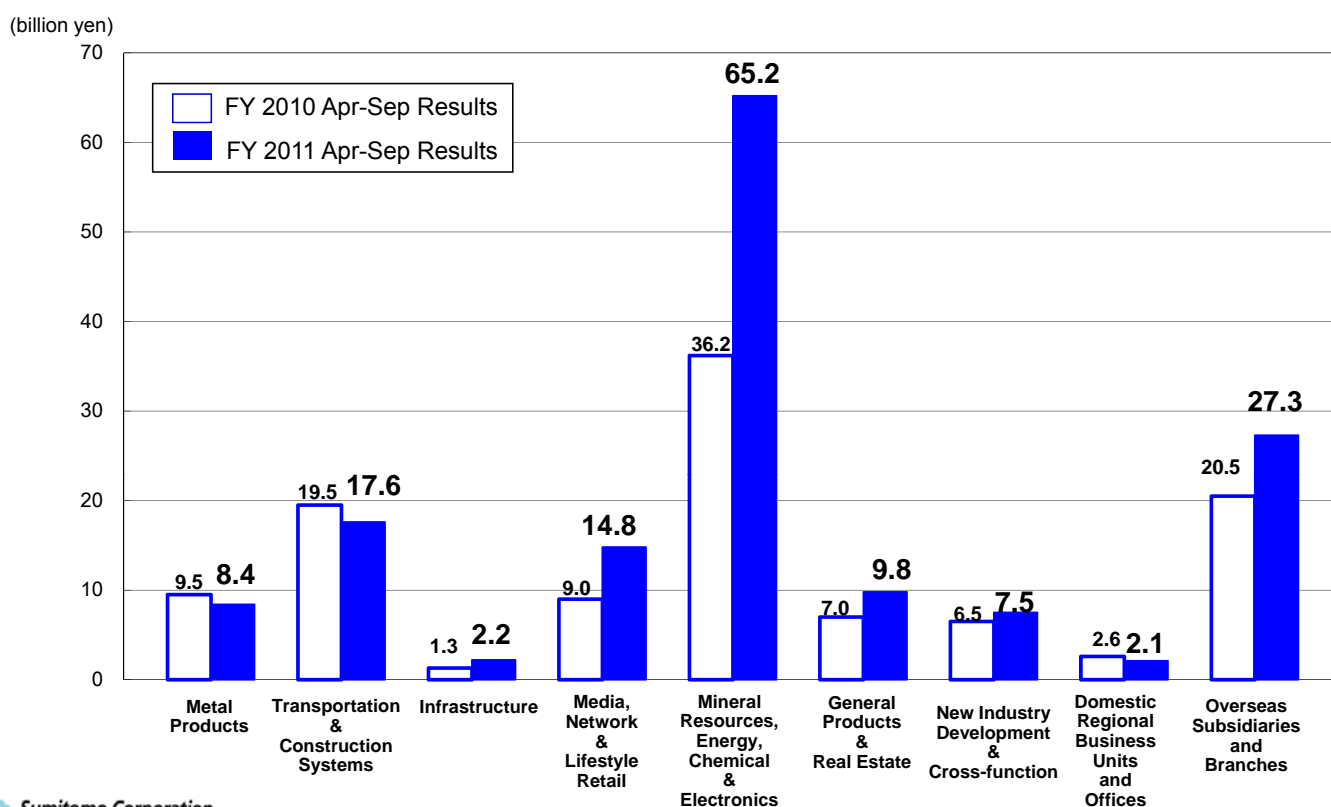
- ✓ Strong performance in mineral resources businesses due to rise in commodity prices
- ✓ Businesses in Japan such as Media lifestyle were stable
- ✓ Impact of the Great East Japan Earthquake was limited

\*In this document, "Net Income" is equivalent to "Profit for the period attributable to owners of the parent" and does not include "Profit for the period attributable to Non-controlling interests".

# 1. Six Months Results of FY 2011

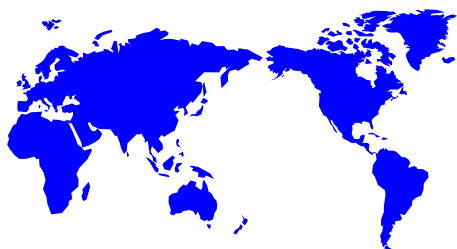
## (2) Net Income by Segment

Mineral Resources, Energy, Chemical & Electronics led the results



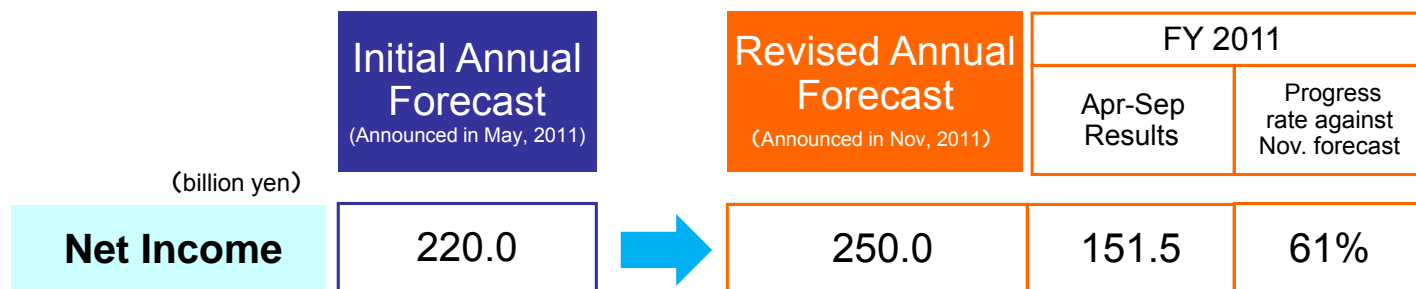
## 2. Forecasts for FY 2011

### (1) Business Environment and Forecasts for FY 2011



< Current business environment and outlook >

- ✓ Deceleration of world economy due to European debt issues
- ✓ Decline in commodity prices and progress of yen appreciation

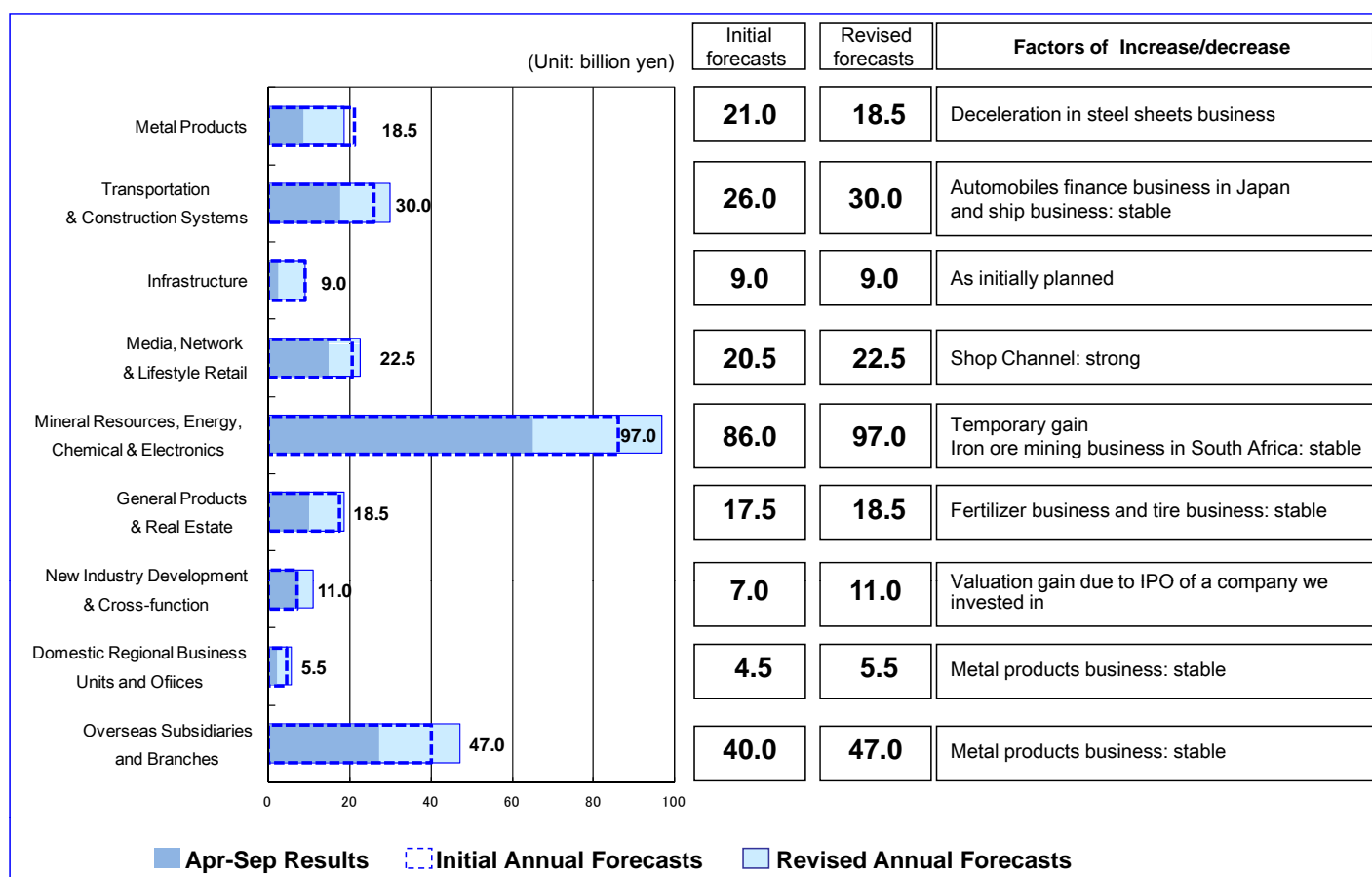


#### 【Reasons for revising the forecast】

- ✓ core businesses are expected to continue stable performances in the 2<sup>nd</sup> half
- ✓ strong results in 1<sup>st</sup> half (Apr-Sep) (achieved 69% of the initial annual forecast)

## 2. Forecasts for FY 2011

### (2) Net Income Forecasts by Segment



### 3. Progress in $f(x)$ (1)-1 Business Model Innovation

## Expand business base through Business Model Innovation

### Strengthen business in Latin America with Mazda Motor Corporation

Began constructing production facility in Mexico. Positioning it as a strategic production site, strengthen value chain in Latin American market.

- Initial annual production capacity : 140,000 units/year
- Commence operation : in fiscal 2013

### Create a new business model through integrating agricultural value chain

Invested in Alcedo, an agricultural material distributor in Romania.  
Establish an agricultural value chain covering upstream to downstream.

### Sumitomo Mitsui Auto Service and Hitachi Capital Auto Lease, becoming No.1 in the industry

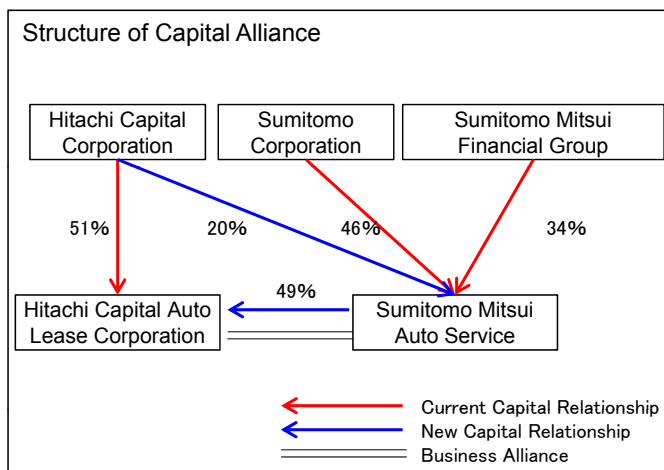
Signed agreement regarding business alliance for strategic joint partnership in Auto Leasing Business.

### 3. Progress in $f(x)$ (1)-2 Business Model Innovation Sumitomo Mitsui Auto Service

## Establish leading position in the industry through alliance with Hitachi Capital

### Outline of Strategic Alliance

- Improve profitability by expanding maintenance services taking advantage of the customer base possessed by both parties
- Create and expand earnings opportunity by improving supplemental auto leasing services
- Reduce costs by jointly purchasing motor vehicles and parts to be leased
- Improve profitability through disposal of used motor vehicles



Industry position after alliance

		Number of automobiles under management As of March, 2010	Market share
To No. 1 position in the industry	Sumitomo Mitsui Auto Service + Hitachi Capital Auto Lease Corporation	616 (thousand units)	20.9%
1	Company A	540	18.3%
2	Sumitomo Mitsui Auto Service	533	18.1%
3	Company B	285	9.7%
...			
8	Hitachi Capital Auto Lease Corporation	83	2.8%

### 3. Progress in $f(x)$ (2) Results for Investments

Steady progress based on  $f(x)$  plan. Initial plan unchanged.

(billion yen)	$f(x)$ 2-year total Plan for Investments	FY2011 1 <sup>st</sup> half Results for Investments	FY2011 2 <sup>nd</sup> half & FY2012	
			Plan for Investments	Announced
<b>Total</b>	<b>580</b> (RA: 320)	<b>90</b> (RA: 70)	<b>490</b> (RA: 250)	<b>142</b> (RA: 63)
(Breakdown)				
Mineral Resources & Energy area*	<b>175</b> (RA: 95)	<b>29</b> (RA: 19)	<b>146</b> (RA: 76)	<b>70</b> (RA: 40)
New Industry Development and Infrastructure area*	<b>105</b> (RA: 65)	<b>3</b> (RA: 6)	<b>102</b> (RA: 59)	<b>4</b> (RA: 2)
Media and life-related area*	<b>150</b> (RA: 60)	<b>30</b> (RA: 22)	<b>120</b> (RA: 38)	<b>58</b> (RA: 11)
Others	<b>150</b> (RA: 100)	<b>28</b> (RA: 23)	<b>122</b> (RA: 77)	<b>10</b> (RA: 10)

### 3. Progress in $f(x)$ (3) Results for Investments

Enlarging our medium- to long-term earnings base

**1<sup>st</sup> half  
Results for  
Investments  
¥90 billion**

#### Expanded U.S. seamless tubular products business: ¥8billion

Invested in V&M TWO LLC, a subsidiary of Vallourec, France in September, 2011.  
Constructing a mill which manufactures small-diameter seamless steel pipes used for developing shale gas and oil

- Total investment amount of SC : ¥10 billion
- Investment ratio : 19.47%
- Production capacity : 350,000t/year
- Full commercial operation : by the end of 2012

#### Invested in Sierra Gorda copper project in Chile: ¥9billion

- Total investment amount of SC : 390 million USD(2011~2014)
- Investment ratio : 13.5%
- Annual production volume in equity(copper) : 16 Kt(2014~2016), 32Kt(after expansion)
- Commercial operation : 2014

#### Acquired CSK: ¥26billion

In April, 2011, SC and Sumisho Computer Systems(SCS) acquired CSK shares through tender offer.

In October, 2011, SCS and CSK merged into newly established SCSK.

- Investment ratio : 50.83% (SC's Equity share of SCSK)
- Sales : ¥207.3 billion (Forecast for fiscal 2011)

### 3. Progress in $f(x)$

#### (4) Results for Asset Replacement

#### Steady progress in replacing assets

(billion yen)

$f(x)$ 2-year total Plan for replacing assets	FY2011 1 <sup>st</sup> half Results for replacing assets	Plan for replacing assets in FY2011 2 <sup>nd</sup> half and FY2012	Committed
-1,150 (RA: -130)	-60 (RA: -20)	-1,090 (RA: -116)	-420 (RA: -17)

#### FY2011 1<sup>st</sup> half Results for replacing assets

- Made Oxford Finance an associated company
- Sold Russian telecommunication business, retail facility, auto finance business in the Americas, and others

#### Committed

- Sold partial share of Sumitomo Mitsui Auto Service
- Sold partial share of Hartz Mountain
- Others

### 3. Progress in $f(x)$

#### (5) Key Financial Indicators

	Start of $f(x)$ (as of Mar.31, 2011)	End of 1 <sup>st</sup> half 2011 (as of Sep.30, 2011)	End of $f(x)$ (as of March 31, 2013) Forecasts
Total assets	7,230.5	7,472.3	7,240.0
Shareholders' equity*	1,570.5	1,613.2	1,940.0
Shareholders' equity ratio*	21.7%	21.6%	around 27%
Interest-bearing liabilities (net)	3,056.3	2,900.0	2,770.0
Debt-equity ratio* (net) (times)	1.9	1.8	around 1.5
Risk Assets	1,500.0	1,520.0	1,730.0
Risk Return (2-year average)	12.7%	—	FY2012 15% or more
Free Cash Flows (2-year total)	202.4	FY2011 1 <sup>st</sup> half 24.4	positive

\* "Shareholders' equity" is equivalent to "Equity attributable to owners of the parent" and does not include "non-controlling interests". Likewise, equity attributable to owners of the parent used in calculating "Shareholders' equity ratio" and "Debt-equity ratio, net" does not include "Non-controlling interests".

## 4. Dividends

**【Basic Policy】 Flexibly decide dividend payout ratio in the range of 20-30%**

### 【Dividend for FY2011】

Considering the balance between retained earnings required for sustainable growth and return to shareholders

Apply dividend payout ratio of 25% to annual net income

**FY2011 Interim Dividend : ¥24 (FY2010 Interim Dividend : ¥16)**

Half the amount of planned annual dividend for FY2011, 49 yen per share, calculated by applying the consolidated dividend payout ratio of 25% to our net income annual forecast of 250 billion yen.

	<b>FY2010 Results</b>	<b>FY2011 Initial Plan (Announced in May, 2011)</b>	<b>FY2011 Revised Plan (Announced in Nov, 2011)</b>
Net Income	202.7 billion yen (U.S.GAAP)	220 billion yen	250 billion yen
Annual dividend / share (interim / year-end)	36 yen (16 yen / 20 yen)	43 yen (21 yen / 22 yen)	49 yen (24 yen / 25 yen)

## Toward New Growth

**Toward “Growth across regional, generational, and organizational boundaries”**

*“cross-boundary growth”*

- Assumptions
- Supplemental materials by segment (IFRS)  
(Performance Overview,  $f(x)$  Strategies & Priority Fields)
- $f(x)$  Major Initiatives
- Medium-term Management Plans, etc.

## Assumptions

Assumptions		FY2011			Sensitivity to profit* (as of Nov, 2011)
		Outlook (as of May, 2011)	Results (Apr.-Sep.)	Forecasts (as of Nov, 2011)	
Foreign Exchange (YEN/US\$) [Apr.-Mar.]		85	79.74	80	around 1.3 billion yen (1JPY/US\$)
Interest rate	LIBOR 6M (YEN) [Apr.-Mar.]	0.40%	0.35%	0.40%	-
	LIBOR 6M (US\$) [Apr.-Mar.]	0.70%	0.45%	0.60%	-
Crude oil<North Sea Brent> (US\$/bbl) [Jan.-Dec.]		98	111	109	around 50 million yen (1US\$/bbl)
Copper (US\$/t) [Jan.-Dec.]		8,819	9,391	8,721	around 310 million yen (100US\$/t)
Zinc (US\$/t) [Jan.-Dec.]		2,249	2,322	2,195	around 860 million yen (100US\$/t)
Iron ore (US\$/t) [Jan.-Dec.]**		148	155	162	around 170 million yen (1US\$/t)
Coking coal (US\$/t) [Apr.-Mar.]**		258	323	303	around 190 million yen (1US\$/t)

\*Foreign Exchange: including hedge, Others: excluding hedge

\*\*Iron ore and Coking coal prices are general market price.

All the figures are the average of the period written in the chart.

## Performance Overview

### 【FY11 Apr-Sep Result : 8.4 billion yen】

(1.1 billion yen decrease from FY10 Apr-Sep)

#### • Steel Sheets

Overseas steel service center:  
Impact of the Great East Japan Earthquake

#### • Tubular Products

North America: stable demand

### 【Investments in FY2011】

- acquired shares of a manufacturer & supplier of rolled aluminum sheet (U.S., Aug, 2011)
- acquired a manufacturing and sales company of railway wheels and axles (U.S., Aug, 2011)
- participated in small-diameter seamless steel pipe manufacturing business (U.S., Sep, 2011)

\*\* Announced in November, 2011.

(unit: billion of yen)

	FY2010 Apr-Sep	FY2011 Apr-Sep	FY2011 Forecast**
Gross profit	32.8	31.7	-
Operating profit	11.7	10.0	-
Share of profit of investments accounted for using the equity method	3.3	3.0	-
Profit for the period attributable to owners of the parent	9.5	8.4 1Q:4.5 2Q:3.9	18.5
Total assets	Mar,2011 635.1	623.4	-

### 【Results of major subsidiaries and associated companies】

Company:	Equity in earnings of the segment		
	FY10 Apr-Sep	FY11 Apr-Sep	FY11(Forecasts**)
• SC Pipe Services :	1.0	1.2	2.5
• ERYNGIUM(30/100)* :	0.2	0.5	1.0
• Sumisho Metalex(90/100)* :	0.5	0.4	1.0
• Asian Steel :	0.6	0.4	0.6

\* (shares in equity owned by the segment/ owned by whole company)

### 【Business Outlook】

- **Steel Sheets**: overseas steel service center : demand recovery from the earthquake expected from 3Q but substantial rise cannot be expected due to world economy slowdown. Also, impact of Thai flood is concerned.
- **Tubular Products** North America & Export business from Japan: stable but concerns such as yen appreciation exist

## f(x) Strategies and Priority Fields

- Energy and automobile related business
  - > enhance value chain of tubular products
    - tubular products manufacturing (Brazil)
    - enhance SCM operating bases (15 locations in 14 countries, as of Sep, 2011)
    - global expansion of processing tubular products/ steel products for oil-well
    - global expansion of manufacturing and selling metal parts
  - > upgrade steel service centers' function
    - ( steel service center production capacity as of Sep, 2011 : around 7.3 million tons )  
( includes Asia & China : 4.2 million tons, Japan: 2.2 million tons )
  - > expand secondary processing of specialty steel business abroad
- Building material
  - > capture demands in emerging countries (China, Vietnam, Pakistan, etc.)
- Aluminum
  - > aluminum smelting and rolling business
- Eco and new energy related business
  - > renewable energy related business
  - > materials for solar cells and secondary battery

## Performance Overview

### 【FY11 Apr-Sep Result: 17.6 billion yen】

(1.9 billion yen decrease from FY10 Apr-Sep)

#### •Automobile

Finance businesses in Indonesia: provisions for doubtful receivables increased, contract unit decreased

Finance business in Japan: stable due to temporary rise in used car prices, temporary gain

#### •Construction equipment

Canada and Russia: stable

China: market slowdown, tough competition

#### •Ships, aerospace and railway car

Oshima Shipbuilding: stable

Value realization through replacing a ship

### 【Investments in FY2011】

Started preparation for production and sales businesses in Latin America with Mazda Motor Corporation

\*\* Announced in November, 2011.

(unit: billion of yen)

	FY2010 Apr-Sep	FY2011 Apr-Sep	FY2011 Forecast**
Gross profit	75.7	78.3	-
Operating profit	23.7	27.0	-
Share of profit of investments accounted for using the equity method	6.0	5.5	-
Profit for the period attributable to owners of the parent	19.5	17.6	30.0
		1Q:9.8 2Q:7.8	
Total assets	Mar, 2011 1,310.9	1,276.1	-

### 【Results of major subsidiaries and associated companies】

Company:	Equity in earnings of the segment		
	FY10 Apr-Sep	FY11 Apr-Sep	FY11(Forecasts**)
•Sumitomo Mitsui Auto Service:	2.4	4.4	5.5
•Oto Murtiartha:	3.0	1.3	1.9
•SOF(89.56/99.56)*:	2.8	0.7	0.5

\* (shares in equity owned by the segment/ owned by whole company)

### 【 Business Outlook】

•**Automobile:** Finance businesses in Indonesia: continue to decelerate resulted from increase in provisions for doubtful receivables and decrease in contract due to tighter credit assessment

Finance business in Japan: decelerates due to used car prices returning to normal

•**Construction equipment:** stable Canada and Russia businesses cover weak performance in China

•**Ships:** Oshima Shipbuilding expects rise in steel sheets price, etc.

## f(x) Strategies and Priority Fields

### •Automobile

#### > Auto finance

Japan: reinforce Sumitomo Mitsui Auto Service through alliance with Hitachi Capital

Overseas: Oto Multiartha / Summit Oto Finance (Indonesia)

shift corporate strategy for mid-to long-term sustainable growth

results of financing in FY10: OTO 132,000 automobiles, SOF 943,000 motorcycles

initial plans for financing in FY11: OTO 145,000 automobiles, SOF 1,115,000 motorcycles

revised plans for financing in FY11: OTO 82,000 automobiles, SOF 823,000 motorcycles

#### > Wholesale/Dealer

strengthen sales in emerging countries (Iraq, etc.)

#### > Manufacturing

increase overseas production capacity of KIRIU

### •Construction equipment

> expand distributor business in emerging countries

> enhance mining machinery sales/service business globally

> enhance rental construction equipment business

### •Ships, aerospace and railway car

> Ships: enhance portfolio through continuous asset replacement

## Performance Overview

**【FY11 Apr-Sep Result : 2.2 billion yen】**  
 (0.9 billion yen increase from FY10 Apr-Sep)

- **IPP/IWPP businesses**  
stable including Tanjung Jati B
- **Others**  
mobile phone business in Mongolia: stable  
value realization through replacing a telecommunication business in Russia

### 【Investments in FY2011】

- Progress in Tanjung Jati B expansion project (Indonesia)

\*\* Announced in November, 2011. (unit: billion of yen)

	FY2010 Apr-Sep	FY2011 Apr-Sep	FY2011 Forecast**
Gross profit	10.8	11.0	-
Operating profit	-0.8	-0.9	-
Share of profit of investments accounted for using the equity method	2.7	1.9	-
Profit for the period attributable to owners of the parent	1.3	2.2 1Q:1.2 2Q:1.0	9.0
Total assets	Mar, 2011 544.9	533.8	-

### 【Results of major subsidiaries and associated companies】

Company:	Equity in earnings of the segment		
	FY10 Apr-Sep	FY11 Apr-Sep	FY11(Forecasts**)
•MobiCom:	0.8	0.8	1.8
•Perennial Power Holdings(50.01/100)*:	0.3	0.3	0.5
•Sumisho Machinery Trade Corporation(55.5/100)*:	0.3	0.3	0.5

\*(shares in equity owned by the segment/ owned by whole company)

### 【 Business Outlook】

- increase in leasing profit (Tanjung Jati B expansion project)
- mobile phone business in Mongolia: stable

## f(x) Strategies and Priority Fields

- IPP/IWPP
  - > further expand in Asia, Middle East, Australia and the Americas
  - > actively develop green field projects including geothermal power generation
  - > Shuweihat S3 project (326MW, completion planned in Mar, 2014)
- Tanjung Jati B project
  - > complete construction of expansion project (1,320 MW, unit 3: completed construction in Oct, 2011, unit 4: completion planned in Jan, 2012)
- Wind power generation/Water infrastructure business
  - > wind power generation: expand earnings base in priority markets(U.S. and China) develop new markets (Australia, South Africa, and Europe)
  - > water: expand business investment scale in China and develop new priority markets (India, Middle East, and Malaysia)
- Telecommunication
  - > invest in mobile communications and broadband businesses in overseas

power generation capacity target: 6,300 MW  
 (as of Sep, 2011: 5,363MW (contract base))

## Performance Overview

### 【FY11 Apr-Sep Result : 14.8 billion yen】

(5.9 billion yen increase from FY10 Apr-Sep)

#### •Major group companies

Jupiter Shop Channel: strong

J:COM and Sumisho Computer Systems: stable

made CSK a subsidiary

#### •Others

Temporary gain through acquisition and replacement of group companies in 1Q

### 【Investments in FY2011】

•made CSK a subsidiary through TOB (April, 2011)

\*\* Announced in November, 2011.

(unit: billion of yen)

	FY2010 Apr-Sep	FY2011 Apr-Sep	FY2011 Forecast**
Gross profit	87.6	105.5	-
Operating profit	5.7	11.3	-
Share of profit of investments accounted for using the equity method	7.9	10.2	-
Profit for the period attributable to owners of the parent	9.0	14.8	22.5
		1Q:9.2 2Q:5.6	
Total assets	Mar. 2011 777.7	992.6	-

### 【Results of major subsidiaries and associated companies】

Company:	Equity in earnings of the segment		
	FY10 Apr-Sep	FY11 Apr-Sep	FY11(Forecasts**)
•J:COM:	8.1	7.8	15.0
•Jupiter Shop Channel:	4.3	5.6	11.2
•SCSK <sup>1</sup> :	-	3.1	4.1
•Summit(92.5/100) <sup>2</sup> :	0.7	0.6	1.9

<sup>1</sup> On October 1, Sumisho Computer Systems and CSK merged into newly established SCSK.

<sup>2</sup> (shares in equity owned by the segment/ owned by whole company)

### 【 Business Outlook】

•Major group companies (J:COM, Jupiter Shop Channel): stable

•SCSK expects costs to enhance management efficiency in the second half

## f(x) Strategies and Priority Fields

- Establish unique and strong consumer business through integration of media, network and retail
  - > provide top-level businesses in each industry
  - > deepen value chain among group companies
  - > enhance multichannel retail business
- Enhance core businesses
  - > J:COM(largest MSO in Japan, market share of Mar, 2011:around 37%):expand customer base and enhance services
  - > Sumisho Computer Systems and CSK: strengthen IT businesses through integration synergy (On October 1, SCS and CSK merged into newly established SCSK)
  - > T-GAIA (cell phone store) : enhance sales network and improve efficiency
  - > Summit (supermarket) /Tomod's (drugstore) : expand business by new branch shops (number of locations as of Sep, 2011: Summit 99, SC Drug stores 137)
  - >Jupiter Shop Channel (largest TV shopping company in Japan): enhance products and programs while expanding customer base
- Build and develop new earnings base
  - > online supermarket: enhance product variety, improve service and operation efficiency
  - > internet drugstore: reinforce structure to acquire top position in the EC daily necessities area
  - > expand successful business models from Japan to abroad (TV shopping, retail business, mobile& EC business, etc)

## Performance Overview

### 【FY11 Apr-Sep Result : 65.2 billion yen】

(29.0 billion yen increase from FY10 Apr-Sep)

- **Coal mining operation in Australia**  
decrease in sales volume
- **Copper businesses**  
reversal of deferred tax liability resulted from business reorganization
- **San Cristobal silver-zinc-lead mining operation**  
increased in sales volume and rise in prices 12.0 (+7.4)  
improvement in prices hedging profit 0.2 (+3.3)

- **Chemical**  
agricultural chemicals : stable
- **Temporary gain**

### 【Investments in FY2011】

- invested in development of the Sierra Gorda project (Chile, Sep, 2011)
- Progress in Ambatovy nickel project (Madagascar)

\*\* Announced in November, 2011.

(unit: billion of yen)

	FY2010 Apr-Sep	FY2011 Apr-Sep	FY2011 Forecast**
Gross profit	53.5	70.0	-
Operating profit	27.3	44.1	-
Share of profit of investments accounted for using the equity method	16.2	22.9	-
Profit for the period attributable to owners of the parent	36.2	65.2	97.0
		1Q:28.0 2Q:37.2	
Total assets	Mar. 2011 1,150.4	1,175.3	-

### 【Results of major subsidiaries and associated companies】

Company:	Equity in earnings of the segment		
	FY10 Apr-Sep	FY11 Apr-Sep	FY11(Forecasts**)
•Sumisho Coal Australia:	13.9	13.0	24.4
•Nusa Tenggara Mining:	7.9	12.2	15.1
•Silver, zinc and lead business in Bolivia(93/100)*1,2:	4.6	12.0	17.1
•Oresteel Investments(45/49)*1:	3.5	5.7	10.4
•Iron Ore Mining Business in Brazil:	-	3.7	8.0
•SC Minerals America(84.75/100)*1:	1.5	2.4	4.1
•SMM Cerro Verde Netherlands:	1.3	2.4	3.6
•Oil fields interests in the North Sea:	2.3	1.5	2.7
•LNG Japan:	0.5	1.0	1.6
•Sumitomo Shoji Chemicals(75/100)*1:	0.8	0.5	0.9
•SC Mineral Resources:	0.3	0.4	0.8
•The Hartz Mountain(40.59/100)*1:	0.3	0.2	0.3
•Petro Summit Pte.(80/100)*1:	▲0.0	0.0	0.4

\*1 (shares in equity owned by the segment/ owned by whole company)

\*2 shares in equity of the segment in FY10.2Q: 100/100

### 【 Business Outlook 】

- **Coal mining operation in Australia:** stable. However, uncertainties of market prices remain until March, 2012.
- **Iron ore business:** stable
- **Silver, zinc and lead business in Bolivia:** although production volume recovers, expects market prices decline
- **Copper business :** expects drop in market prices

## f(x) Strategies and Priority Fields

- Proceed major upstream projects
  - > nickel (Madagascar) : complete construction and start commercial production
  - > silver-zinc-lead (Bolivia) : stable operation, explore mine in surrounding areas
  - > iron ore (Brazil): execute business plan toward 30 million tons annual production
- Strengthen mineral resources portfolio
  - > acquire new interests: mainly in four strategic areas (copper, coal, iron ore and oil & gas)
  - > expand existing interests: copper <Cerro Verde (Peru), Northparkes (Australia)>
    - coal <Sumisho Coal Australia>
    - oil & gas<oil & gas (North Sea), shale gas(North America)>
- Reinforce Chemical & Electronics businesses in growing and emerging markets
  - > inorganic minerals: acquire and develop scarce resources such as rare earth
  - > agrichemicals: expand investment to strengthen value chain (Europe, North America, and Asia)
  - > pharmaceuticals: increase value of business in China through new medicine license business and supply of pharmaceutical ingredients

## [Mineral Resources Equity Share of Production and Sensitivity to Net Income]

		FY10 Results	FY11			Sensitivity to net income (annual base/excluding prices hedge)
			1Q Results	2Q Results	Forecasts	
<b>Coking coal</b>	Equity share of shipping volume [mil t]	3.0	0.5	0.6	2.5	¥ 130 mil (\$1/t)
	Prices[\$/t]	215	330	315	303	
<b>Thermal coal</b>	Equity share of shipping volume [mil t]	1.8	0.5	0.5	1.8	¥70 mil (\$1/t)
	Prices[\$/t]	104	130	128	126	
<b>Iron ore</b>	Equity share of shipping volume [mil t]	1.4	0.4	1.3	3.4	¥190 mil (\$1/t)
		-	0.4	0.4	1.8	
<b>Iron Ore Mining Business in Brazil</b>	Prices[\$/t]	114	138	172	162	
<b>Manganese ore</b>	Equity share of shipping volume [mil t]	0.5	-	0.2	0.4	¥20 mil (\$1/t)
	Prices[\$/t]	328	-	261	247	
<b>Copper</b>	Equity share of production [Kt]	75	15	13	54	¥310 mil (\$100/t)
		46	7	5	23	
<b>Nusa Tenggara Mining</b>	Prices[\$/t]	7,540	9,645	9,137	8,721	

Note) Prices are general market price. As for iron ore and manganese, we recognize equity earnings of Oresteel Investments semiannually (in second and fourth quarter) and thus equity share of shipping volume is recognized only semiannually.

## [Mineral Resources Equity Share of Production and Sensitivity to Net Income]

		FY10 Results	FY11			Sensitivity to net income (annual base/excluding prices hedge)
			1Q Results	2Q Results	Forecasts	
<b>Silver</b>	Equity share of production [t(mil oz)]	398(12.8)	78(2.5)	84(2.7)	323(10.4)	¥560 mil (\$1/oz)
	Prices[\$/oz]	20.2	31.9	38.0	34.8	
<b>Zinc</b>	Equity share of production [Kt]	193	46	46	206	¥860 mil (\$100/t)
	Prices[\$/t]	2,159	2,393	2,250	2,195	
<b>Lead</b>	Equity share of production [Kt]	56	15	19	72	¥300 mil (\$100/t)
	Prices[\$/t]	2,147	2,605	2,550	2,421	
<b>Crude oil, gas</b>	Equity share of production [mil bbl]	3.7	0.8	0.9	3.3	¥50 mil (\$1/bbl)
	Prices[\$/bbl]	80	106	117	109	
<b>LNG</b>	Equity share of production [Kt]	290	70	60	320	-

Note) Prices are general market price.

## Performance Overview

**【FY11 Apr-Sep Result: 9.8 billion yen】**  
(2.8 billion yen increase from FY10 Apr-Sep)

### • Food

Banana business: stable

Fertilizer business: market recovered  
profit ratio improved

### • Materials & Supplies

Lumber and Building Materials: stable

TBC: sales increase of maintenance service  
in retail stores

### • Construction & Real Estate

condo sales: strong

\*\* Announced in November, 2011.

(unit: billion of yen)

	FY2010 Apr-Sep	FY2011 Apr-Sep	FY2011 Forecast**
Gross profit	47.6	51.2	-
Operating profit	10.4	13.1	-
Share of profit of investments accounted for using the equity method	2.3	3.0	-
Profit for the period attributable to owners of the parent	7.0	9.8	18.5
	Mar. 2011	1Q:7.7 2Q:2.1	
Total assets	696.5	682.4	-

### 【Results of major subsidiaries and associated companies】

Company:	Equity in earnings of the segment		
	FY10 Apr-Sep	FY11 Apr-Sep	FY11(Forecasts**)
•Banana business:	1.4	1.3	1.5
•TBC(40/100)*:	1.1	1.2	1.9

\* (shares in equity owned by the segment/ owned by whole company)

### 【 Business Outlook 】

•Food: banana and fertilizer business decelerate due to seasonal reasons

•Materials & Supplies: stable

•Construction & Real Estate: stable

## f(x) Strategies and Priority Fields

• Food: Establish overseas earnings base

> Banana: enhance the production and sales network, strengthen high-value-added products

(Japanese market share of Apr-Sep, 2011: 29%)

> Wheat: expand business in Asia utilizing upstream business value chain in Australia

• Materials & Supplies

> Tire : promote growth strategy of TBC (market share in North America as of Sep, 2011: around 11%)  
expand overseas sales business

> Timber: improve earnings base of timber processing business (Russia)  
acquire new forest resources

• Construction & Real Estate

> Office building, commercial facilities: replace assets while acquiring profitable assets

(manage 56 office buildings and 16 retail facilities as of Sep, 2011)

promote development in strategic area (Kanda, Tokyo)

> Condominium: develop high-quality urban properties in Japan, develop in China

## Performance Overview

**【FY11 Apr-Sep Result : 7.5 billion yen】**  
(1.1 billion yen increase from FY10 Apr-Sep)

• **Sumitomo Mitsui Finance & Leasing**

stable due to decline in credit costs

• **Others**

valuation gain due to IPO of a company  
in which we invested

\*\* Announced in November, 2011.

(unit: billion of yen)

	FY2010 Apr-Sep	FY2011 Apr-Sep	FY2011 Forecast**
Gross profit	14.0	14.0	-
Operating profit	0.8	0.5	-
Share of profit of investments accounted for using the equity method	5.4	5.5	-
Profit for the period attributable to owners of the parent	6.5	7.5 1Q:5.5 2Q:2.0	11.0
Total assets	Mar. 2011 597.3	648.8	-

**【Results of major subsidiaries and associated companies】**

Company:	Equity in earnings of the segment		
	FY10 Apr-Sep	FY11 Apr-Sep	FY11(Forecasts**)
• Sumitomo Mitsui Finance and Leasing(35/40)*:	5.3	6.3	8.4
• Sumisho Aircraft Asset Management(95/100)*:	0.2	0.2	0.4

\*(shares in equity owned by the segment/ owned by whole company)

## 【 Business Outlook 】

• Stable performance expected including Sumitomo Mitsui Finance & Leasing

## f(x) Strategies and Priority Fields

• New Business Development & Promotion

> expand existing businesses (solar power generation, recycle of used home appliances,  
4R business(4R: Reuse, Resell, Refabricate and Recycle)

> create new businesses in growing areas (new battery material, smart community)

• Financial business

> Leasing business: strengthen cooperation with Sumitomo Mitsui Finance & Leasing Company

> Commodity: strengthen hedging against commodity prices corresponding actual demand

• Logistics business

> Industrial park (overseas) : expand businesses in Vietnam, India, and Indonesia

upgrade management know-how and improve operating efficiency

# Overseas Subsidiaries and Branches

## Performance Overview

### 【FY11 Apr-Sep Result : 27.3 billion yen】

(6.8 billion yen increase from FY10 Apr-Sep)

America : 15.2 billion yen (3.8 billion yen increase)  
 Europe: 4.1 billion yen (1.1 billion yen increase)  
 Asia : 3.1 billion yen (1.0 billion yen increase)  
 China: 2.2 billion yen (0.7 billion yen increase)  
 Australia: 0.7 billion yen (0.2 billion yen increase)

• **America** : metal products business: stable  
 valuation gain on stocks, etc.

• **Other areas**: metal products business: stable

\*\* Announced in November, 2011.

(unit: billion of yen)

	FY2010 Apr-Sep	FY2011 Apr-Sep	FY2011 Forecast**
Gross profit	88.8	93.3	-
Operating profit	24.4	29.2	-
Share of profit of investments accounted for using the equity method	4.1	7.7	-
Profit for the period attributable to owners of the parent	20.5	27.3	47.0
	Mar. 2011	1Q:13.8 2Q:13.5	
Total assets	1,155.5	1,121.2	-

### 【Results of major subsidiaries and associated companies】

Company:

Equity in earnings of the segment

FY10 Apr-Sep FY11 Apr-Sep FY11(Forecasts\*\*)

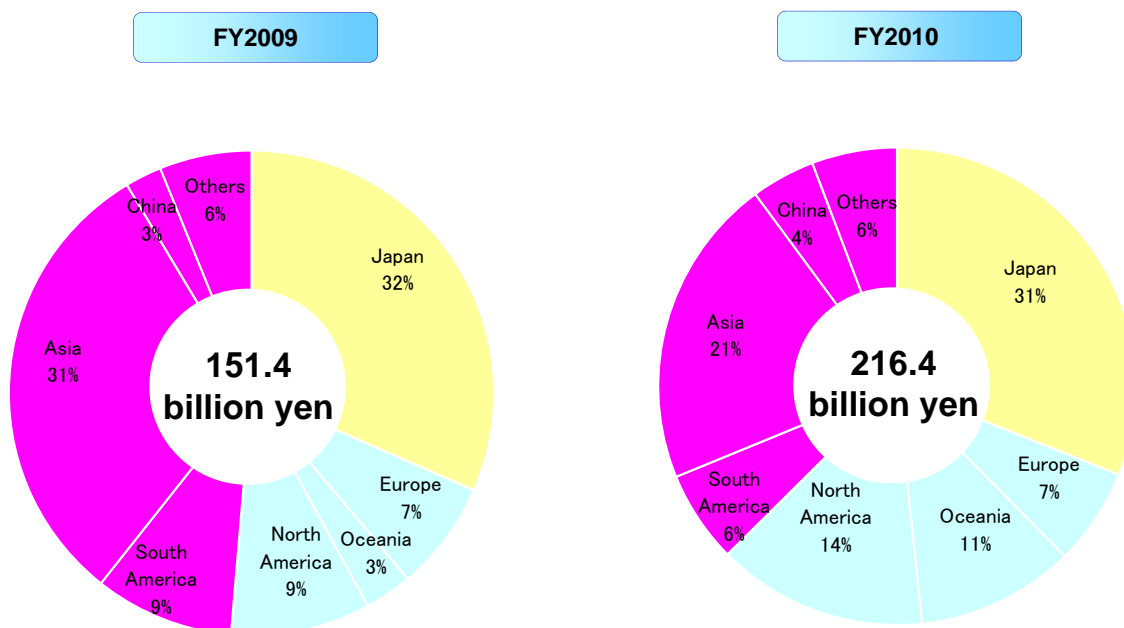
• ERYNGIUM(70/100) :	0.6	1.1	2.4
• SOF(10/99.56) :	0.4	0.1	0.0
• Perennial Power Holdings(49.99/100) :	0.3	0.3	0.4
• Silver, zinc and lead business in Bolivia(7/100)*1 :	0.0	0.9	1.3
• SC Minerals America(15.25/100) :	0.2	0.4	0.7
• Oresteel Investments(4/49) :	0.3	0.5	0.9
• The Hartz Mountain(59.41/100) :	0.3	0.2	0.5
• Petro Summit Pte.(20/100) :	▲0.0	0.0	0.1
• TBC(60/100) :	1.7	1.9	2.8
• Sumisho Aircraft Asset Management(5/100) :	0.0	0.1	0.0

\*1 shares in equity of FY10.2Q: 0/100

### 【Business Outlook】

• Metal products business: stable

## Basic Profit by Region (U.S. GAAP)



$f(x)$

## Basic policy & Quantitative targets

“Growth across regional, generational, and organizational boundaries”

### 【Basic Policy】

Under our medium-term management plan “ $f(x)$ ” (f-cross), we will carry on with the basic policies and measures adopted under our previous plan with a view to the next 10 years, FOCUS'10—whence the  $f$ —and at the same time undertake the execution—whence the  $x$ —of our business model innovation. We are doing this to meet the demands of the times based on our Corporate Mission Statement, which define value creation as our corporate vision, with the aim of achieving growth together with all our partners across regional, generational, and organizational boundaries.

### New Medium-term management plan : $f(x)$

Quantitative targets	FY2011	FY2012
Net Income (billions of yen)	220	260
Risk-adjusted Return ratio	---	15% or more

(Unit: billion of yen)

B/S Plan (2-year total)	Amount	Risk Assets
Acquisition & Enhancement (new Investments included)	+1,150 (+580)	+350 (+320)
Divestiture & Reduction (specific cases included)	-1,150 (-780)	-130 (-50)

$f(x)$

## Resource Management

### Business Model Innovation

~to businesses with better prospects for growth and profitability from long-term visions ~

### Resource Management

Resource Management Support Task Force / Business Model Innovation Matrix

**Risk Asset Management**

(maintain “Risk Assets  $\leq$  Core Risk Buffer\*”)  
\*Common Stock + Retained Earnings + Foreign currency translation adjustments – Treasury stock, at cost

**Portfolio Management**

(By sector & By region)

**Balance Sheet Management**

(maintain proper DER)

**Human Resource Management**

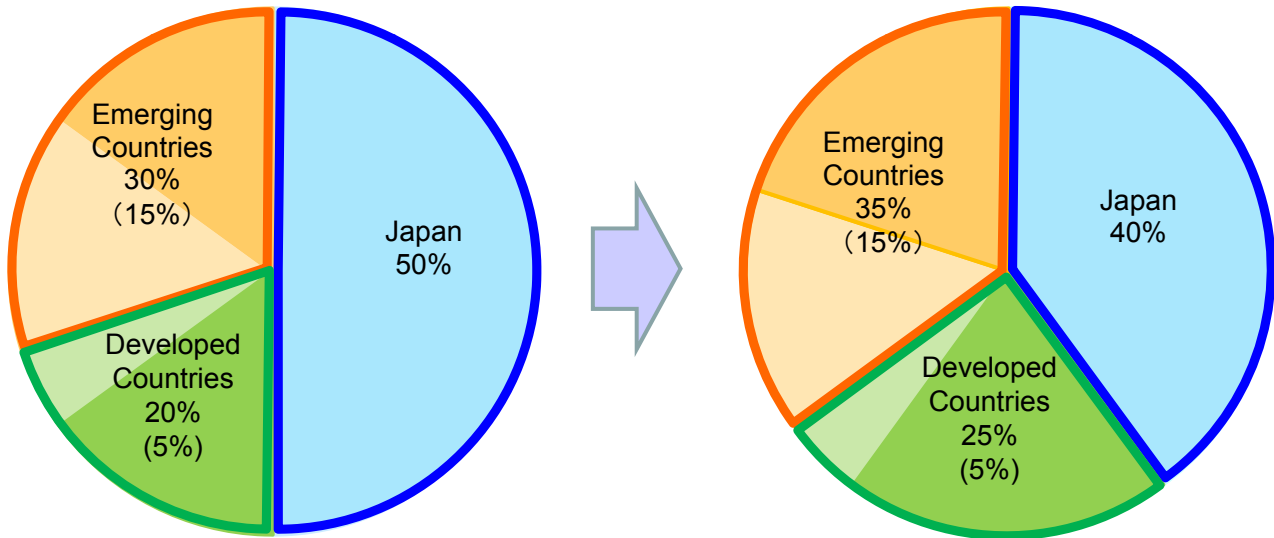
Accelerate the strategic allocation of corporate resources to businesses with better prospects for growth and profitability.

## Overseas ratio increases through business model innovation

Start of  $f(x)$  (estimate)  
figures inside ( ): ratio of mineral resources interest

### Risk Assets by Region

End of  $f(x)$  (image)  
figures inside ( ): ratio of mineral resources interest

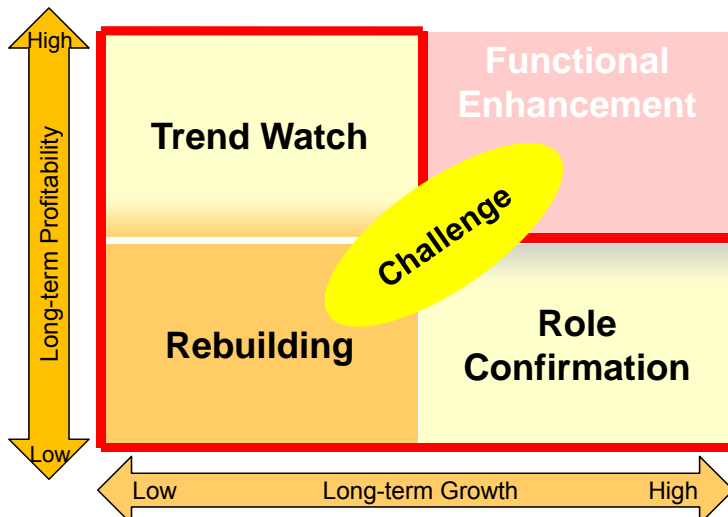


## Major Initiatives< Business Model Innovation Matrix>

Promote Business Model Innovation (BMI) through the BMI Matrix.

### ➤ BMI Matrix

Define Business Lines (BLs) throughout the company in terms of long-term growth and profitability, and utilize the categorization as infrastructure for resource management.



### ➤ Challenge BLs

( investments into futures )

Businesses to allocate resources to and continue to foster on a company-wide basis, expecting growth and profitability in the future

### ➤ “L-shaped” BLs

(Underperformance in long-term growth or profitability)

Establish a company-wide guideline for resource allocation ( “ **L-shaped**” BL Ratio ) to develop and execute specific action plans aimed for its reduction

$f(x)$

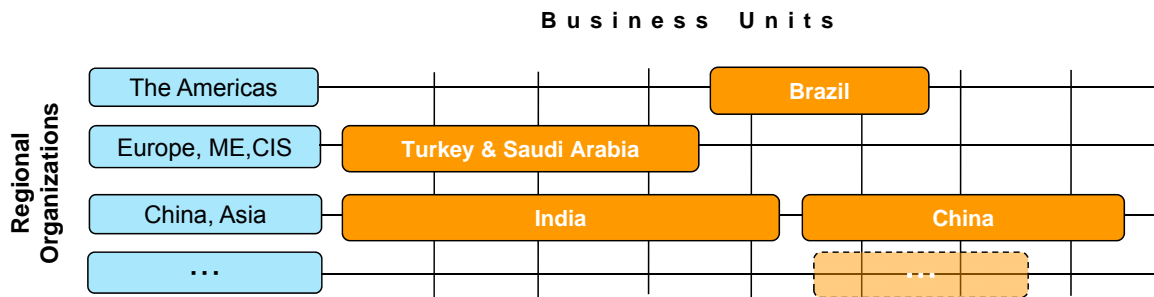
## Major Initiatives <Global Partnership>

Create new businesses by leveraging the strengths of our networks and partnerships inside and outside the company.

- Develop new businesses on a global basis jointly with promising or leading local companies.
- Implement Global Partnership Building Support optimal for each organization.

### “Global Partnership Building Support Focused Areas”

⇒ “Rich business opportunities” x “Demand for support from Regional Organizations”  
x Macroeconomics



Above areas are initial nominees with chances for change or addition

$f(x)$

## Plan for Increasing Risk Assets (As of April, 2011)

### Plan for Increasing Risk Assets (2-year total)

Risk Assets : +220.0 billion yen (Net)

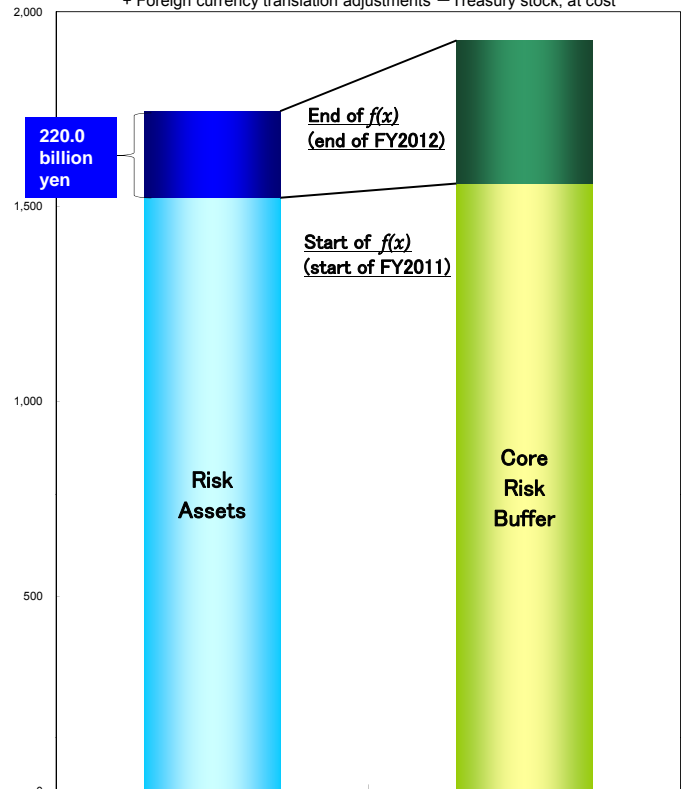
{ increase : +350.0 billion yen  
 { decrease : -130.0 billion yen

Balance between risk assets and core risk buffer\*

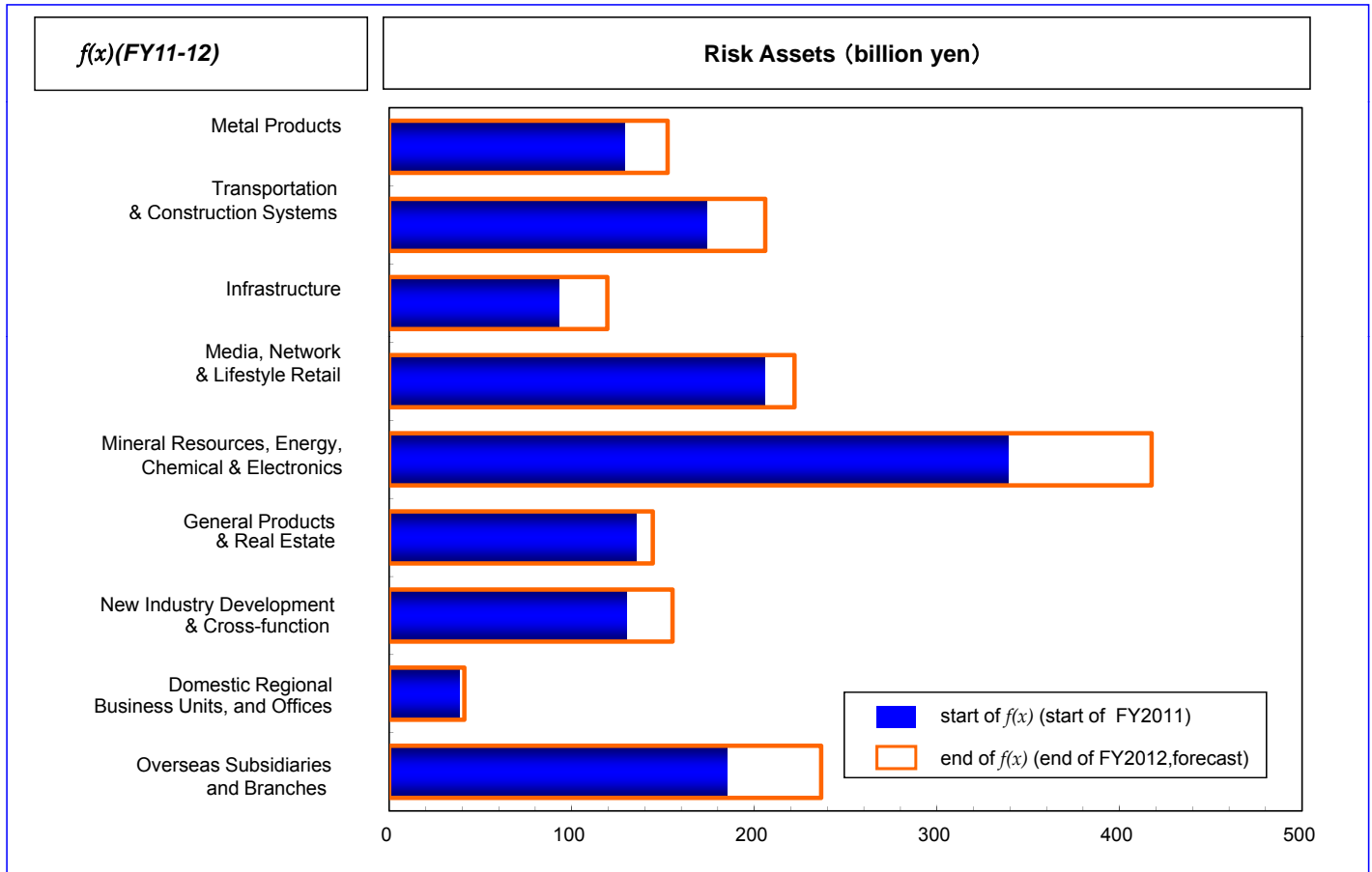
(billion yen)

\* Common stock + Retained earnings

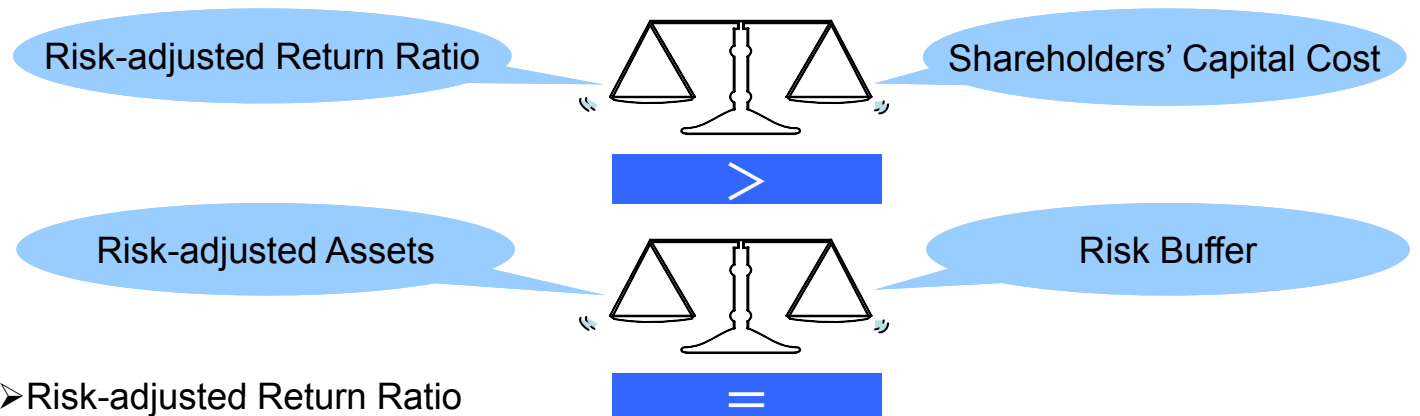
+ Foreign currency translation adjustments – Treasury stock, at cost



# Forecasts of Risk Assets by Segment



## Risk-adjusted Return Ratio



### ➤ Risk-adjusted Return Ratio

= Consolidated Net Income / Risk-adjusted Assets  
Earnings compared to the amount of risk associated with the businesses.

### ➤ 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. This is calculated as a sum of

(a) receivables, inventory, fixed assets, and securities multiplied by the risk weight for each business segment plus

(b) amount of potential losses with respect to derivative transactions, commitments and guarantees.

This is a non-GAAP financial measure.

# Our Shareholders' Capital Cost

## Shareholders' Capital Cost (7.5%)

$$= \text{Risk Free Rate} + \beta \times \text{Risk Premium}$$

Risk Free Rate : Return on 10 Year Japanese Government Bonds

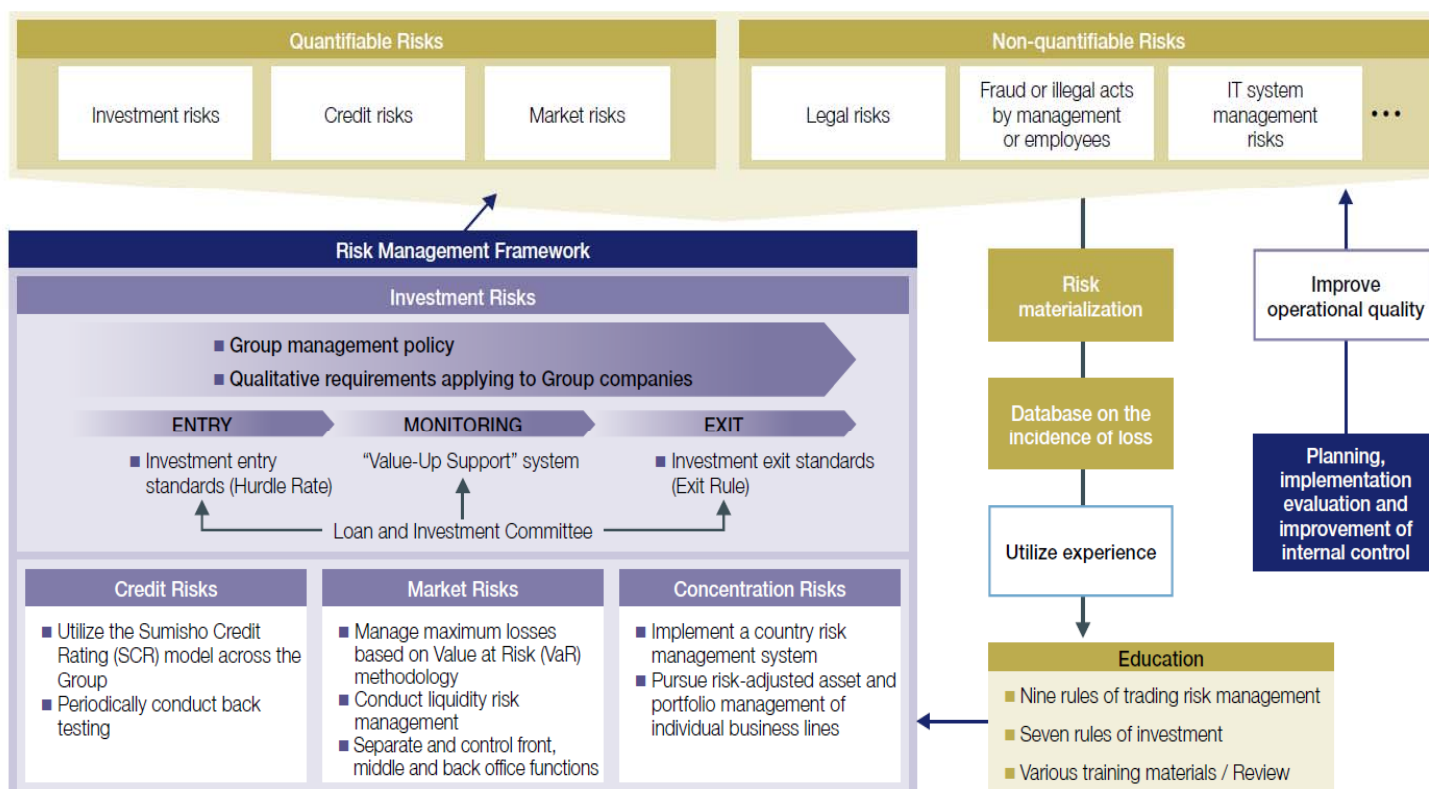
$\beta$  : Ratio of the Company's volatility compared with the TOPIX over the past 5 years

Risk Premium : Return on Tokyo Stock Market  
- Return on 10 Year Japanese Government Bonds

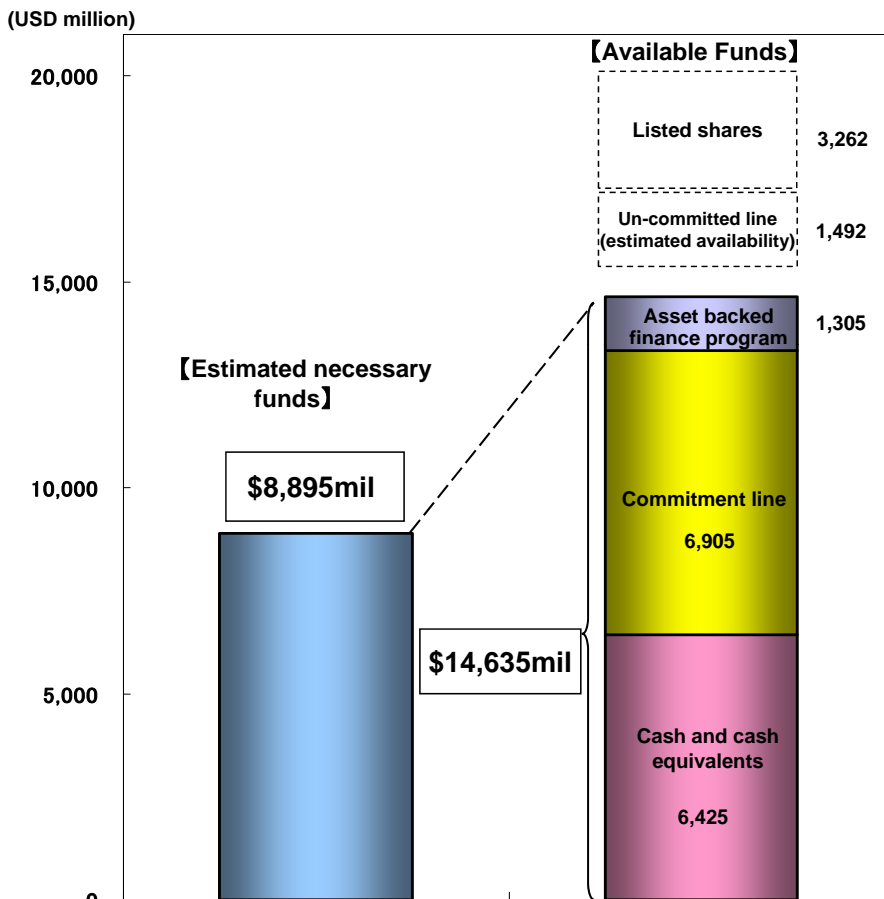
Original Calculation ('98) : 7.50%  $\doteq$  3.49% + 0.97  $\times$  4.09%

FY2011 ('11/9) : 6.54%  $\doteq$  1.40% + 1.26  $\times$  4.09%

# Risk Management Framework



# Liquidity Management (As of September, 2011)



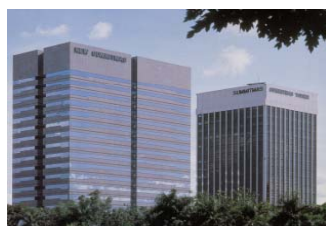
## <Liquidity Management Policy>

To maintain sufficient liquidity to sustain ongoing business for at least one year under prolonged critical market situation.

## <Group Treasury Operation>

To ultimately centralize finance and treasury functions to regional finance centers located at Tokyo, Singapore, London and New York.  
To establish in-house banking network to provide funds, and also operational and advisory services to consolidated subsidiaries.

# Businesses in Indonesia



**Office Leasing Business**  
(Total floor area: 23,000m<sup>2</sup>)



**Tanjung Jati B Coal-fired Thermal Power Plant**  
(2,640MW)



**Auto Financing**

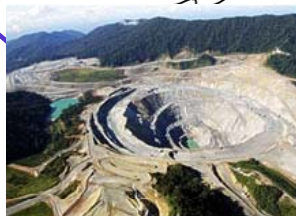
automobiles: 130,000  
motorcycles: 940,000  
(Results of financing in FY10)



**Steel Service Center**  
(3plants, Production capacity : 420K MT/year)



**EJIP Industrial Park**  
(contractors: around 100  
site area : 320ha)



**Batu Hijau Copper/gold Mine Project** (Equity share of production: 23Kton/year)

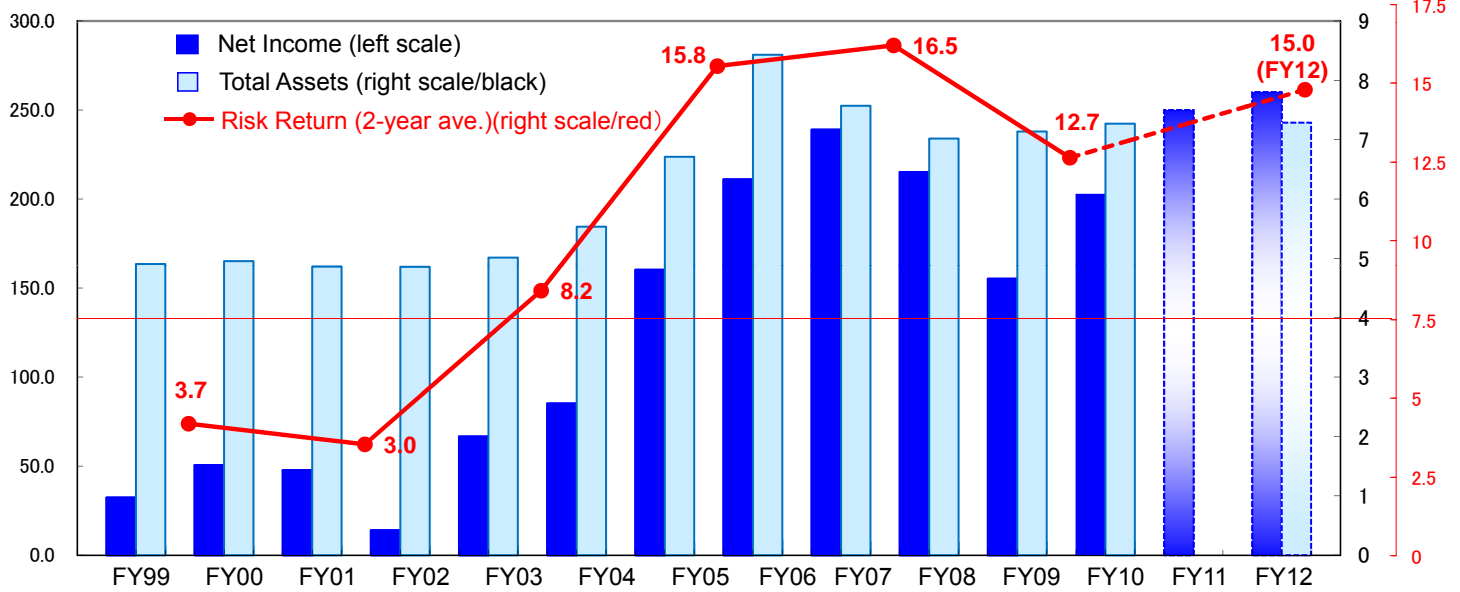


**LNG Tanguhh Project**  
(Equity share of production capacity: 280Kton/year)

# Medium-term management plans

(billion yen)

(trillion yen) (%)



Reform package	Step Up Plan	AA Plan	AG Plan	GG Plan	FOCUS'10	<i>f(x)</i>
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	Growth across regional, generational, and organizational boundaries

# Shareholders' Composition

