

For Immediate Release

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***Sumitomo Corporation***

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**The New Medium-term Management Plan, the “GG Plan”**

**(from April 2007 to March 2009)**

Sumitomo Corporation announced the outline of the new two-year medium-term management plan, the “GG Plan” from April 2007 to March 2009. Please refer to the attachment.

Attachment;

FY2007-2008 Medium-Term Management Plan: “GG Plan”

## **FY2007-2008 Medium-Term Management Plan: “GG Plan”**

**~ Pursuit of further improvement of quality heading for a new stage of growth ~**

Since the Reform Package started in 1999, Sumitomo Corporation has focused on expanding its earnings base and enhancing its corporate strength to secure a risk-adjusted return of 7.5%, which covers our shareholders’ capital cost. Under the “GG Plan\*”, the medium-term management plan, that was launched this April, Sumitomo Corporation will establish a truly solid earnings base through the rigorous strengthening and expansion of our core businesses. It will also focus on improving management quality and establishing a solid foothold in order to pursue sustained growth.

The quantitative targets of the GG Plan are as follows.

- GG Plan: Quantitative Targets (FY2007, 2008)
  - Risk- adjusted return ratio: 15.0% or over (two year average)  
Build an earnings base which stably realizes a risk-adjusted return of 15% or more in the long term
  - Net Income: Two-year total of Yen 470 billion (Yen 235 billion each year)

We plan to increase risk-adjusted assets by 280 billion Yen for the two years of the GG Plan while actively replacing and reallocating assets.

Our basic policy under the GG Plan is to pursue further improvement of quality heading for a new stage of growth. We will aim to strengthen the accomplishments of the reform process since the Reform Package and emphasize the following points.

### (1) Business Strategy

In order to establish a solid earnings base, we will strengthen and raise value of core businesses which serve as pillars of earnings, and build a high-quality business portfolio. For each business, we will establish clear business strategies and implement a “Plan-Do-See” process. We will also be more rigorous and thorough in the selection & concentration of assets, and actively replace and reallocate assets. To further strengthen our global earnings power, business units and regional organizations will pursue bilateral cooperation. Regional organizations will strengthen their business functions and expand global businesses by taking a multifaceted approach with leading companies.

### (2) Management Quality

In order to improve the management quality of the Sumitomo Corporation group, we will achieve higher-order levels of soundness and efficiency, and group management standards.

In order to further improve the level of soundness and efficiency, we will strengthen our financial condition and pay closer attention to the balance of risk-adjusted assets against our “core risk buffer\*\*”. To improve group-wide operational quality, we will continue to further strengthen risk management, internal controls, and legal compliance. In terms of human resource strategies, we will continue to recruit, develop, and fully leverage the talent of our human resources, while emphasizing work-practice reforms to promote the growth and vitality of group employees.

In order to achieve the targets of the GG Plan, we focus on further quality improvement in four areas; “earnings base”, “operations”, “group management”, and “human resources and workstyles”.

\*GG Plan: “GG Plan” stands for “Great & Growing Company” which shows our view to become an excellent company that grows stably.

\*\*Core Risk Buffer: The sum of paid in capital, retained earnings, and foreign currency translation adjustments after treasury stock, at cost.

## Reference (1) GG Plan ~ Basic Policy & Quantitative Targets

### <Basic Policy>

#### **Pursuit of further improvement of quality heading for a new stage of growth**

~Aiming to be a Great & Growing Company~

#### [Focus of the GG Plan]

- Strengthen the accomplishments of the reform process since the Reform Package (FY1999~FY2000) and head for a new stage of growth

#### [For Sustained Growth]

- Pursue improvement of quality and expansion of our earnings base in a balanced manner
- Steadily increase our return exceeding the shareholders' capital cost

#### [Quantitative Targets]

- Risk-adjusted return ratio: 15% or over (2-year average)
- Net income : 470 billion yen (2-year total)  
(235 billion yen each year)

#### [Plan of Risk-adjusted assets]

- Increase amount in two year: About 280 billion yen

## Reference (2) GG Plan ~ Qualitative Targets

#### [Qualitative Targets]

- Establish a truly solid earnings base through the rigorous strengthening and expansion of our core businesses
- Improve the management quality to pursue sustained growth
- ⇒ Accomplish by improving quality in four areas;  
“earnings base”, “operations”, “group management”, and  
“human resources and workstyles”

Build an earnings base which stably realizes  
a risk-adjusted return of 15% or more in the long term

## Reference (3) GG Plan ~ Quality Improvement in Four Areas

Solidify our foothold for a new stage of growth

### “Further Quality Improvement”

- (1) Earnings base
  - Rigorous and thorough selection and concentration
  - Improve risk-adjusted return to further exceed our shareholders' capital cost of 7.5%
- (2) Operations
  - Improve capital efficiency and operating cash flow
  - Further strengthen Internal Controls
- (3) Group management
  - Improve the management quality of Sumitomo Corporation group
- (4) Human resources and workstyles
  - Promote the growth and vitality of group employees

## Reference (4) GG Plan ~ Reorganization of Business Units

<Old>

**[Media, Electronics & Network]**  
 - Media  
 - Network  
 - Electronics

**[Chemical]**  
 - Basic & Performance Chemicals  
 - Life Science

**[Consumer Goods & Service]**  
 - Food  
 - Lifestyle & Retail

**[Materials & Real Estate]**  
 - Materials & Supplies  
 - Construction & Real Estate

<New (From April 1, 2007)>

**[Media, Network & Lifestyle Retail]**  
 - Media  
 - Network  
 - Lifestyle & Retail

Provide new values and lifestyles to consumers

**[Chemical & Electronics]**  
 - Basic & Performance Chemicals  
 - Electronics  
 - Life Science

Consolidate businesses in the electronics field and pursue synergy and efficiency

**[General Products & Real Estate]**  
 - Food  
 - Materials & Supplies  
 - Construction & Real Estate

Solidify and enhance businesses related to people's daily life