Sumitomo Forestry boasts a record of approximately 150,000 homes and other buildings delivered since it entered the housing business in 1975. Our custom-built homes are constructed using our proprietary multi-balance method, based on the traditional Japanese post and beam method, but with marked improvements in earthquake and fire resistance, as well as durability. These superior homes are marketed under the "*Sumitomo Ringyo no Ie*" (literally "Sumitomo Forestry Homes") brand name.

The post and beam method uses a skeletal structure of posts and beams to support the building, as opposed to two-by-four or prefabricated wood-frame buildings in which the support is in the walls. Various architectural styles can be seen in Japan today, but until the first Western styles were introduced just a century ago, all buildings in Japan were made of wood. This is not only because Japan is richly endowed with high-quality, easily processed woods such as *hinoki* cypress, cedar, zelkova and pine, but also because in the highly humid climate of Japan the absorbent properties of wood make wood construction favorable over stone or brick.

Traditionally, construction in the post and beam style relied on the knowledge and skill of the *daiku*, a highly

STRENGTH

skilled carpenter or architect using iron saws and planes to split, cut, shape and fit the wood together to construct a building. Today, computer-controlled equipment precuts wood at the factory using cutting-edge technology, greatly reducing the burden on the carpenters. The style of housing that has evolved is more functional and of better quality, offering the unique characteristics of post and beam construction—the spatial concepts and distinctive look—but at the same time enhancing the degree of freedom in the design.

Sumitomo Forestry has drawn on the base of post and beam construction appropriate to the climate of Japan, and in the pursuit of greater strength and livability has employed rigorous quality management in an end-to-end system incorporating material development, design and construction to make well-balanced, superior homes a reality. A "*Sumitomo Ringyo no Ie*" home features spaces that seem to be overflowing with wood interiors, "personal module" plans that allow flexible designs for hallway width of the height and location of windows appropriate to the size, shape and body functionality of the family members, as well as such special arrangements as a barrier-free design, which emphasizes safety. These homes have been highly praised by customers.

The Housing Quality Assurance Law that was enacted in April 2000 contained a system for representing the functionality of housing, assigning numerical standards for such quality aspects as strength and durability. Sumitomo Forestry exceeds these demanding high standards by utilizing its vast amount of accumulated expertise, numerous experiments and certifications to support housing construction. We employ a complete quality management system under which over 500 points are subjected to inspection from the start of a project to its completion. Further, at the Tsukuba Research Institute, we perform testing and certification for earthquake resistance, fire resistance and durability, as well as high-precision processing integral to computer-aided design (CAD) and precut technologies.

Furthermore, at the time of the 10-year inspection, Sumitomo Forestry will grant a 10-year extension to the guarantee on the frame of the house if a customer elects to have charged maintenance performed that we agree is necessary. This "20-year guarantee system" aims to offer customers a home in which they can feel at ease. Sumitomo Forestry is also taking a lead in the industry, deploying a system of meticulous after-sales maintenance available by telephone 24 hours a day, 365 days a year, and introducing the Network Aided Construction Support System (NACSS)

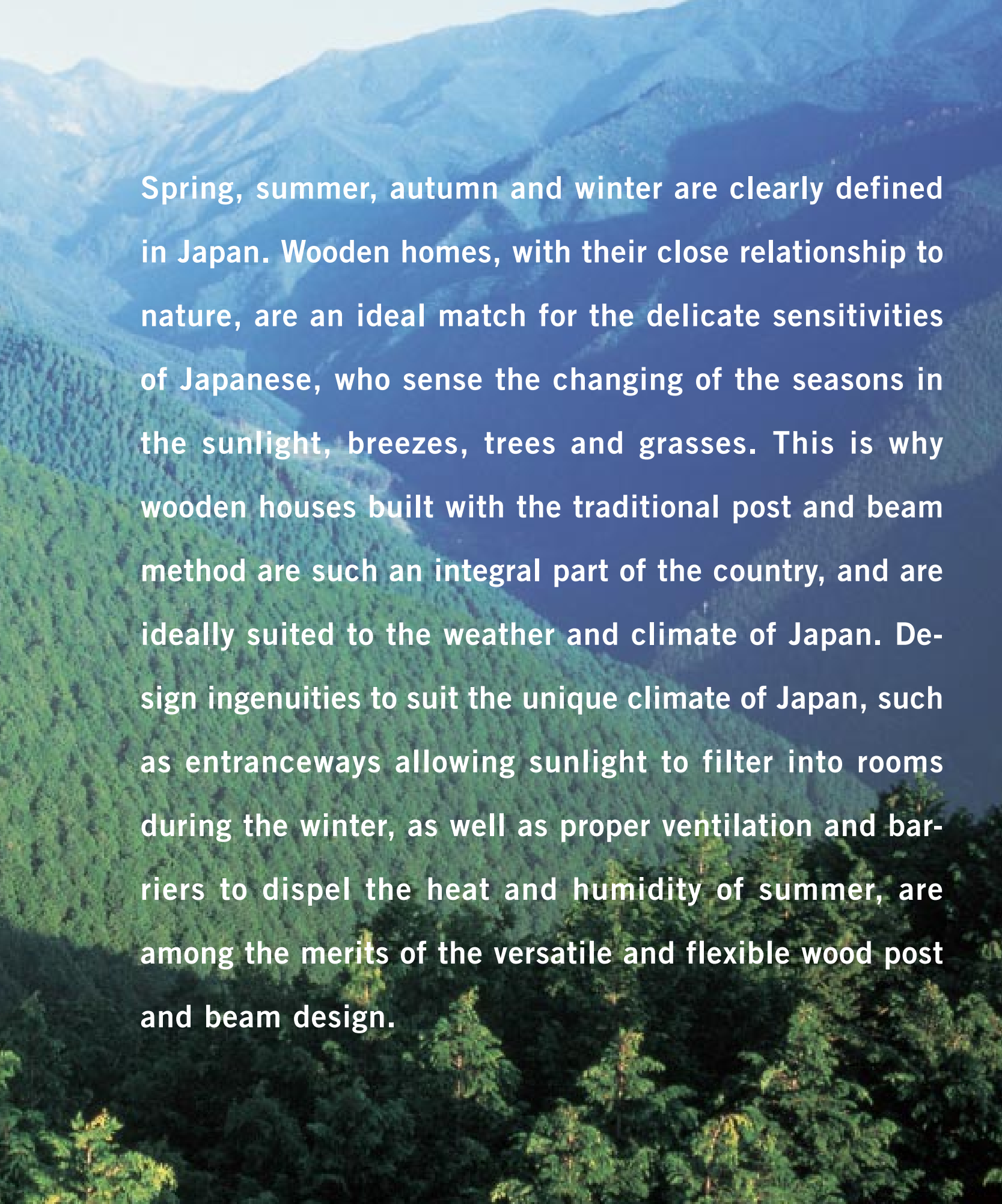
IN NUMBERS

with the aim of shortening the construction period and reducing costs. In environmental affairs, Sumitomo Forestry has acquired ISO 14001 certification, the international standard for environmental management, at all domestic branches and sales offices for all housing processes, from design of custom-built homes to completion—the first company in the housing industry to achieve this.

In January 2002, Sumitomo Forestry launched the first housing product in the industry utilizing national standards that employ laminated wood from domestic *hinoki* cypress in the beams and foundation, the structural elements of the house, promoting efficient use of the domestic timber that it will soon be necessary to log as part of proper forest management. By developing and marketing unique wood products such as floor boards for living rooms made from used whiskey barrels, Sumitomo Forestry has earned the favor of its customers.

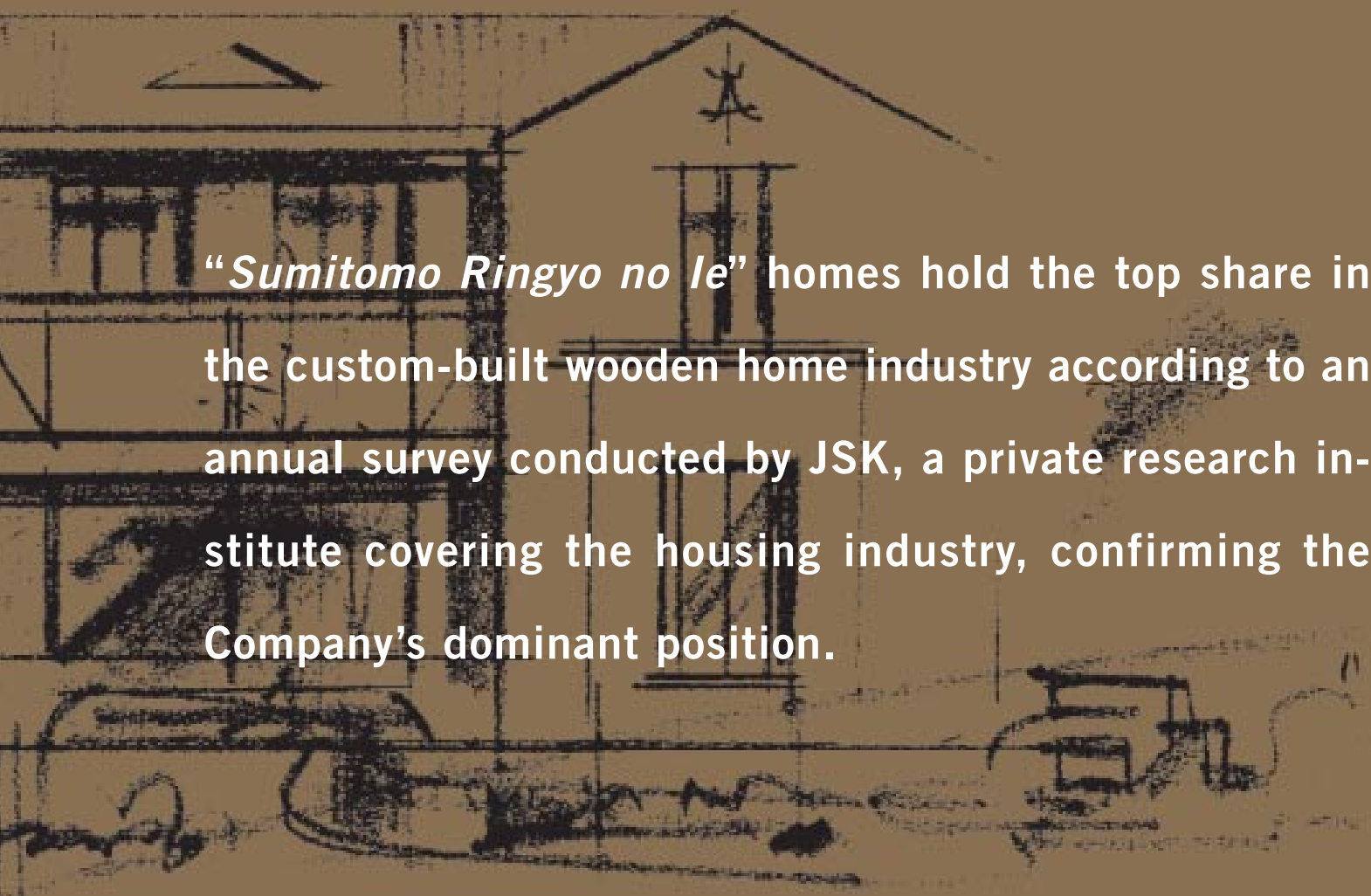
By continuing to develop products utilizing the collective strengths gathered in its end-to-end business of wood, from forest management, purchase and sale of timber and building materials to the housing business, Sumitomo Forestry will continue to aim for the creation of a home culture that is rich and comfortable.


4 seasons



Spring, summer, autumn and winter are clearly defined in Japan. Wooden homes, with their close relationship to nature, are an ideal match for the delicate sensitivities of Japanese, who sense the changing of the seasons in the sunlight, breezes, trees and grasses. This is why wooden houses built with the traditional post and beam method are such an integral part of the country, and are ideally suited to the weather and climate of Japan. Design ingenuities to suit the unique climate of Japan, such as entranceways allowing sunlight to filter into rooms during the winter, as well as proper ventilation and barriers to dispel the heat and humidity of summer, are among the merits of the versatile and flexible wood post and beam design.

#1



"*Sumitomo Ringyo no Ie*" homes hold the top share in the custom-built wooden home industry according to an annual survey conducted by JSK, a private research institute covering the housing industry, confirming the Company's dominant position.

MORE NUMBERS

1,050 gal

The approximate acceleration exerted on a typical two-story house during our earthquake tests, which recreate the vertical and horizontal shaking experienced during a seismic event. "*Sumitomo Ringyo no Ie*" homes boast a resistance to earthquakes that exceeds the force of the 7.2 magnitude (818 gal) Great Hanshin Earthquake in 1995.

11.8 tonf

The vertical load that pillars made from the laminated wood used in "*Sumitomo Ringyo no Ie*" homes can withstand, while the approximate vertical load exerted on pillars in the typical home is only 1 tonf. Laminated wood is a processed material, where lamina 20 to 30 mm thick are bonded together with the wood grain in parallel, offering the benefits of natural wood but with superior strength and quality.

88.5%

The percentage of Japanese who wish to live in a wooden home one day, according to a survey conducted in 1999 by the Prime Minister's Office (currently the Cabinet Office). This survey reveals the strong attraction and attachment that the Japanese have toward wooden buildings.

THAT COUNT

24 hours, 365 day

A team of specialist engineers is always on call to answer questions or concerns, or to field a repair request. The engineer has access to a central database with a dedicated system that provides details on the layout, specifications and maintenance history of each home, allowing a faster and more appropriate response.

500 points

The number of points rigorously inspected at each stage of construction from start to completion—part of our complete quality management system. This system exceeds the standards for Japanese home construction defined by the Housing Quality Assurance Law, ensuring high-quality living units.

1,300 years

The age of the world's oldest surviving wooden structures, located on the grounds of *Horyu-ji* (Horyu Temple) in Nara, Japan. The traditional post and beam method is used by Sumitomo Forestry today, evolved from these ancient methods.