

[Translation]
January 30, 2007

To Whom It May Concern:

Company: Sumitomo Corporation
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Announcement of Commencement of the Tender Offer
for the Shares of Nippon Katan Co.,Ltd.

At its Board meeting held today, Sumitomo Corporation (hereinafter referred to as the “Company”) resolved to acquire the common shares of Nippon Katan Co., Ltd. (Stock Code: 5613 JASDAQ; hereinafter referred to as “Nippon Katan”) through a tender offer (the “Tender Offer”). In connection with such resolution, announcement thereof is hereby given as stated below.

1. The Purpose for the Acquisition of Nippon Katan as a Wholly-Owned Subsidiary through the Tender Offer and Share Exchange

The Company, which currently holds 39.00% of the total number of the outstanding shares of the Nippon Katan (*i.e.* 3,791,000 shares, with 42.03% of the total number of voting rights), thereby making Nippon Katan its related company to which the equity method is applied, intends to commence the Tender Offer to acquire all of the outstanding shares of Nippon Katan (as used herein, such shares does not include the shares already held by the Company or the treasury shares of Nippon Katan) so that the Nippon Katan will become the Company’s wholly-owned subsidiary.

Nippon Katan has been engaged for years in the casting business, mainly dealing with automobile parts, etc., and the electric equipment manufacturing business, mainly dealing with power line hardware, etc., as its two major businesses. However, because structural problems pertaining to the casting business, such as inflation of material costs, became evident, the Board of Nippon Katan resolved to discontinue the casting business at the Board meeting held on April 19, 2004.

On that same occasion, Nippon Katan reorganized its structure and relocated employees throughout the group to fit the reduced scale and scope of its business. Nippon Katan started anew as a

company concentrating on the electric equipment manufacturing business, and now attempts to further improve its existing products and develop new products based on its outstanding technical expertise and the existing mutual trust it has with electric power companies, its major customers, cultivated through its long-term relationship with such customers.

Being Nippon Katan's largest shareholders, and since the Company considers it one of its strategic businesses to supply fittings and parts for electric transmissions and substations as well as for power lines, the Company has assisted the independent operation of Nippon Katan. Now the Company has determined that it would be the best solution to acquire Nippon Katan as its wholly-owned subsidiary and make better use of the networks and know-how of the Company's group so that Nippon Katan will be able to further improve the efficiency of its business and fully perform its significant social responsibility to support the stable supply of power.

The purchase price per share for the Tender Offer, 526 yen, represents approximately 25.54 % (rounded to the second decimal place) premium of the average closing price (419 yen: rounded to the counting number) of the common shares of Nippon Katan at the JASDAQ Securities Exchange during the last 3 months (from October 31, 2006 to January 29, 2007) inclusive.

No maximum or minimum number of shares is set for the shares to be acquired through the Tender Offer. The Company will purchase all of the shares that will be proffered for the Tender Offer. In the event that the Company is unable to purchase all of the outstanding shares of Nippon Katan through the Tender Offer, and since the Company intends to acquire Nippon Katan as its wholly-owned subsidiary, the Company currently plans to purchase the remaining shares through share exchange to make the Company the parent company, holding the entire shares, and Nippon Katan its wholly-owned subsidiary, subject to the approval of the shareholders meeting of Nippon Katan (such transaction may include, but shall not be limited to, a share exchange without Nippon Katan's resolution at shareholders meeting approving the Share Exchange as "Simplified Share Exchange" or a share exchange by the payment of money, etc. in consideration for the shares; hereinafter referred to as the "Share Exchange"). It is likely that the Share Exchange will take place around August 2007, however the details of the Share Exchange, such as the consideration therefor, are still unknown, and will be decided around April or May 2007.

For the Share Exchange, the amount of the shares to be provided or the money etc. to be paid will be calculated based on the purchase price for the Tender Offer, and will be comparable thereto. However, it may be different from the purchase price for the Tender Offer considering the change of circumstances of Nippon Katan's business, stock market and business performance of the Company and Nippon Katan, etc. In addition, in the event that, in connection with the Share Exchange, any shareholder of Nippon Katan requests it to purchase its shares held by such shareholder pursuant to the relevant laws, the purchase price per share for such shares may be different from the purchase price for the Tender Offer or the economic value received by the shareholders for the Share Exchange. You are advised to

consult with your tax advisor as to the tax implication of the Tender Offer, the Share Exchange or the claim for purchase of shares relating to the Share Exchange.

Although Nippon Katan's shares are currently listed in the JASDAQ Securities Exchange, depending on the outcome of the Tender Offer, those shares may be delisted through the prescribed procedure, in accordance with the standards for delisting of shares in the JASDAQ Securities Exchange. Also, in case of the Share Exchange, Nippon Katan's shares will be delisted through the prescribed procedure in accordance with the standards for delisting shares in the JASDAQ Securities Exchange. If Nippon Katan's shares are delisted, such shares cannot be traded at the JASDAQ Securities Exchange, and will be difficult to sell in the future.

Nippon Katan resolved to agree to the Tender Offer at the Board meeting held on January 30, 2007 after considering the report entitled "Report on the Share Value" prepared by Misuzu Financial Advisors, Ltd. a third party appraiser independent from Nippon Katan. Nippon Katan also resolved at the same Board meeting that it would not distribute year-end dividends for the business year ending on March 31, 2007.

The Tender Offer has received positive reactions from major shareholders of Nippon Katan, and the Company expects that the major shareholders of Nippon Katan will agree to sell the common shares of Nippon Katan held by them in response to the Tender Offer. The Tender Offer will provide the shareholders of Nippon Katan an opportunity to receive the monetary compensation more promptly through their sale of Nippon Katan's shares by applying to the Tender Offer, rather than through the allocation of the Company's shares etc. through the Share Exchange.

The events in the series of transactions commencing with the Tender Offer for Nippon Katan shares by the Company and ending with the acquisition of Nippon Katan's entire shares are scheduled as follows:

February 7, 2007: Commencement of the Tender Offer for Nippon Katan's shares by the Company.

March 8, 2007: Completion of the Tender Offer for Nippon Katan's shares by the Company
(The schedule described below is subject to change)

April-May 2007: (If all of the Nippon Katan's shares are not acquired through the Tender Offer)

Execution of the share exchange agreement (between the Company and Nippon Katan)

June 2007: Approval of the Share Exchange at the annual general meeting of shareholders (of Nippon Katan)

* If the Share Exchange satisfies the requirements for simplified reorganization under Article 784, Paragraph 1, of the Corporations Law, Nippon Katan may proceed with the Share Exchange without obtaining

the approval at shareholders meeting of Nippon Katan.

July 2007: Nippon Katan's shares will be delisted from the JASDAQ Securities Exchange

August 2007: Completion of the Share Exchange whereby Nippon Katan will become the wholly-owned subsidiary of the Company

2. Outline of the Tender Offer

(1) Description of the Target Company

(a)	Trade Name	Nippon Katan Co., Ltd.	
(b)	Scope of Business	Manufacturing and sales of electric equipment, industrial facilities, etc., and providing research services for technology relating to electric and other services.	
(c)	Date of Incorporation	September 2, 1918	
(d)	Head Office	13-1, Isoshimaminami-machi, Hirakata, Osaka	
(e)	Representative Person	Hiroshi Morikawa, President and Director	
(f)	Share Capital	885 million yen	
(g)	Major Shareholders and Respective Shareholding Ratio	Sumitomo Corporation: 39.00% Hitachi Metals, Ltd.: 25.01% Sumitomo Electric Industries, Ltd.: 10.72% Nippon Katan Co., Ltd.: 6.70% Nippon Katan Customers' Share-Holding Association: 1.58% The Bank of Kyoto, Ltd.: 0.49% Nihon Kasen Kanamono <i>Kabushiki Kaisha</i> : 0.41% Hamana Konpou Yusou <i>Kabushiki Kaisha</i> : 0.38% Keiko Matsuda: 0.35% Kiyoshi Nakatani: 0.33% Nippon Katan Employees' Share-Holding Association: 0.33%	
(h)	Relationship between the Tender Offeror and the Target Company	Capital Relationship:	The Company currently holds 39.00% of the total number of the outstanding shares of Nippon Katan (3,791,000 shares).
		Personnel Relationship:	One (1) director and two (2) part-time corporate auditors in Nippon Katan are dispatched from the Company.

		Business Transactions:	Nippon Katan supplies its products to the Company.
		Applicability to the related party	Nippon Katan is the Company's related company to which the equity method is applied.

(2) Tender Offer Period

(a) The Tender Offer Period which is intended as of the Filing of the Tender Offer

From Wednesday, February 7, 2007 to Thursday, March 8, 2007 (21 business days)

(b) Extension of the Tender Offer Period upon the Request of the Target Company

In the event Nippon Katan files a position statement report requesting for the extension of the Tender Offer period pursuant to Article 27-10, Paragraph 3 of the Securities and Exchange Law (Law No. 25, 1948) (herein after called "Law"), the Tender Offer period will be extended up to Thursday, March 22, 2007, whereby the Tender Offer period shall then consist of 30 business days for the purchase of the shares.

(3) Purchase Price: 526 yen per share

(4) Basis for Calculation of Purchase Price, etc.

(a) Basis for the Calculation of the Purchase Price

The purchase price of 526 yen per share for the Tender Offer was resolved by taking into consideration the share evaluation made by Daiwa Securities SMBC Co., Ltd., a third party appraiser, (the "Share Evaluation Report"), in which the value of Nippon Katan's share was calculated in accordance with the Cost Approach, the Discounted Cash Flow (DCF) Approach, and the Stock Performance Approach. The Share Evaluation Report showed the value of the Nippon Katan's shares to be 526 yen in the Cost Approach, in the range of 555 yen to 613 yen in the DCF Approach, and 420 yen to 434 yen in the Stock Performance Approach.

The Company examined the purchase price for the Tender Offer giving special regard to the price range in the Cost Approach, as well as on the basis of the premiums on the market value paid in the past tender offer transactions, of the possibility of obtaining Nippon Katan's approval of the Tender Offer, of the prospects for the Tender Offer, and of the net asset of Nippon Katan per share etc. Finally the Company decided on the purchase price of 526 yen.

The purchase price for the Tender Offer represents 25.54 % premium (rounded to the second decimal place) of the average of the closing price (419 yen: rounded to the counting number) of the Nippon Katan's share traded at the JASDAQ Securities Exchange during the past 3 months (from October 31, 2006 to January 29, 2007) inclusive.

(b) Background of Calculation

1) Share Evaluation by Third-Party Appraiser

As the reference information used in determining the purchase price for the Tender Offer, the Company received the Share Evaluation Report dated January 30, 2007 concerning the value of Nippon Katan's share from Daiwa Securities SMBC Co., Ltd.

2) Main Issues of the Share Evaluation Report

In the Share Evaluation Report considered by the Company in determining the purchase price for the Tender Offer, the value of Nippon Katan's share was calculated in accordance with the Cost Approach, the DCF Approach, and the Stock Performance Approach. The Share Evaluation Report showed the value of the Nippon Katan's shares to be 526 yen in the Cost Approach, in the range of 555 yen to 613 yen in the DCF Approach, and 420 yen to 434 yen in the Stock Performance Approach.

3) Process of Determination of the Purchase Price for the Tender Offer

The Company examined the purchase price for the Tender Offer giving special regard to the price range in the Cost Approach, as well as on the basis of the premiums on the market value paid in the past tender offer transactions, of the possibility of obtaining Nippon Katan's approval of the Tender Offer, of the prospects for the Tender Offer, and of the net asset of Nippon Katan per share etc. Finally the Company decided on the purchase price per share for the Tender Offer of 526 yen at the meeting of the Board of Directors held on January 30, 2007.

4) Measures to Secure the Fairness of the Purchase Price and to Avoid the Conflict of Interests

Among the directors of Nippon Katan, Mr. Tsunogai, an employee of the Company, and Mr. Morikawa and Mr. Sonoki, former employees of the Company, did not participate in the resolution of the Board that agrees to the Tender Offer as interested directors.

As reference information for the verification of whether the purchase price to be applied for the Tender Offer was appropriate, the Board of Nippon Katan received a report entitled "Report on the Share Value", dated January 26, 2007, concerning the evaluation of the Nippon Katan's shares, from Misuzu Financial Advisors, a third party appraiser independent from Nippon Katan. At the Board meeting held on January 30, 2007, the Board of Directors of Nippon Katan carefully examined the appropriateness of the purchase price of Tender Offer and the terms and conditions thereof, from the standpoint of the financial conditions of the Company and Nippon Katan, synergy on businesses and fairness among shareholders etc., taking into consideration the "Report on the Share Value", and resolved to agree to the Tender Offer as the Board believed that the Tender Offer would contribute to the improvement of the corporate value of Nippon Katan and also provide Nippon Katan's shareholders an opportunity to sell its shares at a reasonable price.

(c) Relationship with Appraiser

Daiwa Securities SMBC Co., Ltd. is not a related company of the Company.

(5) Number of Share Certificates and Other Securities to Be Purchased in the Tender Offer and Related Matters

Type of Shares	Number of Shares to be Purchased	Number of Shares to be Over-Purchased
Share Certificate	— Shares	— Shares
Certificate of Stock Acquisition Rights	— Shares	— Shares
Certificate of Bond with Stock Acquisition Rights	— Shares	— Shares
Deposit Receipt for Share Certificates and Other Securities	— Shares	— Shares
Total	— Shares	— Shares

(Note 1) The Company will purchase all of the share certificates or other securities (the “Applied Share Certificates”) which the persons (the “Applying Shareholders”) accepting the application for the purchase of the share certificate and the other securities for the Tender Offer, or offering the disposal of such certificates, in response to the Tender Offer.

(Note 2) There is no plan to acquire the treasury shares held by Nippon Katan through the Tender Offer.

(Note 3) The maximum number of share certificates or other securities to be purchased (5,278,088 shares) represents all the outstanding shares of Nippon Katan (9,720,000 shares) as of September 30, 2006, as described in the 122nd Semi-Annual Report (submitted on December 15, 2006) minus the shares (3,791,000 shares) held by the Company as well as the treasury shares (650,912 shares) held by Nippon Katan.

(Note 4) Shares constituting less than a whole unit shall also be subject to purchase through the Tender Offer; provided however, that it shall be necessary to submit the share certificates to apply for the purchase (In case of shares constituting less than a whole unit kept in custody by the Japan Securities Depository Center, Inc. (the “JSDC”), there shall be no need for submission of the share certificates since it will be possible to apply the Tender Offer by transferring the shares to the TOB Agent or Sub-Agent (as each is set forth in “(11) TOB Agent” hereinafter) through the transfer system of JSDC.).

(6) Changes in the Percentage of Voting Rights of Share Certificates and Other Securities resulting from the Tender Offer

Number of Voting Rights Represented by Shares Certificates and Other Securities Owned by Tender Offeror before Tender Offer	3,791	(Percentage of Voting Rights of Share Certificates and Other Securities before Tender Offer: 42.03 %)
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Number of Voting Rights Represented by Shares Certificates and Other Securities Owned by Specially Related Parties before Tender Offer	726	(Percentage of Voting Rights of Share Certificates and Other Securities before Tender Offer: 8.05 %)
Number of Voting Rights represented by Share Certificates and Other Securities to be Purchased	5,278	(Percentage of Voting Rights of Share Certificates and Other Securities after Tender Offer: 100.00 %)
Total Number of Voting Rights of Shareholders of the Target Company	9,019	

(Note 1) The denominator in calculating “Percentage of Voting Rights of Share Certificates and Other Securities before Tender Offer” is “Total Number of Voting Right of Shareholders of the Target Company”.

(Note 2) The “Total Number of Voting Rights of Shareholders of the Target Company” represents the total number of voting rights of all of the shareholders as described in the 122nd Semi-Annual Report (submitted on December 15, 2006). It should be noted, however, that since shares constituting less than a whole unit are also subject to the Tender Offer, for the purpose of calculating the “Percentage of Voting Rights of Share Certificates and Other Securities after Tender Offer”, the “Total Number of Voting Rights of Shareholders of the Target Company” is calculated to be 9,069 units, adding the number of voting rights of shares constituting less than a whole unit (50 units which represent the number of the voting rights of 50,088 shares, deducting 912 shares constituting less than a whole unit not planned to be acquired through the Tender Offer held by Nippon Katan from the 51,000 shares constituting less than a whole unit as described in the above Semi-Annual Report).

(7) Aggregate Purchase Price 2,776 million yen

(8) Method of Settlement

(a) Name and Location of Head Office of Securities Company or Financial Institution, etc. in

Charge of Settlement of Tender Offer

Daiwa Securities SMBC Co., Ltd. 8-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

Daiwa Securities Co. Ltd. 6-4, Ohtemachi 2-chome, Chiyoda-ku, Tokyo

(b) Commencement Date of Settlement

Friday, March 16, 2007

(c) Method of Settlement

After the end of the Tender Offer Period, a notice of purchase will be mailed to the address or the location of the Applying Shareholders (or the address of the standing proxy, in the case of foreign shareholders) without delay.

Payment of the Purchase Price will be made in cash. The TOB Agent or the Sub-Agent will, in accordance with the Applying Shareholders’ instructions, remit the purchase price for the

share certificates without delay, on and after the commencement date of settlement, to the places designated by the Applying Shareholders, or pay at the head office or branch offices which accepted the applications.

(9) Other Conditions and Methods of Purchase, etc.

(a) Conditions set forth in each item of Article 27-13, Paragraph 4 of the Law

Not applicable. The Company will purchase all the Applied Share Certificates.

(b) Conditions of Withdrawal of Tender Offer, Details thereof and Method of Disclosure of Withdrawal

Upon the occurrence of any event listed in Article 14, Paragraph 1, Items (イ) through (リ) and items (ヲ) through (ヅ), Item 2, Items 3 (イ) through (チ), Item 5 and Article 14, Paragraph 2, Items 3 through 6 of the Enforcement Order of the Securities and Exchange Law (Government Order No. 321, 1965) (the “Order”), the Company may withdraw the Tender Offer.

In the event that the Company intends to withdraw the Tender Offer, it will give public notice thereof through electronic disclosure and disclose the existence of such notice through *The Nihon Keizai Shinbun*; provided, however, that if it is difficult to give such notice by the last day of the Tender Offer Period, the Company will make a public announcement pursuant to Article 20 of the Cabinet Office Ordinance concerning the Disclosure of Tender Offer for Share Certificates and Other Securities by Parties Other Than the Issuer (Ministerial Ordinance No. 38, 1990) (“Ordinance”) and forthwith give public notice.

(c) Conditions of Reduction of Purchase Price, etc., Details thereof and Method of Disclosure of Reduction, etc.

Pursuant to Article 27-6, Paragraph 1, Item 1 of the Law, in case that Nippon Katan takes any action enumerated in Article 13, Paragraph 1 of the Order, the Company may reduce the purchase price of the Tender Offer in accordance with the methods provided in Article 19 of the Ordinance.

In the event that the Company intends to reduce the purchase price of the Tender Offer, it will give public notice thereof through electronic disclosure and disclose the existence of such notice through *The Nihon Keizai Shinbun*; provided however, that if it is difficult to give such notice by the last day of the Tender Offer Period, the Company will make a public announcement pursuant to Article 20 of the Ordinance and forthwith give public notice. If any of the purchase conditions or other terms is modified, the Company will purchase the Applied Share Certificates, etc. offered prior to the announcement of such modifications under the purchase conditions as modified.

(d) Matters Concerning Applying Shareholders’ Right of Cancellation of Agreement

The Applying Shareholders may cancel an agreement on the Tender Offer at any time during the Tender Offer Period. In case of such cancellation, the Applying Shareholders are required to deliver or mail a document of cancellation (*i.e.* the receipt of the application for the Tender Offer as well as the document requesting the cancellation of the application on the Tender Offer) to the head office or the branch office where the TOB Agent accepted the application (or the Sub-Agent in case it accepted the application) by 16:00 on the last day of the Tender Offer Period; provided, however, that in case of cancellations sent by mail, the document of cancellation shall not have any effect unless it is arrived by 16:00 on the last day of the Tender Offer Period.

No compensation for damages or penalty payment will be claimed to any Applying Shareholders by the Company, even if the agreement with the Applying Shareholders is cancelled. The cost of returning the Share Certificates, etc. will be borne by the Company. In case the cancellation is made by the Applying Shareholders, and subject to the instruction by the Applying Shareholders, the Company will return the Share Certificates, etc. immediately after the second business day following the last day of the Tender Offer Period (or the date of withdrawal if the Tender Offer is withdrawn), according to the following procedure:

- 1) In cases where the share certificates or other securities are submitted to the TOB Agent or the Sub-Agent in applying for the Tender Offer, the share certificates or other securities not to be purchased will be delivered or mailed to the address of the Applying Shareholders (or the address of the standing proxy in the case of foreign shareholders);
- 2) In cases where the share certificates or other securities kept in custody by the TOB Agent or the Sub-Agent (or the JSDC through the TOB Agent or the Sub-Agent) are applied, the share certificates or other securities not to be purchased will be returned in such same condition as at the time of application.

(e) Method of Disclosure if the Terms and Conditions of the Tender Offer are Changed

In the event that the Company intends to change the terms and conditions of the Tender Offer, it will give public notice thereof through electronic disclosure and disclose the existence of such notice through *The Nihon Keizai Shinbun*; provided however, that if it is difficult to give such notice by the last day of the Tender Offer Period, the Company will make a public announcement pursuant to Article 20 of the Ordinance and forthwith give public notice. If any of the terms and conditions is modified, the Company will purchase the Applied Share Certificates, etc. offered prior to the announcement of such modifications under the purchase conditions as modified.

(f) Method of Disclosure if the Amendment Statement is Submitted

If the Amendment Statement is submitted to the Director of the Kanto Local Finance Bureau, the Company will forthwith make a public announcement of the contents thereof to the extent that such amendments relate to the contents of the public notice of the Tender Offer,

pursuant to the manner set forth in Article 20 of the Ordinance. The Company will also forthwith amend the Tender Offer Explanatory Statement and provide the amended Tender Offer Explanatory Statement to the Applying Shareholders who have received the previous Explanatory Statement. If the amendments are limited in extent, however, the Company may, instead of providing an amended Tender Offer Explanatory Statement, prepare and deliver a document stating the reason for the amendments, the matters amended and the contents after the amendments to the Applying Shareholders.

(g) Method of Disclosure of Results of Tender Offer

The Company will make a public announcement concerning the results of the Tender Offer in accordance with Article 9-4 of the Order and Article 30-2 of the Ordinance on the day following the last day of the Tender Offer Period.

(10) Date of Public Notification of Commencement of the Tender Offer

Wednesday, February 7, 2007

(11) TOB Agent

Daiwa Securities SMBC Co., Ltd.

Daiwa Securities Co. Ltd. (Sub-Agent)

3. Other Matters

(1) The agreement between the Tender Offeror and the Target Company or its Directors, Corporate Auditors and Executive Officers

The Board of Directors of the Nippon Katan has agreed to the Tender Offer.

(2) Other Relevant Information for the Investor's Decision on the Tender of Shares in the Tender Offer

Nippon Katan has resolved at the Board meeting held on January 30, 2007 that it will not distribute year-end dividends for the business year ending on March 31, 2007.

(3) Effect of the Tender Offer on the Result of the Company

The Tender Offer will have a minor effect on the consolidated and the non-consolidated financial position of the Company.