

For immediate release

May 18, 2007

To whom it may concern:

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**Announcement Regarding the Spin off of Stainless Steel Sheet Business**

Today, we, Sumitomo Corporation (“SC”), have officially entered into a business consolidation agreement with Nippon Steel & Sumikin Stainless Steel Corporation (“NSSC”), Nippon Steel Trading Co., Ltd. (“NST”), and Nippon Stainless Shoji Co., Ltd. (“NSS”), by which, effective July 01, 2007, SC would Spin off a part of its domestic stainless steel sheet business, and transfer it to NSS. SC’s board of directors meeting has resolved the conclusion of this agreement today, following its previous resolution made on March 29, 2007 regarding the establishment of a new joint venture, a business consolidation based on NSS that combines domestic stainless steel sheet businesses, and stainless steel coil center operations of SC, NSSC, and NST. The details are as follows:

1. The Reason for the Spin off:

SC has taken a stake of NSS back in 1969, and since then, SC has been striving hard to expand its domestic stainless steel sheet business as one of its main stream metal businesses. In 2003, NSSC (an integrated joint venture company based on Nippon Steel Corporation’s stainless steel operation and Sumitomo Metal Industry’s stainless steel operation) is newly formed, and the business environment surrounding the stainless steel business have dramatically changed. In order to address this change, SC has strengthened its sales relationship with the long standing stainless steel customers; however, in order to further develop and reinforce its domestic stainless steel business, SC has decided to take a next step, and determined to spin off a part of its stainless steel sheet business, and transfer it to NSS, and form a new business model, a new joint venture with NSSC and NST.

2. Outline of the Spin off:

(1) Schedule:

Board of Directors’ Resolution:	May 18, 2007
Conclusion of Agreement	May 18, 2007
Effective Date of Spin off	July 1, 2007

\* This Spin off shall take place without the shareholders’ resolution following the corporate law 784-3.

(2) The Scheme of Spin off

SC shall spin off a part of its domestic stainless steel sheet business, and transfer it to NSS, the existing company NSS shall succeed the business from SC.

(3) Quota of Stock

The successor company, NSS, shall newly issue 66,892 shares of common stock to the transferring company, SC.

(4) Calculation Method for Quota of Stock

a) Basis for calculation and its background:

Regarding the number of shares of common stock to be issued as a result of this business consolidation, in order to maintain the fairness and legitimacy, SC and NSS have asked Sumitomo-Mitsui Banking Corporation to calculate the quota of stock, that could be used as a reference in negotiation and discussion.

b) Relationship with Valuation Agent:

SC does not fall into a related party category with the Agent.

(5) Decrease of Capital due to this Spin off:

SC's capital does not decrease due to this transaction.

(6) Any Impact on Transferor (SC)'s Outstanding Bonds with Share Warrant:

The transaction would have no impact on SC's outstanding bonds with share warrant

(7) Rights and Obligations of Successor Company

Rights and obligations associated with the domestic sales of stainless steel sheets (except the stainless steel sheet for automotive exhaust system) and stainless steel bars manufactured by NSSC.

(8) Fulfillment of obligations:

SC and the successor company have judged that any outstanding obligations of SC's stainless steel sheet businesses can be fulfilled by the successor company without any problem.

### 3. Outline of Parties Involved

(1) Name	Sumitomo Corporation	Nippon Stainless Shoji Co., Ltd
(2) Business	General Trading & Investment	Trading of Stainless Steel
(3) Establishment	December, 1919	April, 1960
(4) A place of Headquarters	Triton Square Y 1-8-11 Chuo-Ku, Harumi, Tokyo	2-10-14 Ryogoku, Sumida-ku, Tokyo
(5) President	Motoyuki Oka	Yoshiaki Kobayashi
(6) Capital	219,279 Million Yen	215 Million Yen
(7) Number of Outstanding Shareholders	1,250,602,867	80,000
(8) Net Worth	1,473,128 Million Yen	1,234 Million Yen
(9) Total Assets	8,430,477 Million Yen	9,999 Million Yen
(10) Fiscal Term	3/31	3/31
(11) Major Shareholders & its Shareholding Ratio	The Master Trust Bank of Japan, Ltd 8.68% Japan Trustee Services Bank, Ltd. (trust) 7.45% Japan Trustee Services Bank, Ltd. (trust 4) 3.22% Mitsui Sumitomo Insurance Company, Limited 2.66% Sumitomo Life Insurance Company 2.47%	NSSC 65% Sumitomo Corporation 35%

### 4. Outline of Business Unit to be Spun off:

#### (1) Operation of Business Unit to be Spun off

Domestic sales of stainless steel sheets (except the stainless steel sheet for automotive exhaust system) and bars manufactured by NSSC

#### (2) Results of Business Unit to be Spun off

	Business Unit(a)	SC(b)	Ratio(a/b)
Sales	24,100 Million Yen	5,732 Billion Yen	0.42%

#### (3) Assets & Liabilities to be Spun off

Assets		Liabilities	
Current Assets	9,002 Million Yen	Current Liabilities	7,150 Million Yen
Fixed Assets	60 Million Yen		
Total	9,062 Million Yen	Total	7,150 Million Yen

\* The assets to be span off include 80% shares of Kansai Stainless Co., Ltd.

With an addition of 20% shares to be span off from NSSC, Kansai Stainless Co., Ltd. and Yuwa Sangyo Co., Ltd. shall both be 100% subsidiaries of new NSS.

## 5. Outline of Successor Company

(1) Name: Nippon Stainless Shoji Co., Ltd.  
(After the consolidation, the name will change to NS-Stainless Corporation)

(2) Business: Trading of stainless steel

(3) Location of Headquarters: 2-10-14 Ryogoku, Sumida-ku, Tokyo

(4) President: Takashi Mizuno (shall be nominated at the first SH meeting after the consolidation.)

(5) Capital: 2,000 Million Yen

(6) Fiscal Term: March 31

## 6. Outline of Listed Companies after Spin off

(1) Name: Sumitomo Corporation

(2) Business: General Trading and Investment

(3) Location of Headquarters: Harumi Island, Triton Square Office Tower Y  
1-8-11 Harumi, Chuo-ku, Tokyo

(4) President & CEO: Susumu Kato  
SC has nominated Kato at its board of directors meeting held on May 7, 2007, he will officially be nominated at the board of directors meeting which will be held after the shareholders meeting scheduled to be held on June 22, 2007.

(5) Capital: 219,279 Million Yen

(6) Fiscal Year: March 31

(7) Outline of Accounting Procedures:

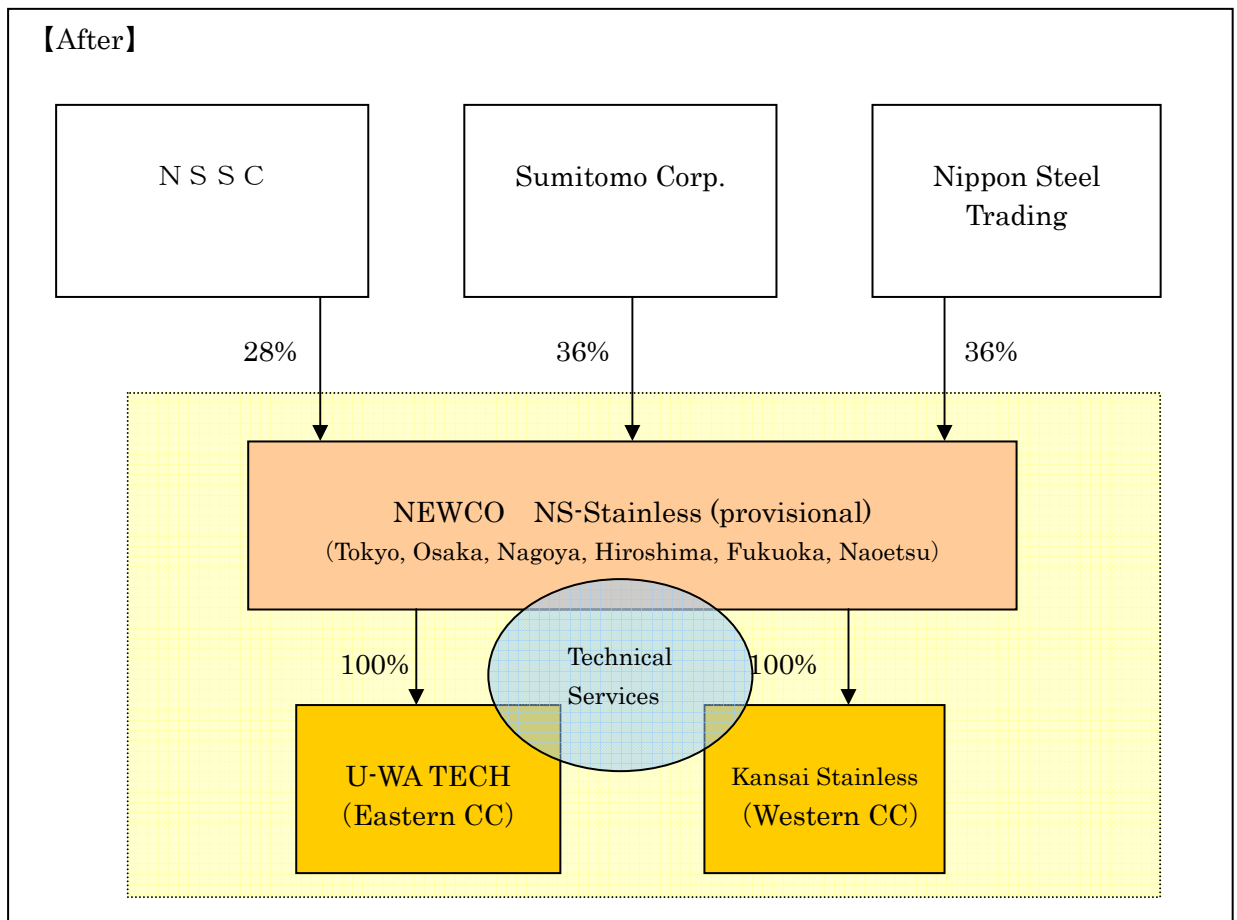
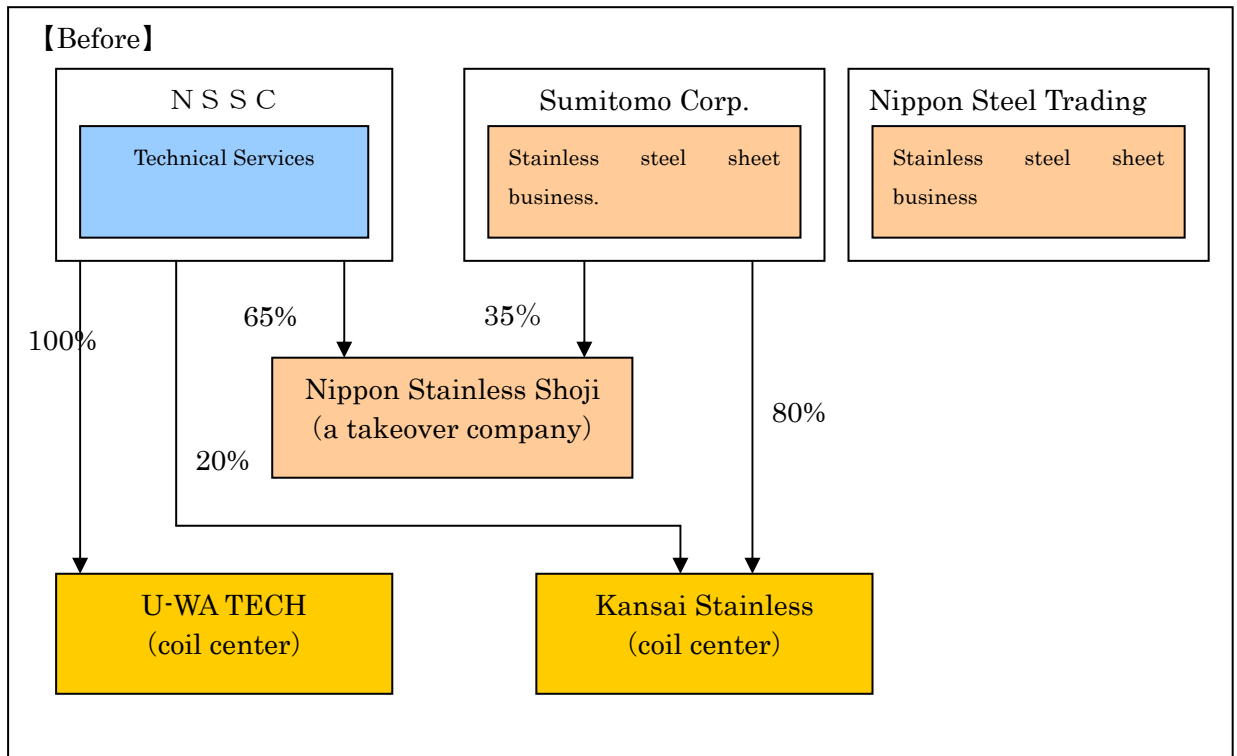
Since this business consolidation falls under the category of formation of jointly controlled entity under the merger accounting standard, the investment pertaining to the transferring business is considered as if it continued under the new entity, SC shall not recognize any profit or losses due to this

transaction. And further, the successor company shall book those assets and liabilities to be succeeded at the proper book value of those assets and liabilities at the transferring company immediately prior to the transaction in accordance with the merger accounting standard.

(8) Impact on Operation Results due to Transaction:

The impact on SC's consolidated and stand alone operation results due to this transaction is very minor.

Outline of Consolidation



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Outline of Nippon Stainless, Yuwa Sangyo, and Kansai Stainless

I. Nippon Stainless Shoji Co., Ltd.

- (1) Shareholders NSSC 65%, Sumitomo Corp. 35%
- (2) President Yoshiaki Kobayashi
- (3) Headquarters Sumida-ku, Tokyo
- (4) Branches Osaka, Naoetsu, Nagoya, Ichikawa Service Center
- (5) Number of employees 53

II. U-WA TECH CORPORATION.

- (1) Shareholders NSSC 100%
- (2) President Hiroaki Hashimoto
- (3) Number of employees 32
- (4) Plant Location Futtsu Plant 33-4 Futtsu-shi, Chiba 20,000m<sup>2</sup>  
Main Equipment 2 Levelers, 1 Slitter, 2 Re-Shears

III. Kansai Stainless Co., Ltd.

- (1) Shareholders Sumitomo Corp. 80%, NSSC 20%
- (2) President Kiyoshi Miyagawa
- (3) Number of employees 29
- (4) Plant Location Amagasaki Plant 27 Higashi Kaigan-cho, Amagasaki, Hyogo 14,617m<sup>2</sup>  
Main Equipment 2 Levelers 1 Slitter, 1 Re-Shear