

[Translation]  
May 22, 2007

To Whom It May Concern:

Company: Sumitomo Corporation  
Representative Person: Motoyuki Oka, President and CEO  
(Stock Code: 8053, Tokyo/Osaka/Nagoya Stock Exchange  
(1st Section), Fukuoka Stock Exchange)  
Contact: Mitsuru Iba,  
Corporate Communications Dept.  
General Manager  
(TEL : +81-3-5166-3089)

Company: Nippon Katan Co., Ltd.  
Representative Person: Hiroshi Morikawa,  
Managing Director  
(Stock Code: 5613 JASDAQ)  
Contact: Kazuo Sonoki, Director  
(TEL : +81-72-840-1382)

### **Notice of Execution of Share Exchange Agreement**

At its Board meeting held on May 22, 2007, Sumitomo Corporation (“Sumitomo”) resolved to make Nippon Katan Co., Ltd. (“Nippon Katan”) its wholly-owned subsidiary effective as of August 1, 2007 through a share exchange as described below (the “Share Exchange”). Please note that, as the result of the Share Exchange, Nippon Katan’s shares will be delisted from the JASDAQ Securities Exchange.

#### 1. Purpose for Making Nippon Katan a Wholly-Owned Subsidiary through the Share Exchange

For the purpose of making Nippon Katan its wholly-owned subsidiary, Sumitomo made a tender offer for the shares of Nippon Katan during the period from February 7, 2007 to March 8, 2007 (the “Tender Offer”), and as the result thereof, Sumitomo holds 8,626,200 shares of the issued and outstanding shares (95.84% of the voting rights) of Nippon Katan as of the end of March 2007.

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 shareholder, and since Sumitomo considers it one of its strategic businesses to supply fittings and parts for electric transmissions and substations as well as for power lines, Sumitomo has assisted the independent operation of Nippon Katan. Now Sumitomo 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 Sumitomo’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.

In view of the fact that Sumitomo holds 95.84% of the voting rights of all the shareholders of Nippon Katan as described above, Sumitomo and Nippon Katan separately employed a third party appraiser to calculate the share exchange ratio (further described in Section

2(3) below) in order to secure its fairness and appropriateness and, taking into consideration of the analysis reports submitted by the third party appraisers, finally determined to carry out the Share Exchange at the share exchange ratio agreed by the two companies through their negotiation and consultation.

As the result of the Share Exchange, Nippon Katan will become a wholly-owned subsidiary of Sumitomo as of August 1, 2007, the effective date of the Share Exchange, and the shares of Nippon Katan will be delisted from the stock exchange as of July 26, 2007 (the trading of Nippon Katan shares will cease on July 25, 2007).

## 2. Outline of the Share Exchange

### (1) Schedule of the Share Exchange

Board meeting to resolve the Share Exchange (both companies):

Tuesday, May 22, 2007

Execution of the Share Exchange Agreement: Tuesday, May 22, 2007 (as scheduled)

Date of the Share Exchange (effective date): Wednesday, August 1, 2007 (as scheduled)

Delivery of share certificates: Thursday, September 20, 2007 (as scheduled)

(Note 1) The Share Exchange will proceed without any approval at the shareholders' meeting of either company in accordance with the summary share exchange (*kan-i kabushiki koukan*) pursuant to Article 796, Paragraph 3, of the Corporations Law in the case of Sumitomo, and the simplified share exchange (*ryakushiki kabushiki koukan*) pursuant to Article 784, Paragraph 1, of the Corporations Law in the case of Nippon Katan.

(Note 2) As a result of the share exchange, Nippon Katan's shares will be delisted from the stock exchange as of July 26, 2007.

### (2) Share Exchange Ratio

Company	Sumitomo Corporation (100% Parent Company)	Nippon Katan Co., Ltd. (100% Subsidiary)
Share Exchange Ratio	1	0.234

#### (Note 1) Share Allocation Ratio

For each share of Nippon Katan, 0.234 shares of Sumitomo will be allocated; provided, however, that there will be no allocation of Sumitomo shares for the 8,626,200 shares of Nippon Katan that are already held by Sumitomo.

#### (Note 2) Number of New Shares to be Issued in the Share Exchange, etc.

Sumitomo will not issue any new shares. Its treasury shares will be allocated in the Share Exchange.

### (3) Basis for Calculation of Share Exchange Ratio, etc.

#### (i) Basis and Background of Calculation

In order to ensure the fairness and appropriateness of the share exchange ratio for the Share Exchange, each company separately employed a third-party appraiser to suggest a calculation of the share exchange ratio. For this purpose, Sumitomo appointed Daiwa Securities SMBC Co., Ltd. ("Daiwa SMBC") and Nippon Katan appointed Misuzu Financial Advisors Ltd. ("Misuzu") as their respective third party appraisers.

Prior to the Share Exchange, Daiwa SMBC performed, after analyzing the facts, conditions, results, etc. of the Tender Offer, an analysis of Sumitomo in accordance with the Stock Performance Approach (based on the average VWAP (volume weighted average stock price of trading amount) of each business day during the periods from January 31, 2007, the first business day following the announcement of the Tender Offer, to May 21, 2007; from April 23, 2007 to May 21, 2007; and from May 1, 2007, the first business day following Sumitomo's announcement of the "Flash Report on the Annual Accounts for the Fiscal Year Ended March 2007" and other information, to May 21, 2007), and thereafter estimated the value per share of Sumitomo to be in

the range of JPY2,102 - JPY2,252. Daiwa SMBC also performed an analysis of Nippon Katan in accordance with the Stock Performance Approach (based on the average VWAP of each business day during the periods from January 31, 2007, the first business day following the announcement of the Tender Offer, to May 21, 2007; from April 23, 2007 to May 21, 2007; and from May 1, 2007, the first business day following Sumitomo's announcement of the "Flash Report on the Annual Accounts for the Fiscal Year Ended March 2007" and other information, to May 21, 2007), the DCF approach (discounted cash flow approach; no major increase or decrease of profits for the future was projected in the assumption for the analysis of the DCF approach) and Cost Approach. Taking into account the results of the Tender Offer, the purchase price for the Tender Offer, etc. in a comprehensive manner, and also in observance of the principles of the protection of minor shareholders and equal treatment of shareholders, as well as taking into consideration that the Share Exchange and the Tender Offer are a series of transactions, Daiwa SMBC estimated the value per share of Nippon Katan to be JPY526, the same amount as the purchase price for the Tender Offer. After the examination based on the analysis of Daiwa SMBC, Sumitomo calculated the share exchange ratio to be in the range of 0.234 – 0.250 shares of Sumitomo to be allocated for each share of Nippon Katan.

Meanwhile, Misuzu performed an analysis of Nippon Katan in accordance with the DCF approach after examining and analyzing the market share price and taking into account the conditions (the purchase price was JPY526) and results of the Tender Offer prior to the Share Exchange as a comparable case. As a result of such analysis in accordance with the DCF approach, the value per share of Nippon Katan was estimated to be in the range of JPY503 - JPY546 based on its business plan, etc. (no major increase or decrease of profits for the future was projected in the assumption for the analysis of the DCF approach). Misuzu also performed an analysis of Sumitomo in accordance with the Average Stock Performance Approach, and estimated the value per share thereof to be in the range of JPY1,947 - JPY2,254 based on the average closing price of each trading day during the one-, three-, and six-month periods ending May 18 2007, the base date of evaluation, and also the period from May 1, 2007, the first business day following Sumitomo's announcement of the "Flash Report on the Annual Accounts for the Fiscal Year Ended March 2007" and other information, to the base date. Taking into account the results of such analysis in a comprehensive manner, Misuzu calculated the share exchange ratio to be in the range of 0.223 – 0.280 shares of Sumitomo to be allocated for each share of Nippon Katan.

Sumitomo and Nippon Katan carefully examined the analysis reports for the share exchange ratio submitted by the third party appraisers described above, and also took into account the results of the Tender Offer. After negotiation and consultation, the two companies respectively resolved the share exchange ratio for the Share Exchange at the Board meeting of each company held on May 22, 2007.

Among the directors of Nippon Katan, Mr. Tsunogai, an employee of Sumitomo, and Mr. Morikawa and Mr. Sonoki, former employees of Sumitomo, did not participate in the decision on the share exchange ratio for the Share Exchange or the relevant resolution of the Board as the interest parties with special interests.

(ii) Relationship with the Appraisers

The appraiser Daiwa SMBC is not a related entity of Sumitomo, and Misuzu is not a related entity of Nippon Katan.

(4) Matters Concerning the Stock Options and Bonds with Stock Options Issued by the Wholly-Owned Subsidiary of the Share Exchange

There is no outstanding stock option or bond with stock option issued by Nippon Katan, and Nippon Katan does not have any plan to issue them in the future. Therefore, the captioned matter is not applicable.

3. Basic Information of Relevant Parties

(Consolidated data as of March 31, 2007 for Sumitomo and September 30, 2007 for Nippon Katan)

(1) Trade Name	Sumitomo Corporation	Nippon Katan Co., Ltd.
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	(100% Parent Company)	(100% Subsidiary)
(2) Business	Domestic and overseas transactions of various goods, provision of various types of financing, project coordination, general investment in businesses, etc. through a worldwide network	Manufacture and sales of electric equipment, industrial facilities, etc., and provision of research services for technology relating to electric and other services.
(3) Date of Incorporation	December 24, 1919	September 2, 1918
(4) Address of Head Office	8-11 Harumi 1-chome, Chuo-ku, Tokyo	13-1, Isoshimaminami-machi, Hirakata, Osaka
(5) Name and Title of Representative	Motoyuki Oka, President and CEO	Hiroshi Morikawa, Managing Director
(6) Capital Amount	JPY 219,279 million	JPY 886 million
(7) Total Number of Issued Shares	1,250,602,867	9,720,000
(8) Net Asset	JPY 1,473,128 million	JPY 4,763 million
(9) Total Asset	JPY 8,430,477 million	JPY 5,777 million
(10) End of Fiscal year	March 31	March 31
(11) Number of Employees	4,717	70
(12) Major Customers	Sumitomo is active and has a large number of customers in the fields of metals, transportation and construction systems, infrastructure, media and lifestyle, chemicals and electronics, mineral resources and energy, consumer goods and services, construction and real estate, and finance and logistics.	The Kansai Electric Power Co., Inc. The Tokyo Electric Power Co., Inc. The Chugoku Electric Power Co., Inc. Kyushu Electric Power Co., Inc. Sumitomo Corporation Kyushu Co., Ltd. Sumitomo Corporation Tohoku Co., Ltd. Sumitomo Corporation Hokkaido Co., Ltd. Toshiba Corporation
(13) Major Shareholders and Holding Ratio	The Master Trust Bank of Japan, Ltd. (Trust Account) 8.68% Japan Trustee Services Bank, Ltd. (Trust Account) 7.45% Japan Trustee Services Bank, Ltd. (Trust Account 4) 3.22% Mitsui Sumitomo Insurance Co., Ltd. 2.66% Sumitomo Life Insurance Company 2.47%	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%
(14) Main Banks	Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. The Sumitomo Trust & Banking Co., Ltd. Mizuho Corporate Bank, Ltd. The Norinchukin Bank	The Sumitomo Trust & Banking Co., Ltd. Sumitomo Mitsui Banking Corporation The Bank of Kyoto, Ltd.
(15) Relationship between the Parties	Capital Relationship	Sumitomo currently holds 88.75% (8,626,200 shares) of the total number of issued and outstanding shares and 95.84% of the voting rights in Nippon Katan as of the end of March 2007, whereby Nippon Katan is a consolidated subsidiary of Sumitomo.
	Personnel Resource	One (1) part-time director and two (2) part-time corporate auditors in Nippon Katan are dispatched from Sumitomo.
	Business Relationship	Nippon Katan supplies its products to Sumitomo.
	Applicability to the related party	Nippon Katan is Sumitomo's consolidated subsidiary.

(Note 1) Nippon Katan has resolved at its Board Meeting of May 22, 2007 to extinguish 677,721 shares of its treasury shares effective May 31, 2007. After such extinguish, the total number of issued shares of Nippon Katan will be 9,042,279.

(Note 2) As a result of the tender offer for the common shares of Nippon Katan made by Sumitomo from February 7, 2007 to March 8, 2007, Sumitomo's holding ratio of the issued and outstanding shares in Nippon Katan has become 88.75% as of the end of March 2007.

(Note 3) Following the Tender Offer, Hitachi Metals, Ltd. and Sumitomo Electric Industries, Ltd., former major shareholders of Nippon Katan as of September 30, 2006, have respectively filed the statutory report on the change to the facts described in their reports of substantial shareholdings, stating that their shareholding of Nippon Katan has become zero.

(Note 4) Any amount less than one million is rounded.

#### (16) Financial Results for the Last Three Years

##### [Consolidated Basis]

Fiscal Year	Sumitomo Corporation (100% Parent Company)			Nippon Katan Co., Ltd. (100% Subsidiary)		
	Fiscal Year ended March 2005	Fiscal Year ended March 2006	Fiscal Year ended March 2007	Fiscal Year ended March 2004	Fiscal Year ended March 2005	Fiscal Year ended March 2006
Net Sales (in million JPY)	9,898,598	10,336,265	10,528,277	4,849	5,719	3,718
Operating Income or Loss (in million JPY)	112,385	176,133	239,748	-114	421	390
Ordinary Income or Loss (in million JPY)	-	-	-	-119	426	404
Net Income or Loss (in million JPY)	85,073	160,237	211,004	-585	305	952
Net Income or Loss per Share (in JPY)	72.83	130.18	169.93	-61.39	31.82	102.36
Annual dividends per Share (in JPY)	11.00	25.00	33.00	3.5	7.0	7.0
Equity per Share (in JPY)	776.61	1,047.88	1,192.35	375.98	408.85	516.06

(Note) Sumitomo's financial statement is based on the U.S. accounting standards. The figures of net sales and operating profit/loss are indicated in accordance with the Japanese accounting practice.

##### [Non-Consolidated Basis]

Fiscal Year	Sumitomo Corporation (100% parent company)			Nippon Katan Co., Ltd. (100% subsidiary)		
	Fiscal Year ended March 2005	Fiscal Year ended March 2006	Fiscal Year ended March 2007	Fiscal Year ended March 2004	Fiscal Year ended March 2005	Fiscal Year ended March 2006
Net Sales (in million JPY)	6,543,813	6,423,706	5,732,575	4,412	5,224	2,922
Operating	19,802	12,181	24,582	-148	370	351

Income or Loss (in million JPY)						
Ordinary Income or Loss (in million JPY)	38,162	42,282	60,134	-137	379	371
Net Income or Loss (in million JPY)	15,121	42,145	70,274	-590	283	930
Net Income or Loss per Share (in JPY)	12.65	33.43	56.23	-61.93	29.47	100.07
Annual dividends per Share (in JPY)	11.00	25.00	33.00	3.5	7.0	7.0
Equity per Share (in JPY)	592.28	717.07	763.40	346.92	376.91	481.13

#### 4. After the Share Exchange

(1) Trade Name	Sumitomo Corporation
(2) Business	Domestic and overseas transactions of various goods, provision of various types of financing, project coordination, general investment in businesses, etc. through a worldwide network
(3) Address of Head Office	8-11 Harumi 1-chome, Chuo-ku, Tokyo
(4) Name and Title of Representative	Susumu Kato, President and CEO (*)
(5) Capital Amount	JPY 219,279 million
(6) Total Asset	Currently not determined.
(7) Net Asset	Currently not determined.
(8) End of Fiscal Year	March 31

\* This information is based on the preliminary decision made at the extraordinary Board meeting of Sumitomo held on May 7, 2007, which will be formally adopted in a Board resolution at the Board meeting following the Annual General Meeting of Shareholders scheduled on June 22, 2007.

#### (9) Matters on Accounting Procedure

The transaction will fall in the category of a transaction with a minor shareholder, a type of transaction among the entities under the same control, etc. The amount of goodwill, etc. is not known yet.

#### (10) Effect of the Share Exchange on the Financial Position

The Share Exchange will have a minor effect on the consolidated and the non-consolidated financial positions.