

(Translation)

March 6, 2008

To whom it may concern:

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(Code No: 3436: First Section of TSE)
Representative: Kenjiro Shigematsu
President and Representative
Director
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Company name: SUMCO TECHXIV
CORPORATION
(Code No: 5977: Second Section of TSE)
Representative: Takashi Abe
President and Representative
Director
Contact: Mitsuo Yokokawa
Director, Senior Executive
Officer
(Telephone: 03-6858-0540)

**Re. SUMCO TECHXIV CORPORATION Becoming a
Wholly Owned Subsidiary Company of SUMCO CORPORATION through a
Share Exchange**

We are pleased to announce that SUMCO CORPORATION (hereinafter “SUMCO”) and SUMCO TECHXIV CORPORATION (hereinafter “SUMCO TECHXIV”) have resolved at each of their board of directors’ meetings today to conduct a Share Exchange through which SUMCO TECHXIV will become a wholly owned subsidiary company of SUMCO (hereinafter the “Share Exchange”) effective as of May 30, 2008, and the conclusion of a share exchange agreement.

As a result of the Share Exchange, shares of SUMCO TECHXIV’s common stock listed on the Tokyo Stock Exchange, Inc. (hereinafter “Tokyo Stock Exchange”) are scheduled to be de-listed on May 26, 2008.

**1. Purpose of making SUMCO TECHXIV a wholly owned subsidiary
company through the Share Exchange**

- (1) Purpose of the Share Exchange

On October 18, 2006, SUMCO acquired 51.00% of the issued and outstanding shares of SUMCO TECHXIV through a takeover bid. Both companies have shared strategies and pursued synergy in the silicon wafers business since then.

For instance, with respect to the 300mm wafers business for which demand is expected to increase over the mid to long term, the companies made substantial capital investments, with SUMCO's investment in SUMCO Imari Plant, and SUMCO TECHXIV's investments in the Nagasaki Facility and FORMOSA SUMCO TECHNOLOGY CORPORATION, a consolidated subsidiary company. Additionally, the companies also endeavored to optimize productivity and to expedite the launch of operations at new facilities, such as the mutual determination to supply monocrystalline ingots to the Nagasaki Facility from the Imari Plant. Furthermore, the companies have achieved certain progress in pursuing synergy such as the commencement of construction of a R&D facility in Imari for engineering staff of both companies in order to reinforce and streamline the R&D function, in addition to streamlining capital expenditure and procurement.

In order to meet the ever-increasing expectations of our customers, SUMCO determined that it is necessary to pursue integration even further. This determination led us to the conclusion today of a share exchange agreement whereby SUMCO TECHXIV becomes a wholly owned subsidiary company of SUMCO. After consummation of the Share Exchange, we as the new SUMCO group intend to utilize the human resources and technology of both companies in a timely and strategic manner by positioning SUMCO TECHXIV as a manufacturing subsidiary and integrating the sales and marketing and technology function to SUMCO quickly so as to adapt to the change in the environment that surrounds us. Once the systems of both companies are settled, we will start exploring the possibility of a merger.

SUMCO TECHXIV has been fiercely tackling the business challenges, since the consolidation with SUMCO as one of its subsidiaries in October 2006, by sharing the business strategy as a SUMCO group corporation in order to meet the expectation of our customers. Through such process, we SUMCO TECHXIV came to realize that tackling future business challenges with further integration with SUMCO should be essential for further growth. This led us to the conclusion of the share exchange agreement today. We consider that the increase of corporate value through the Share Exchange should benefit the shareholders of SUMCO TECHXIV.

By implementing the above measures, the SUMCO group intends to increase management mobility and utilize management resources in an even more effective manner so that both companies can achieve continuing growth for maximizing the corporate value.

(2) Possibility of de-listing and its reasons

As a result of the Share Exchange, SUMCO TECHXIV will become a wholly owned subsidiary company of SUMCO as of May 30, 2008, the effective day. Accordingly, the shares of SUMCO TECHXIV's common stock listed on the Tokyo Stock Exchange are scheduled to be de-listed on May 26, 2008 (the last trading day will be May 23, 2008). After the de-listing, the shares of SUMCO TECHXIV's common stock will not be traded on the Tokyo Stock Exchange.

(3) Reasons for seeking de-listing and alternative measures examined

As a result of SUMCO becoming the sole shareholder of SUMCO TECHXIV upon the Share Exchange, SUMCO TECHXIV's common stock is scheduled to be de-listed pursuant to the Share Delisting Rules, although the Share Exchange is not directly intended to de-list SUMCO TECHXIV's common stock. Since the shares of SUMCO's common stock which are to be allotted and delivered in exchange upon the Share Exchange are listed on the Tokyo Stock Exchange, they may be traded on the Tokyo Stock Exchange even after the Share Exchange. Therefore, we believe that liquidity of the shares is secured.

Any shareholder who will own any shares less than one unit (i.e., 100 shares) of SUMCO as a result of the Share Exchange will not be able to sell the shares of SUMCO on any exchange. However, such shareholder is eligible to request the purchase by SUMCO of his/her shares less than one unit. Details, such as the commencement of such purchase, will follow in the notice concerning the surrender of share certificates which is expected to be delivered in late April 2008. Further, in application of Articles 785 and 786 of the Company Act to protect the interests of minor shareholders of SUMCO TECHXIV in relation to the Share Exchange, shareholders of SUMCO TECHXIV may request that SUMCO TECHXIV purchase the shares from them. Each shareholder is encouraged to assume his/her own responsibility in determining if he/she should file the request and confirming the procedures, as the case may be.

(4) Measures to secure a fair ratio of the Share Exchange

In agreeing upon the ratio of the Share Exchange, in light of the fact stated above that 51.00% of the total issued and outstanding shares of SUMCO TECHXIV are owned by SUMCO, we agreed when we determined to implement the Share Exchange that each of us would obtain an evaluation from a third party independent from us, in order to secure the fairness and appropriateness of such ratio, as detailed in 2. (3) below. We referred to the results of such evaluation in examining the ratio of the Share Exchange and had mutual negotiations and discussions before we determined the Share Exchange on such ratio.

Please note that the results of evaluation by the third party evaluation institutions do not represent any opinion as to the fairness of the ratio for the Share Exchange.

(5) Measures to prevent conflict of interest

To prevent conflict of interest with minor shareholders, four directors of SUMCO who are also directors of SUMCO TECHXIV Takashi Abe, Yuichi Muramatsu, Yutaka Hirose and Yoshiaki Shida were excluded from the deliberation and resolutions for the Share Exchange at the meetings of the board of directors of each company. In addition, Kazufumi Yanaga, Fumio Iida and Hidemi Sumiya, auditors of SUMCO TECHXIV who are also a director, auditor and managing executive officer of SUMCO respectively, were excluded from the deliberation for the Share Exchange at the meeting of the board of directors of SUMCO TECHXIV.

2. Summary of the Share Exchange

(1) Schedule of the Share Exchange

Record date of annual shareholders' meeting	(SUMCO TECHXIV)	January 31, 2008 (Thursday)
Resolutions of board of directors for the Share Exchange	(Both companies)	March 6, 2008 (Thursday)
Execution of the share exchange agreement	(Both companies)	March 6, 2008 (Thursday)
(The following are expected dates.)		
Resolutions of annual shareholders' meeting for the Share Exchange	(SUMCO TECHXIV)	April 23, 2008 (Wednesday)
Date of de-listing	(SUMCO TECHXIV)	May 26, 2008 (Monday)
Effective day of the Share Exchange		May 30, 2008 (Friday)
Due date of delivery of share certificates		Late July, 2008

Note: SUMCO will implement the Share Exchange through a summary share exchange proceeding for which the resolution of the shareholders' meeting is not required pursuant to Article 796, Paragraph 3 of the Company Act.

(2) Terms of the Share Exchange

Company Name	SUMCO (Wholly owning parent company)	SUMCO TECHXIV (Wholly owned subsidiary company)
Ratio of the Share Exchange	1	1.20

Note 1: Ratio of the Share Exchange

1.20 shares of common stock of SUMCO will be allotted and delivered in exchange for each share of SUMCO TECHXIV. However, for the 15,402,000 shares of SUMCO TECHXIV owned by SUMCO, there will be no allotment in the Share Exchange.¹

Note 2: Shares to be issued for the Share Exchange

As disclosed in the press release dated today entitled "Re. Acquisition of Treasury Shares", SUMCO plans to purchase its treasury shares from March 7, 2008 until May 20, 2008.

Although SUMCO intends to use such treasury shares for a portion of the delivery to the shareholders of SUMCO TECHXIV, it is not yet determined as of the date hereof whether SUMCO will use newly issued shares or its treasury shares, and how many of each will be used to make such appropriation as the case may be. Such issues will be notified upon the determination thereof.

Note 3: Handling of shares less than one unit

A shareholder who will own any shares less than one unit of SUMCO as a result of the Share Exchange will be entitled to receive dividends of SUMCO for the fiscal year ending in January 2009 and thereafter in proportion to his/her shareholding ratio. However, such shareholder will be unable to sell

¹ SUMCO's shares will be allotted for the shares of SUMCO TECHXIV owned by SUMCO TECHXIV.

the shares of SUMCO on any exchange. Instead, he/she may take advantage of the following concerning the shares of SUMCO. Details, such as the commencement of the purchase below will follow in the notice concerning the surrender of share certificates which is expected to be delivered in late April 2008.

Purchase of shares less than one unit;
SUMCO will purchase its shares less than one unit that cannot be sold on any exchange from shareholders.

(3) Basis for the ratio of the Share Exchange

(i) Basis for the calculation

In order to secure the fairness and appropriateness of the ratio of the Share Exchange in this Share Exchange, SUMCO requested from Daiwa Securities SMBC Co. Ltd. ("Daiwa SMBC"), and SUMCO TECHXIV requested from KPMG FAS Co., Ltd. ("KPMG FAS") an evaluation of the ratio of the Share Exchange.

Daiwa SMBC adopted for each company, the market stock price basis method (for periods of two (2) months and one (1) month up to March 4, 2008) in light of the fact that both companies are listed on the Tokyo Stock Exchange and market prices of their shares are available, and the DCF (discounted cash flow) method in order to accommodate future business activities in the calculation. The number of shares of SUMCO which are to be allotted and delivered in exchange for each share of SUMCO TECHXIV, pursuant to such valuation methods, are as follows.

Valuation Method	Range of valuation for the ratio of the Share Exchange
Market Stock Price Basis Method	1.00 to 1.06
DCF (Discounted Cash Flow) Method	1.07 to 1.27

Please note, however, the results of the calculation do not represent any opinion as to the fairness of the ratio of the Share Exchange.

KPMG FAS adopted for each company, the market stock price basis method (for periods of three (3) months and one (1) month up to March 4, 2008), the DCF (discounted cash flow) method, [and the comparable multiple valuation method]. The number of shares of SUMCO which are to be allotted and delivered in exchange for each share of SUMCO TECHXIV, pursuant to such valuation methods are as follows.

Valuation Method	Range of valuation for the ratio of the Share Exchange
Market Stock Price Basis Method	1.02 to 1.17
DCF (Discounted Cash Flow) Method	1.03 to 1.37

Please note, however, the results of the calculation do not represent any opinion as to the fairness of the ratio of the Share

Exchange.

The profit planning of SUMCO TECHXIV, which is used as the basis of the DCF method by both Daiwa SMBC and KPMG FAS, projects a steady growth of SUMCO TECHXIV's business.

Although the operating profit is expected to shrink considerably to approximately 10 billion yen for the fiscal year ending in January 2009 compared to the results of business for the preceding fiscal year due to such reasons as the increasing burden of depreciation expenses attributable to the reinforcement of capacity for 300mm products, the strong Yen and reduction of selling price, it is expected to bounce back by the fiscal year ending in January 2010 to approximately 21 billion yen, the same level as the fiscal year that ended in January 2008, when mass production of 300mm products will gain momentum and the companies may enjoy the effects of a sales volume increase.

(ii) Calculation process

SUMCO and SUMCO TECHXIV carefully examined not only the professional analysis and conclusions presented in the evaluation of the ratio of the Share Exchange submitted by each of the third party financial institutions as mentioned above, but also their own financial positions before they had mutual negotiations and discussions in light of such factors. As a result of the foregoing, both companies approved the ratio of the Share Exchange at their respective board of directors' meetings held on March 6, 2008, the day on which they concluded the share exchange agreement. The ratio of the Share Exchange agreed upon and determined by both companies is within the scope of analysis and conclusions that Daiwa SMBC presented to SUMCO, and those KPMG FAS presented to SUMCO TECHXIV.

The above ratio of the Share Exchange is subject to change by mutual discussion by the companies if any material change should arise to the conditions precedent for the calculation.

(iii) Relationship with Evaluation Institution

Neither Daiwa SMBC nor KPMG FAS is a related party of SUMCO or SUMCO TECHXIV.

[4] Handling of Share Options and Bonds with Share Options of the Wholly Owned Subsidiary Company

SUMCO TECHXIV has no outstanding share options or bonds with share options.

3. Summary of Information on SUMCO and SUMCO TECHXIV (as of January 31, 2008)

(1)	Company Name	SUMCO CORPORATION	SUMCO TECHXIV CORPORATION
(2)	Description of Business	Manufacturing and sale of silicon wafers	Manufacturing and sale of silicon wafers
(3)	Date of Incorporation	July 30, 1999	April 18, 1960
(4)	Head Office	2-1, Shibaura 1-chome,	1324-2,

		Minato-ku, Tokyo	Masuragaharamachi, Omura-shi, Nagasaki
(5)	Representative	Kenjiro Shigematsu President and Representative Director	Takashi Abe President and Representative Director
(6)	Capital	JPY 114,107 Million	JPY 11,636 Million
(7)	Shares Issued	254,400,000 shares	30,200,000 shares
(8)	Net Assets	JPY 415,510 Million (Consolidated)	JPY 85,036 Million (Consolidated)
(9)	Total Assets	JPY 710,495 Million (Consolidated)	JPY 176,979 Million (Consolidated)
(10)	Fiscal Year-End	January 31	January 31
(11)	Employees	9,526 (Consolidated)	3,117 (Consolidated)
(12)	Major Clients	Sumitomo Corporation Samsung Japan Corporation Intel Corporation and others	Komatsu Silicon America, INC Toshiba Semiconductor Company NEC Electronics Corporation and others
(13)	Major Shareholders and their Shareholdings Ratio	Sumitomo Metal Industries, Ltd. (28.18%) Mitsubishi Materials Corporation (28.18%)	SUMCO CORPORATION (51.00%) Komatsu Ltd.(10.93%)
(14)	Main Financing Bank	Sumitomo Mitsui Banking Corporation The Bank of Tokyo- Mitsubishi UFJ, LTD and others	Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Banking Corporation and others
(15)	Relationship between SUMCO and SUMCO TECHXIV	Capital Relationship	SUMCO owns 51.00% of the total number of issued shares of SUMCO TECHXIV (15,402 thousand shares).
		Personnel Relationship	Four (4) directors of SUMCO also assume offices as directors of SUMCO TECHXIV. One (1) director, one (1) full- time statutory auditor and one (1) managing executive officer of SUMCO also assume office as statutory auditors of SUMCO TECHXIV. Four (4) directors of SUMCO TECHXIV also assume offices as directors of SUMCO. Three (3) statutory auditors of SUMCO TECHXIV also assume offices as one (1) director, one (1) full-time statutory auditor and one (1) managing executive officer of SUMCO.
		Business Connection	As part of its operation, SUMCO sells fabricated materials (monocrystalline ingots) to SUMCO TECHXIV. As part of its non-operating transactions, each company allows the other access to its own intellectual property. As a result, each company incurs royalties payable to the other.
		Applicability of Related Parties Relationship	SUMCO TECHXIV is a consolidated subsidiary of SUMCO.

(16) Financial results of the past 3 fiscal years

Fiscal Year-End	SUMCO (Wholly owning parent company) (Consolidated)			SUMCO TECHXIV (Wholly owned subsidiary company) (Consolidated)		
	January 2006	January 2007	January 2008	March 2006	January 2007	January 2008
Net Sales (Million Yen)	220,526	319,385	474,951	86,667	84,257	117,132
Operating Income (Million Yen)	44,340	84,390	140,385	8,970	14,179	20,980
Ordinary Income (Million Yen)	36,554	75,835	133,028	9,945	15,128	23,190
Net Income (Million Yen)	20,486	72,051	74,879	5,598	8,857	14,139
Net Income Per Share (yen)	195.61	597.66	294.34	185.38	293.30	468.18
Dividends Per Share (yen)	20.00	50.00	55.00	12.00	16.00	50.00
Net Assets Per Share (yen)	1,350.41	2,297.90	1,409.59	1,018.94	1,300.09	1,886.89

Note 1: On December 19, 2006, SUMCO newly issued 6,850,000 shares of its common stock through a public offering.

Note 2: On January 15, 2007, SUMCO newly issued 650,000 shares of its common stock through private placement.

Note 3: On February 1, 2007, SUMCO implemented a two-for-one share split.

Note 4: Due to the change in the fiscal year end, SUMCO TECHXIV's fiscal year that ended January 31, 2007 is for a period of ten (10) months from April 1, 2006.

4. Status after the Share Exchange

(1)	Company Name	SUMCO CORPORATION
(2)	Description of Business	Manufacturing and sale of silicon wafers
(3)	Head Office	2-1, Shibaura 1-chome, Minato-ku, Tokyo
(4)	Representative	Kenjiro Shigematsu, President and Director
(5)	Capital	JPY 114,107 Million
(6)	Net Assets	To be determined
(7)	Total Assets	To be determined
(8)	Fiscal Year-End	January 31

(9) Overview of accounting treatment

The transaction contemplated herein will fall under a “transaction with a minor shareholder” under the category of “common control transaction, etc.” It is expected that goodwill will be recognized as a result of the Share Exchange. However, the amount of the goodwill has not been determined yet as of the date hereof.

(10) Impact on Financial Results

Since SUMCO TECHXIV is a consolidated subsidiary of SUMCO, the impact of the Share Exchange on SUMCO, whether on a consolidated basis or otherwise, is expected to be insignificant even with the amount of goodwill.

Additionally, SUMCO TECHXIV plans to continue its current business even after the Share Exchange. Therefore, the impact of the Share

Exchange on SUMCO TECHXIV, whether on a consolidated basis or otherwise, is expected to be insignificant.

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