

For Immediate Release

May 18, 2006

To whom it may concern:

Sumitomo Corporation

Motoyuki Oka, President and CEO

Code No: 8053 Tokyo Stock Exchange (TSE), 1st Section

Contact: Mitsuru Iba,

Corporate Communications Dept.

Tel. +81-3-5166-3089

**Re: Sumitomo Corporation Announces Grant of Stock Options
for a Stock-Linked Compensation Plan**

Sumitomo Corporation (the “Company”) hereby announces that at a meeting held today, the Board of Directors resolved to obtain an authorization by shareholder resolution at the Ordinary General Meeting of Shareholders scheduled to be held on June 23, 2006, for the issue of new share acquisition rights in the form of stock options for a stock-linked compensation plan to the Company’s Directors and Executive Officers in accordance with the provisions of Articles 236, 238 and 239 of the Company Law of Japan.

1. The reason for the need to recruit persons to accept new share acquisition rights on particularly favorable terms:

The compensation of the Company’s Directors and Executive Officers consists of monthly remuneration, performance linked bonuses, stock options and retirement bonuses. However, this compensation is under review, and along with the abolishment of the retirement bonus system as of the close of the Ordinary General Meeting of Shareholders scheduled to be held on June 23, 2006, the Company wishes to issue new share acquisition rights in the form of stock options for a stock-linked compensation plan as described in 2 below, to link the Company’s performance and stock price more clearly to compensation of Directors and Executive Officers, as well as to enhance the sharing of value with all our shareholders.

2. Terms on which new share acquisition rights may be issued

(1) Persons to whom new share acquisition rights may be allocated:

Directors and Executive Officers of the Company

(2) Number of shares subject to new share acquisition rights:

The maximum number of shares subject to new share acquisition rights shall be 150,000 of the Company's common shares, of which new share acquisition rights covering a maximum of 100,000 shares may be allocated to the Company's Directors.

(3) Total number of new share acquisition rights to be issued:

The maximum total number of new share acquisition rights to be issued will be 150. The maximum total number of rights to be allocated to the Directors of the Company shall be 100.

(1,000 common shares for every new share acquisition right to be issued)

(4) The need for payment in consideration of new share acquisition rights:

The new share acquisition rights will be issued without consideration.

(5) Value of the assets to be contributed upon exercise of the new share acquisition rights:

The value of the assets to be contributed upon exercise of the new share acquisition rights shall be determined by multiplying the price paid per share issuable upon the exercise of the new share acquisition rights (hereinafter "Exercise Price") by the number of shares subject to such new share acquisition rights. The Exercise Price shall be one yen (¥1).

(6) Term during which the new share acquisition rights can be exercised

10 years from the day following the day on which a person that has been allocated new share acquisition rights (the "Grantees") becomes neither a Director nor an Executive Officer.

(7) Conditions on exercise of new share acquisition rights:

(i) The Grantee may not exercise the new share acquisition rights when any of the circumstances apply:

(a) When the Grantee has been sentenced to imprisonment or severer penalty during his/her term of office.

- (b) When the Grantee or his/her heirs have offered to abandon all or part of the new share acquisition rights in a document in the form specified by the Company.
 - (ii) Transfer, pledge or any other encumbrance of new share acquisition rights shall not be permitted.
 - (iii) Other conditions relating to the allocation of the new share acquisition rights shall be stipulated in an agreement concluded between the Company and each of the persons to whom the new share acquisition rights will be allocated, based upon the resolution of this General Meeting of Shareholders and the resolution of the Board of Directors to issue the new share acquisition rights.
- (8) Matters concerning increase in capital and capital reserve in case of issuance of shares through exercise of new share acquisition rights:
- (i) When shares are issued through the exercise of new share acquisition rights, the amount of capital increase shall be one-half of the maximum limit for increases in capital, etc., calculated in accordance with Article 40, Paragraph 1 of the Corporate Accounting Rules. Fractions of less than ¥1 shall be rounded up in calculations.
 - (ii) When shares are issued through the exercise of new share acquisition rights, the amount of capital reserve to be added shall be determined by subtracting the amount of capital increase as stipulated in (i) above from the maximum limit for increases in capital, etc. indicated in (i) above.
- (9) Limitation on the acquisition of new share acquisition rights by assignment:
Approval of the Board of Directors is required for the acquisition of new share acquisition rights by way of assignment.
- (10) Provisions governing the redemption of new share acquisition rights by the Company:
When the Grantee falls under the conditions of (7) (i) above, or cannot exercise such rights for other reasons, the Company may redeem such new share acquisition rights without compensation.

(11) Adjustment in the number of shares subject to new share acquisition rights and the Exercise Price

- (i) If the stock of the Company has been split or subject to a reverse split following the issuance of new share acquisition rights, the number of shares subject to the new share acquisition rights stipulated in (2) above and the number of shares of stock per new share acquisition right stipulated in (3) above are to be adjusted using the following formula. However, the relevant adjustment is to be made only for the number of shares subject to new share acquisition rights that have not been exercised at the relevant point in time, rounding off fractions of a share resulting from the adjustment.

NUMBER OF SHARES AFTER ADJUSTMENT= NUMBER OF SHARES BEFORE ADJUSTMENT × SPLIT OR REVERSE SPLIT RATIO

- (ii) The Exercise Price shall not be adjusted even in case of the Company's issuance of new shares at a price below the market price, or a stock split or reverse split, following the issuance of new share acquisition rights.

Note) The foregoing is subject to the approval of the proposition of "Issuing New Share Acquisition Rights in the Form of Stock Options for a Stock-Linked Compensation Plan to the Company's Directors and Executive Officers" at the Ordinary General Meeting of Shareholders scheduled for June 23, 2006.