

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

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Re: Sumitomo Corporation Announces Grant of Stock Options

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 to the Company’s Directors, Executive Officers and employees 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:

So as to increase the motivation and morale of the Company’s Directors, Executive Officers and employees and further expand our profit base and strengthen our corporate constitution, the Company wishes to be able to issue new share acquisition rights without consideration, as set forth in 2 below.

The value of assets to be contributed upon the exercise of such rights will be based on the current market value, as set forth in 2 (5) below.

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 and Corporate Officers under the Company’s qualification system.

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

The maximum number of shares subject to new share acquisition rights shall be 189,000 of the Company’s common shares, of which new share acquisition rights covering a maximum of 72,000 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 189.
The maximum total number of rights to be allocated to the Directors shall be 72.
(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 the price, rounded up to eliminate any fraction of a yen, that is the average of the closing price for transactions in the Company's common shares on the Tokyo Stock Exchange on each day (excluding days on which there were no transactions) of the month immediately prior to the month in which the new share acquisition rights are allocated, multiplied by 1.05; provided, however, that if the Exercise Price as so computed would be less than the closing price for transactions in the Company's common shares on the Tokyo Stock Exchange on the day on which the new share acquisition rights are allocated (or the closing price on the day immediately preceding such date, if there were no transactions on such date), the Exercise Price shall be such closing price.

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

From April 1, 2007 to June 30, 2011

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

- (i) A person that has been allocated new share acquisition rights (the "Grantee") of must also be, at the time of exercise thereof, a Director, Executive Officer or Corporate Officer of the Company.
- (ii) Transfer, pledge, any other encumbrance or inheritance 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 assignment.
- (10) Provisions governing the redemption of new share acquisition rights by the Company:
When the Grantee has not met the conditions of (7) (i) above, or cannot for other reason exercise such rights, 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) When the Company issues new shares at a price below the market price following the issuance of new share acquisition rights, the Exercise Price stipulated in (5) above is to be adjusted according to the following formula, rounding up fractions of less than ¥1 resulting from the adjustment. However, this shall not apply to the issuance of new shares by the Company in cases of the exercise of new share acquisition rights or public offerings at fair value.

$$\begin{aligned} \text{Post-adjustment Exercise Price} = & \frac{\text{number of shares newly issued} \times \text{pre-adjustment Exercise Price}}{\text{number of shares already issued} + \frac{\text{share price before new issuance}}{\text{pre-adjustment Exercise Price}}} \\ & + \text{increase in number of shares resulting from new issuance} \end{aligned}$$

Moreover, if the Company implements a stock split or a reverse split following the issuance of new share acquisition rights, the Exercise Price shall be adjusted in proportion to the ratio of the stock split or reverse split, rounding up fractions of less than ¥1 resulting from the adjustment.

In addition to the above, if an adjustment of the Exercise Price is necessary, for example if the Company merges with another company, or merges or absorbs by spin-off another company following the issuance of new share acquisition rights, it shall be appropriately adjusted within reasonable limits.

Note) The foregoing is subject to the approval of the proposition of “Issuing New Share Acquisition Rights in the Form of Stock Options to the Company’s Directors, Executive Officers and employees” at the Ordinary General Meeting of Shareholders scheduled for June 23, 2006.