

For Immediate Release

July 28, 2006

To whom it may concern:

***Sumitomo Corporation***

Motoyuki Oka, President and CEO

Code No: 8053 Tokyo Stock Exchange (TSE), 1<sup>st</sup> Section

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**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 a proposal to issue 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. The specific terms of the stock options issue are as follows:

**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 held on June 23,2006, the Company issues new share acquisition rights in the form of stock options for a stock-linked compensation plan as described 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.Name of the New Stock Acquisition Rights**

Sumitomo Corporation, the First Stock Acquisition Rights for a Stock-linked Compensation Plan.

### **3.Type and Number of Shares Subject to New Share Acquisition Rights**

The number of shares subject to new share acquisition rights shall be 111,000 of the Company's common shares, of which new share acquisition rights covering of 82,000 shares shall be allocated to the Company's Directors.

If the Company conducts a stock split or reverse stock split, the number of shares shall be adjusted using the following calculation formula. This adjustment, however, shall only be conducted for the number of shares subject to the new share acquisition rights that have not been exercised at that time. Fractional shares resulting from the adjustment shall be rounded down.

NUMBER OF SHARES AFTER ADJUSTMENT =

NUMBER OF SHARES BEFORE ADJUSTMENT × SPLIT OR REVERSE SPLIT RATIO

### **4. Total Number of New Share Acquisition Rights to be Issued**

The total number of new share acquisition rights to be issued shall be 111.

The total number of rights to be allocated to the Directors shall be 82.

(1,000 common shares for every new share acquisition right shall be issued.

However, if adjustments are made to the number of shares as described in item 3. above, the same adjustments shall also be made here.)

### **5. The Need for Payment in Consideration of New Share Acquisition Rights**

The new share acquisition rights will be issued without consideration.

### **6. Issue date of new share acquisition rights**

July 31, 2006

### **7. Persons to whom New Share Acquisition Rights may be Allocated**

Directors and Executive Officers, 29 persons in total.

### **8.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).

### **9.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.

#### **10. Conditions on Exercise of New Share Acquisition Rights**

- (1) The Grantee may not exercise the new share acquisition rights when any of the circumstances apply:
  - i . When the Grantee has been sentenced to imprisonment or severer penalty during his/her term of office.
  - ii . 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.
- (2) Transfer, pledge or any other encumbrance of new share acquisition rights shall not be permitted.
- (3) 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.

#### **11. Matters Concerning Increase in Capital and Capital Reserve in Case of Issuance of Shares through Exercise of New Share Acquisition Rights**

- (1) 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.
- (2) 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 (1) above from the maximum limit for increases in capital, etc. indicated in (1) above.

#### **12. 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.

#### **13. Provisions Governing the Redemption of New Share Acquisition Rights by the Company**

When the Grantee falls under the conditions of 10.(1) above, or cannot exercise such rights for other reasons, the Company may redeem such new share acquisition rights without compensation.

#### 14.Reorganization

If the Company is subject to a merger (limited to the case where the Company ceases to exist after to the merger), merger or absorption by spin-off, demerger, stock swap or stock transfer (hereinafter “Reorganization”), it shall, pursuant to the provisions below, deliver new share acquisition rights covering the shares in the reorganized company as indicated in Article 236, Paragraph 1, Items 8a through e of the Company Law for the respective cases (hereinafter referred to as “Reorganized Company”), to the Grantees of the Company’s existing new share acquisition rights (hereinafter “Existing New Share Acquisition Rights”) when the Reorganization becomes effective. In this case, the Existing New Share Acquisition Rights will cease to exist and the Reorganized Company will issue new share acquisition rights. However, this shall be limited to the case whereby the delivery of new share acquisition rights for the Reorganized Company is stipulated in the take-over or merger agreements, merger or absorption by spin-off plans, demerger plans, stock swap agreements or stock transfer plans in accordance with the conditions below.

(a) Number of new share acquisition rights of the Reorganized Company to be delivered:

The same number as the number of new share acquisition rights held, respectively, by the Grantee of the Existing New Share Acquisition Rights shall be delivered.

(b) Types of shares of the Reorganized Company subject to new share acquisition rights:

The common shares of the Reorganized Company.

(c) Number of shares of the Reorganized Company subject to new share acquisition rights:

To be determined in accordance with item 3. above upon consideration of such factors as the conditions of the Reorganizations.

(d) 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 the amount of the Exercise Price after the Reorganization as set forth below multiplied by the number of shares subject to such new share acquisition rights. The Exercise Price after the Reorganization shall be one yen (¥1) per share of the Reorganized Company that can be received upon exercise of the new share acquisition rights.

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

To be determined in accordance with item 9. above.

(f) Matters concerning increase in capital and capital reserves in case of issuance of

shares through exercise of new share acquisition rights:

To be determined in accordance with item 11. above.

(g) Limitation on the acquisition of new share acquisition rights by assignment:

The acquisition of the new share acquisition rights by assignment shall require the approval of the Reorganized Company.

(h) Provisions governing the redemption of new share acquisition rights by the Reorganized Company:

To be determined in accordance with item 13. above.

(i) Other conditions on the exercise of new share acquisition rights:

To be determined in accordance with 10. above.

#### **15. New Share Acquisition Right Securities**

When requested by Company directors and others, the Company will issue new share acquisition right securities to the person in question.

#### **16. Initial Date in Reckoning of New Share Acquisition Right Dividends**

The first dividends or interim dividends for shares that have been issued as a result of the grantee exercising new share acquisition rights will be paid on April 1 if exercised between April 1 and September 30 and October 1 if exercised between October 1 and March 31 of the following year.

#### **17. Payment Handling Bank for Exercising New Share Acquisition Rights**

Sumitomo Mitsui Banking Corporation Limited, Tokyo Main Office  
1-3-2, Marunouchi, Chiyoda-ku, Tokyo, Japan

#### **18. Location to Request Exercise of New Share Acquisition Rights**

Sumitomo Corporation  
1-8-11, Harumi, Chuo-ku, Tokyo, Japan

#### **19. Number of Shares in One Voting Unit**

1,000 shares