

For Immediate Release

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Sumitomo Chemical increases its shareholding in Sumitomo Pharmaceuticals

Sumitomo Chemical Co., Ltd. ("Sumitomo Chemical") announced today its agreement with Inabata & Co., Ltd. ("Inabata") to acquire a part of Inabata's voting stocks of Sumitomo Pharmaceuticals Co., Ltd. ("Sumitomo Pharmaceuticals"), thereby increasing its shareholding in Sumitomo Pharmaceuticals to 85.70%(154,600 shares) from the current 77.83%(140,400 shares)

On November 25, 2004, Sumitomo Pharmaceuticals and Dainippon Pharmaceutical Co., Ltd. ("Dainippon Pharmaceutical"), along with Sumitomo Chemical, reached a basic agreement on the proposed merger of Sumitomo Pharmaceuticals and Dainippon Pharmaceutical, effective October 1, 2005. According to the agreement, Sumitomo Chemical will acquire 50.1% of the voting stocks of the new company to be established by the merger, and the three companies will collaborate to achieve this end. The acquisition of the stocks by Sumitomo Chemical from Inabata this time is a step taken in accord with this agreement.

Sumitomo Chemical positions the pharmaceutical business as one of its most important operations and will render whatever support is necessary to maximize the value of the new company as one of its shareholders.