

March 2, 2006

Expansion of Facilities for Production of Polarizing Film for LCDs

Sumitomo Chemical Co., Ltd. has announced its decision to expand its facilities for the production of raw material rolls of polarizing film for liquid crystal displays (LCDs), for which it will build an additional 4 lines; 1 in Japan, 2 in Korea, and 1 in China, which together will add a total capacity of 34 million m<sup>2</sup> per year. The plants are scheduled to be completed from June through July of 2007. This adds to the Company's expansion announced in September 2005 of its 3 production lines currently under construction in Japan and Korea, with a total annual capacity of 18 million m<sup>2</sup>. Once complete, this newly planned expansion, combined with the ongoing expansions and its existing facilities, will bring the Company's total yearly production capacity for polarizing film to 76 million m<sup>2</sup>. Furthermore, Sumitomo Chemical will construct a new plant for chip-cut processing of polarizing film dedicated to large-size LCDs for televisions manufactured in China, following the construction of similar processing plants in Taiwan and Korea, in order to supply LCD manufacturers that are building new plants in China for large-size LCD panels.

The market for large-size LCD televisions is expanding very rapidly with improvements in performance and lower prices, and this, along with the increasing size of display screens, is spurring an increasing demand for constituent materials for LCD panels such as polarizing film, making it necessary to keep pace by increasing supply capacity. Meanwhile, Sumitomo Chemical is establishing a proven track record through its development of advanced polarizing film for large-size displays that is earning a reputation among LCD panel manufacturers as one of the best in the industry for its high quality and outstanding performance.

Given these circumstances, Sumitomo Chemical has determined that it is necessary to make an additional investment to undertake capacity expansion on a larger-scale as well as working to complete the current expansion of its facilities at the earliest possible date. The planned facilities will be dedicated exclusively to producing polarizing film for large-size displays, and will incorporate the most advanced technology, assuring optimum levels of both productivity and quality control.

This latest expansion will bring Sumitomo Chemical's total number of lines for the production of polarizing film to 4 lines in Japan, 6 lines in Korea, 2 lines in Taiwan, and 1 line in China, allowing the Company to better supply its customers who are expanding their LCD-manufacturing bases globally. This will position Sumitomo Chemical for the further growth of its polarizing film business in the future.

Summary of facilities expansion:

1 . Capacity:

Ehime Works

1 line 8.5 million m<sup>2</sup>/yr.

Korea (Dongwoo Fine Chem) 2 lines 8.5 million m<sup>2</sup>/yr.; total 17 million m<sup>2</sup>/yr.

China (Sumika Electronic Materials, Wuxi) 1 line 8.5 million m<sup>2</sup>/yr.

2 . Scheduled completion:

Ehime Works	June '07
Korea (Dongwoo Fine Chem)	June-July '07
China (Sumika Electronic Materials, Wuxi)	July '07