

March 5, 2007

## **Sumitomo Chemical Unveils New Three-Year Corporate Business Plan**

### ***Taking a Quantum Leap as a Global Company***

Tokyo: March 5, 2007 --- Sumitomo Chemical Company, Limited today announced its new Three-Year Corporate Business Plan spanning the period from fiscal 2007 to 2009. The new Corporate Business Plan builds on the steady business expansion and profit growth achieved during the term of the current Corporate Business Plan and is modeled on its basic principles. While positioning the successful accomplishment of the Rabigh Project, with commercial operations to start in the latter half of 2008, as the most important objective to achieve, the new plan also incorporates measures designed to propel the Company through a quantum leap in its further business development.

#### **1 . Basic Principle of New Three-Year Corporate Business Plan**

**To achieve and consolidate high profitability and secure sustained growth potential to generate the added value our shareholders expect in our business as we work to take a Quantum Leap in our business development as a Global Company.**

#### **2 . Basic Initiatives**

- **Successful Accomplishment of the Rabigh Project**

The Rabigh Project will radically strengthen the foundation of the Company's petrochemical business, and will propel a quantum leap in the profitability of the business as well as significantly accelerating the globalization of the entire Sumitomo Chemical Group. At present, the most important objective is for the Company to concentrate its efforts on completing the Rabigh Project on schedule and bringing it into stable commercial operation as early as possible as well as establishing the necessary marketing structures.

- **Enhancing Global Management**

In terms of globalization, the successful accomplishment of the Rabigh Project will drive major advances in Sumitomo Chemical's business development. The Company will strengthen and enhance its corporate governance and management systems to support the further development of its businesses on the global stage.

- **Enlarging the Value-Added Component of Every Business Sector**

By expanding its production capacities and implementing cost rationalizations, launching new products and shifting to higher value-added products, the Company will forge ahead to further strengthen its basis of profitability in the core businesses in all six of its business sectors.

- **Expanding the Company's businesses in the life sciences and IT-related materials and Strengthening their Competitiveness**

The Company will continue to allocate its business resources in a focused and timely manner, seeking to boost profitability in areas like the life sciences and IT-related materials that are forecast to see sustained market growth.

- **Paving the Way for Further Growth**

Over the next three years, the Company plans to devote ¥370 billion to capital investment. Meanwhile, the Company envisions a cash flow of ¥530 generated from its business activities, and from this free cash flow, a maximum of ¥200 billion will be set aside as a "growth reserve fund" to be used for investment opportunities with the potential to drive further growth that may arise. In its R&D activities as well, the Company will devote its efforts to the development, cultivation and early commercialization of new businesses.

### 3 . Performance Targets

Consolidated	(billions of yen)	
	FY 2006 (Projection)	FY 2009 Target
Sales	1,785	2,400
Ordinary income	150	250
Net income	91	150

(For reference: (FY 2009)

Operating income 200 bn yen

Equity earnings 65 bn yen)

In fiscal 2009, the final year of the new Three-Year Corporate Business Plan, the Company is targeting sales of ¥2 trillion 400 billion, ordinary income of ¥250 billion, and net income of ¥150 billion.

The Company seeks to secure a robust balance sheet in fiscal 2009 by raising profitability and enhancing shareholders' equity to achieve a shareholders' equity ratio

of 37% and a debt-equity ratio of 0.5.

The Company will expedite the implementation of its new Three-Year Corporate Business Plan with a view to achieving a solid base of high profitability and sustainable growth throughout the entire Sumitomo Chemical Group.