

November 27, 2013

## **Sumitomo Chemical to Acquire Entire Stake in Nihon Oxirane and to Cease Operation of Nihon Oxirane in 2015**

Sumitomo Chemical announced today that it has reached an agreement with Lyondell Centennial Corp. (LyondellBasell) on the transfer to Sumitomo Chemical of LyondellBasell's entire equity holding in Nihon Oxirane Co. (NOC), a joint venture between the two companies currently owned 40% by LyondellBasell and 60% by Sumitomo Chemical. Upon the completion of equity transfer in December this year, NOC will become a wholly owned subsidiary of Sumitomo Chemical.

The Company also announced its decision to discontinue NOC's manufacture and sale of styrene monomer (SM), propylene oxide (PO) and propylene glycol (PG) by the end of May 2015.

Over recent years, Japan's petrochemical industry has constantly been faced with the difficult business environment due mainly to a decline in domestic demand and the changes in the supply-demand structure as a result of new constructions and expansions of large-scale plants in China and the Middle East. To strengthen and sustain its petrochemical business under the circumstances, Sumitomo Chemical must further step up its efforts of accelerating business structural improvements.

As announced in February this year, Sumitomo Chemical has decided to close down an ethylene plant at its Chiba Works in 2015 when the next periodic shutdown maintenance takes place, as part of its endeavor to reinforce the competitiveness of its petrochemical operation at the Chiba Works, the Company's stronghold for petrochemical business in Japan. Following the decision, Sumitomo Chemical has been looking into concrete measures to optimize production facilities, including possibilities of plant closure for some of the derivatives. As a result, given the business conditions expected to grow increasingly severe, the Company has judged it necessary for strengthened operation of its petrochemical business to cease production and sale of SM, PO and PG at NOC, timed to coincide with the closure of the ethylene plant in Chiba.

After NOC ceases to produce and sell the three products, Sumitomo Chemical will engage in continued sale of PO by manufacturing the product at its PO-only process plant in Chiba, which excels in cost competitiveness and has achieved significantly reduced environmental impact.

Sumitomo Chemical will strive to enhance profitability of its petrochemical business by establishing an optimum business structure encompassing production, sale and research, capable of responding properly to changing demand in the marketplace at home and abroad.

(Outline of Nihon Oxirane Co.)

Head Office: 14-1, Kyobashi 2-chome, Chuo-ku, Tokyo

Chiba Operations: Kitasode 2, Sodegaura City, Chiba, Japan

Company Representative: Mikio Takagi, President and Representative Director

Incorporation: August 1972

Capital: 8.4 billion yen (as of October 31, 2013)

Number of Employees: 80 (as of October 31, 2013)

Business: Production and sale of styrene monomer, propylene oxide and propylene glycol

Shareholdings: Sumitomo Chemical 60%, Lyondell Centennial 40%

Annual production capacity:

Styrene monomer 425,000 tons

Propylene oxide 181,000 tons

Propylene glycol 100,000 tons