

Sumitomo Chemical Further Expands LCD Materials Business
-Adds Second Production Lines for Polarizing Film in Korea and Taiwan -

March 1, 2004, Tokyo — Sumitomo Chemical Company, Limited today announced its decision to construct additional production lines for polarizing film at its plants in both South Korea and Taiwan. Both lines will be capable of fully-integrated production, from stretching roll films to assembling the finished product. Polarizing films, part of the Company's portfolio of optically functional films, are a key component of liquid crystal display (LCD) panels.

Sumitomo Chemical has positioned IT-related chemicals as one of its most important core businesses and is aggressively making strategic investments to expand its operations in this field. In the LCD materials area in particular, the Company has moved decisively ahead with construction of a color filter plant in South Korea, as well as integrated polarizing film plants in both South Korea and Taiwan. The decision announced today is to build phase-II production lines for polarizing film.

The spreading use of LCD panels in everything from cellular phones to televisions and computer monitors has sharply increased demand for optically functional films. As one of the leading manufacturers of these films, Sumitomo Chemical has committed to increasing its production capacity in order to respond to this strong demand.

The production capacity of the new lines will be 4 million m²/year each. The Company expects to complete construction by the end of December 2004. Total capital investment, which includes the cost of purchasing land and new equipment, is expected to amount to ¥20 billion.

In South Korea, Sumitomo Chemical will be acquiring 150,000 m² of additional land adjacent to its Pyongtaek Works, the Company's production and research base in Korea for IT-related chemicals, bringing the total area of the facilities to 300,000 m², including land for the existing plant. Dongwoo Optical Film Co., a Korean joint venture between Sumitomo Chemical and its wholly owned subsidiary Dongwoo Fine-Chem Co., will begin construction of the new polarizing film production line in mid-March. The addition of the new line will increase the Company's polarizing film capacity in South Korea to 8 million m²/year.

In Taiwan, SC-IK Technology Co., Ltd. a Sumitomo Chemical affiliate, is currently building its first polarizing film plant, which will be completed in March this year at Tainan Science Park. The new production line will be installed within the Park, bringing Sumitomo Chemical's total production capacity of polarizing films in Taiwan also to 8 million m²/year.

Once these production facilities are completed, Sumitomo Chemical's production capacity for polarizing films, including capacity at its plants in Japan, will total 24 million m²/year. This will rank Sumitomo Chemical among the world's top producers of polarizing film and further strengthen the Company's presence in South Korea and Taiwan, two of the fastest growing markets for LCD components and materials. The Company is also considering plans to expand its production base in China in the near future.

These moves reinforce Sumitomo Chemical's production capability in two of Asia's leading LCD markets and will enable the company to respond more quickly to customer demand for high-quality products. The new production lines will also enable the Company to establish a stable supply base and raise its level of service to customers. Capitalizing on these strengths, the Company will further promote its solid and strategic alliances with customers to expand its IT-related materials business.

Overview of Referenced Affiliates

1. Dongwoo Optical Films Co., Ltd.

Established	:	October 2002
Main Office	:	Pyongtaek, South Korea
President	:	Chang Mook Choi
Capitalization	:	45 billion won (75% held by Sumitomo Chemical; 25% held by Dongwoo Fine-Chem Co., Ltd.)
Staff	:	149 (as of December 2003)
Main Lines of Business	:	Manufacture and sale of optically functional film for LCD panels

2. SC-IK Technology Co., Ltd.

Established	:	April 2001
Main Office	:	Taiwan
President	:	Kazuyoshi Osako
Capitalization	:	NT\$10 billion (80% held by Sumitomo Chemical; 20% held by Inabata & Co., Ltd.)
Staff	:	447 (as of December 2003)
Main Lines of Business	:	Main Lines of Business: Manufacture and sale of optically functional film for LCD panels