

Sumitomo Chemical Substantially Expands Polarizing Film Production for Large LCD Televisions

Sumitomo Chemical has decided to substantially expand its production of polarizing film for large-size LCD televisions in order to meet a rapidly growing demand. The Company will build a new production line with an annual capacity of 6 million square meters at its existing Japan plant and two additional lines with a total annual capacity of 12 million square meters at its Korean plant, for a combined capacity increase of 18 million square meters per year.

The market for large-size LCD televisions is seeing solid mainstream expansion as advances in performance and decline in prices help drive brisk sales growth. Targeting this market as a growth field, Sumitomo Chemical has constantly been striving to improve the quality of its polarizing film for large-size LCDs. The Company's R&D efforts have now advanced as far as to achieve substantial improvements in performance, quality and cost-competitiveness. With the combined use of polycycloolefin retardation film developed specifically for large-size LCD televisions, and capitalizing on the Company's versatile technological expertise in the field, Sumitomo Chemical is confident that its polarization film will become a mainstream material for large-size LCD television applications in the future.

The new production lines will substantially upgrade Sumitomo Chemical's polarization film production capabilities. Productivity will be vastly improved with integrated production in all processes from stretching and coating to completion of finished products through the use of cutting-edge equipment and innovative technologies. In addition, a variety of highly advanced technologies will be employed to enhance quality assurance to make sure that products of consistently high quality can be supplied to customers. The new lines will represent an ideal manufacturing facility that will enable the Company to work successfully in the market amid ever-intensifying quality competition.

Once the new facilities are complete, the total production capacity of the Company's plants in Japan, Korea, and Taiwan, each of which currently has an annual capacity of 8 million square meters, will reach 42 million square meters per year, allowing the Company to meet the rapidly growing demand for polarizing film and satisfy customers' needs for a stable supply.

One of the two production lines to be built in Korea is intended to supply the Chinese market, which is expected to grow rapidly. The Company is formulating plans for possible further expansions, such as additional line in Ehime, Japan and expanded capacity in Taiwan or Wuxi, China, which will be undertaken at any time if the market promises continued high growth.

Sumitomo Chemical will continue in its endeavors to enhance its supply capabilities in order to meet customers' needs promptly and will seek to further expand its business in LCD display-related materials.

Overview of new facilities

1. Production Capacity

Japan (Ehime Works)	One line	6 million m ² /yr.
Korea (Dongwoo Fine-Chem)	Two lines	6 million m ² /yr.
	Total:	12 million m ² /yr.

2. Date of completion

Ehime Works	August 2006
Korea (Dongwoo Fine-Chem)	May 2006 (First line)
	October 2006 (Second line)

End