

August 7, 2006

**Sumitomo Chemical Establishes a Base of Operations
for IT-related Materials in Poland**

Sumitomo Chemical Co., Ltd. (Sumitomo) today announced that it will establish a new company, Sumika Electronic Materials Poland Sp. Z o.o., in a suburb of the city of Toruń in northern Poland to construct a plant for the manufacture of IT-related materials.

Sumitomo has positioned IT-related materials as one of its major areas of focus, centering on materials for liquid crystal displays (LCDs), and has been promoting an aggressive global expansion of its production bases. Sumitomo currently manufactures LCD-related materials in Japan, Korea, Taiwan and China, with a particular focus on polarizing film. In Europe, demand for large-screen LCD televisions is showing rapid growth, which has been accelerating the influx of LCD panel manufacturers into Europe. Given this business climate, Sumitomo has been studying the construction of a production base somewhere in Europe and has decided to build a new plant in the Pomeranian Special Economic Zone outside the northern city of Toruń in Poland, where one of its major customers, Sharp Corporation, has operations. This move will enable Sumitomo to supply quality products and provide better customer services to the thriving LCD-related industry in Europe.

The new company will be incorporated by late August after completing all legal procedures, and will commence construction of the new plant as soon as the construction permit is granted. The first facilities to be built will be a plant for the chip-cut processing of polarizing film with a monthly capacity of 500 thousand sets and a plant for the manufacture of light diffusion panels with a yearly capacity of 5,000 tons. Both plants are scheduled to start operations in summer of 2007. The company will expand capacity for both polarizing film and light diffusion panels as necessary to meet demand from the major LCD panel manufacturers as they expand their businesses.

Establishing the European base of operations in Poland will further enhance Sumitomo's ability to provide LCD-related materials promptly to panel manufacturers with operations in Europe and offer a broader range of flexible services to its customers. Sumitomo will take maximum advantage of its strengthened European operations to further the global expansion of its core business of IT-related materials.

Summary of new company:

1. Company Name: Sumika Electronic Materials Poland Sp. Z o.o.
2. Established: Late August 2006 (planned)
3. Location: Lysomice, Torun, Kujawsko-Pomorskie Voivodship, Republic of Poland
4. Area: Approx. 200 thousand m² (including space for future expansion)
5. Capacity: First phase
Polarizing film: 500,000 sets/mo. (converted to 37 inch screens)
Light diffusion panels: 5,000 tons/yr.
6. Start of operations: Summer 2007 (planned)
7. Personnel: Initially approx. 250 persons
To be increased ultimately to as many as 400 persons