November 26, 2007

Sumitomo Chemical to Expand Lithium Ion Secondary Battery Separator Business

Sumitomo Chemical will expand its facilities for production of its lithium ion secondary battery separator Pervio®, the Company's core product in the continuing development of its energy-related business. Sumitomo Chemical completed construction of a facility for production of its separators in August 2006 and began supplying them to customers. However, in order to meet the rapidly increasing demand due to favorable evaluations of the separator's high performance, the Company has decided to undertake the current expansion of its production facilities.

Lithium ion secondary batteries are used in devices such as mobile phones, laptop computers and PDAs as these devices become increasingly functional and portable, and also these batteries are expected to find application as power sources for hybrid automobiles and other industrial uses. Given these growing uses, demand for lithium ion secondary batteries is expected to increase considerably going forward. In terms of performance, these batteries are required to operate at high capacity for long periods of time. In addition, ensuring the safety of batteries is a vital social requirement that makes the development of technologies for increasing reliability an important pursuit.

Utilizing its organic synthesis and functional polymer design technologies cultivated over many years, Sumitomo Chemical developed proprietary technology for laminating a polyolefin base material and aramid heat resistant layer to develop a separator with superior heat resistance, and was the first to achieve practical application and commercialize a product with this aramid heat resistant layering technology. Pervio® has received highly favorable evaluations from customers as a product that improves the reliability of lithium ion batteries.

In order to meet the broad-ranging expectations of our customers, the Company will expand the capacity of its production facility in stages from the middle of 2008 through the beginning of 2009. This expansion will incorporate the Sumitomo Chemical's accumulated expertise as well as the latest technology to further enhance both functionality and product quality. When completed, production capacity together with existing production lines will be a planned 12 million square meters annually by the middle of 2008, 16 million square meters annually by the end of 2008, and the combined capacity of all production lines will reach 25 million square meters annually in 2009. The Company will also study further production capacity expansions in the future to meet the growing demand.

Sumitomo Chemical positions energy as one of the areas where it can contribute to the solution of environmental problems through its long-cultivated technologies, and it is devoting its efforts to R&D to commercialize new businesses in this field. In addition to its separators, the Company plans to start a series of new businesses going forward for materials such as cathodes and other lithium ion battery materials, as well as components for use in fuel cells.

Production Capacity Following Expansions:

1. Facility Capacity: Mid-2008: 12 million sq. m/yr.
   End 2008: 16 million sq. m/yr.
   Mid-2009: 25 million sq. m/yr.
2. Production Base: Sumitomo Chemical, Ehime Works, Niihama, Japan