

Creative Hybrid Chemistry For a Better Tomorrow

November 30, 2010

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President

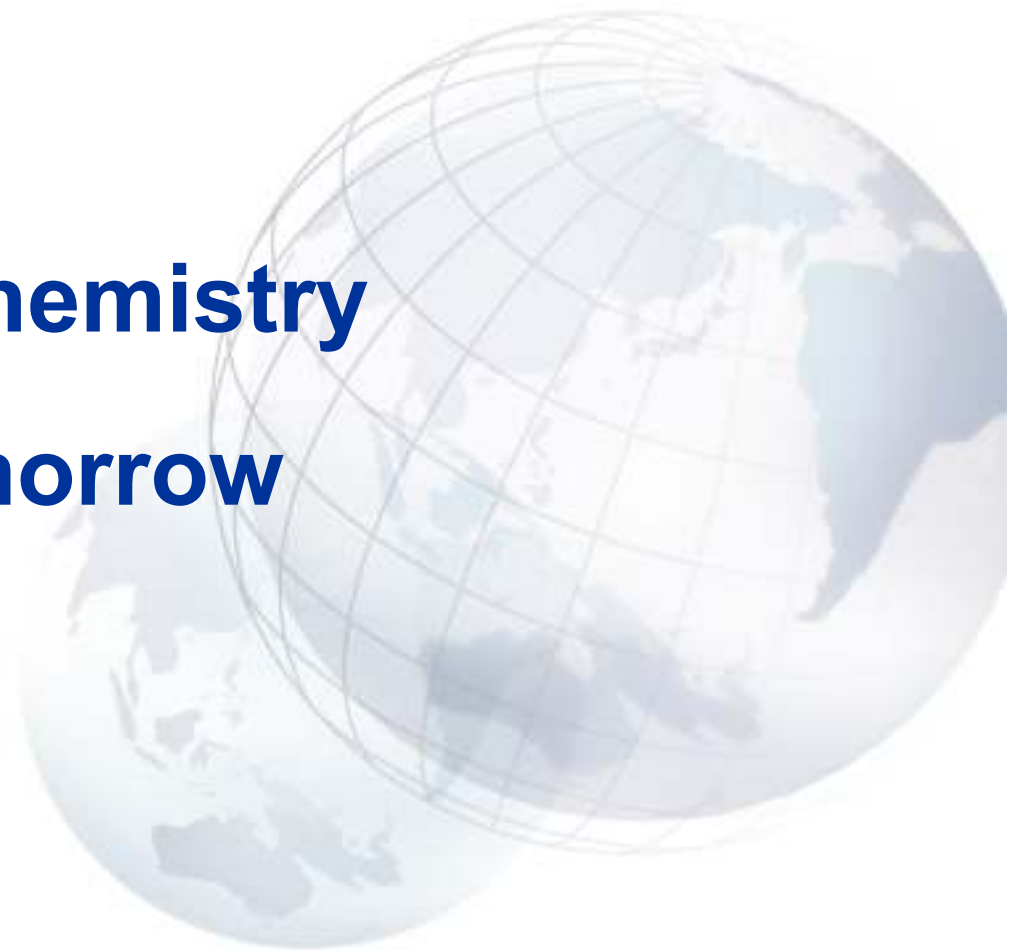


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Overview of FY 2010 Performance



FY 2010 First Half Results

	FY 2009.1H	FY 2010.1H	Change
Sales	¥735.2 billion	¥989.2 billion	+¥254.0 billion
Operating Income	¥11.2 billion	¥53.0 billion	+¥41.9 billion
Ordinary Income	¥7.8 billion	¥52.1 billion	+¥44.3 billion
Net Income	- ¥3.5 billion	¥2.5 billion	+¥6.0 billion
Overseas Sales	42.9%	53.5%	
Naphtha Price	¥37,300/kl	¥46,200/kl	
Exchange Rate	¥95.53/US\$	¥88.91/US\$	
Interim Dividend	¥0/share	¥3/share	

FY 2010 Full-Year Forecast

	FY 2009	FY 2010 (Forecast)	Change
Sales	¥1,620.9 billion	¥1,950.0 billion	+¥329.1 billion
Operating Income	¥51.5 billion	¥72.0 billion	+¥20.5 billion
Ordinary Income	¥35.0 billion	¥62.0 billion	+¥27.0 billion
Net Income	¥14.7 billion	¥10.0 billion	-¥4.7 billion
Naphtha Price	¥41,200/kl	¥45,100/kl (2nd-half ¥44,000/kl)	
Exchange Rate	¥92.89/US\$	¥84.00/US\$ (2nd-half ¥80.00/US\$)	
Full-Year Dividend	¥6/share	¥9/share	

FY 2010 Full-Year Forecast by Sector

(Billions of yen)

		FY 2009	FY 2010 (Forecast)	Change	Main Factors Contributing to Change in Operating Income
Basic Chemicals	Sales	203.3	240.0	+36.7	Sales and operating income is expected to increase because of a rise in market prices and a recovery in demand for raw materials for synthetic fibers and methyl methacrylate.
	O.I.	1.3	19.5	+18.2	
Petrochemicals & Plastics	Sales	481.5	635.0	+153.5	Sales and operating income is expected to increase because of the full-fledged contribution of the Rabigh complex, as well as higher selling prices in Japan and higher market prices overseas.
	O.I.	-0.2	10.5	+10.7	
Fine Chemicals	Sales	86.7	90.0	+3.3	Although sales is expected to increase because of a recovery in demand and sales promotion efforts for resorcinol, operating income is expected to decrease due to depreciation costs for a new plant.
	O.I.	3.6	1.5	-2.1	
IT-related Chemicals	Sales	265.2	325.0	+59.8	Sales and operating income are expected to increase because of a significant increase in shipments of polarizing film and color filters.
	O.I.	6.3	26.0	+19.7	
Agricultural Chemicals	Sales	211.5	220.0	+8.5	Although sales is expected to increase because of stronger shipments of methionine, herbicides and OLYSET® Net, operating income is expected to decrease due to the appreciation of the yen and depreciation costs for a new plant.
	O.I.	29.3	22.5	-6.8	
Pharma- ceuticals	Sales	267.5	350.0	+82.5	Although sales is expected to increase because of contributions from US subsidiaries, operating income is expected to decrease due to increase in amortization expenses of patent rights and other intangible assets, as well as the impact of drug price revisions.
	O.I.	29.9	13.5	-16.4	
Others	Sales	105.1	90.0	-15.1	
	O.I.	-18.7	-21.5	-2.8	
Total	Sales	1,620.9	1,950.0	+329.1	
	O.I.	51.5	72.0	+20.5	

For comparison purposes, figures for FY 2009 have been adjusted to reflect accounting changes applied from the beginning of FY 2010.

Overview of Corporate Business Plan FY 2010-2012



Corporate Vision

I. Achieve sustainable strong growth as a stronger, more innovative global company

Accelerate the globalization of business and meet the evolving needs of markets by building on strong R&D capabilities

II. Contribute to the sustainable development of the global community

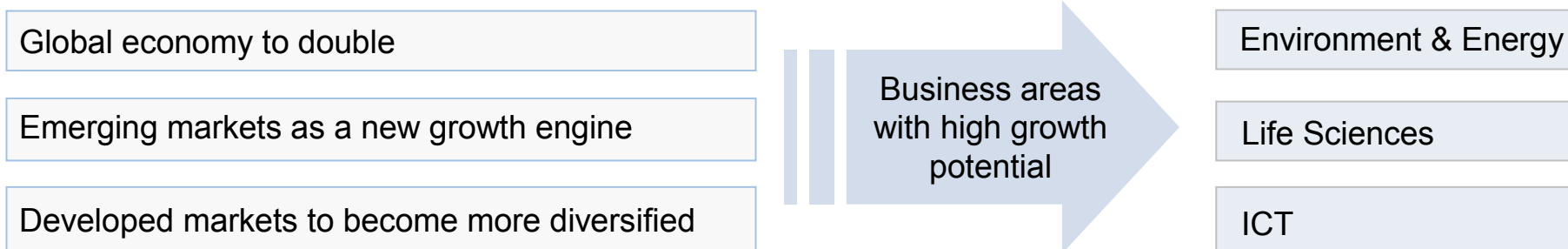
Meet pressing global challenges, such as improving people's health and living standards, enhancing energy and food security, and building a low-carbon society, by making the best use of the power of chemistry

III. Continuously enhance the value of the company

Build on our financial strengths and achieve sustainable earnings growth to meet shareholders' expectations

Long-Term Business Environment Outlook

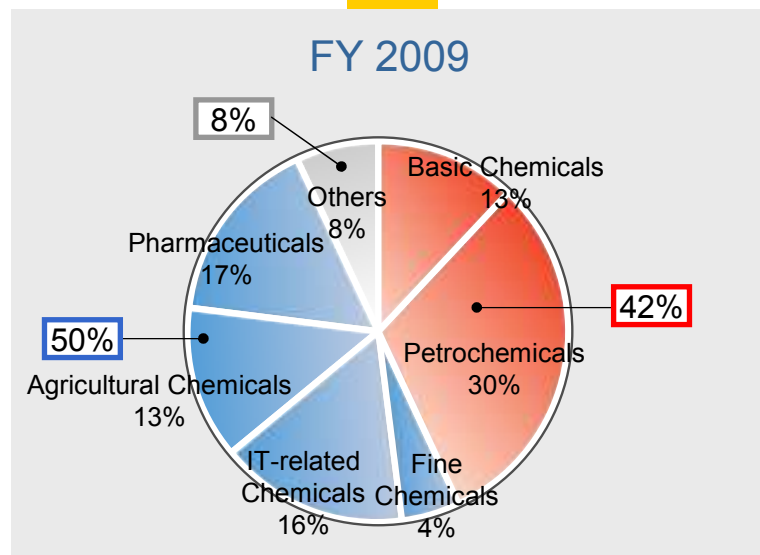
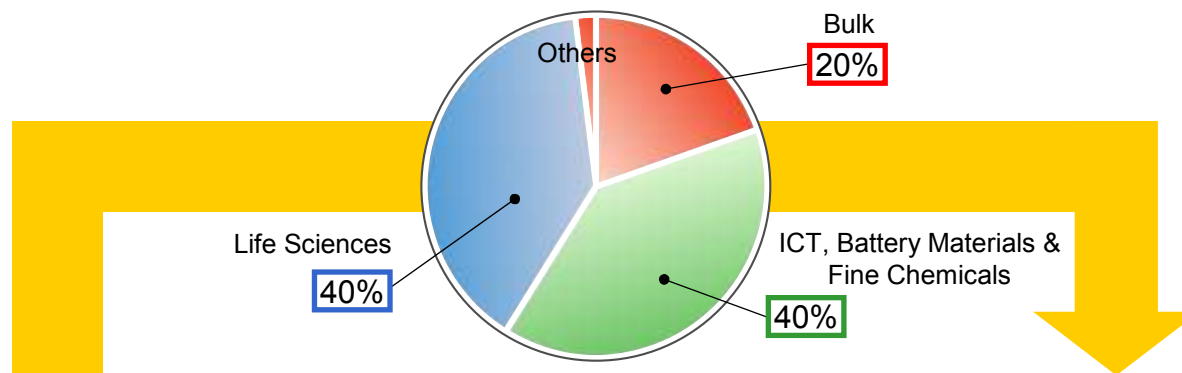
Outlook of the Global Economy & Business Environment in the Next 20 Years (through 2030)



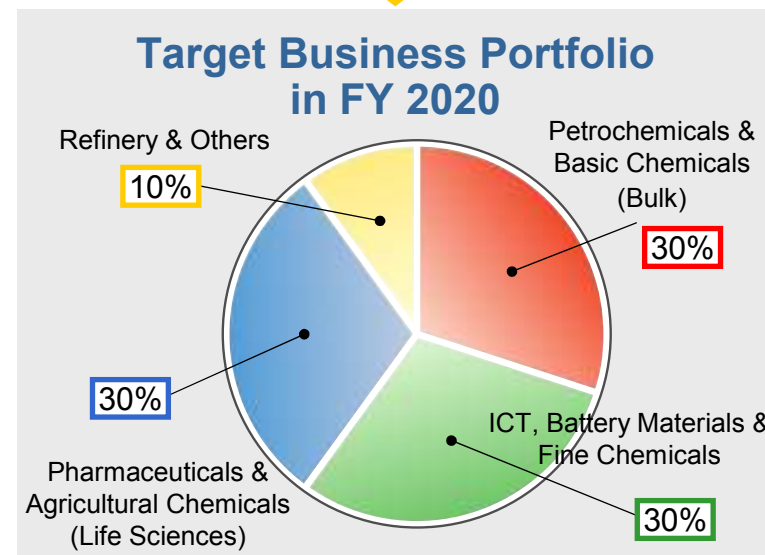
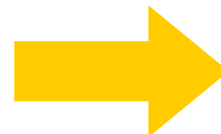
Business Portfolio Strategy

- Aiming for a balanced business portfolio structure, with “bulk chemicals,” “ICT,” and “life sciences” each accounting for approximately 30% of total sales by FY 2020.

Ratio of investments in new facilities, capacity expansions, and M&A through FY 2020



Sales by Sector



Seven Priority Initiatives and Performance Targets

Seven Priority Initiatives

1.

Quickly maximize profits & cash flows from major investments

2.

Enhance financial strength

3.

Strengthen cost competitiveness of core & commodity businesses

4.

Accelerate business growth

5.

Implement Climate Change Strategy

6.

Strengthen global management system

7.

Ensure full & strict compliance; maintain safe & stable operations

Performance Targets of the Corporate Business Plan

FY 2012 Performance Targets (consolidated)

Sales ¥ 2.4 trillion

Operating Income ¥ 190 billion

Ordinary Income ¥ 220 billion

*Including equity in earnings of affiliates of ¥ 40 billion

Net Income ¥ 140 billion

Assumptions

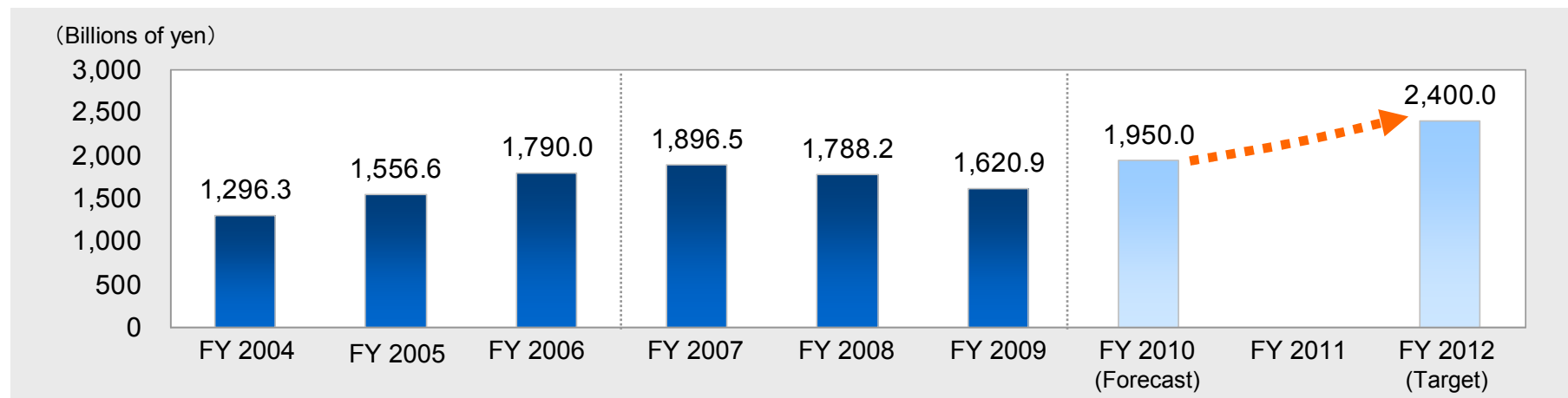
Ex. Rate: ¥ 90/US\$

Naphtha: ¥ 50,000/kl

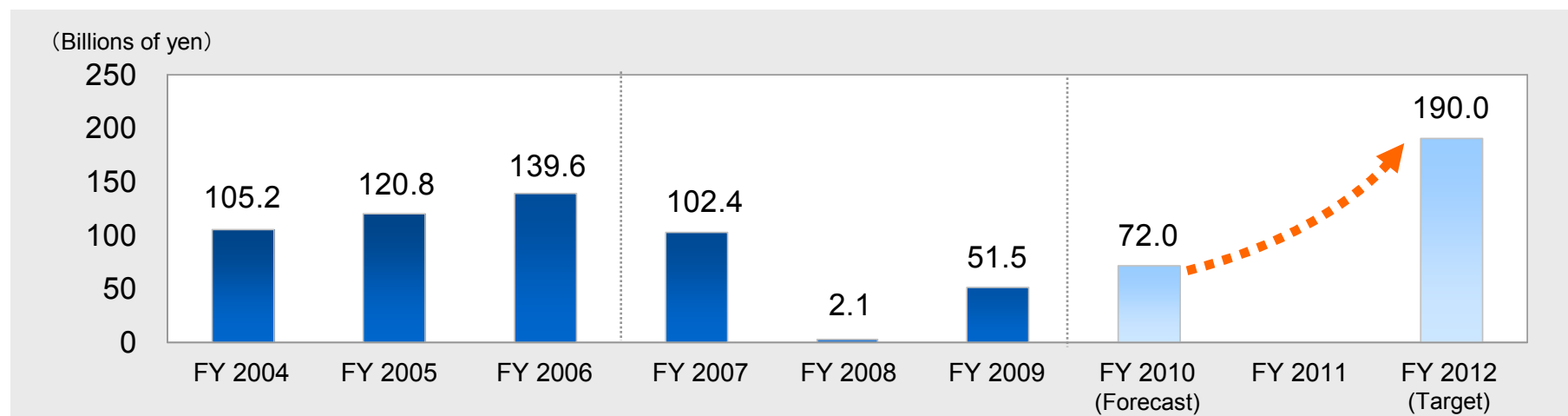
Crude Oil: US\$85/bbl

Performance Trends and FY 2012 Performance Targets

Sales



Operating Income



Progress on Our Corporate Business Plan



FY 2010 Forecast and FY2012 Targets

	FY 2010 (Forecast)	FY 2012 (Target)	Change
Sales	¥1,950.0 billion	¥2,400.0 billion	+¥450 billion
Operating Income	¥72.0 billion	¥190.0 billion	+¥118 billion
Ordinary Income	¥62.0 billion	¥220.0 billion	+¥158 billion
Net Income	¥10.0 billion	¥140.0 billion	+¥130 billion
Naphtha Price	¥45,100/kl	¥50,000/kl	
Exchange Rate	¥84.00/US\$	¥90.00/US\$	

FY 2010 Forecast and FY 2012 Targets by Sector

(Billions of yen)

		FY 2010 (Forecast)	FY 2012 (Target)	Change	Main Factors Contributing to Change in Operating Income
Basic Chemicals	Sales	240.0	270.0	+30.0	<ul style="list-style-type: none"> • Increase in sales of PMMA • Develop new applications and increase sales of alumina • Continued rationalization and reduction of procurement costs • Improve margins • Expand business in the area of high value added applications • Fully utilize our new resorcinol plant • Expand pharmaceutical chemicals business • Expand and strengthen polarizing film business • Expand photoresists business • Improve the performance of battery materials business in the short-term • Expand sales areas and enter new business fields in crop protection business • Expand household insecticides and pest control products in environmental health business • Expand scale of feed additives business • Launch and expand sales of Latuda (lurasidone) • Decrease in amortization and other costs related to the acquisition of Sunovion (former Sepracor) • Launch polymer organic LED materials
	O.I.	19.5	17.0	-2.5	
Petrochemicals & Plastics	Sales	635.0	785.0	+150.0	
	O.I.	10.5	30.0	+19.5	
Fine Chemicals	Sales	90.0	135.0	+45.0	
	O.I.	1.5	16.0	+14.5	
IT-related Chemicals	Sales	325.0	395.0	+70.0	
	O.I.	26.0	44.0	+18.0	
Agricultural Chemicals	Sales	220.0	270.0	+50.0	
	O.I.	22.5	48.0	+25.5	
Pharma- ceuticals	Sales	350.0	390.0	+40.0	
	O.I.	13.5	38.0	+24.5	
Others	Sales	90.0	155.0	+65.0	
	O.I.	-21.5	-30	+18.5	
Total	Sales	1,950.0	2,400.0	+450.0	
	O.I.	72.0	190.0	+118.0	

Factors Contributing to Growth in Operating Income: FY 2012 vs. FY 2010

Factors Contributing to Growth	Increase Over FY 2010 Forecast
1. Reduced variable costs <ul style="list-style-type: none"> ▪ Improvement of production efficiency 	+100
2. Reduced fixed costs <ul style="list-style-type: none"> ▪ Lower expenses for the amortization of actuarial differences in retirement benefits ▪ Lower expenses for the depreciation of production facilities for methionine, resorcinol and other products ▪ Lower expenses for the amortization of patent rights associated with the acquisition of Sunovion (formerly Sepracor) 	+350
3. Increased sales volumes and other factors <ul style="list-style-type: none"> ▪ Increase production capacity, launch new products and expand high value-added product businesses ▪ Launch Latuda (lurasidone) and PLED materials 	+730
Total	+1,180

Major Initiatives by Sector

Basic Chemicals

- PMMA: expand production capacity, increase sales in light-guide panel applications
- Alumina: increase sales in the environment & energy and ICT applications (LEDs, Li-ion batteries, glasses for LCDs, photovoltaic cells)
- Increase procurement of low-cost feedstocks from overseas and streamline production processes

Petrochemicals & Plastics

- Establish worldwide marketing operations, enhance high-performance and high value-added product businesses (e.g. EVA used in photovoltaic cells, high-performance packaging materials, PE/PP and S-SBR for use in automotive parts, thermoplastic elastomers)
- Quickly maximize earnings from Petro Rabigh

Fine Chemicals

- Resorcinol: maximize returns from increased capacity by expanding market share in Asia
- Rubber chemicals: enhance business by launching new materials for automobile tires
- Pharmaceutical Chemicals: strengthen the business of pharmaceutical chemicals for drugs addressing unmet medical needs and off-patent drugs

IT-related Chemicals

- Strengthen polarizing film business by developing low-cost materials and expanding product line for small-sized film for smart phones
- Expand production capacity for polarizing film
- Establish production capabilities for LCD materials in China (the Huanan region is under consideration)
- Expand ArF immersion photoresist and backlight unit businesses

Agricultural Chemicals

- Agrochemicals: expand sales by reinforcing our global sales network, enter new businesses such as seed treatment
- Pursue synergies in business alliance with Nufarm
- Household insecticides and public hygiene products: expand business in downstream and related areas
- Feed additives: capacity expansion in Japan and China and sales promotion

Pharmaceuticals

- Launch Latuda (lurasidone) in the US, increase its indications, and expand sales outside the US
- Increase in-licensing activities to expand our product pipeline
- Enhance the profitability of domestic business by increasing patented drug businesses

Others

- Complete the development of PLED materials for large-screen televisions and commercialize PLEDs

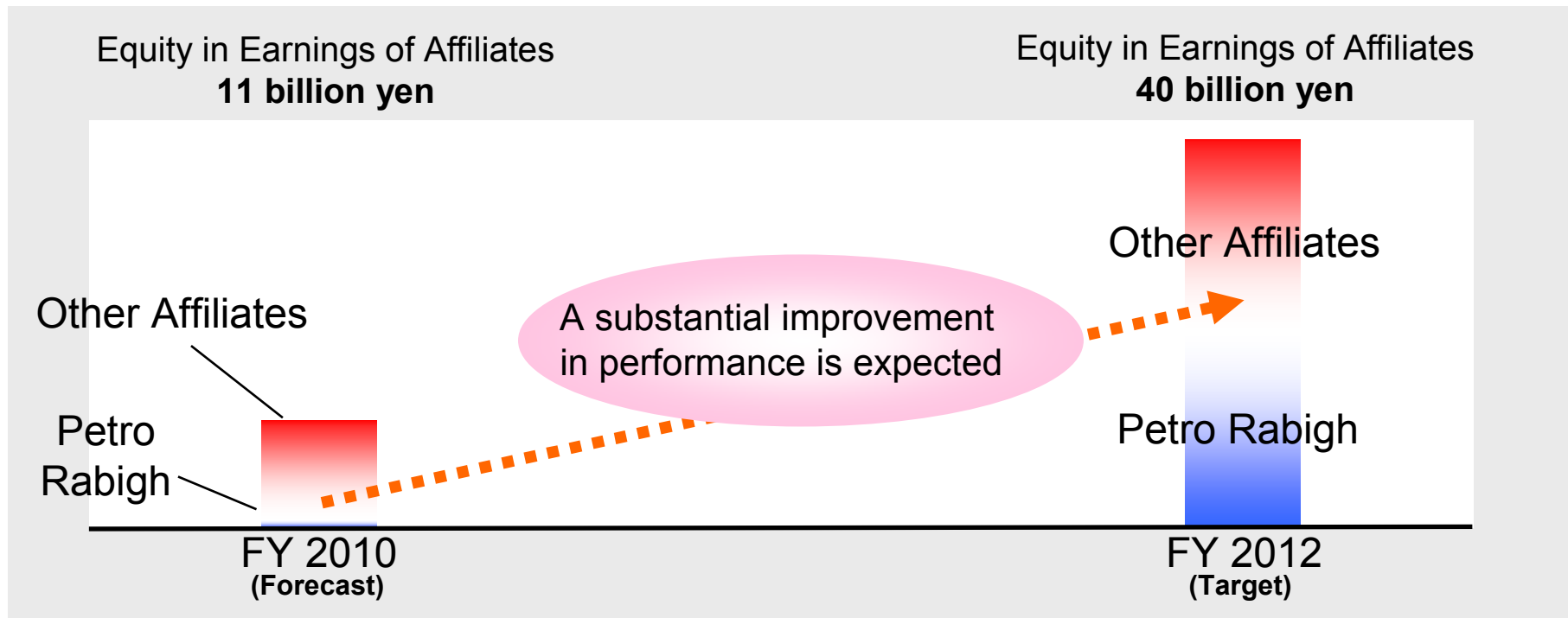
Major Investments Made Under Our Corporate Business Plan FY 2007-2009 and Current Status

Business Sector	Major Investments	Already generating earnings	To contribute to future earnings
Basic Chemicals	MMA production capacity expansion (Singapore Phase III expansion)	✓	
Petrochemicals & Plastics	Rabigh Phase I project		✓
	Propylene and polypropylene production capacity expansion (metathesis)	✓	
Fine Chemicals	Resorcinol production capacity expansion	✓	
IT-related Chemicals	Polarizing film production capacity expansion in Korea and Japan	✓	
	Color filter production capacity expansion in Korea	✓	
	ArF photoresist production capacity expansion		✓
Agricultural Chemicals	Methionine production capacity expansion	✓	
Pharmaceuticals	Development of Latuda (lurasidone)		✓
Others	Development of PLEDs		✓

Progress of Major Projects



Improving the Performance of Rabigh Phase I



Factors Contributing to Improved Performance	Specific Initiatives/Developments
Increased sales volume	Achieve stable full operation
Improved margins	Improved refining margins Improved market prices for petrochemical products in Asia

Joint feasibility study with Saudi Aramco underway

Outline of the study

▶ Planned feedstocks

Ethane: 30M standard cubic feet per day
Naphtha: 3M tons per year

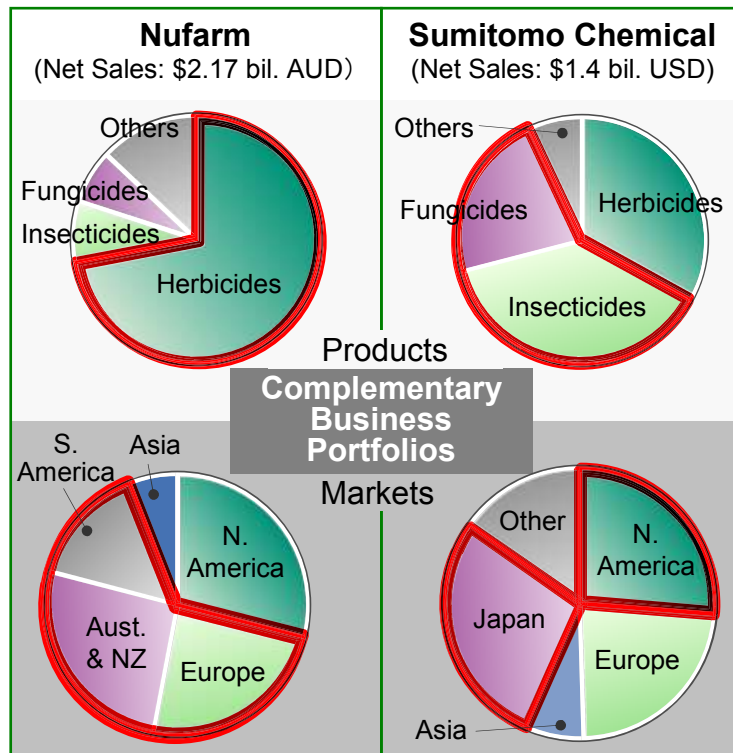
▶ Planned products

Ethylene propylene rubber, thermo plastic olefin, methyl methacrylate monomer & polymer, low-density polyethylene, ethylene vinyl acetate, caprolactam, polyols, cumene, phenol, acetone, acrylic acid, superabsorbent polymer and Nylon-6

Maximizing Synergies with Nufarm

Objectives of the Business Alliance

Further strengthen and expand agrochemicals business through comprehensive alliance in sales, R&D and other areas.



Business Alliance



Progress of the Business Alliance

1-1 Distribution of Sumitomo's products through Nufarm's sales channels

Brazil, Indonesia: Launched in Sept. 2010
 France, U.K., Germany: Entered into sales agreement, preparing market launch
 Central and East Europe, US, Canada, Mexico, other markets : Sales agreement under negotiation

1-2 Distribution of Nufarm's products through Sumitomo's sales channels

France: Entered into sales agreement, preparing market launch
 Vietnam: Began negotiation of sales agreement

2 R&D

Entered into agreement and started specific initiatives for the following items:

1. Develop new products using both companies' formulation technologies
2. Evaluate Sumitomo's new products and candidate compounds at Nufarm
3. Develop new herbicides effective against weeds resistant to herbicides

FY 2012

- Sales: ¥10 to 20 billion increase
- Pretax Income: ¥10 billion increase
(Increase in sales, reduction in expenses and increase in equity in earnings from Nufarm)

Launch of Latuda (lurasidone) and Sales Projections

Approval of Latuda

- On October 28, 2010, Latuda was approved by the US FDA for the treatment of adults with schizophrenia
- 1st cycle approval without request for Advisory Committee

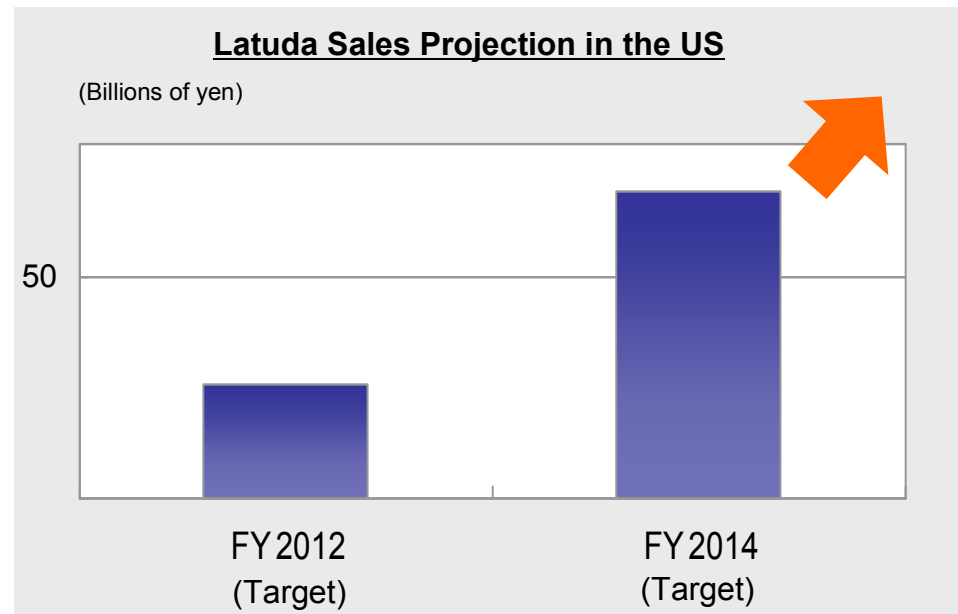
Preparation for the launch of Latuda

- Approx. 300 dedicated medical sales representatives (MRs) covering 30,000 psychiatrists across the US
- Providing training for Sunovion* MRs
- MRs recruitment scheduled for completion by the end of November 2010
- Enhancing sales force in anticipation of a Q1 2011 market launch

*Sepracor has changed its name to Sunovion as of October 12, 2010

Additional indications and expansion of markets

- Bipolar disorder (US): NDA submission in H1 2012, with approval for the additional indication expected in 2013
- Schizophrenia (Japan & Asia): Clinical testing completed, with data expected to be available in early 2011
- Schizophrenia (Europe): Currently exploring potential partners



Initiatives to Commercialize PLEDs

■ Polymer Organic Light Emitting Diode (PLED) Televisions

- Prepare for commercial-scale production of light-emitting materials
- Develop core technologies for panel manufacturing



PLED Display (6.5-inch)

■ PLED Lighting Equipment

- Develop materials and devices



PLED Lighting Equipment

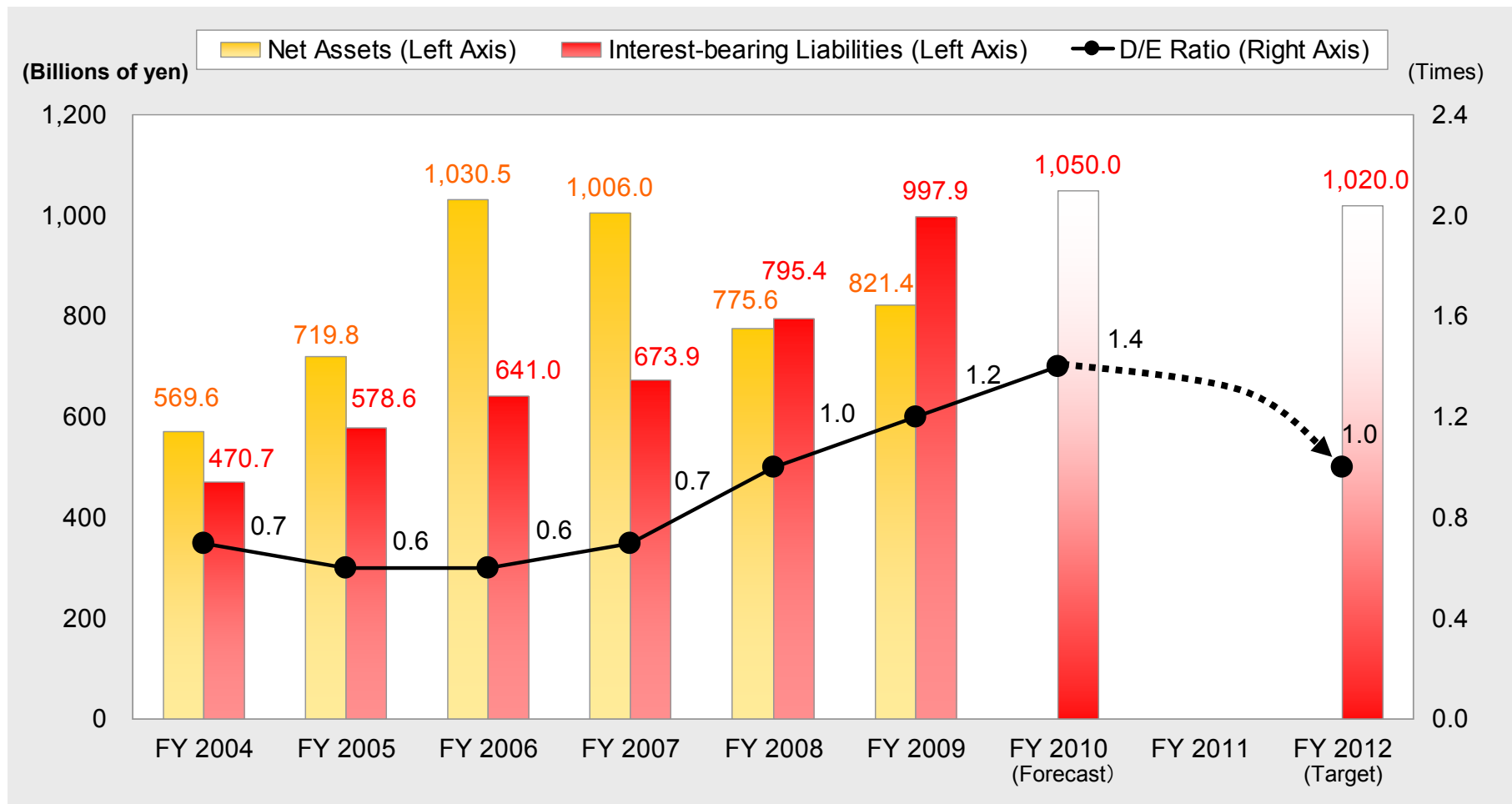
Enhancing Financial Strength



Enhancing Financial Strength

Net Assets, Interest-bearing Liabilities & D/E Ratio

Interest-bearing liabilities are expected to decrease after peaking in FY 2010

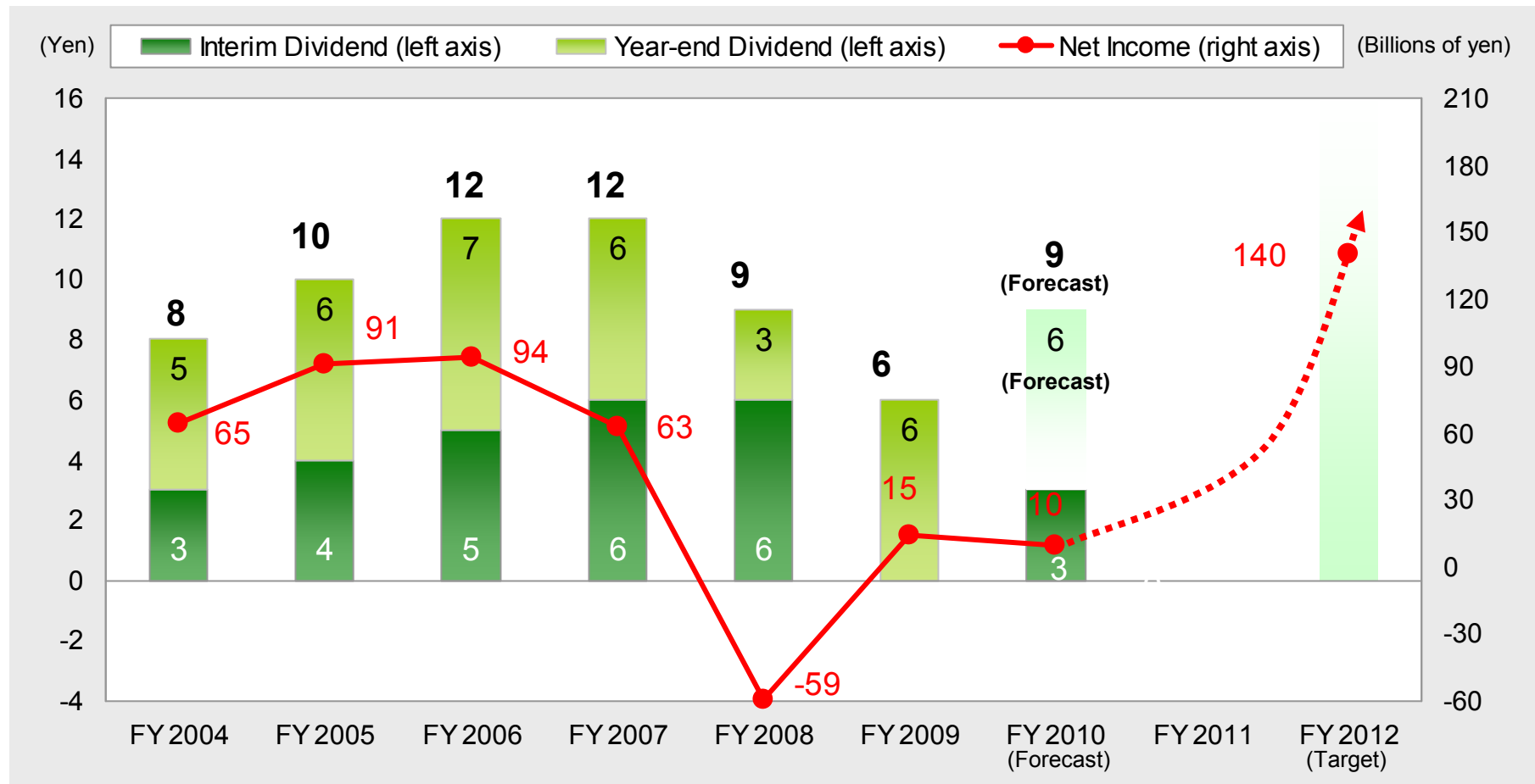


Shareholder Returns



Dividend Policy

- We consider shareholder return as one of our priority management issues and have made it a policy to maintain stable dividend payment, giving due consideration to our business performance and a dividend payout ratio for each fiscal period, the level of retained earnings necessary for future growth, and other relevant factors.





Creative Hybrid Chemistry



Forward-Looking Statements

Statements made in this material with respect to Sumitomo Chemical's plans, projections, strategies, beliefs, and future performance that are not historical facts are forward-looking statements that are based on information available at the time of the preparation of this material and include risks and uncertainties. Factors that could materially affect actual results of Sumitomo Chemical's future performance include, but are not limited to, economic conditions in the areas of Sumitomo Chemical's business, demand for Sumitomo Chemical's products in markets, downward price pressure on Sumitomo Chemical's products resulting from intensifying competition, Sumitomo Chemical's ability to continue to provide products that are accepted by customers in highly-competitive markets, and movements of currency exchange rates.