Creative Hybrid Chemistry

For a Better Tomorrow

SUMITOMO CHEMICAL

Masakazu Tokura
President

December 2013

Change and Innovation

Contents

Overview of FY2013 Performance

FY2013 First Half Results

Change and Innovation

(Billions of yen)

	FY2012.1H	FY2013.1H	Change
Sales	961.4	**1,050.8**	**+89.4**
Operating Income	24.5	**46.3**	**+21.8**
(Equity in Earnings of Affiliates)	1.4	**-1.3**	-2.7
Ordinary Income	18.9	**44.3**	**+25.4**
Net Income	-13.1	**12.5**	**+25.6**

Naphtha Price	¥55,200/kl	¥64,800/kl
Exchange Rate	¥79.41/$	¥98.86/$

Outlook for FY2013

Change and Innovation

(Billions of yen)

	FY2012	FY2013 (Forecast)	Change
Sales	1,952.5	**2,230.0**	**+277.5**
Operating Income	45.0	**105.0**	**+60.0**
(Equity in Earnings of Affiliates)	5.4	**3.0**	**-2.4**
Ordinary Income	50.3	**100.0**	**+49.7**
Net Income	-51.1	**30.0**	**+81.1**

Naphtha Price	¥57,500/kl	¥64,900/kl
Exchange Rate	¥82.91/$	¥97.00/$

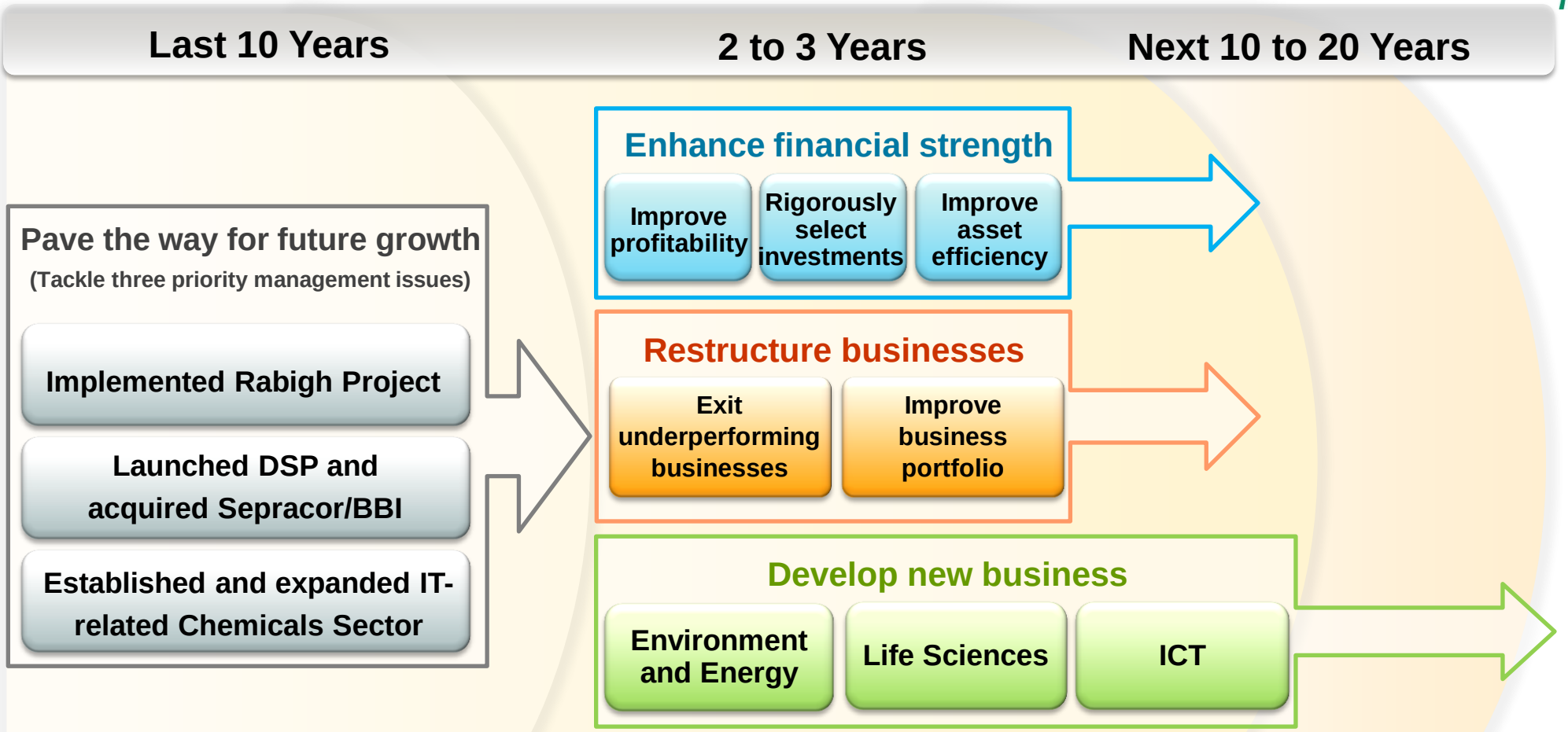
Overview of Corporate Business Plan FY2013 - FY2015

Priority Management Issues & Business Strategy Since the Beginning of the Century

Change and Innovation

Priority Issues	**Radically improve competitiveness of petrochemicals business**	**Gain critical mass in pharmaceuticals business to achieve strong growth**	**Develop new businesses with potential to become core businesses**
Major Projects	**Implementation of Rabigh Project** (includes ¥100.0 bn investment in phase 2) **Approx. ¥266.0 bn** (equity investment and lending)	**Launch of Dainippon Sumitomo Pharma & Acquisition of Sepracor (Sunovion) in US** **Approx. ¥249.0 bn** (increased shareholding and acquisition)	**Establishment and expansion of IT-related Chemicals Sector** **Approx. ¥440.0 bn** (cumulative capital expenditures in 12 years since inception)
Results: **Sales Increase** **FY2000 vs. FY2012**	**Petrochemicals & Plastics Sector** (¥375.5 bn ⇒ ¥693.9 bn) Approx. **1.7** times	**Pharmaceuticals Sector** (¥156.7 bn ⇒ ¥378.6 bn) Approx. **2.3** times	**IT-related Chemicals Sector** (¥60.2 bn ⇒ ¥300.0 bn) Approx. **5.0** times

Where We Have Been Heading



Performance Targets

Change and Innovation

Targets for FY2015

Sales	¥2,400	Billion
Operating Income	¥140	Billion
Ordinary Income	¥150	Billion
(Equity in Earnings of Affiliates)	¥25	Billion
Net Income	¥90	Billion
Interest-Bearing Liabilities	Below ¥900	Billion

【Assumptions】

Exchange Rate	¥80	/$US
Naphtha Price	¥60,000	/kl

Sensitivity of operating income to currency fluctuations is approximately ¥2.5 billion per year for each one-yen change in the exchange rate of the yen against US$

Cash Flow Targets

Change and Innovation

	FY2010 – FY2012 Corporate Business Plan (Result)	FY2013 – FY2015 New Corporate Business Plan (Target)
Cash flows from operating activities	¥472.3 billion	¥540 billion
Cash flows from investing activities	- ¥445.7 billion	Below - ¥400 billion
Free cash flows	¥26.6 billion	*1 Over ¥200 billion

Note *1: Includes decreases in cash and cash equivalents

	End of FY2012 (Result)	End of FY2015 (Target)
Interest-bearing liabilities	¥1,060.6 billion	¥900 billion

Progress on Corporate Business Plan

Restructure Businesses

Restructure Businesses

Expand

specialty chemicals business

Restructure

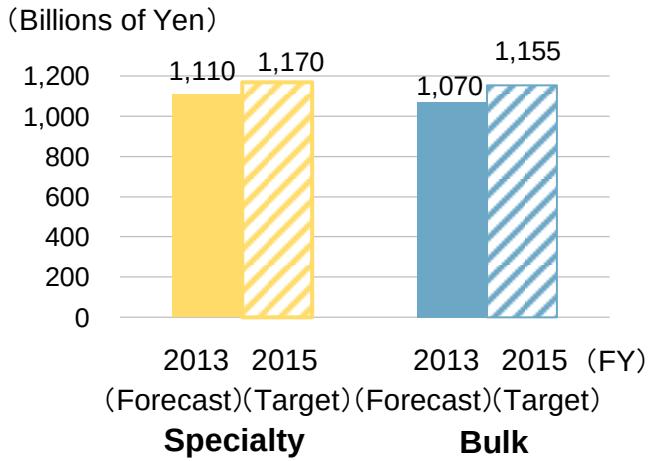
bulk chemicals business

Improve business portfolio

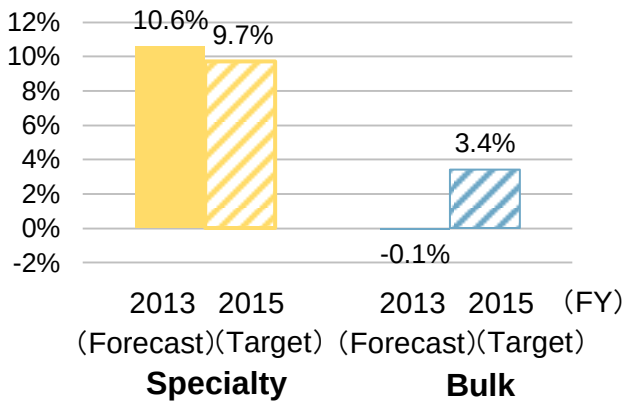
Characteristics by Business Area

	Specialty chemicals	Bulk chemicals
Product type	Low-volume; high-performance	High-volume; standardized
Competitive advantage	Differentiation (originality)	Cost (economies of scale and feedstock cost advantage)
Characteristics	High profitability; short life-cycle (IT-related Chemicals); Large R&D investment	Large markets; susceptible to change in economic conditions
Growth potential	High	Stable

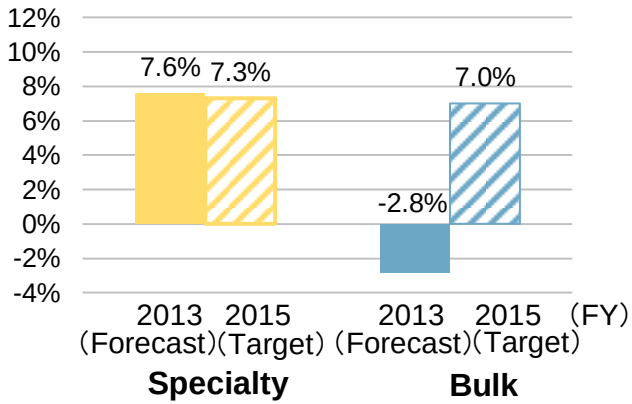
Sales



Operating Margin



Return on Investment



Restructure Businesses : Expand specialty chemicals business

Change and Innovation

Expand
specialty chemicals business

Restructure
bulk chemicals business

Improve business portfolio

Three Specialty Chemicals Business Sectors

Change and Innovation

Total of Three Business Sectors

Sales	¥1,110.0 bn
Operating Income	¥118.0 bn
Operating Margin	10.6%

IT-related Chemicals Sector

Sales	¥380.0 bn
Operating Income	¥39.5 bn
Operating Margin	10.4%

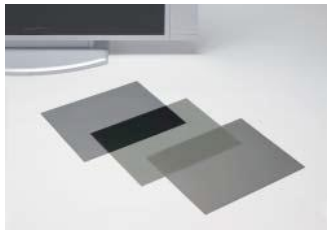
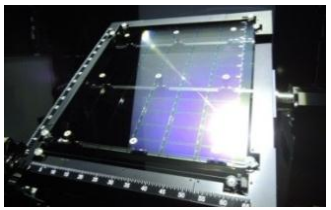
Health & Crop Sciences Sector

Sales	¥320.0 bn
Operating Income	¥37.5 bn
Operating Margin	11.7%

Pharmaceuticals Sector

Sales	¥410.0 bn
Operating Income	¥41.0 bn
Operating Margin	10.0%

Note: Forecasts for fiscal 2013


Further expand these sectors as main growth drivers

IT-related Chemicals Sector

Change and Innovation

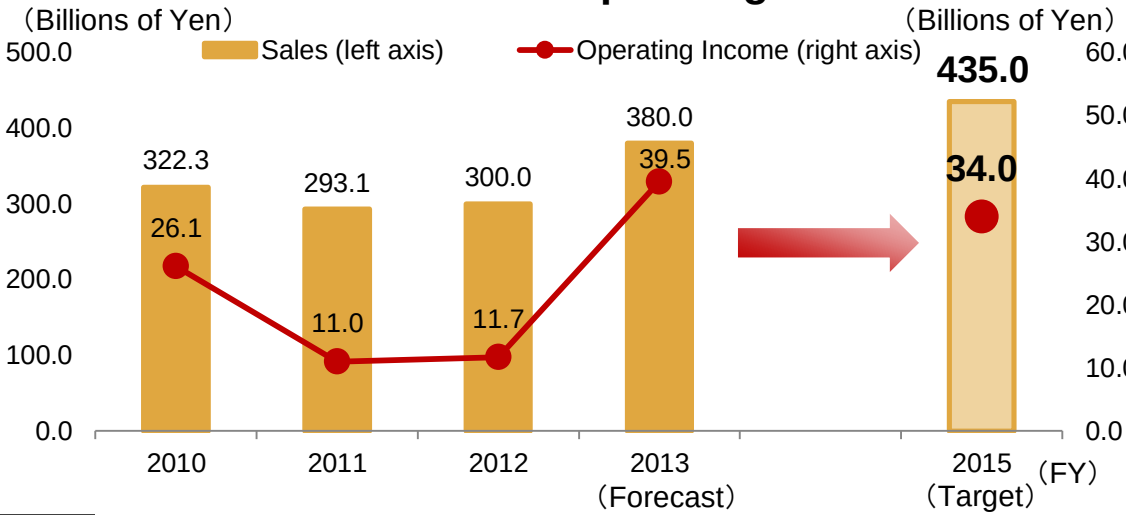
Features and advantages

- Major products: display materials such as polarizing films, color filters and touchscreen panels
- Swiftly meeting customer needs by establishing production, sales and research bases in the places where our major customers are located, such as South Korea and Taiwan

Future growth drivers

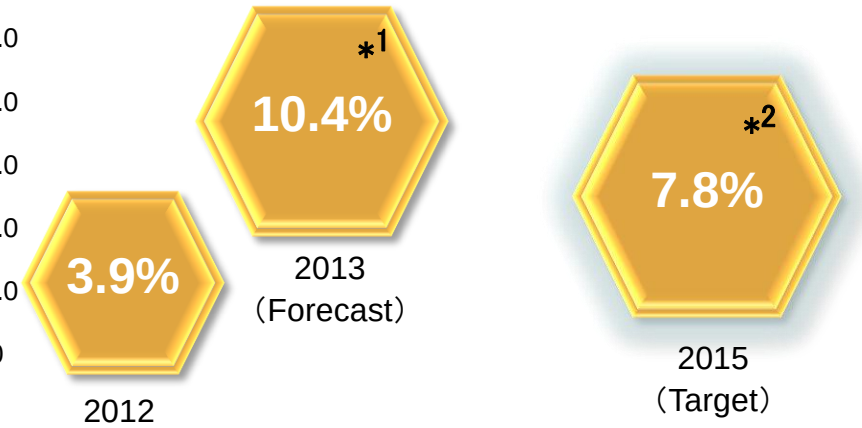
- Increase in sales of polarizing films and touch screen panels for small- and medium-sized displays on the back of strong growth in smartphone and tablet PC sales
- Improvement in profitability on polarizing films for televisions by reducing costs

Trends in Sales and Operating Income



Exchange rate	¥85.74/$	¥79.08$	¥82.91/$	¥97.0/$	¥80.0/$

Trends in Operating Margin



*1: Assumed exchange rate: ¥97.0/$
*2: Assumed exchange rate: ¥80.0/$

Expand Sales of Polarizing Films for Small- And Medium- Sized Displays

Change and Innovation

Business strategy

Target market: high-performance displays

Product strategy

Offer high-performance products to meet customer needs

●**Leading-edge panels**

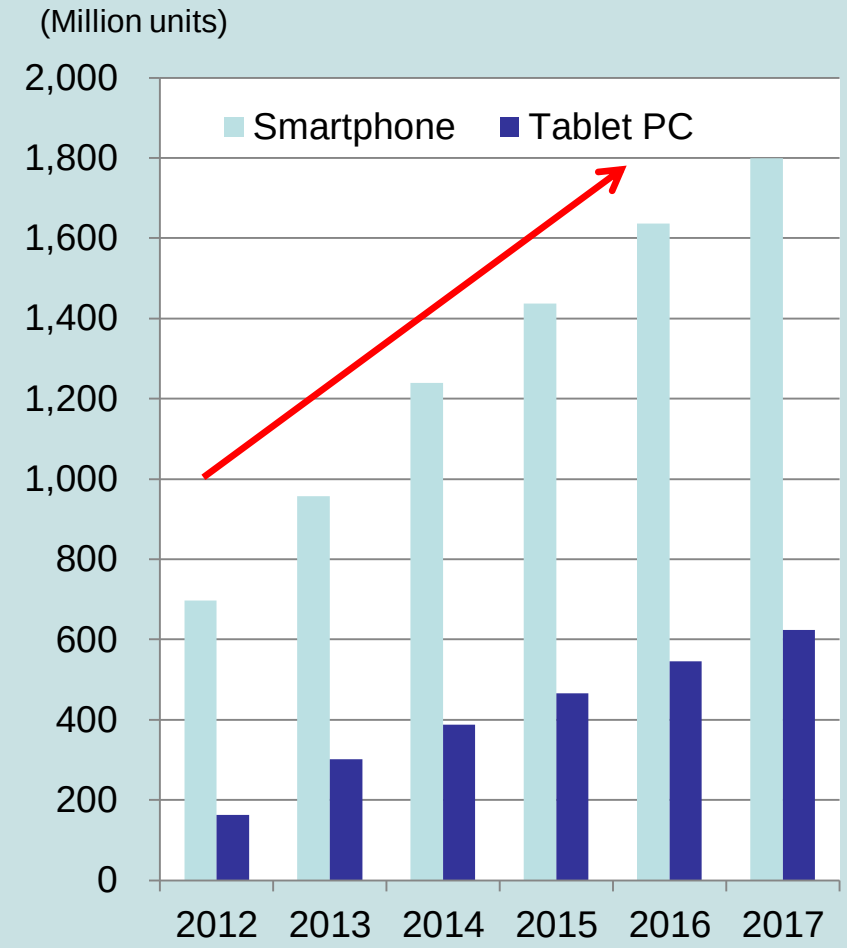
→Offer products with higher performance (lightweight; thin; sturdy; wide viewing angle)

●**High-end and mid-range panels**

→Offer high-performance products at lower cost

The growing demand for smartphones and tablet PCs, which require high-performance polarizing films, offers us great opportunity.

Smartphone and Tablet PC Demand



(Source: Display Search 2013/7)

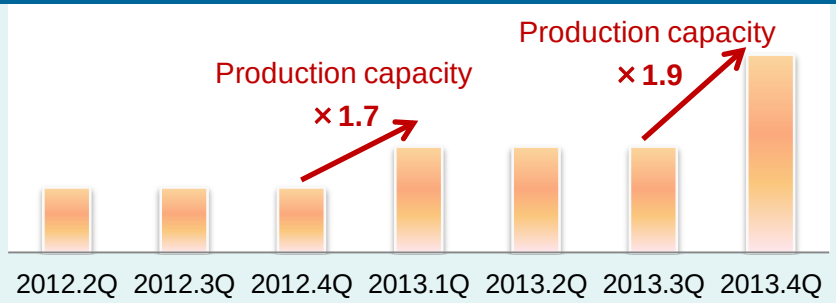
Develop Touchscreen Panel Business

Change and Innovation

Touch sensors for OLED panels

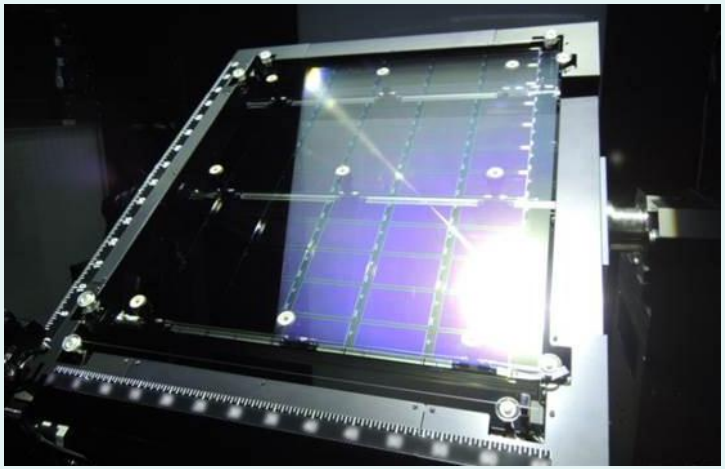
- Capacitive on-cell touch sensor
- Mainly used in smartphones
- May 2012 Started production
  June 2013 Increased production capacity
  Dec. 2013 Start a new production line

Production capacity for touch sensors for OLED panels



Touch sensors for LCDs

- Capacitive, cover glass-integrated touch sensor
- Dec. 2013 Start production
- Initially supply touch sensors for tablet PCs



Touch sensor for the OLED panel

Develop the touchscreen panel business into the IT-related Chemicals Sector's new core business

Health & Crop Sciences Sector

Change and Innovation

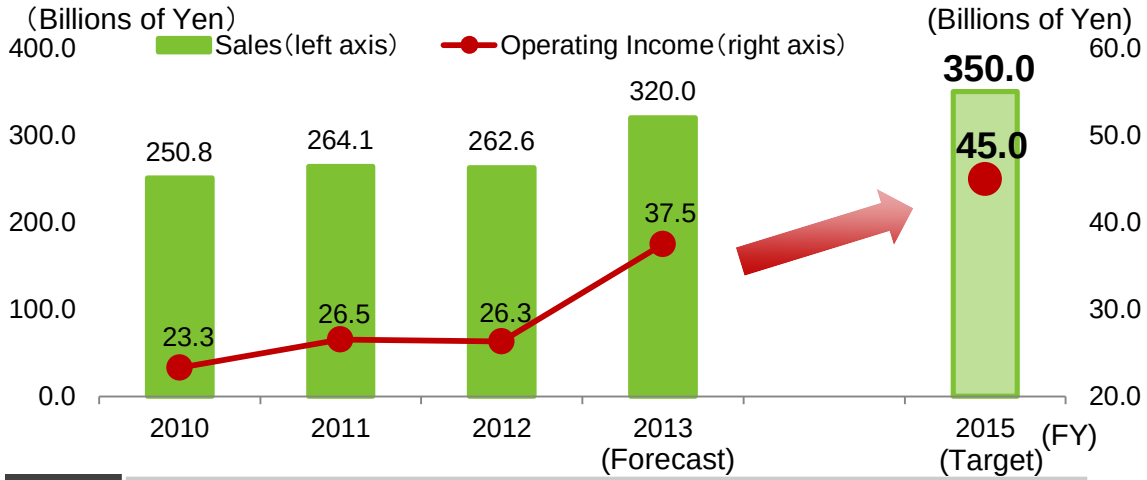
Features and advantages

- Strong R&D capabilities and robust product pipeline
- Product lines differentiated from major competitors
- Global sales network built on the combination of our own sales channels and alliances
- Holding the largest market share in Japanese crop protection chemicals, pharmaceutical chemicals and other markets
- Holding large shares in the global household insecticide and methionine markets

Future growth drivers

- Achieve greater synergy with Nufarm and expand alliance with major overseas players
- Expand into seed treatment and post-harvest businesses
- Continuously launch new products

Trends in Sales and Operating Income



Exchange rate	¥85.74/$	¥79.08$	¥82.91/$	¥97.0/$	¥80.0/$

Trends in Operating Margin

*1 : Assumed exchange rate: ¥97.0/$
*2 : Assumed exchange rate: ¥80.0/$

Expand Sales of Flumioxazin Herbicide

Expand collaboration with Monsanto

2010: Started collaboration in U.S.

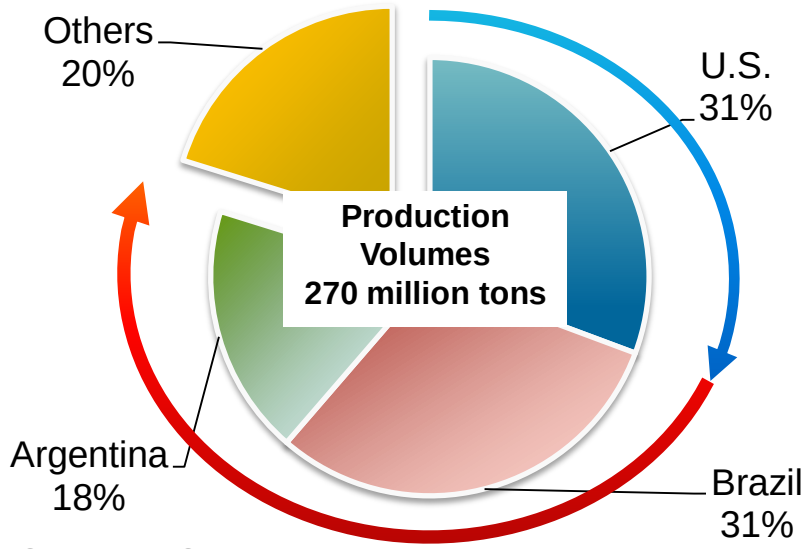
2013: Expanding collaboration in Brazil and Argentina

Expanding the collaboration in these three markets, which produce 80% of the world soybean output

Decided to expand Flumioxazin production capacity

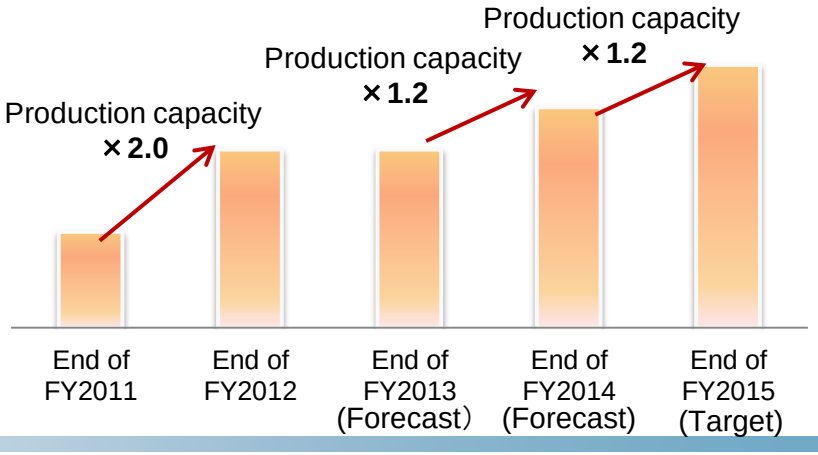
- **Increase Flumioxazin production capacity by about 50% in stages from FY2014 to FY2015**
- **Production capacity to triple by the end of FY2015 from FY2011 year-end level**

World Soybean Production (2012/2013)



Source: USDA

Flumioxazin Production Capacity



Expand Crop Sciences Business into Downstream and Related Areas

Market size

US$4.5 bn (as of 2013), growing 10% per year

Business

Provide crop protection chemicals for seed coating that improve crop yields (seed germination rates) and help make farm work more efficient

Initiative to expand business scope

Planning to expand sales area from North America into other regions

Market size

US$0.4-0.5 bn (as of 2013), growing 10% per year

Business

Provide products and services that are used after harvest to help maintain the quality of crops

Initiative to expand business scope

Acquired Pace International, a U.S. post-harvest solution company, in December 2012

Expand into seed treatment and post-harvest businesses

Expand into Niche Areas
(Plant Growth Regulators and Biological Pesticides)

Change and Innovation

Overview of Valent BioSciences

Established:	In 2000 (acquired from Abbott Laboratories)
Business:	Production and sales of biological pesticides and plant growth regulators
Shareholding:	100% (subsidiary of Valent USA)
Headquarters:	Illinois, USA
Sales regions:	Over 90 countries worldwide

Plant Growth Regulator
ProTone

Biological Pesticide
DiPel

Plant Growth Regulators

Market Size
US$800 Million

Business
Provide crop protection chemicals that improve crop yields and quality

Initiatives to expand business scope
Expand into new areas such as rice and pasture grass; explore the expansion into crop stress management

Biological Pesticides

Market Size
US$400 Million

Business
Provide natural, microbially-derived pesticides that can be used in organic farming

Initiatives to expand business scope
Constructing a plant to produce active ingredients for biological pesticides (to be operational in 2014)

Osage Plant
(Rendering)

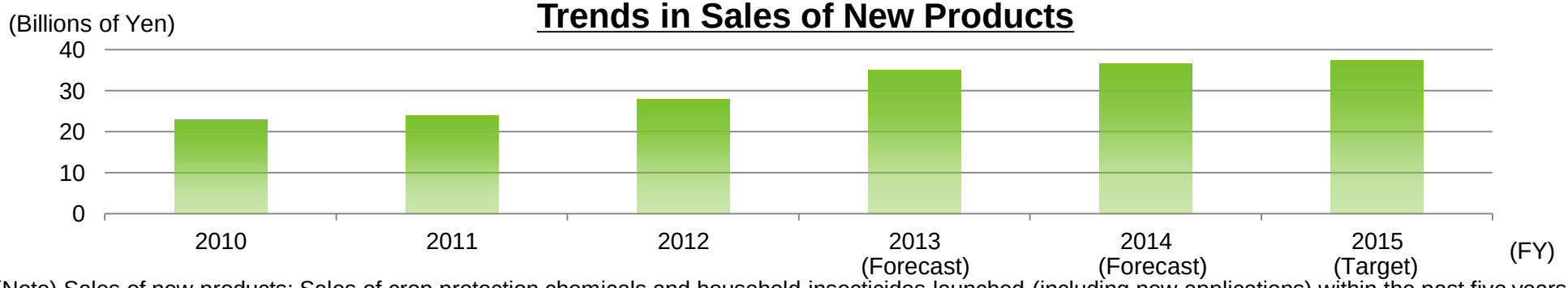
Pipeline of New Crop Protection Chemicals

Change and Innovation

Launch year	2010-2012	2013-2015	2016-
Products launched/ to be launched	**Agricultural Insecticide** **1 A.I. (spinetoram)** **Agricultural Fungicide** **2 A.I.s** **(isotianil, fenpyrazamine)** **Agricultural Herbicide** **1 A.I.** **(propyrisulfuron)**	**Agricultural Fungicide** **2 A.I.s** **Household Insecticide** **1 A.I.**	**Agricultural Insecticide** **1 A.I.** **Agricultural Fungicide** **3 A.I.s** **Plant Growth Regulator** **1 A.I.** **Household Insecticide** **2 A.I.s** **Animal Health Product** **2 A.I.s**

(Note) A.I.: Active Ingredient

Trends in Sales of New Products



(Note) Sales of new products: Sales of crop protection chemicals and household insecticides launched (including new applications) within the past five years

Pharmaceuticals Sector

Change and Innovation

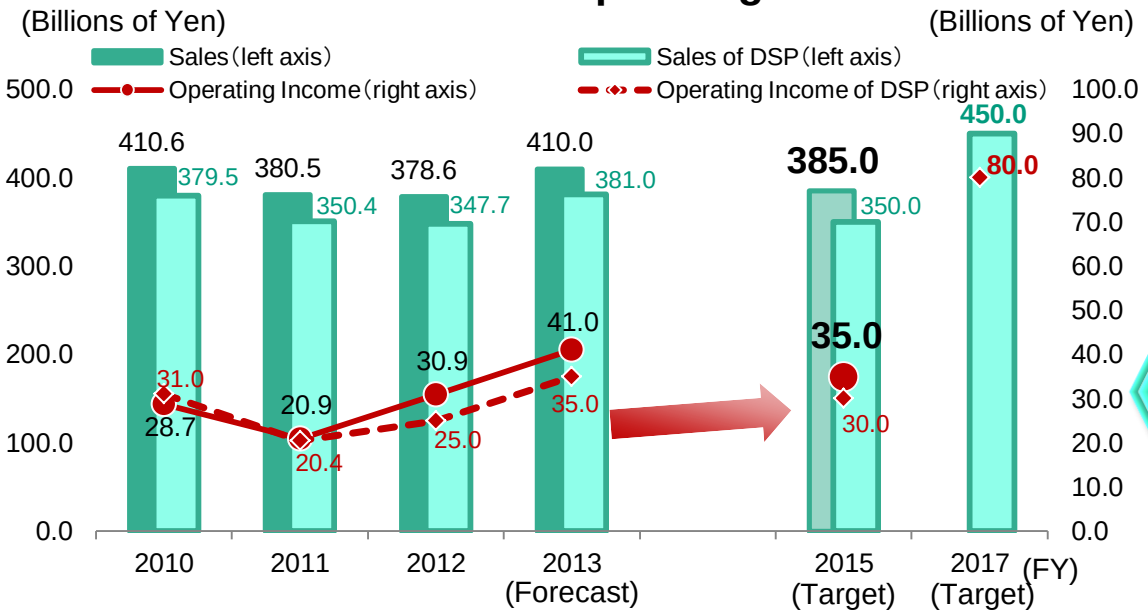
Features and advantages

- Drug discovery platform in the areas of psychiatry & neurology and oncology, where there are significant unmet medical needs
- New drug development capabilities and sales network in the United States, the world's largest pharmaceutical market

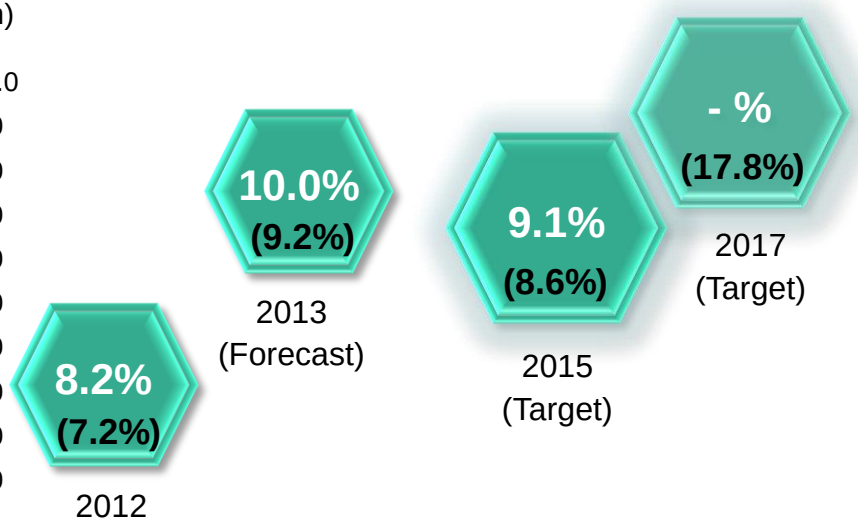
Future growth drivers

- Maximize earnings and realize further growth in overseas business
- Enhance the product pipeline globally

Trends in Sales and Operating Income



Trends in Operating Margin



The figures in parentheses are the operating margin of Dainippon Sumitomo Pharma

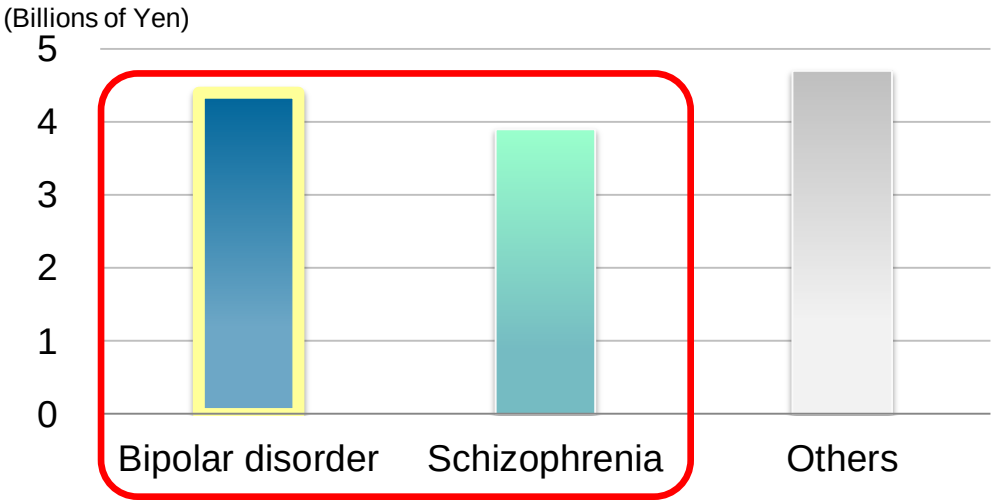
LATUDA:
Obtained approval for additional indications for bipolar I disorder

Change and Innovation

Sales promotion for LATUDA as bipolar disorder treatment

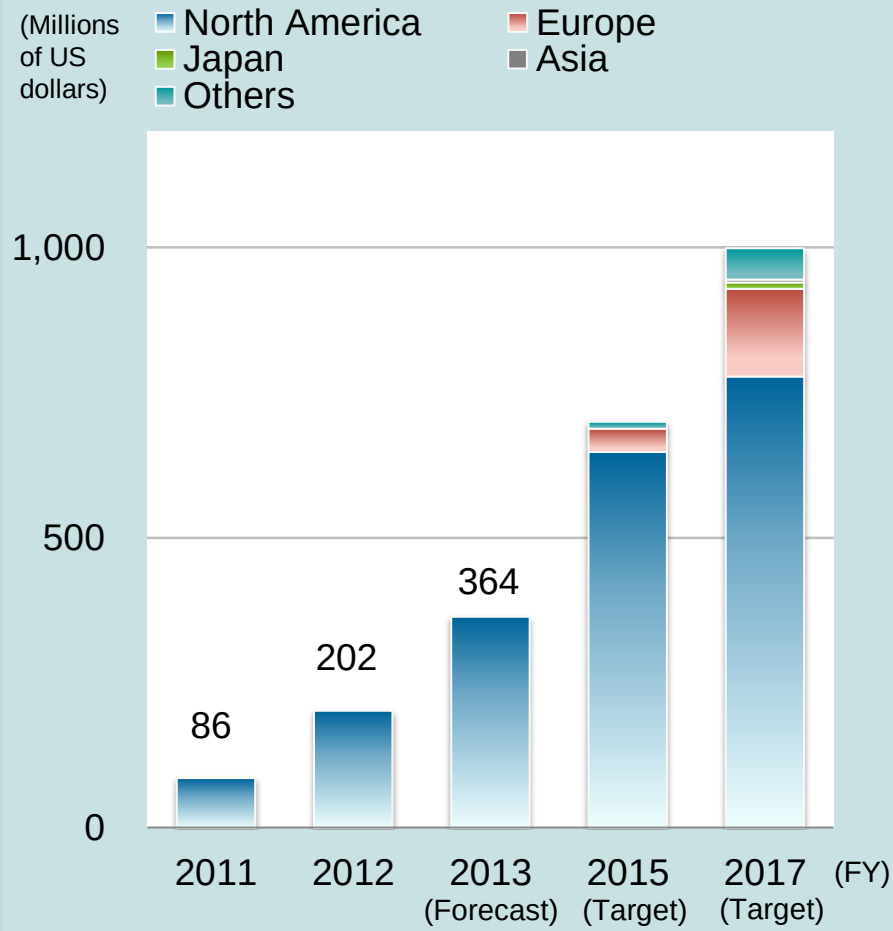
- June 2013 Obtained approval for additional indications for bipolar I disorder
- July 2013 Started promotion
- Sept. 2013 Launched full-scale promotion using sales promotion materials
- 2014.1Q Start advertising including TV commercials

U.S. Market for Atypical Antipsychotic Agent (2012)



Source: 2013 IMS Health MIDAS. All rights reserved.

LATUDA Sales Projections



Note: Data for sales of our business partners in Europe (except U.K.) are our estimate.

Develop Anti-cancer Stem Cell Drugs

Change and Innovation

Advantages of BBI608/503

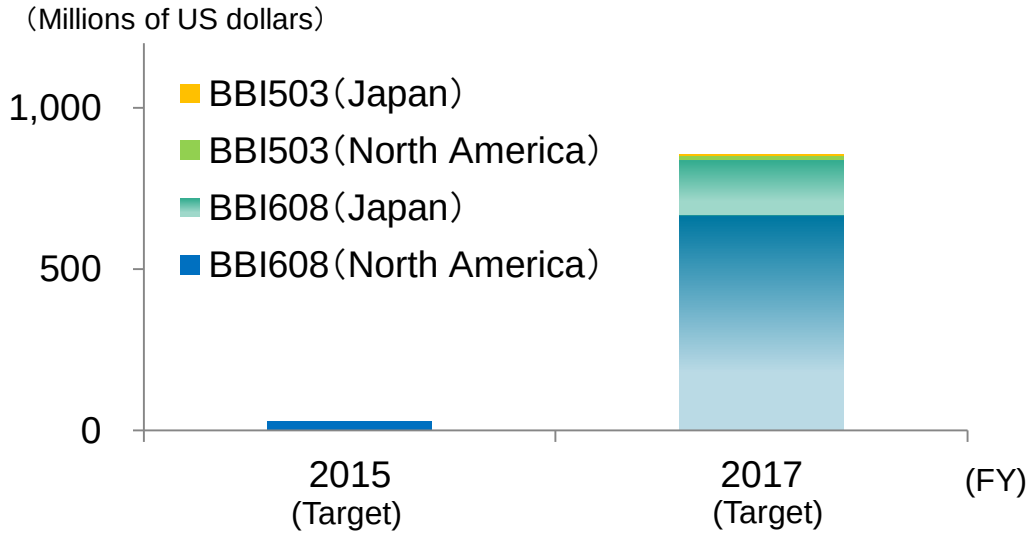
BBI608 and BBI503, targeting both cancer cells and cancer stem cells, are expected to have an effect on drug resistance, recurrence or metastasis of cancer

Target Launch Year for BBI608

U.S. & Canada: **FY2015** (applications to be filed in FY2014 at the earliest)

Japan: **FY2016**

BBI608/503 Sales Projections



Clinical Development

Product	Target Indication		Phase 1	Phase 2	Phase 3	Application
BBI608	Colorectal (monotherapy) (international joint clinical trial)	U.S., Canada, Japan and others				
	Colorectal (combo)	U.S. and Canada				
	Solid tumor (combo with Paclitaxel)	U.S. and Canada			*	
BBI503	Solid tumor (monotherapy)	U.S. and Canada				

* in Phase 2 of Phase 1/2 study

Restructure Businesses: Restructure bulk chemicals business

Change and Innovation

Expand specialty chemicals business

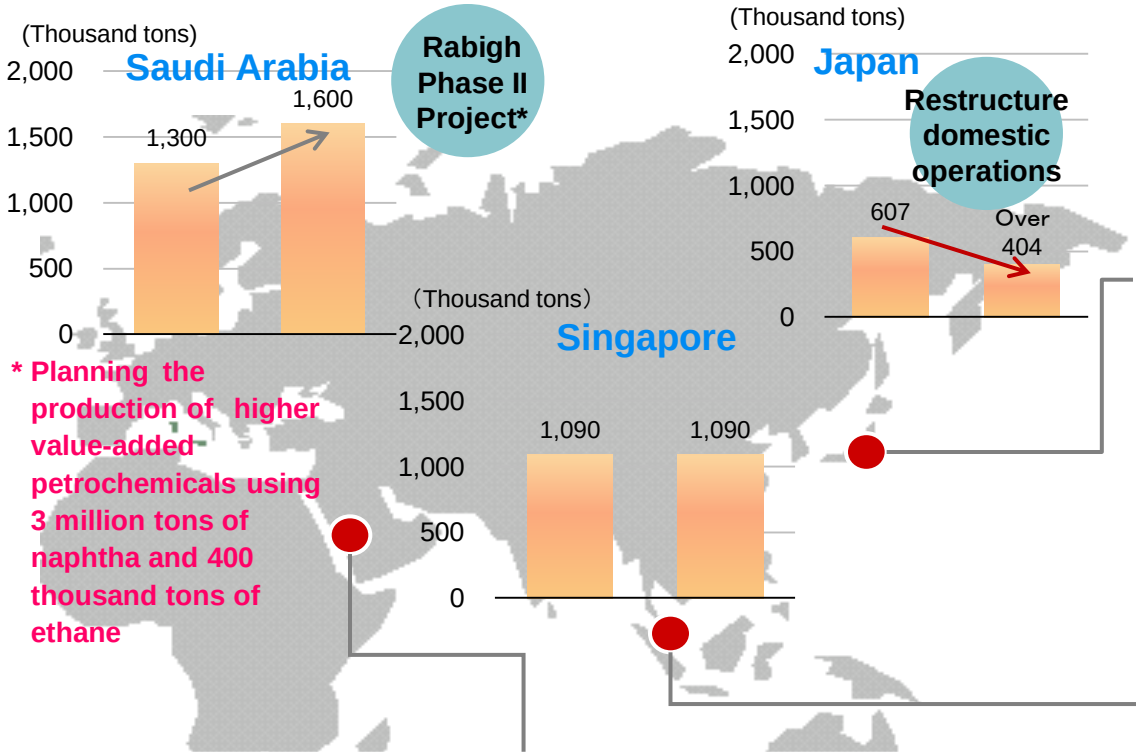
Restructure bulk chemicals business

Improve business portfolio

Global Petrochemical Operations

Change and Innovation

Ethylene production capacity by area



Location	Japan
Advantage	"Mother plant/laboratory," leading the effort to develop high value-added new technologies, products and know-how
Priority	Restructure domestic operations (exit underperforming businesses and restructure production operations)
Measures	Shut down Sumitomo Chemical's ethylene plant and procure ethylene from Keiyo Ethylene Downsize/exit underperforming businesses

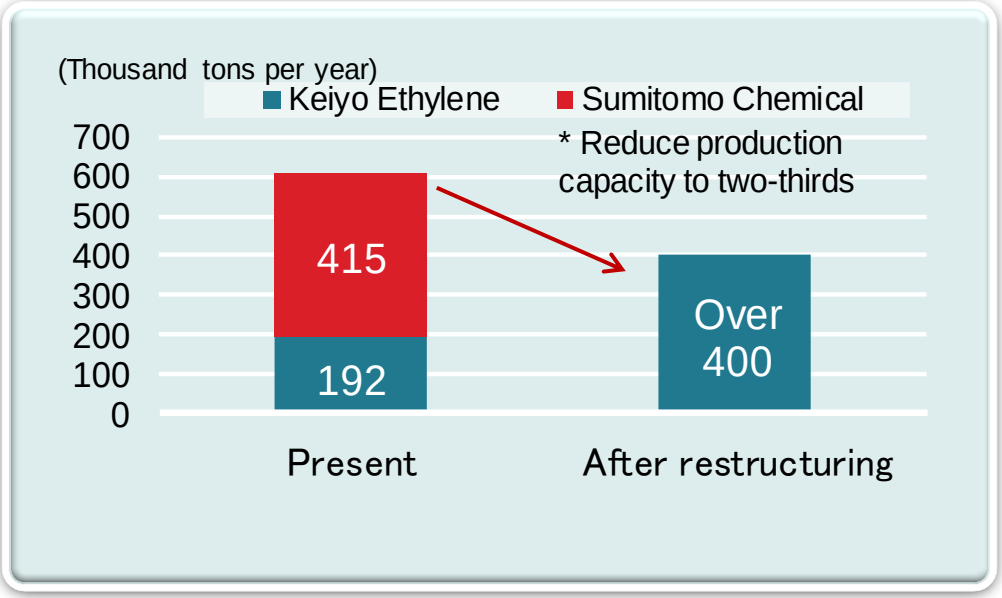
Location	Saudi Arabia
Advantage	Robust cost competitiveness, taking advantage of low-cost feedstocks and fuels
Priority	Maximize Petro Rabigh's profitability (achieve more stable operations)

Location	Singapore
Advantage	A solid customer base and high-value added products meeting the needs of key customers in Asian markets
Priority	Strengthen competitiveness by enhancing higher value-added petrochemicals business

Restructuring of Chiba Works:
Shut down ethylene plant and procure ethylene from Keiyo Ethylene

Change and Innovation

Reduce our ethylene production capacity in Japan (by May 2015)



Our ethylene production capacity in Japan

	Start-up of operation	Annual production capacity
Keiyo Ethylene	1994	768,000 tons*
Sumitomo Chemical	1970	415,000 tons

* Includes 192,000 tons of allotment to Sumitomo Chemical

- **Keiyo Ethylene's plant is the newest and largest ethylene production facility in Japan.**
- **Sumitomo Chemical's ethylene plant came on stream more than 40 years ago.**

Keiyo Ethylene: Allotment and Equity Share Holding

	Allotment	Shareholdings		Allotment	Shareholdings
Maruzen Petrochemical	50.0%	55.0%	→	40.6%	55.0%
Sumitomo Chemical	25.0%	22.5%		59.4%	45.0%

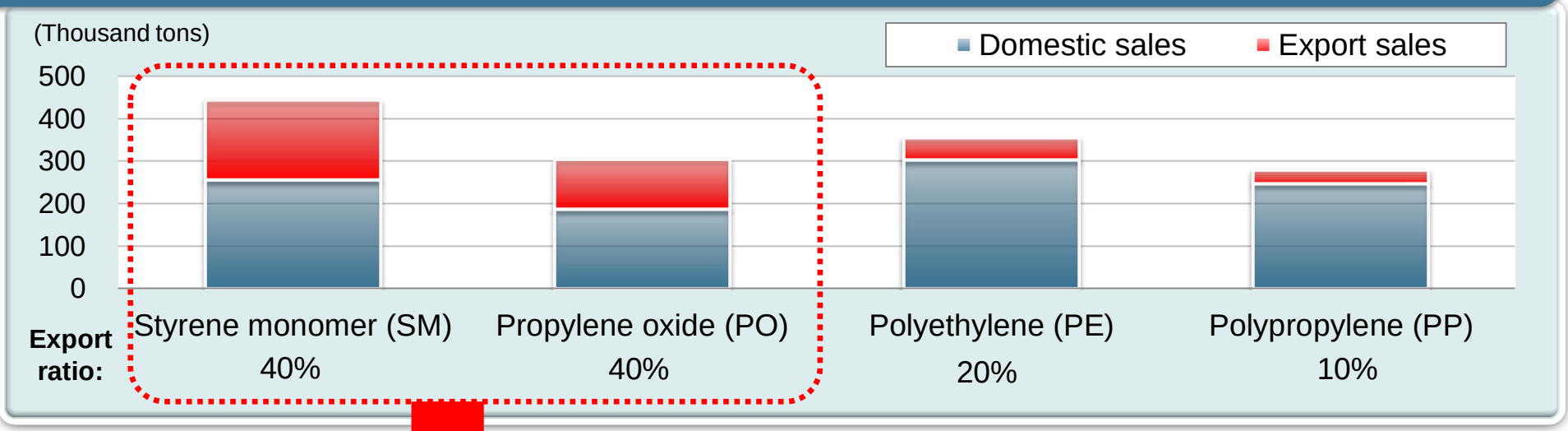
Restructuring of Chiba Works:
Downsize/exit underperforming businesses

Change and Innovation

Export sales have significantly fluctuated, only generating lower-than-expected profits

>>> Decided to exit businesses with a high export ratio

Sales volume of major products: domestic vs. export sales (FY 2012)



Exit businesses with a high export ratio

April 2012	**Dissolved joint venture with Chiba Styrene Monomer**
By May 2015	**Stop SM and PO production at Nihon Oxirane***

*Planning to assume a 100% ownership stake in Nihon Oxirane in December 2013

Products and Production Capacity

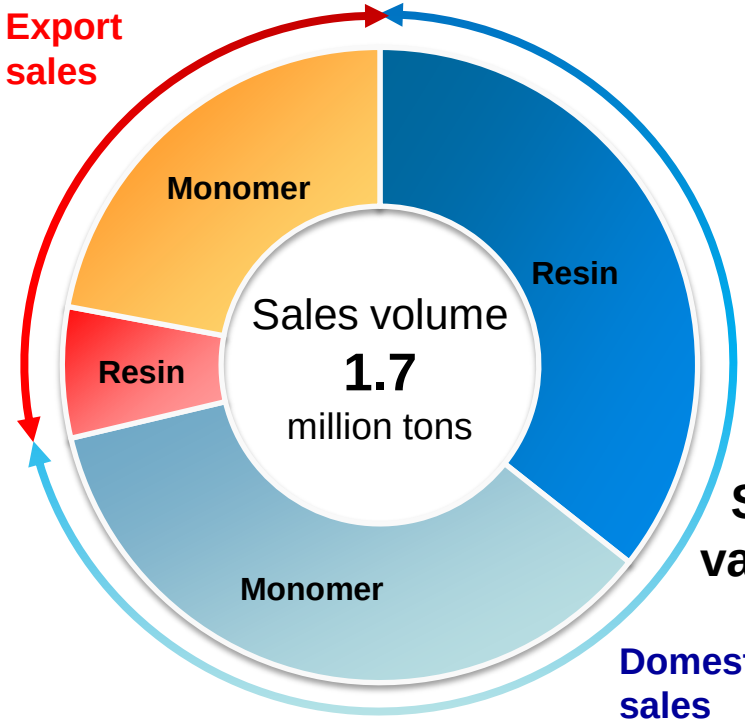
	Products	Production capacity
Chiba Styrene Monomer	SM	108,000 tons*
Nihon Oxirane	SM	425,000 tons
	PO	181,000 tons
Sumitomo Chemical	PO	200,000 tons**

*Allotment to Sumitomo Chemical **Continue production after restructuring

Petrochemical Business in Japan after Restructuring

Change and Innovation

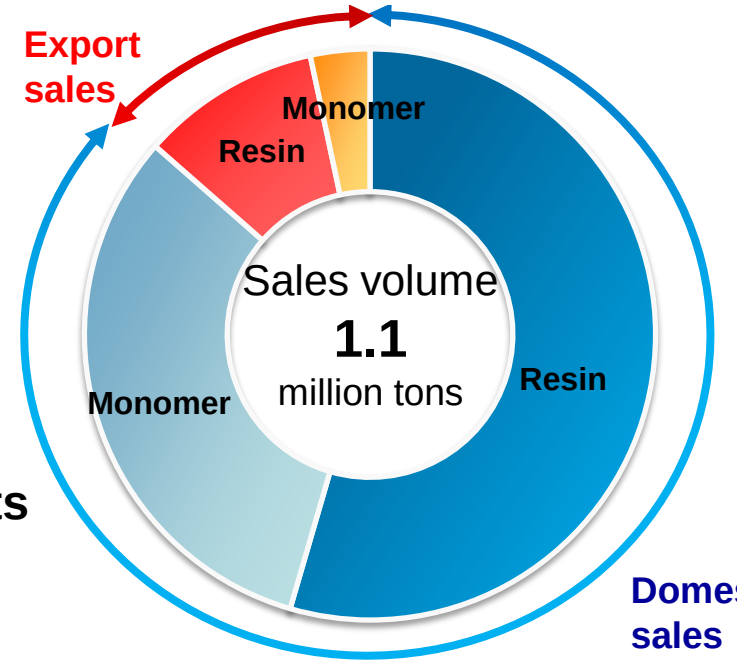
Sales of major products: domestic vs. export sales



Before restructuring

Lower export sales ratio

Shift toward higher value-added products



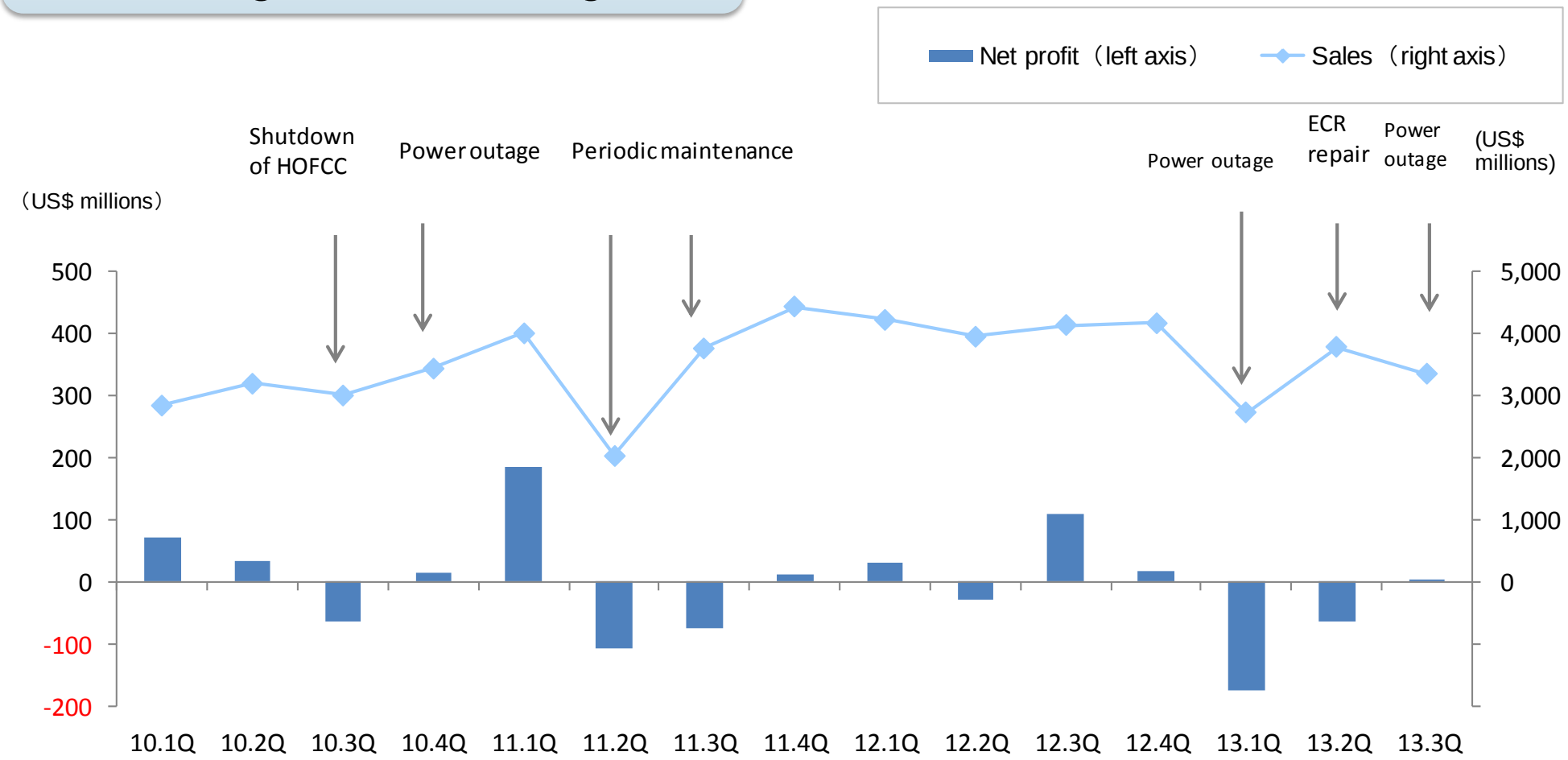
After restructuring

Revitalize and maintain petrochemical business in Japan by optimizing production operations

Efforts to Achieve More Stable Operations at Petro Rabigh

Change and Innovation

Earnings of Petro Rabigh



Restructure Core Businesses of Basic Chemicals Sector

Change and Innovation

MMA Business

Current state

Increase in demand in China and other Asian countries

Sharp decline in the demand for use in light-guide plates, the major application of PMMA

Restructuring measures under consideration

- Shift production, sales and research bases to Singapore
  - Stop PMMA production in Ehime in December 2013
- Develop new applications (Optimize product portfolio)
- Develop an innovative production process

Caprolactam Business

Current state

Change in the supply-demand structure due to large increases in supply in China

Restructuring measures under consideration

- Measures to improve competitiveness
  - Drastically reduce raw material costs
  - Build business alliance with upstream and down-stream players
- Optimize production operations

Radically improve the competitiveness and profitability of Basic Chemicals Sector

Business Restructuring (Downsize/exit underperforming businesses)

Change and Innovation

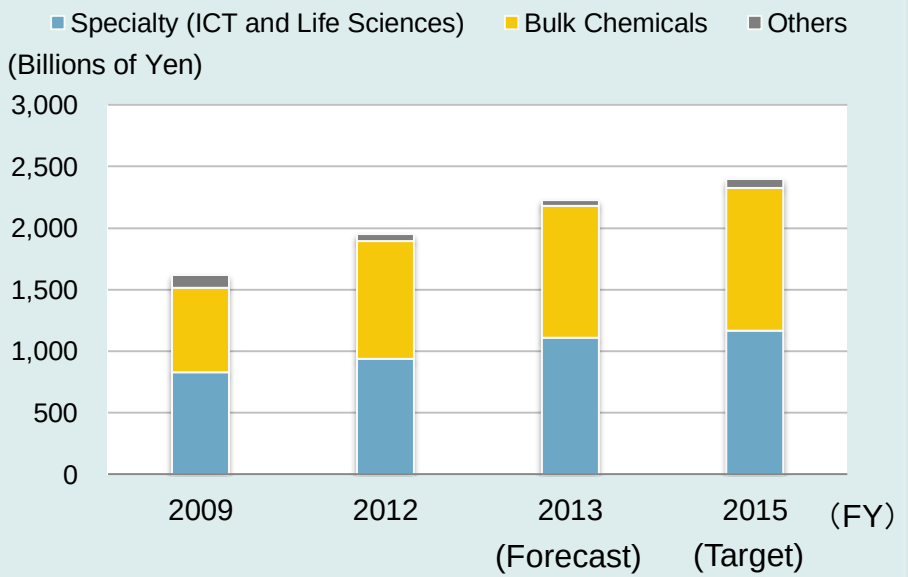
Sector	Business	Timeframe
Basic Chemicals Sector	Rubber antioxidant ANTIGENE® 6C	Stopped production in March 2012
Petrochemicals & Plastics Sector	PP (United States)	Stopped production in January 2012
	Styrene monomer manufacturing joint venture (Japan)	Dissolved in April 2012
	Ethylene (Japan)	Stop production in May 2015
	PO/SM plant (Japan)	Stop production in May 2015
IT-related Chemicals Sector	Light-guide plates (Japan)	Stopped production in March 2012
	Polarizing films/ light-guide plates (Poland)	Stopped production and sales in June/December 2012
	Metal organics (trimethylindium)	Stopped production in June 2013
Pharmaceuticals Sector	Optimize sales operations (North America)	FY2011-2013

Restructure underperforming businesses in all business areas

Become a More Resilient Sumitomo Chemical through Business Restructuring

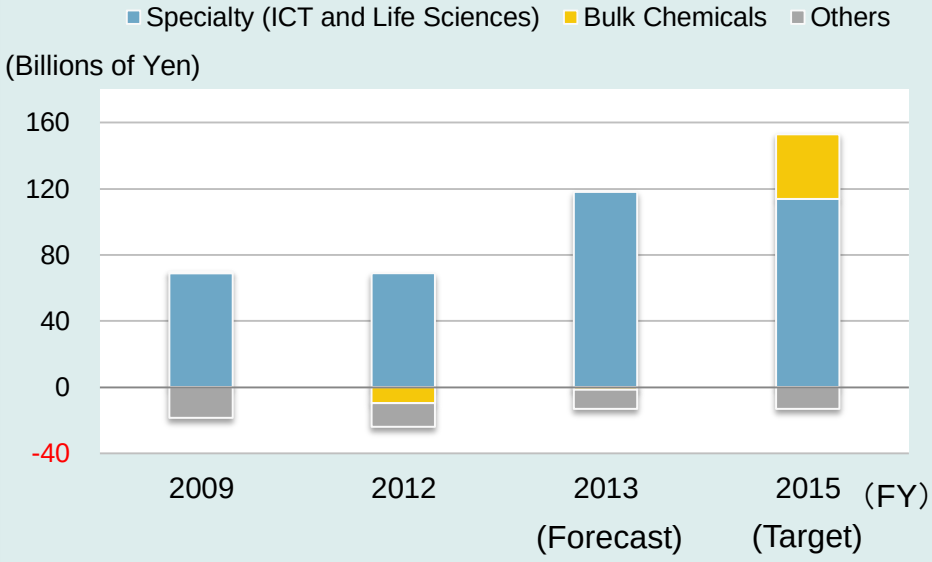
Change and Innovation

Sales



Exchange rate	¥92.89/$	¥82.91/$	¥97.0/$	¥80.0/$

Operating Income



Exchange rate	¥92.89/$	¥82.91/$	¥97.0/$	¥80.0/$

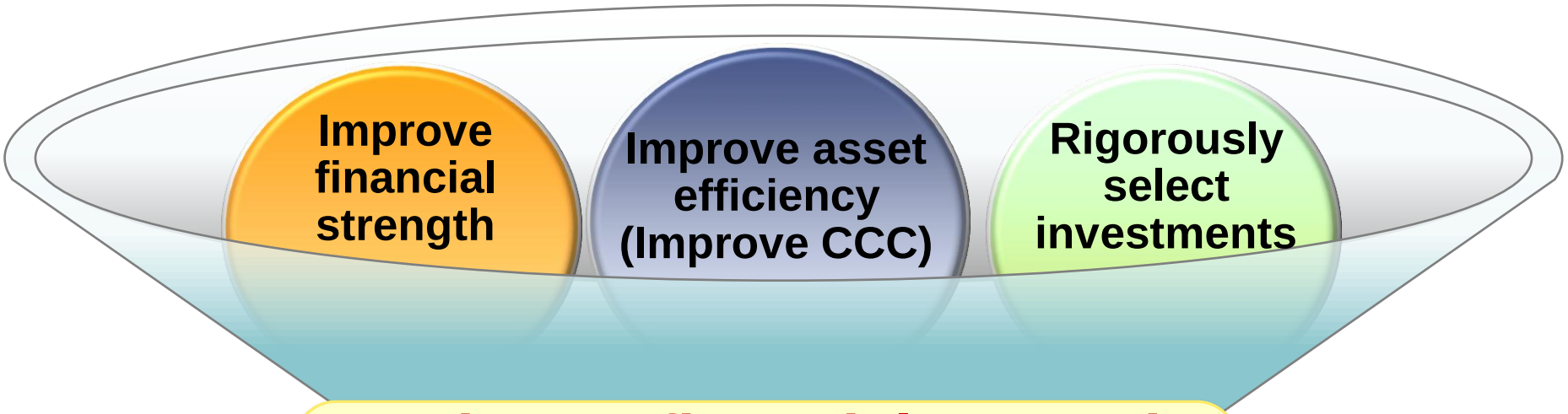
- **Expand specialty businesses**
- **Restructure underperforming businesses**
- **Quickly maximize returns on major investments**

→ **Improve business portfolio** →

Establish robust business foundations

Enhance Financial Strength

Enhance Financial Strength



Enhance financial strength

Target:

Interest-bearing liability balance

below ¥900 billion at the end of FY2015

Secure greater strategic freedom to aggressively pursue growth opportunities

Initiatives to Improve Profitability

Change and Innovation

Rationalization Initiatives under Corporate Business Plan: Targets and Progress

Item	Target for FY2015*	Major initiatives	Target for FY2013	Progress
Variable manufacturing costs	¥57 billion	Procure at lower cost; improve yields (IT-related Chemicals); restructure Chiba Works (Petrochemicals & Plastics)	¥30 billion	Solid progress on lower-cost procurement and improvement of yields
Fixed manufacturing costs	¥8 billion	Restructure Chiba Works (Petrochemicals & Plastics); streamline production processes (IT-related Chemicals)	¥7 billion	
SG&A expenses	¥15 billion	Reduce selling expenses (Pharmaceuticals)	¥7 billion	Solid progress on the restructuring of pharmaceuticals sales operations (U.S.) and the reduction of head-office overhead costs
Total	¥80 billion		¥44 billion	

*Comparison with FY2012

Accelerating rationalization efforts, mainly in the Basic Chemicals Sector, faced with a tougher than expected business environment

Making good progress towards the targets

Initiatives to Rigorously Select Investments

Change and Innovation

Investment Target under Corporate Business Plan	Initiatives to Rigorously Select Investments
Limit investment cash flow for FY2013 to FY2015 to **below 400 billion yen**	Strictly control total investment within the limit
	Conditions for making investments not planned in the budget 1. Review the planned projects to control the total investment amount under budget 2. Take steps to avoid additional cash requirements (e.g.: asset sales and working capital reduction)
	Quarterly reviews of the investment plan for FY2013 to FY2015

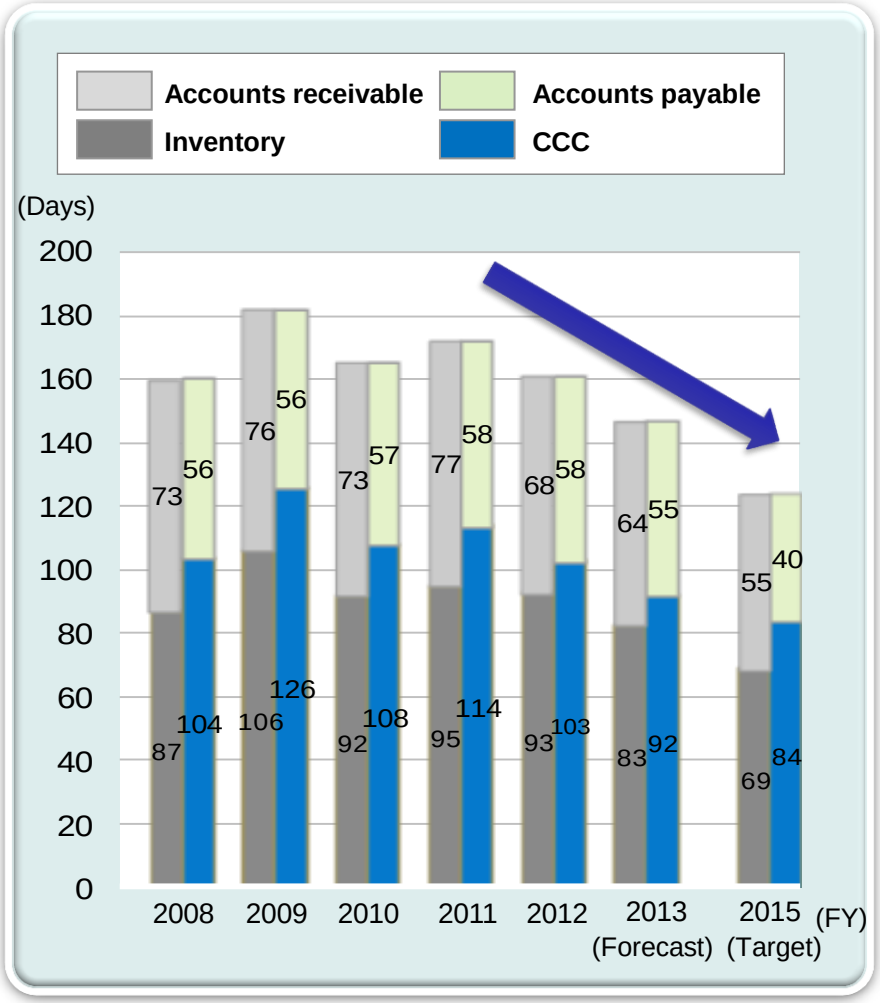
CCC Improvement Initiatives

Change and Innovation

CCC Improvement Initiatives

Sector	Initiatives
Basic Chemicals	- Shorten accounts receivable terms - Optimize inventory levels
Petrochemicals & Plastics	- Shorten accounts receivable terms for polymer business in Japan - Optimize inventory levels
IT-related Chemicals	- Shorten accounts receivable terms - Reduce inventories by globally standardizing the grades and specifications of products
Health & Crop Sciences	- Reduce the number of crop protection chemicals - Optimize inventory levels - Production at appropriate time - Shorten accounts receivable terms
Pharmaceuticals	- Optimize inventory levels

Sumitomo Chemical's CCC



Cash Flow Projections

Change and Innovation

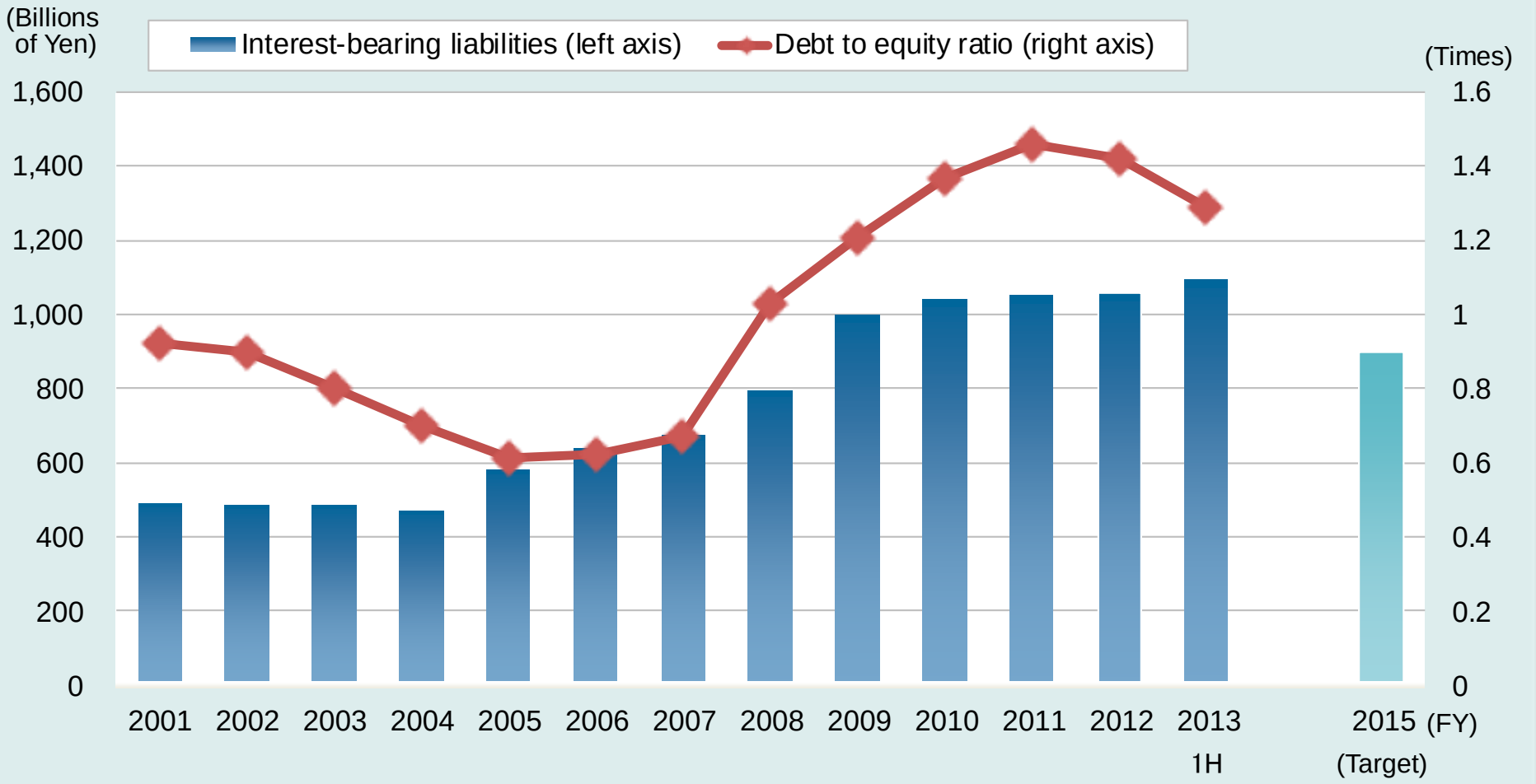
	Corporate Business Plan FY2010-FY2012 (Result)	New Corporate Business Plan	
		FY2013-FY2015 (Target)	FY2013.1H (Forecast)
Cash flows from operating activities	¥472.3 billion	¥540 billion	¥100.8 billion
Cash flows from investing activities	- ¥445.7 billion	Below - ¥400 billion	- ¥80.0 billion
Free cash flows	¥26.6 billion	*1 Over ¥200 billion	¥20.9 billion

Note *1: Includes decreases in cash and cash equivalents

	End of FY2012 (Result)	End of FY2015 (Target)	End of FY2013.1H (Forecast)
Interest-bearing liabilities	¥1,060.6 billion	Below ¥900 billion	¥1,095.7 billion

Note : Rabigh Phase II advance payments: 24 bn yen at end of FY2012, 45 bn yen at end of FY2013.1H

Interest-Bearing Liabilities and D/E Ratio



Develop Next-Generation Businesses

Develop Next-Generation Businesses

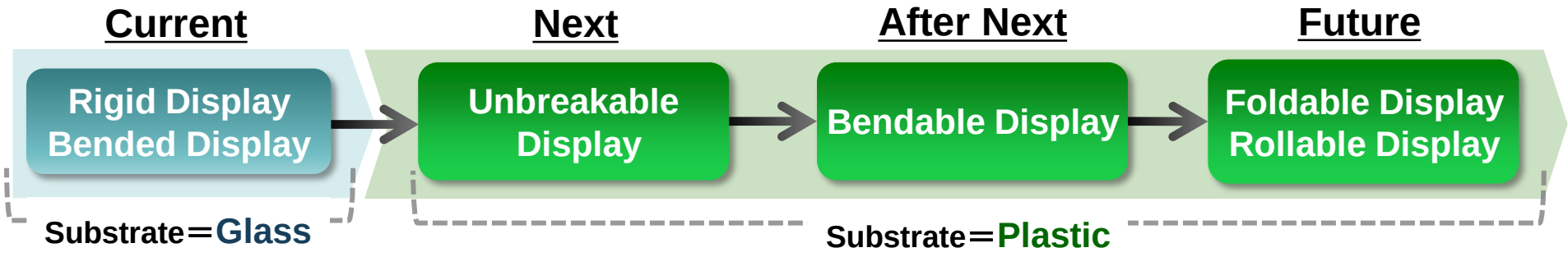
Change and Innovation

Launch	2011	2015	2020-
Environment and Energy	✓Silicon solar cells (HEVA, electrode paste, etc.) ✓Lithium-ion secondary batteries (separators) ✓LED lighting applications (sapphire substrates and alumina, etc.)	PLED lighting Power semiconductors (epitaxial wafers) High heat-resistant and high thermal-conductive resin ✓Diesel particulate filters CO_2 separation	Organic thin-film photovoltaics Lithium-ion secondary batteries (Cathode materials)
ICT		PLED (light emitting materials) ✓Next-generation polarizing films ✓Encapsulation materials for optical use Flexible display materials and components	Organic semiconductors
Life Sciences	✓Drug for Schizophrenia (LATUDA)	Anticancer drugs targeting cancer stem cells ✓Safety evaluation and drug discovery using ES and iPS cells	Crop stress management Cellular medicine Regenerative treatment

✓ Commercialized/ready to be commercialized

Development of Next-Generation Flexible Display Material and Component Business

Next-Generation Display Road Map



Plastic-based Next-Generation Displays: Thin, lightweight, strong, flexible

Greater flexibility in device designs and more convenience for consumers

Creating Next-Generation Displays

Sumitomo Chemical's Strengths

Outstanding material development capabilities as a diversified chemical company

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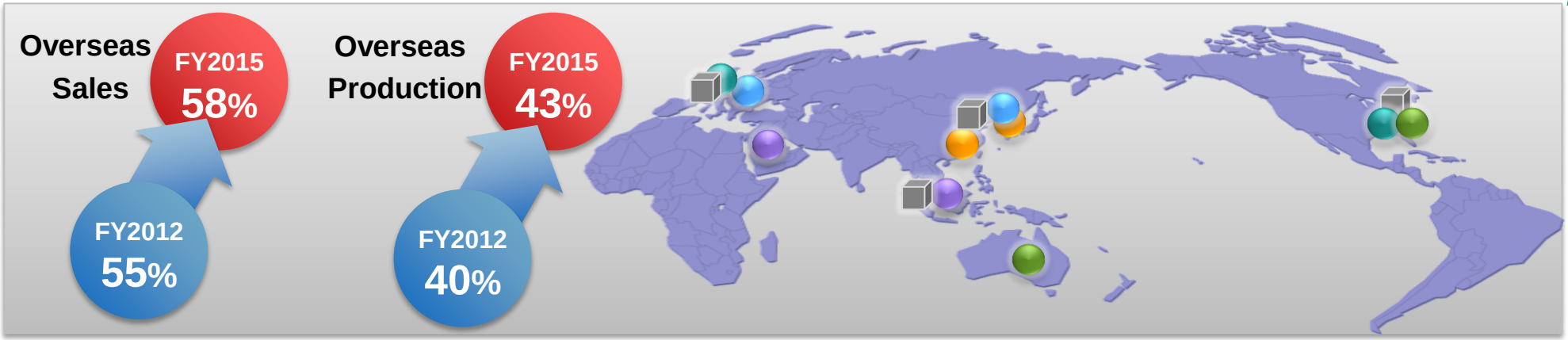
Strong product development capabilities and advanced processing technologies developed in the display materials business

Promote Globally Integrated Management

Promote Globally Integrated Management



Basic Chemicals

Korea
- ✓ High-purity alumina production

Poland
- ✓ DPF production

Petrochemicals & Plastics

Singapore
- ✓ S-SBR production

Saudi Arabia
- ✓ Rabigh Phase II Project

IT-related Chemicals

Korea
- ✓ Expansion of touchscreen panel production capacity

China
- ✓ Expansion and strengthening of supply chain

Health and Crop Science

Australia
- ✓ Comprehensive business alliance with Nufarm

US
- ✓ Collaboration with Monsanto

Pharmaceuticals

US
- ✓ Expansion of LATUDA's indications
- ✓ Development of anti-cancer stem cell drugs

Europe
- ✓ Joint development and launch of LATUDA with Takeda Pharmaceuticals

Others

Establishment of regional headquarters
- ✓ China : Sumitomo Chemical (China)
- ✓ Asia : Sumitomo Chemical (Asia Pacific)
- ✓ America : Sumitomo Chemical America
- ✓ Europe : Sumitomo Chemical Europe

Ensure Full and Strict Compliance and Maintain Safe and Stable Operations

Ensure Full and Strict Compliance and Maintain Safe and Stable Operations

Ensure full and strict compliance

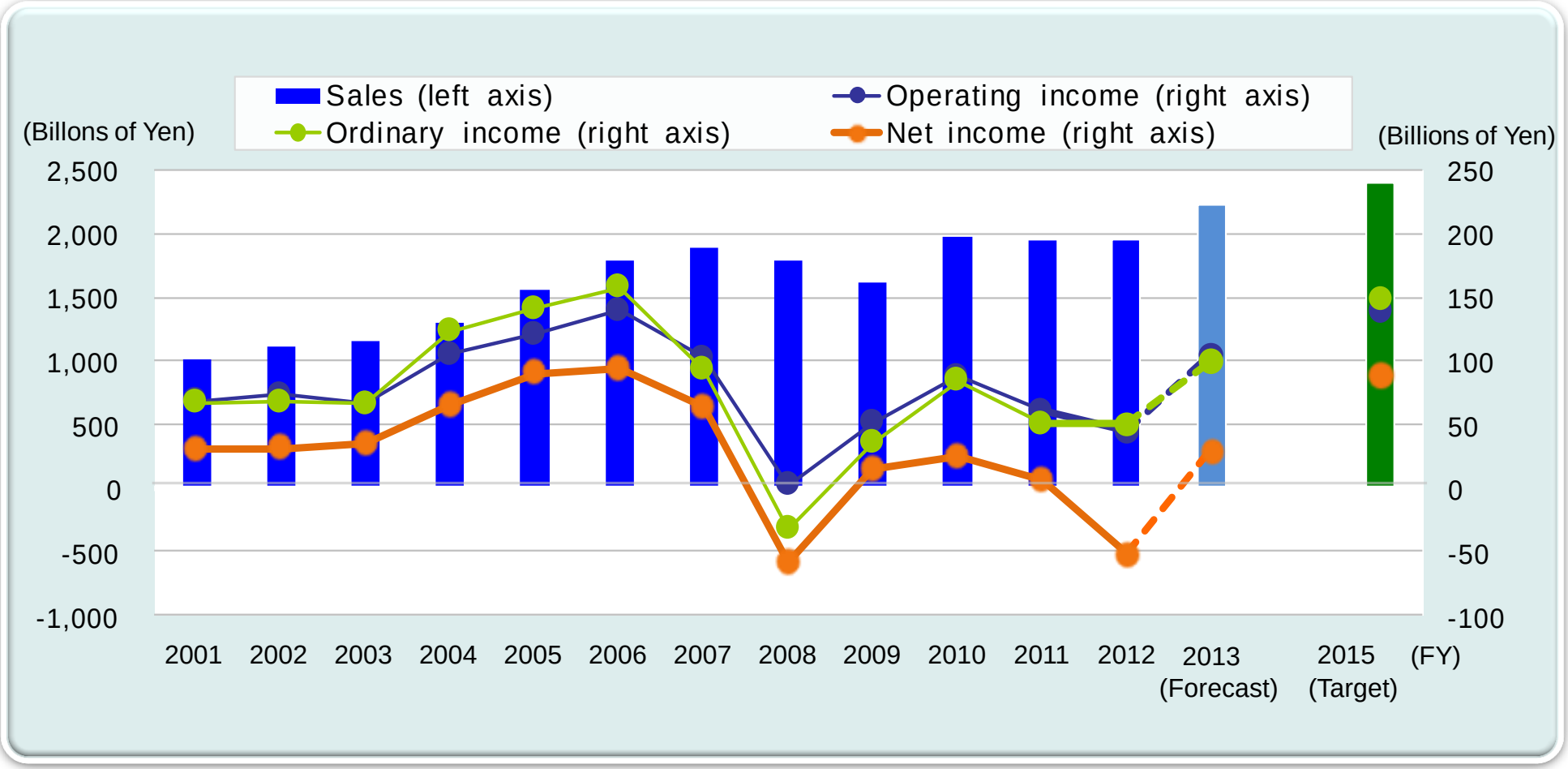
- ✓ Strengthen compliance systems across the Sumitomo Chemical Group, including subsidiaries and affiliates at home and abroad

Maintain safe and stable operations

- ✓ Ensure safe and stable operations by enhancing our culture of safety and increasing safety assurance capabilities

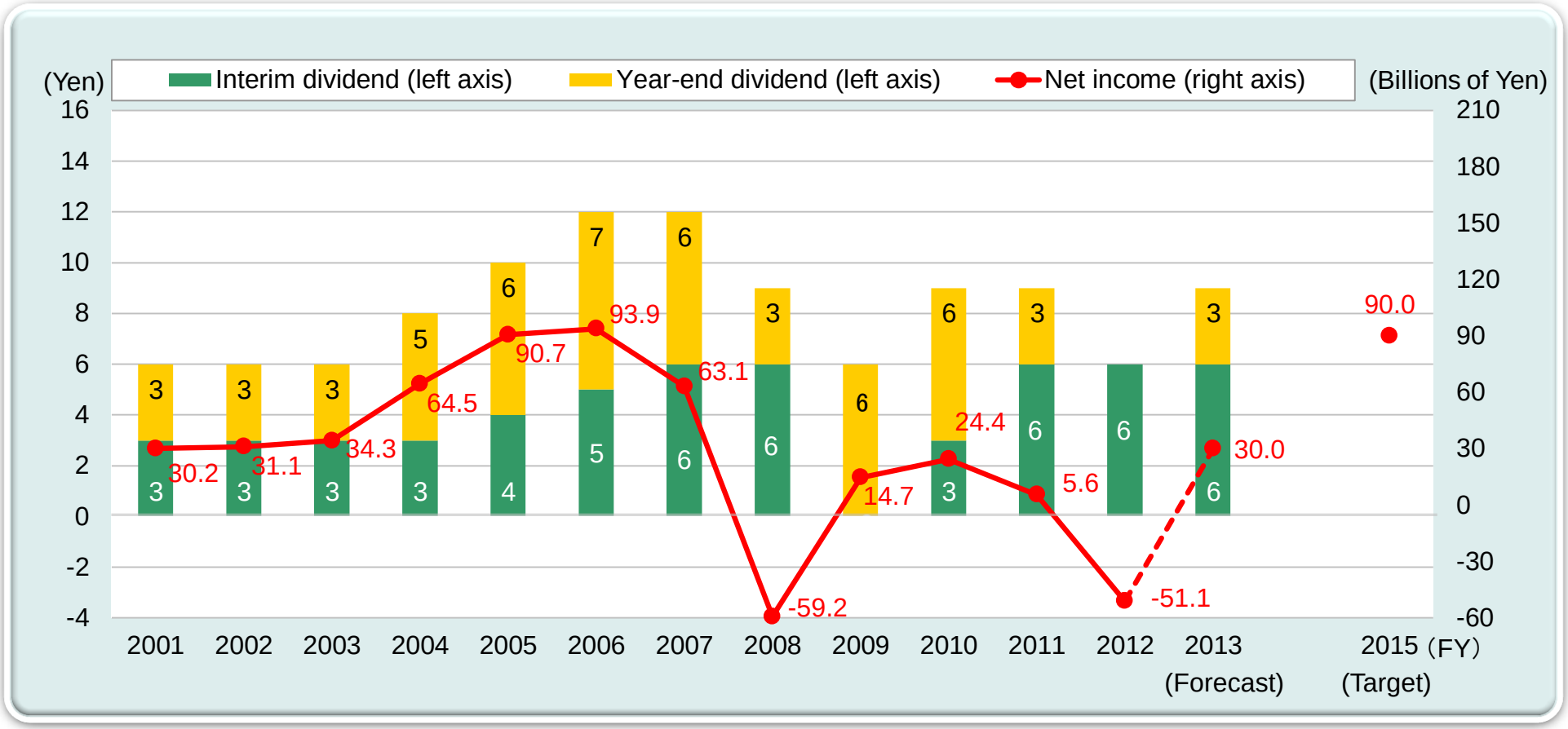
Shareholder Return

Performance Targets



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

SUMITOMO CHEMICAL

Cautionary Statement

Statements made in this document with respect to Sumitomo Chemical's current plans, estimates, strategies and beliefs that are not historical facts are forward-looking statements about the future performance of Sumitomo Chemical. These statements are based on management's assumptions and beliefs in light of the information currently available to it, and involve risks and uncertainties.

The important factors that could cause actual results to differ materially from those discussed in the forward-looking statements include, but are not limited to, general economic conditions in Sumitomo Chemical's markets; demand for, and competitive pricing pressure on, Sumitomo Chemical's products in the marketplace; Sumitomo Chemical's ability to continue to win acceptance for its products in these highly competitive markets; and movements of currency exchange rates.