



New Three-Year Corporate Business Plan Fiscal Years 2007-2009

Taking a Quantum Leap as a Global Company



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March 5, 2007

FY2007-2009 Corporate Business Plan

Today's agenda

I . Summary of current Business Plan

- Basic Principle
- Financial Results

II. Overview of the New Business Plan

- Basic Principle
- Basic Initiatives
- Performance Targets

Summary of Current Business Plan

Basic Principle

Maximize our strengths through selection and concentration to achieve high profitability

- ※ Focus Investment in Life Sciences and IT-Related Chemicals
 - Founded Dainippon Sumitomo Pharma (Pharmaceuticals)
 - Grow LCD materials business aggressively (IT Related Chemicals)
- ※ Shift to Higher Value-Added Products.
 - Launch New Polyethylene, Convert PE Plant into PP Plant
- ※ Enhance Global operations
 - Capacity expansions in Korea, Taiwan, China(IT Related Chemicals)
 - Capacity expansions in Singapore(Basic Chemicals & Petrochemicals)

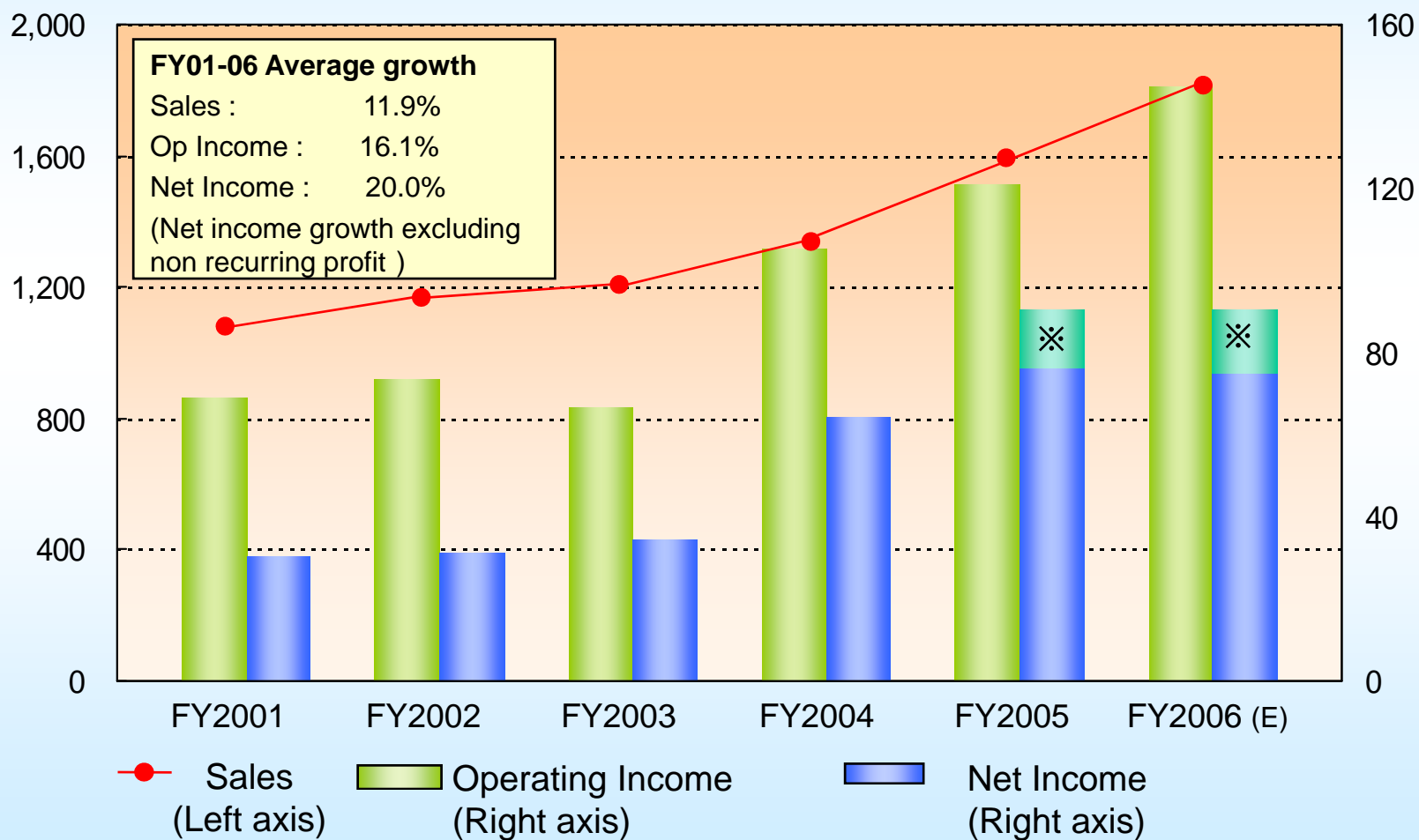
- ※ Significance of Rabigh Project
 - Strengthen foundation and profitability of the Petrochemicals business through stable supply of feedstocks at competitive prices
 - Accelerate extending our global reach

Summary of Current Business Plan

Financial Results

(Billions of yen)

(Billions of yen)



※ Non recurring profit (Profit on sales of stock etc.)

Overview of the New Business Plan

Basic Principle

To achieve and consolidate high profitability and secure sustained growth potential to generate the added value our shareholders expect in our business as we work to take a Quantum Leap in our business development as a Global Company.

Basic Initiatives

- ※ Successful Accomplishment of the Rabigh Project
- ※ Enhancing Global Management
- ※ Enlarging the Value-Added Component of Every Business Sector
- ※ Expanding the Company's businesses in the life sciences and IT-related materials and Strengthening their Competitiveness
- ※ Paving the Way for Further Growth

Overview of the New Business Plan

Successful Accomplishment of the Rabigh Project

On schedule completion and seamless transition to stable operations

- ※ Current progress on construction
 - Progressing smoothly since the ground breaking ceremony last March
 - On schedule for completion in mid-2008

- ※ Seamless transition to stable operations
 - Train local staff at Chiba plant and Singapore subsidiary

- ※ Global marketing structures
 - Founded Sumitomo Chemical Asia to set up global marketing structure

Overview of the New Business Plan

Enhancing Global Management

Strengthen management systems to support global business expansion

※Develop global management system (Personnel, Accounting, Internal Control, etc.)

※Restructure IT system

※Enhance business support systems in the corporate departments (Legal, Human resources, IT System, IP, Accounting, Purchasing, Logistics, etc.)

※Assign corporate staff to major overseas offices

Overview of the New Business Plan

Enlarging the Value-Added Component of Every Business Sector (1)

Basic Chemicals

- ※ Complete and start immediate full operation of third phase expansion of MMA plant in Singapore
- ※ Strengthen the cost competitiveness of caprolactam business

Petrochemicals & Plastics

- ※ Develop a global optimum production system in Japan, Singapore and Saudi Arabia
- ※ Create high value added by strengthening polypropylene compound business, etc.

Fine Chemicals

- ※ Strengthen competitiveness of resorcinol and pharmaceutical chemicals business

Overview of the New Business Plan

Enlarging the Value-Added Component of Every Business Sector (2)

IT-related Chemicals

- ※ Improve profitability of LCD materials business (sales expansion and rationalization)
- ※ Develop new materials

Agricultural Chemicals

- ※ Focus on Growth products (DL-methionine, SUMISOYA®[®], OLYSET®[®] NET, etc.)
- ※ Pursue further synergies through integration of Sumitomo Chemical Takeda Agro Co., Ltd. (sales expansion and rationalization)

Pharmaceuticals

- ※ Focus resources on strategic products and maximize new product sales as early as possible

Overview of the New Business Plan

Expanding the Company's businesses in the life sciences and IT-related materials and Strengthening their Competitiveness

- ※ Continue focusing resources in Life Science and IT-Related materials businesses to accelerate growth
- ※ Strengthen competitiveness especially in IT-Related materials business through cost rationalizations and launch of new products

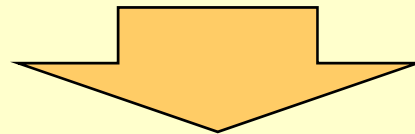
Overview of the New Business Plan

Paving the Way for Further Growth - Capex

Operating CF	+ ¥530 Bn
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Capex	△ ¥370 Bn
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Free Cash Flow	+ ¥160 Bn
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Strategic investment fund for future growth	Max ¥200 Bn
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Overview of the New Business Plan

Paving the Way for Further Growth

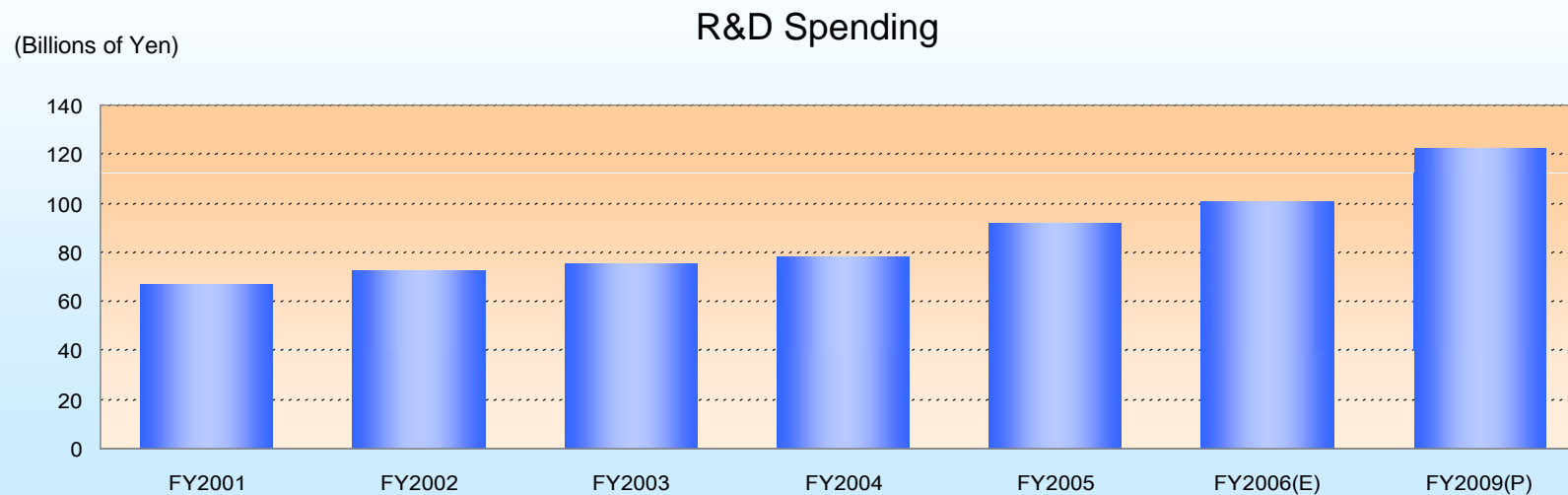
- R&D activity in new areas

Focus on IT, Energy and Life Science

IT: Polymer OLED

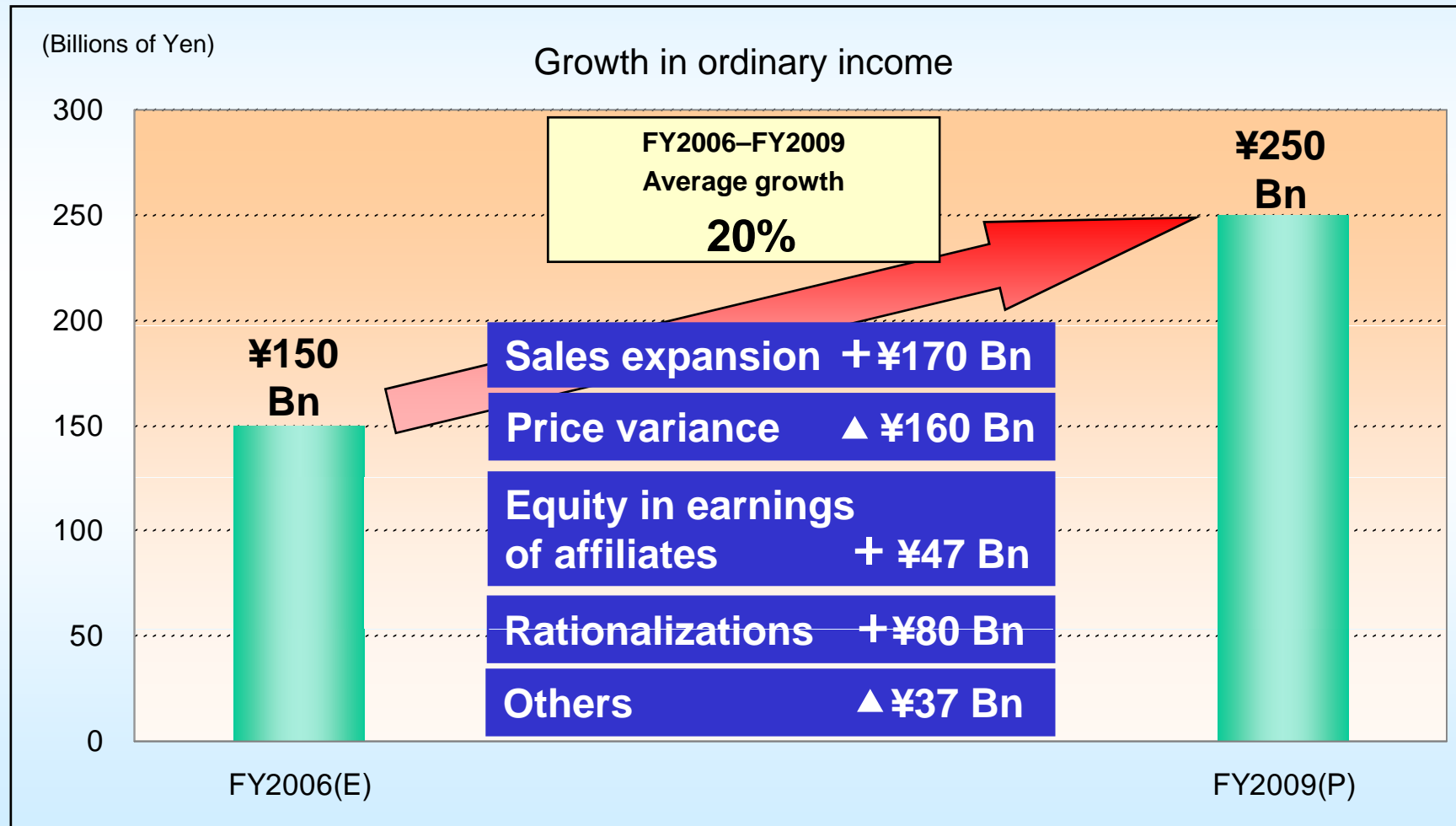
Energy: Lithium-ion battery materials

Life Science: Speed up R&D process of exploratory research subjects such as an anti-fibrotic agent.



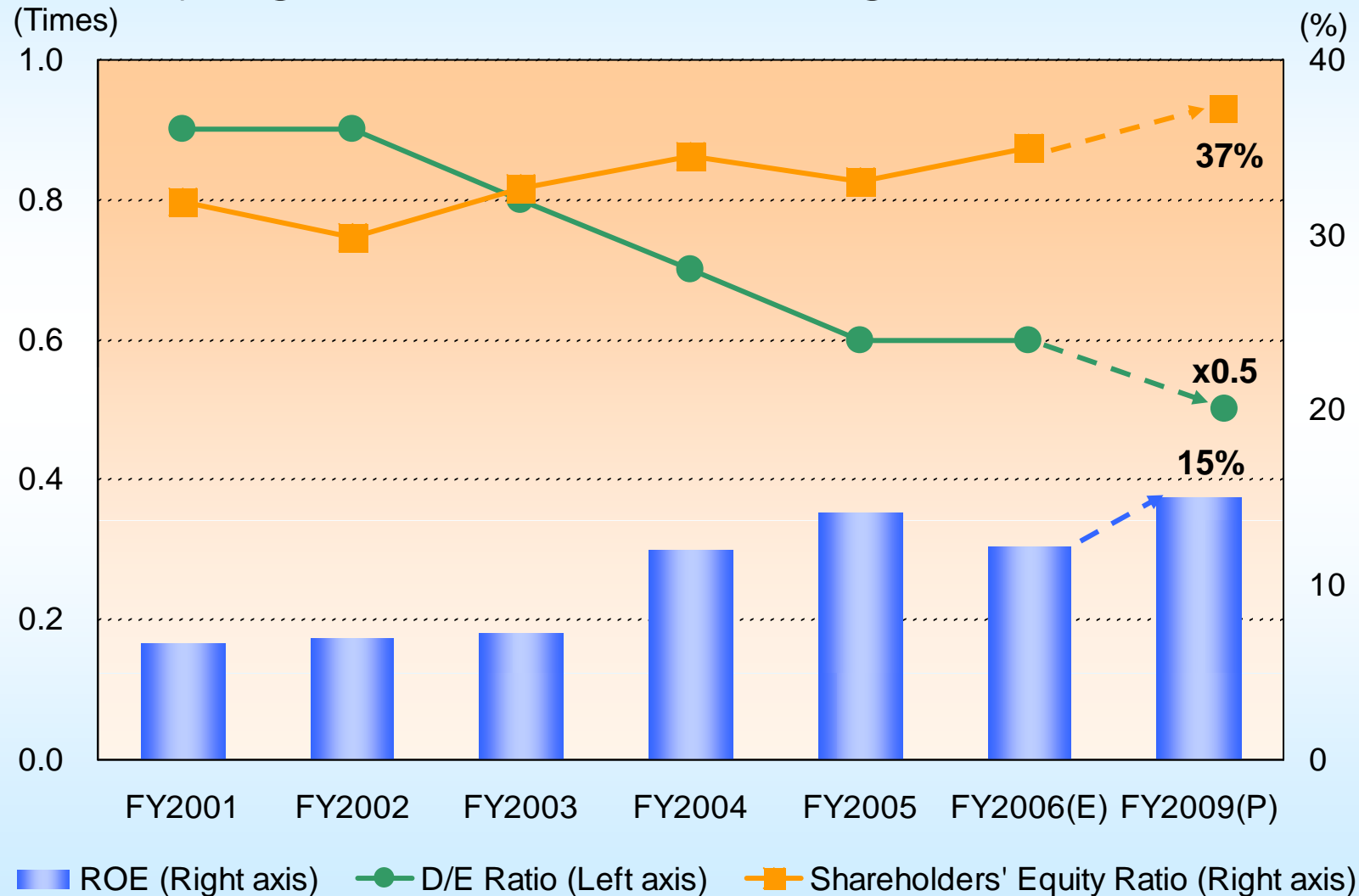
Overview of the New Business Plan

Breakdown of Ordinary Income Growth



Overview of the New Business Plan

Solidifying our financial strength



(Note: D/E ratio includes minority interests in equity)

Overview of the New Business Plan

Dividend Policy

We plan to increase our dividend gradually as profit grows, taking capital needs into account

Closing Remarks

Taking a Quantum Leap as a Global Company



(Reference)

Sales by Segment

(Billions of Yen)

Sales	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006 (Estimate)	FY2009 (Plan)
Basic Chemicals	173.8	193.2	199.1	225.8	252.4	300.0	320.0
Petrochemicals & Plastics	338.6	371.6	362.4	412.6	486.1	540.0	860.0
Fine Chemicals	99.8	103.5	80.6	84.1	79.0	90.0	110.0
IT-related Chemicals	59.8	82.5	123.5	174.8	229.2	275.0	470.0
Agricultural Chemicals	134.9	158.1	167.1	171.6	186.2	195.0	230.0
Pharmaceuticals	174.0	168.4	166.6	170.7	233.1	235.0	265.0
Others	37.5	33.7	59.2	56.7	90.6	150.0	145.0
Total	1,018.4	1,111.1	1,185.4	1,296.3	1,556.6	1,785.0	2,400.0

Operating Income by Segment

(Billions of Yen)

Sales	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006 (Estimate)	FY2009 (Plan)
Basic Chemicals	3.0	5.3	2.6	5.2	10.0	15.0	24.0
Petrochemicals & Plastics	-0.4	4.9	-1.6	15.0	17.9	17.0	25.0
Fine Chemicals	8.0	9.2	8.8	11.5	9.8	14.0	15.0
IT-related Chemicals	-6.3	0.5	14.3	18.7	21.7	17.0	40.0
Agricultural Chemicals	17.9	16.6	10.7	14.8	16.6	24.0	35.0
Pharmaceuticals	42.0	32.3	27.8	34.4	38.3	51.0	51.0
Others	4.6	4.8	4.0	5.6	6.5	7.0	10.0
Total	68.8	73.5	66.6	105.2	120.8	145.0	200.0

Cautionary Statement

Statements made in this document with respect to the 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.