

Sumitomo Seika Chemicals Company Limited

Announcement Regarding Our Three-Year Business Plan

Sumitomo Seika Chemicals Company Limited previously formulated and has been pursuing a three-year business plan with a net sales goal of 75 billion yen for the fiscal year (FY) 2011. However, we have now become confident that we will achieve these goals one year ahead of schedule.

Furthermore, the business environment surrounding us, including skyrocketing raw material prices and appreciation of the yen, has changed significantly in the two years since our previous business plan was originally formulated.

For these reasons, we decided to review and revise our previous plan. Originally, we had aimed to become a company with a net sales of 100 billion yen by around FY 2015; however, due to the factors mentioned above, we have formulated a new plan aiming at target sales of 100 billion yen and an operating income of 10 billion yen in FY 2011, while concurrently accelerating our growth rate.

Our Group aims to become a company that (1) is a R&D-oriented chemical manufacturer that continues to market highly distinctive new products in growing fields, (2) is highly-profitable while engaging in a niche business globally with world-class technologies, (3) fulfills social responsibilities and inspires pride and motivation in its employees. We will continue to pursue this philosophy as our goal.

In order to realize these goals and this philosophy, we have decided to focus on implementing specific measures, such as (1) adjustment of our portfolio by balancing the growth of all of our business sections, rather than relying on the Super Absorbent Polymer Division as our main income source as we have in the past (2) acceleration of overseas business operations by reinforcing and accelerating our operations in overseas markets showing strong future growth potential, (3) improvement of priority products and early development of new products by carrying out prudent but bold investment of our resources, such as funds, personnel and other elements.

To achieve the goals set out in this plan, we will concentrate on putting the following into action:

- (1) Establishing a third overseas base for the production of super absorbent polymers, and further enhancing product quality and functions
- (2) Improving our competitiveness by increasing the production of sulfur-containing compounds and streamlining their operation process
- (3) Reinforcing the production of medical products and expanding their sales
- (4) Developing overseas markets for functional polymers and super water-absorbent polymers and establishing an overseas base producing such products
- (5) Developing highly-distinctive products and releasing them early in the information electronics and amenity fields

In the spirit of our new three-year business plan and our goal to promote and strengthen our research and development activities, we plan to double our number of researchers as well as our research budget, and invest approximately 40 billion yen by the end of FY 2010. Since we project that our foreign sales ratio will grow to 56% by the final year of the plan, our strategy for overseas business is a matter of great importance. Consequently, we also plan to focus on the development of global human resources, reinforcement of overseas management assistance systems, and the enhancement of risk management systems and internal control rules in this area.

[Numerical Targets]

(in billion yen)

| | Plan for FY 2008 | Plan for FY 2009 | Plan for FY 2011 |
|-------------------|--|------------------|------------------|
| Net Sales | 70 | 78 | 100 |
| Operating Income | 5 | 6.5 | 10 |
| Investment | Cumulative total of 40 billion yen by the end of FY 2010 | | |
| Research Expenses | 2.1 | 2.5 | 3.2 |