

**Sumitomo Chemical Merges Agrochemical Subsidiaries
~ Generating Synergies with Sumika Takeda ~**

Sumitomo Chemical Co., Ltd. announced today that Sumika-Takeda Agro Manufacturing Co., Ltd., an agrochemical-formulating subsidiary of Sumitomo Chemical Takeda Agro Co., Ltd. (SCT), will merge with agrochemical manufacturer Seibu Kasei Co., Ltd. to form Sumika Agro Manufacturing Co., Ltd. Both SCT and Seibu Kasei are subsidiaries of Sumitomo Chemical.

Further, in agrochemical business for non-farming areas, SCT subsidiary Kaiwaryokuka Co., Ltd. will merge with Sumitomo Chemical subsidiary Nihon Green & Garden Corp. The new company will retain the name Nihon Green & Garden Corp.

Both of the new entities will commence operations in April 2004.

Sumitomo Chemical has identified agricultural chemicals as one of its core business areas, and has been expanding and strengthening its businesses in this field through aggressive business acquisitions and alliances with other firms. SCT took over the agrochemical business of Takeda Chemical Industries, Ltd. in November 2002, and has been steadily developing and strengthening its business together with SCT subsidiaries Sumika-Takeda Garden Products Co., Ltd., Sumika-Takeda Agro Manufacturing Co., Ltd., and Kaiwaryokuka Co., Ltd. Sumitomo Chemical plans to completely merge its agricultural chemicals business with SCT in 2007, and is moving forward with preparations such as consolidation of marketing channels. In the meantime, the Company will continue building the optimal framework for its agrochemical business group, in order to generate synergies as soon as possible. The current realignment among subsidiaries is an important step toward achieving that goal.

By fusing the agrochemical formulating technologies of the merging companies, Sumika Agro Manufacturing will benefit from both stronger technological capabilities as well as improved productivity. Furthermore, in addition to realizing cost savings by optimally arranging production among its plants, Sumika Agro Manufacturing will become more competitive by pursuing lower material procurement costs and greater efficiency in administrative departments. The company will also do some formulation on commission from other companies.

Nihon Green & Garden Corp. will combine the marketing prowess and product development capabilities of the two merging companies, and solidify an integrated process from commercial product development to marketing and contract pest and disease control. The company will become more competitive by expanding businesses across non-farming areas, such as in plant protection chemicals for golf courses and herbicides for railroad use, while at the same time pursuing greater efficiency in administrative departments.

In addition, Sumitomo Chemical and SCT are making strides in establishing systems for optimal performance in sales, research, and manufacturing. In sales, the two companies have located their domestic sales offices in close proximity and are carrying out sales personnel exchanges for overseas businesses, making effective use of the sales force, trust and operating base they have built up. They will also unite their business agendas and begin full-scale marketing efforts as a group. This will increase marketing efficiency, ready a system to answer the diverse needs of farmers, and expand business. In research, SCT's Agricultural Research Laboratory (Tsukuba, Ibaraki, Japan) will be relocated inside Sumitomo Chemical's Agricultural Chemicals Research Laboratory (Takarazuka, Hyogo, Japan) in October of this year, enabling smoother exchange of information, efficient use of research resources, and a stronger R&D platform. Further, the companies are considering gradually transferring production of agrochemical active ingredients currently manufactured at STC's Hikari Plant (Hikari, Yamaguchi, Japan) to production at Sumitomo Chemical's Oita Works (Oita, Japan), and pursuing greater efficiency in the active ingredients production.

Sumitomo Chemical is thus pursuing measures to maximize the results of its strategic M&As so far, including taking steps to realize synergies with STC, and will strengthen its agrochemical business to be a high-return segment that will thrive in global competition.

< Overview of the Mergers >

Sumika Agro Manufacturing Co., Ltd.

Locations:	Head Office:	Kudamatsu, Yamaguchi, Japan (current Sumika-Takeda Agro Manufacturing Head Office)
	Plants:	Kudamatsu; Koriyama, Fukushima; Shobara, Hiroshima (the new company will take over existing plants)
Capital:		495 million yen
Shareholders:	Sumitomo Chemical Takeda Agro Co., Ltd.	89.52%
	Sumitomo Chemical Co., Ltd.	9.43%
	Shokozan Mine	1.05%

Nihon Green & Garden Corp.

Head Office:	Tokyo, Japan (current Nihon Green & Garden Head Office)	
Capital:	95 million yen	
Shareholders:	Sumitomo Chemical Co., Ltd.	48.72%
	Hodogaya Chemical Co., Ltd.	26.23%
	Sumitomo Chemical Takeda Agro Co., Ltd.	25.05%

< Overview of Merging Companies >

Sumitomo Chemical Takeda Agro Co., Ltd.

Head Office:	Tokyo, Japan	
Began Ops:	November 2002	
Net Sales:	29.2 billion yen (FY2003 forecast)	
Employees:	290	
Shareholders:	Sumitomo Chemical Co., Ltd.	60%
	Takeda Chemical Industries, Ltd.	40%

Sumika-Takeda Agro Manufacturing Co., Ltd.

Head Office: Kudamatsu, Yamaguchi, Japan
Established: November 1973
Net Sales: 3 billion yen (FY2003 forecast)
Employees: 100
Shareholders: Sumitomo Chemical Takeda Agro Co., Ltd. 100%

Seibu Kasei Co., Ltd.

Head Office: Shobara, Hiroshima, Japan
Established: August 1968
Net Sales: 1.2 billion yen (FY2003 forecast)
Employees: 60
Shareholders: Sumitomo Chemical Co., Ltd. 90%
Shokozan Mine 10%

Nihon Green & Garden Corp.

Head Office: Tokyo, Japan
Established: October 2001
Net Sales: 3.8 billion yen (FY2003 forecast)
Employees: 30
Shareholders: Sumitomo Chemical Company, Ltd. 65%
Hodogaya Chemical Co., Ltd. 35%

Kaiwaryokuka Co., Ltd.

Head Office: Tokyo, Japan
Established: April 1978
Net Sales: 0.8 billion yen (FY2003 forecast)
Employees: 30
Shareholders: Sumitomo Chemical Takeda Agro Co., Ltd. 100%