

Sumitomo Chemical Announces Revisions to its Consolidated Financial Forecast and Projected Dividend for Fiscal 2008

Based on recent performance trends, Sumitomo Chemical Co., Ltd. ("the Company") has revised its consolidated full-year financial forecast and projected dividend announced on October 31, 2008 for fiscal 2008 ending March 31, 2009 as detailed below.

1. Revision to Consolidated Full-Year Financial Forecast for Fiscal 2008

(1) Revised Consolidated Full-Year Financial Forecast for Fiscal 2008 (April 1, 2008-March 31, 2009)

(Millions of yen)

	Sales	Operating Income	Ordinary Income	Net Income
Previous Estimates (A)	2,010,000	70,000	60,000	15,000
Revised Estimates (B)	1,820,000	30,000	0	- 15,000
Variance in Amount (B-A)	- 190,000	- 40,000	- 60,000	- 30,000
Variance in Percentage	- 9.5%	- 57.1%	- 100.0%	—
Full Year Results for Fiscal 2007 (Ended March 31, 2008)	1,896,539	102,397	92,790	63,083

(2) Reasons for the Revision

The Company expects its full-year financial results to be lower than previously forecast because of decreased sales volumes due to worsening global economic conditions as well as the effects of a stronger yen.

For the revised full-year forecast, the Company assumes an exchange rate of ¥90/USD (¥100/USD for the previous estimate) and a domestic naphtha price of ¥25,000/KL (¥54,000/KL for the previous estimate).

In addition, this revision also incorporates an extraordinary gain of ¥14.8 billion on the establishment of an employee retirement benefit trust, as announced separately today.

In order to cope with the rapidly worsening business climate, the Sumitomo Chemical Group will step up its cost reduction efforts such as more rigorous selection of capital expenditures and R&D investments, trimming overall expenses, cutting back interest-bearing debt through measures such as inventory reductions, as well as decreasing labor costs.

2. Revision to Projected Dividend for Fiscal 2008

(1) Revised Dividend Projection for Fiscal 2008 (April 1, 2008-March 31, 2009)

	Dividend per Share		
	Dividend at End of First Half of Fiscal 2008	Dividend at End of Fiscal 2008	Total
	Yen	Yen	Yen
Previous Estimates	6.00	6.00	12.00
Revised Estimates	—	3.00	9.00
Dividend Paid	6.00	—	—
Dividend for Fiscal 2007	6.00	6.00	12.00

(2) Reasons for the Revision

The Company defines shareholder return as its corporate priority and makes it a policy to maintain a stable dividend while comprehensively taking into consideration financial results for each fiscal year, dividend payout ratio and the amount of retained earnings necessary for further business development.

Nevertheless, the Company has revised its projected year-end dividend to ¥3 per share (previously projected at ¥6 per share) because the Company expects its consolidated full-year financial results for fiscal 2008 to be lower than previously forecast.

As a result, the Company's projected dividend will be ¥9 per share on a full-year basis.

Along with the above revisions to its financial forecast and dividend projection, the Company will implement the following reductions in executive officers' remuneration:

- (i) No bonuses will be paid for the fiscal year ending March 31, 2009.
- (ii) Monthly remuneration will be reduced by 8% to 10% starting April 2009.
- (iii) As a result, total executive remuneration will be reduced by approximately 20%.

(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.