

Notice Regarding Adjustments to Forecasts for FY2007 Financial Results

November 8, 2007—Gunze Limited has announced adjustments to its previous forecasts of consolidated and non-consolidated performance for the fiscal year ending March 31, 2008, announced on May 9, 2007, along with its financial results for the previous fiscal year. The adjustments reflect recent business conditions facing the Gunze Group and are detailed below:

1. Adjustment of Financial Result Forecasts for FY2007 (April 1, 2007 to March 31, 2008)

(1) Adjustment of Consolidated Financial Result Forecasts

(Millions of yen)

| | Net sales | Operating income | Ordinary income | Net income |
|---|-----------|------------------|-----------------|------------|
| Previous forecast (A) (announced on May 9, 2007) | 175,000 | 11,100 | 11,000 | 8,500 |
| Revised forecast (B) | 169,300 | 9,100 | 9,300 | 7,500 |
| Difference (B – A) | (5,700) | (2,000) | (1,700) | (1,000) |
| Difference (percentage) | (3.3%) | (18.0%) | (15.5%) | (11.8%) |
| (Ref) Previous fiscal year results (ending March 31, 2007) | 168,787 | 9,612 | 9,822 | 8,386 |

(2) Adjustment of Non-consolidated Financial Result Forecasts

(Millions of yen)

| | Net sales | Operating income | Ordinary income | Net income |
|---|-----------|------------------|-----------------|------------|
| Previous forecast (A) (announced on May 9, 2007) | 140,000 | 5,700 | 8,000 | 6,800 |
| Revised forecast (B) | 134,700 | 4,400 | 6,900 | 6,300 |
| Difference (B – A) | (5,300) | (1,300) | (1,100) | (500) |
| Difference (percentage) | (3.8%) | (22.8%) | (13.8%) | (7.4%) |
| (Ref) Previous fiscal year results (ending March 31, 2007) | 135,767 | 5,163 | 7,668 | 7,667 |

2. Reasons for Adjustments

The apparel business has experienced sluggish performance due to unseasonable weather and intensified market competition. The functional solutions business also continues to face challenging conditions with raw material prices rising to extremely high levels exceeding expectations, even though the Company is working on optimizing product prices. Accordingly, the above adjustments have been made for the previously announced forecasts.

Note: The above forecasts are based on information available to the Company as of the announcement date of this notice. Actual results could differ from forecasts due to changes in business conditions and other factors.