

FY2014 Tokuyama Corporation Investor Meeting
Q&A (Excerpts)

Date and time: April 30, 2015 (Thursday) 14:00-15:30

Participants:

Hiroshi Yokota, President and Executive Officer

Akihiro Hamada, Managing Executive Officer and General Manager of the Corporate Administration Division

Hideo Sugimura, Executive Officer and General Manager of the Corporate Planning Division

1. Questions regarding Tokuyama Malaysia PS-2

Q: How do you assess your inability to secure stable operations?

A: We are currently taking steps to ascertain optimal operating conditions for polycrystalline silicon deposition processing. In specific terms, efforts to raise operating rates are affecting the overall balance of operations resulting in an increase in waste. Accordingly, we are working to confirm the necessary conditions to secure optimal efficiency and stable operations.

Q: How do you plan to go about lowering cash costs?

A: When we are successful in achieving stable operations through the steadfast implementation of measures at the time periodic maintenance which is scheduled to commence in October, we should come close to targeted cash cost levels. I believe that fine-tuning our operational technologies are critical to achieving this goal.

Q: Will operating income improve a little more if operating rates increase in the 2H of FY2015?

A: Maintenance is scheduled in the 2H over the two-month period of October and November. With actual 2H operations therefore covering a four-month period, we do not anticipate any major improvement in operating income. However, as operations increase from January we are expecting significant improvements in cash costs on a monthly basis. We believe that we are trending in a positive direction.

2. Questions regarding Tokuyama Malaysia PS-1

Q: The shift in production to semiconductor-grade polycrystalline silicon was originally due

to the poor profitability of solar-grade operations. Will you be able to ensure commercial viability with a shift back to solar-grade polycrystalline silicon production?

A: Moving forward, we will need to clarify whether we can establish a competitive plant with a small amount of investment.

Q: Can you provide us with an update on the claim for damages.

A: There is no change in the details outlined during our IR meeting presentation at the end of January. We intend to proceed while taking into consideration the balance between litigation costs and anticipated compensation.

3. Question regarding semiconductor-grade polycrystalline silicon

Q: Semiconductor wafer manufacturers are reported to possess ample stocks of polycrystalline silicon. At the same time, the leading polycrystalline silicon manufacture seems to have the capacity to meet global demand on its own. Under these circumstances, what are your thoughts on the supply and demand of polycrystalline silicon?

A: For the fiscal year ended March 31, 2015, sales volumes increased on a year-on-year basis. We believe that supply and demand conditions are improving in terms of our position. Taking into consideration the recent trend toward increasingly compact and smaller products, demand for polycrystalline silicon quality has become extremely severe. With this in mind, we feel that the most pressing issue today revolves around how to achieve higher yields while the ensuring the best quality.

4. Question regarding management strategy

Q: It seems that there are a lot of businesses that the Company would like to expand. At the same time, you have the pressing need to rebuild your financial position. Will you prioritize efforts aimed at improving your financial position through the sale of businesses or will you emphasize the need to strengthen business profitability?

A: I believe that you are asking about our views toward the selection and concentration of businesses. We will of course look at whether it is better to pursue business development as a single company while examining opportunities to expand operations together with an appropriate partner. In this regard, we will consider those methods to secure business growth from a wide variety of angles.

5. Question regarding existing businesses

Q: We have heard that polyvinyl chloride pipe manufacturers are holding off on their purchases of vinyl chloride resin due to an expected drop in raw material prices including domestic naphtha. What are your thoughts?

A: While vinyl chloride resin selling prices may indeed be linked to movements in such raw material prices as domestic naphtha, we believe that the suspension of production at our Chiba factory this year and the concentration of facilities at Tokuyama Factory will help to reduce costs. As a result, we are looking at a positive movement in earnings.