

May 14, 2012

Tokuyama Corporation

Tokuyama Corporation Announces New Three-Year Management Plan

Tokuyama Corporation (hereinafter referred to as “Tokuyama” or “the Company”) announced today its new Three-Year Management Plan (FY2012–FY2014), together with the review of the previous Three-Year Management Plan.

1. Centennial Vision

February 16, 2008 marked Tokuyama’s 90th founding anniversary. Toward the centennial anniversary of its founding, which will be celebrated in February 2018, the Tokuyama Group set out its Centennial Vision. It defines the optimum form of the Group as “a manufacturing company that exists in harmony with society and creates a better future with the vitality of its human resources and the creativity of chemistry.” As a goal for the Centennial Vision, the Company set up the numerical targets that included net sales of ¥500 billion or higher, operating margin of 15% or higher, and overseas net sales ratio of 30% or higher.

2. Reflecting on the Previous Three-Year Management Plan and FY2011

Positioning the previous Three-Year Management Plan (April 1, 2008–March 31, 2011) as the first step to achieve the Centennial Vision, we promoted the Plan under our management policy “Venture Spirit & Innovation.” Although our efforts produced some positive results such as the execution of the Malaysia Project and the restructuring of the Cement business, many issues remain such as the delay in the creation of new businesses. In addition, our net sales and profits were far short of the numerical targets of the previous Three-Year Management Plan mainly due to the global economic crisis and the rapid shrinkage of domestic demand resulting from the economic recession.

To address such a situation, positioning FY2011 as the Year for Reformulation of Our Strategies toward the Achievement of the Centennial Vision, we strove to accomplish the measures that we had not completed under the previous Three-Year Management Plan and formulated the next Three-Year Management Plan for the three-year period starting April 2012.

3. New Three-Year Management Plan

Positioning the new Three-Year Management Plan as the second step for Accelerating Our Growth Strategies toward achieving our Centennial Vision, we will strive to promote growth strategies and establish a support structure for such growth strategies. To create a flow that accelerates growth, we will complete the Malaysia Project, restructure the Group’s businesses and strengthen the organizational functions. In addition, we will further develop the results of our

endeavor under the previous Three-Year Management Plan and for FY2011 and accelerate our initiatives to address remaining issues such as the creation of new businesses, the nurturing of highly profitable businesses and the full utilization of the new information line of business (LOB) system.

Outline of the New Three-Year Management Plan

1. Period of the Plan

FY2012–FY2014

2. Framework of the Plan

(1) Execution of Growth Strategies

- ① Strengthen Strategically Growing Businesses
- ② Restructure Businesses in Which We Aim to Improve Profitability
- ③ Bolster Our International Competitiveness

(2) Establishment of a Support Structure for Growth Strategies

- ① Reinforcement of Business Execution and Supervisorial Functions
- ② Adoption of Cross-Divisional Functions to Strengthen Our Functions
- ③ Measures to Address Globalization in Organization, Personnel Affairs and Accounting
- ④ Full Utilization of a New Line of Business (LOB) System
- ⑤ Establishment of a Structure That Can Fully Utilize Diverse Human Resources

3. Targets to Achieve by the Plan's Final Fiscal Year

Net sales: ¥375 billion

Operating margin: 7%

Overseas net sales ratio: 28%

Assumption:

Exchange rate: ¥80/US\$

Domestic naphtha price: ¥55,000/kl

2nd
Step

FY2012-FY2014
Medium-Term Management Plan

The 2nd Step
**Accelerating Our
Growth Strategies**

Looking Ahead toward Our Centennial: Venture Spirit & Innovation

Tokuyama Corporation May 14, 2012

CONTENTS

I . Centennial Vision

II . Reflecting on the Previous Three-Year Management Plan and FY2011

III. New Three-Year Management Plan

I . Centennial Vision

Centennial Vision

“A manufacturing company that exists in harmony with society and creates a better future with the vitality of its human resources and the creativity of chemistry.”

Management Policy

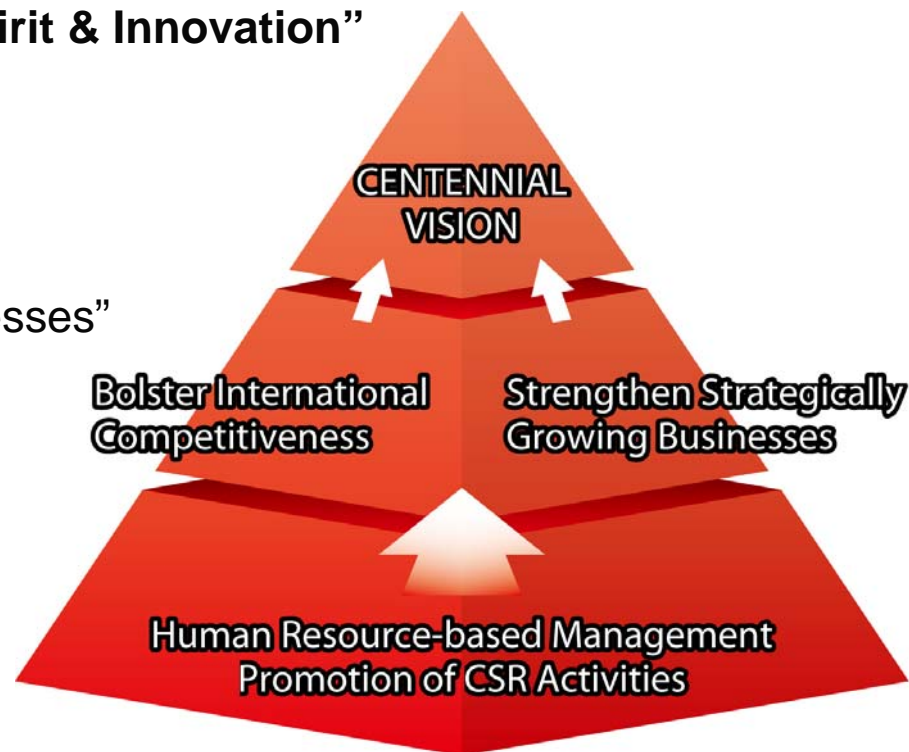
“Venture Spirit & Innovation”

Basic Strategies

“Strengthen Strategically Growing Businesses”
“Bolster International Competitiveness”

Basic Strategies Support Structure

“Human resource-based management”
“Promotion of CSR activities”



Numerical Targets

Net sales: ¥500 billion or higher
 Operating margin: 15% or higher
 Overseas net sales ratio: 30% or higher

Business Category

Strategically growing businesses

Growing Materials Business

Polysilicon,
 Fumed silica,
 Shapal,
 Tokuyama Malaysia Sdn. Bhd.,
 Tokuyama Chemicals (Zhejiang) Co., Ltd. and others

Growing Components Business

Fine chemicals,
 A&T Corporation,
 Tokuyama Dental Corporation,
 Figaro Engineering Inc.,
 ASTOM Corporation,
 NF and others

Businesses in which we aim to improve profitability

Foundation Business

Cement,
 Recycling and environment,
 Soda ash and calcium chloride,
 Chlor-alkali and vinyl chloride,
 Shin Dai-ichi Vinyl Corporation and others

Independent Components Business

Sun•Tox Co., Ltd.,
 Excel Shanon Corporation and others

New businesses

II . Reflecting on the Previous Three-Year Management Plan and FY2011

Previous Three-Year Management Plan

Positioning of the previous Three-Year Management Plan

- First step for our Centennial Vision with the catchphrase Venture Spirit & Innovation
- Promote our growth strategies in line with the basic strategies of our Centennial Vision

Growth Strategies

- Further select and concentrate for aggressive business expansion
- Create new businesses for us to win in the global markets
- Reinforce competitiveness by improving productivity

Growth Strategy Support Structure

- Secure and optimally allocate management resources
- Nurture human resources who are highly capable from a perspective of global business
- Reinforce corporate governance

FY2010 Achievement Targets (Consolidated)

- Net sales: ¥370 billion or higher
- Operating margin: 12% or higher
- Overseas net sales ratio: 22% or higher

FY2011

Positioning of FY2011 Year for reformulation of our strategies to realize our Centennial Vision

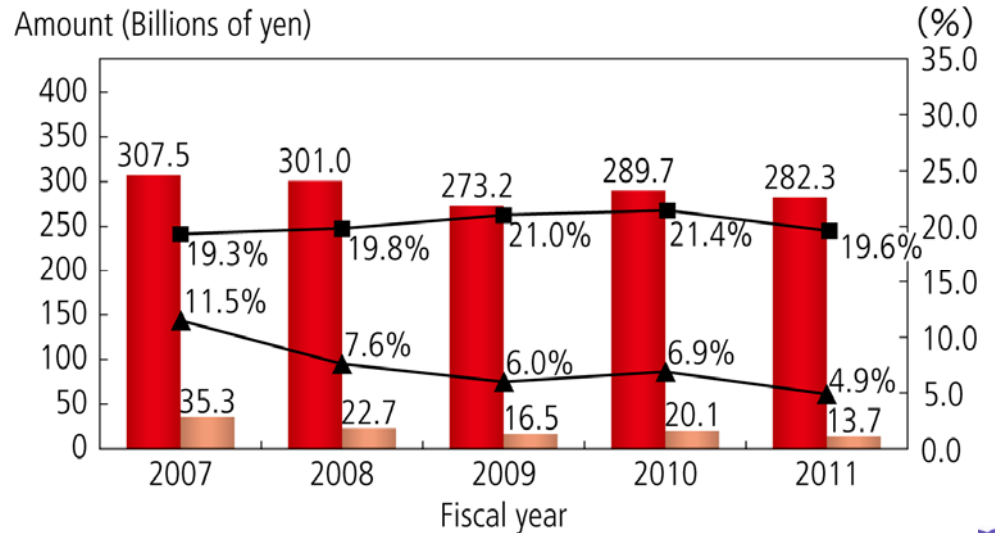
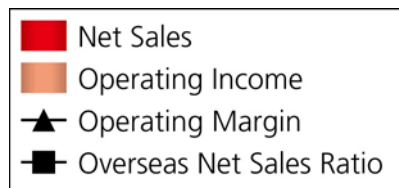
II. Reflecting on the Previous Three-Year Management Plan and FY2011

Growth Strategies	Actual Results
<p>Further Select and Concentrate for Aggressive Business Expansion</p>	<ul style="list-style-type: none"> ■ Expanded our polysilicon plant by 3,000 tons of capacity at the Tokuyama Factory, where the construction of a 1,800-ton plant also started ■ Started the first and second phase construction of a polysilicon plant in Malaysia (20,000 tons in total) ■ Reinforced our manufacturing bases in China (Tokuyama Chemicals (Zhejiang) Co., Ltd., and Shanghai Tokuyama Plastics Co., Ltd., etc.) ■ Restructured our Cement business (2-kiln structure, optimized logistics and sales structure) ■ Withdrew from the thin-film sector of the Shapal business and concentrated on the AlN powder and ceramics business ■ Failed to achieve the previous plan's growth strategy of converting to the solution proposal business and establishing a high-profitability structure in the Growing Components Business and that remains an issue to address in the next Three-Year Management Plan
<p>Create New Businesses for Us to Win in the Global Markets</p>	<ul style="list-style-type: none"> ■ Completed the VLD verification tests and the development of silane gas technologies ■ Newly established a pilot plant for electrolyte membranes for fuel cells ■ Started verification tests on single-crystal sapphire ■ Failed to achieve the previous plan's growth strategy of contributing to the profitability in the development field and that remains an issue to address in the next Three-Year Management Plan
<p>Reinforce Competitiveness by Improving Productivity</p>	<ul style="list-style-type: none"> ■ Started to operate the new information LOB system (ISAAC), but failed to achieve the previous plan's growth strategy of fully utilizing the new system, which remains an issue to address in the next Three-Year Management Plan ■ Constructed the Shunan Bulk Terminal and started to operate part of it ■ Established the South Combined Administration Building at the Higashi Plant of Tokuyama Factory

Growth Strategy Support Structure	Actual Results
Secure and Optimally Allocate Management Resources	<ul style="list-style-type: none"> ■ Integrated the Si Business Division and the Advanced Materials Business Division, thereby establishing the Specialty Products Business Division ■ Newly established the Management of Technology Division and the Independent Business Management Division
Nurture Human Resources Who Are Highly Capable from a Perspective of Global Business	<ul style="list-style-type: none"> ■ Employed and started to nurture human resources as the Malaysia Project was launched ■ Held the Asia Human Resources Development Meeting ■ Increased the number of the Group's overseas employees
Reinforce Corporate Governance	<ul style="list-style-type: none"> ■ Shifted to the executive officer system ■ Installed an outside director

FY2010 Achievement Targets and Actual Results (Consolidated)

Item	FY2010 Actual Results	FY2011 Actual Results	FY2010 Achievement Targets
Net Sales	¥289.7 billion	¥282.3 billion	¥370 billion or higher
Operating Margin	6.9%	4.9%	12% or higher
Overseas Net Sales Ratio	21.4%	19.6%	22% or higher



III. New Three-Year Management Plan

Positioning

Second step for Accelerating Our Growth Strategies toward achieving our Centennial Vision

Objective

To create a flow that accelerates growth, we will complete the Malaysia Project, restructure the Group's businesses and strengthen the organizational functions



1 Growth Strategies [Strengthen Strategically Growing Businesses]

Expand the Polysilicon Business

For use in solar cells

- Strengthen our cost competitiveness and expand our share via the steady execution of the Malaysia Project

For use in semiconductors

- Reinforce our profitability by increasing our production capacity and improving the operational process at the Tokuyama Factory



Polysilicon



First Phase Polysilicon Plant in Malaysia

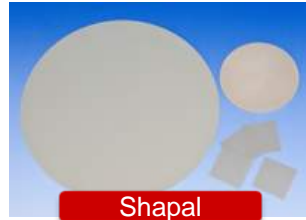


Polysilicon Plant at Tokuyama Factory

1 Growth Strategies [Strengthen Strategically Growing Businesses]

Shift to the Customer-Oriented Solution Proposal Business

- Develop and propose products that can solve customers' problems
- Build an advantageous position through our close relationships with customers in global markets



Create New Businesses

- Quickly establish a technology for single-crystal sapphire, materials for fuel cells and other materials that we are developing and start related businesses
- Nurture and grow new businesses into sources of profits



1 Growth Strategies [Restructure the Businesses in Which We Aim to Improve Profitability]

Restructure Our Businesses

- Review our current business portfolio and restructure our product profile and businesses
- Thoroughly rationalize our business by reviewing our purchasing, production, inventory, logistics and sales value chains



Cement kiln

Become Competitive in New Fields

- Become competitive in new fields such as new products, new businesses and overseas production bases
- M&A is always an option



Caustic soda electrolyzer

1 Growth Strategies [Bolster Our International Competitiveness]

Production Bases in China

Manufacture locally compatible products (e.g., fumed silica and microporous film) via the most suitable local method

Tokuyama Malaysia

- Manufacture polysilicon and other efficient products to maximize our cost competitiveness
- Make Tokuyama Malaysia our manufacturing base of products that are competitive in Asian and other global markets

Tokuyama Factory

Position Tokuyama Factory as our mother factory and utilize the Factory as a supply base of technologies, human resources and systems

- Innovate in the Factory's process and engineering technologies
- Reinforce our logistics function
- Formulate a long-term vision for the Factory's infrastructure and improve such infrastructure
- Promote the utilization of alternative fuels that replace coal

2 Growth Strategy Support Structure

New Management Structure for Faster Decision Making and Stronger Business Execution and Supervisorial Functions

Adoption of Cross-Divisional Functions to Strengthen Our Functions

Measures to Address Globalization in Organization, Personnel Affairs and Accounting

Adoption of a New LOB System to Expedite Our Management Decision Making and Improve Business Efficiency

Establishment of a Structure That Can Fully Utilize Diverse Human Resources

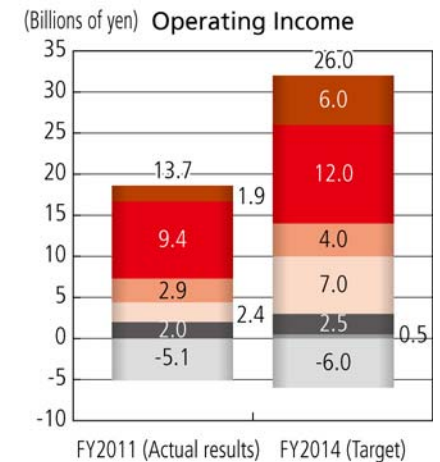
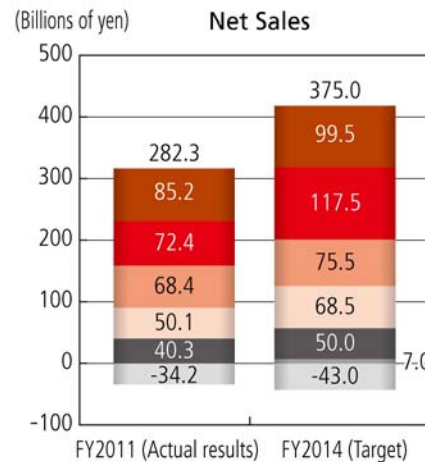
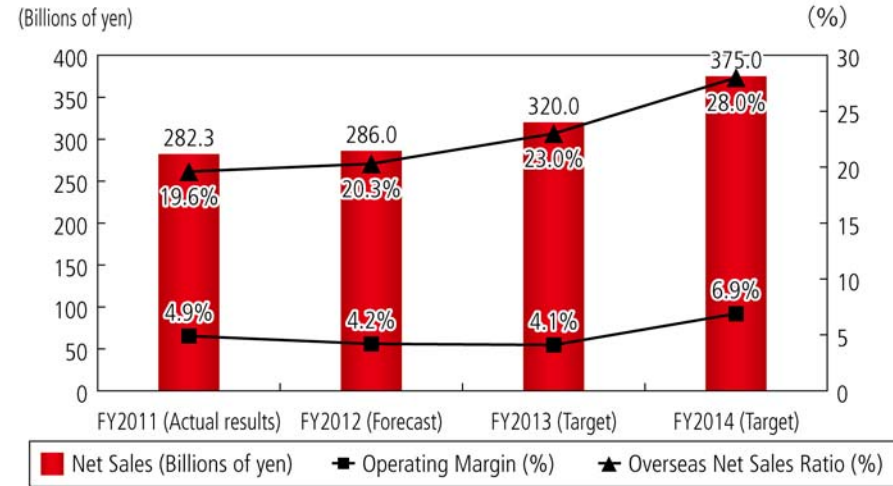
3 Targets to Achieve by the Plan's Final Fiscal Year

Targets to Achieve by the Plan's Final Fiscal Year (Consolidated)

Net sales : ¥ 375 billion
 Operating margin : 7%
 Overseas net sales ratio : 28%

Assumption

Exchange rate : ¥80/US\$
 Domestic naphtha price : ¥55,000/kl



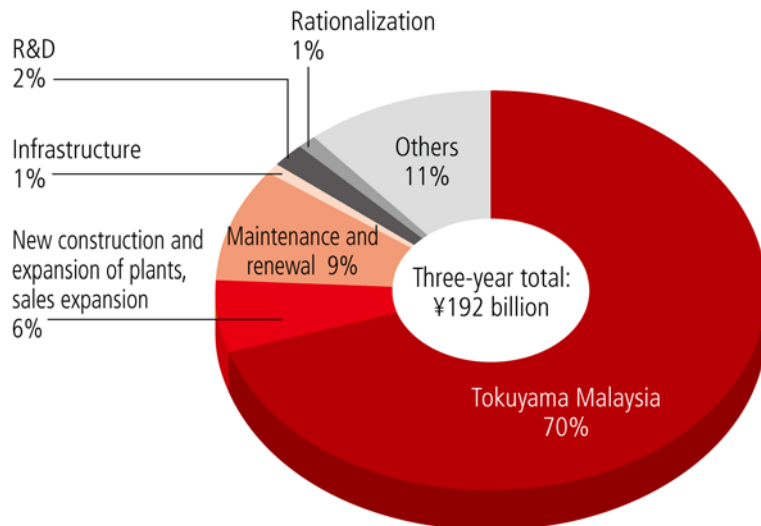
Legend: Chemicals (dark blue), Specialty Products (red), Cement (orange), Advanced Components (light blue), Others (grey), New Businesses (dark grey), Adjustment (light grey)

* Net sales and operating income by segment for FY2011 have been calculated, reflecting the organizational change made on April 1, 2012.

4 Injection of Management Resources

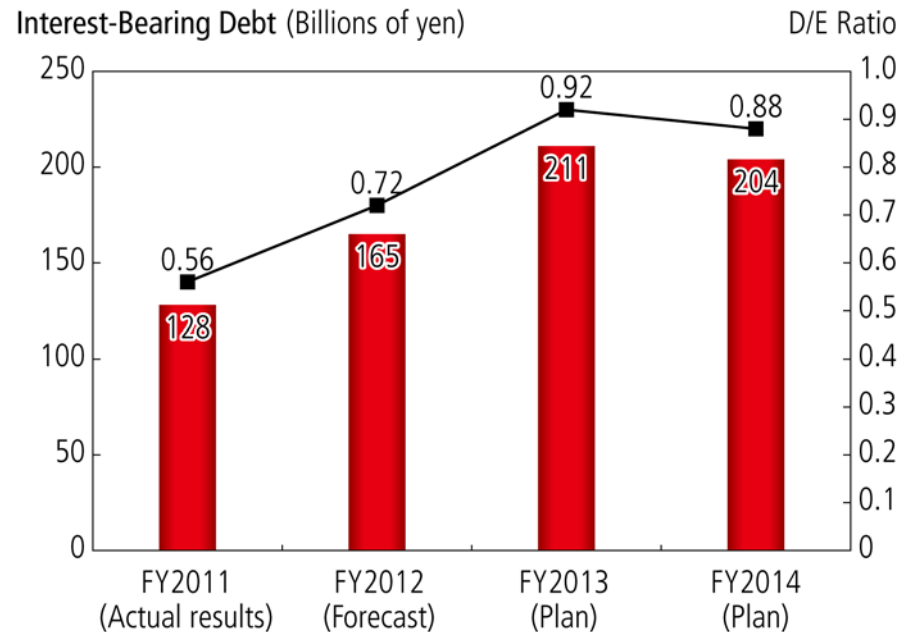
Three-year Capital Investments

¥192 billion (consolidated, three-year total)

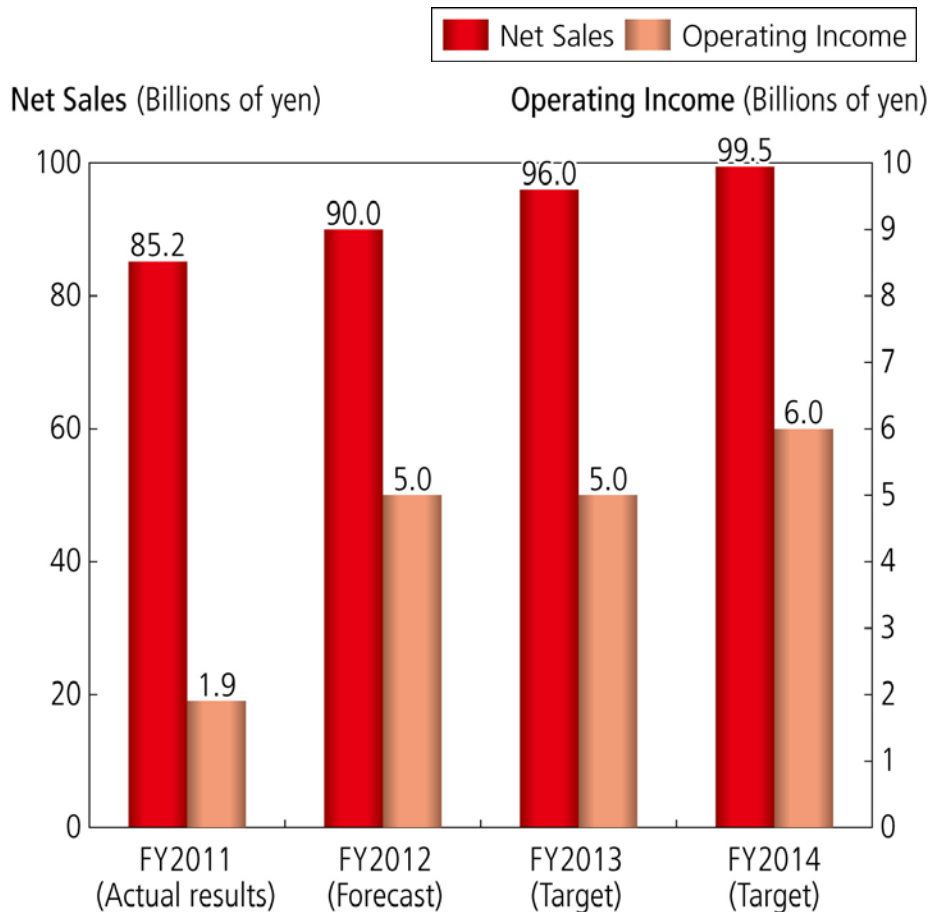


Balance of Interest-Bearing Debt

¥211 billion (non-consolidated, FY2013)



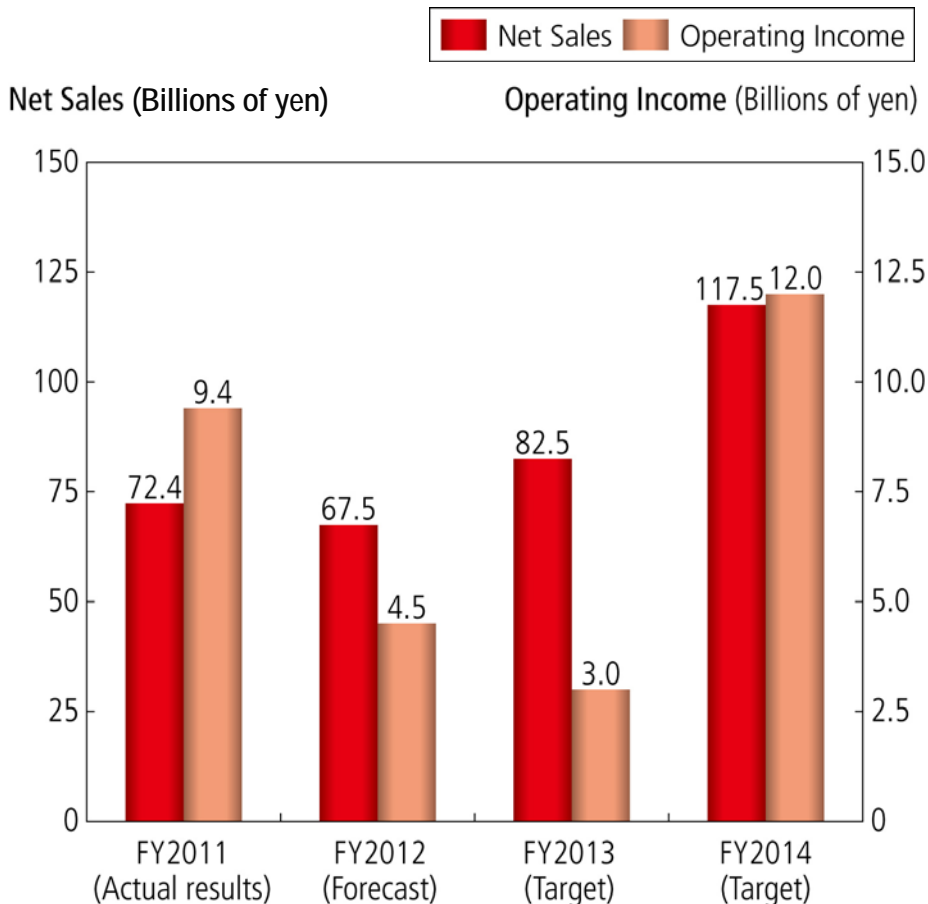
[Chemicals]



Priority measures

- Successfully launch the liquid hydrogen business
- Review our logistics and sales structure

[Specialty Products]



Priority measures

■ Polysilicon

- Nurture our polysilicon business for solar cells as a pillar of profitability via the steady execution of the Malaysia Project
- Improve our brand power and profitability in the semiconductor-grade polysilicon market by increasing our production capacity and improving the operational process of the polysilicon plant at the Tokuyama Factory

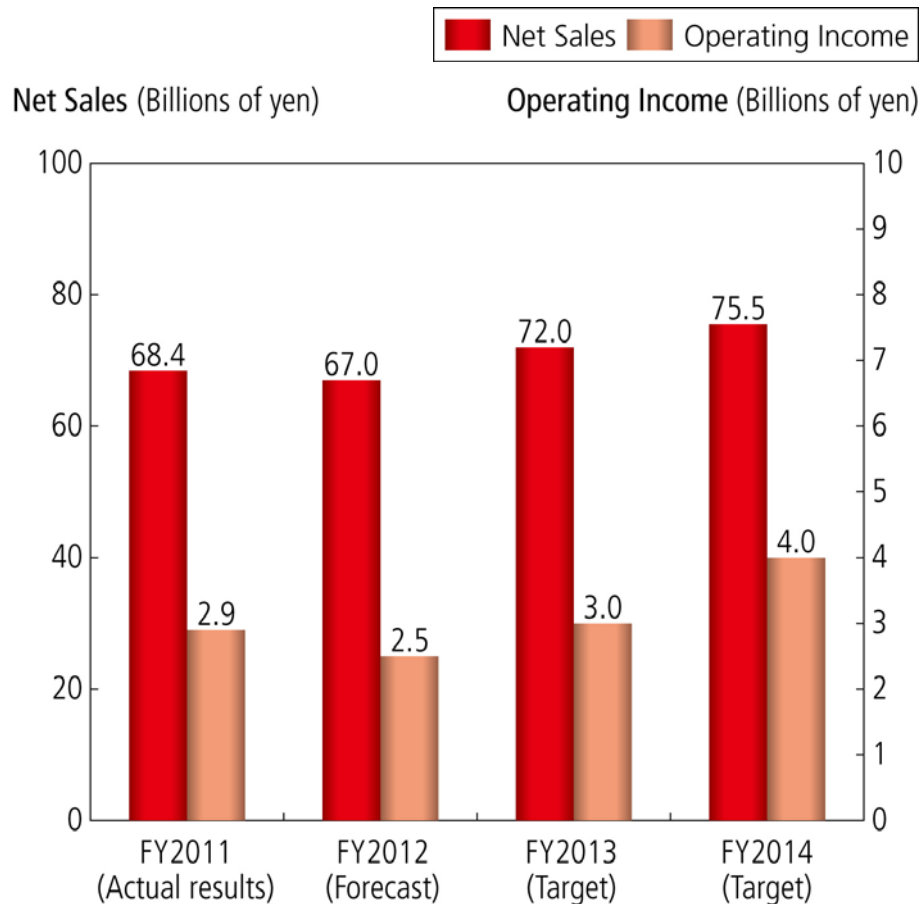
■ Fumed silica

- Expand business in China
- Launch high-value-added products in the market

■ Shapal

- Expand our share in the power device market

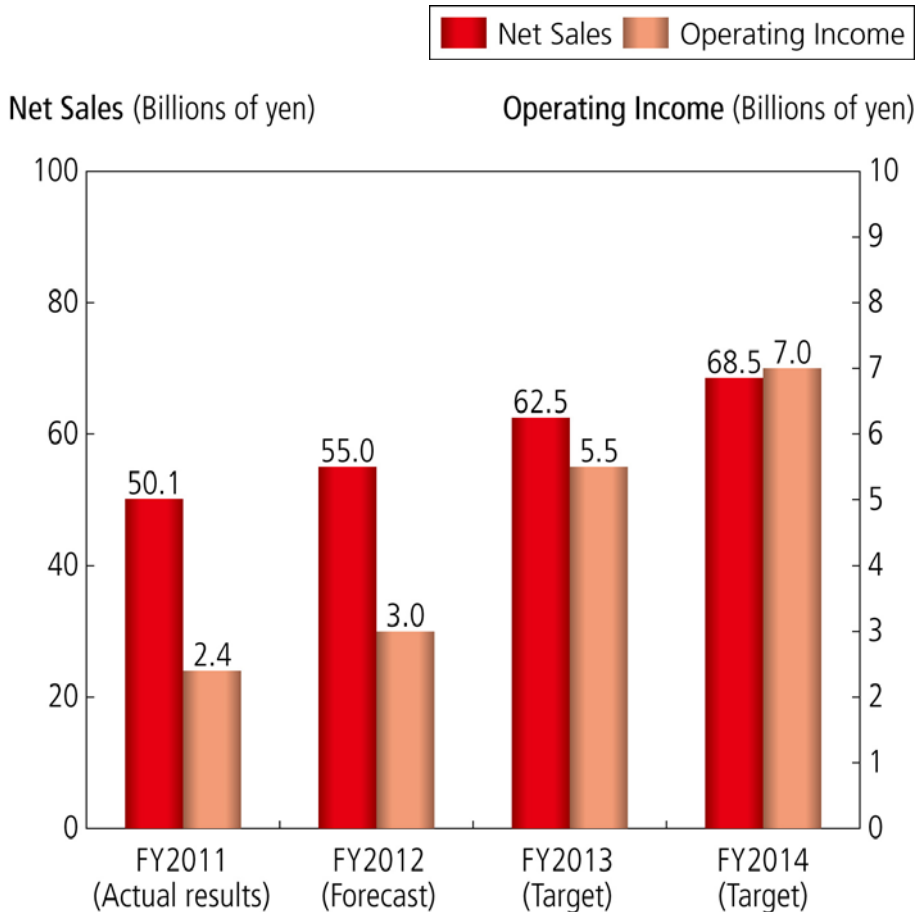
[Cement]



Priority measures

- Launch new businesses in the field of recycling and environment
- Restructure our domestic commercial distribution structure, for example, with the functional integration of our distributors

[Advanced Components]



Priority measures

- Fine chemicals
 - Launch active pharmaceutical ingredients (API) for generic drugs in the market
 - Expand our share in photochromic materials
- NF
 - Establish a disposable diaper supply and sales structure to accurately address the increase in demand
- Excel Shanon Corporation
 - Restructure business to improve profitability

Disclaimer

- This material is supplied to provide information of Tokuyama and its Group companies, and is not intended as a solicitation for investment or other actions.
- This material has been prepared based on the information currently available and involves uncertainties. Tokuyama and its Group companies accept no liability in relation to the accuracy and completeness of the information contained in this material.
- Tokuyama and its Group companies assume no responsibility whatever for any losses or deficits resulting from investment decisions based entirely on projections, numerical targets and other information contained in this material.