

July 31, 2015

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Notice Concerning the Company's Medium-Term Management Plan 2017

Tokuyama Corporation (hereafter referred to as "Tokuyama" or "the Company") today announced details of its Medium-Term Management Plan 2017 that covers the three-year period from fiscal 2015, the fiscal year ending March 31, 2016, to fiscal 2017, the fiscal year ending March 31, 2018. Brief details are presented as follows.

1. Summary of the Previous Medium-Term Management Plan and Details of the New Three-Year Medium-Term Management Plan 2017

Based on the key words "accelerating our growth strategies," Tokuyama put in place a three-year plan in May 2012. Over the period of this plan, the Company has taken steps to establish a structure that is capable of accelerating the pace of growth, and to address pending issues. Despite promoting a variety of growth-oriented strategies including efforts to expand the polycrystalline silicon business at Tokuyama Malaysia Sdn. Bhd., as a principal component of the overarching goal to strengthen strategically growing businesses, and to create new businesses, the results of these endeavors have fallen short of expectations.

Under these circumstances, Tokuyama has put in place the new three-year Medium-Term Management Plan 2017 under a new management structure, with the basic business operating policy of strengthening business profitability. Together with this basic policy, the Company will return to its existing businesses and reevaluate the potential of its latent competitive edge. This new plan focuses on customer-oriented growth and is positioned as the cornerstone of the Tokuyama Group's revitalization. In specific terms, we will work to increase productivity through the exhaustive use of assets including Tokuyama Factory and efforts to control investments. At the same time, we will promote the reduction of costs, strive to generate a profit at Tokuyama Malaysia Sdn. Bhd. and rebuild the Company's financial platform while strengthening business profitability.

By steadfastly addressing the issues that have been identified as of the utmost priority under this plan, we will revitalize the foundation of the Tokuyama Group and restore the trust of all stakeholders over the three-year period of the plan.

2. Overview of the Plan

1) Period

April 1, 2015 to March 31, 2018

2) Issues of the utmost priority and relevant countermeasures

i. Strengthen business profitability

■ Exhaustive use of assets

- Strengthen the competitiveness of Tokuyama Factory
- Shift from a focus on corporate R&D to R&D that is committed to each business
- Streamline and relocate head office and back-office divisions

■ Customer-oriented growth

- Engage in product development that utilizes core technologies in each of the priority environment, health care, and energy-saving fields
- Expand business through marketing that includes alliances with other companies

ii. Generate profits at Tokuyama Malaysia Sdn. Bhd. by fiscal 2017

Establish a full-scale production structure in conjunction with periodic maintenance and repairs scheduled for autumn this year and target profitability on a full fiscal 2017 basis

iii. Rebuild the Company's financial platform

- Increase business profits by strengthening profitability at existing businesses and bring about a quick recovery in net assets by liquidating assets
- Reduce interest-bearing debt

3) Targets for the final year of the plan

Net Sales	¥335.0 billion
Operating Income	¥34.0 billion
Operating Margin	10%
Interest-Bearing Debt	Reduce of ¥100.0 billion

4) Assumptions

Exchange Rate	¥115 / US\$
Domestic Naphtha Price	¥46,000 /kl

Medium-Term Management Plan 2017

1. Outline
2. Strengthen Business Profitability
3. Generate Profits at Tokuyama Malaysia
4. Rebuild the Company's Financial Platform



1. Outline

Basic Policy of the Medium-Term Management Plan 2017

Adopt a customer-oriented approach in strengthening the profitability of businesses, ensure that Tokuyama Malaysia Sdn. Bhd. generates a profit and rebuild the financial platform thereby laying the foundation for the revitalization of the Tokuyama Group

Period: Fiscal 2015 ~ 2017
(April 1, 2015 to March 31, 2018)

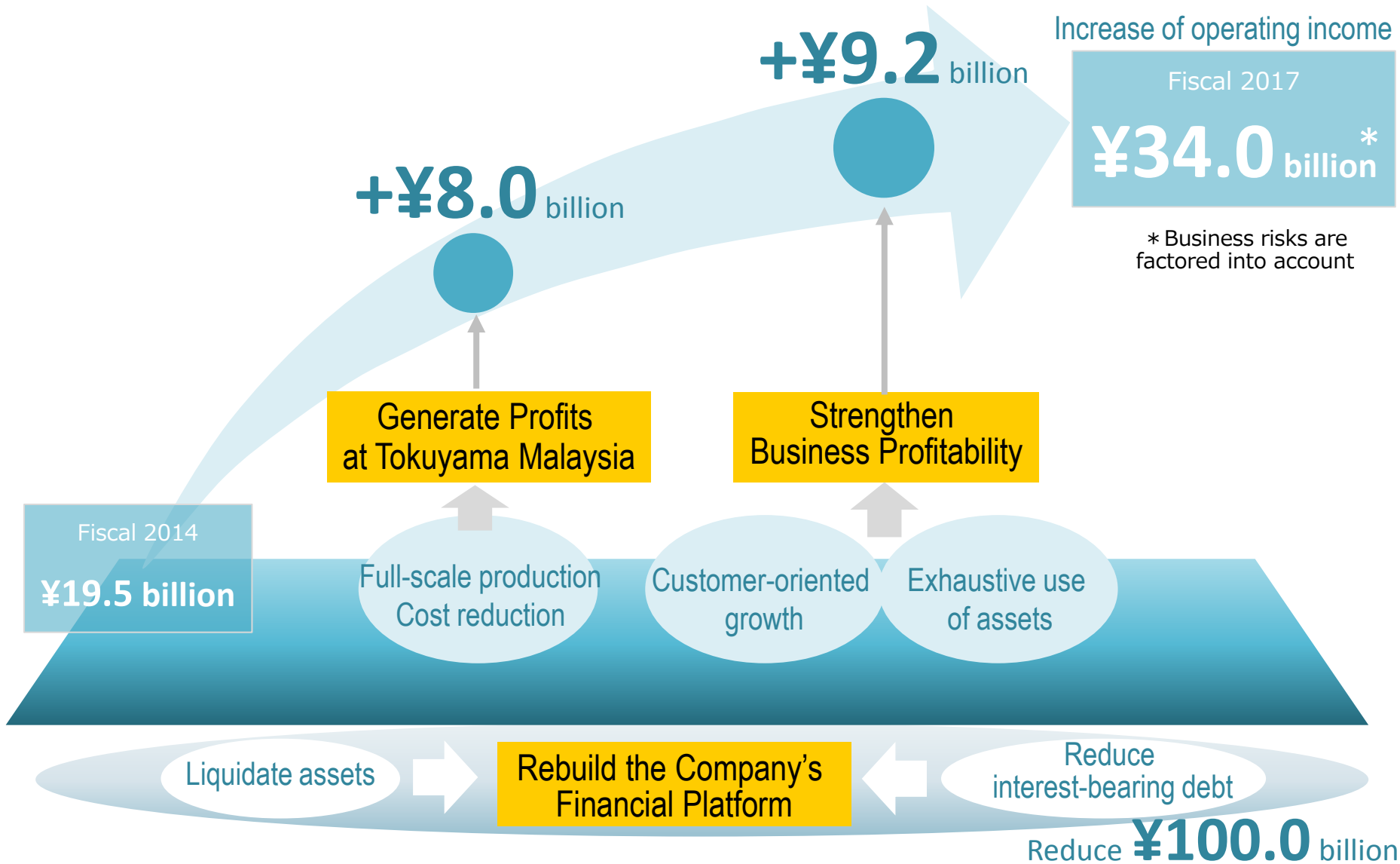
1. Outline

Numerical Target (Consolidated)

	Fiscal 2014 Results	Fiscal 2017 Plan
Net sales	¥302.0 billion	¥335.0 billion
Operating income	¥19.5 billion	¥34.0 billion
Operating margin	6.5 %	10%
Interest-bearing debt	¥283.1 billion	¥180.0 billion
Exchange rate (¥/\$)	110	115
Domestic naphtha price (¥/kl)	63,500	46,000

1. Outline

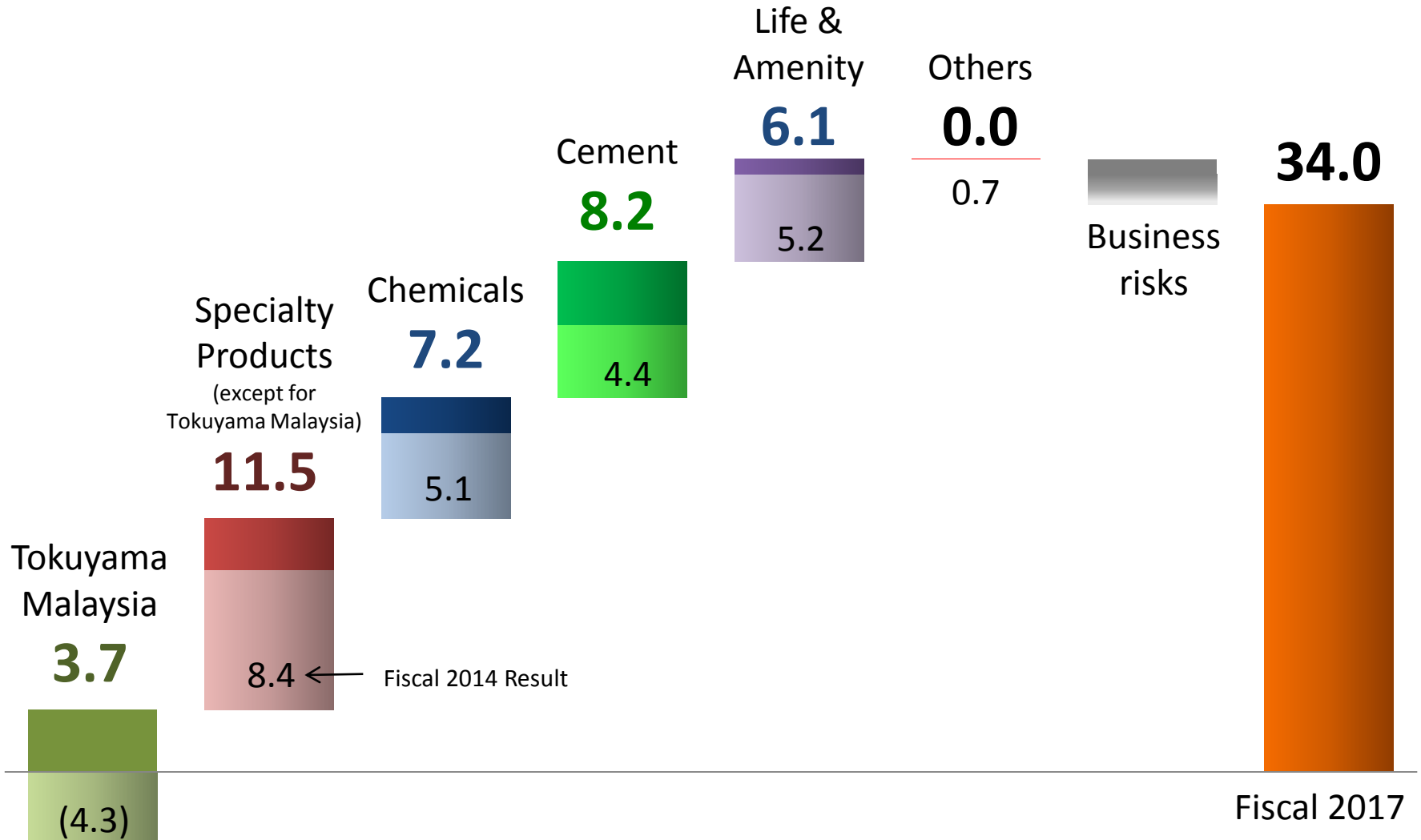
Issues of the utmost priority, relevant countermeasures and effects



1. Outline

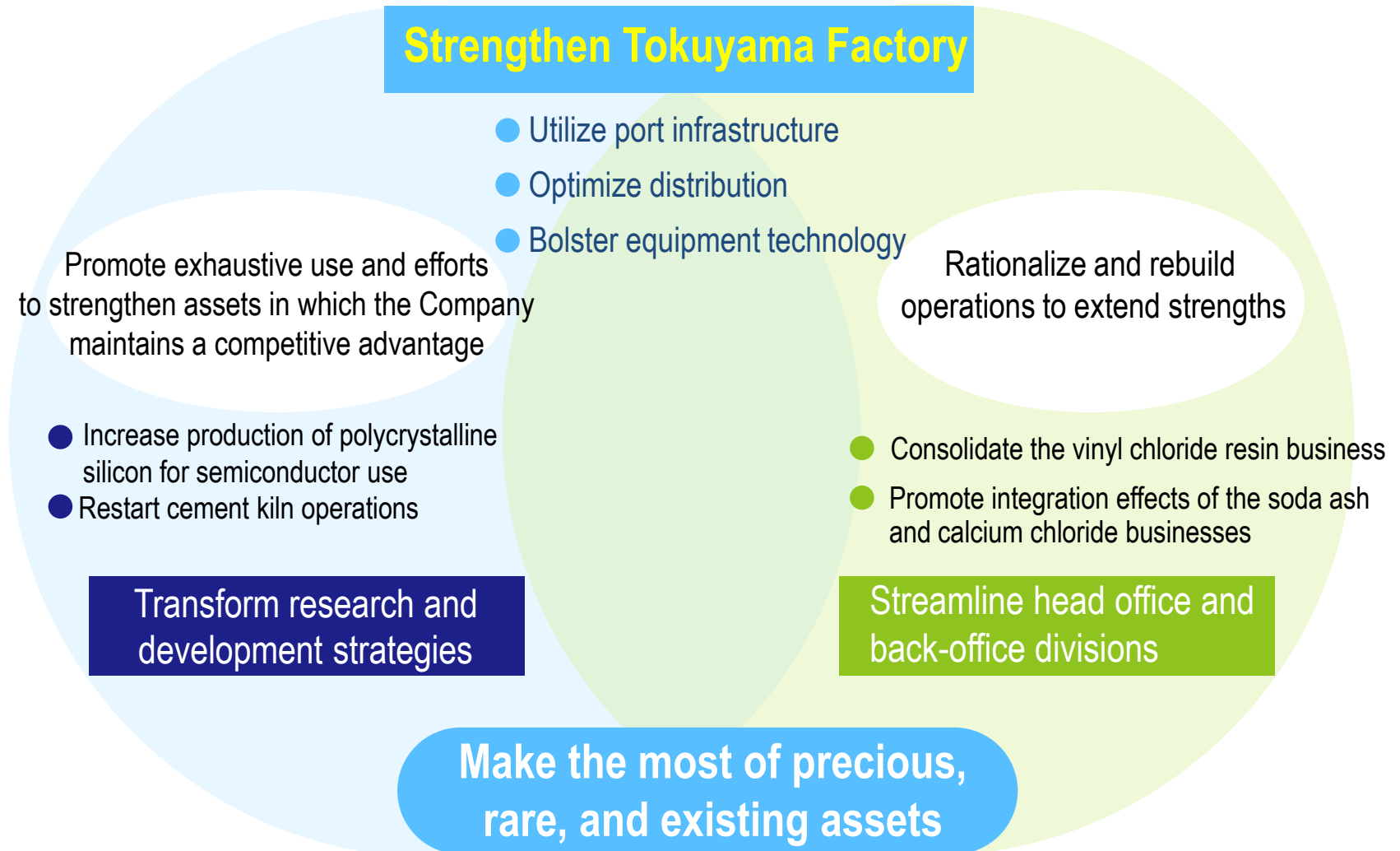
Operating income by business segment (Fiscal 2017 plan)

(Billions of yen)



2. Strengthen Business Profitability

(1) Exhaustive Use of Assets



2. Strengthen Business Profitability

(2) Customer-oriented Growth

Adopt an uncompromising stance toward other and alternative core technologies

Inorganic
Chemicals
(fine)

Utilize alliances

Organic
Chemicals
(fine)

Environment

Recycling waste gypsum
boards business

Infrastructure
maintenance business

Liquid hydrogen business

Health Care

Microporous film
MEMS type gas sensor
Dental materials
Active pharmaceutical ingredients
Photochromic dye materials
for plastic lens

Energy-saving

High performance fumed silica
New heat sink materials
Plastic window sashes

Research and development that is committed to each business






3. Generate Profits at Tokuyama Malaysia

Numerical Target

(Billions of yen)

		FY2014	FY2015 (forecast)	FY2017 (plan)
Tokuyama Malaysia	Net Sales	4.3	9.6	26.0
	Operating income	(4.3)	(11.2)	3.7

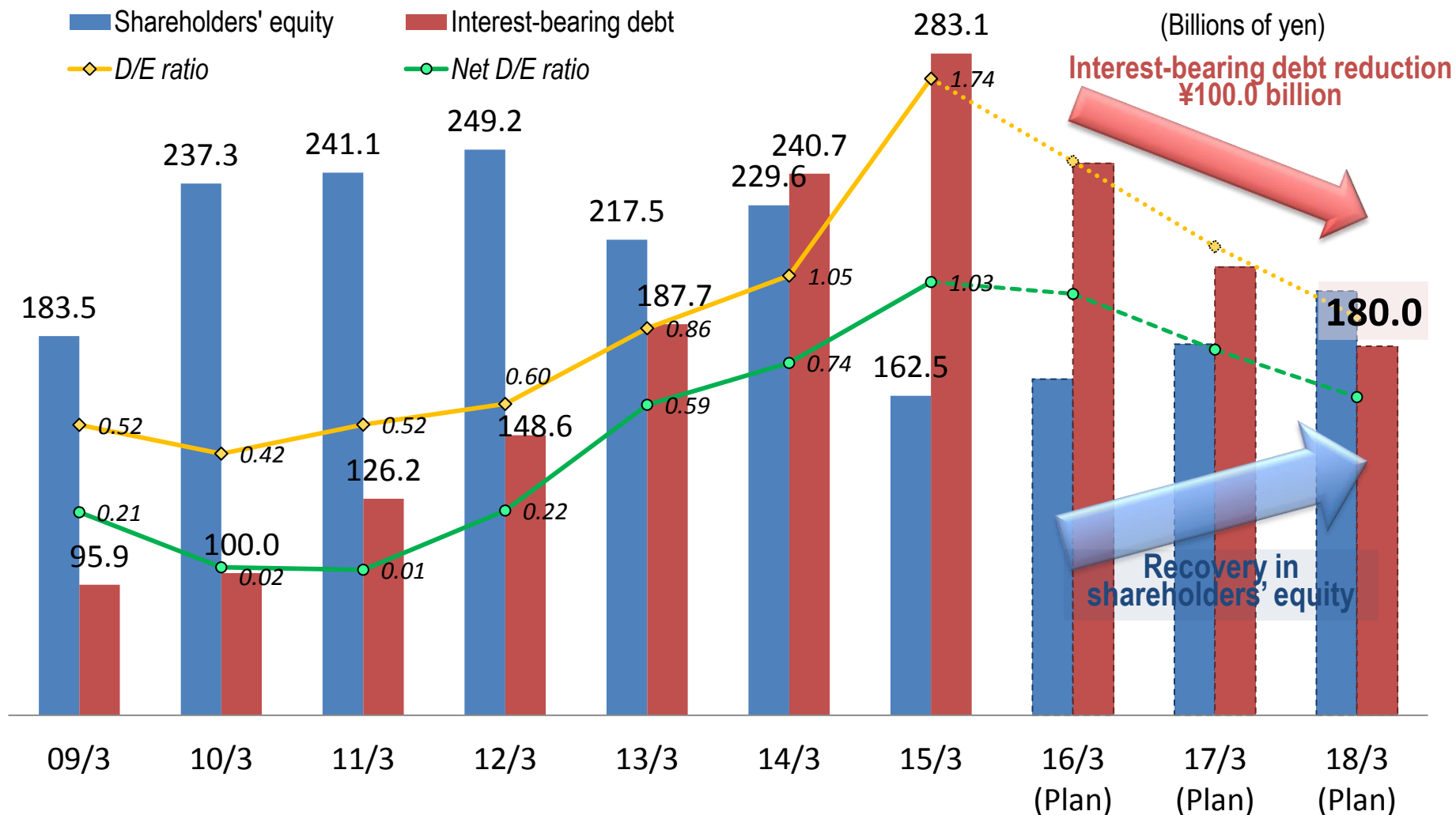
Schedule going forward

		FY2015	FY2016	FY2017
 <p>Tokuyama Malaysia (Solar-grade polycrystalline silicon)</p>	P S 1  Consider the promoting effective use			
	P S 2  Establish a full-scale production structure after the periodic maintenance (Oct~)	 Implement cost reduction and generate profits on a single month basis	 Achieve profitable operations for the full period	

4. Rebuild the Company's Financial Platform

(1) Financial platform rebuilding plan

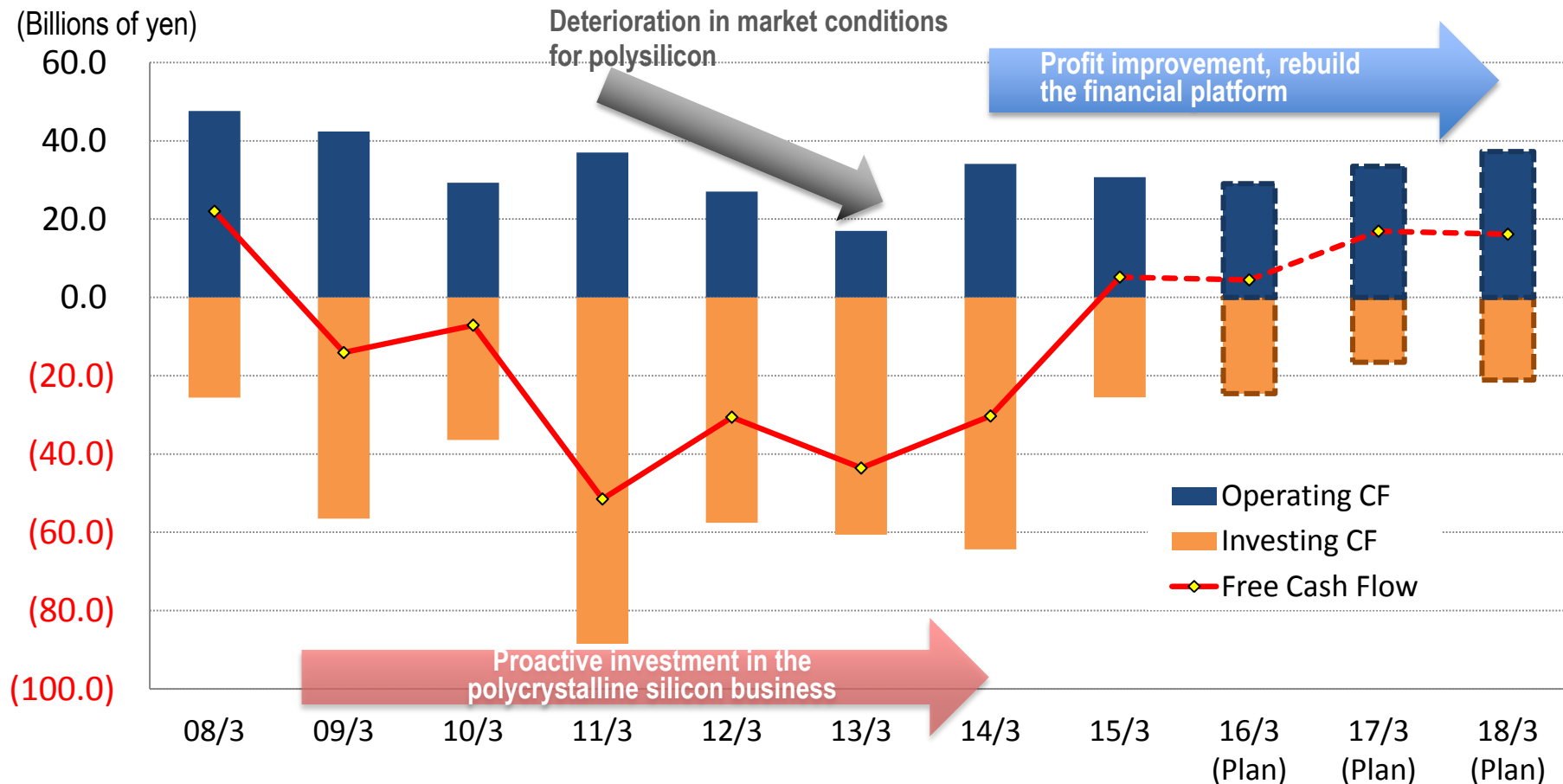
(Consolidated)



4. Rebuild the Company's Financial Platform

(2) Cash Flow Plan

(Consolidated)



CAPEX (based on cash flow)	25.0	15.0	20.0
Depreciation	23.0	23.0	23.0