
Third Quarter Fiscal 2008 Presentation for Extraordinary IR Meeting

- April 1, 2008 to December 31, 2008 -

Tokuyama Corporation

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(1) Circumstances of Plastic Window Sashes (fireproof & fire-resistant grade) Problem

July 1996	Tokuyama Corp. started to sell plastic window sashes with different specifications from individually authorized fireproof and fire-resistant specifications.
April 2000	Tokuyama's plastic window sashes business succeeded to by Shanon Corp.
February 2003	Shanon obtained authorizations by using test products that had the different structure from the structure of products with authorized specifications.
April 2003	Shanon started to sell plastic window sashes with different specifications from the said authorized specifications.
December 2007	Shanon reported the said products' specifications as not being different from authorized specifications, to the fact-finding survey by the Ministry of Land, Infrastructure and Transport.
October 1, 2008	Shanon Corp. changed its company name into Excel Shanon Corporation.
Dec. 26, 2008	This problem reported to MLIT. Shipment of the products in question stopped.
January 8, 2009	Tokuyama announced this problem.

(2) Response to Plastic Window Sashes (fireproof & fire-resistant grade) Problem

January 9, 2009	The section to receive customers' inquiries established. Identifying customers started.
January 14	The establishment of the outside investigative committee decided. The cause of this event is under investigation.
	The establishment of the preventive committee for the recurrence of such events decided.
	A reduction in compensation of representative directors (including the ones as of Dec. 26, 2008) announced.
January 23	The estimated costs of repairs and improvement works announced.
February 3	The 1st meeting of the outside investigative committee held.
February 6	The revised performance forecast announced.

(2) Response to Plastic Window Sashes (fireproof & fire-resistant grade) Problem

The beginning of February	Preliminary examination started to obtain authorizations of replacement plastic window sashes.
The end of March	The outside investigative committee aims to submit its report.

✂Progress Rate of identifying objects at this point: Approx. 70%

(3) Losses arising from Plastic Window Sashes (fireproof & fire-resistant grade) Problem

Cost of repairs and improvement works

⇒ ¥20.0 billion

Impairment loss on fixed assets

⇒ ¥2.4 billion

Total ⇒ ¥22.4 billion

※ The amount of indemnity is not included in the figures above.
Plan to respond on an individual basis at its occurrence.

2. Business Results for 3rd Quarter Fiscal 2008

(1) Financial Highlights

(2) Factor Analysis of Business Results

(Comparison to the forecast at the announcement of
2nd Quarter Results on November 11, 2008)

(1) Financial Highlights

(Billions of Yen)

	Q1-Q3 Fiscal 2008 Results		Fiscal 2008 Forecast (As of Nov. 11, 2008)		Progress of Performance	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
【Operating Results】					%	%
Net sales	236.9	160.4	331.0	228.0	72%	70%
Operating income	20.1	18.7	30.0	26.5	67%	71%
Ordinary income	19.0	17.5	28.5	25.0	67%	70%
Income before income taxes	-3.7	14.4	-	-	-	-
Net income	-10.7	9.1	17.5	16.0	-	57%
	As of Dec. 31, 2008		As of Sept. 30, 2008		Changes	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
【Financial Position】						
Total assets	403.6	340.1	401.0	337.4	+2.6	+2.6
Net assets	187.7	184.6	213.1	189.4	-25.3	-4.7
Shareholders' equity ratio	44.9%	54.3%	51.4%	56.1%	- 6.6%	- 1.8%

(2) Factor Analysis of Business Results

(comparison to the forecast at the announcement of 2Q Results)

- ① Business Environment in this 3rd Quarter Fiscal 2008
- ② Net Sales/Operating Income by Business Segment

① Business Environment in this 3rd Quarter Fiscal 2008

	1 st Half FY2008 Results	3 rd Q FY2008 Results
Domestic naphtha price (¥/kl)	78,000	52,000
Exchange rate (¥/\$)	105	96

Basis for forecast for 2nd Half FY2008 (as of Nov. 11, 08)

Price of domestically produced naphtha:

¥67,000/kl

Exchange rate: ¥105/\$

② Net Sales/Operating Income by Business Segment

(Billions of yen)

	Q1-Q3 FY2008 Results		FY2008 Forecast (as of Nov. 11, 08)		Progress of Performance	
	Net Sales	Operating income	Net Sales	Operating income	Net Sales	Operating income
Chemicals	91.1	2.3	130.5	4.0	70%	59%
Specialty Products	79.1	21.3	111.5	30.5	71%	70%
Cement, Building Materials and Others	66.7	- 0.2	89.0	0.0	75%	-
Total	236.9	23.3	331.0	34.5	72%	68%
Inter-segment eliminations and corporate-wide expenses	-	- 3.2	-	- 4.5	-	71%
Consolidated results	236.9	20.1	331.0	30.0	72%	67%

3. Revised Performance Forecast for Fiscal 2008

- (1) Basis for Performance Forecast for Fiscal 2008 (revised)
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(Comparison to the forecast at the announcement of 2nd Quarter Results on November 11, 2008)
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(Comparison to the forecast at the announcement of 2nd Quarter Results on November 11, 2008)
- (4) Quarter Results by Business Segment

(1) Basis for Performance Forecast for Fiscal 2008 (revised)

	1 st Half FY2008 Results	3rd Q FY2008 Results	4th Q FY2008 Assumptions	2 nd Half FY2008 Average
Domestic naphtha price (¥/kl)	78,000	52,000	28,000	40,000
Exchange rate (¥/\$)	105	96	95	95

Basis for forecast for 2nd H FY2008 (as of Nov. 11, 2008)

Price of domestically produced naphtha:

¥67,000/kl

Exchange rate: ¥105/\$

(2) Outline of Performance Forecast for Fiscal 2008 (comparison to the forecast at the announcement of 2Q Results)

(Billions of Yen)

	2008 Revised Forecast (as of Feb. 6, 2009)		2008 Forecast (as of Nov. 11, 2008)		Changes			
	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated		Non-consolidated	
【Operating Results】					Amount	%	Amount	%
Net sales	306.5	208.5	331.0	228.0	-24.5	-7	-19.5	-9
Operating income	25.0	24.5	30.0	26.5	-5.0	-17	-2.0	-8
Ordinary income	23.0	22.0	28.5	25.0	-5.5	-19	-3.0	-12
Income before income taxes	3.7	2.0	-	-	-	-	-	-
Net income	0.5	2.0	17.5	16.0	-17.0	-97	-14.0	-88

※Revised non-consolidated forecast is compared with in-house forecast as of Nov. 11, 2008

(3) Performance Forecast for Fiscal 2008 by Business Segment (comparison to the forecast at the announcement of 2Q Results)

(Billions of yen)

	08 Revised forecast (as of Feb. 6, 09)		08 Forecast (as of Nov. 11, 08)		Changes	
	Net Sales	Operating income	Net Sales	Operating income	Net Sales	Operating income
Chemicals	117.5	3.0	130.5	4.0	- 13.0	- 1.0
Specialty Products	103.0	27.0	111.5	30.5	- 8.5	- 3.5
Cement, Building Materials and Others	86.0	- 0.5	89.0	0.0	- 3.0	- 0.5
Total	306.5	29.5	331.0	34.5	- 24.5	- 5.0
Inter-segment eliminations and corporate-wide expenses	-	- 4.5	-	- 4.5	-	0.0
Consolidated results	306.5	25.0	331.0	30.0	-24.5	- 5.0

(4)- ① Quarter Results by Business Segment

(Billions of yen)

	1Q 2008 Results		2Q 2008 Results		3Q 2008 Results		4Q 2008 Forecast	
	Net Sales	Operating income	Net Sales	Operating income	Net Sales	Operating income	Net Sales	Operating income
Chemicals	30.6	0.7	31.6	0.6	28.7	0.9	26.3	0.6
Specialty Products	26.6	7.7	27.8	7.6	24.6	5.8	23.9	5.6
Cement, Building Materials and Others	21.4	0.0	21.9	-0.1	23.3	-0.1	19.2	-0.2
Total	78.6	8.5	81.4	8.1	76.8	6.6	69.5	6.1
Inter-segment eliminations and corporate-wide expenses	-	-1.1	-	-0.9	-	-1.1	-	-1.2
Consolidated results	78.6	7.4	81.4	7.1	76.8	5.5	69.5	4.8

(4)- ② Results for 3Q vs. 4Q by Business Segment

(Billions of yen)

	4Q 2008 Forecast		3Q 2008 Results		Changes (4Q-3Q)	
	Net Sales	Operating income	Net Sales	Operating income	Net Sales	Operating income
Chemicals	26.3	0.6	28.7	0.9	- 2.4	- 0.3
Specialty Products	23.9	5.6	24.6	5.8	- 0.7	- 0.1
Cement, Building Materials and Others	19.2	- 0.2	23.3	- 0.1	- 4.0	- 0.0
Total	69.5	6.1	76.8	6.6	- 7.2	- 0.5
Inter-segment eliminations and corporate-wide expenses	-	- 1.2	-	- 1.1	-	- 0.1
Consolidated results	69.5	4.8	76.8	5.5	- 7.2	- 0.7

※In the 4th Quarter, operating income at each segment will be slightly smaller than that in the 3rd Quarter.

(4)- ③ Net Sales/Operating Income by Business Segment (Comparison between forecasts for 4th Quarter)

(Billions of yen)

	Revised 4Q Forecast (as of Feb. 6, 09)		4Q Forecast (as of Nov. 11, 08)		Changes	
	Net Sales	Operating income	Net Sales	Operating income	Net Sales	Operating income
Chemicals	26.3	0.6	35.0	1.6	- 8.6	- 1.0
Specialty Products	23.9	5.6	30.1	8.0	- 6.2	- 2.3
Cement, Building Materials and Others	19.2	- 0.2	21.8	- 0.2	- 2.5	0.0
Total	69.5	6.1	86.8	9.4	- 17.3	- 3.3
Inter-segment eliminations and corporate-wide expenses	-	- 1.2	-	- 1.2	-	- 0.1
Consolidated results	69.5	4.8	86.8	8.2	- 17.3	- 3.4

※In 4th Q, decline in Specialty Products performance likely to be larger compared with forecast as of Nov. 11, 2008.

Chemicals: Profit is expected to be smaller than the previous forecast due mainly to unfavorable performance of Shin Dai-ichi Vinyl Corp., etc.

Specialty products: Performance is expected to be worse than the previous forecast due to the exchange rate effect and weak performance of fumed silica and advanced materials. Polysilicon is likely to remain the comparatively near level of the previous forecast.

Cement, Building Materials and Others: Cement is likely to fall short of the sales volume in the previous forecast. Raw materials and fuel price decrease is offset by Excel Shanon.

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Chemistry with a heart

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