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Start of Study on the Suspension of One Cement Kiln Operations

Tokuyama Corporation (hereinafter referred to as “Tokuyama” or “the Company”) today announced that it has initiated steps to consider the suspension of operations at a cement kiln*. This initiative reflects trends in the external environment and the gradual decline in demand for cement in Japan and is designed to strengthen profitability in the Company’s Cement Business. Brief details are presented as follows.

1. Rationale for initiating consideration

Tokuyama is considering putting in place a cement production system that is capable of strengthening profitability in response to changes in the external environment, including the gradual drop in demand for cement in Japan as well as raw material and fuel costs, which continue to trend at a high level.

2. Matters under consideration

Tokuyama currently maintains three kilns at the Nanyo Plant of Tokuyama Factory in Shunan City, Yamaguchi Prefecture. The production capacity of these three kilns is 4.54 million MT per year on a clinker basis.

Taking into consideration a comprehensive range of factors including future trends in domestic demand and the impact on the external environment in light of the need to strengthen profitability in the Company’s Cement Business, Tokuyama will consider suspending operations at one kiln line in order to optimize its production system.

3. Outlook

Although no decision has been made at this time, Tokuyama will promptly announce details as they are determined.

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* Kiln: A cylindrical kiln used for cement firing. Revolving-type kilns are also referred to as rotary kilns.