

Q3 FY2015 Tokuyama Corporation Earnings Conference Call (January 29, 2016)

Q&A (Excerpts)

Participants:

Hiroshi Yokota, Representative Director, President and Executive Officer

Akihiro Hamada, Director and Managing Executive Officer

1. Questions regarding the posting of an impairment loss with respect to Tokuyama Malaysia

Q1: Can you provide us with background details of the impairment loss posted in the 3Q of FY2015?

A1: The impairment loss was triggered by the drop in solar-grade polycrystalline silicon prices. Under the existing business plan, market spot prices were projected at \$18/kg and \$20/kg in FY2016 and FY2017, respectively. Moving into the 3Q of FY2015, the decline in market conditions continued unabated with the immediate-term price coming in at \$13/kg. Taking into account the considerable disparity with projections, we determined that maintaining the existing plan as it is would not be reasonable.

Q2: As president, what mistakes do you think were made in connection with investments in Tokuyama Malaysia that resulted in the impairment loss?

A2: In hindsight, the opportunity was indeed there to see developments at PS-1, which was progressing toward startup. Meanwhile, strong demand and favorable sales price trends prevailed at the time the decision to invest in Tokuyama Malaysia PS-2 was made. Taking these factors into consideration including our option to suspend the plan, we will incorporate the findings of the committee established to uncover the reasons behind the impairment loss, which remains pending, when determining future measures.

2. A question regarding Tokuyama Malaysia going forward

Q3: What do you believe are the factors that underpin your ability to further reduce polycrystalline silicon manufacturing cash costs in the future?

A3: In addition to the review undertaken in line with current exchange rates, we feel that by carrying out those cost-cutting measures presently under consideration, we will achieve further reductions in manufacturing cash costs.

3. A question regarding financial position

Q4: What measures to restore net assets do you plan to take?

A4: We recognize that the substantial deterioration in net assets is a major issue. In conjunction with a review of the Medium-Term Management Plan, we will consider a wide range of factors from multiple angles when determining how to restore net assets. We will provide details at the time of our fiscal year-end financial results announcement at the end of April.

4. A question regarding semiconductor-grade polycrystalline silicon

Q5: Plans indicate a considerable increase of sales volume in the 4Q. Can we assume that this is simply in line with shipping schedules?

A5: Yes, that is correct.