

March 14, 2007

## Concerning a joint venture for aluminum nitride (AlN) substrates

### Tokuyama Corporation

Tokuyama Corporation (President: Shigeaki Nakahara) and Dowa Metaltech Co., Ltd. (President and Representative Director: Yukio Ishibashi), which is an operating company (100% ownership) of Dowa Holdings Co., Ltd., announce that we established a manufacturing & sales company of aluminum nitride (AlN) substrates.

#### [ A summary of the project ]

Company name	: TOKUYAMA-DOWA Power Material Co., Ltd. (TD Power is short for the company name)
Business field	: Production & sales of aluminum nitride (AlN) substrates
Date of establishment	: February 16, 2007
Place of the head office	: 29-17, Misasa-cho, Shunan-shi, Yamaguchi (The plant is located in the same site.)
Amount of the investment	: ¥1,300 million (an estimated amount)
Capital	: ¥250 million
Composition of shareholders	: Tokuyama 65% Dowa Metaltech 35%
Representative	: Yuichi Osaki (President)
Number of employees	: approx. 45 (an estimated number)
Closing period	: March

#### [ On the background and the purpose of this project ]

Demand for aluminum nitride (AlN) substrates is increasing as a heat dissipating & insulation substrate for power modules used for inverters that control the turning of a motor and so on.

The market of these substrates is expected to grow at about 7 to 10 percent annually, especially with the growth of hybrid cars in the auto industry field, and solar power generation and wind power generation in the energy field.

Under these circumstances, we have decided to establish a new company to manufacture and sell AlN substrates by a joint venture of Tokuyama, the world's largest manufacturer of aluminum nitride (AlN) powders that manufactures and

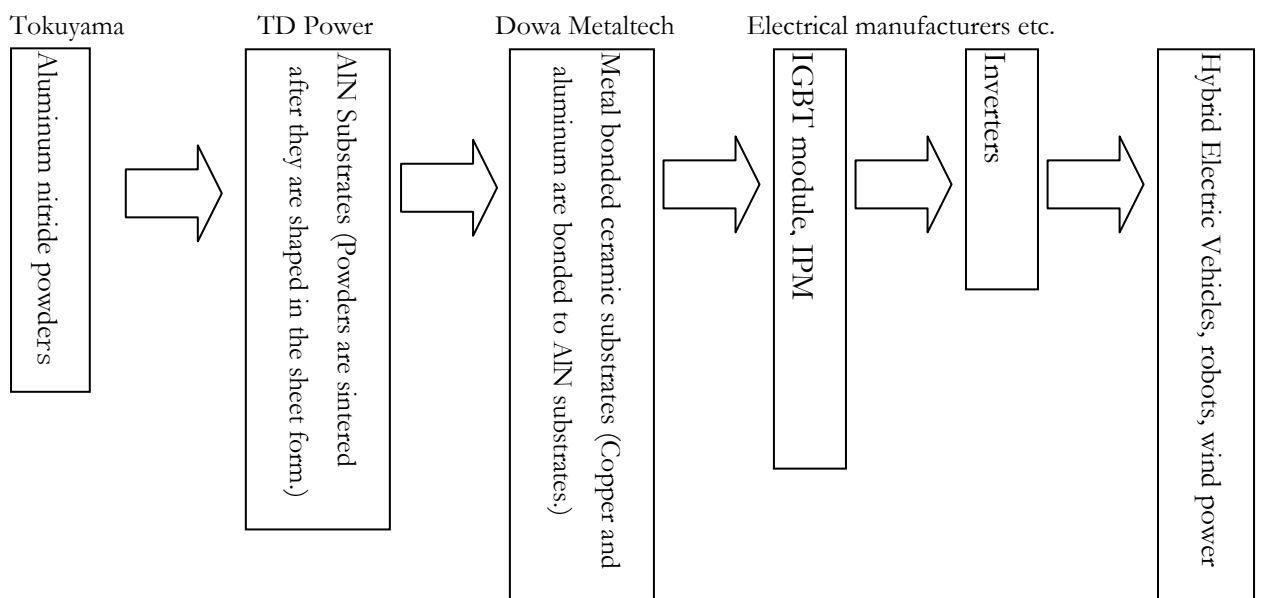
sells from “powder products” to “AlN ceramic substrates”, and Dowa Metaltech, a leading manufacturer in the “metal bonded ceramic substrates (circuit board)” that are made by processing the ceramic substrates.

By establishing the integrated production system of “powders– AlN substrates– metal bonded ceramic substrates” through this joint venture, we aim to realize stable supply of materials, secure them steadily, make productivity more efficient and improve quality. This will lead to strengthening of competitiveness and larger sales volume.

TD Power , the new company, aims to get an about 50 percent share of the global market by 2010 as a core company that manufactures and sells AlN substrates, based on the integrated production system of “powders– AlN substrates– metal bonded ceramic substrates.”

The new company aims to have sales of ¥3 billion through developing new products based on AlN substrates in the future.

[Reference] Flowchart of the products



### **Outline of Tokuyama Corporation**

- ( 1 ) Company name : Tokuyama Corporation
- ( 2 ) Business fields : Chemicals, Cement & building materials, Electronic materials, etc.
- ( 3 ) Established : February 1918
- ( 4 ) Headquarters : 1-1, Mikage-cho, Shunan-shi, Yamaguchi
- ( 5 ) Representative : Shigeaki Nakahara (President)
- ( 6 ) Capital : ¥ 29.9 billion
- ( 7 ) Net sales : ¥ 263.3 billion (FY2005, consolidated basis)
- ( 8 ) Employees : 4,630 (consolidated)
- ( 9 ) Closing period : March

### **Outline of Dowa Holdings Co., Ltd.**

- ( 1 ) Company name : Dowa Holdings Co., Ltd.
- ( 2 ) Business fields : Nonferrous metals, Environmental management & Recycling, Electronic materials, Metal processing, Heat treatment
- ( 3 ) Established : March 1937
- ( 4 ) Headquarters : 4-14-1, Sotokanda, Chiyoda-Ku, Tokyo
- ( 5 ) Representative : Masaki Kohno (President and Representative Director)
- ( 6 ) Capital : ¥ 36.4 billion
- ( 7 ) Net sales : ¥ 316.3 billion (FY2005, consolidated basis)
- ( 8 ) Employees : 3,591 (consolidated)
- ( 9 ) Closing period : March

### **Outline of Dowa Metaltech Co., Ltd.**

- ( 1 ) Company name : Dowa Metaltech Co., Ltd.
- ( 2 ) Business fields : Metal processing
- ( 3 ) Established : October 2006
- ( 4 ) Headquarters : 4-14-1, Sotokanda, Chiyoda-Ku, Tokyo
- ( 5 ) Representative : Yukio Ishibashi (President and Representative Director)
- ( 6 ) Capital : ¥ 1.0 billion
- ( 7 ) Net sales : ¥ 77.8 billion (FY2006, estimate)
- ( 8 ) Employees : 550
- ( 9 ) Closing period : March