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Tokuyama Corporation

**Tokuyama Corporation Plans to Build Its Second Polycrystalline Silicon
Manufacturing Base in Sarawak, Malaysia**
Tokuyama to Start Drafting Basic Design

Tokuyama Corporation (hereinafter referred to as “Tokuyama”) plans to build its second polycrystalline silicon manufacturing base at the Samalaju Industrial Park in Sarawak, Malaysia, and has decided to start drafting the basic design of these facilities aimed at expanding Tokuyama’s polycrystalline silicon business.

In its FY2008–2010 Medium-Term Management Plan, Tokuyama has classified polycrystalline silicon as a material for strategic growth. The company is actively strengthening this business, planning to increase the annual production capacity of the facilities in the Tokuyama Factory (Shunan City, Yamaguchi) from the current 5,200 tons to 8,200 tons in the spring of 2009. Demand for polycrystalline silicon is expanding rapidly with its applications in solar cells and so on, and Tokuyama is receiving many orders from customers. At present, the Tokuyama Factory is the company’s only manufacturing base for polycrystalline silicon, and thus the construction of a second polycrystalline silicon manufacturing base is urgent from the viewpoint of the dispersion of risk as well.

In April this year, Tokuyama launched a project to select a site for a second manufacturing base for polycrystalline silicon. Sites both in Japan and overseas were studied, and it was decided that the optimal site is coastal land of about 200 hectares in the Samalaju Industrial Park, which is located 50 kilometers northeast of central Bintulu, Sarawak, Malaysia. Tokuyama will start drafting the basic design for a second polycrystalline silicon manufacturing base at this industrial park. The basic design is scheduled to be completed by the middle of 2009 and will be created through a partnering agreement with Chiyoda Corporation.

The manufacture of polycrystalline silicon is electricity intensive and requires industrial water, labor and other resources. Such resources are available at the Samalaju Industrial Park in Sarawak. In addition, this industrial park was selected because of the advantages it offers, including preferential tax treatment and support for acquisition of federal and state government permits and licenses.

Outline of Plan

Planned Site: Samalaju Industrial Park which is located northeast of central Bintulu, Sarawak, Malaysia

Site Area: About 200 hectares (about 2 million square meters)

Business: Manufacture and sale of polycrystalline silicon for semiconductors and solar cells

Business Plan: Plan to start operations of polycrystalline silicon manufacturing facilities with an annual production capacity of about 3,000 tons in 2012, after which demand trends for semiconductors and solar cells will be carefully observed and the expansion of the facilities will be considered.

Employment: Plan to hire about 300 local employees.

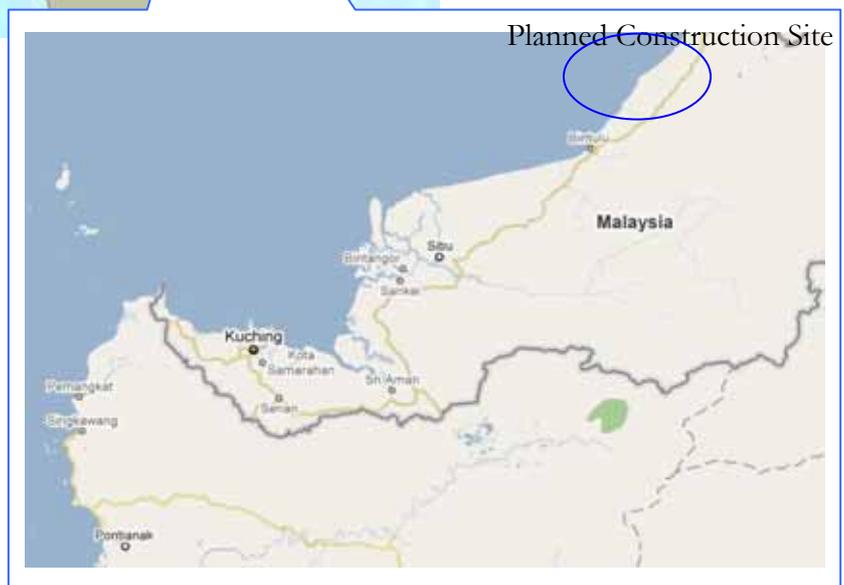
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Samalaju Industrial Park in Sarawak, Malaysia



Polycrystalline Silicon

Silicon (Si) is one of the about 100 elements in the world, and it usually exists as an oxide (silica stone). Silicon is found near the earth's surface and is considered to be limitless in supply as it is second in abundance only to oxygen.

Polycrystalline silicon is made from silica stone. Metallic silicon with a purity of about 99% is first made by reducing the silica stone with carbon. Trichlorosilane is produced from the metallic silicon and purified by distillation refining. Reduction is performed with hydrogen at temperatures near 1,000°C inside a bell jar, a special reactor, depositing 99.999...% (eleven 9s) high-purity polycrystalline silicon in rod form. This is polycrystalline silicon.

Polycrystalline silicon is a fundamental material for the semiconductor industry and is used in single-crystalline silicon wafers as well as single-crystalline and polycrystalline silicon solar cells.