



May 25, 2009

To: All Concerned Parties

Company Name: Tokuyama Corporation

Representative Name: Kazuhisa Kogo,

President and Representative Director

(Code No. 4043, First Section TSE)

Contact: Yoshifumi Matsumoto, General Manager

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**Partial Corrections to the Introduction of Policy Regarding Large-Scale Purchases of Tokuyama Corporation's Company Shares (Anti-Takeover Measures)**

Tokuyama Corporation hereby notifies you that it made the following corrections to the Introduction of Policy Regarding Large-Scale Purchases of Tokuyama Corporation's Company Shares (Anti-Takeover Measures) announced on May 13, 2009.

For reference, we attach the corrected version of the Introduction of Policy Regarding Large-Scale Purchases of Tokuyama Corporation's Company Shares (Anti-Takeover Measures).

Location of correction	Before correction	After correction
P. 12: Note 3	Including persons defined as holders in Article 27-23, Paragraph 3, of the Financial Instruments and Exchange Law (including persons who the Board of Directors regards as applicable), hereinafter the same applies.	Defined as holders in Article 27-23, Paragraph 3 and any joint holders defined in Article 27-23, Paragraph 5, including a person deemed to be a joint holder pursuant to Article 27-23, Paragraph 6, of the Financial Instruments and Exchange Law, hereinafter the same applies.
P. 14: the paragraph of "7. Exercise Terms and Conditions"	Specified shareholder groups including Large-Scale Purchasers	Large-Scale Purchasers

Attached document: "Introduction of Policy Regarding Large-Scale Purchases of

Tokuyama Corporation's Company Shares (Anti-Takeover Measures)" (Corrected Version  
on May 25, 2009)



May 13, 2009

To: All Concerned Parties

Company Name: Tokuyama Corporation  
Representative Name: Kazuhisa Kogo,  
President and Representative Director  
(Code No. 4043, First Section TSE)  
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### **Introduction of Policy Regarding Large-Scale Purchases of Tokuyama Corporation's Company Shares (Anti-Takeover Measures)**

Tokuyama Corporation (hereinafter “the Company,” “Tokuyama” or “we”) hereby announces that the Board of Directors of the Company, at its meeting held on May 12, 2009, determined to introduce a policy (hereinafter “the Policy”) regarding the Large-Scale Purchase of Tokuyama’s shares, as explained in the following, and make a proposal on the agenda to seek shareholders’ approval of the introduction of the Policy at the 145th Ordinary General Shareholders’ Meeting (hereinafter “this Ordinary General Shareholders’ Meeting”) to be held on June 25, 2009. Introduction of the Policy is based on the “Basic Policy Regarding Persons Who Control the Company’s Decisions on Financial Matters and Business Policies” (hereinafter the “Basic Policy”) as defined in the clause in Paragraph 3 of Article 118 of the Enforcement Regulations of the Companies Act. It is one of our measures to prevent the Company’s decisions on financial matters and business policies from being controlled by persons deemed inappropriate according to the Basic Policy (Article 118, Paragraph 3, B(2), of the Enforcement Regulations of the Companies Act).

At the meeting of the Board of Directors held on May 12, 2006, Tokuyama determined to adopt the Policy Regarding Large-Scale Purchases of Tokuyama Corporation’s Shares (Anti-Takeover Measures) (hereinafter the “Former Policy”), which was announced in a press release on the same day. Later, at the 142nd Ordinary General Shareholders’ Meeting held on June 27, 2006, the Former Policy was approved by a majority of the vote of shareholders, thereby continuing the Former Policy. Since then, laws and regulations have changed and discussion has progressed concerning hostile takeovers. Taking the change of situation into account, we determined to discontinue the Former Policy and introduce the Policy.

The Policy will take effect on condition that the above proposal on the agenda is approved by shareholders at this Ordinary General Shareholders' Meeting. In case it is not approved thereat, the Policy will not be implemented and the Former Policy will be immediately discontinued.

In cases where amendments of the Companies Act, the Financial Instruments and Exchange Law and the associated regulations, Cabinet Orders, Cabinet Office Ordinances and/or Ordinances of the Ministry (hereinafter, in general, "laws and regulations") come into effect including the change of the names of laws and regulations and the stipulation of new laws and regulations inheriting the previous content, each Article and Paragraph of the laws and regulations referred to in this document shall be read as corresponding Article and Paragraph to the previous content, unless otherwise stipulated by the Board of Directors.

The major changes from the Former Policy to the Policy are as follows.

- The Policy shall take effect on condition that it is approved by shareholders at this Ordinary General Shareholders' Meeting.
- The Policy shall be effective until the closing of the Ordinary General Shareholders' Meeting for the last fiscal year that ends within three years after this Ordinary General Shareholders' Meeting.
- With regard to the implementation of a countermeasure against an inappropriate Large-Scale Purchase, the Board of Directors of the Company, accepting the advice of the Special Committee, may convene the General Shareholders' Meeting to confirm the shareholders' view.
- We have outlined a clearer example of a case in which a Large-Scale Purchaser complies with the Large-Scale Purchase Rules, but the Large-Scale Purchase significantly hurts the common interests of Tokuyama's shareholders and corporate value (4. (2) ⑥ below).
- To confirm shareholders' view concerning whether to implement the countermeasure against a Large-Scale Purchase, Tokuyama's Board of Directors, based on the advice of the Special Committee, can extend the Board of Directors Appraisal Period for a maximum of thirty (30) days (excluding the first day) within a necessary and reasonable range.

As of today, we have not received any Large-Scale Purchase proposal.

## **1. Purpose of the Large-Scale Purchase Rules**

Since its founding in 1918, Tokuyama has developed a wide range of businesses with our group companies, including the chemical business; the film business; the cement and building materials business; the silicon business, including silica, polycrystalline silicon and the like; the advanced materials business, including fine chemicals and the like; and the medical-related business. These businesses are based on a foundation of uniform devotion to the production of goods and earning the longstanding trust of our stakeholders, in particular, our customers.

In each of these businesses, we attempt to anticipate future changes to the business operating environment, make advance introductions of management resources and continuously improve corporate value. This effort involves endeavoring to plan for change; develop technology; produce equipment; bolster trust and cooperation with our stakeholders, in particular, our customers; and collect management resources. We believe that, from this medium- to long-term perspective, the cumulative result of these efforts and the ongoing advance introduction of management resources are the very source Tokuyama's corporate value.

The decision of whether to accept a Large-Scale Purchase is ultimately left to the discretion of Tokuyama's shareholders. Consequently, in cases where a Large-Scale Purchase is being attempted, we believe that the Large-Scale Purchaser's provision of an adequate amount of information is necessary. In addition, we believe that the appraisal and opinions of Tokuyama's Board of Directors, as well as the provision of information and the like based on the business features pertaining to any Large-Scale Purchase, are critical for the shareholders to make a decision of whether to accept said Large-Scale Purchase, and contribute to the common interests of Tokuyama's shareholders.

Based on the foregoing philosophy, we hereby designate the rules as set forth in 3. below regarding Large-Scale Purchases (hereinafter the "Large-Scale Purchase Rules") so that the necessary and adequate information can be furnished to the shareholders at the time of a Large-Scale Purchase.

Tokuyama shall require Large-Scale Purchasers to comply with the Large-Scale Purchase Rules, and in cases where a Large-Scale Purchaser fails to comply with the same, we may take certain countermeasures from the perspective of protecting the common interests of Tokuyama's shareholders and Tokuyama's corporate value.

## **2. Purchases of Tokuyama's Shares to which the Policy Is Applied**

The Policy will apply to an action that falls under (i) or (ii) below or similar actions

(regardless of the specific purchase method thereof, whether it is through market transactions or a tender offer, excluding cases where the prior consent of Tokuyama's Board of Directors has been obtained regarding either case (hereinafter such a purchase shall be referred to as a "Large-Scale Purchase"). The party carrying out such Large-Scale Purchase (hereinafter the "Large-Scale Purchaser") must comply with the Large-Scale Purchase Rules that are set forth in the Policy.

- (i) With respect to the shares<sup>1</sup> issued by the Company, a purchase and other actions where the holding ratio of the shares<sup>2</sup> of a holder<sup>3</sup> will be 20% or more.
- (ii) With respect to the shares<sup>4</sup> issued by the Company, a tender offer<sup>5</sup> where the total of the owning ratio of the shares<sup>6</sup> owned by a party carrying out the tender offer and the owning ratio of the shares owned by a party having a special relationship<sup>7</sup> with the said party will be 20% or more.

### **3. Details of the Large-Scale Purchase Rules**

The Large-Scale Purchase Rules require that Large-Scale Purchasers furnish the necessary and adequate information to Tokuyama's Board of Directors in advance, whereupon Large-Scale Purchases shall be commenced after the elapse of a certain period for Tokuyama's Board of Directors to appraise the same.

A summary of the Large-Scale Purchase Rules follows.

#### **(1) Provision of the Large-Scale Purchase Information**

Prior to any Large-Scale Purchase, Large-Scale Purchasers shall provide to Tokuyama's Board of Directors the required and adequate information (hereinafter the "Large-Scale Purchase Information") for decision making by Tokuyama's shareholders and the appraisal and consideration of Tokuyama's Board of Directors.

In cases where a Large-Scale Purchaser attempts to carry out a Large-Scale Purchase, a "Statement of Intent" regarding the execution of the Large-Scale Purchase must first be provided to Tokuyama's Representative Director in accordance with the Large-Scale Purchase Rules. The Statement of Intent shall have set forth therein the Large-Scale Purchaser's name, address, corporate establishment governing law, representative name and contact information within Japan; a summary of the proposed Large-Scale Purchase; and covenants that adhere to the Large-Scale Purchase Rules. Tokuyama shall deliver to the Large-Scale Purchaser a list of the Large-Scale Purchase Information to be initially submitted by the same within 10 business days after receipt of the Statement of Intent. In addition, in cases where the information initially submitted is believed to be insufficient by

itself as a result of close scrutiny of the same, Tokuyama's Board of Directors may request that the Large-Scale Purchaser provide additional information until all of the Large-Scale Purchase Information has been organized. Upon judging that sufficient Large-Scale Purchase Information has been provided, Tokuyama's Board of Directors will publicly announce the fact that it has received sufficient information at a time and in a manner that it deems appropriate. The principal items regarding the Large-Scale Purchase Information shall be as follows. In cases where it is concluded necessary for the shareholders to make a decision, Tokuyama's Board of Directors may publicly announce all or part of the facts of the Large-Scale Purchase proposal and the Large-Scale Purchase Information (including the additional information) submitted to Tokuyama's Board of Directors at a time that it deems appropriate.

- ① A Summary of the Large-Scale Purchaser or its group (including specific name, capital and financial information)
- ② The purpose, method and details of the Large-Scale Purchase (including the price and type of purchase consideration, the timing of the purchase and the appropriateness of the purchase method)
- ③ The existence of any notification of intent to a third party and, if such notification of intent exists, the details thereof, at the time of the Large-Scale Purchase
- ④ The basis for calculating the purchase consideration and materials that evidence funding for the purchase (including the specific name and procurement method of the provider of purchase funds (including substantive providers))
- ⑤ The existing collateral for the shares of Tokuyama that are already owned or the planned establishment of collateral for the shares of Tokuyama to be purchased in the future (including the method and details of the planned establishment of collateral)
- ⑥ The intended management policies and business plans of Tokuyama and the Tokuyama Group after the completion of the Large-Scale Purchase
- ⑦ Any changes planned after the completion of the Large-Scale Purchase or the details thereof when making such changes regarding the relationship among the Tokuyama and Tokuyama Group employees, suppliers, customers, local community and other stakeholders and Tokuyama and the Tokuyama Group

## **(2) Appraisal and Consideration by Tokuyama's Board of Directors**

Tokuyama's Board of Directors believes that, after the Large-Scale Purchaser completes the provision of the Large-Scale Purchase Information to Tokuyama's Board of Directors, a period of 60 days (in cases of purchases of all of Tokuyama's shares through a tender offer of the consideration in cash (denominated in Japanese yen) only) or 90 days (in cases of other Large-Scale Purchases) should be secured as a period for Tokuyama's Board of

Directors to appraise, consider, negotiate, form opinions about or devise alternate proposals (hereinafter the “Board of Directors Appraisal Period”) in accordance with the degree of difficulty for appraising and considering the Large-Scale Purchase.

Therefore, Large-Scale Purchases shall commence only after the elapse of the Board of Directors Appraisal Period.

To confirm the shareholders’ view with regard to whether to implement a countermeasure against an inappropriate Large-Scale Purchase, the Board of Directors of the Company, based on the advice of the Special Committee, can extend the Board of Directors Appraisal Period for a maximum of thirty (30) days (excluding the first day) within a necessary and reasonable range. In that case, the Board of Directors will quickly announce the specific period of the extension and the reason for the extension. During the Board of Directors Appraisal Period, Tokuyama’s Board of Directors shall sufficiently appraise and consider the provided Large-Scale Purchase Information while accepting the advice of outside experts and the like as deemed appropriate and necessary, whereupon the opinions and/or alternate proposal of Tokuyama’s Board of Directors shall be carefully summarized and publicly announced.

#### **4. Policy when a Large-Scale Purchase Is Attempted (Please refer to Exhibit 1, “Outline of the Policy,” for a summary of the Policy)**

##### **(1) When a Large-Scale Purchaser Fails to Comply with the Large-Scale Purchase Rules**

In cases where a Large-Scale Purchaser fails to comply with the Large-Scale Purchase Rules, Tokuyama’s Board of Directors may, regardless of the specific purchase method thereof, take measures (hereinafter the “Countermeasures”) deemed within the authority of Tokuyama’s Board of Directors under the Companies Act, other laws and ordinances, and Tokuyama’s Articles of Incorporation, such as issuing new shares and/or issuing share options, for the purpose of protecting the common interests of Tokuyama’s shareholders and Tokuyama’s corporate value, and oppose the Large-Scale Purchase. That which is deemed appropriate at such point in time shall be selected in regards to the decision of whether to implement any specific Countermeasure.

An outline regarding the issuance of the share options by shareholder allotment is set forth in Exhibit 2 as a specific Countermeasure. However, in cases of actually issuing the share options, an exercise period and exercise terms may be established in light of the impact of such Countermeasure. In this case, such share options may not be exercised by the Large-Scale Purchaser. In addition, there may be cases in which future changes are included, such as adding a clause (an acquisition clause) in which Tokuyama may acquire

the share options in exchange for its shares or other property regarding the details of said share options. Furthermore, in relation to the Former Policy, the Company registered the issuance of the share options for quick issuance (submitted on July 18, 2006, and July 18, 2008). In case shareholders approve the introduction of the Policy at this Ordinary General Shareholders' Meeting, Tokuyama plans to register the issuance of the share options again for quick issuance thereof.

## **(2) When a Large-Scale Purchaser Complies with the Large-Scale Purchase Rules**

In cases where a Large-Scale Purchaser complies with the Large-Scale Purchase Rules, Tokuyama's Board of Directors will only go so far as to express its opposition or present an alternate proposal regarding such purchase proposal, even if it is opposed to said Large-Scale Purchase, and shall not, in principle, take any Countermeasures pertaining to said Large-Scale Purchase. The shareholders shall determine whether to accept the Large-Scale Purchaser's purchase proposal upon considering the details of said purchase proposal and the opinions, alternate proposals and the like of Tokuyama's Board of Directors pertaining thereto.

However, in cases where it is determined that said Large-Scale Purchase will significantly damage the common interests of Tokuyama's shareholders and Tokuyama's corporate value, even if the Large-Scale Purchase Rules have been complied with, Tokuyama's Board of Directors may implement a Countermeasure (the specific details of the Countermeasure are as set forth in the foregoing 4. (1)) in order to protect the common interests of the shareholders and Tokuyama's corporate value. Specifically, in cases where there are reasonable grounds for concluding that the Large-Scale Purchase corresponds to any of the scenarios described in ① through ⑦ below, such a Large-Scale Purchase will, in principle, be determined to be one that will significantly damage the common interests of Tokuyama's shareholders and Tokuyama's corporate value.

- ① When it is determined that the purchase of Tokuyama's shares is being carried out for the purpose of causing Tokuyama's related parties to take over Tokuyama's shares at an overstated share price, regardless of whether there is genuine intent to participate in the management of Tokuyama (so-called greenmail).
- ② When it is determined that the purchase of Tokuyama's shares is being carried out for the purpose of temporarily controlling the management of Tokuyama so that the intellectual property rights, know-how, trade secrets and principal suppliers, customers and the like required with respect to Tokuyama's or the Tokuyama Group companies' business can be transferred to the Large-Scale Purchaser or its group companies and the like.

- ③ When it is determined that the purchase of Tokuyama's shares is being carried out in accordance with plans to divert the assets of Tokuyama or the Tokuyama Group companies to secure or use as a source of funds to repay the obligations of the Large-Scale Purchaser or its group companies and the like after controlling the management of Tokuyama.
- ④ When it is determined that the purchase of Tokuyama's shares is being carried out for the purpose of temporarily controlling the management of Tokuyama so that Tokuyama's or the Tokuyama Group companies' high-value assets, such as real estate and securities, can be disposed of through sales and the like or so that an opportunity is afforded to cause the share price to increase rapidly due to temporarily high dividends whereupon Tokuyama's shares can be sold at an inflated price.
- ⑤ When it is determined that the purchase method of Tokuyama's shares proposed by the Large-Scale Purchaser will restrict the shareholders' opportunity and freedom to make decisions, such as oppressive two-stage purchases (executing purchases of shares, such as tender offers, whereby no solicitations for purchasing all the shares are made in the initial purchase, and disadvantageous purchase terms are set or the purchase terms are not made explicitly clear in the second stage), whereby shareholders may essentially be forced to sell their Tokuyama shares (provided that incremental tender offers shall not always correspond hereto).
- ⑥ When it is foreseen that the acquisition of controlling rights by the Large-Scale Purchaser could lead to significant damages to the Company's tangible and/or intangible management resources, including relationships with Tokuyama shareholders, employees, suppliers, customers, its local community and other stakeholders, which are necessary for creating the Company's corporate value, resulting in significant damage to Tokuyama's corporate value from the medium- and long-term perspective, or when it is determined on a reasonable basis that the maintenance or improvement of Tokuyama's corporate value will be significantly obstructed.
- ⑦ When it is determined on a reasonable basis that the Large-Scale Purchaser is inappropriate as a controlling shareholder of Tokuyama from the point of view of public order and good morals, such as cases in which there are persons in the Large-Scale Purchaser's management or principal shareholders that are involved in antisocial forces.

## **5. Establishment of a Special Committee**

### **(1) Special Committee Members**

A Special Committee, which was established under the Former Policy, is an organ that

serves as a deterrent against arbitrary decision making by Tokuyama's Board of Directors before activating a Countermeasure. The Special Committee continues under the Policy. The Special Committee shall comprise at least three members, who shall be selected from among outside Directors, outside company Auditors, attorneys-at-law, Certified Public Accountants, tax accountants, academic experts and experienced outside key figures such as Directors or executives to enable fair and neutral decision making. The current Special Committee shall comprise one attorney-at-law and two outside company Auditors. A brief work history of the members is set forth in Exhibit 3, "Brief Work Histories of the Special Committee Attorney-at-Law and Outside Company Auditor Members."

## **(2) Functions of the Special Committee**

In cases where Tokuyama's Board of Directors contemplates activating a Countermeasure, the following procedures must be taken in order to ensure fair decision making.

First, Tokuyama's Board of Directors shall inquire of the Special Committee as to the suitability of activating a Countermeasure, whereupon the Special Committee shall make a recommendation to Tokuyama's Board of Directors on the suitability of activating such a Countermeasure while accepting advice from outside experts and the like based on said inquiries. Resolutions to make a recommendation shall be made by unanimous approval of the members of the Special Committee, in principle. Tokuyama's Board of Directors shall respect the recommendation of the Special Committee to the utmost when a decision as to whether to activate a Countermeasure has been made.

With regard to the implementation of any countermeasure against an inappropriate Large-Scale Purchase, the Board of Directors of the Company, accepting the advice of the Special Committee, may convene a General Shareholders' Meeting to confirm the shareholders' view.

As set forth in 3. (2) above, the Board of Directors shall not extend the Board of Directors Appraisal Period except in case of extension for the purpose of confirming the shareholders' view concerning whether to implement any countermeasure against an inappropriate Large-Scale Purchase based on the advice of the Special Committee.

## **6. Impact on the Shareholders when Activating a Countermeasure**

In cases where a Large-Scale Purchaser fails to comply with the Large-Scale Purchase Rules, Tokuyama's Board of Directors may implement a Countermeasure allowed under the Companies Act, other laws or Tokuyama's Articles of Incorporation for the purpose of

protecting the common interests of Tokuyama's shareholders and Tokuyama's corporate value. Although no circumstances are expected to arise from the implementation of the Countermeasure, in which Tokuyama's shareholders (excluding the Large-Scale Purchaser in violation of the Large-Scale Purchase Rules) suffer any especial losses in regards to legal rights or economic considerations, the Company's stock price might be affected, to which shareholders would have to pay attention. If Tokuyama's Board of Directors decides to implement a specific Countermeasure, such matter shall be promptly and appropriately disclosed in accordance with laws, ordinances, and securities and exchange regulations, etc.

In case the Large-Scale Purchaser withdraws the tender offer that it already initiated after it is determined to implement a gratis allotment of the share options by resolution of the Board of Directors as a specific Countermeasure or in case the Large-Scale Purchaser has immediately disposed of Tokuyama's shares after it purchased them, the purchase itself ceases to be a Large-Scale Purchase. In these cases, the Company cancels the implementation of the gratis allotment of the share options or acquires the share options gratis that were already allotted gratis. In such cases, the Company's stock price might be affected, to which shareholders would have to pay attention. In case the Company cancels a gratis allotment of the share options or acquires the share options gratis that were already allotted gratis after determination of shareholders to be allotted gratis the share options, the dilution of stock value per share will not occur. Any shareholders who conduct the purchase and sale of the Company's shares assuming the dilution of the per share stock value will suffer a significant loss due to changes in stock prices.

## **7. Procedures Required of Tokuyama Shareholders Attendant to the Issuance of the Share Options**

### **(1) Allotment of the Share Options**

In cases where Tokuyama's Board of Directors approves a resolution to issue the share options, Tokuyama shall give a public notice of the allotment date of the share options. The share options will be allotted to shareholders entered or recorded in the final shareholders' registry or beneficial shareholders' registry as of the allotment date. Furthermore, because the share options will be allotted to the shareholders by way of a gratis allotment of the share options as stipulated under Article 277 of the Companies Act, the shareholders entered or registered in the final shareholders' registry or beneficial shareholders' registry as of the allotment date will naturally become the share options holders on the effective date of the gratis allotment of said share options.

### **(2) Procedures for Exercising the Share Options**

Tokuyama shall send the claim forms for exercising the share options (a prescribed written instrument by the Company that includes a covenant that the shareholder him or herself is not the Large-Scale Purchaser) and the other documents required for exercising the rights of the share options to the shareholders entered or registered in the final shareholders' registry or beneficial shareholders' registry as of the allotment date. After the issuance of the share options, the shareholders shall be issued one ordinary share of the Company for each share option through submitting the required documents thereof and paying a payment-handling institution an amount determined by Tokuyama's Board of Directors that is at least one Japanese yen for each share option.

However, as set forth in the foregoing 4 (1), in cases where Tokuyama includes a change, such as the addition of a clause (an acquisition clause) that enables the Company to acquire the share options in exchange for Tokuyama shares or other assets, or, in other words, in cases where it has been determined that Tokuyama can obtain the share options in exchange for the Company's shares, if Tokuyama completes the acquisition procedures, the shareholders who own the share options determined by Tokuyama's Board of Directors to be the subject of the acquisition will receive shares of the Company as consideration for the acquisition by Tokuyama of the share options without having to pay any sum of money equivalent to the exercise price thereof. (Note that, in this case, shareholders may be asked to separately submit a prescribed written instrument of the Company covenanting that they are not the Large-Scale Purchaser.)

## **8. Introduction, Effective Period, Continuation, Discontinuation and Change of the Policy**

The Policy will be effective until the closing of the Ordinary General Shareholders' Meeting for the last fiscal year that ends within three (3) years after this Ordinary General Shareholders' Meeting. Even before the end of the effective period, Tokuyama's Board of Directors shall reevaluate the Policy as necessary from the point of view of protecting the common interests of Tokuyama's shareholders and Tokuyama's corporate value based on revisions to relevant laws and ordinances, such as the Companies Act, trends in judicial decisions, and measures taken by securities exchanges and other public institutions. Note that if it has been determined to change the Policy, the details thereof shall immediately be disclosed. In addition, any substantial change or discontinuation of the Policy shall be brought up as an agenda proposal at the General Shareholders' Meeting, and the approval thereof shall be obtained by a majority of the vote of shareholders in attendance.

The Policy was determined by the unanimous approval of the Directors in a resolution

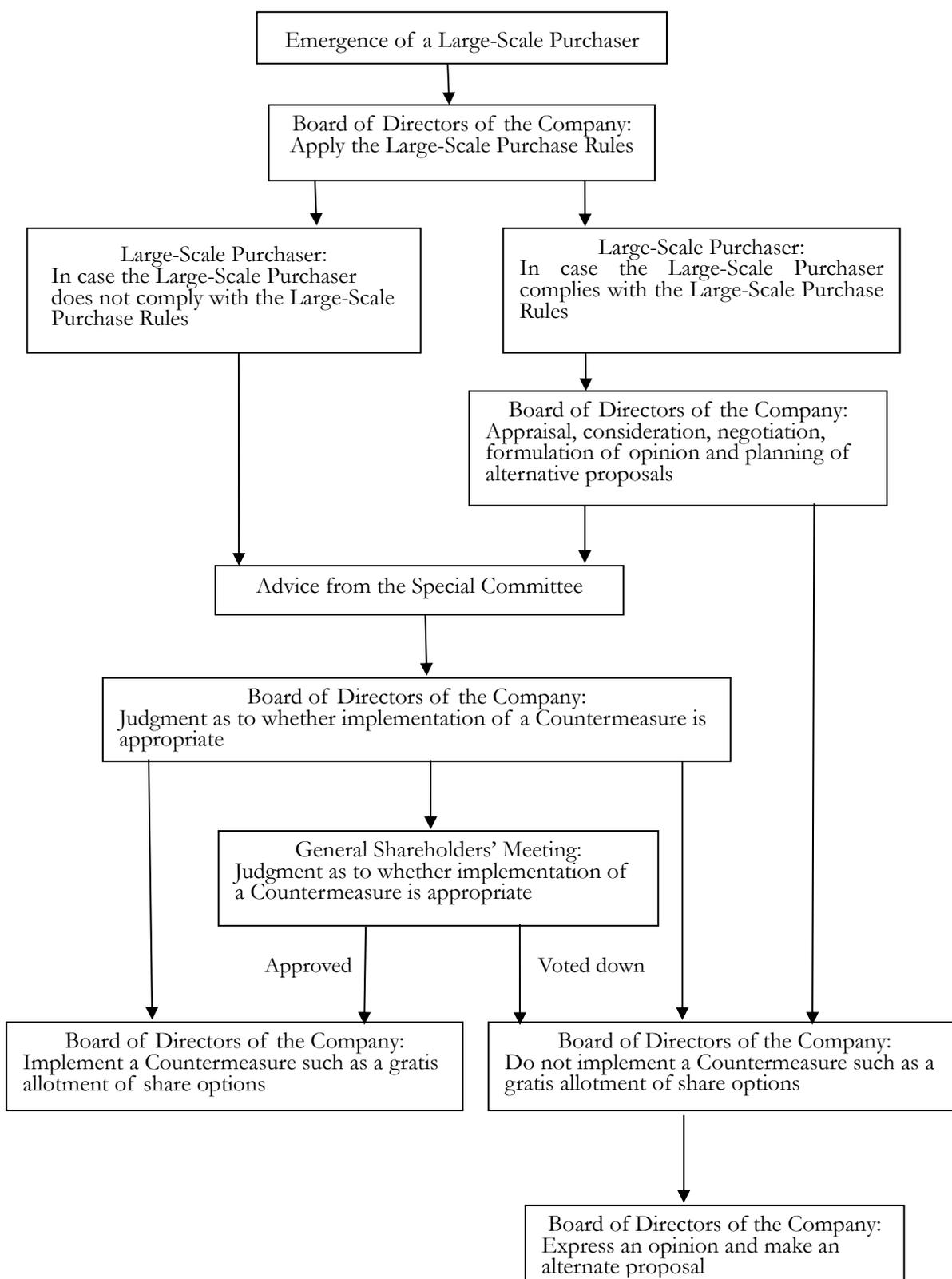
by Tokuyama's Board of Directors at a meeting held on May 12, 2009, whereupon all the Company's Auditors, including two outside company Auditors, participated in such meeting and in which every Auditor stated an opinion of approval of the Policy on the condition that the specific administration of the Policy be properly carried out.

Furthermore, note that the term of office for Tokuyama's Directors shall be for one year, whereupon the intentions of the shareholders regarding the continuation of the Policy shall be reflected, even during the effective period of the Policy, through the exercise of voting rights regarding the agenda proposal for the appointment of Directors at the Ordinary General Shareholders' Meeting held each year.

Notes:

1. Defined in Article 27-23, Paragraph 1, of the Financial Instruments and Exchange Law, hereinafter the same applies, unless otherwise stipulated.
2. Defined in Article 27-23, Paragraph 4, of the Financial Instruments and Exchange Law, hereinafter the same applies.
3. Defined as holders in Article 27-23, Paragraph 3 and any joint holders defined in Article 27-23, Paragraph 5, including a person deemed to be a joint holder pursuant to Article 27-23, Paragraph 6, of the Financial Instruments and Exchange Law, hereinafter the same applies.
4. Defined in Article 27-2, Paragraph 1, of the Financial Instruments and Exchange Law, the same applies in (ii).
5. Defined in Article 27-2, Paragraph 6, of the Financial Instruments and Exchange Law, hereinafter the same applies.
6. Defined in Article 27-2, Paragraph 8, of the Financial Instruments and Exchange Law, hereinafter the same applies.
7. Defined in Article 27-2, Paragraph 7, of the Financial Instruments and Exchange Law, hereinafter the same applies (including persons who the Board of Directors regards as applicable). With regard to persons listed in Item 1 of the same Paragraph, persons are excluded who are set forth in Article 3, Paragraph 2, of the Cabinet Office Ordinance concerning the disclosure of tender offer of shares by persons other than the issuer.

**Outline of the Policy**



## **Outline of the Share Options**

### 1. Shareholders Subject to Grant of the Share Options and Issuance Terms and Conditions Thereof

The share options shall be allotted at a 1:1 ratio for each share held (excluding, however, ordinary shares of the Company held by Tokuyama) to shareholders entered or registered in the final shareholders' registry or beneficial shareholders' registry as of the allotment date stipulated by Tokuyama's Board of Directors.

### 2. Type and Number of Shares for Purpose of the Share Options

The type of shares for the purpose of the share options shall be ordinary shares of the Company, and the number of shares corresponding to each share option shall be one share. However, the requisite changes shall be made in cases where Tokuyama executes a share split or a reverse share split.

### 3. Total Number of Issued Share Options

The total number of allotted share options shall be the number stipulated by Tokuyama's Board of Directors. Tokuyama's Board of Directors may execute an allotment of the share options multiple times.

### 4. Issuance Price of the Share Options

Gratis.

### 5. Amount to Be Paid upon Exercise of Each Share Option

The amount to be paid upon the exercise of each share option shall be the amount stipulated by Tokuyama's Board of Directors of at least one Japanese yen.

### 6. Transfer Restrictions on the Share Options

The transfer of share options must be approved by Tokuyama's Board of Directors.

### 7. Exercise Terms and Conditions

Large-Scale Purchasers cannot exercise the share options.

### 8. Exercise Period, etc., of the Share Options

The exercise period of the share options, exercise terms and conditions other than those set forth in the foregoing 7., grounds for extinguishing shares, share extinguishment terms and conditions, and other required matters shall be separately stipulated by Tokuyama's Board of Directors

#### 9. Share Options with Acquisition Clause

As set forth in 7.(2) of the Policy, Tokuyama may include changes, such as the addition of a clause (an acquisition clause) that enables it to exchange shares or other assets of the Company for the share options in regards to the details of the share options.

**Brief Work Histories of the Special Committee Attorney-at-Law and  
Outside Company Auditor Members**

Kazuyuki Taguchi (born March 11, 1966)

April 1991        Admitted to the bar (Daichi Tokyo Bar Association)

April 1991        Joined Abe, Ikubo & Katayama

Ryuji Hori (born September 3, 1943)

April 1966        Joined Iwai Sangyo Corporation

June 1996        Director, Nissho Iwai Corporation

June 2000        Managing Director, Nissho Iwai Corporation

June 2002        Executive Director, Nissho Iwai Corporation

April 2003        Professor, Waseda University, School of Law

April 2004        Professor, Graduate School of Law, Waseda University (current position)

June 2005        Auditor, Tokuyama Corporation (current position)

Akio Fujiwara (born September 16, 1944)

April 1967        Joined The Sanwa Bank, Ltd.

April 1986        General Manager, Nishinomiya Branch, The Sanwa Bank, Ltd.

June 1993        Director, General Manager, Executive Secretariat and Secretary, The  
Sanwa Bank, Ltd.

December 1996   Managing Director, The Sanwa Bank, Ltd.

June 1999        Representative Director and Senior Managing Director, The Sanwa Bank,  
Ltd.

January 2002     Advisor, Ufit Co., Ltd.

June 2003        President and Representative Director, Ufit Co., Ltd.

April 2004        President and Representative Director, UFJIS Co., Ltd.

October 2004     Executive Vice President and Executive Officer, Nippon Shinpan Co.,  
Ltd.

June 2005        Chairman of the Board and Representative Director, Nippon Shinpan Co.,  
Ltd.

October 2005     Chairman of the Board and Representative Director, UFJ NICOS Co.,

Ltd.

April 2007	Chairman of the Board and Representative Director, Mitsubishi UFJ NICOS Co., Ltd.
June 2008	Senior Advisor, Mitsubishi UFJ NICOS Co., Ltd. (current position)
June 2008	Auditor, Tokuyama Corporation (current position)