

February 16, 2011

**Tokuyama Corporation**

**Concerning the Commencement of Construction of a Polycrystalline Silicon Factory  
in Malaysia**

Tokuyama Malaysia Sdn. Bhd., a local corporation in Malaysia under Tokuyama Corporation (hereinafter referred to as “Tokuyama” or “the Company”), will start construction of a polycrystalline silicon factory at the Samalaju Industrial Park in Sarawak, Malaysia.

Tokuyama will hold a groundbreaking ceremony at Bintulu with attendees including Y.A.B. Pehin Sri Haji Abdul Taib Mahmud, Chief Minister of Sarawak; Y.B. Datuk Patinggi Tan Sri Dr. George Chan Hong Nam, Deputy Minister of Sarawak; Y.B. Datuk Patinggi Tan Sri (Dr) Alfred Jabu Numpan, Deputy Minister of Sarawak; Y.B. Dato’ Jacob Dungau Sagan, Deputy Minister of International Trade and Industry, Malaysia; Y.Bhg. Tan Sri Dr. Sulaiman Mahbob, Chairman of the Malaysian Industrial Development Authority (MIDA); Y.Bhg. Dato’ Afifuddin Abdul Kadir, Deputy Director General of the Malaysian Industrial Development Authority (MIDA); His Excellency Masahiko Horie, Ambassador Extraordinary and Plenipotentiary of Japan to Malaysia; and many other associates. Construction of the factory will start shortly thereafter. The new factory is scheduled to be completed in the first quarter of 2013, and the Company aims to start operation in September 2013. Investment in the new factory will amount to approximately ¥80 billion including investment for the infrastructure and utility facilities. The factory will produce polycrystalline silicon for solar cells at an annual production capacity of 6,200 tons. Operations will start with approximately 300 employees, of which 280 people are planned to be employed locally.

To date, Tokuyama has manufactured and sold polycrystalline silicon mainly for semiconductors, and the Tokuyama Factory (Shunan City, Yamaguchi, Japan) has been the Company’s only manufacturing base. In order to increase manufacturing volume to address a growing demand for polycrystalline silicon for solar cells and diversify risk, the Company decided to move forward with the selection of a site for a second manufacturing base. In November 2008, the Samalaju Industrial Park was chosen as the proposed site for the second manufacturing base. The manufacture of polycrystalline silicon is electricity intensive and requires industrial water, quality workers and other resources. Such resources are available at the Samalaju Industrial Park. In addition, this industrial park was selected because of the advantages it offers in terms of preferential tax treatment and support for the acquisition of permits and licenses provided by the federal and state governments. After selecting the site, Tokuyama drafted the basic design of the factory while considering various factors, including future trends in supply and demand for polycrystalline silicon. As a result of this process, in August 2009 Tokuyama decided to construct

its polycrystalline silicon factory at the Samalaju Industrial Park and has proceeded with further detailed design.

Tokuyama has designated the polycrystalline silicon business as a core strategically growing business in its Centennial Vision and is actively expanding its polycrystalline silicon operations. By mass-producing polycrystalline silicon at its two manufacturing bases—the Tokuyama Factory and the Malaysia facility—Tokuyama will maintain its presence as a major polycrystalline silicon manufacturer in the industry by focusing on acquiring new customers in addition to retaining existing ones. Tokuyama's present goal is to raise its current global share of polycrystalline silicon for solar cells, which is estimated to be about 5%, to 10% or more while maintaining its current global share of polycrystalline silicon for semiconductors of 20% or more.

### **Outline of the New Factory**

- Location:** Samalaju Industrial Park (located 50 kilometers northeast of Bintulu, Sarawak, Malaysia)
- Product:** Polycrystalline silicon
- Annual Production Capacity:** 6,200 tons (which can be increased to 7,000 tons by debottlenecking steps (replacing low performance equipment))
- Production Method:** Siemens method
- Target Usage of Polycrystalline Silicon:** Solar cells
- Plan:** Construction will be completed in the first quarter of 2013 and operations will start in September 2013.
- Principal Construction Company:** Chiyoda Corporation
- Investment:** Approximately ¥80 billion including investment for infrastructure and utility facilities (of which factory construction costs account for approximately ¥65 billion)
- Employment:** Operations will start with approximately 300 employees, of which 280 are planned to be employed locally.

### **History**

- November 2008: Started basic design assuming the Samalaju Industrial Park as the proposed site for the factory.
- August 2009: Decided to construct a factory at the Samalaju Industrial Park.
- August 2009: Established Tokuyama Malaysia Sdn. Bhd. and opened its headquarters in Kuching.
- August 2010: Established the Bintulu office of Tokuyama Malaysia Sdn. Bhd.

## **Outline of the Company and the Company's Subsidiary in Malaysia**

<b>Company Name:</b>	Tokuyama Corporation
<b>Establishment:</b>	February 1918
<b>Location of Headquarters:</b>	Shunan City, Yamaguchi, Japan
<b>Representative:</b>	Kazuhisa Kogo
<b>Capital:</b>	¥53.4 billion
<b>Net sales:</b>	¥273.1 billion (consolidated basis in fiscal 2009)
<b>Businesses:</b>	Inorganic and organic chemicals, Cement, Building materials, Electronic materials, Advanced materials, Synthetic resins, Films, Medical-related products, etc.
<b>Number of Employees:</b>	5,444 (consolidated)
<b>Number of Group Companies:</b>	83 <b>(As of March 31, 2010)</b>
<b>Web site:</b>	English Web site: <a href="http://www.tokuyama.co.jp/eng/index.html">http://www.tokuyama.co.jp/eng/index.html</a> Japanese Web site: <a href="http://www.tokuyama.co.jp/">http://www.tokuyama.co.jp/</a>

### **(Malaysia Subsidiary)**

<b>Company Name:</b>	Tokuyama Malaysia Sdn. Bhd.
<b>Establishment:</b>	August 2009
<b>Location of Headquarters:</b>	Kuching (capital of the Malaysian state of Sarawak)
<b>Representative:</b>	Akira Sanuki, Director, Tokuyama Corporation
<b>Business:</b>	Manufacture and sale of polycrystalline silicon

### **Polycrystalline Silicon**

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

The first step in the process of polycrystalline silicon production is to make metallic silicon with a purity of about 99% by deoxidizing silica stone with carbon.

Tokuyama purchases the metallic silicon and uses it as a raw material for its polycrystalline silicon production. In its manufacturing process, trichlorosilane is first made from the metallic silicon and purified by distillation and 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. Polycrystalline silicon is made by the manufacturing process described above.

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

#### **Contact concerning this issue:**

Corporate Communications & Investor Relations  
Dept., Tokuyama Corporation  
Phone: +81-3-3499-8023