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**Notice concerning the Posting of Extraordinary Loss, Revision of Performance Forecasts,  
Distribution of Surplus, and the Return of Executive Compensation**

With a resolution at a meeting of the Board of Directors held today, Tokuyama Corporation (hereinafter referred to as “Tokuyama” or “the Company”) hereby announces to post an extraordinary loss, as described below.

In addition, the Company has decided to revise its performance forecasts for fiscal 2014, the fiscal year ending March 31, 2015, previously disclosed on July 31, 2014.

In conjunction with this revision, Tokuyama has taken steps to determine its distribution of surplus (interim dividend) for the fiscal year under review while revising its year-end dividend forecast. Taking these measures into consideration, the decision has also been made to forgo a portion of the compensation payable to executives.

Brief details of the aforementioned are presented as follows.

**1. Extraordinary Loss**

(1) Decision to post an extraordinary loss

Following a review of its business plan, Tokuyama confirmed the evidence of impairment in connection with the polycrystalline silicon first plant (PS-1 Plant) (annual production capacity: 6,200 tonnes) of the Company’s consolidated subsidiary Tokuyama Malaysia Sdn. Bhd., located in Sarawak, Malaysia. After taking into consideration the recoverability of the fixed asset in question, Tokuyama decided to post a consolidated extraordinary loss of ¥86,027 million for the second quarter of the fiscal year under review (April 1, 2014 to September 30, 2014). This extraordinary loss is comprised of an impairment loss of ¥74,820 million and related expenses totaling ¥11,207 million in line with the review of the Company’s business plan.

(2) Background leading up to the posting of the extraordinary loss

With the exception of certain facilities, construction on the polycrystalline silicon first plant (PS-1 Plant) owned and operated by Tokuyama Malaysia Sdn. Bhd. was completed in February 2013. Thereafter, trial operations were undertaken with the aim of producing and marketing mainly semiconductor-grade polycrystalline silicon.

Particular emphasis is placed on realizing high quality, including extremely high levels of purity, in the production of semiconductor-grade polycrystalline silicon. Recognizing that the PS-1 Plant was unable to achieve the initially projected levels of quality and production stability, ongoing steps were taken to resolve outstanding technological issues, put in place the necessary optimal production conditions, and commence

shipments of samples for customer certification at some time during fiscal 2015. Despite these endeavors, both the Company and its subsidiary Tokuyama Malaysia Sdn. Bhd. have recently come to the understanding that with issues relating to deposition equipment, the shipment of samples for customer certification is virtually impossible even after resolving outstanding technological issues. Taking into consideration the inability to put forward a business plan that allows for projected future cash flows at this time, the decision has been made to post the aforementioned extraordinary loss.

Moving forward, the Tokuyama Group will continue to engage in activities aimed at producing semiconductor-grade polycrystalline silicon at the PS-1 Plant.

### (3) Future course of action

An investigative committee, mainly comprising the Audit & Supervisory Board (including external auditors), has been established within the Company as of today. After receiving the result of the committee's investigation, steps will be taken to put in place and implement remedial measures.

## 2. Revision of Performance Forecasts for Fiscal 2014 (April 1, 2014 to March 31, 2015)

### (1) Consolidated

(Unit: Millions of yen)

	Net sales	Operating income	Ordinary income	Net income (loss)	Net income per share (yen)
Previous forecast : (A) (Jul. 31, 2014)	300,500	18,500	13,500	9,500	27.31
Newly revised forecast : (B)	309,000	21,000	15,000	(75,000)	(215.58)
Change : (B) - (A)	8,500	2,500	1,500	(84,500)	—
Rate of change (%)	2.8	13.5	11.1	—	—
[Reference] Fiscal 2013	287,330	20,270	14,965	10,218	29.37

### (2) Non-consolidated

(Unit: Millions of yen)

	Net sales	Ordinary income	Net income (loss)	Net income per share (yen)
Previous forecast : (A) (Jul. 31, 2014)	192,000	11,000	10,500	30.18
Newly revised forecast : (B)	193,000	16,500	(75,000)	(215.58)
Change : (B) - (A)	1,000	5,500	(85,500)	—
Rate of change (%)	0.5	50.0	—	—
[Reference] Fiscal 2013	177,863	10,309	10,461	30.07

(3) Reasons for the revision

With regard to the non-consolidated performance forecast for the full fiscal year ending March 31, 2015, net sales are expected to be above the previous forecast, because of expected steady sales of semiconductor-related products; strong sales of active pharmaceutical ingredients; and a rise in export prices resulting from the weaker-than- expected yen; and other factors.

Ordinary income is expected to exceed the previous forecast, due mainly to the above-mentioned factors and a change of the posting of a loss on valuation of stocks of subsidiaries and affiliates attributable to Tokuyama Malaysia Sdn. Bhd. from in the non-operating expense section to in the extraordinary loss section.

Net income/loss is expected to be substantially worse than the previous forecast, due mainly to the posting of the above-mentioned extraordinary loss. As a result, the Company is projecting a net loss for the fiscal year under review.

Operating income data has not been disclosed for non-consolidated performance forecasts.

With regard to the consolidated performance forecast for the full fiscal year ending March 31, 2015, net sales are expected to be above the previous forecast, due mainly to the reasons mentioned in the non-consolidated performance forecast and expected steady results of the Company's consolidated subsidiaries.

Operating income and ordinary income are expected to exceed the previous forecast, due to the above-mentioned reasons.

Net income/loss is expected to be substantially worse than the previous forecast, due mainly to the posting of an impairment loss on manufacturing facilities of Tokuyama Malaysia Sdn. Bhd. As a result, the Tokuyama Group is projecting a net loss for the fiscal year under review.

As a result, revisions have been made to performance forecasts announced on July 31, 2014.

### 3. Distribution of Surplus

(1) Decision regarding the distribution of surplus (interim dividend and year-end dividend)

Distribution of surplus with a record date of September 30, 2014 (interim dividend for the fiscal year ending March 31, 2015)

	Items decided	Previous dividend forecast (Jul. 31, 2014)	Dividend paid in previous year (interim dividend for fiscal 2013)
Date of record	September 30, 2014	September 30, 2014	September 30, 2013
Dividend per share (yen)	0.00	3.00	3.00
Total dividend paid (millions of yen)	—	1,043	1,043
Effective date	—	December 1, 2014	December 2, 2013
Source of dividend	—	Retained earnings	Retained earnings

Distribution of surplus with a record date of March 31, 2015 (year-end dividend for the fiscal year ending March 31, 2015)

	Newly revised forecast	Previous dividend forecast (Jul. 31, 2014)	Dividend paid in previous year (year-end dividend for fiscal 2013)
Date of record	March 31, 2015	March 31, 2015	March 31, 2014
Dividend per share (yen)	0.00	3.00	3.00
Total dividend paid (millions of yen)	—	1,043	1,043
Effective date	—	June 25, 2015	June 26, 2014
Source of dividend	—	Retained earnings	Retained earnings

(2) Reasons for the revision

Tokuyama maintains a basic policy of providing continuous and stable dividends to shareholders and appropriates profits after taking into consideration performance trends and the Company's medium- and long-term business plans.

However, after accounting for the aforementioned extraordinary loss, Tokuyama is projecting a consolidated and non-consolidated net loss of ¥75,000 million and ¥75,000 million, respectively, for the full fiscal year ending March 31, 2015. Taking the above-mentioned net loss into consideration, regrettably, with a resolution at a meeting of its Board of Directors held on October 31, 2014, the Company has decided to forgo the payment of an interim dividend to shareholders of record as of September 30, 2014. The Company has also decided to revise its year-end dividend forecast and plans to forgo the payment of a year-end dividend to shareholders of record as of March 31, 2015.

We extend our deepest apologies to all shareholders for the anxiety caused and ask for their continued support and understanding.

**4. Decision to Forgo a Portion of the Compensation Payable to Executives**

Tokuyama takes most seriously the posting of an extraordinary loss totaling ¥86,027 million (comprised of an impairment loss of ¥74,820 million and related expenses of ¥11,207 million in line with a review of its business plan) in connection with manufacturing facilities at the polycrystalline silicon PS-1 Plant of its consolidated subsidiary Tokuyama Malaysia Sdn. Bhd. for the second quarter of the fiscal year under review. The Company also deeply regrets its decision to forgo the distribution of surplus. Accordingly, Group executives have decided to voluntarily waive (return) their compensation until June 2015 as follows.

Details of the decision by executives to voluntarily waive (return) their compensation:

Monthly compensation: Executive officers and deputy executive officers  
Voluntarily waive (return) 20% of their monthly compensation

Bonus: President, senior managing executive officer  
Voluntarily waive (return) 100% of their bonuses  
Other executive officers and deputy executive officers  
Voluntarily waive (return) 50% of their bonuses

(Note) The performance forecasts contained in this news release have been prepared on the basis of information available at the date of disclosure and certain assumptions which are judged to be rational. As a

result, actual performance may differ materially from forecasts due to a variety of factors that may arise in the future.