



TOSOH CORPORATION

NEWS RELEASE

Monday, May 21, 2008

Tosoh Announces Consolidated Results for Fiscal 2007 (April 1, 2007–March 31, 2008)

Tokyo, Japan—Tosoh Corporation is pleased to announce its consolidated financial results for fiscal year 2007, ended March 31, 2008.

During the first half of the fiscal year under review, Japan's economy was supported by an increase in capital investment and growth in exports. The second half of the year, however, witnessed growing concern over the undetermined impact on economic conditions of several factors. These included the sharp rise in the price of crude oil, the significant slowing of the U.S economy because of the subprime loan crisis in that country, and the yen's appreciation against the U.S. dollar.

For the Japanese chemical industry, the surging price of crude oil rapidly increased the cost of raw materials, such as naphtha. The overall environment surrounding Japan's chemical industry nevertheless brightened because of robust overseas demand for petrochemical products.

Tosoh Group fiscal 2007 consolidated net sales increased ¥46,047 million compared with the previous fiscal year, to ¥827,394 million (US\$8,258.2 million). This increase resulted from growth in sales abroad for such core Tosoh products as polyvinyl chloride resins and urethane materials, from the implementation of domestic price adjustments, and from the expansion of our specialty materials operations.

Operating income, however, decreased ¥1,172 million year on year, to ¥59,107 million (US\$589.9 million), because of poor business conditions for some specialty materials operations. Ordinary income also decreased, ¥5,547 million, from the previous fiscal year, to ¥52,451 million (US\$523.5 million), on the basis of substantial foreign exchange losses caused by the steep appreciation of the yen toward the end of fiscal 2007. Net income decreased ¥3,305 million year on year, to ¥25,183 million (US\$251.4 million), as a result of the drop in ordinary income and because the provision for allowances for business restructuring losses was allocated to extraordinary losses.

Business Segment Results Petrochemical Group

Petrochemical Group net sales were up 11.8%, or ¥28,590 million, compared with the previous fiscal year, to ¥270,881 million (US\$2,703.7 million). The group's operating income likewise increased, 6.9%, or ¥965 million, to ¥15,012 million (US\$149.8 million).

Olefin products faced high prices across the board for raw materials, especially naphtha. Under these conditions, Tosoh pushed forward by implementing domestic price increases for ethylene,



TOSOH CORPORATION

propylene, and aromatic compounds and by diversifying its raw materials to further cost cutting. Markets abroad, meanwhile, grew for cumene and styrene monomer.

Polyethylene shipments increased in Japan and dropped overseas. Price adjustments were implemented in Japan to reflect the high cost of naphtha. Chloroprene rubber sales rose in overseas markets. And the Company expanded its domestic shipments of and increased its domestic price for polyvinyl chloride (PVC) paste.

Basic Group

Basic Group net sales were up 1.8%, or ¥3,454 million, over fiscal 2006, to ¥195,788 million (US\$1,954.2 million). As a result of a price increase for feedstocks and a higher depreciation burden, the group's operating income decreased 56.1%, or ¥3,428 million, to ¥2,680 million (US\$26.7 million).

The negative impact on caustic soda production caused by a power failure that occurred at the Nanyo Complex, Tosoh's main production hub, was offset by a capacity expansion and increased shipment volumes for export. Overseas markets showed growth for caustic soda, while in Japan rising costs for raw materials enabled price adjustments to be implemented.

Event though markets abroad experienced growth, overall shipment volumes of vinyl chloride monomer (VCM) decreased as a result of the power failure. Shipments of PVC resins increased abroad, while decreased shipments in Japan were attributed to stagnant demand. The high cost of fuels resulted in price increases for PVC resins in Japan and abroad. Cement shipments decreased in Japan on account of a decline in public demand and the implementation of the Revised Building Standard Law.

Specialty Group

Specialty Group net sales increased 4.0%, or ¥12,099 million, compared with fiscal 2006, to ¥311,451 million (US\$3,108.6 million). And group operating income rose 2.3%, or ¥866 million, to ¥38,025 million (US\$379.5 million).

Overseas and domestic shipments were strong for bromines and bromine-based flame retardants. Price increases were successfully implemented for ethyleneamines, bromine, and heavy metal treatment agents in Japan and abroad.

In bioscience-related products, our overseas and domestic shipments of liquid chromatography columns and packing materials grew. Among diagnostic products, our shipments of vitro diagnostic reagents increased at home and abroad, while the shipments of automated immunoassay and glycohemoglobin analyzers and reagents used in screening for and the monitoring of diabetes mellitus increased solidly.

Zirconia product shipments rose in Japan and abroad on account of growing demand for fine ceramics. In battery material markets, excluding Europe, our shipments of electrolytic manganese dioxide (EMD) increased.

Overseas shipments of fused silica glass for semiconductors decreased as the sudden drop in DRAM prices reduced the capital investments of device makers. Sputtering targets for



semiconductor applications remained robust, while lackluster demand for LCD panels resulted in a decrease in shipments of targets for LCD markets.

Sales of water treatment facilities and related chemicals to electronic and general industrial plants and to the pharmaceutical sector decreased.

Urethane raw material sales increased as a result of successful price adjustments in Japan, and rising prices in foreign markets, and shipments rose as a result of an increase in production capacity.

Service Group

Net sales by the Service Group increased 4.0%, or ¥1,903 million, over a year earlier, to ¥49,273 million (US\$491.8 million), with both trading and logistics companies posting sales gains. The group's operating income also increased, 14.3%, or ¥424 million, to ¥3,389 million (US\$33.8 million).

Geographical Segment Results

Compared with the previous fiscal year, Tosoh Group companies increased their foreign currency denominated consolidated net sales in North America, Europe, and Asia, with an increase from ¥265,705 million, to ¥278,950 million (US\$2,784.2 million). This represented 33.7% of overall Tosoh consolidated net sales of ¥827,394 million (US\$8,258.2 million).

Consolidated net sales in Asia expanded slightly over the previous year's figure, to ¥198,894 million (US\$1,985.2 million), while in Europe and North America, sales increased from ¥67,962 million to ¥80,056 million (US\$799.0 million).

In Europe, zirconia sales volumes expanded in the markets where we do business, but shipments of electrolytic manganese dioxide (EMD) were down. Shipments of ethyleneamines and silica glass increased to Asia and North America, and our shipments of vinyl chloride resin likewise rose in Asia. Nevertheless, net sales total increase in Asia and North America was restrained because of the yen's appreciation against the U.S. dollar. Vinyl chloride resin and vinyl chloride monomer both experienced an increase in overseas shipments.

Outlook

In the financial year ahead, Japan's economy is expected to slow as a result of weaker private-sector capital investment and corporate earnings compared with fiscal 2007. Concerns also remain over the effects of surging crude oil prices, the slowdown in the U.S. economy, and sudden exchange rate fluctuations. As a whole, the business environment surrounding the Tosoh Group—including prices for such raw materials as naphtha and fuel, which have risen sharply, and the forecast for product sales in foreign markets, such as China—is fraught with uncertainty.

The Tosoh Group, therefore, is pursuing specific measures to achieve its corporate objectives. It seeks to be a corporate group that evolves continuously in response to its environment, that is solidly profitable, and that offers every employee opportunities to fully achieve their capabilities. In particular, the Tosoh Group will strive to increase profitability and stabilize dividends by expanding the businesses of its Specialty Group, which are less affected by market fluctuations.

For fiscal year 2008, Tosoh projects consolidated net sales of ¥900,000 million (US\$9,000 million); operating income of ¥48,000 million (US\$480 million); ordinary income of ¥47,000 million (US\$470 million); and net income of ¥26,000 million (US\$260 million).



TOSOH CORPORATION

The assumptions used for the full-year forecasts shown here are a domestic production naphtha price of ¥69,000/kl and an exchange rate of ¥100/US\$.

TOSOH CORPORATION

WHO WE ARE

Tosoh Corporation is a Japanese chemical company established in 1935 and listed on the First Section of the Tokyo Stock Exchange. It is the parent of the Tosoh Group, which comprises 141 companies worldwide and a multiethnic workforce of over 10,000 people and generates sales of ¥781 billion (US\$6.8 billion) annually.

WHAT WE DO

Tosoh is one of the largest chlor-alkali manufacturers in Asia. The Company supplies the plastic resins and an array of the basic chemicals that support modern life. Tosoh's petrochemical operations supply ethylene, polymers, and polyethylene, while its electronic materials business serves the global semiconductor and flat-panel display industries. Tosoh has also pioneered sophisticated bioscience systems that are used for the rapid diagnosis of life-threatening diseases, such as diabetes and certain cancers, and to prevent epidemics by identifying pathogenic microbes. In addition, Tosoh develops products and provides services to purify water and to monitor the environment as part of a commitment to a sustainable future.

Stock Exchange Ticker Symbol: 4042

For more information, please contact

Michael Hoover
International Public Relations
Tosoh Corporation
m_hoover@tosoh.co.jp
Tel: +81-3-5427-5118
Fax: +81-3-5427-5198
www.tosoh.com

Tosoh has prepared the U.S. dollar translations in this new release solely for the convenience of readers at the rate of \$1 = ¥100.19, the exchange rate at fiscal year-end, March 31, 2008.

Disclaimer

This document contains forward-looking statements, including, without limitation, statements concerning product development, objectives, goals, and commercial introductions, which involve certain risks and uncertainties. The forward-looking statements are also identified through the use of the word *anticipates* and other words of similar meaning. Actual results may differ significantly from the expectations contained in the forward-looking statements.