TOSOH CORPORATION

NEWS RELEASE

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Tosoh Posts Losses for Fiscal Year 2008

Company projects return to profitability in year to March 2010

Tokyo—Tosoh Corporation, a leading manufacturer of specialty and commodity chemical products, posted a net loss of ¥25.3 billion (US$257 million at US$1 = ¥98.23) for its 2008 fiscal year, ended March 31, 2009. That compares with net income of ¥25.2 billion in the previous fiscal year. The net loss reflected an operating loss of ¥20.3 billion (US$207 million), compared with operating income of ¥59.1 billion a year before. Net sales declined 11.3%, to ¥733.5 billion (US$7.5 billion). The net loss per share amounted to ¥42 (US$0.43). Tosoh lowered its annual dividend ¥2, to ¥6 (US$0.06).

The earnings downturn at Tosoh resulted from declining prices for chemical products, a diminishing volume of unit sales, and rising costs for raw materials and energy. Weak demand for the Company's products amid the global economic downturn and the appreciation of the yen combined to undermine Tosoh's pricing structure. Core products such as polychloride resins and urethane raw materials faced worsening pricing conditions, and this combined with the burden of depreciation from recent proactive investments and with low prices and a loss on inventory to result in an operating loss. The Company also recorded an extraordinary loss on investment securities.

Tosoh projects a return to profitability in the fiscal year to March 31, 2010. The Company's projections for fiscal 2009 are for net income of ¥9 billion and operating income of ¥25 billion on an 11.4% decline in net sales, to ¥650 billion. Tosoh has announced plans to maintain the annual dividend at ¥6.

Underlying Tosoh's confidence in a return to profitability are recent downward movements in raw materials and energy costs, a firming of unit-volume demand, and improvements in the Company's structure of earnings. Management expects losses on inventories, which resulted from the market deterioration in fiscal 2008, to slow greatly. It also projects improvements in depreciation and other fixed costs.

In preparing its sales and earnings projections for fiscal 2009, Tosoh's management assumes an average exchange rate of ¥100 to the US dollar, compared with ¥100.7 in fiscal 2008. Management also assumes an average naphtha cost—a benchmark of raw material costs in the chemical industry—of ¥35,000 per kiloliter in Japan, compared with ¥58,725 in fiscal 2008.

Results by business segment

Specialty Group
The Specialty Group registered an operating loss of ¥910 million (US$9.3 million) in fiscal 2008, compared with operating income of ¥38.0 billion the previous fiscal year. Specialty Group net sales declined 7.8%, to ¥287.3 billion (US$2.9 billion). Sales of ethyleneamines; bromine flame

retardants; polyurethane raw materials; water treatment and related chemicals; zeolites, used in adsorption, separation, and catalytic applications; and zirconia, used in fuel cell components, automobile oxygen sensors, and dental applications, declined. A bright spot was the growth in the group's sales of electrolytic manganese dioxide for batteries.

In bioscience products, group sales of liquid chromatography columns shrank in Japan but expanded overseas, while sales of packing materials contracted worldwide. Globally, sales of Tosoh's in vitro diagnostic reagents, automated immunoassay systems, and glycohemoglobin analyzers and reagents for detecting and monitoring diabetes mellitus increased solidly.

The Specialty Group's sales of electronic materials were negative. Sales declines were posted for quartz glass and sputtering targets as demand weakened in semiconductors and in flat-panel displays.

Basic Group
The Basic Group posted an operating loss of ¥17.5 billion (US$178 million), compared with operating income of ¥2.7 billion in fiscal 2007. The group's net sales declined 1.6%, to ¥192.7 billion (US$2.0 billion). Growing sales of caustic soda outside Japan partly offset a sales decrease for that product in the Japanese market. Demand for vinyl chloride monomer weakened during most of the fiscal year, but exports grew on the strength of resurgent demand in China in the year's fourth quarter. Sales of polyvinyl chloride resins dropped in Japan but rose abroad. Cement sales rose, and price increases for the group's cement more than offset a drop in unit shipments of cement.

Petrochemical Group
At year-end fiscal 2008, the Petrochemical Group recorded an operating loss of ¥4.8 billion (US$49 million), compared with operating income of ¥15.0 billion a year earlier. Net sales for the group declined 24.2%, to ¥205.4 billion (US$2.1 billion). Sales declined in olefins as demand weakened in derivative products and in cumene, as Tosoh and a partner dissolved a joint venture that produced styrene monomer, and as a plant shutdown for periodic maintenance reduced Tosoh's supply capacity. The group's polymer operations, too, experienced a drop in sales, amid declining shipments of polyethylene and chloroprene rubber. Price increases, however, fortified Tosoh's position in polyvinyl chloride pastes and in petroleum resins.

Service Group
Operating income for the Service Group declined 15.9%, to ¥2.8 billion (US$29 million), on a dip in net sales of 2.3%, to ¥48.1 billion (US$490 million). The group's business centers on logistics and construction and includes plant maintenance, chemical analysis, and administrative and information technology support.

Results by geographical segment

Sales by operations based in Japan accounted for 87.6% of net sales in fiscal year 2008, ended March 31, 2009, and for 87.8% in the previous fiscal year. Those figures are by company location and include exports, net of sales, to consolidated overseas subsidiaries. By customer location, overseas sales accounted for 33.4% of net sales in fiscal 2008 and for 33.7% of net sales in fiscal 2007. Customer-based foreign currency denominated consolidated net sales in North America, Europe, and Asia decreased from ¥279.0 billion to ¥245.3 billion (US$2.5 billion). Consolidated net sales in Asia moved from the previous year's figure to ¥171.6 billion (US$1.7 billion) in fiscal 2008. And European and North American consolidated net sales declined from ¥80.1 billion to ¥73.6 billion (US$750 million).

Tosoh's Japanese operations posted an operating loss of ¥22.7 billion (US$231 million), compared with operating income of ¥54.0 billion in fiscal year 2007. Net sales by operations based in Japan declined 11.6%, to ¥642.3 billion (US$6.5 billion). The Company's operations outside Japan—principally in North America, Europe, Southeast Asia, and China—remained profitable. The adverse economic environment took a toll, however, and operating income for Tosoh's business operations outside Japan declined 53.0%, to ¥2.4 billion (US$24 million). Net sales by operations outside Japan slid 9.7%, to ¥91.2 billion (US$929 million).

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 135 companies worldwide and a multiethnic workforce of over 11,000 people.

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: JP: 4042

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