



NEWS RELEASE

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Tosoh Corporation Announces Its Financial Results through the Third Quarter of Fiscal 2010 (The interim period from April 1, 2009, to December 31, 2009)

Tokyo, Japan, February 17, 2010—Tosoh Corporation is pleased to release its consolidated operating results for the first nine months of fiscal year 2010. During the period from April 1, 2009, to December 31, 2009, economic conditions in Japan remained difficult. Capital investments were sluggish and employment and income situations worsened, notwithstanding the Japanese government's economic stimulus measures and increased exports to certain regions, including Asia.

The Tosoh Group's consolidated business performance was, naturally, affected by the harsh conditions. Prices for naphtha and other raw materials declined, driving down domestic sales prices. Prices also eroded in markets outside Japan for polyvinyl chloride (PVC) resins and other core products of the group.

As a result, Tosoh Group consolidated net sales decreased ¥141,104 million over the first three quarters of fiscal 2010 from the end of fiscal 2009, to ¥453,452 million (US\$ 4.8 billion). However, a reduction in fixed costs, such as depreciation and amortization, and an improvement in inventory evaluations led to operating income of ¥3,806 million (US\$ 40.7 million), an increase of ¥11,162 million from the same period a year before; to ordinary income of ¥779 million (US\$ 8.3 million), an increase of ¥10,385 million; and to a net loss of ¥4,247 million (US\$ 45.4 million), an improvement of ¥8,829 million.

Total assets for the Tosoh Group decreased ¥9,348 million, to ¥753,447 million (US\$ 8.0 billion). This is attributable mainly to the decrease in inventory and tangible fixed assets. Group liabilities declined ¥909 million, to ¥576,006 million (US\$ 6.2 billion), because of a fall in interest-bearing debts. And consolidated net assets were ¥177,441 million (US\$ 1.9 billion), a decrease of ¥8,439 million attributable to a net loss and decreased minority interests.

Overview of results by business segment Petrochemical Group

Shipments of ethylene and propylene by the Petrochemical Group decreased as demand for derivatives failed to achieve a full-fledged recovery. Cumene shipments, conversely, increased, largely because of the enhancements to production capacity that we implemented in fiscal year 2009. Also contributing to the rise in cumene shipments is that fiscal 2010 falls between our biannual production plant maintenance shutdown. The prices for cumene and for ethylene and propylene fell on account of the low cost of naphtha and other raw materials. The domestic production price for naphtha moved from ¥69,567 to ¥39,167 per kiloliter over the same period a year before.

Polyethylene resin shipments decreased slightly in Japan, while exports increased because of recovering demand in the Chinese market. Lower prices for naphtha and other raw materials



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again resulted in downward product price adjustments. Domestic shipments of chloroprene rubber fell, as did product prices. Prices for PVC paste products declined in Japan and overseas. Shipments of polyphenylene sulfide (PPS) resins dropped at home and abroad because of slowdowns in demand.

Net sales for the Petrochemical Group were ¥121,378 million (US\$ 1.3 billion), a decrease of ¥57,295 million, or 32.1%, from the same period a year before. The group's operating income was ¥5,160 million (US\$ 55.1 million), an increase of ¥4,328 million.

Basic Group

Weakening demand in Japan resulted in a decrease in the Basic Group's domestic shipments of caustic soda. Caustic soda exports, though, increased. In response to the rising cost of raw materials in Japan, the group corrected its domestic prices for caustic soda products in fiscal 2009, and those corrections contributed to the group's bottom line even while overseas' product prices declined.

Shipments of vinyl chloride monomer (VCM) to China rose, but product prices dropped. Domestic shipments of PVC resins declined because of stagnating housing construction and public-sector investment. Exports of PVC resins to China and the Middle East, by contrast, increased. A drop in the cost of raw materials, though, eroded prices for PVC resin products in Japan and abroad.

Cement shipments, meanwhile, decreased in Japan. This was attributable to stagnant demand in the private and public sectors.

Basic Group net sales were ¥122,649 million (US\$ 1.3 billion), a decrease of ¥32,556 million, or 21.0%, from the same period a year before. The operating loss for the group was ¥1,132 million (US\$ 12.1 million), an improvement of ¥12,309 million.

Specialty Group

Shipments of ethyleneamines by the Specialty Group remained strong, but overseas' product prices fell. Some bromine series flame retardant shipments increased, while shipments of bromine and environmental chemicals declined.

Shipments of liquid chromatography columns and equipment dropped at home and overseas because of budgetary restraints placed on research and development amid the poor economy. Exports of packing materials, on the other hand, rose. And domestic and overseas shipments of in vitro diagnostic reagents, automated immunoassay analyzers, and fully automated glycohemoglobin analyzers and reagents for use in screening for and in monitoring diabetes mellitus stayed steady.

Shipments of electrolytic manganese dioxide increased in Japan but decreased overseas. Zirconia and zeolite shipments were down because of the decline in demand for zirconia in semiconductors and dental materials and for zeolite from automakers and for use in oil.

Shipments of silica glass fell as the recovery in demand for its use in semiconductors, although on the upswing, was delayed. Product prices and shipments of sputtering targets decreased.

Net sales of water treatment facilities and related chemicals declined. The decrease was attributed to sluggish capital investments amid challenging business conditions.

Shipments of urethane raw materials grew elsewhere in Asia but declined domestically. Urethane-related product prices fell at home and abroad.



Net sales for the Specialty Group were ¥177,703 million (US\$ 1.9 billion), a decrease of ¥45,505 million, or 20.4%, from the same period a year before. The group's operating loss was ¥1,793 million (US\$ 19.2 million), a deterioration of ¥4,766 million.

Service Group

Service Group sales from trading companies, logistics, and construction subsidiaries declined as a result of the economic slowdown. Group net sales thus were ¥31,720 million (US\$ 338.9 million), a decrease of ¥5,746 million, or 15.3%, from the same period a year before. Operating income was ¥1,571 million (US\$ 16.8 million), a drop of ¥709 million, or 31.1%.

Forecast for full-year consolidated business results

The outlook is for continued economic uncertainty amid ongoing financial downturns and worsening employment situations. The Japanese economy is picking up, but overall as the economic stimulus packages of individual national governments worldwide lose their effect the future remains difficult to foresee.

The business environment surrounding the Tosoh Group is uncertain amid concerns of further cost increases due to fluctuating exchange rates and again-escalating oil prices. We will nevertheless make every effort to regain profitability, including through expanding sales volume, maintaining reasonable prices, and reducing costs.

The Tosoh Group's revised full-year forecast for its consolidated business results is as follows: net sales of ¥630 billion (US\$ 6.7 billion), operating income of ¥7 billion (US\$ 74.8 million), ordinary income of ¥2 billion (US\$ 21.4 million), and a net loss of ¥6 billion (US\$ 64.1 million).

The figures for the fourth quarter in the full-year forecast are based on a domestic production price for naphtha of ¥49,000 per kiloliter and on an exchange rate of ¥90 to the US dollar.

The full-year forecast, meanwhile, is based on information available as of the date of the forecast's release. Future domestic and foreign economic conditions and other unpredictable factors may cause actual business results to materially differ from the projected figures.

Note: For reference purposes, US dollar amounts are translated, unless otherwise indicated, from yen at the rate of ¥93.6 = US\$1, the average exchange rate for the period ending on December 31, 2009.

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 132 companies worldwide and a multiethnic workforce of over 11,000 people and generated net sales of ¥684.4 billion (US\$8.2 billion at the year-end rate of ¥83.15 to the US dollar) in fiscal 2011, ended March 31, 2011.

WHAT WE DO



TOSOH CORPORATION

TOSOH

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

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