TOSOH CORPORATION

NEWS RELEASE

February 3, 2012

Tosoh Reports on Nine-Month Consolidated Results for Fiscal 2012 (the interim period from April 1, 2011, to December 31, 2011)

Tokyo, Japan—Tosoh Corporation is pleased to announce its consolidated results for the first nine months of its 2012 fiscal year. The company's consolidated net sales for the interim period ended December 31, 2011, amounted to ¥525.1 billion (US$6.6 billion), a rise of ¥29.2 billion, or 5.9%, from the same nine-month period a year earlier. Operating income was ¥20.8 billion (US$264 million), a marginal decrease from operating income of ¥20.9 billion recorded for the same period in fiscal 2011. Ordinary income, meanwhile, edged up ¥0.6 billion, or 3.8%, to ¥17.7 billion (US$224 million). Net income for the first nine months of fiscal 2012 totaled ¥7.0 billion (US$89 million), increasing ¥0.4 billion, or 5.6%, from the same period in fiscal 2011.

Tosoh faced extremely harsh conditions during the first nine months of its 2012 fiscal year. The Japanese economy remained weak despite strong demand from recovery projects following the March 11, 2011, Great East Japan Earthquake. Likewise, there was a notable slowing of the global economy, kicked off by the European sovereign debt crisis. A prolonged strengthening of the yen, moreover, put further downward pressure on Japan's economy and on Tosoh's operations. And then, on November 13, 2011, Tosoh experienced an accident at its Nanyo Complex's No. 2 Vinyl Chloride Monomer Plant that has disrupted operations at the complex overall.

The accident, weakening demand, falling shipments, and softening prices overseas all placed downward pressure on Tosoh's performance. Tosoh nevertheless was able to achieve growth in sales and profits over the first nine months of fiscal 2012, largely on the strength of high shipment volumes during the first half of the year.

Results by business segment

Petrochemical Group
Petrochemical Group sales for the first nine months of fiscal 2012 increased ¥20.3 billion, or 15.3%, compared with group net sales for the same period the year before, to ¥153.2 billion (US$1.9 billion). The group's operating income increased ¥4.0 billion, or 63.8%, to ¥10.3 billion (US$131 million).

Shipments of ethylene and propylene declined because of falling demand for derivative products. And shipments of cumene expanded along with greater production in the absence of scheduled plant maintenance in fiscal year 2012. The group's performance in olefins was further boosted by higher prices in line with the rising cost of naphtha and other raw materials. Prices for cumene also rose in overseas markets.

Polyethylene resin shipments decreased domestically because of stalled demand for ethylene vinyl acetate copolymer. In response, however, to rising naphtha prices, the group adjusted its polyethylene resin product prices upward. The group also introduced product price adjustments for chloroprene rubber (CR) in line with the higher cost of CR raw materials.

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The group's chlorosulphonated polyethylene (CSM) shipments rose domestically and abroad, partially reflecting the production capacity increase implemented in the previous fiscal year. Polyphenylene sulfide (PPS) resin and polyvinyl chloride (PVC) paste performances benefited from upward adjustments in product prices that accorded with the higher cost of their raw materials.

Chlor-alkali Group
The Chlor-alkali Group's net sales for the first three quarters edged down ¥393 million, or 0.2%, compared with net sales over the same period a year earlier, to ¥191.4 billion (US$2.4 billion). The group's operating income contracted ¥1.6 billion, or 35.6%, for a loss of ¥6.0 billion (US$77 million).

The Chlor-alkali Group's domestic shipments of caustic soda expanded during the period under review, but exports declined. Caustic soda prices, however, rose in overseas markets, boosted by firm demand. Domestic and overseas shipments of vinyl chloride monomer (VCM) decreased following the accident at the Nanyo Complex's No. 2 Vinyl Chloride Monomer Plant in November.

The group's domestic shipments of PVC resins rose to meet the extra demand caused by the temporary halt in the operations of some Japanese PVC producers because of the earthquake. Its PVC resin exports, conversely, declined under pressure from higher domestic sales, waning profitability because of the strong yen, and the disruption in operations caused by the accident. The group raised its domestic and overseas PVC resin prices to account for higher raw material prices during the period under review.

The group's domestic shipments of cement increased despite lackluster public-sector demand. Growth in private-sector demand for cement produced overall shipment growth.

Shipments of urethane raw materials by the group decreased amid falling demand in Asia and other factors.

Specialty Group
Net sales for the Specialty Group in fiscal 2012's first nine months amounted to ¥103.8 billion (US$1.3 billion), an increase of ¥5.1 billion, or 5.2%, over the group's net sales for the same period in the preceding fiscal year. The group recorded a ¥3.1 billion, or 20.3%, decline in operating income, to ¥12.2 billion (US$155 million).

During the period under review, the group's domestic and overseas shipments of ethyleneamine dropped for several reasons, and the group lowered its ethyleneamine prices. Expanding supply after a competitor brought a new plant on-stream and declining demand in Asia, particularly in China, were among the chief reasons for the drop in especially overseas shipments.

The group introduced upward price adjustments for its bromine and bromine flame retardant products to account for a tightening of the demand-supply balance. Supply has declined because of reduced production in China.

The group's shipments of separation-related products rose in Japan and overseas. Among diagnostic-related products, shipments of in vitro diagnostic reagents increased.

Domestic and overseas shipments by the zeolite and zirconia groups increased, supported by firm demand.

Engineering Group
Net sales for the Engineering Group in the first three quarters were ¥46.4 billion (US$587

million), an increase of ¥3.4 billion, or 7.9%, over the group's net sales for the first nine months of fiscal 2011. The group achieved a ¥0.6 billion, or 31.8%, improvement in operating income over the same period in the previous year, to ¥2.4 billion (US$30 million).

The group's sales of its water treatment facilities, services, and related chemicals rose, particularly in its solutions business. The group's construction-related companies also garnered strong sales.

Other
Other net sales for the first three quarters of fiscal 2012 climbed ¥0.7 billion, or 2.3%, over net sales for the same period the year before, to ¥30.3 billion (US$384 million). Other operating income was ¥2.0 billion (US$25 million), an increase of ¥19 million, or 1.0%.

Sales by trading companies and logistics subsidiaries remained firm.

Note: For reference purposes only, US dollar amounts have been translated, unless otherwise indicated, from yen at the rate of ¥78.96 = US$1, the exchange rate in effect on December 31, 2011.

Outlook for the fiscal year to March 31, 2012
Although the growth in demand from the recovery effort following March 2011's major earthquake is providing some stimulus, Japan's economy faces a growing risk of further decline. Reasons include the slowdown in the global economy and the continued strong yen. The Tosoh Group's performance is being hindered by these factors and by the impact of the accident at its Nanyo Complex.

Tosoh is taking every measure to achieve performance growth. The company, however, has decided to revise its performance forecasts for fiscal 2012 in light of the trend indicated by its third-quarter consolidated results in the aftermath of the accident.

Assumptions for the 4th quarter include a domestic production price for naphtha of ¥51,000 per kiloliter and on an exchange rate of ¥77.00 to the US dollar.

The impact of the accident on the results is estimated as follows:
Assuming
• The No. 1 Vinyl Chloride Monomer Plant will resume operations from March 1, 2012.*
• The No. 2 and No. 3 Vinyl Chloride Monomer Plants will remain closed until the end of fiscal 2012.*
• The insurance income from claims related to the accident has not yet been factored in.

*The actual dates for the resumption of operations of the vinyl chloride monomer plants, including the No. 1 plant, have yet to be determined.

(¥ billions)

	3rd Q	4th Q	Total	Comments
Operating loss	2.1	2.9	5.0	Losses related to declines in production and sales and procurement of substitute supplies, etc.
Extraordinary losses	0.9	1.1	2.0	Fixed costs, etc., related to the closing of plants because of the accident.
Total	3.0	4.0	7.0	

Note: These performance forecasts are based on information available at the time of issuing this release. Consequently, actual figures could deviate significantly because of changes in domestic and overseas economic conditions or as a result of unforeseeable factors.

Comparison of Fiscal Year 2012 and 2011 Results for the First Three Quarters

	Net Sales		Operating Income		Ordinary Income (Loss)*	
	¥ millions	%†	¥ millions	%	¥ millions	%
FY 12 (04.01.11–12.31.11)	525,066	5.9	20,816	(0.5)	17,698	3.8
FY 11 (04.01.10–12.31.10)	495,910	9.4	20,918	449.5	17,050	—

*Based on standard accounting practices in Japan, ordinary income represents income before extraordinary items and taxes. Extraordinary items include, for example, gain (loss) on the sale of fixed assets and gain (loss) on the sale of stock.

† Net sales, operating income, ordinary income, and net income percentages indicate changes from the same period in the previous fiscal year.

	Net Income (Loss)		Net Income per Share
	¥ millions	%	¥
FY 12 (04.01.11–12.31.11)	7,037	5.6	11.76
FY 11 (04.01.10–12.31.10)	6,664	—	11.14

Consolidated Financial Position

	Total Assets	Shareholders' Equity	Equity Ratio*
	¥ millions	¥ millions	%
FY 12 (As of December 31, 2011)	726.497	195,922	23.1
FY 11 (As of March 31, 2011)	725.917	193,512	22.7

*Net assets include stock acquisition rights and minority interests, which are not calculated in equity ratio.

Dividend

	1st Q	2nd Q	3rd Q	4th Q	Total
FY 11 (04.01.10–3.31.11)	¥ —	¥ 3.00	¥ —	¥ 3.00	¥ 6.00
FY 12 (04.01.11–3.31.12)	—	0.00	—		
FY 12 Forecast				6.00	6.00

Forecasts for Fiscal Year 2012 (April 1, 2011–March 31, 2012)

	Net Sales	Operating Income	Ordinary Income	Net Income
	¥ millions	¥ millions	¥ millions	¥ millions
Year-end	690,000	19,000	14,000	2,000

Forecasts for Income per Share

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	Net Income (Loss) per Share
	¥
Year-end	3.34

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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 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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