



TOSOH CORPORATION

NEWS RELEASE

May 28, 2010

Tosoh Reports on Consolidated Results for Fiscal 2010 (from April 1, 2009, to March 31, 2010)

Tokyo, Japan, May 28, 2010—Tosoh Corporation announces its consolidated results for the 2010 fiscal year, ended March 31, 2010.

The Japanese economy began to recover slightly in fiscal 2010 on the back of government financial stimulus measures and improvements in the global economy. Domestic demand, however, remained weak and showed little sign of improving. Overall, the economic situation in Japan was sluggish, with low capital investment and high unemployment.

Chemical industry exports from Japan to elsewhere in Asia expanded, centered on China, and chemical company earnings began to improve as production levels started to recover. These gains, however, fell short of full-fledged recovery amid a continuing problematic operating environment.

The prices for naphtha and other raw materials declined, driving down domestic sales prices. Sales prices also eroded in markets outside Japan for polyvinyl chloride (PVC) resins, for urethane, and for other core products of the Tosoh Group.

As a result, Tosoh's consolidated net sales for fiscal 2010 amounted to ¥628,706 million (US\$6,757.4 million), down ¥104,799 million from the preceding fiscal year. However, a reduction in fixed costs, such as depreciation and amortization, and improved inventory valuations led to operating income of ¥13,047 million (US\$140.2 million), up ¥33,361 million over fiscal 2009. Ordinary income rose ¥31,171 million, to ¥10,080 million (US\$108.3 million), and net income increased ¥32,152 million, to ¥6,890 million (US\$74.1 million).

Results for business segments

Petrochemical Group

Shipments of ethylene and propylene by the Petrochemical Group decreased, despite signs during the second half of fiscal 2010 that demand for derivatives was recovering. Conversely, cumene shipments increased, largely because of an expansion in production capacity undertaken in fiscal 2009. Polyethylene resin shipments likewise rose, in Japan and overseas, owing to a recovery in demand. Shipments of chloroprene rubber were firm, bolstered by recovering demand particularly in Southeast Asia, but product prices fell. Product prices also



TOSOH CORPORATION

declined for PVC paste. Lower prices for naphtha and other raw materials were behind the downward adjustments in product prices.

Net sales for the Petrochemical Group were down ¥42,881 million, or 20.9%, from the previous fiscal year, to ¥162,485 million (US\$1,746.4 million). The group's operating income, however, rose ¥12,674 million, to ¥7,891 million (US\$84.8 million), because of improved inventory valuations.

Basic Group

Domestic shipments of caustic soda fell, but exports increased. Caustic soda prices decreased abroad, however, because of softer prices in overseas markets and the yen's appreciation. Shipments of PVC monomer to China were firm, but, again, product prices fell. Domestic shipments of PVC resins declined, affected by ongoing malaise in public-sector investment and lower housing construction starts, but shipments of PVC resins to China and the Middle East grew. PVC resin prices, however, fell domestically and overseas owing to declining raw materials prices. Cement shipments, meanwhile, were down owing to lackluster public- and private-sector demand.

Basic Group net sales declined ¥22,800 million, or 11.8%, to ¥169,897 million (US\$1,826.1 million). Operating income, though, increased ¥18,205 million, to ¥735 million (US\$7.9 million). That increase came as a result of reduced fixed costs and improved inventory valuations.

Specialty Group

Shipments of ethyleneamines by the Specialty Group remained firm, centered on China and Southeast Asia, but softening prices overseas and the yen's appreciation pushed down product prices. Shipments of bromine-based flame retardants increased, owing to demand recovery, while shipments of bromine and environmental chemicals declined.

Shipments of liquid chromatography columns and instruments dropped in Japan and overseas because of budgetary restraints placed on research and development. Exports of packing materials, on the other hand, rose. 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 dental materials and for zeolite from automakers and for use in petrochemicals.

Silica glass shipments fell as the recovery in demand for its use in semiconductors 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 investment 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.



TOSOH CORPORATION

Net sales for the Specialty Group were ¥252,037 million (US\$2,708.9 million), a decrease of ¥35,269 million, or 12.3%, from the preceding fiscal year. Lower fixed costs and better inventory valuations, however, enabled the group to post operating income of ¥1,504 million (US\$16.2 million), a ¥2,415 million gain over fiscal 2009.

Service Group

Service Group sales from trading companies and from logistics and construction subsidiaries declined amid ongoing economic sluggishness globally. The group's net sales thus were ¥44,285 million (US\$476.0 million), a decrease of ¥3,848 million, or 8.0%, from the same period a year before. Operating income was ¥2,915 million (US\$31.3 million), up ¥66 million, or 2.3%.

Outlook for the fiscal year to March 31, 2011

The outlook is for continued gradual recovery in the Japanese economy. Concern over global economic stability and deflation and other factors, however, makes predictions difficult.

Buoyant markets in newly emerging economies are spurring worldwide economic recovery. For the Tosoh Group and its operating environment, however, this comes with a down side. It is driving up raw materials costs and prompting concerns about worsening terms of trade. Tosoh, therefore, continues to make every effort to boost profitability, including by expanding its sales volume, by maintaining reasonable prices for its products, and by reducing its costs.

Tosoh's consolidated forecast for fiscal 2011, ending March 31, 2011, is for net sales of ¥720 billion, operating income of ¥29 billion, ordinary income of ¥26 billion, and net income of ¥11 billion. This forecast is based on a domestic production price for naphtha of ¥50,000/kl and an exchange rate of ¥90 to the US dollar.

Note: For reference purposes, US dollar amounts are translated, unless otherwise indicated, from yen at the rate of ¥93.04 = US\$1, the exchange rate in effect on March 31, 2010.

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 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



TOSOH CORPORATION

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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