



NEWS RELEASE

Tosoh Reports on Accumulative Consolidated Results through Third-Quarter Fiscal 2008 (The interim period from April 1, 2008, to December 31, 2008)

Tokyo, Japan, February 24, 2009—Tosoh Corporation announces its accumulative third-quarter consolidated results of its 2008 fiscal year. The results are for the nine-month interim period ended December 31, 2008.

During the Company's third quarter, already distressed economies worldwide were further plagued by a worsening of the global financial crisis. In Japan, the economy showed significant signs of deterioration in the period under review. The country witnessed a marked decrease in mining and manufacturing activity and considerable layoffs. Specifically for Japan's chemical industry, conditions were unlike any seen before. Global demand for the industry's products dropped substantially, and that had especially profound repercussions for sales of petrochemical products outside Japan. As a countermeasure, the chemical industry's only recourse was to implement drastic reductions in production volumes.

The impact of the harsh conditions on Tosoh causes it to report a decrease in net sales in the first three quarters of fiscal 2008 of 2.1% compared with the first three quarters of the previous fiscal year, to ¥594.6 billion (US\$6.5 billion). Our operating income likewise was battered. Such of our core products 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 of ¥7.4 billion (US\$80.8 million). The rapid appreciation of the yen fueled an additional loss of ¥2.3 billion, causing ordinary income to record a loss of ¥9.6 billion (US\$105.5 million). We also recorded an extraordinary loss on investment securities of ¥2.9 billion. Overall, therefore, we suffered a net loss of ¥13.1 billion (US\$143.6 million) for the nine-month interim period ended December 31, 2008.

Results for business segments

Petrochemical Group

Petrochemical Group net sales for the period under review were down 12.7% from the same period a year before, to ¥178.7 billion (US\$2 billion). The group's operating income also decreased, 93%, to ¥0.8 billion (US\$9.1 million).

Our shipments of olefin products decreased in Japan and abroad as a result of scheduled plant stoppages and our dissolution of a joint venture that produced styrene monomer. Despite higher prices for raw materials, especially naphtha, Tosoh was able to limit the raw material costs for its naphtha cracker through ongoing cost-cutting initiatives, such as the diversification of feedstocks. This combined positively with our implementation of domestic price increases for ethylene, propylene, and aromatic compounds. Overseas, the market price for cumene increased. And although shipment volumes of polyethylene decreased in Japan and overseas, the high cost of naphtha did allow for a price increase for polyethylene to be implemented in Japan. Tosoh also increased prices for polyvinyl chloride (PVC) paste in Japan. Although our exports of chloroprene rubber to overseas markets declined, we instituted price increases in Japan to better reflect the steep increase in the cost of the raw materials for chloroprene rubber.



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Basic Group

Basic Group net sales were up 6.3% over the same period of the previous year, to ¥155.2 billion (US\$1.7 billion). Unfortunately, the group reported a loss of operating income of ¥13.4 billion (US\$147.7 million).

Capacity increases for caustic soda allowed for more shipments of that product abroad and in Japan. In response to a firmer domestic market for caustic soda and to rising costs for its raw materials, we implemented caustic soda price increases in Japan. China's demand for vinyl chloride monomer (VCM), meanwhile, tapered off at the end of the second quarter and VCM exports decreased, but VCM prices abroad improved into the third quarter. Domestic shipments of PVC resins declined on account of stagnation in public-sector investments and in housing construction. Abroad, however, PVC resin shipments increased as a result of improved sales in regions outside China. The high cost of raw materials resulted in price increases for PVC resins in Japan and abroad. Cement shipments decreased in Japan because of stagnant demand in the private and public sectors. Cement exports, though, increased. We adjusted the price for cement upward to better reflect the increase in the cost of coal.

Specialty Group

Net sales by the Specialty Group increased 1.1% over those for the same period of fiscal 2007, to ¥223.2 billion (US\$2.5 billion). Operating income for the group, however, decreased 89.8%, to ¥3.0 billion (US\$32.7 million).

Bromine, heavy metal treatment agents, and ethyleneamine shipments all decreased. At the same time, we implemented price increases for each of these products.

In bioscience-related products, our overseas and domestic shipments of liquid chromatography columns grew, while our shipments of packing materials stagnated. Among diagnostic systems, shipments of in vitro diagnostic reagents and automated immunoassay analyzers increased domestically and abroad. Our sales of fully automated glycohemoglobin analyzers and reagents used in screening for and monitoring diabetes mellitus increased solidly in Japan.

In Japan and abroad, our shipments of electrolytic manganese dioxide (EMD) to battery material markets increased, and price increases were implemented to better reflect the rising cost of raw materials. Zirconia shipments were down in Japan and abroad, but zeolite markets moved to more-solid ground.

Fused silica glass material shipments fell victim to a drop in capital investments for semiconductor equipment and a reduction in factory operation rates by device makers. Stagnation in liquid crystal display (LCD) panel markets forced a reduction in production that, in turn, resulted in a decrease in shipments of targets.

A decrease in our sales of water treatment facilities and related chemicals was attributed to the worsening global economy and the concomitant decline in capital investments.

Capacity increases for urethane raw materials made it possible to supply demand abroad and thus to increased exports and sales of those materials. Shipment of urethane raw materials in Japan decreased.

Service Group

Net sales by the Service Group increased 3.9% over the three quarters of the previous year, to ¥37.5 billion (US\$411.6 million). The group's operating income, on the other hand, declined, 8.1%, to ¥2.3 billion (US\$25.1 million). Contributing to sales were gains in trading activities. Construction-related subsidiaries, however, reported a drop in sales.



Outlook for the fiscal year to March 31, 2009

Tosoh's projections for the fiscal year ending March 31, 2009, have been revised downward and are as follows: net sales of ¥730 billion (US\$8 billion); operating loss of ¥20 billion (US\$219.7 million); ordinary loss of ¥23 billion (US\$252.7 million); and net loss of ¥26 billion (US\$285.6 million).

Tosoh remains concerned about how the growing severity of the global recession, the steep drop in share prices, the chaos in the financial markets, and the unpredictable currency exchange rates could affect economies worldwide. We expect that the harsh conditions will only decrease demand in markets abroad for our core products, such as polyvinyl chloride resins and urethane raw materials. It is also evident that the recent rapid drop in the price of crude oil is further weakening markets overseas and that inventory reevaluations will continue to exert extreme pressure on profitability even if the price of naphtha moves up. Under these extraordinary conditions, the Company is embarking upon emergency countermeasures to expand sales and maintain product profitability while cutting costs in production, sales, and administration in an attempt to recover profitability.

Tosoh's full-year fiscal 2008 forecasts are based on a domestic production price for naphtha of ¥25,000/kl and an exchange rate of ¥90 to the US dollar or of ¥120 to the Euro.

Note: For reference purposes, US dollar amounts are translated, unless otherwise indicated, from yen at the rate of ¥91.03 = US\$1, the exchange rate in effect on December 31, 2008.



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Summary of results and comparison with same period the previous fiscal year

FY2008 Consolidated Results (April 1, 2008–December 31, 2008)

	Net Sales		Operating Income		Ordinary Income*	
	¥ millions	% [†]	¥ millions	%	¥ millions	%
FY 08 (04.01.08–12.31.08)	594,556		(7,355)		(9,606)	
FY 07 (04.01.07–12.31.07)	607,448	6.4	45,760	14.8	43,714	7.8
FY 07 (04.01.07–03.31.08)	827,394		59,107		52,451	

*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 increases over the same period the previous fiscal year.

	Net Income		Net Income per Share
	¥ millions	%	¥
FY 08 (04.01.08–12.31.08)	(13,076)		(21.84)
FY 07 (04.01.07–12.31.07)	22,977	8.9	38.37
FY 07 (04.01.07–03.31.08)	25,183		42.05

Consolidated Financial Position

	Total Assets	Shareholders' Equity	Equity Ratio*	Shareholders' Equity per Share
	¥ millions	¥ millions	%	¥
FY 08 (04.01.08–12.31.08)	842,169	202,928	20.4	286.61
FY 07 (04.01.07–12.31.07)	816,994	242,361	24.3	331.69

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

Forecast for Fiscal Year 2008 (April 1, 2008–March 31, 2009)

	Net Sales	Operating Income	Ordinary Income	Net Income
	¥ millions	¥ millions	¥ millions	¥ millions
Year-end	730,000	(20,000)	(23,000)	(26,000)



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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 140 companies worldwide and a multiethnic workforce of over 11,000 people and generated net sales of ¥827.4 billion (US\$8.3 billion at the year-end rate of ¥100.19 to the US dollar) in fiscal 2007, ended March 31, 2008.

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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