



NEWS RELEASE

Mar 4, 2010

R&I Assigns A: Tokuyama Corp. SB No.20

Rating and Investment Information, Inc. (R&I) has announced the following:

ISSUER: Tokuyama Corp. (Sec. Code: 4043)
Unsec. Str. Bonds No.20
New Issue (issued under the Shelf Registration)

R&I RATING: A (Assigned)

RATIONALE:

Tokuyama Corp.'s operations can be categorized into the following three main segments: Chemicals, Specialty Products and Cement, Building Materials & Others. The company is also one of the world's major manufacturers of polysilicon for semiconductor wafer.

Despite adverse impacts of the economic downturn from the latter half of 2008, long-term agreements with clients support Tokuyama to achieve a certain level of profits and cash flow in its mainstay polysilicon business. While the Cement, Building Materials & Others segment is not faring well, the company overall maintains a relatively solid earnings base, thanks in part to a profit contribution from the Chemicals segment. In FY2008, debt increased because of investments to beef up production capacity of the polysilicon facilities in the Tokuyama district. The company responded with the debt increase by raising capital in September 2009, which bolstered its financial base. Although Tokuyama plans to invest 65 billion yen in a new polysilicon plant in Malaysia, which is scheduled to start operations in spring 2013, going forward, the company sees little concern about immediate deterioration of its financial base. This is because the company can expect a certain level of earnings in the future. However, it is concerned that operational risks may grow larger than before, since the company intends to increase supply of products for solar cells, an area where competition is intensifying. Together with future supply-demand conditions, close attention should be paid to whether Tokuyama will be able to steadily expand a client base in tandem with the capacity increase while maintaining the competitive strength. Since its strong dependence on earnings from polysilicon remains an issue, it is important to lift profits from other products.

The primary rating methodology applied to this rating is provided at "Basic Methodologies for R&I's Credit Rating". The methodology is available at the web site listed below, together with other rating methodologies that are taken into consideration when assigning the rating.

<http://www.r-i.co.jp/eng/rating/rating/methodology.html>

R&I RATINGS:

ISSUER: Tokuyama Corp. (Sec. Code: 4043)

LONG-TERM ISSUE RATING:	Issue Date	Redemption	Issue Amount (mn)
Unsec. Str. Bonds No.20	Mar 10, 2010	Mar 10, 2020	Yen 10,000

R&I RATING: A (Assigned)

Notes/Financial covenants:

- 1) negative pledge clause, which covers other domestic bonds the firm issued or may issue in the future

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ISSUER RATING: A
RATING OUTLOOK: Stable

In principle, an Issuer Rating is R&I's opinion on an issuer's overall capacity to repay its financial obligations as agreed and is assigned to all issuers. The rating of individual obligations includes the prospect of recovery and reflects the terms and conditions of the agreement and it may be lower or higher than the Issuer Rating.

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