

(English Translation)

October 31, 2006

For Immediate Release

Company Name: Toshiba Ceramics Co., Ltd.
Name of Representative: Susumu Kohyama,
President & CEO
(Stock Code: 5213, Listed in TSE 1st Section)
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Notification of Approval for Tender Offer

Based on a resolution of the Board of Directors of Toshiba Ceramics Co., Ltd. (the “Company”) approved at a board meeting held today, the Company has decided to announce its approval for a tender offer (the “Tender Offer”) for the shares of the Company put forward by SIC Investment Co., Ltd. (the “Tender Offeror”) as follows.

Through the Tender Offer, the Tender Offeror is expected to acquire more than two thirds of the issued shares of the Company (excluding treasury stock), and, in the event that the Tender Offeror is not able to acquire all of the shares issued, excluding treasury stock, through the Tender Offer, the Tender Offeror plans to make the Company its wholly owned subsidiary through an exchange of shares (*kabushiki kokan*) or, depending upon the results of the Tender Offer, may take measures other than the exchange of shares. In this case, the Tender Offeror, regardless of the measures taken, will provide cash consideration to the shareholders of the Company in accordance with relevant laws and regulations. As to the value of such cash consideration, it is scheduled to be the same as if the shareholders had responded to the Tender Offer; however, it may be altered depending upon the circumstances at the time of the provision of such cash consideration. The shares of the Company will be delisted as a result of the Tender Offer and a series of subsequent procedures.

1. Outline of the Tender Offeror

- (1) Trade Name: SIC Investment Co., Ltd.
- (2) Main Business: Investment business
- (3) Date of incorporation: October 4, 2006
- (4) Head office address: 4-5 Kioicho, Chiyoda-ku, Tokyo, Japan
- (5) Representative: Nobuyoshi Ebara, Director & Tamotsu Adachi, Director
- (6) Share capital: 500 thousand yen
- (7) Major shareholders and shareholding ratio (as of October 4, 2006)
Unison Capital Group Limited: 50%

Carlyle Japan Partners II, L.P. : 50%

(8) Relationship with the Company

It owns 1,000 shares of the Company, and there is no personnel or transactional relationship.

2. Opinions and reasons regarding the Tender Offer

(1) Outlines of the Tender Offer

The Tender Offeror is a special-purpose acquisition company, 50% of the shares being held by Unison Capital Group Limited established under the laws of UK and the other 50% of the same held by Carlyle Japan Partners II, L.P., a limited partnership established under the laws of the Cayman Islands. On condition that the Tender Offer is completed successfully, a number of investment funds that seek to increase the corporate value of the Company are scheduled to acquire the shares of the Tender Offeror or invest in the Tender Offeror.

The Tender Offeror implements the Tender Offer for the purpose of acquiring all of the issued shares of the Company, excluding treasury stock.

The Tender Offeror has obtained an agreement from Toshiba Corporation (“Toshiba”), the largest shareholder of the Company (holding approximately 40.40% of the issued shares of the Company as of September 30, 2006), in principle, to accept the Tender Offer with all the shares it holds, excluding 44 shares that do not constitute a unit of shares.

(2) Outlines of the Company and its Prospects

The Company was incorporated as Toshiba Ceramics Co., Ltd. through the merger of Toshiba Denko Co., Ltd. and Toshiba Refractories Co., Ltd. in April 1968. In order to create high value-added solutions, focusing on growth areas such as semiconductor-related products and LCD-related products, the Company has provided a wide variety of highly functional products on the basis of unique material technologies for silicon wafers, semiconductor, LCD process materials and advanced ceramics, and other applications, and has positioned itself as a comprehensive leading material manufacturer.

In particular, with respect to the silicon wafer business, the Company has engaged in the production of high quality wafers such as annealed wafers, and has established an integrated production and quality control system from pulling of single crystal silicon ingots to processing, and has provided highly reliable wafers to the world market.

However, with respect to the expansion of production of 300 mm silicon wafer capacity for which demand increases are expected, the Company foresees a need for extensive and long-term expenditures for research and

development and capital investments. While the markets for semiconductor and LCD process materials, with respect to which the Company has strong competitiveness, are expected to show large growth in the medium to long terms, they are subject to short-term fluctuations as demand for final products increases or decreases, and such fluctuations may have a direct impact on the performance of the Company in the short term.

(3) Approval for the Tender Offer

The management of the Company recognizes the urgent need, from a medium- to long-term viewpoint, to establish a structure capable of increasing the corporate value of the Company, regardless of performance fluctuations in the short term, by coping with substantial changes in the business environment in the future. Furthermore, the management believes that it is important for the Company to continue independent and autonomous operation of the businesses to efficiently pursue wider business developments. The management has concluded that it is indispensable to work together with a third party who can support such a management policy in the medium to long term and have expertise in supporting companies, and to pursue business together in order to increase the corporate value. The management has thus decided to execute a management buyout (MBO) (* Note 1).

The Tender Offeror, as the result of their reviews of such intentions of the management, has determined that the Company needs to be delisted in order to organize the most optimal structure to further increase the corporate value of the Company swiftly, implementing autonomous business judgments and developing businesses vigorously. As to the method for that, the Tender Offeror judged that execution of an MBO by the management will yield the best results as their experience, knowledge and managerial capabilities can be fully utilized.

As mentioned above, the Tender Offer is executed as part of the MBO by the management. Susumu Kohyama, Representative Director and President (holding about 0.01% of the Company shares), Toru Masaoka, Representative Director and Corporate Executive Vice President (holding about 0.01% of the Company shares) and Kosyun Nagaya, Director and Vice President (holding about 0.01% of the Company shares) are scheduled to invest in the Tender Offeror or the Company, once the Tender Offer is successfully completed, and to continue to serve as directors of the Company. Furthermore, it is contemplated that other management members, in addition to Messrs. Kohyama, Masaoka and Nagaya, may continue to serve in the new management of the Company. It is also contemplated that other management members, as well as employees, may invest in the Tender Offeror or the Company.

At the board meeting held on October 31, 2006, the Company made a resolution to announce its approval for the Tender Offer. The board of

directors obtained a valuation report prepared by Deloitte Touche Tohmatsu, retained as an independent valuation firm by the Company, as reference material and concluded that the conditions for the Tender Offer, including the purchase price, are reasonable. Messrs. Kohyama, Masaoka and Nagaya did not participate in the foregoing resolution of the board meeting due to potential conflicts of interests in respect of such matter. All the members of the Board of Auditors of the Company, including external auditors, participated in the meeting of the Board of Directors in respect of the Tender Offer.

(*Note 1) Management buyout (MBO) generally means a transaction pursuant to which the management of the target company, jointly with financial investors, purchases shares of the target company.

(4) Procedures after the completion of the Tender Offer (Schedule of the stock exchange, etc.)

Once the Tender Offer is successfully completed, the Tender Offeror is expected to acquire more than two thirds of the issued shares of the Company (excluding treasury stock). In the event that the Tender Offeror is not able to acquire all of the shares issued, excluding treasury stock, through the Tender Offer, the Tender Offeror plans to make the Company its wholly owned subsidiary through an exchange of shares (*kabushiki kokan*), the Tender Offeror being the sole parent company, to achieve the above-mentioned purpose more effectively and vigorously. Then, the Tender Offeror is scheduled to merge with the Company.

The exchange of shares ratio will be a fair ratio derived from the share values of the Tender Offeror after the completion of the Tender Offer and those of the Company; however, the shares distributed to the shareholders of the Company who do not accept the Tender Offer (the “Remaining Shareholders”) are scheduled to be fractions of one share.

As a result, in accordance with relevant laws and regulations, cash consideration obtained through divestment of the total fractions of shares will be distributed in exchange for fractions of shares to the Remaining Shareholders pro rata to their ratios of the fractions. The cash consideration will be based on the purchase price for the Tender Offer; however, it may differ from the purchase price the Remaining Shareholders could have received through accepting the Tender Offer.

Furthermore, in relation to the exchange of shares, the shareholders of the Company, which will become a wholly owned subsidiary, may exercise appraisal rights to require the Company to purchase their shares pursuant to relevant laws and regulations. The purchase price per share in this case may differ from the purchase price for the Tender Offer or from the cash consideration distributed as a result of the exchange of shares.

Depending on the circumstances regarding the acceptance to the Tender Offer or opinions of the relevant authorities or progress of discussions concerning interpretation on the relevant laws and regulations (including tax regulations) with respect to the exchange of shares, the Tender Offeror may study and adopt another scheme in lieu of the exchange of shares. In either case, the Tender Offeror is scheduled to adopt a scheme in which the Tender Offeror will finally distribute cash consideration to the Remaining Shareholders.

The Tender Offeror aims to acquire all the shares, excluding treasury stock, through the Tender Offer. Therefore, the Tender Offeror sets no ceiling to the number of shares to be acquired through the Tender Offer, and depending on the result of the Tender Offer, the shares of the Company may be delisted in accordance with the Criteria for Delisting of Stock of the Tokyo Stock Exchange by undergoing appropriate procedures. Also, once the exchange of shares has taken place, the shares of the Company will be delisted and cannot be traded on the Tokyo Stock Exchange.

(5) Other related matters

After the completion of the exchange of the shares, Toshiba Corporation (“Toshiba”) will invest in the Tender Offeror for 3% of its shares.

Also, as of October 31, 2006, the Company made an agreement with Toshiba that the Company will further provide Toshiba with certain types of silicon wafers in the long term, and the Company and its group companies may use the name “Toshiba” as part of its trade name until the end of May, 2007.

The Tender Offer will not be conducted in or target the United States, either directly or indirectly, and will not be conducted by way of using the U.S. postal system nor by use of any other interstate or international commercial manner/method, including, but not limited to, telephone, telex, facsimile, email or internet communication, and will not be conducted through any stock exchange in the United States. An offer for sale of shares in the Tender Offer by means of the above-mentioned manners/methods, through the above-mentioned facilities, or from the United States is not permitted.

Nothing in this English translation material of the Company’s release in Japanese shall be taken to imply that U.S. shareholders can apply for the tender under the Tender Offer, and the Company accepts no responsibility or liability with respect to the above.

(For reference)

Outline of Tender Offer of Shares of the Company by SIC Investment Co., Ltd.

- 1 . Descriptions of shares to be purchased: common shares
- 2 . Tender offer period: November 1, 2006 (Wed.) to December 4, 2006 (Mon.) (34 days)
- 3 . Purchase price per share: ¥ 600 per share
- 4 . Basis of calculation of purchase price

The purchase price was determined by comprehensively taking into consideration various factors, including the market prices of the common shares of the Company, its financial condition, future expected profits and due diligence results.

The purchase price represents an approximately 23.4% premium to the average share closing price of ¥486 (rounded to the nearest yen) of the Company's common stock on the Tokyo Stock Exchange during the six months prior to and including October 30, 2006.

- 5 . Number of shares planned to be purchased: 101,445,000 shares

(Note) If the total number of tendered shares is less than the number of shares planned to be purchased (101,445,000 shares), none of the tendered shares will be purchased by the Tender Offeror. If the total number of tendered shares is more than the number of shares planned to be purchased, all the tendered shares will be purchased by the Tender Offeror.

- 6 . Changes in the number of shares owned by the Tender Offeror due to the Tender Offer:

Number of shares owned prior to the Tender Offer: 1,000 shares (shareholding percentage 0.00%)

Number of shares owned subsequent to the Tender Offer: 101,446,000 shares (shareholding percentage 66.67%)

(Note) The shareholding percentages are calculated on the basis of 152,161,767 shares (as of March 31, 2006) issued by the Company (including treasury stock).

- 7 . Date of public notification: November 1, 2006 (Wed.)
- 8 . TOB agent: Nomura Securities Co., Ltd.
- 9 . Funds required for the Tender Offer: 60,867 million yen

(Note) The above-mentioned total amount of funds is an estimated amount that assumes that the shares planned to be purchased (101,445,000 shares) will be purchased. If the total of the tendered shares exceeds the number of shares planned to be purchased, all the tendered shares will be purchased and such estimate will be about 91,296 million yen at maximum.