

## Notice Regarding an Increase in Dividends from Surplus

Denka hereby announces a resolution made at its Board of Directors meeting held on May 12, 2015, to pay out dividends from surplus as outlined below. The dividends will be paid to those who are listed on the shareholder registry as of March 31, 2015. In addition, this resolution will be subject to voting at the 156th annual General Stockholders' Meeting scheduled for June 19, 2015.

### 1. Content of Dividends

	Newly resolved FY 2014 dividend payout	Latest dividend forecast (announced on August 7, 2014)	Year-end dividend paid for FY 2013
Registry date of eligible shareholders	As of March 31, 2015	As of March 31, 2015	As of March 31, 2014
Dividend per share	¥7.50 (Ordinary dividend: ¥5.50) (Commemorative dividend: ¥2.00)	¥7.00 (Ordinary dividend: ¥5.00) (Commemorative dividend: ¥2.00)	¥5.00 (Ordinary dividend: ¥5.00)
Total dividends (to be) paid	¥3,434 million	—	¥2,329 million
Effective date	June 22, 2015	—	June 23, 2014
Source of dividends	Retained earnings	—	Retained earnings

### 2. Reasons for the Dividend Increase

In November 2014, Denka established its Policy on Shareholder Returns while setting a budget for M&A and other strategic investments for further growth. (Please see the attached reference for details.) This move was based on our determination to return profits yielded by initiatives executed under the Denka100 management plan to our shareholders.

In line with this policy, we decided to increase the year-end dividend for FY 2014, ended March 31, 2015, from the most recent forecast, which set it at ¥7.00 per share, to ¥7.50 per share.

This amount includes a commemorative dividend paid to celebrate our centennial. Combined with the interim dividend of ¥5.00 per share, which was paid in December 2014, the full-year dividend will amount to ¥12.50 per share.

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## Reference

### **Denka's Policy on Shareholder Returns and Budget for Forward-Looking Strategic Investments**

Since the renewal of its Denka100 management plan, Denka has been implementing a number of forward-looking initiatives under new growth strategies with the aim of achieving solid operating results at the earliest possible date.

Moreover, in November 2014 Denka established its Policy on Shareholder Returns to return profits yielded by the aforementioned initiatives while setting a budget for M&A and other strategic investments for further growth. This move was intended to ensure Denka's financial soundness while maximizing shareholder returns and resources for strategic investments. In line with this resolve, we will work to swiftly achieve our goal of securing ROE of 10% or greater.

#### **1. Policy on Shareholder Returns**

Target total payout ratio\*: 50%

\* (Dividends paid + treasury stock purchased)/consolidated net income

#### **2. Methods for Shareholder Returns**

- (1) Cash dividends: Maintain steady cash dividends, with a minimum payout ratio set at 30%
- (2) Purchase of treasury stock: Flexibly purchase treasury stock in step with trends in stock prices and the market environment

#### **3. Budget for Forward-Looking Strategic Investments**

After paying out shareholder returns, Denka will appropriate funds from retained earnings as well as cash inflows to finance such investments. The total amount budgeted for is approximately ¥50 billion (over the four years from fiscal 2014 to 2017).

#### **4. Term**

Four years ending with fiscal 2017, the target year of the Denka100 management plan