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DENKI KAGAKU KOGYO KABUSHIKI KAISHA
(DENKA)

DENKA to establish a new hydroelectric power plant

Since its founding, DENKA has been involved in the calcium carbide business. This business has helped lay the foundation for DENKA's present lime and calcium carbide-related businesses, which constitute its key operations and encompass the production of such important materials as calcium cyanamide and chloroprene rubber. Along with mining rights to limestone mines that promise abundant potential output, our in-house power generation systems, consisting mainly of our network of hydroelectric power generation facilities, are a driving force behind our competitiveness. This network has been built across the area around the Omi Plant (Itoigawa City, Niigata Prefecture) and consists of 15 hydroelectric power plants, five of which are owned by a joint venture established with the Hokuriku Power Company. Employing natural inflow type hydropower generation systems, these plants boast a combined maximum output of approximately 110,000kW.

Having revised growth strategies for the DENKA100 management plan, as announced on April 10, 2013, we have been considering the augmentation of our network of hydroelectric power generation facilities as part of initiatives for the next 100 years. DENKA has thus decided to establish a new hydroelectric power plant, with the aim of securing a stronger operating base for the future growth of its lime and calcium carbide-related businesses.

The new plant will be situated upstream of the Omigawa Power Plant. It is expected to boast a maximum output of approximately 8,000kW and generate approximately 26,000,000kWh annually. The plan calls for selling all of the new plant's output to electric power companies for 20 years after the plant's completion. We will now push ahead with the necessary application procedures and plant design. We expect to begin construction in 2015, with an eye to launching operations in April 2018. The construction will be carried out with due consideration given to the environment of surrounding areas.

Hydroelectric power generation is a stable power source with low environmental impact, and the service life of a hydroelectric power plant is estimated at more than 100 years. As such, we anticipate that the establishment of the new plant will contribute to the greater utilization of clean energy. We will continue with this and other initiatives aimed at facilitating the effective utilization of natural resources, thereby making significant social contribution through the pursuit of environment-friendly operations.

Outline of the New Hydroelectric Power Plant

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|------------------------|-----------------------------------|
| (1) Location: | Itoigawa City, Niigata Prefecture |
| (2) Maximum output: | Approximately 8,000kW |
| (3) Operation kickoff: | April 2018 (scheduled) |
| (4) Total investment: | Approximately ¥7 billion |

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DENKA's Hydroelectric Power Plant Network

Legend

- Owned by DENKA
- Owned by joint
- New power plant

Figures represent maximum output.

