

March 26, 2012

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Representative: President and CEO Shinsuke Yoshitaka
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Action in response to the judgement of the European General Court related
to polychloroprene

In December 2007, we received a decision by the European Commission ordering Denki Kagaku Kogyo Kabushiki Kaisha (DENKA) and our subsidiary DENKA Chemicals GmbH (headquartered in Dusseldorf, Germany) to impose, jointly and severally, fines in connection with allegations about violation of the EU Competition Law in our sales of polychloroprene in the European market. In response, we objected to this decision and filed an appeal against it in the European General Court. Nevertheless, on February 2, 2012 (Japanese Standard Time), we were rendered a judgement in favor of the European Commission's decision by the court.

As far as Denka and Denka Chemicals are concerned, the decision was a full and complete approval of the European Commission's decision, and there were points of difference from the facts as we perceive. We consequently considered filing an appeal with the European Court of Justice, which is a superior court. The trial in such court, however, is confined entirely to judgments on the presence or absence of errors in interpretation and application of laws and regulations, and does not extend to find the facts of violation. For this reason, we decided that it would be extremely difficult to get recognition of our assertions. We therefore hereby inform that we take the judgement by the European General Court very seriously and have decided not to appeal.

While we deeply regret that our assertions were not recognized, we stand committed to further tightening not only our observance of antitrust legislation and all other laws and regulations, but also our arrangements for compliance into the future. We are mounting a companywide effort to raise our corporate value even higher through achievement of "DENKA 100", which sets forth our management goals.

As we have already informed you, upon making a provisional payment of the fines we were imposed to pay in March 2008, we set up a reserve fund for costs related to the Competition Law of the same amount, and treated the fund as a special loss in our financial statement for the fiscal year ended in March 2008. As a result, there will be no adverse effect on our result in this fiscal year in question.

On the occasion of the conclusion of this incident, our president and all of our other executives have decided to voluntarily return part of their remuneration as a token of their resolve to prevent recurrence of any similar situation.