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DENKA to expand Production Facilities for DENKA ALCEN Alumina Short Fiber

DENKI KAGAKU KOGYO KABUSHIKI KAISHA
(DENKA)

DENKA hereby announces its decision to expand production facilities for DENKA ALCEN, an alumina short fiber used mainly in fireproof thermal insulation materials for industrial furnaces. In line with this decision, we will establish an additional dedicated production line for DENKA ALCEN at our Omi Plant in Itoigawa City, Niigata Prefecture.

Consisting primarily of alumina and silica, DENKA ALCEN crystalline alumina short fiber boasts superior fire resistance as well as heat resistance to more than 1,500 degrees Celsius and has a variety of applications, including as a thermal insulation material for furnaces used in steel, metal and ceramics manufacturing as well as for automotive parts.

In recent years, the automotive industry has seen a trend toward tighter exhaust gas regulations covering particulates, NOx and other air pollutants, particularly in Japan, the United States and Europe. The trend is now picking up momentum worldwide, with requirements becoming even more stringent. The shift in regulations will, in turn, spur demand for alumina short fibers for catalyst support mats (cushioning materials that support exhaust gas purification devices) over the medium and long terms.

Although two production lines are already in operation, we anticipate that a possible demand spike could exceed our supply capacity. Therefore, DENKA has decided to expand its alumina short fiber production, adding the new DENKA ALCEN production line. By doing so, we will help ensure a stable supply of DENKA ALCEN and thereby contribute to the prevention of air pollution.

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| 1. Product name: | DENKA ALCEN alumina short fiber |
| 2. Expanded production capacity: | Approximately 300 tons per year |
| 3. Location: | The Omi Plant (Itoigawa, Niigata) |
| 4. Launch of operations: | December 2013 (scheduled) |
| 5. Costs: | Approximately ¥1 billion |

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