

March 17, 2011

Effects of the Tohoku-Kanto Earthquake in Japan (Third Report)

SANYO CHEMICAL INDUSTRIES, LTD.
(Japan securities code: 4471)

This is to inform you about Sanyo Chemical's circumstances following our second report on March 14, 2011.

In response to the recent earthquake damage to some facilities in our Kashima Factory in Kamisu city, Ibaraki prefecture, Japan, we are currently restoring the damaged facilities and are conducting thorough safety checks of all facilities, including pipes. Limited supplies of utilities (industrial water, electricity, steam) have been resumed there, and we aim to resume operations in Kashima Factory over the next week.

For more information concerning specific Sanyo Chemical products, please contact your allocated sales representatives.

- An automatic warehouse in the Kashima Factory was damaged, and as a result we have not been able to ship some of our products in stock.
- The shortage of fuels such as gas oils, has had an adverse effect on our ability to secure logistical transportation.
- We have some concern about procuring some raw materials. Therefore, we may experience some difficulties in the future operations for our products which are manufactured not only at the Kashima Factory but also at other factories.

Under the leadership of the Business Continuity Task Force, we are making a concerted effort to promptly resume operations in the Kashima Factory and secure supply systems.

We appreciate your understanding and cooperation.