

# NEWS RELEASE

SHOWA DENKO K.K.

13-9, Shiba Daimon 1-chome  
Minato-ku, Tokyo 105-8518

January 29, 2002

## Ferrochrome Production Subsidiary to be Dissolved

Showa Denko K.K. (SDK) decided, at its board of directors meeting today, to dissolve its consolidated subsidiary Shunan Denko K.K. in May 2003. Since its establishment in 1968 as a joint venture between SDK and Nisshin Steel Co., Ltd., Shunan Denko has been supplying molten high-carbon ferrochrome to Nisshin Steel at the premises of its Shunan Works for stainless steel production.

To compete with low-priced imports, Shunan Denko has made strenuous efforts to cut costs, including reduction in workforce. However, due to the worsening market situation in recent years, SDK has decided to shut down Shunan Denko's operations.

SDK has been reviewing its business portfolio in accordance with its medium-term consolidated business plan.

### Profile of Shunan Denko K.K.

Capital: ¥400 million

Shareholders: Showa Denko K.K. (65%); Nisshin Steel Co., Ltd. (20%); Tokuyama Corporation (15%)

Main business: Production of high-carbon ferrochrome

Total assets: ¥5,190 million (Estimate as of December 31, 2001)

Sales for 2001: ¥5,402 million (Estimate)

Head office: 13-9, Shiba Daimon 1-chome, Minato-ku, Tokyo

President: Yasuaki Nakamura

Number of employees: 45

Shunan Denko's performances in the last three fiscal years are shown in the table below. (Unit: millions of yen) (Accounts are settled at the end of December each year.)

	Sales	Operating Profit	Ordinary Profit	Net Profit (loss)
2001 (E)	5,402	97	48	10
2000	5,801	123	70	(133)
1999	5,931	87	57	13

To prepare for the dissolution of Shunan Denko, SDK will include an extraordinary loss of ¥3 billion and provide an allowance in advance in its financial statements for the fiscal year that ended December 31, 2001.

For the influence of the dissolution of Shunan Denko on SDK's consolidated and non-consolidated performances, please refer to the revised estimates for 2001 and forecast for 2002 announced today.

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