

# NEWS RELEASE

NIPPON STEEL CHEMICAL CO., LTD.  
SHOWA DENKO K.K.

March 24, 2011

## Establishment of Joint Venture for Aromatic Chemicals Business

Nippon Steel Chemical Co., Ltd. (NSC) and Showa Denko K.K. (SDK) have agreed to establish a joint venture company based on NSC Oita Works' operations in the field of aromatic chemicals, such as styrene monomer, benzene, toluene, and xylene.

The joint venture, tentatively named NS Styrene Monomer Co., Ltd., will be established on August 1, 2011. The tie-up will enable the two companies to establish solid foundations for the business and meet customer requirements in a timely manner, ensuring stable supply and quality improvement of aromatic chemicals, including styrene monomer.

### 1. Purpose of the establishment of the joint venture

As raw materials for the production of styrene monomer and other aromatic chemicals, the joint venture will use crude light oil resulting from the steelmaking process of the Nippon Steel Group as well as cracked gasoline and ethylene supplied by SDK. The two companies aim to strengthen the business by achieving a vertical integration covering all stages from raw materials to products and improving facilities. These measures will strengthen the JV's competitiveness in exporting products to Asian countries, centering on China, and ensure stable supply to the domestic market.

### 2. Outline of the joint venture

- 1) Name of the company: NS Styrene Monomer Co., Ltd. (Tentative name)
- 2) Establishment: August 1, 2011 (Scheduled)
- 3) Head office: 14-1, Sotokanda 4-chome, Chiyoda-ku, Tokyo (within the premises of NSC's head office)
- 4) Way of JV establishment: NSC will establish a company by way of an "incorporation-type company split" and transfer the relevant business to this company. NSC will transfer 49% of the shares in this company to SDK.
- 5) Capital: ¥490 million
- 6) Ownership: NSC 51%; SDK 49%
- 7) President: To be named by NSC
- 8) Employees: On a secondment basis
- 9) Scope of business:
  - a) Production and sale of benzene, toluene, and xylene
  - b) Production and sale of styrene monomer (NSC will continue its divinylbenzene business. Production will be entrusted to the joint venture.)
- 10) Production capacity (no change)

#### [Reference]

Styrene monomer:	190,000 t/y (Plant No. 2)
Styrene monomer:	230,000 t/y (Plant No. 3)
Benzene:	200,000 t/y
Toluene:	70,000 t/y
Xylene:	40,000 t/y

[Reference]

Outline of Nippon Steel Chemical Co., Ltd.

Establishment: 1956

Capital: ¥5,000 million

Shareholder: Nippon Steel Corporation (100%)

Head office: 13<sup>th</sup> Floor, Akihabara UDX, 14-1, Sotokanda 4-chome, Chiyoda-ku, Tokyo

Representative Director and CEO: Bun'yu Futamura

Consolidated net sales: ¥179,381 million (for the fiscal term ended in March 2010)

Scope of business: Production and sale of the following products:

Steelmaking chemicals: carbon materials; basic chemicals; lubricants; industrial gases

Functional materials:

Optical & display device materials: functional chemicals; styrene resin; highly heat-resistant and transparent substrates; display materials

Epoxy resin

Circuit packaging materials: circuit board materials; semiconductor packaging materials

Organic EL materials

Outline of Showa Denko K.K.

Establishment: 1939

Capital: ¥140,564 million

Listing: Tokyo Stock Exchange, First Section (Code Number 4004)

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

President and CEO: Hideo Ichikawa

Consolidated net sales: ¥797,189 million (for the fiscal term ended in December 2010)

Scope of business: Production and sale of the following products:

Petrochemicals: olefins; organic chemicals, etc.

Chemicals: chemicals; semiconductor-processing specialty gases; functional resins, etc.

Electronics: HD media; compound semiconductors; rare earth magnetic alloys, etc.

Inorganics: graphite electrodes; ceramics; fine ceramics, etc.

Aluminum: sheets; foils; extrusions; beverage cans; other fabricated aluminum products

Others: advanced battery materials, etc.

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