

# **NEWS RELEASE**

**SHOWA DENKO K.K.**  
13-9, Shiba Daimon 1-chome  
Minato-ku, Tokyo 105-8518

June 27, 2011

## **SDK to Split and Transfer Industrial Gas Business to Subsidiary**

Showa Denko K.K. (SDK) decided at its board meeting today to split and transfer its business in air separation gases (oxygen, nitrogen, argon, etc.), compressed hydrogen, carbon dioxide and dry ice, etc. (hereinafter collectively “industrial gas”) to its wholly owned subsidiary Showa Tansan Co., Ltd. (STK) effective January 1, 2012.

(Since this is a case of company split involving SDK and its wholly owned subsidiary, part of the details are not disclosed.).

### **1. Purpose of company split**

Aiming to further increase the value for customers, SDK has decided to integrate its industrial gas business into that of STK, which is closer to customers, and improve communications.

SDK will continue to take measures to strengthen the foundation of the Group’s industrial gas business, positioning STK as the core.

### **2. Outline of company split**

#### **(a) Schedules**

SDK and STK today decided on the business transfer through company split at their respective board meetings. In October 2011, an absorption-type split agreement will be approved at board meetings of SDK and STK and concluded between the two companies. The company split will take effect on January 1, 2012.

Note: This transaction falls under the category of a simplified split for SDK, which is the splitting company. Thus, SDK will not refer the split agreement to its shareholders’ meeting for approval.

#### **(b) Method of split**

This will be an absorption-type split agreement, with SDK serving as the splitting company and STK as the succeeding company.

#### **(c) Allotment of STK shares following the split**

Details will be announced as soon as they are finalized. (To be announced in October 2011)

#### **(d) Handling of share options and bonds with share options, for the splitting company**

While SDK has issued subordinated convertible bonds due 2014, this transaction will have no influence.

#### **(e) Change in capital stock following the split**

There will be no increase or decrease in the amount of SDK’s capital stock.

(f) Rights and obligations to be transferred

STK will take over the rights and obligations pertaining to SDK's industrial gas business. (However, SDK will retain its own production of relevant gases.)

(g) Prospect for the discharge of liabilities

As for the liabilities STK will assume following the business transfer, we consider that there will be no problem with regard to their discharge.

3. Profile of the two companies involved in the split agreement (As of June 27, 2011)

	Splitting company	Succeeding company
Company name	Showa Denko K.K.	Showa Tansan Co., Ltd.
Head office	13-9, Shiba Daimon 1-chome, Minato-ku, Tokyo	3-23, Misaki-cho 3-chome, Chiyoda-ku, Tokyo
President	Hideo Ichikawa	Hisao Takamatsu
Scope of business	Production and sale of petrochemicals, gaseous products, specialty chemicals, electronics, inorganics, aluminum, etc.	Production and sale of liquefied carbon dioxide, dry ice, mixed gas, industrial gas, coolant gas, gas-related equipment, etc.
Capital stock	¥140,564 million	¥2,079 million
Establishment	June 1, 1939	March 13, 1944
No. of shares issued	1,497,112,926	24,211,489
Accounting term	Ending December 31	Ending December 31
Major shareholders (As of December 31, 2010)	The Master Trust Bank of Japan: 6.31% (Trust Account) Japan Trustee Services Bank: 4.89% (Trust Account) Fukoku Mutual Life Insurance: 3.68% Dai-ichi Life Insurance: 3.01% Sompo Japan Insurance: 2.80%	Showa Denko: 100.0%
Net assets	¥284,965 million (Consolidated)	¥10,719 million (Non-consolidated)
Total assets	¥924,484 million (Consolidated)	¥22,177 million (Non-consolidated)
Net assets per share	¥161.47 (Consolidated)	¥442.73 (Non-consolidated)
Net sales	¥797,189 million (Consolidated)	¥30,422 million (Non-consolidated)
Operating income	¥38,723 million (Consolidated)	¥614 million (Non-consolidated)
Ordinary income	¥30,471 million (Consolidated)	¥691 million (Non-consolidated)
Net income	¥12,706 million (Consolidated)	¥385 million (Non-consolidated)
Net income per share	¥8.49 (Consolidated)	¥15.91 (Non-consolidated)

Note: Figures for the sections from net assets through net income per share are based on the two companies' statements of accounts for the fiscal year ended December 31, 2010.

4. Outline of the business division to be split

(a) Scope of business subject to split:

SDK's business in air separation gases (oxygen, nitrogen, argon, etc.), compressed hydrogen, carbon dioxide and dry ice, etc. (However, SDK will retain its own production of these products.)

(b) Performance of the business division to be split:

Net sales: ¥8,969 million

Items of assets and liabilities to be split, and their amounts, will be determined in the split agreement. (The agreement will be concluded in October 2011.)

## 5. Situation of the listed company and the succeeding company after split

	Listed company	Succeeding company after absorption-type split
Company name	Showa Denko K.K.	Showa Tansan Co., Ltd.
Head office	13-9, Shiba Daimon 1-chome, Minato-ku, Tokyo	Saiwai-ku, Kawasaki City (The registered head office will be changed in July 2011. Actual relocation will take place in September 2011.)
President	Hideo Ichikawa	Hisao Takamatsu
Scope of business	Production and sale of petrochemicals, gaseous products, specialty chemicals, electronics, inorganics, aluminum, etc.	Production and sale of liquefied carbon dioxide, dry ice, air separation gases, compressed hydrogen, mixed gas, coolant gas, gas-related equipment, etc.
Capital stock	¥140,564 million	To be announced as soon as it is finalized (Scheduled for October 2011)
Accounting term	Ending December 31	Ending December 31

## 6. Future prospect

This company split will have only slight influence on the consolidated and non-consolidated performance of SDK. There is no change in our consolidated performance forecast for 2011 due to this split.

### [Reference] Performance forecast for 2011 and actual results in 2010

In millions of yen (Figures in parentheses: year-to-year increase rates)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Business results in 2010 (Consolidated)	¥797,189 (17.5%)	¥38,723 (--)	¥30,471 (--)	¥12,706 (--)	8.49 yen
Performance forecast for 2011 (Consolidated)	¥870,000 (9.1%)	¥45,000 (16.2%)	¥38,000 (24.7%)	¥21,000 (65.3%)	14.03 yen

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