

NEWS RELEASE

SHOWA DENKO K.K.

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

August 2, 2011

SDK to Split Automotive Air-Conditioner Heat Exchanger Business

Showa Denko K.K. (SDK) at its board meeting today decided to split its automotive air-conditioner heat exchanger business and transfer the business to its wholly owned subsidiary Thermal Technology Corporation (Thermal Technology). The decision was made in accordance with the agreement with Keihin Corporation (Keihin) announced on October 29, 2010.

Details of the company split are as follows:

(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

SDK and Keihin reached basic agreement on October 29, 2010 to transfer SDK's automotive air-conditioner heat exchanger business to Keihin. The two companies concluded a definitive agreement on June 6, 2011. Prior to the transfer to Keihin, SDK will first transfer the business to Thermal Technology, a wholly owned subsidiary, on October 1, 2011. SDK will transfer 60% of the shares it owns in Thermal Technology to Keihin on October 1, 2011.

2. Outline of company split

(a) Schedules

Today, SDK approved the absorption-type split agreement at its board meeting while Thermal Technology approved the same agreement at its shareholder's meeting. The two companies concluded the agreement today. The company split will take effect on October 1, 2011.

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 Thermal Technology as the succeeding company.

(c) Allotment of shares following the split

Thermal Technology will allot five common shares in the company to SDK at the time of split.

(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

Thermal Technology will take over the rights and obligations pertaining to SDK's automotive air-conditioner heat exchanger business.

(g) Prospect for the discharge of liabilities

As for the liabilities Thermal Technology will assume following the company split, 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 August 2, 2011)

	Splitting company	Succeeding company
Company name	Showa Denko K.K.	Thermal Technology Corporation
Head office	13-9, Shiba Daimon 1-chome, Minato-ku, Tokyo	480, Inuzuka 1-chome, Oyama City, Tochigi Prefecture
President	Hideo Ichikawa	Kanji Takasaki
Scope of business	Production and sale of petrochemicals, gaseous products, specialty chemicals, electronics, inorganics, aluminum, etc.	Production and sale of automotive air-conditioner heat exchangers, etc.
Capital stock	¥140,564 million	¥10 million
Establishment	June 1, 1939	June 16, 2011
No. of shares issued	1,497,112,926	5
Accounting term	Ending December 31	Ending December 31
Major shareholders	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 million
Total assets	¥924,484 million (Consolidated)	¥10 million
Net assets per share	¥161.47 (Consolidated)	¥2 million
Net sales	¥797,189 million (Consolidated)	
Operating income	¥38,723 million (Consolidated)	
Ordinary income	¥30,471 million (Consolidated)	
Net income	¥12,706 million (Consolidated)	
Net income per share	¥8.49 (Consolidated)	

Note: Descriptions of SDK's major shareholders are as of December 31, 2010. Figures for the sections from net assets through net income per share for SDK are based on SDK's statements of accounts for the fiscal year ended December 31, 2010.

4. Outline of business subject to split

(1) Scope of business

SDK's automotive air-conditioner heat exchanger business [the automotive air-conditioner heat exchanger business conducted in Japan by the Heat Exchanger Division, Aluminum Sector, SDK; the automotive air-conditioner heat exchanger business conducted by Showa Aluminum Corporation of America; Showa Aluminum (Thailand) Co., Ltd.; Showa Aluminum Czech, S.R.O.; and Grand Ocean-Showa Auto Air Conditioning (Dalian) Co., Ltd.]

(2) Performance of the business subject to split (As of December 31, 2010)

Annual sales: ¥28,000 million

Assets and liabilities to be split:

Current assets: ¥7,988 million

Current liabilities: ¥2,181 million

Property, plant and equipment: ¥4,442 million

Noncurrent liabilities: ¥20 million

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

	Listed company	Succeeding company
Company name	Showa Denko K.K.	Thermal Technology Corporation
Head office	13-9, Shiba Daimon 1-chome, Minato-ku, Tokyo	480, Inuzuka 1-chome, Oyama City, Tochigi Prefecture
President	Hideo Ichikawa	Kanji Takasaki
Scope of business	Production and sale of petrochemicals, gaseous products, specialty chemicals, electronics, inorganics, aluminum, etc.	Production and sale of automotive air-conditioner heat exchangers, etc.
Capital stock	¥140,564 million	¥400 million
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

Note: Performance forecast for 2011 was announced on February 9, 2011.

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