

NEWS RELEASE

SHOWA DENKO K.K.

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SDK to Exercise Call Option to Redeem Euro-yen Zero Coupon Convertible Bonds due 2009

Showa Denko K.K. (SDK) at its board meeting today decided to exercise a call option to redeem all of the outstanding Euro-yen Zero Coupon Convertible Bonds due 2009 (the "Bonds") issued on March 25, 2004.

SDK's right to redeem the Bonds became effective as the closing price of its common stock on the Tokyo Stock Exchange was more than 130% of the conversion price of the Bonds for each of the 30 consecutive trading days from May 29, 2007 through July 9, 2007.

Specifically, all of the outstanding bonds (outstanding amount as of August 6, 2007: ¥21,792 million) will be redeemed on Thursday, September 6, 2007 at the price of 100% of the principal amount (¥1 million per bond). The request for conversion must be made by Monday, September 3, 2007.

The Bonds are listed at the London and Singapore stock exchanges.

SDK decided to exercise the option to increase stockholders' equity and improve its financial strength.

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