

NEWS RELEASE

SHOWA DENKO K.K.

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SDK and HOYA to Terminate Discussions on Consolidation of HD Media Operations

Showa Denko K.K. (SDK) today decided to terminate the discussions with Hoya Corporation (HOYA) concerning the planned consolidation of the two companies' hard disk (HD) media operations.

On September 30, 2008, SDK and HOYA reached basic agreement to consolidate their HD media operations by establishing a joint venture in an effort to ensure sound growth of the business and strengthen competitiveness in a sustainable manner. Since then, the two companies have continued to discuss and examine the matter.

However, SDK and HOYA have judged that it will be difficult to establish the planned joint venture because of the recent drastic deterioration of the economic conditions and the changes in the environment of the industry.

The term of the basic agreement is to expire on March 29. As no concrete measures have been taken for the preparation of the consolidation, there will be no debts/credits resulting from the termination of discussions or the expiration of the basic agreement.

The above will not affect our performance forecast for 2009 announced on February 9, 2009 because it did not take into account the planned consolidation.

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