

# **NEWS RELEASE**

**SHOWA DENKO K.K.**

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November 30, 2009

## **SDK to Strengthen Corporate Governance with New Setup**

Showa Denko K.K. (SDK) has decided to strengthen corporate governance based on a new setup and change its organization to better cope with the difficult business environment.

### **1. Changes in the Board of Directors and business execution setup**

To ensure steady growth under the difficult business environment, SDK will strengthen corporate governance, increase speed in decision making, and strengthen business execution setup. Specifically, SDK will strengthen the Board of Directors' supervision of business execution by clarifying the roles of directors and corporate officers, and increase efficiency in management through transfer of authority.

SDK will appoint directors from the viewpoint of strengthening corporate governance. Meanwhile, corporate officers whose duties are primarily business execution will not concurrently serve as directors, in principle. As a result, after the next shareholders' meeting in March 2010, the total number of SDK's directors will decrease by 4, to 8.

At the same time, part of decision-making authority pertaining to business execution will be transferred from the Board of Directors to the Management Committee. As a result, the Board of Directors will put greater emphasis on supervision functions, while decisions regarding business execution will be made more quickly.

The new setup relating to the Board of Directors will take effect after the appointment of new directors at the next shareholders' meeting in March 2010.

### **2. Separation of R&D and production technology functions**

As of January 4, 2010, SDK will change the structure of the Technology Headquarters and newly establish Research & Development Headquarters and Production Technology Headquarters. This reflects increasing need of environmental protection relating to production facilities as well as safety measures for abolishment of labor/facility-related accidents.

The Research & Development Headquarters will consist of Corporate Technical Office, Corporate R&D Center, Safety Evaluation Center, and Intellectual Property Office. The Corporate R&D Center will have Analysis & Physical Properties Center as its subordinate organization.

Meanwhile, the Production Technology Headquarters will consist of Production Technology Office, Environment & Safety Office, Quality Assurance Office, Production Technology Center, SPS Innovation Office, and Engineering Center. The Engineering Center is scheduled to be established on January 4, 2010.

### 3. Establishment of China Office

SDK will establish a China Office on January 4, 2010 as a unit responsible for overall business strategy and operations in China. With the new organization, SDK will expand operations in the quickly growing Chinese market and strengthen the management of Showa Denko Group companies in China.

While the China Office will be established as a staff section at the head office, General Manager of the China Office will be stationed in China, in principle, and participate in the management of Showa Denko Group companies in China. Thus, General Manager of the China Office will become “General Representative in China” for the Showa Denko Group.

The China Office will supervise business strategy and operations of Showa Denko Group companies in China, covering all areas of business activities. At the same time, the China Office will support the relevant companies’ efforts to strengthen corporate governance.

For further information, contact:  
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【Reference】 Organization Chart

