

NEWS RELEASE

SHOWA DENKO K.K.

13-9, Shiba Daimon 1-chome
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December 15, 2009

SDK to Merge with Showa Highpolymer

Showa Denko K.K. (SDK) decided at its board meeting today to merge with its consolidated subsidiary Showa Highpolymer Co., Ltd. (SHP).

Since this is a case of short form merger involving a consolidated subsidiary, part of the details are omitted in the following announcement:

1. Purpose of merger

SDK made SHP a fully owned subsidiary effective September 1, 2006. Since then, steady progress has been made in achieving synergies between SDK's business and SHP's performance polymers operations, including emulsions, unsaturated polyester resins, vinyl ester resins, phenolic resins, and bulk molding compounds (BMCs; unsaturated-polyester-based composite materials).

SDK has concluded that its operations in reactive performance materials and performance monomers—to be included in the portfolio under the next medium-term consolidated business plan—will see further growth through integration with SHP's performance polymers operations. In particular, substantial growth is expected in the thermoset materials business. To accelerate the growth, SDK has decided to absorb SHP as a means to integrate relevant managerial resources, such as human resources, technologies, organizations, and funds for investment.

2. Outline of merger

SDK and SHP today concluded the merger agreement after obtaining approval at respective board meetings. The merger is scheduled to take effect on July 1, 2010.

Note: The merger is a short form merger for both SDK (Article 796, paragraph 3, of the Companies Act) and SHP (Article 784, paragraph 1, of the Companies Act). Thus, neither SDK nor SHP will hold a shareholders' meeting for approval of the merger agreement.

SDK will be the surviving company and SHP will be dissolved on the effective date of the merger. Since SDK owns 100% of SHP shares, there will be no issuance of new shares or payment of money following the merger. No preemptive rights or bonds with warrants have been issued by SHP.

3. Profile of the two companies to merge (As of December 31, 2008)

Company name	Showa Denko K.K. (Surviving company)	Showa Highpolymer Co., Ltd. (To be dissolved)
Scope of business	Production and sale of petrochemicals, gases, specialty chemicals, electronics, inorganics and aluminum	Production and sale of plastics (unsaturated polyester resins, emulsion polymerization resins, industrial phenolic resins, etc.) and secondary products thereof
Establishment	June 1, 1939	November 30, 1937
Head office	13-9, Shiba Daimon 1-chome, Minato-ku, Tokyo	13-9, Shiba Daimon 1-chome, Minato-ku, Tokyo
President	Kyohei Takahashi	Masayuki Miyauchi*
Capital	¥121,904 million	¥10,951 million
No. of shares issued	1,248,236,801	54,435,098
Net assets	¥265,459 million (Consolidated)	¥24,454 million (Non-consolidated)
Total assets	¥962,010 million (Consolidated)	¥36,306million (Non-consolidated)
Net sales	¥1,003,876 million (Consolidated)	¥30,594 million (Non-consolidated)
Accounting term	Ending December 31	Ending December 31
Major shareholders	Japan Trustee Services Bank: 6.66% (Trust Account) Fukoku Mutual Life Insurance: 4.39% Japan Trustee Services Bank: 4.23% (Trust Account No. 4G) Dai-ichi Mutual Life Insurance: 3.61% Sompo Japan Insurance: 3.33%	Showa Denko: 100.0%

Note: The name of SHP president is as of today.

4. After the merger

There will be no change in SDK's company name, scope of business, head office location, president, capital, or accounting term after the merger.

Since SHP is a consolidated subsidiary of SDK, SDK's consolidated performance will not be influenced materially by the merger.

For further information, contact:
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