

NEWS RELEASE

SHOWA DENKO K.K.

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February 10, 2010

SDK to Reduce Amount of Capital Reserve

Showa Denko K.K. (SDK) decided at its board meeting today to submit a proposal for reducing the amount of its capital reserve to the ordinary general meeting of the shareholders scheduled for March 26, 2010.

1. Purpose of the reduction in the amount of capital reserve

The purpose of the reduction is to enable the company to implement a flexible capital policy in the future.

2. Outline

In accordance with the provisions in Article 448, paragraph 1, of the Companies Act, the amount of capital reserve (now ¥62,139,431,844) will be reduced by ¥37,000,000,000, which will then be allocated to "other capital surplus." After the reduction, the amount of capital reserve will become ¥25,139,431,844.

3. Schedule for reduction of capital reserve

Resolution of the board of directors: February 10, 2010

Deadline for submission of creditor objections: March 25, 2010 (planned)

Resolution of the general meeting of shareholders: March 26, 2010 (planned)

Effective date of reduction: March 26, 2010 (planned)

4. Outlook

The above will have no influence on SDK's performance.

The reduction in capital reserve will take effect subject to approval by the general meeting of shareholders scheduled for March 26, 2010.

For further information, contact:

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