

NEWS RELEASE

SHOWA DENKO K.K.

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Showa Denko Group to Expand HD Media Production Capacity

Showa Denko K.K. (SDK) today decided to increase hard disk (HD) media production capacity at its fully-owned subsidiary Showa Denko HD Singapore Pte. Ltd. (SHDS). A new clean room and additional production lines will be installed at SHDS step by step as from the end of this year.

SDK is also planning to have SHDS's two plants integrated into one in the fall of this year to increase production efficiency. In addition to the expansion at SHDS, SDK will reform production lines at its HD media production sites in Japan (Chiba and Yamagata) and Taiwan to increase productivity. The construction and reform work will be completed by March 2011. As a result, the Showa Denko Group's total HD media production capacity will be increased to 25 million disks a month as from April 2011, from 22 million disks a month as of the end of March 2010. Total investments will amount to approximately ¥10 billion.

Hard disk drives (HDDs), containing HD media, are used in PCs, digital electric appliances and many other applications due to their high storage capacity. Thus, demand for HDDs is expected to grow steadily in the coming years. SDK will continue examining measures to increase its HD media production capacity to meet growing demand in a timely manner.

Operating rates at the Group's HD media plants remain high, and the Group is receiving rapidly increasing inquiries from HDD manufacturers. Furthermore, it is expected that global demand for notebook PCs and servers will continue to grow and HD media with still higher recording capacity will be required. Under the circumstances, SDK has decided on capacity expansion measures to ensure stable supply of high-capacity HD media that meet customer requirements.

Profile of SHDS (as of December 31, 2009)

Company name: Showa Denko HD Singapore Pte. Ltd.

Head office location: Singapore

Scope of business: Production and sale of HD media

Ownership: Owned 100% by SDK

Number of employees: 1,093

Note: This matter will have only slight influence on the Group's consolidated performance for 2010. As for the performance forecast for the first half and full-year 2010, please refer to a separate news release "SDK Revises Performance Forecast for First Half and Full-Year 2010" issued today.

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