

NEWS RELEASE

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SDK Signs Agreement on Transfer of Business in Heat Exchangers for Automotive Air Conditioners

Showa Denko K.K. (SDK) today concluded an agreement with Keihin Corporation (Keihin) to transfer the automotive air-conditioner heat exchanger business of SDK and its subsidiaries to Keihin. The two companies had reached basic agreement on the matter as announced on October 29, 2010.

Details of the business transfer agreement are as follows:

1. Scope of business subject to transfer

The automotive air-conditioner heat exchanger business inside and outside Japan conducted by SDK and its subsidiaries, covering the following:

- Japan: SDK's Heat Exchanger Division, Aluminum Sector
- U.S.A.: Showa Aluminum Corporation of America*
- Thailand: Showa Aluminum (Thailand) Co., Ltd.
- Czech: Showa Aluminum Czech, S.R.O.
- China: Grand Ocean-Showa Auto Air Conditioning (Dalian) Co., Ltd.

*: Businesses in aluminum cylinders for laser beam printers, and *Shotic*TM forged aluminum are excluded.

2. Annual sales of the business to be transferred

Around ¥28 billion (for the fiscal year ended December 31, 2010)

3. Method of transfer

SDK will establish a new company to take over the business, and then transfer 60% of its shares to Keihin. The remaining 40%, to be owned by SDK, will also be transferred to Keihin within two years after the initial transfer.

4. Schedules

June 6, 2011: Conclusion of the business transfer agreement

October 2011: SDK will transfer 60% of the new company's shares to Keihin

By the end of 2013: SDK will transfer the remaining 40% of the new company's shares to Keihin.

5. Influence on SDK's performance

As the business transfer is to take effect three months later than the original schedule, SDK's consolidated net sales for 2011 will increase by about ¥5 billion. However, this transaction will have only slight influence on SDK's consolidated operating income and net income for 2011.

For further information, contact:

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