

NEWS RELEASE

SHOWA DENKO K.K.
13-9, Shiba Daimon 1-chome
Minato-ku, Tokyo 105-8518

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Change of Organization

Showa Denko K.K. (SDK) has decided to change its organization effective January 4, 2013.

1. Purposes

The business environment is changing rapidly as witnessed by the rapid growth of emerging markets, intensification of international competition, reduction in size of the Japanese market, and issues related to energy and natural resources. Under the circumstances, SDK has decided to drastically reorganize the roles of its business divisions, plants and R&D organization in an effort to further promote structural reform.

Under the new setup, the roles of plants and business divisions are redefined as follows:

- a) Plants shall serve as the core of SDK's production and development, and contribute to the benefit of customers by creating new technologies and products.
- b) Business divisions shall play key roles in devising and implementing strategies for respective businesses, and take the responsibility for enhancing profitability through cooperation with plants.

R&D organization will be reorganized to improve efficiency so that SDK can create next-generation businesses and accelerate the development in growth business areas.

Staff sections will be simplified through reorganization of functions now scattered throughout the company. As a result, the staff sections will strengthen their support of business divisions, plants and R&D organization.

2. Outline of changes

(1) Abolition of business sectors and headquarters

The existing six business sectors (Petrochemicals, Chemicals, Inorganics, Aluminum, HD, and Electronics) and two headquarters (Research & Development, and Production Technology) will be abolished.

(2) Change of organization in business divisions and plants

- ① Following the abolition of business sectors, business divisions (so far under respective business sectors) will be placed under the direct control of CEO.
- ② Following the abolition of business sectors, Oita Complex and respective plants (so far under Petrochemicals Sector and respective business sectors) will be placed under the direct control of CEO.
- ③ After reorganization, business divisions will control marketing departments and affiliated companies.
- ④ After reorganization, plants will have such functions as production, production

technology, development, and SCM, and control production/development departments.

(3) Change of R&D organization

The existing Corporate R&D Center and R&D units within business sectors will be reorganized. Researchers in specific areas will be gathered together. New R&D organization will be established to cover wide areas, from applications for exiting businesses to themes for next-generation businesses.

(4) Integration of staff sections

Some of the existing staff sections at head office will be integrated. Planning offices under respective business sectors will be abolished, and their functions will be transferred to relevant business divisions and staff sections.

(5) Abolition of some committees

Some of the existing committees will be abolished, and their functions will be transferred to relevant business divisions and staff sections. As for risk management, systems will be reorganized to strengthen the functions.

3. Details of the new organization

(1) Reorganization of business divisions

① Petrochemicals Division

- The existing Olefins and Organic Chemicals divisions (Petrochemicals Sector) will be integrated, to form Petrochemicals Division (under the direct control of CEO).
- Petrochemicals Division will have Olefins and Organic Chemicals departments under its control.

② Functional Chemicals Division

- The existing Functional Polymers Division and Specialty Chemicals Department (Chemicals Sector) will be integrated, to form Functional Chemicals Division (to be placed under the direct control of CEO).
- Functional Chemicals Division will have Functional Polymers and Specialty Chemicals departments under its control.

③ Ceramics Division

- The existing Ceramics Division (Inorganics Sector) will be placed under the direct control of CEO. Ceramics Division will have Marketing Department I and Marketing Department II under its control.
- The existing Alumina Project (Inorganics Sector) will be placed under Ceramics Division, which is under the direct control of CEO.

④ Aluminum Specialty Components Division

- The existing Extrusions/Specialty Products and *Shotric* divisions (Aluminum Sector) will be integrated, to form Aluminum Specialty Components Division (to be placed under the direct control of CEO).
- Marketing departments under the existing Extrusions/Specialty Products and *Shotric* divisions as well as under the existing Cooling Device Business Development Department will be integrated into new Marketing Department, and placed under Aluminum Specialty Components Division.

⑤ Electronics Materials Division

- The existing Electronics Materials and Rare Earth divisions (Electronics Sector) will be integrated, to form new Electronics Materials Division (to be placed under the direct control of CEO).
- Marketing departments under the existing Electronics Materials and Rare Earth divisions will be integrated, and placed under Electronics Materials Division.

⑥ HD Division

- HD Division, under the direct control of CEO, will be established. The division will take over the functions of the HD Sector, which is to be abolished.
- The existing Marketing Department and Production & Technology Control Department (HD Sector) will be placed under the HD Division.
- The existing Technology Development Department (HD Sector) will be renamed Technology Development Control Department, and placed under the HD Division.
- The existing Chiba Regional Office (HD Sector) will be placed under the HD Division.
- Global Control Department will be established to control HD production & development sites at home and abroad. The department will be placed under the HD Division.
- The existing CS Department (HD Sector) will be abolished.

⑦ Others

- The existing Industrial Gases, Basic Chemicals, and Electronic Chemicals divisions (Chemicals Sector) will be placed under the direct control of CEO. Basic Chemicals Division will have Ammonia & Derivatives and Soda & Derivatives departments under its control.
- The existing Carbons Division (Inorganics Sector) will be placed under the direct control of CEO. The division will have Marketing Department under its control.
- The existing Rolled Products Division (Aluminum Sector) will be renamed Aluminum Rolled Products Division, and placed under the direct control of CEO. The division will have Marketing Department and Sakai Regional Office under its control.
- The existing Aluminum Can Division (Aluminum Sector) will be placed under the direct control of CEO. The division will have Marketing Department under its control.

(2) Reorganization of Oita Complex and plants

① Oita Complex

- The existing Oita Complex (Petrochemicals Sector) will be placed under the direct control of CEO.
- Oita Complex will have Production, Production Technology, Engineering, and Technology Development departments as well as Oita Office under its control.
- The existing Petrochemicals SCM Center (Petrochemicals Sector) will be renamed SCM Center, and placed under Oita Complex.

- The existing Environment & Safety Office, under Oita Complex, will be abolished, and its functions will be integrated into Oita Office's functions pertaining to environment & safety.

② Kawasaki Plant

- The existing Kawasaki Plant (Chemicals Sector) will be placed under the direct control of CEO.
- Kawasaki Plant will have Production, Production Technology, Engineering, Quality Assurance, Environment & Safety, and General Affairs departments under its control.
- The existing Chemicals Development Department (Chemicals Sector) will be renamed Development Department, and placed under Kawasaki Plant.
- The existing Chemicals SCM Center (Chemicals Sector) will be renamed SCM Center, and placed under Kawasaki Plant.

③ Higashinagahara Plant

- The existing Higashinagahara Plant (Chemicals Sector) will be placed under the direct control of CEO.

④ Tokuyama Plant

- The existing Tokuyama Plant (Chemicals Sector) will be placed under the direct control of CEO.

⑤ Isesaki Plant

- The existing Isesaki Plant, under Functional Polymers Division (Chemicals Sector) will be placed under the direct control of CEO.
- Isesaki Plant will have Production and Development departments under its control.

⑥ Tatsuno Plant

- The existing Tatsuno Plant, under Functional Polymers Division (Chemicals Sector) will be placed under the direct control of CEO.
- Tatsuno Plant will have Production and Development departments under its control.

⑦ Yokohama Plant

- The existing Yokohama Plant, under Ceramics Division (Inorganics Sector), will be placed under the direct control of CEO.
- Yokohama Plant will have Production Department, CS Center, and General Affairs Department under its control.

⑧ Shiojiri Plant

- The existing Shiojiri Plant, under Ceramics Division (Inorganics Sector) will be placed under the direct control of CEO.
- Shiojiri Plant will have Production Department I, Production Department II, and General Affairs Department under its control.

⑨ Chichibu Plant

- The existing Chichibu Plant (Electronics Sector) will be placed under the direct

control of CEO.

- The existing Chichibu Production & Technology Control Department (under Electronics Materials Division) and Production & Technology Control Department (under Rare Earth Division) will be reorganized, to form Production Department and Development Department. They will be placed under Chichibu Plant.
- Chichibu Plant will have General Affairs Department under its control.

⑩ Omachi Plant

- The existing Omachi Plant, under Carbons Division (Inorganics Sector), will be placed under the direct control of CEO.
- Omachi Plant will have Production, Technology, Engineering, and General Affairs departments under its control.
- The existing SCM Center, under Carbons Division (Inorganics Sector), will be placed under Omachi Plant.

⑪ Oyama Plant

- The existing Oyama Plant (Aluminum Sector) will be placed under the direct control of CEO.
- Oyama Plant will have Production Control Department, which will take over the functions of the existing Production & Technology Control Department, under Extrusions/Specialty Products Division (Aluminum Sector).
- Oyama Plant will have Technology Control Department, which will take over the functions of the existing Aluminum Technology Center (Aluminum Sector).
- Oyama Plant will have Quality Assurance Department, which will take over the functions of the existing Quality Assurance Office, under Extrusions/Specialty Products Division (Aluminum Sector).
- Oyama Plant will have General Affairs Department under its control.
- Oyama Plant will have SCM Center, which will take over the functions of the existing SCM Center, under Extrusions/Specialty Products Division (Aluminum Sector).
- Oyama Plant will have Cooling Device Development Department, which will take over the production/development functions of the existing Cooling Device Business Development Department (Aluminum Sector). The Cooling Device Business Development Department's functions relating to the marketing of cooling devices will be transferred to Marketing Department, under Aluminum Specialty Components Division.

⑫ Kitakata Plant

- The existing Kitakata Plant, under *Shotic* Division (Aluminum Sector), will be placed under the direct control of CEO.
- The existing Production & Technology Control Department, under *Shotic* Division (Aluminum Sector), will be placed under Kitakata Plant
- The existing Quality Assurance Office, under *Shotic* Division (Aluminum Sector), will be renamed Quality Assurance Department, and placed under Kitakata Plant.

- The existing SCM Center, under *Shotec* Division (Aluminum Sector), will be placed under Kitakata Plant.
- Kitakata Plant will have General Affairs Department under its control.

⑬ Grouping of plants

- To increase efficiency through sharing of certain functions, plants will be grouped as follows:

- A) Kawasaki, Higashinagahara, and Tokuyama
- B) Iseaki and Tatsuno
- C) Yokohama, Shiojiri, and Chichibu
- D) Oyama and Kitakata

- Oita Complex and Omachi Plant will be operated independently.

(3) Reorganization of R&D units

- ① Business Development Center will be established, and placed under the direct control of CEO.
- ② Business Development Center will have Institute for Advanced and Core Technology and Institute for Polymers and Chemicals, which will take over the functions of the existing Corporate R&D Center (Research & Development Headquarters). Institute for Polymers and Chemicals will additionally take over part of the functions of the existing Chemicals Development Department (Chemicals Sector).
- ③ The existing Safety Evaluation Center (Research & Development Headquarters) and Analysis & Physical Properties Center, under Corporate R&D Center, will be placed under Business Development Center.

(4) Reorganization of staff sections

- ① The existing Corporate Technical Office (Research & Development Headquarters) will be reorganized as Corporate R&D Department, and placed under the direct control of CEO.
- ② The existing Strategic Marketing Center, under Corporate Technical Office, will be abolished.
- ③ The existing Legal Office, and Intellectual Property Office (Research & Development Headquarters), will be integrated into Legal & Intellectual Property Department, and placed under the direct control of CEO.
- ④ The existing Production Technology Office, Energy & Electricity Center, and SPS Innovation Office (Production Technology Headquarters) will be reorganized as Production Technology, Energy & Electricity, and SPS Innovation departments, respectively, and placed under the direct control of CEO.
- ⑤ The existing Production Technology Center and Engineering Center (Production Technology Headquarters) will be integrated, to form Process Solutions Center. The center will be placed under Production Technology Department.
- ⑥ The existing Internal Audit, Corporate Strategy, CSR, Information Systems, and Purchasing offices will be renamed Internal Audit, Corporate Strategy, CSR, Information Systems, and Purchasing & SCM departments, respectively.

- ⑦ The existing Environment & Safety and Quality Assurance offices will be placed under CSR Department.
- ⑧ The existing China Office will be placed under Corporate Strategy Department.
- ⑨ The existing General Affairs and Human Resources offices will be integrated into General Affairs & Human Resources Department.
- ⑩ The existing Osaka, Nagoya and Fukuoka branches, under General Affairs Office, and Hikone Regional Office (Aluminum Sector), will be placed under General Affairs & Human Resources Department.
- ⑪ The existing Finance and Accounting offices will be integrated into Finance & Accounting Department.
- ⑫ The existing IR & PR Office will be abolished. Its IR functions will be transferred to IR Office, which will be established under Finance & Accounting Department. Meanwhile, its PR functions will be transferred to Public Relations Office, which will be established under General Affairs & Human Resources Department.
- ⑬ Risk Management, Corporate Ethics, Responsible Care and IR committees will be abolished.

For further information, contact:
IR & PR Office (Phone: 81-3-5470-3235)