

Planned Commencement of Tender Offer for Shares in Hitachi Chemical Company, Ltd.

HC Holdings K.K., a wholly-owned subsidiary of Showa Denko (SDK) (TOKYO: 4004), decided to acquire common shares of Hitachi Chemical Company, Ltd. through a tender offer under the Financial Instruments and Exchange Act, and today disclosed “Announcement Regarding the Planned Commencement of Tender Offer for Shares in Hitachi Chemical Company, Ltd. (Securities Code 4217)”. The following is an outline of the notice:

1. Outline of the tender offer

(1) Tender Offeror	HC Holdings K.K., a special-purpose company established by Showa Denko
(2) Target company	Hitachi Chemical Company, Ltd.
(3) Type of shares to be purchased	Common share
(4) Tender offer price	¥4,630 per common share
(5) Number of shares to be purchased, etc.	<ul style="list-style-type: none"> • The number of shares to be purchased: 208,219,903 shares • Minimum number of shares: 138,813,300 shares (66.67%) • Maximum number of shares: Not applicable
(6) Purchase price	¥964,058,150,890 (planned)
(7) Schedule	The tender offeror aims to commence the tender offer by around February 2020. (However, it is difficult to predict the precise time period required for procedures at domestic and foreign competition authorities; therefore, a schedule for the tender offer will be announced promptly after it is decided.)
(8) Period of tender offer	20 business days (planned)
(9) Fund procurement	<p>We plan to make financial arrangements in a way to avoid a decline in capital efficiencies due to the dilution of shares and with consideration for maintaining financial soundness. Specifically speaking, SPC is planning to use the following funding approaches for the purpose of executing the tender offer</p> <ul style="list-style-type: none"> - Subscription of common shares by SDK (based on a loan from Mizuho Bank; no issuance of new shares by SDK) - Loan from Mizuho Bank (non-recourse loans) - Subscription of Class A preferred shares by Mizuho Bank and Development Bank of Japan

2. Outline of Hitachi Chemical Company, Ltd.

(1) Name	Hitachi Chemical Company, Ltd.
(2) Date of Incorporation	October 10, 1962
(3) Location	1-9-2, Marunouchi, Chiyoda-ku, Tokyo
(4) Representative	Hisashi Maruyama, Representative Executive Officer, President and CEO
(5) Common stock	¥15,454,363,000 (as of September 30, 2019)
(6) Scope of business	Production, processing and sale of functional materials as well as advanced components and systems

3. Purpose and meaning of the tender offer

The Showa Denko Group’s mission is to satisfy all stakeholders, and its vision is to establish itself as a “KOSEIHA Company.” Anticipating changes in markets and social structure our customers are facing—the progress of the digitalization of society, the spread of lightweight and composite materials in automobiles, the improvement in quality of life, and the expansion of specialty semiconductor—the Group is aiming to renovate its business model and become a

solution provider beyond the manufacturing industry.

By “KOSEIHA businesses,” we mean businesses where we can maintain their profitability and stability at high levels. They also mean businesses in markets suitable in size for our Group, and in areas where we will be able to achieve the world’s largest share. We already have such “KOSEIHA businesses” as high-purity electronic gases, media for hard disk drives, and graphite electrodes, resulting in a unique business portfolio. Under the three-year business plan “The Top 2021” launched this year, we are working to establish additional “KOSEIHA businesses.” Our medium-term goal is to establish at least half of our overall portfolio as “KOSEIHA businesses” by 2025.

Meanwhile, Hitachi Chemical Company is focusing on four areas of its technical strengths (Information and Communications; Mobility; Energy; and Life Sciences). Based on its organic/inorganic chemical technologies pertaining to materials, processes and evaluation, Hitachi Chemical Company is aiming to transform itself into a “the global-top, high-functionality material manufacturer” so that it can provide best solutions for customers. Thus the company’s goal is in line with that of Showa Denko.

In recent years, Chinese material manufacturers have developed a business that takes advantage of the economies of scale and Middle East material manufacturers have also been increasing cost competitiveness by building a consistent value chain from upstream resource procurement. In this environment, where moves to increase competitiveness in the global market accelerate, we thought that it was important to “accelerate business growth as a global leader with the top market share in an appropriate market size” in order for Japanese material manufacturers to remain as the global top manufacturers in the future, and to “provide solutions that combine a wide range of materials and technologies” in order to flexibly respond to diversified and sophisticated customer needs.

The planned merger of the two companies with high compatibility in goals and business strategies will mean the birth of a new leading material producer aiming to provide solutions and having many businesses with leading market shares. Through the integration with Hitachi Chemical Company, Showa Denko aims to become a “One-stop, advanced materials partner. At a time when intensified global competition and changes in market structure are expected in the materials industry, we will aim to grow together as a new entity that helps reform industrial structure.

Note: This news release represents an explanation of the outline. For details, please refer to “Notice of Plans to Launch Tender Offer for Shares of Hitachi Chemical Company, Ltd. (TOKYO: 4217)” disclosed at 3 p.m. December 18.

The Tender Offer is not being made, directly or indirectly, in, or to, the United States, and is not being conducted through the United States Postal Service, or other means or instrumentality of interstate or international commerce, or through security exchange facilities in the United States. No tender to the Tender Offer will be accepted by said means, instrumentality, through said facilities, or from the United States.

Media contact:

Public Relations Office (Phone: 81-3-5470-3235)