NEWS RELEASE

SHOWA DENKO K.K.
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Minato-ku, Tokyo 105-8518

February 14, 2013

SDK to Merge with Marusho Kogyo

Showa Denko K.K. (SDK) decided at its board meeting today to merge with its wholly owned subsidiary Marusho Kogyo Co., Ltd. (Marusho Kogyo).

(Since this is a case of “simplified merger” involving SDK and its wholly owned subsidiary, part of the details are omitted from the scope of disclosure.)

1. Purpose of merger

Marusho Kogyo, as a wholly owned subsidiary of SDK, had a shipment base for liquefied ammonia and industrial aqueous ammonia in Soma District, Fukushima Prefecture, and sold these products. As a result of the tsunami that followed the Great East Japan Earthquake, however, the shipment base was damaged, and Marusho Kogyo suspended its operations. This time, SDK decided to reconstruct the shipment base, and to merge with Marusho Kogyo for the purpose of ensuring stable supply in the Tohoku region based on an integrated system of production and sale.

2. Outline of merger

(a) Schedules
Today, SDK and Marusho Kogyo approved the merger agreement at their respective board meetings, and concluded the agreement. The agreement is scheduled to take effect on April 25, 2013.

Note: This transaction comes under the category of a “simplified merger” both for SDK (in accordance with Article 796, paragraph 3, of the Companies Act) and Marusho Kogyo (in accordance with Article 784, paragraph 1, of the Companies Act). Thus, neither SDK nor Marusho Kogyo will refer the merger agreement to their respective shareholders’ meetings for approval.

(b) Method of merger
This will be an absorption-type company merger, with SDK serving as the surviving company. Marusho Kogyo will be dissolved as of the effective date.

(c) Allotment of shares following the merger
As SDK holds all shares in Marusho Kogyo, there will be no issuance of new shares or delivery of money at the time of the merger.

(d) Handling of share options and bonds with share options, for the absorbed company
Not applicable to this transaction.

3. Profile of the two companies involved in the merger agreement
(As of December 31, 2012)

	Surviving company	Absorbed company
Company name	Showa Denko K.K.	Marusho Kogyo Co., Ltd.
Head office	13-9, Shiba Daimon 1-chome, Minato-ku, Tokyo	2-3, Aza Shinko, Imaizumi, Shinchi Town, Soma District, Fukushima Prefecture
President	Hideo Ichikawa	Susumu Noguchi
Scope of business	Production and sale of petrochemicals, gas products, specialty chemicals, electronics, inorganics, aluminum, etc.	Sale of liquefied ammonia
Capital stock	¥140,564 million	¥10 million
Establishment	June 1, 1939	October 1, 1964
No. of shares issued	1,497,112,926	160,000
Accounting term	Ending December 31	Ending December 31
Major shareholders	The Master Trust Bank of Japan: 5.36% (Trust Account) Japan Trustee Services Bank: 3.84% (Trust Account) Japan Trustee Services Bank: 3.78% (Trust Account 9) Fukoku Mutual Life Insurance: 3.68% National Mutual Insurance Federation of Agricultural Cooperatives: 3.00%	Showa Denko: 100%
Net assets	¥314,966 million (Consolidated)	--
Total assets	¥933,162 million (Consolidated)	¥312 million
Net sales	¥739,811 million (Consolidated)	¥0 million
Operating income	¥28,108 million (Consolidated)	--
Ordinary income	¥23,448 million (Consolidated)	(¥15 million)
Net income	¥9,368 million (Consolidated)	--
Net income per share	¥6.26 (Consolidated)	--

Note: Figures for the sections from net assets through net income per share for SDK are based on its statement of accounts for the fiscal year ended December 31, 2012. Figures for total assets, net sales and ordinary income for Marusho Kogyo are based on its statement of accounts for the fiscal year ended December 31, 2012.

4. Outline of the company after merger

(a) Situation of the surviving company after merger:
There will be no change in the surviving company's name, scope of business, head office, president, capital stock, or accounting term after the merger.

(b) Future prospect:
This transaction will have only slight influence on SDK's performance.

For further information, contact:
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