NEWS RELEASE

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Change of Organization in January 2016

Showa Denko K.K. (SDK) (TOKYO: 4004) has decided to change its organization effective January 4, 2016.

1. Outline of changes
   (1) Electronic Chemicals Division
   Electronic Chemicals Division will have Specialty Gases Department and Solfine Department under its control.

   (2) Business Development Center
   1) The existing Institute for Polymers and Chemicals will be renamed Institute for Integrated Product Development.
   2) Business Development Center will have Computational Science and Technology Information Center under its control.

   (3) Oyama Plant
   The existing Cooling Device Development Department will be abolished, and its functions will be transferred to Technology Control Department.

   (4) Kitakata Plant
   Kitakata Plant will have Development Department under its control.

2. Purposes of changes
   (1) Electronic Chemicals Division
   Since 2014, Electronic Chemicals Division has been pursuing Matrix Strategy, which aims to enhance competitiveness and profitability of its specialty gas business by clarifying responsibility of each profit center segmented by combination of products and sales areas. This strategy has been obtaining positive results such as increase in shipment volumes, sales, and operating income. SDK will implement the abovementioned organizational change in Electronic Chemicals Division, aiming to further pursue Matrix Strategy and strengthen competitiveness and profitability of this division.

   (2) Business Development Center
   In January 2013, SDK changed its research and development organizations in order to make them more efficient, create next-generation businesses and accelerate R&D in growth fields. SDK has decided to reorganize these R&D organizations to make them optimum for the implementation of its new R&D strategy which will start in 2016.
   1) Accompanying the renaming of Institute for Polymers and Chemicals to Institute for Integrated Product Development, the institute will take part in wider-ranging R&D activities related to more divisions and plants than before.

2) The newly organized Computational Science and Technology Information Center will be clearly positioned as an organization to assist R&D activities of the whole company.

(3) Oyama Plant

As a part of company-wide reorganization in January 2013, SDK established Cooling Device Development Department under control of Oyama Plant, aiming to promote a business to produce cooling devices for insulated gate bipolar transistor (IGBT), which was expected to be a promising new business of the Aluminum Segment. However, there were much room for improvement in the areas of synergy with other departments and efficient use of technical resources because this department was independent from other technical departments. In line with the reorganization in Business Development Center of this time, we will unify technology management functions of Oyama Plant into its Technology Control Department, aiming to pursue more efficient use of technical resources and accelerate technical development.

(4) Kitakata Plant

In order to strengthen its *Shotic*™ business, SDK will newly organize Development Department in Kitakata Plant, aiming to accelerate marketing of parts with reduced weight and development of new components and next-generation eco-friendly components. We also expect this new department will contribute to the development and strengthening of new key businesses comparable with compressor business.

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