TRANSLATION

June 6, 2017

TO OUR SHAREHOLDERS:

SHOWA DENKO K.K.
(Securities Code: 4004)
13-9, Shiba Daimon 1-Chome, Minato-ku,
Tokyo, Japan

Kohei Morikawa
President and Chief Executive Officer

Notice of Convocation of an Extraordinary General Meeting of Shareholders

An Extraordinary General Meeting of Shareholders of Showa Denko K.K. will be held as described below and you are cordially invited to attend the Meeting.

If you do not expect to attend the Meeting, please exercise your voting rights in writing or by electronic means (including the use of the Internet) after reviewing the following Reference Materials for the General Meeting of Shareholders.

1. **Date and Hour** Tuesday, June 27, 2017 at 10:00 a.m.
2. **Place** Tokyo International Forum (Hall B5)
   5-1, Marunouchi 3-Chome, Chiyoda-ku, Tokyo, Japan
   *Please note that the meeting venue is Hall B5 on the 5th floor of the Tokyo International Forum, not Hall B7 on the 7th floor of the same building where we usually have Ordinary General Meeting of Shareholders.
3. **Matters constituting the Purpose of the Meeting:**

   Matters to be Reported: (1) Reports on the Business Report and the Consolidated Financial Statements for the 108th Business Term (January 1, 2016 to December 31, 2016), and reports on the Auditing Results from Accounting Auditors and the Audit & Supervisory Board.
   (2) Reports on the Non-consolidated Financial Statements for the 108th Business Term (January 1, 2016 to December 31, 2016).

   Matters to be Resolved upon:
   Proposal No. 1: Appropriation of Surplus

4. Other Matters that have been decided by the Board of Directors before Convocation:

Repeated voting:

1) If the voting rights are exercised both in writing and via the Internet, the voting via the Internet will be regarded as effective.

2) If the voting rights are exercised repeatedly using one and the same method, either via the Internet or in writing, the last voting will be regarded as effective.

5. Methods for exercising voting rights for shareholders who do not expect to attend the Meeting:

1) Exercise of voting rights in writing (by mail)

Please indicate your consent or dissent to the proposals on the enclosed Card for Exercise of Voting Rights, and return it by mail to reach us no later than Monday, June 26, 2017.

2) Exercise of voting rights via the Internet, etc.

Please log on to the designated website for exercise of voting rights at http://www.it-soukai.com/. Enter your code number and password as provided on the enclosed Card for Exercise of Voting Rights and, by following the instructions on the computer screen, enter your consent or dissent and send it to reach us no later than 5:45 p.m. on Monday, June 26, 2017. For your information, we are also a member to the electronic voting rights exercise platform for institutional investors operated by ICJ, Inc.

✧ Upon attending the Meeting, please present the enclosed Card for Exercise of Voting Rights to the receptionist.

✧ When the need arises to amend Reference Materials for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements or Consolidated Financial Statements, such amendments will be announced on the Company's website at http://www.sdk.co.jp/.

Reference Materials for the General Meeting of Shareholders

Proposals and References

Proposal No. 1: Appropriation of Surplus

It is the Company's basic policy to decide on the distribution of dividends in consideration of earnings performance of the relevant business term and the need to retain earnings for future business development.

Concerning the term-end dividends for the 108th Business Term, however, the Company decided not to pay dividends because the Company could not settle its accounts by the date of convocation of the 108th Ordinary General Meeting of Shareholders. We sincerely apologize for any inconvenience and anxiety among shareholders caused by this matter.

Recently, the Company settled its accounts for the 108th Business Term. After taking into account the business results of the term as well as the need to improve future competitiveness and financial strength, the Company proposes an appropriation of surplus as described below.

(1) Rightful claimants who are eligible to receive dividends
Shareholders or registered pawnees of the shares of the Company recorded in the list of shareholders as of the record date of May 11, 2017

(2) Type of dividend assets
Cash

(3) Matters related to the appropriation of dividend assets and total amount thereof:
30.00 yen per common share of the Company Total amount: 4,284,516,630 yen

(4) Effective date for appropriation of surplus:
June 28, 2017