

NEWS RELEASE

*SHOWA DENKO K.K.
AIR WATER INC.*

November 25, 2010

SDK and AWI to Form JV for Specialty Material Gases for Electronics

Showa Denko K.K. (SDK) and Air Water Inc. (AWI) have agreed to establish a joint venture for the production of specialty material gases for the electronics industry. The new company, Showa Denko Air Water Co., Ltd., is scheduled to be established next month in Tokyo. The company, to be capitalized at ¥100 million, will be owned 51% by SDK and 49% by AWI.

Demand for specialty material gases has steadily been growing, centering on Asian markets, for use in the production of solar cells, semiconductors, LCD panels, and LEDs. Due to increasing needs for high-quality, functional, energy-saving and compact electronic devices, manufacturers of specialty material gases are now required to develop new products and make further capital investments.

Under the circumstances, SDK and AWI have agreed to form a partial alliance in the areas of advanced, innovative, and eco-friendly specialty material gases that can be marketed globally.

SDK and AWI will establish an effective production system at the new manufacturing joint venture and launch a wide variety of new material gases, fully utilizing their proprietary technologies. SDK and AWI will take the products from the joint venture and sell them independently through respective sales channels.

As a first step, the JV will install a 40 t/y hydrogen selenide (H₂Se) production facility within the premises of SDK's Tokuyama Plant in Shunan City, Yamaguchi Prefecture, Japan. H₂Se is used for forming light-absorbing films in CIGS (copper indium gallium diselenide) compound-semiconductor-based solar cells. The JV will start producing H₂Se at the plant in June 2011. CIGS-type solar cells are expected to be widely used for large-scale photovoltaic power generation because their theoretical conversion efficiency is almost equal to that of polycrystalline-silicon-type solar cells.

SDK and AWI will aim to quickly strengthen their joint operations, pursuing the possibility of expanding the JV's product lines and establishing plants at best locations inside and outside Japan.

[Profile of the new JV]

Company name: Showa Denko Air Water Co., Ltd.

Establishment: Scheduled for December 2010

Head office: 13-9, Shiba Daimon 1-chome, Minato-ku, Tokyo

Capital: ¥100 million (To be owned 51% by SDK, and 49% by AWI)

Scope of business: Production of specialty material gases for the electronics industry

For further information, contact:

SDK: IR & PR Office (Phone: 81-3-5470-3235)

AWI: Corporate Communications Department (Phone: 81-6-6252-3966)