

March 2, 2012

**TO OUR SHAREHOLDERS:**

**SHOWA DENKO K.K.**

(Securities Code: 4004)

13-9, Shiba Daimon 1-Chome, Minato-ku,  
Tokyo, Japan

Hideo Ichikawa

President and Chief Executive Officer

**Notice of Convocation of the 103<sup>rd</sup> Ordinary General Meeting of Shareholders**

The 103<sup>rd</sup> Ordinary 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, March 27, 2012 at 10:00 a.m.
2. **Place** Tokyo International Forum (Hall B7)  
5-1, Marunouchi 3-Chome, Chiyoda-ku, Tokyo, Japan

**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 103<sup>rd</sup> Business Term (January 1, 2011 to December 31, 2011), and reports on the Auditing Results of Accounting Auditors and the Board of Auditors.  
(2) Reports on the Non-consolidated Financial Statements for the 103<sup>rd</sup> Business Term (January 1, 2011 to December 31, 2011).

**Matters to be Resolved upon:**

- Proposal No. 1:** Appropriation of Surplus  
**Proposal No. 2:** Election of Nine Directors  
**Proposal No. 3:** Election of Three Auditors

**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, March 26, 2012.

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/> or <https://daiko.mizuho-tb.co.jp/>. 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, March 26, 2012. 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 proposed that surplus be appropriated as follows:

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 this term, the Company, after taking into account the business results of the term as well as the need to improve future competitiveness and financial strength, proposes a term-end dividend as described below.

##### 1. Matters related to term-end dividends

###### (1) Type of dividend assets

Cash

###### (2) Matters related to the appropriation of dividend assets and total amount thereof:

3.00 yen per common share of the Company      Total amount: 4,489,859,280 yen

###### (3) Effective date for appropriation of surplus:

March 28, 2012

##### 2. Matters related to the appropriation of other surplus:

None

#### Proposal No. 2: Election of Nine Directors

The term of office of all the nine Directors is to expire at the close of this ordinary general meeting of shareholders. The Company proposes election of nine Directors, including two Outside Directors. The list of candidates is as follows:

Candidate No.	Name (Date of Birth)	Personal History, Positions at the Company, and Important Concurrent Posts	Number of Shares of the Company Held
1.	Kyohei Takahashi (July 17, 1944)	April 1968      Joined the Company October 1995      General Manager, Planning Department, Japan Polyolefins Co., Ltd. June 1996      President, Montell-JPO Co., Ltd. June 1999      Executive Vice President, Montell SDK Sunrise Ltd. January 2001      Executive Vice President, SunAllomer Ltd. March 2002      Managing Director; Executive Officer, Petrochemicals Sector, of the Company March 2004      Senior Managing Director January 2005      President January 2007      President and Chief Executive Officer (CEO) January 2011      Chairman of the Board (up to the present)	249,500 shares

2.	Hideo Ichikawa (March 18, 1952)	<p>April 1975 June 1999</p> <p>January 2001</p> <p>May 2003</p> <p>January 2006</p> <p>March 2008</p> <p>September 2008</p> <p>January 2010</p> <p>January 2011</p>	<p>Joined the Company General Manager, Business Support Department, Montell SDK Sunrise Ltd.</p> <p>General Manager, Business Support Department, SunAllomer Ltd.</p> <p>General Manager, Corporate Strategy Department, of the Company</p> <p>Corporate Officer; General Manager, Corporate Strategy Office</p> <p>Director; Corporate Officer; General Manager, Corporate Strategy Office</p> <p>Director; Corporate Officer; Executive Officer, HD Sector</p> <p>Director; Managing Corporate Officer; Executive Officer, HD Sector</p> <p>President and Chief Executive Officer (CEO) (up to the present)</p>	107,000 shares
3.	Yasumichi Murata (January 31, 1949)	<p>April 1971 February 1994</p> <p>March 1999 March 2003</p> <p>January 2006</p> <p>January 2010</p> <p>January 2011 March 2011</p>	<p>Joined the Company General Manager, General Affairs Department, Kawasaki Works</p> <p>General Manager, Oita Office</p> <p>General Manager, General Affairs Group and Secretariat, Corporate Relations Center</p> <p>Corporate Officer; General Manager, General Affairs Office</p> <p>Managing Corporate Officer; General Manager, General Affairs Office</p> <p>Managing Corporate Officer</p> <p>Director; Managing Corporate Officer, in charge of Human Resources, General Affairs, Legal, CSR, and Purchasing offices; Chief Risk Management Officer (CRO) (up to the present)</p>	78,000 shares
4.	Akira Koinuma (August 20, 1951)	<p>April 1975 June 1999</p> <p>October 2001</p> <p>August 2003</p> <p>July 2005</p> <p>January 2006</p> <p>January 2008</p> <p>January 2010</p> <p>March 2011</p> <p>January 2012</p>	<p>Joined the Company General Manager, Production Technology Department, Oita Plant, Japan Polyolefins Co., Ltd.</p> <p>General Manager, Oita Plant, Japan Polyolefins Co., Ltd.</p> <p>General Manager, Production Group, Oita Plant, of the Company</p> <p>General Manager, Production Technology Department, Technology Headquarters</p> <p>General Manager, Production Technology Office and Production Technology Center, Technology Headquarters</p> <p>Corporate Officer; Deputy Executive Officer, Technology Headquarters</p> <p>Corporate Officer; Executive Officer, Production Technology Headquarters</p> <p>Director; Corporate Officer; Executive Officer, Production Technology Headquarters</p> <p>Director; Managing Corporate Officer; Executive Officer, Production Technology Headquarters; Chief Technology Officer (CTO) (up to the present)</p>	137,000 shares

Candidate No.	Name (Date of Birth)	Personal History, Positions at the Company, and Important Concurrent Posts	Number of Shares of the Company Held
5.	Yoshikazu Sakai (October 27, 1951)	<p>April 1975      Joined the Company</p> <p>January 2006    General Manager, Finance Office</p> <p>January 2008    Corporate Officer; General Manager, Finance Office</p> <p>January 2011    Corporate Officer</p> <p>March 2011      Director; Corporate Officer, in charge of Internal Audit, IR &amp; PR, Accounting, Finance, and Information Systems offices; Chief Financial Officer (CFO) (up to the present)</p>	65,000 shares
6.	Shunji Fukuda (December 12, 1953)	<p>April 1976      Joined the Company</p> <p>July 1996        General Manager, Marketing Department, Developmental Marketing Headquarters, Montell-JPO Co., Ltd.</p> <p>June 1999        Marketing Manager and General Manager, Catalloy Development Department, Advanced Materials Division, Montell SDK Sunrise Ltd.</p> <p>January 2001     General Manager, Marketing Department II, Polypropylene Division, SunAllomer Ltd.</p> <p>June 2003        General Manager, Planning and Administration Department, SunAllomer Ltd.</p> <p>March 2004      Executive Vice President, SunAllomer Ltd.</p> <p>January 2006     General Manager, Electronics Marketing Division, Electronics Sector, of the Company</p> <p>January 2008     Corporate Officer; General Manager, Electronics Marketing Division, Electronics Sector</p> <p>September 2008 Corporate Officer; Executive Officer, Electronics Sector</p> <p>January 2011     Corporate Officer</p> <p>March 2011      Director; Corporate Officer, in charge of Corporate Strategy and China offices (up to the present)</p> <p>Important Concurrent Post: Chairman, Showa Denko (Shanghai) Co., Ltd.</p>	68,000 shares
7.	Hirokazu Iwasaki (December 26, 1951)	<p>April 1975      Joined the Company</p> <p>January 2006     General Manager, Intellectual Property Office, Technology Headquarters</p> <p>January 2008     Corporate Fellow; General Manager, Intellectual Property Office, Technology Headquarters</p> <p>January 2009     Corporate Officer; General Manager, Intellectual Property Office, Technology Headquarters</p> <p>January 2010     Corporate Officer; General Manager, Chemicals Division, Chemicals Sector</p> <p>January 2011     Corporate Officer; Executive Officer, Chemicals Sector</p> <p>March 2011      Director; Corporate Officer; Executive Officer, Chemicals Sector (up to the present)</p> <p>Important Concurrent Posts: Chairman, F2 Chemicals Limited President, Showa Denko Air Water Co., Ltd. Chairman, Zhejiang Quzhou Juhua Showa Electronic Chemical Materials Co., Ltd. Chairman, Taiwan Showa Chemicals Manufacturing Co., Ltd. President, Union Helium Co., Ltd.</p>	91,000 shares

Candidate No.	Name (Date of Birth)	Personal History, Positions at the Company, and Important Concurrent Posts	Number of Shares of the Company Held
8.	Tomofumi Akiyama (August 13, 1935)	<p>April 1959      Joined Fukoku Mutual Life Insurance Company  May 1982      General Manager, Finance Department,  Fukoku Mutual Life Insurance Company  July 1984      Director, Fukoku Mutual Life Insurance Company  March 1989    Managing Director, Fukoku Mutual Life  Insurance Company  July 1998      President, Fukoku Mutual Life Insurance  Company  March 2008    Director, of the Company (incumbent)  July 2010      Chairman, Fukoku Mutual Life Insurance  Company (incumbent) (up to the present)</p> <p>Important Concurrent Post:  Chairman, Fukoku Mutual Life Insurance Company</p>	0 shares
9.	*Akiyoshi Morita (August 23, 1941)	<p>April 1967      Joined Toyota Motor Co., Ltd. (currently Toyota  Motor Corporation)  September 1994    Director, Toyota Motor Corporation  June 1995      Managing Director, Toyota Motor Corporation  June 1999      Senior Managing Director, Toyota Motor  Corporation  June 2000      Executive Vice President, Aichi Steel  Corporation  June 2004      President, Aichi Steel Corporation  June 2008      Chairman, Aichi Steel Corporation  June 2011      Advisor, Aichi Steel Corporation (incumbent)  (up to the present)</p>	50,000 shares

- Notes: 1. None of the candidates for the Directors has any special interest in the Company.
2. Mr. Akiyoshi Morita is a candidate to be newly elected.
3. Mr. Tomofumi Akiyama and Mr. Akiyoshi Morita are candidates for Outside Directors. Reasons for proposing the two as candidates for Outside Directors are as follows:
- 1) For Mr. Akiyama
- We have received from him valuable advice on the management of the Company based on his insight and his experience in managing a life insurance company for many years. We therefore believe he is well qualified for the position as Outside Director.
- 2) For Mr. Morita
- We expect to receive from him valuable advice on the management of the Company based on his insight and his experience in managing a car manufacturing company and a steelmaking company for many years. We therefore believe he is well qualified for the position as Outside Director.
4. Mr. Akiyama will have served as Outside Director of the Company for four (4) years at the close of this ordinary general meeting of shareholders.
5. Mr. Akiyama served as President of Fukoku Mutual Life Insurance Company, which received an order to improve business operations under Article 132, paragraph 1 of the Insurance Business Law from the Financial Services Agency on July 3, 2008 with respect to the company's failure to pay certain insurance claims and benefits during the term of his office as President. After the occurrence of such incidents, he worked to prevent recurrence of such incidents by improving and enhancing management control, internal audit and insurance payment systems, and made efforts to regain trust of the customers and stakeholders. As a result, the order was lifted on December 16, 2011.
6. Pursuant to the provisions of Articles of Incorporation, in case Mr. Akiyama is reelected, the Company plans to extend the existing agreement with him limiting his liability for damages within a defined range. The amount of limited liability under the agreement shall be the minimum level stipulated by laws and regulations.
7. Pursuant to the provisions of Articles of Incorporation, in case Mr. Morita is elected, the Company plans to conclude an agreement with him limiting his liability for damages within a defined range. The amount of limited liability under the agreement shall be the minimum level stipulated by laws and regulations.
8. Pursuant to relevant rules of the Tokyo Stock Exchange, Inc. (TSE), the Company has notified the TSE that Mr. Akiyama has been appointed the Company's independent director who will not have conflicting interests with general shareholders. The Company plans to appoint Mr. Morita a candidate for another independent director and make the notification to the TSE.

**Proposal No. 3: Election of Three Auditors**

The term of office of Auditors Hiroshi Ito, Shogo Itoda, and Hiroyuki Tezuka is to expire at the close of this ordinary general meeting of shareholders. The Company therefore proposes election of three Auditors to fill the vacancy. As to this proposal, approval from the Board of Auditors has been obtained.

The candidates for Auditors are as listed below:

Name (Date of Birth)	Personal History, and Important Concurrent Posts	Number of Shares of the Company Held
*Akira Sakamoto (October 23, 1948)	April 1971      Joined the Company March 1994      General Manager, Technology Development Department, Yokohama Works March 1996      General Manager, Production Department, Yokohama Works March 2000      General Manager, Yokohama Plant & Yokohama Regional Office, Ceramics Division, Inorganic Materials Sector June 2000      Councillor; General Manager, Yokohama Plant & Yokohama Regional Office, Ceramics Division, Inorganic Materials Sector March 2004      General Manager, Corporate R&D Center, Technology Headquarters January 2007      Corporate Officer; General Manager, Corporate R&D Center, Technology Headquarters January 2008      Corporate Officer; General Manager, Carbons Division, Inorganics Sector January 2009      Senior Corporate Fellow; General Manager, Carbons Division, Inorganics Sector January 2010      Managing Corporate Officer; Executive Officer, Inorganics Sector January 2011      Counselor, Assistant to President (up to the present)	40,000 shares
Hiroyuki Tezuka (May 8, 1961)	April 1986      Registered with Dai-ichi Tokyo Bar Association Joined Nishimura & Sanada Law Offices (currently Nishimura & Asahi) September 1992      Cleary, Gottlieb, Steen & Hamilton, New York January 1993      Admitted to the bar of the state of New York June 1993      Returned to Nishimura & Sanada Law Offices (currently Nishimura & Asahi) as Partner (incumbent) March 2008      Outside Auditor, of the Company (incumbent) (up to the present)  Important Concurrent Post: Partner, Nishimura & Asahi	0 shares
*Kiyomi Saito (December 1, 1950)	April 1973      Joined Nikkei Inc. September 1975      Joined Sony Corporation August 1984      Joined Morgan Stanley investment bank January 1990      Executive Director, Morgan Stanley investment bank April 2000      President, JBond Co., Ltd. (currently JBond Totan Securities Co., Ltd.) (incumbent) April 2011      President, The Totan Information Technology Co., Ltd. (incumbent) (up to the present)  Important Concurrent Posts: President, JBond Totan Securities Co., Ltd. President, The Totan Information Technology Co., Ltd.	0 shares



- Notes: 1. None of the candidates for the Auditors has any special interest in the Company.
2. Ms. Kiyomi Saito's name on the family register is Kiyomi Takei.
  3. Mr. Akira Sakamoto and Ms. Kiyomi Saito are candidates to be newly elected.
  4. Mr. Hiroyuki Tezuka and Ms. Kiyomi Saito are candidates for Outside Auditors. Reasons for proposing the two as candidates for Outside Auditors are as follows:
    - 1) For Mr. Tezuka  
He has served as competent Outside Auditor of the Company, giving advice from the viewpoint of risk management and compliance based on his insight and his accumulated experience as a lawyer handling international and corporate legal affairs. We expect that he will continue providing such valuable auditing service, and we believe he is well qualified for the position as Outside Auditor. While his ways of participating in the management of a company has been limited to becoming an outside director/auditor, we consider he will be able to adequately perform the duties as Outside Auditor of the Company because of the reasons stated above.
    - 2) For Ms. Saito  
She holds a master's degree in Business Administration from Harvard University. Because of her experience in launching and managing a business consulting firm and a securities firm focusing on electronic transactions, we expect that she will contribute toward securing the appropriateness of the management of the Company. We therefore believe she is well qualified for the position as Outside Auditor.
  4. Mr. Tezuka will have served as Outside Auditor of the Company for four (4) years at the close of this ordinary general meeting of shareholders.
  5. Pursuant to the provisions of Articles of Incorporation, in case Mr. Tezuka is reelected, the Company plans to extend the existing agreement with him limiting his liability for damages within a defined range. The amount of limited liability under the agreement shall be the minimum level stipulated by laws and regulations.
  6. Pursuant to the provisions of Articles of Incorporation, in case Ms. Saito is elected, the Company plans to conclude an agreement with her limiting her liability for damages within a defined range. The amount of limited liability under the agreement shall be the minimum level stipulated by laws and regulations.
  7. Pursuant to relevant rules of the Tokyo Stock Exchange, Inc. (TSE), the Company has notified the TSE that Mr. Tezuka has been appointed the Company's independent auditor who will not have conflicting interests with general shareholders. The Company plans to appoint Ms. Saito a candidate for another independent auditor and make the notification to the TSE.