

TRANSLATION

March 2, 2007

TO OUR SHAREHOLDERS:

SHOWA DENKO K.K.

(Securities Code: 4004)

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

Kyohei Takahashi

President and Chief Executive Officer

Notice of Convocation of the 98th Ordinary General Meeting of Shareholders

The 98th 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.

[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 Wednesday, March 28, 2007.

[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 Wednesday, March 28, 2007. For your information, we are also a member to the electronic voting rights exercise platform for institutional investors operated by ICJ, Inc.

1. **Date and Hour** Thursday, March 29, 2007 at 10:00 a.m.
2. **Place** Shiba Park Hotel Annex
5-10, Shiba Koen 1-Chome, Minato-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 98th Business Term (January 1, 2006 to December 31, 2006), and reports on the Auditing Results of Accounting Auditor and the Board of Auditors.
(2) Reports on the Non-consolidated Financial Statements for the 98th Business Term (January 1, 2006 to December 31, 2006).

Matters to be Resolved upon:

- Proposal No. 1:** Appropriation of Surplus
Proposal No. 2: Partial Amendment of the Articles of Incorporation
Proposal No. 3: Election of Eleven Directors
Proposal No. 4: Election of One Auditor

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

(1) Exercise of voting rights by proxy:

If you prefer voting by proxy, you may do so only by appointing another shareholder who has voting rights as your proxy, but the appointment of such proxy is limited to one person.

(2) 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.

- ✧ 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 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 as follows:

1. Matters related to year-end dividends

(1) Matters related to the appropriation of dividend assets to shareholders and total amount thereof:

4.00 yen per common share of the Company Total amount: 4,701,862,672 yen

(2) Date of effectuation of dividends:

March 30, 2007

2. Matters related to the appropriation of surplus:

(1) Item of surplus that increases and amount thereof:

Special reserves 7,000,000,000 yen

(2) Item of surplus that decreases and amount thereof:

Retained earnings carried forward 7,000,000,000 yen

Proposal No. 2: Partial Amendment of the Articles of Incorporation

1. Reasons for the Amendment:

(1) With the enforcement on May 1, 2006 of the Company Code (Law No. 86 of 2005), the Law Concerning Coordination, etc. of the Related Laws in Connection with the Enforcement of the Company Code (Law No. 87 of 2005), Enforcement Ordinance of the Company Code (Ministry of Justice Ordinance No. 12 of 2006) and Corporate Accounting Ordinance (Ministry of Justice Ordinance No. 13 of 2006), we propose to amend parts of the Articles of Incorporation, as follows:

- 1) New articles are to be inserted and changes are to be made with regard to matters that are deemed to be stated in the Articles of Incorporation as of the day of enforcement of the Company Code (Articles 4 and 7, and Paragraph 1, Article 11, of Proposed Amendments).
- 2) Rights of a holder of less-than-a-transferable-unit shares are expressly provided for (Article 10 of Proposed Amendments).
- 3) When a relevant provision is made in the Articles of Incorporation, disclosure via the Internet of information that need to be described in Reference Materials for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements, pursuant to the provisions of Enforcement Ordinance of the Company Code and Corporate Accounting Ordinance, is now deemed to be the disclosure made to shareholders. We therefore propose to insert a new article (Article 16 of Proposed Amendments).
- 4) The number of proxy permitted to exercise a shareholder's voting rights at the general meeting of shareholders is to be defined (Article 18 of Proposed Amendments).
- 5) When a relevant provision is made in the Articles of Incorporation, expression of consent by all directors in writing or by other means on any matter that need to be resolved upon by the board of directors, to which no objection is raised by any auditor, is now deemed a resolution by the board of directors. We therefore propose to insert a new article in order to ensure quick corporate decision making (Article 24 of Proposed Amendments).
- 6) In conjunction with insertion of a new article concerning organs (Article 4 of Proposed Amendments), a new chapter and articles concerning Accounting Auditor are to be inserted (Articles 36 and 37 of Proposed Amendments).

- 7) Amendments of terminology and changes in quotation are to be made in conformity with the new Company Code, together with other changes, including partial modification of wordings and alterations in article numbers.
- (2) To clarify the objects and purposes of the Showa Denko Group, new items are to be added to the Company's Objects and Purposes (Article 3 of Proposed Amendments).
- (3) Adoption of electronic official notices is proposed for the purpose of enhancing publicity and rationalizing procedures, and the clarification is to be made as to the measure to be taken if the electronic official notice is impracticable under unavoidable circumstances (Article 5 of Proposed Amendments).
- (4) The term of office of directors is proposed to be shortened from two years to one year to ensure a management system that can quickly respond to changes in the business environment and to further clarify Directors' responsibility for management (Paragraph 1, Article 20 of Proposed Amendments).
- (5) In order to ensure that Directors and Auditors fully perform their expected roles as they carry out their duties, new provisions are to be established to enable the Company to exempt Directors and Auditors from their liability within the scope permitted by the Company Code, and to conclude an agreement with Outside Directors and Outside Auditors to limit their liability in advance. With respect to the establishment of the provisions for the exemption of Directors from liabilities and conclusion of an agreement with Outside Directors to limit their liability, consent has been obtained by unanimous agreement of the Board of Auditors (Articles 27 and 35 of Proposed Amendments).

2. Substance of Amendment

The Company proposes to amend the Articles of Incorporation as follows:

(Translation into English from the Japanese original)

(The amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
Chapter 1 General Rules	Chapter 1 General Rules
(Name) Article 1 The name of this corporation shall be Showa Denko K.K.	(Name) Article 1 (Same as Present Text)
(Principal Office) Article 2 The principal office of this corporation shall be at Minato-ku, Tokyo.	(Principal Office) Article 2 (Same as Present Text)
(Objects and Purposes) Article 3 The objects and purposes of this corporation shall be to engage in the following businesses: 1. Manufacturing, selling, buying, exporting and importing related to the following:	(Objects and Purposes) Article 3 The objects and purposes of this corporation shall be to engage in the following businesses: (1 to 7: Same as Present Text)

Current Articles of Incorporation	Proposed Amendments
<p>(1) Synthetic resin, synthetic rubber, synthetic fiber and other high polymer products as well as materials therefor</p> <p>(2) Inorganic and organic industrial chemicals and gas products</p> <p>(3) Chemical fertilizers, agricultural chemicals, feed and feed additives</p> <p>(4) Pharmaceuticals, quasi-pharmaceuticals, animal health products and medical equipment</p> <p>(5) Food, food additives, enzymes and amino acids</p> <p>(6) Semiconductors and other electronic industrial materials</p> <p>(7) Light metals, ferroalloys and other kinds of metals and their alloys</p> <p>(8) Carbonaceous products, abrasives, refractories and ceramics</p> <p>(9) Civil engineering and architectural materials, housing materials and agricultural materials</p> <p>(10) Facilities, systems, machinery and equipment, and precision machinery and equipment for the chemical and energy-related industries and environmental protection.</p> <p>(11) Products manufactured by processing any of the above-mentioned products and products related to those mentioned above</p> <p>2. Undertaking of research in, development of, and survey on biochemistry, and undertaking of these services for a third party as a contract job</p> <p>3. Mining, processing, selling and buying of oil, bauxite and other kinds of minerals</p> <p>4. Private electric utilities, and electricity supply business</p> <p>5. Recycling and processing of industrial/general wastes</p> <p>6. Construction work</p> <p>7. Selling and buying, and lease of real estate</p> <p>8. Designing and technical guidance related to the above items</p> <p>9. All other businesses incidental or related to the above items</p>	<p><u>8. Lending money and cashing bills</u></p> <p><u>9. Designing and technical guidance related to the above items</u></p> <p><u>10. All other businesses incidental or related to the above items</u></p> <p><u>(Organs)</u></p> <p><u>Article 4</u></p> <p><u>This corporation shall, besides the general meeting of shareholders and the directors, have the following organs:</u></p> <p><u>1. board of directors;</u></p> <p><u>2. auditors;</u></p> <p><u>3. board of auditors; and</u></p> <p><u>4. accounting auditor.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>(Official Notices) Article 4 The official notices of this corporation shall be carried in the <i>Nihon Keizai Shimbun</i> published in Tokyo.</p> <p style="text-align: center;">Chapter 2 Shares</p> <p>(Total Number of Shares) Article 5 The total number of shares of the capital stock issued by this corporation shall be 3.3 billion; provided, however, in the event of write-off of shares, the number shall be reduced accordingly.</p> <p>(Acquisition of Own Shares) Article 6 This corporation may, by resolution of the board of directors, purchase its own shares in accordance with the provisions of Item 2, Paragraph 1, Article 211-3 of the Commercial Code.</p> <p>(Number of Shares of Each Transferable Unit, and Handling of Certificates for Shares Less Than a Transferable Unit) Article 7 1) The number of shares of each transferable unit of this corporation shall be 1,000. 2) This corporation shall not issue a certificate for shares less than the transferable unit (hereinafter “less-than-the-transferable-unit shares”); provided, however, this does not apply to cases covered by the rules for handling shares. 3) Shareholders who own less-than-the-transferable-unit shares of this corporation (inclusive of actual shareholders, the same applies hereinafter) shall be entitled to request that a certain number of shares be sold in line with the rules for handling shares so that, together with the shares he/she already owns, he/she comes to own one transferable unit of shares.</p>	<p>(Official Notices) <u>Article 5</u> <u>The official notices of this corporation shall be given electronically; provided, however, in the event it is not possible to give an electronic official notice due to accident or any other unavoidable circumstances, the official notice shall be carried in the <i>Nihon Keizai Shimbun</i> published in Tokyo.</u></p> <p style="text-align: center;">Chapter 2 Shares</p> <p><u>(Total Number of Shares That Can Be Issued)</u> <u>Article 6</u> <u>The total number of shares of the capital stock that can be issued by this corporation shall be 3.3 billion.</u></p> <p><u>(Issuance of Share Certificates)</u> <u>Article 7</u> <u>This corporation shall issue certificates for its shares.</u></p> <p>(Acquisition of Own Shares) <u>Article 8</u> This corporation may, by resolution of the board of directors, <u>acquire</u> its own shares in accordance with the provisions of <u>Paragraph 2, Article 165 of the Company Code.</u></p> <p>(Number of Shares of Each Transferable Unit, and <u>Handling of Shares</u> Less Than a Transferable Unit) <u>Article 9</u> 1) (Same as Present Text) 2) <u>Notwithstanding the provisions of Article 7</u>, this corporation shall not issue a certificate for shares less than the transferable unit (hereinafter “less-than-the-transferable-unit shares”); provided, however, this does not apply to cases covered by the rules for handling shares. 3) (Same as Present Text)</p>

Current Articles of Incorporation	Proposed Amendments
<p>(Transfer Agent) Article 8</p> <p>1) This corporation shall appoint an agent for entering transfers of shares in the shareholders register.</p> <p>2) The agent and the agent’s office for handling related procedures shall be selected by resolution of the board of directors and this corporation shall make an official announcement thereof.</p> <p>3) The shareholders register, the actual shareholders register and the share certificate loss register of this corporation shall be kept at the agent’s office and the agent shall be caused to handle procedures pertaining to shares such as entering transfers, registration of right of pledge, designation of trust assets, delivery of share certificates, acceptance of notices and purchasing of less-than-the-transferable-unit shares, and they shall not be handled by this corporation.</p> <p>(Rules for Handling Shares) Article 9</p> <p>Procedures pertaining to shares such as classes of shares, entering of transfers, registration of right of pledge, designation of trust assets, delivery of share certificates, acceptance of notices and purchasing of less-than-the-transferable-unit shares, and the fees for handling them shall be subject to the rules for handling shares established by the board of directors.</p> <p>(Base Date) Article 10</p> <p>1) The shareholders entitled to exercise their voting rights at the ordinary general meeting of shareholders shall be those listed in the shareholders register or the actual shareholders register as of each accounts-closing date.</p>	<p><u>(Rights regarding Less-than-the-transferable-unit Shares)</u> <u>Article 10</u> <u>Shareholders of this corporation shall not be entitled, regarding less-than-the-transferable-unit shares they hold, to exercise rights except the following:</u></p> <ol style="list-style-type: none"> <u>1. Rights stated in respective Items of Paragraph 2, Article 189 of the Company Code</u> <u>2. Rights to file a request in accordance with the provisions in Paragraph 1, Article 166 of the Company Code</u> <u>3. Rights to allocation of shares and preemptive rights in proportion to the number of shares already held</u> <u>4. Rights to file a request in accordance with Paragraph 3 of the preceding article</u> <p><u>(Shareholders Register Administrator)</u> <u>Article 11</u></p> <p>1) This corporation shall appoint <u>a shareholders register administrator.</u></p> <p>2) <u>The shareholders register administrator and its office for handling related procedures shall be selected by resolution of the board of directors and this corporation shall make an official announcement thereof.</u></p> <p>3) <u>Preparation, maintenance, and other matters related to the shareholders register (inclusive of the actual shareholders register, the same applies hereinafter), the original register of preemptive rights and the share certificate loss register of this corporation shall be entrusted to the shareholders register administrator, and they shall not be handled by this corporation.</u></p> <p>(Rules for Handling Shares) <u>Article 12</u> <u>Procedures pertaining to shares and the fees for handling them shall be subject to the rules for handling shares established by the board of directors, in addition to relevant laws and regulations and the present articles of incorporation.</u></p> <p>(Deleted)</p>

Current Articles of Incorporation	Proposed Amendments
<p>2) In addition to the above provision, this corporation may, in case of necessity and by resolution of the board of directors, fix a base date upon giving an advance public notice.</p> <p>Chapter 3 General Meeting of Shareholders</p> <p>(Convocation of General Meeting) Article 11</p> <p>1) The ordinary general meeting of the shareholders shall be held within three months from the day after the concluding day of each business term and an extraordinary meeting of the shareholders shall be convened when necessary.</p> <p>2) The general meeting shall be convened by the president-director on the basis of a resolution of the board of directors. In case the position of president-director is vacant or the person in that position is unable to act, another director, determined in accordance with the order designated in advance by the board of directors, shall convene the general meeting.</p> <p>(Chairman of General Meeting of Shareholders) Article 12</p> <p>The president-director shall act as chairman at the general meeting of the shareholders. In case the position of president-director is vacant or the person in that position is unable to attend, another director, determined in accordance with the order designated in advance by the board of directors, shall act as chairman at the general meeting.</p>	<p>(Deleted)</p> <p>Chapter 3 General Meeting of Shareholders</p> <p>(Convocation of General Meeting) <u>Article 13</u></p> <p>1) The ordinary general meeting of the shareholders shall be held <u>in March of each year</u> and an extraordinary meeting of the shareholders shall be convened when necessary.</p> <p>2) (Same as Present Text)</p> <p>(Chairman of General Meeting of Shareholders) <u>Article 14</u> (Same as Present Text)</p> <p><u>(Base Date for Ordinary General Meeting of Shareholders)</u> <u>Article 15</u> <u>The base date for voting rights at this corporation's ordinary general meeting of shareholders shall be December 31 in each year.</u></p> <p><u>(Disclosure of Reference Materials for the General Meeting of Shareholders, etc. via the Internet and Deemed Provision)</u> <u>Article 16</u> <u>This corporation may disclose via the Internet, in accordance with the provisions of relevant ordinances of the Ministry of Justice, the information that need to be described in Reference Materials for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements, and deem that such information has been provided to shareholders.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>(Method of Adopting Resolutions) Article 13</p> <p>1) Unless otherwise provided by laws, ordinances or by these articles of incorporation, resolutions of a general meeting of shareholders shall be adopted by a majority of the votes of the shareholders present.</p> <p>2) Resolutions on matters stipulated in Article 343 of the Commercial Code shall be adopted through a concurring vote of two-thirds or more of the shareholders present who hold shares representing one-third or more of the voting shares out of the total number of issued and outstanding shares.</p> <p>(Voting by Proxy) Article 14</p> <p>A shareholder may exercise his/her voting rights by delegating such rights to another shareholder of the corporation entitled to vote. In this case, the shareholder or his/her proxy is required to submit the letter of attorney to this corporation at each general meeting of shareholders.</p> <p style="text-align: center;">Chapter 4 Directors and Board of Directors</p> <p>(Election) Article 15</p> <p>1) The directors shall be elected at the general meeting of the shareholders.</p> <p>2) Resolutions for the election under the preceding paragraph shall be adopted by a majority of the votes of the shareholders present who hold shares representing one-third or more of the voting shares out of the total number of issued and outstanding shares.</p> <p>3) The directors shall not be elected by cumulative voting.</p> <p>(Term of Office) Article 16</p> <p>1) The term of office of the directors shall expire at the close of the ordinary general meeting of shareholders relating to the last accounts-closing date to occur within two years after assumption of office.</p> <p>2) In case a part of the director is elected for a reason of filling vacancies or increasing the number of directors, the term of office of such directors shall be the unexpired portion of the term of directors who continue in office.</p>	<p>(Method of Adopting Resolutions) <u>Article 17</u></p> <p>1) Unless otherwise provided by laws, ordinances or by these articles of incorporation, resolutions of a general meeting of shareholders shall be adopted by a majority of the votes of the shareholders <u>with exercisable voting rights</u> present.</p> <p>2) Resolutions on matters stipulated in <u>Paragraph 2, Article 309 of the Company Code</u> shall be adopted through a concurring vote of two-thirds or more of the shareholders present who hold shares representing one-third or more of <u>the total number of the shares with exercisable voting rights</u>.</p> <p>(Voting by Proxy) <u>Article 18</u></p> <p>A shareholder may exercise his/her voting rights by <u>appointing a single proxy, who is also a shareholder of the corporation and</u> entitled to vote. In this case, the shareholder or his/her proxy is required to submit the letter of attorney to this corporation at each general meeting of shareholders.</p> <p style="text-align: center;">Chapter 4 Directors and Board of Directors</p> <p>(Election) <u>Article 19</u></p> <p>1) (Same as Present Text)</p> <p>2) Resolutions for the election under the preceding paragraph shall be adopted by a majority of the votes of the shareholders present who hold shares representing one-third or more of <u>the total number of the shares with exercisable voting rights</u>.</p> <p>3) (Same as Present Text)</p> <p>(Term of Office) <u>Article 20</u></p> <p>1) The term of office of the directors shall expire at the close of the ordinary general meeting of shareholders relating to the last <u>business term ending within one year after their election to the office</u>.</p> <p>(Same as Present Text)</p>

Current Articles of Incorporation	Proposed Amendments
<p>(Election of Representative Directors) Article 17 The representative directors shall be appointed by resolution of the board of directors.</p>	<p><u>(Representative Directors and Officer Directors)</u> <u>Article 21</u> 1) <u>The board of directors shall, by resolution, elect representative directors.</u> 2) <u>The board of directors may, by resolution, appoint from among the directors one chairman, one president, and a number of vice presidents, senior managing directors and managing directors, respectively.</u></p>
<p>(Election of Officer Directors) Article 18 The board of directors may, by resolution, appoint from among the directors one chairman, one president, and a number of vice presidents, senior managing directors and managing directors, respectively.</p>	<p>(Deleted)</p>
<p>(Convener of Board of Directors Meeting) Article 19 The board of directors meeting shall be convened by the chairman of the board of directors. In case the position of chairman of the board of directors is vacant or the person in that position is unable to act, the president-director shall convene the board of directors meeting. In case the person in the position of president-director is unable to act, another director, determined in accordance with the order designated in advance by the board of directors, shall convene the meeting.</p>	<p>(Convener of Board of Directors Meeting) <u>Article 22</u> (Same as Present Text)</p>
<p>(Notification of Convocation of Board of Directors Meeting) Article 20 A notice of convocation of the board of directors meeting shall be sent to each director and each auditor at least three days in advance of the date of the meeting; provided, however, that this period may be shortened in case of urgent necessity.</p>	<p>(Notification of Convocation of Board of Directors Meeting) <u>Article 23</u> (Same as Present Text)</p>
<p>(Rules of Board of Directors Meeting) Article 21 Matters concerning the board of directors meeting other than those stipulated in these articles of incorporation shall be stipulated in the rules of the board of directors.</p>	<p><u>(Resolutions of the Board of Directors Deemed to Have Been Made)</u> <u>Article 24</u> <u>When the conditions under Article 370 of the Company Code are met, this corporation shall deem that there was a resolution of the board of directors with respect to matters to be resolved upon by the board of directors.</u></p>
<p>(Rules of Board of Directors Meeting) Article 21 Matters concerning the board of directors meeting other than those stipulated in these articles of incorporation shall be stipulated in the rules of the board of directors.</p>	<p>(Rules of Board of Directors Meeting) <u>Article 25</u> <u>Matters concerning the board of directors meeting shall be governed by the rules established by the board of directors, in addition to relevant laws and regulations and the present articles of incorporation.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>(Remuneration and Retirement Allowances) Article 22 The remuneration and retirement allowances for directors shall be determined by resolution of the general meeting of shareholders.</p>	<p><u>(Remuneration etc.)</u> <u>Article 26</u> <u>The remuneration, bonuses and other financial benefits to be provided by this corporation to directors as compensation for their performance of duties (hereinafter, collectively referred to as “remuneration, etc.”) shall be determined by resolution of the general meeting of shareholders.</u></p> <p><u>(Exemption of Directors from Liabilities)</u> <u>Article 27</u> 1) <u>This corporation may, by resolution of the board of directors and pursuant to the provisions of Paragraph 1, Article 426 of the Company Code, exempt directors (including former directors) from their liabilities for damages caused by their negligence to the extent permitted by laws and regulations.</u> 2) <u>This corporation may, pursuant to the provisions of Paragraph 1, Article 427 of the Company Code, conclude agreements with outside directors to limit their liabilities for damages caused by their negligence; provided however, that the amount of limited liability under the agreements shall not fall below the minimum liability as stipulated by relevant laws and regulations.</u></p>
<p>(Appointment of Advisors) Article 23 The board of directors may appoint advisors by resolution.</p>	<p>(Appointment of Advisors) <u>Article 28</u> (Same as Present Text)</p>
<p>Chapter 5 Auditors and Board of Auditors</p>	<p>Chapter 5 Auditors and Board of Auditors</p>
<p>(Election) Article 24 1) The auditors shall be elected at the general meeting of the shareholders. 2) Resolutions for the election under the preceding paragraph shall be adopted by a majority of the votes of the shareholders present who hold shares representing one-third or more of the voting shares out of the total number of issued and outstanding shares.</p>	<p>(Election) <u>Article 29</u> 1) (Same as Present Text) 2) Resolutions for the election under the preceding paragraph shall be adopted by a majority of the votes of the shareholders present who hold shares representing one-third or more <u>of the total number of the shares with exercisable voting rights.</u></p>
<p>(Term of Office) Article 25 1) The term of office of the auditors shall expire at the close of the ordinary general meeting of shareholders relating to the last accounts-closing date to occur within four years after assumption of office. 2) In case a part of the auditor is elected for a reason of filling vacancies of auditors, the term of office of such auditors shall be the unexpired portion of the term of auditors who resigned.</p>	<p>(Term of Office) <u>Article 30</u> 1) The term of office of the auditors shall expire at the close of the ordinary general meeting of shareholders relating to the last <u>business term ending within four years after their election to the office.</u> 2) (Same as Present Text)</p>

Current Articles of Incorporation	Proposed Amendments
<p>(Election of Full-Time and Standing Auditors) Article 26</p> <p>1) The full-time auditors shall be appointed by mutual vote of the auditors.</p> <p>2) The standing auditors may be appointed by mutual vote of the auditors.</p>	<p><u>(Standing Statutory Auditors and Standing Auditors)</u> <u>Article 31</u></p> <p><u>1) The board of auditors shall, by resolution, elect standing statutory auditors.</u></p> <p><u>2) The board of auditors may, by resolution, appoint standing auditors.</u></p>
<p>(Notification of Convocation of Board of Auditors Meeting) Article 27</p> <p>A notice of convocation of the board of auditors meeting shall be sent to each auditor at least three days in advance of the date of the meeting; provided, however, that this period may be shortened in case of urgent necessity.</p>	<p>(Notification of Convocation of Board of Auditors Meeting) <u>Article 32</u> (Same as Present Text)</p>
<p>(Rules of Board of Auditors Meeting) Article 28</p> <p>Matters concerning the board of auditors meeting other than those stipulated in these articles of incorporation shall be stipulated in the rules of the board of auditors.</p>	<p>(Rules of Board of Auditors Meeting) <u>Article 33</u></p> <p>Matters concerning the board of auditors meeting <u>shall be governed by the rules established by the board of auditors in addition to relevant laws and regulations and the present articles of incorporation.</u></p>
<p>(Remuneration and Retirement Allowances) Article 29</p> <p>The remuneration and retirement allowances for auditors shall be determined by resolution of the general meeting of shareholders.</p>	<p><u>(Remuneration etc.)</u> <u>Article 34</u></p> <p>The remuneration, <u>etc.</u> for auditors shall be determined by resolution of the general meeting of shareholders.</p>
	<p><u>(Exemption of Auditors from Liabilities)</u> <u>Article 35</u></p> <p><u>1) This corporation may, by resolution of the board of directors and pursuant to the provisions of Paragraph 1, Article 426 of the Company Code, exempt auditors (including former auditors) from their liabilities for damages caused by their negligence to the extent permitted by laws and regulations.</u></p> <p><u>2) This corporation may, pursuant to the provisions of Paragraph 1, Article 427 of the Company Code, conclude agreements with outside auditors to limit their liabilities for damages caused by their negligence; provided however, that the amount of limited liability under the agreements shall not fall below the minimum liability as stipulated by relevant laws and regulations.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">Chapter 6 Accounts</p> <p>(Business Term and Accounts-Closing Date) Article 30 The business term of this corporation shall commence with January 1 and end with December 31 in each year, and December 31 shall be the accounts-closing date.</p> <p>(Payment of Dividends to Shareholders) Article 31 Dividends to shareholders shall be paid to the shareholders or registered pledgees listed in the shareholders register or the actual shareholders register as of each accounts-closing date.</p> <p>(Interim Dividends) Article 32 The company may, by resolution of the board of directors, pay interim dividends (meaning the distribution of money under the provisions of Article 293-5 of the Commercial Code; the same applies hereinafter) to the shareholders or registered pledgees listed in the shareholders register or the actual shareholders register as of June 30 each year.</p>	<p style="text-align: center;"><u>Chapter 6 Accounting Auditor</u></p> <p>(Election) <u>Article 36</u> <u>The accounting auditor shall be elected at the general meeting of the shareholders.</u></p> <p>(Term of Office) <u>Article 37</u> <u>1) The term of office of the accounting auditor shall expire at the close of the ordinary general meeting of shareholders relating to the last business term ending within one year after his/her election to the office.</u> <u>2) If no resolution is made at the ordinary general meeting of shareholders under the preceding paragraph, the accounting auditor shall be deemed to have been re-elected at the ordinary general meeting of shareholders.</u></p> <p style="text-align: center;"><u>Chapter 7 Accounts</u></p> <p>(Business Term) <u>Article 38</u> The business term of this corporation shall be <u>one year commencing with January 1 and ending with December 31 in each year.</u></p> <p>(Record Date for Appropriation of Surplus) <u>Article 39</u> <u>1) The record date for the term-end dividend shall be December 31 in each year.</u> <u>2) The record date for the interim dividend shall be June 30 in each year.</u></p> <p>(Payment of <u>Term-end Dividends</u>) <u>Article 40</u> <u>Term-end dividends shall be paid to the shareholders or registered pledgees listed in the shareholders register as of the record date.</u></p> <p>(Payment of <u>Interim Dividends</u>) <u>Article 41</u> The company may, by resolution of the board of directors, pay interim dividends (meaning the distribution of <u>surplus under the provisions of Paragraph 5, Article 454 of the Company Code</u>) to the shareholders or registered pledgees listed in the shareholders register <u>as of the record date.</u></p>

Current Articles of Incorporation	Proposed Amendments
(Period of Limitations in Respect of Dividends, etc.) Article 33 1) This corporation shall be relieved of the obligation to pay any dividends to shareholders and interim dividends after expiration of three full years from the day on which such dividends became due and payable. 2) Dividends to shareholders and interim dividends shall carry no interest.	(Period of Limitations in Respect of <u>Appropriation of Surplus</u>) <u>Article 42</u> 1) <u>In the case of cash dividends and if those dividends are not received for three full years from the day on which such dividends became due and payable, this corporation shall be relieved of the obligation to pay such dividends.</u> 2) Dividends <u>under the preceding paragraph</u> shall carry no interest.

Proposal No. 3: Election of Eleven Directors

The term of office of all the eleven Directors is to expire at the close of this ordinary general meeting of shareholders. The Company therefore proposes election of eleven directors based on the following list of candidates.

Candidate No.	Name (Date of Birth)	Personal History, Positions at the Company, and Representation of Other Organizations	Number of Shares of the Company Held
1.	Mitsuo Ohashi (January 18, 1936)	March 1959 Joined The Mitsui Bank Limited December 1961 Joined the Company March 1989 Director; General Manager, Corporate Planning Department March 1993 Managing Director March 1995 Senior Managing Director March 1997 President January 2005 Representative Director and Chairman of the Board of Directors (up to the present) Representation of Other Organizations: Chairman, Association for the Progress of New Chemistry	199,000 shares
2.	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 and Representative Director, Montell SDK Sunrise Ltd. January 2001 Executive Vice President and Representative Director, 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 (up to the present)	123,000 shares

Candidate No.	Name (Date of Birth)	Personal History, Positions at the Company, and Representation of Other Organizations	Number of Shares of the Company Held
3.	Yasumasa Sasaki (May 16, 1942)	<p>April 1968 Joined the Company</p> <p>March 1995 Councillor; HD Plant Manager, Electronics Business Headquarters</p> <p>March 1997 Director; HD Plant Manager, Electronics Business Headquarters</p> <p>June 1997 Director; General Manager, HD R&D Center, Electronics Business Headquarters</p> <p>March 1999 Director; General Manager, HD Division, Electronics Sector</p> <p>March 2001 Corporate Officer; General Manager, HD Division, Electronics Sector</p> <p>October 2003 Managing Corporate Officer; Deputy Executive Officer, Technology Headquarters</p> <p>March 2004 Senior Managing Director, Executive Officer, Technology Headquarters</p> <p>January 2006 Senior Managing Director, Executive Officer, Electronics Sector</p> <p>January 2007 Representative Director and Executive Vice Presidential Corporate Officer (up to the present)</p>	53,000 shares
4.	Tatsuo Sato (August 10, 1946)	<p>April 1969 Joined the Company</p> <p>October 1995 General Manager, Petrochemicals Administration and Planning Department</p> <p>March 1999 General Manager, Corporate Planning Department</p> <p>June 1999 Councillor; General Manager, Corporate Planning Department</p> <p>March 2000 Councillor; General Manager, Corporate Strategy Department</p> <p>March 2001 Director; General Manager, Corporate Strategy Department</p> <p>March 2002 Managing Director; General Manager, Corporate Strategy Department.</p> <p>May 2003 Managing Director</p> <p>March 2004 Senior Managing Director; Executive Officer, Aluminum Sector</p> <p>January 2007 Director; Senior Managing Corporate Officer; Executive Officer, Aluminum Sector (up to the present)</p> <p>Representation of Other Organizations: Chairman, the Japan Aluminum Association</p>	86,000 shares
5.	Norikuni Imoto (August 20, 1945)	<p>April 1968 Joined the Company</p> <p>March 1997 General Manager, General Affairs Department</p> <p>June 1997 Councillor; General Manager, General Affairs Department</p> <p>March 2000 Director; Executive Officer, Corporate Relations Center</p> <p>March 2004 Managing Director; Executive Officer, Corporate Relations Center</p> <p>January 2006 Managing Director</p> <p>January 2007 Director; Senior Managing Corporate Officer; Chief Risk Management Officer (CRO), in charge of Audit, General Affairs, Legal, CSR, and Purchasing Offices (up to the present)</p>	55,000 shares

Candidate No.	Name (Date of Birth)	Personal History, Positions at the Company, and Representation of Other Organizations	Number of Shares of the Company Held
6.	Koji Kudo (July 22, 1944)	<p>April 1973 Joined the Company</p> <p>May 1999 Councillor; Tokuyama Plant Manager</p> <p>March 2000 Councillor; General Manager, Tokuyama Plant, Organic Chemicals Division, Petrochemicals Sector</p> <p>March 2002 Corporate Officer; Oita Complex Representative, Petrochemicals Sector</p> <p>March 2004 Managing Corporate Officer; Oita Complex Representative, Petrochemicals Sector</p> <p>January 2006 Managing Corporate Officer; Executive Officer, Technology Headquarters</p> <p>March 2006 Managing Director; Executive Officer, Technology Headquarters</p> <p>January 2007 Director; Managing Corporate Officer; Chief Technology Officer (CTO); Executive Officer, Technology Headquarters (up to the present)</p>	29,000 shares
7.	Tetsuo Tamada (November 15, 1945)	<p>April 1969 Joined Showa Aluminum Corp.</p> <p>June 2000 General Manager, Corporate Planning Department, Showa Aluminum Corp.</p> <p>March 2001 Councillor; General Manager, Planning Department, Inorganic Materials Sector</p> <p>March 2002 Corporate Officer; General Manager, Planning Department, Inorganic Materials Sector</p> <p>January 2003 Corporate Officer; General Manager, Carbons & Metallic Materials Division, Inorganic Materials Sector</p> <p>March 2004 Director; Executive Officer, Inorganic Materials Sector</p> <p>January 2006 Managing Director; Executive Officer, Inorganics Sector</p> <p>January 2007 Director; Managing Corporate Officer; Executive Officer, Inorganics Sector (up to the present)</p> <p>Representation of Other Organizations: Chairman, Showa Denko Carbon, Inc. President, MEFS Co., Ltd.</p>	35,000 shares
8.	Ichiro Nomura (August 6, 1948)	<p>July 1971 Joined the Company</p> <p>March 2001 Councillor; General Manager, Planning Department, Aluminum Materials Sector</p> <p>March 2003 Councillor; General Manager, Planning Department, Aluminum Sector</p> <p>March 2004 Corporate Officer; General Manager, Planning Department, Aluminum Sector</p> <p>January 2005 Corporate Officer</p> <p>March 2005 Director</p> <p>January 2007 Director; Corporate Officer; Chief Financial Officer (CFO), in charge of Corporate Strategy, Human Resources, IR & PR, Accounting, Finance, and Information Systems offices (up to the present)</p>	34,000 shares

Candidate No.	Name (Date of Birth)	Personal History, Positions at the Company, and Representation of Other Organizations	Number of Shares of the Company Held
9.	Shinji Sakai (September 18, 1947)	<p>July 1971 Joined the Company</p> <p>March 2000 General Manager, Planning Department, Electronics Sector</p> <p>March 2002 Councillor; General Manager, Planning Department, Electronics Sector</p> <p>March 2004 Corporate Officer; General Manager, Planning Department, Electronics Sector</p> <p>January 2005 Corporate Officer; Deputy Executive Officer, Electronics Sector</p> <p>March 2005 Director; Deputy Executive Officer, Electronics Sector</p> <p>January 2007 Director; Corporate Officer; Executive Officer, Electronics Sector (up to the present)</p>	66,000 shares
10.	* Toshio Ohi (September 24, 1946)	<p>June 1970 Joined the Company</p> <p>April 1998 General Manager, Manufacturing Department, Kawasaki Plant</p> <p>June 1999 Councillor; General Manager, Manufacturing Department, Kawasaki Plant</p> <p>March 2000 Councillor; General Manager, Kawasaki Plant, Gases & Chemicals Division, Chemicals Sector</p> <p>July 2002 Councillor; General Manager, Production Technology Department, Technology Headquarters</p> <p>March 2003 Corporate Officer; General Manager, Production Technology Department, Technology Headquarters</p> <p>March 2004 Corporate Officer; Deputy Executive Officer, Technology Headquarters</p> <p>January 2006 Corporate Officer; General Manager, Chemicals Production Center, Chemicals Sector</p> <p>January 2007 Corporate Officer; Executive Officer, Chemicals Sector (up to the present)</p> <p>Representation of Other Organizations: Chairman, Taiwan Showa Chemicals Manufacturing Co., Ltd. President, Union Helium Co., Ltd.</p>	15,000 shares
11.	* Takashi Miyazaki (October 28, 1950)	<p>April 1974 Joined the Company</p> <p>March 2001 General Manager, Olefins Division, Petrochemicals Sector</p> <p>March 2004 Corporate Officer; General Manager, Olefins and Organic Chemicals divisions, Petrochemicals Sector</p> <p>January 2007 Corporate Officer; Executive Officer, Petrochemicals Sector (up to the present)</p> <p>Representation of Other Organizations: President, Japan Ethyl Acetate Co., Ltd. President, SDK Sunrise Investment Co., Ltd. President, Japan Polyolefins Co., Ltd.</p>	22,000 shares

Note: None of the candidates for the Directors have any special interest in the Company.

The names with asterisks denote candidates for new appointment as Directors.

Proposal No. 4: Election of One Auditor

The term of office of Minoru Kiyono, Auditor, is to expire at the close of this ordinary general meeting of shareholders. The Company therefore proposes election of one auditor.

As to this proposal, approval from the Board of Auditors has been obtained.

The candidate for Auditor is as listed below:

Name (Date of Birth)	Personal History, Positions at the Company, and Representation of Other Organizations		Number of Shares of the Company Held
Minoru Kiyono (December 30, 1940)	April 1963	Joined the Company	79,000 shares
	March 1987	General Manager, Technology Department, Kawasaki Plant	
	August 1989	General Manager, Technology Department, Oita Plant	
	March 1991	Councillor; General Manager, Technology Department, Oita Plant	
	March 1994	Councillor; Plant Manager, Higashinagahara Plant	
	June 1996	Councillor; Plant Manager, Chichibu Plant	
	March 1997	Director; Plant Manager, Chichibu Plant	
	March 1999	Director; General Manager, Electronics Materials Division, Electronics Sector	
	March 2000	Managing Director; Executive Officer, Electronics Sector	
	March 2003	Standing Auditor	
January 2007	Standing Statutory Auditor (up to the present)		

Note: The above candidate for Auditor does not have any special interest in the Company.