

NEWS RELEASE

*SHOWA DENKO K.K.
HOYA CORPORATION*

September 30, 2008

SDK and HOYA to Consolidate HD Media Operations

Showa Denko K.K. (SDK) and Hoya Corporation (HOYA) have reached basic agreement to consolidate their hard disk (HD) media operations by establishing a joint venture in January 2009. The joint venture, to be owned about 75% by SDK and about 25% by HOYA, will manage the consolidated operations. SDK and HOYA will announce other details of the joint venture as soon as they are worked out.

SDK will contribute its aluminum- and glass-based HD media and aluminum substrate operations and HOYA its glass-based HD media operations. The joint venture will perform R&D, production, marketing, sale and customer support functions to serve the world HD media market, and will have annual sales of around ¥180 billion. HOYA will continue its glass substrate operation on its own.

The HD market is expected to continue growing at high rates, centering on notebook PCs and digital electric appliances. Storage capacity of HD media will also continue to increase substantially. Thus, independent HD media suppliers need to promote R&D of next-generation magnetic recording technologies and to speedily provide next-generation products to hard disk drive manufacturers.

Under the circumstances, SDK and HOYA decided to combine their respective strengths and increase operational efficiency as a means to further expand their operations in the changing environment. Specifically, the two companies aim to develop new HD media products with higher storage capacity through concerted efforts and to increase the efficiency of their operation sites in Japan and overseas (totaling five).

Through these efforts, SDK and HOYA will aim to meet customer expectations by speedily launching advanced products and ensuring timely and efficient production. At the same time, SDK and HOYA will aim to ensure sound growth of their HD media business and strengthen competitiveness in a sustainable manner.

[Profile of the joint venture]

Establishment: Scheduled for January 2009

Ownership: SDK (approx. 75%); HOYA (approx. 25%)

Scope of business: Development, production and sale of HD media and aluminum substrates

Annual sales: Approx. ¥180 billion (A total of the two companies' relevant sales in calendar year 2007)

(Other details will be announced as soon as they are worked out.)

Schedules:

A definitive agreement will be concluded in the middle of November 2008.

The joint venture will be established by the end of January 2009.

Influence on business results:

For SDK: The planned consolidation will have no influence on SDK's business results for 2008 as its accounts are settled at December 31. As for 2009 and thereafter, SDK will present performance forecast depending on the progress of consolidation.

For HOYA: As the new joint venture will become an affiliate to which the equity method is applied, HOYA's consolidated net sales and profit in the fourth quarter (January-March 2009) pertaining to the relevant business are expected to decline compared with the same period of the last fiscal year. HOYA is scheduled to announce its performance forecast when it discloses its third quarter results. At that time, HOYA will announce performance forecast in consideration of the influence of the establishment of the joint venture.

[Outline of the two companies]

	Showa Denko K.K.	Hoya Corporation
Head office	13-9, Shiba Daimon 1-chome, Minato-ku, Tokyo 105-8518	7-5, Naka-Ochiai 2-chome, Shinjuku-ku, Tokyo 161-8525
Representative	Kyohei Takahashi, President and CEO	Hiroshi Suzuki, President and CEO
Establishment	June 1939	November 1941
Settlement of accounts	December 31	March 31
Capital	¥121,904 million (as of December 31, 2007)	¥6,264 million (as of March 31, 2008)
Total assets	¥1,029,629 million (consolidated, as of December 31, 2007)	¥689,443 million (consolidated, as of March 31, 2008)
Net sales	¥1,023,238 million (consolidated, for the fiscal year ended December 31, 2007)	¥481,631 million (consolidated, for the fiscal year ended March 31, 2008)
Employees	11,329 (consolidated) 3,835 (parent) (as of December 31, 2007)	35,545 (consolidated) 5,205 (parent) (as of March 31, 2008)

For further information, contact:

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