

NEWS RELEASE

SHOWA DENKO K.K.

13-9, Shiba Daimon 1-chome
Minato-ku, Tokyo 105-8518

November 6, 2008

SDK Revises Forecast for 2008 Performance and Dividend

Showa Denko K.K. (SDK) has revised its performance forecast for full-year 2008 and its dividend forecast at term-end from the figures announced on August 7, 2008 in view of the recent economic conditions and fluctuations in foreign currency exchange rates. In particular, following the sharp drop in naphtha prices, the high-cost naphtha inventory as of the end of September will cause a substantial reduction in profit in the October-December period.

Revision of performance forecast for full-year 2008

[Revised performance forecast for Jan. 1 – Dec. 31, 2008]

Consolidated basis (Millions of yen; %)

	Net sales	Operating income	Ordinary income	Net income
Earlier forecast (A) (Announced on Aug. 7, 2008)	1,120,000	59,000	46,500	28,000
Revised forecast (B)	1,050,000	34,000	20,500	10,000
(B) – (A)	- 70,000	- 25,000	- 26,000	- 18,000
Percentage of changes	- 6.3%	- 42.4%	- 55.9%	- 64.3%
2007 results	1,023,238	76,671	59,989	33,066

Non-consolidated basis (Millions of yen; %)

	Net sales	Operating income	Ordinary income	Net income
Earlier forecast (A) (Announced on Aug. 7, 2008)	795,000	39,000	33,000	22,500
Revised forecast (B)	720,000	18,500	11,000	6,500
(B) – (A)	- 75,000	- 20,500	- 22,000	- 16,000
Percentage of changes	- 9.4 %	- 52.6%	- 66.7%	- 71.1%
2007 results	709,642	48,756	43,490	22,289

[Revised dividend forecast for Jan. 1 – Dec. 31, 2008]

	Dividend per share		
	Half-year	Term-end	Full-year
Earlier forecast (A) (Announced on Aug. 7, 2008)	--	¥6.0	¥6.0
Revised forecast (B)	--	¥5.0	¥5.0
(B) – (A)	--	- ¥1.0	- ¥1.0
2007 results	--	¥5.0	¥5.0

[Reasons for the revision]

Revision of consolidated performance forecast for full-year 2008

In view of the recent changes in economic conditions—slowdown at home and abroad triggered by the financial crisis, sharp declines in raw materials/fuel costs, and sharp appreciation of the yen against the U.S. dollar—, we have reviewed and revised our performance forecast for full-year 2008. As a basis for this revision, we now assume that the exchange rate will be ¥100 to the U.S. dollar and the domestic naphtha price will be ¥50,000 per kiloliter in the October-December, 2008 period.

Compared with the earlier forecast, we expect decreased sales of olefins due to the fall in selling prices, reflecting sharp declines in feedstock costs. Sales of the Electronics segment will decrease as the shipment volume of aluminum-based HD media for desktop PC applications will fall short of our earlier expectations, notwithstanding solid demand for glass-based HD media. Sales of the Aluminum and Other segment will decrease due to the fall in metal prices and lower shipment volumes of ingots and extrusions.

Following the sharp drop in naphtha prices, the high-cost naphtha inventory as of the end of September will cause a temporary but substantial reduction in operating income of the Petrochemicals segment, centering on the olefins business, in the October-December period. Operating income from the acetic acid business will also fall, reflecting the slowdown in the customer industry. Operating income of the Electronics segment will be affected by lower shipment volumes of aluminum-based HD media for desktop PC applications. In the segment of Aluminum and Other, operating income will decrease owing to the fall in demand from the automotive and construction industries.

Ordinary income and net income figures have also been revised following the revision of operating income forecast.

Revision of dividend forecast

While we earlier made a forecast that the term-end dividend would be ¥6.0 per share, we have revised the forecast, to ¥5.0 per share (the same as the actual dividend payment in 2007), in view of the revision in the consolidated performance forecast.

(Reference)

[Forecast of full-year net sales and operating income, by segment]
Consolidated basis (Billions of yen)

		Jan. – Dec. 2008			2007 results
		Earlier forecast (Announced on Aug. 7)	Revised forecast (Announced on Nov. 6)	Increase/ decrease	
Petrochemicals	Sales	470.0	415.0	- 55.0	395.1
	O.I.	13.0	2.5	- 10.5	19.6
Chemicals	Sales	95.0	100.0	5.0	84.7
	O.I.	8.0	6.5	- 1.5	7.4
Electronics	Sales	215.0	205.0	- 10.0	201.0
	O.I.	20.0	12.0	- 8.0	25.8
Inorganics	Sales	90.0	90.0	0.0	84.6
	O.I.	21.0	18.5	- 2.5	20.9
Aluminum	Sales	250.0	240.0	- 10.0	257.8
	O.I.	3.5	1.0	- 2.5	8.0
HQ costs and other	Sales	0	0	0	0
	O.I.	- 6.5	- 6.5	0.0	- 5.1
Total	Sales	1,120.0	1,050.0	- 70.0	1,023.2
	O.I.	59.0	34.0	- 25.0	76.7

Note:

The above forecast is based on the information available as of today and assumptions as of today regarding risk factors that could affect our future performance. Please note that actual results may differ materially from the forecast due to a variety of factors, including changes in economic conditions, prices of raw materials such as naphtha, demand for products, market conditions, and fluctuations in foreign currency exchange rates. The foregoing list of factors is not inclusive.

For further information, contact:
IR & PR Office (Phone: 81-3-5470-3235)