

NEWS RELEASE

SHOWA DENKO K.K.

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

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SDK Announces Revised Performance Forecast for 2009

Showa Denko K.K. (SDK) has revised its earlier forecast of consolidated business results for 2009 announced on July 30, in view of the recent business trends.

[Revised performance forecast for Jan. 1 – Dec. 31, 2009]

Consolidated basis (Millions of yen, excepting net income per share)

	Net sales	Operating income	Ordinary income	Net income	Net income per share* (¥)
Earlier forecast (A) (Announced on July 30, 2009)	670,000	- 17,000	- 34,500	- 46,500	- 37.27
Revised forecast (B) (Announced on Dec. 8, 2009)	680,000	- 8,000	- 26,500	- 41,500	- 32.16
(B) - (A)	10,000	9,000	8,000	5,000	---
Percentage of changes	1.5%	---	---	---	---
2008 results	1,003,876	26,792	9,793	2,451	1.96

Note: The figure for net income per share in the revised forecast reflects the increase in the number of outstanding shares due to the issuance of new shares by public offering, etc. (announced on September 29, 2009) and the share exchange agreement with Showa Tansan Co., Ltd. (announced on September 29, 2009 and to be implemented on December 24, 2009). As for the share exchange, it is assumed that new shares will be issued in accordance with the plan announced on that day. The figure for net income per share in the earlier forecast was based on the expected average of the outstanding shares in 2009.

[Reasons for the revision of consolidated performance forecast]

Actual results for the third quarter (July – September) were better than our earlier assumptions. Furthermore, our performance is continuing to recover in the fourth quarter (October – December). We accordingly expect improvements in net sales, operating income, ordinary income and net income as compared with the earlier forecast.

Profit levels will improve in all business segments. In the Electronics segment, shipment volumes of hard disk media will be higher than expectations because of the increase in demand. In the Inorganics segment, shipment volumes of graphite electrodes will slightly exceed expectations. The Aluminum & Other segment will also record better results, because capacity utilization in the customer industries is gradually improving and reaching higher-than-expected levels, and because our own cost reduction efforts are bearing fruit.

(Reference)

[Forecast of net sales and operating income for full-year 2009, by segment]

Consolidated basis (Billions of yen)

		Jan. – Dec. 2009			2008 results
		Earlier forecast (Announced on July 30)	Revised forecast (Announced on Dec. 8)	Increase/ decrease	
Petrochemicals	Sales	235.0	233.0	- 2.0	400.2
	O.I.	6.5	7.5	1.0	- 1.3
Chemicals	Sales	96.0	95.0	- 1.0	93.3
	O.I.	- 0.5	0.5	1.0	5.3
Electronics	Sales	122.0	127.0	5.0	188.8
	O.I.	- 15.0	- 11.0	4.0	9.3
Inorganics	Sales	47.0	53.0	6.0	88.8
	O.I.	2.0	3.5	1.5	19.2
Aluminum & Other	Sales	170.0	172.0	2.0	232.8
	O.I.	- 6.5	- 5.0	1.5	- 0.2
HQ costs and other	Sales	0	0	0	0
	O.I.	- 3.5	- 3.5	0	- 5.5
Total	Sales	670.0	680.0	10.0	1,003.9
	O.I.	- 17.0	- 8.0	9.0	26.8

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. Actual results may differ materially from the forecast due to a variety of risk factors, including, but not limited to, the economic conditions, costs of naphtha and other raw materials, demand for our products, market conditions, and foreign exchange rates.

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