

# NEWS RELEASE

SHOWA DENKO K.K.

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

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## SDK to Increase Dividends

Showa Denko K.K. (SDK) decided at today's board meeting to revise its forecast of annual dividend for 2006 from ¥3 per share to ¥4 per share. SDK also decided to revise its performance forecast for the full-year of 2006 upward in view of the latest business trends.

Consolidated net sales for 2006 are expected to increase 0.6% from the earlier forecast (announced on June 22, 2006), to ¥900 billion, while consolidated operating income is expected to increase 2.3%, to ¥67.5 billion.

The upward revision in net sales forecast is due mainly to higher selling prices in the Petrochemicals segment, reflecting a rise in feedstock cost. Meanwhile, operating income in the Aluminum segment is expected to increase as the rise in aluminum ingot price will be passed on to the selling prices, except for certain product lines. Furthermore, the Petrochemicals and Inorganics segments recorded slightly higher operating income in the first half of 2006 compared with the earlier forecast. As a result, overall operating income for the full-year 2006 is expected to increase from the forecast announced on June 22.

Ordinary income and net income will also rise as a result of the increase in operating income.

### [Revised dividend forecast for the year ending December 31, 2006]

	Interim	Year-end	Total
Earlier forecast (A) (Announced on Feb. 9, 2006)	--	¥3.00 per share	¥3.00 per share
Revised forecast (B)	--	¥4.00 per share	¥4.00 per share
Dividend paid for the year ended December 31, 2005	--	¥3.00 per share	¥3.00 per share

### [Revised performance forecast for Jan. 1 – Dec. 31, 2006]

Consolidated basis (Billions of yen; %)

	Net sales	Operating income	Ordinary income	Net income
Earlier forecast (A) (Announced on June 22, 2006)	895.0	66.0	54.0	25.0
Revised forecast (B)	900.0	67.5	56.0	26.5
(B) – (A)	5.0	1.5	2.0	1.5
Percentage of increase	0.6%	2.3%	3.7%	6.0%
2005 results	811.9	57.2	47.0	15.6

Non-consolidated basis (Billions of yen; %)

	Net sales	Operating income	Ordinary income	Net income
Earlier forecast (A) (Announced on June 22, 2006)	635.0	35.5	27.5	13.0
Revised forecast (B)	635.0	37.0	29.5	14.0
(B) – (A)	0	1.5	2.0	1.0
Percentage of increase	0.0%	4.2%	7.3%	7.7%
2005 results	568.1	36.0	35.0	1.0

[Reference]

Expected net sales and operating income by segment

(Jan. 1- Dec. 31, 2006) (Consolidated basis; Billions of yen)

		Revised forecast (Aug. 8)	Earlier forecast (June 22)	Increase (Decrease)	Actual results for 2005
Petrochemicals	Net sales	325.0	320.0	5.0	301.2
	Operating income	15.5	15.0	0.5	21.8
Chemicals	Net sales	80.0	80.0	0	74.0
	Operating income	5.0	5.5	(0.5)	4.7
Electronics	Net sales	165.0	165.0	0	133.9
	Operating income	32.0	32.0	0	19.7
Inorganics	Net sales	70.0	70.0	0	61.9
	Operating income	13.5	13.0	0.5	8.3
Aluminum	Net sales	260.0	260.0	0	240.9
	Operating income	7.0	6.0	1.0	8.3
HQ costs and other	Net sales	0	0	0	0
	Operating income	- 5.5	- 5.5	0	- 5.7
Total	Net sales	900.0	895.0	5.0	811.9
	Operating income	67.5	66.0	1.5	57.2

For more information, contact:

IR & PR Office (Phone: 81-3-5470-3235)