

NEWS RELEASE

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SDK Revises 2005 Full-Year Performance Forecast

Showa Denko K.K. (SDK) has revised its performance forecast for the whole year of 2005. Consolidated net sales for the year are expected to increase 2.5% from the earlier forecast (announced on August 9, 2005), to ¥810 billion, due mainly to higher selling prices of petrochemicals, reflecting a rise in feedstock costs and brisk demand, and increased shipments of hard disk (HD) media.

However, both consolidated operating income and ordinary income will remain unchanged. This is because an increase in profit from the petrochemicals business due to higher market prices will be offset by the delay in raising prices for fabricated aluminum products and others despite the rise in raw material costs.

Meanwhile, consolidated net income is expected to decrease 51.6% from the earlier forecast, to ¥15.0 billion, as a result of an extraordinary loss of ¥32.6 billion. The loss is due to collective amortization of unrecognized transition amounts resulting from the adoption of the new accounting method for employees' retirement benefits.

[Revised performance forecast for Jan. 1 – December 31, 2005]

Consolidated basis

(Billions of yen, %)

	Net sales	Operating income	Ordinary income	Net income
Earlier forecast (A) (Announced on August 9, 2005)	790.0	56.0	46.5	31.0
Revised forecast (B)	810.0	56.0	46.5	15.0
(B) - (A)	20.0	0	0	- 16.0
Percentage of increase (decrease)	2.5%	0.0%	0.0%	- 51.6%
2004 results	740.7	52.1	38.9	7.6

Non-consolidated basis

(Billions of yen, %)

	Net sales	Operating income	Ordinary income	Net income
Earlier forecast (A) (Announced on August 9, 2005)	550.0	34.5	32.5	15.0
Revised forecast (B)	570.0	35.5	34.5	1.0
(B) - (A)	20.0	1.0	2.0	- 14.0
Percentage of increase (decrease)	3.6%	2.9%	6.2%	- 93.3%
2004 results	525.8	44.1	35.2	9.6

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