

# NEWS RELEASE

SHOWA DENKO K.K.

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February 8, 2007

## SDK Revises Performance Forecast for 2006

Showa Denko K.K. (SDK) has revised its performance forecast for the year 2006. Consolidated net sales for the year are expected to increase 1.6% from the earlier forecast (announced on August 8, 2006), to ¥914.5 billion, and consolidated operating income is expected to increase 1.8%, to ¥68.7 billion.

The upward revision in net sales forecast is due mainly to higher selling prices in the Petrochemicals segment, reflecting the rise in costs of naphtha and other feedstock and tight supply of petrochemicals. Meanwhile, the upward revision in operating income forecast is due mainly to steady shipments in the Petrochemicals and Inorganics segments.

Consolidated ordinary income is expected to increase 2.7%, to ¥57.5 billion, reflecting higher operating income and improved balance between interest expense and interest/dividend income. Consolidated net income is expected to increase 8.8% from the earlier forecast, to ¥28.8 billion, reflecting higher ordinary income and improved extraordinary profit/loss balance.

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

Non-consolidated basis (Billions of yen; %)

	Net sales	Operating income	Ordinary income	Net income
Earlier forecast (A) (Announced on Aug. 8, 2006)	6 3 5.0	3 7.0	2 9.5	1 4.0
Revised forecast (B)	6 3 4.7	3 9.6	3 2.9	1 8.8
(B) – (A)	- 0.3	2.6	3.4	4.8
Percentage of increase	- 0. 0%	7. 0%	1 1. 7%	3 4. 3%
2005 results	5 6 8.1	3 6.0	3 5.0	1.0

Consolidated basis (Billions of yen; %)

	Net sales	Operating income	Ordinary income	Net income
Earlier forecast (A) (Announced on Aug. 8, 2006)	9 0 0.0	6 7.5	5 6.0	2 6.5
Revised forecast (B)	9 1 4.5	6 8.7	5 7.5	2 8.8
(B) – (A)	1 4.5	1.2	1.5	2.3
Percentage of increase	1. 6%	1. 8%	2. 7%	8. 8%
2005 results	8 1 1.9	5 7.2	4 7.0	1 5.6

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