

NEWS RELEASE

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SDK to Raise Term-end Dividend; Revises Performance Forecast for Full-Year 2007

Showa Denko K.K. (SDK) at its board meeting today decided that the rate of the term-end dividend for 2007 should be increased from ¥4.00 per share as announced on February 8, 2007, to ¥5.00 per share. This represents a ¥1.00-per-share increase in the term-end dividend from the previous year.

SDK made the decision because its performance for 2007 is expected to improve from the earlier forecast announced on February 8, 2007. Specifically, consolidated net sales for the year 2007 are expected to increase 4.2%, to ¥1,000 billion, while consolidated operating income is expected to increase 1.4%, to ¥74 billion. Consolidated ordinary income will remain unchanged at ¥60.5 billion, but consolidated net income is expected to increase 4.8%, to ¥33.0 billion

The upward revisions in net sales forecast are due mainly to higher selling prices in the Petrochemicals and Aluminum segments, reflecting increases in feedstock costs. Operating income will grow due to better-than-expected first half results in the Petrochemicals and Inorganics segments, reflecting steady demand.

Meanwhile, in the Electronics segment, where shipments of high-storage-capacity hard disk (HD) media based on the perpendicular magnetic recording (PMR) technology are rapidly growing, operating income of the segment is expected to decrease mainly due to sharp increases in costs of target materials for PMR-technology-based HD media.

Consolidated ordinary income will remain unchanged from the earlier forecast due to increases in non-operating expenses as a result of the start-up of the new HD media plant in Singapore. Net income will rise as a result of improvement in the extraordinary profit/loss balance.

[Revised performance forecast for Jan. 1 – Dec. 31, 2007]

Consolidated basis (Billions of yen; %)

	Net sales	Operating income	Ordinary income	Net income
Earlier forecast (A) (Announced on Feb. 8, 2007)	960.0	73.0	60.5	31.5
Revised forecast (B)	1,000.0	74.0	60.5	33.0
(B) – (A)	40.0	1.0	0	1.5
Percentage of increase	4.2%	1.4%	--	4.8%
2006 results	914.5	68.7	57.5	28.8

Non-consolidated basis (Billions of yen; %)

	Net sales	Operating income	Ordinary income	Net income
Earlier forecast (A) (Announced on Feb. 8, 2007)	660.0	44.5	36.5	20.5
Revised forecast (B)	690.0	45.5	40.0	21.0
(B) – (A)	30.0	1.0	3.5	0.5
Percentage of increase	4.5%	2.2%	9.6%	2.4%
2006 results	634.7	39.6	32.9	18.8

[Reference]

Net sales and operating income by segment: Consolidated basis (Billions of yen)

		Earlier forecast (Feb. 8, '07)	Revised forecast (Jan.-Dec. 2007)	Increase (Decrease)	Actual results for 2006 (Jan.-Dec.)
Petrochemicals	Net sales	340.0	380.0	40.0	335.4
	Operating income	17.0	19.0	2.0	16.4
Chemicals	Net sales	80.0	80.0	0	79.2
	Operating income	6.0	6.5	0.5	5.1
Electronics	Net sales	210.0	200.0	(10.0)	165.5
	Operating income	30.0	25.0	(5.0)	28.6
Inorganics	Net sales	80.0	80.0	0	74.3
	Operating income	17.0	19.5	2.5	16.1
Aluminum and other	Net sales	250.0	260.0	10.0	260.1
	Operating income	9.0	9.5	0.5	6.5
HQ costs and other	Net sales	0	0	0	0
	Operating income	- 6.0	- 5.5	0.5	- 3.9
Total	Net sales	960.0	1,000.0	40.0	914.5
	Operating income	73.0	74.0	1.0	68.7

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