

# NEWS RELEASE

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## SDK Revises Performance Forecast for First Half 2008

Showa Denko K.K. (SDK) has revised its performance forecast for the first half of 2008 in view of the recent economic situation involving soaring raw material/fuel costs and the sharp appreciation of the yen against the U.S. dollar. Consolidated net sales for the period are expected to decrease 4.7% from the earlier forecast (announced on February 7, 2008), to ¥510 billion, while consolidated operating income is expected to decrease 27.3%, to ¥24 billion.

The revision in net sales forecast is due to the expected fall in shipment volumes of acetic acid in the Petrochemicals segment, lower quantity of production of hard disk (HD) media in the Electronics segment as a result of the switching of production lines (centering on the first quarter), and the fall in the Aluminum segment's shipment volumes to customers in the construction and automobile industries. Operating income in the Petrochemicals segment is expected to fall due to the impact of higher raw material costs and lower market prices. In the Electronics segment, the said decrease in the quantity of production of HD media and higher raw material costs for HD media production will unfavorably affect the segment's operating income. In the Inorganics segment, operating income will be adversely affected by higher raw material/fuel costs for the ceramics business. Meanwhile, operating income in the Aluminum segment will fall owing to stagnant demand from the construction and automobile industries.

[Revised performance forecast for Jan. 1 – June 30, 2008]

Consolidated basis (Billions of yen; %)

	Net sales	Operating income	Ordinary income	Net income
Earlier forecast (A) (Announced on Feb. 7, 2008)	535.0	33.0	26.0	14.0
Revised forecast (B)	510.0	24.0	16.0	8.5
(B) – (A)	- 25.0	- 9.0	- 10.0	- 5.5
Percentage of changes	- 4.7%	- 27.3%	- 38.5%	- 39.3%
First half, 2007 results	485.1	35.0	27.1	15.1

Non-consolidated basis (Billions of yen; %)

	Net sales	Operating income	Ordinary income	Net income
Earlier forecast (A) (Announced on Feb. 7, 2008)	370.0	19.5	16.0	8.0
Revised forecast (B)	355.0	15.0	12.5	7.5
(B) – (A)	- 15.0	- 4.5	- 3.5	- 0.5
Percentage of changes	- 4.1%	- 23.1%	- 21.9%	- 6.3%
First half, 2007 results	336.7	21.7	20.5	10.5

[Reference]

Forecast of half-year net sales and operating income by segment: Consolidated basis (Billions of yen)

	Petro-chemicals	Chemicals	Electronics	Inorganics	Aluminum	HQ costs and other	Total
Net sales	200.0	40.0	110.0	40.0	120.0		510.0
Operating income	5.5	3.0	9.0	9.0	1.0	- 3.5	24.0

Note 1: The above forecast is based on information available as of today and our assumptions, as of today, about risk factors that could affect our future performance.

Note 2: As for the full-year performance forecast, no new calculations have been made yet.

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