

NEWS RELEASE

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SDK Revises Performance Forecast for 2008

Showa Denko K.K. (SDK) has revised its performance forecast for the first half of 2008 from the figures announced on May 8, 2008. SDK has also revised its performance forecast for full-year 2008 from the figures announced on February 7, 2008 in view of the sharp rises in the raw material/fuel costs and other recent economic trends.

Revision of performance forecast for the first half, 2008

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

Consolidated basis (Millions of yen; %)

	Net sales	Operating income	Ordinary income	Net income
Earlier forecast (A) (Announced on May 8, 2008)	510,000	24,000	16,000	8,500
Revised forecast (B)	510,788	24,626	18,047	11,730
(B) – (A)	788	626	2,047	3,230
Percentage of changes	0.2%	2.6%	12.8%	38.0%
First half, 2007 results	485,127	34,956	27,082	15,070

Non-consolidated basis (Millions of yen; %)

	Net sales	Operating income	Ordinary income	Net income
Earlier forecast (A) (Announced on May 8, 2008)	355,000	15,000	12,500	7,500
Revised forecast (B)	360,243	17,101	15,262	10,129
(B) – (A)	5,243	2,101	2,762	2,629
Percentage of changes	1.5 %	14.0%	22.1%	35.1%
First half, 2007 results	336,743	21,693	20,492	10,508

[Reasons for the revision]

Compared with the earlier forecast, ordinary income for the first half of 2008 improved as non-operating income increased, mainly due to the gain on the sale of inventories. Furthermore, net income improved as a result of reductions in extraordinary losses and tax expenses.

Revision of performance forecast for full-year 2008

As of May 8, when we announced the first revision in the performance forecast for the first half of 2008, we had not made new calculations for the full-year performance forecast. This time, we have made such calculations in view of the sharp rises in the raw material/fuel costs and other recent economic trends.

[Revised performance forecast for Jan. 1 – Dec. 31, 2008]

Consolidated basis (Millions of yen; %)

	Net sales	Operating income	Ordinary income	Net income
Earlier forecast (A) (Announced on Feb. 7, 2008)	1,110,000	79,000	63,500	35,500
Revised forecast (B)	1,120,000	59,000	46,500	28,000
(B) - (A)	10,000	- 20,000	- 17,000	- 7,500
Percentage of changes	0.9%	- 25.3%	- 26.8%	- 21.1%
2007 results	1,023,238	76,671	59,989	33,066

Non-consolidated basis (Millions of yen; %)

	Net sales	Operating income	Ordinary income	Net income
Earlier forecast (A) (Announced on Feb. 7, 2008)	765,000	47,500	38,000	19,500
Revised forecast (B)	795,000	39,000	33,000	22,500
(B) - (A)	30,000	- 8,500	- 5,000	3,000
Percentage of changes	3.9%	- 17.9%	- 13.2%	15.4%
2007 results	709,642	48,756	43,490	22,289

[Reasons for the revision]

Based on the results of the first half and in view of the expected economic slowdown at home and abroad as well as the sharp rise in raw material/fuel costs, we have revised our performance forecast for full-year 2008 from the figures announced on February 7, 2008. The revised forecast is based on the assumption that the exchange rate of the yen will be ¥105 to the US dollar and the naphtha price will be ¥85,800/KL.

Compared with the initial forecast, we expect increased sales of olefins in the second half of 2008 due to the rise in selling prices, reflecting soaring feedstock costs. Sales of the Chemicals segment will increase following the new consolidation of Showa Tansan Co., Ltd. Meanwhile, sales of the Electronics segment will decrease as the shipment volume of HD media will not increase as fast as we had initially anticipated at the beginning of the year.

Operating income of the Petrochemicals segment will decrease owing to the impact of higher cost of raw materials for acetic acid and others. Operating income of the Electronics segment will be affected by the appreciation of the yen and

lower-than-expected shipment volume of HD media for desktop PC applications. In the segment of Aluminum and other, operating income will decrease owing to the sharp rise in fuel costs for the power generation business as an independent power provider, and slight declines in demand for aluminum products from the automobile and construction industries as well as for aluminum cans. Operating income of the Chemicals segment will slightly increase. The Inorganics segment will be steady as expected at the beginning of the year.

(Reference)

[Forecast of full-year net sales and operating income, by segment]
Consolidated basis (Billions of yen)

		Jan. – Dec. 2008			2007 results
		Initial forecast (Announced on Feb.7)	Revised forecast (Announced on Aug. 7)	Increase/ decrease	
Petrochemicals	Sales	420.0	470.0	50.0	395.1
	O.I.	15.0	13.0	- 2.0	19.6
Chemicals	Sales	85.0	95.0	10.0	84.7
	O.I.	7.5	8.0	0.5	7.4
Electronics	Sales	265.0	215.0	- 50.0	201.0
	O.I.	33.0	20.0	- 13.0	25.8
Inorganics	Sales	85.0	90.0	5.0	84.6
	O.I.	21.0	21.0	0	20.9
Aluminum	Sales	255.0	250.0	- 5.0	257.8
	O.I.	8.5	3.5	- 5.0	8.0
HQ costs and other	Sales	0	0	0	0
	O.I.	- 6.0	- 6.5	- 0.5	- 5.1
Total	Sales	1,110.0	1,120.0	10.0	1,023.2
	O.I.	79.0	59.0	- 20.0	76.7

Note:

The above forecast is based on the information available as of today and assumptions as of today regarding risk factors that could affect our future performance.

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