

Press Release

October 30th, 2006

Revision to financial forecasts

TOKYO – Akebono Brake Industry Co., Ltd. today announced revisions to its financial forecasts previously announced on May 8, 2006 for the first half and full fiscal year ending March 31, 2007 on a consolidated and parent basis.

1. Consolidated revisions to financial forecasts

1) **H1** (Apr. 1 – Sep. 30, 2006)

(Unit: Million yen, %)

	Net sales	(Ref.) Operating profit	Ordinary profit	Net profit
Previous forecast (A) (Announced May 8, 2006)	82,500	6,200	5,800	3,300
Current forecast (B)	86,219	6,101	5,096	2,817
Difference (B – A)	3,719	- 99	- 704	- 483
Change	4.5%	- 1.6%	- 12.1%	- 14.6%
H1 results in previous period	64,305	4,574	4,664	2,133

2) **FY 2006** (Apr. 1, 2006 – Mar. 31, 2007)

(Unit: Million yen, %)

	Net sales	(Ref.) Operating profit	Ordinary profit	Net profit
Previous forecast (A) (Announced May 8, 2006)	170,000	14,000	13,200	7,500
Current forecast (B)	172,000	14,000	12,400	7,500
Difference (B – A)	2,000	-	- 800	-
Change	1.2%	-	- 6.1%	-
FY results in previous period	142,260	11,730	11,025	5,857

*Operating profit forecasts were not announced on May 8, 2006, and initial company estimates are displayed above for reference purposes.

2. Parent revisions to financial forecasts

1) H1 (Apr. 1 – Sep. 30, 2006)

(Unit: Million yen, %)

	Net sales	(Ref.) Operating profit	Ordinary profit	Net profit
Previous forecast (A) (Announced May 8, 2006)	53,000	2,500	2,600	1,500
Current forecast (B)	50,990	1,287	1,260	1,025
Difference (B – A)	- 2,010	- 1,213	- 1,340	- 475
Change	- 3.8%	- 48.5%	- 51.5%	- 31.7%
H1 results in previous period	51,151	3,018	3,110	1,771

2) FY 2006 (Apr. 1 , 2006 – Mar. 31, 2007)

(Unit: Million yen, %)

	Net sales	(Ref.) Operating profit	Ordinary profit	Net profit
Previous forecast (A) (Announced May 8, 2006)	107,000	5,100	5,200	3,100
Current forecast (B)	103,500	3,100	3,000	2,100
Difference (B – A)	- 3,500	- 2,000	- 2,200	- 1,000
Change	- 3.3%	- 39.2%	- 42.3%	- 32.3%
FY results in previous period	104,164	6,173	7,779	2,535

*Operating profit forecasts were not announced on May 8, 2006, and initial company estimates are displayed above for reference purposes.

3. Reasons for revisions (to forecasts announced on May 8, 2006)

1) Consolidated forecasts

[First Half]

Increased net sales in the North American and Asian regions accounted for an upward forecast of 3.72 billion yen (+4.5%) in consolidated net sales. Higher material prices and exchange rates in Japan, and increased income in North America and Asia led to an operating profit forecast slightly below the one previously announced. Ordinary profit and net profit forecasts were lowered by 0.7 billion yen (-12.1%) and 0.48 billion yen (-14.6%) respectively due to higher interest rates.

[Fiscal year]

While a decrease in orders in the Japanese market was expected to impact net sales in the second half, a 3.72 billion yen increase in the first half is expected to contribute to a 2.0 billion yen (+1.2%) increase above the previous forecast. While operating profit forecasts are in line with those previously announced due to the benefits of rationalization in the first half, the impact of higher interest rates on ordinary profit in the first half is expected to continue into the second half, leading to a 0.8 billion yen (-6.1%) decrease. The net profit forecast is unchanged due to an extraordinary loss recorded ahead of schedule in the first half and a reduced tax effect.

2) Parent forecasts

[First Half]

Net sales are expected to be lower by 2.01 billion yen (-3.8%) than previously forecast due mainly to a decrease in OEM orders. The forecast for ordinary profit is 1.34 billion yen (-51.5%) lower than previously announced due to the effect of lower net sales, an adjustment in price setting for payables from manufacturing subsidiaries, and higher material prices. The forecast for net profit is 0.48 billion yen (-31.7%) lower than first announced.

[Fiscal Year]

For the second half, the forecast for net sales is 3.5 billion yen (-3.3%) lower than originally announced, although net sales are expected to recover in the fourth quarter. Due to the effect of lower sales and higher material prices continuing from the first half, the forecast for ordinary profit is 2.2 billion yen (-42.3%) lower than originally forecast and net profit is expected to be 1.0 billion yen (-32.2%) lower than originally forecast.

Dividends are expected to be 6 yen per share (3 yen for the interim period), as previously forecast.

(This release contains forecasts and forward-looking statements that are based on current business conditions. Changes in future business conditions may cause actual results to differ).

About Akebono Brake Industry, Co., Ltd.

Akebono Brake Industry, Co., Ltd. (TSE: 7238), founded in 1929, is a world leader in advanced brake and friction material development and production. Akebono's portfolio includes brake products for automobiles, motorbikes, rolling stock, and industrial machinery, and sensor products for automobiles. The Akebono Group operates R&D centers in Japan, the United States and France, and has wholly owned or affiliated manufacturing facilities in Japan, the United States, France, China, Thailand and Indonesia. Akebono recorded net sales of 142.3 billion yen in the fiscal year ended March 31, 2006, and employs over 6,000 people worldwide on a consolidated basis. For more information, visit www.akebono-brake.co.jp

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