

## Press Release of Consolidated Operating Results

For the First Quarter ended June 30, 2003

July 22, 2003

### Shin-Etsu Chemical Co.,Ltd.

Listing Code No. 4063 (Listing Stock Exchange : Tokyo, Osaka, Nagoya )  
(URL <http://www.shinetsu.co.jp/>)

Representative: Chihiro Kanagawa (Mr.), Representative Director-President

Personnel to contact: Toshiyuki Kasahara (Mr.), General Manager of Finance & Accounting Department

Telephone : +81-3-3246-5051

#### 1).Notes to Accounting Policy of Consolidated Net Sales

Difference compared with most recent fiscal year: None

#### 2).Consolidated Operating Results for the First Quarter ended June 30, 2003

(From April 1, 2003 to June 30, 2003)

(Amounts are stated in millions of Yen by discarding fractional amounts less than 1 million.)

##### (1) Results of Consolidated Net Sales

	Millions of Yen	Ratio of increase (decrease) over the preceding year
For the First Quarter ended June 30, 2003	200,240	—
For the First Quarter ended June 30, 2002	—	
For the fiscal year ended March 31, 2003	797,523	

(Note) The consolidated net sales for the first quarter ended June 30, 2002 and the percentage of fluctuation between consolidated net sales for the first quarter ended June 30, 2003 and 2002 are not disclosed since the consolidated net sales of first quarter ended June 30,2002 was not disclosed.

#### A Supplementary Explanation Regarding Net Sales

Domestic business conditions for the first quarter ended June 30, 2003 continued to be sluggish due to Japan's severe employment environment and slump in consumption. The U.S. economy, which has a great influence on the global economy, also lacked strength. Furthermore, in the Southeast Asian region, the concern caused by the outbreak of severe acute respiratory syndrome (SARS) became a hindering factor on economic activities during this quarter.

With regard to the business situation of Shin-Etsu Chemical's main products, demand for PVC in the U.S. market remained steady as key product application areas such as in housing construction were firm. The silicon wafer market continued to show a pattern of moderately increasing demand, and in particular, demand increased for 300mm wafers, the new next-generation wafer product. Silicones and cellulose derivatives are both products that are used in diverse applications, and on the whole, demand for these products remained stable. On the other hand, recovery in the markets for communications-related products was not yet foreseeable.

Under these circumstances, Shin-Etsu Chemical has implemented a series of measures as part of its future-oriented business strategy, including investments for expanding facilities for manufacturing silicon wafers, silicones and PVC. At the same time, to assure continued good business performance, Shin-Etsu redoubled its companywide efforts to strengthen its capabilities in manufacturing, sales and marketing, and technology development.

As a result of these all-out efforts, net sales for the first quarter ended June 30, 2003 were ¥200.24 billion.

(2) The events materially affecting our results of operations and financial position  
for the first quarter ended June 30,2003 : None

#### 3).The Forecast of Consolidated Operating Results for the Fiscal Year ending March 31, 2004

(From April 1, 2003 to March 31, 2004)

No change is being made in our forecast for consolidated operating results.