

Press Release of Consolidated Operating Results

For the nine months ended December 31, 2003

January 19, 2004

Shin-Etsu Chemical Co.,Ltd.

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

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1).Notes to Accounting Policy of Consolidated Net Sales

Difference compared with most recent fiscal year: None

2).Consolidated Operating Results for the nine months ended December 31, 2003

(From April 1, 2003 to December 31, 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 nine months ended December 31, 2003	619,953	—
For the nine months ended December 31, 2002	—	
For the fiscal year ended March 31, 2003	797,523	

(Notes) The consolidated net sales for the nine months ended December 31, 2002 and the percentage of fluctuation between consolidated net sales for the nine months ended December 31, 2003 and 2002 are not disclosed since the consolidated net sales of nine months ended December 31, 2002 was not disclosed.

A Supplementary Explanation Regarding Net Sales

In the nine months ended December 31, 2003 although the domestic economy was in good shape in some consumption fields such as digital home appliances, from September on, the continued sharp increase in the value of the yen against the U.S. dollar gives no grounds for optimism about the strength of the economy. On the other hand, the U.S. economy was bullish; however, there is a certain degree of concern about the effects of a weakening dollar.

With regard to the business performance of Shin-Etsu Chemical's main products, demand for PVC in the U.S. market remained strong, supported by vigorous demand in such key product application areas as housing construction. The silicon wafer market continued to have good demand, and in particular, demand for the new next-generation 300mm wafer product continued to increase. 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, communications-related facility investment continued at a low level.

Under these circumstances, as part of the company's future-oriented business strategy, Shin-Etsu Chemical made progress not only by making further investments to expand manufacturing facilities for its 300mm silicon wafers and at its European PVC Group company, but also by acquiring the cellulose ethers business of Clariant AG. At the same time, to assure steady profit, Shin-Etsu Chemical continued making all-out companywide efforts to strengthen its capabilities in manufacturing, sales and marketing, and technology development.

As a result, net sales for the nine months ended December 31, 2003 were ¥619,953 million.

(2) The events materially affecting our results of operations and financial position
for the third quarter ended December 31, 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.