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### **Disclosure of Close-Call (Hiyari-Hatto) Incidents**

The Shin-Etsu Group conducts all of its business activities by placing utmost priority on Safety and Environmental Protection First as the Group's most important basic policy. We carry out such activities as measures for environmental conservation at production facilities, employee training for environmental protection and thorough implementation of safety control systems. However, on March 20 2007, an explosion and subsequent fire accident occurred at Shin-Etsu Chemical's Naoetsu Plant. Although the cause(s) of this accident is still under investigation by the authorities, Shin-Etsu believes that it is possible that a quite a small matter could have triggered such an accident.

We continue to view this accident with great seriousness as a matter of crucial importance, and we are implementing further improvements in safety measures that are designed to eliminate even the tiniest latent risks of any kind of accident at all of our worksites. We have carried out a safety investigation using the method of an internal questionnaire concerning close-call incidents.\* This questionnaire was designed to enhance safety consciousness among all of our employees. The questions and responses to the questionnaire will be reported and shared within Shin-Etsu Chemical and all of the Shin-Etsu Group companies in order for everyone to utilize the information gathered to devise and implement further safety measures. To communicate this information to the public, we are proceeding with the disclosure of this information by posting it on our company website as well.

It was decided to disclose this kind of information to the public as a result of the very beneficial advice that President Kanagawa received from Hirohiko Izumida, the Governor of Niigata Prefecture. When Shin-Etsu Chemical President Chihiro Kanagawa visited Governor Izumida to apologize for the accident at Naoetsu Plant, the Governor told him, "To disclose close-call incidents will not only help you improve your own company's safety measures, but will also lead to a more accurate understanding by the local-area residents and the relevant authorities of your efforts to maintain safety."

We will continue to disclose relevant information on Shin-Etsu's website, such as reporting updates on developments in the aftermath of the accident and on Shin-Etsu's further actions for assuring safety.

\* Close-call incidents: Potentially dangerous cases that come close to causing accidents, but do not develop into accidents.