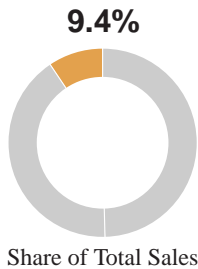


Creating Value by Building Outward From Core Strengths



Activities

in the Other Business Segment center around exports of technology and machinery, as well as construction and engineering. All these businesses are firmly rooted in Shin-Etsu's long-standing prowess in the fields of chemicals and electronics materials.

Building on Areas of Established Strengths

Revenues in the Other Business Segment are derived from construction, engineering and a number of other services. These activities are conducted by Shin-Etsu and 13 consolidated subsidiaries, including Shin-Etsu Astech Co., Ltd. and Shin-Etsu Engineering Co., Ltd. In fiscal 1997, segment revenues rose 2.2 percent to ¥58,535 million. Shin-Etsu Astech is primarily involved in plant and building construction and in market development support for the chemical products of Shin-Etsu and other manufacturers. Shin-Etsu Engineering is the former engineering division of Shin-Etsu and employs know-how in plant design inherited from its parent company. This company is experienced in fields ranging from machinery for large-scale processes to intricate production machinery for precision electronic materials. With this technical base, Shin-Etsu Engineering is capable of designing and selling production systems and entire plants.

Specialized skills in chemicals and electronics enable Shin-Etsu Engineering to attract business from many customers outside the Shin-Etsu Group.



Comprehensive Plant Engineering Services

Shin-Etsu Engineering has extensive experience in chemical plants as well as in the design of production equipment for the exacting processes used to make electronic components. The company is highly competitive, and is able to offer comprehensive engineering services that bring together a wide range of specialized knowledge. PVC plants exemplify this strength. Shin-Etsu Engineering was involved in building Japan's enormous Kashima PVC complex, as well as plants for Shintech and other companies. No other engineering company in the world has taken part in building more PVC capacity.

In the field of electronics materials, Shin-Etsu Engineering has considerable experience in semiconductor silicon plants and other types of production facilities. Achievements extend overseas too. Shin-Etsu Engineering has assisted not only Shin-Etsu companies, but also helped supply equipment and technology to companies in the U.S., France, China and elsewhere. Altogether, the company has completed more than 50 projects for customers outside the Shin-Etsu Group covering the manufacture of PVC, silicones, semiconductor silicon, rare earth magnets and many other materials.

Developing System Components to Integrate Technologies

The Other Business Segment includes the development and design of mechatronics products that embrace optics, precision devices and computers. The outlook for more growth is excellent in the fields of semiconductors, electronic components and electronic materials, where manufacturers are seeking ways to raise quality while holding down production cost. Shin-Etsu Engineering addresses these needs by integrating various technologies to produce automated inspection and production equipment that meets sub-micron tolerances. Many orders come from outside the Shin-Etsu Group. In fiscal 1997, Shin-Etsu Engineering delivered systems to makers of LCDs, plasma displays and several other products.



Shin-Etsu Engineering Co., Ltd. has a wealth of proprietary knowledge regarding the design of plants and plant facilities.

Capable of designing processing systems that achieve sub-micron accuracy, Shin-Etsu sells a large volume of production equipment to makers of LCDs and plasma displays.

