

# The Shin-Etsu Group at a Glance

## ORGANIC AND INORGANIC CHEMICALS



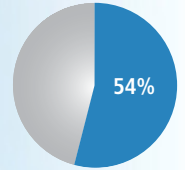
**No. 1** market share worldwide for **polyvinyl chloride (PVC)**



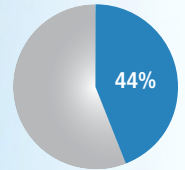
### Main Products

- Polyvinyl chloride (PVC)
- Silicones
- Methanol
- Caustic soda
- Cellulose derivatives
- Synthetic pheromones
- Silicon metal

### % of Net Sales



### % of Operating Income



## ELECTRONICS MATERIALS



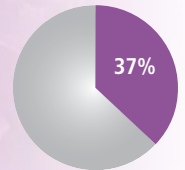
**No. 1** market share worldwide for **semiconductor silicon**



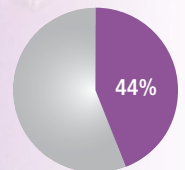
### Main Products

- Semiconductor silicon
- Rare earth magnets for the electronics industry
- Epoxy molding compounds
- Photoresists

### % of Net Sales



### % of Operating Income



## FUNCTIONAL MATERIALS AND OTHERS



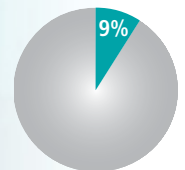
**No. 1** market share worldwide for **photomask substrates**



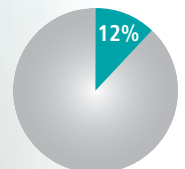
### Main Products

- Synthetic quartz products
- Rare earth magnets for general applications
- Rare earths
- Liquid fluoroelastomers
- Flexible copper-clad laminates
- Pellicles

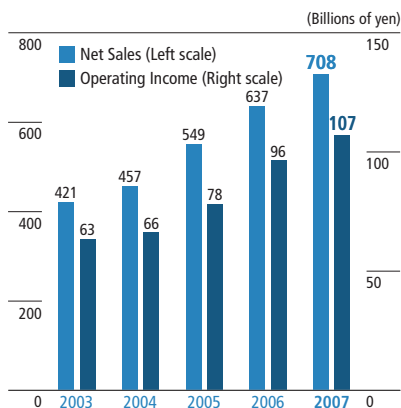
### % of Net Sales



### % of Operating Income



### Net Sales and Operating Income



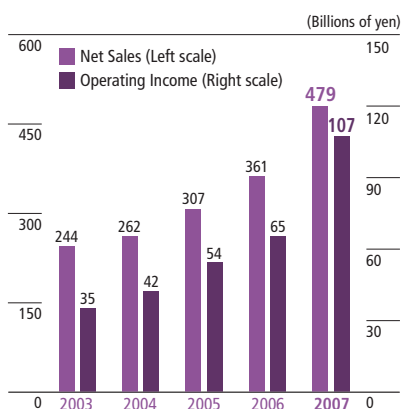
### Results for Fiscal 2007

The PVC business expanded substantially, due to excellent performance by Shintech Inc. (the Company's U.S. PVC base) and solid sales in Europe. In the silicones business, operating income grew due to higher domestic sales, together with price increases that reflected higher raw materials prices and increased export volume. The cellulose derivatives business was firm, with sales growth primarily for pharmaceutical applications and the contribution of the capacity expansion at SE Tylose GmbH & Co. KG in Germany.

### Fiscal 2008 Objectives

In the PVC business, Shin-Etsu is constructing large-scale integrated manufacturing facilities at Shintech Inc. The silicones business will aim to expand operations with production capacity increases at each plant worldwide. In the cellulose business, SE Tylose GmbH & Co. KG will invest in additional facilities to establish multiple production and supply bases for specialty cellulose for pharmaceutical and other applications.

### Net Sales and Operating Income



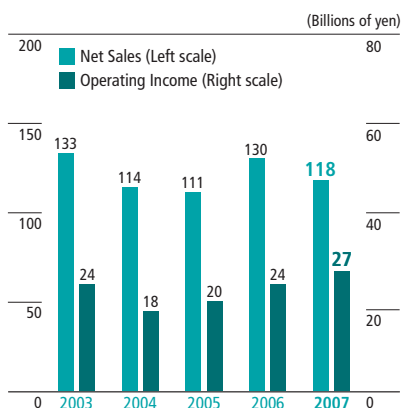
### Results for Fiscal 2007

In the semiconductor silicon business, sales of 300mm silicon wafers grew substantially as a result of higher demand from semiconductor device manufacturers and increased production capacity, while 200mm wafers also performed well. Sales of rare earth magnets for the electronics industry were strong, with net sales and income both increasing. Both sales and income for photoresists also increased substantially with the full-scale adoption of ArF resists.

### Fiscal 2008 Objectives

The semiconductor silicon business will increase production capacity in Japan and the U.S., building a stable supply system with several production bases to meet increased demand for 300mm wafers. As for 200mm and smaller wafers, efforts to enhance competitiveness will focus on further improving quality.

### Net Sales and Operating Income



### Results for Fiscal 2007

In the synthetic quartz products business, although demand for preforms for optical fiber was on a recovery track, weak sales of large-size photomask substrates used in the manufacturing of LCDs led to a decrease in overall sales. Sales of rare earth magnets for general applications continued to be firm, and sales of liquid fluoroelastomers also grew. In other businesses, sales of general products decreased.

### Fiscal 2008 Objectives

The synthetic quartz business will focus on responding accurately to changes in demand for large-size photomask substrates for LCDs while differentiating its products. Successive expansion of production capacity for rare earth magnets will support expansion of the business for applications in home appliances and automobiles.