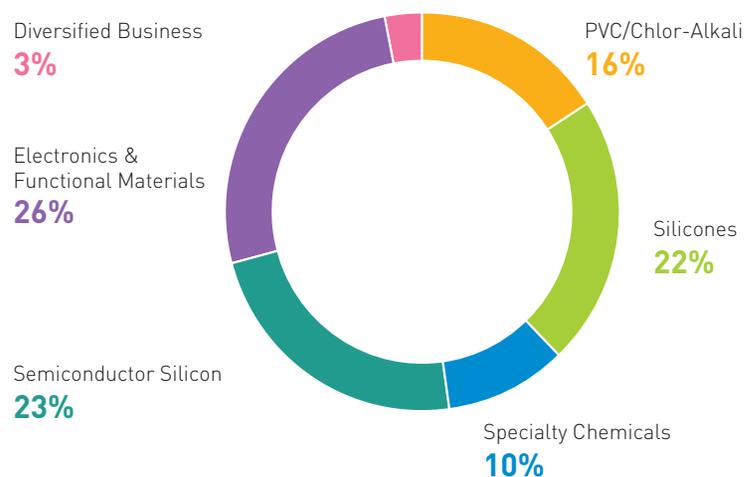


Balanced Business Portfolio

The Shin-Etsu Group's stable profitability reflects a well-balanced business portfolio centered on three businesses with high global market shares: PVC/Chlor-Alkali, Semiconductor Silicon, and Silicones. To further enlarge this foundation, we are expanding our manufacturing and sales network to target demand in growing markets in Asia and other regions. Also, we make capital expenditures to further enhance our ability to maintain steady supplies of key raw materials.

Segment Income Composition

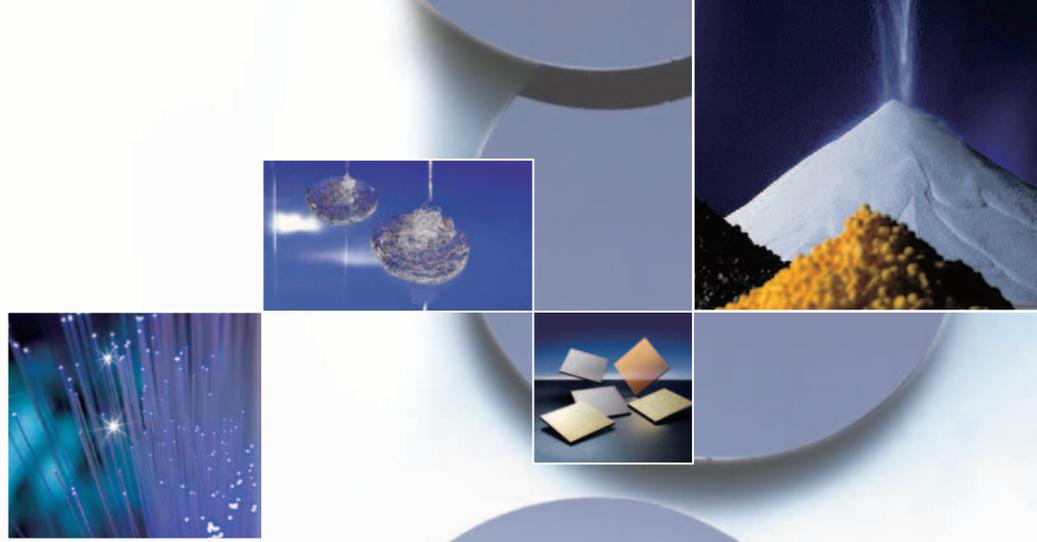


The Highest Credit Rating among Chemical Companies Worldwide

Shin-Etsu received an Aa3 credit rating from Moody's Japan K.K. in April 2007, and has retained this rating since then. It is the highest rating among all of the world's publicly owned chemical companies. Moody's states that Shin-Etsu has maintained strong financial profile and its strong balance sheets and excellent liquidity, including substantial earnings from overseas, will mitigate the weakened state of the domestic business environment.

Ranking	Company	Long-term rating	Country
1.	Shin-Etsu Chemical Co., Ltd.	Aa3	Japan
2.	BASF (SE) Monsanto Company	A1	Germany U.S.A.
3.	Air Products and Chemicals, Inc. Asahi Kasei Corporation E.I. du Pont de Nemours and Company Praxair, Inc. Sigma-Aldrich Corporation Syngenta AG	A2	U.S.A. Japan U.S.A. U.S.A. U.S.A. Switzerland

As of June 27, 2012
Source: Shin-Etsu Chemical, based on Moody's data



Global Market Share Leadership

The Shin-Etsu Group has the world's top market share in its mainstay PVC/Chlor-Alkali and Semiconductor Silicon Businesses. In addition, synthetic quartz photomask substrates for LCD and rare-earth magnets for hard disk drives also rank first in market share worldwide.



See page 10 and 19

Activities in Growing Markets

More economic growth is foreseen in China and in other areas of the world. To meet the resulting strong growth in demand, the Shin-Etsu Group is expanding its manufacturing and sales bases.



See page 13, 15, and 21

In-house Raw Material Production to Diversify Procurement

The Shin-Etsu Group's manufacturing infrastructure begins with the raw materials used to fabricate our major products. We are increasing the in-house production of raw materials in anticipation of global growth in demand for PVC and other products. This will strengthen our ability to provide customers with a stable supply of products.



See page 11, 15, and 21