

(Revised)

Financial Summary

(For the year ended March 31, 2003)

May 13, 2003

Shin-Etsu Chemical Co.,Ltd.

CONTENTS

Consolidated

1. Operating Performance
2. Financial Highlights
3. Business Segment Information
4. "Organic and Inorganic chemicals" Business Segment
5. "Electronics materials" Business Segment
6. "Functional materials and Others" Business Segment
7. Operating Performance of Shintech, Inc.
8. Operating Performance of Shin-Etsu Handotai Group
9. Comparative Income Statements
10. Comparative Balance Sheets
11. Statements of Cash Flows
12. Cash flows and Capital expenditures
13. Forecast of operating performance for the next fiscal year

Non-consolidated

14. Comparative Income Statements
15. Comparative Balance Sheets
16. Comparison of Net Sales by Departments
17. Year in Review

1. Operating Performance

	(Billion Yen)			(times)				
	Consolidated			Non-consolidated			Ratio (Consolidated/Non-consolidated)	
	Fiscal year 01/4-02/3	Fiscal year 02/4-03/3	Increase (Decrease)	Fiscal year 01/4-02/3	Fiscal year 02/4-03/3	Increase (Decrease)	Fiscal year 01/4-02/3	Fiscal year 02/4-03/3
Sales	775.1	797.5	2.9% 22.4	465.3	480.2	3.2% 14.9	1.67	1.66
Operating Income	114.7	122.1	6.5% 7.4	64.6	62.0	(4.0%) (2.6)	1.78	1.97
Ordinary Income	117.0	122.1	4.3% 5.1	67.0	62.0	(7.5%) (5.0)	1.75	1.97
Net Income	68.5	73.0	6.6% 4.5	39.9	37.0	(7.2%) (2.9)	1.72	1.97
Total Assets	1,288.4	1,310.9	22.5	659.9	679.4	19.5	1.95	1.93
Stockholders' Equity	812.1	847.0	34.9	478.2	502.9	24.7	1.70	1.68
Equity Ratio	63.0%	64.6%	1.6%	72.5%	74.0%	1.5%		
Per share (in Yen)								
Net Income	162.93	173.13	10.20	94.85	87.83	(7.02)		
Stockholders' Equity	1,930	2,014	84	1,137	1,196	59		
Cash dividend				12.00	14.00	2.00		
ROE	9.0%	8.8%	(0.2%)	8.5%	7.5%	(1.0%)		
ROA	9.2%	9.4%	0.2%	10.0%	9.3%	(0.7%)		

ROA:Return(Ordinary income) on total assets

2. Financial Highlights

(Billion Yen)

	Consolidated		Non-consolidated	
	Fiscal year 01/4-02/3	Fiscal year 02/4-03/3	Fiscal year 01/4-02/3	Fiscal year 02/4-03/3
Capital expenditures	81.5	75.2	36.2	12.0
Depreciation	70.9	66.6	28.8	23.2
Balance of liabilities with interest	177.5	167.4	51.3	58.4
Financial revenue (net)	0.2	(0.8)	3.3	2.9
R&D costs	28.2	27.3	16.6	15.6
Number of employees	16,456	16,573	2,755	2,672
Exchange rate Jan.-Dec.(Ave.) (Yen/US\$)	121.5	125.4	-	-
	125.1	120.0	125.1	120.0

Notes; 1) Breakdown of Consolidated Capital Expenditures and Depreciation for the year ended March 31, 2003

	<u>Capital Expenditures</u>	<u>Depreciation</u>
	Billion Yen	Billion Yen
Organic and Inorganic chemicals	37.6	22.0
Electronics materials	35.1	33.3
Functional materials and Others	2.6	11.5

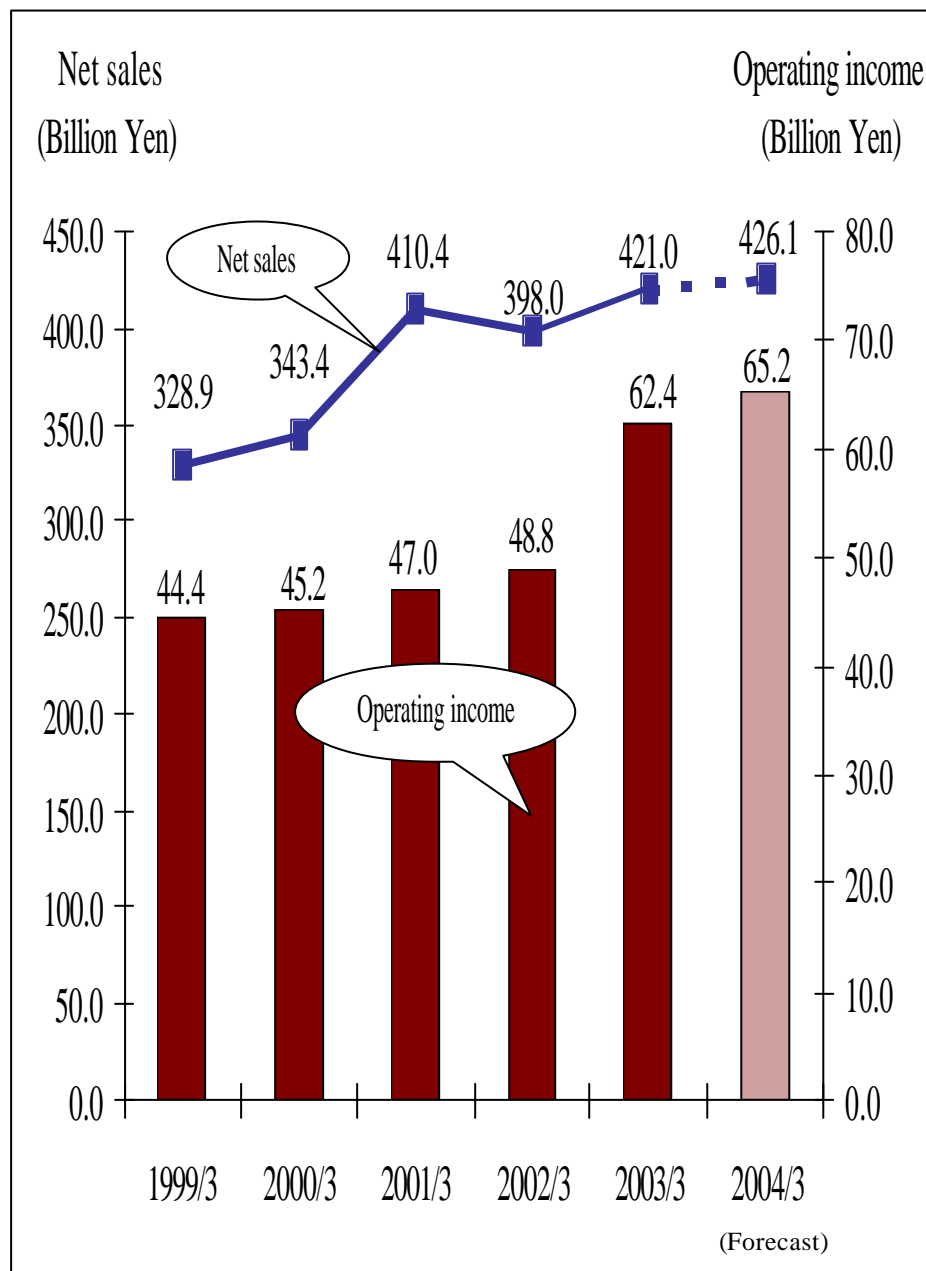
2) An average exchange rate between January and December was used for the Consolidated Income Statements of overseas subsidiaries.

3. Business Segment Information (Consolidated)

(Billion Yen)

	Net Sales			Operating Income		
	Fiscal year 01/4-02/3	Fiscal year 02/4-03/3	Increase (Decrease)	Fiscal year 01/4-02/3	Fiscal year 02/4-03/3	Increase (Decrease)
Organic and Inorganic chemicals	398.0	421.0	5.8% 23.0	48.8	62.4	27.9% 13.6
Polyvinyl chloride	199.8	224.6	24.8	15.8	20.5	4.7
Silicones	119.9	130.3	10.4	20.6	27.2	6.6
Others	78.3	66.1	(12.2)	12.4	14.7	2.3
Electronics materials	226.5	243.4	7.5% 16.9	33.7	35.2	4.7% 1.5
Semiconductor silicon	176.4	196.7	20.3	26.4	28.7	2.3
Others	50.0	46.7	(3.3)	7.3	6.5	(0.8)
Functional materials and Others	150.7	133.1	(11.7%) (17.6)	32.2	24.3	(24.7%) (7.9)
Synthetic quartz products	57.1	35.0	(22.1)	23.1	14.5	(8.6)
Rare earths magnetes, other functional materials	21.8	25.3	3.5	5.4	5.8	0.4
Others	71.7	72.8	1.1	3.7	4.0	0.3
Elimination	-	-	-	0.0	0.2	0.2
Total	775.1	797.5	2.9% 22.4	114.7	122.1	6.5% 7.4

4. "Organic and Inorganic chemicals" Business Segment (Consolidated)



● PVC

Demand for PVC in North America during 2002, with U.S. housing construction starts continued at a high level, briskly expanded by 5.6% over that of the previous year. Moreover, the sales price of PVC increased from January 2002 to July 2002. Although there was a small adjustment after September, for the whole year, the price of PVC remained at a high level.

Shintech Inc., Shin-Etsu's U.S. PVC base, accurately anticipated this market trend and continued full operation of both of its Texas plant with its annual production capacity of 1.45 million tons and its Louisiana plant with its annual production capacity of 590,000 tons. As a result, Shintech achieved its highest-ever net sales and net income.

In addition, Shin-Etsu PVC B.V. in The Netherlands continued steady production and sales and increased its profit.

● Silicones

Domestic sales of silicones during this fiscal year were bullish due to an upward trend in demand in many fields, starting with automobile-related fields. In addition, sales were favorable in global markets, starting with shipments mainly to Southeast Asia in the industry fields of electric and electronics and extending to sales for other key regions of the world. In addition, silicone-processed products did well mainly for the electric and electronics fields.

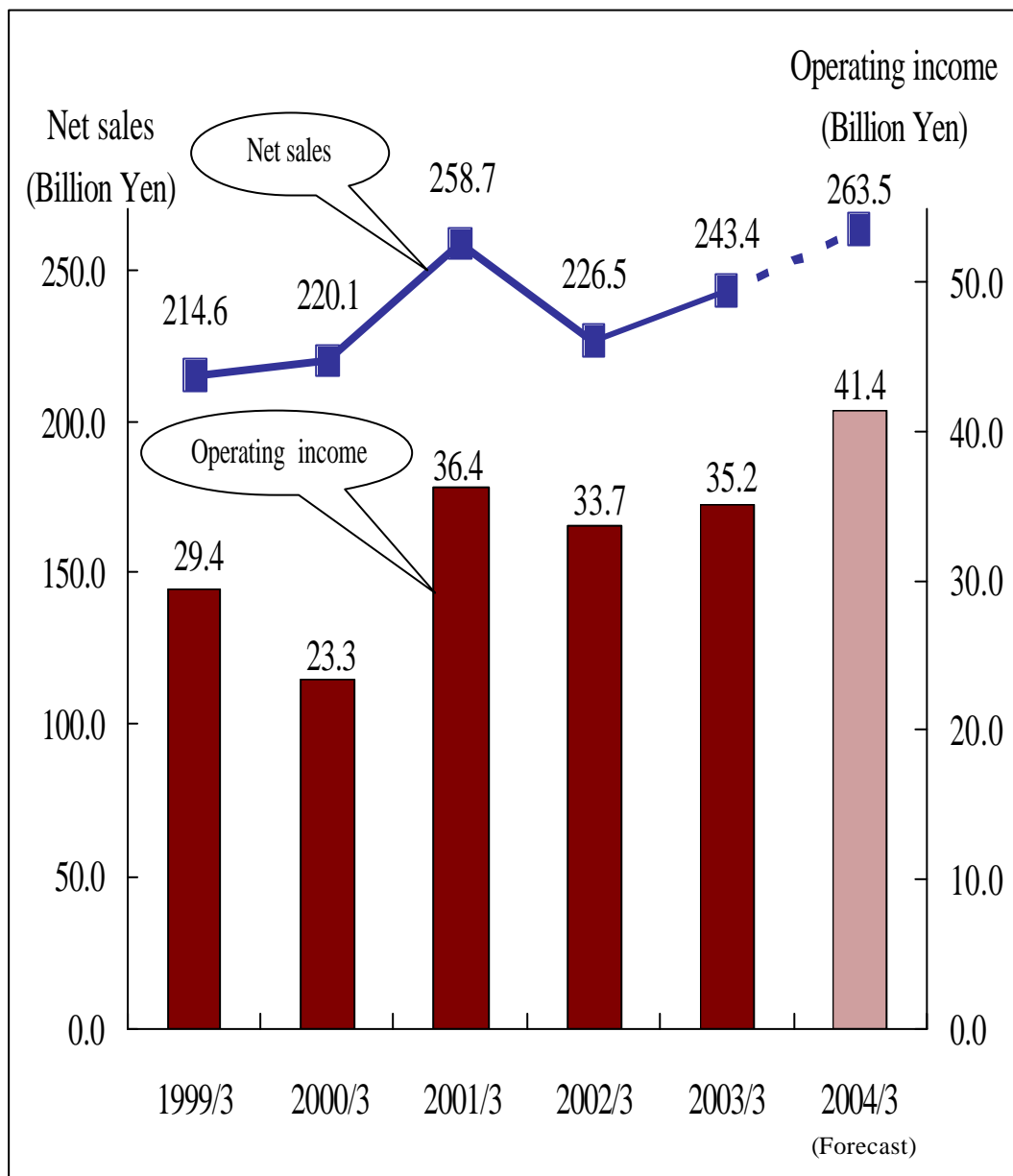
We will expand sales as a specialty silanes manufacturing facility in the U.S. is completed and as a facility for RTV rubber and other related products is completed in China. Furthermore, in Thailand, construction is under way of a silicone monomer manufacturing plant, part of a joint venture with General Electric, as well as of a Shin-Etsu manufacturing facility for such products as silicone products.

- Sales of cellulose derivatives were bullish for applications in pharmaceutical products and in international industrial-use products for exported industrial goods.

- The vinyl acetate monomer and polyvinyl alcohol businesses were transferred to an equity method company in May and the lime nitrogen fertilizer business was sold in June.

(Note: The fiscal year of overseas subsidiary companies begins in January and ends in December. Thus the fiscal year results included here are those from January to December.)

5. "Electronics materials" Business Segment (Consolidated)



● Semiconductor silicon

Accurately anticipating the start-up of demand for its new product, 300mm silicon wafers, Shin-Etsu Handotai speedily increased production capacity, and in January of 2003, monthly production capacity reached 100,000 wafers, which resulted in increased net sales.

In addition, Shin-Etsu decided upon a plan to set up additional production line facilities to increase 300mm wafer monthly production capacity to up to 300,000 wafers, making a total investment of ¥90 billion. Under this plan, monthly production capacity will increase to 200,000 wafers within FY2003.

Net sales of 8-inch wafers increased after hitting the bottom in August of 2001, with the growing demand since the beginning of 2002 for semiconductor devices for memory/consumer electronics use, and in May and June of 2002, the sales volume for this product reached the same level as that of the fourth quarter of 2000 when peak sales were recorded. Although shipment volume after July saw a small dip, shipment remained at a high level.

Specialty wafers such as SOI wafers, annealed wafers and others also continued to show a steady increase in sales. In recent years, the fluctuations of the semiconductor market have tended to be more drastic and also come in shorter cycles; however, Shin-Etsu will further strengthen its silicon wafer business through promoting growth in 300mm wafers, which require large amounts of investment and high technologies, an area that Shin-Etsu is already ahead of its competitors in, and also by extending the competitive power of both its domestic and global production bases.

● Rare earth magnets for the electronics industry

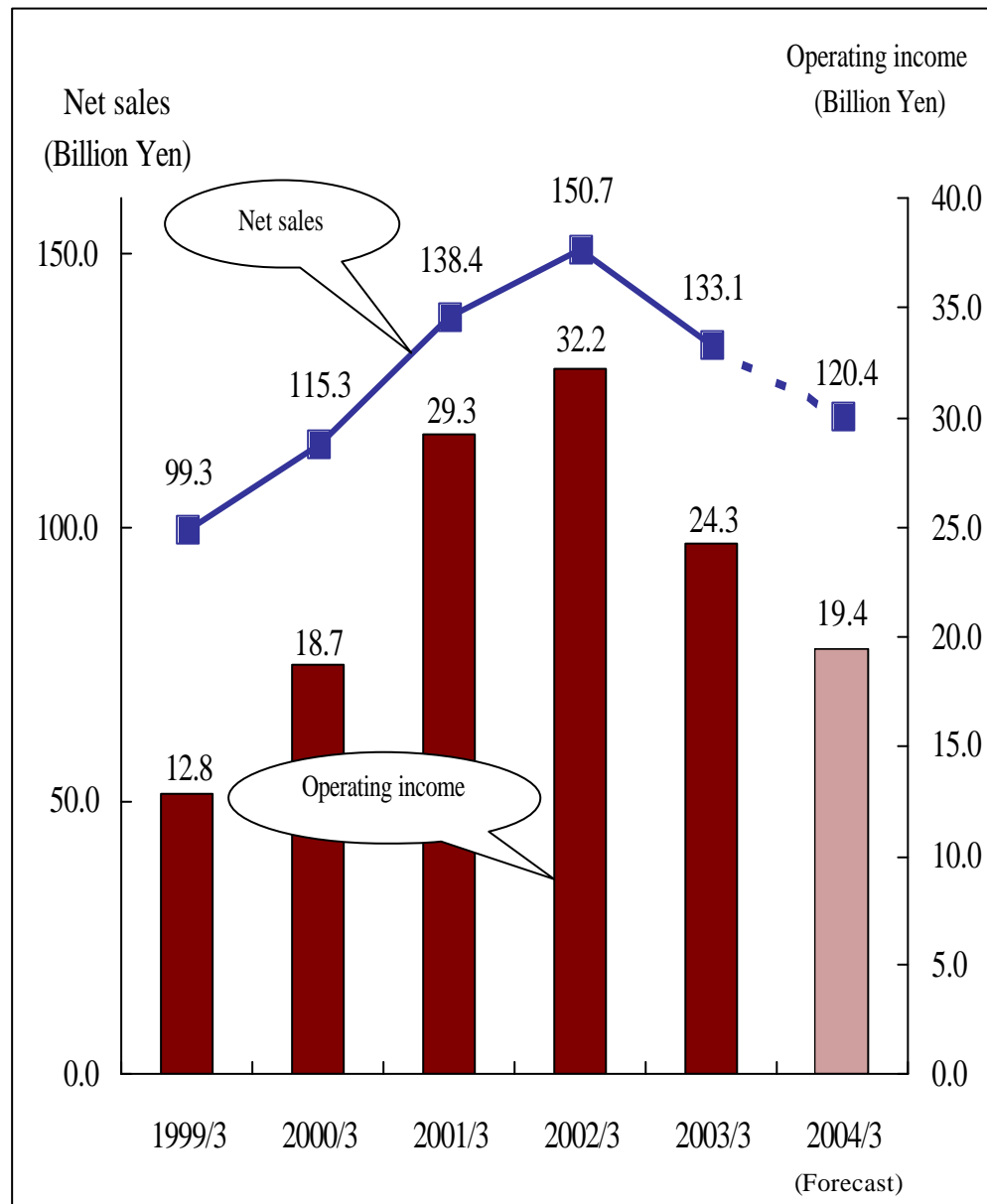
Rare earth magnets for the electronics industry faced a continued severe situation, with the miniaturization of hard disk drives and as global demand for hard disk drives for servers remained weak.

● Organic materials for the electronics industry and photoresists

Photoresists products and organic materials for the electronics industry increased in sales with the demand recovery in the market for semiconductor devices.

With regard to next-generation ArF photoresists, Shin-Etsu is proceeding with high-tech R & D of this promising new product in close cooperation with customers in preparation for full-scale

6. “Functional materials and Others” Business Segment (Consolidated)



● Synthetic quartz

The demand for optical fiber preform saw a large slowdown in demand from communication-related businesses worldwide. However, as a result of Shin-Etsu's strenuous sales efforts selling high-quality products to a wide range of its global customers, although sales dropped greatly, these products firmly contributed to the company's profit.

In synthetic quartz for electronics fields, sales of synthetic quartz substrates for large photomasks for LCDs expanded; however, sales of substrates for photomasks for semiconductor manufacturing did not thrive.

● Rare earth magnets

Sales of rare earth magnets increased with the recovery of demand in general, including orders for optical pick-ups and for automobile applications, and with expanding sales to new customers. As a result, net sales increased.

● Rare earths, oxide single crystals, etc.

The demand for mobile phone-application products recovered and rare earth sales exceeded those of the previous fiscal year. However, with the decline of the oxide single crystals market, sales in this business segment fell short of those in the previous fiscal year.

7. Operating Performance of Shintech, Inc.

Shintech, Inc.

	Fiscal year 01/1-01/12		Fiscal year 02/1-02/12	
	Million US\$	Billion Yen	Million US\$	Billion Yen
Net Sales	968	117.7	1,194	149.6
Ordinary Income	160	19.5	179	22.4
Extraordinary Gain	-	-	20	2.5
Net Income	104	12.6	131	16.5
Stockholders' Equity	1,265	167.0	1,397	167.5
Total Assets	1,443	190.4	1,701	204.0

During 2002, U.S. housing construction starts continued at a high level throughout the year, and demand for PVC in North America briskly expanded by 5.6% over that of the previous year. Moreover, the sales price of PVC increased by 14 cents/pound from January 2002 to July 2002. Although there was a small adjustment of 3 cents/pound after September, for the whole year, the price of PVC remained at a high level.

Under these circumstances, Shintech Inc., in addition to its existing Freeport, Texas plant (production capacity of 1.45 million tons/year), the new Louisiana plant (production capacity of 590,000 tons/year) continued full operation, anticipating accurately the increasing North American domestic demand and thereby increasing sales volume.

As a result, Shintech achieved its highest-ever ordinary profit. Also, its net income for this fiscal year, with the addition of extraordinary gain (settlement income), achieved its highest net income, substantially surpassing the profit level of the previous fiscal year.

8. Operating Performance of Shin-Etsu Handotai Group

Shin-Etsu Handotai Group(Consolidated)

(Shin-Etsu Handotai , SEH-America, SEH-Malaysia, SEH-Europe, SEH-Taiwan)

(Billion Yen)

	Fiscal year 01/4-02/3	Fiscal year 02/4-03/3
Net Sales	170.1	190.4
Ordinary Income	17.4	21.0
Extraordinary Gain	-	3.3
Extraordinary Loss	(2.2)	(7.1)
Net Income	9.3	11.6
Stockholders' Equity	120.4	120.6
Total Assets	333.1	318.2

Accurately anticipating the start-up of demand for its new product, 300mm silicon wafers, Shin-Etsu Handotai speedily increased production capacity, and in January of 2003, monthly production capacity reached 100,000 wafers, which resulted in increased net sales.

Net sales of 8-inch wafers increased with the growing demand since the beginning of 2002 for semiconductor devices for memory/consumer electronics use, and in May and June of 2002, the sales volume for this product reached the same level as that of the fourth quarter of 2000 when peak sales were recorded. Although shipment volume after July saw a small dip, shipments remained at a high level.

Specialty wafers, such as SOI wafers, annealed wafers and others, continued to be bullish and contributed to the increase in profit.

As a result, both net sales and ordinary profit surpassed the achievements of the previous fiscal year.

Although an extraordinary loss was taken to account for write-down of investment securities holdings, net income for this fiscal year still increased.

Notes; The financial statements of the overseas Shin-Etsu Handotai Companies are calculated based on the FY ending in December 2001 and 2002.

9. Comparative Income Statements (Consolidated)

(Billion Yen)

	Fiscal year 01/4-02/3	Fiscal year 02/4-03/3	Increase (Decrease)	Rate of increase (decrease)
Net sales	775.1	797.5	22.4	2.9%
Cost of sales	572.4	585.2	12.8	
Selling, General and Administrative Expenses	88.0	90.2	2.2	
Operating income	114.7	122.1	7.4	6.5%
Non-operating income / expenses	2.3	0.0	(2.3)	
Ordinary income	117.0	122.1	5.1	4.3%
Extraordinary gains / losses (*)	(3.9)	(1.6)	2.3	
Income before income taxes	113.1	120.5	7.4	6.6%
Income taxes	43.8	45.2	1.4	
Minority interest in earnings of consolidated subsidiaries	0.8	2.3	1.5	
Net income	68.5	73.0	4.5	6.6%

(*) For the year ended March 31, 2003

Extraordinary Gains : 3.3 billion yen in reversal of prior year's accrued maintenance expenses
2.5 billion yen in settlement income
2.4 billion yen in gain on sales of property, plant and equipment
2.4 billion yen in gain on transfer of securities to retirement benefit trust

Extraordinary Losses : 10.5 billion yen in loss on write-down of investment securities
1.7 billion yen in adjustment to prior years' license fee

10. Comparative Balance Sheets (Consolidated)

(Billion Yen)

	March 31 2002	March 31 2003	Increase (Decrease)		March 31 2002	March 31 2003	Increase (Decrease)
Current assets	<u>692.6</u>	<u>707.8</u>	<u>15.2</u>	Current liabilities	<u>328.5</u>	<u>298.1</u>	<u>(30.4)</u>
Cash on hand and in banks	233.9	235.6	1.7	Notes and accounts payable-trade	97.3	110.6	13.3
Notes and accounts receivable-trade	193.1	198.0	4.9	Debentures and borrowings	113.6	78.5	(35.1)
Securities	107.5	115.3	7.8	Accrual expenses and	86.7	88.0	1.3
Inventories	119.6	119.4	(0.2)	accounts payable-others	13.9	12.5	(1.4)
Deferred tax assets	22.2	21.3	(0.9)	Accrued income taxes	17.1	8.4	(8.7)
Other current assets	16.3	18.2	1.9	Other current liabilities	<u>124.0</u>	<u>140.3</u>	<u>16.3</u>
				Long-term liabilities			
Fixed assets	595.9	603.1	7.2	Debentures and Convertible debentures	34.3	40.1	5.8
Tangible fixed assets	<u>455.8</u>	<u>441.5</u>	<u>(14.3)</u>	Long-term borrowings	29.6	48.8	19.2
Buildings and structures	166.4	159.0	(7.4)	Deferred tax liabilities	23.5	24.7	1.2
Machinery and vehicles	207.5	196.5	(11.0)	Accrued retirement benefits	15.2	6.2	(9.0)
Others	81.9	86.0	4.1	Other long-term liabilities	21.4	20.5	(0.9)
Intangible fixed assets	<u>3.5</u>	<u>4.3</u>	<u>0.8</u>	Total liabilities	452.5	438.4	(14.1)
Investments and others	<u>136.5</u>	<u>157.3</u>	<u>20.8</u>	Minority interests in consolidated subsidiaries	23.9	25.5	1.6
Investments in securities	111.0	133.4	22.4	Common stock	110.3	110.3	0.0
Deferred tax assets	14.2	13.1	(1.1)	Additional paid-in capital	119.0	119.0	0.0
Others	11.3	10.9	(0.4)	Retained earnings	556.5	626.1	69.6
				Unrealized gain on available-for-sale securities	6.1	(1.5)	(7.6)
				Foreign currency translation adjustment	28.5	2.6	(25.9)
				Treasury stock	(8.4)	(9.6)	(1.2)
				Total stockholders' equity	812.1	847.0	34.9
Total assets	1,288.4	1,310.9	22.5	Total liabilities and stockholders' equity	1,288.4	1,310.9	22.5

11. Statements of Cash flows (Consolidated)

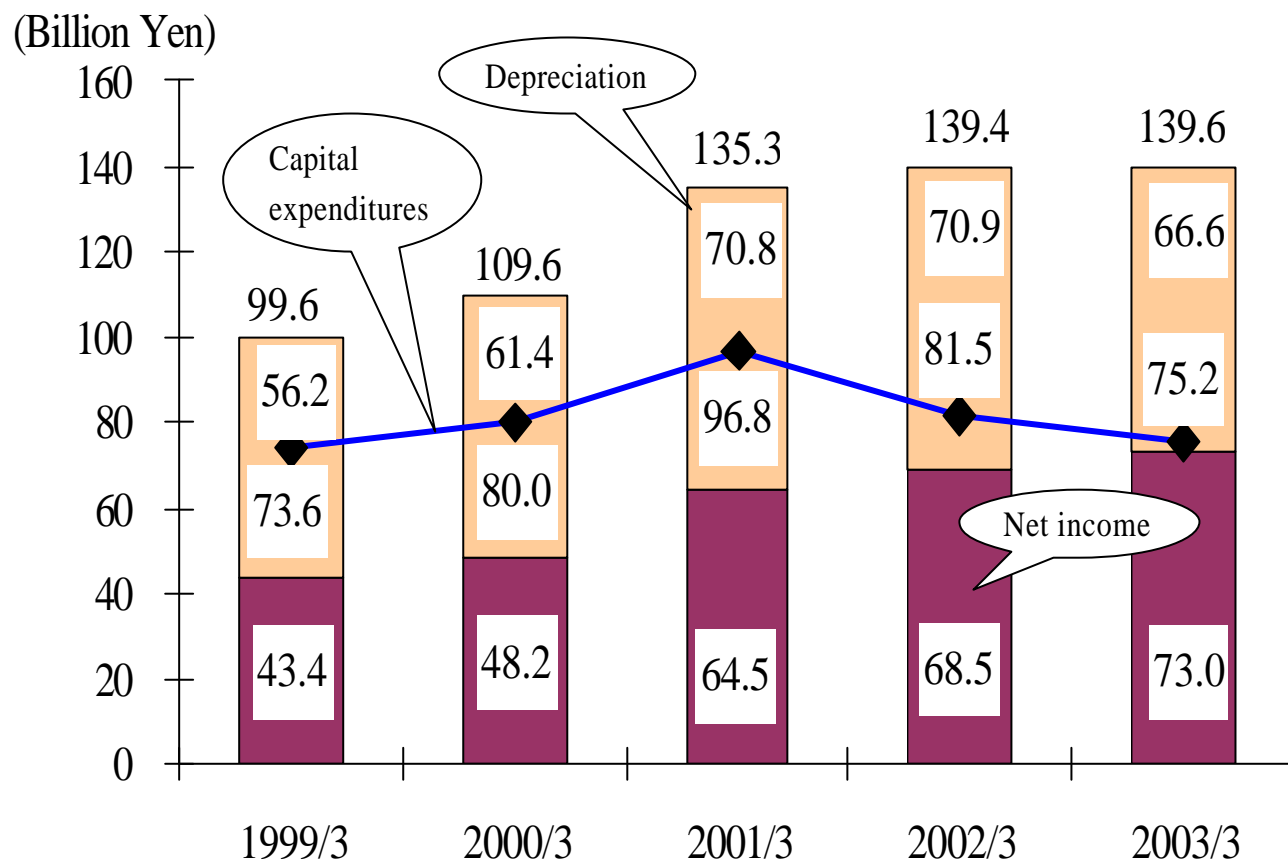
(Billion Yen)

	Fiscal year 01/4-02/3	Fiscal year 02/4-03/3	Increase (Decrease)
<u>(1) Cash flows from operating activities</u>			
Net Income	68.5	73.0	4.5
Depreciation	70.9	66.6	(4.3)
Others	(20.8)	(9.4)	11.4
Total	118.6	130.2	11.6
<u>(2) Cash flows from investing activities</u>			
Expenditure for purchase of tangible and intangible fixed assets	(83.0)	(64.6)	18.4
Increase (Decrease) in securities	(48.5)	11.9	60.4
Others	4.2	(1.2)	(5.4)
Total	(127.4)	(53.9)	73.5
<u>(3) Cash flows from financing activities</u>			
Decrease in debentures and borrowings	(18.7)	(11.1)	7.6
Cash dividends	(5.0)	(5.5)	(0.5)
Others	(1.3)	(2.2)	(0.9)
Total	(25.0)	(18.8)	6.2
<u>(4) Effect of exchange rate changes and others</u>			
Net increase in cash and cash equivalents	10.9	(5.0)	(15.9)
Total	(22.9)	52.5	75.4

Balance of cash and cash equivalents	249.8	302.4	52.6
Balance of liabilities with interest	177.5	167.4	(10.1)

12. Cash Flows and Capital Expenditures (Consolidated)

(Cash flows=Net income + Depreciation)



13.Forecast of Operating Performance for the FY 2003

	Consolidated			
	Billion Yen	Ratio of increase over prior FY	First half	
			Billion Yen	Ratio of increase over of prior First half
Net sales	810.0	1.6%	405.0	2.1%
Operating income	126.0	3.2%	63.0	-
Ordinary income	126.0	3.2%	63.0	1.5%
Net income	75.0	2.7%	37.5	1.3%
Net income per share (in Yen)	177.89	4.76	89.20	1.23
Annual cash dividend per share (in Yen)	16.00	2.00	8.00	1.00

Non-consolidated			
Billion Yen	Ratio of increase over prior FY	First half	
		Billion Yen	Ratio of increase over of prior First half
480.0	-	235.0	(0.9%)
56.0	(9.7%)	27.0	(16.5%)
58.0	(6.5%)	29.0	(9.4%)
34.5	(6.8%)	17.5	(10.3%)
81.84	(5.99)	41.63	(4.73)

14. Comparative Income Statements (Non-consolidated)

(Billion Yen)

	Fiscal year 01/4-02/3	Fiscal year 02/4-03/3	Increase (Decrease)	Rate of increase (decrease)
Net sales	465.3	480.2	14.9	3.2%
Cost of sales	367.0	385.8	18.8	
Selling, General and Administrative Expenses	33.7	32.5	(1.2)	
Operating income	64.6	62.0	(2.6)	(4.0%)
Non-operating income / expenses	2.4	0.0	(2.4)	
Ordinary income	67.0	62.0	(5.0)	(7.5%)
Extraordinary gains / losses (*)	0.0	(0.1)	(0.1)	
Income before income taxes	67.0	61.9	(5.1)	(7.7%)
Income taxes	27.1	24.9	(2.2)	
Net income	39.9	37.0	(2.9)	(7.2%)

(*) For the year ended March 31, 2003

Extraordinary Gains : 2.4 billion yen in gain on sales of property, plant and equipment

2.4 billion yen in gain on transfer of securities to retirement benefit trust

Extraordinary Losses: 3.2 billion yen in loss on write-down of investment securities

1.7 billion yen in adjustment to prior years' license fee

15. Comparative Balance Sheets (Non-consolidated)

(Billion Yen)

	March 31 2002	March 31 2003	Increase (Decrease)		March 31 2002	March 31 2003	Increase (Decrease)
<u>Current assets</u>	<u>409.5</u>	<u>401.2</u>	<u>(8.3)</u>	<u>Current liabilities</u>	<u>153.9</u>	<u>139.7</u>	<u>(14.2)</u>
Cash on hand and in banks	150.6	152.7	2.1	Notes and accounts payable-trade	76.1	83.1	7.0
Notes and accounts receivable-trade	150.5	139.0	(11.5)	Short-term borrowings	24.2	22.1	(2.1)
Securities	39.1	39.4	0.3	Accrual expenses and accounts payable-others	37.2	28.2	(9.0)
Inventories	42.4	41.4	(1.0)	Accrued income taxes	9.7	5.3	(4.4)
Other current assets	26.9	28.6	1.7	Other current liabilities	6.7	1.0	(5.7)
<u>Fixed assets</u>	<u>250.4</u>	<u>278.2</u>	<u>27.8</u>	<u>Long-term liabilities</u>	<u>27.8</u>	<u>36.8</u>	<u>9.0</u>
<u>Tangible fixed assets</u>	<u>126.2</u>	<u>114.5</u>	<u>(11.7)</u>	Convertible debentures	18.3	18.3	0.0
Buildings and structures	40.4	38.5	(1.9)	Long-term borrowings	8.8	18.0	9.2
Machinery and vehicles	56.8	47.9	(8.9)	Accrued retirement benefits	0.7	0.3	(0.4)
Others	28.9	28.2	(0.7)	Others	-	0.2	0.2
<u>Intangible fixed assets</u>	<u>2.4</u>	<u>1.8</u>	<u>(0.6)</u>	<u>Total liabilities</u>	<u>181.7</u>	<u>176.5</u>	<u>(5.2)</u>
<u>Investments and others</u>	<u>121.8</u>	<u>161.8</u>	<u>40.0</u>	Common stock	110.3	110.3	0.0
Investments in securities	55.5	99.5	44.0	Additional paid-in capital	111.6	111.6	0.0
Others	66.3	62.3	(4.0)	Retained earnings	261.1	292.3	31.2
				Unrealized gain on available-for-sale securities	3.6	(1.7)	(5.3)
				Treasury stock	(8.4)	(9.6)	(1.2)
				<u>Total stockholders' equity</u>	<u>478.2</u>	<u>502.9</u>	<u>24.7</u>
<u>Total assets</u>	<u>659.9</u>	<u>679.4</u>	<u>19.5</u>	<u>Total liabilities and stockholders' equity</u>	<u>659.9</u>	<u>679.4</u>	<u>19.5</u>

16. Comparison of Net Sales by Departments (Non-consolidated)

(Billion Yen)

Department	Fiscal year 01/4-02/3	Fiscal year 02/4-03/3	Increase (Decrease)
Organic and Inorganic chemicals	176.6	174.7	(1.9)
Electronics materials	168.4	195.6	27.2
Functional materials	83.0	65.8	(17.2)
International division	37.3	44.1	6.8
Total	465.3	480.2	14.9
(Reference)	[43%]	[46%]	
Export total	199.1	220.2	21.1

Percentages in [] represent the proportions of export sales in total net sales.

17. Year in Review - Main developments in the Shin-Etsu Group for the past one year -

2002, May Consolidated its VAM and POVAL business, which had been carried out jointly with UNITIKA LTD.

2002, May In the silicone business, Shin-Etsu Chemical together with Asahi Denka have jointly established a SMS (Silicone-mold Modeling System), a system that molds precise details of 3-dimensional models for such products as chocolate.

2002, June Transferred chemical fertilizer business to Co-op Chemical Co., Ltd.

2002, June Announced the establishment of a joint-venture company, Zhejiang Shin-Etsu High-Tech Chemical Co., Ltd., in China that will manufacture and sell silicone products.

2002, June Shin-Etsu Polymer developed MW300G, a 300mm wafer shipping box that is compatible with next-generation quality, and began sales to such customers as wafer makers, device makers and semiconductor equipment makers.

2002, August Shin-Etsu Handotai Co., Ltd. expanded 8-inch silicon wafer production capacity at its subsidiary, S.E.H. Malaysia Sdn. Bhd.

2002, August Closed Nanyo Plant in Yamaguchi Prefecture, Japan.

2002, September Nisshin Chemical Co., Ltd., a Shin-Etsu Group company, developed the NISSIN HOT MELT BR Series, an environmentally friendly hot-melt adhesive used in such applications as bookbinding, and the company began

full commercial sales of this promising new product line.

2002, December Eight Shin-Etsu Group companies ran a booth at SEMICON Japan 2002, the world's largest scale international exposition of semiconductor equipment and materials.

2002, December Shin-Etsu Chemical received the Toyo Keizai Award as "Company of the Year 2002." *1

2003, January President and CEO Chihiro Kanagawa received the "CEO of the Year" award from Zaikai Co., Ltd. *2

2003, January Decided to become a member of the Cosmos Alliance, a U.S. venture capital joint-development organization, which promotes the commercialization of innovative breakthrough bio life sciences technology.

2003, February Began commercial production of Functional Silane at Shin-Etsu Silicones of America's Freeport Plant in Texas.

2003, March Shin-Etsu Handotai announced expansion program to increase its 300mm silicone wafers production capacity to 300,000 monthly.

*1: Since 1990 Toyo Keizai has annually selected as its "Company of the Year" the company that in its opinion has made the most outstanding business achievements during that year.

*2: Zaikai Co., Ltd. annually honors as its "CEO of the Year" the CEOs or presidents who have made considerable achievements in the business world during the year.