

Financial Summary

For the year ended March 31, 2010

(April 30, 2010)
Shin-Etsu Chemical Co., Ltd.



CONTENTS

• Operating Performance (Consolidated & Non-consolidated) -----	P1
• Financial Highlights (Consolidated & Non-consolidated) -----	P2
• Business Segment Information -----	P3
• "Organic and Inorganic chemicals" Business Segment -----	P4
• "Electronics materials" Business Segment -----	P5
• "Functional materials and Others" Business Segment -----	P6
• Operating Performance of Shintech, Inc. -----	P7
• Operating Performance of Shin-Etsu Handotai Group -----	P8
• Comparative Income Statements -----	P9
• Comparative Balance Sheets -----	P10
• Comparative Statements of Cash Flows -----	P11
• Cash dividends per share and Net income per share -----	P12
• Appendix ①- ③ (For reference) -----	P13-15

Operating Performance

(Billions of Yen)

(times)

	Consolidated			Non-consolidated			Ratio (Consolidated/Non-consolidated)	
	Fiscal year 08/4-09/3	Fiscal year 09/4-10/3	Increase (Decrease)	Fiscal year 08/4-09/3	Fiscal year 09/4-10/3	Increase (Decrease)	Fiscal year 08/4-09/3	Fiscal year 09/4-10/3
Sales	1,200.8	916.8	(23.6%) (284.0)	606.7	553.9	(8.7%) (52.8)	1.98	1.66
Operating Income	232.9	117.2	(49.7%) (115.7)	78.4	70.7	(9.9%) (7.7)	2.97	1.66
Ordinary Income	250.5	127.0	(49.3%) (123.5)	94.0	78.5	(16.4%) (15.5)	2.67	1.62
Net Income	154.7	83.9	(45.8%) (70.8)	64.0	51.9	(18.8%) (12.1)	2.42	1.61
Total Assets	1,684.9	1,769.1	84.2	770.8	824.2	53.4	2.19	2.15
Net Assets	1,407.4	1,474.2	66.8	651.8	667.4	15.6	2.16	2.21
Equity Ratio	81.1%	80.9%	(0.2point)	84.3%	80.6%	(3.7point)		
ROE	11.0%	6.0%	(5.0point)	9.7%	7.9%	(1.8point)		
ROA	13.9%	7.4%	(6.5point)	11.6%	9.8%	(1.8point)		
Per share (in Yen)								
Net Income	362.39	197.53	(164.86)	149.86	122.35	(27.51)		
Stockholders' Equity	3,218	3,371	153	1,530	1,564	34		
Cash dividend	100.00	100.00	-					

ROA: Return (Ordinary income) on total assets

Financial Highlights

(Billions of Yen)

	Consolidated		Non-consolidated	
	Fiscal year 08/4-09/3	Fiscal year 09/4-10/3	Fiscal year 08/4-09/3	Fiscal year 09/4-10/3
Capital expenditures	159.4	123.8	31.1	24.1
Organic and Inorganic chemicals	82.0	94.6		
Electronics materials	71.3	22.0		
Functional materials and Others	6.6	8.7		
Depreciation and amortization	119.5	87.7	26.3	24.1
Organic and Inorganic chemicals	34.7	33.4		
Electronics materials	75.8	47.4		
Functional materials and Others	9.2	7.1		
R&D costs	37.5	33.6	27.8	25.1
Balance of liabilities with interest	23.7	19.8	11.4	11.4
Number of employees	19,170	16,955	2,609	2,647
Exchange rate Jan.-Dec.(Ave.)	103.5	93.6	-	-
(Yen/US\$) Apr.-Mar.(Ave.)	100.5	92.8	100.5	92.8

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

Business Segment Information (Consolidated)

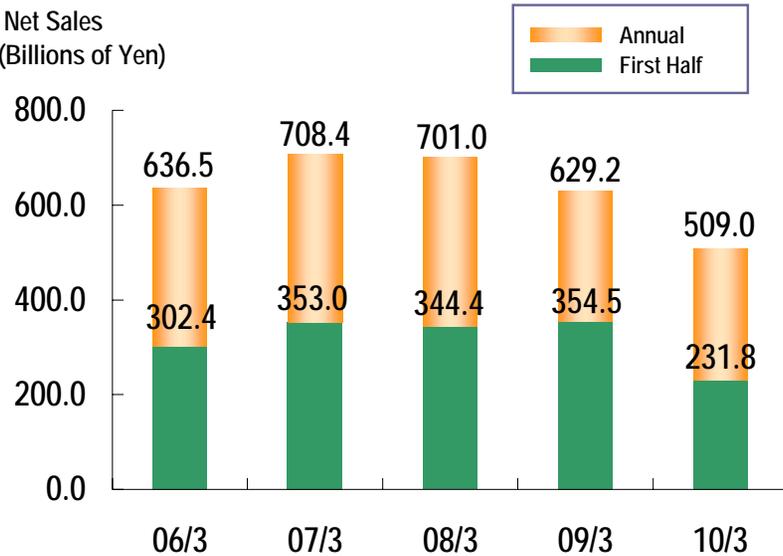
(Billions of Yen)

	Net Sales			Operating Income		
	Fiscal year 08/4-09/3	Fiscal year 09/4-10/3	Increase (Decrease)	Fiscal year 08/4-09/3	Fiscal year 09/4-10/3	Increase (Decrease)
Organic and Inorganic chemicals	629.2	509.0	(19.1%) (120.2)	95.2	61.1	(35.8%) (34.1)
Polyvinyl chloride	324.9	242.7	(82.2)	36.7	17.4	(19.3)
Silicones	171.8	155.6	(16.2)	33.6	26.8	(6.8)
Others	132.5	110.7	(21.8)	24.9	16.9	(8.0)
Electronics materials	467.5	317.1	(32.2%) (150.4)	112.2	39.5	(64.8%) (72.7)
Semiconductor silicon	404.9	254.5	(150.4)	98.4	22.6	(75.8)
Others	62.6	62.6	0.0	13.8	16.9	3.1
Functional materials and Others	104.1	90.7	(12.9%) (13.4)	25.7	18.0	(29.9%) (7.7)
Synthetic quartz products	25.8	23.4	(2.4)	9.6	7.2	(2.4)
Rare earth magnets for general applications and other functional materials	36.9	30.3	(6.6)	9.7	6.7	(3.0)
Others	41.4	37.0	(4.4)	6.4	4.1	(2.3)
Elimination	-	-	-	(0.2)	(1.4)	(1.2)
Total	1,200.8	916.8	(23.6%) (284.0)	232.9	117.2	(49.7%) (115.7)

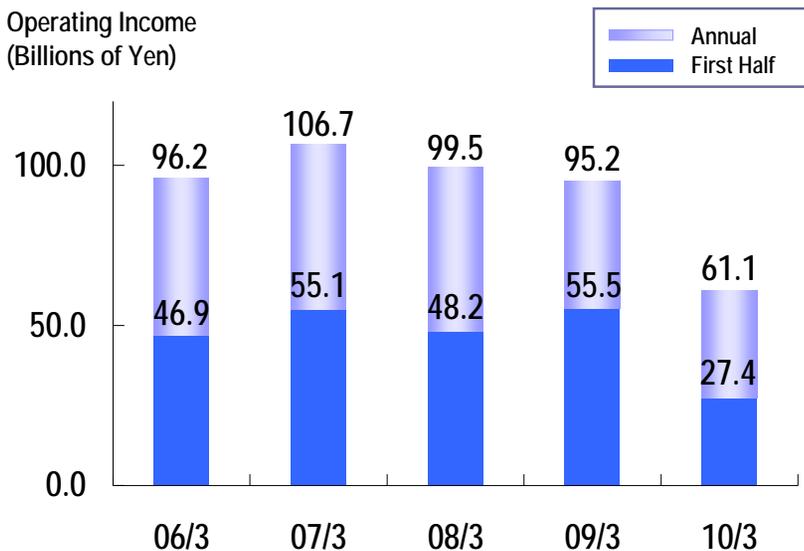


"Organic and Inorganic chemicals" Business Segment (Consolidated)

Net Sales
(Billions of Yen)



Operating Income
(Billions of Yen)



●PVC

◆ Although it was affected by the sluggish demand resulting from the long period of stagnation in the U.S. housing market, Shintech Inc. in the U.S. strove to expand its sales to customers worldwide and maintained a high level of shipments.

◆ The business performance of Shin-Etsu PVC in The Netherlands was not strong due to a decline in demand in Europe.

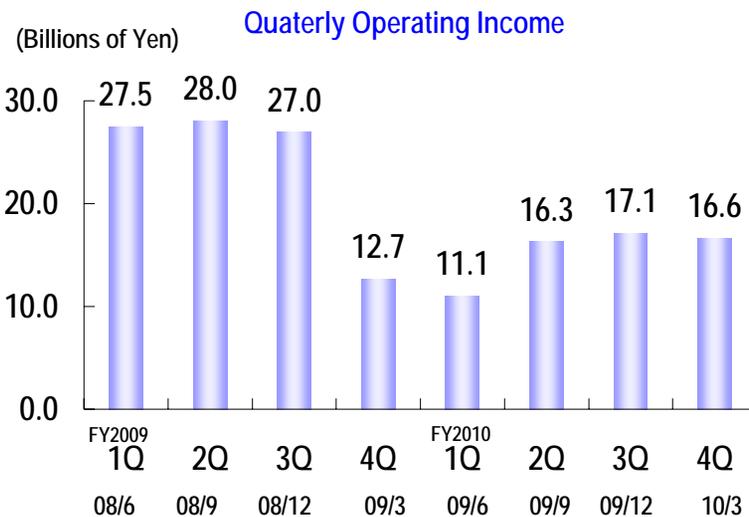
◆ With regard to the PVC business in Japan, the severe situation continued due to such matters as rises in raw materials prices and sluggish domestic demand.

●Silicones

◆ The silicone business remained weak in the first half of FY 2010, as it was affected by sluggish demand across-the-board; however, from the second half of FY 2010, centering mainly in the Asian region, demand shifted towards a recovery trend and domestic sales also remained firm in a wide range of areas such as electric, electronics and automobile applications. With regard to the business of keypads for mobile phones supplied by Shin-Etsu Polymer Co., Ltd., although there was a partial recovery in demand, this business remained weak due to an escalation in price competition.

●Other chemicals

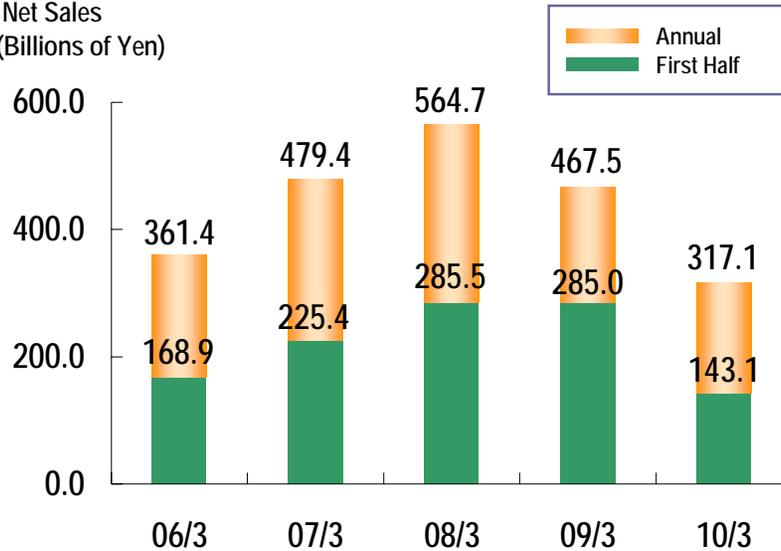
◆ With regard to sales of cellulose derivatives, on the whole, the Japanese cellulose business was stagnant except with regard to sales in Japan of pharmaceutical-use products. The performance of SE Tylose in Germany also remained weak, as it was affected by the slow demand for construction materials in Europe.





"Electronics materials" Business Segment (Consolidated)

Net Sales
(Billions of Yen)



● Semiconductor silicon

◆ Although shipments of silicon wafers followed a recovery trend, mainly for 300mm wafers, because of the low level of product prices, the severe business situation continued.

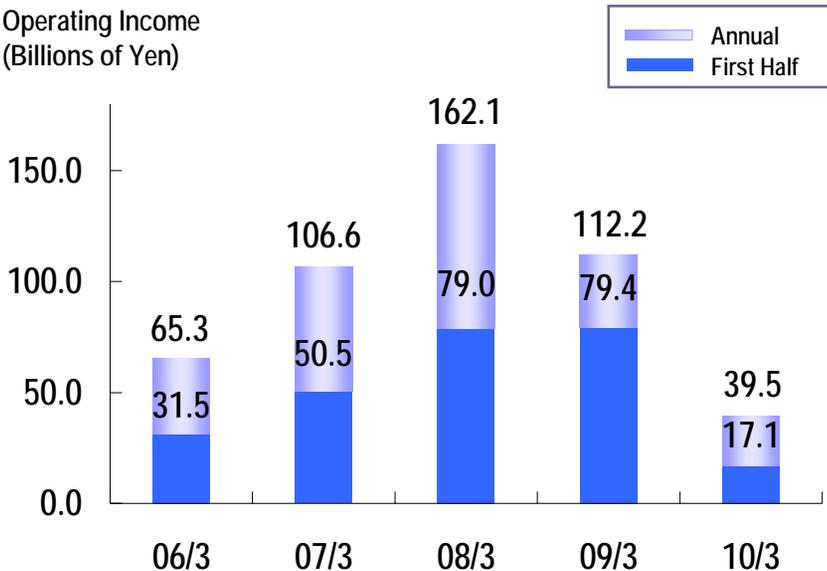
● Other electronics materials

◆ In the rare earth magnets for the electronics industry, with the recovery of demand for applications in hard disk drives for PCs and servers, this business remained strong.

◆ Sales of photoresists products remained good, because of the progress in miniaturization of semiconductor devices.

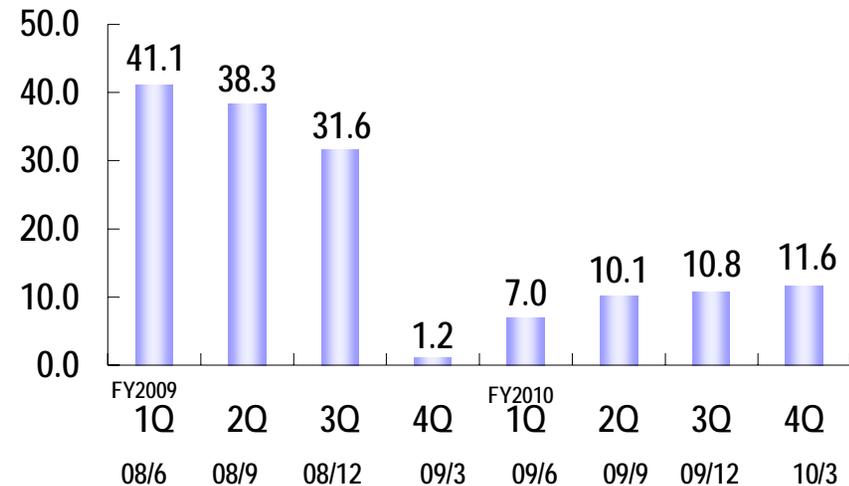
◆ The business of organic materials for the electronics industry was firm for applications as a coating material for high-luminance LEDs.

Operating Income
(Billions of Yen)



(Billions of Yen)

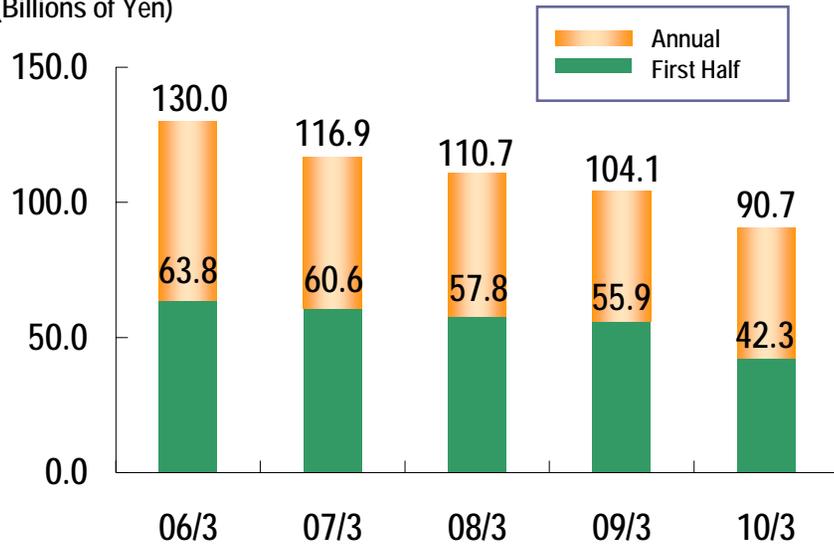
Quaterly Operating Income



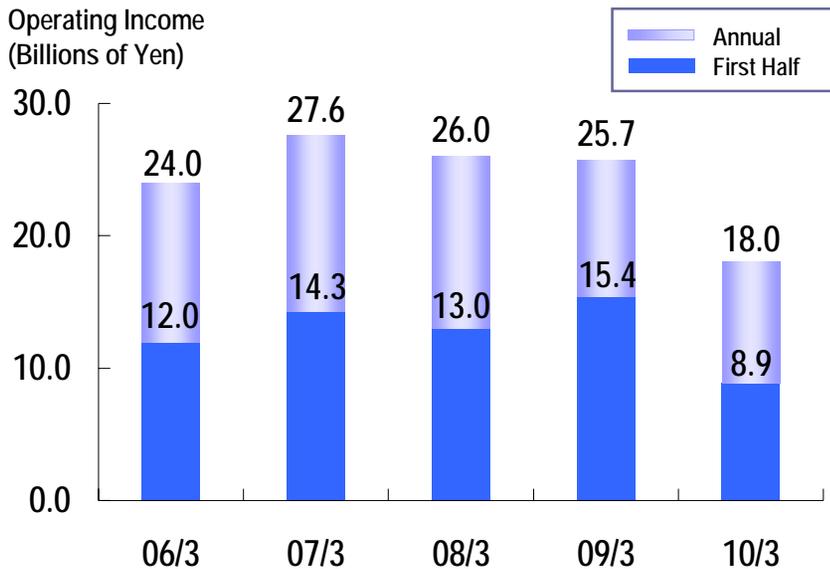


"Functional materials and Others" Business Segment (Consolidated)

Net Sales
(Billions of Yen)



Operating Income
(Billions of Yen)



• Synthetic quartz

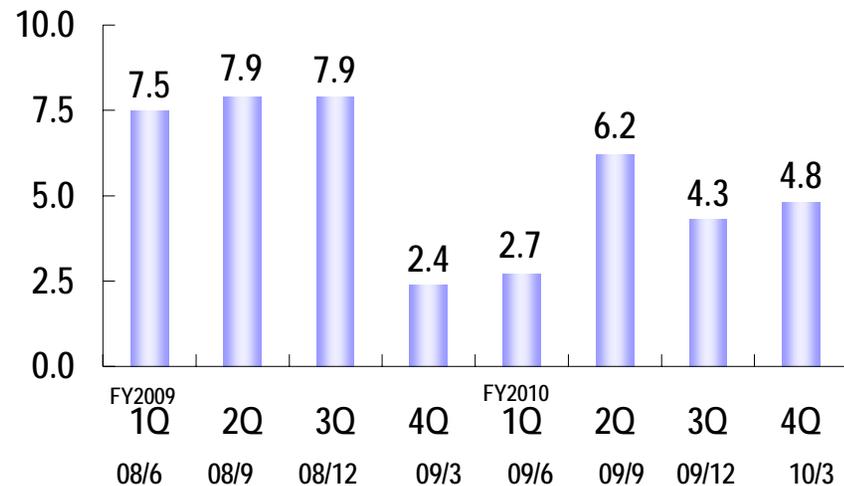
◆ With regard to synthetic quartz, with a worldwide increase in demand, sales of optical preform continued to be strong.
 ◆ Although shipments of large-size photomask substrates used for LCDs were firm, the business was strongly affected by the intensifying price competition.

• Rare earth magnets for general applications and Other functional materials

◆ Sales of rare earth magnets for general industrial use remained strong for applications in motors of hybrid cars and energy-saving air conditioners; however, other application fields such as applications for FA motors, did not do well. On the whole, this business remained weak.
 ◆ Sales of pellicles are on the road to recovery and continued strong, and although sales of liquid fluoroelastomers in Japan were good, exports were weak.

(Billions of Yen)

Quarterly Operating Income



● ● ● | **Operating Performance of Shintech, Inc.**

Shintech Incorporated

	Fiscal year 08/1 - 08/12		Fiscal year 09/1 - 09/12		US\$ Increase (Decrease)
	Millions of US\$	Billions of Yen	Millions of US\$	Billions of Yen	
Net Sales	2,066	213.8	1,667	156.0	(19.3%)
Ordinary Income	337	34.9	172	16.1	(48.9%)
Net Income	227	23.5	112	10.5	(50.5%)
Net Assets	2,595	236.3	2,705	249.2	
Total Assets	3,203	291.6	3,375	310.9	

Exchange rate Jan.-Dec. (Ave.) : Fiscal year 08/1-08/12	103.5Yen/US\$
Fiscal year 09/1-09/12	93.6Yen/US\$

● ● ● | Operating Performance of Shin-Etsu Handotai Group

Shin-Etsu Handotai Group(Consolidated)

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

(Billions of Yen)

	Fiscal year 08/4-09/3	Fiscal year 09/4-10/3	Increase (Decrease)
Net Sales	398.0	247.6	(37.8%)
Ordinary Income	99.4	21.0	(78.8%)
Extraordinary Loss	4.4	-	-
Income Before Income Taxes	95.0	21.0	(77.9%)
Net Income	57.4	17.0	(70.4%)
Net Assets	326.6	340.1	
Total Assets	431.7	423.9	

Notes; The financial statements of the overseas Shin-Etsu Handotai Group companies are calculated based on the FY ended in December 2008 and 2009.

Comparative Income Statements (Consolidated)

(Billions of Yen)

	Fiscal year 08/4-09/3	Fiscal year 09/4-10/3	Increase (Decrease)
Net Sales	1,200.8	916.8	(23.6%) (284.0)
Cost of Sales	853.4	700.9	(152.5)
Selling, General and Administrative Expenses	114.5	98.7	(15.8)
Operating Income	232.9	117.2	(49.7%) (115.7)
Non-Operating Income / Expenses	17.6	9.8	(7.8)
Ordinary Income	250.5	127.0	(49.3%) (123.5)
Extraordinary Income / Expenses	(6.0)	-	6.0
Income before income taxes	244.5	127.0	(48.0%) (117.5)
Income Taxes	88.6	42.4	(46.2)
Minority Interests in Earnings of Consolidated Subsidiaries	1.1	0.8	(0.3)
Net Income	154.7	83.9	(45.8%) (70.8)

Comparative Balance Sheets (Consolidated)

(Billions of Yen)

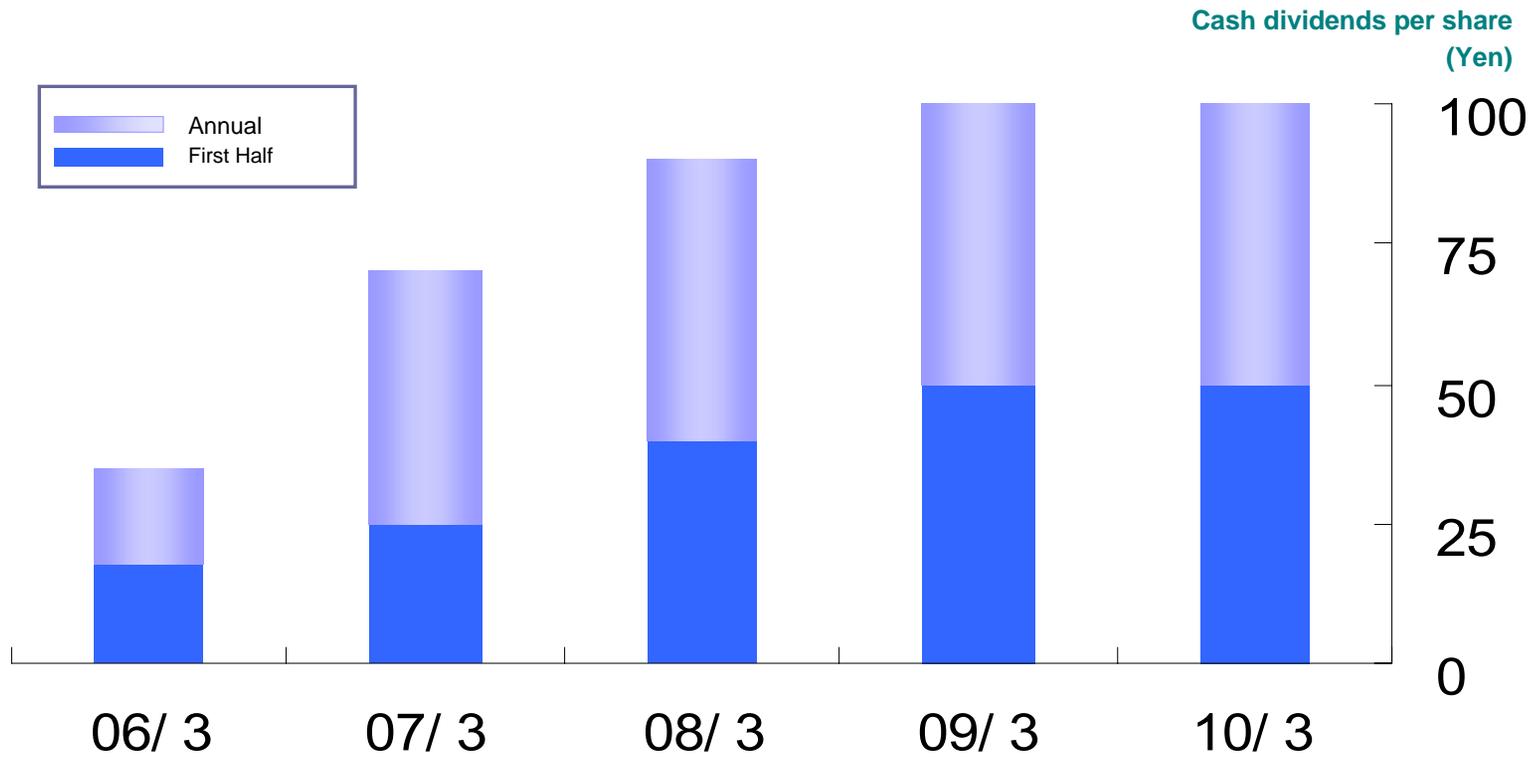
	March 31, 2009	March 31, 2010	Increase (Decrease)		March 31, 2009	March 31, 2010	Increase (Decrease)
Current Assets	815.9	842.6	26.7	Current Liabilities	209.3	230.1	20.8
Cash and time deposits	209.5	209.0	(0.5)	Notes and accounts payable-trade	75.2	93.3	18.1
Notes and accounts receivable-trade	215.8	273.9	58.1	Short-term borrowings	10.9	11.9	1.0
Securities	111.9	109.8	(2.1)	Accrued expenses and accounts payable-others	98.7	96.6	(2.1)
Inventories	208.1	183.6	(24.5)	Accrued income taxes	11.6	18.2	6.6
Deferred taxes, current	36.1	26.0	(10.1)	Other	12.9	10.2	(2.7)
Other	34.5	40.3	5.8	Long-Term Liabilities	68.3	64.8	(3.5)
Fixed Assets	869.0	926.6	57.6	Long-term borrowings	12.8	7.9	(4.9)
Property, Plant and Equipment	609.7	646.1	36.4	Deferred taxes, non-current	37.4	38.1	0.7
Buildings and structures	161.4	167.2	5.8	Accrued retirement benefits	11.4	12.7	1.3
Machinery and equipment	294.0	264.0	(30.0)	Other	6.7	6.1	(0.6)
Other	154.3	214.9	60.6	Total liabilities	277.6	294.9	17.3
Intangible Fixed Assets	18.3	17.1	(1.2)	Stockholders' equity	1,483.0	1,525.1	42.1
Investments and Other Assets	241.1	263.4	22.3	Common stock	119.4	119.4	-
Investments in securities	146.9	162.4	15.5	Additional paid-in capital	128.2	128.2	-
Deferred taxes, non-current	34.9	22.1	(12.8)	Retained earnings	1,277.1	1,318.4	41.3
Other	59.3	78.9	19.6	Less: Treasury stock, at cost	(41.6)	(40.9)	0.7
				Valuation, translation adjustments and others	(117.0)	(94.0)	23.0
				Share subscription rights	2.4	3.6	1.2
				Minority interests in consolidated subsidiaries	38.8	39.4	0.6
				Total net assets	1,407.4	1,474.2	66.8
Total assets	1,684.9	1,769.1	84.2	Total liabilities and net assets	1,684.9	1,769.1	84.2

Comparative Statements of Cash Flows (Consolidated)

(Billions of Yen)

	Fiscal year 08/4-09/3	Fiscal year 09/4-10/3	Increase (Decrease)
(1) Cash Flows from Operating Activities	256.6	171.5	(85.1)
Income before income taxes	244.5	127.0	(117.5)
Payment of income taxes	(91.7)	(18.2)	73.5
Depreciation and amortization	119.5	87.7	(31.8)
(Increase) in working capital	(13.1)	(8.8)	4.3
Equity in earnings of affiliates	(12.4)	(10.0)	2.4
Others	9.8	(6.2)	(16.0)
(2) Cash Flows from Investing Activities	(200.8)	(102.8)	98.0
Expenditure for purchase of tangible and intangible fixed assets	(191.1)	(132.6)	58.5
Decrease (Increase) in securities	(7.9)	27.6	35.5
Others	(1.8)	2.2	4.0
(3) Cash Flows from Financing Activities	(80.1)	(51.0)	29.1
Decrease in borrowings	(6.8)	(8.0)	(1.2)
Cash dividends paid	(42.9)	(42.4)	0.5
Purchase of treasury stock	(29.9)	0.0	29.9
Others	(0.5)	(0.6)	(0.1)
(4) Effect of Exchange Rate Changes on Cash and Cash Equivalents	(26.3)	1.7	28.0
Net Increase (Decrease) in Cash and Cash Equivalents	(50.6)	19.4	70.0
Balance of cash and cash equivalents	251.0	270.4	19.4
Balance of liabilities with interest	23.7	19.8	(3.9)

● ● ● | Cash dividends per share



		(Yen)				
		06/3	07/3	08/3	09/3	10/3
Cash dividends per share	First Half	17.5	25	40	50	50
	Annual	35	70	90	100	100
Net income per share	First Half	129.68	174.08	221.16	235.04	83.70
	Annual	266.63	357.78	426.63	362.39	197.53

● ● ● | **Appendix ① (For reference)**

1) Average Exchange Rate

		US\$ (yen/\$)			EUR (yen/€)		
		Quarterly trend	12 months		Quarterly trend	12 months	
			Jan.-Dec.	Apr.-Mar.		Jan.-Dec.	Apr.-Mar.
2008	Jan.-Mar.	105.3	103.5		157.6	152.4	
	Apr.-Jun.	104.6		100.5	163.4		143.5
	Jul.-Sep.	107.7		161.9			
	Oct.-Dec.	96.3		126.7			
2009	Jan.-Mar.	93.6	93.6		121.8	130.2	
	Apr.-Jun.	97.3		92.8	132.6		131.2
	Jul.-Sep.	93.7		133.7			
	Oct.-Dec.	89.7		132.7			
2010	Jan.-Mar.	90.7			125.6		

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

Appendix ② (For reference)

2) Housing Starts in the U.S. (Seasonally Adjusted Annual Rate)



Annual Trend of the Housing Starts in the U.S. (10 year history)

(thousands)

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1,569	1,603	1,705	1,848	1,956	2,068	1,801	1,355	904	554

* Source from United States Department of Commerce

3) Trend of Naphtha Price Traded in Japan

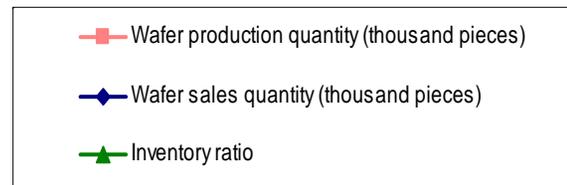
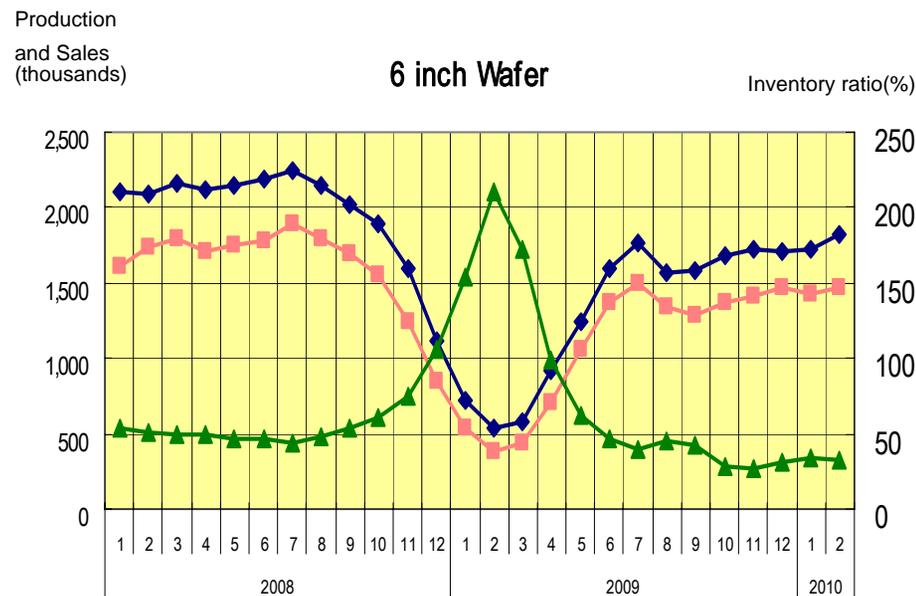
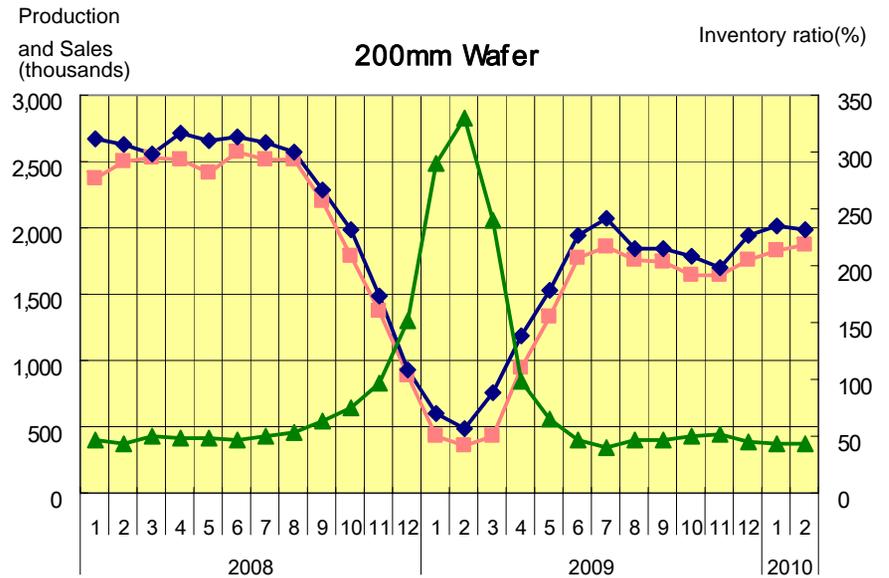
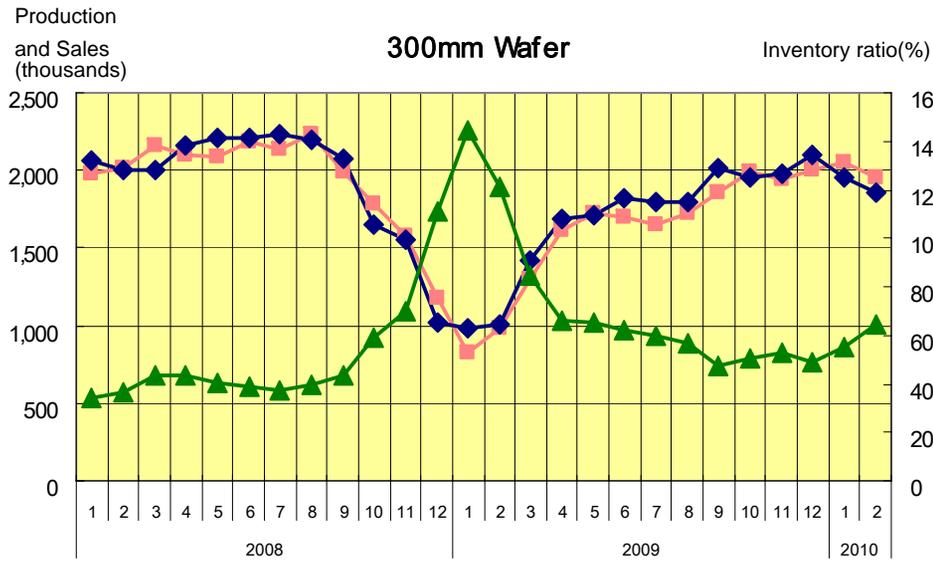
(yen / KL)

FY2009 (April 1,2008 - March 31,2009)				FY2010 (April 1,2009 - March 31,2010)			
Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	(2009) Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	(2010) Jan.-Mar. *forecast
70,900	85,800	52,000	27,000	33,300	41,200	42,500	47,600

* Calculated by Shin-Etsu Chemical (source from Ministry of Finance Japan)

● ● ● | **Appendix ③ (For reference)**

4) The Statistics Data of Silicon Wafers Produced in Japan (for each size)



* Source from Ministry of Economy, Trade and Industry and Japan Society of Newer Metals



Recent Topics (April 2009 ~ April 2010)

- 2009.4 Shin-Etsu Chemical appointed Dr. Hiroshi Komiyama, former president of the University of Tokyo, as a Special Advisor to Shin-Etsu Chemical.
- 2009.5 Shin-Etsu Chemical announced that we have developed a new generation of silicone encapsulating material, which dramatically improves the reliability of high-brightness LEDs.
- 2009.8 CIRES became a wholly-owned Shin-Etsu Subsidiary with the completion of acquisition procedures.
- 2009.8 Shin-Etsu Chemical obtained a license from OFS to use their patent in our current capacity expansion for optical fiber preforms.
- 2009.9 Shin-Etsu Chemical announced our operating performance for the 2nd quarter of FY2010, and interim dividend forecasts.
- 2009.9 Shin-Etsu Chemical announced that we have developed a silicone reflector material for high-brightness LEDs, and a new transparent protective film.
- 2009.10 Shin-Etsu Chemical announced that we have developed a low-hardness, high-thermally-conductive silicone soft pad for mounting electronic components, which has many superior properties.
- 2009.10 Shin-Etsu Chemical announced an expansion plan for Simcoa to double their production capacity for metallic silicon.
- 2010.1 Shin-Etsu Chemical announced the forecasts of the Operating Performance and Dividend for the fiscal year ending on March 31, 2010.
- 2010.4 Shin-Etsu Chemical announced that its U.S. subsidiary Shintech is further strengthening its integrated PVC production facilities, doubling their vinyl chloride monomer production capacity to 1.6 million tons per year in Louisiana.