

# Financial Summary

For the six months ended September 30, 2010

(October 28, 2010)

Shin-Etsu Chemical Co., Ltd.

## Disclaimer Regarding Forward-Looking Statements

Forward-looking statements such as the forecast of results of operations made in this document involves risks and uncertainties since they are based on management's assumptions and beliefs in light of the information currently available to it. The reader should be aware that actual results may be materially different from any future results expressed herein due to various factors. Material factors affecting the actual results may include overall economic conditions in which the businesses of our company and our group companies are involved, the relevant market trends and fluctuations in foreign exchange rates of the yen, in particular, the exchange rate between the U.S. dollars and the yen; provided, however, that such factors as may affect results of operations are not limited to those enumerated above.

**ShinEtsu**



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# Operating Performance (Consolidated)

(Billions of Yen)

	2009 April - September	2010 April - September	Increase (Decrease)
<b>Net sales</b>	<b>417.2</b>	<b>532.6</b>	<b>27.6%</b> <b>115.4</b>
<b>Operating income</b>	<b>52.9</b>	<b>76.1</b>	<b>43.8%</b> <b>23.2</b>
<b>Ordinary income</b>	<b>55.8</b>	<b>81.2</b>	<b>45.5%</b> <b>25.4</b>
<b>Net income</b>	<b>35.5</b>	<b>62.3</b>	<b>75.5%</b> <b>26.8</b>
<b>ROE (per annum)</b>	<b>5.1%</b>	<b>8.7%</b>	<b>3.6points</b>
<b>ROA (per annum)</b>	<b>6.5%</b>	<b>9.2%</b>	<b>2.7points</b>
<b>Per share (in Yen)</b>			
<b>Net income</b>	<b>83.70</b>	<b>146.83</b>	<b>63.13</b>
<b>Cash dividend</b>	<b>50</b>	<b>50</b>	<b>-</b>

Notes: (1) ROE: Return (Net income) on equity.

Equity used for this calculation consists of "Stockholders' equity" and "Valuation, translation adjustments and others".

(2) ROA: Return (Ordinary income) on total assets.

(3) ROE and ROA per annum are calculated by doubling first-half net income and ordinary income, respectively.

(Billions of Yen)

	September 30 2009	September 30 2010	Increase (Decrease)	March 31 2010	Increase (Decrease)
<b>Net Assets</b>	<b>1,460.9</b>	<b>1,476.2</b>	<b>15.3</b>	<b>1,474.2</b>	<b>2.0 Billion yen</b>
<b>Total Assets</b>	<b>1,740.6</b>	<b>1,777.8</b>	<b>37.2</b>	<b>1,769.1</b>	<b>8.7 Billion yen</b>
<b>Equity Ratio</b>	<b>81.3%</b>	<b>80.6%</b>	<b>(0.7points)</b>	<b>80.9%</b>	<b>(0.3 points)</b>
<b>Net Assets per share (in Yen)</b>	<b>3,335</b>	<b>3,376</b>	<b>41</b>	<b>3,371</b>	<b>5 Yen</b>



## Financial Highlights (Consolidated)

(Billions of Yen)

	2009 April - September	2010 April - September
Capital expenditures	58.5	58.2
Depreciation and amortization	40.7	45.3
R & D costs	16.0	18.0
Balance of liabilities with interest	24.6	18.8
Number of employees	17,540	16,866
Exchange rate Jan. - Jun.(Average)	95.4	91.4
(Yen/US\$) Apr. - Sep.(Average)	95.4	88.9

Notes: (1) An average exchange rate between January and June was used for the Consolidated Income Statements of overseas subsidiaries.

(2) For further exchange rate data, please see “ Appendix 1 (For reference) ” on page20.

## Segment Information (Consolidated)

(Billions of Yen)

	Net Sales			Operating Income		
	2009 Apr. - Sep.	2010 Apr. - Sep.	Increase (Decrease)	2009 Apr. - Sep.	2010 Apr. - Sep.	Increase (Decrease)
<b>PVC/Chlor-Alkali Business</b>	<b>107.8</b>	<b>146.5</b>	<b>36.0%</b> <b>38.7</b>	<b>10.0</b>	<b>9.3</b>	<b>(6.8%)</b> <b>(0.7)</b>
<b>Silicones Business</b>	<b>55.4</b>	<b>71.7</b>	<b>29.5%</b> <b>16.3</b>	<b>9.9</b>	<b>17.5</b>	<b>77.0%</b> <b>7.6</b>
<b>Specialty Chemicals Business</b>	<b>37.6</b>	<b>40.2</b>	<b>6.8%</b> <b>2.6</b>	<b>7.1</b>	<b>6.0</b>	<b>(15.3%)</b> <b>(1.1)</b>
<b>Semiconductor Silicon Business</b>	<b>114.9</b>	<b>142.4</b>	<b>23.9%</b> <b>27.5</b>	<b>10.0</b>	<b>21.0</b>	<b>109.0%</b> <b>11.0</b>
<b>Electronics &amp; Functional Materials Business</b>	<b>51.8</b>	<b>69.6</b>	<b>34.4%</b> <b>17.8</b>	<b>13.3</b>	<b>18.0</b>	<b>35.6%</b> <b>4.7</b>
<b>Diversified Business</b>	<b>49.7</b>	<b>62.2</b>	<b>25.0%</b> <b>12.5</b>	<b>3.2</b>	<b>4.2</b>	<b>29.0%</b> <b>1.0</b>
<b>Adjustment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.6)</b>	<b>0.1</b>	<b>0.7</b>
<b>Total</b>	<b>417.2</b>	<b>532.6</b>	<b>27.6%</b> <b>115.4</b>	<b>52.9</b>	<b>76.1</b>	<b>43.8%</b> <b>23.2</b>



## Capital expenditures and Depreciation and amortization by Segment

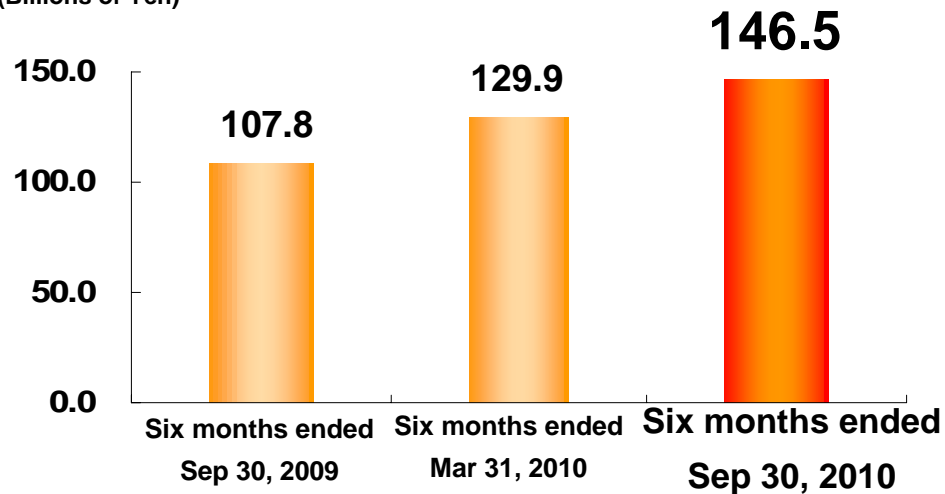
(Billions of Yen)

	2010 April - September
<b>Capital expenditures</b>	<b>58.2</b>
PVC/Chlor-Alkali Business	32.5
Silicones Business	3.0
Specialty Chemicals Business	9.7
Semiconductor Silicon Business	7.5
Electronics & Functional Materials Business	4.1
Diversified Business	1.5
<b>Depreciation and amortization</b>	<b>45.3</b>
PVC/Chlor-Alkali Business	6.5
Silicones Business	3.9
Specialty Chemicals Business	3.9
Semiconductor Silicon Business	22.3
Electronics & Functional Materials Business	6.8
Diversified Business	2.1

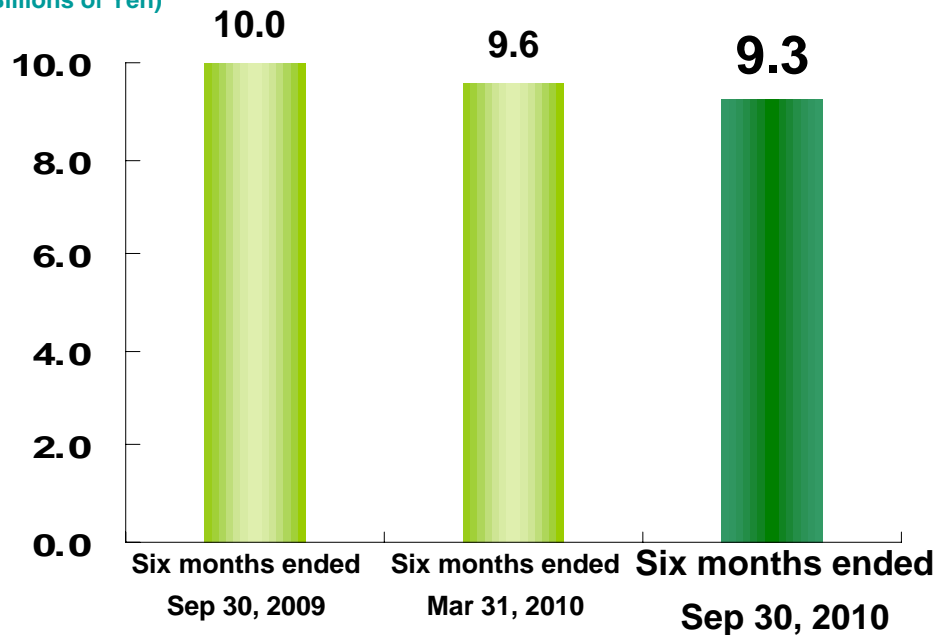


## PVC/Chlor-Alkali Business Segment

Net Sales  
(Billions of Yen)



Operating Income  
(Billions of Yen)



While being affected by the U.S. housing market's long-term stagnant demand, Shintech Inc. in the U.S. maintained a high level of shipments and increased its business performance through sales utilizing its sales network to worldwide customers, which has been cultivated over many years. **In the period from April to June, the profit margin improved compared to the January through March period because of the improvement of caustic soda market and other factors.** The second-phase construction to expand capacity of Shintech's Plaquemine No. 1 Plant (PVC integrated production plant) in Louisiana was completed and production already began. Accordingly, the total PVC production capacity of Shintech was increased to 2.64 million tons per year.

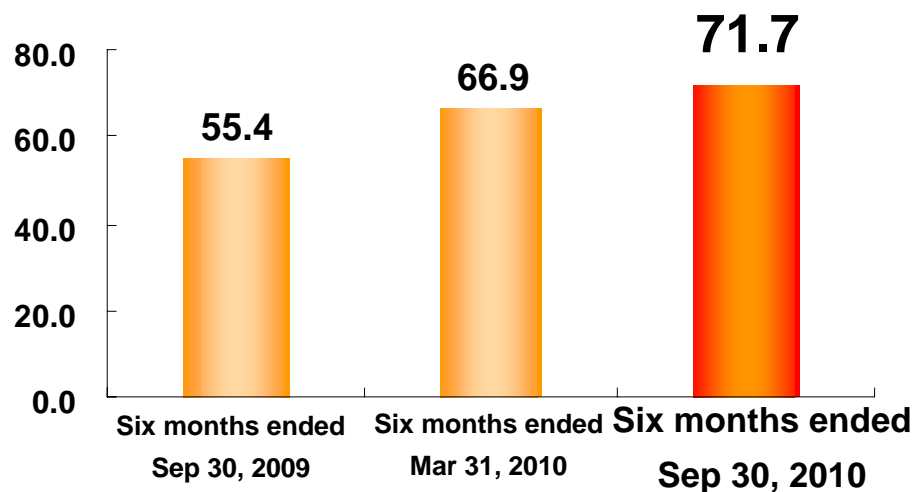
Shin-Etsu PVC in The Netherlands also continued strong shipments. **The housing market in Europe still remains weak; nevertheless, our PVC operations in Europe, including CIRES in Portugal, are continuing at a high level.**

In Japan, this business continued to be in a severe situation due to such factors as a worsening in the profitability of exports as a result of the appreciation of the Japanese yen.

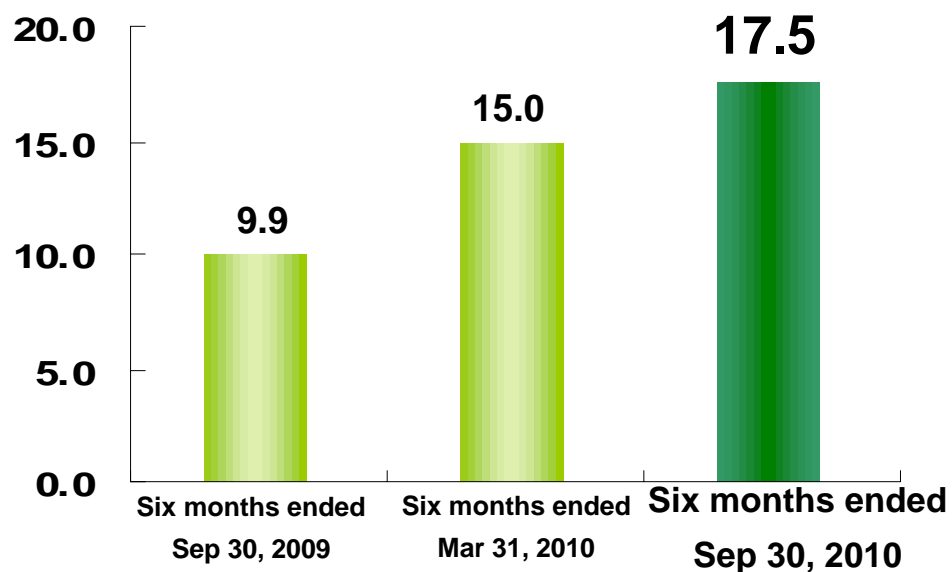
\*Note: Comments colored in blue are supplemental information to the information provided in the "Financial Data."

# Silicones Business Segment

Net Sales  
(Billions of Yen)



Operating Income  
(Billions of Yen)



With regard to the silicones business, demand was robust in a wide range of areas such as electric, electronics and automobile applications, and both our domestic and overseas silicones business remained firm.

Domestic shipments in Japan were firm because the demand for silicones recovered in most industries.

The export business was also robust due to the strong demand from Asia, mainly from China. In addition to general-purpose products, demand for highly functional products was also strong.

Both our siloxane plants in Japan (Gunma Prefecture) and Thailand are continuing a high level operations.

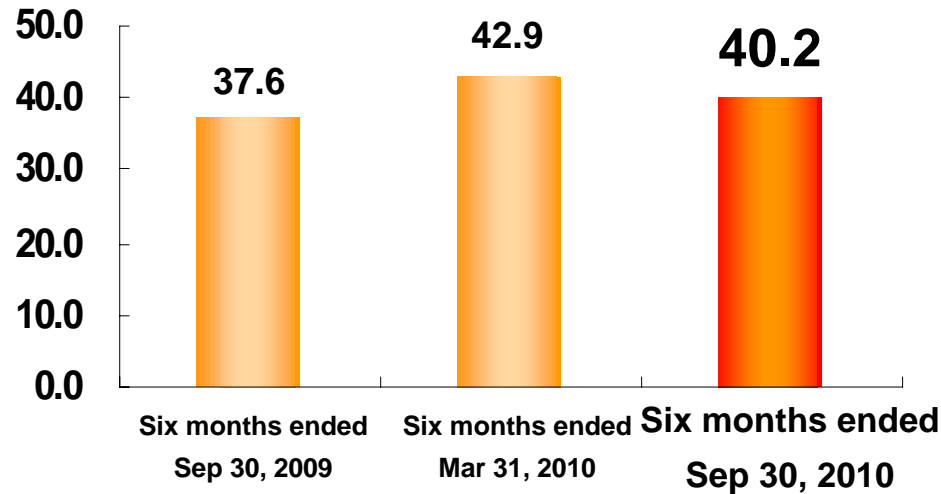
\*Note: Comments colored in blue are supplemental information to the information provided in the "Financial Data."



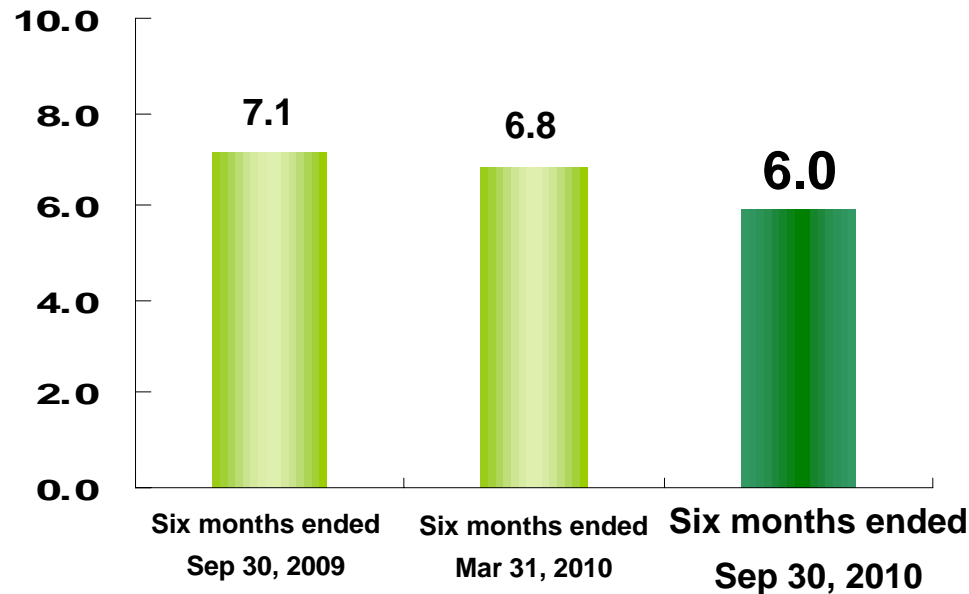


## Specialty Chemicals Business Segment

Net Sales  
(Billions of Yen)



Operating Income  
(Billions of Yen)



With regard to sales of cellulose derivatives, in Japan this business remained strong for pharmaceutical-use products, and cellulose products for industrial applications also saw a recovery for such applications as those in the automotive industry. Because of the sluggish construction market, the severe business situation for construction-application products continued.

The business of SE Tylose in Germany also remained weak, as it was affected by the low level of prices of construction-application products. [The construction of a new manufacturing facility for pharmaceutical cellulose products was completed, and it will begin full-scale production when the customers' procedures for approval are finalized.](#)

[Simcoa in Australia, which produces silicon metal, the raw material for silicone, semiconductor wafer and synthetic quartz, is also being operated at a high level, and an expansion project is under way.](#)

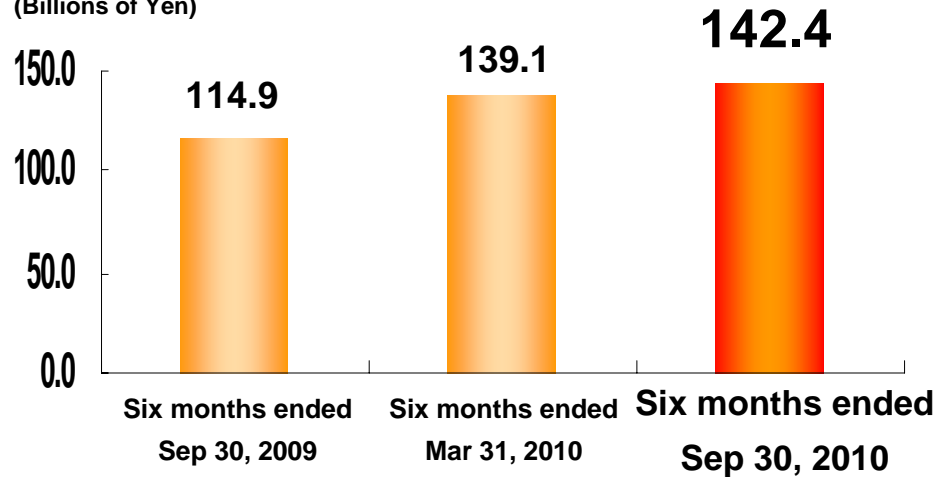
[Shipments of polyvinyl alcohol \(PVA\) from JAPAN VAM & POVAL were firm, but vinyl acetate monomer \(VAM\) sales were affected by the weak overseas market.](#)

\*Note: Comments colored in blue are supplemental information to the information provided in the "Financial Data."



## Semiconductor Silicon Business Segment

Net Sales  
(Billions of Yen)



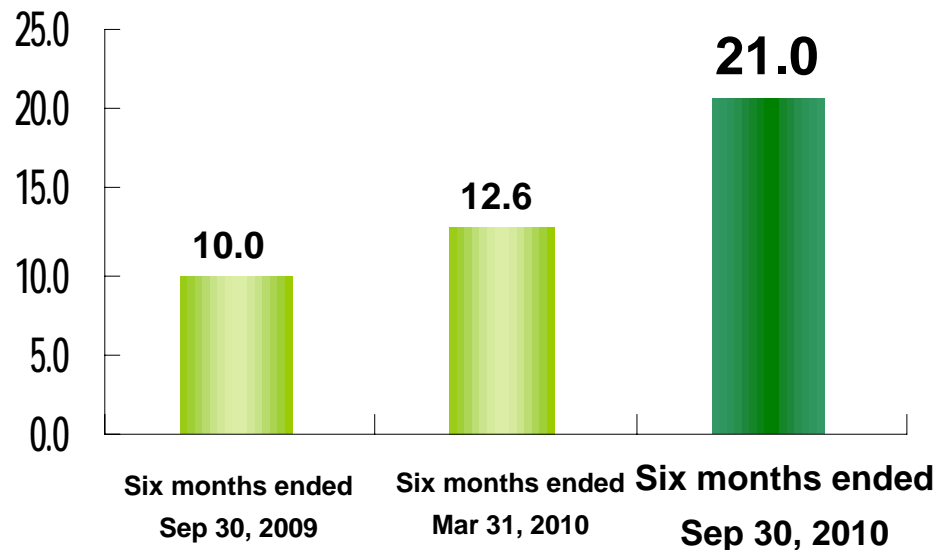
Demand recovery was seen in semiconductor devices in diverse application fields, such as PCs and mobile phones, and as a result, on the whole, demand in the silicon wafer business continued to be strong and its business performance grew.

With regard to price, we requested our customers to accept a price revision to a level that makes reinvestment possible, and we implemented a price increase mainly for the products whose demand and supply are tight.

We will make strong efforts to grasp future trends of the demand of semiconductor devices. In addition, we will focus on enhancing the quality of the wafers so as to meet the miniaturization requirements.

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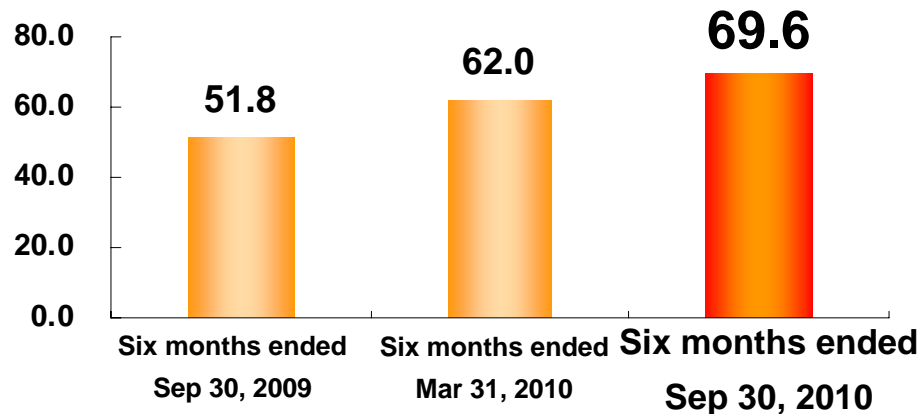
Operating Income  
(Billions of Yen)



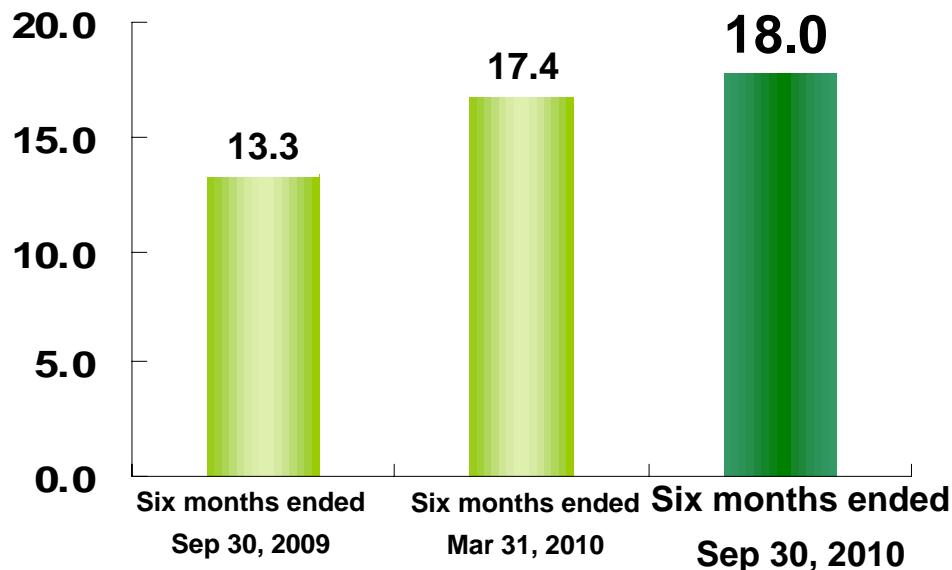


## Electronics & Functional Materials Business Segment

Net Sales  
(Billions of Yen)



Operating Income  
(Billions of Yen)



With regard to rare earth magnets, although applications in hard disk drives for PCs were affected by an inventory adjustment, sales for applications in hybrid cars and robotic machine tools were strong. **With regard to securing rare earth, which is the raw material for rare earth magnets, we have been proactively taking necessary measures.**

The business of coating material for high-luminance LEDs was firm. **We are also going forward with the development of materials related to high-luminance LEDs, demand for which is greatly expanding.**

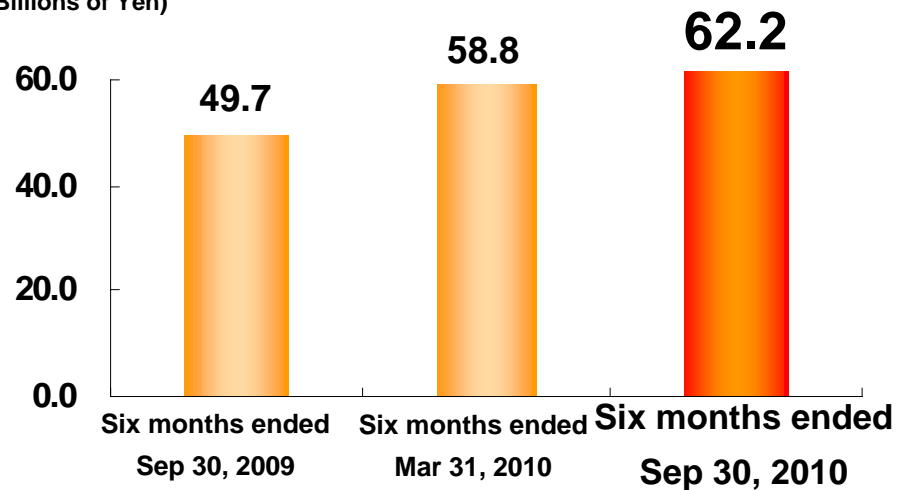
The photoresists products business remained strong as semiconductor device makers are continuing a high level of production and also due to the progress in the miniaturization of devices. **With the progress in the miniaturization of semiconductor devices, we are going forward with development of cutting-edge materials such as photoresists for ArF excimer lasers and trilayer. In addition, we are focusing on expanding sales of our cutting-edge photomask blanks.**

With regard to synthetic quartz products, optical fiber preform continued good shipments. With regard to large-size photomask substrates used for LCDs, although shipments were firm, this business was affected by an intensifying price competition.

\*Note: Comments colored in blue are supplemental information to the information provided in the "Financial Data."

● ● ● | **Diversified Business Segment**

**Net Sales**  
(Billions of Yen)

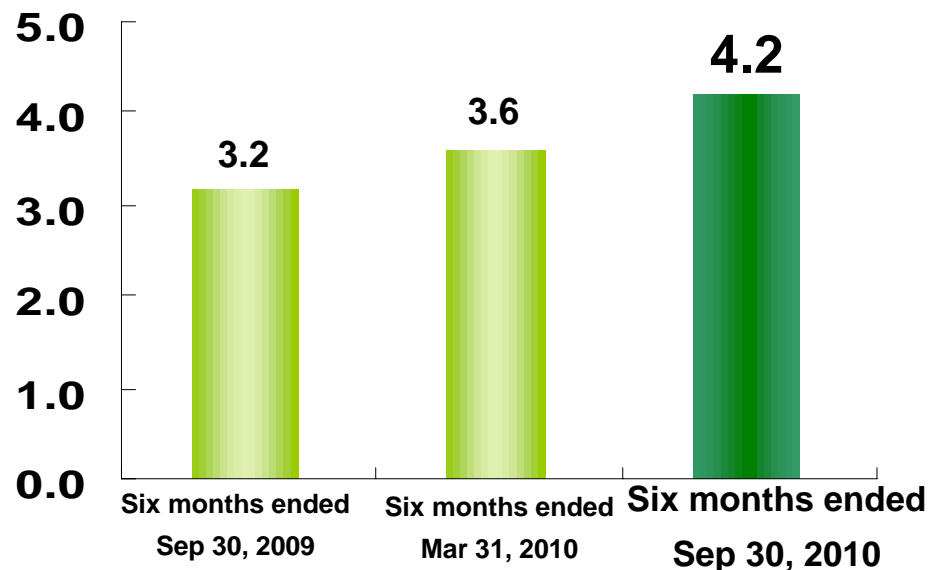


Although the business of keypads for mobile phones was affected by such factors as an intensifying price competition, Shin-Etsu Polymer Co., Ltd.'s sales of packaging for semiconductor wafers turned out to be on a recovery track. *With regard to the packaging and carrier products for 300mm silicon wafers, reuse is increasing at the customers' end for the purposes of cost reduction and environmental protection.*

The engineering business remained firm.

*\*Note: Comments colored in blue are supplemental information to the information provided in the "Financial Data."*

**Operating Income**  
(Billions of Yen)



● ● ● | Quarterly Sales by Segment

(Sales)

(Billions of Yen)

	Fiscal year Ended March 2010				Fiscal year Ending March 2011	
	1Q	2Q	3Q	4Q	1Q	2Q
PVC/Chlor-Alkali Business	46.5	61.3	68.2	61.7	70.4	76.1
Silicones Business	24.9	30.5	33.8	33.1	35.4	36.3
Specialty Chemicals Business	17.6	20.0	21.0	21.9	19.5	20.7
Semiconductor Silicon Business	53.2	61.7	70.1	69.0	69.2	73.2
Electronics & Functional Materials Business	24.1	27.7	29.4	32.6	33.8	35.8
Diversified Business	23.8	25.9	28.5	30.3	31.4	30.8
<b>Total</b>	<b>190.1</b>	<b>227.1</b>	<b>251.0</b>	<b>248.6</b>	<b>259.7</b>	<b>272.9</b>

Reclassified to new segment applied from this fiscal year.

● ● ● | Quarterly Operating Income by Segment

(Operating Income)

(Billions of Yen)

	Fiscal year Ended March 2010				Fiscal year Ending March 2011	
	1Q	2Q	3Q	4Q	1Q	2Q
PVC/Chlor-Alkali Business	4.9	5.1	5.4	4.2	3.1	6.2
Silicones Business	3.2	6.7	7.2	7.8	9.1	8.4
Specialty Chemicals Business	2.9	4.2	3.2	3.6	3.0	3.0
Semiconductor Silicon Business	4.1	5.9	6.3	6.3	9.4	11.6
Electronics & Functional Materials Business	5.1	8.2	8.2	9.2	8.9	9.1
Diversified Business	0.5	2.7	1.8	1.8	2.3	1.9
Adjustment	(0.1)	(0.5)	(0.5)	(0.2)	0.3	(0.2)
<b>Total</b>	<b>20.6</b>	<b>32.3</b>	<b>31.6</b>	<b>32.7</b>	<b>36.1</b>	<b>40.0</b>

Reclassified to new segment applied from this fiscal year.

## Operating Performance of Shintech, Inc.

	2009 January - June		2010 January - June		Increase (Decrease) on US\$ basis
	Millions of US\$	Billions of Yen	Millions of US\$	Billions of Yen	
<b>Net Sales</b>	<b>743</b>	<b>70.9</b>	<b>1,116</b>	<b>102.0</b>	<b>50.2%</b>
<b>Ordinary Income</b>	<b>82</b>	<b>7.9</b>	<b>90</b>	<b>8.2</b>	<b>9.2%</b>
<b>Net Income</b>	<b>54</b>	<b>5.1</b>	<b>58</b>	<b>5.3</b>	<b>7.7%</b>
<b>Net Assets</b>	<b>2,649</b>	<b>254.4</b>	<b>2,763</b>	<b>244.4</b>	
<b>Total Assets</b>	<b>3,251</b>	<b>312.1</b>	<b>3,776</b>	<b>334.1</b>	

Exchange rate Jan.-Jun. (Average) : 2009	95.4Yen/US\$
2010	91.4Yen/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)

	2009 April - September	2010 April - September	Increase (Decrease)
<b>Net Sales</b>	112.1	138.5	23.6%
<b>Ordinary Income</b>	9.0	21.5	138.2%
<b>Net Income</b>	7.5	16.1	115.3%
<b>Net Assets</b>	334.3	350.7	
<b>Total Assets</b>	420.3	439.0	

**Note:** The financial statements of the overseas Shin-Etsu Handotai Group companies are calculated based on the six months period ended June 2009 and 2010.



## Comparative Income Statements (Consolidated)

(Billions of Yen)

	2009 April - September	2010 April - September	Increase (Decrease)
<b>Net Sales</b>	<b>417.2</b>	<b>532.6</b>	<b>27.6%</b> <b>115.4</b>
Cost of Sales	316.3	402.9	86.6
Selling, General and Administrative Expenses	48.0	53.6	5.6
<b>Operating Income</b>	<b>52.9</b>	<b>76.1</b>	<b>43.8%</b> <b>23.2</b>
Non-Operating Income / Expenses	2.9	5.1	2.2
<b>Ordinary Income</b>	<b>55.8</b>	<b>81.2</b>	<b>45.5%</b> <b>25.4</b>
Income Taxes	20.2	28.7	8.5
* Income taxes for prior periods	-	(10.7)	(10.7)
Minority Interests in Earnings of Consolidated Subsidiaries	0.1	0.9	0.8
<b>Net Income</b>	<b>35.5</b>	<b>62.3</b>	<b>75.5%</b> <b>26.8</b>

\*Refund of corporation taxes as a result of an agreement between Japanese and U.S. authorities for settling a dispute about transfer pricing taxation.

# Comparative Balance Sheets (Consolidated)

(Billions of Yen)

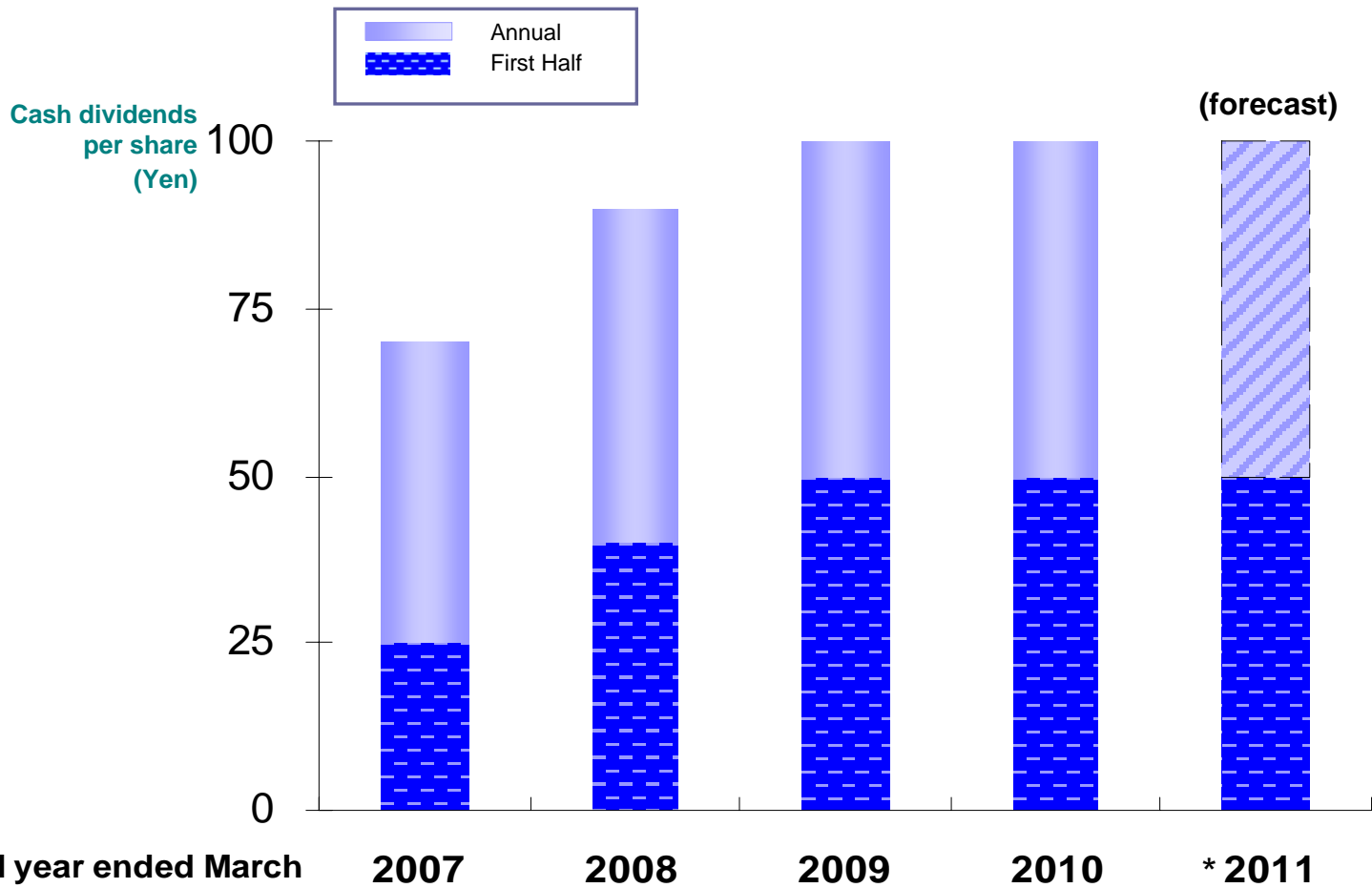
	Sep 30 2009 [a]	Mar 31 2010 [b]	Sep 30 2010 [c]	Increase (Decrease) [c-a]	Increase (Decrease) [c-b]		Sep 30 2009 [a]	Mar 31 2010 [b]	Sep 30 2010 [c]	Increase (Decrease) [c-a]	Increase (Decrease) [c-b]
<b>Current Assets</b>	<b>834.7</b>	<b>842.6</b>	<b>872.6</b>	<b>37.9</b>	<b>30.0</b>	<b>Current Liabilities</b>	<b>204.6</b>	<b>230.1</b>	<b>237.2</b>	<b>32.6</b>	<b>7.1</b>
Cash and time deposits	200.9	209.0	229.5	28.6	20.5	Notes and accounts payable-trade	89.4	93.3	110.7	21.3	17.4
Notes and accounts receivable-trade	250.3	273.9	282.5	32.2	8.6	Short-term borrowings	10.1	11.9	12.8	2.7	0.9
Securities	115.0	109.8	130.8	15.8	21.0	Accrued income taxes	17.3	18.2	22.3	5.0	4.1
Inventories	191.0	183.6	175.6	(15.4)	(8.0)	Other	87.8	106.7	91.5	3.7	(15.2)
Other	77.4	66.3	54.3	(23.1)	(12.0)	<b>Long-Term Liabilities</b>	<b>75.1</b>	<b>64.8</b>	<b>64.4</b>	<b>(10.7)</b>	<b>(0.4)</b>
<b>Fixed Assets</b>	<b>905.9</b>	<b>926.6</b>	<b>905.1</b>	<b>(0.8)</b>	<b>(21.5)</b>	Long-term borrowings	14.6	7.9	6.1	(8.5)	(1.8)
Property, Plant and Equipment	644.2	646.1	637.7	(6.5)	(8.4)	Other	60.5	56.9	58.3	(2.2)	1.4
Machinery and equipment	282.6	264.0	260.3	(22.3)	(3.7)	<b>Total liabilities</b>	<b>279.7</b>	<b>294.9</b>	<b>301.6</b>	<b>21.9</b>	<b>6.7</b>
Other	361.6	382.1	377.4	15.8	(4.7)	<b>Stockholders' equity</b>	<b>1,497.6</b>	<b>1,525.1</b>	<b>1,566.2</b>	<b>68.6</b>	<b>41.1</b>
<b>Intangible Fixed Assets</b>	<b>18.5</b>	<b>17.1</b>	<b>14.4</b>	<b>(4.1)</b>	<b>(2.7)</b>	Common stock	119.4	119.4	119.4	-	-
<b>Investments and Other Assets</b>	<b>243.3</b>	<b>263.4</b>	<b>253.1</b>	<b>9.8</b>	<b>(10.3)</b>	Additional paid-in capital	128.2	128.2	128.2	-	-
Investments in securities	151.4	162.4	151.1	(0.3)	(11.3)	Retained earnings	1,291.4	1,318.4	1,359.5	68.1	41.1
Other	91.8	101.0	102.0	10.2	1.0	Less: Treasury stock, at cost	(41.4)	(40.9)	(40.9)	0.5	(0.0)
						<b>Valuation, translation adjustments and others</b>	<b>(81.9)</b>	<b>(94.0)</b>	<b>(132.7)</b>	<b>(50.8)</b>	<b>(38.7)</b>
						Share subscription rights	3.7	3.6	3.6	(0.1)	(0.0)
						Minority interests in consolidated subsidiaries	41.6	39.4	39.1	(2.5)	(0.3)
						<b>Total net assets</b>	<b>1,460.9</b>	<b>1,474.2</b>	<b>1,476.2</b>	<b>15.3</b>	<b>2.0</b>
<b>Total assets</b>	<b>1,740.6</b>	<b>1,769.1</b>	<b>1,777.8</b>	<b>37.2</b>	<b>8.7</b>	<b>Total liabilities and net assets</b>	<b>1,740.6</b>	<b>1,769.1</b>	<b>1,777.8</b>	<b>37.2</b>	<b>8.7</b>

## Comparative Statements of Cash Flows (Consolidated)

(Billions of Yen)

	2009 Apr. - Sep.	2010 Apr. - Sep.	Increase (Decrease)
<b>(1) Cash Flows from Operating Activities</b>	<b>76.5</b>	<b>132.7</b>	<b>56.2</b>
Net Income	35.5	62.3	26.8
Depreciation and amortization	40.7	45.3	4.6
Increase in working capital	6.9	8.5	1.6
Others	(6.6)	16.6	23.2
<b>(2) Cash Flows from Investing Activities</b>	<b>(49.5)</b>	<b>(70.5)</b>	<b>(21.0)</b>
Capital expenditures	(75.0)	(64.6)	10.4
Others	25.5	(5.9)	(31.4)
<b>(3) Cash Flows from Financing Activities</b>	<b>(24.2)</b>	<b>(22.6)</b>	<b>1.6</b>
Decrease in borrowings	(2.3)	(1.0)	1.3
Cash dividends paid	(21.2)	(21.2)	0.0
Others	(0.7)	(0.4)	0.3
<b>(4) Effect of Exchange Rate Changes on Cash and Cash Equivalents, and other</b>	<b>3.4</b>	<b>(1.4)</b>	<b>(4.8)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>6.2</b>	<b>38.2</b>	<b>32.0</b>
<b>Balance of cash and cash equivalents</b>	<b>257.2</b>	<b>308.7</b>	<b>51.5</b>
<b>Balance of liabilities with interest</b>	<b>24.6</b>	<b>18.8</b>	<b>(5.8)</b>

● ● ● | Cash dividends per share



Cash dividends per share (in Yen)	First half	25	40	50	50	50
	Annual	70	90	100	100	* 100
Net income per share (in Yen)	First half	174.08	221.16	235.04	83.70	146.83
	Annual	357.78	426.63	362.39	197.53	* 259.07

\*forecast

● ● ● | **Forecast of consolidated operating performance**  
**Fiscal year ending March 31, 2011**

(Billions of Yen)

	<b>Consolidated</b>		
	<b>FY ended March 2010 Actual</b>	<b>FY ending March 2011 Forecast</b>	<b>Increase (Decrease)</b>
<b>Net sales</b>	916.8	<b>1,040.0</b>	13.4%
<b>Operating income</b>	117.2	<b>148.0</b>	26.3%
<b>Ordinary income</b>	127.0	<b>160.0</b>	26.0%
<b>Net income</b>	83.9	<b>110.0</b>	31.2%
<b>Net income per share (Yen)</b>	197.53	<b>259.07</b>	61.54
<b>Cash dividends per share (Yen)</b>	100	<b>100</b>	-

<b>Capital expenditures</b>	123.8	<b>150.0 - 200.0</b>
<b>Depreciation and amortization</b>	87.7	<b>94.0</b>

Note: Please see Disclaimer Regarding Forward-Looking Statements on the cover of this document, concerning forecasts.



## Appendix 1 (For reference )

### 1) Average Exchange Rate

		US\$ (yen/\$)					EUR (yen/€)				
		Quarterly	6 months		12 months		Quarterly	6 months		12 months	
			Jan.-Jun.	Apr.-Sep.	Jan.-Dec.	Apr.-Mar.		Jan.-Jun.	Apr.-Sep.	Jan.-Dec.	Apr.-Mar.
			Jul.-Dec.	Oct.-Mar.				Jul.-Dec.	Oct.-Mar.		
2009	Jan.-Mar.	93.6	95.4	93.6	92.8	121.8	127.2	130.2	131.2		
	Apr.-Jun.	97.3				132.6					
	Jul.-Sep.	93.7	95.4			133.7	133.2				
	Oct.-Dec.	89.7	91.7			132.7	133.2				
2010	Jan.-Mar.	90.7	91.4	90.2	88.9	125.6	121.3	129.2	113.8		
	Apr.-Jun.	92.0				117.0					
	Jul.-Sep.	85.9	110.7								

**Note: An average exchange rate between January and June was used for the first half Consolidated Income Statements of overseas subsidiaries.**

● ● ● | Appendix 2 (For reference )

## 2) Overseas sales information

(Billions of Yen)

	Japan	Overseas					Total	Total Consolidated
		North America	Asia/Oceania		Europe	Other Areas		
			China					
First Half	39.7%	16.2%	27.8%	10.7%	9.8%	6.5%	60.3%	
Apr. - Sep. 2009	165.7	67.5	115.8	44.5	41.1	27.2	251.5	417.2
Second Half	37.8%	13.9%	28.7%	10.7%	11.5%	8.0%	62.1%	
Sep. 2009 - Mar. 2010	189.1	69.8	143.4	53.5	57.4	39.9	310.5	499.6
Fiscal year	38.7%	15.0%	28.3%	10.7%	10.7%	7.3%	61.3%	
ended Mar. 2010	354.8	137.3	259.2	98.0	98.5	67.0	562.0	916.8
First Half	36.8%	15.5%	28.2%	9.8%	11.2%	8.3%	63.2%	
Apr. - Sep. 2010	196.0	82.5	150.1	52.3	59.9	44.1	336.6	532.6

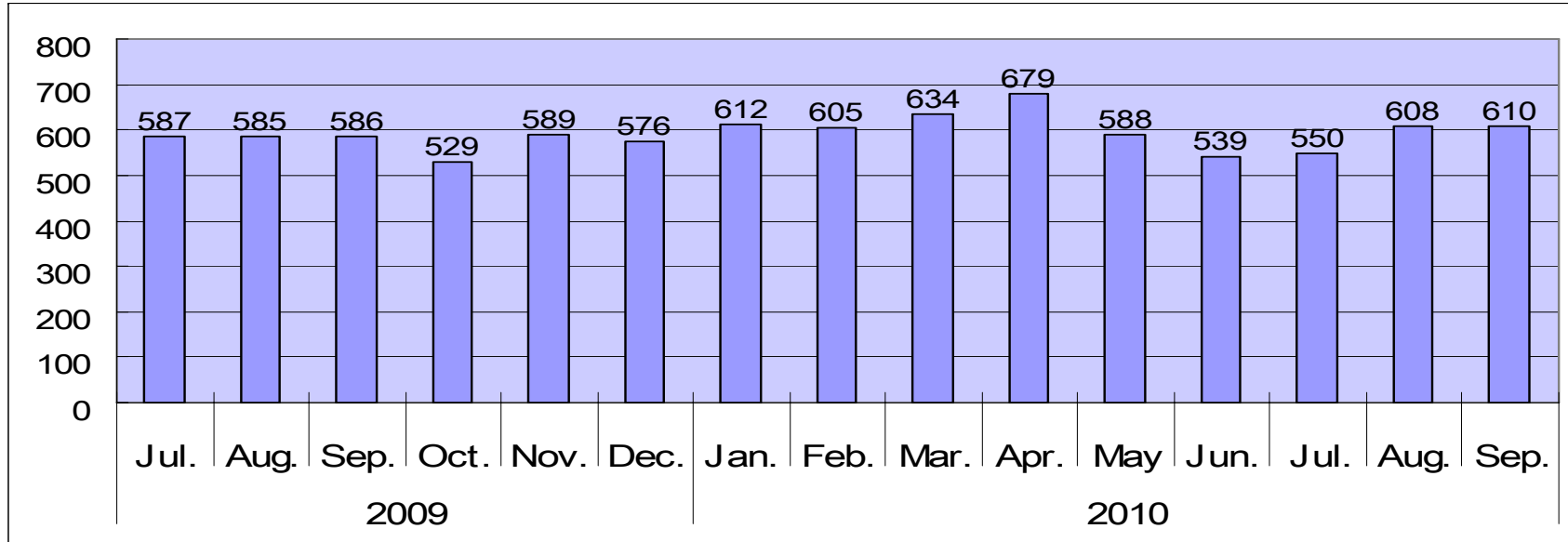
Note: % indicates proportion to total consolidated sales.



## Appendix 3 (For reference)

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

(Thousands of units)



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

(Thousands of units)

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	906	554

\* Data Source: United States Department of Commerce





## Appendix 4 (For reference)

### 4) Trend of Naphtha Price Traded in Japan

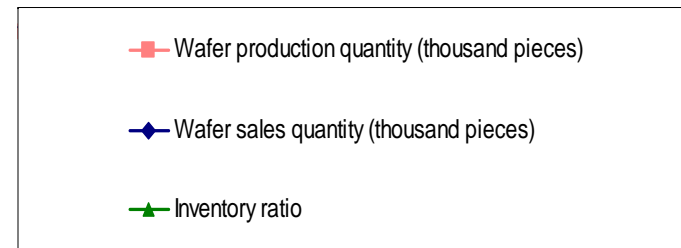
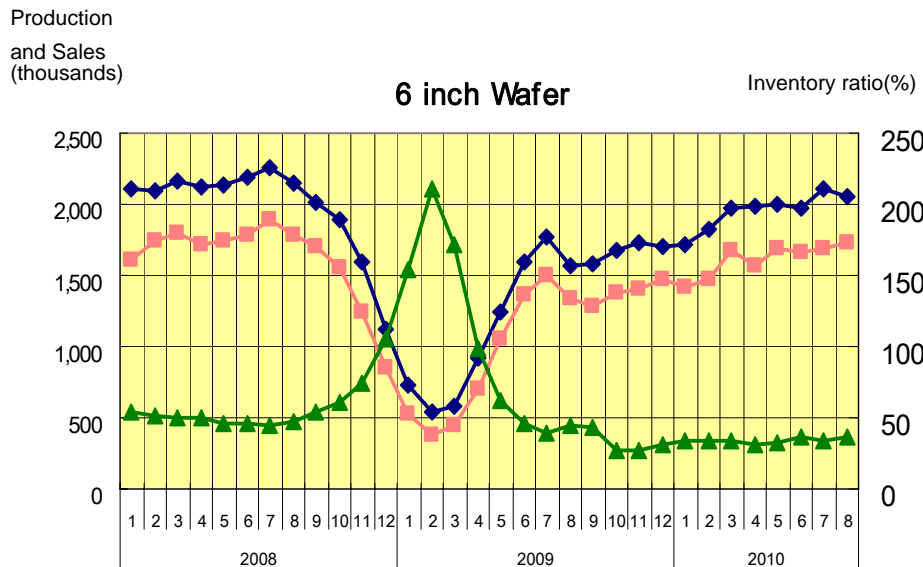
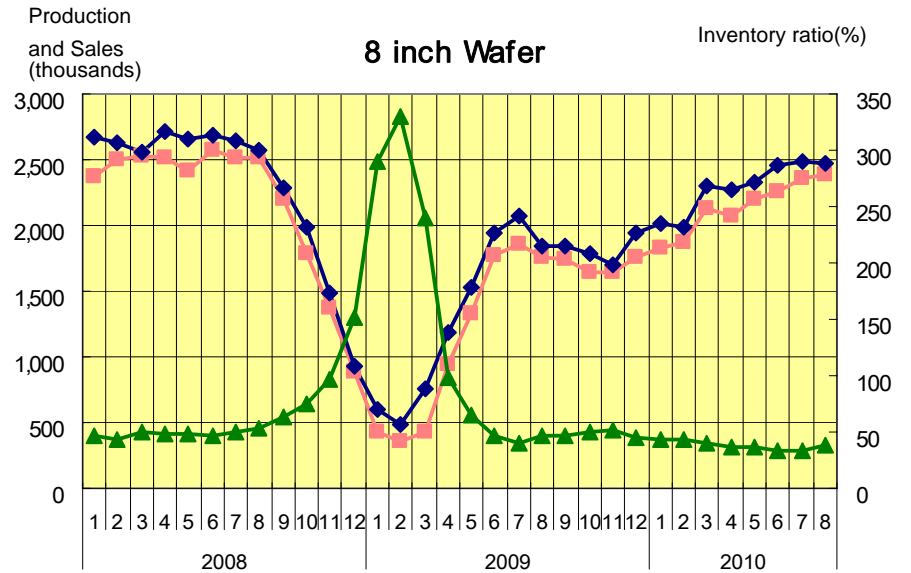
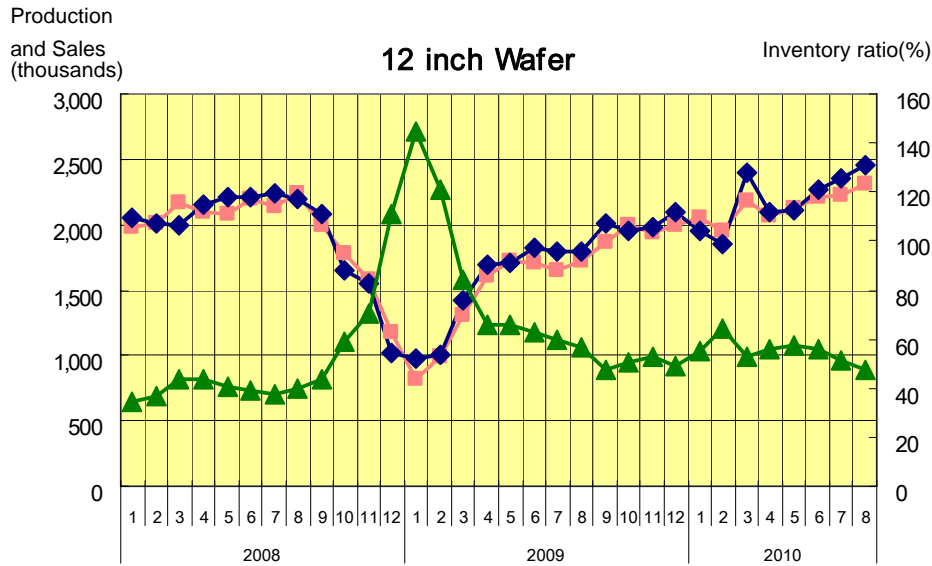
(yen / KL)

Fiscal year 2009 (October 2008 - March 2009)		Fiscal year 2010 (April 2009 - March 2010)			Fiscal year 2011 (April 2010 - September 2010)		
2008 Oct.-Dec.	2009 Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	2010 Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
52,000	27,000	33,300	41,200	42,500	47,700	49,700	42,700

\* Calculated by Shin-Etsu Chemical (Data source: Ministry of Finance Japan)

● ● ● | **Appendix 5 (For reference)**

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



\* Data Source: "Ministry of Economy, Trade and Industry" and "Japan Society of Newer Metals"



## Recent Topics ( October 1, 2009 ~ October 27, 2010 )

- 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 improved cost performance in comparison with previously-available products.
- 2009.10** Shin-Etsu Chemical announced an expansion plan for Simcoa to double their production capacity for metallic silicon.
- 2010.4** Shin-Etsu Chemical announced that its U.S. subsidiary Shintech is currently implementing further expansion of its integrated PVC production facilities, doubling their vinyl chloride monomer production capacity in Louisiana from 800 thousand to 1.6 million tons per year.
- 2010.5** Shin-Etsu Chemical announced personnel matters regarding its Chairman and President.
- 2010.6** Shin-Etsu Chemical announced an agreement made under the Mutual Agreement Procedure between Japan and the United States, relating to transfer pricing taxation on the profits of its U.S. subsidiary Shintech.
- 2010.6** Shin-Etsu Chemical announced the establishment of a new subsidiary in China's Jiangsu Province, and construction of a silicones manufacturing plant there.
- 2010.8** Shin-Etsu Chemical announced a price increase for rare earth magnets.