The Shin-Etsu Group at a Glance

**Organic and Inorganic Chemicals**

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

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

**Electronics Materials**

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

No. 1 market share worldwide for semiconductor silicon

**Functional Materials and Others**

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

No. 1 market share worldwide for photomask substrates
**Results for Fiscal 2006**
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, domestic sales increased and export sales and income greatly improved. The domestic cellulose derivatives business was firm, and sales at SE Tylose GmbH & Co. KG in Germany of cellulose for building materials applications were strong.

**Fiscal 2007 Objectives**
In the PVC business, Shin-Etsu is constructing large-scale integrated manufacturing facilities at Shintech Inc. and will increase production capacity in Europe. Efforts to expand the silicones business will include development of new products and measures to ensure stable operations at plants worldwide. To expand the cellulose business, SE Tylose GmbH & Co. KG is upgrading its production facilities.

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**Results for Fiscal 2006**
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. Sales and income of photoresist products and organic materials for the electronics industry also increased.

**Fiscal 2007 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. Efforts to enhance competitiveness will focus on further improving the quality of 200mm and smaller wafers.

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**Results for Fiscal 2006**
In the synthetic quartz products business, sales of large-size photomask substrates used in the manufacturing of LCDs grew substantially. Sales of rare earth magnets for general applications continued to be firm, and sales of liquid fluoroelastomers also grew. Other businesses, including design and construction of various kinds of plants, were solid.

**Fiscal 2007 Objectives**
The synthetic quartz products business will continue to respond precisely to future growth in demand for large-size photomask substrates for LCDs, which have been selling strongly. Successive expansion of production capacity for rare earth magnets will support expansion of the business for applications in home appliances and automobiles.