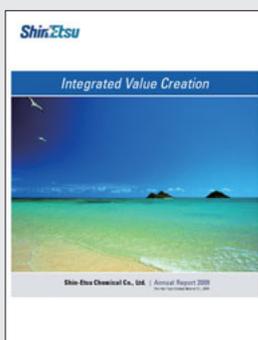


Profile

The Shin-Etsu Group offers a broad array of market-leading products in its **Organic and Inorganic Chemicals, Electronics Materials, and Functional Materials and Others** businesses. The Group has also pursued a global strategy from its early days of selecting the optimal production sites near its main markets and raw materials procurement sources around the world. We focus on cultivating businesses with future growth potential that contribute to the advancement of society while achieving consistently favorable results in daily business. At the same time, the Group places priority on safety, the environment and corporate ethics in its operations around the world in order to be a trusted corporate citizen.



About the Cover

Lanikai Beach on Oahu in Hawaii, from the Shin-Etsu Group Original Calendar 2009 "NATURE AND LIFE"
Photo by Junji Takasago

Contents

Financial Highlights	2
To Our Stockholders	4
Integrated Value Creation	6
Flexible Production Expansion through Integrated Facilities	6
Shin-Etsu's Contributions to Semiconductor Production	8
Accelerating R&D to Compete in a Challenging Environment	10
Collaborative Research with the University of Tokyo	10
The Shin-Etsu Group at a Glance	11
Review of Operations	12
Organic and Inorganic Chemicals	12
Electronics Materials	13
Functional Materials and Others	14
Corporate Social Responsibility (CSR)	15
Corporate Governance and Compliance	17
Board of Directors and Auditors	19
Financial Section	20
Management's Discussion and Analysis	20
Consolidated Financial Statements	24
Consolidated Subsidiaries	41
Report of Independent Auditors	42
Investor Information	43
Shin-Etsu's Worldwide Network	44

Forward-looking Statements

This annual report contains forward-looking statements regarding the Company's plans, outlook, strategies and results for the future. All forward-looking statements are based on judgments derived from the information available to the Company at the time of publication.

Certain risks and uncertainties could cause the Company's actual results to differ materially from any projections presented in this report. These risks and uncertainties include, but are not limited to, the economic circumstances surrounding the Company's businesses, competitive pressures, changes in related laws and regulations, status of product development programs, and changes in exchange rates.