

Accelerating R&D to Compete in a Challenging Environment

The Shin-Etsu Group places importance on the development of unique technologies that differentiate it from competitors and adds value to avoid simple price competition.

In a challenging operating environment, the Research & Development Department must commercialize new research to further accelerate development.

New research initiatives begin with identifying new themes. New themes can be proposed at any time from any of Shin-Etsu's divisions, and are selected by the New Z Committee, chaired by the Company president, based on the evaluation criteria of market size, growth potential, profitability and technological originality. The New Z Committee regularly follows the progress of projects, and commercialization begins. Currently, the Company is working on more than 10 research themes with the aim of early commercialization.

The Shin-Etsu Group recognizes that intellectual property, such as patents and technological expertise, is an important management asset. As of March 31, 2009, the

Shin-Etsu Group as a whole held 4,724 domestic and 5,818 overseas patents. Of these, the Group obtained 119 patents in the U.S. in 2008, which is top-class among Japanese chemical companies.

Number of Patents by Region

	Number of patents acquired during fiscal 2008	Cumulative number of patents acquired as of the end of fiscal 2009
Japan	577	4,724
North America	120	2,149
Asia/Oceania	219	1,653
Europe	255	2,005
Other Areas	0	11
Total	1,171	10,542

Collaborative Research with the University of Tokyo

Shin-Etsu Chemical and the University of Tokyo have started a joint research project aimed at "knowledge structuring concerning general chemistry." The name of the project is "Shin-Etsu Chemical Project to Promote Research That Leads the Way to the Future - Knowledge Structuring concerning General Chemistry," and the contract period is until March 31, 2012.

The aim of this collaborative research project is to promote the development and integration of new science

and engineering fields with a basis in chemistry, such as nanophotonics and MEMS/NEMS, and develop a breakthrough area of industrial technology that creates new value.

Shin-Etsu Chemical intends to use the results of this research to strengthen and expand its businesses and products. Applications are expected in the fields of medical care, nanotechnology and new renewable energy.

Appointment of Dr. Hiroshi Komiyama as Special Adviser

Shin-Etsu has appointed Dr. Hiroshi Komiyama, former president of the University of Tokyo, as Special Adviser effective May 1, 2009.

In addition to Dr. Komiyama's specialized knowledge in the field of chemical engineering, he is renowned for his knowledge and experience in broad areas of science and technology research including advanced material engineering, global environmental engineering and the structuring of knowledge.

Dr. Komiyama has built up an extensive network in the academic world, and the advice that Shin-Etsu receives from him will be very helpful in furthering the success of the Company's business-academic collaborations. In addition, his expert guidance will assist the Company's efforts to improve its chemical plant process technologies.

On the occasion of his appointment as Special Adviser, Dr. Komiyama said "By making use of my experience and my professional network, I hope to be able to be

of service in the further development of Shin-Etsu Chemical, which has grown to become a leading global company under the leadership of President Kanagawa."



President Kanagawa (left), Dr. Komiyama (right)