

Future Opportunities

The Shin-Etsu Group is steadily implementing strategic policies to set the stage for more growth in corporate value in the future.

Growth in China

In China, where market demand is increasing rapidly, the Shin-Etsu Group plans to build local facilities to manufacture silicone products and optical fiber preforms. By constructing plants near users, the Group will quickly and accurately respond to customer need, aiming to further increase sales of these products in the Chinese market.

Construction of the new plant for silicone products in China is scheduled for completion in the fiscal year ending March 31, 2012. Representing a total investment of about ¥8.5 billion, this facility is the Shin-Etsu Group's first large-scale investment in China.

With regard to the optical fiber preform plant, Shin-Etsu established a joint-venture with Jiangsu Fasten Hongsheng Group Co., Ltd., of China and TKH Group NV of the Netherlands, and the facility is slated to begin operation in fiscal 2012 with an annual production capacity equivalent to 8 million km of optical fiber.



Optical fiber preform



Silicone rubber

Shin-Etsu (Jiangsu) Optical Preform Co., Ltd.

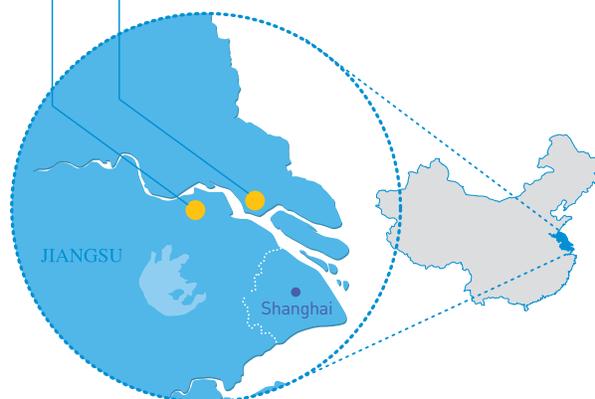
Completion of factory: within FY2011 (planned)

Main business: Manufacturing of optical fiber preform

Shin-Etsu Silicone (Nantong) Co., Ltd.

Completion of factory: within FY2011 (planned)

Main business: Manufacturing of silicone rubber for injection molding, RTV and other elastomers



Initiatives to Produce from Raw Materials

The Shin-Etsu Group is moving upstream to increase the production of raw materials needed for the integrated manufacturing of its major products. This will allow us to respond to future shifts in the demand and supply as well as changes in the prices of these raw materials. Shintech's Plaquemine Plant, an integrated PVC manufacturing facility, is representative of these initiatives. Silicon metal is a key raw material used to manufacture semiconductor silicon, silicones and synthetic quartz. Simcoa Operations in Australia, one of our Group companies, is going forward with a major expansion of the production capacity of its

silicon metal plant. By the end of 2011, this project will boost annual output capacity by 50% to 48,000 tons.



Simcoa Operations in Australia