

Presentation Materials

- For the half-year ended September 30, 2009 -
(Consolidated)

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Caution concerning these materials

The forward-looking statements provided in this material are related to the future plans, strategies and business and financial performance of the Shin-Etsu Polymer Group. Forward-looking statements listed herein are based on currently available information and are subject to change. Our actual future results may be materially different than those expressed in our forward-looking statements.

October 30, 2009

Shin-Etsu Polymer Co., Ltd.

Operating Performance

(Unit: million yen)

	Consolidated		
	2008. 9	2009. 9	Increase (Decrease)
Net sales	45,989	31,999	(30.4%)
Operating income	1,753	476	(72.8%)
Ordinary income	1,945	617	(68.2%)
Net income	1,060	13	(98.7%)
Total assets	99,240	85,580	(13.8%)
Total net assets	70,530	64,192	(9.0%)
Equity ratio	70.1%	73.8%	
Per share (in yen)			
Net income	13 yen	0.2 yen	
Total net assets	855.5 yen	777.1 yen	
Cash dividends			
ROE (yearly basis) Return (Net income) on equity	3.1%	0.0%	
ROA (yearly basis) Return (Ordinary income) on assets	3.9%	1.4%	

Financial Highlights

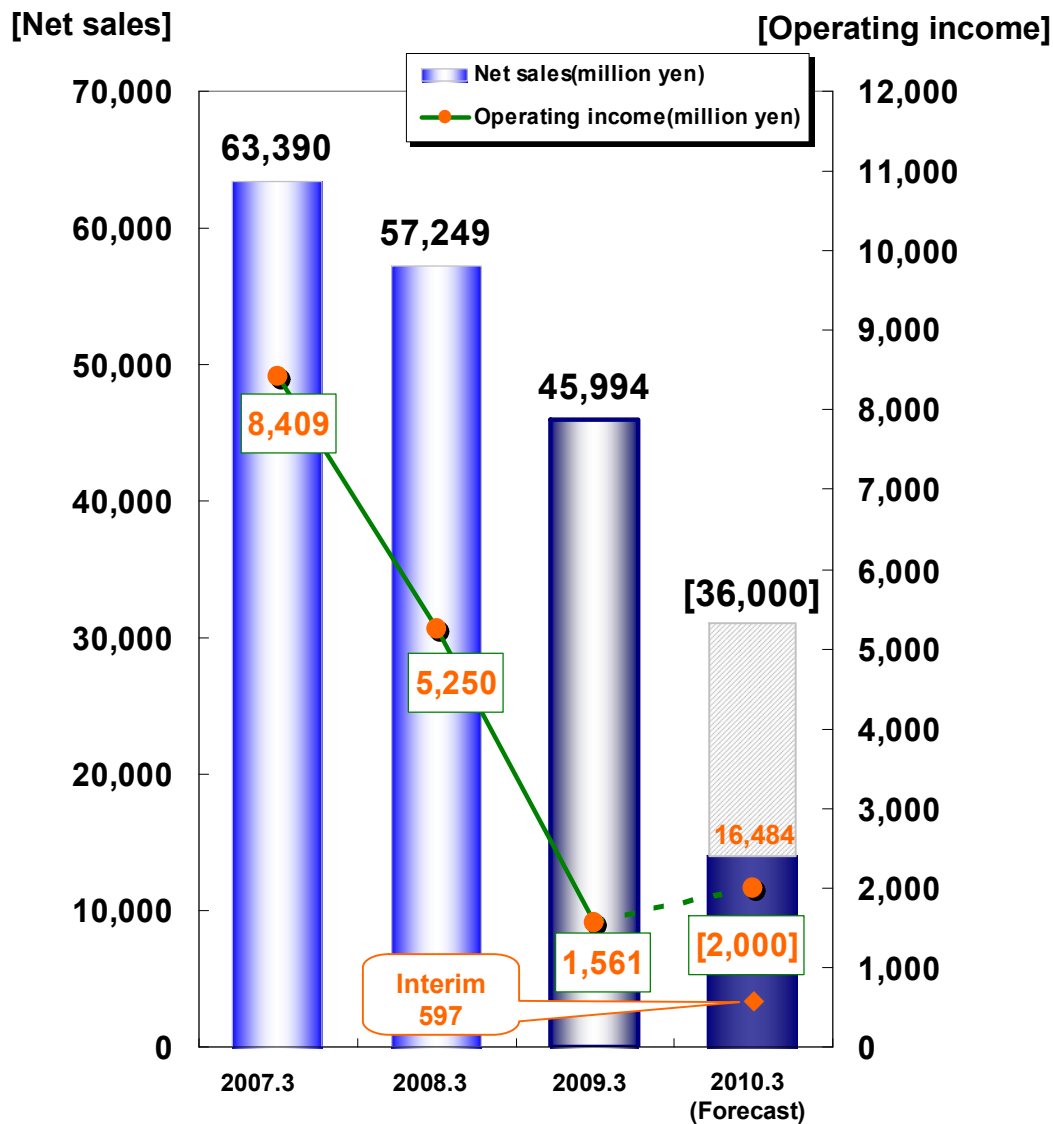
		Consolidated		
		2008. 9	2009. 9	2010. 3 Forecast
Capital expenditures	(million yen)	1,787	467	1,500
Depreciation	(million yen)	2,019	1,444	3,000
R&D expenses	(million yen)	1,336	1,125	2,400
Interest-bearing liabilities	(million yen)	3,285	4,117	
Interest (loss/gain)	(million yen)	115	7	
Number of employees	-	6,559	5,072	
Exchange rate (yen/US dollar)	Consol. (Jan.-Jun. avg)	104.61	95.47	
	Non-Consol. (Apr.-Sep. avg)			
	Consol. (End of Jun.)	106.42	96.01	
	Non-Consol. (End of Sep.)			

Business Segment Information (Consolidated)

(Unit: million yen)

Segment		2008. 9	2009. 9	Increase (Decrease)	2010. 3 Forecast
Electronic & Functional Products	Net sales	23,626	16,484	(30.2%)	36,000
	Operating income	1,142	597	(47.7%)	2,000
Packaging Products	Net sales	16,295	10,857	(33.4%)	22,000
	Operating income	1,365	240	(82.4%)	1,000
Construction Materials & Constructing	Net sales	6,066	4,656	(23.2%)	10,000
	Operating income	(281)	18		50
Eliminations and corporate		(472)	(379)	(19.6%)	(850)
Total	Net sales	45,989	31,999	(30.4%)	68,000
	Operating income	1,753	476	(72.8%)	2,200

Electronics and Functional Products Business Segment (Consolidated)



Outlook for principal products

Keypads

- Despite a gradual recovery in orders, given stagnant growth in the sales volume and continued price competition, both the mobile phone keypads and automotive keypads businesses performed poorly.

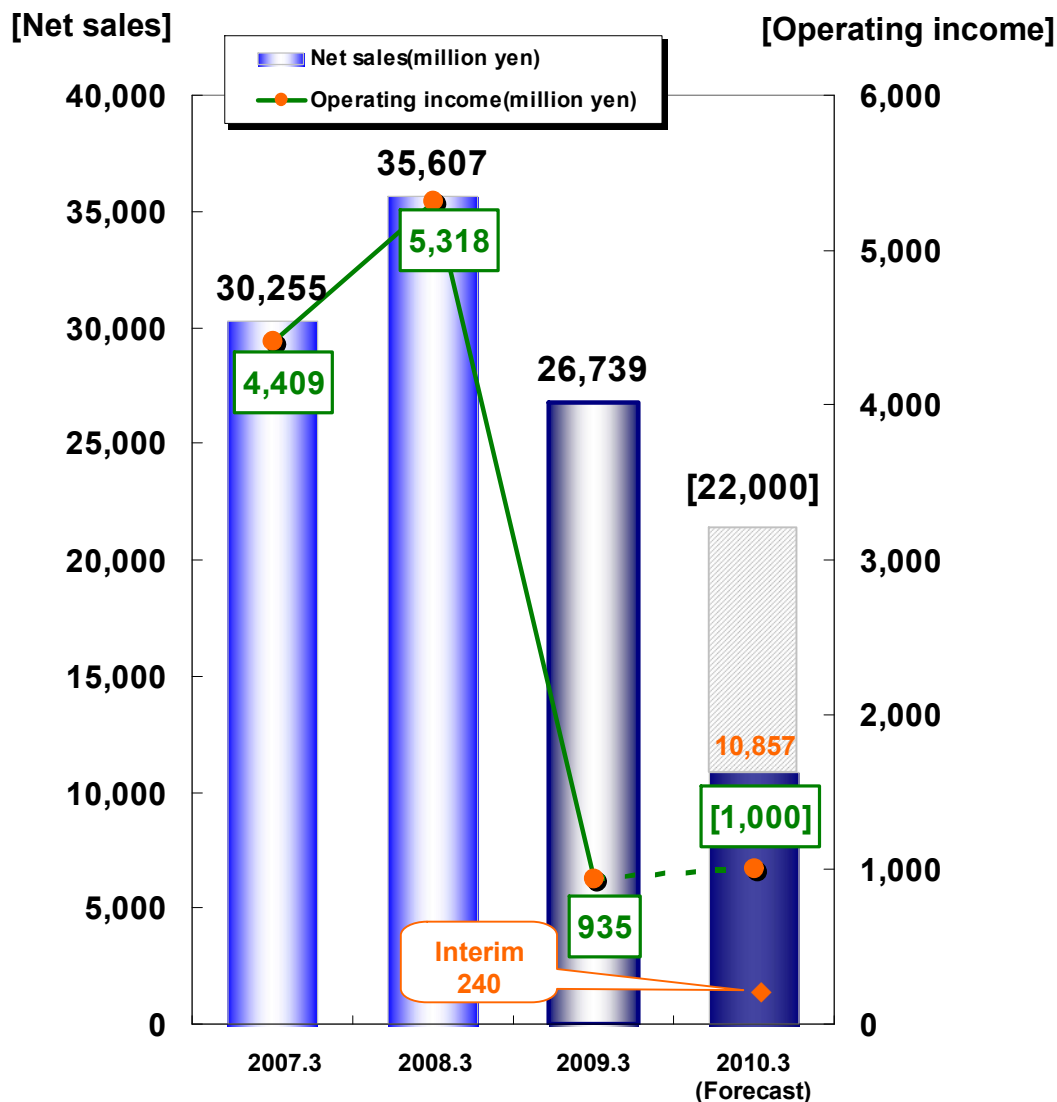
Inter-connectors

- The performance of the inter-connectors business was stagnant, reflecting a decline in orders for mobile phones.

OA device components

- Sales remained sluggish, reflecting the continuing impact of inventory adjustment.

Packaging Products Business Segment (Consolidated)



Outlook for principal products

■ Wafer containers

- Despite a recovery that started at the beginning of the current term, results remained significantly below the levels of the previous year.

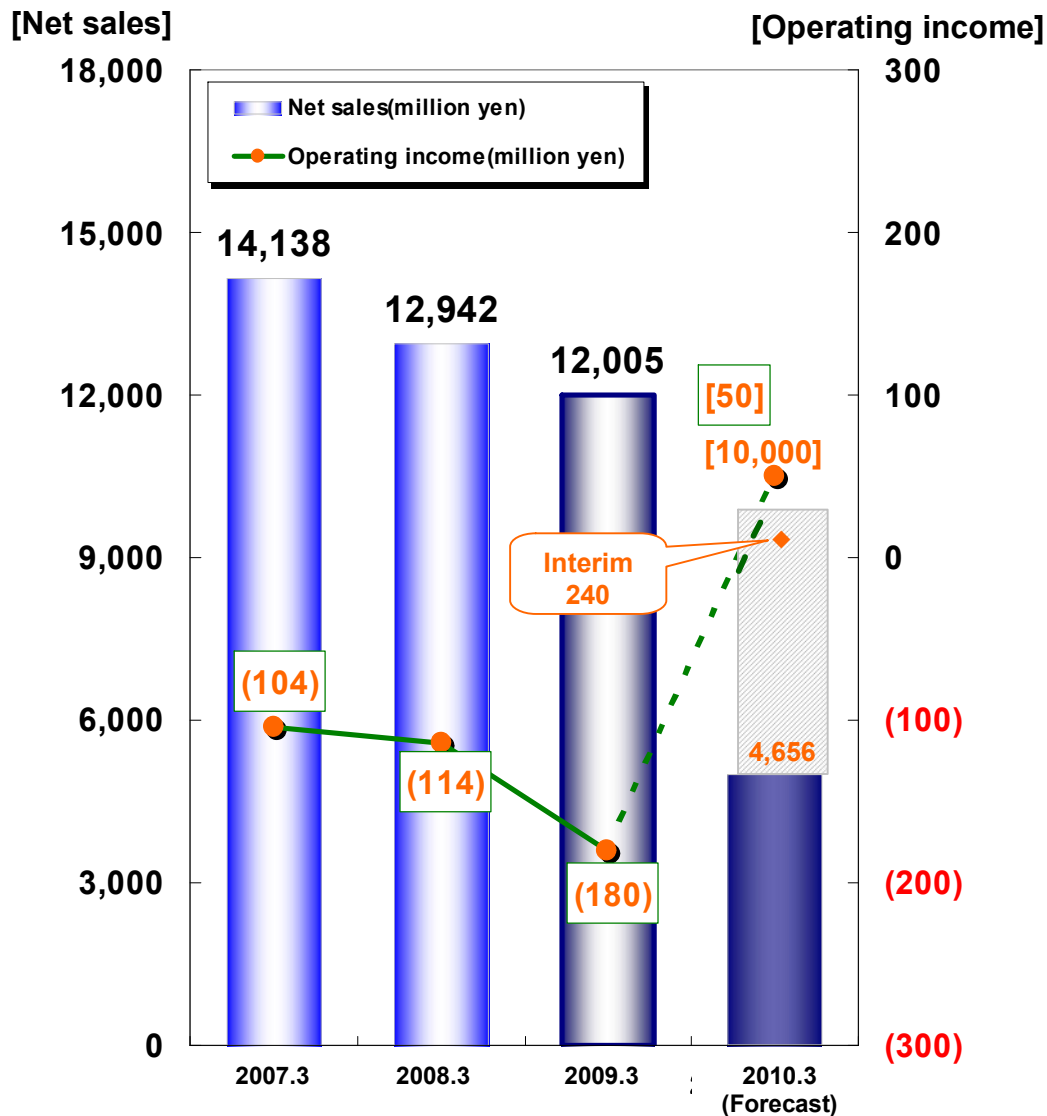
■ Carrier Tape

- The carrier tape business remained weak, despite improving somewhat from its nadir.

■ General Packaging Materials

- Shipments of food wrapping films remained strong.
- Despite an improvement in orders for auto-related products, the operating environment of the plastic sheets business remained uncertain.

Construction Materials and Constructing Business Segment (Consolidated)



Outlook for principal products

- Construction Materials**
 - The operating environment of the PVC pipe-related products business remained difficult, reflecting a decline in public works investment and weak demand.
 - The performance of the exterior products business was heavily influenced by the decline in housing starts.
- Construction-related**
 - The constructing business was severely affected by a slump in the construction industry.

Geographical Segment Information (Consolidated)

(Unit: million yen)

	2008. 9		2009. 9		% change	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Japan	30,547	1,099	22,879	520	(25%)	(53%)
Asia	7,796	808	5,815	461	(25%)	(43%)
Europe	4,075	127	1,932	(23)	(53%)	—
North America	3,569	43	1,371	(70)	(62%)	—
Eliminations		(325)		(410)		26%
Consolidated	45,989	1,753	31,999	476	(30%)	(73%)

Balance Sheets (Consolidated)

(Unit: million yen)

		2009.3	2009.9	Increase (Decrease)
Current assets	Cash and cash equivalents	22,373	24,730	2,356
	Notes and accounts receivable-trade	20,188	20,467	279
	Inventories	10,652	9,461	(1,191)
	Others	3,690	2,508	(1,182)
	Total	56,905	57,167	262
Fixed assets	Tangible fixed assets	24,620	23,946	(673)
	Intangible fixed assets	209	189	(20)
	Others	4,179	4,275	96
	Total	29,009	28,412	(596)
Total assets		85,914	85,580	(334)
Current liabilities	Notes and accounts payable-trade	11,978	12,535	557
	Short-term debt	5,561	4,111	(1,450)
	Others	3,195	2,864	(330)
	Total	20,735	19,511	(1,224)
Long-term liabilities	Long-term debt	86	5	(80)
	Accrued retirement benefits	1,456	1,488	31
	Others	422	381	(40)
	Total	1,965	1,875	(89)
Total liabilities		22,701	21,387	(1,314)
Total net assets		63,213	64,192	979
Total liabilities and net assets		85,914	85,580	(334)

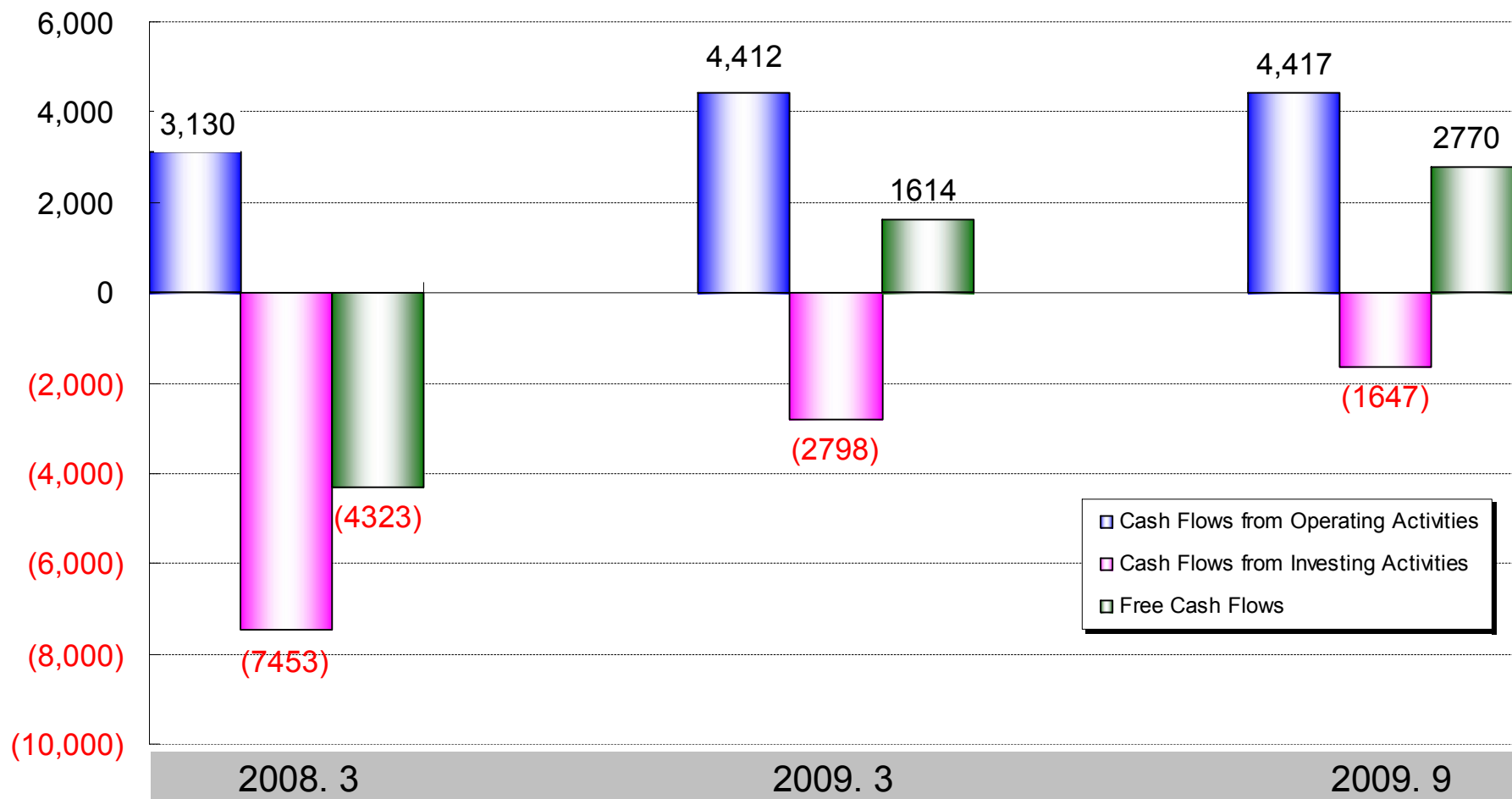
Statements of Income (Consolidate) (Unit: millions of yen)

(Unit: million yen)

	2008. 9	2009. 9	Increase (Decrease)	% change
Net sales	45,989	31,999	(13,989)	(30.4%)
Cost of sales	35,839	24,738	(11,100)	(31.0%)
Selling, general and administrative expenses	8,396	6,783	(1,613)	(19.2%)
Operating income	1,753	476	(1,276)	(72.8%)
Non-operating income	257	226	(30)	(11.8%)
Non-operating expenses	65	86	20	32.2%
Ordinary income	1,945	617	(1,327)	(68.2%)
Extraordinary gains	125	23	(102)	(81.3%)
Extraordinary losses	422	15	(407)	96.4%
Income before income taxes	1,648	626	(1,021)	(62.0%)
Income taxes - current	623	340	(283)	(45.4%)
Income taxes - deferred	(38)	260	299	—
Minority interests	3	11	8	261.7%
Net income	1,060	13	(1,046)	(98.7%)

Free Cash Flows (Consolidated)

(Unit: million yen)



* See of the Consolidated Cash Flow Statement (English version) for more information.

Performance Forecasts for the Year Ending March 2010

	Consolidated	
	million yen	% change
Net sales	68,000	(19.8)
Operating income	2,200	61.9
Ordinary income	2,350	85.9
Net income	1,000	—
Net income per share	12.3 yen	14.77 yen
Dividends per share	9.00 yen	

Topics

◆ Dissolution of a Consolidated Subsidiary

Shin-Etsu Polymer Co., Ltd. (the Company) has decided to dissolve Shin-Etsu Polymer Mexico, S.A. de C.V., the Company's consolidated subsidiary (the "Mexican subsidiary"), following a resolution of a meeting of the Company's Board of Directors held on September 17, 2009. Details are as follows.

1. Reason for Dissolution

Since its establishment in 1996, the Mexican subsidiary has primarily been providing mobile phone and automotive switch buttons (keypads) as a local production base in North America. Its operations have, however, been significantly affected by the slump in the North American mobile phone and automobile markets that has been seen since last year. The Company consequently judged that it could meet customer needs more effectively by shifting production to Asia and providing products from facilities within the Asian region. For these reasons, the Company decided to dissolve the Mexican subsidiary.

2. Profile of the Company's Subsidiary

- Company Name: Shin-Etsu Polymer Mexico, S.A. de C.V.
- Address: Carretera a Matamoros Brecha E-99 Norte Parque Industrial Reynosa CD, Reynosa Tamaulipas MEXICO
- Representative: President, Yoshio Akinaga
- Main Business Activities: Production of synthetic resin products
- Capital: 125,000,000 Mexican peso
- Established: July 31, 1996
- Shareholders: Shin-Etsu Polymer America, Inc. ---- 99.71%
Shin-Etsu Polymer Co., Ltd. ---- 0.29%
- Fiscal Year-End: December

3. Schedule for Dissolution

Dissolution Date: March 31, 2010 (Planned)