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FOR IMMEDIATE RELEASE

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Notice of Conversion to Sole Proprietorship of Processing with Supplied Materials (PSM)
Factory in Dongguan City, Guangdong Province, China

Shin-Etsu Polymer Co., Ltd. (hereafter the “Company”) hereby announces that Shin-Etsu Polymer Hong Kong Co., Ltd., a subsidiary of Shin-Etsu Polymer Co., Ltd., owns a Processing with Supplied Materials (PSM) Factory in Dongguan City, Guangdong Province, China, and has now obtained approval to convert this into a foreign invested enterprise. The new company will commence operations from August 1. Details are as follows:

1. Reason for changing Processing with Supplied Materials (PSM) Factory to sole proprietorship

In recent years Guangdong Province and Dongguan City have been promoting the conversion of Processing with Supplied Materials (PSM) Factory into a foreign invested enterprise. To collaborate in government policy in these locations, we will make the conversion. To ensure the long-term stability of the operating foundation, we are keeping the current employees and equipment when the conversion to a sole proprietorship factory takes place.

Carrying operating resources such as the mass production know-how accumulated so far and human resources over to the new company will enable us to explore new possibilities at the local level based on a stable operating foundation and competitive strength.

2. Outline of new company

- (1) Name: Dongguan Shin-Etsu Polymer Co., Ltd.
- (2) Address: Plainvim Industrial Park, Zhongxing Road, Dongkeng Town, Dongguan City, Guangdong Province, 523455, CHINA
- (3) Representatives: Tsutomu Kato, Chairman
- (4) Stockholders Composition: Shin-Etsu Polymer Hong Kong Co., Ltd. (100% subsidiary of Shin-Etsu Polymer Co., Ltd.) 100%
- (5) Capital: 60 million Hong Kong dollars
- (6) Nature of business: Manufacture and sale of electronic components

- (7) Date of establishment: April 22, 2011
- (8) Business commencement date: August 1, 2011
- (9) Factory building area, number of employees:
 - (i) Factory building area: 4,848.5 m²
 - (ii) Number of employees: 150

3. Impact on future results

The establishment of the new company will have an insignificant impact on the fiscal year ending March 2012.