

6-1, Ohtemachi 2-chome
Chiyoda-ku, Tokyo, Japan
FAX: 81-3-3246-5096
TEL: 81-3-3246-5091

July 16, 2010

Ken Nakamura
Director, General Manager of
Public Relations Department
Shin-Etsu Chemical Co., Ltd.

Shin-Etsu's Accounts Reporting Structure to be Revised

We hereby announce that from FY2011 onward, the business segments of all our reporting of financial results, and corporate Annual Report, will follow the new structure due to applying to the changes of Japanese accounting standard. The new business segments are summarized below. Attached is a matching table showing details of the new reports structure, in comparison with previous reporting.

Shin-Etsu's 2011 Financial Reporting Structure Revision

<New Structure of Business Segments in Financial Reports>

1. PVC/Chlor -Alkali Business
2. Silicones Business
3. Specialty Chemicals Business
4. Semiconductor Silicon Business
5. Electronics & Functional Materials Business
6. Diversified Business

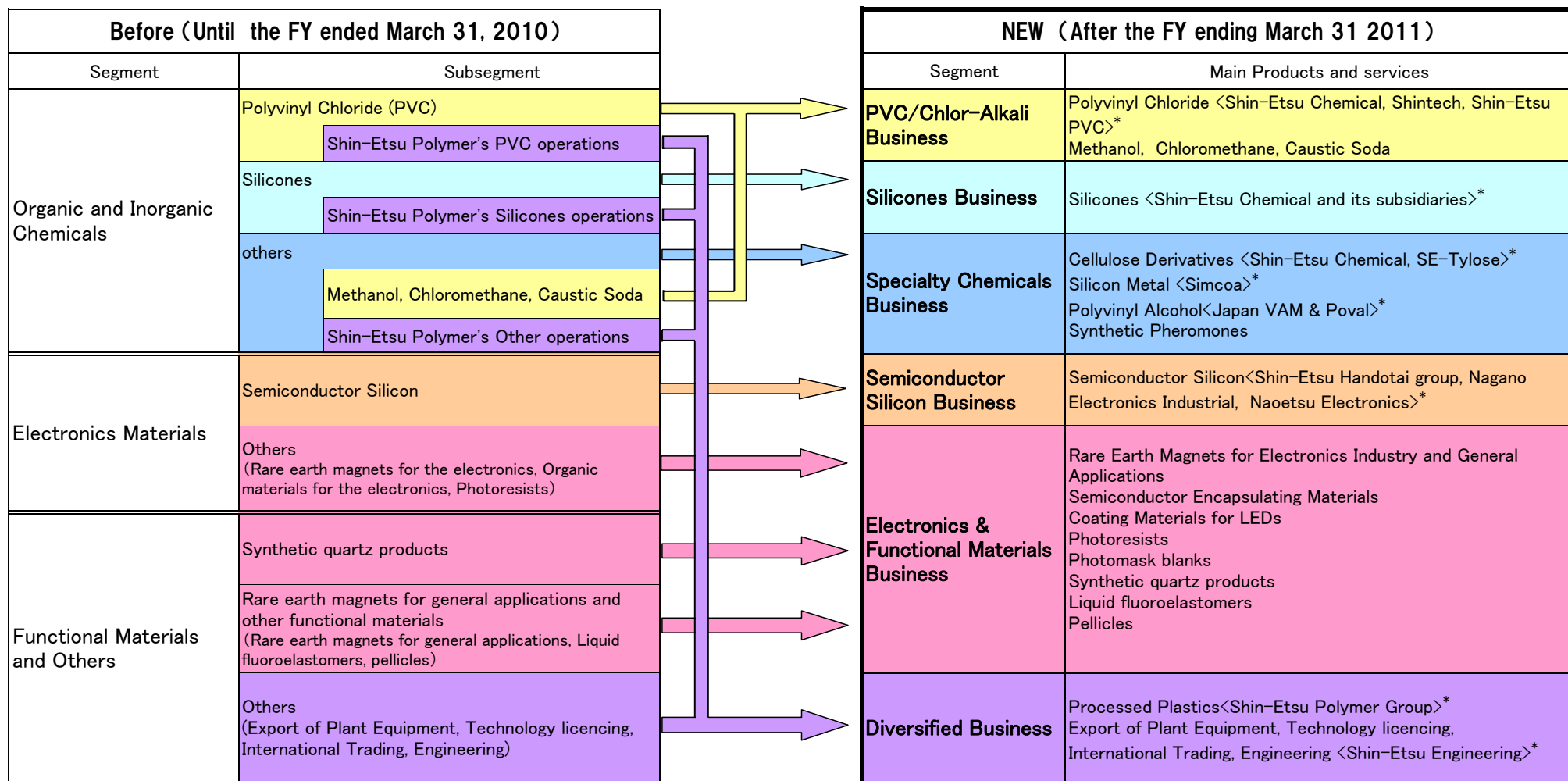
<Previous Structure of Business Segments in Financial Reports>

1. Organic and Inorganic Chemicals (Polyvinyl Chloride, Silicones, Others)
2. Electronics Materials (Semiconductor Silicon, Others)
3. Functional Materials and Others (Synthetic Quartz products, Rare Earth Magnets for general applications and Other functional materials, Other products)

* Please find the attached for further information.

Shin-Etsu's New Reporting Structure for Business Segments

(Effective from FY 2011 onward)



note: Subsidiaries shown with asterisk* are the Group companies that provide main products and services.

Segment Information

(For Fiscal Year Ended March 2010)

(Unit : Billions of yen)

Net Sales

Operating Income

[Previous Business Segments]

| | 1st Half | | 2nd Half | | | Annual | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1Q | 2Q | 3Q | 4Q | | | |
| Organic and Inorganic Chemicals Business | 103.8 | 128.0 | 231.8 | 141.6 | 135.6 | 277.2 | 509.0 |
| Polyvinyl chloride | | | 110.1 | | | 132.6 | 242.7 |
| Silicones | | | 70.5 | | | 85.1 | 155.6 |
| Others | | | 51.2 | | | 59.5 | 110.7 |
| Electronics Materials Business | 66.1 | 77.0 | 143.1 | 86.7 | 87.3 | 174.0 | 317.1 |
| Semiconductor silicon | | | 115.3 | | | 139.2 | 254.5 |
| Others | | | 27.8 | | | 34.8 | 62.6 |
| Functional Materials and Other Business | 20.2 | 22.1 | 42.3 | 22.7 | 25.7 | 48.4 | 90.7 |
| Synthetic quartz puroducts | | | 11.6 | | | 11.8 | 23.4 |
| Rare earth magnets for general applications and Other functional materials | | | 13.5 | | | 16.8 | 30.3 |
| Other products | | | 17.2 | | | 19.8 | 37.0 |
| Net Sales | 190.1 | 227.1 | 417.2 | 251.0 | 248.6 | 499.6 | 916.8 |

[Previous Business Segments]

| | 1st Half | | 2nd Half | | | Annual | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| | 1Q | 2Q | 3Q | 4Q | | | |
| Organic and Inorganic Chemicals Business | 11.1 | 16.3 | 27.4 | 17.1 | 16.6 | 33.7 | 61.1 |
| Polyvinyl chloride | | | 8.8 | | | 8.6 | 17.4 |
| Silicones | | | 10.5 | | | 16.3 | 26.8 |
| Others | | | 8.1 | | | 8.8 | 16.9 |
| Electronics Materials Business | 7.0 | 10.1 | 17.1 | 10.9 | 11.5 | 22.4 | 39.5 |
| Semiconductor silicon | | | 10.0 | | | 12.6 | 22.6 |
| Others | | | 7.1 | | | 9.8 | 16.9 |
| Functional Materials and Other Business | 2.6 | 6.3 | 8.9 | 4.3 | 4.8 | 9.1 | 18.0 |
| Synthetic quartz puroducts | | | 3.5 | | | 3.7 | 7.2 |
| Rare earth magnets for general applications and Other functional materials | | | 2.7 | | | 4.0 | 6.7 |
| Other products | | | 2.7 | | | 1.4 | 4.1 |
| Elimination | (0.1) | (0.4) | (0.5) | (0.7) | (0.2) | (0.9) | (1.4) |
| Operating Income | 20.6 | 32.3 | 52.9 | 31.6 | 32.7 | 64.3 | 117.2 |



[New Business Segments]

| | 1st Half | | 2nd Half | | | Annual | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1Q | 2Q | 3Q | 4Q | | | |
| PVC/Chlor-Alkali Business | 46.5 | 61.3 | 107.8 | 68.2 | 61.7 | 129.9 | 237.7 |
| Silicones Business | 24.9 | 30.5 | 55.4 | 33.8 | 33.1 | 66.9 | 122.3 |
| Specialty Chemicals Business | 17.6 | 20.0 | 37.6 | 21.0 | 21.9 | 42.9 | 80.5 |
| Semiconductor Silicon Business | 53.2 | 61.7 | 114.9 | 70.1 | 69.0 | 139.1 | 254.0 |
| Electronics & Functional Materials Business | 24.1 | 27.7 | 51.8 | 29.4 | 32.6 | 62.0 | 113.8 |
| Diversfield Business | 23.8 | 25.9 | 49.7 | 28.5 | 30.3 | 58.8 | 108.5 |
| Net Sales | 190.1 | 227.1 | 417.2 | 251.0 | 248.6 | 499.6 | 916.8 |



[New Business Segments]

| | 1st Half | | 2nd Half | | | Annual | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| | 1Q | 2Q | 3Q | 4Q | | | |
| PVC/Chlor-Alkali Business | 4.9 | 5.1 | 10.0 | 5.4 | 4.2 | 9.6 | 19.6 |
| Silicones Business | 3.2 | 6.7 | 9.9 | 7.2 | 7.8 | 15.0 | 24.9 |
| Specialty Chemicals Business | 2.9 | 4.2 | 7.1 | 3.2 | 3.6 | 6.8 | 13.9 |
| Semiconductor Silicon Business | 4.1 | 5.9 | 10.0 | 6.3 | 6.3 | 12.6 | 22.6 |
| Electronics & Functional Materials Business | 5.1 | 8.2 | 13.3 | 8.2 | 9.2 | 17.4 | 30.7 |
| Diversfield Business | 0.5 | 2.7 | 3.2 | 1.8 | 1.8 | 3.6 | 6.8 |
| Elimination | (0.1) | (0.5) | (0.6) | (0.5) | (0.2) | (0.7) | (1.3) |
| Operating Income | 20.6 | 32.3 | 52.9 | 31.6 | 32.7 | 64.3 | 117.2 |