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## Notice Regarding Operating Performance and Dividend Forecasts

Shin-Etsu Chemical Co., Ltd. hereby announces the forecasts for its Consolidated Operating Performance and its dividends for the fiscal year 2014, which ends on March 31, 2014. The forecasts are as follows;

### 1. Forecast of Consolidated Operating Performance

Note: The forecast figures are approximations.

- (1) Forecast of Consolidated Operating Performance for the fiscal year ending March 31, 2014  
(April 1, 2013 - March 31, 2014)

(Millions of Yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (in yen)
Previous Forecast (A)	-	-	-	-	-
Current Forecast (B)	1,060,000	170,000	180,000	110,000	258.78
Change (B-A)	-	-	-	-	-
Percentage Change (%)	-	-	-	-	-
(reference) Results for the fiscal year ended March 31, 2013	1,025,409	157,043	170,207	105,714	248.94

- (2) Forecast of Consolidated Operating Performance for the first half ending September 30, 2013  
(April 1, 2013 - September 30, 2013)

(Millions of Yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (in yen)
Previous Forecast (A)	-	-	-	-	-
Current Forecast (B)	540,000	88,000	95,000	60,000	141.16
Change (B-A)	-	-	-	-	-
Percentage Change (%)	-	-	-	-	-
(reference) Results for the first half ended September 30, 2012	536,998	83,620	86,016	55,700	131.18

## 2. Forecast of the Dividends for the Fiscal year ending March 31, 2014

	Cash dividend per share (in yen)		
	Interim	Year-end	Total Annual
Previous Forecast	Undecided	Undecided	Undecided
Current Forecast	50.00	50.00	100.00
Results for the fiscal year ended March 31, 2013	50.00	50.00	100.00

### 3. A summary of the announcement

Although the U.S. economy continues along its recovery path, concerns remain regarding Europe's financial problems, and the economy in China as well as in many of the emerging market economies continue to experience a slowdown in underlying growth. Accordingly, the global economic situation going forward is uncertain. With regard to the Japanese economy, although some economic indicators pointing to signs of improvement are beginning to appear, the economic situation is such that it continues to be difficult to predict its future path.

Among the Shin-Etsu Group's main products, there are some that are affected by changes in demand and supply and fluctuations in raw materials prices. The Semiconductor Silicon Business is affected by market price fluctuations in the wafer market that accompany changes in the demand trend of semiconductor devices for electronics equipment, such as for PCs and smartphones. Shintech Inc. in the U.S., which is the core of the PVC/Chlor-Alkali Business, has continued to contribute greatly to the Shin-Etsu Group's consolidated business results by greatly increasing its profit this quarter. However, there are cases when world market conditions for PVC, which is a general-purpose plastic resin, and fluctuations in the price of raw materials could have an affect on this business' results.

With regard to rare earth magnets, a key product in our Electronics & Functional Materials Business, since 2010 the prices of its rare earth raw materials have been fluctuating greatly.

In addition, about two-thirds of the Shin-Etsu Group's consolidated sales are overseas sales, and fluctuations in foreign exchange rates affect our businesses when the business performance of Shin-Etsu Chemical and our global Shin-Etsu Group companies' are being converted into Japanese yen.

As mentioned above, because the future trends in the world economy and in the situation surrounding the Shin-Etsu Group's business operations are uncertain, the business forecast that we are making at this time is one that has placed importance on the consolidated business results of 4th quarter of the previous fiscal year and the consolidated business results of the first quarter of the current fiscal year.

With regard to dividends, the forecast is ¥50 per share for both interim and year-end dividends, the same amount as for the corresponding period of the previous fiscal year.

The forecast of the total annual dividends for the fiscal year 2014, which ends on March 31, 2014 is ¥100 per share, the same amount as that for the previous fiscal year.

(Note)

Forward-looking statements such as the forecast of results of operations made in this document involves risks and uncertainties since they are based on management's assumptions and beliefs in light of the information currently available to it.

The reader should be aware that actual results may be materially different from any future results expressed herein due to various factors. Material factors affecting the actual results may include overall economic conditions in which the businesses of our company and our group companies are involved, the relevant market trends and fluctuations in foreign exchange rates of the yen, in particular, the exchange rate between the U.S. dollars and the yen; provided, however, that such factors as may affect results of operations are not limited to those enumerated above.