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To Whom It May Concern

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Non-Continuation of Handling Policy (Anti-takeover Defensive Plan) Toward Large-scale Purchase of The Company's Shares and Other Securities

Upon the approval of the stockholders at the 131st annual meeting of stockholders held on June 27, 2008, Shin-Etsu Chemical Co., Ltd. (the "Company") introduced the current handling policy toward a large-scale purchase of the Company's shares and other securities (the "Handling Policy"). Subsequently, the Handling Policy has been adhered to with the approval of the stockholders at the annual meeting of stockholders in each year.

The effective period of the Handling Policy will expire as of the conclusion of the 139th annual meeting of stockholders to be held on June 29, 2016 (the "Annual Meeting of Stockholders").

The Company has decided at the board of directors' meeting held today not to ask for the approval at the Annual Meeting of Stockholders to continue with the Handling Policy as mentioned below.

The Company has set the basic policy as to who the person(s) controlling the decisions on financial and business policies of the Company should be (the "Basic Policy") to secure and improve the Company's corporate value and/or the common interests of the stockholders, and the Handling Policy has been adhered to as measures in light of the Basic Policy to prevent person(s), who are not of benefit to securing and improving the Company's corporate value and/or the common interests of the stockholders, from controlling the decisions on financial and business policies of the Company.

However, after the point of time when the Company introduced the Handling Policy, the business environment surrounding the Company, including the economic situation, market trends and the stockholder composition, has been drastically changing. As a result of considering carefully these current situations surrounding the Company and the potential effects that the Handling Policy may have, etc. the Company decided not to ask for the approval at the Annual Meeting of Stockholders to continue with the Handling Policy.

Notwithstanding the above, the Company will continue to improve the corporate value of the Company's group, and if a large-scale purchase has been conducted, the Company will take appropriate measures to the extent permitted by the laws, regulations and the Articles of Incorporation such as to attempt to actively collect and supply information and ensure the time for the stockholders to consider the large-scale purchase, etc.