

Amended Quarterly Report

As of July 1, 2007 and for the Fiscal three-month and six-month periods then ended

Report to Holders of

\$765,000,000 Principal Amount of

9 3/4% Senior Notes Due 2014,

€275,000,000 Principal Amount of

9% Senior Notes Due 2014,

\$300,000,000 Principal Amount of

10 1/8%/10 7/8% Senior Toggle Notes Due 2014

and

\$500,000,000 Principal Amount of

11 1/2% Senior Subordinated Notes Due 2016

Prepared Pursuant to Section 4.02

of the Indentures governing the

9 3/4% Senior Notes Due 2014,

9% Senior Notes Due 2014,

10 1/8%/10 7/8% Senior Toggle Notes Due 2014

and

11 1/2% Senior Subordinated Notes Due 2016

dated December 4, 2006

Among Momentive Performance Materials Inc., as Issuer,

the Guarantors named therein,

and Wells Fargo Bank, as Trustee and Bank of New York, as paying agent

Explanatory Note

Momentive Performance Materials Inc. (the “Company”) is issuing this Amended Quarterly Report for the fiscal period ended July 1, 2007 to restate financial statements and other financial information for the fiscal three and six-month periods ended July 1, 2007. The restatement corrects errors in previously reported cost of sales, depreciation expense and income taxes. Specific captions in the Company’s unaudited condensed consolidated statements of operations for the fiscal three and six-month periods ended July 1, 2007 and the unaudited condensed consolidated balance sheet as of July 1, 2007 affected by the restatement are presented below.

The impact of this non-cash restatement on the affected line items in the Company’s unaudited condensed consolidated statements of operations for the fiscal three and six-month periods ended July 1, 2007 was as follows:

	Fiscal three-month period ended July 1, 2007	Fiscal six-month period ended July 1, 2007
Increase in cost of sales	\$ 6,800	—
Increase in depreciation expense	9,300	9,300
Increase in loss before income taxes	(16,100)	(9,300)
Decrease in income taxes	(4,264)	(4,264)
Increase in net loss	\$ (11,836)	(5,036)

The increase in depreciation expense is recorded in selling, general and administrative expense in the unaudited condensed consolidated statement of operations.

The impact of this non-cash restatement on the affected line items in the Company’s unaudited condensed consolidated balance sheet as of July 1, 2007 was as follows:

Assets	July 1, 2007
Decrease in property and equipment, net	(9,300)
Decrease in total assets	\$ (9,300)
Liabilities and Shareholder’s Equity	
Decrease in deferred income taxes	(4,264)
Decrease in total liabilities	(4,264)
Increase in accumulated deficit	(5,036)
Decrease in total shareholder’s equity	(5,036)
Decrease in total liabilities and shareholder's equity	\$ (9,300)

Although certain individual line items within cash flows from operating activities have been restated, the restatement did not affect total cash flows from operating, investing or financing activities for the three or six-month periods ended July 1, 2007, or Adjusted EBITDA as defined in our credit agreement.

For additional information relating to the effect of the restatement, please refer to Item 1 – Financial Statements (including Note 17 thereto) and Item 2 - Management’s Discussion and Analysis of Financial Condition and Results of Operations of Part I – Financial Information of this Amended Quarterly Report.

In light of the restatement, readers should not rely on our previously issued financial statements and other financial information for the fiscal three and six-month periods ended July 1, 2007.

