



Shin-Etsu Chemical Co., Ltd.

March 21, 2007

To Whom It May Concern,

Shipment of Cellulose Products affected by Explosion at Naoetsu Plant

On March 20, 2007, at approximately 4:25 p.m. (Japan time), an accident that involved an explosion occurred at the cellulose derivatives manufacturing facility of Shin-Etsu Chemical's Naoetsu Plant. We deeply apologize to our customers and distributors for all the serious trouble and anxieties caused by the explosion and subsequent fire accident.

We have confirmed that 17 employees were injured and some of the injured are in serious condition. Fire was extinguished and we are now working together with the local police and fire departments as they conduct a comprehensive on-site investigations aimed at determining the cause(s) of the accidents.

At this moment, we cannot predict when we can restart of production of our cellulosic products, METOLOSE, hiMETOLOSE, PHARMACOAT, HPMCP, Shin-Etsu AQOAT and L-HPC. Furthermore, because the warehouse for the products located in the area closed to this facility, it appears that is difficult to restart shipment within early time.

Therefore, from 22nd March, we stop shipment of all products of cellulose derivatives for the time being. As for the backlogs of orders, we would like to ask distributors to give this notification to customers. We ask your highly understanding that we cannot respond the concrete time of shipment for new orders also.

We sincerely apologize any inconveniences you may have from this accident. We will continue to report further details as soon as information concerning the situation can be confirmed.

For any inquires regarding this matter, please contact:

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