



Shin-Etsu Chemical Co., Ltd.
Cellulose & Pharmaceutical Excipients Department

Head Office 6-1 Ohtemachi 2-chome, Chiyoda-ku, Tokyo 100-0004, JAPAN

TEL +81-3-3246-5261 / FAX +81-2-3246-5372

May 31, 2007

To Whom It May Concern;

Naoetsu Cellulosic Plants / Notice of Partial Resumption of Productions (As of May 31, 2007)

We would like to apologize for the inconvenience you may have from our Naoetsu Cellulosic plant explosion accident occurred on March 20.

We have completed the safety countermeasure construction to some of the plants with related authorities' advices and generous understandings of neighboring residence, in order to prepare for resumption of productions. We have resumed production from facilities which had less damages and have received the Authorities permission. We would like to inform you of the product group which we have started operation and also our expectation for further resumption as follows.

Product Group which we have already resumed production

- 1) HPMCP and Shin-Etsu AQOAT (HPMCAS)
- 2) L-HPC
- 3) Metolose 60SH series (*1)
- 4) Metolose 65SH series and SM series (*1)

Product Group which we have resumed production additionally

- 1) Pharmacoat

Expectation of further resumption

- 1) Metolose 90SH series (*1), hi-METOLOSE and SEB/SNB series: * **In July or after**
 - *1: We plan to resume supply of Metolose grades for pharmaceutical applications (Fiber drum package) in October or later.
 - We need to discontinue supply of some grades of hi-Metolose, Metolose fine powder type, Metolose SEB series and Metolose with special specifications.

Shipment

Since there are many product grades, and time is necessary for quality evaluation, it will take several weeks before we can start shipment. We will inform you each available product grade separately when they are ready. Until then, we are unable to confirm each order. We would like to ask your generous understandings for such cases which we may not be able to meet your requirement.

Again, we are very sorry for any inconveniences you may have from the incident.

Thank you very much for your understanding and cooperation.

Very truly yours,

Junichi Watanabe
Executive Officer and General Manager of
Cellulose & Pharmaceutical Excipients Dept.