



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 +81-3-3246-5372

Dear Valued customers,

December 24, 2008

External Safety Stock Warehouse / Pharmaceutical Excipients

We have been restructuring and enhancing our supply security of cellulose products for Pharmaceuticals. We would like to inform you that a building of an external safety stock warehouse for pharmaceutical cellulose products has been decided as follows.

Product: Main pharmaceutical products

Location: We plan to obtain a new area nearby the Naoetsu plant and will build a safety stock warehouse.

Estimated time of completion: October, 2009

Scale of safety stock: We intend to build several months safety stocks gradually depending on production and demand balance.

We will try to offer even more stable and continuous supply of our products by building a separate warehouse outside of the plant as one of the risk managements.

Thank you very much for your cooperation and business with us.

Very truly yours,

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