



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

Dear Valued Distributor and Customer,

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PRICE CHANGE of Shin-Etsu Cellulose products

Shin-Etsu Chemical Co., Ltd. (Head Office: Tokyo) announces that it will increase the sales price of its cellulose products (METOLOSE, PHARMACOAT (TC-5), HPMCP, Shin-Etsu AQOAT and L-HPC). A 5 - 10 % increase will go into effect for shipments from September 1, 2010.

Due to the sharp global rise in the prices of raw materials, the price of high-purity pulp, in particular, which is the main raw material of cellulose products, has experienced strong pressure on the market. In addition, other costs related to cellulose products are also rising, such as those for utilities, distribution and costs from complying with regulatory requirements. We have made strenuous company-wide efforts to reduce costs; however, it has become difficult for us to absorb all of the cost increases resulting from the sharp rise in the prices of raw materials and the others. Under these circumstances, we regret to inform you that now we have to implement an upward revision in the price of cellulose products.

Shin-Etsu has been investing for sustainable supply of various cellulose products including dual plant sites, off-site warehouse and production capacity expansions. Responding to changing market conditions allows Shin-Etsu to continue to invest further in new capacity, product innovations and regulatory requirements to support customer growth.

Very truly yours,

Hiroshi Watanabe

General Manager of

Cellulose & Pharmaceutical Excipients Department.

Shin-Etsu Chemical Co., Ltd.