



June 9, 2008

Richard Huffman
Fabricare Choice Distributors Group
1201 W 37th St
Chicago, IL 60609
United States

Dear Richard:

During the first half of 2008, our business has been faced with severe inflationary pressures the likes of which have not been seen since the 1970's. Like you, we have watched oil prices rise to greater than \$125/barrel, natural gas exceed \$12/mmBTU and commodities such as coal and metals skyrocket. In our daily lives, this results in higher gasoline prices, food costs, airfares and heating bills.

For Momentive, specifically, we have seen the market cost of most, if not all, of our key raw materials rise dramatically in the past 12 months. For example, the market price of silicon metal has more than doubled. The price of key catalysts, such as platinum metal, has increased 70% and transportation and energy costs have risen substantially.

As a result of this significant and rapid rise in our costs, we are informing you today that we must raise prices on all silicone products up to 25%, effective on orders shipped after July 1, 2008. Your Momentive representative will be contacting you to discuss the specific details of this price increase as they affect the products you source from us.

This decision is not one that we take lightly. We recognize the challenges that inflation creates throughout the entire supply chain. We continue to aggressively work on cost optimization and productivity improvement programs to partially offset the cost increases we have received.

I would like to tell you that we see the current inflationary pressure as temporary, but as I write this letter, our best current view is that the costs of oil, energy and commodities are likely to remain high, with the threat of further increases.

Our customers are our most important assets, and we are committed to being the best supplier of silicone and quartz products in the world. We will work diligently to curtail costs, and you have our commitment to open communication as we face a business environment that has changed significantly.

With best regards,

Jonathan D. Rich
President and CEO

cc: Shawn D. Williams, President-Americas, Silicones

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