

June 1, 2010

Dear Valued Customer;

Recently there has been significant discussion in the marketplace regarding the availability of tantalum raw materials and the impact this might have on the availability of tantalum capacitors.

As you are aware, the tantalum capacitor industry is running at or near capacity, as witnessed by the increased lead times. This immediate issue is not the result of raw material availability but due to the lack of investment in capacity over the last 10 years—a consequence of industry pricing pressures which have driven margins to a point where we have been unable to realize reinvestment economics. We expect these capacity constraints to continue into the foreseeable future; therefore to protect you, our valued customer, we are implementing controlled order entry.

KEMET continues to maintain a long-term strategic plan with regards to tantalum raw material availability in order to safeguard our customers. The current market condition has challenged the entire tantalum supply chain, but to date we have been able to manage this challenge with our suppliers. A key component in this plan is risk mitigation through an expansion of our supply base such that we are not encumbered by any single supplier. As a result, today we have 7 tantalum raw material suppliers. By implementing this strategy, barring any disruptions in the raw material supply chain, we have the necessary raw material commitments to continue to run our factories at full capacity through the end of this calendar year; however, the price for raw materials continues to rise.

We are actively involved with initiatives the electronics industry has taken to audit the supply chain to ensure raw materials are not sourced from conflict areas. In addition, we continue to require our suppliers to submit written confirmation of conformance. Also, as previously communicated, KEMET has adopted the EICC Code of Conduct which among other issues, addresses working conditions in the raw material supply chain.

In summary, KEMET possesses the necessary agreements on raw materials to continue to run our plants at full capacity, albeit at a higher cost. If the overall situation changes, we are committed to communicating on a timely basis. If you have any questions on this matter, please contact your local KEMET Sales Representative.

Thank you for your continued commitment to KEMET as a supplier to your business.

Regards,

Marc Kotelon

Marc Kotelon
Senior Vice President, Global Sales