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**To Whom It May Concern:**

**Naoetsu Cellulosic Plant Explosion Report as of April 10**

**April 10, 2007**

We would like to provide you with an updated report on the Naoetsu Cellulosic Plant which experienced an explosion accident on March 20. Any further information will be posted on our web-site at [www.metolose.jp](http://www.metolose.jp)

We apologize for any inconvenience you may have experienced because of this accident.

Concerning the use of all the Naoetsu Cellulosic Plants, they are still banned as of today due to the order of the relevant authorities. In particular, we have been strictly ordered to keep the exploded building as it is. However, we have started inspecting the extent of the damages on the facilities from outward appearance for assessment. We have also started removal of broken articles.

For our part, we have been considering whatever action we can take under this situation so that how effectively and how soon we can manage the resumption of plant operations.

Concerning the both L-HPC and HPMCP/HPMCAS manufacturing plants, as we previously provided, based on their outward appearance, they seem to not have been seriously damaged. Thus, after the removal of the ban and explanation to the neighboring residence as well, we shall immediately work out a necessary countermeasure of safety and then expect to start a production.

Meanwhile, concerning Pharmacoat and METOLOSE manufacturing plants, the timing of the resumption of plant operations cannot be provided with at this moment. However, we already started assessment of each plant to prepare for the earliest possible resumption of operation.

Again, we apologize sincerely for the accident and for any inconvenience it may cause you.

**Very truly yours,**

**Junichi Watanabe**

**Executive Officer, General Manager**

**Cellulose & Pharmaceutical Excipients Dept.**