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To Whom It May Concern;

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**Naoetsu Cellulosic Plants / Expansion Plan and Supply Security**

We would like to apologize for the inconvenience you may have from our Naoetsu Cellulosic plant explosion accident occurred on March 20.

We have resumed productions one after another by Product Group since May. This time, we would like to inform you that we have decided following expansion and supply security plan for pharmaceutical manufacturing facilities.

Naoetsu Plant

Pharmacoat

We have resumed production temporarily in May by transferring the part of existing facilities. We plan to make a full recovery by a permanent manufacturing facility with a target completion by next Spring.

L-HPC

We have resumed production with the existing facility in May. We plan to expand its capacity to meet the market demand and secure safety stocks with a target completion by next Spring.

SE Tylose (German) Plant

We have decided to build new pharmaceutical facilities in SE Tylose plant in Germany. We plan to produce HPMC and other pharmaceutical products at this location in order to secure stable supply.

Again, we are very sorry for any inconvenience you may have from the incident.

Thank you very much for your understanding and cooperation.

Very truly yours,

Junichi Watanabe

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