



April 26, 2004

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STATE OF ILLINOIS
Pollution Control Board

Charles E. Matoesian
Division of Legal Counsel
Illinois Environmental Protection Agency
1021 North Grand Avenue East
PO Box 19276
Springfield, Illinois 62794

Re: Wallace v. IEPA, PCB 02-207 (Air Variance)

Dear Mr. Matoesian,

As per condition 3.h. of the Order granting a variance in the above referenced matter, MedPointe Healthcare, Inc. is submitting this letter as a progress report for the period from October 1, 2003 through March 31, 2004. As noted previously, the Wallace Pharmaceuticals' name has been changed to MedPointe Pharmaceuticals.

According to the Order, MedPointe is required to report on the progress of the development of a suitable alternative to the usage of ethanol in the affected processes. We are pleased to report that research and development of direct-compression manufacturing processes has been successful, and do not involve the use of ethanol. These research efforts should satisfy conditions 3.a., 3.b., and 3.c. of the Order, in that the bench-top, pilot, and commercial scale processes were successful for these products, and do not utilize VOM solvents.

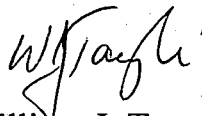
As was previously reported, a dry granulation process which uses no ethanol is in use for Tussi 12-D Tablets, our largest volume cough/cold tablet product. We expect to continue further evaluation of the dry granulation processes and substitute, where possible, for the ethanol-based wet granulation process.

We continue our research efforts with emphasis being placed on non-VOM products and processes for our future product development. These efforts should not only minimize our VOM emissions but also presumably keep them well within our pre-variance levels. In light of the items mentioned above, it is likely that add-on control technology will not be necessary to achieve compliance with our pre-variance limits of 12.5 tons per year.

At this writing, we expect our VOM emissions to be well below the allowable variance limit of 25 tons per year. Our VOM emissions for 2003, which are being reported separately, were well below that level.

I trust this brief letter report satisfies the Order requirement for a progress report. If any additional information is required please advise.

Sincerely,



William J. Taraszewski, Ph.D.
Director, Pharmaceutical Production

cc: Dorothy Gunn, Clerk
Illinois Pollution Control Board
State of Illinois Center
100 West Randolph St., Suite 11-500
Chicago, IL 60601