

Notice on the effect of “Northeast Pacific Ocean Earthquake”

We sincerely express our sympathy to everyone affected by the earthquake on March 11, 2011. We established the disaster management headquarters in Tokyo head office under the president of the company. Since then we mainly worked to identify the damage. Now we have an overview of the damage and we establish the Revival management headquarters with a head of Mr. Suzuki, the President as of March 22. Mr. Nakase, Senior Executive Director and Mr. Kanehama, Head of Hachinohe mill Senior Executive officer were assigned as the Deputy Heads.

Newly obtained information since our first disclosure on March 12, regarding our group is provided below.

We appreciate your understanding for the situation and inconvenience to our customers, suppliers and other stakeholders.

Notes

1. Human Damage

As our first news on March 12, six injured of subsidiary employee are reported.

No other casualties of our employee and group company employee were reported.

2. Status of Production sites

Status of company and its subsidiaries in the region are as follows.

Hachinohe mill (Hachinohe city, Aomori prefecture)

- We have been stopping operation
- We found that the Tsunami flooded the ground floor of the plant and electrical system was severely damaged. Damage to the buildings and the paper machines were rather mild.
- Based on the above situation, the resuming of the operation are planned as follows
  - From the end of April
    - One by one start-up of Power plants (recovery of utility generation facility)
  - From mid of May
    - One by one start-up of Paper machines and coaters (7 paper machines and 3 coaters)

※ In order to contribute to a nationwide power shortage we are negotiating with the relevant ministries, Aomori prefecture, Tohoku Electric Power to supply some power to Tohoku Electric Power from our Power plant as soon as it resume.

Kitakami Division (Kitakami HiTech Paper Co., Kitakami City, Iwate Prefecture)

- The damage is relatively minor, and operations of hygienic paper production facilities have already restarted since March 21. Despite some concern about the shortage of certain raw materials, from the beginning of April on, the pulp plant, the paper machine and the resin coaters are planned to resume stepwise.

Shirakawa plant (Nishigou, Nishishirakawa County, Fukushima Prefecture)

- The damage is minimal and the stock finishing process was in operation since March 18. From March 23 on, it is expected to recover fully including two paper machines. (It may take more time to full capacity production due to the shortage of the heavy oil supply)

### 3. Status of product inventory

Product inventory at Hachinohe mill has been flooded by the Tsunami and damaged by the earthquake. The total damage of the inventory is still under investigation. Inventory in our warehouses located in Kitakami, Sendai and Kanto area was also suffered from the earthquake, however the damage was minor and limited.

### 4. Impact on earnings

Damage by earthquake is still under investigation. If the forecasts need to be modified, we will disclose it separately.