

Damage Caused by the Tohoku-Pacific Ocean Earthquake

After having been damaged by the Tohoku-Pacific Ocean Earthquake and subsequent tsunami on March 11, 2011, our major subsidiary, Nippon Paper Industries Co., Ltd. (President: Yoshio Haga), has placed operations of the following mills under complete closedown: Ishinomaki Mill (Ishinomaki, Miyagi), Iwanuma Mill, (Iwanuma, Miyagi), and Nakoso Mill (Iwaki, Fukushima). The following summarizes the current status of the above three mills.

1. Confirmation of the safety of employees

Nippon Paper Industries Co., Ltd.

Ishinomaki Mill	822 employees	Safe: 817, Deceased: 2, Unconfirmed: 3
Iwanuma Mill	361 employees	Safe: 360, Unconfirmed: 1
Nakoso Mill	210 employees	All 210 employees safe

The Company profoundly regrets to announce that two of its employees have died as a result of the recent tsunami. We express our deepest sympathies to all victims of the earthquake and tsunami.

Furthermore, the Company continues to work to confirm the safety of the employees whose status is unconfirmed, as well as the status of the employees of companies related to the above three mills.

2. Status of the three mills under complete closedown

- Ishinomaki Mill, Nippon Paper Industries (Ishinomaki, Miyagi)
 - Operations continue to be under complete closedown.
 - At present, removal continues of dirt and rubble that was deposited on the mill grounds by the tsunami and the scattered materials.
 - Regarding the mill equipment, it has been confirmed that the first-floor housing for all the paper machines, including the N6 machine, were flooded by the tsunami, damaging the electronic equipment, but the main body of the paper machines, which are on the second floor, remained almost completely untouched. At present, work is being done to repair and restore the parts of the paper machines that are on the first floor.
 - Due to the enormous damage from the tsunami at this mill, it is believed that much time

will be required before operations can recommence, but thanks to the fact that the main body of the paper machines are not damaged, the greatest efforts are being made to resume production as soon as possible.

- Iwanuma Mill, Nippon Paper Industries (Iwanuma, Miyagi)
 - Operations continue to be under complete closedown.
 - Clean-up of the product warehouse was completed the day before yesterday. Since the damage is less than was originally estimated, it has been confirmed that more than 80% of the newsprint can be shipped. At present, the undamaged products are in the process of being shipped.
 - Operation has been resumed of the effluent station's effluent pump which was put out of commission due to damage from the tsunami.
 - We are striving to resume production quickly using the paper machine which was relatively undamaged by the earthquake, once boiler operation is restarted.

- Nakoso Mill, Nippon Paper Industries (Iwaki, Fukushima)
 - Operations continue to be under complete closedown.
 - At present, clean up of the product warehouse is continuing, but since it has been confirmed that there is less damage than was originally estimated, shipment of undamaged products is progressing.
 - We are striving to resume production quickly once boiler operation is restarted.