

March 31, 2011

Impact of the 2011 Tohoku Earthquake (#3)

We would like to inform you about the effect of, and our respond to concerns about, the earthquake as of March 31, 2011. We sincerely apologize to our customers, our business partners, those located near and around our factories and other stakeholders for any inconvenience stemming from the shutdown of our facilities.

Portions of our Iwaki Factory (located in Iwaki City, Fukushima Prefecture) and our Plastics Processing Factory (located in Omitama City, Ibaraki Prefecture) have been damaged by the earthquake. We have been dedicated to assessing the damaged facilities and repairing the same in order to restart production. We would like to provide you with the following estimate of our future outlook of our main products as of March 31, 2011. Please note that the following outlook might change due to external factors such as progress in assessing and repairing the facilities, the circumstances concerning receipt of raw materials and fuel, and situation surrounding the nuclear power plant (Fukushima Daiichi Nuclear Power Station).

[Iwaki Factory (located in Iwaki City, Fukushima Prefecture)]

- (1) Private Electrical Power Generation: Since our electrolysis business, which is the foundation of our business, requires electricity and the production of various items at the Iwaki Factory requires electricity and steam, we supply electricity and steam mostly through private electrical power generation. We plan to restart the privately-owned electrical power facilities in late April 2011. In parallel thereto and taking inventory levels into account, we will restart the production facilities such as those for inorganic and organic chemicals, highly-functional resins such as PPS resin, and materials for food packaging films.
- (2) Pharmaceutical Products: We have already restarted the packaging facilities of “KREMEZIN[®]” (a therapeutic agent for chronic renal failure).
- (3) Carbon Products: We plan to restart the production of “KRECA[®]” (carbon fiber) in mid-April 2011. We also plan to restart the production of “CARBOTRON[®] P” (a negative-electrode material for batteries) on April 1, 2011.
- (4) Battery Materials: We plan to restart the production of “KF POLYMER[®]” (a highly-functional resin mainly used as a binder for lithium ion secondary batteries) in late April 2011, although the production of some grades of such binder has been

already restarted. Please note that we have immediate stocks of the same.

[Plastics Processing Factory (located in Omitama City, Ibaraki Prefecture)]

At the Plastics Processing Factory, we have restarted production of bottles for ketchup and mayonnaise (multilayer bottles), and such production is in full operation. Please note that, although our Krewrap Production Department II of the Plastics Processing Factory (located in Tanba City, Hyogo Prefecture) has not been affected by the earthquake and production of “New Krewrap” has been in full operation, we have given top priority to delivering products from the factory to disaster areas.

In view of the above, we would like to consult with our customers about the scheduling of our deliveries, which will also be dependent on inventory levels.

We will commit ourselves to restoration of the facilities in order to restart the same and to reconstruction of the disaster areas near and around our factories. We will inform you of any progress of the situation, including our outlook for restarting production.