

1st April 2011

Impact of the Earthquake and Tsunami in Japan

Dear Ladies and Gentleman,

On March 11th, an unprecedented 9.0 magnitude earthquake, one of the biggest on record hit the north eastern part of Japan. This has devastated many buildings, facilities and houses near the epicenter. The tsunami generated by the earthquake engulfed many cities, villages, houses and people, completely destroying many towns and villages on the Pacific coast.

As we write this letter, we are assessing the extent of damage and the degree of impact caused by the earthquake to our manufacturing plants and other facilities. We have already started our recovery efforts in order to restart operations.

Our distribution and inventory centre in Japan; which temporarily suspended operations due to the damage by the earthquake, re-started operation on Tuesday, March 22nd. However, Tsukuba Plant and MMC Hard Materials (our subsidiary company), which are located nearer the epicenter were damaged by the earthquake. Repair procedures are already underway and we are expecting some production to resume around the end of April and the remainder as soon as possible.

As a further response to this emergency situation, we will utilize our existing inventories located in our sales companies in order to sustain supply to our customers. Additionally we are seeking to establish alternative sources of production and also divert production to our other manufacturing plants and affiliated companies that were unaffected so that we can minimize any negative impact.

This tragedy was further complicated when the nuclear power plants operated by Tokyo Electric Power Company (TEPCO) in Fukushima were badly damaged and disabled by the earthquake and subsequent tsunami. The Japanese government and local authorities in the affected areas are carefully monitoring levels of radiation. The government is disclosing its findings in full.

We have since learned that there is a growing concern about radioactive material in Japanese products, we would like to take this opportunity to emphasize that in all areas where our manufacturing plants and warehouse are located, the radiation levels detected there do not represent any threat to human health, and therefore, the products manufactured in our plants, and our products in stock in Japan are safe.

Under our corporate social responsibility philosophy we wish to ensure our business partners and employees that we would not put them under any risk whatsoever by circulating any goods that may have been contaminated. Furthermore, all imports are under strict control of the European authorities for radiation protection before distribution into the marketplace.

We sincerely apologize for any inconvenience caused by suspension of production and would like to call upon all of you for your understanding and support. In addition we would like to say thank you for the enquiries and messages of good will for our colleagues, their families and the Japanese people that are suffering from this unprecedented situation.

Since the situation in Fukushima can change at any time, it is impossible to make forecasts for the future and therefore we can only explain the present situation. If we get new Information you will be able to find that on our Homepage. www.mitsubishicarbide.com

Faithfully



Hiroshi
President of MMC Hartmetall GmbH

