

ENGLISH TRANSLATION FOR REFERENCE PURPOSES ONLY

This notice is an English translation of the original Japanese text of the release dated September 20, 2018 issued by Daio Paper Corporation, and is for reference purposes only. In the event of any discrepancy between the original Japanese text and this English translation, the Japanese text shall prevail.

September 20, 2018
Daio Paper Corporation

Notice Regarding Overall Victory on Lawsuit Against Our Directors

As announced in the "Notice Regarding Today's Release by Hokuetsu Kishu Paper in Relation to the Filing of a Lawsuit Against Our Directors" dated December 16, 2015 and the "Notice Regarding Supporting Intervention to Lawsuit for Damages Against Our Directors" dated January 28, 2016, we have been providing supporting intervention to our directors in a lawsuit for damages filed by Hokuetsu Corporation (hereinafter referred to as the "Plaintiff") against our 13 directors at that time as of December 15, 2015, with respect to the issuance of our euroyen zero coupon convertible bonds due 2020 (bonds with stock acquisition rights, *tenkanshasaigata shinkabu yoyakuen-tsuki shasai*) (hereinafter referred to as the "Issue"), and we announce that today the Tokyo District Court rendered a judgment in favor of our directors to dismiss the Plaintiff's claims in their entirety.

Description

1. The court and date of the judgment

Tokyo District Court

September 20, 2018

2. Background of the lawsuit

As announced in the "Notice Regarding Today's Release by Hokuetsu Kishu Paper in Relation to the Filing of a Lawsuit Against Our Directors" dated December 16, 2015, the

Plaintiff, as of December 15, 2015, filed a lawsuit for damages of approximately 8.8 billion yen against our 13 directors at the time, excluding one outside director who also served as an employee of the Plaintiff, suffered due to an alleged breach of fiduciary duty, etc. by those directors in relation to the Issue in September 2015.

In response, as announced in the "Notice Regarding Supporting Intervention to Lawsuit for Damages Against Our Directors" dated January 28, 2016, we determined that there was no illegality in the Issue including the breach of fiduciary duty, etc. by our directors and the Plaintiff's claims were unreasonable without any legal grounds. Therefore, we provided supporting intervention to our directors, who were the defendants of the lawsuit.

Today, the Tokyo District Court rendered a judgment to dismiss all of the Plaintiffs' claims on the grounds that our directors, who were the defendants of the lawsuit, did not breach any fiduciary duty with respect to the Issue. This judgment fully recognized our claims, determining that the Issue did not fall under the category of either favorable or unfair issuance and that our directors did not breach any duty of care on the Issue.

3. Content of the judgment

- (1) The Plaintiff's claims shall be dismissed in their entirety.
- (2) The cost of the lawsuit shall be borne by the Plaintiff.

4. Future outlook

In the event that an appeal is filed by the Plaintiff, we will continue to appropriately respond to request for dismissal of the appeal.

End