

*ENGLISH TRANSLATION FOR REFERENCE PURPOSE ONLY*

*This notice is an English translation of the original Japanese text of the release dated December 16, 2015 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.*

December 16, 2015

To whom it may concern:

Name of Company: Daio Paper Corporation  
Name of Representative: Masayoshi Sako, President and Representative Director  
Securities Code: 3880 (First Section, Tokyo Stock Exchange)  
Contact Person: Yukihiro Tanaka, Executive Officer, General Manager, Administration Division  
Telephone No.: +81 3 6856 7500

**Regarding Today's Release by Hokuetsu Kishu Paper in Relation to the Filing of a Lawsuit Against Our Directors**

Today, Hokuetsu Kishu Paper Co., Ltd. ("Hokuetsu Kishu Paper") issued a release entitled "Regarding the Filing of a Lawsuit Against the Directors of Daio Paper Corporation," stating that it had filed a lawsuit against 13 members of our board of directors (not including the outside director who also serves as an employee of Hokuetsu Kishu Paper) to seek damages of approximately 8.8 billion yen suffered due to an alleged breach of fiduciary duty by those directors in relation to the issuance of our euroyen zero coupon convertible bonds due 2020 (bonds with stock acquisition rights, *tenkanshasaigata shinkabu yoyakuken-tsuki shasai*) (the "Bonds") in September 2015.

We believe that there was no such breach of fiduciary duty by our directors. As stated in our release of September 16, 2015 entitled "Regarding the Outcome of the Extraordinary Meeting of our Board of Directors in Relation to the Issuance of our Euroyen Convertible Bonds due 2020," at the meeting of our Board of Directors held on that day, we reconfirmed that the aims for issuing, and issue conditions relating to, the Bonds are reasonable, and that the review process in the lead up to the Board resolution to issue the Bonds passed at the meeting of our Board of Directors held on September 1, 2015, as well as the authorization procedures at such Board meeting, were each based upon sufficient and exhaustive discussions, and the overall issuing procedures of the Bonds were taken legitimately.

Furthermore, we have obtained a valuation report from PLUTUS CONSULTING Co., Ltd. in relation to the fair value of the Bonds and a legal opinion from each of Mori Hamada & Matsumoto and Momo-o, Matsuo & Namba in relation to the procedures relating to the issuance of the Bonds.

As of today, we have not been able to confirm whether the abovementioned lawsuit has in fact been filed. Once we have been able to confirm the facts, we will consider what course of action to take in response to the lawsuit upon consultation with our legal counsel. We will promptly issue an announcement if any event occurs that needs to be disclosed in relation to the lawsuit.

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