

May 2011

Dear Customer,

Further to our updates/blogs of March 17<sup>th</sup> and 25<sup>th</sup> regarding the Japanese earthquake/tsunami tragedy and resulting nuclear disasters, we have continued to monitor the situation closely in the intervening weeks, but have refrained from further direct comment as the situation, whilst still critical, remained stable and there was nothing new for us to add to our previous comments.

As it is now over 2 months since the dreadful events unfolded in North East Japan we felt it appropriate to issue what we propose, barring any additional dramatic turns of events, will be our final update on this disaster.

We referred previously to the incredible efforts of the Japanese people to restore power and communications; this has been a critical factor in the startling success many of the electronics manufacturing companies have achieved in restoring their facilities, restarting production and ramping back up to pre-earthquake levels.

One example of this is Renesas and its efforts to get its damaged Naka wafer fab plant back into production. The company now states that they will resume volume production on June 1<sup>st</sup> and that capacity will be at pre-earthquake levels by the end of July and Global supply levels fully restored by the end of October.

Our experiences are indicating that this level of progress, even in the most severely affected areas, is being achieved by most of the worst-hit companies and that the initial fears of widespread, extended delays and shortages are for the most part unfounded. Clearly we are continuing to work closely with our suppliers to identify all and any supply chain issues, but we will now address those that we identify with the customer or customers directly through the account management structure, rather than via a 'global' update such as this.

We hope that you have found what we feel are our measured and industry specific comments on events in Japan worthwhile, and although your Account Manager will continue to be the primary channel of communication, if at any time you would like to discuss these, or any other issues with any of the Account Directors, please do not hesitate to contact us.

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