

March 17, 2011

To our business partners:

**Announcement of situations caused by the occurrence of
“Tohoku – Pacific Ocean Earthquake” in Japan**

We would like to express our heartfelt sympathy to victims of the “Tohoku – Pacific Ocean Earthquake” that occurred in Japan on March 11, 2011. The post-earthquake situations of Citizen Electronics Co., Ltd. and its group companies are described as follows.

Fortunately, human damage was not caused in Citizen Electronics’ and its group companies’ production sites and sales offices located in Japan. Heavy damage was also not found in buildings and production facilities of main production sites in Yamanashi (head office, Citizen Electronics Timel Co., Ltd. and three subcontract factories) that account for about 70% of domestic production. The main production sites have been operating as usual, 24 hours a day, since March 14, 2011, although the production has been adjusted due to rotating power cuts.

Buildings and production facilities of Citizen Electronics Funehiki Co., Ltd. (District: Funehiki-cho, Tamura-shi, Fukushima-ken) were partly damaged by the earthquake that occurred on March 11, but they were restored so well by workers’ strenuous efforts that the production was resumed on March 14. In addition, electric power is supplied to Funehiki district. However, Citizen Electronics Funehiki is located 44 km away from the Fukushima Dai-ich Nuclear Power Station. The Government has issued instructions that residents staying in the area 20 km to 30 km radius from the station shall stay indoors. Citizen Electronics Funehiki is located outside the area, but its employees have been staying home according to our own judgment and the operation of Citizen Electronics Funehiki has been suspended since 10 am on March 15. We are establishing a backup system in China factories, which are our subsidiary companies, as well as in the Yamanashi production sites for products that were scheduled to be produced in Citizen Electronics Funehiki. We recognize that there is only a limited effect on the entire production. The IT system also works properly in our company and all our group companies.

In terms of logistics, we restarted transportation by road from Yamanashi to the Funehiki factory on March 14. It took two times as long as usual but the system is slowly returning to normal. In addition, functions of Narita Airport such as customs clearance have been restored. However, shipping of some parts and materials, especially from suppliers in eastern Japan, has been interrupted. We are striving to obtain these parts and materials through other routes.

We have caused you much worry and inconvenience, but we are all working together to take countermeasures at the highest level possible.

Thank you very much for your sympathy and words of encouragement to Citizen Electronics and its group companies.

Sincerely,

Yoshihiro Gohta
President
Citizen Electronics Co., Ltd.