

December 11, 2014

To: Bondholders

6-3, Osaki 1-chome, Shinagawa-ku, Tokyo  
Covalent Materials Corporation  
Toshio Nagahama, Representative Director and President

**Re: Potential Accrual of Redemption Rights of  
1st Series of Unsecured Bonds (with inter-bond *pari passu* clause)**

We, Covalent Materials Corporation (the “**Company**”), hereby notify you that, with respect to the 1st Series of Unsecured Bonds (with inter-bond *pari passu* clause) (ISIN Code: JP330135A829) issued by the Company as of February 18, 2008 (the “**Bonds**”), it is expected that the rights to request redemption of the Bonds (the “**Redemption Rights**”) set forth in Condition 8, Item (4) of the terms and conditions of the Bonds (which refers to the amended terms and conditions of the Bonds which (i) was approved by resolution at the bondholders’ meeting held on October 5, 2012 and (ii) was approved by the Tokyo District Court as of October 12, 2012; the same shall apply hereafter) will arise as follows.

1. Name of bonds for which Redemption Rights are expected to arise  
Covalent Materials Corporation 1st Series of Unsecured Bonds (with inter-bond *pari passu* clause)
2. Date on which Redemption Rights are expected to arise  
December 26, 2014

3. Reason of accrual of Redemption Rights  
Carlyle Japan Partners II, L.P., Carlyle Japan International Partners II, L.P., CJP Co-Investment II A, L.P., CJP Co-Investment II B, L.P., Unison Capital Partners II(F), L.P., Unison Capital Partners II, L.P., UC Mask Investors 2(F), L.P., UC Mask Investors, L.P. and UC Mask Investors (F), L.P., who are the current shareholders of the Company (collectively, the “**Majority Shareholders**”) agreed with CoorsTek, Inc. (HQ: Golden, Colorado, USA; “**CoorsTek**”) to transfer all shares of the Company held by the Majority Shareholders (95.2% of the total number of voting rights) to CoorsTek as of December 26, 2014. Upon the completion of such transfer as planned, since the number of voting rights held by the Majority Shareholders will be less than two-thirds of the total number of voting rights of the Company (which falls under the “Change of Control Event” set forth in Condition 8, Item (4)(a) of the terms and conditions), the Redemption Rights of the bonds are expected to arise.

The Company will separately notify you of the details regarding the procedures for exercising the Redemption Rights by the bondholders by means of public notice as soon as the stock transfer is completed on December 26, 2014 as planned and the accrual of the Redemption Rights has been confirmed.

**4. Potential Early Redemption (NOTICE)**

Separately from the accrual of the Redemption Rights as described above, please be advised that the Company plans to redeem all outstanding amounts of the Bonds on February 18, 2015, which is the next interest payment date, pursuant to Condition 8, Item (3). The Company will separately notify you of such early redemption by means of public notice once the details are determined.