

# COVALENT

**Covalent Materials Corporation**  
Nissei Bldg, 6-3, Osaki 1-chome, Shinagawa-ku,  
Tokyo 141-0032, Japan

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[Translation]

September 13, 2012

To Bondholders:

Covalent Materials Corporation

**Re: Holding of Bondholders Meeting concerning Amendment to the Terms and Conditions (Extension of Maturity Date, Increase in Interest Rate, Increase in Redemption Amount, etc.) and Offer to Purchase of the 1st Series Unsecured Bonds**

On September 4, 2012, Covalent Materials Corporation (the “Company”) announced that the Company has cancelled the convocation of the bondholders meeting of the 1st Series Unsecured Bonds (with inter-bond pari passu clause) (ISIN code: JP330135A829) (the “Bonds”) which was originally scheduled to be held on September 12, 2012, as noticed in the “Convocation Notice for Bondholders Meeting of Covalent Materials Corporation 1st Series Unsecured Bonds (with Inter-Bond Pari Passu Clause)”, dated July 31, 2012, on the grounds that, among others, the Company has received comments from the bondholders that the original schedule did not allow them sufficient time for consideration on the agenda for the bondholders meeting, and that the bondholders meeting, after being reexamined, would be rescheduled to October 5, 2012. The Company hereby announces that, its board of directors resolved today to officially determine hold the bondholder meeting.

The Company also announced in the “Offer to Purchase the 1<sup>st</sup> Series Unsecured Bonds”, dated August 21, 2012, that, in order to make the offer to purchase the Bonds (the “Purchase Offer”), the procedures of offer to purchase the Bonds from all bondholders would be commenced, subject to,

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among other things, the approval at the bondholders meeting of the Bond, and after the court's approval of such bondholders' resolution. The Company hereby also announces that, its board of directors resolved today to amend the conditions of the Purchase Offer.

## **1. Background and Reasons for the Amendment to the Terms and Conditions**

The Company has completed a business transfer of its silicon wafer business, and is currently concentrating its corporate resources on the highly competitive ceramics business, and focusing on establishing corporate structures that ensure profitability and lead to continuous growth as a specialized ceramics manufacturer. However, as at the end of March 2012, the Company did not hold sufficient funds to cover the redemption amount of 53.3 billion yen of the outstanding Bonds by the redemption date of February 18, 2013. Therefore, there was a situation that could lead to doubts in the Company's status as a going concern at the end of the latest fiscal year. This situation has not changed to this day. In order to overcome this situation, the Company has implemented structural reforms, led by the radical review of unprofitable businesses, special invitations for early retirement, a reduction of fixed charges, and seeking to enhance the Company's profitability and stabilize its cash management including funding. However, the Company is facing difficulty in funding the redemption amounts of all of the outstanding Bonds by the redemption date in February 2013. The financial condition of the Company must be promptly stabilized and material doubts in the Company's status as a going concern need to be dispelled, in order for the Company to continue business. For this purpose, the Company has examined various options including partial extension of maturity date of the Bonds. Based on these examinations, the Company, with the intention to provide the bondholders who desire to recover their investment at an early date with an opportunity to sell the Bonds, made a decision to make an offer to purchase the Bonds at a discount price of 76 million yen per 100 million yen principle amount of the Bond, up to approximately 21.3 billion yen, the excess cash flow amount after deduction of the required working capital, on or before the end of December 2012, on the condition, among other things, that the agenda is approved at the bondholder meeting and that the court's approval is obtained. In addition to the above, the Company determined to propose to make a partial redemption of the Bonds on February 18, 2013 in the amount obtained by deducting the aggregate amount of the purchase price for the Bond to be acquired through the Purchase Offer from (i) 21.3 billion yen or (ii) the aggregate amount of cash deposit and liquidity securities as at the end of December 2012 (excluding the amount already paid for the Purchase Offer) minus 3 billion yen, whichever is higher, and extension of the maturity date for the remaining amount by 4 years. Simultaneously, in order to obtain the bondholders understanding for the extension of the



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maturity date, the Company determined to propose amendments to the conditions of the Bonds, including increase in the annual interest rate of the Bond effective on and after February 19, 2013 from 2.87% to 4.25% and semi-annual increase of the redemption amount at an annual rate of 2.5%.

## **2. Outline of Amendment to the Terms and Conditions**

**Maturity Date:** As described above, the Bonds will be partially redeemed on February 18, 2013, and the maturity date for the remaining amount will be extended by 4 years.

**Early Redemption:** The Company may redeem, before maturity, all or part of the Bonds on any interest payment date by giving prior public notice. When the Bonds are redeemed partially, each Bond shall be redeemed partially on pro-rata basis.

**Interest Rate:** The interest rate will be raised to 4.25% per annum starting on February 19, 2013 from current 2.87% per annum

**Redemption Amount:** The redemption amount will increase semi-annually at the rate of 2.5% per annum

For details, see 3.(4) below.

## **3. Holding of Bondholders Meeting concerning the Bonds**

Amendment to the terms and conditions of the Bond will be determined through consultation at the bondholders meeting scheduled as stated below. The validity of the resolution of this bondholders meeting is subject to the approval of the Court.

### (1) Date and time of the Bondholders Meeting

October 5, 2012 (Friday) at 2:00 PM (Tokyo time)

### (2) Venue for the Bondholders Meeting

“Basho” room, U-Port 6th floor

4-13, Nishi-Gotanda 8-chome, Shinagawa-ku, Tokyo

### (3) Purpose of the Bondholders Meeting

Partial amendment to the Terms and Conditions of the Bonds

### (4) Substance of the Proposal

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The Terms and Conditions of the Bonds shall be amended as follows:

(The underlined parts indicate the portions to be amended)

Current	Amended
4. Interest Rate 2.87% per annum	4. Interest Rate 2.87% per annum <u>on or before February 18, 2013, and 4.25% per annum on or after February 19, 2013</u>
6. Redemption Price <u>JPY 100 per face value of JPY 100 of Each Bond</u>	6. Redemption Price <u>The redemption price shall be as provided in Condition 8.</u>
<u>8. Methods and Date of Redemption</u> (1) <u>The Company shall redeem all principal amount of the Bonds on February 18, 2013 (the “Maturity Date”).</u> (2) If the date on which the Bonds shall be redeemed falls on a bank holiday, the Bonds shall be redeemed on the business day preceding such Redemption Date. (3) The Bonds may be purchased and cancelled at any time on or after the date following the Payment Date, unless otherwise provided by the Book-Entry Institution set forth in Condition 20.	8. Methods and Date of Redemption (1) <u>The Company shall redeem part of the principal amount of the Bonds, in the aggregate amount to the nearest but not exceeding the amount whichever is higher obtained by either of (i) deducting (x) the aggregate amount paid or to be paid for the Bonds agreed to be purchased by the Company during the period from October 15, 2012 to December 31, 2012 in accordance with the purchase offer for all holders of the Bonds (the “Bondholders”) at the purchase price of JPY 76 per face value of JPY 100 of Each Bond with the maximum purchase amount of JPY 28,000,000,000 in the face value from (y) JPY 21,300,000,000, or (ii) deducting (x) JPY 3,000,000,000 and</u>

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	<p><u>the aggregate purchase price of the Bonds through the purchase offer as set forth above (excluding the amount already paid) from (y) the aggregate amount of the cash and deposit and liquidity securities as shown on the consolidated balance sheet of the Company as of December 31, 2012, at JPY 100 per face value of JPY 100 of Each Bond. The redemption amount per Each Bond shall be the maximum JPY 1,000,000 or an integral multiple thereof as calculated by the above formula. The Company shall make a public notice of the redemption amount per Each Bond by January 31, 2013.</u></p> <p><u>(2) With regard to the remaining principal amount of the Bonds, the total amount shall be redeemed at JPY 110 per remaining principal amount of JPY 100 of Each Bond on February 18, 2017. However, with regard to the early redemption and the redemption at the option of the Bondholders, the amount to be redeemed shall be as provided in this Condition, Item (3) and Item (4).</u></p> <p><u>(3) The Company may redeem, before maturity, all or part of the principal amount of the then outstanding Bonds, along with the payment of accrued interest up to the relevant redemption date at the price per face</u></p>
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	<p><u>value of JPY 100 of Each Bond set forth in Item (5) below on any interest payment date commencing on February 18, 2013 by making a three weeks prior public notice.</u></p> <p><u>(4) Redemption at the option of the Bondholders</u></p> <p><u>(a) If (i) the aggregate number of voting rights registered on the Company's shareholders' register of 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. falls below two-thirds of the aggregate number of voting rights of all shareholders of the Company, or (ii) the Company sells or transfers all or substantially all of assets or business or suspends all or substantially all of its business (except in connection with or in pursuance of a merger, consolidation, amalgamation or other corporate or group reorganization and the surviving corporation, the continuing corporation or the corporation formed thereby effectively assumes the entire obligations of the Company under</u></p>
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	<p><u>the Bonds) (collectively, the “Change of Control Event”), the bondholders may, at any time thereafter, request the Company to repay the Bonds at any time thereafter. In this case, the Company shall redeem all of the Bonds requested for redemption at the price per face value of JPY 100 of Each Bond set forth in Item (5) below within 30 days after the effective date of such request.</u></p> <p><u>(b) The Company shall make a public notice of the occurrence of the Change of Control Event and other matters the Company deems necessary in accordance with Condition 15 and notify the same to the Paying Agent set forth in Condition 13 promptly after the occurrence of the Change of Control Event.</u></p> <p><u>(c) A Bondholder who intends to request redemption shall notify its request for redemption to the Company in accordance with the reasonable procedure set forth by the Company.</u></p> <p><u>(d) The request for redemption of the Bonds shall become effective when the notice of matters required therefor reaches the Company.</u></p> <p><u>(5) The redemption amount when the Company redeems the Bonds pursuant to Items (3) and (4) shall be the</u></p>
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	<p><u>following amount per face value of JPY 100 of Each Bond:</u></p> <p><u>(i) JPY 101.25 during the period from February 19, 2013 to August 18, 2013</u></p> <p><u>(ii) JPY 102.50 during the period from August 19, 2013 to February 18, 2014</u></p> <p><u>(iii) JPY 103.75 during the period from February 19, 2014 to August 18, 2014</u></p> <p><u>(iv) JPY 105 during the period from August 19, 2014 to February 18, 2015</u></p> <p><u>(v) JPY 106.25 during the period from February 19, 2015 to August 18, 2015</u></p> <p><u>(vi) JPY 107.50 during the period from August 19, 2015 to February 18, 2016</u></p> <p><u>(vii) JPY 108.75 during the period from February 19, 2016 to August 18, 2016</u></p> <p><u>(ix) JPY 110 during the period from August 19, 2016 to February 18, 2017</u></p> <p><u>(6) When the Bonds are redeemed partially pursuant to Item (1) or (3), Each Bond shall be redeemed partially on pro-rata basis.</u></p> <p><u>(7) If the date on which the Bonds shall be redeemed (including the date on which the Bonds are redeemed before maturity in accordance with Item (3)</u></p>
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	<p>above, the “Redemption Date”) falls on a bank holiday, the Bonds shall be redeemed on the business day preceding such Redemption Date.</p> <p>(8) The Bonds may be purchased and cancelled at any time on or after the date following the Payment Date, unless otherwise provided by the Book-Entry Institution set forth in Condition 20.</p>
<p>11. Financial Covenants</p> <p>(1) Negative Pledge Provisions</p> <p><u>In case the Company create any security interest on the unsecured bonds issued or to be issued by the Company in Japan other than the Bonds, the Company must accord or procure to accord the Bonds the same security as is granted in respect of such bonds in accordance with the Act on Trust for Secured Bonds, unless such bonds carries a provision as to alteration into secured bonds as defined in item (2) below.</u></p> <p>(2) Other provisions</p> <p><u>The Bonds do not have any provision as to alteration into secured bonds and other financial covenants. The provision as to alteration into secured bonds means a provision setting forth that the Company shall create security</u></p>	<p>11. Financial Covenants</p> <p>(1) Negative Pledge Provisions</p> <p><u>So long as any of the Bonds remains outstanding, the Company shall not, and shall procure that no subsidiary of the Company will, create any security interest other than the Permitted Liens upon the Company’s or such subsidiary’s assets, present or future, to secure any debt or debts (as defined below) without in any such case at the same time according or procuring to be accorded to the Bonds the same security as is granted to in respect of such debt or debts, provided however that the Company may create security interest for the borrowing for the purpose of procurement of funds for the full redemption of the Bonds. In addition, the Company or its subsidiaries may create security interest upon any of the properties or assets of the Company or its</u></p>

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<p><u>interest on the bonds or may create security interest on the bonds at any time for the purpose to waive the acceleration due to certain triggering event regarding the financial indices of the Company, including the covenants to maintain certain level of net assets or that the Company.</u></p>	<p><u>subsidiaries to secure any debt or debts in an aggregate amount at any time outstanding not greater than JPY 3,000,000,000.</u></p> <p><u>Permitted liens are;</u></p> <ul style="list-style-type: none"><li>a. <u>security interest for the purpose of borrowing from Japan Bank For International Cooperation (against exported goods) and such provision of security interest is required by laws or regulations</u></li><li>b. <u>security interest for the borrowing for the acquisition of property and upon such property</u></li><li>c. <u>security interest existing on property at the time of its acquisition (including through merger, share exchange, share transfer, corporate split or other corporate reorganization proceedings)</u></li><li>d. <u>security interest on property of any subsidiary of the Company existing at the time when such subsidiary became a subsidiary of the Company</u></li><li>e. <u>security interest existing as of September 13, 2012 (the debt secured by such security interest is hereinafter referred</u></li></ul>
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	<p>to as the “Existing Secured Debt”)</p> <p>f. <u>security interest on borrowings as renewal or refinancing of the Existing Secured Debt or Permitted Liens, including replacement of assets for lien</u></p> <p>g. <u>security interest for the sellers of raw materials and other security interest necessary for the ordinary course of business</u></p> <p><u>In this Item (1), Condition 11, the “debt or debts” means bonds, loan or other indebtedness.</u></p> <p><u>(2) Sinking Fund</u></p> <p><u>(i) 75% of Excess Cash Flow (as defined below) for 6 months ending on the end of each annual or semi-annual fiscal period starting with the period ending September 30, 2013 (if the amount obtained by deducting 75% of Excess Cash Flow from Cash and Deposit on consolidated basis on the end of such fiscal period or semi-annual fiscal period is less than JPY 3,000,000,000, the amount obtained by deducting JPY 3,000,000,000 from such Cash and Deposit, and if Cash and Deposit is not more than JPY 3,000,000,000, zero) and (ii) 90% of net proceeds (the amount obtained by deducting</u></p>
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	<p><u>the amount repaid for the debt secured by the relevant assets and reasonable fees and costs from sales price) from any asset sales (other than those assets subject to any Permitted Liens, sale of assets during the ordinary course of business of the Company, or the sales the net proceeds of which is less than ¥100,000,000) will sweep into the Sinking Fund for the benefit of the holders or creditors of the Bonds and Existing Secured Debt within 7 business days after the date of the announcement of financial information for the period ending such dates (in the case of (i)) or actual receipt of such proceeds (in the case of (ii)), as the case may be. All money swept into the Sinking Fund will be set aside and kept in a bank account of the Company separately opened for the purpose therefor, and shall be maintained with a financial institution with which the Company does not have credit facilities, except that, while the Existing Secured Debt remains outstanding, the bank account for the Sinking Fund may be maintained with the creditor of the Existing Secured Debt. The Company shall not use such money swept into the Sinking Fund for any purpose other</u></p>
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	<p><u>than redemption or repayment of the Bonds or the Existing Secured Debt. The deposit may be pledged in favor of the creditor of the Existing Secured Debt, while the Existing Secured Debt remains outstanding an only in the amount of the Existing Secured Debt.</u></p> <p><u>In this Item (2), Condition 11, “Excess Cash Flow” means the amount obtained by deducting Purchases of Tangible and Intangible Fixed Assets, Cash Interest Expense, mandatory principal repayments on secured indebtedness, Cash Taxes, Changes in Trade Receivables, Changes in Inventory Assets and Changes in Account Payables (increase or decrease in Trade Receivables and Inventory Assets shall be deducted or added, respectively, and decrease or increase in Account Payables shall be deducted or added, respectively) from the total amount of Operating Income, Depreciation and Amortization based on annual or semiannual consolidated financial statements of the Company (if the obtained amount is less than zero, the amount shall be zero).</u></p> <p><u>(3) Restricted payments</u></p> <p><u>So long as any of the Bonds remains outstanding, the Company shall not</u></p>
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	<p><u>pay the principal nor interest of any debt subordinated to the Bonds, acquire any preferred shares (including acquisition by the Company of the shares pursuant to the exercise of the rights to request the Company to acquire shares) or distribute dividends to its shareholders.</u></p> <p><u>(4) Restriction on indebtedness</u></p> <p><u>So long as any of the Bonds remains outstanding, the Company shall not incur any debt (bonds and any indebtedness for borrowed money) other than those related to Permitted Liens</u></p>
<p>14. Covenants in respect of Event of Default</p> <p>(2) The Company defaults in the performance or observance of the provisions of Condition 11, <u>item (1).</u></p>	<p>14. Covenants in respect of Event of Default</p> <p>(2) The Company defaults in the performance or observance of the provisions of Condition 11, <u>and such default is not remedied within 30 days;</u></p>
<p>(New)</p>	<p><u>22. Regular Reports to the Bondholders</u></p> <p><u>(1) The company shall publish the semi-annual financial statements by posting to the Company's website no later than 45 days after the close of each half fiscal year.</u></p> <p><u>(2) The Company shall announce the annual financial statements by posting to the Company's website no later</u></p>

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	<p><u>than 60 days after the close of each fiscal year.</u></p> <p><u>(3) The Company shall hold annual and semi-annual earnings conference as soon as practicable, but in no event no later than 10 days after the posting of financial statements on the Company's website. Conference calls will include an earnings presentation given by relevant Company management and question time thereafter for the Bondholders. The Company shall make reasonable effort to make it possible for the Bondholders to participate in the conference through telephone conference system.</u></p>
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#### 4. Outline of Purchase Offer

##### (1) Purchase Price

The Company will purchase at ¥76 million per ¥100 million of face value of each Bond in cash. Of ¥76 million, ¥62 million will be paid promptly after the expiration of the Offer Period and ¥14 million will be paid in February 2013.

##### (2) Maximum amount of Bonds to be Purchased

¥28.0 billion (approximately 52.5% of the total amount of outstanding balance of the Bonds; the maximum purchase price is ¥21,280 million)

The Company will not purchase all or part of the amount exceeding the maximum amount. The Company will purchase and make a settlement, including delivery of the Bonds, for the Purchase Offer in accordance with a pro rata calculation as set forth in Article 32 of Cabinet Office Ordinance for the Disclosure on Tender Offer by Entities other than the Issuer of Shares.



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### (3) Scheduled Date for Procedures relating to the Purchase Offer

The commencement of the procedures for the Purchase Offer will be conditioned upon the agenda for the amendments to the terms and conditions of the Bonds being resolved at the Bondholders Meeting and approved by the court, and other conditions are satisfied.

The Company intends to retain a securities broker-dealer, a participant in JASDEC, or Japan Securities Depository Center, for the administrative services pertaining to the purchase of the Bonds as the Bonds are in book-entry form.

Bondholders who will accept the Purchase Offer are required to open an account at the above-mentioned securities broker-dealer (however, if a bondholder has already opened such an account thereat, the bondholder need not open an additional account).

In opening such an account, a bondholder is required to complete certain procedures, including, but not limited to identity verification in accordance with the laws and regulations of Japan.

Since a certain amount of time is required to open an account, a bondholder intending to accept the Purchase Offer is required to conduct account opening procedures well in advance so as to ensure that the opening of the account is completed during the offer period. Please note that if a bondholder fails to open the account in a timely manner, there is a likelihood that such bondholder will be unable to accept the Purchase Offer.

The Company intends to promptly inform the bondholders of the commencement date and end date (scheduled to be the date on or prior to the end of November 30, 2012) of the offer period relating to the Purchase Offer, the settlement date for purchase, and the details of the procedures of the Purchase Offer after the court approval above.

### 5. Schedule for procedures regarding the Bondholders Meeting is as below.

Procedure	Schedule	Remarks
Issuance procedure of Certification under Article 86	Please take the procedures in order to present Certification under Article 86 by the presentation deadline set forth below.	Please take the procedures in accordance with (1) below.
Presentation of Certification under Article 86	~September 27th	Please take the procedures in accordance with (2) below. The Company will send the new format of the Request for Issuance of Receipt.
Diverse exercise of voting rights	~October 1st	Please submit the document titled "Diverse Exercise of Voting Rights (Notice)" The Company will send the new format of the notice. Please contact the company in order to



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		provide a reason for the diverse exercise of voting rights in advance, in accordance with (3) below.
Exercise of voting rights in writing (send voting form to convener)	~October 4th	Please take the procedures in accordance with (4)(A) below. The Company will send the new format of the voting form. Please note that when exercising the voting rights, Certification under Article 86 needs to be submitted.
Attendance to the bondholders meeting and exercise of voting rights	October 5th	Please take the procedures in accordance with (4)(B) below. The Company will send the new format of the voting form.

The Company is currently in ongoing negotiations with financial institutions while implementing various measures in order to establish financial stability, increased profitability and continuous growth. The Company would like to express its most sincere apologies again for the inconvenience it has caused its bondholders, and is increasingly committed to drastic revitalization. Lastly, the Company greatly appreciates the continued support it has received from its Bondholders.

\* For inquiries regarding the bondholders meeting:

Accounting & Finance, Finance Group,  
Covalent Materials Corporation

For English communication, please contact us at the E-mail address below.  
(E-mail: IR-contact@covalent.co.jp Mobile: +81-70-6526-8230)

**Note:**

**This press release may not be published, distributed, diffused or otherwise sent into the United States of America (including its territories and possessions, every State in the United States and the District of Columbia). This press release does not constitute an extension into the United States of the tender offer mentioned in this press release.**

**The contents of this press release have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this press release, you should obtain independent professional advice.**

**Nothing in this press release is intended to be an offering of any Bonds or any form of securities in Hong Kong, by means of any document. Any offer to repurchase the Bonds is only available to existing holders of the Bonds who are (a) "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made thereunder; or (b) in other circumstances which do not result in the press release or any accompanying document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong ("CO") or**

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**which do not constitute an offer to the public within the meaning of the CO.**

**No advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) has been or will be issued other than with respect the Bonds which are or are intended to be acquired only from persons outside Hong Kong or only from existing holders of the Bonds who are “professional investors” as defined in the SFO and any rules made thereunder or whose dealings are otherwise permitted under the SFO or the CO.**

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For Reference:

Issuance procedure of Certification under Article 86

- In order for the bondholders who hold book-entry company bonds to exercise their voting rights, it is necessary to present Certification under Article 86 to the convener (Note: if the bondholders have already done this issuance procedure and will not return Certification under Article 86 to the relevant immediate account management institution or book-entry institution and hold by themselves or have the Company hold until the Bondholders Meeting on October 5, 2012, they are not required to take this procedure again):

- (i) Documents to be submitted  
Request for Issuance of Certification under Article 86
- (ii) Place of submission  
Relevant immediate account management institution or book-entry institution
- (iii) Deadline of submission  
Upon considering the presentation deadline of Certification under Article 86 set forth in (2) below, please take the procedure promptly.

Presentation procedure of Certification under Article 86 (Note: if the bondholders have already submitted the Certification under Article 86 and make no request to return, they are not required to take this procedure again)

- (i) Documents to be submitted
    - (a) Certification under Article 86
    - (b) Request for Issuance of Receipt (with registered seal)
    - (c) Certificate of Registered Seal Impression
  - (ii) Place of submission  
6-3, Osaki 1-chome, Shinagawa-ku, Tokyo 141-0032, Japan  
Accounting & Finance, Finance Group,  
Covalent Materials Corporation  
TEL +81-3-5437-8405  
E-mail IR-contact@covalent.co.jp
  - (iii) Deadline of submission  
No later than September 27, 2012 (Thursday) (Tokyo time)
- (Note 1) After the submission of Certification under Article 86, “receipt” will be sent by Covalent Materials Corporation.
- (Note 2) During the period when Certification under Article 86 is submitted, you may not transfer, pledge, or make other disposal of the bonds.



**Covalent Materials Corporation**

Nissei Bldg, 6-3, Osaki 1-chome, Shinagawa-ku,  
Tokyo 141-0032, Japan

<Not for distribution in or into the United States>

Submission procedure of Diverse Exercise of Voting Rights (Notice)

- (i) Documents to be submitted
    - (a) Diverse Exercise of Voting Rights (Notice) (The Company will send the new format.)
  
  - (ii) Place of submission
    - 6-3, Osaki 1-chome, Shinagawa-ku, Tokyo 141-0032, Japan
    - Accounting & Finance, Finance Group,
    - Covalent Materials Corporation
    - TEL +81-3-5437-8405
    - E-mail IR-contact@covalent.co.jp
  
  - (iii) Deadline of submission
    - No later than October 1, 2012 (Monday) (Tokyo time)
- (Note) Please contact the company in order to provide a reason for the diverse exercise of voting rights in advance.

# COVALENT

**Covalent Materials Corporation**  
Nissei Bldg, 6-3, Osaki 1-chome, Shinagawa-ku,  
Tokyo 141-0032, Japan

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## (1) Procedure of Exercising Voting Rights

### (A) Exercising voting rights in written form submitted in advance

- (i) Documents to be submitted
  - (a) Voting form (with registered seal) (The Company will send the new format.)
  - (b) Original copy of receipt
- (ii) Place of submission
  - 6-3, Osaki 1-chome, Shinagawa-ku, Tokyo 141-0032, Japan
  - Accounting & Finance, Finance Group,
  - Covalent Materials Corporation
  - TEL +81-3-5437-8405
  - E-mail IR-contact@covalent.co.jp
- (iii) Deadline of submission
  - No later than 5:00 PM (Tokyo time) on October 4, 2012 (Thursday)
- (iv) Procedure to return Certification under Article 86
  - The Company will send Certification under Article 86 by mail on or after the day following the Bondholders Meeting.

### (B) Exercising voting rights by attending Bondholders Meeting

- (i) Documents to be submitted if the bondholder attends the meeting in person
  - (a) Voting form (with registered seal) (The Company will send the new format.)
  - (b) Original copy of receipt
  - (c) Identity verification documents of the bondholder
- (ii) Documents to bring if proxy attends the meeting
  - (a) Voting form (with registered seal)
  - (b) Original copy of receipt
  - (c) Proxy
  - (d) Identity verification documents of the proxy
- (iii) Procedure to return Certification under Article 86
  - Certification under Article 86 will be returned in exchange for the entrance tag given in exchange for receipt on the reception on the day after the end of the bondholders meeting. If Certification under Article 86 may not be returned as above, Certification under Article 86 will be sent by mail by the Company on or after the day immediately following the date of the Bondholders Meeting to the “Contact address” on the Request for Issuance of Receipt.
  - (Note) Please present the voting form when attending the bondholders meeting.