

# COVALENT

**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>

The Purchase Offer has been initiated for the Bonds of the Company, a company incorporated in Japan. Although the Purchase Offer has been conducted in accordance with the procedures and information disclosure standards, if applicable, prescribed by Japanese law, these procedures and information disclosure standards may not always coincide with those of the United States. The rules and regulations promulgated under the U.S. Securities Exchange Act of 1934, in particular Sections 13(e) and 14(d) of the U.S. Securities Exchange Act of 1934, do not apply to the Purchase Offer and the Purchase Offer is not being conducted in accordance with the procedures and requirements thereunder. It may be difficult to enforce any right or claim arising under U.S. federal securities laws, since the Company is incorporated outside the United States and none of its directors are U.S. residents. Bondholders may not be able to sue a non-U.S. company and its directors in a non-U.S. court for violations of the U.S. securities laws. Bondholders may not be able to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court's jurisdiction.

[Translation]

December 14, 2012

To Whom It May Concern

Covalent Materials Corporation

## **Re: Results of Offer to Purchase the 1st Series Unsecured Bonds**

Covalent Materials Corporation (the "Company") announced in the press release "Re: Determination of Details of Offer to Purchase the 1st Series Unsecured Bonds" dated November 13, 2012 that, its board of directors resolved the details of the offer (the "Purchase Offer") to purchase ¥55 billion (outstanding balance of ¥53.3 billion) in total of the 1st Series Unsecured Bonds (with inter-bond pari passu clause) (ISIN code: JP330135A829) issued by the Company on February 18, 2008 (the "Bonds"), and commenced the procedures of offer to purchase the Bonds. The Company hereby announces as follows as the Purchase Offer Period was expired on December 13, 2012. The Company plans to cancel the entire amount of the Bonds purchased through the Purchase Offer promptly after their purchase.

### **1. Overview of the Purchase Offer**

# COVALENT

**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>

(1) Name and Location of Purchaser

Covalent Materials Corporation  
6-3, Osaki 1-chome, Shinagawa-ku, Tokyo

(2) Bonds to be Purchased

Covalent Materials Corporation 1st Series Unsecured Bonds (with inter-bond pari passu clause)  
(ISIN Code: JP330135A829)

(3) Purchase Offer Period

From November 14, 2012 to December 13, 2012

(4) Purchase Price

¥76 million per ¥100 million of each Bond

The Company will undertake the procedure necessary to transfer (i) ¥62 million yen per each Bond on a date falling within 5 business days after the expiration of the Purchase Offer Period described in 1. (3) above (the "Purchase Offer Period") in exchange for the Bonds to be purchased and (ii) ¥14 million per each Bond on February 18, 2013. No interest shall accrue on the Bonds to be purchased through the Purchase Offer for the period until the day of transfer set forth in (ii) above.

(5) Total Amount of Face Value of Bonds to be Purchased

Maximum Amount of Bonds to be Purchased      ¥28 billion (approximately 52.5% of the  
outstanding balance of the Bonds)

Maximum Number of Bonds to be Purchased      280

Maximum Price of Bonds to be Purchased      ¥21.28 billion

The Company will not purchase all or part of the amount exceeding the maximum amount. In such case, the Company will purchase the Bonds and make a settlement, including delivery of the Bonds, for the Purchase Offer in accordance with a pro rata calculation as described in 2.(2) below.

(6) Administrative Agent

Mizuho Securities Co., Ltd.      5-1, Otemachi 1-chome, Chiyoda-ku Tokyo  
SMBC Nikko Securities Inc.      3-1, Marunouchi 3-chome, Chiyoda-ku Tokyo

(7) Method of Settlement

# COVALENT

**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>

Promptly after the expiration of the Purchase Offer Period, the Company will notify a bondholder participating in the Purchase Offer (the “the Applicant Bondholder”) of the number and amount (face value) of the Applicant’s Bonds to be purchased from the Applicant Bondholder.

The Company will pay to the Applicant Bondholder (i) ¥62 million yen per each Bond to be purchased on December 19, 2012, in exchange for the Purchased Bonds and (ii) ¥14 million per each Purchased Bond on February 18, 2013, by fund transfer to the account designated by the Applicant Bondholder, provided, however, that any remittance charges that may be incurred due to such fund transfer being to an overseas account shall be borne by the Applicant Bondholder and the Company will deduct the amount of any such charges from the payment above. No interest will accrue on the purchase price of the Bonds at any time.

The administrative agents will take no part in the payment (fund transfer). The funds obtained through the purchase will be transferred to the bondholders directly from the Company. For any questions relating to the tax consequences of the settlement of the Purchase Offer, bondholders should consult with their respective tax experts to make a judgment at their own responsibility.

## 2. Results of the Purchase Offer

### (1) Application

Maximum Number of Bonds to be Purchased	Number of Bonds Submitted for Sale	Number of Bonds to be Purchased
280	507	280

### (2) Calculation in the case of Pro Rata Purchase

The total number of the Bonds submitted for sale by the holders of the Bonds pursuant to the Purchase Offer (507; hereinafter, the “Accepted Bonds”) exceeded the maximum number of Bonds to be purchased as described in 1. (5) above (280; hereinafter, the “Maximum Number”). Therefore, the Company will not purchase the amount exceeding the Maximum Number and make a settlement for the Purchase Offer on a pro rata basis in accordance with (i) and (ii) below.

(i) The number of the Accepted Bonds of each bondholder was multiplied by the ratio of the Maximum Number against the aggregate number of Accepted Bonds, with any fraction less than one resulting being rounded up or down to the nearest whole number.

(ii) The total number of the Accepted Bonds to be purchased from each Applicant Bondholder that was calculated by rounding up or down the number less than one resulting from the calculation described in (i) above exceeded the Maximum Number. Therefore, one

# COVALENT

**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>

Accepted Bond per each Applicant Bondholder was reduced in the order from the Applicant Bondholder with the largest rounded-up portion until the total number of the Bonds to be purchased was reduced to the Maximum Number. However, as multiple Applicant Bondholders had equal rounded-up portions and reducing the Bonds to be purchased from all of such Applicant Bondholders fell short of the Maximum Number, the Company held a lottery to select just enough of the equally ranked Applicant Bondholders to enable the Company to purchase no fewer than the Maximum Number of the Bonds.

### (3) Return of the Bonds

For the Bonds which will not be purchased pursuant to the calculation of 2. (2) above, the Company will return the applicable Bonds to the Applicant Bondholder by making a transfer of such Bonds from the account opened with the administrative agent to participate in the Purchase Offer to the account on the book-entry transfer institution in which such Bonds were originally recorded promptly after today, unless otherwise agreed to between the Applicant Bondholder and the administrative agent with which such Applicant Bondholder opened an account.

For all the Applicant Bondholders holding the Bonds to be purchased as a result of the Purchase Offer, the Company will notify each of the Applicant Bondholders of the result of calculation applicable to such Applicant Bondholder by E-mail or post on or after December 17, 2012.

\* For inquiries regarding this matter:

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](mailto:IR-contact@covalent.co.jp)    Mobile: +81-70-6526-8230)

#### Note:

The Purchase Offer has been initiated for the Bonds of the Company, a company incorporated in Japan. Although the Purchase Offer has been conducted in accordance with the procedures and information disclosure standards, if applicable, prescribed by Japanese law, these procedures and information

# COVALENT

**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>

disclosure standards may not always coincide with those of the United States. The rules and regulations promulgated under the U.S. Securities Exchange Act of 1934, in particular Sections 13(e) and 14(d) of the U.S. Securities Exchange Act of 1934, do not apply to the Purchase Offer and the Purchase Offer is not being conducted in accordance with the procedures and requirements thereunder. It may be difficult to enforce any right or claim arising under U.S. federal securities laws, since the Company is incorporated outside the United States and none of its directors are U.S. residents. Bondholders may not be able to sue a non-U.S. company and its directors in a non-U.S. court for violations of the U.S. securities laws. Bondholders may not be able to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court's jurisdiction.

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 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.