

# COVALENT

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

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September 14, 2012

To Whom It May Concern

Covalent Materials Corporation

**Re: Bondholders' Intention 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**

Covalent Materials Corporation (the "Company") announced in the press release "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", dated September 13, 2012, to hold a bondholders meeting in relation to an amendment to the terms and conditions (extension of maturity date, increase in interest rate, increase in redemption amount, etc.) (the "the Proposal") of 1st Series Unsecured Bonds (with inter-bond *pari passu* clause) (ISIN code: JP330135A829) (the "Bonds"), as well as to amend the conditions of the offer to purchase the Bonds (the "Purchase Offer") which is subject to, among other things, the approval of the Proposal at the bondholders meeting of the Bond and the court's approval of such bondholders' resolution.

The Company was informed by a group of bondholders (the "Group") who hold a majority of the Bonds and are represented by Blackstone Advisory Partners L.P., that the Group has agreed to vote in favor of the Proposal at the bondholders meeting and has agreed to tender all Bonds held by the Group at the terms referred to in the press release mentioned above.

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For details related to the Proposal and the conditions of the Purchase Offer, please refer to the press release “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”, dated September 13, 2012.

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)

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Note:

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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.