

January 30, 2015

Company name: Tokuyama Corporation

Representative name: Kazuhisa Kogo,

President and Representative Director

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**Notice concerning Resolution of Infringements
of Certain Loan Agreement Financial Covenants**

Tokuyama Corporation (hereafter referred to as “Tokuyama” or “the Company”) today announced details of subsequent steps to address infringements of certain loan agreement financial covenants identified in “1. Qualitative information on consolidated quarterly results (2) Explanation concerning financial position” of its “Summary of Consolidated Financial Statements for the Second Quarter Fiscal 2014 (JPGAAP)” issued on October 31, 2014. Brief details are presents as follows.

1. Tokuyama has received notification of approval from all subject financial institutions following its requests to exempt the Company from infringements of financial covenants and continuous transaction relating to the term-out medium-term commitment line agreement executed on September 30, 2011 with The Bank of Tokyo-Mitsubishi UFJ, Ltd. and the revolving credit facility agreement (short-term commitment line agreement) executed on March 30, 2010 with eight lenders with The Bank of Tokyo-Mitsubishi UFJ, Ltd. serving as lead manager. In the second quarter of fiscal 2014, the fiscal year ending March 31, 2015, Tokuyama had infringed financial covenants of each of the loan agreements mentioned above.
2. Moreover, Tokuyama has received approval from certain other financial institutions to its exemption from financial covenants while at the same time executing revised agreements in connection with a syndicated loan agreement executed on December 22, 2011 with seven lenders with the Development Bank of Japan Inc. serving as lead manager, a syndicated loan agreement executed on July 24, 2012 with six lenders with The Bank of Tokyo-Mitsubishi UFJ, Ltd. serving as lead manager, and a syndicated loan agreement executed on September 26, 2012 with nine lenders with Sumitomo Mitsui Trust Bank, Limited serving as lead manager. Exemption from financial covenants and the execution of revised agreements follow ongoing negotiations by the Company based on concerns that it would infringe certain financial covenants of the aforementioned agreements at the time of its settlement of accounts for the fiscal year ending March 31, 2015.

Please refer to the appendix attached for details.

As a result of the actions taken, the Company has fully resolved all issues relating to infringements of loan agreement financial covenants and concerns regarding future infringement.

There are no changes to the interest rate burden applicable to loan agreements following the aforementioned actions taken with only a limited increase in incidental expenses. Accordingly, there is no material impact on the Company's consolidated performance forecast for the full fiscal year ending March 31, 2015.

Appendix

Term-out medium-term commitment line agreement with The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Financial covenants (excerpt)

The borrower must not let the amount of total net assets on its consolidated balance sheet at the end of the first half and second half of each fiscal year, less any amounts of subscription rights to shares, minority interests, deferred gains or losses on hedges, foreign currency translation adjustment, or valuation difference on available-for-sale securities, fall below 75% of the identically calculated amounts at the end of the first half and second half of the preceding fiscal year.

Revolving credit facility agreement with The Bank of Tokyo-Mitsubishi UFJ, Ltd. as lead manager

Financial covenants (excerpt)

The amount of total net assets on the borrower's consolidated balance sheet at the end of the first half and second half of each fiscal year, less any amounts of subscription rights to shares, minority interests, or deferred gains or losses on hedges, must not fall below 75% of the identically calculated amounts at the end of the first half and second half of the preceding fiscal year.

While Tokuyama infringed certain financial covenants with respect to the aforementioned agreements, the Company has received exemptions with respect to its settlement of accounts at the end of the second quarter of the fiscal year ending March 31, 2015. As a result, total net assets at the end of the first half (the second quarter) of the fiscal year under review shall be the base for the second half of the fiscal year under review.

Syndicated loan agreement with the Development Bank of Japan Inc. as lead manager

Financial covenants (excerpt)

Prior to the Revision	After the Revision
<p>The amount of total net assets at the end of each fiscal year, less minority interests and the items reported in comprehensive income, must not fall below 75% of the amount of total net assets at the end of the previous fiscal year, less minority interests and the items reported in comprehensive income.</p>	<p>The amount of total net assets on the borrower's consolidated balance sheet at the end of each fiscal year, less any amounts of subscription rights to shares, minority interests, deferred gains or losses on hedges, foreign currency translation adjustment, or valuation difference on available-for-sale securities, must not fall below 75% of the larger of either (i) the identically calculated amount as of the end of the preceding fiscal year or (ii) the identically calculated amount as of the end of the second quarter of the fiscal year ending March 31, 2015 (however, (ii) shall only apply as the base for the account settlement period at the close of the fiscal year ending March 31, 2015).</p>

Syndicated loan agreements with The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Sumitomo Mitsui Trust Bank, Limited as lead managers

Financial covenants (excerpt)

Prior to the Revision	After the Revision
<p>The borrower promises to not let the amount of total net assets on its consolidated balance sheet at the end of each fiscal year, less any amounts of subscription rights to shares, minority interests, deferred gains or losses on hedges, foreign currency translation adjustment, or valuation difference on available-for-sale securities, fall below 75% of the larger of either the identically calculated amount as of the end of the preceding fiscal year or the identically calculated amount as of <u>March 31, 2012</u>.</p>	<p>The borrower promises to not let the amount of total net assets on its consolidated balance sheet at the end of each fiscal year, less any amounts of subscription rights to shares, minority interests, deferred gains or losses on hedges, foreign currency translation adjustment, or valuation difference on available-for-sale securities, fall below 75% of the larger of either the identically calculated amount as of the end of the preceding fiscal year or the identically calculated amount as of <u>September 30, 2014 (however, the first half account settlement period ended September 30, 2014 shall only apply as the base for the account settlement period at the close of the fiscal year ending March 31, 2015)</u>.</p>