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**Notice Concerning the Procurement of Funds through a New Subordinated Loan  
and the Early Repayment of an Existing Subordinated Loan  
(Update of the Previous Announcement)**

As announced in “Notice Concerning the Procurement of Funds through a New Subordinated Loan and the Early Repayment of an Existing Subordinated Loan,” dated on August 29, 2018, Tokuyama Corporation (hereinafter “the Company,” “Tokuyama” or “we”) has decided to procure funds totaling ¥60 billion by drawing down a new subordinated loan (hereinafter the “New Subordinated Loan”) and to prepay an existing subordinated loan (hereinafter the “Existing Subordinated Loan”) concluded on March 20, 2014. The Company today announces details of its final decision regarding the terms and conditions of the New Subordinated Loan. Brief details are presented as follows.

1. Objective and Significance of the New Subordinated Loan

Tokuyama has decided to procure funds by drawing down the New Subordinated Loan in order to prepay an Existing Subordinated Loan. (Please refer to the press release, “Notice Concerning the Procurement of Funds through a New Subordinated Loan and the Early Repayment of an Existing Subordinated Loan,” issued on August 29, 2018 for details). With the understanding that ratings agencies will recognize the New Subordinated Loan as having the same equity credit attributes as the Existing Subordinated Loan, this is expected to help maintain the Company’s continued financial soundness.

## 2. Overview of the New Subordinated Loan

Total amount of the funds to be procured (planned):	¥60 billion
Date of agreement execution:	September 13, 2018
Drawdown date:	September 20, 2018
Application of funds:	Early repayment of the Existing Subordinated Loan
Final repayment date:	September 20, 2078 However, Tokuyama may make an early repayment of all or a portion of the principal of the New Subordinated Loan on any interest payment date on a date five years or later after the drawdown of the New Subordinated Loan.
Replacement clause:	In the case of an early repayment of the New Subordinated Loan, Tokuyama intends to procure funds, within a six-month period before the date on which it will make that early repayment, that have been approved by ratings agencies as having equity credit attributes equal to or greater than the New Subordinated Loan. However, the Company may make an early repayment of the New Subordinated Loan five years or later after the drawdown of the New Subordinated Loan except in those cases that satisfy any of the following:  (1) The amount of shareholders' equity in the Company's most recent consolidated balance sheet at the time the announcement to make an early repayment is made stands at ¥179.2 billion or more, and  (2) The Company's D/E ratio based on its most recent consolidated balance sheet at the time the announcement to make an early repayment is made comes in at 0.9 times or less
Applicable interest rate:	A floating rate of interest based on three-month JPY TIBOR from September 20, 2018 to September 20, 2023; stepped up floating rate (1% higher) from September 20, 2023.
Mandatory suspension of interest:	The interest payable on the relevant interest payment date shall be deferred in full when (a) the EBITDA margin is less than 8% for the most recent two consecutive fiscal years with respect to the Company's annual consolidated financial statements, or (b) when the ratio of net liabilities to total capital exceeds 70% with respect to the Company's annual or interim period consolidated financial

	<p>statements.</p> <p>In addition to the aforementioned, interest payable shall be deferred either in part or in full when the distributable amount is less than the required amount.</p>
Optional suspension of interest:	Tokuyama may, at its discretion, suspend payment of all or a portion of the interest.
Subordination:	<p>In the event liquidation proceedings are commenced, the decision to commence bankruptcy proceedings is made, or the decision to commence corporate reorganization, civil rehabilitation, or any other proceedings is made against the Company, the provider of the New Subordinated Loan may request repayment under the agreement after the repayment of all liabilities in full excluding other liabilities of a similar nature including preferred stock and the New Subordinated Loan.</p> <p>Any change to the terms and conditions of the New Subordinated Loan that disadvantage any creditors of the aforementioned liabilities shall not be recognized.</p>
Equity credit attributes of the New Subordinated Loan evaluated by ratings agencies:	<p>Class 4 / 70% (Ratings and Investment Information, Inc.)</p> <p>High / 75% (Japan Credit Rating Agency, Ltd.)</p>
Investors (lenders) participating in the New Subordinated Loan:	<p>MUFG Bank, Ltd.</p> <p>Mizuho Bank, Ltd.</p> <p>The Yamaguchi Bank, Ltd.</p> <p>Three other banks</p>