



March 18, 2019

Company name: Mitsubishi Chemical Holdings Corporation
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**Taiyo Nippon Sanso Corporation Announces
“Notice Regarding Financing through a Subordinated Loan”**

Mitsubishi Chemical Holdings Corporation’s consolidated subsidiary, Taiyo Nippon Sanso Corporation (Head office: Shinagawa-ku, Tokyo; President CEO: Yujiro Ichihara) announced today that it has concluded an agreement for financing through a subordinated loan concerning a news release on December 4, 2018 entitled “Notice Regarding Issue of Hybrid Bonds (Public Subordinated Bonds)”. Please refer to the attached release for details.



March 18, 2019

To Whom It May Concern:

Company Name: Taiyo Nippon Sanso Corporation
Representative: Yujiro Ichihara, Representative Director,
President CEO
(Code: 4091, 1st Section of Tokyo Stock
Exchange)
Contact: Hisataka Ose, General Manager
Corporate Communications
(TEL: 03-5788-8015)

Notice Regarding Financing through a Subordinated Loan

Taiyo Nippon Sanso Corporation (TNSC) hereby announces that it has concluded an agreement for financing through a subordinated loan (Loan) after the news release dated December 4, 2018 entitled “Notice Regarding Issue of Hybrid Bonds (Public Subordinated Bonds),” which stated the Company was deliberating on the use of hybrid loans for funding. Details are as follows.

Moreover, funding of ¥250 billion through hybrid financing as notified on December 4, 2018 has now been completed through hybrid bonds (total amount ¥108 billion) and this Loan (total amount ¥142 billion).

1. Features of the Loan

The Loan has interim attributes of both assets and liabilities, with its liability aspects ensuring that stock dilution does not occur. On the other hand, it also has attributes and features resembling assets such as voluntary deferral of interest, extremely long-term redemption periods and subordination during liquidation or bankruptcy procedures. As a result, TNSC forecasts receiving recognition from its rating agencies (Japan Credit Rating Agency, Ltd. and Rating and Investment Information, Inc.) for 50% capital of the procurement amount.

2. Overview of the Loan

	Tranche A	Tranche B
(1) Amount of funding	¥75 billion	¥67 billion
(2) Date contract concluded	March 18, 2019	
(3) Effective date	March 22, 2019	
(4) Final repayment date	March 22, 2056	March 22, 2059
(5) Early repayment	TNSC may repay ahead of schedule interest payment partially or in full following the interest payment date in March 2024.	
(6) Assessment of equity credit	“Middle” or “50” (Japan Credit Rating Agency, Ltd.) “Class 3 - Equity Credit 50” (Rating and Investment Information, Inc.)	
(7) Optional suspension of interest payments	TNSC may defer all or part of the interest payments at its discretion.	
(8) Subordination	Creditors of the Loan have subordinated claim rights subordinate to the superordinate debt in the event of TNSC entering liquidation, bankruptcy, company reorganization, civil rehabilitation or similar proceedings not under Japanese law. Terms of the agreement for the Loan must not be changed to disadvantage any creditor other than the subordinate creditor.	

<p>(9) Replacement restrictions</p>	<p>In the case of early repayment of the Loan, TNSC does not intend to conduct early repayment, etc., unless it raises funds through a product that a rating agency assigns the same or higher equity as the Loan, within the 12 month period preceding the date of early repayment. (However, this restriction will not apply if the date of early repayment, etc., falls in or after March 2024 and TNSC meets both of the requirements of (i) and (ii) below.)</p> <p>As of the end of the fiscal year immediately preceding the date of early repayment, etc., or at the end of any quarter of that fiscal year and</p> <p>(i) TNSC's adjusted consolidated net debt to shareholders' equity ratio (Note 1) is 1.00x or lower. (However, early repayment will only be performed if TNSC's adjusted consolidated net debt to shareholders' equity ratio does not exceed 1.00x after payment.)</p> <p>(ii) The amount of consolidated shareholders' equity (Note 2) has increased by ¥175 billion or more compared with the end of the second quarter of the fiscal year ending March 31, 2019.</p>	<p>(Note 3)</p>
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Notes:

1. Adjusted consolidated net debt to shareholders' equity ratio is obtained by dividing adjusted consolidated net debt (the total amount of bonds and borrowings less cash and cash equivalents and the equity credit amount from outstanding hybrid securities issued by March 2019 (defined below)) by adjusted consolidated shareholders' equity (the total amount of consolidated shareholders' equity and the equity credit amount from outstanding hybrid securities issued by March 2019). The equity credit amount is the amount obtained by multiplying the total amount needed for financing by equity credit approved by rating agencies (displayed as a percentage).
2. Consolidated shareholders' equity is the total amount of capital stock, capital surplus, treasury shares and retained earnings on the consolidated balance sheet.
3. TNSC envisages refinancing the Loan for the early repayment of tranche B through products that rating agencies recognize as equivalent or greater to the Loan. However, TNSC may forgo refinancing using a product recognized as having equivalent or greater capital provided that TNSC meets the requirements of (i) and (ii) below:
 - (i) TNSC's adjusted consolidated net debt to shareholders' equity ratio is 1.00x or lower. (However, early repayment will only be performed if TNSC's adjusted consolidated net debt to shareholders' equity ratio does not exceed 1.00x after payment.)
 - (ii) The amount of consolidated shareholders' equity has increased by ¥250 billion or more compared with the end of the second quarter of the fiscal year ending March 31, 2019.

This document is intended to announce to the public TNSC's funding through a subordinated loan (hybrid loan), rather than solicit investments or perform any similar act.