



December 4, 2018

To Whom It May Concern:

Company Name: Taiyo Nippon Sanso Corporation
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President CEO
(Code: 4091, 1st Section of Tokyo Stock
Exchange)
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Notice Regarding Issue of Hybrid Bonds (Public Subordinated Bonds)

Taiyo Nippon Sanso Corporation (TNSC) hereby announces that today it submitted an amended shelf registration statement to the head of the Kanto Local Finance Bureau regarding the public issue of hybrid bonds (subordinated bonds). Details are as follows.

1. Purpose and background to the hybrid bond issue

Subsequent to our announcement in a news release on December 3, 2018 entitled “ Notice Regarding Completed Acquisition (100% Ownership) Procedures of US Company Praxair, Inc.’s European Businesses,” TNSC acquired shares of the company that operates part of Praxair's European businesses (industrial gas business in Germany, Spain, Portugal, Italy, Norway, Denmark, Sweden, the Netherlands, Belgium; carbon dioxide business in the United Kingdom, Ireland, the Netherlands, and France; and helium-related business).

In execution of this acquisition, TNSC decided on issuing these hybrid bonds after deliberating on whether to use hybrid bonds (subordinated bonds) and/or hybrid loans (subordinated loans) as a funding method to maintain a sound financial state and avoid stock dilution through capital efficiency decreases as publicly disclosed in a news release on July 5, 2018 entitled " Notice of Acquisition (100% Ownership) of US Company, Praxair, Inc.’s European Businesses."

2. Features of the Hybrid Bonds

Hybrid bonds have interim attributes of both assets and liabilities, with their liability aspects ensuring that stock dilution does not occur. On the other hand, they also have 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 expects to receive recognition from its rating agencies (Japan Credit Rating Agency, Ltd. and Rating and Investment Information, Inc.) for 50% capital of the procurement amount.

3. Schedule

UFJ Morgan Stanley Securities Co., Ltd. and Nomura Securities Co., Ltd. have been appointed as co-lead managing underwriters for the issue of these hybrid bonds, with Mizuho Securities Co. Ltd. serving as the book runner. While watching over demand, TNSC plans to decide on conditions such as the issue amount in January 2019, and will announce these as soon as the decision has been made.

Moreover, in addition to procuring funds through the issue of these hybrid bonds, TNSC is also considering fund procurement through a hybrid loan for equity credit equivalent to these hybrid bonds. Currently, TNSC is aiming to procure approximately ¥250 billion through hybrid financing, which includes funds procured through these hybrid bonds and a hybrid loan. However, the plan is for an ultimate decision on the final funding amount to be made following a comprehensive evaluation taking into account matters such as demand and interest rate movements.

Furthermore, we plan to use part of the funds procured through these hybrid bonds and the hybrid loan to repay part of the bridge loan used to acquire the company operating part of Praxair's European businesses.

This document is intended to announce to the public TNSC's issuance of hybrid bonds (subordinated bonds), rather than solicit investments or perform any similar act. Nor does this document constitute an investment solicitation for any securities for sale within the United States under the U.S. Securities Act of 1933. TNSC has not registered any of its bonds of common stock under the U.S. Securities Act of 1933, nor does it plan to do so. No offer of securities for sale in the United States will be made unless registered under the U.S. Securities Act, or exempted from such registration. This document is concerned with TNSC's issue of hybrid bonds in Japan, and in this context does not solicit securities or sell them in the United States.