

September 4, 2017

To whom it may concern:

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Securities code: 4046 First Section, Tokyo Stock Exchange
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Issuance of the 6th Series Unsecured Convertible Bond-type Bonds with Stock Acquisition Rights

OSAKA SODA CO., LTD. (the “Company”) today resolved at a meeting of its Board of Directors, which has held on September 4, 2017, to issue the 6th Series Unsecured Convertible Bond-type Bonds with Stock Acquisition Rights (“Bonds”). The public offering is made on condition that the payment amount of Bond (¥100 per each ¥100 of each Bond) is different from the issuing price (¥100 per each ¥102.5 of each Bond).

The Company and its subsidiaries (“OSAKA SODA GROUP”) was founded in 1915 and set a path for domestic production of caustic soda through unique electrolysis technology. Since then, we further developed our technologies to organic chemicals encompassing Allyl Chloride (AC) and Epichlorohydrin (EP), and moved into functional chemical products such as specialized synthetic resins and synthetic rubber using these propylene derivatives as main raw materials. Our functional chemical products deliver outstanding performance in physical properties such as electrical insulation, semi-conductivity, heat resistance, oil resistance, and water resistance. These have been used in many areas such as electrical parts, automobile parts and have been acquired No.1 shares in markets in Japan and overseas.

In 2015, as we marked the 100th anniversary of our foundation. From here on out, we set “To realize an affluent society by developing innovative products through our aspiration for high standards” as the new mission statement for OSAKA SODA GROUP. Under our in-progress “NEXT FRONTIER-100” medium-term management plan (FY2014 – FY2015), we aim for strengthening profitability and implementing business strategy. We have positioned “new products and new business creation” along with the “overseas business expansion” as the engines of the plan. We are now working to

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nurture our healthcare-related business, as a third pillar of profit, and are strategically conducting active investment and funding , strengthening our core business.

Toward the achievement of our OSAKA SODA GROUP vision through business development and cost competitiveness, we are making efforts to increase profitability by continuing strategic investment and ensuring financial stability.

According to the above policies, the Company resolved that the issuance of Bonds is the most appropriate to avoid dilution by setting conversion price more than fair value as well as minimizing interest cost in order to secure the funds necessary for planned capital expenditure program.

In “NEXT FRONTIER-100”, the Company aims for enhancing corporate value through improvement of capital efficiency in addition to strengthen our profitability. According to this plan, a part of the proceeds from the issuance of Bonds is to be used for acquisition of treasury stock.

With regard to acquisition of treasury stock, the Company studied other financing methods including use of cash but finally concluded that the issuance of Bonds is the most appropriate to execute business strategy in a timely manner as well as minimization of interest cost.

A part of the proceeds from issuing Bonds is used for partly acquiring treasury stock. As a result, the Company expects to improve capital efficiency and make investment for future growth. The Company expects to achieve improvement of capital efficiency reflecting growth of earnings even if the price of Company’s stocks rises near future and Bonds will be converted into common stocks. The Company pays attention to the interest of existing shareholders in this acquisition of treasury stock. The bondholders are granted a right to request the early redemption for Bonds. This is to increase value of Bonds, enables to set the higher conversion price, and is possible to control conversion into common stocks after issuance of Bonds.

In order to enhance shareholder returns and improve capital efficiency, the Company resolved to set the limit for acquisition of treasury stock during the acquisition period from October 2, 2017 to September 28, 2017 that the total amount of acquisition is up to ¥50,000,000 as well as the resolution of Bonds issuance.

It is possible that the acquisition price of treasury stock does not reach the expected price due to market conditions. In this case, a part of the proceeds from acquisition of treasury stock will be used for capital expenditures.

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1. Name of Bonds	The 6th Series Unsecured Convertible Bond-type Bonds with Stock Acquisition Rights of OSAKA SODA CO., LTD.
2. Face value	¥10,000,000,000
3. Amount of each bond	¥1,000,000
4. Coupon rates	Zero
5. Payment amount	¥100 per each ¥100 of each Bond
6. Issue price	¥100 per each ¥102.5 of each Bond
7. Redemption price	¥100 per each ¥100 of each Bond
8. Redemption date	September 16, 2022
9. Early redemption request	Bondholders have the right to request early redemption during from August 4, 2020 to August 18, 2020. In the event that several bondholders exercise their right of early redemption, the Company shall redeem Bonds at a rate of ¥100 per each ¥100 of each Bond on September 18, 2020.
10. Early redemption due to reorganization	In the event that the Company engages in reorganization procedures, the Company shall make public notice before 30 days prior to the date of redemption and redeem all of the remaining Bonds with the amount of which is based on market value of Bonds at the date of redemption.
11. Early redemption due to delisting	In the event that there is a tender offer for the shares of the Company's common stock, the Company shall make public notice within 15 days from acquisition date of the Company's common stock in the tender offer and redeem all of the remaining Bonds with the amount of which is calculated using the same method as reorganization redemption.
12. Type of shares subject to the stock acquisition rights	Shares of the Company's common stock
13. Conversion price	The conversion price will be the amount that the closing price of ordinary transactions of the Company's common stock on Tokyo Stock Exchange Inc. on a day between September 11, 2017 and September 13, 2017 (the "Conversion Pricing Date") multiply by a value determined within a range from 125% to 130% on the same day.
14. Stated capital and capital reserve	The amount of stated capital to be increased upon exercise of stock acquisition rights shall be half of the maximum amount of the stated capital increased, as calculated in accordance with Article 17 of the Corporate Accounting Rules with any fraction

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less than on yen resulting from such calculation being rounded up to the nearest on yen. The amount of additional paid-in capital to be increased shall be the amount obtained by subtracting the relevant amount of stated capital to be increase from the relevant maximum amount of the stated capital increase.

15. Payment date (allotment date of stock acquisition rights) The payment date shall be a day during the period from Tuesday, September 19, 2017 to Thursday, September 21, 2017, that is the fifth day immediately following the Conversion Pricing Date.

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