



January 26, 2018

To All Parties Concerned,

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Notice of Fundraising through Subordinated Loans

TOKYO, January 26, 2018 - Hulic Co., Ltd. (hereafter referred to as “Hulic”) hereby announces that it has executed an agreement (hereafter referred to as the “Agreement”) in connection with its fundraising through subordinated loans (hereinafter referred to as the “Subordinated Loan”) set forth in the announcement dated December 1, 2017.

The hybrid financing through subordinated bonds and subordinated loans (150 billion yen in total) set forth in the announcement dated December 1, 2017 will be completed once the drawdown of the Subordinated Loans is made.

1. Characteristics of the Subordinated Loans

The Subordinated Loans are positioned between debt and equity. While Subordinated Loans are classified as a financial liability and will not result in dilution of the existing shares, they have characteristics similar to equity. For instance, their terms and conditions include super long maturity, an option to defer interest payments, and subordination in liquidation and bankruptcy proceedings. Therefore, Hulic has confirmed with a rating agency (Japan Credit Rating Agency) that 50% equity credit would be assigned in relation to the Subordinated Loans.

2. Outline of the Subordinated Loans

(1) Total loan amount	100 billion yen
(2) Signing date	January 26, 2018
(3) Drawdown date	1 st series: March 30, 2018 for 60 billion yen 2 nd series: June 29, 2018 for 40 billion yen
(4) Maturity date	March 31, 2053 However, Hulic may, at its discretion, make early repayment of all or part of the principal of the Subordinated Loans on March 30, 2023 or any interest payment date thereafter. ^(Note)
(5) Interest deferral clause	Hulic may, at its discretion, defer all or part of its interest payment.
(6) Subordination	The Subordinated Loans shall be subordinated to general indebtedness of Hulic in its liquidation, bankruptcy, corporate reorganization or civil rehabilitation proceedings or any other similar proceedings under non-Japanese law. No provisions of the Agreement may be amended in any respect

	whatsoever, if such amendment would adversely affect Hulic's creditors other than those of any indebtedness of Hulic whose status is similar to the Subordinated Loans.
(7)Equity credit	Middle Level/50% (Japan Credit Rating Agency, Ltd)

- (Note) Hulic intends to refinance the Subordinated Loans through financial products to which the Japan Credit Rating Agency Ltd. is to assign an equity credit equal to or higher than that of the Hybrid Bonds upon early repayment of the Subordinated Loans. However, Hulic may refrain from such refinancing if it satisfies both of the following conditions:
- 1) Debt equity ratio calculated based on its consolidated balance sheet is 3.00 or less; and
 - 2) The amount of shareholders' equity in its on consolidated balance sheets has increased by 50 billion yen or more since September 30, 2017.

* As for the subordinated bonds, please see the press release dated January 19, 2018

Note: The purpose of this press release is to make a general public announcement concerning the fundraising through subordinated loans by Hulic Co., Ltd. It has not been prepared for the purpose of offer of, or solicitation of an offer to buy or subscribe for, securities of Hulic Co., Ltd.