

This English translation is provided for information purposes only. If any discrepancy arises between this translation and the Japanese original, the Japanese original shall prevail. This press release is not an extension into the United States (including its territories and possessions, every State in the United States and the District of Columbia) of the offer to purchase mentioned herein. Please see the important notice at the end of this press release.

July 22, 2013

To Holders of the 1st Series Unsecured Bonds:

AvanStrate Inc.

Re: Holding of Bondholders Meeting concerning Amendment to the Terms and Conditions (Extension of Maturity Date, etc.) of the 1st Series Unsecured Bonds

At its board of directors meeting held today, AvanStrate Inc. (the “Company”) passed a resolution to hold a bondholders meeting (the “Bondholders Meeting”) to amend the terms and conditions that include the extension of the maturity date prescribed in the terms and conditions with respect to ¥20 billion in total of the 1st Series Unsecured Bonds of the Company (With Inter-bond Pari Passu Clause) that the Company issued on November 5, 2010 (outstanding balance of ¥15.1 billion) (ISIN Code: JP310532AAB9) (the “Bonds”).

1. Background and Reasons for the Amendment to the Terms and Conditions

Due to the dramatic environmental change in the liquid crystal glass market caused by, among other things, the maturity in the market for liquid crystal glass panels, which are our end products; the increased competition with competitors to obtain orders, including those that have newly entered into the market; and the impact of the decline in product pricing, the Company’s business performance has continued to deteriorate since the first half of fiscal year 2012. In light of such background, after clarifying management responsibility and effecting a change in management, in order to achieve substantial cost reductions and enhance the ability to generate revenue and cash flow, the Company has dedicated its full strength to structural reform, which primarily includes focusing on a drastic reduction in capital expenditures and improvement of productivity through shutting down or suspension of operations at low-revenue and high-cost sites, exhaustive cost re-examination at each site, personnel reduction and a re-examination of the production process. In addition, the company has engaged in generating funds to repay borrowings and redeem bonds through, among other things, securitization of accounts receivable from business partners and the sale of surplus platinum. However, in light of the Company’s performance prospects and current fund-raising capacity, we will not have sufficient funds to cover the cost for the redemption of all the outstanding balance of ¥15.1 billion in relation to the Bonds, the maturity date of which is November 5, 2013.

The financial condition of the Company must be promptly stabilized and doubts in the Company's status as a going concern need to be promptly dispelled in order for the Company to continue business. For this purpose, we came to the conclusion that we must obtain the understanding of the bondholders to partially extend the redemption date of the Bonds and modify the Bonds to amortize over 4 years. For details of the amendments to the terms and conditions of the Bonds such as the extension of the maturity date of the Bonds, please refer to "2. Outline of Amendment to the Terms and Conditions" below.

In addition to the amendments to the terms and conditions of the Bonds, in order to provide the bondholders who wish to promptly recoup their investment with an opportunity to sell their Bonds, the Company resolved at its board of directors meeting today to make an offer to purchase the Bonds at ¥40 million per ¥100 million of each Bond (the "Purchase Offer"), under certain conditions, such as the approval of the amendments at the Bondholders Meeting and the court's approval of such resolution. For the details of the Purchase Offer, please refer to the press release "Re: Offer to Purchase the 1st Series Unsecured Bonds" dated today.

2. Outline of Amendment to the Terms and Conditions

- (1) November 5, 2013 (current maturity date) Redemption of ¥22 million per ¥100 million of each Bond
- (2) November 5, 2016 Redemption of ¥19.5 million per ¥100 million of each Bond
- (3) November 5, 2017 Redemption of ¥19.5 million per ¥100 million of each Bond
- (4) November 5, 2018 Redemption of ¥19.5 million per ¥100 million of each Bond
- (5) November 5, 2019 Redemption of ¥19.5 million per ¥100 million of each Bond

In order to obtain the bondholders' consent regarding the extension of the maturity date, the interest rate of the Bonds will be increased from the current 1.94% per annum to 3.5% per annum on and after November 6, 2013. Specifically, the payment of an amount equivalent to 2% per annum in cash on each interest payment date, and the lump-sum payment of an amount equivalent to the remaining 1.5% per annum on the last maturity date are proposed.

In order to enable early redemption of the Bonds where the Company's business performance improves and surplus funds are generated, the Company has also proposed adding a new condition that enables the early redemption of all or part of the Bonds at the Company's option.

3. Holding of Bondholders Meeting

Amendment to the terms and conditions of the Bonds will be determined through consultation at the Bondholders Meeting scheduled as stated below. The validity of the resolution of this Bondholders Meeting is subject to the approval of the court.

Details

- (1) Date and time of the Bondholders Meeting
August 23, 2013 (Friday) at 3:00 PM

(2) Venue for the Bondholders Meeting

Hall 1, TKP Shinagawa Conference Center
3rd Floor, TAKANAWA COURT, 13-1, Takanawa 3-chome, Minato-ku, Tokyo

(3) Purpose of the Bondholders Meeting

Partial amendment to the Terms and Conditions of the Bonds

(4) Substance of the Proposal

The Terms and Conditions of the Bonds shall be amended as follows:

(The underlined parts indicate the amendments)

Before Amendment	After Amendment
<p>4. Interest Rate</p> <p>1.94% per annum</p>	<p>4. Interest Rate</p> <p>1.94% per annum <u>on and before November 5, 2013, and 3.50% per annum on and after November 6, 2013</u></p>
<p>9. Method of Redemption and Maturity</p> <p>(1) <u>The total amount of the principal amount of the Bonds shall be redeemed on November 5, 2013.</u></p> <p>(New)</p>	<p>9. Method of Redemption and Maturity</p> <p>(1) <u>Redemption of the principal amount of the Bonds shall be made as follows: 22 million yen per 100 million yen of each Bond on November 5, 2013; 19.5 million yen per 100 million yen of each Bond on November 5, 2016; 19.5 million yen per 100 million yen of each Bond on November 5, 2017; 19.5 million yen per 100 million yen of each Bond on November 5, 2018; and 19.5 million yen per 100 million yen of each Bond on November 5, 2019. However, if early redemption of a part of the principal amount of the Bonds is made pursuant to item (2) below, the principal amount repaid upon such early redemption shall be reduced from the redemption amount above.</u></p> <p>(2) <u>On any interest payment date that falls on or after November 5, 2013, the Company may make early redemption of all or a part of the principal amount of the Bonds that remains unredeemed on such date. In the event of early redemption of a part of the principal amount of the Bonds pursuant to this item (2), the Company shall designate the redemption amount to be repaid on each Redemption Date (to be defined in</u></p>

<p>(New)</p> <p>(2) If the date on which the Bonds shall be redeemed (the “Redemption Date”) falls on a bank holiday, the Bonds shall be redeemed on the bank business day immediately preceding such Redemption Date.</p> <p>(3) The Company may purchase and cancel any Bonds at any time on or after the date immediately following the payment date, unless otherwise provided by the book-entry institution set forth in Condition 18.</p>	<p><u>item (4) below) set forth in item (1) above.</u></p> <p><u>(3) When making early redemption of the Bonds, the Company shall inform the bondholders, through a public notice set forth in Condition 15 below or through other means, of its intention to make early redemption of the Bonds and other necessary matters, not later than twenty-five (25) days and not earlier than sixty (60) days before the date for such early redemption (the “Early Redemption Date”).</u></p> <p>(4) If the date on which the Bonds shall be redeemed (in case of early redemption, the Early Redemption Date) (the “Redemption Date”) falls on a bank holiday, the Bonds shall be redeemed on the bank business day immediately preceding such Redemption Date.</p> <p>(5) The Company may purchase and cancel any Bonds at any time on or after the date immediately following the payment date, unless otherwise provided by the book-entry institution set forth in Condition 18.</p>
<p>10. Interest Payment</p> <p>(1) The interest on the Bonds shall accrue for the period from the date immediately following the payment date up to the Redemption Date. The interest up to May 5, 2011, shall be paid on May 5, 2011, the first payment date, and the interest for the half year up to May 5 or November 5 each year thereafter shall be paid on May 5 or November 5 each year. In case of calculating the interest for a period of less than a half year, a daily proration calculation based on the half year in which such period falls shall be made.</p> <p>(omitted)</p>	<p>10. Interest Payment</p> <p>(1) The interest on the Bonds shall accrue for the period from the date immediately following the payment date up to the Redemption Date. The interest up to May 5, 2011, shall be paid on May 5, 2011, the first payment date, and, during the period from May 6, 2011, to November 5, 2013, the interest for the half year up to May 5 or November 5 each year shall be paid on May 5 or November 5 each year. <u>On or after November 6, 2013, the amount equivalent to 2.00% per annum of the interest for the half year up to May 5 or November 5 each year shall be paid on May 5 or November 5 each year. In addition, the amount equivalent to 1.50% per annum of the interest for the period from November 6, 2013, to November 5, 2019, shall be paid on November 5, 2019; provided, however, that, in case of early redemption of all of</u></p>

	<p><u>the principal amount of the Bonds pursuant to Condition 9, item (iii), the total amount of the unpaid interest as of the Early Redemption Date shall be paid on the Early Redemption Date.</u> In case of calculating the interest for a period of less than a half year, a daily proration calculation based on the half year in which such period falls shall be made.</p> <p>(omitted)</p>
<p>(3) No interest shall accrue on the Bonds after the Redemption Date.</p> <p>(omitted)</p>	<p>(3) No interest shall accrue on <u>the principal amount of the Bonds that shall be redeemed on the Redemption Date</u> after such Redemption Date.</p> <p>(omitted)</p>

4. Holding of Briefing Session for Bondholders on Amendment to the Terms and Conditions of the Bond

The Company will hold a briefing session for bondholders on the amendment to the terms and conditions of the Bonds in advance of the Bondholders Meeting described in Section 3 above. At the briefing session, we will explain matters including the background leading up to the amendment to the terms and conditions of the Bond, the current situation of the Company and the Company's future strategies, as well as the Purchase Offer. Please see the press release "Notice of Briefing Session for Holders of the 1st Series Unsecured Bonds" dated today for details such as the time and venue of the briefing session. You are cordially invited to attend.

In addition, the Company may communicate with individual bondholders for future notifications. For that purpose, bondholders are kindly requested to send the following information by email or facsimile to the Company at the contacts listed below: (1) trade name, headquarters location and name of representative (for corporations) or name and address (for individuals), (2) contact information (name of contact person, address, telephone number, facsimile number and email address) and (3) information on the amount of Bonds held. After hearing from you, the Company intends to send notices directly to you to the extent reasonably possible and permitted by law.

While maintaining a continuous relationship with the main financial institutions, the Company will take various measures to ensure the soundness of its financial structure and will make efforts to enhance its earning power by attracting new customers.

In addition to securing stable funds, the Company will endeavor to build a corporate structure that enhances profitability and enables continuous growth in the future. The Company appreciates your understanding.

* For inquiries regarding the Bondholders Meeting and the briefing session for bondholders, please contact:

General Affairs Department, Business Management Division,
AvanStrate Inc.

Telephone: 059-352-6451, Fax: 059-352-6401

For inquiries by e-mail: bond@jp-avanstrate.com

Note:

This press release does not constitute an extension into the United States (including its territories and possessions, every State in the United States and the District of Columbia) of the offer to purchase mentioned in this press release.