

Securities Code: 4631
March 11, 2016

To Our Shareholders:

(Registered Office) 35-58, Sakashita 3-chome, Itabashi-ku, Tokyo
(Corporate Headquarters) 7-20, Nihonbashi 3-chome, Chuo-ku, Tokyo

DIC Corporation

Yoshiyuki Nakanishi, Representative Director

Notice of Convocation of the 118th Annual General Meeting of Shareholders

The 118th Annual General Meeting of Shareholders of DIC Corporation (the "Company") will be held as described below and you are cordially invited to attend.

If you cannot attend the Meeting in person, you may exercise your voting rights in writing or by electromagnetic means (the Internet etc.). Upon review of the "Reference Documents for the General Meeting of Shareholders" (on pages 36 through 49), please exercise your voting rights in accordance with the "Guidance Notes on the Exercise of Voting Rights" (on pages 3 and 4) by 5:15 p.m., Monday, March 28, 2016 (Japan time).

Date and time

10:00 a.m., Tuesday, March 29, 2016 (Japan time)

Place

Nihonbashi Mitsui Hall, COREDO Muromachi 1 (Reception Desk: 4th Floor)
2-1, Nihonbashi-Muromachi 2-chome, Chuo-ku, Tokyo

Agenda of the Meeting

Matters to be reported:

1. Business Report and Consolidated Financial Statements for the 118th Fiscal Year (from January 1, 2015 to December 31, 2015), and Audit Reports of the Independent Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements
2. Non-consolidated Financial Statements for the 118th Fiscal Year (from January 1, 2015 to December 31, 2015)

Matters to be resolved:

- Proposal 1.** Appropriation of Surplus
- Proposal 2.** Consolidation of Shares
- Proposal 3.** Partial Amendments to the Articles of Incorporation
- Proposal 4.** Election of 7 Directors
- Proposal 5.** Election of 2 Corporate Auditors

Matters decided upon the convocation of the Meeting

- (1) If you exercise your voting rights redundantly both by mail and via the Internet or other electromagnetic means, the vote cast via the Internet or other electromagnetic means shall be considered the valid vote.
 - (2) If you exercise your voting rights on the same agenda more than once via the Internet or other electromagnetic means, the latest vote cast shall be considered the valid vote.
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- In the event that revisions are made to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements, or the Consolidated Financial Statements, the revised items will be posted on the Company's website (<http://www.dic-global.com/en/ir/stocks/meeting.html>).

Materials disclosed via the Internet

Pursuant to the applicable laws and regulations and Article 15 of the Articles of Incorporation of the Company, the following materials are disclosed on the Company's website and not included in the attachment to this notice:

- ① **Notes to Consolidated Financial Statements**
- ② **Notes to Non-consolidated Financial Statements**




IR Information

<http://www.dic-global.com/en/ir/stocks/meeting.html>

Consolidated Financial Statements and Non-consolidated Financial Statements audited by corporate auditors and independent auditors include, in addition to the materials contained in the attachment to this notice, the Notes to Consolidated Financial Statements and Notes to Non-consolidated Financial Statements disclosed on the Company's website.

Guidance Notes on the Exercise of Voting Rights

You may exercise your voting rights by the following means:

- 1 Attend the Meeting**  Please present your Exercise of Voting Rights Form to the reception desk at the place of the Meeting to be held **at 10:00 a.m., Tuesday, March 29, 2016 (Japan time).**
- 2 Mail your Exercise of Voting Rights Form**  Please indicate your approval or disapproval of each proposal on the Form and mail it so that it reaches us **by 5:15 p.m., Monday, March 28, 2016 (Japan time).**
- 3 Exercise your voting rights via the Internet etc. (through a personal computer, smartphone or mobile phone)**  Please enter your approval or disapproval of each proposal on the website for the exercise of voting rights at **<http://www.evot.jp/> by 5:15 p.m., Monday, March 28, 2016 (Japan time).**

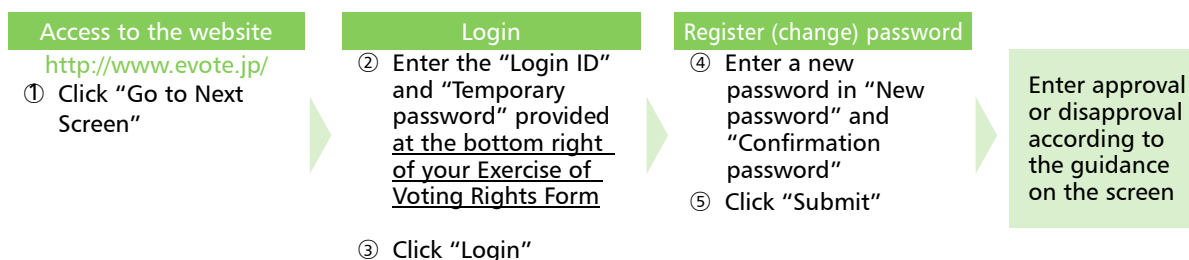
Electronic Voting Platform for Institutional Investors

For custodian banks or other nominee shareholders (including standing proxies), in addition to the abovementioned means for the exercise of voting rights, the electronic voting platform for institutional investors operated by ICJ, Inc. which was formed by Tokyo Stock Exchange, Inc. and others is available for the exercise of voting rights by electromagnetic means at the General Meetings of Shareholders of the Company if the application for utilization of the platform is filed in advance.

Guidance Notes on the Exercise of Voting Rights via the Internet etc.

If you exercise your voting rights via the Internet etc., you may do so by accessing the website for the exercise of voting rights designated by the Company (<http://www.evote.jp/>) through a personal computer, smartphone or mobile phone. (Please note that you will not be able to access the website from 2:00 a.m. to 5:00 a.m. (Japan time) every day.)

■ Example: Access through Personal Computer



Cautionary Notes

In exercising voting rights through a mobile phone, please use the service provided by i-mode, EZweb or Yahoo! Keitai. For security reasons, the website is only compatible with mobile phones capable of encrypted communication (SSL communication) and transmission of mobile phone information.

* "i-mode", "EZweb" and "Yahoo!" are trademarks or registered trademarks of NTT DoCoMo, Inc., KDDI Corporation, and Yahoo! Inc. in the United States, respectively.

Depending on your specific Internet connection settings which include, but are not limited to, the use of a firewall, antivirus software, or a proxy server, you may not be able to use the website for the exercise of voting rights.

Any costs arising from access to the website for exercising voting rights (such as Internet connection fees, phone charges, etc.) shall be borne by the individual shareholder. In addition, with respect to access to the website by mobile phone, packet communication fees and any other mobile phone charges shall be also borne by the individual shareholder.

<p>Inquiries regarding Electronic Voting System etc.</p>	<p>Stock Transfer Agency Department (Help Desk) Mitsubishi UFJ Trust and Banking Corporation Telephone 0120-173-027 (Toll Free) Operating Hours: 9:00 a.m. - 9:00 p.m. (Japan time)</p>
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(Attachment)

BUSINESS REPORT FOR THE 118TH FISCAL YEAR (January 1, 2015 - December 31, 2015)

1. Operating Results of the DIC Group for the Fiscal Year Ended December 31, 2015

(1) Overview of Operating Results

In fiscal year 2015, ended December 31, 2015, moderate economic recovery persisted in North America and Europe. In Asia, the pace of growth in the People's Republic of China (PRC) and Southeast Asia decelerated gradually, although a rally was seen in India. Japan's economy remained on a gentle upswing, despite the fact that production levels were flat.

In this environment, consolidated net sales edged down, to ¥820.0 billion.

Operating income, at ¥51.1 billion, was up 24.3%, as results benefited from, among others, an improved operating environment and the positive impact of rationalization measures.

Ordinary income increased 22.7%, to ¥49.0 billion.

Net income rose 48.4%, to ¥37.4 billion.

	(Billions of yen)			
	Fiscal year 2014	Fiscal year 2015	Change	Change excluding the impact of foreign currency fluctuations
Net sales	¥830.1	¥820.0	-1.2%	-3.3%
Operating income	41.1	51.1	24.3%	26.1%
Ordinary income	39.9	49.0	22.7%	—
Net income	25.2	37.4	48.4%	—

Note: The exchange rates used to translate the results of overseas DIC Group companies for fiscal years 2015 and 2014, respectively, are as follows:

Fiscal year 2015: ¥120.85/US\$1.00 (average for the year ended December 31, 2015)

Fiscal year 2014: ¥106.32/US\$1.00 (average for the year ended December 31, 2014)

Results of operations by segment are as follows:

(Billions of yen)

	Net sales				Operating income			
	Fiscal year 2014	Fiscal year 2015	Change	Change excluding the impact of foreign currency fluctuations	Fiscal year 2014	Fiscal year 2015	Change	Change excluding the impact of foreign currency fluctuations
Printing Inks	¥415.7	¥408.3	-1.8%	-3.6%	¥17.3	¥19.2	11.0%	21.2%
Fine Chemicals	138.3	145.1	4.9%	-0.3%	13.8	13.7	-1.0%	-2.1%
Polymers	190.8	188.8	-1.1%	-3.0%	7.8	14.8	90.3%	83.4%
Application Materials	123.0	118.8	-3.5%	-5.8%	7.1	8.1	14.1%	10.5%
Others, corporate and eliminations	(37.7)	(41.0)	—	—	(4.9)	(4.7)	—	—
Total	¥830.1	¥820.0	-1.2%	-3.3%	¥41.1	¥51.1	24.3%	26.1%

Segment results in key markets are as follows. Year-on-year percentage changes in squared parentheses represent increases or decreases excluding the impact of foreign currency fluctuations. Interregional transactions within the Printing Inks segment are included. Accordingly, the aggregates of regional net sales and operating income figures for the Printing Inks segment differ from the figures presented above.

Net Sales
 Composition
 Ratio
47.4%

Printing Inks

Net Sales ¥408.3 billion
 Change **-1.8%** [-3.6%]

Operating Income ¥19.2 billion
 Change **11.0%** [21.2%]

● Net Sales

(Billions of yen)

	Fiscal Year 2014	Fiscal Year 2015
Japan	¥81.5	¥78.9
The Americas and Europe	282.0	273.1
Asia and Oceania	70.7	74.3
Total	¥415.7	¥408.3

● Operating Income

(Billions of yen)

	Fiscal Year 2014	Fiscal Year 2015
Japan	¥3.8	¥3.3
The Americas and Europe	9.9	10.5
Asia and Oceania	3.6	5.4
Total	¥17.3	¥19.2

Japan

Net Sales ¥78.9 billion
 Change **-3.3%**

Operating Income ¥3.3 billion
 Change **-12.6%**

Although a recovery in demand was seen from the third quarter forward, sales of gravure inks declined, owing to the significant impact of inventory adjustments in the first and second quarters. A decrease in demand was one of several factors that pushed down sales of offset inks and news inks.

Operating income fell, reflecting the aforementioned sales results, among others.

The Americas and Europe

Net Sales ¥273.1 billion
 Change **-3.1%** [-4.7%]

Operating Income ¥10.5 billion
 Change **6.4%** [26.6%]

While sales of packaging inks were firm, waning demand for publishing inks and news inks, among other factors, pushed down overall sales in Europe. Flagging demand for publishing inks and news inks also figured in a decline in sales in North America. In Central and South America, overall sales decreased, owing largely to the weakening of key regional currencies. For these and other reasons, sales in the Americas and Europe combined slipped.

Operating income was up, reflecting the positive impact of rationalization efforts and an improvement in the operating environment.

Asia and Oceania

Net Sales ¥74.3 billion
 Change **5.0%** [-0.2%]

Operating Income ¥5.4 billion
 Change **48.7%** [39.7%]

Sales were down in all categories in the PRC, as slowing economic growth depressed demand. Healthy sales of gravure inks and news inks underpinned an increase in sales in Southeast Asia. In Oceania, sales declined, a result of flagging sales of offset inks and news inks. Sales in India were even, despite brisk sales of gravure inks, as sales of offset inks slumped. Thanks to these and other factors, overall sales in Asia and Oceania were up.

An improved product mix and rationalization efforts, among others, supported a significant gain in operating income.

Net Sales
 Composition
 Ratio
16.9%

Fine Chemicals

Net Sales ¥145.1 billion
 Change **4.9%** [-0.3%]

Operating Income ¥13.7 billion
 Change **-1.0%** [-2.1%]

● Net Sales

(Billions of yen)

Fiscal Year	Fiscal Year
2014	2015
¥138.3	¥145.1

● Operating Income

(Billions of yen)

Fiscal Year	Fiscal Year
2014	2015
¥13.8	¥13.7

In pigments, sales in Japan rose, bolstered by a significant increase in sales for use in color filters and firm sales for use in printing inks. Pigment sales in the Americas and Europe were up, underpinned by a sharp increase in sales of pigments, which primarily reflected substantially higher sales of effect pigments and pigments for use in cosmetics. Sales of TFT LCs, decreased, despite the start of shipments for new products, as the period coincided with the transitional phase of a product changeover. As a consequence, segment sales advanced.

Owing to the aforementioned sales results and other factors, segment operating income was on a par with fiscal year 2014.

Net Sales
 Composition
 Ratio
21.9%

Polymers

Net Sales ¥188.8 billion
 Change **-1.1%** [-3.0%]

Operating Income ¥14.8 billion
 Change **90.3%** [83.4%]

● Net Sales

(Billions of yen)

Fiscal Year	Fiscal Year
2014	2015
¥190.8	¥188.8

● Operating Income

(Billions of yen)

Fiscal Year	Fiscal Year
2014	2015
¥7.8	¥14.8

Despite firm sales of epoxy resins, attributable mainly to demand for use in electronics materials, sales in Japan declined as a result of dwindling demand for resins for coatings and polystyrene. Overseas, sales rose, with contributing factors including brisk shipments of principal products and the inclusion of results from newly consolidated subsidiaries. Thanks to these and other factors, segment sales were level.

Segment operating income increased sharply, bolstered by, among others, robust sales overseas and cost improvements.

Net Sales
 Composition
 Ratio
13.8%

Application Materials

Net Sales ¥118.8 billion
 Change **-3.5%** [-5.8%]

Operating Income ¥8.1 billion
 Change **14.1%** [10.5%]

● **Net Sales**

(Billions of yen)

Fiscal Year	Fiscal Year
2014	2015
¥123.0	¥118.8

● **Operating Income**

(Billions of yen)

Fiscal Year	Fiscal Year
2014	2015
¥7.1	¥8.1

Sales of jet inks were up, sustained by a higher global market share. Sales of polyphenylene sulfide (PPS) compounds edged down, despite the favorable expansion of shipments in overseas markets, owing to a temporary drop in domestic sales. Sales of industrial adhesive tapes declined, reflecting sluggish demand for products used in smartphones. Sales in other product categories fell, as demand failed to improve. For these and other reasons, segment sales decreased.

Segment operating income advanced, owing to rising sales of high-value-added products and the positive impact of yen depreciation.

(2) Financing Activities

1) Methods of Financing

The DIC Group has been working to reduce interest-bearing debt with the aim of establishing a sound financial foundation.

During the period under review, the DIC Group funded investment in facilities and met other working capital needs through ordinary financing methods, sale of land and sale of group company's securities, among others, while at the same time it took steps to lower its interest-bearing debt. As a consequence, as of December 31, 2015, total interest-bearing debt amounted to ¥259.5 billion (including leases), a decrease of ¥14.7 billion from the previous fiscal year-end.

■ Balance of Interest-bearing Debt

(Billions of yen)

109th Fiscal Year	110th Fiscal Year	111th Fiscal Year	112th Fiscal Year	113th Fiscal Year	114th Fiscal Year	115th Fiscal Year	116th Fiscal Year	117th Fiscal Year	118th Fiscal Year
413.4	393.0	387.1	377.7	337.6	328.5	315.6	299.1	274.2	259.5

2) Investment in Facilities

In addition to placing a high priority on product development and research themes that promise long-term growth, the DIC Group invests in increasing labor efficiency, rationalizing operations, promoting preservation and environmental safety. In the fiscal year ended December 31, 2015, the DIC Group invested ¥32.1 billion in facilities. Principal investments to build new or expand existing facilities, by segment, were as follows:

Printing Inks	Turkey	Construction of new production facilities for gravure inks
Fine Chemicals	Japan	Expansion of production facilities for organic pigments
Polymers	Thailand	Expansion of production facilities for synthetic resins
Application Materials	Japan	Expansion of production facilities for PPS polymers Expansion of production facilities for degassing modules
	U.S.A.	Construction of new extraction facilities for natural blue food coloring Establishment of algae research center
Others and Corporate	Japan	Development of management information system



Production facilities for gravure inks (Turkey)



Production facilities for PPS Polymers (Japan)

(3) Sustainability

In recent years, the need to achieve sustainability in a manner that takes into account, among others, the environment, ecosystems and socioeconomic issues has been increasingly recognized. In accordance with this recognition, the DIC Group launched its CSR (corporate social responsibility) program in fiscal year 2007, ended March 31, 2008. Having clarified its overall policy, effective from fiscal year 2014 the Group changed the designation used across this program from “CSR” to “sustainability,” which it feels more appropriate for a globally active corporate entity. Today, the Group promotes sustainability initiatives and works to maintain an accurate grasp of society’s demands with regard to environment, social and governance (ESG) issues.

The DIC Group is dedicated to conducting its business while retaining a strong commitment to five key concepts: 1) preserving safety and health, 2) ensuring fair business practices and respect for human rights, 3) maintaining harmony with the environment and advancing its protection, 4) managing risks and 5) creating value for society through innovation. Through the unceasing implementation of initiatives in line with these concepts, the Group will strive to remain an organization that contributes to sustainable development for society and the global environment, as well as ensures its own sustainability, thereby earning the trust of its stakeholders.

The DIC Group’s sustainability themes are as follows:



(4) Operating Results and Financial Position

Consolidated Operating Results and Financial Position

	115th Fiscal Year (April 1, 2012– March 31, 2013)	116th Fiscal Year (April 1, 2013– December 31, 2013)	117th Fiscal Year (January 1, 2014– December 31, 2014)	118th Fiscal Year (January 1, 2015– December 31, 2015)
Net sales (millions of yen)	¥703,781	¥705,647	¥830,078	¥819,999
Operating income (millions of yen)	38,484	40,181	41,076	51,068
Operating Margin (%)	5.5	5.7	4.9	6.2
Ordinary income (millions of yen)	35,137	37,123	39,925	48,995
Net income (millions of yen)	19,064	26,771	25,194	37,394
Earnings per share (yen)	20.80	29.23	26.78	38.94
Net assets (millions of yen)	160,731	218,947	276,723	289,857
Total assets (millions of yen)	692,991	761,690	803,703	778,857

Note: For DIC Corporation and its domestic subsidiaries, with the exception of one company, the 116th Fiscal Year was a nine-month period (April 1 – December 31, 2013). For overseas subsidiaries and one domestic subsidiary, the 116th Fiscal Year was a twelve-month period (January 1 – December 31, 2013).

(5) Key Management Issues

The DIC Group has formulated a medium-term management plan “DIC108” as what we need to do between now and 2018 in order to realize sustainable growth based on our Mission, Vision and Corporate values. The basic strategies of “DIC108” is outlined as below:

- ① Four business initiatives
 - Expand Businesses that will Drive Growth
 - Pursue Opportunities for Strategic Investments (M&As, etc.)
 - Rationalize Operations in Mature Markets
 - Create Next-Generation Businesses
- ② Strive to balance financial health, investment in growth and shareholder returns with cash flow management
- ③ Support globalization and increase sophistication with establishment of a solid management infrastructure

[Mission]

Through constant innovation, the DIC Group strives to create enhanced value and to contribute to sustainable development for its customers and society

[Vision]

Color & Comfort by Chemistry

[Corporate values]

Making it Colorful

- DIC helps make life colorful -

Innovation through Compounding

- DIC brings innovation to society through its core compounding technologies -

Specialty Solutions

- DIC draws on its expertise and comprehensive strengths to offer solutions -

(The following information is as of December 31, 2015, unless otherwise noted.)

(6) Principal Businesses

Segment	Product Division	Principal Products
Printing Inks	Printing Inks	Offset inks, Gravure inks, Flexo inks, Can coatings, News inks, Packaging adhesives, Presensitized (PS) plates, Printing supplies
Fine Chemicals	Fine Chemicals	Organic pigments for printing inks, Organic pigments for coatings and plastics, Organic pigments for color filters, Effect pigments, Pigments for cosmetics, Thin-film transistor (TFT) liquid crystals (LCs), Supertwisted nematic (STN) LCs, Alkylphenols, Metal carboxylates, Sulphur chemicals (lubricant additives)
Polymers	Polymers	Synthetic resins for inks and coatings, molded products, adhesives and textiles (polyurethane, epoxy, polystyrene, polyester, acrylic and phenolic resins, plasticizers), Papermaking chemicals, Bathtubs and bath units, Synthetic marble, Sheet molding compounds (SMCs)
Application Materials	Liquid Compounds	Jet inks, Wood finishes, Fiber and textile colorants
	Solid Compounds	Plastic colorants, Polyphenylene sulfide (PPS) compounds, High-performance optical materials, Coextruded multilayer films
	Processed Products	Decorative boards, Interior housing products, Industrial adhesive tapes, Plastic pallets, Containers, Hollow-fiber membranes, Hollow-fiber membrane modules, Health care foods

(7) Principal Facilities

1) Principal Offices, Plants and R&D Facilities

① The Company

Corporate Headquarters

7-20, Nihonbashi 3-chome, Chuo-ku, Tokyo

Branch Offices

Osaka Branch (Osaka) Nagoya Branch (Aichi)

Plants and R&D Facilities

Tokyo Plant (Tokyo) Chiba Plant (Chiba) Hokuriku Plant (Ishikawa)
 Sakai Plant (Osaka) Kashima Plant (Ibaraki) Yokkaichi Plant (Mie)
 Komaki Plant (Aichi) Saitama Plant (Saitama) Tatebayashi Plant (Gunma)
 Central Research Laboratories (Chiba)

Note: In May, 2015, the Company relocated the Corporate Headquarters from Chiyoda-ku, Tokyo, due to the completion of Headquarters building.

■ Global Network (175 companies in 64 countries and territories)

(Number of Group Companies)

Japan	North America	Central and South America	Europe	Africa	Asia	Oceania
32	14	16	53	5	53	2

② Subsidiaries and Affiliates

Printing Inks (105 companies)

DIC Graphics Corporation (Tokyo, Japan)
Sun Chemical Group Coöperatief U.A. (Netherlands)
Nantong DIC Color Co., Ltd. (PRC)
PT. DIC GRAPHICS (Indonesia)
DIC India Ltd. (India)
DIC (Malaysia) Sdn. Bhd. (Malaysia)
DIC Graphics (Thailand) Co., Ltd. (Thailand)
and 98 other companies

Fine Chemicals (7 companies)

Lianyungang DIC Color Co., Ltd. (PRC)
and 6 other companies

Polymers (27 companies)

SEIKO PMC CORPORATION (Tokyo, Japan)
DIC Material Inc. (Tokyo, Japan)
DIC Kitanihon Polymer Co., Ltd. (Miyagi, Japan)
DIC Kako, Inc. (Shiga, Japan)
DIC Kyushu Polymer Co., Ltd. (Oita, Japan)
Siam Chemical Industry Co., Ltd. (Thailand)
Changzhou Huari New Material Co., Ltd. (PRC)
DIC Zhangjiagang Chemicals Co., Ltd. (PRC)
Lidye Chemical Co., Ltd. (Taiwan)
DIC Synthetic Resins (Zhongshan) Co., Ltd. (PRC)
and 17 other companies

Application Materials (21 companies)

DIC EP Corp. (Chiba, Japan)
DIC Plastics, Inc. (Saitama, Japan)
DIC Decor, Inc. (Saitama, Japan)
DIC Compounds (Malaysia) Sdn. Bhd. (Malaysia)
Earthrise Nutritionals, LLC. (U.S.A.)
PT. DIC Astra Chemicals (Indonesia)
and 15 other companies

Others (14 companies)

DIC Asia Pacific Pte Ltd (Singapore)
DIC (China) Co., Ltd. (PRC)
Qingdao DIC Finechemicals Co., Ltd. (PRC)
and 11 other companies

Note: Effective July 1, 2015, DH Material Inc., changed its name to DIC Material Inc.

2) Workforce Statistics

Segment	Number of Employees
Printing Inks	10,275
Fine Chemicals	2,547
Polymers	3,311
Application Materials	2,213
Others	653
Corporate (shared)	1,265
Total	20,264

■ Number of Employees

	115th Fiscal Year	116th Fiscal Year	117th Fiscal Year	118th Fiscal Year
Japan	5,901	6,066	6,134	5,966
The Americas and Europe	8,677	8,311	8,432	8,355
Asia and Oceania	5,695	5,657	5,845	5,943
Total	20,273	20,034	20,411	20,264

(8) Principal Subsidiaries and Affiliates

Company Name	Location	Capital	Percent of Ownership	Principal Business
Sun Chemical Group Coöperatief U.A.	Netherlands	€1,501,852 thousand	100.0%	Investment in and financing for Sun Chemical Group companies
DIC Asia Pacific Pte Ltd	Singapore	S\$305,793 thousand	100.0%	Investment in and financing for DIC Group companies in the Asia and Oceania regions, and manufacture and sale of DIC products
DIC (China) Co., Ltd.	PRC	RMB697,380 thousand	100.0%	Investment in and financing for DIC Group companies in the PRC
DIC Graphics Corporation	Tokyo, Japan	¥500 million	66.6%	Manufacture and sale of printing inks and supplies
SEIKO PMC CORPORATION	Tokyo, Japan	¥2,000 million	53.8%	Manufacture and sale of papermaking chemicals and resins for printing inks and imaging and reprographic products
DIC Investments Japan, LLC.	Tokyo, Japan	¥91 million	100.0%	Investment in and financing for DIC Group companies
Renaissance, Inc.	Tokyo, Japan	¥2,210 million	17.5%	Planning and management of fitness clubs

Notes:

1. The figure for capital of Sun Chemical Group Coöperatief U.A. is equivalent to the company's capital reserve since the company has no figure equivalent to the capital.
2. Percent of ownership includes indirect investments.
3. The percent of ownership of Renaissance is 17.5% but the Company deems it as affiliate because the percent of voting right is more than 20%.

(9) Principal Borrowings

Lender	Balance of Borrowings (Millions of yen)
Mizuho Bank, Ltd.	¥43,200
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	32,893
Development Bank of Japan Inc.	26,000

2. Stock Information

(1) Total Number of Authorized Shares **1,500,000,000**

(2) Total Number of Issued Shares **965,372,048**

(3) Number of Shareholders **40,968**

■ Distribution of Shareholders by Investor Type

Investor Type	Percentage of Total Shares
Financial institutions	38.8%
Foreign entities	27.4
Other domestic entities	16.6
Individuals and others	13.6
Securities companies	1.8
Treasury stock	1.8

(4) Major Shareholders

Name of Shareholder	Number of Shares Owned (Thousands)	Shareholding Percentage
Japan Trustee Services Bank, Ltd. (Trust Account)	81,129	8.56%
Nissei Real-Estate Co., Ltd.	53,104	5.60
The Master Trust Bank of Japan, Ltd. (Trust Account)	43,129	4.55
Dainichi Can Co., Ltd.	42,561	4.49
The Dai-ichi Life Insurance Company, Limited	35,000	3.69
Nissin Trading Co., Ltd.	31,277	3.30
Japan Trustee Services Bank, Ltd. (Trust Account 4)	30,314	3.20
Aioi Nissay Dowa Insurance Co., Ltd.	25,907	2.73
Nippon Life Insurance Company	19,000	2.00
Japan Trustee Services Bank, Ltd. (Trust Account 9)	15,002	1.58

Notes:

- The above table lists the top 10 shareholders in order of shareholding percentage excepting the Company which holds 17,294,751 shares as treasury shares.
- The shareholding percentage is calculated by subtracting the number of shares of treasury shares from the total number of issued shares.

(5) Other Important Matter Regarding the Stock

The Company obtained 13,803,000 treasury shares from November 19, 2015 to December 9, 2015 based on the resolution of the Board of Directors held on November 13, 2015. All the treasury shares obtained were retired on January 15, 2016 and the total number of issued shares changed to 951,569,048.

3. Matters Concerning Directors and Corporate Auditors

(1) Directors and Corporate Auditors

Position	Name	Responsibilities at DIC and Principal Concurrent Positions at Other Organizations
Representative Director President & CEO	Yoshiyuki Nakanishi	
Representative Director Senior Managing Executive Officer	Masayuki Saito	Assistant to the President & CEO Responsible for Finance & Accounting Div. Chairman of the Supervisory Board, Sun Chemical Group Coöperatief U.A. Representative Executive Officer, DIC Investments Japan, LLC.
Director	Yoshihisa Kawamura	Director and Chairman of the Board, DIC Graphics Corporation
Director Managing Executive Officer	Tetsuro Agawa	General Manager, Technical Administrative Div.
Director Managing Executive Officer	Hitoshi Wakabayashi *	Responsible for Fine Chemicals Segment; General Manager, Fine Chemicals Product Div. Senior Manager, Pigments Product Representative Director and President, Japan Formalin Company, Inc.
Director	Takao Suzuki	
Director	Yukako Uchinaga	Board Chair, Japan Women's Innovative Network (J-Win, a non-profit organization) Outside Director, AEON CO., LTD. Outside Director, HOYA CORPORATION
Corporate Auditor (full-time)	Jiro Mizutani	
Corporate Auditor (full-time)	Yoshiyuki Mase	
Corporate Auditor	Katsunori Takechi	Attorney
Corporate Auditor	Cindy Yoshiko Shirata *	Outside Director, PCA Corporation Outside Director, WIN-Partners Co., Ltd. Guest Researcher, the Research Institute for Innovation Management, Hosei University

Notes:

- Directors Takao Suzuki and Yukako Uchinaga are outside directors.
- Corporate auditor Katsunori Takechi and Cindy Yoshiko Shirata are outside auditors.
- Corporate auditor Yoshiyuki Mase is qualified as a certified public tax accountant, oversaw corporate accounts at the Company for many years, and has extensive expertise in finance and accounting.
- In addition to providing expertise in corporate law, outside auditor Katsunori Takechi provides tax accounting services pursuant to Article 51 of the Certified Public Tax Accountant Act and has extensive expertise in finance and accounting.
- Outside corporate auditor Cindy Yoshiko Shirata engages in the study and education of financial accounting and management as an academic expert in accounting, and has extensive expertise in finance and accounting.
- Outside directors Takao Suzuki and Yukako Uchinaga, and outside auditor Katsunori Takechi and Cindy Yoshiko Shirata, are designated as independent directors/auditors in accordance with the rules of the Tokyo Stock Exchange.
- The asterisk denotes a director and auditor who were newly elected and assumed office at the 117th Annual General Meeting of Shareholders held on March 26, 2015.
- At the conclusion of the 117th Annual General Meeting of Shareholders held on March 26, 2015, directors Kazuo Sugie and Akira Konishi and corporate auditor Junji Tomita retired from their positions.

(Reference)

As of January 1, 2016, certain directors' positions and responsibilities at DIC and principal concurrent positions held at other organizations were amended as shown below.

Position	Name	Responsibilities at DIC and Principal Concurrent Positions at Other Organizations
Representative Director Executive Vice President	Masayuki Saito	Assistant to the President & CEO CFO Chairman of the Supervisory Board, Sun Chemical Group Coöperatief U.A.
Director Advisor	Tetsuro Agawa	
Director Managing Executive Officer	Hitoshi Wakabayashi	President, Fine Chemicals Segment General Manager, Fine Chemicals Product Div. Senior Manager, Pigments Product Representative Director and President, Japan Formalin Company, Inc.

(2) Remuneration and Other Payments for Directors and Corporate Auditors

Category	Number of Directors and Corporate Auditors	Total Amount (Millions of yen)
Directors	9	¥245
Outside directors (included in the above)	2	24
Corporate auditors	5	79
Outside auditors (included in the above)	3	24
Total	14	324

Notes:

1. Remuneration for directors is decided by the Remuneration Committee by reference to the standard market price. Remuneration for executive officers is decided by reference to the standard market price, taking decrease or increase in consolidated operating income, and contribution to the Company into account.
2. Remuneration for corporate auditors is decided by discussion among all corporate auditors in accordance with the internal rule that the Board of Corporate Auditors provides, considering balance with the remuneration for directors and the standard market price.
3. The above data includes two directors and one corporate auditor who retired at the conclusion of the 117th Annual General Meeting of Shareholders held on March 26, 2015.
4. The maximum aggregate limit on remuneration and other payments for directors, which is determined by a resolution of the General Meeting of Shareholders, is 700 million yen annually, including bonuses.
5. The total amount to be paid for directors includes bonuses of 57 million yen scheduled to be paid after the 118th Annual General Meeting of Shareholders.
6. The maximum aggregate limit on remuneration for corporate auditors, which is determined by a resolution of the General Meeting of Shareholders, is 100 million yen annually.

(3) Outside Directors and Auditors

1) Relation between the Organizations Where Outside Directors Concurrently Hold Principal Positions and the Company

No special interests exist between the organizations at which outside directors concurrently hold principal positions and the Company.

2) Principal Activities of Outside Directors and Auditors

Position	Name	Attendance at Board of Directors Meetings	Attendance at Board of Corporate Auditors Meetings	Statements at the Meetings
Director	Takao Suzuki	14/14	-	Proactively made statements on proposed resolutions based on long experience and expertise in corporate management
	Yukako Uchinaga	14/14	-	Proactively made statements on proposed resolutions based on long experience and expertise in corporate management
Corporate Auditor	Katsunori Takechi	14/14	17/17	Proactively made statements on proposed resolutions from his perspective as an attorney with specialized expertise
	Cindy Yoshiko Shirata	10/10	13/13	Proactively made statements on proposed resolutions from her perspective as an academic expert in accounting with specialized expertise relating to financial accounting and management.

Note: With regard to corporate auditor Cindy Yoshiko Shirata, the numbers above only include those related to the Board of Directors meetings and Board of Corporate Auditors meetings held after her appointment on March 26, 2015.

3) Summary of Liability Limitation Contracts

The Company entered into contracts for limitation of liability with all outside directors and outside auditors. Pursuant to the contracts, if the outside directors and outside auditors neglect their duties and cause damages to the Company, they shall be liable for damages up to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act, on the condition that they act in good faith and are not grossly negligent in performing their duties.

4. Matters Concerning the Independent Auditors

(1) Name of Audit Firm

Deloitte Touche Tohmatsu LLC

(2) Remuneration and Other Payments for the Independent Auditors

	Total Amount (Millions of yen)
Amount of remuneration paid by the Company	¥140
Total amount of money and other property benefits to be paid by the Company and its subsidiaries	230

Notes:

1. The audit agreement entered into by the Company and its independent auditors does not distinguish clearly between the amount derived from the audit under the Companies Act and the amount derived from the audit under the Financial Instruments and Exchange Act and the two amounts cannot be substantially distinguished from each other. Consequently, both are included in the amount of remuneration to be paid by the Company.
2. The accounts of principal overseas subsidiaries are audited by firms other than the firm named above (independent auditors or public accountants or other individuals or firms that hold a certification equivalent to that of independent auditors in Japan) in conformity with the requirements of laws in their respective countries of domicile that correspond to the Companies Act or Financial Instruments and Exchange Act.
3. The Board of Corporate Auditors received briefings about the audit performance for the past fiscal year done by the independent auditors, transitional changes of remuneration for them, quality of audit and remuneration standards for other audit firms from directors and about audit plans for fiscal year 2015 from the independent auditors, and reviewed said briefings accordingly. As a result, remuneration and other payments for the independent auditors were approved by the Board of Corporate Auditors, because it was appropriate to conduct the audit plan and align the standard to maintain audit quality.

(3) Non-Audit Services

The Company provides remuneration to the independent auditors for non-audit services other than those listed in Article 2, Paragraph 1 of the Certified Public Accountants Act. These include the preparation of comfort letters, advice and guidance regarding International Financial Reporting Standards.

(4) Policy on Decisions Concerning Dismissal or Non-Reappointment of the Independent Auditors

The Company's Board of Corporate Auditors shall dismiss the independent auditors, with corporate auditors' unanimous consent, if it determines that any act or circumstance of the independent auditors falls under any of the events set forth in Article 340, Paragraph 1 of the Companies Act.

In such cases that impair the independent auditors' competence or independence, thus making it difficult for the independent auditors to conduct an appropriate audit, the Company's Board of Corporate Auditors has the right to determine the contents of a proposal for dismissal or non-reappointment of the independent auditors to be submitted to the General Meeting of Shareholders by the Board of Directors.

5. Summary of Resolutions and Operational Status regarding the Systems for Ensuring that the Performance of Duties by Directors Complies with Laws, Regulations and the Company's Articles of Incorporation and for Ensuring the Propriety of Other Operations

Summary of resolutions of the Board of Directors of the Company and operational status of the systems above are as follows:

I. Basic Concepts Regarding Internal Control

In order for DIC Corporation and its subsidiaries (the "DIC Group") to achieve the four objectives of "the effectiveness and efficiency of business", "the reliability of financial reporting", "the strict observance of laws regarding business activities", and "the preservation of assets" in the conduct of management in accordance with "The DIC Way", DIC Corporation shall prepare and operate systems to ensure proper business activities as set forth below, based upon the Companies Act and the Financial Instruments and Exchange Act (the "Internal Control Systems").

II. Content of the Internal Control Systems

1 Systems for Ensuring that the Performance of Duties by Directors and Employees of the DIC Group Complies with Laws, Regulations and the Articles of Incorporation

- 1) The Company shall prepare regulations for meetings of the Board of Directors and regulations for *Ringi* (approval by written circular) and shall clarify decision-making authority of the DIC Group.
- 2) The Company shall appoint outside directors and shall work to bolster monitoring functions with regard to management of the DIC Group.
- 3) The Company shall work to set forth the "DIC Group Code of Business Conduct" as a standard regarding compliance, which directors and employees of the DIC Group should comply with, and disseminate the same.
- 4) The Company shall establish an internal auditing department and shall monitor the status of the preparation and operation of the Internal Control Systems of the DIC Group on a periodic basis. Important matters that are discovered through such monitoring and the status of improvements shall be reported to the representative directors on a periodic basis, and those matters of particular importance are to be reported to the Board of Directors.
- 5) The Company shall establish an internal notification system as a common rule of the DIC Group and set up multiple notification channels independent from channels for communication used in the conduct of business. DIC shall prepare a structure that can quickly respond to domestic and international notifications. In addition, a system shall be put into place so that any person making a notification will not suffer any detriment.
- 6) The Company shall sever any and all connection with antisocial elements and shall collaborate with legal counsel and the police in making firm responses to unwarranted demands made by such antisocial elements.

[Operational Status]

The Company held seminars regarding the "DIC Group Code of Business Conduct" at the DIC Group entities in order to instill the consciousness of compliance. For internal notifications, the Company conducted investigations, such as hearings, and handled them appropriately.

The internal auditing department monitored the status of preparation and operation of the Internal Control Systems, and reported to the representative directors the important matters which were found as well as the status of the improvement of these matters.

2 Systems for Ensuring that the Duties of Directors of the DIC Group are Performed Efficiently

- 1) In order to ensure a system so that the duties of directors are performed properly and efficiently at the DIC Group, the Company shall establish regulations regarding company organization and authority.
- 2) In order to speed up the conduct of business and clarify responsibilities, the Company shall introduce an executive officer system. As well as resolving important business affairs of the DIC Group in accordance with the Articles of Incorporation and regulations of the Board of Directors, the Board of Directors shall also supervise the status of executive officers' business conduct.
- 3) The Company shall formulate medium-term management plans and the annual budget based upon management policies and management strategies of the DIC Group and, through the dissemination of the same, the DIC Group shares the common goals. Reports are made to the Board of Directors outlining the status of progress.

[Operational Status]

The Company made important business decisions based upon regulations for meetings of the Board of Directors and regulations for *Ringi* as well as other related regulations. For medium-term management plans and the annual budget, the Company shared such information through internal briefings and submitted the monthly progress reports to the Board of Directors.

3 Systems for the Preservation and Management of Information Pertaining to the Performance of Duties by Directors

- 1) Information pertaining to the performance of duties by directors, such as minutes of the Board of Directors, *Ringi* documents, shall be recorded, retained and managed appropriately based upon the regulations for document management.
- 2) The Company shall establish regulations for systems of information management and shall prepare a system for preventing leakage of confidential information of the DIC Group.

[Operational Status]

The Company retains and manages its information appropriately based upon regulations for document management, regulations for confidential information management and other related regulations.

4 Regulations and Other Systems Relating to the Management of Risk of Loss to the DIC Group

- 1) The Company shall formulate a risk management policy and shall identify, assess, prioritize and address properly any risks that may have a significant impact on management of the DIC Group.
- 2) The Company shall establish a risk management system for the DIC Group and shall ensure its effectiveness by repeating the PDCA cycle.

[Operational Status]

The Company progressed the activities against the high priority risks through the risk management committee based upon the risk management policy.

5 Other Systems for Ensuring Proper Operations of the DIC Group

- 1) The Company shall determine an administrative department for each subsidiary from the standpoints of the conduct of business and business management, and shall supervise business affairs by dispatching a director to each subsidiary.
- 2) The Company shall clarify important matters pertaining to subsidiaries that require approval from or reporting to the Company.

[Operational Status]

The Company conducted training for new executive members dispatched to subsidiaries regarding corporate governance and internal control. In addition, the Company amended the regulation of authority including requirements of approval of and reporting to the Company.

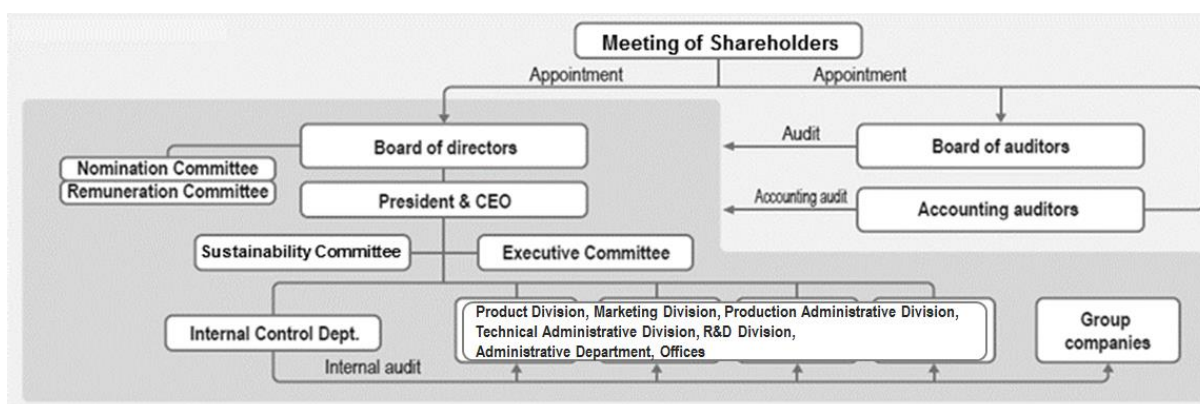
6 Systems for Ensuring that Audits by the Corporate Auditors are Conducted Effectively

- 1) As well as attending meetings of the Board of Directors and other important meetings, corporate auditors may inspect the contents of *Ringi* approvals at any time.
- 2) In addition to meeting with the representative directors on a periodic basis to exchange information and opinions, corporate auditors shall strive to foster close cooperation by holding liaison meetings on a periodic basis with each of the internal auditing department, the independent auditors and the corporate auditors of the subsidiaries.
- 3) Directors and employees of the DIC Group shall report facts that could cause substantial damage to the Company and matters designated by the Board of Corporate Auditors as “Matters to be Reported to the Corporate Auditors or the Board of Corporate Auditors” to the corporate auditors or the Board of Corporate Auditors.
- 4) The DIC Group shall not treat the person who reported to the corporate auditors unfavorably because of the report.
- 5) DIC shall establish an Office of the Corporate Auditors and shall assign dedicated personnel to assist the corporate auditors in their duties. Such personnel shall obey only the directions and orders of the corporate auditors. Evaluations shall be conducted by the corporate auditors and matters such as personnel changes and disciplinary actions will require the prior consent of the corporate auditors.
- 6) DIC shall pay costs and fees, which corporate auditors need to conduct their audit.

[Operational Status]

Corporate auditors attended important meetings such as the Board of Directors meetings and the Executive Committee meetings and reviewed the final decisions of *Ringi* as necessary. In addition, the Company held periodic meetings among the representative directors, the internal auditing department, independent auditors and auditors of subsidiaries for exchange of opinions. The directors and employees reported the matters designated by the Board of Corporate Auditors and other important matters to the Board of Corporate Auditors.

■ Corporate Governance Structure



Consolidated Financial Statements

Consolidated Balance Sheet

(Millions of yen)

Accounts	Current Fiscal Year As of December 31, 2015	Previous Fiscal Year As of December 31, 2014 (Reference)	Accounts	Current Fiscal Year As of December 31, 2015	Previous Fiscal Year As of December 31, 2014 (Reference)
(Assets)			(Liabilities)		
I Current assets	408,658	412,480	I Current liabilities	271,280	291,492
Cash and deposits	15,363	16,757	Notes and accounts payable-trade	95,569	111,996
Notes and accounts receivable-trade	221,006	213,867	Short-term loans payable	20,632	30,637
Merchandise and finished goods	87,947	91,614	Current portion of long-term loans payable	61,630	60,093
Work in process	9,369	9,786	Commercial papers	4,000	—
Raw materials and supplies	52,245	57,429	Current portion of bonds	8,000	10,000
Deferred tax assets	11,435	10,873	Lease obligations	572	621
Other	21,947	22,057	Income taxes payable	8,347	3,252
Allowance for doubtful accounts	(10,654)	(9,903)	Deferred tax liabilities	295	382
			Provision for bonuses	6,914	6,659
II Noncurrent assets	370,199	391,223	Provision for loss on disaster	—	49
Property, plant and equipment	233,145	241,937	Provision for environmental measures	—	1,817
Buildings and structures	95,879	96,416	Other	65,321	65,986
Machinery, equipment and vehicles	70,226	72,883	II Noncurrent liabilities	217,720	235,488
Tools, furniture and fixtures	9,605	9,363	Bonds payable	20,000	8,000
Land	50,775	53,272	Long-term loans payable	139,900	159,772
Construction in progress	6,660	10,003	Lease obligations	4,718	5,056
			Deferred tax liabilities	8,555	8,924
Intangible assets	11,256	13,311	Net defined benefit liability	32,833	39,380
Goodwill	906	1,365	Asset retirement obligations	1,213	1,042
Software	6,470	8,610	Other	10,501	13,314
Other	3,880	3,336	Total liabilities	489,000	526,980
Investments and other assets	125,798	135,975	(Net assets)		
Investment securities	37,075	39,475	I Shareholders' equity	321,878	298,548
Long-term loans receivable	110	154	Capital stock	96,557	96,557
Deferred tax assets	38,939	44,816	Capital surplus	94,161	94,161
Net defined benefit asset	24,885	26,002	Retained earnings	137,071	108,726
Other	25,186	26,117	Treasury shares	(5,911)	(896)
Allowance for doubtful accounts	(397)	(589)	II Valuation and translation adjustments	(59,411)	(48,799)
			Valuation difference on available-for-sale securities	3,688	2,914
			Deferred gains or losses on hedges	(73)	(178)
			Foreign currency translation adjustment	(29,925)	(14,817)
			Remeasurements of defined benefit plans	(33,101)	(36,718)
Total assets	778,857	803,703	III Minority interests	27,390	26,974
			Total net assets	289,857	276,723
			Total liabilities and net assets	778,857	803,703

Consolidated Statement of Income

(Millions of yen)

Accounts	Current Fiscal year Ended December 31, 2015	Previous Fiscal Year Ended December 31, 2014 (Reference)
I Net sales	819,999	830,078
II Cost of sales	635,106	657,794
Gross profit	184,893	172,284
III Selling, general and administrative expenses	133,825	131,208
Operating income	51,068	41,076
IV Non-operating income	6,681	8,457
Interest income	1,198	1,764
Dividends income	365	353
Equity in earnings of affiliates	2,735	3,014
Foreign exchange gains	—	300
Other	2,383	3,026
V Non-operating expenses	8,754	9,608
Interest expenses	5,485	6,784
Foreign exchange losses	567	—
Other	2,702	2,824
Ordinary income	48,995	39,925
VI Extraordinary income	18,466	5,153
Gain on sales of noncurrent assets	14,229	619
Gain on sales of subsidiaries and affiliates securities	2,723	4,163
Compensation income	704	—
Gain on sales of investment securities	555	—
State subsidy	255	—
Gain on bargain purchase	—	371
VII Extraordinary loss	8,895	6,184
Severance costs	3,787	1,263
Loss on disposal of noncurrent assets	3,550	3,870
Loss on valuation of investments in capital	716	—
Impairment loss	674	1,051
Loss on reduction of noncurrent assets	168	—
Income before income taxes and minority interests	58,566	38,894
Income taxes-current	14,351	8,562
Income taxes-deferred	4,634	4,034
Income before minority interests	39,581	26,298
Minority interests in income	2,187	1,104
Net income	37,394	25,194

Consolidated Statement of Changes in Net Assets

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at January 1, 2015	96,557	94,161	108,726	(896)	298,548
Cumulative effects of changes in accounting policies			(2,316)		(2,316)
Restated balance	96,557	94,161	106,410	(896)	296,232
Change in FY 2015					
Dividends from surplus			(6,733)		(6,733)
Net income			37,394		37,394
Purchase of treasury shares				(5,015)	(5,015)
Net changes of items other than shareholders' equity					
Total change in FY 2015	—	—	30,661	(5,015)	25,646
Balance at December 31, 2015	96,557	94,161	137,071	(5,911)	321,878

	Valuation and translation adjustments					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total valuation and translation adjustments		
Balance at January 1, 2015	2,914	(178)	(14,817)	(36,718)	(48,799)	26,974	276,723
Cumulative effects of changes in accounting policies						(99)	(2,415)
Restated balance	2,914	(178)	(14,817)	(36,718)	(48,799)	26,875	274,308
Change in FY 2015							
Dividends from surplus							(6,733)
Net income							37,394
Purchase of treasury shares							(5,015)
Net changes of items other than shareholders' equity	774	105	(15,108)	3,617	(10,612)	515	(10,097)
Total change in FY 2015	774	105	(15,108)	3,617	(10,612)	515	15,549
Balance at December 31, 2015	3,688	(73)	(29,925)	(33,101)	(59,411)	27,390	289,857

Non-consolidated Financial Statements

Non-consolidated Balance Sheet

(Millions of yen)

Accounts	Current Fiscal Year As of December 31, 2015	Previous Fiscal Year As of December 31, 2014 (Reference)	Accounts	Current Fiscal Year As of December 31, 2015	Previous Fiscal Year As of December 31, 2014 (Reference)
(Assets)			(Liabilities)		
I Current assets	151,844	147,005	I Current liabilities	229,967	233,990
Cash and deposits	558	303	Notes payable-trade	896	1,067
Notes receivable-trade	8,772	8,929	Accounts payable-trade	59,516	72,759
Accounts receivable-trade	65,253	52,570	Short-term loans payable	119,265	117,111
Merchandise and finished goods	21,270	20,865	Commercial papers	4,000	—
Work in process	4,253	4,021	Current portion of bonds	8,000	10,000
Raw materials and supplies	7,024	7,870	Accounts payable-other	25,974	24,018
Advance payments-trade	496	257	Income taxes payable	5,161	—
Prepaid expenses	1,593	1,159	Accrued consumption taxes	135	248
Deferred tax assets	4,059	4,157	Provision for bonuses	4,561	4,319
Short-term loans receivable	11,879	12,043	Provision for directors' bonuses	54	44
Accounts receivable-other	26,174	34,411	Provision for loss on disaster	—	49
Other	540	456	Provision for environmental measures	—	1,817
Allowance for doubtful accounts	(26)	(37)	Accrued expenses	641	840
			Advances received	291	141
II Noncurrent assets	504,812	503,593	Deposits received	997	986
Property, plant and equipment	91,895	91,291	Other	477	591
Buildings	31,760	31,279	II Noncurrent liabilities	171,351	174,284
Structures	4,800	4,659	Bonds payable	20,000	8,000
Machinery and equipment	21,782	22,207	Long-term loans payable	134,979	149,283
Vehicles	59	83	Provision for retirement benefits	11	9
Tools, furniture and fixtures	4,504	3,515	Provision for loss on business of subsidiaries and affiliates	3,600	3,758
Land	28,025	28,243	Asset retirement obligations	509	372
Construction in progress	965	1,307	Deferred tax liabilities	6,844	6,825
			Other	5,409	6,037
Intangible assets	5,272	6,733	Total liabilities	401,318	408,274
Software	4,983	6,380	(Net assets)		
Other	289	353	I Shareholders' equity	257,763	245,008
			Capital stock	96,557	96,557
Investments and other assets	407,646	405,569	Capital surplus	94,161	94,161
Investment securities	12,677	12,033	Legal capital surplus	94,156	94,156
Stocks of subsidiaries and affiliates	335,859	333,716	Other capital surplus	5	5
Investments in capital of subsidiaries and affiliates	19,322	18,118	Retained earnings	72,956	55,186
Long-term loans receivable	2,625	3,745	Other retained earnings		
Prepaid pension cost	19,224	19,942	Reserve for tax deferral of subsidies	30	31
Other	18,142	18,197	Reserve for tax deferral of insurance gains	1	2
Allowance for doubtful accounts	(203)	(181)	Reserve for tax deferral of capital gains from eminent domain	921	895
			Reserve for reduction entry of replaced property	5,686	5,709
			Retained earnings brought forward	66,318	48,550
			Treasury shares	(5,911)	(896)
			II Valuation and translation adjustments	(2,424)	(2,684)
			Valuation difference on available-for- sale securities	3,067	2,511
			Deferred gains or losses on hedges	(5,491)	(5,195)
Total assets	656,657	650,598	Total net assets	255,338	242,324
			Total liabilities and net assets	656,657	650,598

Non-consolidated Statement of Income

(Millions of yen)

Accounts	Current Fiscal Year Ended December 31, 2015	Previous Fiscal Year Ended December 31, 2014 (Reference)
I Net sales	241,445	258,186
II Cost of sales	196,520	214,675
Gross profit	44,925	43,511
III Selling, general and administrative expenses	32,290	32,347
Operating income	12,634	11,163
IV Non-operating income	7,430	8,468
Interest income	171	241
Dividends income	6,380	6,650
Other	879	1,577
V Non-operating expenses	4,308	5,184
Interest expenses	3,047	3,956
Other	1,262	1,228
Ordinary income	15,756	14,447
VI Extraordinary income	19,990	5,701
Gain on sales of land	11,928	89
Gain on sales of subsidiaries and affiliates securities	7,762	5,612
Gain on transfer of business	300	—
VII Extraordinary loss	1,867	2,749
Loss on disposal of noncurrent assets	1,252	796
Loss on valuation of investments in capital	615	—
Provision for loss on business of subsidiaries and affiliates	—	1,953
Income before income taxes	33,879	17,399
Income taxes-current	6,193	2,144
Income taxes-deferred	1,028	2,375
Net income	26,658	12,880

Non-consolidated Statement of Changes in Net Assets

(Millions of yen)

	Shareholders' equity											
	Capital stock	Capital surplus			Retained earnings						Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings					Total retained earnings		
					Reserve for tax deferral of subsidies	Reserve for tax deferral of insurance gains	Reserve for tax deferral of capital gains from eminent domain	Reserve for reduction entry of replaced property	Retained earnings brought forward			
Balance at January 1, 2015	96,557	94,156	5	94,161	31	2	895	5,709	48,550	55,186	(896)	245,008
Cumulative effects of changes in accounting policies									(2,155)	(2,155)		(2,155)
Restated balance	96,557	94,156	5	94,161	31	2	895	5,709	46,395	53,031	(896)	242,853
Change in FY 2015												
Reversal of reserve for tax deferral of subsidies					(2)				2	-		-
Reversal of reserve for tax deferral of insurance gains						(1)			1	-		-
Reversal of reserve for tax deferral of capital gains from eminent domain							(20)		20	-		-
Reversal of reserve for reduction entry of replaced property								(316)	316	-		-
Adjustment to reserve due to change in tax rate					2	0	46	293	(340)	-		-
Dividends from surplus									(6,733)	(6,733)		(6,733)
Net income									26,658	26,658		26,658
Purchase of treasury shares											(5,015)	(5,015)
Net changes of items other than shareholders' equity												
Total change in FY 2015	-	-	-	-	(1)	(1)	26	(23)	19,923	19,925	(5,015)	14,910
Balance at December 31, 2015	96,557	94,156	5	94,161	30	1	921	5,686	66,318	72,956	(5,911)	257,763

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at January 1, 2015	2,511	(5,195)	(2,684)	242,324
Cumulative effects of changes in accounting policies				(2,155)
Restated balance	2,511	(5,195)	(2,684)	240,169
Change in FY 2015				
Reversal of reserve for tax deferral of subsidies				-
Reversal of reserve for tax deferral of insurance gains				-
Reversal of reserve for tax deferral of capital gains from eminent domain				-
Reversal of reserve for reduction entry of replaced property				-
Adjustment to reserve due to change in tax rate				-
Dividends from surplus				(6,733)
Net income				26,658
Purchase of treasury shares				(5,015)
Net changes of items other than shareholders' equity	556	(296)	260	260
Total change in FY 2015	556	(296)	260	15,169
Balance at December 31, 2015	3,067	(5,491)	(2,424)	255,338

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

February 24, 2016

To the Board of Directors of
DIC Corporation:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Yoshiaki Kitamura

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Takaya Otake

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Koji Inoue

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated balance sheet as of December 31, 2015 of DIC Corporation (the "Company") and its consolidated subsidiaries, and the related consolidated statements of income and changes in net assets for the fiscal year from January 1, 2015 to December 31, 2015, and the related notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

(TRANSLATION)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of DIC Corporation and its consolidated subsidiaries as of December 31, 2015, and the results of their operations for the year then ended in accordance with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

February 24, 2016

To the Board of Directors of
DIC Corporation:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Yoshiaki Kitamura

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Takaya Otake

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Koji Inoue

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the financial statements, namely, the balance sheet as of December 31, 2015 of DIC Corporation (the "Company"), and the related statements of income and changes in net assets for the 118th fiscal year from January 1, 2015 to December 31, 2015, and the related notes and the accompanying supplemental schedules.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements and the accompanying supplemental schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplemental schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and the accompanying supplemental schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accompanying supplemental schedules are free from material misstatement.

(TRANSLATION)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the accompanying supplemental schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of DIC Corporation as of December 31, 2015, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language and "the accompanying supplemental schedules" referred to in this report are not included in the attached financial documents.

Audit Report of the Board of Corporate Auditors

AUDIT REPORT

With respect to the Directors' performance of their duties during the 118th fiscal year (from January 1, 2015 to December 31, 2015), the Board of Corporate Auditors of DIC Corporation (hereinafter referred to as "the Company") has prepared this audit report after deliberations based on the audit reports prepared by each Corporate Auditor and hereby reports as follows:

1. Methods and Details of Audit by Corporate Auditors and the Board of Corporate Auditors

- (1) The Board of Corporate Auditors has established the audit policies and the audit plans, etc. and received reports from each Corporate Auditor regarding the status of conduct of audits and results thereof. In addition, the Board of Corporate Auditors has received reports from the Directors, etc. and the Independent Auditors regarding the status of performance of their duties, and requested them to provide explanations as necessary.
- (2) In conformity with the Corporate Auditors auditing standards established by the Board of Auditors, and in accordance with the audit policies and audit plans, each Corporate Auditor endeavored to communicate with the Directors, internal audit departments and other relevant employees, endeavored to collect information and maintain and improve the audit environment and conducted audit with methods described below;
 - ① Each Corporate Auditor attended the meetings of the Board of Directors and other important meetings, received reports on the status of performance of duties from the Directors and relevant employees, requested them to provide explanations as necessary, examined important documents regarding decisions and approvals made and inspected the status of the business and property at the head office and other principal business locations. With respect to subsidiaries, each Corporate Auditor endeavored to communicate with and exchanged information with the Directors, the Corporate Auditors, and relevant employees of each subsidiary, received reports on their business as necessary, and investigated the status of their operations and property at some of subsidiaries.
 - ② Regarding maintenance and improvement of internal control systems that are set forth in Companies Act of Japan, each Corporate Auditor received reports of the Board of Directors' resolution and the status of establishment and operation from the Directors and relevant employees, requested them to provide explanations as necessary and expressed opinions. On internal controls of the corporate group, each Corporate Auditor received reports from Directors and relevant employees of subsidiaries and requested them to provide explanations as necessary.
 - ③ Each Corporate Auditor monitored and verified whether the Independent Auditors maintained their independence and properly conducted their audits, received reports from the Independent Auditors on the status of their performance of duties, and requested them to provide explanations as necessary. Each Corporate Auditor was notified by the Independent Auditors that they had established a system to ensure that the performance of the duties of the Independent Auditors is being properly conducted in accordance with the "Quality Control Standards for Audits" constituted by the Business Accounting Council, and requested them to provide explanations as necessary.

Based on the above-described methods, each Corporate Auditor examined the non-consolidated financial statements and the annexed detailed statements, as well as the consolidated financial statements, for the fiscal year.

2. Results of Audit

(1) Results of Audit of Business Report and Other Relevant Documents

- ① We acknowledge that the business report and annexed detailed statements fairly present the status of the Company in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.
- ② We discovered no misconduct or material fact constituting a violation of any law or regulation or the Articles of Incorporation of the Company in connection with the Directors' performance of their duties.
- ③ We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not discover any matter to be mentioned with respect to the Directors' performance of their duties concerning the internal control systems.

(2) Results of Audit of Non-Consolidated Financial Statements and Annexed Detailed Statements

We acknowledge that the methods and results of the audit performed by the Independent Auditors, Deloitte Touche Tohmatsu LLC are appropriate.

(3) Results of Audit of Consolidated Financial Statements

We acknowledge that the methods and results of the audit performed by the Independent Auditors, Deloitte Touche Tohmatsu LLC are appropriate.

February 25, 2016

The Board of Corporate Auditors of DIC Corporation

Fulltime Corporate Auditor	Jiro Mizutani	[Seal]
Fulltime Corporate Auditor	Yoshiyuki Mase	[Seal]
Corporate Auditor	Katsunori Takechi	[Seal]
Corporate Auditor	Cindy Yoshiko Shirata	[Seal]

[End of the Business Report of the 118th Fiscal Year]

Reference Documents for the General Meeting of Shareholders

Proposal 1 Appropriation of Surplus

The Company believes that it should pursue a basic policy on the appropriation of retained earnings by ensuring stable management fundamentals and bringing more satisfactory profit returns to the shareholders.

The Company endeavors to maintain the internal reserves and uses them effectively in order to promote the future interests of the shareholders by reinforcing the business essentials of the Company.

The Company proposes the year-end dividends as follows:

- ① **Type of Dividend Property**
Cash

- ② **Allocation of Dividend Property to Shareholders and Total Amount of Dividend**
¥4 per share of common stock
Total amount of dividend: ¥3,792,309,188
The Company previously paid out ¥4 per share as an interim dividend and the aggregate amount of annual dividends for the fiscal year under review will therefore amount to ¥8 per share.

- ③ **Effective Date of Dividend**
March 30, 2016

Proposal 2 Consolidation of Shares

1. Reason for the Consolidation of Shares

The Japanese stock exchanges announced the “Action Plan for Consolidating Trading Units” and are pursuing the goal of consolidation of the trading units of listed companies at 100 shares. Keeping this action plan in mind, the Company proposes to change the number of shares per trading unit from 1,000 to 100 shares and consolidate its shares by a factor of 10 to 1 in order to fit the standard of the investment unit (¥50,000 or more and less than ¥500,000) that would be considered desirable by the Japanese stock exchanges.

2. The Rate of the Consolidation of Shares

The Company shall consolidate the shares by a factor of 10 to 1. As a result of the consolidation of shares, the Company shall sell or buy out all of the shares which cannot be consolidated and distribute returns to the shareholders who hold the shares which cannot be consolidated, in proportion to their ratio in accordance with the Article 235 of the Companies Act.

3. Effective Date

July 1, 2016

4. Total Number of Authorized Shares as of the Effective Date

150,000,000

Article 182, Paragraph 2 of the Companies Act provides that if a consolidation of shares is conducted, the Articles of Incorporation regarding the total number of authorized shares shall be deemed to be amended. If the proposal is approved, the Articles of Incorporation will be amended as follows:

(Underlined parts are to be amended.)

Current Articles of Incorporation	Proposal for Amendments
(Total Number of Shares Authorized to be Issued) Article 6. The total number of shares authorized to be issued by the Company shall be <u>one billion and five hundred million (1,500,000,000)</u> .	(Total Number of Shares Authorized to be Issued) Article 6. The total number of shares authorized to be issued by the Company shall be <u>one hundred and fifty million (150,000,000)</u> .

5. Others

The consolidation of shares shall be subject to the approval of Proposal 3 “Partial Amendments to the Articles of Incorporation”. The Company proposes that other procedural matters should be left to the discretion of the Board of Directors.

Note: As a result of the consolidation of shares, the number of shares held by shareholders will become 1/10 of what it is currently and at the same time, the net asset value per share will become 10 times its current value as the assets and equity of the Company will not change. It follows that the value of shares held by shareholders will not change except from the fluctuation of the stock market and other related factors.

Proposal 3 Partial Amendments to the Articles of Incorporation

1. Reason for the partial amendments to the Article of Incorporation

(1) Keeping the “Action Plan for Consolidating Trading Units” announced by the Japanese stock exchanges in mind, the Company proposes partial amendments to Article 8 of the Articles of Incorporation in order to change the number of shares per trading unit from 1,000 to 100 shares.

(2) The partial amendment of Article 8 of the Articles of Incorporation shall be subject to the approval of Proposal 2 “Consolidation of Shares”, and a supplementary provision providing that the amendments become effective as of July 1, 2016 which is the effective date of the consolidation of shares. The supplementary provision shall be deleted when the amendments become effective.

(3) The “Act for Partial Amendments of the Companies Act” (Act No. 90 of 2014) has come into effect, and as a result the company can conclude contracts for limitation of liability with directors who are not executive directors etc. and with corporate auditors who are not also outside auditors. Accordingly, the Company proposes to make amendments to Article 27, Paragraph 2 and Article 36, Paragraph 2 of the current Articles of Incorporation, in order to provide security to the proper persons and enable those persons to perform to their fullest potential. The amendment of Article 27, Paragraph 2 has been approved by all of the Corporate Auditors.

2. Details of the Amendments to the Articles of Incorporation

The Company proposes to make partial amendments to the current Articles of Incorporation as follows:

(Underlined parts are to be amended.)

Current Articles of Incorporation	Proposal for Amendments
<p>(Number of Unit Shares) Article 8. The number of shares constituting one unit of shares of the Company shall be <u>one thousand (1,000)</u>.</p>	<p>(Number of Unit Shares) Article 8. The number of shares constituting one unit of shares of the Company shall be <u>one hundred (100)</u>.</p>
<p>(Exemption from Director’s Liabilities) Article 27. (Omitted) 2. In accordance with the provisions set forth in Paragraph 1 of Article 427 of the Companies Act, the Company may enter into agreements with <u>outside directors</u> which set limits on their liabilities due to neglect of their duties. Provided, however, that the limit of such liability based upon such agreements shall be the minimum limit of liability stipulated in Paragraph 1 of Article 425 of the Companies Act.</p>	<p>(Exemption from Director’s Liabilities) Article 27. (No change) 2. In accordance with the provisions set forth in Paragraph 1 of Article 427 of the Companies Act, the Company may enter into agreements with <u>directors (excluding those who are executive directors, etc.)</u> which set limits on their liabilities due to neglect of their duties. Provided, however, that the limit of such liability based upon such agreements shall be the minimum limit of liability stipulated in Paragraph 1 of Article 425 of the Companies Act.</p>

(Exemption from Auditor's Liabilities)

Article 36. (Omitted)

2. In accordance with the provisions set forth in Paragraph 1 of Article 427 of the Companies Act, the Company may enter into agreements with outside auditors which set limits on their liabilities due to neglect of their duties. Provided, however, that the limit of such liability based upon such agreements shall be the minimum limit of liability stipulated in Paragraph 1 of Article 425 of the Companies Act.

(Newly provided)

(Exemption from Auditor's Liabilities)

Article 36. (No change)

2. In accordance with the provisions set forth in Paragraph 1 of Article 427 of the Companies Act, the Company may enter into agreements with corporate auditors which set limits on their liabilities due to neglect of their duties. Provided, however, that the limit of such liability based upon such agreements shall be the minimum limit of liability stipulated in Paragraph 1 of Article 425 of the Companies Act.

SUPPLEMENTARY PROVISIONS

The partial amendments to Article 8 shall become effective as of July 1, 2016. This supplementary provision shall be deleted when the partial amendments become effective.

Proposal 4 Election of 7 Directors

With the expiration of the term of office of all 7 incumbent directors at the conclusion of the Meeting, the Company proposes the election of 7 directors.

The candidates for election as directors are as follows:

Candidate No.

1

Yoshiyuki Nakanishi [DOB: November 3, 1954]



Number of the Company's Shares Held

90,000

Attendance at Board of Directors meetings

14/14

■ **Brief Personal History, Positions and Responsibility**

- April 1978 Joined the Company as an employee
- April 2008 Division President, Functional Polymers Div.
- April 2010 Executive Officer; Responsible for Corporate Strategy Div. and Kawamura Memorial Museum of Art
- June 2011 Director; Executive Officer; Responsible for Corporate Strategy Div. and Kawamura Memorial DIC Museum of Art
- April 2012 Representative Director; President and
to present CEO

■ **Reasons for Being a Candidate for Director**

Since Mr. Yoshiyuki Nakanishi joined the Company, he has assumed several key posts in the Polymer Segment and has experience serving as the Executive Officer responsible for Corporate Strategy Div. since 2012. He has been serving as Representative Director, President and CEO, and as a result he has a wide variety of experiences, actual achievements and knowledge about the management of chemical industrial companies as well as the management of global businesses. Accordingly, Mr. Yoshiyuki Nakanishi is once again a candidate for Director.

Note: There are no special interests between Mr. Yoshiyuki Nakanishi and the Company.

Candidate No.

2

Masayuki Saito [DOB: November 8, 1954]



Number of the Company's Shares Held

90,120

Attendance at Board of Directors meetings

14/14

■ Brief Personal History, Positions and Responsibility

- April 1977 Joined the Company as an employee
- April 2007 General Manager, Finance Dept.
- April 2008 Executive Officer; Responsible for Finance & Accounting Div.
- June 2010 Director; Executive Officer; Responsible for Finance & Accounting Div.
- April 2011 Director; Managing Executive Officer; Responsible for Finance & Accounting Div.
- April 2012 Representative Director; Senior Managing Executive Officer; Assistant to the President and CEO; Responsible for Finance & Accounting Div.
- January 2016 to present Representative Director; Executive Vice president; Assistant to the President and CEO; CFO

■ Principal Concurrent Positions Held at Other Organizations

Chairman of the Supervisory Board, Sun Chemical Group Coöperatief U.A.

■ Reasons for Being a Candidate for Director

Mr. Masayuki Saito has experience as General Manager of the Corporate Strategic Planning Dept., Managing Director of the Regional Headquarters of the Asia region and as General Manager of the Finance Dept. At present, he is assisting to the President & CEO as Representative Director and Executive Vice President, and as a result he has a wide variety of experiences, actual achievements and knowledge about the management of global businesses. Accordingly, Mr. Masayuki Saito is once again a candidate for Director.

Note: There are no special interests between Mr. Masayuki Saito and the Company.

Candidate No.

3

Yoshihisa Kawamura [DOB: November 12, 1960]



Number of the Company's Shares Held

853,520

Attendance at Board of Directors meetings

14/14

■ **Brief Personal History, Positions and Responsibility**

April 1984 Joined Mitsui & Co., Ltd. as an employee
April 1991 Joined the Company as an employee
June 2004 Executive Officer; General Manager,
Strategic Global Purchasing Div.
June 2007 Director; General Manager, Corporate
Strategic Planning Dept.
April 2008 Director; Managing Executive Officer;
President, Graphic Arts Materials
Business Operation
July 2011 Director; Managing Executive Officer;
President, Neo-Graphic Arts Materials
Business Operation
April 2012 Director; Managing Executive Officer
April 2013 Director; Managing Executive Officer;
Responsible for Sales & Marketing
Support Div.
January 2014 Director
to present

■ **Principal Concurrent Positions Held at Other Organizations**

Director and Chairman of the Board, DIC Graphics Corporation

■ **Reasons for Being a Candidate for Director**

Mr. Yoshihisa Kawamura has experience as General Manager of the Corporate Strategic Planning Dept., President of the Graphic Arts Materials Business Operations and President of the Neo-Graphic Arts Materials Business Operations. At present, he is supervising the management of the DIC Group as a director, and as a result he has a wide variety of experiences, actual achievements and knowledge about the management of global businesses. Accordingly, Mr. Yoshihisa Kawamura is once again a candidate for director.

Note: There are no special interests between Mr. Yoshihisa Kawamura and the Company.

Candidate No.

4

Hitoshi Wakabayashi [DOB: August 29, 1953]



Number of the Company's Shares Held

24,000

Attendance at Board of Directors meetings

14/14

■ **Brief Personal History, Positions and Responsibility**

April 1974 Joined the Company as an employee
April 2008 Division President, Pigments Div.
April 2011 Executive Officer; Division President,
Pigments Div.
April 2012 Executive Officer; General Manger, Fine
Chemicals Product Div.
January 2014 Managing Executive Officer;
Responsible for Fine Chemicals
Segment; General Manger, Fine
Chemicals Product Div.
March 2015 Director; Managing Executive Officer;
Responsible for Fine Chemicals
Segment; General Manger, Fine
Chemicals Product Div.
January 2016 Director; Managing Executive Officer;
to present President, Fine Chemicals Segment;
General Manager, Pigments Product
Div.; Senior Manager, Pigments Product

■ **Principal Concurrent Positions Held at Other Organizations**

Representative Director and President, Japan
Formalin Company, Inc.

■ **Reasons for Being a Candidate for Director**

Since Mr. Hitoshi Wakabayashi joined the Company, he has assumed several key posts in the Pigments Segment and he has experience as President of the Pigments Division. At present, he is the President of the Fine Chemicals Segment, and as a result he has a wide variety of experiences, actual achievements and knowledge about the management of global businesses. Accordingly, Mr. Hitoshi Nakanishi is once again a candidate for Director.

Note: There are no special interests between Mr. Hitoshi Wakabayashi and the Company.

Candidate No.

5

Kaoru Ino

[DOB: September 15, 1958]

Newly
Nominated



Number of the Company's Shares Held

20,000

Attendance at Board of Directors meetings

-

■ **Brief Personal History, Positions and Responsibility**

April 1981 Joined the Company as an employee
April 2008 General Manager, Finance Dept.
April 2011 General Manager, Purchasing and
 Logistics Dept.
April 2012 Executive Officer; General Manager,
 Corporate Planning Dept.
January 2014 Executive Officer; Responsible for
 Corporate Strategy; General Manager,
 Corporate Planning Dept.
January 2015 Executive Officer; Responsible for
 Corporate Strategy
January 2016 Managing Executive Officer;
to present Responsible for Corporate Strategy and
 Kawamura Memorial DIC Museum of
 Art

■ **Reasons for Being a Candidate for Director**

Mr. Kaoru Ino has experience as the General manager of the Finance Dept., General Manager of the Purchasing and Logistics Dept., and General Manager of the Corporate Planning Dept. At present, he is playing a leading role in developing the management strategy and business planning as Executive Officer responsible for Corporate Strategy, and as a result he has a wide variety of experiences, actual achievements and knowledge about the management of global businesses. Accordingly, Mr. Kaoru Ino is a candidate for Director.

Notes:

1. Mr. kaoru Ino is a newly nominated candidate for position of director.
2. There are no special interests between Mr. Kaoru Ino and the Company.

Candidate No.

6

Takao Suzuki

[DOB: January 12, 1946]

Outside Director
Candidate

Independent
Director



Number of the Company's Shares Held

0

Attendance at Board of Directors meetings

14/14

■ **Brief Personal History, Positions and Responsibility**

April 1969 Joined Hitachi, Ltd. as an employee
June 2003 Executive Officer, Hitachi, Ltd.
January 2006 Vice President and Executive Officer,
Hitachi, Ltd.
April 2006 Representative Executive Officer,
Executive Vice President and Executive
Officer, Hitachi Transport System, Ltd.
June 2006 Representative Executive Officer,
President and CEO, and Director,
Hitachi Transport System, Ltd.
June 2013 Outside Director, the Company
to present
June 2013 Director and Chairman of the Board,
Hitachi Transport System, Ltd.

■ **Reasons for Being a Candidate for Outside Director**

Mr. Takao Suzuki, as stated in the Brief Personal History above, has been engaged in corporate management for a long time. Accordingly, Mr. Takao Suzuki is once again a candidate for outside director so that his experience and insight can continue to be applied to the management of the Company.

Notes:

1. There are no special interests between Mr. Takao Suzuki and the Company.
2. Mr. Takao Suzuki is a candidate for outside director, and the matters to be particularly mentioned in this connection are as follows:
 - (1) Number of Years since the Candidate First Assumed the Office of Outside Director of the Company
At the conclusion of the Meeting, Mr. Takao Suzuki will have served for 2 years and 9 month as outside director of the Company.
 - (2) Summary of Liability Limitation Contracts
The Company will likely extend the contract for limitation of liability with Mr. Takao Suzuki, if he is reelected. Pursuant to the contract, if he neglects his duties and cause damages to the Company, he shall be liable for damages up to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act, on the condition that he acts in good faith and is not grossly negligent in performing his duties.
 - (3) Designation of Independent Director
Mr. Takao Suzuki is designated as independent director pursuant to the rules of the Tokyo Stock Exchange. For the standards of the independence of outside directors and outside auditors, please refer to page 47.

Candidate No.
7

Yukako Uchinaga [DOB: July 5, 1946]

Outside Director
Candidate

Independent
Director



Number of the Company's Shares Held

0

Attendance at Board of Directors meetings

14/14

■ **Brief Personal History, Positions and Responsibility**

July 1971 Joined IBM Japan, Ltd. as an employee
April 1995 Director, IBM Japan, Ltd.
April 2004 Director and Senior Executive Officer,
IBM Japan, Ltd.
June 2007 Outside director, Benesse Corporation
April 2008 Director and Vice Chairman, Benesse
Corporation
Chairman, the Board, President and
CEO, Berlitz Corporation
October 2009 Director and Executive Vice President,
Benesse Holdings, Inc.
April 2013 Honorary Chairman, Berlitz Corporation
March 2014 Outside Director, the Company
to present

■ **Principal Concurrent Positions Held at Other Organizations**

Board Chair, Japan Women's Innovative Network (J-Win,
a non-profit organization)
Outside director, Aeon Co., Ltd.
Outside director, HOYA CORPORATION

■ **Reasons for Being a Candidate for Outside Director**

Ms. Yukako Uchinaga, as stated in the Brief Personal History above, has been engaged in corporate management for a long time. Accordingly, Ms. Yukako Uchinaga is once again a candidate for outside director so that her experience and insight can continue to be applied to the management of the Company.

Notes:

1. There are no special interests between Ms. Yukako Uchinaga and the Company.
2. Ms. Yukako Uchinaga is a candidate for outside director, and the matters to be particularly mentioned in this connection are as follows:
 - (1) Number of Years since the Candidate First Assumed the Office of Outside Director of the Company
At the conclusion of the Meeting, Ms. Yukako Uchinaga will have served for 2 years as outside director of the Company.
 - (2) Summary of Liability Limitation Contracts
The Company will likely extend the contract for limitation of liability with Ms. Yukako Uchinaga, if she is reelected. Pursuant to the contract, if she neglects her duties and cause damages to the Company, he shall be liable for damages up to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act, on the condition that she acts in good faith and is not grossly negligent in performing her duties.
 - (3) Designation of Independent Director
Ms. Yukako Uchinaga is designated as independent director pursuant to the rules of the Tokyo Stock Exchange. As to the independence standards for outside directors and outside auditors, please refer to page 47.

(Reference) Independence Standards for Outside Directors and Outside Auditors of the Company

In order for outside directors and outside auditors to be judged as independent by the Company, it is necessary that they do not fall under or have not recently fallen under any of the following categories:

1. Person engaged in business execution of the Company or its subsidiaries (collectively, the "Group"), or person who has been engaged in business execution of the Group at any time in the past 10 years.
2. Person to whom any of Items ① through ⑧ below applies presently or during the most recent 3 years;
 - ① Major business partner of the Group (to which the Group provides products or services for which the transaction value in the most recent business year exceeds 3% of the Group's annual consolidated sales) or the person engaged in business execution of the major business partner;
 - ② Party for whom the Group is a major business partner (that provides the Group with products or services for which the transaction value in the most recent business year exceeds 3% of such party's annual consolidated sales) or the person engaged in business execution of such party;
 - ③ A shareholder of the Group, holding 5% or more of voting rights, or a person engaged in business execution of an incorporated entity that is the shareholder of the Group;
 - ④ Major financial institution (from which the Group has borrowings and the total borrowings at the end of the most recent business year exceeds 3% of the Company's consolidated gross assets) or a person engaged in business execution of such financial institution;
 - ⑤ Person receiving donations above 10 million yen per year from the Group or a person belonging to an organization receiving the donations from the Group.
 - ⑥ Person belonging to an auditing firm performing statutory audits of the Group;
 - ⑦ Consultant, accountant or legal professional obtaining money or financial benefit in excess of 10 million yen per year, or if such financial benefits are obtained by an organization and the financial benefits exceeds 3% of its consolidated income for the most recent business year, excluding person who is applied for ⑥;
 - ⑧ Person engaged in business execution of a company accepting a director or auditor who is engaged in business execution of the Company;
3. Spouse or person within the second degree of consanguinity of a person to whom any of Items 1. Though 2. applies.
4. Person who is/was an outside director or an outside auditor, and his/her incumbency is/was over 8 years.

Proposal 5 Election of 2 Corporate Auditors

With the expiration of the term of office of 2 incumbent Corporate Auditors, Mr. Jiro Mizutani and Mr. Yoshiyuki Mase, at the conclusion of the Meeting, the Company proposes the election of 2 Corporate Auditors.

This proposal has been concented to by the Board of Corporate Auditors.

The candidates for election as directors are as follows:

Candidate No.

1

Jiro Mizutani

[DOB: March 2, 1955]



■ Brief Personal History, Positions and Responsibility

April 1978 Joined the Company as an employee
April 2005 General Manager, Human Resources Dept.
April 2008 Executive Officer; Responsible for Business Administration Div., Kawamura Memorial Museum of Art, and Amagadai Golf Club
April 2010 Executive Officer; General Manager, Osaka Branch
June 2012 Corporate Auditor
to present

Number of the Company's Shares Held

63,000

Attendance at Board of Directors meetings

14/14

Attendance at Board of Auditors meetings

17/17

■ Reasons for Being a Candidate for Corporate Auditor

Mr. Jiro Mizutani has experience with compliance, corporate governance etc. as Executive Officer responsible for the Business Administration Division. As the result, he has a wide variety of experiences and actual achievements as the Company's corporate auditor for four years. Accordingly, Mr. Jiro Mizutani is once again a candidate for Corporate Auditor.

Note: There are no special interests between Mr. Jiro Mizutani and the Company.

Candidate No.

2

Yoshiyuki Mase [DOB: October 6, 1957]



■ Brief Personal History, Positions and Responsibility

April 1980 Joined the Company as an employee
April 2007 General Manager, Internal Audit Dept.
October 2009 General Manager, Internal Control
 Dept.
June 2012 Corporate Auditor
 to present

Number of the Company's Shares Held

39,000

Attendance at Board of Directors meetings

14/14

Attendance at Board of Auditors meetings

17/17

■ Reasons for Being a Candidate for Corporate Auditor

Mr. Yoshiyuki Mase is qualified as a certified public tax accountant, and he oversaw corporate accounts and internal control at the Company for many years, and has extensive expertise in finance and accounting. As a result he has varieties of experience and actual achievement as the corporate auditor for four years. Accordingly, Mr. Yoshiyuki Mase is once again a candidate for Corporate Auditor.

Note: There are no special interests between Mr. Yoshiyuki Mase and the Company.