



## DIC Corporation

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## Announcement

### DIC Announces Domestic Printing Inks Business Integration

On June 29, 2009, DIC announced that it had signed an agreement with a leading Japanese printing company Dai Nippon Printing Co., Ltd. (DNP) and DNP subsidiary The Inctec Inc. to integrate the domestic printing inks businesses of DIC and the printing inks businesses of The Inctec in a joint venture to be established by DIC and DNP on October 1, 2009.

#### Outline of the Joint Venture

Company name	: DIC Graphics Corporation
Head office	: Tokyo
Operations	: Manufacture and sale of printing inks and supplies
Paid-in capital	: ¥100,000,000
Expected date of establishment	: October 1, 2009
Joint venture partners	: DIC (66.6%), DNP (33.4%)
Annual net sales (projection)	: ¥110 billion

#### Background to the Agreement

Demand for printing inks in the Japanese market has declined steadily since peaking in 2006. In light of the increasing prevalence of digital printing and the Internet, as well as Japan's declining birth rate, conditions in the domestic printing inks market are expected to remain slow. Moreover, rising prices for crude oil and naphtha in recent years have resulted in a significant increase in raw materials costs for both companies.

Against this background, in December 2008 the three companies began discussing the idea of a business integration. Bringing together the know-how and management resources of DIC and The Inctec is expected to substantially enhance efficiency and competitiveness, creating an entity that is capable of sustainable growth even in a harsh operating environment. As a consequence of these discussions, the three companies resolved that the best approach was for DIC and DNP to establish a joint venture that would take over the domestic printing inks businesses of DIC and the printing inks businesses of The Inctec. The new company will be a consolidated subsidiary of DIC.

#### Anticipated Merits

As one of Japan's leading manufacturers of printing inks, DIC is known for its outstanding technological capabilities product quality, as well as its organic pigment and synthesizing technologies. The Inctec is a reputed manufacturer with a top domestic market share in such areas as news inks and sheetfed offset inks and technological capabilities that enable it to offer dispersions and blends tailored to customers' needs. By drawing on the respective strengths of the two companies, the business integration is expected to facilitate the development of superior-quality, highly competitive new products and the realization of a stable supply structure.

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