



December 22, 2016

To whom it may concern,

Company name: Nippon Paint Holdings Co., Ltd.
Representative: President & CEO, Tetsushi Tado
(Securities Code: 4612, TSE 1st Section)
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Notice of Acquisition of Shares of Dunn-Edwards Corporation, a U.S. Paint Manufacturer

Nippon Paint Holdings Co., Ltd. (the “**Company**”) announces that its Board of Directors has today approved a resolution authorizing Nippon Paint (USA) Inc., the Company’s U.S. consolidated subsidiary, to acquire all the shares of DE Parent Corp. (“**DE Parent**”), whereby both DE Parent and Dunn-Edwards Corporation (“**DE Corporation**”), the operating entity owned by DE Parent, will become wholly owned subsidiaries of the Company. This transaction (“**Transaction**”) will be structured by way of DE Parent merging with a special purpose company to be formed by Nippon Paint (USA) Inc. (“**AcquiringSub**”).

1. Purpose of the Share Acquisition

The Company is seeking to expand its sales and profits and to establish a strong foundation from which it can achieve a leading position in the paint manufacturing market. To this end, the Company has adopted a Medium-Term Business Plan covering the three year period commencing from FY 2015 (“**Business Plan**”), with the goal of becoming the “Global Paint Major.” Through its execution and implementation of the Business Plan, the Company intends to realize growth and profitability by expanding its general-purpose paint business, which has high potential for growth and profitability. Further, the Company aspires to strengthen its China/Asia business, and at the same time, purports to establish other core business segments.

DE Corporation, the target company, has primarily focused on the manufacture and sale of architectural paint since incorporation in 1925. DE Corporation has a leading market position in the southwest United States, where there is high and sustainable market growth. It maintains a high market share in the regions where it operates, utilizing its unique strengths including a wide variety of product offerings to respond to various customer needs, a presence that includes 130 company-operated stores, deep relationships and roots in its respective communities, and a strong brand of high quality backed with a long and proven history of success.

As a result of the Transaction, the Company will have established a platform to significantly develop its architectural paint business in the United States, where it has previously focused on the automotive coatings business; and with the addition of DE Corporation’s retail network, the Company will be able to further expand and augment its existing business in the U.S. The Company strongly believes that the Transaction will contribute to accomplishing its goal to become the “Global Paint Major.”

Through a cash merger between AcquiringSub, to be established in the U.S., and DE Parent, Nippon Paint (USA) Inc. will acquire DE Parent shares from existing shareholders. As a result of said reverse triangular merger, AcquiringSub will be merged with DE Parent and DE Parent will become a subsidiary of the Company.

2. Overview of the Target Companies

(DE Parent)

(1)	Name	DE Parent Corp.	
(2)	Address	California, the United States of America	
(3)	Name and Position of Representative	Karl Altergott, President & CEO	
(4)	Main Line of Business	Management of subsidiaries and related business	
(5)	Paid-in Capital(consolidated)	44 million US dollars	
(6)	Date of Establishment	March 22, 2016	
(7)	Main Shareholders and Shareholding Ratio	The Edwards Family members (55.5%) Dunn-Edwards Corporation Employees Stock Ownership Plan (44.5%)	
(8)	Relationship between the Company and DE Parent	Capital Relationship	There is no relationship to be reported.
		Personnel Relationship	There is no relationship to be reported.
		Business Relationship	There is no relationship to be reported.

(DE Corporation)

(1)	Name	Dunn-Edwards Corporation		
(2)	Address	California, the United States of America		
(3)	Name and Position of Representative	Karl Altergott, President & CEO		
(4)	Main Line of Business	Manufacturing and distribution of paint for architecture and industry		
(5)	Date of Establishment	August 21, 1925		
(6)	Main Shareholders and Shareholding Ratio	DE Parent (100.0%)		
(7)	Relationship between the Company and DE Corporation	Capital Relationship	There is no relationship to be reported.	
		Personnel Relationship	There is no relationship to be reported.	
		Business Relationship	There is no relationship to be reported.	
(8)	The Latest Operating Results for the Most Recent three (3) Years			
	Fiscal Year	FY 2013	FY2014	FY 2015
	Sales	USD 316M	USD 335M	USD 350M

3. Overview of the Sellers

(1) Individual Sellers

(1)	Name	The Edwards Family members
(2)	Address	The United States of America
(3)	Relationship between the Company and the Seller	There is no relationship to be reported.

(2) ESOP Seller

(1)	Name	Dunn-Edwards Corporation Employees Stock Ownership Plan
(2)	Address	California, the United States of America
(3)	Relationship between the Company and the Seller	There is no relationship to be reported.

4. Overview of Shareholdings subject to Transaction, Considerations and Shareholdings of the Company before and after Transaction

(1)	Shareholdings before Transaction	0.0%
(2)	Shareholdings subject to the Transaction	100.0%
(3)	Considerations	—
(4)	Shareholdings after Transaction	100.0%

Since the sellers reserve the rights to amend the terms of the Definitive Agreement subject to certain conditions, the parties agreed not to publicly disclose the share considerations until the closing date. The share considerations will be disclosed after the closing of the Transaction.

5. Timeline

(1)	Resolution by the Board of Directors	December 22, 2016
(2)	Execution of the Agreement	December 22, 2016
(3)	Date of Share Transfer	early March 2017 (subject to change)

6. Future Outlook

With regard to the impact on the Company's consolidated financial results, the Company will examine the effect of the Transaction and issue an announcement promptly if there is any matter to be announced, such as a revision to its earnings outlook.

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