

May 28, 2010



Company: TAIYO INK MFG CO., LTD.
Representative: Yuichi Kamayachi, President and CEO
(Stock Code: 4626, First Section of the Tokyo Stock Exchange)
Inquiries: Haruomi Yoshimoto
Executive Officer and General Manager of Corporate Strategy Division
(Tel. +81-3-5999-1511)

To Whom It May Concern:

**Notice of Transition to the Holding Company System through a Company Split and
Amendments to the Articles of Incorporation (Partial Amendment of the Corporate Name and Purpose)**

This is to advise you that, at the Board of Directors meeting held today, the Company resolved to transition to the holding company system, effective October 1, 2010, by splitting off and transferring the Company's business of "manufacturing, purchasing, and selling chemical products for use in electronic components, such as parts for printed wiring boards" to TAIYO JAPAN COMPANY, LIMITED (hereinafter referred to as "Nihon Taiyo"; the trade name is to be changed to "TAIYO INK MFG CO., LTD." as of October 1, 2010), a wholly owned subsidiary of the Company (hereinafter "the Company Split").

Please also be advised that, in connection therewith, the Company resolved to partially amend the Articles of Incorporation to change the trade name of the Company to TAIYO HOLDINGS CO., LTD., as of October 1, 2010, following the Company Split, and to change the purpose of the Company to that of a holding company. The Company intends to remain listed as a holding company.

Both the Company Split and the partial amendment of the Articles of Incorporation are subject to the approval of the Ordinary General Meeting of Shareholders to be held on June 29, 2010.

I. Transition to the Holding Company System through a Company Split

1. Purpose of Company Split (Transition to the Holding Company System)

The Company is working daily, based on its technological capabilities, to develop and provide products of maximum value, produce income, and increase its corporate value, thereby contributing to the well-being and prosperity of our customers, community, shareholders, and employees.

The world economy has been continuing on the path to recovery in recent days, owing to the successful implementation of economic stimulus measures by various countries in response to the global recession dating back to autumn 2008. Developing countries in Asia in particular, such as China, maintained steady economic growth, due to the expansion of personal consumption. Meanwhile, despite being on a recovery trend, the economies of developed countries, including Japan, the United States and European nations, continue to face uncertainties on the macroeconomic level with high unemployment rates, stagnant consumption, and financial deterioration.

The Company decided to transition to the holding company system and carry out the Company Split in this economic climate in order to "speed up the decision-making function through the separation of supervisory and executive duties," "strengthen the Group management function," and "promote agile and flexible organizational restructuring" to further enhance the corporate value of the Company Group.

2. Summary of Company Split

(1) Company-split schedule

Resolution by the Board of Directors	May 28, 2010
Signing of the Agreement	May 28, 2010
General Meeting of Shareholders	June 29, 2010 (planned)
Implementation Date (Effective Day)	October 1, 2010 (planned)
Registration of the Split	October 1, 2010 (planned)

(2) Company split method

This is an absorption-type merger in which the Company is the split company and the wholly owned subsidiary Nihon Taiyo is the successor company.

(3) Allocation related to the company split

Nihon Taiyo will issue 8,800 shares of common stock upon the Company Split, all of which will be delivered to the Company.

(4) Handling of stock acquisition rights and bonds with stock acquisition rights related to the company split

There is no relevant information.

(5) Change in capital due to the company split

There is no relevant information.

(6) Rights and obligations succeeded to by the successor company

Nihon Taiyo shall succeed to all assets, liabilities, agreements, and other rights and obligations relating to the Company's business of "manufacturing, purchasing, and selling chemical products for use in electronic components, such as parts for printed wiring boards" as of the Effective Day of the Company Split, except as separately provided for in the Absorption-Type Company Split Agreement between Nihon Taiyo and the Company dated May 28, 2010.

(7) Prospects on performance of obligations

The Company and Nihon Taiyo have determined that there should be no problem regarding the prospects for the performance by the parties of their corresponding obligations starting from the Effective Day of the Company Split.

3. Overview of Companies Involved in the Split

	Split Company As of March 31, 2010	Successor Company As of March 31, 2010
(1) Name	TAIYO INK MFG. CO., LTD. (Trade name to be changed to TAIYO HOLDINGS CO., LTD. as of October 1, 2010)	TAIYO JAPAN COMPANY, LIMITED (Trade name to be changed to TAIYO INK MFG. CO., LTD. as of October 1, 2010)
(2) Location	2-7-1 Hazawa, Nerima-ku, Tokyo 176-8508, Japan	2-7-1 Hazawa, Nerima-ku, Tokyo (Location of the head office to be moved to 900 Oaza Hirasawa, Ranzan-machi, Hiki-gun, Saitama 355-0215, Japan by October 1, 2010)
(3) Title and Name of Representative	Yuichi Kamayachi President and CEO	Hitoshi Inagaki President * Hitoshi Inagaki resigned as of April 1, 2010, and was replaced by Masahisa Kakinuma.

	Split Company As of March 31, 2010	Successor Company As of March 31, 2010								
(4) Business Description	Manufacture, purchase, and sale of chemical products for use in electronic components, such as parts for printed wiring boards	Manufacture and sale of chemical products for use in electronic components, such as parts for printed wiring boards (has not begun operating yet)								
(5) Capital	6,134 million yen	10 million yen								
(6) Date Established	September 29, 1953	August 5, 1999								
(7) No. of Issued Shares	27,464,000	200								
(8) Total Assets	43,704 million yen (consolidated)	8 million yen (non-consolidated)								
(9) Net Assets	35,685 million yen (consolidated)	8 million yen (non-consolidated)								
(10) End of Fiscal Year	March 31	March 31								
(11) No. of Employees	807 (consolidated)	0 (non-consolidated)								
(12) Major Clients	Japanese and foreign printed wiring board manufacturers	Has not begun operating yet								
(13) Main Financing Bank	Sumitomo Mitsui Banking Corporation	Sumitomo Mitsui Banking Corporation								
(14) Major Shareholders and Percentage of Ownership	Kowa Co., Ltd. 19.10% Japan Trustee Services Bank, Ltd. 14.25% TAIYO INK MFG. CO., LTD. 5.55% Mitsuo Kawahara 4.75% The Master Trust Bank of Japan, Ltd. 4.09% SHIKOKU CHEMICALS CORPORATION 2.29%	TAIYO INK MFG. CO., LTD. 100%								
(15) Relationship between the Parties	<table border="1"> <tbody> <tr> <td>Capital Ties</td> <td>Nihon Taiyo is a wholly owned subsidiary of the Company.</td> </tr> <tr> <td>Personnel</td> <td>A director of the Company is concurrently serving as a director of Nihon Taiyo. The Company is scheduled to second all of its employees who are engaged in the business relating to the Company Split to Nihon Taiyo starting from the Effective Day of the Company Split.</td> </tr> <tr> <td>Business Relationship</td> <td>There is no business relationship between the two, as Nihon Taiyo has not begun operating. The payment and receipt of rent for land and buildings, royalty, outsourcing fees for back office operations, and dividends are expected to arise between the Company and Nihon Taiyo from the Effective Day of the Company Split.</td> </tr> <tr> <td>Related-Party Status</td> <td>Although Nihon Taiyo is a wholly owned subsidiary of the Company, it is considered a non-consolidated subsidiary as it has not begun operating yet, and it qualifies as a related party. Nihon Taiyo is scheduled to become a consolidated subsidiary of the Company from the Effective Day of the Company Split.</td> </tr> </tbody> </table>		Capital Ties	Nihon Taiyo is a wholly owned subsidiary of the Company.	Personnel	A director of the Company is concurrently serving as a director of Nihon Taiyo. The Company is scheduled to second all of its employees who are engaged in the business relating to the Company Split to Nihon Taiyo starting from the Effective Day of the Company Split.	Business Relationship	There is no business relationship between the two, as Nihon Taiyo has not begun operating. The payment and receipt of rent for land and buildings, royalty, outsourcing fees for back office operations, and dividends are expected to arise between the Company and Nihon Taiyo from the Effective Day of the Company Split.	Related-Party Status	Although Nihon Taiyo is a wholly owned subsidiary of the Company, it is considered a non-consolidated subsidiary as it has not begun operating yet, and it qualifies as a related party. Nihon Taiyo is scheduled to become a consolidated subsidiary of the Company from the Effective Day of the Company Split.
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	Split Company As of March 31, 2010			Successor Company As of March 31, 2010		
(16) Business Results and Financial Position of the Company (Split Company) for the Most Recent Three Years						
Fiscal Year	TAIYO INK MFG CO., LTD. (Consolidated)			TAIYO INK MFG CO., LTD. (Non-consolidated)		
	Year Ended March 2008	Year Ended March 2009	Year Ended March 2010	Year Ended March 2008	Year Ended March 2009	Year Ended March 2010
Net Assets	39,140	34,584	35,685	29,665	27,699	26,662
Total Assets	48,938	40,869	43,704	36,223	31,985	31,930
Net Assets per Share (Yen)	1,450.87	1,313.20	1,349.61	1,120.78	1,067.89	1,027.92
Net Sales	45,338	32,614	35,056	26,866	18,970	20,379
Operating Income	8,896	3,332	4,843	2,275	15	600
Ordinary Income	8,586	3,546	4,787	5,609	4,069	1,809
Net Income	6,171	1,958	3,010	4,703	2,431	1,235
Net Income per Share (Yen)	233.18	74.25	116.08	177.68	92.19	47.65
Dividend per Share (Yen)	-	-	-	115.00	90.00	90.00

(Unit: Millions of yen, unless otherwise specified.)

4. Brief Description of the Business Segment Subject to Split-Off and Transfer

(1) Description of Business Segment Subject to Split-Off and Transfer

Manufacture, purchase, and sale of chemical products for use in electronic components, such as parts for printed wiring boards

(2) Business Results of the Segment Subject to Split-Off and Transfer

	Business Subject to Split- Off (a)	Actual Results as of March 2010 (Non-consolidated) (b)	Percentage (a ÷ b)
Net Sales	19,371 million yen	20,379 million yen	95.1%

(3) Items and Estimated Amounts of Assets and Liabilities Subject to Split-Off and Transfer

As of March 31, 2010

Assets		Liabilities	
Item	Book Value	Item	Book Value
Current Assets	6,798 million yen	Current Liabilities	4,616 million yen
Noncurrent Assets	1,016 million yen	Noncurrent Liabilities	1 million yen
Total	7,815 million yen	Total	4,617 million yen

5. Status of Listed Company Following Company Split

	Split Company
(1) Name	TAIYO HOLDINGS CO., LTD. (Trade name to be changed as of October 1, 2010.)
(2) Location	2-7-1 Hazawa, Nerima-ku, Tokyo 176-8508, Japan
(3) Title and Name of Representative	Yuichi Kamayachi, President and CEO
(4) Business Description	Holding company; the Group's overall business policy formulation and business management functions
(5) Capital	6,134 million yen (There is no change as a result of the Company Split.)
(5) End of Fiscal Year	March 31
(7) Net Assets	There is no change as a result of the Company Split.
(8) Total Assets	Total assets will be reduced by an amount corresponding to the assets to be transferred to the successor company.

6. Status of Successor Company Following Company Split

	Successor Company
(1) Name	TAIYO INK MFG CO., LTD. (Trade name to be changed as of October 1, 2010.)
(2) Location	900 Oaza Hirasawa, Ranzan-machi, Hiki-gun, Saitama 355-0215, Japan (Location of the head office to be moved by October 1, 2010.)
(3) Title and Name of Representative	Masahisa Kakinuma, President
(4) Business Description	Manufacture, purchase, and sale of chemical products for use in electronic components, such as parts for printed wiring boards
(5) Capital	450 million yen
(6) End of Fiscal Year	March 31

7. Overview of Accounting Treatment

Since the Company Split falls in the category of "transactions, etc. under common control" in terms of business combination accounting, there is no impact on profit or loss. Further, the Company Split will not result in goodwill.

8. Future Outlook

The Company Split is an absorption-type split involving the Company and a wholly owned subsidiary of the Company, so it will not have an impact on the consolidated business forecast for the fiscal year ending March 2011.

(Reference) Consolidated business forecast for the fiscal year ending March 2011 (as announced on May 12, 2010) and the actual results for the fiscal year ended March 2010

(Unit: Million yen)

	Consolidated Net Sales	Consolidated Operating Income	Consolidated Ordinary Income	Consolidated Net Income
Business Forecast (Fiscal year ending March 2011)	37,000	5,000	5,000	3,500
Actual Results (Fiscal year ended March 2010)	35,056	4,843	4,787	3,010

II. Amendment of the Articles of Incorporation

1. Purpose of Amendment

- ① To change the trade name of the Company to TAIYO HOLDINGS CO., LTD. in connection with the transition to the holding company system.
- ② To change the purpose of the Company to business management and other operations as a holding company in connection with the transition to the holding company system.

2. Schedule for Amendment of the Articles of Incorporation

Resolution by the Board of Directors	May 28, 2010
General Meeting of Shareholders	June 29, 2010 (planned)
Implementation Date (Effective Date)	October 1, 2010 (planned)

3. Details of the Amendment of the Articles of Incorporation

(Underline indicates change)

Current Articles of Incorporation	Proposed Amendment
<p>(Trade Name) Article 1 The name of the Company shall be <u>Taiyo Inki Seizou Kabushiki Kaisha</u> and in English shall be <u>TAIYO INK MFG. CO., LTD.</u></p> <p>(Purpose) Article 2 The purpose of the Company shall be to engage in the following businesses: (New)</p> <p>(1) development, manufacture and sale of printing ink, coating materials and adhesives for printed wiring boards, as well as application products thereof; (2) manufacture and sale of general printing ink and aids thereof; (3) manufacture and sale of chemicals for plate making; (4) development, manufacture and sale of synthetic resins for electronic components of printed wiring boards; (5) purchase and sale of manufacturing equipment for printed wiring boards and accessories therefor; (6) manufacture and sale of ink, coating materials and adhesives for plasma display panels and liquid crystal panels, as well as application products thereof; (New) (7) import and export related to each of the preceding items; and (8) and all businesses incidental to each of the preceding items. (New)</p>	<p>(Trade Name) Article 1 The name of the Company shall be <u>Taiyo Hoorudingusu Kabushiki Kaisha</u> and in English shall be <u>TAIYO HOLDINGS CO., LTD.</u></p> <p>(Purpose) Article 2 The purpose of the Company shall be to engage in the following businesses. <u>1. The purpose of the Company shall be to hold the shares of companies engaged in the following businesses, thereby controlling and managing the business activities of relevant companies:</u> (1) development, manufacture and sale of printing ink, coating materials and adhesives for printed wiring boards, as well as application products thereof; (2) manufacture and sale of general printing ink and aids thereof; (3) manufacture and sale of chemicals for plate making; (4) development, manufacture and sale of synthetic resins for electronic components of printed wiring boards; (5) purchase and sale of manufacturing equipment for printed wiring boards and accessories therefor; (6) manufacture and sale of ink, coating materials and adhesives for plasma display panels and liquid crystal panels, as well as application products thereof; <u>(7) lease and management of real estate;</u> (8) import and export related to each of the preceding items; and (9) all businesses incidental to each of the preceding items. <u>2. To engage in the businesses set forth in each of the preceding items.</u></p>
<p>Article 3 ~ Article 47 (Omitted)</p> <p>(New) (New) (New)</p>	<p>Article 3 ~ Article 47 (No change)</p> <p><u>Supplementary Provisions</u> <u>Article 1 Amendment to Articles 1 and 2 shall go into effect as of the effective date, subject to the absorption-type split related to the Absorption-Type Company Split Agreement adopted at the 64th Ordinary General Meeting of Shareholders taking effect.</u> <u>Article 2 The preceding article and this article shall be deleted as of the effective date of the preceding article.</u></p>

End of Document