April 27, 2016

Company Name:	Dexerials Corporation
Security Code:	4980
Listing:	First Section, Tokyo Stock Exchange
Representative:	Takashi Ichinose, Representative Director and President
Contact:	Naoyuki Sanada, Senior Executive officer, Corporate Planning & Control Division
Phone:	+81-3-5435-3941

Please note that this document is a translation of the official announcement that was released in Tokyo. The translation is prepared and provided for the purpose of the readers' convenience only.
All readers are strongly recommended to refer to the original Japanese version of the news release for complete and accurate information.

Notice Regarding the Introduction of Performance-linked Stock Compensation Plan

Dexerials Corporation (the "Company") hereby announces that its Board of Directors approved a resolution at a meeting held today to introduce a new performance-linked stock compensation plan (hereafter the "System") for directors. The proposal for the System shall be submitted for approval at the Company's 4th Ordinary General Meeting of Shareholders (the "Shareholders' Meeting") to be held on June 23, 2016.

1. Background and Objective of Introducing the System

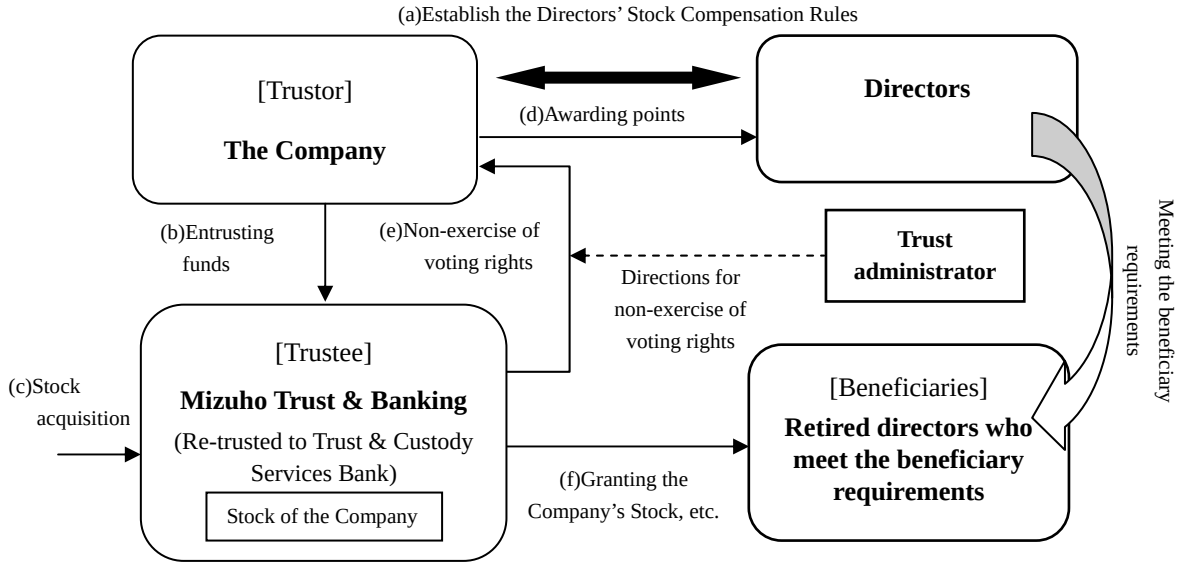
The System is a plan which clearly links the directors' compensation to the Company's results of operations and its share value. Under the System, directors experience both the benefit of high share prices and the risk of low share prices with the Company's shareholders. Such plan thus would lead directors to continuously aim for better performances over a medium- to long-term period and more contributions to increasing corporate value. The System will be submitted for approval at the Shareholders' Meeting and introduced only with the endorsement of the shareholders.

2. Overview of the System

(1) Outline

The Board Benefit Trust (hereafter the "Trust") will be adopted as the Company's performance-linked stock compensation plan. The System enables the Company's stock and the amount of cash equivalent to the market price of the Company's stock (hereafter the "Company's Stock, etc.") to be granted through the Trust to directors based on their respective positions and performance targets achieved in accordance with the Directors' Stock Compensation Rules (hereafter the "Rules") established by the Company's Board of Directors. The trust uses funds contributed by the Company to acquire the Company's Stock, etc. which will be, in principle, received by the Company's directors upon their retirement from the Company.

[Structure of the System]



(a) The Company obtains approval for the System at the Shareholders' Meeting. The Directors' Stock Compensation Rules (the "Rules") shall be established within the framework of the approval at the Shareholders' Meeting.
(b) The Company entrusts funds in accordance with the approval at the Shareholders' Meeting as outlined at (a) above.
(c) The Trust uses the funded amount as outlined at (b) above to acquire the Company's stock through the stock markets or disposals of the Company's treasury stock.
(d) The Company awards points to directors based on the Rules.
(e) Voting rights for the Company's stock held by the Trust account will not be exercised based on the direction from the trust administrator, who is independent from the Company.
(f) The Trust grants the Company's stock to retired directors who also meet the beneficiary requirements set under the Rules (the "Beneficiary") based on the number of points they have accrued. Provided, however, that, if the directors meet the requirements under the Rules, they may receive in respect of a certain percentage of the points awarded to them an amount of cash equivalent to the market price of the Company's stock.

(2) Individuals subjects of the System

Directors of the Company (excluding external directors and audit & supervisory board member).

(3) Period of the Trust

The period is from August 2016 (tentative) until the end of the Trust. (The Trust shall continue without determining a specific timeline as long as the System exists. The System shall be terminated when the Company's stock is delisted or the Rules is ended.)

(4) Amount of Trust Money and Number of Shares to be Acquired

After the System is approved at the Shareholders' Meeting, the Company will establish the Trust by contributing funds required to acquire shares for a specified preliminarily period that are reasonably estimated for the stock compensation in accordance with the guidelines at (6) and (7) below. The Trust, as described at (5) below, will acquire the Company's stock using funds contributed by the Company.

In detail, the Company will contribute required amount of funds for the three fiscal years, from the fiscal year ending March 31, 2017 to that ending March 31, 2019 (the "Initial Applicable Period"), at the beginning of the Trust period outlined at (3). As outlined at (6), the upper limit of points awarded to directors based on the System is 45,000 points for each fiscal year. Accordingly, when establishing the Trust, the Company will contribute an amount reasonably estimated to acquire 134,000 shares, taking into accounts the closing price of the Company's common stock under regular transactions on the Tokyo Stock Exchange on the day immediately prior to the establishment of the Trust. For information purposes, the contribution amount will be about 143 million yen, assuming the closing price of 1,058 yen as of April 26, 2016 is applied. Once the Trust is established, no additional contribution will be made to the Trust during the Initial Applicable Period.

After the Initial Applicable Period, the Company will make additional contribution to the Trust for the next three fiscal years (the "Next Applicable Period"), which is required for the preliminary acquisition of stock for the directors' stock compensation reasonably determined under the System. Additional contributions will be made every three fiscal years, in principle, in the same way as initially establishing the Trust. Should any Company's stock (excluding stock equivalent to the number of points awarded to directors and not yet granted) or cash remains with the Trust (the "Remaining Shares") immediately before the Next Applicable Period when additional contribution is to be made, such Remaining Shares will be used for granting or acquisition of stock under the System in the Next Applicable Period. Thus, additional contributions for the Next Applicable Period shall be determined, considering such Remaining Shares. When the Company resolves to make any additional contributions, it shall disclose the event in an appropriate, timely manner.

(5) Acquisition Method of the Company's Stock

The Trust uses the funded amount as outlined at (4) above to acquire the Company's stock through the stock markets or disposals of the Company's treasury stock.

Up to 134,000 shares will be acquired as soon as the Trust is established for the Initial Applicable Period.

(6) The Number of Shares Granted to Directors and Their Upper Limit

Directors are entitled to points every year in accordance with their respective positions and performance targets under the Rules. The number of points awarded to directors ranges from zero to an upper limit. The upper limit totals 45,000 points for each fiscal year. The Company believes the number of points is reasonable, as it is comprehensively determined considering the current payment level of directors' compensation, a historical trend in number of directors, and its future outlook. One point awarded to directors, as described at (7), equates to one share of the Company's common stock. (Note that when the number of shares changes after approval from its shareholders at the Shareholders' Meeting due to share splitting, gratis allotment, or reverse share splitting, the Company shall reasonably adjust the exchange ratio, reflecting the change.)

The number of points to which a director is entitled in determining the number of granting shares is calculated as follows: the number of points accumulated by the director at the time of retirement, which is multiplied by a certain factor (less than one) set for each reason of retirement. (The number of points determined in the aforementioned manner is referred to as "fixed points.")

(7) Timing of Stock Grants

Directors may receive the Company's stock from the Trust upon their retirement only when they meet the beneficiary requirements set under the Rules. Directors shall follow certain processes to be designated as the Beneficiary and may receive the Company's stock determined according to fixed points derived under the method as described at (6). Provided, however, that, if the directors meet requirements under the Rules, they may receive in respect of a certain percentage of the points awarded to them an amount of cash equivalent to the market price of the Company's stock in lieu of the Company's stock. The Trust may sell the Company's stock in order to make the monetary provisions.

(8) Exercise of Voting Rights

The trust administrator will instruct that voting rights related to the Company's stock held by the Trust shall not be exercised. In this way, the Trust will be able to ensure its neutrality in the Company's management.

(9) Dividends

Dividends related to the Company's stock held by the Trust shall be received by the Trust to acquire the Company's stock or pay for the trustee's compensation. Any remaining dividends upon termination of the Trust will be paid to the then current directors (excluding external directors).

(10) Termination of the Trust

The Trust shall be terminated in certain circumstances, such as when the Company's stock is delisted or when the Rules is ended.

Any Remaining Shares in the Trust upon its termination shall be processed as follows: the Company will acquire the Company's stock, if any, with no charge and cancel the said stock after being resolved at the Board of Directors meeting; and the Company will receive remaining cash, if any, excluding amounts paid to directors as described at (9).

[Overview of Trust Agreement]

(a) Name of trust: Board Benefit Trust
(b) Trustor: Dexerials Corporation
(c) Trustee: Mizuho Trust & Banking Co., Ltd. (Re-trusted to Trust & Custody Services Bank, Ltd.)
(d) Beneficiary: Retired directors who meet the beneficiary requirements based on the Rules
(e) Trust administrator: A third party having no conflicts of interest with the Company
(f) Type of trust: Money trust other than cash in trust (i.e. third party beneficiary trust)
(g) Date of trust agreement: August 2016 (Planned)
(h) Date of money trust: August 2016 (Planned)
(i) Period of trust: From August 2016 (Planned) until the end of a trust. (Trust shall continue without determining a specific timeline as long as the System exists.)