

February 24, 2015

To: All concerned parties

Company Name: Taiheiyo Cement Corporation
Name of Representative: Shuji Fukuda
President and Representative Director
(Code: 5233, First Section of Tokyo Stock Exchange,
Fukuoka Stock Exchange)
Contact: Seiichi Araki, General Manager of General
Affairs Department
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Notice of Transfer of a Consolidated Subsidiary's Shares

Taiheiyo Cement Corporation (“the Company”) hereby announces that the Company’s Board of Directors resolved at its meeting held today to transfer all shares of Nihon Ceratec Co., Ltd. (hereinafter “Nihon Ceratec”), a consolidated subsidiary of the Company, to NGK SPARK PLUG CO., LTD. (code: 5334, headquarters: Nagoya, Aichi Prefecture, representative: Shinichi Odo, President and Chief Executive Officer, hereinafter “NGK SPARK PLUG”), and concluded a share transfer agreement with NGK SPARK PLUG on the same day as follows.

1. Reason for the share transfer

Nihon Ceratec manufactures and sells advanced ceramics for components of semiconductor manufacturing equipment, including vacuum and electrostatic chucks, and other precision machinery components, as well as piezoelectric ceramics for nano-positioning systems and actuators, enjoying a high reputation among customers, particularly from semiconductor manufacturing equipment producers.

The Company group has been reorganizing the group business structure in line with the fundamental policies of its “14 Medium-Term Management Plan” formulated in May 2012, including improving the efficiency of group management and strengthening its earning power. Under these policies, we have been considering ways to maximize synergies between Nihon Ceratec and the Company group.

NGK SPARK PLUG, the transferee, is seeking expansion of businesses by establishing a new business division that covers a comprehensive range of components related to semiconductor manufacturing equipment to develop a new core technology under its sixth medium-term management plan, “NITTOKU SHINKA-RON (The Evolution of NGK SPARK PLUG)—SHINKA (Renovating) over Three Years.” We believe that the acquisition of Nihon Ceratec shares by NGK SPARK PLUG will generate various synergies, including expansion of customer bases and strengthening of support systems through NGK SPARK PLUG’s overseas sales network, and in terms of product development and manufacturing fields, which will lead to expansion of Nihon Ceratec’s operations. For this reason, we have decided to transfer all shares of Nihon Ceratec that the Company holds to NGK SPARK PLUG.

The Company will continue to promote the “selection and concentration” of businesses to improve the efficiency of group management and strengthen its business foundations, thereby further showcasing the collective strengths of the group and enhancing corporate value.

2. Overview of company to be transferred

(1) Name	Nihon Ceratec Co., Ltd.		
(2) Location	5, Akedori 3-chome, Izumi-ku, Sendai, Miyagi Prefecture		
(3) Name and title of representative	Shiro Moriyama, President		
(4) Business description	Development, manufacturing, sale, cleaning and refurbishment of advanced ceramics and their applied products; development, manufacturing, sale, etc., of piezoelectric ceramics and their applied products.		
(5) Capital stock	¥4,826 million (as of March 31, 2014)		
(6) Date of incorporation	July 7, 1987		
(7) Major shareholder and its shareholding ratio	Taiheiyo Cement Corporation 100%		
(8) Relationship between the Company and Nihon Ceratec	Capital relationship	The Company holds 100% voting rights in Nihon Ceratec, which makes it a consolidated subsidiary of the Company.	
	Personnel relationship	Two (2) employees of the Company serve as a Director and a Corporate Auditor of Nihon Ceratec. In addition, seven (7) employees of the Company have been seconded to Nihon Ceratec.	
	Business relationship	The Company leases part of its factory site and building to Nihon Ceratec.	
	Status of relationship with related parties	Nihon Ceratec is a consolidated subsidiary of the Company and is therefore a related party of the Company.	
(9) Business results and financial position of Nihon Ceratec for the recent three fiscal years (Note 1) (Millions of yen, unless otherwise stated)			
Fiscal year	Year ended March 2012	Year ended March 2013	Year ended March 2014
Net assets	1,750	513	1,350
Total assets	16,107	13,348	10,395
Net assets per share (yen)	11,779.67	3,457.10	6,800.71
Net sales	8,670	6,580	9,403
Operating income	137	(649)	886
Ordinary income	48	(740)	853
Net income	67	(1,236)	(1,690)
Net income per share (yen)	480.98	(8,322.56)	(11,365.89)
Dividend per share (yen)	—	—	—

Note 1: These financial indicators are on a non-consolidated basis since Nihon Ceratec does not have consolidated financial indicators.

3. Overview of transferee of shares

(1) Name	NGK SPARK PLUG CO., LTD.	
(2) Location	14-18, Takatsuji-cho, Mizuho-ku, Nagoya, Aichi Prefecture	
(3) Name and title of representative	Shinichi Odo, President and Chief Executive Officer	
(4) Business description	Manufacturing and sale of spark plugs and related products for internal combustion engines. Manufacturing, sale, etc., of technical ceramics and their applied products	
(5) Capital stock	¥47,869 million (as of March 31, 2014)	
(6) Date of incorporation	October 26, 1936	
(7) Net assets (consolidated)	¥302,793 million (as of March 31, 2014)	
(8) Total assets (consolidated)	¥458,148 million (as of March 31, 2014)	
(9) Major shareholders and their shareholding ratio (as of September 30, 2014)	<p>State Street Bank and Trust Company (standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch): 8.22%</p> <p>The Dai-ichi Life Insurance Company, Limited: 7.49%</p> <p>Meiji Yasuda Life Insurance Company: 6.17%</p> <p>The Master Trust Bank of Japan, Ltd. (trust account): 5.78%</p> <p>Japan Trustee Services Bank, Ltd. (trust account): 3.96%</p> <p>The Bank of Tokyo-Mitsubishi UFJ, Ltd.: 2.93%</p> <p>National Mutual Insurance Federation of Agricultural Cooperatives: 2.75%</p> <p>The Nomura Trust and Banking Co., Ltd. (investment trust contract account): 1.86%</p> <p>The Master Trust Bank of Japan, Ltd. (Toyota Motor Corporation account): 1.76%</p> <p>Nippon Life Insurance Company: 1.59%</p>	
(10) Relationship between the Company and NGK SPARK PLUG	Capital relationship	There are no capital relationships to be disclosed.
	Personnel relationship	There are no personnel relationships to be disclosed.
	Business relationship	There are no business relationships to be disclosed.
	Status of relationship with related parties	There are no applicable matters.

4. Number of shares to be transferred, value of transferred shares and the Company's shareholding status before and after the transfer

(1) Number of shares held by the Company before the transfer	198,622 shares (Number of voting rights held: 198,622) (Shareholding ratio: 100%)
(2) Number of shares to be transferred	198,622 shares (Number of voting rights held: 198,622) (Ratio of transferred shares to issued shares of Nihon Ceratec: 100%)
(3) Value of transferred shares	¥7,300 million
(4) Number of shares held by the Company after the transfer	0 shares (Number of voting rights held: 0) (Shareholding ratio: 0%)

Note 2: The Company will transfer all shares of Nihon Ceratec, but the numbers of shares and voting rights that the transferee will eventually hold are subject to change.

5. Schedule of the share transfer

(1) Date of resolution by the Company's Board of Directors concerning the share transfer	February 24, 2015
(2) Date of conclusion of the share transfer agreement	February 24, 2015
(3) Effective date of the share transfer	April 1, 2015 (planned)

6. Future prospects

The effect of this share transfer on the Company's consolidated business performance is immaterial.