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May 18, 2017

**Notice regarding a change in the number of shares constituting one unit of stock,
a reverse stock split and partial amendments to the Articles of Incorporation**

Taiheiyo Cement Corporation (the “Company”) hereby announces that it resolved at the meeting of its Board of Directors held today to conduct a change in the number of shares constituting one unit of stock and partial amendments to the Articles of Incorporation as well as to submit a proposal on a reverse stock split to the 19th Ordinary General Meeting of Shareholders (the “Meeting”) to be held on June 29, 2017.

1. Change in the number of shares constituting one unit of stock

(1) Reasons for the change

Stock exchanges nationwide aim to consolidate the number of shares constituting one trading unit of shares of common stock of domestically listed companies, to 100 shares in accordance with the Action Plan for Consolidating Trading Units. In keeping with this objective, the Company has decided to change the number of its shares constituting one unit of stock as the trading unit of its common stock from 1,000 shares to 100 shares.

(2) Details of the change

The Company will change the number of shares constituting one unit of stock from 1,000 shares to 100 shares.

(3) Planned date for change

October 1, 2017

(4) Conditions for the change

This change in the number of shares constituting one unit of stock shall be subject to the approval and adoption of the proposal as proposed regarding “2. Reverse stock split” described below at the Meeting.

Meanwhile, related partial amendments to the Articles of Incorporation shall be executed by resolution of the Board of Directors in accordance with the provisions of the Companies Act.

2. Reverse stock split

(1) Purpose of the reverse stock split

In changing the number of shares constituting one unit of stock, which is described in the above “1. Change in the number of shares constituting one unit of stock” from 1,000 shares to 100 shares, the Company has decided to execute a one for 10 reverse stock split for its common stock to maintain the level of investment unit (i.e., not less than ¥50,000 but less than ¥500,000) that is deemed desirable by domestic stock exchanges even after such a change.

(2) Details of the reverse stock split

1) Class of stock for the reverse stock split: Common stock

2) Method and ratio of reverse stock split:

As of October 1, 2017, the Company will conduct a reverse stock split for the shares held by shareholders recorded in the final register of shareholders on September 30, 2017, at a rate of one for 10.

3) Number of shares to decrease due to the reverse stock split

Total number of shares issued before the reverse stock split (as of March 31, 2017)	1,271,402,783
Number of shares to decrease due to the reverse stock split	1,144,262,505
Total number of shares issued after the reverse stock split	127,140,278

Note: The “Number of shares to decrease due to the reverse stock split” and the “Total number of shares issued after the reverse stock split” are theoretical values calculated by multiplying the total number of shares issued before the reverse stock split by the ratio of the reverse stock split.

4) Total number of shares authorized to be issued as of the effective date

197,730,800 (before the reverse stock split: 1,977,308,000 shares)

The relevant provision of the Articles of Incorporation that sets forth the total number of shares authorized to be issued will be deemed modified as described above on October 1, 2017, the effective date of the reverse stock split.

(3) Number of shareholders to decrease due to the reverse stock split

The shareholder structure as of March 31, 2017 was as follows:

	Number of shareholders (ratio)	Number of shares held (ratio)
Total number of shareholders	69,882 (100.0%)	1,271,402,783 (100.0%)
Shareholders who hold less than 10 shares	1,122 (1.6%)	3,804 (0.0%)
Shareholders who hold 10 shares or more	68,760 (98.4%)	1,271,398,979 (100.0%)

Should the reverse stock split be executed assuming the shareholder structure above, 1,122 shareholders who hold less than 10 shares (total of number of shares held: 3,804 shares) will forfeit their status as shareholders.

(4) Measures to be taken if fractions of less than one share are produced

If fractions of less than one share are produced as a result of the reverse stock split, the Company shall collectively dispose of them and distribute the proceeds resulting from the disposal to all the shareholders whose shares have produced fractions, in proportion to the ratio of such fractions in accordance with the provisions of the Companies Act.

(5) Conditions for the reverse stock split

This reverse stock split shall come into effect as of October 1, 2017, subject to the approval and adoption of the proposal regarding the reverse stock split at the Meeting.

3. Partial amendments to the Articles of Incorporation

The Company's Articles of Incorporation shall be amended as of October 1, 2017, as described below, subject to the approval and adoption of the proposal regarding "2. Reverse stock split" above at the Meeting.

Before amendment	After amendment
<p>Article 6 (Total Number of Shares Authorized to be Issued) The total number of shares authorized to be issued by the Company shall be <u>1,977,308,000</u> shares.</p>	<p>Article 6 (Total Number of Shares Authorized to be Issued) The total number of shares authorized to be issued by the Company shall be <u>197,730,800</u> shares.</p>
<p>Article 8 (Number of Shares Constituting One Unit of Stock) The number of shares constituting one unit of stock of the Company shall be one <u>thousand (1,000)</u> shares.</p>	<p>Article 8 (Number of Shares Constituting One Unit of Stock) The number of shares constituting one unit of stock of the Company shall be one <u>hundred (100)</u> shares.</p>

4. Schedules regarding the change in the number of shares constituting one unit of stock, the reverse stock split and the partial amendments to the Articles of Incorporation

May 18, 2017	Date of resolution at the meeting of the Board of Directors
June 29, 2017 (planned)	Date of the Ordinary General Meeting of Shareholders
October 1, 2017 (planned)	Effective date for the change in the number of shares constituting one unit of stock, the reverse stock split and the partial amendments to the Articles of Incorporation

(Reference)

Although the effective date for the change in the number of shares constituting one unit of stock, the reverse stock split and the partial amendments to the Articles of Incorporation is planned to be October 1, 2017 as above, the date on which the trading unit of the Company's shares will be changed from 1,000 shares to 100 shares at the respective stock exchanges in Japan will be September 27, 2017 due to share transfer procedures following the transactions of shares.

**(Reference) Q&A Regarding a Change in the Number of Shares
Constituting One Unit of Stock and the Reverse Stock Split**

Q1: What do the “change in the number of shares constituting one unit of stock” and the “reverse stock split” mean?

A1: A change in the number of shares constituting one unit of stock means to change the number of shares constituting one unit of voting rights at general meetings of shareholders and the number of shares constituting a trading unit at stock exchanges.

A reverse stock split means to consolidate multiple shares into a smaller number of shares.

At this time, the Company plans to change its number of shares constituting one unit of stock from 1,000 shares to 100 shares, and execute a one for 10 reverse stock split.

Q2: What is the purpose of such a change in the number of shares constituting one unit of stock and the reverse stock split?

A2: Stock exchanges nationwide announced the Action Plan for Consolidating Trading Units aiming to consolidate the number of shares constituting one trading unit of shares of common stock of domestically listed companies to 100 shares by October 1, 2018.

In keeping with this objective, the Company will change the number of shares constituting one unit of stock of the Company, which is the trading unit of shares of its common stock, from 1,000 shares to 100 shares, and has decided to execute a one for 10 reverse stock split for its common stock to maintain the level of investment unit (i.e., not less than ¥50,000 but less than ¥500,000) that is deemed desirable by domestic stock exchanges even after such a change.

Q3: What will happen to the “number of shares held” and “voting rights”?

A3: The number of shares held by shareholders after the reverse stock split will be the number of shares recorded in the final register of shareholders on September 30, 2017, multiplied by one-tenth (the resulting fractions of less than one share are to be truncated, if any). The number of voting rights shall be one per 100 shares held after the reverse stock split.

Specifically, before and after the effective date of the change in the number of shares constituting one unit of stock and the reverse stock split, the number of shares and the number of voting rights held by shareholders shall be as described below.

	Before the effective date		After the effective date		
	Number of shares held	Number of voting rights	Number of shares held	Number of voting rights	Shares corresponding to fractions
Case 1)	3,000	3	300	3	None
Case 2)	2,400	2	240	2	None
Case 3)	1,726	1	172	1	0.6
Case 4)	504	None	50	None	0.4
Case 5)	8	None	None	None	0.8

If fractions of less than one share are produced as a result of the reverse stock split (cases 3) through 5) above), the Company shall collectively dispose of them and pay the proceeds to all the shareholders whose shares have produced fractions, in proportion to the ratio of such fractions. The Company will provide guidance regarding such payment in early December 2017.

Meanwhile, shareholders may utilize either the buyback program or the additional purchase program before the reverse stock split comes into effect to avoid disposal of their fractional shares. As for the specific procedures of such programs, please make inquiries to the securities company where you have your account or the Company’s transfer agent below.

If the number of shares held prior to the effectuation of the reverse stock split is less than 10 (Case 5)), all the

shares held will become fractions, and the shareholders concerned will forfeit their status as shareholders.

Q4: Does the decrease in the number of shares held resulting from the reverse stock split have any impact on the asset value of the Company's shares?

As the assets or capital of the Company will not change before and after the execution of the reverse stock split, the amount of net assets per share increases 10 times, although the number of the Company's shares held by shareholders decreases to one-tenth of the previous total. Accordingly, the asset value of the Company's shares does not change except for other factors such as fluctuations in stock market conditions. Meanwhile, the stock price increases 10 times theoretically compared with that before the reverse stock split.

Q5: The number of shares held decreases due to the reverse stock split. Does this have any impact on the dividends to be received by shareholders?

Although the number of the Company's shares held by shareholders decreases to one-tenth of the previous total due to the reverse stock split, the Company intends to establish the dividend amount per share by taking into account the ratio of reverse stock split (one for 10 consolidation) after the reverse stock split comes into effect. Accordingly, the total amount of dividends to be received by shareholders on the grounds of the reverse stock split will not fluctuate except for other factors such as changes in the Company's business performance. However, as the holding of less than 10 shares will produce fractional shares due to the reverse stock split, the Company will collectively dispose of them and pay the proceeds resulting from the disposal to all the shareholders whose shares have produced fractions, in proportion to the ratio of such fractions, thereby leaving no dividends in association with said shares after the reverse stock split.

Q6: What procedures do shareholders need to follow?

Shareholders are not required to take any special procedures.

As the holding of less than 10 shares will produce fractional shares due to the reverse stock split, the Company will collectively dispose of them and pay the proceeds resulting from the disposal to all the shareholders whose shares have produced fractions, in proportion to the ratio of such fractions. The Company will provide guidance regarding such payment in early December 2017.

Q7: Will the buyback program and the additional purchase program be available even after the reverse stock split?

Shareholders who hold shares constituting less than one unit (one through 99 shares), which will not be tradable in markets after the reverse stock split, may utilize the buyback program or the additional purchase program in the same manner as before the reverse stock split. As for the specific procedures of such programs, please make inquiries to the securities company where you have your account or the Company's transfer agent below.

Q8: Will there be a trading suspension period for the Company's shares?

Although there is no trading suspension period, transactions of the Company's shares using the current trading unit (1,000 shares) will only be available until Tuesday, September 26, 2017, by taking into account the anticipated days required for share transfer procedures following the transactions of shares. Subsequent trading of the Company's shares at the stock exchanges will be based on the new trading unit of 100 shares on and after Wednesday, September 27, 2017, and stock prices will reflect the effect of the reverse stock split thereafter.

Inquiries to the Company's transfer agent:
Stock Transfer Agency Business Planning Department,
Sumitomo Mitsui Trust Bank, Limited
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