

News Releases

March 9, 2004

Announcement on Management and Organization Reforms

Taiheiyo Cement Corporation (TAIHEIYO) has decided during the Board of Directors held on March 9, 2004, to implement reforms on existing management and organization, and director assignment change in order to strengthen TAIHEIYO Group's consolidated management.

And this decision is based on "The Executive Officer System" and "The In-house Company System", which will be effective from April 1, 2004.

1. Management Reforms

TAIHEIYO has established the "04 Mid-Term Management Plan" in order to strengthen its financial structure and business prospects. In view of restructuring its total investments and real estate business activities, TAIHEIYO has taken decision to liquidate the land owed by TAIHEIYO and its affiliated company, CHICHIBU ONODA FUDOSAN CORPORATION, for real estate investment trust, and to transfer its beneficial interest in trust.

I-1. Establishment of Executive Committee

- I-1-1. A new "Executive Committee" shall be established in order to support the decisions to be made by the Board of Directors.
- I-1-2. The "Executive Committee" shall review and decide the business strategy of TAIHEIYO Group.
- I-1-3. The "Executive Committee" shall consist of a Representative Director, as well as each in-house company's President, Executive Officers from Corporate Staff Division , Professional Staff Division , and Research and Development Division.

I-2. Introduction of new Executive Officer System

- I-2-1. An Executive Officers shall be selected among those Directors of TAIHEIYO Group or from other area during the Board of Directors , and their term of office shall be for two years.

- I-2-2. Executive Officers consist of Senior Executive Officer, Managing Executive Officer, Executive Officer.
- I-2-3. Executive Officer's position and his concerned business unit shall be decided during the Board of Directors .
- I-2-4. Executive Officers shall be responsible for their concerned business activities and have their own responsibilities.

2. Organization Reforms

II-1. Introduction of the in-house company system

Purpose: To maximize TAIHEIYO Group's business prospect by strengthening each business division activities. To expedite management's decision-making through decentralization and to meet the demands of fast changing market.

- II-1-1. TAIHEIYO shall establish the following divisions as its in-house companies.
 - 1. Cement Business 2. Mineral Resources Business 3. Environmental Business
 - 4. Real Estate Business 5. Construction Materials Business 6. Ceramics & Electronics Business 7. International Business
- II-1-2. Each in-house company shall include TAIHEIYO's unconsolidated business sector and its related TAIHEIYO's group companies.
- II-1-3. In-house company's President shall be selected from its Executive Officers.

II-2. Head office's organization reforms

Purpose: TAIHEIYO's Head Office shall be the Head Office of TAIHEIYO Group and it will be divided into three sectors. As a result of these reforms, TAIHEIYO shall become an effective organization towards "Small Head Office"..

- II-2-1. The Corporate Staff Division shall assist Director's decision making and carry out the adjustment work between the in-house companies and monitor such activities.
- II-2-2. The Professional Staff Division shall provide a variety of services derived from its prominent and cost-effective expertise, and control their business unit's activities.
- II-2-3. The Research and Development Division shall carry out the research and development activities.

II-3. Company's Organization Chart



Please refer to the Attachment I.