

February 23, 2010

Company : Taiheiyo Cement Corporation
Stock code : 5233
URL : <http://www.taiheiyo-cement.co.jp>

Domestic Production Reorganization

Taiheiyo Cement Corporation, when announcing financial results for the first half of fiscal 2010 in November 2009, also announced that it will quickly implement sweeping reforms of its business structure and move to expand growth businesses in response to a difficult business environment, notably a sharp decline in domestic cement demand. As part of this production structure reorganization, the company will end cement production at certain plants, noted below.

1. Reasons for ending cement production at certain plants

In light of the difficult business environment, notably a sharp decline in domestic cement demand, we will end cement production at certain plants in an effort to enhance our earnings power by correcting the supply/demand balance, substantially reducing fixed costs and maximizing production efficiency.

2. Plants ending cement production

We are reorganizing the production structure of the Taiheiyo Cement Group and will end cement production at two Taiheiyo Cement plants and one consolidated-subsubsidiary plant during the first half of fiscal 2011. This will reduce our annual production capacity by 3,105,000 tonnes.

The local government has taken a variety of actions with respect to these three plants, and we would like to express our gratitude for their efforts. We are working to maintain non-cement-production operations while holding negotiating with all affected parties, including the local government.

1. Tosa Plant (Kochi City, Kochi Prefecture)
2. Saiki Branch Plant at Oita Plant (Saiki City, Oita Prefecture)
3. Chichibu Plant of Chichibu Taiheiyo Cement Corporation (Chichibu City, Saitama Prefecture)

3. Impact on earnings

We expect that ending cement production at these three plants will result in impairment losses on cement production facilities of about ¥15 billion. We will take charges for these losses in fiscal 2010 and are now reviewing our consolidated earnings forecasts for fiscal 2010. We will promptly disclose these forecasts after reaching a final decision.

4. Future outlook

Our Reference Materials of Financial Results for the First Half of Fiscal 2010, dated November 10, 2009, cites the following items as specific considerations in preparing a program for transitioning to a growth strategy.

1. To review and restructure the domestic production structure, including contract sales and production, in order to respond to a sharp decrease in domestic cement demand
2. Review of the domestic cement sales structure and streamlining of logistics
3. Revision of organization and personnel structure
4. Growth strategies for overseas business

The details, times of implementation and effects on the Group's income of the growth strategies will be disclosed on March 30, 2010.

Reference 1: About the Tosa Plant

Address	25 Harami Higashi Machi, Kochi City, Kochi Prefecture
Startup	1896
Site area	207,796m ²
Capacity	1,106,150 tons/year
Employees	129 (including 31 mining employees)
Products	Ordinary cement, blast furnace slag cement, cement-based soil stabilizers, limestone products

Reference 2: About the Saiki Branch Plant at the Oita Plant

Address	337-1 Oaza Hiana, Saiki City, Oita Prefecture
Startup	1926
Site area	190,440m ²
Capacity	1,199,194 tons/year
Employees	89
Products	Ordinary cement, limestone products

Reference 3: About the Chichibu Plant of Chichibu Taiheiyo Cement Corporation

Address	1800 Onohara, Chichibu City, Saitama Prefecture
Startup	1956
Site area	281,800m ²
Capacity	800,000 tons/year
Employees	93
Products	Ordinary cement, special cement, limestone products

Note: Production capacities based on figures as of April 1, 2009, as disclosed by the Japan Cement Association.