

September 21, 2010

## Taiheiyo Cement Sells Part of Stake in Consolidated Subsidiary

Taiheiyo Cement Corporation resolved at the Board of Directors meeting on September 21, 2010 to sell part of its stake in Azuma Shipping Co., Ltd. (stock code: 9380; hereinafter "Azuma Shipping") to Shizuoka-based Suzuyo Group company Suzuyo Construction Co., Ltd., as outlined below.

The Suzuyo Group currently holds 1,000,000 Azuma Shipping stocks (3.64% stake) through two group companies. After the sale of stocks resolved at the Board of Directors meeting, the Suzuyo Group will hold 4,800,000 Azuma Shipping stocks (16.60% stake) through three group companies.

### 1. Reasons for the sale

In accordance with Medium-Term Management Plan Revisions and Business Restructuring announced on March 30, 2010, Taiheiyo Cement Corporation is working on business restructuring without exceptions, and a review and restructuring of all group businesses. Taiheiyo Cement Corporation decided to sell part of its stock in Azuma Shipping to the Suzuyo Group, because we believe Suzuyo Group taking an additional stake in, and developing a business relationship with Azuma Shipping will contribute toward the company's earnings growth.

Taiheiyo Cement Corporation plans to continue with the consolidation of group businesses and concentrating its resources on selected businesses to improve group management efficiency and increase corporate value. Azuma Shipping will change from a consolidated subsidiary of Taiheiyo Cement Corporation to an equity-method company, but there will be no change to the business relationship between Azuma Shipping and Taiheiyo Cement Corporation and its group companies. Azuma Shipping will continue to play a part in the Taiheiyo Cement Group's logistics operations.

### 2. Outline of Azuma Shipping

Name: Azuma Shipping Co., Ltd. (stock code: 9380)

Address: 3-3-2 Nihonbashi Hama-cho, Chuo-ku, Tokyo

Representative: Yutaka Hirotsu, president and representative director

Business: Harbor transport, shipping

Fiscal year-end: March

Employees: 540 (as of March 31, 2010)

Capital: ¥2,294 million

Stocks outstanding: 28,910,000

Established: December 1917

Major stockholders and stockholdings as of March 31, 2010:

Taiheiyo Cement Corporation	51.54%
Socius Securities Co., Ltd.*	3.32%
Mitsui OSK Lines, Ltd.	3.04%
Asahi Breweries Co., Ltd.	2.08%
Suzuyo Truck Station Co., Ltd.	1.92%
Suzuyo & Co., Ltd.	1.54%

Note: Socius Securities merged with Musashi Securities on May 6, 2010 and changed its name to Musashi Securities Co., Ltd.

### Relationship with Taiheiyo Cement Corporation

Capital	Taiheiyo Cement Corporation holds 14,900,000 ordinary stocks (51.56% of voting rights) in Azuma Shipping.
Personnel	None of Taiheiyo Cement Corporation's directors held director positions at Azuma Shipping, but five employees were on secondment to the company as of March 31, 2010.
Business	Azuma Shipping transports Taiheiyo Cement Corporation products and raw materials by land and sea. Transactions between the two companies totaled ¥9,362 million in the fiscal year ended March 2010. Azuma Shipping also transports products and raw materials for our group companies, with transactions totaling ¥3,371 million in the fiscal year ended March 2010.

### Earnings results and balance sheet in past three years

	FY3/08	FY3/09	FY3/10
Net assets	¥11,706 million	¥11,311 million	¥11,570 million
Total assets	¥34,121 million	¥32,949 million	¥31,012 million
Net assets per stock	¥405.05	¥391.38	¥400.35
Sales	¥38,072 million	¥38,423 million	¥32,021 million
Operating income	¥1,622 million	¥1,219 million	¥678 million
Ordinary income	¥1,575 million	¥1,109 million	¥648 million
Net income	¥1,039 million	¥419 million	¥262 million
Net income per stock	¥35.97	¥14.51	¥9.06
Dividend per stock	¥12.00	¥10.00	¥5.00

### 3. Outline of Suzuyo Construction

Name: Suzuyo Construction Co., Ltd.

Address: 5-17 Matsubara-cho, Shimizu-ku, Shizuoka, Shizuoka Prefecture

Representative: Takashi Aizawa, president and representative director

Business: Construction

Capital: ¥268 million

Established: March 12, 1949

Net assets: ¥4,214 million (fiscal year ended August 2009)

Total assets: ¥14,153 million (fiscal year ended August 2009)

Major stockholders and stockholdings: Suzuyo Construction Holdings Co., Ltd. 100% (as of August 31, 2010)

Relationship with Taiheiyo Cement Corporation: None

Capital	There is no capital relationship that should be mentioned between Taiheiyo Cement Corporation and Suzuyo Construction Co., Ltd. However, Taiheiyo Cement Corporation holds 179,050 ordinary stocks (1.23% stake) in Suzuyo Shinwart Corporation, an affiliate of the Suzuyo Group. There is no notable capital relationship between the interested parties and affiliates of Taiheiyo Cement Corporation and those of Suzuyo Construction Co., Ltd.
Personnel	There is no personnel relationship that should be mentioned between Taiheiyo Cement Corporation and Suzuyo Construction Co., Ltd. There is no notable personnel relationship between the interested parties and affiliates of Taiheiyo Cement Corporation and those of Suzuyo Construction Co., Ltd.

Business	<p>There is no business relationship between Taiheiyo Cement Corporation and Suzuyo Construction Co., Ltd., but there is a business relationship between Taiheiyo Cement Corporation and four Suzuyo Group companies. Details and value of business transactions are as follows:</p> <table border="1" data-bbox="422 376 1399 562"> <thead> <tr> <th data-bbox="422 376 667 409">Affiliate</th> <th data-bbox="667 376 938 409">Annual value</th> <th data-bbox="938 376 1399 409">Details of business transactions</th> </tr> </thead> <tbody> <tr> <td data-bbox="422 409 667 443">Suzuyo Shoji</td> <td data-bbox="667 409 938 443">¥1,012 million</td> <td data-bbox="938 409 1399 443">Cement sales, commissions, etc.</td> </tr> <tr> <td data-bbox="422 443 667 477">Suzuyo Shinwart</td> <td data-bbox="667 443 938 477">¥353 million</td> <td data-bbox="938 443 1399 477">Marine transport, trucking, etc.</td> </tr> <tr> <td data-bbox="422 477 667 510">Suzuyo</td> <td data-bbox="667 477 938 510">¥31 million</td> <td data-bbox="938 477 1399 510">Trucking, etc.</td> </tr> <tr> <td data-bbox="422 510 667 544">Suzuyo &amp; Co.</td> <td data-bbox="667 510 938 544">¥11 million</td> <td data-bbox="938 510 1399 544">Trucking, etc.</td> </tr> </tbody> </table> <p>Suzuyo Shoji Co., Ltd., a Suzuyo Group affiliate, does business with Taiheiyo Materials Corporation, an affiliate of Taiheiyo Corporation, with a transaction value of ¥54 million in the fiscal year ended December 2009.</p>	Affiliate	Annual value	Details of business transactions	Suzuyo Shoji	¥1,012 million	Cement sales, commissions, etc.	Suzuyo Shinwart	¥353 million	Marine transport, trucking, etc.	Suzuyo	¥31 million	Trucking, etc.	Suzuyo & Co.	¥11 million	Trucking, etc.
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Related parties	<p>Azuma Shipping does not fall under the category of related parties of Taiheiyo Cement Corporation. Taiheiyo Cement Corporation's interested parties and affiliates do not fall under the category of related parties of Suzuyo Construction Co., Ltd.</p>															

#### 4. Number of stocks to be sold, sale price, and stock ownership details before and after sale

Number of stocks held before sale: 14,900,000 (149,000 voting rights; 51.56% of all voting rights)

Number of stocks to be sold: 3,800,000 (sale price: ¥741 million)

Number of stocks held after sale: 11,100,000 (111,000 voting rights; 38.41% of all voting rights)

#### Basis for calculation of sale price

Simple average of Tokyo Stock Exchange trading floor closing price of Azuma Shipping's ordinary stocks over the past 30 business days, including September 21, 2010, rounded to the closest integer.

#### Suzuyo Group's stockholding in Azuma Shipping after the sale

Suzuyo Construction	3,800,000 stocks (13.14% stake)
Suzuyo Truck Station	555,900 stocks (1.92% stake)
Suzuyo & Co	444,100 stocks (1.54% stake)
Total	4,800,000 stocks (16.60% stake)

#### 5. Timetable

Sale agreed: September 21, 2010

Scheduled sale date: September 22, 2010

#### 6. Future outlook

Taiheiyo Cement Corporation expects to record an approximately ¥600 million extraordinary profit on a parent basis and ¥800 million extraordinary loss on a consolidated basis. These figures have been factored into our parent and consolidated earnings forecasts, but we will promptly disclose any revisions to our forecast if the need arises.