[This is an English translation of the original text written in Japanese]

September 20, 2016

LIXIL Group Corporation
Kinya Seto
Representative Executive Officer and President
(First Section of TSE/NSE, Code 5938)

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Notice regarding Disposition of Treasury Shares by Third Party Allocation

LIXIL Group Corporation (the "Company") hereby announces that it has resolved, at the Board of Directors meeting held on September 20, 2016, to conduct a disposition of treasury shares by way of a third party allocation (the "Treasury Share Disposition"), as described below,. Furthermore, since Mr. Kinya Seto, a Director of the Company and the planned allottee of the Treasury Share Disposition, falls under the definition of a special interest director in this case, he did not participate in the discussion and resolution of the aforementioned Board of Directors meeting.

1. Summary of Disposition

(1)	Disposition Date	October 6, 2016
(2)	Number of Shares to be Disposed	94,700 shares of common stock of the Company
(3)	Disposition Price	2,111 yen per share
(4)	Amount of Funds Procured	199,911,700 yen
(5)	Subscription or Disposition Method	Allocation by way of third party allocation
(6)	Planned Allottee	Mr. Kinya Seto
(7)	Other	The Treasury Share Disposition is subject to the securities registration statement according to the Financial Instruments and Exchange Act coming into force.

2. Purpose and Reason for Disposition

The planned allottee, Mr. Kinya Seto, assumed office as a Director of the Company and as Representative Executive Officer and CEO of the Company on June 15, 2016. The Compensation Committee of the Company received a proposal from Mr. Kinya Seto to the effect of retaining the Company's shares while assuming the position of Representative Executive Officer and President and allocating the amount equivalent to basic compensation for the next one year period to funds for purchasing shares in the Company, for the purpose of aligning shared values with all of the shareholders of the Company.

Based on a review of the submitted proposal from Mr. Kinya Seto, the Company determined that such retention of

the Company's shares, which would enhance the desire to increase the share price of the Company's shares, as well as the performance of the Company's group as a whole, by way of increasing shared values with all of the Company's shareholders, would contribute to the improvement of long-term corporate value, and to this end, the Board of Directors meeting held on September 20, 2016 resolved to conduct the Treasury Share Disposition.

3. Amount of Funds to be Procured, Purpose of Use and Expected Time of Expenditure

(1) Amount of Funds to be Procured (Approximate amount of deducted net proceeds)

(a) Total Amount to be Paid In	199,911,700 yen
(b) Estimated Amount of Expenses for Issuance	2,000,000 yen
(c) Estimated Net Proceeds	197,911,700 yen

(Note) 1 Consumption tax, etc. is not included in the estimated amount of expenses for issuance.

2 A breakdown of the estimated amount of various expenses for issuance includes attorneys' fees and various expenses for preparation of documents, such as the securities registration statement.

(2) Specific Purpose of Use of the Funds to be Procured

The specific purpose of use of the 197,911,700 yen of the approximate amount of deducted net proceeds is that such funds are scheduled to be allocated to activity funds for marketing, etc. on and after the payment date. Furthermore, such funds will be held in the Company's bank account until the expenditure is executed.

4. Reasonableness of the Purpose of Use of the Funds

We believe the purpose of use of the funds procured by the Treasury Share Disposition is reasonable since it will contribute to the business operations of the Company and will therefore contribute to the improvement of the Company's corporate value and increase shareholder value.

5. Reasonableness of the Terms of the Disposition, etc.

(1) Basis for Calculation of the Amount to be Paid In and its Specific Details

With respect to the amount to be paid in for the Treasury Share Disposition, we have decided that the most recent market value reflects the value of the ordinary shares of the Company considering the Company's financial conditions, and performance and share price trends, etc. Therefore, it was decided to be 2,111 yen per share, which was the closing price for the ordinary shares of the Company on the Tokyo Stock Exchange, Inc. on the trading day immediately before the date of the Board of Directors resolution (September 16, 2016) relating to the Treasury Share Disposition.

The amount to be paid in above is in compliance with the "Guidelines Relating to Administration of Third-Party Share Issuance" of the Japan Securities Dealers Association (enacted on April 1, 2010) and our view is that it does not constitute an amount which is particularly favorable as provided under Article 199(3) of the Companies Act. Further, the Audit Committee of the Company has expressed its opinion in relation to the legality regarding the amount to be paid in above not falling within the meaning of a particularly favorable amount.

The amount to be paid in above is at 0.43 % (rounded off to the second decimal place, the same shall apply hereafter unless otherwise specified) premium in relation to 2,102 yen (rounded down to the nearest yen) which is the average closing price in the 1 month period (from August 20, 2016 to September 19, 2016) immediately preceding the Board of Directors resolution relating to the Treasury Share Disposition, at 9.61 % premium in relation to 1,926 yen (rounded down to the nearest yen) which is the average closing price in the 3 month period (from June 20, 2016 to September 19, 2016) immediately preceding the Board of Directors resolution relating to the Treasury Share Disposition, and at 4.40 % premium in relation to 2,022 yen (rounded down to the nearest yen) which is the average closing price in the 6 month period (from March 20, 2016 to September 19, 2016) immediately preceding the Board of Directors resolution relating to the Treasury Share Disposition.

(2) Basis for Deciding that the Number of Shares to be Disposed of and the Scale of Dilution of Shares are Reasonable

The number of shares subject to the Treasury Share Disposition is 94,700 shares (947 votes) and this amounts to 0.03 % of 313,054,255 shares which makes up the total number of issued shares of the Company as at March 31, 2016 (0.03 % of 2,859,973 votes which makes up the total number of votes of the Company as at March 31, 2016).

The number of shares subject to the Treasury Share Disposition (94,700 shares) is within the number obtained by dividing the amount equivalent to the basic remuneration (200,000,000 yen annually) of Mr. Kinya Seto, the Representative Executive Officer and President of the Company, by the amount to be paid in by the Treasury Share Disposition (2,111 yen) (any shares less than one unit is rounded down), and the number to be disposed of and the scale of dilution of shares in connection with the Treasury Share Disposition are limited to what is necessary for the purposes of the Treasury Share Disposition.

Further, the ordinary shares of the Company to be disposed of in the Treasury Share Disposition will be allotted to Mr. Kinya Seto, the Representative Executive Officer and President of the Company, and they are intended to be held by him long-term. As such, the impact on the secondary market is considered to be minimal.

Based on the above, we have determined that the number of shares to be disposed of and the scale of dilution of shares in connection with the Treasury Share Disposition are reasonable.

6. Reasons for Selecting the Planned Allottee, etc.

(1) Summary of the Planned Allottee

(1)	Name	Kinya Seto
(2)	Address	Minato-ku, Tokyo
(3)	Occupation	Director of the Company, Representative Executive Officer and President of the Company
(4)	Relationship with the Company	－(Note)
	Capital ties	Holds 2,400 ordinary shares of the Company
	Personal relationship	Director of the Company, and the Representative Executive Officer and President of the Company
	Business relationship	None

(Note) In relation to Mr. Kinya Seto, the planned allottee, the Company has verified Mr. Seto's background at the time when he was appointed as the Company's Representative Executive Officer in January 2016. Further, in allotting the ordinary shares of the Company through the Treasury Share Disposition, the Company has received a written statement from Mr. Kinya Seto confirming that he has no relationship whatsoever with any anti-social forces, etc. The Company has confirmed the same and has submitted such statement to the Tokyo Stock Exchange, Inc. and the Nagoya Stock Exchange, Inc.

(2) Reason for Selecting the Planned Allottee

Mr. Kinya Seto, who is the planned allottee, assumed office as a Director of the Company and as Representative Executive Officer, President and CEO of the Company on June 15, 2016. The Compensation Committee of the Company received a proposal from Mr. Kinya Seto requesting that, upon assuming office as Representative Executive Officer and President, he would like to allocate the amount equivalent to his basic compensation for the next one year period to funds for purchasing shares in the Company.

Based on such proposal from Mr. Kinya Seto, the Company has determined that Mr. Kinya Seto's retention of the common stock of the Company as well as the improvement of the desire to increase the share price of the Company's shares and the performance of the Company's group as a whole will contribute to the improvement of long-term corporate value, and thus selected Mr. Kinya Seto as the planned allottee.

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(3) Retention Policy of the Planned Allottee

With respect to the common stock of the Company acquired through the Treasury Share Disposition, the Company has orally confirmed with Mr. Kinya Seto, the planned allottee, that the purpose of the acquisition is to have shared values with the shareholders of the Company and that Mr. Kinya Seto plans for the long-term retention of the Company's shares.

Further, it is planned that the Company will receive a written confirmation from Mr. Kinya Seto, the planned allottee, stating that he agrees that (i) in the case of Mr. Kinya Seto transferring all or part of the subject common stock of the Company acquired through the Treasury Share Disposition within two years from the payment date, he shall report the same to the Company in writing, (ii) the Company will report the contents of such written report to the Tokyo Stock Exchange, Inc. and the Nagoya Stock Exchange, Inc., and (iii) the Company will make the contents of such report available for public inspection.

(4) Confirmation regarding existence of Planned Allottee's funds required for payment

The Company has received bank certification of deposit in the bank account of Mr. Kinya Seto, the planned allottee, as of September 14, 2016 and confirmed that he possesses cash and deposits exceeding the funds required to purchase the common stock of the Company in relation to the Treasury Share Disposition. Further, the Company has also orally confirmed with Mr. Kinya Seto that such funds are solely owned by him and that he will certainly make payment on the payment due date.

7. Major Shareholders and Ratio of Shareholdings after Disposition

Before Disposition (as of March 31, 2016)		After Disposition	
Japan Trustee Services Bank, Ltd. (Trust Account)	2.92 %	Japan Trustee Services Bank, Ltd. (Trust Account)	2.92 %
The Nomura Trust & Banking Co., Ltd. (Trust Account)	2.84 %	The Nomura Trust & Banking Co., Ltd. (Trust Account)	2.84 %
The Master Trust Bank of Japan, Ltd. (Trust Account)	2.67 %	The Master Trust Bank of Japan, Ltd. (Trust Account)	2.67 %
The Bank of New York Mellon as Depositary Bank for DR Holders (Standing Proxy The Bank of Tokyo - Mitsubishi UFJ, Ltd.)	2.25 %	The Bank of New York Mellon as Depositary Bank for DR Holders (Standing Proxy The Bank of Tokyo - Mitsubishi UFJ, Ltd.)	2.25 %
LIXIL Employee Stock Ownership	2.10 %	LIXIL Employee Stock Ownership	2.10%
The Dai-ichi Life Insurance Company, Limited (Standing Proxy Trust & Custody Services Bank, Ltd.)	2.09 %	The Dai-ichi Life Insurance Company, Limited (Standing Proxy Trust & Custody Services Bank, Ltd.)	2.09 %
State Street Bank Client Omnibus OM04 (Standing Proxy The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch)	2.03 %	State Street Bank Client Omnibus OM04 (Standing Proxy The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch)	2.03 %
The Bank of Tokyo - Mitsubishi UFJ, Ltd.	1.85 %	The Bank of Tokyo - Mitsubishi UFJ, Ltd.	1.85%
Sumitomo Mitsui Banking Corporation	1.77 %	Sumitomo Mitsui Banking Corporation	1.77%
State Street Bank and Trust Company 505001 (Standing Proxy Mizuho Bank, Ltd. Settlement & Clearing Services Division)	1.69 %	State Street Bank and Trust Company 505001 (Standing Proxy Mizuho Bank, Ltd. Settlement & Clearing Services Division)	1.69 %

(Notes) 1 The above is based on the shareholder registry as of March 31, 2016.
2 The shareholding ratio has been rounded down to the nearest hundredth of a percent.
3 Other than the above, the Company possesses 26,046,892 shares of treasury shares as of March 31, 2016, and after the Treasury Share Disposition, there will be 25,952,192 shares of treasury shares. However, this does not include dispositions under execution of share acquisition rights and buybacks or additional purchases of fractional shares carried out on or after April 1, 2016.

8. Future Prospects

The effect of the Treasury Share Disposition on the business forecast for this term is minor.

9. Matters regarding Procedures for Code of Corporate Conduct

Since (i) the dilution ratio is less than 25% and (ii) changes in controlling shareholders are not involved, the Treasury Share Disposition is not required to follow the procedures for obtaining an opinion of an independent third party or confirming the intention of shareholders as provided in Article 432 of the Securities Listing Regulations stipulated by the Tokyo Stock Exchange, Inc. and Article 34 of the Rules concerning Timely Disclosure of Corporate Information of Issuer of Listed Securities, etc. stipulated by the Nagoya Stock Exchange, Inc.

10. Status of Financial Performance and Equity, Finance of the Preceding Three Fiscal Years

(1) Financial performance (consolidated) of the preceding three fiscal years

(a) International Financial Reporting Standards

	2015 Accounting Period	2016 Accounting Period
Net sales	1,705,427 million yen	1,890,450 million yen
Operating income	48,041 million yen	39,011 million yen
Income or Loss for period	30,716 million yen	(26,671 million yen)
Income or loss attributable to owners of parent	30,864 million yen	(25,605 million yen)
Income or loss per basic share for period	105.80 yen	(89.33 yen)
Dividend per share	60 yen	60 yen
Equity attributable to owners of the parent per share	2,038.56 yen	1,828.84 yen

(Note) The Company has started using the International Financial Reporting Standards to draft the consolidated financial documents from the 2016 accounting period.

(b) Japanese Standards

	2014 Accounting Period	2015 Accounting Period	2016 Accounting Period
Net sales	1,628,658 million yen	1,673,405 million yen	1,845,117 million yen
Operating income	69,079 million yen	51,674 million yen	56,259 million yen
Ordinary income	74,937 million yen	57,862 million yen	48,421 million yen

Current net income or loss attributable to shareholders of parent company	20,951 million yen	22,012 million yen	(18,664 million yen)
Consolidated net income or net loss per share for period	72.06 yen	75.46 yen	(65.11 yen)
Dividend per share	55 yen	60 yen	60 yen
Amount of net asset per share	2,041.34 yen	2,104.27 yen	1,894.55 yen

(Note) The numbers for the 2016 accounting period based on the Japanese Standards have not been audited by the Company based on the provision of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

(2) Status of current numbers of issued shares and dilutive shares (as of March 31, 2016)

	Number of Shares	Ratio to Number of Issued Shares
Total number of issued shares	313,054,255 shares	100 %
Number of dilutive shares based on current conversion price (exercise price)	40,748,390 shares (Note)	13.02 %
Number of dilutive shares based on lower limit of conversion price (exercise price)	—	—
Number of dilutive shares based on upper limit of conversion price (exercise price)	—	—

(Note) "Number of dilutive shares based on current conversion price (exercise price)" is the total number of the Company's common stock which the Company issued as stock options under the fourth series stock acquisition rights, fifth series stock acquisition rights, seventh series stock acquisition rights, eighth series stock acquisition rights, Euro-yen convertible bond-type bonds with stock acquisition rights due 2020, and Euro-yen convertible bond-type bonds with stock acquisition rights due 2022.

Further, in addition to the above, the Company has passed a resolution at the Board of Directors Meeting held on September 20, 2016 to issue the ninth series stock acquisition rights as stock options to the Executive Officers of the Company in accordance with the provisions under Article 238 and Article 240 of the Companies Act. For further details, please refer to the "Announcement Regarding Issuance of Stock Acquisition Rights as Stock Options" which the Company announced on September 20, 2016.

(3) Status of recent share price

(a) Status of preceding three fiscal years

	FY 2014 ending march	FY 2015 ending march	FY 2016 ending march
Opening Price	1,860 yen	2,842 yen	2,828 yen
Highest Price	3,060 yen	2,973 yen	2,959 yen
Lowest Price	1,732 yen	2,063 yen	2,233 yen
Closing Price	2,846 yen	2,847 yen	2,295 yen

(Note) The share prices above are those quoted in the first section of the Tokyo Stock Exchange, Inc.

(b) Status of recent six months

	2016 April	May	June	July	August	September
Opening Price	2,297 yen	2,225 yen	1,978 yen	1,718 yen	1,889 yen	2,098 yen
Highest Price	2,427 yen	2,236 yen	2,003 yen	1,950 yen	2,202 yen	2,153yen
Lowest Price	2,115 yen	1,855 yen	1,677 yen	1,593 yen	1,809 yen	2,068yen
Closing Price	2,302 yen	2,002 yen	1,685 yen	1,925 yen	2,087 yen	2,111yen

(Notes) 1 The share prices above are those quoted in the first section of the Tokyo Stock Exchange, Inc.

2 The share price for September 2016 is the share price up to September 16, 2016.

(c) Share price as of one business day prior to the passing of the resolution regarding disposition

	September 16, 2016
Opening Price	2,100yen
Highest Price	2,115yen
Lowest Price	2,085yen
Closing Price	2,111yen

(Note) The share prices above are those quoted in the first section of the Tokyo Stock Exchange, Inc.

(4) Status of Equity Finance in the Immediately Preceding 3 years

(a) Stock Acquisition Rights attached to Euro-yen Convertible Bond-type Bonds with Stock Acquisition Rights due in 2020

Payment due date	March 4, 2015
Amount raised by fund raising	59,985 million yen (approximate amount of deducted net proceeds)
Conversion price	3,800 yen per share
Total number of shares outstanding as at the date of offer	313,054,255 shares
Total number of dilutive shares pursuant to this offer	15,463,917 shares
Status of conversion at present (status of exercise of conversion rights)	Number of converted shares: 0 shares (60,000 million yen remaining)
Initial purpose of use of proceeds as at the date of issuance (Note)	(a) 100 billion yen to be allocated as funds for the loan to LIXIL Group Finance Corporation which is a wholly owned and consolidated subsidiary It is intended that LIXIL Group Finance Corporation will allocate part of such funds to repayment of the non-recourse loan (about EUR 1,091 million as at 31 December, 2014) granted by GROHE Group S.a r.l ("GROHE"), a company proposed to become a consolidated subsidiary of the Company on or after April 1, 2015. However, if GROHE does not become a consolidated subsidiary, the funds will not be allocated to repayment of the non-recourse loan granted by GROHE, but the entire amount will instead be intended to be allocated to repayment of the interest-bearing debt of LIXIL Group Finance Corporation

	(b) Funds for acquiring own shares - Approximately 20 billion yen
Period in which expenses are proposed to be incurred as at the date of issuance	(a) By end of September 2015 (b) By end of March 2015
Status of allocation at present	Allocated in accordance with the initial purpose of use of proceeds

(Note) This is set out as the purpose of use of proceeds in relation to the 60,000 million yen raised by stock acquisition rights attached to Euro-yen convertible bond-type bonds with stock acquisition rights due in 2020 and the 60,000 million yen raised by stock acquisition rights attached to Euro-yen convertible bond-type bonds with stock acquisition rights due in 2022 set out in (b) below, 120,000 million yen in total.

(b) Stock Acquisition Rights Attached to Euro-yen Convertible Bond-type Bonds with Stock Acquisition Rights due in 2022

Payment due date	March 4, 2015
Amount raised by fund raising	59,985 million yen (estimated net proceeds)
Conversion price	3,800 yen per share
Total number of shares outstanding as at the date of offer	313,054,255 shares
Total number of shares issuable upon conversion pursuant to this offer	15,789,473 shares
Status of conversion at present (status of exercise of conversion rights)	Number of converted shares: 0 shares (60,000 million yen remaining)
Initial purpose of use of proceeds as at the date of issuance (Note)	(a) As funds for the loan to LIXIL Group Finance Corporation, a wholly owned and consolidated subsidiary: Approximately 100 million yen It is intended that LIXIL Group Finance Corporation will allocate part of such funds to repayment of the non-recourse loan (about EUR 1,091 million as at 31 December 2014) granted by GROHE, a company proposed to become a consolidated subsidiary of the Company on or after April 1, 2015. However, if GROHE does not become a consolidated subsidiary, the funds will not be allocated to repayment of non-recourse loan granted by GROHE, but the entire amount will instead be intended to be allocated to repayment of the interest-bearing debt of LIXIL Group Finance Corporation (b) Funds for acquiring own shares - Approximately 20 billion yen
Period in which expenses are proposed to be incurred as at the date of the issuance	(a) By end of September 2015 (b) By end of March 2015
Status of allocation at present	Allocated in accordance with the initial purpose of use of proceeds

(Note) This is set out as the purpose of use of proceeds in relation to the stock acquisition rights attached to Euro-yen convertible bond-type bonds with stock acquisition rights due in 2020 set out in (a) above and

the stock acquisition rights attached to Euro-yen convertible bond-type bonds with stock acquisition rights due in 2022, 120,000 million yen in total.

11. Key Points of Disposition

(1) Disposition Date	October 6, 2016
(2) Number of shares to be disposed	94,700 shares of common stock of the Company
(3) Disposition Price	2,111 yen per share
(4) Amount of funds Procured	199,911,700 yen
(5) Subscription or Disposition Method	Allocation by way of third party allocation
(6) Planned Allottee	Mr. Kinya Seto
(7) Other	The Treasury Share Disposition is subject to the securities registration statement according to the Financial Instruments and Exchange Act coming into force.

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