Company name: Ube Industries, Ltd.
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Ube Shipping & Logistics and Hagimori Industries Become Wholly-Owned Subsidiaries of Ube Industries in Simple Share Exchanges

TOKYO, May 11, 2017 — Ube Industries, Ltd. today announced that it has decided to conduct share exchanges (hereafter "the share exchanges") in which its consolidated subsidiaries Ube Shipping & Logistics, Ltd. and Hagimori Industries, Ltd. (hereafter "Ube Shipping & Logistics" and "Hagimori Industries," or collectively termed "the target companies") will become wholly-owned subsidiaries of Ube Industries. The details of the share exchanges are as described below.

Since the share exchanges will each be a simple share exchange which targets a consolidated subsidiary, disclosure items and details are partially omitted in the disclosure.

1. Purpose of the share exchanges

Ube Industries has decided to make the target companies into wholly-owned subsidiaries in order to respond flexibly to changes in the business environment and to achieve sustained business growth and enhance corporate value by utilizing the management resources within the UBE Group.

Ube Shipping & Logistics conducts coastal shipping and port transport businesses in Japan, which are responsible for the distribution sector of the cement business, the core business of Ube Industries. In addition, Ube Shipping & Logistics has actively expanded its business outside Japan, including chartering ocean-going vessels, trading, engineering and container businesses. Hagimori Industries operates building materials and concrete repair businesses with a focus on the manufacture and sale of ready-mixed concrete, which is a downstream business for cement.

By making the target companies, which are both controlled by Ube Industry's Cement & Construction Materials Company, into wholly-owned subsidiaries, Ube Industries aims to integrate business strategy and management resources and speed up decision-making to further enhance the corporate value of the UBE Group.

2. Outline of the share exchanges

(1) Timeline for the share exchanges

Date of the Board of Directors' resolution	May 11, 2017
Conclusion date of agreement	May 11, 2017
Date of ordinary general shareholders' meeting (Ube Shipping & Logistics)	June 27, 2017 (scheduled)
Date of ordinary general shareholders' meeting (Hagimori Industries)	June 28, 2017 (scheduled)
Effective date	August 1, 2017 (scheduled)

(Note 1): As the share exchanges will be simple share exchanges under Article 796, Paragraph 2 of Japan's Companies Act, Ube Industries, which will be the wholly-owning parent company in the share exchanges, will conduct the share exchanges without obtaining approval for the share exchange agreement at the General Meeting of Shareholders.

(2) Method of the share exchanges

Under the share exchanges, Ube Industries will become the parent company owning all the shares of Ube Shipping & Logistics and Hagimori Industries, and Ube Shipping & Logistics and Hagimori Industries will become wholly-owned subsidiaries of Ube Industries. Ube Industries plans to conduct the share exchanges by means of the simple share exchange procedure pursuant to Article 796, Paragraph 2 of Japan's Companies Act without obtaining the approval of the General Meeting of Shareholders. Ube Shipping & Logistics and Hagimori Industries plan to conduct their respective share exchanges upon obtaining approval for the share exchange agreement at ordinary general shareholders' meetings to be held on June 27, 2017 and June 28, 2017, respectively.

(3) Details of allotment in the share exchanges

	Ube Industries, Ltd. (100% parent company)	Ube Shipping & Logistics, Ltd. (Wholly-owned subsidiary)	Hagimori Industries, Ltd. (Wholly-owned subsidiary)
Allotment ratio for the share exchange	1	2.4	4.0
Number of shares to be delivered in the share exchange	Common stock of Ube Industries: 10,014,613 shares (anticipated)		

(Note 1) Share allotment ratio

2.4 shares of common stock of Ube Industries will be allotted and delivered for each share of Ube Shipping & Logistics. However, shares will not be allotted in the share exchange for the shares of Ube Shipping & Logistics which are owned by Ube Industries.

4.0 shares of common stock of Ube Industries will be allotted and delivered for each share of Hagimori Industries. However, shares will not be allotted in the share exchange for the shares of Hagimori Industries which are owned by Ube Industries.

(Note 2) Number of shares of Ube Industries to be delivered in the share exchanges

In the share exchanges, Ube Industries will allot and deliver 10,014,613 shares of its common stock (expected). Ube Industries plans to allocate treasury stock as the common stock that it will allot and deliver and does not plan to issue any new shares.

All treasury stock that the target companies hold immediately prior to the effective date of the share exchanges (includes treasury stock that the target companies will acquire according to the right of opposing shareholders to request share purchase being exercised in relation to the share exchange) will be cancelled by resolution of the meetings of the boards of directors to be held by the day before the effective date of the share exchanges.

The number of shares allotted and delivered in the share exchanges may be changed due to the cancellation of treasury stock by the target companies among other reasons.

(Note 3) Treatment of shares constituting less than one unit

Shareholders of the target companies who hold shares constituting less than one unit of Ube Industries shares (less than 1,000 shares) as a result of the share exchanges may use the following systems with regard to the common stock of Ube Industries. Shares constituting less than one unit cannot be sold on any financial instruments exchange markets.

(i) Request for purchase of shares constituting less than one unit (sale of less than 1,000 shares)
This is the system that pursuant to Article 192, Paragraph 1 of Japan's Companies Act that allows shareholders who hold shares constituting less than one unit of Ube Industries shares to request Ube Industries to purchase the shares constituting less than one unit that they hold.

(ii) Request for sale of shares constituting less than one unit (additional purchase up to 1,000 shares)
This is the system that pursuant to Article 194, Paragraph 1 of Japan's Companies Act allows shareholders who hold shares constituting less than one unit of Ube Industries shares to request Ube Industries to sell to them shares of common stock to form one unit (1,000 shares) when combined with the number of shares constituting less than one unit that they hold.

(Note 4) Treatment of fractional shares of less than one share

For shareholders of the target companies to whom a fraction of less than one share of Ube Industries common stock will be allotted and delivered as a result of the share exchanges, shares of Ube Industries equivalent to the total of the fractional number of shares will be sold and the proceeds of the sale will be delivered to the relevant shareholders in proportion to their fraction pursuant to the provision of Article 234 of Japan's Companies Act and other relevant laws and regulations.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights

Not applicable as Ube Shipping & Logistics and Hagimori Industries have not issued any stock acquisition rights and bonds with stock acquisition rights.

3. Approach to calculation of share exchange ratio

The share price for Ube Industries as a listed company was calculated by employing the market share method. The share price of the target companies as non-listed companies were calculated by a third-party organization independent from both Ube Industries and the target companies, by using the discounted cash flow (DCF) method and comparable company analysis. The share exchange ratio was determined based on the above calculation results after a careful deliberation between Ube Industries and the target companies.

4. Overview of the parties to the share exchanges (as of March 31, 2017)

		100% Parent Company	Wholly-Owned Subsidiary	Wholly-Owned Subsidiary
(1)	Company name	Ube Industries, Ltd.	Ube Shipping & Logistics, Ltd.	Hagimori Industries, Ltd.
(2)	Location	1978-96 Kogushi, Ube, Yamaguchi	1-5-5, Minato-machi, Ube, Yamaguchi	525-125, Okiube, Ube, Yamaguchi
(3)	President	Yuzuru Yamamoto	Takafumi Kurauchi	Atsushi Matsunaga
(4)	Business description	Chemicals, pharmaceuticals, construction materials, machinery, energy and the environment, and others	Coastal shipping, port transport, containers, trading, engineering, construction, and collection and transport of industrial waste, and others	Manufacture and sale of ready-mixed concrete, concrete piles, self-leveling materials, and others
(5)	Capital stock	58,435 million yen	665 million yen	282 million yen
(6)	Established	March 10, 1942	June 20, 1942	August 10, 1938
(7)	Shares issued	1,062,001,076	13,012,286	5,964,955
(8)	Fiscal year-end	March 31	March 31	March 31
(9)	Shareholders	Japan Trustee Services Bank (Trust Account) 6.23% The Master Trust Bank of Japan (Trust Account) 5.23% Trust & Custody Services Bank, (Investment Trust Collateral Account) 2.82% Japan Trustee Services Bank (Trust Account No.9) 2.21% Nippon Life Insurance Company 1.88% Sumitomo Life Insurance Company 1.88%	Ube Industries 83.0% Shinnihon Kinkai Kisen Kaisha 8.4% Other shareholders 8.6%	Ube Industries 64.2% Treasury stock 16.0% Other shareholders 19.8%

(10) Financial data and earnings for previous fiscal year (million yen, except where noted)

	Ube Industries (Consolidated)	Ube Shipping & Logistics, Ltd.	Hagimori Industries, Ltd.
Fiscal year	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2017
Net assets	310,401	7,803	6,268
Total assets	709,379	11,763	7,604
Net assets per share (yen)	270.76	599.70	1,251.14
Net sales	616,563	20,641	3,265
Operating income	34,960	1,006	337
Ordinary income	33,348	1,009	351
Profit Attributable to Owners of Parent	24,185	775	269
Net income per share (yen)	22.85	59.57	53.10

5. Position after the share exchanges

There will be no changes in the name, address, representative, capital stock, and fiscal year of Ube Industries due to the share exchanges.

6. Future outlook

As the target companies are already consolidated subsidiaries of Ube Industries, the effect of the share exchanges on the earnings of Ube Industries will be insignificant.

(Reference) Consolidated Earnings Forecast for Fiscal 2017 Ending March 2018 (announced May 11, 2017) and Consolidated Earnings for Fiscal 2016 Ended March 2017

(million yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
Consolidated earnings forecasts for the fiscal year ending March 31, 2018	700,000	40,000	38,000	24,500
Consolidated earnings for the fiscal year ended March 31, 2017	616,563	34,960	33,348	24,185