

April 28, 2010

Dear Shareholders,

Company name: KROSAKI HARIMA CORPORATION
Representative: Yasuo Hamamoto, President
Securities Code: 5352
(Listed on the First Section of the Tokyo Stock
Exchange and the Fukuoka Stock Exchange)

Notice of the Formation of a Business Alliance (Establishment of a Joint Venture)
by a Consolidated Subsidiary

Krosaki Harima Corporation (hereinafter “KHC”) announced today that a consolidated subsidiary, Krosaki USA Inc. (hereinafter “KUI”), decided to form a business alliance with Magnesita Refractories Co. (hereinafter “MRNA”), a subsidiary of Brazil’s leading refractory manufacturer, Magnesita Refractorios S.A. (hereinafter “MRSA”), mainly regarding the business of functional refractories, by establishing a joint venture in the United States.

1. Outline of the Subsidiary That Will Form the Alliance

(1) Name	Krosaki USA Inc.
(2) Location	Crown Point, Indiana, U.S.A.
(3) Representative	Hiroaki Miyahara
(4) Businesses	Sale of refractory products
(5) Capital	US\$400,000
(6) Closing Date	December 31
(7) Major Shareholders (Shareholding Ratio)	Krosaki Harima Corporation (90%) Itochu Ceratech Corp. (10%)

2. Reasons for the Business Alliance

KHC holds highly reputed technologies concerning sliding nozzle (SN) refractories—a type of functional refractory—and has a proven record of business operations in North America. The establishment of the aforementioned joint venture in the United States is intended to increase the sales and market share of KHC’s functional refractories, including SN refractories, in North America by forming a business alliance with MRNA, a North American subsidiary of MRSA—which has a market share and manufacturing facilities in North America and in which KHC obtained partial ownership in 2008.

3. Description of the Business Alliance

(1) Outline of the Alliance

The alliance will be formed by setting up a joint venture in the United States that will engage in the following businesses:

- Resale of functional and non-functional refractories
- Processing and sale of SN plates
- Manufacturing and sale of SN mechanical parts
- Manufacturing and sale of nozzles

(2) Outline of the Joint Venture

(1) Name	Krosaki Magnesita Refractories LLC
(2) Location	Crown Point, Indiana, U.S.A.
(3) Representative	Hiroaki Miyahara
(4) Capital	US\$4,000,000 (planned)
(5) Established Date	July 1, 2010 (planned)
(6) Closing Date	December 31
(7) Total Assets	US\$5,000,000 (planned)
(8) Major Shareholders (Shareholding Ratio)	KUI (60%), MRNA (40%)
(9) Net Sales	US\$30 million (planned for the year ending December 2011)

4. Outline of the Alliance Partners

(1) Name	Magnesita Refractorios S.A.
(2) Location	Município de Contagem, Estado de Minas Gerais, Brazil
(3) Representative	Ronaldo Iabrudi
(4) Businesses	Manufacturing and sale of refractory products, management of mining operations of refractory materials, furnace construction, engineering, transportation, refractory solution services for steelmakers, etc.
(5) Capital	R\$2,386 million
(6) Major Shareholders	Funds established by Brazil GP and others have executed the shareholders' agreement and own a 50.4% share.

Note: KHC has 2.7% ownership in MRSA.

(1) Name	Magnesita Refractories Co. (former LWB Refractories Co.)
(2) Location	York, Pennsylvania, U.S.A.

(3) Representative	James Piraino
(4) Businesses	Manufacturing and sale of refractory products
(5) Capital	US\$86 million
(7) Major Shareholder (Shareholding ratio)	MRSA (100%)

Note: MRSA acquired LWB in 2008.