

February 10, 2011

Dear Shareholders,

Listed company name: KROSAKI HARIMA CORPORATION
Representative: Yasuo Hamamoto, President
Securities Code: 5352

Notice of a Basic Agreement on the Transfer of the Building Material Business

Krosaki Harima Corporation (“the Company”) resolved at its meeting of the Board of Directors held on February 10, 2011, to approve a basic agreement with Sekisui House, Ltd. (“Sekisui”), for the Company to transfer its building material business to Sekisui on April 1, 2011, as detailed below. Said agreement has been concluded today.

1. Reason for the Business Transfer

As its building material business, the Company manufactures housing exterior wall materials at its Takasago factory in Takasago City, Hyogo Prefecture, Japan, and sells them to Sekisui.

Due to its strong sales of homes for which said exterior wall materials are used, Sekisui requested either an increase in the production of such materials or the capability to make them on their own. After considering this request, the Company reached a basic agreement with Sekisui to transfer the building material business to Sekisui.

The Company will discuss further details with Sekisui to conclude a business transfer contract.

2. Outline of the Business Transfer

(1) Outline of the Building Material Business to Be Transferred

The Company manufactures housing exterior wall materials at its Takasago factory and sells them to Sekisui.

(2) Results of the Building Material Business for the Year Ended March 2010

	Building Material Business (a) (Millions of Yen)	Consolidated Business Results (b) (Millions of Yen)	Ratio (a/b)
Net Sales	658	82,874	0.8%
Gross Profit	53	15,045	0.4%
Operating Income (Loss)	(23)	2,935	—

(3) Amount of Assets to Be Transferred

¥269 million (as of December 31, 2010)

(4) Price of Transfer and Method of Settlement

Price of transfer: ¥1,400 million

Method of settlement: Cash

3. Profile of the Company to which the Business Is to Be Transferred

(1) Name	Sekisui House, Ltd.	
(2) Location	1-88, Oyodonaka 1-chome, Kita-ku, Osaka 531-0076, Japan	
(3) Representative	Toshinori Abe, President and Representative Director	
(4) Major Businesses	Contracting for construction of industrialized houses, sale and lease of real estate	
(5) Capital Stock	¥186,554 million	
(6) Date of Establishment	August 1, 1960	
(7) Net Assets	¥716,295 million (consolidated, as of July 31, 2010)	
(8) Total Assets	¥1,353,946 million (consolidated, as of July 31, 2010)	
(9) Major Shareholders and Their Percentage of Shareholdings (as of July 31, 2010)	Sekisui Chemical Co., Ltd., 10.66% Japan Trustee Services Bank, Ltd. (Trust account), 6.55% The Master Trust Bank of Japan, Ltd. (Trust account), 6.06%	
(10) Relationships between the Company and Sekisui	Capital	There is no capital relationship to be disclosed between the Company and Sekisui. No capital relationship that deserves special mention exists between the interested persons and affiliated companies of the Company and those of Sekisui.
	Personnel	There is no personnel relationship to be disclosed between the Company and Sekisui. No personnel relationship that deserves special mention exists between the interested persons and affiliated companies of the Company and those of Sekisui.
	Business	The Company manufactures housing exterior wall materials and sells them to Sekisui.
	Related parties	Sekisui does not fall under the category of related parties of the Company. No interested persons and affiliated companies of Sekisui fall under the category of related parties of the Company.

4. Schedule

(1) Resolution by the Company's Board of Directors	February 10, 2011
(2) Conclusion of a basic agreement	February 10, 2011
(3) Conclusion of a business transfer contract	March 2011 (planned)
(4) Date of transferring the business	April 1, 2011 (planned)

- This business transfer is a partial transfer of the business that does not fall under "The Assignment of a Significant Part of the Business" as stipulated in the Companies Act of Japan, Article 467, Paragraph 1, Item 2, and therefore does not require a resolution at a shareholders' meeting.
- Subject to agreement by both parties, the date of transferring the business can be postponed.

5. Accounting Procedure

The difference between the cash to be received by the Company and the shareholders' equity equivalent relating to the building material business to be transferred will be recognized as a gain or loss on business transfer.

6. Future Outlook

This business transfer is expected to produce a special gain for the fiscal year ending March 31, 2012, but the amount of such gain is currently being determined. (It is expected to be an amount that is not less than equivalent to 3/100th of the Company's net assets at March 31, 2010, and 20/100th of the average of the Company's net income for the five fiscal years ended March 2006 to March 2010.)

Reference: Consolidated Performance Forecast (Released on November 11, 2010) and Consolidated Business Results for the Previous Fiscal Year

(Millions of yen)

	Net Sales	Operating Income	Ordinary Income	Net Income
Consolidated Performance Forecast for the Year Ending March 2011	92,300	5,500	5,200	3,300
Consolidated Business Results for the Year Ended March 2010	82,874	2,935	3,020	3,967