

December 22, 2011

Dear Shareholders,

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

**Notice Regarding the Acquisition of Shares (Full Ownership) of
ARIAKE MATERIALS COMPANY, LIMITED**

Krosaki Harima Corporation (“the Company”) hereby informs you that at the meeting of its Board of Directors held on December 22, 2011, it passed a resolution to acquire all the outstanding shares of ARIAKE MATERIALS COMPANY, LIMITED (“ARIAKE”), and that it concluded a stock acquisition contract with NIPPON COKE & ENGINEERING COMPANY, LIMITED (“NIPPON COKE”), the parent company of ARIAKE.

1. Reasons for the Stock Acquisition

Established by spinning off the new materials marketing department and manufacturing works from Mitsui Mining Co., Ltd. (currently NIPPON COKE), ARIAKE engages in production, machining and sales of ceramics. The main product line of ARIAKE is called “machinable ceramics,” or easy-to-machine ceramics, for which ARIAKE offers a wide variety of products and has customers in various industries.

To reorganize and reinforce the Company group’s ceramics business, the Company last year consolidated all of the group’s ceramics-related businesses from research and development and manufacturing to sales so that the Company can conduct the integrated management of these businesses. However, because the group’s ceramics business is mostly intended for semiconductor manufacturing equipment, it is susceptible to the equipment investment of semiconductor manufacturers. To stabilize the earnings from the ceramics business, the Company needs to enhance its marketing force for ceramics products and achieve further expansion of their sales.

By acquiring all the outstanding shares of ARIAKE and making it a wholly owned subsidiary, the Company will share business strategies with ARIAKE and complement each other’s marketing and manufacturing forces, thereby reinforcing the business structure of the Company group’s ceramics business for continued growth.

2. Profile of the Subsidiary to be Transferred

(1) Name	ARIAKE MATERIALS COMPANY, LIMITED
(2) Location	Head office: 3-3-3 Toyosu, Koto-ku, Tokyo Factory: Omuta Precision (1-21-1 Nishiminatomachi, Omuta City, Fukuoka Prefecture)
(3) Representative	Yoshiaki Saito, President
(4) Lines of business	Production, machining and sales of ceramics
(5) Capital	¥100 million

(6) Date established	March 30, 1993		
(7) Major shareholders and shareholding ratio	NIPPON COKE & ENGINEERING COMPANY, LIMITED: 90% Sun Information & Service Corporation: 10% Note: Prior to the stock acquisition stated herein, NIPPON COKE plans to acquire full ownership of ARIAKE by purchasing the remaining 10% of shares from Sun Information & Service Corporation.		
(8) Non-consolidated operating results and financial position for the past three fiscal years			
Fiscal year-end	March 2009	March 2010	March 2011
Net assets	¥489 million	¥489 million	¥538 million
Total assets	¥1,778 million	¥1,726 million	¥1,701 million
Net sales	¥2,144 million	¥1,711 million	¥2,048 million
Operating income	¥27 million	¥16 million	¥103 million
Ordinary income	¥6 million	¥6 million	¥84 million
Net income (loss)	(¥44 million)	¥0 million	¥48 million

3. Profile of the Company from which the Stock is to be Acquired

(1) Name	NIPPON COKE & ENGINEERING COMPANY, LIMITED
(2) Location	3-3-3 Toyosu, Koto-ku, Tokyo
(3) Representative	Yoshichika Nishio, President
(4) Lines of business	Coal and coke related businesses and comprehensive engineering business
(5) Capital	¥7 billion
(6) Date established	December 1, 1969
(7) Net assets	¥38,832 million (consolidated, for the year ended March 2011)
(8) Total assets	¥137,000 million (consolidated, for the year ended March 2011)
(9) Major shareholders and shareholding ratio (as of March 31, 2011)	Nippon Steel Corporation: 21.77% Sumitomo Corporation: 21.77% Sumitomo Mitsui Banking Corporation: 5.61%

4. Number of Shares to be Acquired, Acquisition Price and Status of Shareholding before and after the Acquisition

(1) Number of shares held before the acquisition	0 (Shareholding ratio: —%)
(2) Number of shares to be acquired	2,000 shares (Ratio to the shares outstanding: 100%) (Acquisition price: ¥343 million)
(3) Number of shares to be held after the acquisition	2,000 shares (Shareholding ratio: 100%)

5. Schedule

(1) Resolution at the Board of Directors	December 22, 2011
(2) Agreement of stock acquisition concluded	December 22, 2011
(3) Stock to be acquired	January 4, 2012

6. Future Outlook

The acquisition of full ownership of ARIAKE is expected to have an immaterial effect on the consolidated financial outlook of the Company.

(Reference) Consolidated performance forecasts for the fiscal year ending March 31, 2012 (released on August 9, 2011) and consolidated operating results for the year ended March 31, 2011

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
Performance forecasts for the year ending March 31, 2012	107,400	5,400	5,150	3,600
Operating results for the year ended March 31, 2011	93,522	6,061	5,853	3,582