

August 29, 2007

To whom it may concern

Company Name: Sasebo Heavy Industries Co., Ltd.

Representative: Hidekazu Morishima/President

Securities Code: 7007

TSE 1st Section, OSE 1st Section, FSE

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Director of General Affairs Department

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**Notice concerning Acquisition of Treasury Stock**

**(Purchase of Treasury Stock in accordance with the Articles of Incorporation pursuant to Article 165, Section 2 and the Company Law)**

The Company hereby announces that it was decided at the board of directors meeting held on August 29, 2007 to purchase treasury stock pursuant to Article 156 of the Company Law, as applied in lieu of Article 165 of the same law.

1. Reasons for the Acquisition of Treasury Stock

To allow the company to flexibly carry out its capital policy in accordance with changes in business environment, to improve capital efficiency and to return profits to shareholders

2. Details of the Acquisition

(1) Type of stock to be acquired: Common Company shares

(2) Total number of shares to be acquired: Up to 1,500,000 shares (Rate of maximum shares to be acquired to total outstanding shares, excluding treasury stock: 0.93%)

(3) Total acquisition cost: Up to 1,005,000,000 yen

(4) Acquisition period: From August 30, 2007 to December 31, 2007

(Reference)

Number of treasury shares as of August 22, 2007

Total number of outstanding shares (excluding treasury shares): 161,907,599

Treasury shares: 47,401