

Summary of Questions Asked and Answers Given at the Financial Results Briefing for the Fiscal Year Ended March 31, 2011

Date and time: Monday, May 2, 2011, from 3:30 p.m. to 4 p.m.

Place: Belle Salle Yaesu

Notice: This summary is a reference designed for the convenience of those who could not attend the financial results briefing stated above. Please note that this is not a word-for-word transcript of all remarks made at the session, but is a summary prepared by Kurita Water Industries Ltd.

Q: What will be the ratios of semiconductors and flat-panel displays in Asia in your business for electronics manufacturers overseas this fiscal year?

A: Flat-panel displays occupied a higher ratio in the business in the fiscal year just ended, but we expect the ratio of semiconductors to move ahead in the fiscal year ahead of us.

Q: Is there a possibility that costs in your ultrapure water supply business will rise again this fiscal year?

A: Costs in our ultrapure water supply business rose in the fiscal year just ended because of the period in which the cost was reported to have accrued. In fact, costs in this business returned to normal levels in the previous fiscal year, after dropping to an unusually low level in the fiscal year immediately prior to that. We don't expect the cost of the business to increase in the current fiscal year. The profit margin for our ultrapure water supply business does not change substantially because we have basic contracts for the business. We will continue our efforts to lower the costs of this business.

Q: How do you plan to contribute to returning power supply to normal levels in the aftermath of the Great East Japan Earthquake? Do you plan to contribute in the maintenance area or in the hardware field?

A: The earthquake caused great damage to thermal power plants within the jurisdictions of Tokyo Electric Power Company and Tohoku Electric Power Inc. We must meet their needs for re-launching support. We are making final checks on our material procurement and operational procedures now.

Q: How are you contributing to restoration work in fields other than power supply, such as electronic components?

A: We have received many requests for post-quake assistance, including support for plant re-launching, since the Great East Japan Earthquake. We have completed our assistance in response to almost all requests received for plant re-launches. The tsunami damaged three major markets (customers in the petrochemical, paper-pulp, and steel industries) for our water treatment chemicals because they are located on the coast. We are working to restore customer plants at the moment. The quake also damaged the clean rooms at many semiconductor and flat-panel display plants. In addition, we are helping customers in the automobile and material industries restore their facilities now.

Q: Your medium-term management plan will end with the fiscal year ahead of us. Why do your results forecasts for this fiscal year differ from numerical targets you had set in the management plan? Are changes in external conditions the cause of their difference? Are there things you have left unfinished as president?

A: I have taken a number of steps to further our growth since assuming the post of the president. But economic environment was sluggish. The major earthquake is another unfortunate factor. I will step down from the post of president on this occasion to encourage our younger generation to speed up the execution of the ideas set out in the current management plan. I have studied the organizations, schemes, and strategies for expanding our operations in other countries, particularly those in Asia. I have laid the foundations. I would like to ask my predecessor to build on this foundation as he puts his ideas into action.

Q: Tell us about your projects for small to midsize flat-panel displays in the ultrapure water supply business.

A: We have two projects for which facilities are under construction now, one for NAND flash memories and the other for LCD's for smartphones. Our customers are shifting their investment approach from the construction of large facilities to investment in stages based on merchandise sales trends. The nature of the business, such as the types of wastewater treated, are also changing in response to changes in base and other materials at customers who are already receiving ultrapure water from us. Our ultrapure water supply business will not expand significantly for that reason. But companies must invest capital to a certain extent in this area. So the ultrapure water supply business will not decrease significantly any time soon.

Q: What is the latest status of your soil remediation business? Has the great earthquake had any effect on the business?

A: Both orders and sales are continuing to decline for our soil remediation business. The earthquake is also affecting the business. In many cases, we spend one or two years to remedy soil. But we have now been forced to suspend many of our soil remediation operations because of the high-risk conditions. The business is beginning to recover in the greater Tokyo area, but orders are very limited in other regions. However, the need to state liabilities on the balance sheets is likely to rise with the comprehensive adoption of the International Financial Reporting Standards that is pending. We expect this change to encourage soil remediation, rather than posting a liability.

Q: What was the extent of the effects from the suspension of operations at customer plants for the water treatment chemicals business following the earthquake?

A: sales for our water treatment chemicals business fell in areas such as Iwate, Miyagi, Fukushima, Ibaraki, and Chiba in the period immediately after the quake. But they have gradually begun to recover.

Q: What are the factors that led to your decision to step down as the president? My impression is that your term of office was short. In what way do you think you have laid the foundations for future business, such as the expansion of the wastewater recycling business in Asia?

A: People have pointed out that what Kurita lacks at present is potential for growth. I feel the same way myself. The issue for us has been where to concentrate our resources to achieve growth. In Japan, we have achieved to a certain degree on devoting everything to our service operations. We have not been able to do many new things overseas. But we are planning to shift our focus to localization in our operations outside Japan. We have excellent opportunities to expand our businesses to both local companies and their counterparts in North America and Europe. We also have new technologies. I eliminated words such as “global” and “overseas” from office names and titles used internally out of a wish to change our tradition of attaching top priority to domestic operations and to urge all our employees to become involved in operations in other markets. My retirement from the post of the president after two years may seem too early, but this is the fiscal year for undertaking a new initiative. It is also the year for drafting a new three-year business plan. I felt that it would be better for Kurita to draft the new plan under a new leader. I would like you to consider my departure from the top post as a positive decision, which I made based on my own assessment.

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