

For Immediate Release

February 8, 2019

Company Name: Kurita Water Industries Ltd.
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(Securities Code: 6370, First Section of TSE)
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Notice Regarding the Acquisition of U.S. Water Services, Inc. (to Make it a Subsidiary)

Kurita Water Industries Ltd. ("Kurita") announced today that it has decided to acquire 100% of the outstanding shares of Global Water Services Holding Company, Inc. (Head Office: Delaware, U.S.; "GWS"), which is a holding company of U.S. Water Services, Inc. (Head Office: Minnesota, U.S.; "U.S. Water"), through Kurita America Holdings Inc. (Head Office: Delaware, U.S.; a wholly-owned subsidiary of Kurita). U.S. Water manufactures and sells water treatment chemicals and facilities in the U.S. Kurita America Holdings Inc. has signed a stock purchase agreement with ALLETE Enterprises, Inc. (Head Office: Minnesota, U.S.), the shareholder of GWS.

The acquisition is subject to customary closing conditions and regulatory approvals.

1. Purpose of the acquisition

Founded in 1997, U.S. Water is headquartered in Minnesota and has manufacturing and sales offices across the U.S. It has approximately 5,000 customers and has established strong relationships with blue-chip companies in the U.S. in a wide range of industries, including food and beverage, oil and gas, bioethanol refineries, electric power, light industry and commercial / public facilities. U.S. Water helps these companies save water and energy by providing various water chemicals, facilities and engineering services.

Kurita Group will combine U.S. Water's customer base and sales network with its own competitive products and highly unique services such as pure water supply and wastewater reclamation. Kurita Group will also utilize its IT sensing technology to develop a service contract-based business. Kurita Group will further improve customer relationships and accelerate business development in the U.S.

Kurita Group aims to expand its business globally by establishing platforms in four regions of the world – Japan, Asia, Europe and the Americas. This acquisition will strengthen Kurita Group's businesses in North America, which is a strategic market. This acquisition is expected to increase Kurita Group's sales in the U.S. by approximately four times.

2. Overview of the subsidiary

Overview of GWS

(1)	Name	Global Water Services Holding Company, Inc.	
(2)	Location	Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle, Delaware 19801, U.S.	
(3)	Name and title of representatives	Alan R. Hodnik (CEO) Robert J. Adams (President)	
(4)	Business description	Holding company of U.S. Water Services, Inc.	
(5)	Common stock and paid-in capital	\$193 million	
(6)	Date of founding	January 20, 2015	
(7)	Major shareholders and shareholding ratios	ALLETE Enterprises, Inc. 100%	
(8)	Relationship with Kurita Group	Capital relationship	None
		Human relationship	None
		Business relationship	None

Note 1: Business performance and financials are not disclosed because GWS does not generate any profit or loss.

Overview of U.S. Water

(1)	Name	U.S. Water Services, Inc.	
(2)	Location	12270 43rd St. NE, St. Michael, Minnesota 55376, U.S.	
(3)	Name and title of representatives	LaMarr Barnes (CEO)	
(4)	Business description	Manufacturing and selling water treatment chemicals and facilities	
(5)	Common stock and paid-in capital	\$193 million	
(6)	Date of founding	June 9, 1997	
(7)	Major shareholders and shareholding ratios	Global Water Services Holding Company, Inc. 100%	
(8)	Relationship with Kurita Group	Capital relationship	None

	Human relationship	None		
	Business relationship	None		
(9) Business performance in the last three years (in millions)				
	Fiscal year ended	December 31, 2016	December 31, 2017	December 31, 2018
	Net sales	\$137.5 (¥14,986)	\$151.8 (¥16,543)	\$172.1 (¥18,754)

Note 2: Converted at the exchange rate of \$1.00 = ¥109

Note 3: The figures above were disclosed by U.S. Water. They have not been audited.

Note 4: Operating income, ordinary income, net income and dividend per share are not disclosed per U.S. Water's request.

3. Overview of the Seller

(1)	Name	ALLETE Enterprises, Inc.		
(2)	Location	30 West Superior Street, Duluth, Minnesota 55802, U.S.		
(3)	Name and title of representative	Alan R. Hodnik (Chairman, President and CEO) Robert J. Adams (CFO and Treasurer)		
(4)	Business description	Holding company for ALLETE subsidiaries		
(5)	Common stock and paid-in capital	\$444 million		
(6)	Date of founding	October 23, 1996		
(7)	Net assets	\$685 million		
(8)	Total assets	\$812 million		
(9)	Major shareholders and shareholding ratios	ALLETE, Inc. (NYSE:ALE) 100%		
(10)	Relationships with Kurita Group	Capital relationship	None	
		Human relationship	None	
		Business relationship	None	
		Related parties	ALLETE Enterprises, Inc. and its directors, employees or affiliates are not related parties of Kurita Group	

4. Number of shares acquired, shareholding and purchase price

(1)	Number of shares held before the acquisition	0 (shareholding ratio: 0%)
(2)	Number of shares acquired	3,517,457 shares
(3)	Acquisition cost	Purchase price: \$270 million (Approximately 29.4 billion yen) Advisory fees: Approximately 700 million yen (Approximately \$6.4 million)
(4)	Number of shares held after the acquisition	3,517,457 shares (shareholding ratio: 100%)

Note 5: To be adjusted for net working capital and net debt as of closing.

Note 6: Converted at the exchange rate of \$1.00 = ¥109

5. Schedule

(1)	Board approval	February 8, 2019
(2)	Date of signing	February 8, 2019
(3)	Date of closing	Subject to customary closing conditions and regulatory approvals

6. Financial impact

The impact of this acquisition on Kurita's consolidated earnings forecast is currently under consideration. Kurita will promptly disclose matters as necessary.

(Ref) Consolidated earnings forecast for the fiscal year ending March 31, 2019 (disclosed on November 9, 2018) and consolidated earnings for the previous fiscal year (yen in millions)

	Consolidated net sales	Consolidated operating income	Consolidated ordinary income	Profit attributable to owners of parent
Consolidated earnings forecast for the current fiscal year ending March 31, 2019	260,000	24,000	24,200	17,000
Consolidated earnings for the previous fiscal year ended March 31, 2018	236,815	22,475	22,104	17,897