

September 28, 2010

Nippon Valqua Industries, Ltd.

Daikin Industries, Ltd.

<p style="text-align: center;">Nippon Valqua and Daikin Form Capital Alliance for Fluoropolymer Business in China</p>
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Nippon Valqua Industries, Ltd. (Head Office: Tokyo (Shinagawa-ku), Japan; President and CEO Toshikazu Takisawa ; hereinafter referred to as “Nippon Valqua Industries”) and Daikin Industries, Ltd. (Head Office: Osaka, Japan; President and COO: Yuki Yoshi Okano; hereinafter referred to as “Daikin Industries”) have recently agreed to join forces in a business alliance to utilize the qualities and strengths of both companies and dramatically expand the strategic business of fluoropolymer products in the Chinese market where demand is expanding.

In establishing this alliance, Daikin Industries will invest 450 million yen in Shanghai Valqua Fluorocarbon Products Co., Ltd. (hereinafter referred to as Shanghai Valqua), the local subsidiary of Nippon Valqua Industries in China. As a result of this investment the total investment ratio in Shanghai Valqua will become 70% for Nippon Valqua Industries and 30% for Daikin Industries.

At the same time infrastructure investments are being made in such areas as electrical power and railways, demand for fluorochemicals, particularly in China, is expected to expand sharply toward environmental investments such as solar cell and wind-generated electrical power. With this alliance, both companies hope to ensure stable supply and price competitiveness of fluoropolymers and molded products as well as significantly expand market share in China.

By utilizing the fluoropolymer development and technical service capabilities of Daikin Industries together with the specialized mold processing technology of Nippon Valqua Industries, the two companies plan to make Shanghai Valqua, which has 15 years experience in China and excels in fluoropolymer mold processing, the starting point for achieving a one-stop consulting service for end users.

Details of this agreement include the two points stated below.

- 1) The Chinese mold processing manufacturer will be cultivated by the technological support of both companies, and sales of fluoropolymers and mold processing products are to be dramatically expanded for volume zone.

- 2) New market development is to be accelerated by joint marketing of end users and demand development is to be promoted.

With this agreement, sales of 10 billion yen in year 2015 are set as a goal for Shanghai Valqua.

【Summary of Nippon Valqua Industries, Ltd.】

- 1) Company name : Nippon Valqua Industries, Ltd.
- 2) Home office : Tokyo (Shinagawa-ku), Japan
- 3) Established : 1932
- 4) Capital : approx. 14 billion yen
- 5) Representative : Toshikazu Takisawa, representative director, president, and CEO
- 6) Areas of business : Design, manufacture, processing, and sale of various types of material products such fluoropolymer and high functional rubber and fiber for all industry types including industrial equipment, chemical, machinery, energy, communication equipment, semiconductors, automobile, and aerospace.
- 7) Employees : approx. 1,340 people [consolidated] (as of March 2010)
- 8) Sales : 30.9 billion yen [consolidated] (as of March 2010)

【Summary of Daikin Industries, Ltd.】

- 1) Company name : Daikin Industries, Ltd.
- 2) Home office : Osaka, Japan
- 3) Established : 1934
- 4) Capital : 85 billion yen
- 5) Representative : Yukiyooshi Okano, representative director, president, and COO
- 6) Areas of business : Manufacture and sales of products including fluoro chemical products, air conditioning and refrigeration equipment, and oil hydraulic equipment
- 7) Employees : 38,874 people [consolidated] (as of March 2010)
- 8) Sales : 1 trillion 24 billion yen [consolidated] (as of March 2010)

【Summary of Shanghai Valqua Fluorocarbon Products Co., Ltd.】

- 1) Company name : Shanghai Valqua Fluorocarbon Products Co., Ltd.
- 2) Home office : Shanghai, People's Republic of China
- 3) Established : 1995
- 4) Capital : 500 million yen (After capital increase: 1.1 billion yen)
- 5) Representative : Kenichi Kobayashi
- 6) Areas of business : Manufacture and sale of fluoropolymer processed products
- 7) Employees : 120 people
- 8) Sales : approx. 1 billion yen

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