



AIR WATER INC.

March 25, 2010

Air Water Inc.

(Securities ID Code: 4088)

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Air Water Announces New Medium-term Business Plan “NEXT-2020 Ver.1”

FY2010-2012

—— Foundation for Further Growth ——

[Summary]

Air Water, Inc. (Chuo-ku, Osaka; chairperson Hiroshi Aoki) announced its new three-year business plan “NEXT-2020 Ver.1” which starts FY 2010.

The new medium-term business plan not only succeeds the current medium-term business plan “Renovation 330” ending in FY 2009 but stands as the first step for the long-term growth vision “Vision for 1-trillion Company 2020” for the next ten years.

During the past ten years when Japan’s GDP showed the minimum growth, Air Water has marked a striking growth as its sales increased 230% and current profit increased 350% during the same period. It is greatly because of establishment of “All-Weather Management System” which led to a new management strategy developing a unique business portfolio which we call “Order Rodentia Style of Business.”

Based on the new management strategy, the new medium-term business plan implements new measures and develops “Foundation for Further Growth” to realize “Vision for 1-trillion Company 2020.”

■ Numerical targets for New medium-term business plan “NEXT-2020 Ver.1” (¥100 million)

Fiscal Year	2010	2011	2012
Sales	4,500	4,700	5,000
Operating Profit	290	330	350
Current Profit	290	330	350
Current Earnings	150	175	185

[Description]

1. “Vision for One-trillion Company” and New medium-term business plan “NEXT-2020 Ver.1”

In April 2004, Air Water made a new start after corporate consolidation. Since then it has launched three medium-term business plans while Japanese economy experienced a significantly difficult time with its average GDP of 1%. Air Water especially faced a rapid economic downturn triggered by “Lehman shock” in the US during the latest medium-term business plan called “Renovation 330.” Nonetheless, it has shown a remarkable growth with 230% sales increase and 350% current profit increase during the past ten years. We believe that the following two major factors contributed to the growth:

- ① Establishment of “All-Weather Management System”
- ② Promotion of “Order Rodentia Style of Business”

Looking back the results of “Renovation 330,” we can find that although the main businesses such as Industrial Gas Business and Chemical Business were greatly affected by the economic downturn, Medical Business and Energy Business significantly expanded earnings as Magnesia Business, Aerosol Business, Seawater Business and other various businesses contributed to the corporate profit.

That shows that Air Water’s ten-year efforts resulted in establishment of “All-Weather Management System” and development of a new “Business Portfolio” covering a variety of small but highly profitable businesses. Air Water recognizes and will promote adjustment of the “Business Portfolio” as a “Order Rodentia Style of Business” strategy.

Looking at the coming ten years based on the general result of the past ten years, Air Water became convinced of the reality of the vision to be a “One-trillion Company” by FY 2020. In other words, we believe that even if the market does not grow, Air Water will be able to post 1-trillion sales in FY2020 by developing an appropriate Business Portfolio and promoting “Mousy Group Management.”

The new medium-term business plan “NEXT-2020 Ver.1” plays the role of “Foundation for Further Growth” as the first step to make the vision true.

[COLUMN] What is “Order Rodentia Style of Business?”

Order Rodentia (= rat, mouse, squirrel, capybara, etc.) is regarded as the most prosperous species among the mammals. They could discover some territories (= niche) where had been unoccupied by dinosaur as they had developed their five senses and brain, and gradually enlarged their habitat.



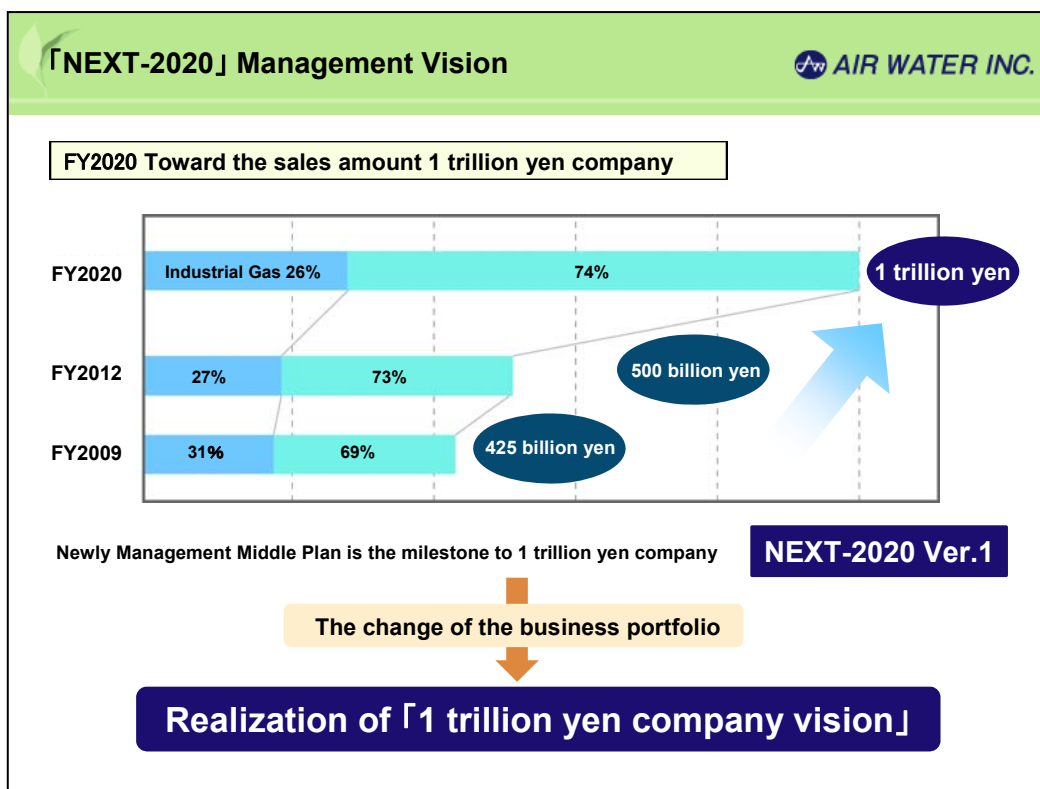
“Order Rodentia Style of Business” is a management method that replaces various business groups constituting AWI with Rodent to analogize their powerful survival. This enables us to pursue high potential “Portfolio Management Strategy” in terms of discovering and fostering niches and adapting us to environmental changes.

2. Objectives and Main Measures of New Medium-term Business Plan “NEXT-2020 Ver.1”

To achieve the goal of making the “Foundation for Further Growth,” the new medium-term business plan “NEXT-2020 Ver.1” has adopted the following objectives and measures.

Objectives	Main Measures
Revenue base restructuring	<ul style="list-style-type: none"> ■ Business restructuring Restructure branch offices and regional business companies into 9 blocs to reinforce regional business system and promote and expand regional businesses. Seek for synergy effect of 10 independent business companies to improve their earning capacity.
	<ul style="list-style-type: none"> ■ Cost restructuring Regain earning power lost in recent economic slowdown by reducing procurement and distribution cost.
Development of new growth strategies	<ul style="list-style-type: none"> ■ Growth strategies of each segment Expand business globally, especially to China and other Asian nations, breaking out of the conventional business structure focused more on domestic Industrial Gas Business, and reinforce business end such as regional business. Promote technology development, M&A and horizontal discussion and cooperation to shift business to growing markets and explore new business field. See below for detailed growth strategies of each field.
	<ul style="list-style-type: none"> ■ Capital investment, M&A investment Implement 90 billion investment plan in 3 years including 70 billion to capital investment and 20 billion to M&A investment.
Challenges for NEXT-2020/ 1-trillion Vision	<ul style="list-style-type: none"> ■ Create Agricultural Business Enter agricultural business as a new challenge for 1-trillion Company Vision.
	<ul style="list-style-type: none"> ■ Foundation for global expansion Develop foundation in China as the first step to expand Industrial Gas Business on a global basis.
	<ul style="list-style-type: none"> ■ Become a technology-led company Promote technology development directly connected to creation of a new business to reinforce business restructuring and lead business expansion.
	<ul style="list-style-type: none"> ■ Human resource development and utilization Develop human resources leading “Order Rodentia Style of Business” and potential executives with the spirit of a corporate founder.

■ New Medium-term Business Plan “NEXT-2020 Ver.1” and “Vision for 1-trillion Company”



■ Management Targets of New Medium-term Business Plan “NEXT-2020 Ver.1”

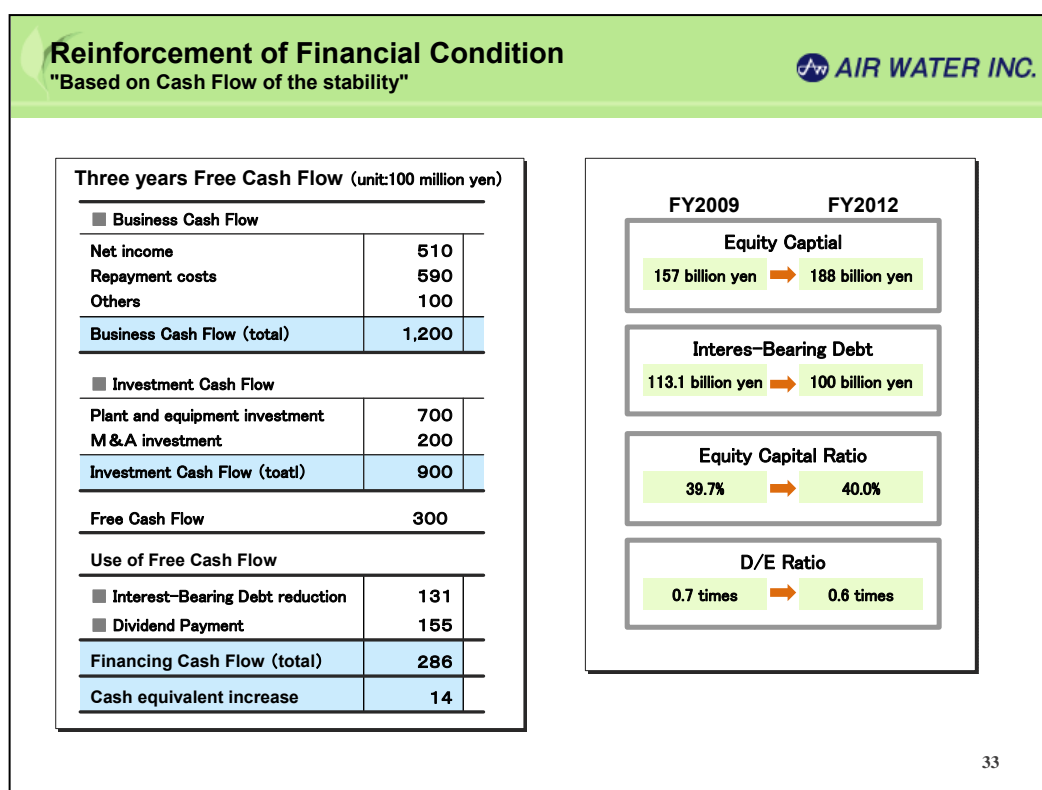
Management Targets AIR WATER INC.

(unit: 100 million yen)

	FY2009 (Forecast)	New medium-term management plan 「NEXT-2020 Ver.1」			Three years growth expectation (2009 comparison)	
		FY2010	FY2011	FY2012	Difference	Growth rate
Net Sales	4,250	4,500	4,700	5,000	+750	117.6%
Operating Income	270	290	330	350	+80	129.6%
Ordinary Profit	280	290	330	350	+70	125.0%
Net Profit	138	150	175	185	+47	134.1%

Management Indicator : FY2012 Target	
Recurring Margin	7%
ROE	More than 10%
Equity Capital Ratio	40%
D/E ratio	0.6 time

- Improvement of Financial Standing in New Medium-term Business Plan "NEXT-2020 Ver.1"



3. Growth Strategies of Each Business Segment

Each business segment will mainly tackle with the following challenges as part of “Establishment of New Growth Strategies,” one of the objectives of the new medium-term business plan “NEXT-2020 Ver.1.” Also in developing the new medium-term business plan, Air Water changed categories of business segments as follows.

Business Segment	Major Challenges
Industrial Gas	<ul style="list-style-type: none"> ■ Industrial Company <ul style="list-style-type: none"> · Promote VSU strategy and expand gas-filling stations · Develop new gas applications ■ On-site Company <ul style="list-style-type: none"> · Organized replacement to latest gas-plants · Establish factory networks ■ Engineering Company <ul style="list-style-type: none"> · Enhance global competitiveness as a gas-plant manufacturer
Electronics	<ul style="list-style-type: none"> ■ Electronics Company <ul style="list-style-type: none"> · Establish position as a special material manufacturer · Start business expansion in East Asia (especially China) ■ Bellpearl Business <ul style="list-style-type: none"> · Reinforce electrode sheet business · Commercialize next-generation lithium-ion capacitor electrodes ■ Information electron material Business (Inoueki, Printec) <ul style="list-style-type: none"> · Expand business making the best of high function materials (special epoxy resin, BN300, etc) · Promote global expansion using East Asian networks
Chemical	<ul style="list-style-type: none"> ■ Coal Chemical Business <ul style="list-style-type: none"> · Reinforce foundation of gas purification business · Expand carbon materials (TEG, FR) business ■ Fine Chemical Business <ul style="list-style-type: none"> · Accelerate global business expansion (further utilization of China and India) · Reinforce earning power of commissioned business (promote cost reduction by, for instance, using cheap foreign raw materials) · Develop own products (develop own-brand products using R&D power)
Medical	<ul style="list-style-type: none"> ■ Medical Gas Business <ul style="list-style-type: none"> · Expand sales using VSU ■ Medical Equipment Business <ul style="list-style-type: none"> · Expand perinatal system and cardiovascular system ■ Home healthcare <ul style="list-style-type: none"> · Reinforce downstream business and enhance and expand home respiratory care ■ Hospital Construction Business <ul style="list-style-type: none"> · Closer cooperation between Air Water Safety Service and Miwa Electric Medical ■ Medical Services Business <ul style="list-style-type: none"> · Enhance earning power of sterilization and SPD

Energy	<ul style="list-style-type: none"> ■ LPG Business <ul style="list-style-type: none"> · Better relationship with customers and new strategy to counter competitive energy · Promote collaboration with competitors through logistic restructuring and streamlining ■ Life Support Business <ul style="list-style-type: none"> · Market welfare and nursing care products using 83 LPG retail bases · Develop services for elderly such as house renovation ■ Green Energy Business <ul style="list-style-type: none"> · Promote green products led by hybrid water heater · Make proposals based on technology to Hokkaido LNG market ■ Water (drinking water) Business <ul style="list-style-type: none"> · Foundation for nation-wide expansion
Others	<ul style="list-style-type: none"> ■ Seawater Business <ul style="list-style-type: none"> · Tateho Chemical Industries Expand business by launching high-purity and high-function businesses · Nihonkaisui Expand business from salt to “seawater business. ■ Logistic Business <ul style="list-style-type: none"> · Expand 3PL business and local food markets ■ Food Business <ul style="list-style-type: none"> · Expand business by promoting synergies of SAVEUR SS and SagamiHam ■ Aerosol Business <ul style="list-style-type: none"> · Expand products for human and home use based on own prescription

■ Numerical Targets by Segment

		FY2009 (Forecast)		FY2012 (Target)		Three years growth expectation (2009 comparison)	
			Margin		Margin	Difference	Growth rate
Industrial Business	Net Sales	130,000		135,000		5,000	3.8%
	Ordinary Profit	13,500	10.4%	14,500	10.7%	1,000	7.4%
Electronics Business	Net Sales	25,000		53,000		28,000	112.0%
	Ordinary Profit	2,300	9.2%	3,400	6.4%	1,100	47.8%
Chemical Business	Net Sales	66,900		75,000		8,100	12.1%
	Ordinary Profit	2,000	3.0%	3,300	4.4%	1,300	65.0%
Medical Business	Net Sales	61,900		69,000		7,100	11.5%
	Ordinary Profit	3,400	5.5%	4,400	6.4%	1,000	29.4%
Energy Business	Net Sales	42,800		48,000		5,200	12.1%
	Ordinary Profit	2,400	5.6%	2,800	5.8%	400	16.7%
Others (Seawater, Logistics Food Business etc.)	Net Sales	98,400		120,000		21,600	22.0%
	Ordinary Profit	4,400	4.5%	6,600	5.5%	2,200	50.0%
Total	Net Sales	425,000		500,000		75,000	17.6%
	Ordinary Profit	28,000	6.6%	35,000	7.0%	7,000	25.0%

(unit: million yen)

※AWI changed our business segment division taking advantage of development of newly middle management plan.

END

— [For further inquiry, contact] —

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