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Dear Customer,

The Fluorochemicals industry has experienced a great deal of volatility in 2010 and this has had a significant impact on the availability and pricing of refrigerants. This letter seeks to explain some of the issues our industry faces and gives DuPont's outlook for the situation in 2011.

1/ Availability and costs of primary raw materials

- The costs of Fluorspar and Sulfur (the two components to make Hydrogen Fluoride, the source of Fluorine for all Fluorochemicals) have increased dramatically. Fluorspar mine capacities have decreased in recent years and China, a significant source, has put trade restrictions on exports.
- Chlorocarbon global capacities have decreased by around 50% in recent years and costs have risen sharply as availability has become tight. Chlorocarbons are reacted with Hydrogen Fluoride to make Hydrofluorocarbons (HFCs).
- As the raw materials to make fluorocarbons have been in short supply and increasing in cost, the prices of Fluorochemicals have necessarily risen sharply throughout 2010.

2/ Growing demand for HFCs

- Domestic demand for HFCs in large growing economies (especially China) continues to rise.
- Legislation banning or restricting the use of HCFCs has further increased the demand for HFCs.
- The result is that Fluorochemical plant utilization rates have been pushed to record highs globally, including in China.
- As the global economy recovers, capacity utilisation ratios are very high and will continue to be so in 2011.

Securing supply of raw materials and finished product is the top priority for the market. The following highlights the position for two important fluorochemicals.

3/ Specific situation of R125

- From the start of 2010, global inventories of R125 were low and supply has remained very tight throughout the year. Market prices have more than doubled and look likely to more than triple due to lack of availability of raw materials and high capacity utilisation ratios.

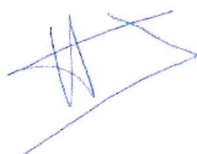
- Global market demand has grown dramatically especially in Asia, further pushed by Chinese government stimulus packages and energy programs resulting in greater domestic use of R410A.
- Demand for DuPont™ ISCEON® refrigerators has grown dramatically in Europe as the cooling industry adapts to life after HCFCs.
- Recent operational issues faced by a number of R125 suppliers have created further market tightness.
- The critically high capacity utilisation and high costs are expected to continue throughout 2011.

4/ Specific situation of 134a

- From the start of 2010, global inventories and supply of R134a have been very tight with market prices more than doubling and close to tripling due to increase in raw materials costs and high capacity utilisation.
- The industry has struggled to rebuild inventories in the “low season”.
- The very high capacity utilisation is expected to continue in 2011.

We hope that this letter helps your understanding of the volatile situation we find ourselves in as an industry. Please share this information with your customers to help them understand why prices are rising so sharply and availability continues to be an issue.

Yours sincerely,



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John McMenamin, Sales Manager EMEA, DuPont Fluorochemicals

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