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News Release

Taiyo Nippon Sanso Corporation

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Hitachi, Ltd.

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TNSC to acquire Hitachi Oxygen

The managements of Taiyo Nippon Sanso Corporation (TNSC) and Hitachi, Ltd. recently reached a preliminary agreement on the acquisition by TNSC of Hitachi Oxygen Co., Ltd., a wholly-owned industrial gas manufacturing and sales subsidiary of Hitachi, Ltd., through a lump-sum transfer of shares in the subsidiary.

The companies are expected to sign a share transfer agreement in March, following the completion of the due diligence process by TNSC. On March 31, 2006 the company will commence operation as a wholly-owned subsidiary of TNSC.

Hitachi Oxygen, whose customer base is in Ibaraki Prefecture (north-east of Tokyo), supplies industrial gases such as oxygen, nitrogen and argon mainly to large users in the Hitachi Group engaging in the fields of energy & infrastructure,

electronics, automobiles, construction, and electric wiring. Through the development of a supply and distribution network, Hitachi Oxygen enjoys long-term contractual relationships with its customers in Ibaraki. The company possesses superior technology for gas-related applications such as an in-house developed automated bulk-gas supply system for servicing remote areas. In cooperation with other members of the Hitachi Group, Hitachi Oxygen is also actively cultivating gas technologies in cutting-edge fields such as atomic energy, electronics and medical services.

As Japan's largest manufacturer of industrial gases, TNSC is working to further strengthen its nationwide supply network (in Hokkaido and Shikoku area), by adding the local industrial gas producers, as our subsidiaries. By leveraging Hitachi Oxygen's strong base in Ibaraki, the TSNC Group will be able to strengthen its production and distribution system, currently covering Tochigi and Fukushima Prefectures, by extending it to Ibaraki Prefecture. TNSC also aims to make use of Hitachi Oxygen's proprietary technologies regarding gas supply and gas application.

Hitachi Ltd., meanwhile, is considering various measures for strengthening its group-wide operations and enhancing its competitiveness worldwide under its medium-term management plan, "i.e. Hitachi Plan II," which emphasizes further

development of its core competence. Hitachi deemed it to be more beneficial to its long-term business development to allow its industrial gas subsidiary to become a subsidiary of TNSC rather than to maintain the company as its own subsidiary.

Agreement Details and Anticipated Synergistic Benefits

1. Share Transfer Agreement

- Method of transfer: TNSC is to acquire Hitachi's outstanding shares of Hitachi Oxygen common stock
- Amount to be paid: To be determined following the completion of the due diligence process by TNSC
- Transfer agreement date: Within March 2006
- Transfer date: March 31, 2006 (subject to change)

2. Corporate Name Change

The name will be changed to a trade name that reflects the company's status as an important member of the TNSC Group.

3. Synergies to be realized through this acquisition

- TNSC will gain access to Hitachi Oxygen's supply network, based mainly in Ibaraki Prefecture. Benefits relating to gas production and distribution will be available to TNSC's production bases in nearby areas: specifically, TM Air Co., Ltd. (Kashima City, Ibaraki Prefecture), the

Oyama Facility (Oyama City, Tochigi Prefecture), and the Iwaki Sanso Center Co., Ltd. (Iwaki City, Fukushima Prefecture), among others. In this way, TNSC will be able to bolster its supply network to local customers served by these facilities.

- The TNSC Group, as an industrial gas specialist, will make full use of Hitachi Oxygen's considerable know-how pertaining to gas supply and gas application technologies, cultivated through its supply of industrial gases to other members of the Hitachi Group, and looks forward to the future expansion of Hitachi Oxygen's business operations.

4. Outline of Hitachi Oxygen

Name: Hitachi Oxygen Co., Ltd.

Established: October 1, 1956

Representative: Shigekazu Nagashima, President

Head office: 1-17, Kokubucho 3-chome, Hitachi, Ibaraki

Annual sales: ¥5.6 billion (term ended March 2005, on a non-consolidated basis)

Employees: 80 (parent company only)

Scope of business: Production and sale of gases for manufacturing, food processing and medical applications;

Design and production of a wide range of gas equipment,
as well as provision of engineering services

5. Share Acquisition Schedule

- Within March 2006: Conclusion of share transfer agreement
- March 31, 2006: Share transfer date (subject to change)
- Trade name change: To be announced