

February 2, 2005

Dia Reiki Kogyo Co., Ltd.

Nissan Kogyo Co., Ltd.

Two Subsidiaries of TNSC to Merge in April

Taiyo Nippon Sanso Corporation (TNSC) hereby announces that two of its subsidiary companies – Dia Reiki Kogyo Co., Ltd., headquartered in Sakai City, near Osaka, and Nissan Kogyo Co., Ltd., of Yokohama – are scheduled to merge with effect from April 1, 2005.

Following the merger, construction will begin on a new manufacturing plant for cryogenic gas equipment, to be built on a plot of land within the grounds of the Sakai facilities of TNSC. The start of operations at the new plant is envisaged for December 2005.

This merger is part of an overall strategy for the next three years, mapped out by TNSC president Hiroshi Taguchi, aimed at realizing the maximum synergy from the recent merger between Nippon Sanso and Taiyo Toyo Sanso by optimizing efficiency through the amalgamation of affiliated companies.

Background to Merger

A major reorganization is taking place in the industrial gases industry, whose members constitute the customers of the two companies to be merged. Severely increased competition is forecast as a result, and the decision to

merge the two companies was taken as a means of achieving the critical mass that would enable more efficient deployment of management resources. This, in turn, will realize synergistic benefits that will translate into greater competitiveness in both technological development and cost-performance. Such effects would not only enable the merged entity to offer its customers an improved service, they are also judged necessary in order for the new company to make a sufficient contribution to the consolidated earnings of the Taiyo Nippon Sanso Corporation group.

The two companies share common products and technologies, including cold evaporators and dedicated tank trucks for the transport of liquefied gases. Additionally, they also possess products and technologies unique to themselves. For example, Dia Reiki Kogyo boasts a lineup of small refrigerated containers for industrial gases and also for special gases used in the biotechnology and medical fields. For its part, Nissan Kogyo produces unique evaporators and other LPG- and LNG-related equipment.

The fusion of the two sets of proprietary technological expertise boasted by the two companies is sure to lead to an expansion of their combined lineup of unique products. The management of TNSC is confident that this will put the new company in an unrivalled position

within the Japanese market for gas-related cryogenic equipment.

Purposes of Merger

- To realize the merits of scale in respect of the efficient and effective allocation of management resources, as well as the realization of synergistic effects from the combination of the business lines of the two pre-merger companies
- To create an enterprise unique in the Japanese market in terms of the technological expertise it possesses and its product lineup
- To attain higher productivity and profitability through the use of cutting-edge equipment at a new purpose-built factory, achieving higher operating efficiency for the merged entity than for the two separate companies at present

Schedule and Details of Merger

Date: April 1, 2005

Trade name: Cryo One Inc.

Head office: 2-8 Chikko-Shinmachi, Sakai City, Osaka Prefecture (upon merger; address is current office and factory of Dia Reiko Kogyo). The combined entity will relocate to the new address shown

below, also in Sakai City, upon completion of the new factory.

Representatives:

President and Representative Director:

Kiyonori Okumura (currently president of Dia Reiki Kogyo)

Executive Vice President and Representative Director:

Ken'ichi Hamachi (currently president of Nissan Kogyo)

Management Goals and Plans of Newly Merged Company

Goals

- To become the leading East Asian company in its industrial niche in terms of technological expertise, product quality, and cost-competitiveness
- To possess a lineup of products in the cryogenic gas equipment field unmatched by any other company in Japan

Management policies

Optimization of merger effects

- To lower production costs
- To bolster capabilities in technological research, product development, and production capacity through integration of the management resources of the two founding companies
- To raise marketing power thanks to the more impressive combined lineup of technologies and products, leading to increased sales

- To achieve higher productivity (and profitability) through the use of state-of-the-art production facilities

Construction of cutting-edge plant for the manufacture of cryogenic gas equipment

Location: Ohama-Nishimachi, Sakai City (within grounds of Sakai facilities of parent company TNSC)

Scheduled date of completion: October 2005

Scheduled start of operations: December 2005

Sales projections for three years down the line

Sales for fiscal 2007 are projected at ¥3.2 billion.