

News Release

July 31, 2007

Saantec Yamakawa and Kansai Saan Gas to Merge

Two of Taiyo Nippon Sanso's consolidated subsidiaries – Saantec Yamakawa Co., Ltd. and Kansai Saan Gas Co., Ltd. – will merge on January 1, 2008.

Saantec Yamakawa is a wholesaler which sells welding equipment and industrial gases mainly in Western Japan, while Kansai Saan Gas is an industrial gas trading company that is renowned for its technical expertise in gas supply, and they operate in the Kinki region.

The new company will become the core trading company in the TNSC Group's operations in Western Japan. It will leverage the combined welding equipment wholesale know-how and technical enterprise in the industrial gases field, to expand the Group's business in that part of Japan.

Below, is a brief description of the new company to be formed from the merger, whose name has yet to be decided, as well as the two parties at current state.

Outline of Post-Merger Company

Name: not decided

Post-merger surviving entity: Saantec Yamakawa Co., Ltd.

Head office address: Taiyo Nissan Honmachi Building, Utsubo-Honmachi, Nishi-ku, Osaka

Paid-in capital: ¥45 million

Equity ownership: Wholly owned by Taiyo Nippon Sanso

Management representatives:

Yoshitomo Sakata, Chairman (currently president of Saantec Yamakawa)

Fumiyuki Goto, President (currently president of Kansai Saan Gas)

Estimated annual sales: ¥15.0 billion (for FY2008)

Outline of Saantec Yamakawa Co., Ltd.

Established: April 1972; acquired the trade rights of Yamakawa Industries, Inc. in Nov. 2002

Representative: Yoshitomo Sakata, President

Head office address: Izumio, Taisho-ku, Osaka

Paid-in capital: ¥30 million

Equity ownership: Wholly owned by Taiyo Nippon Sanso

Annual sales: ¥8.0 billion (approx.)

Lines of business: Sales and after service of welding equipment; sales of welding materials and industrial equipment; sales and filling of high-pressure gas and LPG cylinders; sales and installation of household equipment (water heaters, etc.); sales and installation of air conditioning equipment

Outline of Kansai Saan Gas Co., Ltd.

Established: May 1966

Representative: Fumiyuki Goto, President

Head office address: Motohamacho, Amagasaki, Hyogo Prefecture

Paid-in capital: ¥15 million

Equity ownership: Wholly owned by Taiyo Nippon Sanso

Annual sales: ¥5.0 billion (approx.)

Lines of business: Sales and cylinder filling of high-pressure gas and LPG; production and sales of gases for medical-use; sales of welding equipment and materials