

November 1, 2005

**TNSC to Acquire Management Control  
of Nippoku Sanso K.K.**

The managements of Taiyo Nippon Sanso Corporation (TNSC) and the Sapporo-based company Nippoku Sanso K.K. recently reached a preliminary agreement on the transfer to TNSC of 87,000 shares of Nippoku Sanso (equivalent to 58.2% of all issued stock). This share transfer, if effected, would give TNSC management control over Nippoku Sanso.

Under the preliminary agreement, TNSC will acquire all shares in Nippoku Sanso held by its president, Mr. Masahiro Iwasaki, and his family members, by mid-2006. According to current plans, TNSC will put its own management team in place at the helm of Nippoku Sanso by the end of calendar 2005.

**1. Background to Management Acquisition**

Nippoku Sanso K.K., an industrial gas manufacturer supplying customers in Japan's northernmost main island of Hokkaido, has pursued a course of steady management ever since its establishment in 1929 by the Iwasaki family. Nippoku Sanso began purchasing cutting and welding gases

and related equipment from Nippon Sanso, and from Taiyo Toyo Sanso, more than forty years ago, and this business relationship has now assumed considerable significance within TNSC's overall operations.

Against this background, and in view of his advanced age and the absence of an heir to the business, President Masahiro Iwasaki approached TNSC with the offer to sell the shares in Nippoku Sanso held by himself and his family, thereby transferring ownership and control to the Company.

## **2. Future Objectives Following Acquisition of Control**

TNSC intends to appoint its own staff members to all management positions (including president) at Nippoku Sanso K.K. The company's business is in a fundamentally sound condition, and we intend to continue business operations as hitherto, with the exception that Nippoku Sanso will be a member of the TNSC Group. It will therefore be able to take advantage of the know-how in various fields of specialist gas technology possessed by TNSC Group companies, and to leverage this expertise to offer its industrial customers in Hokkaido an even higher level of service.

### **3. Outline of Nippoku Sanso**

Name: Nippoku Sanso K.K.

Head office: 16-6-1, Higashi 1-jo, Tsukisamu, Toyohira-ku,  
Sapporo, Hokkaido

Representative: Masahiro Iwasaki, President

Paid-in capital: ¥80,000,000

Annual sales (FY2004): ¥1,506 million

Employees: 52