

News Release

May 20, 2008

TNSC Establishes Investment Company in China

The authorities of China's Liaoning Province are pursuing a new project in the province's coastal belt area for the development by overseas companies. Known as "Five Points and One Line," this project is being pursued in line with the Beijing government's overall plans for the development of northeastern China. An important base in the project is the island of Changxing, located roughly 130 kilometers northwest of Dalian City, and the plan envisages the creation of an industrial zone centered on shipbuilding and petrochemical operations.

Taiyo Nippon Sanso Corporation has been cultivating close ties with the Dalian Changxing Island Harbor Industrial Zone Administrative Committee, with which on September 29, 2007 we signed a basic agreement regarding investment for the supply of industrial gases within the industrial zone. Under this agreement, TNSC will locally produce and sell industrial gases, with the status of sole supplier of such gases within the industrial zone, thereby contributing to the economic development of the region.

In accordance with this agreement, TNSC recently established Taiyo Nippon Sanso Gas (China) Investment Co., Ltd. (see details below), an investment-purpose company. The company is forging ahead with the plan required for the supply of industrial gases including oxygen, nitrogen, and argon, and in the near future it will also be helping to strengthen the collaboration between TNSC head office and the Company's local subsidiaries in various parts of China as the scale of TNSC's China business expands. Taiyo Nippon Gases (China) Investment will contribute to increased efficiency in TNSC's provision of funding to its Chinese subsidiaries, and will help exercise integrated control over the TNSC Group's Chinese operations.

Outline of investment company:

Name: Taiyo Nippon Sanso Gas (China) Investment Co., Ltd.

Location: Dalian Changxing Island Harbor Industrial Zone

Paid-in capital: US\$31 million

Ownership: Wholly owned by TNSC

Start of operations: May 2008

Representative: President Hidekazu Mita