

January 30, 2009

JAPAN ENERGY CORPORATION
OSAKA GAS CO., LTD
NISSHO PETROLEUM GAS CORPORATION
ITOCHU Corporation
ITOCHU ENEX CO., LTD

New Company to integrate Liquefied Petroleum Gas Operation

The JAPAN ENERGY CORPORATION ("J Energy"), ITOCHU Corporation ("ITOCHU"), ITOCHU ENEX CO., LTD ("Enex"), OSAKA GAS CO., LTD. ("Osaka Gas"), and NISSHO PETROLEUM GAS CORPORATION ("Nissho") started the investigation designed to restructure and merge Liquid Petroleum Gas ("LPG") operations on February 2008 and reached the basic agreement to establish of a new company to merge the functions of import and wholesales on October 2008. The company profiles have been decided as follows;

1. Overview of the integrated new company

- (1) Company name : Japan Gas Energy Corporation (JGE)
- (2) Head Office : Minato-Ku Tokyo
- (3) President : Junichi Izumi (current General Manager LPGas Dept. of Japan Energy Corp.)
- (4) Paid-in Capital : 3.5 billion yen
(0.5 billion yen of initial paid-in capital will be increased to 3.5 billion yen in April)
- (5) Incorporated : April 1st, 2009
- (6) Share holders : J Energy 51% Nissho 29% Enex 20% (after increased)
- (7) Business Activities : Import LPG, Sales (wholesales)
- (8) Sales Amounts : approx. 160 billion yen (annual)
- (9) Import Volume : 1.5 million tons (annual)
- (10) Sales Volume : 2.25 million tons (annual)
- (11) Branch/Office : 4 Branches / 3 Offices
[Branch] Higashi-Nihon (Minato-Ku, Tokyo), Chubu (Nagoya, Aichi)
Kansai (Osaka, Osaka), Nishi-Nihon (Hiroshima, Hiroshima)
[Office] Hokkaido (Sapporo, Hokkaido), Tohoku (Sendai, Miyagi),
Hokuriku (Kanazawa, Ishikawa)

2. Background and Objective of the Business Integration

The Japanese LPG industry is currently in a difficult business environment due to rising prices of LPG imports and sluggish growth prospects caused by fierce competition with other energy sources. The five concerned parties, having mutual conclusion that individual efforts to streamline operations are insufficient for weathering the difficult situation and, with a view across the entire range of LPG operations from overseas procurement to retail sales, have investigated the scheme of alliance.

The five parties intending to create an LPG business group which will be capable of efficiently providing a stable supply of LPG products with a comprehensive competitive edge which will be capable of efficiently providing a stable supply of LPG products, as the 1st step, integrate and unify the range of LPG operations from procurement to whole sales.

3. Outline and Method of Business Integration

J Energy's and Nissho's business of import and wholesales and Enex's business of lorry-wholesales will be integrated into the new company as follows. And, the LPG overseas procurement functionality of each company will be unified to Itochu.

- (1) J Energy and Nissho will separate each running business of LPG import and wholesales on April 1st 2009 and transfer them to new established company JGE
- (2) Enex will transfer its and its subsidiaries' running business of lorry-wholesales to JGE.
- (3) JGE will allocate new shares to Enex as the 3rd party in this April and Enex, accepting the allocation, will participate in the capitals of JGE

4. Meanings of the name of the Company

The name of the new Company "Japan Gas Energy" expresses our spirit to play a role in Energy security as "A gaseous energy company representing Japan", and our hope to be an energetic company with a comprehensive competitive edge.

Relevant contact information

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Company Summaries

1. JAPAN ENERGY CORPORATION

Headquarters	: Toranomom 2 chome, Minato-ku, Tokyo
President	: Isao MATSUSHITA
Share capital	: ¥48 billion
Established	: April 2003
Business operations	: Oil exploration, refining, and sales of petroleum products, import and sales of LPG, production and sales of petrochemicals
Sales volume	: ¥3.19 trillion (as of March 2008)
Number of employees	: 2,700

2. OSAKA GAS CO., LTD.

Headquarters	: Hirano-machi 4chome, Chuo-ku, Osaka-shi, Osaka
President	: Hiroshi OZAKI
Share capital	: ¥132.1 billion
Established	: April 1897
Business operations	: Gas production, delivery, and sales; LPG sales; Electricity generation and sales; etc.
Sales volume	: ¥1.24 trillion (as of March 2008)
Number of employees	: 5,418

3. NISSHO PETROLEUM GAS CORPORATION

Headquarters	: Nishi-Shinbashi 1 chome, Minato-ku, Tokyo
President	: Takao SHINKEYA
Share capital	: ¥1.7 billion (52.5% held by Osaka Gas, 25% by ITOCHU, And 22.5% by Sojitz)
Established	: May 1990
Business operations	: Importation and sales of LPG, LNG and petroleum products
Sales volume	: ¥148.6 billion (As of March 2008)
Number of employees	: 50

4. ITOCHU Corporation

Headquarters	: Kita-Aoyama 2 chome, Minato-ku, Tokyo
President	: Eizo KOBAYASHI
Share capital	: ¥202 million
Established	: December 1949
Business operations	: Trading House
Sales volume	: ¥12.4 trillion (as of March 2008)
Number of employees	: 4,222

5. ITOCHU ENEX CO., LTD

Headquarters	: Shibaura 3 chome, Minato-ku, Tokyo
President	: Akira KODERA
Share capital	: ¥19.8 billion (52.15% held by ITOCHU)
Established	: January 1961
Business operations	: Petroleum products, LPG sales
Sales volume	: ¥1.94 trillion (as of March 2008)
Number of employees	: 600

Summary of LPG Operations at Each Company

	Japan Energy Group	Nissho LP Gas Group	ITOCHU Corporation ITOCHU Enex Group	Total
Trade volume (Japan-bound volumes) (2007)	—	—	4 million tons (2.4 million tons)	4 million tons (2.4 million tons)
Import volume (2007)	0.9 million tons	460 thousand tons	—	1.36 million tons
Production volume (2007)	150 thousand tons	—	—	150 thousand tons
Domestic sales (2007)	1.2 million tons	870 thousand tons	1.1 million tons	2.25 million tons (NOTE 1)
Import terminal	3 sites <ul style="list-style-type: none"> •Ibaraki Pref. Kamisu-shi (Kashima); •Kanagawa Pref. Kawasaki-shi; •Ookayama Pref. Kurashiki-shi (Mizushima) 	1 site <ul style="list-style-type: none"> •Mie Pref. Yokkaichi-shi; 	2 sites <ul style="list-style-type: none"> •Mie Pref. Yokkaichi-shi; •Okayama Pref. Kurashiki-shi (Mizushima) 	4 sites (NOTE 2)
Secondary terminal	4 sites <ul style="list-style-type: none"> •Miyagi Pref. Shiogama-shi,; •Shizuoka Pref. Shida-gun, Oigawa-machi; •Hiroshima Pref. Hiroshima-shi; •Kagoshima Pref. Kagoshima-shi 	2 sites <ul style="list-style-type: none"> •Hiroshima Pref. Hiroshima-shi; •Ehime Pref. Iyo-gun, Masaki-machi 	1 site <ul style="list-style-type: none"> •Nagasaki Pref. Nagasaki-shi 	7 sites
Number of households supplied	70 thousand	100 thousand	330 thousand	500 thousand
Number of primary retail affiliates	3	10	9	22

(NOTE 1) Does not include the sales to Enex by Japan Energy and Nissho LP Gas

(NOTE 2) Shared terminals were not counted separately, but were counted as a single.