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Agreement to integrate LPG businesses

Osaka Gas, Nissho Petroleum Gas (“Nissho LPG”), Japan Energy, Itochu Corporation, and Itochu Enex, reached an agreement to integrate their LPG-related businesses of their affiliated companies. According to the agreement, a new company will be established by April 2009 to integrate their LPG import and wholesaling activities. The business integration has been intended to enhance their strength in the market where competition is intensifying under rising prices of energy products.

The new company (tentatively named Japan Gas Energy) will have a total annual LPG sales volume of about 2.25 million tons with the total annual sales of about ¥280 billion. The shareholding of the new entity is as follows; 51%- Japan Energy, 29%-Nissho LPG (Osaka Gas affiliate), 20%-Itochu Enex (Itochu affiliate). In addition to the formation of the new company, the five companies intend to study other cooperative arrangements including business partnerships and combinations in order to strengthen their LPG retailing activities.