

**Conclusion of Otsu City Gas Business Concession Agreement and
Transfer of Shares of a New Company “Biwako Blue Energy Co., Ltd.”**

December 26, 2018

City of Otsu

Osaka Gas Co., Ltd.

JFE Engineering Corporation

Suido Kiko Kaisha, Ltd.

Biwako Blue Energy Co., Ltd.

We today announce that, as of December 25, 2018, the City of Otsu (Public Enterprise Administrator: Masakatsu Yamagiwa) transferred shares of Biwako Blue Energy Co., Ltd. (President: Hirokazu Fukano, hereinafter, “Biwako Blue Energy”) to a consortium (hereinafter “Consortium”) comprising Osaka Gas Co., Ltd. (President: Takehiro Honjo; hereinafter, “Osaka Gas”), JFE Engineering Corporation (President and CEO: Hajime Oshita; hereinafter, “JFE Engineering”) and Suido Kiko Kaisha, Ltd. (President and CEO: Masanobu Kadokawa; hereinafter, “Suido Kiko”), and concluded an Otsu City Gas Business Concession Agreement (hereinafter, “Concession Agreement”) with Biwako Blue Energy.

The City of Otsu determined to grant preferential negotiating rights to the Consortium on October 24, 2018. The two organizations concluded a basic agreement for the Otsu City gas business concession on November 1. The City of Otsu established its wholly owned new company “Biwako Blue Energy” on November 2, and then, on December 25, transferred shares of Biwako Blue Energy to the Consortium, issued concession specifications to Biwako Blue Energy, and concluded the Concession Agreement with Biwako Blue Energy.

Biwako Blue Energy will take over gas retail business from the City of Otsu to sell both electric and gas appliances and to provide comprehensive services. Furthermore, according to the contract with the City of Otsu, Biwako Blue Energy will be involved in maintenance operations on gas pipes, LP gas, and water supply. By taking advantage of the know-how of the private companies, Biwako Blue Energy will offer a variety of services for customers in Otsu. With regard to gas rates, both the general rates and the rates for optional household gas plans will be reduced from April 2019. In addition, a new discount plan will also be introduced to customers who use a large amount of gas. For electricity rates, Osaka Gas’s rate plans will be applicable from January 2019 to existing users of gas provided by Otsu City Public Enterprise Bureau.

Biwako Blue Energy will help advance the lives of Otsu citizens and foster local businesses by offering not only energy-based but also comprehensive services.

[New company profile]

Company name	Biwako Blue Energy Co., Ltd.
President	Hirokazu Fukano

Home office address	4-1-1 Hamaotsu, Otsu City, Shiga Prefecture
Shareholder composition	City of Otsu: 25.0%, Osaka Gas: 74.8%, JFE Engineering: 0.1%, Suido Kiko: 0.1%