

February 21, 2008

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Nippon Mining Holdings' Consolidated Subsidiary to Restructure and Integrate its LP Gas Operations

Nippon Mining Holdings, Inc., (Head Office: Toranomom 2-chome, Minato-ku, Tokyo; President: Mitsunori Takahagi) announces that Japan Energy Corporation (Head Office: Toranomom 2-chome, Minato-ku; Tokyo: President: Isao Matsushita), its consolidated subsidiary, will comprehensively examine plans to restructure and integrate its liquid petroleum gas (LPG) operations with Itochu Corporation, Itochu Enex Co. Ltd., Osaka Gas Co. Ltd., and Nissho Petroleum Gas Corporation. Details are presented in the attachment.

FOR IMMEDIATE RELEASE

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Japan Energy Corporation
Itochu Corporation
Itochu Enex Co. Ltd.
Osaka Gas Co. Ltd.
Nissho Petroleum Gas Corporation

Consortium Examines Plans to Restructure and Integrate LP Gas Operations

A consortium consisting of 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”) have reached a basic agreement, described below, to comprehensively examine plans to restructure and integrate their liquid petroleum gas (LPG) operations.

1. Background and objective

The Japanese LPG industry currently faces harsh conditions brought on by recent rises in prices of LPG imports and sluggish demand due to fierce competition with other energy sources. The five members of the consortium reached the mutual conclusion that individual efforts to streamline operations or form alliances in certain business segments will be insufficient in responding to this business environment.

The five parties will be investigating potential efforts to restructure and integrate their LPG operations with the aim of forming an LPG business group that boasts comprehensive competitive strengths and the ability to efficiently provide a stable supply of LPG products. This business group will provide enhanced security and services to customers across the entire range of LPG activities, from overseas procurement through to retail sales.

2. Main issues to be examined

1) Strengthening the competitiveness of import and wholesale functions

Investigate the possibility of establishing a joint venture to engage in import and wholesale activities, integrating the relevant functions of three of the parties (J Energy, Nissho, and Enex).

2) Streamlining overseas procurement functions

Investigate the possibility of centralizing within Itochu the overseas procurement functions for LPG imported by the above-mentioned joint venture.

3) Strengthening the competitiveness of retail functions

Focusing on the marketing subsidiaries of three of the parties (J Energy, Nissho, and Enex), investigate measures for implementing alliances, such as operating and capital alliances, with a view to strengthening competitiveness in the retail sector.

3. Schedule

The five parties are engaged in serious deliberations on restructuring and integration methods for LPG operations and aim to reach an agreement by September 31, 2008.

Inquires regarding this announcement may be directed to the following contacts

General Administration and Human Resources		
Japan Energy Corporation	Department (Public Relations Officer)	03-5573-6100
Itochu Corporation	Media Relations, Corporate Communications Division	03-3497-7293
Itochu Enex Co., Ltd.	IR Press Office, Business Development	03-5436-9356
Osaka Gas Co., Ltd.	Press Team, Publication Division	03-6205-4515
Nissho Petroleum Gas Corporation	Planning and Coordination Department	03-3595-6773

Outline of consortium members

1. Japan Energy Corporation

Head office: Toranomom 2-chome, Minato-ku, Tokyo

President: Isao Matsushita

Capital: 48 billion yen

Founded: April 2003

Lines of business: Petroleum exploration; production and marketing of petroleum products, petrochemicals, and LPG

Net sales: 2.7557 trillion yen (fiscal year ended March 2007)

Number of employees: 2,700

2. Itochu Corporation

Head Office: Kitaoyama 2-chome, Minato-ku, Tokyo

President: Eizo Kobayashi

Capital: 202.2 billion yen

Founded: December 1949

Lines of business: *Sogo shosha* (general trading company)

Net sales: 11.5791 trillion yen (fiscal year ended March 2007)

Number of employees: 4,100

3. Itochu Enex Co., Ltd.

Head Office: Meguro 1-chome, Meguro-ku, Tokyo

President: Akira Kodera

Capital: 19.8 billion yen (Itochu: 37.15%)

Founded: January 1961

Lines of business: Marketing of petroleum products and LPG

Net sales: 886.5 billion yen (fiscal year ended March 2007)

Number of employees: 630

4. Osaka Gas Co., Ltd.

Head Office: Hirano-machi 4-chome, Chuo-ku, Osaka-shi, Osaka

President: Hirofumi Shibano

Capital: 132.1 billion yen

Founded: April 1897

Lines of business: Production, distribution, and marketing of gas; marketing of LPG; generation and marketing of electricity; and other activities

Net sales: 1.1745 trillion yen (fiscal year ended March 2007)

Number of employees: 5,480

5. Nissho Petroleum Gas Corporation

Head Office: Nishishimbashi 1-chome, Minato-ku, Tokyo

President: Takao Shinkeya

Capital: 1.7 billion yen (Osaka Gas: 52.5 %, Itochu: 25 %, Sojitz 22.5 %)

Founded: May 1990

Lines of business: Import and marketing of LPG, LNG, and petroleum products

Net sales: 123.7 billion yen (fiscal year ended March 2007)

Number of employees: 50

Outline of consortium members' LPG operations

	Japan Energy Group	Itochu Itochu Enex Co. Ltd. Group	Nissho Petroleum Gas Group	Total
Traded volume (tons) (To/from Japan) (FY2006)	—	4,000,000 (2,400,000)	—	4,000,000 (2,400,000)
Imported volume (tons) (FY2006)	940,000	—	460,000	1,400,000
Production (tons) (FY2006)	200,000	—	—	200,000
Sales in Japan (tons) (FY2006)	1,200,000	990,000	910,000	2,800,000 *Note 1
Primary facilities (import facilities)	3 <ul style="list-style-type: none"> • Kamisu-shi, Ibaraki (Kashima), • Kawasaki-shi, Kanagawa • Kurashiki-shi, Okayama (Mizushima) 	2 <ul style="list-style-type: none"> • Yokkaichi-shi, Mie • Kurashiki-shi Okayama (Mizushima) 	1 Yokkaichi-shi, Mie	4 *Note 2
Secondary facilities (relay facilities)	4 <ul style="list-style-type: none"> • Shiogama-shi, Miyagi • Oigawa-cho Shida-gun, Shizuoka • Hisoshima-shi, Hiroshima • Kagoshima-shi, Kagoshima 	1 Nagasaki-shi, Nagasaki	2 <ul style="list-style-type: none"> • Hisoshima-shi, Hiroshima • Masaki-cho, Iyo-gun, Ehime 	7
Number of direct customers (households)	70,000	330,000	100,000	500,000
Major marketing subsidiaries	3	9	9	21

Note 1: This figure excludes transactions between Japan Energy, Itochu Enex, and Nissho Petroleum Gas.

Note 2: Mutual-use facilities are counted as one facility.