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Announcement of Capital and Business Alliance with OEP NG LLC, Issuance of New Shares and Disposal of Treasury Stock Through Third-Party Allotment, and Change in Major Shareholder and Largest Shareholder

NIPPON GAS CO., LTD. (hereinafter “the Company”), hereby announces, as set forth below, that it has resolved, at a meeting of the Board of Directors held on September 28, 2011, to issue new shares and dispose of treasury stock through a third-party allotment (hereinafter “the Capital Increase Through Third-Party Allotment”) underwritten by OEP NG LLC, an affiliate of One Equity Partners LLC (hereinafter collectively “OEP”), the world-class investment banking division of the major international financial institution, JPMorgan Chase & Co., (hereinafter “JPMorgan”), which operates in over 60 countries around the world; and that it has decided to form a capital and business alliance between the Company and OEP NG LLC (hereinafter “the Capital and Business Alliance”).

The Company also announces that a change is expected in the largest shareholder, which is also a major shareholder, in accordance with the Capital Increase Through Third-Party Allotment.

I. Outline of the Capital and Business Alliance

1. Purpose and Reason for the Capital and Business Alliance

The NIPPON GAS Group (hereinafter “the Group”), which had been focusing on the environmental benefits and reasonableness of autonomous decentralized energy systems, had been engaged in various operational reforms mainly in its logistics. During the current fiscal year, the Company filed a patent application for a new packaged operational system based on the coordination of cloud computing and mobile devices which had been undergoing verification tests by the Company; at the same time, the Company participated in the management of electricity and city gas retailers in Australia and Texas in the U.S. and took steps toward developing new businesses which would utilize said system in deregulated areas overseas. To date, the Company has focused on retail sales of gaseous energy for consumer use in Japan and has steadily increased the number of customers, which reached 950,000 households by the end of August 2011. Looking forward, the Company, in anticipation of the age of autonomous decentralized energy systems, has also been enhancing the quality of decentralized gas supply systems while transforming its logistics system and raising operational efficiency with a view toward overseas expansion of its gas meter reading, delivery, and safety systems based on the coordination of cloud computing and mobile devices.

Meanwhile, OEP, the investment banking section of the JPMorgan Group, a major international financial institution, has been managing JPMorgan’s investments, totaling US\$10 billion, and has been building long-term relationships with its portfolio companies to the end of ensuring the long-term and sustainable enhancement of corporate value through revitalization and expansion of their businesses. One Equity Partners LLC was established in 2001 and currently has 39 investment professionals around the world in cities such as New York, Chicago, Frankfurt and Hong Kong. OEP had also recognized the importance of energy systems in emerging countries, especially in Asia, and had been considering Japanese companies as prospective joint investment partners in providing support for the businesses of energy-related companies which were considered investment targets by OEP, and increasing their corporate values.

OEP had been seeking a joint partner in investments to energy-related companies mainly in Asia for the purpose of enhancing the corporate values of its portfolio companies, and upon the recognition of the Group's operational system reforms (patent pending) based on the coordination of cloud computing with mobile devices and particularly the Group's superior system for safe, stable supply and cost awareness, in addition to the Group's business performance and expertise in the energy business, OEP recently proposed a capital and business alliance with the Company, and deliberations had ensued.

As a result of these deliberations, the Company concluded that from the standpoint of the Company's plan to expand its decentralized energy system overseas, a partner such as OEP, which would complement and support the Company's investment strategies, would be the most valuable from the perspective of enhancing the Company's corporate value as well as the corporate values of the companies in which the Company has invested. Thereupon, the Company and OEP reached an agreement to establish a Strategic Investment Committee at the Company, which would comprise members appointed separately by both the Company and OEP and which would deliberate on domestic and overseas investments.

The Company decided to enter the Capital and Business Alliance with OEP NG LLC, based on the belief that the injection of OEP's capital and OEP's cooperation in overseas investment strategies would contribute to enhancing the Company's capital adequacy and to strengthening the foundations of its domestic businesses, while OEP's overseas investment know-how and the Company's business expertise would create the necessary synergy in the joint investments to be made in the energy-related companies of the emerging countries centering on Asia that promise future growth, in addition to creating corporate value and enabling social contribution at the companies in which the Company has invested, which would, in turn, lead to the enhancement of the Group's corporate value and ultimately to the enhancement of its shareholders' value.

2. Details of the Business Alliance

The outline of the business alliance portion of the Capital and Business Alliance to be entered into by the Company and OEP NG LLC is as follows.

(1) Establishment of the Strategic Investment Committee

The Company will establish a Strategic Investment Committee comprising members to be appointed separately by the Company and OEP NG LLC (The Committee will comprise a total of six (6) members (three (3) members each will be appointed by the Company and OEP NG LLC, and officers of the Company and senior partner(s) of OEP NG LLC are scheduled to join the Committee) and meetings will be held at least on a quarterly basis). The Company's overseas and domestic investment projects of ¥3 billion or more, including projects proposed by OEP NG LLC, will be carefully evaluated and deliberated by the Committee, after which they will be submitted to the Company's Board of Directors. Additionally, OEP NG LLC may make joint investments in investment targets with the Company (OEP NG LLC has explained that if certain investment opportunities arise and the Company deems it necessary for OEP NG LLC to make investments, it would be prepared to provide additional funds).

(2) Dispatch of executives

In conjunction with this business alliance, OEP NG LLC will dispatch one (1) executive as a Director (who will hold the position of Observer until the Ordinary General Meeting of Shareholders to be held in 2012) to the Company.

3. Details of the Capital Alliance

The outline of the capital alliance portion of the Capital and Business Alliance to be entered into by the Company and OEP NG LLC is as follows.

(1) Acquisition of the Company's shares by OEP NG LLC

In order to enhance the corporate value of the Company, OEP NG LLC will acquire a total of 9,000,000 common stocks of the Company by third-party allotment, i.e. 5,400,000 shares through the disposal of treasury stock and 3,600,000 shares through the issuance of new shares (representing 18.53% of the shares

issued and outstanding after the capital increase).

(2) Holding and disposal of shares by OEP NG LLC

The Company has entered into an agreement with OEP NG LLC, in which 1) OEP NG LLC's holding of the Company's shares will not exceed 18.53% for a given period of time; 2) the Company will consult OEP NG LLC regarding acquisition of shares in order to maintain the shareholding ratio for a given period of time when the Company issues new shares; and 3) OEP NG LLC will consult the Company in advance and transfer shares under given conditions if OEP NG LLC disposes of the Company's shares.