

Our Business Territory—The Kansai Region

The Kansai region, the main business territory of the Osaka Gas Group, is located near the geographical center of Japan. It consists of six prefectures: Osaka, Kyoto, Hyogo, Shiga, Nara and Wakayama. These prefectures have a combined population of 20.8 million (October 1999), of which 8.8 million live in Osaka. This is equivalent to 16.4% of Japan's total population. There are approximately 7.9 million households in the Kansai region (end of March 2000), which represents 16.6% of the national total.

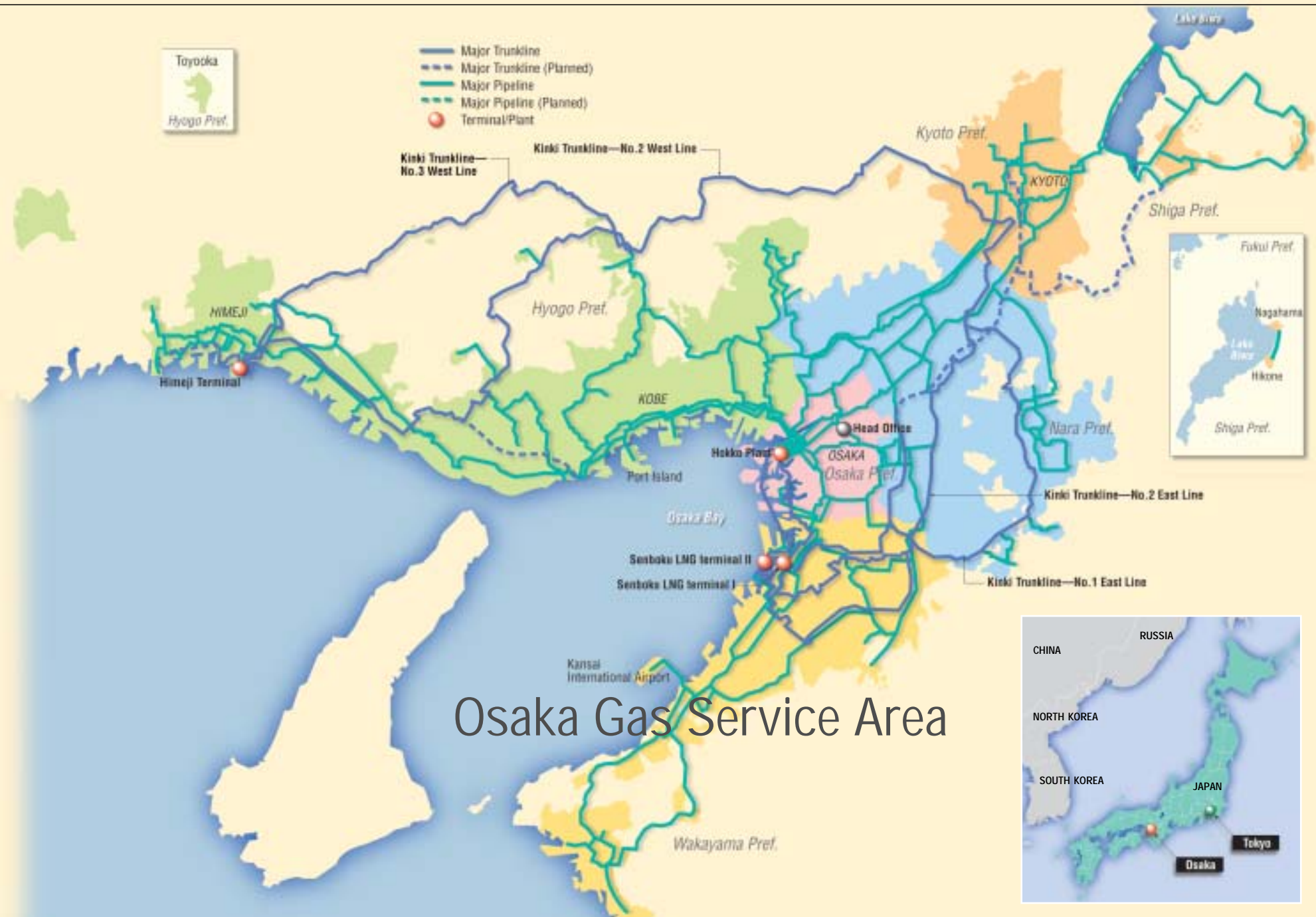
Economic statistics for fiscal 1997 showed that the six prefectures of the Kansai region had a gross economic output of ¥84.3 trillion, a figure similar to the GNP of Canada. The region is Japan's second biggest economic zone after the Tokyo Metropolitan Area.

Natural gas is supplied to 82.1% of households in the six prefectures of the Kansai region. This saturation rate is higher than the national average of 53.7%.

A key focus for international interaction in the region is Kansai International Airport, which was opened in 1994. With links to 30 overseas countries and regions, the airport processes over 10 million passengers and about 800,000 tons of international cargo annually and is a hub for expanding flows of passengers and goods. The completion of a second runway in 2007 is expected to bring a further surge of international exchange in the region.

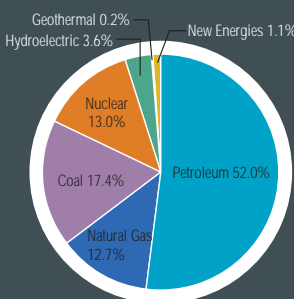
The Kansai region has numerous traditional, cultural and historical attractions, and four locations in the region, including those in the ancient cities of Kyoto and Nara, have been given UNESCO World Heritage status. As one of Japan's most important tourist destinations, Kansai attracts over 100 million visitors annually. The region's leisure and tourism industries are expected to receive a major boost from the opening of a major new theme park, Universal Studios Japan, in April 2001. In addition to its role as a tourist and leisure destination, the new facility is also expected to become a center for the development of the motion picture and video business.

The Kansai region can look forward to further exciting growth and development in the 21st century. As a member of the regional community, Osaka Gas will continue to contribute to regional prosperity through its activities as an integrated provider of energy services.



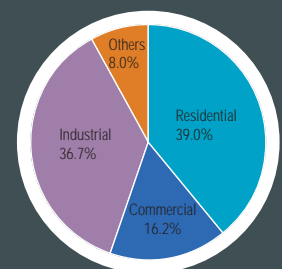
Osaka Gas Service Area

Total Primary Energy Supply in Japan (Fiscal year 2000)



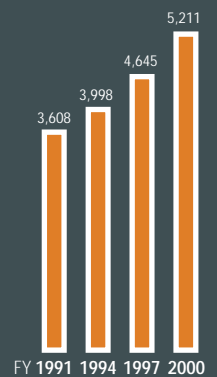
Source: Integrated Energy Statistics

Use of Gas by Sector in Japan (Calendar year 1999)



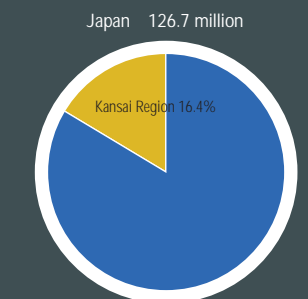
Source: Japan Gas Association

Import of LNG in Japan (10 thousand tons)



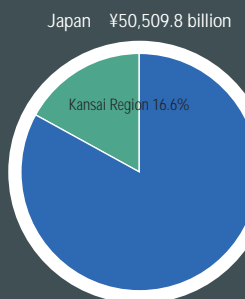
Source: Japan Gas Association

Population of the Kansai Region as a Portion in Japan (Calendar year 1999)



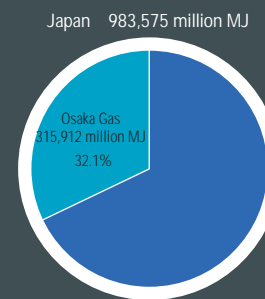
Source: Statistics Bureau

GDP of the Kansai Region as a Portion in Japan (Fiscal year 1998)



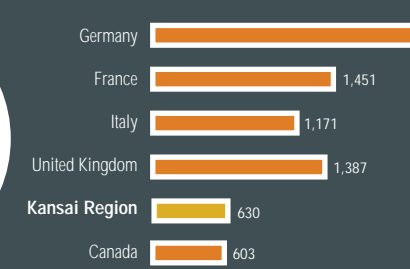
Source: Economic Planning Agency

Share of Gas Sales Volume in Japan (Fiscal year 2000)



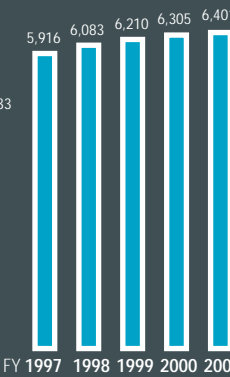
Source: Japan Gas Association

Comparison of the GDP of the Kansai Region with the GDP of Major Countries (Billions of U.S. dollars)



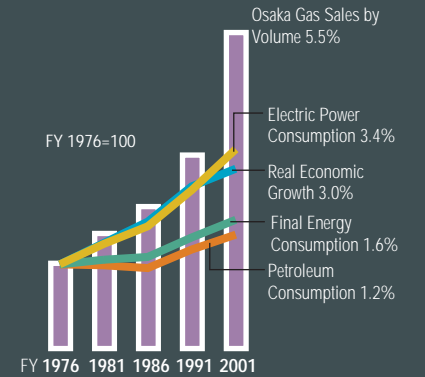
Calendar year 1998, except Kansai Region in Fiscal year 1998.

Number of Customers (Meters Installed) (Thousands of unit)



Source: Agency of Natural Resource and Energy

Twenty-three-year Compound Annual Growth Rate



Source: Agency of Natural Resource and Energy