






Business Structure of Osaka Gas Group

The Osaka Gas Group divides its operations into two business segments. The first segment is the energy business, which integrates the natural gas business, LPG, electric power and other energy-related business, and gas appliances and house-pipe installation business. The second segment is the non-energy business, which includes the real estate business and other businesses. Osaka Gas also classifies its operations under the G8 Organization, which comprises five business divisions and seven core companies. The Osaka Gas Group promotes independent and self-

Segment Name	Business Outline
<p>Gas Business</p> 	<p>Osaka Gas Co., Ltd., Nabari Kintetsu Gas Co., Ltd., Sasayama City Gas Co., Ltd. and Toyooka Energy Co., Ltd. manufacture, supply and sell natural gas. The gas business procures, transports, stores and produces natural gas, and distributes it through pipelines to customers.</p>
<p>LPG, Electricity and Other Energies</p> 	<p>The Liquid Gas Group and the Nissho Petroleum Gas Corporation Group are in charge of the industrial and fuel gas businesses. Gas and Power Co., Ltd., Nakayama Joint Power Generation Co., Ltd. and Nakayama Nagoya Joint Power Generation Co., Ltd. are engaged in the wholesaling business of electricity generation. Gas and Power Investment Co., Ltd. handles district heating and cooling operations. Cogeneration Technology Service Co., Ltd. designs, installs, sells and provides services for cogeneration systems.</p>
<p>Gas Appliances and House-Pipe Installation</p> 	<p>Osaka Gas Co., Ltd., Enetech Kyoto Co., Ltd., Hearts Co., Ltd. and other companies sell gas appliances. Osaka Gas provides installation services for indoor gas pipes at customers. Kinpai Co., Ltd. (renamed from Kinki Piping) performs installation work of indoor and outdoor gas pipes under contract with Osaka Gas. In October 2003, Kinki Piping Co., Ltd. was spun off into Kinpai Corporation.</p>
<p>Real Estate</p> 	<p>Urbanex Co., Ltd., OG Capital Co., Ltd. and other companies are engaged in real estate development, management and personnel services. Kyoto Research Park Co., Ltd. manages the research park, promotes exchange between the industrial academic fields and fosters the development of venture companies. OSC Engineering Co., Ltd. provides building maintenance and other services.</p>
<p>Others</p> 	<p>Kinrei Co., Ltd. manufactures and sells frozen foods and operates restaurant chains and other food service businesses. OGIS Research Institute Co., Ltd. and other companies provide a wide spectrum of information processing services using computers. Osaka Gas Chemicals Co., Ltd. manufactures and sells carbon materials and fine materials, and sells chemical products. The Osaka Gas Group's other subsidiaries are engaged in engineering, sale of housing equipment, security and disaster prevention services and other businesses.</p>

supporting management mainly through the core companies in the G8 Organization, and makes every effort to improve the corporate value of the Group by expanding growth businesses through selection and concentration and quickly realizing positive SVA* at affiliated companies.

*SVA = NOPAT - (interest-bearing liabilities + shareholders' equity) x WACC

NOPAT (Net operating profit after taxes) = Before-tax income before deduction of interest paid x (1 - effective tax rate)

Percentage of Operating Revenues (Note 1)	Percentage of Operating Income (Note 1)	Principal Management Results	G8 Group Interaction																								
<p>Gas Business 56.3%</p>	<p>Gas Business 64.1%</p>	<table border="1"> <thead> <tr> <th></th> <th>'04.3</th> <th>'03.3</th> <th>Rate of change</th> </tr> </thead> <tbody> <tr> <td>Operating Revenues</td> <td>¥573,903</td> <td>¥571,027</td> <td>+0.5%</td> </tr> <tr> <td>Operating Income</td> <td>58,044</td> <td>57,047</td> <td>+1.7</td> </tr> <tr> <td>Total assets at end of year</td> <td>676,781</td> <td>717,199</td> <td>-5.6</td> </tr> <tr> <td>Return on Assets (ROA) (%) (Note 2)</td> <td>8.3%</td> <td>—</td> <td>—</td> </tr> <tr> <td>Operating Income Margin</td> <td>10.1%</td> <td>9.9%</td> <td>—</td> </tr> </tbody> </table>		'04.3	'03.3	Rate of change	Operating Revenues	¥573,903	¥571,027	+0.5%	Operating Income	58,044	57,047	+1.7	Total assets at end of year	676,781	717,199	-5.6	Return on Assets (ROA) (%) (Note 2)	8.3%	—	—	Operating Income Margin	10.1%	9.9%	—	<p>G1 Osaka Gas and Gas Group</p> <p>G2 Liquid Gas Group</p> <p>G3 NIPG Group</p>
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Notes: 1. Data are shown on a consolidated basis.

2. ROA is only shown for fiscal 2004 due to a change in segment classifications from fiscal 2004.