

**SUMMARY OF BUSINESS SEGMENTS  
(EXCLUDING THE GAS SEGMENT)**



Torishima Energy Center



LPG Recharging Station

Each independent business segment adds to the overall capabilities of the Osaka Gas Group through synergies and mutually beneficial relationships.

**LPG, Electricity and Other Energies**

The Liquid Gas Group, comprising Liquid Gas Co., Ltd. and 11 other companies, together with the NIPG Group, made of Nissho Petroleum Gas Corporation and 18 other companies, develop the LPG business. LPG sales volume increased 4.0% year on year to 723,000 tons in fiscal 2004, as the number of retail customers rose by 23,000 to 163,000. This increase is attributable to the acquisition of Daiya Nensho Co., Ltd. based in Mie Prefecture during fiscal 2004. We aim to further increase sales volume and the number of retail customers in fiscal 2005 through the sale of strategic equipment such as ECOWILL and floor heating systems as well as acquire sales stores. The Osaka Gas Group aims to raise profits through efforts to reduce costs, streamline distribution and transmission, and engage in one-lot purchases of LPG in necessary volumes.

(Please refer to Non-Regulated Energy Business (P.18) for details on electric power operations.)

**Gas Appliances and House-Pipe Installation**

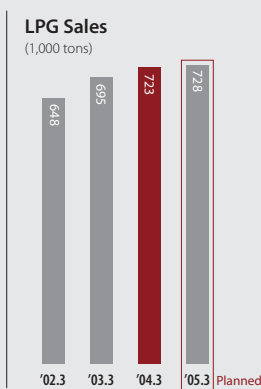
The Osaka Gas Group engages in the sale of gas appliances and house-pipe installation with the ultimate aim of contributing to the expansion of natural gas sales volume. We develop inexpensive, easy-to-use, high-quality gas appliances and promote the wider use of gas equipment in order to increase sales of natural gas. In house pipe installation, we install pipes to a customer's house at an affordable price in order to increase the number of customers and gas fixtures inside homes.

In fiscal 2004, the Osaka Gas Group performed 136,000 house pipe installations, roughly the same as the previous fiscal year.

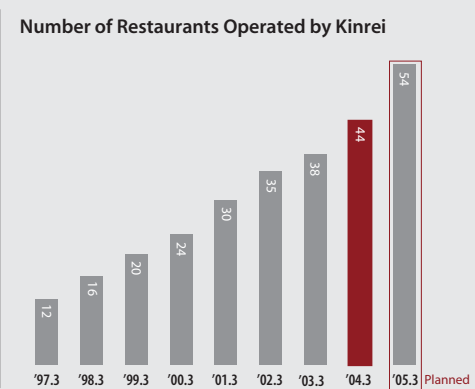
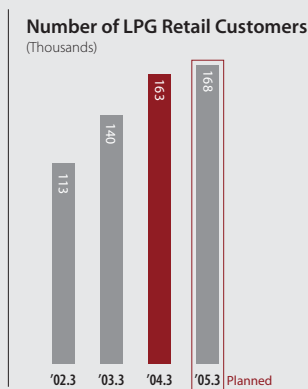
(Please refer to Gas Marketing (P.16) for details on gas appliances.)

**Real Estate**

Osaka Gas companies involved in the real estate business comprise Urbanex Co., Ltd. and 11 other companies. Urbanex Co., Ltd. and OG Capital Co., Ltd. develop and manage office buildings and homes to effectively utilize the real estate holdings of primarily the Osaka Gas Group. Urbanex Service Co., Ltd. and OSC Engineering Co., Ltd. provide office building and maintenance services. In real estate operations, there are nine consolidated subsidiaries including Urbanex Co., Ltd., Urbanex Service



Note: Simple total of retail and wholesale





Nakayama Joint Power Generation's  
150MW power plant in Osaka



A plant of Full Fine Co., Ltd  
located in Okayama Prefecture  
began operations in August 2003

Co., Ltd., OSC Engineering Co., Ltd., Osaka Kanzai Co., Ltd., and Kyoto Research Park Co., Ltd. During fiscal 2004, Osaka Kanzai Co., Ltd. was newly added as a consolidated subsidiary.

In the fiscal year under review, the Urbanex Group posted an increase in sales due to growth in the office building management business, despite slower sales from Urbanex Co., Ltd. selling real estate in Kobe Harbor Land two years ago, and the closing of the Ogimachi Museum Square.

We are focusing efforts on expanding real estate operations and aim to maximize the value of the Osaka Gas Group's real estate holdings through property management combining real estate leasing operations and facility management operations.

#### Others

##### 1) Restaurant and Food-Related Business Operations: Kinrei Co., Ltd.

Consolidated subsidiary Kinrei Co., Ltd. operates restaurant chains, mainly the Kagono-ya chain of Japanese-style restaurants. Kinrei also produces and sells frozen foods such as frozen noodles using refrigeration know-how derived from cryogenic technology employed in Osaka Gas's LNG operations. There were a total of 44 Kagono-ya restaurants in the Kansai region as of March 31, 2004.

During the fiscal year under review, Kinrei revenues and profits declined in restaurant operations on account of fiercer competition in the frozen foods field and stagnant overall demand in the restaurant industry. In the restaurant field, Kinrei plans to increase the pace of restaurant openings with a particular concentration of management resources in Kagono-ya restaurant operations. Plans call for the opening of 10 restaurants in fiscal 2005 to build a more robust foundation in the Kansai area while making inroads into the Kanto region. In the foods sector, Kinrei aims to increase sales through the diversification of sales channels while strengthening its lineup of frozen prepared noodle products through new product introductions.

##### 2) Information-Related Services Operations: OGIS Research Institute Group

The OGIS Research Institute Group is composed of five companies, of which OGIS Research Institute Co., Ltd. is the core company. An offspring of the Information Systems Department of Osaka Gas, OGIS Research Institute accounts for more than 50% of sales in the group and provides a wide spectrum of information-related services, including systems installation, consulting, development, administration and maintenance. The company's object-oriented programming technology, which is essential to the efficient development of advanced systems, is among the most advanced in Japan.

The OGIS Research Institute Group comprises three consolidated subsidiaries: OGIS Research Institute Co., Ltd., Ube Information Systems, Inc. and System Answer Co., Ltd., which was added to the scope of consolidation in the fiscal year under review.

During the fiscal year under review, revenues of the OGIS Research Institute Group declined slightly, owing to weak demand across the industry due to the IT slump, despite efforts to expand orders for systems development from customers outside the Group. eCube Net.com, which engages in electronic commerce operations, was absorbed into OGIS Research Institute Co., Ltd. in December 2003 to increase management efficiency.

OGIS Research Institute plans to further promote its systems development services to customers outside the Group, mainly in areas of core competence—object-oriented programming and



COSPA Goido fitness facility in Kashiba City, Nara Prefecture, directly operated by OG Sports



Lightweight, heat-resistant materials used in the Shinkansen train "Nozomi"

UML. In addition, OGIS Research Institute will accelerate the formation of a more solid group foundation by introducing strategic products and advanced technologies through alliances, including merger and acquisition activities.

### 3) Carbon Materials and Chemical Products: Osaka Gas Chemicals Group

The Osaka Gas Chemicals Group consists of seven companies, including the core company, Osaka Gas Chemicals Co., Ltd. The Group draws on the accumulated carbon-related technology of the Osaka Gas Group to promote sales of various industrial products. In the chemical products field, the Group provides a variety of products derived from coal tar and crude benzene, which are primary ingredients in the chemicals industry. In the carbon materials field, the Group manufactures and sells electrode materials for lithium-ion batteries used in cellular phones, activated carbon fiber cartridges for household water and air purifiers, and lightweight heat-resistant materials for aircraft and trains. In the fine materials field, the Group produces and sells high-performance materials for optical equipment.

The Osaka Gas Chemicals Group comprises four consolidated subsidiaries: Osaka Gas Chemicals Co., Ltd., Taiyo Kasei, Ltd., Shanghai Dongdao Carbon Chemical Industry and Donnac Co., Ltd., which was added to the scope of consolidation in the fiscal year under review.

In fiscal 2004, revenues increased in the Osaka Gas Chemicals Group on account of the full-scale launch of the fine materials business and a recovery in demand for electrode materials. In August 2003, the fine materials manufacturing subsidiary Full Fine Co., Ltd., which was established in a merger with JFE Chemical Corporation, a subsidiary of JFE Steel Corporation began operations at its plant in Okayama Prefecture.

In the future, we will focus efforts on strengthening existing products such as carbon materials. At the same time, we aim to build fine materials into a third earnings pillar after chemical products and carbon materials.

### 4) Other Operations: OG Capital Group

The OG Capital Group consists of 18 companies that engage in a wide array of activities related to engineering, housing, security, sports, services for the elderly and other services. Osaka Gas Security Service Co., Ltd. provides security-related services such as the Internet home security system "Irusu." OG Sports Co., Ltd. manages sports facilities including the COSPA fitness centers.

The OG Capital Group comprises 13 consolidated subsidiaries, including OG Maintenance Services Co., Ltd., which was added to the scope of consolidation in the fiscal year under review.

In fiscal 2004, revenues and profits increased in the OG Capital Group, reflecting expansion of athletic operations at OG Sports from the aggressively opening of directly managed fitness centers, growth in sales of Irusu in the home security business of Osaka Gas Security Service Co., Ltd., and the advance of OUD Co., Ltd. into the deluxe sento (public baths) field with its first store opening at the Expo Memorial Park in Osaka.

While advancing selection and concentration of various group operations, the OG Capital Group aims to expand earnings by investing management resources in businesses with growth potential, such as athletic and security businesses.