

To Our Stakeholders



The Osaka Gas Group strives to provide solutions to energy issues.

Aiming to continue to be a company of choice for customers and society, we will explore new value that is required in these changing times, and contribute to comfortable lifestyles and the prosperity of businesses of our customers.

Superiority of
natural gas

P06

Strengths
of and growing
business
opportunities for
the Osaka Gas
Group

P10

Vision for
the future of
the Osaka Gas
Group

P16

In presenting the annual report of the Osaka Gas Group, I wish to convey my greetings to all of our shareholders and other stakeholders.

The Great East Japan Earthquake of March 2011 has significantly affected the nation's society and economy. As a result of this disaster and the subsequent electricity shortages stemming from the nuclear power plant crisis in the quake-stricken region and the subsequent suspension of operations of other nuclear plants throughout the country, discussions have swept across the nation regarding policies for developing a new energy mix in Japan. Furthermore, the concerns and actions of companies and consumers over energy issues are shifting focus to place greater emphasis on securing stable energy supplies in addition to environmental issues, such as reducing energy consumption and CO₂ emissions. Under these circumstances, given its qualities of supply stability and environmental friendliness, natural gas has proven itself as a superior form of energy over other sources. We believe that the value of these characteristics will grow even more significant in the future.

The Group has a long history of more than 100 years, over which it has continued to develop its core gas business, spanning from the procurement of raw materials to the production, supply, and sales of gas. During this long history, we have developed a robust and multi-faced operating foundation consisting of superior human resources, technologies, and expertise, which we continue to leverage to expand usage of natural gas and promote more advanced use of this resource. Also leveraging this foundation, we are implementing a wide range of initiatives both in Japan and overseas. These include efforts to strengthen our operations along the natural gas value chain, such as expanding our electricity business in which we operate natural gas power plants and conducting natural gas resource development.

In this annual report, we will offer a concise explanation on these and other initiatives implemented by the Group. I am confident that after reading this report you will come to understand that the Group is committed to remain a reliable provider of energy solutions that meet the needs of our customers and society at large.

In 2012, conditions in the operating environment are expected to change in a notable manner. In politics, major elections are scheduled in several countries and many changes in leadership are anticipated. Meanwhile, the economy will likely be heavily influenced by changes in the government finance issues and economic conditions of Europe and emerging nations as well as in exchange rates and crude oil prices. Even in this highly uncertain environment, the Group will remain vigilant in its quest to realize the ideals illustrated in its long-term management vision and medium-term business plan, "Field of Dreams 2020." Based on these, we will strive to maximize the value of the Group from the perspectives of our shareholders and all of our various other stakeholders.

I thank you for your continued support and encouragement.

July 2012



Hiroshi Ozaki
President