

# Long-Term Management Vision and Medium-Term Business Plan

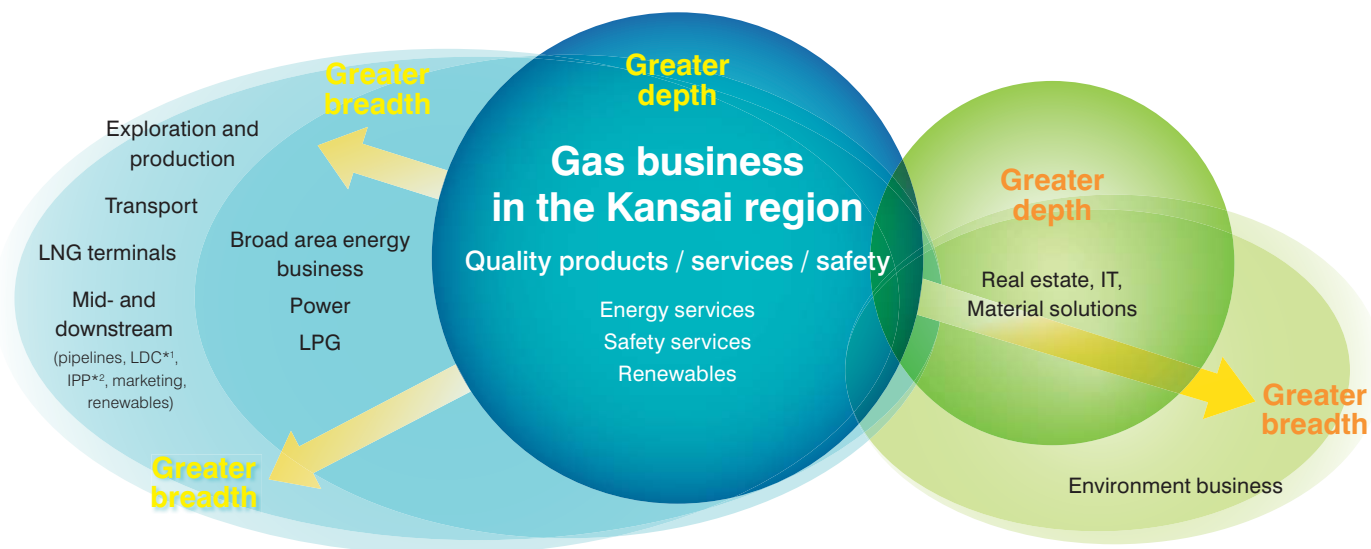
## Overview of “Field of Dreams 2020” and Progress of the Plan

In this section, we will introduce our vision for the Company in 2020 and explain the initiatives we are implementing to realize this vision and their goals.

In March 2009, the Osaka Gas Group formulated the “Field of Dreams 2020” long-term management vision and medium-term business plan, which illustrate our vision for the Group of 2020. Leveraging the tangible and intangible assets accumulated throughout its long history spanning more than 100 years, the Group will act in accordance with this plan as it strives to innovate its business structure from a medium- to long-term perspective.

### ● Vision for the Osaka Gas Group of 2020

Osaka Gas aims to grow into a strong global energy and environmental businesses group with its operations based in three pivotal business fields: domestic energy businesses, international energy businesses along the energy value chain, and environment and non-energy businesses.



\*1 LDC: Local distribution company  
\*2 IPP: Independent power producer

International Energy Businesses along the Energy Value Chain	Domestic Energy Businesses	Environment and Non-Energy Businesses
Global business expansion by leveraging expertise and skills	Reinforcement of the gas business in the Kansai region and development of a broad-area multi-energy business	Deepening and expansion of businesses in strong fields and development and cultivation of environment businesses
<b>Target scale ratio</b>		
1	2	1

## Initiatives to Realize Our Vision for 2020

### Broadening Business Domains

**Broaden business domains by reinforcing existing businesses and expanding new business fields and bases**

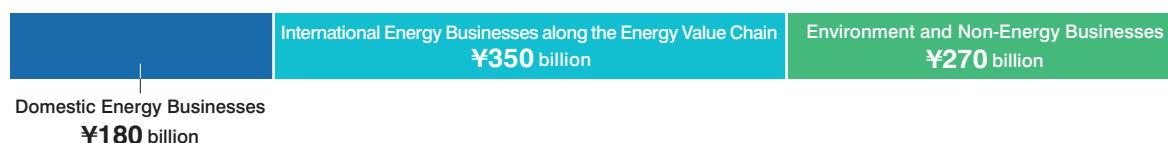
**Invest ¥1.5 trillion to solidify the three pivotal business fields**

**Invest ¥1.5 trillion [¥700 billion\*]** over the period from the fiscal year ended March 31, 2010 to the fiscal year ending March 31, 2021

Investments for upgrading existing businesses: ¥700 billion [¥300 billion\*]



Investments for expansion, greenfield projects, and M&A activities: ¥800 billion [¥400 billion\*]



\* The proportion for investment in five years from the fiscal year ended March 31, 2010 through the fiscal year ending March 31, 2014

### Fortifying Solid Business Foundations

**Maximize Group potential by creating synergies between the three business areas and dispersing risks**

**Build solid business foundations resilient to external changes by optimizing the business portfolio**

## The Osaka Gas Group's Long-Term Management Targets

(Consolidated)	2009/3 (Results)	2014/3 (Estimate)	2021/3 (Estimate)
Net sales	¥1,326.7 billion	¥1,600 billion	¥2,000 billion
Total assets	¥1,452.4 billion	¥1,850 billion	¥2,100 billion
ROA	2.5%	Approx. 3.5%	Approx. 4.0%
ROE	5.7%	Approx. 8.0%	Approx. 9.0%
Shareholder returns	Consolidated payout ratio of 30% or higher after eliminating factors that cause short-term fluctuations in profit		
Maintenance of a sound financial position	Shareholders' equity ratio above 40% and debt equity ratio of approximately one		

## Long-Term Management Vision and Medium-Term Business Plan

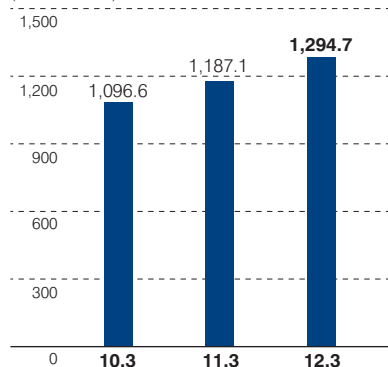
### Progress toward the Vision for 2020

Millions of Yen

(Consolidated)	2010/3	2011/3	2012/3 (Results)	2014/3 (Estimate)	2021/3 (Estimate)
<b>Net sales</b>	¥1,096,628	¥1,187,142	¥1,294,781	¥1,600,000	¥2,000,000
Domestic energy businesses	968,926	1,054,644	1,174,572	1,490,000	1,630,000
International energy businesses along the energy value chain	11,153	11,130	11,158	70,000	220,000
Environment and non-energy businesses	175,667	185,407	184,588	240,000	350,000
<b>Total assets</b> (at the end of the fiscal year)	¥1,483,895	¥1,437,297	¥1,475,759	¥1,850,000	¥2,100,000
<b>ROA</b>	3.3%	3.1%	3.1%	3.5%	4.0%
<b>ROE</b>	7.6%	6.9%	6.7%	8.0%	9.0%

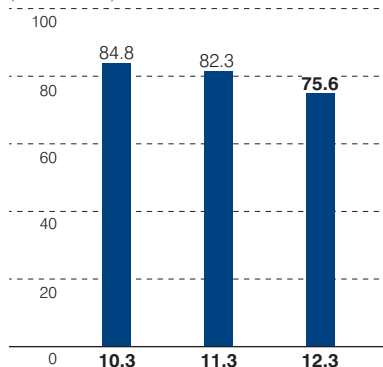
#### Net Sales

(Billions of Yen)



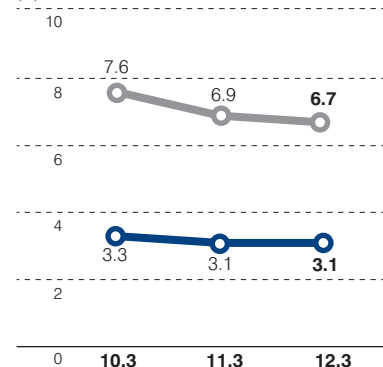
#### Ordinary Income

(Billions of Yen)



#### ROA / ROE

(%)

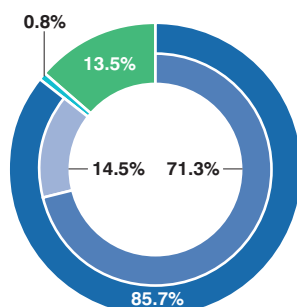


● ROE  
● ROA

### Results by Segments (2012.3)

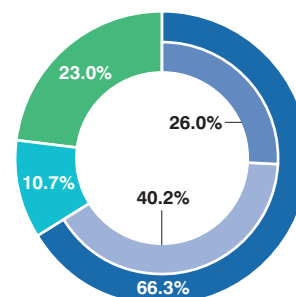
#### Net Sales

- Domestic Energy Businesses
  - Gas
  - LPG, electricity, and other energies
- International Energy Businesses along the Energy Value Chain
- Environment and Non-Energy Businesses



#### Segment Income\*

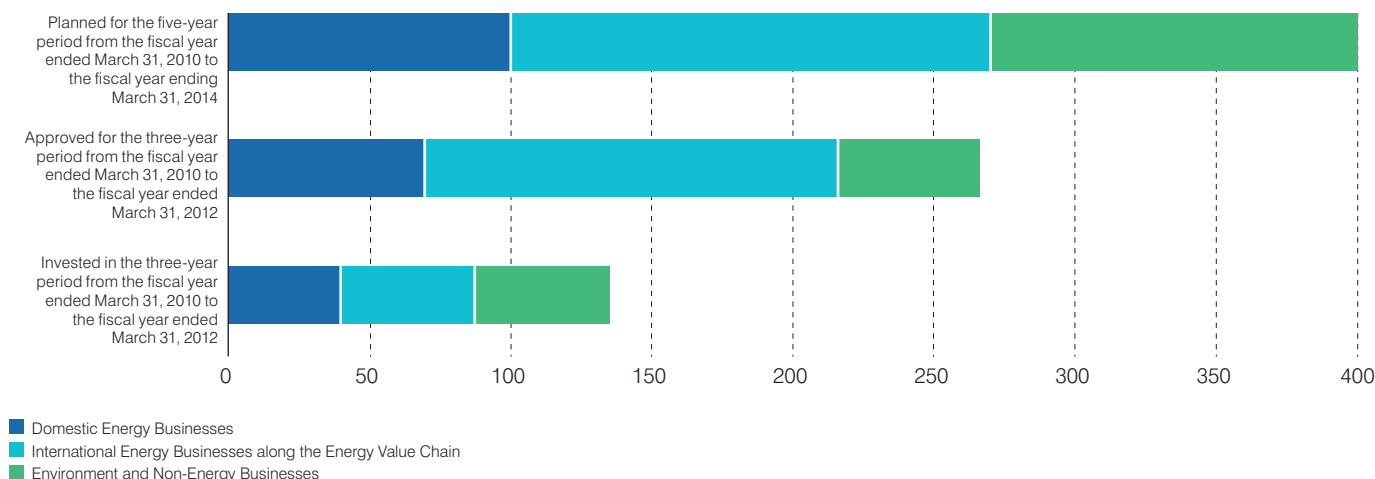
- Domestic Energy Businesses
  - Gas
  - LPG, electricity, and other energies
- International Energy Businesses along the Energy Value Chain
- Environment and Non-Energy Businesses



\* Operating income + Equity in net income of affiliates

## Investments for Expansion, Greenfield Projects, and M&A Activities

(Billions of Yen)



## Recent Topics

### Domestic Energy Businesses

- Announced construction of an above-ground LNG tank with storage capacity of 230,000 m<sup>3</sup> (August 2011)
- Developed “GHP Excel Plus” gas heat pump capable of self-sustained operation during power outages (February 2012)
- Launched a new addition to the lineup of “ENE-FARM” residential polymer electrolyte fuel cell (PEFC) systems (April 2012)
- Launched a residential solid oxide fuel cell (SOFC), “ENE-FARM Type S” (April 2012)

### International Energy Businesses along the Energy Value Chain

- Approved joint ownership of two new fuel-efficient LNG carriers (October 2011)
- Concluded an agreement with the Ichthys Project in Australia for LNG purchase and equity participation (December 2011)
- Secured a project finance arrangement covering the development expenses for Osaka Gas's rights in the Gorgon LNG Project in Australia (March 2012)
- Approved participation in a shale gas and liquids development project in Texas, USA (June 2012)

### Environment and Non-Energy Businesses

- Commenced an overseas IT service business alliance between OGIS-RI Co., Ltd., and AWS, Inc. (September 2011)
- Started the world's first city gas supply business utilizing coal mine methane (CMM) enrichment technology in China (November 2011)
- Approved joint participation in a solar power generation project in Ontario, Canada (June 2012)
- Approved construction of three large-scale solar power generation facilities in Japan (June 2012)