

For over a century, the Osaka Gas Group has continued to provide the Kansai region with a reliable supply of gas. At the same time, we have built up a variety of business foundations by boldly taking up the challenge of entering peripheral domains.

In this introductory special feature of our 2014 annual report, we paint a picture of the Group as well as efforts to accelerate the pace of growth. As we move forward, we will endeavor to consistently enhance our corporate value.

A Quantitative Look at the Osaka Gas Group



Gas Sales Volume (Consolidated)

8.6 billion m³
(2014.3)



Consolidated Ordinary Income

¥106.0 billion

Profit Composition Gas business: Approx. 30%
Fields outside the gas business: Approx. 70%
(2014.3)

OUR POTENTIAL



Power Generation Capacity

Approx. **3.0** GW
(As of the end of May 2014)



LNG Procurement

Approx. **8** million tons
(2014.3)

Gas Sales Volume (Consolidated)

8.6 billion m³

(2014.3)

Realizing Sustainable Growth in the Domestic Gas Business

As a gas supplier that boasts an extensive scale of operations in Japan, the Osaka Gas Group has witnessed dramatic gas sales volume growth in the Kansai region. Currently, the Group supplies city gas to over 7.1 million households and is working to address the increasingly diverse needs of its customers.

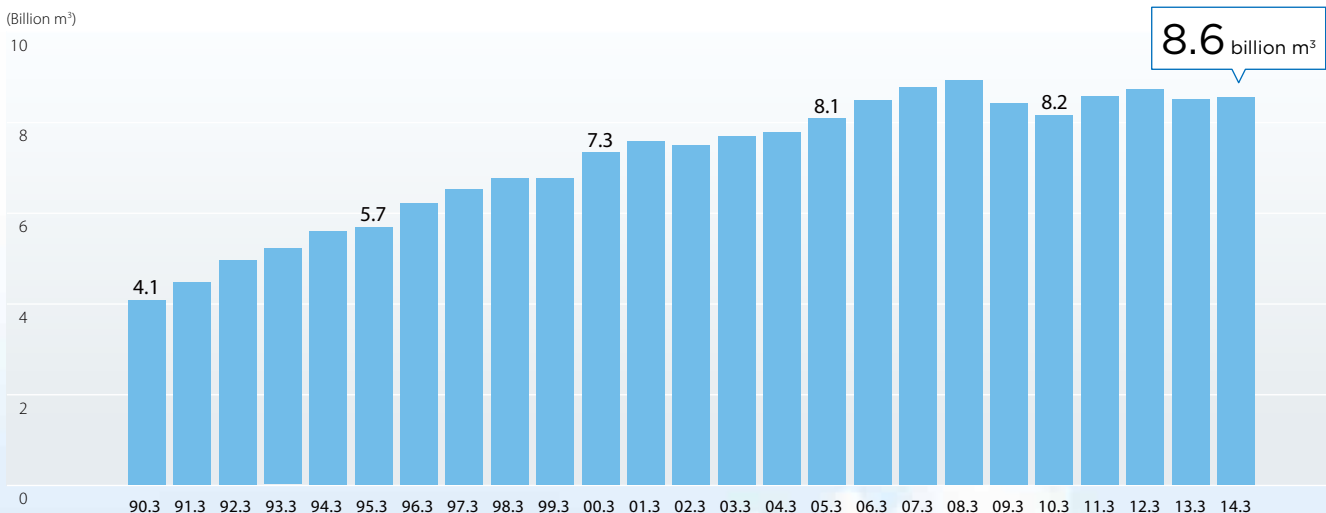
Total Pipeline Length (Consolidated)

Approx. **61,300** km

Number of Meters Installed (Consolidated)

Approx. **7.16** million

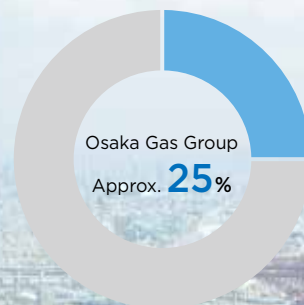
Trends in Domestic Gas Sales Volume of the Osaka Gas Group



The Osaka Gas Group's Share of Gas Sales in Japan

The Osaka Gas Group held around 25% of the total city gas sales volume in Japan for the fiscal year ended March 31, 2014.

Share of Gas Sales Volume in Japan (2014.3)



OUR POTENTIAL

Stimulating New Demand

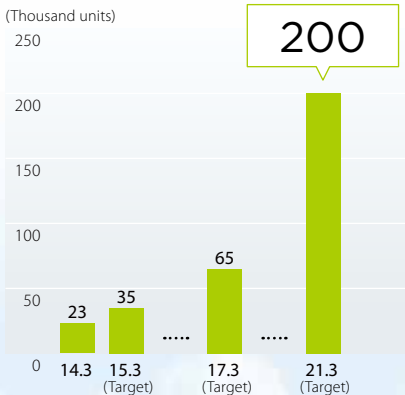
The Himeji-Okayama gas pipeline that links Himeji City, Hyogo Prefecture with Okayama City, Okayama Prefecture was completed in March 2014. The Osaka Gas Group will work diligently to stimulate natural gas demand focusing mainly on industrial use.



The Osaka Gas Group will expand the use of natural gas by focusing mainly on gas cogeneration systems that generate electric power using city gas a fuel and recover the exhaust heat emitted during generation to power water heaters as well as heating and air conditioning systems.

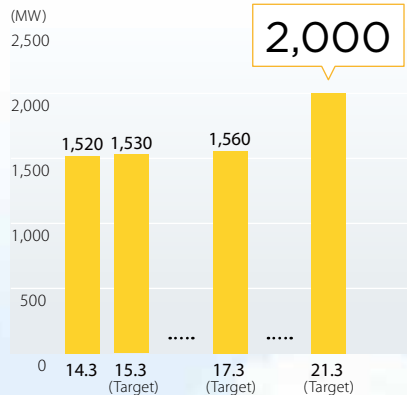
Fuel Cell Cogeneration System for Residential Use: ENE-FARM

Cumulative Number of Units Sold



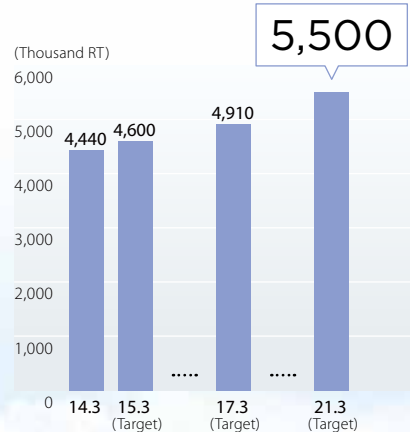
Cogeneration Systems in Non-Residential Fields

Cumulated Installed Capacity Sold



Gas Air Conditioning Systems

Cumulative Shipment Basis

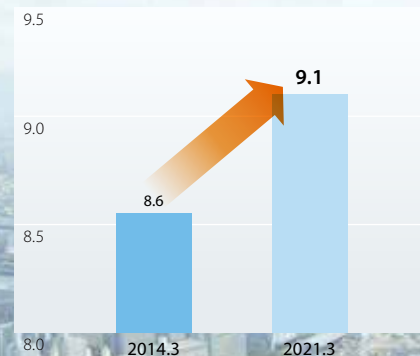


Demand for Natural Gas Fueling Expectations of Stable and Sustained Growth

Taking into consideration its environmental friendliness and stable supply compared with other energy sources, including oil and coal, the demand for natural gas is expected to expand.

The Osaka Gas Group's Outlook for Gas Demand

(Billion m³)



Consolidated Ordinary Income

¥106.0 billion

(2014.3) **Profit Composition** Gas business: Approx. 30%
 Fields outside the gas business: Approx. 70%

Boldly Expanding Business Domains

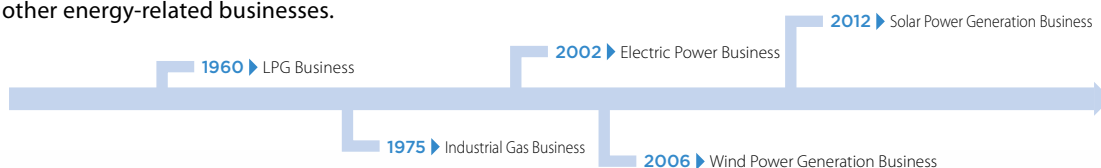
Utilizing the know-how and technologies gained through its city gas operations, the Osaka Gas Group is aggressively expanding its activities into areas outside the gas business domain.

Domestic Energy Businesses

Extending beyond the supply of city gas, the Osaka Gas Group is expanding its business domain into other energy-related businesses.

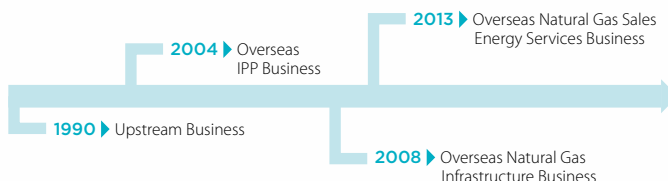


1905 ▶ Foundation / commenced gas operations



International Energy Businesses

Making the most of the know-how gained through its LNG procurement activities, the Osaka Gas Group is developing its overseas business.



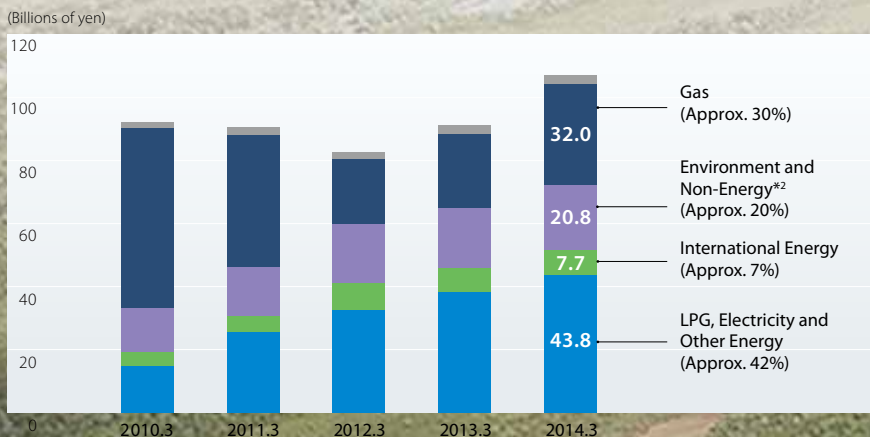
Life & Business Solutions (Non-Energy Business)

Using the technological capabilities and know-how nurtured through the gas business, the Osaka Gas Group is expanding its business activities.



Trends in Segment Income*1

Today, activities outside the gas business are providing a stable stream of income and account for more than half of the Group's total earnings.



Data in parentheses indicates the composition of profits by segment.
 *1 Segment Income = Operating income + Equity in earnings of affiliates
 *2 Following a review of segment details, the name of the segment has been changed to the life & business solutions (non-energy business) segment effective from the fiscal year ending March 31, 2015.

OUR POTENTIAL

Investments Aimed at Increased Growth

The Osaka Gas Group is looking to secure further growth in its domestic energy, international energy as well as life & business solutions (non-energy business) and to develop a robust business portfolio by undertaking new investments.

Major investment projects from the fiscal year ended March 31, 2010

- Domestic Energy Businesses
- International Energy Businesses
- Life & Business Solutions (Non-Energy Business)



Production scheduled to commence around 2015
Participation in the Gorgon Project in Australia



Operations scheduled to commence around 2016
Construction of a coal-fired thermal power plant in Nagoya



Production scheduled to commence around 2017
Participation in the Ichthys Project in Australia



Operations scheduled to commence around 2018
Scheduled participation in the Freeport LNG Terminal Project in the United States

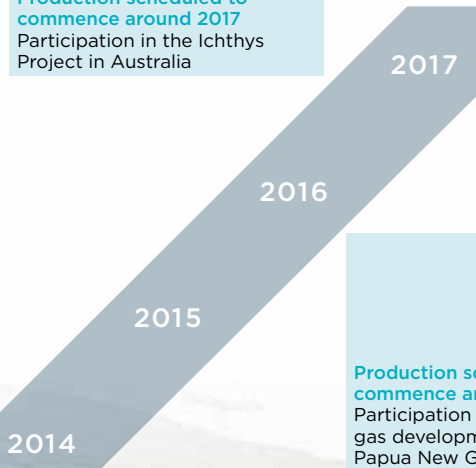

Photograph courtesy of Freeport LNG Development, L.P.




Jan. 2014
Participation in an energy services business in Thailand



Jan. 2014
Acquisition of Jacobi Carbons AB, an activated carbon manufacturer / distributor headquartered in Sweden

Production scheduled to commence around 2015
Participation in a condensate / gas development project in Papua New Guinea



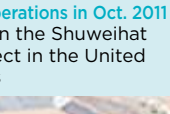
Oct. 2013
Participation in a water supply business in the United Kingdom



Commenced operations in Feb. 2013
Participation in the Aurora Solar Power Generation Project in Canada



Aug. 2013
Participation in a natural gas retail business for industrial customers in Singapore



Commenced operations in Oct. 2011
Participation in the Shuweihat S2 IWPP project in the United Arab Emirates



Oct. 2012
Acquisition of wind power plants (Saga Prefecture, Yamaguchi Prefecture)



May 2010
Participation in the Sagunto LNG Terminal business in Spain



Commenced operations in Jun. 2011
Participation in the Hallett 4 Wind Farm Project in Australia



Apr. 2009
Launch of commercial operations at the Senboku Natural Gas Power Plant

Power Generation Capacity

Approx. **3.0** GW **OUR POTENTIAL**

(As of the end of May 2014)

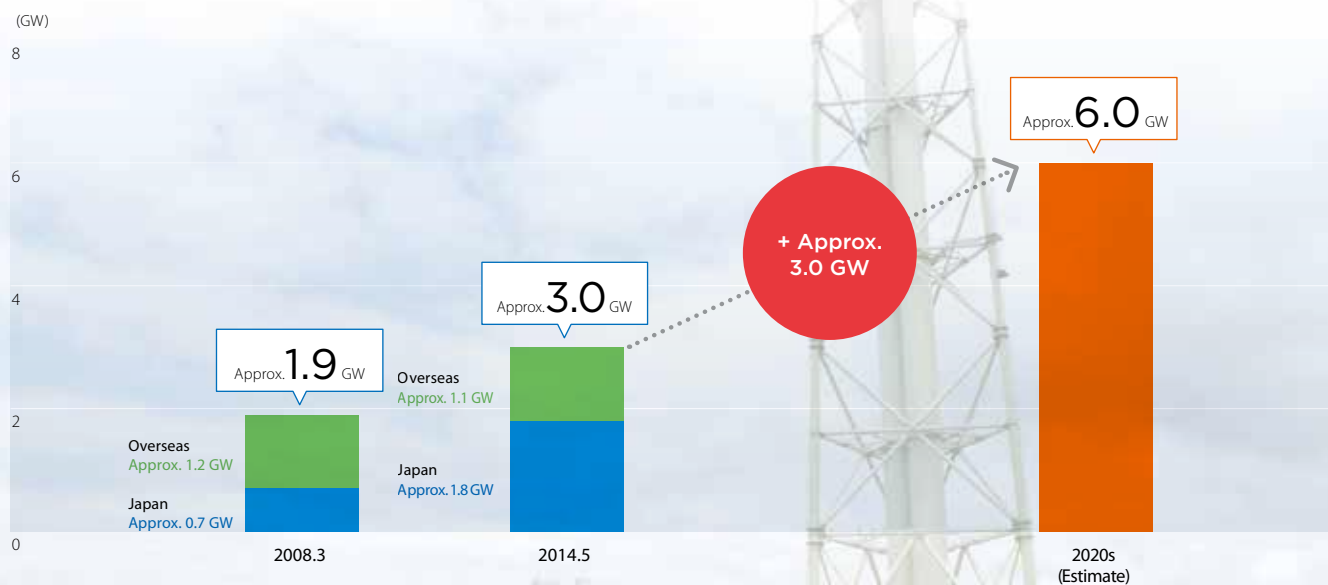
Actively Strengthening the Electric Power Business

The Osaka Gas Group is actively engaged in electric power operations focusing mainly on natural gas power generation. These activities are conducted both in Japan and overseas.

At the moment, the Group boasts a total generation capacity of approximately 1.8 GW in Japan. Of this total, the Senboku Natural Gas Power Plant accounts for around 1.1 GW. Overseas, we are also pursuing participation in IPPs and other projects with our stake coming to an additional 1.05 GW.

Looking ahead, we will continue to pursue nationwide opportunities with the plan to expand the scope of our power generation capacity to 6.0 GW by the 2020s.

Power Generation Capacity Trends and Targets



LNG Procurement

8

OUR POTENTIAL

Approx. 8 million tons

(2014.3)

Diversifying Sources of Supply

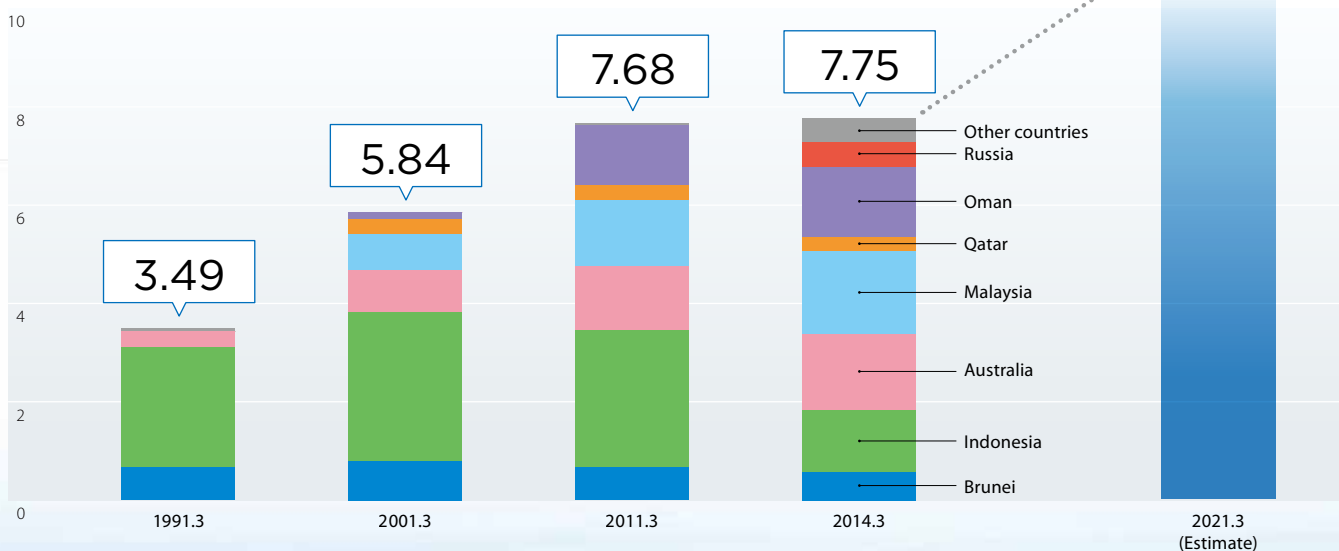
Since first importing LNG in 1972, the Osaka Gas Group has witnessed an increase in demand. Today, the Group's procurement volume has expanded to around 8 million tons.

In order to ensure the stable supply of city gas, we have concluded long-term agreements with producers in seven countries. Moving forward, the Group is working actively to diversify its sources of supply.

Plans are already in place to procure additional requirements from new projects in Papua New Guinea and Australia. Looking further into the future, we will take steps to procure shale gas as a new natural resource. The Osaka Gas Group is projecting an increase in the volume of LNG it handles to 11 million tons by the fiscal year ending March 31, 2021.

LNG Procurement Volume

(Million tons)



Amid expectations that the global demand for LNG will continue to increase, we will maintain our focus on procuring stable and competitive supplies of LNG.

