

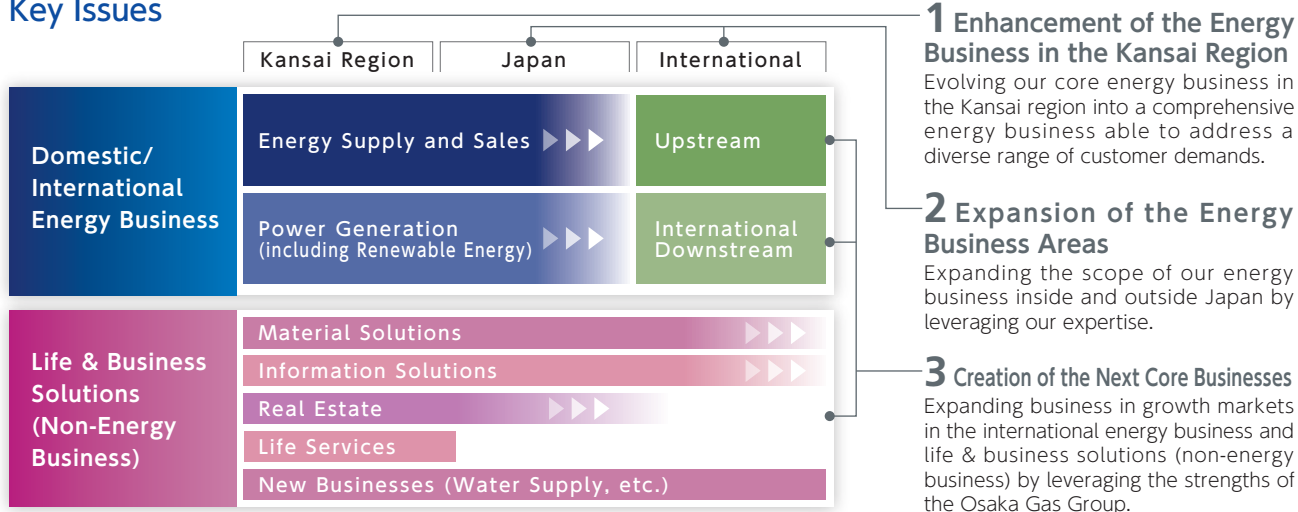
Osaka Gas Group's Business Plan for the Year Ending March 31, 2017

Positioning of the Osaka Gas Group's "Catalyze Our Dreams" Medium-Term Business Plan

While moving forward in the direction outlined in the Group's "Field of Dreams 2020" long-term management vision, we set up a three-year medium-term business plan starting in the fiscal year ended March 31, 2015, titled "Catalyze Our Dreams." In the fiscal year ending March 31, 2017, the business environment will continue to be characterized by uncertainty regarding the path ahead and widespread fluctuations, but we will promote efforts to achieve continued, robust growth into the future. We are preparing for the full deregulation of the retail gas market in the fiscal year ending March 31, 2018, and will strive for the early expansion of our electricity retail business. In addition to supplying energy in forms including city gas, LPG, and electric power, we are striving to offer customers high-quality solutions that combine various value-added services. In addition, we are promoting initiatives to strengthen our production and supply platform and to develop new power sources, and are actively working to expand our international energy business and life & business solutions (non-energy business).

Outline of Osaka Gas Group's Medium-Term Business Plan, "Catalyze Our Dreams" (2015.3-2017.3)

Key Issues



Major Management Indicator Targets

		2021.3
Profitability indicators	ROA	4.5%
	ROE	9.0%
Financial soundness indicators	D/E ratio	Approx. 0.7
	Net worth / Total assets	50% or higher
Shareholder returns	Payout ratio	30% or higher*
	Share buybacks	Management intends to take a flexible approach while considering overall investments and financial position.

* Excluding factors that affect short-term profits

Investment Plan Investment in New Business Expansion (2015.3-2021.3)

	"Catalyze Our Dreams" Plan (billion yen)	
Domestic Energy Business	250	(80)
International Energy Business	360	(180)
Life & Business Solutions (Non-Energy Business)	160	(80)
Total amount of investment	770	(340)

Note: Data in parentheses indicates the investment plan for the three-year period from the fiscal year ended March 31, 2015 to the fiscal year ending March 31, 2017.

Major Initiatives to Achieve Key Issues

Domestic Energy Business

- (1) Concluded LNG supply contract with Hiroshima Gas Co., Ltd. (July 2014)
- (2) Established Yamaguchi-Ube Power Generation Co., Ltd. to investigate and prepare for a coal-fired power project in Ube City, Yamaguchi Prefecture (March 2015)
- (3) Established Himeji Natural Gas Power Generation Co., Ltd. to investigate and prepare for a natural gas-fired power project in Himeji City, Hyogo Prefecture (April 2016)
- (4) Entered the electricity retail business; started supplying electricity to customers in low-voltage fields, such as homes and eating and drinking establishments (April 2016)
- (5) Launched sales of the new ENE-FARM type S (April 2016)

International Energy Business

- (1) Finalized decision to invest in the Freeport LNG Project in the USA, and concluded a financing agreement through project financing (October 2014)
- (2) Participated in a project to build the St. Charles Energy Center Natural Gas-Fired Power Plant in the USA (April 2015)
- (3) Established a joint venture to provide energy services in Thailand through a joint investment with a subsidiary of PTT Public Company Limited (a Thai state-owned oil company) (November 2015)
- (4) Invested capital in Erogasmet S.p.A., an Italian city gas distribution company (December 2015)

Life & Business Solutions (Non-Energy Business)

- (1) Merger of Osaka Gas Chemicals Co., Ltd. and our subsidiary Japan EnviroChemicals, Ltd. (April 2015)
- (2) Acquired shares of Mizusawa Industrial Chemicals, Ltd., which engages in the production and sales of inorganic adsorbent agents and resin additives, and added them as a group company (April 2015)
- (3) Merger of OGIS-RI Co., Ltd. and Osaka Gas Research Institute of Behavior Observation Inc. (July 2015)

“Field of Dreams 2020” Long-Term Management Vision

“Catalyze Our Dreams” Medium-Term Business Plan

2009 2014 2015 2016 2017 2021

Osaka Gas Group’s Business Plan for the Fiscal Year Ending March 31, 2017

Business Activities

Domestic/International Energy Business

Energy Marketer Business

- Promote steady preparations for full deregulation of the retail electricity and gas markets
- As a next-generation energy marketer, provide a variety services to meet the needs of customers
- Promote the dissemination of decentralized energy systems
- Buy surplus electricity from customers using ENE-FARM type S and launch business using it as a retail power source



ENE-FARM type S

Stable Supply of City Gas

- Promote full preparations as a gas pipeline operator for the full retail deregulation of the retail gas market, including operations flow developments and system enhancements
- Investigate the construction of new gas trunk lines to improve supply stability
- Conduct aged infrastructure and facility repairs and comprehensive disaster drills (shoring up the disaster response capability for earthquakes and tsunami)



Comprehensive disaster drill

Power Generation Business, Broad-Area Energy Business

- Promote activities aimed at new energy source acquisition
- Expand LNG trading both domestically and internationally
- Implement electric power sales in partnership with other energy providers

Natural Gas Procurement International Upstream Business

- Promote stable and economical natural gas procurement through multiple sourcing for supply and diversification of contract price indices, and participate in natural gas liquefaction and development projects
- Promote current international project participation
- Investigate acquisition of new interests



Freeport LNG Project (artist's impression)

International Downstream Business

- Investigate business stakes in a wide range of areas, including power generation, energy services, gas sales, and LNG terminal management primarily in North America and Southeast Asia
- Acquire management know-how in various businesses in respective regions by acquiring a stake in active projects, and harness this to achieve business expansion



St. Charles Energy Center Natural Gas-Fired Power Plant (under construction)



Joint establishment of an energy services company with PTT in Thailand

Life & Business Solutions (Non-Energy Business)

Life & Business Solutions (Non-Energy Business)

Material Solutions

Develop and expand the uses of new products aimed at business diversification

Information Solutions

Expand the systems development business to energy, financial, and manufacturing companies

Real Estate

Offer high-quality residences

Technological Development

Development of next-generation materials



Fluorene cellulose



Cloud-based meter data management service



The Urbanex Kyoto Sanjo-dori

Financial Plan (Consolidated)

	Estimate for the fiscal year ending March 31, 2017 (billion yen)	Increase/Decrease (%)
Net sales	1,170.5	-11.5
Operating income	85.5	-41.7
Ordinary income	78.0	-42.2
Net income	52.0	-38.3
ROA	2.8%	—
ROE	5.4%	—

Assumptions: Crude oil price (JCC) first half at \$40/barrel, second half at \$45/barrel; exchange rate of ¥120/\$1

Sensitivity of ordinary income to fluctuations in crude oil price and exchange rate: ±1 billion yen per change of \$1/barrel; ±0.6 billion yen per change of ¥1/\$1

Investment Plan

	Estimate for the fiscal year ending March 31, 2017 (billion yen)	Increase/Decrease (%)
Investment to improve quality of existing business	51.5	-7.9%
Investment in new business expansion	150.0	+53.3%
Domestic Energy Business	32.5	—
International Energy Business	75.5	—
Life & Business Solutions (Non-Energy Business)	42.0	—
Total amount of investment	201.5	+31.0