

Osaka Gas Acquires Equity Interest in Spanish IPP Project
(Oct 1st, 2004)

Osaka Gas, through its subsidiary, has entered into an agreement with ESB International (ESBI) to acquire a 50% equity interest in an IPP project being developed in the Basque Autonomous Region in Spain.

Gas & Power Investment (GPI), a wholly-owned subsidiary of Osaka Gas, signed today in Dublin, Ireland, an agreement with ESB International, a subsidiary of Electricity Supply Board of Ireland for the partial acquisition of the 755MW gas-fired combined-cycle power generation plant being developed near the town of Amorebieta. The construction of the plant is proceeding well and expected to be completed in autumn 2005. The entire generated electricity will be sold to Shell Espana, an energy marketing affiliate of Shell, based on the long-term power purchase agreement between the generator and the energy marketer.

According to the agreement, GPI will acquire 50% of the equity of the power generation plant through Osaka Gas Energy Europe, its European investment arm incorporated in the Netherlands, upon commencement of the commercial operation of the plant.

As outlined in its Innovation Centennial Medium-Term Business Plan released in January 2003, Osaka Gas intends to expand its scope of operations from the gas-based energy business into a multi-energy business entity, going beyond its conventional service territory. In its portfolio, domestic and international independent power production (IPP) businesses have been given a high priority. Overseas IPP projects are of particular interest to Osaka Gas as they offer opportunities to gain a secure revenue stream as well as expertise and know-how in power business.

[Overview of companies]

Gas & Power Investment Co., Ltd.

GPI is a wholly-owned subsidiary of Osaka Gas responsible for development and operation of IPP and district heating/cooling plants, and other energy-related businesses.

ESB International (ESBI)

ESB International (ESBI) is a wholly owned subsidiary of ESB, the state-owned electricity company of Ireland established in 1927. ESBI is engaged in engineering and consulting services, and investments related to international power generation projects. The company has an internationally proven track record of engineering, operating and maintaining combined-cycle gas turbine power plants.