

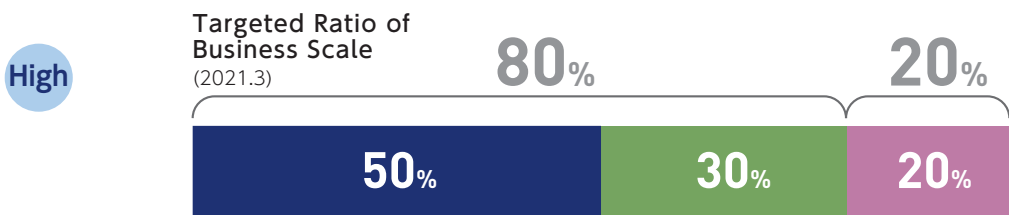
Osaka Gas Group's 2015 Growth Strategy

Expanding Business Fields

The Osaka Gas Group aims to secure steady profits through its core domestic energy business focused on gas and electric power, and continue to shore up business foundations. At the same time we are expanding into various new fields, including international energy business and non-energy business. This strategy will enable us to build a solid business portfolio for the Group.

Future Positioning of Business Portfolio (2020)

Anticipated Market Growth



● Core Business Foundations

Domestic Energy Business

We strive to establish a solid business foundation by achieving continuous growth in the gas business and are aiming to expand electric power into a second core business.

● Gas Business

We produce, supply, and market city gas in the Kansai region, and also provide construction and other services related to gas and the sale of gas equipment.

● Electric Power Business

We generate and sell electricity from natural gas-fired thermal power plants, as well as solar, wind, and other sources of electric power both inside and outside Japan.

● Broad-Area Energy Business

In collaboration with energy providers in other regions, we supply LNG to other parts of Japan outside of our core area of the Kansai region.

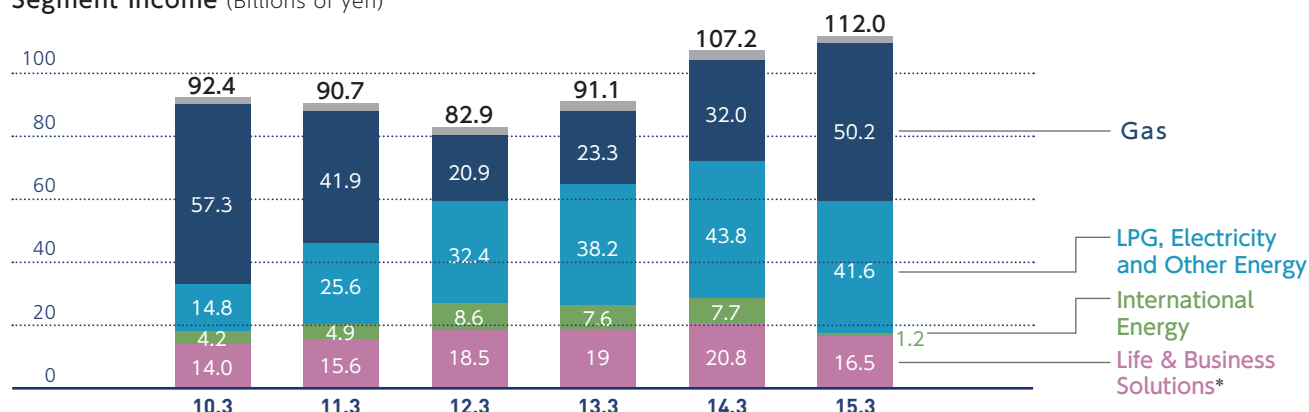
● LPG Business

We market LPG, mainly to customers outside our city gas supply area.

Low

High

Segment Income (Billions of yen)



* Figures listed are for the environment and non-energy business up to the fiscal year ended March 31, 2014

● Stable Profitability

Life & Business Solutions (Non-Energy Business)

To secure stable profits, we are developing new business fields less susceptible to fluctuations in the environment surrounding the energy business.

● Material Solutions Business

This business offers products that are used in a wide range of fields. We develop high-performance materials based mainly on core technologies relating to carbon materials.

● Real Estate Business

This business involves a broad range of real estate operations, including office building and housing development, leasing, and sales, the development of newly acquired real estate, and building maintenance.

● Information Solutions Business

This business supplies IT services such as systems development and systems operation for customers in the energy, manufacturing, finance, distribution, and other business fields.

● Future Growth Drivers

International Energy Business

We are developing the energy business internationally as well as domestically. By expanding our business domains globally, we are looking ahead to dramatic growth in the future.

● Upstream Business

We are engaged in acquiring gas field interests in Australia, North America, and other regions, and also participate in gas field development projects.

● Downstream Business

Our downstream business includes LNG terminal operations, power production, gas sales, and energy services in North America, Europe, and Southeast Asia.

Low

Market Share

Osaka Gas Group's 2015 Growth Strategy

Expanding Business Fields

1 » Core Business Foundations

Core Business | Gas Business

Our Vision

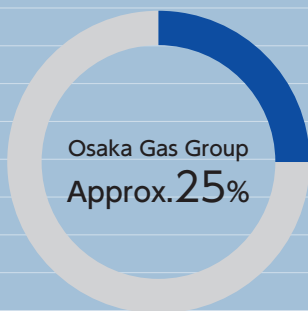
Osaka Gas Group's Vision

Continued Growth

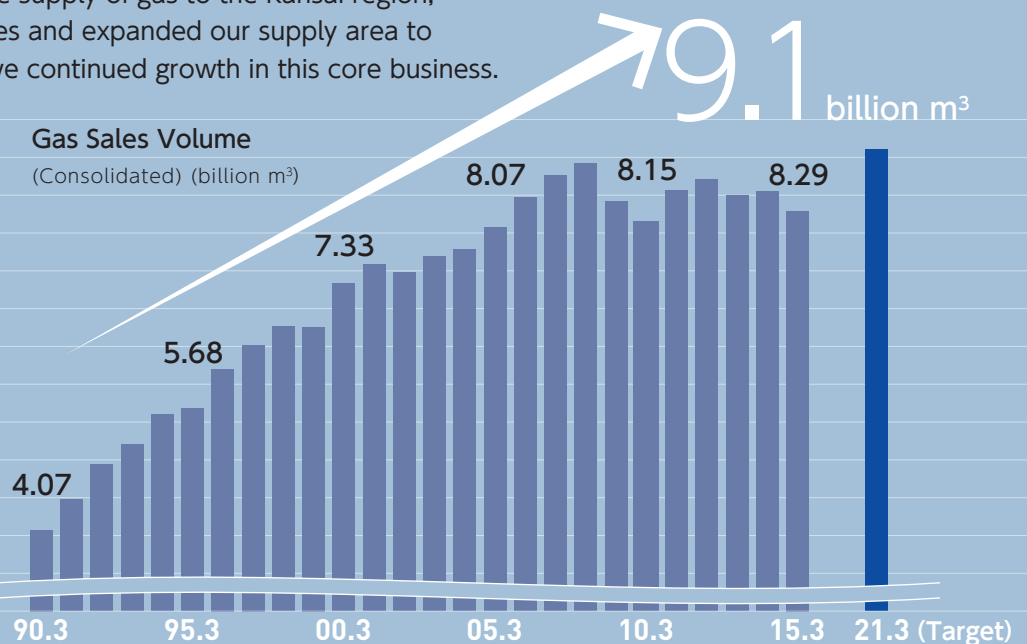
We not only provide a stable supply of gas to the Kansai region, but have developed new uses and expanded our supply area to increase demand and achieve continued growth in this core business.



Share of Gas Sales Volume in Japan (2015.3)



Gas Sales Volume (Consolidated) (billion m³)



Our Challenge

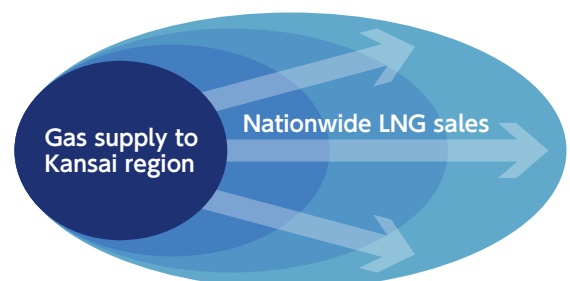
Efforts Being Made to Achieve Our Vision

» For more information see p. 27.

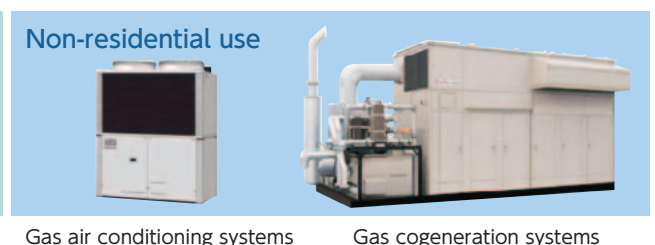
Developing Uses and Expanding Demand

We satisfy a wide range of needs by combining various types of gas equipment, such as residential and non-residential gas cogeneration systems and air conditioning systems, and services. We also engage in technological development to increase the efficiency of such equipment and facilities, reduce their footprints and cost, and expand their uses. In 2014 we opened the Himeji-Okayama Gas Pipeline, and we continue to sell natural gas to customers outside of the Kansai region.

Expanding Demand



Gas Cogeneration



2nd Core Business | Electric Power Business

Our Vision

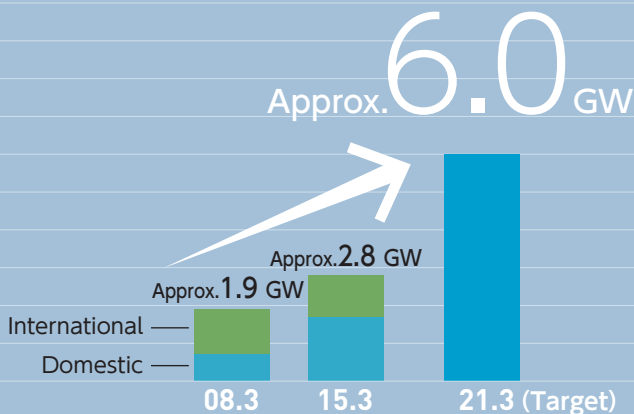
Osaka Gas Group's Vision

Expanding the Scale of Our Business

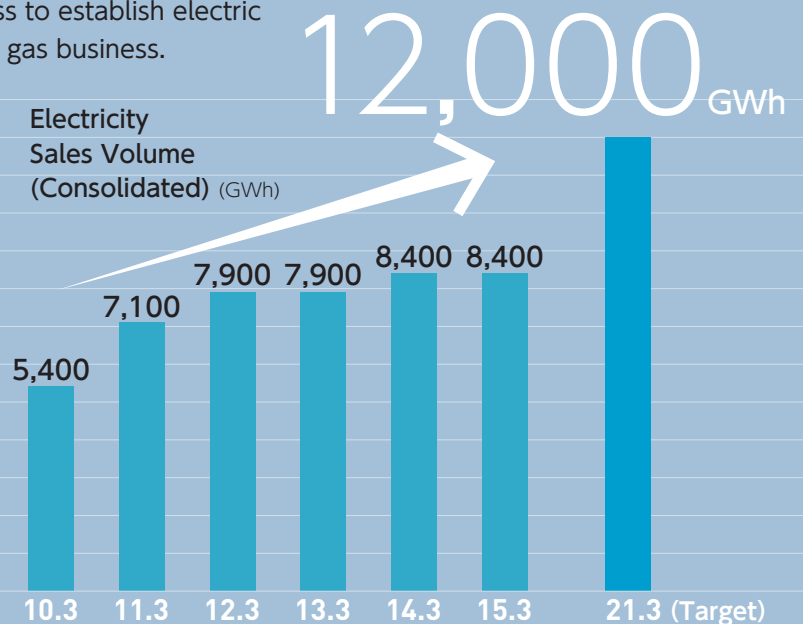
We are developing energy sources across Japan and expanding our electric power wholesale and retail business to establish electric power as our second core business next to the gas business.



Power Generation Capacity (GW)



Electricity Sales Volume (Consolidated) (GWh)



Our Challenge

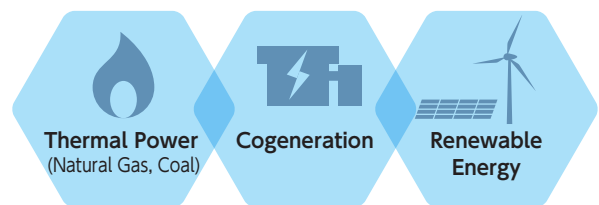
Efforts Being Made to Achieve Our Vision

» For more information see p. 35.

Power Plant Construction and Securing of Varied Energy Sources

Thermal power is our mainstay source of electric power. We also procure energy from renewable sources such as wind and solar power generation, cogeneration systems, and many other sources. The Osaka Gas Group partners with other companies and works to acquire new energy sources throughout Japan. The Group also engages in efforts to secure energy sources abroad, an example of which is its participation in the St. Charles Energy Center project to build a natural gas-fired power plant in Maryland, USA.

Building an Optimal Power Generation Portfolio



New Power Generation Plans

- Nakayama Nagoya Coal-Fired Power Plant
- Yamaguchi Ube Coal-Fired Power Plant (under review)
- Hibiki Natural Gas-Fired Power Plant (under review)
- St. Charles Energy Center Natural Gas-Fired Power Plant, Maryland, USA (Scheduled to begin operation in 2017)



Expansion of Nakayama Nagoya Joint Power Generation Coal-Fired Power Plant
Operation at 110 MW to begin in 2016



Yamaguchi Ube Power Coal-Fired Power Plant
Generation capacity: 1.2 GW (planned) /
Generation facilities: ultra supercritical pressure boiler / Start of operations: early 2020s

Osaka Gas Group's 2015 Growth Strategy

Expanding Business Fields

2» Future Growth Drivers

International Energy Business



Our Vision

Osaka Gas Group's Vision

Global Business Development

We are concentrating on global business development with our international energy business positioned as a growth driver.

Track Record of Investments for New Business Expansion (Billions of yen)

2009 Participation Australia
Gorgon LNG Project



2013 Participation Singapore
Natural gas sales to industrial customers



2012 Participation Australia
Ichthys LNG Project



2013 Participation Thailand
Energy service business



2014 Participation Papua New Guinea
Western Papua New Guinea Gas and Condensate Field

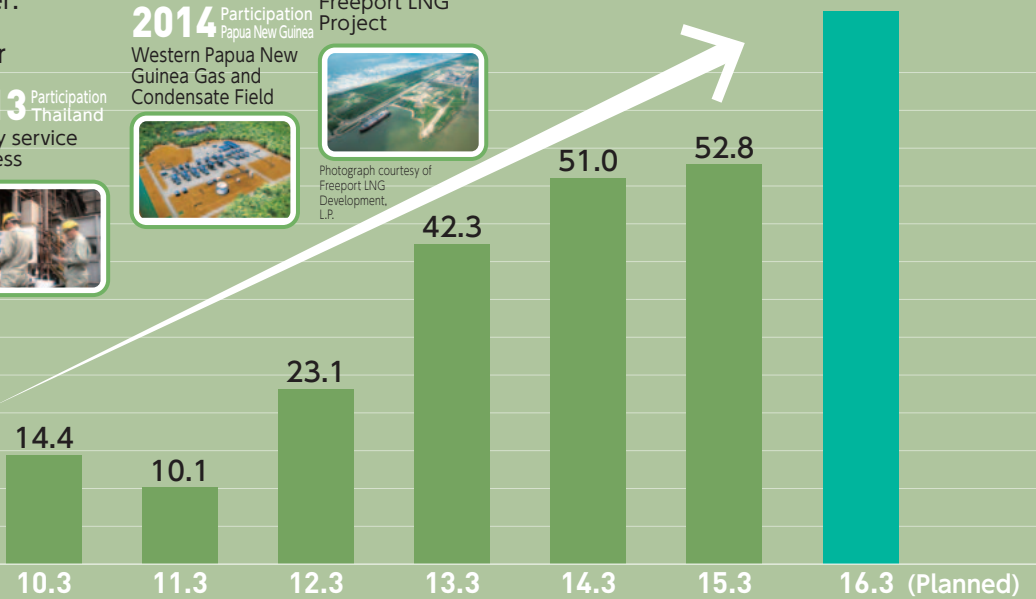


2014 Participation USA
Freeport LNG Project



Photograph courtesy of Freeport LNG Development, L.P.

73 billion yen



Our Challenge

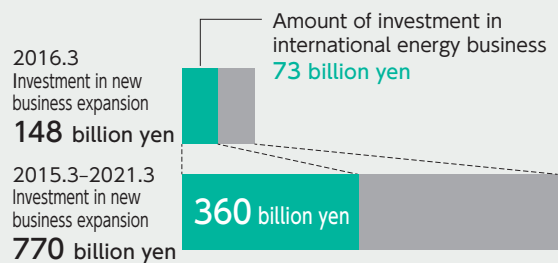
Efforts Being Made to Achieve Our Vision

» For more information see p. 37.

Expanding the Energy Business Internationally from Upstream to Downstream

The Osaka Gas Group is increasing its flexibility in LNG procurement to ensure the stable procurement and supply of natural gas into the future. We are doing this not only by partnering with numerous producers, but also by participating in natural gas liquefaction and development projects, primarily in Australia and North America, and by obtaining rights to new gas fields. In order to expand Group earnings, we have invested in LNG terminals and engaged in the electric power business in North America and Spain. We are also unfurling our energy service business in Thailand and Singapore.

Business Investment Plan for Expansion of International Energy Business (2015.3-2021.3)



Aurora Solar Power Plant (Canada)



Marianas Energy Power Plant (USA)



Sagunto LNG Terminal (Spain)

3» Stable Profitability

Life & Business Solutions (Non-Energy Business)

Our Vision

Osaka Gas Group's Vision

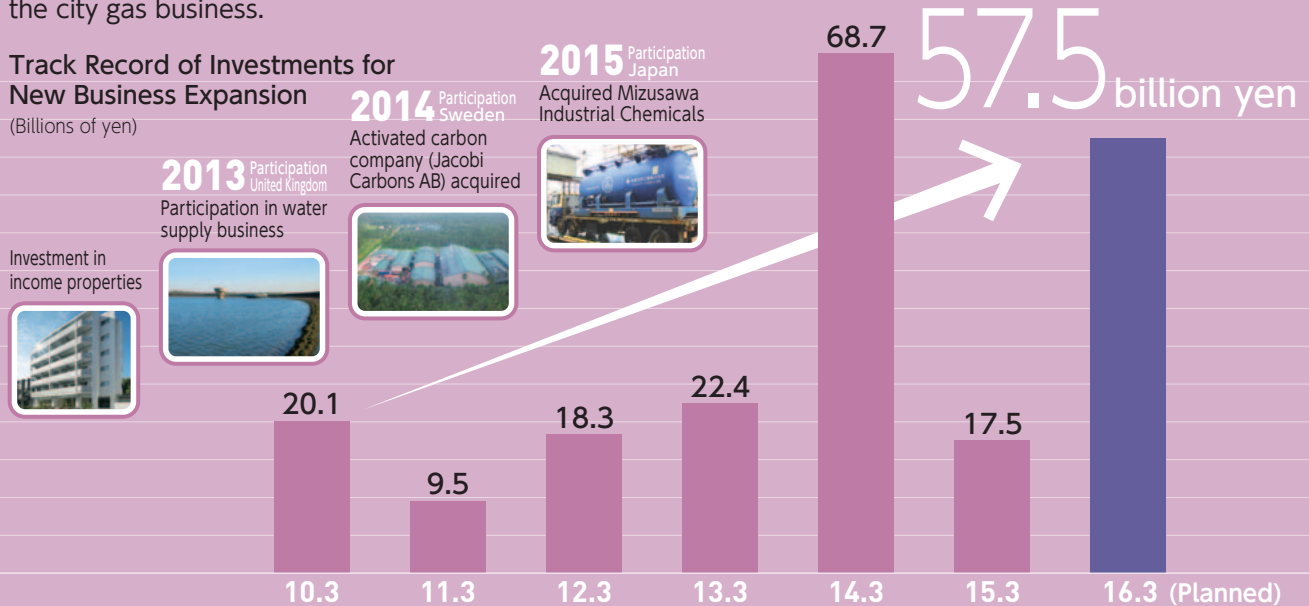
Business Development in Non-Energy Fields

We are expanding into non-energy fields of business by utilizing our engineering knowledge and technology from the city gas business.



Track Record of Investments for New Business Expansion

(Billions of yen)



Our Challenge

Efforts Being Made to Achieve Our Vision

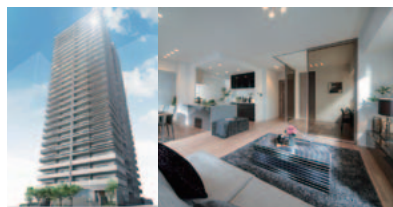
» For more information see p. 40.

Effective Business Operations Achieved by Selecting and Concentrating

Within the domains of material solutions, real estate, and information solutions, we are concentrating resources on those fields which have a high potential for synergy with the gas business or in which we can apply our amassed expertise. We aim to make our business operations more effective through such selection and concentration, including promoting the review and streamlining of assets held. In material solutions, we are strengthening our materials development in the fields of fine chemicals and carbon materials to be more competitive, and also acquiring interests to conduct global business advancement.



Carbon fiber materials



The Urbanex Tower Kobe Motomachi-dori (Artist's impression) and showroom



OGIS-RI Co., Ltd.

Osaka Gas Group's Growth Strategy

Handling Reforms to Japan's Electricity and Gas Industries

Full liberalization of the electricity market in Japan will take place in 2016, followed by similar reforms in the retail gas market in 2017.

The Osaka Gas Group anticipates rapid changes in the business climate and aims to take advantage of the Group's strengths and utilize its extensive know-how to create new business opportunities that will turn this situation into further growth.

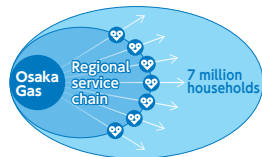
Strengths of the Osaka Gas Group

01 Communication with Our Customers

» For more details, see p. 30

Osaka Gas service chain

The Osaka Gas service chain partners with us to serve as the contact point between Osaka Gas and its end users. The service chain handles the sale and repair of gas appliances, and offers proposals for comfortable living, connecting with customers in a more personal way.



A variety of services

A wide selection of services is provided to meet the diverse needs of customers and to provide safety, security, and a comfortable lifestyle.



Warranty service "RAKU-TOKU"



Members-only site "My Osaka Gas"

02 Engineering and Solutions Expertise

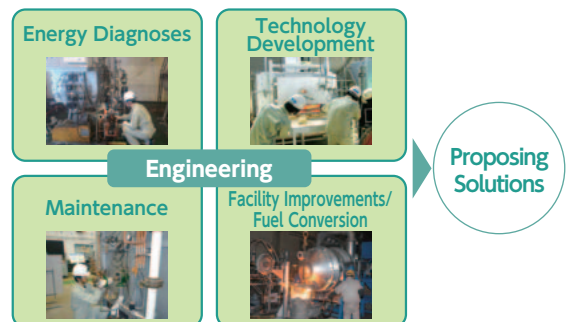
» For more details, see p. 32

Engineering expertise

We possess high-level engineering capabilities and the ability to develop technologies. We also conduct maintenance inspections, develop new industrial burners and gas equipment, and conduct research to improve product quality.

Solutions expertise

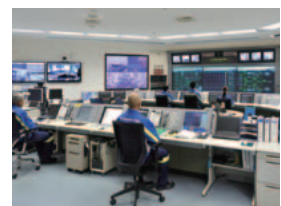
Our experts visit customers to conduct diagnoses of their energy use. Based on the outcomes, experts propose improvement plans for saving energy; they also support the setup of optimal energy systems through facility improvements and fuel conversion.



03 High Security

Advanced knowledge to ensure safety and security

For 110 years since the founding of Osaka Gas, the Group has strived to ensure safety and security for its customers. We also promote safety measures to mitigate damage from earthquakes and other disasters. Our advanced knowledge covers safety in manufacturing facilities, supply facilities, and gas equipment.



Electricity and Gas Industry Reform Schedule

Establishment of an entity that conducts cross-regional coordination of utility transmission

Legal unbundling of the transmission/distribution sector



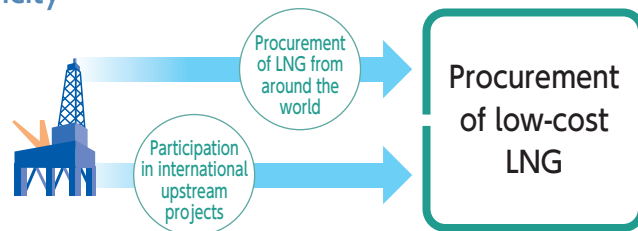
* Following full liberalization, some providers will be subject to transitional measures to regulate fees.

04 LNG Procurement

» For more details, see p. 34

Achieving high competitiveness in electricity retailing by utilizing low-cost LNG

The Osaka Gas Group procures approximately 8 million tons of LNG annually from different parts of the world. We will continue striving to make natural gas more competitively priced, which is further enabled through proactive participation in upstream projects overseas. The procurement of low-cost LNG also brings high competitiveness to the electric power retail business.

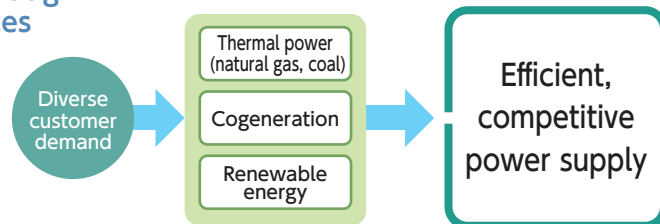


05 Retention of Diversified Power Sources

» For more details, see p. 36

Achieving efficient power supply through the combination of varied power sources

The Osaka Gas Group operates a number of different power plants, from its main Senboku Natural Gas Power Plant to the Nakayama Nagoya Joint Power Generation Coal-Fired Power Plant, which are base-load power sources, along with renewable energy plants such as solar and wind power plants. The combination of these varied power sources allows the Group to supply power efficiently to meet diverse needs.



06 Power Supply Expertise

Procuring and supplying power optimally based on demand

The Osaka Gas Group is selling electric power to customers through the new firm, ENNET Corporation. We have developed the know-how for procuring and supplying electric power in an optimal balance to customers with diverse power demands that also vary in load according to time of day. Already many commercial-scale utility customers have chosen us as their energy supplier.

