

2015

OSAKA GAS GROUP

ANNUAL REPORT

Osaka Gas Group Annual Report 2015

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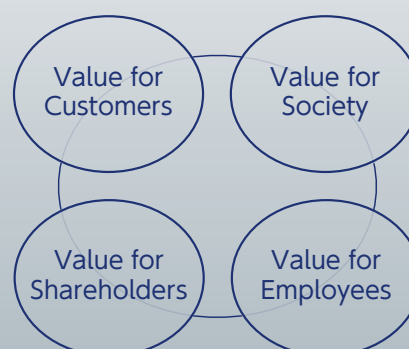
Management Principle

Who We Strive To Be

Osaka Gas Group powers continuous advancement in consumer life and business

Our Commitments

Osaka Gas Group works to create four types of value
Osaka Gas Group is committed to creating value primarily for customers, as well as for society, shareholders, and employees.



Our Corporate Motto

Service First

ROE **5.7%**

ROA **2.5%**

2009.3
(Achieved)

Note: "2015.3" indicates the fiscal period started April 2014 and ended March 2015. This abbreviation and corresponding expressions are used throughout this document.

For 110 years since its first inception, the Osaka Gas Group has been committed to providing a stable supply of city gas to the Kansai region of Japan. We have since expanded into peripheral fields and achieved significant growth as a corporate group.

Through growing into a world-class player in various business fields by 2020, our goal is to contribute to the further evolution of our customers' lifestyles and business. We strive for continued growth based on the "Field of Dreams 2020" long-term management vision set up in 2009 and the "Catalyze Our Dreams" medium-term business plan set up in 2014.

ROE **8.3** %

ROA **4.0** %

2016.3
(Planned)

ROE **9.0** %

ROA **4.5** %

2021.3
(Target)

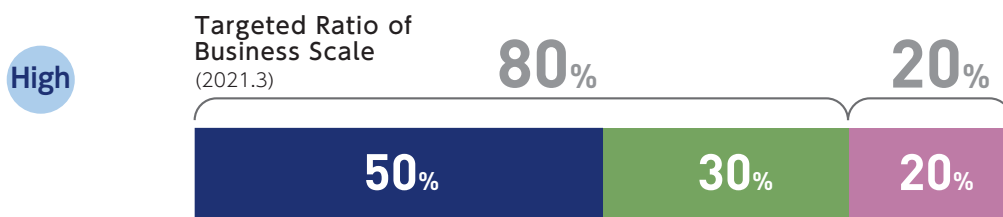
Osaka Gas Group's 2015 Growth Strategy

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.

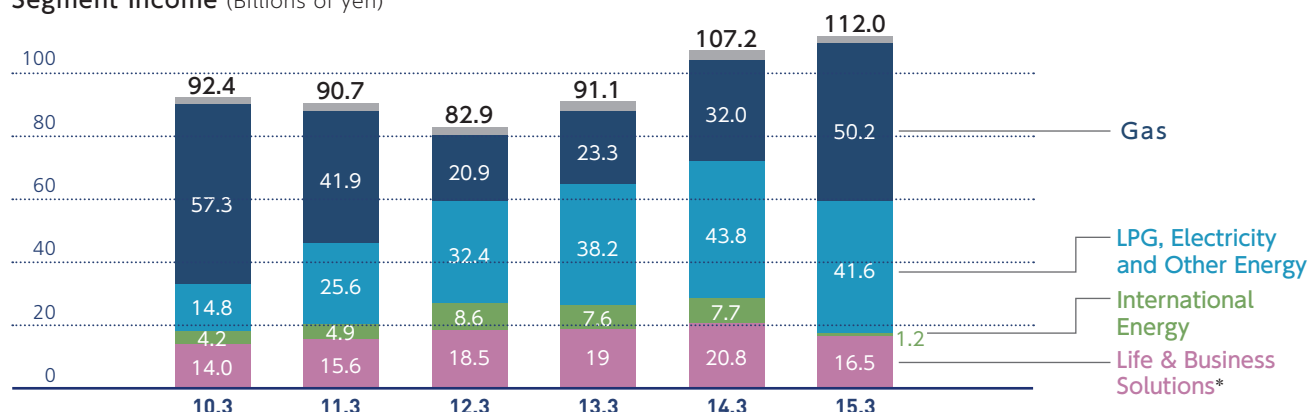
● LPG Business

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

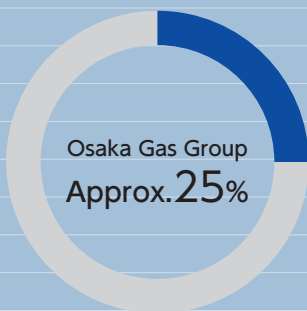
Osaka Gas Group's Vision

Continued Growth

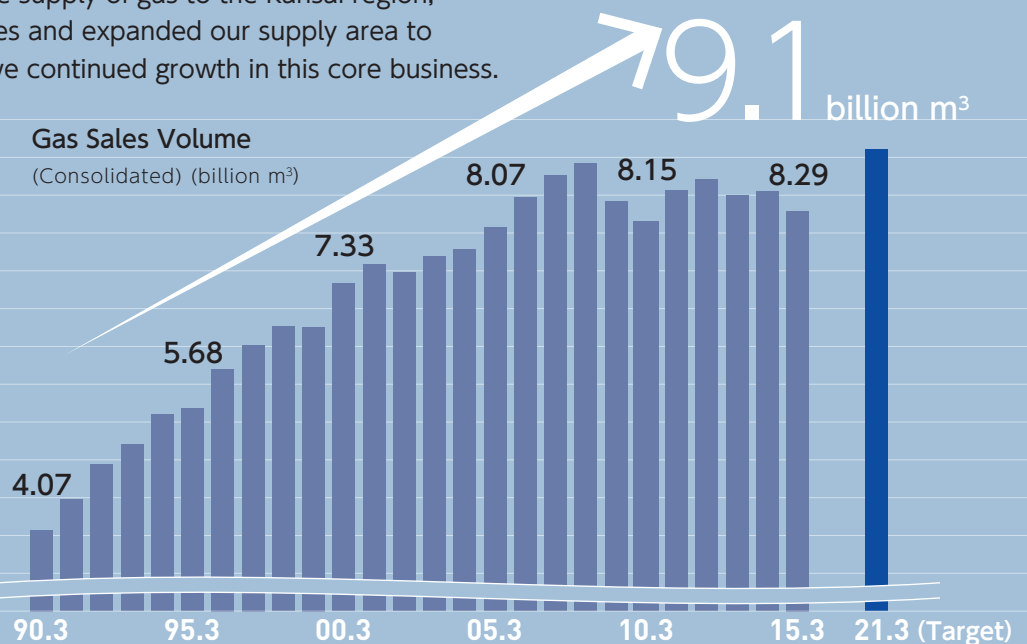
We not only provide a stable supply of gas to the Kansai region, but have developed new uses and expanded our supply area to increase demand and achieve continued growth in this core business.



Share of Gas Sales Volume in Japan (2015.3)



Gas Sales Volume (Consolidated) (billion m³)



Our Challenge

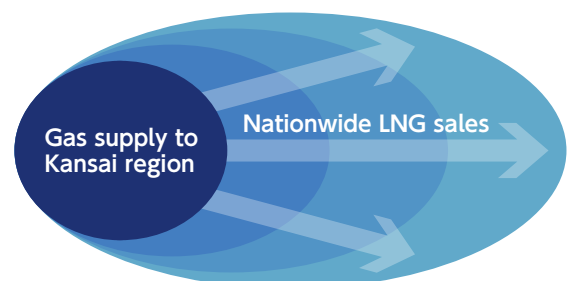
Efforts Being Made to Achieve Our Vision

» 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

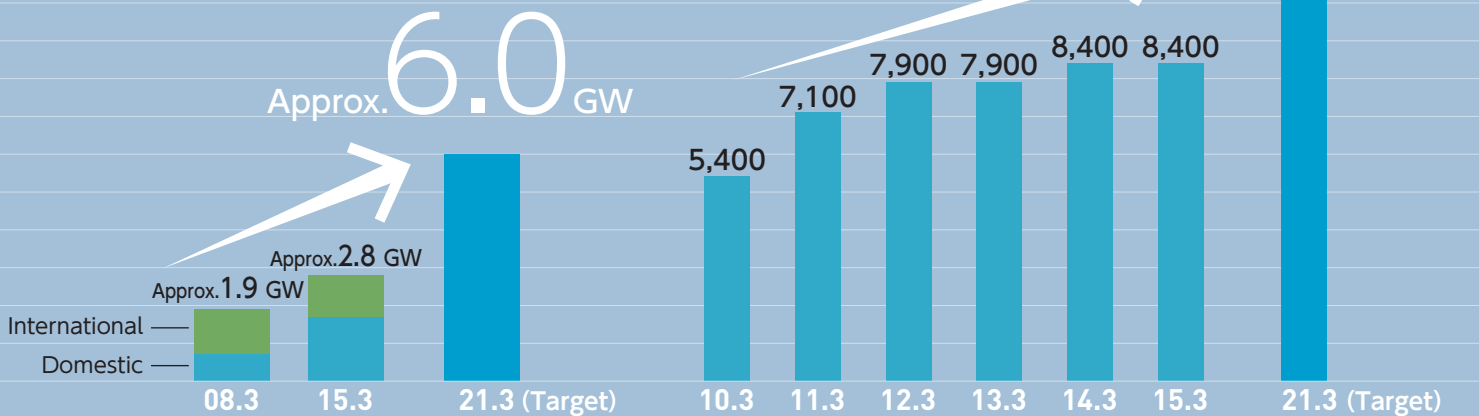
Expanding the Scale of Our Business

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

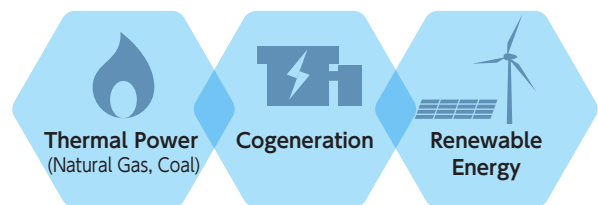
Efforts Being Made to Achieve Our Vision

» 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

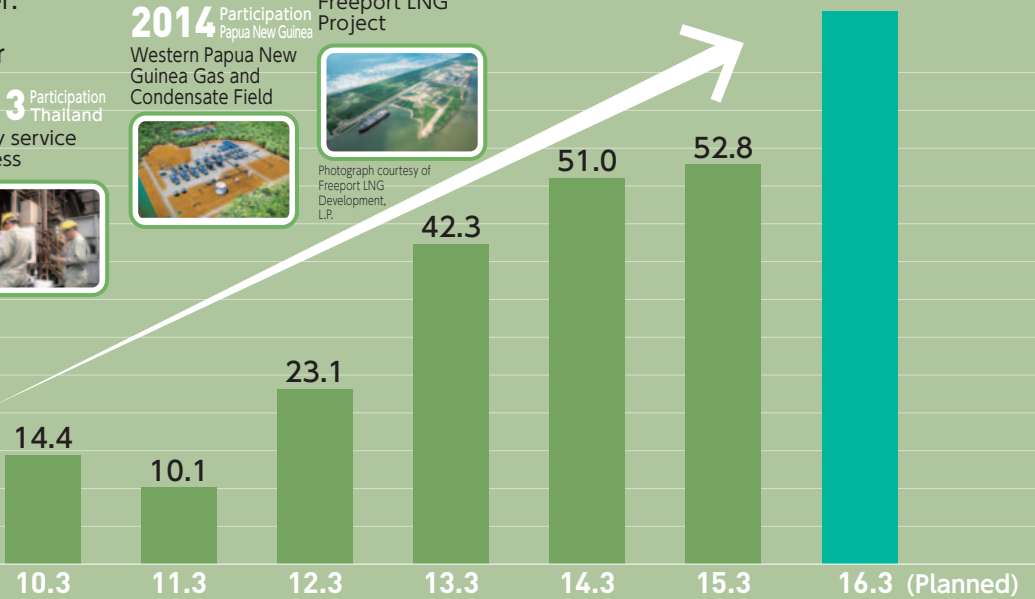


2014 Participation USA
Freeport LNG Project



Photograph courtesy of Freeport LNG Development, L.P.

73 billion yen



Our Challenge

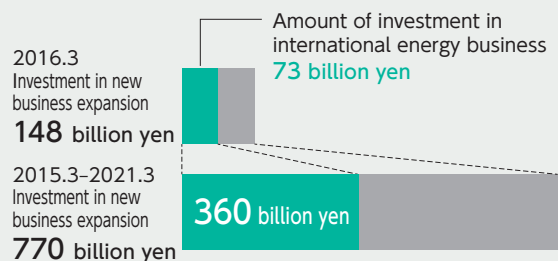
Efforts Being Made to Achieve Our Vision

» 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

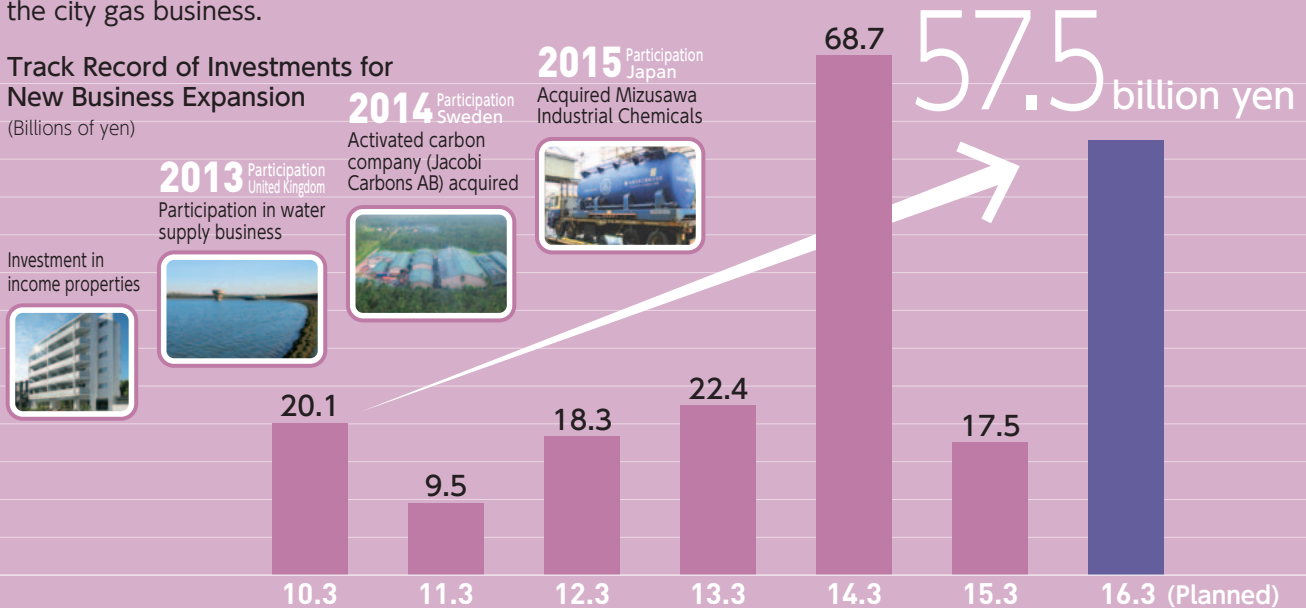
Osaka Gas Group's Vision

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)



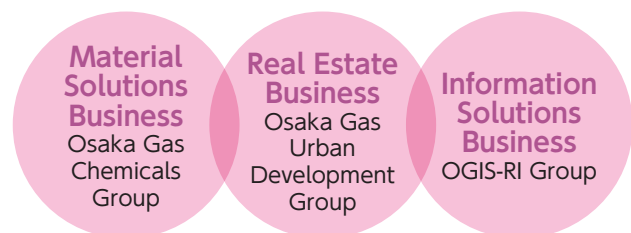
Our Challenge

Efforts Being Made to Achieve Our Vision

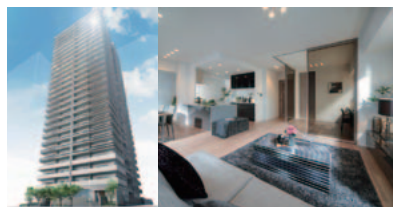
» For more information see p. 40.

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

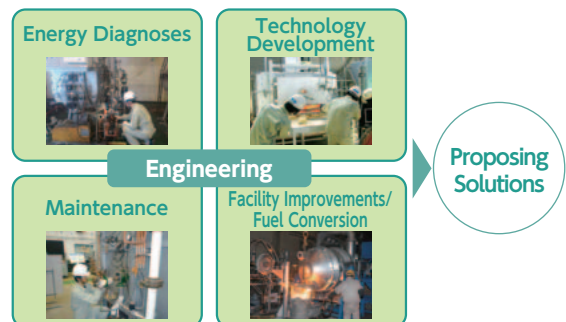
» For more details, see p. 32

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

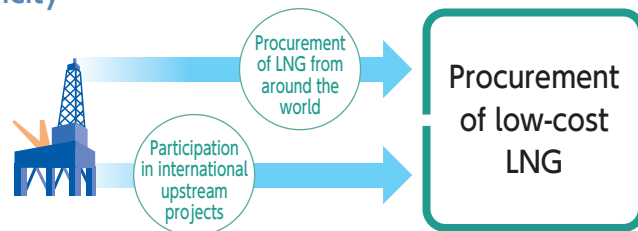


04 LNG Procurement

» 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.

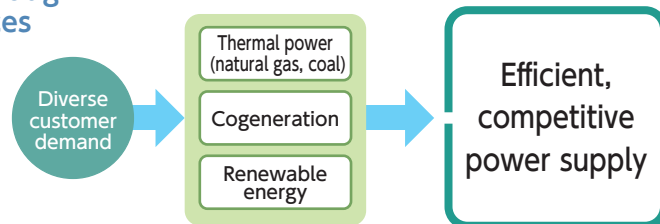


05 Retention of Diversified Power Sources

» For more details, see p. 36

Achieving efficient power supply through the combination of varied power sources

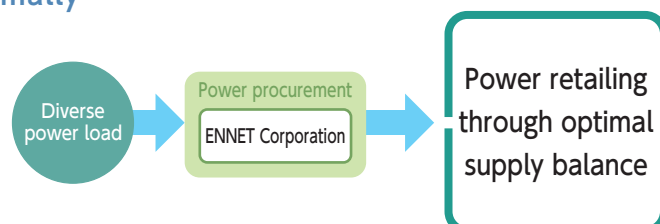
The Osaka Gas Group operates a number of different power plants, from its main Senboku Natural Gas Power Plant to the Nakayama Nagoya Joint Power Generation Coal-Fired Power Plant, which are base-load power sources, along with renewable energy plants such as solar and wind power plants. The combination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



Message from Top Management



Hiroshi Ozaki
Chairman



Takehiro Honjo
President

Commitment

Expanding our energy business through growth opportunities in the upcoming full deregulation of the electricity and gas retail markets.

Evolving into a comprehensive energy company serving the wide-ranging needs of customers and society.

Maximizing stakeholder value.

We are delighted to extend our warmest greetings to all stakeholders as we issue this Annual Report 2015.

In today's world full of variables that can easily upset the balance of politics, economy and society, one finds it difficult to predict the future business environment. Factors affecting the Osaka Gas Group such as crude oil prices and foreign exchange rates have always been unpredictable, highlighting the importance of continuous caution.

With regard to the energy business environment, we will be facing new challenges as the electricity and gas retail markets in Japan will be fully deregulated in FY2016 and FY2017, respectively. The Osaka Gas Group must act swiftly to capitalize on these upcoming changes as growth opportunities.

In our energy business, we dedicate ourselves to meeting diverse customer needs across the board through the supply of gas, electricity and other forms of energy, in combination with gas equipment, facilities and services. Meanwhile, we are committed to maintaining the stable and economical supply of energy to our customers through diversification of LNG procurement sources and contract price indices, improving gas supply infrastructure and enhancing natural disaster precautions.

Supplementing our core energy business, the Osaka Gas Group's non-energy business segment contributes to the greater comfort in living and the business development of our customers.

In the meantime, targeting the three year period between FY2015 and FY2017 under our medium-term business plan, "Catalyze Our Dreams," we will focus on expansion of domestic energy business centered on gas and power, international energy business with high growth potential, and other areas of expertise including material solutions.

Capturing every growth opportunity in upcoming changes in the business environment, we continue our endeavors to remain the first choice of customers and maximize value to our shareholders and all other stakeholders.

We thank you for your continued support and encouragement.

July 2015

尾崎 裕

Hiroshi Ozaki
Chairman

本庄武宏

Takehiro Honjo
President

Interview with the President



Takehiro Honjo
President

“We will expand our business into diverse areas and global fields.”

Evolving into a comprehensive energy business

Q.1 What were the performance highlights for the fiscal year ended March 31, 2015?

In this fiscal year, the Group's businesses were influenced by dramatically lowered oil prices, continued depreciation of the yen and an anticipated decline in gas demand subsequent to the last-minute rise in demand prior to the consumption tax hike introduced at the beginning of the fiscal year.

In terms of performance, industrial demand fell due to the expiration of contracts with certain independent power producers, the change in accounting method from large-volume to small-volume supply and decreases

in running operations of customers' facilities. These and other factors led to a year-on-year decrease of 3.1% in consolidated gas sales.

This fiscal year, the time lag gain of 12.3 billion yen in gas business resulted in an all-time high of 108.1 billion yen in ordinary income. The sale of investment securities also played a role in achieving 76.7 billion yen in current net income, with both ROA and ROE significantly increased from the previous year.

Performance (Consolidated)

	2014.3	2015.3
Sales (billion yen)	1,512.5	1,528.1
Operating income (billion yen)	99.3	105.0
Ordinary income (billion yen)	106.0	108.1
Current net income (billion yen)	41.7	76.7
Time-lag gain/loss* (billion yen)	-20.5	12.3
ROA	2.6%	4.3%
ROE	5.4%	9.1%

* Time lag gain/loss is derived from the fuel cost adjustment system due to the time difference between the time of change in LNG price and that of its reflection in gas tariffs.

Gas Sales

45 MJ/m ³		2014.3	2015.3	Change	Percentage change
Non-consolidated	No. of customers (thousand)	7,136	7,196	+60	+0.8%
	No. of new constructions (thousand)	102	107	+5	+4.6%
	Sales volume per household (m ³ /month)	31.3	30.9	-0.3	-1.1%
	Residential	2,198	2,186	-12	-0.5%
	Commercial/public/healthcare	1,528	1,465	-63	-4.1%
	Industrial	4,329	4,133	-195	-4.5%
	Commercial and industrial total	5,856	5,599	-258	-4.4%
	To other gas providers	469	474	+4	+1.0%
	[Large-volume customers]	[4,988]	[4,755]	[-233]	[-4.7%]
	Total gas sales volume (million m ³)	8,524	8,259	-265	-3.1%
Consolidated gas sales volume	8,554	8,290	-264	-3.1%	

Q.2 What led to the lowering of gas tariffs in January 2015?

Having profited from enhanced business efficiencies achieved in the past three years since the previous rate revision and in prospect of further gain from our future efforts, we lowered the rates for small-volume customers by an average of 1.26% as a way to return the profits to our customers.

This cut in gas rates was possible thanks to the capital built by lowering fixed costs and enhancing business efficiencies. Specifically, in addition to business

improvements, we have achieved greater personnel efficiency by outsourcing on-site work, accounting and other functions. We have also lowered costs through better management of construction schedules, specifications, etc.

Going forward, we plan to continue to further operational optimization and new gas demand development.

“To remain a winner in the more severe market environments, we want to build a competitive edge.”

Q.3 How will the Group cope with the full liberalization of the gas retail market?

At present, groundwork leading up to the full liberalization of the gas retail market is in progress, and many companies are looking into the opportunity to enter the market by offering new services.

To remain a winner in the more severe market

environments, we want to build a competitive edge by evolving into a comprehensive energy company serving various needs of customers with the supply of energy and energy-saving solutions while continuing to lower the cost of LNG procurement at the company.

Q.4 How will unbundling affect the transmission/distribution business?

In establishing a competitive market environment that is fair and highly transparent, we need to enhance the neutrality of our transmission/distribution business to a higher level.

In accordance with the Osaka Gas Group's business plan for FY2015, we are taking steps on a voluntary basis to establish greater neutrality and boost the convenience of our transportation services. One effort is the establishment of a Transportation Services Reception Center to consolidate our contact points

both internally and externally. The center will allow us to handle other gas suppliers' applications for transportation services as well as requests for more information disclosure on our gas transportation operations. With the reform bill to the Gas Business Act passed and enacted in the Diet stipulating the legal unbundling of the transmission/distribution business, we will get actively involved in the process of examining the details of the new system and regulations so that a stable supply and security will be ensured.



Q.5 How do you view the full deregulation of the electricity retail market in April 2016?

In March 2015, Osaka Gas filed an application with the Ministry of Economy, Trade and Industry to start business operations as a power producer and supplier. We will be developing various new services that meet customers' needs while offering energy management, maintenance, and financing schemes, which we have developed through our experience in our natural gas business, proposing energy solutions to customers.

In terms of securing power sources, we have acquired both small- and large-scale power sources

primarily in Western Japan and are looking to expand the capacity of our energy sources. We will not only acquire gas-fired thermal power plants for middle-to-peak load generation, but also coal-fired thermal power plants as a base load power source. We also aim to build a supply portfolio consisting of a number of different sources, including renewables and procurement from other companies.

Q.6 What is the Osaka Gas Group's policy on alliances with other companies?

We plan to discuss and deliberate the opportunities of mutually beneficial alliances with other companies that will contribute to the strategic growth of the Osaka Gas Group.

One example would be a limited tie-up with other companies to procure natural gas at competitive prices

while another would be a partnership in the power retail market with other businesses across a wide range of industries to provide the best services to our customers.

Q.7 What impact has been seen in the Osaka Gas Group's performance due to the drop in crude oil prices since mid-2014?

We have assessed that every \$1/barrel decrease in the price of crude oil at an annual average will increase the Osaka Gas Group's consolidated ordinary income by 800 million yen in the fiscal year ending March 31, 2016.



In the gas business, we forecast a growth in gas demand in the industrial sector due to the spurring of new demand with the introduction of gas equipment such as cogeneration and gas air conditioning systems, as well as expected increases in operation of existing facilities.

In the power business, since the market price at the Japan Electric Power Exchange (JEPX) is expected to fall due to the drop in crude oil prices, we foresee a decrease in profits year-on-year in the fiscal year ending March 31, 2016.

In the international energy segment, despite an expected decline in income from our upstream businesses, we can keep costs within reasonable limits to minimize any ill effects by taking measures such as stretching out exploration schedules.

The Osaka Gas Group conducts business in a variety of fields, which allows us to offset the effects of a drop in income by expanding profits in other businesses and acquiring new gas demand. Through such efforts, we aim to achieve our targets in our medium-term business plan.

“We are expanding our fields of business to adapt ourselves flexibly to changes in the economic environment.”

Q.8 What is the status of the Group's business activities in non-energy fields?

The Osaka Gas Group is engaging in various unique fields of business outside of the energy sector.

By developing businesses in which we are able to fully utilize our technologies and expertise accumulated through our energy businesses, we are able to boost our business value, disperse risk and heighten synergies to build up a robust business portfolio.

In the material solutions segment, we acquired Sweden-based Jacobi Carbons AB in January 2014 to strengthen our activated carbon business, and

Mizusawa Industrial Chemicals Co., Ltd. became our wholly owned subsidiary in April 2015, establishing a new pillar of business in inorganic particles.

For further growth of the Osaka Gas Group, while optimizing the Group's assets and divesting unprofitable businesses as prudent, we strive to increase the value of our existing businesses and expand businesses in the domains of material solutions, information solutions, real estate and life services.

Q.9 What is the Group's investment strategy for growth?

Our eight-year new business investment plan calls for the investment of 740 billion yen between the fiscal years ending March 31, 2010 and 2017, which is proceeding smoothly so far at the end of the fiscal year ended March 31, 2015, 557 billion yen has been invested (on a commitment decision basis), marking 75% achievement.

In the domestic energy business, we continue constructing gas transportation trunk lines and new power plants. In the international energy business, we promote the development of our growth-oriented investments in upstream projects such as the Gorgon, Ichthys, and

Freeport LNG projects, as well as downstream projects including the St. Charles natural gas-fired power plant in Maryland, USA. In life & business solutions (non-energy business), we are engaging in major acquisitions, mainly in material solutions.

The Osaka Gas Group is planning to invest 148 billion yen in new business expansion in the fiscal year ending March 31, 2016. We are also cashing out on past investment decisions and steadily promoting projects while continuing acquisition of sound businesses that will lead to future growth.

Q.10 Please give us your thoughts on returning profits to shareholders and capital policies for the future.

The electricity and gas industry regulatory reforms are likely to increase the uncertainty surrounding our domestic energy business. Under these circumstances, I believe it is necessary for us to increase capital and maintain a highly sound financial position to move our businesses forward in a sustained manner and to carry out investments.

Based on this approach, we have set our financial soundness targets for the fiscal year ending March 31, 2017 at a D/E ratio of approximately 0.7 and shareholders' equity ratio of 50% or more.

With regard to shareholder returns, we have set a consolidated payout ratio target of 30% or more on a basis that excludes factors that affect short-term profits. We also anticipate profit contributions from international upstream projects in which we have invested.

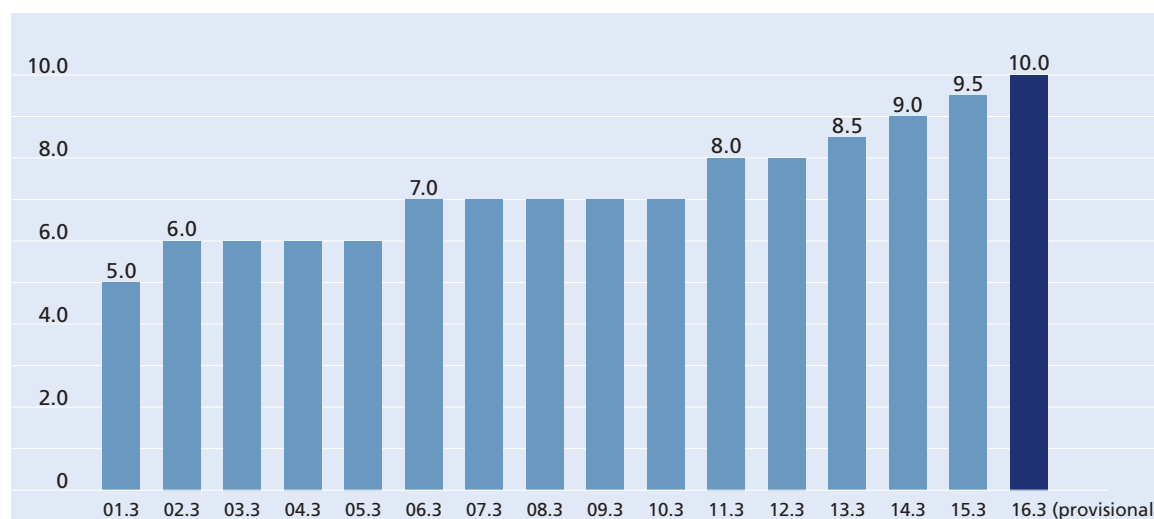
The Osaka Gas Group will continue its commitment

to increasing profits to ensure that the fruits of such growth can be passed on to its shareholders through increases in the dividend amount.

In addition, we will repurchase our own stock in a flexible manner by comprehensively taking into account the factors including cash flow, financial conditions, and the extent of our investment.

In celebration of the Osaka Gas Group's 110th anniversary in 2014, we have decided to add a commemorative dividend of 0.5 yen/share to the year-end dividend for the fiscal year ended March 31, 2015 and to both the interim and year-end dividends for the fiscal year ending March 31, 2016. I would like to thank all our shareholders for the support we have been given over the years and express our gratitude for their continued patronage.

Annual Dividends per Share (Yen)



Consolidated Financial Highlights

● Net Sales

Gas sales volume dropped year over year, but net sales increased overall due to factors including a rise in sales unit prices for city gas in response to the Fuel Cost Adjustment System.

● Operating Income

An increase in the gross margin in the gas business led to higher operating income compared to the previous fiscal year.

● Net Income

Net income increased overall on gains from the sale of investment securities as well as from the reaction to impairment loss in upstream business in the USA during the previous fiscal year.

● Capital Expenditure

The Mie-Shiga and Himeji-Okayama Gas Pipelines opened in the previous fiscal year and investment in arterial pipelines decreased, lowering expenditures year on year.

Financial Data

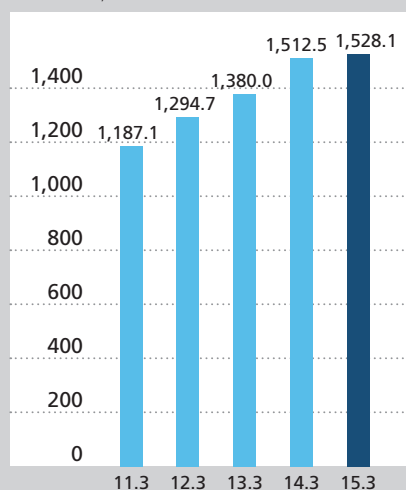
	Millions of yen		Thousands of U.S. dollars
	2014.3	2015.3	2015.3
Net sales	¥1,512,581	¥1,528,164	\$12,716,684
Operating income	99,381	105,065	874,303
Income before income taxes and minority interests	81,874	121,428	1,010,468
Net income	41,725	76,709	638,337
Capital expenditure	124,146	119,398	993,575
Depreciation and amortization	83,806	87,785	730,506
R&D expenses	11,793	11,434	95,148
Total assets	1,668,317	1,862,201	15,496,388
Equity	798,964	888,496	7,393,658
Interest-bearing liabilities	573,586	633,923	5,275,218
Cash flows from operating activities	154,225	156,908	1,305,716
Cash flows from investing activities	(175,591)	(110,704)	(921,228)
Cash flows from financing activities	4,163	22,892	190,496
Number of shares issued and outstanding (thousands)	2,083,400	2,083,400	—

Notes:

1. The translation of Japanese yen amounts into U.S. dollar amounts is based on the prevailing exchange rate at March 31, 2015, which was ¥120.17 to U.S.\$1.0.
2. Net worth / Total assets = Equity / Total assets (as of the end of the fiscal years ended March 31)
3. Debt equity ratio = Interest-bearing liabilities / Equity (as of the end of the fiscal years ended March 31)
4. Interest coverage ratio = Cash flows from operating activities / Interest expenses
5. Return on assets (ROA) = Net income / Total assets (average)
6. Return on equity (ROE) = Net income / Average equity
7. Figures in the financial data are rounded down.

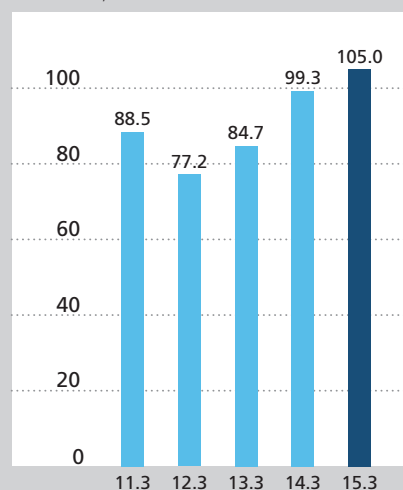
Net Sales

(Billions of yen)



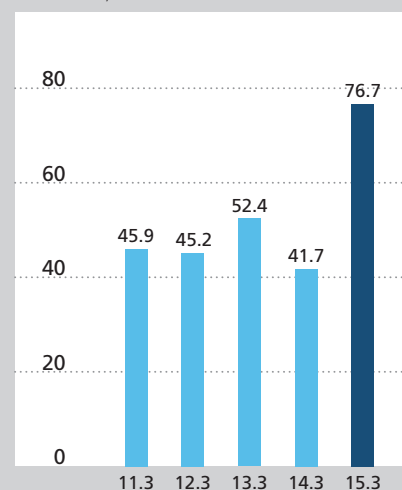
Operating Income

(Billions of yen)



Net Income

(Billions of yen)



	2014.3	2015.3	2015.3
Per Share Data (yen and U.S. dollars)			
Earnings per share (EPS)	¥20.04	¥36.86	\$0.306
Book value per share (BPS)	383.90	426.98	3.553
Annual dividends	9.00	9.50	0.079
Key Ratios			
Net worth / Total assets	47.9%	47.7%	—
Debt equity ratio (times)	0.72	0.71	—
Interest coverage ratio (times)	18.0	16.6	—
Return on assets (ROA)	2.6%	4.3%	—
Return on equity (ROE)	5.4%	9.1%	—
Gas sales volume (million m ³)	8,554	8,290	—
Number of meters installed (thousands)	7,164	7,224	—
Number of employees	21,250	20,982	—

Gas Sales Volume

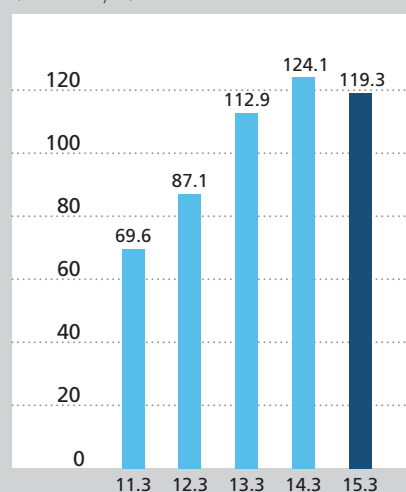
The gas sales volume for residential use declined year on year. The gas sales volume for commercial, public, and medical use decreased, owing in part to lower summer temperatures. The gas sales volume for industrial use also declined as a result of factors including a downturn in operations at customers' facilities and the change of accounting entry for some contracts.

Credit Ratings (As of March 31, 2015)

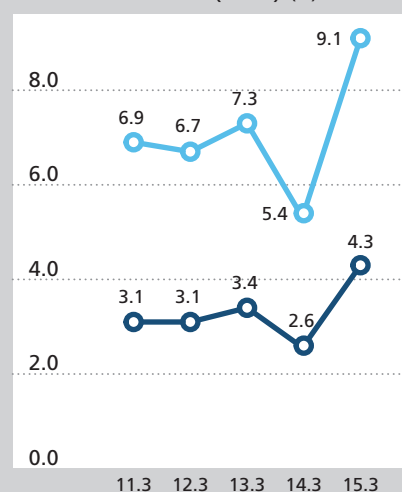
	Long-term bond	Domestic commercial paper
R&I	AA+	a-1+
Moody's	Aa3	—
Standard & Poor's	AA-	A-1+

Capital Expenditure

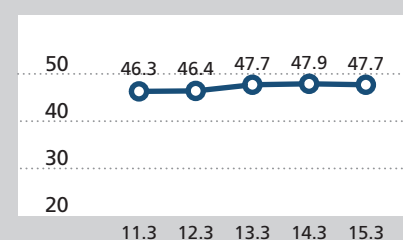
(Billions of yen)



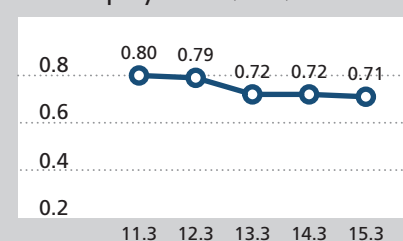
Return on Equity (ROE) / Return on Assets (ROA) (%)



Net Worth / Total Assets (%)



Debt Equity Ratio (Times)



- Return on Equity (ROE)
- Return on Assets (ROA)

Osaka Gas Group's 2015 Business Plan

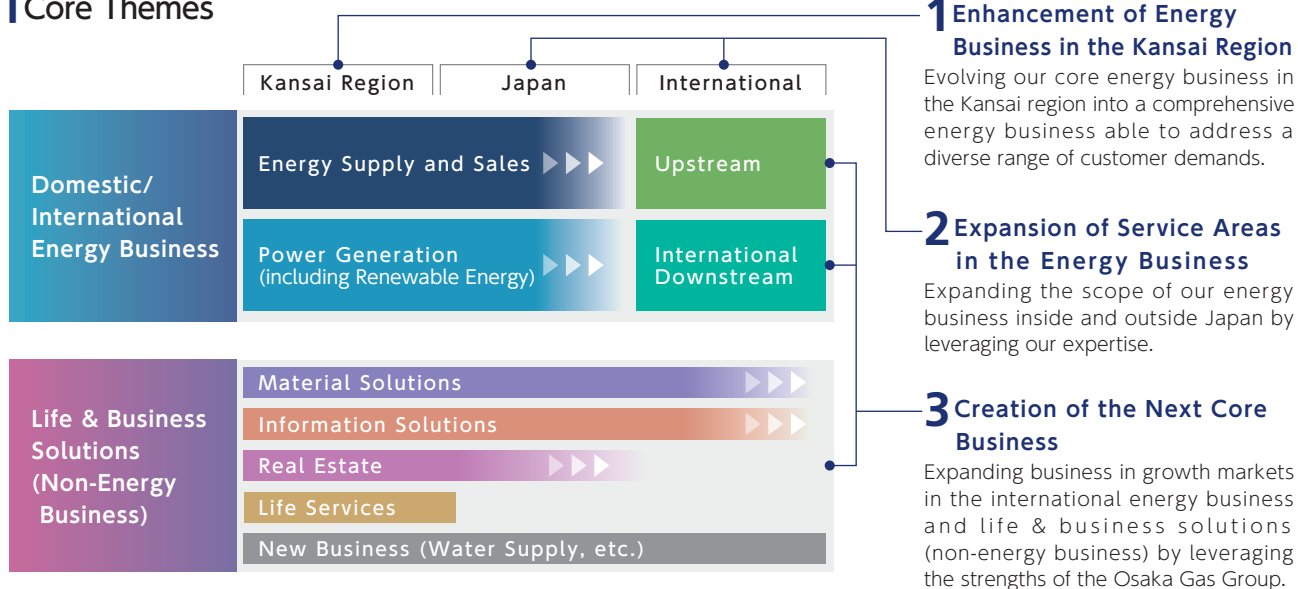
Positioning of the Osaka Gas Group's "Catalyze Our Dreams" Medium-Term Business Plan

While carrying forward in the direction outlined in the Group's "Field of Dreams 2020" long-term management vision, we set up a medium-term business plan starting in FY2014, "Catalyze Our Dreams." In 2015 we will further expand our business in domains that show strong growth potential, such as electric power, international energy, and material solutions, while responding to various changes in the business climate. Also, in anticipation of the proposed restructuring of the electricity and gas industries in Japan, we aim to combine gas equipment and various services with our energy business to provide gas and electric power as a "comprehensive energy business operator."



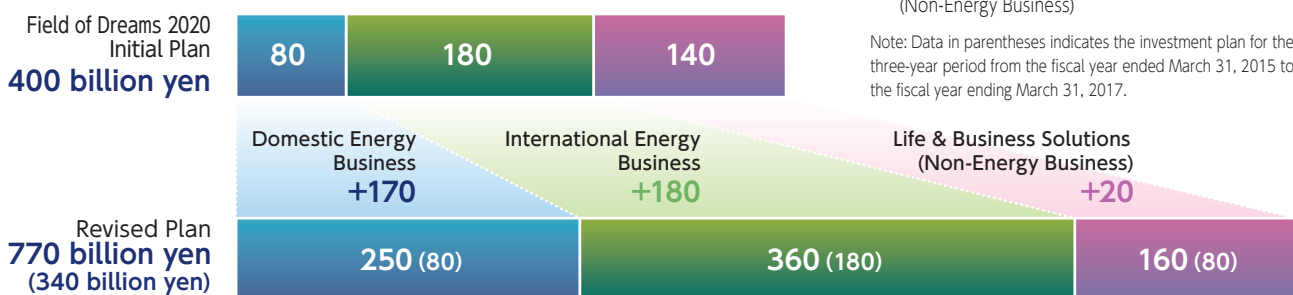
Outline of Osaka Gas Group's Medium-Term Business Plan, "Catalyze Our Dreams" (2015.3-2017.3)

Core Themes



Investment Plan

Investment in New Business Expansion (2015.3-2021.3)



Major Management Indicator Targets

		2017.3	2021.3
Profitability indicators	ROA	3.5%	4.5%
	ROE	8.0%	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

Osaka Gas Group's 2015 Business Plan

Business Activities

Domestic/International Energy Business

Response to Restructuring of the Electricity and Gas Industries

- Measures to improve neutrality in the transmission/distribution service sector
- Improvements to operational flow, IT systems, and organizational structure



Energy (Gas/Electricity) Sales Business

- Expansion of the electric power retail business (starting in FY2016)
- Further evolution as a "comprehensive energy business operator"



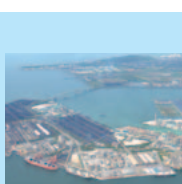
Distributed Energy Systems

- Promotion of the use of ENE-FARM, cogeneration, and gas heating/cooling systems
- Technological development of equipment and facilities
- Installation and operation, etc. of hydrogen stations



City Gas Production and Supply Base Strengthening

- Renewal and expansion of facilities
Completion of Senboku LNG Terminal Unit 1 Tank 5
- Promotion of earthquake and tsunami response measures
Aiming for two-week recovery from a Level 1 tsunami after a Nankai Trough Earthquake by the end of FY2015



Power Generation Business —Broad-Area Energy Business

- New energy source acquisition
- Developing demand along the Himeji-Okayama Gas Pipeline

Natural Gas Procurement International Upstream Business

- Multiple sourcing for supply and diversification of contract price indices, participation in natural gas liquefaction and development projects
- Current international project participation
 - Freeport LNG Project (USA)
 - Gorgon LNG Project (Australia)
 - Ichthys LNG Project (Australia)
 - Western Papua New Guinea Gas and Condensate Field (PNG)



International Downstream Business

- Project participation in a broad range of areas focusing on Southeast Asia and North America; under review
- Setup of new operations site in Southeast Asia; under review



Life & Business Solutions (Non-Energy Business)

Life & Business Solutions (Non-Energy Business)

- Initiatives to achieve growth in various business domains
 - Material Solutions**
Acceleration of next-generation product development focusing on fine chemicals
 - Information Solutions**
Expansion of cloud services business
 - Real Estate**
Business expansion through acquisition of prime assets
 - Life Services**
Participation in new forms of business such as healthcare services



Financial Plan (Consolidated)

	FY2015 Estimate (billion yen)	Increase/ Decrease (%)
Net sales	1,368.5	-10.4
Operating income	113.5	+8.0
Ordinary income	110.0	+1.7
Net income	73.5	-4.2
ROA	4.0%	—
ROE	8.3%	—

Assumptions: Crude oil price (JCC) average of \$65/barrel;
exchange rate of ¥120/\$1

■ Sensitivity of ordinary income to fluctuations in crude oil price and exchange rate
±800 million yen per change of \$1/barrel; ±800 million yen per change of ¥1/\$1

Investment Plan

	FY2015 Estimate (billion yen)	Increase/ Decrease (%)
Investment to improve quality of existing business	54.0	+20.8
Investment in new business expansion	148.0	+60.0
Energy Business (Domestic)	17.5	—
Energy Business (International)	73.0	—
Life & Business Solutions (Non-Energy Business)	57.5	—
Total amount of investment	202.0	+47.3

Natural Gas Value Chain of the Osaka Gas Group

Osaka Gas provides a secure and competitive gas supply by utilizing its strengths as a group that covers both the upstream processes of extracting and transporting natural gas and the downstream processes of producing, supplying, and selling gas. We are now actively exploring ways to expand new business domains both in Japan and internationally that utilize the expertise we have gained through our operations to date to further strengthen the natural gas value chain.

Business Domains of Certain Gas Supply

Upstream Business

Expanding Business Domains



Natural Gas Extraction and Liquefaction ▶



Natural gas is a raw material used in the production of city gas. After the liquefaction processes, the natural gas extracted overseas is imported into Japan as LNG. Currently, the Group has concluded long-term purchase agreements with natural gas suppliers in eight countries worldwide and is working to ensure stable LNG procurement.



LNG Transportation ▶



We are planning to establish our own transportation fleet to enable a more flexible response to changes in demand and other external factors, and to curtail transportation costs.

Strengthening and Expanding the Value Chain

● Extracting Natural Gas Ourselves and Selling It Overseas

▶ Gorgon LNG Project

In addition to procuring natural gas, we participate in several upstream business projects. By expanding our business fields, we are able to procure more cost-competitive LNG.



▶ Freeport LNG Project

In various domestic businesses we utilize highly competitive LNG that Osaka Gas has procured independently, and also sell it to other providers through market trading to increase profits.

● Flexible Use of LNG Carriers

▶ Our Fleet of Eight Ships

By chartering out our LNG tankers we can increase their rate of operation to further contribute to profits.





Business Domains of Osaka Gas Group

Downstream Business



City Gas Production ▶



Imported LNG is stored in tanks and subjected to an evaporation process using the heat from seawater. Gas is then produced by adjusting the amount of heat. The Group produces gas at two LNG terminals—in Senboku and Himeji—aiming to ensure the stable supply of city gas.



Gas Supply ▶



Focusing mainly on the Kyoto, Osaka and Kobe areas, we are developing a gas pipeline network that covers the Kansai urban region, ensuring the stable delivery of gas to customers through this network. At the same time, the Group actively promotes disaster countermeasures, particularly in connection to earthquakes and tsunamis.



Sales and Services ▶



We offer optimal proposals to meet a wide range of demand, from residential hot water and heating systems, to factory and office heating/cooling and combustion systems.

Securing Highly Competitive Power Sources

▶ Senboku Natural Gas Power Plant

We also put to work our gas production facilities and operational expertise in the electric power business. Using cost-sharing, moreover, we can secure competitive power sources, thereby contributing to group profits.



Developing Energy Services

▶ Energy Service Business in Southeast Asia

We are utilizing the engineering expertise gained in Japan to provide energy services in Thailand. We have also begun sales of gas to non-residential customers in Singapore. These are two examples of our international business development.



Energy Supply Across a Broad Area

▶ The Himeji-Okayama Gas Pipeline Opens

The Himeji-Okayama Gas Pipeline opened in March 2014. We are aiming to secure new demand in areas along the pipeline that lie outside our current city gas supply area.



Business Climate Surrounding the Osaka Gas Group

Characteristics of Natural Gas

Environmental Friendliness of Natural Gas

Natural gas, a fossil fuel like petroleum and coal, is an energy resource which contains methane as its principal component. A major advantage of natural gas over petroleum and coal is its low emissions of carbon dioxide (CO₂), a cause of global warming. When it is burned, natural gas emits only limited amounts of nitrogen oxides (NO_x), a contributing factor in air pollution, because of its low nitrogen content, and emits no sulfur oxides (SO_x), which are a contributor to acid rain.

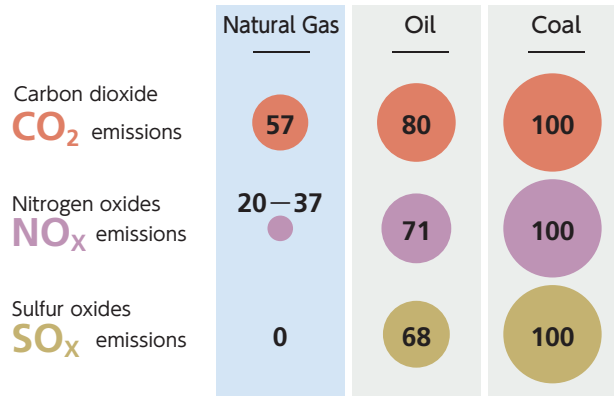
Prospects for Natural Gas

Against a backdrop of increasing demand for energy in emerging countries, the expanding use of natural gas as a non-conventional energy source, and changing conditions in electricity supply and demand in Japan, natural gas has been growing in importance. The International Energy Agency (IEA) projects that demand for natural gas will grow sharply through 2040, when it will account for around 25% of primary energy consumption worldwide.

Supply Stability of Natural Gas

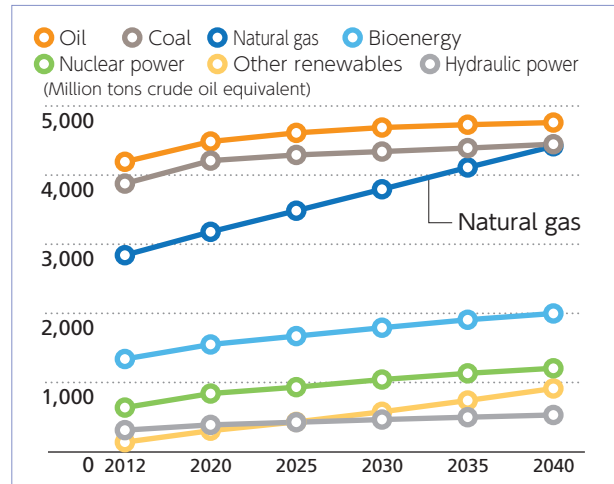
Abundant reserves of natural gas have been discovered around the world, making it likely that a stable supply of natural gas will be available to meet growing demand. Proven reserves of natural gas are sufficient to satisfy global demand for more than 50 years.

Comparison of Amount of Emissions with Coal as 100



(CO₂ figures) The Institute of Applied Energy, "Report on Thermal Power Plant Atmospheric Impact Assessment Technology Demonstration Surveys" (March 1990) (SO_x and NO_x figures) International Energy Agency (IEA), "Natural Gas Prospects to 2010" (1986)

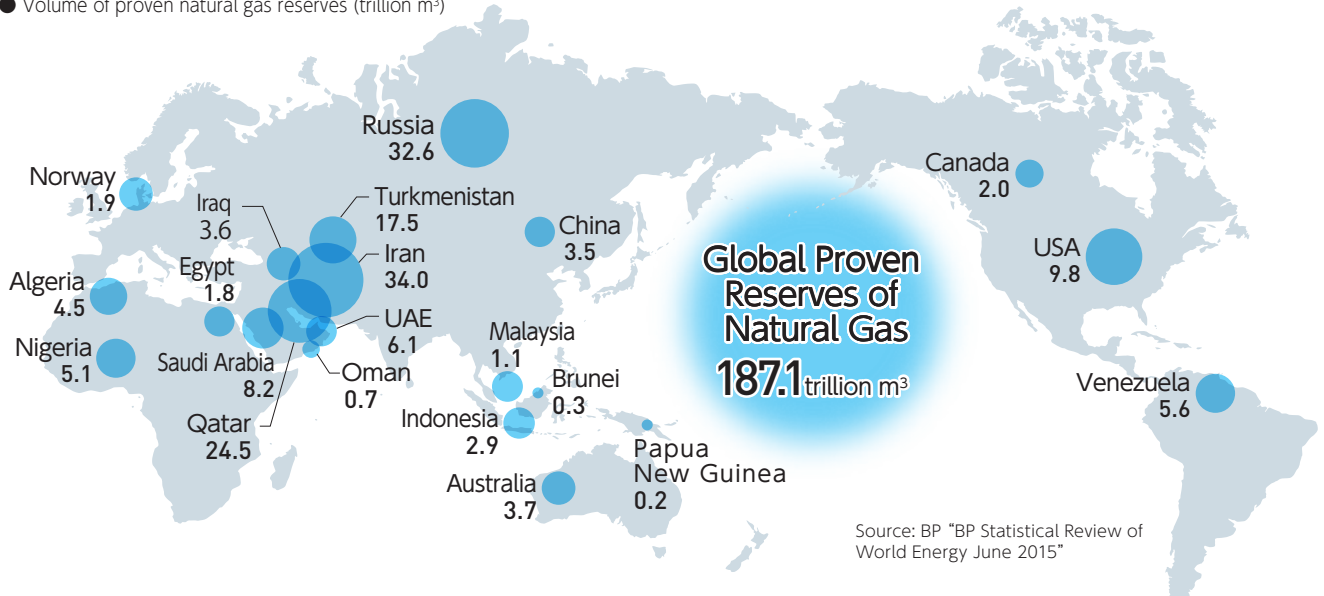
Primary Energy Consumption Forecasts (Global)



Sources: World Energy Outlook 2014 Global Energy Trends

Nations with Major Natural Gas Reserves

● Volume of proven natural gas reserves (trillion m³)



Source: BP "BP Statistical Review of World Energy June 2015"

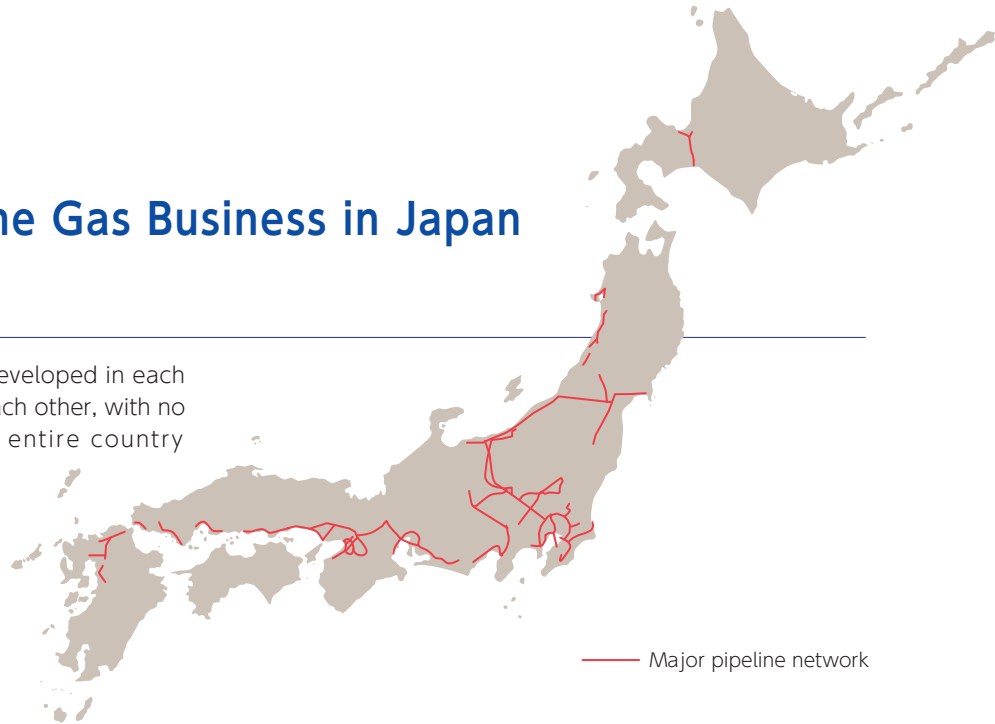
Characteristics of the Gas Business in Japan

Gas Pipeline Networks

Gas pipeline networks have been developed in each region of the country, separate from each other, with no trunk line running throughout the entire country connecting local networks.



Pipeline open-cut construction work



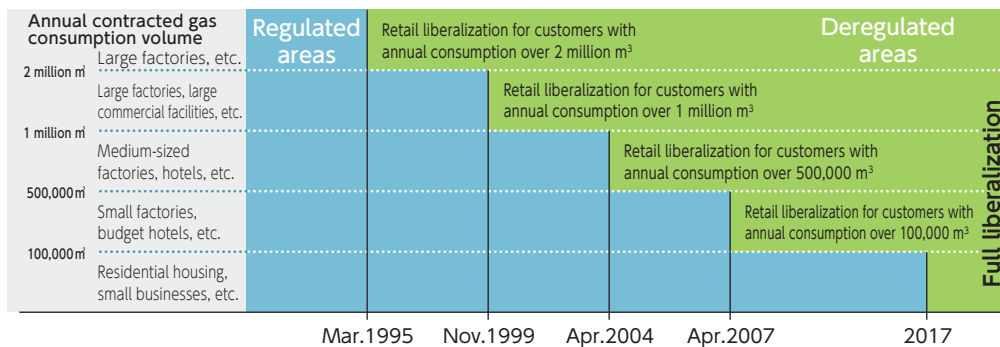
Major pipeline network

Transition to Liberalization of the Retail Gas Market

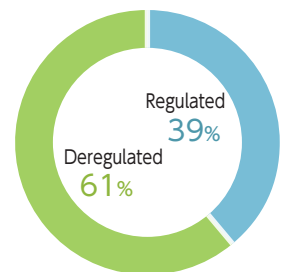
Liberalization of the retail gas sector began in 1995, and the scope of liberalization has expanded in phases since then. Currently, customers that have annual gas consumption contracts in excess of 100,000 m³ (46

MJ/m³) fall within the scope of liberalization.

The revised Gas Business Act will be adopted and enacted by the Diet in June 2015, and full liberalization will take place in 2017.



Market Deregulation (2015.3)

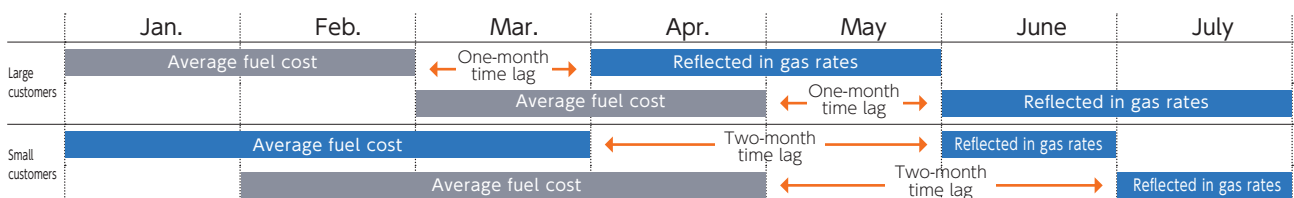


Fuel Cost Adjustment System

The purchasing prices of LNG and LPG, both raw materials for the gas supplied to customers, fluctuate in accordance with movements in foreign currency exchange rates and the price of crude oil. The mechanism for determining gas rates is referred to as the Fuel Cost Adjustment System. In addition to reflecting external factors in gas rates, this system is

designed to clarify the results of efforts in enhancing operating efficiency in areas other than raw material costs. Due to its structure, it also causes a time lag before price fluctuations of raw materials are reflected in gas rates, which impacts performance on a single fiscal-year basis. However, these impacts are neutralized over the medium to long term.

System Reflecting Changes in Resource Costs in Gas Rates (example) ←→ Time lag





Domestic Energy Business

Positioning the supply of gas as its core business, Osaka Gas provides a diverse range of energy and energy-related services. The Company's domestic energy business extends over a wide range of spheres including its Kansai region gas business, broad-area energy business, LPG business, industrial gas business, and electric power business.

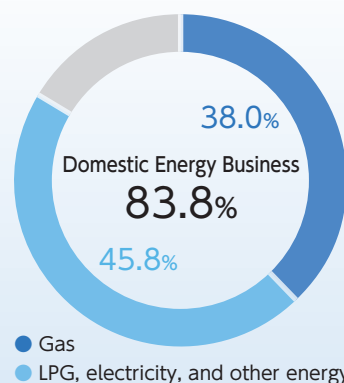


In the fiscal year ended March 31, 2015, net sales from domestic energy business were ¥1,380.7 billion. Segment income came in at ¥91.9 billion, accounting for around 83% of the Group's overall income.

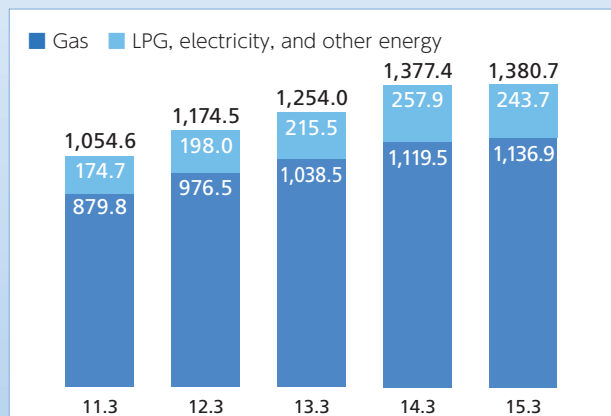
Heightened interest among customers with regard to saving energy and protecting the environment, combined with lower crude oil prices, depopulation in the Kansai region, and the upcoming full liberalization of the electricity and gas markets are all factors that will keep conditions in the energy business in constant flux.

Osaka Gas sells energy in forms including city gas, LPG, and electricity. We also offer provisions that integrate gas equipment such as ENE-FARM, and other services to save energy and improve energy security. Through this mixture of businesses we are meeting the diversifying needs of customers.

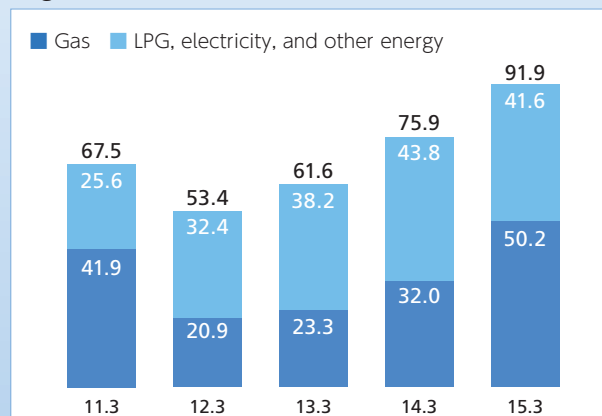
Segment Income* (2015.3)



Net Sales (Billions of yen)



Segment Income* (Billions of yen)



Note: Starting in the fiscal year ended March 31, 2015, Osaka Gas repositioned the renewable energy business from the environment/non-energy segment to the LPG/electricity/other energy segment or to the international energy segment according to the details of individual business activities. For this reason, figures from the fiscal year ended March 31, 2015 on include the domestic renewable energy business.

* Segment income = Operating income + Equity in earnings of affiliates

Kansai Region Gas Business

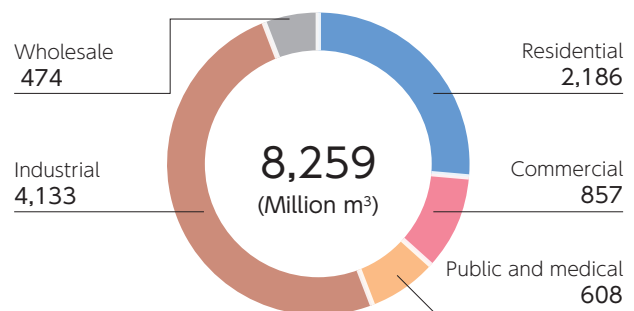
As a core pillar of the Osaka Gas Group's business, we provide comprehensive gas-related services to customers in the Kansai region, ranging from the production, supply and sale of gas to the installation of gas pipes and the sale of gas appliances.

Overview of Gas Sales in the Fiscal Year under Review

In the fiscal year ended March 31, 2015, the gas sales volume declined 3.1% year on year to 8,259 million m³ on a non-consolidated basis. The sales volume of gas to industrial customers decreased 4.5% year on year to 4,133 million m³ due to a switch by some independent power producers to internal power sources* and a downturn in operations at customers' facilities. Meanwhile the sales volume of gas to residential customers declined 0.5% compared with the previous fiscal year, to 2,186 million m³.

The sales volume of gas for commercial use decreased 3.7% to 857 million m³, meanwhile, the sales volume of gas for public and medical use dropped 4.7% to 608 million m³, both primarily owing to lower demand for air conditioning because of lower summer temperatures than in the previous year. On a wholesale basis, the volume of gas sold to other gas providers was 474 million m³, up 1.0%.

Gas Sales Volume by Use (Non-Consolidated) (Million m³) (2015.3)



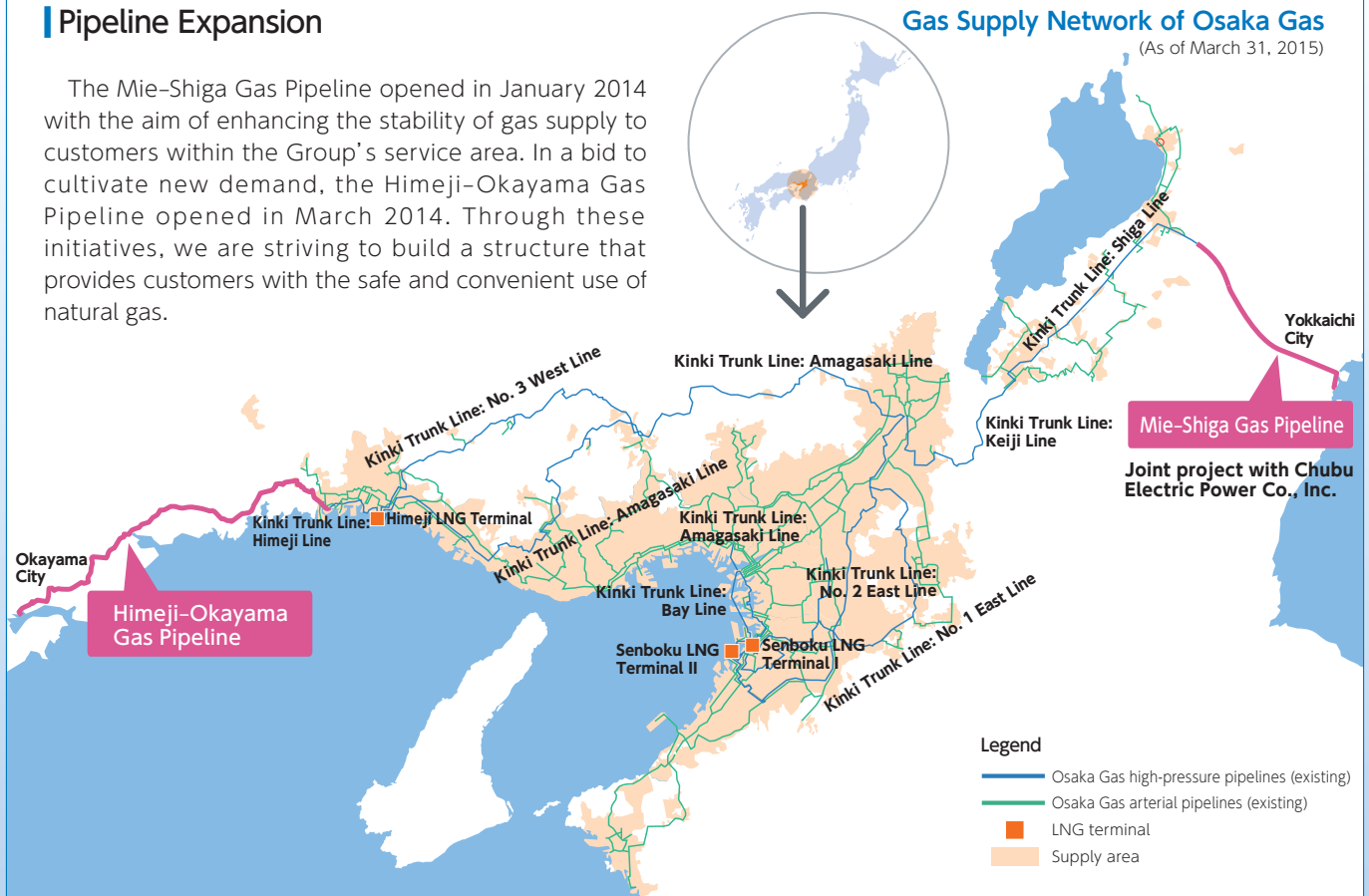
* With the expiration of contracts, the handling of gas use shifted to internal use

Pipeline Expansion

The Mie-Shiga Gas Pipeline opened in January 2014 with the aim of enhancing the stability of gas supply to customers within the Group's service area. In a bid to cultivate new demand, the Himeji-Okayama Gas Pipeline opened in March 2014. Through these initiatives, we are striving to build a structure that provides customers with the safe and convenient use of natural gas.

Gas Supply Network of Osaka Gas

(As of March 31, 2015)



Kansai Region Gas Business | Residential Gas Sales

Business Overview and Characteristics

In the residential sector, we provide homes with a stable and safe supply of gas and also sell various gas appliances with the aim of encouraging increased gas usage. Recently, the population has been declining in the Kansai region and natural gas has continued to face increased competition from rival energy sources. In this challenging environment,

we are taking steps to help create a low-carbon society through the efficient use of energy. We are also targeting higher levels of energy security through the increased usage of distributed power generation systems. In these ways, Osaka Gas is working to expand gas demand in the residential sector.

Initiatives Aimed at Promoting the Installation of the Residential Fuel Cell Cogeneration System “ENE-FARM”

Since the release of our residential gas engine cogeneration system “ECOWILL” in 2003, we have worked diligently to promote more widespread use of distributed power generation in the residential sector. After launching our residential fuel cell cogeneration system “ENE-FARM” in 2009, we have been advancing optimal cogeneration system proposals that are designed to enhance customers’ lifestyles.

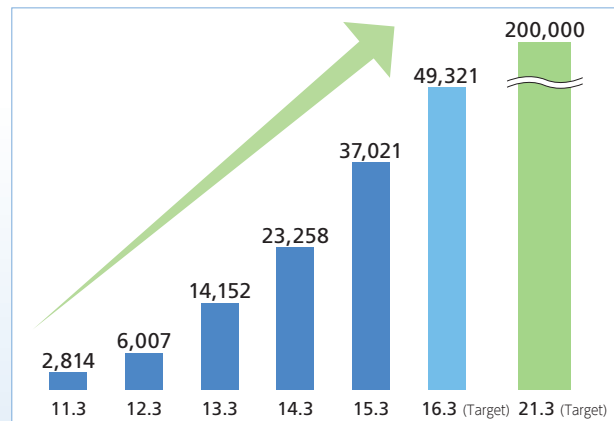
The installation of cogeneration systems expands the use of natural gas to the generation of power to cover a portion of the electricity consumed by households, joining the main use of natural gas to heat water and home spaces, thereby contributing to reductions in both energy consumption and CO₂ emissions.

Interest in distributed power generation systems has risen in recent years due to concerns over energy security. Against this backdrop, the Osaka Gas Group has commercialized its ENE-FARM system, which continues to operate during power outages, and is working to address the broad demands of customers.

In the fiscal year ended March 31, 2015, ENE-FARM sales exceeded 13,000 units bringing cumulative sales to a total of around 37,000 units. Osaka Gas is looking to achieve a cumulative sales total of 200,000 units in the fiscal year ending March 31, 2021.

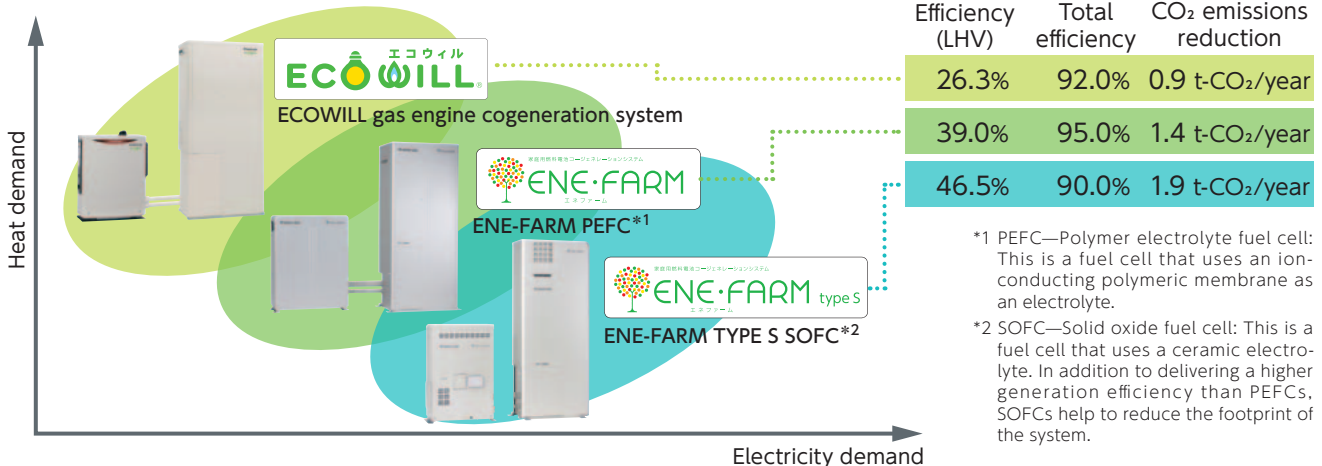
Moving forward, we will continue to develop innovative technologies that help to increase the efficiency, decrease the size, and lower the price of products and systems. We will work to encourage the widespread adoption of our products in apartment buildings and other types of residences to help customers realize more comfortable lifestyles, reduce environmental load, and enhance energy security.

Growth in Cumulative Number of ENE-FARM Units Sold



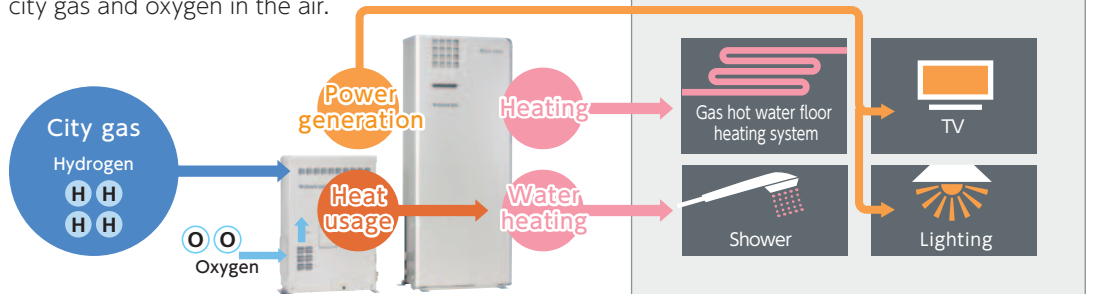
Note: Up until last year, figures for the year ended in March 2013 covered April—December 2012, and for the year ended in March 2014 covered January 2013—March 2014. Starting this year, figures reflect sales corresponding to the fiscal period.

Residential Cogeneration System Lineup



ENE-FARM Power Generation Mechanism

ENE-FARM is a system that generates electricity from hydrogen extracted from city gas and oxygen in the air.



Supplying and Developing Services

Osaka Gas works diligently to provide and develop high-quality services to maintain support for customers.

■ RAKU-TOKU Lease (Gas Equipment Leasing)

This equipment lease system allows customers to use the latest built-in gas cooking stoves, water and air heaters, and bathroom heating and drying equipment (KAWACK and MIST KAWACK brands) and other gas equipment for a monthly leasing fee. The lease period is 6–10 years, during which time customers can take advantage of a free repair service. This affordable lease system allows customers to safely use and enjoy the latest gas equipment.

Currently, approximately 30,000 households have signed up for the lease system as of March 31, 2015.



■ “RAKU-TOKU” Warranty Service

By paying a set monthly fee, customers can have their gas water heaters and built-in gas cooking stoves repaired for free. This service also includes periodic inspections free of charge. Moreover, the service is available even for customers using gas water heaters and built-in gas cooking stoves made by other manufacturers. In this manner, Osaka Gas provides warranty services to a broad spectrum of customers.

Currently, around 300,000 households have contracted to receive this warranty service as of March 31, 2015.

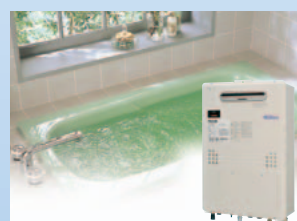


■ Rururu Call M (Gas Safety & Peace of Mind Service)

Rururu Call is a service that monitors gas usage at a customer's home 24 hours a day via the gas meter. Launched in October 2014, Rururu Call M represents an evolution of this service, offering email notifications if the customer forgets to turn off the gas or leaves the gas on for an extended period of time, allowing remote shut-off of the gas from wherever the customer is at the time, as well as integrating other features leveraging mobile phone and email technology. As a means of looking out for family members living apart or alone, a service has been newly added that contacts the family if no gas is used the previous day. The service thus contributes to customer safety and security.

As of March 31, 2015, services from the Rururu Call series are provided to 210,000 households.

るるるコールM



Kansai Region Gas Business | Commercial and Industrial Gas Sales

Business Overview and Characteristics

In the commercial and industrial sectors including public and medical institutions, Osaka Gas supplies gas to its customers for such wide-ranging applications as gas cogeneration systems and gas air conditioning systems. Harnessing its engineering capabilities, where the Company's strengths lie, Osaka Gas strives to enhance the efficiency of

customers' gas usage by developing custom burners and proposing business solutions tailored to the specific needs of each customer.

In line with the opening of the Himeji-Okayama Gas Pipeline in March 2014, we are taking steps to propose conversion to natural gas to factories and other facilities in the area along the pipeline.

Expanding the Use of Gas Cogeneration and Air Conditioning Systems

Osaka Gas offers gas cogeneration systems and gas air conditioning systems that can help to conserve energy and reduce electricity consumption at peak hours.

The cumulative capacity of gas cogeneration systems sold stood at 1.58 GW as of March 31, 2015. This is helping to alleviate the imbalance between electric power supply and demand. Looking ahead, we will work diligently to expand the use of cogeneration systems to meet our cumulative capacity target of 2 GW for the fiscal year ending March 31, 2021.

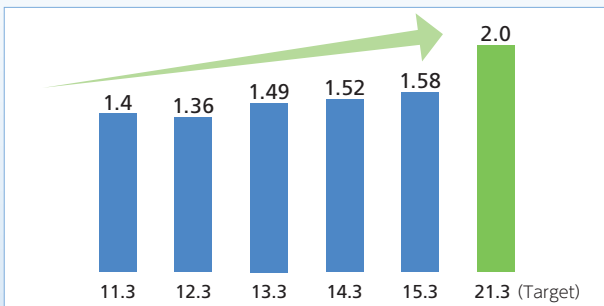
With robust sales of gas air conditioning systems including gas heat pumps and natural chillers (gas absorption water heater-coolers), cumulative capacity

sold stands at 4.6 million refrigeration tons (RT) as of March 31, 2015. Osaka Gas is looking to reach a cumulative total of 5.5 million RT in the fiscal year ending March 31, 2021.

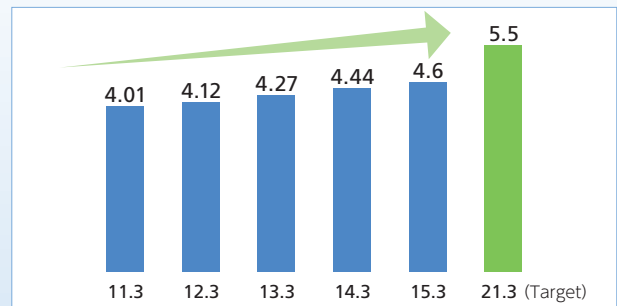


Gas cogeneration system

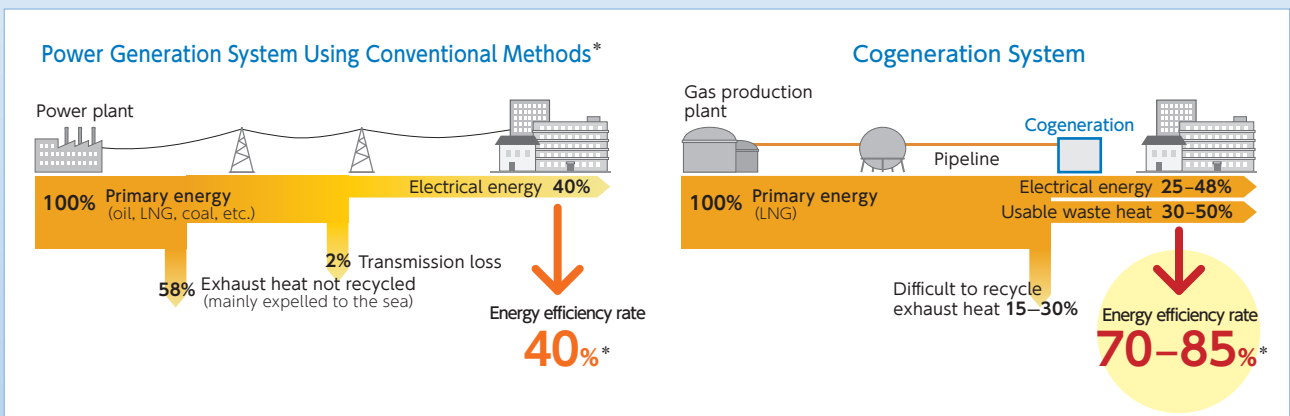
Cogeneration
Cumulative Capacity (GW)



Gas Air Conditioning System
Cumulative Shipped Capacity (Million refrigeration tons)



Differences between Conventional Generation Systems and Cogeneration Systems



* LHV standard thermal power plant thermal generation efficiency and integration loss are computed based on the operating results of nine electric utilities and power wholesale companies.
Source: The Japan Gas Association

New Products

GHP XAIR II—A Gas Air Conditioning System That Conserves Electricity and Saves Energy

The GHP XAIR II is a second-generation modular air conditioning system that uses a super-efficient gas engine heat pump. Featuring improved annual operational efficiency, the system was developed by Osaka Gas jointly with Aisin Seiki Co., Ltd., Panasonic Corporation, and Yanmar Energy System Co., Ltd. The new system will reach the market in October 2015.

The lowered speed of the gas engine boosts efficiency by an average of 40% when operating at low loads. This means a

* Comparison to previous model with the same cooling capacity (45–85 kW (16–30 horsepower)) (Osaka Gas trial calculations for office building use)

significant boost to annual operational efficiency, reducing primary energy consumption by an annual average of about 20%* over the previous model.



Cultivating Demand Along the Route of the New Himeji–Okayama Gas Pipeline

We estimate that the latent demand for natural gas along the Himeji–Okayama Gas Pipeline that links Himeji City, Hyogo Prefecture with Okayama City, Okayama Prefecture stands at around 400 to 500 million m³. We will aggressively put forward proposals to encourage the use of city gas among potential

customers along the route of the pipeline, including large-scale factories.

In the fiscal year ending March 31, 2017, we will commence city gas supply to Units 1 and 3 of the Aioi Power Plant of the Kansai Electric Power Company, each with a rated output capacity of 375 MW.

Customized Solutions for the Industrial Market

To design optimal energy systems for customers, Osaka Gas analyzes how each customer can save energy and proposes facility improvements. We also have the capability to develop technologies and products required to respond to the needs of customers and provide maintenance.

In particular, we began developing burners for industrial furnaces in the 1950s and 1960s, and have developed a vast range of burners at our experimental facility.

With our unique engineering expertise we supply optimal solutions that boost customer satisfaction and help develop further demand.

Energy Diagnoses and Facility Improvement Proposals

Using cutting-edge measurement technologies and our specialized know-how, we perform thorough surveys of customer's equipment. We then propose optimal gas systems that can save energy and improve product quality.



Technology and Equipment Development Using Unique Engineering Strengths

Osaka Gas develops technologies and equipment for the systems we propose. We reproduce the customer's furnace at our experimental facility and conduct repeated testing and analyses to meet the needs of the customer.



Maintenance

We employ information technologies to provide fast and detailed service. We handle troubleshooting and also propose facility improvements to save energy and improve the quality of products.



Engineering Solutions, Fuel Conversion

We offer systems to meet the specific needs of each customer. When installing, we strive to shorten the construction period to minimize impact on the customer's production activities. We conduct fuel conversion and install new gas equipment.



Boost Customer Satisfaction

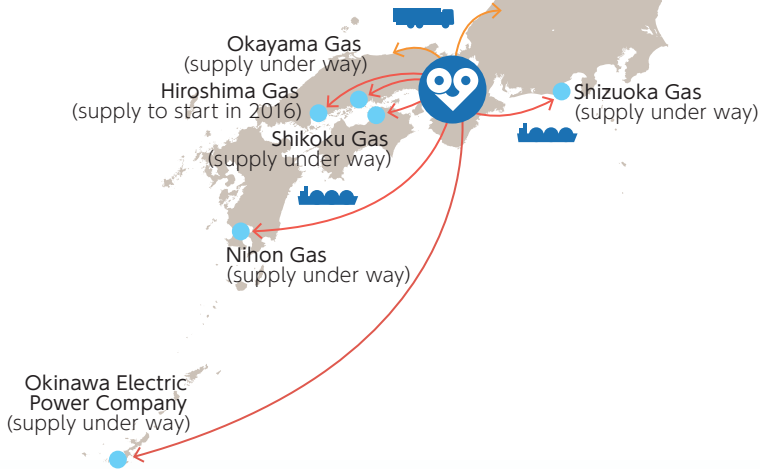
Develop Demand

Broad-Area Energy Business

Business Overview and Characteristics

In addition to supplying city gas to customers within its service area, the Osaka Gas Group sells a portion of the LNG it procures to large-scale customers outside of the Kansai region and to other utilities, transporting the gas by tanker truck or ship. LNG supply using large-scale LNG carriers to Okinawa Electric Power Company, Inc. and Shizuoka Gas Co., Ltd. During 2016 we will also

begin supplying LNG to Hiroshima Gas Co., Ltd. Going forward, we will expand the volume of LNG we handle to enhance competitiveness from a resource procurement standpoint, and will continue to provide energy solutions that address the needs of customers while pursuing alliances with regional utilities.



LPG Business and Industrial Gas Business

Business Overview and Characteristics

The Osaka Gas Group's LPG business mainly serves customers outside its city gas service area by providing retail and wholesale supplies of LPG. The Group takes full advantage of its city gas operating know-how as well as its nationwide sales network to enhance competitiveness in its LPG business. At the same time, the Group is working to provide multi-energy services that combine gas and electricity

for a wide range of applications from residential to industrial use.

Moreover, in the industrial gas business, the Group utilizes cryogenic technologies to engage in such businesses as air separation as well as the manufacture and sale of liquefied carbon dioxide and dry ice. We are also expanding our business using proprietary low-temperature crushing technologies.



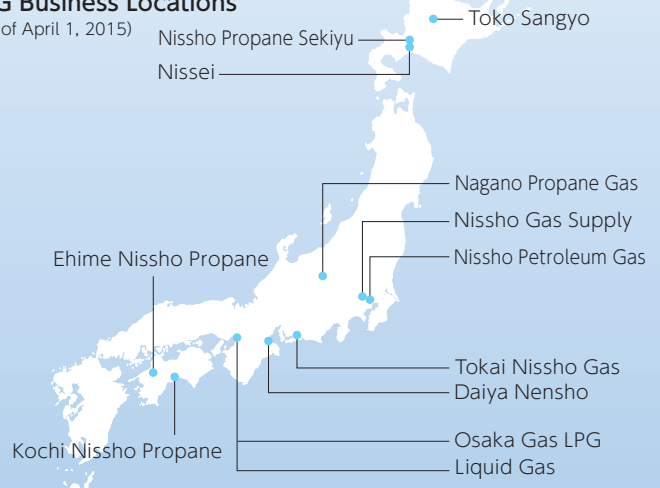
LPG business



Industrial gas business (low-temperature crushing technologies)

LPG Business Locations

(As of April 1, 2015)



Procurement of Energy Resources

Business Overview and Characteristics

The city gas supplied by the Osaka Gas Group to customers is produced from LNG, which is imported entirely from overseas. Taking into consideration growing global demand, the Group's ability to secure stable and competitive supplies of LNG is a critical issue for business management.

Under these circumstances, the Osaka Gas Group

is making every effort to lower the procurement cost of energy resources by diversifying its suppliers and procuring new natural gas resources, including shale gas, as well as diversifying the terms and conditions of contracts, including the pricing mechanisms of LNG.

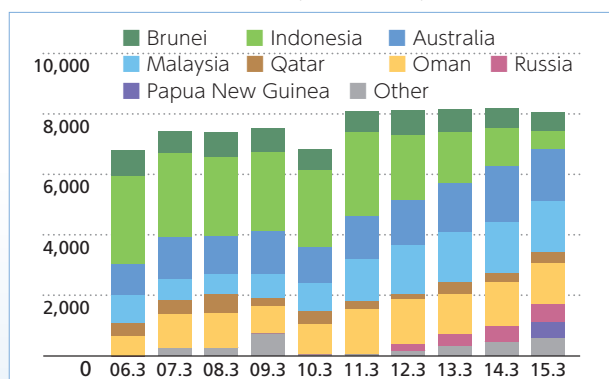
Diversifying Sources of Supply

Currently, the Osaka Gas Group procures supplies of LNG under long-term agreements concluded with producers from the eight countries of Brunei, Indonesia, Malaysia, Australia, Qatar, Oman, Russia, and Papua New Guinea.

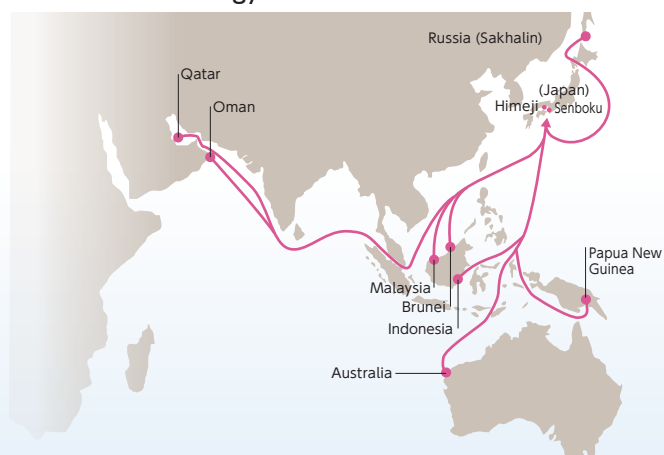
Looking further into the future, we are pursuing opportunities to source supplies from the United States.*

* Please refer to "Status of Main Upstream Investments" on page 38.

LNG Purchase Volume (Thousand tons)



Status of Energy Resource Procurement



Use of Osaka Gas Group LNG Carriers

In order to further stabilize the procurement of energy resources while reducing the costs of transportation, as well as expand trading in LNG, the Osaka Gas Group is building a fleet of LNG carriers. Its seventh carrier entered service in 2014 and the eighth is scheduled to go into service in 2016. These carriers are new models that incorporate an innovative steam turbine engine, and are expected to cut fuel costs by 20% compared to

existing vessels. Thus reducing emissions of CO₂ and sulfur oxides (SO_x), our new carriers will help in addressing environmental concerns.

Venus,
the 7th Osaka Gas carrier



Diversifying the Terms and Conditions of Agreements

In Japan the system is such that LNG procurement prices are generally linked to the price of crude oil. For this reason, when crude oil prices rise, the price of LNG in Japan also rises, creating a situation which easily leads to a price discrepancy between Japan and the West.

The Osaka Gas Group is striving to establish new pricing mechanisms in LNG procurement. As one

example, the Group has introduced pricing mechanisms indexed to Henry Hub* prices instead of crude oil prices for procurement from the United States. By diversifying pricing mechanisms in agreements, we are working to stabilize and reduce the price of LNG.

* The name given to an index widely used as a reference for natural gas prices in the United States

Electric Power Business

■ Business Overview and Characteristics

The electric power business is mainly conducted across two business domains: power generation and electricity sales. The electric power business is growing into a second core business after city gas. In its power generation activities, the Group relies heavily on the use of natural gas-fired thermal power plants. At the same time, we are actively involved in renewable energy operations encompassing a wide range of areas including wind and solar power generation. In electricity sales, we are working to build a well-balanced optimal marketing portfolio that combines retail sales via ENNET Corporation, a joint venture between Osaka Gas and other companies, and wholesaling to electric power companies and the Japan Electric Power Exchange (JEPX).

The total power generation capacity of our domestic power resources currently amounts to approximately 1.8 GW, with our flagship power plant being the Senboku Natural Gas Power Plant, which has a capacity of approximately 1.1 GW. Combining our domestic capacity with our overseas capacity, Osaka Gas boasts a total power generation capacity of approximately 2.8 GW. Including domestic power sources currently under construction brings this figure to 3.15 GW. Taking into consideration a variety of factors including continued liberalization of the electricity market, we are looking to double our capacity to 6.0 GW by the 2020s.

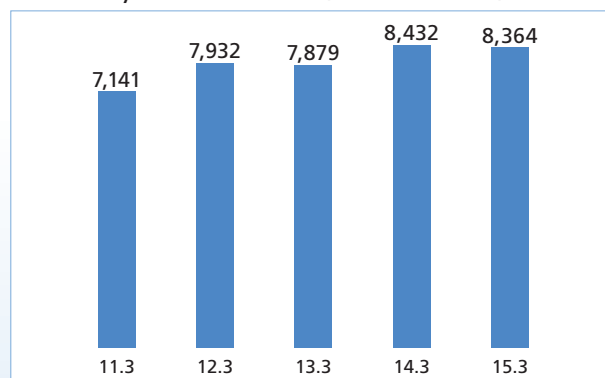
The retail electricity sales business is expected to grow with the expanded scope of liberalization of the electricity market to take place in April 2016.

Overview of the Fiscal Year under Review

In the fiscal year ended March 31, 2015, the Osaka Gas Group's electricity sales volume dropped 1% year on year to 8,364 GWh. This helped to partially alleviate the tight supply-and-demand situation across the nation.

While providing a stable power supply, the Osaka Gas Group will work to expand its electric power business.

Electricity Sales Volume (Consolidated) (GWh)



Electricity Industry Reform

The full liberalization of the electricity market in Japan will take place in April 2016, aimed at promoting cost-competitive, stable power supply. Electricity supply has already been liberalized for large-scale consumers, but the low-pressure small customer

market is still being served by the regional power companies (general electric utilities). Starting in April 2016, it will become possible to purchase electricity from retailers newly entering the electric power market.

Efforts to Expand the Electric Power Business

The Osaka Gas Group is developing power sources on a nationwide scale. In addition to the natural gas-fired power plants that play a central role in the Group's power supply ownership, coal-fired power and renewable energy also help make up the optimal portfolio needed for properly meeting diversifying customer demand.

In March 2015, with the liberalization of the

electricity market oncoming, Osaka Gas has completed registration as a PPS. In FY2015 we will set up a business structure that includes managing electrical power supply and demand by supplying power to meet demand within the Group. We are also working to develop a system for managing customers' power usage and rates in preparation for the full liberalization of the electric power market in April 2016.

Expanding Electric Power Business Nationwide

Power Source Development

Adjacent to the Nakayama Nagoya Joint Power Generation Plant currently in operation, a coal-fired power station is now under construction. This power station partially uses biomass fuel to generate power, thereby reducing environmental load.

In March 2015, we established Yamaguchi Ube Power Generation Co., Ltd. as a joint venture with The Electric Power Development Co., Ltd. and Ube Industries, Ltd. to review and prepare to set up a coal-fired power plant in the Nishiokinoyama district of Ube, Yamaguchi Prefecture.



Expansion of Nakayama Nagoya Joint Power Generation Coal-Fired Power Plant (under construction)
Generation capacity: 110 MW / Generation facilities: sub-critical pressure boiler (biomass multi-fuel combustion) / Start of operations: Second half of FY2016



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

Initiatives Aimed at Expanding the Use of Renewable Energy

The Osaka Gas Group is actively engaged in solar and wind power generation projects in Japan and overseas. These initiatives reflect the Group's commitment to expanding the use of renewable energies that are easy on the global environment and help to bring about a low-carbon society.

The Osaka Gas Group maintains five wind power generation installations in the prefectures of Wakayama, Kochi, Yamaguchi, and Saga, and six solar power generation plants in the prefectures of Osaka, Wakayama, Okayama, Mie, and Oita.

Power Sources Owned by the Osaka Gas Group

(As of June 30, 2015)

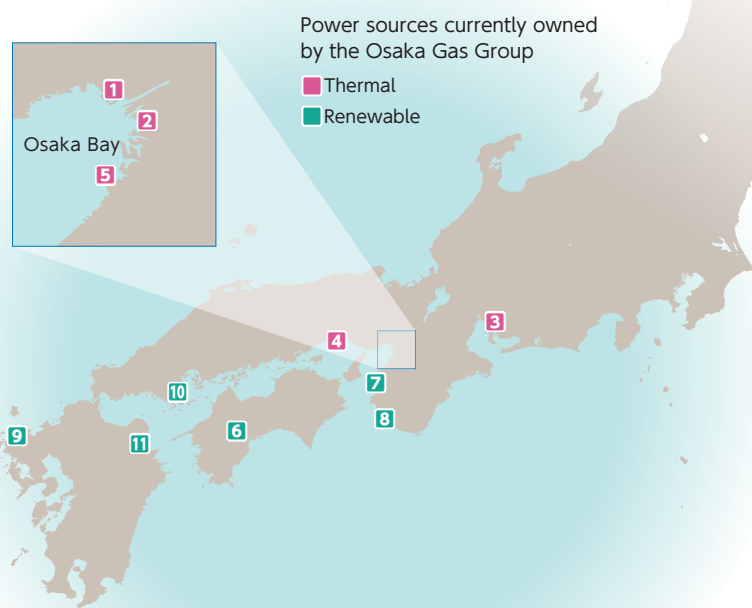
Domestic power plant	Capacity
1 Torishima Energy Center (natural gas)	150 MW
2 Nakayama Joint Power Generation (natural gas)	149 MW
3 Nakayama Nagoya Joint Power Generation (coal)	149 MW
4 Himeji Power Plant (natural gas)	55 MW
5 Senboku Natural Gas Power Plant (natural gas)	1,109 MW
6 Hayama Wind Farm Power Plant (renewable energy)	20 MW
7 Hirogawa Myojin-yama Wind Power Plant (renewable energy)	16 MW
8 Yura Wind Power Plant (renewable energy)	10 MW
9 Hizen Wind Power Plant (renewable energy)	30 MW
10 Hirao Wind Power Plant (renewable energy)	9 MW
11 Nikki Mirai Solar Plant (renewable energy)	27 MW
Others	116 MW
Total	1,840 MW

Company share of capacity: 1,812 MW

In addition to the above, the Osaka Gas Group owns stakes totaling 1,050 MW in power sources outside of Japan.

Data in parentheses indicate the fuel used for power generation.

Power Facilities of the Osaka Gas Group



7 Hirogawa Myojin-yama Wind Power Plant (Wakayama Prefecture)



International Energy Business

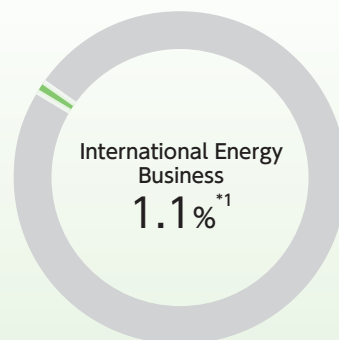
Upstream Business
Downstream Business

In the fiscal year ended March 31, 2015, net sales from international energy business amounted to ¥13.7 billion. Segment income came in at ¥1.2 billion,^{*1} accounting for around 1%^{*1} of the Group's total income.

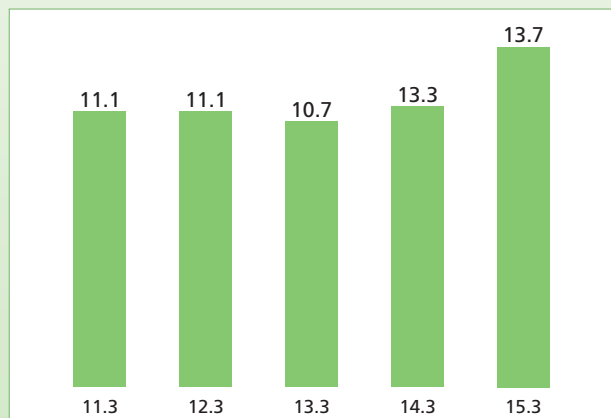
As a supplier of energy, the Osaka Gas Group first focused its attention on the natural gas value chain from an early stage. Comprehensive efforts have been directed toward expanding business activities from upstream business such as the extraction of natural gas overseas to downstream business including LNG terminal operations, independent power producer (IPP) business, and energy service business.

Moreover, the Group is taking steps to expand its trading business by leveraging its own fleet of LNG carriers.

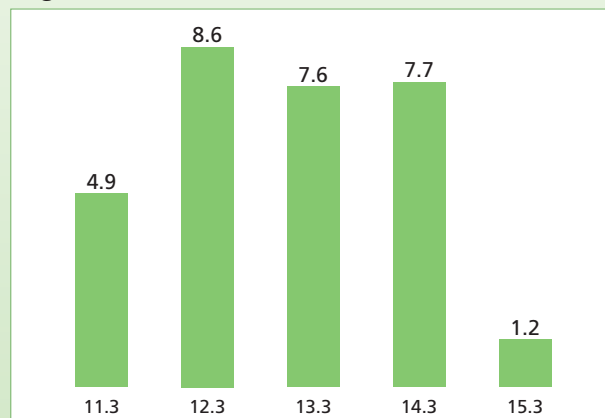
Segment Income^{*2}
(2015.3)



Net Sales (Billions of yen)



Segment Income^{*2} (Billions of yen)



Note: Starting in the fiscal year ended March 31, 2015, Osaka Gas repositioned the renewable energy business from the environment/non-energy segment to the LPG/electricity/other energy segment or to the international energy segment according to the details of individual business activities. For this reason, figures from the fiscal year ended March 31, 2015 on include the international renewable energy business.

^{*1} Segment income decreased significantly year on year due to the calculation of temporary expenditures associated with streamlining vaporization operations at the Freeport LNG Project, and other factors.

^{*2} Segment Income = Operating Income + Equity in earnings of affiliates

Upstream Business

Business Overview and Characteristics

The energy resource development business activities of Osaka Gas are helping to expand profits for the entire Group and stabilize profits by serving as a natural hedge against fluctuations in crude oil prices and foreign currency exchange rates. The activities also contribute to the accumulation of valuable expertise and experience in

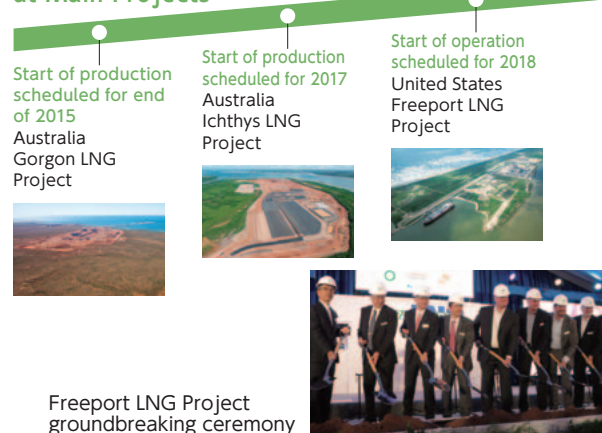
the field of LNG procurement.

Moving forward, we will thoroughly assess participation in new projects while steadily moving ahead with projects we have already decided to participate in, aiming to secure around 30% of our required volumes of LNG in the future through these investments.

Status of Main Upstream Investments

The gas liquefaction facility that is part of the Freeport LNG Project (Texas, USA) has been granted approval by the U.S. Federal Energy Regulatory Commission, with construction getting underway in November 2014. Osaka Gas has concluded a pipeline usage contract for procuring natural gas derived from the American natural gas market. The first batch of LNG is expected to be shipped in 2018. Also, we expect production from investments in the Gorgon LNG Project, Ichthys LNG Project, and similar projects to begin from 2016 on.

Schedule for Commencement of Operations at Main Projects



Downstream Business

Business Overview and Characteristics

Aiming to utilize the know-how gleaned from domestic energy business in overseas development and to secure stable income, the Osaka Gas Group participates in LNG terminal business and IPP business in North America, Australia, Europe, and other regions.

We are also working to develop our natural gas retail business and develop our energy services business* in Southeast Asia, and further expand our business domains in this region where energy demand is expected to rise.

* Services that allow customers to introduce natural gas facilities without requiring any initial investment—by only paying rates for the amount of energy used.

Development of the Power Generation Business Overseas

To secure stable income and acquire experience and expertise, the Osaka Gas Group has been developing the power generation business in the United States, Australia, and other countries. At present, the Osaka Gas Group owns stakes totaling 1.05 GW in power sources

outside of Japan. In June 2015 the Group began participating in a project to build the St. Charles Energy Center Natural Gas-Fired Power Plant in Maryland, USA, and going forward we will continue to pursue power generation overseas.

Natural Gas Sales and Energy Services in Southeast Asia

In March 2013, after setting up a local representative company in Singapore, we began selling natural gas and offering energy services to the industrial markets in Singapore and Thailand, utilizing our energy-saving technologies related to cogeneration, boilers, and incinerators.

We are rolling out operations across Southeast Asia, a

region where continued economic growth is expected, promoting conversion from heavy oil and other fuels to clean natural gas, which also helps contribute to energy conservation.



Investments in International Energy Business

- Participation in upstream projects (LNG, gas fields, etc.)
- Participation in downstream projects (LNG receiving terminals, IPPs, etc.)
- Affiliates (relating to international energy business)



Norwegian North Sea (Idemitsu Snorre Oil Development Co., Ltd.)

1



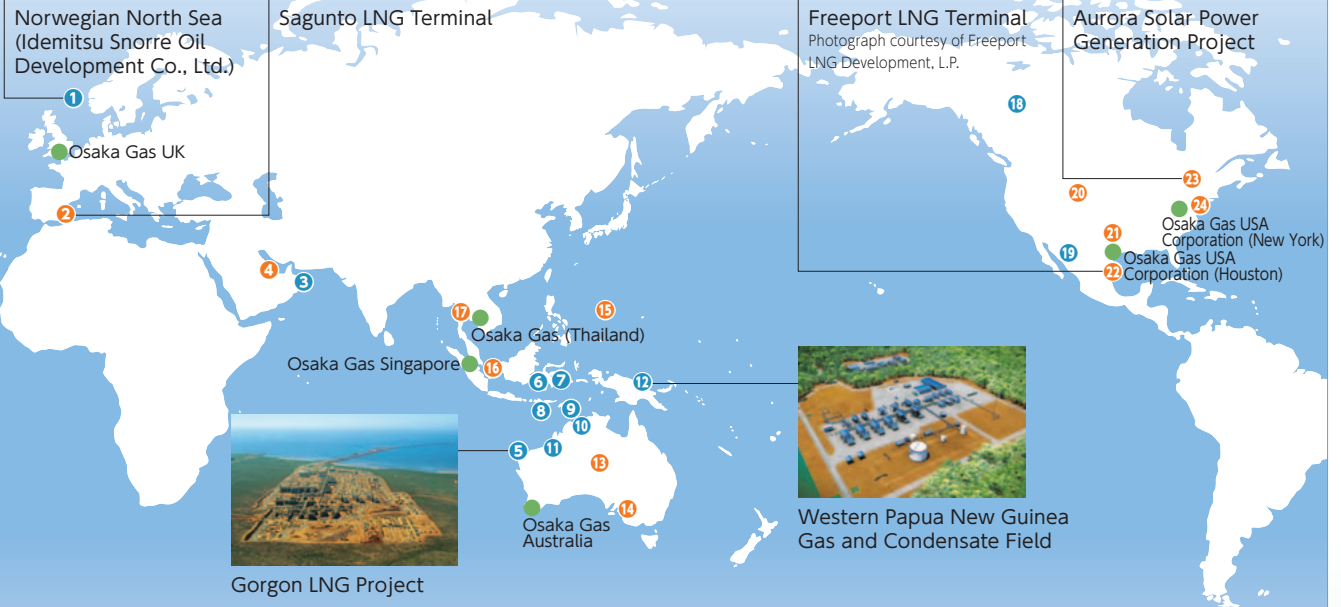
Sagunto LNG Terminal



Freeport LNG Terminal
Photograph courtesy of Freeport LNG Development, L.P.



Aurora Solar Power Generation Project



Participation in Upstream Projects (LNG, gas fields, etc.)

- 1 Norwegian North Sea (Idemitsu Snorre Oil Development Co., Ltd.)**
Stake since 2005: 2-4%
- 3 Qalhat LNG**
Stake since 2006: 3% LNG output: 3.3 million tons/year
- 5 Gorgon LNG Project**
Stake since 2009: 1.25% Projected LNG output: 15 million tons/year (planned) (Start of production scheduled for 2015)
- 6 Universe Gas & Oil Company, Inc. (Sanga Sanga Gas Field)**
Stake since 1990: 1.5%
- 7 Japan CBM Limited (Sanga Sanga CBM)**
Stake since 2009: 1.8%
- 8 Crux Gas and Condensate Field**
Stake since 2007: 3%
- 9 Sunrise LNG Project**
Stake since 2000: 10%
Projected LNG output: about 4 million tons/year (planned)
- 10 Evans Shoal Gas Field**
Stake since 2000: 10%
- 11 Ichthys LNG Project**
Stake since 2012: 1.2% Projected LNG output: 8.4 million tons/year (planned) (Start of production scheduled for 2016)
- 12 Western Papua New Guinea Gas and Condensate Field**
Stake since 2014: 10-20% (ratio depends on field)
- 13 Cordova Shale Gas Development Project**
Stake since 2011: 3.75%
- 19 Pearsall Shale Gas and Liquids Development Project**
Stake since 2012: 35%

Participation in Downstream Projects (LNG receiving terminals, IPPs, etc.)

- 2 Sagunto LNG Terminal**
Ownership interest since 2010: 20% Vaporization capacity: 6.4 million tons/year
- 4 Shuweihat S2 IWPP**
Ownership interest since 2011: 10% (25% equity interest in the operation and maintenance company) Power generation capacity: 151 MW
Freshwater processing capacity: 10 million gallons/day
- 15 EII (Energy Infrastructure Investments)**
Ownership interest since 2008: 30.2% Four pipelines, two gas-refining facilities Two power plants, two interconnected power transmission lines Power generation capacity: 18 MW
- 14 Hallett 4 Wind Farm Project**
Ownership interest since 2009: 39.9% Power generation capacity: 53 MW
- 15 Marianas Energy IPP**
Ownership interest since 2005: 100% Power generation capacity: 87 MW
- 16 CITY-OG Gas Energy Services**
Stake since 2013: 49% Gas retail business
- 17 Osaka Gas (Thailand)**
Ownership interest since 2013 Energy services business
- 20 Osaka Gas Power America**
Ownership interest since 2005: 8 IPP projects Power generation capacity*: 359 MW
* Excludes 50% interest in 87 MW generation capacity of Marianas Energy IPP
- 21 Tenaska Gateway IPP**
Ownership interest since 2004: 40% Power generation capacity: 338 MW
- 22 Freeport LNG Terminal**
Ownership interest since 2008: 10.81% Vaporization capacity: 13 million tons/year
- 23 Aurora Solar Power Generation Project**
Ownership interest since 2012: 50% Power generation capacity: 51 MW
- 24 St. Charles Energy Center Natural Gas-Fired Power Plant**
Ownership interest since 2015: 25% Power generation capacity: 181 MW (Start of operations scheduled for 2017)

Life & Business Solutions (Non-Energy Business)

Expanding business by leveraging technologies and know-how accumulated in the gas business

Gas Business

Carbon materials technologies for coal gas production*¹
Effective use and redevelopment of landholdings
Development of gas rate systems, etc.

Expansion and development

Material Solutions Business
Real Estate Business
Information Solutions Business

*1 Gas was produced from coal before natural gas was introduced.

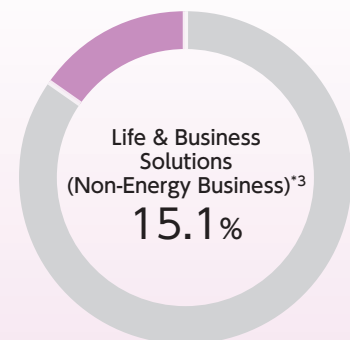
The Osaka Gas Group actively applies the technologies and know-how it has accumulated over more than 100 years in the city gas business in other businesses, including its material solutions business, real estate business, and information solutions business.

The Osaka Gas Group efficiently manages its operations through the selection and concentration of business activities, while constantly paying close attention to the conditions in each business.

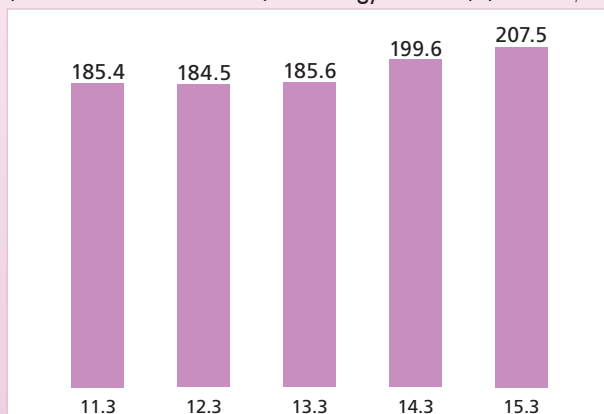
In the fiscal year ended March 31, 2015, net sales totaled ¥207.5 billion. Segment income was ¥16.5 billion, making up around 15% of the total income of the Osaka Gas Group.

Life & business solutions (non-energy business) plays a major role underpinning the revenue base of the Osaka Gas Group as a stable source of earnings despite rapidly changing conditions in society that affect the energy business, such as dropping raw material prices and greater awareness of energy conservation.

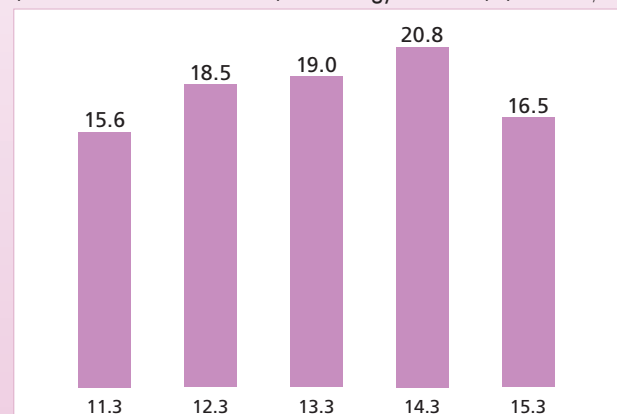
Segment Income*²
(2015.3)



Net Sales
(Life & Business Solutions (Non-Energy Business)³) (Billions of yen)



Segment Income*²
(Life & Business Solutions (Non-Energy Business)³) (Billions of yen)



*2 Segment Income = Operating income + Equity in earnings of affiliates

*3 Following a review of segment details, the name of the segment has been changed to "life & business solutions (non-energy business)," effective from the fiscal year ended March 31, 2015.

Starting in the fiscal year ended March 31, 2015, Osaka Gas repositioned the renewable energy business from the environment/non-energy segment to the LPG/electricity/other energy segment or to the international energy segment according to the details of individual business activities. For this reason, figures from the fiscal year ended March 31, 2015 on do not include the renewable energy business.

Material Solutions Business | Osaka Gas Chemicals Group

Business Overview and Characteristics

Osaka Gas employs coal chemistry technologies developed through the production of coal gas, as well as pharmaceutical-related technologies from the former Japan EnviroChemicals, to develop high-value-added materials and a wide range of products.

In the field of fine materials, we produce and sell materials with fluorene derivatives that present excellent optical and heat-resisting properties, including resins for optical lenses used in smartphone cameras. We hold a large share of the global market for fluorene derivatives. In the field of carbon fiber, we produce and sell molded heat insulation material used in high-temperature

furnaces such as silicon melting furnaces used in photovoltaic cell manufacturing. Moreover, in activated carbon, we produce and sell the SHIRASAGI® series, which is the top brand in Japan, as well as water purifier cartridges, air purifier filters, and other products using SHIRASAGI activated carbon.

We will continue to expand our existing businesses while strengthening R&D and actively pursuing mergers and acquisitions to boost sales in the Osaka Gas Chemicals Group to 100 billion yen by the end of the fiscal year ending March 31, 2021.

Initiatives in the Fiscal Year under Review

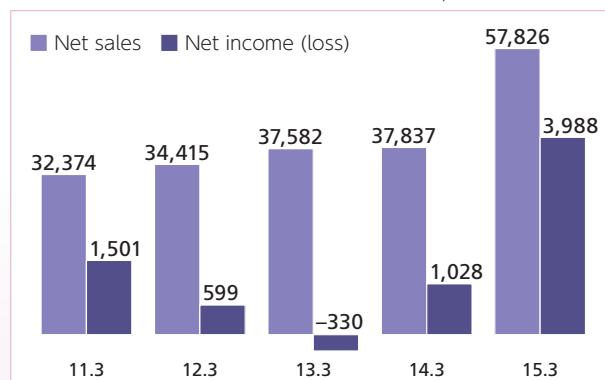
In the fiscal year ended March 31, 2015, sales increased in the activated carbon fiber field. Thanks to the acquisition of the world's third largest activated carbon firm, Sweden-based Jacobi Carbons AB, the Osaka Gas Group's sales and net income for the current year outpaced the previous year.

Highlight

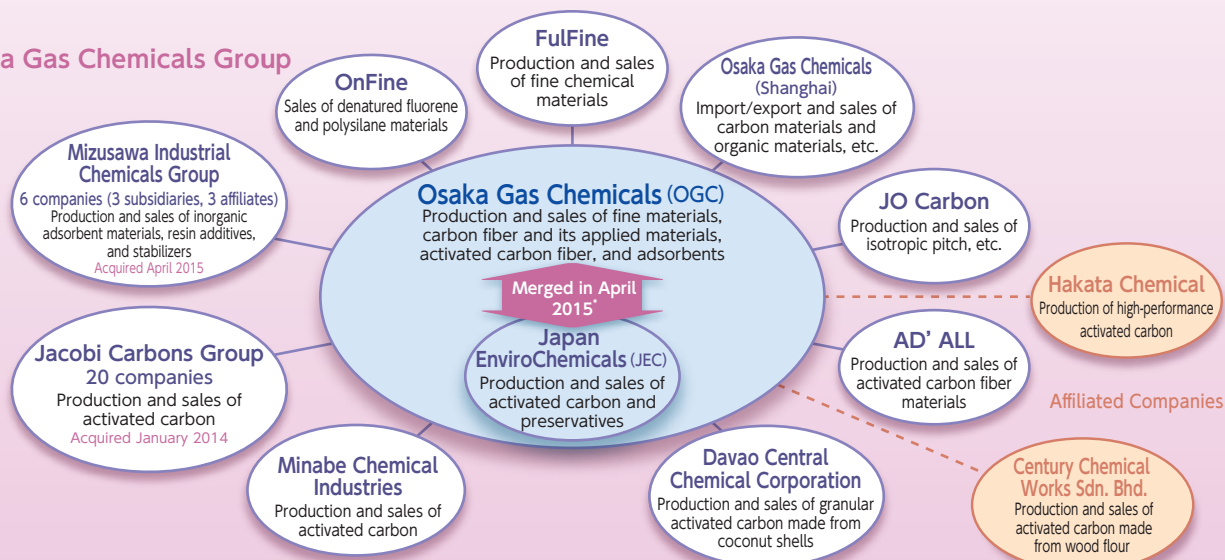
In April 2015, the Group obtained shares in Mizusawa Industrial Chemicals, which was Takeda Pharmaceutical's wholly owned subsidiary and produces and sells inorganic adsorbent materials, resin additives, and other inorganic particulate materials. This move has expanded the scale of our business and will allow the Group to provide customers with better solutions using newly acquired materials and technologies, besides increasing the number of new products on offer.

Osaka Gas Chemicals Group

Net Sales / Net Income (Loss) (Millions of yen)



Osaka Gas Chemicals Group



* As of April 2015, the subsidiary Japan EnviroChemicals was merged into Osaka Gas Chemicals to more effectively utilize both companies' management resources.

Real Estate Business | Osaka Gas Urban Development Group

Business Overview and Characteristics

In addition to making good use of existing real estate held by the Osaka Gas Group, this business engages in a broad range of real estate operations, including leasing, sales, area development, research park business, and building maintenance.

Through these activities, we aim to provide environmentally friendly and comfortable residential and business spaces.



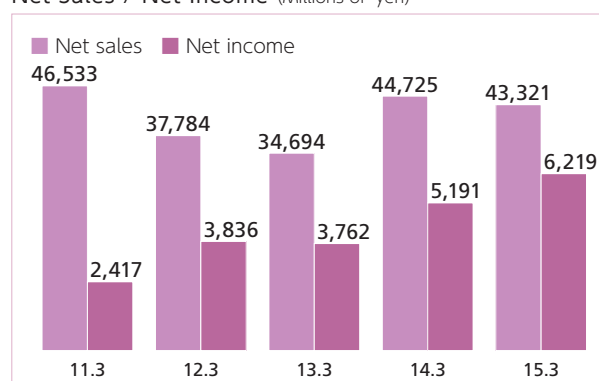
The Urbanex Kyoto Matsugasaki

Initiatives in the Fiscal Year under Review

The Osaka Gas Urban Development Group sold a total of 326 condominium units at 11 properties for which the group served as project lead manager. In the leasing business, we are working to optimize held assets, acquiring blue-chip properties, for example, and aiming to maintain high occupancy.

We will pursue synergies with our gas business by supplying properties that allow customers to enjoy comfortable and convenient lifestyles through the use of gas by installing gas appliances, such as glass-top cooking stoves, floor heating systems, and mist saunas.

Osaka Gas Urban Development Group Net Sales / Net Income (Millions of yen)



Information Solutions Business | OGIS-RI Group

Business Overview and Characteristics

OGIS-RI Co., Ltd. traces its roots back to developing and managing systems for the gas business of Osaka Gas. Today, this business develops cutting-edge systems, provides cloud-based services, and operates highly secure data centers by leveraging the innovative technologies and customer base of the OGIS-RI Group.

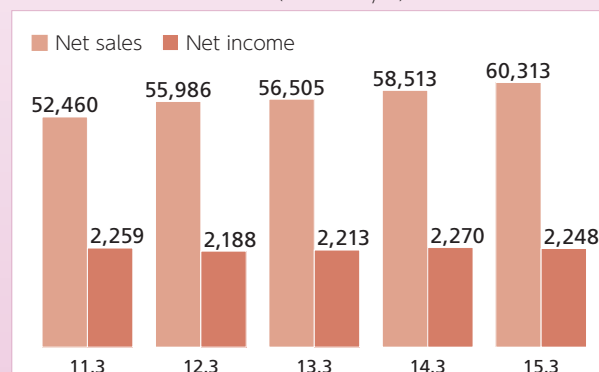


ICC Building

Initiatives in the Fiscal Year under Review

Sales grew year on year as agile methods were used to successful advantage in frequently confirming customers' needs in detail during the process of development, and the solutions business was pursued, targeting energy suppliers with a firm outlook toward full market liberalization. Information technologies will continue to be utilized to meet the wide-ranging needs of customers.

OGIS-RI Group Net Sales / Net Income (Millions of yen)

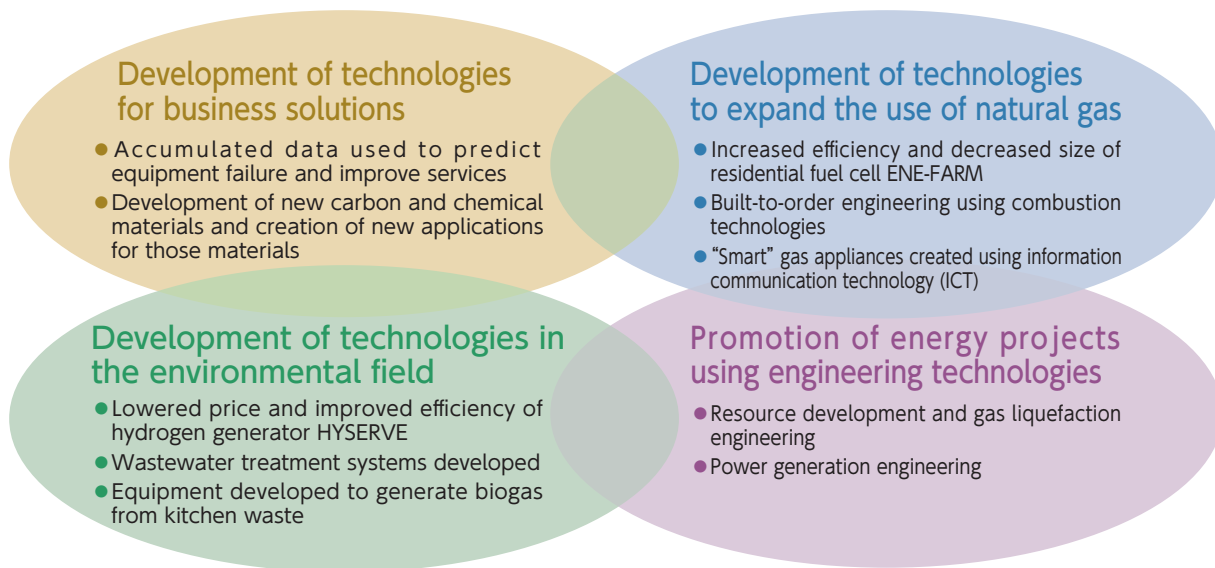


Technological Development

Technological Development Strategy

Technology-Driven Solutions and Innovation

The Osaka Gas Group aims to spur innovation for the next generation and provide optimal solutions to its customers by leveraging its accumulated core technologies.



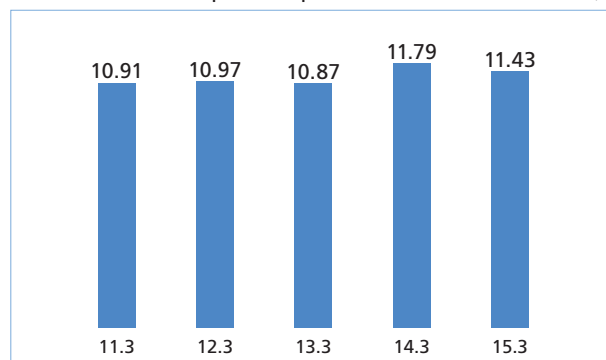
Priority Fields in Technological Development

Osaka Gas aims to improve its engineering capabilities in growth fields, including upstream business and the electric power business.

Looking ahead to the full liberalization of electric power and gas retailing, Osaka Gas is developing new gas equipment, such as fuel cells, to increase its competitiveness in gas equipment sales. Osaka Gas is also focusing its efforts on information communications technology (ICT) and big data analysis to provide new services that enhance value in the gas and electricity businesses.

Efforts are also being made to develop a wide range of materials and expand the materials solutions business.

Research and Development Expenses (Consolidated) (Billions of yen)



Development of Technologies for Business Solutions [Major Initiatives] — Development of New Materials

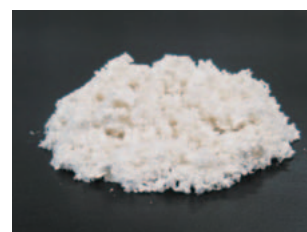
Development of fluorene cellulose as a material to serve as a resin fiber (fiber for strengthening resin)

Fluorene, a coal-derived material, is processed by the Osaka Gas Group into fluorene derivatives that have excellent optical properties and heat resistance. Fluorene derivatives are used in liquid crystal displays, mobile phone camera lenses and other devices.

Osaka Gas developed hydrophobized* fluorene cellulose by reacting the cellulose fiber surface with a fluorene derivative. Cellulose is a biomass material, and fiber made from cellulose (cellulose fiber) is one-fifth the weight of steel but has more than five times its strength, plus exceptional heat resistance. By mixing with plastic, a strong, lightweight plastic can be created

for home appliances, automotive structural members, and other applications. It is a promising material with low environmental impact.

It will soon become possible to mass produce the material, further improve its performance, and lower cost; its imminent commercialization is highly anticipated.



Fluorene cellulose

* Having a low affinity with water, meaning it does not mix well with water. Cellulose fiber is highly hydrophilic, so mixing it with plastics and other materials had previously been problematic.

Development of Technologies in the Environmental Field [Major Initiatives] ——— Toward a Hydrogen Society

Clean energy hydrogen stations

The HYSERVE-300 system produces hydrogen from city gas and was developed by Osaka Gas for use at commercial onsite hydrogen stations. This system was installed and went into operation in Ibaraki, Osaka in April 2015. A mobile hydrogen station also using the system is being built in Minami-ku, Kyoto, scheduled to go into operation by the end of FY2015. Osaka Gas is helping to build a low-carbon society by providing automakers with hydrogen fuel for fuel cell vehicles developed for the

general public, and selling HYSERVE systems for hydrogen stations.



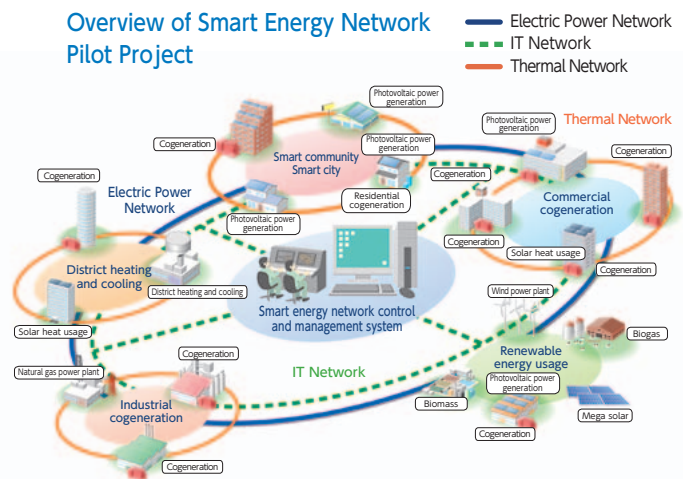
Kita-Osaka Hydrogen Station
(Began operation in Ibaraki,
Osaka in April 2015)

Development of Technologies to Expand the Use of Natural Gas [Major Initiatives] ——— Smart Energy Networks

Next generation energy systems

A “smart energy network” is essentially an energy community that is composed of gas cogeneration systems, renewable energy, and information and communication technology (ICT). Beyond providing energy flexibility, smart energy networks are next-generation energy systems that create new value by combining distributed energy sources through a process of integrated control. In specific terms, this new value is derived from: (1) the pursuit of further reductions in energy consumption and CO₂ emissions; (2) efforts to enhance energy security; and (3) the growing use of renewable energy. In June 2013, Osaka Gas incorporated a smart energy network into a redevelopment project in the Iwasaki area of Nishi-ku, Osaka and began supplying electric power* as a PPS.

Overview of Smart Energy Network Pilot Project



* The supply of electric power represents the first designated electricity supplier application in Japan since the relaxation of requirements following revisions to Japan's Electric Utilities Industry Law in the fiscal year ended March 31, 2012.

Promotion of Energy Projects Using Engineering Technologies [Major Initiatives] ——— Construction of a Large-Capacity PCLNG Tank*

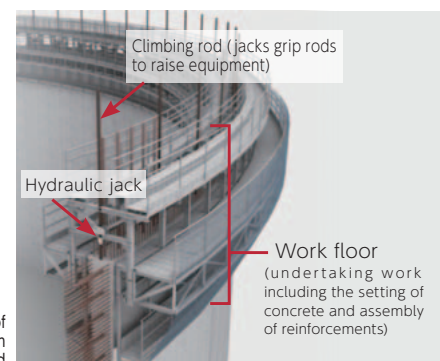
A large-capacity LNG tank (230,000 m³) that uses the latest technology is currently under construction at Osaka Gas' Senboku No. 1 Works, with a scheduled completion date of winter 2015.

Development and commercialization of 7% nickel steel that reduces use of rare earth metals

Until recently, the material used for the internal lining of LNG tanks was 9% nickel steel (containing 9% nickel, a rare earth metal). Now Osaka Gas has developed and commercialized a new 7% Ni-TMCP steel to be used in tanks, successfully reducing material costs.

Slipform construction method considerably shortens time to build outer tank

Osaka Gas built an outer tank using the slipform construction method, a first for a PCLNG tank in Japan. This construction method uses hydraulic jacks to raise integrated formwork and scaffolding equipment,



Visual representation of the slipform construction method

allowing for the continuous placing of reinforcements and concrete without construction joints.

The slipform construction method replaces the previous method, which required nine months to construct a PCLNG tank, with one that takes just 20 days.

Intellectual Property Activities

Intellectual Property Strategy

The Osaka Gas Group positions intellectual property rights as an important management resource. At the same time, the Group takes proactive steps to secure and utilize intellectual property rights in concert with its business and technology development strategies.

Strategically Acquiring Intellectual Property Rights

In order to build strong patent coverage, we use patent portfolio management* and other techniques, focusing on applying for patents for technologies in domains that are vital to our business and technology development strategies. For example, in fuel cells and other residential gas cogeneration technologies, we strategically apply for patents for catalytic technologies, system technologies, etc.

In the fiscal year ended March 31, 2015, the Group submitted 469 patent applications.

* Patent portfolio management is designed to support business strategies by building strong patent coverage, filling in technological gaps by developing new technologies and acquiring patents.

Effective Utilization of Intellectual Property Rights

We hold a growing number of patents in gas production, transportation, and transmission, along with gas equipment, cogeneration, and material technologies for residential and commercial use. In particular, we have increased the number of patents significantly in the field of cogeneration, which has been designated an important field in our business strategy. In gas production and transmission, we hold patents in LNG tank technologies and excavation pipelines; in residential gas appliances we hold patents for mist saunas and gas stoves; in commercial gas equipment we hold patents in gas air conditioning and industrial burners; and in materials technology we hold patents in fine materials such as fluorene, as well as carbon materials. The Osaka Gas Group utilizes intellectual property rights across all of its businesses, and actively licenses them to other companies.

As of March 31, 2015 the Osaka Gas Group holds 3,305 patents, an increase of 185 over the same time in the previous year.

Acquiring and Protecting Trademark Rights

The Osaka Gas Group strategically obtains trademarks for the services and products it provides in order to build its corporate brand. As of March 31, 2015, the Group held 970 registered trademarks.

Examples of registered trademarks in the fiscal year ended March 31, 2015

スマートコンロ
"Smart Konro"

Residential gas kitchen stove with smartphone connectivity
Registration No. 5696620

Vivace
[ビバチェ]

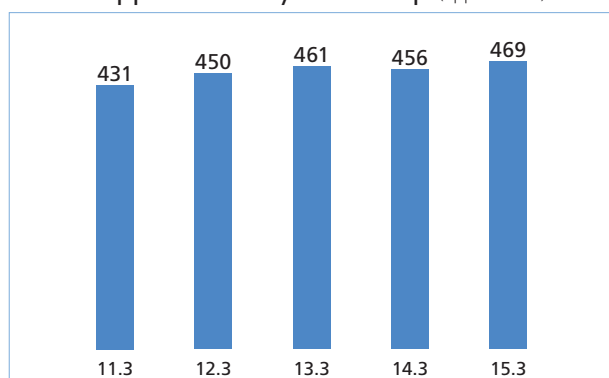
Gas fan heater with air purification feature
Registration No. 5703705

Strengthening Intellectual Property throughout the Group

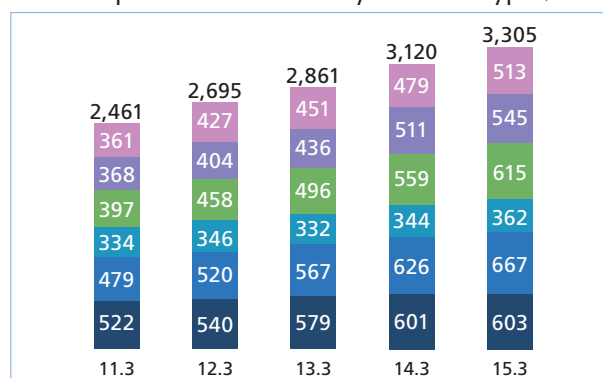
We employ a variety of educational and instructional tools to further improve Osaka Gas Group employees' understanding of intellectual property rights. For example, instructors from both inside and outside the Company conduct training sessions based on both goals and employee career level. We also distribute e-mail magazines with the latest news on intellectual property and explanations of important items to be observed when conducting business activities.

Other efforts are centered on reducing the risks of infringement of intellectual property rights belonging to other companies or infringement of our own intellectual property rights, including full investigations of the Group's trademarks.

Patent Applications by the Group (applications)



The Group's Patent Portfolio by Business Type (number)



■ Gas production, distribution, and supply ■ Residential gas appliance
■ Commercial and industrial gas equipment ■ Cogeneration
■ Materials technology ■ Other

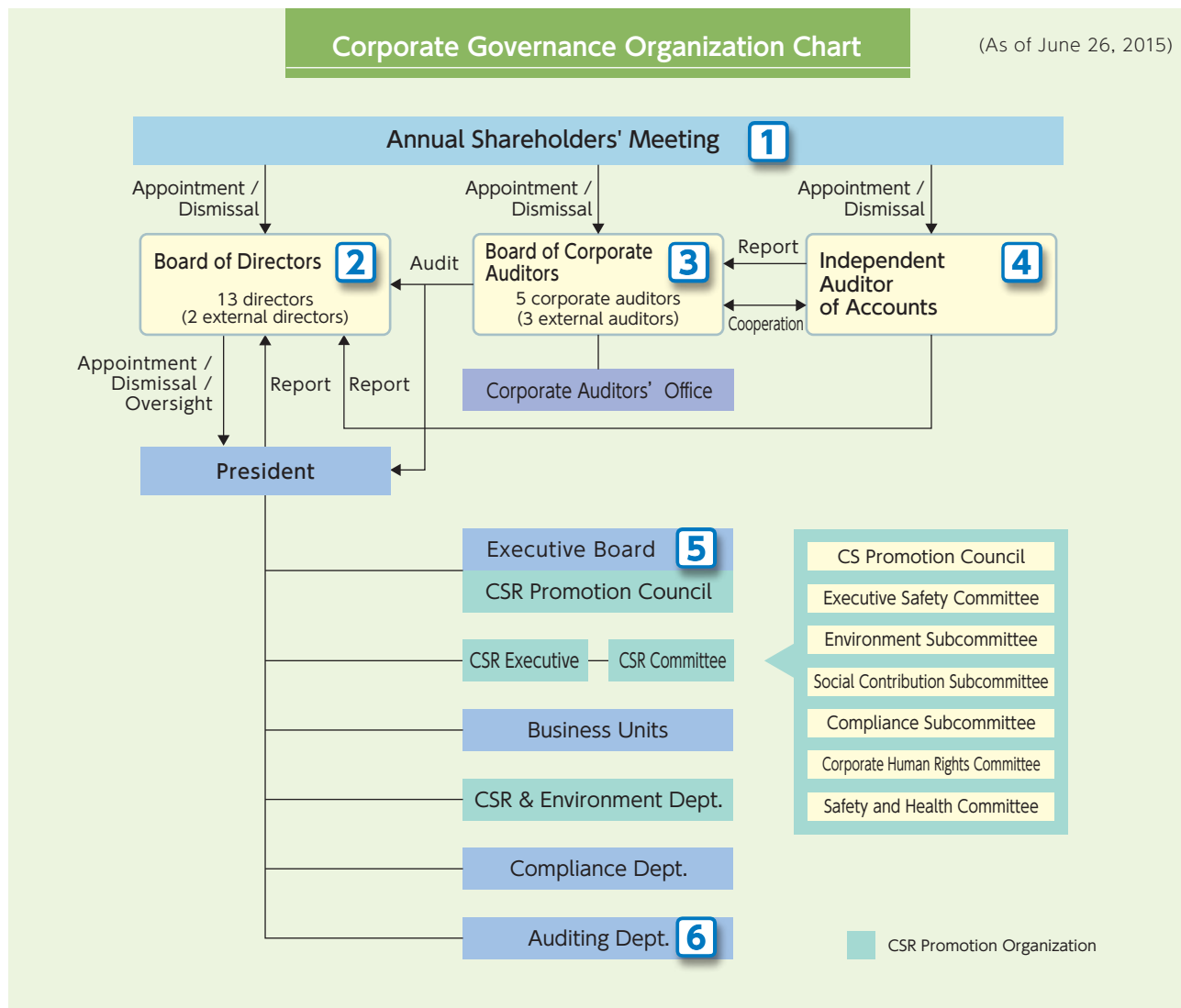
Corporate Governance



Basic Stance toward Corporate Governance

Based on the Osaka Gas Group's corporate principle of placing top priority on creating value for customers that leads to value for society, stakeholders, and employees, we are using the current corporate structure to expand and strengthen corporate governance so that we may further improve the health of management, enable prompt, accurate response to changes in the business environment surrounding the Group, and carry out our business more efficiently and appropriately.

Corporate Governance Organization



Directors

Representative Director and Chairman Hiroshi Ozaki	Representative Directors Hirofumi Kyutoku Hidetaka Matsuzaka Tetsuo Setoguchi	Directors Kenji Ikejima Masaki Fujita Yasuo Ryoki	Kazuhisa Yano Eiichi Inamura Toshimasa Fujiwara
President Takehiro Honjo			

Outside Director Shunzo Morishita

Mr. Morishita was the president of Nippon Telegraph and Telephone West Corporation and has extensive experience and broad-ranging insights as a business leader, for which he was selected to be an outside corporate auditor.

- Biography**
1970 Joined Nippon Telegraph and Telephone Public Corporation
2004 Representative Director and President of Nippon Telegraph and Telephone West Corporation
2008 Director and Executive Advisor of Nippon Telegraph and Telephone West Corporation
2009 Director of the Company (current)
2010 Executive Advisor of Nippon Telegraph and Telephone West Corporation
2012 Chairman of the Board of Directors of Hanshin Expressway Company Limited (current)
2014 Senior Advisor at Nippon Telegraph and Telephone West Corporation (current)
2014 Commissioner of the Osaka Prefectural Public Safety Commission (current)
2015 Management Committee Member, NHK Osaka (current)

Outside Director Hideo Miyahara

A past president of Osaka University and a man with many accomplishments in the field of computer science, Mr. Miyahara has a wealth of experience in organizational management, for which he was selected to be an outside corporate director.

- Biography**
2002 Dean of the Graduate School of Information Science and Technology, Osaka University
2003 President of Osaka University
2007 President of the National Institute of Information and Communications Technology
2012 Representative Director of Knowledge Capital Association (current)
2013 Specially Appointed Professor, Osaka University Graduate School (current)
Director of West Japan Railway Company (current)
Director of the Company (current)

Corporate Auditors

Corporate Auditors Shiro Takenaka Akihiko Irie	Outside Corporate Auditor Atsushi Hayashi	Biography 2008 President of the Takamatsu High Court 2010 Professor of the Graduate School of Law, Kyoto University 2012 Corporate Auditor of the Company (current) 2015 Visiting Attorney at Umegae Chuo Legal Profession Corporation (current)
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Outside Corporate Auditor Yoko Kimura

With extensive knowledge and a wealth of experience, Ms. Kimura has been a professor at Nara Women's University, member of a local public finance council, and chairperson of the board of directors of the Council of Local Authorities for International Relations, qualifications for which she was selected to be an outside corporate auditor.

- Biography**
1987 Assistant Professor, Faculty of Home Economics, Nara Women's University
1993 Assistant Professor, Faculty of Human Life and Environment, Nara Women's University
2000 Professor, Faculty of Human Life and Environment, Nara Women's University
Member of Local Public Finance Council
2010 Chairperson of the Board of Directors, Council of Local Authorities for International Relations
2014 Advisor of Japan Center for Cities (current)
Corporate Auditor of the Company (current)

Auditor (Outside Director) Eiji Hatta

Mr. Hatta is a man with many accomplishments in economics (industrial organization and econometrics) and a wealth of experience in organizational management as past president of Doshisha University and chancellor of The Doshisha, qualifications for which he was selected to be an outside corporate auditor.

- Biography**
1985 Professor, Faculty of Economics, Doshisha University (current)
1996 Dean, Faculty of Economics, Doshisha University
1998 President, Doshisha University
2008 Chairman, Japan Student Baseball Association (current)
2009 Vice Chairman, Japan University Auditors Association (current)
2011 Chancellor, The Doshisha
2015 Vice President, Baseball Federation of Japan (current)
2015 Corporate Auditor of the Company (current)

CSR Promotion Organization

Corporate Governance Organization and Activities

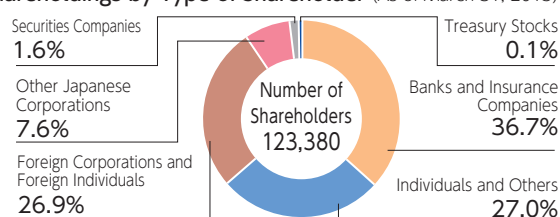
The Osaka Gas Group's system for improving and strengthening corporate governance and its main efforts are explained here.

1 Annual Shareholders' Meeting

Ensuring shareholders' meetings are conducted in an active manner and facilitating the exercise of voting rights

Osaka Gas attends to the early distribution (approximately four weeks in advance) of notices of shareholders' meetings as a part of efforts to secure an appropriate period for the deliberation of proposal items. In addition, the Company has adopted electronic voting to allow shareholders to exercise their voting rights via the Internet.

Shareholdings by Type of Shareholder (As of March 31, 2015)



2 Board of Directors

Fourteen board meetings held this fiscal year

The Board of Directors consists of 13 directors (including two outside directors). Its mission is to make swift and appropriate decisions about important matters that affect the whole Group and to enhance its supervisory capabilities.

The Company has adopted an executive officer system that serves to further strengthen the supervisory functions of the Board of Directors and enhance performance in the execution of its duties. Under this system, executive officers perform duties determined by the Board of Directors, and some representative directors and directors concurrently serve as executive officers. The system allows sound business decisions to be made with efficiency.

3 Board of Corporate Auditors

Selection of the Board of Corporate Auditors

Five corporate auditors, including three outside auditors (one added at the annual meeting of stockholders held on June 26, 2015) monitor the execution of work duties by the directors. To enhance the supervisory capabilities of the Board of Corporate Auditors, the Corporate Auditors' Office with a full-time staff that is outside the directors' control assists the auditors in performing audits.

4 Independent Auditor of Accounts

For its accounting audit, Osaka Gas has concluded a contract agreement with KPMG AZSA LLC. In addition, 22 certified public accountants and 6 other staff assist with accounting audit operations.

5 Executive Board

In compliance with the internal regulations stipulated by such internal organizations as the Board of Directors, Osaka Gas makes decisions upon important matters related to basic policies and management after careful scrutiny by the Executive Board, which is comprised of the president, executive vice president, senior executive officers, general managers and division managers, and after full discussion by the Board of Directors.

6 Auditing Dept.

Strengthening internal control

Osaka Gas has established the Auditing Department (with a staff of 20) that functions as an internal auditing division and, based on a yearly auditing plan, monitors the appropriateness and efficiency of business activities and provides internal organizations with advice and recommendations. For business units, core Group companies, and other sections, the Group is working to enhance and strengthen the auditing and internal control functions. For example, basic rules for affiliated companies and self-auditing regulations commonly shared by Group companies more clearly define the roles and duties of internal auditors. Moreover, auditors evaluate internal controls over financial reporting based on the Japanese Financial Instruments and Exchange Law and report to management.

Corporate auditors, accounting auditors and the Auditing Department meet on a regular basis to discuss annual audit plans and audit reports, and also convene as required to exchange audit information in order to ensure the effectiveness of auditing activities.

Risk Management Structure and Systems

In FY2006, the Osaka Gas Group introduced G-RIMS (Gas Group Risk Management System), which systematizes the self-assessment of risk management practices. Administrators in each organization or Group company conduct a self-assessment annually using a checklist made up of about 180 items. Based on the self-assessment result, administrators implement a PDCA (plan-do-check-act) cycle

for improvement. Following the annual self-assessment, the G-RIMS Secretariat (Auditing Department, Compliance Department, Corporate Strategy Department and Affiliated Business Department) holds discussions with each division and affiliated company to monitor implementation. The results of G-RIMS and issue identification are also reported in a timely manner to management.

1. Director and Corporate Auditor Remuneration

In order to ensure objectivity and transparency in the decision-making process, the amount of remuneration paid to each director is determined by a resolution of the Board of Directors after deliberations by the Management Advisory Committee, the majority of whose members are outside directors. The amount falls within the scope (up to a maximum of ¥63 million per month) approved at the Annual Shareholders' Meeting and reflects the position and responsibilities of each director, as well as the Company's performance. The Management Advisory Committee consists of outside and internal members. The outside members are two outside directors and three outside auditors, while the internal members are the president and individuals appointed by the president as deemed necessary (up to two other

executive directors can be appointed). The head of the committee is elected by the members of the committee. However, the amount of remuneration paid to outside directors is fixed, taking into consideration their independence from business execution functions.

The amount of remuneration paid to each corporate auditor is determined following deliberations by corporate auditors. The amount falls within the scope (up to a maximum of ¥14

million per month) approved at the Annual Shareholders' Meeting and reflects the position of each corporate auditor.

2. The Functions and Roles of Outside Directors and Outside Corporate Auditors

The outside directors take part in the decision-making process as members of the Board of Directors and use their knowledge

and experience to monitor and supervise the execution of duties by directors from a strictly independent standpoint. Likewise, outside corporate auditors audit the execution of duties by directors from a strictly independent standpoint.

3. Criteria for Determining the Independence of Outside Directors and Outside Corporate Auditors

Osaka Gas has appointed two outside directors and three outside corporate auditors. In determining a particular appointment, to ensure an appropriate level of independence, the Company insists on the absence of any conflict of interest with ordinary shareholders.

Classification	Total amount of remuneration (million yen)	Number of payees
Directors (excluding outside directors)	499	13
Corporate auditors (excluding outside corporate auditors)	64	2
Outside directors and outside corporate auditors	43	5

Note: The number of persons and amount data includes three individuals who retired as of the close of the Company's 196th Annual Shareholders' Meeting held on June 27, 2014. Moreover, the total amount of remuneration is made up of a total amount and basic remuneration.

Corporate Social Responsibility (CSR) Activities

Osaka Gas Group CSR Promotion System

As its policy for conducting business activities, the Osaka Gas Group has adopted the creation of value for customers as its number one priority, which in turn links to the creation of value for society, value for shareholders, and value for employees. We believe that conducting our operations with fairness and transparency and achieving the generation of these four types of value is the fulfillment of the Group's corporate social responsibilities.

We have set forth the Osaka Gas Group CSR Charter as the activity guidelines for Group executives and employees, with the aim of satisfying stakeholder expectations, fulfilling our social responsibilities as a business enterprise, and ensuring the sustainable development of the Osaka Gas Group.

With respect to CSR promotion, we have set up the CSR Promotion Council, under the supervision of the president and primarily consisting of executives, to deliberate over CSR plans and reports on results of activities. We have furthermore established the CSR Committee, composed of the heads of business units and led by the CSR executive, to coordinate and advance CSR activities horizontally across the organization. In these ways we are pursuing

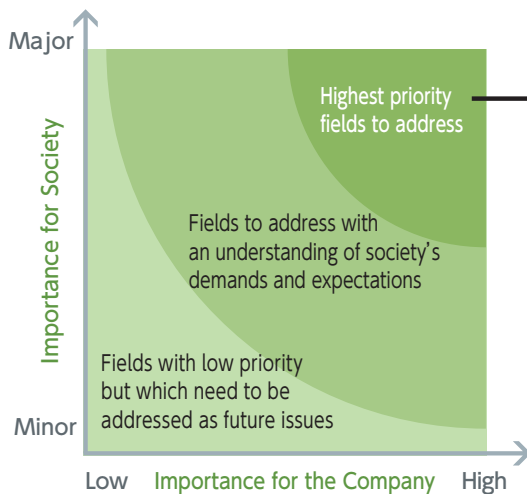
appropriate and proactive execution of CSR-related activities.

Study and Determination of Materiality in CSR

As an energy provider, the Osaka Gas Group considers it necessary to recognize and manage the possible and actual effects on society of its business activities. As part of the social responsibility of the Osaka Gas Group, we classify our business activities with respect to their importance at the present time, i.e. materiality, and conduct management as appropriate.

The 46 aspects to be reported according to the G4 global guidelines (the fourth edition of the Sustainability Reporting Guidelines) have been sorted in line with the Osaka Gas Group CSR Charter and studied by determining the materiality of each aspect. In this process, assessment results regarding the importance of the 46 aspects from the viewpoints of the Group and stakeholders are plotted on a materiality analysis map. Those aspects considered to be of high importance from both viewpoints are singled out and given the highest priority.

Priority CSR Issues for the Osaka Gas Group (Materiality)

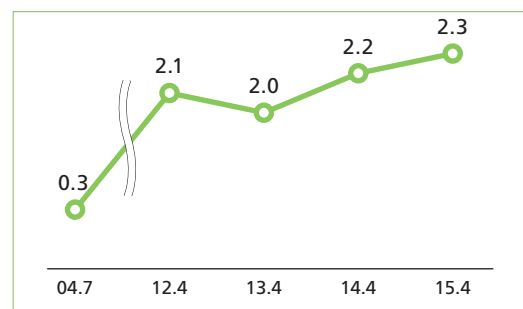


- Customer health and safety
- Safety labeling of products and services
- Energy consumption
- Atmospheric emissions
- Water discharge and waste
- Environmental evaluation of suppliers
- Mechanisms for handling grievances concerning the environment
- Regional communities
- Assessment of the impact that suppliers have on society
- Mechanisms for handling grievances concerning impact on society
- Customer privacy
- Supplier human rights evaluation
- Mechanisms for handling grievances concerning human rights
- Supplier labor practice evaluation
- Mechanisms for handling grievances concerning labor practices
- Financial performance

Ensuring a Diversified Workforce

In March 2014 we formulated the "Osaka Gas Group Policy to Promote Diversity" to pursue and ensure greater diversity among our employees. The ratio of females in managerial positions (section manager level or higher) was 2.3% as of April 2015. We are seeking to maintain a female hire ratio of 30% or higher among positions eligible for managerial tracks, and to have 5% of managerial positions held by women by 2020. To achieve this target we will be making efforts to promote female employees and expand the working environment in which they can deploy their skills more actively.

Women in Management at Osaka Gas (Section Manager Level or Higher) (%)



CSR Charter & CSR Indicators

CSR Charter	CSR Indicators / Key Performance Indicators	FY2014 Results
<p>I Creating value for customers</p> <p>The Osaka Gas Group is committed to making a positive contribution to realizing a higher level of comfort and development in the business activities of its customers. We intend to achieve this objective through the provision of a reliable and safe supply of natural gas and other forms of energy with an improved level of services for our customers. We also pursue the development of new, useful products and services to generate new value as we strive to continue forward growth alongside our customers.</p>	<p>Customer satisfaction survey: Seven customer service duties</p> <ul style="list-style-type: none"> ● Overall satisfaction rate of 87% or more ● 84% or more in each category 	<p>91.0%</p> <p>At least 84% in each category</p>
<p>II Harmonizing with the environment and contributing to realizing a sustainable society</p> <p>Addressing the issues of the environment both at regional and global levels is of paramount importance for the Osaka Gas Group, which is engaged primarily in the energy business. Seriously aware of the impacts of each of our business activities on the environment, we seek to harmonize our businesses with the environment and efficiently utilize energy and other resources, thereby contributing to a sustainable society.</p>	<p>Environmental management indicator</p> <ul style="list-style-type: none"> ● Environmental management efficiency <p>58 yen/1,000 m³ or less by FY2016</p>	<p>FY2014 at 60 yen /1,000 m³</p>
<p>III Being a good corporate citizen contributing to society</p> <p>The Osaka Gas Group strives to maintain communication with society and the communities it serves in order that its business activities be accurately understood by the world. We achieve this while carrying out proactive disclosure of information and seeking improved managerial transparency. We intend to make positive contributions to society, fulfilling our role of being a good corporate citizen.</p>	<p>Number of contacts and communication events</p> <ul style="list-style-type: none"> ● Number of events held (on-site dietary and energy/environment seminars, etc.): 1,000 or more ● Number of contacts (no. of visitors to Gas Science Museum, etc.): 60,000 or more <p>Social contribution activities</p> <ul style="list-style-type: none"> ● Number of activities implemented: 600 or more 	<p>1,985</p> <p>69,369</p> <p>696</p>
<p>IV Complying with laws and regulations and respect for human rights</p> <p>The thorough compliance with laws and regulations by all executives and employees sets the stage for gaining society's trust as a healthy corporate group. Our perspectives on compliance go beyond legal and regulatory boundaries to include decent conduct expected of all citizens. Based on a respect for human rights, we intend to maintain equitable relationships with our customers, business partners, and other parties.</p>	<p>Compliance awareness survey scores</p> <ul style="list-style-type: none"> ● (Individual) Level of understanding of the Code of Conduct: Higher than previous year ● (Organization) Degree of penetration of compliance: Higher than previous year <p>Percentage of employees receiving compliance training</p> <ul style="list-style-type: none"> ● 100% 	<p>0.4 points lower than previous year (73.4%)</p> <p>1.0 points higher than previous year (87.0%)</p> <p>100%</p>
<p>V Management policy for human growth</p> <p>Along with ensuring employment opportunities, the Osaka Gas Group also strives to realize the growth of its employees through work by respecting employees' individuality and initiative. We support employees so that they are able to carry out work with a sense of purpose and grow as individuals, pursuing the creation of new values for customers, shareholders, and society.</p>	<p>Employee awareness survey</p> <ul style="list-style-type: none"> ● Maintaining sufficient levels in job satisfaction and loyalty to the company 	<p>Appropriate level maintained</p>

In FY2014 Osaka Gas was designated as a "Nadeshiko Brand" company (a company exceptional in encouraging women's success in the workplace) and chosen as one of the "Top 100 Companies in Diversity."



Inclusion in SRI Indices

As of July 2015, Osaka Gas was included in the following socially responsible investment (SRI) indices.

Dow Jones Sustainability Indices
MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

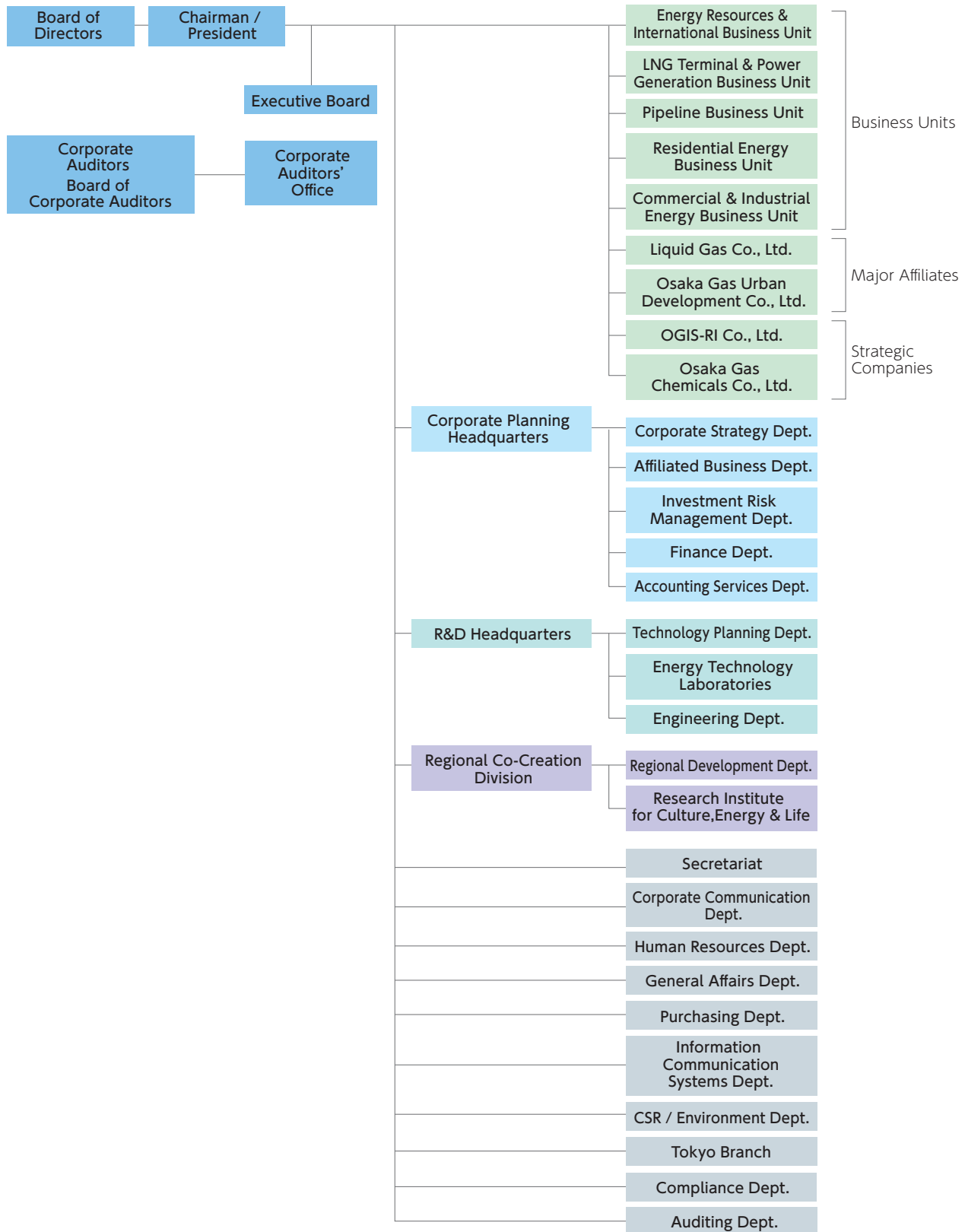


MS-SRI



Osaka Gas Group Organization

As of April 1, 2015



Note: Organizations other than those denoted by corporate names are part of Osaka Gas Co., Ltd.

Financial Section

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Summary of Consolidated Operating Results

Osaka Gas Co., Ltd. and Consolidated Subsidiaries
Fiscal years ended March 31, 2005 through 2015

	2005.3	2006.3	2007.3	2008.3
Financial Data				
Net sales	¥ 975,340	¥1,065,961	¥1,174,456	¥1,238,145
Operating income	95,992	100,657	93,729	75,611
Income before income taxes and minority interests	83,904	132,393	88,078	72,478
Net income	50,683	80,710	52,929	40,283
Capital expenditure	65,517	117,455	95,267	111,087
Depreciation and amortization	86,858	84,250	84,031	95,253
R&D expenses	11,404	11,324	9,906	10,178
Total assets	1,217,463	1,398,692	1,405,682	1,467,934
Equity	530,862	628,510	668,887	648,592
Interest-bearing liabilities	448,521	487,509	487,827	566,441
Cash flows from operating activities	116,902	152,935	98,354	134,282
Cash flows from investing activities	(65,679)	(162,989)	(99,765)	(132,029)
Cash flows from financing activities	(23,912)	13,245	(22,009)	12,495
Number of shares issued and outstanding (thousands)	2,369,011	2,235,669	2,235,669	2,158,383
Per Share Data (yen and U.S. dollars)				
Earning per share (EPS)	¥ 22.69	¥ 36.18	¥ 23.77	¥ 18.27
Book value per share (BPS)	238.15	282.12	300.61	300.76
Annual dividends	6.00	7.00	7.00	7.00
Key Ratios				
Net worth / Total assets	43.6%	44.9%	47.6%	44.2%
Debt equity ratio (times)	0.84	0.78	0.73	0.87
Interest coverage ratio (times)	16.1	23.6	10.3	13.6
Return on assets (ROA)	4.2%	6.2%	3.8%	2.8%
Return on equity (ROE)	9.9%	13.9%	8.1%	6.1%
Gas sales volume (million m ³)	8,072	8,469	8,764	8,917
Number of meters installed (thousands)	6,725	6,785	6,848	6,913
Number of employees	15,992	16,077	16,435	16,682

Notes:

1. The translation of Japanese yen amounts into U.S. dollar amounts is based on the prevailing exchange rate at March 31, 2015, which was ¥120.17 to U.S.\$1.0.
2. Net worth / Total assets = Equity / Total assets (as of the end of the fiscal years ended March 31)
3. Debt equity ratio = Interest-bearing liabilities / Equity (as of the end of the fiscal years ended March 31)
4. Interest coverage ratio = Cash flows from operating activities / Interest expenses
5. Return on assets (ROA) = Net income / Total assets (average)
6. Return on equity (ROE) = Net income / Average equity (up to 2006, "average equity" was "shareholders' assets [average]")
7. Figures in the financial data are rounded down.

2009.3	2010.3	2011.3	2012.3	2013.3	2014.3	Millions of yen 2015.3	Thousands of U.S. dollars 2015.3
¥1,326,785	¥1,096,628	¥1,187,142	¥1,294,781	¥1,380,060	¥1,512,581	¥1,528,164	\$12,716,684
66,932	91,140	88,584	77,274	84,773	99,381	105,065	874,303
64,510	82,572	81,587	75,694	84,630	81,874	121,428	1,010,468
36,041	48,384	45,968	45,207	52,467	41,725	76,709	638,337
106,087	98,246	69,600	87,171	112,987	124,146	119,398	993,575
86,549	95,402	97,569	93,624	82,818	83,806	87,785	730,506
9,603	10,670	10,918	10,974	10,875	11,793	11,434	95,148
1,452,457	1,483,895	1,437,297	1,475,759	1,566,899	1,668,317	1,862,201	15,496,388
612,566	666,689	664,959	684,584	747,802	798,964	888,496	7,393,658
573,483	539,081	532,493	541,349	540,199	573,586	633,923	5,275,218
120,691	229,714	126,399	122,793	129,597	154,225	156,908	1,305,716
(108,102)	(111,265)	(82,408)	(107,764)	(116,791)	(175,591)	(110,704)	(921,228)
(3,438)	(49,553)	(41,257)	(8,279)	(27,897)	4,163	22,892	190,496
2,158,383	2,158,383	2,083,400	2,083,400	2,083,400	2,083,400	2,083,400	—
¥ 16.72	¥ 22.50	¥ 21.62	¥ 21.71	¥ 25.20	¥ 20.04	¥ 36.86	\$ 0.306
284.21	310.39	319.33	328.77	359.16	383.90	426.98	3.553
7.00	7.00	8.00	8.00	8.50	9.00	9.50	0.079
42.2%	44.9%	46.3%	46.4%	47.7%	47.9%	47.7%	—
0.94	0.81	0.80	0.79	0.72	0.72	0.71	—
11.5	23.1	14.0	13.8	15.4	18.0	16.6	—
2.5%	3.3%	3.1%	3.1%	3.4%	2.6%	4.3%	—
5.7%	7.6%	6.9%	6.7%	7.3%	5.4%	9.1%	—
8,416	8,150	8,560	8,711	8,534	8,554	8,290	—
6,971	7,009	7,041	7,074	7,114	7,164	7,224	—
19,009	19,268	19,684	19,818	19,870	21,250	20,982	—

Management's Discussion and Analysis

1. Operating Environment

In the fiscal year ended March 31, 2015, there were negative repercussions in the first half due to flagging demand after the demand surge leading up to the increase in consumption tax rate, while in the second half there was a decline in crude oil prices,

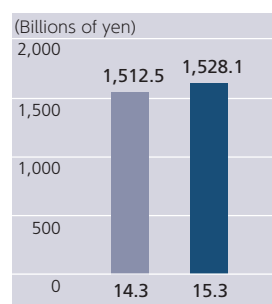
combined with a weaker yen and higher stock prices. In addition, it was a year which lifted expectations of economic recovery going forward due to support from the strong U.S. economy and improvement in performance primarily among exporting businesses.

2. An Overview of the Fiscal Year Ended March 31, 2015

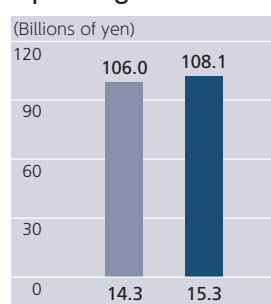
Consolidated net sales for the fiscal year ended March 31, 2015 increased by ¥15.5 billion (+1.0%) year on year, to ¥1,528.1 billion, mainly because city gas sales unit prices at Osaka Gas remained high under the Fuel Cost Adjustment System, even though the volume of gas sold declined for Osaka Gas on a stand-alone basis. Meanwhile, consolidated operating income rose to ¥108.1 billion, up ¥2.1 billion (+2.0%), largely due to increased gas business earnings. In addition, consolidated net income rose by ¥34.9 billion (+83.8%) to ¥76.7 billion, primarily

due to booking profits on the sale of investment securities and the effects of impairment loss for the year ended March 31, 2014. As of March 31, 2015, the Company had 145 consolidated subsidiaries. Over the course of the fiscal year, seven companies were excluded, and two companies were brought within the scope of consolidation. In addition, there were 13 affiliates reported by the equity method as of the end of the fiscal year, a decrease of one affiliate and increase of two affiliates from the end of the previous fiscal year.

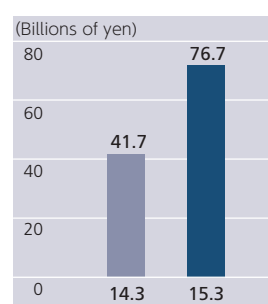
Net Sales



Operating Income



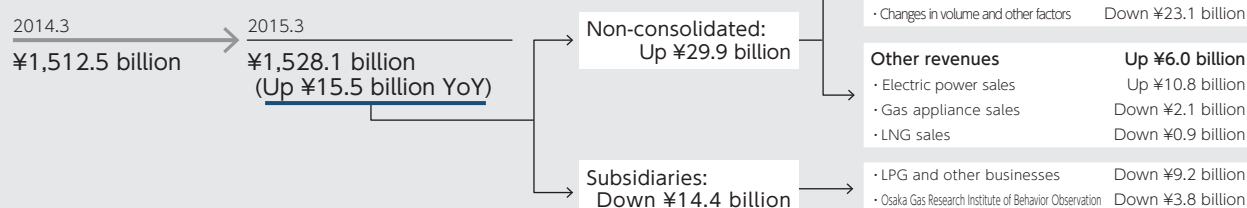
Net Income



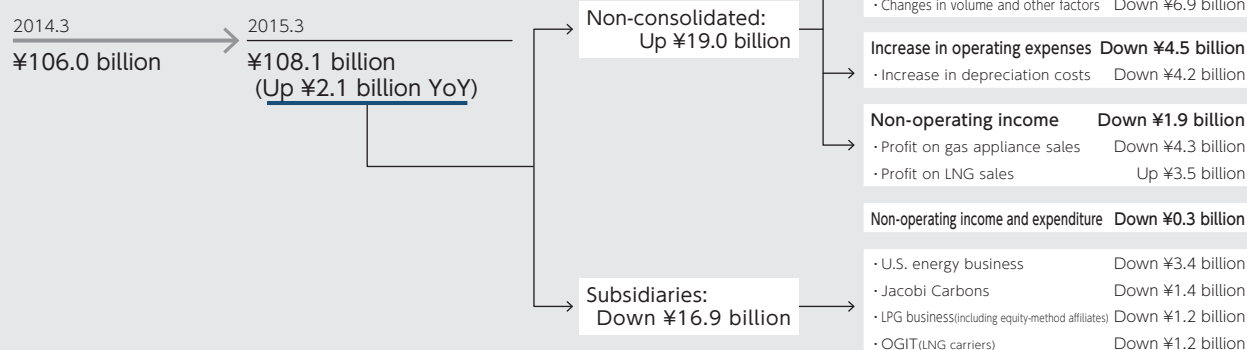
External Environment Data

	Temperature (°C)	Crude oil price (\$/bbl)	Exchange rate (yen/\$)
2014.3	17.1	110.0	100.2
2015.3	16.8	90.4	109.8

Breakdown of Movements in Net Sales between Fiscal Years Ended March 31, 2014 and March 31, 2015



Breakdown of Movements in Operating Income between Fiscal Years Ended March 31, 2014 and March 31, 2015



3. Non-Consolidated Gas Sales

In the fiscal year ended March 31, 2015, overall gas sales volume for Osaka Gas was 8,259 million m³, a decrease of 3.1% from the previous fiscal year. Included in this amount are residential gas sales, which decreased by 0.5% year on year, to 2,186 million m³. This mainly reflected the downturn in heating demand due to higher winter temperatures compared with the previous fiscal year. Industrial gas sales volume fell by 4.5% year on year to 4,133 million m³. This was due largely to

the conversion of certain industrial generation equipment to private generation systems at customer facilities and the reduced operation of customer equipment. Gas sales for commercial, public and medical use declined by 4.1% over the previous year to 1,465 million m³, mainly as a result of reduced cooling demand. Wholesale gas sales came in at 474 million m³, a 1.0% increase over the previous year.

Non-Consolidated Gas Sales

45MJ/m ³		2014.3	2015.3	Change	Change (%)
Average monthly usage per residential customer (m ³ /month)		31.3	30.9	-0.3	-1.1
Gas sales volume (million m ³)	Residential	2,198	2,186	-12	-0.5
	Commercial and industrial	5,856	5,599	-258	-4.4
	Industrial	4,329	4,133	-195	-4.5
	Commercial, public, and medical	1,528	1,465	-63	-4.1
	Wholesale	469	474	+4	+1.0
Total		8,524	8,259	-265	-3.1

4. Overview by Business Segment

Gas

Net sales for the gas business segment were up by ¥17.4 billion (+1.6%) year on year to ¥1,136.9 billion. This was mainly due to persistently high gas unit selling prices under the Fuel Cost Adjustment System. Segment income increased by ¥18.2 billion (+56.8%) compared with the previous fiscal year, to ¥50.2 billion

LPG, Electricity and Other Energy

Net sales from this segment decreased by ¥17.3 billion (-6.6%) to ¥243.7 billion, owing mainly to lower revenue from the LPG business. Segment income was down by ¥3.6 billion (-8.0%), to ¥41.6 billion.

International Energy

Net sales from the international energy business segment

increased by ¥0.3 billion (+2.6%) year on year, to ¥13.7 billion. Segment income declined by ¥6.9 billion (-84.7%) to ¥1.2 billion, primarily due to a temporary decrease in income accompanying streamlining of vaporization operations at Freeport LNG Development, a company that we are investing in.

Life & Business Solutions

Net sales for this segment increased by ¥10.9 billion (+5.6%) to ¥207.5 billion, primarily as a result of the new consolidation of Jacobi Carbons AB, which manufactures and markets activated carbon. Segment income decreased by ¥2.3 billion (-12.3%) to ¥16.5 billion, due mainly to a goodwill write-down for that company.

Net Sales and Segment Income for the Fiscal Year Ended March 31, 2015

(Billions of yen)

	Gas	LPG, Electricity, and Other Energy	International Energy	Life & Business Solutions	Adjustments	Total
Net sales	1,136.9	243.7	13.7	207.5	-73.7	1,528.1
Year-on-year change (%)	+1.6%	-6.6%	+2.6%	+5.6%	—	+1.0%
Year-on-year change	+17.4	-17.3	+0.3	+10.9	—	+15.5
Segment income*	50.2	41.6	1.2	16.5	2.2	112.0
Year-on-year change (%)	+56.8%	-8.0%	-84.7%	-12.3%	—	+4.4%
Year-on-year change	+18.2	-3.6	-6.9	-2.3	—	+4.7

* Segment income = Operating income + Equity in earnings of affiliates

5. Assets, Liabilities, and Net Assets Analysis

Asset Management Policies

The Osaka Gas Group plans to reduce assets in unprofitable business fields as well as day-to-day operations, and intends to aggressively expand its operations in growth fields, especially in the domestic energy business, the international energy business, and life & business solutions (non-energy business). To minimize investment risks caused by changes in the operating environment,

the Group is further tightening its procedures for investment decisions, as well as subsequent follow-up and evaluation for individual investment proposals based on Group-wide investment criteria. The Group will conduct quantitative risk management and pursue returns through active business investments within the scope of the allowed risk amount of the entire Group.

To effectively advance the Group's business strategies, we aim to improve the Group's financial constitution, procure funding through the most appropriate means, and respond to financial risks in the best manner possible. Under the medium-term business plan "Catalyze Our Dreams," covering the three years from the year ended March 2015 to the year ending March 2017, we strive to maintain a consolidated ratio of interest-bearing liabilities to equity of approximately 0.7 and a consolidated shareholders' equity ratio of 50% or more in consideration of continued financial strength.

In this pursuit, we employ a number of measures, including cash management systems (CMSs) and other Group-wide capital efficiency measures; measures to improve the efficiency of invested capital, such as using free cash flows to reduce interest-bearing liabilities and buy back shares; and financial risk management measures, such as hedging activities to prevent revenue fluctuations due to business risks. In these ways, we are working to strengthen the financial constitution of the Group.

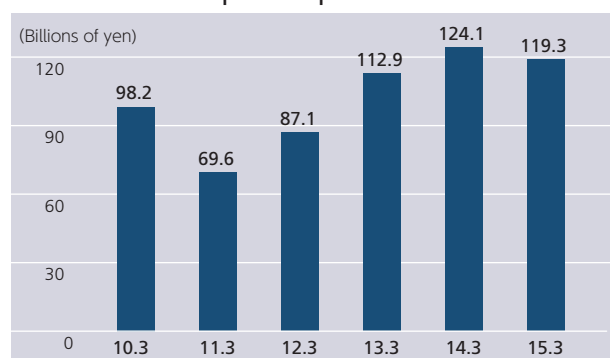
Looking ahead, having the ability to create cash flow through business activities combined with a sound financial condition should make it possible to procure the funding needed for corporate growth over the long term.

Capital Expenditure

The Osaka Gas Group is carrying out capital investment to cope with steadily increasing gas demand and to establish a stable, rational production and supply system for high-quality urban energy. At the same time, we are investing in plants and equipment to expand our future business in fields other than gas. In the fiscal year ended March 31, 2015, non-consolidated capital expenditure totaled ¥46.5 billion, down by ¥12.1 billion year on year. In addition, consolidated capital expenditure fell by ¥4.7 billion year on year, to ¥119.3 billion, on the back of such factors as the acquisition of overseas upstream interests and acquisition of real estate by consolidated subsidiaries.

The Osaka Gas Group is aggressively investing in both domestic and overseas businesses as potential future growth drivers. In addition to upstream business including gas field interests, we are investing in IPP and other electric power business, as well as other non-energy businesses that are derived from the gas business. During the fiscal year under review, we made investments for expansion, greenfield projects, and M&A activities totaling ¥92.4 billion, in such areas as domestic power plants, overseas upstream business and LNG tankers. In overall terms, we have decided to make investments totaling ¥557.0 billion over the six-year period that began with the fiscal year ended March 31, 2010. This is equivalent to 75% of the eight-year plan from the fiscal year ended March 31, 2010 to the fiscal year ending March 31, 2017.

Consolidated Capital Expenditure



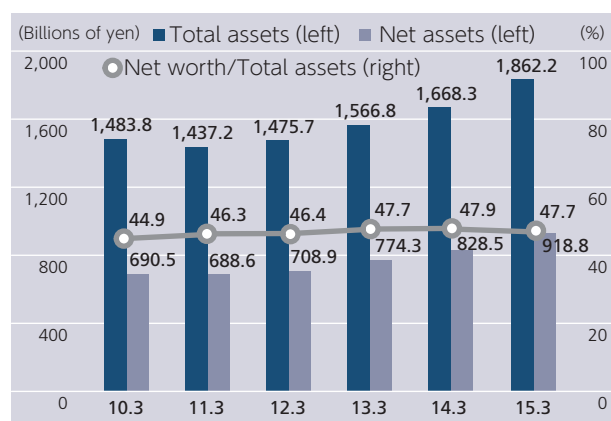
Assets, Liabilities, and Net Assets Analysis

Total assets as of March 31, 2015 stood at ¥1,862.2 billion, up by ¥193.8 billion from the previous fiscal year-end. This was mainly due to an increase in fixed assets, such as construction in progress accounts and investment securities, and an increase in liquid assets driven primarily by increases in cash and deposits.

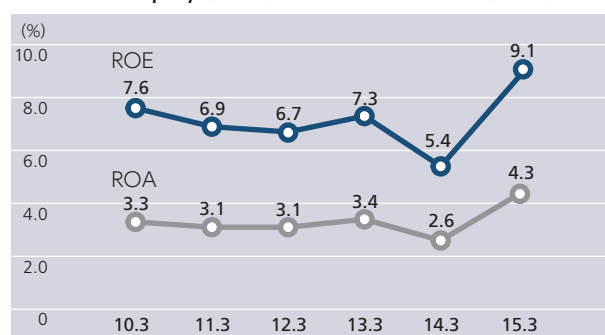
Total liabilities increased by ¥103.5 billion, to ¥943.3 billion, due to the increase in long-term loans payable. Net assets climbed by ¥90.3 billion, to ¥918.8 billion, on the back of increases mainly in shareholder equity due to increased retained earnings, and total accumulated other comprehensive income due to the higher current value of owned stocks.

As a result, the shareholders' equity ratio decreased by 0.2 percentage points from the previous fiscal year-end, to 47.7%. Return on assets (ROA) was up 1.8 percentage points, to 4.3%, while return on equity (ROE) increased 3.7 percentage points, to 9.1%.

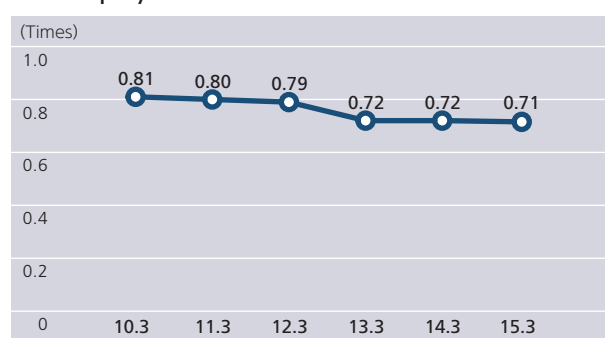
Total Assets, Net Assets, Net Worth/Total Assets



Return on Equity (ROE), Return on Assets (ROA)



Debt Equity Ratio



6. Overview of Cash Flows

Net cash provided by operating activities during the fiscal year ended March 31, 2015 increased by ¥2.6 billion, to ¥156.9 billion. This was largely attributable to an increase in income before taxes.

Net cash used in investing activities decreased by ¥64.8 billion, to ¥110.7 billion, primarily as a result of an increase in proceeds from the sale of property, plant and equipment, proceeds from the sale of investment securities, and reduced expenditures due to the purchase of investments in subsidiaries being booked in the previous fiscal year.

Net cash provided by financing activities amounted to ¥22.8 billion, an increase of ¥18.7 billion over the previous fiscal year. This was largely on the back of reduced expenditures due to repayment of long-term loans payable.

Taking these activities into consideration, the net increase in cash and cash equivalents in the fiscal year ended March 31, 2015 totaled ¥72.4 billion after adjustment for the effect of exchange rate changes on cash and cash equivalents. Furthermore, cash and cash equivalents at the year-end for the fiscal year ended March 31, 2015 increased by ¥72.4 billion, to ¥162.7 billion.

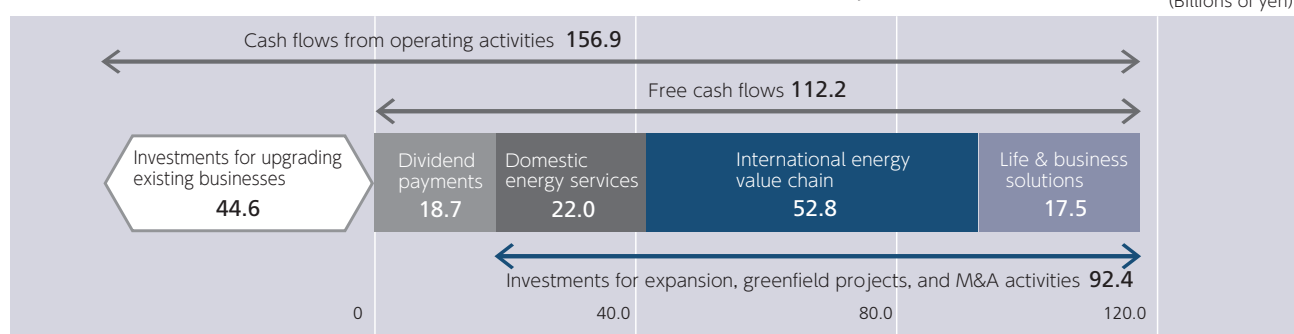
	(Billions of yen)		
	2014.3	2015.3	Change
Cash flows from operating activities	154.2	156.9	+2.6
Cash flows from investing activities	-175.5	-110.7	+64.8
Cash flows from financing activities	4.1	22.8	+18.7
Net increase (decrease) in cash and cash equivalents	-19.0	72.4	+91.5
Cash and cash equivalents at the end of the year	90.3	162.7	+72.4
Interest-bearing liabilities at the end of the year	573.5	633.9	+60.3

Use of Free Cash Flows

Consolidated free cash flows for the fiscal year ended March 31, 2015 decreased by ¥0.9 billion, to ¥112.2 billion. Uses of these free cash flows included investments of ¥92.4 billion for

expansion, greenfield projects, and M&A activities as well as dividend payments of ¥18.7 billion.

Use of Consolidated Free Cash Flows for the Fiscal Year Ended March 31, 2015



Note: Free cash flows = Cash flows from operating activities - Investments for upgrading existing businesses (Capital expenditure)

7. Ratings

Osaka Gas recognizes that improving fund-raising competitiveness is an important issue in a sound financial strategy. At the same time, to maintain its credit ratings and other indications of financial soundness, the Company has put in place a fresh set of financial soundness indicators under its medium-term business plan, "Catalyze Our Dreams." Looking ahead, Osaka Gas will seek to achieve: (1) a shareholders' equity ratio of 50% or more, and (2) a ratio of consolidated interest-bearing liabilities to equity of about 0.7, while maintaining the existing balance with shareholders' value added (SVA), free cash flow, interest-bearing liabilities, and other indicators.

Currently, Osaka Gas has been rated AA and Aa by foreign credit rating agencies, and AA by a domestic credit rating agency. Going forward, the Company will continue to ensure that it possesses a sound financial standing.

Credit Ratings (As of March 31, 2015)

R&I	AA+
Moody's	Aa3
Standard & Poor's	AA-

8. Basic Policy Regarding the Distribution of Profits and Dividends

The Company has been striving to grow the business and improve the efficiency of operations, and has appropriated the increase in profit resulting from these efforts for future business growth, for internal reserves, and for the payment of steady dividends to shareholders.

We will endeavor to continue payment of steady dividends (interim and year-end) to shareholders, and comprehensively take alternative profit distribution plans and other measures into consideration, based on operational results, future business management, and other plans. We will aim at keeping a consolidated payout ratio exceeding 30%, within the non-consolidated retained earnings distributable to Osaka Gas shareholders,

excluding temporary factors affecting the profit situation. Internal reserves will be appropriated for capital investments and investment for expansion, greenfield projects, and M&A activities.

Osaka Gas will mark the 110th anniversary of its founding on October 19, 2015, and to express our gratitude for the support of all of our investors, we decided to add a commemorative dividend of ¥0.5 per share to the year-end dividend for the fiscal year ended March 31, 2015 as well as the interim and year-end dividends for the year ending March 31, 2016. The Company will issue dividend payments totaling ¥10 per share (including interim dividends) for the fiscal year ending March 31, 2016.

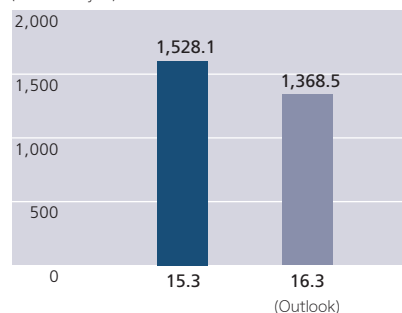
9. Outlook for the Fiscal Year Ending March 31, 2016

We project that net sales in the fiscal year ending March 31, 2016 will decrease by ¥159.6 billion (−10.4%) year on year, to ¥1,368.5 billion. This is largely because LNG prices are expected to be lower in the next fiscal year, and city gas sales unit prices are anticipated to decrease due to the Fuel Cost Adjustment System. Ordinary income is expected to increase by ¥1.8 billion

(+1.7%) to ¥110 billion due primarily to the increase in time-lag adjustments within the gas business. In addition, consolidated net income (attributable to the parent company) in the fiscal year ending March 31, 2016 is forecast to decrease by ¥3.2 billion (−4.2%), to ¥73.5 billion.

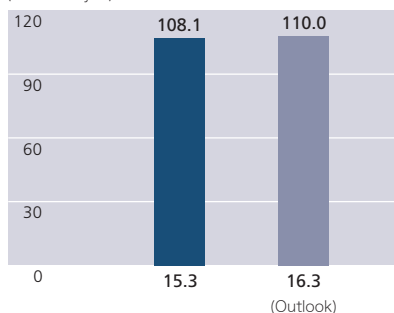
Net Sales

(Billions of yen)



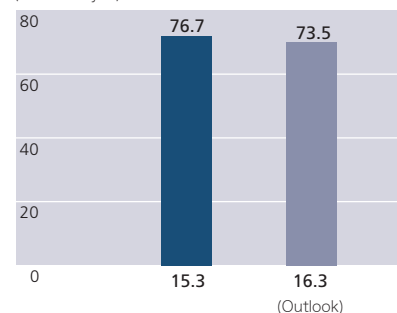
Ordinary income

(Billions of yen)



Net Income

(Billions of yen)



Net Sales and Segment Income for the Fiscal Year Ending March 31, 2016 (Outlook)

(Billions of yen)

	Gas	LPG, Electricity, and Other Energy	International Energy	Life & Business Solutions	Adjustments	Total
Net sales	974.0	213.0	21.5	229.5	−69.5	1,368.5
Year-on-year change (%)	−14.3%	−12.6%	+56.8%	+10.6%	—	−10.4%
Year-on-year change	−162.9	−30.7	+7.7	+21.9	—	−159.6
Segment income*	61.0	25.5	8.5	20.5	2.0	117.5
Year-on-year change (%)	+21.3%	−38.8%	+574.1%	+23.6%	—	+4.9%
Year-on-year change	+10.7	−16.1	+7.2	+3.9	—	+5.4

* Segment Income = Operating income + Equity in earnings of affiliates

10. Business Risks

The following are risks that could affect the business performance and financial position of the Group.

■ Risks Related to All Businesses within the Osaka Gas Group

- a. Changes in economic, financial, and social conditions as well as market contraction
A decrease in net sales, difficulties in fund-raising, insolvency of partner companies, Japan's shrinking population or the transfer of manufacturing overseas, due to worsening economic, financial, and social conditions in the economies of Japan and/or other countries
- b. Changes in foreign exchange rates and borrowing rates
- c. Occurrence of catastrophic disasters, accidents, or infectious diseases
Occurrence of catastrophic natural disasters, terrorist events, accidents, or infectious disease epidemics such as new strains of influenza or other diseases
- d. Changes in politics, laws and regulations, and institutional systems
Changes in the Gas Utility Industry Law, the Electricity Utilities Industry Law, the Companies Act, the Financial Instruments and Exchange Law, environment-related laws or other policies, laws and regulations, and institutional systems in Japan and/or other countries
- e. Intensifying competition
Intensified competition with other operators in the gas business and other business areas related to the Group
- f. Breakdown or malfunction of critical IT systems
Breakdown or malfunction of critical IT systems, such as systems related to gas production/supply or billing
- g. Information leaks
External leaks of important information used in the course of the Group's business, including customer information or technical information possessed by the Group
- h. Non-compliance with laws and regulations, quality issues with products or services
Expenditures to correct acts of non-compliance or damage to social reputation following acts carried out by the Group or by any person related to the Group in violation of any law or regulation, or resulting from quality problems concerning products or services handled by the Osaka Gas Group

■ Risks Related to Major Businesses

1) Domestic energy business

- a. Impact of fluctuations in temperature/water temperature on energy demand
- b. Changes in raw fuel costs
Fluctuation in raw fuel costs due to changes in crude oil prices, foreign exchange rates, renewal of contracts and price negotiation trends with fuel suppliers, and other relevant factors*
* Although the fluctuation in LNG prices may be offset by the Fuel Cost Adjustment System, under which gas rates are revised to reflect changes in fuel costs, a time lag before the actual adjustment is made or changes in the composition of fuel suppliers could affect the business performance of the Group.
- c. Difficulty in procuring raw fuels
Problems with the facilities of LNG (raw fuel from which gas or electricity are produced) suppliers or their operations, or other incidents
- d. Difficulties in gas production and supply
Disruption of the production or supply of gas due to catastrophic natural disaster or accidents
- e. Difficulties in power generation or supply
Any difficulties in power generation or supply due to a natural disaster, accident, problems with fuel purchasing or other incidents
- f. Gas equipment and facility issues
Serious problems with gas equipment or facilities

2) International energy business

Changes in the operating environment, such as decreased profitability or project delay or cancellation, resulting from the public policies, implementation of or changes in regulations, or deterioration of economic or social conditions in the countries in which the Osaka Gas Group operates, as well as technological causes in the resource development business

The Osaka Gas Group strives to minimize the potential impact of these risks on business performance through various measures, including derivative contracts to hedge against fluctuations in exchange rates and fuel costs, accident and other insurance contracts, improvement of security of critical IT systems, adherence to compliance and strict information control, monitoring and proper supervision of business management, security measures, disaster countermeasures, and the establishment and periodic revision of business continuity plans (BCPs).

Consolidated Balance Sheets

Osaka Gas Co., Ltd. and Consolidated Subsidiaries
March 31, 2014 and 2015

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2015	2015
Assets			
Non-current Assets			
Property, plant and equipment (Note 8)			
Production facilities	¥ 76,164	¥ 75,370	\$ 627,194
Distribution facilities	317,836	304,286	2,532,129
Service and maintenance facilities	66,540	64,206	534,293
Other facilities	291,378	295,387	2,458,076
Construction in progress	111,163	156,146	1,299,375
Total property, plant and equipment	863,084	895,398	7,451,094
Intangible assets			
Goodwill	24,471	21,183	176,275
Other	65,840	77,497	644,894
Total intangible assets	90,311	98,680	821,170
Investments and other assets			
Investment securities (Notes 6, 7 and 8)	192,846	230,958	1,921,927
Net defined benefit asset (Note 17)	29,414	55,336	460,480
Other	53,175	45,405	377,839
Allowance for doubtful accounts	(1,860)	(1,914)	(15,927)
Total investments and other assets	273,575	329,784	2,744,312
Total non-current assets	1,226,971	1,323,864	11,016,593
Current Assets			
Cash and deposits (Notes 4 and 8)	75,258	147,426	1,226,812
Notes and accounts receivable - trade (Note 8)	192,277	187,482	1,560,139
Securities (Notes 4 and 7)	20,511	23,521	195,731
Inventories (Notes 5 and 8)	88,748	103,420	860,614
Other (Note 8)	65,950	77,802	647,432
Allowance for doubtful accounts	(1,400)	(1,315)	(10,942)
Total current assets	441,346	538,337	4,479,795
Total assets	¥1,668,317	¥1,862,201	\$15,496,388

	2014	Millions of Yen 2015	Thousands of U.S. Dollars (Note 1) 2015
Liabilities			
Non-current liabilities			
Bonds payable (Note 8)	¥ 242,124	¥ 240,666	\$ 2,002,712
Long-term loans payable (Note 8)	244,503	309,848	2,578,413
Deferred tax liabilities (Note 12)	22,031	36,981	307,739
Provision for gas holder repairs	1,636	1,722	14,329
Provision for safety measures	10,831	8,451	70,325
Allowance for investment loss	6,999	6,999	58,242
Provision for loss on guarantees	—	1,589	13,222
Provision for equipment warranties	—	2,895	24,090
Net defined benefit liability (Note 17)	15,325	16,484	137,172
Other	17,946	33,154	275,892
Total non-current liabilities	561,400	658,794	5,482,183
Current liabilities			
Current portion of non-current liabilities (Note 8)	39,333	55,731	463,767
Notes and accounts payable - trade	60,358	54,610	454,439
Short-term loans payable (Note 8)	46,756	26,832	223,283
Income taxes payable	29,608	30,835	256,594
Other	102,294	116,527	969,684
Total current liabilities	278,351	284,537	2,367,787
Total liabilities	839,752	943,331	7,849,970
Net Assets (Note 9)			
Shareholders' equity			
Capital stock	132,166	132,166	1,099,825
Authorized 3,707,506,909 shares			
Issued 2,083,400,000 shares in 2015 and in 2014			
Capital surplus	19,486	19,488	162,170
Retained earnings	587,268	648,896	5,399,816
Treasury shares (Note 10)	(797)	(938)	(7,805)
2,532,646 shares in 2015 and 2,214,444 shares in 2014			
Total shareholders' equity	738,124	799,613	6,654,015
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	34,839	50,868	423,300
Deferred gains and losses on hedges	2,425	(6,519)	(54,248)
Revaluation reserve for land (Note 12)	(737)	(737)	(6,132)
Foreign currency translation adjustments	30,414	39,341	327,377
Remeasurements of defined benefit plans	(6,100)	5,929	49,338
Total accumulated other comprehensive income	60,840	88,882	739,635
Minority interests	29,601	30,373	252,750
Total net assets	828,565	918,869	7,646,409
Total liabilities and net assets	¥1,668,317	¥1,862,201	\$15,496,388

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Income

Osaka Gas Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2014 and 2015

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2015	2015
Net sales	¥1,512,581	¥1,528,164	\$12,716,684
Cost of sales (Note 14)	1,071,374	1,071,021	8,912,548
Gross profit	441,207	457,143	3,804,135
Selling, general and administrative expenses (Note 14)	341,825	352,077	2,929,824
Operating income	99,381	105,065	874,303
Non-operating income			
Interest income	638	770	6,407
Dividend income	3,172	4,659	38,770
Equity in earnings of affiliates	7,917	6,990	58,167
Foreign exchange gain	663	4,644	38,645
Miscellaneous income	5,158	5,757	47,907
Total non-operating income	17,550	22,822	189,914
Non-operating expenses			
Interest expense	8,567	9,475	78,846
Miscellaneous expenses	2,321	10,238	85,195
Total non-operating expenses	10,888	19,714	164,050
Ordinary income	106,044	108,173	900,166
Extraordinary income			
Gain on sales of non-current asset	—	2,941	24,473
Gain on sales of investment securities (Note 7)	5,968	13,011	108,271
Total extraordinary income	5,968	15,952	132,745
Extraordinary losses			
Impairment loss (Note 13)	30,138	2,697	22,443
Total extraordinary losses	30,138	2,697	22,443
Income before income taxes and minority interests	81,874	121,428	1,010,468
Income taxes			
Income taxes - current	32,149	38,064	316,751
Income taxes - deferred	4,717	4,744	39,477
Total income taxes (Note 18)	36,867	42,808	356,228
Income before minority interests	45,007	78,619	654,231
Minority interests in income	3,281	1,910	15,894
Net income	¥ 41,725	¥ 76,709	\$ 638,337

	Yen		U.S. Dollars (Note 1)
	2014	2015	2015
Amounts per share of capital stock (Note 2)			
Net income	¥20.04	¥36.86	\$0.306
Cash dividends applicable to the year	9.00	9.50	0.079

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

Osaka Gas Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2014 and 2015

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2015	2015
Income before minority interests	¥45,007	¥ 78,619	\$654,231
Other comprehensive income (Note 21)			
Valuation difference on available-for-sale securities	3,314	16,045	133,519
Deferred gains and losses on hedges	1,356	(3,232)	(26,895)
Foreign currency translation adjustments	25,018	10,241	85,220
Adjustment for employee retirement benefits	—	12,018	100,008
Share of other comprehensive income of associates accounted for using equity method	6,153	(7,608)	(63,310)
Total other comprehensive income	35,843	27,464	228,542
Comprehensive income	¥80,850	¥106,084	\$882,782
Attributable to:			
Owners of the parent	¥76,601	¥104,751	\$871,690
Minority interests	¥ 4,248	¥ 1,332	\$ 11,084

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Net Assets

Osaka Gas Co., Ltd. and Consolidated Subsidiaries
(Years ended March 31, 2014 and 2015)

Millions of Yen					
Shareholders' equity					
Year ended March 31, 2014	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	¥132,166	¥19,482	¥564,356	(413)	¥715,592
Cumulative effects of changes in accounting policies			—		—
Restated balance	132,166	19,482	564,356	(413)	715,592
Changes in items during period					
Dividends from surplus			(18,738)		(18,738)
Net income			41,725		41,725
Change in scope of equity method			(75)		(75)
Purchase of treasury shares				(405)	(405)
Disposal of treasury shares		3		20	24
Net changes in items other than shareholders' equity					
Total changes in items during period	—	3	22,912	(384)	22,531
Balance at end of current period	¥132,166	¥19,486	¥587,268	(797)	¥738,124

Millions of Yen					
Shareholders' equity					
Year ended March 31, 2015	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	¥132,166	¥19,486	¥587,268	(797)	¥738,124
Cumulative effects of changes in accounting policies			3,649		3,649
Restated balance	132,166	19,486	590,917	(797)	741,773
Changes in items during period					
Dividends from surplus			(18,729)		(18,729)
Net income			76,709		76,709
Change in scope of equity method					—
Purchase of treasury shares				(153)	(153)
Disposal of treasury shares		2		12	14
Net changes in items other than shareholders' equity					
Total changes in items during period	—	2	57,979	(141)	57,840
Balance at end of current period	¥132,166	¥19,486	¥648,896	(938)	¥799,613

Thousands of U.S. Dollars					
Shareholders' equity					
Year ended March 31, 2015	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	\$1,099,825	\$162,153	\$4,886,976	(6,632)	\$6,142,331
Cumulative effects of changes in accounting policies			30,365		30,365
Restated balance	1,099,825	162,153	4,917,342	(6,632)	6,172,697
Changes in items during period					
Dividends from surplus			(155,854)		(155,854)
Net income			638,337		638,337
Change in scope of equity method					—
Purchase of treasury shares				(1,273)	(1,273)
Disposal of treasury shares		16		99	116
Net changes in items other than shareholders' equity					
Total changes in items during period	—	16	482,474	(1,173)	481,318
Balance at end of current period	\$1,099,825	\$162,170	\$5,399,816	(7,805)	\$6,654,015

Millions of Yen

Accumulated other comprehensive income

Valuation difference on available-for-sale securities	Deferred gains and losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
¥31,526	(2,271)	(737)	¥ 3,693	¥—	¥32,210	¥26,514	¥774,317
						—	—
31,526	(2,271)	(737)	3,693	—	32,210	26,514	774,317
							(18,738)
							41,725
							(75)
							(405)
							24
3,312	4,697		26,720	(6,100)	28,630	3,086	31,716
3,312	4,697	—	26,720	(6,100)	28,630	3,086	54,248
¥34,839	¥2,425	(737)	¥30,414	(6,100)	¥60,840	¥29,601	¥828,565

Millions of Yen

Accumulated other comprehensive income

Valuation difference on available-for-sale securities	Deferred gains and losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
¥34,839	¥2,425	(737)	¥30,414	(6,100)	¥60,840	¥29,601	¥828,565
						(97)	3,551
34,839	2,425	(737)	30,414	(6,100)	60,840	29,503	832,117
							(18,729)
							76,709
							—
							(153)
							14
16,028	(8,944)		8,927	12,030	28,042	869	28,912
16,028	(8,944)	—	8,927	12,030	28,042	869	86,752
¥50,868	(6,519)	(737)	¥39,341	¥5,929	¥88,882	¥30,373	¥918,869

Thousands of U.S. Dollars

Accumulated other comprehensive income

Valuation difference on available-for-sale securities	Deferred gains and losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
\$289,914	\$20,179	(6,132)	\$253,091	(50,761)	\$506,282	\$246,326	\$6,894,940
							29,549
289,914	20,179	(6,132)	253,091	(50,761)	506,282	245,510	6,924,498
							(155,854)
							683,337
							—
							(1,273)
							116
133,377	(74,427)		74,286	100,108	233,352	7,231	240,592
133,377	(74,427)	—	74,286	100,108	233,352	7,231	721,910
\$423,300	(54,248)	(6,132)	\$327,377	\$49,338	\$739,635	\$252,750	\$7,646,409

Consolidated Statements of Cash Flows

Osaka Gas Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2014 and 2015

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2015	2015
Cash Flows from Operating Activities			
Income before income taxes and minority interests	¥ 81,874	¥121,428	\$1,010,468
Depreciation and amortization	83,806	87,785	730,506
Amortization of long-term prepaid expenses	5,967	5,411	45,027
Impairment loss	30,138	2,697	22,443
Increase (decrease) in provision for safety measures	(2,586)	(2,379)	(19,796)
Increase (decrease) in provision for loss on guarantees	-	1,589	13,222
Increase (decrease) in provision for equipment warranties	-	2,895	24,090
Decrease (increase) in net defined benefit assets/liability	(3,513)	(2,996)	(24,931)
Interest and dividend income	(3,811)	(5,430)	(45,185)
Interest expense	8,567	9,475	78,846
Equity in earnings (losses) of affiliates	(7,917)	(6,990)	(58,167)
Loss (gain) on sales of investment securities	(5,968)	(13,011)	(108,271)
Loss (gain) on sales of non-current fixed assets	-	(2,941)	(24,473)
Loss on disposal of non-current assets	1,402	1,666	13,863
(Increase) decrease in notes and accounts receivable - trade	(20,573)	4,132	34,384
(Increase) decrease in inventories	2,821	(14,935)	(124,282)
Increase (decrease) in notes and accounts payable - trade	3,123	(5,371)	(44,695)
Increase (decrease) in accrued expenses	2,887	(2,361)	(19,647)
Increase (decrease) in accrued consumption taxes	(1,913)	11,402	94,882
Other	7,688	4,663	38,803
Subtotal	181,993	196,731	1,637,105
Interest and dividends income received	10,524	8,678	72,214
Interest expenses paid	(8,734)	(9,592)	(79,820)
Income taxes paid	(29,557)	(38,909)	(323,782)
Net cash provided by operating activities	154,225	156,908	1,305,716
Cash Flows from Investing Activities			
Purchase of securities	(1,498)	(2,997)	(24,939)
Purchase of property, plant and equipment	(109,425)	(105,082)	(874,444)
Proceeds from sales of non-current assets	1,092	8,285	68,943
Purchase of intangible assets	(14,956)	(9,600)	(79,886)
Purchase of long-term prepaid expenses	(5,268)	(4,956)	(41,241)
Proceeds from sales of investment securities	7,659	14,142	117,683
Purchase of shares of subsidiaries and affiliates	(12,435)	(18,495)	(153,906)
Proceeds from shares of subsidiaries and affiliates	1,326	4,807	40,001
Other	(42,086)	3,193	26,570
Net cash used in investing activities	(175,591)	(110,704)	(921,228)
Cash Flows from Financing Activities			
Net increase (decrease) in short-term loans payable	(1,149)	(19,939)	(165,923)
Proceeds from long-term loans payable	69,356	71,650	596,238
Repayment of long-term loans payable	(36,870)	(17,420)	(144,961)
Proceeds from issuance of bonds	25,000	30,000	249,646
Redemption of bonds	(31,217)	(21,590)	(179,662)
Cash dividends paid	(18,738)	(18,742)	(155,962)
Other	(2,218)	(1,066)	(8,870)
Net cash provided by financing activities	4,163	22,892	190,496
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(1,894)	3,336	27,760
Net Increase (Decrease) in Cash and Cash Equivalents	(19,097)	72,433	602,754
Cash and Cash Equivalents at the Beginning of Current Period	109,456	90,359	751,926
Cash and Cash Equivalents at the End of Current Period (Note 4)	¥ 90,359	¥162,793	\$1,354,689

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

Osaka Gas Co., Ltd. and Consolidated Subsidiaries
March 31, 2014 and 2015

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of Osaka Gas Co., Ltd. (the "Company") and its consolidated subsidiaries (together, the "Companies") have been prepared in accordance with the provisions set forth in the Japanese Regulations of accounting process for Gas-Business and related regulations and the Japanese Financial Instruments and Exchange Law and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accounts of the Company's consolidated overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. The accompanying consolidated financial statements have been restructured and translated into English, with some expanded descriptions, from the consolidated financial statements of the Company prepared in accordance with Japanese

GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2015 which was ¥120.17 to U.S. \$1.00. The translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

As permitted, amounts of less than one million yen are omitted in the presentation for 2014 and 2015. As a result, the total amounts shown in the accompanying consolidated financial statements, both in yen and in U. S. dollars, do not necessarily agree with the sum of the individual amounts.

2. Significant Accounting Policies

(1) Consolidation

The consolidated financial statements include the accounts of the Company and those of its consolidated subsidiaries. For purpose of the consolidated financial statements, companies which are owned 40% or more and substantially controlled by the Company are considered subsidiaries and included in the consolidation.

The consolidated financial statements for the years ended March 31, 2014 and 2015 included the accounts of the Company and its 150 and 145 subsidiaries, respectively. For the year ended March 31, 2015, 2 subsidiaries were newly consolidated and 7 subsidiaries were excluded from consolidation. Intercompany transactions and accounts were eliminated. All material unrealized profit resulting from intercompany transactions and included in assets was eliminated.

The 72 subsidiaries included in consolidation have fiscal years that end on December 31. These subsidiaries do not prepare for consolidation purposes statements with periods that correspond to the fiscal year-end of the Company (March 31). For these 72 consolidated subsidiaries, if there were significant transactions between their fiscal year-end and the Company's year-end, necessary adjustments were made to reflect these transactions in the accompanying consolidated financial statements.

Goodwill is amortized within 20 years on a straight-line basis. If goodwill is insignificant, it is charged or credited to income in the first year of consolidation.

Investments in significant affiliates are accounted for by the equity method. Affiliates that have an insignificant impact on consolidated net income and consolidated retained earnings are not accounted for by the equity method. As of March 31, 2014 and 2015, 12 and 13 significant affiliates, respectively, were accounted for by the equity method.

(2) Consolidated Statements of Cash Flows

In preparing the consolidated statements of cash flows, cash on hand, readily available deposits and short-term highly liquid investments with maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

(3) Inventories

Inventories are mainly valued at moving average cost. The method used to value inventories held for sale in the ordinary course of business subjects the amounts carried on the balance sheet to a write-down in the event of reduced profitability.

(4) Securities

Under the Japanese accounting standard for financial instruments, all

companies are required to examine the securities they hold to determine the intention for which they are held and to classify those securities according to the intention as 1) securities held for trading purposes ("trading securities"), 2) debt securities intended to be held to maturity ("held-to-maturity debt securities"), 3) equity securities issued by subsidiaries and affiliates and 4) all other securities that are not classified in any of the above categories ("available-for-sale securities").

The Companies have no trading securities. Held-to-maturity debt securities are stated at amortized cost. Equity securities issued by subsidiaries and affiliates that are not consolidated or accounted for using the equity method are stated at moving average cost. Available-for-sale securities whose fair value is readily determinable are stated at fair value as of the end of the year with unrealized gains and losses, net of applicable deferred tax assets/liabilities and minority interests, directly reported as a separate component of net assets rather than reflected in earnings. Realized gains and losses on the sale of such securities are computed mainly using moving average cost. Other securities with no fair values are stated mainly at moving average cost.

If the value of equity securities issued by non-consolidated subsidiaries or affiliated companies or the market value of available-for-sale securities declines significantly, the securities are stated at fair value and the difference between the fair value and the carrying amount is recognized as loss in the period of the decline.

(5) Property, Plant and Equipment

Depreciation is provided mainly by the declining balance method (the straight-line method by certain consolidated subsidiaries) over the estimated useful life of the asset. However, the Company and its domestic consolidated subsidiaries depreciate buildings acquired on or after April 1, 1998 by the straight-line method.

Certain capital gains arising from beneficiaries' contributions or expropriations of property, deferral of which is permitted for tax purposes, are offset against the acquisition cost of property purchased. The cumulative capital gain arising from the beneficiaries' contributions and offset against the acquisition cost of property, plant and equipment at March 31, 2014 and 2015 was ¥259,997 million and ¥260,741 million (\$2,169,767 thousand), respectively. The current capital gain arising from the expropriation of property offset against the acquisition cost of property, plant and equipment at March 31, 2014 and 2015 was ¥95 million and ¥392 million (\$3,262 thousand), respectively.

(6) Intangible Assets

The Companies include goodwill and software in intangible assets. Goodwill is amortized using the straight-line method over a period that is within 20 years, and software is amortized over its estimated useful life.

(7) Leased Assets

Property, plant and equipment that are capitalized under finance lease arrangements and that do not transfer ownership of the leased asset to the lessee are depreciated using the straight-line method over the term of the lease with the assumption of no residual value.

(8) Allowance for Doubtful Accounts

The Companies provide the allowance for doubtful accounts at an amount based principally on the historical default ratio plus the estimated uncollectible amounts of certain individual receivables.

(9) Retirement Benefits

As for the provision for retirement benefits, for the purposes of employee retirement benefits, an amount is provided based on the estimate of the retirement benefit obligation and pension assets at the end of the fiscal year.

- a. Method of attributing projected retirement benefits to periods of service
In calculating retirement benefit obligations, the benefit formula basis is applied to attribute projected retirement benefits to periods of service.
- b. Amortization of actuarial differences and past service cost
Past service cost is mainly amortized on a straight-line basis over one year. Actuarial differences are mainly amortized on a straight-line basis over a period of 10 years beginning from the fiscal year following the time of occurrence.

(10) Provision for Gas Holder Repairs

The Company and certain consolidated subsidiaries provide for periodic repairs to gas holders by estimating the future expenditures arising from such repairs and charging them to income in equal annual amounts. The difference between the actual expenditure and the estimated amount provided for is charged to income in the year the repair is completed.

(11) Provision for Safety Measures

The Company provides for future payments for consumer safety by estimating the future expenditures required for the promotion of replacements with safety-enhanced models, strengthening of incidental inspections and publicity and maintenance work on aging gas pipelines.

(12) Allowance for Investment Loss

The Company provides for future payments for potential losses on the business of affiliates by estimating the expected losses.

(13) Provision for Loss on Guarantees

With regard to the provision for loss on guarantees, to provide for any losses on debt guarantees, an estimated amount for such losses is provided upon consideration of the financial conditions of the debtors.

(Additional information)

Due to the elevated possibility of losses arising from debt guarantees, it was decided to record an estimated amount of such losses as a provision for loss on guarantees for the fiscal year ended March 31, 2015. As a result, a provision for loss on guarantees of ¥1,589 million (\$13,230 thousand) has been stated, reducing ordinary income and income before income taxes by the same amount, respectively.

(14) Provision for Equipment Warranties

With regard to the provision for warranty on gas appliances, to provide for the payment of any service costs arising from the sale of gas appliances within their warranty periods, an estimated amount of such costs is provided.

(Additional information)

For the fiscal year ended March 31, 2015, it has become possible to reasonably estimate any service costs arising from the sale of gas appliances within their warranty periods based on the past results of

periodic inspections and other factors. Therefore, it has been decided to record such estimated amount as a provision for warranty on gas appliances.

As a result, a provision for warranty on gas appliances of ¥2,895 million (\$24,093 thousand) has been stated, reducing operating income, ordinary income and income before income taxes by the same amount, respectively.

(15) Income Taxes

Income taxes comprise corporation tax, prefectural and municipal inhabitants taxes and enterprise tax.

The Companies recognize the tax effects of loss carryforwards and the temporary differences between the carrying amounts of assets and liabilities for tax and financial reporting. The asset/liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

(16) Translation of Foreign Currencies

Receivables and payables denominated in foreign currencies are translated into Japanese yen at year-end rates.

Assets and liabilities of foreign subsidiaries are translated into Japanese yen at year-end rates. Net assets are translated into Japanese yen at historical rates. Income and expenses are translated into Japanese yen at average rates for the year. The translation differences arising from the use of different rates are recognized in minority interests in income and as foreign currency translation adjustments in net assets.

(17) Derivative Transactions and Hedge Accounting

The Companies state derivative financial instruments at fair value at the end of the fiscal year and recognize changes in the fair value as gain or loss, unless the derivative financial instruments are used for hedging purposes. If derivative financial instruments are used as hedges and meet certain hedging criteria, the Companies defer recognition of gain or loss resulting from changes in the fair value of the derivative financial instruments until the related loss or gain on the hedged items is recognized as the principal method. However, in cases where forward foreign currency exchange contracts and interest rate swap contracts are used as hedges and meet certain hedging criteria, forward foreign currency exchange contracts, interest rate swap contracts and the hedged items are accounted for in the following manner as an exceptional method:

If a forward foreign currency exchange contract or a currency swap contract is executed to hedge an existing foreign currency receivable or payable, the difference, if any, between the Japanese yen amount of the hedged foreign currency receivable or payable, translated using the spot rate at the inception date of the contract, and the book value of the receivable or payable is recognized in the income statement in the period which includes the inception date.

If a forward foreign currency exchange contract is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward rate, and no gain or loss on the forward foreign currency exchange contract will be recognized.

Also, if interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

(18) Net Income Per Share

The computation of net income per share of capital stock shown on the consolidated statements of income is based on the weighted average number of shares outstanding during the fiscal year. Diluted net income per share of capital stock for the years ended March 31, 2014 and 2015 was not shown since there were no outstanding convertible bonds or other capital stock equivalents.

3. Changes in Accounting Policies, etc.

(Changes in Accounting Policies)

The Company and its consolidated domestic subsidiaries adopted Article 35 of the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012 (hereinafter, "Statement No. 26")) and Article 67 of the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015 (hereinafter, "Guidance No. 25")) from the current consolidated fiscal year and have changed the method used to determine retirement benefit obligations and current service cost. In addition, the Company and its consolidated domestic subsidiaries have changed the method used to attribute expected benefits to periods of service from a straight-line basis to a benefit formula basis and the method used to determine the discount rate from a discount rate based on the approximate number of years of the average remaining service period of employees to a single weighted-average discount rate reflecting the expected period and amount of benefit payment. In accordance with Article 37 of Statement No. 26, the effect of changing the method used to determine retirement benefit obligations and current service cost has been recognized in retained earnings at the beginning of the current consolidated fiscal year.

The Accounting Standard, etc., has been applied in a transitional manner as provided in Paragraph 37 of the Accounting Standard, and the effects from the change have been reflected in remeasurements of defined benefit plans of the total accumulated other comprehensive income as of the end of the current consolidated accounting year.

As a result of the application, net defined benefit assets increased by ¥5,996 million (\$49,895 thousand), net defined benefit liability increased by ¥904 million (\$7,522 thousand) and retained earnings increased by ¥3,649 million (\$30,365 thousand) at the beginning of the current fiscal year. In addition, the effect on operating income, ordinary income and income before income taxes is insignificant. Net asset per share increased by ¥1.75 (\$0.014).

(Unadopted Accounting Standard)

- "Revised Accounting Standards for Business Combination"

4. Cash and Cash Equivalents

The relationship between the closing balance of cash and cash equivalents on the consolidated statements of cash flows and the amount of cash and deposits on the consolidated balance sheets was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2015	2015
Cash and deposits on the consolidated balance sheets	¥ 75,258	¥147,426	\$1,226,812
Time deposits with more than 3 months to maturity	(4,398)	(4,633)	(38,553)
Short-term investments with an original maturity of three months or less, presenting negligible risk of change in value and included in current assets	19,499	20,000	166,430
Cash and cash equivalents on the consolidated statements of cash flows	¥ 90,359	¥162,793	\$1,354,689

6. Financial Instruments

Book value, fair value and any difference between book value and fair value as of March 31, 2014 are set forth in the table below. Financial instruments for which it was extremely difficult to determine the fair value are not included in the table.

- (ASBJ Statement No. 21, September 13, 2013)
- "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013)
 - "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013)
 - "Revised Accounting Standard for Earnings Per Share" (ASBJ Statement No. 2, September 13, 2013)
 - "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standards for Business Divestitures" (ASBJ Guidance No. 10, September 13, 2013)
 - "Revised Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4, September 13, 2013)

(1) Summary

The above standards and guidance have been revised primarily to account for:

1. How changes in the holding of shares in subsidiaries over which the Company continues to control should be treated by the Company when additional stock of a subsidiary is acquired
2. Treatment of acquisition related costs
3. Presentation of current net income and changes in shareholders' equity from minority interests to non-controlling interests
4. Provisional application of accounting treatments

(2) Effective date

Effective from the beginning of the fiscal year ending March 31, 2016 Provisional application of the accounting standards is scheduled to begin for business combinations effective after the beginning of the fiscal year ending March 31, 2016.

(3) Effects of application of the standards

The Company and its consolidated domestic subsidiaries are currently in the process of determining the effects of these new standards on the consolidated financial statements.

5. Inventories

Inventories at March 31, 2014 and 2015 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2015	2015
Merchandises and finished products	¥23,854	¥ 21,290	\$177,165
Work-in-process	9,401	8,810	73,312
Raw materials and supplies	55,492	73,318	610,118
Total	¥88,748	¥103,420	\$860,614

	Millions of Yen		
	Book Value	Fair Value	Difference
(1) Cash and deposits	¥ 75,258	¥ 75,258	¥ —
(2) Notes and accounts receivable—trade	192,277	192,277	—
(3) Marketable securities and investment securities	94,760	94,760	—
Total assets	¥ 362,296	¥ 362,296	¥ —
(1) Notes and accounts payable—trade	¥ 60,358	¥ 60,358	¥ —
(2) Short-term loans payable	46,756	46,756	—
(3) Bonds payable ^(*)	263,708	278,634	14,925
(4) Long-term loans payable ^(*)	261,628	272,829	11,201
Total liabilities	¥ 632,452	¥ 658,579	¥ 26,127
Derivative transactions ^(*)	¥ 8,038	¥ 8,038	¥ —

(*)1) Bonds payable and long-term loans payable include current portions.

(*)2) Assets and liabilities arising from derivative transactions were offset and indicated by parentheses () when the amount offset was a liability.

Book value, fair value and any difference between book value and fair value as of March 31, 2015 are set forth in the table below. Financial instruments for which it was extremely difficult to determine the fair value are not included in the table.

	Book Value		Fair Value		Difference	
	Millions of Yen	Thousands of U.S. Dollars	Millions of Yen	Thousands of U.S. Dollars	Millions of Yen	Thousands of U.S. Dollars
(1) Cash and deposits	¥147,426	\$1,226,812	¥147,426	\$1,226,812	¥ —	\$ —
(2) Notes and accounts receivable—trade	187,482	1,560,139	187,482	1,560,139	—	—
(3) Marketable securities and investment securities	119,118	991,245	119,118	991,245	—	—
Total assets	¥454,027	\$3,778,205	¥454,027	\$3,778,205	¥ —	\$ —
(1) Notes and accounts payable—trade	¥ 54,610	\$ 454,439	¥ 54,610	\$ 454,439	¥ —	\$ —
(2) Short-term loans payable	26,832	223,283	26,832	223,283	—	—
(3) Bonds payable ^(*)	272,342	2,266,306	288,054	2,397,054	15,712	130,748
(4) Long-term loans payable ^(**)	333,354	2,774,020	345,565	2,875,634	12,211	101,614
Total liabilities	¥687,139	\$5,718,057	¥715,063	\$5,950,428	¥ 27,924	\$232,370
Derivative transactions ^(**)	¥ 3,363	\$ 27,985	¥ 3,363	\$ 27,985	¥ —	\$ —

(*1) Bonds payable and long-term loans payable include current portions.

(*2) Assets and liabilities arising from derivative transactions were offset and indicated by parentheses () when the amount offset was a liability.

Notes on the methods used to calculate the fair value of financial instruments, securities and derivatives

Assets

(1) Cash and deposits and (2) Notes and accounts receivable—trade
The fair value is determined by the book value, which is almost equivalent to the fair value due to the short-term nature of the financial transaction.

(3) Marketable securities and investment securities

The fair value of stock is determined by market prices. The fair value of bonds is derived from market prices or prices presented by the corresponding financial institution. Refer to notes on securities (Note 7) for information about securities classified by the purpose for which they are held.

Liabilities

(1) Notes and accounts payable—trade and (2) Short-term loans payable

The fair value is determined by book value, which is almost equivalent to the fair value due to the short-term nature of the financial transaction.

(3) Bonds payable

The fair value of the bonds issued by Osaka Gas and each of its group companies is the market price if available, otherwise fair value is calculated as the present value, which is the total amount of principal and interest discounted at the rate reflecting the time to maturity of the bonds and the credit risk.

(4) Long-term loans payable

The fair value of long-term loans payable based on fixed interest

rates is calculated by discounting the total amount of principal and interest at the estimated interest rate of a new loan which is similar to the long-term loans.

The fair value of long-term loans payable based on floating interest rates is determined by the book value because the market value is deemed similar to the book value.

Interest rate swap transactions, which determine the interest rate level of long-term loans based on floating interest rates, are treated as extraordinary account items. The transaction amount is calculated by discounting the sum of principal and interest at the estimated rate of a new loan which is similar to the long-term loans.

Derivative transactions

Refer to notes on derivative transactions (Note 16).

Shown in the table below are financial instruments for which it was extremely difficult to determine the fair value.

Book Value	Millions of Yen		Thousands of U.S. Dollars
	2014	2015	2015
Affiliated company securities	¥101,829	¥125,333	\$1,042,964
Non-listed equity securities	¥ 16,768	¥ 10,027	\$ 83,440

The expected redemption amounts of monetary receivables and securities with maturities after the consolidated fiscal year-end were as follows:

For 2014	Millions of Yen			
	One Year or Less	One to Five Years	Five to Ten Years	More than Ten Years
Cash and deposits	¥ 75,258	¥ —	¥ —	¥ —
Notes and accounts receivable—trade	192,277	—	—	—
Marketable securities and investment securities				
Held-to-maturity debt securities (corporate bonds)	12	37	—	—
Available-for-sale securities with maturities				
(Government bonds and municipal bonds)	—	10	—	98
(Negotiable certificates of deposit)	19,000	—	—	—
(Commercial paper)	1,499	—	—	—
(Other)	—	—	200	—
Total	¥288,047	¥47	¥200	¥98

Millions of Yen

For 2015	Millions of Yen			
	One Year or Less	One to Five Years	Five to Ten Years	More than Ten Years
Cash and deposits	¥147,426	¥ —	¥ —	¥ —
Notes and accounts receivable—trade	187,482	—	—	—
Marketable securities and investment securities				
Held-to-maturity debt securities (corporate bonds)	12	25	—	—
Available-for-sale securities with maturities				
(Government bonds and municipal bonds)	10	—	—	98
(Negotiable certificates of deposit)	22,000	—	—	—
(Commercial paper)	1,498	—	—	—
(Other)	—	200	—	—
Total	¥358,430	¥225	¥ —	¥98

Thousands of U.S. Dollars

For 2015	Thousands of U.S. Dollars			
	One Year or Less	One to Five Years	Five to Ten Years	More than Ten Years
Cash and deposits	\$1,226,812	\$ —	\$ —	\$ —
Notes and accounts receivable—trade	1,560,139	—	—	—
Marketable securities and investment securities				
Held-to-maturity debt securities (corporate bonds)	99	208	—	—
Available-for-sale securities with maturities				
(Government bonds and municipal bonds)	83	—	—	815
(Negotiable certificates of deposit)	183,073	—	—	—
(Commercial paper)	12,465	—	—	—
(Other)	—	1,664	—	—
Total	\$2,982,691	\$1,872	\$ —	\$815

7. Securities

(1) The following tables summarize acquisition costs and book values (fair values) of available-for-sale securities with available fair value as of March 31, 2014 and 2015.

Securities with available fair value (book value) that exceeded acquisition cost were as follows:

	Millions of Yen		
	Acquisition Cost	Book Value	Difference
For 2014:			
Stocks	¥23,882	¥73,757	¥49,875
Bonds	10	10	0
Total	¥23,892	¥73,767	¥49,875

	Millions of Yen		
	Acquisition Cost	Book Value	Difference
For 2015:			
Stocks	¥23,959	¥95,030	¥71,071
Bonds	10	10	0
Total	¥23,969	¥95,040	¥71,071

	Thousands of U.S. Dollars		
	Acquisition Cost	Book Value	Difference
For 2015:			
Stocks	\$199,375	\$790,796	\$591,420
Bonds	83	83	0
Total	\$199,459	\$790,879	\$591,420

(2) Total sales of available-for-sale securities in the years ended March 31, 2014 and 2015 amounted to ¥7,659 million and ¥14,142 million (\$117,683 thousand), respectively. The related gains and losses amounted to ¥5,968 million and ¥0 million, respectively, for the year ended March 31, 2014. The related gains and losses amounted to ¥13,011 million (\$108,271 thousand) and ¥7 million (\$58 thousand), respectively, for the year ended March 31, 2015.

Securities with available fair value (book value) that did not exceed acquisition cost were as follows:

	Millions of Yen		
	Acquisition Cost	Book Value	Difference
For 2014:			
Stocks	¥ 463	¥ 395	¥(68)
Bonds	20,597	20,597	—
Total	¥ 21,061	¥20,992	¥(68)

	Millions of Yen		
	Acquisition Cost	Book Value	Difference
For 2015:			
Stocks	¥ 519	¥ 480	¥(38)
Bonds	23,596	23,596	—
Total	¥24,116	¥24,077	¥(38)

	Thousands of U.S. Dollars		
	Acquisition Cost	Book Value	Difference
For 2015:			
Stocks	\$ 4,318	\$ 3,994	\$(316)
Bonds	196,355	196,355	—
Total	\$200,682	\$200,357	\$(316)

(3) For "Available-for-sale securities," impairment losses of ¥26 million and ¥2,323 million (\$19,330 thousand) were recorded for the years ended March 31, 2014 and 2015, respectively.

8. Short-Term Loans and Long-Term Debt

Short-term loans consisted of short-term notes payable bearing interest at an annual average rate of 0.4% and 0.4% at March 31, 2014 and 2015, respectively.

Long-term debt at March 31, 2014 and 2015 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2015	2015
Loans principally from banks and insurance companies			
Due within one year (Average rate 1.7%)	¥ 17,124	¥ 23,506	\$ 195,606
Maturing through 2045 (Average rate 1.3%)	244,503	309,848	2,578,413
Total	¥261,628	¥333,354	\$2,774,020
Unsecured bonds			
Osaka Gas 3.4% bonds payable due 2017	15,700	15,700	130,648
Osaka Gas 1.47% bonds payable due 2022	19,987	19,989	166,339
Osaka Gas 1.83% bonds payable due 2020	19,994	19,995	166,389
Osaka Gas 1.79% bonds payable due 2020	19,989	19,991	166,355
Osaka Gas 2.33% bonds payable due 2026	9,995	9,995	83,405
Osaka Gas 1.79% bonds payable due 2016	19,995	19,997	166,322
Osaka Gas 2.14% bonds payable due 2019	19,997	19,997	166,405
Osaka Gas 1.59% bonds payable due 2014	19,999	—	—
Osaka Gas 1.21% bonds payable due 2015	30,000	30,000	249,646
Osaka Gas 1.782% bonds payable due 2018	30,000	30,000	249,646
Osaka Gas 1.345% bonds payable due 2021	10,000	10,000	83,215
Osaka Gas 1.16% bonds payable due 2021	10,000	10,000	83,215
Osaka Gas 0.759% bonds payable due 2022	10,000	10,000	83,215
Osaka Gas 0.748% bonds payable due 2023	10,000	10,000	124,823
Osaka Gas 1.606% bonds payable due 2034	15,000	15,000	166,430
Osaka Gas 1.402% bonds payable due 2034	—	20,000	83,215
Osaka Gas 1.685% bonds payable due 2045	—	10,000	83,215
OGPA Funding, LLC 7.73% bonds payable due 2015 in U.S. dollars	3,049	1,675	13,938
Total	¥263,708	¥272,342	\$2,266,306

In the year ended March 31, 2007, the Company entered into debt assumption agreements with banks for 2.9% notes payable due in 2018 in the amount of ¥29,000 million. The Company remains contingently liable on the amounts assumed by the banks.

The annual maturities of corporate bonds at March 31, 2015 were as follows:

Years ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2016	¥ 31,675	\$ 263,584
2017	35,700	297,079
2018	—	—
2019	30,000	249,646
2020	40,000	332,861
April 1, 2020 and thereafter	135,000	1,123,408
Total	¥272,375	\$2,266,580

The annual maturities of long-term debt at March 31, 2015 were as follows:

Years ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2016	¥ 23,506	\$ 195,606
2017	17,070	142,048
2018	45,000	374,469
2019	19,837	165,074
2020	24,424	203,245
April 1, 2020 and thereafter	203,514	1,693,550
Total	¥333,354	\$2,774,020

Assets pledged as collateral mainly for short-term loans and long-term debt totaling ¥38,817 million and ¥43,868 million (\$365,049 thousand) at March 31, 2014 and 2015, respectively, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2015	2015
Property, plant and equipment	¥ 81,109	¥127,946	\$1,064,708
Investment securities	12,267	14,660	121,993
Cash and deposits	12,644	7,279	60,572
Accounts receivable	457	1,596	13,281
Inventories and other	19,578	8,102	67,421
Total	¥126,057	¥159,585	\$1,327,993

In addition to the above, the amount of shares of consolidated subsidiaries and others of ¥2,216 million (\$18,440 thousand) which were offset as a result of consolidation have been pledged as collateral.

9. Net Assets

Under Japanese Corporate Law ("the Law"), the entire amount paid for new shares is required to be designated as capital stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases in which a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of capital stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Law, however, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially

available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with Japanese laws and regulations. The appropriation of retained earnings of the Company proposed by the Board of Directors and approved at the shareholders' meeting held on June 26, 2015 included cash dividends applicable to the year ended March 31, 2015 and the payment of cash dividends to shareholders of record at March 31, 2015 in the aggregate amount of ¥10,404 million (\$86,577 thousand) or ¥5.0 (\$0.041) per share (ordinary dividend ¥4.5 (\$0.037) and commemorative dividend ¥0.5 (\$0.004)). The appropriations have not been accrued in the consolidated financial statements for the year ended March 31, 2015. Such appropriations are recognized in the period in which they are approved by the shareholders.

10. Treasury Shares

Changes in treasury shares are as follows:

Thousands of Shares			
As of April 1, 2014	Increase	Decrease	As of March 31, 2015
2,214	351	33	2,532

(Overview of reasons for change)

Overview of reasons for increase

Increase by repurchase of fractional shares 351 thousand shares

Overview of reasons for decrease

Decrease by disposal of fractional shares 33 thousand shares

12. Land Revaluation

Pursuant to the Law Concerning Land Revaluation and the Amended Land Revaluation Law, a consolidated subsidiary revalued its land used for business activities on March 31, 2002. The difference between the revalued amount and the book value before the revaluation was recorded in the consolidated balance sheets as "Deferred tax liabilities for land revaluation" in liabilities and "Revaluation reserve for land" in net assets. The

11. Contingent Liabilities

At March 31, 2014 and 2015, the Companies were contingently liable as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2015	2015
As guarantor of indebtedness of:			
Non-consolidated affiliates	¥19,122	¥ 26,178	\$217,841
Employees	8	4	33
Debt assumption agreements	29,000	29,000	241,324
Total	¥48,130	¥ 55,183	\$459,199

land prices used for the revaluation were based on prices in the official notice published by the Commissioner of the National Tax Agency in accordance with Article 2, Paragraph 4 of the Enforcement Ordinance Concerning Land Revaluation, after making reasonable adjustments. The fair value of the land was ¥937 million and ¥1,142 million (\$9,503 thousand) lower than the revalued book amount at March 31, 2014 and 2015, respectively.

13. Impairment Loss

(1) Grouping

- All fixed assets used in processes related to the gas business from production to sales of gas are categorized into one asset group because these assets generate cash flow from the gas business as one asset unit.
- Fixed assets used for businesses other than those described above are generally categorized into groups based on business divisions controlling such fixed assets.
- Generally, other fixed assets are treated individually.

(2) Details of impairment loss

In accordance with the grouping described in (1) above, an impairment loss of ¥30,138 million and ¥2,697 million (\$22,443 thousand) was recognized in the years ended March 31, 2014 and March 31, 2015, respectively. Significant properties included in this loss are listed in the table below.

			Millions of Yen
Asset	Location	Type	Impairment Loss
Property for enterprises, etc.	Texas, U.S.A.	Intangible assets and property, plant and equipment (other facilities)	¥28,567

Recoverable values of these assets were assessed based on net sale value for intangible assets and on value in use for property, plant and equipment.

Market prices were calculated by the third parties at net sale value and by discounting a future cash flow at 12.5%.

Property was acquired for the U.S. shale gas oil development project

which is being taken part in through a consolidated subsidiary. However in light of the production situation of economically unfeasible oil and gas extraction without the prospect of significant productivity improvement of this project, the Company recognized an impairment loss as an extraordinary loss.

For 2015			Millions of Yen	Thousands of U.S. Dollars
Asset	Location	Type	Impairment Loss	
Company owned house	Kyotanabe-city, Kyoto Prefecture	Land, etc. (other facilities)	¥1,577	\$13,123

The recoverable value of this asset was assessed based on net sale value. The market prices were based on appraisal by a real estate appraiser.

This asset was appropriated for extraordinary loss and recorded as impairment loss due to estimates as idle assets and recognized declining market values at the end of the fiscal year ended March 31, 2015.

14. Research and Development Expenses

The Companies charge research and development expenses to selling, general and administrative expenses and manufacturing costs as incurred. Research and development expenses amounted to ¥11,793 million and ¥11,434 million (\$95,148 thousand) for the years ended March 31, 2014 and 2015, respectively.

15. Leases

As lessee

(1) Finance Lease Transactions

Finance leases which commenced before March 31, 2008 and did not transfer ownership of the leased assets to the lessee are not reported herein because their effect was insignificant.

(2) Operating Lease Transactions

Obligations under non-cancelable operating leases at March 31, 2014 and 2015 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2015	2015
Payments due within one year	¥ 908	¥ 1,023	\$ 8,512
Payments due over one year	6,325	5,036	41,907
Total	¥ 7,233	¥ 6,060	\$ 50,428

As lessor

Operating Lease Transactions

Obligations under non-cancelable operating leases at March 31, 2014 and 2015 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2015	2015
Receivables due within one year	¥ 1,033	¥1,208	\$ 10,052
Receivables due over one year	4,244	3,550	29,541
Total	¥ 5,278	¥4,758	\$ 39,593

16. Derivative Transactions

Fair value information for derivative transactions to which hedge accounting was not applied in 2014 was as follows:

Type	Instruments	Grouping	Millions of Yen			
			Contract Amounts		Fair Value	Profit or Loss from Valuation
			More than One Year			
Currencies	Forward foreign currency exchange contracts Selling position	Dealings other than market transactions	¥ 1,168	—	¥ 32	¥ 32
Products	Swap transactions and option transactions of oil prices, etc.	Dealings other than market transactions	¥20,041	¥16,013	¥1,961	¥1,961
Total			¥21,210	¥16,013	¥1,994	¥1,994

Notes:

- Fair values are calculated by using prices presented by major financial institutions.
- Because some derivative transactions stopped satisfying the requirements for the application of hedge accounting, hedge accounting is no longer applied to these transactions.

Fair value information for the derivative transactions to which hedge accounting was not applied in 2015 was as follows:

Type	Instruments	Grouping	Millions of Yen/ Thousands of U.S. Dollars			
			Contract Amounts		Fair Value	Profit or Loss from Valuation
			More than One Year			
Products	Swap transactions and option transactions of oil prices, etc.	Dealings other than market transactions	¥ 18,514	¥ 6,650	¥ 1,530	¥ 1,530
			\$154,065	\$55,338	\$12,731	\$12,731

Notes:

- Fair values are calculated by using prices presented by major financial institutions.
- Because some derivative transactions stopped satisfying the requirements for the application of hedge accounting, hedge accounting is no longer applied to these transactions.

Fair value information for derivative transactions to which hedge accounting was applied in 2014 was as follows:
Millions of Yen

Type	Instruments	Hedge Accounting Method	Hedged Items	Contract Amounts		Fair Value
				More than One Year		
(a) Interest rates	Interest rate swaps	Exceptional accounting of interest rate swaps	Long-term loans payable	¥ 52,656	¥ 52,656	(Note 2)
		Principal method of accounting	Long-term loans payable and bonds payable	¥110,819	¥106,474	¥ 3,531
(b) Currencies	Forward foreign currency exchange contracts and currency option transactions	Exceptional accounting such as forward foreign currency exchange contracts, etc., or principal method of accounting	Anticipated foreign currency denominated transactions	¥ 37,165	¥ 34,606	¥ (647)
(c) Products	Swap transactions and option transactions of oil prices, etc.	Principal method of accounting	Purchase prices of raw materials, etc.	¥ 19,858	¥ 6,020	¥ 3,160
Total				¥220,500	¥199,757	¥ 6,044

Notes:

1. Fair values are calculated by using prices presented by major financial institutions.
2. Fair values for interest rate swaps to which exceptional accounting is applied are included in those of the corresponding long-term loans payable. As such, values are accounted for together with hedged long-term loans payable.

Fair value information for derivative transactions to which hedge accounting was applied in 2015 was as follows:

Type	Instruments	Hedge Accounting Method	Hedged Items	Contract Amounts		Fair Value
				More than One Year		
(a) Interest rates	Interest rate swaps	Exceptional accounting of interest rate swaps	Long-term loans payable	¥ 98,942 \$ 823,350	¥ 94,942 \$ 790,064	(Note 2)
		Principal method of accounting	Long-term loans payable and bonds payable	¥ 110,479 \$ 919,355	¥ 106,739 \$ 888,233	¥ (1,742) \$ (14,496)
(b) Currencies	Forward foreign currency exchange contracts and currency option transactions	Exceptional accounting such as forward foreign currency exchange contracts, etc., or principal method of accounting	Anticipated foreign currency denominated transactions	¥ 92,107 \$ 766,472	¥ 78,383 \$ 652,267	¥ 4,003 \$ 33,311
(c) Products	Swap transactions and option transactions of oil prices, etc.	Principal method of accounting	Purchase prices of raw materials, etc.	¥ 13,403 \$ 111,533	¥ 6,022 \$ 50,112	¥ (428) \$ (3,561)
Total				¥ 314,934 \$ 2,620,737	¥ 286,089 \$ 2,380,702	¥ 1,832 \$ 15,245

Notes:

1. Fair values are calculated by using prices presented by major financial institutions.
2. Fair values for interest rate swaps to which exceptional accounting is applied are included in those of the corresponding long-term loans payable. As such, values are accounted for together with hedged long-term loans payable.

17. Retirement Benefits

For 2014 and 2015:

(1) Summary of the adopted retirement benefit scheme
The Company and most consolidated subsidiaries provide a lump sum retirement allowance plan, and the Company and some consolidated subsidiaries have adopted a defined-benefit corporate pension plan system or an employee's pension fund system.

In addition, the Company has adopted a defined-benefit corporate pension plan system from August 1, 2006. Moreover, the defined contribution plan to which a part of the defined benefit plan shifted has been adopted from January 1, 2005.

The portion about multi-employer pension plans has been included below in the Note "(2) Defined benefit plans."

(2) Defined benefit plans

1. Retirement benefit obligations

	Millions of Yen		Thousands of U.S. Dollars
	2014	2015	2015
Balance at April 1, 2013 and 2014	¥277,676	¥276,140	\$2,297,911
Cumulative effects of changes in accounting policies		(5,092)	(42,373)
Restated balance	277,676	271,047	2,255,529
Service cost	9,037	7,818	65,057
Interest cost	2,999	3,629	30,198
Actuarial loss (gain)	(697)	16,130	134,226
Benefits paid	(13,103)	(13,919)	(115,827)
Other	228	(11)	(91)
Balance at March 31, 2014 and 2015	¥276,140	¥284,695	\$2,369,102

2. Plan assets

	Millions of Yen		Thousands of U.S. Dollars
	2014	2015	2015
Balance at April 1, 2013 and 2014	¥264,197	¥290,228	\$2,415,145
Expected return on plan assets	8,139	8,921	74,236
Actuarial loss (gain)	25,148	32,897	273,753
Contributions paid by the employer	5,094	4,296	35,749
Benefits paid	(12,351)	(12,801)	(106,524)
Other	—	4	33
Balance at March 31, 2014 and 2015	¥290,228	¥323,547	\$2,692,410

3. Reconciliation from retirement benefit obligations and plan assets to net defined benefit liability (asset)

	Millions of Yen		Thousands of U.S. Dollars
	2014	2015	2015
Funded retirement benefit obligations	¥261,033	¥ 268,165	\$2,231,546
Plan assets	(290,228)	(323,547)	(2,692,410)
Unfunded retirement benefit obligations	(29,194)	(55,381)	(460,855)
	15,106	16,529	137,546
Total net defined benefit liability (asset) at March 31, 2014 and 2015	(14,088)	(38,851)	(323,300)
Net defined benefit liability	15,325	16,484	137,172
Net defined benefit asset	(29,414)	(55,336)	(460,480)
Total net defined benefit liability (asset) at March 31, 2014 and 2015	¥ (14,088)	¥ (38,851)	\$ (323,300)

4. Retirement benefit costs

	Millions of Yen		Thousands of U.S. Dollars
	2014	2015	2015
Service cost	¥ 9,037	¥ 7,818	\$ 65,057
Interest cost	2,999	3,629	30,198
Expected return on plan assets	(8,139)	(8,921)	(74,236)
Net actuarial loss amortization	(223)	447	3,719
Past service costs amortization	(30)	(30)	(249)
Other	7	14	116
Total retirement benefit costs for the fiscal year ended March 31, 2014 and 2015	¥ 3,649	¥ 2,956	\$ 24,598

5. Adjustments for retirement benefits

	Millions of Yen		Thousands of U.S. Dollars
	2014	2015	2015
Past service costs	¥ —	¥ 30	\$ 249
Actuarial gains (losses)	—	(17,214)	(143,247)
Total balance at March 31, 2014 and 2015	¥ —	¥(17,183)	\$(142,989)

6. Accumulated adjustments for retirement benefit

	Millions of Yen		Thousands of U.S. Dollars
	2014	2015	2015
Unrecognized past service cost	¥ (200)	¥ (169)	\$ (1,406)
Unrecognized actuarial gains (losses)	8,881	(8,332)	(69,335)
Total balance at March 31, 2014 and 2015	¥8,681	¥ (8,502)	\$(70,749)

7. Plan assets

Plan assets comprise:

	2014	2015
Bonds	27.2 %	32.4 %
Stocks	42.0 %	35.5 %
Cash and deposits	11.6 %	14.3 %
Other	19.2 %	17.8 %
Total	100.0 %	100.0 %

Note 1: The main assets of "Other" are beneficiary securities in the real estate investment trust fund.

Long-term expected rate of return

Current and target asset allocations, historical and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return.

8. Actuarial assumptions

	2014	2015
Discount rates	Mainly 1.1 %	Mainly 1.1 %
The rate of long-term expected return on plan assets	Mainly 3.1 %	Mainly 3.1 %

(3) Defined contribution plan

Current and target asset allocations, historical and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return.

(4) Multi-employer pension plans

The contribution required to the employees' pension fund plan of the multi-employer pension plans which was treated with the same accounting method as the defined contribution plan was ¥321 million and ¥332 million (\$2,762 thousand) for the years ended March 31, 2014 and 2015, respectively.

18. Income Taxes

The Company is subject to a number of taxes based on income, which, in the aggregate, indicate a statutory rate in Japan of approximately 33.3% and 30.7% for the years ended March 31, 2014 and 2015, respectively.

The following table summarizes the significant differences between the Company's statutory tax rate and the Companies' effective tax rate for financial statement purposes for the years ended March 31, 2014 and 2015:

	2014	2015
Statutory tax rate	33.3%	30.7%
Valuation allowance	15.4	6.4
Equity in earnings of affiliates	(3.0)	(1.8)
Statutory tax rate difference between the Company and certain subsidiaries	2.7	1.0
Effect of revised corporate tax rate	1.3	0.5
Other	(4.7)	(1.5)
Effective tax rate	45.0%	35.3%

On March 31, 2015, amendments to the Japanese tax regulations were enacted into law. Based on the amendments, the statutory income tax rates utilized for the measurement of deferred tax assets and liabilities expected to be settled or realized on or after April 1, 2015 was changed for the fiscal year ended March 31, 2015 from 30.7% to 28.8% as of March 31, 2015. Due to these changes in statutory income tax rates, net deferred tax assets (after deducting the deferred tax liabilities) increased by ¥1,010 million (\$8,404 thousand) as of March 31, 2015, deferred income tax expense recognized for the fiscal year ended March 31, 2015 increased by ¥602 million (\$5,009 thousand) and accumulated other comprehensive income increased by ¥1,609 million (\$13,389 thousand).

19. Investment and Rental Property

The Company and several of its consolidated subsidiaries own office buildings and other real property for rent (including land) in Osaka Prefecture and other prefectures. In the year ended March 31, 2014, we reported gains of ¥6,134 million from the rent of such real property (recorded mainly as operating income). In the year ended March 31, 2015, we reported gains of ¥6,359 million (\$52,916 thousand) from the rent of such real property (recorded mainly as operating income) and profit on sales of ¥2,342 million (\$19,489 thousand) (recorded as extraordinary income).

The book value and fair value of real properties for rent in the consolidated balance sheets for the years ended March 31, 2014 and 2015 were as follows:

Significant components of the Companies' deferred tax assets and liabilities as of March 31, 2014 and 2015 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2015	2015
Deferred tax assets:			
Impairment loss	¥ 14,300	¥ 11,814	\$ 98,310
Tax loss carryforwards	8,723	11,422	95,048
Excess depreciation of depreciable assets	6,598	5,999	49,920
Other	29,680	27,814	231,455
Subtotal deferred tax assets	59,302	57,050	474,744
Valuation allowance	(22,398)	(30,210)	(251,393)
Total deferred tax assets	¥ 36,904	¥ 26,840	\$ 223,350
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	¥ (14,941)	¥ (20,256)	\$ (168,561)
Net defined benefit assets	(12,348)	(15,947)	(132,703)
Reserve defined under the special taxation measures law	(7,032)	(7,740)	(64,408)
Other	(6,667)	(2,385)	(19,846)
Total deferred tax liabilities	(40,991)	(46,329)	(385,528)
Net deferred tax assets	¥ (4,087)	¥ (19,489)	\$ (162,178)

Net deferred tax assets (liabilities) were included in the consolidated balance sheets as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2015	2015
Current assets (included in "Other")	¥ 11,185	¥ 10,870	\$ 90,455
Investments and other assets (included in "Other")	6,763	6,635	55,213
Current liabilities (included in "Other")	(4)	(13)	(108)
Non-current liabilities	(22,031)	(36,981)	(307,739)
Total	¥ (4,087)	¥ (19,489)	\$ (162,178)

	Millions of Yen		Thousands of U.S. Dollars
	2014	2015	2015
Book Value			
As of April 1, 2013 and 2014	¥ 104,159	¥ 106,027	\$ 882,308
Increase (decrease)	1,868	(313)	(2,604)
As of March 31, 2014 and 2015	106,027	105,714	879,703
Fair value as of March 31, 2014 and 2015			
	¥ 161,943	¥ 163,377	\$ 1,359,548

Notes:

- The book value stated in the consolidated balance sheets was the acquisition costs reduced by accumulated depreciation and accumulated impairment loss.
- The main factor contributing to the increase and decrease in the year ended March 31, 2014 was the acquisition of real property of ¥4,100 million, and the main factors in the year ended March 31, 2015 were the acquisition of real property of ¥6,362 million (\$52,941 thousand) and the sales of ¥4,303 million (\$35,807 thousand).
- The fair values as of end of the fiscal year were based mainly on the Real Estate Appraisal Standards in Japan or similar evaluation methods (including values adjusted using indicators).

20. Segment Information

(1) Overview of Reportable Segments

The Company group's two business areas, "Domestic and International Energy Service Business" and "Life and Business Solutions," are divided by product and service and organized into the four reporting segments of "Gas Business," "LPG, Electricity and Other Energies Business," "International Energies Business" and "Life and Business Solutions," considering the similarities between products and services and other relevant factors.

The "Gas Business" segment includes marketing of gas and gas equipment, gas piping work and heat supply. The "LPG, Electricity and Other Energies Business" segment includes LPG marketing, industrial gas marketing and electric power supply. The "International Energies Business" segment includes overseas energy supply, LNG vessel chartering business and oil and

natural gas business development and investment. The "Life and Business Solutions" segment includes real estate development and leasing, IT services, marketing of fine materials and carbon material products, fitness gym operation, engineering services and leasing of automobiles and equipment.

There has been a revision to the classification of business segments in "Catalyze Our Dreams," the Company's medium-term management plan established in March 2014. The Renewable energy business, which was originally included in the Environment and Non-Energy segment, was transferred to the related segments (LPG, Electricity and Other Energy and International Energy) and the Environment and Non-Energy segment was renamed to Life & Business Solutions. Segment information for the previous consolidated fiscal year is provided based on the report for the segments after the revision.

(2) Methods used to calculate sales, income (loss), assets, liabilities and other items by reportable segment

The methods used to account for sales, income (loss), assets, liabilities and other items by reportable segment are consistent with the accounting principles described in Note 2, "Significant Accounting Policies." The pricing of intergroup transactions is based on values arising under arms-length market transactions.

(3) Sales, income (loss), assets, liabilities and other items by reportable segment

For 2014:							Millions of Yen	
	Gas	LPG, Electricity and Other Energies	International Energies	Life & Business Solutions	Total	Adjustments (Note 1)	Consolidated (Note 2)	
Net sales								
Outside customers	¥1,092,452	¥257,779	¥ 12,651	¥149,698	¥1,512,581	¥ —	¥1,512,581	
Inside group	27,074	3,282	720	46,849	77,926	(77,926)	—	
Total	¥1,119,526	¥261,061	¥ 13,372	¥196,547	¥1,590,508	¥(77,926)	¥1,512,581	
Segment income								
Operating income (loss)	¥ 34,093	¥ 44,576	¥ (800)	¥ 18,768	¥ 96,637	¥ 2,744	¥ 99,381	
Equity in earnings (loss) of affiliates	(2,016)	770	9,029	133	7,917	—	7,917	
Total	¥ 32,077	¥ 45,346	¥ 8,229	¥ 18,901	¥ 104,555	¥ 2,744	¥ 107,299	
Segment assets	¥ 741,733	¥177,538	¥294,664	¥387,671	¥1,601,607	¥ 66,710	¥1,668,317	
Depreciation	52,804	12,941	8,604	9,758	84,109	(842)	83,266	
Amortization of goodwill	—	231	308	—	539	—	539	
Investment in affiliates reported by equity method	91	5,202	63,176	8,166	76,637	—	76,637	
Increase in tangible and intangible fixed assets	¥ 60,652	¥ 3,316	¥ 47,980	¥ 12,922	¥ 124,872	¥ (725)	¥ 124,146	

For 2015:							Millions of Yen	
	Gas	LPG, Electricity and Other Energies	International Energies	Life & Business Solutions	Total	Adjustments (Note 1)	Consolidated (Note 2)	
Net sales								
Outside customers	¥ 1,114,034	¥240,980	¥ 12,565	¥160,583	¥1,528,164	¥ —	¥1,528,164	
Inside group	22,941	2,765	1,148	46,937	73,793	(73,793)	—	
Total	¥ 1,136,975	¥243,746	¥ 13,714	¥207,521	¥1,601,957	¥ (73,793)	¥1,528,164	
Segment income								
Operating income (loss)	¥ 50,542	¥ 42,267	¥ (6,250)	¥ 16,284	¥ 102,843	¥ 2,221	¥ 105,065	
Equity in earnings (loss) of affiliates	(248)	(570)	7,511	297	6,990	—	6,990	
Total	¥ 50,293	¥ 41,697	¥ 1,261	¥ 16,581	¥ 109,834	¥ 2,221	¥ 112,055	
Segment assets	¥ 818,202	¥177,652	¥368,002	¥394,950	¥1,758,807	¥ 103,393	¥1,862,201	
Depreciation	57,143	11,508	6,247	11,098	85,999	(788)	85,210	
Amortization of goodwill	—	235	333	2,005	2,575	—	2,575	
Investment in affiliates reported by equity method	—	5,845	76,380	8,509	90,735	—	90,735	
Increase in tangible and intangible fixed assets	¥ 49,222	¥ 15,326	¥ 38,525	¥ 17,205	¥ 120,279	¥ (881)	¥ 119,398	

	Thousands of U.S. Dollars						
For 2015:	Gas	LPG, Electricity and Other Energies	International Energies	Life & Business Solutions	Total	Adjustments (Note 1)	Consolidated (Note 2)
Net sales							
Outside customers	\$ 9,270,483	\$ 2,005,325	\$ 104,560	\$ 1,336,298	\$ 12,716,684	\$ —	\$ 12,716,684
Inside group	190,904	23,009	9,553	390,588	614,071	(614,071)	—
Total	\$ 9,461,388	\$ 2,028,343	\$ 114,121	\$ 1,726,895	\$ 13,330,756	\$(614,071)	\$ 12,716,684
Segment income							
Operating income (loss)	\$ 420,587	\$ 351,726	\$ (52,009)	\$ 135,508	\$ 855,812	\$ 18,482	\$ 874,303
Equity in earnings (loss) of affiliates	(2,063)	(4,743)	62,503	2,471	58,167	—	58,167
Total	\$ 418,515	\$ 346,983	\$ 10,493	\$ 137,979	\$ 913,988	\$ 18,482	\$ 932,470
Segment assets	\$ 6,808,704	\$ 1,478,339	\$ 3,062,345	\$ 3,286,593	\$ 14,635,990	\$ 860,389	\$ 15,496,388
Depreciation	475,518	95,764	51,984	92,352	715,644	(6,557)	709,078
Amortization of goodwill	—	1,955	2,771	16,684	21,427	—	21,427
Investment in affiliates reported by equity method	—	48,639	635,599	70,808	755,055	—	755,055
Increase in tangible and intangible fixed assets	\$ 409,603	\$ 127,535	\$ 320,587	\$ 143,172	\$ 1,000,907	\$ (7,331)	\$ 993,575

Note 1. Adjustments are as follows:

- (1) A major adjustment in segment income is the elimination of intersegment transactions.
 - (2) A major adjustment in segment assets is for investment securities possessed by the Company.
2. Segment income (loss) is adjusted by adding or subtracting equity in earnings (losses) of affiliates to or from operating income (loss).

(4) Information about impairment loss for non-current assets by reportable segment

	Millions of Yen						
For 2014:	Gas	LPG, Electricity and Other Energies	International Energies	Life & Business Solutions	Total	Elimination or corporate	Total
Impairment loss	¥ —	¥ 138	¥ 29,502	¥ 498	¥ 30,138	¥ —	¥ 30,138

	Millions of Yen						
For 2015:	Gas	LPG, Electricity and Other Energies	International Energies	Life & Business Solutions	Total	Elimination or corporate	Total
Impairment loss	¥ 2,278	¥ 203	¥ —	¥ 216	¥ 2,697	¥ —	¥ 2,697

	Thousands of U.S. Dollars						
For 2015:	Gas	LPG, Electricity and Other Energies	International Energies	Life & Business Solutions	Total	Elimination or corporate	Total
Impairment loss	\$ 18,956	\$ 1,689	\$ —	\$ 1,797	\$ 22,443	\$ —	\$ 22,443

(5) Information about amount depreciated and the undepreciated balance of goodwill by reportable segment

	Millions of Yen						
For 2014:	Gas	LPG, Electricity and Other Energies	International Energies	Life & Business Solutions	Total	Elimination or corporate	Total
Amount depreciated in 2014	¥ —	¥ 231	¥ 308	¥ —	¥ 539	¥ —	¥ 539
Undepreciated balance at fiscal year end	¥ —	¥ 1,347	¥ 2,114	¥ 21,009	¥ 24,471	¥ —	¥ 24,471

	Millions of Yen						
For 2015:	Gas	LPG, Electricity and Other Energies	International Energies	Life & Business Solutions	Total	Elimination or corporate	Total
Amount depreciated in 2014	¥ —	¥ 235	¥ 333	¥ 2,005	¥ 2,575	¥ —	¥ 2,575
Undepreciated balance at fiscal year end	¥ —	¥ 1,116	¥ 2,038	¥ 18,029	¥ 21,183	¥ —	¥ 21,183

	Thousands of U.S. Dollars						
For 2015:	Gas	LPG, Electricity and Other Energies	International Energies	Life & Business Solutions	Total	Elimination or corporate	Total
Amount depreciated in 2014	\$ —	\$ 1,955	\$ 2,771	\$ 16,684	\$ 21,427	\$ —	\$ 21,427
Undepreciated balance at fiscal year end	\$ —	\$ 9,286	\$ 16,959	\$ 150,029	\$ 176,275	\$ —	\$ 176,275

21. Consolidated Statements of Comprehensive Income

For 2014 and 2015:

Amounts reclassified to net income (loss) in the current period that were recognized in other comprehensive income in the current or previous periods and the tax effects for each component of other comprehensive income were as follows:

	Millions of Yen		Thousands of U. S. Dollars
	2014	2015	2015
Valuation difference on available-for-sale securities			
Incurred in the fiscal year	¥ 9,441	\$ 22,105	\$183,947
Reclassification adjustments	(5,467)	(745)	(6,199)
Before tax effect adjustments	3,973	21,359	177,739
Tax effect	(659)	(5,314)	(44,220)
Valuation difference on available-for-sale securities	3,314	16,045	133,519
Deferred gains and losses on hedges			
Incurred in the fiscal year	5,382	(4,451)	(37,039)
Reclassification adjustments	(3,708)	467	3,886
Before tax effect adjustments	1,674	(3,984)	(33,153)
Tax effect	(317)	751	6,249
Deferred gains and losses on hedges	1,356	(3,232)	(26,895)
Foreign currency translation adjustments			
Incurred in the fiscal year	25,018	10,241	85,220
Reclassification adjustments	—	—	—
Before tax effect adjustments	25,018	10,241	85,220
Tax effect	—	—	—
Foreign currency translation adjustments	25,018	10,241	85,220
Adjustments for retirement benefits			
Incurred in the fiscal year	—	16,771	139,560
Reclassification adjustments	—	412	3,428
Before tax effect adjustments	—	17,183	142,989
Tax effect	—	(5,165)	(42,980)
Adjustments for retirement benefits	—	12,018	100,008
Share of other comprehensive income of affiliates accounted for using equity method			
Incurred in the fiscal year	4,994	(10,431)	(86,802)
Reclassification adjustments	1,158	2,823	23,491
Share of other comprehensive income of affiliates accounted for using equity method	6,153	(7,608)	(63,310)
Total other comprehensive income	¥35,843	¥ 27,464	\$228,542

Independent Auditor's Report

To the Board of Directors of Osaka Gas Co., Ltd.,

We have audited the accompanying consolidated financial statements of Osaka Gas Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as of March 31, 2015 and 2014, and the consolidated statements of income, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Osaka Gas Co., Ltd. and its consolidated subsidiaries as of March 31, 2015 and 2014, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2015 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

August 6, 2015
Osaka, Japan

Major Consolidated Subsidiaries

As of March 31, 2015

Segment	Name of subsidiary	Main business	Capital (million yen)	Osaka Gas shareholding (%)
Gas	Nabari Kintetsu Gas Co., Ltd.	Production, supply, and sales of gas	100	85.0
	Osaka Gas Housing & Equipment Co., Ltd.	Sales of gas appliances / Sales of housing equipment and appliances	450	100.0
	Osaka Gas Customer Relations Co., Ltd.	Maintenance checks on gas equipment and appliances / Checking gas meters / Collection of gas bills, and others	50	100.0
	Osaka Gas Security Service Co., Ltd.	Provision of security and disaster protection services / Sales of home security systems	100	100.0
	Kansai Business Information Inc.	Contracting and staffing of call center operations / Various research services and consulting	100	100.0
	Kinpai Co., Ltd.	Gas piping works / Sales of gas appliances, and housing equipment and appliances	300	100.0
	OGCTS Co., Ltd.	Sales and construction of energy equipment, heating system supplies, etc.	1,150	100.0
LPG, Electricity and Other Energy	Osaka Gas LPG Co., Ltd.	Sales of LPG and other products	100	100.0
	Nissho Petroleum Gas Corporation	Sales of LPG and other products	1,726	52.5
	Nissho Propane Sekiyu Co., Ltd.	Sales of LPG and other products	60	100.0
	Gas and Power Co., Ltd.	Electric power supply	1,368	100.0
	Senboku Natural Gas Power Generation Co., Ltd.	Electric power supply	2,000	90.0
	Nakayama Nagoya Joint Power Generation Co., Ltd.	Electric power supply	450	95.0
	Liquid Gas Co., Ltd.	Sales of industrial gas, LNG, LPG, and other products	1,110	100.0
International Energy	Osaka Gas International Transport Inc.	LNG vessel leasing	3,190	100.0
	Osaka Gas Australia Pty. Ltd.*	Development and investment of petroleum and natural gas	US\$986 million	100.0
	Osaka Gas Gorgon Pty. Ltd.*	Development and investment of petroleum and natural gas	US\$322 million	100.0
	Osaka Gas Ichthys Pty. Ltd.*	Development and investment of petroleum and natural gas	US\$152 million	100.0
	Osaka Gas Ichthys Development Pty. Ltd.*	Research and investment relating to energy supply business	US\$149 million	100.0
	Osaka Gas UK, Ltd.*	Research and investment relating to energy supply business	€134 million	100.0
	Osaka Gas USA Corporation	Development and investment of petroleum and natural gas	US\$1	100.0
Life & Business Solutions (Non-Energy Business)	Osaka Gas Chemicals Co., Ltd.	Manufacture and sales of fine materials, carbon material products, and others	12,731	100.0
	Osaka Gas Urban Development Co., Ltd.	Development, leasing, management, and sales of real estate	1,570	100.0
	Osaka Gas Finance Co., Ltd.	Leasing, credit, insurance agency business, and others	600	100.0
	OG Sports Co., Ltd.	Management and contract operation of sports facilities	100	100.0
	OGIS-RI Co., Ltd.	Software development / Computer-based data processing services	400	100.0
	Sakura Information Systems Co., Ltd.	Software development / Computer-based data processing services	600	51.0
	Jacobi Carbons AB	Manufacture and sales of activated carbon	549,000 Swedish Kronor	100.0
Total 145 companies				

* Specified subsidiary

Company Data

As of June 26, 2015

Directory

Head Office

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(IR Team, Corporate Strategy Dept.)

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Osaka Gas Singapore Pte. Ltd.

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(+65) 6420-6384

Osaka Gas (Thailand) Co., Ltd.

18th Floor, Wave Place Building, 55 Wireless Road,
Lumpini, Pathumwan, Bangkok 10330, Thailand
(+66) 2-255-7550

Investor Information

Date of Establishment April 10, 1897

Regular General Meeting Held in June each year
(The 2015 regular general meeting was held on June 26.)

Common Stock Authorized: 3,707,506,909 shares
Issued: 2,083,400,000 shares

Note: Total number of shares issued includes 2,532,646 shares of treasury stock.

Listing of Shares Tokyo Stock Exchange and Nagoya Stock Exchange

**Number of Shareholders
(As of March 31, 2015)** 123,380

Stock Transaction Units 1,000 shares

Independent Certified

Public Accountants KPMG AZSA LLC

Transfer Agent Mitsui Sumitomo Trust Bank, Limited

Contact

Mitsui Sumitomo Trust Bank, Limited 2-8-4 Izumi, Suginami-ku, Tokyo 168-0063, Japan
Stock Transfer Agency Business Tel: (+81) 120-782-031
Planning Department

The Osaka Gas Co., Ltd. website contains information provided for all investors and is constantly updated.

<http://www.osakagas.co.jp/en/>

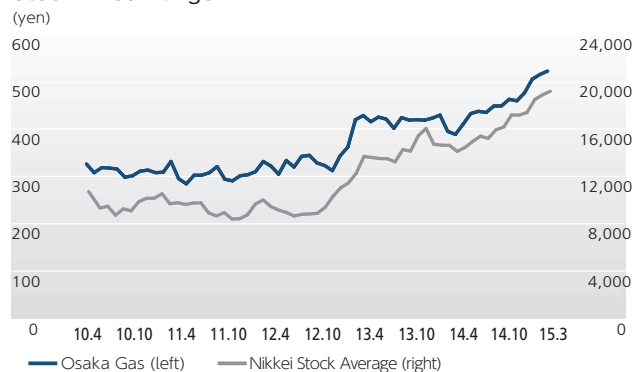
- For inquiries about this report or requests for other materials, please contact:
E-mail: keiri@osakagas.co.jp
- Please note that we do not accept files attached to e-mails, such as image files.

Major Shareholders (As of March 31, 2015)

Shareholders	Number of shares held (Thousands)	Shareholding ratio (%)
Nippon Life Insurance Company	96,212	4.62
Japan Trustee Services Bank, Ltd. (Trust a/c)	85,303	4.09
The Master Trust Bank of Japan, Ltd. (Trust a/c)	82,779	3.97
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	69,929	3.36
Resona Bank, Ltd.	52,777	2.53
Aioi Nissay Dowa Insurance Co., Ltd.	29,865	1.43
Meiji Yasuda Life Insurance Company	29,191	1.40
STATE STREET BANK WEST CLIENT-TREATY	27,337	1.31
Osaka Gas Employees Shareholding Association	27,200	1.31
THE BANK OF NEW YORK MELLON SA/NV	25,832	1.24

Note: The share ratio is the percentage in respect to the number of shares issued and outstanding (2,083,400,000 shares).

Stock Price Range



Unit Conversion List

Weight

kg	Metric ton	Imperial (short) ton	U.S. (long) ton
1	1×10^{-3}	0.984×10^{-3}	1.102×10^{-3}
1,000	1	0.9842	1.1023
1,016.0	1.0160	1	1.1200
907.19	0.9072	0.8927	1

Length

m	ft	yard	mile
1	3.2808	1.0936	0.622×10^{-3}
0.3048	1	0.333	0.189×10^{-3}
0.9144	3	1	0.568×10^{-3}
1,609	5,280	1,760	1

Volume (Liquid)

m ³ (kl)	ft ³	Imperial gallon	U.S. gallon
1	35.315	219.97	264.17
28.32×10^{-3}	1	6.288	7.481
4.55×10^{-3}	0.1606	1	1.2011
3.78×10^{-3}	0.1337	0.8327	1

1 kl = 6.29 barrels, 1 barrel (42 U.S. gallons) = 0.159 kl

Volume (Gas)

m ³ (N)	m ³ (S)	SCF
1	1.055	37.33
0.9476	1	35.37
0.0268	0.0283	1

N: 0°C, S: 15°C, SCF: 101.33kPa, 15.5°C (60°F)

Energy

kcal	Btu	MJ	kWh
1	3.969	4.186×10^{-3}	1.162×10^{-3}
0.2520	1	1.055×10^{-3}	0.2929×10^{-3}
238.9	948.2	1	0.2778
860.1	3,414	3.600	1

Heating Value (Gas)

kcal/m ³ (N)	Btu/SCF	MJ/m ³ (S)
1	0.1063	3.97×10^{-2}
9.406	1	3.73×10^{-2}
252.1	26.81	1

1 ton of LNG = 13×10^6 kcal = 52×10^6 Btu



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