

To Our Stakeholders

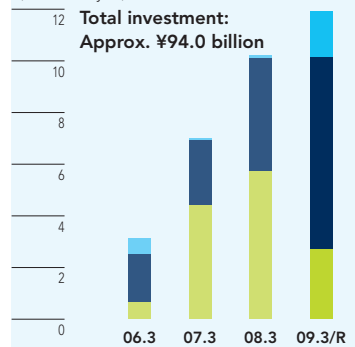


Results for Fiscal 2009

Fiscal 2009, the year ended March 31, 2009, was the final year of Design 2008, the Company's three-year medium-term business plan covering the fiscal years 2007 to 2009. The Osaka Gas Group steadily implemented action plans for achieving the goals of Design 2008, despite major changes in the business environment that included rising crude oil prices and changing economic circumstances. These goals include expanding business as planned and increasing management efficiency, and the action plans included building the foundation of the multi-energy business called for by Design 2008 and achieving growth through the solid contribution to profits made by investments carried out to strengthen Group power.

Contribution to Earnings of Investment Projects

(Billions of yen)



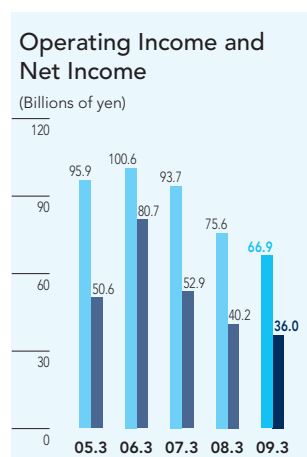
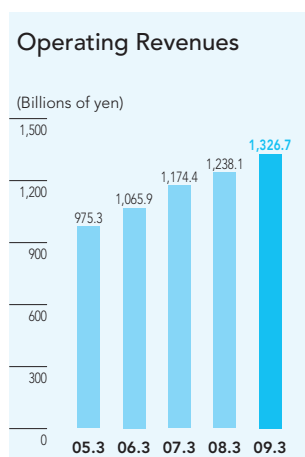
■ Urban development, information-related services business, advanced materials businesses
■ North Sea oil field, etc.
■ Overseas IPP projects

As regards income, consolidated sales for fiscal 2009 increased by ¥88.6 billion (+7.2%) to ¥1,326.7 billion despite a decrease in gas sales volume compared to fiscal 2008. This increase was supported by higher gas unit prices that have been adjusted under the fuel cost adjustment system to reflect the rise in LNG prices. Consolidated ordinary profit decreased by ¥11.3 billion (-14.9%) to ¥64.5 billion. Non-consolidated operating profit reported by Osaka Gas decreased, mainly due to the decrease in gas sales volume. This decrease on a non-consolidated basis was larger than the profit growth reported by consolidated subsidiaries and equity in affiliates' profits compared to fiscal 2008. Net income decreased by ¥4.2 billion (-10.5%) compared with the previous year to ¥36.0 billion.

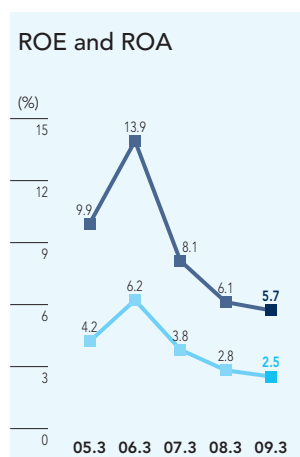
(Unit: 100 million yen)

	Consolidated results (a)	Change from fiscal 2008		Non-consolidated results (b)	Ratio of consolidated results to non-consolidated results (a)/(b)
		Change	Percent (%)		
Operating revenues	13,267	+886	+7.2	9,718	1.37
Cost of sales	9,219	+792	+9.4	6,568	1.40
Selling, general and administrative expenses	3,379	+180	+5.6	2,771	1.22
Operating profit	669	-86	-11.5	378	1.77
Ordinary profit	645	-113	-14.9	378	1.71
Net income	360	-42	-10.5	240	1.50

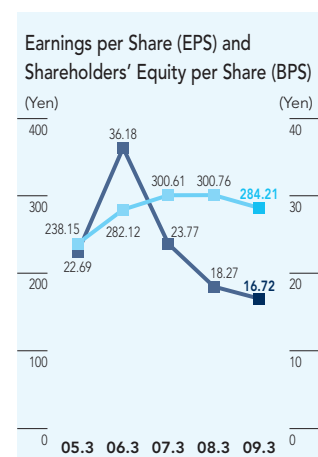
Consolidated indicators	Fiscal 2008	Fiscal 2009
Shareholders' value added (SVA)	¥12.5 billion	¥5.1 billion
Earnings per share (EPS)	¥18.27	¥16.72
Return on equity (ROE)	6.1%	5.7%
Return on assets (ROA)	2.8%	2.5%
Free cash flow (FCF)	¥51.2 billion	¥56.2 billion



■ Operating Income
■ Net Income



■ ROE
■ ROA



■ Earnings per Share (EPS: right scale)
■ Shareholders' Equity per Share (BPS: left scale)

Basic Management Policies and Mid- and Long-term Management Strategies

The Osaka Gas Group conducts its business based on its management philosophy, Value Creation Management, which places the greatest emphasis on maximization of value for customers, while at the same time increasing value for shareholders, society, employees and all other stakeholders. Based on this philosophy, the Osaka Gas Group established its plan "Field of Dreams 2020" in March 2009. This plan envisages the Group's long-term business vision until 2020 and the mid-term (from fiscal 2010 to fiscal 2014) management plan to achieve this vision. The Osaka Gas Group is striving to grow as a Global Energy and Environment Businesses Group, by promoting the growth of its three fields: the domestic energy businesses, the international energy businesses along the energy value chain, and the environment and non-energy businesses. In the long term, the Company will increase ROA to approximately 4% and consolidated ROE to approximately 9%.

First, in the domestic energy businesses, the quality of gas business in the Kansai region should be further improved through development of a solid basis for a stable supply, security and service systems and the improvement of services to satisfy the diverse needs of customers. Moreover, utilizing the know-how it has cultivated through the gas business in the Kansai region and sometimes in collaboration with other energy operators, the Company will expand its multi-energy services to other areas, delivering natural gas, electricity, LPG and other types of energies.

The Group's international energy businesses along the energy value chain comprise upstream businesses such as gas field development as well as midstream and downstream businesses such as LNG terminals, pipelines, gas supply and power generation encompassing the entire value chain of natural gas. In this business area, the Company will continue development of upstream projects in which it owns interests and acquire interests in other upstream projects. The Company will continue steady operation of its overseas IPP businesses (wholesale power supply) and natural gas pipeline projects and will also consider new overseas projects including the gas supply business.

In the environment and non-energy businesses, the development of new environmental/energy-saving businesses that contribute to reducing environmental impacts will be considered, taking advantage of technologies and know-how possessed by the Group and in collaboration with other operators as appropriate. In the non-energy business area, the Company will continue to contribute to providing a more comfortable life or business growth for customers while pursuing expansion of its consolidated income by delivering better products and services satisfying customer needs mainly in the area of urban development, information technology and advanced materials.

Management Policies for Fiscal 2010

During fiscal 2010, the year ending March 31, 2010, the Company will take the first steps toward realizing the Group's long-term business vision enshrined in "Field of Dreams 2020," the Group's mid-term management plan. In the domestic energy businesses, the Company will

strengthen marketing activities and further improve safety levels. In the electric power business, the Company will commence operations at the Semboku Natural Gas Power Plant, aiming for full-fledged growth. Furthermore, to advance the international energy businesses along the energy value chain and to expand and develop the environment and non-energy businesses, the Company plans to invest more than in fiscal 2009 and will endeavor to strengthen its business foundation to achieve sustained growth.

Capital and Dividend Policies

The Company has been striving to grow the business and improve the efficiency of operations and has appropriated the increased profit resulting from these efforts for internal reserves for future business growth and strengthening of the financial structure of the Company, and for payment of steady dividends to shareholders. The Company will endeavor to continue paying steady interim and year-end dividends to shareholders, comprehensively taking into consideration operational results, future management plans, alternative profit distribution plans and other factors. 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. The Company paid an annual dividend of 7 yen per share (including an interim dividend of 3.5 yen) for fiscal 2009, and plans to pay an annual dividend of 7 yen per share for fiscal 2010, the current fiscal year.

In Closing

The Osaka Gas Group is endeavoring to appropriately cope with a variety of issues in line with the Group management principle of Value Creation Management. United behind our brand slogan, "Design Your Energy—A Better Tomorrow," all employees are making diligent efforts to raise the quality of their work and conduct, with the aim of achieving the continued evolution of the Osaka Gas Group. In this context, we ask for your continued support and understanding.



President
Hiroshi Ozaki