Business Report for the 191st Financial Year

(Year from 1 April 2008 through 31 March 2009)

Osaka Gas Co., Ltd.

Operating Report for the Year ended March 31, 2009

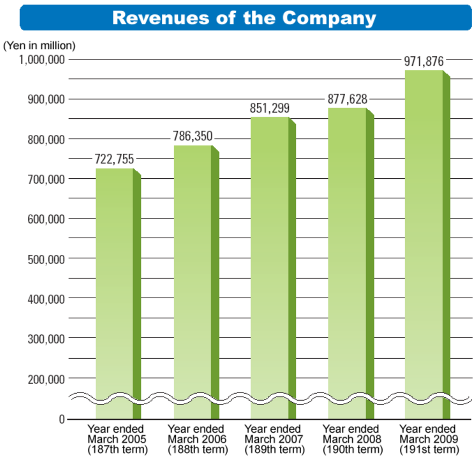
I. Current Situation of Business of the Group

1. Business Operations and Results

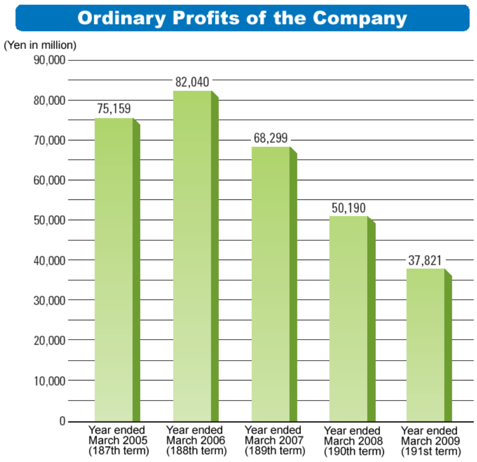
The Japanese economy in this financial year has seen record-setting highs in the prices of raw materials such as crude oil in the summer which placed significant pressure on personal and corporate spending. After the autumn period, the economy faced severe environments due to the significant downturn of the worldwide economy caused by the global financial crisis.

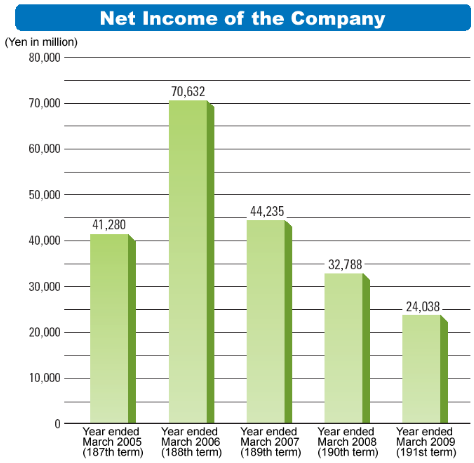
With this economic background, the Osaka Gas Group (the "Group") has aggressively conducted its business based on "Value Creation Management" as its core management objective.

Revenues of the Company in the financial year ended March 31, 2009 increased by 10.7% to ¥971,876 million compared to the preceding financial year despite the decrease in gas sales volume, due to the upward adjustment of the unit price of gas under the sliding rate adjustment system to absorb the rise in raw material prices.

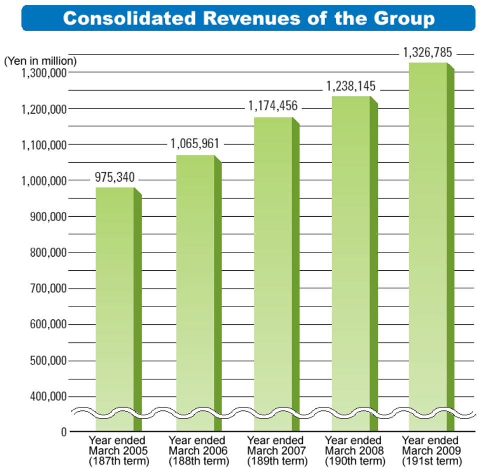


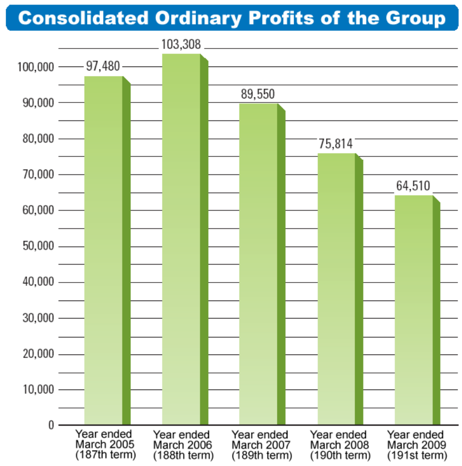
Meanwhile, due to the decrease in gas sales volume, ordinary profits decreased by 24.6% to ¥37,821 million compared to the preceding financial year. Net income decreased by 26.7% to ¥24,038 million compared to the preceding financial year.

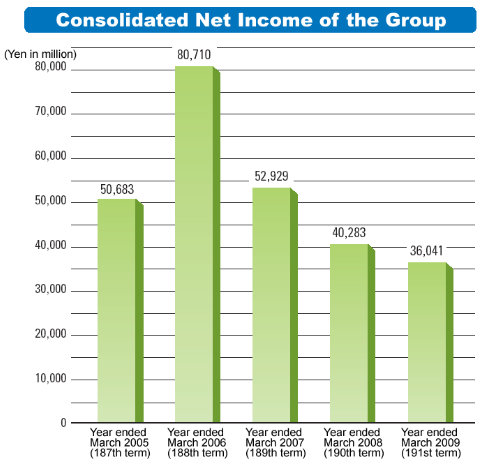




Consolidated revenues of the Group in the financial year ended March 31, 2009 increased by 7.2% to ¥1,326,785 million compared to the preceding financial year primarily owing to the increase in revenues of the Company and the increase in number of consolidated subsidiaries. Consolidated ordinary profits decreased by 14.9% to ¥64,510 million compared to the preceding financial year. Consolidated net income decreased by 10.5% to ¥36,041 million compared to the preceding financial year.



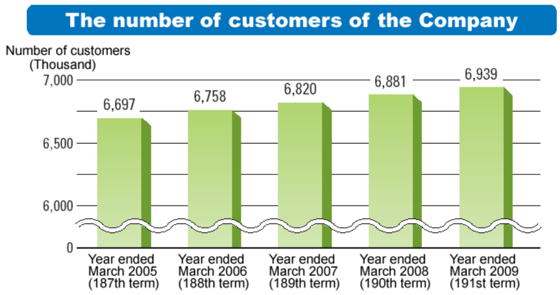




Sections (1) ~ (5) below provide a summary of segment results of the Company and the Group in the financial year ended March 31, 2009.

(1) Gas

The number of customers (number of meters installed) of the Company increased by 58 thousand to 6.939 million as of the end of this financial year.



Total sales of gas for residential purposes decreased by 3.1% to 2,238 million cubic meters due to the decrease in use of hot water supplies and heating because of the higher than average temperature in January and February.

Regarding gas for non-residential use, sales of gas for industrial use decreased by 7.4% compared to the preceding financial year primarily due to the decrease in the operation of existing customers. Sales of gas for commercial use and public services/medical use decreased by 4.9% and 4.1%, respectively, due to the lower temperature in August and September compared to the preceding year which caused a decrease in the use of air conditioners as well as the decrease in the use of hot water supplies and heating in January and February due to the higher than average temperature in January and February. Total sales of gas for non-residential use decreased by 6.6% compared to the preceding financial year to a total of 5,708 million cubic meters.

Sales of gas for wholesale decreased by 6.0% to 434 million cubic meters compared to the preceding financial year.

As a result, total sales of gas of the Company decreased by 5.7% to 8,380 million cubic meters compared to the preceding financial year.

In addition, total sales of gas of the Group decreased by 5.6% to 8,416 million cubic meters compared to the preceding financial year.

As above, although there was a decrease in gas sales volume, revenues from gas sales of the Group increased by 12.9% to ¥814,356 million compared to the preceding financial year primarily due to the upward adjustment of the unit prices of gas under the sliding rate adjustment system to absorb the rise in raw material prices.

(2) LPG, Electric Power and Other Energies

Primarily as a result of the downward adjustment of the unit prices of LPG (liquefied petroleum gas), revenues decreased by 6.0% to ¥249,604 million compared to the preceding financial year.

Regarding the Electricity business, trial runs for Senboku Natural Gas Power Plant was conducted in October 2008, and Unit II and Unit I commenced its operations in April and May 2009, respectively. This state-of-the-art and environmentally friendly power generation plant uses natural gas as fuel, which is considered to be a clean source of energy that has a small impact on the environment and uses the gas turbine combined cycle power generation method with a high rate of power generation.

The Senboku Natural Gas Power Plant

(3) Gas Appliances and House-pipe Installations

Revenues decreased by 5.1% to ¥141,590 million compared to the preceding financial year primarily due to a decrease in sales of gas appliances. Revenues from the sales of gas appliances of the Company decreased by 6.6% to ¥87,097 million compared to the preceding financial year and revenues from house-pipe installations of the Company increased by 2.2% to ¥28,060 million compared to the preceding financial year.

Regarding gas appliances for residential use, the Company focused its sales efforts on the sales of products including the residential gas engine cogeneration system “ECOWILL” and energy saving water heater “Eco-Jozu”, “Si SENSOR KITCHEN STOVE” and the bathroom heater/dryer with mist sauna function. In relation to “ECOWILL”, the Company sold 50,000 units since its sale started in March

2003, which marks the first in the gas industry. Also, the Company has been working towards providing "ECOWILL" together with a photovoltaic generation system as the "Double Generation" system. In relation to the kitchen stoves, the Company commenced the sales of "Si SENSOR KITCHEN STOVE [Class S Premier]" which provides 24 types of automatic grill cooking styles.

"Si SENSOR KITCHEN STOVE [Class S Premier]"

Regarding gas appliances for non-residential use, the Company expanded its product lines with the introduction of a new type of "HIGH POWER EXCEL" product, a gas heat pump-type air conditioning system with electric generation functions which can utilize generated electric power for outside fans or provide electric power inside the building. The new product has increased air conditioning and electric generation powers and is more economical for customers as well as being environmentally friendly. In addition, the Company was successful in introducing a new mini cogeneration system "Genelight", which has a worldwide top ranking power generating efficiency for a cogeneration system of less than 100kW. The Company was able to increase the number of systems which can run in parallel so that it increases the ability to serve as a back-up power supply in case of power interruption and thereby increasing the security in procuring electricity.

New mini cogeneration system "Genelight"

(4) Real Estate

Revenues increased by 16.5% to ¥33,187 million compared to the preceding financial year, primarily owing to the increase in the number of properties in its business portfolio.

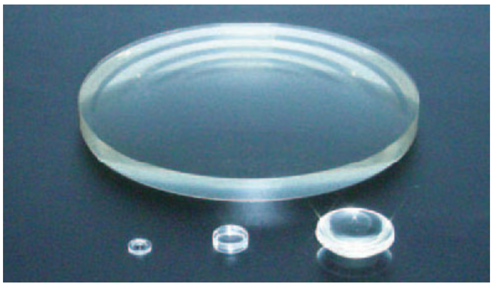
Urbanex Co., Ltd. acquired six properties including "[Urbanex Osakajyo WEST]" and "[Urbanex Noda Hanshinekimae]" apartments for lease during this financial year and is working towards strengthening its business operations.

"Urbanex Osakajyo WEST"

(5) Other Businesses

Due to the increase of the number of consolidated subsidiaries of the Company, revenues increased by 14.5% to ¥165,277 million compared to the preceding financial year.

The Company's research and development operations in the areas of fine materials for optic and electronic products was transferred to Osaka Gas Chemicals Co., Ltd. in April 2008. This enabled the Group to streamline its management of the Group's materials business by establishing a system ranging from research and development to sales of the products, as well as speeding up the process of research and development as well as product development.



Polyester resin for optical applications "OKP"
Osaka Gas Chemicals Co., Ltd.

In addition, Sakura Information Systems Co., Ltd, was made the subsidiary of Osaka Gas Information System Research Institute Co., Ltd. The two companies will continue to collaborate its businesses by optimizing the strengths of each company to provide high quality services to the customers in various areas.

Osaka Gas Information System Research Institute Co., Ltd

[Revenues for Each Business Segment] (Amount: Yen in millions, Ratio: %)

Business Segment	Revenues	Percentage Change from Last Year	Percentage
Gas	814,356	+12.9	58.0
LPG, Electric Power and Other Energies	249,604	-6.0	17.8
Gas Appliances and House-pipe Installations	141,590	-5.1	10.1
Real Estate	33,187	+16.5	2.4
Other Businesses	165,277	+14.5	11.8
On a Consolidated Basis	1,326,785	+7.2	---

(Note) Inter-business segment revenues are included in revenues for each business segment but are eliminated from consolidated revenues.

2. Capital Investment Activities

The amount of capital investment made by the Group as a whole amounted to ¥106,087 million, including the Company's capital investment amounting to ¥59,200 million.

The Company lengthened its gas trunk and branch lines by 537 kilometers during this financial year, bringing the total length to 47,998 kilometers as of the end of the financial year ended March 31, 2009.

The main project during this financial year was the ongoing work on the Senboku Natural Gas Power Plant.

In addition, subsidiaries of the Company constructed LNG carriers and acquired real estate.

3. Financing Activities

The Company has obtained additional long-term loans in the total amount of ¥20,000 million during this financial year. The Group as a whole has obtained additional long-term loans in the total amount of ¥42,848 million during this financial year. The Company issued straight corporate bonds (excluding short-term bonds) in the aggregate principal amount of ¥90,000 million.

The Company repaid ¥5,238 million of long-term loans and the Group as a whole repaid ¥18,702 million. In addition, the Company redeemed ¥30,000 million of straight bonds during this financial period.

4. Outstanding Issues

The Japanese economy saw decline as a result of the world-wide recession caused by the economic crisis in the United States and the strengthening of the yen. There is concern as to the future of the economic situation as there was a downturn in the financial condition in the corporate sector, stagnation of personal consumption and a decrease in new housing construction. In addition, the business environment of the Company is facing difficulties as energy prices fluctuate significantly and competition increases.

In such a business environment, it is of primary importance that the Group provides products and services of improved quality and continues to be “the preferred choice” amongst customers and local communities. The Group established in March 2009 a long term business plan for the years up to 2020 and a medium-term business plan “Field of Dreams 2020” for the years 2009 to 2013 to implement such long-term business plan set out in accordance with the management principle of the Group, “Value Creation Management,” under which the Group seeks to maximize customer value as its first priority in addition to increasing the value of all stakeholders including its shareholders, the community and its employees through fair and transparent business activities.

The Group seeks to develop its business to become a global energy and environment business group by strengthening the three business areas “domestic energy business”, “international energy business along with energy value chain” and “environment and non-energy business”.

The Company will mark 2009 as the first year of implementing the business plan “Field of Dreams 2020” and seeks to implement the various policies set out in the long-term and medium-term business plan and strengthen the business foundation for sustainable growth.

In terms of the domestic energy business, the Group will seek to further enhance the quality of the city gas business in the Kinki area by establishing a secure and stable procurement, safety and service system and reinforcing a business service menu which responds to customer needs. Further, the Group seeks to broaden its business through the utilization of its gas business know-how and alliance with other energy business operators to build a multi-energy business company providing natural gas, electric power and LPG.

With regard to stable procurement, the Group seeks to work on securing natural gas in consideration of future trends for demand together with proper maintenance of manufacturing and supply facilities and long-term strategic formulation of facilities.

With regard to the assurance of safety, in addition to conducting regular inspections of customers' facilities, the Company intends to enhance its activities to publicize the safe method of use of gas facilities and appliances, improve defective ventilation system and replace instant gas water heaters without incomplete combustion prevention devices and gas stoves with metal mesh. In addition, the Company intends to promote the sales of the "Si SENSOR KITCHEN STOVE," which equips all the burners with the over-heating prevention devices during deep-frying, the function to stop the gas supply being left on after the flame has been extinguished, and the safety devices to prevent fires resulting from users' forgetting to turn off flames. Moreover, in relation to manufacture and supply facilities, the Company will provide sufficient preventive maintenance of gas production and supply facilities such as carrying out scheduled repair and renewal works on aged facilities, and take appropriate earthquake countermeasures, as well as getting ready to respond at anytime for 24 hours a day to emergency events such as gas leaks. It also plans to continue its education and training programs for employees and workers.

With regard to the improvement of services, the Company intends to continue to improve its business by receiving feedback from customers and respond to customer needs swiftly and precisely.

In terms of the household market, the Company has been proposing ways to use energies from a consumer-oriented perspective, including through the residential gas engine cogeneration system "ECOWILL," and "MY HOME GENERATION" through the use of the residential fuel cell cogeneration system "ENEFARM" which will be introduced in June 2009, "MY HOME BEAUTY TREATMENT" using a mist sauna functionality and "MY HOME COOKING" using gas when cooking any kind of food. Based on the above, the Company has been seeking to further popularize and promote the use of its products that contribute to an environmentally-friendly, economic, comfortable, convenient, and safe lifestyle with gas.

The Company will also seek to provide a safer and secure services, including a home security service "AIRUSU," and a monitoring service for gas and fire "[KURUPIKO]" which provide immediate response upon gas and fire emergencies.

In terms of the market for non-residential use, the Company intends to utilize its energy conservation know-how cultivated over the years to provide multiple types of energy including natural gas, electric power, LPG and industrial gas, as well as added value services such as utility management including remote supervision of energy facilities using IT systems and water processing and increase the convenience, economy and energy efficiency for its customers. In addition, the Company plans to promote the environmentally-friendly use of natural gas including a highly efficient and high-performance gas cogeneration system, the “HIGH POWER EXCEL” gas heat pump-type air conditioning system which generates electricity while air conditioning, and the “SUZUCHU” gas kitchen instruments for non-residential use which reduce heat build-up in kitchens and natural gas powered automobiles.

With regard to the electric power business, the Group will commence operations between April and November 2009 in relation to the four generating units in Senboku Natural Gas Power Plant, and will continue the steady construction of the units and secure perfectly its operation and maintenance. The Company also intends to operate its current independent power producer (IPP) business efficiently.

With regard to the LPG business, the Group plans to focus on increasing sales as well as the number of customers by leveraging the appliance and equipment products and its strengths in the marketing of energy systems that it has developed in the city gas business.

With regard to the “international energy business and energy value chain” which includes upstream interests such as gas field development and mid- and down-stream interests such as LNG terminals, pipe line, gas supply and electricity generation, the Group will keep on developing upstream projects and acquiring new interests in gas fields. In addition, the Group continues to operate overseas IPP businesses and natural gas pipeline businesses and is seeking to establish new projects including gas supply businesses.

In terms of the environment and non-energy business, the Group plans to develop a new environmental and energy conserving business which will reduce the burden on the environment by further utilizing the Groups technology and know-how as well as through alliances with other business partners. In addition, with regard to businesses other than energy, the Group seeks to increase its consolidated profit by contributing to the development of its customers lifestyle and business through the provision of products and services meeting customer needs concentrating on areas such as city development, information and high-tech materials.

With regard to technological development, the Company intends to focus on the improvement of residential fuel cells and gas cogeneration systems for industrial use, upgrading of biomass utilization technology, collection and effective use of methane gas emitted during coal mining at overseas sites and the prevention of aerial pollution by using activated carbon fiber, all from the view point of enhancing the convenience of the customer, improvement of energy conservation and contribution to the reduction of the burden on the environment. In addition, the Company seeks to develop swiftly and efficiently technologies through “open innovation”, a method of combining the Company’s technology with knowledge from outside the Company.

Also, the Company seeks to improve service and productivity by utilizing information and communication technology and “service science” which analyzes behavior and improves technology based on human dynamics.

With regard to the general strategy for reducing the burden on the environment, the Group is working on promoting energy efficient activities as well as using renewable resources and the proper operation of the Group’s environmental management system. In addition, the Group is promoting its products and services which seek to disseminate the use of natural gas which is an environmentally friendly energy, in line with Japan’s national environment strategy for creating a low carbon society.

With regard to compliance, the Company will strive to become a company which fulfills its social responsibility. The Company has reconsidered its past issues and reviewed its past business valuations. The Company seeks to strengthen its internal compliance procedures in order to prevent the recurrence of past incidents. The Company will implement the PDCA (plan, do, check, act) of compliance by emphasizing on “being aware of legislation and regulation”, “development of a culture of compliance and mechanisms to avoid violations”, and “strengthening of auditing and monitoring throughout the Group” and implement a strict compliance structure for the entire Group.

The Group intends to respond to the above issues in an appropriate manner and fulfill its core objective of “Value Creation Management.” Also, the Group is devoted to complying with the “Osaka Gas Group CSR Charter” which codifies the Group’s basic views on its corporate social responsibilities (CSR) and to making every effort to ensure its place as an ever-improving group of companies.

The Group looks forward to the continued support and encouragement from all shareholders.

5. Financial Position and Profits and Losses

(1) Financial Position and Profits and Losses of the Company on an Unconsolidated Basis(Yen in millions)

Division	Year ended March 2005 (187th term)	Year ended March 2006 (188th term)	Year ended March 2007 (189th term)	Year ended March 2008 (190th term)	Year ended March 2009 (191st term)
Revenues	722,755	786,350	851,299	877,628	971,876
Ordinary Profits	75,159	82,040	68,299	50,190	37,821
Net Income	41,280	70,632	44,235	32,788	24,038
Net Income Per Share (yen)	18.48	31.67	19.87	14.87	11.15
Total Assets	981,501	1,078,437	1,076,946	1,119,871	1,140,479
Net Assets	442,805	518,171	548,721	523,689	507,987

(2) Financial Position and Profits and Losses of the Group on a Consolidated Basis(Yen in millions)

Division	Year ended March 2005 (187th term)	Year ended March 2006 (188th term)	Year ended March 2007 (189th term)	Year ended March 2008 (190th term)	Year ended March 2009 (191st term)
Revenues	975,340	1,065,961	1,174,456	1,238,145	1,326,785
Ordinary Profits	97,480	103,308	89,550	75,814	64,510
Net Income	50,683	80,710	52,929	40,283	36,041
Net Income Per Share (yen)	22.69	36.18	23.77	18.27	16.72
Total Assets	1,217,463	1,398,692	1,405,682	1,467,934	1,452,457
Net Assets	530,862	628,510	686,664	666,657	634,757

(Note) Since the 189th term, the net assets of the Company and the Group have been calculated by applying the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan Statement No. 5 of December 9, 2005) and the "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting

Standards Board of Japan Guidance No. 8 of December 9, 2005).

6. Principal Activities of the Group (as of March 31, 2009)

(1) Production, distribution and sale of gas

(2) Distribution and sale of LPG

(3) Generation, distribution and sale of electric power

(4) Sale of gas appliances

(5) House-pipe installations

7. Outline of Principal Subsidiaries (as of March 31, 2009)

Company	Capital (Yen in millions)	Holding (%) (including indirect holding)	Main Activities
Liquid Gas Co., Ltd.	1,030	100	Sale of industrial gas, LNG, LPG, etc.
Nissho Petroleum Gas Corporation	1,726	52.5	Sale of LPG, etc.
Urbanex Co., Ltd.	1,570	100	Real estate development, leasing, management, and sales
Osaka Gas Information System Research Institute Co., Ltd.	400	100	Development of software and information processing services via computers
Osaka Gas Chemicals Co., Ltd.	2,500	100	Manufacture and sale of fine materials, carbon products, etc.

* The Group treats as core companies (which the Group recognizes as principal subsidiaries) the affiliated companies that play a central role in each business area and that are put as an elementary unit for the management of the Group. Effective July 1, 2009, Nissho Petroleum Gas Corporation will cease to be part of core companies (principal subsidiaries) due to reorganization of the Group.

8. Major Offices, Plants, and Employees (as of March 31, 2009)

(1) Major Offices and Plants

The Company	Head Office	Head Office (Osaka Prefecture)
	Residential Energy Business Unit	Osaka Residential Sales Dept. (Osaka Prefecture) Nanbu Residential Sales Dept. (Osaka Prefecture) Hokutobu Residential Sales Dept. (Osaka Prefecture) Hyogo Residential Sales Dept. (Hyogo Prefecture) Keiji Residential Sales Dept. (Kyoto Prefecture)
	Commercial & Industrial Energy Business Unit	Osaka Commercial & Industrial Energy Sales Dept. (Osaka Prefecture) Nanbu Commercial & Industrial Energy Sales Dept. (Osaka Prefecture) Hokutobu Commercial & Industrial Energy Sales Dept. (Osaka Prefecture) Hyogo Commercial & Industrial Energy Sales Dept. (Hyogo Prefecture) Keiji Commercial & Industrial Energy Sales Dept. (Kyoto Prefecture)
	Pipeline Business Unit	Osaka Pipeline Dept. (Osaka Prefecture) Nanbu Pipeline Dept. (Osaka Prefecture) Hokutobu Pipeline Dept. (Osaka Prefecture) Hyogo Pipeline Dept. (Hyogo Prefecture) Keiji Pipeline Dept. (Kyoto Prefecture)
	LNG Terminal & Power Generation Business Unit (Terminals)	Senboku LNG Terminals (Osaka Prefecture) Himeji LNG Terminal (Hyogo Prefecture)
	R&D Headquarters	Energy Technology Laboratories (Osaka Prefecture)

Subsidiaries	Liquid Gas Co., Ltd. (Osaka Prefecture) Nissho Petroleum Gas Corporation (Tokyo) Urbanex Co., Ltd. (Osaka Prefecture)Osaka Gas Information System Research Institute Co., Ltd. (Osaka Prefecture) Osaka Gas Chemicals Co., Ltd. (Osaka Prefecture)

(2) Employees

(i) Employees of the Company

Number of Employees	Average Age (years)	Average Length of Service (years)
5,477	42.6	21.0

(ii) Employees of the Group

Business Unit	Number of Employees
Gas	6,922
LPG, Electricity and Other Energies	2,512
Gas Appliances and House-pipe Installation	2,018
Real Estate	851
Others	6,706
Total	19,009

(Note) The above number of employees of the Company and the Group includes employees on fixed term contracts but excludes employees seconded to other organizations.

9. Major Lenders (as of March 31, 2009)

Lenders	Loans Outstanding on March 31, 2009 (Yen in millions)
Nippon Life Insurance Company	41,354
Japan Finance Corporation	36,442
Meiji Yasuda Life Insurance Company	30,819
Sumitomo Life Insurance Company	28,300
Development Bank of Japan Inc.	20,222

II. Directors and Corporate Auditors

1. Details of Directors and Corporate Auditors (as of March 31, 2009)

Position	Name	Business in Charge	Representation of Other Entities or Important Concurrent Post
Chairman	Akio Nomura		Chairman of the Osaka Chamber of Commerce and Industry* Chairman of the Japan Gas Association* Director of West Japan Railway Company Director of Urbanex Co., Ltd. Director of Osaka Gas Information System Research Institute Co., Ltd. Member of Osaka Prefectural Public Safety Commission
President	Hiroshi Ozaki		Director of Liquid Gas Co., Ltd. Director of Osaka Gas Chemicals Co., Ltd.
Executive Vice-President	Zenzo Ideta	Head of CSR In charge of: Secretariat, Corporate Communication Dept., Human Resources Dept., General Affairs Dept., Purchasing Dept., Environment Dept., Compliance Dept.,	Director of Urbanex Co., Ltd.

		Auditing Dept., Head Office Resident Representative Responsible for: Urbanex Co., Ltd., Corporate Planning Headquarters	
Executive Vice-President	Hiroshi Yokokawa	Head of IT In charge of: Information and Communication Systems Dept., Regional Development Dept., Tokyo Branch, Research Institute for Culture, Energy, and Life, Regional Resident Representative, Overall Regional Resident Representative, Tokyo Representative Responsible for: Liquid Gas Co., Ltd., Nissho Petroleum Gas Corporation, Osaka Gas Information System Research Institute Co., Ltd., Osaka Gas Chemicals Co., Ltd.	Director of Liquid Gas Co., Ltd. Director of Nissho Petroleum Gas Corporation Director of Osaka Gas Information System Research Institute Co., Ltd. Director of Osaka Gas Chemicals Co., Ltd.
Executive Vice-President	Yoichi Higuchi	Head of Safety Responsible for: Energy Resources Business Unit, LNG Terminal & Power Generation Business Unit, Pipeline Business Unit, Residential Energy Business Unit, Commercial & Industrial Energy Business Unit, R&D Headquarters	President of Osaka Rinkai Energy Service Corporation*
Managing Director	Masashi Kuroda	President of Corporate Planning Headquarters	Representative Director of OG-Kanden Joint Planning Company*
Managing Director	Takashi Sakai	Head of LNG Terminal & Power Generation	

		Business Unit	
Managing Director	Shigeki Hirano	Head of Technology President of R&D Headquarters	
Managing Director	Kazuo Kakehashi	Head of Energy Resources Business Unit	
Managing Director	Noriyuki Nakajima	Head of Pipeline Business Unit	
Managing Director	Masato Kitamae	Head of Customer Services Head of Residential Energy Business Unit	
Director	Tadamitsu Kishimoto		Professor of Graduate School of Frontier Biosciences of Osaka University Administrative Director of Senri Life Science Foundation*
Corporate Auditor (full-time)	Seishiro Yoshioka		
Corporate Auditor (full-time)	Akio Ukai		
Corporate Auditor	Toshihiko Hayashi		Professor of The Open University of Japan
Corporate Auditor	Kenji Torigoe		Professor of Kansai University School of Law

(Notes)

1) The Chairman, President and Executive Vice-Presidents are each a Representative Director.
2) The asterisk (*) in the "Representation of Other Entities or Important Concurrent Post" column indicates "a representative of other entities or other person similar thereto".
3) "Responsible for" in the "Business in Charge" column means to take partial charge of any headquarter, organization, core company or persons with certain positions of duty who do not belong to any organization (including Head Office Resident Representative) as a director.
4) Director, Tadamitsu Kishimoto, is an external director as specified in Article 2, item 15 of the Companies Act.
5) Corporate Auditors, Toshihiko Hayashi and Kenji Torigoe, are both external auditors as specified in Article 2, item 16 of the Companies Act.
6) The following persons were appointed to new positions or delegated new responsibilities pursuant to the resolution adopted at the Meeting of the Board of Directors on June 27, 2008 (previous position or responsibility in brackets):

Zenzo Ideta	Responsible for: Commercial & Industrial Energy Business Unit, Liquid Gas Co., Ltd., Nissho Petroleum Gas Corporation, Urbanex Co., Ltd., Osaka Gas Information System Research Institute Co., Ltd, Osaka Gas Chemicals Co., Ltd., Corporate Planning & Finance Division, Administration & General Affairs and HR Division, Compliance Dept., Auditing Dept., Head Office Resident Representative)
Hiroshi Yokokawa	(Senior Managing Director, President of Network Division Responsible for: Tokyo Representative)
Yoichi Higuchi	(Managing Director, Head of Customer Services, Head of Residential Energy Business Unit)
Masashi Kuroda	(President of Corporate Planning & Finance Division)

2. Remuneration paid to Directors and Corporate Auditors

16 Directors ¥560 million

6 Corporate Auditors ¥91 million

(including ¥32 million for four external directors and external corporate auditors)

(Notes)

1 The numbers and the amounts above include four Directors and two Corporate Auditors (including one external corporate auditor) who resigned at the end of the 190th Annual Meeting of Shareholders held on June 27, 2008.

2 It was resolved at the 186th Annual Meeting of Shareholders held on June 29, 2004 that the Company would demolish the retirement bonuses for Directors and Corporate Auditors and that the payment of the retirement bonuses to Directors and Corporate Auditors who remained in office following the end of the 186th Annual Meeting of Shareholders would be made on their retirement. Pursuant to the resolution, the Company paid ¥218 million to four retired Directors and ¥7 million to one external corporate auditor as retirement bonuses during the financial year ended March 31, 2009, which are not included in the amount above. In addition, the Company will pay ¥367 million to five Directors in the future.

3. External Directors and External Corporate Auditors

Director, Tadamitsu Kishimoto

Principal Activities

(1) Attendance and Comments at the Meetings of the Board of Directors
Tadamitsu Kishimoto attended ten out of 11 meetings of the Board of Directors. He made comments as appropriate based on his long experience in management and from his independent position as an external director.

Corporate Auditor, Toshihiko Hayashi

Principal Activities

(1) Attendance and Comments at the Meetings of the Board of Directors
Toshihiko Hayashi attended 10 out of 11 meetings of the Board of Directors. He made no comment on the exercise of rights as a Corporate Auditor.

(2) Attendance and Comments at the Meetings of the Board of Corporate Auditors
Toshihiko Hayashi attended 10 out of 11 meetings of the Board of Corporate Auditors. He made comments on the method and results of the audit and other matters concerning the performance of duties of the Corporate Auditors.

Corporate Auditor, Kenji Torigoe

Principal Activities

(1) Attendance and Comments at the Meetings of the Board of Directors
Kenji Torigoe attended 9 out of 9 meetings of the Board of Directors. He made no comment on the exercise of rights as a Corporate Auditor.

(2) Attendance and Comments at the Meetings of the Board of Corporate Auditors
Kenji Torigoe attended 9 out of 9 meetings of the Board of Corporate Auditors. He made comments on the method and results of the audit and other matters concerning the performance of duties of the Corporate Auditors.

III. Shares and Shareholders (as of March 31, 2009)

1. Number of Shares Issued and Number of Shareholders

Items	Contents
Number of Authorized Shares	3,707,506,909 shares
Number of Shares Issued and Outstanding	2,158,383,539 shares
Number of Shareholders (as of financial year end)	162,540

(Note) The “Number of Shares Issued and Outstanding” includes 3,062,711 treasury shares.

2. Principal Shareholders

Shareholders	Number of shares held (1,000s)	Shareholding ratio (%)
Japan Trustee Services Bank, Ltd. (trust account 4G)	111,535	5.17
Nippon Life Insurance Company	108,103	5.02
Japan Trustee Services Bank, Ltd. (trust account)	93,430	4.33
The Master Trust Bank of Japan, Ltd. (trust account)	74,236	3.44
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	69,929	3.24
Resona Bank, Limited	52,777	2.45
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUSACCOUNT	37,811	1.75
Nissay Dowa General Insurance	30,961	1.44
Meiji Yasuda Life Insurance Company	30,889	1.43
Toyu-kai（Employees’ Stockholding）	26,254	1.22

(Note) The number of treasury shares is excluded from the “Number of Shares Issued and Outstanding” in calculating the shareholding ratios.

IV. Independent Outside Auditor

1. Name of Independent Outside Auditor

AZSA & Co.

2. Fees and Other Charges Payable to Independent Outside Auditor for the Year Ended March 31, 2009

(1) Amount of fees and other charges payable to the independent outside auditor by the Company for the year ended March 31, 2009

(i) Fees for audit services in Article 2, paragraph 1 of the Certified Public Accountants Law
¥80 million

(Note) As the audit fees under the Companies Act and those under the Financial Instruments and Exchange Law are not separated for the purpose of the audit contract executed between the Company and the independent outside auditor and are impractical to separate, the amount specified above is indicated as the total amount of audit fees payable under both Laws.

(ii) Amount of fees and other charges for services other than audit services in Article 2, paragraph 1 of the Certified Public Accountants Law
¥13 million

(2) Total amount of cash and other financial benefits payable by the Company and its subsidiaries
¥182 million

3. Non-Audit Services

The Company delegates the services, such as the provision of specialized advice on the assessment of internal control over financial reporting, to the independent outside auditor and pays consideration therefor.

4. Policy on Decision of Dismissal or Non-Reappointment of Independent Outside Auditor

In addition to the dismissal by the Board of Corporate Auditors of the independent outside auditor under Article 340 of the Companies Act, in the event that the proper performance by the independent outside auditor of its duties is found to be difficult, the Company may propose agendas concerning dismissal or non-reappointment of the independent outside auditor at the shareholders' meetings with the consent of the Board of Corporate Auditors under Article 344, paragraphs 1 and 3 of the Companies Act or by request from the Board of Corporate Auditors under Article 344, paragraphs 2 and 3 of the Companies Act.

V. Systems to Ensure that the Directors Perform Their Duties in Compliance with Applicable Laws and Regulations and the Articles of Incorporation and Other Systems to Ensure the Propriety of Operations

The Company establishes systems to ensure that the directors of the Company perform their duties in compliance with applicable laws and regulations and the Articles of Incorporation and other systems necessary to ensure the propriety of the Group's operations at meetings of the Board of Directors. The outline of such systems is as follows:

1. Systems to ensure that the performance of duties complies with applicable laws and regulations and the Articles of Incorporation

(1) Executive directors establish the "Osaka Gas Group Code of Business Conduct" based on "Osaka Gas Group CSR Charter." By familiarizing directors and employees with the Code, executive directors ensure the performance of duties in compliance with applicable laws and regulations and the Articles of Incorporation within the Group and promote business activities in a fair and appropriate manner.

(2) Executive directors make efforts to understand the status concerning compliance within the Group and promote compliance practices by establishing a consulting and reporting system as an internal reporting system and a CSR committee.

(3) If any problems are discovered regarding compliance within the Group, directors and employees of the Group are required to consult with or report to an executive director or other superior, or report the matter via the consulting and reporting system depending on the level of seriousness or urgency. The executive director or the head of compliance or other superior investigates details of such matter and takes necessary remedial measures.

2. System concerning the maintenance and the management of information on Directors' performance of duties

(1) Executive directors and employees of the Group prepare minutes of the meetings of the Board of Directors, approval documents or other similar documents specifying matters including matters affecting decisions and the process by which a decision was reached, in accordance with regulations on responsibilities and authorities.

(2) Executive directors and employees of the Group properly store and manage the minutes of the meetings of the Board of Directors, approval documents or other information on performances of duties according to the nature thereof.

3. Regulations and other systems to manage the risk of losses

(1) Executive directors take all possible steps to ensure the safety and stability of gas supplies in gas businesses by establishing safety regulations on matters concerning the construction, maintenance and operation of production and supply facilities, and by promoting the improvement of the production and supply systems.

(2) Executive directors of the Group and organizational heads of the Company (managers of basic organizations of the Company) take measures to prevent the occurrence of risks and minimize losses in the case of occurrence, and manage the risk of losses for each category of risk (risks due to external factors, internal factors, transactions with outside parties or other factors).

(3) The risk of losses is managed at the level of each basic organization and each affiliated company.

4. Systems to ensure the efficient performance of duties by directors

(1) Executive directors of the Group and organizational heads of the Company determine matters concerning the division of duties and decision-making within the Company and the Group in accordance with regulations on responsibilities and authorities. They also provide regulations regarding details of organizations and general matters to be observed during the performance of duties. By familiarizing employees with such regulations, they ensure the smooth management of organizations and the improvement of quality and efficiency of operations.

(2) With the aim of maximizing corporate value, executive directors of the Group and organizational heads of the Company establish medium-term business plans and annual plans for the Company and the Group, monitor attainment by means of performance indicators and focus on achieving these plans.

5. Systems to ensure the propriety of business operations of the Group

In addition to the above, executive directors take the following measures and make efforts to ensure proper operations based on a premise of the fulfillment of their duties of care.

(1) Companies to play a central role in each business area of the Group (core companies) or basic organizations to supervise affiliated companies (management support organizations) are designated to be responsible for day-to-day management of affiliated companies.

(2) Compliance with applicable laws and regulations and the Articles of Incorporation, the efficiency and other similar matters of the Group as a whole are audited internally by the head of the Auditing Department of the Company. If necessary in light of the results of such audit, remedial measures are taken promptly.

6. Matters concerning employees assisting corporate auditors in the performance of their duties in the case where the appointments of such employees are requested

(1) Executive directors, if requested by the corporate auditors, appoint employees to assist the corporate auditors in the performance of their duties and establish a corporate auditors' office staffed by these corporate auditors' assistants.

(2) Corporate auditors' assistants are engaged solely in assisting the corporate auditors in the performance of their duties.

7. Matters concerning independence of corporate auditors' assistants from directors

(1) Executive directors cannot direct or give orders to corporate auditors' assistants except where such directions or orders apply equally to all employees.

(2) The opinions of the corporate auditors are sought in advance regarding the evaluation, transfer, and disciplining of corporate auditors' assistants.

8. Systems for reporting to the corporate auditors by directors and employees and other matters concerning reporting to the corporate auditors

(1) Directors report immediately to the corporate auditors if a matter that is significantly detrimental on the Company is discovered.

(2) Directors and employees report without delay matters that have a material impact on the business of the Group, the results of internal audits, the situation regarding the main reports under the consulting and reporting system and other material matters.

(3) Directors of the Group and employees of the Company report without delay when requested by the corporate auditors to report on matters concerning the performance of duties.

9. Other systems to ensure effective auditing by the corporate auditors

(1) The corporate auditors may exchange opinions periodically with the representative directors and the independent outside auditor.

(2) The corporate auditors may attend meetings of the Executive Board and all company committee meetings. They may investigate as appropriate material information concerning the performance of duties, such as approval documents.

Balance Sheets

(As of March 31, 2009)

(Yen in millions)

Assets		Liabilities	
Non-current Assets	**871,366**	**Non-current Liabilities**	**424,644**
Property, Plant and Equipment	**567,003**	Corporate bonds maturing after one year	255,624
Production facilities	93,120	Long-term borrowings due after one year	149,503
Distribution facilities	322,828	Long-term credits from associated companies	508
Service and maintenance facilities	64,086	Deferred tax liabilities	9,299
Incidental business facilities	4,156	Reserve for retirement allowance	4,195
Construction in progress	82,812	Reserve for repairs of gas holders	1,675
Intangible Fixed Assets	**6,634**	Other non-current liabilities	3,836
Patents	46	**Current Liabilities**	**207,847**
Leaseholds	2,877	Long-term debt due within one year	27,369
Other	3,709	Trade accounts payable	48,802
		Other payables	22,796
Investments and Other Assets	**297,729**	Accrued expenses	38,465
Investments securities	40,958	Accrued income and enterprise taxes	12,830
Investment in associated companies	120,786	Advance received	4,158
Long-term loans to associated companies	73,440	Deposits received	1,087
Financing receivables	22	Short-term borrowings from associated companies	29,484
Long-term prepaid expenses	11,318	Short-term credits from associated companies	14,549
Prepaid pension expenses	46,652	Reserve for safety measures	2,023
Other investments and other assets	5,164	Other current liabilities	6,279
Allowance for doubtful receivables	(615)	**Total Liabilities**	**632,491**
Current Assets	**269,112**	**Net Assets**	
Cash & time deposits	18,771	**Shareholders' Equity**	**497,960**
Notes and bills receivable	858	**Common Stock**	**132,166**
Trade accounts receivable	76,613	**Capital Surplus**	**19,482**
Trade accounts receivable from associated companies	5,875	Capital reserve	19,482
Other receivables	14,799	**Retained Earnings**	**347,562**
Finished products	185	Retained earnings reserve	33,041
Raw materials	38,859	Other retained earnings	
Supplies	8,485	Reserve for deferred gain from replacement of designated properties, etc.	214
Short-term loans to associated companies	55,246	Reserve for depreciation of designated gas pipeline construction	129
Short-term credits against associated companies	3,819	Reserve against losses on overseas investments, etc.	9,380

Deferred tax assets	18,811	Raw material cost fluctuation adjustment reserve	89,000
Other current assets	27,324	Special reserves	62,000
Allowance for doubtful receivables	(539)	Retained earnings carried forward	153,796
		Treasury Shares	**(1,251)**
		Treasury shares	(1,251)
		Net Gains on Valuation and Foreign Currency Translation, etc.	**10,027**
		Net Unrealized Holding Gains on Other Securities	**10,903**
		Net unrealized holding gains on other securities	10,903
		Deferred Income from Hedge Transactions	**(876)**
		Deferred income from hedge transactions	(876)
		Total Net Assets	**507,987**
Total Assets	**1,140,479**	**Total Liabilities & Net Assets**	**1,140,479**

Income Statements
(April 1, 2008 through March 31, 2009)

(Yen in millions)

Costs and Expenses		Operating Revenues	
Cost of products sold	**495,321**	**Sales of products manufactured**	**805,472**
Inventory at the beginning of the period	148	Sales of gases	805,472
Cost of products manufactured	502,521		
Amount of products purchased	0		
Own use of products manufactured	7,162		
Inventory at the end of the period	185		
(Gross profit)	**(310,150)**		
Expenses for distribution and sales	**223,084**		
General administrative expenses	**54,084**		
(Income from operation)	**(32,980)**		
Miscellaneous operating expenses	**113,821**	**Miscellaneous operating revenues**	**119,050**
Installation expenses	27,259	Revenues from house-pipe installations	28,060
Appliance sales expenses	86,561	Appliances sales revenues	87,097
		Revenue from consignment supply business	2,250
		Other miscellaneous operating revenues	1,641
Expenses from incidental businesses	**47,683**	**Revenues from incidental businesses**	**47,353**
Expenses from the automatic alert services	5,053	Revenues from the automatic alert services	6,330
Expenses from the electric power supply	9,570	Revenues from the electric power supply	8,861
Expenses from the LNG sales	28,357	Revenues from the LNG sales	26,718
Expenses from other incidental businesses	4,701	Revenues from other incidental businesses	5,442
(Operating income)	**(37,881)**		
Non-operating expenses	**13,144**	**Non-operating income**	**13,084**
Interest payments	2,559	Interest income	1,554
Interest payments on corporate bonds	4,347	Interest income on investment securities	0
Amortization of bond-issue expenses	273	Dividends income	1,102
Derivatives Expenses	2,651	Dividends income from associated companies	3,015
Other miscellaneous expenses	3,311	Lease income	1,501
(Ordinary profit)	**(37,821)**	Gain on foreign exchange	2,254
(Income before income taxes)	**(37,821)**	Other income	3,656
Income taxes - current	**6,900**		
Income taxes - deferred	**6,883**		
Net income	**24,038**		
Total	**984,961**	**Total**	**984,961**

Statements of Changes in Shareholders' Equity and Other Matters
(April 1, 2008 through March 31, 2009)

(Yen in millions)

	Shareholders' Equity													**Net Gains on Valuation and Foreign Currency Translation, etc.**			
		Capital Surplus		Retained Earnings													
					Other Retained Earnings												
	Common stock	Capital reserve	Total capital surplus	Retained earnings reserve	Reserve for deferred gain from replacement of designated properties, etc.	Reserve for depreciation of designated gas pipeline construction	Reserve against losses on overseas investments, etc.	Raw material cost fluctuation adjustment reserve	Special reserves	Retained earnings carried forward	Total retained earnings	Treasury shares	Total shareholders' equity	Net unrealized holding gains on other securities	Deferred income from hedge transactions	Total net gains on valuation and foreign currency translation, etc.	**Total Net Assets**
Balance at the preceding financial year end	132,166	19,482	19,482	33,041	214	193	9,871	89,000	62,000	144,314	338,635	(806)	489,477	21,196	13,015	34,211	523,689
Changes during the financial year																	
Reversal of reserve for depreciation of designated gas pipeline construction						(64)				64							
Accumulated reserve against losses on overseas investments, etc.							749			(749)							
Reversal of reserve against losses on overseas investments, etc.							(1,240)			1,240							
Distribution of retained earnings										(15,093)	(15,093)		(15,093)				(15,903)
Net income										24,038	24,038		24,038				24,038
Acquisition of treasury shares												(610)	(610)				(610)
Disposition of treasury shares										(18)	(18)	165	146				146
Changes in items other than shareholders' equity during the financial year (net)														(10,292)	(13,891)	(24,184)	(24,184)

Total changes during the financial year						(64)	(490)			9,482	8,927	(444)	8,482	(10,292)	(13,891)	(24,184)	(15,701)
Balance at the financial year end	132,166	19,482	19,482	33,041	214	129	9,380	89,000	62,000	153,796	347,562	(1,251)	497,960	10,903	(876)	10,027	507,987

Notes for Financial Statements of Osaka Gas Co., Ltd. (April 1, 2008 through March 31, 2009)

1. Notes for Matters in respect of Significant Accounting Policies

(1) Basis and methodology for the valuation of assets

(i) Valuation of marketable securities:

Bonds held to maturity:	stated at amortized cost
Shares of subsidiaries and associated companies:	stated at cost based on the moving-average method
Other marketable securities:	
Securities practicable to determine fair value:	stated at fair value (Unrealized holding gains and losses are accounted for as a component of net assets; cost of sales is determined using the moving-average method.)
Securities not practicable to determine fair value:	stated at cost based on the moving-average method

(ii) Inventories are valued as follows; provided, however that inventories held for trading recorded on the balance sheet are depreciated to write down the carrying amount based on depreciation of profitability:

Finished products:	stated at cost based on the weighted-average method
Raw materials:	stated at cost based on the moving-average method
Supplies:	stated at cost based on the moving-average method

(iii) Derivatives are stated at fair value.

(2) Depreciation method of non-current assets

(i) Property, plant and equipment (excluding leased assets) are depreciated using the declining-balance method. However, the straight-line method has been used for buildings (excluding structures attached to buildings) acquired after April 1, 1998.

(ii) Intangible fixed assets (excluding leased assets) are depreciated using the straight-line method. For internal-use software, the straight-line method based on the term available for use within the Company has been applied.

(iii) Leased assets resulting from finance leases that do not transfer ownership are depreciated using the straight-line method over the useful life equal to the lease terms assuming no residual value.

(3) Basis for recording reserves

(i) As for the allowance for doubtful receivables, to provide for the bad debts loss of accounts receivable, loans receivable, etc., an estimated uncollectible amount is provided which is based on an amount calculated based on the default ratio in the past for general receivables and the individual collectability for certain receivables including receivables with default possibility (*Kashidaore Kenen Saiken*).

(ii) As for the reserve for retirement allowance, for the purposes of employee retirement allowance, an amount is provided based on the estimate of the retirement allowance obligation and pension assets at the end of the financial year.

(iii) As for the reserve for repairs of gas holders, to provide for the necessary expenditure for periodical repairs of spherical gas holders, an estimated amount for the next scheduled repair is provided based on the actual expenditure for the previous period, which is proportionally allotted for the period up to such next scheduled repair.

(iv) As for the reserve for safety measures, to provide for the necessary expenditure to ensure the safety of gas consumers, an estimated amount of the expenditure necessary to promote replacements with safety-enhanced models, to strengthen inspections and to ensure wide awareness is provided.

(4) Other significant matters forming the basis of preparation of the balance sheets, etc.

Consumption taxes and other taxes are calculated using the net-of-tax method.

(5) Changes in Accounting Principles or Procedures

(i) Change of Basis and methodology for the valuation of assets

From this financial year, the “Accounting Standard for Measurement of Inventories (Accounting Standards Board of Japan Statement No. 9 of July 5, 2006)” is applied. This change does not have a material impact on profits and losses.

(ii) Application of the “Accounting Standard for Lease Transactions”

Accounting for finance leases that do not transfer ownership has been conducted in accordance with the accounting treatment similar to that for ordinary rental transactions. From this financial year, the “Accounting Standard for Lease Transactions (Accounting Standards Board of Japan Statement No. 13 of June 17, 1993 (amended on March 30, 2007)” and “Guidance on Accounting Standard for Lease Transactions (Guidance on Accounting Standards Board of Japan Statement No. 16 of January 18, 1994 (amended on March 30, 2007)” is applied and the accounting treatment similar to that for ordinary trading transactions is made thereon. This change has no impact on profits and losses.

As to finance lease transactions that do not transfer ownership and whose inception was before the beginning of this financial year, the usual accounting treatment similar to that for ordinary rental transactions is applied.

(6) Changes in Presentation

Revenue from consignment supply business was previously included in “Other miscellaneous operating revenues”. From this financial year, amended accounting rules for gas businesses are applied and such revenue is included in “Revenue from consignment supply business”.

2. Notes for Balance Sheets

(1) Accumulated depreciation of property, plant and equipment and accumulated depreciation of intangible fixed assets

Accumulated depreciation of property, plant and equipment:	¥1,779,229 million
Accumulated depreciation of intangible fixed assets:	¥1,725 million

(2) Guarantee liabilities, etc.

Guarantee liabilities:	¥42,916 million
Contingent liabilities in respect of debt assumption agreements with respect to bonds and long-term loans:	¥41,309 million

3. Notes for Income Statements

Amount of business from operational transactions with associated companies:

Sales to associated companies:	¥50,224 million
Amount of purchases from associated companies:	¥82,946 million

Amount of business from non-operational transactions with associated companies: ¥15,608 million

4. Notes for Statements of Changes in Shareholders' Equity and Other Matters

Number of treasury shares at the end of the financial year: 3,062,711 common shares

5. Notes for Tax Effect Accounting

(1) The main factors for the deferred tax assets are costs of raw materials, excess depreciation of deferred assets and excess depreciation of depreciable assets.

(2) The main factors for the deferred tax liabilities are prepaid severance and retirement benefit expenses, net unrealized holding gains on other securities and reserve required under the Special Taxation Measures Law.

6. Notes for Per Share Information

(1) Net asset amount per share: ¥235.69
(2) Net income per share: ¥11.15

7. Notes for Material Subsequent Events

On April 1, 2009, the Company entered into an agreement with Senboku Natural Gas Power Generation Co., Ltd., which is its wholly-owned company engaging in the generation and supply of electricity, in respect of the transfer of the following facilities to be newly constructed in Senboku Plant. The value of transfer (expected sales value) is expected to be ¥ 82.6 billion:

(1) Contents of facilities to be transferred
Name: Senboku Natural Gas Power Plant Units I-IV and its incidental facilities
Location: Sakai-City and Takaishi-City (Osaka-Prefecture)
(2) Scheduled Time of transfer: April, May, October and November 2009

8. Other Notes

With respect to part of the purchase price of raw materials, settlement may be required depending on the renewal of contracts or price negotiations with the suppliers.

Consolidated Balance Sheets

(As of March 31, 2009)

(Yen in millions)

Assets		Liabilities	
Non-current Assets	**1,092,659**	**Non-current Liabilities**	**548,366**
Property, Plant and Equipment	**822,305**	Corporate bonds	261,200
Production facilities	94,853	Long-term borrowings due after one year	238,610
Distribution facilities	323,928	Deferred tax liabilities	15,776
Service and maintenance facilities	64,934	Deferred tax liabilities resulting from revaluation of assets	57
Other facilities	250,953	Reserve for retirement allowance	13,821
Construction in progress	87,634	Reserve for repairs of gas holders	1,726
		Other	17,174
Intangible Fixed Assets	**32,422**	**Current Liabilities**	**269,334**
Goodwill	6,585	Long-term debt due within one year	38,616
Other	25,836	Notes, bills and trade accounts payable	74,909
		Short-term borrowings	33,708
Investments and Other Assets	**237,931**	Accrued income and enterprise taxes	19,706
Investments securities	133,554	Reserve for safety measures	2,023
Other	105,407	Other	100,369
Allowance for doubtful receivables	(1,029)	**Total Liabilities**	**817,700**
		Net Assets	
Current Assets	**359,798**	**Shareholders' Equity**	**610,056**
Cash & time deposits	44,828	Common stock	132,166
Notes, bills and trade accounts receivable	132,507	Capital surplus	19,482
Inventories	83,984	Retained earnings	459,658
Deferred tax assets	23,409	Treasury shares	(1,251)
Other	75,986	**Net Gains on Valuation and Foreign Currency Translation, etc.**	**2,508**
Allowance for doubtful receivables	(918)	Net unrealized holding gains on other securities	16,999
		Deferred income from hedge transactions	(1,663)
		Net unrealized holding gains on land	(103)
		Foreign currency translation adjustments	(12,724)
		Minority Interests	**22,191**
		Total Net Assets	**634,757**
Total Assets	**1,452,457**	**Total Liabilities & Net Assets**	**1,452,457**

Consolidated Income Statements
(April 1, 2008 through March 31, 2009)

(Yen in millions)

Items	
Operating revenues	**1,326,785**
Cost of products sold	**921,915**
(Gross profit)	**(404,870)**
Expenses for distribution and sales and general administrative expenses	**337,937**
(Operating income)	**(66,932)**
Non-operating income	**18,056**
Interest income	1,695
Dividends income	2,269
Equity in gains of associated companies	7,481
Other non-operating income	6,609
Non-operating expenses	**20,478**
Interest payments	10,461
Derivatives expenses	2,651
Other non-operating expenses	7,365
(Ordinary profit)	**(64,510)**
(Income before income taxes)	**(64,510)**
Income taxes - current	**18,751**
Income taxes - deferred	**6,425**
Minority interests	**3,292**
Net income	**36,041**

Consolidated Statements of Changes in Shareholders' Equity and Other Matters
(April 1, 2008 through March 31, 2009)

(Yen in millions)

	Shareholders' Equity					Net Gains on Valuation and Foreign Currency Translation, etc.						
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Net unrealized holding gains on other securities	Deferred income from hedge transactions	Net unrealized holding gains on land	Foreign currency translation adjustments	Total net gains on valuation and foreign currency translation, etc.	**Minority Interests**	**Total Net Assets**
Balance at March 31, 2008	**132,166**	**19,482**	**439,226**	**(806)**	**590,069**	**31,790**	**12,628**	**83**	**14,020**	**58,523**	**18,065**	**666,657**
Changes during the consolidated financial year												
Distribution of retained earnings			(15,093)		(15,093)							(15,093)
Net income			36,041		36,041							36,041
Acquisition of treasury shares				(610)	(610)							(610)
Disposition of treasury shares			(18)	165	146							146
Decrease due to change of accounting standards for affiliates			(498)		(498)							(498)
Changes in items other than shareholders' equity during the consolidated financial year (net)						(14,790)	(14,292)	(186)	(26,744)	(56,014)	4,126	(51,887)
Total changes during the consolidated financial year			**20,431**	**(444)**	**19,986**	**(14,790)**	**(14,292)**	**(186)**	**(26,744)**	**(56,014)**	**4,126**	**(31,900)**
Balance at March 31, 2009	**132,166**	**19,482**	**459,658**	**(1,251)**	**610,056**	**16,999**	**(1,663)**	**(103)**	**(12,724)**	**2,508**	**22,191**	**634,757**

Notes for Consolidated Financial Statements of the Group (April 1, 2008 through March 31, 2009)

1. Notes for Significant Matters Forming the Basis of Preparation of These Consolidated Financial Statements

(1) Scope of consolidation

Number of consolidated subsidiaries: 136

(Names of principal consolidated subsidiaries)
Osaka Gas Chemicals Co., Ltd., Urbanex Co., Ltd., Osaka Gas Information System Research Institute Co., Ltd., Liquid Gas Co., Ltd., Nissho Petroleum Gas Corporation

(2) Application of the equity method

Number of equity method affiliates: 5

(Names of principal equity method affiliates)
Idemitsu Snorre Oil Development Co., Ltd., Bizkaia Energia, S.L.

(Names of principal affiliates not subject to the equity method)
The affiliates not subject to the equity method include primarily ENNET Corporation.
The equity method is not applied to these affiliates because they do not have a material impact on net income or losses or retained earnings, etc. and are not material as a whole.

(3) Accounting standards

(i) Basis and methodology for the valuation of significant assets

a. Marketable securities:

Bonds held to maturity:	stated at amortized cost
Other marketable securities:	
Securities practicable to determine fair value:	stated at fair value based on the market price on the settlement day.(Unrealized holding gains and losses are accounted for as a component of net assets; cost of sales is determined primarily using the moving-average method.)
Securities not practicable to determine fair value:	primarily stated at cost based on the moving-average method

b. Inventories: primarily stated at cost based on the moving-average method; inventories held for trading recorded on the balance sheet are depreciated to write down the carrying amount based on depreciation of profitability.

c. Derivatives: stated at fair value

(ii) Depreciation method of significant depreciable assets

a. Property, plant and equipment (excluding leased assets) are depreciated primarily using the declining-balance method. However, the straight-line method has been used for buildings (excluding structures attached to buildings) acquired after April 1, 1998.

b. Intangible fixed assets (excluding leased assets) are depreciated primarily using the straight-line method. For internal-use software, the straight-line method based on the term available for use within the Company has been applied.

c. Leased assets resulting from finance leases that do not have ownership are depreciated using the straight-line method over the useful life equal to the lease terms with no residual value.

(iii) Basis for recording significant reserves

a. Allowance for doubtful receivables

To provide for the bad debts loss of accounts receivable, loans receivable, etc., an estimated uncollectible amount is provided which is based on an amount calculated based on the default ratio in the past for general receivables and the individual collectability for certain receivables including receivables with default possibility (*Kashidaore Kenen Saiken*).

b. Reserve for retirement allowance

For the purposes of employee retirement allowance, an amount is provided based on the estimate of the retirement allowance obligation and pension assets at the end of the consolidated financial year.

c. Reserve for repairs of gas holders

To provide for the necessary expenditure for periodical repairs of spherical gas holders, an estimated amount for the next scheduled repair is provided based on the actual expenditure for the previous repair, which is proportionally allotted for the period up to such next scheduled repair.

d. Reserve for safety measures

To provide for the necessary expenditure to ensure the safety of gas consumers, an estimated amount of the expenditure necessary to promote replacements with safety-enhanced models, to strengthen inspections and to ensure wide awareness is provided.

(iv) Other significant matters for the preparation of these consolidated financial statements

Consumption taxes and other taxes are calculated using the net-of-tax method.

(4) Valuation of assets and liabilities of consolidated subsidiaries

Assets and liabilities of consolidated subsidiaries are valued using the full fair value method.

(5) Notes for Changes in Significant Matters Forming the Basis of Preparation of These Consolidated Financial Statements

(i) Change of Basis and Methodology for the Valuation of Material Assets

From this consolidated financial year, the “Accounting Standard for Measurement of Inventories (Accounting Standards Board of Japan Statement No. 9 of July 5, 2006)” is applied. As a result, operating income, ordinary profit and income before income taxes decreased by ¥1,463 million, respectively, compared to the results calculated under the former standard.

(ii) Application of “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”

From this consolidated financial year, the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (Practical Issues Task Force No. 18 of May 17, 2006) is applied and necessary adjustments are made on the consolidated accounts under such Solution. This change has no impact on profits and losses.

(iii) Application of the “Accounting Standard for Lease Transactions”

Accounting for finance leases that do not have ownership has been conducted in accordance with the accounting treatment similar to that for ordinary rental transactions. From this consolidated financial year, the “Accounting Standard for Lease Transactions (Accounting Standards Board of Japan Statement No. 13 of June 17, 1993 (amended on March 30, 2007)” and “Guidance on Accounting Standard for Lease Transactions (Guidance on Accounting Standards Board of Japan Statement No. 16 of January 18, 1994 (amended on March 30, 2007)” are applied and the accounting treatment similar to that for ordinary trading transactions is made thereon. This change does not have a material impact on profits and losses. As to finance lease transactions, in which the Company was a borrower that do not transfer ownership and whose inception was before the beginning of this consolidated financial year, the usual accounting treatment similar to that for ordinary rental transactions is applied.

2. Notes for Consolidated Balance Sheets

(1) Assets pledged as collateral and secured liabilities

(i) Assets pledged as collateral

Property, plant and equipment	¥ 46,261 million
Investments and other assets	¥ 15,932 million
Others	¥ 8,646 million
Total	¥ 70,841 million

(ii) Secured Liabilities ¥ 34,140 million

(2) Accumulated depreciation of property, plant and equipment: ¥1,985,929 million

(3) Guarantee liabilities, etc.

Guarantee liabilities:	¥ 1,457 million
Contingent liabilities in respect of debt assumption agreements with respect to bonds and long-term loans:	¥ 41,309 million

3. Notes for Net Unrealized Holding Gains on Land

Commercial land of certain consolidated subsidiaries has been revalued in accordance with the Law Concerning the Revaluation of Land (Law No. 34 of March 31, 1998). Any difference resulting from the revaluation is included in net assets as net unrealized holding gains on land. The revaluation is made by making reasonable adjustments to the valuation by road rating which is provided for in Article 2, item 4 of the Enforcement Order of the Law Concerning the Revaluation of Land (Cabinet Order No. 119 of March 31, 1998).

Differences between the market value at the end of this consolidated financial year and its book value after revaluation in respect of revaluated lands ¥ (841) million

4. Notes for Consolidated Statements of Changes in Shareholders' Equity and Other Matters

(1) Number of shares issued and outstanding as of the consolidated financial year end

2,158,383,539 common shares

(2) Dividends

(i) Amount of payment of dividends

a. At the annual meeting of shareholders held on June 27, 2008, the following were resolved with March 31, 2008 as a record date.

dividends of common shares

(a)	Total amount of dividends	¥7,547 million
(b)	Dividend per share	¥3.50
(c)	Effective date for dividends	June 30, 2008

b. At the meeting of the Board of Directors held on October 31, 2008, the following were resolved with September 30, 2008 as a record date.

Matters concerning dividends of common shares

(a)	Total amount of dividends	¥7,545 million
(b)	Dividend per share	¥3.50
(c)	Effective date for dividends	November 28, 2008

(ii) From the dividends for which the record date falls within this consolidated financial year, the following are dividends of which the effective date falls within the next consolidated financial year.

At the annual meeting of shareholders to be held on June 26, 2009, the following is proposed with March 31, 2009 as a record date. Dividends are to be appropriated from retained earnings.

Matters concerning dividends of common shares

(a)	Total amount of dividends	¥ 7,543 million
(b)	Dividend per share	¥ 3.50
(c)	Effective date for dividends	June 29, 2009

5. Notes for Per Share Information

(1)	Net asset amount per share:	¥ 284.21
(2)	Net income per share:	¥ 16.72

6. Other Notes

With respect to part of the purchase price of raw materials, settlement may be required depending on the renewal of contracts or price negotiations with the suppliers.

Certified Copy of Auditors' Report Prepared by Independent Outside Auditor

Report of Independent Outside Auditor

May 14, 2009

To: The Board of Directors of Osaka Gas Co., Ltd.

AZSA & Co.

Designated Partner Engagement Partner	Certified Public Accountant
Designated Partner Engagement Partner	Certified Public Accountant
Designated Partner Engagement Partner	Certified Public Accountant

We have examined the financial statements, i.e., balance sheets, income statements, statements of changes in shareholders' equity and other matters, notes for individual financial statements and the supporting schedules of Osaka Gas Co., Ltd. for the 191st financial year which was from April 1, 2008 to March 31, 2009, in accordance with Article 436, paragraph 2, item 1 of the Companies Act. The management is responsible for the preparation of these financial statements and the supporting schedules, and it is our responsibility to form an independent opinion on such financial statements and supporting schedules.

We have carried out this audit in accordance with generally accepted auditing standards in Japan. These auditing standards require that we perform the audit to obtain reasonable assurance about whether the financial statements and the supporting schedules are free of material misstatement. The audit includes an overall examination, on a test basis, of the information in the financial statements and the supporting schedules including an assessment of the accounting policies adopted by the management and the method of application thereof, as well as of the estimates made by the management. We believe that our audit provides a reasonable basis for the expression of our opinion.

We have concluded that the financial statements and the supporting schedules give a true and proper account of assets and earnings of the Company for the financial year ended March 31, 2009 in all material aspects in accordance with generally accepted accounting standards in Japan.

Additional Information:

As described in the Notes for Material Subsequent Events in the Notes for Individual Financial Statements, the Company entered into an agreement on April 1, 2009 with Senboku Natural Gas Power Generation Co., Ltd., which is its wholly-owned company, in respect of the transfer of Senboku Natural Gas Power Plant and its incidental facilities to be newly constructed in Senboku Plant.

Neither AZSA & Co. nor any of its engagement partners have any interests with Osaka Gas Co., Ltd., which is required to be described under the Certified Public Accountant Law.

AZSA & Co.

Certified Copy of Auditors' Report Prepared by Independent Outside Auditor on Consolidated Financial Statements

Report of Independent Outside Auditor

May 14, 2009

To: The Board of Directors of Osaka Gas Co., Ltd.

AZSA & Co.

Designated Partner Engagement Partner	Certified Public Accountant
Designated Partner Engagement Partner	Certified Public Accountant
Designated Partner Engagement Partner	Certified Public Accountant

We have examined the consolidated financial statements, i.e., consolidated balance sheets, consolidated income statements, consolidated statements of changes in shareholders' equity and other matters and notes for consolidated financial statements of Osaka Gas Co., Ltd. for the consolidated financial year which was from April 1, 2008 to March 31, 2009, in accordance with Article 444, paragraph 4 of the Companies Act. The management is responsible for the preparation of these consolidated financial statements, and it is our responsibility to form an independent opinion on such consolidated financial statements.

We have carried out this audit in accordance with generally accepted auditing standards in Japan. These auditing standards require that we perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The audit includes an overall examination, on a test basis, of the information in the consolidated financial statements including an assessment of the accounting policies adopted by the management and the method of application thereof, as well as of the estimates made by the management. We believe that our audit provides a reasonable basis for the expression of our opinion.

We have concluded that the consolidated financial statements give a true and proper account of assets and earnings of the Osaka Gas Group consisting of the Company and its consolidated subsidiaries for the consolidated financial year ended March 31, 2009 in all material aspects in accordance with generally accepted accounting standards in Japan.

Neither AZSA & Co. nor any of its engagement partners have any interests with Osaka Gas Co., Ltd., which is required to be described under the Certified Public Accountant Law.

AZSA & Co.

Certified Copy of Auditors' Report Prepared by the Board of Corporate Auditors

Corporate Auditors' Report

The current audit covers the 191st term which was from April 1, 2008 to March 31, 2009. The Board of Corporate Auditors prepared this Corporate Auditors' Report upon deliberation based on reports by each Corporate Auditor regarding the performance by the Directors of their duties. We report as follows:

1. Method and details of audit by the Corporate Auditors and the Board of Corporate Auditors

(1) The Board of Corporate Auditors has established an audit policy, an audit plan and other matters and has received reports from each Corporate Auditor on the status of implementation and the results of the audit. In addition, the Board of Corporate Auditors has received reports from the Directors and the Independent Outside Auditor on the performance of their duties and requested explanations as necessary.

(2) Each Corporate Auditor has communicated with the Directors, the internal auditing division and other employees in conformity with the auditing standards established by the Board of Corporate Auditors and pursuant to the audit policy, the audit plan and other matters. The audit has been implemented based on the following method.

(i) We have attended meetings of the Board of Directors and other important meetings and have been informed as needed by the Directors, employees and others in respect of the status of performance of their duties. Furthermore, we have examined important documents in respect of the authorization of corporate actions and inspected the operations and the assets of the Company at its head office and principal business offices. With regard to subsidiaries, we have also communicated with directors, corporate auditors and others of the subsidiaries, and visited them as necessary in order to inspect their operations and assets.

(ii) We have inspected the content of a resolution of the Board of Directors concerning the establishment of systems to ensure that the Directors perform their duties in compliance with applicable laws and regulations and the Articles of Incorporation and other systems necessary to ensure the propriety of operations of *Kabushiki Kaisha* as provided for in Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act and the status of the system (internal control system) established based on such resolution.

(iii) We have received reports from the Independent Outside Auditor on the performance of its duties and requested explanations as necessary. Furthermore, we have received a notice from the Independent Outside Auditor that the "system to ensure that duties are properly performed" (matters stipulated in each item of Article 131 of the Corporate Accounting Ordinance) is established in accordance with the "Quality Management Standards concerning the Audit" (Financial Services Agency, Business Accounting Council) and other standards and requested explanations as necessary.

Based on the above method, we have examined the operating report, the financial statements (balance sheets, income statements, statements of changes in shareholders' equity and other matters and notes for individual financial statements) and their supporting schedules and the consolidated financial statements (consolidated balance sheets, consolidated income statements, consolidated statements of changes in shareholders' equity and other matters and notes for consolidated financial statements) for the financial year ended March 31, 2009.

2. Results of audit

(1) Results of audit of the operating report, etc.

(i) The operating report and its supporting schedules give a fair and proper account of the Company's business in accordance with applicable laws and the Articles of Incorporation.

(ii) No misconduct or material facts that are in breach of applicable laws or the Articles of Incorporation have been detected in respect of the performance by the Directors of their duties.

(iii) The content of the resolution of the Board of Directors concerning the internal control system is fair and proper. There is no matter of concern regarding the performance by the Directors of their duties in respect of the internal control system.

(2) Results of audit of financial statements and their supporting schedules
Methods used by AZSA & Co. as the Independent Outside Auditor for this audit, and the results thereof, are fair and proper.

(3) Results of audit of consolidated financial statements
Methods used by AZSA & Co. as the Independent Outside Auditor for this audit, and the results thereof, are fair and proper.

May 19, 2009

Osaka Gas Co., Ltd. the Board of Corporate Auditors

Seishiro Yoshioka	Corporate Auditor (Full-time)	[seal]
Akio Ukai	Corporate Auditor (Full-time)	[seal]
Toshihiko Hayashi	Corporate Auditor (External Corporate Auditor)	[seal]
Kenji Torigoe	Corporate Auditor (External Corporate Auditor)	[seal]