

September 26, 2006

Revision of Residential Rates

Osaka Gas announced today its plan of revising residential rates by an average of 2.33%. New general and contract rates for household customers will become effective on November 1, 2006. The new rate schedules and other changes in the gas supply rules of the company will be filed to the Ministry of Economy, Trade, and Industry on October 2, 2006.

According to the plan, the general tariff will be lowered by an average of 1.58%. For an average residential customer with an annual gas consumption of 600 cubic meters, an annual gas bill would be lowered by 1,603 yen. Residential contract tariffs will also be lowered by an average of about 4.55%. Other rate options will be introduced to realize further discounts in gas bills.

The rate changes have been intended to improve the price competitiveness of gas against other fuels under intensifying market competition and to introduce the benefits the gas company has realized for its residential customers through improved managerial efficiency and reduced fixed costs of operations.

On the basis of the planned rate changes, Osaka Gas has revised its projections on its consolidated and non-consolidated operating revenues and profits for the current fiscal year ending March 31, 2007, as shown in tables below.

1. Revision of projections for the Year Ending March 2007 (from April 2006 to March 2007)
 [Consolidated] (million yen)

	Operating Revenues	Ordinary Profit	Net Income After Tax
Previous Projections (A)	1,199,000	86,500	49,500
Revised Projections (B)	1,193,500	81,000	46,000
Differences (B-A)	-5,500	-5,500	-3,500
Rate of change (%)	-0.5%	-6.4%	-7.1%
(F.Y.I.) Actual Performances for F.Y. 2006.3	1,065,961	103,308	80,710

2. Revision of projections for the Year Ending March 2007 (from April 2006 to March 2007)
 [Non-Consolidated] (million yen)

	Operating Revenues	Ordinary Profit	Net Income After Tax
Previous Projections (A)	851,000	68,500	46,000
Revised Projections (B)	845,500	63,000	42,500
Differences (B-A)	-5,500	-5,500	-3,500
Rate of change (%)	-0.6%	-8.0%	-7.6%
(F.Y.I.) Actual Performances for F.Y. 2006.3	786,350	82,040	70,632