

September 29, 2008

### **Revision of Fuel Cost Adjustment Mechanism for Industrial Customers**

Osaka Gas decided to implement on January 1, 2009, a revision of the fuel cost adjustment mechanism for customers in the deregulated sectors of the gas market in the company's service area.

In the revised mechanism, an index of fuel cost in the two preceding months will be reflected upon gas prices for those customers. The average of all imported LNG supplied to Osaka Gas during the two months' period will be used as an index for the fuel cost portion of the gas prices for customers for the subsequent two months. In the existing mechanism, the price indexation period is three months for the average price of all LNG delivered to Japan.

With the change in the pricing method, changes in LNG prices that have undergone fluctuations in recent months will be reflected upon gas prices for large customers in a timely manner.