

FY2012.3 Business Plan of the Osaka Gas Group

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Osaka Gas Co., Ltd.

1. Priority tasks for FY2012.3

The Osaka Gas Group will focus on the following tasks in fiscal year 2012.3, designating it as the “Boost-up Year” in which the Group will accelerate initiatives that it has undertaken thus far, in order to ensure the realization of its long term vision and medium-term business plan, “Field of Dreams 2020.”

1. Enhancement of customer satisfaction and contributions to the realization of a low-carbon society
2. Investment in growth, expansion of business
3. Stable supply, ensuring safety, CSR
4. Initiatives for smart work

While the external business environment is expected to remain uncertain in fiscal year 2012.3 amid the low visibility of economic developments, energy price fluctuations, and the current trend to realize a low-carbon society, the Osaka Gas Group will strive to make steady progress toward the realization of its “Field of Dreams 2020” business plan by expanding its business field and establishing a firm business structure through endeavors to achieve the plan’s goals.

2. Financial forecast

In fiscal year 2012.3 the Osaka Gas Group is planning to generate revenues of ¥1,267 billion, operating income of ¥74.0 billion, ordinary income of ¥70.0 billion, and net income of ¥43.5 billion on a consolidated basis.

	Consolidated			Non-consolidated		
	FY 2012.3 Plan (¥ billion)	FY 2011.3 Forecasted (¥ billion)	Change (%)	FY 2012.3 Plan (¥ billion)	FY 2011.3 Forecasted (¥ billion)	Change (%)
Revenues	1,267.0	1,170.0	+8.3	1,001.5	902.0	+11.0
Operating Profit	74.0	84.5	-12.4	43.0	52.0	-17.3
Ordinary Profit	70.0	80.0	-12.5	44.0	53.0	-17.0
Net Income	43.5	45.0	-3.3	31.0	33.5	-7.5
SVA	10.0	12.4	—	4.0	7.2	—
ROE	2.9%	3.0%	—	2.6%	2.9%	—
ROA	6.2%	6.7%	—	5.4%	6.2%	—

Percent change from FY 2011.3 forecasted (announced October 29, 2010)

* Assumptions for FY 2012.3 plan: Crude oil price (All Japan CIF price): US\$100/bbl,
Exchange rate: ¥85/US\$

[Assumptions for FY 2011.3 forecasted: Crude oil price (All Japan CIF price): US\$81/bbl,
Exchange rate: ¥86/US\$]

3. Gas/Electric Power Sales Plan

In fiscal year 2012.3, Osaka Gas (on a non-consolidated basis) is planning to sell 8,448 million m³ of gas (down 0.4% from FY2011.3 forecast), and 7,162 million kWh of electricity (up 1.3% from FY2011.3 forecast) on a non-consolidated basis.

Gas Sales Volume

[Non-consolidated]

1 m³ = 45 MJ

Residential	million m ³	2,237 (-1.6%)
Commercial, Public, Medical	million m ³	1,552 (-4.1%)
Industrial	million m ³	4,168 (+1.5%)
Wholesale	million m ³	491 (+1.2%)
Total gas sales volume	million m ³	8,448 (-0.4%)
Number of customers (end of the year)	thousand	7,050 (+0.5%)

(Consolidated) Gas sales volume	million m ³	8,479 (-0.4%)
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Electricity Sales Volume

Total Electricity sales volume	million kWh	7,162 (+1.3%)
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Figures in parentheses are percent changes from FY 2011.3 forecasted (announced October 29, 2010).

4. Investment Plan

In fiscal year 2012.3, the Osaka Gas Group is planning to invest ¥142.0 billion on a consolidated basis, of which ¥61.4 billion represents capital investments by Osaka Gas (on a non-consolidated basis).

(Unit: ¥ billion)

	Investments
Upgrading existing businesses	45.0
Domestic energy businesses	24.5
International energy businesses	48.0
Environment and non-energy businesses	24.5
New investments	97.0
Total investments	142.0

(Reference: Among the above figures) Capital investments on a non-consolidated basis	61.4
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5. Supply plan for FY 2012.3 through FY 2016.3

(1) Outlook for gas demand

Regarding the outlook for demand from fiscal year 2012.3 onwards, the demand for gas is projected to reach 8,996 million m³ in fiscal year 2016.3 due to increased demand mainly in industrial fields where a fuel shift to natural gas, a low-carbon energy source, is expected to lead to demand increase. The average annual growth rate over the 5-year period is estimated to be 1.2%.

(Units: Million m³, m³ per month, %)

	FY 2011.3 (forecasted)	FY 2012.3	FY 2013.3	FY 2014.3	FY 2015.3	FY 2016.3	Average annual growth FY 2011.3 to FY 2016.3
Residential	1.3 2,273	-1.6 2,237	-0.4 2,228	-0.1 2,226	0.1 2,229	0.5 2,241	-0.3
Commercial / Industrial	5.6 5,726	-0.1 5,720	1.8 5,824	1.7 5,921	3.4 6,120	2.3 6,258	1.8
Commercial	4.8 980	-5.0 931	0.0 931	-0.3 923	-0.4 924	-0.6 919	-1.3
Industrial	5.9 4,107	1.5 4,168	2.4 4,266	2.1 4,357	4.5 4,554	3.1 4,694	2.7
Public, Medical	5.0 639	-2.8 621	1.0 628	1.3 636	0.9 642	0.5 645	0.2
Subtotal	4.4 7,998	-0.5 7,957	1.2 8,052	1.2 8,147	2.5 8,350	1.8 8,500	1.2
Wholesale	6.6 485	126 491	0.3 493	0.3 494	0.3 495	0.3 497	0.5
Total	4.5 8,484	-0.4 8,448	1.1 8,545	1.1 8,641	2.4 8,845	1.7 8,996	1.2
Gas sales per household	1.2 32.7	-1.6 32.2	-0.6 32.0	-0.6 31.8	-0.0 31.8	0.2 31.8	-0.5

Note: Each upper-left figure represents growth (%) from the previous fiscal year. Sales volume assumes 45 MJ/m³, which differs from the filed figure of 46 MJ/m³. Fractions are rounded off in each category.

The Osaka Gas Group expects the number of new houses built within its service area to be around 70,000 by the end of fiscal year 2012.3.

The number of customers (number of gas meters installed) is expected to exceed 7 million by the end of fiscal year 2011.3 and reach about 7.19 million at the end of fiscal year 2016.3.

(Unit: thousand households)

	FY 2011.3 (forecasted)	FY 2012.3	FY 2013.3	FY 2014.3	FY 2015.3	FY 2016.3	Average annual growth FY 2011.3 to FY 2016.3
Newly built houses	-12.2 74	6.1 79	-0.7 78	-0.3 78	-3.3 76	-5.1 72	-0.7
Number of customers (FY end)	0.5 7,014	0.5 7,050	0.5 7,086	0.5 7,122	0.5 7,156	0.5 7,189	0.5

Note: Each upper-left figure represents growth (%) from the previous fiscal year.

(2) Raw material procurement plan

The Osaka Gas Group will strive to ensure stable procurement of LNG and LPG to maintain adequate supply in response to growing demand. In fiscal year 2016.3, planned purchase volumes of LNG and LPG are expected to reach 7,240,000 tons and 180,000 tons, respectively.

(Unit: thousand tons)

	FY 2011.3 (forecasted)	FY 2012.3	FY 2013.3	FY 2014.3	FY 2015.3	FY 2016.3
LNG purchase	7,162	6,947	7,077	7,152	7,232	7,241
LPG purchase	118	125	133	147	160	182

(3) Capital investment plan

Planned capital investments from fiscal year 2012.3 through fiscal year 2016.3 are mainly for the construction of distribution facilities. These include the Mie-Shiga gas pipeline to ensure a more stable supply system that can respond to future demand growth, and the Himeji-Okayama gas pipeline designed to handle the industrial demands outside the existing service area. In total, these capital investments amount to ¥299.4 billion.

*Fractions are disregarded in each category. (Unit: ¥ billion)

	FY 2011.3 (forecasted)	FY 2012.3	FY 2013.3	FY 2014.3	FY 2015.3	FY 2016.3	Total FY 2012.3 to 2016.3
Production facilities	2.5	3.9	5.9	8.1	9.6	10.6	38.3
Distribution facilities	41.9	51.6	55.7	52.2	41.7	42.0	243.4
Operation facilities	4.4	5.5	3.3	3.0	2.4	2.4	16.7
Incidental business facilities	0.0	0.2	0.1	0.1	0.1	0.1	0.9
Total	48.9	61.4	65.1	63.5	53.9	55.3	299.4

[Major production facility projects]

Name of Facility	Capacity	Location	Installation (expected)
LNG storage facility	230,000 kl	Semboku LNG Terminal No. 1 Facility	FY 2016.3

[Major pipeline projects]

Line name	Total distance	Section	Completion (expected)
Mie-Shiga Line	approx. 60 km*	Taga-cho, Shiga Prefecture to Yokkaichi City, Mie Prefecture	FY 2015.3
Himeji-Okayama Line	approx. 85 km	Himeji City, Hyogo Prefecture to Okayama City, Okayama Prefecture	FY 2015.3

* Osaka Gas is in charge of construction of an approx. 23 km section between Taga-cho, Shiga Prefecture and Inabe City, Mie Prefecture.