

PROFILE

Osaka Gas Co., Ltd. is a major gas utility in the Kansai area, a dynamic region contributing approximately 17% of Japan's economic output.

The Company provides more than 30% of the natural gas used in Japan to more than 6.3 million customers.

MAJOR OPERATING INDICES

		Six months ended Sept. 30, 2000 (A)	Six months ended Sept. 30, 1999 (B)	(A)– (B)	(A)/ (B) %
Number of Customers (Thousands of gas meters installed)	Residential	6,031	5,945	85	101.4
	Non-residential	306	303	3	101.1
	Total	6,337	6,248	89	101.4
Monthly Gas Sales	Residential	26.9	27.1	0.2	99.3
Volume per Customer (m ³)	Overall	102.1	96.4	5.7	105.9
Gas Sales Volume (Millions of m ³ ; 1m ³ =46.04655MJ)	Residential	872	869	3	100.3
	Non-residential:	2,592	2,365	227	109.6
	Industrial	1,879	1,710	169	109.9
	Commercial	482	458	23	105.1
	Other	231	196	35	117.7
	Wholesale	51	44	7	116.1
	Total	3,515	3,278	237	107.2

	Six months ended Sept. 30, 2000 (A)	Six months ended Sept. 30, 1999 (B)	(A)– (B)
Average temperature (Centigrade)	23.8	23.6	+0.2

I should like to begin this report by expressing sincere appreciation for the continuing support of our shareholders. The report summarizes our business performance in the half-year period ended September 30, 2000. It also examines the current position of Osaka Gas and its corporate group, as well as management priorities.



Gas sales followed a healthy trend during the period under review, and there was a 7.2% volume increase over the result for the same period last year. Contributing factors include the development of new demand through strong marketing efforts and increased sales of gas for air-conditioning use.

In value terms, non-consolidated operating revenue rose by 8.6% to ¥327,589 million. This was mainly attributable to the volume growth of gas sales and increased charges of gas unit prices under the fuel-cost adjustment system. Despite a sharp rise in crude oil prices, cost increases were held to 5.6% above the previous year's level.

Non-consolidated net income amounted to ¥10,155 million, an increase of ¥5,296 million over the result for the same period last year. The increase was the result of an improved non-operating income and expenditure position. A summary of the half-year results follows this message.

I should next like to say a few words about the current position of Osaka Gas, its corporate group, and our management priorities. Safety and service are both crucial to the Company's gas business, and we will continue efforts to maintain high safety standards and to enhance service standards. We are also determined to play an active role in environmental protection and energy conservation. In June of this year, Osaka Gas adopted long-term environmental goals that the Company aims to achieve by fiscal 2010. In line with these goals, we will continue efforts to reduce the load on the environment.

In September 2000, Kinrei Co., Ltd., a core company in the area of food and restaurant operations, became the first Osaka Gas subsidiary to be registered for trading on the OTC stock market. We will encourage our group companies to operate with increased autonomy under the principle of self-responsibility.

In our energy-related business activities, we are working to build a group structure capable of meeting all of the customer's needs, including not only natural gas, but also electric power and LPG.

Deregulation is expected to result in escalating competition in all areas of business, including energy. The Osaka Gas Group sees this time of rapid change as an excellent opportunity to expand its fields of activity, and the Group intends to develop its business aggressively.

On November 17, the Board of Directors resolved to buy back shares worth ¥10 billion as part of efforts to strengthen the Company's financial structure. A similar measure was implemented in the previous fiscal year. We look forward to the continuing support and guidance of shareholders.

A handwritten signature in cursive script that reads "A. Nomura".

Akio Nomura, President

December 2000

Number of Customers (Meters Installed)

The customer base increased by 32,000 to a total of 6.337 million during the half-year ended September 2000.

Gas Sales Volume

Total gas sales volume rose by 7.2% to 3,515 million m³. Despite an increase in the number of residential customers, residential gas sales volume showed little change, rising by only 0.3% over the figure for same period last year. This was the result of high summer temperatures. However, non-residential sales volume was 9.6% higher, and contributing factors can be attributed to continuing efforts to develop new demand, including use of cogeneration systems. Another factor was the hot summer, which was reflected in the increased use of gas air conditioners.

Revenues and Expenses

Gas sales amounted to ¥402,457 million. This result reflects higher gas sales due to an increase of gas sales volume and an upward adjustment of unit prices under the fuel-cost adjustment system. Operating expenses increased because of a rise in the cost of raw materials resulting from higher crude oil prices. However, the total was held down to ¥379,130 million, thanks to sustained efforts to minimize supply and sales costs and selling, general and administrative costs.

It is not possible to compare the results for the first half of the current year with those for the same period in the previous year, since this is the first time that consolidated half-yearly accounts have been prepared. During the current year, Osaka Gas has acquired shares in Nissho Iwai Petroleum Gas Co., Ltd. and its three subsidiaries. Since the acquisition occurred in September, these companies are included only in the consolidated balance sheet.

Income

Income before income taxes amounted to ¥20,762 million. Net income was ¥11,580 million, and the interim dividend was ¥2.5 per share.

CONSOLIDATED BALANCE SHEETS

Osaka Gas Co., Ltd.
September 30, 2000
(Unaudited)

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2000	2000
ASSETS		
Current Assets:		
Cash and time deposits	¥ 16,294	\$ 150,870
Receivables:		
Trade notes and accounts	82,209	761,195
Allowance for doubtful receivables	(915)	(8,472)
	81,294	752,723
Inventories	45,732	423,444
Deferred tax assets	6,538	60,537
Other current assets	33,059	306,102
Total current assets	182,917	1,693,676
Investments and Other Assets:		
Investment securities:		
Unconsolidated subsidiaries and affiliated companies	33,886	313,759
Other	132,416	1,226,074
Long-term loans receivable	15,719	145,547
Deferred tax assets	17,785	164,676
Other investments and other assets	36,420	337,222
Allowance for doubtful receivables	(1,833)	(16,972)
	234,393	2,170,306
Property, Plant and Equipment, at Cost:		
Production facilities	466,071	4,315,472
Distribution facilities	1,254,348	11,614,334
Service and maintenance facilities	173,539	1,606,843
Other	316,148	2,927,296
Construction in progress	118,905	1,100,972
	2,329,011	21,564,917
Less accumulated depreciation	1,476,078	13,667,389
	852,933	7,897,528
Intangibles	15,167	140,435
Deferred assets	5	46
	¥1,285,415	\$11,901,991

See accompanying notes.

CONSOLIDATED BALANCE SHEETS

Osaka Gas Co., Ltd.
September 30, 2000
(Unaudited)

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2000	2000
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Short-term loans	¥ 45,763	\$ 423,731
Long-term debt due within one year (Note 4) ...	24,195	224,028
Trade notes and accounts payable	39,268	363,593
Accrued income and enterprise taxes	11,381	105,380
Other current liabilities	141,806	1,313,018
Total current liabilities	262,413	2,429,750
Long-term Debt Due after One Year (Note 4) ..	413,018	3,824,241
Deferred tax liabilities	8,336	77,185
Employees' Retirement Benefits	104,956	971,815
Reserve for Repairs of Gas Holders	2,078	19,241
Other Non-current Liabilities	14,235	131,805
Minority Interests	6,356	58,852
Contingent Liabilities (Note 6)		
Shareholders' Equity:		
Common stock, par value ¥50 per share:		
Authorized-3,933,700 thousand shares		
Issued-2,461,863 thousand shares		
(Note 5)	132,167	1,223,769
Capital surplus (Note 5)	19,482	180,389
Retained earnings	279,774	2,590,500
Net unrealized gains on securities (Note 3 (2)) ...	42,615	394,583
Treasury stock, at cost	(15)	(139)
Total shareholders' equity	474,023	4,389,102
	¥1,285,415	\$11,901,991

CONSOLIDATED STATEMENTS OF INCOME

Osaka Gas Co., Ltd.
September 30, 2000
(Unaudited)

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2000	2000
Operating Revenues	¥402,458	\$3,726,463
Costs and Expenses:		
Costs	200,592	1,857,333
Selling, general and administrative expenses	178,539	1,653,139
	379,131	3,510,472
Operating Income	23,327	215,991
Other Income (Expenses):		
Interest and dividend income	1,060	9,814
Interest expense	(3,622)	(33,537)
Gain on investments in consolidated subsidiaries and affiliates	382	3,537
Effect of change of accounting for employees' retirement benefits for prior periods (Note 2 (9)) .	(1,350)	(12,500)
Other, net	(656)	(6,074)
	(4,186)	38,760
Income before Income Taxes	19,141	177,231
Income Taxes —Current	7,915	73,287
—Deferred	(529)	(4,898)
Minority Interests	(174)	(1,611)
Net Income	¥ 11,581	\$ 107,231

	Millions of Yen	U.S. Dollars (Note 1)
Net Income per Share	¥ 4.70	\$ 0.044

See accompanying notes.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Osaka Gas Co., Ltd.
Six months ended September 30, 2000
(Unaudited)

	Shares of Common Stock Issued (Thousands)	Millions of Yen				Net unrealized gains on securities
		Common Stock	Capital Surplus	Retained Earnings		
Balance at March 31, 2000	2,477,761	¥132,167	¥19,482	¥276,883		
Net income				11,581		
Cash dividends				(6,195)		
Bonuses to directors				(66)		
Treasury stock retired	(15,898)			(4,633)		
Increase due to newly consolidated subsidiaries				2,204		
Change in book value of securities.					¥42,615	
Balance at September 30, 2000	2,461,863	¥132,167	¥19,482	¥279,774	¥42,615	

	Thousands of U.S. Dollars (Note 1)			
	Common Stock	Capital Surplus	Retained Earnings	Net unrealized gains on securities
Balance at March 31, 2000	\$1,223,769	\$180,389	\$2,563,732	
Net income			107,231	
Cash dividends			(57,361)	
Bonuses to directors.....			(611)	
Treasury stock retired.....			(42,898)	
Increase due to newly consolidated subsidiaries			20,407	
Change in book value of securities.....				\$394,583
Balance at September 30, 2000	\$1,223,769	\$180,389	\$2,590,500	\$394,583

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOW

Osaka Gas Co., Ltd.
Six months ended September 30, 2000
(Unaudited)

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2000	2000
Cash Flows from Operating Activities:		
Income before income taxes	¥19,141	\$177,231
Adjustments to reconcile net income before income taxes to net cash provided by operating activities:		
Depreciation	40,794	377,722
Decrease in employees' retirement benefits	(2,716)	(25,148)
Interest and dividend income	(1,060)	(9,814)
Interest expense	3,622	33,537
Decrease in receivables	23,376	216,444
Increase in inventories	(10,386)	(96,167)
Decrease in payables	(7,055)	(65,324)
Other	(5,822)	(53,907)
Subtotal	59,894	554,574
Interest and dividends received	1,037	9,602
Interest paid	(3,206)	(29,685)
Income and enterprise taxes paid	(19,987)	(185,065)
Net cash provided by operating activities	37,738	349,426
Cash Flows from Investing Activities:		
Purchase of property, plant and equipment	(50,051)	(463,435)
Proceeds from sale of investment securities	11,029	102,120
Purchase of investment in subsidiaries and affiliates	(16,880)	(156,296)
Proceeds from sale of investment in subsidiaries and affiliates	1,468	13,592
Payments for acquisitions for newly consolidated subsidiaries	(5,062)	(46,870)
Net increase in short-term loans receivable	(1,030)	(9,537)
Other	(2,029)	(18,787)
Net cash used in investing activities	(62,555)	(579,213)
Cash Flows from Financing Activities:		
Net decrease in short-term loans	(16,417)	(152,009)
Net increase in commercial paper	20,000	185,185
Proceeds from long-term debt	15,011	138,991
Repayment of long-term debt	(8,077)	(74,787)
Proceeds from issuance of bonds	19,994	185,130
Repayment of bonds	(3,666)	(33,944)
Proceeds from issuance of stock by a subsidiary	924	8,556
Treasury stock retired	(4,633)	(42,898)
Cash dividends paid	(6,191)	(57,325)
Cash dividends paid to minority shareholders	(51)	(472)
Other	(6)	(56)
Net cash provided by financing activities	16,888	156,371
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(4)	(38)
Net decrease in Cash and Cash Equivalents	(7,933)	(73,454)
Cash and Cash Equivalents at Beginning of Period	22,775	210,880
Cash and Cash Equivalents of a newly consolidated subsidiary	985	9,120
Cash and Cash Equivalents at End of Period	¥15,827	\$146,546
Supplemental Disclosures of Cash Flow Information:		
Cash and Cash Equivalents		
Cash and time deposits in the balance sheet	¥16,294	\$150,870
Time deposits with maturities over three months	(527)	(4,880)
Mutual fund of bond	60	556
Total	¥15,827	\$146,546

See accompanying notes.

Osaka Gas Co., Ltd.
September 30, 2000
(Unaudited)

1. Basis of Presentation of Consolidated Interim Financial Statement

Osaka Gas Co., Ltd. (the "Company") and its consolidated domestic subsidiaries maintain their accounts and records in accordance with the provisions set forth in the Japanese Gas Utility Law and related regulations, the Japanese Commercial Code and the Securities and Exchange Law and in conformity with accounting principles and practices generally accepted in Japan, which are different from the accounting and disclosure requirements of International Accounting Standards.

The accompanying consolidated interim financial statements are a translation of the consolidated interim financial statements of the Company which were prepared in accordance with accounting principles and practices generally accepted in Japan from the accounts and records maintained by the Company and its consolidated subsidiaries and were filed with the Minister of Finance ("MOF") as required by the Securities and Exchange Law.

In preparing the accompanying consolidated interim financial statements, certain reclassifications have been made in the consolidated interim financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The translation of the Japanese yen amounts into U.S. dollars are included solely for the convenience of the reader, using the prevailing exchange rate at September 30, 2000, which was ¥108.00 to U.S.\$1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

In accordance with the "Regulation of Consolidated Semi-annual Financial Statements" effective from the six months ended September 30, 2000, the Company is newly required to prepare consolidated interim Financial statements.

2. Significant accounting policies

(1) Consolidation

The consolidated interim financial statements include the accounts of the Company and its thirty five significant subsidiaries. Consolidation of the remaining subsidiaries would have no material effect on the accompanying consolidated interim financial statement. Intercompany transactions and accounts have been eliminated.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiaries.

(2) Securities

Investments in unconsolidated subsidiaries and affiliates are stated at moving-average cost. Other investment securities whose fair value is readily determinable are stated at fair value as of the end of the semi-annual period with unrealized gains and losses, net of applicable deferred tax assets/liabilities, not reflected in earnings but directly reported as a separate component of shareholders' equity. The cost of securities sold is determined by the moving-average method. Other investment securities whose fair value is not readily determinable are stated primarily at moving-average cost. See Note 3 (2).

(3) Allowance for doubtful receivables

The allowance for doubtful receivables is provided in amounts considered to be sufficient to cover possible losses on collection. It is determined by the Company and certain consolidated subsidiaries by adding the uncollectable amounts individually estimated for doubtful receivables to an amount based on experience, which is calculated collectively.

(4) Inventories

Finished goods and merchandise are valued at weighted-average cost, except certain goods of consolidated subsidiaries which are valued at first-in, first-out cost or the most recent purchase price methods. Raw materials and supplies are primarily valued at moving average cost.

(5) Property, plant and equipment

Depreciation is provided on the declining-balance method (the straight-line method by certain consolidated subsidiaries) over estimated useful lives. However, the Company and domestic consolidated subsidiaries depreciates buildings acquired on or after April 1, 1998 on the straight-line method at April 1, 1998.

Repair and maintenance expenditures, excluding gas holders, are charged to income when incurred and major improvements are capitalized.

(6) Software costs

The Company depreciated it using the straight-line method over estimated useful lives.

(7) Research and development expenses

The Company charges research and development expenses to selling, general and administrative expenses and manufacturing costs as incurred. Research and development expenses amounted to ¥6,853 million (\$63,454 thousand) for the six months ended September 30, 2000.

(8) Income taxes and enterprise tax

Income taxes comprise corporation tax, prefectural and municipal inhabitants taxes and enterprise tax.

The Company adopts the accounting standard, which recognizes tax effects of temporary differences between the carrying amounts of assets and liabilities for tax and financial reporting. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

(9) Employees' retirement benefits

Under the terms of the Company's and consolidated subsidiaries' unfunded lump-sum retirement plans, substantially all employees are entitled to a lump-sum payment at the time of retirement. The amount of the retirement benefit is, in general, based on the length of service, base salary at the time of retirement and cause of retirement. Since 1974, a portion of retirement benefits have been covered under a defined benefit funded pension plan. In order to provide for the employees' retirement benefits, the Company and its consolidated subsidiaries accrue the liability as of the end of the semi-annual period in an amount calculated based on the estimated project benefit obligation less pension plan assets at the end of the fiscal year. One-half of the unamortized net transition obligation of ¥2,700 million (\$25,000 thousand) was expensed in the semiannual period. See Note 3 (1).

(10) Bonuses

The Company and its consolidated subsidiaries follow the general Japanese practice of paying bonuses to employees in June and December. Accrued bonus liabilities at the balance sheet date are calculated based upon management's estimate of annual amounts thereof and included in accrued expenses. Bonuses to directors, which are subject to approval at the general meeting of shareholders, are accounted for as an appropriation of retained earnings.

(11) Reserve for repairs of gas holders

The Company provides for future repairs to gas holders by estimating future expenditures and charging to income in equal annual amounts. The difference between the actual expenditure and the amount provided is charged to income in the year the repair is completed.

(12) Bond and note issue expenses

Bond and note issue expenses are deferred.
Depreciation is provided on the straight-line method.

(13) Accounting for leases

Finance leases which do not transfer ownership are accounted for in the same manner as operating leases under generally accepted accounting principles in Japan.

(14) Translation of foreign currencies

Monetary receivables and payables denominated in foreign currencies are translated at the current rate as of the balance sheet date.

(15) Derivatives

Derivatives are stated at market value method.

(16) Hedge accounting

a. Hedge accounting

Japanese GAAP provides for two accounting methods for hedging financial instruments. One method is to recognize as gain or loss the changes in fair value of a hedging instrument in earnings in the period of the change together with the offsetting gain or loss on the hedge item attributable to the risk being hedged. The other method is to defer the gain or loss to maturity of the hedging contract. The

Company and its consolidated subsidiaries have adopted the latter accounting method.

However, when a forward foreign exchange contract meets certain conditions, it is accounted for in the following manner:

- (i) The difference between the Japanese yen amounts of the forward exchange contract translated using the spot rate at the transaction date of the hedged item the spot rate at the date of inception of the contract, if any, shall be recognized in the income statement in the period which includes the inception date of the contract; and
- (ii) The discount or premium on the contract (that is, the difference between the Japanese yen amounts of the contract translated using the contracted forward rate and the spot rate at the date of inception of the contract) shall be recognized over the term of the contract.

In addition, when an interest rate swap contract meets certain conditions, the net amount to be paid or received under the interest rate swap is periodically added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

b. Hedging instruments and hedged items

Hedging instruments:	Hedged items:
Interest swap	Bonds and loans
Currency swap	Foreign currency bonds and loans
Forward foreign exchange contracts	Foreign currency transactions and currency option

c. Hedging policy

The company enters into currency swap and interest swap contracts in order to reduce costs and hedge exchange rate risk and interest rate fluctuations related to bonds denominated in foreign currencies and other debt.

The company has adopted policies restricting the use of derivatives.

(17) Net income per share

The computations of net income per share of common stock shown on the statements of income are based on the weighted average number of shares outstanding during the period.

The diluted net income per share of common stock for the six months ended September 30, 2000 is not shown since there were no outstanding convertible bonds or other common stock equivalents.

(18) Cash and cash equivalents

Cash on hand, readily available deposits and short-term highly liquid investments with maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

3. Additional information

(1) Accounting for employees' retirement benefits

Effective April 1, 2000, the Company and its consolidated subsidiaries adopted the new Japanese accounting standard "Accounting for Retirement Benefits" ("Opinion Concerning the Establishment of

Accounting Standard for Retirement Benefits” issued by the Business Accounting Deliberation Council on June 16, 1998). The adoption decreased pension and severance costs by ¥954 million (\$8,833 thousand) and increased income taxes by ¥954 million (\$8,833 thousand) for the six months ended September 30, 2000.

(2) Financial instruments

Effective April 1, 2000, the Company and its consolidated subsidiaries adopted the new Japanese accounting standard “Accounting Standards for Financial Instrument” (“Opinion Concerning the Establishment of Accounting Standard for Financial Instrument” issued by the Business Accounting Deliberation Council on January 22, 1999). The adoption increased investment securities by ¥68,493 million (\$634,195 thousand), and unrealized gains, net of income taxes, on securities (included in shareholders' equity) by ¥42,615 million (\$394,583 thousand). But the adoption had no significant effect on income before income taxes.

Upon applying the new standard, the Company and its consolidated subsidiaries examined the intent of holding each security at the beginning of the period and classified all securities as investment securities. The classification had no significant effect.

(3) Foreign currency transaction

Effective April 1, 2000, the Company and its consolidated subsidiaries adopted the revised accounting standard for foreign currency translation (“Opinion Concerning Revision of Accounting Standard for Foreign Currency Translation” issued by the Business Accounting Deliberation Council on October 22, 1999). The adoption had no significant effect.

4. Long-term debt

Assets pledged as collateral mainly for long-term debt of ¥19,225 million (\$178,009 thousand) at September 30, 2000 were as follows:

	Millions of Yen	Thousands of U.S. dollars
Property, plant and equipment	¥39,628	\$366,926
Investment securities	144	1,333
Time deposits	22	204
	¥39,794	\$368,463

5. Shareholders' equity

(1) Capital surplus

The Commercial Code of Japan provides that the entire issue price of shares must be credited to common stock, provided that, by resolution of the Board of Directors up to one-half of such issue price may be credited to capital surplus so long as the amount accounted for as common stock is equal to at least the aggregate par value of the shares issued.

(2) Common Stock

During the six months ended September 30, 2000 the Company purchased and retired 15,898,000 shares of treasury stock. As a result the authorized share capital of the Company was reduced to 3,933,700,000 shares.

(3) Dividends

The maximum amount that the Company can distribute as dividends is calculated based on the unconsolidated financial statements of the Company in accordance with the Commercial Code of Japan.

6. Contingent liabilities

At September 30, 2000, the Company was contingently liable as follows:

	Millions of Yen	Thousands of U.S. dollars
As guarantor of indebtedness of:		
Unconsolidated subsidiaries and affiliates	¥ 1,430	\$13,241
Employees	11,527	106,731
Others	5,684	52,630
Debt assumption agreements	83,035	768,842
	¥101,676	\$941,444

7. Finance leases

Information for finance leases for office equipment and other assets at September 30, 2000 is as follows:

As lessee (non-capitalized)

	Millions of Yen	Thousands of U.S. dollars
Original lease obligation (including finance charges)	¥7,818	\$72,389
Payments remaining:		
Payments due within one year	1,421	13,157
Payments due over one year	1,975	18,287
Total	¥3,396	\$31,444

Lease payments for such leases for the six months ended September 30, 2000 was ¥846 million (\$7,833 thousand), respectively.

As lessor

	Millions of Yen	Thousands of U.S. dollars
Original cost	¥13,313	\$123,268
Less accumulated depreciation	8,297	76,824
	¥ 5,016	\$ 46,444
Receipts remaining:		
Receipts due within one year	2,873	26,602
Receipts due over one year	4,746	43,944
Total	¥ 7,619	\$ 70,546

Lease Receipts under such leases for the six months ended September 30, 2000 were ¥2,057 million (\$19,046 thousand).

8. Securities

Historical cost, book value and difference of investment securities whose fair value was determinable at September 30, 2000 were as follows:

	Millions of Yen			Thousands of U.S. Dollars		
	2000			2000		
	Historical cost	Book value	Difference	Historical cost	Book value	Difference
Stocks	¥42,598	¥111,142	¥68,544	\$394,426	\$1,029,093	\$634,667
Bonds	10,127	10,076	(51)	93,768	93,296	(472)
	¥52,725	¥121,218	¥68,493	\$488,194	\$1,122,389	\$634,195

9. Derivative Transactions

Outstanding positions as of September 30, 2000 were as follows:

Interest Rate Swap Transactions

Type of transaction	Millions of Yen		Thousands of U.S. dollars
	2000		2000
	Principal amount of contract	Unrealized gain	Unrealized gain
Fixed rate received for variable rate	¥5,300	¥134	\$1,241
Variable rate received for fixed rate	300	(2)	(19)
	¥5,600	¥132	\$1,222

Items for which hedge accounting is applied are excluded from the above table.

10. Segment information

The Company's primary business activities include (1) Gas and By-product Sales (2) Pipeline Installation Sales (3) Gas Appliance Sales (4) Rental Real Estate (5) Foods and Restaurants and (6) Other Businesses. A summary of segment information is as follows:

For 2000	Millions of Yen							
	Gas and By-product Sales	Pipeline Installation Sales	Gas Appliance Sales	Rental Real Estate	Foods and Restaurants	Other Businesses	Elimination and Corporate	Consolidated
Operating revenues:								
Outside customers	¥252,094	¥15,676	¥53,633	¥ 3,656	¥15,804	¥61,595	¥ —	¥402,458
Inside group	135	—	57	6,482	145	453	(7,272)	—
	252,229	15,676	53,690	10,138	15,949	62,048	(7,272)	402,458
Cost and expenses	208,150	15,264	52,902	8,015	15,291	54,174	25,335	379,131
Operating income	¥ 44,079	¥ 412	¥ 788	¥ 2,123	¥ 658	¥ 7,874	¥(32,607)	¥ 23,327

For 2000	Thousands of U.S. Dollars							
	Gas and By-product Sales	Pipeline Installation Sales	Gas Appliance Sales	Rental Real Estate	Foods and Restaurants	Other Businesses	Elimination and Corporate	Consolidated
Operating revenues:								
Outside customers	\$2,334,204	\$145,148	\$496,602	\$33,852	\$146,333	\$570,324	\$ —	\$3,726,463
Inside group	1,250	—	528	60,018	1,343	4,194	(67,333)	—
	2,335,454	145,148	497,130	93,870	147,676	574,518	(67,333)	3,726,463
Cost and expenses	1,927,315	141,333	489,834	74,213	141,583	501,611	234,583	3,510,472
Operating income	\$ 408,139	\$ 3,815	\$ 7,296	\$19,657	\$ 6,093	\$ 72,907	\$(301,916)	\$ 215,991

Corporate operating costs are mainly comprised of expenses of administration departments.

In accordance with the new disclosure requirements of the provision for employees' retirement benefits, the company changed the accounting policy of providing for the employees' retirement benefits.

As a result for this change, in the gas and by-product sales segment: operating income increased ¥1,762 million (\$16,315 thousand); in the pipeline installation sales segment: operating income increased ¥53 million (\$491 thousand); in the gas appliance sales segment: operating income increased ¥123 million (\$1,139 thousand); in the rental real estate segment : operating income increased ¥22 million (\$204 thousand); in the foods and restaurant segment; operating income increased ¥1 million (\$9 thousand); in the other business segment; operating income increased ¥75 million (\$694 thousand); in the elimination and corporate segment: operating income increased ¥265 million (\$2,454 thousand).

Geographic segment information is not shown due to the Company having no overseas consolidated subsidiaries. Information for overseas sales is not disclosed due to overseas sales being not material compared to consolidated net sales.

11. Subsequent event

(1) At the Board of Directors of the Company held on November 17, 2000, interim dividends of ¥2.5 per share for a total of ¥6,155 million (\$56,991 thousand) were approved.

(2) At the Board of Directors of the Company held on November 17, 2000, retirements of treasury stock were approved.

a. Kind of retirements of treasury stock: common stock

b. Amount of retirements of treasury stock: 37 million shareholders

c. Acquisition cost of retirements of treasury stock: ¥10,000 million (\$92,593 thousand)

G1: Osaka Gas: Gas-related business

Osaka Gas International Transport Inc.

Enetech Kyoto Co.,Ltd.

Enetech MInami-Osaka Co.,Ltd.

G2: Liquid Gas Group: Industrial and fuel gases

Liquid Gas Co.,Ltd.

Liquid Gas Kyoto Co.,Ltd.

Cold Air Products Co.,Ltd.

CRYO-AIR Co.,Ltd.

Gasnet Co.,Ltd.

G3: Nissho Iwai Petroleum Gas Group: LPG

Nissho Iwai Petroleum Gas Co.,Ltd.

Nissho Propane Sekiyu Co.,Ltd.

Nissho Iwai Gas Co.,Ltd.

Nissho Iwai Gas Energy Co.,Ltd.

G4: Gas and Power Investment Group: New Energy Businesses

There are no consolidated companies in this Group.

G5: Harman Group: Manufacture and sales of gas appliances

Harman Co.,Ltd.

Harman Engineering Co.,Ltd.

Harman Seiki Co.,Ltd.

G6: Urbanex Group: Urban Development

Urbanex Co.,Ltd.

Kyoto Research Park Co.,Ltd.

Serendi Co.,Ltd.

G7: Kinrei Group: Food and Restaurants

Kinrei Co.,Ltd.

OG Royal Co.,Ltd.

G8: OGIS Group: Information and communication

OGIS Co.,Ltd.

G9: Osaka Gas Chemicals Group: New Materials

Osaka Gas Chemicals Co.,Ltd.

G10: OG Capital Group: Services

OG Capital Co.,Ltd.

Osaka Gas Engineering Co.,Ltd.

Kansai Research Institute ,Inc

Osaka Gas Housing Equipment Co.,Ltd.

Kiccory Co.,Ltd.

Osaka Gas Security Service Co.,Ltd.

OG Sports Co.,Ltd.

OG Auto Service Co.,Ltd.

OGIC Co.,Ltd.

OG Road Co.,Ltd.

L-net Co.,Ltd.

Active Life Inc.

Kinki Piping Co.,Ltd.

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Fax: (818) 304-9327

Research & Development Office

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Tel: (06) 6462-3231

Utilization Technology Department

3-2-37, Chiyosaki, Nishi-ku, Osaka 550-0023, Japan

Tel: (06) 6584-4561

TERMINALS AND PLANT

Senboku Terminals (I and II)

Himeji Terminal

Hokko Plant

TRANSMISSION OFFICES

Central

West

East

North

OSAKA BUSINESS HEADQUARTERS

NANBU BUSINESS HEADQUARTERS

District Office-Wakayama

HOKUTOBU BUSINESS HEADQUARTERS

HYOGO BUSINESS HEADQUARTERS

District Office-Toyooka

KEIJI BUSINESS HEADQUARTERS

District Office, Shiga-East



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Fax.:(81)-6-6202-4637

Telex:5225275 DAIGAS J

URL: <http://www.osakagas.co.jp/>

INVESTOR INFORMATION (as of September 30,2000)

Date of Establishment

April 10, 1897

Regular General Meeting

Regular general meetings for shareholders are held in June each year.

The 2000 Regular General Meeting was held on June 29, 2000

Common Stock

Authorized: 3,933,700 thousand shares

Issued: 2,4614,863 thousand shares

Stock Exchange Listings in Japan

Tokyo, Osaka, Nagoya, Kyoto

Number of Shareholders

213,546

Stock Transaction Units

The Company's stock is traded in units of 1,000 shares.

Common Stock Price Range (Yen)

(Tokyo Stock Exchange)

	FY2000		FY2001	
	High	Low	High	Low
First quarter	¥440	¥366	¥310	¥252
Second quarter	415	331	315	262
Third quarter	380	242	350	261
Fourth quarter	275	201	—	—

Transfer Agent

The Sumitomo Trust & Banking Co., Ltd.

4-5-33, Kitahama, Chuo-ku,

Osaka 541-0041, Japan

Tel: (81)-6-6833-4700

(81)-42-351-2211