



Financial Report for FY2014.3 (April 2013 – March 2014)

April 2014
Osaka Gas Co., Ltd.

I. Business Results for FY2014.3 and Forecasts for FY2015.3

Management information is available on Osaka Gas websites.

Financial reports, annual reports and road show materials can be accessed and downloaded at the following URL.

http://www.osakagas.co.jp/ir/index_e.html

Disclaimer

Certain statements contained herein are forward-looking statements, strategies and plans, which reflect our judgment based on the information so far available. Actual results may differ materially from those discussed in such statements. Among the factors that could cause actual results to differ materially are: economic trends in Japan, sharp fluctuations in exchange rates and crude oil prices and extraordinary weather conditions.

Note regarding gas sales volume

All gas sales volumes are indicated based on the standard heating value at 45 MJ/m³.

Note regarding consolidated gas sales volume

The fiscal year of Nabari Kintetsu Gas, Toyooka Energy, and Shingu Gas ends on December 31.

Summary of Business Results for FY2014.3 - I

Year-on-Year Comparison

■ Overview

Consolidated Net sales	Increased to ¥1,512.5 billion, up 9.6% from the previous year due mainly to the rise in gas sales price based on the fuel cost adjustment system, along with the rise in LNG price
Consolidated Ordinary income	Increased to ¥106.0 billion, up 17.7% from the previous year due mainly to decrease in operating expenses of gas business and increase in profit of electricity business. Loss on fuel cost adjustment system was ¥20.5 billion (compared with a loss of ¥20.7 billion the previous year)
Consolidated Net income	Decreased to 41.7 billion yen, down 20.5% from the previous year due to recognition of an impairment loss in upstream business in US.

■ Gas Sales Volume

Residential	Decreased by 3.3% to 2,198 million m ³ due to higher temperatures of the air and water from the previous year
Commercial, public and medical	Decreased by 0.8% to 1,528 million m ³
Industrial	Increased by 2.5% to 4,329 million m ³ due to our marketing effort to develop new demand
Others	
Dividend	Plan to increase the annual dividends by ¥0.5 per share (Annual dividend of ¥9 per share)

Summary of Business Results for FY2014.3 - II

Comparison with forecasts

■ Overview

Consolidated Net sales	Almost same as the forecasts, at ¥1,512.5 billion
Consolidated Ordinary income	Increase to ¥106.0 billion, up 6.0% from the forecasts due to an increase in profits mainly from the electricity business and affiliated companies despite the increase of loss on the fuel cost adjustment system Loss on fuel cost adjustment system was ¥20.5 billion (compared with a loss of ¥10.9 billion of the forecast)
Consolidated Net income	Increase to ¥41.7 billion, up 17.5% from the forecasts due to recognition of the gain on sales of investment securities

■ Gas Sales Volume

Residential	Increased by 0.7% to 2,198 million m ³ from the forecasts
Commercial, public and medical	Increased by 2.8% to 1,528 million m ³ from the forecasts due to lower-than-expected air and water temperature and smaller-than-expected energy savings
Industrial	Decreased by 0.5% to 4,329 million m ³ from the forecasts

■ Others

Investments for expansion, greenfield, M&A	Invested ¥142.8 billion in total for acquisition of interest in an activated carbon business, participation in water business in UK, construction of gas pipeline and overseas upstream business.
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Gas Sales Volume Results for 2014.3

45MJ/m ³	A. FY14.3	B. FY13.3	A-B	A-B/B (%)	C. FY14.3 forecast	A-C/C (%)
Number of meters installed (thousand)	7,136	7,086	+50	+0.7%	7,112	+0.3%
Installation of new meters (thousand)	102	91	+11	+11.9%	100	+1.9%
Monthly gas sales volume per household (m ³ /month)	31.3	32.5	-1.2	-3.7%	31.1	+0.7%
Residential use	2,198	2,272	-74	-3.3%	2,182	+0.7%
Commercial, public, and medical use	1,528	1,540	-12	-0.8%	1,486	+2.8%
Industrial use	4,329	4,222	+107	+2.5%	4,350	-0.5%
Non-residential total	5,856	5,761	+95	+1.7%	5,836	+0.3%
Wholesale	469	469	+0	+0.1%	462	+1.6%
(non-regulated)	(4,988)	(4,894)	(+94)	(+1.9%)	(5,000)	-0.3%
Non-consolidated gas sales volume total (million m ³)	8,524	8,503	+21	+0.2%	8,480	+0.5%
Consolidated gas sales volume total (million m ³)	8,554	8,534	+21	+0.2%	8,510	+0.5%

Results for FY2014.3 - I

Figures in () are ratios of consolidated results to non-consolidated results

(billion yen)	A. FY14.3	B. FY13.3	A-B	A-B/B(%)	C. FY14.3 forecast	A-C/C (%)
Net sales	(1.24) 1,512.5	(1.24) 1,380.0	+132.5	+9.6%	1,504.5	+0.5%
Operating income	(1.64) 99.3	(1.84) 84.7	+14.6	+17.2%	99.0	+0.4%
Ordinary income	(1.53) 106.0	(1.63) 90.1	+15.9	+17.7%	100.0	+6.0%
Net income	(1.67) 41.7	(1.49) 52.4	-10.7	-20.5%	35.5	+17.5%
SVA	3.0	18.6	-15.6	-83.9%	-2.7	-

		A. FY14.3	B. FY13.3	A-B	C. FY14.3 forecast	A-C
Profit/ loss on fuel cost adjustment system	billion yen	-20.5	-20.7	+0.2	-10.9	-9.6
Exchange rate	yen/\$	110.0	113.9	-4.0	109.5	+0.4
Crude oil price	\$/bbl	100.2	83.1	+17.1	99.5	+0.6
Number of subsidiaries		150	130	+20	---	---

Average of preliminary monthly data up to March. SVA (Shareholders' value added) = NOPAT – Invested capital × WACC

Results for FY2014.3 - II

(billion yen)	A. FY14.3 end	B. FY13.3 end	A-B	Remarks
Total assets	1,668.3	1,566.8	+101.4	Mainly due to the increase in fixed assets
Net worth	798.9	747.8	+51.1	
Interest-bearing liabilities	573.5	540.1	+33.3	
Number of employees	21,250	19,870	+1,380	newly consolidated subsidiary(Jacobi Carbons AB), etc.
Net worth / Total assets	47.9%	47.7%	+0.2	
D/E ratio	0.72	0.72	-0.00	
	A. FY14.3	B. FY13.3	A-B	Remarks
Capital expenditures	124.1	112.9	+11.1	Mainly progress of upstream projects and construction of LNG carriers, etc.
Depreciation	83.8	82.8	+0.9	
Free cash flow	113.1	85.0	+28.0	Decrease in inventories
ROA	2.6%	3.4%	-0.9	
ROE	5.4%	7.3%	-1.9	
EPS (yen/share)	20.0	25.2	-5.2	
BPS (yen/share)	383.9	359.2	+24.7	

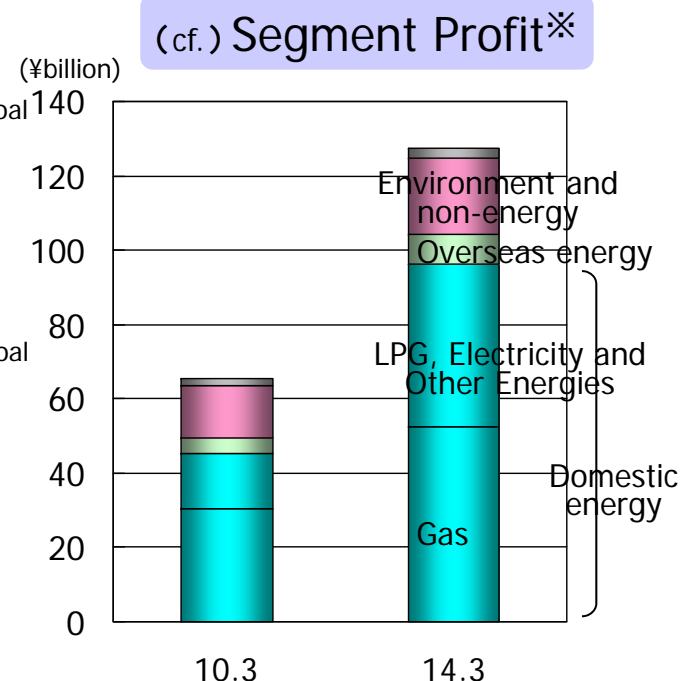
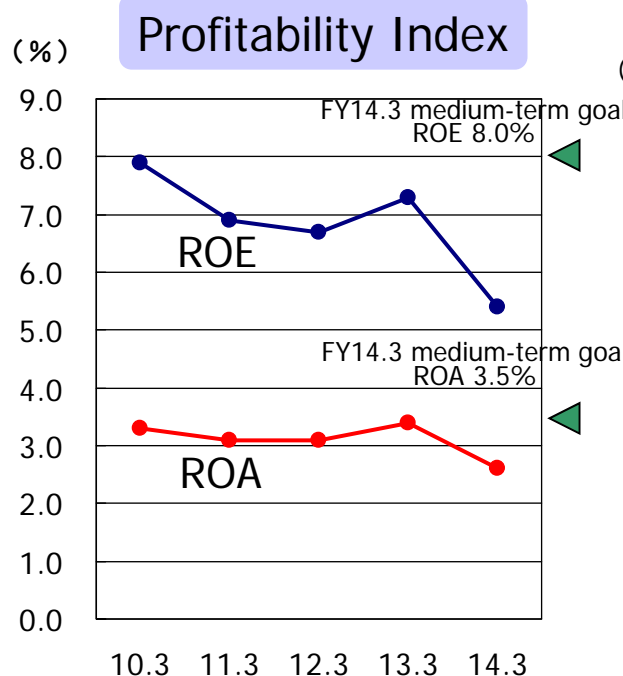
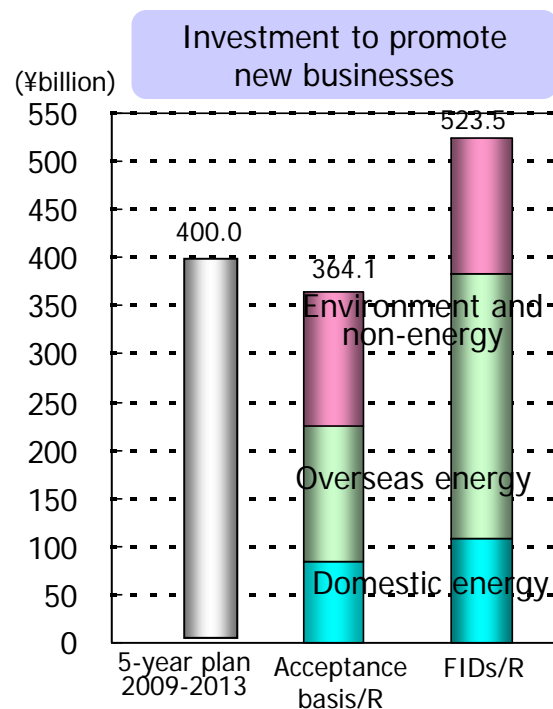
FCF = Cash flows from operating activities - capital expenditures for upgrading existing businesses

Progress of Mid-term plan(FY10.3-FY14.3)

■ Overview

We made steady efforts toward future growth in the Domestic Energy business, International Energy business, and Environment and Non-Energy businesses.

We failed to achieve the target ROA and ROE because of the recorded impairment losses in overseas upstream businesses

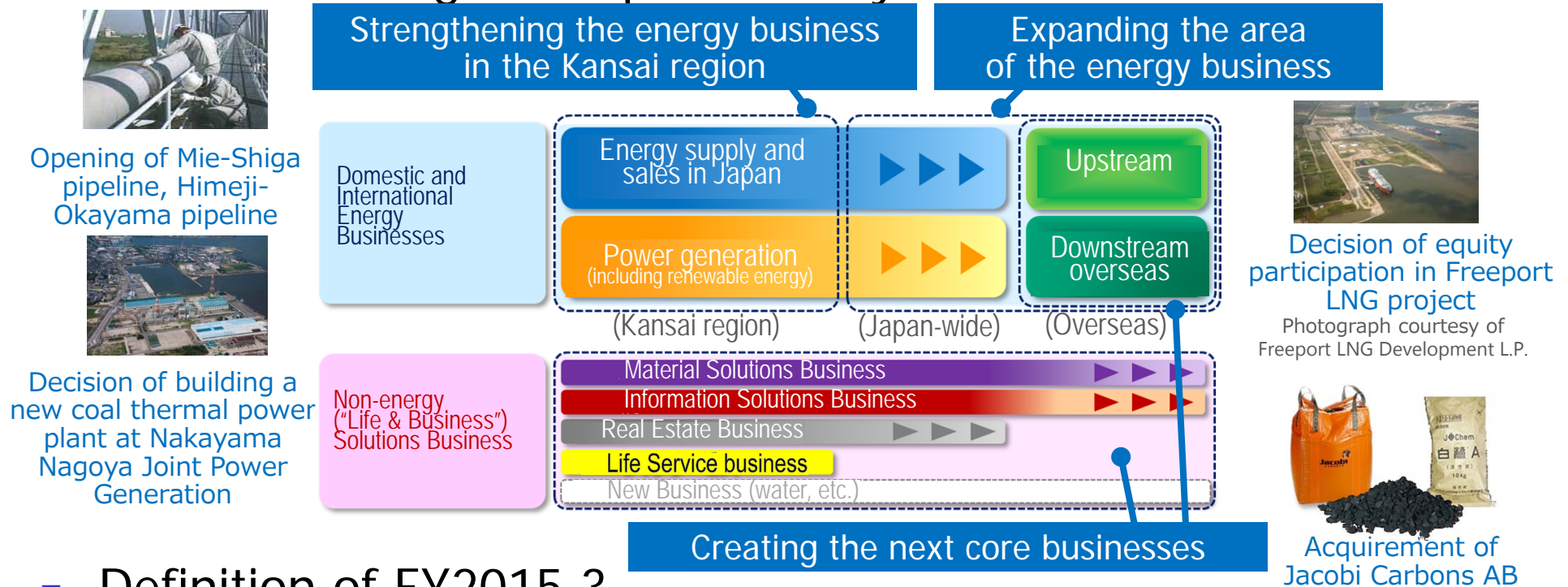


*1 Segment profit = Operating income + Equity in earnings of affiliates

*2 After adjustment for the impact of loss from the timing difference
FY10.3: Profit ¥26.7 billion, FY14.3: Loss ¥20.5 billion

Priority themes in new mid-term plan and FY2015.3

■ Mid-term management plan “Catalyze Our Dreams” (FY2015.3-FY2017.3)



■ Definition of FY2015.3

- (1) to accelerate its efforts to expand existing businesses in growing markets by taking advantage of economic recovery
- (2) to further advance its energy business in accordance with the direction of electricity and gas industry regulatory reforms
- (3) to take the first firm step to realize the vision of the group as a first year of new mid-term business plan

Strengthening the gas business

Establishing the next core business

Creating a more solid business foundation

Summary of Business Forecasts for FY2015.3

■ Overview

Consolidated net income	Expected to increase by 6.1% to ¥1,605.5 billion, reflecting increases in gas sales price and LNG sales price, in response to LNG purchase price increase.
Consolidated ordinary income	Expected to decrease by 5.7% to ¥100.0 billion, reflecting an increase in operating expenses and a decline in profits from the electricity business and affiliated companies. Profit on fuel cost adjustment system is expected to be ¥4.7 billion. (compared with a loss of ¥20.5 billion the previous year)
Consolidated net income	Expected to increase by 57.0% to ¥65.5 billion

■ Gas Sales Volume

Residential	Expected to increase by 0.8% to 2,215 million m ³ , assuming same temperature level as in usual years.
Commercial	Expected to decrease by 4.4% to 1,461 million m ³ , assuming same temperature level as in usual years and reflecting impact of customers' energy-saving consciousness.
Industrial	Expected to decrease by 0.7% to 4,296 million m ³ . Due to the expiry of PPA of IPP, the classification of gas used is changed from non-regulated to self-use. Expected to increase in real term, reflecting newly created demand and increased operation of customers' facilities, approximately 70 million m ³ .

■ Others

Investments for expansion, greenfield, M&A	Plans for ¥112 billion investments, mainly in international energy business.
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Gas Sales Volume Forecasts for FY2015.3

45MJ/m ³	A. FY15.3 forecasts	B. FY14.3 results	A-B	A-B/B(%)
Number of meters installed (thousand)	7,162	7,136	+27	+0.4%
Installation of new meters (thousand)	99	102	-3	-3.3%
Monthly gas sales volume per household (m ³ /month)	31.4	31.3	+0.1	+0.4%
Residential use	2,215	2,198	+17	+0.8%
Commercial, public, and medical use	1,461	1,528	-67	-4.4%
Industrial use	4,296	4,329	-32	-0.7%
Non-residential total	5,758	5,856	-99	-1.7%
Wholesale	479	469	+10	+2.1%
(non-regulated)	(4,929)	(4,988)	(-59)	(-1.2%)
Non-consolidated gas sales volume total (million m ³)	8,452	8,524	-72	-0.8%
Consolidated gas sales volume total (million m ³)	8,483	8,554	-72	-0.8%

Forecasts for FY2015.3 - I

Figures in () are ratios of consolidated results to non-consolidated results

(billion yen)	A. FY15.3 forecasts	B. FY14.3 results	A-B	A-B/B (%)
Net sales	(1.25) 1,605.5	(1.24) 1,512.5	+92.9	+6.1%
Operating income	(1.60) 99.5	(1.64) 99.3	+0.1	+0.1%
Ordinary income	(1.48) 100.0	(1.53) 106.0	-6.0	-5.7%
Net income	(1.35) 65.5	(1.67) 41.7	+23.7	+57.0%
SVA	32.9	3.0	+29.9	+998.3%
Profit/loss on fuel cost adjustment system	billion yen	4.7	-20.5	+25.2
Exchange rate	yen/\$	110	110.0	+0.0
Crude oil price	\$/bbl	105	100.2	+4.8

SVA (Shareholders' value added) = NOPAT – Invested capital × WACC

Forecasts for FY2015.3 - II

(billion yen)	A. FY15.3 end forecasts	B. FY14.3 end results	A-B
Total assets	1,781.4	1,668.3	+113.0
Net worth	824.2	798.9	+25.2
Interest-bearing liabilities	660.4	573.5	+86.8
Number of employees	21,448	21,250	+198
Net worth / Total assets	46.3%	47.9%	-1.6
D/E ratio	0.80	0.72	+0.08
	A. FY15.3 forecasts	B. FY14.3 results	A-B
Capital expenditures	128.0	124.1	+3.9
Depreciation	85.3	83.8	+1.5
Free cash flow	89.8	113.1	-23.3
ROA	3.8%	2.6%	+1.2
ROE	8.2%	5.4%	+2.8
EPS (yen/share)	31.5	20.0	+11.4
BPS (yen/share)	395.9	383.9	+12.0

FCF = Cash flows from operating activities - capital expenditures for upgrading existing businesses

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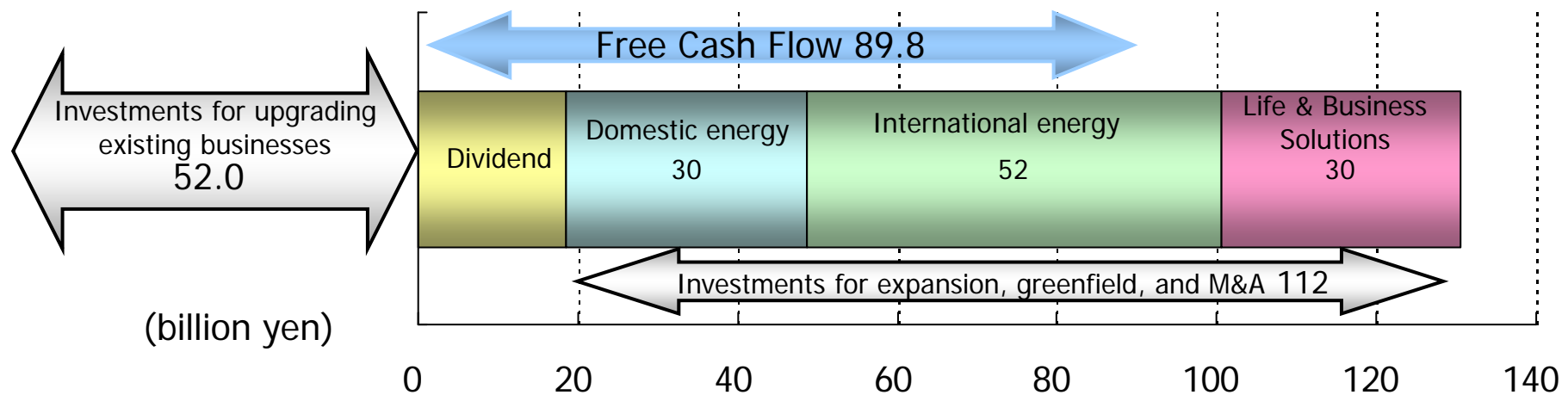
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Use of Free Cash Flow for FY2015.3

- FCF for FY 2015.3 is expected to be ¥89.8 billion, down ¥23.3 billion from the previous year
- Plans to make ¥112 billion investment for expansion, greenfield, and M&A

Domestic energy	Construction of power plant, etc.
International energy	Upstream business and construction of LNG carriers, etc.
Life & Business solutions	Acquisition of real estate properties, etc.

- Aims to achieve an annual dividend of ¥9 per share, following FY 2014.3.



FCF = Cash flows from operating activities - capital expenditures for upgrading existing businesses.

The amount of investment differs from that of capital expenditures, as the former includes both capital expenditures and investments / financing.

<Classification of the Renewable Energy business> Environment and Non-Energy segment till FY2014.3; Classified into Domestic Energy segment or International Energy segment from FY2015.3 according to the nature of the business.

<Change of segment name> The name of Environment and Non-Energy segment will be changed to Life & Business Solutions segment from FY 2015.3



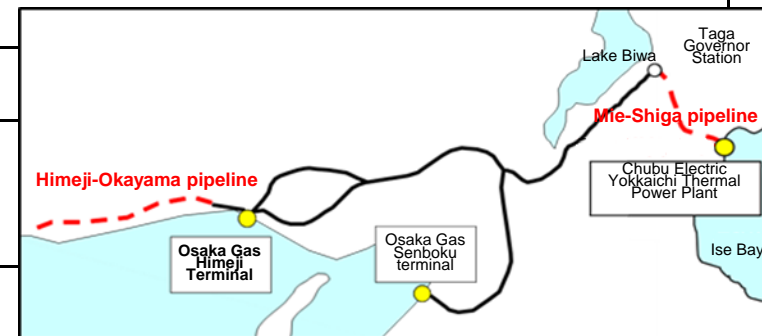
II. Facts and Figures

Topics in FY2014.3 I

■ Completion of Mie-Shiga pipeline, Himeji-Okayama pipeline

■ Outline of Mie-Shiga pipeline (joint project with Chubu Electric)

Section	Yokkaichi City, Mie Prefecture (Chubu Electric Yokkaichi Thermal Power Plant) to Taga Town, Inukami County, Shiga Prefecture (Osaka Gas Taga Governor Station)
Distance/ Specifications	Approximately 60 km / Design pressure: 7 MPa, Diameter: 600 mm
Completion	January 30, 2014
The completion of the gas pipeline enables Osaka Gas to receive gas from Chubu Electric, improving the reliability of the city gas supply.	



■ Outline of Himeji-Okayama pipeline

Section	Himeji City, Hyogo Prefecture to Okayama City, Okayama Prefecture
Distance/ Specifications	Approximately 86 km / Design pressure: 7 MPa, Diameter: 600 mm
Completion	March 27, 2014
The completion of the gas pipeline enables Osaka Gas to offer energy solutions to customers between Himeji and Okayama. Osaka Gas agreed with Kansai Electric to supply natural gas to Kansai Electric's Aioi Power Plant No.1 and No.3 units from FY2017.3.	

Topics in FY2014.3 II

■ Construction of a new coal thermal power plant adjacent to Nagoya Power Plant (announced in Mar.)

- Nakayama Nagoya Joint Power Generation* has decided to construct a new biomass-coal mixture combustion thermal power plant adjacent to its Nagoya Power Plant under operation (power generation capacity: 149 MW, coal thermal).

* Main shareholders: Gas & Power (Osaka Gas wholly-owned subsidiary) 95%,
Nakayama Steel 5%

■ Overview of the plan

Capacity	110 MW
Fuel	Coal, woody biomass, kerosene (combustion aid)
Launch	Second half of FY2017.3 (Scheduled)
Location	Nakayama Nagoya Joint Power Generation Adjacent to Nagoya Power Plant (Taketoyo Town, Chita County, Aichi Prefecture)

Location



- In addition to gas thermal and renewable energy, on which we have been focusing, we will strengthen our electricity business by constructing a new coal thermal power plant to expand our range of available power sources.

Topics in FY2014.3 III

■ Agreement for equity participation in Freeport LNG project (announced in Feb.)

■ Overview of Freeport LNG project

Location	Freeport, Texas, USA
Launch of project	2018(scheduled)
LNG production capacity	three trains each with 4.4 million tons /year

- We will make an equity investment of 25%, in the liquefaction subsidiary of Freeport LNG for its liquefaction business of the first train in the Freeport project to produce 4.4 million tons per annum.
We plan to invest approximately US\$ 600 million.



Freeport LNG terminal



LNG receiving terminal
(existing)



LNG exporting terminal
(Completion image)

Sales variance for FY2014.3 (Year-on-Year)

FY13.3 → FY14.3 (differences)

1,380.0 1,512.5 (+132.5)

(billion yen)

Osaka Gas: +112.6

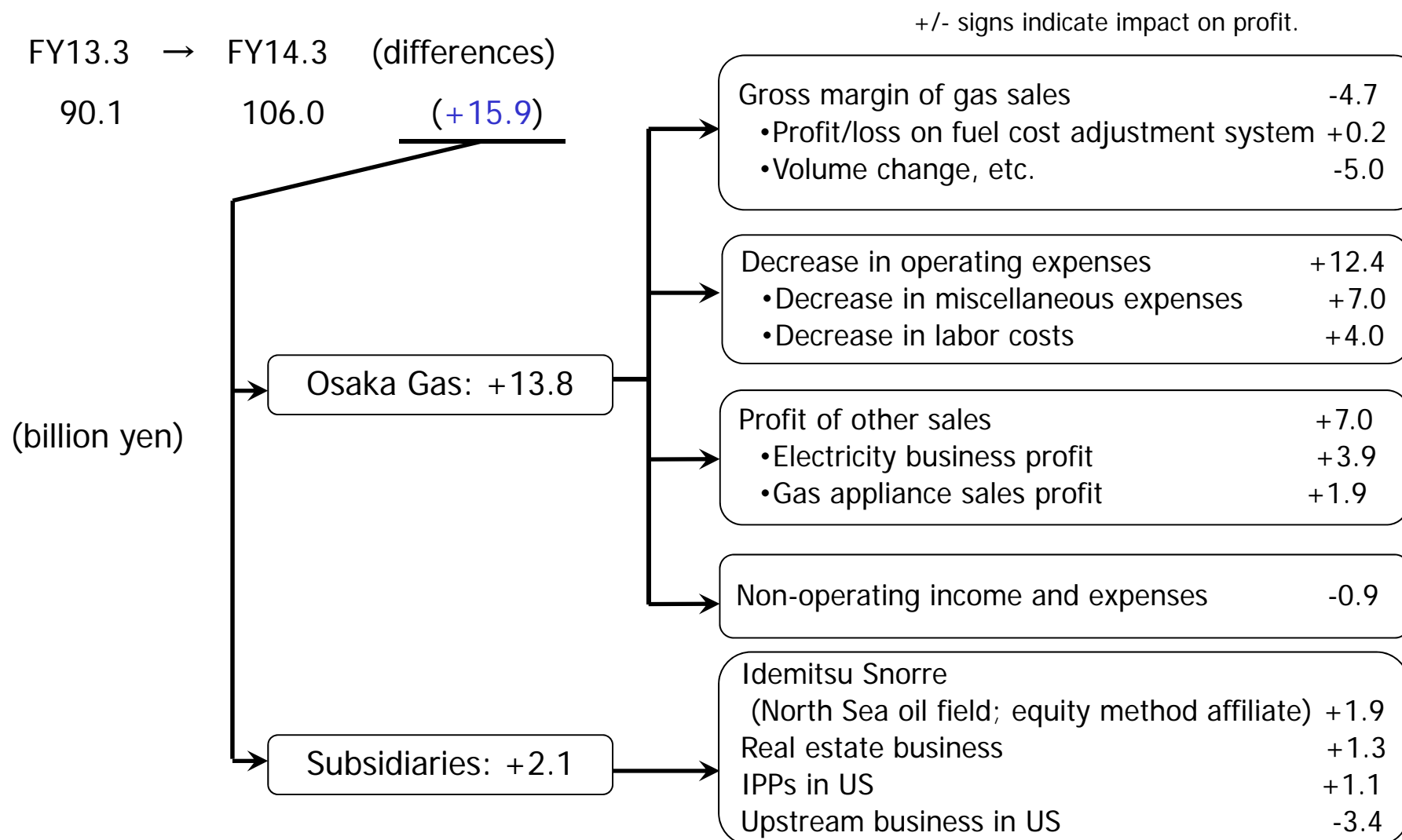
Subsidiaries: +19.8

Gas sales +73.0
 • Impact of fuel cost adjustment +76.2
 • Volume change, etc. -3.2

Other revenues +39.6
 • LNG sales +25.0
 • Electricity business +9.5
 • Gas appliance sales +3.2

Real estate business +10.0
 Domestic IPPs +7.3
 LPG business +5.9

Ordinary income variance for FY2014.3 (Year-on-Year)



Sales variance for FY2014.3 (with forecasts)

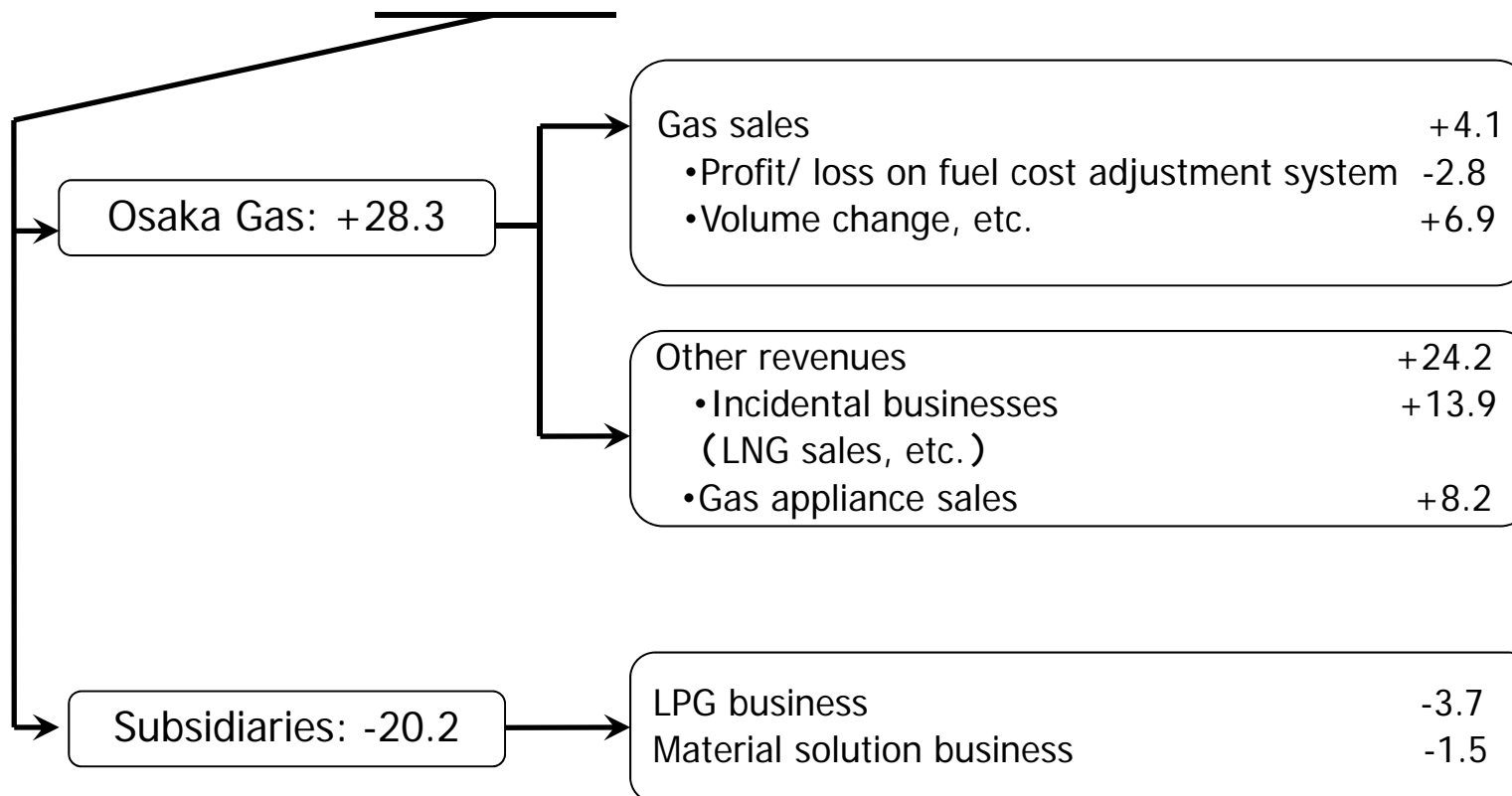
FY14.3 forecasts → FY14.3 results (differences)

1,504.5

1,512.5

(+8.0)

(billion yen)



Ordinary income variance for FY2014.3 (with forecasts)

+/- signs indicate impact on profit.

FY14.3 forecasts → FY14.3 results (differences)

100.0

106.0

(+6.0)

(billion yen)

Osaka Gas: +4.1

Subsidiaries: +1.8

Gross margin of gas sales -1.2
 • Profit/loss on fuel cost adjustment system -9.6
 • Volume change, etc. +8.3

Increase in operating expenses -1.9
 Increase in miscellaneous expenses -1.1

Profit of other sales +5.0
 • Profit of incidental businesses (electricity business, etc.) +2.2
 • Gas appliance sales profit +1.6

Non-operating income and expenses +2.4

Idemitsu Snorre (North Sea oil field; equity method affiliate) +0.9
 IPPs in US +0.9

Results for FY2014.3 by Segments

(billion yen)	Net sales		Operating income + Equity in earnings of affiliates		Remarks
	FY14.3	FY13.3	FY14.3	FY13.3	
Gas	1,119.5	1,038.5	32.0	23.3	<u>Net sales</u> : Rise in the price of gas sales <u>Profit</u> : Decrease in operating expenses
LPG, electricity, and other energies	257.9	215.5	43.8	38.2	<u>Net sales</u> : Increase in LNG sales and electricity business, etc. <u>Profit</u> : Increase in electricity business, etc. <u>Electricity business profit</u> ^(*) FY13.3:25.2, FY14.3:29.1
International energies	13.3	10.7	7.7	7.6	<u>Profit</u> : Increase in the profits of Idemitsu Snorre and IPPs in US, decrease in upstream business in US
Environment and non-energies	199.6	185.6	20.8	19.0	<u>Net sales</u> : Increase in sales of real estate business, etc. <u>Profit</u> : Increase in profit of real estate business, etc.
Elimination/ consolidation	-77.9	-70.4	2.7	2.7	
Consolidated	1,512.5	1,380.0	107.2	91.1	

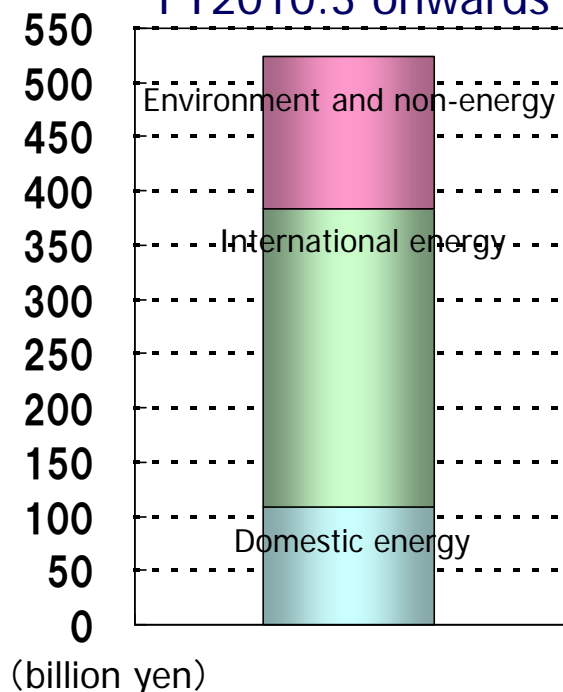
(*) Profit from electricity business represents operating income earned by Osaka Gas's related electricity business.

Results of Investments

for expansion, greenfield, and M&A in FY2014.3

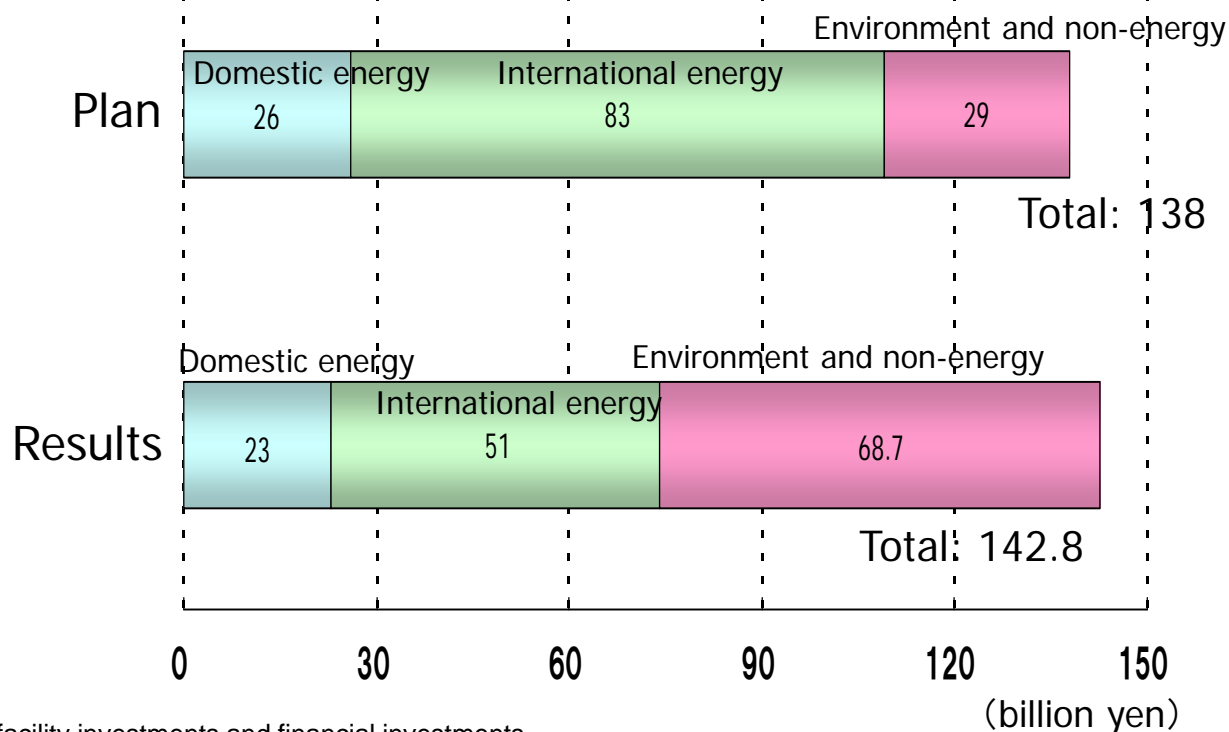
- Cumulative amount approved for investment from FY2010.3 onwards are **¥523.5 billion** (131% of the amount originally projected for the period between FY2010.3 and FY2014.3).
- Total investment in FY2014.3 were ¥142.8 billion.

Cumulative amount approved for invest from FY2010.3 onwards



Since investment amounts include both facility investments and financial investments, they differ from the actual facility investment amounts.

Investments for expansion, greenfield, and M&A in FY2014.3



Sales variance for FY2015.3 (Year-on-Year)

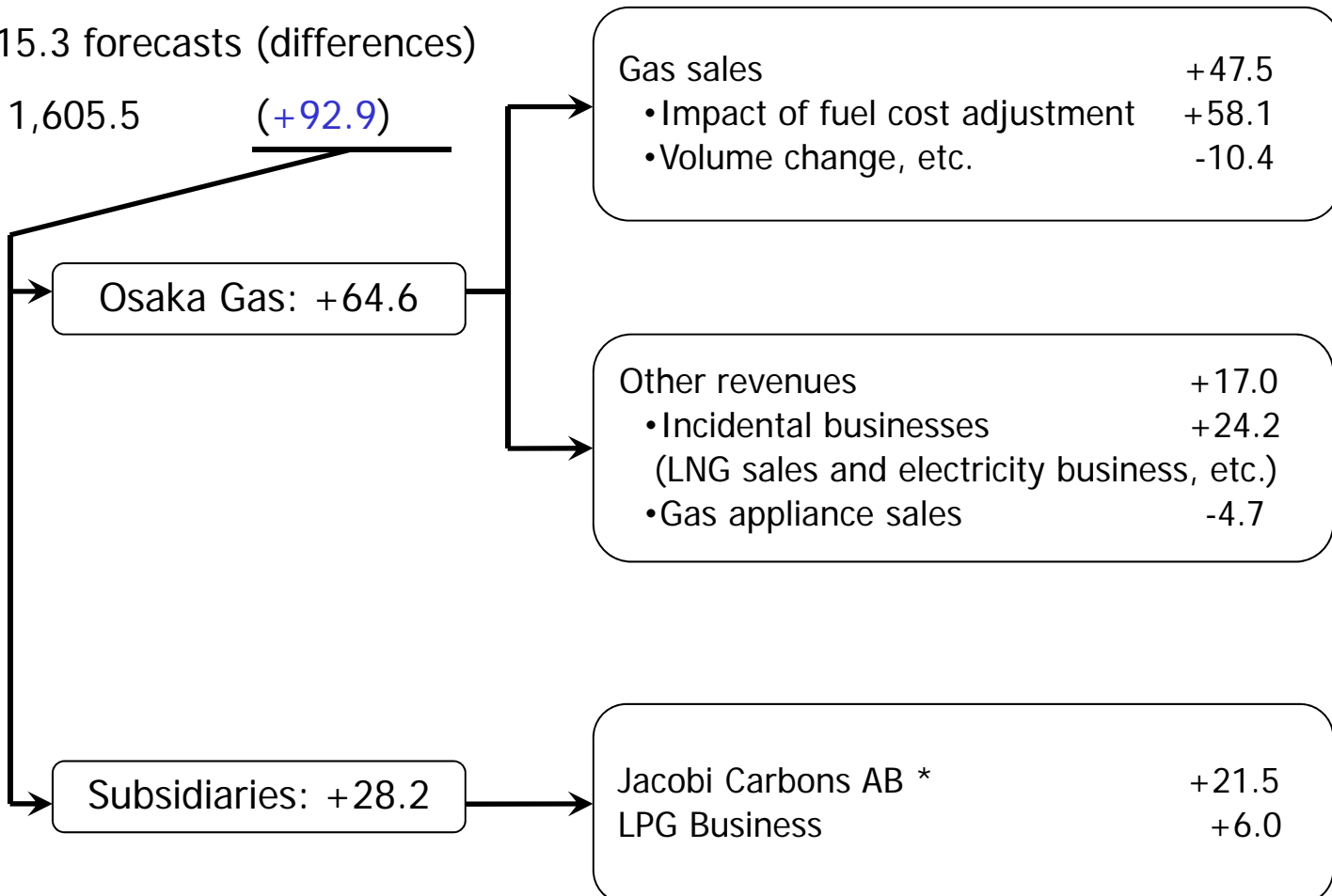
FY14.3 results → FY15.3 forecasts (differences)

1,512.5

1,605.5

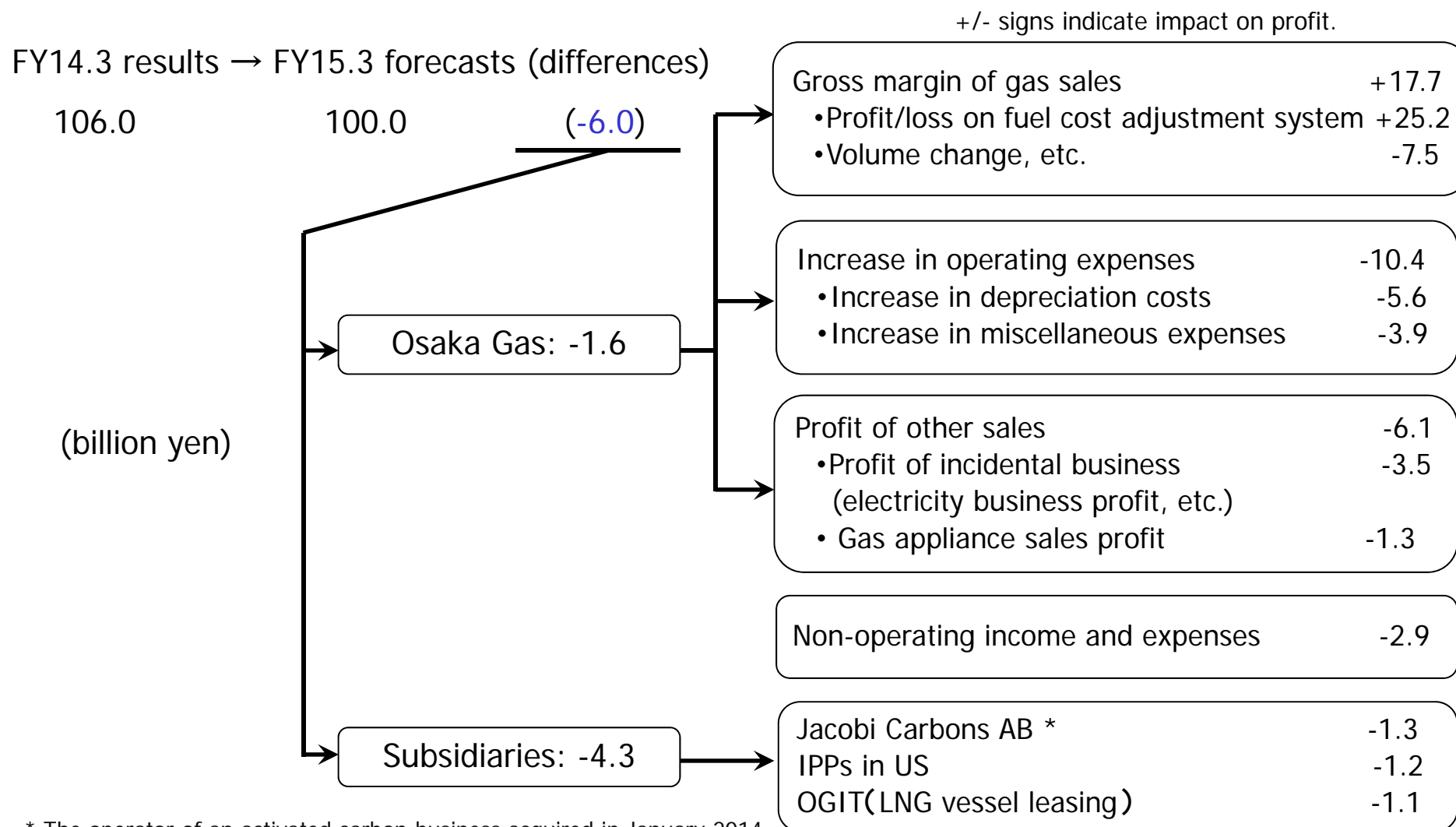
(+92.9)

(billion yen)



* Activated carbon company acquired in Jan. 2014

Ordinary income variance for FY2015.3 (Year-on-Year)



* The operator of an activated carbon business acquired in January 2014
 Impacts on consolidated income, including goodwill depreciation and increases of temporary expenses due to the step-up of inventories (increases due to mark-to-market evaluation) are reported.

Forecasts for FY2015.3 by Segments

(billion yen)	Net sales		Operating income + Equity in earnings of affiliates		Remarks
	FY15.3 forecasts	FY14.3 results (*)	FY15.3 forecasts	FY14.3 results (*)	
Gas	1,148.5	1,119.5	38.0	32.0	<u>Net sales</u> : Rise in the price of gas sales <u>Profit</u> : Cancellation of loss on fuel cost adjustment system
LPG, electricity, and other energies	296.5	261.0	40.5	45.3	<u>Net sales</u> : Increase in revenues of LNG and LPG sales, electricity business, etc. <u>Profit</u> : Decrease in profit of electricity business, etc.
International energies	16.5	13.3	8.0	8.2	
Life & Business Solutions	221.0	196.5	17.0	18.8	<u>Net sales/Profit</u> : newly consolidated subsidiary (Jacobi Carbons AB), etc.
Elimination/ consolidation	-77.0	-77.9	2.0	2.7	
Consolidated	1,605.5	1,512.5	105.5	107.2	

<Classification of the Renewable Energy business> Environment and Non-Energies segment till FY2014.3;

Classified into LPG, Electricity, and Other Energies segment or International Energies segment from FY2015.3 according to the nature of the business.

<Change of segment name> The name of Environment and Non-Energies segment will be changed to Life & Business Solutions segment from FY 2015.3.

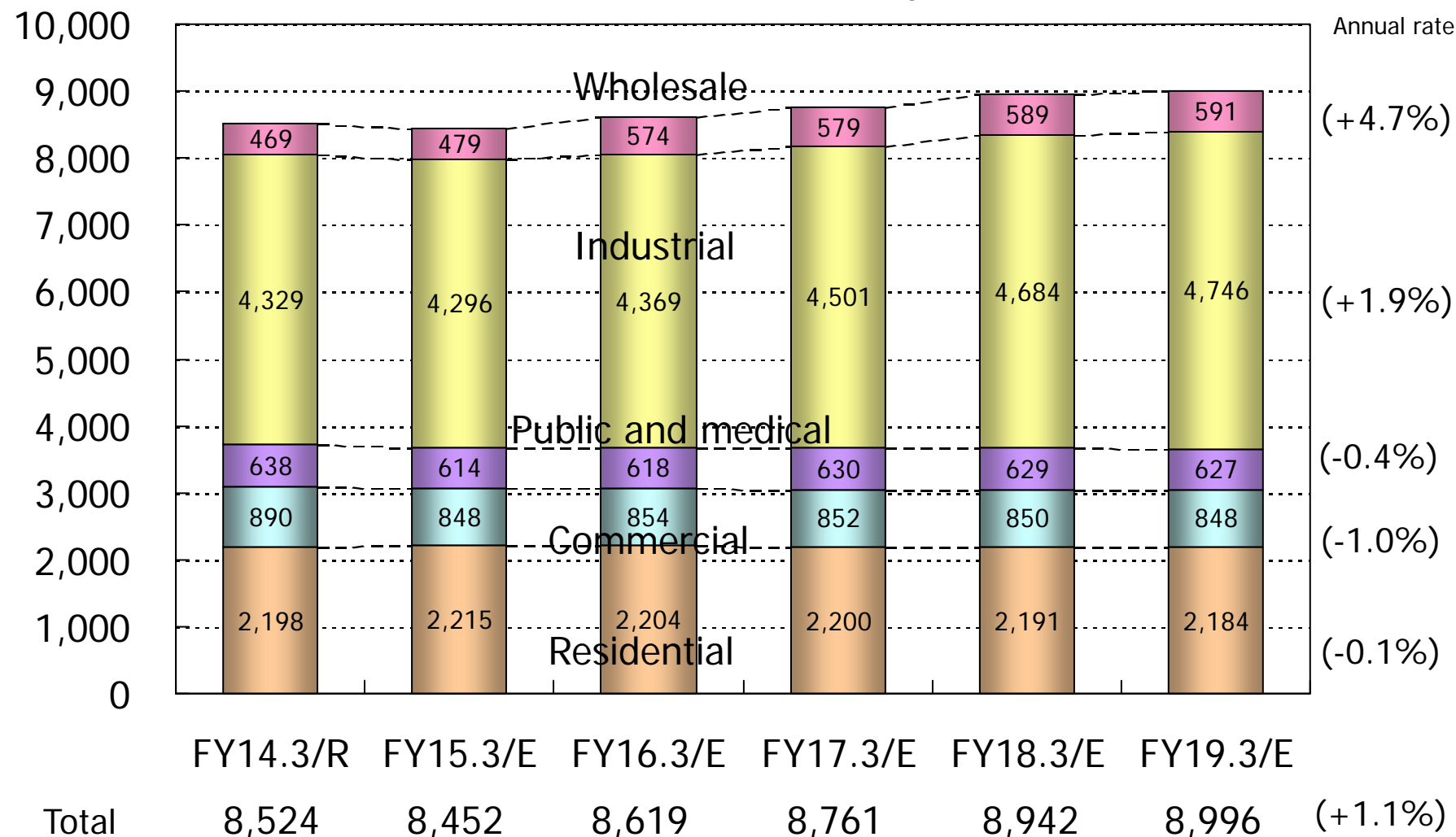
(*) Provisional figures of FY 2014.3 results based on the above new classification

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Medium-term Forecasts of Gas Sales Volume

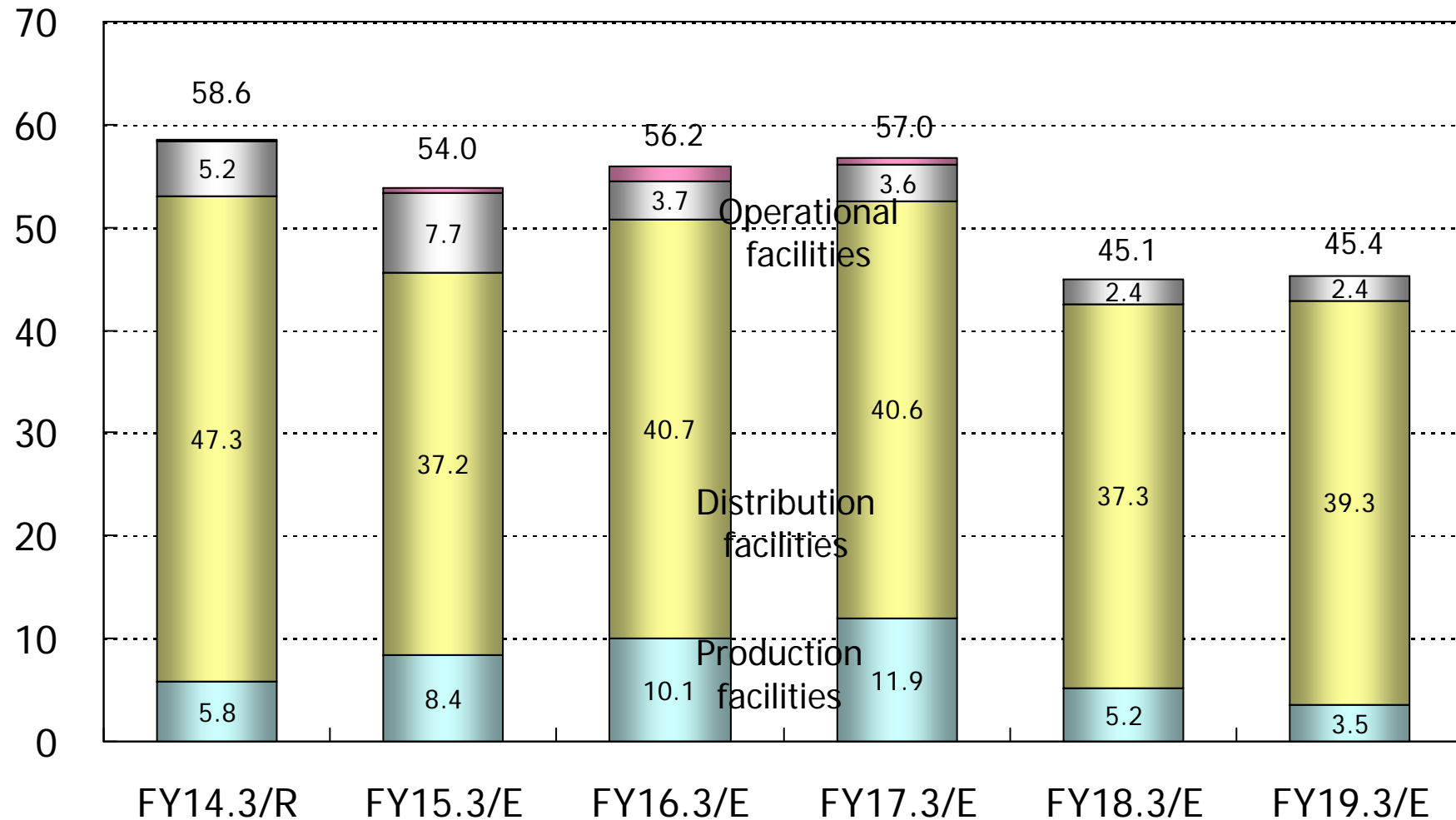
(45MJ, million m³)

Numbers in () to the right of the graph show growth between FY2014.3 and FY2019.3.



Medium-term Forecasts of Capital Expenditures

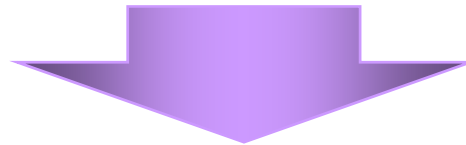
(billion yen)



Residential Gas Sales

FY2014.3 results

	YoY change	Remarks
Number of customers	+0.5%	
Influence of temperature	- 3.0%	Average annual temperature: 17.1 degrees Celsius (16.7 degrees Celsius in FY2013.3)
Others	- 0.7%	
Total	- 3.3%	



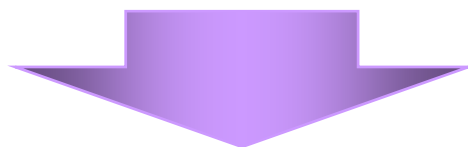
FY2015.3 forecasts

- Residential gas sales volume is expected to increase from the previous year by 17 million m³ (up 0.8% YoY) to 2,215 million m³, assuming that temperatures will be the same as usual years and will become lower than the previous year.

Commercial Gas Sales

FY2014.3 results

	YoY change	Remarks
Demand development	+1.4%	
Impact of temperature / number of days	+0.2%	
Others	- 2.3%	Increased/Decreased in operation of customers' facilities and customer's energy-saving consciousness, etc.
Total	- 0.8%	



FY2015.3 forecasts

- Commercial gas sales volume is expected to decrease by 67 million m³ (down 4.4% YoY) to 1,461 million m³, assuming that temperatures will be the same as usual years and customers will make energy-saving efforts.

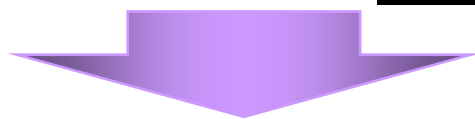
Industrial Gas Sales

FY2014.3 results

	YoY change	Remarks
Demand development	+2.3%	Shift to gas from other fuels, etc.
Increase/decrease of operating rates	+0.2%	
Total	+2.5%	

Breakdown by sectors (45MJ, million m³)

	Volume	Percentage to total sales volume	Y-o-Y
Machinery	349	8.1%	92.8%
Metal	1,015	23.5%	100.5%
Glass	337	7.8%	100.4%
Chemical	1,228	28.4%	105.3%
Food	518	12.0%	99.7%



FY2015.3 forecasts

- Industrial gas sales volume is expected to decrease by 32 million m³ (down 0.7% YoY) to 4,296 million m³. Due to the expiry of PPA of IPP, the classification of gas used is changed from non-regulated to self-use. Expected to increase in real term, reflecting newly created demand and increased operation of customers' facilities.

Monthly Gas Sales for FY2014.3

Change from the same month the previous year (%)

	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Total
Residential	89.5	103.7	90.6	92.9	92.8	104.1	104.6	91.9	91.0	96.5	102.5	101.6	96.7
Commercial	91.9	98.2	107.5	103.7	101.1	96.8	97.3	103.1	94.4	96.3	104.0	102.1	99.2
Industrial	100.6	97.6	97.3	103.0	99.7	104.6	105.0	102.7	103.1	107.4	104.6	104.8	102.5
Machinery	87.1	87.4	77.9	89.1	85.8	89.9	95.4	98.0	99.7	99.1	102.0	104.5	92.8
Metal	97.7	91.1	87.7	92.9	90.6	99.5	106.5	110.0	108.7	110.6	107.8	107.4	100.5
Glass	100.9	102.0	102.0	107.8	101.4	98.3	105.5	98.5	94.2	98.9	98.6	96.6	100.4
Chemical	110.4	103.5	104.0	107.0	100.9	110.4	112.1	104.9	98.9	102.8	105.9	104.1	105.3
Food	101.0	96.0	98.7	100.2	95.3	99.5	99.4	99.8	100.7	100.5	103.2	102.4	99.7
Wholesale	109.2	94.1	86.9	103.0	94.9	106.9	95.5	102.2	95.7	104.5	99.6	107.0	100.1
Total	95.9	99.2	96.9	101.5	98.9	102.5	102.7	99.9	97.4	100.9	103.3	103.3	100.2

Risk Factors for Annual Earnings Results Forecast

- Atmospheric and water temperatures
 - A 1 degree Celsius change in atmospheric and water temperatures will affect the residential gas sales volume: increase/decrease of approx. 5% in spring and autumn, approx. 6% in summer, and approx. 4% in winter.
- Crude oil prices
 - LNG prices are linked to crude oil prices. A \$1/bbl. change in crude oil prices will have an effect of approx. 1.2 billion yen on annual ordinary income.
- Foreign exchange rate
 - LNG prices are affected by fluctuations in the US\$/JPY exchange rate. A 1 yen fluctuation in the US\$/JPY exchange rate will have an effect of approx. 1.4 billion yen on annual ordinary income.
- Materials costs
 - Although the materials cost adjustment system allows us to reflect changes in materials costs in gas rates in the medium- and long-term, an increase in materials costs is likely to affect business results due to a time lag in reflecting cost fluctuations, and also depends on the composition of materials suppliers.
- Interest rate
 - A 1% change in the interest rate will have an effect of approx. 700 million yen on annual consolidated non-operating expenses.