December 20, 2013
Osaka Gas Co., Ltd.

# Notice regarding Extraordinary loss and Revision of Financial Forecasts for FY2014.3

Osaka Gas Co., Ltd. (Osaka Gas) has revised its financial forecast of the current fiscal year ending March 31, 2014, announced on October 29, 2013, in expectation of recognizing extraordinary loss.

1. Extraordinary loss

In light of the production situation of economically unfeasible oil and gas extraction without a prospect of significant productivity improvement of Pearsall shale gas and oil development project* in US, Osaka Gas expects to recognize an impairment loss of approximately 29 billion yen as an extraordinary loss in its Third Quarter consolidated financial forecast of FY2014.3, and loss on valuation of stocks of subsidiaries and affiliates of approximately 24 billion yen as an extraordinary loss in its Third Quarter non-consolidated financial forecast of FY2014.3.

Osaka Gas Energy America Corporation (OGEA), Osaka Gas's wholly-owned subsidiary, has interests in the Pearsall project through Osaka Gas Resources America Corporation (OGRA), OGEA's wholly-owned subsidiary.

*For the details of the project, please refer to "Osaka Gas participates in a shale gas and liquids development project in Texas, USA" published on June 22, 2012.

2. Revision of financial forecasts for the whole fiscal year ending March, 2014 (from April 2013 to March 2014)

[Consolidated] (million yen, %)

| | Net sales | Operating income | Ordinary income | Net Income | Earnings per Share (yen) |
|---|---|---|---|---|---|
| Previous forecasts (A) | 1,504,500 | 99,000 | 100,000 | 64,500 | 30.98 |
| **Revised forecasts (B)** | **1,504,500** | **99,000** | **100,000** | **35,500** | **17.05** |
| Difference (B-A) | 0 | 0 | 0 | -29,000 | --- |
| Rate of change (%) | 0.0 | 0.0 | 0.0 | ▲44.9 | --- |
| (Reference) Actual Performances of FY 2013.3 | 1,380,060 | 84,773 | 90,125 | 52,467 | 25.20 |

[Non-Consolidated] (million yen, %)

| | Net sales | Operating income | Ordinary income | Net Income | Earnings per Share (yen) |
|---|---|---|---|---|---|
| Previous forecasts (A) | 1,193,500 | 59,000 | 65,000 | 45,000 | 21.61 |
| **Revised forecasts (B)** | **1,193,500** | **59,000** | **65,000** | **21,000** | **10.09** |
| Difference (B-A) | 0 | 0 | 0 | -24,000 | --- |
| Rate of change (%) | 0.0 | 0.0 | 0.0 | ▲53.3 | --- |
| (Reference) Actual Performances of FY 2013.3 | 1,109,173 | 46,014 | 55,379 | 35,114 | 16.86 |

3. Reasons for revising forecast of results for the whole fiscal year ending March, 2014

For the whole fiscal year ending March 2014, the Company downgraded its previous forecasts made on October 29, 2013 on net income and earnings per share on consolidated and non-consolidated basis due to the expectation of recognizing the extraordinary loss as stated in the above 1.

Reference:

Assumptions for projections for the period from December 2013 to March 2014:

Crude oil price at US$110/bbl, and exchange rate of ¥100 to US$1.

Cautionary statement

The above forecasts and projections have been made based on the available information at the time of disclosure and are subject to change due to various factors.