

February, 2010

Financial Results 2009 (January-December)

Shizuoka Gas Company, Ltd.



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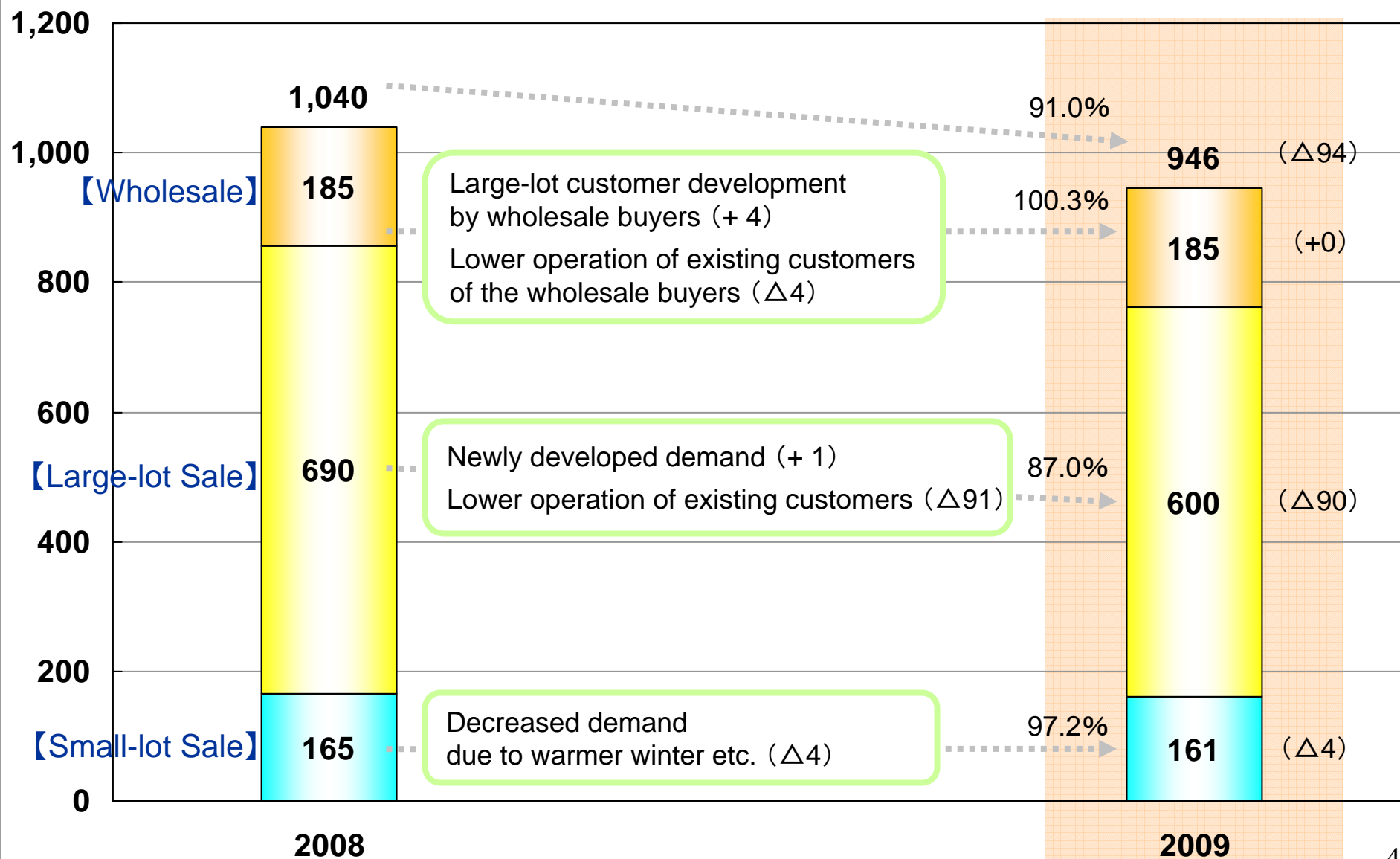
Disclaimer: Forecasts are based on information available to the management when this was drafted.
Actual financial results may significantly differ from these forecasts due to any unforeseen economic and business circumstances.

I . Summary Financial Results

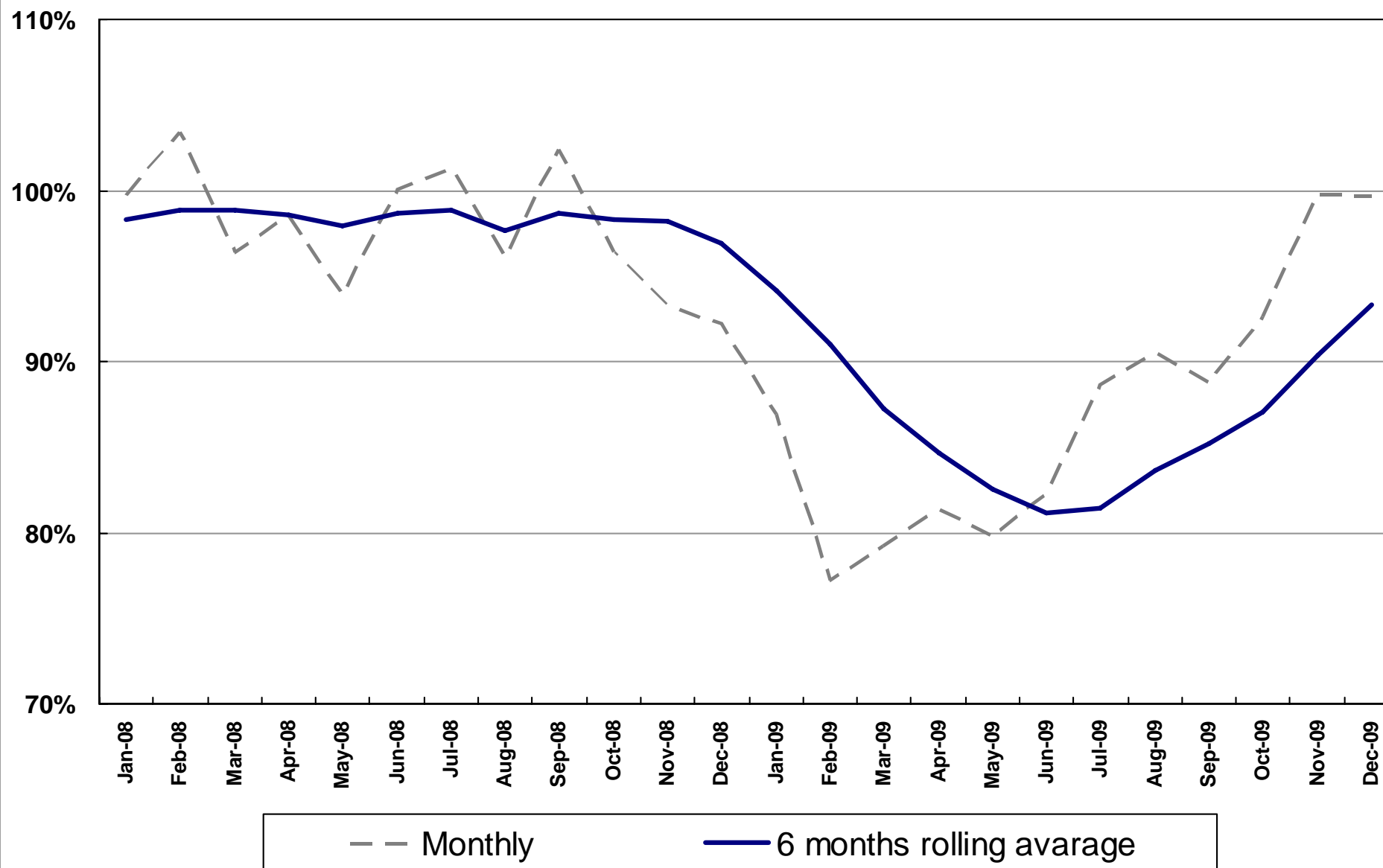
Volume of Gas Sold (Non-consolidated) ~Year-on-year comparison~

Million m³ (45MJ/m³)

Figures in () are million m³

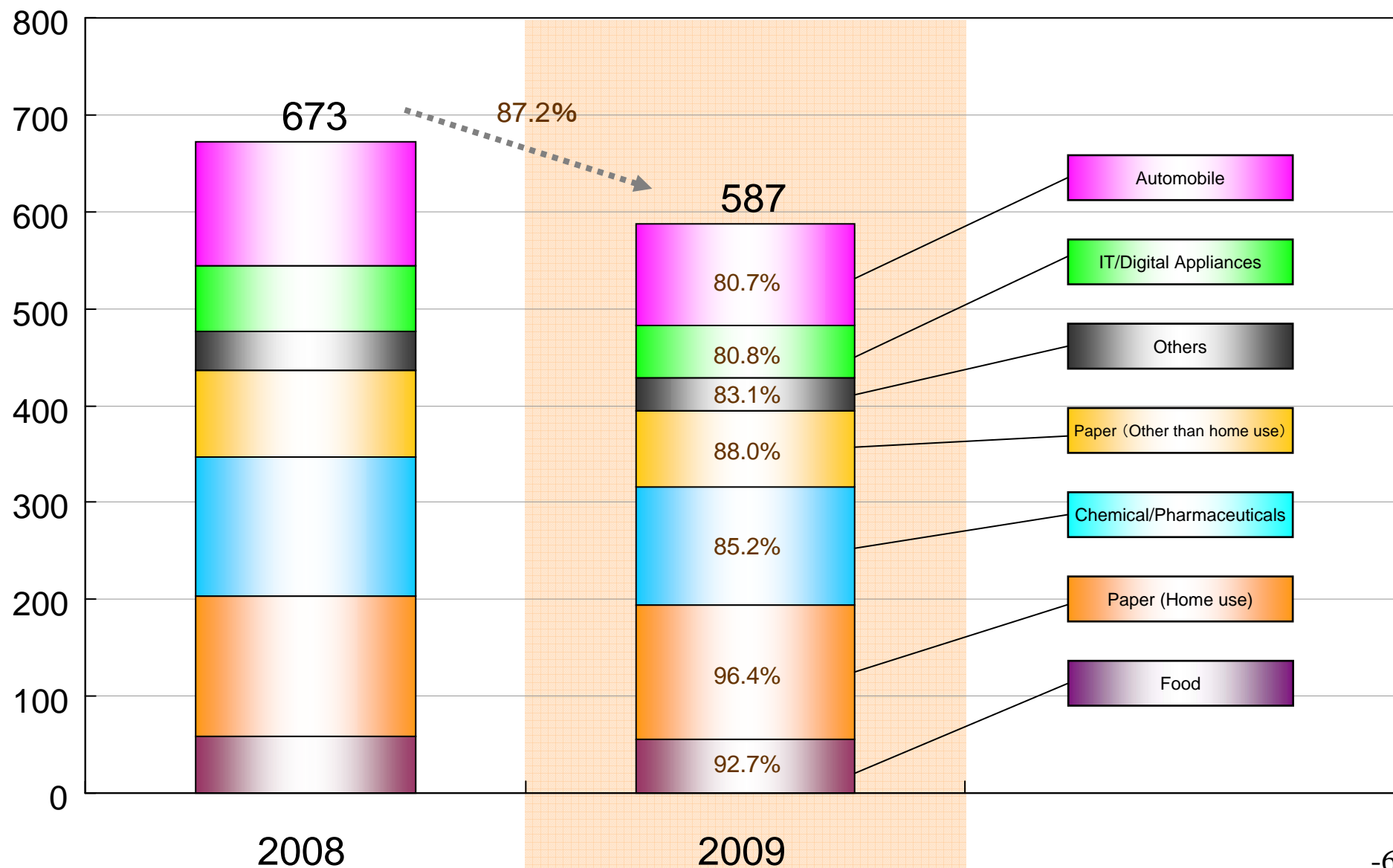


Large-lot Customers' Performance

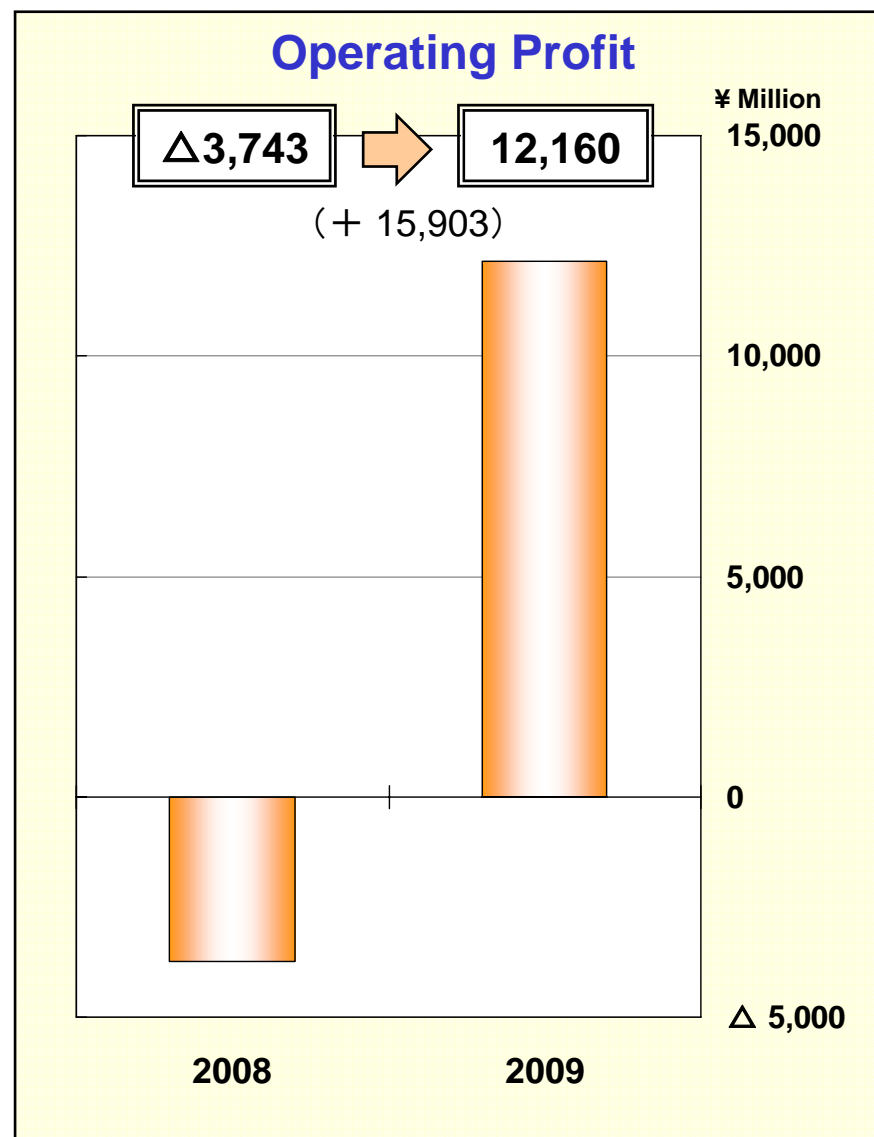
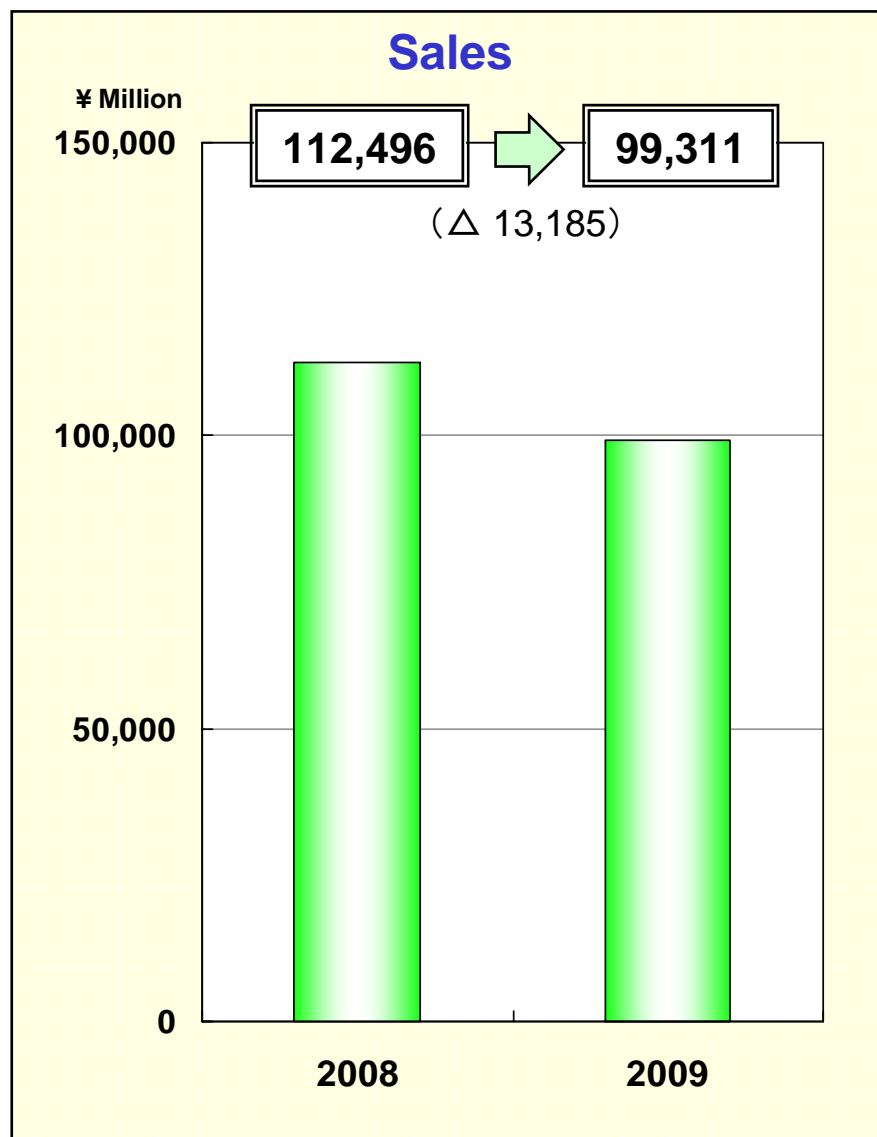


Detailed Industrial Demand Profile

Million m³ (45MJ/m³)



Consolidated Sales & Operating Profit ~Year-on-year comparison~



Breakdown of Consolidated Operating Profit ~Year-on-year comparison~

() denotes year-on-year change

(¥ Million)

Sales	99,311	(△13,185)
City Gas	81,782	(△ 9,851)
LPG	10,049	(△ 2,817)
Others	7,478	(△ 516)

Operating Profit	12,160	(+15,903)
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Gross Profit 39,171 (+18,957)

City Gas 34,632 (+18,215)

Sales 81,782 (△9,851)

↓ Volume of sale
↓ Unit price

Cost of Sales 47,150 (△28,067)

↓ Amount of feedgas
↓ Long-term LNG prices/Spot LNG purchase
↑ LNG terminal cost

LPG and Others 4,539 (+742)

Marketing Expenses 27,011 (+3,053)

↑ Depreciation of System Development Expenditure

※ Transactions between the consolidated companies are offset.

Summary of Consolidated Financial Results

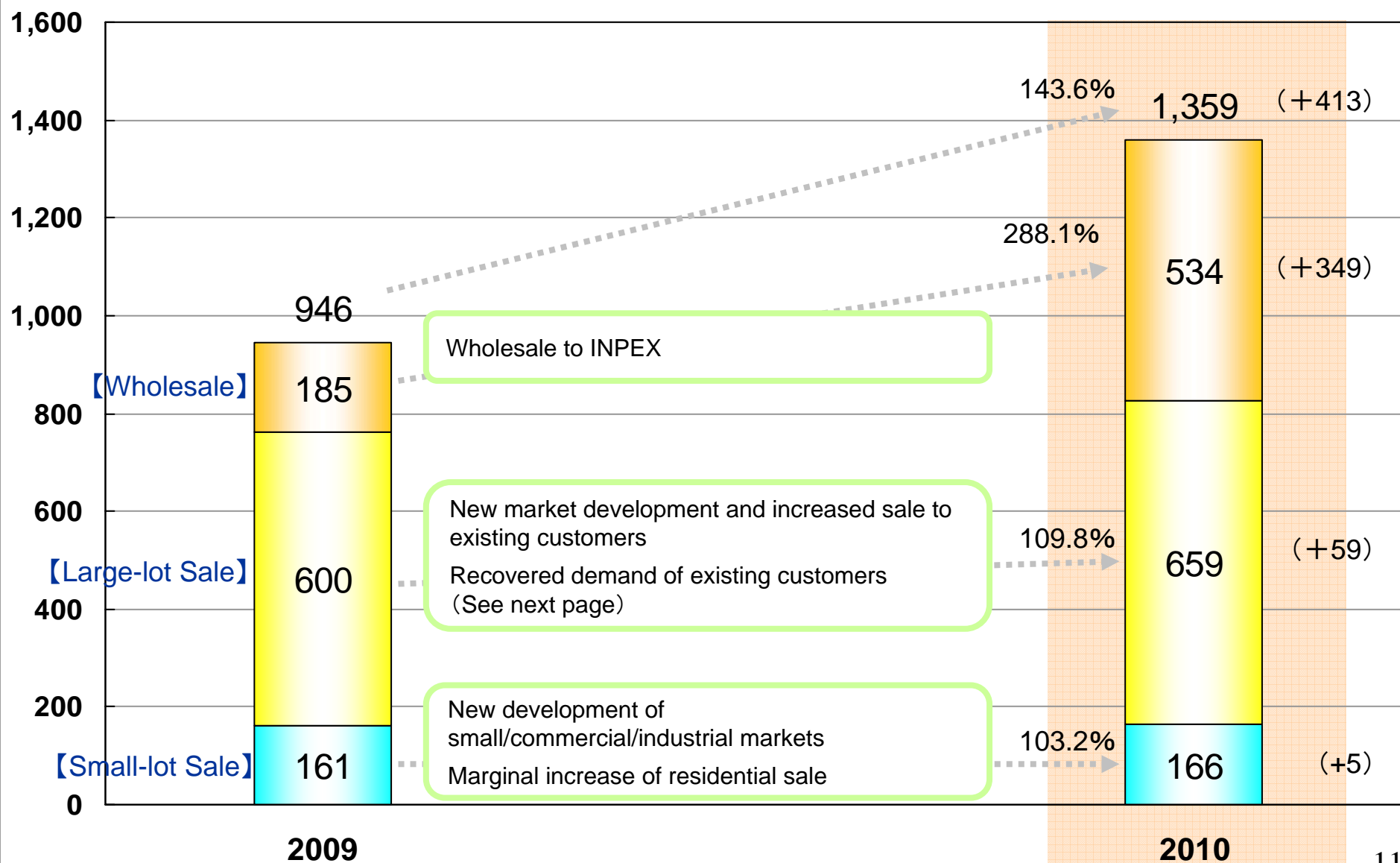
- **The volume of gas sold** decreased by 9.0% year-on-year to 946 million m³ unconsolidated and also decreased by 8.9% to 958 million m³ consolidated, on account of lower operation of large-lot customers, lower water heating and air conditioning demand as affected by seasonal climate.
- **Consolidated sale of gas** (including transaction between segments) decreased by 10.6% year-on-year to Yen 82.3 billion on account of decreased volume of gas sold due to economic recession. The total sale of the company decreased by 11.7% year-on-year to Yen 99.3 billion.
- The decrease of feedstock gas prices substantially brought down the cost of sale, as a result of which **the operating income** was Yen12.1 billion, **ordinary income** also Yen 12.1billion, and **net income** Yen 6.4 billion.
- **Dividend payable** is Yen 8.0 per annum.
- **Capital expenditures** continued for the third LNG storage tank (initial operation January 2010) and other construction work, of which amount is Yen 14.6 billion close to the level of the previous year.
- **Interest-bearing debts** decreased by 24.1% to Yen 38.4 billion, compared with the amount as of the end of the previous year, as the repayment of existing loans progressed and the short-term loan decreased on account of lower LNG prices.

Ⅱ . Forecast 2010

Forecast Sale of Gas in Volume (Non-consolidated)

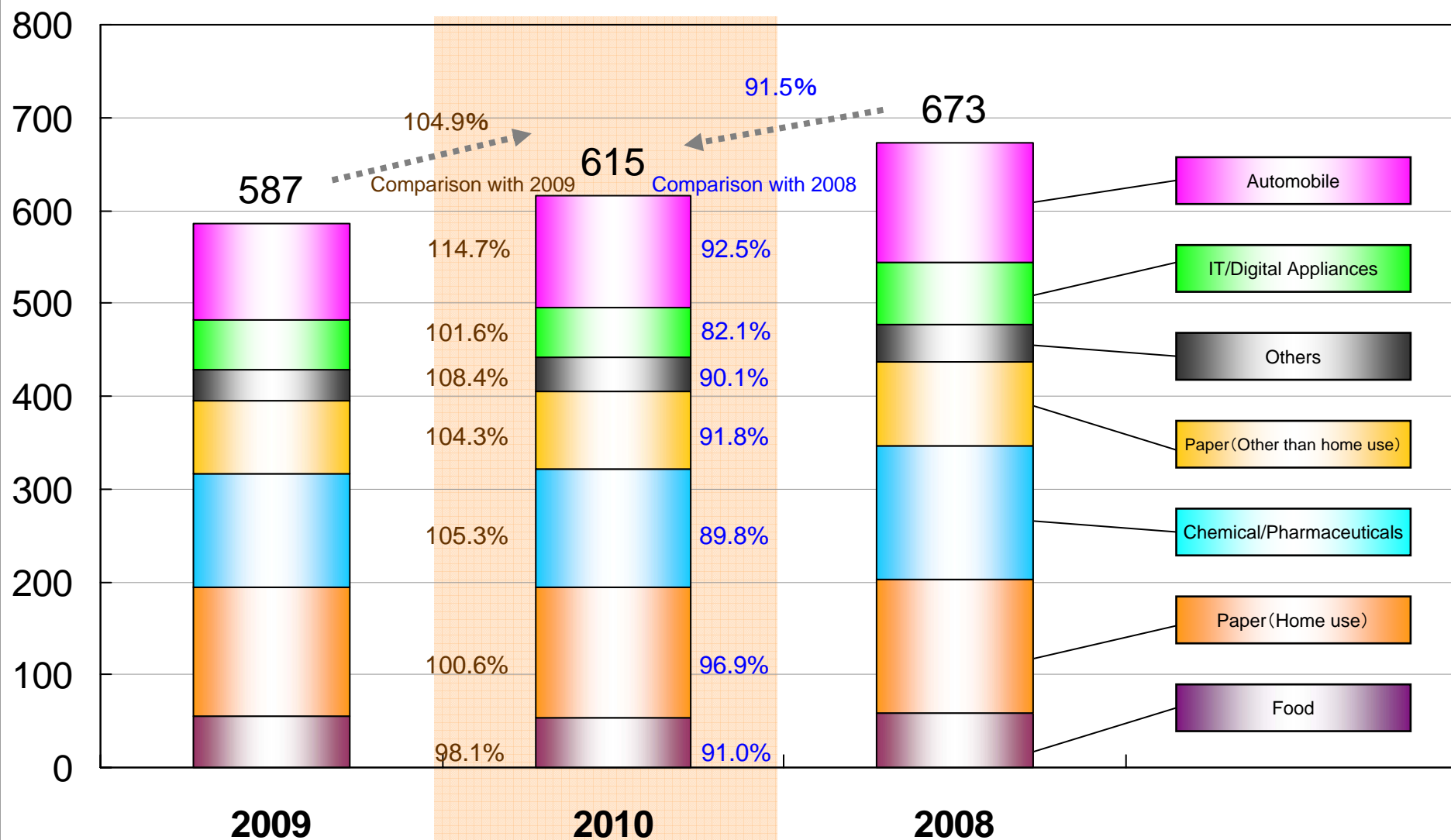
Million m³ (45MJ/m³)

Figures in () are million m³



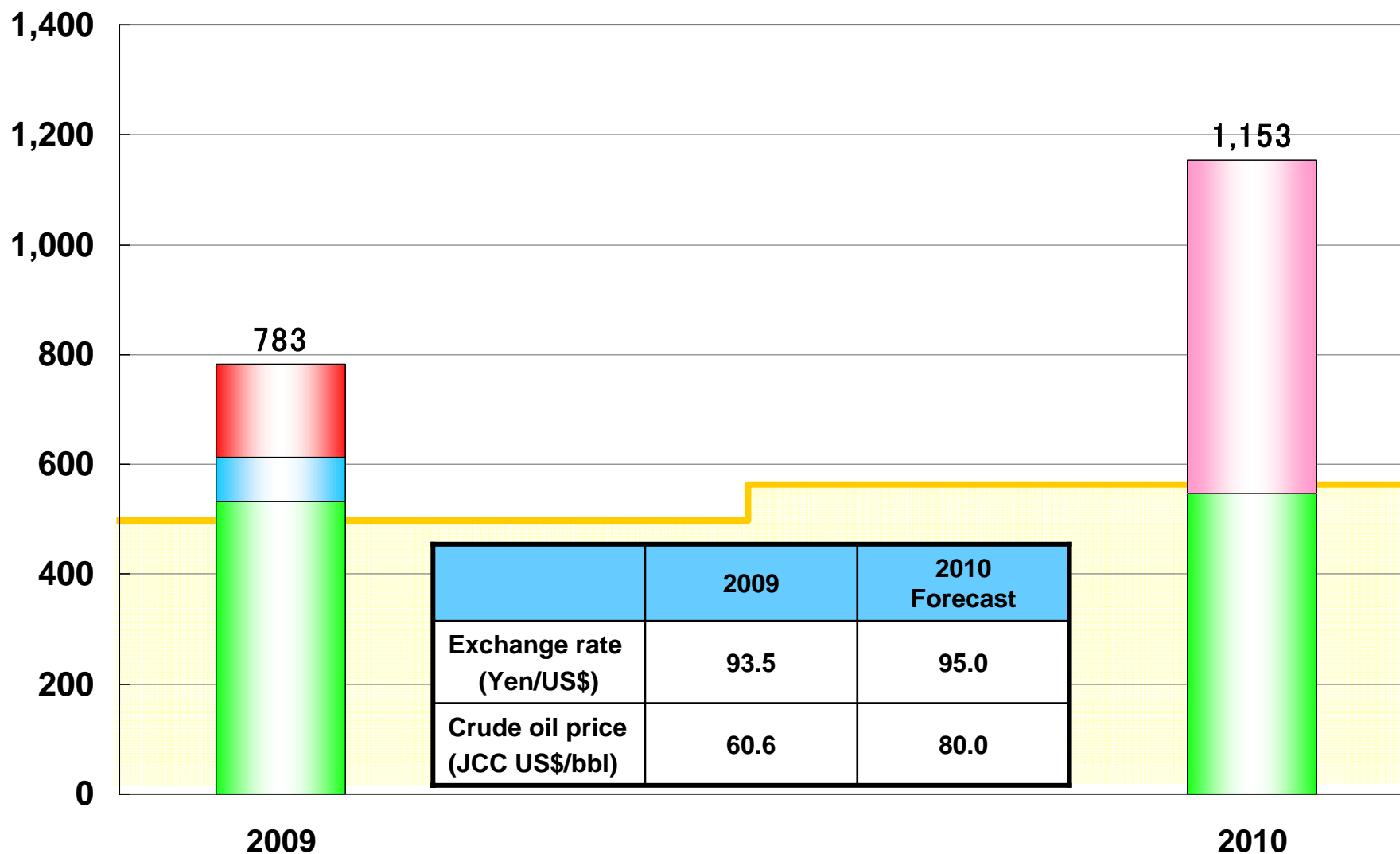
Detailed Industrial Demand Profile



Million m³ (45MJ/m³)



LNG Procurement

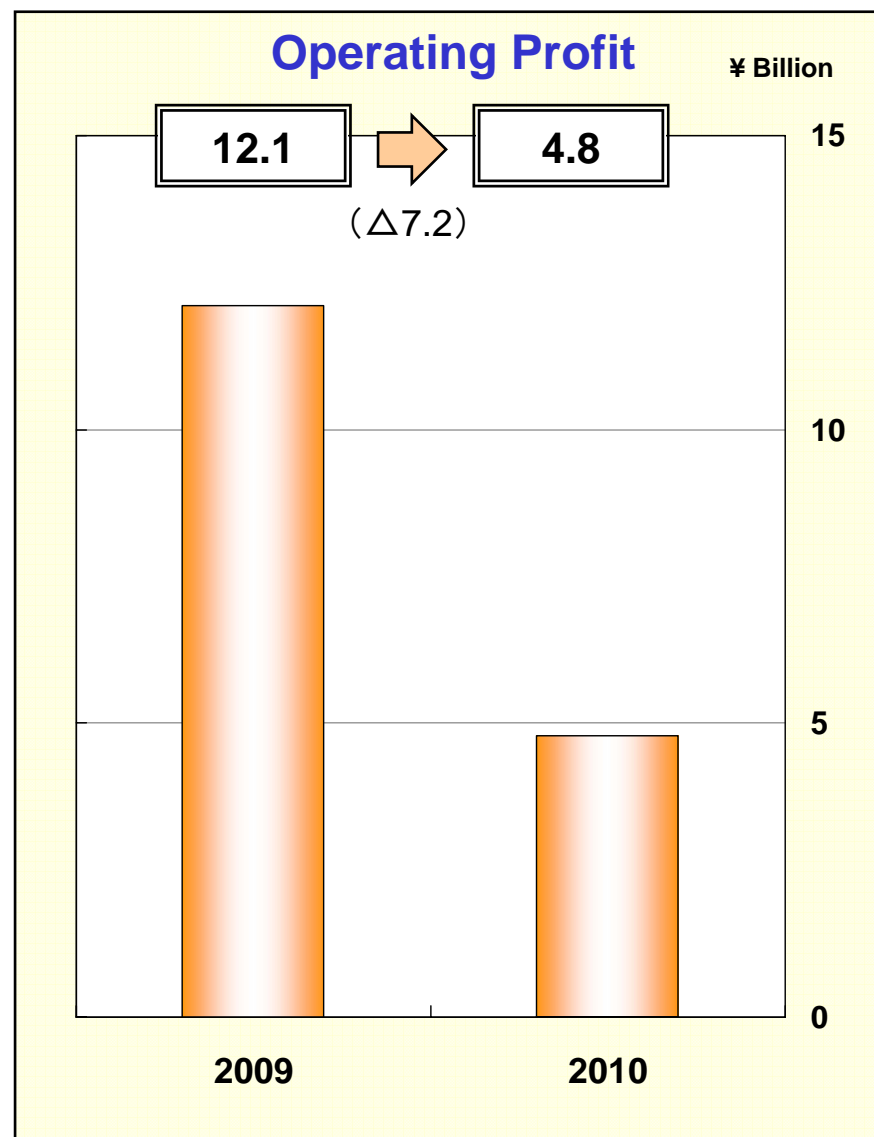
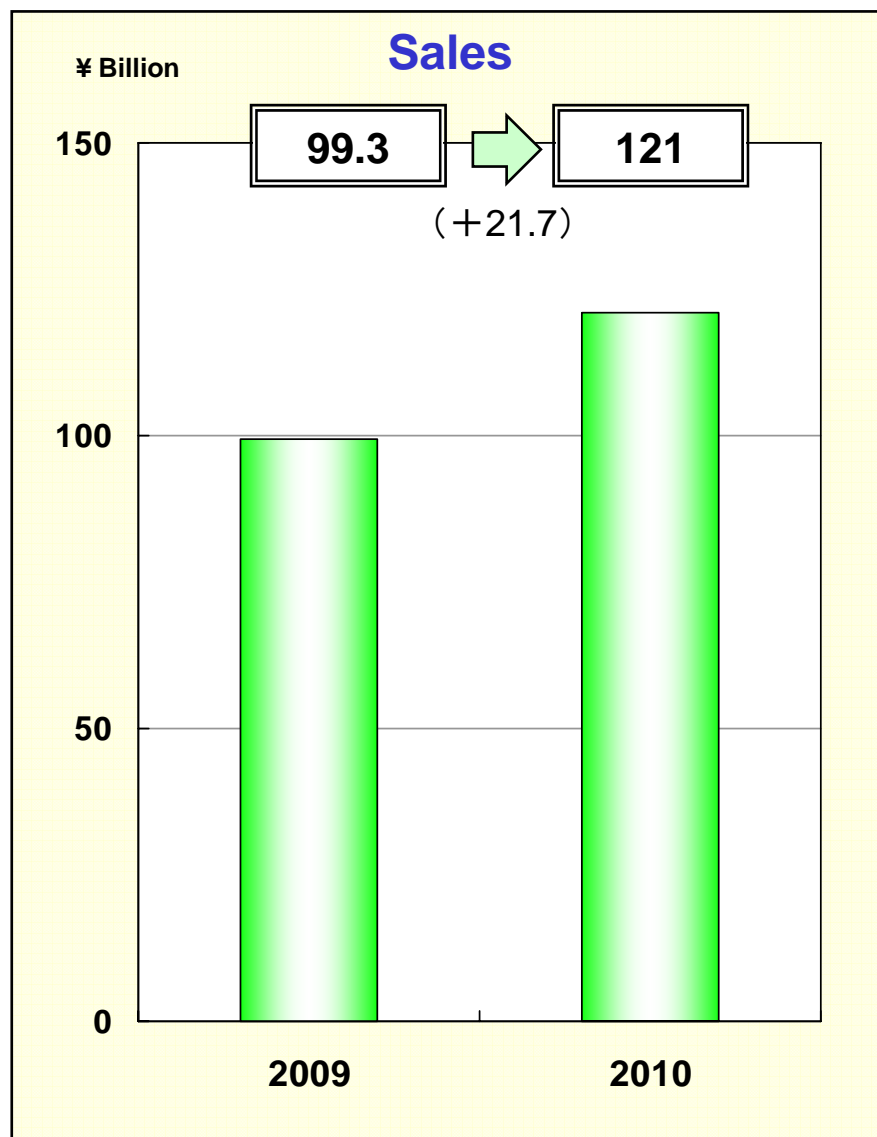
Unit: thousand tonnes



 Long-term LNG contracts
 Short-term LNG contracts etc.

 Domestic natural gas
 Additional procurement

Forecast Consolidated Sales & Operating Profit



Assumption of Consolidated Operating Profit ~Year-on-year comparison~

() denotes year-on-year change

(¥ Billion)

Sales	121.0	(+21.7)
City Gas	102.1	(+20.3)
LPG	10.6	(+0.5)
Others	8.2	(+0.7)

Operating Profit **4.8** **(Δ7.2)**

Gross Profit **30.7** **(Δ8.4)**

City Gas **26.5** **(Δ8.1)**

Sales **102.1** **(+20.3)**

↑ Volume of sale
↓ Unit price

Cost of Sales **75.6** **(+28.4)**

↑ Amount of feedgas
↑ LNG prices
↑ LNG terminal cost

LPG and Others **4.2** **(Δ0.3)**

Marketing Expenses **25.8** **(Δ1.1)**

↓ Depreciation of System Development Expenditure
↑ Corporate income taxes

※ Transactions between the consolidated companies are offset.

III. Mid-term Strategy

Strategy of Each Sector

Sale of Gas

- ▶ Wholesale: Starts sale in 2010 to INPEX
- ▶ Large-lot sale: Re-starts grass root marketing
- ▶ Commercial market: Reinforces marketing to brown-root conversion demand
- ▶ Residential market: Adds more customers and reinforces area marketing efforts

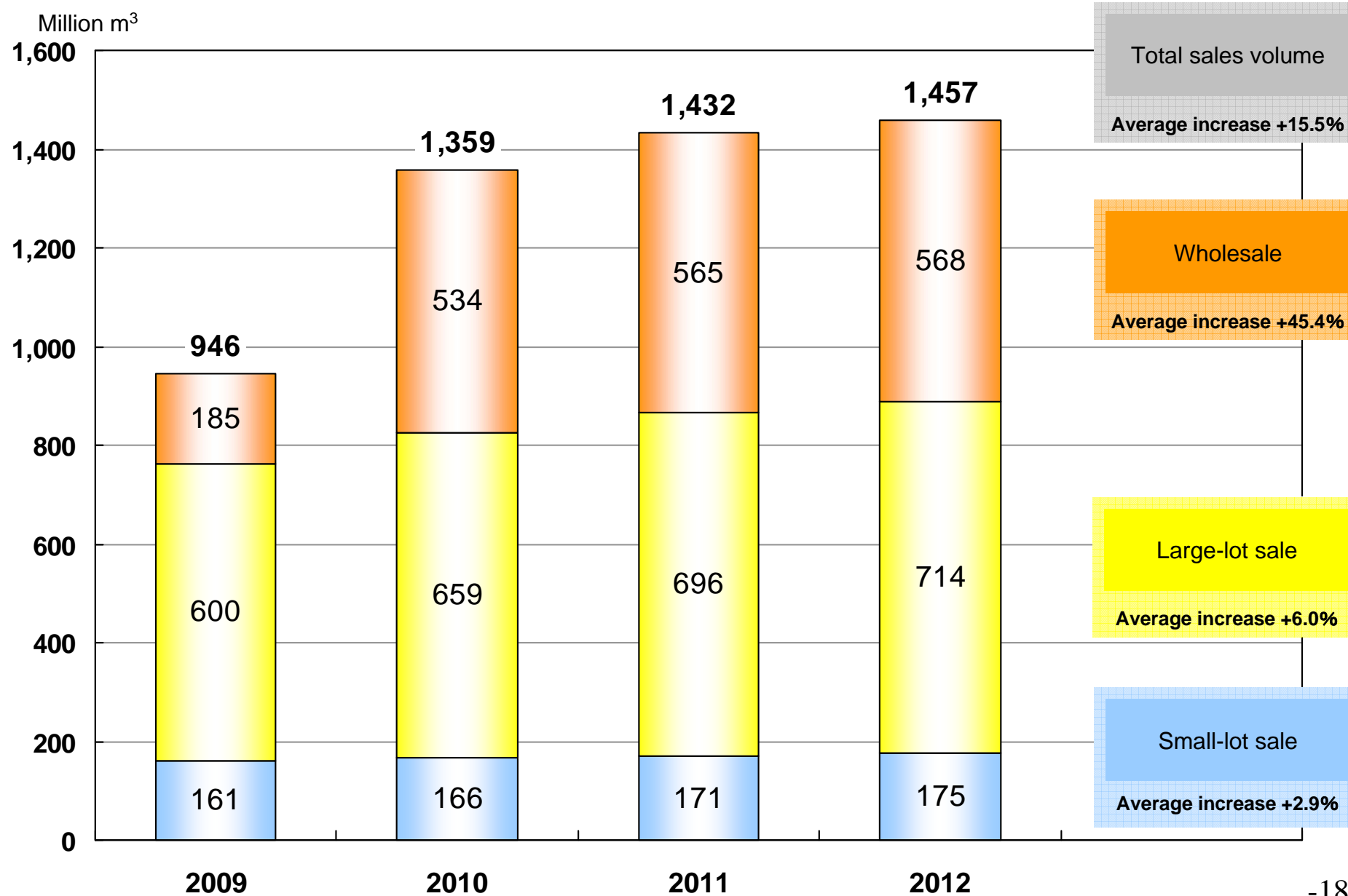
LNG Procurement

- ▶ Mid-term purchase arrangement up to around 2015
- ▶ Dialogue with new projects for long-term purchase arrangement

Additional infrastructure

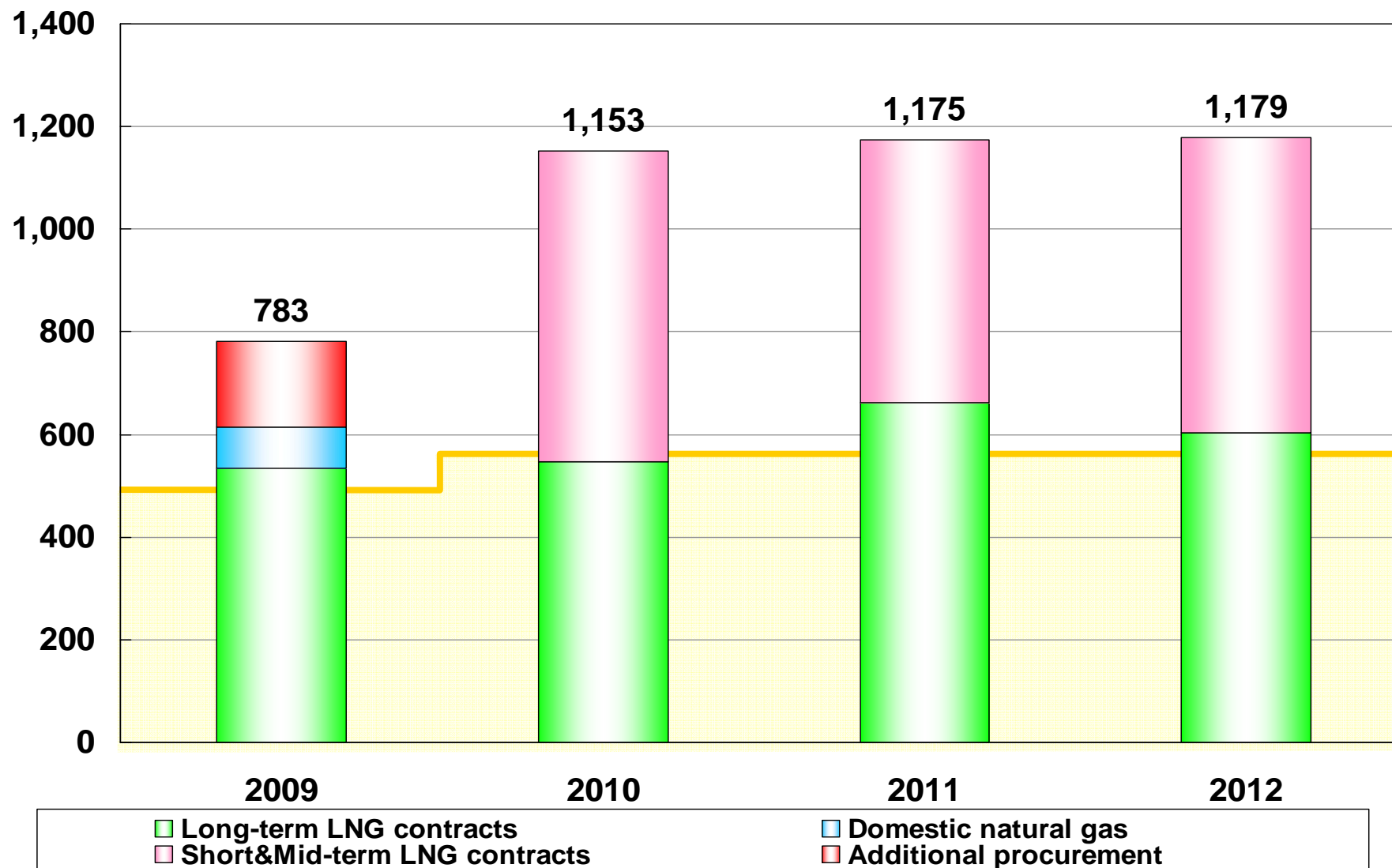
- ▶ Establishment of a wider regional supply
- ▶ Construction of “Shizuhamu Trunkline” (Scheduled completion in 2013)

Target Sale of Gas in Volume (Non-consolidated)

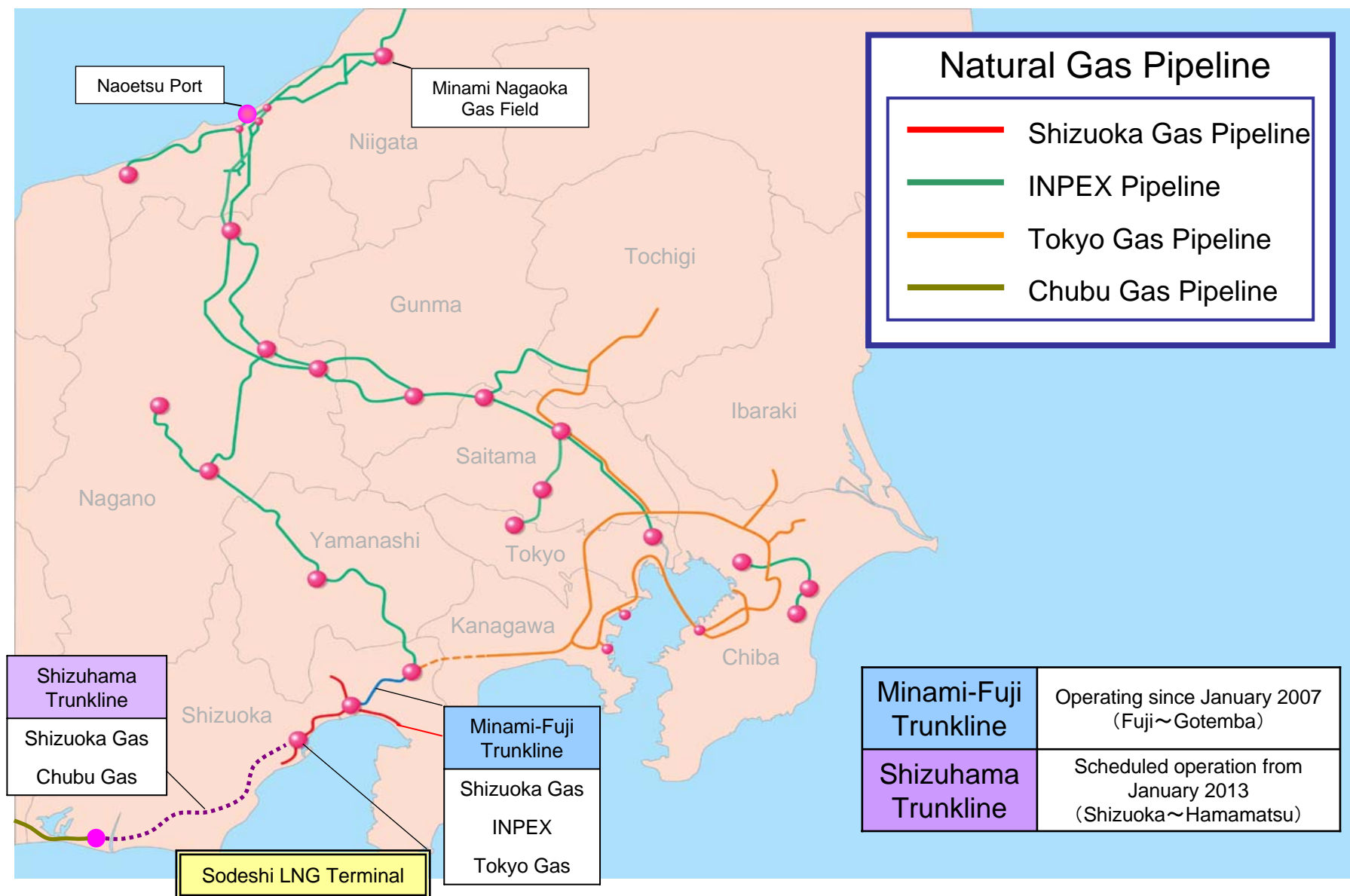


LNG Procurement Plan (2010~2022)

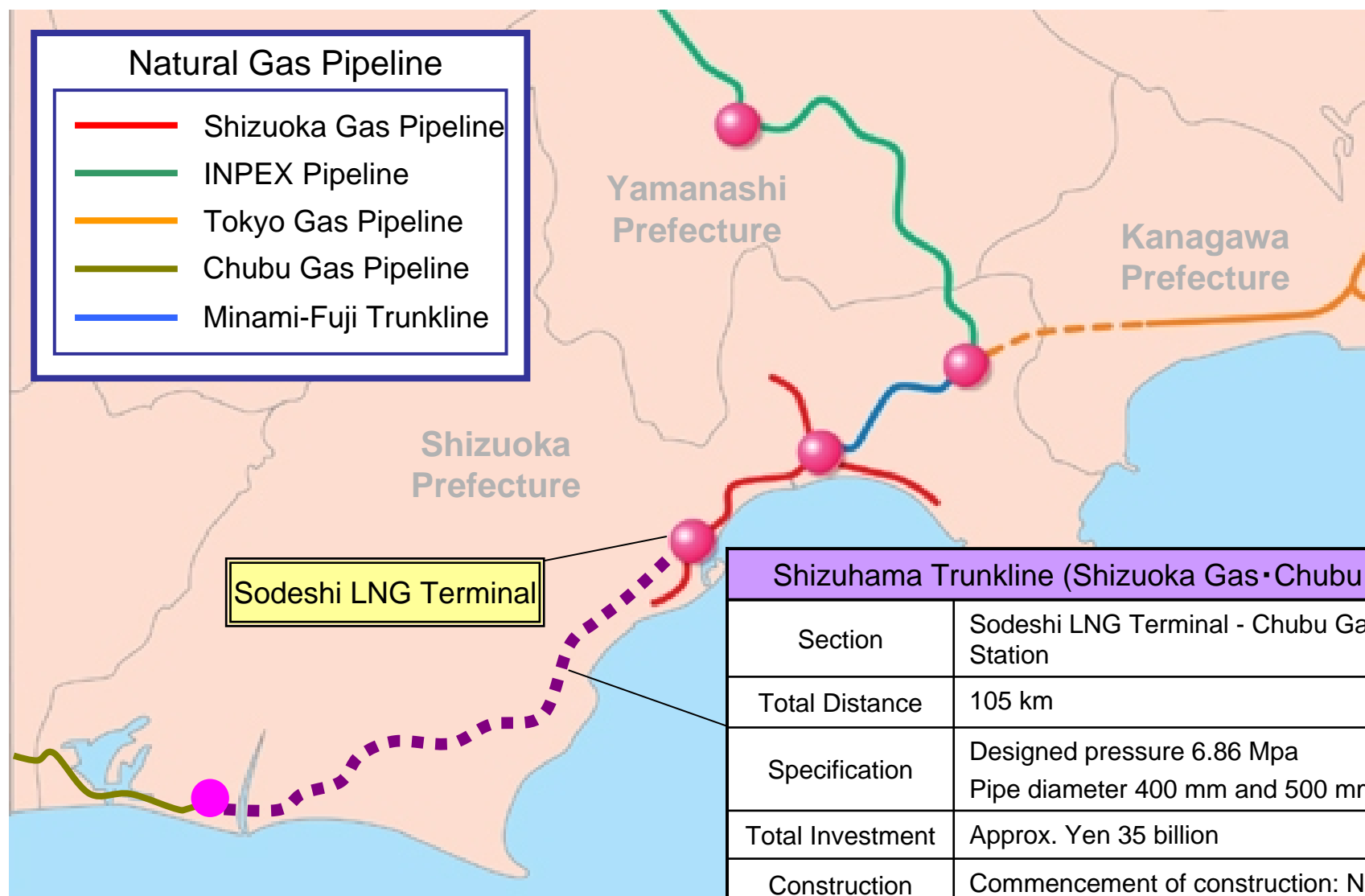
Unit; Thousand tonnes



Regional Pipeline Network



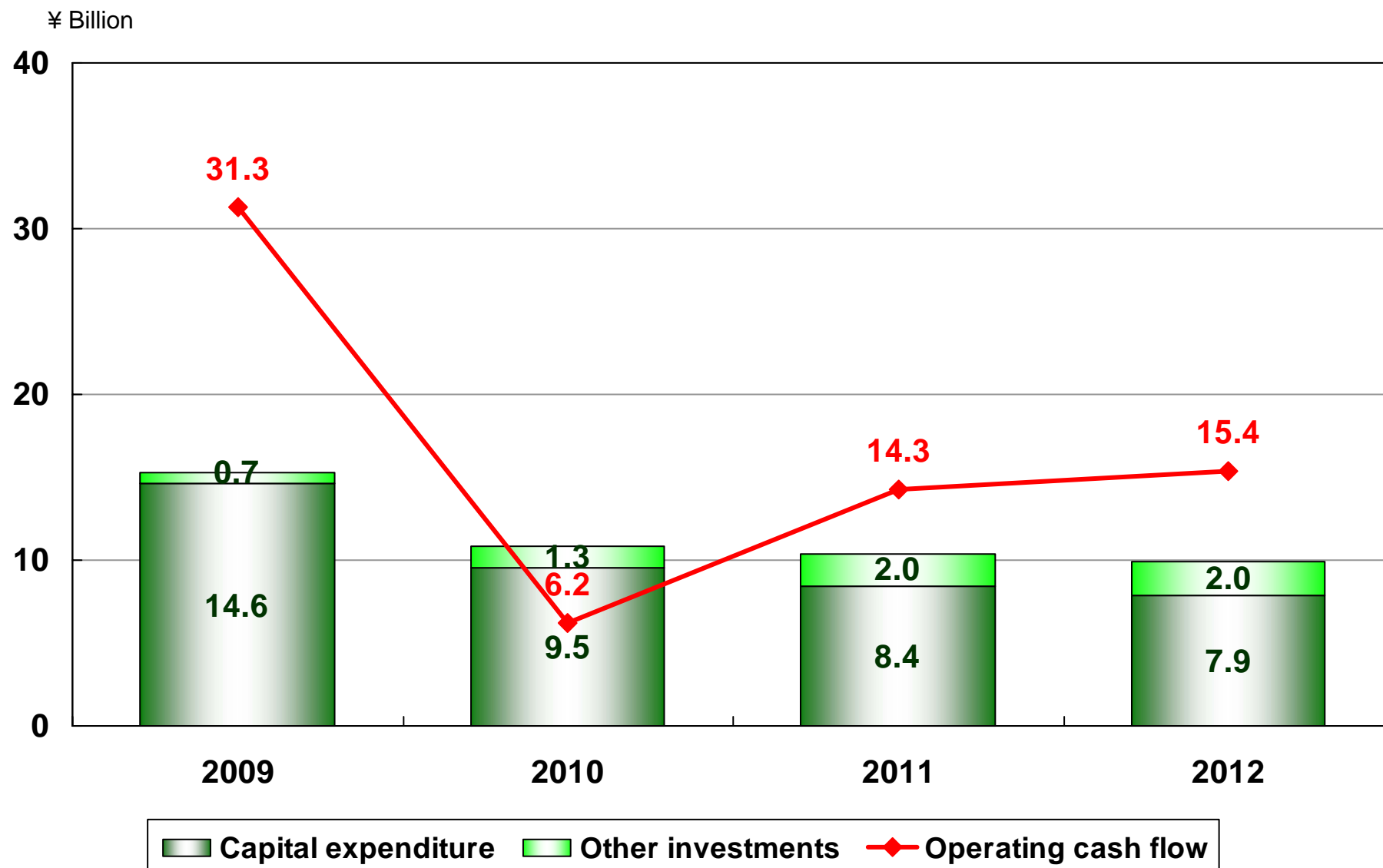
“Shizuhamas” Trunkline



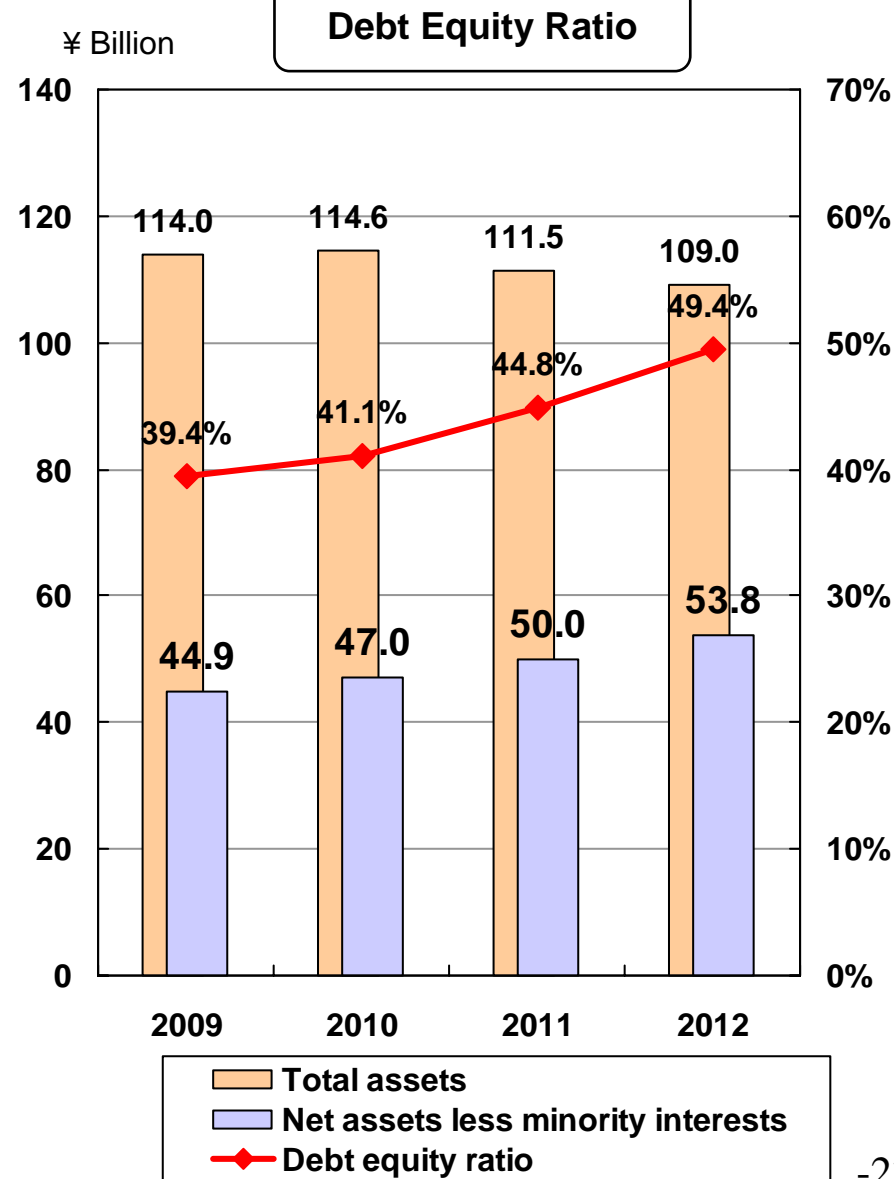
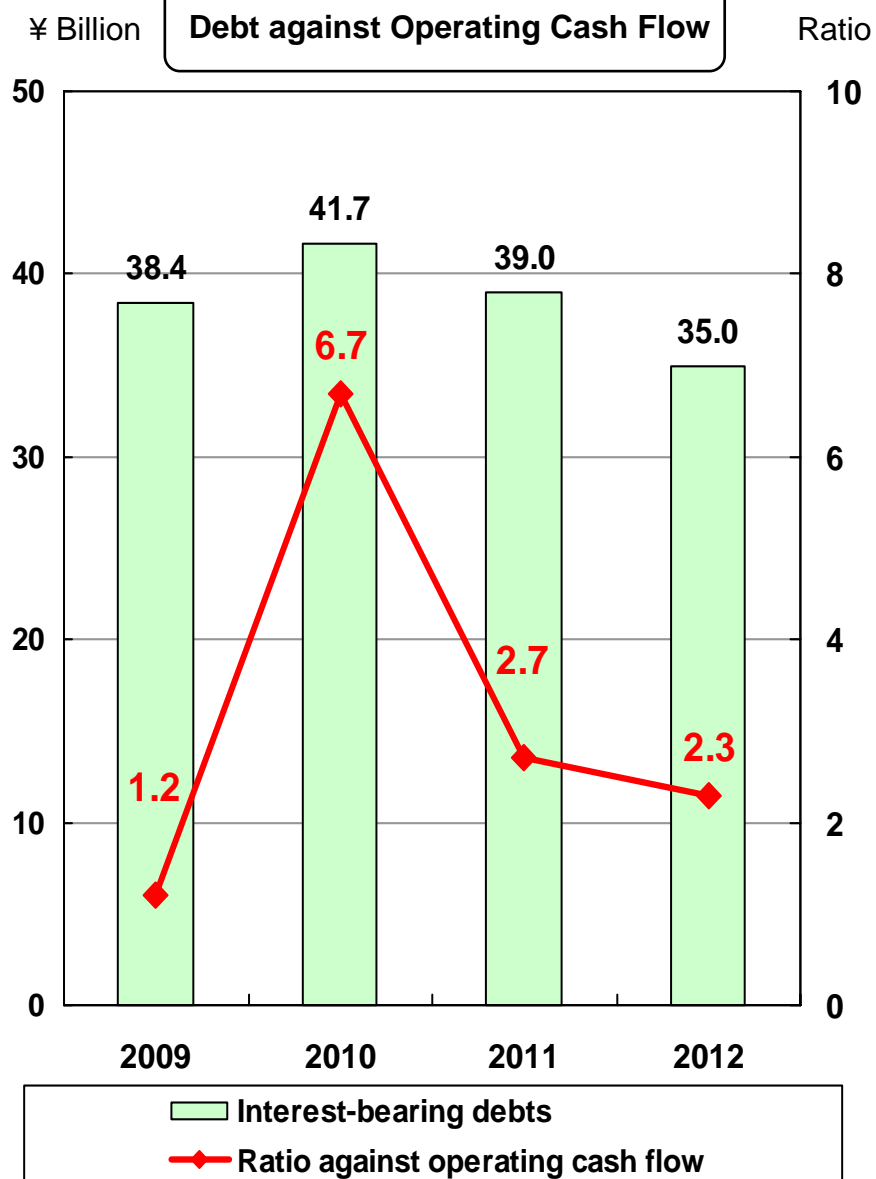
Shizuhamas Trunkline (Shizuoka Gas・Chubu Gas)

Section	Sodeshi LNG Terminal - Chubu Gas South Station
Total Distance	105 km
Specification	Designed pressure 6.86 Mpa Pipe diameter 400 mm and 500 mm
Total Investment	Approx. Yen 35 billion
Construction Schedule	Commencement of construction: Nov. 2009 Scheduled operation: Jan. 2013

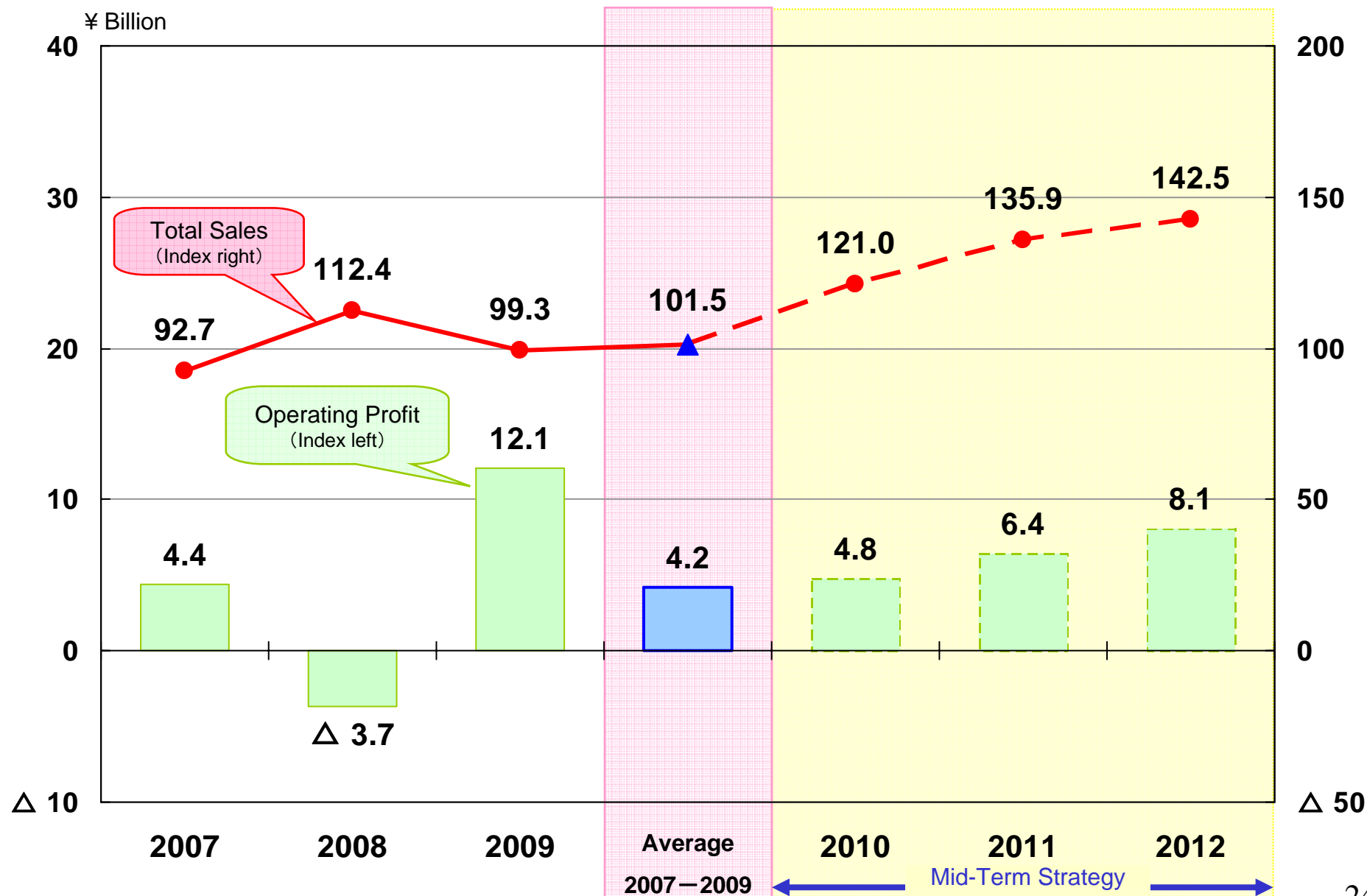
Capital Expenditure & Operating Cash Flow (Consolidated)



Debt Equity Ratio (Consolidated)



Sale & Operating Profit Forecast



IV. Supplementary Information

Forecast Gas Sale (Non-Consolidated)

(Million m³)

	2009	2010	2011	2012
Number of customers (Thousand)	316	316	316	317
Volume of sale	946	1,359	1,432	1,457
Own sale	761	825	867	889
Residential	91	92	93	94
Commercial	67	69	70	72
Industrial	603	664	704	723
Wholesale	185	534	565	568

Large-lot sale (A part of "Own sale")

Volume of sale	600	659	696	714
Share in the total sale	78.9%	79.9%	80.3%	80.3%

Consolidated Statement of Income

(¥Billion)

	2009	2010	2011	2012
Total sales	99.3	121.0	135.9	142.5
Cost of sales	60.1	90.2	102.9	108.3
Gross profit	39.1	30.7	32.9	34.1
Sales and administration expenses	27.0	25.8	26.5	25.9
Manpower	9.7	10.0	10.0	10.0
Other expenses	7.6	8.4	9.2	8.9
Depreciation	9.6	7.3	7.2	7.0
Operating income	12.1	4.8	6.4	8.1
Ordinary income	12.1	4.8	6.3	8.2
Net income	6.4	3.1	3.5	4.4

Exchange rate (Yen/US\$)	93.5	95.0	100.0	100.0
Crude oil price (JCC US\$/bbl)	60.6	80.0	80.0	80.0

Consolidated Balance Sheet

(¥Billion)

	2009	2010	2011	2012
Assets	114.0	114.6	111.5	109.0
Fixed assets	93.8	91.1	88.0	85.3
Tangible/Intangible fixed assets	81.5	78.2	74.1	71.1
Investments and other assets	12.2	12.8	13.9	14.2
Current assets	20.2	23.5	23.5	23.7
Cash and deposits	5.0	0.9	0.9	0.7
Others	15.2	22.5	22.6	22.9
Liabilities	61.8	59.9	53.8	47.7
Fixed liabilities	37.4	41.8	37.6	35.0
Current liabilities	24.4	18.1	16.2	12.6
Net assets	52.2	54.7	57.6	61.3

Consolidated Operating Cash Flow and Capital Expenditure

(¥Billion)

	2009	2010	2011	2012
Operating cash flow	31.3	6.2	14.3	15.4
Free cash flow	15.9	△4.6	3.8	5.5

Capital expenditure	14.6	9.5	8.4	7.9
Terminal expansion	6.9	2.1		
“Shizuhamas” Trunkline	1.0	2.3	2.3	2.1

Depreciation	14.1	12.8	12.1	10.9
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Interest-bearing debts	38.4	41.7	39.0	35.0
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