

As of October 30, 2006

Tokyo Gas Co., Ltd.

Main Q&A items at the meeting for Interim Financial Results for FY 2006

- Q. You have commented that Tokyo Gas will make expenditures for safety measures, presumably including the measures to prevent the kind of accidents involving Paloma. Please provide details about the specific measures and amounts.
- A. We are aware that the Paloma accidents had the effect of heightening apprehensions among customers about the safety of gas energy. To restore customer confidence, we are going to promote the replacement of causing worry about safety and publicize the safety measures being taken by our company and the whole industry. Although the details of the campaign to promote the replacement of gas appliance causing worry about safety are still under study, we are planning to invest up to 10 billion yen in it for three years from this year.
- Q. There have been some reports that the start of production at the Sakhalin II LNG project will be delayed. Will this have any influence on plans for purchasing LNG?
- A. We are currently gathering information on that subject, and have not yet been officially notified of any delay in the start of production in fiscal 2008. Even if there is such a delay, it should not have such a big impact, because the purchasing volume is ordinarily low in the phase of project startup.
- Q. You have targeted a total dividend payout ratio of 60 percent in the medium-term management plan extending from fiscal 2006 to fiscal 2010. What is the outlook for the future, inclusive of the prospect of a dividend increase?
- A. As for a total dividend payout ratio of 60 percent, it should be noted that this ratio is derived by dividing the sum of the dividend amount for the fiscal year in question and the amount of treasury stock acquisition in the next fiscal year by the net income in the fiscal year in question. Therefore, if we achieve the income plans for this year announced today, we will distribute this income accordingly. While taking stable dividends as our basic policy, we hope to increase dividend payments during the period of the medium-term management plan.

*n Total dividend payout ratio = FYn dividend + (FYn+1 treasury stock acquisition) / FYn on-term net income