

Major Q&A at the meeting for the 3rd Quarter financial results for FY2007

Q1: It appears that the forecast for residential demand gas sales volumes is growing sluggishly. Temperatures have been in decline since the middle of January and it would seem that gas supply volumes would be on the increase. Has this trend been incorporated into the forecast?

A1: Changes in temperature since the middle of January have not been incorporated into this forecast, which is based on average temperatures for the February-March period. Compared to the forecast at the time interim results were announced, this forecast shows declines for both residential demand and commercial demand, while industrial demand and wholesale demand are up, so that the forecast is 42 million cubic meters (0.3%) higher at 14.06 billion cubic meters.

Q2: Rocketing LNG prices reportedly will have an impact on price revisions in long-term contracts. Is that reflected in this term's forecast of financial results?

A2: LNG prices are linked to oil prices, and the recent rises in oil prices will result in higher LNG prices and gas resource costs. The company is currently in the process of negotiating prices for some of its long-term LNG contracts, and the impact of these negotiations is to a certain extent reflected in the outlook for this term's forecast of financial results.

Q3: Both commercial demand and industrial demand would appear to be making more efforts to conserve energy. How will this impact for gas sales?

A3: In particular, in the air-conditioning segment of commercial demand there have been gains in equipment efficiency that will presumably result in declines in gas utilization volumes. On the other hand, in industrial demand, there is a boom in conversions from petroleum-based fuels to clean city gas as a way to improve environmental performance, and we are therefore forecasting steady rises.

Q4: Please describe sales of gas appliances for residential customers.

A4: Sales of residential-use gas appliances like "Pipitto Konro", "Mist Sauna", "Eco-JOES", and "Power generation in home" are strong, and all of our strategic products are forecast to achieve their annual sales targets.