

January 30, 2009
Tokyo Gas Co., Ltd.

**Major Questions and Answers
concerning the Financial Results for the Third Quarter of FY 2008**

Q1. Please tell us about the trend of the gas sales volume.

A1. In the third quarter of fiscal 2008, gas sales amounted to 10,055 million cubic meters, for an increase of 132 million cubic meters or 1.3 percent from the third quarter of fiscal 2007.

To view the trend by field or sector, sales in the residential use came to 2,116 million cubic meters, down about 8 million cubic meters or 0.4 percent from last year. Besides the influence of there being 1.6 less days of meter-reading, meaning gas use, than last year, this decrease presumably derived from structural factors such as the decline in the average number of household members, replacement of wooden housing with ferroconcrete housing, and the diffusion of energy-saving equipment, as well as reduced consumption due to energy-saving action on the part of customers that cannot be quantified.

In the commercial use, sales amounted to 2,171 million cubic meters, down about 80 million cubic meters or 3.5 percent. In addition to the sharp decrease in the demand associated with air conditioning because of relatively cool temperatures in summer, the chief factor was the decline in the operation of civil-sector cogeneration systems as counters to electric power.

In the industrial use, sales were held to 4,413 million cubic meters, up only 153 million cubic meters or 3.6 percent, because of the sudden worsening of the economy in the third quarter.

Sales in wholesale supply reached 1,354 million cubic meters, up 67 million cubic meters or 5.2 percent, but the reason was increases in volumes of transaction with existing customers as opposed to the start of supply to new operators.

Estimating that the economic recession in the fourth quarter will be even worse than that in the third quarter, we decided to make another downward revision in our forecast for the year. As a result, we are now projecting yearly sales of 14,089 million cubic meters, down 126 million cubic meters or 0.9 percent from fiscal 2007.

Q2. While the existing industrial demand is declining due to the economic downturn, how are the efforts to develop new industrial demand proceeding?

A2. We are currently working to develop sales for demand that should be actualized over fiscal years 2009 to 2013, the period covered by the medium-term management plan we announced today. At present, it does not appear that the amounts involved will be much lower than we have been expecting. Nevertheless, until the actual operations begin, we will not know whether the newly developed customers will really use as much city gas as was anticipated at the time of marketing.

Q3. What impact do you think the trend of crude oil prices and exchange rates will have on your income and expenditure?

A3. As premises of the economic framework in our yearly outlook for fiscal 2008, we adopted a Japan crude oil cocktail (JCC) of 50 dollars per barrel for crude oil and an exchange rate of 95 yen to the dollar for the last quarter of fiscal 2008. A decrease of 1 dollar per barrel in crude oil prices for the last quarter would have the effect of increasing our fiscal 2008 profits by 200 million yen. Similarly, an exchange rate increase of 1 yen to the dollar would act to increase our profits by 900 million yen.

Q4. The figures for various costs in the new yearly outlook are higher than in the outlook made in the second quarter. Why is this?

A4. The increase is due to our decision to accelerate the replacement of deteriorating gas pipes we have been making on a routine basis. We intend to continue promoting accelerated replacement of superannuated pipes as a priority measure.