April 28, 2010

Tokyo Gas Co., Ltd.

Major Questions and Answers
concerning the Financial Results for FY2009 ended March 2010

Q1. What is the background to your decision to increase the dividend?

A1. Based on our established policy of maintaining a total payout ratio of 60%, Tokyo Gas has promised to implement staged dividend increases within that range, provided the outlook is that the company can maintain profit levels over the long term. The dividend was increased this time because the increased profit trend for FY2009 and FY2010 has been confirmed, and we are confident that we can maintain this ¥9/year dividend in and after FY2011, without reduction, within the Company's cash flow.

Q2. What impact do you expect from policies toward realizing a low-carbon society?

A2. As specific policies, we expect that (1) taxes, (2) emissions rights trading, and (3) the system to purchase all renewable energy generated will have a major impact on increasing gas sales. At present, however, nothing certain can be said about the systems designs and other specifics. Regardless of which specific policies are taken, however, the trend toward carbon reduction will certainly strengthen and energy users will have to pursue CO2 reductions. Tokyo Gas will seize this trend, promote further fuel conversion, and propose combinations of fuel cells, cogeneration systems, etc.

Q3. What is the outlook for industrial gas demand for FY2010 (ending March 2011)?

A3. Our industrial demand is centered on large-volume customers, and we prepare estimates by aggregating the conclusions from interviews with individual customers. We project that industrial demand will increase by approximately 700 million cubic meters year-on-year with increased demand from fuel conversion and increased power generation demand from operations at the Ohgishima Power Station.

Q4. What is the outlook for future gas resource costs?

A4. Our LNG price revision negotiations are proceeding smoothly, and we perceive little risk that gas resource costs will change substantially as a result of price revisions.

Q5. The accounting of retirement benefits actuarial differences has a large impact on earnings. What about the influence from portfolio holdings?

A5. From FY2010, we have switched to a portfolio centered on long-term bonds, which reduces the risk from actuarial changes and serves as a natural hedge to offset changes in pension assets and retirement benefit obligations.