

Earnings Announcement for FY2011

Main Q&A

[Ohgishima Power Station Unit 3]

Q1: With regard to the commencement of feasibility study about Ohgishima Power Station Unit 3, what kind of conditions do you think are necessary to advance to FID?

A1: In order to advance to FID, we have to think about the capital expenditure regarding the construction of the power station as well as the interconnection to link with the power grid, and carefully examine the competitiveness of the power generated at our power stations, based on the comparison with the power source of electric power companies in future. We have made a decision to start feasibility study because of the confidence to secure some level of profitability even under these uncertain circumstances. We are planning to advance to FID hopefully around this autumn, deeply examining the profitability and taking into account a variety of unexpected risk factors.

[Cove Point LNG Project]

Q2: As for Cove Point LNG Project announced today, how much a quantity of approximately 2.3 million tons of LNG processing contract will be received by Tokyo Gas? Does Tokyo Gas plan to utilize some of the quantity for trading business? What kind of conditions has been determined in the contract with Dominion Cove Point LNG, LP?

A2: What is determined is that Tokyo Gas conjointly with Sumitomo Corporation is to start negotiations with the project implementation body, Dominion Cove Point LNG, LP. Specific conditions are to be discussed in the following negotiation talks. Tokyo Gas is planning to secure business foothold in U. S. market, in order to diversify our source of LNG, with a view to reducing LNG procurement cost shipping to Japan in the end.

[Industrial gas demand and Chiba-Kashima Line]

Q3: How do you assume the industrial demand for FY2012? How much of volume do you think will be gained by the commencement of Chiba-Kashima Line in March, 2012?

A3: Industrial demand will be decreased superficially YOY, due to the business scheme change in the electricity business. Except for this effect, overall industrial demand will be increased YOY. However, we will anticipate slight decline in the operation rate of power generation facilities, compared to the extremely high level of that reflecting the concern of electricity shortages after the Great East Japan Earthquake, even though we expect that the operation rate itself will stay at relatively high level.

We expect the annual volume increase by 300 million m³ with the commencement of Chiba-Kashima Line. The potential demand in Kashima waterfront industrial zone will be developed, and the commencement of Kashima Waterfront Line scheduled this June will have a positive impact on the industrial demand.