

**Major Questions and Answers concerning the Fiscal Results
for the 3rd Quarter of FY2012**

Q1: The temperature this winter seems to be lower than that of an ordinary year. How do you incorporate this effect in the gas sales volume outlook for FY2012?

A1: We have already incorporated this effect already realized by the mid-January into the gas sales volume outlook for residential and commercial use. Therefore, the low temperature effects of the 3rd Quarter and a part of the 4th Quarter have already been incorporated in our outlook. As for the temperature after late January onward, we anticipate that it stays normal. Therefore, gas sales volume will vary, depending on the gap between real temperature and normal one.

Q2: Can you explain why the outlook of industrial gas sales volume is revised upward from the 2nd half forecast? How do you see the current state of industrial activities in Japan?

A2: The revision is due to the increased volume for power generation in the 3rd Quarter that has exceeded the previous forecast. As for the outlook of gas sales volume for power generation in the 4th Quarter, we keep the previous forecast unchanged.

As for the outlook of gas sales volume for general industries, we revised it upward slightly. This derives from the increased volume in the 3rd Quarter exceeding the previous forecast and we take into account the increased demand of a part of our customers.

Although we see currently the increased production level of manufacturing factories and the higher utilization of cogeneration system, we also find the industrial gas sales volume excluding Kashima area stay below a year earlier level. We recognize that economic condition in general is coming back since the previous forecast, but we would like to refrain from asserting that overall economy is obviously recovering.

Q3: The Japanese Yen is inclined to be depreciated recently. How do you anticipate the effect of depreciated Yen on the annual financial results?

A3: As of the end of 2nd Quarter, we have set the exchange rate of 80JPY/USD for the 2nd half. We changed this to 90JPY/USD for the 4th Quarter, based on the current rate of exchange. With this factor and others taken into consideration, we have revised ordinary profit forecast for FY2012 downward from 154 billion yen to 144 billion yen.

If the Japanese Yen is depreciated by 1JPY/USD through the 4th Quarter compared to our economic assumption of 90JPY/USD, both the gross margin and the operating profit of city gas business would be decreased by 1.7 billion yen and vice versa.