

October 30, 2015  
Tokyo Gas Co., Ltd.

Results Briefing for the Second Quarter of the Fiscal Year Ended March 2016  
Key Questions and Answers

Q1: What is the impact of a full liberalization of the gas retail market in 2017 likely to be on your earnings?

A1: It is difficult to analyze the impact on earnings in a quantitative manner at this present before the framework of the gas retail market has not determined yet. However, we believe it is necessary to manage the business on assumption that gas demand volume could drop by approximately 20-30 percent at the maximum, especially for large users. In addition, given the possibility that some existing customers may switch to competitive services over time, we must address any future changes in the conditions in a flexible and timely manner. On the other hand, since the power retail market is scheduled to be entirely deregulated in April 2016, we will expand our market share in the larger power market to cover a loss of gas demand.

Q2: Please explain about your policy on revision of gas tariffs. In addition, what do you think about the balance of the shareholders?

A2: We revised gas tariffs with the aim to pass on promptly to our customers the results of increased management efficiency achieved and to enhance the competitiveness ahead of liberalization. On the other hand, we have continuously emphasized on returns to both consumers and shareholders in a balanced manner. Therefore, we would like to consider how we should pay dividends in line with the reduction in gas tariffs.

Q3: Is there any likelihood that your overseas business could suffer from impairment loss in this fiscal year, in response to the recent drop of crude oil and Henry Hub prices?

A3: In the second quarter earnings, we did not post any impairment loss in overseas business. However, we need to watch the trends in oil and the Henry Hub prices in the future.

End