

January 31, 2007  
Tokyo Gas Co., Ltd.

**Major Questions and Answers  
on the Announcement of FY2006 3Q Ending December Financial Results**

- Q: With this year being warmer than last, do you think the company will make a gain or loss on weather derivatives?
- A: Because gas sales volume generally decreases when there is a warm winter, Tokyo Gas utilizes weather derivatives to mitigate volatility in the bottom line caused by temperature fluctuation. Although the weather has been on the warm side since in the beginning of 2H FY2006, it was relatively cold in 1H FY2006, so both gas sales and volume increased. Consequently, as at the end of 3Q (April to December 2006), the company has paid out about JPY 900 million on hedging against the weather. However, if we have a warm winter, it is still possible that returns from weather derivatives could exceed these payments.
- Q: Volume of gas sold to industrial customers is forecasted to exceed projections. What do you attribute this upswing to?
- A: Factors in industrial gas sales volume exceeding projections include the large uptake of environment-friendly natural gas cogeneration systems and also the large number of conversions to natural gas by customers using oil and related fuels. Another factor playing a major role is increased use by existing customers.