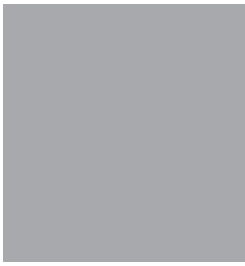
TOKYO GAS



Our Vision and Strategy

Tokyo Gas Co., Ltd.

Annual Report 2013

Editorial Policy

This annual report is based on the rigorous selection and concentration of information, such as financial data, business strategy explanations, and information about other areas of importance, to better facilitate investors' efforts to analyze the Company. For additional information, please refer to the following tools and websites.

Details of Challenge Vision 2020

The Tokyo Gas Group's Vision for Energy and the Future ~Challenge 2020 Vision~

(Released November 2011)

http://www.tokyo-gas.co.jp/IR/english/library/pdf/vision/vision2020_01.pdf

CSR Activities

Tokyo Gas Group CSR Report

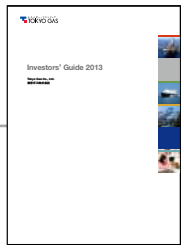
http://www.tokyo-gas.co.jp/csr/index_e.html

Financial and Industry Data

(EXCEL Spreadsheet Data Available)

Investors' Guide

http://www.tokyo-gas.co.jp/IR/english/library/invguid_e.html



Quarterly Financial Results

Consolidated Financial Results Bulletin

http://www.tokyo-gas.co.jp/IR/english/library/earn_e.html

Forward-looking Statements

This annual report includes various management goals and other forecasts relating to the "Challenge 2020 Vision" announced in November 2011 and other strategies. This information is based on forecasts, assumptions, and available information when preparing the "Challenge 2020 Vision" and other strategies and does not guarantee the achievement of goals and forecasts or future business results. Further, this information may change due to changes in business conditions. Therefore, placing undue reliance on this information is not advised. In addition, the target figures for fiscal 2013 are based on the judgment of management and the information available when the figures were published (April 26, 2013). The Company will disclose the latest information to the Tokyo Stock Exchange in a timely manner and at the same time publish it in the investor relations section of its website (http://www.tokyo-gas.co.jp/index_e.html).

Contents

Before Analyzing the Figures

[Factors That Affect Our Earnings]

Gross profits in the gas business are determined by the increase in gas sales volume (volume difference) and the gap between the selling and purchase prices (price difference).

Gas Sales Volume

The Company's net sales depend on sales of city gas, which account for around 70% of the Company's total. Therefore, changes in selling volume directly impact net sales. Factors that have a major effect on selling volume are temperature and economic and other fluctuations.

[Temperature]

Demand in the residential sector stems mainly from demand for hot water and indoor heating, so selling volume declines when winters are warm, resulting in lower sales and income. In the commercial sector, gas is used mainly for air conditioning, so cool summers and warm winters cause gas sales volume to decrease, reducing sales and income.

[Economic and Other Trends]

Economic and other trends affect business in the industrial and commercial sectors. In the industrial sector, plant utilization rates fall when economic conditions are sluggish, reducing sales volumes. In the commercial sector, meanwhile, lackluster economic performance can, for example, lower hotel utilization rates, and commercial facilities may shorten hours of operation, lowering sales volume.

Raw Materials

Raw material costs account for a substantial portion of the Company's operating expenses. These costs tend to fluctuate in line with gas sales volumes and be affected by changes in crude oil prices and exchange rates.

[Crude Oil Prices]

The price of LNG, which is the raw material of city gas, is linked to the crude oil price. Therefore, fluctuations in the crude oil price may affect resource prices.

[Exchange Rates]

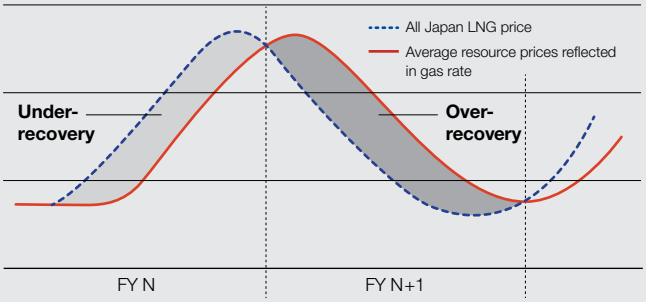
LNG purchase contracts are denominated in U.S. dollars. Accordingly, yen appreciation against the U.S. dollar causes raw material costs to decline on a yen basis. Conversely, yen depreciation against the U.S. dollar pushes raw material costs upward.

Gas Rate Adjustment System and Slide Time Lag

To increase the transparency of gas rates and encourage providers to be clear about their efforts to achieve higher business efficiencies, the gas rate adjustment system was introduced. Through this system, average raw material prices over a three-month period according to trade statistics are compared to the raw material cost that is used as the standard (standard average raw material cost), and the gas rates are adjusted using a defined calculation method based on the differences. Under this system, the impact of changes in raw material costs on a gas company's earnings is essentially neutral. However, a time lag of up to five months (called a slide time lag) exists between the payment of raw material costs and the reflection of such changes in gas rates. Consequently, fluctuations in crude oil prices and exchange rates may result in the under-recovery or over-recovery of raw material costs if this lag cuts across a fiscal year, thereby affecting income.

How the Slide Time Lag in Rates Works

The average raw material price over the past three months is calculated every month, and then reflected in the gas rate three months later. (Example: The average raw material cost for January through March is reflected in the June gas rate.)



Pension Actuarial Differences

Actuarial differences arise from differences between expected and actual investment returns on pension assets, as well as on differences between expected and actual retirement benefits. These costs are written off as a lump sum in the fiscal year following the year in which they arise and are posted as operating expenses. Accordingly, major actuarial differences can have a substantial impact on revenues and expenses in the following fiscal year.

Liquefied natural gas (LNG): LNG is produced by cooling gas (natural gas) composed primarily of methane (CH_4) down to around minus 162°C, thereby liquefying the gas. Liquefaction reduces the volume down to 1/600 that of the gas, allowing large amounts to be transported by tanker.

Performance

Results in Fiscal 2012:
Increases in Both Sales and Income

Gas Sales Volume: Up 1.3%

Gas sales volume rose 200 million m³ year on year, or 1.3%, to 15,390 million m³, following a substantial increase in industrial demand centered on demand for power generation applications.

Net Sales: Up 9.2%

Net sales increased ¥161.4 billion, or 9.2%, to ¥1,915.6 billion, due to higher gas sales volume, a rise in city gas sales that resulted from the gas rate adjustment system, and favorable sales of electricity.

Net Income: Up 120.7%

Net income was up ¥55.6 billion, or 120.7%, to ¥101.6 billion, following higher operating income due to increases that resulted from the slide time lag effect as well as improvements in the balances of non-operating and extraordinary items.

Shareholder Returns in Fiscal 2012

Dividend payments amounted to ¥25.7 billion and treasury stock with a total value of ¥36.0 billion was acquired. The total payout ratio—60.7% of net income—**remained above 60%**. Dividends were **raised to ¥10 per share, up ¥1** per share from the previous fiscal year's ¥9 per share.

Major Initiatives

Reducing Resource Costs and Expanding Overseas Operations

March 2013 **Acquired first upstream interests in the U.S.** through participation in a shale gas development joint venture in the Barnett basin

April 2013 Concluded a Heads of Agreement for Sale and Purchase regarding the procurement of natural gas from the Cove Point LNG Project, **the Company's first long-term agreement employing a Henry Hub index linked price formula**

June 2012 Acquired a 26.66% stake in a natural gas-fired thermal power plant with generation capacity of 425 MW in Belgium

→ Investment abroad business operating income: Up ¥3.7 billion (—% year on year)

Building a Production and Supply Infrastructure to Cultivate Demand

March 2012 Completed the Chiba–Kashima Line in March 2012 followed by the Kashima Waterfront Line in May 2012 and commenced supply to TEPCO's Kashima Thermal Power Station, etc

→ Captured new demand for 405 million m³ of gas in the Kashima area

July 2012 **Began constructing the Hitachi LNG Terminal** in Hitachi City, Ibaraki Prefecture, to be the Company's 4th LNG receiving terminal (scheduled to commence operations in fiscal 2015)

February 2013 **Decided plans to accelerate natural gas infrastructure development in Ibaraki**, including joint construction of a new pipeline into the Mito area with Tobu Gas, approval of construction plans for the Koga–Moka Line, and examination of land and submarine routes for the Hitachi–Kashima Line (provisional name)

Providing Diverse Energy Solutions

October 2012 Decided on construction of **a third unit at the Ohgishima Power Station** and commenced construction in November 2012

April 2013 Launched new "ENE-FARM" systems

→ Electric power business operating income: Up ¥11.2 billion (+140.7% year on year)

For details, see P.40 Management's Discussion and Analysis

Summary of Operating Results

Billions of yen

	Fiscal 2012	Fiscal 2011	Change	%
Gas sales volume (Million m³, 45MJ/m³)	**15,390**	15,190	+200	+1.3
Net sales	**1,915.6**	1,754.2	+161.4	+9.2
Operating expenses	**1,770.0**	1,677.1	+92.9	+5.5
Operating income	**145.6**	77.0	+68.6	+88.9
Ordinary income	**147.4**	75.6	+71.8	+95.0
Net income	**101.6**	46.0	+55.6	+120.7

Economic Frame

	JCC ($/bbl)	Exchange rate (¥/$)	Average temperature (°C)
Fiscal 2012	**113.9**	**82.9**	**16.7**
Fiscal 2011	114.2	79.1	16.4

Pension Investment (non-consolidated)

	Investment yield (costs deducted)	Discount rate	Year-end assets (Billions of yen)
Fiscal 2012	**6.10%**	**1.4%**	**276.0**
Fiscal 2011	5.13%	1.7%	254.0
Fiscal 2010	2.70%	2.0%	235.0

Natural Gas Resource Development

As well as **ensuring the stable procurement of gas resources**, we aim to **lower procurement prices** in a bid to ensure fair prices in the Asian market. To achieve these goals, in addition to conventional large-scale projects we are pursuing unconventional sources of natural gas and actively taking various upstream interests.

Overseas Mid-Downstream Operations

To allow for flexible resource procurement and to ensure fair prices in the Asian market, we are leveraging both our power generation businesses centered on natural gas and our proprietary know-how and pushing forward with energy services projects.

Developing Business through the LNG Value Chain

We aim to develop our business throughout the LNG value chain, maximizing value through linked business spanning the procurement and transportation of LNG, the production and supply of city gas, and the provision of energy solutions.

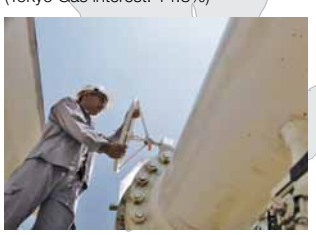
Overview of Major Overseas Upstream Operations

Project	Annual contracted quantity (Thousands of tons)	Commencement of project	Duration	Contract type	Upstream interest (%)
① Darwin	1,000	2006	17 years (–2022)	FOB	3.07
② Pluto	1,500–1,750	2012	15 years	Ex-Ship, FOB	5.0
③ Gorgon	1,100	(2014)	25 years	FOB	1.0
④ Queensland Curtis	1,200	(2014)	20 years	Ex-Ship	1.25 (Upstream) 2.5 (Midstream)
⑤ Ichthys	1,050	(2016)	15 years	FOB	1.575
⑥ Cordova	—	Production	—	—	3.75
⑦ Barnett	—	Production	—	—	25.0

Darwin LNG Project

Belgium, T-Power
Natural gas power project
(Tokyo Gas interest: 26.66%) Capacity 425 MW

Malaysia, Gas Malaysia Sdn. Bhd.
City gas supply project
(Tokyo Gas interest: 14.8%)



Vietnam
Commissioned FEED project
at LNG receiving terminal

Tokyo

① – ⑦ Major Overseas Upstream Operations
Major Overseas Mid-Downstream Operations
New LNG Project
Existing LNG Project

Procurement and Transportation

We import more than 12 million tons of LNG per year, based on long-term contracts through 11 projects in 6 countries, centered on politically stable regions.

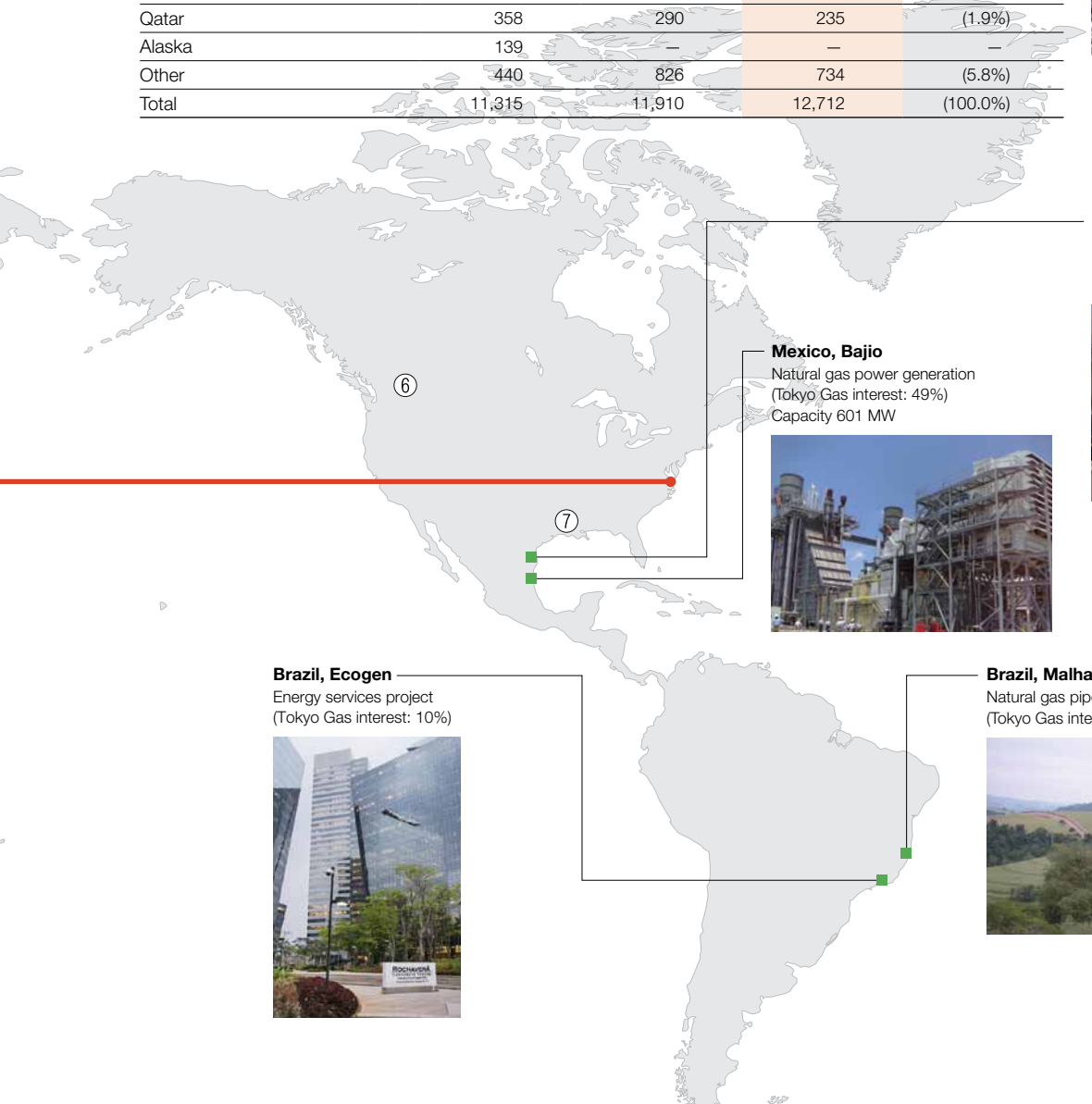
We strive to keep **transportation costs down** by using our own eight-tanker fleet efficiently to meet our own needs as well as by providing transportation for other companies.

Tokyo Gas LNG Imports by Country

Thousands of tons — FY

Location	2010	2011	**2012**	Composition
Malaysia	4,479	4,479	4,409	(34.7%)
Australia	2,297	2,264	3,379	(26.6%)
Brunei	1,155	1,362	1,439	(11.3%)
Indonesia	843	1,011	835	(6.5%)
Russia	1,605	1,678	1,682	(13.2%)
Qatar	358	290	235	(1.9%)
Alaska	139	—	—	—
Other	440	826	734	(5.8%)
Total	11,315	11,910	12,712	(100.0%)

A carrier Tokyo Gas manages directly



Mexico, MT Falcon
Natural gas power generation
(Tokyo Gas interest: 30%)
Capacity 2,233 MW

Mexico, Bajio
Natural gas power generation
(Tokyo Gas interest: 49%)
Capacity 601 MW

Brazil, Ecogen
Energy services project
(Tokyo Gas interest: 10%)

Brazil, Malhas Project
Natural gas pipeline project
(Tokyo Gas interest: 15%)

Production and Power Generation

With three plants in the Tokyo metropolitan area, our LNG storage and production facilities are some of the largest in the world. We are continuing to expand **our production system to meet growing demand** for city gas. We also operate highly efficient power generation facilities that employ leading-edge technology and **feature reduced environmental impact**. By fiscal 2020, we expect to increase our generation capacity of the current 2,000 MW to between 3,000 MW and 5,000 MW.

Supply

Tokyo Gas provides a **stable supply** of city gas via a pipeline network totaling 60,298 km (consolidated), centered on the Tokyo metropolitan area. Moving forward, we will extend our pipelines into regions of demand, promote earthquake preparedness measures, and **build supply networks that are highly resistant to disaster**.

Power Generation Business

1 Tokyo Gas Yokosuka Power Co., Ltd.

Capacity	240 MW x 1 station 240 MW
Generation method	Combined cycle generation
Start of operation	2006
Tokyo Gas interest	75%

2 Tokyo Gas Baypower Co., Ltd.

100 MW x 1 station 100 MW	
Combined cycle generation	
2003	
100%	

3 Ohgishima Power Co., Ltd.

407 MW x 3 stations* 1,221 MW	
Combined cycle generation	
Rollout of operations since commencement in 2010	
75%	

4 Kawasaki Natural Gas Power Generation Co., Ltd.

420 MW x 2 stations 840 MW	
Combined cycle generation	
2008	
49%	

* Unit 3 is scheduled to start up operations in fiscal 2015.

Supply Networks

① Sodegaura LNG Terminal

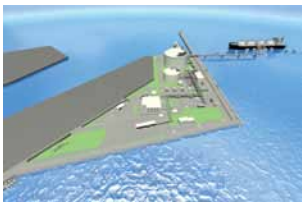
Import volume FY2012	4.942 million ton/year
Storage capacity	1,610,000 kl
Vaporization capability	1,310 t/h

② Ohgishima LNG Terminal

Import volume FY2012	3.991 million ton/year
Storage capacity	600,000 kl
Vaporization capability	1,115 t/h

③ Negishi LNG Terminal

Import volume FY2012	3.058 million ton/year
Storage capacity	1,155,000 kl
Vaporization capability	460 t/h

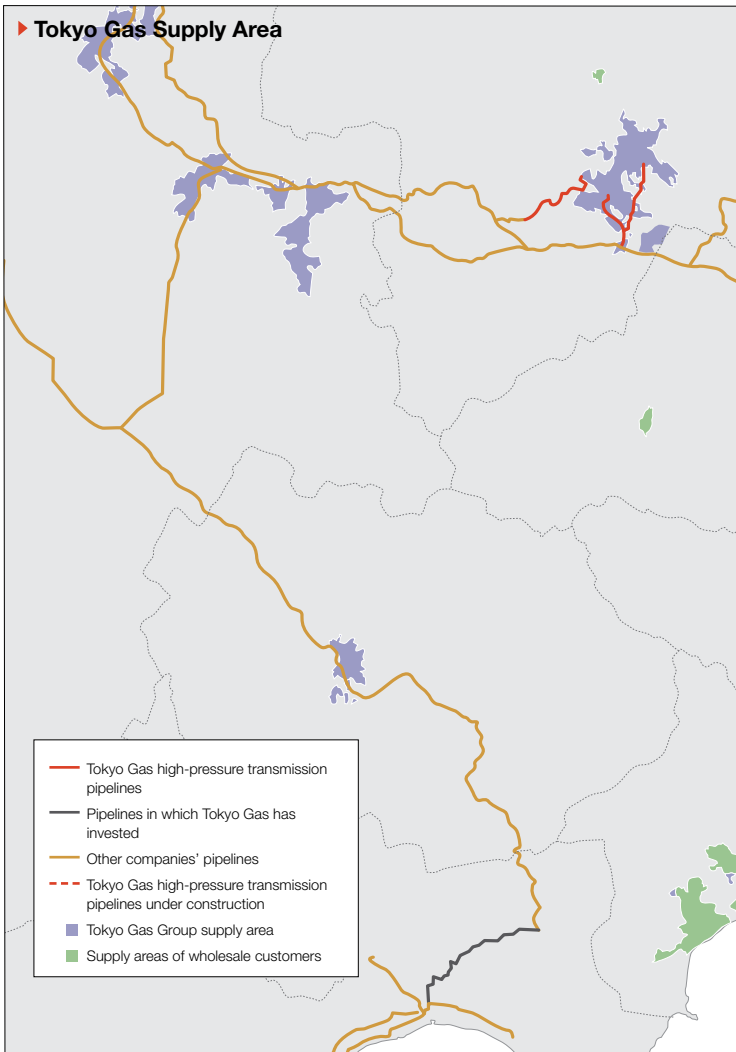


④ Hitachi LNG Terminal

Scheduled to commence operations in FY2015	
Storage capacity	230,000 kl
Vaporization capability	—

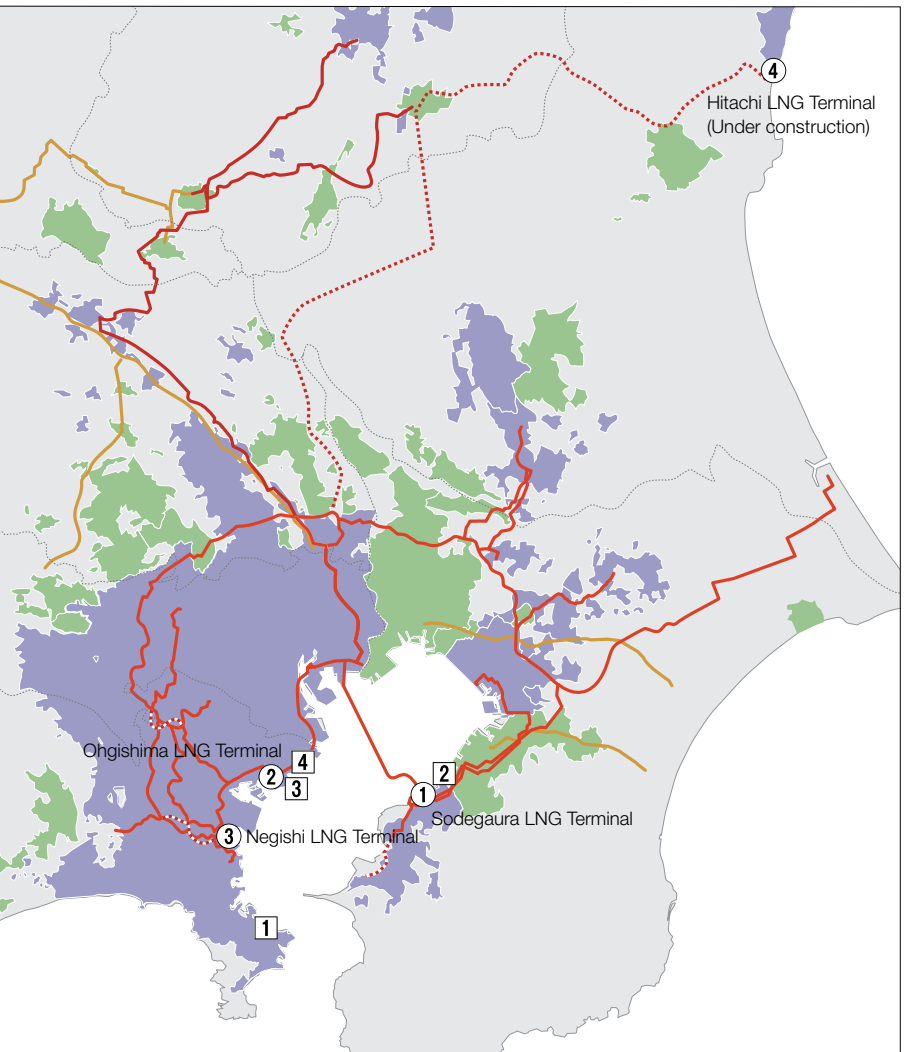
Conceptual drawing of completed terminal

Tokyo Gas Supply Area



Gas Sales and Service

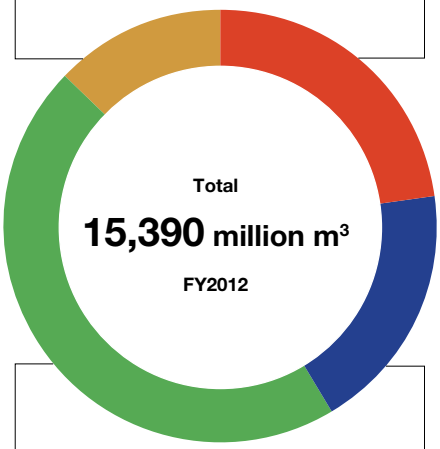
In the residential sector, spearheaded by Tokyo Gas LIFEVAL community-based marketing systems, we are proposing lifestyle values based on gas. We are also working to promote "ENE-FARM" residential fuel cells and are **supplying electricity**. In the commercial and industrial sectors, we introduce cogeneration and air conditioning systems and promote fuel conversion from other sources. In these ways, we help to provide energy and contribute to reductions in CO_2 emissions.



Gas Sales Volume

LNG tank lorries

"ENE-FARM" residential fuel cell



For wholesale use
1,953 million m³
13%

For residential use
3,535 million m³
23%

For industrial use
7,055 million m³
46%

For commercial use
2,847 million m³
18%

Regenerative burner system

Cogeneration system

We will steadily implement measures in accordance with the “Challenge 2020 Vision” with the aim of further enhancing the LNG value chain.

Tsuyoshi Okamoto
President and Representative Director

In November 2011, Tokyo Gas announced its “The Tokyo Gas Group’s Vision for Energy and the Future~Challenge 2020 Vision~,” also referred to as the “Challenge 2020 Vision.” This plan is meant to serve as a road map to guide us on our quest to continue growing the Group while improving the value we provide to customers and society as a leader in the field of natural gas. Over the period of a year and a half since the vision was announced, the entire Group has avidly pushed forward with initiatives geared toward enhancing the LNG value chain. Looking ahead, it is highly likely that conditions in the operating environment will undergo various changes. However, we will remain forward looking regardless of these changes, with the future of energy always in view, as we advance rapidly toward the vision we have established for the Group in 2020.

Index

In this section, the president of Tokyo Gas explains his thoughts concerning items of particular interest to investors. For information regarding performance in fiscal 2012, an overview of the “Challenge 2020 Vision,” and a detailed look at progress under the vision, please refer to the corresponding pages listed on the right.

Q There have been various changes in the operating environment over the year and a half since the "Challenge 2020 Vision" was announced. Have there been any alterations to the scenarios you have envisioned in light of these changes?

Okamoto: Enhancing the LNG value chain is at the very heart of the "Challenge 2020 Vision," and we are making steady progress in this enhancement. There have been many changes in the operating environment, but these all remain within the range of possibilities we had considered when the vision was formulated, and I therefore see no reason to revise our assumptions. As was assumed, the shale gas revolution in the United States has served as a catalyst for change in global energy trends. As one such change, in May 2013, the U.S. Department of Energy granted approval to a Japanese company to export LNG to countries that have not entered into free-trade agreements with the United States. This is the first time for a Japanese company to receive such approval.

Further, the yen has been rapidly depreciating, but we did not assume that exchange rates would stay at the level of ¥80 to US$1. On the contrary, we have assumed that yen exchange rates will remain in a range of between ¥90 and a little over ¥100 to US$1 into the long term. The impacts of foreign exchange rate fluctuations on raw material costs will be neutralized over the medium-to-long term by the gas rate adjustment system. Nevertheless, more than ever, customers will expect us to work to reduce resource costs to lighten their burden, and we will work to live up to those expectations.

Q In reference to the "LNG value chain," specifically what "values" are you creating?

Okamoto: Specially, we are creating three significant values with regard to the LNG value chain.

The first value is the maximization of earnings. We believe that Tokyo Gas developing operations spanning from upstream to downstream areas will enable us to improve profitability in each area and, thereby, maximize earnings. For example, improving investment efficiency in upstream ventures will allow us to secure earnings from upstream areas while also producing liquefied natural gas (LNG) at a competitive price. Further, using this competitively priced LNG in our domestic gas operations will in turn help improve the profitability of these operations. In this way, it will be possible for us to maximize earnings throughout the entire value chain.

The second value is the overall optimization of operations, which will be accomplished by taking advantage of the various perspectives we will acquire through operations spanning upstream to downstream areas. Tokyo Gas provides energy in response to demand from large-scale power generators as well as customers in the industrial, commercial, and residential sectors. In each area, demand is moved in a different manner by conditions specific to that market before it finally becomes directed at natural gas provided by Tokyo Gas. We develop our operations while predicting what demand will look like three, five, or sometimes even 10 years into the future. Being more closely connected to markets will help us better predict future market conditions through operations in downstream areas. If we are able to make better predictions, we will also be able to make better decisions regarding future business development. In turn, this will help us develop production and supply infrastructure in an optimal manner and also assist us in matching resource development efforts in accordance with future market conditions. Specifically, we will be able to alter the types of involvement in projects, supply periods and volumes, and contract conditions as necessitated by market demand. At the same time, the ability to secure stable demand over the long term through involvement in downstream areas is a powerful negotiating tool for participation in upstream projects. Participation in upstream resource development projects helps us acquire volumes of LNG with greater flexibility and a more diverse range of prices, which I believe enables us to provide new value when responding to downstream demand.

The third value is created by the fact that having operations that spread from upstream areas to downstream areas enables us to accumulate expertise in all of these areas. Clearly, this will be an invaluable asset in comprehensively developing global operations that span the value chain. For example, we are able to serve emerging countries considering the introduction of natural gas generation by leveraging expertise and business foundations that encompass all areas of the value chain, starting from securing resource supplies and progressing on to procurement, infrastructure development, and sales. This comprehensive expertise will enable us to contribute to the development of such countries and will also provide us with a number of different business opportunities.

Q How are efforts advancing in the three areas of diversification for resource procurement?

Okamoto: The decision to procure LNG from the Cove Point LNG Project in the United States has the possibility of enabling the Company to import LNG from this country, the world's foremost producer of natural gas, into Japan. This decision represents a large stride forward in all three areas of diversification—diversification of resource suppliers, diversification of procurement contract conditions, and diversification of our global LNG network. In order to advance the project, we must first wait to receive approval to export LNG from the U.S. Department of Energy. Assuming that we are able to acquire this approval, we expect to secure 1.4 million tons of LNG per year from Cove Point. One important element of this project is that it is the Company's first long-term LNG procurement contract to have the price linked to the natural gas market through the use of the Henry Hub index. Considering the current Henry Hub price, we expect that the final cost of delivering this LNG to Japan will be significantly lower than LNG procurement from other suppliers, even after liquefaction and transportation costs are accounted for. Another important element is the fact that the procurement contract has no restrictions on shipment destinations*. While we primarily plan to import LNG from this project into Japan, the option of reselling this resource to Europe or other markets opens the possibility of developing global LNG sales networks. Of course, we are also considering the possibility of supplying this LNG to other overseas projects in which Tokyo Gas participates, such as natural gas-fired thermal power plants.

* Pending the receipt of approval to export LNG from the U.S. Department of Energy

Q How are efforts advancing in overseas businesses?

Okamoto: In March 2013, we acquired 25% working interests in the shale gas development joint venture in the Barnett basin in Texas State in the United States. This is our first time to acquire interests in an upstream project in the United States; therefore, this move has substantial strategic significance. First of all, the move has allowed us to address the overconcentration of our natural gas resource development projects in Asia and Australia. More importantly, it enabled us to do this by expanding operations in the world's foremost natural gas producing country, the United States. In addition, our stake will entitle us to sell between 350,000 tons and 500,000 tons of natural gas resources a year in LNG equivalent. By marketing this gas in the United States, we should be able to expand earnings by capturing the country's growing natural gas demand. Should there be a notable increase in the Henry Hub price, the price of procuring LNG from the Cove Point LNG Project in the United States will be impacted. However, our participation in the upstream Barnett basin project will enable us to hedge against this risk, which is another significant benefit of our participation. I believe this represents a prime example of our efforts to stabilizing the earnings of the entire Tokyo Gas Group while also pursuing ongoing growth in profits.

Q What will be the future direction of efforts to reduce resource procurement costs?

Okamoto: There has been no change to our policy to steadily advance initiatives that contribute to diversification in the three aforementioned areas. However, in doing this, we must consider the fact that it is growing more difficult to participate in upstream natural gas resource development projects with each coming year. As such, we must carefully develop plans if we aim to achieve profitability and, at the same time, secure a stable supply of resources. If we concentrate our efforts on specific countries, then it will be difficult to advance the diversification of pricing schemes and contract conditions. Therefore, we must explore possibilities in consideration of a wide range of options as we work to advance basic business strategies.

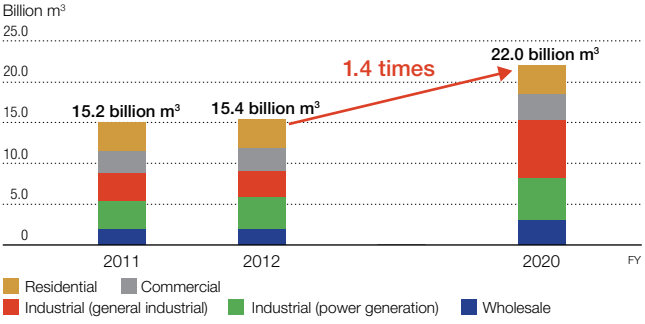
The shale gas revolution has brought with it the potential for a substantial leap in the volume of natural gas supplied on the global market. In addition, development in Mozambique is advancing on one of the world's largest gas fields. This field is so large that it is said to surpass those in Qatar. We expect that this field will be a major supply point in the future. Further, the development of natural gas projects is accelerating in the far east of Russia and in eastern Siberia. These sellers of natural gas are starting to consider their various options, and as such the range of viable options for buyers like Tokyo Gas is expanding. For example, should we commence procurement from Mozambique, it would be possible for us to conclude procurement contracts with prices linked to the National Balancing Point (NBP) index, which is the standard index in Europe. Likewise, participation in projects in Russia could enable us to enter into contracts with conditions differing from those of contracts linked to the U.S. Henry Hub index. The benefits of such contracts for our operations would be immense.

A number of our current procurement contracts are approaching their renewal periods. With regard to these contracts, I think there is room to improve contract conditions, even within the traditional crude oil price linked framework. We plan to suggest new terms during contract negotiations with these concerned parties.

Q While industrial demand for power generation purposes is strong, we have yet to see a recovery in general industrial demand. What is your view on this situation?

Okamoto: Throughout fiscal 2012, power generation demand and the acquisition of new customers were major contributing factors to growth in gas sales volumes. Conversely, demand from current general industry customers remained low, giving reason for concern. To address this concern, we will work to solicit the environmental benefits of natural gas as well as its viability as a business continuity plan measure while, at the same time, reducing resource costs to fuel demand expansion. However, I believe we cannot expect a recovery in general industrial demand until we see a full-fledged recovery in the Japanese economy and the manufacturing industry as a whole.

Gas Sales Volume by Use



Q Have there been any changes in the Company's plans for the electric power business or the scenario Tokyo Gas has developed for accomplishing these plans?

Okamoto: There have not been any changes in the scenario we have envisioned. We are currently in the process of constructing Unit 3 of the Ohgishima Power Station, which is scheduled to have a generation capacity of 407 MW. Once Unit 3 is operational, the total generation capacity of our electric power business will rise to 2,400 MW, positioning us within view of a total capacity of 3,000 MW. This capacity will be further augmented through an alliance with Tokyo Electric Power Company (TEPCO). The results of alliances under consideration will affect what part of the 3,000 MW—5,000 MW range our generation capacity finally falls into. In forming alliances, we are advancing consideration based on the stance that alliances should contribute to the supply of low-priced electricity, the invigoration of the electricity market, and the expansion of options for use by customers.

Q What tariff measures will be instituted for large-volume and small-volume customers? Also, it is my understanding that Tokyo Gas will once again lower tariffs for small-volume customers, as the Company did previously in March 2012. What is the reasoning behind implementing successive tariff reductions over such a short period?

Okamoto: For the small-volume segment, a regulated area, we revise tariffs in accordance with rate manuals and based on forecasts established in consideration of fair provision costs. In fiscal 2012, demand increased to a greater degree than was expected, and we believe that demand will increase in fiscal 2013 as well. We have also judged that the reductions to fixed costs that resulted from our efforts to improve managerial efficiency will be greater than initially anticipated. All of these factors were considerations behind the decision to revise tariffs for small-volume customers. We plan to make the final decision with regard to the timing and rate of tariff revisions in mid-fiscal 2013. This decision will be made in consideration of earnings and provision cost forecasts, which will be formulated based on projected future trends in the Japanese economy and the electricity market, including the possible resumption of operations at nuclear power plants, as well as how these trends will impact the gas industry.

As the large-volume segment is completely deregulated, our basic policy is to decide tariffs though negotiations with customers. Recently, customers have been suffering under the burden created by yen depreciation, and their overall energy costs have been rising due to electricity rate hikes and other factors. In recognition of this, we are always working to lighten their burden.

Q What scenario are you envisioning for meeting the goal of raising the stock of commercial and industrial cogeneration systems to 4,000 MW in fiscal 2020?

Okamoto: Customers are becoming increasingly aware of the benefits of cogeneration systems that Tokyo Gas has continued to promote, principally the lack of electricity transmission losses and the ability to recycle exhaust heat realized through onsite generation. It takes a relatively long period of seven or eight years to recover the initial investment in a cogeneration system. For this reason, it is important for customers to consider the energy security and business continuity benefits of these systems, rather than only focusing on the economic considerations. We remain steadfast in our quest to communicate these benefits. Going forward, we will work to meet the goal you spoke of by reducing the facility costs associated with cogeneration systems and taking advantage of support from the government and other administrative bodies.

Q Some of the goals outlined in the "Challenge 2020 Vision" have already been met. Is there any possibility of you revising your plans?

Okamoto: It is true that we surpassed the levels assumed in "Challenge 2020 Vision" for consolidated net income, return on equity (ROE), and return on assets (ROA) in fiscal 2012, and the forecasts released for fiscal 2013 project that goals will be met in that year as well. However, at the present moment, there has been no change in the underlying assumptions of our "Challenge 2020 Vision," and I see no need to revise the direction of the vision accordingly. In fact, I do not think it would be appropriate to change only the numerical targets of the vision when only a year and a half has passed since its release.

	Fiscal 2012	**Fiscal 2020 ("Challenge 2020 Vision" targets)**
Consolidated operating cash flow	¥240.4 billion	Approx. ¥250.0 billion / year (FY2012–FY2020 total: ¥2,240.0 billion)
ROE	11.5%	Approx. 8%
ROA	5.3%	Approx. 4%
D/E ratio	0.69	Approx. 0.8 (each fiscal year)
Total payout ratio	60.7%	Approx. 60%

Q What are your policies for cash flow distribution? Also, what shareholder returns were issued for fiscal 2012, and what is your forecast for fiscal 2013?

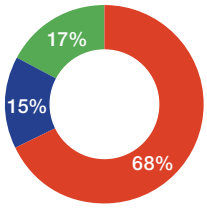
Okamoto: Our "Challenge 2020 Vision" calls for total consolidated operating cash flow of ¥2,240 billion between fiscal 2012 and fiscal 2020, and we will also procure a total of ¥240 billion from outside of the Company. Of this amount, 68%, or ¥1,680 billion, is earmarked for capital expenditures; 15%, or ¥380 billion, for investments and financing; and 17%, or ¥420 billion, for shareholder returns.

Our shareholder return policy calls for a total payout ratio of around 60%, including dividends and repurchases of stock scheduled for retirement. After examining revenue / expense and funding plans leading up to fiscal 2020 on the basis of our balance sheet structure, we believe it will be possible to maintain a debt-to-equity ratio (D/E ratio) of approximately 0.8 times. We therefore intend to continue issuing returns in line with our current policy.

Our basic policy is to maintain stable dividend payments, and we also aim to gradually increase dividends over the medium-to-long term. For fiscal 2012, we raised dividend payments by ¥1 yen per share from the previous fiscal year, to ¥10 per share. In addition, we repurchased our own shares, paying ¥36 billion for 60,368 thousand shares, and these shares have already been retired. In fiscal 2013, we forecast a dividend of ¥10 per share.

Capital Expenditures, Investments and Financing, Shareholder Returns

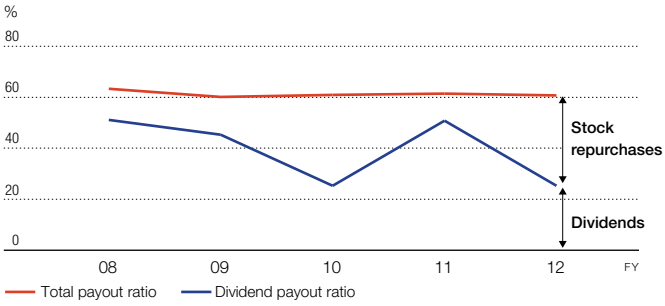
Fiscal 2012–Fiscal 2020: Approx. ¥2,480.0 billion



- Capital expenditures ¥1,680.0 billion
- Investments and financing ¥380.0 billion
- Shareholder returns ¥420.0 billion

Consolidated operating cash flow	¥2,240.0 billion
External debt (interest bearing debt), etc.	¥240.0 billion
Capital expenditures, Investments and financing, Shareholder returns	¥2,480.0 billion

Trends in Total Payout Ratio



Q What is your forecast for fiscal 2013?

Okamoto: In fiscal 2013, consolidated gas sales volume is forecast to decline 609 million m^3, or 4.0%, to 14,781 million m^3. This decrease will be largely due to the shift to the tolling scheme for a portion of the gas sold for power generation purposes. When the tolling portion is included, gas sales volume is expected to increase 287 million m^3, or 1.8%, from fiscal 2012's level.

For consolidated net sales, we are forecasting a year-on-year increase of ¥200.4 billion, or 10.5%, to ¥2,116.0 billion, which will result from a rise in unit prices under the gas rate adjustment system and higher LNG sales.

Operating income will rise ¥15.4 billion, or 10.6%, to ¥161.0 billion. This increase is because the slide time lag effect will result in an improvement of ¥30.5 billion, effectively offsetting the rise in resource prices stemming from yen depreciation.

For details, see P.40 Management's Discussion and Analysis

Million m^3, 45MJ/m^3, Billions of yen

	Fiscal 2012	Fiscal 2013 (Forecasts announced on April 26, 2013)	Change	%
Gas sales volume	15,390	14,781	−609	−4.0
Including tolling portion	15,987	16,273	+287	+1.8
Net sales	1,915.6	2,116.0	+200.4	+10.5
Operating expenses	1,770.0	1,955.0	+185.0	+10.5
Operating income	145.6	161.0	+15.4	+10.6
Ordinary income	1,47.4	155.0	+7.6	+5.1
Net income	1,01.6	101.0	−0.6	−0.7
Slide time lag effect	−10.5	+20.0	+30.5	–
Amortization of actuarial differences	−4.4	−2.2	+2.2	–

Growth Strategy

—Enhancing the LNG Value Chain

Tokyo Gas has been accelerating efforts to enhance its LNG value chain based on the target corporate profile for the Tokyo Gas Group clearly set out in "Challenge 2020 Vision." This section focuses on our main achievements since announcing "Challenge 2020 Vision" in November 2011 and strategies going forward.

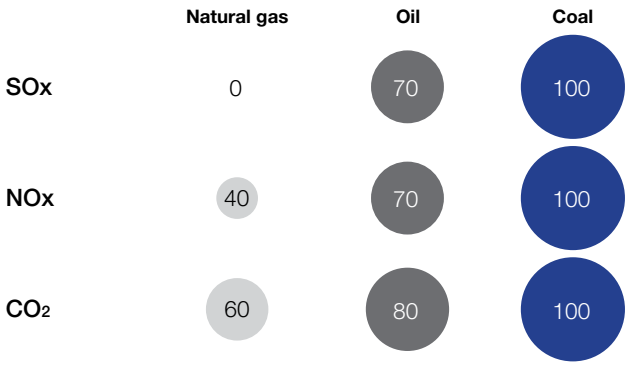
The Potential of Natural Gas

Natural gas produces energy that is much cleaner than other fossil fuels, and thus demand is rising for this resource around the world.

Environmental Benefits of Natural Gas

Natural gas is a combustible gas mixture consisting primarily of hydrocarbon methane (CH_4). Like oil and coal, it is a fossil fuel. However, it is composed of a lower percentage of carbon (C) than these substances. For this reason, it releases relatively small quantities of carbon dioxide (CO_2) during combustion. After being processed to the point that it can be used to generate energy through combustion, natural gas contains almost no nitrogen (N). It is also exceptionally easy to control this fuel. Accordingly, nitrogen oxide (NOx) emissions during burning are incredibly low. In addition, when liquefied, natural gas contains almost no sulfur or other impurities, meaning that no sulfur oxide (SOx) is emitted, thus making natural gas a source of energy with an incredibly low environmental impact.

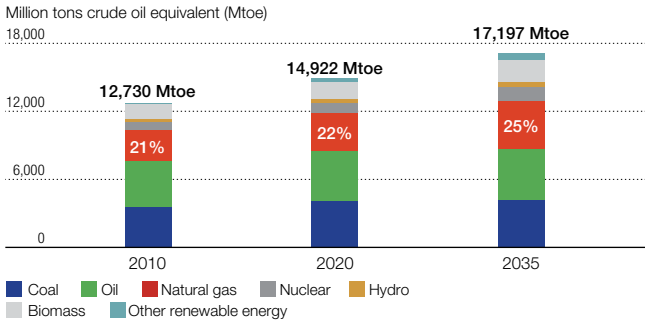
Comparison of Emissions (Coal=100)



Spreading Use of Natural Gas

Demand for natural gas is rising rapidly on a global scale. This trend can be attributed to such factors as increased affordability, a result of the establishment of international pipeline networks, and the spreading usage of unconventional natural gases; strong demand in emerging nations; and attention garnered through the potential for natural gas to be used as an alternative for nuclear power, which has become more significant amidst the acceleration of a global anti-nuclear movement in response to the nuclear accidents in Japan. According to the estimates of the International Energy Agency (IEA), demand for natural gas, which is more environmentally sound than oil and coal and more economically feasible than renewable energies, is expected to rise by 50% or more by 2035. Furthermore, the share of natural gas among primary energies is expected to rise from the current 21% to 25%.

Global Primary Energy Demand Estimates

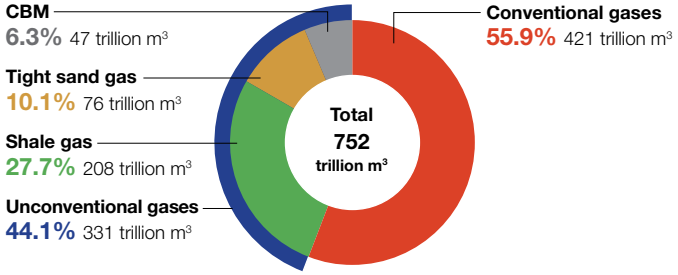


Source: IEA, *World Energy Outlook 2012*, *New Policies Scenarios*

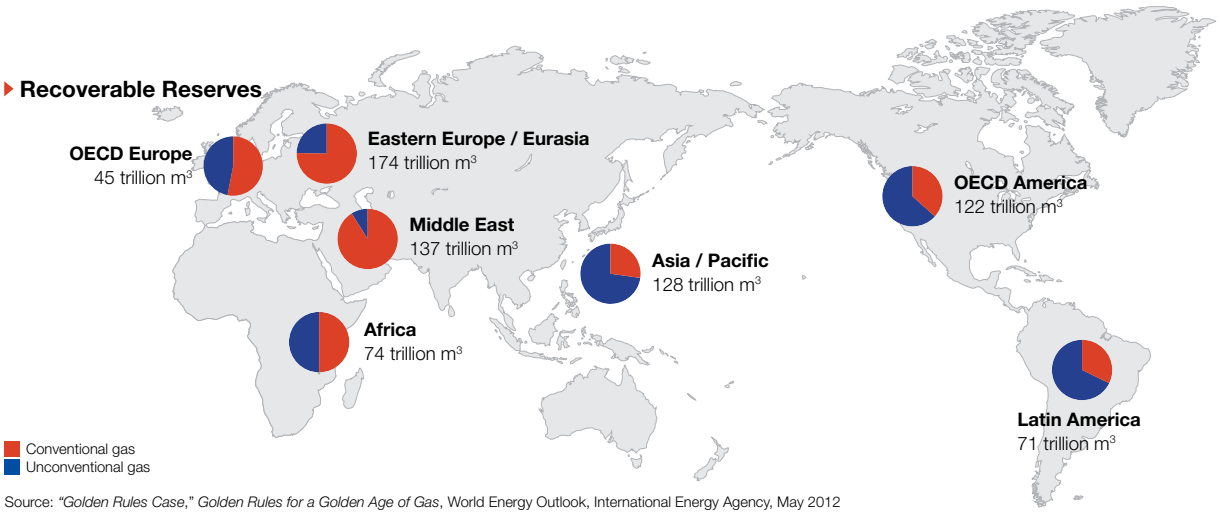
Rising Volume of Reserves

When considering the volumes of reserves that are recoverable with current technologies, which exceeds the current volume in proved reserves, it can be estimated that there exists, primarily in Russia and the Middle East, reserves boasting volumes of conventional natural gases in the range of 421 trillion m^3. Furthermore, reserves of unconventional natural gases have recently been discovered at a rapid pace, and volumes of roughly 331 trillion m^3 are thought to exist, primarily concentrated along the Pacific Rim. This means that the combined total for the volume of conventional and unconventional gases in the reserves spread across the globe could be as much as 752 trillion m^3. Looking at the current production volume of natural gas of 3.2 trillion m^3 per year, it is entirely possible that the remaining natural gas resources may be able to sufficiently supply the world for over 200 years.

Reserves of Conventional and Unconventional Gases



Recoverable Reserves

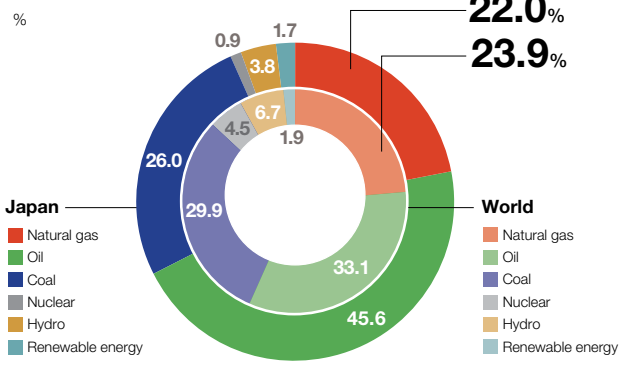


Source: *"Golden Rules Case," Golden Rules for a Golden Age of Gas*, World Energy Outlook, International Energy Agency, May 2012

Growing Demand in the Japanese Market

The ratio of natural gas usage among other primary energies in Japan is notably lower than the global average of 23.9%. However, following the Great East Japan Earthquake, which occurred on March 11, 2011, use of natural gas for thermal power generation has been increasing in an attempt to develop alternatives to nuclear power. Also, dispersed power sources, such as cogeneration, have been reassessed to be viable sources of power. Consequently, the percent of primary energy consumption attributable to natural gas has risen rapidly from the 17% recorded in 2010 to the present level of approximately 22%, and demand for this resource is expected to rise in the future.

Domestic and Global Primary Energy Consumption Volumes

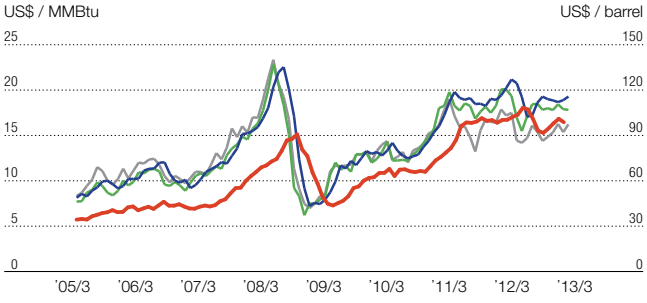


Source: BP Statistical Review of World Energy, June 2013

Differing Prices between Regions

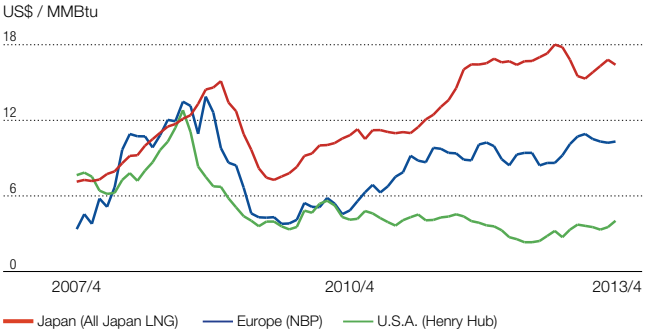
Japan suffers from a lack of gas resources. It also is without an international pipeline network, forcing it to rely on LNG imports utilizing tankers. Regardless of these factors, the price of LNG in Japan was nearly the same as the price in Europe or the United States up until a few years ago. The price of LNG in Europe and the United States has remained at approximately the same level since then due to such factors as the global economic recession that followed the Lehman Shock of September 2008 and the increased supply in the United States following the shale gas revolution. In Japan, meanwhile, the rising price of crude oil has caused a subsequent rise in the price of LNG due to the link between the prices of these two resources and demand for natural gas as a replacement for nuclear power has grown. In this manner, the price of LNG in Japan has increased, further widening the gap between prices in Japan and those in Europe and the United States.

Prices of Crude Oil and LNG



Source: Compiled by Tokyo Gas from various materials

Gas Prices by Region



Source: Compiled by Tokyo Gas from various materials

Understanding Tokyo Gas through Comparison

Developing businesses from upstream activities to sales in areas where major potential demand is expected

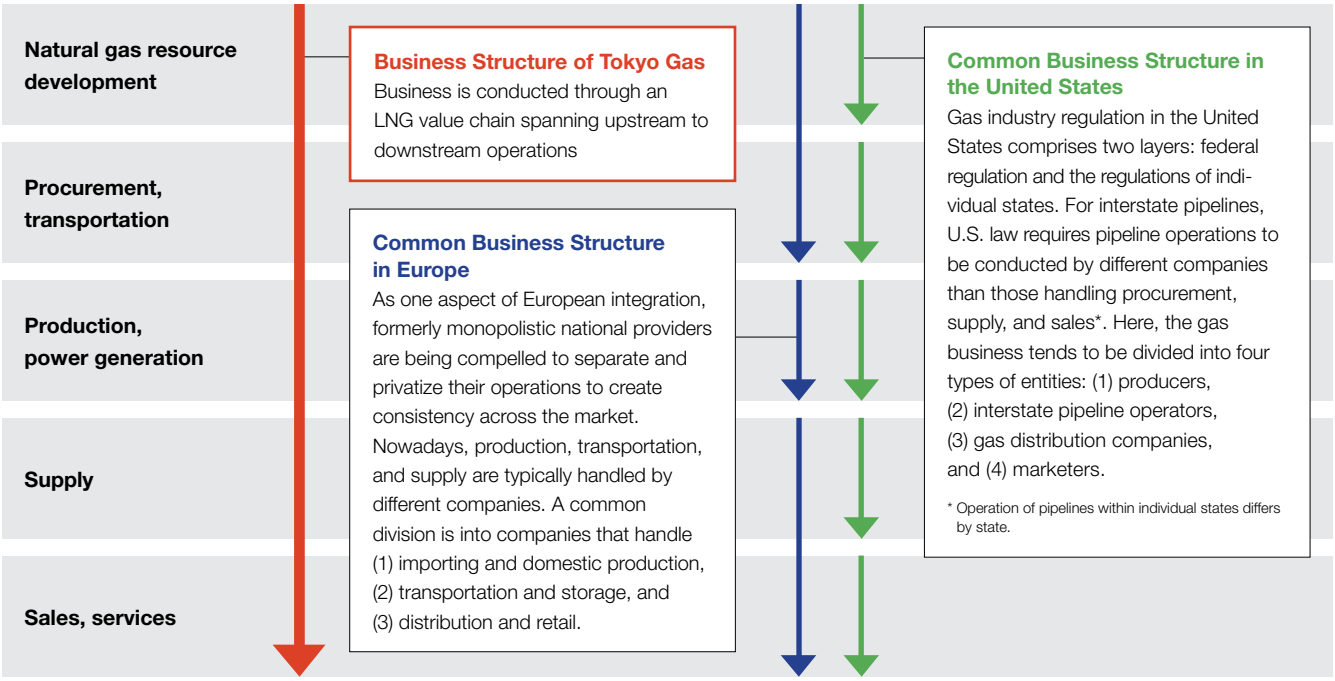
Business Structure

Activities Spanning Resource Development to Sales

Different from energy companies in Europe and the United States, the Tokyo Gas Group conducts a chain of business operations extending from resource procurement and transportation to customer sales and service.

In Japan, the Gas Business Act assigns supply districts to providers of city gas. At the same time, the law obliges providers to supply gas safely throughout their districts. Although this arrangement creates a monopoly on supplying users who consume less than 100,000 m^3 of gas per year (46MJ/m^3), gas rates are regulated.

Differences in Business Structure between the Tokyo Gas Group and European and U.S. Energy Companies



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Electric Power System Reforms and the Gas Business

There are presently discussions ongoing in Japan about reforms to the electric power system in order to ensure stable supply; to limit electricity rates as much as possible; and to increase options for customers and opportunities for energy companies. On April 2, 2013, the Cabinet approved the "Policy on Electricity System Reform," which consists of measures to enhance nationwide system operation; to fully liberalize the retail market and power generation; and to ensure the neutrality of the transmission and distribution sector through legal unbundling.

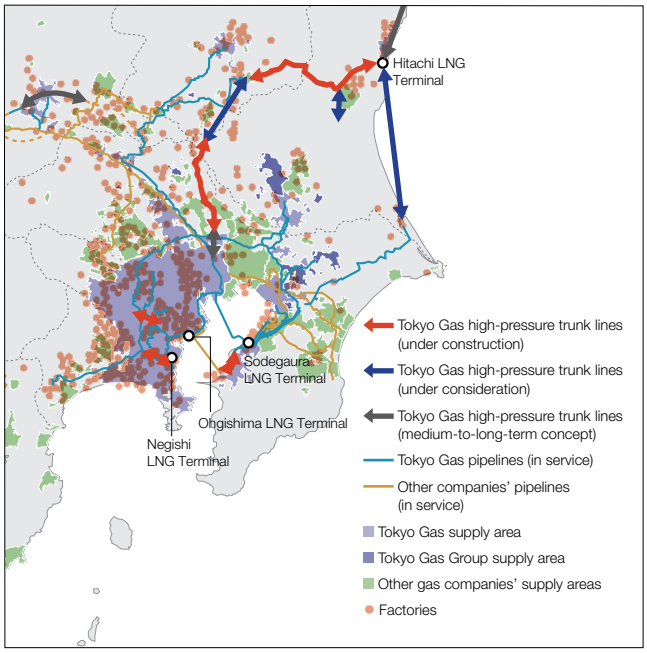
Gas businesses are subject to the same system as electricity business with rate systems for regulated areas, while gas resource costs are decided based on the comprehensive cost principle and changes in resource costs under the gas rate adjustment system are reflected in rates. Through these systems, gas businesses enjoy healthy growth, while at the same time there has been an increase in gas rate transparency, and the results of efforts to make business more efficient have become clearer. The government intends to perform a complete review of gas business systems based on the progress of electricity power system reforms.

Business Area's Potential

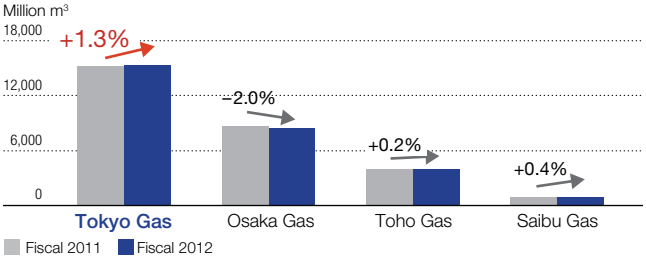
Major Potential Demand Expected in the Tokyo Area

The Kanto region, which extends for a 200-kilometer radius around Tokyo, accounts for about 40% of Japan's GDP and is Japan's largest area of concentrated energy demand. Although industrial demand is particularly concentrated in northern Kanto, pipelines are still limited and we will extend necessary pipelines to cultivate demand. We will also boost gas supply capacity through the construction of the Hitachi LNG Terminal.

Energy Demand Concentration in the Kanto Region (200-kilometer radius)

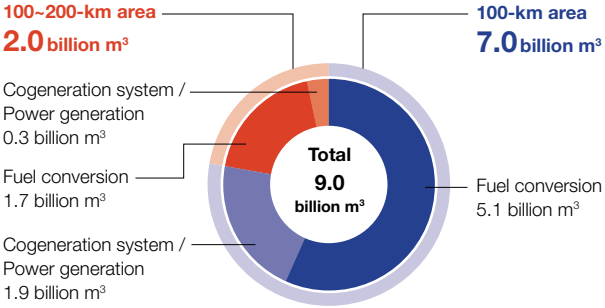


Gas Sales Volumes of the Four Leading Companies (consolidated)



Source: Compiled by Tokyo Gas from individual companies' public documents

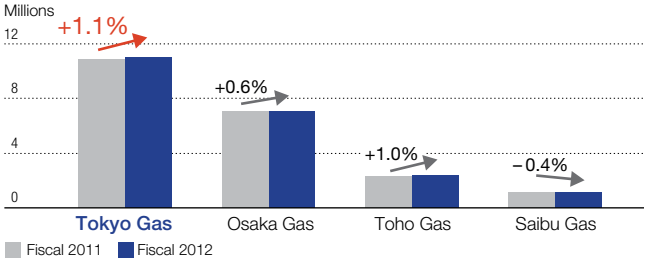
Potential for Industrial and Commercial Demand in the Kanto Region (200-kilometer radius around Tokyo)



Developing Business in One of the World's Largest Economic Areas

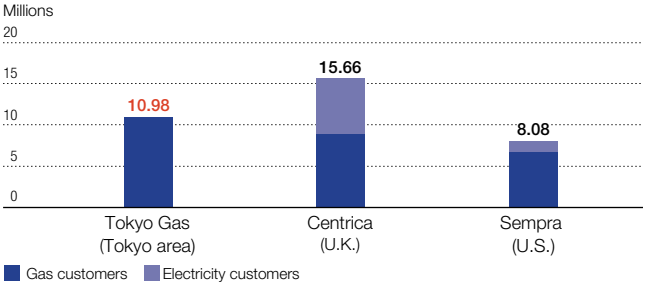
As of September 2007, Tokyo Gas had more than 10 million customers, and the figure is currently around 10.98 million (as of March 31, 2013). This business base is on a par with those of leading public service companies in the gas business in Europe and the United States. Furthermore, although Japan's total population began to decline in 2010, our customer base is expected to continue increasing due to the ongoing influx of people into the Tokyo metropolitan area.

Customers for the Four Leading Companies (consolidated)



Source: Compiled by Tokyo Gas from individual companies' public documents

Customer Comparison among the World's Leading Gas Companies



Source: Compiled by Tokyo Gas from individual companies' public documents
(Figures for the two companies other than Tokyo Gas are as of December 31, 2012.)

Strategy

Procuring Resources in a Stable and Affordable Manner and Expanding Overseas Operations

Demand for liquefied natural gas (LNG) is expected to grow into the future, and it is likely that the price of this resource in the region known as the Far East will continue to remain at a higher level than prices seen in the United States and Europe. Amid these circumstances, we will work to diversify and expand our network of suppliers along with the range of our upstream businesses so that we may procure resources in a stable and affordable manner. At the same time, we are developing natural gas-fired thermal power generation ventures overseas to construct an overseas LNG value chain.

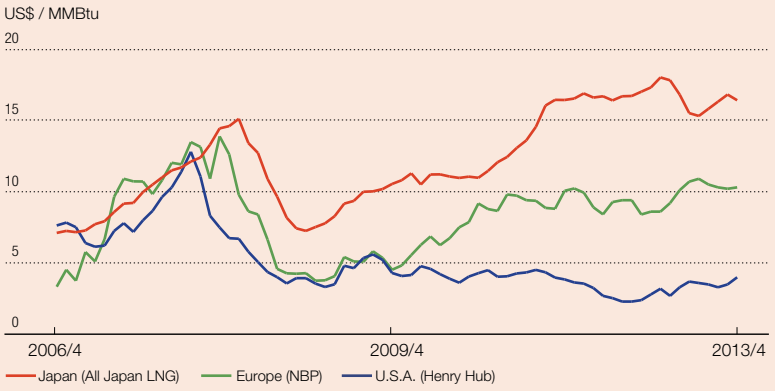
Scheduled investment in overseas businesses under the "Challenge 2020 Vision"

¥320.0 billion
(16% of total investment)

Background for Strategies: Traditional Resource Procurement Frameworks

Traditional LNG procurement frameworks generally entailed a price formula linking the price of LNG to the price of crude oil and included conditions forbidding changing the shipment destination of procured LNG as well as reselling. As such, the absence of pipelines and other infrastructure in Asia forced the region to accept LNG prices higher than those in the United States and Europe, creating an "Asia premium" on LNG. Looking ahead, natural gas demand is growing on a global scale and it is likely that the Asia Premium will continue. In such an environment, traditional procurement frameworks that forbid shipment destination changes and reselling lack sufficient flexibility.

Gas Prices by Region

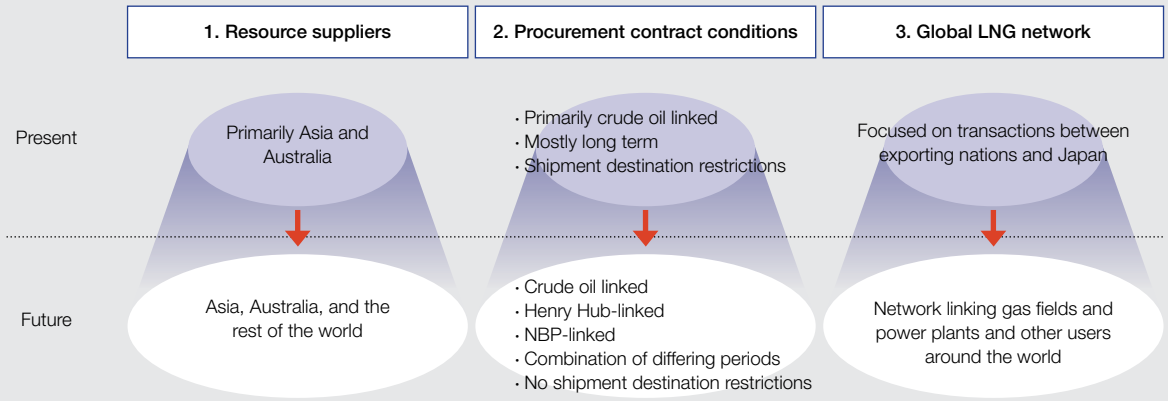


Source: Compiled by Tokyo Gas from various materials

Action ▸▸ Accelerating Diversification in Three Areas to Reduce Resource Procurement Costs

Under the "Challenge 2020 Vision," ¥320.0 billion, or 16% of total capital expenditures, investments, and financing, will be directed toward overseas businesses over the period from fiscal 2012 to fiscal 2020. Through this investment, we aim to grow overseas businesses to the extent that 25% of total net income is generated by these businesses. As one facet of these efforts, we will

Three Areas of Diversification for Resource Procurement



diversify and expand our network of suppliers along with the range of our upstream businesses to procure resources in a more stable and affordable manner. These initiatives will be centered on three areas of diversification.

The first area is “the diversification of resource suppliers.” While Asia and Australia have previously been our major suppliers, we will branch out to procure resources from a wider range of countries around the world.

The second area is “the diversification of procurement contract conditions.” Traditional procurement frameworks have primarily employed crude oil linked price formulas and forbidden changing shipment destinations. However, in the future, we will conclude contracts with a wider range of conditions, such as price formulas linked to the Henry Hub index and other indexes and freedom in changing shipment destinations. We expect that this will enable us to procure resources in a more stable and affordable manner and with increased flexibility.

The third area is “the diversification of our global LNG network.” By building upon our current contracts for trade mainly between resource exporting nations and Japan, we will develop a global network enabling resources to be traded between regions around the world where Tokyo Gas holds gas fields, power plants, or other such establishments.

In April 2012, the Pluto LNG Project, a project in Australia in which the Company holds interests, commenced LNG production. In addition to receiving LNG from this project, Tokyo Gas recorded revenues from upstream equity interests through LNG sales in fiscal 2012. Other LNG projects we participate in are also progressing smoothly, and we are actively fortifying our overseas business foundations.

For example, Tokyo Gas has entered into a Heads of Agreement for Sale and Purchase with Sumitomo Corporation in relation to LNG produced by the Cove Point LNG Project,

First shipment received from Pluto LNG Project

in Maryland State on the east coast of the United States. Also, in March 2013, we entered into a sale and purchase contract to acquire 25% working interests in the shale gas development joint venture in the Barnett basin in Texas State in the United States from Quicksilver Resources Inc. **Focus 1 ▶**

Further, in February 2013, an agreement was reached with Astomos Energy Corporation entitling the Company to receive a total amount of approximately 400,000 tons of U.S. liquefied petroleum gas (LPG) for a six-year period beginning 2013. This is the first agreement calling for Tokyo Gas to purchase LPG with the price indexed to U.S. propane linked prices, and we believe this will contribute to more stable procurement and lower resource procurement costs. In the future, we will introduce Mozambique, which boasts some of the world’s largest gas fields, and other African nations into the list of candidate locations for business development as we seek out new resource supplies.

Action ▶▶ Establishing a Global LNG Value Chain

Tokyo Gas will expand its overseas natural gas-fired thermal power generation and gas supply business on a global scale to secure stable revenues and further the establishment of a global LNG value chain.

In addition, we will supply LNG procured through agreements with no restrictions on shipment destinations to fill orders received from power plants and other users. When necessary, alternative gas will be procured through pipelines, enabling us to resell said LNG. In these ways, we will introduce a new element of flexibility into our operations.

Overseas power generation ventures that Tokyo Gas has participated in up until this point include the Bajio power plant and the MT Falcon power plant, both situated in Mexico. Adding to this list, in June 2012 the Company acquired a 26.66% stake in Belgium’s T-Power NV, which was the first time for Tokyo Gas to participate in such a project in Europe. As a result, our total overseas generating capacity (including other companies’ interests) now amounts to 3,259 MW.

Tokyo Gas is also accelerating the overseas development of its engineering and energy services businesses. Efforts in this area include an alliance with Malaysian national energy company Petronas and the signing of a memorandum of understanding with Petrovietnam Gas, of Vietnam, involving the construction of an LNG value chain. Also, consolidated subsidiary Energy Advance Co., Ltd., has acquired a stake in Ecogen Brasil Soluções Energéticas S.A., of Brazil, through a joint venture company with Mitsui & Co., Ltd.

Past Initiatives

November 2011

November 2011
Announced "Challenge 2020 Vision"

December 2011

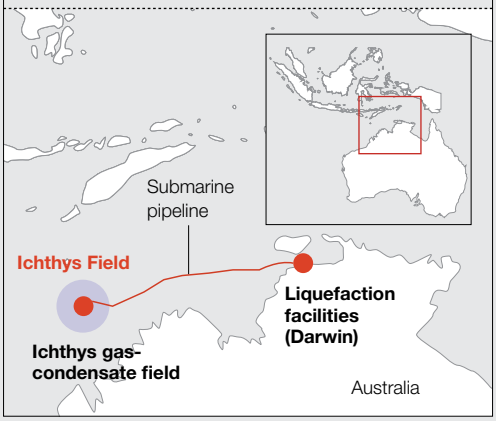
Overseas business

January 2012

Concluded sale and purchase contract (December 2011) regarding Ichthys LNG Project and approved business participation plans

Overview of the Ichthys LNG Project

Gas-condensate field:	Offshore of Western Australia, Block WA-37-R
Liquefying facilities:	Darwin, Northern Territory, Australia
Liquefying capacity:	8.4 million ton/year (LNG) with two 4.2 million ton liquefaction trains
Planned commencement:	October–December 2016
Participating interest:	66.07% for INPEX Group companies, 30.0% for TOTAL Group companies, 1.575% for Tokyo Gas and other companies (as of March 2013)



March 2012

Overseas business

March 2012

Signed Memorandum of Understanding with Petrovietnam Gas

Overseas procurement

March 2012

Concluded Heads of Agreement for Sale and Purchase of LNG regarding Brunei LNG Project

June 2012

Overseas business

June 2012

Completed acquisition of stake in Belgium natural gas-fired thermal power plant

Overseas procurement

June 2012

Received shipment of LNG from Pluto LNG Project

September 2012

Overseas procurement

August 2012

Concluded Memorandum of Agreement with Malaysia LNG Sdn. Bhd. to renew LNG sale and purchase contract

Overseas business

December 2012

Participated in energy services business in Brazil

December 2012

Overseas procurement

April 2013

Agreed to procure LNG from Cove Point LNG Project in Maryland, the U.S.

Overseas procurement

February 2013

Purchased LPG with price indexed to U.S. propane linked prices

March 2013

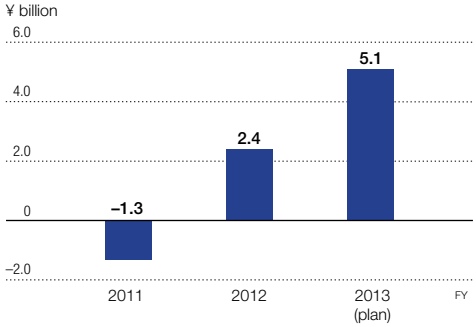
Overseas business

March 2013

Participated in shale gas development joint venture in Barnett basin in Texas, the U.S.

July 2013

Operating Income in the Overseas Business



Focus 1

Greatly Advancing Diversification through Participation in Upstream and Downstream Projects in North America

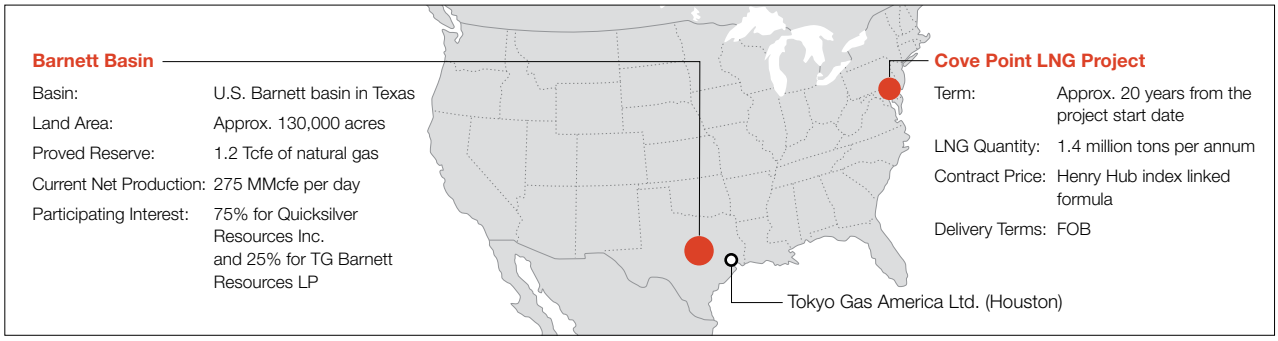
Participating in the Cove Point LNG Project and Upstream Shale Gas Development in Barnett Basin

Tokyo Gas has continued to develop the Cove Point LNG Project, in Maryland State in the United States, in cooperation with Sumitomo Corporation ("Sumitomo"). In April 2013, the Company concluded a Heads of Agreement for Sale and Purchase with Sumitomo that will entitle wholly owned subsidiary TG PLUS Co., Ltd., to purchase 1.4 million tons of LNG per year from this project.

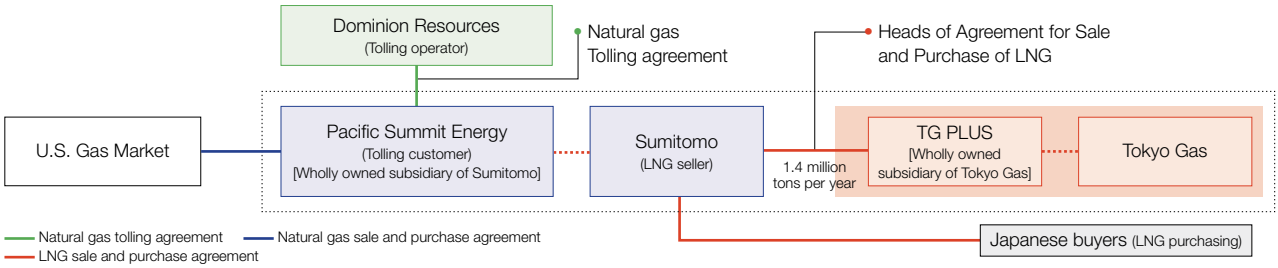
Through this project, we will export natural gas procured in the U.S. market in the form of LNG. Further, this project represents a large step forward in our efforts to advance our three areas of diversification as it involves procurement from the United States, where shale gas production is rapidly accelerating; is the Company's first long-term contract with prices linked to the Henry Hub index; and the contract conditions allow for free selection of shipment destinations*. After receiving approval from the U.S. Department of Energy to export LNG from this project to countries that have not entered into free-trade agreements with the United States, the Company plans to begin importing LNG from this project into Japan in 2017. Separately, we acquired our first upstream interests in the United States through our participation in the shale gas development project in the Barnett basin. U.S. company Quicksilver Resources is the operator of this project, which is currently producing approximately 275 million cubic feet per day (natural gas equivalent) of shale gas and natural gas liquids to be marketed in the United States. A stake of 25% working interests will be acquired in this project through TG Barnett Resources LP, a wholly owned subsidiary of Tokyo Gas America Ltd., and it is estimated that this will entitle the Company to receive between 350,000 tons and 500,000 tons of gas resources a year in LNG equivalent.

* This assumes export approval is received from the U.S. Department of Energy.

Initiatives in North America



Scheme of Cooperative Ventures with Sumitomo



F A Q

Q **Would it be best for Tokyo Gas to focus on the gas business? Specifically, why is the Company investing in the Barnett basin project and other upstream businesses?**

A Investment in upstream businesses not only enables us to secure a certain level of income; it also brings other benefits. For example, should resource procurement costs associated with the Cove Point LNG Project increase due to a rise in the Henry Hub index, the revenues generated by upstream interests in the Barnett basin will also increase. In this manner, investment in upstream businesses helps stabilize the earnings of the entire Tokyo Gas Group.

Q **As Tokyo Gas expands the scope of operations through diversification in three areas, how will it respond to risks, such as country risk, in countries where it lacks operational knowledge?**

A Diversification efforts will be conducted only after thorough investigations so as to minimize our exposure to risks to the greatest degree possible. At the same time, we feel that the development of a more diverse business portfolio will enable us to mitigate risks through dispersion.

Strategy

Building a Production and Supply Infrastructure to Cultivate Demand

By bolstering our production and supply infrastructure, we will lay the foundation for enhancing the LNG value chain by cultivating demand.

Scheduled investment in infrastructure development under the "Challenge 2020 Vision"

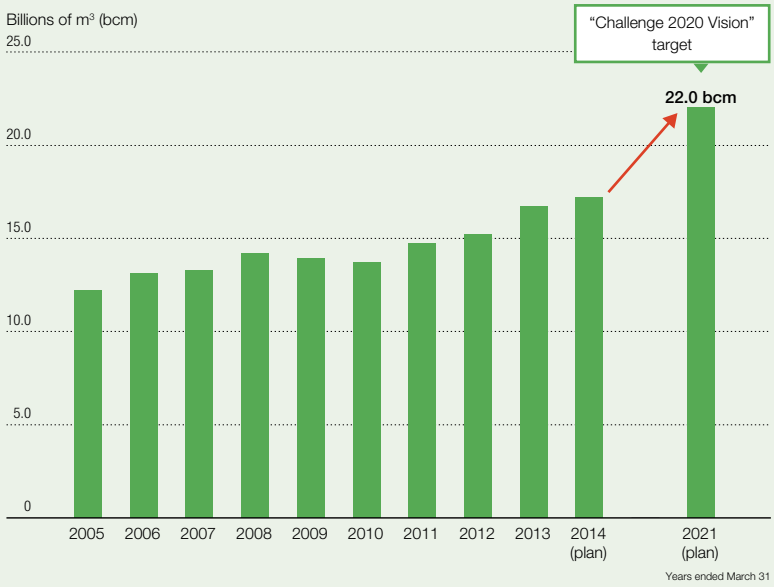
¥730.0 billion
(35% of total investment)

Background for Strategies: Growing Natural Gas Demand in the Tokyo Metropolitan Area

In response to the growing demand for natural gas and the expansion of the area to which it is supplied, Tokyo Gas has increased its manufacturing capacity by reinforcing its network of LNG terminals and extended its transportation pipeline network. Our policy for capital expenditures in infrastructure development is to conduct such expenditures after thoroughly investigating latent demand and confirming the presence of guaranteed demand to an extent that justifies the investment amounts.

Natural gas has been increasingly garnering attention in recent years because it is vastly more environmentally friendly than other fossil fuels. Another factor behind this increased attention is the ever growing volume of recoverable reserves. Following the Great East Japan Earthquake, demand for natural gas began rising rapidly in Japan, with demand growth particularly strong for power generation. Tokyo Gas estimates that latent commercial and industrial demand for natural gas equating to 9.0 billion m^3 exists within a 200-kilometer radius around Tokyo. The primary agent of this demand is the desire to convert to natural gas from other fuel sources or to use this fuel source in cogeneration or other power generation systems.

LNG Sales Volume



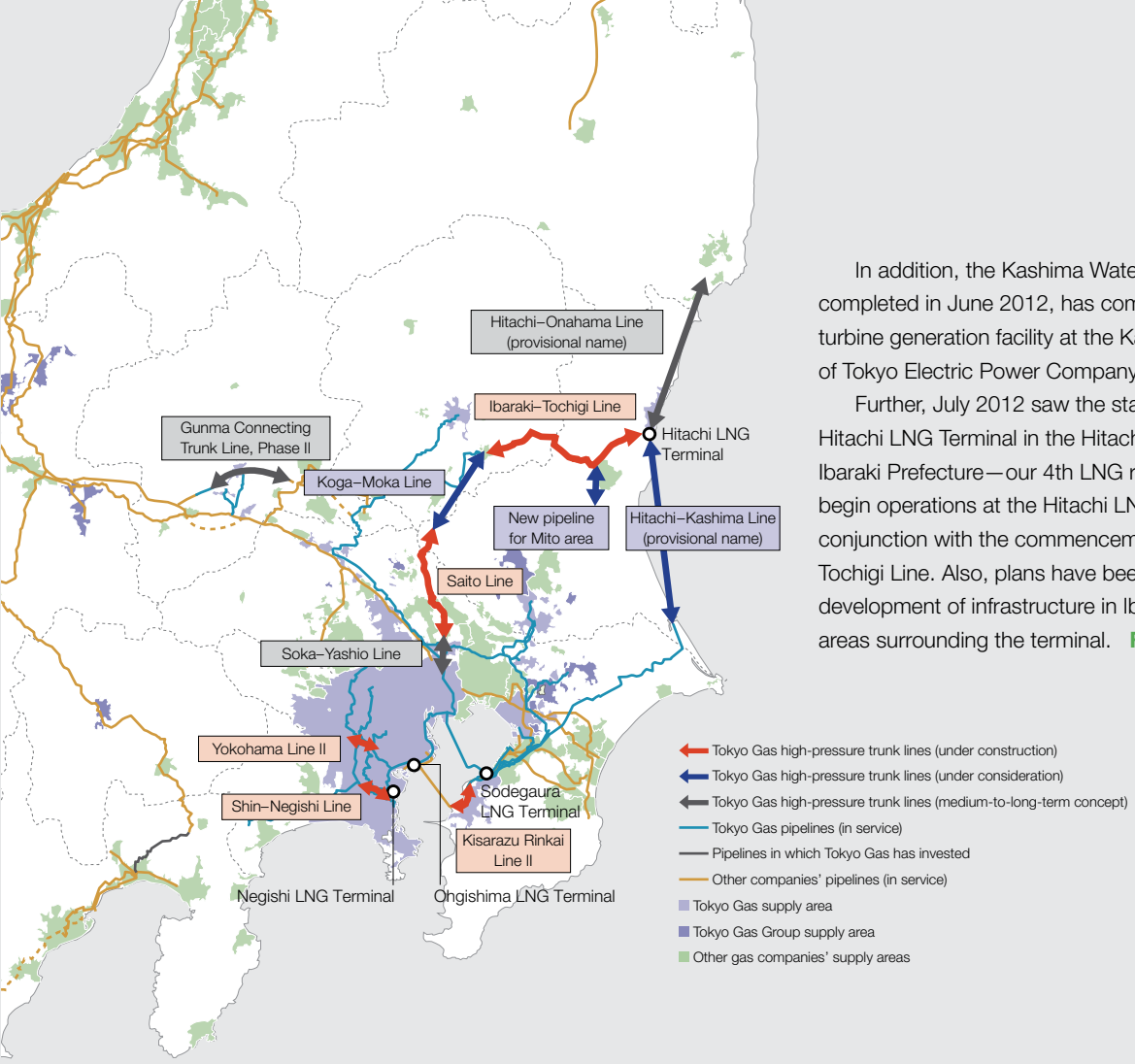
Action ▸▸ Accelerating the Development of Production and Supply Infrastructure

Under the "Challenge Vision 2020," ¥730.0 billion, or 35% of total capital expenditures, investments, and financing, will be directed toward infrastructure development over the period from fiscal 2012 to fiscal 2020. A particular strategic focus will be investments to address latent demand in the northern Kanto region by bolstering supply capacity and creating pipeline loops that will boost supply stability.

March 2012 marked the completion of the Chiba–Kashima Line. This trunk pipeline enabled us to commence supply to the Kashima Waterfront Industrial Zone. Situated in Ibaraki Prefecture, this is one of the Kanto region industrial zones.

Trunk Pipeline Installation Plans

Scheduled commencement of usage	Name
October 2013	Shin-Negishi Line
October 2013	Yokohama Line II
February 2015	Kisarazu Rinkai Line II
October 2015	Saito Line
March 2016	Ibaraki–Tochigi Line
March 2016	Tochigi Line extension
March 2018	Koga–Moka Line



In addition, the Kashima Waterfront Line, which was completed in June 2012, has commenced supply to a new gas turbine generation facility at the Kashima Thermal Power Station of Tokyo Electric Power Company, Incorporated.

Further, July 2012 saw the start-up of construction of the Hitachi LNG Terminal in the Hitachi District of Ibaraki port, in Ibaraki Prefecture—our 4th LNG receiving terminal. We aim to begin operations at the Hitachi LNG Terminal in March 2016, in conjunction with the commencement of usage of the Ibaraki–Tochigi Line. Also, plans have been approved to accelerate the development of infrastructure in Ibaraki Prefecture, primarily in the areas surrounding the terminal. Focus 2 ▶

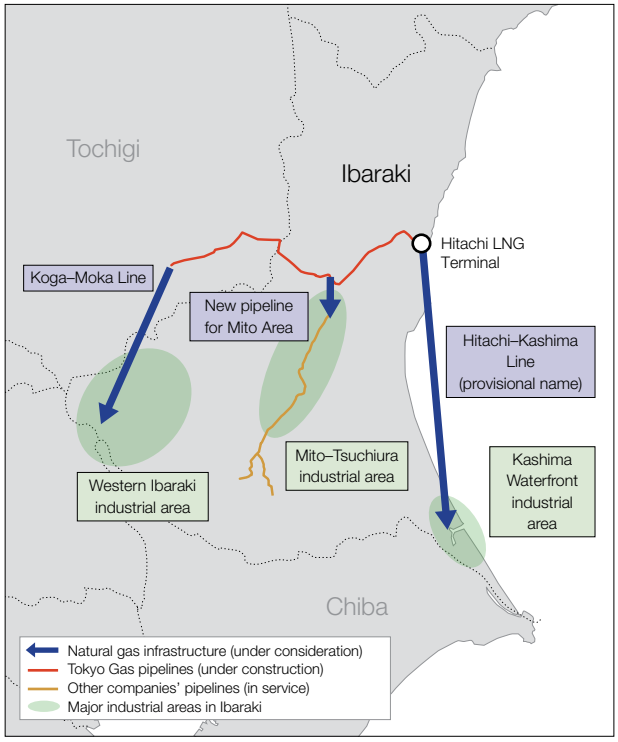
Focus 2 Accelerating Development of Natural Gas Infrastructure in Ibaraki

Cultivating Demand Based Out of the Hitachi LNG Terminal

Estimating that its gas sales volume will outstrip current supply capacity by the late 2010s, Tokyo Gas is moving forward with the Hitachi Project. The Hitachi LNG Terminal, which we began constructing in July 2012, will play a central role in advancing this project. This terminal will be connected to the Ibaraki–Tochigi Line that we started building on the Tochigi Prefecture side in January 2012, and both are scheduled to be operational during fiscal 2015.

In the future, we will connect the Hitachi LNG Terminal to the pipelines displayed on the map to the right. We believe this will greatly facilitate our efforts to cultivate demand in the northern Kanto region, centered on Ibaraki Prefecture. At the same time, this will allow pipeline loops to be established, significantly enhancing energy security throughout the Kanto region.

▶ Pipeline Network in Ibaraki Prefecture



F A Q

Q **The "Challenge 2020 Vision" calls for the Tokyo Gas Group to conduct aggressive investments. What is the likelihood that this will result in excessive investment in projects with insufficient profitability?**

A Our basic approach toward investment is to make decisions based on economic rationality, and we will only invest in projects from which we can expect appropriate returns. The Investment Evaluation Committee is responsible for evaluating projects and making judgments regarding economic rationality.

Investment Evaluation Committee

Overview

To evaluate the economic rationality of investments, the Company has established "the Investment Evaluation Committee." This committee conducts objective, multifaceted evaluations of estimates formulated by planning departments. Before investment proposals are presented to the Corporate Executive Committee for deliberation and approval, the Investment Evaluation Committee evaluates their economic rationality from a quantitative perspective. It then reports these findings to the Corporate Executive Committee.

Scope of Evaluations

The Investment Evaluation Committee evaluates investments targeting increased profitability or business development in a wide range of areas.

Evaluation Methods

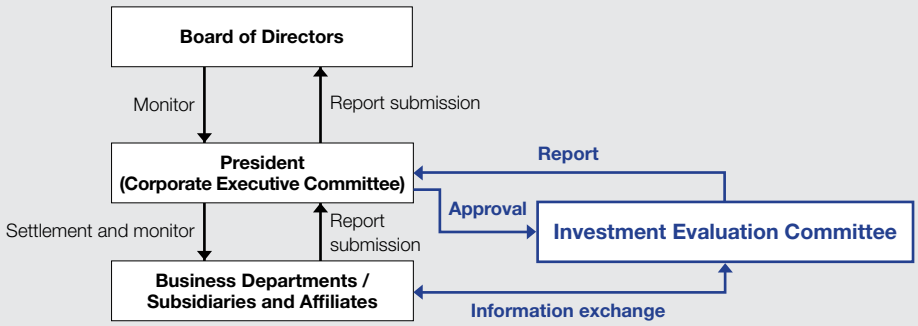
The conditions required to generate future cash flows are evaluated, and net present value (NPV) and the internal rate of return (IRR) are calculated based on projected cash flows. The committee also formulates withdrawal standards that consider whether or not investments are producing the anticipated results. Prior to investment, the committee considers possible measures that could be implemented should the projects come into conflict with these standards while also evaluating investment risk factors.

Post-Investment Monitoring

In addition to evaluating projects before investment, the Investment Evaluation Committee continues to evaluate investments periodically after they are concluded to ensure that they are properly managed. Should a project come into conflict with withdrawal standards, the likelihood of achieving the initial goals of the investment is reevaluated. When deemed necessary the committee will propose withdrawal to the Corporate Executive Committee.

Committee Membership

The Investment Evaluation Committee is chaired by the executive officer in charge of finances and its members include the general managers of the Corporate Planning Department and the Finance Department. Based on the nature of the projects being discussed, Tokyo Gas Group members that are knowledgeable on the subject may be asked to participate.



Q **You have mentioned plans to address industrial demand in the Tokyo metropolitan area as a means of expanding gas sales volumes. Is there no risk that factories move overseas and the demand will decline?**

A The gas sales volume target for fiscal 2020 of 22.0 billion m^3 set out in the "Challenge 2020 Vision" was formulated in consideration of the possibility that a decline in demand could result from the hollowing out of the industry.

Strategy

Providing Diverse Energy Solutions

By providing various energy solutions centered on natural gas, we aim to diversify the range of circumstances in which natural gas is used and, thereby, enhance the LNG value chain.

Scheduled investment in cultivating energy demand under the "Challenge 2020 Vision"

¥600.0 billion
(29% of total investment)

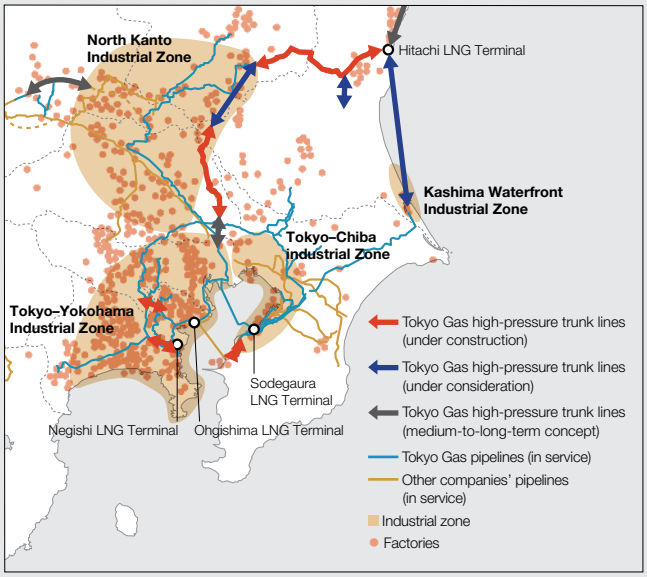
Background for Strategies: Quest for Stable Provision of Energy to the Tokyo Metropolitan Area

The supply and demand situation for electricity underwent structural changes following the Great East Japan Earthquake. As generation by nuclear power plants has declined, other power sources are increasingly being used to fill the supply gap. In particular, natural gas-fired thermal power plants are continually being operated at full capacity in consideration of the fact that they are relatively low-cost and friendly toward the environment. At the same time, dispersed energy systems are rapidly garnering attention. This is because such systems feature a variety of benefits as they emit less CO_2 than conventional large-scale centralized power generation facilities, enhance energy security in the event of disasters or power outages, and contribute to electricity peak savings. In addition, smart energy networks are seen as a new, forward-thinking way of recycling energy, and verification testing of these networks is progressing at an accelerated pace. Diversifying the uses of natural gas and the sales venues the Company employs in light of these changes will help increase total transaction volumes of natural gas over the long term and, thereby, contribute to reductions in procurement costs. In other words, these efforts are important in advancing the enhancement of the LNG value chain from the downstream side.

Action ▸▸ Cultivating Demand by Promoting Advanced Use of Natural Gas and Fuel Conversion

General industry demand will play an important part in achieving our goal of expanding gas sales volume to 22.0 billion m^3 in fiscal 2020. Therefore, we aim to cultivate an increase in general industry demand from fiscal 2011's 3.4 billion m^3 to 7.0 billion m^3 in fiscal 2020, effectively doubling this demand.

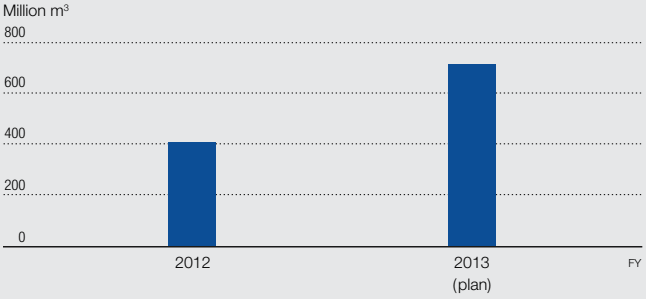
Energy Demand Concentration in the Kanto Region (200-kilometer radius)



Natural gas is gaining attention for its merits in terms of energy savings, CO_2 reductions, and low operating costs. In light of this trend, Tokyo Gas is cultivating new demand by highlighting the benefits of combining fuel conversion from heavy fuel oil and kerosene to natural gas and by introducing highly efficient appliances and advanced uses of natural gas in cogeneration systems.

In fiscal 2012, we successfully cultivated demand equivalent to approximately 0.4 billion m^3 in the Kashima Waterfront Industrial Zone following the completion of the Chiba–Kashima Line. In the future, we expect to cultivate demand of as much as 2.0 billion m^3 in this area.

Gas Sales Volumes in the Kashima Waterfront Industrial Zone



Focus 3

Promoting Fuel Conversion in the Kashima Waterfront Industrial Zone

Kao's Kashima Plant

As one example of the Company's efforts to cultivate city gas demand through fuel conversion to natural gas in the Kashima Waterfront Industrial Zone, Tokyo Gas would like to introduce an initiative implemented by the Kashima Plant of Kao Corporation.

Kashima Plant, Kao Corporation

Conversion to Natural Gas as Part of a Business Continuity Plan

On June 10, 2013, the fires were lit in boiler No. 2 at Kao's Kashima Plant. However, this process was different to that of the past 30 years. This time, the fuel in the boiler was natural gas. Under the watchful eyes of representatives from the plant and Tokyo Gas, boiler No. 2 successfully completed the switch from heavy fuel oil to natural gas, as had boiler No. 1 before it.

The Kashima Plant is a critical manufacturing site in Kao's domestic production system for intermediate materials for household products as well as for raw-use products. Kao has been proactively undertaking fuel conversion ventures both in Japan and overseas and, therefore, was well-versed in the benefits of natural gas. As such, the company readily began considering the possibility of fuel conversion at the Kashima Plant from the time it was decided that Tokyo Gas would supply natural gas to the Kashima Waterfront Industrial Zone.

Boiler No. 2, which was successfully lit using natural gas

The Great East Japan Earthquake, which devastated Japan in March 2011, was a major factor behind Kao's decision. "It is the Kashima Plant's duty to supply Kao's domestic plant with raw materials for household products," Kashima Plant Manager Hiroshi Nagumo exclaimed. "If operations were to be halted, it would greatly impact our ability to supply detergent and shampoo throughout Japan." According to Plant Manager Nagumo, a stable supply of energy is the key to continuing operations at the Kashima Plant. For this reason, the instability of the electricity supply and the difficulty of stably procuring heavy fuel oil are clear reasons for concern. To address these issues, Kao decided to introduce a cogeneration system and conduct fuel conversion at this plant. This decision was then put into effect in accordance with Kao's business continuity plan. "The earthquake damaged various types of infrastructure, but gas pipes were practically unaffected. I was quite impressed by this fact," stated Kiyoshi Hirano, manager in charge of safety and the environment, reflecting on the process leading up to the decision.

Anticipated Supply of Stable and Affordable Power

Kao has accumulated a wide range of technologies related to fuel conversion, which enabled the conversion to proceed smoothly, with boiler No. 1 completing fuel-conversion construction and running on natural gas from September 2012.

It has been 10 months since then. The managers at the Kashima Plant feel that the greatest benefit of the switch is the improvement in operational efficiency. Deliveries of heavy fuel oil are subject to delays, meaning that inventories must be stringently managed. Further, the oil must be transferred from the ship to storage tanks upon delivery, and the temperature of these tanks must be carefully controlled to prevent fuel from hardening. The introduction of city gas eliminates the need for all of these processes. Moreover, when boilers operate on city gas, pressure fluctuations are minimal and nitrogen oxide (NOx) emissions remain incredibly low. Accordingly, managing operation is infinitely easier. Also, post-combustion flue gas processing requirements have been greatly reduced at the plant, and it is no longer necessary to process absorber after desulfurization. The plant's management has removed an electrostatic precipitator, which was no longer needed, and is utilizing the site to build a cogeneration system.

Troublesome day-to day maintenance processes have also been greatly reduced. One reason behind this is the fact that, as the plant is no longer using C-heavy fuel oil, there is no need to clean the strainers that would be used to remove impurities from this oil. "We used to be wrought with anxiety because we cleaned the strainers during operations, so we had to be careful to avoid extinguishing the fire. But the new system has freed us from this pressure," claims Takao Iwade, plant leader in charge of operations. Further, the frequency at which pressure atomizing burners and the boiler itself must be cleaned is much lower. Also, as natural gas contains only minimal traces of sulfur oxide, a major culprit in the corrosion of equipment, the natural gas system is expected to help lengthen the lifespan of equipment. And, of course, the introduction of the new system has led to a reduction of approximately 30% in CO_2 emissions in comparison to the heavy fuel oil system, just as had been expected.

After the scheduled introduction of a cogeneration system at the Kashima Plant is completed in December 2013, the plant will have finished all steps of its fuel conversion venture. "The Kashima Plant's main fuel source is now natural gas, a resource for which Japan is suffering due to unfavorable procurement conditions. I expect that Tokyo Gas will change this situation and secure a stable and affordable supply of this resource." This was Plant Manager Nagumo's last request to Tokyo Gas as it considers such undertakings as the procurement of unconventional natural gas and the construction of the Hitachi–Kashima Line.

(From left) Hiroyuki Sada (Tokyo Gas), Plant Leader Takao Iwade (Kao), Plant Manager Hiroshi Nagumo (Kao), Manager Kiyoshi Hirano (Kao), and Shinzo Ienaka (Tokyo Gas)

Kao Group

The Kao Group provides cosmetics, health drinks, detergents, and other consumer products as well as a wide range of industrial-use products to users around the world. Acting in accordance with the Kao Environmental Statement announced in 2009, the Kao Group is developing products with low environmental impacts, reducing CO_2 emissions from production processes, and implementing energy-saving initiatives in a forward-thinking manner. Almost all of its manufacturing bases in Japan and overseas that have access to natural gas infrastructure have converted to systems utilizing this resource.

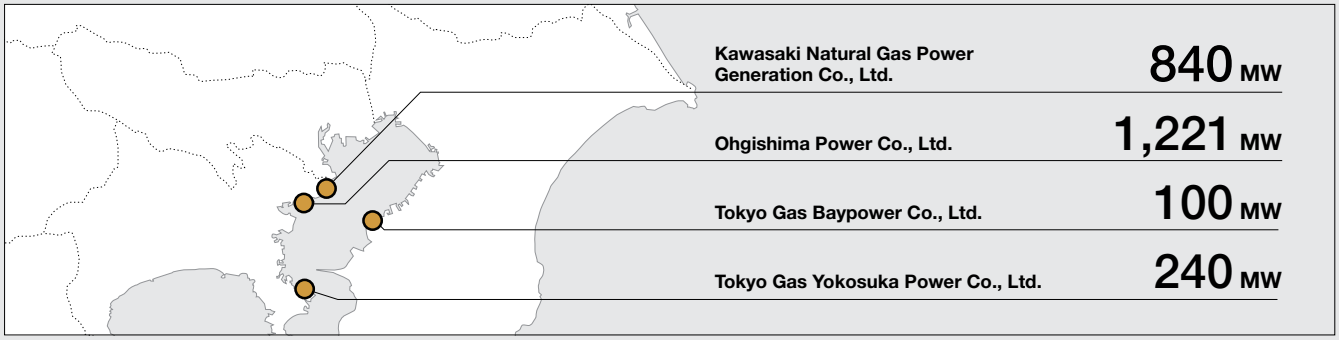
Action ▸▸ Expanding Power Generation (Natural Gas-Fired Thermal Power Generation)

In 2000, a revision to the Electricity Business Act of Japan deregulated sales of electricity to large-volume users. In light of this change, Tokyo Gas entered the electric power business in June 2001 when it established Tokyo Gas Baypower Co., Ltd., within the grounds of its Sodegaura LNG Terminal. Since then, the Company has progressively advanced the construction of thermal power plants employing gas turbine combined cycle generation. Today, we have a total generating capacity of approximately 2,000 MW (of which, the Tokyo Gas Group's ownership share is 1,300 MW). Under the "Challenge 2020 Vision," we aim to expand this capacity to between 3,000 MW and 5,000 MW.

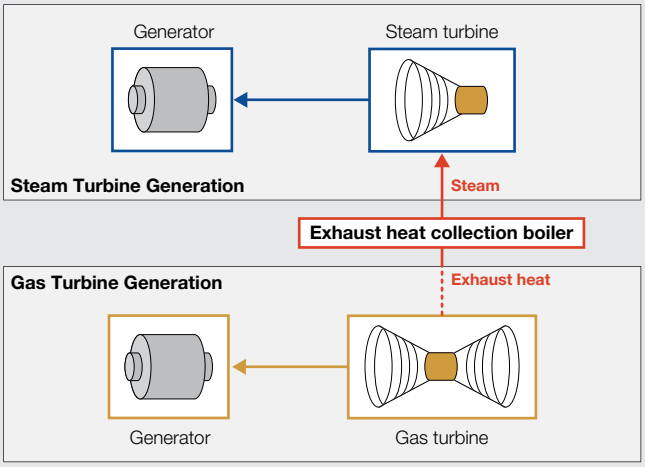
As one effort to expand generation capacity, we decided on the construction of a third unit at the Ohgishima Power Station in October 2012. Situated in Yokohama, Kanagawa Prefecture, this cutting-edge facility employs gas turbine combined cycle generation, which is highly energy efficient, with maximum efficiency reaching 58%. The third unit will have a generation capacity of 407 MW, and the total generation capacity of the Ohgishima Power Station will rise to 1,221 MW once this unit is operational.

Going forward, we will continue to develop our electric power business in a low-risk manner by carefully monitoring trends in Japan's supply and demand situation for electricity as well as revisions to electricity regulations to accurately evaluate the economic rationality of future ventures.

Natural Gas-Fired Thermal Power Plants in the Tokyo Metropolitan Area (Fiscal year ending March 31, 2016)

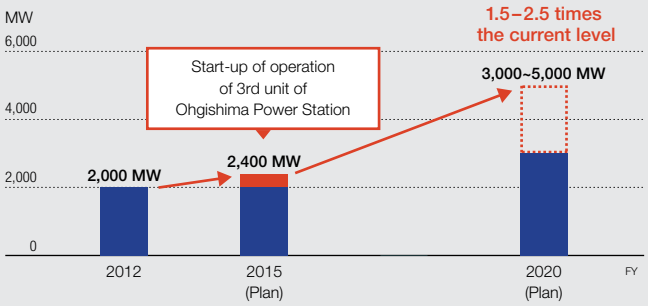


Combined Cycle Generation



Scale of the Power Generation Business

(Including other companies' interests)



F A Q

Q **Amid electricity system reforms underway at present, how will Tokyo Gas develop its electric power business?**

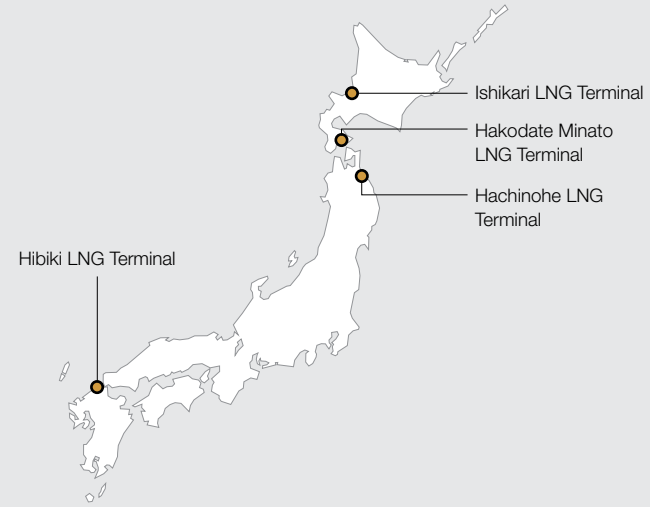
A Reforms to electricity systems are currently in progress. Regardless of how systems may change, we will remain committed to contributing to society and invigorating the electricity market by providing a stable supply of energy and helping reduce electricity rates. In this quest, we will leverage all of our various strengths in the electric power business. These strengths include our LNG procurement capabilities as well as our terminals, pipelines, and other LNG infrastructure. Another strength is our breadth of experience and expertise regarding the construction and operation of in-house generation facilities, which we have refined through our operations at Ohgishima Power Co., Ltd., and Kawasaki Natural Gas Power Generation Co., Ltd., etc.

Action ▸▸ Supplying LNG throughout Japan

Not limiting its operations to the Kanto region, Tokyo Gas provides the resources that it procures throughout Japan. We thereby meet the needs of gas companies throughout Japan, supplying them with LNG via tank lorries, large ocean-going tankers, and smaller domestic vessels. Expanding our sales channels in this manner is yet another one of our efforts to enhance the LNG value chain.

As one facet of these efforts, we commenced supply to the Ishikari LNG Terminal of Hokkaido Gas Co., Ltd., in October 2012. This project is our first endeavor to provide a domestic gas company with gas procured by the Company via ocean-going tankers. Through this venture, the Ishikari LNG Terminal will be supplied with between 300,000 tons and 400,000 tons of LNG per year during the 11-year period beginning fiscal 2012. Further, we acquired a 20% stake in Hokkaido LNG Co., Ltd., a consolidated subsidiary of Hokkaido Gas that is the direct owner of the Ishikari LNG Terminal, to deepen our relationship as we work to advance the spread of LNG. We also signed an LNG sales agreement with Saibu Gas Co., Ltd., for the supply of about 300,000 tons of LNG per year over the 16-year period beginning fiscal 2014.

Supplying LNG via Domestic and Overseas Vessels



Supplying LNG via Domestic and Overseas Vessels

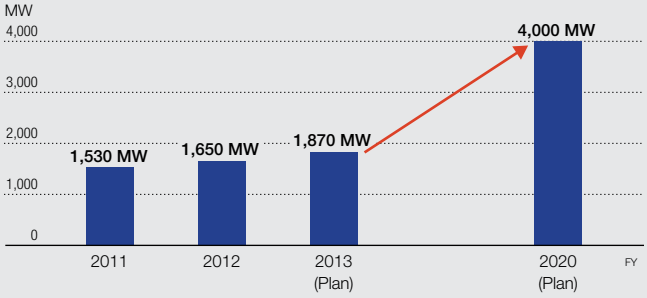
JX Nippon Oil & Energy Corporation	Hachinohe LNG Terminal	Currently supplying
Hokkaido Gas Co., Ltd.	Hakodate Minato LNG Terminal	Currently supplying
	Ishikari LNG Terminal	Currently supplying
Saibu Gas Co., Ltd.	Hibiki LNG Terminal	From 2014

LNG Tanker *"Energy Frontier"*

Action ▸▸ Promoting the Proliferation and Expansion of Dispersed Energy Systems

Against the backdrop of increased demand for energy security and business continuity plans, we have been promoting sales of commercial and industrial cogeneration systems, and our cumulative stock of these systems has risen to 1,650 MW. We plan to raise this cumulative stock by 220 MW in fiscal 2013 and then to 4,000 MW in fiscal 2020.

Cogeneration System (Commercial, Industrial) Stock Plan



Benefits of Cogeneration Systems

1. Reduced Energy Usage and Costs
As cogeneration systems make effective use of waste heat or direct this heat for use in air conditioning or water heating equipment, they contribute to reductions in energy costs.

2. Environmental Preservation Benefits
City gas is a clean source of energy and its systems make effective use of waste heat, thereby helping cut CO_2 emissions by approximately one-third in comparison to conventional systems.

3. Improved Energy Security
Cogeneration systems enable the usage of several power sources, making it easier to secure a supply of electricity during times of disaster.

Focus 4

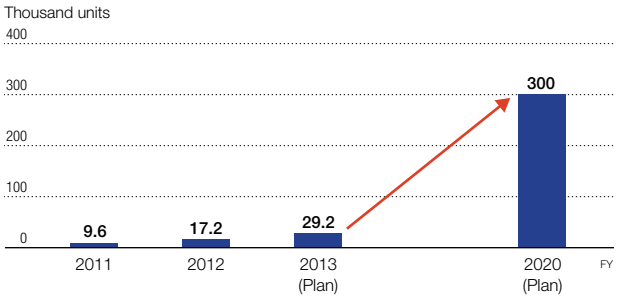
Accelerating the Proliferation of New “ENE-FARM” Systems

Simultaneously Realizing Reduced Costs and Improved Performance

Tokyo Gas is promoting the proliferation of dispersed energy systems for which natural gas is a core element. As part of these efforts, we have been expanding sales of “ENE-FARM” residential fuel cell systems, and in fiscal 2012 “ENE-FARM” sales exceeded targets, at approximately 7,600 units. In fiscal 2013, we will promote sales of new “ENE-FARM” systems that boast reduced costs and the world’s highest level of total efficiency, targeting a year-on-year increase of approximately 58% in “ENE-FARM” sales, to 12,000 units.

Our plans call for a stock of 300,000 “ENE-FARM” units to be accumulated by fiscal 2020.

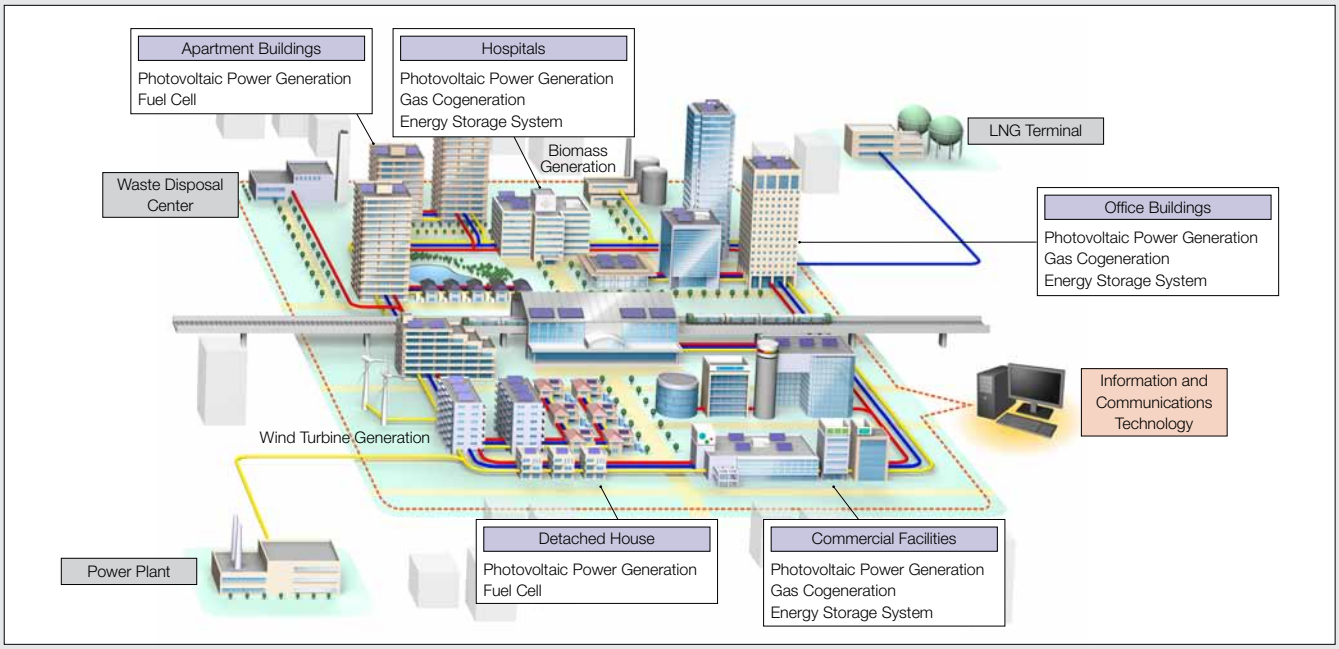
“ENE-FARM” (Residential) Stock Plan



Action ▸▸ Promoting Smart Energy Networks

Tokyo Gas advocates the creation of “smart energy networks.” These networks are based on a concept of combining renewable energy with cogeneration systems and controlling these in an optimal manner through information and communications technology (ICT). This process enables electricity and heat to be managed comprehensively throughout the network to reduce energy usage and CO_2 emissions. We are advancing a number of projects in cooperation with the government and our business partners to complete various verification tests for these networks and realize practical use. These projects include energy usage related ventures, such as a network designed to optimize energy supply and demand management in the area north of the east exit of Tamachi Station, in Tokyo, and a network utilizing untapped renewable energy in the Toyosu wharf area, also in Tokyo.

Smart Energy Network

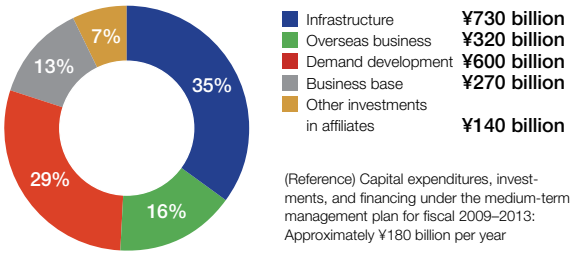


Capital Expenditures, Investment, and Financing Plan for “Challenge 2020 Vision”

The “Challenge 2020 Vision” calls for aggressive capital expenditures, investments, and financing, including through external funding, to achieve new growth by “enhancing the LNG value chain.” Between fiscal 2012 and fiscal 2020, this plan calls for total capital expenditures, investments, and financing of ¥2.06 trillion. As an annual average, the vision, compared with the Group medium-term management plan for fiscal 2009–2013 (hereinafter, “FY09–13 Medium-Term Plan”) targets an annual increase in spending of around ¥50 billion, from approximately ¥180 billion to around ¥230 billion. This proactive funding is aimed at optimizing and enhancing our infrastructure so that we can promote and expand the use of natural gas. Much of this investment will go toward production and supply facilities including the Hitachi LNG Terminal. We will also augment our trunk and service lines and electric power generation to develop demand, and continue investing aggressively in overseas business to procure gas resources. During the investment period, we expect operating cash flow (consolidated net income + depreciation) to be around ¥250 billion per year, approximately ¥40 billion per year higher than during the FY09–13 Medium-Term Plan.

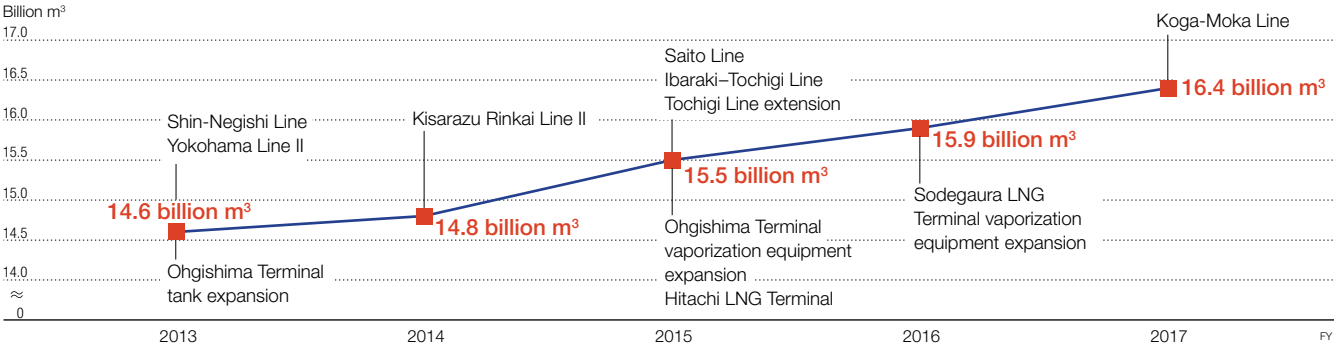
Use of Capital Expenditures, Investment, and Financing

Fiscal 2012–Fiscal 2020: Approx. ¥2,060 billion
(Approx. ¥230 billion per year)



(Reference) Capital expenditures, investments, and financing under the medium-term management plan for fiscal 2009–2013: Approximately ¥180 billion per year

Gas Sales Volume Plan and Facilities Development Plan (non-consolidated)



Facility Investment Plans (non-consolidated)

Billions of yen

	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Total for fiscal 2013–2017
Production facilities	28.1	32.2	29.4	8.4	7.7	105.7
LNG-related facilities	19.6	24.3	23.2	0.1	1.2	68.3
Other	8.5	7.9	6.2	8.3	6.5	37.5
Supply facilities	95.8	97.3	99.4	79.4	76.3	448.2
Trunk lines	21.0	23.3	28.8	10.7	5.7	89.6
Other	74.8	73.9	70.6	68.7	70.6	358.7
Business facilities	22.3	34.1	40.1	51.2	40.9	188.6
Subtotal for gas business facilities (reduction entry of land contribution for construction)	146.2	163.6	168.8	139.0	124.9	742.6
Incidental facilities	0.8	0.6	0.6	0.6	0.6	3.1
Total (reduction entry of land contribution for construction)	147.0	164.2	169.4	139.6	125.5	745.7

Corporate Governance

Corporate Governance

Tokyo Gas works to ensure continued development while consistently earning the trust of customers, shareholders, and society. Based on this philosophy, we aim to achieve a continuous increase in our corporate value through enhancing corporate governance systems. We are endeavoring to develop systems with a commitment to management legality, soundness, and transparency. Tokyo Gas continues to emphasize the importance of accurate and prompt decision making, efficient business operations, strengthening of auditing and monitoring functions, and clarification of management and executive responsibilities.

Overview of Corporate Governance Systems

Tokyo Gas takes a proactive stance in employing outside directors and outside audit & supervisory board members. The Company has created a system featuring multiple auditing and supervisory layers in its aim to achieve highly objective and transparent governance.

Invitation of Outside Directors

In 2002, we reduced the number of directors to raise the speed and effectiveness of management decision making. In addition, we have invited outside directors to serve on the Board of Directors in order to improve transparency and to reinforce the supervision of business execution. The Board of Directors has 11 members, including 3 outside directors.

Audit & Supervisory Board Members

In the past, the Company had invited 2 outside audit & supervisory board members, and in 2006 the number of outside audit & supervisory board members was increased by one. The five audit & supervisory board members, which now include three outside audit & supervisory board members, conduct strict audits.

Establishment of Advisory Committee

We have established the Advisory Committee, which is made up of three representatives from the outside directors and outside audit & supervisory board members and two inside directors. In accordance with inquiries from the Board of Directors, the Advisory Committee selects officer candidates in a fair and appropriate manner and deliberates on officer remuneration in accordance with the Company's basic policy for officer remuneration.

Realizing Accurate, Rapid Decision Making and Efficient Business Execution

The Corporate Executive Committee, which meets weekly as a general rule, deliberates on provisions stemming from Board of Directors' resolutions and important management-related issues. The Company has introduced an executive officer system for business execution in accordance with decisions of the Board of Directors. Substantial authority has been delegated to executive officers in their designated areas of responsibility, while directors, as appropriate, receive reports on the status of execution from executive officers and monitor the executive officers. In addition, executive officers report to the Board of Directors as needed. (To clarify management responsibility and executive responsibility, the terms of office of directors and executive officers have been fixed at one year.)

Working to Promote Transparent Management and Create a Flexible and Open Corporate Culture

In fiscal 2002, the Company established the Management Ethics Committee, chaired by the President. We also formed in-house committees to address issues that are important from a management perspective, such as compliance, risk management, customer satisfaction, and safety. This structure facilitates the sharing of information within the Group, as well as deliberations, adjustments, and decisions regarding the Group's overall direction.

Overview of Corporate Governance System As of June 27, 2013

Number of directors	11
Average age of directors	65.5
Number of outside directors	3
Number of independent officers	6
Number of audit & supervisory board members	5
Number of outside audit & supervisory board members	3
Participation of outside directors / outside audit & supervisory board members in determination of remuneration	Yes
Participation of outside directors in determination of director candidates	Yes
Number of meetings of Board of Directors*	11
Attendance rate of outside directors at meetings of Board of Directors*	94%
Term of office of directors	One year
Results-linked remuneration	Yes
Share purchase system to reflect the perspective of shareholders in management	Yes

* Total for the period from April 2012 to March 2013

Internal Control System

To secure management legality soundness and transparency and to realize the management philosophy, the Company has formulated the "Basic Policy on Development of Corporate Structures and Systems for Ensuring Appropriateness of Operations (Internal Control System) for the Tokyo Gas Group," and the Company is applying this policy in an appropriate manner.

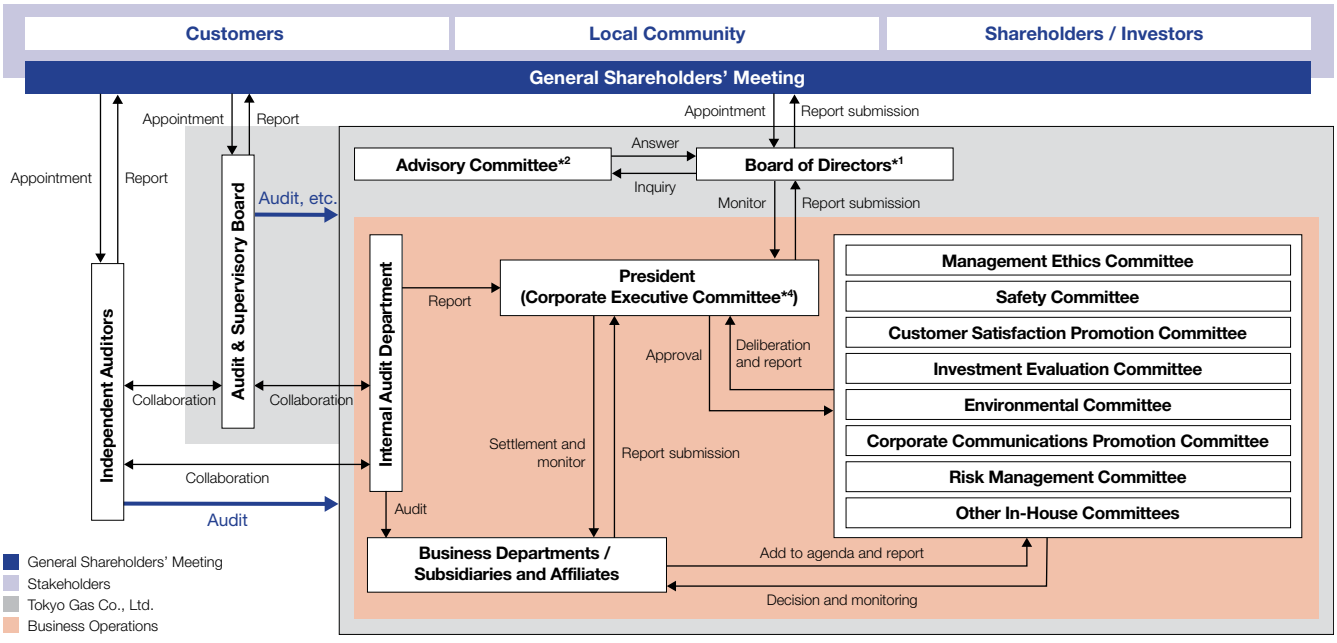
Outside Directors

In accordance with their individual experience and knowledge, the outside directors strive to secure the soundness and appropriateness of deliberations and decisions regarding business execution. From an independent viewpoint, the outside directors monitor the performance of duties by the directors and exercise their authority at meetings of the Board of Directors. In this way, the outside directors contribute to the improvement of the rationality and objectivity of the Company's business execution and of the deliberations and decisions of the Board of Directors.

In making judgments about matters related to the independence of outside officers, such as capital, transactions, and relationships, we comprehensively verify that they are unlikely to have conflicts of interest with general shareholders and they are in a position that enables them to be objective and neutral, and on that basis we make a judgment on their independence. The Advisory Committee has confirmed that none of the outside officers has a material conflict of interest with the Company—in regard to capital, transactions, or relationships—and has confirmed their independence in accordance with the above standards. The Committee's decision has been reported to the Board of Directors, which has designated them as independent officers and reported that designation to the stock exchanges on which the Company is listed.

Name	Current position	Reason for appointment
Yukio Sato	Vice Chairman of The Japan Institute of International Affairs	The Company's management will benefit from Yukio Sato's international way of thinking nurtured through diplomacy, wide perspective and in-depth knowledge.
Ryuichi Tomizawa	Senior Corporate Advisor of Mitsubishi Chemical Holdings Corporation	The Company's management will benefit from Ryuichi Tomizawa's international way of thinking nurtured in the aggressive overseas penetration of the chemical industry, wide perspective, and in-depth knowledge.
Yoshihiko Nakagaki	Corporate Advisor of Electric Power Development Co., Ltd.	The Company's management will benefit from Yoshihiko Nakagaki's management way of thinking nurtured at Electric Power Development Co., Ltd., in a wide range of business development activities, including electric power source development and electric power wholesale supply, and his advanced capabilities in management, such as the implementation of reforms reflecting changes in the operating environment.

Corporate Governance System



*1 Board of Directors: 11 directors (3 outside directors and 8 internal directors), and 5 audit & supervisory board members (3 outside auditors and 2 internal auditors)
*2 Advisory Committee: 3 representatives from outside directors and outside audit & supervisory board members, Chairman (1), and President (1)
*3 Audit & Supervisory Board: 5 audit & supervisory board members (3 outside auditors and 2 internal auditors)
*4 Corporate Executive Committee: President, 2 Executive Vice Presidents, and 11 Senior Executive Officers (3 of the representative directors also serve as President and Executive Vice Presidents)

Audits by Audit & Supervisory Board Members

The audit & supervisory board members meet once a month as a general rule and otherwise as needed. The five members of the board, which include three outside audit & supervisory board members, conduct deliberations and make reports.

In line with the Corporate Auditor's Audit Standards, each audit & supervisory board member conducts effective audits through the following principal initiatives.

- The audit & supervisory board members attend meetings of the Board of Directors, the Corporate Executive Committee, and other important meetings. They state their opinions relating to legality and other perspectives when necessary.
- The audit & supervisory board members conduct research into the state of operations at the head office, business offices, and subsidiaries and hold discussions with directors to exchange opinions, both on a regular basis and otherwise as needed.
- The audit & supervisory board members cooperate closely with the Internal Audit Department, which is the internal audit organization, and with the independent auditors and strictly audit the execution of duties by the directors, targeting the establishment of a high-quality corporate governance system.
- In regard to the internal control system for financial reporting, the audit & supervisory board members receive evaluations of internal control and reports on the status of audits from the Board of Directors and KPMG AZSA LLC.

Outside Audit & Supervisory Board Members

The outside audit & supervisory board members conduct audits / monitoring from an independent viewpoint and contribute to improving the rationality and objectivity of the Company's business execution and of the deliberations of the Board of Directors through their statements at meetings of the Board of Directors. In addition, through their statements & the exercise of their majority voting rights at meetings of the Audit & Supervisory Board, the outside audit & supervisory board members contribute to assuring and improving the legality, appropriateness, rationality, and objectivity of the audits by the audit & supervisory board members. In addition, with the objective of assuring the effectiveness of audits by the audit & supervisory board members, the Company invites outside audit & supervisory board members who have a substantial degree of knowledge about finance and accounting.

In making judgments about matters related to the independence of outside officers, such as capital, transactions, and relationships, we comprehensively verify that they are unlikely to have conflicts of interest with general shareholders and they are in a position that enables them to be objective and neutral, and on that basis we make a judgment on their independence. The Advisory Committee has confirmed that none of the outside officers has a material conflict of interest with the Company—in regard to capital, transactions, or relationships—and has confirmed their independence in accordance with the above standards. The Committee's decision has been reported to the Board of Directors, which has designated them as independent officers and reported that designation to the stock exchanges on which the Company is listed.

Name	Current position	Reason for selection
Yukio Masuda	Consultant of Mitsubishi Corporation Outside Director of Showa Shell Sekiyu K.K.	The Company's auditing will benefit from Yukio Masuda's excellent management capability and experiences nurtured at a major trading company and high level of knowledge about the energy business.
Yoshihiko Morita	President of Japan Institute for Overseas Investment Outside Director of Kawasaki Heavy Industries, Ltd.	The Company's auditing will benefit from Yoshihiko Morita's expansive international way of thinking and deep insight nurtured through work in the fields of international finance and overseas economic cooperation.
Kojiro Otani	–	The Company's auditing will benefit from Kojiro Otani's abundant experience of organizational management acquired in local government as well as his deep insight.

Officer Remuneration

In 2005, the Company formulated the basic policy on officer remuneration, which outlines the method of remuneration for directors, etc. At a meeting of the Board of Directors in February 2012, the policy was revised as follows.

1. Role of Officers and Remuneration

The role demanded of officers is to seek to enhance short-, medium-, and long-term corporate value, and officer remuneration shall serve as an effective incentive for them to perform that role.

2. Level of Remuneration

The level of officer remuneration shall be suitable for the role, responsibility, and performance of the officer.

3. Remuneration of Directors and Its Composition

(1) Remuneration of directors shall be paid within the scope of the remuneration limit approved at the Shareholders' Meeting.
(2) Remuneration of inside directors shall comprise monthly remuneration and bonus. Monthly remuneration shall comprise fixed remuneration paid in accordance with the post of each individual and performance-linked remuneration. The amount of bonus to be paid shall be determined in accordance with the post of each inside director after performance evaluation.
(3) Remuneration of outside directors shall comprise monthly remuneration and bonus. Monthly remuneration shall comprise only fixed remuneration, while bonus shall be the same as that of inside directors.

4. Remuneration of Audit & Supervisory Board Members and Its Composition

(1) Remuneration of audit & supervisory board members shall be paid within the scope of the remuneration limit approved at the Shareholders' Meeting determined through discussions among audit & supervisory board members.
(2) Remuneration of audit & supervisory board members shall comprise only fixed monthly remuneration.

5. Assurance of Objectivity and Transparency of Remuneration System

The Company shall assure the objectivity and transparency of the system of officer remuneration by establishing and operating the Advisory Committee comprising a number of outside directors, outside audit & supervisory board members and inside directors to govern the system of personnel affairs and remuneration of officers.

Total remuneration for directors and audit & supervisory board members (Fiscal 2012)		Millions of yen Type			Thousands of U.S.dollars*2 Type	
		Total value of remuneration	Base	Bonuses	Base	Bonuses
Remuneration for directors (excluding outside directors)	9*1	¥458	¥395	¥63	$4,158	$663
Remuneration for audit & supervisory board members (excluding outside audit & supervisory board members)	2*1	74	74	—	779	—
Remuneration for outside officers (outside directors and outside audit & supervisory board members)	8*1	¥ 66	¥ 58	¥ 8	$ 610	$ 74

*1 The number of officers included in the total value of remuneration for directors, audit & supervisory board members, and outside officers includes two directors (of which, one was an outside officer) and one audit & supervisory board member (an outside officer) who retired upon the conclusion of the 212th Annual Shareholders' Meeting.
*2 Equivalent U.S. dollar amounts are included for the convenience of readers outside Japan, and are converted at a rate of ¥95 per U.S. dollar, the prevailing exchange rate at the end of March 2013. These conversions should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

Advisory Committee

In February 2005, we established the Advisory Committee, which has five members—three representatives from the outside directors and outside audit & supervisory board members as well as the Chairman and the President. The committee works to assure objectiveness and transparency in management. In accordance with inquiries from the Board of Directors, the Advisory Committee deliberates on officer candidates and officer remuneration in a fair and appropriate manner and makes reports to the Board of Directors. The committee also deliberates on the independence of outside officer candidates.

Independent Auditors

The Company has concluded an auditing contract with KPMG AZSA LLC for auditing services based on the Companies Act and auditing services based on the Financial Instruments and Exchange Act, as well as internal control audits based on the Financial Instruments and Exchange Act, and the Company is being audited on that basis. The Company's audits are handled by three certified public accountants—Teruhiko Tanaka, Koji Kakinuma, and Masaru Miura. For each of these auditors, the number of consecutive years of auditing service is seven years or less (as of June 27, 2013).

Compensation for independent auditors (Fiscal 2012)	Millions of yen	Thousands of U.S.dollars*
Remuneration for auditing services	¥259	$2,726
Remuneration for non-auditing services	30	316
Total	¥289	$3,042

* Equivalent U.S. dollar amounts are included for the convenience of readers outside Japan, and are converted at a rate of ¥95 per U.S. dollar, the prevailing exchange rate at the end of March 2013. These conversions should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

Compliance

The Company has identified the following three points as its basic policy and is promoting compliance on that basis.

- Fostering of a compliance oriented mentality
- Compliance efforts by each workplace based on the Group policy
- Establishment of the compliance PDCA cycle

Compliance Structure

We have established the Management Ethics Committee, chaired by the President. This committee discusses at the management level basic compliance policies and all aspects of compliance initiatives by the Company, monitors the implementation of compliance-related measures, and confirms activity programs from the following year and thereafter. We have also established the Compliance Department to lead compliance-related activities for each unit. These include development of compliance promotion systems, encouragement awareness and educational campaigns about the code of conduct, compliance risk reduction measures, maintenance of advisory systems, and broad-based distribution of information within and beyond the Tokyo Gas Group companies. To cultivate an understanding of compliance, we promote a thorough awareness of ongoing activities related to our code of conduct that was revised in 2004. We are also moving forward with a compliance casebook designed for applying the code of conduct to various problems in the workplace, so as to achieve the permeation of compliance.

Compliance Risk Management

Through the effective operation of internal and external advisory systems, we are endeavoring to ensure that compliance-related problems are discovered and resolved quickly so that our corporate self-regulatory processes will continue to function effectively. We monitor the effectiveness of Group compliance promotion activities by conducting regular compliance awareness surveys of all employees. The results of these surveys are reflected in initiatives for the following years. The Compliance Audit Sect, the Internal Audit Department conducts audits of the Company, its subsidiaries, and its affiliates from the viewpoint of strict compliance with laws, corporate ethics, and social norms. When concerns are identified, the Group conducts follow-up audits in the following year to verify progress in tackling those concerns.

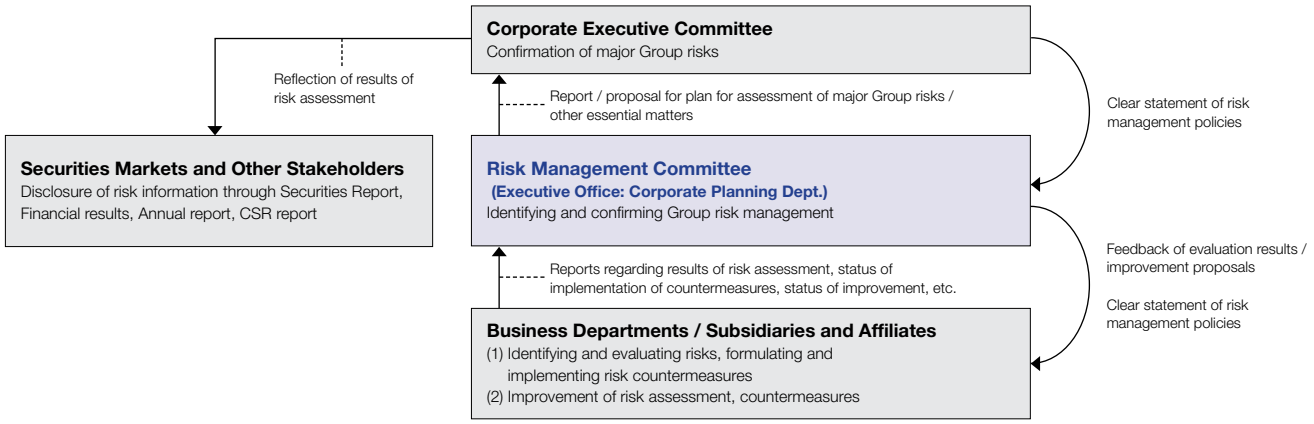
Risk Management System

Enterprise Risk Management System

In fiscal 2003, the Company established an enterprise risk management (ERM) system and drew up risk management regulations, which include documented rules concerning major risks faced by the Group.

The Risk Management Committee was established in fiscal 2008 with the aim of identifying and evaluating progress regarding the establishment and the operational status of the ERM system, as well as improving the level of ERM. The committee periodically undertakes risk assessments and checks on progress regarding the establishment and the operational status of the ERM system. It also reports to the Corporate Executive Committee and obtains the necessary approvals. Moreover, since the start of fiscal 2011, the risk management function has been the responsibility of the Corporate Planning Depertment, and there has been a framework in place for implementing unified ERM together with operational management. Under the framework, around 130 Risk Management Promotion Officers are deployed in the business departments of Tokyo Gas and its subsidiaries and affiliates in order to promote ERM. Each year, we assess risks and the implementation and improvement status of countermeasures. This system facilitates the steady implementation of the ERM-PDCA (Plan-Do-Check-Act) cycle.

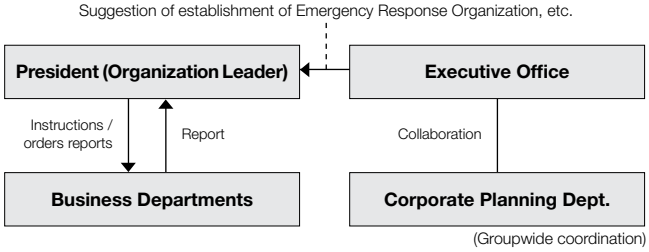
Enterprise Risk Management (ERM) System



Crisis Management System

Because the Company provides public services that comprise a lifeline, for many years it has also had a crisis management system that serves as a response system in case an accident or other risk-related event actually occurs. Specifically, we have formulated Emergency Response Organization Regulations. In case of crises, including major natural disasters, such as earthquakes, or production or supply disruptions arising from major accidents at pipelines or terminals, as well as influenza, terrorism, failures in mission-critical IT systems, and compliance problems, the Emergency Response Organization responds to the situation immediately in accordance with the Emergency Response Organization Regulations. Periodic training is conducted in relation to major risk response measures. Moreover, the Company has also formulated a Business Continuity Plan (BCP), outlining its responses in the event of a major earthquake of the magnitude assumed by Japan's Cabinet Office, a major accident disrupting power supply, an outbreak of influenza, etc. This plan is in place to reinforce the Company's risk management system.

Emergency Response Organization



* The organizational unit in charge of the executive office is determined in advance in accordance with the type of the emergency.

Board of Directors and Audit & Supervisory Board Members

As of June 27, 2013

Directors

Director, Chairman

Mitsunori Torihara

April 1967 Joined the Company
June 2003 Representative Director, Executive Vice President and, Division Manager of Strategic Planning Div.
April 2006 President, Representative Director, and Executive President
April 2010 Director and Chairman of the Board

Representative Director, President

Tsuyoshi Okamoto

April 1970 Joined the Company
June 2004 Director, Senior Executive Officer, and Division Manager of Strategic Planning Div.
April 2007 Representative Director, Executive Vice President, and in charge of Personnel Dept., Secretary Dept., General Administration Dept., Compliance Dept., and Internal Audit Dept.
April 2010 President, Representative Director, and Executive President

Representative Director

Shigeru Muraki

July 1972 Joined the Company
April 2004 Senior Executive Officer and Division Manager of R&D Div.
June 2007 Director, Senior Executive Officer, and Division Manager of Energy Solutions Div. and General Manager of Volume Sales Dept. of Energy Solution Div.
April 2010 Representative Director, Executive Vice President, Division Manager of Energy Solutions Div., and General Manager of Volume Sales Dept. of Energy Solution Div.

Representative Director

Michiaki Hirose

April 1974 Joined the Company
April 2007 Senior Executive Officer and in charge of Corporate Planning Dept., Infrastructure Project Dept., Finance & Managerial Accounting Dept., Accounting Dept., and Affiliated Companies Dept.
June 2009 Director, Senior Executive Officer, and in charge of Corporate Planning Dept., Corporate Communications Dept., and Affiliated Companies Dept.
January 2010 Director, Senior Executive Officer, and in charge of Corporate Planning Dept., Project-Management Dept., Corporate Communication Dept., and Affiliated Companies Dept.
April 2012 Representative Director, Executive Vice President, and Division Manager of Living-Energy Div.
April 2013 Representative Director, Executive Vice President, and Division Manager of Residential Sales and Service Div.

Director

Kazuo Yoshino

April 1975 Joined the Company
April 2005 Executive Officer and General Manager of Finance & Managerial Accounting Dept. of Strategic Planning Div.
April 2009 Senior Executive Officer and in charge of Investor Relations Dept., Finance & Managerial Accounting Dept., and Accounting Dept.
June 2011 Director, Senior Executive Officer and Division Manager of Information Technology Div., and in charge of Finance & Managerial Accounting Dept. and Accounting Dept.

Director

Matsuhiko Hataba

April 1976 Joined the Company
April 2006 Executive Officer and General Manager of Personnel Dept. of Business Support Div.
April 2009 Senior Executive Officer, and Division Manager of Living Energy Div.
June 2012 Director, Senior Executive Officer, and in charge of Corporate Planning Dept., TG-Group Reorganization Project Dept., and Affiliated Companies Dept.
April 2013 Director, Senior Executive Officer, and in charge of Corporate Planning Dept. and Affiliated Companies Dept.

Director

Yutaka Kunigo

April 1977 Joined the Company
April 2007 Executive Officer and General Manager of Gas Resources Dept. of Energy Resources Div.
April 2010 Senior Executive Officer and Division Manager of Energy Resources Div.
June 2013 Director, Senior Executive Officer, and Division Manager of Energy Production Div.

Director

Masahiro Mikami

April 1975 Joined the Company
April 2008 Executive Officer and General Manager of General Administration Dept.
April 2011 Senior Executive Officer and in charge of Purchasing Dept., Real Estate Management Dept., Major Site Development Dept., and General Administration Dept.
June 2013 Director, Senior Executive Officer and in charge of Secretary Dept., General Administration Dept., Corporate Communications Dept., Environmental Affairs Dept., and Compliance Dept.

Outside Directors

Outside Director

Yukio Sato

April	1961	Joined the Ministry of Foreign Affairs
September	1998	Permanent Representative of Japan to the United Nations (Ambassador of Japan to the United Nations)
February	2003	President of The Japan Institute of International Affairs
December	2004	Commissioner of National Public Safety Commission
February	2009	Vice Chairman of The Japan Institute of International Affairs (Current position)
June	2010	Outside Director of the Company

Outside Director

Yoshihiko Nakagaki

April	1961	Joined Electric Power Development Co., Ltd. (J-POWER)
June	1996	Director and Department Director of Corporate Planning Dept. of Electric Power Development Co., Ltd. (J-POWER)
June	1998	Managing Director of Electric Power Development Co., Ltd. (J-POWER)
June	2000	Vice President and Representative Director of Electric Power Development Co., Ltd. (J-POWER)
June	2001	President and Representative Director of Electric Power Development Co., Ltd. (J-POWER)
June	2009	Corporate Advisor of Electric Power Development Co., Ltd. (J-POWER) (Current position)
June	2012	Outside Director of the Company

Outside Director

Ryuichi Tomizawa

April	1965	Joined Mitsubishi Kasei Industries Corporation (Current Mitsubishi Chemical Corporation)
April	2000	President of Mitsubishi-Tokyo Pharmaceuticals, Inc. (Current Mitsubishi Tanabe Pharma Corporation)
June	2002	Member of the Board, President, and Chief Executive Officer of Mitsubishi Chemical Corporation
October	2005	Member of the Board, President of Mitsubishi Chemical Holdings Corporation
April	2007	Member of the Board, Chairman of Mitsubishi Chemical Holdings Corporation
June	2011	Outside Director of the Company
June	2012	Senior Corporate Advisor of Mitsubishi Chemical Holdings Corporation (Current position)

Audit & Supervisory Board Members

Audit & Supervisory Board Member

Manabu Fukumoto

April	1975	Joined the Company
April	2006	Executive Officer and General Manager of General Administration Dept. of Corporate Communication Div.
June	2009	Senior Executive Officer and in charge of Purchasing Dept., Real Estate Management Dept., Major Site Development Dept., and Internal Audit Dept.
June	2011	Audit & Supervisory Board Member of the Company

Audit & Supervisory Board Member

Tsutomu Oya

April	1975	Joined the Company
Apri	2004	Executive Officer, General Manager of Urban Energy Business Dept. of Energy Sales and Service Div., and Acting General Manager of Volume Sales Dept. of Energy Sales and Service Div.
April	2006	Senior Executive Officer and Division Manager of Energy Resources Div.
June	2009	Director, Senior Executive Officer, and Division Manager of Energy Resources Div.
April	2012	Director, Senior Executive Officer, Division Manager of Energy Production Div.
June	2013	Audit & Supervisory Board Member of the Company

Outside Audit & Supervisory Board Members

Outside Audit & Supervisory Board Member

Yukio Masuda

April	1964	Joined Mitsubishi Corporation
April	2002	Member of the Board, Senior Executive Vice President, Chief Executive Officer of Mitsubishi Corporation
June	2008	Consultant of Mitsubishi Corporation (Current position) Outside Audit & Supervisory Board Member of the Company
March	2009	Consultant of Showa Shell Sekiyu K.K. (Current position)

Outside Audit & Supervisory Board Member

Yoshihiko Morita

April	1969	Joined Export-Import Bank of Japan
October	2004	Deputy Governor and Managing Director of Japan Bank for International Cooperation
June	2012	President of Japan Institute for Overseas Investment (Current position) Outside Audit & Supervisory Board Member of the Company
June	2013	Outside Director of Kawasaki Heavy Industries, Ltd. (Current position)

New Outside Audit & Supervisory Board Member

Outside Audit & Supervisory Board Member

Kojiro Otani

March	1971	Joined Yokohama City Hall
April	2003	Director General of General Affairs Bureau of Yokohama City Hall
April	2006	Director General of Waterworks Bureau of Yokohama City Hall
July	2008	Vice President of Kanagawa Water Supply Authority
June	2013	Outside Audit & Supervisory Board Member of the Company

My name is Kojiro Otani, and I was appointed as an outside audit & supervisory board member with the approval of shareholders at the Company's June 2013 Ordinary General Meeting of Shareholders. While the Great East Japan Earthquake reminded us of the importance of gas, water, and electricity to the existence of society, it also brought home the necessity of diversifying the supply of energy and raw materials. I believe that the Company's leading the way among Japanese gas companies, in accordance with the "Challenge 2020 Vision," by targeting the stable supply of energy at low cost through the diversification of resource procurement is synonymous with the national interest. I also believe that meeting those challenges in order for Tokyo Gas to fulfill its social mission as an energy company will at the same time help to sustain and increase its corporate value and will gain the understanding of all its shareholders and other stakeholders. On the other hand, the international operating environment surrounding natural gas is in a period of tumultuous change, and Tokyo Gas faces a variety of risks as it develops its business overseas. Careful analysis of political and economic circumstances in foreign countries is essential. While acknowledging the great responsibility of being an outside auditor, I intend to focus on these issues.

Good management through efficient business operations, stable gas supply to customers, the prioritization of safety in addressing disasters, and reliability based on those foundations are some of the expectations placed on Tokyo Gas as a public utility. Accordingly, compliance across the entire Tokyo Gas Group organization and transparent information disclosure to shareholders, customers, local communities, and the global society are indispensable. In line with this way of thinking, I will strive to contribute to the Company's sustained growth as an outside audit & supervisory board member.

Executive Officers

President	Tsuyoshi Okamoto	
Executive Vice Presidents	Shigeru Muraki	Division Manager of Energy Solution Div., General Manager of Volume Sales Dept. of Energy Solution Div.
	Michiaki Hirose	Division Manager of Residential Sales and Service Div.
Senior Executive Officers	Kazuo Yoshino	Division Manager of Information Technology Div., in charge of Finance Dept. and Accounting Dept.
	Matsuhiko Hataba	In charge of Corporate Planning Dept. and Affiliated Companies Dept.
	Yutaka Kunigo	Division Manager of Energy Production Div.
	Masahiro Mikami	In charge of Secretary Dept., General Administration Dept., Corporate Communications Dept., Environmental Affairs Dept., and Compliance Dept.
	Koichi Aonuma	Division Manager of Housing Development Dept., Residential Sales and Service Div.
	Hideaki Obana	In charge of Personnel Dept., Purchasing Dept., Real Estate Planning Dept., and Internal Audit Dept.
	Hiroaki Kobayashi	Division Manager of Technology Development Div., in charge of Smart Energy Network Promotion Dept.
	Takashi Uchida	Division Manager of Energy Resources Div.
	Satoru Yasuoka	Division Manager of Regional Development Marketing Div.
	Fumio Murazeki	Head of Sales Marketing, Energy Solution Div.
	Hideaki Arai	Division Manager of Pipeline Network Div.
Executive Officers	Hidefumi Takahashi	General Manager of Sales Marketing 1 Dept., Residential Sales and Service Div.
	Yoshihiro Tanabe	Dispatched to the Japan Gas Association
	Masaru Takamatsu	General Manager of Corporate Planning Dept.
	Michiharu Takahashi	Coordinator of Energy Solution Div.
	Fumihiko Hara	General Manager of LIFEVAL Project Management Dept., Residential Sales and Service Div.
	Kiyotada Den	General Manager of Personnel Dept., Residential Sales and Service Div.
	Takahiro Saito	General Manager of Facility Engineering Business Dept. Residential Sales and Service Div.
	Isao Nakajima	General Manager of Residential Sales Planning Dept., Residential Sales and Service Div.
	Kunio Nohata	General Manager of Gas Resources Dept., Energy Resources Div.
	Shinichi Takagi	General Manager of Energy Production Dept., Energy Resources Div.

Summary

In fiscal 2012, ended March 31, 2013, gas sales volume rose 200 million m^3 year on year, or 1.3%, to 15,390 million m^3, following a rise in industrial demand centered on demand for power generation applications. Electricity sales volumes were also up due to the favorable market conditions that have continued since the Great East Japan Earthquake. As a result, net sales increased ¥161.4 billion, or 9.2%, to ¥1,915.6 billion; ordinary income grew ¥71.8 billion, or 95.0%, to ¥147.4 billion; and net income was up ¥55.6 billion, or 120.7%, to ¥101.6 billion.

In fiscal 2013, ending March 31, 2014, gas sales volume is forecast to decline 609 million m^3, or 4.0%, to 14,781 million m^3, due to the impacts of tolling arrangements (explained below). However, the slide time lag effect will result in improvements, leading to a year-on-year increase in net sales of ¥200.4 billion, or 10.5%, to ¥2,116.0 billion. Likewise, ordinary income will rise ¥7.6 billion, or 5.1%, to ¥155.0 billion. Regardless though, net income is projected to decrease ¥0.6 billion, or 0.7%, to ¥101.0 billion.

With respect to appropriations to shareholders, the Company maintained its existing policy of a total payout ratio of approximately 60% and raised dividend payments in fiscal 2012 by ¥1 per share, to ¥10 per share.

Performance in Fiscal 2012

Gas Sales Volume

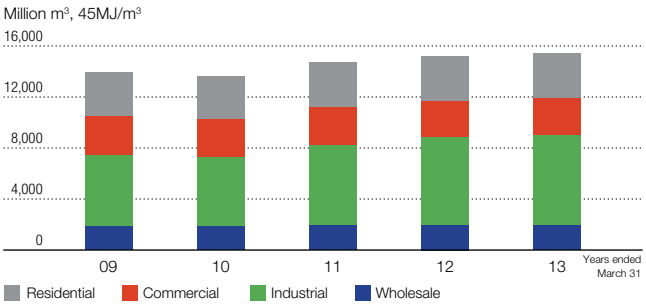
In fiscal 2012, consolidated gas sales volume rose 200 million m^3 year on year, or 1.3%, to 15,390 million m^3. Sales volume by sector is described below.

Demand in the residential sector declined 3 million m^3, or 0.1%. This decrease is partially due to the fact that the previous year was a leap year and, thus, was one day longer. In addition, warm weather was experienced over a longer period than in fiscal 2011. Both of these factors resulted in lower sales volume. However, a rise in the number of customer households helped us limit this decline to 0.1%. The increase in customer households can be attributed to the ongoing influx of people into the Tokyo metropolitan area as well as a rise in the ratio of households using gas due to the construction of new homes.

In the commercial sector, sales volume was impacted by the leap year and warm weather in a manner similar to the residential sector. We are noticing some increases in sales volume as the sensitivity toward energy saving that appeared after the Great East Japan Earthquake fades, but we cannot expect sales volume to recover to the levels seen before the earthquake.

In the industrial sector, the impacts of tolling arrangements (explained below) resulted in sales volume declines. Regardless, we worked to address demand in the Kashima area following the start of operations on the Chiba–Kashima Line. At the same time, we saw a rise in demand for gas for power generation purposes in other areas. As a result, sales volume in the industrial sector was up 199 million m^3, or 2.9%, which was a primary factor behind the 200 million m^3 increase in overall gas sales volume. In the wholesale sector, lower demand from other gas utilities led wholesale supplies to decrease 17 million m^3, or 0.9%.

Gas Sales Volume by Sector



Impacts of Tolling Arrangements on Gas Sales Volumes

The electric power business previously employed a business scheme in which Nijio Co., Ltd., would sell gas to power companies, and these companies would then use this gas to generate electricity to be sold. However, we are shifting to a scheme involving tolling arrangements through which Nijio subcontracts generation to power companies, paying them commissions, and then sells the electricity generated itself. Kawasaki Natural Gas Power Generation Co., Ltd., switched to this tolling scheme in fiscal 2012, and Ohgishima Power Co., Ltd., is scheduled to switch in fiscal 2013.

The volume of gas used for power generation under this tolling scheme is deemed to have been used for in-house power generation, and gas sales volume has declined on a consolidated basis for this reason. In fiscal 2012, the introduction of this scheme has resulted in declines in gas sales volumes totaling 380 million m^3 from fiscal 2011's levels. However, this decline was purely due to the change in accounting methods following the introduction of the tolling scheme. Calculated using prior methods, gas sales volume in fiscal 2012 increased 698 million m^3, or 4.6%, from fiscal 2011's 15,288 million m^3, to 15,986 million m^3.

Analysis of Income and Expenses

In fiscal 2012, sales in the city gas business grew ¥95.7 billion year on year due to the abovementioned increase in gas sales volume as well as a rise in selling prices stemming from an increase in material cost associated with the depreciation of the yen. In the electric power business, sales rose ¥25.2 billion due to higher utilization ratios for power plants in conjunction with the tight supply and demand situation for electricity as well as an increase in selling prices. Similarly, LNG sales increased ¥20.9 billion as a result of higher sales volumes. Accordingly, total net sales were up ¥161.4 billion, or 9.2%, to ¥1,915.6 billion.

Meanwhile, operating expenses rose ¥92.9 billion, or 5.5%, to ¥1,770.0 billion, due to increases of ¥59.3 billion in city gas material costs, ¥19.6 billion in LNG sales expenses, and ¥14.0 billion in expenses associated with the electric power business.

Regardless of higher expenses, operating income increased ¥68.6 billion, or 88.9%, to ¥145.6 billion. Likewise, ordinary income was up ¥71.8 billion, or 95.0%, to ¥147.4 billion, due to the recording of revenue from the construction of dedicated facilities of pipelines for large-volume customers outside supply areas of ¥2.8 billion under extraordinary income. Under extraordinary income, gain on sales of overseas subsidiaries' and affiliates' stocks of ¥3.4 billion was recorded in association with sales of stock in GAS MALAYSIA SDN. BHD. These factors resulted in a ¥55.6 billion, or 120.7%, increase in net income, to a record high of ¥101.6 billion.

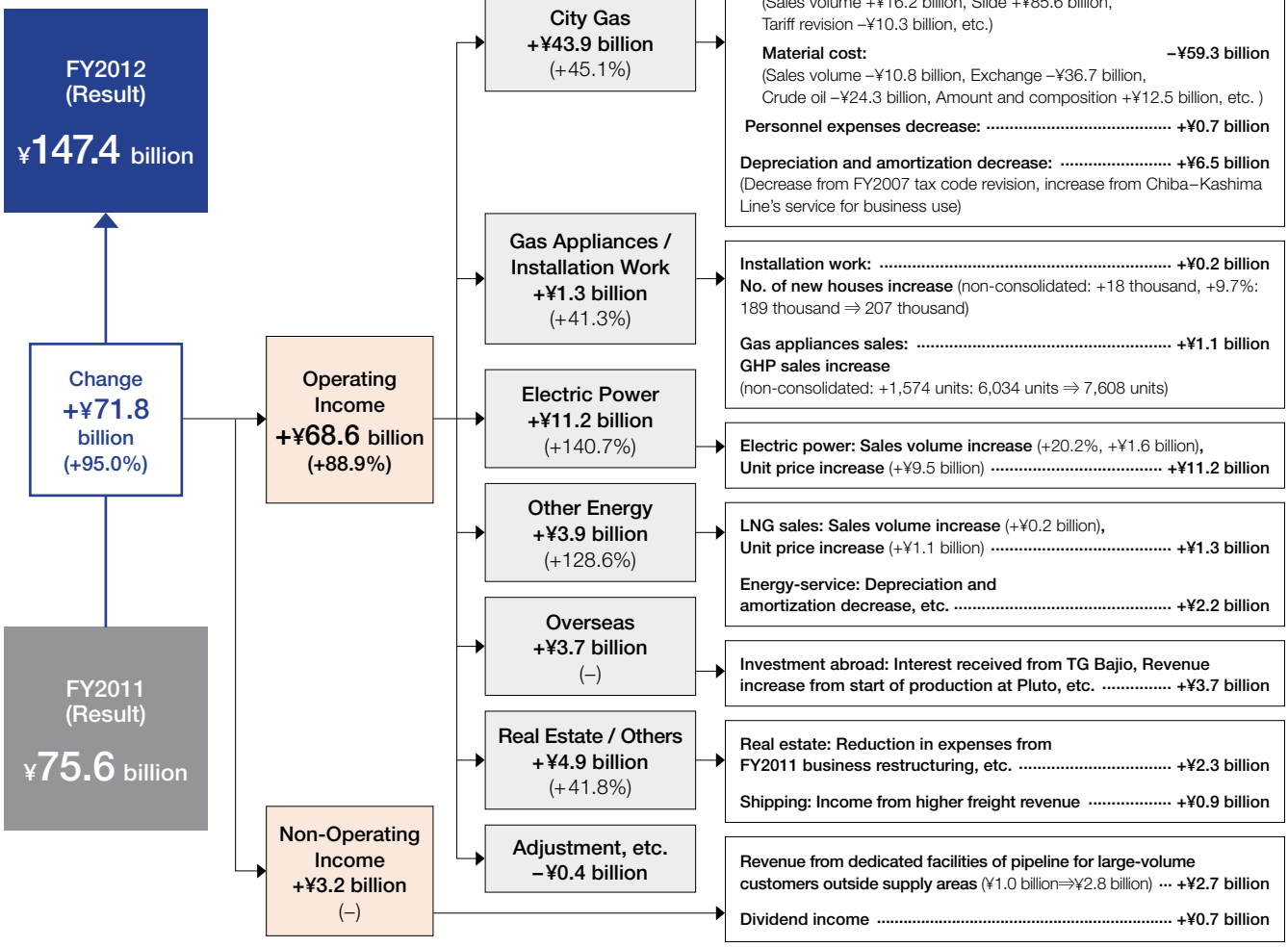
Under-recovery due to the slide time lag effect from changes in material costs improved ¥37.9 billion from ¥48.4 billion in the previous fiscal year, to ¥10.5 billion in fiscal 2012. The burden of amortization of actuarial differences rose from ¥3.1 billion in the previous fiscal year to ¥4.4 billion in fiscal 2012, decreasing operating income ¥1.3 billion from the previous fiscal year.

Economic Frame Years ended March 31

	JCC ($/bbl)	Exchange rate (¥/$)	Average temperature (℃)
2013	**113.9**	**82.9**	**16.7**
2012	114.2	79.1	16.4

Ordinary Income for Fiscal 2012: Analysis of Factors (Year on Year)

Note: (+) & (–) refer to contributions to income



Income by Segment

Operating income in the city gas segment increased ¥43.9 billion, or 45.1%, primarily due to the previously mentioned improvement of ¥37.9 billion that resulted from the slide time lag effect. This rise offset a ¥10.3 billion decrease stemming from price reductions following tariff revisions for small-volume customers instituted in March 2012.

In the gas appliances and installation work segment, a rise in sales of gas heat pump air conditioning systems resulted in a ¥1.3 billion, or 41.3%, year-on-year increase in operating income.

The electric power business of the other energy segment experienced a substantial 20.2% increase in electricity sales volumes and sales prices rose due to the tight supply and demand situation. Accordingly, operating income grew ¥11.2 billion, or 140.7%.

Excluding this rise in the electric power business, the other energy segment saw a ¥3.9 billion, or 128.6%, rise in operating income.

In the LNG sales business, operating income was up ¥1.3 billion, or 93.6%. This increase can be attributed to higher sales volumes and the benefits of the slide time lag effect, which also contributed to performance in the city gas business.

The investment abroad business recorded a ¥3.7 billion increase in operating income, following a rise in interest income received from Tokyo Gas Bajio B.V. and income associated with the start-up of production at the Pluto LNG Project.

Excluding the investment abroad business, operating income in the real estate and other segment rose ¥4.9 billion, or 41.8%.

Business Results by Segment

Sales

¥ billion

Years ended March 31	2012	**2013**
City gas sales	1,306.2	**1,401.9**
Gas appliances and installation work	187.6	**206.0**
Other energies	302.5	**336.6**
(Electric power)	101.8	**127.0**
Real estate	29.6	**30.2**
Other	181.8	**195.7**
(Investment abroad)	3.2	**12.4**
Total	2,008.0	**2,170.6**
Adjustments	(253.7)	**(255.0)**
Consolidated	1,754.2	**1,915.6**

Sales figures for each segment include intersegment transactions.

Contribution to Operating Income

Years ended March 31	2012	**2013**	Change
City gas sales	80.0%	**74.1%**	–5.9 pts.
Gas appliances and installation work	2.6%	**2.3%**	–0.3 pts.
Other energies	9.0%	**13.6%**	+4.6 pts.
(Electric power)	6.5%	**10.0%**	+3.5 pts.
Real estate	2.7%	**2.9%**	+0.2 pts.
Other	5.7%	**7.1%**	+1.4 pts.
(Investment abroad)	—%	**1.3%**	—

Uses of Cash Flows

On a non-consolidated basis, capital expenditures by Tokyo Gas Co., Ltd., were ¥127.1 billion, whereas expenditures by consolidated subsidiaries amounted to ¥58.9 billion. As a result, total capital expenditures in fiscal 2012 rose ¥37.3 billion year on year, or 25.5%, to ¥183.7 billion, after elimination or corporate. Expenditures by Tokyo Gas included ¥87.5 billion for installing trunk lines and other distribution facilities and ¥22.8 billion for constructing production facilities, such as the Hitachi LNG Terminal. Roughly ¥27.2 billion of capital expenditures by subsidiaries was directed toward upstream areas. At the same time, we conducted investments and financing in overseas businesses totaling ¥15.0 billion.

Capital expenditures exceeded those in fiscal 2011 as we progressively invested in infrastructure development centered on the northern Kanto region while conducting investments overseas targeting the enhancement of the LNG value chain. Both of these areas represent goals defined in "The Tokyo Gas Group's Vision for Energy and the Future~Challenge 2020 Vision~."

These expenditures exceeded the scope of on-hand capital, and funds were procured to cover deficiencies. As a result, interest-bearing debt rose to ¥642.5 billion as of March 31, 2013, up ¥16.7 billion from ¥625.8 billion a year earlier.

Key Management Indicators

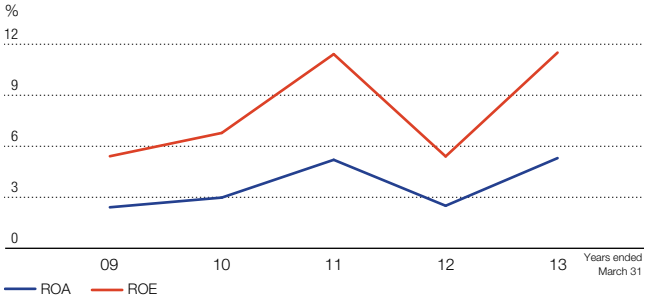
Return on assets (ROA) showed a substantial improvement from fiscal 2011's 2.5%, rising to 5.3% in fiscal 2012. Return on equity (ROE) similarly improved greatly, from 5.4% in fiscal 2011 to 11.5% in fiscal 2012. These improvements were primarily the product of higher profit margins.

The weighted average cost of capital (WACC) was relatively unchanged in fiscal 2012 at 3.2%, compared with 3.1% in fiscal 2011. Meanwhile, Tokyo Gas Economic Profit (TEP: Net operating profit after tax prior to interest payments minus the cost of capital) jumped from ¥9.1 billion to ¥59.8 billion. This is because increases in net operating profit after tax prior to interest payments (NOPAT) significantly outweighed the slight rise in invested capital.

The debt-to-equity ratio (D/E ratio) decreased slightly from 0.75 in fiscal 2011 to 0.69 in fiscal 2012. As such, it is once again possible for the Company to increase investment amounts to a certain degree while still meeting the goal of 0.8 for this ratio described in the "Challenge 2020 Vision."

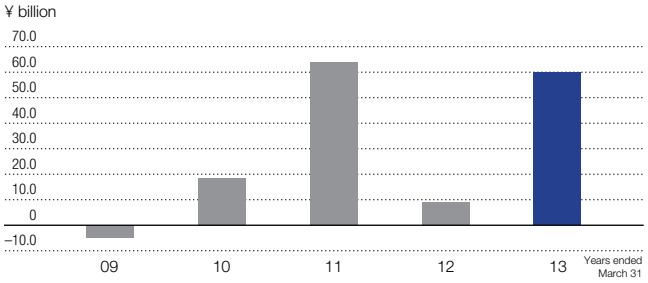
In fiscal 2012, total dividend payments amounted to ¥25.7 billion. When combined with the acquisition of ¥36.0 billion worth of treasury stock in fiscal 2013, this makes for total shareholder returns of ¥61.7 billion. This represents 60.7% of the consolidated net income of ¥101.6 billion recorded in fiscal 2012, allowing us to meet our goal of approximately 60% for the total payout ratio, as we have previously.

ROA and ROE



ROA = Net income / Total assets (average of positions at start and end of fiscal year)
ROE = Net income / Total equity (average of positions at start and end of fiscal year)

TEP

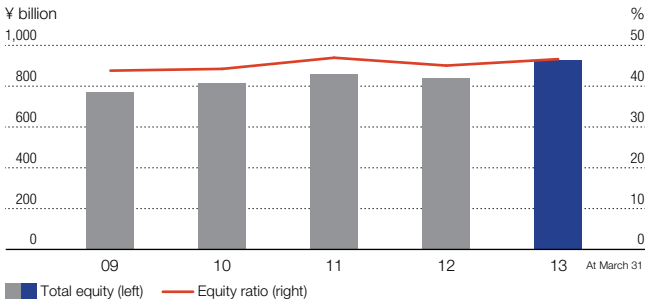


TEP = NOPAT – Cost of capital (Invested capital x WACC)
NOPAT: Net operating profit after tax prior to interest payments

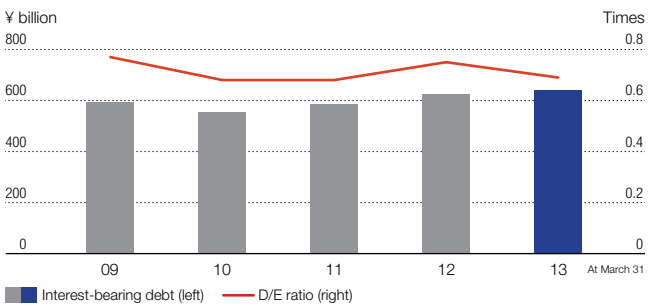
Credit Ratings As of March 31, 2013

Moody's	Aa3	High creditworthiness and very low credit risk to meet long-term obligations.
S&P	AA–	Very strong capacity to meet obligations. Difference from the highest rating, AAA, is small. (Plus and minus signs indicate relative standing within each rating category.)
R&I	AA+	Very high creditworthiness supported by some excellent factors.
JCR	AAA	The highest level of capacity of the obligor to honor its financial commitment on the obligation.

Total Equity and Equity Ratio



Interest-Bearing Debt and D/E Ratio



Shareholder Returns

In accordance with its financial policies, the Company targets a total payout ratio of approximately 60% each year up until fiscal 2020, which is to be accomplished by issuing shareholder returns through dividend payments and treasury stock acquisitions.

In fiscal 2012, one part of these efforts included raising dividend payments by ¥1 per share. This was done in consideration of income and expenditure trends as well as our desire to return the successes of management to our shareholders.

Going forward, we will refrain from lowering dividend payments while gradually increasing payments in line with income levels.

Forecasts for Fiscal 2013

Gas Sales Volume

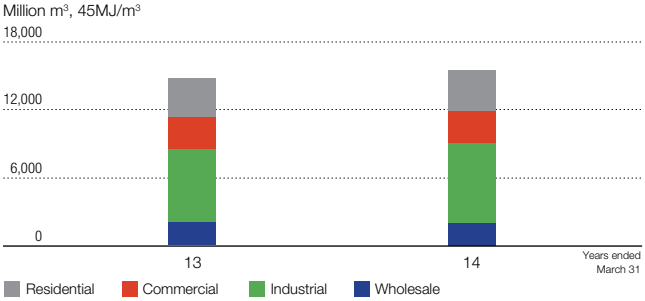
In fiscal 2013, consolidated gas sales volume is forecast to decline 609 million m^3, or 4.0%, to 14,781 million m^3. The primary factor behind this decline will be a decrease in gas sales volume of 969 million m^3 associated with the introduction of the tolling scheme at Ohgishima Power. When the tolling portion is included, gas sales volume is expected to total 16,273 million m^3, representing an increase of 287 million m^3, or 1.8%, from fiscal 2012's 15,986 million m^3. Sales volume forecasts by sector are described below.

In the residential sector, projected sales volume declines include 32 million m^3 resulting from temperature impacts and 37 million m^3 stemming from lower usage volume per customer household. However, an increase in the number of customer households in line with the solid pace of new installations will result in a 42 million m^3 increase in sales volumes. Regardless, overall gas sales volume will decrease 25 million m^3, or 0.7%.

We are forecasting a 37 million m^3, or 1.3%, year-on-year decline in the commercial sector, which will primarily result from temperature impacts.

In the industrial sector, we are expecting a 969 million m^3 decline accompanying the shift to tolling, but we are also forecasting a 309 million m^3 increase due to efforts to cultivate new demand in the Kashima area, making for an overall decrease of 619 million m^3, or 8.8%.

Consolidated Gas Sales Volume Forecasts by Sector



Income and Expenses

Our economic frame for calculating our forecasts assumes a crude oil price of $110 per barrel and an exchange rate of ¥100 to US$1.

Our full-year forecasts for fiscal 2013 project higher net sales and ordinary income, which will be largely due to improvements resulting from the slide time lag effect.

For net sales, we are forecasting a year-on-year increase of ¥200.4 billion, or 10.5%, to ¥2,116.0 billion. This includes an increase of ¥117.8 billion, or 8.4%, in city gas sales as a result of a rise in unit prices under the gas rate adjustment system stemming from higher crude oil prices. It also includes an increase of ¥19.4 billion, or 20.0%, in LNG sales.

Operating expenses are expected to rise ¥185.0 billion, or 10.5%, to ¥1,955.0 billion, in conjunction with an increase in material prices associated with yen depreciation.

As a result, we project operating income will increase ¥15.4 billion, or 10.6%, to ¥161.0 billion, and ordinary income will grow ¥7.6 billion, or 5.1%, to ¥155.0 billion.

However, net income will decrease ¥0.6 billion, or 0.7%, to ¥101.0 billion, due to the absence of extraordinary income of ¥3.4 billion associated with sale of stock in GAS MALAYSIA during fiscal 2012, etc.

Economic Frame Years ended March 31

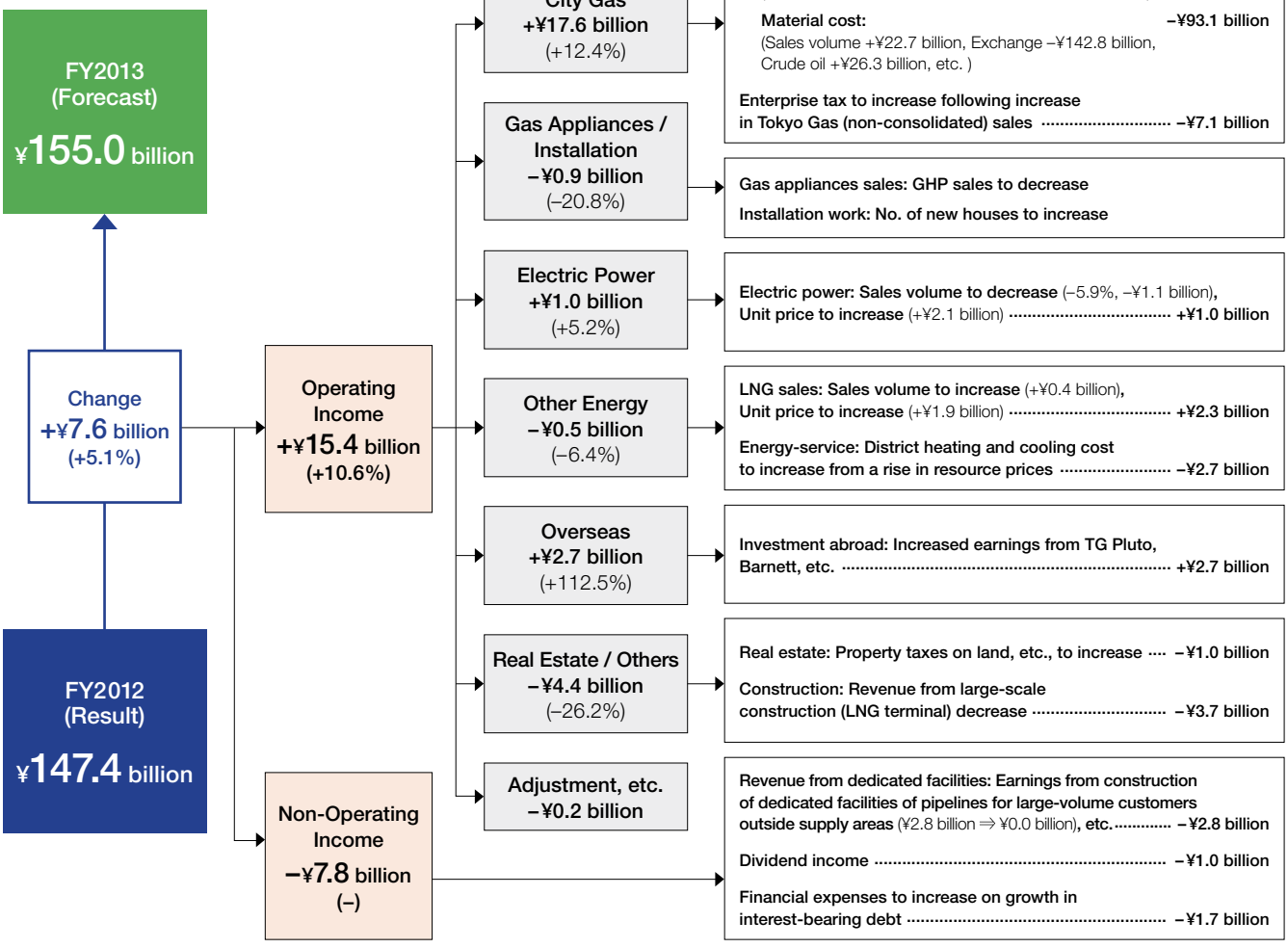
	JCC ($/bbl)	Exchange rate (¥/$)	Average temperature (°C)
2014	**110.0**	**100.0**	**16.5**
2013	113.9	82.9	16.7

Sensitivity to Price and Exchange Rate Fluctuations

An increase of US$1 to the barrel in the Japan Customs-cleared Crude price (JCC) is estimated to result in a decrease of ¥0.7 billion in gross profit on gas. Similarly, the impact of depreciation of ¥1 to US$1is estimated to be a ¥1.4 billion reduction in gross profit.

Ordinary Income for Fiscal 2013: Analysis of Factors (Year on Year)

Note: (+) & (–) refer to contributions to income



Operating Income by Segment

In the city gas segment, we are forecasting a ¥17.6 billion, or 12.4%, rise in operating income. This increase will be the result of an improvement of ¥30.5 billion from the slide time lag effect, which will offset decreases of ¥11.1 billion from lower sales volume and ¥7.1 billion from an increase in enterprise tax.

While sales volume in the electric power business declined 5.9% in fiscal 2012, we expect that sales prices will be high in fiscal 2013 due to the continuation of the tight supply and demand situation for electricity. As a result, operating income is expected to increase ¥1.0 billion, or 5.2%.

In the investment abroad business, we are forecasting a ¥2.7 billion, or 112.5%, increase in operating income due to the commencement of full-scale production at the Pluto LNG Project and earnings contributions from the Barnett basin project.

Forecast by Segment

Sales

¥ billion

Years ended March 31	2013	**2014**
City gas sales	1,401.9	**1,519.7**
Gas appliances and installation work	206.0	**209.0**
Other energies	336.6	**337.9**
(Electric power)	127.0	**126.4**
Real estate	30.2	**28.0**
Other	195.7	**188.8**
(Investment abroad)	12.4	**22.6**
Total	2,170.6	**2,283.4**
Adjustments	(255.0)	**(167.4)**
Consolidated	1,915.6	**2,116.0**

Sales figures for each segment include intersegment transactions.

Contribution to Operating Income

Years ended March 31	2013	**2014**	Change
City gas sales	74.1%	**77.0%**	+2.9 pts.
Gas appliances and installation work	2.3%	**1.7%**	−0.6 pts.
Other energies	13.6%	**12.9%**	−0.7 pts.
(Electric power)	10.0%	**9.7%**	−0.3 pts.
Real estate	2.9%	**2.2%**	−0.7 pts.
Other	7.1%	**6.2%**	−0.9 pts.
(Investment abroad)	1.3%	**2.5%**	+1.2 pts.

Uses of Cash Flows

On a non-consolidated basis, capital expenditures by Tokyo Gas Co., Ltd., will be ¥146.6 billion, whereas expenditures by consolidated subsidiaries will amount to ¥114.4 billion. As a result, total capital expenditures in fiscal 2013 will increase ¥74.3 billion year on year, or 40.4%, to ¥258.0 billion, after elimination or corporate. Expenditures by Tokyo Gas will include ¥96.6 billion for installing trunk lines and other distribution facilities and ¥28.1 billion for constructing production facilities, such as the Hitachi LNG Terminal. Approximately ¥68.3 billion of capital expenditures by subsidiaries will be directed toward upstream areas. At the same time, we will conduct investments and financing in overseas businesses totaling ¥20.0 billion.

Continuing from fiscal 2012, investment in fiscal 2013 will be directed toward infrastructure development centered on the northern Kanto region as well as investments overseas targeting the enhancement of the LNG value chain. Both of these represent goals defined in the “Challenge 2020 Vision.”

As the amount of these aggressive investments is expected to exceed the scope of on-hand capital, funds will be procured to cover deficiencies. As a result, interest-bearing debt is forecast to rise to ¥716.0 billion as of March 31, 2014, up ¥73.5 billion from ¥642.5 billion as of March 31, 2013.

Key Management Indicators

In fiscal 2013, ROA is expected to decline slightly, from fiscal 2012’s 5.3% to 4.9%. Likewise, ROE will show a slight decrease, from 11.5% to 10.7%. While financial leverage and the total asset turnover ratio will not change significantly between fiscal 2012 and fiscal 2013, the ratio of net income to net sales will decline to a limited extent, resulting in declines in the abovementioned margins. The decline in the ratio of net income to net sales will be the result of the absence of the temporary increase in non-operating income (revenue from the construction of dedicated facilities of pipelines for large-volume customers outside supply areas) and extraordinary income (sales of stock in GAS MALAYSIA) recorded in fiscal 2012. The ratio of operating income to net sales, however, will be unchanged.

The WACC in fiscal 2013 will be 3.2%, the same as in fiscal 2012, and TEP will show a small decline, from ¥59.8 billion to ¥57.5 billion. This decline will be the result of an increase in capital costs associated with the rise in invested capital that will be used for aggressive capital expenditures, effectively offsetting the projected increase in NOPAT.

The D/E ratio is projected to increase marginally, from 0.69 in fiscal 2012 to 0.74 in fiscal 2013. However, we will still meet the goal of 0.8 for this ratio described in the “Challenge 2020 Vision,” giving us some leeway in investment amounts.

In regard to shareholder returns, we will continue to issue stable dividend payments in fiscal 2013 while targeting a total payout ratio of approximately 60%.

Consolidated Balance Sheets March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars
Assets	2012	**2013**	**2013**
Noncurrent assets			
Property, plant and equipment			
Production facilities	¥ 171,318	**¥ 167,882**	**$ 1,767,179**
Distribution facilities	475,262	**466,227**	**4,907,653**
Service and maintenance facilities	62,740	**64,125**	**675,000**
Other facilities	304,245	**321,751**	**3,386,853**
Inactive facilities	316	**316**	**3,326**
Construction in progress	91,705	**119,699**	**1,259,989**
Total property, plant and equipment	1,105,587	**1,140,003**	**12,000,032**
Intangible assets			
Goodwill	741	**827**	**8,705**
Other	47,987	**64,055**	**674,263**
Total intangible assets	48,729	**64,882**	**682,968**
Investments and other assets			
Investment securities	131,305	**154,476**	**1,626,063**
Long-term loans receivable	24,164	**21,934**	**230,884**
Deferred tax assets	35,060	**31,531**	**331,905**
Other	28,926	**40,155**	**422,684**
Allowance for doubtful accounts	(750)	**(618)**	**(6,505)**
Total investments and other assets	218,706	**247,479**	**2,605,042**
Total noncurrent assets	1,373,023	**1,452,365**	**15,288,053**
Current assets			
Cash and deposits	80,149	**80,669**	**849,147**
Notes and accounts receivable-trade	211,969	**222,649**	**2,343,674**
Lease receivables and investment assets	27,751	**27,486**	**289,326**
Short-term investment securities	44,006	**64,009**	**673,779**
Merchandise and finished goods	3,538	**4,374**	**46,042**
Work in process	10,734	**10,718**	**112,821**
Raw materials and supplies	42,700	**67,179**	**707,147**
Deferred tax assets	12,499	**12,412**	**130,653**
Other	58,161	**51,183**	**538,768**
Allowance for doubtful accounts	(649)	**(644)**	**(6,779)**
Total current assets	490,861	**540,038**	**5,684,611**
Total assets	¥1,863,885	**¥1,992,403**	**$20,972,663**

* Equivalent U.S. dollar amounts are included for the convenience of readers outside Japan, and are converted at a rate of ¥95 per U.S. dollar, the prevailing exchange rate at the end of March 2013. These conversions should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

	Millions of yen		Thousands of U.S. dollars
Liabilities and net assets	2012	**2013**	**2013**
Noncurrent liabilities			
Bonds payable	¥ 331,493	**¥ 321,494**	**$ 3,384,147**
Long-term loans payable	231,520	**256,899**	**2,704,200**
Deferred tax liabilities	12,229	**12,601**	**132,642**
Provision for retirement benefits	85,578	**86,100**	**906,316**
Provision for gas holder repairs	3,268	**3,365**	**35,421**
Provision for safety measures	2,217	**2,384**	**25,095**
Asset retirement obligations	4,679	**6,009**	**63,253**
Other	24,931	**24,015**	**252,789**
Total noncurrent liabilities	695,920	**712,871**	**7,503,905**
Current liabilities			
Current portion of noncurrent liabilities	43,631	**46,752**	**492,126**
Notes and accounts payable-trade	92,660	**92,154**	**970,042**
Short-term loans payable	16,599	**15,036**	**158,274**
Income taxes payable	30,479	**44,433**	**467,716**
Deferred tax liabilities	6	**4**	**42**
Asset retirement obligations	199	**—**	**—**
Other	129,288	**134,638**	**1,417,242**
Total current liabilities	312,864	**333,019**	**3,505,463**
Total liabilities	1,008,785	**1,045,891**	**11,009,379**
Net assets			
Shareholders' equity			
Capital stock *1	141,844	**141,844**	**1,493,095**
Capital surplus	2,065	**2,065**	**21,737**
Retained earnings	706,620	**780,196**	**8,212,589**
Treasury stock *2	(2,196)	**(2,348)**	**(24,716)**
Total shareholders' equity	848,333	**921,757**	**9,702,705**
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	14,853	**21,218**	**223,347**
Deferred gains or losses on hedges	(1,370)	**(1,670)**	**(17,579)**
Foreign currency translation adjustment	(22,649)	**(13,671)**	**(143,905)**
Total valuation and translation adjustments	(9,166)	**5,877**	**61,863**
Minority interests	15,933	**18,877**	**198,705**
Total net assets	855,100	**946,511**	**9,963,274**
Total liabilities and net assets	¥1,863,885	**¥1,992,403**	**$20,972,663**

*1 Capital stock
Common stock
Authorized: 6,500,000,000 shares
Issued: 2,577,919,295 shares as of March 31, 2013 / 2,590,715,295 shares as of March 31, 2012
*2 Treasury stock: 6,123,070 shares as of March 31, 2013 / 6,005,359 shares as of March 31, 2012

Consolidated Statements of Income

Years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Net sales	¥1,754,257	**¥1,915,639**	**$20,164,621**
Cost of sales	1,215,427	**1,311,488**	**13,805,137**
Gross profit	538,829	**604,150**	**6,359,474**
Selling, general and administrative expenses			
Supply and sales expenses	393,689	**389,787**	**4,103,021**
General and administrative expenses	68,064	**68,730**	**723,474**
Total selling, general and administrative expenses	461,754	**458,517**	**4,826,495**
Operating income	77,075	**145,633**	**1,532,979**
Non-operating income			
Interest income	1,368	**1,676**	**17,642**
Dividends income	1,798	**2,447**	**25,758**
Equity in earnings of affiliates	4,989	**3,091**	**32,537**
Revenue from dedicated equipment	162	**2,839**	**29,884**
Miscellaneous income	7,249	**9,366**	**98,589**
Total non-operating income	15,568	**19,420**	**204,421**
Non-operating expenses			
Interest expenses	10,184	**11,366**	**119,642**
Adjustment of charges for constraction of distribution facilities	2,567	**2,348**	**24,716**
Miscellaneous expenses	4,272	**3,886**	**40,905**
Total non-operating expenses	17,023	**17,601**	**185,274**
Ordinary income	75,620	**147,453**	**1,552,137**
Extraordinary income			
Gain on sales of noncurrent assets	3,010	**—**	**—**
Gain on sales of investment securities	—	**1,020**	**10,737**
Gain on sales of subsidiaries and affiliates' stocks	—	**3,490**	**36,737**
Total extraordinary income	3,010	**4,510**	**47,474**
Extraordinary loss			
Impairment loss	1,143	**1,518**	**15,979**
Loss on reduction of noncurrent assets	2,833	**—**	**—**
Total extraordinary losses	3,977	**1,518**	**15,979**
Income before income taxes	74,654	**150,445**	**1,583,632**
Income taxes-current	22,704	**44,392**	**467,284**
Income taxes-deferred	4,620	**2,122**	**22,337**
Total income taxes	27,324	**46,514**	**489,621**
Income before minority interests	47,329	**103,930**	**1,094,000**
Minority interests in income	1,268	**2,252**	**23,705**
Net income	¥ 46,060	**¥ 101,678**	**$ 1,070,295**

	Yen		U.S. dollars
	2012	2013	2013
Amounts per share of common stock			
Net income	¥17.70	**¥39.52**	**$0.42**
Cash dividends applicable to the year	9.00	**10.00**	**0.11**

* Equivalent U.S. dollar amounts are included for the convenience of readers outside Japan, and are converted at a rate of ¥95 per U.S. dollar, the prevailing exchange rate at the end of March 2013. These conversions should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

Consolidated Statements of Changes in Net Assets

Years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars
	2012	**2013**	**2013**
Shareholders' equity			
Capital stock			
Balance at the beginning of current period	¥141,844	**¥141,844**	**$1,493,095**
Changes of items during the period			
Total changes of items during the period	—	**—**	**—**
Balance at the end of current period	141,844	**141,844**	**1,493,095**
Capital surplus			
Balance at the beginning of current period	2,065	**2,065**	**21,737**
Changes of items during the period			
Total changes of items during the period	—	**—**	**—**
Balance at the end of current period	2,065	**2,065**	**21,737**
Retained earnings			
Balance at the beginning of current period	718,439	**706,620**	**7,438,105**
Changes of items during the period			
Dividends from surplus	(23,683)	**(23,204)**	**(244,253)**
Net income	46,060	**101,678**	**1,070,295**
Retirement of treasury stock	(34,196)	**(4,897)**	**(51,547)**
Total changes of items during the period	(11,819)	**73,575**	**774,474**
Balance at the end of current period	706,620	**780,196**	**8,212,589**
Treasury stock			
Balance at the beginning of current period	(2,355)	**(2,196)**	**(23,116)**
Changes of items during the period			
Purchase of treasury stock	(34,046)	**(5,053)**	**(53,189)**
Disposal of treasury stock	8	**3**	**32**
Retirement of treasury stock	34,196	**4,897**	**51,547**
Total changes of items during the period	158	**(151)**	**(1,589)**
Balance at the end of current period	(2,196)	**(2,348)**	**(24,716)**
Total shareholders' equity			
Balance at the beginning of current period	859,994	**848,333**	**8,929,821**
Changes of items during the period			
Dividends from surplus	(23,683)	**(23,204)**	**(244,253)**
Net income	46,060	**101,678**	**1,070,295**
Purchase of treasury stock	(34,046)	**(5,053)**	**(53,189)**
Disposal of treasury stock	8	**4**	**42**
Total changes of items during the period	(11,661)	**73,424**	**772,884**
Balance at the end of current period	848,333	**921,757**	**9,702,705**
Valuation and translation adjustments			
Valuation difference on available-for-sale securities			
Balance at the beginning of current period	14,788	**14,853**	**156,347**
Changes of items during the period			
Net changes of items other than shareholders' equity	64	**6,365**	**67,000**
Total changes of items during the period	64	**6,365**	**67,000**
Balance at the end of current period	14,853	**21,218**	**223,347**
Deferred gains or losses on hedges			
Balance at the beginning of current period	1,145	**(1,370)**	**(14,421)**
Changes of items during the period			
Net changes of items other than shareholders' equity	(2,516)	**(299)**	**(3,147)**
Total changes of items during the period	(2,516)	**(299)**	**(3,147)**
Balance at the end of current period	(1,370)	**(1,670)**	**(17,579)**
Foreign currency translation adjustment			
Balance at the beginning of current period	(17,008)	**(22,649)**	**(238,411)**
Changes of items during the period			
Net changes of items other than shareholders' equity	(5,640)	**8,978**	**94,505**
Total changes of items during the period	(5,640)	**8,978**	**94,505**
Balance at the end of current period	(22,649)	**(13,671)**	**(143,905)**
Total valuation and translation adjustments			
Balance at the beginning of current period	(1,073)	**(9,166)**	**(96,484)**
Changes of items during the period			
Net changes of items other than shareholders' equity	(8,092)	**15,043**	**158,347**
Total changes of items during the period	(8,092)	**15,043**	**158,347**
Balance at the end of current period	(9,166)	**5,877**	**61,863**
Minority interests			
Balance at the beginning of current period	15,174	**15,933**	**167,716**
Changes of items during the period			
Net changes of items other than shareholders' equity	759	**2,943**	**30,979**
Total changes of items during the period	759	**2,943**	**30,979**
Balance at the end of current period	15,933	**18,877**	**198,705**
Total net assets			
Balance at the beginning of current period	874,094	**855,100**	**9,001,053**
Changes of items during the period			
Dividends from surplus	(23,683)	**(23,204)**	**(244,253)**
Net income	46,060	**101,678**	**1,070,295**
Purchase of treasury stock	(34,046)	**(5,053)**	**(53,189)**
Disposal of treasury stock	8	**4**	**42**
Net changes of items other than shareholders' equity	(7,333)	**17,987**	**189,337**
Total changes of items during the period	(18,994)	**91,411**	**962,221**
Balance at the end of current period	¥855,100	**¥946,511**	**$9,963,274**

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Consolidated Statements of Cash Flows

Years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Net cash provided by (used in) operating activities			
Income before income taxes	¥ 74,654	**¥ 150,445**	**$ 1,583,632**
Depreciation and amortization	144,438	**135,015**	**1,421,211**
Impairment loss	1,143	**1,518**	**15,979**
Amortization of long-term prepaid expenses	4,067	**3,755**	**39,526**
Loss on retirement of property, plant and equipment	2,917	**2,079**	**21,884**
Loss (gain) on sales of investment securities	(25)	**(1,020)**	**(10,737)**
Loss (gain) on sales of stocks of subsidiaries and affiliates	—	**(3,490)**	**(36,737)**
Decrease (increase) in prepaid pension costs	(9)	**(11,395)**	**(119,947)**
Interest and dividends income	(3,166)	**(4,124)**	**(43,411)**
Interest expenses	10,184	**11,366**	**119,642**
Equity in (earnings) losses of affiliates	(4,989)	**(3,091)**	**(32,537)**
Decrease (increase) in notes and accounts receivable-trade	(52,333)	**(11,305)**	**(119,000)**
Decrease (increase) in inventories	(7,960)	**(25,238)**	**(265,663)**
Increase (decrease) in notes and accounts payable-trade	21,887	**(2,373)**	**(24,979)**
Increase (decrease) in accrued consumption taxes	1,111	**4,424**	**46,568**
Other, net	(12,157)	**2,193**	**23,084**
Subtotal	179,759	**248,758**	**2,618,505**
Interest and dividends income received	10,140	**7,815**	**82,263**
Interest expenses paid	(10,217)	**(11,213)**	**(118,032)**
Income taxes paid	(29,864)	**(28,162)**	**(296,442)**
Net cash provided by (used in) operating activities	149,818	**217,197**	**2,286,284**
Net cash provided by (used in) investment activities			
Purchase of investment securities	(1,133)	**(8,287)**	**(87,232)**
Purchase of property, plant and equipment	(124,063)	**(153,687)**	**(1,617,758)**
Purchase of intangible assets	(16,323)	**(22,634)**	**(238,253)**
Proceeds from sales of long-term investment securities	777	**1,487**	**15,653**
Purchase of long-term prepaid expenses	(1,354)	**(2,323)**	**(24,453)**
Proceeds from sales of stocks of subsidiaries and affiliates	—	**5,066**	**53,326**
Payments of long-term loans receivable	(7,053)	**(6,732)**	**(70,863)**
Collection of long-term loans receivable	1,710	**9,736**	**102,484**
Other, net	45,630	**(400)**	**(4,211)**
Net cash provided by (used in) investment activities	(101,810)	**(177,775)**	**(1,871,316)**
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	(1,225)	**(1,562)**	**(16,442)**
Proceeds from long-term loans payable	68,258	**33,019**	**347,568**
Repayment of long-term loans payable	(19,555)	**(24,218)**	**(254,926)**
Proceeds from issuance of bonds	40,000	**20,000**	**210,526**
Redemption of bonds	(30,000)	**(20,000)**	**(210,526)**
Purchase of treasury stock	(34,046)	**(5,053)**	**(53,189)**
Cash dividends paid	(23,671)	**(23,204)**	**(244,253)**
Cash dividends paid to minority shareholders	(509)	**(1,386)**	**(14,589)**
Other, net	(15,703)	**(805)**	**(8,474)**
Net cash provided by (used in) financing activities	(16,454)	**(23,212)**	**(244,337)**
Effect of exchange rate change on cash and cash equivalents	(1,518)	**5,481**	**57,695**
Net increase (decrease) in cash and cash equivalents	30,034	**21,691**	**228,326**
Cash and cash equivalents at beginning of period	92,048	**122,083**	**1,285,084**
Increase in cash and cash equivalents resulting from merger	—	**508**	**5,347**
Cash and cash equivalents at end of period	¥122,083	**¥ 144,283**	**$ 1,518,768**

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Consolidated Subsidiaries and Equity-Method Affiliates As of March 31, 2013

Main Consolidated Subsidiaries

Company	Business	Capital (¥ million)	Equity owned by Tokyo Gas (%)	FY2012 Net sales (¥ million) [% of outside sales]		Operating income (¥ million)
Tokyo Gas Urban Development Co., Ltd.	Real estate leasing	11,867	100.0	30,103	[33.6]	4,503
Ohgishima Power Co., Ltd.	Generation and supply of electricity	5,350	75.0	61,868	[25.1]	701
Nagano Toshi Gas Co., Ltd.	City gas business in Nagano Prefecture	3,800	89.2	14,177	[100.0]	855
Energy Advance Co., Ltd.	Energy service, district heating and cooling, cogeneration orders, and maintenance	3,000	100.0	73,486	[94.9]	2,845
Gastar Co., Ltd.	Production, sales, and maintenance of gas appliances	2,450	66.7	32,115	[44.7]	2,084
Tokyo LNG Tanker Co., Ltd.	Sea transport of LNG and LNG carrier leasing	1,200	100.0	21,771	[31.7]	4,112
Tokyo Gas Energy Co., Ltd.	Sales of liquefied petroleum gas (LPG)	1,000	66.6	36,836	[79.5]	395
Capty Co., Ltd.	Installation of gas supply lines, water supply and drainage lines, air conditioning systems, new construction, and construction of gas mains and service lines	1,000	100.0	55,714	[36.9]	809
Tokyo Gas Chemicals Co., Ltd.	Sales of gas for industry and chemicals and development of LNG cryogenic utilization technology	1,000	100.0	18,847	[75.0]	528
Chiba Gas Co., Ltd.	Supply of city gas to Yachiyo City, Narita City, and surrounding cities	480	100.0	18,897	[96.2]	1,037
TG Information Network Co., Ltd.	Information processing services, software development, and sales of computer equipment, etc.	400	100.0	20,810	[3.1]	529
Tokyo Gas Engineering Co., Ltd.	Comprehensive engineering services with a particular focus on energy-related work	100	100.0	62,074	[74.2]	4,607
Nijio Co., Ltd.	Procurement and sales of natural gas and electricity	47	100.0	89,421	[0.0]	7,127

Number of consolidated subsidiaries: 66 (As of March 31, 2013)

Other Subsidiaries

TOKYO GAS AUSTRALIA PTY LTD, Tokyo Gas International Holdings B.V., Tokyo Gas Toyosu Development Co., Ltd., Tokyo Gas Bajio B.V., TOKYO GAS DARWIN LNG PTY LTD, Park Tower Hotel Co., Ltd., Tokyo Gas Shale Investment Ltd., Tokyo Gas Yokosuka Power Co., Ltd., Tachikawa Tosh-Center Co., Ltd., Tokyo Gas Lease Co., Ltd., Tokyo Gas Baypower Co., Ltd., Tokyo Gas-Mitsui & Co. Holdings Sdn. Bhd., Tokyo Gas Yamanashi Co., Ltd., Tokyo Oxygen and Nitrogen Co., Ltd., Tokyo Gas Lifeval Chiba Co., Ltd., Tsukuba Gakuen Gas Co., Ltd., Tokyo Carbonic Co., Ltd., TOKYO GAS QCLNG PTY LTD, TOKYO GAS PLUTO PTY LTD, Tokyo Gas Lifeval Sagamihara Co., Ltd., TOKYO GAS GORGON PTY LTD, TOKYO GAS ICHTHYS PTY LTD, Japan Super Freeze Co., Ltd., Miho Gas Co., Ltd., Tokyo Gas Telemarketing Co., Ltd., Tokyo Gas LPG Terminal Co., Ltd., Shoei Gas Co., Ltd., Kawasaki Gas Pipeline Co., Ltd., Tokyo Gas Chemicals Sales, Inc., Tokyo Gas Auto Service Co., Ltd., Living Design Center Co., Ltd., Tokyo Gas Remodeling Co., Ltd., Tokyo Gas Lifeval Minami-Tama Co., Ltd., TOKYO GAS ICHTHYS F&E PTY LTD, Washinomiya Gas Co., Ltd., Urban Communications, Inc., Tochigi Gas Co., Ltd., Capty Tech Co., Ltd., Tokyo Gas Pipeline Co., Ltd., Tokyo Gas Facility Service Co., Ltd., Tokyo Gas Lifeval Minami-Setagaya Co., Ltd., Tosetz Co., Ltd., Tokyo Kiko Co., Ltd., Enelife Carrier Co., Ltd., Tokyo Gas Lifeval Kazusa Co., Ltd., Tokyo Auto Gas Co., Ltd., Showa Unyu Co., Ltd., Tokyo Rare Gases Co., Ltd., TGE (Shanghai) LNG Engineering CO., LTD., Capty-Livelic Co., Ltd., TG Europower B.V., Tokyo Gas America Ltd., TG PLUS Co., Ltd.

Equity-Method Affiliates

TOKYO TIMOR SEA RESOURCES INC.
GAS MALAYSIA SDN. BHD.
East Japan Housing Evaluation Center Co., Ltd.
Bajio Generating VOF
MT Falcon Holdings Company, S.A.P.I. de C.V.
T-Power NV

TOKYO GAS

For inquiries regarding planning and editing of this report:
Investor Relations Sect., Finance Dept.,
Tokyo Gas Co., Ltd.
1-5-20 Kaigan, Minato-ku, Tokyo 105-8527, Japan
TEL: +81-3-5400-3888
FAX: +81-3-5472-3849
E-mail: tgir@tokyo-gas.co.jp
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VEGETABLE OIL INK

eco-life

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