

OVERSEAS BUSINESS

Outline and Strength

The Tokyo Gas Group is participating in seven upstream projects and four midstream and downstream projects with, investing approximately ¥265 billion (as of March 2016). The upstream business is to secure new sources of revenue through business investment, and at the same time enable a higher level of stability of Group revenues against fluctuations in raw material prices, and improving our ability to collect valuable information concerning raw material procurement. The midstream to downstream business is where our know-how in the domestic business can be utilized and stable income flows can be expected.

In implementing the Challenge 2020 Vision, we intend to expand the overseas business and make it become another major earnings source of the group. Looking ahead, from a perspective of efficient allocation of managerial resources, we intend to more deliberately concentrate on certain areas and businesses. Specifically, we will focus on participating in direct operation of LNG and natural gas businesses in North America and Southeast Asia. Through these operations, we plan to use our Group's accumulated experience and know-how, acquire new insights, and expand business.



Accelerating global development

The Tokyo Gas Group has been accelerating its global business development to add overseas business to our earnings pillars. Our specific strategy is to develop natural gas-related business, in which our experience and know-how in the gas and electric power business in Japan can be

utilized. For more efficient use of resources, we will also concentrate managerial resources in North America and Southeast Asia where demand for natural gas is increasing and ample entry opportunities tend to be available.



Upstream	Operation and management of existing projects; exploration of new projects	–	Operation and management of existing projects
Midstream and downstream	Gas-fired thermal power generation; gas and electricity supply	LNG terminal; gas-fired thermal power generation; gas supply; energy service	–

The Gorgon Project is a joint venture between the Australian subsidiaries of Chevron (47.3%), ExxonMobil (25%), Shell (25%), Osaka Gas (1.25%), Tokyo Gas (1%) and Chubu Electric Power (0.417%).

Forming an LNG Value Chain

North America

We are focusing on the upstream, gas-fired thermal power generation, and gas and electricity supply in North America. We envision forming a North America LNG value chain, in which synergies can be generated among businesses, such as by stably supplying gas from one of our upstream projects to our operations in gas-fired thermal power generation and gas supply.

Upstream Business By monitoring the commodity price trends and carefully ascertaining the productivity and reserves of gas fields, we will form appropriate alliances with experienced operators and invest in prime assets. In addition to investments in the shale gas development projects in Cordova, Canada and Barnett, Texas, U.S.A. and we acquired rights in the Eagle Ford shale gas development project in Texas in June 2016.

Project Name (Shale gas development)	Start of Participation	Tokyo Gas Interest (Equity Stake)
Canada Cordova	May. 2011	3.75%
U.S. Barnett	Mar. 2013	25%
U.S. Eagle Ford	Jun. 2016	25%

Midstream- and Downstream Business When planning gas-fired power generation we will continue to use well-defined criteria to select projects in which to participate, giving due consideration to demand and supply of electricity, competition with other power sources, regulations and business environment by each regional government. In gas supply business, we seek to participate in business, in which we can leverage our Group's strength, such as demand development, in the deregulated market.

Southeast Asia

Midstream- and Downstream Business By building a relationship with local governments and through alliances with local companies, we intend to increase our participation in midstream- and downstream businesses. Particularly in Indonesia, Thailand, and Vietnam, we seek to participate in LNG terminal, gas-fired thermal power generation, gas supply, and energy service businesses, leveraging our Group's know-how. Our ultimate target is to form a Southeast Asia LNG value chain.

Bases in Southeast Asia



Focus on operation and management of existing projects

Australia

Upstream Business Due to the start-up of the Gorgon Project in fiscal 2015, four LNG projects that we have invested in, in Australia, are in operation today, while the Ichthys

Project is still in preparation. We will continue to focus on operation and management of those projects.

Project	LNG Production Capacity (Million tons/year)	Start of Participation	Tokyo Gas Interest (Equity Stake)	Start of Production (Operation)
Darwin	3.0	2003	3.07%	Jan. 2006
Pluto	4.7	2008	5.00%	Apr. 2012
Gorgon	15.6	2009	1.00%	Mar. 2016
Queensland Curtis	8.5	2011	1.25% (Gas field) / 2.50% (No. 2 Liquefaction Plant)	Dec. 2014
Ichthys	8.9	2012	1.575%	2017 (Plan)