

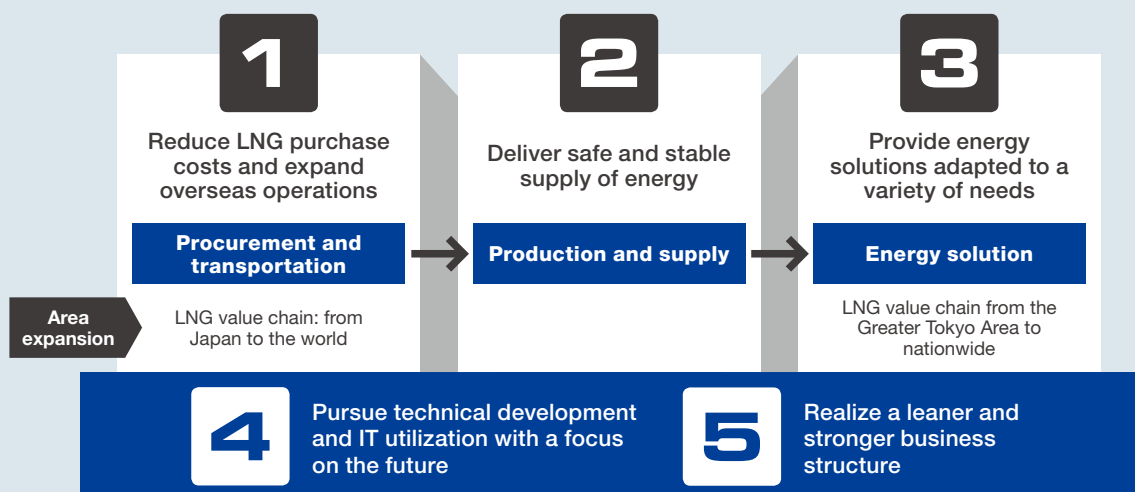
Toward Achieving the Challenge 2020 Vision

In November 2011, we released “The Tokyo Gas Group’s Vision for Energy and the Future: Challenge 2020 Vision” as a guideline to lead us to what we aim to be up to 2020. It was based on extensive internal discussions about the role of an energy company in society that can enable it to realize a prosperous, fulfilling way of life for people, contribute to the competitiveness of domestic industries, and be friendly toward the environment.

Gist of Challenge 2020 Vision

We will develop and expand our business structure and base, in order to enhance the value of our LNG value chain, return profits to customers and shareholders, and contribute to society.

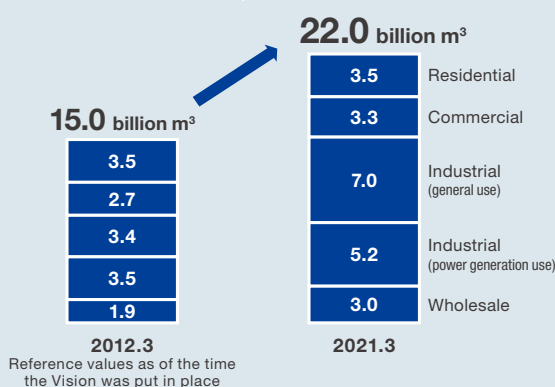
Five action plans to advance the LNG value chain



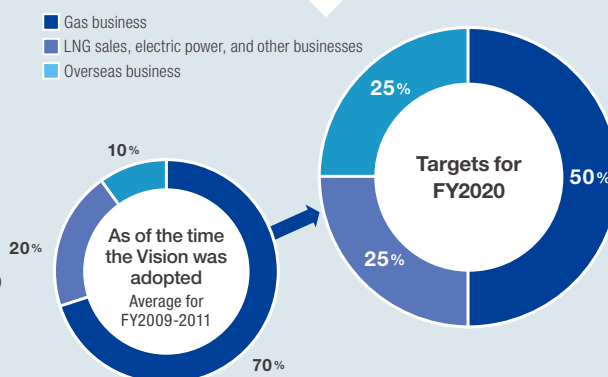
Toward becoming the “total energy corporate group” and the “global corporate group”

Tokyo Gas will make further progress in its core city gas business and develop the electric power, engineering, wide-area gas supply, and other businesses into new sources of strength whereby to make being the “total energy corporate group” a reality. At the same time, we will maintain our business base in the Greater Tokyo Area and develop business across Japan and overseas, aiming to become a “global corporate group” with about a quarter of earnings to be generated from overseas businesses in fiscal 2020.

Challenge Performance Indicators of Gas Supply Volumes by Application

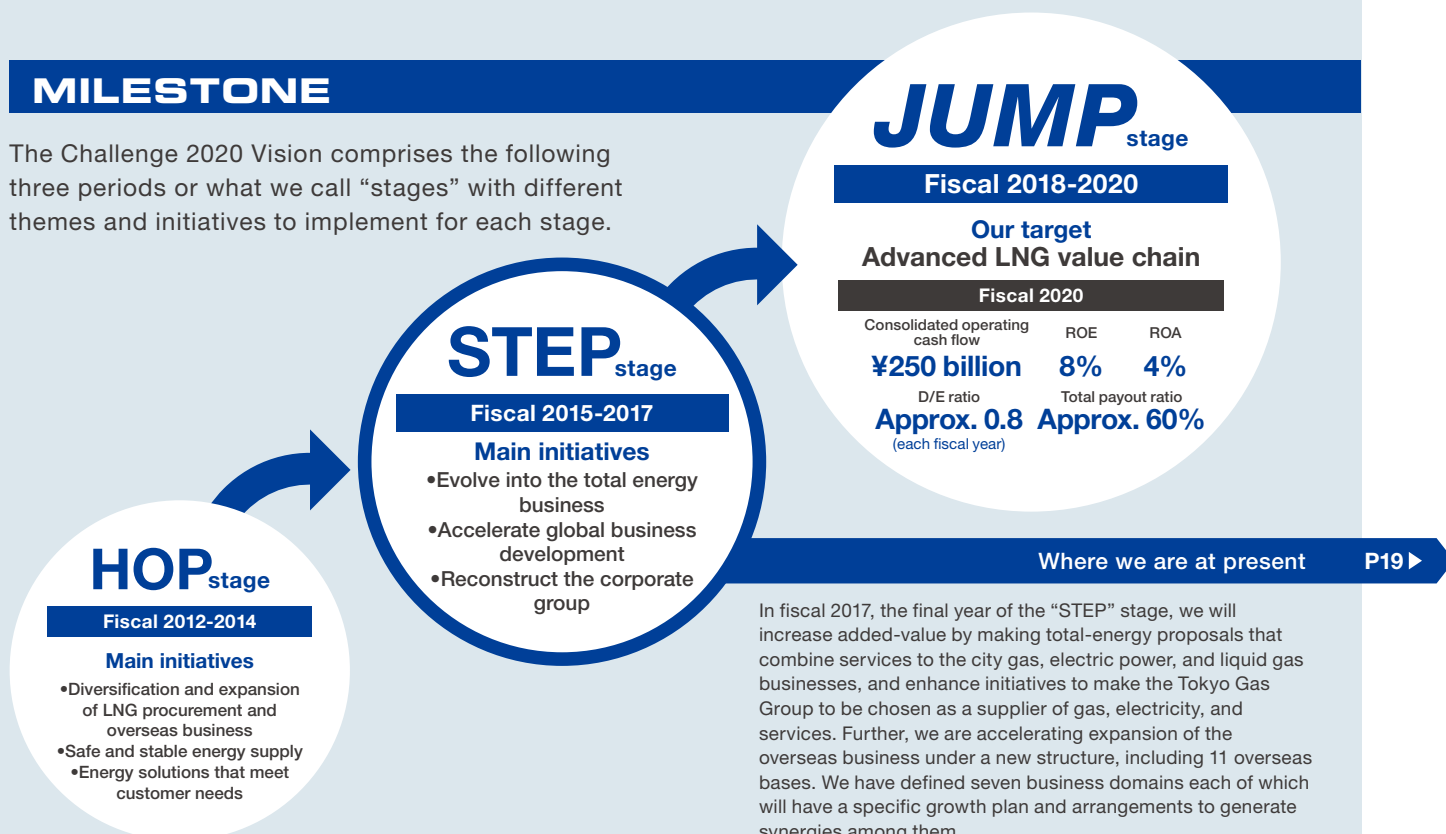


Business Structure (Consolidated Net Income Ratio by Business)



MILESTONE

The Challenge 2020 Vision comprises the following three periods or what we call “stages” with different themes and initiatives to implement for each stage.



Where we are at present

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In fiscal 2017, the final year of the “STEP” stage, we will increase added-value by making total-energy proposals that combine services to the city gas, electric power, and liquid gas businesses, and enhance initiatives to make the Tokyo Gas Group to be chosen as a supplier of gas, electricity, and services. Further, we are accelerating expansion of the overseas business under a new structure, including 11 overseas bases. We have defined seven business domains each of which will have a specific growth plan and arrangements to generate synergies among them.



What we will do

Regarding the specific business strategies for the seven business domains we have identified, we will adjust conditions in our corporate groups to facilitate growth and expansion, and generate synergies. This means we will seek to deliver more added-value to customers. We will also strive to strengthen our foundations to support business growth.

Business domains' specific business strategies

City gas business	Electric power business	Liquid gas business	Overseas business
Enhancing alliances in LNG procurement and for terminals; increasing use of gas and securing its stable supply under the newly deregulated conditions	Expanding power sources Stable low-cost supply One million low-voltage retail customers	LPG sales via enhanced alliances	Business expansion in North America and Asia, with opening of new bases and increasing manpower Enhancing risk governance
Living service business	Engineering service business	Urban development service business	
Creating added-value for customers	Expansion of business area and domain Enhancing engineering solutions	Effective use and management of real estate Growth strategy planning	

Evolving into the total energy business

Accelerating global business development

Strengthening of foundations

Digitalization strategy	Environmental (low-carbon) strategy	Workflow and workstyle reform
Promotion of digitalization; enhancing IT infrastructure	Research and development and strategy planning, assuming progress toward a low-carbon society	Drastic innovations in work, business structure, and workstyle



Engineering service business

Expanding business area and domain in engineering services that match the needs of customers



Liquid gas business

LPG business: Raising logistics efficiency and enhancing safety level and customer service via alliances with various players

Industrial gas business: Enhancing one-stop solutions, by combining LNG, engineering services, and other services

CHALLENGE 2020 VISION



City gas business

Aiming at enhancing alliances in material procurement, LNG terminals, and power stations and at achieving both stable supply of energy and competitive resource prices

Securing transparency, neutrality, and fairness as a new gas pipeline operator, and striving for safety, stable supply, and promotion of use



Electric power business

Realizing stable low-cost electric power procurement and sales expansion through the procurement and sales optimization, in order to be able to service about a million customers



Living service business

In addition to the energy business in the residential market, expanding new values and services that help make customers' life more comfortable



City gas, Electric power, Living service

Group-wide efforts to deliver proposals for a more comfortable life to residential customers, offering comprehensive choices in gas, electric power, and services

Alliances with gas wholesale operators in providing gas, electric power, and services. Expanding electric power sales via business alliances in low-voltage power with gas wholesale operators and others; establishing arrangements for alliances in gas, electric power, and services



City gas, Electric power, Engineering service

Providing gas, electric power, and services to commercial and industrial customers. Promoting energy solution proposals that meet customers' needs, not limited to the gas supply area of Tokyo Gas, for raising convenience and amenity of customers' business operations



Urban development service (real estate) business

Contributing to community-based energy plans and disaster-resilient urban planning through effective use and management of real estate, and cooperating with strong players in the real estate industry, with an aim of profit growth



Overseas business

Participating in new projects, mainly in North America and Southeast Asia, and studying business expansion in new areas by leveraging the existing overseas bases and staff and aiming for higher and more stable profit

Enhancing risk management by using past experiences and raising added-value of business, as risk will be diversified and increased, in line with acceleration of expansion in area served and lines of business

Initiatives toward strengthening business foundations

Digitalization strategy;
Environmental (low-carbon) strategy;
Workflow and workstyle reform