

Results Briefing for the Fiscal Year Ended March 2015
Q&A Highlights

Q1: How do you perform quantitative analysis on opportunities to acquire new customers capitalizing on the ongoing electric power deregulation as well as risks to lose customers due to the ongoing gas deregulation?

A1: Since it is the first attempt to liberalize electricity and gas market in Japan, it is difficult to perform quantitative analysis on this subject at this present. However, we are fully aware that Tokyo Gas the Company is expected by the stakeholders and the society to fulfill its roles. In fact, we acknowledge the responsibilities placed on us. Last year, Tokyo Gas set a goal to achieve approximately 10% of the retail electricity market in the Tokyo metropolitan area in fiscal 2020. However, we now recognize that a high hurdle exists in reaching the goal.

Given that Tokyo Gas Group has strength in owning LIFEVAL, a gas sales channel, we aim to achieve electricity customers from the second half of FY2015, leveraging LIFEVAL highly trusted by customers.

We think that it is unavoidable that the ongoing gas liberalization could deprive us from the existing demands to some extent. However, we are committed to retaining existing customers. In fact, we have strong trustful relations with customers. Therefore, we do not believe that we will suffer material loss of existing business relations.

Q2: With regard to electric power business, what is the reason for your forecast for a year-on-year decrease in income of 16.9 billion yen for FY2015?

A2: This is primarily because we anticipate that power supply and demand would be relaxed. This could directly drop unit sales prices and also bring about a decrease in sales volume. Also, in preparation for the scheduled power liberalization in 2016, we will also invest in expenditure for new entry.

Q3: With regard to overseas business, what is the reason for your forecast for a year-on-year decrease in income of 10.3 billion yen for FY2015?

A3: Please allow us to refrain from mentioning about the projects specifically. However, we can only mention that a slump in crude oil prices has significant impact on profitability of overseas upstream projects.

We are very sorry to all of our shareholders for having posted impairment loss in amount of 30 billion yen, as we announced the other day. Utilizing the lessons learned from the experience, we will commit ourselves to actively promote overseas investment in the future.

Q4: Amid significant changes in business environments surrounding Tokyo Gas Group, e.g. the Gas Market Reform in Japan, do Gas Market Reform, do you have intention to change the current policy of maintaining a total payout ratio of roughly 60% each year?

A4: Unless there are any significant changes in the current market and business environments surrounding Tokyo Gas Group, we will maintain a total payout ratio of roughly 60% each year.

However, amid the deregulation, we will explore how to achieve a balance among the stakeholders and how to return value to shareholders.

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