

January 29, 2016

1. FY2015 3Q Consolidated Financial Results

ended December 31, 2015



FY2015 3Q Consolidated Financial Results (Apr. 1, 2015 – Dec. 31, 2015) <vs. FY2014 3Q>



Highlights: Sales decreased, profit increased

(+ - , +/- indicates profit impact, billion yen)

Net sales	-240.2	-	City gas (-201.5: Decrease in unit prices from resource cost adjustments -198.3, decrease in sales volume -3.2)
		-	Other energy (-45.8: Decrease in electricity sales from decreased sales volume and lower unit prices, etc.)
Operating expenses	+311.9	+	City gas resource costs (+261.9: Decrease in unit prices from economic framework assumptions, etc. +255.3, decrease in sales volume +6.6)
		+	Other energy (+51.0: Decrease in cost of fuel from decreased electricity sales volume and lower unit prices, etc.)
Operating income	+71.7	+	City gas (+68.8: Gas gross margin +60.4 (incl. slide +55.1))
		+	Other energy (+5.3: LNG sales +8.2, electricity -5.9, etc.)
		+	Gas appliances/Installation (+5.0: Provisions for ENE-FARM maintenance expenses made in FY2014 3Q, etc.)
		-	Others (-4.9: Overseas -6.1, etc.)
Extraordinary Income/loss	-28.3	-	Impairment loss -18.6: (FY2015 3Q) -19.1 (Barnett -10.6, QCLNG -8.4, etc.) ←(FY2014 3Q) -0.5 Gain on sales of non-current assets -5.4 (FY2015 3Q 0.0 ← FY2014 3Q 5.4) Gain on sales of investment securities -4.8 (FY2015 3Q 0.0 ← FY2014 3Q 4.8), etc

(Unit: billion yen)

	2015 3Q results	2014 3Q Results	Change	%
Gas sales volume (mil. m ³ , 45MJ)	10,833	10,850	-17	-0.2%
Net sales	1,339.9	1,580.1	-240.2	-15.2%
Operating expenses	1,211.4	1,523.3	-311.9	-20.5%
Operating income	128.4	56.7	+71.7	+126.3%
Ordinary income — (a)	125.3	51.4	+73.9	+143.6%
Profit attributable to owners of parent*	78.9	37.7	+41.2	+108.8%

* Changed from "Net income" from FY2015

Temperature effect — (b)	-9.1	-3.7	-5.4	—
Sliding time lag effect — (c)	50.6	-4.5	+55.1	—
Depreciation of pension actuarial differences — (d)	-1.7	2.2	-3.9	—
Adjusted ordinary income — (a) - ((b)+(c)+(d))	85.5	57.4	+28.1	+49.0%

Economic frame	Exchange rate (¥/\$)	JCC (\$/bbl)	Avg. temperature (°C)
FY2015 3Q	121.74	54.59	19.6
FY2014 3Q	106.73 <+15.01>	102.51 <-47.92>	19.3 <+0.3>

<Figures in brackets are year-on-year increase/decrease>

Pension asset	Investment yield (cost deducted)	Year-end assets (billion yen)
FY2015 3Q cumulative	0.51%	276.0

Expected rate of return: 2%

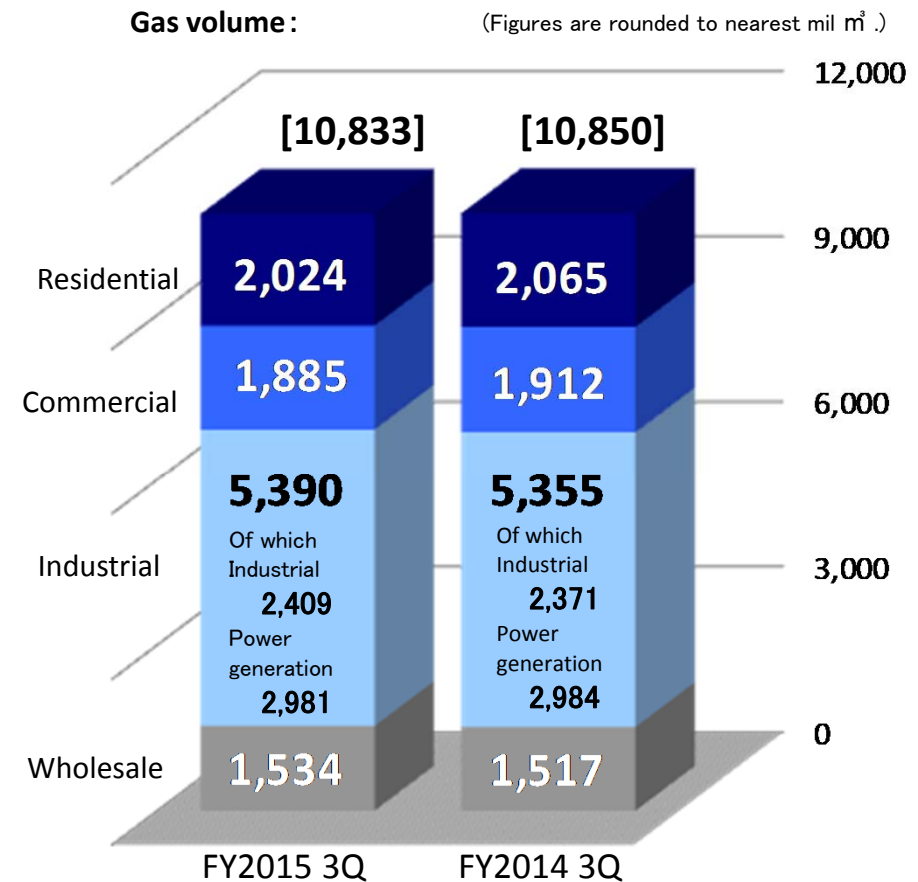
FY2015 3Q Consolidated Gas Sales Volume

FY14 3Q Results → FY15 3Q Results

- 17 mil.m³ (- 0.2%)

[Including temperature effect: - 97 mil.m³ ,-0.9%]

<p>■ Residential -41 mil.m³ (-2.0%)</p> <ul style="list-style-type: none"> ● Temperature effect - 64 mil.m³ ● Number of days +4 mil.m³ ● Number of customers +32 mil.m³ ● Others - 13 mil.m³
<p>■ Commercial - 27 mil.m³ (-1.4%)</p> <ul style="list-style-type: none"> ● Temperature effect - 22 mil.m³ ● Number of days + 12 mil.m³ ● Number of customers + 15 mil.m³ ● Others - 32 mil.m³
<p>■ Industrial +35 mil.m³ (+0.6%)</p> <ul style="list-style-type: none"> ● Industrial: +38 mil.m³ ● Power generation - 3 mil.m³
<p>■ Wholesale +17 mil.m³ (+1.2%)</p> <ul style="list-style-type: none"> ● Temperature effect - 11mil.m³ ● Others +28 mil.m³ <p>Increase in demand from wholesale suppliers, etc.</p>



Number of customers (10 thousand)

FY2015 3Q	FY2014 3Q	Change
1,135.2	1,120.9	+14.3 (+1.3%)

	FY2015 3Q	FY2014 3Q	Change
LNG liquid sales volume (thousand t)	771	619	+152
Average temperature (°C)	19.6	19.3	+0.3

Gas Sales Volume (Vision Basis) and Gas Sales Volume for Industrial Use

FY2015 3Q Results

■ Gas Sales Volume (Vision Basis) (Unit : million m3)

	FY2015 3Q	FY2014 3Q	Change
Gas sales volume (financial accounting basis)	10,833	10,850	-17 -0.2%
Gas volume used in-house under tolling arrangement	1,174	1,247	-73 -5.9%
LNG sales volume (m3 basis)	964	774	+190 +24.5%
Total	12,971	12,871	+100 +0.8%

■ Gas sales volume for industrial-use (Unit : million m3)

	Kashima area	Other area	Total
Power generation	1,224	1,757	2,981
vs. FY2014 3Q	+85(+7.5%)	-89(-4.8%)	-3(-0.1%)
General industrial	149	2,260	2,409
vs. FY2014 3Q	-3(-2.5%)	+42(+1.9%)	+38(+1.6%)
Total	1,372	4,018	5,390
vs. FY2014 3Q	+81(+6.3%)	-46(-1.1%)	+35(+0.6%)

FY2015 3Q Net Sales and Operating Income/Loss by Business Segment (vs. FY2014 3Q)



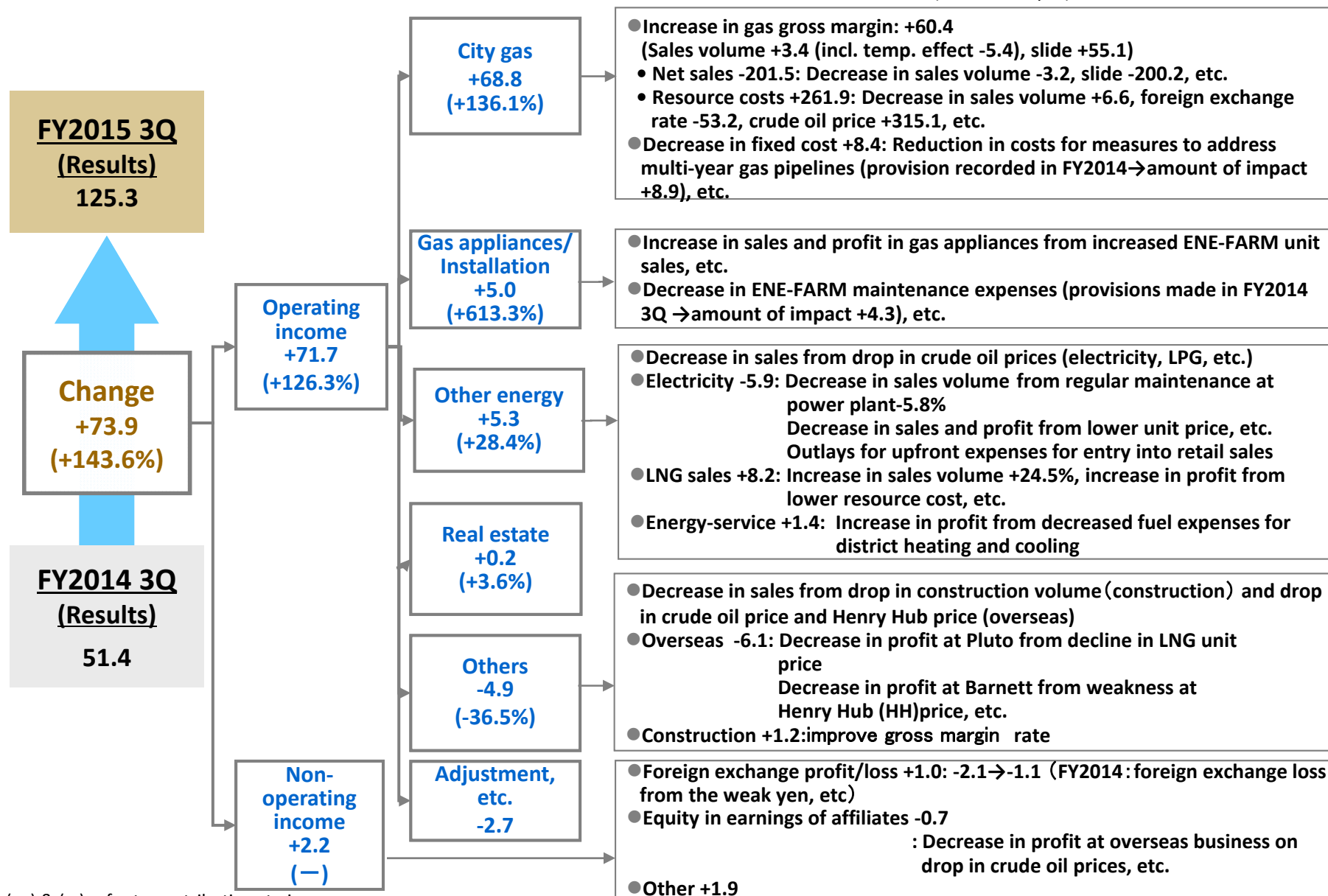
(Unit: billion yen)

	Net Sales				Segment Income			
	FY2015 3Q	FY2014 3Q	Change	%	FY2015 3Q	FY2014 3Q	Change	%
City Gas	918.0	1,119.5	-201.5	-18.0	119.3	50.5	68.8	136.1
Gas appliances and installation work	149.8	140.4	9.4	6.7	5.7	0.7	5.0	613.3
Other energy	249.1	294.9	-45.8	-15.5	24.0	18.7	5.3	28.4
(Electric power business)	89.6	123.4	-33.8	-27.4	9.0	14.9	-5.9	-39.4
Real estate	18.9	19.3	-0.4	-2.3	4.1	3.9	0.2	3.6
Others	140.4	154.0	-13.6	-8.9	8.3	13.2	-4.9	-36.5
(Overseas business)	21.3	27.4	-6.1	-22.4	1.9	8.0	-6.1	-75.7
Adjustment	-136.5	-148.2	11.7	—	-33.2	-30.5	-2.7	—
Consolidated	1,339.9	1,580.1	-240.2	-15.2	128.4	56.7	71.7	126.3

- Notes:
- Net sales by business segment include internal transactions.
 - “Other energy” includes energy-service, liquefied petroleum gas, electric power and industrial gas, LNG sales.
 - “Others” includes businesses in construction, information processing service, shipping, credit and leasing, and overseas, etc.
 - The “Adjustment” to operating income is primarily companywide expenses not allocated to individual segments.
 - Parentheses indicate sub-segment (figures included in segment total).

FY2015 3Q Ordinary Income Analysis <vs. FY2014 3Q>

(Unit: billion yen)



Note: (+) & (-) refer to contributions to income.

2. FY2015 Full Year Forecast



FY2015 Forecast (Apr. 1, 2015 – Mar. 31, 2016) <vs. Previous forecast announced on Oct. 30>

Highlights: Sales lowered, profit raised (ordinary income basis), net income forecast unchanged (+ - , +/- indicates profit impact, billion yen)

- Gas sales volume reflects 3Q increase/decrease vs. previous forecast; 4Q seen in line with previous forecast
- Economic framework reflects actual 1Q-3Q figures, 4Q crude oil price assumption changed to \$40/bbl from \$55/bbl
- Although this will increase the sliding time lag effect, with factors including the recording of an extraordinary loss from an impairment loss in overseas business, the net income forecast is unchanged.

Net sales	-0.1	-	City gas (-6.0: Unit sales price lowered to reflect crude oil price trend since 2Q announcement)
		+	Others (+3.6: Increase in sales of plant construction, etc.)
Operating expenses	+21.0	+	City gas resource costs (+23.2: Unit resource price lowered to reflect crude oil price trend since 2Q)
Operating income	+20.0	+	City gas (+17.9: Gas gross margin +16.5 (slide 18.5), etc.)
		+	Other energy (+1.3: electricity +1.0, etc.)
Extraordinary Income/loss	-16.5	-	Impairment loss -19.1 (Barnett -10.6, QCLNG -8.4)
		+	Reversal of loss on valuation of investment securities +2.6

(Unit: billion yen)

	Current forecast	Previous forecast (Oct. 30)	Change	%	FY2014	Change	%
Gas sales volume (mil. m ³ , 45MJ)	15,602	15,614	-12	-0.1%	15,541	+61	+0.4%
Net sales	1,895.0	1,896.0	-1.0	-0.1%	2,292.5	-397.5	-17.3%
Operating expenses	1,707.0	1,728.0	-21.0	-1.2%	2,120.7	-413.7	-19.5%
Operating income	188.0	168.0	+20.0	+11.9%	171.7	+16.3	+9.5%
Ordinary income — (a)	181.0	162.0	+19.0	+11.7%	168.1	+12.9	+7.6%
Profit attributable to owners of parent*	122.0	122.0	0	0.0%	95.8	+26.2	+27.3%
<i>Temperature effect — (b)</i>	-9.3	-5.4	-3.9	—	-4.1	-5.2	—
<i>Sliding time lag effect — (c)</i>	66.3	47.8	+18.5	—	27.8	+38.5	—
<i>Depreciation of pension actuarial differences — (d)</i>	-2.3	-2.3	0	—	3.0	-5.3	—
Adjusted ordinary income — (a) - ((b)+(c)+(d))	126.3	121.9	+4.4	+3.6%	141.4	-15.1	-10.7%

* Changed from "Net income" from FY2015

Economic frame	Exchange rate (¥/\$)	JCC (\$/bbl)	Avg. temperature (°C)	Gas gross margin sensitivity to changes in oil price and exchange rate	4Q	Pension asset	Investment yield (cost deducted)	Discount rate		Year-end assets (billion yen)
								Annuity portion	Lump-sum portion	
Current forecast	121.31	50.94* ¹	16.3							
Previous forecast	120.94 (+0.37)	56.93* ² (-5.99)	16.1 (+0.2)	Impact of rising JCC by \$1/bbl	-0.4	FY2014	5.57%	0.829%	0.358%	281.0
FY2014	109.76 <+11.55>	90.36 <-39.42>	16.0 <+0.3>	Impact of yen depreciation by ¥1/\$	-0.9	FY2013	1.61%	1.168%	0.571%	273.0

(Figures in parenthesis are increase/decrease vs. previous forecast) *1 1H: 58.84 3Q: 46.18 4Q: 40.00

<Figures in brackets are year-on-year increase/decrease> *2 1H: 58.84 3Q: 55.00 4Q: 55.00

FY2015 Full Year Forecast: Consolidated Gas Sales Volume



Previous Forecast → Current Forecast

-12 mil. m³ (-0.1%)
[Including temp. effect -76 mil. m³, -0.5%]

■ Residential -29 mil. m³ (-0.8%)

- Temperature effect -44 mil. m³
- Number of days -1 mil. m³
- Number of customers +2 mil. m³
- Others +14 mil. m³

■ Commercial -12 mil. m³ (-0.4%)

- Temperature effect -24 mil. m³
- Number of days +1 mil. m³
- Number of customers +3 mil. m³
- Others +8 mil. m³

■ Industrial -1 mil. m³ (-0.0%)

- Industrial : +23 mil. m³
- Power generation -24 mil. m³

■ Wholesale +30 mil. m³ (+1.4%)

- Temperature effect -8 mil. m³
 - Others +38 mil. m³
- Increase in demand from wholesale suppliers, etc.

FY2014 Results → Current Forecast

+61 mil. m³ (+0.4%)
[Including temp. effect -80 mil. m³, -0.5%]

■ Residential -29 mil. m³ (-0.8%)

- Temperature effect -55 mil. m³
- Number of days +6 mil. m³
- Number of customers +49 mil. m³
- その他 -29 mil. m³

■ Commercial -47 mil. m³ (-1.7%)

- Temperature effect -15 mil. m³
- Number of days +11 mil. m³
- Number of customers +20 mil. m³
- Others -63 mil. m³

■ Industrial +58 mil. m³ (+0.8%)

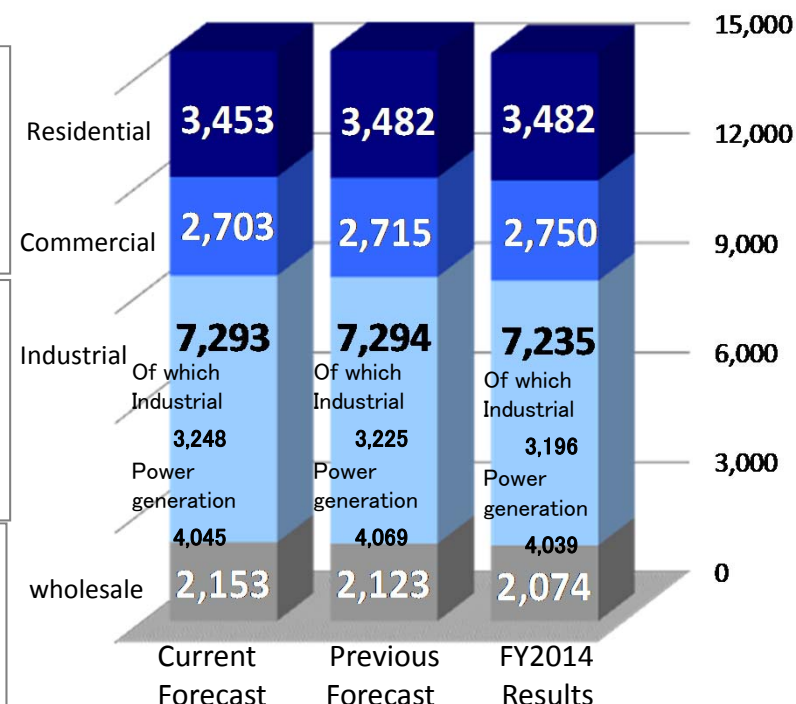
- Industrial : +52 mil. m³
- Power generation +6 mil. m³

■ Wholesale +79 mil. m³ (+3.8%)

- Temperature effect -10 mil. m³
 - Others +89 mil. m³
- Increase in demand from wholesale suppliers, etc.

Gas Sales Volume : (Figures are rounded to nearest mil. m³.)

[15,602] [15,614] [15,541]



	Current forecast	Previous forecast	Change
LNG liquid sales volume (thousand t)	1,153	1,185	▲32
Average temperature (°C)	16.3	16.1	+0.2

Number of customers (Unit: 10 thousand)

Current forecast	Previous forecast	Change
1,139.6	1,138.9	+0.7(+0.1%)

Gas Sales Volume (Vision Basis) and Gas Sales Volume for Industrial Use

FY2015 Forecast

● Gas Sales Volume (Vision Basis) (Unit : million m3)

	Current forecast	Previous forecast	Change	FY2014	Change
Gas sales volume (financial accounting basis)	15,602	15,614	-12 -0.1%	15,541	+61 +0.4%
Gas volume used in-house under tolling arrangement	1,707	1,705	+2 +0.1%	1,669	+38 +2.2%
LNG sales volume (m3 basis)	1,441	1,481	-40 -2.7%	1,150	+291 +25.3%
Total	18,750	18,801	-51 -0.3%	18,360	+390 +2.1%

● Gas sales volume for industrial-use (Unit : million m3)

	Kashima area	Other area	Total
Power generation	1,687	2,359	4,045
vs. Previous forecast	+57(+3.4%)	-79(-3.3%)	-24(-0.6%)
Vs. FY2014 results	+98(+6.2%)	-91(-3.7%)	+6(+0.2%)
General industrial	197	3,051	3,248
vs. Previous forecast	+6(+3.3%)	+17(+0.5%)	+23(+0.7%)
Vs. FY2014 results	-9(-4.1%)	+61(+2.0%)	+52(+1.6%)
Total	1,884	5,409	7,293
vs. Previous forecast	+62(+3.4%)	-63(-1.2%)	-1(-0.0%)
Vs. FY2014 results	+90(+5.0%)	-31(-0.6%)	+58(+0.8%)

FY2015 Full Year Forecast: Net Sales and Operating Income/Loss by Business Segment < vs. Previous forecast (Announced on October 30) >



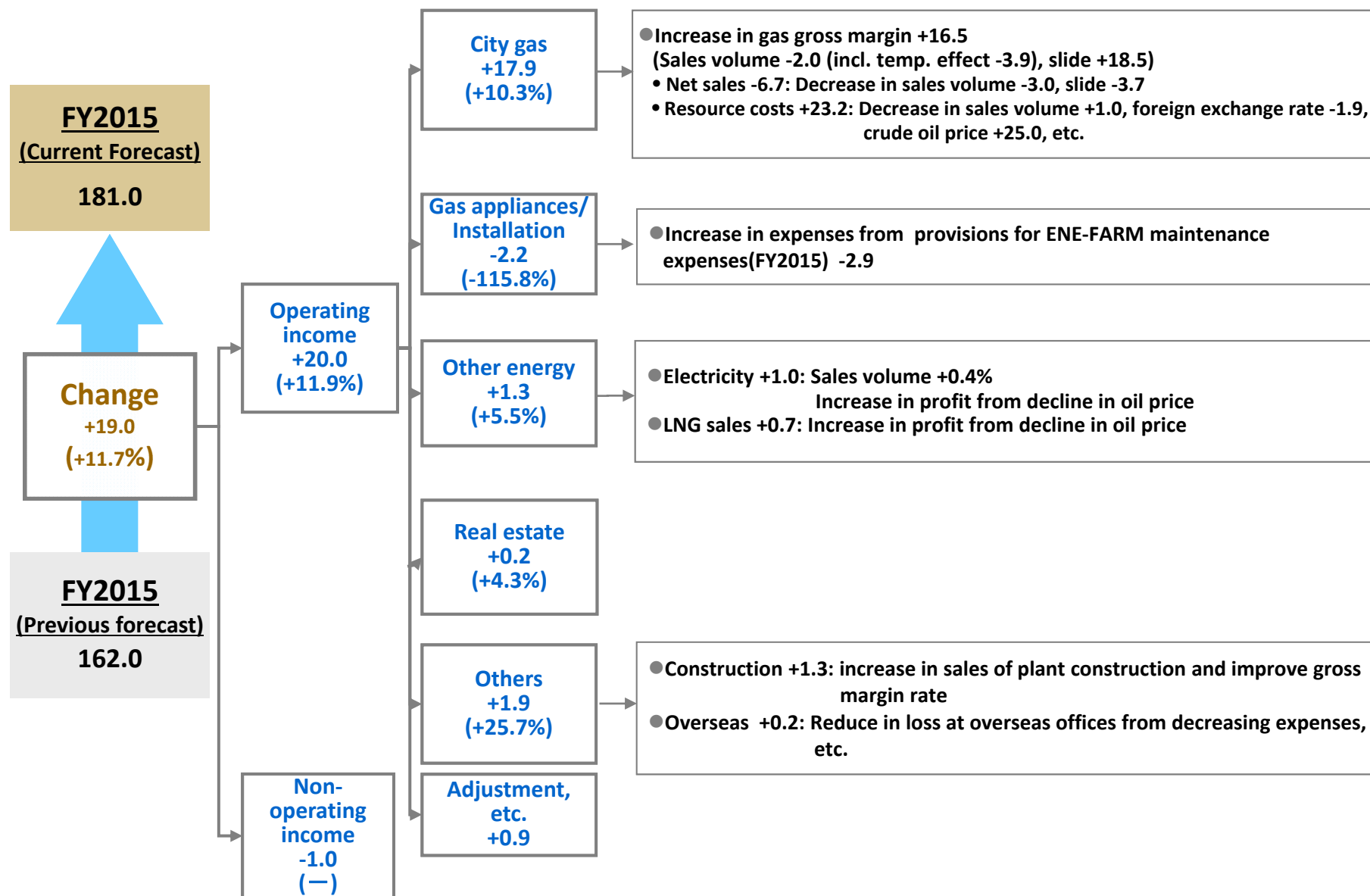
(Unit: billion yen)

	Net Sales				Segment Income			
	Current forecast	Previous forecast	Change	%	Current forecast	Previous forecast	Change	%
City Gas	1,307.3	1,313.3	-6.0	-0.5	191.8	173.9	17.9	10.3
Gas appliances and installation work	209.9	211.4	-1.5	-0.7	-0.3	1.9	-2.2	-115.8
Other energy	347.0	343.7	3.3	1.0	24.9	23.6	1.3	5.5
(Electric power business)	125.0	125.1	-0.1	-0.1	8.9	7.9	1.0	12.7
Real estate	25.1	25.0	0.1	0.4	4.8	4.6	0.2	4.3
Others	196.0	192.4	3.6	1.9	9.3	7.4	1.9	25.7
(Overseas business)	31.1	33.3	-2.2	-6.7	1.3	1.1	0.2	18.2
Adjustment	-190.3	-189.8	-0.5	—	-42.5	-43.4	0.9	—
Total	1,895.0	1,896.0	-1.0	-0.1	188.0	168.0	20.0	11.9

- Notes:
- Net sales by business segment include internal transactions.
 - “Other energy” includes energy-service, liquefied petroleum gas, electric power and industrial gas, LNG sales.
 - “Others” includes businesses in construction, information processing service, shipping, credit and leasing, and overseas, etc.
 - The “Adjustment” to operating income is primarily companywide expenses not allocated to individual segments.
 - Parentheses indicate sub-segment (figures included in segment total).

FY2015 Forecast: Ordinary Income Analysis

<vs. Previous forecast announced on Oct. 30 >



Note: (+) & (-) refer to contributions to income.

FY2015 Full Year Forecast: Net Sales and Operating Income/Loss by Business Segment < vs. FY2014 Results >

(Unit: billion yen)

	Net Sales				Segment Income			
	Current forecast	FY2014	Change	%	Current forecast	FY2014	Change	%
City Gas	1,307.3	1,640.9	-333.6	-20.3	191.8	157.1	34.7	22.0
Gas appliances and installation work	209.9	204.9	5.0	2.4	-0.3	3.0	-3.3	-109.9
Other energy	347.0	408.2	-61.2	-15.0	24.9	30.5	-5.6	-18.4
(Electric power business)	125.0	165.8	-40.8	-24.6	8.9	22.4	-13.5	-60.4
Real estate	25.1	25.9	-0.8	-3.2	4.8	4.3	0.5	9.5
Others	196.0	226.2	-30.2	-13.4	9.3	19.5	-10.2	-52.4
(Overseas business)	31.1	40.5	-9.4	-23.4	1.3	10.7	-9.4	-87.9
Adjustment	-190.3	-213.7	23.4	—	-42.5	-42.8	0.3	—
Total	1,895.0	2,292.5	-397.5	-17.3	188.0	171.7	16.3	9.5

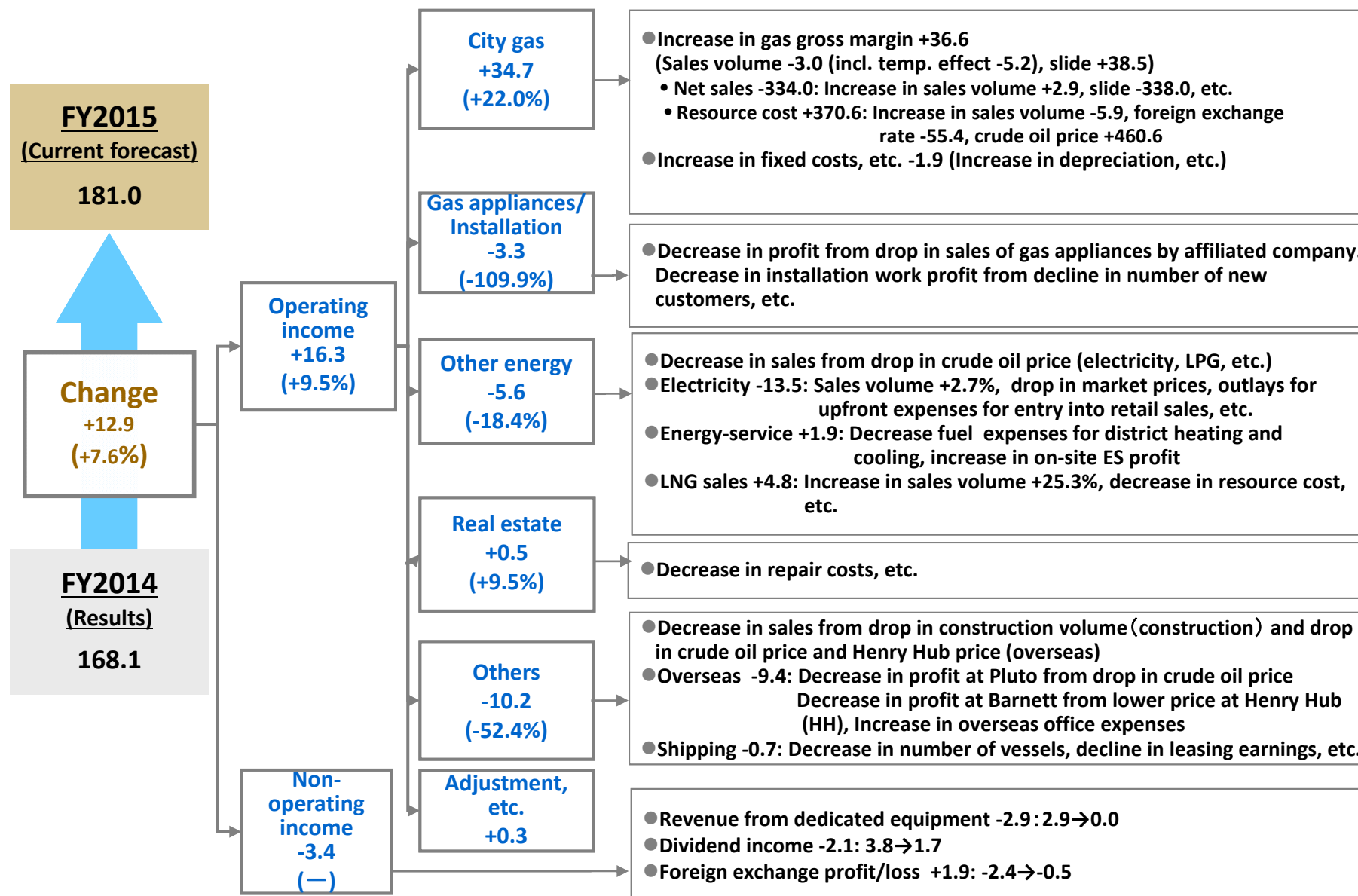
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FY2015 Forecast: Ordinary Income Analysis

<vs. FY2014 Results>



(Unit: billion yen)



*Note: (+) & (-) refer to contributions to income.

Key Indicators (Consolidated)

(Unit: billion yen)

	FY2015 Current Forecast	FY2015 Previous Forecast	FY2014 Results
Total assets (a)	2,296.0	2,308.0	2,257.6
Shareholders' equity (b)	1,132.0	1,129.0	1,069.5
Shareholders' equity ratio (b)/(a)	49.3%	48.9%	47.4%
Interest-bearing debt (c)	737.0	739.0	730.7
D/E ratio (c)/(b)	0.65	0.65	0.68
Net income (d)	122.0	122.0	95.8
Depreciation (e)	144.0	143.0	141.8
Operating cash flow (d) + (e)	266.0	265.0	237.6
Capex	249.0	270.0	224.5
ROA: (d)/(a)	5.3%	5.3%	4.3%
ROE: (d)/(b)	11.0%	11.1%	9.2%
TEP	54.9	39.8	43.4
WACC	3.6%	3.6%	3.6%
Total payout ratio	Approx. 60%	Approx. 60%	60.8%

Notes: Shareholders' equity = Net assets – Minority interests
 ROA = Net income / Total assets (average of the amounts as of the end of the previous period and end of the current period)
 ROE = Net income / Shareholders' equity (average of the amounts as of the end of the previous period and end of the current period)
 Balance sheet figures are as of the corresponding term-end
 Operating cash flow = Net income + Depreciation (including depreciation of long-term prepaid expenses)
 Total payout ratio = (FYn dividends + (FYn+1) treasury stock purchased) / FYn consolidated net income

TEP: (Tokyo Gas Economic Profit): Profit after taxes and before interest payments – Cost of capital (invested capital × WACC)

Items for WACC calculation (FY2015 forecast):

- Cost of interest-bearing debt: forecast interest rate (1.1%, after tax)
- Cost rate for shareholders' equity
 - Risk free rate: 10-year JGB yield (0.55%)
 - Risk premium: 5.5%, β : 0.75

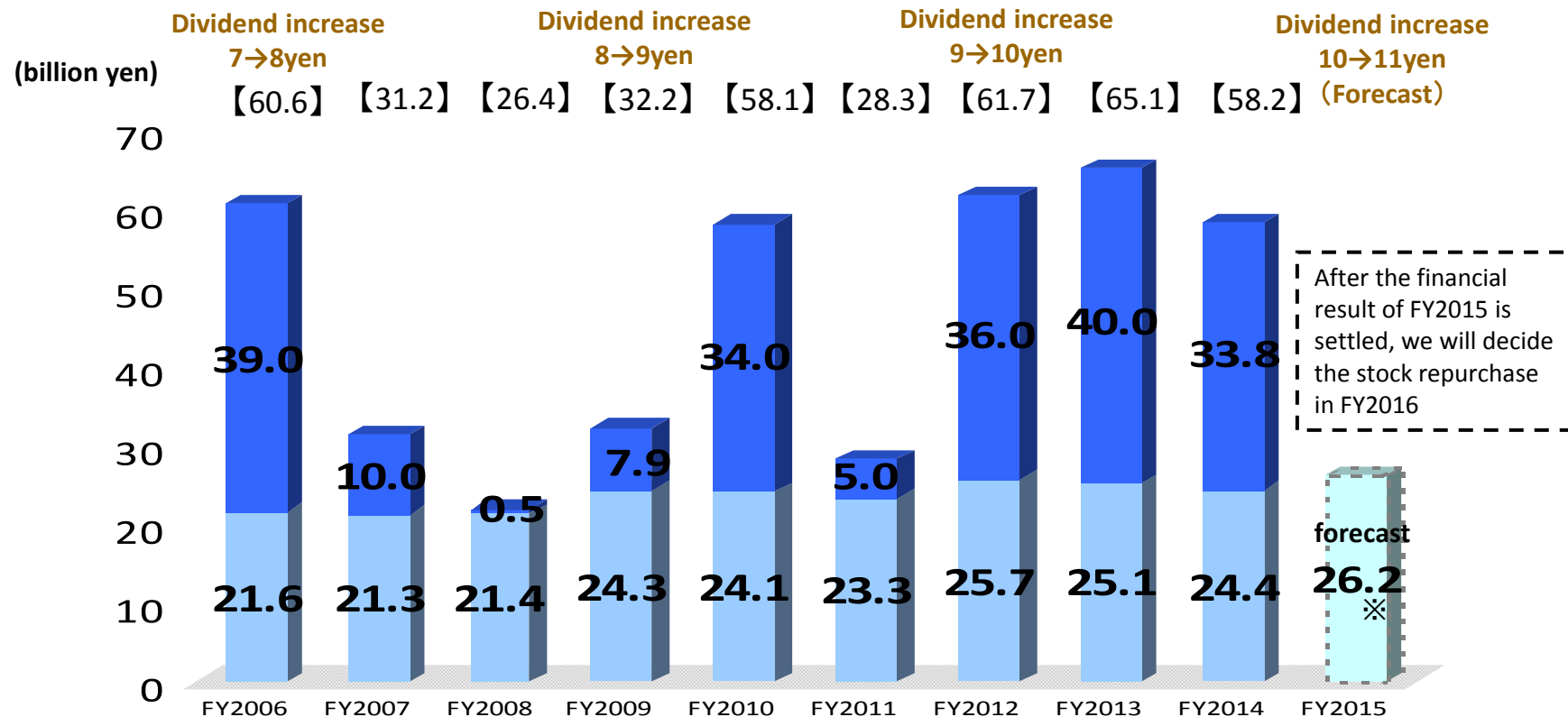
Shareholder Return

■ Our financial policy is to provide returns to shareholders through dividends and stock repurchases, with a target total payout ratio (dividends and stock repurchases as percentage of consolidated net income) of approximately 60% each year through FY2020.

■ Considering the performance trends, we will revise the year-end dividend forecast for FY2015 by ¥1 per share(¥5⇒¥6)

● Annual dividend forecast per share ¥10→¥11 (forecast dividend for FY2015: 26.2billion yen*)

Change in total payout and dividend



Total payout ratio (60.1%) (73.6%) (63.4%) (60.1%) (60.9%) (61.4%) (60.7%) (60.0%) (60.8%)

Dividend Purchase of treasury stock [] total payout

*Estimated in total number of shares: 2,396,778,295(as of December 31,2015)
Actual dividend will be calculated based on the share number of March 31,2016.



< Cautionary Statement regarding Forward-looking Statements >

Statements made in this presentation with respect to Tokyo Gas's present plans, forecasts, strategies and beliefs, and other statements herein that are not expressions of historical fact are forward-looking statements about the future performance of the Company. As such, they are based on management's assumptions and opinions stemming from currently available information and therefore involve risks and uncertainties.

The Company's actual performance may greatly differ from these projections, due to these risks and uncertainties which include without limitation general economic conditions in Japan, crude oil prices, the weather, changes in the foreign exchange rate of the yen, rapid technological innovations and the Company's responses to the progress of deregulation.

< Calculation method >

Numerical amounts in these materials are shown with fractional portions disregarded or rounded, while percentage changes are calculated based on the actual figures. This may result in discrepancies between the amounts and percentages as shown.

TSE:9531
