

FY2015 3Q Financial Results

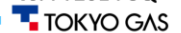


January 29, 2016

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

* Changed from "Net income" from FY2015

Economic frame	Exchange rate (¥/\$)	JCC (\$/bbl)	Avg. temperature (°C)	Pension asset	Investment yield (cost deducted)	Year-end assets (billion yen)
FY2015 3Q	121.74	54.59	19.6	FY2015 3Q cumulative	0.51%	276.0
FY2014 3Q	106.73 <+15.01>	102.51 <-47.92>	19.3 <+0.3>			

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

Expected rate of return: 2%

2

I would like to give an overview of the earnings for the 3rd quarter of fiscal year 2015. As shown in the table in Page 2, for the 3rd quarter, the company saw a decline in sales but an increase in income year on year.

Firstly, net sales were 1,339.9 billion yen, down by 15.2% or 240.2 billion yen year on year. This is mainly due to declined city gas sales, which was caused by lower unit prices due to resource cost adjustments. However, operating expenses decreased by 20.5% or 311.9 billion yen, due to declined city gas resource costs in line with declined in crude oil prices, etc.

Based on this, operating income for the period was 128.4 billion yen, up by 126.3% or 71.7 billion yen year on year, and ordinary income increased by 143.6% or 73.9 billion to 125.3 billion yen.

Additionally, profit attributable to owners of parent for the quarter increased by 108.8% or 41.2 billion yen to 78.9 billion yen, due to the impairment loss on overseas upstream businesses of 19.1 billion yen.

The impairment loss on overseas businesses included 8.4 billion yen for Queensland Curtis LNG in Australia, in addition to the U.S. Barnett which was announced in January 2016.

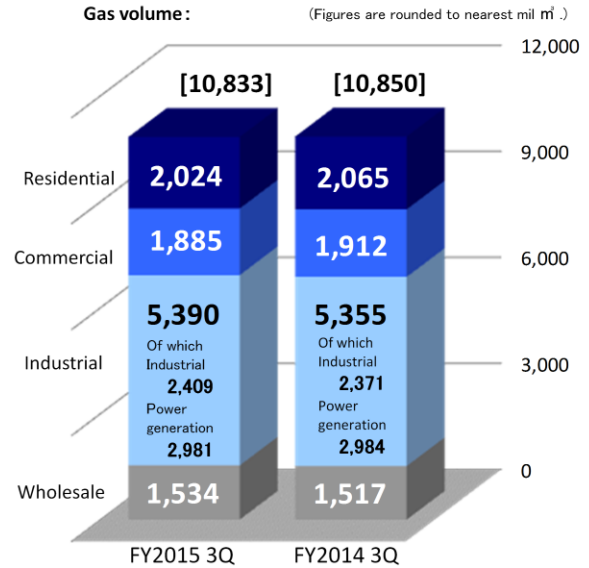
FY2015 3Q Consolidated Gas Sales Volume

FY14 3Q Results → FY15 3Q Results

- 17 mil.m³ (- 0.2%)

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

Residential	-41 mil.m ³ (-2.0%)
● Temperature effect	- 64 mil.m ³
● Number of days	+4 mil.m ³
● Number of customers	+32 mil.m ³
● Others	- 13 mil.m ³
Commercial	- 27 mil.m ³ (-1.4%)
● Temperature effect	- 22 mil.m ³
● Number of days	+ 12 mil.m ³
● Number of customers	+ 15 mil.m ³
● Others	- 32 mil.m ³
Industrial	+35 mil.m ³ (+0.6%)
● Industrial:	+38 mil.m ³
● Power generation	- 3 mil.m ³
Wholesale	+17 mil.m ³ (+1.2%)
● Temperature effect	- 11 mil.m ³
● Others	+28 mil.m ³
Increase in demand from wholesale suppliers, etc.	



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

Next, I would like to provide explanation on the sales volume of gas, our key product. Please look at page 3.

Despite declined demand due to unfavorable temperature movement, the overall gas sales volume achieved 10,833 million cubic meters, which is the same level as the 3rd quarter of the fiscal year 2014.

The Company saw lower demand for hot water supply and air conditioning due to higher temperatures during November and December. However, this was more than offset by factors such as increased number of customers, growth of new demand for industrial use, etc. Based on this, the sales volume gas marked a 2.0% decline year on year to 2,024 million cubic meters for residential use; a 1.4% decline to 1,885 million cubic meters for commercial use; a 0.6% increase to 5,390 million cubic meters for industrial use; and a 1.2% increase to 1,534 million cubic meters for other business operators.

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%)

Please see page 4 for the breakdown of gas sales volume on a 2020 Vision basis and for industrial use.

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


(Unit: billion yen)

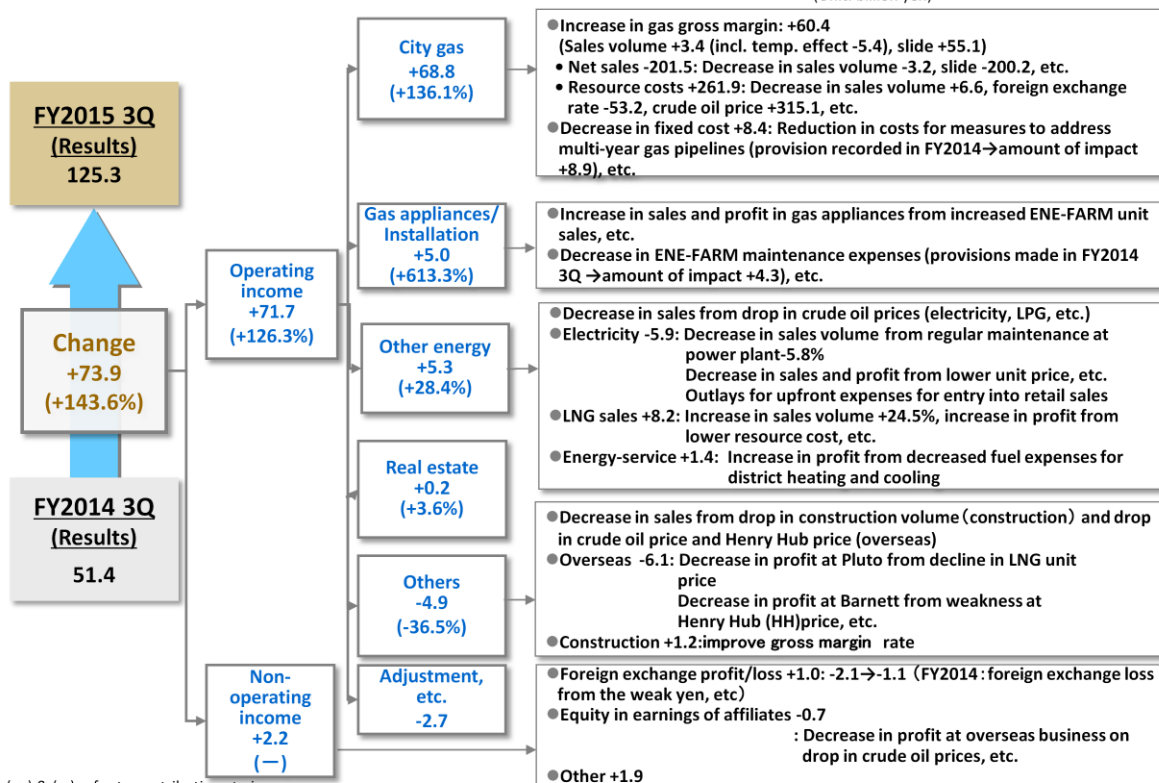
	Net Sales				Segment Income			
	FY2015 3Q	FY2014 3Q	Change	%	FY2015 3Q	FY2014 3Q	Change	%
City Gas	918.0	1,119.5	-201.5	-18.0	119.3	50.5	68.8	136.1
Gas appliances and installation work	149.8	140.4	9.4	6.7	5.7	0.7	5.0	613.3
Other energy	249.1	294.9	-45.8	-15.5	24.0	18.7	5.3	28.4
(Electric power business)	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).

Page 5 provides net sales and income/loss by business segment. Total income increased mainly due to a 68.8 billion yen increase in income from the city gas segment.

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

(Unit: billion yen)



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

Page 6 shows increasing or decreasing factors regarding income by business segment.

The increase in income from the city gas segment was mainly because of the sliding time lag associated with the resource cost adjustment system, which amounted to 55.1 billion yen.

The gas appliances and installation segment saw a 5 billion yen increase year on year, reflecting increased ENE-FARM unit sales, as well as the provision posted for ENE-FARM maintenance in the 3rd quarter of the fiscal year 2014.

Income from the electricity segment declined by 5.9 billion yen, reflecting a 5.8% decline in sales volume due to power plant maintenance, a decline in unit prices, expenses in anticipation of entering to retail business, etc.

On the other hand, LNG sales segment saw a 8.2 billion yen increase, due to a substantial increase in sales volume to ocean-going vessels, reduced resource costs, etc.

Overseas business saw a substantial decline in income, and recorded a loss at 6.1 billion yen due to declined income from upstream businesses in line with declined LNG unit prices resulting from reduced crude oil prices .

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%
* Changed from "Net income" from FY2015							
Temperature effect — (b)	-9.3	-5.4	-3.9	—	-4.1	-5.2	—
Sliding time lag effect — (c)	66.3	47.8	+18.5	—	27.8	+38.5	—
Depreciation of pension actuarial differences — (d)	-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%

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)
Current forecast	121.31	50.94 ^{*1}	16.3	Impact of rising JCC by \$1/bbl	-0.4	FY2014	5.57%	0.829%	0.358%	281.0
Previous forecast	120.94 (+0.37)	56.93 ^{*2} (-5.99)	16.1 (+0.2)	Impact of yen depreciation by ¥1/\$	-0.9	FY2013	1.61%	1.168%	0.571%	273.0
FY2014	109.76 <+11.55>	90.36 <-39.42>	16.0 <+0.3>							

(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

Now I would like to start my explanation on the Company's full-year forecast. Please see page 8. At this time, sales are forecast to decline and income to increase against the previous forecast in October 2016. The forecast for January 2016 and thereafter is based on economic assumptions, including the foreign exchange rate at 120 yen per U.S. dollar, which is kept flat against the previous forecast, and the crude oil price of 40 dollars per barrel, which is down from the previous forecast's 55 dollars per barrel.

Sales are forecast to decline, mainly due to reduced unit prices under the city gas resource cost adjustment system. However, operating expenses will decline, owing to a massive reduction in resource costs, which will offset the decline in sales. As a result, the full-year operating income is forecast to increase year on year.

Sales are forecast to decline by 0.1% or 1.0 billion yen against the previous forecast to 1,895.0 billion yen, due to a reduction in city gas unit prices reflecting the crude oil price trend since the 2nd quarter.

Operating expenses are forecast to decline by 1.2% or 21.0 billion yen against the previous forecast to 1,707 billion yen, due to a reduction in city gas resource costs.

As a result, operating income in the current forecast is 188.0 billion, up by 11.9% or 20 billion yen over the previous forecast, and ordinary income is 181.0 billion yen, up by 11.7% or 19 billion yen.

Profit attributable to owners of the parent is forecast to be flat against the previous forecast at 122 billion yen, due to the impairment loss on overseas upstream businesses in the 3rd quarter, which will offset the reversal of the loss on valuation of investment securities of 2.6 billion yen incorporated in the previous forecast.

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%]

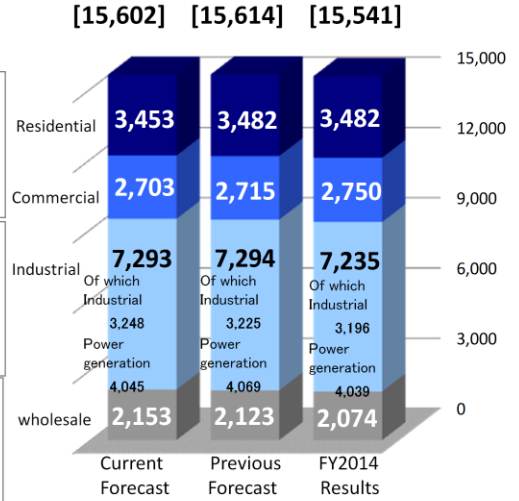
■ Residential -29 mil. m³ (-0.8%)
● Temperature effect -55 mil. m³
● Number of days +6 mil. m³
● Number of customers +49 mil. m³
● その他 -29 mil. m³

■ 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.)



	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%)

Page 9 provides the forecast of consolidated gas sales volume.

At this time, consolidated gas sales volume is forecast at 15,602 million cubic meters, down by 0.1% from the previous forecast. The current forecast incorporates changes in the 3rd quarter results, such as reduced sales volume for residential and commercial uses as a result of unfavorable temperature levels

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%)

Please see page 10 for the breakdown of gas sales volume on a 2020 vision basis and those for industrial use.

**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

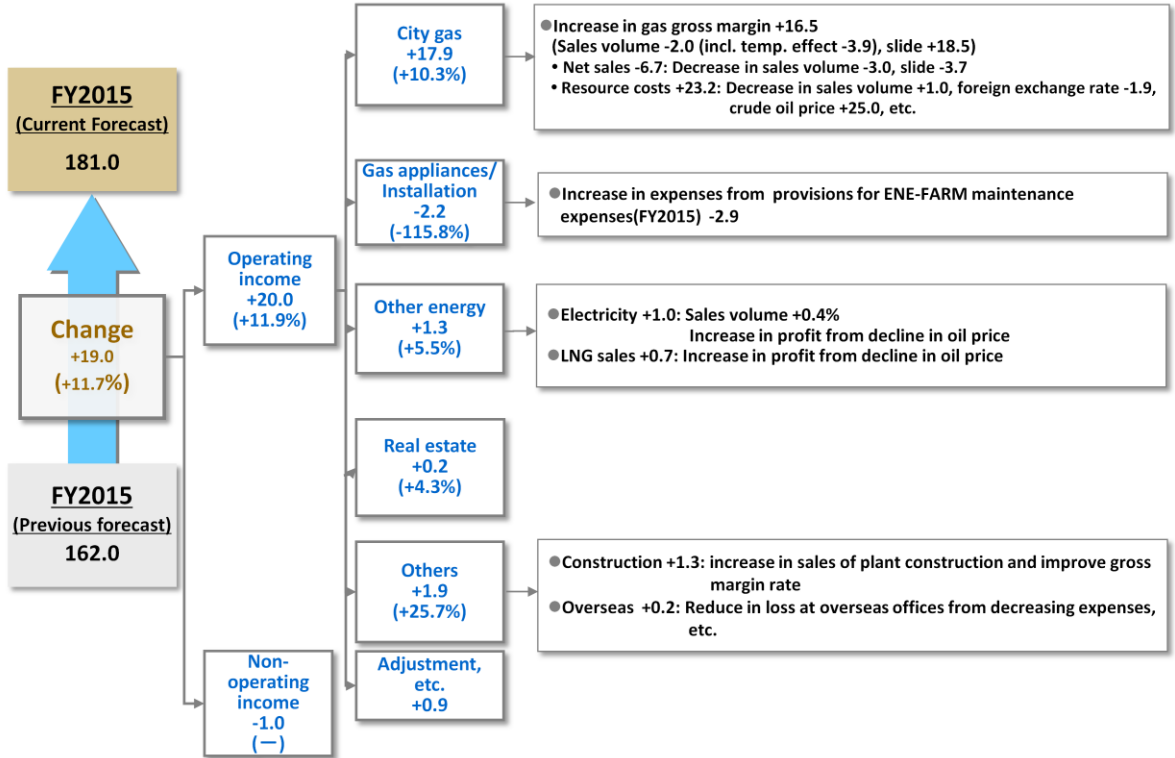
- Notes:
- Net sales by business segment include internal transactions.
 - "Other energy" includes energy-service, liquefied petroleum gas, electric power and industrial gas, LNG sales.
 - "Others" includes businesses in construction, information processing service, shipping, credit and leasing, and 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).

Page 11 provides forecast sales and income/loss by business segment. Most of the 20.0 billion yen increase in operating income is due to increased income from the city gas segment, along with the revised economic assumptions.

FY2015 Forecast: Ordinary Income Analysis

<vs. Previous forecast announced on Oct. 30 >

(Unit: billion yen)



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

Page 12 shows increasing or decreasing factors for income by business segment.

Income from the gas appliances and installation segment was revised downward by 2.2 billion yen, as a result of our scrutinizing the amount of the provision for ENE-FARM maintenance costs, which was scheduled in the second half.

Income from the electricity and LNG sales businesses was revised upward as a result of the changes in economic assumptions.

Income from the construction business was revised upward by 1.3 billion yen to reflect the improvement in gross margins, etc.

**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

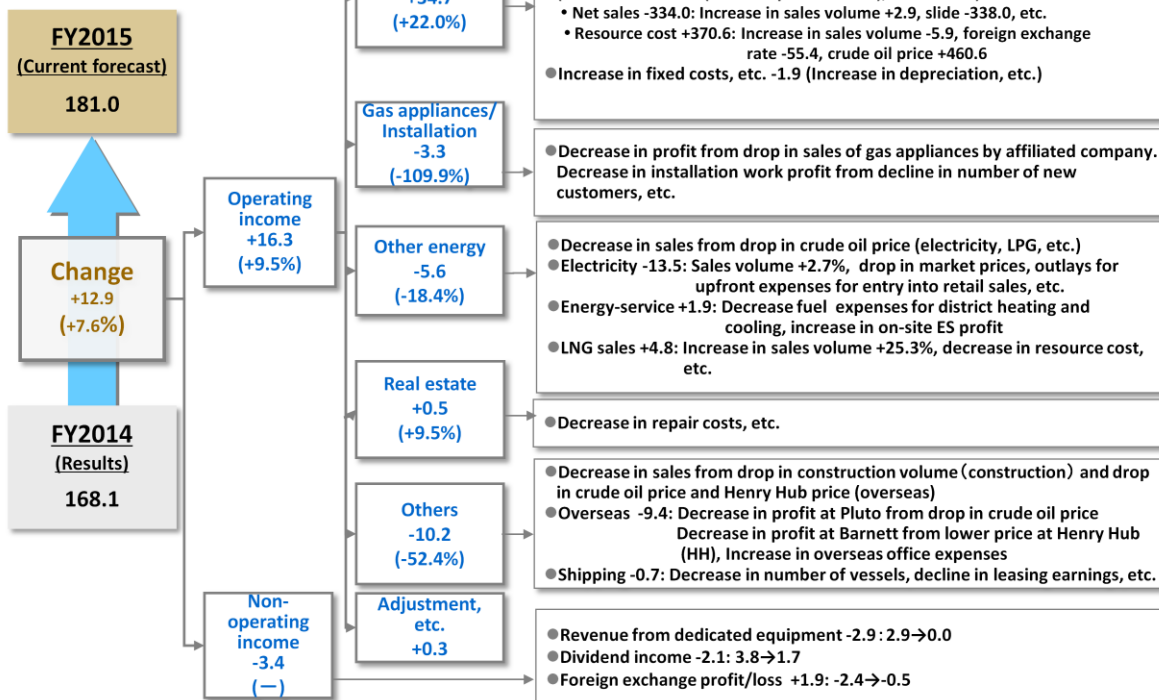
- Notes:
- Net sales by business segment include internal transactions.
 - “Other energy” includes energy-service, liquefied petroleum gas, electric power and industrial gas, LNG sales.
 - “Others” includes businesses in construction, information processing service, shipping, credit and leasing, and 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).

Pages 13 and 14 provides the fiscal year 2015 full-year earnings forecast by business segment, as compared to the fiscal year 2014.

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

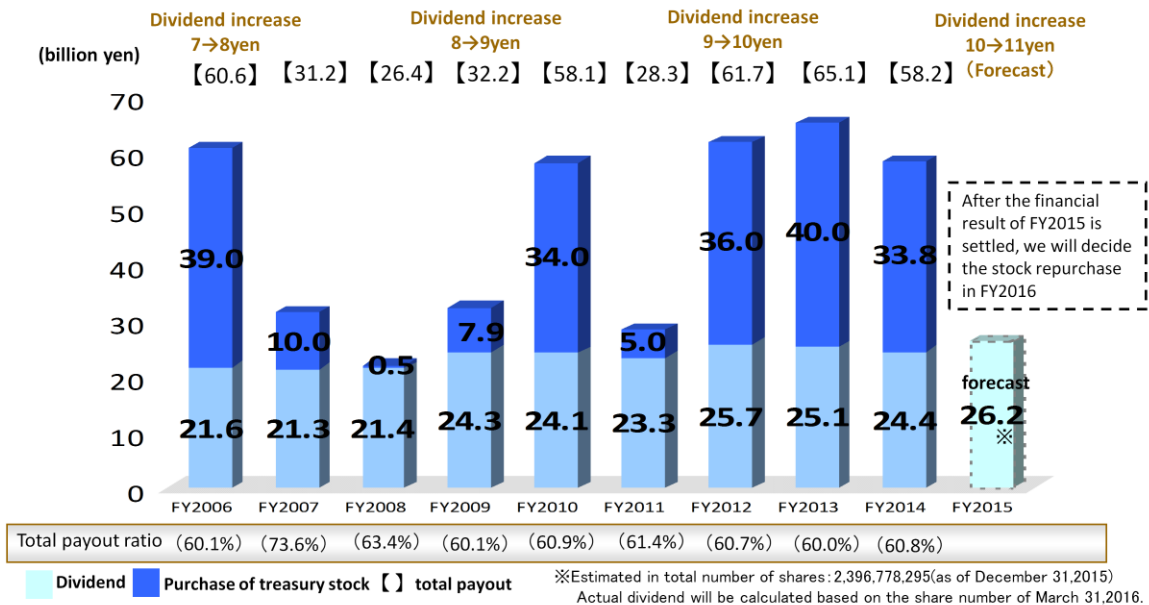
Page 15 provides forecast key indicators, such as return on equity

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



Lastly, I will talk about returns to shareholders.

Tokyo Gas has appropriately disclosed information regarding revisions on our dividend forecast for the fiscal year 2015.

As notified, based on the 2020 Vision, Tokyo Gas, in its financial policy, has set the target total payout ratio at about 60% for each year until the fiscal year 2020, and has provided returns to shareholders through dividend and stock repurchases.

Considering the performance trend presented today, the Company decided to increase the year-end dividend forecast by 1 yen to 11 yen per share, which will be resolved formally at the shareholders meeting scheduled in June 2016.

Please refer to page 16 for a graph showing the company's historical dividend payout.

Of note, stock repurchases for the fiscal year 2016 will be determined in April, in sync with the settlement of annual results for the fiscal year 2015.

Tokyo Gas continues to be committed to provide appropriate returns of earnings to shareholders appropriately, and we appreciate continuing support of our equity investors.



< 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.

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