

Outline of Supply Plans for FY2014

(Non-Consolidated)

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Tokyo Gas Co., Ltd.

Table of Contents

Introduction	1
1. Gas Penetration Plan	1
2. Gas Sales Volume Plan	1
3. Production/Purchasing Volume and Feedstock Use Plan	3
4. Major Facility Plan	3
5. Capital Investment Plan	5
Supply Area Map	6

Introduction

Since the Great East Japan Earthquake, various issues of energy, such as safe and stable energy supply and energy cost reduction, have been more deeply discussed and the role for natural gas to play is expected to grow furthermore.

Under such circumstances, based on the recognition that it is an important duty to meet the expectations of the society through the spread and expansion of natural gas use, Tokyo Gas Group is promoting the enhancement of LNG value chain to achieve the long-term management vision, "The Tokyo Gas Group's Vision for energy and the future -Challenge 2020 Vision-" developed and released in November 2011.

<Enhancement of LNG Value Chain>

1. Enhancement of added value delivered through the LNG value chain
2. Expansion of areas covered by the LNG value chain

With these initiatives, Tokyo Gas Group will make an effective contribution to realize a prosperous, fulfilling way of life, competitive domestic industries, and an environment-friendly society where people can live in peace of mind through the spread and expansion of natural gas use, pursuing sustained growth for the Group at the same time.

1. Gas Penetration Plan

The average number of newly connected customers is expected to be about 210,000 per year.

We foresee an average annual growth rate of 1.1 percent in our customer base over the next five years, projecting the customer base of 11.431 million by the end of FY2018.

(Unit: thousand)

	FY2013 Outlook	FY2014	FY2015	FY2016	FY2017	FY2018	CAGR
Number of new customers	226	212	210	207	208	210	-
Total number of customers*	10,810	10,935	11,059	11,182	11,306	11,431	1.1%

*Total numbers of customers = Number of gas meters installed

2. Gas Sales Volume Plan

With the gradual recovery of the economy and the aggressive marketing mainly for the industrial demand, the plan foresees the total gas sales volume of approximately 16.8 billion m³ in FY2018. As a result, the projected average annual growth rate over the next five-year period would be 3.1 percent.

(Unit: Million m³, 45MJ/m³)

	FY2013 Outlook*	FY2014	FY2015	FY2016	FY2017	FY2018	CAGR
Total gas sales volume	14,425	15,068	15,222	15,699	16,387	16,792	3.1

*FY2013 number is after standardization (applied temperature is adjusted for the one adopted for FY2014 and after). The standardization applies all the following tables.

(1) Residential demand

In this sector, the amount of sales per customer is in decline due to such factors as the reduction in the number of family members per household, a rise in the share of collective residential properties with high levels of air tightness and insulation, and the penetration of high-efficiency gas equipment. The trend of excess population influx into the Tokyo metropolitan area is expected to moderately continue, and we are committed to efforts for the cultivation of new demand and the penetration and expansion of its cutting-edge equipment and systems such as Ene-Farm. We expect its residential gas sales volume in FY2018 to be 3.4 billion m³.

[Residential gas sales volume] Unit: Million m³, m³/customer·year, 45MJ/m³)

	FY2013 Outlook	FY2014	FY2015	FY2016	FY2017	FY2018	CAGR
Residential gas sales volume	3,385	3,390	3,406	3,420	3,435	3,443	0.3%
Gas sales volume per customer	375	371	368	365	363	360	-0.8%

(2) Commercial and other demand

With the spread and expansion of co-generation systems and marketing for the air-conditioning demand, we foresee its commercial and other gas sales volume in FY2018 to be 3.1 billion m³.

[Commercial and other gas sales volume] (Unit: Million m³, 45MJ/m³)

	FY2013 Outlook	FY2014	FY2015	FY2016	FY2017	FY2018	CAGR
Commercial and other gas sales volume	2,622	2,631	2,692	2,853	2,984	3,055	3.1%
Incl. Large-volume gas sales volume	(1,290)	(1,307)	(1,358)	(1,476)	(1,601)	(1,636)	(4.9%)

(3) Industrial demand

This sector accounts for the largest share of the total gas sales of the company. The sales volume in this sector is expected to grow as a result of the development of large-volume demands for the expansion of our business to a wider area, fuel conversion to natural gas from other sources, marketing for the power generation demand, and the spread and expansion of co-generation systems. For these reasons, we expect its FY2018 industrial gas sales volume to be 7.8 billion m³.

[Industrial gas sales volume] (Unit: Million m³, 45MJ/m³)

	FY2013 Outlook	FY2014	FY2015	FY2016	FY2017	FY2018	CAGR
Industrial gas sales volume	6,170	6,770	6,786	7,064	7,529	7,817	4.8%
Incl. Large-volume gas sales volume	(6,054)	(6,658)	(6,674)	(6,952)	(7,394)	(7,682)	(4.9%)

(4) Wholesale demand

We expect the gas sales volume to other gas utilities/marketing companies in FY2018 to be 2.5 billion m³, taking into account the trends in industrial demand among wholesale customers.

[Wholesale gas volume]

(Unit: Million m³, 45MJ/m³)

	FY2013 Outlook	FY2014	FY2015	FY2016	FY2017	FY2018	CAGR
Wholesale gas volume	2,247	2,278	2,339	2,362	2,440	2,477	2.0%

3. Production/Purchasing Volume and Feedstock Use Plan

We aim to heighten flexibility in our procurement by engaging in upstream business development and through the utilization of short-term business transactions to cope with demand fluctuation, making an effort to procure more competitive resources in addition to long-term contract based procurement of resources and commencement of receiving unconventional LNG.

[Gas production and purchasing volume]

(Unit: Million m³, 45MJ/m³)

		FY2013 Outlook	FY2014	FY2015	FY2016	FY2017	FY2018
Natural gas	LNG	13,721	14,353	14,389	14,752	15,436	15,687
	Domestic natural gas	240	242	246	252	257	262
Petroleum oil	LPG	497	564	678	791	796	948
	Boil-off gas	84	74	74	74	74	74
Other	Biogas	1	1	1	1	1	1
Total		14,542	15,234	15,389	15,870	16,564	16,972

[Gas resource/fuel use volume]

(Unit: 1,000 ton)

	FY2013 Outlook	FY2014	FY2015	FY2016	FY2017	FY2018
LNG	10,822	11,334	11,310	11,541	12,032	12,154
LPG	424	481	579	675	679	808

4. Major Facility Plan

We will improve the security and disaster prevention initiatives by taking measures resistant to earthquakes and floods as well as accelerating the replacement of aged pipes. We will install and reinforce the production and supply infrastructure to establish more safe and secure base of supply and to respond more appropriately to gas demand projection, taking into account the heightened expectation and demand toward natural gas from customers and society at large.

- We will complete the Hitachi LNG terminal, the Ibaraki-Tochigi Line and the Koga-Moka Line both connecting to the existing network.
- We will complete the 2nd Phase of the Kisarazu Rinkai Line (Kisarazu City – Kimitsu City) and the Saito Line (Soka City – Koga City).
- We will install vaporizers in the Ohgishima LNG Terminal and the Sodegaura LNG Terminal.
- We will newly plan the construction of the Onahama Satellite Terminal (LNG storage tank/LNG vaporizer).

[Major pipeline plans]

Planned Commencement	Name	Route	Inner Diameter (mm)	Total Length (km)
Feb. 2015	Kisarazu Rinkai Line (2nd phase)	Kisarazu city – Kimitsu city	300	8.6
Oct. 2015	Saito Line	Soka city – Koga city	600	39.9
Mar. 2016	Ibaraki-Tochigi Line	Hitachi city – Moka city	600	81.3
Mar. 2016	Extended Tochigi Line	Moka city	400	2.7
Mar. 2018	Koga-Moka Line	Koga city – Moka city	600	50.0

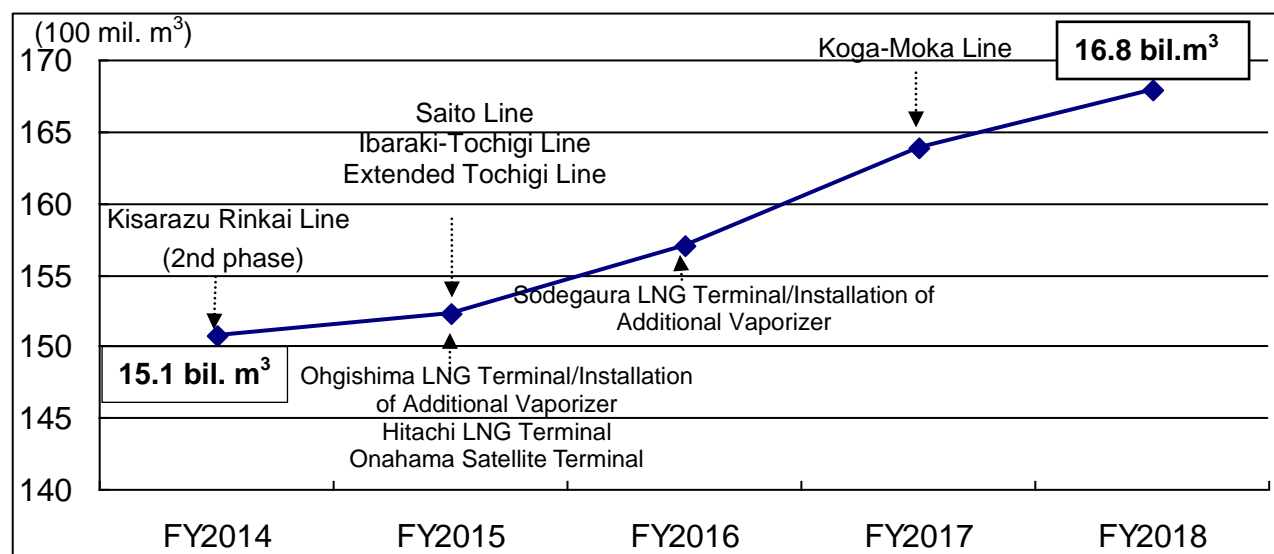
[Total length of pipelines at year-end] (Unit: km)

FY2013 Outlook	FY2014	FY2015	FY2016	FY2017	FY2018
56,092	56,747	57,524	58,166	58,835	59,466

[Major production facilities plans]

Planned commencement	Installed site	Installed facilities	No. of units
Jul. 2015	Ohgishima LNG Terminal	LNG vaporizer	1
Dec. 2015	Onahama Satellite Terminal	LNG storage tank	1
		LNG vaporizer	2
Mar. 2016	Hitachi LNG Terminal	LNG storage tank	1
		LPG storage tank	1
		LNG/LPG vaporizer	3
		LPG vaporizer	2
Dec. 2016	Sodegaura LNG Terminal	LNG/LPG vaporizer	2

[Gas sales volume plan and facilities development plan]



5. Capital Investment Plan

Tokyo Gas plans to invest a total of 723.7 billion yen in its facilities (after advanced depreciation of contribution for construction) over the five-year period of the supply plans (FY2014 – FY2018) as follows.

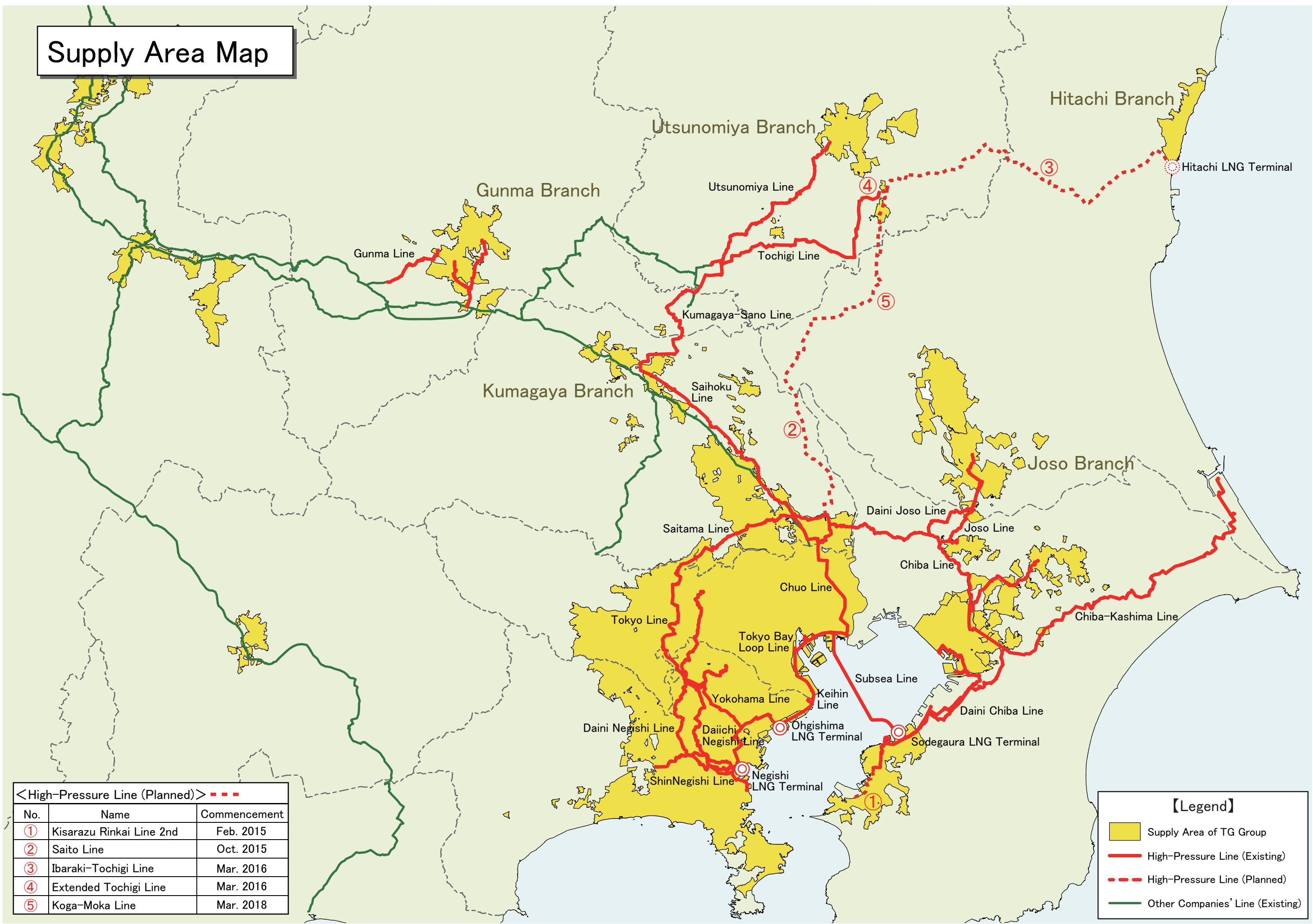
- (1) Production facilities; the further reinforcement of stable production systems through construction of the Hitachi LNG Terminal, expansions of the LNG-related facilities in the three terminals on Tokyo Bay and construction of the Onahama Satellite Terminal, as well as by proper measures for continued operation under long-term blackout situation, by appropriate methods resistant to earthquakes and floods and by scheduled repair and renovation of aged facilities.
- (2) Supply facilities; the establishment of stable supply systems and safety assurance through investment in pipeline installation for new demand development, formation of main pipeline network (reference: P6 “Supply Area Map”), facilities for measures resistant to earthquakes and floods, and further promotion of replacing aged pipes.
- (3) Business facilities; the further reinforcement of business development systems through improvements to information systems, enhancement of earthquake-proof business buildings, and promotion of technology development.
- (4) Incidental business facilities; improvements mainly to existing facilities.

[Capital investment plans]

(Unit: billion yen)

	FY2013 Outlook	FY2014	FY2015	FY2016	FY2017	FY2018	FY2014- FY2018 Total
LNG facilities	22.4	27.3	23.8	2.6	0.6	1.1	55.3
Other	6.4	8.0	7.9	5.9	6.4	6.1	34.3
Production facilities	28.8	35.3	31.7	8.5	7.0	7.1	89.6
Trunk line investment	20.0	28.4	28.8	10.7	3.8	0.5	72.2
Other	69.2	71.6	70.5	72.7	75.3	78.5	368.7
Supply facilities	89.2	100.1	99.3	83.4	79.1	79.0	440.9
Business facilities	19.2	24.0	38.5	53.8	47.5	27.1	190.9
Gas supply business Facilities	137.3	159.4	169.5	145.7	133.6	113.3	721.4
Incidental business facilities	0.5	0.6	0.5	0.4	0.4	0.4	2.3
Total	137.8	160.0	169.9	146.1	134.0	113.7	723.7

Supply Area Map



<High-Pressure Line (Planned)> - - -		
No.	Name	Commencement
①	Kisarazu Rinkai Line 2nd	Feb. 2015
②	Saito Line	Oct. 2015
③	Ibaraki-Tochigi Line	Mar. 2016
④	Extended Tochigi Line	Mar. 2016
⑤	Koga-Moka Line	Mar. 2018

【Legend】

- Supply Area of TG Group
- High-Pressure Line (Existing)
- High-Pressure Line (Planned)
- Other Companies' Line (Existing)