TSE:9531

FY2013 1Q Financial Results ended June 30, 2013

TOKYO GAS

July 31, 2013

FY2013 1Q Consolidated Financial Results ended June 30, 2013

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FY2013 1Q Consolidated Financial Results <vs. FY2012 1Q>

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Financial Highlights   Sales Growth, Profit Increase

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

Net sales	**+31.0:**	+	City gas sales grew	(+16.0: higher sales unit prices by weaker yen)
		+	LNG sales grew	(+10.5: increased volume, increased sales unit prices)
Operating expenses	**-36.8:**	-	City gas resource and other costs increased	(-20.0: increased expenses by weaker yen)
		-	LNG sales – resource costs increased	(-10.5: increase in sales volume, costs increased from yen's depreciation)
Operating income	**-5.9:**	-	Operating income from city gas declined	(-4.6: including gas gross margin -4.0 (including temperature effect -7.0, sliding +3.4, etc.))
		-	Operating income declined on decrease from previous year in interest received from TG Bajio financing (-2.4)	
Non-operating income and expenses	**-4.0:**	-	Decreased revenue from dedicated facilities	(-2.0: revenue from construction of dedicated pipes and pipelines for large-volume customers outside supply areas)
		-	Foreign exchange loss	(-1.9)
Extraordinary Income and loss, etc.	**+0.3:**	+	Reduction in valuation loss on securities (+3.8), reduction in gain on sales of shares of overseas subsidiaries and affiliates (Gas Malaysia) (-3.5)	

(Unit: billion yen)

	FY2013 1Q Results	FY2012 1Q Results	Change	%
Gas sales volume (mil. m^3, 45MJ)	**3,387**	3,496	-109	-3.1
Net sales	**473.6**	442.6	31.0	7.0
Operating expenses	**433.6**	396.8	36.8	9.3
Operating income	**39.9**	45.8	-5.9	-12.8
Ordinary income — (a)	**39.6**	49.5	-9.9	-20.0
Net income	**26.0**	31.7	-5.7	-18.1
Temperature effect — (b)	***-5.9***	*1.1*	*-7.0*	—
Sliding time lag effect — (c)	***-3.0***	*-6.4*	*+3.4*	—
Amortization of actuarial differences — (d)	***-0.5***	*-1.1*	*+0.6*	—
Adjusted ordinary income: (a) - ((b)+(c)+(d))	***49.0***	*55.9*	*-6.9**	*-12.3%*
Adjusted net income	***32.2***	*36.0*	*-3.8*	*-10.6%*

***-6.9: Decrease in gas sales volume -1.4 (excl. temperature effect -7.0), general expenses -2.2, electric power +1.0, overseas -1.9, non operating -4.0, other segment profit, etc. +1.6**

Economic Frame	JCC ($/bbl)	Ex. Rate (¥/$)	Avg. Temperature (℃)
FY2013 1Q	**107.7**	**98.8**	**17.5**
FY2012 1Q	122.6	80.2	16.4

Pension Asset	Investment Yield (Cost Deducted)
FY13.1Q	**-2.05%**
FY12.1Q	**+1.47%**

First, I will give an overview of our financial results.

Slide 2 shows our results for FY2013 1Q; sales rose year-on-year but profit declined. This was the fourth consecutive quarter of sales growth and the first profit decline in two quarters, and sales set a record high for a 1Q result.

Gas sales at the city gas business grew ¥16.0 billion on higher unit sales prices in line with higher resource costs from the weaker yen. With an additional ¥10.5 billion increase in LNG sales from increased volumes, consolidated net sales rose ¥31.0 billion, or 7.0% year on year, to ¥473.6 billion.

On the other hand, operating expenses increased ¥36.8 billion, or 9.3%, to ¥433.6 billion year on year, mostly from a ¥20.0 billion rise in city gas resource costs and a ¥10.5 billion increase in LNG sales costs.
As a result, operating income declined ¥5.9 billion, or 12.8% year on year, to ¥39.9 billion. Ordinary income declined ¥9.9 billion, or 20%, to ¥39.6 billion, in part from a ¥2.0 billion decrease in revenue from dedicated facilities.
After the payment of income and other taxes, net income declined ¥5.7 billion, or 18.1%, to ¥26.0 billion.

The sliding time lag effect from changes in resource prices improved ¥3.4 billion, to a ¥3.0 billion shortfall compared with a year-earlier ¥6.4 billion shortfall.

The amortization of actuarial differences in pension asset accounting was a ¥0.5 billion expense, compared with a ¥1.1 billion expense in tFY2012 1Q, boosting profit by ¥0.6 billion year on year.

Consolidated Gas Sales Volume (April 1, 2013 – June 30, 2013)

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FY2012 1Q→FY2013 1Q

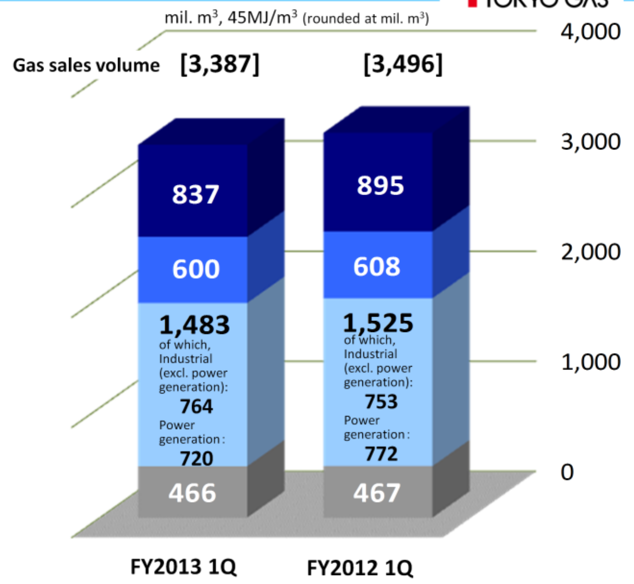
-109 mil. m³ (-3.1%)
Including temperature effect: -71 mil. m³ (-2.0%)

■ Residential -58 mil. m³ (-6.5%)
- Temperature effect -58 mil. m³
- Increase in number of customers +11 mil. m³
- Number of days +3 mil. m³
- Others (decrease in usage per household after standardization (non-consolidated basis) -1.2%) -14 mil. m³

■ Commercial -8 mil. m³ (-1.4%)
- Temperature effect -9 mil. m³
- Number of days +3 mil. m³
- Others -2 mil. m³

■ Industrial -42 mil. m³ (-2.7%)
- Industrial (excl. power generation): including new demands in Kashima area +11 mil. m³
- Power generation: -53 mil. m³
  Nijio -198 mil. m³ (tolling shift)
  excluding Nijio +146 mil. m³

■ Wholesale -1 mil. m³ (-0.2%)
- General wholesale demand (incl. temperature effect -4) -1 mil. m³
- Large volume gas demand 0 mil. m³



	FY2013 1Q	FY2012 1Q	Change
LNG liquid sales volume (thousand t)	396	299	+97 (+32.6%)
Average temperature (℃)	17.5	16.4	+1.1

Number of customers (Unit: 10 thousand)

FY2013 1Q-end	FY2012 1Q-end	Change
1,099.5	1,087.4	+12.1 (1.1%)

Slide 3 shows gas sales volume for the quarter.

Consolidated gas sales volume for FY2013 1Q declined 109 million m3, or 3.1% year on year, to 3,387 million m3. This included a 198 million m3 decrease in gas sales volume for power generation due to the shift to tolling.

With the average temperature during the quarter 1.1ºC higher year on year, residential-use sales volume declined 58 million m3, or 6.5%, on lower demand for hot water.
Commercial-use sales volume declined 8 million m3, or 1.4%, reflecting higher temperatures year on year in April.

Industrial-use sales volume declined 42 million m3, or 2.7%. Despite increases of 63 million m3 from new demand developed in the Kashima area, 94 million m3 in other power generation demand and a 198 million m3 decrease from the shift to tolling in the areas other than Kashima led to an overall decline.

Industrial-use sales volume broke down as an 11 million m3 increase in general industrial-use from the development of demand in the Kashima area. Power generation-use declined 53 million m3, but if the tolling portion is included, power generation-use sales volume increased 149 million m3, or 16.6%, on an actual basis.

Changes in Gas Usage Volume from Shift to Tolling

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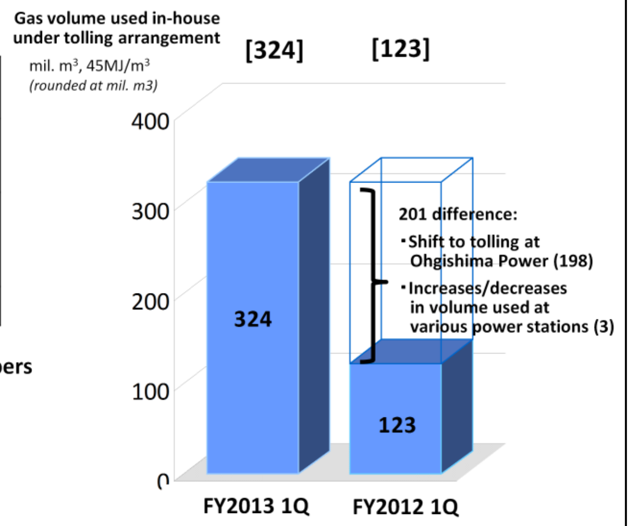
FY2013 1Q Results

Gas sales volume including portion used in-house under tolling arrangement (Unit: million m^3)

	FY2013 1Q	FY2012 1Q	Change	
Gas sales volume (financial accounting basis)	3,387	3,496	-109	-3.1%
Gas volume used in-house under tolling arrangement	324	123	201	163.8%
Total	3,711	3,619	92	2.5%

Gas sales volume for industrial-use (Unit: million m^3, numbers in parenthesis refer to comparisons with FY2012 1Q) (excl. tolling)

	Kashima area	Other	Total
Power generation	58 (+43)	662 (-95)	720 (-53)
General industrial (excl. power generation)	30 (+20)	733 (-9)	764 (+11)
Total	88 (+63)	1,395 (-104)	1,483 (-42)



* Tolling: A contract under which the seller of electricity delivers the gas required as fuel for power generation to the power plant, where the power generator processes the fuel into electricity, which it returns to the seller of electricity in exchange for a processing fee.

Slide 4 shows gas volume used in tolling, which in not included in gas sales volume. With the shift of gas sales to Ohgishima Power to tolling from FY2013, the volume used in tolling increased 201 million m3, or 163.8%.

Total gas volume, representing the sum of gas sales volume and gas volume used in tolling, increased 92 million m3, or 2.5%.

This slide also shows a breakdown of year-on-year increases and decreases in industrial-use gas sales volume in the Kashima area and in other areas, by power generation-use and general industrial-use.

FY2013 1Q Net Sales and Operating Income/Loss by Business Segment <vs. FY2012 1Q>

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(Unit: billion yen)

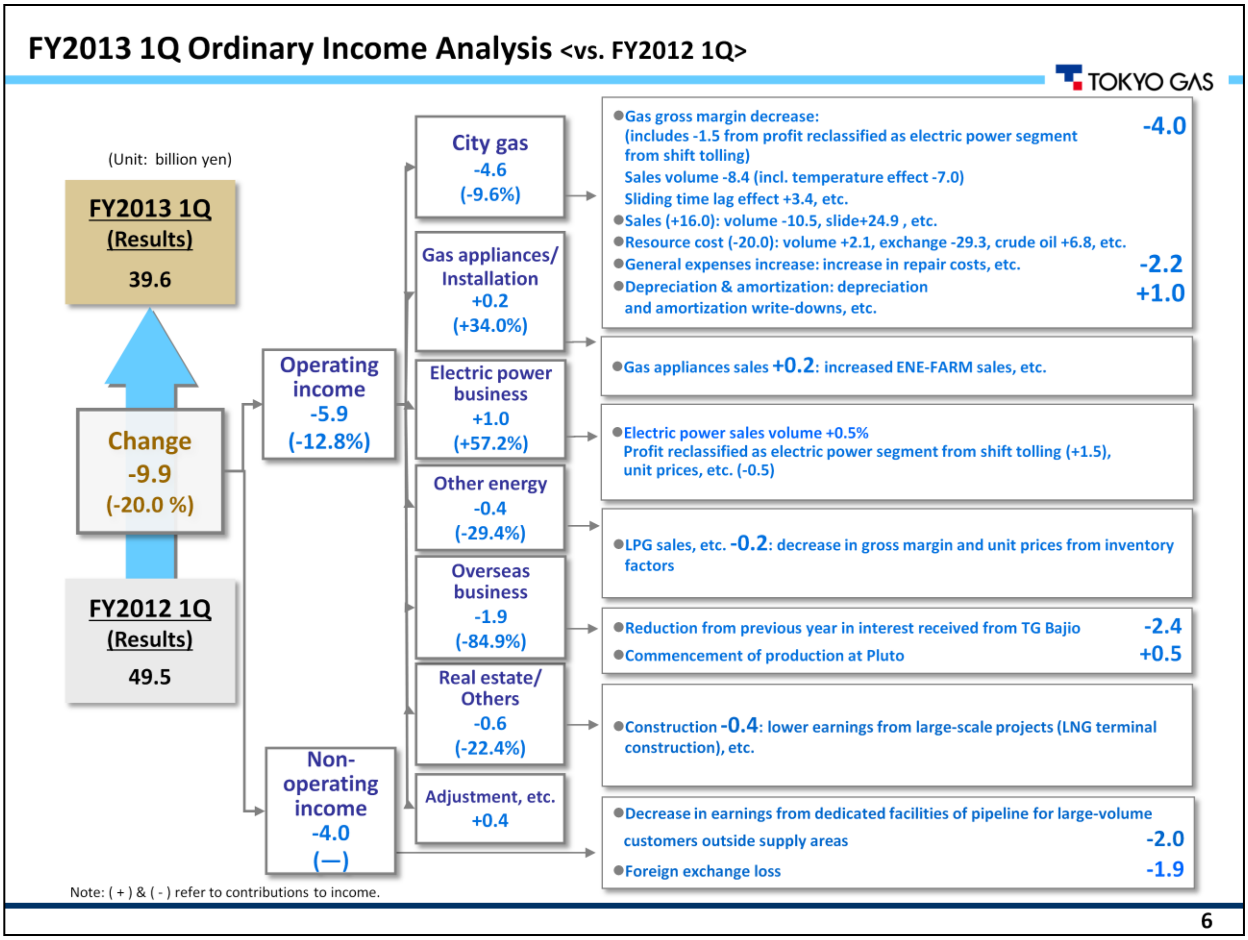
	Net Sales				Operating Income/Loss			
	FY2013 1Q			FY2012 1Q	FY2013 1Q			FY2012 1Q
	Results	Change	%	Results	Results	Change	%	Results
City gas	344.5	16.0	4.9	328.5	43.5	-4.6	-9.6	48.1
Gas appliances and installation work	42.3	-0.1	-0.3	42.4	0.6	0.2	34.0	0.4
Other energy	79.4	4.3	5.7	75.1	3.5	0.7	23.8	2.8
(Electric power business)	28.5	1.5	5.4	27.0	2.7	1.0	57.2	1.7
Real estate	7.3	-0.2	-2.1	7.5	1.6	0	-4.7	1.6
Others	40.5	-4.5	-10.1	45.0	0.6	-2.3	-79.6	2.9
(Overseas business)	3.7	0.9	35.4	2.8	0.3	-1.9	-84.9	2.2
Adjustment	-40.6	15.5	—	-56.1	-10.0	0.4	—	-10.4
Consolidated	473.6	31.0	7.0	442.6	39.9	-5.9	-12.8	45.8

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

Next, I will discuss results by business segment.

Slide 5 shows FY2013 1Q net sales and operating income/loss by business segment, with year-on-year comparisons.

On the next slide, I will go into the reasons for increases and decreases in operating income at the segment level.



Operating income at the city gas segment declined ¥4.6 billion, or 9.6%. Despite the ¥3.4 billion improvement in the sliding time lag effect that I mentioned earlier, this was mainly because of an ¥8.4 billion decrease in the gross margin from lower sales volume.

Operating income at the electric power business rose ¥1.0 billion, or 57.2%. As the slide shows, electric power sales volume was basically flat year-on-year. On the other hand, this includes ¥1.5 billion of operating income at the Nijio Gas division that was included in the gas segment last year, but moved to the electric power segment with the shift to tolling, so actual operating income declined ¥0.5 billion. This was mainly because of differences in sales prices and in purchasing prices for electricity resources.

The overseas business recorded a ¥1.9 billion, or 84.9%, decline in operating income. However, this reflects the absence this year of the year-earlier interest income from financing to TG Bajio’s power generating company, despite that production at Pluto is showing solid growth.

The ¥4.0 billion decline in non-operating income was mainly because of a ¥2.0 billion decrease in earnings from payments for the construction of dedicated facilities of pipelines for large-volume customers outside supply areas, and a ¥1.9 billion foreign exchange loss.

FY2013 1st Half Forecast

FY2013 1st Half Forecast (April 1, 2013 – September 30, 2013) <vs. Previous Forecast >

TOKYO GAS

Highlights: Sales Decrease

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

Net sales	-13.0: -	Decrease in city gas sales	(-18.1: decrease in city gas sales volume (sales volume only reflects -191 mil. m^3 shortfall from 1Q forecast; 2Q forecast unchanged))
	+	Increase in LNG sales	(+2.9: increase in sales volume, etc.)
	+	Increase in electricity sales	(+2.3: increase in unit prices, etc.)
Operating expenses	+16.0: +	Decrease in city gas resource cost	(+17.8: decrease in sales volume, decrease in gas costs due to lower crude oil and appreciation of yen)
	-	Increase in resource costs for LNG sales	(-2.4: increase in sales volume, etc.)
	+	Decrease in electricity resources cost	(+0.3: decrease in gas costs due to lower crude oil and appreciation of yen)
Operating income	+3.0: -	Decrease in city gas operating income	(-0.3: decrease in city gas sales volume -6.4 (incl. temp. effect -5.9), sliding +6.1)
	+	Increase in electricity profit	(+2.6: profit growth from increase in unit sales prices, etc.)
	+	Increase in LNG sales profit	(+0.4)

(Unit: billion yen)

	Current Release	Previous Forecast (April 26)	Change	%	FY2012 1st Half	Change	%
Gas sales volume (mil. m^3, 45MJ)	6,732	6,923	-191	-2.8%	6,998	-266	-3.8%
Net sales	942.0	955.0	-13.0	-1.4%	863.7	78.3	9.1%
Operating expenses	875.0	891.0	-16.0	-1.8%	798.6	76.4	9.6%
Operating income	67.0	64.0	3.0	4.7%	65.0	2.0	3.0%
Ordinary income — (a)	61.0	60.0	1.0	1.7%	67.0	-6.0	-9.1%
Net income	40.0	40.0	0	0.0%	39.9	0.1	0.0%
Temperature effect — (b)	*-5.9*	*0*	*-5.9*	—	*0.8*	*-6.7*	—
Sliding time lag effect — (c)	*10.8*	*4.7*	*6.1*	—	*0.8*	*10.0*	—
Amortization of actuarial differences — (d)	*-1.1*	*-1.1*	*0*	—	*-2.2*	*1.1*	—
Adjusted ordinary income: (a) - ((b)+(c)+(d))	*57.2*	*56.4*	*0.8*	*+1.4%*	*67.6*	*-10.4*	*-15.4%*
Adjusted net income	*37.4*	*37.6*	*-0.2*	*-0.5%*	*40.4*	*-3.0*	*-7.4%*

Gross Margin Sensitivity to Changes in Oil Price and Exchange Rate (Unit: billion yen)

	2Q
Impact of rising JCC by $1/bbl	-0.1
Impact of yen depreciation by ¥1/$	-1.0

Economic Frame (FY2013 1st Half)	JCC ($/bbl) 1Q	JCC 2Q	JCC Average	Exchange Rate (¥/$) 1Q	Exchange Rate 2Q	Exchange Rate Average	Average Temperature (℃)
Current Forecast	107.7	110.0	108.9	98.8	100.0	99.4	21.8
Previous forecast		110.0			100.0		21.4
FY2012 1st Half		113.9			79.4		21.6

8

Next, I will discuss our forecast for FY2013 1H revenue and expenses.

Our current forecast represents a ¥13.0 billion, or 1.4%, reduction to our previous forecast for 1H net sales, and leaves our forecast for net profit unchanged. In terms of sales, we have reduced our forecast for city gas sales by ¥18.1 billion to reflect lower sales volume, but increased our LNG sales forecast ¥2.9 billion on anticipated higher volume, and in total we have reduced our forecast ¥13.0 billion, or 1.4%, to ¥942.0 billion.

At the same time, we have reduced our forecast for 1H operating expenses by ¥16.0 billion, or 1.8%, to ¥875.0 billion. This includes a ¥17.8 billion decrease in city gas resource costs from lower sales volume, and a ¥2.4 billion increase in LNG sales costs.
As a result, we have increased our forecast for 1H operating income by ¥3.0 billion, or 4.7%, to ¥67.0 billion. With a negative impact from exchange rate factors, we have raised our forecast for ordinary income by a slightly smaller margin, by ¥1.0 billion, or 1.7%, to ¥61.0 billion.

FY2013 1st Half Forecast: Consolidated Gas Sales Volume

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Previous Forecast → Current Forecast

-191 mil. m^3 (-2.8%)
Incl. temperature effect: -71 mil. m^3 (-1.0%)

Residential -51 mil. m^3 (-3.8%)
- Temperature effect -49 mil. m^3
- Increase in number of customers +2 mil. m^3
- Number of days -1 mil. m^3
- Others -2 mil. m^3

Commercial -17 mil. m^3 (-1.2%)
- Temperature effect -19 mil. m^3
- Number of days +1 mil. m^3
- Increase in number of customers -2 mil. m^3
- Others +3 mil. m^3

Industrial -109 mil. m^3 (-3.3%)
- Industrial: -19 mil. m^3 (reduction from operation on existing facilities, etc.)
- Power generation: -90 mil. m^3 (reduction from operation on existing facilities, etc.)

Wholesale -14 mil. m^3 (-1.5%)
- Temperature effect -3 mil. m^3
- Others: -11 mil. m^3 (decrease in demand from wholesale suppliers, etc.)

FY2012 1st Half Results → Current Forecast

-266 mil. m^3 (-3.8%)
Incl. temperature effect: -88 mil. m^3 (-1.3%)

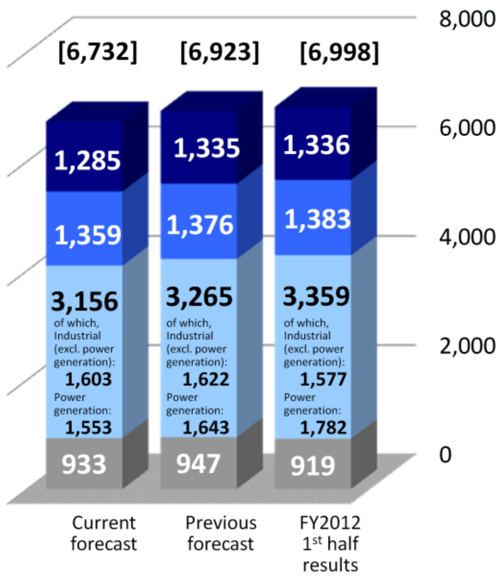
Residential -51 mil. m^3 (-3.9%)
- Temperature effect -53 mil. m^3
- Increase in number of customers +12 mil. m^3
- Number of days +2 mil. m3
- Others -12 mil. m^3

Commercial -25 mil. m^3 (-1.8%)
- Temperature effect -31 mil. m^3
- Number of days +3 mil. m^3
- Increase in number of customers +1 mil. m^3
- Others +2 mil. m^3

Industrial -203 mil. m^3 (-6.1%)
- Industrial: (excl. power generation) +26 mil. m^3
- Power generation: -230 mil. m^3 Impact from shift to tolling, etc.

Wholesale +14 mil. m^3 (+1.5%)
- Temperature effect -4 mil. m^3
- Others: +18 mil. m^3 (increase in demand from wholesale suppliers, etc.)

Gas sales volume: (rounded at mil. m^3)



(Unit: 10 thousand)

	Current forecast	FY2012 1st half Forecast	Change
LNG liquid sales volume (thousand t)	730	726	+4 (+0.5%)
Average temperature (℃)	21.8	21.4	+0.4

9

Slide 9 shows our FY2013 1H forecast for gas sales volume.
Compared with our previous forecast, we have lowered our projections for residential-use sales volume by 51 million m3, or 3.8%, and for commercial-use sales volume by 17 million m3, or 1.2%, primarily because of temperature effects.

For industrial-use sales volume by use, we have reduced our forecast for general industrial-use by 19 million m3 to reflect lower utilization of existing facilities. We have also reduced our forecast for power generation-use by 90 million m3, on an anticipated reduction in capacity utilization at existing power stations.

As a result, we have lowered our forecast for total 1H gas sales volume by 191 million m3, or 2.8%, to 6,732 million m3.

Changes in Gas Usage Volume from Shift to Tolling

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FY2013 1st Half Forecast

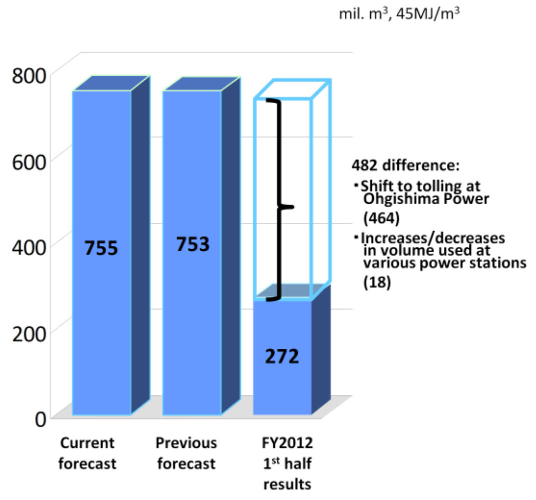
Gas sales volume including portion used in-house under tolling arrangement (Unit: million m³)

	Current forecast	Previous forecast	Change	FY2012 1st half results	Change
Gas sales volume (financial accounting basis)	6,732	6,923	-191 (-2.8%)	6,998	-266 (-3.8%)
Gas volume used in-house under tolling arrangement	755	753	+1 (+0.2%)	272	+482 (+176.9%)
Total	7,486	7,676	-190 (-2.5%)	7,270	+216 (+3.0%)

Gas sales volume for industrial-use (Unit: million m³, numbers in parenthesis refer to comparisons with previous forecast) (excl. tolling)

	Kashima area	Other	Total
Power generation	212 (-49)	1,341 (-41)	1,553 (-90)
General industrial (excl. power generation)	70 (+1)	1,533 (-20)	1,603 (-19)
Total	282 (-48)	2,874 (-61)	3,156 (-109)

Gas volume used in-house under tolling arrangement



* Tolling: A contract under which the seller of electricity delivers the gas required as fuel for power generation to the power plant, where the power generator processes the fuel into electricity, which it returns to the seller of electricity in exchange for a processing fee.

10

Slide 10 shows our forecast for gas volume used in tolling and not included in sales volume, as discussed in the 1Q result. Our 1H forecast is basically unchanged, at 755 million m3.

Therefore, we have reduced our forecast for total gas volume, the sum of gas sales volume and gas volume used in tolling, by 190 million m3, or 2.5%.

FY2013 Full Year Forecast

FY2013 Full Year Forecast (2013.4.1 – 2014.3.31) <vs. Previous Forecast (April 26 Release)>

TOKYO GAS

Highlights: Sales Decrease

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

Net sales	-20.0:	-	Decrease in city gas sales	(-24.0: volume -14.5, decrease in gas unit prices due to lower crude oil and depreciation of yen -9.5
			(Sales volume only reflects -191 mil. m³ (power generation -90, temperature effect -71) shortfall from 1Q forecast; 2~4Q forecast unchanged)	
		+	Increase in LNG sales	(+4.1: increase in unit price due to sliding, etc.)
		+	Increase in electricity sales	(+3.4: increase in unit prices, etc.)
Operating expenses	+20.0:	+	Decrease in city gas operating expense	(19.4: +8.1 decrease in volume, +7.9 decrease in gas costs due to lower crude oil and depreciation of yen, etc.)
		-	Increase in operating expense for LNG sales	(-3.8: increase costs due to sliding, etc.)
Operating income	±0:	-	Decrease in city gas operating income	(-4.6: volume -6.4 (incl. temp. effect -5.9), sliding time lag +1.8)
		+	Increase in electricity profit	(+2.2: profit growth from increase in unit sales prices, etc.)
		+	Other	(+2.4: Overseas +0.9, LNG sales +0.3, shipping +0.3, etc.)

(Unit: mil. m³/45MJ, billion yen)

	Current Release	Previous Forecast (April 26)	Change	%	FY2012	Change	%
Gas sales volume (mil. m³, 45MJ)	**14,590**	14,781	-191	-1.3%	15,390	-800	-5.2%
Net sales	**2,096.0**	2,116.0	-20.0	-0.9%	1,915.6	180.4	9.4%
Operating expenses	**1,935.0**	1,955.0	-20.0	-1.0%	1,770.0	165.0	9.3%
Operating income	**161.0**	161.0	0	0.0%	145.6	15.4	10.6%
Ordinary income — (a)	**155.0**	155.0	0	0.0%	147.4	7.6	5.1%
Net income	**101.0**	101.0	0	0.0%	101.6	-0.6	-0.7%
Temperature effect — (b)	***-5.9***	*0*	*-5.9*	—	*2.9*	*-8.8*	—
Sliding time lag effect — (c)	***+22.7***	*+20.9*	*1.8*	—	*-12.4*	*35.1*	—
Amortization of actuarial differences — (d)	***-2.2***	*-2.2*	*0*	—	*-4.4*	*2.2*	—
Adjusted ordinary income: (a) - ((b)+(c)+(d))	***140.4***	*136.3*	*4.1※*	*3.0%*	*161.3*	*-20.9*	*-13.0%*
Adjusted net income	***91.3***	*88.6*	*2.7*	*3.0%*	*110.9*	*-19.6*	*-17.7%*

*+4.1: Decrease in gas sales volume -0.5 (incl. temp. effect -5.9), electric power +2.2, overseas +0.9, Other segment incomes, etc. +1.5

Gross Margin Sensitivity to Changes in Oil Price and Exchange Rate

(Unit: billion yen)	2Q – 4Q
Impact of rising JCC by $1/bbl	-1.0
Impact of yen depreciation by ¥1/$	-1.2

Economic Frame (Full Year)	Crude Oil Price ($/bbl)	Foreign Exchange Rate (¥/$)	Average Temp. (℃)
Current forecast	109.4	99.7	16.8
Previous forecast	110.0	100.0	16.6
FY12	113.9	82.9	16.6

Anticipated yield: 2%

Pension Asset	Investment Yield (Cost Deducted)	Discount Rate	Year-end Assets (Billion Yen)
FY12	6.10%	1.4%	2,760
FY11	5.13%	1.7%	2,540

12

Next, I will move on to our forecast for the FY2013 full year.

Compared with our previous forecast, we have slightly lowered our sales projection and left our profit forecasts in place.
This is because of a downward revision to our sales volume forecast, which I will discuss in a minute.

With this downward revision for sales volume, and lower unit prices under the resource cost adjustment from a slightly stronger yen and slightly lower oil prices, we have lowered our forecast for city gas sales by ¥24.0 billion, but raised our LNG sales forecast by ¥4.1 billion on higher unit prices from the sliding time lag effect. As a result, we have slightly lowered our forecast for full-year consolidated net sales, by ¥20.0 billion, or 0.9%, to ¥2,096.0 billion.
In line with the reduction to gas sales volume we expect a ¥19.4 billion reduction in resource costs, and have therefore lowered our forecast for operating expenses by ¥20.0 billion, or 1.0%, to ¥1,935.0 billion.

As a result, our full-year profit forecasts are unchanged at operating income of ¥161.0 billion, ordinary income of ¥155.0 billion, and net income of ¥101.0 billion.

FY2013 Full Year Forecast: Consolidated Gas Sales Volume

TOKYO GAS

Previous Forecast → Current Forecast

-191 mil. m³ (-1.3%)
Incl. temperature effect: -71 (-0.5%)

Residential -51 mil. m³ (-1.4%)
- Temperature effect -49 mil. m³
- Increase in number of customers +2 mil. m³
- Number of days -1 mil. m³
- Others -2 mil. m³

Commercial -17 mil. m³ (-0.6%)
- Temperature effect -19 mil. m³
- Number of days +1 mil. m³
- Decrease in number of customers -2 mil. m³
- Others +3 mil. m³

Industrial -109 mil. m³ (-1.7%)
- Industrial: -19 mil. m³ (reduction from operation on existing facilities, etc.)
- Power generation: -90 mil. m³ (reduction from operation on existing facilities, etc.)

Wholesale -14 mil. m³ (-0.7%)
- Temperature effect -3 mil. m³
- Others -11 mil. m³ (Decrease in demand from wholesale suppliers, etc.)

FY2012 Results → Current Forecast

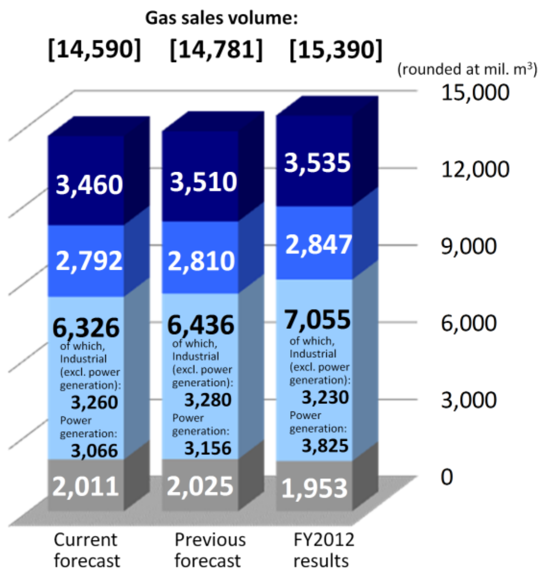
-800 mil. m³ (-5.2%)
Incl. temperature effect: -139 (-0.9%)

Residential -75 mil. m³ (-2.1%)
- Temperature effect -82 mil. m³
- Number of days +2 mil. m³
- Increase in number of customers +37 mil. m³
- Others -32 mil. m³

Commercial -55 mil. m³ (-1.9%)
- Temperature effect -53 mil. m³

Industrial -729 mil. m³ (-10.3%)
- Industrial: +30 mil. m³ (increase of operation in Kashima area, etc.)
- Power generation: -759 mil. m³ (impact from shift to tolling, etc.)

Wholesale +58 mil. m³ (+3.0%)
- Temperature effect -4 mil. m³
- Others +62 mil. m³ (increase in demand from wholesale suppliers, etc.)



	Current forecast	Previous forecast	Change
LNG liquid sales volume (thousand t)	1,394	1,388	+6 (+0.4%)
Average temperature (℃)	16.8	16.6	+0.2

Number of customers (Unit: 10 thousand)

Current forecast	Previous forecast	Change
1,110.4	1,110.2	+0.2 (+0.0%)

13

Slide 13 shows our full-year forecast for gas sales volume.
We have lowered our FY2013 forecast for consolidated gas sales volume by 191 million m3, or 1.3%, to 14,590 million m3.

This downward revision is to reflect the 1Q shortfall from our previous forecast, and we are leaving our 2Q-4Q forecasts in place. Therefore, this downward revision to our full-year forecast is by the same amount as our downward revision to the 1H gas sales volume forecast.

Next, let us look at the breakdown by use.
To reflect the fact that the average temperature in 1Q was 0.2ºC higher than our previous forecast, and in April, which accounts for large sales volume, the average temperature was a significant 1.3ºC higher, we have lowered our forecast for residential-use gas sales volume by 51 million m3, or 1.4%, and for commercial-use sales volume by 17 million m3, or 0.6%.
We have also lowered our forecast for total industrial-use gas sales volume by 109 million m3, or 1.7%, mostly to reflect a shortfall from our initial projection for power generation-use sales volume in 1Q from lower utilization of existing power generation facilities.

Changes in Gas Usage Volume from Shift to Tolling

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FY2013 Full Year Forecast

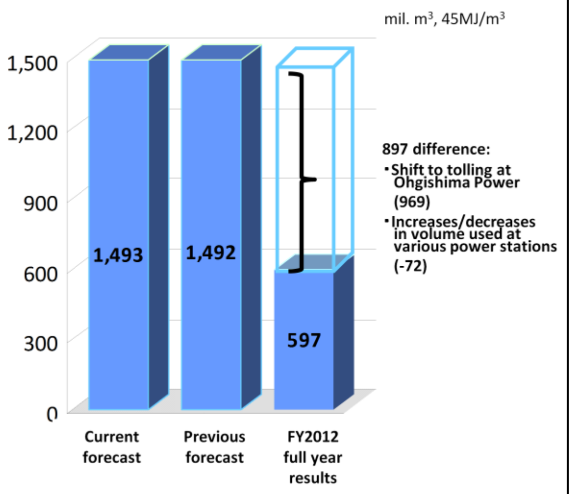
Gas sales volume including portion used in-house under tolling arrangement (Unit: million m^3)

	Current forecast	Previous forecast	Change	FY2012 full year results	Change
Gas sales volume (financial accounting basis)	14,590	14,781	-191 (-1.3%)	15,390	-800 (-5.2%)
Gas volume used in-house under tolling arrangement	1,493	1,492	+1 (+0.1%)	597	+897 (+150.3%)
Total	16,083	16,273	-190 (-1.2%)	15,986	+97 (+0.6%)

Gas sales volume for industrial-use (Unit: million m^3, numbers in parenthesis refer to comparisons with previous forecast) (excl. tolling)

	Kashima area	Other	Total
Power generation	508 (-49)	2,558 (-41)	3,066 (-90)
General industrial (excl. power generation)	157 (+1)	3,103 (-21)	3,260 (-19)
Total	665 (-48)	5,661 (-62)	6,326 (-109)

Gas Volume Used In-House Under Tolling Arrangement



* Tolling: A contract under which the seller of electricity delivers the gas required as fuel for power generation to the power plant, where the power generator processes the fuel into electricity, which it returns to the seller of electricity in exchange for a processing fee.

14

Slide 14 shows our projection for gas sales volume used in tolling, which is basically in line with our previous estimate.

As a result, we have lowered our forecast for total gas volume, the sum of gas sales volume and gas volume used in tolling, by 190 million m3, or 1.2% to reflect the revised forecast for gas sales volume.

FY2013 Net Sales and Operating Income/Loss by Business Segment <vs. Previous Forecast>

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(Unit: billion yen)

	Net Sales					Operating Income/Loss				
	Current Forecast			Previous Forecast (As of Apr. 26)	FY2012 Result	Current Forecast			Previous Forecast (As of Apr. 26)	FY2012 Result
	Price	vs. Previous Forecast	%			Price	vs. Previous Forecast	%		
City gas	1,495.7	-24.0	-1.6	1,519.7	1,401.9	154.3	-4.6	-2.9	158.9	141.3
Gas appliances and installation work	207.5	-1.5	-0.7	209.0	206.0	3.3	-0.2	-5.7	3.5	4.4
Other energy	343.6	5.7	1.7	337.9	336.6	29.1	2.6	9.8	26.5	25.9
(Electric power business)	129.8	3.4	2.7	126.4	127.0	22.3	2.2	10.9	20.1	19.1
Real estate	28.1	0.1	0.4	28.0	30.2	4.8	0.2	4.3	4.6	5.6
Others	191.7	2.9	1.5	188.8	195.7	14.4	1.6	12.5	12.8	13.5
(Overseas business)	23.4	0.8	3.5	22.6	12.4	6.0	0.9	17.6	5.1	2.4
Adjustment	-170.6	-3.2	—	-167.4	-255.0	-44.9	0.4	—	-45.3	-45.1
Consolidated	2,096.0	-20.0	-0.9	2,116.0	1,915.6	161.0	0.0	0.0	161.0	145.6

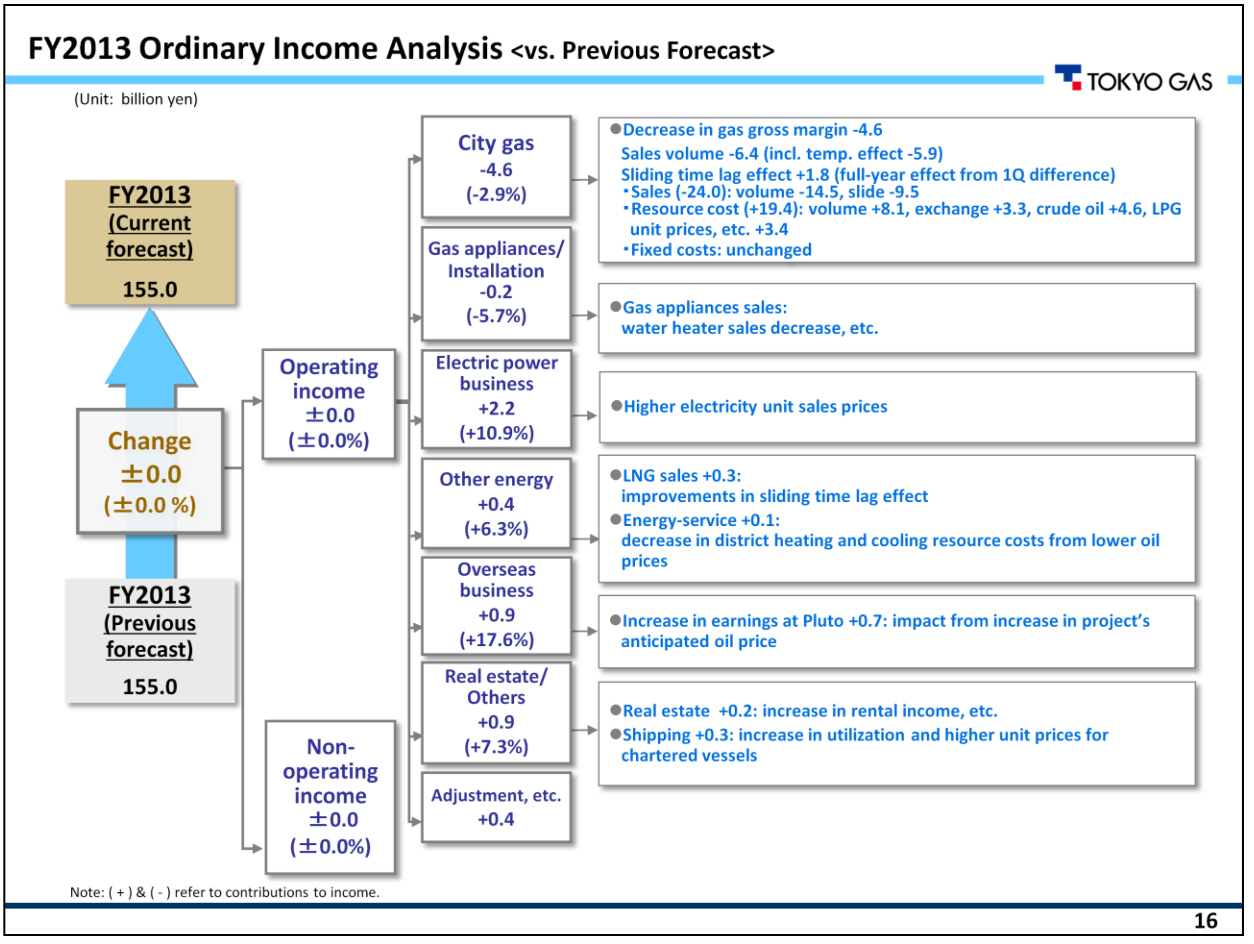
Notes:
- Net sales by business segment include internal transactions.
- "Other energy" includes energy-service, liquefied petroleum gas, electric power and industrial gas, etc.
- "Others" includes businesses in construction, information processing, shipping, credit and leasing, and overseas, etc.
- The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

15

Next, I will discuss our operating income forecast by business segment.

Slide 15 shows our FY2013 forecasts for net sales and operating income/loss, and comparisons with our previous forecasts.

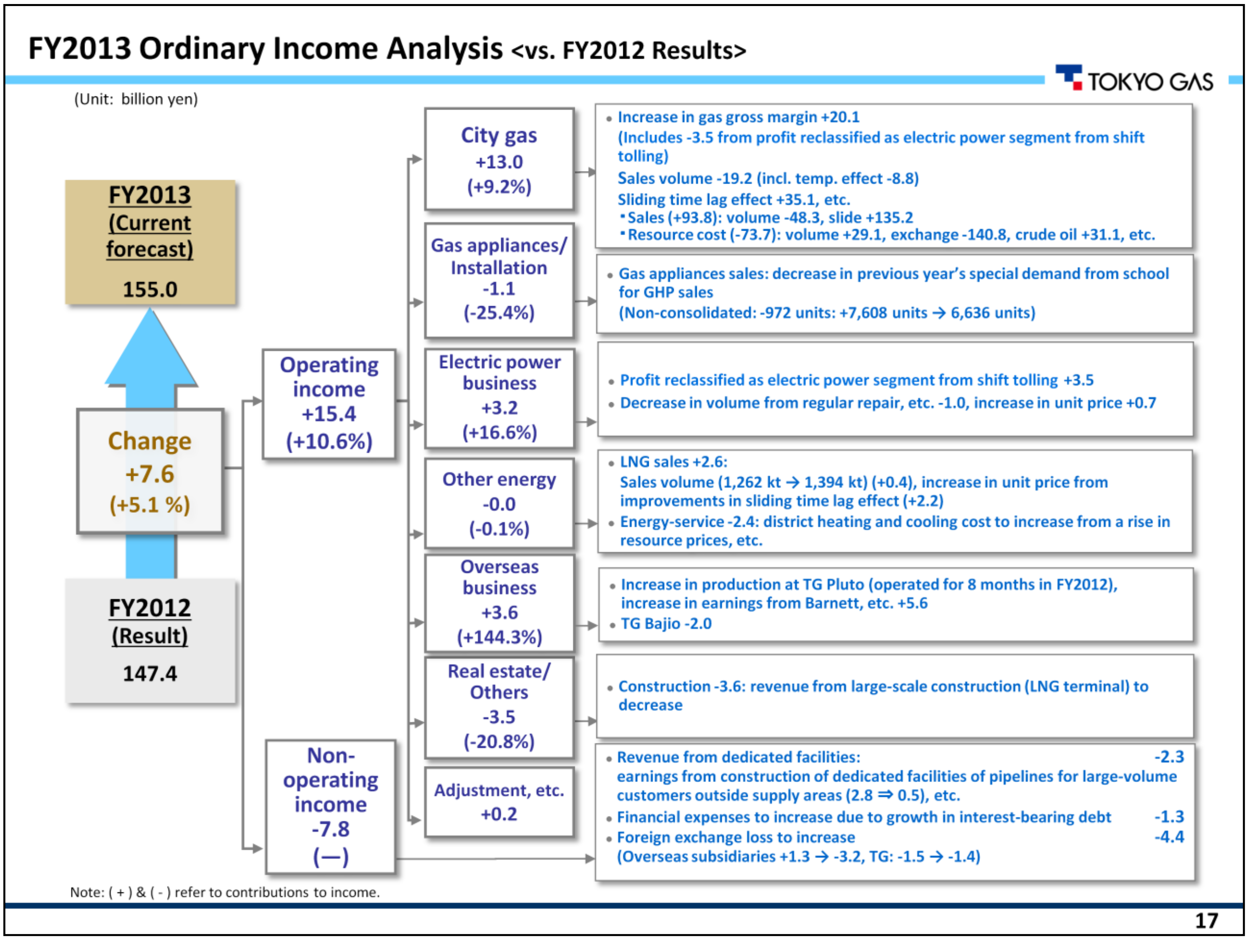
In terms of operating income, the main downward revision is at the city gas segment, but with upward revisions for the electric power and overseas businesses, our forecast for total operating income is unchanged. The specific reasons for these changes are shown in the following slide.



We have lowered our operating income forecast for the city gas segment by ¥4.6 billion, or 2.9%, mainly because of a ¥6.4 billion decrease in the gas gross margin from the decline in 1Q sales volume that I have already mentioned, and despite a ¥1.8 billion improvement in the sliding time lag effect (which included a widening of the JT difference).

At the electric power business, we now expect unit sales prices to be higher than previously estimated, and have raised our forecast ¥2.2 billion, or 10.9%.

We have raised our operating income forecast for the overseas business by ¥0.9 billion, or 17.6%, including a ¥0.7 billion increase at Pluto on a higher sales price estimate.



With this, I will conclude my remarks. Please refer to slides 17 through 20 for a comparison of our FY2013 forecast with FY2012 results, key indicators, and the industrial-use gas sales volume.

Key Indicators (Consolidated)

(Unit: billion yen)

	FY2012 Result	FY2013 Previous Forecast	FY2013 Current Forecast
Total assets (a)	1,992.4	2,090.0	2,091.0
Shareholders' equity (b)	927.6	964.0	967.0
Shareholders' equity ratio (b)/(a)	46.6%	46.1%	46.2%
Interest-bearing debt (c)	642.5	716.0	716.0
D/E ratio (c)/(b)	0.69	0.74	0.74
Net income (d)	101.6	101.0	101.0
Depreciation and amortization (e)	138.7	139.0	140.0
Operating cash flow (d) + (e)	240.4	240.0	241.0
Capex	183.7	258.0	258.0
ROA: (d)/(a)	5.3%	4.9%	4.9%
ROE: (d)/(b)	11.5%	10.7%	10.7%
TEP	59.8	57.5	57.0
WACC	3.2%	3.2 %	3.2%
Total payout ratio	60.7%	approx. 60% (forecast)	approx. 60% (forecast)

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 and amortization (including amortization of long-term prepaid expenses)
Total payout ratio = (FYn dividends + (FYn+1) treasury stock purchased) / FYn consolidated net income
*Total number of issued stock: 2,577,919,295 (as of March 31, 2013)

TEP: (Tokyo Gas Economic Profit): Profit after taxes and before interest payments – Cost of capital (invested capital × WACC)
Items for WACC calculation (FY2013 forecast):
- Cost of interest bearing debt: interest (1.6%)
- Cost rate for shareholders' equity (average interest rate of 10-year JGBs for past 10 years : 1.3%)
- Risk premium: 4.0%; β0.75

Shareholders' equity used to calculate WACC is the average market cap

Reference Materials

Transition of Industrial-use Gas Sales Volume (Quarterly, including Portion Used In-house Under Tolling Arrangement)

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Consolidated