TSE:9531

FY2013 3Q Financial Results ended December 31, 2013

TOKYO GAS

January 31, 2014

1. FY2013 3Q Consolidated Financial Results ended December 31, 2013

TOKYO GAS

FY2013 3Q Consolidated Financial Results (Apr. 1, 2013 – Dec. 31, 2013) <vs. FY2012 3Q>

TOKYO GAS

Highlights: Sales Growth, Profit Decrease

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

Net sales +99.9 :
- [+] Increase in city gas sales (+46.0: decrease in volume -45.3 (incl. temperature effect -16.9), slide +86.7,etc.)
- [+] Increase in LNG sales (+18.2: increase in volume, etc.)
- [+] Increase in overseas sales (+5.8: increase in utilization at Pluto, acquisition of Barnett's working interests, etc.)

Operating expenses -111.0 :
- [-] Increase in city gas resource costs (-56.7: decrease in volume +25.7 (incl. temperature effect +5.7), foreign exchange rate -108.3, crude oil +26.3, etc.)
- [-] Increase in operating expenses for LNG sales (-17.8: increase in volume, etc.)
- [-] Increase in overseas operating expenses (-6.4: increase in utilization at Pluto, acquisition of Barnett's working interests, etc.)

Operating income -11.2 :
- [-] Decrease in city gas profit (-11.0: gas gross margin -10.7 (incl. temperature effect -11.2))

Ordinary income -18.6 :
- [-] Decrease in net non-operating income (-7.3: increased foreign exchange loss -5.7, lower earnings from dedicated facilities -2.2, etc.)

(Unit: billion yen)

	FY2013 3Q Results	FY2012 3Q Results	Change	%
Gas sales volume (mil. m^3, 45MJ)	10,130	10,825	-695	-6.4%
Net sales	1,435.3	1,335.4	+99.9	+7.5%
Operating expenses	1,347.4	1,236.4	+111.0	+9.0%
Operating income	87.8	99.0	-11.2	-11.3%
Ordinary income — (a)	83.1	101.7	-18.6	-18.3%
Net income	55.1	64.0	-8.9	-13.8%
Temperature effect — (b)	-9.1	2.1	-11.2	—
Sliding time lag effect — (c)	17.6	13.2	4.4	—
Amortization of pension actuarial differences — (d)	-1.6	-3.3	1.7	—
Adjusted ordinary income: (a) - ((b)+(c)+(d))	76.2	89.7	-13.5*	-15.1%
Adjusted net income	50.6	56.0	-5.4	-9.6%

* -13.5: Decrease in gas sales volume -4.7 (excl. temperature and tolling effect -14.9), gas appliances and installation +2.2, overseas operation -0.6, non operating -7.3, other segment profit, etc. -3.1

Economic Frame (3Q)	Exchange Rate (¥/$)	JCC ($/bbl)	Avg. Temperature (℃)
FY2013 3Q results	99.36	109.44	20.4
FY2012 3Q results	79.95<+19.41>	113.98<-4.54>	19.7<+0.7>

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

Pension Asset	Investment Yield (Cost Deducted)	Year-end Assets (Billion Yen)
FY2013 3Q	0.06%	271.0

Expected rate of return: 2%

2

Please turn to page 2. For the third quarter ended December 31, 2013, net sales rose to a record-high ¥1,435.3 billion from the gas rate adjustment system offsetting the effects of the depreciation of the yen. However, operating income, ordinary income and net income all declined. As explained below, this was mostly caused by the reduction in residential gas sales volume from the high temperatures during the first half, with a year-on-year decline of 141 million m3, that is, a ¥11.2 billion drop in gas gross margin from the unusually hot weather. Regardless, operating income, ordinary income and net income were all the third highest on record for the nine-month period.

Net sales rose by ¥99.9 billion or 7.5%, with sales of city gas up ¥46.0 billion, LNG sales up ¥18.2 billion, mostly from higher volume, and sales from overseas business up ¥5.8 billion. The net sales include ¥86.7 billion from the impact of the slide time lag under the gas rate adjustment system, compensating for the depreciation of the yen. The rate reduction implemented in December lowered gas fees by ¥600 million, with reductions of about ¥250 million for small-volume and ¥350 million for large-volume customers.

Meanwhile operating expenses increased ¥111 billion or 9%, with raw materials costs for city gas rising ¥56.7 billion and raw materials costs for LNG sales up ¥17.5 billion from the depreciation of the yen, and higher operating expenses of electric power sector , etc.

As a result, operating income declined ¥11.2 billion or 11.3% to ¥87.8 billion.

Non-operating income worsened ¥7.3 billion with ¥5.7 billion in foreign exchange losses from the depreciation of the Australian dollar and other exchange rate developments, and the absence of the ¥2.2 billion in earnings from dedicated facilities of pipelines for the Tokyo Electric Power Kashima Thermal Power Station received the previous fiscal year.

Consequently, ordinary income decreased ¥18.6 billion or 18.3% to ¥83.1 billion.

Extraordinary income was down ¥3.3 billion, as there was nothing to replace the ¥2.9 billion profit on securities sales from the IPO of Gas Malaysia the previous year. Although there were also ¥1.8 billion in extraordinary losses from new write-offs of Tokyo Gas Wondership, which is scheduled to close, there was an improvement of ¥1.8 billion from the cancellation of the ¥3.4 billion loss on valuation of investment securities the previous fiscal year, and so extraordinary income and loss worsened ¥1.4 billion. As a result, net income after tax declined ¥8.9 billion or 13.8% to ¥55.1 billion.

The impact of the slide time lag from changes in raw materials prices improved ¥4.4 billion to contribute ¥17.6 billion to operating income.

As of the end of December, the return on pension funds was 0.06% compared with the annual target of 2%. This return is low compared with that at other companies since Tokyo Gas has shifted to funds management centered on bonds to realize more stable profits, while stock prices are rising. The assumed discount rate for the end of the fiscal year of 1.6% is 0.2% more than the previous year, with a pension actuarial difference of plus ¥3.2 billion, which would reduce compensation next fiscal year by ¥3.2 billion, but since future interest rates are uncertain this should be viewed as a reference value at present.

FY2013 3Q Consolidated Gas Sales Volume <vs. FY2012 3Q>

TOKYO GAS

FY2012 3Q Results
→ FY2013 3Q Results

-695 mil. m^3 (-6.4%)
Including temperature effect: -141 mil. m^3 (-1.3%)

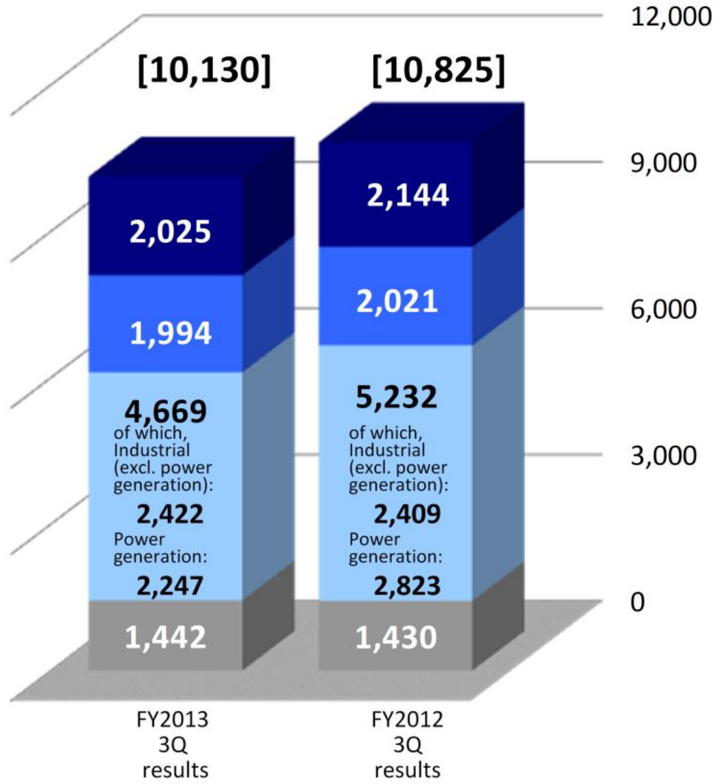
- **Residential** -119 mil. m^3 (-5.5%)
  - Temperature effect -118 mil. m^3
  - Number of days -6 mil. m^3
  - Number of customers +28 mil. m^3
  - Others -23 mil. m^3

- **Commercial** -27 mil. m^3 (-1.3%)
  - Temperature effect -13 mil. m^3
  - Number of days -4 mil. m^3
  - Number of customers +1 mil. m^3
  - Others -11 mil. m^3

- **Industrial** -563 mil. m^3 (-10.8%)
  - Industrial: +13 mil. m^3
  - Power generation: -576 mil. m^3
    Tolling effect, etc. -709 mil. m^3
    Portion from increase in Kashima region +68 mil. m^3, etc.

- **Wholesale** +12 mil. m^3 (+0.9%)
  - Temperature effect -10 mil. m^3
  - Others +22 mil. m^3
    Increase in demand from wholesale suppliers, etc.

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



Number of customers (10 thousand)

FY2013 3Q result	FY2012 3Q result	Change
1,105.7	1,093.3	+12.4 (+1.1%)

	FY2013 3Q	FY2012 3Q	Change
LNG liquid sales volume (thousand t, excl. sales to Nijio)	550	383	+167
Average temperature (℃)	20.4	19.7	+0.7

3

Page 3 shows that during the third quarter gas sales volume declined 695 million m3 or 6.4% year-on-year to 10,130 million m3. The decline from warm temperatures was ¥141 million m3 or 1.3%, and switching some gas sales volume to electric power companies to tolling arrangements with consigned sales of electricity reduced gas sales by 709 million m3 or 6.5%. So while new electric power plant operation from fuel conversion boosted gas sales by 194 million m3 or 1.8%, the overall gas sales volume declined.

As shown in the middle of page 4, the real gas sales volume after excluding the accounting effects from changes to tolling arrangements was down just 45 million m3 or 0.4%. And if the effects from the high temperatures are excluded, the real volume rose 0.9%. This is a low growth rate, considering the past performance of 3% to 4% per year. The background to this includes individual factors such as temporary reductions of operations from problems at large-scale electric power plants, suspensions of operations for improvement to combined cycle turbines, and delayed implementation of periodic maintenance; a slack supply-demand balance from the initiation of operations at coal-fired power plants; and lower cogeneration operating rates.

Changes in Gas Sales Volume from Shift to Tolling <vs. FY2012 3Q>

TOKYO GAS

3Q Results

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

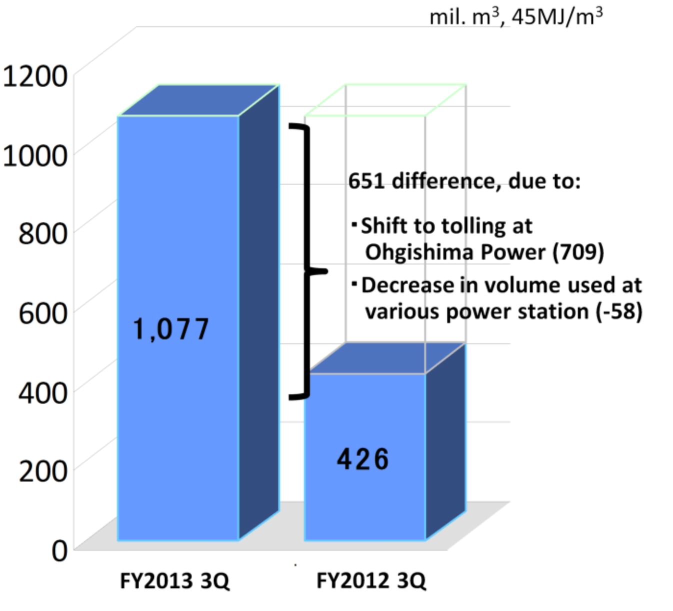
	FY2013 3Q results	FY2012 3Q results	Change
Gas sales volume (financial accounting basis)	10,130	10,825	-695
			-6.4%
Gas volume used in-house under tolling arrangement	1,077	426	+651
			+152.6%
Total	11,207	11,252	-45
			-0.4%

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

	Kashima area	Other	Total
Power generation	291	1,955	2,247
vs. FY2012 3Q results	+68 (+30.4%)	-644*(-24.8%)	-576 (-20.4%)
General industrial	127	2,295	2,422
vs. FY2012 3Q results	+69 (+116.6%)	-55 (-2.3%)	+13 (+0.6%)
Total	419	4,251	4,669
vs. FY2012 3Q results	+136 (+48.3%)	-699 (-14.1%)	-563 (-10.8%)

＊Portion from shift to tolling: -709

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.

FY2013 3Q Net Sales and Operating Income/Loss by Business Segment <vs. FY2012 3Q>

TOKYO GAS

(Unit: billion yen)

	Net Sales				Segment Income			
	FY2013 3Q	FY2012 3Q	Change	%	FY2013 3Q	FY2012 3Q	Change	%
City gas	1,014.8	968.8	46.0	4.8	82.3	93.3	-11.0	-11.7
Gas appliances and installation work	152.1	147.2	4.9	3.3	5.5	3.3	2.2	63.8
Other energy	252.4	240.6	11.8	4.9	20.2	20.7	-0.5	-2.4
(Electric power business)	96.6	93.8	2.8	2.9	14.0	14.0	0.0	-0.5
Real estate	21.3	22.6	-1.3	-5.9	4.5	4.8	-0.3	-5.6
Others	133.2	135.4	-2.2	-1.6	7.5	9.4	-1.9	-20.3
(Overseas business)	13.5	7.7	5.8	74.0	1.8	2.4	-0.6	-26.3
Adjustment	-138.8	-179.4	40.6	—	-32.4	-32.7	0.3	—
Consolidated	1,435.3	1,335.4	99.9	7.5	87.8	99.0	-11.2	-11.3

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 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 5 and 6 present the net sales and operating income by segment, and their causes, and I will make a few simple comments.

The reasons for the sales increase are ¥86.7 billion from higher city gas unit prices under the gas rate adjustment system and a ¥34 billion decline in city gas sales consolidated segments adjustments from the switch to a tolling arrangement at the Ohgishima Power Station. The increased revenue in gas appliances and installation work resulted from increased gas appliance installation volume from the acceleration in new housing, and from sales of ENE-FARM and TES hot water systems. The lower real estate sales were the result of lower rents at rental buildings. In the other segment, sales rose in overseas business from the launch of production at the Pluto project and from the purchased Barnett shale gas fields, but declined ¥1.9 billion from lower financing interest from our Mexican power plant subsidiary, for an overall increase of ¥5.8 billion. In the Engineering sector, sales fell ¥9.2 billion with the completion of construction of a large-scale LNG terminal, but rose ¥2.3 billion from higher transportation fees in the LNG tanker business.

The main reason for the decline in operating income was the reduction in residential-use city gas sales volume, which has a high gas gross margin. In the electric power sector, the shift to tolling arrangements does not affect the consolidated income and expenses overall, but ¥3.7 billion in gas sector profits last fiscal year are shifting to the electric power sector this fiscal year. So, operating profits in the electric power business declined by ¥3.8 billion essentially from the previous fiscal year. This is mostly because while unit prices rose, the volume of electricity power sales declined 5.1% year-on-year from shutdowns at electric power plants for periodic maintenance. In other sectors, profits declined from lower sales.

FY2013 3Q Ordinary Income Analysis <vs. FY2012 3Q>

(Unit: billion yen)

TOKYO GAS

FY2013 3Q (Results) 83.1

Change -18.6 (-18.3%)

FY2012 3Q (Results) 101.7

Operating income -11.2 (-11.3%)

City gas -11.0 (-11.7%)

- Gas gross margin decrease -10.7 (decrease in sales volume -19.6 (incl. temperature effect -11.2), slide +4.4)
  - Sales +46.0: volume -45.3 (incl. temperature effect -16.9), slide +86.7, tariff revisions -0.6, etc.
  - Resource costs -56.7: volume +25.7 (incl. temperature effect +5.7), exchange -108.3, crude oil +26.3, etc.
- General expenses increase: increase in enterprise tax following sales growth, increase in repair costs, etc. -2.6
- Decrease in depreciation & amortization: ongoing depreciation and amortization, etc. +0.9
- Personnel expenses decrease: decrease in amortization of actuarial differences, etc. +1.6

3.7

Gas appliances/ Installation +2.2 (+63.8%)

- Gas appliance sales +1.7: increase in ENE-FARM sales, etc. (non-consolidated: +2,441 units (6,038 → 8,479))

Electric power business -0.0 (-0.5%)

- Electric power sales volume -5.1%
- Sales volume decrease, fuel cost increase

Other energy -0.5 (-6.4%)

- Energy-service -0.7: lower profit on higher fuel costs for district heating and cooling
- LNG sales +0.4: increase in sales volume, etc.

Overseas business -0.6 (-26.3%)

- Increase in utilization at Pluto, acquisition of Barnett's working interests +1.3
- Decrease in interest received from TG Bajio -1.9

Real estate/ Others -1.6 (-13.1%)

- Real estate -0.3: increase in property taxes, etc.
- Construction -1.8: decrease in LNG-related facilities, etc.

Adjustment, etc. +0.3

Non-operating income -7.3 (—)

- Revenue from dedicated equipment: Earnings from dedicated facilities of pipeline for large-volume customers outside supply areas -2.2
- Foreign exchange profit/loss: weaker Australian dollars, etc. -5.7, etc.

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

2. FY2013 Full Year Forecast

FY2013 Full Year Forecast (Apr. 1, 2013 – Mar. 31, 2014) <vs. Previous Forecast (October 30 Release)>

TOKYO GAS

Highlights: Sales Growth, Profit Decrease

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

Net sales	+6.0	+	Increase in city gas sales	(+17.2: increase in volume +9.1, slide +8.1)
		+	Increase in construction sales	(+3.8: increase in Engineering's sales, etc.)
		+	Increase in gas appliances and installation sales	(+2.0: increase in unit sales)
		-	Decrease in LNG sales	(-3.4: decrease in sales volume)
		-	Adjustments for inter-segment consolidation	(-17.8: errors in previous forecast, etc.)
Operating expenses	-15.0	-	Increase in city gas resource costs	(-26.0: volume -6.9, foreign exchange rate -12.1, crude oil price -4.8, differences in LPG unit sales price, etc. -2.2)
		-	Increase in overseas operating expenses	(-3.0: increase in expense at Barnett -2.5, etc.)
		+	Adjustments for inter-segment consolidation	(+18.7: errors in previous forecast, etc.)
Operating income	-9.0	-	Decrease in city gas operating income	(-6.6: gas gross margin -8.8 (including increase in sales volume +2.2, sliding time lag effect -11.0))
		-	Decrease in overseas operating income	(-3.4: increase in expense at Barnett -2.5, etc.)

(Unit: billion yen)

	Current Forecast	Previous Forecast (Oct. 30)	Change	%	FY2012	Change	%
Gas sales volume (mil. m^3, 45MJ)	14,609	14,483	+126	+0.9%	15,390	-781	-5.1%
Net sales	2,086.0	2,080.0	+6.0	+0.3%	1,915.6	+170.4	+8.9%
Operating expenses	1,936.0	1,921.0	+15.0	+0.8%	1,770.0	+166.0	+9.4%
Operating income	150.0	159.0	-9.0	-5.7%	145.6	+4.4	+3.0%
Ordinary income — (a)	143.0	153.0	-10.0	-6.5%	147.4	-4.4	-3.0%
Net income	97.0	103.0	-6.0	-5.8%	101.6	-4.6	-4.6%
Temperature effect — (b)	-8.1	-8.5	+0.4	—	2.9	-11.0	—
Sliding time lag effect — (c)	11.1	22.1	-11.0	—	-12.4	+23.5	—
Amortization of pension actuarial differences — (d)	-2.2	-2.2	0.0	—	-4.4	+2.2	—
Adjusted ordinary income: (a) - ((b)+(c)+(d))	142.2	141.6	+0.6*	+0.4%	161.3	-19.1	-11.8%
Adjusted net income	96.5	95.5	+1.0	+1.0%	110.9	-14.4	-13.0%

* +0.6: Increase in gas sales volume +1.8 (excl. temperature effect 0.4), decrease in gas fixed costs +2.2, gas appliances and installation +0.8, overseas -3.4, other segment income, etc. -0.8

4Q Gross margin sensitivity to changes in JCC and exchange rate	4Q
Impact of rising crude oil price by $1/bbl	-0.1
Impact of yen depreciation by ¥1/$	-1.7

Economic Frame (Full Year)	Foreign Exchange Rate (¥/$)	JCC ($/bbl)	Average Temp. (℃)
Current forecast	100.77	109.58	17.1
Previous forecast	99.43(+1.34)	108.83(+0.75)	17.0(+0.1)
FY12	82.91<+17.86>	113.88<-4.30>	16.6<+0.5>

(Figures in parenthesis are increase/decrease vs. previous forecast),
<Figures in brackets are year-on-year increase/decrease>

Pension Asset	Investment Yield (Cost Deducted)	Discount Rate	Year-end Assets (Billion Yen)
FY12	6.10%	1.4%	276.0
FY11	5.13%	1.7%	254.0

Expected rate of return: 2%

8

Continuing, page 8 shows the projected income and expenses for the full fiscal year, which I will explain in comparison with the projection presented in October last year.

First, regarding the sales volume, the year-on-year projection has been revised upwards by 0.9% or 126 million m3. See page 9 for the details.

The residential and commercial use projections have been revised upwards by 14 million m3 and 11 million m3, respectively, considering that the percentage of meters with active contracts is rising and the temperatures in December and January were colder than previously projected.

The industrial use projection was revised upwards by a total of 92 million m3 because gas sales to the steel sector are better than projected from an increase in operations and because the construction works changing from gas to combined cycle turbines at Tokyo Electric Power's Kashima thermal power station, which is scheduled to begin operations from next fiscal year, are advancing smoothly and the trial operation schedule has been moved forward.

The wholesale use projection was revised upwards 8 million m3, mostly reflecting the differences versus projections in the performance through the third quarter.

Now please go back to page 8. Although the gas sales volumes are revised upwards as I just explained, the year-on-year operating income projection is revised downwards by ¥9.0 billion to ¥150 billion.

This is mostly because of differences in the presumed exchange rate, as shown on the bottom part of the table. The prior projection assumed an exchange rate for the second half of ¥100 per dollar. The depreciation of the yen has advanced, so the new projection assumes a rate of ¥102.73 yen per dollar this time and ¥105 per dollar for the fourth quarter. Consequently, the projected effect of the slide time lag in the second half worsened by ¥11 billion versus the prior projection.

Also, in non-operating income and expenses, the projected foreign exchange loss has worsened by ¥1.2 billion to ¥5.3 billion reflecting the recent depreciation of the yen and the Australian dollar.

As a result of these developments, the ordinary income projection has been revised downwards by ¥10 billion to ¥143 billion, and the net income projection has been revised downwards by ¥6.0 billion to ¥97 billion.

As I mentioned before, this fiscal year along with the price differential from Sakhalin II and Pluto, with the high prices for spot procurement by electric power companies, the JT differential is resulting in an extremely large over-collection. The outlook for electric power spot procurement is presently unclear. However, the price outlook from next fiscal year does not take into account the price revisions for both the Sakhalin and Pluto projects, so the JT differential is likely to greatly decline. Also because the yen is highly likely to depreciate further under the foreign exchange rate trend, the time lag between raw materials costs and customer fees does not warrant optimism. The outlook for the specific level of the slide time lag differential next fiscal year will be announced at the time of the April settlement, since no concrete figures can be presented at this time.

FY2013 Full Year Forecast: Consolidated Gas Sales Volume

TOKYO GAS

Previous Forecast → Current Forecast

+126 mil. m³ (+0.9%)
Incl. temperature effect: +12 mil. m³(+0.1%)

Residential	+14 mil. m³ (+0.4%)
●Temperature effect	+6 mil. m3
●Number of days	+3 mil. m3
●Number of customers	+8 mil. m3
●Others	-3 mil. m3

Commercial	+11 mil. m³ (+0.4%)
● Temperature effect	+5 mil. m3
● Number of days	-1 mil. m3
● Number of customers	-0 mil. m3
● Others	+9 mil. m3

Industrial	+92 mil. m³ (+1.5%)
● Industrial:	+69 mil. m3
Increase in operation on existing facilities, etc.	
● Power generation:	+22 mil. m3
Increase in operation on existing facilities, etc.	

Wholesale	+8 mil. m³ (+0.4%)
●Temperature effect	+1 mil. m3
●Others	+7 mil. m3
Increase in demand from wholesale suppliers, etc.	

FY2012 Results → Current Forecast

-781 mil. m³ (-5.1%)
Incl. temperature effect: -115 mil. m³ (-0.7%)

Residential	-95 mil. m³ (-2.7%)
●Temperature effect	-103 mil. m3
●Number of days	-6 mil. m3
●Number of customers	+47 mil. m3
●Others	-33 mil. m3

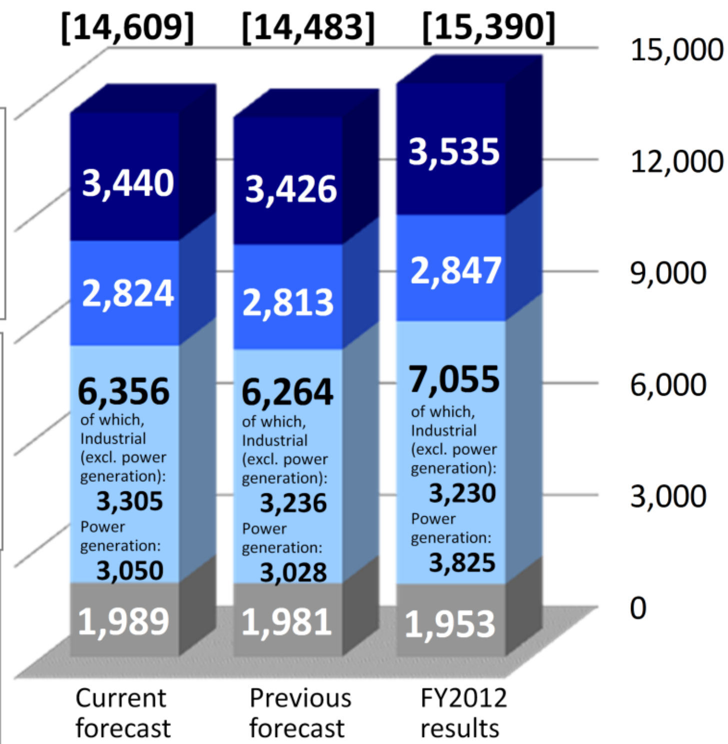
Commercial	-23 mil. m³ (-0.8%)
● Temperature effect	-5 mil. m3
● Number of days	-4 mil. m3
● Number of customers	+1 mil. m3
● Others	-15 mil. m3

Industrial	-699 mil. m³ (-9.9%)
● Industrial:	+75 mil. m3
Increase in operation in Kashima area, etc.	
● Power generation:	-774 mil. m3
Impact from shift to Tolling	-969 mil. m3
Portion from Kashima area	
	+217 mil. m3
	etc.

Wholesale	+36 mil. m³ (+1.9%)
●Temperature effect	-7 mil. m3
●Others	+43 mil. m3
Increase in demand from wholesale suppliers, etc.	

Gas sales volume:

(rounded at mil. m³)



	Current forecast	Previous forecast	Change
LNG liquid sales volume (thousand t, excl. sales to Nijio)	748	790	-42
Average temperature (℃)	17.1	17.0	+0.1

Number of customers (Unit: 10 thousand)

Current forecast	Previous forecast	Change
1,112.0	1,110.5	+1.5 (+0.1%)

Changes in Gas Sales Volume from Shift to Tolling

TOKYO GAS

FY2013 Full Year Forecast

● Gas sales volume including portion used in-house under tolling arrangement (Unit: million m^3, 45MJ/m^3)

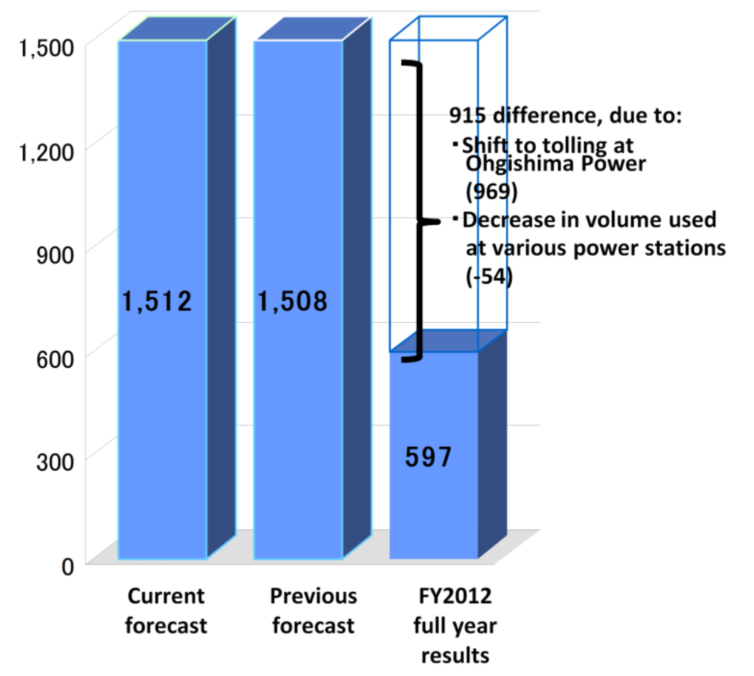
	Current forecast	Previous forecast	Change	FY2012 full year results	Change
Gas sales volume (financial accounting basis)	14,609	14,483	+126	15,390	-781
			+0.9%		-5.1%
Gas volume used in-house under tolling arrangement	1,512	1,508	+4	597	+915
			+0.3%		+153.4%
Total	16,121	15,991	+130	15,986	+135
			+0.8%		+0.8%

Current sales volume forecast as per Challenge 2020 Vision: 17,055 million m^3

● Gas sales volume for industrial-use (Unit: million m^3)

	Kashima area	Other	Total
Power generation	532	2,518	3,050
vs. previous forecast	+45 (+9.2%)	-23 (-0.9%)	+22 (+0.7%)
vs. FY2012 results	+217 (+68.8%)	-991* (-28.2%)	-774 (-20.2%)
General industrial	174	3,132	3,305
vs. previous forecast	+6 (+3.7%)	+63 (+2.1%)	+69 (+2.1%)
vs. FY2012 results	+84 (+94.4%)	-10 (-0.3%)	+75 (+2.3%)
Total	706	5,650	6,356
vs. previous forecast	+51 (+7.8%)	+40 (+0.7%)	+92 (+1.5%)
vs. FY2012 results	+301 (+74.5%)	-1,001 (-15.0%)	-699 (-9.9%)

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.

＊Portion from shift to tolling: -969

FY2013 Net Sales and Operating Income/Loss by Business Segment <vs. Previous Forecast (October 30 Release)>

TOKYO GAS

(Unit: billion yen)

	Net Sales				Segment Income			
	Current Forecast	Previous Forecast	Difference	%	Current Forecast	Previous Forecast	Difference	%
City gas	1,492.2	1,475.0	17.2	1.2%	140.2	146.8	-6.6	-4.5%
Gas appliances and installation work	213.4	211.4	2.0	0.9%	5.8	5.0	0.8	16.0%
Other energy	350.5	348.8	1.7	0.5%	29.8	30.4	-0.6	-2.0%
(Electric power business)	134.8	133.9	0.9	0.7%	22.6	23.0	-0.4	-1.7%
Real estate	28.3	28.2	0.1	0.4%	5.5	5.1	0.4	7.8%
Others	195.4	192.6	2.8	1.5%	11.0	14.9	-3.9	-26.2%
(Overseas business)	22.7	23.1	-0.4	-1.7%	3.1	6.5	-3.4	-52.3%
Adjustment	-193.8	-176.0	-17.8	—	-42.3	-43.2	0.9	—
Consolidated	2,086.0	2,080.0	6.0	0.3%	150.0	159.0	-9.0	-5.7%

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 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 11 and 12 show the projections by segment and the main reasons for changes.

In the city gas segment, as I explained before, with ¥2.2 billion from sales volume increases, negative ¥11 billion from the slide time lag differential, and ¥2.2 billion reductions in fixed expenses from raising capital to reduce gas rates, operating income is projected to decline by ¥6.6 billion. The rate reductions during the fiscal year are projected to reduce fees by ¥6.3 billion, with reductions of ¥4.7 billion for small-volume customers and ¥1.6 billion for large-volume customers, but the projection from the interim period is an increase of ¥300 million.

Reflecting firm new housing construction, gas appliances and installation works are projected to increase by ¥800 million.

Also, electric power business sales volume was projected to increase by 0.4%, but with the rise in fuel costs this will lower profits by ¥400 million. In the other energies segment aside from electric power, the outlook for the LNG sales business was revised downwards by ¥1.5 billion from higher raw materials costs, while that for the energy service business was revised upwards by ¥1.1 from increased volume.

In the other segment, overseas business was revised sharply downward by ¥3.4 billion. This is because the Barnett depreciation costs rose from an erroneous initial projection and lower profits from Pluto.

FY2013 Ordinary Income Analysis <vs. Previous Forecast (October 30 Release)>

TOKYO GAS

(Unit: billion yen)

FY2013 (Current forecast)
143.0

Change
-10.0
(-6.5 %)

FY2013 (Previous forecast)
153.0

Operating income
-9.0
(-5.7%)

- **City gas** -6.6 (-4.5%)
  - Decrease in gas gross margin -8.8 (increase in sales volume +2.2 (incl. temperature effect +0.4), slide -11.0)
    - Sales +17.2: volume +9.1, slide +8.1
    - Resource cost -26.0: volume -6.9, exchange -12.1, crude oil -4.8, etc.
  - Decrease in fixed costs: +2.2, etc.
- **Gas appliances/ Installation** +0.8 (+16.0%)
  - Increase in sales unit +0.4, decrease in expenses for installation work +0.4
- **Electric power business** -0.4 (-1.7%)
  - Increase in fuel costs, etc. -1.3, sales volume +0.4%
- **Other energy** -0.2 (-2.7%)
  - LNG sales -1.5: decrease in volume (790,000t → 750,000t), etc.
  - Energy-service +1.1: sales increased
- **Overseas business** -3.4 (-52.3%)
  - Increase in amortization on Barnet (-2.5), increase in expenses at Pluto
- **Real estate/ Others** -0.1 (-0.7%)
  - Real estate +0.4: decrease in repair costs, etc.
  - Construction +0.4: increase in sales, etc.
  - Shipping -0.9: decrease in utilization for chartered vessels
- **Adjustment, etc.** +0.9

Non-operating income
-1.0
(—)

- Increase in foreign exchange loss -1.2, etc.

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

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

(Unit: billion yen)

	Net Sales				Segment Income			
	Current Forecast	FY2012 Results	Difference	%	Current Forecast	FY2012 Results	Difference	%
City gas	1,492.2	1,401.9	90.3	6.4%	140.2	141.3	-1.1	-0.8%
Gas appliances and installation work	213.4	206.0	7.4	3.6%	5.8	4.4	1.4	31.2%
Other energy	350.5	336.6	13.9	4.1%	29.8	25.9	3.9	14.9%
(Electric power business)	134.8	127.0	7.8	6.1%	22.6	19.1	3.5	18.2%
Real estate	28.3	30.2	-1.9	-6.5%	5.5	5.6	-0.1	-1.8%
Others	195.4	195.7	-0.3	-0.2%	11.0	13.5	-2.5	-18.7%
(Overseas business)	22.7	12.4	10.3	82.9%	3.1	2.4	0.7	26.2%
Adjustment	-193.8	-255.0	61.2	—	-42.3	-45.1	2.8	—
Consolidated	2,086.0	1,915.6	170.4	8.9%	150.0	145.6	4.4	3.0%

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 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).

FY2013 Ordinary Income Analysis <vs. FY2012 Results>

(Unit: billion yen)

FY2013 (Current forecast) 143.0

Change -4.4 (-3.0%)

FY2012 (Result) 147.4

Operating income +4.4 (+3.0%)

- **City gas** -1.1 (-0.8%)
  - Increase in gas gross margin +1.9
    - Sales +90.3: volume -47.8, slide +137.0, tariff revisions -6.3, etc.
    - Resource costs -88.4: volume +27.5, exchange -149.1, crude oil +29.2,etc.
  - Increase in enterprise tax and other fixed costs -3.0, etc.
- 3.5 (City gas → Electric power business)
- **Gas appliance Installation** +1.4 (+31.2%)
  - Increase in TES unit sales, increase in number of installation work ordered, etc.
- **Electric power business** +3.5 (+18.2%)
  - Profit reclassified from gas segment, etc.
- **Other energy** +0.4 (+5.8%)
  - LNG sales +1.4: increase in unit price, etc.
  - Energy-service -1.0: higher fuel costs for district heating and cooling from yen's depreciation
- **Overseas business** +0.7 (+26.2%)
  - Increase in utilization at TG Pluto, etc. +2.3
  - Decrease in interest received from Bajio -1.6
- **Real estate/ Others** -3.3 (-19.6%)
  - Construction -3.2: decrease in revenue following the completion of large-scale construction (LNG terminal)
- **Adjustment, etc.** +2.8

Non-operating income -8.8 (—)

- Revenue from dedicated equipment: -2.0
  earnings from construction of dedicated facilities of pipelines for large-volume customers outside supply areas, etc.
- Foreign exchange loss to increase -5.1

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

FY2013 Uses of Cash Flow

TOKYO GAS

Capital expenditure

(Unit: billion yen)

Capex	Main items	Ref: previous forecast
Tokyo Gas: **137.5** **(-5.0, -3.5%)**	**Production facilities: 28.4 (+/- 0.0)** **Hitachi LNG terminal construction, etc.** **Distribution facilities: 90.6 (-2.7)** **Ibaraki-Tochigi Line and other trunk line installation, New demand-side pipes and pipelines, etc.** **Service and maintenance facilities, etc.: 18.4 (-2.3)** **Systems-related investment, Tamachi development-related, etc.**	**Tokyo Gas:** **142.5**
Total of Consolidated Subsidiaries: **114.0** **(-1.4, -1.2%)**	**Overseas upstream investment 72.6** **On-site energy service 16.9 (ENAC), etc.**	**Total consolidated subsidiaries:** **115.4**
Total	**248.0 (-6.0, -2.4% after eliminations in consolidation)**	**Total: 254.0** **(after eliminations in consolidation)**

*Numbers in parentheses refer to comparisons with previous forecast.

Investments and loans

-¥8.6 billion (overseas businesses, etc. ¥1.2 billion + collections on loans -¥9.8 billion, vs. previous forecast (¥11.7 billion) -¥20.3 billion: ¥20.0 billion of accrued payments for unnamed projects

Returns to shareholders

¥62.7 billion (TG non-consolidated, on cash flow basis; unchanged from previous forecast)
(Total of FY2012 year-end dividends' and FY2013 interim dividends' ¥26.7 billion, and FY2013 treasury stock purchases' ¥36.0 billion)

Page 15 shows the application of cash flow, Page 16 presents the funds plan, and Page 17 the main quantitative data. Please refer to these for the details. The decline in capital investment is from changes in processes and cost reduction effects. The financing and investment amount is ¥20.3 billion because this does not project ¥20 billion for unnamed projects.

FY2013 Full Year Forecast: Funding Plan (Consolidated)

TOKYO GAS

Required funds and source of funds

[FY2013 Full Year Forecast]

(Unit: billion yen)

Required Funds		Change from previous forecast	Source of Funds			Change from previous forecast
Capex	248.0	-6.0	Internal funding	Depreciation	139.0	0.0
Other Investment & Financing*	-8.6	-20.3	Internal funding	Ordinary income	143.0	-10.0
Dividends & Tax	73.6	+5.4	Internal funding	Others	0.7	-13.8
Share buyback	36.0	0.0	Internal funding	Total	282.7	-23.8
Repayment (Non-consolidated)	53.2 (39.2)	+0.2 (0.0)	Outside funding (Non-consolidated)		119.5 (110.4)	+3.1 (+3.1)
Total	402.2	-20.7	Total		402.2	-20.7

Interest-bearing debt

End of FY2012: ¥642.5
End of FY2013 Forecast: ¥724.0 billion (+¥12.0 billion (includes mark-to-market valuation differences on foreign currency-denominated borrowings in addition to above ¥2.9 billion net increase from outside funding))

* Other investment & financing is the net amount of investment outlays and loan repayments.
The above does not include CP to be issued and redeemed within FY2013 as seasonal working capital.

Key Indicators (Consolidated)

TOKYO GAS

(Unit: billion yen)

	FY2013 Current Forecast	FY2013 Previous Forecast	FY2012 Result
Total assets (a)	2,123.0	2,084.0	1,992.4
Shareholders' equity (b)	997.0	974.0	927.6
Shareholders' equity ratio (b)/(a)	47.0%	46.7%	46.6%
Interest-bearing debt (c)	724.0	712.0	642.5
D/E ratio (c)/(b)	0.73	0.73	0.69
Net income (d)	97.0	103.0	101.6
Depreciation and amortization (e)	139.0	139.0	138.7
Operating cash flow (d) + (e)	236.0	242.0	240.4
Capex	248.0	254.0	183.7
ROA: (d)/(a)	4.7%	5.1%	5.3%
ROE: (d)/(b)	10.1%	10.8%	11.5%
TEP	50.2	57.7	59.8
WACC	3.2%	3.2%	3.2%
Total payout ratio	approx. 60% (forecast)	approx. 60% (forecast)	60.7%

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: 2,517,551,295 (as of December 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%; β 0.75
- Shareholders' equity used to calculate WACC is the average market cap

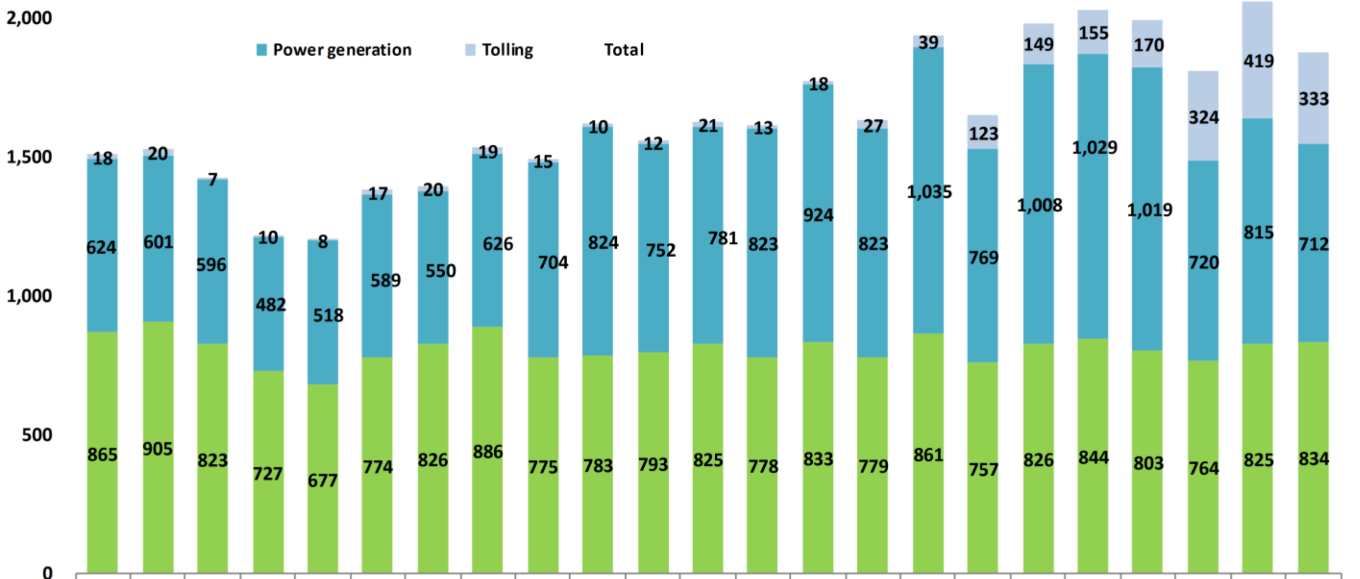
3. Reference Materials

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

TOKYO GAS

Consolidated

(mil. m^3, 45MJ/m^3)



	08 1Q	08 2Q	08 3Q	08 4Q	09 1Q	09 2Q	09 3Q	09 4Q	10 1Q	10 2Q	10 3Q	10 4Q	11 1Q	11 2Q	11 3Q	11 4Q	12 1Q	12 2Q	12 3Q	12 4Q	13 1Q	13 2Q	13 3Q
Total	1,507	1,526	1,426	1,219	1,203	1,380	1,396	1,531	1,494	1,617	1,557	1,627	1,614	1,775	1,629	1,935	1,649	1,983	2,028	1,992	1,808	2,059	1,879
Tolling	18	20	7	10	8	17	20	19	15	10	12	21	13	18	27	39	123	149	155	170	324	419	333
Power generation	624	601	596	482	518	589	550	626	704	824	752	781	823	924	823	1,035	769	1,008	1,029	1,019	720	815	712
Industrial	865	905	823	727	677	774	826	886	775	783	793	825	778	833	779	861	757	826	844	803	764	825	834

* Lehman shock

* Great East Japan Earthquake

< 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.

TSE:9531