Financial Targets / Financial and Capital Policies

Tokyo Gas is committed to maintaining a sound financial base supported by stable business growth to ensure that it can keep its high ratings while procuring funds at low costs. For shareholder returns, the Company has established a clear target for the total payout ratio, and it is steadily returning to shareholders the products of success under the "Challenge 2020 Vision."

"Challenge 2020 Vision" Targets

	Time of vision's formulation (Fiscal 2009–fiscal 2011 average)	Tokyo Gas at fiscal 2020
Consolidated operating cash flow	Approx. ¥210.0 billion / year	**Approx. ¥250.0 billion / year**
ROE	7.3%	**Approx. 8%**
ROA	3.3%	**Approx. 4%**
D/E ratio	0.7 times	**Approx. 0.8 times (each fiscal year)**
Total payout ratio	60.6%	**Approx. 60%**

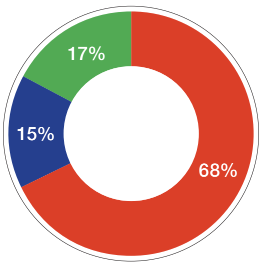
Cash Flow Allocation

The gas business requires large amounts of fixed assets, including LNG terminals and trunk lines. Capital expenditures for the construction of the Hitachi LNG Terminal as well as trunk line networks in northern Kanto have been incorporated into plans for the period of the "Challenge 2020 Vision."

During the period of the "Challenge 2020 Vision," we are planning cash outlays of approximately ¥2,480.0 billion, consisting of capital expenditures of ¥1,680.0 billion, investments and financing of ¥380.0 billion, and shareholder returns of ¥420.0 billion. Of this amount, ¥2,240.0 billion will be funded by inflows from operating cash flows, which are to be created through the accumulation of net income and depreciation and amortization adjustments. The remaining ¥240.0 billion will be procured by incurring external debt.

Capital Expenditures / Investments and Financing / Shareholder Returns

Fiscal 2012–2020 total: Approx. ¥2,480.0 billion



Capital expenditures ¥1,680.0 billion

Investments and financing ¥380.0 billion

Shareholder returns ¥420.0 billion

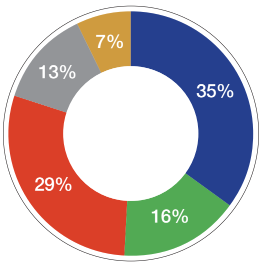
Consolidated operating cash flow ¥2,240.0 billion

External debt (interest-bearing debt), etc. ¥240.0 billion

Capital expenditures / Investments and financing / Shareholder returns ¥2,480 billion

Use of Capital Expenditures and Investments and Financing

Fiscal 2012–2020 total: Approx. ¥2,060.0 billion
(Approx. ¥230.0 billion / year)



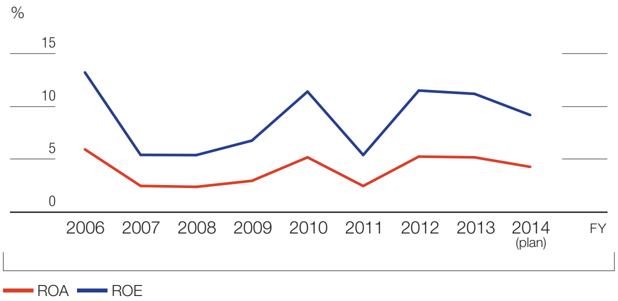
Infrastructure:	**¥730.0 billion**
Overseas businesses:	**¥320.0 billion**
New demand cultivation:	**¥600.0 billion**
Operating foundations:	**¥270.0 billion**
Other investments in affiliates:	**¥140.0 billion**

Reference: Capital expenditures and investments and financing in the medium-term management plan for fiscal 2009–2013: Approx. ¥180.0 billion / year

Efficiency

Tokyo Gas evaluates the potential risks and profitability of each investment candidate while seeking to improve investment efficiency and utilize shareholders' equity more effectively. Return on equity (ROE) and return on assets (ROA) are positioned as key management indicators, and the Company has defined targets of approximately 8% for ROE and approximately 4% for ROA to be achieved by fiscal 2020. Going forward, we will relentlessly pursue improved investment efficiency as we seek to exceed these targets.

ROA and ROE



Financial Position

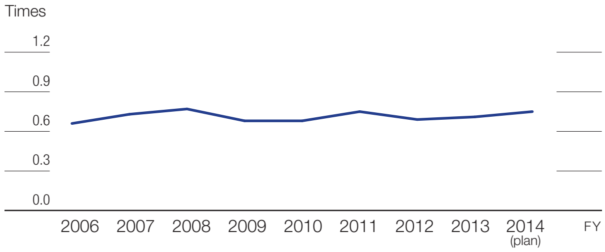
Tokyo Gas aims to maintain the soundness of its financial position and ensure that its capital structure is optimally balanced based on such considerations as capital cost. To facilitate this endeavor, the "Challenge 2020 Vision" sets out the goal of achieving a debt-equity (D/E) ratio of approximately 0.8 times each fiscal year during the period of the vision. Moreover, the Company allocates 60% of net income to shareholder returns, with the remaining 40% of net income being retained as internal revenues, while conducting stock repurchases and cancellations to reduce equity capital and procuring funds through external debt to maintain the leverage necessary to prevent equity from becoming excessive.

Furthermore, the Company's stable business strategies and sound financial position have earned Tokyo Gas high ratings from both Japanese and overseas rating institutions. As a result of these high ratings, we are able to procure funds at exceptionally low interest rates, during fiscal 2013 at 1.6% on average. We have built a financial constitution that is resilient to interest rate fluctuations by raising funds, mainly through medium-to-long-term bonds.

Ratings

Institution	Long-term debt	Short-term debt
Moody's	Aa3	–
Standard & Poor's	AA–	–
Rating and Investment Information	AA+	a–1+
Japan Credit Rating Agency	AAA	–

D/E Ratio



Shareholder Returns

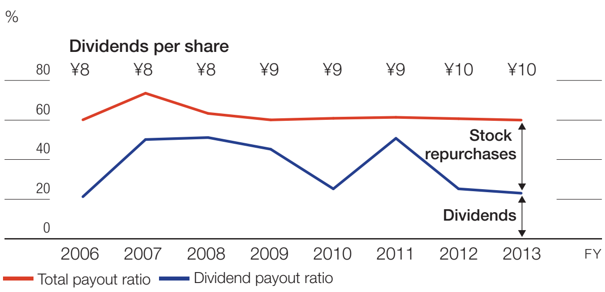
In 2006, the Company introduced the total payout ratio as a factor for determining shareholder returns. This ratio uses the total of dividends and stock repurchases to calculate the total payout to shareholders, and we target a total payout that is approximately 60% of consolidated net income.

The "Challenge 2020 Vision" adheres to that policy, and therefore calls for us to maintain a total payout ratio of approximately 60% up until fiscal 2020.

• Dividends

Tokyo Gas practices the policy of issuing stable dividend payments. Over the medium-to-long term, we aim to gradually increase dividends as we become able to establish clear forecasts for when sufficient income growth will be achieved. In this manner, we aim to return the products of the Company's growth to shareholders.

Total Payout Ratio



Total Payout Ratio in Fiscal 2013

Total payout ratio 60.0% = (**Dividends paid in fiscal 2013:** ¥25.1 billion + **Stock repurchases in fiscal 2014:** ¥40.0 billion) / **Consolidated net income in fiscal 2013:** ¥108.4 billion

• Stock Repurchases

The Company conducts stock repurchases with the aim of increasing the value of each share held by its shareholders. Acquired stock is seen as part of shareholder returns and is promptly cancelled.

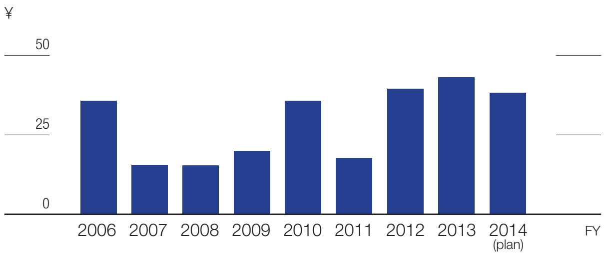
We have repurchased our own stock for cancellation in fiscal 2014, paying ¥40.0 billion. On March 31, 2015, the cumulative total of stock cancellations was 363 million shares*, or approximately 13% of the record high number of issued shares.

* Including 70.8 million shares already cancelled this year.

Earnings Per Share

Going forward, Tokyo Gas will continue to pursue income growth. At the same time, we will repurchase stock for cancellation to improve earnings per share (EPS) as well as the Company's stock value.

EPS



Expansion of EPS and Shareholder Returns