

**FY2013 Financial Results
ended March 31, 2014**



April 28, 2014

1. FY2013 Consolidated Financial Results ended March 31, 2014



FY2013 Consolidated Financial Results (Apr. 1, 2013 – Mar. 31, 2014) <vs. FY2012>



Highlights: Sales Growth, Profit Increase

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

Net sales	+196.5	:	+	Increase in city gas sales (+103.2: higher sales unit prices by weaker yen +139.9, tariff revisions -6.2, decrease in volume -37.2, etc.)	-----	Sliding time lag effect +28.8
			+	Increase in LNG sales (+22.7: increase in sales volume, higher unit prices)		
			+	Increase in overseas sales (+9.7: increase in utilization at Pluto, acquisition of Barnett's working interests, etc.)		
Operating expenses	- 176.0	:	+	Increase in electricity sales (+8.9: increase in unit sales prices, etc.)		
			-	Increase in city gas resource costs (-90.9: foreign exchange rate -141.4, crude oil +28.7, decrease in volume +22.1, etc.)		
			-	Increase in resource costs for LNG sales (-20.5: increase in sales volume, higher unit prices)		
			-	Increase in overseas expenses (-9.3: increase in utilization, etc.)		
			-	Increase in electricity expenses (-3.6: increase in resource cost, etc.)		
Operating Income	+20.4	:	+	Increase in city gas profit (+11.3 : gas gross margin +7.7 (temperature effect -7.9, tariff revisions -6.2), etc.)		
			+	Increase in electricity profit (+5.3: increase in unit sales prices, etc.)		
			+	Increase in LNG sales profit (+2.2: increase in sales volume, higher unit prices)		

(Unit: billion yen)

	FY2013 Results	FY2012 Results	Change	%
Gas sales volume (mil. m³, 45MJ)	1,473.5	1,539.0	-65.5	-4.3%
Net sales	2,112.1	1,915.6	+196.5	+10.3%
Operating expenses	1,946.0	1,770.0	+176.0	+9.9%
Operating income	166.0	145.6	+20.4	+14.0%
Ordinary income — (a)	159.6	147.4	+12.2	+8.2%
Net income	108.4	101.6	+6.8	+6.7%
<i>Temperature effect — (b)</i>	-2.5	5.4	-7.9	—
<i>Sliding time lag effect — (c)</i>	16.4	-12.4	+28.8	—
<i>Amortization of pension actuarial differences — (d)</i>	-2.2	-4.4	+2.2	—
Adjusted ordinary income: (a) - ((b)+(c)+(d))	147.9	158.8	-10.9*	-6.9%
Adjusted net income	100.7	109.2	-8.5	-7.8%

* -10.9: Decrease in gas sales volume -7.2 (excl. temp. effect -7.9), tariff revisions -6.2, electric power +5.3, non operating -8.2, other segment profit, etc. +5.4

Economic Frame	Exchange Rate (¥/\$)	JCC (\$/bbl)	Avg. Temperature (°C)	Pension Asset	Investment Yield (Cost Deducted)	Discount Rate	Year-end Assets (Billion Yen)
FY2013	100.17	109.99	17.0	FY2012	6.10%	1.4%	276.0
FY2012	82.91 <+17.26>	113.88 <-3.89>	16.6 <+0.4>	FY2011	5.13%	1.7%	254.0

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

Expected rate of return: 2%

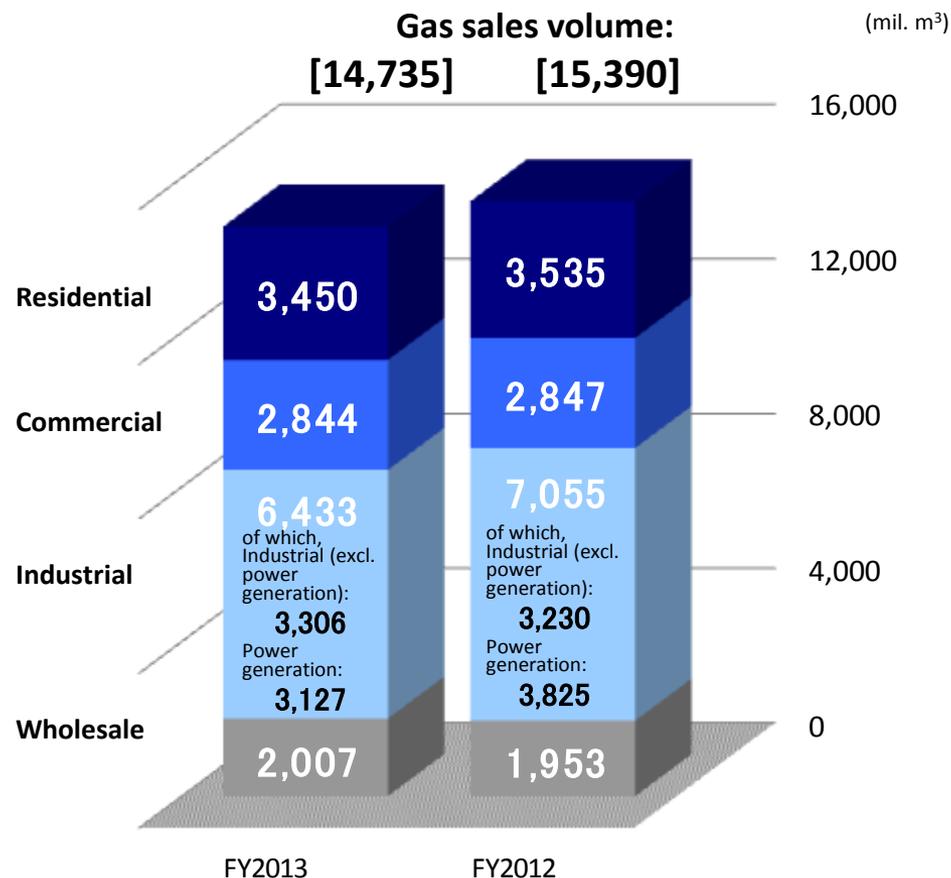
Consolidated Gas Sales Volume

FY2012 Results → FY2013 Results

-655 mil. m³ (-4.3%)

Including temperature effect: -117 mil. m³ (-0.8%)

Residential	-85 mil. m ³ (-2.4%)
● Temperature effect	-99 mil. m ³
● Number of days	+8 mil. m ³
● Number of customers	+50 mil. m ³
● Others	-43 mil. m ³
Commercial	-3 mil. m ³ (-0.1%)
● Temperature effect	-10 mil. m ³ (Air conditioning +2, other -12)
● Number of days	+17 mil. m ³
● Number of customers	+4 mil. m ³
● Others	-14 mil. m ³
Industrial	-622 mil. m ³ (-8.8%)
● Industrial:	+76 mil. m ³
● Power generation:	-698 mil. m ³
Tolling effect	-969 mil. m ³
Portion from increase in Kashima region	+266 mil. m ³ , etc.
Wholesale	+54 mil. m ³ (+2.8%)
● Temperature effect	-8 mil. m ³
● Others	+62 mil. m ³
Increase in demand from wholesale suppliers, etc.	



Number of customers (10 thousand)

FY2013 result	FY2012 result	Change
1,111.1	1,097.8	+13.3 (+1.2%)

	FY2013	FY2012	Change
LNG liquid sales volume (thousand t)	784	604	+180
Average temperature (°C)	17.0	16.6	+0.4

Changes in Gas Sales Volume from Shift to Tolling

Results

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

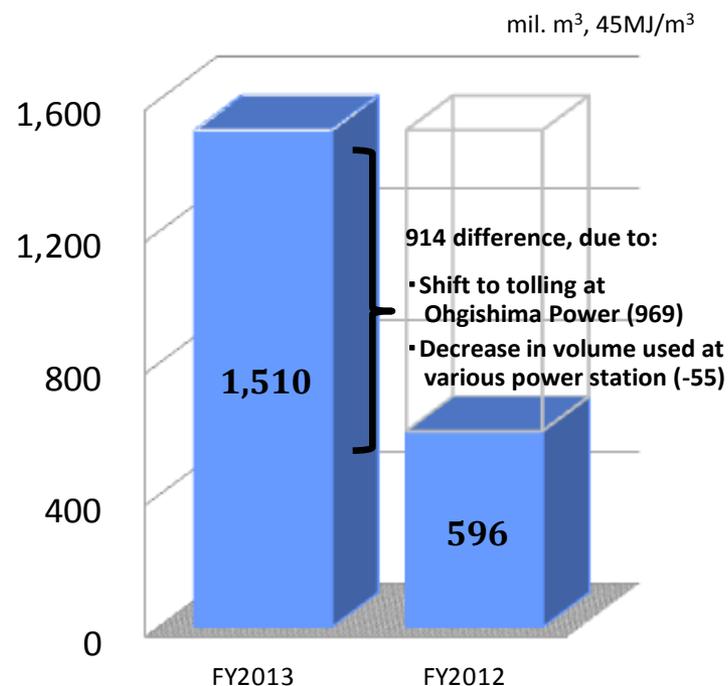
	FY2013 results	FY2012 results	Change
Gas sales volume (financial accounting basis)	14,735	15,390	-655 -4.3%
Gas volume used in-house under tolling arrangement	1,510	596	+914 +153.2%
Total	16,245	15,986	+259 +1.6%

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

	Kashima area	Other	Total
Power generation	581	2,546	3,127
vs. FY2012 results	+266 (+84.4%)	-964* (-27.5%)	-698 (-18.2%)
General industrial	184	3,122	3,306
vs. FY2012 results	+95 (+106.5%)	-19 (-0.6%)	+76 (+2.4%)
Total	765	5,668	6,433
vs. FY2012 results	+361 (+89.2%)	-983 (-14.8%)	-622 (-8.8%)

*Portion from shift to tolling: -969

Gas volume used in-house under tolling arrangement



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

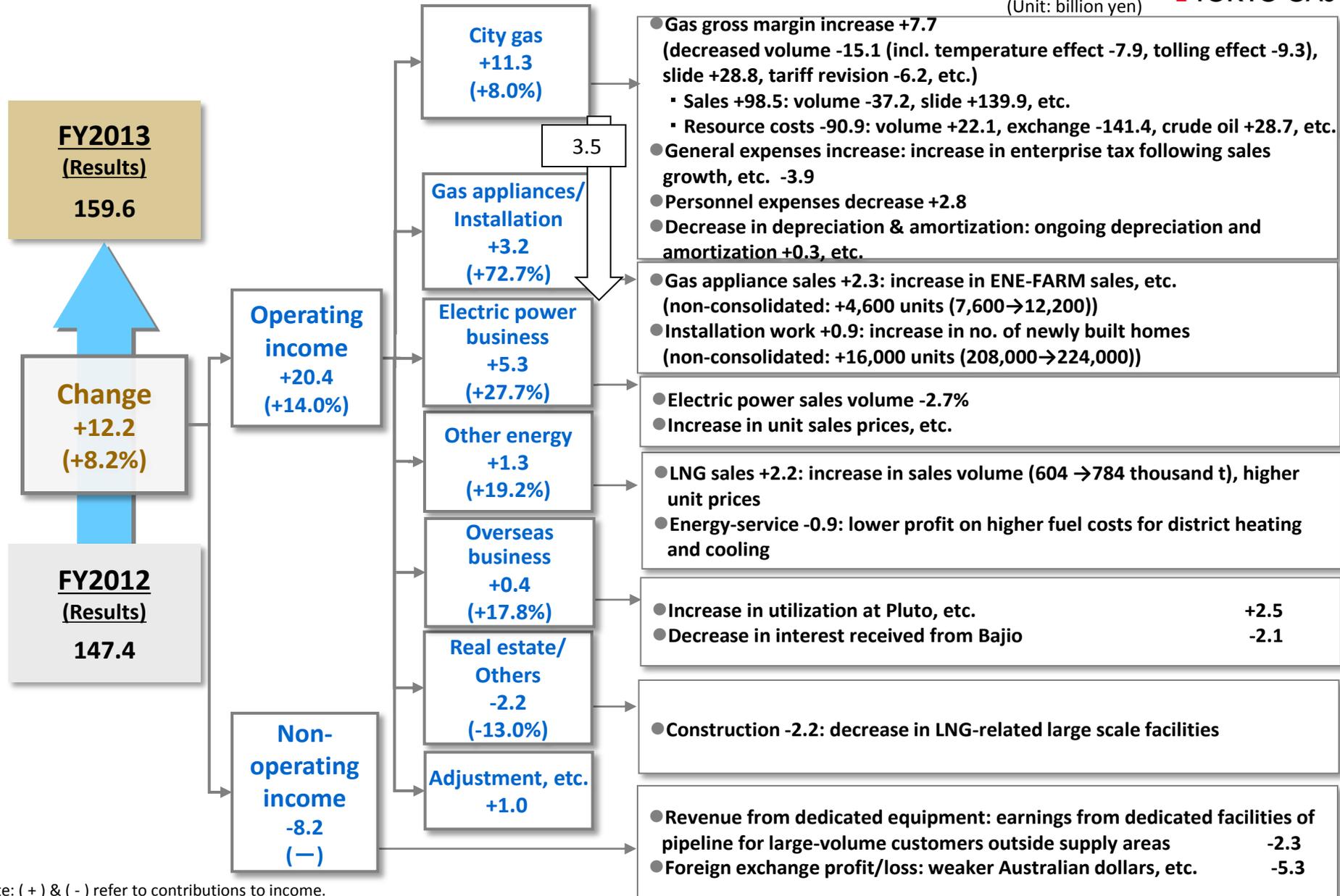
(Unit: billion yen)

	Net Sales				Segment Income			
	FY2013	FY2012	Change	%	FY2013	FY2012	Change	%
City gas	1,505.1	1,401.9	103.2	7.4	152.6	141.3	11.3	8.0
Gas appliances and installation work	221.7	206.0	15.7	7.6	7.6	4.4	3.2	72.7
Other energy	357.5	336.6	20.9	6.2	32.5	25.9	6.6	25.4
(Electric power business)	135.9	127.0	8.9	7.0	24.4	19.1	5.3	27.7
Real estate	28.3	30.2	-1.9	-6.4	5.7	5.6	0.1	1.8
Others	199.3	195.7	3.6	1.9	11.6	13.5	-1.9	-13.6
(Overseas business)	22.1	12.4	9.7	78.3	2.8	2.4	0.4	17.8
Adjustment	-200.0	-255.0	55.0	—	-44.1	-45.1	1.0	—
Consolidated	2,112.1	1,915.6	196.5	10.3	166.0	145.6	20.4	14.0

- 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).

FY2013 Ordinary Income Analysis <vs. FY2012>

(Unit: billion yen)



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

Capital expenditure

Capex	Main items	Ref: FY2012 results
Tokyo Gas: 138.8 (+11.7, +9.2%)	Production facilities: 28.9 (+6.1) Hitachi LNG terminal construction, etc.	Tokyo Gas: 127.1
	Distribution facilities: 90.7 (+3.2) Ibaraki-Tochigi Line and other trunk line installation, New demand-side pipes and pipelines, etc.	
	Service and maintenance facilities, etc.: 19.0 (+2.4) Systems-related investment, Tamachi development-related, etc.	
Total consolidated subsidiaries: 112.3 (+53.5, +90.8%)	<ul style="list-style-type: none"> •Overseas upstream investment: 74.4 (+47.2), Barnett gas field, Gorgon gas field, etc. •On-site energy service: 11.7 (+3.7), etc. 	Total consolidated subsidiaries: 58.8
Total 248.0 (+64.3, +34.9%, after eliminations in consolidation)		Total: 183.7 (after eliminations in consolidation)

*Numbers in parentheses refer to comparisons with FY2012 results.

Investments and financing

-¥9.0 billion (investment & financing ¥1.5 billion, collections -¥10.5 billion, vs. FY2012 results -¥14.3 billion)

Returns to shareholders

¥62.7 billion (TG non-consolidated, on cash flow basis)

(Total of FY2012 year-end dividends' and FY2013 interim dividends' ¥26.7 billion, and FY2013 treasury stock purchases' ¥36.0 billion)

- 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.
- As per this policy, returns to shareholders in FY2013 will maintain 60%, as shown below.
 - Will maintain annual dividend ¥10 per share
 - Will repurchase treasury stock shares for liquidation up to the cap of 80 million shares (3.2%) for ¥40.0 billion.

Maintaining 60% total payout ratio

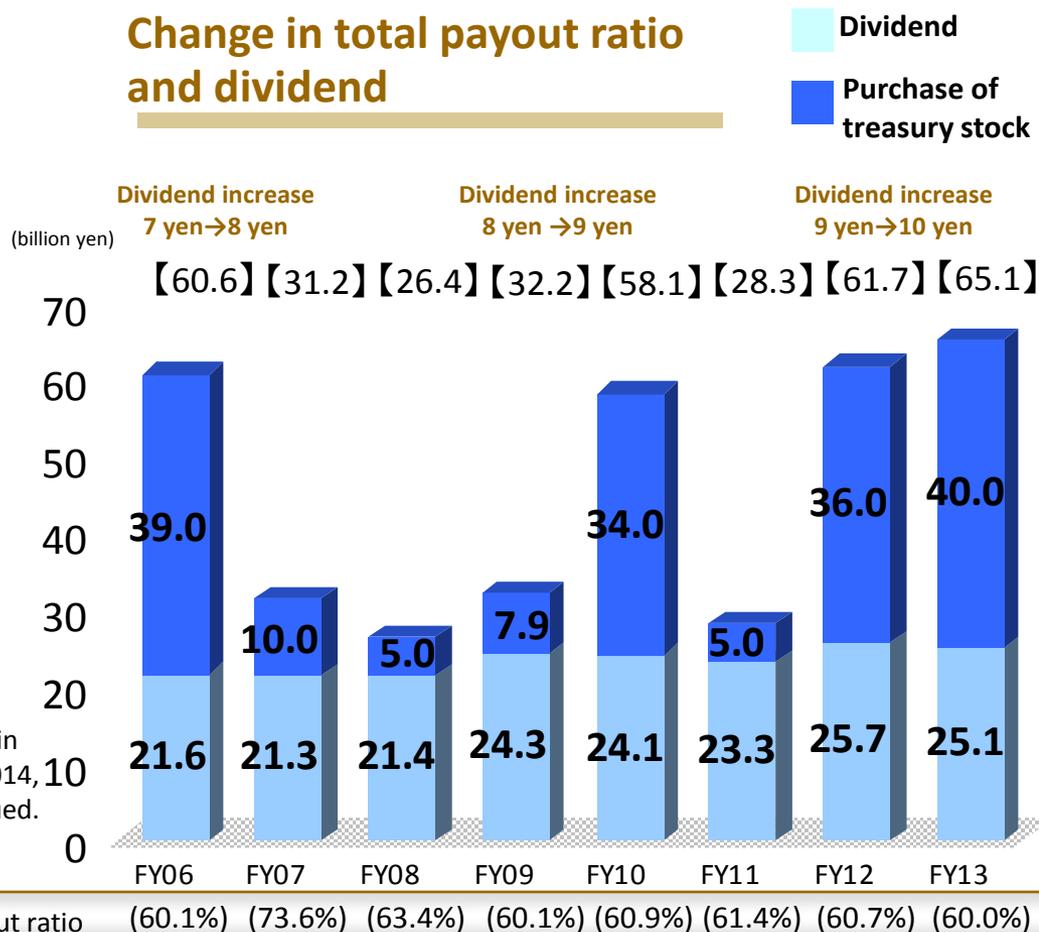
Total payout ratio 60.0%

$$\begin{array}{r}
 \text{FY2013 Dividend } \text{¥25.1 billion} \\
 + \\
 \text{FY2014 Purchase of treasury stock } \text{¥40.0 billion} \\
 \hline
 \text{FY2013 Consolidated net income } \text{¥108.4 billion}
 \end{array}
 = 60.0\%$$

*Total number of shares outstanding: 2,517,551,295 (as of March 31, 2014)

- We expect to cancel 373 million shares of our stock in aggregate as shareholder returns by the end of FY2014, equivalent to 13.3% of peak level of total shares issued.

Change in total payout ratio and dividend



2. FY2014 Full Year Forecast



Highlights: Sales Growth, Profit Decrease

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

Net sales	+185.9 :	+	Increase in city gas sales	(+128.5: increase in volume +39.8, higher unit prices by weaker yen, etc. +98.4, tariff revisions -15.5, etc.)	- - - - -	Sliding time lag effect -17.6
		+	Increase in electricity sales	(+28.9: increase in volume, higher unit prices)		
Operating expenses	-222.0 :	-	Increase in city gas resource costs	(-155.9: decrease in volume -35.6, foreign exchange rate -42.8, crude oil -1.3, price revisions, etc. -76.2)		
		-	Increase in electricity expenses	(-37.4: increase in sales volume, higher fuel costs, etc.)		
Operating income	-36.0 :	-	Decrease in city gas profit	(-25.5: gas gross margin -25.7(increase in volume +4.2, tariff revisions -15.5, change in resource costs, etc.))		
		-	Decrease in electricity profit	(-8.5 higher fuel costs)		
Extraordinary income/loss	+13.3 :	+	Gain on sales of investment securities (+8.0), gain on sales of non-current assets (+3.1), etc.			(Unit: billion yen)

	FY2014	FY2013	Change	%
Gas sales volume (mil. m ³ , 45MJ)	1,526.6	1,473.5	+53.1	+3.6
Net sales	2,298.0	2,112.1	+185.9	+8.8
Operating expenses	2,168.0	1,946.0	+222.0	+11.4
Operating income	130.0	166.0	-36.0	-21.7
Ordinary income — (a)	123.0	159.6	-36.6	-22.9
Net income	94.0	108.4	-14.4	-13.3

Temperature effect — (b)	0	-2.5	+2.5	—
Sliding time lag effect — (c)	-1.2	16.4	-17.6	—
Amortization of pension actuarial differences — (d)	3.0	-2.2	+5.2	—
Adjusted ordinary income: (a) - ((b)+(c)+(d))	121.2	147.9	-26.7*	-18.1%
Adjusted net income	92.7	100.7	-8.0	-7.9%

* -26.7: Increase in gas sales volume +1.7 (excl. temp. effect +2.5), tariff revisions -15.5, electric power -8.5, other segment profit, etc. -4.4

Economic Frame	Foreign Exchange Rate (¥/\$)	JCC (\$/bbl)	Average Temp. (°C)
Current forecast	105.0	110.0	16.6
FY2013 results	100.17<+4.83>	109.99<+0.01>	17.0<-0.4>

Pension Asset	Investment Yield *Cost Deducted	Discount Rate	Year-end Assets (Billion Yen)
FY2013	1.61%	1.5%	273.0
FY2012	6.10%	1.4%	276.0

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

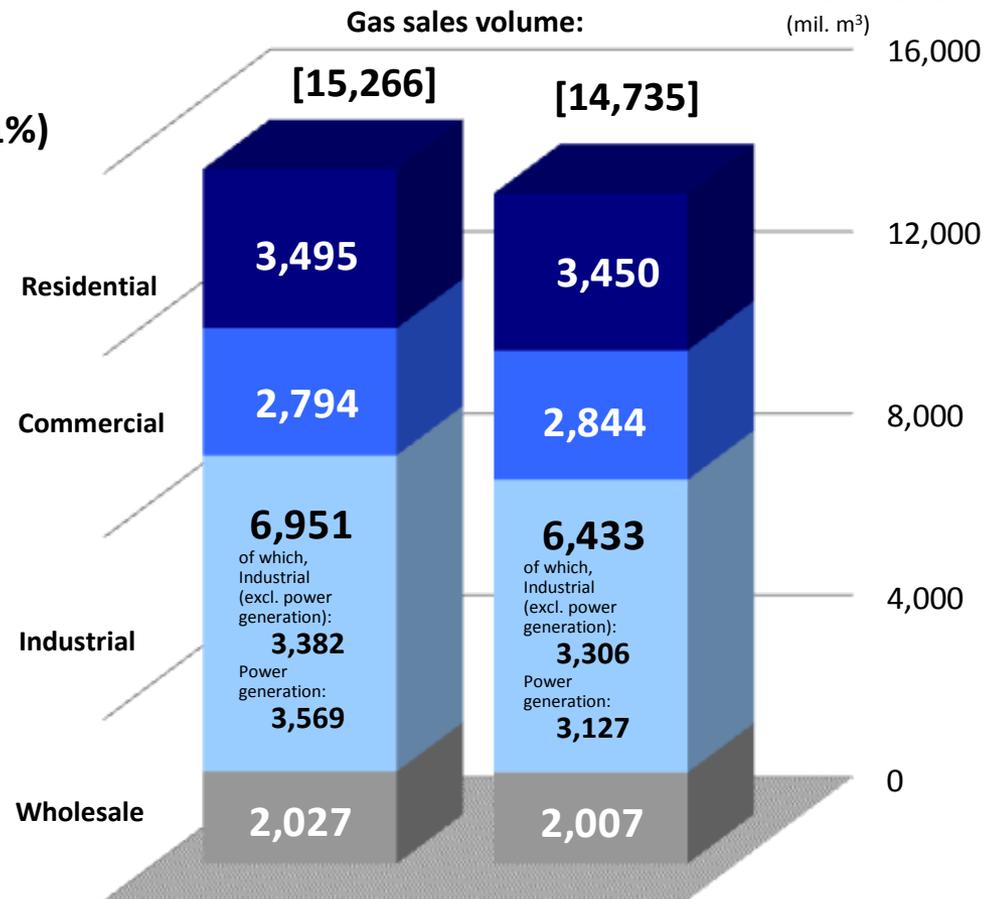
FY2014 Full Year Forecast: Consolidated Gas Sales Volume <vs. FY2013 Results >

FY2013 Results → FY2014 Forecast

+531 mil. m³ (+3.6%)

Incl. temperature effect: +9mil. m³ (+0.1%)

<ul style="list-style-type: none"> ■ Residential +45 mil. m³ (+1.3%) <ul style="list-style-type: none"> ● Temperature effect +48 mil. m³ ● Number of days -6 mil. m³ ● Number of customers +41 mil. m³ ● Others -38 mil. m³
<ul style="list-style-type: none"> ■ Commercial -50 mil. m³ (-1.8%) <ul style="list-style-type: none"> ● Temperature effect -44 mil. m³ (Air conditioning -40, other -4) ● Number of days -6 mil. m³ ● Number of customers 0 mil. m³ ● Others 0 mil. m³
<ul style="list-style-type: none"> ■ Industrial +518 mil. m³ (+8.0%) <ul style="list-style-type: none"> ● Industrial: +76 mil. m³ ● Power generation: +442 mil. m³ Portion from increase in Kashima region +718 mil. m³ Decrease in operation on other existing facilities -276 mil. m³
<ul style="list-style-type: none"> ■ Wholesale +20 mil. m³ (+1.0%) <ul style="list-style-type: none"> ● Temperature effect +5 mil. m³ ● Others +15 mil. m³ Increase in demand from wholesale suppliers, etc.



FY2014 Forecast

FY2013 Results

Number of customers

(Unit: 10 thousand)

FY2014 forecast	FY2013 results	Change
1,123.8	1,111.1	+12.7 (+1.1%)

	FY2014	FY2013	Change
LNG liquid sales volume (thousand t)	965	784	+181
Average temperature (°C)	16.6	17.0	-0.4

Forecast

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

	FY2014	FY2013	Change
Gas sales volume (financial accounting basis)	15,266	14,735	+531 +3.6%
Gas volume used in-house under tolling arrangement	1,666	1,510	+156 +10.3%
Total	16,932	16,245	+687 +4.2%

Forecast as per Challenge 2020 Vision: 18,138 million m³ 17,225 million m³ +913 million m³

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

	Kashima area	Other	Total
Power generation	1,299	2,269	3,569
vs. FY2013 results	+718 (+123.6%)	-276 (-10.9%)	+442 (+14.1%)
General industrial	205	3,177	3,382
vs. FY2013 results	+21 (+11.4%)	+55 (+1.7%)	+76 (+2.3%)
Total	1,505	5,446	6,951
vs. FY2013 results	+739 (+96.6%)	-222 (-3.9%)	+518 (+8.0%)

FY2014 Full Year Forecast: Net Sales and Operating Income/Loss by Business Segment <vs. FY2013 Results >

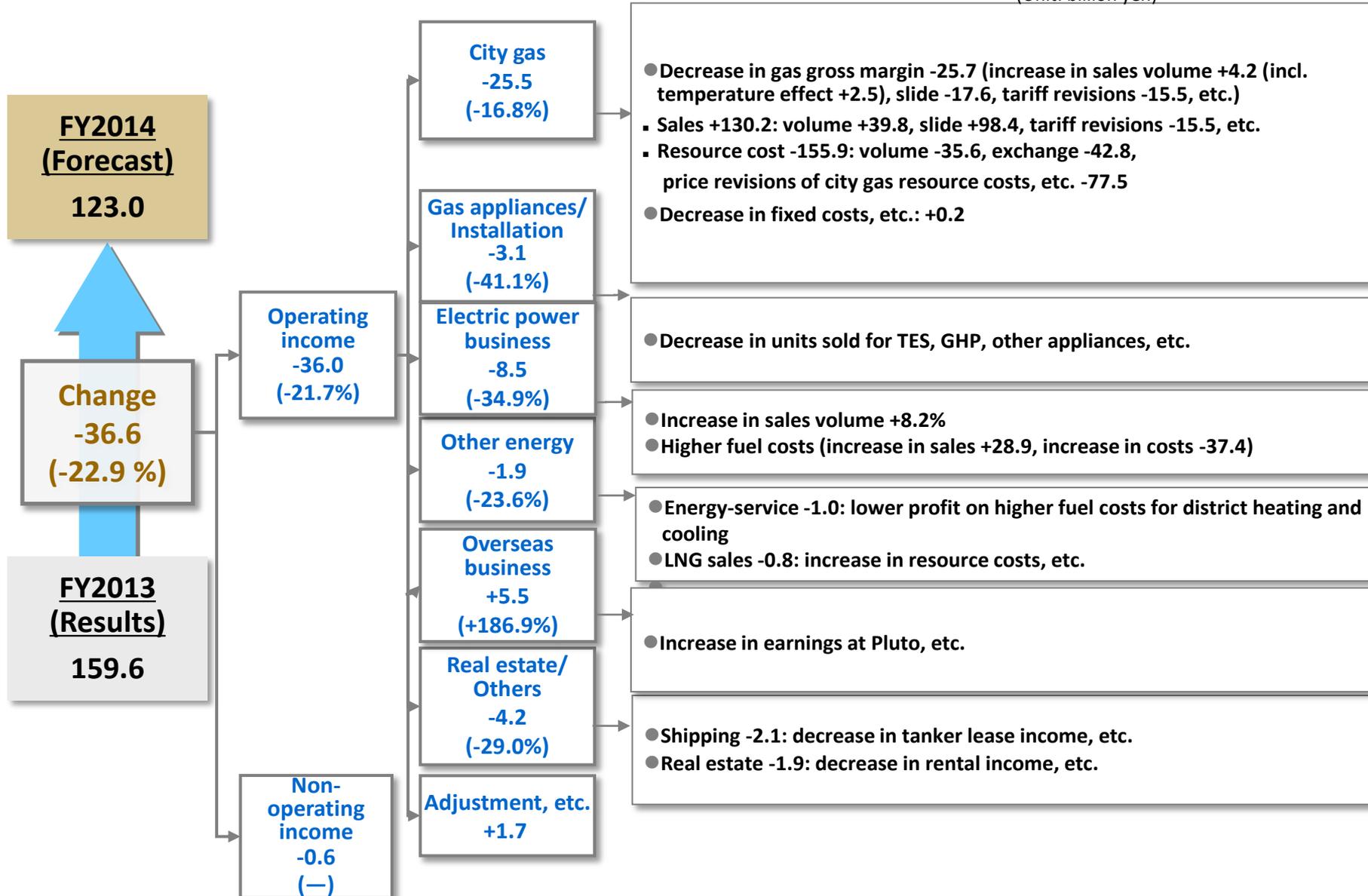
(Unit: billion yen)

	Net Sales				Segment Income			
	FY2014 Forecast	FY2013 Results	Change	%	FY2014 Forecast	FY2013 Results	Change	%
City gas	1,633.6	1,505.1	128.5	8.5	127.1	152.6	-25.5	-16.8
Gas appliances and installation work	210.0	221.7	-11.7	-5.3	4.5	7.6	-3.1	-41.1
Other energy	417.0	357.5	59.5	16.6	22.1	32.5	-10.4	-32.1
(Electric power business)	164.8	135.9	28.9	21.2	15.9	24.4	-8.5	-34.9
Real estate	24.1	28.3	-4.2	-14.9	3.8	5.7	-1.9	-33.3
Others	210.2	199.3	10.9	5.4	14.8	11.6	3.2	26.5
(Overseas business)	34.5	22.1	12.4	55.8	8.3	2.8	5.5	186.9
Adjustment	-196.9	-200.0	3.1	—	-42.3	-44.1	1.7	—
Consolidated	2,298.0	2,112.1	185.9	8.8	130.0	166.0	-36.0	-21.7

- 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).

FY2014 Full Year Forecast: Ordinary Income Analysis <vs. FY2013 Results >

(Unit: billion yen)



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

Capital expenditure

(Unit: billion yen)

Capex	Main items	Ref: FY2013 results
Tokyo Gas: 160.4 (+21.6, +15.6%)	Production facilities: 35.3 (+6.4) Hitachi LNG terminal construction, etc.	Tokyo Gas: 138.8
	Distribution facilities: 100.0 (+9.3) Ibaraki-Tochigi Line and other trunk line installation, New demand-side pipes and pipelines, etc.	
	Service and maintenance facilities, etc.: 25.0 (+6.0) Systems-related investment, Tamachi development-related, etc.	
Total of Consolidated Subsidiaries: 78.3 (-34.0, -30.3%)	<ul style="list-style-type: none"> • Overseas upstream investment 29.2 (-45.2) • Ohgishima Power 17.5 (+8.2) • On-site energy service 9.1 (-2.6), etc. 	Total consolidated subsidiaries: 112.3
Total 237.0 (-11.0, -4.4% after eliminations in consolidation)		Total: 248.0 (after eliminations in consolidation)

*Numbers in parentheses refer to comparisons with FY2013 results.

Investments and financing

¥19.4 billion (investment & financing ¥24.5 billion, collections -¥5.1 billion, vs. FY2013 results +¥28.4 billion)

Returns to shareholders

¥64.7 billion (TG non-consolidated, on cash flow basis)

(Total of FY2013 year-end dividends' and FY2014 interim dividends' ¥24.7 billion, and FY2014 treasury stock purchases' ¥40.0 billion)

Required funds and source of funds

(Unit: billion yen)

[FY2014 Forecast]

Required Funds		Source of Funds		
Capex	237.0	Internal funding	Depreciation	142.0
Other Investment & Financing*	19.4		Ordinary income	123.0
Dividends & Tax	64.2		Others	33.3
Share buybacks	40.0		Total	298.3
Repayment (Non-consolidated)	62.7 (41.3)	Outside funding (Non-consolidated)		125.0 (100.4)
Total	423.3	Total		423.3

Interest-bearing debt

End of FY2013: ¥713.8 billion

End of FY2014 Forecast: ¥773.0 billion

*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 FY2014 as seasonal working capital.

Key Indicators (Consolidated)

	FY2014 Forecast	FY2013 Results	FY2012 Results
Total assets (a)	2,226.0	2,176.8	1,992.4
Shareholders' equity (b)	1,030.0	1,011.7	927.6
Shareholders' equity ratio (b)/(a)	46.3%	46.5%	46.6%
Interest-bearing debt (c)	773.0	713.8	642.5
D/E ratio (c)/(b)	0.75	0.71	0.69
Net income (d)	94.0	108.4	101.6
Depreciation and amortization (e)	142.0	140.3	138.7
Operating cash flow (d) + (e)	236.0	248.8	240.4
Capex	237.0	248.0	183.7
ROA: (d)/(a)	4.3%	5.2%	5.3%
ROE: (d)/(b)	9.2%	11.2%	11.5%
TEP	23.3	50.7	59.8
WACC	3.6%	3.2%	3.2%
Total payout ratio	approx. 60% (forecast)	60.0%	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 March 31, 2014)

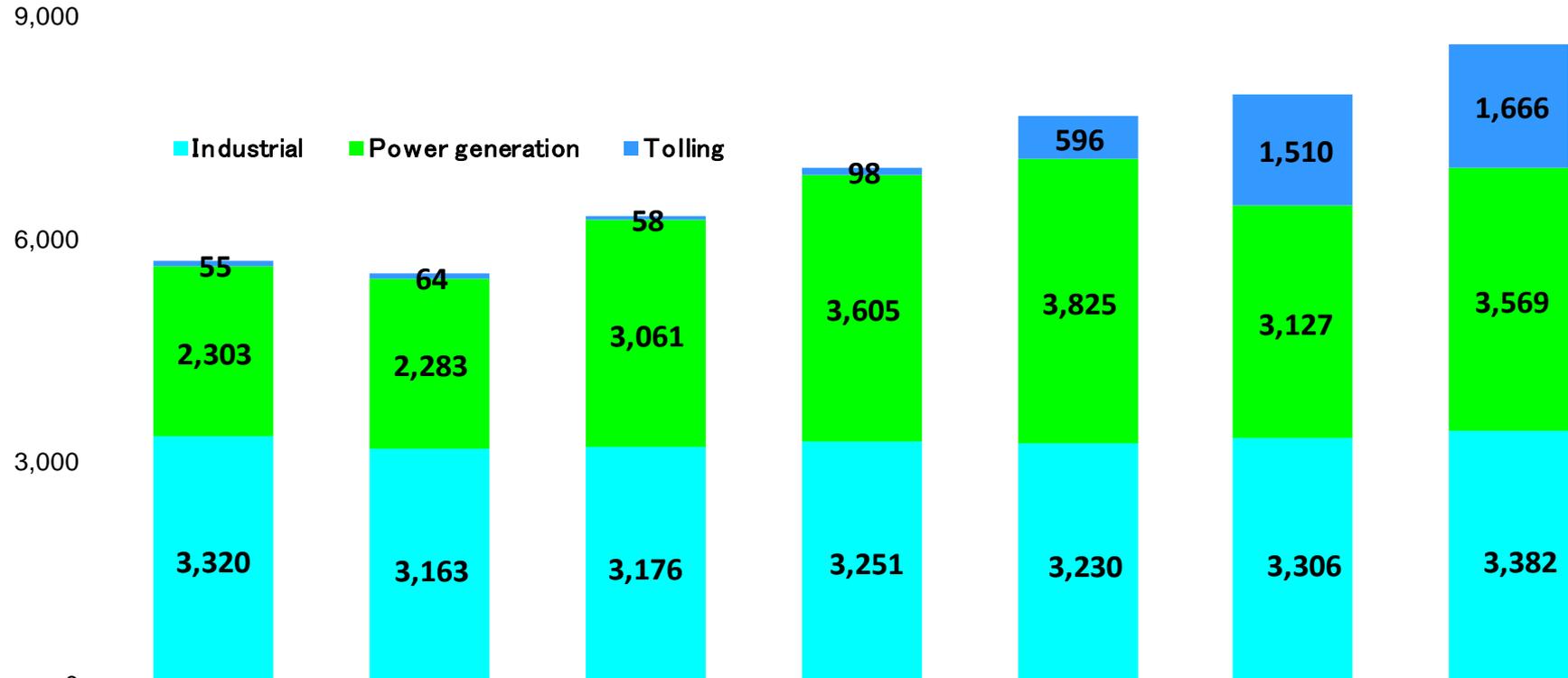
TEP: (Tokyo Gas Economic Profit): Profit after taxes and before interest payments – Cost of capital (invested capital × WACC)
 Items for WACC calculation (FY2014 forecast):

- Cost of interest-bearing debt: actual interest rate (1.1%, after tax)
- Cost rate for shareholders' equity
 - Risk free rate: 10-year JGB yield (0.8%)
 - Risk premium: 5.5%, β: 0.75
 - Capital: market capitalization

3. Reference Materials

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

Consolidated



	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Total	5,678	5,510	6,295	6,953	7,651	7,943	8,617
Tolling	55	64	58	98	596	1,510	1,666
Power generation	2,303	2,283	3,061	3,605	3,825	3,127	3,569
Industrial	3,320	3,163	3,176	3,251	3,230	3,306	3,382

* Lehman shock

* Great East Japan Earthquake

(Forecast)

Impact of rising JCC by \$1/bbl

(Unit: billion yen)

		Impact on earnings				
		1Q	2Q	3Q	4Q	Full year
Period	1Q	-0.4	-0.6	+0.7	+0.4	+0.1
	2Q		-0.4	-0.8	+1.1	-0.1
	3Q	—	—	-0.4	-1.0	-1.4
	4Q	—	—	—	-0.6	-0.6
	Full year	-0.4	-1.0	-0.5	-0.1	-2.0

Impact of yen depreciation by ¥1/\$

(Unit: billion yen)

		Impact on earnings				
		1Q	2Q	3Q	4Q	Full year
Period	1Q	-1.2	+0.9	+0.2	0	-0.1
	2Q	—	-1.2	+0.9	+0.4	+0.1
	3Q	—	—	-1.3	+1.3	0
	4Q	—	—	—	-1.8	-1.8
	Full year	-1.2	-0.3	-0.2	-0.1	-1.8

Trend in Industrial-use Sales Volume (by Industry) Sales (CGS, ENE-FARM)

(mil. m³)

Industry	FY2013	FY2012	Changes	%
Food	527	525	2	0.4%
Textile	50	37	13	36.3%
Paper & pulp	161	173	-12	-6.7%
Chemicals	594	604	-10	-1.7%
Glass & ceramics	153	170	-17	-10.0%
Steel	641	535	106	19.9%
Non-ferrous metal	145	136	9	6.1%
Metal machinery	342	352	-10	-3.0%
Power generation	3,127	2,856	271	9.5%
Other manufacturing	500	502	-2	-0.4%
Total	6,239	5,889	350	5.9%

1. CGS

(stock, unit: thousand kW)

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014 (forecast)
Industrial	1,012	980	990	1,094	1,249	1,269
Residential	521	532	535	547	560	572

2. ENE-FARM

(Sales results, thousand units)

FY2009	FY2010	FY2011	FY2012	FY2013	FY2014 (forecast)
1.5	2.4	5.7	7.6	12.2	15.5

(stock: 44.9)



< 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.

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