TSE:9531

FY2013 Financial Results ended March 31, 2014

TOKYO GAS

April 28, 2014

1. FY2013 Consolidated Financial Results ended March 31, 2014

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

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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.)
- + 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.)
- + Increase in electricity sales (+8.9: increase in unit sales prices, etc.)

Sliding time lag effect +28.8

Operating expenses - 176.0 :
- - 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%
Temperature effect — (b)	-2.5	5.4	-7.9	—
Sliding time lag effect — (c)	16.4	-12.4	+28.8	—
Amortization of pension actuarial differences — (d)	-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 (℃)
FY2013	100.17	109.99	17.0
FY2012	82.91 <+17.26>	113.88 <-3.89>	16.6 <+0.4>

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

Pension Asset	Investment Yield (Cost Deducted)	Discount Rate	Year-end Assets (Billion Yen)
FY2012	6.10%	1.4%	276.0
FY2011	5.13%	1.7%	254.0

Expected rate of return: 2%

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First, let me discuss the overview of FY2013 consolidated financial results. As the table on page 2 indicates, our net sales for FY2013 recorded year-on-year positive growth for four consecutive periods, and our income items for FY2013 also recorded two consecutive periods of year-on-year growth. It should be noted that both net sales and income for FY2013 reached record highs. Net sales and net income surpassed the former record set in FY2012, while operating and ordinary income exceeded the former record for FY2006.

Firstly, net sales for the year increased by 10.3% or 196.5 billion yen, to 2,112.1 billion yen.
Looking at the breakdown of items, our city gas sales increased by 7.4% or 103.2 billion yen over the preceding fiscal year, due mainly to an increase in the sales unit price (139.9 billion yen) resulting from resource cost adjustment associated with a weaker yen combined with a rise in the LNG price, which more than offset the decline in sales of 37.2 billion yen due to a drop in the gas sales volume.
In addition, the impact of the rate revision implemented in December 2013 resulted in a decrease in net sales of 6.2 billion yen, composed of 4.4 billion yen for household customers and 1.8 billion yen for commercial-scale utility customers.
Furthermore, LNG sales increased by 22.7 billion yen, due mainly to an increase in the sales volume especially for ocean-going vessels.
In terms of operating expenses, since the yen's depreciation and the higher gas sales volume increased gas resource costs by 90.9 billion yen and upped LNG sales expenses by 20.5 billion due to an increase in LNG sales, our operating expenses rose by 9.9% or 176.0 billion yen, to 1,946.0 billion yen.
As a result, our operating income grew 14.0% or 20.4 billion yen, to 166.0 billion yen.

In terms of non-operating items, ordinary income rose 8.2% or 12.2 billion yen, to 159.6 billion yen, mainly due to a posted loss of 6.4 billion yen resulting from the negative currency effect of 5.3 billion yen from assets held by overseas subsidiaries.
Our net income rose by 6.7% or 6.8 billion yen, to 108.4 billion yen.

The sliding time lag effect due to fluctuation of fuel prices improved by 28.8 billion yen from minus 12.4 billion yen for FY2012 to 16.4 billion yen in the black for FY2013.

Consolidated Gas Sales Volume

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FY2012 Results→ FY2013 Results

-655 mil.m³ (-4.3%)

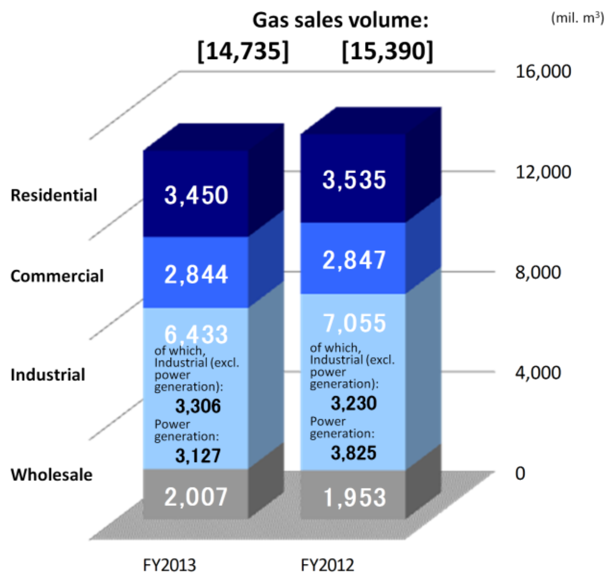
Including temperature effect: -117 mil. m³ (-0.8%)

Residential -85 mil. m³ (-2.4%)
- Temperature effect -99 mil. m³
- Number of days +8 mil. m³
- Number of customers +50 mil. m³
- Others -43 mil. m³

Commercial -3 mil. m³ (-0.1%)
- Temperature effect -10 mil. m³ (Air conditioning +2, other -12)
- Number of days +17 mil. m³
- Number of customers +4 mil. m³
- Others -14 mil. m³

Industrial -622 mil. m³ (-8.8%)
- Industrial: +76 mil. m³
- Power generation: -698 mil. m³
  - Tolling effect -969 mil. m³
  - Portion from increase in Kashima region +266 mil. m³, etc.

Wholesale +54 mil. m³ (+2.8%)
- Temperature effect -8 mil. m³
- Others +62 mil. m³
- 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 (℃)	17.0	16.6	+0.4

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Next, let me move on to the gas sales volumes. The gas sales volume for FY2013 decreased 4.3% or 655 million cubic meters from the previous year, to 14,735 million cubic meters.

The residential gas sales volume dropped by 2.4%, 3,450 million cubic meters, due to a decline in hot water and heating demand on the back of warmer temperature than the previous year.

Commercial demand was roughly unchanged at 2,844 million cubic meters, a 0.1% decrease from the previous fiscal year, due to a decline in hot water and heating demand, which was mostly offset by an increase in air conditioning demand.

Industrial demand was 6,433 million cubic meters, a decline of 8.8% or 969 million cubic meters from the previous fiscal year, due mainly to a decline from the change to a tolling agreement by Nijio Co., Ltd., an electricity wholesale subsidiary, regarding gas sales to the Ohgishima Power Station, despite new demand associated with the opening of the Chiba-Kashima Line and an increase in demand for power generation.

Wholesale supplies to other gas utilities grew 2.8%, to 2,007 million cubic meters, due mainly to growth in customer demand.

Changes in Gas Sales Volume from Shift to Tolling

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Results

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

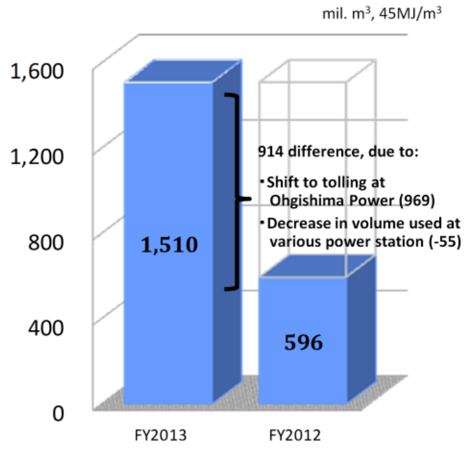
	FY2013 results	FY2012 results	Change
Gas sales volume (financial accounting basis)	14,735	15,390	-655
			-4.3%
Gas volume used in-house under tolling arrangement	1,510	596	+914
			+153.2%
Total	16,245	15,986	+259
			+1.6%

■ 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



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Page 4 indicates gas volume used in-house under a tolling arrangement, which is not included in the sales volume.

The real gas sales volume, which is the sum of the gas sales volume and the gas volume used in-house under the tolling arrangement, increased by 1.6% or 259 million cubic meters over the past fiscal year.

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

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(Unit: billion yen)

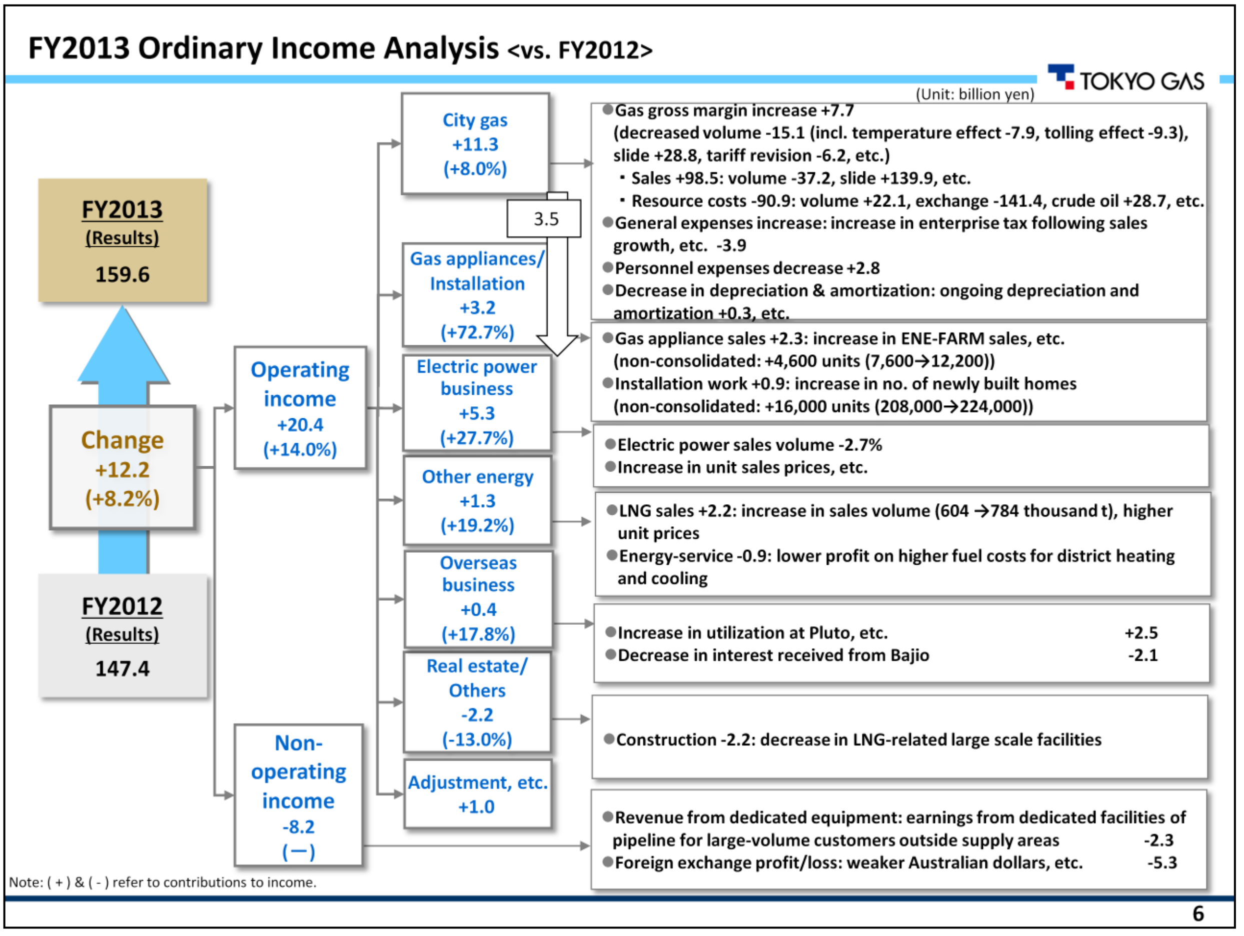
	Net Sales				Segment Income			
	FY2013	FY2012	Change	%	FY2013	FY2012	Change	%
City gas	1,505.1	1,401.9	103.2	7.4	152.6	141.3	11.3	8.0
Gas appliances and installation work	221.7	206.0	15.7	7.6	7.6	4.4	3.2	72.7
Other energy	357.5	336.6	20.9	6.2	32.5	25.9	6.6	25.4
(Electric power business)	135.9	127.0	8.9	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).

Now, let me discuss our results by segment.

Page 5 shows our net sales and operating income by segment in comparison with the previous year.

As you can see, our operating income increased in most segments except "Others." I will explain the reason for this in the next page.



Page 6 indicates increases and decreases in operating income by segment. The increase in city gas of 11.3 billion yen or 8.0 percent is mainly attributable to an improvement in the sliding time lag effect of 28.8 billion yen as we discussed earlier and a decrease in salaries of 2.8 billion yen resulting from an improvement in amortization of pension actuarial differences.

On the other hand, there were negative impacts in the “City gas” segment, including a decrease in volume of 15.1 billion yen, consisting of a temperature effect of 7.9 billion yen and a tolling effect of 9.3 billion yen, etc. and price declines due to a rate revision amounting to 6.2 billion yen.

In “Gas appliances and installation work,” an increase in segment income of 3.2 billion yen or 72.7% over the previous fiscal year was mainly attributable to an increase in new home construction in reaction to rush demand by consumers ahead of the consumption tax hike as well as a sales increase in the TES system and ENE-FARM.

In “Electric power business,” the segment income of 3.5 billion yen was transferred from “City gas” to this segment in FY2013, as a result of a change to the tolling agreement for a portion of the gas used for electric power generation.

Accordingly, in terms of comparability with the previous year, the segment income of “Electric power business” improved by 1.8 billion yen from the previous fiscal year. The electricity sales volume decreased by 2.7% due to periodic inspections of power stations, but the segment income improved due mainly to an increase in the unit selling price.

FY2013 Uses of Cash Flow

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Capital expenditure

(Unit: billion yen)

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. 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.	Tokyo Gas: 127.1
Total consolidated subsidiaries: 112.3 (+53.5, +90.8%)	•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)

Please have a look at page 7 describing the summary of "Uses of Cash Flow.

Returns to Shareholders

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- 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

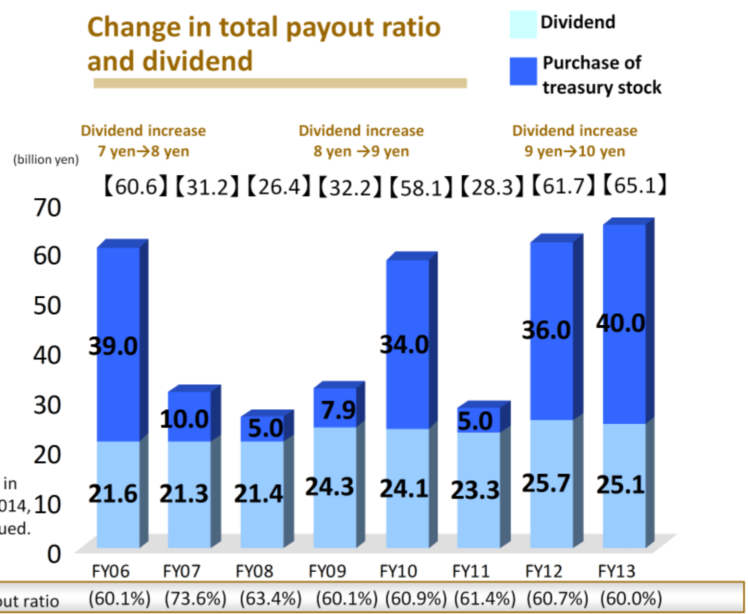
Total payout ratio 60.0%

= (FY2013 Dividend ¥25.1 billion + FY2014 Purchase of treasury stock ¥40.0 billion) / (FY2013 Consolidated net income ¥108.4 billion)

*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



Please move on to page 8. Let me explain about returns to shareholders.
We will pay a year-end dividend of 5 yen per share and an annual dividend of ¥10 per share for FY2013, which is the same as the previous fiscal year.
With regard to distributions to shareholders, we will stick to maintaining a stable dividend and avoid any dividend reduction while carrying out a gradual increase in dividends in accordance with the growth of our company over the long-term.
In addition, pursuant to the basic policy of a total payout ratio of 60% to shareholders, we will carry out a stock repurchase of up to 80 million shares or 40.0 billion yen in FY2014 in addition to the annual dividend of 25.1 billion yen payable in FY2013. As a result, the total payout ratio to shareholders, consisting of dividends and treasury stock acquisition as a percentage of consolidated net income, would be roughly 60%. The treasury stock shares acquired will be retired immediately.

2. FY2014 Full Year Forecast

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FY2014 Full Year Forecast (Apr. 1, 2014 – Mar. 31, 2015) <vs. FY2013 Results >

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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.)
+ Increase in electricity sales (+28.9: increase in volume, higher unit prices)

Sliding time lag effect -17.6

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. m³, 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. (℃)
Current forecast	105.0	110.0	16.6
FY2013 results	100.17<+4.83>	109.99<+0.01>	17.0<-0.4>

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

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

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Now I will discuss the full-year forecast for FY2014.
In this fiscal year ending March 31, 2015, we project net sales to increase while operating income will decline. The economic framework assumed for FY2014 is a crude oil price of 110 dollars per barrel and a foreign exchange rate of 105 yen per USD.
The forecast gas sales volume for FY2014 is set at 3.6%, due mainly to growth in industrial demand especially for electric power and a recovery in residential demand amid cooler temperatures than in the previous fiscal year.
We project a 185.9 billion yen, or 8.8%, increase in consolidated net sales to 2,298 billion yen, due mainly to upward unit price adjustments under the gas rate adjustment system and growth in gas sales volume, sales growth in the city gas business, and a volume increase in the electric power business.
The impact of the rate revision implemented in December 2013 will lead to a decrease in net sales of 15.5 billion yen from the previous fiscal year, composing of 12.4 billion yen for household customers and 3.1 billion yen for commercial-scale utility customers. However, we estimate the reduction will be 21.7 billion yen for the full year.

We forecast operating income to increase by 11.4% or 222.0 billion yen over the previous fiscal year to 2,168.0 billion yen for FY2014, due mainly to growth in the city gas business reflecting an increase in resource costs of 154.0 billion yen.
As a result, we project a 36.0 billion yen, or 21.7%, decrease in operating income to 130.0 billion yen, and a 36.6 billion yen, or 22.9%, decrease in ordinary income to 123.0 billion yen.
With regard to extraordinary items, we forecast extraordinary gains of roughly 12.0 billion yen, including gains on sales of marketable securities of 8.0 billion yen and gains on sales of properties of 4.1 billion yen. As a result, we project net income of 94 billion yen, a decrease of 13.3% or 14.4 billion yen from FY2013.

We expect the sliding time lag effect due to fluctuation of fuel prices will worsen from the positive figure of 16.4 billion yen for FY2013 to negative 1.2 billion yen for FY2014.

Please note that the sliding time lag effect is just an estimate, and the particular national average data used is based on our original estimation. We will continue to update this data in each quarterly earnings results briefing.

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

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FY2013 Results → FY2014 Forecast

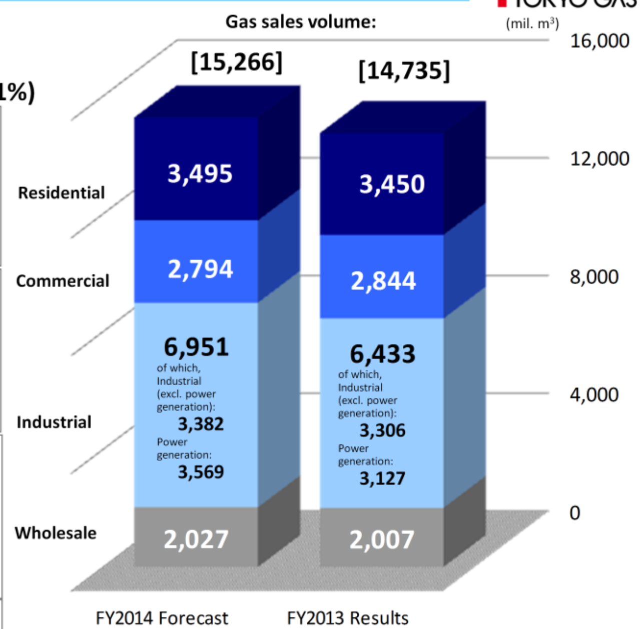
+531 mil. m^3 (+3.6%)
Incl. temperature effect: +9mil. m^3 (+0.1%)

■ Residential +45 mil. m^3 (+1.3%)
- Temperature effect +48 mil. m^3
- Number of days -6 mil. m^3
- Number of customers +41 mil. m^3
- Others -38 mil. m^3

■ Commercial -50 mil. m^3 (-1.8%)
- Temperature effect -44 mil. m^3 (Air conditioning -40, other -4)
- Number of days -6 mil. m^3
- Number of customers 0 mil. m^3
- Others 0 mil. m^3

■ Industrial +518 mil. m^3 (+8.0%)
- Industrial: +76 mil. m^3
- Power generation: +442 mil. m^3
  Portion from increase in Kashima region +718 mil. m^3
  Decrease in operation on other existing facilities -276 mil. m^3

■ Wholesale +20 mil. m^3 (+1.0%)
- Temperature effect +5 mil. m^3
- Others +15 mil. m^3
  Increase in demand from wholesale suppliers, etc.



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 (℃)	16.6	17.0	-0.4

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Next, I would like to explain the gas sales volume forecast for FY2014.

We anticipate the gas sales volume for FY2014 to increase by 530 million cubic meters, or 3.6%, to 15,266 million cubic meters.

Now I would like to explain the breakdown by use.

With regard to the average temperature, we use the 10-year average, 16.6 degrees Celsius, which is lower than FY2013 by 0.4 degrees Celsius.

The gas sales volume for household use would be impacted by positive factors from an increase in the temperature effect (+48 million cubic meters) and an increase from growth in the number of customers due to strong new construction (+40 million cubic meters) and negative factor of use reduction per consumer (-38 million cubic meters). Accordingly, we project a net increase of 45 million cubic meters or 1.3% over the previous fiscal year.

The gas sales volume for commercial use is forecast to decline by 50 million cubic meters or 1.8% from the previous fiscal year, due to the temperature effect, especially for air-conditioning in the summer season.

The gas sales volume for industrial use is predicted to increase by 518 million cubic meters or 8.0% over the previous fiscal year, reflecting a significant increase in demand for electric power generation.

Looking at the breakdown by use, we expect an increase of 76 million cubic meters in "Industrial," reflecting an increase in utilization driven by the economic upturn.

In "Power generation," we project a net increase of 442 million cubic meters, due to a substantial increase in the gas volume used for power generation (718 million cubic meters) from gas supply to the Kashima thermal power station of Tokyo Electric Power Company, while partially offset by a decrease in utilization of other existing power stations affected by relaxation of electricity demand.

Changes in Gas Sales Volume from Shift to Tolling <vs. FY2013 Results >

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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%)

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Page 12 indicates gas volume used in-house under the tolling arrangement, which is not included in the sales volume.

The real gas sales volume, which is the sum of the gas sales volume and the gas volume used in-house under the tolling arrangement, is forecast to increase by 687 million cubic meters, or 4.2%, over the previous fiscal year.

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

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(Unit: billion yen)

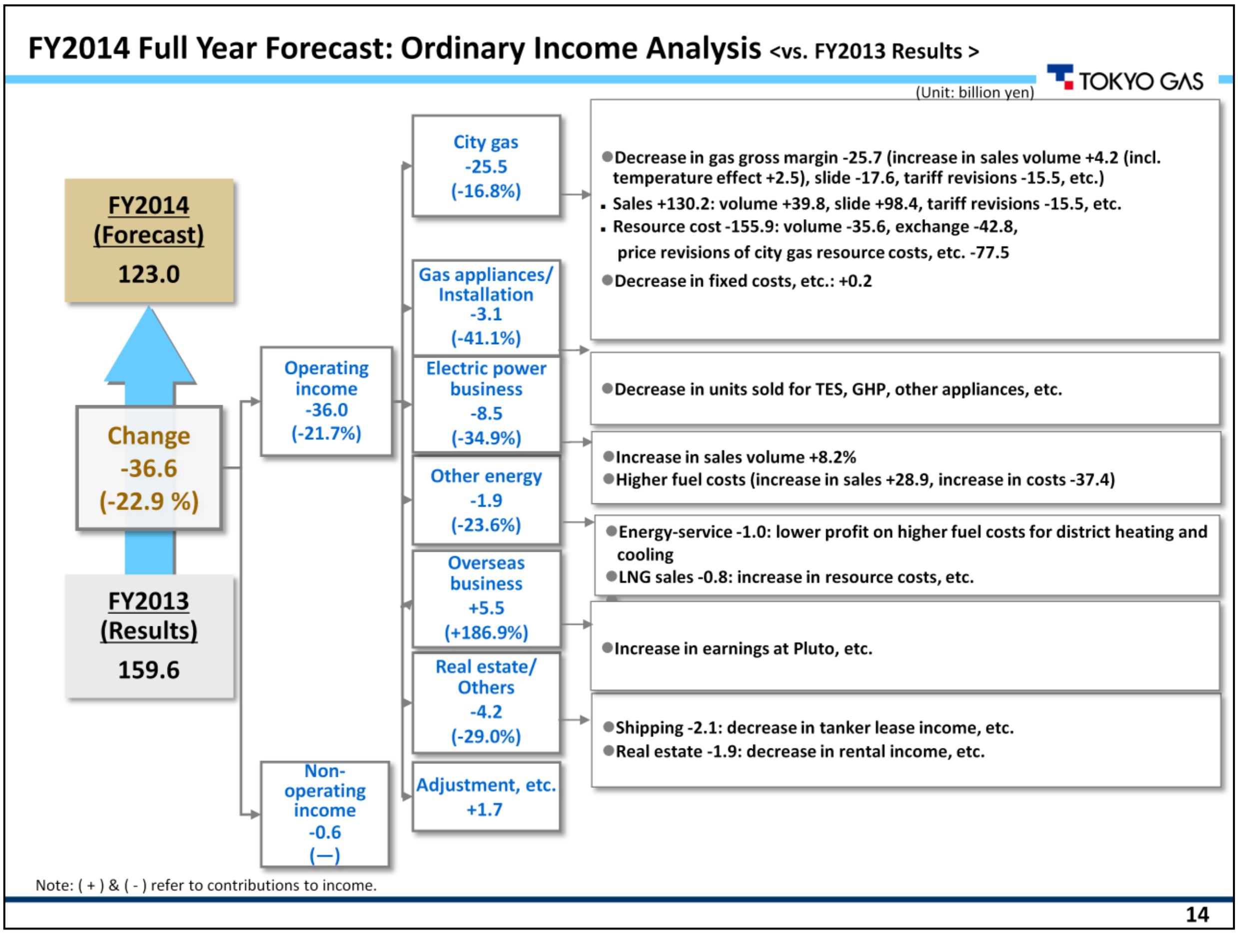
	Net Sales				Segment Income			
	FY2014 Forecast	FY2013 Results	Change	%	FY2014 Forecast	FY2013 Results	Change	%
City gas	1,633.6	1,505.1	128.5	8.5	127.1	152.6	-25.5	-16.8
Gas appliances and installation work	210.0	221.7	-11.7	-5.3	4.5	7.6	-3.1	-41.1
Other energy	417.0	357.5	59.5	16.6	22.1	32.5	-10.4	-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).

Next, I will explain operating income forecast by each business segment.

Page 13 describes forecasted net sales and operating income by segment for FY2014 in comparison with the previous fiscal year. As you can see, we predict operating income will decline in all segments except overseas business, reflecting soaring fuel costs.

Increases or decreases in operating income of main segments will be discussed on the next page.



A forecasted decrease in the “City gas” segment of 25.5 billion yen or 16.8% is attributable to negative factors consisting of the sliding time lag effect of 17.6 billion yen and a rate revision impact for the full year of 15.5 billion yen, which is not expected to be offset by positive factors, such as an anticipated 4.2 billion yen increase in the operating margin as a result of growth in sales volume.

A forecast decrease in the “Electric power business” of 8.5 billion yen or 34.9% is mainly due to soaring fuel costs, while we do not expect a periodic inspection at the Ohgishima Power Station which brings 8.2% increase in the electricity sales volume.

We forecast operating income in “Overseas business” for FY2014 to improve by 5.5 billion or 186.9%, primarily driven by an increase in revenue from Pluto.

FY2014 Uses of Cash Flow

TOKYO GAS

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. 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.	Tokyo Gas: 138.8
Total of Consolidated Subsidiaries: 78.3 (-34.0, -30.3%)	･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)

Please have a look at page 15 describing the forecast for "Use of Cash Flow" for FY2014.

FY2014 Funding Plan (Consolidated)

TOKYO GAS

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.

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The outlook of the funding plan for FY2014 is shown in the table on page 16. Although I will not give a detailed explanation, interest-bearing debt at the end of FY2014 is expected to be 773 billion yen, an increase of 59.2 billion yen as compared with the end of the previous fiscal year.

Our company plans to raise external funds of 125 billion yen for FY2014. Accordingly, I would like to ask debt investors to continue to aid our company in raising funds in the future.

Key Indicators (Consolidated)

TOKYO GAS

(Unit: billion yen)

	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

Page 17 shows key financial indicators on a consolidated basis. I will not give you a detailed description, but expected ROE would be 11.2% in FY 2013 on an actual basis, and 9.2% in FY2014.

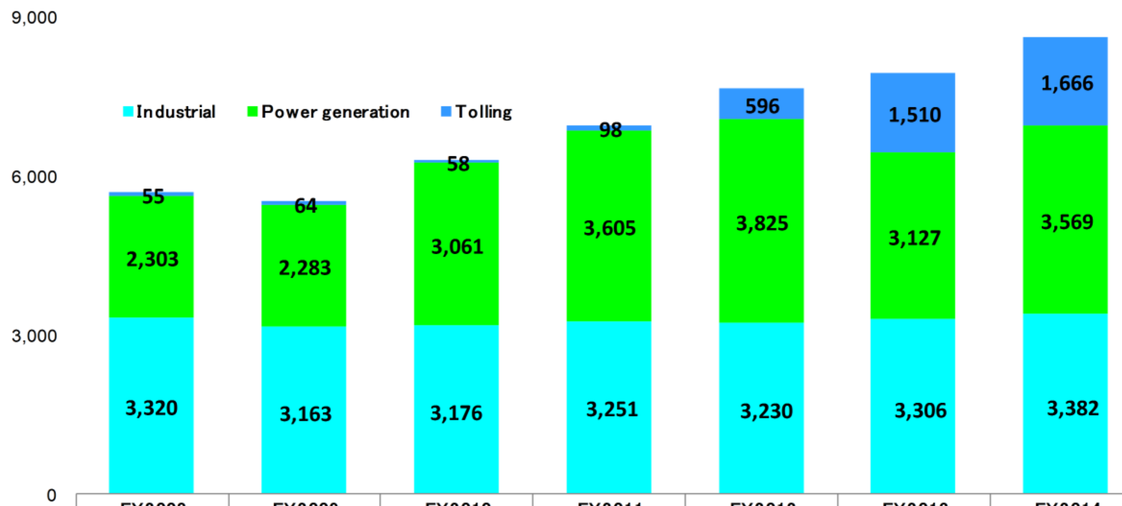
3. Reference Materials

TOKYO GAS

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

Consolidated

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



	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)

Operating Income Sensitivity to Changes in Oil Price and Exchange Rate

TOKYO GAS

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

Sales Data (Non-consolidated)

TOKYO GAS

Trend in Industrial-use Sales Volume (by Industry)

(mil. m^3)

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%

Sales (CGS, ENE-FARM)

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)

TOKYO GAS

< 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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