

October 31, 2014
Tokyo Gas Co., Ltd.

Meeting to Explain the FY2014 2Q Results
Main Q&A

Q1: How do you see the risk for profits from overseas business, including fluctuations in crude oil prices?

A1: If crude oil prices decline, while this will have a favorable effect on the gas business, it is also a fact that this will worsen the profitability of upstream businesses which account for most of our overseas business. From the perspective of the Company's overall business including the gas business and the overseas business, however, the positive influence on the gas business is larger, so we would welcome a decline in crude oil prices.

Regarding the overseas business, there are a number of risks including shale gas rights. We will manage risk considering all cases, and even if something unexpected arises. At the present time, in the Company's upstream business nothing is facing a major risk.

Q2: In the power generation business, why is it that revenues rose year-on-year the first half but will decline in the second half?

A2: Year-on-year profit increases were posted in the first half because of temporary factors, and profits are projected to decline in the second half because those temporary factors are no longer present.

Q3: The current ROE level is higher than the 8% target under Challenge 2020 Vision. Do you expect the ROE to decline from now on? Or are you planning on an upwards revision of the 8% target?

A3: It is very difficult to set the ROE target for 2020 amid the present sudden changes in the energy environment. Regardless, we aim to increase the ROE by steadily implementing the main measures we just announced for FY2016 through FY2018.

Q4: While there are large ongoing changes to the business environment, including the gas system reforms, does the Company plan any changes in the current shareholder returns policy of a total payout ratio of around 60%?

A4: We intend to maintain the 60% total payout ratio as long as the present market environment and the market environment for the Company are sustained.