

**FY2016 Financial Results  
ended Mar. 31, 2017**



April 28, 2017

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**1. FY2016 Consolidated Financial Results**  
**ended March 31, 2017**

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# FY2016 Consolidated Financial Results (Apr. 1, 2016 – Mar. 31, 2017) <vs. FY2015>



## Highlights: Sales Down, Profit Down

(+ - , +/- indicate impact on profit, billion yen)

<b>Net sales</b>	-297.6 :	- City gas (-254.6: Decrease in unit price, etc. due to resource cost adjustment -277.7, increase in sales volume +21.8)
		- Energy-related (-90.9: LNG sales -33.1 (decrease in unit price due to decrease in crude oil price), Engineering solutions -28.2 (lower volume of projects, etc.), appliances -26.6 (due to deconsolidation of GASTAR, etc.))
<b>Operating expenses</b>	+163.9:	+ Electricity (+20.9: Increase in sales volume, etc. with entry into retail sales)
		+ City gas resource costs, etc. (+173.7: Decrease in unit price arising from economic framework assumptions +185.4, increase in volume -11.7)
<b>Operating income</b>	-133.7:	- City gas (-115.5: Gas gross margin -82.3 (including sliding time lag effect -89.2), increase in fixed costs -34.6)
		- Energy-related (-11.8: LNG sales -11.6 (including sliding time lag effect -11.0))
		- Electricity (-4.9: Increase in depreciation and retail sales expenses)
<b>Extraordinary income/loss</b>	+46.3:	+ FY2016 +13.3: Gain on sale of investment securities +9.1, gain on sale of non-current assets +6.6, impairment loss -2.4
		FY2015 -33.0: loss on valuation of investment securities -4.7, Impairment loss -28.2

	FY2016	FY2015	Change	%
Gas sales volume (million m3, 45 MJ)	15,720	15,436	+284	+1.8%
Electricity sales volume (million kWh)	12,654	10,959	+1,695	+15.5%
(Breakdown)				
Retail sales (million kWh, receiving end)	2,254	0	+2,254	—
Other sales (million kWh)	10,400	10,959	-559	-5.1
Net sales	1,587.0	1,884.6	-297.6	-15.8%
Operating expenses	1,528.7	1,692.6	-163.9	-9.7%
Operating income	58.3	192.0	-133.7	-69.6%
Segment income (operating income + equity income of subsidiary)	61.9	194.1	-132.2	-68.1%
Ordinary income <sup>(1)</sup>	55.6	188.8	-133.2	-70.5%
Extraordinary income/loss	13.3	-33.0	+46.3	-
Profit attributable to owners of parent	53.1	111.9	-58.8	-52.5%
Temperature effect <sup>(2)</sup>	-9.8	-17.3	+7.5	—
Sliding time lag effect (city gas, LNG sales) <sup>(3)</sup>	-19.9	80.3	-100.2	—
Amortization of actuarial differences <sup>(4)</sup>	-24.0	-2.3	-21.7	—
Adjusted ordinary income <sup>(1)-(2)+(3)+(4)</sup>	109.3	128.1	-18.8	-14.7%

Economic framework	Exchange rate (¥/\$)	Crude oil price (\$/bbl)	Avg. air temp. (°C)	Pension assets	Investment yield (costs deducted)	Discount rate		Year-end assets (billion yen)
						Annuity portion	Lump-sum portion	
FY2016	108.38	47.51	16.3		1.57%	0.389%	0.055%	277.0
FY2015	120.17<-11.79>	48.75<-1.24>	16.6<-0.3>		2.92%	0.236%	0.000%	281.0

Figures in <> brackets indicate year-on-year increase/decrease.

Expected rate of return: 2%

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The FY2016 results ended with a decrease in both sales and profit.

Total net sales were down 15.8% year-on-year to 1,587.0 billion yen primarily due to a drop in city gas sales on the back of a decrease in unit price due to resource cost adjustment.

Meanwhile, operating expenses decreased 9.7% to 1,528.7 billion yen on the back of a drop in city gas resource costs, etc. due to the impact of the decline in oil prices, and other factors.

As a result, operating income decreased 69.6% year-on-year to 58.3 billion yen.

The main factors for the large drop in operating income by 133.7 billion yen were a sliding time lag effect of 100.2 billion yen and actuarial differences of 21.7 billion yen.

Ordinary income decreased 70.5% year-on-year to 55.6 billion yen.

Extraordinary income/loss of 13.3 billion yen was posted this term, while an extraordinary loss of 33.0 billion yen was posted in FY2015.

As a result, profit attributable to owners of parent decreased 52.5% to 53.1 billion yen.

Extraordinary income/loss posted in FY2016 includes gain on sale of investment securities of 9.1 billion yen and gain on sale of non-current assets of 6.6 billion yen as extraordinary income, and impairment loss on overseas upstream business, etc. of 2.4 billion yen as extraordinary loss.

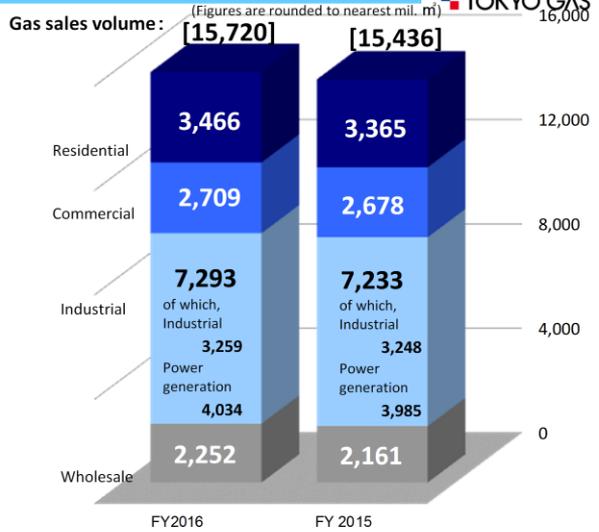
# FY2016 Consolidated Gas Sales Volume<vs. FY2015>



## FY2016 Results (vs. FY2015)

**+284 mil. m<sup>3</sup> (+1.8%)**  
 [including temperature effect +136 mil. m<sup>3</sup>, +0.9%]

<b>■ Residential</b> +101 mil. m <sup>3</sup> (+3.0%)	
● Temperature effect	+83 mil. m <sup>3</sup>
● Number of days	+8 mil. m <sup>3</sup>
● Number of customers	+50 mil. m <sup>3</sup>
● Others	-40 mil. m <sup>3</sup>
<b>■ Commercial</b> +31 mil. m <sup>3</sup> (+1.2%)	
● Temperature effect	+41 mil. m <sup>3</sup>
● Number of days	-2 mil. m <sup>3</sup>
● Number of customers	+18 mil. m <sup>3</sup>
● Others	-26 mil. m <sup>3</sup>
<b>■ Industrial</b> +60 mil. m <sup>3</sup> (+0.8%)	
● Industrial	+11 mil. m <sup>3</sup>
● Power generation	+49 mil. m <sup>3</sup>
<b>■ Wholesale</b> +91 mil. m <sup>3</sup> (+4.2%)	
● Temperature effect	+12 mil. m <sup>3</sup>
● Others	+79 mil. m <sup>3</sup>
Increase in demand from wholesale suppliers, etc.	



## Number of customers (10 thousands)

	FY2016 Results	FY2015 Results
	1,153.6	1,139.8
		+13.8 (+1.2%)
	FY2016 Results	FY2015 Results
LNG sales volume (thousand t)	1,070	1,147
		(-77)
Average temperature (°C)	16.3	16.6
		(-0.3)

I would now like to explain about the sales volume of gas, our core product and the basis of the results. Please turn to page 3.

Overall, gas sales volume increased 1.8% from FY2015 to 15,720 million m<sup>3</sup>.

The breakdown was a 3.0% increase in residential demand to 3,466 million m<sup>3</sup> due to an increase in demand for hot water supply and air-conditioning on the back of low temperatures in the winter,

a 1.2% increase in commercial demand to 2,709 million m<sup>3</sup> owing to an increase in demand for air-conditioning due to high temperatures in late summer as well as greater demand for hot water supply and air-conditioning on the back of low temperatures in the winter,

and a 0.8% increase in industrial demand to 7,293 million m<sup>3</sup>, driven by expanding demand for power generation.

Wholesale supplies to other gas utilities grew 4.2% to 2,252 million m<sup>3</sup> due to growth in customer demand.

## FY2016 Gas Sales Volume (Vision Basis) <vs. FY2015>

### ■ Gas sales volume (Vision Basis) (Unit: million m<sup>3</sup>)

	FY2016 Results	FY2015 Results	Change
Gas sales volume (financial accounting basis)	15,720	15,436	+284
			+1.8%
Gas volume used in-house under tolling arrangement	1,996	1,717	+279
			+16.2%
LNG sales volume (m3 basis)	1,337	1,434	-97
			-6.7%
Total	19,053	18,587	+466
			+2.5%

Page 4 shows actual gas sales volumes on a 2020 Vision basis.

FY2016 Results : Sales and Operating Income/Loss by Business Segments <vs. FY2015 >



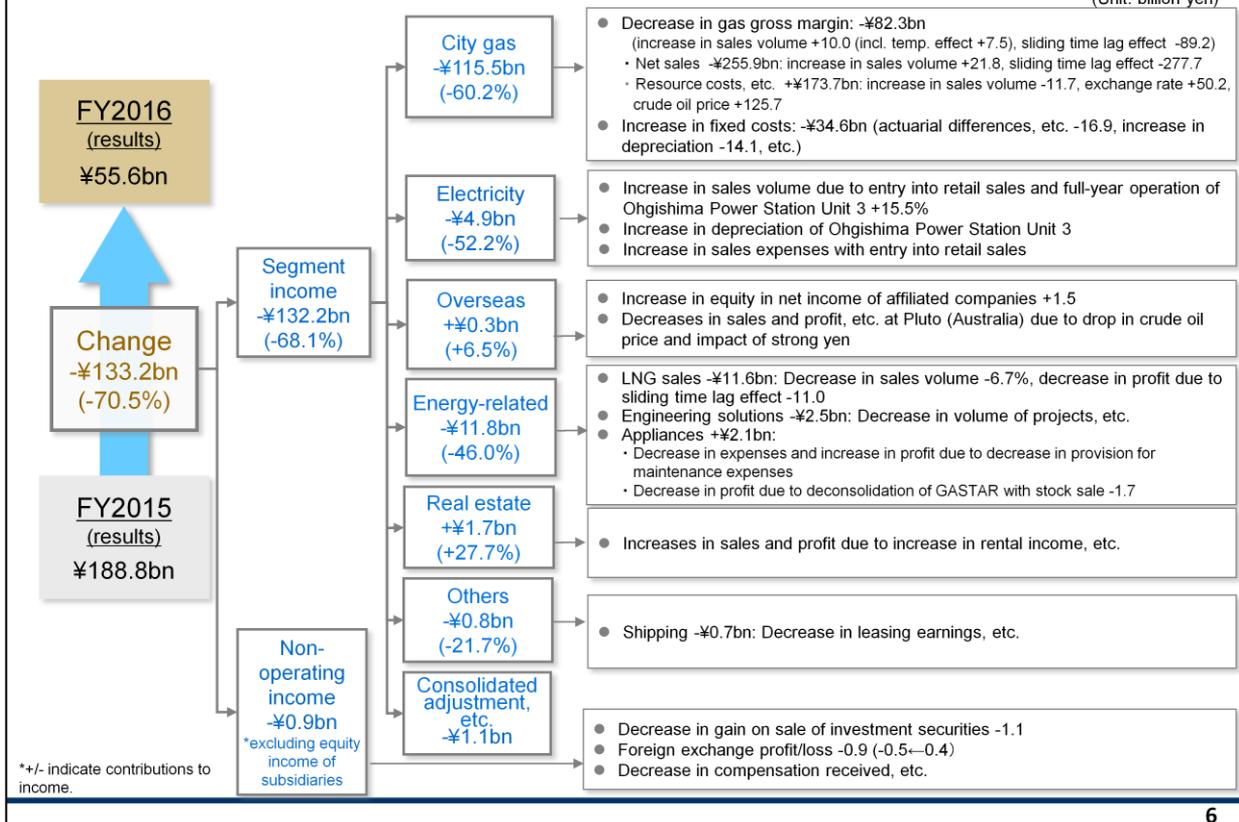
(unit : billion yen)

	Net Sales				Segment Income (Operating income + Equity income/loss of subsidiary)			
	FY2016 Results	FY2015 Results	Change	%	FY2016 Results	FY2015 Results	Change	%
City Gas	1,040.0	1,294.6	-254.6	-19.7	76.5	192.0	-115.5	-60.2
Electric Power	145.7	124.8	20.9	16.7	4.4	9.3	-4.9	-52.2
Overseas business	31.9	30.1	1.8	5.8	4.4	4.1	0.3	6.5
Energy-related	459.5	550.4	-90.9	-16.5	13.7	25.5	-11.8	-46.0
(Engineering Solutions)	111.6	139.8	-28.2	-20.1	4.9	7.4	-2.5	-34.2
(LNG sales)	91.2	124.3	-33.1	-26.6	3.3	14.9	-11.6	-77.8
Real estate	41.4	39.3	2.1	5.2	7.8	6.1	1.7	27.7
Others	89.0	80.2	8.8	11.0	3.2	4.0	-0.8	-21.7
Adjustment	-220.7	-235.1	14.4	—	-48.2	-47.1	-1.1	—
Consolidated	1,587.0	1,884.6	-297.6	-15.8	61.9	194.1	-132.2	-68.1

- Notes:
- Net sales by business segments include internal transactions.
  - “Energy-related” includes businesses in engineering construction, appliances sales, gas pipe installation, construction, and LNG sales, liquefied petroleum gas and industrial gas, etc.
  - “Others” includes businesses in shipping, information processing service, credit and leasing, etc.
  - The “Adjustment” to operating income is primarily companywide expenses not allocated to individual segments.

Page 5 indicates FY2016 sales and income/loss by business segments. The 115.5 billion yen drop in income of the city gas segment has pushed down the overall income.

# FY2016 Results: Ordinary Income Analysis <vs. FY2015>



Page 6 shows the change in profit of each business segment.

The profit of the city gas segment decreased due to a deterioration in sliding time lag effect by 89.2 billion yen as well as amortization of actuarial differences and an increase in depreciation, despite a growth in volume.

The electricity segment saw a 4.9 billion yen drop in profit due to upfront outlays for entry into retail sales, despite an increase in sales volume following the start of operation of Ohgishima Power Station Unit 3.

The energy-related segment faced a 11.8 billion yen drop in profit for the segment as a whole, primarily reflecting a 11.0 billion yen decrease in profit of the LNG sales business due to a sliding time lag effect.

## FY2016 Uses of Cash Flow (Capex , Investment and financing)

### Capital expenditure

(Unit: billion yen)

Capex	Main items	Ref:FY2015 results
Tokyo Gas : 153.2 (-29.6, -16.2%)	Production facilities : 22.4 (-15.6) Hitachi LNG terminal expansion, etc.	Tokyo Gas : 182.8
	Distribution facilities : 94.3 (-13.4) Koga-Moka Line installation, New demand development, etc.	
	Service and maintenance facilities : 36.3 (-0.6) System-related investment, Real estate-related investment, etc.	
Total of Consolidated Subsidiaries : 54.0 (+0.1, +0.1%)	<ul style="list-style-type: none"> <li>•Tokyo Gas Engineering solutions 15.0(+5.3)</li> <li>•Overseas 14.0 (-3.5)</li> <li>•Real estate related investment 5.6(-1.2)</li> </ul>	Total of Consolidated Subsidiaries : 53.9
Total 203.3 (-28.7,-12.4%, after eliminations in consolidation)		Total : 232.0 (after elimination in consolidation)

※ Numbers in parentheses refer to comparisons with FY2015 results

### Investment and financing

13.8 (Investment and financing 16.3, collection -2.5, vs FY2015 results +5.0)

Page 7 illustrates the use of cash flows.

## Returns to Shareholders

■ 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 approx.60% each year until FY2020

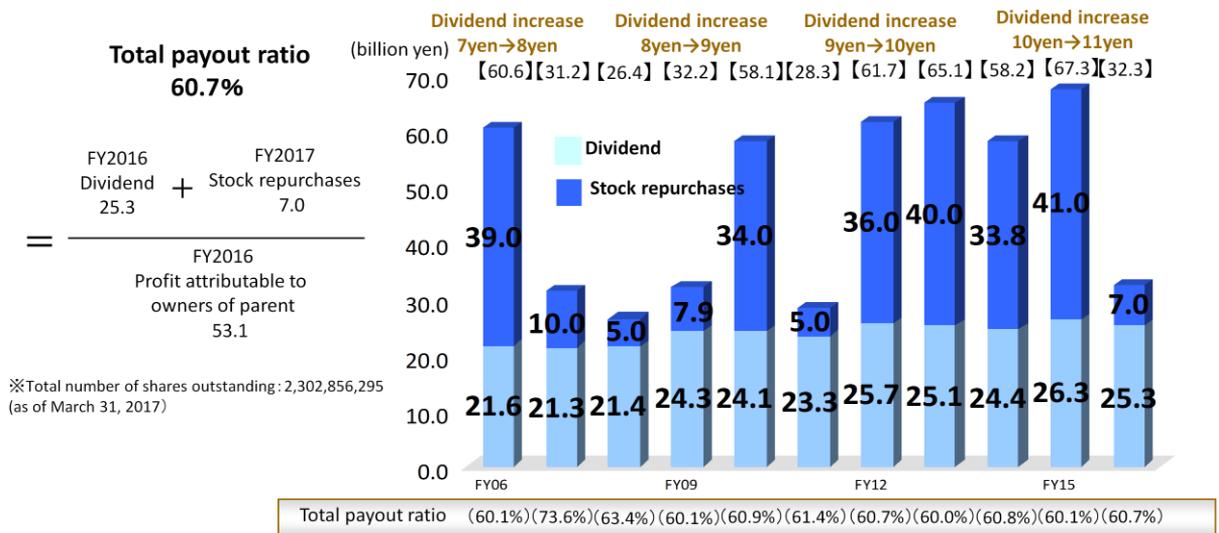
■ As per this policy, returns to shareholders in FY2017 will maintain as shown below.

- Will maintain annual dividend ¥11 per share (Total dividend for FY2016:25.3 billion yen)

- Will repurchase treasury stock shares for liquidation up to the cap of 15million shares(0.7%) for ¥7.0 billion.

### Maintaining 60% total payout ratio

### Change in total payout amount and dividend



In page 8, I would like to explain about returns to shareholders in FY2016.

We will pay a year-end dividend of 5.50 yen and maintain an annual dividend of 11 yen per share.

Based on our basic policy of a total payout ratio of 60% to our shareholders, we will pay a total dividend amount of 25.3 billion yen, and repurchase treasury stock shares up to the cap of 15 million shares for 7.0 billion yen in FY2017. By this, our total payout ratio, which includes dividend payment and stock repurchases, is expected to be 60.7%.

We plan to promptly liquidate the repurchased treasury stock shares.

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## 2. FY2017 Full Year Forecast

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# FY2017 Forecast (Apr. 1, 2017 – Mar. 31, 2018) <vs. FY2016 Results>



## Highlights: Sales Up, Profit increase

(+ - +/- indicate impact on profit, billion yen)

Net sales	+226.0	:	+	City gas	(+113.3: Increase in unit price due to resource cost adjustment, etc.)
			+	Electricity	(+69.0: Increase in sales volume, etc. due to increase in retail customers)
			+	Energy-related	(+45.6: LNG sales +20.9, increase in orders in engineering solutions, etc. +11.0)
Operating income	+23.7	:	+	City gas	(+15.2: Actuarial differences, etc.)
			+	Electricity	(+4.6: Increase in gross margin due to increase in number of retail customers, increase in retail sales expenses, etc.)
			+	Overseas	(+4.8: Increase in profit from upstream projects, etc.)
Extraordinary income/loss	-13.3	:	-	Energy-related	(-6.3: LNG sales -2.8, engineering solutions -1.3, appliances and projects -1.3)
			-	FY2016	+13.3: Gain on sale of investment securities +9.1, gain on sale of non-current assets +6.6, impairment loss -2.4

	FY2017 forecast	FY2016 results	Change	%
Gas sales volume (million m <sup>3</sup> , 45 MJ)	15,148	15,720	-572	-3.6%
Electricity sales volume (million kWh)	14,696	12,654	+2,042	+16.1%
Net sales	1,813.0	1,587.0	+226.0	+14.2%
Operating expenses	1,731.0	1,528.7	+202.3	+13.2%
Operating income	82.0	58.3	+23.7	+40.5%
Segment income (operating income + equity income of subsidiary)	83.6	61.9	+21.7	+34.9%
Ordinary income <sup>(1)</sup>	75.0	55.6	+19.4	+34.7%
Extraordinary income/loss	0.0	13.3	-13.3	—
Profit attributable to owners of parent	55.0	53.1	+1.9	+3.5%
Temperature effect <sup>(2)</sup>	0	-7.4	+7.4	—
Sliding time lag effect (city gas, LNG sales) <sup>(3)</sup>	-28.8	-19.9	-8.9	—
Amortization of actuarial differences <sup>(4)</sup>	7.7	-24.0	+31.7	—
Adjusted ordinary income <sup>(1)-(2)+(3)+(4)</sup>	96.1	106.9	-10.8	-10.1%

Economic framework	Exchange rate (¥/\$)	Crude oil price (\$/bbl)	Avg. air temp. (°C)
FY2017 forecast	115.00	55.00	15.9
FY2016 results	108.38(+6.62)	47.51 (+7.49)	16.3(-0.4)

Pension assets	Investment yield (costs deducted)	Discount rate		Year-end assets (billion yen)
		Annuity portion	Lump-sum portion	
FY2016	1.57%	0.389%	0.055%	277.0
FY2015	2.92%	0.236%	0.000%	281.0

Figures in parentheses indicate change from previous year's results.

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From here on I would like to talk about our forecasts for FY2017.

We expect FY2017 to see a rise in both sales and profit compared to FY2016. The economic frame assumed for FY2017 is ¥115/\$ for foreign exchange rate and \$55/bbl for crude oil price.

We are forecasting a 14.2% increase from FY2016 in net sales for FY2017, to 1,813.0 billion yen. This is due to a forecast of growth in city gas sales by 113.3 billion yen on an expected increase in unit price due to resource cost adjustment, and expectations of a rise in electricity sales by 69.0 billion yen on the back of an increase in the number of retail customers.

We are projecting a 202.3 billion yen, or 13.2%, increase from FY2016 in operating expenses for FY2017, to 1,731.0 billion yen. This is due to a forecast of a 114.9 billion yen increase in city gas resource cost, etc. on the back of a rise in crude oil prices and expectations of a 64.4 billion yen increase in electricity costs due to an increase in retail customers, despite a forecast of a drop in amortization of actuarial differences.

Segment income, which is the above results plus equity income/loss of subsidiary, is expected to rise 34.9% from FY2016 to 83.6 billion yen for FY2017, while ordinary income is forecast to increase 34.7% to 75.0 billion yen.

For profit attributable to owners of parent, we are projecting a 1.9 billion yen, or 3.5%, increase to 55.0 billion yen.

Adjusted ordinary income, which adjusts for 28.8 billion yen in uncollected slide time lag effect following the fluctuation in resource prices and 7.7 billion yen in actuarial differences, is expected to be 96.1 billion yen.

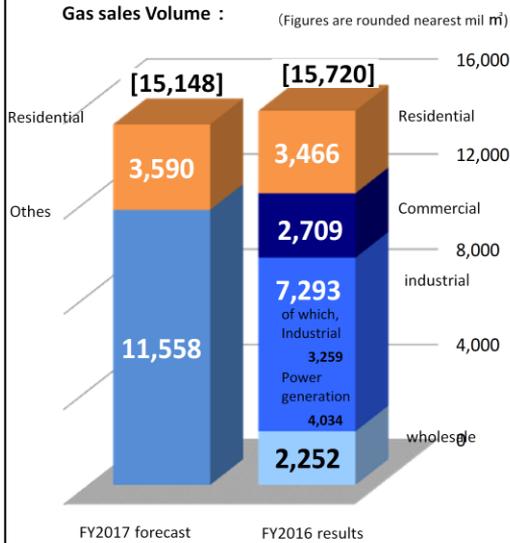
## FY2017 Full Year Forecast ; Consolidated Gas Sales Volume / Electricity Sales Volume

### Consolidated Gas Sales Volume

**-572 mil m<sup>3</sup> (-3.6%)**

[Including temperature effect +117mil. m<sup>3</sup>, +0.7%]

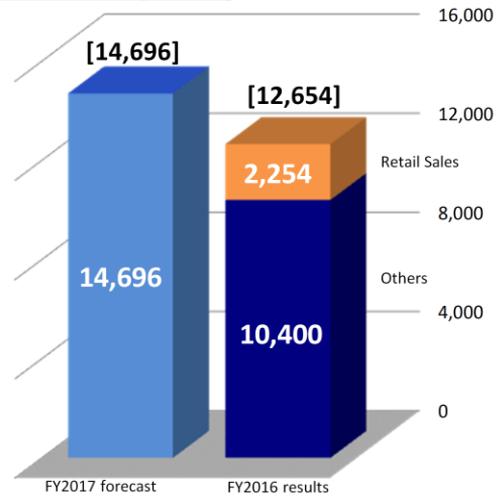
■ Residential	+124 mil. m <sup>3</sup> (3,590←3,466 (+3.6%))
■ Others	-696 mil. m <sup>3</sup> (11,558←12,254) (-5.7%)



### Electricity Sales Volume

**+2,042 mil kWh (+16.1%)**

(Figures are rounded nearest mil kWh)



### Number of customers(Gas/Electricity), LNG sales volume, Average temperature

	FY2017 Forecast	FY2016 Results	Change
Gas: Number of customers(meters) (10 thousands, meter)	1,166.8	1,153.6	+13.2 (+1.1%)
Electricity: Number of Retail customers (contracts)(10 thousands)	100.0	72.8	+27.2 (+37.4%)
LNG sales volume (thousands t)	1,120	1,070	(+50)
Average temperature(°C)	15.9	16.3	(-0.4)

I would now like to explain about our forecast on gas sales volume.

We are forecasting a 572 million m<sup>3</sup>, or 3.6%, decrease from FY2016 in gas sales volume for FY2017, to 15,148 million m<sup>3</sup>.

This mainly reflects a drop in wholesale demand, despite a forecast of an increase in residential demand due to assuming an average temperature of 15.9 ° C, which is in line with normal years.

Electricity sales volume is expected to increase 16.1% from FY2016 to 2,042 million kWh in total.

● Gas Sales Volume (Vision Basis)

(Unit : mil. m3)

	FY2017 Forecasts	FY2016 Results	Change
Gas Sales Volume (financial accounting basis)	15,148	15,720	-572 -3.6%
Gas volume used in-house under tolling agreement	2,015	1,996	+19 +1.0%
LNG sales (m3 basis)	1,400	1,337	+63 +4.7%
Total	18,563	19,053	-490 -2.6%

Page 12 shows our gas sale volume forecast on a 2020 Vision basis.

## FY2017 Full Year Forecast : Sales and Income/Loss by Business Segments

<vs. FY2016 Results >



(unit : billion yen)

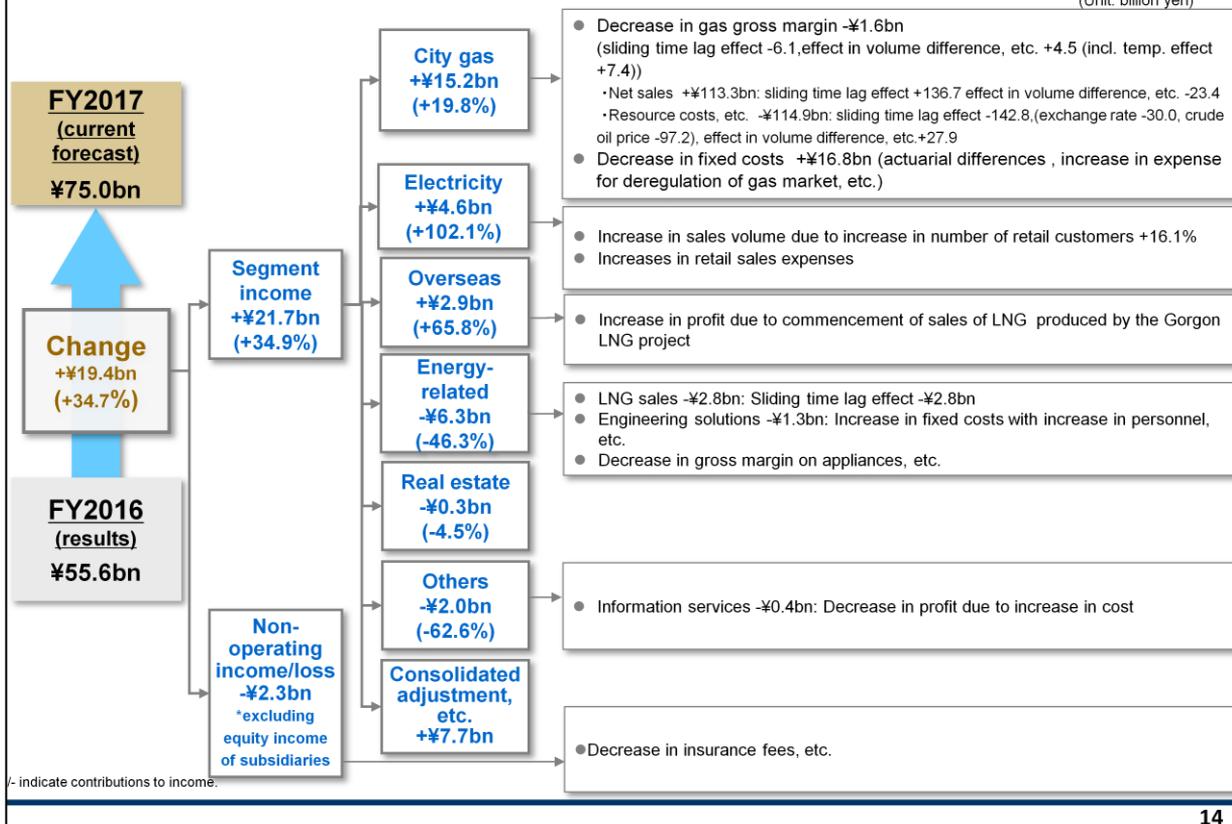
	Net Sales				Segment Income (Operating income + Equity income/loss of subsidiary)			
	FY2017 Forecast	FY2016 Results	Change	%	FY2017 Forecast	FY2016 Results	Change	%
City Gas	1,153.3	1040.0	113.3	10.9	91.7	76.5	15.2	19.8
Electric Power	214.7	145.7	69.0	47.3	9.0	4.4	4.6	102.1
Overseas business	44.4	31.9	12.5	39.0	7.3	4.4	2.9	65.8
Energy-related	505.1	459.5	45.6	9.9	7.4	13.7	-6.3	-46.3
(Engineering solutions)	122.6	111.6	11.0	9.8	3.6	4.9	-1.3	-26.6
(LNG sales)	127.3	91.2	36.1	39.6	0.5	3.3	-2.8	-84.9
Real estate	42.5	41.4	1.1	2.6	7.5	7.8	-0.3	-4.5
Others	98.6	89.0	9.6	10.7	1.2	3.2	-2.0	-62.6
Adjustment	-245.6	-220.7	-24.9	—	-40.5	-48.2	7.7	—
<b>Total</b>	<b>1,813.0</b>	<b>1,587.0</b>	<b>226.0</b>	<b>14.2</b>	<b>83.6</b>	<b>61.9</b>	<b>21.7</b>	<b>34.9</b>

- Notes:
- Net sales by business segments include internal transactions.
  - “Energy-related” includes businesses in engineering construction, appliances sales, gas pipe installation, construction, and LNG sales, liquefied petroleum gas and industrial gas, etc.
  - “Others” includes businesses in shipping, information processing service, credit and leasing, etc.
  - The “Adjustment” to operating income is primarily companywide expenses not allocated to individual segments.

Page 13 indicates the FY2017 forecasts for sales and income/loss by business segments, compared to FY2016.

Main changes in segment income will be explained in the following page.

# FY2017 Forecast: Ordinary Income Analysis <vs. FY2016 Results>



The 15.2 billion yen increase in income of the city gas segment mainly reflected the decrease in amortization of actuarial differences.

The 4.6 billion yen increase in income of the electricity segment is mainly due to the increase in the number of retail customers.

The 2.9 billion yen increase in income of the overseas segment was primarily attributable to the commencement of sales of the upstream business.

The 6.3 billion yen drop in the energy-related segment was largely due to a 2.8 billion yen decrease in the LNG sales business owing to a sliding time lag effect.

## FY2017 Uses of Cash Flow (Capex , Investment and financing)

### Capital expenditure

(Unit: billion yen)

Capex	Main items	Ref:FY2016 results
Tokyo Gas : 196.0 (+42.8, +27.9%)	Production facilities : 21.0 (-1.4) Hitachi LNG terminal expansion, etc.	Tokyo Gas : 153.2
	Distribution facilities : 99.2 (+4.9) Ibaraki Line/Koga-Moka Line installation, New demand development, etc.	
	Service and maintenance facilities : 75.7 (+39.4) Real estate-related investment, System-related investment, etc.	
Total of Consolidated Subsidiaries : 73.6 (+19.6, +36.2%)	<ul style="list-style-type: none"> <li>• Oversea 14.6 (+6.0)</li> <li>• Real estate related investment 6.8 (+1.2)</li> <li>• Tokyo Gas Engineering Solutions 24.9 (+9.9)</li> </ul>	Total of Consolidated Subsidiaries : 54.0
Total : 265.0 (+61.7, +30.3%, after eliminations in consolidation)		Total : 203.3 (after eliminations in consolidation)

※ Numbers in parentheses refer to comparisons with FY2016 results

### Investment and financing

41.9 (Investment and financing 43.5, collection -1.6, vs. FY2016 results +28.1)

Page 15 illustrates the use of cash flows in FY2017.

## Key Indicators (Consolidated)

(unit: billion yen)

	FY2017 Forecast	FY2016 Results	FY2015 Results
Total assets (a)	2,341.0	2,230.2	2,251.5
Shareholders' equity (b)	1,119.0	1,101.4	1,100.2
Shareholders' equity ratio (b)/(a)	47.8%	49.4%	48.9%
Interest-bearing debt (c)	809.0	713.5	715.7
D/E ratio (c)/(b)	0.72	0.65	0.65
Profit attributable to owners of parents (d)	55.0	53.1	111.9
Depreciation (e)	168.0	164.3	145.1
Operating cash flow (d) + (e)	223.0	217.4	257.1
Capex	265.0	203.3	232.0
ROA: (d) / (a)	2.4%	2.4%	5.0%
ROE: (d) / (b)	5.0%	4.8%	10.3%
TEP	8.3	-6.2	67.6
WACC	2.9%	3.0%	3.4%
Total payout ratio	Approx. 60%	60.7%	60.1%

Note: 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 (including depreciation of long-term prepaid expenses)  
 Total payout ratio = [FY-N dividends + FY-(N+1) treasury stock purchased] / FY-N consolidated net income

TEP (Tokyo Gas Economic Profit) : Profit after taxes and before interest payments – Cost of capital (invested capital × WACC)  
 Items for WACC calculation (FY2017 forecast)  
 • Cost of interest-bearing debt : forecast interest rate (1.11%, after tax)  
 • Cost rate for shareholders' equity  
 • Risk free rate : 10-year JGB yield 0.11%  
 • Market Risk premium : 5.5% β: 0.75

Page 16 indicates key indicators on a consolidated basis.

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### 3. Reference Materials

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## Gas Gross Margin Sensitivity to Change in Crude Oil Price and Exchange Rate

### Impact of rising JCC by \$1/bbl

(Unit: billion yen)

		Impact on earnings				
		1Q	2Q	3Q	4Q	Full year
Period	1Q	-0.3	-0.8	+0.8	+0.4	+0.1
	2Q		-0.2	-0.9	+1.2	+0.1
	3Q	—	—	-0.3	-1.2	-1.5
	4Q	—	—	—	-0.4	-0.4
	Full year	-0.3	-1.0	-0.4	0.0	-1.7

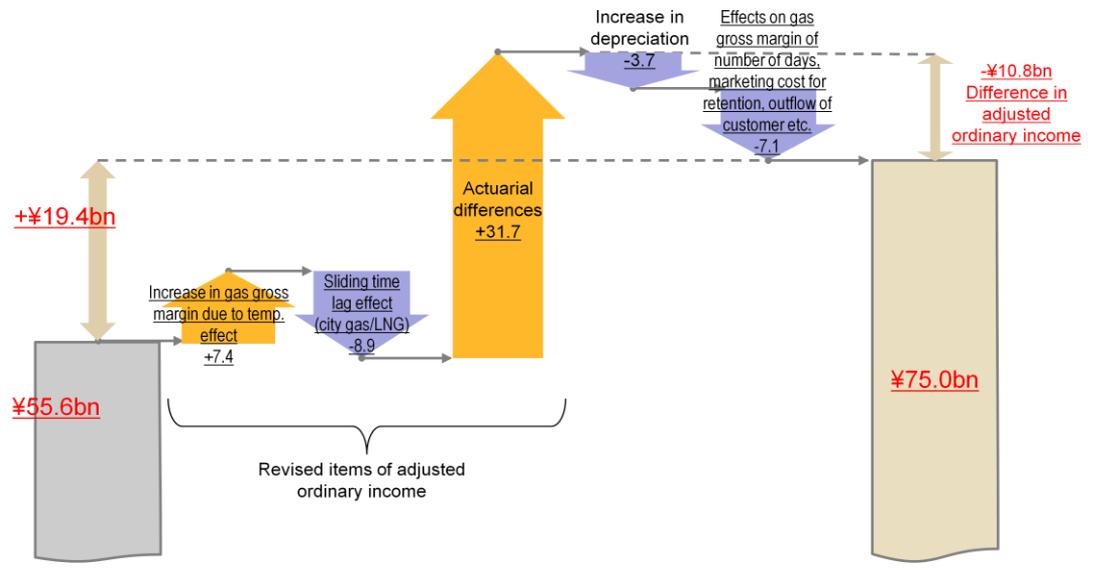
### Impact of depreciation by ¥1/\$

(Unit: billion yen)

		Impact on earnings				
		1Q	2Q	3Q	4Q	Full year
Period	1Q	-0.6	+0.5	+0.1	-0.1	-0.1
	2Q	—	-0.6	+0.6	+0.2	+0.2
	3Q	—	—	-0.8	+0.8	0.0
	4Q	—	—	—	-0.9	-0.9
	Full year	-0.6	-0.1	-0.1	0.0	-0.8

FY2016 results

FY2017 forecast





< 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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