



Tokyo Gas Group
Medium-term management plan FY2009 - 2013
- Evolution and advancement of integrated energy business -

January 2009

Tokyo Gas Co., Ltd.

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The Tokyo Gas Group formulated its medium-term management plan for fiscal years 2006 - 2010 under the watchwords "creation and cultivation of new natural gas markets" in January 2006, and has since been steadily executing initiatives for early establishment of "integrated energy business." More specifically, it is aspiring to sustained growth through development, in more wide-area markets, of integrated energy business rooted in multi-energy supply of gas, electricity, and other forms of energy while retaining natural gas at the core, plus energy services offering one-stop solutions to satisfy customers.

Natural gas offers environmental merits for action against global warming, a high level of economicality and supply stability as compared to crude oil, and a convenient ability to cope with demand for thermal, electrical, and various other forms of energy. Backed by these benefits, we foresee no change in its superiority and importance as a type of energy, and expect needs for it to continue expanding among societies and customers.

Meanwhile, we are seeing the emergence of changes in the climate of our business that could exert a major impact on the Group's execution of integrated energy business strategy. These include the further rise in expectations for environmental preservation in the market and society as a whole, intensified competition with different types of energy and different suppliers of the same type, and changes in the circumstances of gas resource procurement due to sharp fluctuation of crude oil prices and other such factors. In addition, the both steep and worldwide economic deceleration that set in late last year will presumably have an influence on the energy demand over the short term.

This medium-term Group management plan for fiscal years 2009 - 2013 was prepared with a view to responding to these changes in the business environment both promptly and accurately, and more vigorously promoting the integrated energy business strategy. It targets **the evolution and advancement of our integrated energy business** through emphasis on the "Three Es", i.e., **"Eco-friendly" (creation of value keyed by environment), "Excellent service" (improvement of value for customers), and "Expansion" (in-depth cultivation and widening of markets)**. It also calls for steps to **strengthen the LNG value chain and reinforce the synergy of "All Tokyo Gas"*** for achievement of these ends. In the field of strategy deployment, we are planning for aggressive input of fund resources and reinforcement of the business foundation from the medium- and long-term perspectives while looking ahead to the second half of the 2010s.

Through action on these agenda, we hope to simultaneously further the diffusion and expansion of natural gas use based on even higher levels of added value, and both widen and deepen the Group business in the energy field, so that we will be able to cope flexibly with future changes in the business climate and continue to advance as a resilient corporate group achieving sustained growth while constantly remaining trusted by its customers, shareholders, and society as a whole.

* All Tokyo Gas = a collective term for Tokyo Gas Co., its affiliated companies, and its cooperating companies

II. Changes in the business environment surrounding the Group

(1) Rising societal demands for environmental preservation

- With entry into the first commitment period of the Kyoto Protocol and discussions of a post-Kyoto framework, approaches to global warming are rapidly gaining momentum on a global level. In response, the Japanese government announced the long-term target of reducing carbon dioxide (CO₂) emissions by 60 - 80 percent (relative to the level in 2000) by 2050. Corporate enterprises as well have posted CO₂ emission reduction targets of their own and are extensively introducing facilities to increase production efficiency, save energy, or apply new energy.
- These approaches to the problem of global warming are anticipated to be further accelerated and bolstered over the coming years. The Tokyo Gas Group, too, must respond to the needs of customers and communities in a both proactive and comprehensive manner, by providing new value incorporating new forms of energy in addition to its long-standing endeavors to promote and expand natural gas use and propose ways of conserving energy.

(2) Changes in the structure of the energy demand

- In the residential market, there is a trend toward a slowing of growth in energy demand over the long term owing to factors such as low figures for the number of housing construction starts, decrease in the average number of persons per household, extensive spread of energy-saving equipment, and construction of houses that are more air-tight and better insulated. Under these circumstances, it is becoming increasingly important to implement strategies and approaches to widen the circle of customers who continue to prefer city gas.
- In the industrial and commercial markets, the demand for natural gas is anticipated to dip over the short term due to factors such as a decline in the operation of plants as the economy decelerates, but may be expected to expand in the Kanto region due to fuel-switching and utilization to gas fired power stations and for other purposes by reason of its environmental features, economic merit, and convenience. It is vital for the Group to accommodate customer needs over a wide area and firmly seize opportunities for growth.

(3) Intensified competition

- The electrification push exemplified is gathering momentum in the residential market owing to the amplification of distribution routes, and is also coming to affect the industrial and commercial markets.
- A further intensification of competition appears to be unavoidable. This makes it indispensable for the Group to heighten its overall competitiveness, which consists of not only price competitiveness, but also capabilities in the technical, product, proposal, and other aspects for proper response to diverse customer needs.

(4) Changes in the climate of gas resource procurement

- Prices for LNG are likely to stay on high levels over the medium and long terms as a result of worldwide demand expansion and the rise of resource nationalism. Meanwhile, there are growing risks in forms such as sharp price fluctuation linked to crude oil prices and exchange rates. These factors may very well influence the Group's competitiveness in the commercial market, for example. In this procurement climate, it will become even more important to take measures for stable supply of natural gas at competitive prices.

III. Target vision for the Group

The Group has achieved steady growth by efforts to promote the diffusion and expansion of natural gas use through wide-area development of integrated energy business. Similarly, our approaches to reinforcing the LNG value chain are spawning new growth fields in areas such as upstream operations, transportation, and power supply as well as helping to make our integrated energy business more competitive.

We foresee a further rise in the excellence and importance of natural gas as well as the level of needs for it among communities and customers. At the same time, the Group will have to respond swiftly to calls for environmental preservation, intensified competition, changes in the climate of gas resource procurement, and other trends in the business environment.

Under these circumstances, the medium-term plan for fiscal years 2009 - 2013 targets the development of business with an emphasis on the "Three Es", i.e., "Eco-friendly" (creation of value keyed by environment), "Excellent service" (improvement of value for customers), and "Expansion" (in-depth cultivation and widening of markets) while adhering to the basic strategy for integrated energy business thus far. To support attainment of this target, it calls for a focus on strengthening the LNG value chain and reinforcing the synergy of All Tokyo Gas.

By doing so, we shall effect the further diffusion and expansion of natural gas use by increasing its added value, give our business greater breadth and depth, and aspire to be a resilient corporate group able to cope with any and all changes in the business environment brought by the future.

Integrated energy business with natural gas at its core

More wide-area development of multi-energy supply (with a competitive strength grounded in the LNG value chain) and energy services (one-stop supply of solutions that truly satisfy customers)

Development of business with an emphasis on the following approaches while adhering to the basic strategy for integrated energy business around a natural gas core

Priority approaches for evolution and advancement

Eco-friendly	Excellent service	Expansion
<u>Creation of value keyed by the environment</u> ▲ Spread and expansion of commercial goods and services with a high environmental value (such as fuel cells) ▲ Input of renewable new energy and expansion of networked use of energy	<u>Improvement of value for customers</u> ▲ Supply of high-quality satisfaction through proactive approaches to customers ▲ Further strengthening of safety and disaster-prevention measures to heighten the corporate brand value represented by the words safety, security, and reliability	<u>Rigorous in-depth cultivation and widening of markets</u> ▲ Rigorous development of natural gas demand in wide-area markets ▲ Expansion of the number of customers in the small-volume market ▲ Diffusion and expansion of natural gas use through gas business operation rooted in the community
Strengthening of the LNG value chain ▲ Stable procurement of LNG with flexible adaptation to change ▲ Active augmentation of the wide-area trunk infrastructure in focus on the future		Reinforcement of the synergy of All Tokyo Gas ▲ Mobilization of Group-wide capabilities in the aspects of human and technical resources, for a further solidification of the All Tokyo Gas management foundation

Target vision

<Heightening natural gas value>

Further diffusion and expansion of natural gas use by taking maximum advantage of its excellent features, developing integrated energy business in a diversity of shapes and forms, and heightening the value delivered to customers.

<Widening and deepening of business>

Establishment of a wide-ranging earnings base through diversification in aspects encompassing the supply of new energy, value delivered to customers, and business operation setup, with linkage to future advancement.

A resilient corporate group capable of flexibly adapting to all sorts of future changes in the business environment and achieving sustained growth

IV. Business strategy and action plan

1. Evolution and advancement of integrated energy business with emphasis on the "Three Es"

(1) Eco-friendly - creation of value keyed by the environment

Approaches thus far

- ▲ Contribution to reduction of environmental burden in energy use through promotion of natural gas utilization, and development and diffusion of gas appliances and systems marked by high efficiency and low environmental burden



Priority approaches for the future

- ▲ Contribution to the emergence of the low-carbon society by vigorous action on items such as provision of commercial goods and services applying new energy, and improvement of energy-saving merit based on supply of new energy and area-wise/networked use of energy, in addition to expanded sales of natural gas with its excellent environmental features

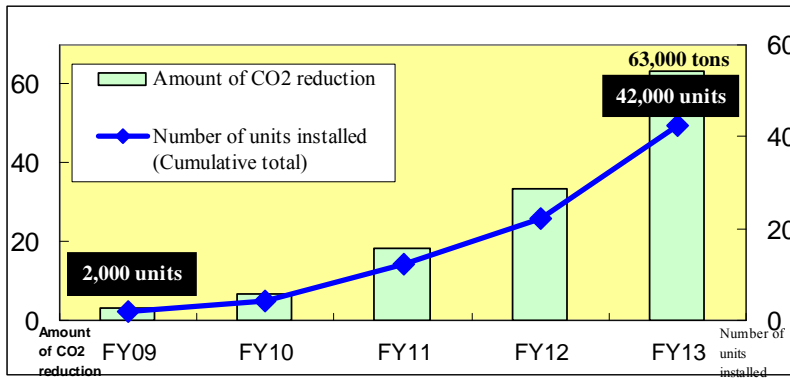
- ① Extensive diffusion of residential-use fuel cells
 - We shall launch regular sales of "ENE FARM" (an environmentally excellent residential-use fuel cell with a one-stop supply of hot water, heating, and electricity), propose ideas for more environmentally friendly lifestyles to more customers, and take the initiative in transition to the low-carbon society through its diffusion.
- ② Diffusion and expansion of environmentally friendly systems incorporating solar light and heat
 - We shall offer systems that apply new energy and incorporate solar light and heat, and thereby offer solutions for customer needs to save energy without sacrificing lifestyle comfort.

[Examples of new-energy and energy-saving commercial products]

Residential-use	Gas(fuel cell/gas engine) & solar power generation, high-efficiency water heater "Eco-JOES", and solar water heaters
Commercial-use	Cogeneration & solar power generation, absorption type chillers/heaters & commercial boilers, and solar water heaters

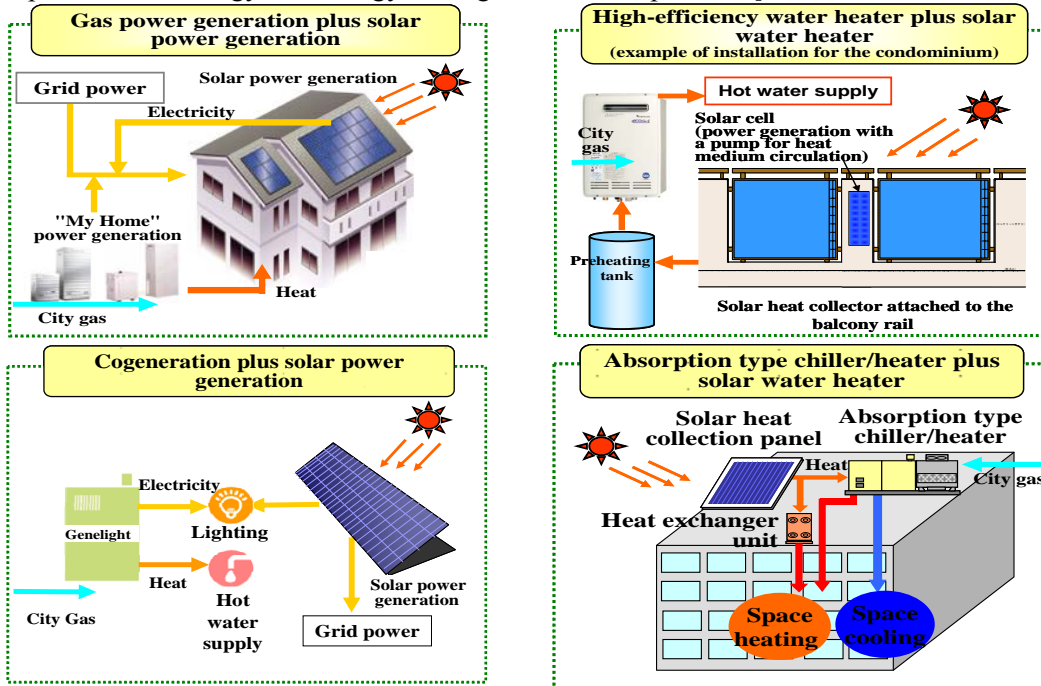
- ③ Evolution into energy service business with a higher environmental value
 - We shall develop energy service business that incorporates new-energy and energy-saving services, and therefore has added environmental value, in addition to our usual cogeneration-type energy services.
 - In community redevelopment projects, we shall construct optimal energy systems on the community level by incorporating new energy and area-wise/networked energy use.
- ④ Extensive approach to new energy
 - We shall promote use of new energy applying biogas derived from sources such as sewage sludge and food leavings.
 - As means of assisting input of new energy by customers, we shall examine provisions for green certificate, which is effective to this end, and schemes for buying and selling emission rights to support CO₂ emission reduction.
 - We shall examine prospects for creating business related to new energy in ways that make the most of our strengths.

[Reduction of CO₂ through diffusion and expansion of the residential-use fuel cell "ENE FARM"]

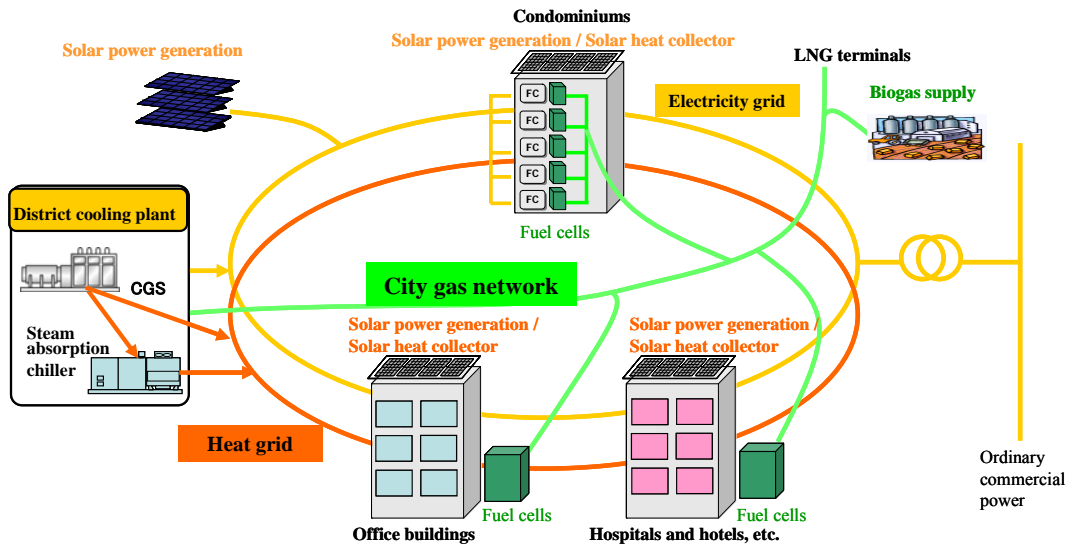


As compared to the conventional systems, "ENE FARM" delivers a CO₂ reduction of 1.5 tons per household per year.* It equals to 1kg per person per day. (based on Tokyo Gas calculation).
 * A household with four members house.

[Examples of new-energy and energy-saving commercial products]



[Networked use of energy within urban areas]



(2) Excellent service – improvement of value for customers

Approaches thus far

- ▲ Establishment of new energy service companies (Tokyo Gas LIFEVAL) rooted in the community by reorganizing and consolidating the capabilities of Tokyo Gas, Enesta, and Tokyo Gas Customer Service
- ▲ Proposal of diverse solutions and value to customers through multi-energy supply and energy services
- ▲ Concentration on periodic inspection of customer gas facilities and systematic renovation of gas pipes



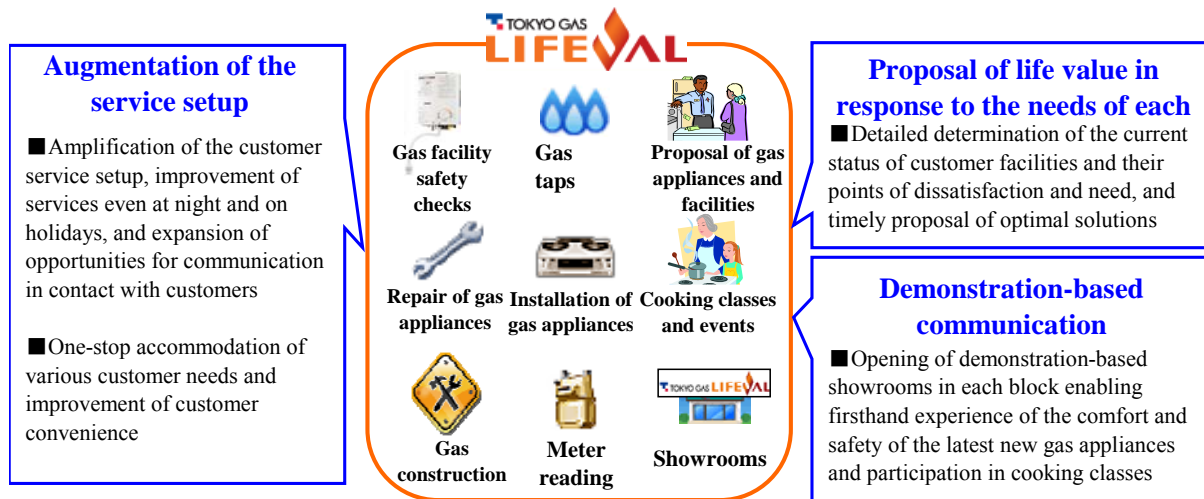
Priority approaches for the future

- ▲ Dynamic contraction of distance from the customers, proposal of solutions and provision of services that embody higher quality and match various needs, for satisfaction of more customers
- ▲ Further heightening of the brand value symbolized by the words "safety, security, and reliability" through stronger measures to assure the safety of gas appliances and pipes and to prevent disasters from earthquakes

- ① Establishment and promotion of the setup for Tokyo Gas LIFEVAL, a close partner for customers
 - Through active communication at all business opportunities, we shall make deeper probes of the needs of each and every customer, furnish finely-tuned value proposals, and provide services on a timely basis, in order to deliver satisfaction to more customers as an even closer partner.
- ② Satisfaction of customers in the industrial and commercial segments through higher levels of added value
 - We shall take full advantage of the technical, engineering, and sales capabilities nurtured thus far to deepen our relations with sales persons and customers, and make valuable proposals for the increasingly sophisticated and diverse needs of our customers.
 - We shall meet all the expectations of each and every customer through proposals for optimization taking account of facility life cycle, consultation regarding the "best mix" of energy forms including city gas and electricity, and services in financing and risk management drawing on credit power and hedging transaction.
- ③ Further strengthening of measures to assure safety and prevent disaster from earthquakes
 - We shall strive for the development and diffusion of gas burners with Si sensors and other highly safe gas appliances for enhancement of safety throughout the industry, and endeavor to eradicate gas appliance accidents through replacement of gas appliances lacking devices to prevent incomplete combustion and reinforcement of safety checks.
 - We shall continue to promote the systematic replacement of gas pipes and target implementation of measures for gray cast-iron pipes ahead of schedule. We shall also work for replacement of buried galvanized gas pipes.
 - We shall continue to enhance the infrastructure resistance and early resumption of services in the event of earthquake disasters, and make initiatives for disaster prevention even stronger.

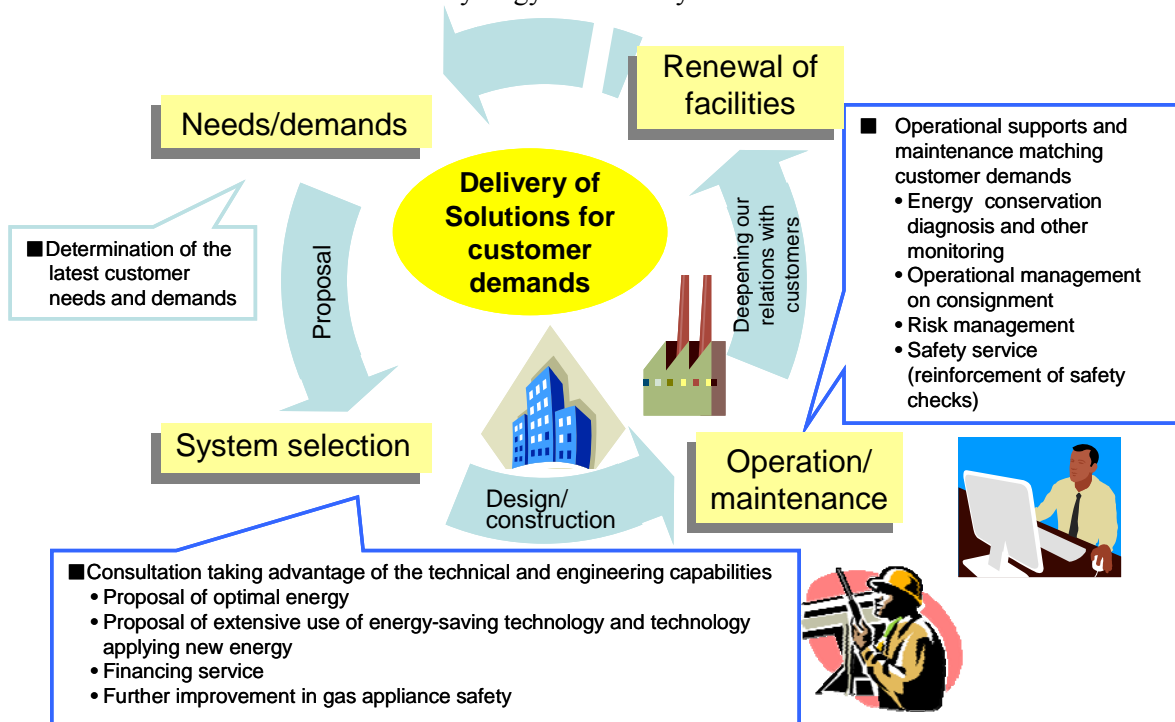
[Customer satisfaction through establishment of the Tokyo Gas LIFEVAL]

We aim to open about 65 Tokyo Gas LIFEVAL locations, one after the other, by the end of fiscal 2009. We intend to make LIFEVAL into a familiar face that is a reliable partner in the community as a gas energy sales firm with local roots and closely accommodates the needs of each and every customer through action based on the local attributes.



[Provision of value to customers in line with facility life cycle]

We shall meet the increasingly sophisticated and diverse needs and expectations of industrial and commercial customers with the synergy of All Tokyo Gas.



(3) Expansion – rigorous in-depth cultivation and widening markets

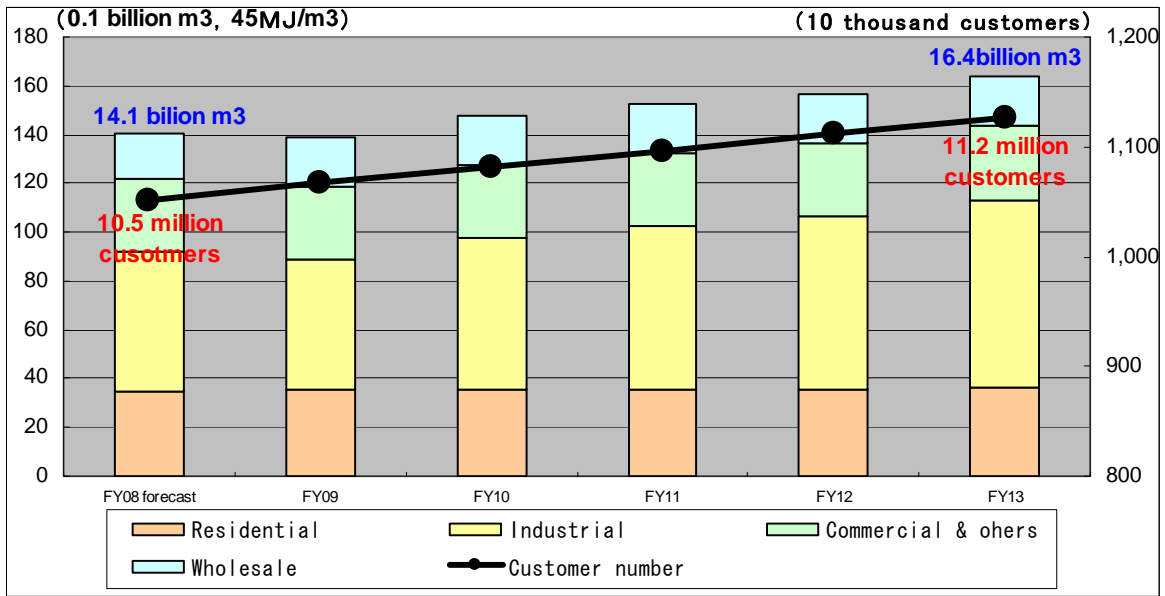
Approaches thus far
▲ Diffusion of natural gas use over a wider area within a 200-kilometer radius around Tokyo in the Kanto region
▲ One-stop supply of multi-energy (gas, electricity, etc.) services



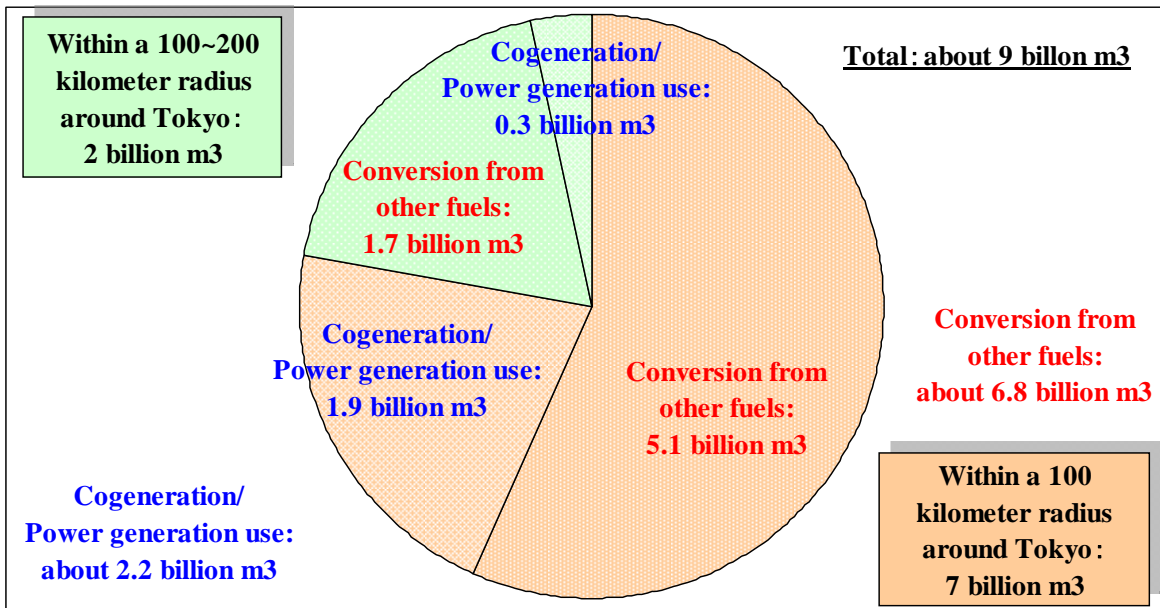
Priority approaches for the future
▲ Aim for sure acquisition of demand within the wide-area radius and amplification of the wide-area infrastructure
▲ Demand development through rigorous in-depth cultivation of the residential market
▲ Diffusion and expansion of natural gas use over a wider area through gas companies rooted in the community

- ① Aggressive demand development within the wide-area radius
 - Besides aggressively developing the immense latent demand, in the area within a 200-kilometer radius around Tokyo, mainly in connection with industrial use, we shall make plans for the construction of an additional LNG terminal to support this development.
 - For customers who are difficult to supply with gas pipes, we shall meet needs for natural gas through the optimal means of transportation, including LNG lorries and domestic vessels.
- ② Demand development through rigorous in-depth cultivation of the residential-use market
 - We shall strive for a further increase in the number of customers and thorough demand development by further bolstering the sales setup of All Tokyo Gas, making high-quality fine-tuned value proposals to more sub-users and residential customers, and practicing more effective improvement of pipe networks.
- ③ Steady expansion of power business to support multi-energy supply
 - In addition to the large power plants in operation at three locations, we shall start up Ohgishima Power toward the close of fiscal 2009 and steadily expand our power business while pursuing the maximum synergy with our gas business.
- ④ Diffusion and expansion of natural gas use through optimal operation of gas business within the wide-area radius
 - To meet regional market characteristics and needs, we shall build an effective setup for sales that encompasses schemes of partnership with peripheral gas businesses revolving around our wide-area branches. More specifically, we shall develop business through gas companies with local roots, beginning with Nagano Toshi Gas and Yamanashi new company (to be inaugurated in October 2009).
 - We shall consider initiatives for partnership with other businesses linked to an increase in corporate value on both sides, such as effective use of infrastructures and gas resource accommodation.
 - We shall strengthen partnership with city gas and LP gas companies which we supply on a wholesale basis, and work for the further diffusion of gaseous energy.

[Steady increase of gas sales volume and customers' number (Consolidated)]



[Potential demand of industrial and commercial use within a 200 kilometer radius around Tokyo (our research)]



[Power plants in group's power generation business]

Name	Capacity	Composition of shareholding	State of operation
Tokyo Gas Baypower	100MW	100%	In October 2003
Tokyo Gas Yokosuka Power	240MW	75%	In July 2006
Kawasaki Natural Gas Power Generation	800MW	49%	In April 2008
Ohgishima Power	1,200MW	75%	After FY2009, plan to start gradually

2. Strengthening of the LNG value chain

(1) Stable LNG procurement with flexible adaptation to changes in business environment

- In addition to the ten existing long-term contracts with six countries, we shall launch new projects such as Pluto and Gorgon. At the same time, we shall conclude short- and medium-term contracts for stable LNG procurement enabling sure response to the demand as it expands over the coming years.
- Through approaches to overseas projects for acquisition of upstream rights or otherwise related to the LNG value chain, we shall adapt to the changes in the business environment exemplified by crude oil price and exchange rate fluctuation, and steadily procure competitive LNG.
- We shall increase our number of LNG vessels, which current consists of six carriers, to eight by the end of fiscal 2011, reduce our transportation costs, and actively develop business in LNG transportation for other companies.

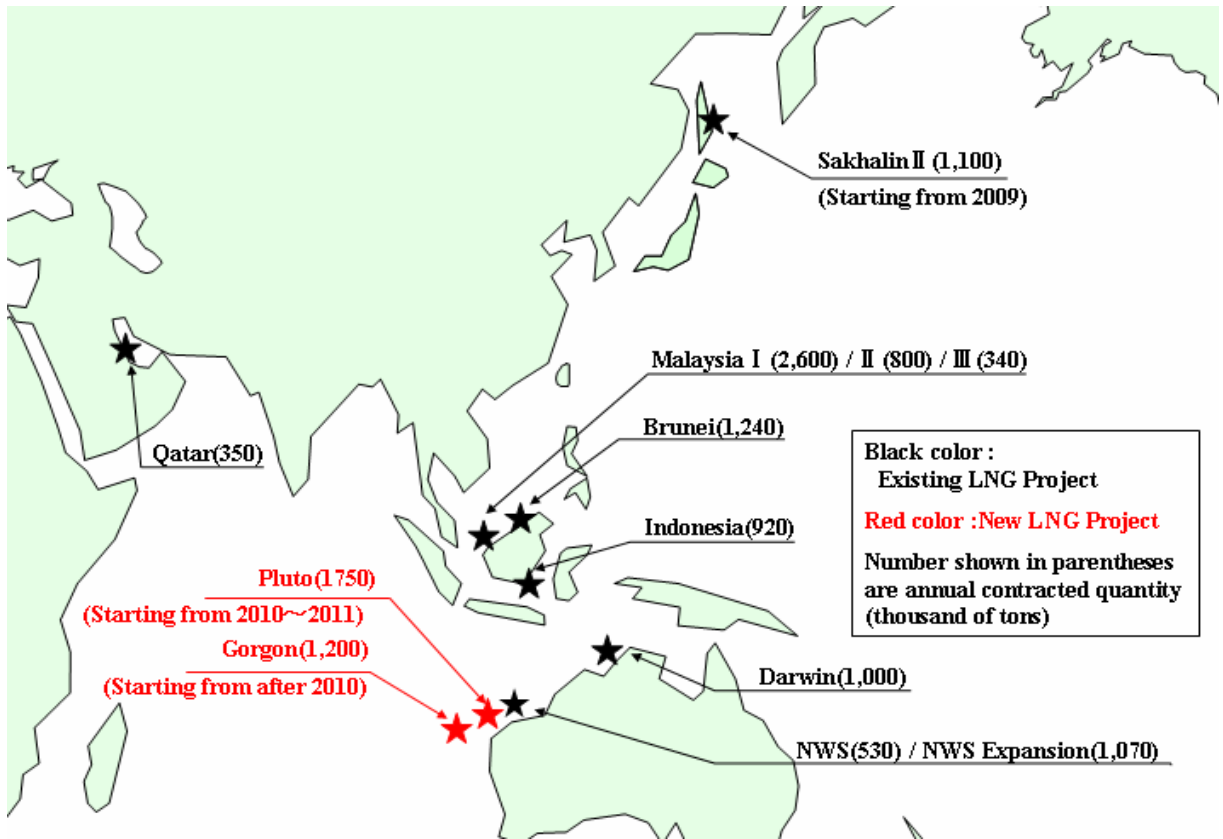
(2) Active augmentation of the wide-area trunk infrastructure toward the future

- We shall construct the fourth LNG tank at the Ohgishima terminal and bolster our infrastructure for stable supply to meet the expanding demand.
- We shall build the new Yashio-Goka Line and take action to acquire latent demand centered around the northern part of the Kanto region.
- To expand our integrated energy business over the medium and long terms, meet the natural gas expectations and needs among communities and customers, and strengthen further safety supply basement, we shall advance the consideration on planning for construction of an LNG terminal at the port of Hitachi in Ibaraki Prefecture as well as a pipeline linking and the existing network.

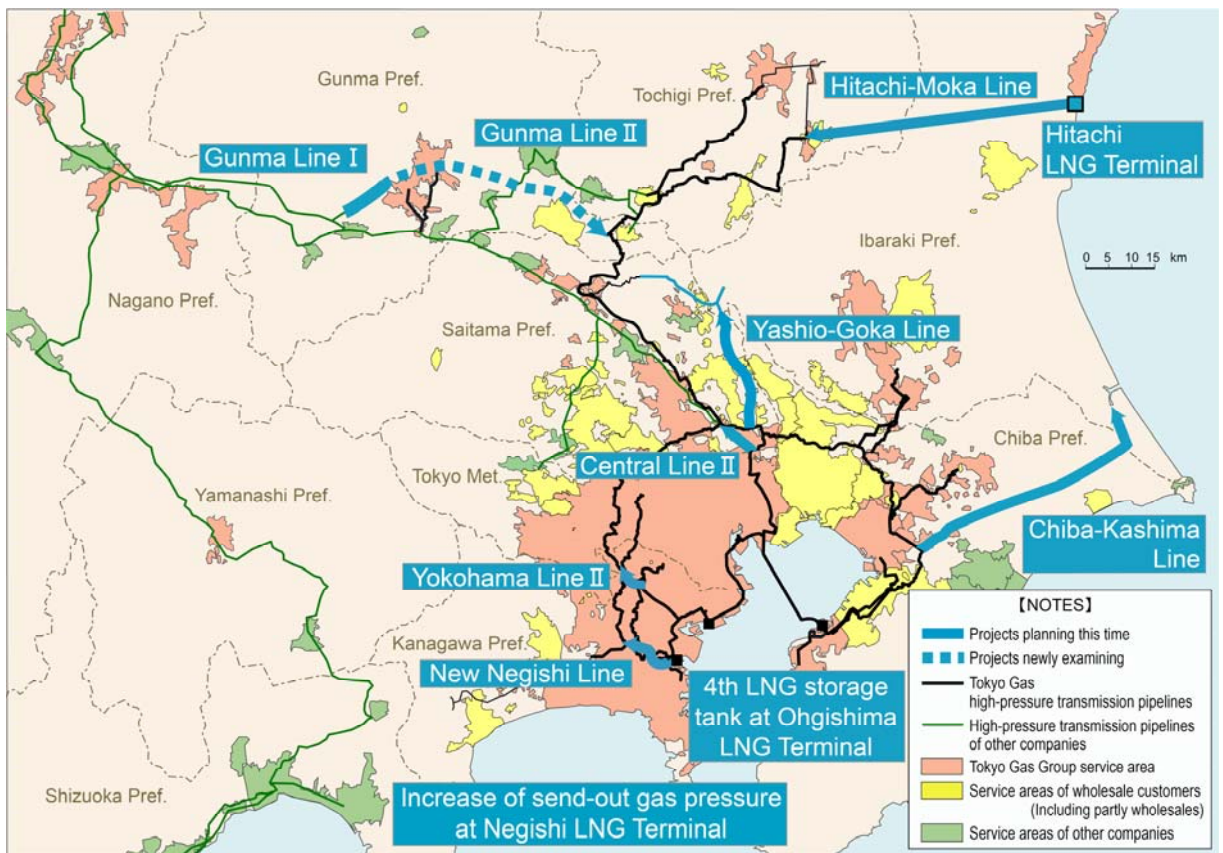
[Major plans for enhancement of the trunk infrastructure]

Objectives	Lines	Scheduled start of service
Enhancement of the wide-area infrastructure	Gunma Line, Phase I	FY2009
	Chiba-Kashima Line	FY2011
	Yashio-Goka Line	Around FY2015
	Hitachi Terminal & Hitachi-Moka Line	Around FY2017
Enhancement of the foundation for stable supply	Ohgishima Terminal, No.4 LNG Tank	FY2013
	Pressure Increase at the Negishi Terminal	FY2013
	Chuo Line, Phase II	FY2010
	Shin-Negishi Line	FY2013
	Yokohama Line, Phase II	FY2013

[Tokyo Gas LNG Project]



[Main infrastructure formation plan]



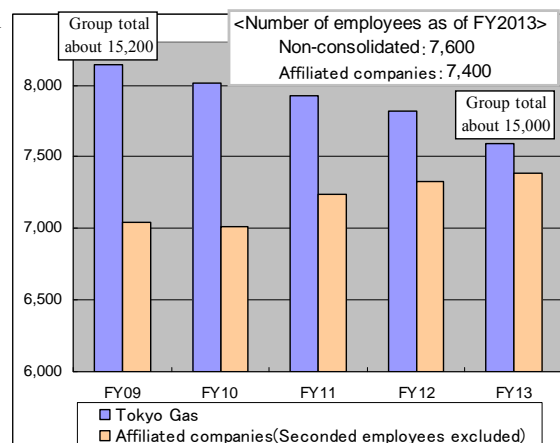
3. Reinforcement of the synergy of All Tokyo Gas

(1) Consolidated Group management

- To harness the synergy of All Tokyo Gas to meet the requirements for more diverse and wide-area business as well as the more sophisticated needs of our customers, we shall reconstruct the setup for business execution from the perspective of the overall optimum. The agenda to this end include reorganization of customer-related work and its consolidation in LIFEVAL, and transfer of pipe maintenance and management work to affiliates.
- We shall continue to put resources into the business of affiliates deploying our integrated energy business strategy. We shall achieve growth and increase profitability in the Group as a whole by bringing business in the fields of upstream operations, overseas projects, energy services, and power supply to fruition.

(2) Human resource foundation

- We shall reconstruct the system of human resource development by steps such as mutual exchange of personnel and sharing of training programs among the members of All Tokyo Gas, toward the goals of heightening productivity through growth by each employee and achieving a strong organization that nurtures employee advancement. In particular, we shall conduct a human resource development program especially for Tokyo Gas LIFEVAL, which is the seat of priority measures, in order to endow its setup with higher levels of quality and sophistication.
- For optimal placement of the human resources required for business expansion over the medium and long terms, we shall strive for vigorous personnel recruitment, including increased hiring, on the assumption of constant approaches to productivity increase by making work more efficient.



(3) Technology development for a solid foundation and linkage to the next generation

We shall build an integrated energy business for the new age while deepening and carrying on the technology supporting our business foundation, and vigorously promote development of technology that contributes to the emergence of the low-carbon society.

- ① Empathy-inducing concept creation and product development
 - Based on a deep understanding of needs among communities and customers, we shall create empathy-inducing concepts that are attuned to the times and local character, and extensively apply them in product development.
- ② Development of innovative environmental technology
 - We shall accelerate our development of innovative environmental technology, which spans the fields of fuel cells and other energy-saving equipment, high-efficiency production and utilization of hydrogen, and utilization of biomass and other renewable energy.
- ③ Deepening and transmission of technology supporting our business foundation
 - We shall deepen, and transmit to the next generation, technology and know-how to maintain and strengthen our business foundation, and continuously furnish our customers with value symbolized by the words "safety, security, and reliability."

[Items of priority technology development]

- ▲ Development of technology for utilization of solar heat and biomass, and of those next-generation systems
- ▲ Development and commercialization of next-generation "ENE FARM" products
- ▲ Development and field tests of all-ceramic solid oxide fuel cells (SOFCs)
- ▲ Development of technology for high-efficiency hydrogen production and utilization, and CO₂ sequestration, recovery, transportation, and processing
- ▲ Deepening and transmission of technology linked to further increase in the safety level of gas pipes and production facilities, and reduction of operation and maintenance costs
- ▲ Deepening and transmission of technology supporting the foundation of our business, in the areas of combustion, material assessment, and gas quality control

(4) IT Infrastructure

- Looking ahead toward the long future, the Tokyo Gas Group continues to enhance its IT infrastructure, while at the same time strive to cut down its operational cost.
- We will establish a back-up center as a contingency for natural disasters and other unexpected incidents.

(5) CSR-oriented management in All Tokyo Gas

- It is our basic policy to fulfill our corporate social responsibility (CSR) and public-service mission through our routine business activities. We shall earnestly tackle the tasks of corporate governance, compliance with all pertinent laws and regulations, and risk management, and respond to the trust placed in us as an enterprise with a pronounced public-service character by our stakeholders.
- We shall make efforts to see that this basic perspective on CSR is not confined to Tokyo Gas per se but spreads and takes root among the other members of All Tokyo Gas as well.
- We shall continuously promote the three priority activities for discharge of CSR at Tokyo Gas, i.e., diverse approaches to environmental preservation as the top runner in environmental management, further reinforcement of safety and disaster-prevention measures, and closer partnership with all stakeholders.

(6) Efficient utilization of real estate and increase in its asset value

- In our real estate business, we shall take action aimed at increasing value as assets and assuring stable earnings. For our land in Tamachi and Toyosu, we shall initiate development projects upon limitation of business risks.
- In undertaking development of properties, we shall not only increase asset value but also contribute to the emergence of the low-carbon society by incorporating forerunning energy systems.
- We shall reorganize and achieve the optimal arrangement of business locations by action including the rebuilding of superannuated buildings. We shall sell or lease idle land and work to compress our assets and increase their efficiency.

Tamachi	<ul style="list-style-type: none"> ▲ Shibaura 1 chome, Minato-ku, Tokyo (land area: 3.2 ha) ▲ We intend to execute land interchange with another Minato-ku site (Shibaura 3 chome) in accordance with the vision (prepared by Minato-ku) for community improvement in the district north of the eastern gate of Tamachi Station, and to initiate work for the development of offices and commercial buildings through a joint project with outside real estate companies in fiscal 2009. ▲ We are currently making plans for installation of a forerunning district heating and cooling system to reduce CO₂ emissions in a setup integrated with the public and utility facility area in Minato-ku after the interchange (we are also considering utilization of as yet unused energy).
Toyosu	<ul style="list-style-type: none"> ▲ Toyosu 6 chome, Koto-ku, Tokyo (land area scheduled for development: about 20 ha) ▲ We intend to initiate the development project in fiscal 2009 with a view community opening in fiscal 2013.

V. Basic policy on cash flow allocation and financial strategy

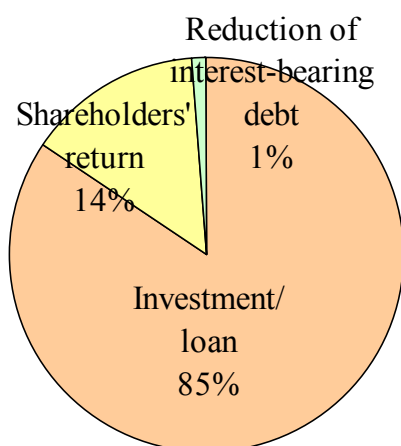
1. Basic policy on cash flow allocation

- We estimate the cash flow generated over the five-year period of this medium-term plan (fiscal 2009 - 2013) at about ¥1,070 billion. We intend to use this cash flow for aggressive investment on agenda such as reinforcement of the LNG value chain (by involvement in upstream/overseas projects, infrastructural improvement, and demand development) as the basis for sustained growth, and also to make proper allocations to our shareholders.
- More specifically, we shall allocate about ¥900 billion (85 percent) to facility investment and loan, and about ¥150 billion (14 percent) to our shareholders (in the form of dividends and share buyback).

【Allocation of cash flow】

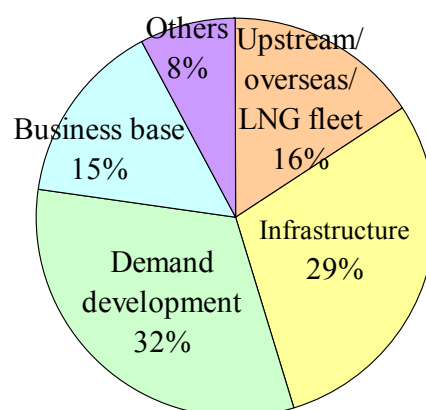
Five-year total : about ¥1,070 billion yen

※Operating CF + Other CF



【Capex, Investment and loan】

Five-year total : about ¥900 billion



2. Financial strategy

While aggressively investing fund resources for sustained growth, we shall deploy a balanced financial strategy that takes due account of investment efficiency, financial disposition, and shareholders' return.

- ① Investment efficiency
 - We shall continue to make individual investment decisions with due consideration of capital costs. We shall also position return on assets (ROA) as a major management indicator, and strive for maintenance and improvement of investment efficiency (ROA in FY2013: 3.7%).
- ② Financial disposition
 - Besides maintaining our current level of funding capability, we shall continue working to assure the soundness of our financial disposition with consideration of ultra-long-term plans for infrastructural investment (D/E ratio in FY2013: 0.69).
- ③ Shareholders' return and shareholders' capital
 - We shall continue to apply the prevailing target of 60 percent for the total dividend payout ratio*. We intend to make proper and timely distribution of the fruits of our management to all of our shareholders. ※Dividends plus share buyback divided by current net income
 - We have positioned return on equity (ROE) as a major management indicator, and shall strive to make effective use of shareholder capital (ROE in FY2013: 7.7%).

<Main management index (Consolidated)>

	FY2008 Projection	FY2013 Plan
Operating Cash Flow (billion yen)	174.0	Five year total: 1,060.0
ROA (%)	1.9	3.7
ROE (%)	4.2	7.7
TEP* (billion yen)	▲13.3	18.0

※TEP: Tokyo Gas Economic Profit

= (After-tax, Pre-interest-payment profit) – (capital cost (Interest-bearing debt + Capital Stock cost))

<Main data (Consolidated)>

	FY2008 Projection	FY2013 Plan
Gas Sales Volume (billion m ³ , 45MJ/m ³)	14.1	16.4
Total Sales [□] (billion yen)	1,699.0	1,720.0
Total Assets (billion yen)	1,766.0	1,920.0
Interest-bearing Debt (billion yen)	648.0	640.0
Equity Ratio (%)	45.1	48.4
D/E Ratio	0.81	0.69
[Ref.] Non-consolidated Gas Sales (billion yen)	1,236.0	1,180.0

※Premise

FY2008 Projection as of 10/31 (end of 3rd half) : Crude oil price 91.29\$/bbl , Currency rate 100.94 yen/\$

FY2009~2013 Plan : Crude oil price 70\$/bbl , Currency rate 100 yen/\$