



# Presentation of 1Q financial results

## FY2008 (Year ending March 31, 2009)

July 29, 2008  
Tokyo Gas Co., Ltd.

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# FY2008 1Q Financial Results

## ◆ Increase in Sales, Decrease in Income (compared with FY2007 1Q)

### Ordinary Income

- Increase in unrecoverable gas cost due to time lag in sliding system (▲14.7 billion yen : ▲3.1⇒▲17.8)
- Increase In labor cost by one-off expense in actuarial differences (▲1.9 billion yen : ▲3.2⇒▲5.1)
- Lower gas unit price due to gas rate revision (▲1.6 billion yen)

### Extraordinary Income and losses

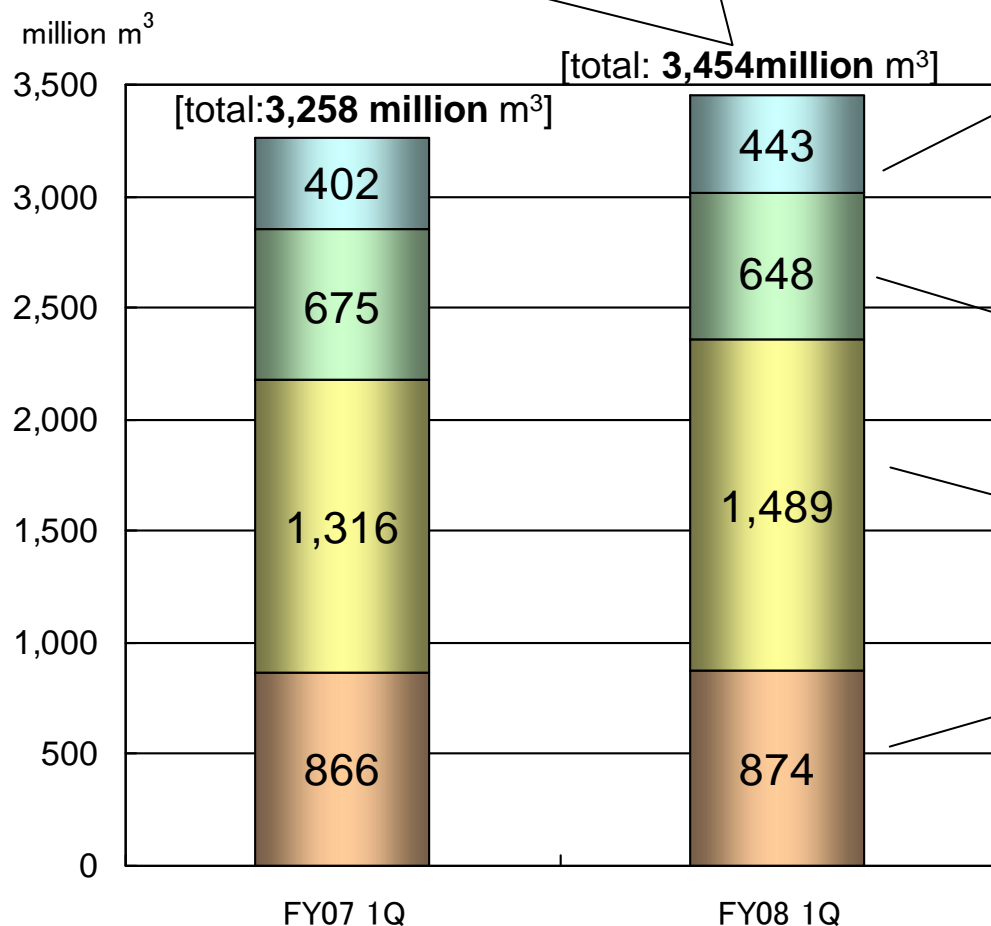
- Effect of new account standards for lease (+7.8 billion yen)

(Rounded down to nearest ¥0.1 billion)

	FY08 1Q	FY07 1Q	change
<b>Sales</b>	<b>377.1</b>	<b>331.2</b>	<b>+45.9(+13.9%)</b>
<b>Operating Income</b>	<b>17.4</b>	<b>36.1</b>	<b>▲18.7(▲51.6%)</b>
<b>Ordinary Income</b>	<b>16.0</b>	<b>36.2</b>	<b>▲20.2(▲55.8%)</b>
<b>Net Income</b>	<b>16.4</b>	<b>23.0</b>	<b>▲6.6(▲28.7%)</b>
Crude oil price(\$/bbl)	109.69	64.68	+45.01
Exchange rate(¥/US\$)	104.56	120.82	▲16.26
Temperature(°C)	18.2	18.9	▲0.7

# Gas Sales Volume (Consolidated)

6.0% increase from FY07 1Q (+196million m<sup>3</sup>)  
 [including 11.7% increase (+181 million m<sup>3</sup>) in  
 large-volume demand]



(Rounded off to nearest million m<sup>3</sup>)

## < Reasons for Changes in Gas Sales

### Volumes from FY07 1Q to FY08 1Q >

#### Wholesale Supply +10.2% (+41mil.m<sup>3</sup>)

- Increase in sales to other gas utilities by acquiring new & existing demands for those utilities.

#### Commercial & Other Use -3.9% (-26mil.m<sup>3</sup>)

- Decrease in air conditioning demand due to lower temperature.

#### Industrial Use +13.2% (+173mil.m<sup>3</sup>)

- Increased demands by new & existing customers.
- Supply to new power plants.

#### Residential Use +1.0% (+9mil.m<sup>3</sup>)

- Increase in hot water demand due to lower temperature.
- Increase the number of customers.

<Reference>

The average temperature in Tokyo area  
 -0.7°C(18.9⇒18.2)

# Projection for FY2008

(Unit : billion yen)

	Projection for FY08 (As of 7/29)	FY07 Results	Original projection for FY08 (As of 4/25)	Change	
				From FY07	From Original projection
Sales	1,802.0	1,487.4	1,712.0	+314.6(+21.1%)	+90.0(+5.3%)
Operating Income	-17.0	70.0	75.0	-87.0(-)	-92.0(-)
Ordinary Income	-23.0	66.8	68.0	-89.8(-)	-91.0(-)
Net Income	-7.0	42.4	50.0	-49.4(-)	-57.0(-)
Crude oil price(\$/bbl)	128.78	78.71	95.00	+50.07	+33.78
Exchange rate(¥/US\$)	104.89	114.44	105.00	-9.55	-0.11

※set 135\$/bbl from July,2008

## 【Gas Sales Volume】

(Unit : million m<sup>3</sup>)

	Projection for FY08 (As of 7/29)	FY07 Results	Original projection for FY08 (As of 4/25)	Change	
				From FY07	From Original projection
Residential Use	3,548	3,529	3,520	+18(+0.5%)	+27(+0.8%)
Industrial Use	6,087	5,732	6,030	+355(+6.2%)	+57(+1.0%)
Commercial and Other Use	3,036	3,126	3,055	-89(-2.9%)	-19(-0.6%)
Wholesale Supply	1,856	1,828	1,855	+27(+1.5%)	+1(0.0%)
Total	14,527	14,215	14,460	+311(+2.2%)	+67(0.5%)

# Reasons for changes in FY08 ordinary profit from original projection (non-consolidated basis)

**FY08 original projection (4/25)**  
52.0 billion yen

**FY08 projection (7/29)**  
-39.0 billion yen

**-91.0 billion yen (-175.0%)**

**Gas Profit margin -88.1 billion yen (-169.4%)**

**Negative impact due to time lag in sliding system, down ¥90.9 billion**

<Impact of this system on payments> (Unit : billion yen)

	FY08 Projection (As of 7/29)	FY08 Original Projection (As of 4/25)	FY07
First half	▲44.2	▲23.9	▲6.6
Second half	▲85.9	▲15.3	▲63.4
Total	▲130.1	▲39.2	▲70.0

**Others (Increased gas volume etc...) up ¥2.8 billion**

<Sensitivity of financial results due to oil price fluctuation> (Unit : billion yen)

1\$/bbl	2Q	3Q	4Q	All-year
Sales	0.9	0.5	0	1.4
Gas Resource Cost	1.4	1.7	0.5	3.6
Profit Margin	▲0.5	▲1.2	▲0.5	▲2.2

<Sensitivity of financial results due to exchange rate fluctuation> (Unit : billion yen)

1yen/\$	2Q	3Q	4Q	All-year
Sales	2.5	1.1	0	3.6
Gas Resource Cost	1.8	2.2	2.2	6.3
Profit Margin	0.7	▲1.1	▲2.2	▲2.7

<assumed economic frame>

	Projection (As of 7/29)	Original Projection (As of 4/25)
Oil Price	128.78\$/bbl	95\$/bbl
Exchange Rate	¥104.89/\$	¥105/\$

	Oil Price / Exchange Rate (\$/bbl) (¥/\$)
From July	135.00 / 105.00
First half	122.57 / 104.78
Second half	135.00 / 105.00

# (Reference) Reasons for changes in Operating Income

(Rounded down to nearest ¥0.1 billion)

	FY08 1Q Results	FY07 1Q Results	Change from FY07 1Q to FY08 1Q	FY08 Projection (As of 7/29)	FY08 Original Projection (As of 4/25)	Change from Original Projection
Gas Sales	29.1	46.7	-17.6 ( -37.5% )	34.0	122.7	-88.7 ( -72.3% )
Gas Appliances	0.7	1.0	-0.3 ( -30.1% )	1.7	1.6	+0.1 ( +6.3% )
Related Construction	-0.5	-0.7	+0.2 ( - )	-0.5	-0.5	- ( - )
Real Estate Rental	2.5	2.2	+0.3 ( +15.3% )	7.4	6.9	+0.5 ( +7.2% )
Other business	1.4	1.3	+0.1 ( +11.5% )	7.6	8.4	-0.8 ( -9.5% )
Total	33.3	50.5	-17.2 ( -34.0% )	50.2	139.1	-88.9 ( -63.9% )
Total (without internal transactions)	17.4	36.1	-18.7 ( -51.6% )	-17.0	75.0	-92.0 ( -122.7% )