

**FY2010 1Q Financial Results
ended June 30, 2010**

**Tokyo Gas Co., Ltd.
July 29, 2010**

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FY2010 1Q

Consolidated Financial Results

Financial Highlights: FY2010 1Q Results

Sales increased but profit decreased (from FY2009 1Q)

- **Gas Sales Volume:** (+) Industrial demand grew on commencement of Ohgishima Power Station and economic recovery, residential demand for hot water rose on cool April-May
- **Net sales:** (+) Gas sales grew on increased volume, electricity sales grew with Ohgishima Power Station commencement
- **Operating income:** (-) due to increased gas resource costs from high crude oil prices despite lower costs from actuarial differences in retirement benefit accounting

(100 million yen)

	FY10 1Q	FY09 1Q	Change	%
Gas sales volume (mil. m ³ , 45MJ)	3,547	3,082	+465	+15.1
Net sales	3,664	3,424	+240	+7.0
Operating expenses	3,248	2,922	+326	+11.2
Operating income	415	502	-87	-17.2
Ordinary income	414	523	-109	-20.8
Net income	252	332	-80	-24.1

Sliding time lag effect(*)	-120	+232	-352	-
Amortization of actuarial differences(*)	+49	-80	+129	-

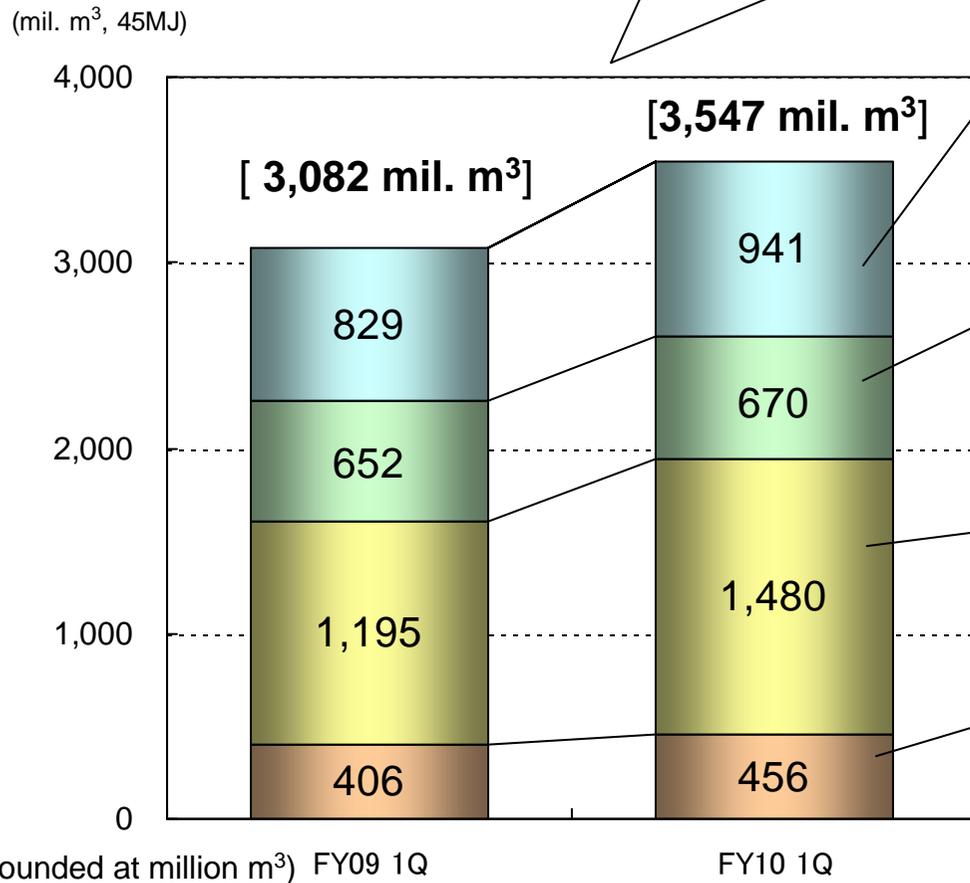
(*)non-consolidated basis

Economic conditions	Crude oil (\$/bbl)	Ex. Rate (¥/\$)	Avg. temperature
FY10 1Q	81.30	92.01	18.3°C
FY09 1Q	52.57	97.36	19.4°C

City Gas Sales Volume

+465 mil. m³ (+15.1%) year on year
 [incl. large volume +282 mil. m³ (+18.9%)]

FY09 1Q → FY10 1Q



Residential +112 mil. m³ (+13.5%)

- Sales vol. due to lower temp. +85 (+10.3%)
- Increase in no. of customers +4 (+0.5%)
- Difference in no. of days +16 (+1.9%)
- Other +7 (+0.8%)

Commercial +18 mil. m³ (+2.8%)

- Sales vol. due to lower temp. +18 (+2.8%)
- Difference in no. of days +5 (+0.8%)
- Other -5 (-0.8%)

Industrial +285 mil. m³ (+23.8%)

- Commencement of Ohgishima Power Strn., recovery in existing industrial demand

Wholesale +50 mil. m³ (+12.3%)

- Other city gas suppliers +43 (+10.6%)
- Large-volume customers +7 (+1.7%)

(rounded at million m³) FY09 1Q

FY10 1Q

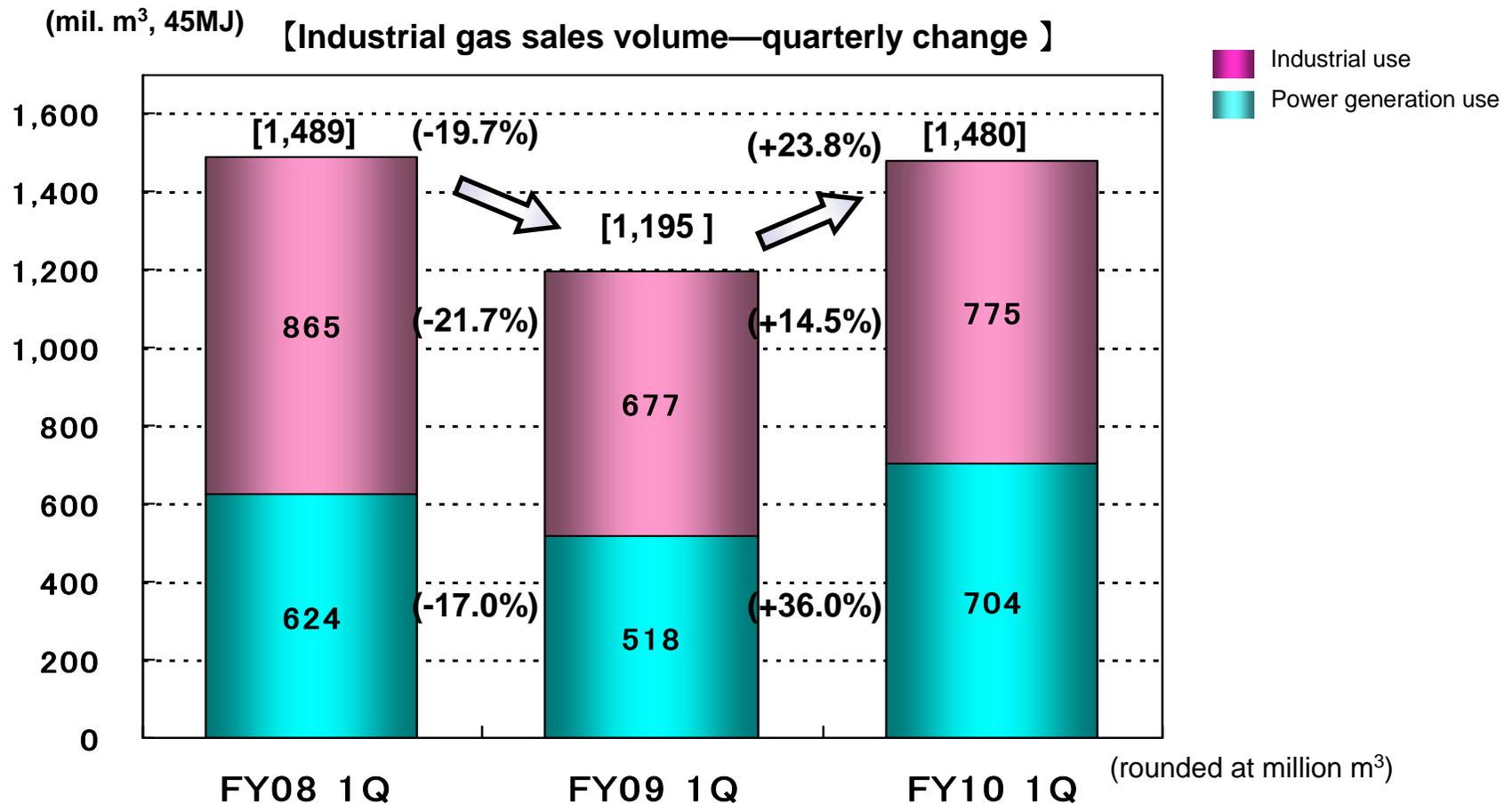
Avg. temp.	April	May	June	Average
FY10	12.4	19.0	23.6	18.3
FY09	15.7	20.1	22.5	19.4

Number of customers (10 thousand)

FY10 1Q-End	FY09 1Q-End	Change	%
1,065	1,054	11	+1.1%

Topics: Industrial Gas Sales Volume Trends

- Growth in power generation use sales with commencement of Ohgishima Power Station (Unit 1 in March 2010)
- Although industrial use sales grew on increased utilization of existing demand, did not recover to peak level (FY2008 1Q)



FY2010 1Q Results by Business Segment

(100 million yen)

	Net sales				Segment income (loss)			
	FY2010 1Q	FY2009 1Q	Change	(%)	FY2010 1Q	FY2009 1Q	Change	(%)
City gas	2,817	2,642	+175	+6.6	454	586	-132	-22.5
Appliances and Installation work	340	330	+10	+2.9	5	-4	+9	-
Other energy	489	372	+117	+31.5	7	17	-10	-55.2
(incl. electronic power)	127	67	+60	+90.9	-1	1	-2	-190.6
Real estate rental	82	82	0	-0.7	21	21	0	+1.2
Others	359	316	+43	+13.5	18	6	+12	+212.3
Other than city gas	1,270	1,101	+69	+15.3	53	39	+14	+34.1
Adjustments	-423	-319	-	-	-92	-123	-	-
Consolidated	3,664	3,424	+240	+7.0	415	502	-87	-17.2

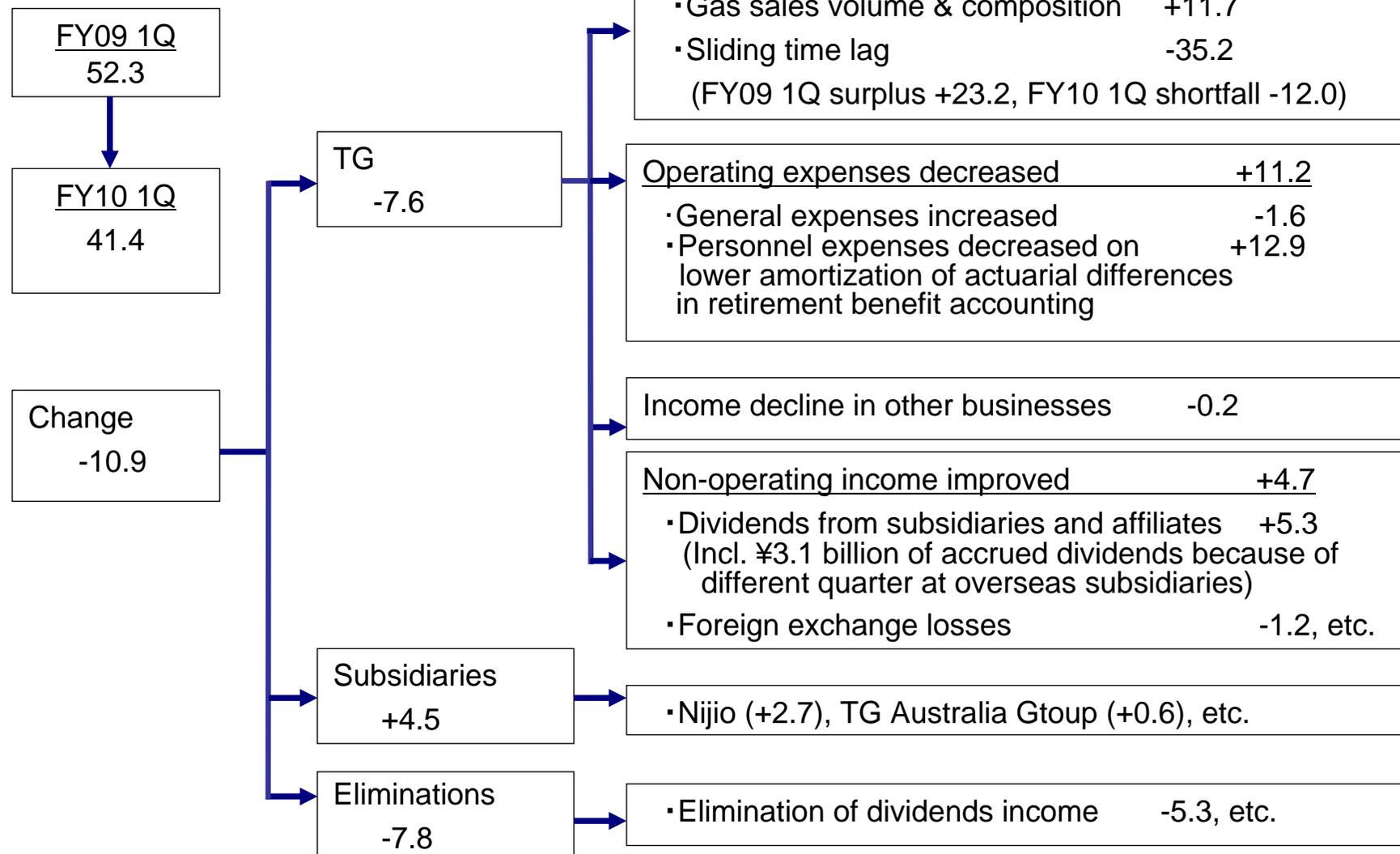
Notes

1. The Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information has been applied from the first quarter under review. Accordingly, business segments have been reclassified.
2. Net sales by business segment include internal transactions. Operating income does not include operating expenses that cannot be allocated.
3. For reference, 1st Quarter, FY2009 figures are recalculated using new segments.

FY2010 1Q Ordinary Income Analysis

(Unit: billion yen)

Change from FY2010 1Q



Note: (+) & (-) refer to contributions to operating income.

FY2010 Projection

Projection for FY2010

Unchanged from initial plan (announced April 28)

(100 million yen)

	Projection for FY10	FY09	Change	%	Ref. Projection for 1st half of FY10
Net sales	15,510	14,157	+1,353	+9.6	6,880
Operating expenses	14,430	13,304	+1,126	+8.5	6,550
Operating income	1,080	852	+228	+26.7	330
Ordinary income	1,020	835	+185	+22.1	310
Net income	650	537	+113	+20.9	190
ROA	3.5%	3.0%	-	-	-
ROE	7.9%	6.8%	-	-	-

Sliding time lag effect(*)	-247	+57	-304	-	-
Amortization of actuarial differences(*)	+198	-320	+518	-	-

(*)non-consolidated basis

Full-year economic conditions

	Crude oil (\$/bbl)	Ex. Rate (¥/\$)
FY10	80.00	95.00
FY09	69.40	92.89

Impact of JCC & Ex.rate fluctuation to gross margin in fiscal year

1\$/bbl	2Q	3Q	4Q	Fiscal
Gross margin	2	7	0	9

Note: The table above shows the impact of 1\$/bbl JCC fall in each quarter on gross margin of FY2010.

1¥/\$	2Q	3Q	4Q	Fiscal
Gross margin	-2	0	9	7

Note: The table above shows the impact of 1 JPY ex.rate rise to US\$ in each quarter on gross margin of FY2010.

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Results

<Consolidated> Financial Results (Changes from FY09 1Q)

Unit: 100mil.JPY (rounded down to nearest 100mil. yen)

	FY10 1Q	FY09 1Q	Change		Reason
Net sales	3,664	3,424	240	7.0%	City gas sales +175
Operating income	415	502	-87	-17.2%	City gas margin -132
Ordinary income	414	523	-109	-20.8%	Non-operating income/loss -22 (Loss on interest swap (FY10 1Q: -15; FY09 1Q: 0), other)
Net income	252	332	-80	-24.1%	

Total assets	18,115	18,409	-294	-1.6%	Current assets -366 (Notes and accounts receivable-trade -238), Investment and other assets -232, Noncurrent assets +305 (Ohgishima Power newly consolidated +357)
Shareholders' equity	8,082	8,138	-56	-0.7%	Net income +252, Cash dividends paid -134, Cancellation of treasury stock -79, Valuation difference on stock -67
Shareholders' equity ratio (%)	44.6%	44.2%	0.4	-	Margin of decline in shareholders' equity (-0.7%; measured as the total of shareholders' equity and valuation and translation adjustments) was less than that in net assets (-1.6%), and as a result the equity ratio rose 0.4 percentage points to 44.6%
Total assets turnover (times)	0.20	0.20	-	-	
Interest-bearing debt	6,500	5,559	941	16.9%	Tokyo Gas +933, Ohgishima Power +82 (newly consolidated), Tokyo Gas Urban Development Co., Ltd. -90
Net income	252	332	-80	-24.1%	
Depreciation and amortization (*2·3)	352	347	5	1.2%	Ohgishima Power +13 (newly consolidated), Tokyo LNG Tanker Co., Ltd. -8
Operating cash flow (*1)	604	680	-76	-11.1%	
Capex (*2)	296	296	-	-0.1%	Ohgishima Power +65, Tokyo LNG Tanker Co., Ltd. -45, TG Pluto -18
EPS (¥/Share)	9.41	12.25	-2.84	-23.2%	Decreased in accordance with the decline in net income (-80)
BPS (¥/Share)	301.67	301.58	0.09	0.0%	

*Scope of consolidation (FY10 1Q: 67 (Tokyo Gas + 62 subsidiaries + 4 affiliated companies accounted for by the equity-method); 65 in FY09 1Q (Tokyo Gas + 60 subsidiaries + 4 affiliated companies accounted for by the equity-method))

Figures in FY09 1Q show those for the corresponding period of the previous year (P/L items) or those as of the end of March, 2010 (B/S items)

(*1) Operating Cash Flow = Net Income + Depreciation and amortization:

(application of simplified accounting treatment; no application of the amount on Consolidated Statements of Cash Flows)

(*2) Capex and Depreciation: after internal transactions

(*3) Depreciation and amortization includes long-term prepaid expenses

<Non-Consolidated>

Financial Results 1 (Changes from FY09 1Q) / Breakdown of General Expenses

	100mil. JPY		
	FY10 1Q	FY09 1Q	Change
Net Sales	3,177	2,987	190 6.4%
Operating income	339	462	-123 -26.7%
Ordinary income	407	483	-76 -15.9%
Net income	302	315	-13 -4.1%

	100mil. JPY		
	FY10 1Q	FY09 1Q	Change
Revenue from sliding system	-113	17	-130
Increase in gas cost	7	-216	223
Change	-120	232	-352

Change from basic price

	Economic frame		
	FY10 1Q	FY09 1Q	Change
JCC	82.01	52.57	29.44 \$/bbl
Ex.rate	92.01	97.36	-5.35 ¥/ \$

	100mil. JPY					
	FY10 1Q	FY09 1Q	Change			
Gas sales	2,669	2,564	105	4.1%	Volume, Composition +242, Unit price -137	
Operating cost	Raw materials and supplies	1,373	1,034	339	32.7%	Volume, Composition +125, Unit price +214
	(Gross margin)	(1,296)	(1,530)	(-234)	(-15.3%)	Volume, Composition +117, Unit price -351
	Personnel expenses	190	320	-130	-40.4%	Retirement benefits -133 (actuarial differences -129), other
	General expenses	539	523	16	3.1%	Please see below
	Depreciation & amortization	256	254	2	0.8%	
	LNG regasification	-8	-8	0	-	
Total	2,351	2,124	227	10.7%		
Installation work	-4	-6	2	-	Decrease in fixed and overhead costs, other + 1	
Gas appliances	24	17	7	43.5%		
Other operation income	20	11	9	79.8%		
Supplementary business income	0	11	-11	-98.8%	LNG sales -4, Electric power sales -4	
Operating income	339	462	-123	-26.7%		
Non operating income	68	21	47	221.4%	Increase in dividends from subsidiaries and affiliates +53	
Ordinary income	407	483	-76	-15.9%		
Extraordinary income	36	0	36	-	Extraordinary income from merger of TG Enterprises +36	
Extraordinary loss	0	0	0	-		
Taxes	140	168	-28	-16.4%		
Net income	302	315	-13	-4.1%		

Breakdown of general expenses

	FY10 1Q	FY09 1Q	Change		
Repair costs	75	73	2	3.3%	Costs of building repairment +1
Expendable costs	33	32	1	3.0%	Increase in no. of gas meter +1, other
Rent	50	49	1	1.0%	Increase in rent for company housing +1, other
Consignment costs	150	147	3	1.6%	Increase in consignment fee: LIFEVAL +1 and sales +1, other
Taxes	103	103	0	0.2%	
Marketing costs	48	39	9	24.4%	Increase in advertisement of ENE FARM +4, strengthening of marketing for existing residential gas customers +3, and promotion of replacement of safety equipments +1, other
Others	80	80	0	-0.1%	

<Non-Consolidated> Financial Results 2 (Changes from FY09 1Q)

Number of Customers thousands

	FY10 1Q	FY09 1Q	Change	
Number of Customers	10,354	10,274	80	0.8%
Number of New Customers	35	38	-3	-7.7%

Breakdown of gas sales volume mil. m³

	FY10 1Q	FY09 1Q	Change			
Residential vol. per meter (m3)	103.8	92.0	11.8	12.8%	Temp. effect +9.7m3 (+10.5%), No. of days +1.7m3 (+1.9%), Others +0.4m3 (+0.4%)	
Residential	911	804	107	13.4%	Temp. effect +85mil.m3 (+10.5%), No. of days +16mil.m3 (+1.9%), No. of customers +4mil.m3 (+0.5%), Others +3mil.m3 (+0.4%)	
Industrial	Commercial	431	431	0	0.0%	
	Public & Medical	204	191	13	6.8%	
	Commercial Total	635	622	13	2.1%	Temp. effect +18mil.m3 (+2.9%), Others -5mil.m3 (-0.8%)
Commercial	Power Gen.	489	458	31	6.9%	
	Other	732	643	89	13.8%	
	Industrial Total	1,221	1,101	120	10.9%	
	Total	1,855	1,723	132	7.7%	
Wholesale	510	457	53	11.7%	Temp. effect +12mil.m3 (+2.7%), Increase in existing customer volume of other gas companies +41mil.m3 (+9.0%)	
Total	3,277	2,983	294	9.8%	Temp. effect +115mil.m3 (+3.8%), Power gen. +31mil.m3 (+1.0%), Industrial (excluding Power gen.) +89mil.m3 (+3.0%)	
(Large-volume gas demand)	1,501	1,377	124	9.0%	Wholesale(excluding Temp. effect) +41mil.m3 (+1.4%), Others +18mil.m3 (+0.6%)	

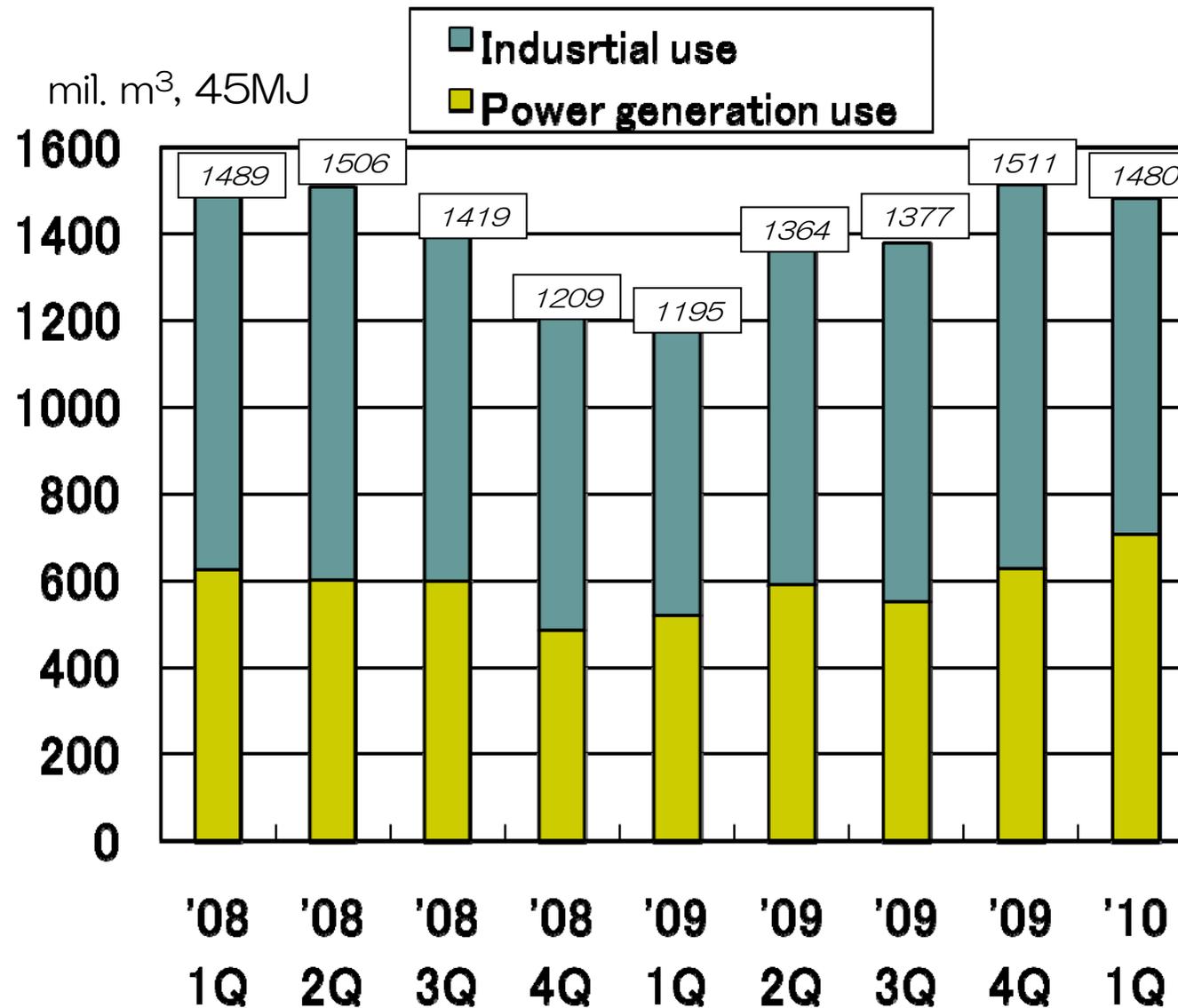
<Non-consolidated>

Industrial Use Gas Sales Volume by Industry

	Unit: 1 mil. M3	FY10 1Q (A)	FY09 1Q(B)	Change (A)-(B)	(%)	FY08 1Q (C)	Change (A)-(C)	(%)
Industrial use	Food	122	130	-8	-6.2%	140	-18	-13.4%
	Textile	10	8	2	17.7%	9	1	4.3%
	Paper & Pulp	51	51	0	-1.2%	63	-12	-18.9%
	Chemicals	167	154	13	8.5%	182	-15	-8.6%
	Ceramics	43	36	7	20.5%	42	1	2.9%
	Steel	111	67	44	66.1%	147	-36	-24.7%
	Non-ferrous Metal	41	33	8	23.3%	38	3	6.9%
	Machinery	100	89	11	11.8%	116	-16	-13.5%
	Others	88	75	13	16.5%	94	-6	-6.9%
	Sub-total	732	643	89	13.8%	831	-100	-12.0%
Power generation	489	458	31	6.9%	590	-101	-17.0%	
Total	1221	1101	120	10.9%	1422	-201	-14.1%	

Note: Some additions may conflict due to the round off.

<Consolidated> Quarterly Trend in Industrial Use Gas Sales Volume



Projections

<Non-consolidated>

Oil Price and Currency Projections, Temperature and Their Impacts on Gross Margin

100 mil. JPY

Assumed value of JCC & Ex.rate

	FY10 Projections as of Jul., 29			
	1st Half	2nd Half	Fiscal	
JCC	80.00	80.00	80.00	\$/bbl
Ex.rate	95.00	95.00	95.00	¥/\$
	FY10 Projections as of Apr., 28			
	1st Half	2nd Half	Fiscal	
JCC	80.00	80.00	80.00	\$/bbl
Ex.rate	95.00	95.00	95.00	¥/\$
	Change			
	1st Half	2nd Half	Fiscal	
JCC	0.00	0.00	0.00	\$/bbl
Ex.rate	0.00	0.00	0.00	¥/\$

Impact of JCC & Ex.rate fluctuation to gross margin in fiscal year

1\$/bbl	2Q	3Q	4Q	Fiscal
Net Sales	-13	-5	-2	-20
Gas resource cost	-15	-12	-2	-29
Gross margin	2	7	0	9

Note: The table above shows the impact of 1\$/bbl JCC fall in each quarter on gross margin for the full year

1¥/\$	2Q	3Q	4Q	Fiscal
Net Sales	-16	-14	-4	-34
Gas resource cost	-14	-14	-13	-41
Gross margin	-2	0	9	7

Note: The table above shows the impact of 1JPY ex.rate to US\$ in each quarter on gross margin for the full year

Impact of 1°C increase in temperature on gas sales volume

	Summer	Winter	Mid	Fiscal
Months	6-9	12-3	4,5,10,11	-
Change (%)	0.0	-2.2	-1.7	-1.4

<Non-consolidated>

Financial Projections (FY10 2Q/4Q)

Unchanged from initial plan (announced April 28)

(100mil. JPY)

	2Q	FY10	FY09
Net Sales	5,930	13,440	12,106
Operating income	210	800	591
Ordinary income	260	850	589
Net income	220	610	388

	2Q	FY10	FY09	
Gas Sales	4,840	10,970	10,108	
Operating cost	Raw materials and supplies	2,717	6,017	4,925
	(Gross Margin)	(2,123)	(4,953)	(5,183)
	Personnel expenses	365	744	1,283
	General expenses	1,074	2,415	2,325
	Depreciation & amortization	528	1,102	1,076
	LNG regasification	-16	-31	-32
Total	4,668	10,247	9,577	
Installation works	-10	-8	-8	
Gas appliances	36	53	44	
Other operation income	26	45	35	
Supplimentary business	12	32	24	
Operating income	210	800	591	
Non operating income	50	50	-1	
Ordinary income	260	850	589	
Extraordinary income	35	35	0	
Extraordinary loss	0	0	0	
Taxes	75	275	200	
Net income	220	610	388	

Breakdown of gas sales volume

(mil. M3)

	2Q	FY10	FY09	
Residential vol. per meter (m3)	144.8	382.3	381.8	
Residential	1,271	3,357	3,332	
Commercial	Commercial	924	1,852	1,856
	Pub. & Medical	473	929	936
	Commercial Total	1,397	2,781	2,792
Industrial	Power Gen.	1,014	1,949	1,952
	Other	1,480	3,053	3,000
	Industrial Total	2,494	5,002	4,952
Total	3,891	7,783	7,745	
Wholesale	997	2,147	2,073	
Total	6,160	13,286	13,150	
(Large-volume gas demand)	3,170	6,290	6,199	

Breakdown of general expenses

(100mil. JPY)

	2Q	FY10	FY09
Repair costs	154	356	356
Expendable costs	61	142	141
Rent	100	199	192
Consignment costs	294	640	603
Taxes	199	414	404
Marketing costs	98	276	244
Others	168	388	385

Economic flame

	2Q	FY10	FY09
JCC	80.00	80.00	69.38
Ex.rate	95.00	95.00	92.89

\$/bbl
¥/\$

Impact of sliding system time lag

(100mil. JPY)

	2Q	FY10	FY09
Revenue from sliding system	-74	10	-774
Increase in gas cost	127	257	-831
Change	-201	-247	57

Change from basic price

Number of Customers

(thousands)

	2Q	FY10	FY09
Number of customers	10,363	10,425	10,340
Number of new customers	62	157	187

<Non-consolidated> Operating Cash Flows & CAPEX

Operating Cash Flow

Results (FY10 1Q & FY09 1Q)

100mil. JPY

	FY10 1Q	FY09 1Q	Change	
Net Income (A)	302	315	-13	-4.1%
Depreciation (B)	267	265	2	0.8%
Operating Cash Flow (A+B)	569	580	-11	-1.9%

Capex

Results (FY10 1Q & FY09 1Q)

100mil. JPY

	Results	FY09 1Q	Change	
Production	14	30	-16	-51.6%
Supply	147	154	-7	-4.1%
Others	22	11	11	99.1%
Total	184	195	-11	-5.6%

Production: LNG tank at Ohgishima LNG terminal -12,

BOG at Negishi LNG terminal -4

Supply: Demand development -8, renewal +1

Others: Other +6, System development +5

FY10 2Q Projections (as of Jul 29 & Apl 28)

100mil. JPY

	29-Jul	28-Apr	Change	
Net Income (A)	220	220	0	0.0%
Depreciation (B)	549	549	0	0.0%
Operating Cash Flow (A+B)	769	769	0	0.0%

FY10 2Q Projections (as of Jul 29 & Apl 28)

100mil. JPY

	29-Jul	28-Apr	Change	
Production	45	45	0	0.0%
Supply	315	315	0	0.0%
Others	61	61	0	0.0%
Total	422	422	0	0.0%

FY10 Full-year Projections (as of Jul 29 & Apl 28)

100mil. JPY

	29-Jul	28-Apr	Change	
Net Income (A)	610	610	0	0.0%
Depreciation (B)	1,146	1,146	0	0.0%
Operating Cash Flow (A+B)	1,756	1,756	0	0.0%

FY10 Full-year Projections (as of Jul 29 & Apl 28)

100mil. JPY

	29-Jul	28-Apr	Change	
Production	109	109	0	0.0%
Supply	710	710	0	0.0%
Others	247	247	0	0.0%
Total	1,066	1,066	0	0.0%

Tokyo Gas Co., Ltd.

< Cautionary Statement regarding Forward-looking Statements >

Statements made in this presentation with respect to Tokyo Gas's present plans, projections, 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, changes in the foreign exchange rate of the yen, crude oil prices, and the weather.