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FY2010 2Q Financial Results  
ended September 30, 2010  
Earnings Announcement Meeting

**October 29, 2010**

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**FY2010 2Q**

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**Consolidated Financial Results**

# FY2010 2Q Results

## Financial Highlights (year on year)

- Net sales: (+) Gas sales volume grew and higher resource costs led to increase in sales unit price (¥55.1 billion)
  - (+) Electricity sales grew with Ohgishima Power Station commencement (¥17.9 billion)
- Operating income: (-) Higher crude oil prices caused increase in city gas resource costs (¥76.0 billion)
  - (+) Personnel expenses decreased on lower amortization of actuarial differences in pension accounting (¥25.8 billion)
- Ordinary income: (-) Foreign exchange valuation difference at overseas subsidiaries (¥7.3 billion)
- Net income: (-) Valuation of securities held declined (¥2.3 billion)

(Unit: 100 million yen)

	FY09 2Q	FY10 2Q	Change	%	Initial Plan	Change	%
<b>Gas sales volume (mil. m<sup>3</sup>, 45MJ)</b>	6,166	<b>6,934</b>	+768	+12.4	6,710	+224	+3.3
<b>Net sales</b>	6,320	<b>7,013</b>	+693	+11.0	6,880	+133	+1.9
<b>Operating expenses</b>	5,856	<b>6,532</b>	+676	+11.5	6,550	- 18	-0.3
<b>Operating income</b>	464	<b>480</b>	+16	+3.5	330	+150	+45.5
<b>Ordinary income</b>	505	<b>458</b>	-47	-9.3	310	+148	+47.7
<b>Net income</b>	327	<b>255</b>	-72	-21.9	190	+65	+34.2

<b>Sliding time lag effect(*)</b>	+216	<b>-147</b>	-363	-	-201	+54	-
<b>Amortization of actuarial differences(*)</b>	-160	<b>+98</b>	+258	-	+98	0	-

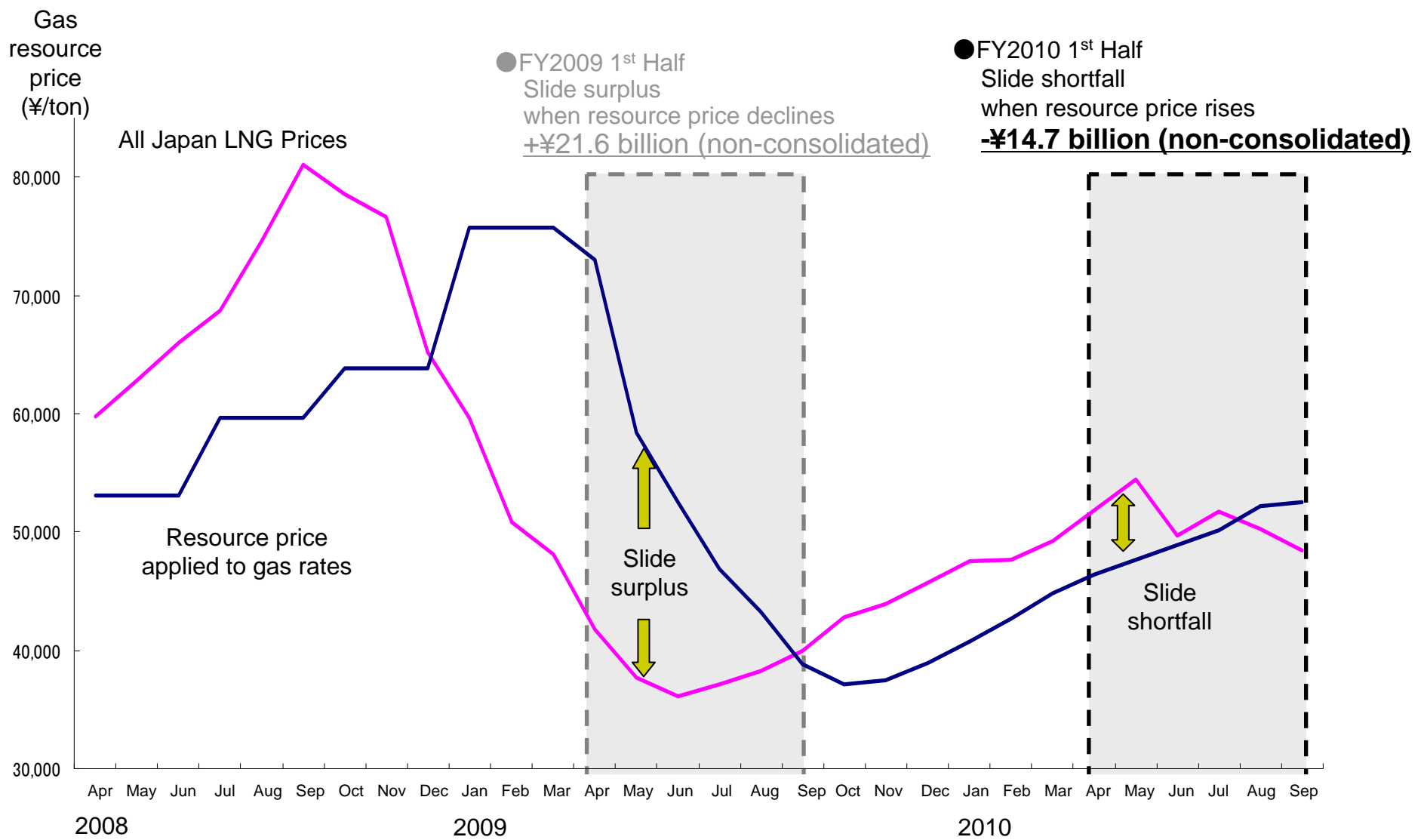
(\*)non-consolidated basis

(+/- indicates profit impact)

Economic conditions	JCC (\$/bbl)	Ex. Rate (¥/\$)	Avg. temperature(°C)
FY10 1·2Q Average	78.35	88.91	23.0
FY09 1·2Q Average	61.82	95.53	22.4

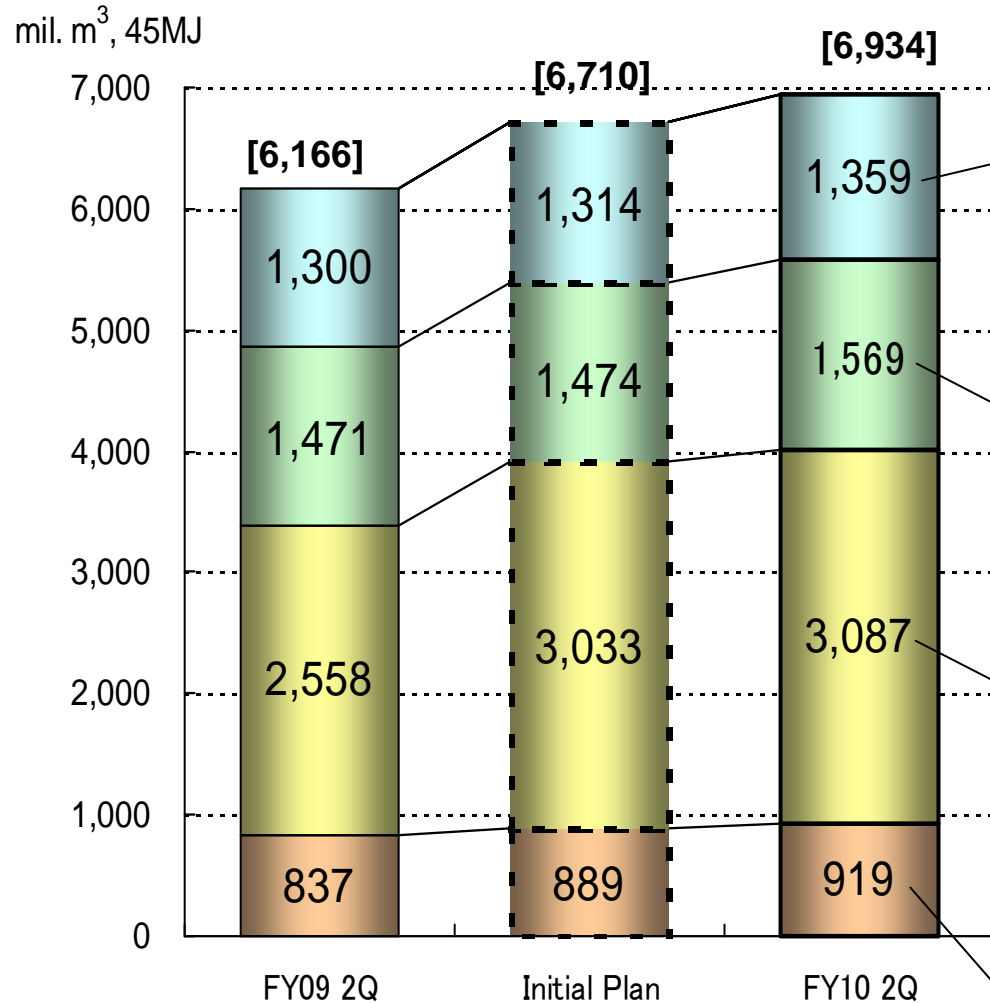
Investment performance of pension assets (management costs deducted)	
<b>FY10 1<sup>st</sup> Half</b>	<b>4.8%</b>
<b>FY09 1<sup>st</sup> Half</b>	<b>6.0%</b>

# Slide Time Lag Effect



\*Resource price applied to gas rates: Average resource price used in calculation of monthly gas rates

# FY2010 2Q: Gas Sales Volume



(rounded at million m<sup>3</sup>)

Number of customers (Unit: 10 thousand)

FY09 2Q-End	FY10 2Q-End	Change
1,056.3	1,067.3	+11.0

## FY09 2Q → FY10 2Q

+ 768 mil. m<sup>3</sup> (+12.4%) year on year  
[incl. large volume + 596mil. m<sup>3</sup> (+18.3%)]

**Residential** +59 mil. m<sup>3</sup> (+ 4.5%)

- Temperature-related increase in demand for water-heating +8 mil. m<sup>3</sup>
- No. of customers + 6 mil. m<sup>3</sup>
- No. of days +9 mil. m<sup>3</sup>
- Others +36 mil. m<sup>3</sup>

**Commercial** +98 mil. m<sup>3</sup> (+ 6.7%)

- Temperature-related increase in demand for air conditioning and hot water +94 mil. m<sup>3</sup>
- No. of customers - 5 mil. m<sup>3</sup>
- No. of days + 4 mil. m<sup>3</sup>
- Others + 5 mil. m<sup>3</sup>

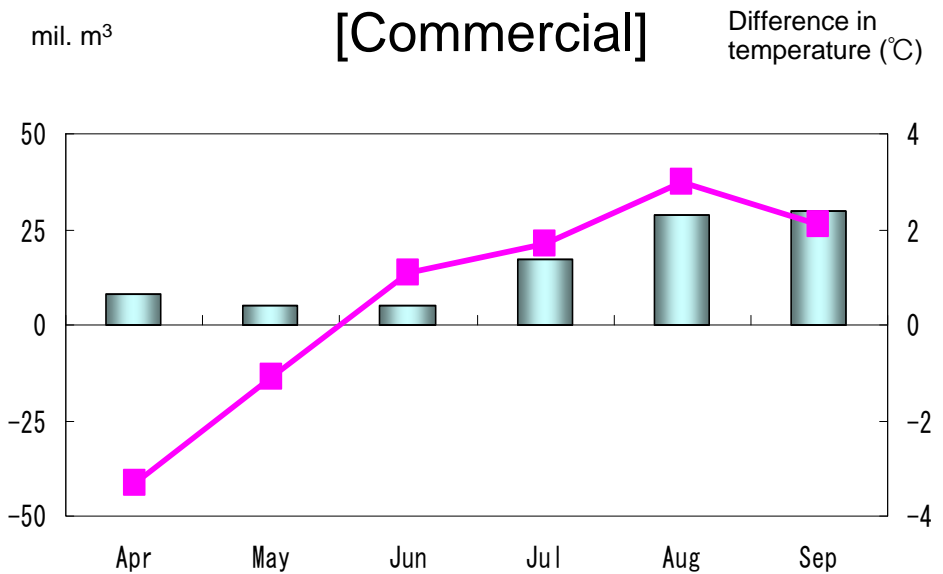
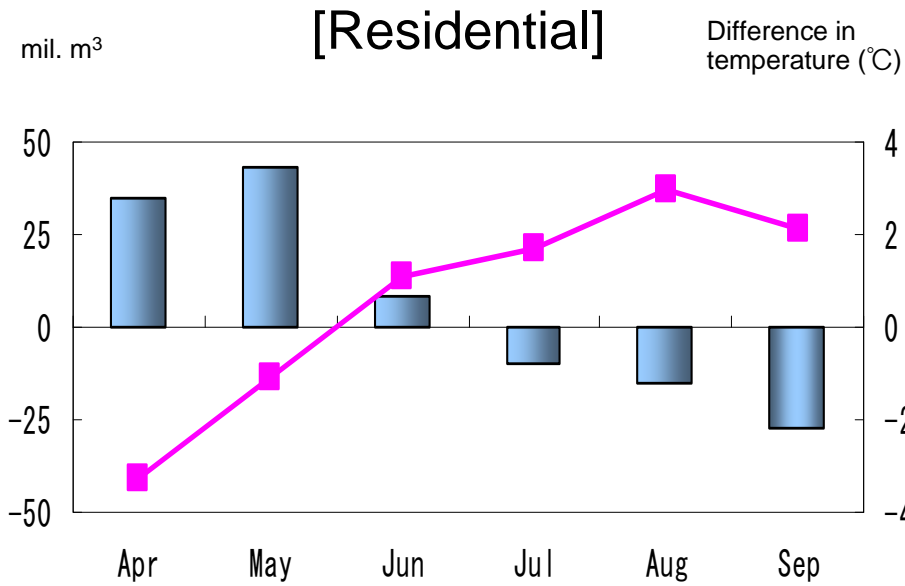
**Industrial** +529 mil. m<sup>3</sup> (+20.6%)

- Industrial: +109 mil. m<sup>3</sup>  
Recovery in demand from existing customers, etc.
- Power generation: +420 mil. m<sup>3</sup>  
Commencement of Ohgishima Power Stn. and Increase in electricity demand caused by heat wave

**Wholesale** + 82 mil. m<sup>3</sup> (+ 9.8%)

- Other city gas suppliers : +74 mil. m<sup>3</sup>
- Large-volume customers : +8 mil. m<sup>3</sup>

# FY2010 2Q: Temperature-Related Impact on Gas Sales Volume



1<sup>st</sup> Half total temperature-related impact: +8 mil. m<sup>3</sup>

1<sup>st</sup> Half total temperature-related impact: +94 mil. m<sup>3</sup>

**Average temperature**

	April	May	June	July	August	September	Average
<b>FY2009</b>	15.7	20.1	22.5	26.3	26.6	23.0	22.4
<b>FY2010</b>	12.4	19.0	23.6	28.0	29.6	25.1	23.0
<b>Difference</b>	-3.3	-1.1	1.1	1.7	3.0	2.1	0.6

# FY2010 2Q Results by Business Segment

(Unit: 100 million yen)

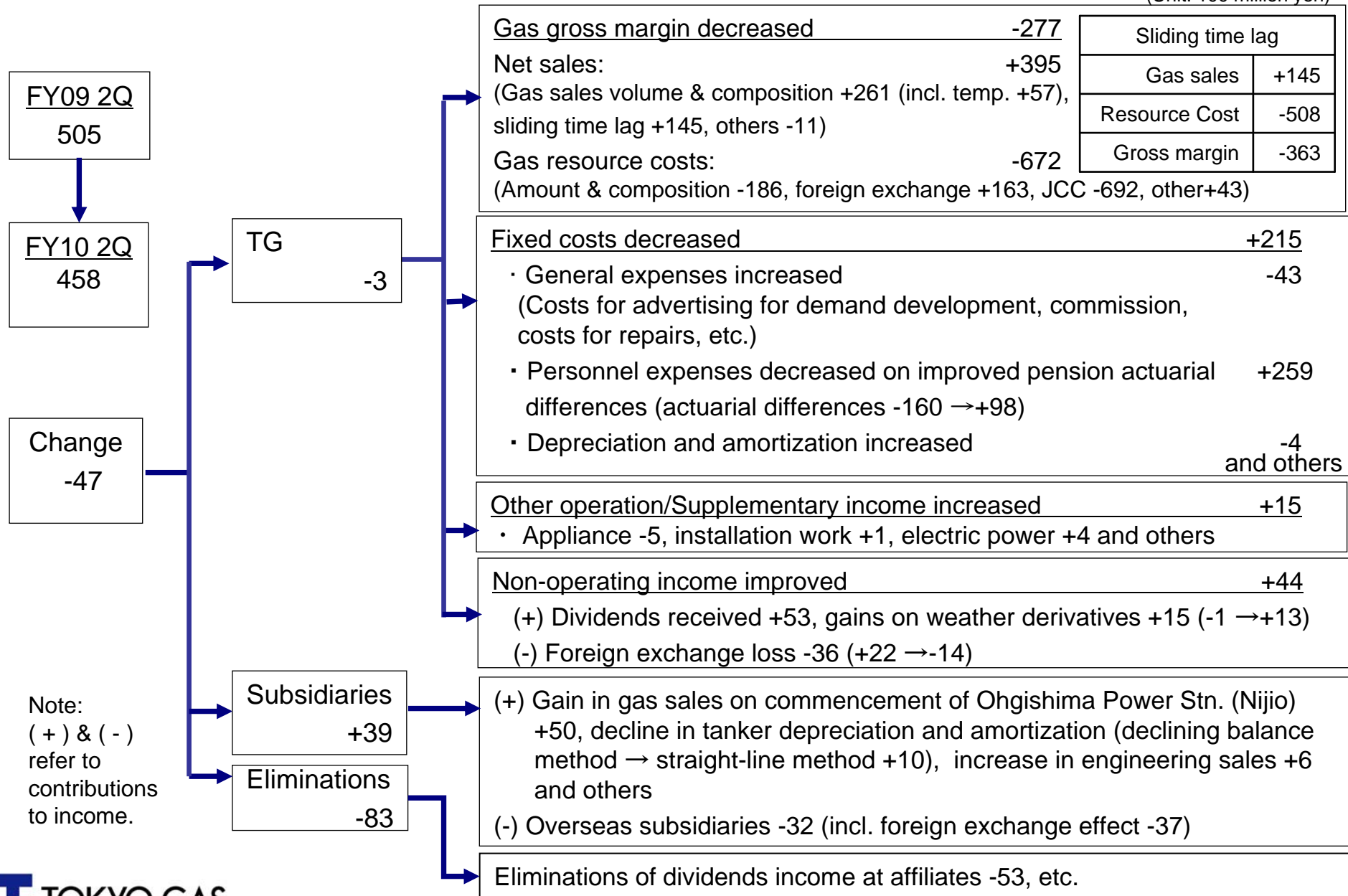
	Net sales			Operating income			Factor
	FY2009 2Q	FY2010 2Q	Change	FY2009 2Q	FY2010 2Q	Change	
City gas	4,667	5,218	+551	609	550	-59	Sales: Increased in sales volume, sales unit price Income: Increased in resource cost from higher crude oil prices
Appliances and Installation work	731	748	+17	6	8	+2	
Other energy	740	1,054	+314	45	51	+6	Sales: Increased electricity sales from commencement of Ohgishima Power Stn., Increased in LNG sales volume
(incl. electric power)	140	319	+179	9	20	+11	Income: Increased electric power profit, Increased in LNG/LPG delivery expense
Real estate	164	165	+1	39	39	-	
Others	678	711	+33	8	27	+19	Sales: Engineering sales growth Income: Engineering profit growth Decreased in tanker expense
Corporate or eliminations	-661	-884	-223	-245	-195	+50	
<b>Consolidated</b>	<b>6,320</b>	<b>7,013</b>	<b>+693</b>	<b>464</b>	<b>480</b>	<b>+16</b>	

- Notes: 1. The Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information has been applied from 1Q of FY2010. 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, 2nd Quarter of FY2009 figures are recalculated using new segments.



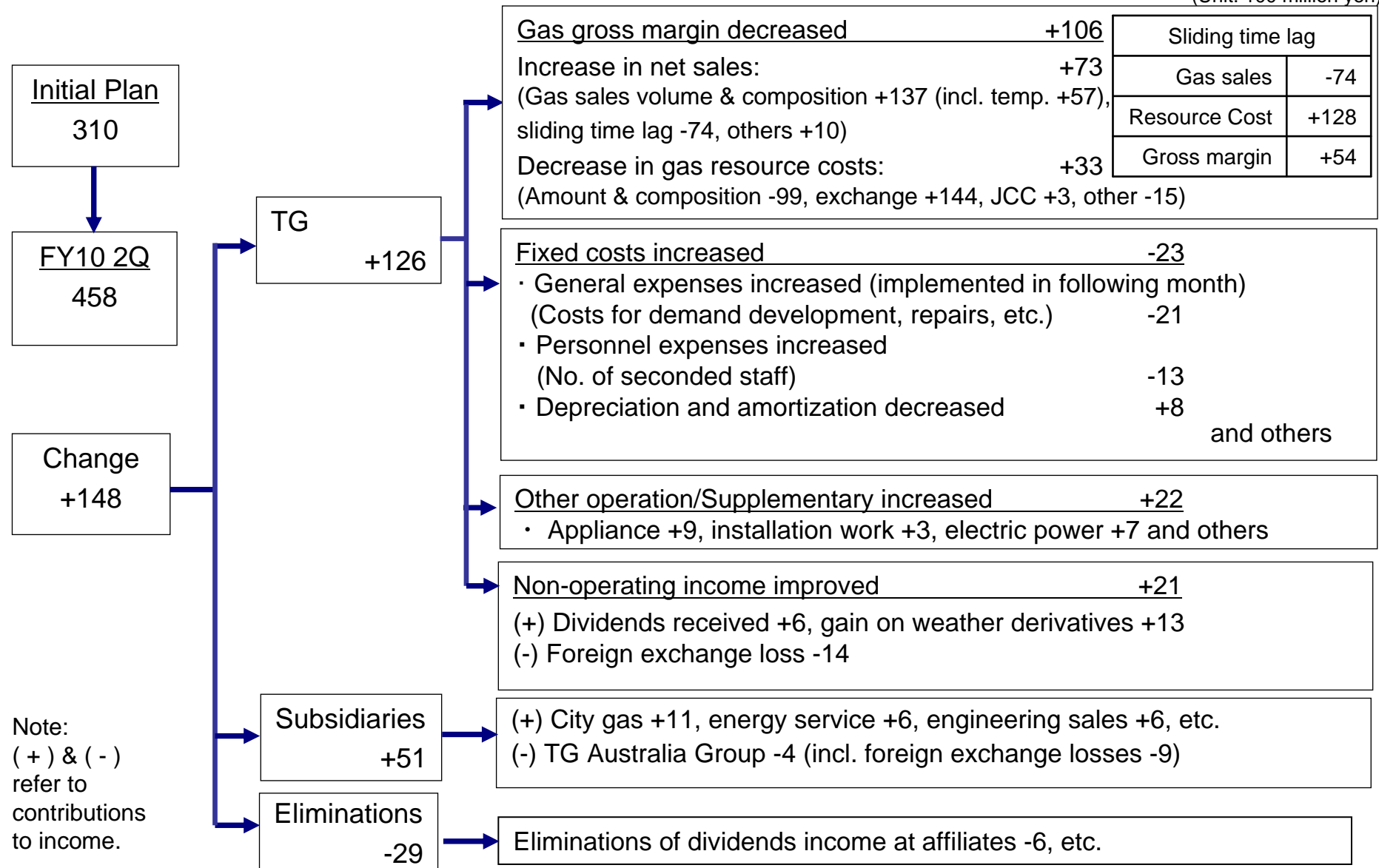
# FY2010 2Q Ordinary Income Analysis <year on year>

(Unit: 100 million yen)



# FY2010 2Q Ordinary Income Analysis <vs. Initial Plan>

(Unit: 100 million yen)



**FY2010 Full Year**

**Business Forecast**

# Business Forecast for FY2010

## Revision Highlights (vs. Initial Plan)

- **Net sales:** (-) Decline in city gas sales due to lower gas sales unit prices under the gas rate adjustment system (¥22.7 billion)
- **Operating income:** (+) Decline in resource costs from yen's appreciation (¥34.2 billion)
- **Ordinary income:** (+) Foreign exchange valuation differential at overseas subsidiaries (¥1.6 billion)
- **Net income:** (+) Increase in Ordinary income (-) Loss on valuation of available-for-sale securities

	FY09 (A)	Projection for FY10 (Unit: 100 million yen)					
		Current forecast (B)	Change (B-A)	%	Initial plan (C)	Change (B-C)	%
Gas Sales Volume (mil. m <sup>3</sup> )	13,666	<b>14,685</b>	+1,019	+7.5	14,465	+220	+1.5
Net sales	14,157	<b>15,250</b>	+1,093	+7.7	15,510	-260	-1.7
Operating expenses	13,304	<b>14,090</b>	+785	+5.9	14,430	-340	-2.3
Operating income	852	<b>1,160</b>	+308	+36.1	1,080	+80	+7.4
Ordinary income	835	<b>1,120</b>	+285	+34.1	1,020	+100	+9.8
Net income	537	<b>680</b>	+143	+26.4	650	+30	+4.6

<b>Sliding time lag effect(*)</b>	+57	<b>-253</b>	-310	-	-247	-6	-
<b>Amortization of actuarial differences(*)</b>	-320	<b>+198</b>	+518	-	+198	0	-

(\*)non-consolidated basis

(+/- indicates profit impact)

Profit sensitivity to changes in oil price and EX rate (100 million yen)

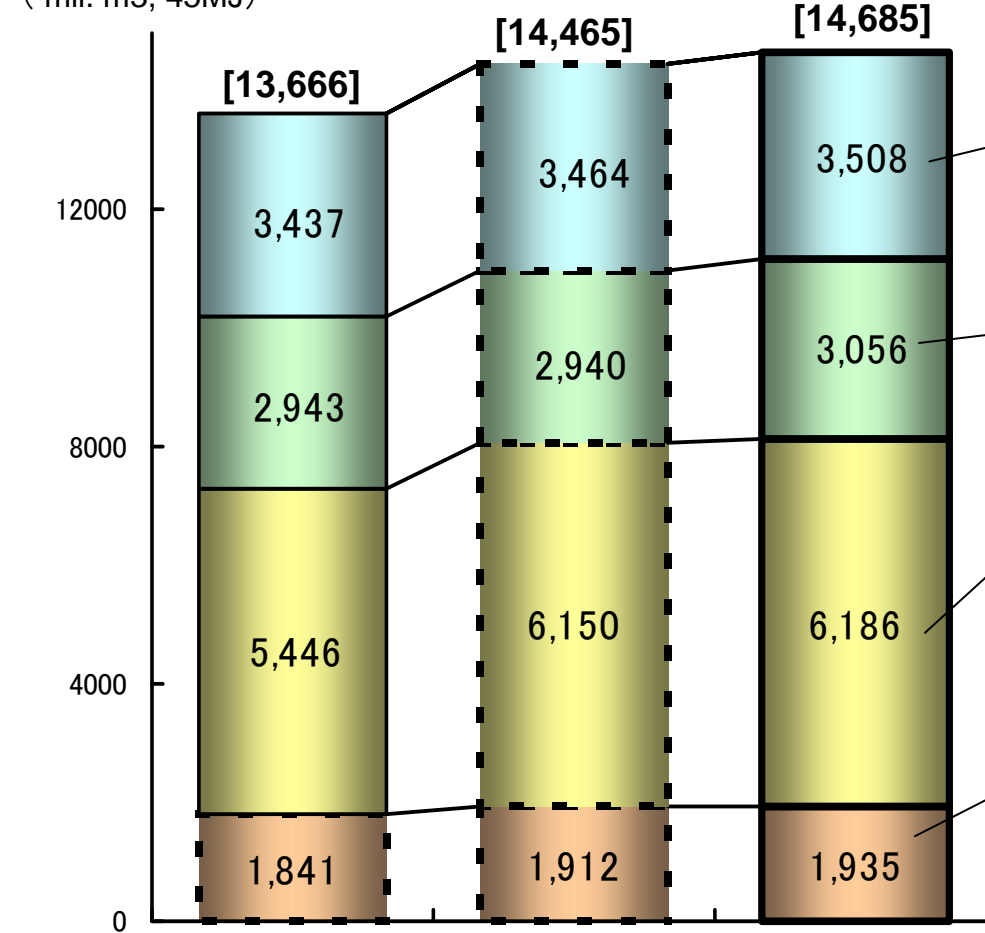
	3Q	4Q	Full Year
1\$/bbl Impact on rising JCC	-7	-2	-9
1¥/\$ Impact on yen appreciation	0	+9	+9

Economic conditions \*1 bbl = \$80, 1\$=85¥ after Oct. 2010

	JCC (\$/bbl)	Ex. Rate (¥/\$)	Avg. temperature (°C)
FY10	79.18	86.96	16.9
FY09	69.40	92.89	16.5

# Gas Sales Volume Forecast (vs. Initial Plan)

( mil. m3, 45MJ)



## <Initial Plan → Current Forecast>

Versus initial plan +220 mil. m<sup>3</sup> (+1.5%)

**Residential** + 44 mil. m<sup>3</sup> (+1.3%)

- Raised to reflect 1<sup>st</sup> Half results.
- 2<sup>nd</sup> Half forecast unchanged.

**Commercial** +116 mil. m<sup>3</sup> (+3.9%)

- Reflecting 1<sup>st</sup> Half results.
- 2<sup>nd</sup> Half raised to reflect economic recovery.

**Industrial** + 36 mil. m<sup>3</sup> (+0.6%)

- Raised to reflect 1<sup>st</sup> Half results.
- Increase for power generation and decrease for industries in 2<sup>nd</sup> Half.

**Wholesale** +23 mil. m<sup>3</sup> (+1.2%)

- Reflecting 1<sup>st</sup> Half results. 2<sup>nd</sup> Half forecast basically unchanged.

Avg. temperature (16.5°C)      Initial Plan (16.8°C)      Current Forecast (16.9°C)  
 (rounded at million m<sup>3</sup>)

# Full year Forecast by Business Segment <vs. Initial Plan>

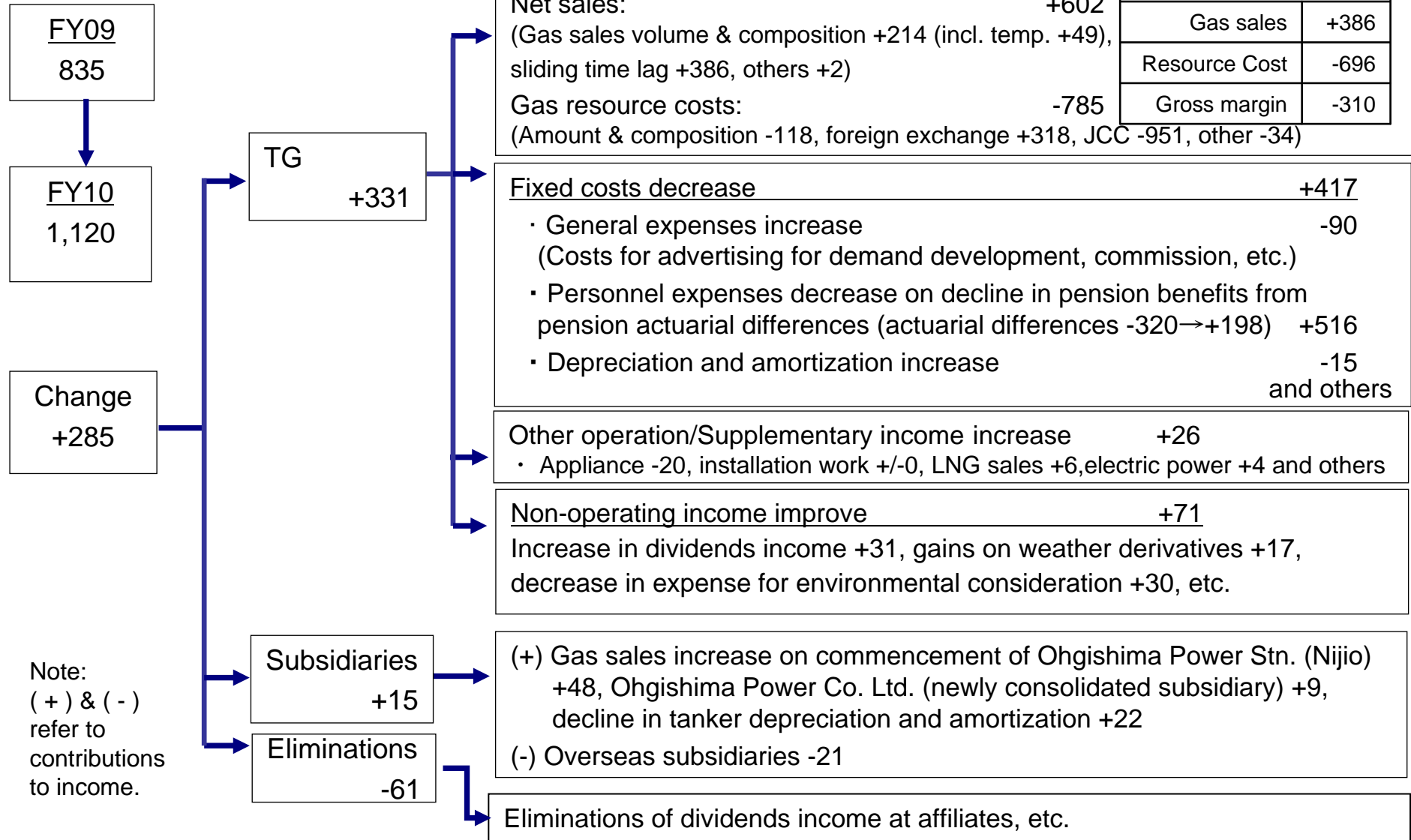
(Unit: 100 million yen)

	Net sales			Operating income		
	Initial plan	Current forecast	Change	Initial plan	Current forecast	Change
City gas	11,560	11,333	-227	1,243	1,358	+115
Appliances and Installation work	1,683	1,677	-6	-18	-8	+10
Other energy	2,181	2,173	-8	87	88	+1
(incl. electric power)	670	666	-4	22	36	+14
Real estate	336	328	-8	61	59	-2
Others	1,632	1,585	-47	130	80	-50
Corporate or eliminations	-1,882	-1,846	+36	-423	-417	+6
<b>Consolidated</b>	<b>15,510</b>	<b>15,250</b>	<b>-260</b>	<b>1,080</b>	<b>1,160</b>	<b>+80</b>

# FY2010 Forecast Ordinary Income Analysis

(Unit: 100 million yen)

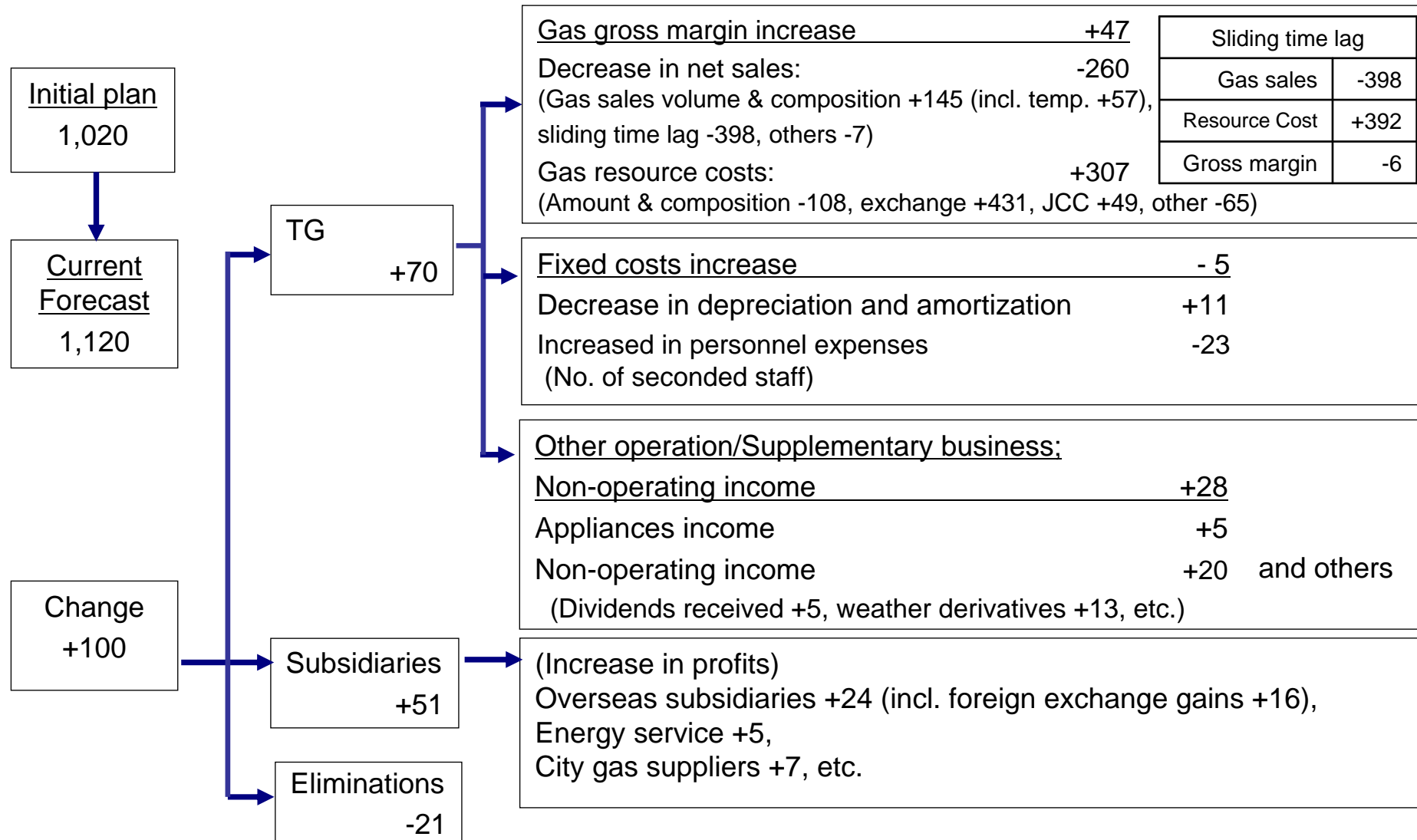
<year on year>



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

# FY2010 Ordinary Income Analysis <vs. Initial Plan>

(Unit: 100 million yen)



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



# 【City Gas Business】

## ➤ Rate of recovery in industrial demand

### Industrial-use gas sales volume (excluding power generation)

(mil. m<sup>3</sup>, 45MJ/m<sup>3</sup>)

	1Q	2Q	3Q	4Q	Total	Year on year
<b>FY07</b>	849	912	939	954	3,655	+9.7%
<b>FY08</b>	865	905	823	727	3,320	-9.2%
<b>FY09</b>	677	774	826	886	3,163	-4.7%
<b>FY10</b>	<b>775</b> <b>(Actual)</b>	<b>783</b> <b>(Actual)</b>	<b>808</b> <b>(Forecast)</b>	<b>816</b> <b>(Forecast)</b>	<b>3,182</b> <b>(Forecast)</b>	<b>+0.6%</b>

Note: Totals may differ from sums as a result of rounding.

## ➤ Residential Competition Situation

(Non-consolidated)

		FY10 1 <sup>st</sup> Half	FY10 Initial Plan
<b>ENE-FARM sales (completed basis)</b>		931 units	2,500 units
<b>Competition in all-electric homes</b>	All-electric housing rates of newly built houses	-	12%
	No. of existing houses shifted to all-electric	6,400	9,000

# Use of FY2010 Cash Flow

(Unit: 100 million yen)

Capex	Major Projects
Tokyo Gas Co., Ltd. 1,066 (+/-0 +/-0%)	• Production facilities: 108 (-1) LNG tank, vaporizer at Ohgishima Power Stn., etc.
	• Distribution facilities: 728 (+18) Pipelines for new demand, new supply pipes, replacement of existing gas pipes, etc.
	• Service and maintenance facilities: 230 (-17) Systems-related, etc.
Consolidated subsidiaries total: 448 (-53 -10.6%)	• Ohgishima Power Company, Ltd. (-18) • TG Pluto Pty Ltd (-21), etc.
<b>Total 1,500 (-50 -3.2% after internal eliminations)</b>	

\* Figures in parentheses indicate increase/decrease vs. initial plan

Investment and financing (overseas businesses, etc.) : 562 (+/-0 +/-0%)

Returns to shareholders: 335 (maintain 60% total payout ratio)

(Total of FY09 year-end dividend, FY10 interim dividend, FY10 stock repurchase)

# Key Indices

(Unit: 100 million yen)

	FY09 1 <sup>st</sup> Half (Actual)	FY10 1 <sup>st</sup> Half (Actual)	FY09 Full year (Actual)	FY10 Full year (Forecast)
<b>Total assets (a)</b>	17,222	17,985	18,409	<b>18,420</b>
<b>Shareholders' equity (b)</b>	8,048	8,038	8,138	<b>8,340</b>
<b>Shareholders' equity ratio (b)/(a)</b>	46.7%	44.7%	44.2%	<b>46.2%</b>
<b>Interest-bearing debt</b>	5,622	6,500	5,559	<b>6,220</b>
<b>D/E Ratio</b>	0.70	0.81	0.68	<b>0.74</b>
<b>Net income (c)</b>	327	255	537	<b>680</b>
<b>Depreciation and amortization (d)</b>	702	719	1,461	<b>1,510</b>
<b>Operating cash flow (c) + (d)</b>	1,029	974	1,998	<b>2,190</b>
<b>Capex</b>	579	668	1,481	<b>1,500</b>
<b>ROA: (c) / (a)</b>	1.9%	1.4%	3.0%	<b>3.7%</b>
<b>ROE: (c) / (b)</b>	4.2%	3.2%	6.8%	<b>8.2%</b>
<b>Total Payout Ratio</b>	-	-	60.1%	-

Note: ROA = Net income/Total assets (average of beginning & end)

ROE = Net income/Shareholders' equity (average of beginning & end)

Figures on BS indicate those as of the end of each fiscal year.

Operating cash flow = Net Income + Depreciation (incl. Amortization of Long-term Prepaid Expenses)

Total Payout Ratio= Dividends in FY n) + Amount of Stock Repurchase in FY (n + 1) / Consolidated Net Income in FY n)

# 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