



Second Quarter Financial Results

(Fiscal Year Ending March 31, 2009)

November 4, 2008

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Executive Summary



2Q FY2008 Financial Results

■ Increased Revenue, Decreased Income (c.f. 2Q FY2007)

【 +Gas Sales Volume, - Gas Gross Margin】

Continued growth in gas sales volume (Volume +264 mil.m³, +4.1%)

Negative impact on gas margin due to sliding system time lag, etc.

Tokyo Gas : Sliding system time lag -¥36.9billion (-¥8.6bn→-¥45.5bn)

Tariff reduction (April 2008) -¥3.2billion

【 +Labor Cost】

FY2007 pension fund investment yield :-5.4%

Tokyo Gas : +¥3.7 billion

【+ Extraordinary Income for Consolidated Subsidiaries】

Change in lease accounting: +¥7.8billion

(Billion yen)	2Q FY08	c.f. 2Q FY07
Sales	740	+103.1 (+16.2%)
Operating Income	▲9.5	▲42.6 (▲128.8%)
Ordinary Income	▲11.4	▲43.1 (▲136.1%)
Net Income	▲1.6	▲21.4 (▲108.4%)

	JCC	Ex. Rate	Temp.
FY08	\$119.64/bbl	¥106.12/\$	22.1°C
FY07	\$67.93/bbl	¥119.40/\$	22.6°C

FY2008 Financial Projection

■ (c.f.) FY2007 Increased Revenue, Decreased

【 +Gas Sales Volume, - Gas Gross Margin】

Increase in Gas Sales Volume (Volume: +282mil.m3, +2.0%)

Negative impact on gas margin due to sliding system time lag, etc.

Tokyo Gas : Sliding system time lag :- ¥33.3billion (-¥70.2bn→-¥103.5bn)

(incl. 4Q tariff adjustment -¥4.2bn)

Tariff reduction (April 2008) -¥9.7bn

【 +Labor Cost】

FY07 Pension fund investment yield: -5.4%

Tokyo Gas : +¥7.4 billion

【 Extraordinary Income for Consolidated Subsidiaries】

Changes in lease accounting: +¥7.8bn

<Effects>

JCC	+1\$/bbl	-¥1,1bn
Exchange Rate	+¥1/\$	-¥2.1bn
Temp.	+1°C	-¥6.3bn

(Billion yen)	FY08 Projection	c.f. FY07
Sales	1,781.0	+293.6 (+19.7%)
Operating Income	10.0	▲60.0 (▲85.7%)
Ordinary Income	4.0	▲62.8 (▲94.0%)
Net Income	9.0	▲33.4 (▲78.8%)

	JCC	Ex. Rate	Temp.
FY07	\$78.71/bbl	¥114.44/\$	16.6°C
FY08	\$112.32/bbl	¥105.55/\$	16.6°C
08.10~	\$105/bbl	¥105/\$	—

Performance Indicators [FY2008projection]

	TEP	Operating Cash Flow	ROA	ROE	D/E Ratio	Impact of Slide Time Lag
FY06	¥53.8bil	¥233.8bil	5.9%	13.2%	0.66	+¥7.2bil
FY07	¥1.7bil	¥184.9bil (06~07 ¥418.7bil)	2.5%	5.4%	0.73	-¥70.2bil
FY08 (Projection)	-¥37.8bil	¥150.0bil (06~08 ¥568.7bil)	0.5%	1.2%	0.86	-¥103.5bil
FY10(*)	¥51.0bil	06~10 ¥1,120bil	5.5%	10.9%	0.6	—

(*) Current medium term management plan target

■TEP=After-tax, pre-interest-payment profit – capital cost
WACC FY07: 3.6% FY08(projection) 3.4% FY10(target) 3.8%

FY2008 Use of Cash Flow

Capital Investments	Main projects
Tokyo Gas: ¥106.9billion (+¥14.6bn, +15.7%)	Production Facilities: ¥11.4billion (Negishi Terminal BOG Facilities etc)
	Pipeline Facilities: ¥78.5billion New Trunk Lines: Chiba-Kashima, Chuo, New Negishi-Yokohama New Service Lines Maintenance (Exchange Lines)
	Business Facilities: ¥17billion (IT)
Consolidated Subsidiaries: ¥35.1billion (-¥10.6bn, -23%)	Tokyo LNG Tanker Co., Ltd. : LNG Vessels Energy Advance Co., Ltd. : Co-generation Plants
Total: ¥142billion (+ ¥4billion, +2.9%)	

Other Investments & Loans: ¥43billion

(Power Generations<Kawasaki, Ohgishima>, Pluto Gas Field, etc.,)

Dividend & Share Buy Back: ¥31.2billion (Dividend: ¥8/share)

FY2008 Funding Plan

(Billion yen)

Required Fund		Fund Source		
CAPEX	142.0	Internal Funding	Depreciation	141.0
Other Invest. & Loans	43.0		Ordinary Income	4.0
Dividend & Tax	36.5		Others	- 52.5
Share Buy Back	10.1		Total	92.5
Repayment (Non-Consolidated)	37.9 (10.0)	Outside Funding (Non-Consolidated)		177.0 (174.0)
Total	269.5	Total		269.5

※Interest Bearing Debt : ¥669billion (c.f. FY2007: +¥110.3billion, +19.7%)



2Q FY2008 Business Highlights



2Q FY2008 Business Highlights

- **Continued growth in gas sales volume**

(c.f. 2Q FY2007 +264mil m³、+4.1%)

- **Start up of Kawasaki Natural Gas Power Generation (April 2008)**

→ Second plant commenced operation in October 2008

(Total generation capacity: 800,000 kW)

- **No. 6 LNG Vessel “Energy Navigator” in service (June 2008)**

→ LNG transportations for Australia, Malaysia, Sakhalin II Projects

- **Privatization of Sendai-City’s Gas Business**

→ Final decision in Feb 2009

- **Pluto Gas Field**

On schedule (30% of the project is completed, to be commenced in 2010)

- **Ohgishima Power Plant**

On schedule (Construction started Oct.07, commencement March 2010)

2Q FY2008 Segment Information

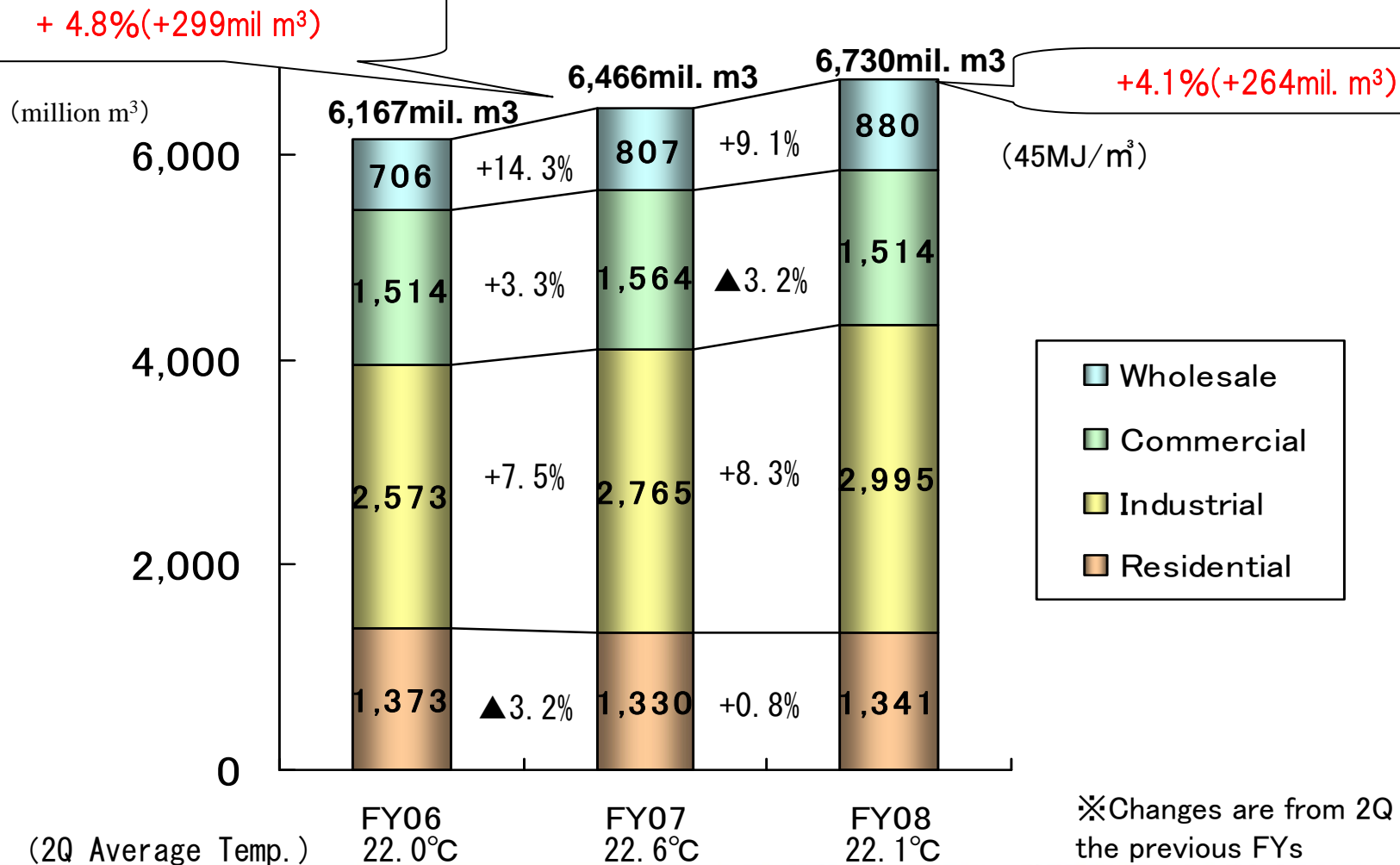
(billion yen)

	Total Sales		Operating Income	
	2Q FY08	2Q FY07	2Q FY08	2Q FY07
Gas Sales	553.7 (+85.8)	467.9	11.8 (▲42.7)	54.5
Gas Appliances	57.3 (+2.5)	54.8	1.8 (-)	1.8
Related Construction	20.7 (▲2.1)	22.8	▲0.9 (▲0.1)	▲0.8
Real Estate	17.8 (+0.3)	17.5	4.8 (+0.5)	4.3
Others	168.4 (+28.5)	139.9	4.6 (+1.1)	3.5
Total	818.2 (+115.1)	703.1	22.2 (▲41.2)	63.4
Internal set-offs, etc.	▲78.2 (▲12.0)	▲66.2	▲31.7 (▲1.5)	▲30.2
Consolidated	740.0 (+103.1)	636.9	▲9.5 (▲42.6)	33.1

Sales include internal transactions. Operating income does not include operating expenses that cannot be allocated.

2Q FY2008 Performance: Gas Sales

Gas Sales ¥553.7billion (+¥85.8bn,+18.4%)
Operating Income ¥11.8billion (- ¥42.7bn, -78.4%)



2Q FY2008 Gas Sales Volume by Sector

Residential : 1,341mil m3 (+11mil. m3, +0.8%)

- **Increase by lower temperature**
Average temp. 22.1°C (▲0.5°C)
+22mil.m3 (+1.6%)
- **Increase in no. of customers**
+21mil m3 (+1.6%)
- **Others** -32mil. m3 (-2.4%)
Energy conservation etc.
- **Strategic appliances (non-consolidated)**

(No.)	2Q FY08	c.f. 2Q FY07	%
High-tech gas cooker	40,085	+5,913	+17.3%
Efficient Water Heater	32,008	-978	-3.0%
Sauna	8,541	+27	+0.3%
Residential cogen.	1,728	+240	+16.1%

Commercial 1,514mil. m3 (- 50mil.m3, -3.2%)

- **Decrease in air-conditioning demand by lower temp.** -27mil. m3 (-1.7%)
- **Others** -23mil. m3 (▲1.5%)

Industrial 2,995mil m3 (+230mil m3, +8.3%)

- **Power Generation** +221mil.m3 (+7.9%)
Increase in new & existing customers
- **Other Industrial** +9mil. m3 (+0.4%)
Increase in existing customers such as steel,
food etc.; Increase in new & existing customers

Wholesale 880mil. m3 (+73mil. M3, +9.1%)

- **Increase in industrial customers of wholesale area**
+69mil m3 (+8.5%)
- **New wholesale customers** +4mil m3 (+0.6%)
Noda Gas (08/2007)、Tatebayashi Gas(11/2008)

※Changes are from 2Q FY2007

2Q FY2008: Other Performances

Gas Appliances

Sales ¥57.3bn (+¥2.5bn, +4.5%)

Operating Income ¥1.8bn (-, +3.2%)

- Increase sales in TES, GHP systems

Related Construction

Sales ¥ 20.7bn (- ¥2.1bn, -9.1%)

Operating Income - ¥0.9bn (- ¥0.1bn, -%)

- Decrease in no. of new starts because of change in construction standard law (93,000 new starts: c.f.2Q FY07, -9,000)

Real Estate

Sales ¥17.8bn (+¥0.3bn, +1.4%)

Operating Income ¥4.8bn (+¥0.5bn, +12.3%)

- Increase in rent
- Decrease in depreciation

※Changes are from 2Q FY2007

Other businesses

Sales ¥168.4bn (+¥28.5bn, +20.4%)

Operating Income ¥4.6bn (+¥1.1bn, +28.4%)

Energy Service

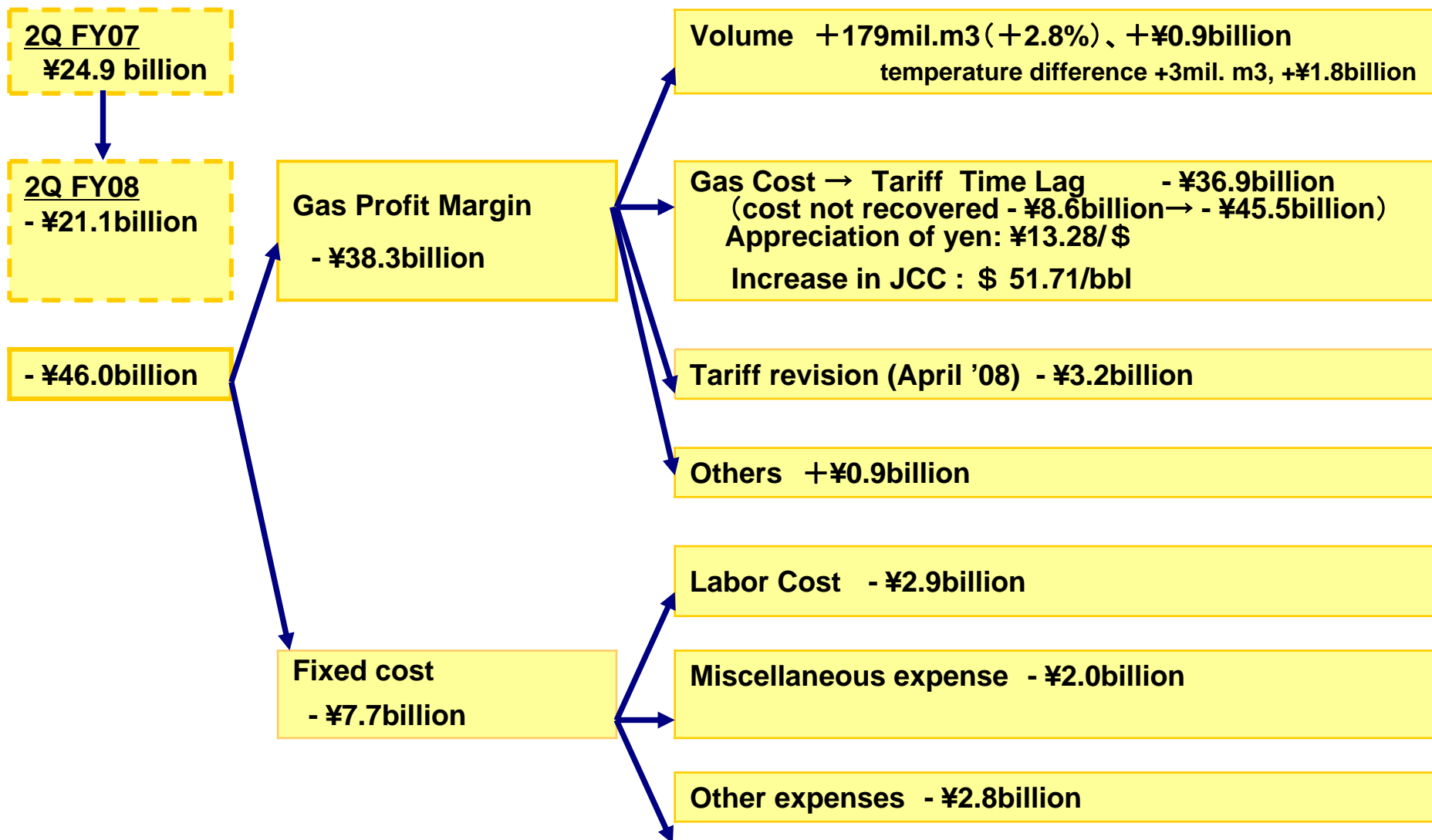
Increase in no. of customers

Time lag impact on LNG sales business

(Sales +¥15.6bn, Operating Income -¥0.6bn)

- Process Gas : Increase in price, sales volume
(Sales +¥1.7bn, Operating Income -¥0.2bn)
- LPG : Increase in price, sales volume
(Sales +¥5.7bn, Operating Income +¥0.4bn)
- Power Generation : Kawasaki Power Plant
(Sales +¥7.7bn, Operating Income +¥0.7bn)
- Engineering, Construction :
Major Pipeline construction
(Sales +¥1.2bn, Operating Income +0.7bn)

Reasons for changes in ordinary income from 2Q FY07 to 2Q FY08 (non-consolidated basis)

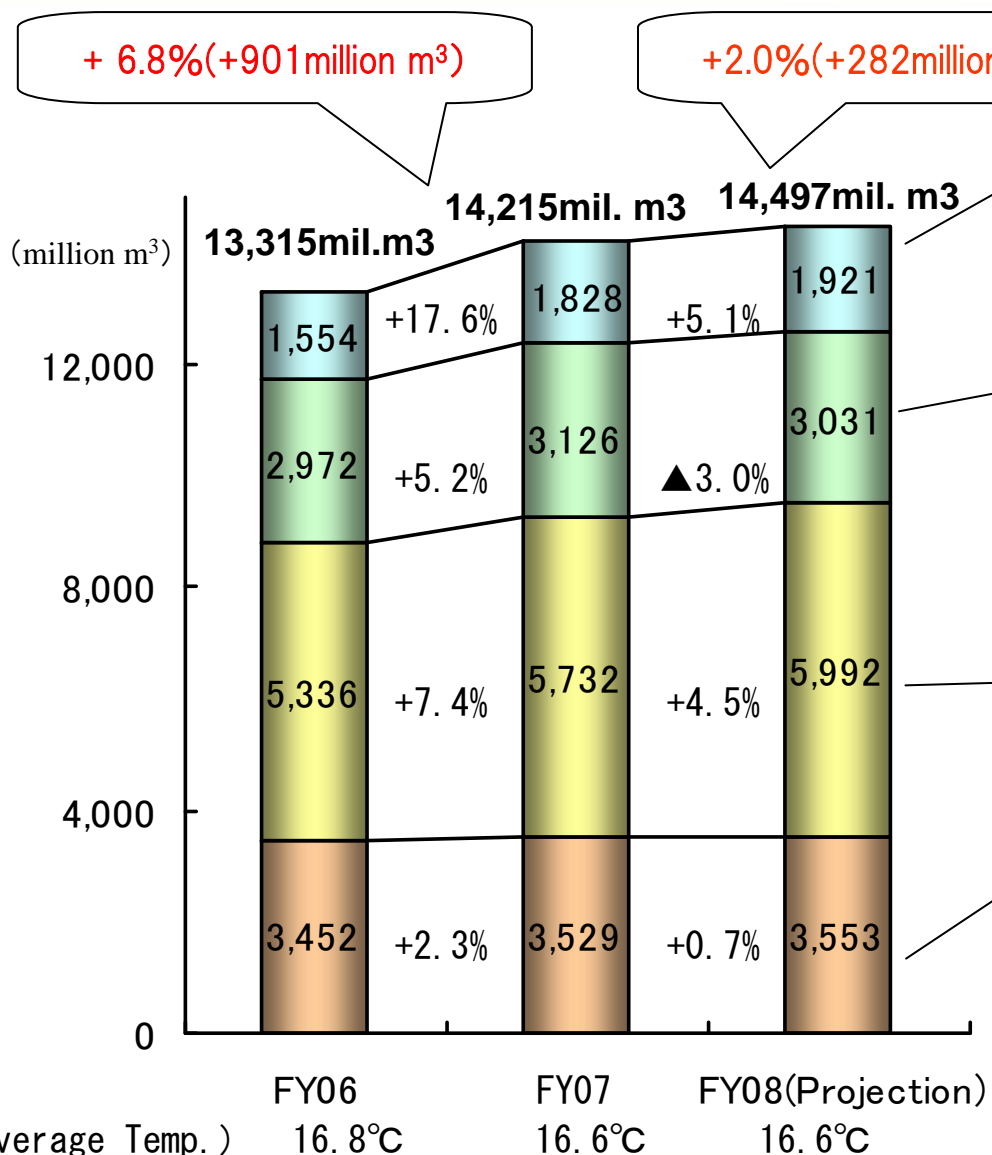




Projection for FY2008



FY2008 Gas Sales Volume



<FY07 to FY08>

Wholesale +5.1% (+93million m³)
 • Increase in new and existing customers volume of other gas companies

Commercial -3.0% (-95million m³)
 • Decrease in air-conditioning demand in summer due to lower temperature
 • Decrease in air-conditioning demand in winter due to decrease from FY07's gain from cold winter

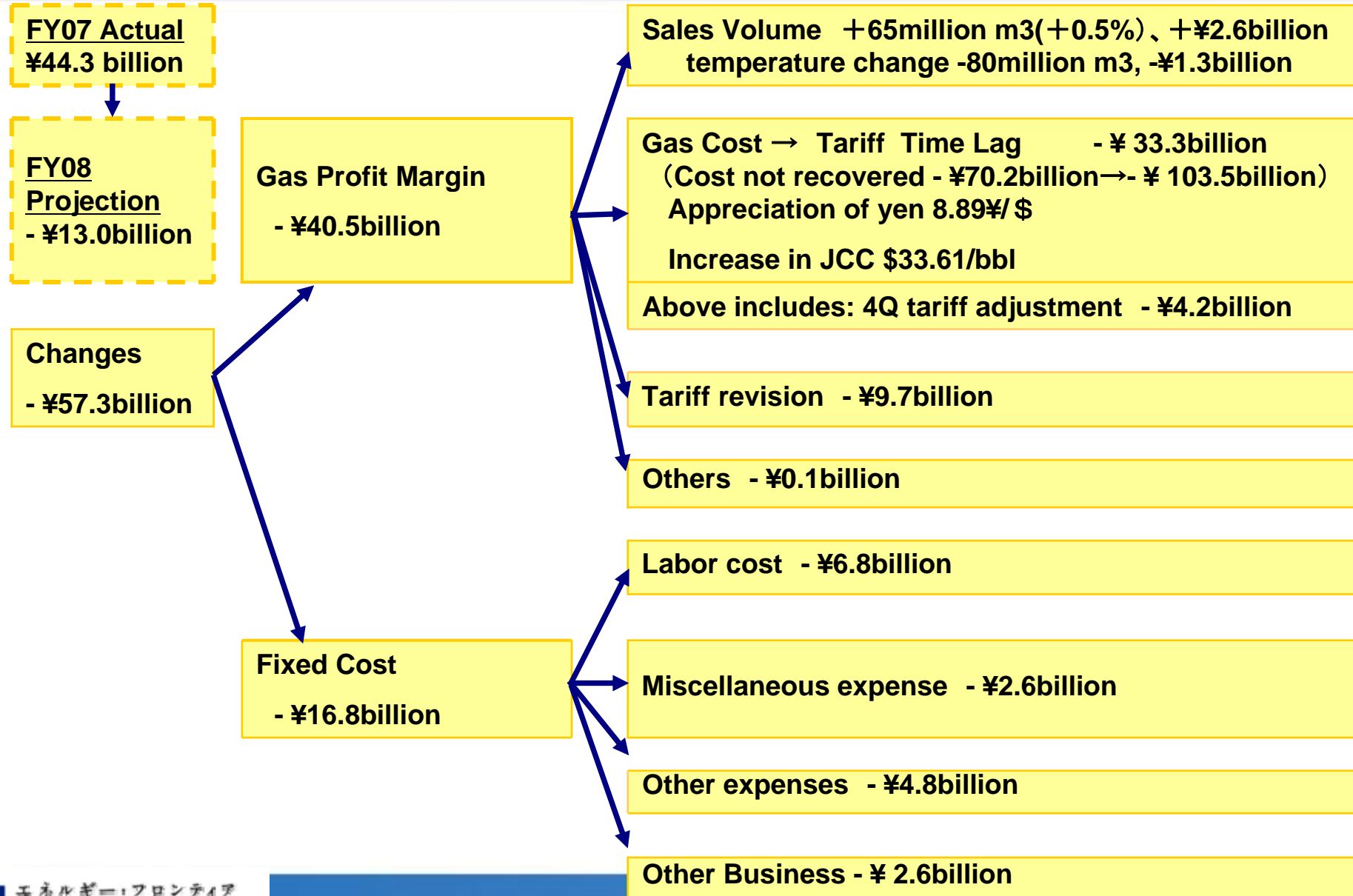
Industrial +4.5% (+260million m³)
 • Strong sales in both existing and new customers

Residential +0.7% (+23million m³)
 • Increase in no. of customers
 • Increase in hot water demand due to lower temperature

(45MJ/m³)

Note: changes are from FY2007

Reasons for changes in ordinary profit FY07 to FY08 (Non-consolidated)

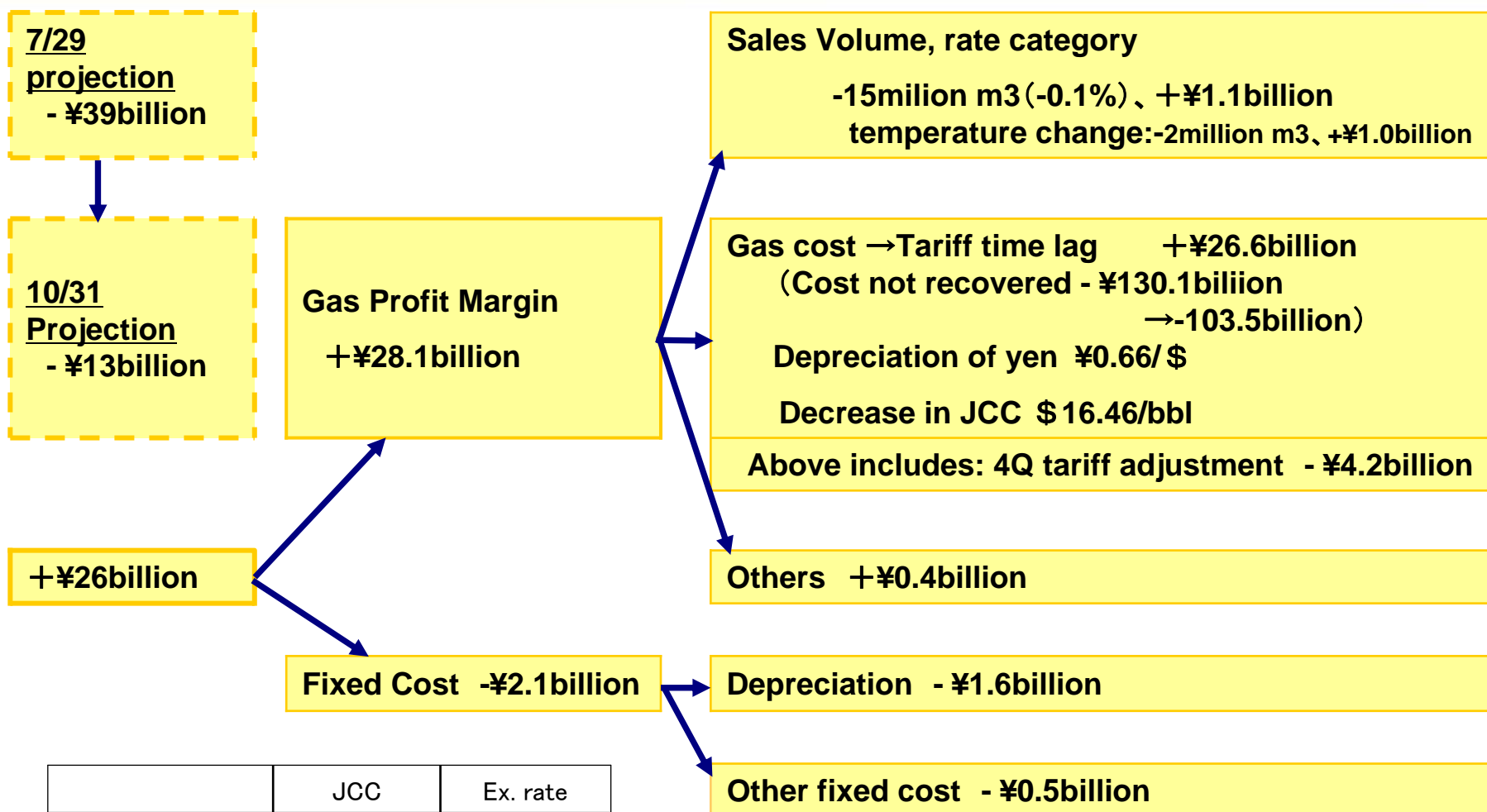




Supplementary Data



Reasons for changes in FY08 Ordinary Profit from 1Q FY08 Projection (Non-consolidated)



	JCC	Ex. rate
10/31 projection	112.32\$/bbl	¥105.55/\$
7/29 projection	128.78\$/bbl	¥104.89/\$
Change	-16.46\$/bbl	+¥0.66/\$

Performance Indicators (2Q FY2008)

(billion yen)	2Q FY08	2Q FY07	Changes
Sales	740.0	636.9	+103.1 (+16.2%)
Operating Income	-9.5	33.1	-42.6 (-128.8%)
Ordinary Income	-11.4	31.7	-43.1 (-136.1%)
Net Income	-1.6	19.8	-21.4 (-108.4%)
EPS(¥)	-0.63	7.41	-8.04
TEP	-29.4	-0.1	-29.3
Gas Volume (million m ³)	6,730	6,466	+264
JCC (\$/bbl)	119.64	67.93	+51.71
Ex. Rate (¥/US\$)	106.12	119.40	-13.28

(billion yen)	2Q FY08	2Q FY07	Changes
Total Assets (a) *	1767.2	1703.6	+63.6
Shareholders' Equity (b) *	737.3	769.0	-31.7
Equity Ratio (b)/(a) *	41.7%	45.1%	-3.4%
Outstanding Debt (c) *	676.5	558.7	+117.8 (+21.1%)
D/E Ratio (c)/(b) *	0.92	0.73	+0.19
Operating Cash Flow (d)+(e)	65.1	89.9	-24.8 (-27.5%)
Net Income (d)	-1.6	19.8	-21.4 (-108.4%)
Depreciation (e)	66.8	70.1	-3.3 (-4.6%)
CAPEX	62.7	56.0	+6.7 (+12.0%)
ROA	-0.1%	1.2%	-1.3%
ROE	-0.2%	2.5%	-2.7%

(Note.1) Denominator for EPS is average no. of shares during the period

(Note2) * indicates data as of end of March 2008 for 2Q FY07

Performance Indicators(FY08 Projection)

(Billion yen)	10/31 Projection	7/29 Projection	FY07	Change from 7/29	Change from FY07
Sales	1,781.0	1,802.0	1,487.4	-21.0 (-1.2%)	+293.6 (+19.7%)
Operating Income	10.0	-17.0	70.0	+27.0 (-%)	-60.0 (-85.7%)
Ordinary Income	4.0	-23.0	66.8	+27.0 (-%)	-62.8 (-94.0%)
Net Income	9.0	-7.0	42.4	+16.0 (-%)	-33.4 (-78.8%)
EPS(¥)	3.40	-2.66	15.94	+6.06	-12.54
TEP	-37.8	-54.2	1.7	+16.4 (-%)	-39.5 (-2323.5%)
Gas Sales Volume (mil. M3)	14,497	14,527	14,215	-30 (-0.2%)	+282 (+2.0%)
JCC (\$/bbl)	112.32	128.78	78.71	-16.46	+33.61
Ex. rate (¥/US\$)	105.55	104.89	114.44	+0.66	-8.89

(Note. 1) Denominator for EPS is average
no. of shares during the period

Performance Indicators (FY08 Projection, continued)

(Billion yen)	10/31 Projection	7/29 Projection	FY07	Change from 7/29	Change from FY07
Total Assets (a)	1,800.0	1,815.0	1,703.6	-15.0 (-0.8%)	+96.4 (+5.7%)
Shareholders Equity (b)	779.0	768.0	769.0	+11.0 (+1.4%)	+10.0 (+1.3%)
Equity Ratio (b)/(a)	43.3%	42.3%	45.1%	+1.0%	-1.8%
Outstanding Debt (c)	669.0	679.0	558.7	-10.0 (-1.5%)	+110.3 (+19.7%)
D/E Ratio (c)/(b)	0.86	0.88	0.73	-0.02	+0.13
Operating Cash Flow (d) + (e)	150.0	134.0	184.9	+16.0 (+11.9%)	-34.9 (-18.9%)
Net Income (d)	9.0	-7.0	42.4	+16.0 (-%)	-33.4 (-78.8%)
Depreciation (e)	141.0	141.0	142.4	- (-%)	-1.4 (-1.0%)
CAPEX	142.0	144.0	138.0	-2.0 (-1.4%)	+4.0 (+2.9%)
ROA	0.5%	-0.4%	2.5%	+0.9%	-2.0%
ROE	1.2%	-0.9%	5.4%	+2.1%	-4.2%