

FY2009
Financial Results ended
March 31, 2010

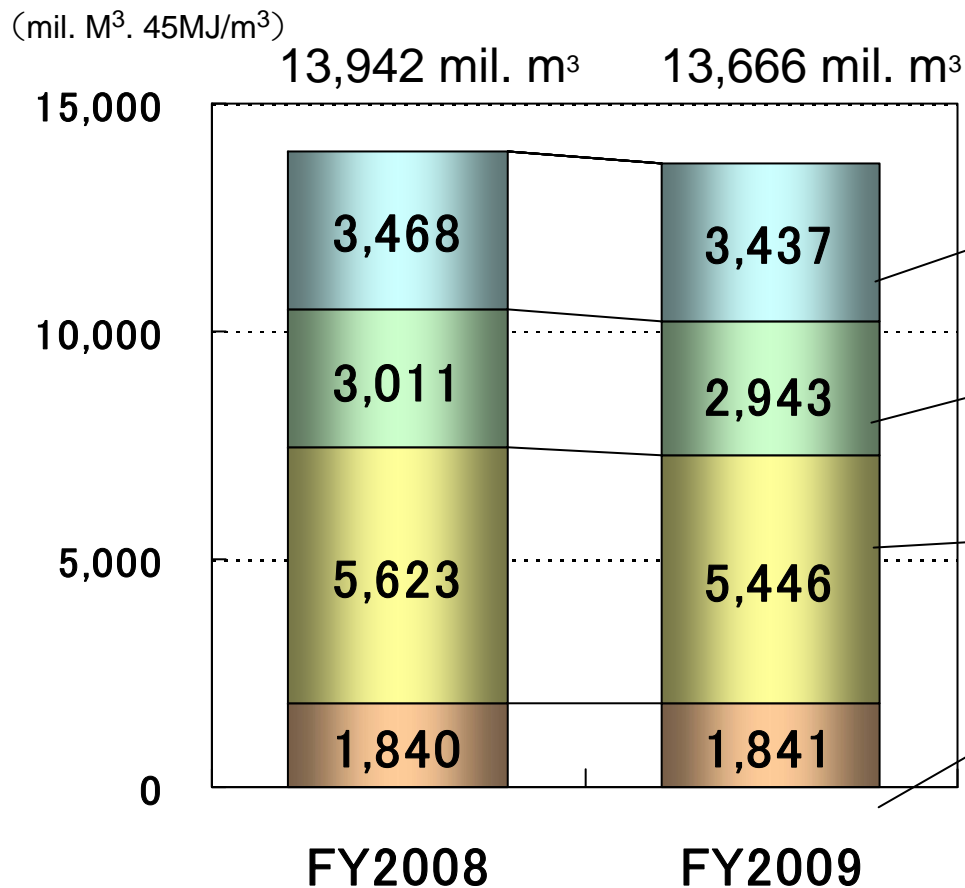
Tsuyoshi OKAMOTO
President

April 28, 2010

FY2009

Consolidated Financial Results ended March 31, 2010

【 Gas Business 】 Gas Sales Volume (comparison with FY08)



Average temperature (16.6°C)

(16.5 °C)

(rounded at million m³)

< Change: FY08 → FY09 >

Total - 276 mil.m³ (-2.0 %)
 (large vol. supply -161 mil.m³ (-2.3%))

Residential - 31mil.m³ (-0.9 %)

Commercial - 68mil. m³ (-2.3 %)

Industrial -177mil.m³ (-3.1%)

Wholesale + 1mil.m³ (0.0 %)

Number of customers (10 thousand)

FY08	FY09	chg.	%
1,051	1,064	13	+1.2%

Financial Highlights: FY2009 Full Year Results

Sales decreased but profit increased (from FY2008)

➤ Gas Sales Volume: (-) 13,666 million m3 (-2.0% Y.O.Y.)

Though demand began to pick up in 2H, sales excluding wholesale decreased due to low temperature in 1H and also to the stagnant economy.

➤ Sales: (-) Due to the decrease in gas sales volume, oil price decline, and stronger yen

➤ Operating Income : (+) Sliding time lag effect to offset negative pension fund actuarial differences

(100 million yen)

	FY2009	FY2008	Change	%
Sales	14,157	16,601	-2,444	-14.7
Operating Income	852	652	+200	+30.7
Ordinary Income	835	583	+252	+43.2
Net Income	537	417	+120	+28.9
ROA	3.0%	2.4%	-	-
ROE	6.8%	5.4%	-	-

Sliding time lag effect(*)	+57	-318	+375	—
Amortization of actuarial differences(*)	-320	-204	-116	—

(*)non-consolidated basis

Economic conditions

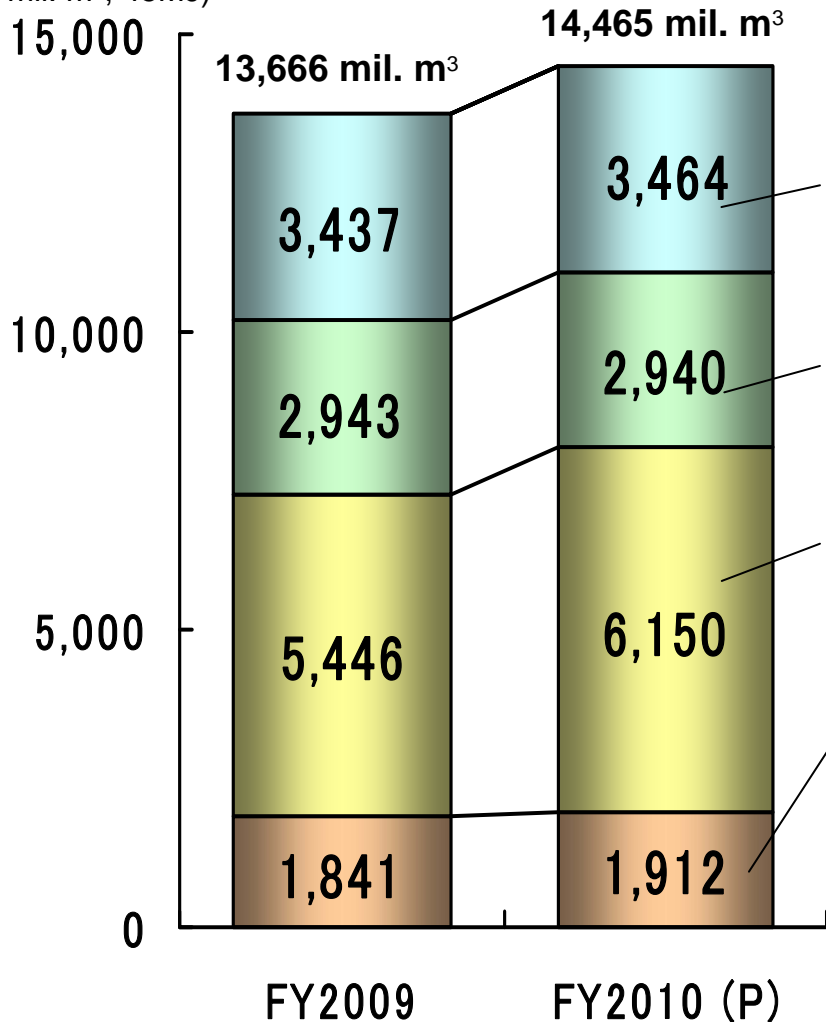
	Crude oil \$/bbl	Ex. Rate (¥/\$)
FY09	69.38	92.89
FY08	90.52	100.71

Projections for FY2010

Gas Sales Volume Outlook

(comparison with FY2009)

(in mil. m³, 45MJ)



< Outlook for change: FY09→FY10 >

Total +799 mil. m³ (+5.8%)

Residential +27 mil. m³ (+0.8%)

Commercial -3 mil. m³ (-0.1%)

Industrial +704 mil. m³ (+12.9%)

Wholesale +71 mil. m³ (+3.9%)

(rounded at million m³)

Average temperature (16.5°C) (16.8 °C)

Projection for FY2010

Increase both in sales and profit expected in comparison with FY09 results

- Gas sales volume (+): new demand development, and maintenance/ expansion of existing demand.
- Sales (+): gas sale volume and unit price (gas cost adjustment) increase
- Operating income (+): Positive pension fund actuarial difference to offset negative sliding time lag

(100 million yen)

	Projection for FY10	FY09	Change	%
Sales	15,510	14,157	+1,353	+9.6
Operating Income	1,080	852	+228	+26.7
Ordinary Income	1,020	835	+185	+22.1
Net Income	650	537	+113	+20.9
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

Economic conditions

	Crude oil price (\$/bbl)	FX rate (yen/\$)
FY10	80.00	95.00
FY09	69.38	92.89

Profit sensitivity to changes in oil price and FX rate
(full business year, non-consolidated)

	Gross profit (100 mil. yen)
(+)1\$/bbl	▲9
(+)1yen/\$	▲9

Business Update

and

Challenges

Environmental policy trend

	Main challenges
Basic draft law of countermeasures against global warming (March, 2010 cabinet decision)	<ul style="list-style-type: none"> ➤ CO2 reduction targets(cf;1990): 2020 :-25% 2050: -80% ➤ Foundation of domestic emissions trading system ➤ Introduction of tax for controlling global warming (2011) ➤ Full purchase system for renewable energy ➤ Achievement of 10% ratio of renewable energy in primary energy
Review of basic energy plan (June, 2010 cabinet decision scheduled)	<ul style="list-style-type: none"> ➤ Mid/long-term directionality of energy policy to ensure 3 Es (i.e., Energy Security, Economy, and Environment) ➤ Ratio of nationally secured energy resources:70% ➤ Natural gas: An important energy source for low carbon society <ul style="list-style-type: none"> → Promotion of shift to the natural gas (fuel change, co-generation, fuel cell promotion)
Ministry of Environment “ Working committee for mid/long-term actions against GHG emissions”	

Gas Business

➤ Residential gas marketing

(10 thousand, non-consolidated basis)

	FY08	FY09(%)	FY10 (P)(%)
No. of newly built houses in supply area	29.4	25.8(-12.2)	24.2(- 6.2)
No. of newly connected customers	21.2	18.7(-11.7)	15.7(-16.0)

Major policies	FY09	FY10 targets
Competition against all-electric housings (All-electric housing rates of newly built houses in Tokyo Gas supply area)	12%	12%
Residential fuel cell “ENE-FARM”	Number of units sold : 1,500 (Number of units ordered: 2,100)	Number of units sold: 2,500 Development of the next model
LIFEVAL (Establishment of sales/service outlets)	Establishment of 63 outlets in Oct.	Development of local community-based marketing

Gas Business

➤ Expansion of business and industrial demand

Industrial gas sales volume (including supply for power generation) (mil. m³, 45MJ/m³)

	1Q	2Q	3Q	4Q	Full Year	Y.O.Y. (%)
FY07	1,316	1,449	1,496	1,471	5,732	+7.4
FY08	1,489	1,506	1,419	1,209	5,622	-1.9
FY09	1,195	1,364	1,377	1,511	5,446	-3.1
FY10 (P)	1,453	1,580	1,564	1,553	6,150	+12.9

Note: Total number might not be consistent with summation, due to rounding.

Major policies	Actions
New demand development	Demand development in 200km radius of Tokyo Demand development along Gunma trunk line, and gas sales through LNG tank trucks, etc.
Expansion of ESCO business	Promotion of energy service Start of energy conservation diagnosis service (FY09)
For small and medium-sized business use	"Cool kitchen" sales expansion (started in FY09)

Gas Business

➤ Natural gas infrastructure maintenance

Major policies	FY09	FY10 target
Trunk line construction	Gunma trunk line completed (Mar.2010)	Chuo (central) trunk line phase 2 (May 2010)
Production facility	Ohgishima No. 4 LNG storage tank, construction started (Nov. 2009)	
Hitachi LNG Terminal, Ibaraki-Tochigi Trunk Line	Discussions started for forwarding construction schedule (Dec.09)	Detailed FS, Discussions with municipality

➤ Acceleration of safety measures

(non-consolidated)

Major policies	FY09	FY10 target	ref. FY08
Replacement acceleration of old pipelines (length)	166km	147km	130km
Replacement of unsafe gas appliances	180,000 units implemented (FY07-09, cumulative)		

Integrated Energy Business

➤ Electricity business

Power plant	Generation capacity	Investment ratio	TG capacity	Operation date
Tokyo Gas Baypower	100MW	100%	100MW	Oct. 2003
Tokyo Gas Yokosuka Power	240MW	75%	180MW	June 2006
Kawasaki Natural Gas Power Generation	840MW	49%	400MW	April 2008
Ohgishima Power	810MW	75%	620MW	March 2010 (1st unit) July 2010 (2nd unit)
Tokyo Gas Power Generation Capacity (Total, FY2010 end)	-	-	1,300MW	-

➤ Upstream & Overseas businesses

Business	Progress situation of projects	Schedule
The upstream business	Dividend implementation from Darwin PJ Capital contribution to Gorgon PJ decided Progress of Pluto PJ construction work	Jan. and April 2010 Sept. 2009 First cargo in early 2011
Overseas business	Investment decision for Mexican IPPs	Dec. 2009
LNG procurement	Basic agreement with a non-conventional type LNG(CBM) project	March 2010

2009-2013 mid-term management plan

Progress Situation

Progress situation of mid-term management plan

< Operating cash flow >

(in 100 million yen)

FY09-10 total (generated cash)	Current Outlook	Mid term management plan	Change
Net income	1,187	920	+267
Depreciation	2,991	3,080	- 89
Total	4,178	4,000	+178

FY09-10 total (expenditure)	Current Outlook	Mid term management plan	Change
CAPEX, investments and loans	3,866	4,390	-524
Return to shareholders	602	430	+172
Reduction of interest bearing debts, etc.	-290	-820	+530
Total	4,178	4,000	+178

Factors which could affect the mid-term management plan operating cash flow

< Negative Factors >

- Protracted recession : Still under influence in FY10
- Construction of Hitachi LNG terminal ahead of original schedule
 - Can be absorbed by restraining other CAPEX, investments and loans
(Depreciation begins after FY2015)

< Positive Factors >

- Raw materials procurement cost :
 - Price negotiations are steadily under way
- Influence by pension fund actuarial difference
 - Risk reduction by reviewing portfolio

Return to shareholders in FY2009

➤ The return to shareholders increased in line with profit increase :

26.4 bil. yen → 32.3 bil. yen

➤ Implementation of a dividend increase

【 Dividend 】

▪ A dividend increase (1.0 yen/share)

8.0 yen → 9.0 yen/share

【 Share buybacks 】

▪ Amt of share buybacks in FY10

8.0 bil. Yen (2.2+5.8^(*1))

【 Total payout ratio 】

▪ The total payout ratio in FY09 is 60.1% (c.f. Target in mid-term plan : 60%)

$$\begin{array}{rcl}
 \text{Total payout ratio} & & \text{Amt of dividend in FY09(*2)} \quad + \quad \text{Amt of share buybacks in FY10} \\
 60.1\% & = & \frac{24.3 \text{ bil. yen} \quad + \quad 8.0 \text{ bil. yen}}{\text{Consolidated net income in FY09 : 53.7 bil. yen}}
 \end{array}$$

(*1) Including 5.8 billion yen for purchase caused by absorption of subsidiary
(implementation in April) / repurchased shares are planned to be cancelled

(*2) Total of mid-term and year-end dividend for FY09

Segment Information FY09 Results

(Billions of yen)

	Sales		Operating Income	
	FY09	FY08	FY09	FY08
Gas	1,045.5 (-212.0, -16.9%)	1,257.5	127.3 (+16.5, +14.9%)	110.8
Gas Appliances	126.0 (+3.7, +3.0%)	122.3	2.3 (+0.3, +12.0%)	2.0
Installation Work	44.3 (-4.7, -9.6%)	49.0	-0.6 (+0.4, -.-%)	-1.0
Real Estate Rental	33.7 (-1.9, -5.4%)	35.6	7.2 (-0.2, -2.0%)	7.4
Other	317.8 (-45.9, -12.6%)	363.7	15.2 (+1.8, +12.8%)	13.4
Total	1,567.4 (-261.0, -14.3%)	1,828.4	151.4 (+18.7, +14.1%)	132.7
Cancellation	-151.7 (- , -.-%)	-168.2	-66.3 (- , -.-%)	-67.5
Consolidated	1,415.7 (-244.4, -14.7%)	1,660.1	85.2 (+20.0, +30.7%)	65.2

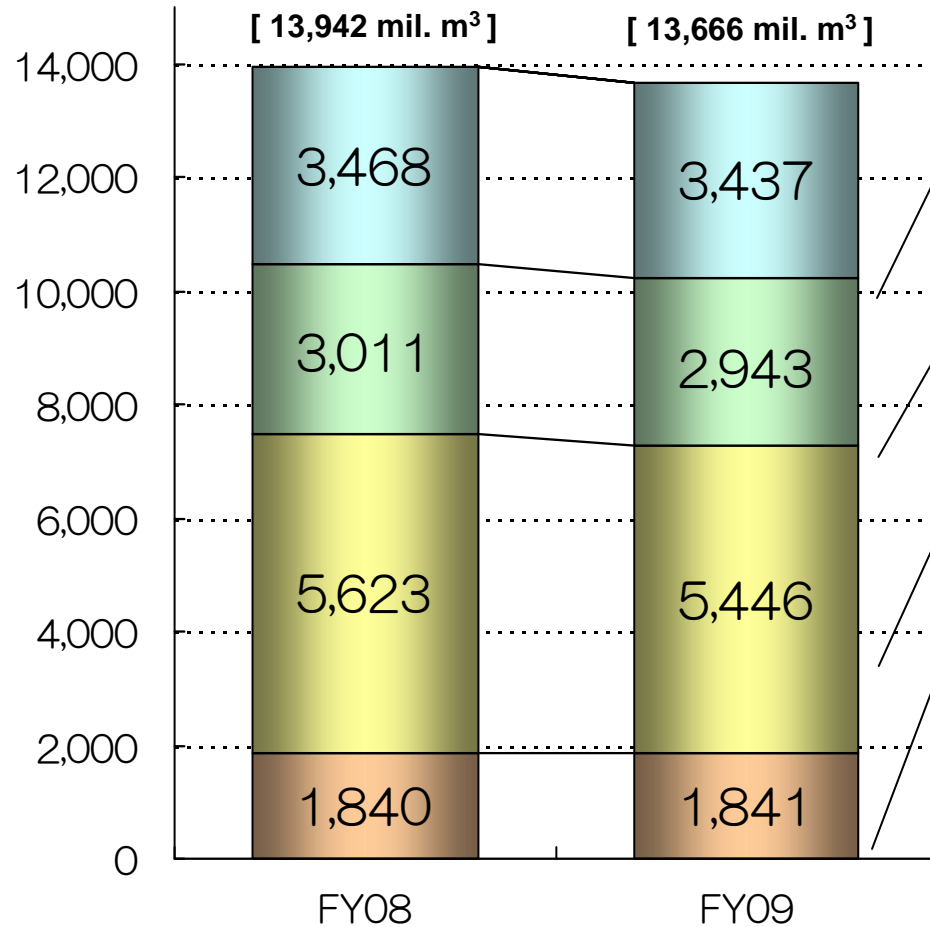
Notes: 1. Sales include internal transactions. Operating income does not include operating expenses that cannot be allocated.

2. Numbers in parentheses refer to comparisons with FY08.

Gas Segment: Gas Sales Volume

mil.m³
45MJ

FY08 → FY09 (Changes)



(rounded to nearest million m³)

Total **-276 mil. m³ (-2.0%)**
[Including Large volume -161mil.m³ (-2.3%)]

Residential -31 mil. m³ (-0.9%)

- Up by temp. effect & Increase in no. of customers
- Down by energy-saving trend

Commercial -68 mil. m³ (-2.3%)

- Up by new customers & increased operation rate
- Down by energy-saving trend

Industrial -177 mil. m³ (-3.1%)

- Decreased operation rate due to economic slump

Wholesale +1 mil. m³ (+0.0%)

- Drop in existing demand
- Increased demand for large-volume customers

Number of Customers (10 thousand)

FY08	FY09	Change	%
1,051. 3	1,063. 7	12.4	+1.2%

Gas Segment: Residential Gas Sales Volume

3,437 mil. m³ (-31 mil. m³ -0.9%)

- Increase in no. of customers (+1.2%) & Vacancy rate (drop in working meter ratio)(-0.5%) } +24 mil. m³ (+0.7%)
- No. of days decreased -15 mil. m³ (-0.4%)
- Heating demand increased by lower temp. in 2nd half +11 mil. m³ (+0.3%)
- Energy-saving trend, etc. -51 mil. m³ (-1.5%)

	FY09	FY08	Change	
No. of housing starts *1	18.7	21.2	-2.5	-11.7%
No. of customers*2	1,063.7	1,051.3	+12.4	+1.2%
Gas sales volume per meter *3	381.8	388.8	-7.0	-1.8%
	[382.6]	[388.3]	(-5.7)	(-1.5%)
Working meter ratio *4	90.4%	90.9%	-0.5%	

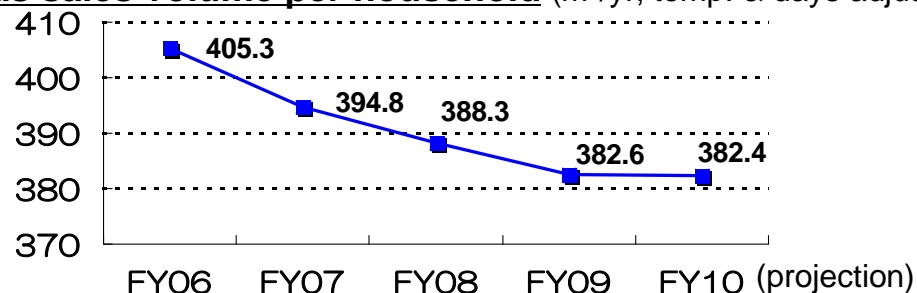
*1 Unit 10 thousand (Non-consolidated)

*2 Unit 10 thousand (Consolidated)

*3 Numbers in parentheses refer to adjusted data by temp. effect and no. of days (Non-consolidated)

*4 Definition: No. of working meters divided by no. of meters installed, Year-average (Non-consolidated)

Gas sales volume per household (m³/yr, temp. & days adjusted)



Gas Segment: Commercial, Wholesale Gas Sales Volume

Commercial

2,943 mil. m³ (-68 mil. m³ -2.3%)

- Air-conditioning demand increased by temp. effect & no. of days +12 mil. m³ (+0.4%)
- New customers increased & Some of existing customers in full operation +18 mil. m³ (+0.6%)
- Demand drop in existing customers, etc. -98 mil. m³ (-3.3%)

Commercial(Non-consolidated)	FY09	FY08	Change	
No. of Customers [10thousand]	61.3	61.7	▲0.4	▲0.7%
No. of Working Meters [10 thousand]	46.7	47.6	▲0.9	▲1.9%
Working Meter Ratio (Year-Average)	76.0%	77.2%	▲1.2%	

Wholesale

1,841 mil. m³ (+1 mil. m³ +0.0%)

- Demand drop in existing customers & other city gas companies
- Demand recovery in large-volume customers
(Other city gas companies -7 mil. m³, large-volume customers +8 mil. m³)

Gas Segment: Industrial [1] Gas Sales Volume

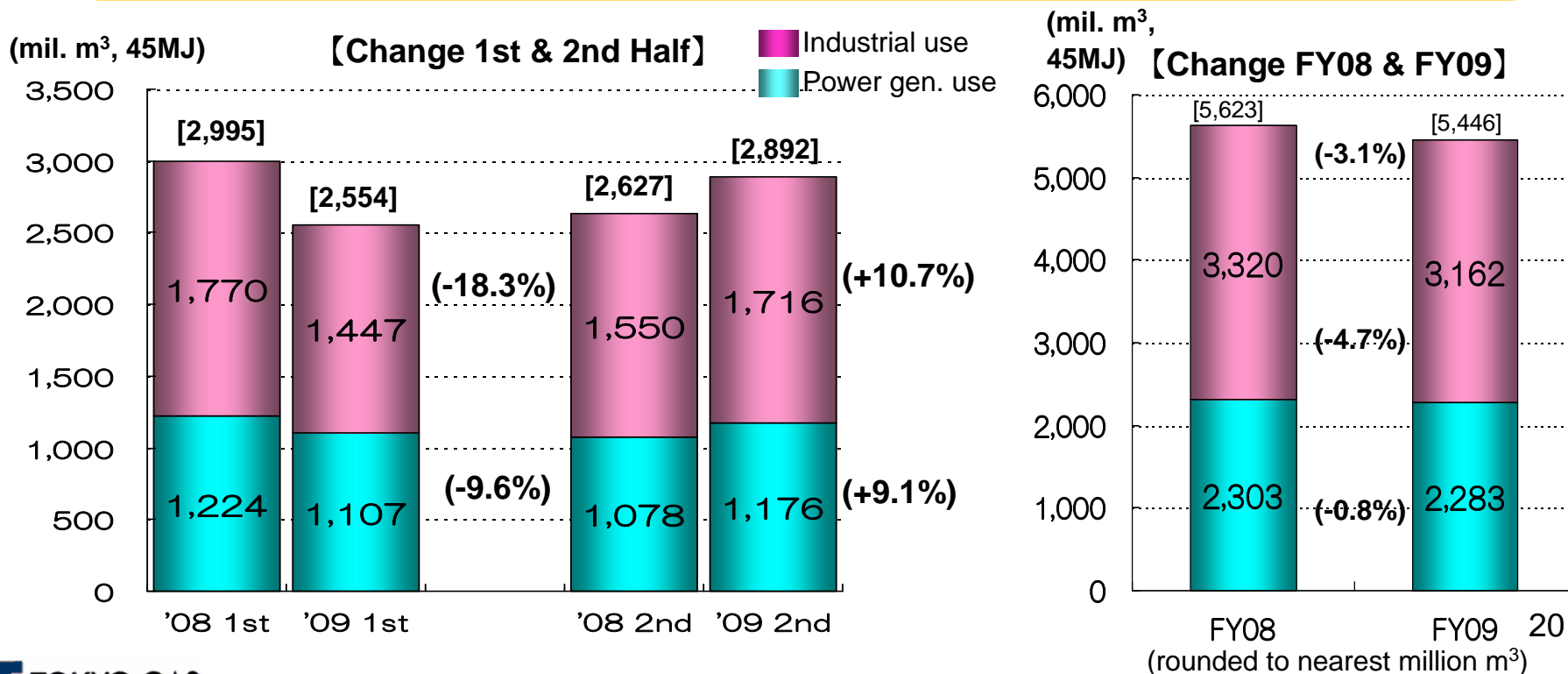
5,446 mil. m³ (-177 mil. m³ -3.1%)

Industrial use (excluding power generation use)

(1st half) -323 mil. m³ (-18.3%) With economic recovery, demand is returning
 (2nd half) +166 mil. m³ (+10.7%) in various sectors, mainly in steel and chemical.

Power generation use

(1st half) -117 mil. m³ (-9.6%) Periodical maintenance & decreased operation
 (2nd half) +98 mil. m³ (+9.1%) ratio of IPP & PPS affected 1st half result.
 Economic recovery led to increased demand.



Gas Segment: Industrial [2] (Non-Consolidated)

Gas Sales Volume: Breakdown according to industrial categories

Unit: mil.m3		FY09			FY08			Change			Change ratio		
		1st half	2nd half	Total	1st half	2nd half	Total	1st half	2nd half	Total	1st half	2nd half	Total
Industrial Use	Food	254	245	498	277	269	546	-23	-25	-48	-8.3%	-9.2%	-8.8%
	Textiles	16	19	36	18	17	35	-2	2	0	-11.1%	12.9%	0.4%
	Paper & Pulp	105	105	210	125	114	239	-20	-9	-29	-16.3%	-7.7%	-12.2%
	Chemicals	325	369	694	365	318	683	-40	51	11	-11.0%	16.1%	1.6%
	Ceramics	78	86	164	85	78	163	-7	8	1	-7.7%	10.2%	0.8%
	Steel	178	314	491	316	215	530	-138	99	-39	-43.6%	46.2%	-7.3%
	Nonferrous Metals	69	76	146	76	68	143	-6	8	2	-8.0%	12.5%	1.7%
	Machinery	194	219	413	242	208	451	-48	11	-38	-19.9%	5.0%	-8.4%
	Other	158	190	347	194	187	381	-37	3	-34	-18.8%	1.6%	-8.8%
	Subtotal	1,377	1,622	3,000	1,698	1,474	3,172	-321	149	-172	-18.9%	10.1%	-5.4%
Power Generation	952	1,001	1,952	1,139	969	2,108	-187	32	-156	-16.5%	3.3%	-7.4%	
Total	2,329	2,623	4,952	2,837	2,443	5,280	-508	181	-327	-17.9%	7.4%	-6.2%	

Non-Gas Segment [1]

Gas Appliances

Unit: billion yen

- Sales: 126.0 (+3.7, +3.0%), Operating income: 2.3 (+0.3, +12.0%)
- Increased sales due to newly consolidated subsidiaries (LIFEVAL companies)
- Increased sales of fire alarms upon obligation legislation with regard to installation safety requirements

Installation Work

- Sales: 44.3 (-4.7, -9.6%), Operating income: -0.6 (+0.4, -.-%)
- Decreased sales due to lower housing starts

Real Estate Rentals

- Sales: 33.7 (-1.9, -5.4%), Operating income: 7.2 (-0.2, -2.0%)
- Decreased rental income in spite of improved occupancy rate in Shinjuku Park Tower [80% to 86%]

Numbers in parentheses refer to comparisons with FY08.

Non-Gas Segment [2]

Other Segment

Unit: billion yen

Revenue: Sales: 317.8 (-45.9, -12.6%), Operating Income: 15.2 (+1.8, +12.8%)

Energy-service: Sales: 80.5 (-27.4, -25.4%), Operating income: 2.6 (+0.9, +51.6%)

- Increased operating income due to decreased resource costs in district heating & cooling.
- Increased operating income due to improved LNG sales margin

LPG & Industrial Gas: Sales: 53.6 (-23.3, -30.3%), Operating income: 2.5 (+0.8, +47.4%)

Power gen.: Sales: 28.0 (-2.3, -7.5%), Operating income: 1.6 (+2.5, -.-%)

- Increased operating income due to reduction in resource costs

Shipping: Sales: 16.5 (+0.7, +4.7%), Operating income: 1.3 (-1.5, -54.9%)

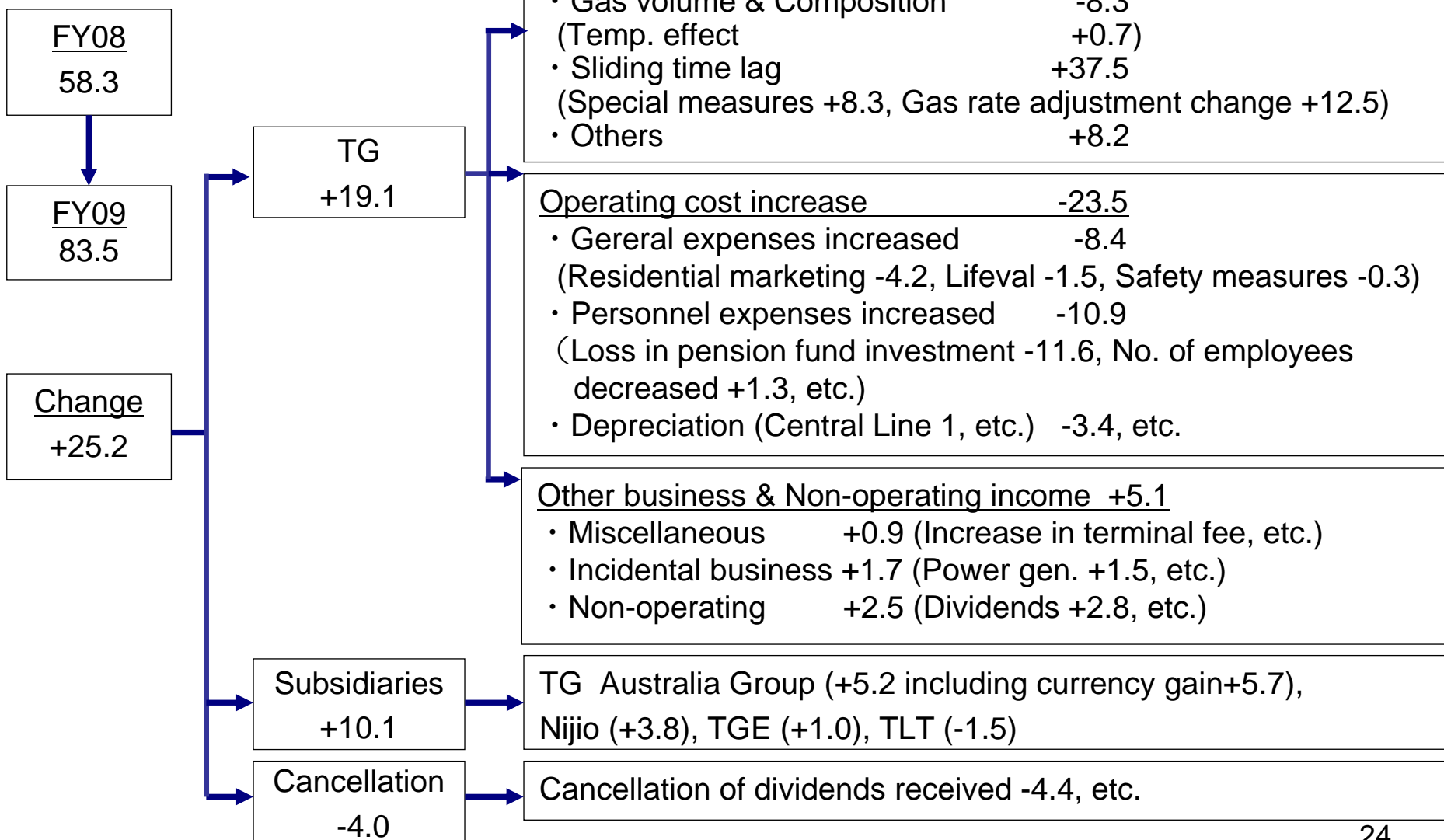
- Increased depreciation costs due to new vessel in service

Numbers in parentheses refer to comparisons with FY08.

FY2009 Ordinary Income

Unit: billion yen

Change from FY2008



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

FY2010 Projection

Segment Information FY2010 Projection

(Unit: billion yen)

	Sales		Operating Income	
	FY2010 Projection	FY2009 Result	FY2010 Projection	FY2009 Result
City Gas	1,156.0 (+110.5,+10.6%)	1,045.5	124.3 (+10.7, +9.4%)	113.6
Gas Appliances & Installation Work	168.3 (-1.2, -0.7%)	169.5	-1.8 (-3.4, -.-%)	1.6
Other Energy	218.1 (+616,+39.3%)	156.5	-8.7 (+1.9, +27.7%)	6.8
Real Estate Rental	33.6 (-0.1, -0.3%)	33.7	6.1 (-1.1, -16.3%)	7.2
Other	163.2 (-0.3, -0.2%)	163.5	13.0 (+4.7, +54.8%)	8.3
Cancellation	-188.2 (, -.-%)	-153.1	-42.3 (, -.-%)	-52.6
Consolidated	1,551.0 (+135.3, +9.6%)	1,415.7	108.0 (+22.8 +26.7%)	85.2

Notes 1. Sales include internal transactions.

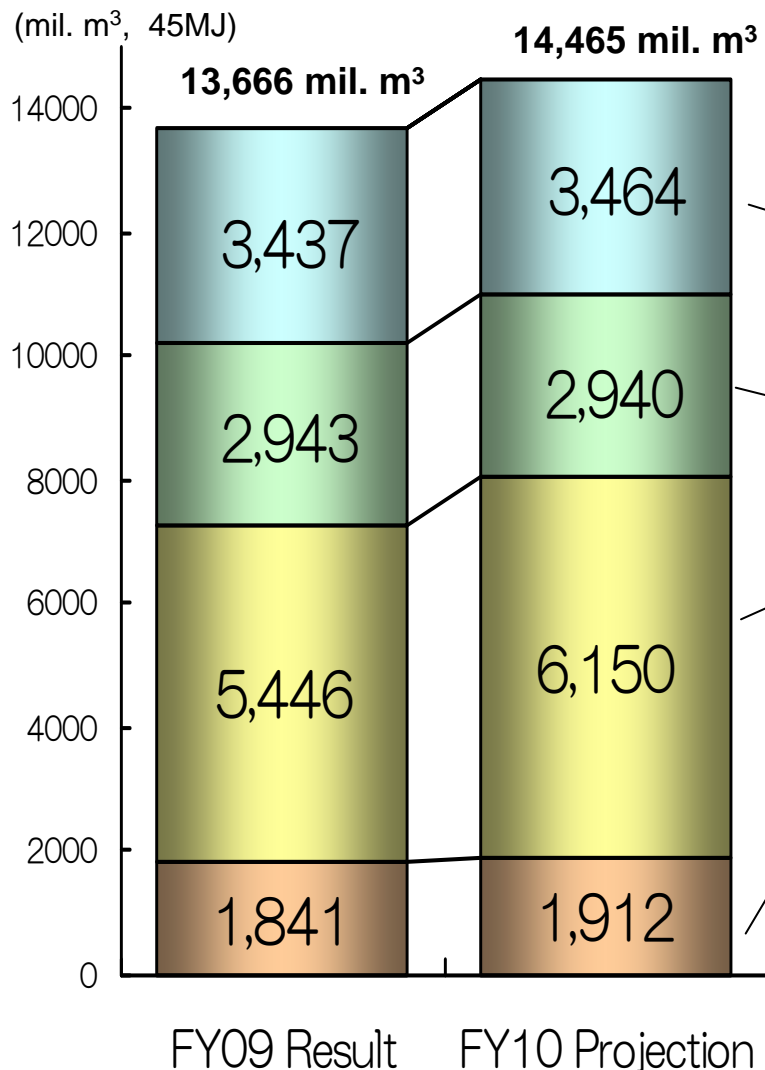
2. Numbers in parentheses refer to comparisons with FY09.

3. Numbers specified above are approximate ones according to new categories to be disclosed by the end of FY10

4. Other Energy: Energy-service, Electric Power, LPG, Industrial gas, etc.

5. Other : Construction & Engineering, Credit & Lease, System Engineering, etc.

Gas Sales Volume Projection (Change from FY09)



FY09 → FY10 Projection (Changes)

Total	+799 mil. m³ (+5.8%)
Residential	+27 mil. m³ (+0.8%)
<ul style="list-style-type: none"> • Increase in no. of customers • Volume per meter decrease due to energy-saving trend 	
Commercial	-3 mil. m³ (-0.1%)
<ul style="list-style-type: none"> • Demand drop in existing customers • Energy-saving trend 	
Industrial	+704 mil. m³ (+12.9%)
<ul style="list-style-type: none"> • Demand increased by energy conversion • Ohgishima Power gen. in operation • Lower operation rate of existing demand. 	
Wholesale	+71 mil. m³ (+3.9%)
<ul style="list-style-type: none"> • Demand increase of other gas companies' customers, etc. 	

(rounded to nearest million m³)

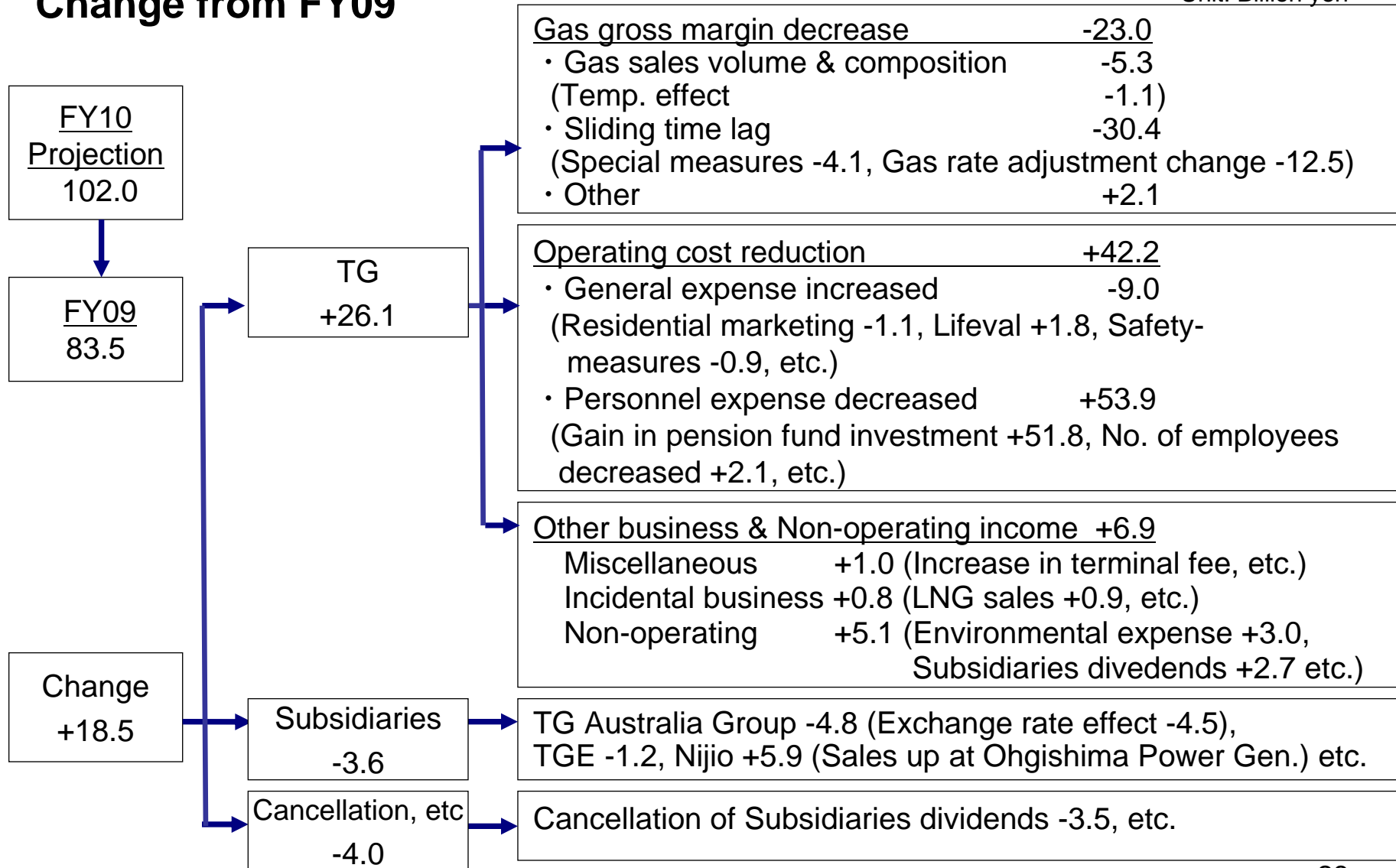
Avg. temp (16.5°C)

(16.8°C)

FY2010 Ordinary Income Projection

Change from FY09

Unit: Billion yen



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

FY2010 Major Risk Factors

Gas Resource Purchase Price Fluctuation Risk

Unit: Billion yen

Exchange rate: Appreciation of 1JPY/USD decreases 5.5 of gas resource purchase cost and decreases 4.6 of gas sales, ending up with gas gross margin of 0.9 increase.

Crude oil: Depreciation of 1USD/bbl decreases 4.6 of gas resource purchase cost and decreases 3.7 of gas sales, ending up with gas gross margin of 0.9 increase.

Gross margin sensitivity	1Q	2Q	3Q	4Q	Annual
Exchange (1JPY/USD Appreciation)	+0.1	-0.1	0.0	+0.9	+0.9
Crude Oil (1USD/bbl Depreciation)	-0.0	+0.1	+0.7	+0.2	+0.9

Temperature Fluctuation Risk

Temperature affects the volume of gas sales as follows.

Impact of 1°C temp. rise	Summer (June – Sept.)	Winter (Dec. – Mar.)	Other (Apr., May, Oct., Nov.)	Annual
Change rate	-0.0%	-2.2%	-1.7%	-1.4%

Pension Fund Actuarial Difference Risk

The pension fund portfolio changes from FY2010 to be composed of more long-term bonds, and offsets the fluctuation of pension asset against the fluctuation of projected benefit obligation to reduce pension fund actuarial difference.

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FY2010 Use of Cash Flow

Capital Expenditure	Main Projects
<u>Tokyo Gas:</u> 106.6 (-5.7, -5.3%)	Production Facilities: 10.9 (-3.1) Ohgishima terminal LNG storage tank, Vaporizer, etc.
	Pipeline Facilities: 71.0 (-7.4) New Trunk & Service Line, Maintenance (Existing lines, etc.)
	Business Facilities, etc.: 24.7 (+4.8) IT Facilities, etc.
<u>Consolidated</u> <u>Subsidiaries:</u> 50.1 (+8.6, +20.7%)	Ohgishima Power (+18.7) Tokyo LNG Tanker (-5.1), etc.
Total 155.0 (+6.8, +4.4%, after cancellation)	

Note: Numbers in parentheses refer to comparisons with FY09. Unit: billion yen

Other Investments & Loans: 56.2 (Overseas business, etc.)

Dividends & Share Buybacks: 33.5 (Keeping total payout policy of 60%)

*** Aggregate total: FY09 year-end dividends, FY10 interim dividends
& FY10 aggregate total of share buybacks**

FY2010 Funding Plan (Consolidated)

Unit: billion yen

Required Funds		Source of Funds		
Capex	155.0	Internal Funding	Depreciation	153.0
Other Investment & Loans	55.0		Ordinary Income	102.0
Dividends & Tax	67.0		Others	-54.0
Share Buybacks	8.0		Total	201.0
Repayment	55.0	Outside Funding		139.0
(Non-consolidated)	(38.0)	(Non-consolidated)		(109.0)
Total	340.0	Total		340.0

Interest-bearing debt: End of FY09: 555.9 billion yen, End of FY10: 646.0 billion yen

Notes: 1. CP, which will be issued and redeemed by the end of FY10, is not included.

2. Other Investment & Loans is the total of invested input minus repayment of loans.

Tokyo Gas Co., Ltd.

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.