



Financial Results ended March 31, 2011



April 28, 2011

Hello, and thank you for coming to today's briefing.

(Earthquake Impact)

Before reporting on our results, I would first like to discuss the impact of the Great East Japan Earthquake on Tokyo Gas.

In terms of direct damage within our service area, service was interrupted for approximately 30,000 customers, mostly in the area covered by the Hitachi branch, but as a result of our urgent recovery efforts, gas service was restored more quickly than initially anticipated, with all customers reconnected within roughly one week after the earthquake.

Otherwise, the impact of the earthquake was limited, with no major damage to our production and supply facilities, but supply chains were disrupted with the halt to the flow of parts from the Tohoku region, and with rolling blackouts and other inconveniences related to the accident at Tokyo Electric's Fukushima Daiichi Nuclear Power Station, the direct and indirect impact on our customers was enormous.

We recognize that as Japan recovers from this earthquake, Tokyo Gas has a very important social mission as a provider of energy to the Tokyo metropolitan area. As expectations toward natural gas rise because of its stability of supply and environmental compatibility, we will do our utmost to meet society's expectations toward natural gas by progressing further toward our stated goal of operating an "integrated energy business centering on natural gas."

Now I would like to move on to summarize our fiscal 2010 results and our projections for fiscal 2011.

Consolidated Financial Results ended March 31, 2011 and FY2011 Forecast



FY2010 Full Year Financial Results

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Financial Highlights (sales and profit grew from FY2009)

(+/- indicates profit impact, billion yen)

- Net sales** : + Gas sales grew (+90.9; incl. gas sales volume +54.5, higher resource costs led to increase in unit price (non-consolidated) +36.4)
 + Electricity sales volume grew with Ohgishima Power Station commencement (+42.2)
 + Energy-service sales grew (+19.1)
- Operating income** : + Personnel expenses decreased on lower amortization of actuarial differences in pension accounting (+51.9)
 - Gas resource costs increased (-103.6)
- Operating income** : - Decreased foreign exchange gains at overseas subsidiaries, etc. (-4.7)
 + Expense for environmental consideration decreased (+3.0),
 Gains on weather derivatives (+1.4)
- Net income** : + Extraordinary income from sale of land in Toyosu (+39.7)*
 - Extraordinary loss due to Loss on valuation of securities (-2.1)* * Before-tax basis
 - Extraordinary loss due to Increase in expenses related to earthquake recovery (-3.2)*
 (Unit: billion yen)

	FY2010	FY2009	Change	%		
Gas sales volume (mil. m3 , 45MJ)	1,474.5	1,366.6	107.9	+7.9		
Net sales	1,535.2	1,415.7	119.5	+8.4		
Operating expenses	1,412.7	1,330.4	82.3	+6.2		
Operating income	122.4	85.2	37.2	+43.7		
Ordinary income	121.5	83.5	38.0	+45.5		
Net income	95.4	53.7	41.7	+77.5		
Sliding time lag effect (non-consolidated basis)	-29.2	+5.7	-34.9	-		
Amortization of actuarial differences (non-consolidated basis)	+19.9	-32.0	+51.9	-		
Economic conditions	JCC (\$/bbl)	Ex. rate (¥/\$)	Avg. temperature (°C)	Pension assets	Investment yield (costs deducted)	Discount rate
FY2010	84.14	85.74	16.7	FY2010	2.70 %	2.0 %
FY2009	69.40	92.89	16.5	FY2009	7.16 %	2.1 %

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This slide summarizes our fiscal 2010 results.

Net sales rose ¥119.5 billion, or 8.4%, to ¥1,535.2 billion. In addition to an increase in gas sales volume, higher unit prices associated with a rise in gas resource costs led to a ¥90.9 billion increase in gas sales, and with the commencement of operations at the Ohgishima Power Station, electricity sales grew as well.

On the other hand, operating expenses grew ¥82.3 billion, or 6.2%, to ¥1,412.7 billion, which included a ¥103.6 billion increase in city gas resource costs associated with higher crude oil prices. This was partially offset by a ¥51.9 billion decrease in personnel expenses from lower amortization of actuarial differences in pension accounting.

As a result, operating income rose ¥37.2 billion, or 43.7%, to ¥122.4 billion. Non-operating income included a ¥4.7 billion decrease in foreign exchange gains, primarily at Australian subsidiaries, but with gains from weather derivatives resulting from the hot summer and the absence of the previous year's expenses for environmental considerations, ordinary income grew ¥38.0 billion, or 45.5%, to ¥121.5 billion.

In addition, an extraordinary gain of ¥39.7 billion was recorded in association with the sale of land in Toyosu to the Tokyo municipal government in March, while extraordinary losses included a ¥2.1 billion loss on valuation of securities and ¥3.2 billion in expenses related to earthquake recovery. As a result, after deducting corporate taxes, net income rose ¥41.7 billion, or 77.5%, to ¥95.4 billion. These results marked the first revenue growth in two years and the second consecutive year of profit growth, and net income was the second highest recorded, after fiscal 2006.

The sliding time-lag effect at Tokyo Gas on a non-consolidated basis produced a ¥29.2 billion shortfall in fiscal 2010, following a ¥5.7 billion surplus in fiscal 2009, for a ¥34.9 billion negative impact on operating income. At the same time, amortization of actuarial differences in pension accounting had the effect of increasing personnel expenses by ¥32.0 billion in fiscal 2009, but reduced personnel expenses by ¥19.9 billion in fiscal 2010, for a ¥51.9 billion improvement.

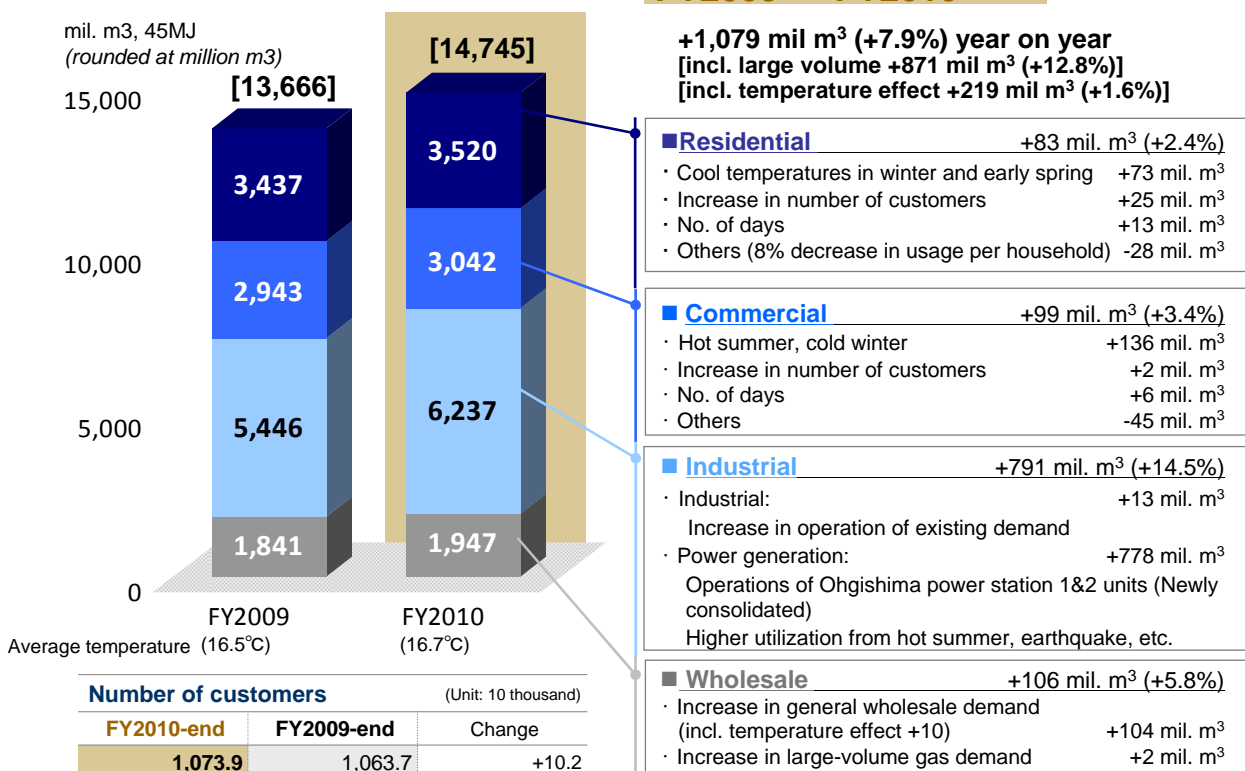
The investment yield on pension assets in fiscal 2010 was 2.7%, which was 0.7 percentage points above the anticipated yield of 2.0%. Nevertheless, the discount rate used to calculate the present value of future pension obligations was 0.1 percentage point below the previous year's rate, resulting in a ¥2.7 billion write-off of actuarial differences in pension accounting being reflected in personnel expenses for fiscal year 2011.

Consolidated Gas Sales Volume (Apr. 1, 2010 – Mar. 31, 2011)

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FY2009 → FY2010



3

Gas sales volume rose 7.9%, to 14,745 million m³, as residential demand increased on low temperatures in the early spring, the hot summer increased demand for air conditioning, and the commencement of operations at the Ohgishima Power Station created new demand for electrical power generation. Of the 1,079 million m³ year-on-year increase, we estimate that 219 million m³, or 1.6%, was caused by temperature effect.

The residential sector recorded an 83 million m³, or 2.4%, increase in gas sales volume, to 3,520 million m³. In addition to an increase in the number of customers, water-heating demand increased because of cooler temperatures in the early spring and at the end of the fiscal year.

The commercial sector saw increased demand for air conditioning because of hot summer temperatures, and gas sales volume grew 99 million m³, or 3.4%, to 3,042 million m³.

Gas sales volume at the industrial sector increased 791 million m³, or 14.5%, to 6,237 million m³, on increases in demand for electrical power generation at the Ohgishima Power Station, for general industrial use in line with the gradual economic recovery, and for electrical power generation associated with the hot summer and the earthquake.

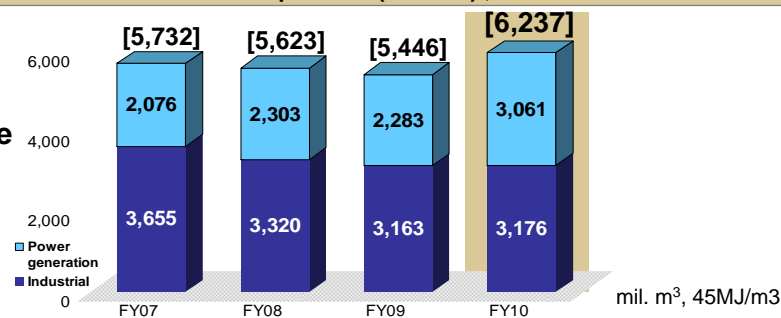
The wholesale sector recorded a 106 million m³, or 5.8%, increase in gas sales volume, to 1,947 million m³, on increased in wholesale demand.

Gas Sales Volume by use

Residential · Commercial · Industrial · Wholesale

	Specific Details
Residential	[No. of new customers] Slightly lower than the previous year's level (Results shifted from 187 thousand (FY2009) to 182 thousand (FY2010): 2.5% lower) [Gas sales volume per household after standardization] No. of people per household declined, Decreased due to prevail of energy conservation devices (381.95m ³ /year -> 378.91m ³ /year -0.8%) [No. of all-electric housing] Newly built houses: approx. 15%; existing houses shifted to all- electric: approx. 11,000 (-2,000 houses year on year)
Commercial	- Hot summer increased demand for air conditioning (+4.6% year on year) - Proposed energy service with best combinations of electricity and heat - Opened CHU-BO SHIODOME, a showroom for commercial kitchen (October 2010), promoted "SUZUCHU", a comfortable commercial kitchen with gas appliances
Industrial	[Industrial] Gradual economic recovery to 90% level compared before Financial Crisis 2008 [Power generation] Ohgishima Power Station No. 1 & 2 units commencing operations, Increase in demand triggered by the Great East Japan Earthquake
Wholesale	- Increase in the no. of business operators (26 -> 27) , Increase in wholesale demand

Transition of industrial-use gas sales volume



Slide four highlights gas sales by use.

In the residential sector, the number of new customers was 182 thousand, which was 2.5% fewer than in the previous year, holding the increase in gas sales volume from an increase in the number of customers to 0.7%. Gas sales volume per household (per meter), standardized for temperature effects, declined 0.8% on a decrease in the number of people per household, the increased use of energy conservation devices, and an increase in multiple dwelling buildings with superior heat and air-conditioning retention. The portion of newly build houses within our service area using all-electric systems was approximately 15% in fiscal 2010, but the number of existing houses shifting to all-electric declined to roughly 11,000, compared with roughly 13,000 in fiscal 2009.

The level of gas sales to the commercial sector, excluding temperature effects, declined from the previous year. Although we strove to defend gas demand by proposing energy services with the best combinations of electricity and heat, opening a commercial showroom, and promoting sales of SUZUCHU, a comfortable commercial kitchen with gas appliances that produce less heat, competition with electricity remained intense with pushes for heat pumps in air conditioning and all-electric kitchens.

In the general industrial sector, excluding electrical power generation, demand showed signs of a recovery in fiscal 2009 following the Financial Crisis in the fall of 2008, but weakness continued as the economy stalled again in fiscal 2010, and in the fourth quarter demand had recovered to 90% of the pre-financial crisis (i.e. fiscal 2007) level. For breakdowns of gas sales volume by industrial categories and by quarter, please refer to slides 14 and 15 later.

- Increasing return to shareholders in line with increase in net income
FY2009: ¥32.3 billion → FY2010: ¥ 58.1 billion
- Maintaining 60% total payout ratio

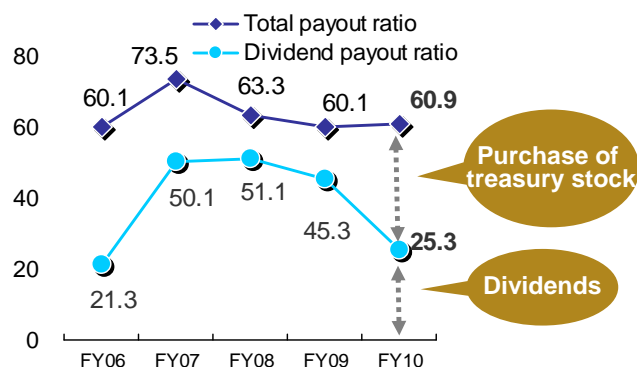
Calculation

Total payout ratio
60.9%

$$\begin{array}{r}
 \text{FY2010 Dividend} \\
 \text{¥24.1 billion}
 \end{array}
 +
 \begin{array}{r}
 \text{FY2011 Purchase of} \\
 \text{treasury stock} \\
 \text{¥ 34.0 billion}
 \end{array}
 =
 \frac{\text{FY2010 Consolidated net income}}{\text{¥95.4 billion}}$$

* Number of shares outstanding: 2,684,193,295 (as of March 31, 2011)

Change in total payout ratio



Next, I would like to explain our policy regarding returns to shareholders in light of fiscal 2010 results.

For fiscal 2009, we raised the dividend by ¥1 per share, to a ¥9 per share full-year dividend, and we intend to maintain that level for fiscal 2010. Based on our basic policy of maintaining a 60% total payout to shareholders, in addition to ¥24.1 billion in dividend payments, we intend to purchase treasury stock in the amount of ¥34.0 billion, and to quickly retire those shares after acquiring them during fiscal 2011. As a result, with the dividend payment and the retirement of treasury stock, the total payout ratio is scheduled to be 60.9%.

Next, I would like to explain our forecasts for fiscal 2011.

FY2011 Forecast (Apr. 1, 2011 – Mar. 31, 2012)

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Highlights (Excluding impact by the Great East Japan Earthquake) Sales growth, profit decline

- (+/- indicates profit impact, billion yen)
- Net sales** : + City gas sales volume increased by higher unit price ((non-consolidated) +177.4) under the gas rate adjustment system (+185.4)
 - : + Sales volume in "Other energy" segment increased (+45.0) thanks to higher electricity sales (+13.8), LNG sales (+23.1), etc.
 - Operating income** : - Increased gas resource costs reduced city gas profit (-41.4)
 - : - Personnel expenses increasing as decline in amortization of actuarial differences in pension accounting dissipates (-22.6)
 - Ordinary income** : - Decrease in Australian subsidiary's foreign exchange gains (-2.1)
 - Net income** : - Decrease in extraordinary income caused by dropped gain from sale of land of Toyosu (-39.7 before tax)

(Unit: billion yen)

	FY2011	FY2010	Change	%
Gas sales volume (mil. m³, 45MJ)	1,462.4	1,474.5	-12.1	-0.8
Net sales	1,752.0	1,535.2	+216.8	+14.1
Operating expenses	1,695.0	1,412.7	+282.3	+20.0
Operating income	57.0	122.4	-65.4	-53.5
Ordinary income	52.0	121.5	-69.5	-57.2
Net income	33.0	95.4	-62.4	-65.4
Sliding time lag effect (non-consolidated basis)	-55.9	-29.2	-26.7	-
Amortization of actuarial differences (non-consolidated basis)	-2.7	+19.9	-22.6	-

(Unit: billion yen)

Gross margin sensitivity to changes in oil price and EX rate (yearly and quarterly)	Economic conditions (Full Year)					JCC (\$/bbl)					Ex. rate (¥/\$)	Avg. temp. (°C)	
	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Avg.			
\$1/bbl Impact on rising JCC	0	0	-8	-4	-12	FY2011	110	115	120	120	116.25	85.00	16.7
¥1/\$ Impact on yen depreciation	-3	3	0	-15	-15	FY2010	84.14					85.74	16.7

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This slide shows our forecasts for fiscal 2011. As the impact of the Great East Japan Earthquake on gas sales volume is difficult to quantify at this time, we have not included that in our forecasts. We will strive to quantify the impact going forward, and will revise our forecasts as necessary.

Based on the recent trend of high prices, our assumptions for crude oil prices are \$110/barrel in the first quarter, \$115/barrel in the second quarter, and \$120/barrel in the third and fourth quarters, for an average rate of \$116.25 for the year. Our exchange rate assumption for the year is ¥85/dollar.

We are forecasting a 121 million m³, or 0.8%, decline in gas sales volume to ¥14,624 million m³, from the absence of the temperature effect seen in fiscal 2010. Nevertheless, with an anticipated rise in unit price under the gas rate adjustment system, we are forecasting a ¥216.8 billion, or 14.1%, increase in net sales, to ¥1,752.0 billion.

In terms of operating expenses, with the rise in crude oil prices we expect a ¥226.9 billion increase in gas resource costs, and with a projected increase in amortization of actuarial differences in pension accounting, we are forecasting a ¥282.3 billion, or 20.0%, increase in operating expenses, to ¥1,695.0 billion.

As a result, our forecast for operating income is for a ¥65.4 billion, or 53.5%, decline to ¥57.0 billion. In non-operating items, we anticipate a ¥4.1 billion decrease in foreign exchange gains at Australian subsidiaries, and are forecasting a ¥69.5 billion, or 57.2%, decline in ordinary income, to ¥52.0 billion. In the absence of the extraordinary gain from the sale of land in Toyosu recorded in fiscal 2010, we are forecasting a ¥62.4 billion, or 65.4%, decline in net income, to ¥33.0 billion.

The main components of the projected ¥65.4 billion decline in operating income are ¥26.7 billion from a negative sliding time-lag effect, a ¥22.6 billion increase in amortization of actuarial differences in pension accounting, and a ¥6.9 billion deterioration in supplementary income including LNG sales and electricity sales caused by higher resource costs.

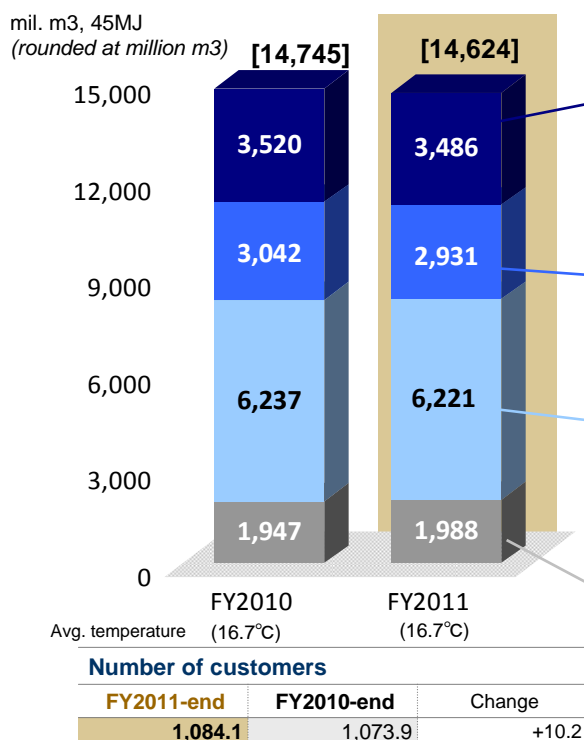
The sensitivity in terms of operating income from changes in framework assumptions for resource costs is shown at the bottom-left of Slide 6. This shows the approximate full-year amount of impact on income if the crude oil price were to rise ¥1/barrel or the yen were to depreciate ¥1/\$ throughout each quarter.

Gas Sales Volume Full Year Forecast <vs. FY2010>



<Excluding effects by the Great East Japan Earthquake>

<FY2010 results → FY2011 forecast>



-121 mil. m³ (0.8%)
 [incl. large volume -62 mil. m³ (0.8%)]
 [incl. temperature effect -155 mil. m³ (1.1%)]

Residential	-34 mil. m³ (-1.0%)
• Temperature	-60 mil. m ³
• No. of days	+12 mil. m ³
• No. of customers	+35 mil. m ³
• Others (0.6% decrease in usage per household)	-21 mil. m ³
Commercial	-111 mil. m³ (-3.6%)
• Temperature	-90 mil. m ³
• No. of days	+7 mil. m ³
• Others	-28 mil. m ³
Industrial	-16 mil. m³ (-0.3%)
• Industrial (excl. power generation)	+83 mil. m ³ (Mild recovery of economic environment)
• Power generation	-99 mil. m ³ (Drop caused by hot summer)
Wholesale	+41 mil. m³ (+2.1%)
• Increase in general wholesale demand (incl. temp. -5)	+49 mil. m ³
• Decrease in large-volume gas demand	-8 mil. m ³

Slide seven shows our gas sales volume forecasts for fiscal 2011. We are forecasting a 121 million m³, or 0.8%, decline to 14,624 million m³, but this is mainly because of a projected 155 million m³, or 1.1%, decline because of temperature effect.

In the residential sector, we are forecasting a 1.7% decline from the absence of the temperature effect seen in fiscal 2010, and a 0.6% decline after temperature standardization to reflect the long-term trend of a decline in gas volume per household, but with a 1.0% increase from an increase in the number of customers. As a result, we are forecasting a 34 million m³, or 1.0%, decline to 3,486 million m³.

We are forecasting a 111 million m³, or 3.6%, decline at the commercial sector, to 2,931 million m³, in the absence of the previous year's hot summer and the increasing trend toward energy conservation.

In the industrial sector, we are forecasting an 83 million m³ increase in general industrial demand in line with the gradual economic recovery, but we expect electrical power generation use to decline 99 million m³, for an overall decline of 16 million m³, or 0.3%, to 6,221 million m³. We are also forecasting a 41 million m³, or 2.1%, increase at the wholesale sector, to 1,988 million m³, on growing wholesale demand.

(Variable elements that are not reflected in our forecast)

- **Increased use for natural gas fired power generation, increased utilization of cogeneration**

(+)	(+)
Increase in industrial-use gas sales volume	Improvement in supplementary income (LNG sales, electric power sales)
- **Weak economy from delayed recovery in distribution supply chain, tighter supply-demand for electricity**

(-)	(-)
Decline in industrial, commercial gas sales volume	Decline in appliance sales
- **Tighter supply-demand for electricity, electricity-saving effect**

(+)	(-)
Increase in gas sales volume for air conditioning	Decline in gas sales volume for residential and commercial demand for air conditioning
- **Curtailed electrification offensive**

(+)	(+)
Decline in number of existing houses shifted to all-electric	Decline in all-electric housing rates of newly built houses
(+)	(+)
Increase in residential gas sales volume	Improvement in income from appliances
- **Decline in operation of disaster-affected customers' facilities**

(-)	(-)
Decline in industrial use, contracted gas sales volume	Weaker supplementary income (LNG sales)
- **Decline in greater Tokyo housing construction from shortages of materials, construction of temporary housing**

(-)	(-)
Delays in Capex for new pipelines	Decline in gas sales volume for new customers
- **Additional countermeasures for earthquakes, flooding, fire**

(-)	(-)
Increase in Capex	Increase in general expenses

Note: If a quantitative impact by the above elements becomes apparent, we will immediately revise our forecast.

In addition to ordinary risk factors like oil prices, exchange rate levels, and temperatures, slide eight shows the variable elements resulting from the earthquake that are seen impacting fiscal 2011 income.

For example, increased use for natural gas fired power generation and increased utilization of cogeneration have a positive effect on gas sales volume, but at the same time delayed recovery in supply chains for parts and tighter supply-demand for electricity and electricity-saving effect could negatively impact gas demand, and it is difficult to quantitatively assess the impact of any of these factors at this time. As noted previously, we will therefore revise our forecasts as necessary going forward.

Tokyo Gas Group's Basic Policies for FY 2011



1. Safe, stable supply of energy

	Specific Details
Maintain and enhance infrastructure	<ul style="list-style-type: none"> • Hitachi LNG Terminal and Ibaraki-Tochigi Line projects are progressed as planned (the goal of completion is FY2015)
Disaster planning for infrastructure equipment	<ul style="list-style-type: none"> • Address the risks of tsunami at the new plant • Address the risks of power outages
Efforts to provide stable supply of energy to customers	<ul style="list-style-type: none"> • Introduction of dispersed energy systems (Cogeneration system, ENE-FARM and home generation of electricity) • Develop technologies in dispersed energy systems, smart energy networks, etc.
Efforts to ensure LNG	<ul style="list-style-type: none"> • Stably procure competitive LNG • Develop overseas business focusing on upstream business (Pluto, Queensland Curtis, etc.)

2. Increasing customer interest with proposals that emphasize value of natural gas

	Specific Details
Make customers meet our business needs	<ul style="list-style-type: none"> ■ Residential sector <ul style="list-style-type: none"> • Strengthen relationship with customers while emphasizing our value with focus on Lifeval • Establish ENE-FARM market • Seek further demand through sales promotions to sub-users such as those who newly built or reform their houses ■ Commercial and Industrial Sectors <ul style="list-style-type: none"> • Promote installation of dispersed energy systems (cogeneration system) and air conditioning equipment • Ensure to respond to demand for fuel shift
Meet energy conservation needs	<ul style="list-style-type: none"> • Promote energy saving know-how • Increase penetration of products using sunlight and solar heat

In the wake of the earthquake, there are still many factors that are uncertain or subject to change. Nevertheless, our basic policy for fiscal 2011 is to make steady progress toward the two major objectives of maintaining a “safe, stable supply of energy,” and “increasing customer interest with proposals that emphasize the value of natural gas,” based on the Tokyo Gas group’s management policy and business strategy.

(Safe, stable supply of energy)

Regarding the first issue of maintaining a “safe, stable supply of energy,” in addition to building trunk pipelines in the Tokyo metropolitan area, construction of the Hitachi LNG Terminal and Ibaraki-Tochigi Line projects are to proceed as planned, with completion scheduled for fiscal 2015.

In terms of providing customers with a stable supply of energy, we are introducing dispersed energy systems like cogeneration, while at the same time developing technologies to bring about advances in smart energy networks.

In addition, strengthening our procurement capabilities for LNG, our primary raw material, is essential to providing a stable supply of energy, and to this end we will proactively work to develop our upstream business going forward.

(Increasing customer interest with proposals that emphasize the value of natural gas)

The second issue is “increasing customer interest with proposals that emphasize the value of natural gas.”

In the residential sector, we will strengthen our relationships with customers primarily through the regionally focused Lifeval marketing structure. In February of this year we announced a new ENE-FARM model and a sales target of 5,000 units within fiscal 2011, and we aim to establish a market for ENE-FARM through aggressive sales promotions.

In terms of commercial and industrial energy sectors, we will address customer needs for controlling electrical power demand and maintaining stable energy supplies by promoting the introduction of dispersed energy systems based on gas cogeneration, along with air conditioning equipment, and we will also pursue industrial-use fuel shift.

Production facilities

■ Earthquake planning

- Quake-resistance standard for epicentral earthquake at the level equivalent to Great Hanshin-Awaji Earthquake, and liquefaction countermeasures
- Immediately inspect production facilities in the event of occurrence of earthquake with intensity of 4.0 and higher

■ Electric power failure planning

- 3 LNG terminals (Negishi, Ohgishima and Sodegaura) are connected by network, which mutually backup production and supply
- In an event of power stoppage simultaneously at all 3 terminals, a certain amount of gas would be supplied by emergency power generating facilities

■ Tsunami planning

- Assuming record scale of epicentral earthquake with epicenter of Tokyo Bay as well as large earthquakes inducing concurrent earthquakes at Tokai, Higashi-nankai, and Nankai regions, we anticipate the height of tsunami in Tokyo Bay at around 2 meters.
- Revetments higher than the assumed height of tsunami (2m) are placed at the 3 LNG terminals

Distribution facilities

- Quake-resistance standard for epicentral earthquake at the level equivalent to Great Hanshin-Awaji Earthquake, and liquefaction countermeasures

* For the above, we will pay attention to disaster prevention trend discussed at the diet and conferences, and determine as energy supplier if the standard and planning needs revision.

Finally, I would like to discuss earthquake planning in our production and distribution structure.

All three of our LNG receiving terminals meet earthquake resistance standards to withstand the equivalent of the Great Hanshin-Awaji Earthquake happened in 1995, and similar earthquake-resistant design is also being incorporated in our trunk pipelines. Our production and distribution facilities suffered no major damage from the recent Great East Japan Earthquake.

In addition, the earthquake verified the effectiveness of our microcomputer gas meters, which operated properly and automatically cut off the supply of gas to homes when the major tremor was detected. There were no fires caused by gas after the earthquake.

Regarding the risk of electric power failure, our three terminals receive electricity from a highly reliable power source at Tokyo Electric Power Company. Although it is considered highly unlikely, in the event power were to be cut off to one terminal, backup systems among the terminals would be able to produce and supply roughly the required gas volume. Were power to be cut off to all three terminals simultaneously, an emergency power generation system at the Negishi terminal would begin operating, and would be able to continue to supply a certain amount of gas. Going forward, we will study the necessity of further measures, including an evaluation of the risk of a total electric power failure.

(Tsunami Planning)

All three of our LNG receiving terminals are located on Tokyo Bay. We estimate that the maximum tsunami within Tokyo Bay caused by an earthquake occurring directly underneath Tokyo Bay, or concurrent earthquakes in the Tokai, Tonankai, and Nankai regions outside Tokyo Bay, would be no more than two meters high, and revetments able to withstand a tsunami of this height have been built.

We therefore believe that our facilities are sufficiently protected from an earthquake of a scale that can rationally be anticipated at this time. Nevertheless, given the fact that the recent earthquake was of an “unanticipated” scale, we intend to introduce earthquake planning measures to make our facilities even safer. We expect related institutions to conduct further research into earthquakes and tsunami going forward, and will be closely following those developments. We will review our disaster prevention standards, and determine whether additional measures are necessary, as new information comes to light.

We will also take this into account as we continue with the construction of the Hitachi LNG Terminal.

This concludes my presentation. I will be happy to answer any questions, including questions regarding the detailed analysis in the second part of the handout. Thank you.

FY2010 Business Results (Detail Analysis)



FY2010 Net sales and Operating income/loss by Business Segment

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<year on year>

(Unit: billion yen)

	Net Sales				Operating Income			
	FY2010			FY2009	FY2010			FY2009
	Results	Change	%	Results	Results	Change	%	Results
City gas	1,137.0	90.9	8.7	1,046.1	136.1	20.6	17.9	115.5
Gas appliances and installation work	177.4	7.7	4.5	169.7	1.8	-0.3	-14.3	2.1
Other energy	221.2	64.0	40.7	157.2	11.1	4.3	62.4	6.8
(electric power)	70.2	42.2	150.3	28.0	6.0	4.4	271.4	1.6
Real estate rental	32.7	0.0	0.0	32.7	5.7	-1.0	-15.1	6.7
Others	162.3	0.7	0.4	161.6	9.9	3.5	52.5	6.4
Corporate or eliminations	-195.6	-43.6	-	-152.0	-42.3	10.2	-	-52.5
Consolidated	1,535.2	119.5	8.4	1,415.7	122.4	37.2	43.7	85.2

- Note:
- Net sales by business segment include internal transactions.
 - Other Energy includes Energy-service (including LNG sales), Electric Power, LPG, Industrial gas, etc.
 - Others includes Construction & Engineering, Credit & Lease, Shipping, System Engineering, etc.

Industrial-use Gas Sales Volume by Industrial Categories

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(Non-consolidated)

(Unit: mil. m³)

		FY2009						FY2010					
		1 st half	Change	%	2 nd half	Change	%	1 st half	Change	%	2 nd half	Change	%
Industrial Use	Food	254	-15	-5.6	245	-9	-3.5	242	-3	-1.2	241	-1	-0.4
	Textiles	16	-1	-5.9	19	3	18.8	19	0	0.0	20	1	5.3
	Paper & Pulp	105	-9	-7.9	105	0	0.0	90	-15	-14.3	81	-9	-10.0
	Chemicals	325	7	2.2	369	44	13.5	330	-39	-10.6	325	-5	-1.5
	Ceramics	78	0	0.0	86	8	10.3	87	1	1.2	89	2	2.3
	Steel	178	-37	-17.2	314	136	76.4	226	88	-28.0	274	48	21.2
	Nonferrous Metals	69	1	1.5	76	7	10.1	81	5	6.6	79	-2	-2.5
	Machinery	194	-14	-6.7	219	25	12.9	199	-20	-9.1	190	-9	-4.5
	Other	158	-29	-15.5	190	32	20.3	192	2	1.1	221	29	15.1
	Subtotal	1,377	-97	-6.6	1,622	245	17.8	1,465	-157	-9.7	1,521	56	3.8
Power Generation	952	-17	-1.8	1,001	49	5.1	1,038	37	3.7	939	-99	-9.5	
Total	2,329	-114	-4.7	2,623	294	12.6	2,503	-120	-4.6	2,460	-43	-1.7	

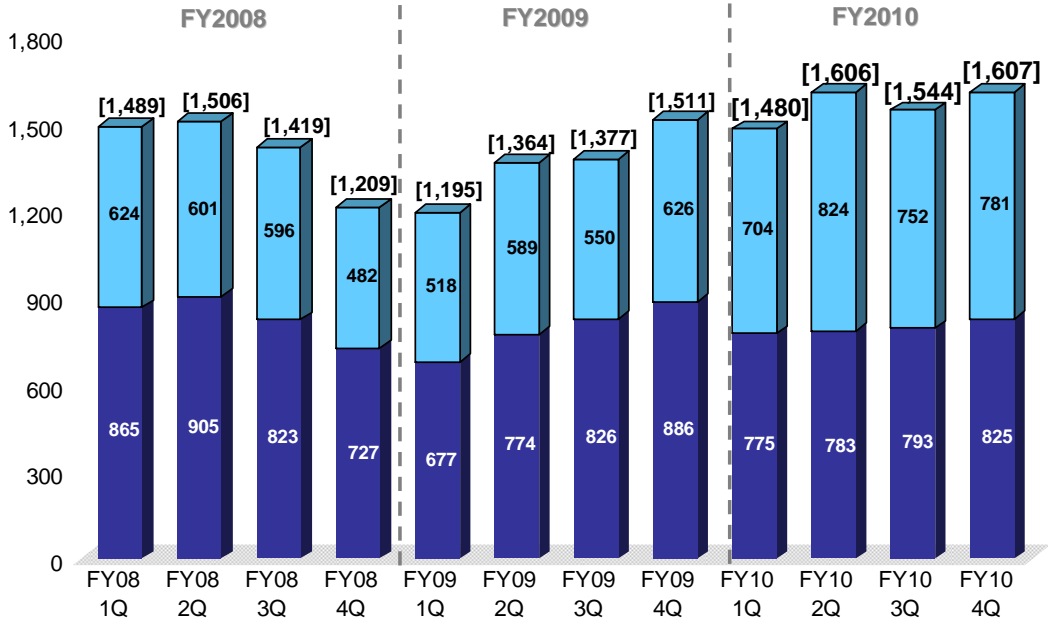
* Totals may differ from sums as a result of rounding.

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Consolidated

- Power generation
- Industrial

mil. m³, 45MJ/m³



FY2010 Ordinary Income Analysis <year on year>

FY2010
121.5

Change
+38.0

FY2009
83.5

TG
+40.2

Subsidiaries
+6.0

Eliminations
-8.2

Gas gross margin decreased (Sliding time lag effect -34.9) -21.2

- **Net sales:** **+60.8**
(Gas sales volume & composition +21.8; Sliding +36.4; Other +2.6)
- **Gas resource costs:** **-82.0**
(Amount & composition -12.7; Sliding-71.3; Other -2.0)

Fixed costs decreased +44.6

- **General expenses increased:** **-7.4**
(Costs for advertising for marketing -4.9, consignment fee -1.3, etc.)
- **Personnel expenses decreased on improved pension actuarial difference:** **+51.9**
(Pension actuarial differences -32.0 → +19.9)
- **Depreciation and amortization increased:** **-0.7 and others**

Other operation/Supplementary income increased +6.3
Appliance sales -1.2; Installation work +0.5; Electric power +2.5 and others

Non-operating income improved +10.3

- (+) Dividends income +6.0; Expense for environmental consideration decreased +3.0; Gains on weather derivatives +1.4 (-0.4 → +1.0)
- (-) Foreign exchange losses -2.5 (+1.2 → -1.3)

(+) Gas sales profit from commencement of operations at Ohgishima Power (Nijio) +4.0; Decline in tanker depreciation and amortization (declining balance method → straight-line method +2.9) and others

(-) Australian subsidiaries -1.6 [foreign exchange effect -2.5 (+4.6 → +2.1)]

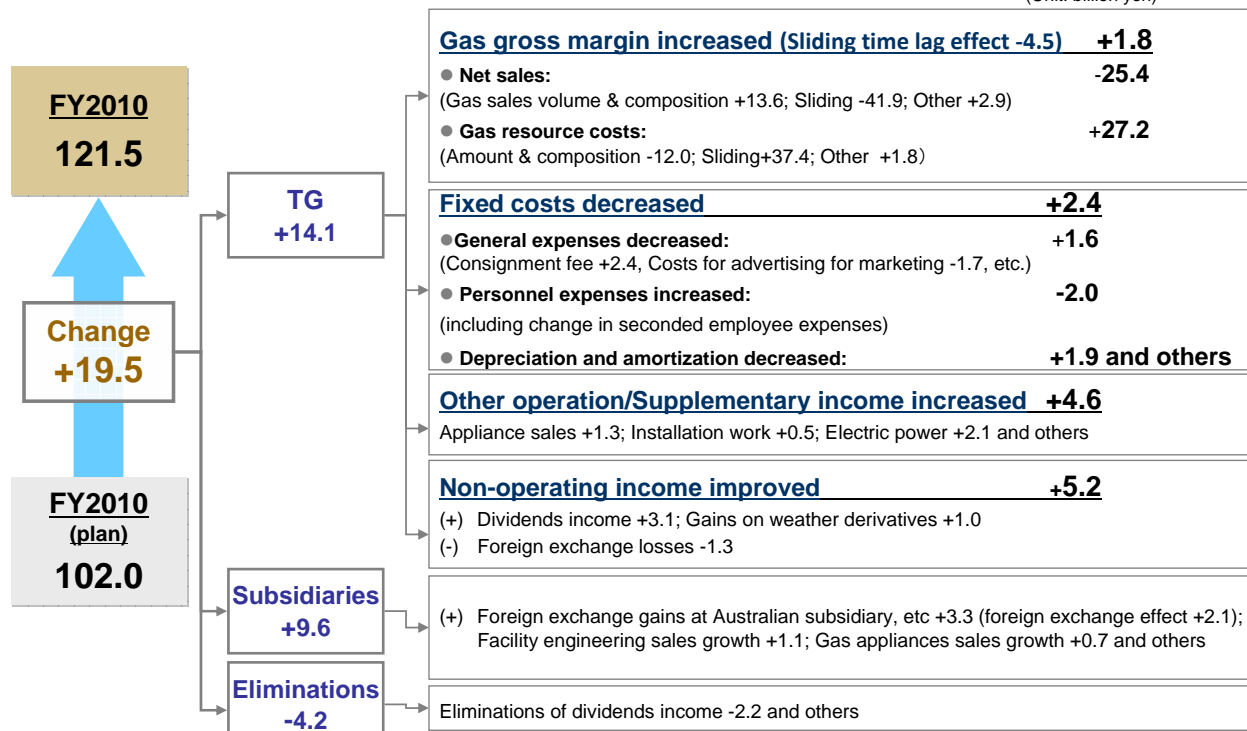
Eliminations of dividends income -5.7 and others

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

Economic conditions	FY2010	JCC 84.14 \$/bbl	Ex. rate ¥85.74 /\$
	FY2009	69.40 \$/bbl	¥92.89 /\$

FY2010 Ordinary Income Analysis <vs. FY2010 Initial Plan>

(Unit: billion yen)



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

Economic conditions	FY2010	JCC 84.14 \$/bbl	Ex. rate ¥85.74 /\$
	FY2010 plan	80.00 \$/bbl	¥95.00 /\$

Note: Initial plan's extraordinary income and loss include only the income from acquisition of affiliates (¥3.5 billion on non-consolidated basis), and extraordinary income from selling the land of Toyosu is not counted herein.)

FY2011 Forecast: Net Sales & Operating Income/Loss

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by Business Segment <vs. FY2010>

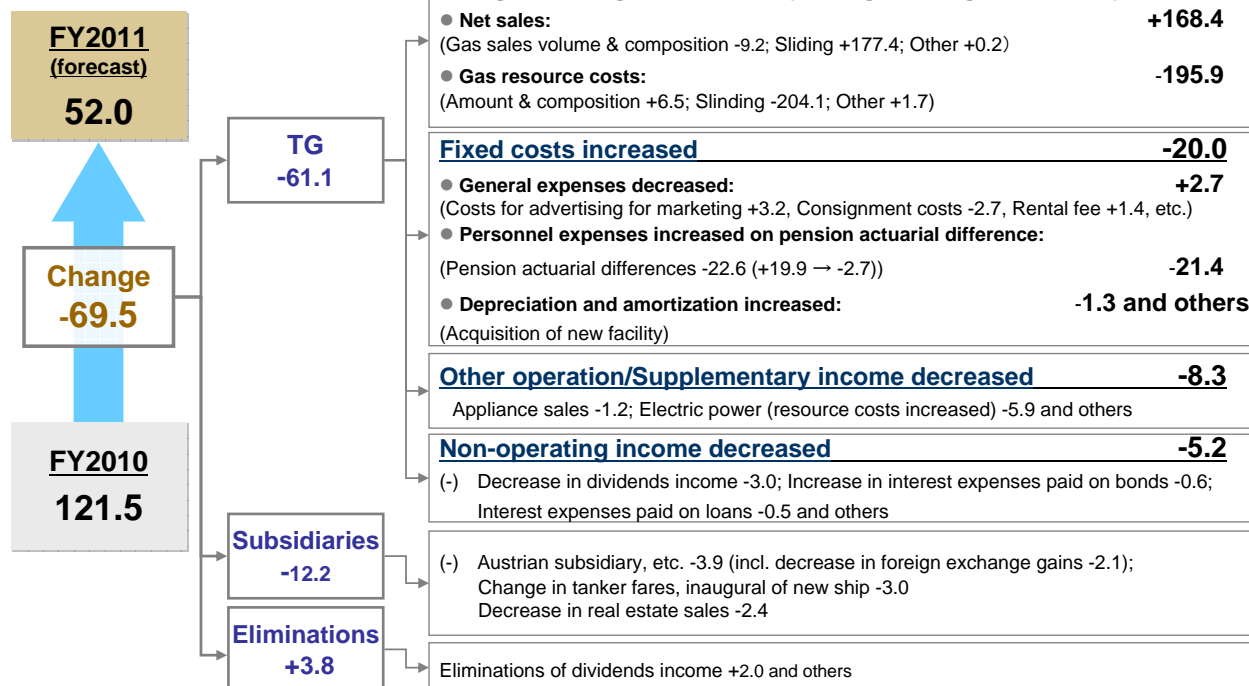
(Unit: billion yen)

	Net sales				Operating income/loss			
	FY2011			FY2010	FY2011			FY2010
	Forecast	Change	%	Result	Forecast	Change	%	Result
City gas	1,322.4	185.4	16.3	1,137.0	94.7	-41.4	-30.5	136.1
Gas appliances and installation work	180.3	2.9	1.6	177.4	0.0	-1.8	-100.0	1.8
Other energy	266.2	45.0	20.3	221.2	0.6	-10.5	-94.6	11.1
(electric power)	84.0	13.8	19.7	70.2	-1.2	-7.2	-120.1	6.0
Real estate rental	29.4	-3.3	-10.4	32.7	3.1	-2.6	-45.7	5.7
Others	170.9	8.6	5.3	162.3	5.2	-4.7	-47.5	9.9
Corporate or eliminations	-217.2	-21.6	-	-195.6	-46.6	-4.3	-	-42.3
Consolidated	1,752.0	216.8	14.1	1,535.2	57.0	-65.4	-53.5	122.4

- Notes:
- Net sales by business segment include internal transactions.
 - Other Energy includes Energy-service (including LNG sales), Electric Power, LPG, Industrial gas, etc.
 - Others includes Construction & Engineering, Credit & Lease, Shipping, System Engineering, etc.

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FY2011 Forecast: Ordinary Income Analysis <vs. FY2010>



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

Economic conditions	FY2010 forecast	JCC 116.25 \$/bbl	Ex. rate ¥85.00 /\$
	FY2010	84.14 \$/bbl	85.74 /\$

Capex

(Unit: billion yen)

Capex	Major Projects
Tokyo Gas Co., Ltd.: 122.3 (+20.0, +19.6%)	Production facilities: 25.1 (+16.0) Construction of Hitachi LNG terminal, Ohgishima LNG tank, etc.
	Distribution facilities: 70.2 (-4.0) New trunk & service line, maintenance (existing lines, etc.)
	Service and maintenance facilities: 26.9 (+7.9) System-related cost, renovation of decrepit facilities, etc.
Consolidated subsidiaries total: 47.4 (-2.5, -5.1%)	Overseas business (Total 21.3 for Austrian subsidiary) Renovation of district heating and cooling system, etc. 8.7 (ENAC)
Total 167.0 (+16.8, +11.2% after elimination)	

Note: Numbers in parentheses refer to comparisons with FY2010.

Investment and Loan

25.4 billion yen (Overseas business +27.1 billion yen, repayment -1.7 billion yen, etc.)
 (+2.2 billion yen year on year)

Returns to Shareholders

58.1 billion yen (Maintaining 60% total payout ratio) (+24.6 billion yen year on year)
 (Total of FY10 year-end dividend and FY11 interim dividend, and purchase of treasury stock during FY11)

Required Funds and Source of Funds

(Unit: billion yen)

Required Funds		Source of Funds		
Capex	167.0	Internal funding	Depreciation	150.0
Other investment & loans*	25.4		Ordinary income	52.0
Dividends & tax	50.0		Others	42.4
Share buybacks	34.0		Total	244.4
Repayment (Non-consolidated)	50.0 (34.4)	Outside funding (Non-consolidated)		82.0 (110.0)
Total	326.4	Total		326.4

Interest-bearing Debt

End of FY10: 584.1 billion yen End of FY11: 616.0 billion yen

* Other investment & loan is the net amount of invested input and loan repayments.
The above does not include CP to be issued and redeemed within FY2011 as seasonal working capital.

Status and Issues with Major Initiatives

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■ Natural gas infrastructure maintenance & safety measures

● Infrastructure maintenance	Specification	Commencement (Plan)	Current status
Hitachi LNG terminal	(Storage) 200,000kl	FY2015	Detailed FS, Negotiations with municipality
Chuo Trunk Line 2 nd phase	(Extended length) 9.6km	May 2010	Already began operating
Chiba-Kashima Line	(Extended length) 114km	Mar. 2012	Steady progress
Ohgishima No. 4 LNG storage tank	(Storage) 250,000kl	Nov. 2013	Steady progress

● Safety measures	FY2008	FY2009	FY2010	FY2011 (Plan)	Rest
Replacement acceleration of old pipelines	Extended length: 130km	166km	140km	137km	534km
Replacement of unsafe gas appliances*	111,870 units (FY07-10, cumulative)			4,000 units	41,130 units

* Measures to encourage users to replace small water heaters without an incomplete-combustion prevention device or CF gas boilers with safe gas appliances

■ Upstream & overseas businesses

● Upstream project	Interest	Commencement (Plan)	Remarks
Pluto	Upstream equity interest 5%	FY2011	Steady progress (95% complete as of Dec. 31, 2010)
Queensland Curtis	Upstream equity interest 1.25% Second liquefaction train 2.5%	FY2015	1st Japanese LNG project using coal-bed methane (CBM) unconventional natural gas

● Overseas project	Details
Mexican IPP	Acquisition (30% stake) completed in June 2010 for \$1.2 billion IPP business comprising 5 natural gas power plants in northeast Mexico

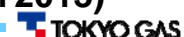
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■ Development of natural gas demand

● Residential gas sales volume	Details
ENE-FARM	Sales growth from introduction of new models in February 2011 (1,500 units in FY09, 2,400 units in FY10, 5,000 units in FY11 (plan))
Competition against electrification	All-electric housing rates of newly built houses held in check (FY09: 12%, FY10: approx. 15%; FY11: approx.15% (plan)) No. of existing houses shifted to all-electric held in check (FY09: 13,000 houses; FY10: 11,000 houses; FY11: approx. 10,000 houses (plan))
● Commercial, industrial gas sales volume	Details
Increase sales of CGS, etc.	Increase sales of gas cogeneration systems (CGS) Promote conversion to natural gas as fuel for industrial uses
Energy services	Acquire natural gas demand through higher value-added proposals like energy conservation diagnosis
■ Electric power	
● 1.3 million kW power source system	Details
Ohgishima Power	Operations commenced at No. 1 unit (March 2010) and No. 2 unit (July 2010)

Progress Situation of Mid-term Management Plan (FY2009 – FY2013)

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<Operating cash flow>

(Unit: billion yen)

FY09-10 total	Current Outlook	Mid-term management plan	Change	FY09-10 total	Current Outlook	Mid term management plan	Change
Net income	182.1	140.8	+41.3	Capex, Investments and loans	545.5	585.5	-40.0
Depreciation	445.4	466.5	-21.1	Return to shareholders (cash basis)	118.3	77.3	+41.0
Total	627.5	607.3	+20.2	Reduction of interest bearing debts, etc.	-36.3	-55.5	+19.2
				Total	627.5	607.3	+20.2

<Change factors of operating cash flow>

Negative factors	Positive factors
<ul style="list-style-type: none"> ▪ Weak macro economy ▪ Construction of Hitachi LNG terminal brought forward ▪ Sliding time lag effect (FY09-11 total shortfall - ¥79.4 billion) ▪ Amortization of actuarial differences (FY09-11 total - ¥14.8 billion) 	<ul style="list-style-type: none"> ▪ Resource procurement costs held in check →Solid progress in price revision negotiations ▪ Personnel expenses from actuarial differences →Lower risk from investment review (from FY2010) ▪ Gain from sale of land in Toyosu (¥39.7 billion in FY2010 (before tax))

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Financial Highlights (Sales and profit grew from FY10 1st half)

(+/- indicates profit impact, billion yen)

- Net Sales** : + City gas sales increased by higher unit price, based on gas rate adjustment system (Non-consolidated +29.7)
- Operating Income** : - City gas profit decreased by higher gas resource cost (Non-consolidated -23.8)
- : - Personnel expenses increased by dropped decline in amortization of actuarial differences in pension fund accounting (Non-consolidated -11.3)
- Ordinary Income** : - Decreased gain from weather derivatives (-1.3)

(Unit: billion yen)

	FY11 1 st half	FY10 1 st half	Change	%
Gas Sales Volume (mil. m ³ , 45MJ)	679.0	693.4	14.4	-2.1
Net Sales	753.0	701.3	51.7	+7.4
Operating expenses	744.0	653.2	90.8	+13.9
Operating income	9.0	48.0	39.0	-81.3
Ordinary income	6.0	45.8	-39.8	-86.9
Net income	2.0	25.5	-23.5	-92.2
<i>Sliding time lag effect (non-consolidated basis)</i>	<i>-40.6</i>	<i>-14.7</i>	<i>-25.9</i>	<i>-</i>
<i>Amortization of actuarial differences (non-consolidated basis)</i>	<i>-1.3</i>	<i>+9.9</i>	<i>-11.2</i>	<i>-</i>

Economic Frame	JCC (\$/bbl)	Ex. Rate (¥/\$)	Average Temperature(°C)	Pension Asset	Investment yield (Cost deducted)
FY11 1 st half	112.50	85.00	22.6	FY11 1 st half	2.0 %
FY10 1 st half	78.37	88.91	23.0	FY10 1 st half	4.8 %

Key Indices

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(Unit: billion yen)

	Dec 2009 Results	FY2010 Results	FY2011 Forecast
Total assets (a)	1,840.9	1,829.6	1,871.0
Shareholders' equity (b)	813.8	858.9	833.0
Shareholders' equity ratio (b) / (a)	44.2%	46.9%	44.5%
Interest-bearing debt (c)	555.9	584.1	616.0
D/E Ratio (c) / (b)	0.68	0.68	0.74
Net income (d)	53.7	95.4	33.0
Depreciation and amortization (e)	146.1	149.3	150.0
Operating cash flow (d) + (e)	199.8	244.8	183.0
Capex	148.1	150.2	167.0
ROA: (d) / (a)	3.0%	5.2%	1.8%
ROE: (d) / (b)	6.8%	11.4%	3.9%
Total Payout Ratio	60.1%	60.9%	-

Notes:

Shareholders' equity = Net assets - Minority interests

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

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

Balance sheet-related figures are as end of each quarter.

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)

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< 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, crude oil prices, the weather, changes in the foreign exchange rate of the yen, rapid technological innovations and the Company's responses to the progress of deregulation.

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