



FY2011 1Q Financial Results ended June 30, 2011



July 29, 2011

**FY2011 1Q Consolidated Financial Results
ended June 30, 2011 and FY2011 Forecast**



FY2011 1Q Consolidated Financial Results (Apr. 1 – Jun. 30, 2011)

2



Financial Highlights (vs. FY10 1Q)

Sales growth, profit decline

(+/- indicates profit impact, billion yen)

- Net sales** : + City gas sales grew (+5.7; higher resource costs led to increase in unit price +10.4 (non-consolidated basis))
 + Electricity sales grew with Ohgishima Power Stn. Unit 2 commencement (July 2010) (+7.4)
- Operating income** : - City gas resource costs rose (-21.5)
 - Personnel expenses rose on increase in amortization of actuarial differences in pension accounting (-5.5 (non-consolidated basis))
- Ordinary income** : + Difference in gain and loss on interest-rate swaps (+1.5)
 - Equity-method profit declined (-0.5), Dif. in foreign exchange gain and loss (-0.2)

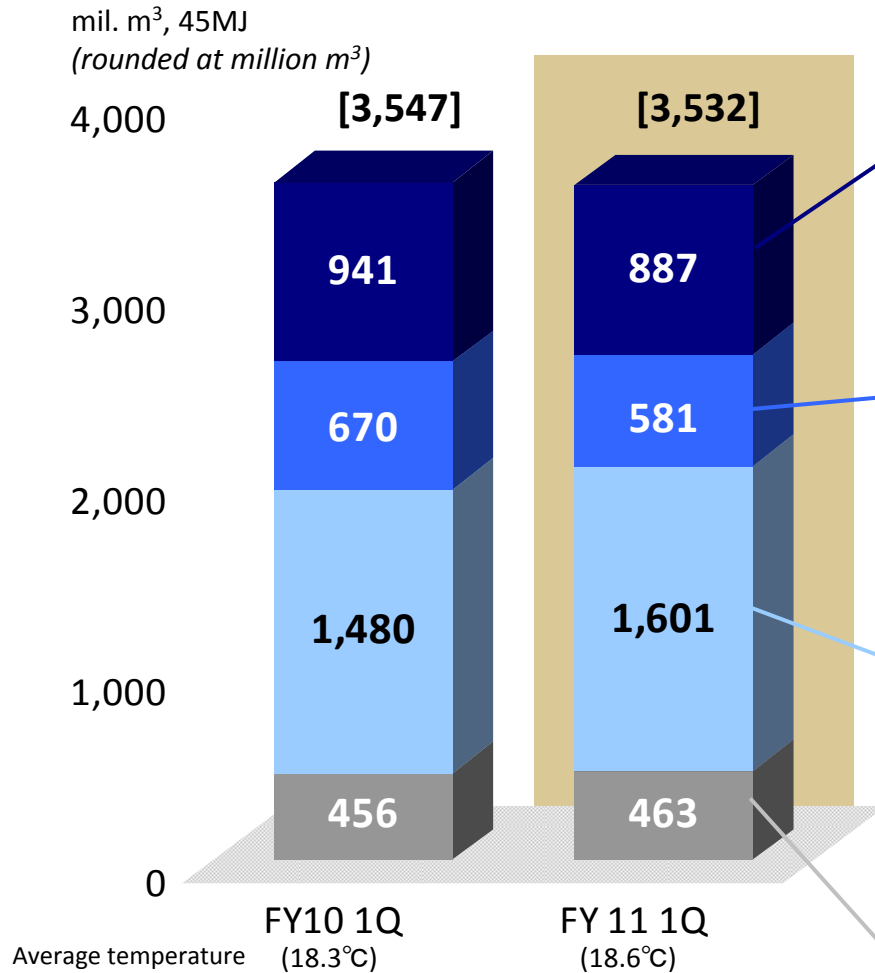
(Unit: billion yen)

	FY11 1Q	FY10 1Q	Change	%
Gas sales volume (mil. m3 , 45MJ)	3,532	3,547	-15	-0.4
Net sales	376.7	366.4	10.3	+2.8
Operating expenses	360.1	324.8	35.3	+10.9
Operating income	16.6	41.5	-24.9	-60.0
Ordinary income	16.3	41.4	-25.1	-60.5
Net income	8.9	25.2	-16.3	-64.4
<i>Sliding time lag effect (non-consolidated basis)</i>	-23.6	-12.0	-11.6	-
<i>Amortization of actuarial differences (non-consolidated basis)</i>	-0.6	+4.9	-5.5	-
Economic conditions	JCC (\$/bbl)	Ex. rate (¥/\$)	Avg. temperature	
FY11 1Q	114.96	81.71	18.6 °C	
FY10 1Q	81.30	92.01	18.3 °C	

Consolidated Gas Sales Volume (Apr. 1 – Jun. 30, 2011)

FY10 1Q → FY11 1Q

-15 mil m³ (-0.4%)
 [incl. large volume + 87 mil m³ (+4.9%)]
 [incl. temperature effect -39 mil m³ (-1.1%)]



Residential	-54 mil m ³ (-5.8%)
· Dissipation of year-earlier low temperature effect	-37 mil m ³
· Increase in number of customers	+7 mil m ³
· No. of days	+1 mil m ³
· Others (-2.6% (non-consolidated basis) decrease in usage per household after standardization)	-25 mil m ³

Commercial	-89 mil m ³ (-13.3%)
· Temperature effect	0 mil m ³
· Increase in number of customers	+7 mil m ³
· No. of days	0 mil m ³
· Others (lower utilization from earthquake, energy conservation, etc.)	-96 mil m ³

Industrial	+121 mil m ³ (+8.2%)
· Industrial:	+2 mil m ³
Increased utilization of in-house power generation equipment	
· Power generation:	+ 119 mil m ³
Operations of Ohgishima power station unit 2 commencement (July 2010)	
Earthquake led to increased utilization	

Wholesale	+7 mil m ³ (+1.5%)
· Increase in general wholesale demand (incl. temperature effect -2)	+12 mil m ³
· Decrease in large-volume wholesale demand	-7 mil m ³

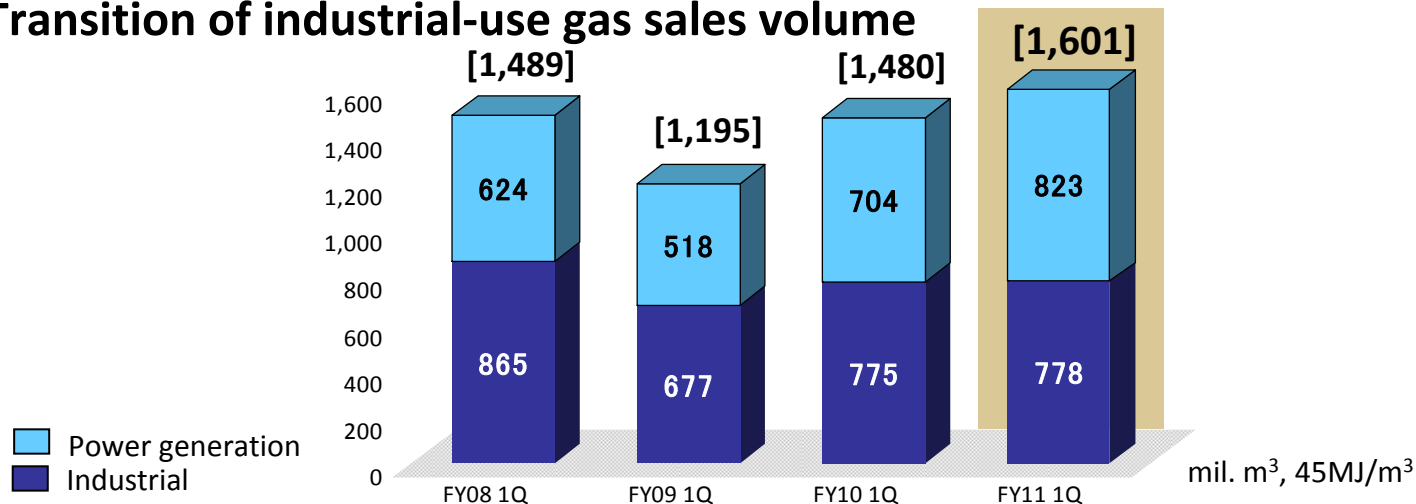
Number of customers (Unit: 10 thousand)		
FY11 1Q-end	FY10 1Q-end	Change
1,075.7	1,065.1	+10.6

Gas Sales Volume by Use

Residential · Commercial · Industrial · Wholesale

	Specific Details
Residential	<p>[No. of new customers] Slightly lower than the previous year's level (slow recovery, especially in apartment buildings) (Results shifted from 35,000 (FY10 1Q) to 30,000 (FY11 1Q): -15.6%)</p> <p>[Gas sales volume per household after standardization] Decline from moves to conserve energy (103.9m³/year -> 101.2m³/year: -2.6% (non-consolidated))</p> <p>[No. of all-electric housing] Existing houses shifted to all-electric: Decreased approx. 60% (3,800 -> 1,500)</p> <p>[ENE-FARM] 926 units installed (18.5% of FY plan); 4,352 units contracts completed</p>
Commercial	<ul style="list-style-type: none"> Lower utilization from energy conservation in offices, government offices, commercial facilities, schools Lower utilization at inns and hotels on decline in tourism demand, mood of self-restraint
Industrial	<p>[Industrial] Increased utilization of in-house power generation equipment after the earthquake</p> <p>[Power generation] Increased utilization from Ohgishima Power Stn. Unit 2, the earthquake effect</p>
Wholesale	<ul style="list-style-type: none"> Increase in the no. of wholesale customers (26 → 27)

Transition of industrial-use gas sales volume



FY2011 1Q: Net Sales & Operating Income/Loss by Business Segment



<vs. FY2010 1Q>

(+/- indicates profit impact, billion yen)

Highlights

- 1 Other energy** : Electricity sales grew with Ohgishima Power Stn. Unit 2 commencement (+7.4)
Operating income declined in Energy-service due to slide time lag effect (-0.7)
- 2 Real estate** : Sales declined on revision of rents charged to Tokyo Gas (-1.0)
- 3 Others** : Operating income declined in Construction and hotel businesses and others (-1.5)

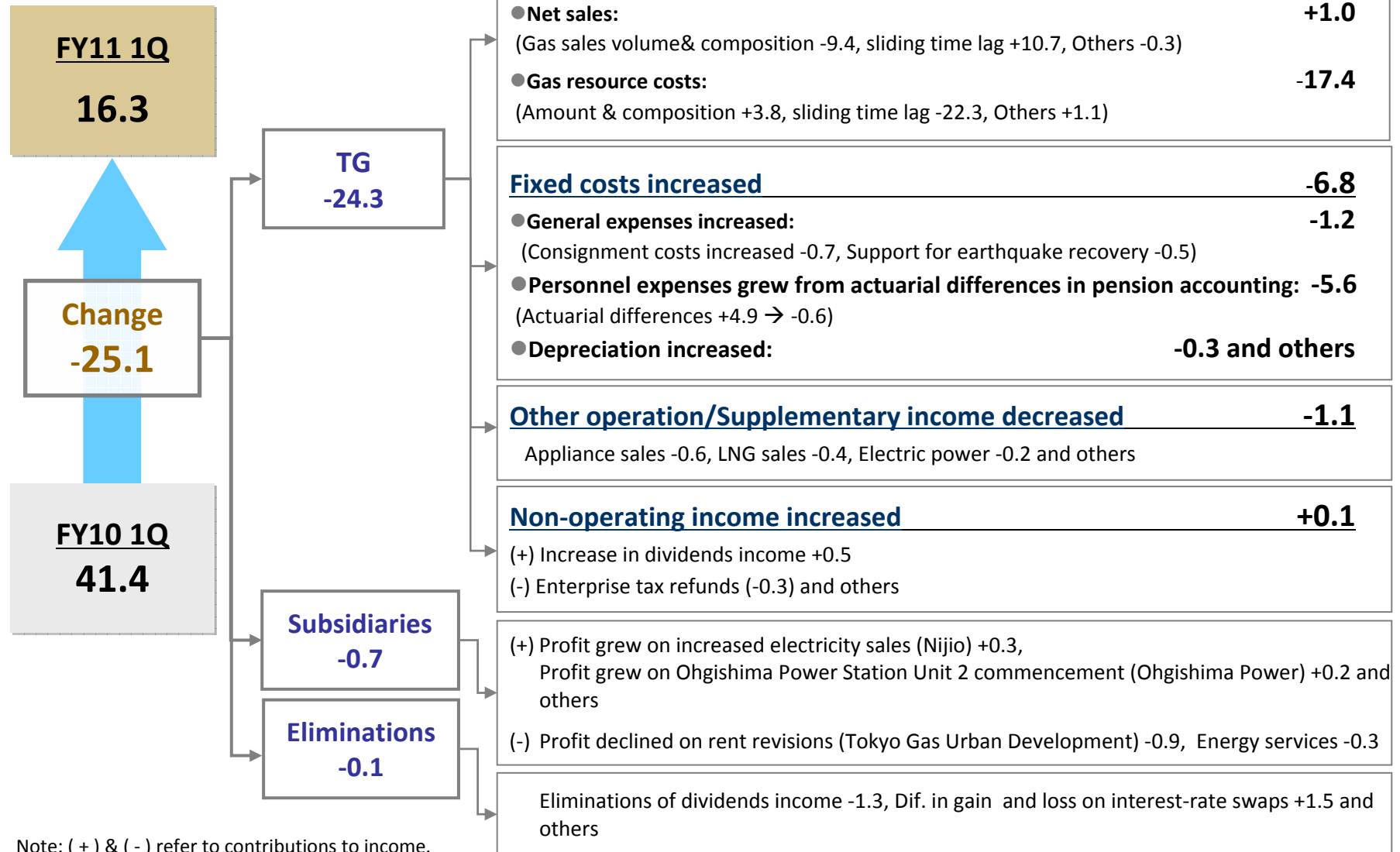
(Unit: billion yen)

	Net sales				Operating income/loss			
	FY2011 1Q			FY2010 1Q	FY2011 1Q			FY2010 1Q
	Result	Change	%	Result	Result	Change	%	Result
City gas	287.4	5.7	2.0	281.7	24.9	-20.5	-45.2	45.4
Gas appliances and installation work	33.8	-0.2	-0.5	34.0	0.0	-0.5	-93.5	0.5
Other energy	57.7	8.8	18.0	48.9	0.1	-0.6	-84.3	0.7
(Electric power)	20.1	7.4	57.2	12.7	0.0	0.1	-	-0.1
Real estate	7.2	-1.0	-11.1	8.2	1.3	-0.8	-39.2	2.1
Others	35.3	-0.6	-1.6	35.9	0.3	-1.5	-79.1	1.8
Corporate or Eliminations	-44.8	-2.5	-	-42.3	-10.1	-0.9	-	-9.2
Consolidated	376.7	10.3	2.8	366.4	16.6	-24.9	-60.0	41.5

- 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 , System engineering, Shipping, Credit & Lease, etc.

FY2011 1Q: Ordinary Income Analysis <vs. FY2010 1Q>

(Unit: billion yen)



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

FY2011 1st half Forecast (Apr. 1 – Sept. 30, 2011)



<VS Initial Plan (announced on Apr. 28, 2011)>

(+/- indicates profit impact, billion yen)

Highlights Revised to lower sales and profit

- Net sales** : - Decline in city gas sales on differences in sales volume composition (-4.6)
- Operating income** : - Increase in general expenses from accelerated budget implementation (-7.2 (non-consolidated basis))
- Ordinary income** : + Improvement in non-operating items including foreign exchange gain at overseas subsidiary (+2.0)

(Unit: billion yen)

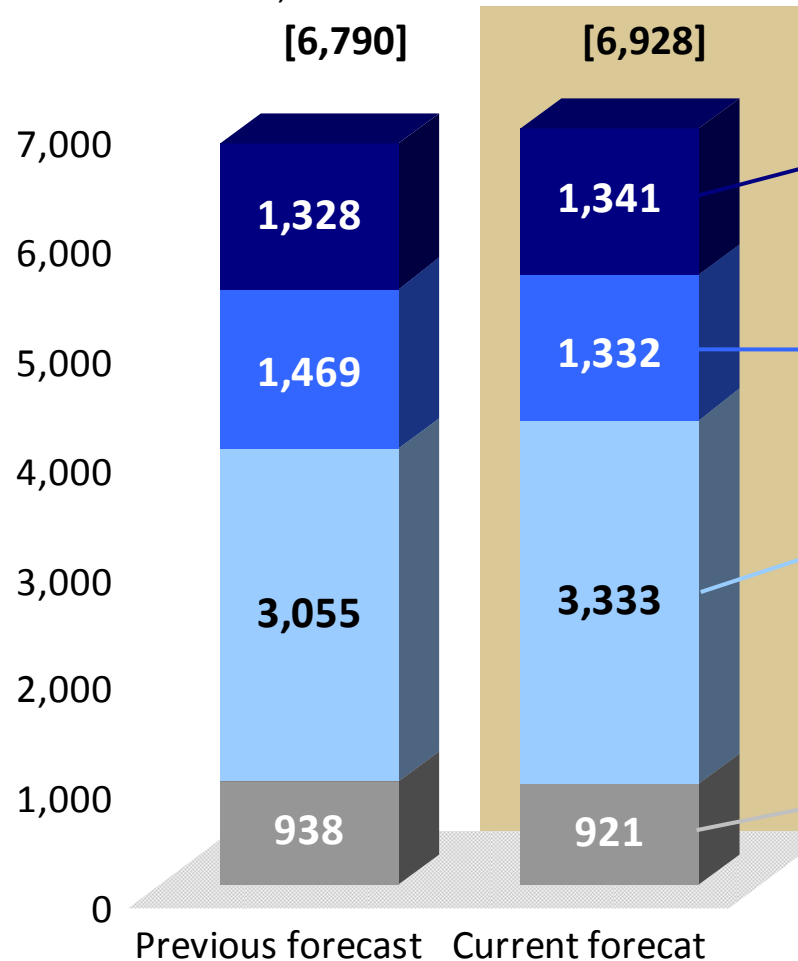
	Current forecast	Initial plan (Apr. 28)	Change	%
Gas sales volume (mil. m ³ , 45MJ)	6,928	6,790	+138	+2.0
Net sales	750.0	753.0	-3.0	-0.4
Operating expenses	748.0	744.0	+4.0	+0.5
Operating income	2.0	9.0	-7.0	-77.8
Ordinary income	1.0	6.0	-5.0	-88.3
Net income	-2.0	2.0	-4.0	-200.0
<i>Sliding time lag effect (non-consolidated basis)</i>	-42.0	-40.6	-1.4	-
<i>Amortization of actuarial differences (non-consolidated basis)</i>	-1.3	-1.3	0.0	-

Economic conditions (1st half)	JCC (\$/bbl)			Ex. rate (¥/\$)			Avg. temp. (°C)
	1Q	2Q	Avg.	1Q	2Q	Avg.	
Current forecast	114.96	110.00	112.48	81.71	80.00	80.86	22.3
Initial plan	110.00	115.00	112.50	85.00	85.00	85.00	22.6

Consolidated Gas Sales Volume Forecast 1st Half (Apr. 1 – Sep. 30, 2011)

Previous forecast → Current forecast

mil. m³, 45MJ
(rounded at million m³)



+138 mil m³ (+2.0%)

- Residential** +13 mil m³ (+0.9%)

 - Includes 1Q increase
 - 2Q as planned
- Commercial** -137 mil m³ (-9.3%)

 - Includes energy conservation in summer air conditioning
- Industrial** +278 mil m³ (+9.1%)

 - Includes increases in electric power generation use and utilization by customers with in-house power generation equipment
 - Excluding above, general industrial demand basically as planned
- Wholesale** -17 mil m³ (-1.8%)

 - Includes damage to customers' facilities

Average temperature (22.6°C)

(22.3°C)

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

<VS Initial Plan (announced on Apr. 28, 2011)>



(+/- indicates profit impact, billion yen)

Highlights Revised to lower sales and higher profit

- Net sales** : - Decline in city gas sales on lower unit sales prices from differences in sales volume composition and changes in economic assumptions (-45.5)
- Operating income** : + Reduction in city gas resource costs from changes in economic assumptions (-51.5 (non-consolidated basis))
- Ordinary income** : + Improvement in non-operating items including foreign exchange gain at overseas subsidiary (+2.0)

(Unit: billion yen)

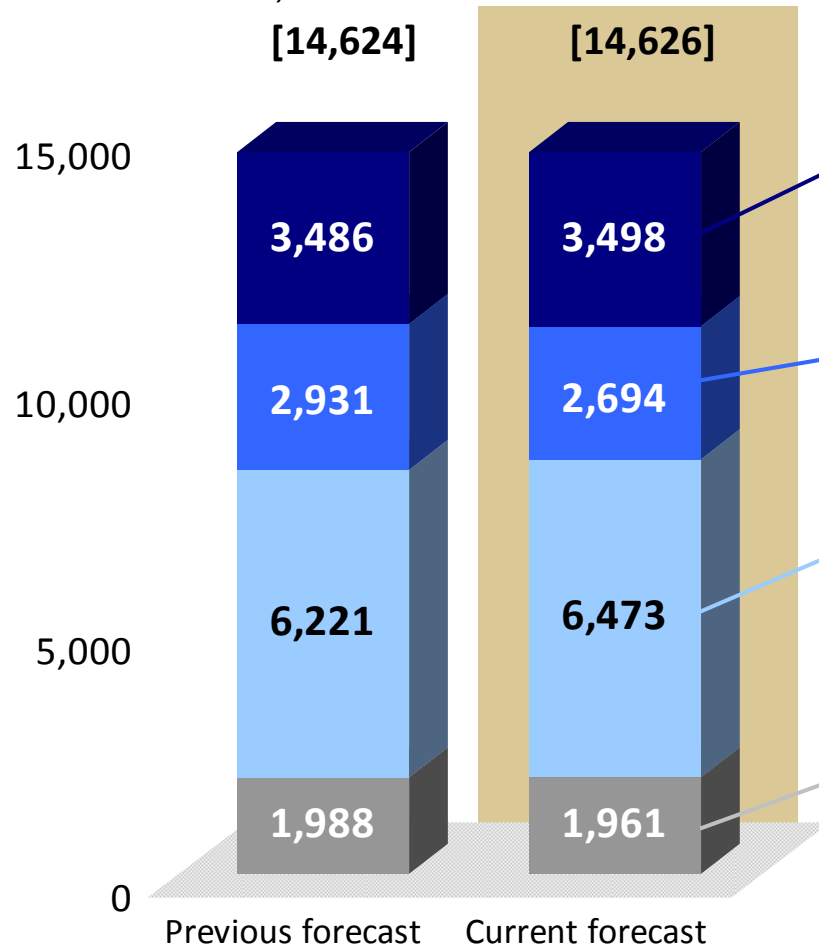
	Current forecast	Initial plan (Apr. 28)	Change	%
Gas sales volume (mil. m³, 45MJ)	14,626	14,624	+2	+0.0
Net sales	1,705.0	1,752.0	-47.0	-2.7
Operating expenses	1,644.0	1,695.0	-51.0	-3.0
Operating income	61.0	57.0	+4.0	+7.0
Ordinary income	58.0	52.0	+6.0	+11.5
Net income	37.0	33.0	+4.0	+12.1
<i>Sliding time lag effect (non-consolidated basis)</i>	-47.3	-55.9	+8.6	-
<i>Amortization of actuarial differences (non-consolidated basis)</i>	-2.7	-2.7	0.0	-

Economic conditions (Full Year)	JCC (\$/bbl)					Ex. rate (¥/\$)			Avg. temp. (°C)
	1Q	2Q	3Q	4Q	Avg.	1Q	2-4Q	Avg.	
Current forecast	114.96	110.00	110.00	110.00	111.24	81.71	80.00	80.43	16.6
Initial plan	110.00	115.00	120.00	120.00	116.25	85.00	85.00	85.00	16.7

Consolidated Gas Sales Volume Forecast Full Year (Apr. 1, 2011 – Mar. 31, 2012) ¹⁰



mil. m³, 45MJ
(rounded at million m³)



Previous forecast → Current forecast

+2 mil m³ (+0.0%)

- Residential** +12 mil m³ (+0.4%)

 - Includes 1Q increase
 - In and after 2Q as planned
- Commercial** -237 mil m³ (-8.1%)

 - Includes energy conservation in summer, winter air conditioning
- Industrial** +252 mil m³ (+4.1%)

 - General industrial demand basically as planned
 - Power generation use includes existing customer volume increase
- Wholesale** -27 mil m³ (-1.3%)

 - Includes damage to customers' facilities

Average temperature (16.7°C)

(16.6°C)

■ Increased use for natural gas thermal power generation, increased utilization of cogeneration

(+) Increase in industrial-use gas sales volume

Increase in power generation demand (1Q results: 704 million m³ → 823 million m³; +16.9%)

(+) Supplementary income (LNG sales, electricity sales)

Increased thermal power generation in response to power shortages in early spring

■ Delayed recovery in distribution supply chain

(+/-) Restoration of parts manufacturers' production lines

Production recovered with restoration of production lines at major parts manufacturers for gas equipment

■ Tighter supply-demand for electricity, electricity-saving effect

(-) Air-conditioning gas sales volume

Gas sales volume for a/c contracts (*) down roughly 30% from year-earlier gas sales volume

■ Curtailment of electrification offensive

(+) Decline in number of existing houses shifted to all-electric

Trending at roughly one-third year-earlier pace (1Q results: roughly 1,500 houses)

■ Decline in greater Tokyo housing construction from shortages of materials, construction of temporary housing

(-) Decline in number of new units

Decline of 5,000 units in apartment buildings from significantly delayed supplies of building materials (35,000 → 30,000)

* Gas sales volume for selected agreements (summer a/c, a/c-use A & B, small-lot a/c contracts)

Gross Margin Sensitivity to Changes in Oil Price and Exchange Rate (Non-consolidated basis)¹²

Impact on rising JCC by \$1/bbl

(Unit: billion yen)

	Impact on 2Q earnings	Impact on 3Q earnings	Impact on 4Q earnings	Full Year
Rise in 2Q	-0.3	-0.5	+0.7	-0.1
Rise in 3Q		-0.3	-0.7	-1.0
Rise in 4Q			-0.2	-0.2
Total	-0.3	-0.8	-0.2	-1.3

Impact on yen depreciation by ¥1/\$

(Unit: billion yen)

	Impact on 2Q earnings	Impact on 3Q earnings	Impact on 4Q earnings	Full Year
Weak in 2Q	-1.0	+0.7	+0.4	+0.1
Weak in 3Q		-1.2	+1.0	-0.2
Weak in 4Q			-1.5	-1.5
Total	-1.0	-0.5	-0.1	-1.6



< 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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