

**FY2011 3Q Financial Results
ended December 31, 2011**



January 31, 2012

1. Purpose:

To pass on to customers the fixed cost reductions achieved through efforts to enhance management efficiency

2. Scope and timing:

Small-volume segment (annual usage of less than 100,000 m³)
from March 8, 2012

3. Margin of reduction:

Average of 1.57% for small-volume segment overall
(service agreement : 1.63%; optional agreement : 1.38%)*

* Comparison of annual gas sales using average resource price to be applied for February (¥66,200/t)

4. Standard average resource price:

¥66,180/t (previously ¥53,810/t)

5. Upper limit:

¥105,890/t (160% of standard average resource price)

6. Previous revision:

April 15, 2008; average reduction of 1.51%

FY2011 3Q Consolidated Financial Results



Financial Highlights (vs. FY2010 3Q) Sales growth, profit decline (+/- indicates profit impact, billion yen)

- Net sales** : + City gas sales grew (+73.4; Portion from rise in unit sales prices on sliding time lag effect (non-consolidated basis) +71.3)
- + Energy-service sales rose on increased LNG sales (+27.5)
- + Electricity sales grew on full capacity utilization at Ohgishima Power Stn. Unit 2 and post-earthquake increase in thermal power generation (+19.5)
- Operating expenses** : - City gas resource costs rose with increase in resource prices (-114.7)
- Energy-service operating expenses rose on higher LNG resource costs (-29.5)
- Power generation operating expenses grew on full capacity utilization at Ohgishima Power Stn. Unit 2 and post-earthquake increase in thermal power generation (-19.0)
- Increase in amortization of actuarial differences in pension accounting (-16.9 (-2.0 ← +14.8))
- Non-operating income and expenses** : - Decrease of Gains from weather derivatives (-1.2 (+0.1 ← +1.3))
- Foreign exchange loss at Australian subsidiaries (-0.9 (-0.8 ← +0.1))
- Extraordinary loss** : - Loss on valuation of investment securities (-5.7 (-5.7 ← 0.0)) *Pretax basis (Unit: billion yen)

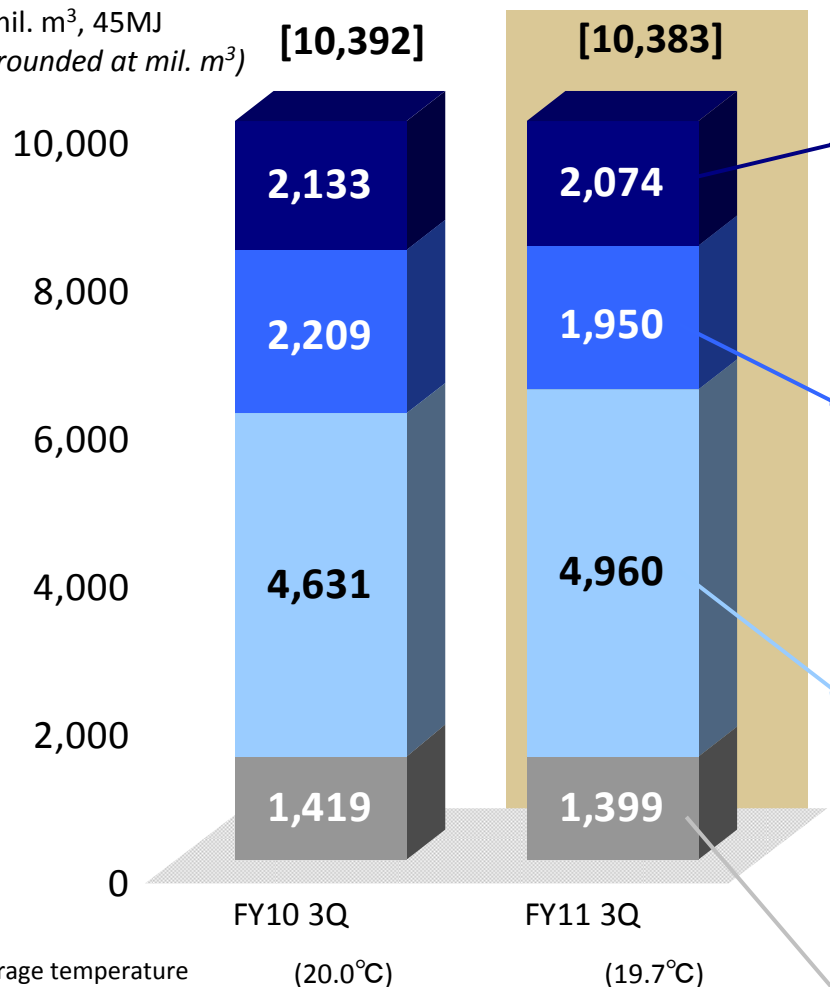
	FY11 3Q	FY10 3Q	Change	%
Gas sales volume (mil. m³, 45MJ)	10,383	10,392	-9	-0.1
Net sales	1,169.9	1,068.5	101.4	+9.5
Operating expenses	1,162.9	1,000.2	162.7	+16.3
Operating income	6.9	68.2	-61.3	-89.8
Ordinary income	5.2	68.1	-62.9	-92.4
Net income	-1.0	41.2	-42.2	-
<i>Sliding time lag effect (non-consolidated basis)</i>	-45.1	-14.8	-30.3	-
<i>Amortization of actuarial differences in pension accounting (non-consolidated basis)</i>	-2.0	14.8	-16.9	-

Economic Frame	JCC (\$/bbl)	Ex. rate (¥/\$)	Avg. temp.
FY11 3Q	113.11	78.98	19.7
FY10 3Q	79.72	86.85	20.0
Difference	+33.39	-7.87	-0.3

Pension assets	Investment yield (costs deducted)	Discount rate
FY11 3Q	3.99%	-
FY10	2.70%	2.0 %

Consolidated Gas Sales Volume (Apr. 1 – Dec. 31, 2011) <vs. FY2010 3Q>

mil. m³, 45MJ
(rounded at mil. m³)



FY10 3Q → FY11 3Q

-9 mil. m³ (-0.1%)
 [incl. large-volume gas demand +210 mil. m³ (+3.7%)]
 [incl. temperature effect -64 mil. m³ (-0.6%)]

Residential	-59 mil. m ³ (-2.8%)
• Low early-spring temperatures in previous year	-33 mil. m ³
• Increased in number of customers	+17 mil. m ³
• Others (1.9% decrease in usage per household after standardization (non-consolidated basis))	-43 mil. m ³
Commercial	-259 mil. m ³ (-11.7%)
• High summer temperatures in previous year	-37 mil. m ³
• Increased in number of customers	+18 mil. m ³
• Number of days	+1 mil. m ³
• Others (Reduced electric consumption following earthquake and energy conservation, etc.)	-241 mil. m ³
Industrial	+329 mil. m ³ (+7.1%)
• Industrial: (2,351 → 2,390)	+39 mil. m ³
Increased utilization of existing demand (In-house power generation equipment)	
• Power generation: (2,280 → 2,570)	+290 mil. m ³
Ohgishima power station unit 2 commencement (July 2010)	
Increased utilization following earthquake	
Wholesale	-20 mil. m ³ (-1.4%)
• Increased in general wholesale demand	-20 mil. m ³
(Incl. temperature effect +6)	
• Large-volume wholesale demand	+/-0 mil. m ³

Number of customers

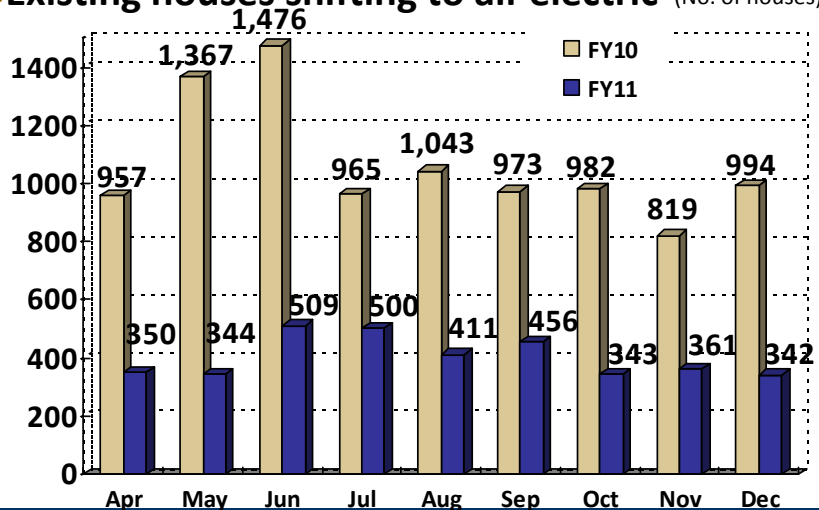
(Unit: 10 thousand)

FY11 3Q-end	FY10 3Q-end	Change
1,080.9	1,070.0	+10.9

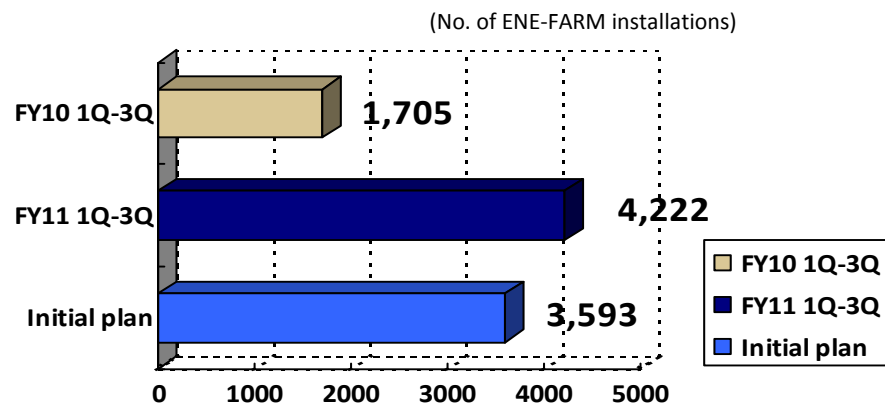
Overview

Usage	Specific details (Figures: Left – FY10; Right – FY11)
Residential	[New houses built] Slight year-on-year growth in Q1-3 on recovery in apartment buildings (123 thousand → 124 thousand) (Non-consolidated basis): 1Q: 35 thousand → 30 thousand (-5 thousand; -15.6%) 2Q: 42 thousand → 42 thousand (+/-0 thousand; +/-0%) 3Q: 46 thousand → 52 thousand (+6 thousand; +13.0%)
	[Gas sales volume per household after standardization] Gradual decline remains unchanged due to decrease in persons/household, increase in use of energy-saving equipment, and energy conservation FY11 3Q (non-consolidated basis): 235.1 m ³ → 230.6 m ³ (-4.6 m ³ ; -1.9%)
	[No. of all-electric housing] Number of existing houses shifting to all-electric decreased 9,576 → 3,616 (-5,960; -62%)
	[ENE-FARM] Increased interest in energy security following earthquake led to large year-on-year increase in installations 1,705 → 4,222

Existing houses shifting to all-electric (No. of houses)



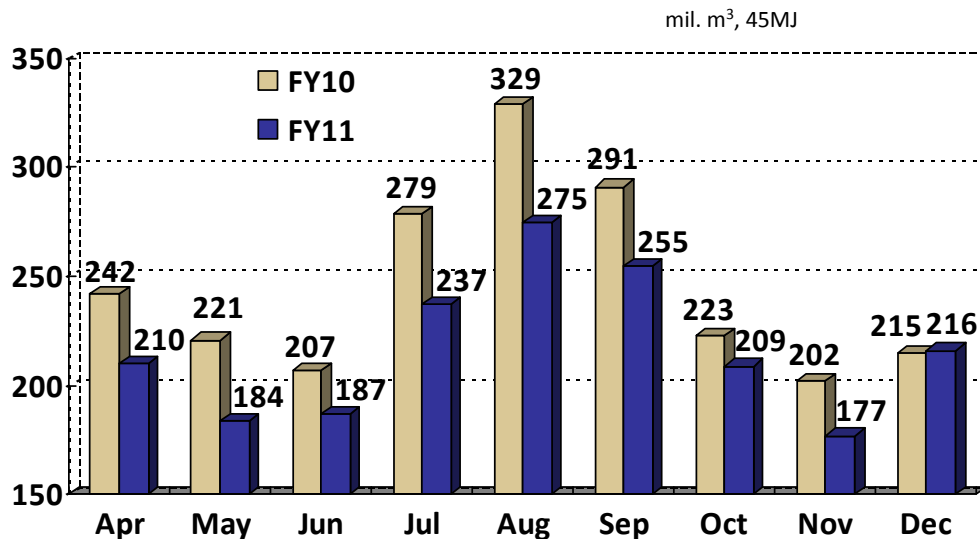
ENE-FARM installations (No. of ENE-FARM installations)



Overview

Usage	Specific details
Commercial	<ul style="list-style-type: none"> Weak commercial gas demand (-259 mil. m³; -11.7% year on year) Trend of year-on-year decline continued, but in part because of low temperatures it turned upward in December for first time since February 2011. <p>Declines by principal industry (non-consolidated basis; including temperature effects; unit: mil. m³)</p> <p>Companies, offices: 278 → 226 (-52; -18.7%)</p> <p>Department stores, supermarkets: 165 → 139 (-26; -15.8%)</p> <p>Inns, hotels: 117 → 101 (-16; -13.7%)</p> <p>Schools: 137 → 108 (-28; -20.4%)</p> <p><Reasons for weak demand></p> <ul style="list-style-type: none"> Decrease from temperature effect including low summer temperatures (-37 mil. m³) Decrease from energy conservation efforts following earthquake(-241 mil. m³)

Commercial-use gas sales volume (consolidated basis)



Monthly temperatures (°C)

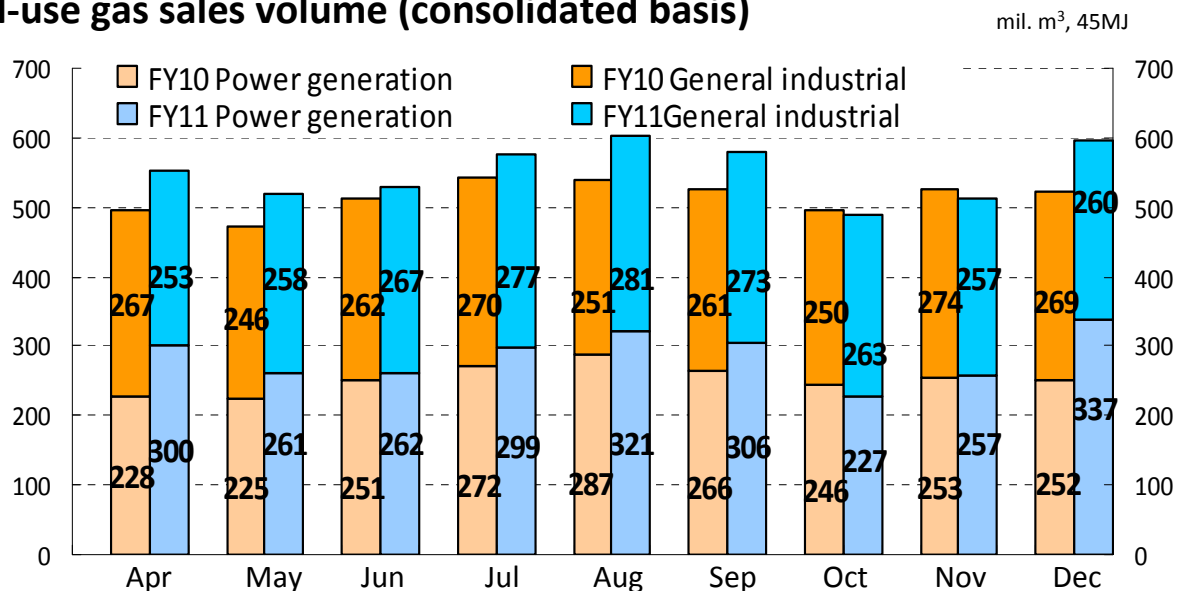
	FY11	FY10	Change
Apr	14.5	12.4	+2.1
May	18.5	19.0	-0.5
Jun	22.8	23.6	-0.8
Jul	27.3	28.0	-0.7
Aug	27.5	29.6	-2.1
Sep	25.1	25.1	0.0
Oct	19.5	18.9	0.6
Nov	14.9	13.5	1.4
Dec	7.5	9.9	-2.4
Average	19.7	20.0	-0.3

* Increases/decreases of 2°C or more are shown in large type.

Overview

Usage	Specific details	(Unit: mil. m ³)
Industrial	<p>[General industrial] In addition to earthquake effect, yen's appreciation, stagnant economy, and Thai flooding led to decline in all general industrial demand. However, increased utilization of in-house power generation equipment including cogeneration, in response to power shortages, resulted in year-on-year increase of 39 mil. m³ (2,390←2,351, +1.6%; consolidated basis).</p> <p>[Power generation] Commencement of operations of Ohgishima Power Stn. Unit 2 (July 2010) and increased utilization following earthquake led to increase of 290 mil. m³ (2,570 ← 2,280, +12.7%; consolidated basis)</p>	
Wholesale	Decline in demand from existing wholesale customers	

Industrial-use gas sales volume (consolidated basis)



■ Quarterly Industrial-use Gas Sales Volume by sector (non-consolidated)

(Unit: mil. m³)

		FY10			FY11						FY11		
		4Q	YoY	(%)	1Q	YoY	(%)	2Q	YoY	(%)	3Q	YoY	(%)
Industrial use	Food	120	-1	-1.2	124	4	3.3	126	2	2.2	129	3	1.9
	Textiles	10	1	8.6	10	0	-4.6	8	-2	-12.9	9	1	11.0
	Paper & Pulp	40	-1	-1.4	42	2	5.0	47	5	11.8	43	-4	-9.4
	Chemicals	160	-4	-2.7	166	6	3.4	167	1	0.9	164	-3	-2.0
	Ceramics	44	-1	-1.8	47	3	5.4	46	-1	-0.7	45	-1	-3.5
	Steel	147	20	15.5	126	-21	-14.6	137	11	8.8	115	-22	-15.8
	Nonferrous metals	38	-3	-8.3	41	3	7.7	37	-4	-10.6	36	-1	-1.0
	Machinery	100	11	12.4	74	-26	-26.4	101	27	36.8	90	-11	-11.2
	Other	113	-5	4.4	106	-7	-6.5	115	9	8.6	100	-15	-12.7
	Subtotal	773	26	3.5	735	-34	-4.4	785	50	6.8	730	-55	-7.0
Power generation	450	-39	-7.9	541	91	20.3	624	83	15.2	539	-85	-13.7	
Total	1,223	-13	-1.1	1,276	53	4.3	1,409	133	10.4	1,269	-140	-9.9	

[Main points]

- “Power generation” declined quarter-on-quarter in 3Q from periodical maintenance (grew on consolidated basis including Nijio (926 → 931)).
- Declines at “Steel,” “Machinery,” and “Other” were the result of a decrease in manufacturing in line with a weaker economy.

FY2011 3Q Net Sales and Operating Income/Loss by Business Segment

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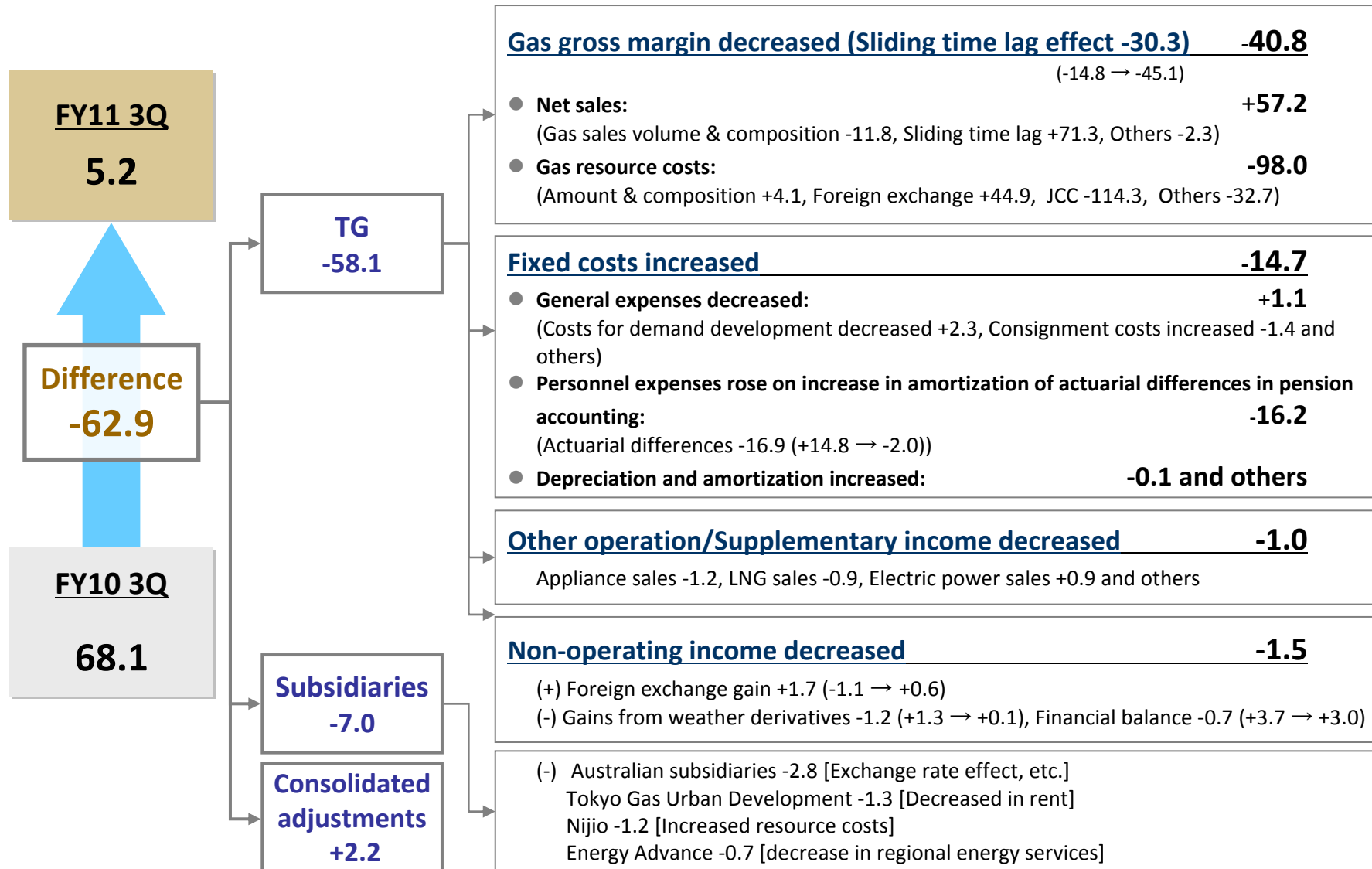


<vs. FY2010 3Q>

(Unit: billion yen)

	Net sales				Operating income/loss			
	FY11 3Q			FY10 3Q	FY11 3Q			FY10 3Q
	Results	YoY	%	Results	Results	YoY	%	Results
City gas	859.3	73.4	9.3	785.9	23.0	-54.7	-70.3	77.7
Gas appliances and installation work	129.2	7.4	6.1	121.8	1.8	-0.2	-7.7	2.0
Other energy	210.0	49.3	30.7	160.7	5.7	-2.3	-28.7	8.0
(Electric power)	69.6	19.5	38.9	50.1	3.6	0.4	12.1	3.2
Real estate	22.2	-2.6	-10.3	24.8	3.6	-1.4	-27.9	5.0
Others	118.6	4.9	4.3	113.7	4.1	-1.5	-26.0	5.6
Adjustments	-169.5	-31.0	-	-138.5	-31.5	-1.3	-	-30.2
Consolidated	1,169.9	101.4	9.5	1,068.5	6.9	-61.3	-89.8	68.2

- 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 business, Information processing service, Shipping business, Credit/lease financial services, etc.
 - Adjustments under operating income are primarily companywide expenses that cannot be allocated to individual segments.



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

FY2011 3Q Consolidated Financial Results Forecast



Highlights <vs. Previous Forecast (Oct. 31)>

(+/- indicates profit impact, billion yen)

- Net sales** : + Increase in city gas sales on growth in gas sales volume (+4.8)(including Gas tariff revisions (-1.0))
 + Sales growth at “Other energy” segment (+17.9) including increased electricity sales (+10.7)
 + Increase in sales at engineering affiliates (+12.3)
- Operating expenses** : - Expenses increased at Other Energy segment (-13.7; including -6.3 for electric power)
- Non-operating income**: + Foreign exchange gain at Australian subsidiaries, etc. (+1.1)
- Extraordinary loss** : - Increase in loss on valuation of investment securities (-0.9)
 - Increase in tax expense from changes in corporate income tax rates (-4.2 (TG: -5.2; affiliates: +1.0))

(Unit: billion yen)

	FY11	Previous Forecast (Oct. 31)	Change	%	FY10	Change	%
Gas sales volume (mil. m³, 45MJ)	14,850	14,727	+123	+0.8	14,745	+105	+0.7
Net sales	1,729.0	1,714.0	+15.0	+0.9	1,535.2	+193.8	+12.6
Operating expenses	1,659.0	1,653.0	+6.0	+0.4	1,412.7	+246.3	+17.4
Operating income	70.0	61.0	+9.0	+14.8	122.4	-52.4	-42.8
Ordinary income	68.0	58.0	+10.0	+17.2	121.5	-53.5	-44.1
Net income	33.0	32.0	+1.0	+3.1	95.4	-62.4	-65.4
<i>Sliding time lag effect (non-consolidated basis)</i>	-47.5	-47.9	+0.4	-	-29.2	-18.3	-
<i>Amortization of actuarial differences in pension accounting (non-consolidated basis)</i>	-2.7	-2.7	0.0	-	19.9	-22.6	-

(Unit: billion yen)

Gross Margin Sensitivity to Changes in Oil Price and Exchange Rate (full year/non-consolidated basis)

	4Q	Full year
Impact of rising JCC by \$1/bbl	-0.3	-0.3
Impact of yen depreciation by ¥1/\$	-1.5	-1.5

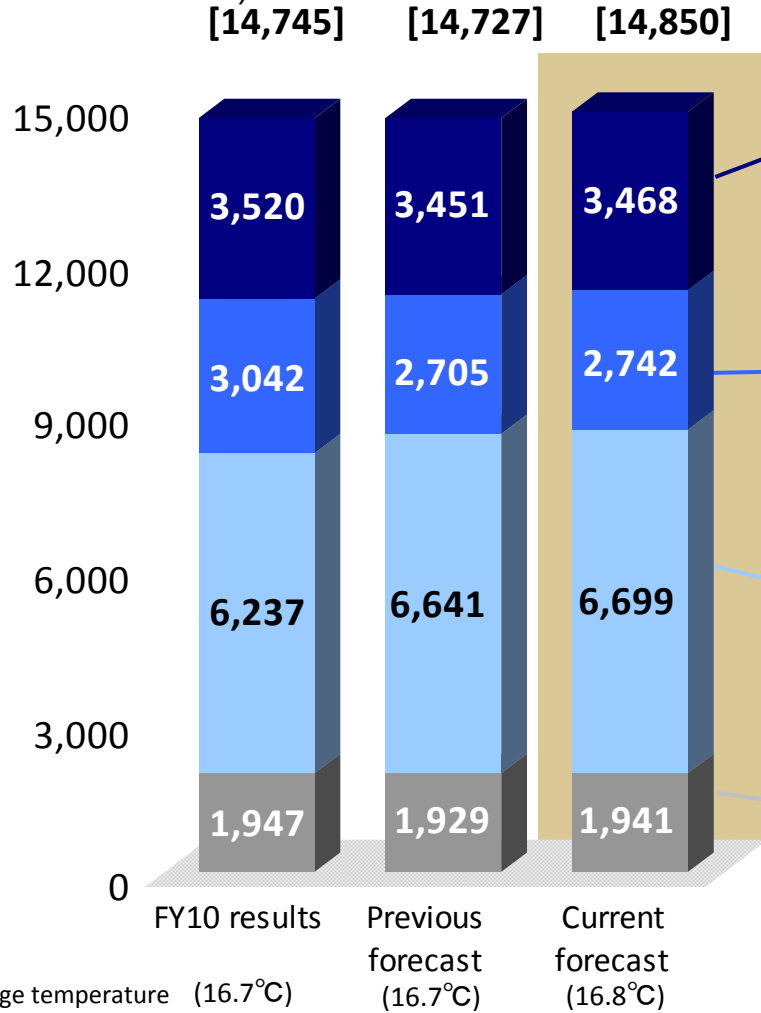
Economic Frame (full year)	JCC (\$/bbl)			Ex. rate (¥/\$)			Avg. temp. (°C)
	1-3Q	4Q	Avg.	1-3Q	4Q	Avg.	
Current forecast	113.11	110.00	112.33	78.98	80.00	79.24	16.8
Previous forecast	112.61	110.00	111.96	79.83	80.00	79.88	16.7

FY2011 Full Year Forecast: Consolidated Gas Sales Volume (Apr. 1, 2011-Mar. 31, 2012)¹³

<Previous Forecast → Current Forecast>

mil. m³, 45MJ
(rounded at mil. m³)

+123 mil. m³ (+0.8%)
[incl. temperature effect +26 mil. m³ (+0.2%)]



■ Residential +17 mil. m³ (+0.5%)

- Temperature effect +16 mil. m³
- Number of customers -2 mil. m³
- Others +3 mil. m³

■ Commercial +37 mil. m³ (+1.4%)

- Temperature effect +11 mil. m³
- Number of customers +5 mil. m³
- Others +21 mil. m³

■ Industrial +58 mil. m³ (+0.9%)

- General industrial (excl. power generation) +19 mil. m³
- Power generation +39 mil. m³

■ Wholesale +12 mil. m³ (+0.6%)

- Increase in general wholesale sales volume (incl. temperature effect -1) +2 mil. m³
- Increase in large-volume wholesale sales volume +10 mil. m³

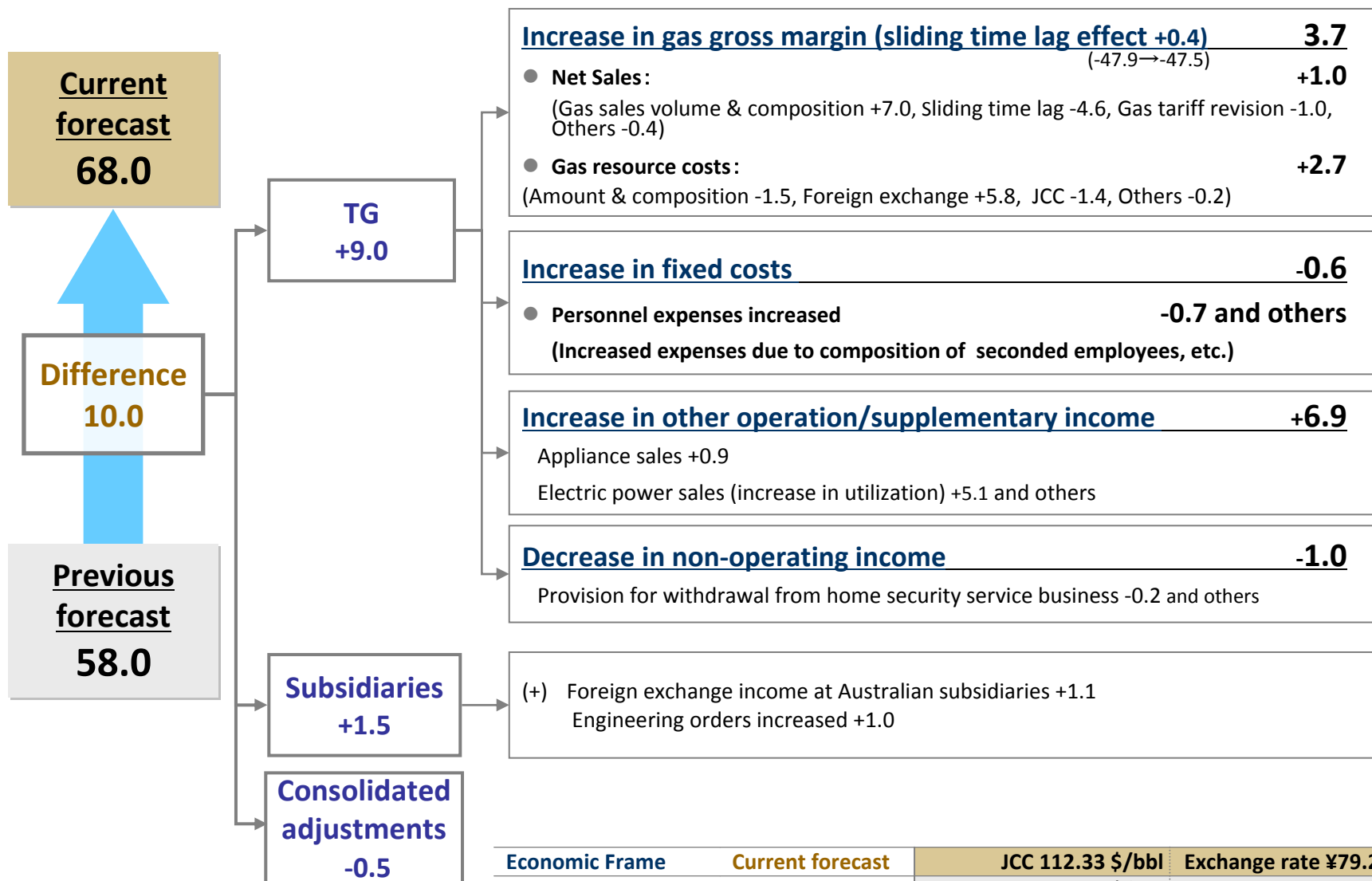
<vs. Previous Forecast>

(Unit: billion yen)

	Net sales				Operating income/loss			
	FY11			Previous forecast	FY11			Previous forecast
	Forecast	Difference	%		Forecast	Difference	%	
City gas	1,279.0	4.8	0.4	1,274.2	92.5	2.3	2.5	90.2
Gas appliances and installation work	185.3	1.9	1.0	183.4	0.9	1.9	-	-1.0
Other energy	303.8	17.9	6.3	285.9	10.0	4.2	72.4	5.8
(Electric power)	102.6	10.7	11.7	91.9	*7.6	4.4	134.5	*3.2
Real estate	29.6	0.0	0.0	29.6	4.0	0.2	5.3	3.8
Others	175.6	1.0	0.6	174.6	6.9	0.2	3.0	6.7
Adjustments	-244.3	-10.6	-	-233.7	-44.3	0.2	-	-44.5
Consolidated	1,729.0	15.0	0.9	1,714.0	70.0	9.0	14.8	61.0

- 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 business, Information processing service, Shipping business, Credit/lease financial services, etc.
 - Adjustments under operating income are primarily companywide expenses that cannot be allocated to individual segments.

(Unit: billion yen)



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

Capital expenditure

(Unit: billion yen)

Capex	Main items
Tokyo Gas: 117.3 (-5.0; -4.1%)	Production facilities: 19.2 (-5.0) Hitachi LNG terminal construction, LNG tank at Ohgishima Power Stn., etc. Distribution facilities: 76.2 (+1.6) Demand-side pipes and pipelines, New supply-side pipes, Replacement of existing gas pipes, etc. Service and maintenance facilities, etc.: 21.9 (-1.6) Systems-related expenses, Replacement of obsolete facilities, etc.
Total of Consolidated Subsidiaries: 37.0 (-1.8; -4.6%)	Overseas business (Total of Australian subsidiaries: 12.0) Renovation of district heating and cooling system, etc.: 7.5 (ENAC)
Total 151.0 (-7.0; -4.4% after internal eliminations)	

* Increase/decrease amounts in parentheses are vs. previous forecast

Investments and loans

9.6 (overseas businesses, etc. 11.3, recoveries of loans -1.7) (-7.8 vs. previous forecast)

Returns to shareholders

57.6 (unchanged vs. time of previous forecast)

(Total of FY10 year-end dividends, FY11 interim dividends, and FY11 treasury stock purchases)

	FY10 1-3Q	FY11 1-3Q	FY10 Full year	FY11 Full year forecast
Total assets (a)	1,803.3	1,818.0	1,829.6	1,871.0
Shareholders' equity (b)	807.0	789.4	858.9	823.0
Shareholders' equity ratio (b)/(a)	44.8%	43.4%	46.9%	44.0%
Interest-bearing debt (c)	649.6	687.1	584.1	637.0
D/E ratio (c)/(b)	0.80	0.87	0.68	0.77
Net income (d)	41.2	-1.0	95.4	33.0
Depreciation and amortization (e)	109.7	109.5	149.3	149.0
Operating cash flow (d)+(e)	151.0	108.4	244.8	182.0
Capex	97.7	89.7	150.2	151.0
ROA: (d)/(a)	-	-	5.2%	1.8%
ROE: (d)/(b)	-	-	11.4%	3.9%
TEP	-	-	64.0	-7.1
WACC	-	-	3.2%	3.2%
Total payout ratio	-	-	60.9%	*70.7% (planned)

Notes: Shareholders' equity = Net assets – Minority interests

ROA = Net income / Total assets (average of the amounts as of the end of the previous term and end of the current term)

ROE = Net income / Shareholders' equity (average of the amounts as of the end of the previous term and end of the current term)

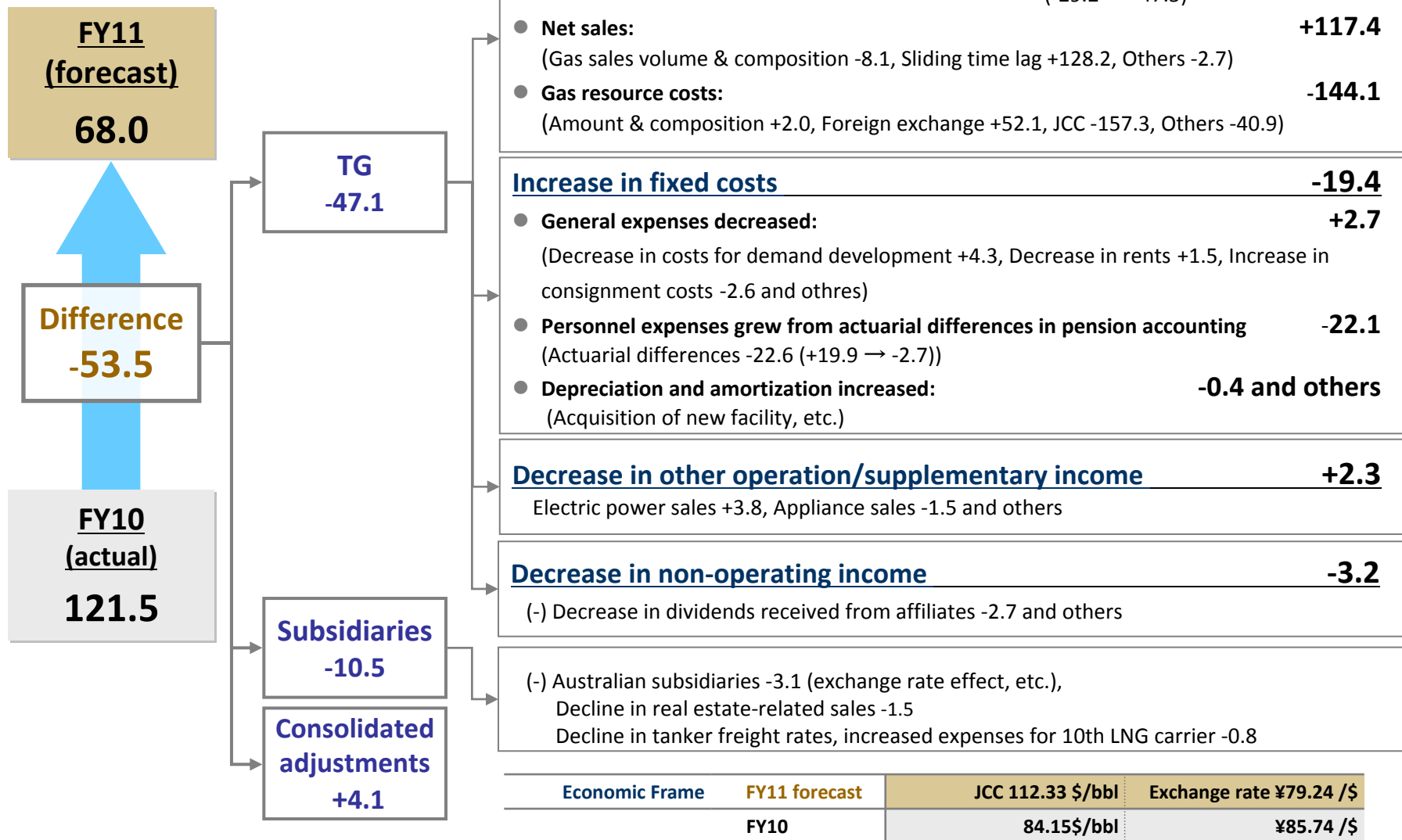
Balance sheet figures are as of the corresponding term-end

Operating cash flow = Net income + Depreciation and amortization (including amortization of long-term prepaid expenses)

Total payout ratio = (FYn dividends + (FYn+1) treasury stock purchased) / FYn consolidated net income

* Total number of shares issued: 2,590,715,295 (As of December 31, 2011)

[Reference] FY2011 Forecast: Ordinary Income Analysis <vs. FY2010>



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



< Cautionary Statement regarding Forward-looking Statements >

Statements made in this presentation with respect to Tokyo Gas's present plans, forecasts, 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.

TSE:9531