



**FY2012 2Q Financial Results
ended September 30, 2012**



October 30, 2012

FY2012 2Q Consolidated Financial Results ended September 30, 2012



Sales growth, profit increase (record-high profit) (+ - , +/- indicates profit impact, billion yen)

- Net sales** : + City Gas sales grew (+73.9; higher resources costs led to increase in unit price, gas sales volume)
- + Other energy sales grew (Electric power: +16.3, LNG sales: +15.5)
- Operating expenses** : - City Gas resources costs increased (-28.0)
- Other energy costs increased(LNG sales: -13.7, Electric power: -9.8)
- Operating income** : + City Gas income increased, following the improved sliding time lag effect (+44.0)
- + Other energy income increased(Electric power: +6.4, LNG sales: +1.8)
- Non-operating income:** + Increased income from dedicated equipment (+2.6; 0.1⇒2.7)
- Extraordinary Income and loss** : + Income on sale of overseas subsidiary stock (+2.9)
- Income tax increased with increased income (-22.1)

(Unit: billion yen)

	FY2012 2Q Results	FY 2011 2Q Results	Change	%	Previous Release (Jul. 31)	Change	%
Gas sales volume (mil. m ³ , 45MJ)	6,998	6,940	+58	0.8	6,981	+17	0.2
Net sales	863.7	748.3	+115.4	15.4	863.0	+0.7	0.1
Operating expenses	798.6	746.6	+52.0	7.0	810.0	-11.4	-1.4
Operating income	65.0	1.7	+63.3	-	53.0	+12.0	22.6
Ordinary income — (a)	67.0	1.9	+65.1	-	54.0	+13.0	24.1
Net income	39.9	-4.9	+44.8	-	32.0	+7.9	24.7
Temperature effect — (b)	1.0	2.2	-1.2	-	1.5	-0.5	-
Sliding time lag effect — (c)	3.6	-40.4	+44.0	-	-3.3	+6.9	-
Amortization of actuarial differences — (d)	-2.2	-1.6	-0.6	-	-2.2	-	-
Adjusted ordinary income :(a)- ((b)+(c)+(d))	64.6	41.7	+22.9	54.9	+58.0	+6.6	11.4
Adjusted net income ※	44.6	27.9	+16.7	59.9	+40.0	+4.6	11.5

※Effective tax rate: 30.9% for FY2012, 32.9% for FY2011

Economic Frame	JCC (\$/bbl)	Ex. Rate (¥/\$)	Avg. Temperature (°C)	Pension Investment Yield (cost deducted)	FY2012 2Q Results
FY2012 2Q	113.97	79.41	22.9°C		3.27%
FY2011 2Q	113.93	79.75	22.6°C		

Consolidated Gas Sales Volume <Apr.1 – Sep.30, 2012> <vs. FY2011 2Q>

Including gas used in-house for electric power business: [6,971]

Gas used in-house for electric power business: [31]

Gas sales volume: [6,940]

[7,270](+299,+4.3%)

[272](+241,+766.0%)

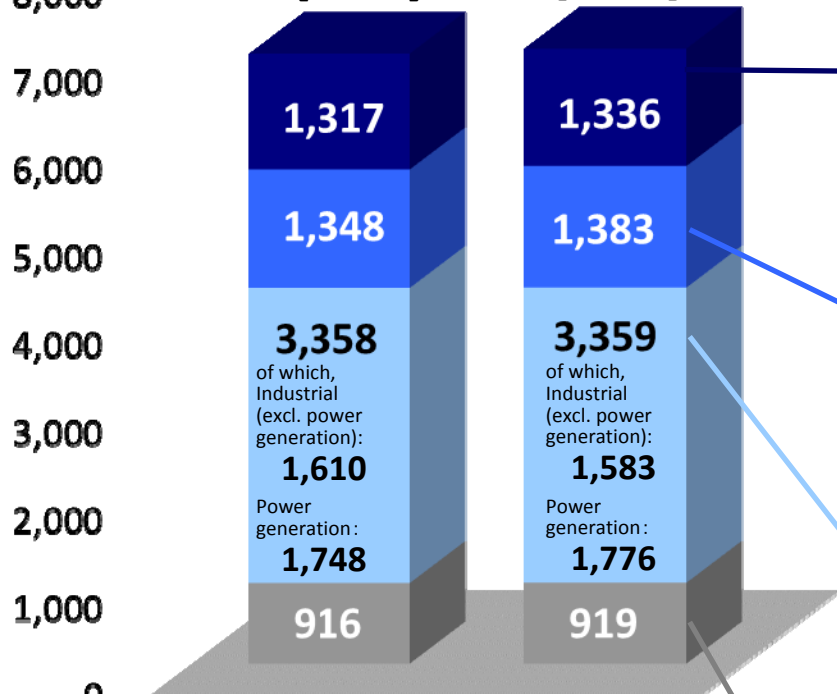
[6,998]

FY2011 2Q → FY2012 2Q

+58 mil. m³ (+0.8%)

*large-volume gas demand +5 mil. m³ (+0.1%)

*temperature effect -18 mil. m³ (-0.3%)



Residential +19 mil. m³ (+1.5%)

- Temperature attributes -13 mil. m³
- Increase in number of customers +11 mil. m³
- No. of days -2 mil. m³
- Others (increase in usage per household after standardization (non-consolidated basis) +1.8%) +23 mil. m³

Commercial +35 mil. m³ (+2.6%)

- Temperature attributes -4 mil. m³
- Increase in number of customers +10 mil. m³
- No. of days +2 mil. m³
- Others (rebound from impacts by the earthquake, etc.) +27 mil. m³

Industrial +1 mil. m³ (+0.0%)

- Impact of Chiba-Kashima Line commencement +130 mil. m³
- Industrial (excl. Power generation): -26 mil. m³
- Lower utilization rates at existing facilities (CGS utilization down, Economic slump) etc.
- Power generation: +27 mil. m³
- Nijio -118 mil. m³, Excluding Nijio +145 mil. m³
- (Reference)
- Portion of FY2011 result shifted to in-house use -168 mil. m³

Wholesale +3 mil. m³ (+0.3%)

- General wholesale demand (Incl. temperature effect -1) +8 mil. m³
- Large-volume gas demand -5 mil. m³

mil. m³, 45MJ/m³
(rounded at mil. m³)

FY2011 2Q

FY2012 2Q

	FY2011 2Q	FY2012 2Q
LNG liquid sales volume (thousand t)	193	215
Average temperature	22.6 °C	22.9 °C

Number of customers

(Unit: 10 thousand)

FY2012 2Q-end	FY2011 2Q-end	Change
1,090.0	1,077.7	+12.3 (+1.1%)

FY2012 2Q Net Sales and Operating Income/loss by Business Segment <vs. FY2011 2Q> 4



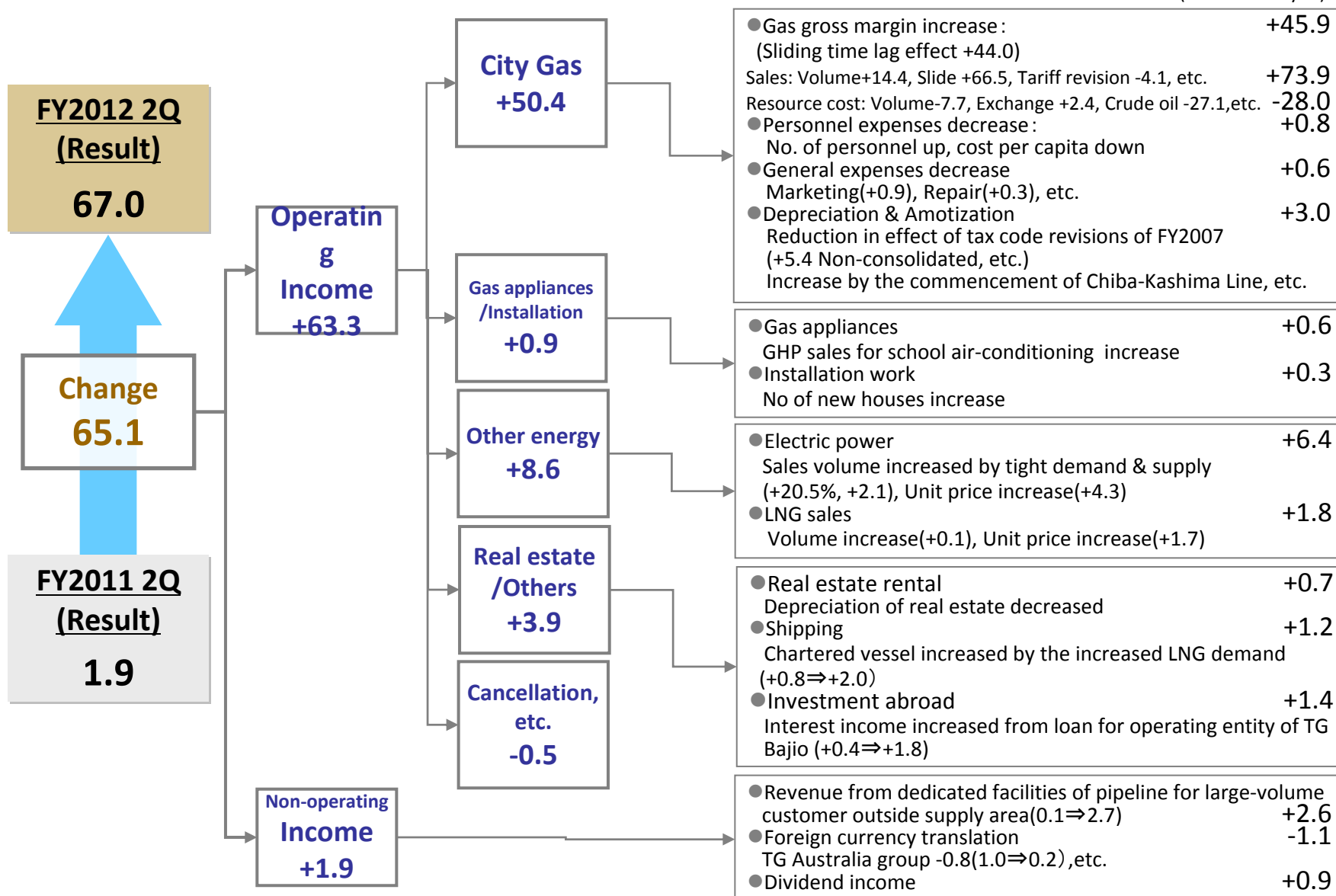
(Unit: billion yen)

	Net Sales				Operating Income/loss			
	FY2012 2Q			FY2011 2Q	FY2012 2Q			FY2011 2Q
	Results	Change	%	Results	Results	Change	%	Results
City gas	628.3	73.9	13.3	554.4	64.6	50.4	353.1	14.2
Gas appliances and installation work	93.3	15.7	20.3	77.6	1.4	0.9	180.3	0.5
Other energy	157.8	23.6	17.6	134.2	11.8	8.6	269.3	3.2
(electric power)	61.7	16.3	35.7	45.4	8.1	6.4	365.5	1.7
Real estate rental	15.0	0.3	1.8	14.7	3.3	0.7	27.5	2.6
Others	88.0	14.6	20.0	73.4	4.7	3.2	213.7	1.5
Adjustment	-119.0	-12.9	-	-106.1	-20.8	-0.5	-	-20.3
Consolidated	863.7	115.4	15.4	748.3	65.0	63.3	-	1.7

Notes:

- Net sales by business segment include internal transactions.
- “Other energy” includes energy-service, electric power, LPG, etc. and industrial gas, etc.
- “Others” includes construction, information processing, shipping, investment abroad, credit and leasing, etc.
- The “Adjustment” to operating income is primarily companywide expenses not allocated to individual segments.

FY2012 2Q Ordinary Income Analysis <vs. FY2011 2Q>



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

FY 2012 2Q Consolidated Financial Results Overview (Forecast)



Highlights of full year forecasts: sales and profit growth

■ Revision of crude oil price assumption

- 2H forecast revised to \$110/bbl from \$100/bbl to reflect recent market prices. Exchange rate remains unchanged (JPY80/\$)
- Deterioration in sliding time-lag effect -¥2.1 billion

■ Upward revision to gas sales volume

- Upward revision to “power generation” forecast (+169 million m³), downward revision to “general industrial use” forecast (-63 million m³)

■ Revision to electric power business forecast

- Upward revision to profit to reflect higher expected utilization (+¥5.0 billion)

 (Unit: mil. M³/45MJ, billion yen)

	Current Release	Previous Forecast (Jul. 31)	Change	%	FY2011	Change	%
Gas sales volume (mil. m ³ , 45MJ)	15,135	15,018	+117	0.8	15,190	-55	-0.4
Net sales	1,890.0	1,844.0	+46.0	2.5	1,754.2	+135.8	7.7
Operating expenses	1,738.0	1,704.0	+34.0	2.0	1,677.1	+60.9	3.6
Operating income	152.0	140.0	+12.0	8.6	77.0	+75.0	97.2
Ordinary income — (a)	154.0	138.0	+16.0	11.6	75.6	+78.4	103.6
Net income	99.0	88.0	+11.0	12.5	46.0	+53.0	114.9
Temperature effect — (b)	1.0	1.5	-0.5	-	7.5	-6.5	-
Sliding time lag effect — (c)	9.0	11.1	-2.1	-	-47.3	+56.3	-
Amortization of actuarial differences — (d)	-4.4	-4.4	-	-	-3.1	-1.3	-
Adjusted ordinary income (a)- ((b)+(c)+(d))	148.4	129.8	+18.6	14.3	118.5	+29.9	25.2
Adjusted net income※	102.5	89.6	+12.9	14.4	79.5	+23.0	28.9

※Effective tax rate: 30.9% for FY2012, 32.9% for FY2011

Gross Margin Sensitivity to Changes in Oil Price and Exchange Rate

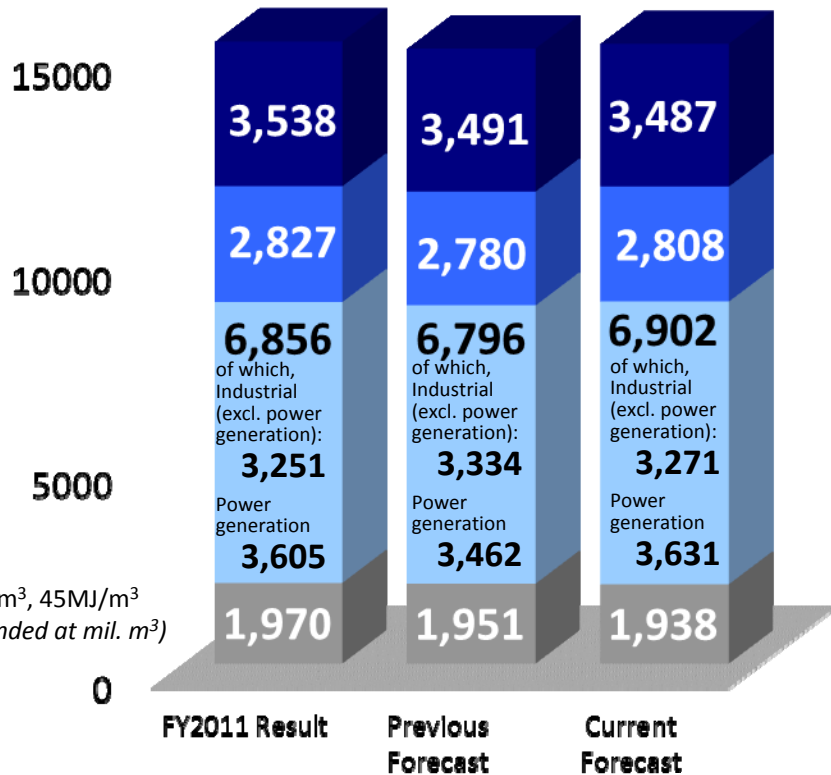
(Unit: billion yen)

(full year/non-consolidated basis)	Economic Frame (Full Year)			Crude Oil Price (\$/bbl)	Foreign Exchange Rate (¥/\$)	Average Temp. (°C)	Pension Asset	Investment Yield (cost deducted)	Discount Rate	Year-end Assets (billion yen)	
	3Q	4Q	Full year								
Impact of rising JCC by \$1/bbl	-0.2	-0.8	-1.0	FY12	111.99	79.71	16.8	FY11	5.13%	1.7%	254.0
Impact of yen depreciation by ¥1/\$	-1.1	-0.1	-1.2	FY11	114.17	79.08	16.4	FY10	2.70%	2.0%	235.0

Previous Forecast → Current Forecast

+117 mil. m³ (+0.8%)

Including gas used in-house for electric power business: [15,288] [15,552] [15,711](+159,+1.0%)
 Gas used in-house for electric power business: [98] [534] [576](+42,+7.9%)
 Gas sales volume: **[15,190] [15,018] [15,135](+117,+0.8%)**



Residential **-4 mil. m³ (-0.1%)**

- Lower demand for water-heating because of high temperatures in Summer **-10 mil. m³**
- 2H projection almost unchanged **+6 mil. m³**

Commercial **+28 mil. m³ (+1.0%)**

- Higher demand for air conditioning because of high temperatures in Summer **+16 mil. m³**
- Expecting less energy-saving effect in winter than initially anticipated **+12 mil. m³**

Industrial **+106 mil. m³ (+1.6%)**

- Industrial (excl. Power generation): included revision to economic outlook **-63 mil. m³**
- Power generation: higher expected utilization **+169 mil. m³**

Wholesale **-13 mil. m³ (-0.7%)**

- To reflect 2Q shortfall from plan
- Almost unchanged for 2H and beyond

[Reference] Effect of increase in volume from Chiba-Kashima Line **+76 mil. m³**

	Previous Forecast	Current Forecast
Gas used in-house for electric power business		
LNG liquid sales volume (thousand t)	610	612
Average temperature	16.5 °C	16.8 °C
Number of customers	(Unit: 10 thousand)	
FY2012 2Q-end	FY2011-end	Change
1,090.0	1,085.5	+4.5 (+0.4%)

Ref: Main differences between FY2011 results and current forecast

- Despite recovery from earthquake in residential and commercial sectors, decline because of large effect from low temperatures in FY2011 (Residential -51 mil. m³, Commercial -19mil. m³)
- In spite of the negative effect from the schematic change of electric power business, etc., increase for industrial sector on contribution from new pipeline opening (Industrial +46 mil. m³)

Highlights

- City gas: In addition to growth in gas sales volume for “power generation,” we now see the energy-saving trend in the commercial sector abating. Accordingly, we have raised our sales and profit forecasts based on upward revisions to our gas sales volume projection.
- Electric power: Although we see the trend of conserving electricity becoming permanent, we continue to expect the supply-demand balance for electric power to remain tight through the winter and have raised our 2H utilization estimate with operations in holidays and during the night, and raised our sales and profit forecasts.

(Unit: billion yen)

	Net Sales					Operating Income				
	Current Forecast as of Oct. 30			Previous Forecast as of Jul. 31	FY2011 Result	Current Forecast as of Oct. 30			Previous Forecast as of Jul. 31	FY2011 Result
	Price	Vs. Previous Forecast	%			Price	Vs. Previous Forecast	%		
City gas	1,366.1	25.1	1.9	1,341.0	1,306.2	152.7	2.5	1.7	150.2	97.4
Gas appliances and installation work	199.5	6.5	3.4	193.0	187.6	2.7	1.7	170.0	1.0	3.1
Other energy	328.2	18.3	5.9	309.9	302.5	26.5	5.6	26.8	20.9	10.9
(electric power)	122.8	11.8	10.6	111.0	101.8	19.6	5.0	34.1	14.6	7.9
Real estate rental	30.6	0.1	0.3	30.5	29.6	5.0	0.3	6.4	4.7	3.3
Others	192.7	4.1	2.2	188.6	181.8	9.2	1.9	26.0	7.3	7.0
Adjustment	-227.1	-8.1	-	-219.0	-253.7	-44.1	0.0	-	-44.1	-44.7
Consolidated	1,890.0	46.0	2.5	1,844.0	1,754.2	152.0	12.0	8.6	140.0	77.0

- Notes:
- Net sales by business segment include internal transactions.
 - “Other energy” includes energy-service, electric power, LPG and industrial gas, etc.
 - “Others” includes construction, information processing, shipping, investment abroad, credit and leasing, etc.
 - The “Adjustment” to operating income is primarily companywide expenses not allocated to individual segments.

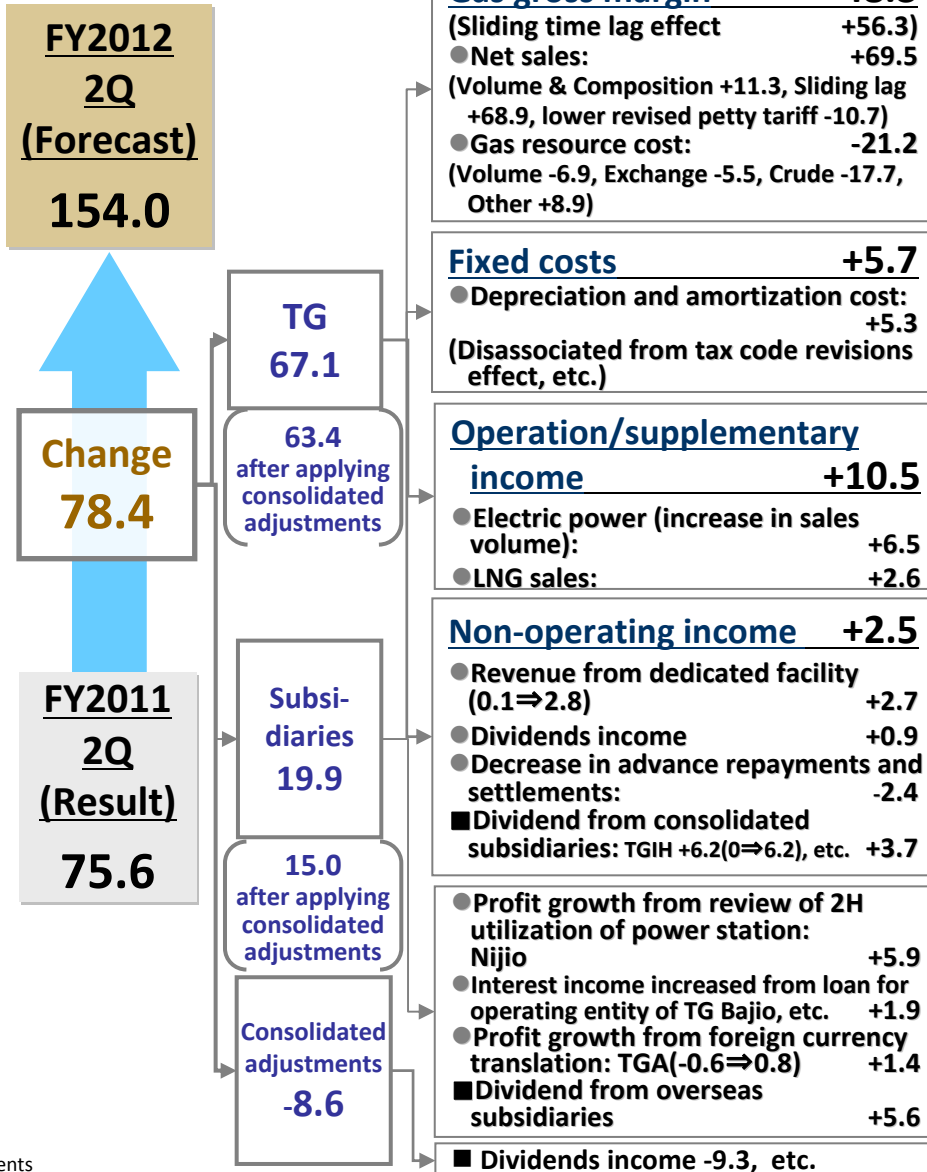
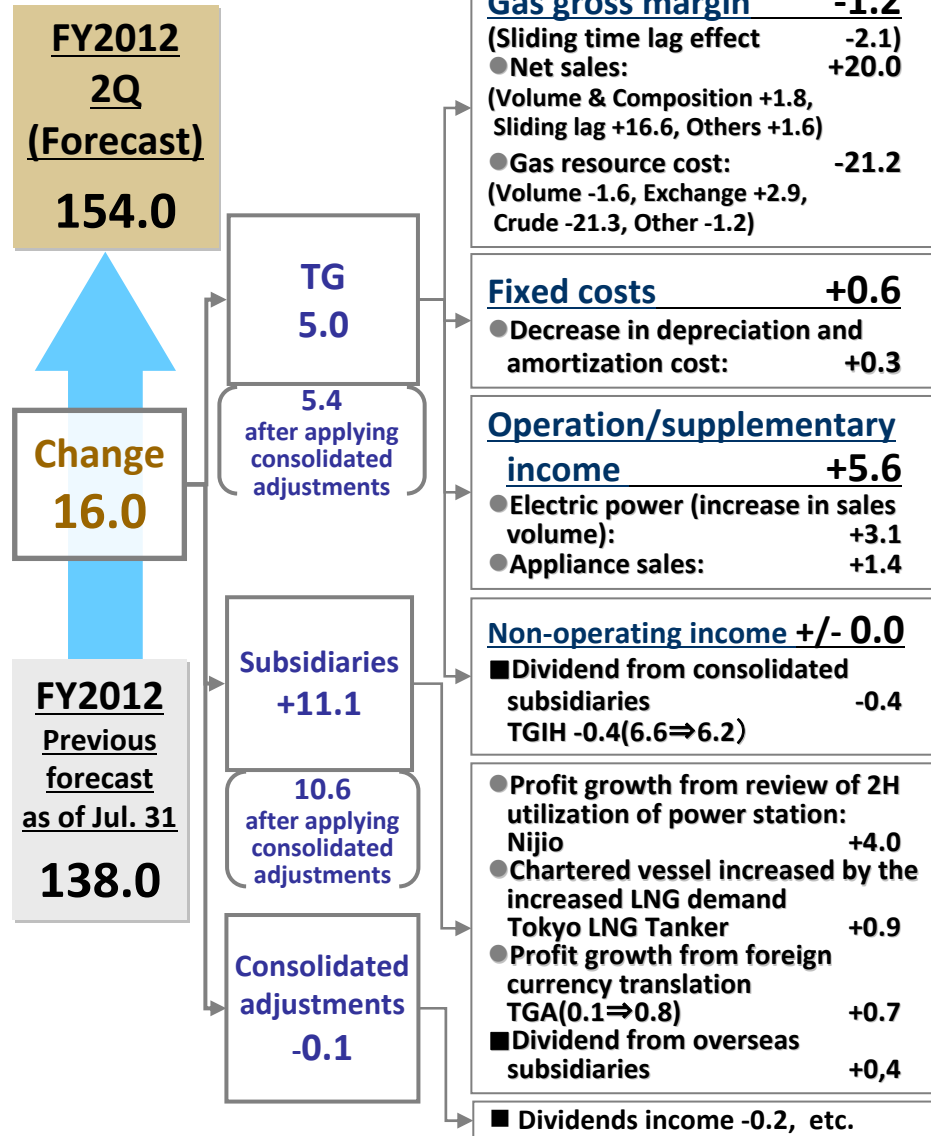
FY2012 Full Year Ordinary Income Analysis

<vs. previous forecasts (as of Jul. 31)>

(Unit: billion yen)

<vs. FY2011 2Q results>

(Unit: billion yen)



Note: (+) & (-) refer to contributions to income. Items marked ■ are deducted from consolidated adjustments

Capital expenditure

(Unit: billion yen)

Capex	Main items	Ref: Initial plan
Tokyo Gas: 136.9 (+23.0 , +20.2%)	Production facilities : 26.4 (+7.7) Hitachi LNG terminal construction, etc.	Tokyo Gas: 139.0 (+25.1, +22.0%)
	Distribution facilities : 89.9 (+15.5) Ibaraki-Tochigi Line installation, New demand-side pipes and pipelines, etc.	
	Service and maintenance facilities, etc. : 20.5 (-0.2) Systems-related investment, Tamachi development-related, etc.	
Total of Consolidated Subsidiaries: 53.1 (+20.6 , +63.4%)	Overseas business (Total of Australian subsidiaries 22.3) Renovation of district heating and cooling system, etc. 12.8 (ENAC)	Total of Consolidated Subsidiaries: 52.0 (+19.5 , +60.0%)
Total 190.0 (+43.6, +29.8%)		Total 191.0 (+44.6, +30.5%)

*Numbers in parentheses refer to comparisons with FY2011. Total number is after internal eliminations.

Investments and loans

27.9 (overseas businesses, etc. 33.1, collections on loans -5.2) (vs. FY2011 +21.4)

Returns to shareholders

28.2 (Maintaining 60% total payout ratio) (vs. FY2011 -29.4)
(Total of FY2011 year-end dividends, FY2012 interim dividends, and FY2012 treasury stock purchases)

Required Funds and Source of Funds

【2Q Result】

Required Funds		Source of Funds		
Capex	75.5	Internal funding	Depreciation	67.1
Other Investment & financing※	10.3		Ordinary income	67.0
Dividends & Tax	31.0		Others	-25.3
Share buybacks	5.0		Total	108.8
Repayment (Non-consolidated)	40.4 (40.4)	Outside funding (Non-consolidated)	53.4 (51.8)	
Total	162.2	Total	162.2	

【FY2012 Forecast】

(Unit: billion yen)

Required Funds		Source of Funds		
Capex	190.0	Internal funding	Depreciation	139.0
Other Investment & financing※	27.9		Ordinary income	154.0
Dividends & Tax	51.7		Others	-40.6
Share buybacks	5.0		Total	252.4
Repayment (Non-consolidated)	47.0 (33.0)	Outside funding (Non-consolidated)	69.2 (64.5)	
Total	321.6	Total	321.6	

Interest-bearing debt

End of FY2011 : 625.8 billion yen

End of 2Q, FY2012 : 639.0 billion yen End of FY2012e : 648.0 billion yen

※Other investment & financing is the net amount of investment outlays and loan repayments.

The above does not include CP to be issued and redeemed within FY2012 as seasonal working capital.

Progress Under 2020 Vision



1. Production and Procurement

(1) Hitachi – Kashima Line (provisional name), Hitachi – Onahama Line (provisional name)

- Start considering practical issues including pipeline route selection of Hitachi – Kashima Line (provisional name), and implements demand potential survey along the route of Hitachi – Onahama Line (provisional name)

2. Energy Solution

(1) Made decision to begin construction of Ohgishima Power Station Unit 3

- Have already completed environmental assessment procedures and determined that Ohgishima Power Station Unit 3 would be able to make the fastest contribution to a stable and efficient supply of electricity
- Construction to start in November 2012, and aiming to commence operations during FY2015
- Maximum efficiency of approximately 58%, gross output of 407MW (tentative)

(2) Supplying LNG nationwide

○ Began supplying LNG to Hokkaido Gas's Ishikari LNG terminal

- Planning to supply approximately 300,000-400,000 tons/year for 11 years from FY2012.
- Invested in Hokkaido LNG, owner of Ishikari LNG terminal (20% stake in October 2012)

(3) Promoting smart energy

- a. Decided to develop Gene-Smart control systems for maximum power supply capacity from cogeneration during power outages, and install such system at large building complexes promoting smart energy (October 2012)
- b. Installing newest ENE-FARM at Fujisawa Sustainable Smart Town, being developed mainly by Panasonic Corp., installing cogeneration, and promoting area-wide energy use.
- c. Verification testing of smart energy network at our Senju site (Arakawa-ku, Tokyo) showed 13.6% energy conservation and 35.8% reduction in CO2 emissions (FY2011 result)

Reference Materials

(Non-consolidated basis)

Impact on rise in Oil price JCC by \$1/bbl

(Unit: billion yen)

		Impact on earnings		
		3Q	4Q	Full Year
Period	3Q	-0.2	-0.6	-0.8
	4Q		-0.2	-0.2
	Total	-0.2	-0.8	-1.0

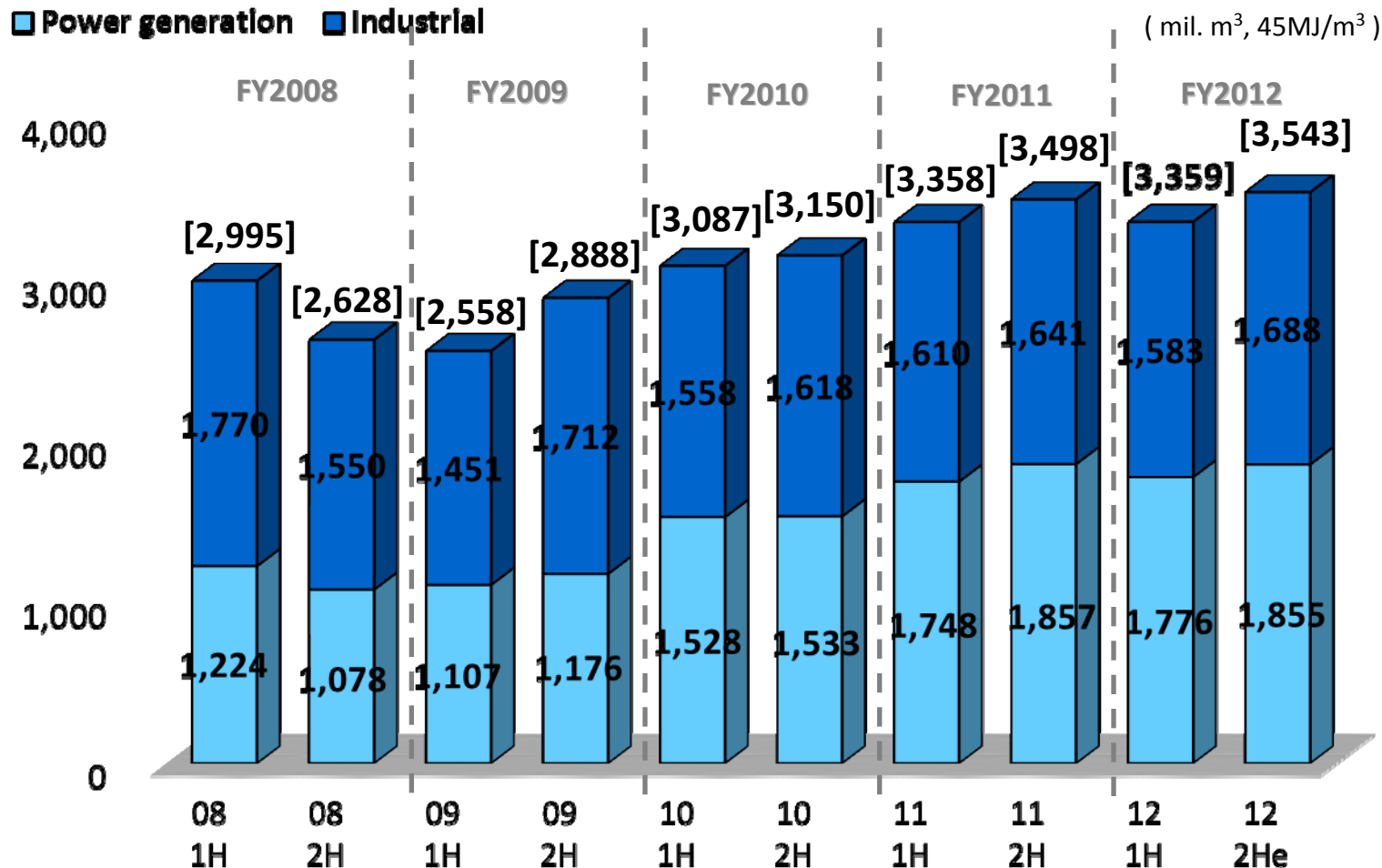
Impact on yen depreciation by ¥1/\$

(Unit: billion yen)

		Impact on earnings		
		3Q	4Q	Full Year
Period	3Q	-1.1	1.2	0.1
	4Q		-1.3	-1.3
	Total	-1.1	-0.1	-1.2

Consolidated

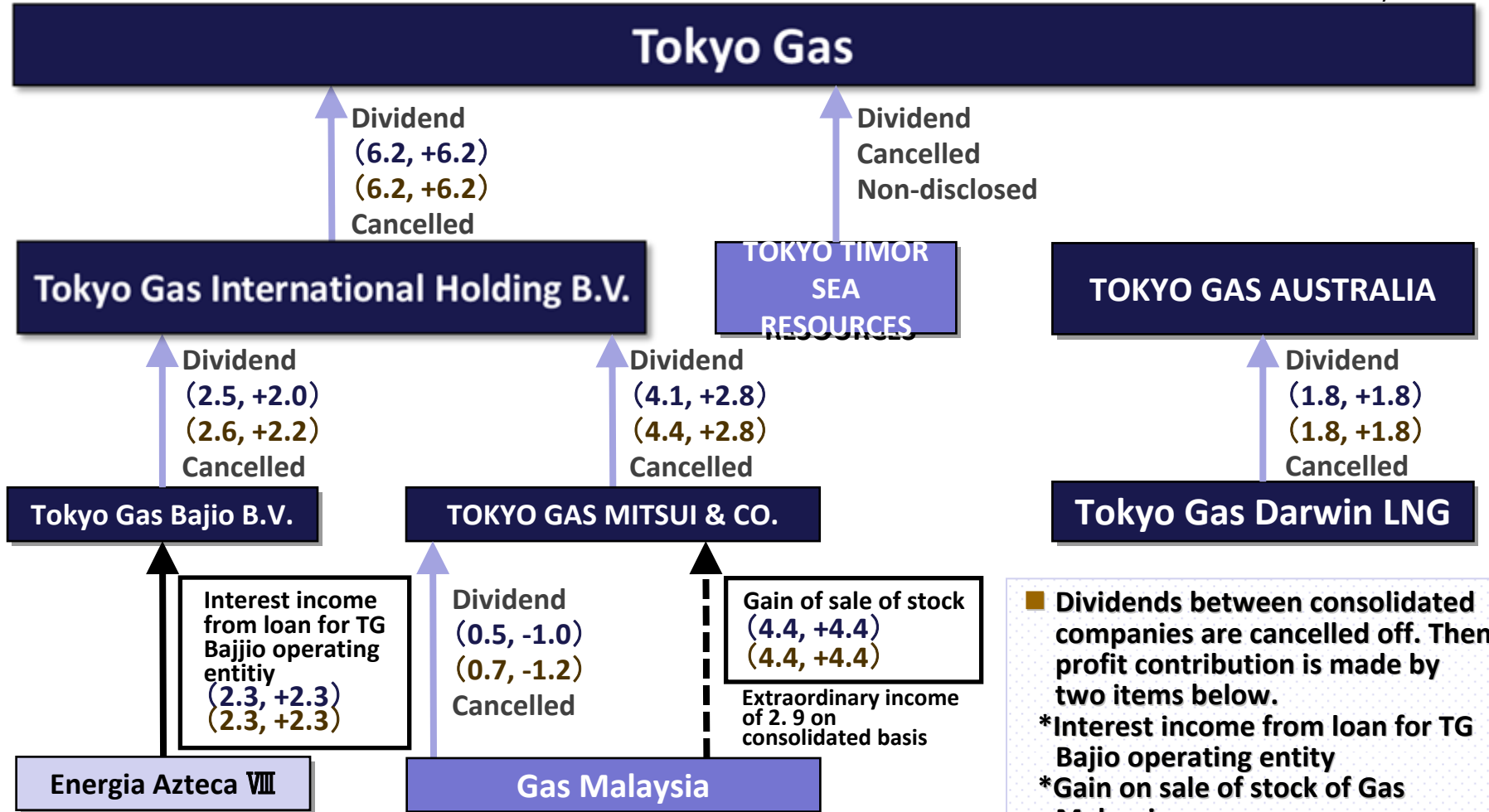
- With contributions from Chiba – Kashima Line (from March 2012) and Kashima Waterfront Line (from June 2012) covering more than the negative effect of schematic change in electric power business (-168 mil.m³), 2Q gas sales volume exceeded the gas sales volume of FY2011 2Q.



Note: A part is incorporated into self-consumption volume, following the schematic change in electric power business in FY2012

Flow chart for dividend from overseas subsidiaries

Unit: billion yen



Consolidated
 Equity-method affiliates
 Out of consolidation

Numbers in parenthesis Unit: billion yen
 Upper: 2Q Results, Difference from FY2011 2Q Results
 Lower: FY2012 Forecast, Difference from FY2011 Results

(Unit: billion yen)

	FY2010 Results	FY2011 Results	FY2012 Full year forecast
Total assets (a)	1,829.6	1,863.8	1,947.0
Shareholders' equity (b)	858.9	839.1	908.0
Shareholders' equity ratio (b)/(a)	46.9%	45.0 %	46.6%
Interest-bearing debt (c)	584.1	625.8	648.0
D/E ratio (c)/(b)	0.68	0.75	0.71
Net income (d)	95.4	46.0	99.0
Depreciation and amortization (e)	149.3	148.5	139.0
Operating cash flow (d) + (e)	244.8	194.5	238.0
Capex	150.2	146.4	190.0
ROA: (d) / (a)	5.2%	2.5%	5.2%
ROE: (d) / (b)	11.4%	5.4%	11.3%
TEP	64.0	9.1	61.2
WACC	3.2%	3.1%	3.1%
Total payout ratio	60.9%	61.4%	60.0%(plan) *

Notes: Shareholders' equity = Net assets – Minority interests

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

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

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 issued stock: 2,577,715,295 (as of September 30, 2012)

*To be maintained at approximately 60% each year to FY2020.



< 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