

**FY2009 2Q Financial Results  
ended September 30, 2009**

**Tokyo Gas Co., Ltd.  
October 28, 2009**



I am President Mitsunori Torihara of Tokyo Gas Co., Ltd. Thank you very much for kindly attending our financial results presentation, despite your busy schedules.

Today, I am going to outline the Tokyo Gas Group's financial performance for the second quarter of Fiscal 2009 and our business performance projections for the full fiscal year.

# Consolidated Results

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## Financial Highlights : FY09 2Q Results



Decreased Revenue, Increased Income [(c.f.) FY08 2Q]

- Gas Sales Volume: (-) due to economic downturn / Temperature fluctuation
- Sales : (-) due to lower oil price, higher yen, lower gas volume
- Operating Income : (+) due to lower gas cost

(Billion yen)

	FY09 2Q	FY08 2Q	Change
Gas Sales Volume (45MJ/bil. m <sup>3</sup> )	6.17	6.73	-0.56
Sales	632.0	740.0	-108.0
Operating Income	46.4	-9.5	+ 55.9
Ordinary Income	50.5	-11.4	+ 61.9
Net Income	32.7	-1.6	+ 34.3

Sliding Time Lag Effect	+21.6	-45.6	+67.2
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	Crude oil (\$/bbl)	Ex. Rate (¥/\$)	Temperature (°C)
FY09 2Q	61.8	95.5	22.4
FY08 2Q	119.7	106.1	22.1

2

Let me begin with the highlights of the second quarter financial results. As shown on this table, during the second quarter revenues decreased but profits rose compared with the same quarter of the previous year.

While the global financial crisis is moving toward resolution and the domestic economy is showing signs of improvement as Japan's GDP growth rate turned positive in the first quarter, the path to recovery remains steep and the aftermath of the financial crisis continues to cast a shadow on domestic industrial activity and consumer behavior.

This has also affected our gas operations, with sales volume dropping across the board for industrial, residential, commercial and wholesale demand. As a result, the total gas sales volume declined by 564 million cubic meters or 8.4% year-on-year to 6,166 million cubic meters.

On the other hand, gas resource costs were also down on lower crude oil prices. Additionally, the sliding rate adjustment system time lag effect at Tokyo Gas Co. Ltd. improved 67.2 billion yen from a collection shortage of 45.6 billion yen the previous year to a collection surplus of 21.6 billion yen. Consequently operating income greatly increased, rising 55.9 billion yen to 46.4 billion yen.

Reviewing the first-half performance, the economic recovery has not been as swift as expected at the start of the fiscal year, and first-half gas sales volume fell 37 million cubic meters below the April projection. Crude oil prices also greatly exceeded the initial projection of \$50/bbl at over \$61.8/bbl for the year average, further squeezing income. Nevertheless, FY2009 second quarter net income surpassed the initial estimate by 16.7 billion yen and the July estimate by 8.7 billion yen. This was achieved by implementing strict expense management to realize the initial profit plan targets.

## Financial Highlights : FY09 Outlook



**Decreased Revenue, Increased Income** [(c.f.) 7/30 projection]

➤ **Gas Sales Volume: (+) Industrial/ Wholesale, (-) Residential / Commercial**

➤ **Sales : (-) Gas, Gas Appliances, Installation Work**

➤ **Operating Income : (-) lower gas margin, (+) lower expenses**

(Billion yen)

	FY09	7/30 projection	Change	FY08
<b>Gas Sales Volume (45MJ/bil. m<sup>3</sup>)</b>	<b>13.50</b>	13.39	+ 0.11	13.94
<b>Sales</b>	<b>1,407.0</b>	1,414.0	-7.0	1,660.1
<b>Operating Income</b>	<b>72.0</b>	72.0	0	65.2
<b>Ordinary Income</b>	<b>72.0</b>	64.0	+ 8.0	58.3
<b>Net Income</b>	<b>48.0</b>	42.0	+ 6.0	41.7

<b>Sliding Time Lag Effect</b>	<b>+2.7</b>	-2.3	+5.0	-31.8
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Impact of JCC & Ex. rate fluctuation

(bil. Yen)	Gross margin
(+)1\$/bbl	-0.7
(+) ¥1/\$	-0.5

From Oct. 2009, 70\$/bbl, ¥95/\$

	Crude oil \$/bbl	Ex. Rate (¥/\$)	Temp. (°C)
FY09	65.9	95.3	16.7
FY08	90.5	100.7	16.6

3

I will now proceed to present the consolidated projections for the full year Fiscal 2009, ending March 31, 2010.

While the management environment is expected to remain harsh during the second half, by continuing with efforts to reduce expenses while steadily implementing priority policies, we project sales of 1,407 billion yen, operating income of 72 billion yen, ordinary income of 72 billion yen and net income of 48 billion yen for Fiscal 2009.

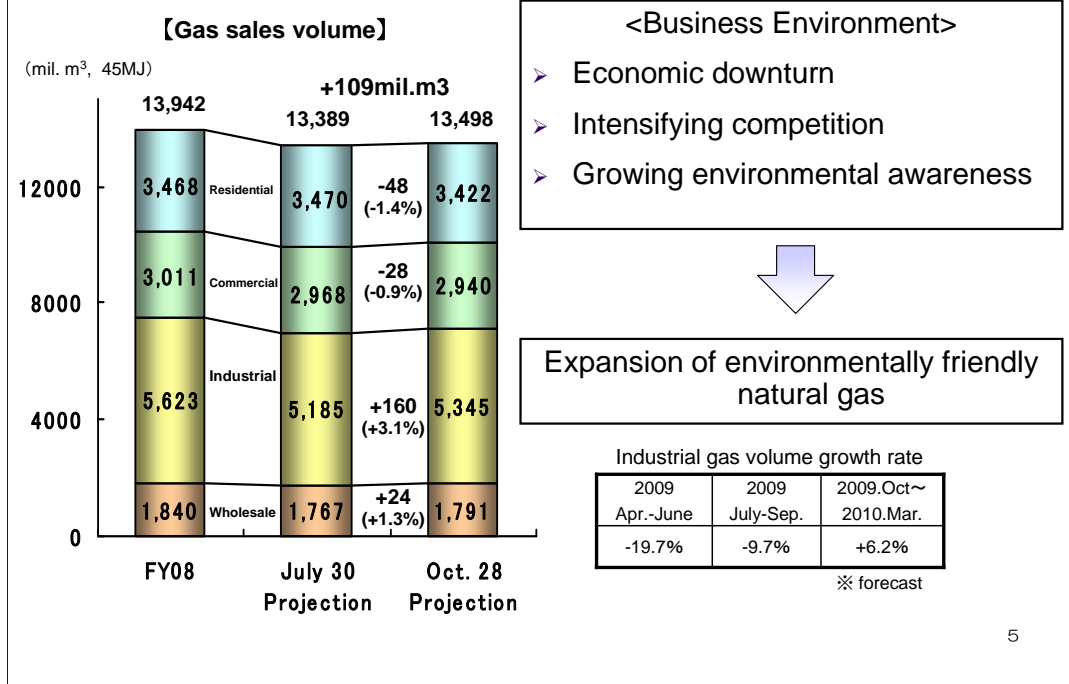
# Business Environment & Challenges



4

Next, I would like to discuss the changes in the management and market environment which constitutes the background to these revised business performance projections, along with our understanding and the related issues for Tokyo Gas.

# Business Environment & Challenges



5

With an expected recovery in industrial use, total Fiscal 2009 gas sales volume is projected to rise 109 million cubic meters to 13,498 million cubic meters.

In the residential sector, under the stagnant economy the number of new housing starts was down sharply year-on-year each month from April through August for an average decline of 35% in the Tokyo Metropolitan Area. Reflecting this development, the new installations projection has been revised downwards from 214,000 to 184,000 installations. Residential use was also affected by the mild temperatures. Additionally, we assume a customer trend toward greater energy conservation and lower gas use, although this is difficult to quantify. Overall, the residential gas sales volume projection has been revised slightly downwards by 48 million cubic meters.

In residential sector developments, all-electric housing has been spreading not only for new construction but also for existing customers. In response to this trend, the entire Tokyo Gas Group, including Tokyo Gas LIFEVAL, regional energy service companies, is reinforcing its marketing capabilities.

To give you some examples, we are stepping up development and sales of ENE FARM residential-use fuel cells and other green energy systems combining photovoltaic and solar heat energy. As of October 14, the cumulative sales of ENE FARM reached 1,050 units. As announced in July, the Tokyo Gas Group is concentrating its efforts to surpass the original ENE FARM target and realize annual sales of 2,100 units.

Business-use gas sales volume is also being greatly affected by the harsh economic conditions. The second quarter sales volume declined because of low summer temperatures combined with lower building occupancy and equipment utilization rates in the commercial sector under the stagnant economy. As a result, while second-half sales are expected to exceed the plan targets along with economic recovery, the Fiscal 2009 business-use projection is revised downwards by 28 million cubic meters, reflecting the weak second quarter sales.

As for industrial-use gas sales volume, the initial plan assumed that the weak sales during the January-to-March quarter would continue, with no recovery, into Fiscal 2009, but in many industries sales actually bottomed out this March at around 30% below the prior year's level and have since been recovering. Sales were down 20% year-on-year during the first quarter, but recovered to a 10% year-on-year decline for the second quarter. At Tokyo Gas Co. Ltd., the industrial-use gas sales volume is expected to recover and post a roughly 6% year-on-year increase for the second half, with higher sales centered on the steel and electric power industries. Based on the performance at the current point in time, the Fiscal 2009 industrial-use gas sale volume projection has been revised upwards by 160 million cubic meters from the prior projection.

The need for counter action against global warming has increased even further with the launch of the Hatoyama Administration, and natural gas is expected to play an ever greater role toward the realization of a low-carbon society. In particular, because fuel conversion is expected to accelerate in the industrial sector, Tokyo Gas intends to firmly seize this opportunity, contribute to further CO<sub>2</sub> reduction through sophisticated gas use and realize the spread and expansion of natural gas.

## Natural gas expansion and LNG value chain



### **Infrastructure**- to meet the growing demand

- Ohgishima LNG Terminal 4<sup>th</sup> storage tank
- Gunma Line (March 2010)

### **Upstream Business** –stable supply and revenue increase

- Darwin (2006) : Dividend payout expected in FY09
- Pluto : Construction on schedule (FY2010 1<sup>st</sup> cargo)
- Gorgon: FID completed (construction cost 34 bil.¥yen, 2014 start up)

### **Power Business**-steady growth even under economic downturn

- Increased sales volume (Oct. 2008 Kawasaki 2<sup>nd</sup> unit)
- Ohgishima Power 1<sup>st</sup> Unit (Start operation in March. 2010)

※1AUS=¥80

6

Fiscal 2009 is the first year of the Tokyo Gas Group Medium Term Management Plan. While only six months have passed, I will briefly report on the execution of the strategies specified in the plan.

Strengthening the natural gas value chain is an essential management issue for the diffusion and expansion of natural gas use, and to make natural gas more competitive. Despite the severe management environment, Tokyo Gas will steadily implement the Medium Term Management Plan policies to build up the value chain, from upstream through downstream operations.

In infrastructure expansion, which was identified as one main issue at the start of the fiscal year, Tokyo Gas will advance infrastructure development centered on the northern Kanto Region, where demand is projected to rise. The Fiscal 2009 infrastructure investment is projected to be in line with the initial plan.

Tokyo Gas is advancing upstream operations while minimizing risk and cautiously examining profitability, and working to position upstream operations as a key revenue source for related businesses. Among existing upstream projects in which Tokyo Gas is participating, Darwin – which is already in its third year – is expected to issue dividends this year. The construction works at Pluto are advancing smoothly to initiate LNG shipments in Fiscal 2010, as per the initial plan. The Final Investment Decision (FID) for the Gorgon project was made this September, and with the conclusion of the LNG purchase and sales contract Tokyo Gas obtained a 1% interest.

Electric power operations are a core element in the development of Tokyo Gas as an integrated energy business. Electricity sales volume is steadily increasing with the expansion of capacity at Kawasaki Natural Gas Power Generation Co. despite the harsh market environment. The revenues and expenses are on track to achieve the initial profit targets. Ohgishima Power Station Unit 1 should also go on line at the end of the fiscal year as planned. With this addition, Tokyo Gas will realize a power generation capacity of approximately one million kW. We are steadily making the arrangements to become an integrated energy company.

## LNG Procurement



### New contracts

- Sakhalin 2: 1.1 million tons / year
- Gorgon: 1<sup>st</sup> cargo in 2014(25 years)  
1.1million tons + 1% stake volume

### Price negotiations

- Some contracts are still under negotiations
- Gas cost estimate unchanged from July 30 projection

7

Next, I would like to touch on the environment for the procurement of gas resources.

Tokyo Gas strives to secure the stable long-term supply of gas resources by diversifying our supply sources, centered on long-term contracts. As new sources of gas resources, we initiated annual imports of 1.1 million tons of LNG from Sakhalin this fiscal year. Pluto, Gorgon and other projects are also steadily proceeding toward LNG procurement in the coming decade.

With the sharp increase in crude oil prices during Fiscal 2008, LNG price revision negotiations were held for many long-term contracts and it became difficult to forecast future gas resource costs. While LNG price negotiations are continuing into this fiscal year for some projects, there is little risk of major fluctuations in the gas resource costs assumed for the Fiscal 2009 business performance forecast presented today.



# FY2009 Use of Cash Flow



Capital Investments	Main Projects
<b>Tokyo Gas</b> 118.2 billion yen (-3.0 billion yen -2.5%)	• Production Facilities: 15.4billion yen (-1.8billion yen) Negishi Terminal BOG Facilities, Ohgishima terminal LNG storage tank, etc.
	• Pipeline Facilities : 81.4billion yen(+0.1billion yen) New Trunk & Service Line, Maintenance (Existing lines, etc.)
	• Business Facilities, etc.: 21.4 billion (-1.3 billion yen) IT facilities, etc.
<b>Consolidated Subsidiaries:</b> 43.6 billion yen (+8.2 billion yen +23.1%)	• Upstream Business (Pluto, Gorgon): (+9.3 billion yen) • Energy Advance Co., Ltd.: Co-generation Plants (-1.3billion), etc.
<b>Total : 151.6billion yen (+5.0billion yen, +3.3%, after cancellation)</b>	

\*Numbers shown in parentheses are change from April 28 projection

- **Other Investments & Loans : 90.8billion yen (Overseas Business, Power Generations and LIFEVAL , etc.)**
- **Dividend & Share buy back : 27.0billion (Keeping total payout principle of 60%)** 8

In closing, I would like to present our plans for the applications of cash flow, which are basically in line with the initial plans. For Fiscal 2009 we project capital investments of 156 billion yen, investments and financing of 90.8 billion yen in upstream businesses and the electric power business, and shareholder dividends of 27 billion yen.

In return to shareholders, Tokyo Gas is maintaining our basic policy of a total payout ratio of 60%, combining dividends with treasury stock acquisitions. We plan to acquire 5 billion yen of treasury stock by the end of the fiscal year, and thank our shareholders and investors for your understanding.

This concludes my overview of the Tokyo Gas Group's financial results for the second quarter of Fiscal 2009 and our business performance projections for the full fiscal year. Thank you.

# Financial Analysis



## Segment Information FY09 2Q Results



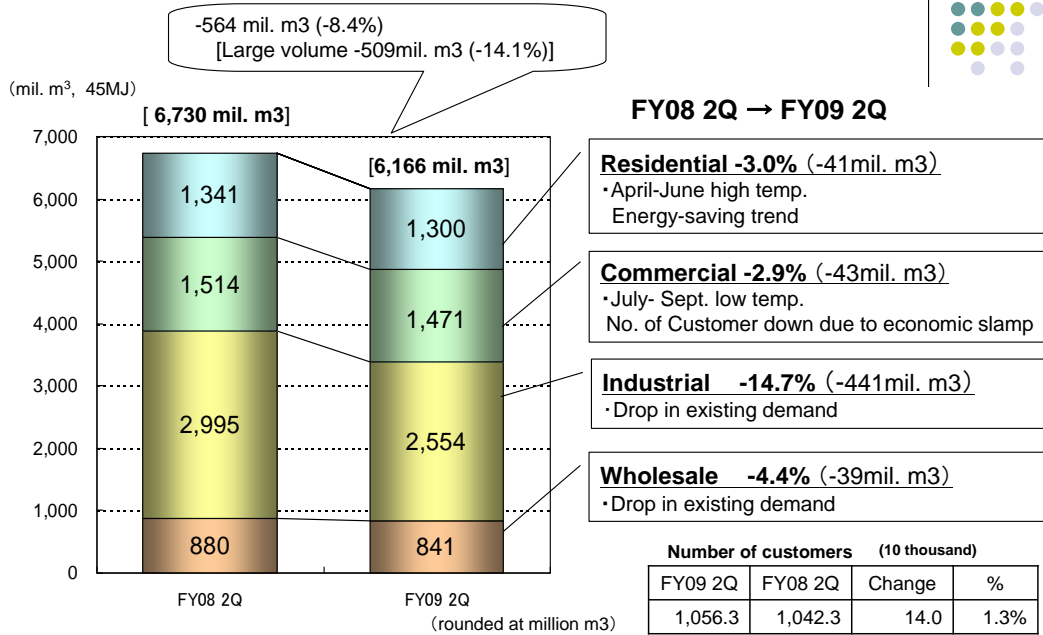
(billion yen)

	Sales		Operating Income	
	FY09 2Q	FY08 2Q	FY09 2Q	FY08 2Q
<b>Gas Sales</b>	466.5 ( -87.2)	553.7	66.1 (+54.3)	11.8
<b>Gas Appliances</b>	54.6 ( -2.7)	57.3	1.1 ( -0.7)	1.8
<b>Installation Work</b>	18.7 ( -2.0)	20.7	-0.7 ( +0.2)	-0.9
<b>Real Estate Rental</b>	16.9 ( -0.9)	17.8	4.2 ( -0.6)	4.8
<b>Other Business</b>	141.7 ( -26.7)	168.4	6.2 ( +1.6)	4.6
<b>Total</b>	698.6 (-119.6)	818.2	77.1 (+54.9)	22.2
<b>Cancellation</b>	-66.5 ( - )	-78.2	-30.6 ( - - )	-31.7
<b>Consolidated</b>	632.0 (-108.0)	740.0	46.4 (+55.9)	-9.5

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

10

# 【Gas Segment】 Gas Sales Volume



## 【Gas Segment】 Residential



**1,300mil. m3 (-41mil.m3 -3.0%)**

- Increased customers +13mil. m3 (+1.0%)
- Higher temperature -29mil. m3 (-2.2%)
- Others (Energy saving, etc.) -25mil. m3 (-1.8%)

Temp. (°C)

	FY08	FY09	Change		FY09 2Q	FY08 2Q	Change	%
April	14.7	15.7	1.0					
May	18.5	20.1	1.6	Newly connected customers (Non-consolidated)	80,597	89,194	-8,597	-9.6
June	21.3	22.5	1.2					
July	27.0	26.3	-0.7	No. of customers (10 thousands)	1056.3	1042.3	+14.0	+1.3
August	26.8	26.6	-0.2					
September	24.4	23.0	-1.4					
1 <sup>st</sup> half	22.1	22.4	0.3	Volume /customer (Non-consolidated, m3/6months)	144.2	150.3	-6.1	-4.0

12

## **【Gas Segment】 Commercial, Wholesale**



### **Commercial**

**1,471mil.m3 (-43mil.m3 -2.9%)**

- Temperature and metering days -2mil. m3 (-0.1%)
- Decreased no. of customers and Large-volume customer in service, etc. -41mil. m3 (-2.8%)

### **Wholesale**

**841mil.m3 (-39mil.m3 -4.4%)**

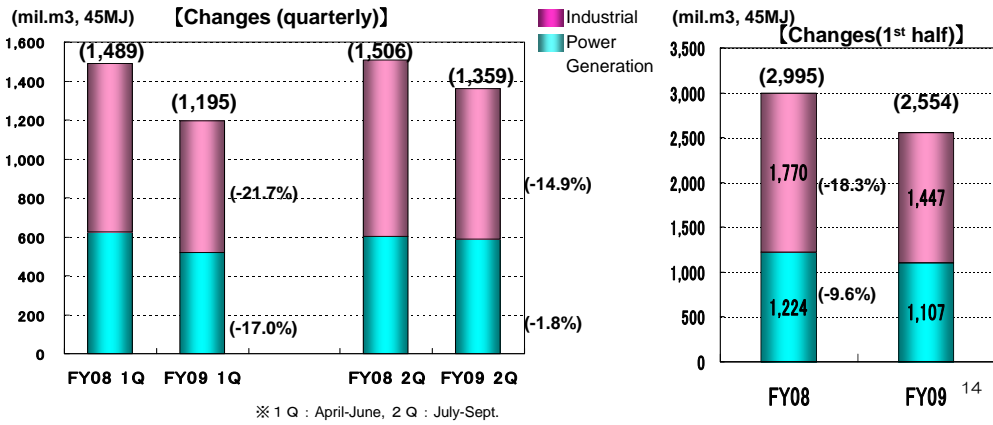
- Reduced volume in existing customers  
(Other city gas companies -38mil. m3,  
Gas retailer for large volume customers -1mil.m3)

# 【Gas Segment】 Industrial



**2,554 mil. m3 (-441 mil.m3 -14.7%)**

- Industrial use (excluding power generation)
  - (1Q) -188 mil.m3 (-21.7%)    improvement in gas sales volume
  - (2Q) -135 mil.m3 (-14.9%)
- Power generation
  - (1Q) -106 mil.m3 (-17.0%)    Drop in 1Q due to maintenance of existing power plants and in exiting demand
  - (2Q) - 11 mil.m3 (- 1.8%)    Almost full recovery in 2Q



## 【Non-gas segment】



### Gas Appliances

- Sales 54.6 bil.yen(-2.7bil. yen), Operating Income 1.1bil. yen (-0.7bil.yen)
- Decreased sales and income due to lower housing starts

### Installation Work

- Sales 18.7bil.yen (-2.0bil. yen), Operating Income -0.7bil.yen (+0.2bil.yen)
- Decreased sales due to lower housing starts

### Real Estate Rental

- Sales 16.9 bil. yen (-0.9bil.yen) Operating Income 4.2bil. yen (-0.6bil.yen)
- Decreased rent due to Shinjuku Park Tower head-office aggregation to Hamamatsucho

### Other Business

- Sales 141.7bil.yen (-26.7bil.yen) Operating Income 6.2 (+1.6bil.yen)
  - Energy Service: Sales(-)LNG sales due to lower unit price
    - : OP(+) less resource cost for energy service
  - Power Business : OP(+) less resource cost for power generation
  - LNG tanker : OP(+) Increased depreciation (7<sup>th</sup> fleet)

( ) :Change from FY08 2Q

15

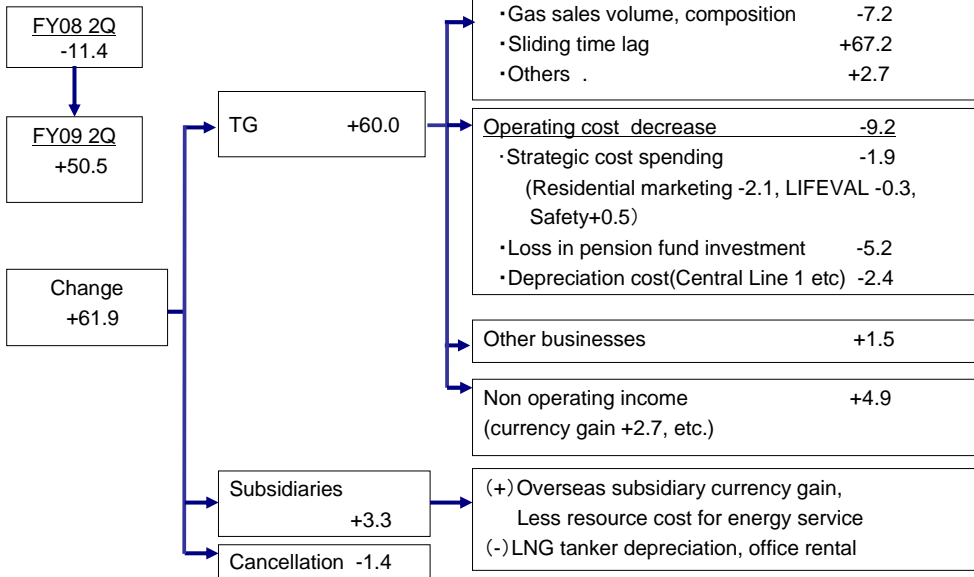


# FY2009 2Q Ordinary Income (Analysis)



(Changes from FY08 2Q)

Billion yen



# Projections



## Segment Information FY09 Projection



(billion yen)

	Sales		Operating Income		Changes
	FY09	July 30 projection	FY09	July 30 projection	
<b>Gas Sales</b>	1,038.8 (-2.3)	1,041.1	130.0 ( - )	130.0	Sales:(-)due to change in demand
<b>Gas Appliances</b>	126.5 (-5.1)	131.6	0 (-1.2)	1.2	Sales:(-)due to drop in housing starts
<b>Installaion Work</b>	46.8 (-4.0)	50.8	-1.1 (-0.8)	-0.3	Sales:(-)due to drop in housing starts
<b>Real Estate Rental</b>	33.7 (-0.5)	34.2	6.7 (-0.3)	7.0	Sales:(-)less rental
<b>Other Business</b>	303.9 (+4.1)	299.8	13.5 (+2.5)	11.0	Sales.(+)Large-scale construction
<b>Cancellation</b>	-142.7 ( - )	-143.5	-77.1 ( - )	-76.9	
<b>Consolidated</b>	<b>1,407.0 (-7.0)</b>	<b>1,414.0</b>	<b>72.0 ( 0)</b>	<b>72.0</b>	

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

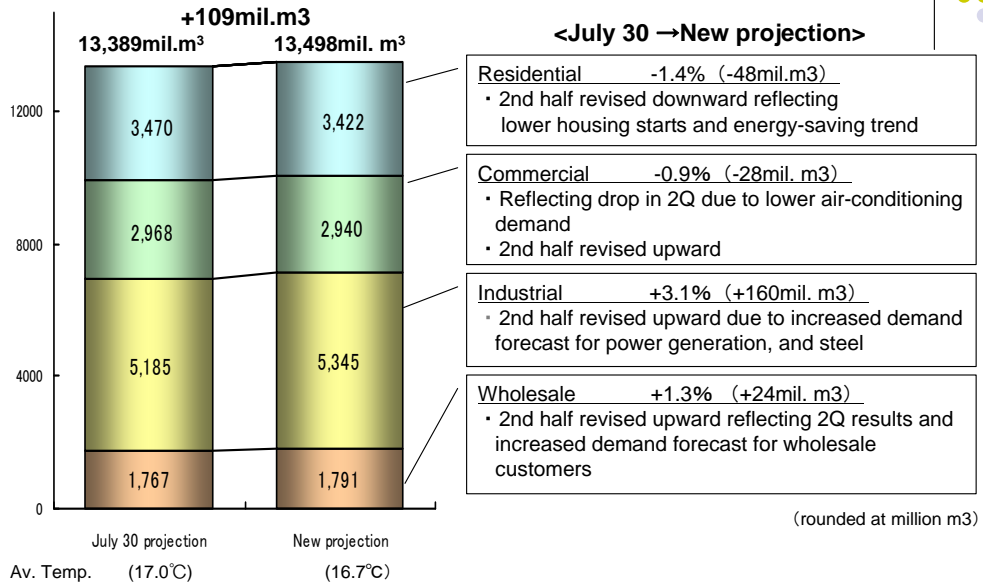
18

# Gas sales volume projection



(Changes from July 30 projection)

(mil. m<sup>3</sup>, 45MJ)



# FY2009 Ordinary Income Projection (Analysis)



(Changes from July 30)

Billion yen

July 30  
64.0

Projection  
72.0

Change  
+8.0

TG +4.0

Subsidiaries +4.8

Cancellation -0.8

Gas gross margin increase	-1.8
• Gas sales volume, composition	-5.6
• Sliding time lag	+5.0
• Others	-1.2

Operating cost decrease	+2.8
• Less general expenses	+4.4
(Enefarm cost transferred to Gas appliances -1.1)	
• Depreciation cost	-1.6

Other businesses, Non operating income	+3.0
• Installation works	-1.1
• Gas appliances	-1.1
• Other business	+0.9
• Non-operating income	+4.0

(+) Overseas subsidiary currency gain,  
Less resource cost for energy service  
(-) Hotel business

Dividend from overseas subsidiary, profit in equity-method subsidiary

## FY2009 Funding Plan



(unit: billion yen)

Required Fund		Fund Source		
CAPEX	156	Internal Funding	Depreciation	149
Other Invest. & Loans	84		Ordinary Income	72
Dividend & Tax	65		Others	82
Share Buy Back	5		Total	303
Repayment	89	Outside Funding		96
(Non-Consolidated)	(68)	(Non-Consolidated)		(88)
<b>Total</b>	<b>399</b>	<b>Total</b>		<b>399</b>

Interest Bearing Debt : End of FY08 593.2bil.yen , End of FY09 601.0bil. yen

\*CP as seasonal operating money isn't included, which redeemed by end of FY09.

\*Other Invest & Loans is after offset of input. and repayment.

21

# Reference

## Results

### <Consolidated>

Financial Results (Changes from FY08 2Q) .....	P.24
Main subsidiaries' sales by segments .....	P.25
Balance sheet (Changes from the end of FY08) .....	P.26

### <Non-consolidated>

Financial Results (Changes from FY08 2Q) .....	P.27-28
Financial Results (Changes from previous projections as of July 30) .....	P.39-30

## Projections

### <Non-consolidated>

Oil price and currency projections .....	P.32
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### <Consolidated>

Financial Projections (Changes from previous projections as of July 30&FY08) ..	P.33
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### <Non-consolidated>

Financial Projections (Changes from previous projections as of July 30) ..	P.34-35
Financial Projections (Changes from FY08) .....	P.36-37
Operating Cash Flows & CAPEX .....	P.38

# Results





## <Consolidated> Financial Results (Changes from FY08 2Q)

Unit:100milJPY(rounded down to nearest 100mil. yen)

	FY09 2Q	FY08 2Q	Change		
Sales	6,320	7,400	-1,080	-14.6%	Gas sales -872
Operating Income	464	-95	559	—	Gas margin +543
Ordinary Income	505	-114	619	—	<Non-operating income&loss> Loss on exchange rate+49, Equity method investment gain -13
Net Income	327	-16	343	—	<Extraordinary income&loss>Extraordinary income -94(FY08 2Q:Gain from change in accounting rules for leases 78, Extraordinary profit due to returning employee's pension fund operation to Japanese government 15), Increase in corporate taxes -182
Total assets	17,222	17,641	-419	-2.4%	Notes and accounts receivable-trade -512, Raw materials & Inventory-134, Investment securities-+210
Shareholder's equity	8,048	7,723	325	4.2%	Retained earnings+215(Net income +327, Dividends from retained earnings -108),Valuation and translation adjustments +109(Valuation difference on available-for-sale securities +61)
Shareholders' equity ratio(%)	46.7%	43.8%	2.9	—	Up due to the decreased Total assets(-2.4%) & increased Net assets(+4.2%)
Total assets turnover(times)	0.36	0.43	-0.07	—	Down due to the increase in total Assets and decrease in sales(-14.6%)
Interest-bearing debt	5,622	5,932	-310	-5.2%	Tokyo Gas -327, Tokyo Gas Urban Development -90, Tokyo Gas Pluto +63, TG Credit Services +54 (Consolidated basis)
Net income	327	-16	343	—	
Depreciation (*2-3)	702	668	34	5.0%	Tokyo Gas +23,Tokyo LNG Tanker +12
Operating Cash Flow	1,029	651	378	58.0%	
Capex (*2)	579	627	-48	-7.6%	Tokyo LNG Tanker -31, Energy Advance -19, Tokyo Gas Urban Development -18, Tokyo Gas Pluto+17
EPS(¥/Share)	12.07	-0.63	12.70	—	Net income (+¥34.3bn)
BPS(¥/Share)	296.69	284.72	11.97	4.2%	

\*Scope of consolidation FY2009(April-Sep.) :66 (Tokyo Gas +61 subsidiaries+4 equity method), 62 in FY2008 (Tokyo Gas +57 subsidiaries+4 equity method)

(\*1) Operating Cash Flow = Net Income + Depreciation (including amortization of long-term prepaid expenses)

(\*2) Capex and Depreciation are after internal transactions

(\*3) Depreciation includes long-term prepaid expenses

## <Consolidated> Main subsidiaries' sales by segments

(mil.JPY)

		External Sales by Segments					Total	Proportion of		Non-consolidated sales
		Gas	Gas Appliances	Installation Work	Real Estate Rental	Other Business		External Sales	Internal Sales	
Tokyo Gas (A)		433,895	35,622	15,808	0	22,662	507,987	93.9%	32,934	540,921
E x t e r n a l s i d e s	Tokyo Gas Urban Development Co., Ltd.	0	0	0	5,752	0	5,752	36.1%	10,201	15,953
	Tokyo Gas Toyosu Development Co., Ltd.	0	0	0	249	0	249	100.0%	0	249
	Nagano Toshi Gas Co., Ltd.	4,613	372	185	0	0	5,170	100.0%	0	5,170
	ENERGY ADVANCE Co., Ltd.	0	0	0	0	25,083	25,083	94.2%	1,554	26,637
	Gastar Co., Ltd.	0	4,939	0	173	0	5,113	40.8%	7,406	12,519
	Tokyo LNG Tanker Co., Ltd.	0	0	0	0	1,923	1,923	26.3%	5,396	7,319
	Tokyo Gas Energy Co., Ltd.	0	305	0	0	8,489	8,795	77.4%	2,563	11,358
	Capty Co., Ltd.	0	3,171	915	78	2,067	6,232	29.5%	14,905	21,137
	Tokyo Gas Chemicals Co., Ltd.	0	0	0	0	5,021	5,021	68.5%	2,313	7,334
	Park Tower Hotel Co., Ltd.	0	0	0	0	3,260	3,260	95.6%	150	3,410
	Tokyo Gas Yokosuka Power Co., Ltd.	0	0	0	0	3,800	3,800	95.6%	176	3,976
	Chiba Gas Co., Ltd.	6,182	251	224	0	493	7,152	96.1%	289	7,441
	TG Credit Services Co., Ltd.	0	0	0	0	3,103	3,103	72.1%	1,198	4,301
	TG Information Network Co., Ltd.	0	0	0	0	413	413	6.0%	6,523	6,936
	Tsukuba Gakuen Gas Co., Ltd.	2,868	138	198	0	21	3,226	98.6%	47	3,273
	Tokyo Gas Engineering Co., Ltd.	0	0	0	0	12,899	12,899	88.6%	1,651	14,550
	Tokyo Gas Customer Service Co., Ltd.	0	0	0	0	284	284	6.9%	3,830	4,114
	Capty -Livelic Co., Ltd.	0	2,269	0	0	0	2,269	63.9%	1,279	3,548
Nijio Co., Ltd.	4,350	0	0	0	0	4,350	75.0%	1,454	5,804	
Other 38 consolidated subsidiaries		1,368	4,208	26	64	14,314	19,982	57.0%	15,104	35,086
Sum of consolidated subsidiaries(B)		19,383	15,656	1,550	6,318	81,178	124,087	62.0%	76,038	200,125
Total (consolidated)		453,278	51,278	17,358	6,318	103,840	632,074	85.3%	108,972	741,046
Proportion of external sales		96.1%	73.0%	76.4%	37.3%	65.2%	85.3%	-	-	-
Internal sales(C)		18,641	18,976	5,373	10,606	55,375	108,972	-	108,972	-
Total sales(A)+(B)+(C)		471,919	70,254	22,731	16,924	159,215	741,046	-	-	-

25

## <Consolidated>Balance Sheet (Changes from the end of FY08)

Unit:100mil.JPY(rounded down to nearest 100mil. yen)

	Sep 30, 2009		March 31, 2009		Change		Changes
		%		%			
<b>【Assets】</b>							
Fixed Assets	13,663	79.3%	13,520	76.6%	143	1.1%	(Fixed assets) Investment +579, Amortization -702 (Investment and other assets) Investment securities +210 (Increase by marked to market +95, Newly acquisition +71, foreign currency translation adjustment +40)
Current Assets	3,559	20.7%	4,121	23.4%	-562	-13.6%	(Accounts Receivable/Trade) Effect of gas sales volume (Decrease by seasonal change), etc. (Inventories) Decrease in LNG stocks, etc. (Other current assets) Accounts receivable-other -206, etc.
<b>Total assets</b>	<b>17,222</b>	<b>100.0%</b>	<b>17,641</b>	<b>100.0%</b>	<b>-419</b>	<b>-2.4%</b>	
<b>【Liabilities】</b>							
Interest bearing debt	5,622	32.6%	5,932	33.6%	-310	-5.2%	(Bonds) Decrease by redemption of maturity (the 18th) -300 (Long-term loans payable) Refund -149, New borrowing +76
Retirement benefit reserve	1,155	6.7%	1,007	5.7%	148	14.7%	TG+148
Notes and accounts receivable	785	4.6%	1,033	5.9%	-248	-23.9%	Accounts Payable/Trade -235
Other liabilities	1,497	8.7%	1,822	10.3%	-325	-17.9%	Accounts payable-other -178, etc
<b>Total liabilities</b>	<b>9,061</b>	<b>52.6%</b>	<b>9,795</b>	<b>55.5%</b>	<b>-734</b>	<b>-7.5%</b>	
<b>【Net assets】</b>							
Shareholders' equity	7,940	46.1%	7,725	43.8%	215	2.8%	(Capital stock+Capital surplus) No change (Retained Earnings) +215 (Net income +327, Dividends -108, etc.)
Valuation and translation	107	0.6%	-2	0.0%	109	—	(Valuation difference on available-for-sale securities) Increase by marked to market +60
Shares of minor shareholders	112	0.7%	122	0.7%	-10	-7.8%	
<b>Total net assets</b>	<b>8,161</b>	<b>47.4%</b>	<b>7,846</b>	<b>44.5%</b>	<b>315</b>	<b>4.0%</b>	Equity ratio 43.8%(End of March 2009) → 46.7%(End of Sept. 2009)
<b>Total liabilities, minority interest and shareholders' equity</b>	<b>17,222</b>	<b>100.0%</b>	<b>17,641</b>	<b>100.0%</b>	<b>-419</b>	<b>-2.4%</b>	

<Non-consolidated>  
**Financial Results -1 (Change from FY08 2Q)**

	FY09 2Q	FY08 2Q	Change	
Sales	5,409	6,493	-1,084	-16.7%
Operating Profit	362	-188	550	-
Ordinary Income	389	-211	600	-
Net Income	253	-133	386	-

100milJPY					
	FY09 2Q	FY08 2Q	Change		
Gas Sales Volume	4,518	5,400	-882	-16.3%	Volume, Composition -¥35.1bn, Unit Price -¥53.1bn
Raw materials and supplies	2,012	3,521	-1,509	-42.9%	Volume, Composition -¥27.9bn, Unit Price -¥123.0bn
(Gross Margin)	(2,505)	(1,878)	(627)	(33.4%)	Volume, Composition -¥7.2bn, Unit Price +¥69.9bn
Personnel Expenses	637	585	52	8.9%	Employee Retirement Cost +¥5.7bn
General Expenses	1,052	1,039	13	1.2%	Please see other page
Depreciation	516	492	24	4.8%	Change in tax law +¥0.4bn, Pipeline & Production facilities depreciation +¥2.0bn
LNG Regasification	-16	-20	4	-18.7%	
Total	4,202	5,619	-1,417	-25.2%	
Installation Works	-8	-7	-1	-	
Gas Appliances	32	33	-1	-3.8%	GHP -¥0.3bn,+0.1High-tech gas cooker +¥0.1bn
Other Operation Income	23	26	-3	-9.3%	
Supplimentary Business Income	22	3	19	457.7%	LNG Sales +¥1.3bn
Operating Income	362	-188	550	-	
Non Operating Income	27	-22	49	-	Gain on exchange rate +¥2.7bn
Ordinary Income	389	-211	600	-	
Extraordinary Income	0	0	0	-	
Extraordinary Loss	0	0	0	-	
Taxes	135	-78	213	-	
Net Income	253	-133	386	-	

**Impact of sliding system time lag**

	FY09 2Q	FY08 2Q	Change
Revenue from sliding system	-293	296	-589
Increase in gas cost	-509	751	-1,260
Change	216	-456	672

**Economic frame**

	FY09 2Q	FY08 2Q	Change
JCC	61.81	119.71	-57.9
Exchange rate	95.53	106.12	-10.59

Change from basic price

## <Non-consolidated> Financial Results -2 (Changes from FY08 2Q)

Gas Business Performance thousand

	FY09 2Q	FY08 2Q	Change	
Number of Customers	10,298	10,166	132	1.3%
Number of New Customers	81	89	-9	-9.6%

### Breakdown of gas sales volume

	FY09 2Q	FY08 2Q	Change		
Residential vol. per meter(m3)	144.2	150.3	-6.1	-4.0% Temp. effect -3.3m3(-2.2%), Others -2.8m3(-1.8%)	
Residential	1,260	1,300	-40	-3.1% Temp. effect -29mil.m3(-2.2%), Customer Number +13mil.m3(+1.0%), Others -24mil.m3(-1.9%)	
Industrial	Commercial	950	1,009	-59	-5.8%
	Public & Medical	454	436	18	4.2%
Commercial Total	1,404	1,445	-41	-2.8% Temp. effect -5mil.m3(-0.3%), Others -36mil.m3(-2.5%)	
Commercial	Power Gen.	952	1,139	-187	-16.5%
	Other	1,377	1,698	-321	-18.9% Please see other paper
Industrial Total	2,329	2,837	-508	-17.9% Existing customers volume decrease	
Total	3,733	4,282	-549	-12.8%	
Wholesale	945	987	-42	-4.3% Temp. effect -3mil.m3(-0.3%), Decrease in existing customers volume of other gas companies -39mil.m3(-4.0%)	
Total	5,938	6,569	-631	-9.6% Temp. effect -37mil.m3(-0.6%), Power generation -187mil.m3(-2.8%), Industrial(excluding power generation) -321mil.m3(-4.9%), Wholesale(excluding temp. effect) -39mil.m3(-0.6%), Others -47mil.m3(-0.7%)	
(Large-volume gas demand)	2,980	3,485	-505	-14.5%	

### Breakdown of general expenses

	FY09 2Q	FY08 2Q	Change	
Repair costs	155	157	-2	-0.8%
Expendable costs	64	61	3	5.0% Increase number of gas meter +¥0.3bn
Rent	97	101	-4	-3.3% Office rental payment(Decrease rental space) -¥0.3bn
Consignment costs	293	279	14	4.9% LIFEVAL consignment fee +¥1.2bn, Strengthen periodic safety inspection +¥0.3bn, Bill collecting consignment fee +¥0.1bn
Taxes	196	206	-10	-5.0% Decrease tax due to revenue decrease -¥1.2bn
Marketing costs	86	78	8	9.5% LIFEVAL consignment fee +¥0.5bn, TV commercial of ENEFARM +¥1.0bn, Initial gas sale fee -¥0.8bn, Subsidy safety measures -¥0.4bn
Others	161	157	4	2.1% Retirement cost of fixed assets +¥0.4bn

28

## <Non-consolidated> Financial Results -1

(Changes from previous projections as of July 30)

100mil. JPY

	FY09 2Q	30-Jul	Change	
Sales	5,409	5,400	9	0.2%
Operating Profit	362	340	22	6.5%
Ordinary Income	389	350	39	11.2%
Net Income	253	230	23	10.2%

	FY09 2Q	30-Jul	Change		
Gas Sales	4,518	4,510	8	0.2%	Volume, Composition +¥1.2bn, Unit Price -¥0.4bn
Raw materials and supplies	2,012	1,960	52	2.7%	Volume, Composition +¥1.8bn, Unit Price +¥3.4bn
(Gross Margin)	(2,505)	(2,550)	(-45)	(- 1.7%)	Volume, Composition -¥0.6bn, Unit Price -¥3.9bn
Personnel Expenses	637	639	-2	-0.2%	Legal welfare expense -¥0.2bn
General Expenses	1,052	1,104	-52	-4.7%	Please see other page
Depreciation	516	520	-4	-0.8%	Depreciation-¥0.4bn(late acquisition of pipelines, etc.)
LNG Regasification	-16	-16	0	-	
Total	4,202	4,207	-5	-0.1%	
Installation Works	-8	-8	0	-	
Gas Appliances	32	27	5	20.6%	Commercial use GHP +¥0.2bn, Decrease overhead cost +¥0.3bn
Other Operation Income	23	19	4	24.8%	
Supplementary Business Income	22	18	4	23.0%	Electricity Sales +¥0.3bn
Operating Income	362	340	22	6.5%	
Non Operating Income	27	10	17	-	Gain on exchange rate +¥1.6bn
Ordinary Income	389	350	39	11.2%	
Extraordinary Income	0	0	0	-	
Extraordinary Loss	0	0	0	-	
Taxes	135	120	15	13.2%	
Net Income	253	230	23	10.2%	

### Impact of sliding system time lag

	FY09 2Q	30-Jul	Change
Revenue from sliding system	-293	-290	-3
Increase in gas cost	-509	-542	33
Change	216	252	-36

### Economic frame

	FY09 2Q	30-Jul	Change
JCC	61.81	61.26	0.55
Exchange rate	95.53	96.18	-0.65

Change from basic price

29

## <Non-consolidated> Financial Results -2

(Changes from previous projections as of July 30)

Number of Customers		thousand		
	FY09 2Q	30-Jul	Change	
Number of Customers	10,298	10,287	10	0.1%
Number of New Customers	81	88	-7	-8.3%

Breakdown of gas sales volume		mil. m3				
	FY09 2Q	30-Jul	Change			
Residential vol. per meter(m3)	144.2	143.0	1.2	0.8%	Temp. effect +2.7m3(+1.9%), Others -1.5m3(-1.1%)	
Residential	1,260	1,251	9	0.7%	Temp. effect +24mil.m3(+1.9%), Customer Number -2mil.m3(-0.1%), Others -13mil.m3(-1.1%)	
Industrial	Commercial	950	980	-30	-3.0%	
	Public & Medical	454	467	-13	-2.8%	
Commercial	Commercial Total	1,404	1,447	-43	-3.0%	Temp. effect -31mil.m3(-2.2%), Others -12mil.m3(-0.8%)
	Power Gen.	952	881	71	8.0%	
	Other	1,377	1,410	-33	-2.3%	
Industrial Total	2,329	2,291	38	1.7%	Existing customers volume increase	
Total	3,733	3,738	-5	-0.1%		
Wholesale	945	916	29	3.2%	Temp. effect +3mil.m3(+0.3%), Increase in existing customers volume of other gas companies +26mil.m3(+2.9%)	
Total	5,938	5,905	33	0.6%	Temp. effect -4mil.m3(-0.1%), Power generation +71mil.m3(+1.2%), Industrial(excluding power generation) -33mil.m3(-0.8%), Wholesale(excluding temp. effect) +25mil.m3(+0.4%), Others -26mil.m3(-0.4%)	
(Large-volume gas demand)	2,980	2,962	18	0.6%		

Breakdown of general expenses					
	FY09 2Q	30-Jul	Change		
Repair costs	155	170	-15	-8.4%	Pipeline repairment -¥0.6bn, Facilities repairment -¥0.4bn
Expendable costs	64	67	-3	-3.9%	Gas meter decrease -¥0.2bn, Printing cost -¥0.1bn
Rent	97	100	-3	-2.3%	Office rental payment(Re-contract, etc.) -¥0.1bn
Consignment costs	293	301	-8	-2.5%	Decrease IT system consignment fee -¥0.6bn
Taxes	196	196	0	0.3%	
Marketing costs	86	97	-11	-11.2%	Initial gas sales fee -¥0.4bn, Advertisement cost -¥0.4bn
Others	161	173	-12	-8.6%	Retirement cost -¥0.6bn, R&D -¥0.2bn, Electricity cost -¥0.1bn, Gas cost -¥0.1bn

# Projections





<Non-consolidated>

## Oil price and currency projections

**Assumed value of JCC & Ex.rate (Change from previous forecast)**

	28-Oct			
	1st Half	2nd Half	Fiscal	
JCC	61.81	70.00	65.91	\$/bbl
Ex.rate	95.53	95.00	95.27	¥/\$
	30-Jul			
	1st Half	2nd Half	Fiscal	
JCC	61.26	70.00	65.63	\$/bbl
Ex.rate	96.18	95.00	95.59	¥/\$
	Change			
	1st Half	2nd Half	Fiscal	
JCC	0.55	0.00	0.28	\$/bbl
Ex.rate	-0.65	0.00	-0.32	¥/\$

**Impact of JCC & Ex.rate fluctuation to fiscal gross margin**

1\$/bbl	100mil.		
	3Q	4Q	Fiscal
Sales	-4	0	-4
Gas resource cost	-10	-1	-11
Gross margin	6	1	7

1¥/\$	100mil.		
	3Q	4Q	Fiscal
Sales	-12	-3	-15
Gas resource cost	-11	-9	-20
Gross margin	-1	6	5

**Assumed value of JCC & Ex.rate (Change from FY08)**

	28-Oct			
	1st Half	2nd Half	Fiscal	
JCC	61.81	70.00	65.91	\$/bbl
Ex.rate	95.53	95.00	95.27	¥/\$
	FY08			
	1st Half	2nd Half	Fiscal	
JCC	119.71	60.84	90.52	\$/bbl
Ex.rate	106.12	95.08	100.71	¥/\$
	Change			
	1st Half	2nd Half	Fiscal	
JCC	-57.90	9.16	-24.61	\$/bbl
Ex.rate	-10.59	-0.08	-5.44	¥/\$

32

## <Consolidated> Financial Projections (Changes from previous projections as of July 30 & FY08)

Unit: 100 mil.JPY

	Current	30-Jul	Change		Reasons	FY08	Change	
Sales	14,070	14,140	-70	-0.5%	Gas sales -23, Gas appliances sales -51	16,601	-2,531	-15.2%
Operating Income	720	720	-	-		652	68	10.4%
Ordinary Income	720	640	80	12.5%	Nonoperating gain +80 (Gain on exchange rate, etc.)	583	137	23.4%
Net Income	480	420	60	14.3%	Increase in corporate taxes -20	417	63	15.1%
Total assets	18,270	18,250	20	0.1%		17,641	629	3.6%
Shareholder's equity	7,930	7,870	60	0.8%	Retained earnings +60 (Net income increase)	7,723	207	2.7%
Shareholders' equity ratio(%)	43.4%	43.1%	0.3	-	Shareholder's equity increase by retained earnings	43.8%	-0.40	-
Total assets turnover(times)	0.78	0.79	-0.01	-	Down by sales decrease(-70)	0.96	-0.18	-
ROA(*2)(%)	2.7%	2.3%	0.4	-	Up by net income increase(+60)	2.4%	0.3	-
ROE(*2)(%)	6.1%	5.4%	0.7	-	Up by net income increase(+60)	5.4%	0.7	-
Interest-bearing debt	6,010	6,290	-280	-4.5%		5,932	78	1.3%
D/E ratio	0.76	0.80	-0.04	-		0.77	-0.01	-
Net income	480	420	60	14.3%		417	63	15.1%
Depreciation(*2·3)	1,490	1,490	-	-		1,410	80	5.6%
Operating Cash Flow	1,970	1,910	60	3.1%		1,827	143	7.8%
Capex(*3)	1,560	1,510	50	3.3%	TG Gorgon +90, Tokyo Gas -30	1,459	101	6.9%
TEP	48	-1	49	-	Up by ordinary income increase (+80)	-48	96	-
(WACC)	3.4%	3.4%	-	-		3.4%	-	-
EPS(¥/Share)	17.70	15.48	2.22	14.3%	Up by net income increase (+60)	15.63	2.07	13.2%
BPS(¥/Share)	292.34	290.12	2.22	0.8%	Shareholder's equity increase by retained earnings	284.72	7.62	2.7%
Total payout ratio(*5)	(*6)	(*6)	-	-		63%	-	-

\*Scope of consolidation FY2009: 66(Tokyo Gas+61 subsidiaries+4 equity method), 62 in FY2008(Tokyo Gas+57 subsidiaries+4 equity method)

(\*1) Operating Cash Flow = Net Income + Depreciation (including amortization of long-term prepaid expenses)

(\*2) Total Assets and shareholders' equity used for ROA & ROE is the average at the end of FY07 and FY08

(\*3) Capex and Depreciation are after internal transactions

(\*4) Depreciation includes long-term prepaid expenses

(\*5) Total payout ratio of year n = [(dividends from inappropriate profit in year n) + (amount of treasury stocks acquired in year n+1)] / (consolidated net income in year n)

(\*6) Total payout ratio in mid-term plan(FY09-FY13) is targeted at 60% or more.

## <Non-consolidated> Financial Projections -1 (Changes from previous projections as of July 30)

	Current	30-Jul	Change	
Sales	12,020	12,120	-100	-0.8%
Operating Profit	520	520	0	-
Ordinary Income	540	500	40	8.0%
Net Income	360	330	30	9.1%

100mil. JPY					
	Current	30-Jul	Change		
Gas Sales Volume	10,050	10,080	-30	-0.3%	Volume, Composition -¥1.0bn, Unit Price -¥2.0bn
Raw materials and supplies	4,872	4,884	-12	-0.2%	Volume, Composition +¥4.6bn, Unit Price -¥5.8bn
(Gross Margin)	(5,178)	(5,196)	(-18)	(-0.3%)	Volume, Composition -¥5.6bn, Unit Price +¥3.8bn
Personnel Expenses	1,282	1,282	0	0.0%	
General Expenses	2,353	2,397	-44	-1.8%	Please see other page
Depreciation	1,089	1,073	16	1.5%	Depreciation+¥1.6bn(Early acquisition of BOG at Negishi LNG terminal)
LNG Regasification	-32	-32	0	-	
Total	9,564	9,604	-40	-0.4%	
Installation Works	-10	1	-11	-	Decrease in no. of constructions(-30thousand) -¥1.0bn
Gas Appliances	21	29	-8	-27.6%	ENEFARM -¥1.0bn, Other +¥0.2bn(Increase LNG terminal usage fee)
Other Operation Income	11	30	-19	-63.3%	
Supplementary Business Income	23	14	9	64.3%	Electricity Sales +¥0.9bn
Operating Income	520	520	0	0.0%	
Non Operating Income	20	-20	40	-	Dividends income +¥3.0bn
Ordinary Income	540	500	40	8.0%	
Extraordinary Income	0	0	0	-	
Extraordinary Loss	0	0	0	-	
Taxes	180	170	10	5.9%	
Net Income	360	330	30	9.1%	

### Impact of sliding system time lag

	Current	30-Jul	Change
Revenue from sliding system	-758	-709	-49
Increase in gas cost	-784	-686	-98
Change	27	-23	50

### Economic frame

	Current	30-Jul	Change
Crude Oil	68.91	65.63	0.28
Exchange rate	95.27	95.59	-0.32

Change from basic price

## <Non-consolidated> Financial Projections -2 (Change from previous projections as of July 30)

Gas Business Performance		thousand		
	Current	30-Jul	Change	
Number of Customers	10,360	10,360	0	0.0%
Number of New Customers	184	214	-30	-14.2%

Breakdown of gas sales volume		mil. m3				
	Current	30-Jul	Change			
Residential vol. per meter(m3)	380.2	383.6	-3.4	-0.9%	Temp. effect +2.7m3(+0.7%), Others -6.1m3(-1.6%)	
Residential	3,316	3,362	-46	-1.4%	Temp. effect +2.4mil.m3(+0.7%), Customer Number -16mil.m3(-0.5%), Others -54mil.m3(-1.6%)	
Industrial	Commercial	1,901	1,921	-20	-1.0%	
	Public & Medical	887	898	-11	-1.3%	
Commercial	Commercial Total	2,788	2,819	-31	-1.1%	Temp. effect -31mil.m3(-1.1%), Customer Number -0mil.m3(-0.0%)
	Power Gen.	1,922	1,817	105	5.8%	
	Other	2,920	2,869	51	1.8%	
	Industrial Total	4,842	4,686	156	3.3%	Existing customers volume increase
Total	7,631	7,506	125	1.7%		
Wholesale	2,020	1,996	24	1.2%	Temp. effect +3mil.m3(+0.2%), Increase in existing customers volume of other gas companies +21mil.m3(+1.0%)	
Total	12,967	12,864	103	0.8%	Temp. effect -4mil.m3(-0.1%), Power generation +105mil.m3(+0.8%), Industrial(excluding power generation)+51mil.m3(+0.4%), Wholesale(excluding temp. effect)+21mil.m3(+0.2%), Others-70mil.m3(-0.5%)	
(Large-volume gas demand)	6,103	5,949	154	2.6%		

Breakdown of general expenses					
	Current	30-Jul	Change		
Repair costs	355	361	-6	-1.7%	Facilities repairment-¥0.4bn, Construction repairment-¥0.1bn
Expendable costs	139	142	-3	-2.1%	Goods -¥0.3bn
Rent	195	198	-3	-1.5%	Office rental payment(Re-contract, etc.) -¥0.2bn
Consignment costs	619	634	-15	-2.4%	Decrease consignment fee: Sales-¥0.4bn, Clerical-¥0.4bn, IT system-¥0.2bn, Construction -¥0.1bn
Taxes	405	400	5	1.3%	Income tax due to revenue increase+¥0.6bn
Marketing costs	255	276	-21	-7.6%	Expenses of ENEFARM are transferred another category -¥1.4bn, Initial gas sale fee -¥0.7bn
Others	385	386	-1	-0.3%	

<Non-consolidated>  
Financial Projections -1 (Changes from FY08)

	Current	FY08 2Q	Change		
Sales	12,020	14,481	-2,461	-17.0%	
Operating Profit	520	425	95	22.2%	
Ordinary Income	540	398	142	35.5%	
Net Income	360	250	110	43.5%	
100mil. JPY					
	Current	FY08 2Q	Change		
Gas Sales Volume	10,050	12,257	-2,207	-18.0%	Volume, Composition -¥41.8bn, Unit Price +¥178.9bn
Raw materials and supplies	4,872	7,448	-2,576	-34.6%	Volume, Composition -¥28.5bn, Unit Price -¥229.1bn
(Gross Margin)	(5,178)	(4,808)	(370)	(7.7%)	Volume, Composition -¥13.3bn, Unit Price +¥50.3bn
Personnel Expenses	1,282	1,174	108	9.2%	Employee Retirement Cost+¥11.4bn
General Expenses	2,353	2,241	112	5.0%	Please see other page
Depreciation	1,089	1,042	47	4.5%	Change in tax law +¥0.8bn, Pipeline & Production facilities depreciation +¥3.9bn
LNG Regasification	-32	-40	8	-	
Total	9,564	11,866	-2,302	-19.4%	
Installation Works	-10	-8	-2	-	Decrease in no. of constructions -¥1.2bn, Non-gas constructions +¥0.8bn, Indirect expenses +¥0.6bn
Gas Appliances	21	35	-14	-40.4%	Gas appliances -¥0.9bn, TES(TokyoGasEcoSystem)-0.5¥bn
Other Operation Income	11	26	-15	-59.1%	
Supplementary Business Income	23	7	16	199.5%	Electricity Sales +¥1.1bn
Operating Income	520	425	95	22.2%	
Non Operating Income	20	-26	46	-174.5%	Dividends income +¥3.0bn
Ordinary Income	540	398	142	35.5%	
Extraordinary Income	0	0	0	-	
Extraordinary Loss	0	10	-10	-	Investment securities write-down in FY08 -¥1.0bn
Taxes	180	137	43	31.3%	
Net Income	360	250	110	43.5%	
<b>Impact of sliding system time lag</b>					
	Current	FY08 2Q	Change		
Revenue from sliding system	-758	1,216	-1,974		
Increase in gas cost	-784	1,534	-2,318		
Change	27	-318	345		Change from basic price
<b>Economic Frame</b>					
	Current	FY08 2Q	Change		
JCC	65.91	90.52	-24.61		
Exchange rate	95.27	100.71	-5.44		

## <Non-consolidated> Financial Projections -2 (Changes from FY08)

### Gas Business Performance

	Current	FY08	thousand	
			Change	
Number of Customers	10,360	10,256	104	1.0%
Number of New Customers	184	212	-28	-13.1%

### Breakdown of gas sales volume

	Current	FY08	mil. m3			
			Change			
Residential vol. per meter(m3)	380.2	388.8	-8.6	-2.2%	Temp. effect -0.7m3(-0.2%), Others -7.9m3(-2.0%)	
Residential	3,316	3,368	-52	-1.5%	Temp. effect -8mil.m3(-0.2%), Customer Number +28mil.m3(+0.7%), Others -72mil.m3(-2.0%)	
Industrial	Commercial	1,901	1,952	-51	-2.6%	
	Public & Medical	887	916	-29	-3.1%	
Commercial	Commercial Total	2,788	2,868	-80	-2.8%	Temp. effect +13mil. m3(+0.5%), Others-93mil.m3(-3.3%)
	Power Gen.	1,922	2,108	-186	-8.8%	
	Other	2,920	3,172	-252	-7.9%	
	Industrial Total	4,842	5,280	-438	-8.3%	Existing customers volume decrease
Total	7,631	8,148	-517	-6.3%		
Wholesale	2,020	2,073	-53	-2.6%	Temp. effect +3mil.m3(+0.1%), Decrease in existing customers volume of other gas companies -56mil.m3(-2.7%)	
Total	12,967	13,589	-622	-4.6%	Temp effect+8mil.m3(+0.1%), Power generation-186mil.m3(-1.4%), Industrial(excluding power generation)-252mil.m3(-1.9%), Wholesale(excluding temp. effect)-56mil.m3(-0.4%), Others-136mil.m3(-1.0%)	
(Large-volume gas demand)	6,103	6,516	-413	-6.3%		

### Breakdown of general expenses

	Current	FY08	Change		
Repair costs	355	346	9	2.4%	Production facilities repairment+¥0.5bn, Gas meter repairment+¥0.4bn
Expendable costs	139	131	8	5.6%	Increase number of gas meter +¥1.3bn, Goods -¥0.3bn, Gas-leak alarm for commercial customer use -¥0.2bn
Rent	195	195	0	-0.5%	
Consignment costs	619	582	37	6.3%	Periodic safety inspection consignment fee +¥1.4bn, LIFEVAL consignment fee +¥1.1bn, Strengthen sales system for home use customers+¥0.4bn
Taxes	405	431	-26	-6.2%	Income tax due to revenue decrease(Gas sales decrease)-¥2.9bn
Marketing costs	255	191	64	33.3%	TV commercial of ENEFARM +¥3.4bn, LIFEVAL consignment fee, etc. +¥3.0bn
Others	385	365	20	6.5%	Pipeline replacement +¥1.8bn, R&D +¥0.9bn, Electricity expense(Unit price decrease) -¥0.4bn

## <Non-consolidated> Operating Cash Flows & CAPEX

### Operating Cash Flow

Result(FY09 2Q & FY08 2Q)				100mil. JPY
	FY09 2Q	FY08 2Q	Change	
Net Income(A)	253	-133	386	-
Depreciation(B)	539	516	23	4.5%
Operating Cash Flow(A+B)	792	383	409	106.9%

### Results(FY09 2Q & Previous projections)

Results(FY09 2Q & Previous projections)				100mil. JPY
	FY09 2Q	30-Jul	Change	
Net Income(A)	253	230	23	10.2%
Depreciation(B)	539	543	-4	-0.7%
Operating Cash Flow(A+B)	792	773	19	2.5%

### FY09 Projections(Change from Previous projections)

FY09 Projections(Change from Previous projections)				100mil. JPY
	Current	30-Jul	Change	
Net Income(A)	360	330	30	9.1%
Depreciation(B)	1,137	1,121	16	1.4%
Operating Cash Flow(A+B)	1,497	1,451	46	3.2%

### FY09 Projections(Current projections & FY08)

FY09 Projections(Current projections & FY08)				100mil. JPY
	Current	FY08	Change	
Net Income(A)	360	250	110	43.5%
Depreciation(B)	1,137	1,090	47	4.3%
Operating Cash Flow(A+B)	1,497	1,341	156	11.6%

### Capex

Result(FY09 2Q & FY08 2Q)				100mil. JPY
	FY09 2Q	FY08 2Q	Change	
Production	42	30	12	39.3%
Supply	338	343	-5	-1.4%
Others	38	35	3	8.2%
Total	420	410	10	2.4%

Production:LNG tank at Ohgishima LNG terminal+¥1.2bn  
Supply:Stable supply+¥0.2bn,Renewal+¥0.3bn  
Others:System development+¥0.3bn

### Results(FY09 2Q & Previous projections)

Results(FY09 2Q & Previous projections)				100mil. JPY
	FY09 2Q	30-Jul	Change	
Production	42	55	-13	-23.3%
Supply	338	352	-14	-3.9%
Others	38	57	-18	-32.0%
Total	420	465	-45	-9.7%

Production:BOG at Negishi LNG terminal+¥0.4bn,Renewal+¥0.9bn  
Supply:Gas volume development-1.1¥bn,Renewal+¥0.3bn  
Others:System development+¥0.7bn,Renewal-¥1.1bn

### FY09 Projections(Change from Previous projections)

FY09 Projections(Change from Previous projections)				100mil. JPY
	Current	30-Jul	Change	
Production	154	172	-18	-10.4%
Supply	814	813	1	0.1%
Others	214	227	-13	-5.4%
Total	1,182	1,212	-30	-2.5%

Production:BOG at Negishi LNG terminal+¥0.8bn,Renewal+¥1.0bn  
Supply:Pipeline+¥0.3bn,Other supply facilities+¥0.4bn  
Others:System development+¥0.8bn,Renewal+¥0.5bn

### FY09 Projections(Current projections & FY08)

FY09 Projections(Current projections & FY08)				100mil. JPY
	Current	FY08	Change	
Production	154	88	65	73.5%
Supply	814	831	-17	-2.2%
Others	214	143	69	48.9%
Total	1,182	1,065	117	11.1%

Production:LNG tank at Ohgishima LNG terminal+¥4.3bn,  
BOG at Negishi LNG terminal+¥2.3bn  
Supply:Gas volume development-1.3¥bn,Other supply facilities+¥0.4bn  
Others:System development+¥2.5bn,Renewal+¥4.4bn

## Correction of the paper on FY2009 1Q(July 30th)

### Projection of slide time lag in FY2009 (Non-consolidated)

< FY2009 >

[ Correct ] P.23 (100mil.JPY)

	FY2009 1Q (30-July)	Original projection (28-April)	Change
Sales	-709	-1,018	309
Gas resource cost	-686	-988	302
Margin	-23	-30	7

[ Incorrect ] (100mil.JPY)

	FY2009 1Q (30-July)	Original projection (28-April)	Change
Sales	-564	-936	372
Gas resource cost	-686	-988	302
Margin	122	52	70

< FY2009 2Q >

[ Correct ] P.26 (100mil.JPY)

	FY2009 1Q (30-July)	Original projection (28-April)	Change
Sales	-290	-284	-6
Gas resource cost	-542	-446	-96
Margin	252	162	90

[ Incorrect ] (100mil.JPY)

	FY2009 1Q (30-July)	Original projection (28-April)	Change
Sales	-213	-245	32
Gas resource cost	-542	-446	-96
Margin	329	201	128

39

\*Hatching cells are changed.



# Tokyo Gas Co., Ltd.



Statements made in this presentation with respect to Tokyo Gas's present plans projections strategies and beliefs and other statements herein that are not expressions of historical fact are forward-looking statements about the future performance of the company. As such they are based on management's assumptions and opinions stemming from currently available information and therefore involve risks and uncertainties. The company's actual performance may greatly differ from these projections due to these risks and uncertainties which include without limitation general economic conditions in Japan changes in the foreign exchange rate of the yen crude oil prices and the weather.