FY2009 3Q Financial Results ended December 31, 2009

Tokyo Gas Co., Ltd.
January 29, 2010

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Today we will discuss our consolidated financial results for the third quarter of fiscal 2009, ending March 2010, and present our projections for the full fiscal year.

Consolidated Results

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Financial Highlights : FY09 3Q Results

Decreased Revenue, Increased Income [(c.f.) FY08 3Q]

- **Gas Sales Volume: Still negative but signs of recovery for residential. industrial volume**
  Wholesale turned positive in 3rd quarter
- **Sales：(-) due to lower oil price, higher yen, lower gas volume**
- **Operating Income：(+) due to lower gas cost**

(Billion yen)

	FY09 3Q	FY08 3Q	Change
Gas Sales Volume（45MJ/mil. m^3）	**9,434**	10,055	-621
Sales	**965.3**	1,161.3	-196.0
Operating Income	**43.5**	-13.9	+ 57.4
Ordinary Income	**47.3**	-18.0	+ 65.3
Net Income	**31.6**	-7.3	+ 38.9
Sliding Time Lag Effect	**+12.1**	-53.7	+65.8

	Crude oil ($/bbl)	Ex. Rate (¥/$)	Temperature (℃)
FY09 3Q	66.46	93.61	19.5
FY08 3Q	105.07	102.92	19.4

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(P.2) FY2009 3Q Financial Results

Please turn your attention to page 2.

Our third quarter financial results are shown in the table. Revenues declined and profits increased compared to the same quarter of the previous fiscal year.

Gas sales volume declined year on year by 621 million cubic meters, or 6.2%, to 9,434 million cubic meters. Sales volume declined in the industrial sector, in particular, and also in the other sectors—residential, commercial and wholesale—on the impact of prolonged economic stagnation. However, signs of a recovery are beginning to appear; for example, in December, industrial gas sales volume was positive year on year for the first time in 15 months.

In contrast with the volume decline, operating income increased sharply, by 57.4 billion yen to 43.5 billion yen. The previous year, the sliding system time lag adversely impacted non-consolidated financial results by 53.7 billion yen due to lower gas resource costs resulting from yen appreciation, lower crude oil prices and other factors. However, this year the impact was positive 12.1 billion yen, an improvement of 65.8 billion yen.

Financial Highlights : FY09 Outlook

Increased Revenue and Income [(c.f.) Oct. 28 projection]

- **Gas Sales Volume: (+) Residential/Industrial/ Wholesale**
- **Sales: (+) Due to increased gas sales volume**
- **Operating Income： (+) Higher gas margin, fixed cost reduction and increased consolidated subsidiaries' income**

(Billion yen)

	FY09	Oct. 28 projection	Change	FY08
Gas Sales Volume（45MJ/m³）	13,566	13,498	+68	13,942
Sales	1,410.0	1,407.0	+3.0	1,660.1
Operating Income	84.0	72.0	+12.0	65.2
Ordinary Income	84.0	72.0	+ 12.0	58.3
Net Income	55.0	48.0	+ 7.0	41.7
Sliding Time Lag Effect	+6.2	+2.7	+3.5	-31.8

JCC & Ex. rate fluctuation (4Q, non-consolidated)

(bil. Yen)	Gross margin
(+)1$/bbl	-0.2
(+) ¥1/$	-0.8

4Q framework:$ 80/bbl, ¥90/$1

	Crude oil$/bbl	Ex. Rate(¥/$)
FY09	69.85	92.71
FY08	90.52	100.71

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(P.3) FY2009 Projections

Next, we will discuss our full year projections for fiscal 2009.

The harsh operating environment is expected to continue beyond January of this year, but we have upwardly revised our gas sales volume projection in light of the actual third quarter result. We also intend to make efforts to further reduce costs, so, for the full year, we are projecting sales of 1,410 billion yen, up 3 billion yen from the previous projection, operating income of 84 billion yen, up 12 billion yen, ordinary income of 84 billion yen, up 12 billion, and net income of 55 billion yen, up 7 billion yen.

Based on the latest market trends, our economic framework assumptions starting in January 2010 are crude oil at $80/bbl and the yen-dollar exchange rate at 90 yen to the dollar.

Financial Analysis

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(P.4)

Moving on, we will now present our financial review for the third quarter.

Segment Information FY09 3Q Results

(billion yen)

	Sales			Operating income		
	FY09 3Q	FY08 3Q	Change	FY09 3Q	FY08 3Q	Change
Gas Sales	703.9	865.8	(-161.9)	73.1	18.5	(+54.6)
Gas Appliances	89.1	91.5	(-2.4)	3.1	3.4	(-0.3)
Installation Work	29.3	31.9	(-2.6)	-1.2	-1.4	(+0.2)
Real Estate Rental	25.3	26.8	(-1.5)	5.9	7.0	(-1.1)
Other Business	220.7	267.0	(-46.3)	9.4	7.8	(+1.6)
Total	1,068.4	1,283.2	(-214.8)	90.5	35.4	(+55.1)
Cancellation	-103.0	-121.8	(-)	-46.9	-49.4	(-)
Consolidated	965.3	1,161.3	(-196.0)	43.5	-13.9	(+57.4)

Number shown in parentheses are the changes from FY08 3Q

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

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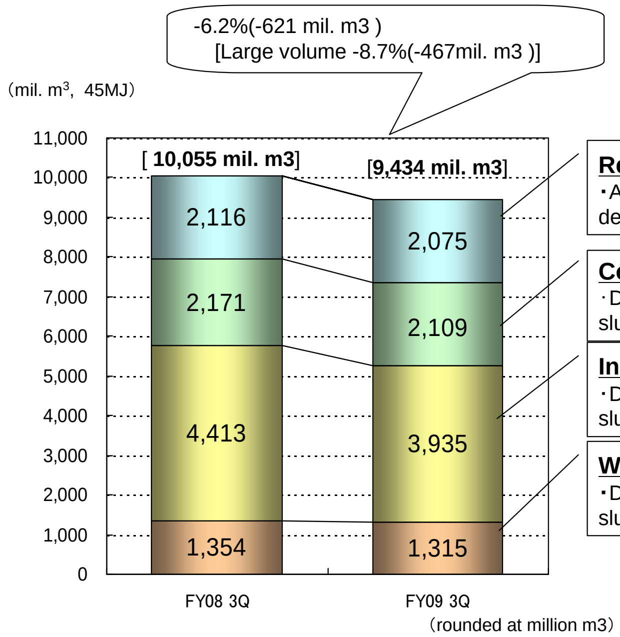
Page 5 shows a breakdown of sales and operating income or loss by segment.

Consolidated sales decreased by 196 billion yen compared to the same quarter of the previous year, to 965.3 billion yen, while operating income increased by 57.4 billion yen to 43.5 billion yen. In the gas segment, our mainstay business, sales declined on lower sales volume and lower unit prices. However, we posted higher operating income thanks to an improved gross margin associated with lower gas resource costs.

【Gas Segment】Gas Sales Volume



FY08 3Q → FY09 3Q

Residential -1.9% (-41mil. m3)
・April-June high temp. caused hot water demand decrease.

Commercial -2.9% (-62mil. m3)
・Drop in existing demand due to economic slump

Industrial -10.8% (-478mil. m3)
・Drop in existing demand due to economic slump.

Wholesale -2.9% (-39mil. m3)
・Drop in existing demand due to economic slump.

Number of customers (10 thousand)

FY09 3Q	FY08 3Q	Change	%
1,059	1,045	14	+1.3%

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Page 6 shows sales volume for the gas segment.

Gas sales volume was down again on a year-on-year basis, declining by 621 million cubic meters, or 6.2%, to 9,434 million cubic meters. The margin of decline however contracted in the October-December quarter, and some sectors actually showed an increase.

【Gas Segment】Residential

2,075mil. m3（-41mil.m3　-1.9%）

- Increased customers　+19mil. m3（+0.9%）
- Higher temperature　-23mil. m3（-1.1%）
- Others（Energy saving, etc.）　-37mil. m3（-1.7%）

Temp. (℃)

	FY09	FY08	Change
April	15.7	14.7	1.0
May	20.1	18.5	1.6
June	22.5	21.3	1.2
July	26.3	27.0	-0.7
Aug.	26.6	26.8	-0.2
Sep.	23.0	24.4	-1.4
Oct.	19.0	19.3	-0.3
Nov.	13.5	13.1	0.4
Dec.	9.0	9.8	-0.8
Average	19.5	19.4	0.1

（thousands）

	FY09 3Q	FY08 3Q	Change
Newly connected customers (non-consolidated)	128	140	-12
No. of customers	10,593	10,456	+137

Volume /customer (m3/month)	25.72	26.47	-0.75

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Please turn to page 7.

In the residential sector, although there was an increase in customers, relatively warm temperatures in the April–June quarter pushed down hot water demand, energy efficient devices gained in popularity and customers were more conservation minded. These and other factors resulted in sales volume decreasing by 41 million cubic meters, or 1.9%, compared to the previous year.

【Gas Segment】Commercial, Wholesale

Commercial

2,109mil.m3（-62mil.m3　-2.9%）

- **Decreased air-conditioning demand due to temp.**
  -5mil. m3 (-0.2%)
- **Drop in existing demand due to economic slump**
  -57mil. m3 (-2.7%)

Wholesale

1,315mil.m3（-39mil.m3　-2.9%)

- **Other city gas companies　-38mil. m3(-2.8%)**
- **Gas retailer for large volume customers　-1mil. m3(-0.1%)**

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(P.8)

Page 8 shows sales volume for the commercial and wholesale sectors.

Sales volume in the commercial sector declined by 62 million cubic meters, or 2.9%. In addition to volume declines caused by the struggling economy, hot water and air conditioning demand was down due to warmer temperatures in early spring, cooler temperatures in summer and other factors.

In the wholesale sector, sales volume declined year on year by 39 million cubic meters, or 2.9%, in connection with lower demand from wholesale customers. However, in the October–December quarter, sales volume increased by 0.9% compared to the same quarter of previous year thanks in part to a recovery in existing demand from wholesale customers and new facilities going online.

【Gas Segment】Industrial

3,935 mil. m3（-478 mil.m3 -10.8%）

・Industrial use（excluding power generation）

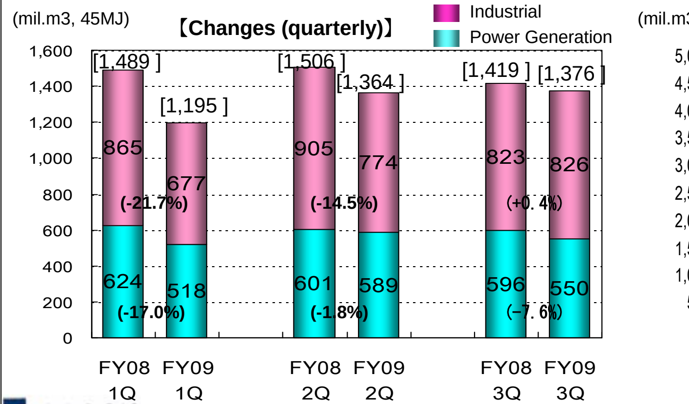
1Q: -188 mil.m3 (-21.7%)
2Q: -131 mil.m3 (-14.5%)
3Q: + 3 mil.m3 (+ 0.4%)

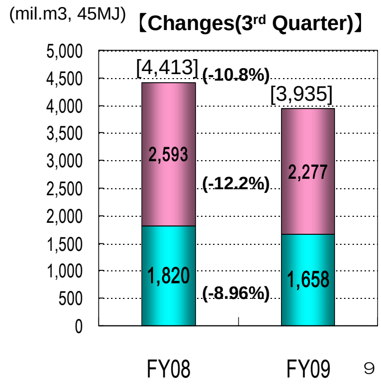
In 3Q, existing large volume customers' demand recovered.

・Power generation

1Q: -106 mil.m3 (-17.0%)
2Q: - 11 mil.m3 (- 1.8%)
3Q: - 45 mil.m3 (- 7.6%)

In 3Q, existing power generation customers' demand decreased due to periodic check.





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※1Q：April-June, 2Q：July-Sept., 3Q: Oct.-Dec.

(Rounded at mil.m3)

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（P.9）

We now turn to page 9.

Looking at the industrial sector in terms of its two components, industrial use (excluding power generation) and power generation use, in the October–December quarter, sales volume for power generation use again fell short of the previous year's level due to the impact of regular maintenance on existing facilities and other factors. Sales volume for industrial use, however, increased by 0.4% thanks in part to a recovery in supply volumes to existing major customers. It was the first year-on-year increase in five quarters.

【Non-gas segments】

Gas Appliances

・Decreased sales and income:
Sales 89.1 bil.yen(-2.4bil. yen), Operating Income 3.1bil. yen（-0.3bil.yen）

・Decreased sales and income due to lower housing starts and energy-saving trend

Installation Work

・Decreased income and reduced deficit:
Sales 29.3bil.yen（-2.6bil. yen), Operating Income -1.2bil.yen（+0.2bil.yen）

・Decreased sales due to lower housing starts

Real Estate Rental

・Decreased sales and income:
Sales 25.3bil. yen（-1.5bil.yen） Operating Income 5.9bil. yen（-1.1bil.yen）

・Decreased rent due to Shinjuku Park Tower head-office aggregation to Hamamatsucho

Other Business

・Decreased sales and increased income:
Sales 220.7bil.yen（-46.3bil.yen） Operating Income 9.4bil.yen（+1.6bil.yen）
Energy Service: OP(+) less resource cost for LNG sales and energy service
Power Business：OP(+) less resource cost for power generation
LNG tanker：OP(-) Increased depreciation (7th fleet)

（ ）:Change from FY08 3Q

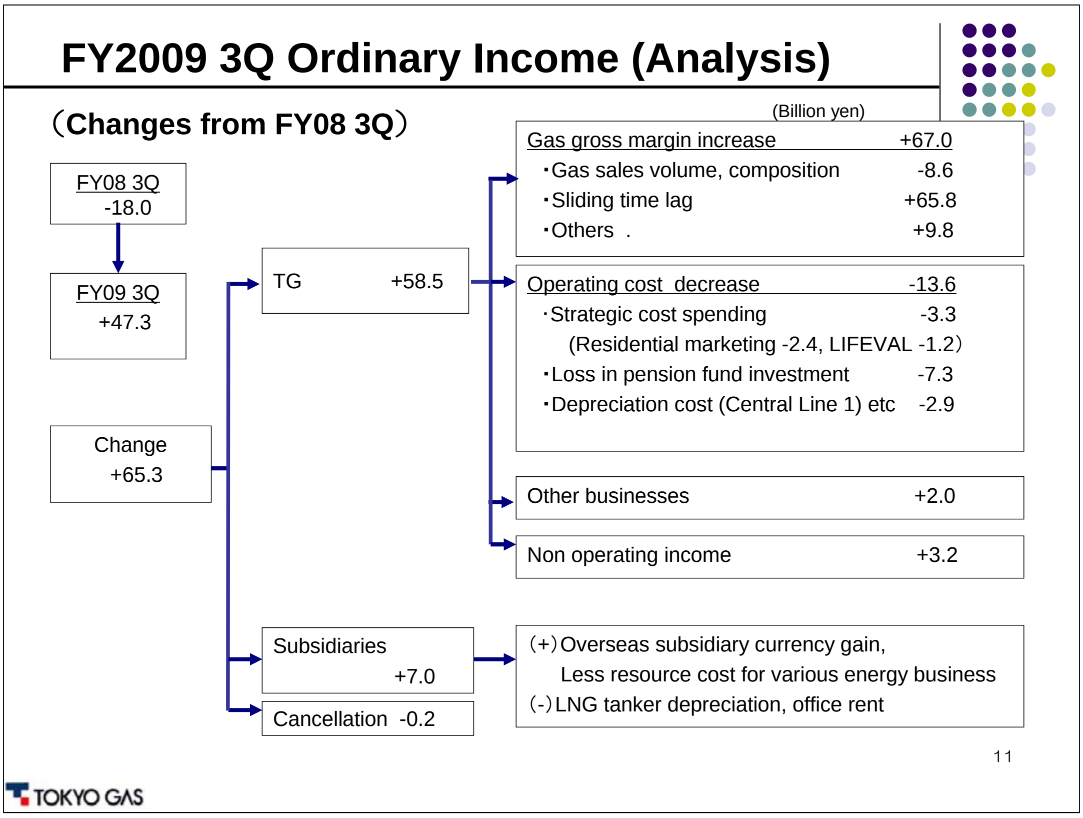
（P.10）

Page 10 shows results for segments other than gas.

Gas appliances segment saw lower profits on lower revenues due to a slump in new housing starts and other factors. The installation work segment also recorded an operating loss on lower revenues.

In the real estate segment, profits declined on lower revenues due to a decline in rent income associated with consolidation at our head office building.

The other segments saw revenues decline by 46.3 billion yen compared to the previous year. This was due in part to lower LNG unit prices and lower sales in the energy services business. However, profits climbed by 1.6 billion yen as a result of higher profits in energy services resulting from lower fuel costs, higher profits in the electric power business and other factors.



(P.11)

As a result of these operating activities, ordinary income for the third quarter of fiscal 2009 increased by 65.3 billion yen year on year to 47.3 billion yen.

Page 11 shows the factors behind the change in ordinary income. Tokyo Gas on a non-consolidated basis saw gas sales volume decline, but the gas gross margin improved by 67.0 billion yen on the considerable impact of improvement in the slide system margin.

Operating costs increased 13.6 billion yen compared to the previous year due primarily to a 3.3 billion yen increase in general expenses associated with strategic expenditures, a 7.3 billion yen increase in personnel expenses due to loss on pension fund investment and 2.9 billion yen in depreciation on the Central Line I project and other assets.

In addition, Tokyo Gas on a non-consolidated basis recorded a year-on-year increase of 58.5 billion yen in ordinary income thanks to improvement in miscellaneous and incidental revenues and non-operating revenue from foreign translation gains.

Consolidated subsidiaries had factors that negatively contributed to ordinary income; specifically, increased depreciation on LNG tankers in the tanker business and decreased building rent income in the real estate business. However, consolidated subsidiaries made an overall contribution of positive 7.0 billion yen thanks to foreign translation gains at overseas subsidiaries and higher profits on lower fuel unit prices in the energy services business.

Projections

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(P.12)

We will now discuss our full year projections for fiscal 2009.

Segment Information FY09 Projection

(billion yen)

	Sales				Operating income			
	1/29	10/28	Change	FY08	1/29	10/28	Change	FY08
Gas Sales	1,039.5	1,038.8	(+0.7)	1,257.5	136.4	130.0	(+6.4)	110.8
Gas Appliances	128.6	126.5	(+2.1)	122.3	1.2	0	(+1.2)	2.0
Installation Work	44.9	46.8	(-1.9)	49.0	-1.3	-1.1	(-0.2)	-1.0
Real Estate Rental	33.9	33.7	(+0.2)	35.6	7.2	6.7	(+0.5)	7.4
Other Business	305.8	303.9	(+1.9)	363.7	15.2	13.5	(+1.7)	13.4
Cancellation	-142.7	-142.7	(-)	-168.2	-74.7	-77.1	(-)	-67.5
Consolidated	1,410.0	1,407.0	(+3.0)	1,660.1	84.0	72.0	(+12.0)	65.2

Number shown in parentheses are the changes from 10/28 projections.

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

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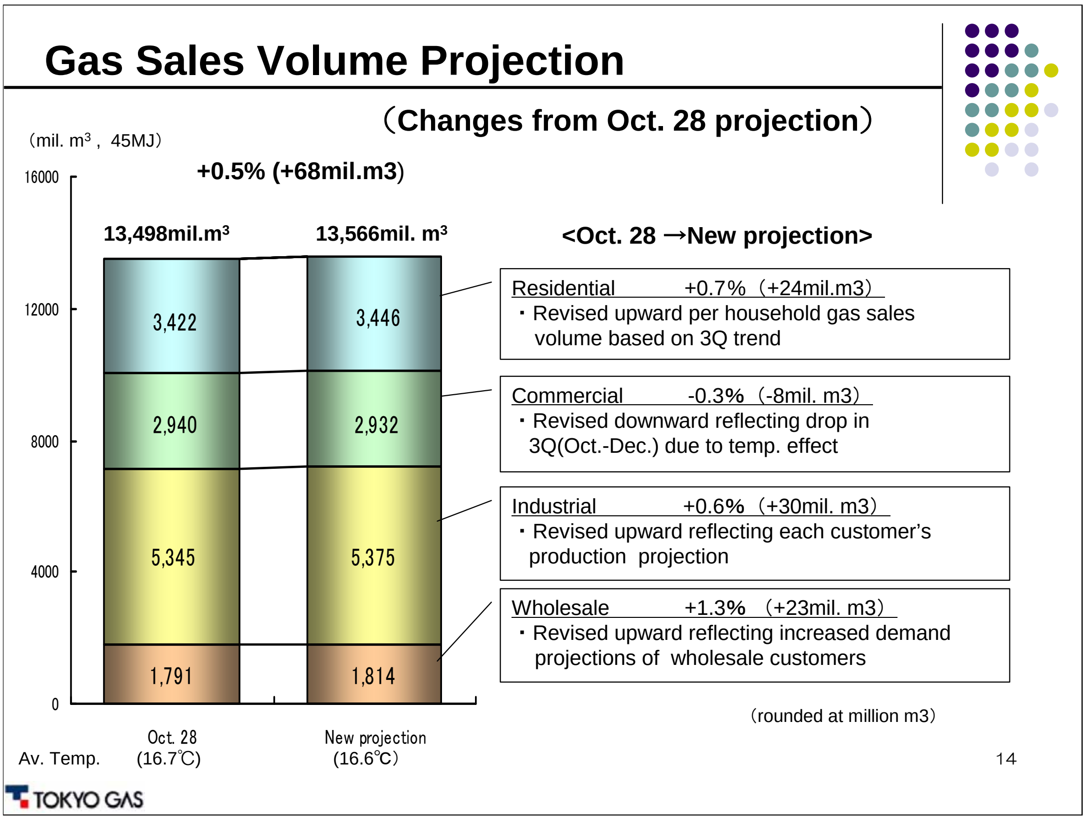
(P.13)

As was introduced on page 3, consolidated sales are projected to be 1,410 billion yen, up 3 billion yen from our previous forecast, and operating income is projected to total 84 billion yen, up 12 billion yen.

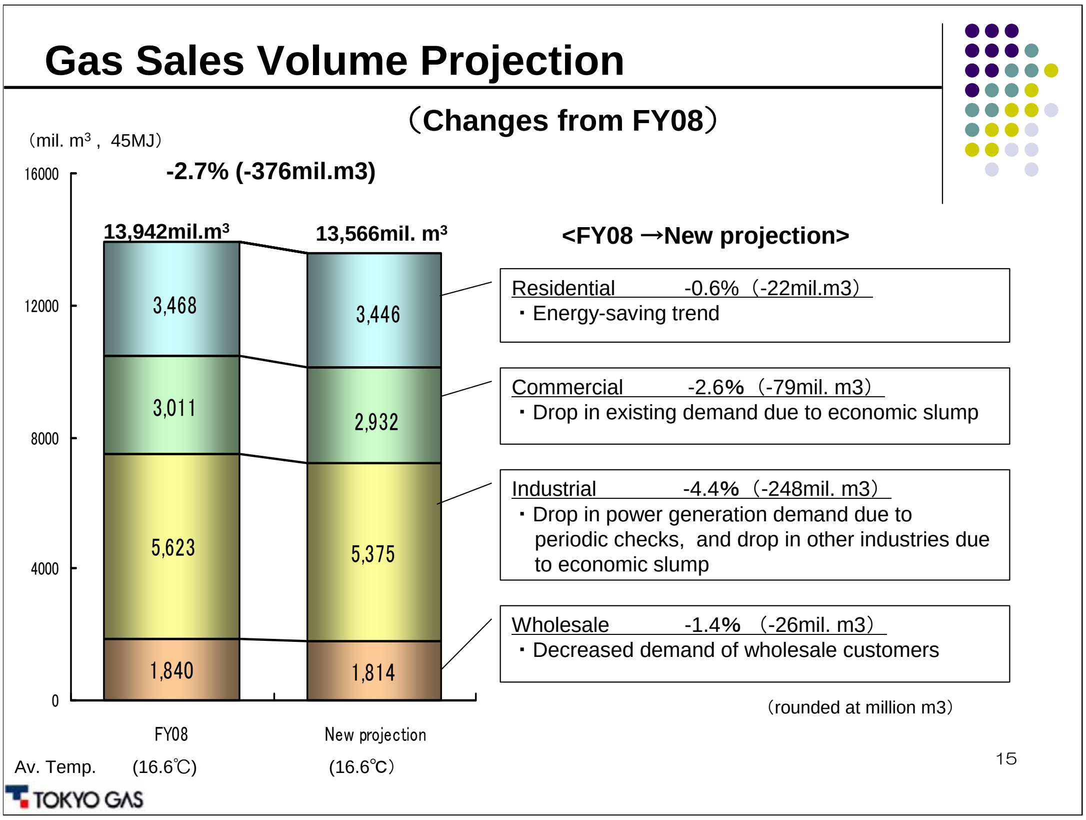


(P.14)

We have upwardly revised our projection for gas sales volume by 68 million cubic meters for the full year compared to the previous projection.

Looking at individual sectors, the previous projection downwardly revised gas sales volume for residential use due to more conservative assumptions about per customer volume than initially planned. However, we have upwardly revised our projection for this sector by 24 million cubic meters, or 0.7%, in light of sales volume recorded in the third quarter.

In the industrial sector, we have upwardly revised our previous projection for gas sales volume by 30 million cubic meters owing to a recovery in demand for power generation use and demand coming back in industries such as steel thanks to foreign demand growth.



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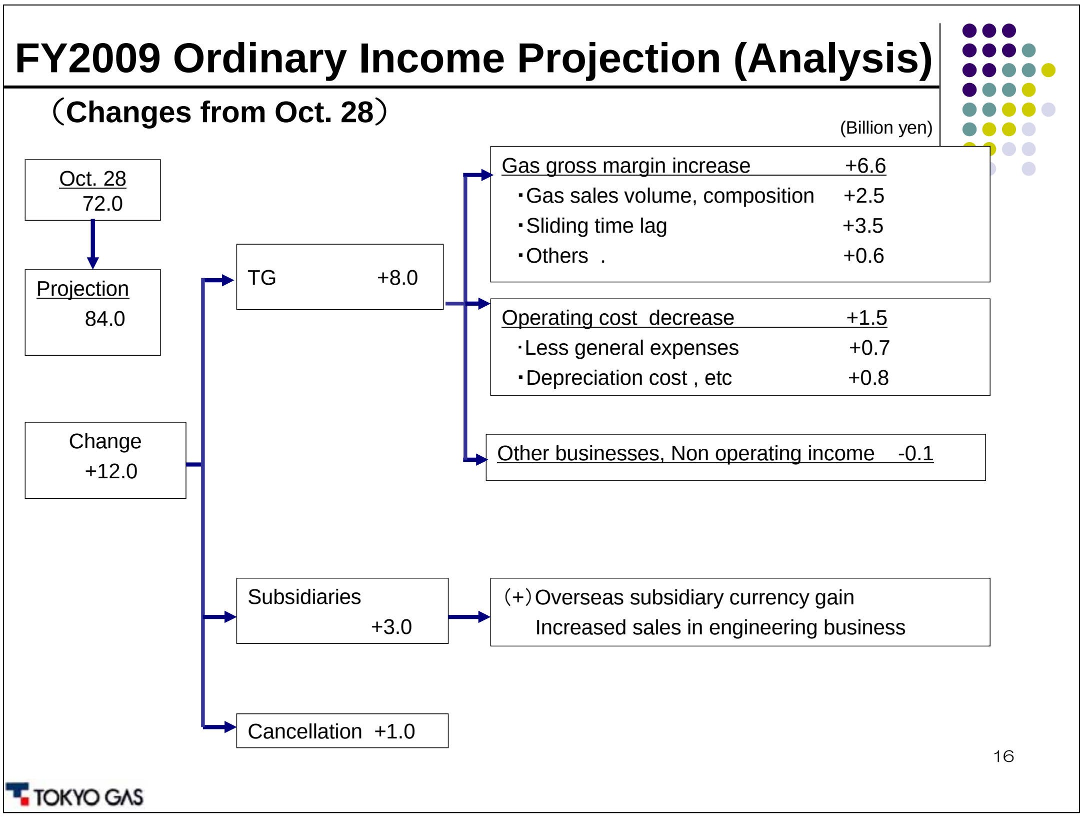
Page 15 shows the difference in sales volume compared to the previous year. Overall, there is a decrease of 376 million cubic meters, or 2.7%.



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Finally, we are projecting ordinary income in fiscal 2009 of 84 billion yen, which is up 12 billion yen from our previous forecast.

In terms of individual factors, on a non-consolidated basis, overall gas sales volume has been upwardly revised from the previous projection, and the gas gross margin also increases 6.6 billion yen. We will continue to further reduce general expenses. We therefore project an improvement in non-consolidated ordinary income of around 8 billion yen compared to the previous projection.

We are also forecasting an improvement of around 3 billion yen compared to the previous projection for consolidated subsidiaries due to contributions from foreign translation gain at overseas subsidiaries, the engineering business and other factors.

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.

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This concludes our presentation for the third quarter of fiscal 2009.