FY2009

Financial Results ended

March 31, 2010

Tsuyoshi OKAMOTO
President

April 28, 2010

Ladies & gentlemen,

Thank you very much for coming to our earnings announcement meeting today. I am Tsuyoshi Okamoto, the president, and I assumed office this April.

Before going into today's main topics, I, as the new president, would like to address a word or two as a greeting to you.

The environment surrounding us is a tough one as we see a prolonged slowdown of the economy, conflicting discussions about measures against global warming, intensifying competition among various forms of energy and so on. Under these circumstances, however, I understand that my mission is to carve out a path to the medium-to-long term growth of our Group.

I would like to conduct a frank exchange of views with those of you who are here today to help us form and implement effective policies. Your cooperation would be highly appreciated in this regard.

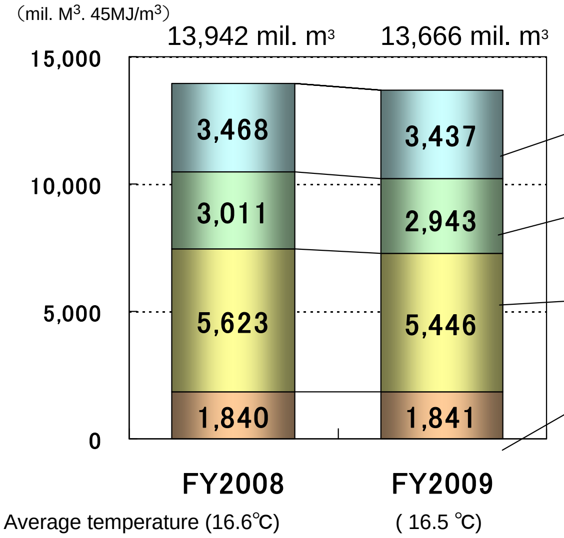
Let me first talk about financial highlights and business results for FY2009 and business projections for FY2010.

FY2009

Consolidated Financial Results
ended March 31, 2010

TOKYO GAS

【 Gas Business 】Gas Sales Volume (comparison with FY08)



(rounded at million m³)

< Change: FY08 → FY09 >

Total - **276 mil.m³** (**-2.0 %**)
(large vol. supply -161 mil.m³ (-2.3%)

Residential - 31mil.m³ (**-0.9 %**)

Commercial - 68mil. m³ (**-2.3 %**)

Industrial -177mil.m³ (**-3.1%**)

Wholesale + 1mil.m³ (**0.0 %**)

Number of customers (10 thousand)

FY08	FY09	chg.	%
1,051	1,064	13	+1.2%

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Total gas sales volume in FY2009 was 13,666 million m3.

In the residential sector, we saw our gas sales volume decrease by 0.9% year on year to 3,437 million m3. Factors that contributed to the decrease were (1) a drop in new housing starts due to the economic downturn, (2) a decrease in the number of family members per household and an increasing use of highly-efficient appliances, and (3) a decline in per-meter sales owing to weak consumption and accompanying customer belt-tightening.

In the commercial sector, we were also hit by a weak economy and demand remained sluggish due to lower operation rates among existing facilities and rising vacancy rates at office buildings. As a result, the gas sales volume in this sector was down 2.3% year on year to 2,943 million m3.

In the industrial sector, gas sales volume fell by 3.1% year on year to 5,447 million m3 due to the reduced operation of facilities in the midst of the economic downturn.

In the wholesale sector, gas sales volume was almost unchanged from the previous year at 1,841 million m3.

Financial Highlights：FY2009 Full Year Results

Sales decreased but profit increased (from FY2008)

- Gas Sales Volume: (-) 13,666 million m3 (-2.0% Y.O.Y.)
  Though demand began to pick up in 2H, sales excluding wholesale decreased due to low temperature in 1H and also to the stagnant economy.
- Sales: (-) Due to the decrease in gas sales volume, oil price decline, and stronger yen
- Operating Income： (+)Sliding time lag effect to offset negative pension fund actuarial differences

(100 million yen)

	FY2009	FY2008	Change	%
Sales	14,157	16,601	-2,444	-14.7
Operating Income	852	652	+200	+30.7
Ordinary Income	835	583	+252	+43.2
Net Income	537	417	+120	+28.9
ROA	3.0%	2.4%	-	-
ROE	6.8%	5.4%	-	-
Sliding time lag effect(*)	+57	-318	+375	–
Amortization of actuarial differences(*)	-320	-204	-116	–

(*)non-consolidated basis

Economic conditions

	Crude oil $/bbl	Ex. Rate (¥/$)
FY09	69.38	92.89
FY08	90.52	100.71

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These are the financial highlights for FY2009. Total gas sales volume fell by 2.0% year on year due to the prolonged sluggishness of the Japanese economy that began after the Lehman shock. However, operating income rose by 26.7% to ¥108.0 billion thanks primarily to an improvement in the sliding time lag effect that accounted for ¥37.5 billion, absorbing an increase in personnel-related expenses resulting from an actuarial difference that had a negative effect of ¥11.6 billion. Adding non-operating income such as a foreign exchange gain of ¥5.7 billion at an affiliated company, ordinary income rose by 43.2% to ¥83.5 billion and net income rose by 28.9% to ¥53.7 billion, respectively. So, we had a decrease in sales but an increase in profits over the previous year.

Projections for FY2010

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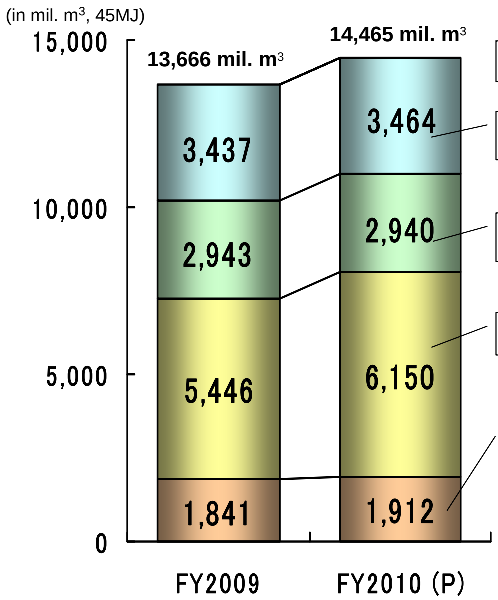
Let me move on to business projections for FY2010.

Gas Sales Volume Outlook

(comparison with FY2009)



Average temperature (16.5℃) (16.8 ℃)

< Outlook for change: FY09→FY10 >

Total +799 mil. m^3 (+5.8%)

Residential +27 mil.m^3 (+0.8%)

Commercial -3 mil.m^3 (-0.1%)

Industrial +704mil.m^3 (+12.9%)

Wholesale +71mil.m^3 (+3.9%)

(rounded at million m^3)

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Our plan for consolidated gas sales for FY2010 will be up 5.8% year on year at 14,465 million m3, of which the residential sector sales are expected to rise by 0.8% year on year to 3,464 million m3, the business sector sales will be down 0.1% to 2,940 million m3, the industrial sector sales up 12.9% to 6,150 million m3 and the wholesale sector sales up 3.9% to 1,912 million m3, respectively.

Projection for FY2010

Increase both in sales and profit expected in comparison with FY09 results

- Gas sales volume (+): new demand development, and maintenance/ expansion of existing demand.
- Sales (+): gas sale volume and unit price (gas cost adjustment) increase
- Operating income (+): Positive pension fund acturial difference to offset negative sliding time lag

(100 million yen)

	Projection for FY10	FY09	Change	%
Sales	**15,510**	14,157	+1,353	+9.6
Operating Income	**1,080**	852	+228	+26.7
Ordinary Income	**1,020**	835	+185	+22.1
Net Income	**650**	537	+113	+20.9
ROA	**3.5%**	3.0%	-	-
ROE	**7.9%**	6.8%	-	-
(Sliding time lag effect)	**-247**	+57	-304	-
(Amortization of actuarial differences)	**+198**	-320	+518	-

(*)non-consolidated basis

Economic conditions

	Crude oil price ($/bbl)	FX rate (yen/$)
FY10	80.00	95.00
FY09	69.38	92.89

Profit sensitivity to changes in oil price and FX rate (full business year, non-consolidated)

	Gross profit (100 mil. yen)
(+)1$/bbl	▲9
(+)1yen/$	▲9

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This is an earnings projection for FY2010. We forecast consolidated sales to increase by 9.6% to ¥1,551.0 billion, operating income to increase by 26.7% to ¥108.0 billion, ordinary income to increase by 22.1% to ¥102.0 billion and net income to increase by 20.9% to ¥65.0, respectively. We forecast both sales and profits to increase in FY 2010. The sliding time lag effect is expected to have negative effects of ¥30.4 billion, but we expect a greater contribution from increased gas sales volume and an improvement in the actuarial difference of ¥51.8 billion.

Business Update

and

Challenges

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Let me explain next how we are approaching our primary measures and policies.

Environmental policy trend

	Main challenges
Basic draft law of countermeasures against global warming (March, 2010 cabinet decision)	➢ CO2 reduction targets(cf;1990): 2020 :-25% 2050: -80% ➢ Foundation of domestic emissions trading system ➢ Introduction of tax for controlling global warming (2011) ➢ Full purchase system for renewable energy ➢ Achievement of 10% ratio of renewable energy in primary energy
Review of basic energy plan (June, 2010 cabinet decision scheduled)	➢ Mid/long-term directionality of energy policy to ensure 3 Es (i.e., Energy Security, Economy, and Environment) ➢ Ratio of nationally secured energy resources:70% ➢ Natural gas: An important energy source for low carbon society → Promotion of shift to the natural gas (fuel change, co-generation, fuel cell promotion)
Ministry of Environment **" Working committee for mid/long-term actions against GHG emissions"**	

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Our business environment continues to be a tough one with intensifying competition among various forms of energy together with a prolonged economic slowdown. At the same time, the Japanese government has adopted policies to promote realization of a low-carbon society in an attempt to review its environmental policy with the basic Draft Law of Countermeasures against Global Warming and the Basic Energy Plan. It has become a global trend to promote a wider use of natural gas that produces much less CO2 compared to other fossil fuels and a shift to natural gas is advocated in the first draft for the Basic Energy Plan that was prepared a while ago.

In a business environment like this, we steadily implemented measures and policies set out in the mid-term management plan in FY2009, the first year of the mid-term management plan, to achieve the evolution and advancement of our "integrated energy business". We will deploy more resources, and further accelerate and reinforce our approach to this challenge in FY2010.

Gas Business

➢Residential gas marketing

(10 thousand, non-consolidated basis)

	FY08	FY09(%)	FY10 (P)(%)
No. of newly built houses in supply area	29.4	25.8(-12.2)	24.2(- 6.2)
No. of newly connected customers	21.2	18.7(-11.7)	15.7(-16.0)

Major policies	FY09	FY10 targets
Competition against all-electric housings (All-electric housing rates of newly built houses in Tokyo Gas supply area)	12%	12%
Residential fuel cell “ENE-FARM”	Number of units sold : 1,500 (Number of units ordered: 2,100)	Number of units sold: 2,500 Development of the next model
LIFEVAL (Establishment of sales/service outlets)	Establishment of 63 outlets in Oct.	Development of local community-based marketing

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In residential gas sales, our top priority will be to block the shift to all electric houses by serving the stock of existing houses which has been our primary source of earnings. For that purpose, we plan to aggressively make an investment in measures to counter electrification of houses and promote sales of environment-conscious products such as “dual power generation” that combine ENEFARM, which will be in its second year in the market, and a solar power system.

In addition, we will fully utilize the LIFEVAL system framework that promotes community-based businesses leading to enhancement and protection of residential demand for gas through proposals of high-value added products through regular contacts with customers.

We believe that we can keep the ratio of electrified houses to total new houses within the business area of Tokyo Gas in FY2010 at 12% as it was in FY2009 through marketing efforts by the Group of Tokyo Gas as a united and solidified entity.

Gas Business

➢ **Expansion of business and industrial demand**

Industrial gas sales volume (including supply for power generation) **(mil. m^3, 45MJ/m3)**

	1Q	2Q	3Q	4Q	Full Year	Y.O.Y. (%)
FY07	1,316	1,449	1,496	1,471	5,732	+7.4
FY08	1,489	1,506	1,419	1,209	5,622	-1.9
FY09	**1,195**	**1,364**	**1,377**	**1,511**	**5,446**	**-3.1**
FY10 (P)	1,453	1,580	1,564	1,553	6,150	+12.9

Note: Total number might not be consistent with summation, due to rounding.

Major policies	Actions
New demand development	Demand development in 200km radius of Tokyo Demand development along Gunma trunk line, and gas sales through LNG tank trucks, etc.
Expansion of ESCO business	Promotion of energy service Start of energy conservation diagnosis service (FY09)
For small and medium-sized business use	"Cool kitchen" sales expansion (started in FY09)

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In the industrial sector, we continue to exploit demand for a fuel shift within a radius of 200km in the Kanto area. As for the marketing of cogeneration, for which competition with power companies is intensifying after crude oil prices shot up and have stayed at higher levels for a long time, we will make proposals with high-value added products through energy services to survive the competition against power companies.

In the business sector, we will roll out aggressive marketing efforts including a proposal that incorporates services to save energy and CO2 together with energy services. We also plan to promote sales of the “Cool Kitchen” or “SUZUCHU”, a low radiant type gas kitchen instrument, as countermeasures against an all electrified kitchen.

Gas Business

➢ Natural gas infrastructure maintenance

Major policies	FY09	FY10 target
Trunk line construction	Gunma trunk line completed (Mar.2010)	Chuo (central) trunk line phase 2 (May 2010)
Production facility	Ohgishima No. 4 LNG storage tank, construction started (Nov. 2009)	
Hitachi LNG Terminal, Ibaraki-Tochigi Trunk Line	Discussions started for forwarding construction schedule (Dec.09)	Detailed FS, Discussions with municipality

➢ Acceleration of safety measures

(non-consolidated)

Major policies	FY09	FY10 target	ref. FY08
Replacement acceleration of old pipelines (length)	166km	147km	130km
Replacement of unsafe gas appliances	180,000 units implemented (FY07-09, cumulative)		

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We developed infrastructures step by step in FY 2009 starting with construction work on the Ohgishima No.4 tank and completing phase I of the Gunma trunk line as a means to reinforce the operating base for our natural gas business. Going forward, demand for natural gas will still increase further and eventually reach 18 billion m3 in the second half of the 2010s. We therefore made a decision in December last year to start building our fourth LNG terminal, the Hitachi plant, from FY2015, which is 2 years ahead of the originally scheduled start date of FY2017.

In FY 2010, we will conduct a more specific investigation for the construction of the Hitachi terminal, and move forward decisively with construction of a trunk pipeline, "Ibaraki – Tochigi Line", to serve new demand.

We plan to accelerate our process of replacing old tube pipelines (gray cast-iron pipelines) in FY2010 as the core safety measure that forms the basis of the urban gas business.

Also, we successfully managed to eliminate 180,000 units of gas appliances, out of 300,000 units that have no safeguards against incomplete combustion, over the three years from FY 2007 to FY 2009 as a safety measure for gas appliances, which was triggered by a series of incidents of CO poisoning by gas appliances.

Integrated Energy Business

Electricity business

Power plant	Generation capacity	Investment ratio	TG capacity	Operation date
Tokyo Gas Baypower	100MW	100%	100MW	Oct. 2003
Tokyo Gas Yokosuka Power	240MW	75%	180MW	June 2006
Kawasaki Natural Gas Power Generation	840MW	49%	400MW	April 2008
Ohgishima Power	810MW	75%	620MW	March 2010 (1st unit) July 2010 (2nd unit)
Tokyo Gas Power Generation Capacity (Total, FY2010 end)	-	-	1,300MW	-

Upstream & Overseas businesses

Business	Progress situation of projects	Schedule
The upstream business	Dividend implementation from Darwin PJ Capital contribution to Gorgon PJ decided Progress of Pluto PJ construction work	Jan. and April 2010 Sept. 2009 First cargo in early 2011
Overseas business	Investment decision for Mexican IPPs	Dec. 2009
LNG procurement	Basic agreement with a non-conventional type LNG(CBM) project	March 2010

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As for the electricity business, Ohgishima Power started commercial operation of gas turbine No.1 in March 2010. Gas turbine No.2 is expected to go into operation in July of this year. With these in operation, we should be able to establish a capacity for as much as 1.3 million KW as our own share, leading to realization of a reinforced base for the electric power business that plays a part in our integrated energy business.

Of all the projects we participate in upstream, we concluded a purchase agreement for Gorgon in September 2009, Darwin is operating smoothly in its fourth year of operation with a dividend (our share) paid out in January and April of 2010, respectively, and construction work for Pluto also going well with the first shipment of LNG scheduled in the first half of 2011.

As for the overseas operation, we entered into a contract in December last year to acquire a thermal power generation business in Mexico to expand our LNG value chain. Down the road, we plan to complete the acquisition once we obtain a variety of permissions and authorizations from the relevant authorities of Mexico.

With regard to the procurement of raw materials, we have established a base for a stable medium-term supply, with addition of Pluto and Gorgon to the existing LNG projects. What is more, we plan to establish an LNG project that utilizes non-conventional natural gas "CBM (coal bed methane)" to diversify our sources of LNG procurement. This should make our supply infrastructure even more secure.

Negotiations for revision of an LNG price that started as a result of a sharp increase in crude oil prices in 2008 looks close to settlement at present. We believe that the risk of raw material costs moving substantially as a result of the price negotiations remains minimal for the time being.

2009-2013 mid-term management plan

Progress Situation

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Progress situation of mid-term management plan

< Operating cash flow >

(in 100 million yen)

FY09-10 total (generated cash)	Current Outlook	Mid term management plan	Change
Net income	1,187	920	+267
Depreciation	2,991	3,080	- 89
Total	4,178	4,000	+178

FY09-10 total (expenditure)	Current Outlook	Mid term management plan	Change
CAPEX, investments and loans	3,866	4,390	-524
Return to shareholders	602	430	+172
Reduction of interest bearing debts, etc.	-290	-820	+530
Total	4,178	4,000	+178

Factors which could affect the mid-term management plan operating cash flow

< Negative Factors >

➢Protracted recession : Still under influence in FY10

➢Construction of Hitachi LNG terminal ahead of original schedule

→Can be absorbed by restraining other CAPEX, investments and loans

(Depreciation begins after FY2015)

< Positive Factors >

➢Raw materials procurement cost :

→ Price negotiations are steadily under way

➢Influence by pension fund actuarial difference

→ Risk reduction by reviewing portfolio

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When the business results for FY2009 and projection for FY2010 are evaluated from a viewpoint of progress in meeting the goals of the mid –term management plan, thus far, we have temporarily had a negative impact from a decrease in sales seen in the first half of the term of the plan due to the prolonged recession. However, we have come up with a view that we should be able to achieve the cash flow objectives set out in the mid–term plan for the following reasons:

Firstly, LNG prices have been stable, price negotiations are close to settlement.

Secondly, in relation to the actuarial difference, investment performance in FY2009 was higher than that assumed in the mid–term plan and an implemented change to a less risky portfolio should help reduce the volatility in FY2010 onwards.

Finally, by controlling the overall budget for capital investment and investments and loans, we should be able to absorb an increased cash payout accompanying with front–loaded construction works for the Hitachi terminal.

Return to shareholders in FY2009

- The return to shareholders increased in line with profit increase : 26.4 bil. yen → 32.3 bil. yen
- Implementation of a dividend increase

【 Dividend 】

・A dividend increase (1.0 yen/share)

8.0 yen → 9.0 yen/share

【 Share buybacks 】

・Amt of share buybacks in FY10

8.0 bil. Yen (2.2+5.8(*1))

【 Total payout ratio 】

・The total payout ratio in FY09 is 60.1% (c.f. Target in mid-term plan : 60%)

Total payout ratio 60.1% = (Amt of dividend in FY09(*2) 24.3 bil. yen + Amt of share buybacks in FY10 8.0 bil. yen) / Consolidated net income in FY09 : 53.7 bil. yen

(*1) Including 5.8 billion yen for purchase caused by absorption of subsidiary (implementation in April) / repurchased shares are planned to be cancelled

(*2) Total of mid-term and year-end dividend for FY09

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Lastly, I would like to explain our payout policy to shareholders for FY 2009.

In view of the current progress of the mid-term plan, we came to a conclusion that we should be able to yield profits stably in FY 2010 onwards and determined to raise our annual dividend by ¥1 to ¥9 a share from FY 2009 onwards.

In the midst of financial institutions selling shares in the wake of the BIS regulations and an introduction of IFRS, we thought that recovering the dividend yield of our company stock to a higher level should help increase attractiveness of our stock to pension funds and individual investors as they are the investors we want to have as long-term shareholders. Thus, we made a decision to shift the balance between dividends and share buybacks within the 60% total payout ratio.

We consider share buybacks as a means to compensate for a shortfall of dividends in relation to the 60% total payout ratio as we have always done so. Consequently, we plan to repurchase up to 6 million of our own shares or ¥2.2 billion with an intention to redeem them in FY 2010, in addition to the 14 million shares or ¥5.8 billion repurchased at the shareholders' demand, resulting from the absorption of our subsidiary TG Enterprise. We expect the total payout ratio to be 60.1% for FY 2009 after the repurchase.

We intend to boost our corporate value through further cost reductions and focused investments in strategic growth areas.

That's all from me. Thank you for your time.

Business Outlook
Analysis in details

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I will follow up with a more detailed report on our business for FY 2009.

Segment Information FY09 Results

(Billions of yen)

	Sales		Operating Income	
	FY09	FY08	FY09	FY08
Gas	1,045.5 (−212.0, −16.9%)	1,257.5	127.3 (+16.5, +14.9%)	110.8
Gas Appliances	126.0 (+3.7, +3.0%)	122.3	2.3 (+0.3, +12.0%)	2.0
Installation Work	44.3 (−4.7, −9.6%)	49.0	−0.6 (+0.4, −.−%)	−1.0
Real Estate Rental	33.7 (−1.9, −5.4%)	35.6	7.2 (−0.2, −2.0%)	7.4
Other	317.8 (−45.9, −12.6%)	363.7	15.2 (+1.8, +12.8%)	13.4
Total	1,567.4 (−261.0, −14.3%)	1,828.4	151.4 (+18.7, +14.1%)	132.7
Cancellation	−151.7 (− , −.−%)	−168.2	−66.3 (− , −.−%)	−67.5
Consolidated	1,415.7 (−244.4, −14.7%)	1,660.1	85.2 (+20.0, +30.7%)	65.2

Notes: 1. Sales include internal transactions. Operating income does not include operating expenses that cannot be allocated.
2. Numbers in parentheses refer to comparisons with FY08.

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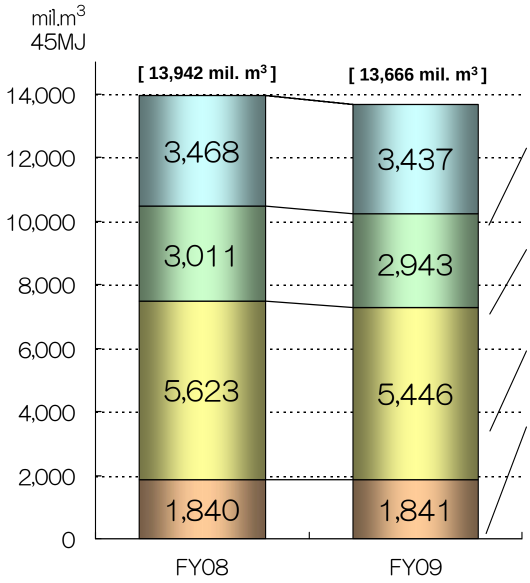
Business results are as shown here.

Gas Segment: Gas Sales Volume



(rounded to nearest million m^3)

FY08 → FY09 (Changes)

Total -276 mil. m^3 (-2.0%)
[Including Large volume -161mil.m^3 (-2.3%)]

Residential -31 mil. m^3 (-0.9%)
・Up by temp. effect & Increase in no. of customers
・Down by energy-saving trend

Commercial -68 mil. m^3 (-2.3%)
・Up by new customers & increased operation rate
・Down by energy-saving trend

Industrial -177 mil. m^3 (-3.1%)
・Decreased operation rate due to economic slump

Wholesale +1 mil. m^3 (+0.0%)
・Drop in existing demand
・Increased demand for large-volume customers

Number of Customers **(10 thousand)**

FY08	FY09	Change	%
1,051.3	1,063.7	12.4	+1.2%

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Let me start with the gas segment.

As for gas sales volume, the number of customers increased by 1.2% or 124,000 units on a net basis, but overall sales volume decreased by 2.0% to 13,666 million m3 due to a sharp drop in industrial and business demand in the midst of the prolonged recession in Japan.

Gas Segment: Residential Gas Sales Volume

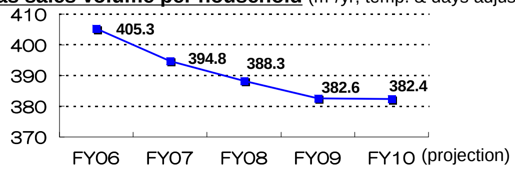
3,437 mil. m³ (-31 mil. m³ -0.9%)

- Increase in no. of customers (+1.2%) & Vacancy rate (drop in working meter ratio)(-0.5%) } +24 mil. m³ (+0.7%)
- No. of days decreased -15 mil. m³ (-0.4%)
- Heating demand increased by lower temp. in 2nd half +11 mil. m³ (+0.3%)
- Energy-saving trend, etc. -51 mil. m³ (-1.5%)

	FY09	FY08	Change	
No. of housing starts *1	18.7	21.2	-2.5	-11.7%
No. of customers*2	1,063.7	1,051.3	+12.4	+1.2%
Gas sales volume per meter *3	381.8 [382.6]	388.8 [388.3]	-7.0 (-5.7)	-1.8% (-1.5%)
Working meter ratio *4	90.4%	90.9%	-0.5%	

*1 Unit 10 thousand (Non-consolidated)
*2 Unit 10 thousand (Consolidated)
*3 Numbers in parentheses refer to adjusted data by temp. effect and no. of days (Non-consolidated)
*4 Definition: No. of working meters divided by no. of meters installed,Year-average (Non-consolidated

Gas sales volume per household (m³/yr, temp. & days adjusted)



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While the residential sector experienced an increase in the number of customers and relatively low temperatures in the second half led to an increase in demand for gas for heating purposes, there were also some negative factors such as a decrease in working meter ratio and a decrease in the number of days in which gas was used, caused by scheduled dates for meter reading. Other negative factors included a decrease in the number of family members per household, a wider use of energy saving appliances and consumers' increasing inclination to consume less. As a result, gas sales volume per meter decreased by 5.7 m3 or 1.5% after adjusting for standardization of temperatures and the number of days, and total gas sales volume decreased by 31 million m3 or 0.9% year on year to 3,437 million m3.

The decrease of 5.7 m3 after adjusting for standardization is relatively a large one for recent years. However, water temperatures are rising by a greater degree than air temperatures this year and I would imagine that it is affecting demand for hot-water supply to some extent. It is impossible to quantify the effect of this phenomenon and therefore a conventional method is applied to its analysis. We believe the actual status for FY 2009 would be somewhere between the results in FY 2008 and the projection for FY 2010.

Gas Segment: Commercial, Wholesale Gas Sales Volume

Commercial

2,943 mil. m^3 (-68 mil. m^3 -2.3%)

- Air-conditioning demand increased by temp. effect & no. of days — +12 mil. m^3 (+0.4%)
- New customers increased & Some of existing customers in full operation — +18 mil. m^3 (+0.6%)
- Demand drop in existing customers, etc. — -98 mil. m^3 (-3.3%)

Commercial(Non-consolidated)	FY09	FY08	Change	
No. of Customers [10thousand]	61.3	61.7	▲0.4	▲0.7%
No. of Working Meters [10 thousand]	46.7	47.6	▲0.9	▲1.9%
Working Meter Ratio (Year-Average)	76.0%	77.2%	▲1.2%	

Wholesale

1,841 mil. m^3 (+1 mil. m^3 +0.0%)

- Demand drop in existing customers & other city gas companies
- Demand recovery in large-volume customers
  (Other city gas companies -7 mil. m^3, large-volume customers +8 mil. m^3)

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In the business sector, gas sales volume fell by 68 million m3 or 2.3% year on year to 2,943 million m3 due to a decrease in the number of customers coupled with a rise in vacancy rates at office buildings and declining operating rates at facilities caused by a stagnant economy, despite some positive contributions from increases in demand from new customers and new facilities going into operation as well as increased demand for air conditioning for the reasons of fluctuations in temperatures and the number of days.

This 18 million m3 increase in sales volume was due primarily to new large-volume users we acquired that were enough to offset a decrease in the number of customers.

In the wholesale sector, we had both increases and decreases in demand from wholesale customers that offset each other, and sales volume remained almost unchanged from the year earlier at 1,841 million m3.

Gas Segment: Industrial [1] Gas Sales Volume

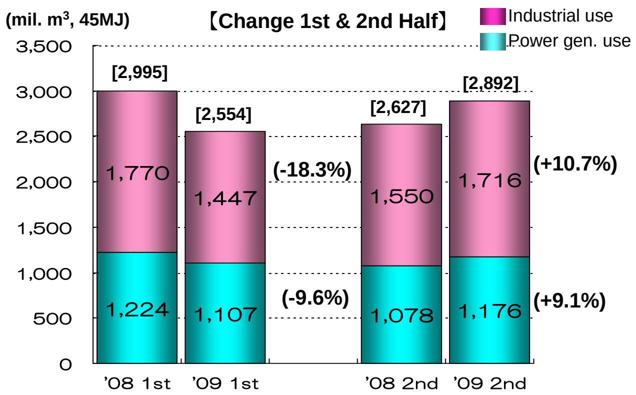
5,446 mil. m³ (-177 mil. m³ -3.1%)

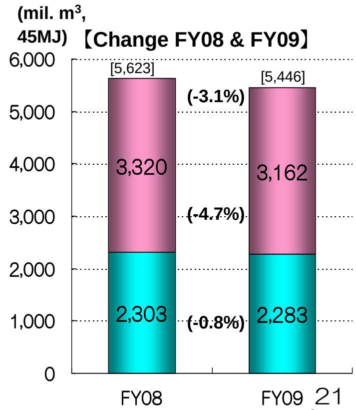
Industrial use (excluding power generation use)

(1st half) -323 mil. m³ (-18.3%) **(2nd half) +166 mil. m³ (+10.7%)** — **With economic recovery, demand is returning in various sectors, mainly in steel and chemical.**

Power generation use

(1st half) -117 mil. m³ (-9.6%) **(2nd half) +98 mil. m³ (+9.1%)** — **Periodical maintenance & decreased operation ratio of IPP & PPS affected 1st half result. Economic recovery led to increased demand.**





(rounded to nearest million m³)

TOKYO GAS

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If we divide the industrial sector into two sub-sectors by use of gas, gas used in general industries excluding electric power (general industries) and gas used exclusively in electric power (electric power), sales volume for general industries declined by 157 million m3 or 4.7% year on year to 3,163 million m3 on a full term basis affected mainly by the sluggish economy despite emerging signs of recovery in most industries in the second half of the fiscal year. Please see the next slide for the breakdown of industries.

As for electric power, its sales volume fell by 20 million m3 or 0.8% year on year to 2,283 million m3 due primarily to the weak economy and the effect of regular maintenance work by users.

Gas Segment: Industrial [2] (Non-Consolidated)

Gas Sales Volume: Breakdown according to industrial categories

Unit: mil.m3		FY09			FY08			Change			Change ratio		
		1st half	2nd half	Total	1st half	2nd half	Total	1st half	2nd half	Total	1st half	2nd half	Total
Industrial Use	Food	254	245	**498**	277	269	**546**	-23	-25	**-48**	-8.3%	-9.2%	**-8.8%**
	Textiles	16	19	**36**	18	17	**35**	-2	2	**0**	-11.1%	12.9%	**0.4%**
	Paper & Pulp	105	105	**210**	125	114	**239**	-20	-9	**-29**	-16.3%	-7.7%	**-12.2%**
	Chemicals	325	369	**694**	365	318	**683**	-40	51	**11**	-11.0%	16.1%	**1.6%**
	Ceramics	78	86	**164**	85	78	**163**	-7	8	**1**	-7.7%	10.2%	**0.8%**
	Steel	178	314	**491**	316	215	**530**	-138	99	**-39**	-43.6%	46.2%	**-7.3%**
	Nonferrous Metals	69	76	**146**	76	68	**143**	-6	8	**2**	-8.0%	12.5%	**1.7%**
	Machinery	194	219	**413**	242	208	**451**	-48	11	**-38**	-19.9%	5.0%	**-8.4%**
	Other	158	190	**347**	194	187	**381**	-37	3	**-34**	-18.8%	1.6%	**-8.8%**
Subtotal		1,377	1,622	**3,000**	1,698	1,474	**3,172**	-321	149	**-172**	-18.9%	10.1%	**-5.4%**
Power Generation		952	1,001	**1,952**	1,139	969	**2,108**	-187	32	**-156**	-16.5%	3.3%	**-7.4%**
Total		2,329	2,623	**4,952**	2,837	2,443	**5,280**	-508	181	**-327**	-17.9%	7.4%	**-6.2%**

Non-Gas Segment [1]

Gas Appliances

Unit: billion yen

- Sales: 126.0 (+3.7, +3.0%), Operating income: 2.3 (+0.3, +12.0%)
- Increased sales due to newly consolidated subsidiaries (LIFEVAL companies)
- Increased sales of fire alarms upon obligation legislation with regard to installation safety requirements

Installation Work

- Sales: 44.3 (-4.7, -9.6%), Operating income: -0.6 (+0.4, -.-%))
- Decreased sales due to lower housing starts

Real Estate Rentals

- Sales: 33.7 (-1.9, -5.4%), Operating income: 7.2 (-0.2, -2.0%)
- Decreased rental income in spite of improved occupancy rate in Shinjuku Park Tower [80% to 86%]

Numbers in parentheses refer to comparisons with FY08.

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For the segments other than gas.

The gas appliance segment saw increases in both sales and earnings due to contributions from newly-consolidated 3 LIFEVAL companies and an increase in sales of fire alarm leases as a result of a new policy that makes installation mandatory, which more-than-offset negative factors such as weak new housing starts and pullbacks in consumer spending.

The installation work segment saw sales drop by ¥4.7 billion due to a decrease in new facilities built but profits increased as a result of an application of percentage of completion method implemented in FY 2009 and the effects of cost reductions by ¥5.1 billion.

The real estate rental segment saw both sales and profits decrease with rental revenues falling by ¥1.9 billion due primarily to revisions in rental rates despite an increase in the occupancy rate at Shinjuku Park Tower.

Non-Gas Segment [2]

Other Segment

Unit: billion yen

Revenue: Sales: 317.8 (-45.9, -12.6%), Operating Income: 15.2 (+1.8, +12.8%)

Energy-service: Sales: 80.5 (-27.4, -25.4%), Operating income: 2.6 (+0.9, +51.6%)

- Increased operating income due to decreased resource costs in district heating & cooling.
- Increased operating income due to improved LNG sales margin

LPG & Industrial Gas: Sales: 53.6 (-23.3, -30.3%), Operating income: 2.5 (+0.8, +47.4%)

Power gen.: Sales: 28.0 (-2.3, -7.5%), Operating income: 1.6 (+2.5, -.-%)

- Increased operating income due to reduction in resource costs

Shipping: Sales: 16.5 (+0.7, +4.7%), Operating income: 1.3 (-1.5, -54.9%)

- Increased depreciation costs due to new vessel in service

Numbers in parentheses refer to comparisons with FY08.

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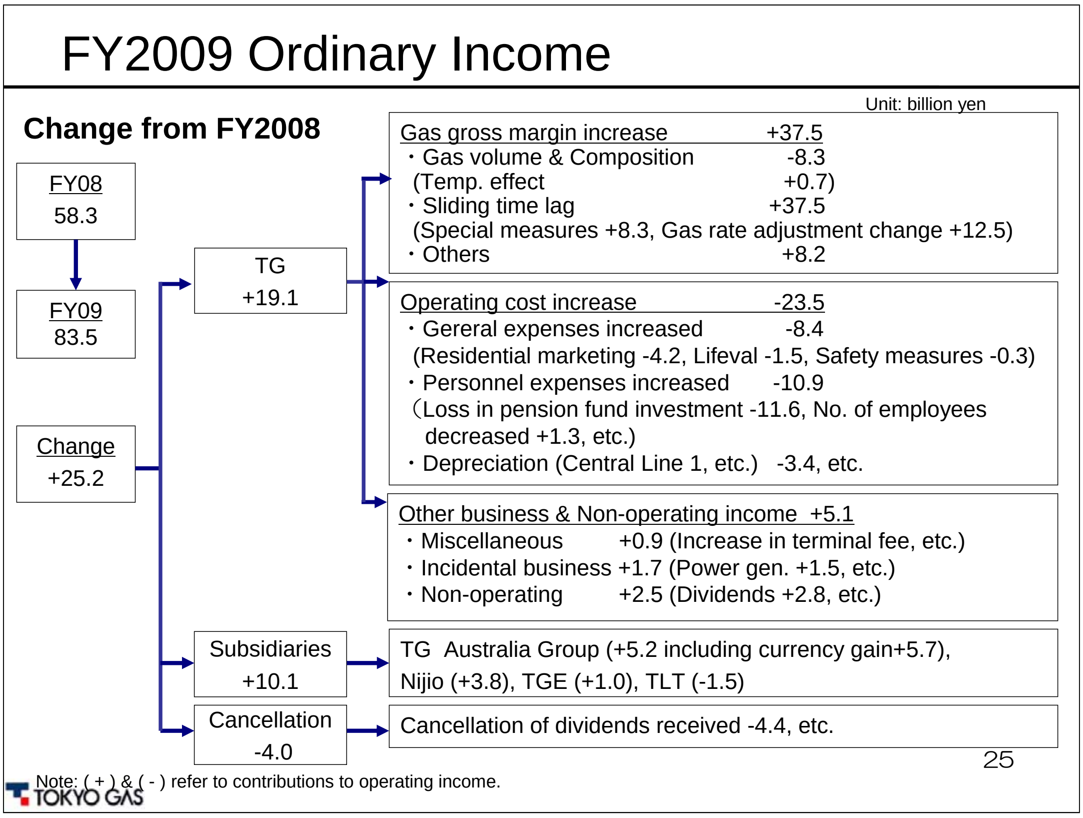
Among other segments, energy services saw sales drop by ¥27.4 billion as a result of a decline in unit prices caused by lower prices of raw materials but profits showed an increase helped by increased sales of LNG.

For LPG and industrial gas, similar to energy services, sales fell by ¥23.3 billion as a result of lower prices of raw materials but its profits increased by ¥0.8 billion with a contribution from lower material costs.

Sales in electric power operations fell by ¥2.3 billion due to a decrease in the sales price of electricity that was caused by lower fuel prices but with help from lower fuel costs, its profits increased by ¥2.5 billion, returning to profitability.

The shipping operations saw a sales increase but profits decreased because of an increased depreciation by ¥2.1 billion as a result of new vessels going into service.

The overseas operation saw an improvement in profitability at investment companies that invest in overseas businesses.



As a result of these business activities, ordinary income for FY 2009 increased by¥25.2 billion from the previous year to ¥83.5 billion.

Breaking it down by factors, although gas sales volume decreased on a non-consolidated basis of Tokyo Gas alone, we had positive contributions of ¥8.3 billion from the special measures to mitigate the scale of the increase in gas rates stemming from the dramatic rise in the price of materials, and ¥37.5 billion from an improvement in the slide difference including ¥12.5 billion from transition measures accompanied by a change in the slide system. As a result, gross profits of the gas utility business improved by ¥37.5 billion from the year earlier.

Fixed costs on a non-consolidated basis rose by ¥23.5 billion over the previous year. This is attributable to an increase in personnel-related costs amounting to ¥11.6 billion arising from an increased amortization of the actuarial difference, an increase in expenses amounting to ¥8.4 billion accompanied by an input of strategic expenses related to countermeasures against electrification and start up of LIFEVAL, and an increase in depreciation amounting to ¥3.4 billion as a result of acquisitions related to Chuo Trunk Line I.

Adding miscellaneous items, incidental businesses and an increase in dividends received from affiliated companies amounting to ¥3.2 billion, we get an improvement in ordinary income by ¥19.1 billion from the previous year on a non-consolidated basis.

Consolidated subsidiaries saw their profits improve by ¥10.1 billion in total thanks to an increase in foreign exchange gains of ¥5.7 billion in Australian dollar-denominated assets held by a subsidiary in Australia and an increased profit from sales of gas for electric power operations by Nijio despite a few negative factors such as a rise in depreciation on tankers and lower operating rates at hotels.

FY2010 Projection

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I would like to move on to the business forecast for FY 2010.

Segment Information FY2010 Projection

(Unit: billion yen)

	Sales		Operating Income	
	FY2010 Projection	FY2009 Result	FY2010 Projection	FY2009 Result
City Gas	1,156.0 (+110.5,+10.6%)	1,045.5	124.3 (+10.7, +9.4%)	113.6
Gas Appliances & Installation Work	168.3 (−1.2, −0.7%)	169.5	−1.8 (−3.4, −.−%)	1.6
Other Energy	218.1 (+616,+39.3%)	156.5	−8.7 (+1.9, +27.7%)	6.8
Real Estate Rental	33.6 (−0.1, −0.3%)	33.7	6.1 (−1.1, −16.3%)	7.2
Other	163.2 (−0.3, −0.2%)	163.5	13.0 (+4.7, +54.8%)	8.3
Cancellation	−188.2 (, −.−%)	−153.1	−42.3 (, −.−%)	−52.6
Consolidated	**1,551.0 (+135.3, +9.6%)**	**1,415.7**	**108.0 (+22.8 +26.7%)**	**85.2**

Notes 1. Sales include internal transactions.
2. Numbers in parentheses refer to comparisons with FY09.
3. Numbers specified above are approximate ones according to new categories to be disclosed by the end of FY10
4. Other Energy: Energy-service, Electric Power, LPG, Industrial gas, etc.
5. Other : Construction & Engineering, Credit & Lease, System Engineering, etc.

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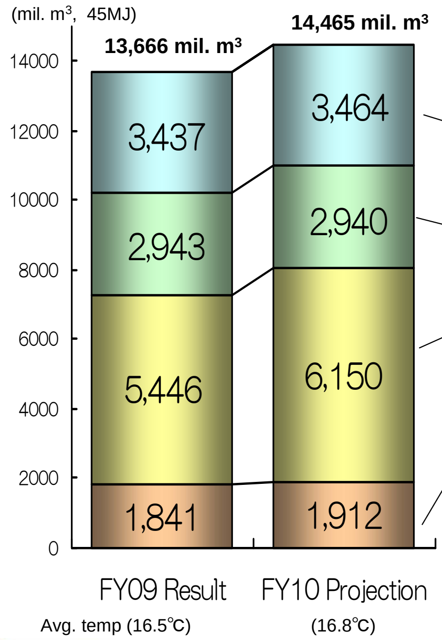
As I explained earlier, we forecast consolidated sales to increase by ¥135.3 billion to ¥1,551.0 billion, operating income to rise by ¥22.8 billion to ¥108.0 billion, ordinary income to increase by ¥18.5 billion to ¥102.0 billion and net income to increase by ¥11.3 billion to ¥65.0 billion.

Gas Sales Volume Projection (Change from FY09)



FY09 → FY10 Projection (Changes)

Total **+799 mil. m³** (+5.8%)

Residential **+27 mil. m³** (+0.8%)
- Increase in no. of customers
- Volume per meter decrease due to energy-saving trend

Commercial **-3 mil. m³** (-0.1%)
- Demand drop in existing customers
- Energy-saving trend

Industrial **+704 mil. m³** (+12.9%)
- Demand increased by energy conversion
- Ohgishima Power gen. in operation
- Lower operation rate of existing demand.

Wholesale **+71 mil. m³** (+3.9%)
- Demand increase of other gas companies' customers, etc.

(rounded to nearest million m³)

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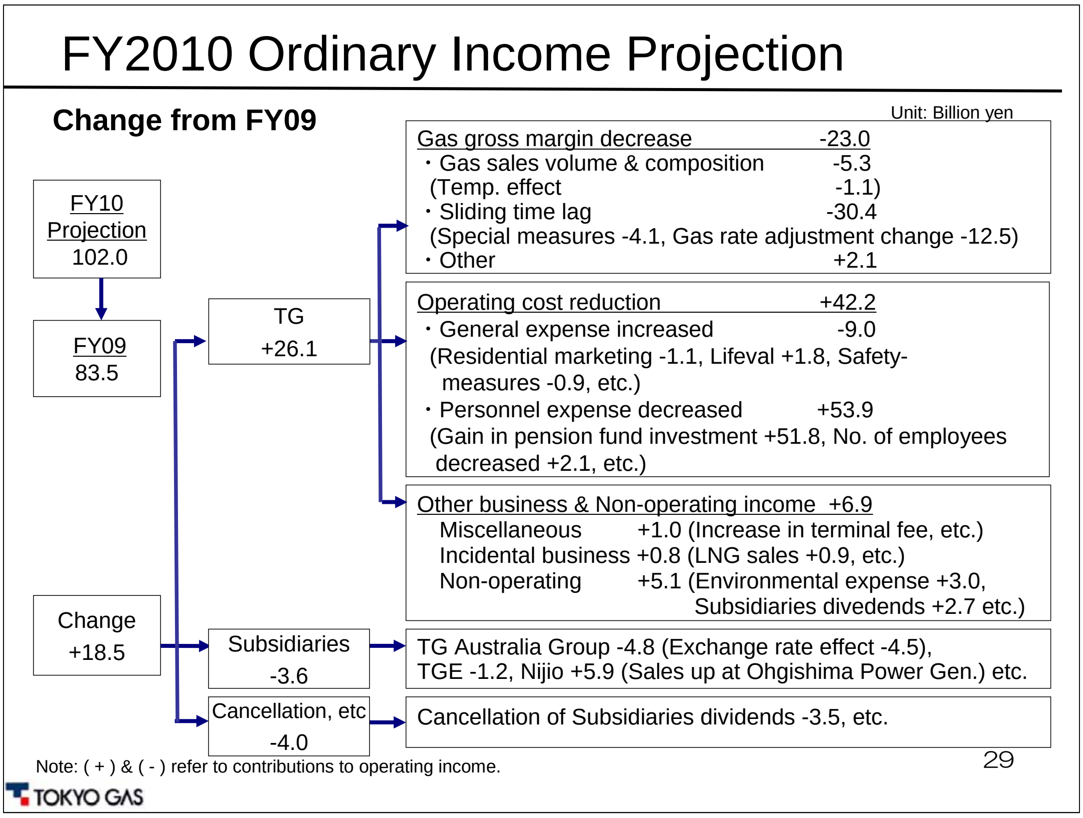
As for the gas sales volume, we forecast 14,465 million m3, an increase of 799 million m3 or 5.8% year on year for FY 2010 thanks to expected increases in gas sales volume both on a non-consolidated basis and by for electric power business.

Looking at the gas sales volume by use, we expect from the residential sector an increase of 27 million m3 to 3,464 million m3 supported by an increase in the number of customers that more-than-offsets an expected decrease in per-meter sales volume caused by penetration of energy-saving appliances.

The business sector is expected to see sales volume decline by 3 million m3 to 2,940 million m3 due to an expected decrease in demand that is attributable to lower operating rates at existing facilities and energy-saving.

As for the industrial sector including electric power, we expect sales volume to increase by 704 million m3 or 12.9% year on year to 6,150 million m3 because we forecast a slow recovery of the economy that started in the second half of FY 2009 to continue this fiscal year and the gas sales volume in conjunction with the start of full operations at new power generation is also expected to increase.



Ordinary income for FY 2010 is forecast to exceed that of the previous fiscal year by ¥18.5 billion to reach ¥102.0 billion.

Breaking it down by factors, on a non-consolidated basis of Tokyo Gas alone, there will be no contributions in FY 2010 from the special measures to mitigate the scale of the increase in gas rates that amounted to ¥4.1 billion or transition measures accompanied by a change in the slide system that amounted to ¥12.5 billion in FY 2009. Furthermore, there will also be a negative contribution from the slide difference amounting to ¥−30.4 billion. As a result, the gross profit of the gas utility business is expected to decline by ¥23.0 billion due to the negative factors stated above.

At the same time, it is forecast that an additional input of fund resources to strengthen countermeasures against electrification will push up expenses by ¥9.0 billion. However, fixed costs are expected to decrease by ¥42.2 billion mainly as a result of a decrease in personnel-related expenses by ¥51.8 billion including an improvement in the actuarial difference. After adding other items, we expect non-consolidated profits to improve by ¥26.1 billion

At consolidated subsidiaries, ordinary income is expected to fall by ¥3.6 billion mainly because a profit of ¥4.5 billion from foreign exchange gains at an Australian subsidiary cannot be counted on in FY 2010.

The consolidation adjustment is for an increase in the amounts to be offset amounting to ¥−4.0 billion including an increase in the balance to be offset for consolidation such as a ¥2.7 billion increase in dividends received from affiliated companies starting from FY 2010.

FY2010 Major Risk Factors

Gas Resource Purchase Price Fluctuation Risk

Unit: Billion yen

Exchange rate: Appreciation of 1JPY/USD decreases 5.5 of gas resource purchase cost and decreases 4.6 of gas sales, ending up with gas gross margin of 0.9 increase.

Crude oil: Depreciation of 1USD/bbl decreases 4.6 of gas resource purchase cost and decreases 3.7 of gas sales, ending up with gas gross margin of 0.9 increase.

Gross margin sensitivity	1Q	2Q	3Q	4Q	Annual
Exchange (1JPY/USD Appreciation)	+0.1	−0.1	0.0	+0.9	+0.9
Crude Oil (1USD/bbl Depreciation)	−0.0	+0.1	+0.7	+0.2	+0.9

Temperature Fluctuation Risk

Temperature affects the volume of gas sales as follows.

Impact of 1℃ temp. rise	Summer (June − Sept.)	Winter (Dec. − Mar.)	Other (Apr., May, Oct., Nov.)	Annual
Change rate	−0.0%	−2.2%	−1.7%	−1.4%

Pension Fund Actuarial Difference Risk

The pension fund portfolio changes from FY2010 to be composed of more long-term bonds, and offsets the fluctuation of pension asset against the fluctuation of projected benefit obligation to reduce pension fund actuarial difference.

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Risk factors for FY 2010 include:

Fluctuation risk of foreign exchange rates and crude oil prices. Fluctuations in foreign exchange rates and crude oil prices between the first and the third quarters are usually shifted to gas tariffs based on the slide system. Therefore, fluctuations in the rest of the fiscal year including a part of the third quarter and most of the fourth quarter remain as risk that can cause a fluctuation in the profitability for this fiscal year.

Accordingly, a depreciation of the yen by ¥1 in terms of the average rate for the full fiscal year will decrease gas gross margin by ¥900 million. Similarly, a rise in the crude oil price by $1 in the second half of the fiscal year will lead to an decrease of gas gross margin by ¥900 million.

With regard to the risk of changes in temperatures, a rise in air temperature by 1 degree Celsius decreases gas sales volume as shown in the table although magnitudes of changes vary over different months. The magnitude of a change in summer is after offsetting the supply of heated water to households and cooling office buildings.

As for the risk of the actuarial difference associated with changes in investment performance of pension fund assets, measures were taken to mitigate the risk by investing most of the pension assets in long-term bonds in anticipation that if the investment performance of the assets (bonds) rises, a discount rate for pension liabilities also rises, offsetting their influences on each other. Thus, we expect to be able to control fluctuations in profitability that were associated with large amounts of actuarial differences seen before.

FY2010 Use of Cash Flow

Capital Expenditure	Main Projects
Tokyo Gas: 106.6 (−5.7, −5.3%)	Production Facilities: 10.9 (−3.1) Ohgishima terminal LNG storage tank, Vaporizer, etc.
	Pipeline Facilities: 71.0 (−7.4) New Trunk & Service Line, Maintenance (Existing lines, etc.)
	Business Facilities, etc.: 24.7 (+4.8) IT Facilities, etc.
Consolidated Subsidiaries: 50.1 (+8.6, +20.7%)	Ohgishima Power (+18.7) Tokyo LNG Tanker (−5.1), etc.
Total 155.0 (+6.8, +4.4%, after cancellation)	

Note: Numbers in parentheses refer to comparisons with FY09. Unit: billion yen

Other Investments & Loans: 56.2 (Overseas business, etc.)

Dividends & Share Buybacks: 33.5 (Keeping total payout policy of 60%)

＊Aggregate total: FY09 year-end dividends, FY10 interim dividends & FY10 aggregate total of share buybacks

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Of the uses of cash flows in FY 2010, a total of ¥155.0 billion is expected for capital expenditures including ¥106.6 billion by Tokyo Gas alone on a non-consolidated basis and ¥50.1 billion by consolidated subsidiaries.

As for investments & loans, we plan to allocate ¥56.2 billion to overseas operations including capital contributions to the electric power operation in Mexico. Also, we plan to use ¥33.5 billion for dividend payments and share repurchases as explained earlier. The difference from the amount to be returned to shareholders in FY 2009 on page 15 is an increase in the interim dividend by ¥0.5 scheduled for FY 2010.

FY2010 Funding Plan (Consolidated)

Unit: billion yen

Required Funds		Source of Funds		
Capex	155.0	Internal Funding	Depreciation	153.0
Other Investment & Loans	55.0		Ordinary Income	102.0
Dividends & Tax	67.0		Others	−54.0
Share Buybacks	8.0		Total	201.0
Repayment (Non-consolidated)	55.0 (38.0)	Outside Funding (Non-consolidated)		139.0 (109.0)
Total	340.0	Total		340.0

Interest-bearing debt: End of FY09: 555.9 billion yen, End of FY10: 646.0 billion yen

Notes: 1. CP, which will be issued and redeemed by the end of FY10, is not included.

2. Other Investment & Loans is the total of invested input minus repayment of loans.

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Finally, I would like to touch on financial plans for FY 2010. We expect the total amount of funds required to be ¥340.0 billion, of which capital expenditures account for ¥155.0 billion, an increase in investments & loans ¥55.0 billion, funds appropriated for payments of taxes and dividends ¥67.0 billion, share repurchases ¥8.0 billion and redemption and repayment of debts ¥55.0 billion.

To finance these fund needs, ¥201.0 billion will be financed internally with our own funds and the remaining amount, ¥139.0 billion, will be financed externally through, for example, an issuance of corporate bonds. I would like to ask for your cooperation when we seek to raise funds.

That’s all from me. Thank you very much for your time.

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.