TOKYO GAS

FY2010

Outline of supply plans

March 2010

Tokyo Gas Co., Ltd.

Table of contents

Introduction

Natural gas is expected to play an important role in realizing a low-carbon society with its environmentally friendliness. It addition it has high supply stability because of its diversified supply source and strong value chain. Natural gas is also economic and convenient energy source which has the ability to cope with diversified demand including on-site power generation. Backed by these benefits, we foresee no change in its superiority and importance as a type of energy, and expect needs for it to continue expanding among societies and customers.

Meanwhile, we are seeing the emergence of changes in the climate of our business that could exert a major impact on the Group's execution of integrated energy business strategy. These include intensified energy competition including electricity, and changes in the circumstances of gas resource procurement due to sharp fluctuation of crude oil prices and other such factors. In addition, the drop in energy demand due to the effect of worldwide economic downturn.

In January 2009, this medium-term Group management plan for fiscal years 2009 - 2013 was prepared with a view to responding to these changes in the business environment both promptly and accurately, and more vigorously promoting the integrated energy business strategy. It calls for steps to strengthen the LNG value chain and reinforce the synergy of “All Tokyo Gas”* for achievement of these ends.

Through action on these agenda, we hope to simultaneously further the diffusion and expansion of natural gas use based on even higher levels of added value, and both widen and deepen the Group business in the energy field, so that we will be able to cope flexibly with future changes in the business climate and achieve sustained growth.

* All Tokyo Gas = a collective term for Tokyo Gas Co., its affiliated companies, and its cooperating companies

I. Outline of supply plans

1. Diffusion plans

In fiscal 2010, Tokyo Gas plans an increase of 157,000 in our number of customers, reflecting the continuing sag in the number of housing construction starts and completions under the influence of the slump in the housing market (extension of construction work and cancellation of schedules, etc.) because of the recent economic decline.
This housing demand is projected to turn toward recovery in fiscal 2011 along with the economic recovery. The number of new our customers is anticipated to undergo a corresponding increase in the plans.
We foresee an average annual increase of 1.0 percent in our number of customers over the coming five years.

(Thousands of customers)

	FY20089 outlook	FY2010	FY2011	FY2012	FY2013	FY2014	AAGR
Number of new customers	181	157	169	184	192	194	1.4%
Number of customers	10,337	10,425	10,523	10,626	10,733	10,842	1.0%

*Number of customers = number of gas meters installed

2. Gas sales plans

The plan foresees total gas sales of Tokyo Gas in fiscal 2010 to exceed that of fiscal 2009 viewing the gradual recovery of the economy, and followed by a further economic growth and increasing awareness of the environmental issues, we expect the sales volume from fiscal 2011 to grow mainly in the industrial sector. As a result, the gas sales volume is expected to reach about 15.2 billion cubic meters in fiscal 2014. As a result, the average annual growth rate over the five-year period would be 3.0 percent.

(Unit: millions of cubic meters, 45MJ/m^3)

	FY2009 outlook	FY2010	FY2011	FY2012	FY2013	FY2014	AAGR
Total gas sales volume	13,119	13,280	13,791	14,190	14,934	15,219	3.0%

*Figures for fiscal 2009 are projections after standardization (compensation for temperature in formulation of the plans for fiscal 2010 and following years). This also applies to the rest of this document.

(1) Residential demand

In this segment, the amount of sales per customer is in decline as a result of factors such as the reduction in the number of members per household, rise in the share of all collective residential properties occupied by those with high levels of airtightness and insulation, and diffusion of high-efficiency equipment. The net influx of population into the national capital region is expected to remain on a certain level, and the company is committed to efforts for cultivation of additional demand and the diffusion and expansion of the latest equipment and systems. The residential gas sales volume in 2014 is expected to be 3.4 billion m3.

(Unit: millions of cubic meters, cubic meters/customer/year, 45MJ/m^3)

	FY2009 outlook	FY2010	FY2011	FY2012	FY2013	FY2014	AAGR
Residential sales volume	3,353	3,353	3,353	3,355	3,359	3,364	0.1%
Gas Sales volume per property	384	382	380	377	375	373	-0.6%

(2) Industrial demand

This segment has the largest share of the total gas sales. Sales in it may be expected to grow along with expansion of wide-area business and development of large-volume demand by promoting switches away from other fuels, for example. The volume in fiscal 2014 is expected to be 6.7 billion m3.

(Unit: millions of cubic meters, 45MJ/m^3)

	FY2009 outlook	FY2010	FY2011	FY2012	FY2013	FY2014	AAGR
Industrial gas sales volume	4,880	5,002	5,339	5,670	6,374	6,722	6.6%
Subtotal: large-volume sales volume	(4,761)	(4,887)	(5,222)	(5,547)	(6,245)	(6,586)	(6.7%)

(3) Commercial and other demand

The sales volume in this segment should grow with efforts to maintain and expand the existing demand and capture additional demand through reinforcement of capabilities for proposal of solutions harnessing the company's engineering expertise and active introduction of high-efficiency gas equipment. The sales volume in fiscal 2014 is expected to be 2.9 billion m3.

(Unit: millions of cubic meters, 45MJ/m^3)

	FY2009 outlook	FY2010	FY2011	FY2012	FY2013	FY2014	AAGR
Commercial and other gas sales volume	2,844	2,778	2,826	2,844	2,863	2,868	0.2%
Subtotal: large-volume sales volume	(1,390)	(1,399)	(1,414)	(1,431)	(1,452)	(1,459)	(1.0%)

(4) Supply to other gas utility companies

Sales to other gas utility companies should increase due to factors such as increase in industrial demand among wholesale customers. The gas sales volume in fiscal 2014 is 2.3 billion m3.

(Unit: millions of cubic meters, 45MJ/m^3)

	FY2009 outlook	FY2010	FY2011	FY2012	FY2013	FY2014	AAGR
Wholesale supply sales volume	2,042	2,147	2,272	2,321	2,339	2,265	2.1%

3. Production / purchasing volume and gas resource use plans

While working for stable procurement of gas resource and further reduction of procurement costs based on long-term contracts, we also plan to make our procurement more flexible by measures such as participation in upstream development project, and extensive engagement in short-term transactions in correspondence with the change of demand.

【Volume of gas production and purchasing】

(Unit: millions of cubic meters, 45MJ/m^3)

		FY2009 outlook	FY2010	FY2011	FY2012	FY2013	FY2014
Natural gas	LNG	12,498	12,678	13,015	13,378	14,063	14,298
	Domestically produced natural gas	225	200	260	268	278	284
Oil	LPG	307	330	467	494	545	589
	Off gas	110	110	110	110	110	110
Other	Biogas	0	0	1	1	1	1
Total		13,141	13,319	13,852	14,252	14,996	15,281

【Volume of gas resource/fuel use】

（Unit：thousand t）

	FY2009 outlook	FY2010	FY2011	FY2012	FY2013	FY2014
LNG	9,797	9,972	10,214	10,505	11,040	11,228
LPG	264	281	398	421	465	502

4. Major facility plans

Tokyo Gas is going to condition and augment the infrastructure of manufacture and supply for sure response to the projected demand. It plans to complete, Chuo Trunk Line 2nd Phase (Soka - Kawaguchi), Shin-Negishi Trunk Line (Yokohama), Yokohama Trunk Line 2nd Phase (Yokohama - Kawasaki), and Chiba – Kashima Trunk Line (Chiba – Kamisu) in order to build a setup for even more stable supply to meet the future demand increase.

The plans also call for installation of vaporizers in the three terminals on Tokyo Bay and the Hitachi Branch Terminal, and construction of the No.4 LNG tank in the Ohgishima terminal.

In addition, Tokyo Gas must respond to the natural gas expectations and needs of society and its customers over the medium and long terms, and further solidify the foundation for stable supply. To this end, Tokyo Gas has now decided on the early realization of the plan for construction of an LNG terminal in the Hitachi zone of Ibaraki port and a pipeline for its connection to the existing network.

【Major pipeline plans】

Month and year of start of operation	Lines	Route	Inner diameter (mm)	Total extended length (km)
May 2010	Chuo Trunk Line (2nd phase)	Between Soka city and Kawaguchi city	600	9.6
March 2012	Chiba-Kashima Line	Between Chiba city and Kamisu city	600	79.3
March 2012	Kashima area high-pressure distribution pipeline	Kamisu city	300	0.9
October 2013	Shin Negishi Trunk Line	Between Isogo ward and Izumi ward in Yokohama city	600	14.0
October 2013	YokohamaTrunk Line (2nd phase)	Between Aoba ward in Yokohama city and Aso ward in Kawasaki city	750	6.3
October 2015	Saitou Trunk Line	Between Soka city and Goka city	600	34.0
FY 2015	Ibaraki – Tochigi Trunk Line	Between Hitachi city and Moka city	600	—

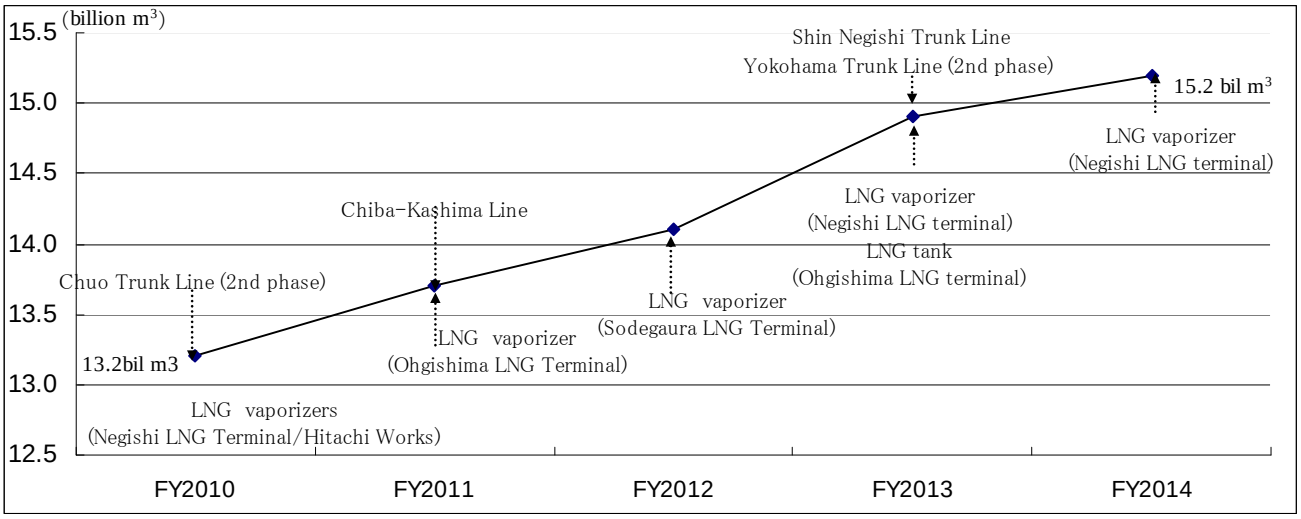
【Year-end total extended length of pipeline】 (Unit : km)

FY2009 outlook	FY2010	FY2011	FY2012	FY2013	FY2014
53,231	53,869	54,576	55,204	55,907	56,584

【Major manufacturing facility plans】

Month and year of starting operation	Manufacturing facilities	Installation site	Number
October 2010	Negishi LNG Terminal	LPG vaporizer	3
December 2010	Hitachi Works	LNG vaporizer	1
October 2011	Ohgishima LNG Terminal	LNG/LPG vaporizer	1
December 2012	Sodegaura LNG Terminal	LNG vaporizer	2
August 2013	Negishi LNG Terminal	LNG/LPG vaporizer	1
October 2013	Ohgishima LNG Terminal	LNG tank	1
November 2014	Negishi LNG Terminal	LNG/LPG vaporizer	1
FY 2015	Hitachi LNG Terminal	LNG/LPG vaporizer	-
FY 2015	Hitachi LNG Terminal	LPG vaporizer	-
FY 2015	Hitachi LNG Terminal	LNG tank	1
FY 2015	Hitachi LNG Terminal	LPG tank	-

【Demand outlook and facility formation plans】



5. Facility investment plans

Tokyo Gas plans to make investments totaling 592.7 billion yen (after compression for income from construction cost burdens, i.e., distributions) over the five-year period fiscal 2010 - 2014 of this supply plan preparation. The following are the main components of these plans.

(1) Production facilities: full preparations to assure the setup for stable production by expansion of the LNG-related facilities in the three terminals in Tokyo Bay, construction of the No.4 LNG tank in the Ohgishima terminal, and systematic improvement and replacement of existing facilities
(2) Supply facilities: establishment of the system for stable supply and assurance of safety by investment in measures to prevent disaster from earthquakes and otherwise preserve safety as well as continued systematic replacement of pipelines in addition to investment in pipelines for new demand development and formation of the major pipeline network
(3) Business facilities: further reinforcement of arrangements for business development through steps such as conditioning of information systems, renovation of superannuated buildings, and promotion of technology development
(4) Incidental facilities: mainly improvement of existing facilities

【Table of facility investment plans】 (Unit: billions of yen)

		FY2009 outlook	FY2010	FY2011	FY2012	FY2013	FY2014	Total; FY2010 - 2014
Gas business facility	LNG facilities	9.0	4.7	21.5	28.2	25.6	19.4	99.4
	Other	6.5	6.2	4.1	9.2	3.0	2.4	24.8
	Production facilities	15.5	10.9	25.6	37.4	28.6	21.7	124.2
	Trunk line investment	18.9	12.9	15.0	17.0	12.8	12.8	70.6
	Other	60.1	58.1	56.2	53.1	53.7	51.9	272.9
	Supply facilities	79.0	71.0	71.2	70.1	66.5	64.7	343.5
	Business facilities	19.7	24.1	18.8	18.8	33.2	27.3	122.1
Subtotal		114.2	106.0	115.6	126.3	128.3	113.7	589.8
Incidental facilities		0.4	0.7	0.7	0.6	0.5	0.5	3.0
Total		114.6	106,6	116.3	126.9	128.8	114.2	592.7

II. Main Data

(1) Penetration plans (Unit: thousands of customers)

	FY2009 outlook	FY2010	FY2011	FY2012	FY2013	FY2014	Total; FY2010 - 2014
Number of new customers	181	157	169	184	192	194	895
Net increase	82	88	98	103	108	109	505
Number of customers	10,337	10,425	10,523	10,626	10,733	10,842	AAGR:1.0%
Rate of penetration (%)	90.7%	90.1%	89.9%	89.9%	90.0%	90.2%	—

*Penetration rates are calculated on the basis of division of the number of Tokyo Gas customers in the company service area by the number of ordinary households in the same area.

(2) Gas demand outlook (Unit: millions of cubic meters, 45MJ/m^3)

		FY2009 outlook	FY2010	FY2011	FY2012	FY2013	FY2014	AAGR
Residential		<384> 3,353	<382> 3,353	<380> 3,353	<377> 3,355	<375> 3,359	<373> 3,364	<-0.6%> 0.1%
Business	Industrial	4,880	5,002	5,339	5,670	6,374	6,722	6.6%
	Commercial and Others	2,844	2,778	2,826	2,844	2,863	2,868	0.2%
	Total	7,724	7,780	8,165	8,514	9,237	9,590	4.4%
Wholesale supply		2,042	2,147	2,272	2,321	2,339	2,265	2.1%
Grand total		13,119	13,280	13,791	14,190	14,934	15,219	3.0%
Large-volume supply		(6,152)	(6,288)	(6,638)	(6,980)	(7,699)	(8,046)	(5.5%)

*Figures for fiscal 2009 are projections after standardization (compensation for temperature in formulation of the plans for fiscal 2010 and following years).
*Figures in parentheses indicate the sales volume per household (cubic meters per household per year)
* Due to rounding, totals may not equal the sum of their parts

(3) Volume of stock in the air conditioning field by type of system (Unit : MW)

	FY2009 outlook	FY2010	FY2011	FY2012	FY2013	FY2014	AAGR
Absorption type	10,733	10,797	10,854	10,870	10,885	10,895	0.3%
Gas Heat Pump(GHP)	3,843	3,964	4,089	4,210	4,332	4,407	2.8%
Total	14,575	14,761	14,943	15,079	15,217	15,302	1.0%

*Figures for the volume of stock are based of capacity of air conditioning systems.

(4) Volume of stock for power generation (Unit : MW)

		FY2009 outlook	FY2010	FY2011	FY2012	FY2013	FY2014	AAGR
	Cogeneration for commercial use	531	536	537	541	543	544	0.5%
	Cogeneration for industrial use	980	967	1,000	1,058	1,061	1,064	1.7%
Cogeneration total		1,511	1,503	1,537	1,599	1,604	1,608	1.3%
Power-only generation		2,567	2,567	2,567	2,567	2,567	2,567	0.0%
Grand total		4,078	4,070	4,104	4,166	4,171	4,175	0.5%

(5) Plans of investment for facility in FY2010

(Unit: millions of yen)

Item			Amount of investment	Percentage of total	Remarks
Production facilities		New LNG facilities	4,662	4.4%	- 4th LNG Tank in Ohgishima LNG Terminal - Vaporizers at Ohgishima LNG Terminal - Hitachi LNG Terminal, etc
		Other	6,204	5.8%	-Remodeling of existing facilities, construction for replacement
		Total	10,866	10.2%	
Supply facilities	Mains and laterals	For demand development	30,173	28.3%	-Pipelines for new demand (623.9 km)
		For stable supply	10,602	9.9%	-Construction for improvement of supply pressure, trunk line shield construction, etc. (47.2km)
		For pipe safety	17,062	16.0%	- Planned replacement of decrepit pipes (260.0 km)
		Other construction, etc.	1,518	1.4%	-Construction for relocation of gas pipes accompanying road construction, etc. (58.2 km)
		Total	59,355	55.7%	989.3 km
	Service pipes and gas meters		8,642	8.1%	
	Other		3,033	2.8%	-Facilities to assure safety in the event of earthquakes, etc.
	Total		71,030	66.6%	
Business facilities			24,057	22.6%	-Technology development, IT, building construction/remodeling, etc.
Gas business facilities total (After compression for income from construction cost burdens)			105,953	99.4%	
Incidental facilities			675	0.6%	
Grand total (After compression for income from construction cost burdens)			106,628	100.0%	