

March 25, 2009

Company: Tokyo Gas Co., Ltd.  
Representative: Mr. Mitsunori Torihara, President  
(Code No. 9531            Stock listings: Tokyo Stock Exchange, Osaka Securities Exchange,  
Nagoya Stock Exchange)  
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## **Approval of transfer to consolidated subsidiary Nijio Co., Ltd. by means of a corporate demerger (simple absorption-type demerger)**

At a meeting of its Board of Directors held on March 25, 2009, Tokyo Gas Co., Ltd. approved the transfer to its consolidated subsidiary Nijio Co., Ltd. of the assets and liabilities of the business comprising the procurement of liquefied natural gas (LNG) for the power generation operations conducted by the power plants of Kawasaki Natural Gas Power Generation Co., Ltd. and Tokyo Gas Bay Power Co., Ltd., and the rights and obligations relating to that business, by means of a corporate demerger (simple absorption-type demerger) for which the effective date will be May 20, 2009.

Since this corporate demerger will take the form of a simple demerger with a consolidated subsidiary, certain disclosure items and details have been omitted from this announcement.

### **1. Objective of the demerger**

At present, Tokyo Gas conducts the procurement of LNG for the Tokyo Gas Group's power generation operations. The objective of the demerger is to ensure the flexibility of those operations and to enhance their profitability by securing LNG separately from its procurement for use in gas business, and using it for electric power business.

### **2. Outline of the demerger**

#### **(1) Demerger schedule**

Board of Directors meeting to approve demerger	March 25, 2009
Execution of demerger agreement	March 25, 2009
Scheduled demerger (Effective date)	May 20, 2009

Note: Since this corporate demerger constitutes a simple demerger based on the provisions of Article 784, Paragraph 3, of the Companies Act, the requirement to obtain the approval of Tokyo Gas's general meeting of shareholders has been waived.

#### **(2) Demerger method**

A physical demerger (absorption-type demerger) in which Tokyo Gas will be the demerging company, and Nijio Co., Ltd. will be the successor company.

#### **(3) Allotment of shares**

The shares to be issued by the successor company at the time of this absorption-type demerger will be 10 shares of common stock, all of which will be allotted to Tokyo Gas. Since Nijio Co., Ltd. does not issue share certificates, no such certificates will be provided.

#### **(4) Rationale of computation of the demerger allotment**

The number of shares to be allotted has been determined by taking into account the book value of each of the successor company's shares.

- (5) Amount of decline in capital, etc., as a result of the demerger  
There will be no decline in capital, etc., as a result of the demerger.
- (6) Action to be taken at the demerger with regard to stock acquisition rights and convertible bonds  
Not applicable
- (7) Rights and obligations to be assumed by the successor company  
The successor company will assume the assets and liabilities of the business comprising the procurement of LNG for the power generation operations conducted by the power plants of Kawasaki Natural Gas Power Generation Co., Ltd. and Tokyo Gas Bay Power Co., Ltd., and the rights and obligations relating to that business. With regard to debt assumed by Nijio Co., Ltd. from Tokyo Gas, there will be concomitant assumption of debt by Tokyo Gas.
- (8) Forecast of discharge of debt  
No problem is envisaged with regard to the expected discharge of debt to be borne by Tokyo Gas and the successor company on and after the effective date.

### 3. Outline of the companies involved in the demerger

(1) Trade name	Tokyo Gas Co., Ltd. (Demerging company)	Nijio Co., Ltd. (Successor company)
(2) Business activities	Gas production, supply, and sale; extraction and sale of natural gas; production and sale of gas appliances, and related engineering works; supply of heat; supply of electricity	Purchase and sale of natural gas (including LNG); purchase and sale of electric power
(3) Establishment date	October 1, 1885	May 1, 2002
(4) Head office address	1-5-20 Kaigan, Minato-ku, Tokyo	1-5-20 Kaigan, Minato-ku, Tokyo
(5) Name, title of head of company	President Mitsunori Torihara	President Takashi Matsumoto
(6) Capital	¥141,844 million	¥47 million
(7) No. of shares issued and outstanding	2,717,571,295	6,000
(8) Net assets	¥780,455 million (Consolidated)	▲¥276 million
(9) Total assets	¥1,703,651 million (Consolidated)	¥2,113 million
(10) Account closing	March 31	March 31
(11) Major shareholders and holding ratios	Nippon Life Insurance Company: 5.95% The Dai-ichi Mutual Life Insurance Company: 5.69% Japan Trustee Services Bank, Ltd. (Trust account): 4.23% The Master Trust Bank of Japan, Ltd. (Trust account): 3.77% Fukoku Mutual Life Insurance Company: 2.50%	Tokyo Gas Co., Ltd.: 100%

#### 4. Outline of operating units to be demerged

(1) Nature of operations to be demerged

The assets and liabilities of the business comprising the procurement of LNG for the power generation operations conducted by the power plants of Kawasaki Natural Gas Power Generation Co., Ltd. and Tokyo Gas Bay Power Co., Ltd., and the rights and obligations relating to that business.

(2) Business performance of units to be demerged

(Unit: Millions of yen)

	The units (a)	Results in year to March 2008 (Consolidated) (b)	Ratio (a/b)
Net sales	0	0	0.00%

(3) Categories and amounts of demerged assets and liabilities

(Unit: Thousands of yen)

Assets		Liabilities	
Category	Book value	Category	Book value
Intangible fixed assets	72	None	0
Total	72	Total	0

#### 5. Tokyo Gas's status after the demerger

(1) Trade name	Tokyo Gas Co., Ltd.
(2) Business activities	Gas production, supply, and sale; extraction and sale of natural gas; production and sale of gas appliances, and related engineering works; supply of heat; supply of electricity
(3) Head office address	1-5-20 Kaigan, Minato-ku, Tokyo
(4) Name, title of head of company	President Mitsunori Torihara
(5) Capital	¥141,844 million
(6) Account closing	March 31
(7) Impact of demerger on performance; forecast	Since the successor company is a 100% subsidiary of Tokyo Gas, the demerger will have no impact on consolidated results. In addition, the impact on Tokyo Gas's non-consolidated results is expected to be very slight.