

January 31, 2012

Company: Tokyo Gas Co., Ltd.

Representative: Mr. Tsuyoshi Okamoto, President

(Code No. 9531 Stock listings: Tokyo Stock Exchange, Osaka Securities Exchange, Nagoya Stock Exchange)

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## **Resolution 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 January 31, 2012, Tokyo Gas Co., Ltd. resolved 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., Tokyo Gas Baypower Co., Ltd., and Ohgishima 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 March 14, 2012.

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	January 31, 2012
Execution of demerger agreement	January 31, 2012
Scheduled demerger (Effective date)	March 14, 2012

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 1 share of common stock, which will be allotted to Tokyo Gas. Since Nijio Co., Ltd. does not issue share certificates, no such certificates will be provided.

#### (4) Action to be taken at the demerger with regard to stock acquisition rights and convertible bonds

Not applicable

#### (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) 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., Tokyo Gas Baypower Co., Ltd., and Ohgishima 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.

#### (7) 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) Head office address	1-5-20 Kaigan, Minato-ku, Tokyo	1-5-20 Kaigan, Minato-ku, Tokyo
(3) Name, title of head of company	President: Mr. Tsuyoshi Okamoto	President: Mr. Shin Yamagami
(4) 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, etc	Purchase and sale of natural gas (including LNG); purchase and sale of electric power, etc
(5) Capital	¥141,844 million	¥47 million
(6) Establishment date	October 1, 1885	May 1, 2002
(7) No. of shares issued and outstanding	2,590,715,295	6,010
(8) Account closing	March 31	March 31
(9) Major shareholders and holding ratios	Nippon Life Insurance Company: 6.29%	Tokyo Gas Co., Ltd.: 100%
(10) Financial results	Tokyo Gas Co., Ltd. (Consolidated) FY2010 at the end of March 2011	Nijio Co., Ltd. (Non-consolidated) FY2010 at the end of March 2011
Net assets	874,094	1,523
Total assets	1,829,661	11,055
Net assets per share (yen)	320.70	253,465.66
Sales	1,535,242	40,603
Operating income	122,451	4,775
Ordinary income	121,548	4,755
Net income	95,467	3,033
Earning per share (yen)	35.63	504,677.47

\*Unit: Million Yen unless stated otherwise

### 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., Tokyo Gas Baypower Co., Ltd., and Ohgishima 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 2011 (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. Status after the demerger

### Demerging Company

(1) Trade name	Tokyo Gas Co., Ltd.
(2) Head office address	1-5-20 Kaigan, Minato-ku, Tokyo
(3) Name, title of head of company	President: Mr. Tsuyoshi Okamoto
(4) 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, etc.
(5) Capital	¥141,844 million
(6) Account closing	March 31

### Successor Company

(1) Trade name	Nijio Co., Ltd.
(2) Head office address	1-5-20 Kaigan, Minato-ku, Tokyo
(3) Name, title of head of company	President: Mr. Shin Yamagami
(4) Business activities	Purchase and sale of natural gas (including LNG); purchase and sale of electric power, etc.
(5) Capital	¥47 million
(6) Account closing	March 31

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

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.

(Reference) Financial forecast of FY2011 and results of FY2010

Fiscal year	Tokyo Gas Co., Ltd. (Consolidated)		Nijio Co., Ltd.	
	2010 Results	2011 Outlook	2010 Results	2011 Outlook
Sales	1,535,242	1,729,000	40,603	68,043
Operating income	122,451	70,000	4,775	3,440
Ordinary income	121,548	68,000	4,755	3,449
Net income	95,467	33,000	3,033	2,456
Net income per share (yen)	35.63	12.68	504,677.47	408,652.24

\*Unit: Million Yen unless stated otherwise