TSE:9531

FY2011 3Q Financial Results ended December 31, 2011

TOKYO GAS

January 31, 2012

Overview of Reduction of Gas Tariff for Small-volume Segment

1. Purpose:
   To pass on to customers the fixed cost reductions achieved through efforts to enhance management efficiency
2. Scope and timing:
   Small-volume segment (annual usage of less than 100,000 m3)
   from March 8, 2012
3. Margin of reduction:
   Average of 1.57% for small-volume segment overall
   (service agreement : 1.63%; optional agreement : 1.38%)*
   * Comparison of annual gas sales using average resource price to be applied for February (¥66,200/t)
4. Standard average resource price:
   ¥66,180/t (previously ¥53,810/t)
5. Upper limit:
   ¥105,890/t (160% of standard average resource price)
6. Previous revision:
   April 15, 2008; average reduction of 1.51%

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First I would like to give an overview of the tariff revisions announced today for the small-volume segment including residential customers.

Tokyo Gas has filed a notification to the effect of an average overall tariff reduction from March 8, 2012, of 1.57% compared with current tariffs for the entire small-volume segment, encompassing both service and optional agreements.

These tariff revisions are being implemented to pass on to customers the benefits of fixed cost reductions achieved through our efforts to enhance management efficiency, and are also intended to further promote environmentally friendly residential cogeneration based on our "Challenge 2020 Vision."

These tariff revisions apply to the small-volume segment, which comprises customers with annual gas usage volume of less than 100,000 m3, and are expected to reduce annual income by approximately ¥11 billion, with a roughly ¥1 billion impact in FY2011.

FY2011 3Q Consolidated Financial Results

FY2011 3Q Consolidated Financial Results (Apr. 1 – Dec. 31, 2011)

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Financial Highlights (vs. FY2010 3Q) Sales growth, profit decline (+/- indicates profit impact, billion yen)

Net sales :
- \+ City gas sales grew (+73.4; Portion from rise in unit sales prices on sliding time lag effect (non-consolidated basis) +71.3)
- \+ Energy-service sales rose on increased LNG sales (+27.5)
- \+ Electricity sales grew on full capacity utilization at Ohgishima Power Stn. Unit 2 and post-earthquake increase in thermal power generation (+19.5)

Operating expenses :
- − City gas resource costs rose with increase in resource prices (-114.7)
- − Energy-service operating expenses rose on higher LNG resource costs (-29.5)
- − Power generation operating expenses grew on full capacity utilization at Ohgishima Power Stn. Unit 2 and post-earthquake increase in thermal power generation (-19.0)
- − Increase in amortization of actuarial differences in pension accounting (-16.9 (-2.0 ← +14.8))

Non-operating income and expenses :
- − Decrease of Gains from weather derivatives (-1.2 (+0.1 ← +1.3))
- − Foreign exchange loss at Australian subsidiaries (-0.9 (-0.8 ← +0.1))

Extraordinary loss :
- − Loss on valuation of investment securities (-5.7 (-5.7 ← 0.0)) *Pretax basis

(Unit: billion yen)

	FY11 3Q	FY10 3Q	Change	%
Gas sales volume (mil. m^3, 45MJ)	10,383	10,392	-9	-0.1
Net sales	1,169.9	1,068.5	101.4	+9.5
Operating expenses	1,162.9	1,000.2	162.7	+16.3
Operating income	6.9	68.2	-61.3	-89.8
Ordinary income	5.2	68.1	-62.9	-92.4
Net income	-1.0	41.2	-42.2	-
Sliding time lag effect (non-consolidated basis)	*-45.1*	*-14.8*	*-30.3*	-
Amortization of actuarial differences in pension accounting (non-consolidated basis)	*-2.0*	*14.8*	*-16.9*	-

Economic Frame	JCC ($/bbl)	Ex. rate (¥/$)	Avg. temp.
FY11 3Q	113.11	78.98	19.7
FY10 3Q	79.72	86.85	20.0
Difference	+33.39	-7.87	-0.3

Pension assets	Investment yield (costs deducted)	Discount rate
FY11 3Q	3.99%	-
FY10	2.70%	2.0 %

Next, to summarize our third-quarter results, sales for the first three quarters increased but profit declined year-on-year, as shown on Slide 3.

Net sales rose ¥101.4 billion year-on-year, to ¥1,169.9 billion. This represents a record achievement, surpassing the previous full-year record of ¥1,161.3 billion set in fiscal 2008. The main factors behind this growth were a ¥73.4 billion increase in city gas sales from higher unit sales prices on the sliding time lag effect with increase in resource prices, a ¥27.5 billion rise in LNG and other energy-service sales, and a ¥19.5 billion increase in electricity sales from full-year utilization at Ohgishima Power Stn. Unit 2 and a post-earthquake increase in thermal power generation.

At the same time, operating expenses rose ¥162.7 billion, to ¥1,162.9 billion, which included a ¥114.7 billion increase in city gas resource costs triggered by a rise in crude oil prices, a ¥29.5 billion increase in energy-service expenses, a ¥19.0 billion rise in power generation operating expenses, and a ¥16.9 billion increase in amortization of actuarial differences in pension accounting at the Tokyo Gas on a non-consolidated basis.

As a result, operating income declined ¥61.3 billion year-on-year, to ¥6.9 billion. In non-operating items, gains from weather derivatives decreased ¥1.2 billion, reflecting hot summer weather in 2010, and there was a ¥0.9 billion negative impact from foreign exchange losses at overseas subsidiaries, resulting in a ¥62.9 billion decline in ordinary income, to ¥5.2 billion.

In addition, a ¥4.8 billion loss on valuation of investment securities was recorded as an extraordinary loss in the second quarter, but with the further weakening of the equity markets, an additional loss of ¥0.9 billion was recorded, bringing the total valuation loss to ¥5.7 billion. As a result, after the payment of corporate income taxes, net income declined ¥42.2 billion, to a ¥1.0 billion net loss.

On a non-consolidated basis, the rise in resource costs caused the previous year's ¥14.8 billion shortfall from the sliding time-lag effect to grow by ¥30.3 billion, to a ¥45.1 billion shortfall for the first three quarters of fiscal 2011.

In addition, personnel expenses at the Tokyo Gas parent grew ¥16.9 billion, as actuarial differences in pension accounting had a negative effect of ¥2.0 billion this year, compared with a ¥14.8 billion positive effect in the previous year. These two factors had a ¥47.1 billion negative impact on consolidated operating income.

As a side note, the pension fund's performance this year, which will impact next year's personnel expenses, produced a return of 3.99% during the first three quarters, which is 1.99 percentage points higher than the anticipated yield of 2.0%.

Consolidated Gas Sales Volume (Apr. 1 – Dec. 31, 2011) <vs. FY2010 3Q>

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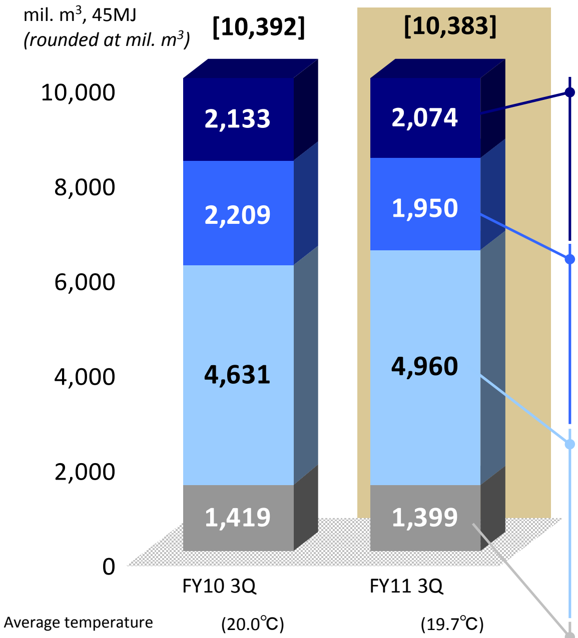

FY10 3Q → FY11 3Q

-9 mil. m^3 (-0.1%)
[incl. large-volume gas demand +210 mil. m^3 (+3.7%)]
[incl. temperature effect -64 mil. m^3 (-0.6%)]

Residential -59 mil. m^3 (-2.8%)
- Low early-spring temperatures in previous year -33 mil. m^3
- Increased in number of customers +17 mil. m^3
- Others (1.9% decrease in usage per household after standardization (non-consolidated basis)) -43 mil. m^3

Commercial -259 mil. m^3 (-11.7%)
- High summer temperatures in previous year -37 mil. m^3
- Increased in number of customers +18 mil. m^3
- Number of days +1 mil. m^3
- Others (Reduced electric consumption following earthquake and energy conservation, etc.) -241 mil. m^3

Industrial +329 mil. m^3 (+7.1%)
- Industrial: (2,351→ 2,390) +39 mil. m^3
  Increased utilization of existing demand (In-house power generation equipment)
- Power generation: (2,280→ 2,570) +290 mil. m^3
  Ohgishima power station unit 2 commencement (July 2010)
  Increased utilization following earthquake

Wholesale -20 mil. m^3 (-1.4%)
- Increased in general wholesale demand -20 mil. m^3
  (Incl. temperature effect +6)
- Large-volume wholesale demand +/-0 mil. m^3

Number of customers (Unit: 10 thousand)

FY11 3Q-end	FY10 3Q-end	Change
1,080.9	1,070.0	+10.9

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Gas sales volume for the first three quarters declined 9 million m3, or 0.1% year-on-year, to 10,383 million m3.

Residential sector volume declined 59 million m3, or 2.8%, to 2,074 million m3. This included a ¥33 million m3, or 1.5% decrease, from temperature effects reflecting the previous year's warm early spring temperatures, and a 43 million m3, or 2.0% decline from "other" factors that included energy conservation efforts following the earthquake. On the other hand, growth in the number of customers increased residential gas sales volume by 17 million m3, or 0.75%.

Commercial gas sales declined 259 million m3, or 11.7%, to 1,950 million m3, on lower utilization of restaurants, schools, and hotels following the earthquake, and reduced demand for office air conditioning as a result of energy conservation efforts triggered by power shortages.

On the other hand, industrial gas sales volume increased 329 million m3, or 7.1%, to 4,960 million m3, from the full-year operation of Ohgishima Power Station Unit 2, which commenced operations in July 2010, combined with increased demand for power generation, including in-house generation, in response to electricity shortages following the earthquake.

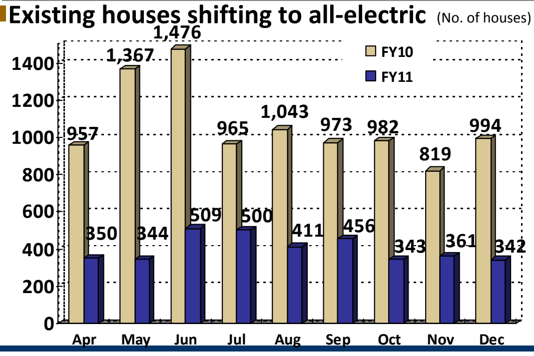
Gas sales volume to the wholesale sector declined 2 million m3, or 1.4%, to 1,399 million m3, on lower demand from wholesalers following the earthquake.

Usage Topics (Apr. 1 – Dec. 31, 2011)

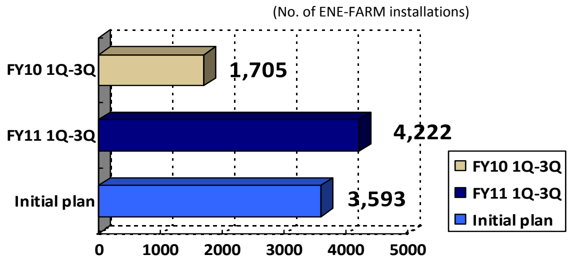
■ Overview

Usage	Specific details (Figures: Left – FY10; Right – FY11)
Residential	[New houses built] Slight year-on-year growth in Q1-3 on recovery in apartment buildings (123 thousand →124 thousand) (Non-consolidated basis): 1Q: 35 thousand → 30 thousand (-5 thousand; -15.6%) 2Q: 42 thousand → 42 thousand (+/-0 thousand; +/-0%) 3Q: 46 thousand → 52 thousand (+6 thousand; +13.0%) [Gas sales volume per household after standardization] Gradual decline remains unchanged due to decrease in persons/household, increase in use of energy-saving equipment, and energy conservation FY11 3Q (non-consolidated basis): 235.1 m^3 → 230.6 m^3 (-4.6 m^3; -1.9%) [No. of all-electric housing] Number of existing houses shifting to all-electric decreased 9,576 → 3,616 (-5,960; -62%) [ENE-FARM] Increased interest in energy security following earthquake led to large year-on-year increase in installations 1,705 → 4,222

■Existing houses shifting to all-electric (No. of houses)



■ENE-FARM installations



After a decline in the number of new houses built following the earthquake, the number of new apartment units showed a steady increase from August, rising year-on-year in the third quarter, for a cumulative increase of 1,000 units, or 0.8%, to 124,000 units.

Excluding the effects of temperatures, number of customers, and calendar factors, gas sales volume per household after standardization declined by 1.9% for the first three quarters on a non-consolidated basis. This continued trend of gradual decline reflected the existing factors of a decline in the number of persons per household and the spread of energy-saving equipment, along with increased efforts to save energy following the earthquake.

With regard to the promotion of all-electric homes, as shown on Slide 5, the number of existing households lost to all-electric systems as of the end of December 2011 was 3,616, which was roughly 40% of the 9,576 households lost in the year-earlier period.

ENE-FARM residential fuel cells benefitted from heightened awareness of energy security after the earthquake, and the pace of installations far surpassed that of the previous year. Installations as of the end of December totaled 4,222 units, and on a completed-contract basis the total stood at 5,867 units, already exceeding our full-year target of 5,000 units.

Usage Topics (Apr. 1 – Dec. 31, 2011)

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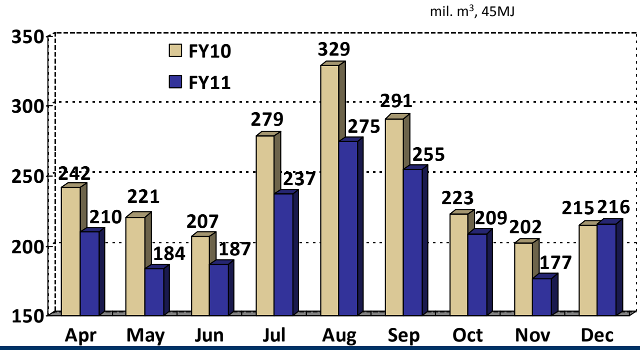
■ Overview

Usage	Specific details
Commercial	· Weak commercial gas demand (-259 mil. m³; -11.7% year on year) · Trend of year-on-year decline continued, but in part because of low temperatures it turned upward in December for first time since February 2011. Declines by principal industry (non-consolidated basis; including temperature effects; unit: mil. m³) Companies, offices: 278 → 226 (-52; -18.7%) Department stores, supermarkets: 165 → 139 (-26; -15.8%) Inns, hotels: 117 → 101 (-16; -13.7%) Schools: 137 → 108 (-28; -20.4%) <Reasons for weak demand> · Decrease from temperature effect including low summer temperatures (-37 mil. m³) · Decrease from energy conservation efforts following earthquake(-241 mil. m³)

■ Commercial-use gas sales volume (consolidated basis)



■ Monthly temperatures (℃)

	FY11	FY10	Change
Apr	14.5	12.4	+2.1
May	18.5	19.0	-0.5
Jun	22.8	23.6	-0.8
Jul	27.3	28.0	-0.7
Aug	27.5	29.6	-2.1
Sep	25.1	25.1	0.0
Oct	19.5	18.9	0.6
Nov	14.9	13.5	1.4
Dec	7.5	9.9	-2.4
Average	19.7	20.0	-0.3

* Increases/decreases of 2℃ or more are shown in large type.

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As shown in the graph at the bottom-left, the commercial sector was affected by lower utilization of restaurants, hotels, schools, and commercial facilities following the earthquake, followed by lower summer temperatures than in the previous year, when high temperatures led to high demand for air conditioning. In addition, the trend of lower demand, primarily for air conditioning, continued as a result of increased energy conservation. However, low temperatures contributed to a turnaround to year-on-year growth in December – the first increase in 10 months, since February 2011.

Usage Topics (Apr. 1 – Dec. 31, 2011)

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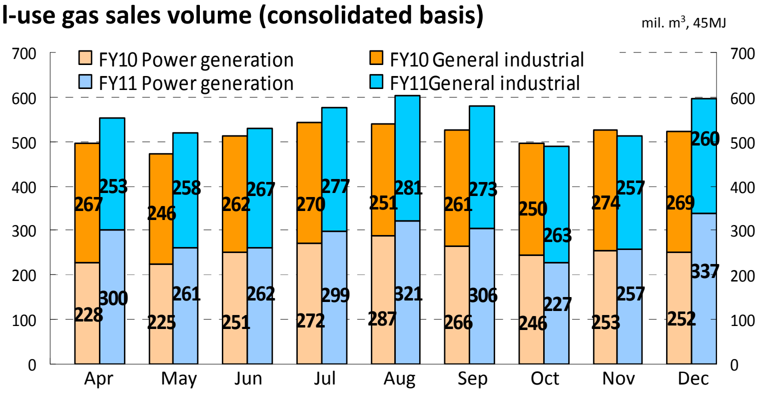
Overview

Usage	Specific details (Unit: mil. m^3)
Industrial	**[General industrial]** In addition to earthquake effect, yen's appreciation, stagnant economy, and Thai flooding led to decline in all general industrial demand. However, increased utilization of in-house power generation equipment including cogeneration, in response to power shortages, resulted in year-on-year increase of 39 mil. m3 (2,390←2,351, +1.6%; consolidated basis). **[Power generation]** Commencement of operations of Ohgishima Power Stn. Unit 2 (July 2010) and increased utilization following earthquake led to increase of 290 mil. m^3 (2,570 ← 2,280, +12.7%; consolidated basis)
Wholesale	Decline in demand from existing wholesale customers

Industrial-use gas sales volume (consolidated basis)



Looking at the industrial sector, the graph at the bottom shows the year-on-year trend in industrial sales volume after the earthquake. In the power generation area, the Tokyo Gas Group increased generation at its power generation facilities after the earthquake in response to requests from electric power companies, and gas demand from IPP's and other power stations rose as well. As a result, gas sales volume for power generation grew 12.7% year-on-year, to 2,570 million m3.

Gas sales volume for general industrial use, excluding power generation, increased 1.6%, to 2,390 million m3, with growth in sales volume for cogeneration and other in-house power generation, in response to electricity shortages, more than offsetting a decline in gas demand from the machinery and steel industries from supply chain disruptions following the earthquake.

Usage Topics (Apr. 1 – Dec. 31, 2011)

Quarterly Industrial-use Gas Sales Volume by sector (non-consolidated)

(Unit: mil. m^3)

		FY10			FY11						FY11		
		4Q	YoY	(%)	1Q	YoY	(%)	2Q	YoY	(%)	3Q	YoY	(%)
Industrial use	Food	120	-1	-1.2	124	4	3.3	126	2	2.2	129	3	1.9
	Textiles	10	1	8.6	10	0	-4.6	8	-2	-12.9	9	1	11.0
	Paper & Pulp	40	-1	-1.4	42	2	5.0	47	5	11.8	43	-4	-9.4
	Chemicals	160	-4	-2.7	166	6	3.4	167	1	0.9	164	-3	-2.0
	Ceramics	44	-1	-1.8	47	3	5.4	46	-1	-0.7	45	-1	-3.5
	Steel	147	20	15.5	126	-21	-14.6	137	11	8.8	115	-22	-15.8
	Nonferrous metals	38	-3	-8.3	41	3	7.7	37	-4	-10.6	36	-1	-1.0
	Machinery	100	11	12.4	74	-26	-26.4	101	27	36.8	90	-11	-11.2
	Other	113	-5	4.4	106	-7	-6.5	115	9	8.6	100	-15	-12.7
	Subtotal	773	26	3.5	735	-34	-4.4	785	50	6.8	730	-55	-7.0
Power generation		450	-39	-7.9	541	91	20.3	624	83	15.2	539	-85	-13.7
Total		1,223	-13	-1.1	1,276	53	4.3	1,409	133	10.4	1,269	-140	-9.9

[Main points]

- "Power generation" declined quarter-on-quarter in 3Q from periodical maintenance (grew on consolidated basis including Nijio (926 → 931)).
- Declines at "Steel," "Machinery," and "Other" were the result of a decrease in manufacturing in line with a weaker economy.

This table shows Tokyo Gas's non-consolidated sales volume for each segment of the industrial sector from the fourth quarter of fiscal 2010 to the third quarter of fiscal 2011 from left to right. Please note that the columns show the change from the previous quarter.

FY2011 3Q Net Sales and Operating Income/Loss by Business Segment

<vs. FY2010 3Q>

(Unit: billion yen)

	Net sales				Operating income/loss			
	FY11 3Q			FY10 3Q	FY11 3Q			FY10 3Q
	Results	YoY	%	Results	Results	YoY	%	Results
City gas	859.3	73.4	9.3	785.9	23.0	-54.7	-70.3	77.7
Gas appliances and installation work	129.2	7.4	6.1	121.8	1.8	-0.2	-7.7	2.0
Other energy	210.0	49.3	30.7	160.7	5.7	-2.3	-28.7	8.0
(Electric power)	69.6	19.5	38.9	50.1	3.6	0.4	12.1	3.2
Real estate	22.2	-2.6	-10.3	24.8	3.6	-1.4	-27.9	5.0
Others	118.6	4.9	4.3	113.7	4.1	-1.5	-26.0	5.6
Adjustments	-169.5	-31.0	-	-138.5	-31.5	-1.3	-	-30.2
Consolidated	**1,169.9**	**101.4**	**9.5**	**1,068.5**	**6.9**	**-61.3**	**-89.8**	**68.2**

Notes:
- Net sales by business segment include internal transactions.
- “Other energy” includes Energy-service (including LNG sales), Electric power, LPG, Industrial gas, etc.
- “Others” includes Construction business, Information processing service, Shipping business, Credit/lease financial services, etc.
- Adjustments under operating income are primarily companywide expenses that cannot be allocated to individual segments.

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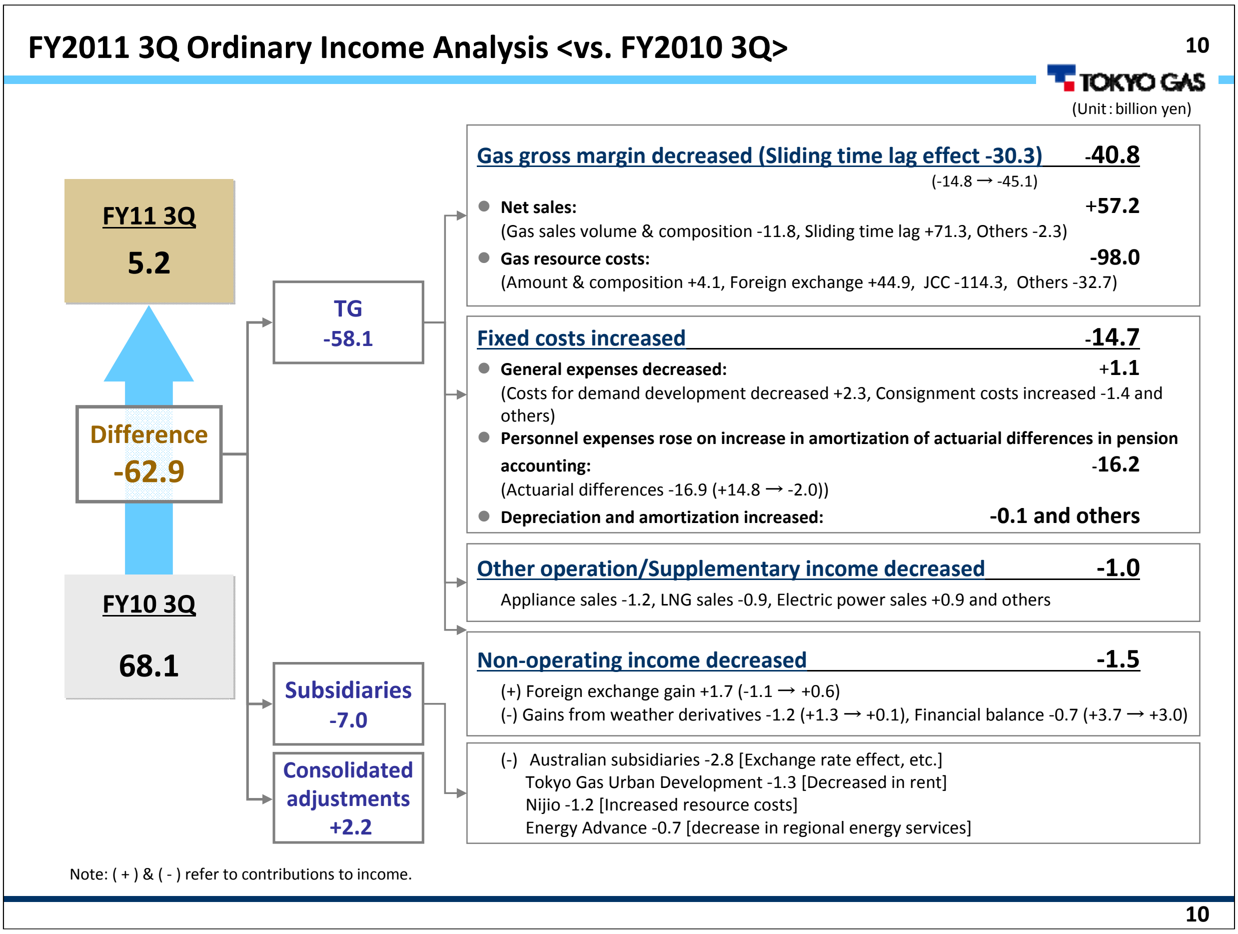
This slide presents an overview by business segment. I have already discussed the city gas segment.

At the “Other energy” segment, electric power sales grew ¥19.5 billion, to ¥69.6 billion, on full-year operation at Ohgishima Power Station Unit 2 and increased thermal power generation after the earthquake. In terms of expenses, however, costs of purchased resources grew ¥19.1 billion, in line with increased volume and changes in the composition of resources, and as a result operating income rose ¥0.4 billion, to ¥3.6 billion.



Slide 10 shows a year-on-year comparison of ordinary income for the first three quarters, with a quantitative analysis of the major factors of change. I have already discussed this so please refer to the slide later.

FY2011 3Q Consolidated Financial Results Forecast

FY2011 Full Year Forecast (Apr. 1, 2011 – Mar. 31 2012)

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Highlights <vs. Previous Forecast (Oct. 31)> (+/- indicates profit impact, billion yen)

Net sales : + Increase in city gas sales on growth in gas sales volume (+4.8)(including Gas tariff revisions (-1.0)
+ Sales growth at "Other energy" segment (+17.9) including increased electricity sales (+10.7)
+ Increase in sales at engineering affiliates (+12.3)

Operating expenses : – Expenses increased at Other Energy segment (-13.7; including -6.3 for electric power)

Non-operating income: + Foreign exchange gain at Australian subsidiaries, etc. (+1.1)

Extraordinary loss : – Increase in loss on valuation of investment securities (-0.9)
– Increase in tax expense from changes in corporate income tax rates (-4.2 (TG: -5.2; affiliates: +1.0))

(Unit: billion yen)

	FY11	Previous Forecast (Oct. 31)	Change	%	FY10	Change	%
Gas sales volume (mil. m^3, 45MJ)	14,850	14,727	+123	+0.8	14,745	+105	+0.7
Net sales	1,729.0	1,714.0	+15.0	+0.9	1,535.2	+193.8	+12.6
Operating expenses	1,659.0	1,653.0	+6.0	+0.4	1,412.7	+246.3	+17.4
Operating income	70.0	61.0	+9.0	+14.8	122.4	-52.4	-42.8
Ordinary income	68.0	58.0	+10.0	+17.2	121.5	-53.5	-44.1
Net income	33.0	32.0	+1.0	+3.1	95.4	-62.4	-65.4
Sliding time lag effect (non-consolidated basis)	*-47.5*	*-47.9*	*+0.4*	-	*-29.2*	*-18.3*	-
Amortization of actuarial differences in pension accounting (non-consolidated basis)	*-2.7*	*-2.7*	*0.0*	-	*19.9*	*-22.6*	-

(Unit: billion yen)

Gross Margin Sensitivity to Changes in Oil Price and Exchange Rate (full year/non-consolidated basis)	4Q	Full year
Impact of rising JCC by $1/bbl	-0.3	-0.3
Impact of yen depreciation by ¥1/$	-1.5	-1.5

Economic Frame (full year)	JCC ($/bbl)			Ex. rate (¥/$)			Avg. temp. (℃)
	1-3Q	4Q	Avg.	1-3Q	4Q	Avg.	
Current forecast	113.11	110.00	112.33	78.98	80.00	79.24	16.8
Previous forecast	112.61	110.00	111.96	79.83	80.00	79.88	16.7

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Next I would like to move on to our full-year forecasts for fiscal 2011. Generally, I will discuss this in terms of a comparison with the forecasts announced with second-quarter results.

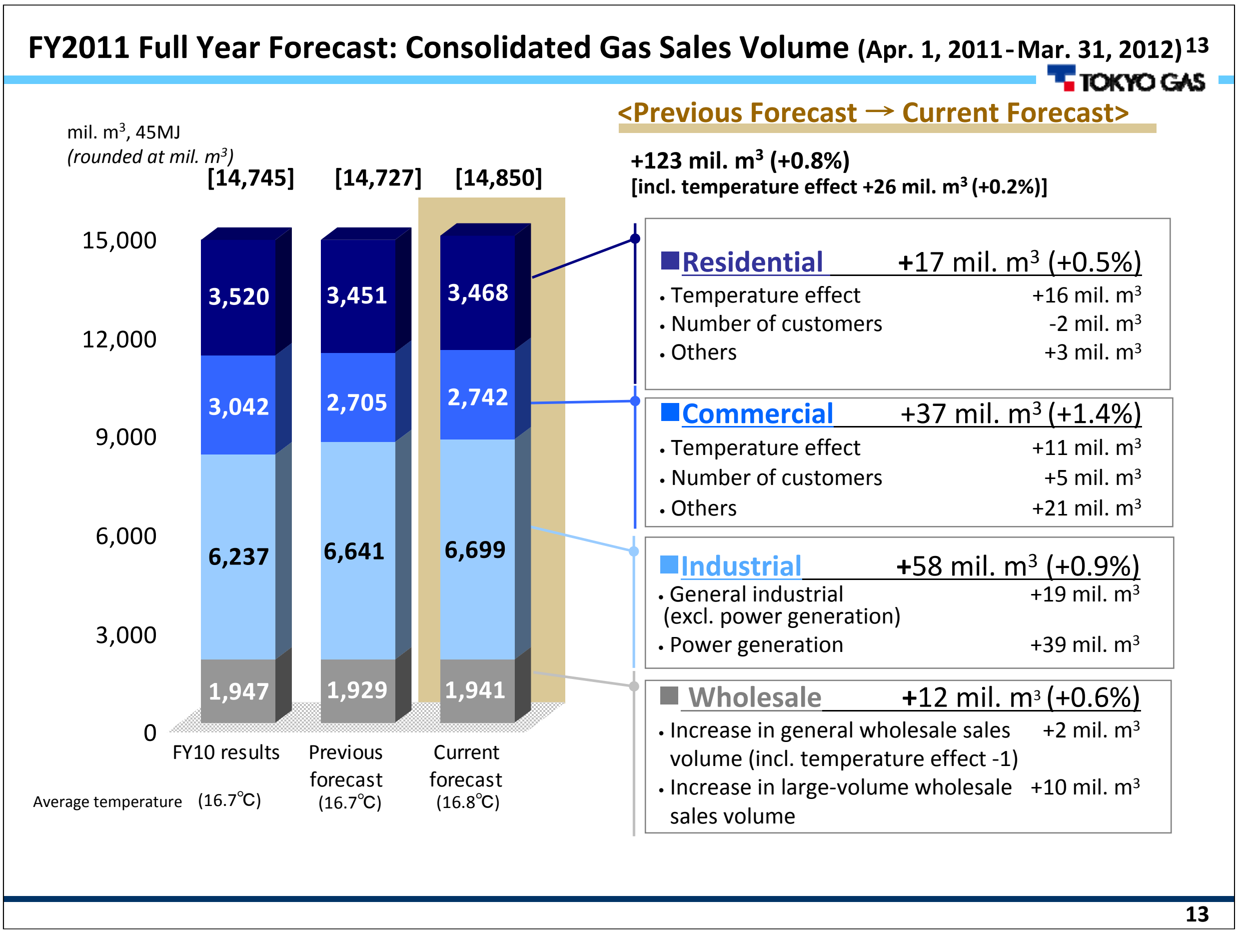
Our economic frame assumptions for crude oil prices and exchange rates are unchanged, at $110/barrel and ¥80/US$.

In addition, actual temperatures in December were 2.4 degrees Celsius colder than in December 2010, but we have left our forecasts for temperatures in January through March unchanged.

As shown in the slide, we have raised our forecasts for net sales and gas sales volume, and taking into account the anticipated ¥1.0 billion negative impact from the small-volume tariff reductions to be implemented from March 8, we have raised our forecast for city gas sales by ¥4.8 billion. We have also raised our forecast for electricity sales by ¥10.7 billion on full nighttime capacity utilization at Ohgishima Power Station, and taking all of this into account, we have raised our net sales forecast by ¥15.0 billion, to ¥1,729.0 billion.

At the operating income level, with the anticipated increase in gas sales volume we now see city gas profit growing ¥2.3 billion, and with an additional ¥4.4 billion increase expected at the electric power business, we have raised our forecasts for operating income by ¥9.0 billion, to ¥70.0 billion, and for ordinary income by ¥10.0 billion, to ¥68.0 billion.

In terms of extraordinary losses, with an additional ¥0.9 billion loss on valuation of investment securities, and changes in corporate tax rates expected to lead to reversals of deferred tax assets in the amounts of ¥5.2 billion at the Tokyo Gas parent and deferred tax liabilities in the amounts of ¥1.0 billion at affiliates, we have raised our forecast for net income by ¥1.0 billion, to ¥33.0 billion.



As shown on Slide 13, we have raised our forecast for gas sales volume by 123 million m3, or 0.8%, to 14,850 million m3, compared with our previous forecast.

We have raised our forecast for the residential sector by 17 million m3, or 0.5%, to 3,468 million m3, to account for the effect of December's low temperatures on sales volume in January.

At the commercial sector, we have partially reviewed our full-year outlook for energy conservation trends based on third-quarter developments, and raised our gas sales volume forecast by 37 million m3, or 1.4%, to 2,742 million m3.

We have raised our forecast for the industrial sector by 58 million m3, or 0.9%, to 6,699 million m3, to reflect increased power generation demand during the winter. We also see demand from wholesalers increasing, and have raised our wholesale gas sales volume forecast by 12 million m3, or 0.6%, to 1,941 million m3.

FY2011 Forecast: Net Sales and Operating Income/Loss by Business Segment

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<vs. Previous Forecast>

(Unit: billion yen)

	Net sales				Operating income/loss			
	FY11				FY11			
	Forecast	Difference	%	Previous forecast	Forecast	Difference	%	Previous forecast
City gas	1,279.0	4.8	0.4	1,274.2	92.5	2.3	2.5	90.2
Gas appliances and installation work	185.3	1.9	1.0	183.4	0.9	1.9	-	-1.0
Other energy	303.8	17.9	6.3	285.9	10.0	4.2	72.4	5.8
(Electric power)	102.6	10.7	11.7	91.9	*7.6	4.4	134.5	*3.2
Real estate	29.6	0.0	0.0	29.6	4.0	0.2	5.3	3.8
Others	175.6	1.0	0.6	174.6	6.9	0.2	3.0	6.7
Adjustments	-244.3	-10.6	-	-233.7	-44.3	0.2	-	-44.5
Consolidated	**1,729.0**	**15.0**	**0.9**	**1,714.0**	**70.0**	**9.0**	**14.8**	**61.0**

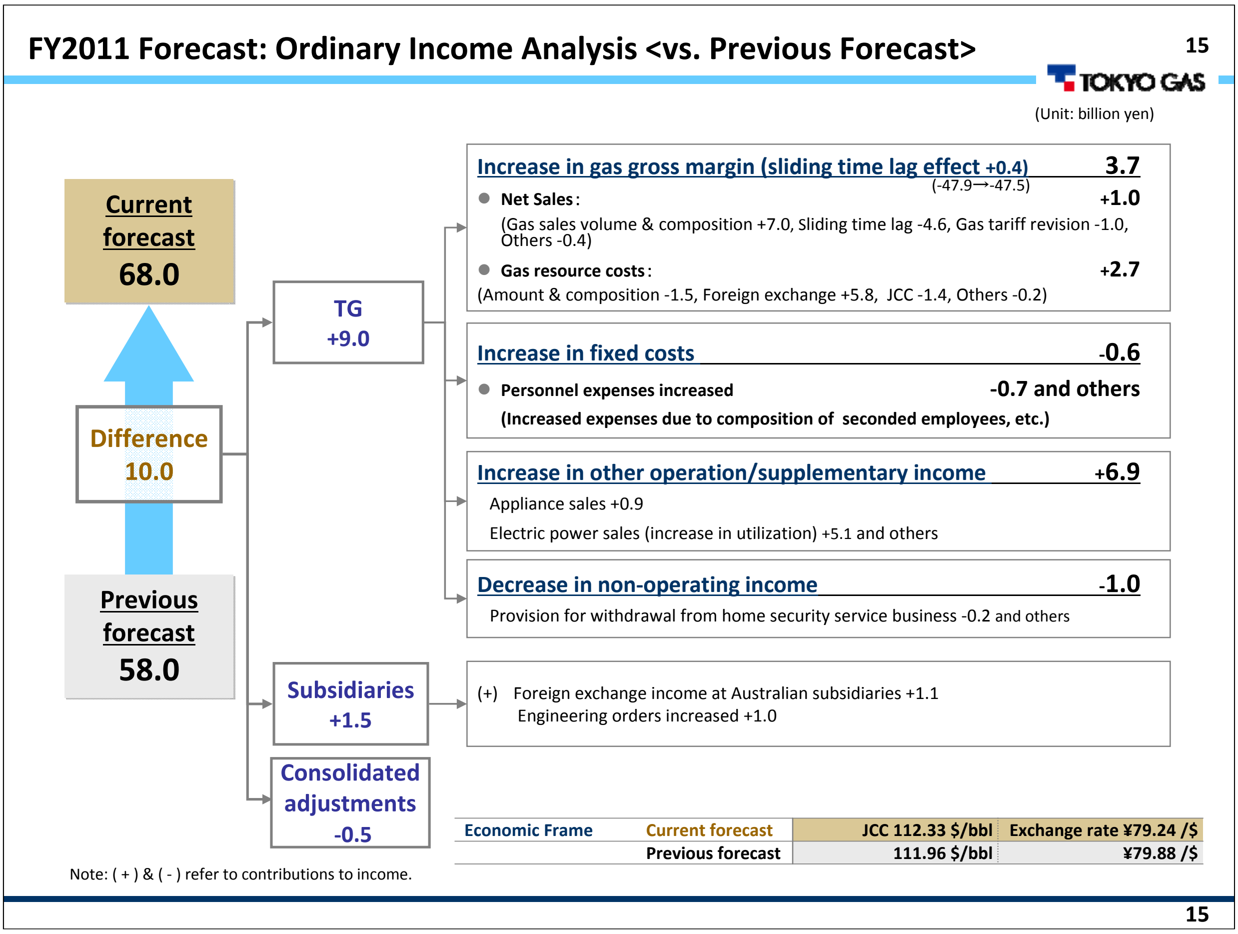
Notes:
- Net sales by business segment include internal transactions.
- “Other energy” includes Energy-service (including LNG sales), Electric power, LPG, Industrial gas, etc.
- “Others” includes Construction business, Information processing service, Shipping business, Credit/lease financial services, etc.
- Adjustments under operating income are primarily companywide expenses that cannot be allocated to individual segments.

Slide 14 shows our forecasts for net sales and operating income by business segment.

I have already discussed the city gas segment.

At the “Other energy” segment, we have raised our forecast for net sales by ¥17.9 billion, to ¥303.8 billion, and for operating income by ¥4.2 billion, to ¥10.0 billion, to reflect contributions from the electric power business in terms of both net sales and operating income from an increase in electricity sales volume.

Within the segment, we have raised our net sales forecast for the electric power business by ¥10.7 billion, to ¥102.6 billion, and our operating income forecast by ¥4.4 billion, to ¥7.6 billion.



The chart on Slide 15 analyzes the factors behind increases and decreases in our current full-year ordinary income forecast relative to our previous forecast. I have already summarized the main points so I will omit them here.

FY2011 Uses of Cash Flow

Capital expenditure

(Unit: billion yen)

Capex		Main items
Tokyo Gas:	117.3 (-5.0; -4.1%)	Production facilities: 19.2 (-5.0) Hitachi LNG terminal construction, LNG tank at Ohgishima Power Stn., etc.
		Distribution facilities: 76.2 (+1.6) Demand-side pipes and pipelines, New supply-side pipes, Replacement of existing gas pipes, etc.
		Service and maintenance facilities, etc.: 21.9 (-1.6) Systems-related expenses, Replacement of obsolete facilities, etc.
Total of Consolidated Subsidiaries:	37.0 (-1.8; -4.6%)	Overseas business (Total of Australian subsidiaries: 12.0) Renovation of district heating and cooling system, etc.: 7.5 (ENAC)
Total		151.0 (-7.0; -4.4% after internal eliminations)

* Increase/decrease amounts in parentheses are vs. previous forecast

Investments and loans

9.6 (overseas businesses, etc. 11.3, recoveries of loans -1.7) (-7.8 vs. previous forecast)

Returns to shareholders

57.6 (unchanged vs. time of previous forecast)
(Total of FY10 year-end dividends, FY11 interim dividends, and FY11 treasury stock purchases)

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Finally, I would like to discuss our forecasts for cash flow usage in fiscal 2011. We have lowered our forecast for full-year capex by ¥7.0 billion, to ¥151.0 billion, to reflect a reduction in investment for various facilities at the Tokyo Gas parent, compared with our previous forecast.

Based on our results through the third quarter, we have reduced our full-year forecast for investments and loans by ¥7.8 billion, to ¥9.6 billion.

Our forecast for returns to shareholders is unchanged at ¥57.6 billion, representing ¥23.6 billion of dividends already paid and ¥34.0 billion of treasury stock purchased.

This concludes my presentation. Thank you.

Key Indices

(Unit: billion yen)

	FY10 1-3Q	FY11 1-3Q	FY10 Full year	FY11 Full year forecast
Total assets (a)	1,803.3	1,818.0	1,829.6	1,871.0
Shareholders' equity (b)	807.0	789.4	858.9	823.0
Shareholders' equity ratio (b)/(a)	44.8%	43.4%	46.9%	44.0%
Interest-bearing debt (c)	649.6	687.1	584.1	637.0
D/E ratio (c)/(b)	0.80	0.87	0.68	0.77
Net income (d)	41.2	-1.0	95.4	33.0
Depreciation and amortization (e)	109.7	109.5	149.3	149.0
Operating cash flow (d)+(e)	151.0	108.4	244.8	182.0
Capex	97.7	89.7	150.2	151.0
ROA: (d)/(a)	-	-	5.2%	1.8%
ROE: (d)/(b)	-	-	11.4%	3.9%
TEP	-	-	64.0	-7.1
WACC	-	-	3.2%	3.2%
Total payout ratio	-	-	60.9%	*70.7% (planned)

Notes: Shareholders' equity = Net assets – Minority interests
ROA = Net income / Total assets (average of the amounts as of the end of the previous term and end of the current term)
ROE = Net income / Shareholders' equity (average of the amounts as of the end of the previous term and end of the current term)
Balance sheet figures are as of the corresponding term-end
Operating cash flow = Net income + Depreciation and amortization (including amortization of long-term prepaid expenses)
Total payout ratio = (FYn dividends + (FYn+1) treasury stock purchased) / FYn consolidated net income
* Total number of shares issued: 2,590,715,295 (As of December 31, 2011)

[Reference] FY2011 Forecast: Ordinary Income Analysis <vs. FY2010>

TOKYO GAS

(Unit: billion yen)

FY11 (forecast)
68.0

Difference
-53.5

FY10 (actual)
121.5

TG
-47.1

Subsidiaries
-10.5

Consolidated adjustments
+4.1

Decrease in gas gross margin (sliding time lag effect -18.3) -26.7

(-29.2 → -47.5)

- **Net sales:** **+117.4**
  (Gas sales volume & composition -8.1, Sliding time lag +128.2, Others -2.7)
- **Gas resource costs:** **-144.1**
  (Amount & composition +2.0, Foreign exchange +52.1, JCC -157.3, Others -40.9)

Increase in fixed costs -19.4

- **General expenses decreased:** **+2.7**
  (Decrease in costs for demand development +4.3, Decrease in rents +1.5, Increase in consignment costs -2.6 and othres)
- **Personnel expenses grew from actuarial differences in pension accounting** **-22.1**
  (Actuarial differences -22.6 (+19.9 → -2.7))
- **Depreciation and amortization increased:** **-0.4 and others**
  (Acquisition of new facility, etc.)

Decrease in other operation/supplementary income +2.3

Electric power sales +3.8, Appliance sales -1.5 and others

Decrease in non-operating income -3.2

(-) Decrease in dividends received from affiliates -2.7 and others

(-) Australian subsidiaries -3.1 (exchange rate effect, etc.),
Decline in real estate-related sales -1.5
Decline in tanker freight rates, increased expenses for 10th LNG carrier -0.8

Economic Frame			
	FY11 forecast	JCC 112.33 $/bbl	Exchange rate ¥79.24 /$
	FY10	84.15$/bbl	¥85.74 /$

Note: (+) & (-) refer to contributions to income.

< Cautionary Statement regarding Forward-looking Statements >

Statements made in this presentation with respect to Tokyo Gas's present plans, forecasts, 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, crude oil prices, the weather, changes in the foreign exchange rate of the yen, rapid technological innovations and the Company's responses to the progress of deregulation.

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