

**FY2012 1Q Financial Results
ended June 30, 2012**



July 31, 2012

Highlights: Sales and Profit Growth

(+/- indicates profit impact, billion yen)

■ City gas business

- Sales drop after the Quake eased in FY2012, leading to increased residential (+8 million m³) and commercial (+27 million m³) demand. Accordingly, further increase in power generation demand has been seen. (+28 million m³ excluding the effect of schematic change in power business)
- However, cogeneration demand declined after high utilization in FY2011, and economic factors decreased the industrial demand in general excluding the demand for cogeneration (-20 million m³).
- Despite the volume increasing effect of Chiba-Kashima Line commencement (+26 million m³), total gas sales volume declined slightly (-36 million m³) from effect of changes in electric power business scheme.
- Sliding time lag effect was under-recovery (-¥5.3 billion) but largely lowered relative to YoY (-¥23.6 billion). With contribution from lower depreciation and amortization (-¥1.6 billion) and other fixed cost reductions, large ¥23.2 billion increase in city gas business operating income.

■ Electric power business: Net sales +¥6.9 billion, operating income +¥1.7 billion from increased sales volume and higher unit prices. As a result, consolidated operating income rose ¥29.2 billion, to ¥45.8 billion.

■ Increased revenue from dedicated equipment and improved foreign exchange gain and loss led to ¥3.9 billion increase in non-operating income.

■ Extraordinary income +¥3.5 billion on sale of overseas subsidiary stock; Extraordinary loss -¥3.8 billion from loss on valuation of investment securities.

As a result, FY2012 1Q consolidated net income rose ¥22.8 billion, to ¥31.7 billion.

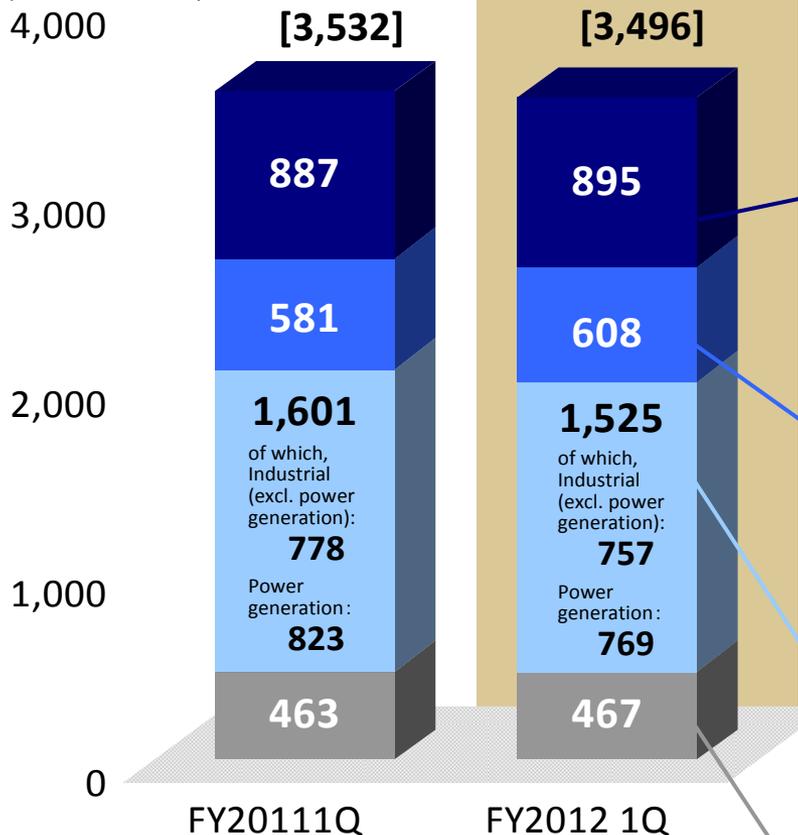
(Unit: billion yen)

	FY2012 1Q	FY 2011 1Q	Change	%
Gas sales volume (mil. m ³ , 45MJ/ m ³)	3,496	3,532	-3.6	-1.0
Net sales	442.6	376.7	65.9	17.5
Operating expenses	396.8	360.1	36.7	10.2
Operating income	45.8	16.6	29.2	175.4
Ordinary income	49.5	16.3	33.2	203.1
Net income	31.7	8.9	22.8	254.2
<i>Temperature effect (non-consolidated basis)</i>	1.9	3.9	-2.0	-
<i>Sliding time lag effect (non-consolidated basis)</i>	-5.3	-23.6	-18.3	-
<i>Amortization of actuarial differences (non-consolidated basis)</i>	-1.0	-0.6	-0.4	-

Economic Frame	JCC (\$/bbl)	Ex. Rate (¥/\$)	Avg. Temperature (°C)
FY2012 1Q	122.57	80.18	18.5
FY 2011 1Q	115.00	81.71	18.6
Change	7.57	-1.53	-0.1

Consolidated Gas Sales Volume <Apr.1 – Jun.30, 2012>

mil. m³, 45MJ/m³
(rounded at mil. m³)



FY2011 1Q → FY2012 1Q

-36 mil m³ (-1.0%)

*large-volume gas demand -68 mil. m³ (-3.7%)

*temperature effect -21 mil. m³ (-0.6%)

Residential +8 mil. m³ (+0.9%)

- Temperature attributes -15 mil. m³
- Increase in number of customers +5 mil. m³
- No. of days -8 mil. m³
- Others (increase in usage per household after standardization (non-consolidated basis) +3.2%) +26 mil. m³

Commercial +27 mil. m³ (+4.7%)

- Temperature attributes -9 mil. m³
- Increase in number of customers +4 mil. m³
- No. of days -2 mil. m³
- Others (rebound from impacts by the earthquake, etc.) +34 mil. m³

Industrial -76 mil. m³ (-4.7%)

- Industrial (excl. Power generation): -20 mil. m³
Lower utilization rates at existing facilities
- Power generation: -56 mil. m³
Nijio -84 mil. m³, Excluding Nijio +28 mil. m³

Wholesale +4 mil. m³ (+1.0%)

- Increase in general wholesale demand (Incl. temperature effect +3) +5 mil. m³
- Increase in large-volume gas demand -1 mil. m³

	FY2011 1Q	FY2012 1Q
Gas sales volume used at electric power business (mil. m ³)	13	123
LNG liquid sales volume (thousand t)	94	114
Average temperature	18.6 °C	18.5 °C

Number of customers

(Unit: 10 thousand)

FY2012 1Q-end	FY2011 1Q-end	Change
1,087.4	1,075.7	+11.7(+1.1%)

Highlights

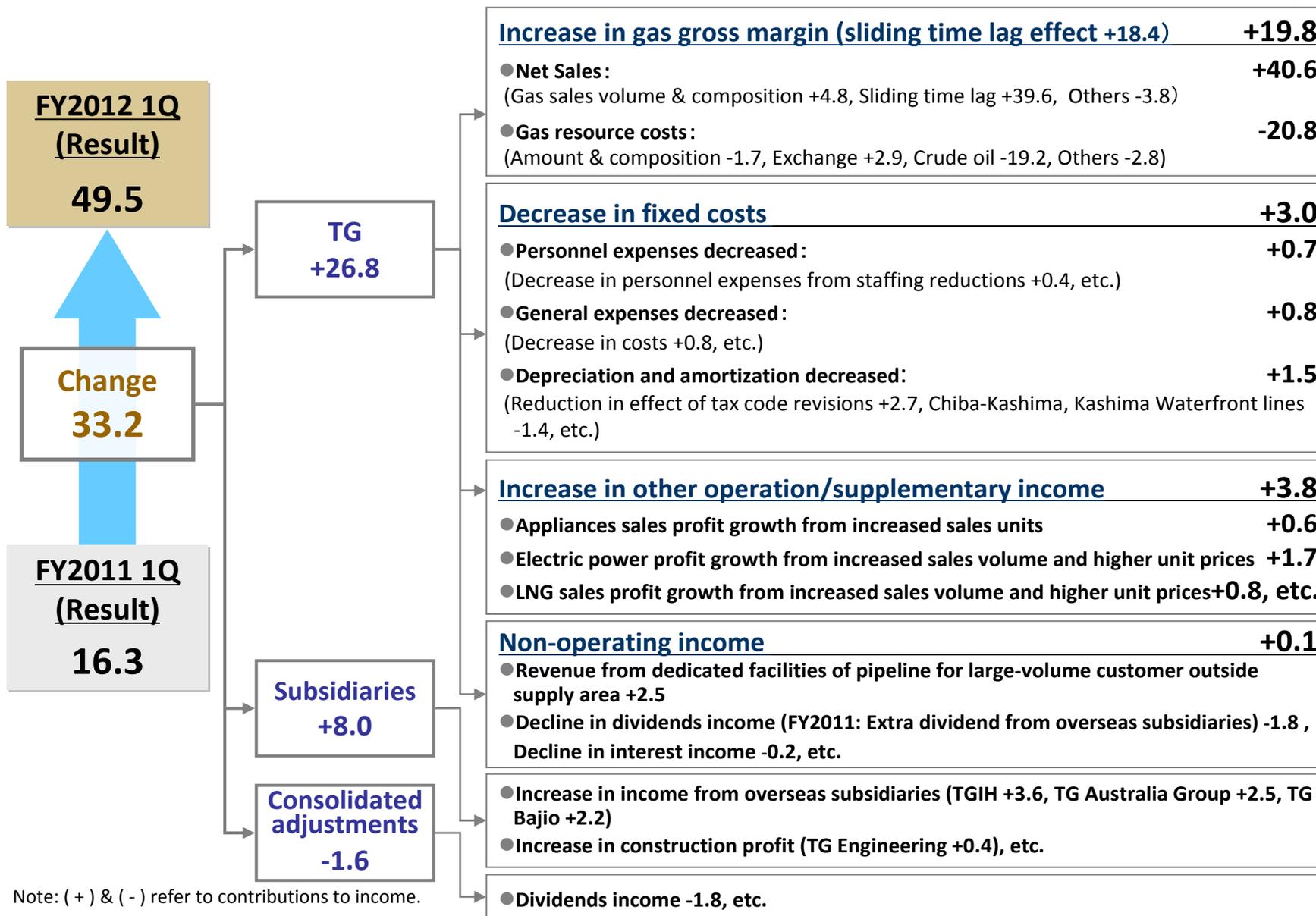
- 1** Others: Large profit growth due to the increased revenue from overseas investment, etc.
(+2.6 billion yen)

(Unit: billion yen)

	Net Sales				Operating Income/loss			
	FY2012 1Q			FY2011 1Q	FY2012 1Q			FY2011 1Q
	Results	Change	%	Results	Results	Change	%	Results
City gas	328.5	41.1	14.3	287.4	48.1	23.2	93.5	24.9
Gas appliances and installation work	42.4	8.6	25.5	33.8	0.4	0.4	-	0.0
Other energy	75.1	17.4	30.2	57.7	2.8	2.7	-	0.1
(electric power)	27.0	6.9	34.5	20.1	1.7	1.7	-	0.0
Real estate rental	7.5	0.3	2.8	7.2	1.6	0.3	30.3	1.3
Others	45.0	9.7	27.6	35.3	2.9	2.6	656.6	0.3
Adjustment	-56.1	-11.3	-	-44.8	-10.4	-0.3	-	-10.1
Consolidated	442.6	65.9	17.5	376.7	45.8	29.2	175.4	16.6

- Notes:
- Net sales by business segment include internal transactions.
 - "Other energy" includes energy-service, LNG sales, electric power, LPG, etc. and industrial gas, etc.
 - "Others" includes construction, information processing, shipping, investment abroad, credit and leasing, etc.

FY2012 1Q Ordinary Income Analysis <vs. FY2011 1Q>



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

Highlights: Restatement of sales and profit grow

(+/- indicates profit impact, billion yen)

Changes in economic frame

- Reflecting current market conditions, economic frame for exchange rate and crude oil prices are changed.
- Crude oil prices from 120 \$/bbl to 100 \$/bbl from 2Q and exchange rate from 85 JPY/USD to 80 JPY/ USD from 2Q.

City gas business

- Forecasting large full-year increase in sales volume (+132 mil. m³, +0.9%)
- Sales volume for residential, commercial and wholesale increased in 1Q YoY, but initial targets from 2Q onward remain unchanged.
- Industrial demand excluding power generation is revised downward (-82 mil. m³, -2.4%), reflecting the revision of economic outlook lower than initial assumptions.
- Sales volume target for power generation is revised upward. (+184 mil. m³, +5.6%)
- Forecasting large decrease in gas resource costs reflecting recent crude oil price decline (-¥101.5 billion; non-consolidated), bringing large profit growth at city gas business (+¥33.3 billion)

Restating profit growth at electric power business on continued rise in unit sales prices and volume by 2Q. (+5.8 billion yen)

Raising net income of ¥25 billion to reflect 1Q result of gain on sales of overseas subsidiary stock and loss on valuation of investment securities, etc.

(Unit: billion yen)

	Current Release	Initial Plan (Apr. 27)	Change	%	FY2011	Change	%
Gas sales volume (mil. m ³ , 45MJ/m ³)	15,018	14,886	13.2	0.9	15,190	-17.2	-1.1
Net sales	1,844.0	1,914.0	-70.0	-3.7	1,754.2	-89.8	5.1
Operating expenses	1,704.0	1,815.0	-111.0	-6.1	1,677.1	26.9	1.6
Operating income	140.0	99.0	41.0	41.4	77.0	63.0	81.6
Ordinary income	138.0	96.0	42.0	43.8	75.6	62.4	82.5
Net income	88.0	63.0	25.0	39.7	46.0	42.0	91.1
<i>Temperature effect (non-consolidated basis)</i>	1.9	0.0	1.9	-	10.0	-8.1	-
<i>Sliding time lag effect (non-consolidated basis)</i>	11.1	-16.0	27.1	-	-47.3	58.4	-
<i>Amortization of actuarial differences (non-consolidated basis)</i>	-4.0	-4.0	-	-	-2.7	-1.3	-

Gross Margin Sensitivity to Changes in Oil Price and Exchange Rate

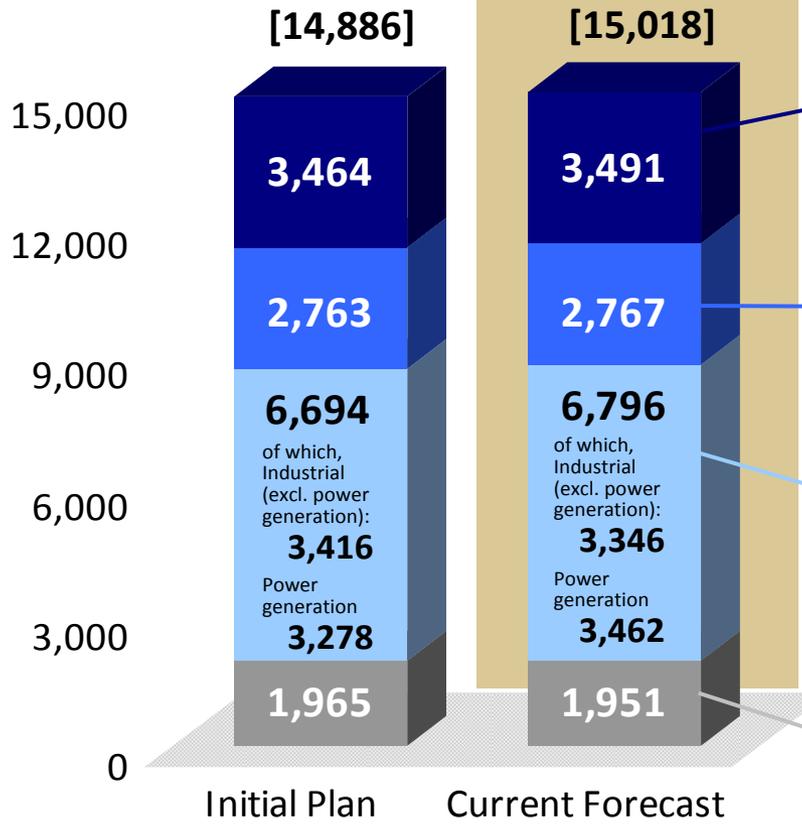
(Unit: billion yen)

(full year/non-consolidated basis)	2Q	3Q	4Q	Full year
Impact of rising JCC by \$1/bbl	+0.1	-0.8	-0.3	-1.0
Impact of yen depreciation by ¥1/\$	+0.5	+0.1	-1.3	-0.7

Economic Frame (Full Year)	Crude Oil Price (\$/bbl)	Foreign Exchange Rate (¥/\$)	Average Temp. (°C)	Pension Asset	Investment Yield (cost deducted)	Discount Rate	Year-end Assets (billion yen)
FY12	105.64	80.05	16.5	FY11	5.13%	1.7%	254.0
FY11	114.17	79.08	16.4	FY10	2.70%	2.0%	235.0
Change	-8.53	+0.97	+0.1				

FY2012 Full Year Forecast: Consolidated Gas Sales Volume

mil. m³, 45MJ/m³
(rounded at mil. m³)



FY2012 Initial Plan → Current Forecast

+132 mil. m³ (+0.9%)

- **Residential** +27 mil. m³ (+0.8%)
 - Factoring growth in 1Q result
 - 2Q – 4Q unchanged from initial plan
- **Commercial** +17 mil. m³ (+0.6%)
 - Factoring growth in 1Q result
 - 2Q – 4Q unchanged from initial plan
- **Industrial** +102 mil. m³ (+1.5%)
 - Industrial (excl. power generation): -82 mil. m³
Evaluates economic outlook revision, etc.
 - Power generation: +184 mil. m³
Raises utilization rate estimate
- **Wholesale** -14 mil. m³ (-0.7%)
 - Factoring decrease in 1Q result
 - 2Q – 4Q unchanged from initial plan

	FY2011	FY2012
Gas sales volume to electric power business (mil. m ³)	498	534
LNG liquid sales volume (thousand t)	571	610
Average temperature	16.7 °C	16.5 °C

Number of customers		(Unit: 10 thousand)
FY2012 1Q-end	FY2011 1Q-end	Change
1,096.8	1,085.5	+11.3(+1.0%)

Highlights

- 1 City gas: Reflecting economic frame revisions, sales decline and profits grow (+33.3 billion yen)
- 2 Electric Power: Reflecting raised utilization rate of power stations, sales and profits grow

(Unit: billion yen)

	Net Sales				Operating Income			
	FY2012 Current Forecast			Initial Plan	FY2012 Current Forecast			Initial Plan
	Amount	Change	%	Amount	Amount	Change	%	Amount
City gas	1,341.0	-69.7	-4.9	1,410.7	150.2	33.3	28.5	※116.9
Gas appliances and installation work	193.0	4.4	2.3	188.6	1.0	-0.1	-9.1	1.1
Other energy	309.9	-4.6	-1.5	314.5	20.9	8.2	64.6	12.7
(electric power)	111.0	2.9	2.7	108.1	14.6	5.8	65.9	8.8
Real estate rental	30.5	0.1	0.3	30.4	4.7	0.3	6.8	4.4
Others	188.6	-2.2	-1.2	190.8	7.3	0.0	0.0	7.3
Adjustment	-219.0	2.0	-	-221.0	-44.1	-0.7	-	※-43.4
Consolidated	1,844.0	70.0	-3.7	1,914.0	140.0	41.0	41.4	99.0

- Notes:
- Net sales by business segment include internal transactions.
 - "Other energy" includes energy-service, LNG sales, electric power, LPG, etc. and industrial gas, etc.
 - "Others" includes construction, information processing, shipping, investment abroad, credit and leasing, etc.

※ : Revised from the previously announced number ; City gas operating income (112.9 billion yen), Adjustment (-43.4 billion yen)

FY2012 Full Year Ordinary Income Analysis

<vs. initial forecasts (as of Apr. 27)>

(Unit: billion yen)

<vs. FY2011 results>

(Unit: billion yen)

**FY2012
Current
(Forecast)
138.0**

**Change
42.0**

**FY2012
Initial
(Forecast)
96.0**

**TG
47.0**

**Subsidiaries
8.7**

**Consolidated
adjustment
-13.7**

Gas gross margin +31.5

(Sliding time lag effect +27.1)

● Net sales: -70.0

(Volume & Composition +7.1,
Sliding lag -78.1, Others +1.0)

● Gas resource cost: +101.5

(Volume -2.3, Exchange +39.3,
Crude +55.8, Other +8.7)

Fixed costs +0.4

● Personnel expenses: +0.4

**Operation/supplementary
income +7.1**

● Electric power (increase in sales
volume): +4.7

● LNG sales: +2.0

Non-operating income +8.0

● Increase in dividends from
affiliates: +6.8
(Sales of overseas subsidiary stock,
Gain of loan interest)

● Increase in income from overseas
subsidiaries:

TGIH: +5.3

● Profit growth from increase in
electricity sales volume:

Nijio: +0.9

● Dividends income, etc.

**FY2012
Current
(Forecast)
138.0**

**Change
62.4**

**FY2011
(Results)
75.6**

**TG
62.1**

**Subsidiaries
8.8**

**Consolidated
adjustment
-8.5**

Gas gross margin +49.5

(Sliding time lag effect +58.4)

● Net sales: +49.5

(Volume & Composition +10.1,
Sliding lag +52.3,
Tariff revisions -10.2)

● Gas resource cost: +0.0

(Volume -5.4, Exchange -7.4,
Crude +18.0, Others -5.2)

Fixed costs +5.2

● Depreciation and amortization
cost: +5.0
(Disassociated from tax code
revisions effect +11.8)

**Operation/supplementary
income +4.9**

● Appliance sales: -1.9

● Electric power (increase in sales
volume): +3.4

● LNG sales: +2.8

Non-operating income +2.5

● Increase in dividends from
affiliates: +4.7

● Decrease in advance repayments
and settlements(FY2011): -2.4

● Increase in income from overseas
subsidiaries:

TGIH: +4.1

● Profit growth from increase in
electricity sales volume:

Nijio: +1.8

● Dividends income, etc.

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

Highlights – Sales and Profit Growth Restatement

<vs. Initial Plan (Apr. 27 Release)>

■ Changes in economic frame

(+/- indicates profit impact, billion yen)

- Reflecting current market conditions, economic frame for exchange rate and crude oil prices are changed.
- Crude oil prices from 120 \$/bbl to 100 \$/bbl from 2Q onward and exchange rate from 85 JPY/USD to 80 JPY/USD from 2Q.onward

■ City gas business

- Initial 2Q plan for residential, commercial, and wholesale gas sales volume unchanged.
- For industrial-use gas sales volume, lowering industrial (excl. power generation)-use forecast to reflect revisions in favorable economic outlook (-5.3 mil. m³)
- For power generation-use, initial plan is revised upward (+9.2 mil. m³)

■ Factoring in increased utilization and sales unit price continuing by 2Q at electric power business

(Unit: billion yen)

	Current Release	Initial Plan (as of Apr. 27)	Change	%	FY2011 2Q	Change	%
Gas sales volume (mil. m ³ , 45MJ/m ³)	6,981	6,919	62	0.9	6,940	41	0.6
Net sales	863.0	859.0	4.0	0.5	748.3	114.7	15.3
Operating expenses	810.0	829.0	-19.0	-2.3	746.6	63.4	8.5
Operating income	53.0	30.0	23.0	76.7	1.7	51.3	-
Ordinary income	54.0	29.0	25.0	86.2	1.9	52.1	-
Net income	32.0	19.0	13.0	68.4	-4.9	36.9	-
<i>Temperature effect (non-consolidated basis)</i>	-1.9	0.0	1.9	-	3.3	-1.4	-
<i>Sliding time lag effect (non-consolidated basis)</i>	-3.3	-14.0	10.7	-	-40.4	37.1	-
<i>Amortization of actuarial differences (non-consolidated basis)</i>	-2.0	-2.0	-	-	-1.3	-0.7	-

Economic Frame (1 st Half)	JCC (\$/bbl)			EX. Rate (¥/\$)			Avg. Temperature (°C)
	1Q	2Q	Average	1Q	2Q	Average	
Current Forecast	122.57	100	111.29	80.18	80	80.09	22.3
Apr. 27 Release	120		120	85		85	22.5

FY2012 1st Half Ordinary Income Analysis

<vs. initial forecasts (as of Apr. 27)>

(Unit: billion yen)

<vs. FY2011 results>

(Unit: billion yen)

**FY2012
Current
(Forecast)**

54.0

**Change
25.0**

**FY2012
Initial
(Forecast)**

29.0

**TG
Non-
consolidated
30.0**

**Subsidiaries
9.5**

**Consolidated
adjustments
-14.5**

Gas gross margin +15.1

(Sliding time lag effect +10.7)

- Net sales: -7.0
(Volume & Composition +3.2, Sliding lag -11.4, Others +1.2)
- Gas resource cost: +22.1
(Volume +1.2, Exchange +18.4, Crude +1.4, Others +1.0)

Fixed costs -0.8

- Personnel expenses: +0.2
- General expenses: -1.0
(Development of GHP demand, etc.)

**Operation/supplementary
income +5.7**

- Electric power (increase in sales volume): +4.6
- LNG sales: +0.7

Non-operating income +10.0

- Increase in dividends from affiliates: +6.8
(Sales of overseas subsidiary stock, Gain of loan interest)
- Revenue from dedicated facilities: +2.8
- Increase in income from overseas subsidiaries:
TGIH: +5.3
- Profit growth from increase in electricity sales volume:
Nijio: +1.1
- Dividend income, etc.

**FY2012
Current
(Forecast)**

54.0

**Change
52.1**

**FY2011
1st Half
(Results)**

1.9

**TG
Non-
consolidated
55.4**

**Subsidiaries
7.2**

**Consolidated
adjustments
-10.5**

Gas gross margin +39.9

(Sliding time lag effect: +37.1)

- Net sales: +71.6
(Volume & Composition +15.5, Sliding lag +62.0, Tariff revisions -4.1)
- Gas resource cost: -31.7
(Volume -7.9, Sliding lag -24.0, Others +1.1)

Fixed costs +2.9

- Depreciation and amortization cost: +2.7
(Disassociated from tax code revisions effect +5.7)

**Operation/supplementary
income +7.0**

- Electric power (increased sales volume): +5.0
- LNG sales: +1.7

Non-operating income +5.4

- Increase in dividends from affiliates: +4.8
(Sales of overseas subsidiary stock, Gain of loan interest)
- Increase in income from overseas subsidiaries:
TGIH: +4.8
- Profit growth from increase in electricity sales volume:
Nijio: +0.4
- Dividend income, etc.

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

(Unit: billion yen)

	FY2011 Results	FY2012 Initial forecast	FY2012 Current forecast
Total assets (a)	1,863.8	1,948.0	1,929.0
Shareholders' equity (b)	839.1	874.0	902.0
Shareholders' equity ratio (b)/(a)	45.0 %	44.9%	46.8%
Interest-bearing debt (c)	625.8	687.0	638.0
D/E ratio (c)/(b)	0.75	0.79	0.71
Net income (d)	46.0	63.0	88.0
Depreciation and amortization (e)	148.5	140.0	140.0
Operating cash flow (d) + (e)	194.5	203.0	228.0
Capex	146.4	191.0	191.0
ROA: (d) / (a)	2.5%	3.3%	4.6%
ROE: (d) / (b)	5.4%	7.4%	10.1%
TEP	9.1	21.8	50.9
WACC	3.1%	3.1%	3.1%
Total payout ratio	61.4 %	-(※)	-(※)

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

*To be maintained at approximately 60% each year to FY2020.



< 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.

TSE:9531