

FY2008 ended March 2009
Consolidated Financial Results Bulletin
Tokyo Gas Co., Ltd.

Code No.: 9531

(URL <http://www.tokyo-gas.co.jp>)

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Consolidated Tax Group

General Shareholder's meeting schedule: June 26, 2009

Starting date of dividend: June 26, 2009

Application of U.S. accounting standards (yes/no): No

Shares listed on:Tokyo Stock Exchange, Osaka Securities Exchange,
Nagoya Stock Exchange

Location of head office: Tokyo

1. Consolidated results for FY2008 ended March 2009 (April 1, 2008 - March 31, 2009)

(1) Consolidated business results

(Rounded down to the nearest million yen)

| | Sales | | Operating income | | Ordinary income | | Net income | |
|------------------------|---------------------|------|---------------------|-------|---------------------|-------|---------------------|-------|
| | (Unit: million yen) | (%) | (Unit: million yen) | (%) | (Unit: million yen) | (%) | (Unit: million yen) | (%) |
| FY2008 ended Mar. 2009 | 1,660,162 | 11.6 | 65,204 | -6.9 | 58,337 | -12.7 | 41,708 | -1.8 |
| FY2007 ended Mar. 2008 | 1,487,496 | 8.0 | 70,048 | -56.8 | 66,832 | -57.2 | 42,487 | -57.8 |

| | Net earnings per share | Net earnings per share adjusted for latent shares | Net rate of return on shareholders' equity | Ratio of current income to total capital | Operating Income Ratio |
|------------------------|------------------------|---|--|--|------------------------|
| | (Unit: yen) | (Unit: yen) | (%) | (%) | (%) |
| FY2008 ended Mar. 2009 | 15.63 | 15.37 | 5.4 | 3.4 | 3.9 |
| FY2007 ended Mar. 2008 | 15.94 | 15.50 | 5.4 | 3.9 | 4.7 |

Note: 1. Income or loss on investment accounted for by equity method:

FY2008 ended March 2009 5,529million yen

FY2007 ended March 2008 3,775 million yen

(2) Consolidated financial position

| | Total assets | Shareholders' equity | Ratio to shareholders' equity | Shareholders' equity per share |
|------------------------|---------------------|----------------------|-------------------------------|--------------------------------|
| | (Unit: million yen) | (Unit: million yen) | (%) | (Unit: yen) |
| FY2008 ended Mar. 2009 | 1,764,185 | 784,616 | 43.8 | 284.72 |
| FY2007 ended Mar. 2008 | 1,703,651 | 780,455 | 45.1 | 289.49 |

Note: Shareholders' equity (Minority interest are excluded)

FY2008 ended March 2009 772,365million yen

FY2007 ended March 2008 769,072million yen

(3) Consolidated cash flow

| | Cash flow from operating activities | Cash flow from investment activities | Cash flow from financing activities | Balance of cash and cash equivalents at year end |
|------------------------|-------------------------------------|--------------------------------------|-------------------------------------|--|
| | (Unit: million yen) | (Unit: million yen) | (Unit: million yen) | (Unit: million yen) |
| FY2008 ended Mar. 2009 | 159,561 | -163,575 | 30,932 | 64,009 |
| FY2007 ended Mar. 2008 | 182,204 | -155,365 | -25,189 | 43,706 |

2. Dividend

| | Dividend per share (Unit: yen) | | | | | Dividend payment (Full-year) | Payout ratio (Consolidated) | Dividend on equity |
|----------------------------------|--------------------------------|-----------|-----------|-----------|-------------|-------------------------------|-----------------------------|--------------------|
| | End of 1Q | End of 2Q | End of 3Q | End of 4Q | Full - year | | | |
| FY2007 ended Mar.2008 | - | 4.00 | - | 4.00 | 8.00 | (Unit: million yen) 21,251 | (%) 50.2 | (%) 2.7 |
| FY2008 ended Mar.2009 | - | 4.00 | - | 4.00 | 8.00 | 21,425 | 51.2 | 2.8 |
| FY2009 ended Mar.2010 (Forecast) | - | 4.00 | - | 4.00 | 8.00 | - | 51.7 | - |

3. Forecast for FY2009 ending March 2010 (April 1, 2009 - March 31, 2010)

| | Sales | Operating income | Ordinary income | Net income | Net earnings per share |
|-----------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|
| | (Unit: million yen) (%) | (Unit: million yen) (%) | (Unit: million yen) (%) | (Unit: million yen) (%) | (Unit: yen) |
| Half-year | 635,000 (-14.2) | 30,000 (-) | 26,000 (-) | 16,000 (-) | 5.90 |
| Full-year | 1,381,000 (-16.8) | 73,000 (12.0) | 64,000 (9.7) | 42,000 (0.7) | 15.48 |

4. Note

(1) Changes in major consolidated subsidiaries: None

-Newly added: -

-Excluded: -

(Reference)Changes in scope of consolidated subsidiaries and affiliates and application of equity method

Consolidated subsidiaries: 57

-Newly added: 3

-Excluded: 1

By equity method: 4

-Newly added: 0

-Excluded: 0

(2)Any change in the accounting methods used here from those used in preparing consolidated accounts for the previous business year (yes/no): *yes* *Please see page 20, Note in detail.

(3)Number of outstanding shares

- Number of outstanding shares at year end (Treasury stocks are included):

FY2008 ended March 2009 2,717,571,295 shares

FY2007 ended March 2008 2,741,571,295 shares

- Number of treasury stocks at year end:

FY2008 ended March 2009 4,884,659 shares

FY2007 ended March 2008 84,937,500 shares

*Please see page 23 for Net earnings per share.

(Reference)**1. Non-Consolidated results for FY2008 ended March 2009 (April 1, 2008 - March 31, 2009)****(a) Non-Consolidated business results****(Rounded down to the nearest million yen)**

| | Sales | | Operating income | | Ordinary income | | Net income | |
|------------------------|---------------------|------|---------------------|-------|---------------------|-------|---------------------|-------|
| | (Unit: million yen) | (%) | (Unit: million yen) | (%) | (Unit: million yen) | (%) | (Unit: million yen) | (%) |
| FY2008 ended Mar. 2009 | 1,448,154 | 14.2 | 42,547 | -0.7 | 39,864 | -10.2 | 25,087 | -16.2 |
| FY2007 ended Mar. 2008 | 1,268,048 | 8.2 | 42,863 | -68.7 | 44,376 | -68.3 | 29,921 | -67.6 |

| | Net earnings per share | Net earnings per share adjusted for latent shares |
|------------------------|------------------------|---|
| | (Unit: yen) | (Unit: yen) |
| FY2008 ended Mar. 2009 | 9.40 | 9.26 |
| FY2007 ended Mar. 2008 | 11.22 | 10.94 |

(b) Non-Consolidated financial position

| | Total assets | Shareholders' equity | Ratio to shareholders' equity | Shareholders' equity per share |
|------------------------|---------------------|----------------------|-------------------------------|--------------------------------|
| | (Unit: million yen) | (Unit: million yen) | (%) | (Unit: yen) |
| FY2008 ended Mar. 2009 | 1,472,344 | 662,658 | 45.0 | 244.28 |
| FY2007 ended Mar. 2008 | 1,401,464 | 660,000 | 47.1 | 248.43 |

Note: Shareholders' equity (Minority interest are excluded)

FY2008 ended March 2009 662,658 million yen

FY2007 ended March 2008 660,000 million yen

2. Non-Consolidated Forecast for FY2009 ending March 2010 (April 1, 2009 - March 31, 2010)**(Unit: million yen)**

| | Sales | | Operating income | | Ordinary income | | Net income | | Net earnings per share |
|-----------|---------------------|-------|---------------------|------|---------------------|------|---------------------|------|------------------------|
| | (Unit: million yen) | (%) | (Unit: million yen) | (%) | (Unit: million yen) | (%) | (Unit: million yen) | (%) | (Unit: yen) |
| Half-year | 546,000 | -15.9 | 22,000 | - | 22,000 | - | 15,000 | - | 5.53 |
| Full-year | 1,179,000 | -18.6 | 53,000 | 24.6 | 50,000 | 25.4 | 33,000 | 31.5 | 12.17 |

* The forecast above was prepared on the basis of information available at the time of the release of this document. Due to various factors, the actual result may vary from these forecast data.

For details please refer to page 3 and page 5.

I. Business performance and financial position

(1) Analysis on business performance

During this term the Japanese economy entered a recessionary phase. Both foreign and domestic consumption stagnated amid the global economic downturn, under the global financial market crisis that began from the U.S. sub prime loan problem.

In this economic environment, gas sales volume declined from the previous year with the sharp drop in demand from the warm winter combined with worsening economic conditions, but the Tokyo Gas group has made strenuous marketing efforts to expand the use of natural gas,. As a result, gas sales revenues rose as gas unit prices were increased under the gas rate adjustment system. Consequently, consolidated sales rose 11.6% from the previous year to ¥1.6601 trillion. Meanwhile, Tokyo Gas made its utmost efforts to restrict expenses and realize even better management efficiency. Nevertheless, operational expenses increased because gas resource costs rose along with sharp price hikes for LNG, and with increased costs resulting from retirement benefits accounting actuarial differences.

As a result of these developments, operating income decreased by 6.9 % to ¥65.2 billion, ordinary income fell 12.7 % to ¥58.3 billion and net income was down 1.8 % to ¥41.7 billion.

<Situation in each segment during the term>

1) Gas business

In FY2008, the gas sales volume decreased by 1.9% compared with the previous year to 13.942 billion m³. Residential demand decreased by 1.8 % year on year to 3.468 billion m³. It is because of low temperatures in first half(average -0.5 degrees) but higher temperatures in the second half (average +0.5 degrees) than previous year when gas demand is strong, which caused less demand in hot water and space heating.

Moreover, commercial and other business demand was down 4.7% to 2.032 billion m³ and 1.6% to 979 million m³ respectively, making a combined total of 3.011 billion m³. This was result of decrease in demand for air-conditioning due to lower temperature in summer and higher temperature in winter.

Industrial demand was down 1.9% year on year to 5.623 billion m³ compared with the previous year due to decreased operation of existing customers.

Wholesale supplies to other gas utilities rose 0.7% year on year to 1.840 billion m³ due to increase operation by those utilities.

As a result, gas sales was up to ¥1.2575 trillion by ¥170.5 billion or 15.7% compared with the previous year due to increase in gas unit price based on gas rate adjustment system.

Operating expenses overall rose by ¥171.4 billion yen or 17.6% because of the increase in gas resource cost.

Operating income was down by ¥ 0.8 billion or 0.7% over the previous year to ¥110.8 billion.

2) Gas appliances business

Sales declined by ¥10 billion or 7.5% compared to the previous year to ¥122.3 billion. As a result ¥9.2 billion or 7.1% decrease in operating expenses, operating income fell ¥0.9 billion or 28.3% year on year to ¥2.0 billion.

3) House-pipe installation

Sales declined by ¥8.3 billion or 14.4% compared with the previous year to ¥49.0 billion. As a result ¥6.3 billion or 11.2% decrease in operating expenses, operating income fell ¥1.8 billion to -1.0 billion yen.

4) Real estate rental

Sales rose by ¥0.5 billion or 1.3% compared with the previous year to ¥35.6 billion. As a result ¥0.9 billion or 3.6% increase in operating expenses, operating income fell ¥0.5 billion or 6.5% to ¥7.4 billion.

5) Other business

Sales in other business rose by ¥43.4 billion or 13.6% compared with the previous year to ¥363.7 billion due to the increase in sales related to energy service business. As a result ¥42.8 billion or 13.9% increase in operating expenses, operating income up by ¥0.7 billion or 5.6% to ¥13.4 billion.

<Summary by segment>

(Unit: billion yen)

| | | Gas | Gas appliances | House-pipe installation | Real estate Rental | Others |
|--------------------|------------------------|--------------------|-----------------|-------------------------|--------------------|------------------|
| Sales | FY2008 (% of total) | 1,257.5 (68.8%) | 122.3 (6.7%) | 49.0 (2.7%) | 35.6 (1.9%) | 363.7 (19.9%) |
| | FY2007 (% of total) | 1,087.0 (66.6%) | 132.3 (8.1%) | 57.3 (3.5%) | 35.1 (2.2%) | 320.3 (19.6%) |
| | Amount of change | 170.5 | -10.0 | -8.3 | 0.5 | 43.4 |
| | Rate of change | (15.7%) | (-7.5%) | (-14.4%) | (1.3%) | (13.6%) |
| Operating expenses | FY2008 (% of total) | 1,146.7 (67.5%) | 120.2 (7.1%) | 50.1 (3.0%) | 28.1 (1.7%) | 350.3 (20.7%) |
| | FY2007 (% of total) | 975.3 (65.1%) | 129.4 (8.7%) | 56.4 (3.8%) | 27.2 (1.8%) | 307.5 (20.6%) |
| | Amount of change | 171.4 | -9.2 | -6.3 | 0.9 | 42.8 |
| | Rate of change | (17.6%) | (-7.1%) | (-11.2%) | (3.6%) | (13.9%) |
| Operating income | FY2008 (% of total) | 110.8 (83.4%) | 2.0 (1.6%) | -1.0 (-0.8%) | 7.4 (5.6%) | 13.4 (10.2%) |
| | FY2007 (% of total) | 111.6 (82.1%) | 2.9 (2.1%) | 0.8 (0.6%) | 7.9 (5.8%) | 12.7 (9.4%) |
| | Amount of change | -0.8 | -0.9 | -1.8 | -0.5 | 0.7 |
| | Rate of change | (-0.7%) | (-28.3%) | (-) | (-6.5%) | (5.6%) |

Note: Figures for sales include internal transactions. Figures for operating expenses do not include expenses that cannot be allocated to specific segments.

<Ratio of consolidated income to parent's income>

The ratio of consolidated income to parent company's income for FY2008 and FY2007 was as follows.

| | Sales | Operating income | Ordinary income | Net income |
|--------|-------|------------------|-----------------|------------|
| FY2008 | 1.15 | 1.53 | 1.46 | 1.66 |
| FY2007 | 1.17 | 1.63 | 1.51 | 1.42 |

<Forecast for FY2009 and results of FY2008 >

(Unit: billion yen)

| | Sales | | Operating income | Ordinary income | Net income |
|-------------------|-----------|-------------|------------------|-----------------|------------|
| | Gas sales | Other sales | | | |
| FY2009 (forecast) | 1,381.0 | 1,014.1 | 73.0 | 64.0 | 42.0 |
| FY2008 (results) | 1,660.1 | 1,257.5 | 65.2 | 58.3 | 41.7 |
| Change | -279.1 | -243.4 | 7.8 | 5.7 | 0.3 |
| Rate of change | -16.8% | -19.4% | 12.0% | 9.7% | 0.7% |

We forecast that gas sales volume in FY2009 will decline 3.4% compared with FY2008 to 13.466 billion m³ despite our efforts to acquire new customers and to promote and sell gas appliances. We expect gas sales to decrease by ¥243.4 billion or 19.4% to ¥1.0141 trillion in response to this. While sales in both gas appliance and house-pipe installation will rise, however as we expect sales down in other business by ¥35.6 billion due to decrease mainly in sales of energy service business, we expect consolidated sales to down by ¥279.1 billion or 16.8% to ¥1.381 trillion.

Meanwhile, because of factors such as the decrease in operating expenses due to decrease in gas resource cost, the projection is envisaged as follows:

Operating income: increase ¥ 7.8 billion (12.0%) to ¥ 73 billion
 Ordinary income: increase ¥ 5.7 billion (9.7%) to ¥ 64 billion
 Net income: increase ¥ 0.3 billion (0.7%) to ¥ 42 billion

The ratios of consolidated income to parent company's income are shown below.

| | Sales | Operating income | Ordinary income | Net income |
|--------|-------|------------------|-----------------|------------|
| FY2009 | 1.17 | 1.38 | 1.28 | 1.27 |

(2) Analysis on financial position

<Analysis on assets, debt, shareholders equity and cash flows>

Assets was increased by ¥60.5 billion to ¥1.7641 trillion compared with the end of March 2008 because of increase in current assets mainly in raw materials and inventory goods[¥84.9 billion], decrease in fixed assets mainly in investment securities due to drop of share price [¥24.3 billion].

Because of increase in interest-bearing debt [¥34.5 billion] and income taxes payable [¥9.7 billion], the liabilities increased by ¥ 56.4 billion to ¥ 979.5 billion.

Also, as a result of increase in shareholders' equity [37.3 billion yen] derived from net income etc. and decrease in unrealized gains / losses and exchange rate adjustments due to loss of net unrealized holding gains on securities [-3.4 billion yen], net assets increased to ¥784.6 billion. Our shareholders' equity ratio fell by 1.3 percentage points to 43.8% from the end of March 2008.

<Situation of cash flow>

(Unit: billion yen)

| | FY2008 | FY2007 | Change |
|---|--------|--------|--------|
| Cash flow from operating activities | 159.5 | 182.2 | -22.7 |
| Cash flow from investing activities | -163.5 | -155.3 | -8.2 |
| Cash flow from financing activities | 30.9 | -25.1 | 56.0 |
| Exchange difference of cash and cash equivalents | -6.5 | 0.5 | -7.0 |
| Cash and cash equivalents during FY2007 | 20.3 | 2.1 | 18.2 |
| Cash and cash equivalents at beginning of year | 43.7 | 40.2 | 3.5 |
| Cash and cash equivalents due to expansion of consolidation | - | 1.3 | -1.3 |
| Cash and cash equivalents at end of year | 64.0 | 43.7 | 20.3 |

a) Cash flow from operating activities

Cash and cash equivalents obtained as a result of operating activities amounted to ¥159.5 billion. This derived mainly from net income before adjustments for tax and etc. [¥68.0 billion], the progress of depreciation of fixed assets [¥136.8 billion].

b) Cash flow from investing activities

Cash and cash equivalents obtained as a result of investing activities amounted to ¥163.5 billion. This derived mainly from the acquisition of tangible fixed assets such as gas supply facilities [expenditure: ¥133.6 billion].

c) Cash flow from financing activities

Cash and cash equivalents obtained as a result of financing activities amounted to ¥30.9 billion. Despite of payments for long-term debt [¥31.2 billion], payments for dividend for shareholders [¥21.2 billion] and payments for acquiring treasury stock [¥10.4 billion], cash and cash equivalents was increased because of proceed of long-term bank loans payable [¥81.1 billion], issue of straight bond [¥20.0 billion].

<Cash Flow Indicators>

| | FY2004 | FY2005 | FY2006 | FY2007 | FY2008 |
|------------------------------------|--------|--------|--------|--------|--------|
| Equity ratio | 38.9% | 43.0% | 47.0% | 45.1% | 43.8% |
| Equity ratio based on market value | 68.6% | 81.9% | 105.3% | 62.8% | 53.0% |
| Number of years for debt repayment | 2.9 | 3.1 | 2.8 | 3.1 | 3.7 |
| Interest coverage ratio | 16.5 | 15.9 | 18.6 | 17.9 | 14.0 |

Equity ratio: Equity capital / total assets

Equity ratio based on market value: total market price of shares / total assets

Number of years for debt repayment: Interest bearing debt / operating cash flow

Interest coverage ratio: operating cash flow / interest payments

[Notice] -All calculation based on consolidated financial figures.

-Total market value of shares is calculated based on the number of shares as of the end of fiscal year (excluding treasury stocks)

-Cash flow means operating cash flow

-Interest bearing debt covers bonds, convertible bonds, long-term bank loan payable (all including debts due within one year), short-term bank loan payable and commercial papers out of the interest bearing debt recorded on the balance sheet.

(3) Basic policy on the corporate profit allocation and dividend

In the five-year period of new medium-term plan (fiscal 2009 - 2013), the Group plans to use the cash flow resulting from steady execution of the plan for enhancement of LNG value chain aggressively, which is to empower the Group's sustained growth into the future, as well as for proper allocation of the fruits of the Group's business to its shareholders. More specifically, in addition to dividend, the Group has posted share buy-back as shareholder return, and set 60-percent target for the ratio of total payout to shareholders (dividends plus treasury stock acquisition divided by previous net income).

Total payout ratio of year n = [(dividends from unappropriated profit in year n) + (amount of treasury stocks acquired in year n + 1)] / (consolidated net income in year n)

In accordance with the aforementioned perspective on overall propensity, we are planning to acquire up to 15 million shares of our own stock worth up to 5 billion yen, and expect to pay a dividend this term of 8 yen per share. In the future as well, we intend to continue paying stable dividends in line with this policy.

(4) Risks of gas business

Of the items related to business results and financial position in the financial results, the following ones could possibly exert a major influence on decisions by investors. It should be noted that statements concerning the future in this document are judgments made by the Group based on information available at the end of the term.

A Risks associated with accidents, disasters, etc.

(a) Gas resource procurement difficulties

The Group depends on import from other countries for most of natural gas and other gas resources used to produce city gas. The supply of city gas therefore could possibly be impaired in the event of inability to procure gas resources for a period of long term owing to country risks at import sources, troubles affecting gas fields or LNG liquefaction terminals, or difficulties in the process of LNG carrier transport.

(b) Natural disasters

The Group is an equipment-intensive industry whose business activities are grounded in facilities for the production and supply of city gas. In the event of large-scale natural disasters such as earthquakes and typhoons, the supply of city gas could possibly be impaired due to damage inflicted on its plants or other production facilities and pipelines or other supply facilities. In addition, the cost required for resumption of normal production and supply could possibly affect the balance of payments.

(c) Accidents accompanying gas manufacture and supply, and supply impairments

The production and supply of city gas is at the foundation of the Group's business activities. For this reason, the occurrence of large-scale leakage, explosions, or supply difficulties in the process of gas production or supply could possibly result in tangible and intangible loss in aspects including social responsibility, in addition to the direct loss.

(d) Problems in the areas of assurance of gas safety and the quality of gas appliances and other products

Besides being responsible for safety in gas supply, the Group sells gas appliances and other products under its own brand through consolidated subsidiaries and cooperating firms. As such, in the event of accidents involving gas supply or caused by gas appliances, it could possibly incur both direct and indirect loss associated with response to such incidents.

(e) Damage due to rumors caused by gas accidents at other firms

Gas accidents at other firms could possibly have an immense impact on the entire city gas industry and breed circumstances in which it would incur tangible and intangible loss.

B Market fluctuation risks

The Group could possibly incur loss due to fluctuations in the market value of its real estate, stocks, financial assets, pension assets, or other holdings, or in gas resource prices, interest rates, and other items.

C Risks accompanying business execution

(a) Risks related to established business

- a) Changes in the environment of gas resource procurement
In the event of developments such as a demand increase exceeding the volume of procurement from LNG projects resting on long-term contracts, incidence of trouble in shipment terminals or transport, and delays in the start of supply from new LNG projects, the gas resource costs associated with spot LNG purchasing undertaken in response may possibly affect the balance of payments.
 - b) Risks associated with insufficient or excessive recovery of gas resource costs
Under the provisions for adjustment for gas resource costs on gas tariffs, changes in gas resource prices are reflected in gas tariffs as a general rule. Because it may take up to five months for the actual fluctuation to be reflected in tariffs, the reflection may take place in the fiscal year after that of the fluctuation. In such cases, the single-year balance of payments may be affected by the deficient or excessive recovery of gas resource costs. In the event of sudden and substantial fluctuation in crude oil prices or exchange rates, the impact on the single-year balance of payments may possibly be particularly great.
 - c) Decrease in gas sales due to climate change
Changes in the weather, and particularly the occurrence of abnormal weather such as unusually hot summers or warm winters, could possibly affect the balance of payments due to the resulting reduction of gas sales in the residential use, where gas is used mainly for heating water and air conditions.
 - d) Reduction in the existing demand
Part of the existing demand in the industrial and commercial uses could possibly be reduced by factors such as the decrease in facility operating rates due to the recession, the progress of energy-conserving activities, and changes in the industrial structure. In addition, developments such as changes in lifestyle and the spread of energy-saving appliances could possibly reduce part of the existing demand in the residential use.
 - e) Decrease in demand accompanying intensified competition
There is a risk of decline in demand and effect on the balance of payments in the event of intensified competition with electric power companies or other enterprises newly entering the gas business, or a loss of competitiveness on the part of LNG itself relative to other forms of energy due to factors such as a fluctuation in crude oil prices.
 - f) Delay in the establishment of, and start of business by, new regional energy companies
From April of 2008 to October of 2009, the Group is going to establish a succession of new regional energy companies (Tokyo Gas LIFEVAL) in order to develop the regional demand for gas mainly in the residential use, reorganize and consolidate customer services, and execute the related business in an integrated manner. While we have been making full preparations for the smooth launch and operation of these firms, the initiative entails a fundamental review of the regional sales setup, and there may occur unforeseeable changes in the situation. Such changes could possibly affect the smooth start-up of business.
 - g) Failure to achieve technology development goals
If the Group is not able to develop and utilize new products and technologies required for business execution, city gas could possibly lose competitiveness relative to other forms of energy, and this could possibly affect its execution of business.
 - h) Changes in laws, regulations, institutions, and national/local energy policy
The Group executes its business in accordance with the Gas Utility Industry Law, Companies Act, Financial Instruments and Exchange Law, other laws and regulations, and the energy policy of national and local governments. Changes in such policy consequently could affect its execution of business.
- (b) Delayed cultivation of new markets
The Group is cultivating new markets by promoting the spread of equipment such as ENE FARM (the residential fuel cell) and new energy utilization systems combining solar light and heat as described in the medium-term management plan. However, the subsequent outbreak of environmental changes inside and outside the Group and other factors could delay this cultivation, compel a change of business strategy, and prevent recovery of investments.
- (c) Inability to recover investments
The Group is continuing to make large-scale investments for the evolution and advancement of its strategy for integrated energy business and other agenda set forth in its medium-term management plan. The subjects of these investments include construction of wide-area pipelines and other structures to expand the wide-area infrastructure, reinforcement of the foundation for stable supply by construction of LNG tanks and other facilities, electric power business, energy service business, development of gas fields, LNG transport business, IT and other elements required for conditioning of the foundation for established business, and active use of real estate in hand. Subsequent changes in the economic situation could possibly make it impossible to recover these investments sufficiently or induce the intended effect from it, and consequently affect the balance of payments.

D Risks related to information management and system operation

(a) Leakage of personal information

For its execution of business as a public utility, the Group collects and manages personal information on its customers. The external leakage of this information could possibly cause tangible and intangible loss in forms such as a loss of credibility among customers that is more serious than in the case of other corporate groups, in addition to the direct cost required for response.

(b) Shutdown or malfunction of trunk IT systems

The Group has installed trunk IT systems for city gas production and supply, customer service work, and calculation of gas tariffs. The shutdown or malfunction of these systems could possibly not only impair gas supply and delay accommodation of customer needs but also cause tangible and intangible loss in forms such as detraction from the image of the Group's name.

(c) Interruption of telephone service at call centers

The Group receives most requests from customers by telephone. An interruption of telephone service at call centers therefore could possibly not only delay accommodation of customer needs over large areas but also cause tangible and intangible loss in forms such as detraction from the image of the Group's name.

E Risks related to corporate social responsibility

(a) Conformance with new environmental regulations etc.

The emergence of additional obligations for compliance with new environmental legislation or environmental improvement could possibly affect the Group's conduct of business and its balance of payments.

(b) Compliance violations

The occurrence of acts that are improper in the context of laws and regulations, or the articles of association; improper acts in information disclosure; or acts in violation of corporate ethics could possibly cause tangible and intangible damage in forms such as the imposition of social sanctions in addition to the direct cost required for response.

(c) Insufficient CS or customer services

Insufficient satisfaction or defective treatment of customers could possibly result in tangible and intangible loss in forms such as a decline in corporate competitiveness and detraction from the image of the Group's name.

II. The scope of consolidated subsidiaries and affiliates and application of equity method

[1] The scope of consolidation

- Newly included subsidiaries in scope of consolidation: 3 companies

TGI Financial Solutions Co., Ltd.

Nijio Co., Ltd.

TOKYO GAS LIFEVAL KAZUSA Co., Ltd. [Every company is newly consolidated]

- Excluded: 1 companies

TK customer service Co., Ltd.

[2] Equity method affiliates

- Newly included equity method affiliates: None

Information about other consolidated subsidiaries and affiliates are not disclosed because there are not significant changes from articles of “business diagram” and “situation of subsidiaries and affiliates” in the latest annual security report. [reported on 27th June, 2008]

III. Management Policy

(1) Basic policy on corporate management

Natural gas, from which the city gas we supply is manufactured, offers environmental merits for action against global warming, a high level of economicality and supply stability as compared to crude oil, and a convenient ability to cope with demand of various types. 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 communities 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 the further rise in expectations for environmental preservation in society as a whole, changes in the energy demand structure, intensified competition with different types of energy and different suppliers of the same type, and changes in the circumstances of gas resource procurement.

This medium-term Group management plan for fiscal years 2009 - 2013 was prepared in January 2009 with a view to responding to these changes in the business environment both promptly and accurately.

It targets the evolution and advancement of our integrated energy business through business development with an emphasis on the "Three Es", i.e., "Eco-friendly" (creation of value keyed by environment), "Excellent service" (improvement of value for customers), and "Expansion" (in-depth cultivation and widening of markets) while adhering to the basic strategy for integrated energy business thus far. It also calls for steps to strengthen the LNG value chain and reinforce the synergy of All Tokyo Gas (a collective term for the Group and its cooperating companies) to support achievement of the Three Es. In the field of strategy deployment, we are planning for aggressive input of fund resources and reinforcement of the business foundation from the medium- and long-term perspectives while looking ahead to the second half of the 2010s.

Through action on these agenda, we hope to constantly remain trusted by our customers, shareholders, and society as a whole as a resilient corporate group that is able to cope flexibly with future changes in the business climate and achieve sustained growth.

(2) Issues to be addressed by the company

[Development of business with an emphasis on the Three Es]

(1) Eco-friendly - creation of value keyed by the environment

In the residential sector, we shall promote the diffusion of ENE FARM fuel cells, systems that apply new energy and incorporate solar light and heat, and other equipment, in order to offer solutions for customer needs for saving energy without sacrificing lifestyle comfort.

In the industrial and commercial sectors, we shall develop energy service business that incorporates new-energy and energy-saving services, and therefore has added environmental value. We shall also construct optimal energy systems based on area-wise/networked energy use on the community level.

We shall examine approaches to promotion of use of new energy applying biogas, provisions for green certificate and schemes for buying and selling emission rights, and prospects for creating business related to new energy in ways that make the most of our strengths.

(2) Excellent service - improvement of value for customers

We shall establish a sales setup rooted in the community through Tokyo Gas LIFEVAL to raise the service level even higher. We shall also deliver satisfaction to customers by making value proposals of a higher quality tailored to the needs of each and every one.

In the industrial and commercial sectors, we shall take full advantage of the technical, engineering, and sales capabilities nurtured thus far in comprehensively meeting the expectations of each customer through proposals for facility optimization, consultation regarding the "best mix" of energy forms including city gas and electricity, and services in financing and risk management drawing on credit power and hedge transactions.

So customers can use gas with complete peace of mind, we shall work for replacement of gas appliances lacking devices to prevent incomplete combustion and reinforcement of safety checks. To the same end, we shall execute measures for aging gas pipes requiring action to prevent leaks and pipes that are customer property on their lots ahead of schedule. Besides taking continued action to heighten the quake resistance of gas facilities, we shall also mount approaches for swifter resumption of services after earthquake disasters and otherwise bolster disaster-prevention provisions.

(3) Expansion - rigorous in-depth cultivation and widening markets

Besides aggressively developing the immense latent demand, mainly in connection with industrial use, in the area within a 200-kilometer radius around Tokyo, we shall meet needs for natural gas among customers who are difficult to supply with gas pipes through means such as LNG lorries, reinforce the sales setup of All Tokyo Gas, install effective gas pipe networks, and take other initiatives to expand the number of customers and rigorously develop demand. We shall also

steadily build up our business in power generation while pursuing the ultimate synergy with our gas business. In addition, we shall build an effective setup for sales that encompasses schemes of partnership with peripheral gas businesses revolving around our wide-area branches and related city gas companies. We shall consider initiatives for partnership with other businesses linked to an increase in corporate value on both sides, strengthen partnership with city gas and LP gas companies which we supply on a wholesale basis, and thereby work for the further diffusion of gaseous energy.

[Strengthening of the LNG value chain]

In addition to the existing long-term contracts, we shall launch new projects and also conclude short- and medium-term contracts for sure response to the demand as it expands over the coming years. Meanwhile, through approaches to overseas projects for acquisition of upstream rights or otherwise related to the LNG value chain, we shall steadily procure competitive LNG. We shall increase the fleet of LNG carriers whose operation we manage from the current six to eight by the end of fiscal 2011, reduce our transportation costs, and actively develop business in LNG transportation for other companies.

Furthermore, for response to the expanding demand, we shall construct the fourth LNG tank at the Ohgishima terminal, construct the Saitama-Tokyo line for connection to the installed network, and take other steps to bolster our infrastructure for stable supply.

[Reinforcement of the synergy of All Tokyo Gas]

To reinforce the synergy of All Tokyo Gas, we shall reconstruct the setup for business execution based on studies, from the perspective of the overall optimum, of the advisable configuration of roles and partnership by the newly established Tokyo Gas LIFEVAL as well as affiliates, cooperating companies, and Tokyo Gas itself. At the same time, we shall continue to put resources into the business of affiliates deploying our integrated energy business strategy. We shall achieve growth and increase profitability in the Group as a whole. We shall reconstruct the system of human resource development in All Tokyo Gas and vigorously promote agenda such as the development of technology for the coming generation.

It is our basic policy to fulfill our corporate social responsibility (CSR) and public-service mission through our routine business activities. In this spirit, we shall make efforts to see that this basic perspective on CSR for response to the trust placed in us as a public-minded enterprise by our stakeholders spreads and takes root among the other members of All Tokyo Gas as well.

| | 2009-2013 medium term management plan | Results in FY08 |
|-----------------------------------|--|--------------------------|
| Operating cash flow (billion yen) | <Five-year total from 2009 to 2013> 1,060 | <FY2008 Result> 182.7 |
| Return on Asset (ROA) (%) | <FY 2013 target> 3.7 | <FY2008 Result> 2.4 |
| Return on Equity (ROE) (%) | <FY 2013 target> 7.7 | <FY2008 Result> 5.4 |
| TEP* (billion yen) | <FY 2013 target> 18 | <FY2008 Result> -4.8 |

*Note: TEP = Tokyo Gas Economic Profit

-Operating cash flow=net income + depreciation

-TEP = after-tax & pre-interest-payment profit – capital cost (interest-bearing debt cost + shareholder capital cost)

5. Consolidated Statements

(1) Balance Sheet

(Unit: million yen)

| Account | FY2007 (Mar. 31, 2008) | FY2008 (Mar. 31, 2009) |
|--|---------------------------|---------------------------|
| ASSETS | | |
| Fixed assets | | |
| Tangible fixed assets | | |
| Production facilities | 200,585 | 193,613 |
| Distribution facilities | 486,845 | 490,809 |
| Business facilities | 60,765 | 60,510 |
| Other facilities | 303,189 | 297,643 |
| Suspended facilities | 316 | 316 |
| Construction in progress | 72,419 | 67,957 |
| Total tangible fixed assets | 1,124,122 | 1,110,852 |
| Intangible fixed assets | | |
| Goodwill | 1,833 | 1,233 |
| Other intangible fixed assets | 21,385 | 24,816 |
| Total intangible fixed assets | 23,219 | 26,049 |
| Investments, etc. | | |
| Investment securities | 131,443 | 109,173 |
| Long-term loans receivable | 18,485 | 24,839 |
| Deferred tax assets | 31,635 | 46,212 |
| Miscellaneous investments | 48,072 | 35,847 |
| Allowances for doubtful accounts | -614 | -906 |
| Total investments, etc. | 229,022 | 215,166 |
| Total fixed assets | 1,376,365 | 1,352,068 |
| Current assets | | |
| Cash and deposits | 46,092 | 66,905 |
| Notes and accounts receivable | 172,889 | 166,542 |
| Leasing receivables and leasing investment assets | - | 25,594 |
| Commercial products | 3,742 | 3,807 |
| Work in process goods | 64 | 43 |
| Raw materials and inventory goods | 34,718 | 56,905 |
| Deferred tax assets | 13,704 | 13,461 |
| Other current assets | 56,590 | 79,431 |
| Allowances for doubtful accounts | -516 | -574 |
| Total current assets | 327,286 | 412,117 |
| Total Assets | 1,703,651 | 1,764,185 |

(Unit: million yen)

| Account | FY2007 (as of Mar. 31, 2008) | FY2008 (as of Mar. 31, 2009) |
|---|---------------------------------|---------------------------------|
| LIABILITIES | | |
| Fixed liabilities | | |
| Straight bonds | 331,489 | 291,490 |
| Long-term bank loans payable | 155,648 | 207,741 |
| Deferred tax liabilities | 3,066 | 3,654 |
| Retirement benefit reserve | 93,557 | 100,734 |
| Allowances for repairs of gas holders | 3,558 | 3,555 |
| Reserve for safety measures | 2,957 | 1,450 |
| Other fixed liabilities | 26,346 | 24,597 |
| Total fixed liabilities | 616,624 | 633,223 |
| Current liabilities | | |
| Fixed liabilities due within one year | 63,359 | 88,169 |
| Notes and accounts payable | 99,352 | 103,319 |
| Short-term bank loans payable | 8,378 | 5,910 |
| Corporation tax payable, etc. | 25,150 | 34,894 |
| Deferred tax liabilities | 1 | 2 |
| Other current liabilities | 110,327 | 114,048 |
| Total current liabilities | 306,570 | 346,345 |
| Total liabilities | 923,195 | 979,568 |
| NET ASSETS | | |
| Shareholders' Equity | | |
| Paid in Capital | 141,844 | 141,844 |
| Capital Surplus | 2,065 | 2,065 |
| Returned earnings | 634,116 | 631,045 |
| Treasury Stock | -42,774 | -2,361 |
| Total Shareholder's Equity | 735,251 | 772,594 |
| Value Adjustments of Securities | | |
| Unrealized gains on other securities | 31,917 | 11,466 |
| Deferred loss on hedging instruments | 424 | 920 |
| Foreign currency translation adjustment | 1,479 | -12,615 |
| Total value adjustments of securities | 33,820 | -228 |
| Shares of Minor Shareholders | 11,382 | 12,250 |
| Total net asset | 780,455 | 784,616 |
| Total liabilities, minority interest and shareholders' equity | 1,703,651 | 1,764,185 |

(2) Consolidated Statement of Income

(Unit: million yen)

| Account | FY2007 (Apr.2007 to Mar. 2008) | FY2008 (Apr.2008 to Mar. 2009) |
|---|-----------------------------------|-----------------------------------|
| Sales | 1,487,496 | 1,660,162 |
| Cost of sales | 974,110 | 1,139,791 |
| Gross profit on sales | 513,386 | 520,371 |
| Supply and sales expenses and general and administrative expenses | | |
| Supply and sales expenses | 370,795 | 381,177 |
| General and administrative expenses | 72,541 | 73,989 |
| Total supply and sales expenses and general and administrative expenses | 443,337 | 455,166 |
| Operating income | 70,048 | 65,204 |
| Non-operating income | | |
| Interest income | 446 | 1,089 |
| Dividend income | 1,513 | 1,675 |
| Return on investment accounted for by equity method | 3,775 | 5,529 |
| Foreign exchanges Losses | 5,011 | - |
| Miscellaneous revenues | 8,151 | 7,381 |
| Total non-operating income | 18,898 | 15,675 |
| Non-operating expenses | | |
| Interest paid | 10,460 | 10,869 |
| Balance on commissioned construction | 3,723 | 3,257 |
| Expense for environmental consideration | 2,722 | - |
| Miscellaneous expenditure | 5,208 | 8,415 |
| Total non-operating expenses | 22,114 | 22,542 |
| Ordinary income | 66,832 | 58,337 |
| Extraordinary income | | |
| Gain on sales of fixed assets | 1,849 | - |
| Gain on sales of investment securities | 3,355 | - |
| Effect of new accounting standards for lease | - | 7,846 |
| Gain on reorganization of the health and welfare pension fund | - | 1,570 |
| Gain from the transfer of operation | - | 1,359 |
| Total of extraordinary income | 5,205 | 10,775 |
| Extraordinary losses | | |
| Losses on impairment | 567 | - |
| Losses on compression of fixed assets | 710 | - |
| Loss on investment securities | 1,078 | 1,076 |
| Total of extraordinary losses | 2,356 | 1,076 |
| Net income before adjustment for tax, etc. | 69,681 | 68,037 |
| Corporate tax, residence tax & business tax | 22,748 | 27,630 |
| Adjustment for corporate taxes, etc. | 3,238 | -2,366 |
| Total corporate tax, etc. | 25,986 | 25,264 |
| Minority shareholder income (loss) | 1,207 | 1,064 |
| Net income | 42,487 | 41,708 |

(2) Consolidated Statements of Changes in Net Assets and Statements of consolidated retained earnings

(Unit: million yen)

| | FY2007 (Apr.2007 to Mar. 2008) | FY2008 (Apr.2008 to Mar. 2009) |
|--|-----------------------------------|-----------------------------------|
| Shareholders' equity | | |
| Paid-in capital | | |
| Balance at the end of previous period | 141,844 | 141,844 |
| Changes of items during the period | | |
| Total changes of items during the period | - | - |
| Balance at the end of period | 141,844 | 141,844 |
| Capital surplus | | |
| Balance at the end of previous period | 2,065 | 2,065 |
| Changes of items during the period | | |
| Total changes of items during the interim period | - | - |
| Balance at the end of previous period | 2,065 | 2,065 |
| Retained surplus | | |
| Balance at the end of period | 644,652 | 634,116 |
| Changes by accounting change of controlled foreign corporation | - | 94 |
| Changes of items during the period | | |
| Dividends from surplus | -22,831 | -21,200 |
| Net income | 42,487 | 41,708 |
| Disposal of treasury stock | -2,098 | -11,710 |
| Cancellation of treasury stock | -34,539 | -11,622 |
| Change of subsidiaries | 113 | -340 |
| Change of equity method affiliates | 6,332 | - |
| Total changes of items during the period | -10,536 | -3,165 |
| Balance at the end of period | 634,116 | 631,045 |
| Treasury stock | | |
| Balance at the end of previous period | -44,564 | -42,774 |
| Changes of items during the period | | |
| Repurchase of treasury stock | -39,572 | -10,462 |
| Disposal of treasury stock | 6,823 | 39,252 |
| Cancellation of treasury stock | 34,539 | 11,622 |
| Total changes of items during the period | 1,790 | 40,413 |
| Balance at the end of period | -42,774 | -2,361 |
| Total shareholders' equity | | |
| Balance at the end of previous period | 743,997 | 735,251 |
| Changes by accounting change of controlled foreign corporation | - | 94 |
| Changes of items during the period | | |
| Dividends from surplus | -22,831 | -21,200 |
| Net income | 42,487 | 41,708 |
| Repurchase of treasury stock | -39,572 | -10,462 |
| Disposal of treasury stock | 4,725 | 27,542 |
| Cancellation of treasury stock | - | - |

| | FY2007 (Apr.2007 to Mar. 2008) | FY2008 (Apr.2008 to Mar. 2009) |
|--|-----------------------------------|-----------------------------------|
| Change of subsidiaries | 113 | -340 |
| Change of equity method affiliates | 6,332 | - |
| Total changes of items during the period | -8,745 | 37,247 |
| Balance at the end of period | 735,251 | 772,594 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | | |
| Balance at the end of previous period | 49,706 | 31,917 |
| Changes of items during the period | | |
| Changes of items during the period other than shareholders' equity | -17,789 | -20,451 |
| Total changes of items during the period | -17,789 | -20,451 |
| Balance at the end of period | 31,917 | 11,466 |
| Deferred gains or losses on hedges | | |
| Balance at the end of previous period | 1,095 | 424 |
| Changes of items during the period | | |
| Changes of items during the period other than shareholders' equity | -671 | 496 |
| Total changes of items during the period | -671 | 496 |
| Balance at the end of period | 424 | 920 |
| Translation adjustments | | |
| Balance at the end of previous period | 302 | 1,479 |
| Changes of items during the period | | |
| Changes of items during the period other than shareholders' equity | 1,177 | -14,094 |
| Total changes of items during the period | 1,177 | -14,094 |
| Balance at the end of period | 1,479 | -12,615 |
| Total valuation and translation adjustment | | |
| Balance at the end of previous period | 51,103 | 33,820 |
| Changes of items during the interim period | | |
| Changes of items during the period other than shareholders' equity | -17,283 | -34,048 |
| Total changes of items during the period | -17,283 | -34,048 |
| Balance at the end of period | 33,820 | -228 |
| Minority interests | | |
| Balance at the end of previous period | 10,944 | 11,382 |
| Changes of items during the period | | |
| Changes of items during the period other than shareholders' equity | 438 | 867 |
| Total changes of items during the period | 438 | 867 |
| Balance at the end of period | 11,382 | 12,250 |

| | FY2007 (Apr.2007 to Mar. 2008) | FY2008 (Apr.2008 to Mar. 2009) |
|--|-----------------------------------|-----------------------------------|
| Total net assets | | |
| Balance at the end of previous period | 806,045 | 780,455 |
| Changes by accounting change of controlled foreign corporation | - | 94 |
| Changes of items during the period | | |
| Dividends from surplus | -22,831 | -21,200 |
| Net income | 42,487 | 41,708 |
| Disposal of treasury stock | -39,572 | -10,462 |
| Cancellation of treasury stock | 4,725 | 27,542 |
| Change of subsidiaries | 113 | -340 |
| Change of equity method affiliates | 6,332 | - |
| Changes of items during the period other than shareholders' equity | -16,845 | -33,180 |
| Total changes of items during the period | -25,590 | 4,066 |
| Balance at the end of period | 780,455 | 784,616 |

(4) Consolidated Statement of Cash Flows

(Unit: million yen)

| Account | FY2007 (Apr.2007 to Mar. 2008) | FY2008 (Apr.2008 to Mar. 2009) |
|--|-----------------------------------|-----------------------------------|
| Cash flow from operating activities | | |
| Net income before adjustment for tax, etc. | 69,681 | 68,037 |
| Depreciation | 138,132 | 136,899 |
| Losses on impairment | 567 | - |
| Amortization of goodwill | 684 | 610 |
| Amortization of long-term prepaid expenses | 4,288 | 4,184 |
| Loss on retirement of tangible fixed assets | 1,568 | 3,561 |
| Gain/Loss on sale of fixes assets | -1,644 | - |
| Losses on advanced depreciation deduction | 710 | - |
| Income/loss on sales of investment securities | -3,355 | - |
| Gain/less on revaluation of investments in securities | 1,078 | 1,076 |
| Change in allowances for doubtful accounts | -549 | - |
| Change in provision for retirement benefits | 621 | 7,177 |
| Change in prepaid pension expense | -9,015 | 9,027 |
| Increase or decrease in reserve for safety measure | -2,469 | -1,507 |
| Interest and dividends earned | -1,959 | -2,764 |
| Interest paid | 10,460 | 10,869 |
| Income from a company by equity method | 3,775 | -5,529 |
| Change in accounts receivable | -3,004 | 2,585 |
| Change in inventories | -2,542 | -21,111 |
| Change in accounts payable | 35,883 | 6,005 |
| Change in consumption tax payable | -4,573 | - |
| Change in uncollected balance | -560 | -12,186 |
| Leasing receivables and leasing investment assets | - | -4,042 |
| Gain and loss from transfer of operation | - | -1,359 |
| Effect of new accounting standards for lease | - | -7,846 |
| Other | 1,884 | -7,623 |
| Sub-total | 232,112 | 186,063 |
| Proceeds from interest and dividends | 2,784 | 3,421 |
| Payment of interest | -10,196 | -10,850 |
| Payment of corporate tax, etc. | -42,496 | -19,073 |
| Cash flow from operating activities | 182,204 | 159,561 |
| Cash flow from investing activities | | |
| Payments for a fixed deposits | -5,467 | -6,085 |
| Proceed from drawing fixed deposits | 5,466 | 5,575 |
| Purchases of investment securities | -19,111 | -15,091 |
| Proceeds from sale and recourse of investment securities | 9,630 | 1,388 |
| Purchases of tangible fixed assets | -128,972 | -133,629 |
| Purchases of intangible fixed assets | -6,786 | -7,120 |
| Spending on long-term prepaid expenses | -3,023 | -1,479 |
| Proceeds from sale of fixed assets | 1,496 | 828 |
| Expenditures based on lending for long-term loans | -9,834 | -8,996 |
| Proceed from collecting long-term loans receivable | 1,184 | 1,505 |
| Increase and decrease of short-term loan receivable | - | -1,031 |
| Other | 51 | 558 |
| Cash flow from investing activities | -155,365 | -163,575 |

(Unit: million yen)

| Account | FY2007 (Apr.2007 to Mar. 2008) | FY2008 (Apr.2008 to Mar. 2009) |
|--|-----------------------------------|-----------------------------------|
| Cash flow from financing activities | | |
| Net change in short-term debt | -3,235 | -2,468 |
| Net change in commercial paper | -6,000 | - |
| Expense for repayment of lease obligation | - | -5 |
| Proceeds from long-term debt | 59,590 | 81,185 |
| Payments for long-term debt | -43,162 | -31,249 |
| Proceeds from issue of bond | 29,989 | 20,000 |
| Expense for redemption of debenture | - | -4,888 |
| Proceeds from sales of treasury stock | 302 | 235 |
| Payments for acquiring treasury stock | -39,572 | -10,462 |
| Dividend payments | -22,823 | -21,208 |
| Payment of dividends to minority shareholders | -278 | -205 |
| Cash flow from financing activities | -25,189 | 30,932 |
| Difference due to conversion of cash and cash equivalents | 524 | -6,570 |
| Change in cash and cash equivalents | 2,173 | 20,347 |
| Cash and cash equivalents at beginning of term | 40,231 | 43,706 |
| Increase in cash and cash equivalents due to new consolidation | 1,301 | 1 |
| Decrease in cash and cash equivalents excluding subsidiaries | - | -45 |
| Cash and cash equivalents at end of term | 43,706 | 64,009 |

5 Events or Conditions Causing Significant Doubts Regarding Premise as a Going Concern

No applicable items.

6 Basis of Preparation of Consolidated Financial Statements

Valuation standards and valuation methods for significant assets

Inventory assets

Inventory assets for normal sales purposes

The moving average cost method is mostly adopted (balance sheet prices are calculated using the book value reduction method based on the reduction in profitability).

Items other than those specified above are omitted because there are no significant changes since the publication of the most recent securities report (submitted June 27, 2008).

7 Changes in Basis of Preparation of Consolidated Financial Statements

① Valuation standards and valuation methods for significant assets

Inventory assets

From this term, the Accounting Standards Concerning the Valuation of Inventory Assets (Business Accounting Standards No. 9 of July 5, 2006) are adopted.

The impact of this change on the business performance of the Tokyo Gas group is minimal.

② Accounting standards concerning lease transactions

In the past, the accounting treatment of finance lease transactions that do not pertain to ownership rights transfers have followed the methods used for lease transactions, but from this term, with the application of the Accounting Standards Concerning Lease Transactions (Business Accounting Standards No.13 of June 17 1993 [Business Accounting Council, Standards Committee], revised March 30, 2007) and of the Application Guidelines for the Accounting Standards Concerning Lease Transactions (Business Accounting Standards Application Guidelines No. 16 of January 18, 1994 [Japanese Institute of Certified Public Accountants, Accounting Systems Committee], revised March 30, 2007), these finance lease transactions follow the methods used for regular sales-purchase transactions. As the depreciation method for finance lease transactions that do not pertain to ownership rights transfers, lessees must now adopt the straight line method with the lease period as the service life and a residual value of zero.

The impact of this change on lessees is minimal.

The impact of this on the operating profits and recurring profits of lessors is also minimal, but resulted in an increase of ¥7,715 million yen in pre-tax current net income.

③ Temporary procedures concerning the accounting treatment of foreign subsidiaries in the preparation of consolidated financial statements

From this term the procedures specified by “Temporary Procedures Concerning the Accounting Treatment of Foreign Subsidiaries in the Preparation of Consolidated Financial Statements” (Working Application Report No. 18 of May 17, 2006) are applied, and the necessary revisions are made to the consolidated financial statements. The impact of this change on the business performance of the Tokyo Gas group is minimal.

8 Supplementary Information

(Adjustments of gas resource costs)

Adjustments to gas resource costs sometimes emerge from contract changes and price negotiations trends with gas resource suppliers.

9. Notes on consolidated financial statements

(1) Segment information

a. Segment information by category of business

Previous year (2007.4.1~2008.3.31)

(Unit: million yen)

| | | Gas | Gas appliances | Contracted construction work | Building lease | Other business | Total | Corporate and eliminations | Consolidated |
|---------------|--|-----------|----------------|------------------------------|----------------|----------------|-----------|----------------------------|--------------|
| Previous year | I. Sales and operating income (loss) | | | | | | | | |
| | Sales | | | | | | | | |
| | (1) External sales | 1,056,100 | 129,201 | 53,569 | 12,360 | 236,263 | 1,487,496 | - | 1,487,496 |
| | (2) Intersegment sales and transfers | 30,943 | 3,125 | 3,755 | 22,808 | 84,097 | 144,731 | (144,731) | - |
| | Total | 1,087,044 | 132,326 | 57,325 | 35,169 | 320,361 | 1,632,228 | (144,731) | 1,487,496 |
| | Operating expenses | 975,381 | 129,417 | 56,497 | 27,206 | 307,592 | 1,496,095 | (78,646) | 1,417,448 |
| | Operating income (loss) | 111,663 | 2,909 | 828 | 7,963 | 12,768 | 136,133 | (66,084) | 70,048 |
| Previous year | II. Assets, depreciation expenses and capital expenditures | | | | | | | | |
| | Assets | 993,802 | 43,551 | 18,891 | 179,857 | 256,631 | 1,492,734 | 210,916 | 1,703,651 |
| | Depreciation expenses | 107,312 | 605 | 122 | 9,907 | 22,244 | 140,193 | (2,060) | 138,132 |
| | Impairment loss | - | - | - | - | 567 | 567 | - | 567 |
| | Capital expenditures | 94,404 | 648 | 35 | 4,300 | 37,701 | 137,091 | (2,108) | 134,983 |
| | | | | | | | | | |

Current year (2008.4.1~2009.3.31)

| | | | | | | | | | |
|--------------|---|-----------|---------|--------|---------|---------|-----------|-----------|-----------|
| Current year | I. Sales and operating income (loss) | | | | | | | | |
| | Sales | | | | | | | | |
| | (1) External sales | 1,220,023 | 117,256 | 45,834 | 13,132 | 263,915 | 1,660,162 | - | 1,660,162 |
| | (2) Intersegment sales and transfers | 37,551 | 5,106 | 3,259 | 22,505 | 99,867 | 168,290 | (168,290) | - |
| | Total | 1,257,574 | 122,363 | 49,094 | 35,637 | 363,783 | 1,828,452 | (168,290) | 1,660,162 |
| | Operating expenses | 1,146,717 | 120,276 | 50,194 | 28,194 | 350,301 | 1,695,684 | (100,726) | 1,594,957 |
| | Operating income (loss) | 110,857 | 2,086 | -1,099 | 7,442 | 13,482 | 132,768 | (67,563) | 65,204 |
| Current year | II. Assets, depreciation expenses, and capital expenditures | | | | | | | | |
| | Assets | 1,037,149 | 40,097 | 17,548 | 175,539 | 267,562 | 1,537,898 | 226,286 | 1,764,185 |
| | Depreciation expenses | 109,247 | 733 | 101 | 9,637 | 19,347 | 139,067 | (2,168) | 136,899 |
| | Impairment loss | - | - | - | - | - | - | - | - |
| | Capital expenditures | 110,653 | 917 | 54 | 5,769 | 29,562 | 146,958 | (2,507) | 144,450 |
| | | | | | | | | | |

Notes

(1). Classification of business categories and main products in each category of business

Business categories are classified by aggregate sale category in accordance with the Gas Business Accounting Regulations.

| Business categories | Main products |
|------------------------------|--|
| Gas | Gas |
| Gas appliances | Gas appliances |
| Contracted construction work | Gas construction work |
| Building lease | Lease and management of buildings, etc. |
| Other businesses | District heating and cooling, coke, general engineering , petroleum products, LPG, system integration, power generation, credit leases |

(2). The main unapportionable operating expenses included under "corporate and eliminations" are general expenses relating to the administration department of the company submitting the consolidated financial statements.

FY2007: ¥67,096 million FY2008: ¥68,664 million

(3). In the asset category the main company-wide assets included under "corporate and eliminations" include surplus working capital (cash and deposits), deferred tax assets, and assets relating to long-term investment capital (investment securities).

FY2007: ¥243,678 million FY2008: ¥259,494 million

(2) Segment information by location

Not applicable due to insignificance of overseas consolidated subsidiaries.

(3) Overseas sales

Not included due to insignificance of overseas sales as a proportion of consolidated sales.

(1) Supplementary information of shares

| | FY2007 | FY2008 |
|--|-------------|-------------|
| | (Unit: yen) | (Unit: yen) |
| 1. Shareholders' equity per share | 289.49 | 284.72 |
| 2. Earnings per share | 15.94 | 15.63 |
| 3. Earnings per share adjusted for latent shares | 15.50 | 15.37 |

-Basis for calculation

| | FY2007 | FY2008 |
|---|-----------|-----------|
| Earnings per share | | |
| Net income(million yen) | 42,487 | 41,708 |
| Not attributable to common shareholders (million yen) | - | - |
| Net income attributable to common shareholders | 42,487 | 41,708 |
| Average number of common shares outstanding (thousand of shares) | 2,666,026 | 2,667,617 |
| Net earnings per share adjusted for latent shares | | |
| Net income adjusted for latent shares (million yen) | 218 | 98 |
| -Interest expense after tax(million yen) | 216 | 96 |
| Number of increase in common shares (thousand of shares) | 88,469 | 51,947 |
| -CB (thousand of shares) | 88,469 | 51,947 |
| Latent shares which do not have the dilution effect | - | - |

-Basis for calculation of BPS

| | FY2007 | FY2008 |
|--|-----------|-----------|
| Book Value per share | | |
| Shareholders' equity (million yen) | 780,455 | 784,616 |
| Deduction from shareholders' equity (million yen) | 11,382 | 12,250 |
| -Shares of minority shareholders (million yen) | 11,382 | 12,250 |
| Net Shareholders' equity attributable to common shares (million yen) | 769,072 | 772,365 |
| Number of shares to calculate BPS (million yen) | 2,656,634 | 2,712,687 |

(3)Subsequent events

Acquisitions of treasury stock

The Directors' meeting held on April 28, 2009 approved the acquisition of treasury stocks.

-Type of shares: Common shares

-Number of shares: Limited to 15,000,000 shares

-Cost of shares acquisitions: Limited to ¥5,000 million

-Period of acquisitions: from April 30, 2009 to October 30, 2009

5. Non-Consolidated Statements

(1) Balance Sheet

(Unit: million yen)

| Account | FY2007 (Mar. 31, 2008) | FY2008 (Mar. 31, 2009) |
|--------------------------------------|---------------------------|---------------------------|
| ASSETS | | |
| Fixed assets | | |
| Tangible fixed assets | | |
| Production facilities | 200,783 | 193,833 |
| Distribution facilities | 467,987 | 471,730 |
| Business facilities | 57,538 | 56,651 |
| Other facilities | 4,104 | 3,612 |
| Suspended facilities | 316 | 316 |
| Construction in progress | 43,877 | 41,713 |
| Total tangible fixed assets | 774,608 | 767,856 |
| Intangible fixed assets | | |
| Leaseholds | 1,222 | 1,263 |
| Software | 16,239 | 15,728 |
| Other intangible fixed assets | 617 | 5,050 |
| Total intangible fixed assets | 18,079 | 22,042 |
| Investments, etc. | | |
| Investment securities | 77,726 | 48,938 |
| Investments in affiliates | 131,741 | 142,320 |
| Long-term loans receivable | 180 | 171 |
| Long-term loans to affiliates | 91,979 | 121,482 |
| Investments in partnership | 3 | 13 |
| Long-term prepaid expenses | 26,421 | 23,586 |
| Deferred tax assets | 23,415 | 39,576 |
| Miscellaneous investments | 12,882 | 4,176 |
| Allowances for doubtful accounts | -381 | -494 |
| Total investments, etc. | 363,969 | 379,771 |
| Total fixed assets | 1,156,657 | 1,169,671 |
| Current assets | | |
| Cash and deposits | 11,830 | 23,114 |
| Notes and accounts receivable | 1,099 | 650 |
| Accounts receivable | 114,388 | 106,418 |
| Accounts receivable from affiliates | 17,345 | 25,059 |
| Uncollected accounts | 10,716 | 22,176 |
| Negotiable securities | 1 | 1 |
| Finished products | 119 | 107 |
| Raw materials | 24,538 | 44,899 |
| Supplies | 7,223 | 7,920 |
| Prepaid expenses | 397 | 653 |
| Short-term CMS lending to affiliates | 19,296 | 21,315 |
| Short-term credits affiliates | 1,726 | 2,169 |
| Deferred tax assets | 10,565 | 10,286 |
| Other current assets | 26,109 | 38,429 |
| Allowances for doubtful accounts | -554 | -527 |
| Total current assets | 244,807 | 302,673 |
| Total Assets | 1,401,464 | 1,472,344 |

(Unit: million yen)

| Account | FY2007 (as of Mar. 31, 2008) | FY2008 (as of Mar. 31, 2009) |
|--|---------------------------------|---------------------------------|
| LIABILITIES | | |
| Fixed liabilities | | |
| Straight bonds | 317,689 | 277,690 |
| Long-term bank loans payable | 82,372 | 133,737 |
| Long-term obligations to affiliates | 301 | 324 |
| Retirement benefit reserve | 82,143 | 90,838 |
| Allowances for repairs of gas holders | 3,275 | 3,231 |
| Reserve for safety measures | 2,826 | 1,331 |
| Other fixed liabilities | 5,131 | 3,423 |
| Total fixed liabilities | 493,738 | 510,575 |
| Current liabilities | | |
| Fixed liabilities due within one year | 35,869 | 66,782 |
| Accounts payable | 69,975 | 77,097 |
| Other accounts payable | 29,066 | 31,776 |
| Accrued expenses | 35,420 | 31,801 |
| Corporation tax payable, etc. | 18,941 | 28,615 |
| Advances received | 5,085 | 5,169 |
| Deposits received | 1,522 | 1,511 |
| CMS short-term borrowings from affiliates | 29,387 | 28,813 |
| Short-term obligations to affiliates | 18,510 | 22,156 |
| Other current liabilities | 3,946 | 5,386 |
| Total current liabilities | 247,725 | 299,109 |
| Total liabilities | 741,464 | 809,685 |
| NET ASSETS | | |
| Shareholders' Equity | | |
| Common stock | 141,844 | 141,844 |
| Capital surplus | | |
| Capital reserve | 2,065 | 2,065 |
| Total Capital surplus | 2,065 | 2,065 |
| Earned surplus | | |
| Earned surplus reserve | 35,454 | 35,454 |
| Other retained earnings | | |
| Expropriation etc. compression reserve | 910 | 910 |
| Reserve against loss of investment abroad, etc. | 1,800 | 2,024 |
| Reserve against depreciation of construction of specified gas pipes | 356 | - |
| Raw material cost fluctuation adjustment reserve | 141,000 | 141,000 |
| General reserves | 299,000 | 299,000 |
| General reserves | 51,957 | 32,644 |
| Earned surplus carried forward | | |
| Total Earned surplus | 530,478 | 511,032 |
| Treasury Stock | -42,774 | -2,361 |
| Total shareholders' Equity | 631,614 | 652,581 |
| Variance of the estimate and the exchange rate | | |
| Unrealized gains on other securities | 27,727 | 9,429 |
| Gain or loss on deferred hedge | 658 | 647 |
| Total Variance of the estimate and the exchange rate | 28,385 | 10,077 |
| Total net asset | 660,000 | 662,658 |
| Total liabilities, minority interest and shareholders' equity | 1,401,464 | 1,472,344 |

(2) Statement of Income

(Unit: million yen)

| Account | FY2007 (Apr.2007 to Mar. 2008) | FY2008 (Apr.2008 to Mar. 2009) |
|--|-----------------------------------|-----------------------------------|
| Product Sales | | |
| Gas sales | 1,065,839 | 1,225,737 |
| Total product sales | 1,065,839 | 1,225,737 |
| Cost of sales | | |
| Inventory at the end of previous period | 86 | 119 |
| Cost of goods manufactured | 616,843 | 763,228 |
| Cost of goods purchased | 12,992 | 13,651 |
| Cost of goods self-consumed | 2,504 | 3,127 |
| Inventory at the end of period | 119 | 107 |
| Total Cost of sales | 627,297 | 773,765 |
| Gross profit | 438,541 | 451,972 |
| Supply and sales expenses | 324,464 | 337,000 |
| General and administrative expenses | 74,888 | 75,882 |
| Total supply and sales expenses and general and administrative expenses | 399,353 | 412,882 |
| Profit on gas sales | 39,188 | 39,089 |
| Miscellaneous operating revenues | | |
| Income of construction work received | 48,489 | 41,923 |
| Revenues from sales of gas appliances | 106,296 | 95,870 |
| Income from third party access | - | 212 |
| Other revenues | 1,011 | 1,957 |
| Total miscellaneous operating revenues | 155,798 | 139,963 |
| Miscellaneous operating expenses | | |
| Cost of construction work | 48,001 | 42,755 |
| Cost of sales of gas appliances | 104,460 | 94,518 |
| Total miscellaneous operating expenses | 152,461 | 137,273 |
| Revenues from associated business | | |
| Revenue from LNG sales | 17,427 | 36,660 |
| Revenue from power sales | 5,627 | 19,284 |
| Revenue from other associated business | 23,355 | 26,508 |
| Total revenues from associated business | 46,410 | 82,453 |
| Expenses for associated business | | |
| Expense for LNG sales | 17,662 | 35,901 |
| Expense for power sales | 5,653 | 20,099 |
| Expenses for other associated business | 22,756 | 25,684 |
| Total expenses for associated business | 46,072 | 81,685 |
| Operating income | 42,863 | 42,547 |
| Non-operating income | | |
| Interest income | 1,614 | 2,042 |
| Dividend income | 2,011 | 2,117 |
| Rental income | 4,344 | 4,249 |
| Foreign exchanges Losses | 4,934 | - |
| Miscellaneous revenues | 6,491 | 5,311 |
| Total non-operating income | 19,396 | 13,721 |
| Non-operating expenses | | |
| Interest paid | 1,532 | 2,304 |
| Interest on bonds | 6,182 | 6,484 |
| Amortization of bond issue expenses | 144 | 74 |
| Balance on commissioned construction | 3,795 | 3,407 |
| Expense for environmental consideration | 2,725 | - |
| Miscellaneous expenditure | 3,503 | 4,133 |
| Total non-operating expenses | 17,883 | 16,404 |
| Ordinary income | 44,376 | 39,864 |

(Unit: million yen)

| Account | FY2007 (Apr.2007 to Mar. 2008) | FY2008 (Apr.2008 to Mar. 2009) |
|--|-----------------------------------|-----------------------------------|
| Extraordinary income | | |
| Gain on sales of fixed assets | 784 | - |
| Gain on sales of investment securities | 3,444 | - |
| Total of extraordinary income | 4,229 | - |
| Extraordinary losses | | |
| Impairment loss | 557 | - |
| Losses on compression of fixed assets | 710 | - |
| Losses on valuation of investment securities | 1,075 | 1,062 |
| Total of extraordinary losses | 2,343 | 1,062 |
| Net income before income tax | 46,262 | 38,801 |
| Corporate taxes, etc. | 14,130 | 19,210 |
| Adjustment for corporate taxes, etc. | 2,211 | -5,496 |
| Total corporate tax, etc. | 16,341 | 13,713 |
| Net income | 29,921 | 25,087 |

(3)Non-Consolidated Statements of Changes in Net Assets and Statements of consolidated retained earnings

(Unit: million yen)

| | FY2007 (Apr.2007 to Mar. 2008) | FY2008 (Apr.2008 to Mar. 2009) |
|--|-----------------------------------|-----------------------------------|
| Shareholders' equity | | |
| Paid-in capital | | |
| Balance at the end of previous period | 141,844 | 141,844 |
| Changes of items during the period | - | - |
| Total changes of items during The period | 141,844 | 141,844 |
| Balance at the end of period | | |
| Capital surplus | | |
| Balance at the end of previous period | 2,065 | 2,065 |
| Changes of items during the interim period | | |
| Total changes of items during the interim period | - | - |
| Balance at the end of period | 2,065 | 2,065 |
| Total Capital surplus | | |
| Balance at the end of previous period | 2,065 | 2,065 |
| Changes of items during the interim period | | |
| Total changes of items during the interim period | - | - |
| Balance at the end of period | 2,065 | 2,065 |
| Retained surplus | | |
| Legal reserve | | |
| Balance at the end of previous period | 35,454 | 35,454 |
| Changes of items during the interim period | | |
| Total changes of items during the interim period | - | - |
| Balance at the end of period | 35,454 | 35,454 |
| Other Retained surplus | | |
| Compression reserve | | |
| Balance at the end of previous period | 910 | 910 |
| Changes of items during the interim period | | |
| Total changes of items during the interim period | - | - |
| Balance at the end of period | 910 | 910 |
| Reserve against loss of investment on abroad, etc. | | |
| Balance at the end of previous period | - | 1,800 |
| Changes of items during the interim period | | |
| Reserve against loss of investment abroad, etc. | 1,800 | 224 |
| Total changes of items during the interim period | 1,800 | 224 |
| Balance at the end of period | 1,800 | 2,024 |
| Reserve against depreciation of construction of specified gas pipes | | |
| Balance at the end of previous period | 712 | 356 |

(Unit: million yen)

| | FY2007 (Apr.2007 to Mar. 2008) | FY2008 (Apr.2008 to Mar. 2009) |
|---|-----------------------------------|-----------------------------------|
| Changes of items during the interim period | | |
| Reversal of reserve against depreciation of construction of specified gas pipes | -356 | -356 |
| Total changes of items during the interim period | -356 | -356 |
| Balance at the end of period | 356 | - |
| Raw material cost fluctuation adjustment reserve | 141,000 | 141,000 |
| Balance at the end of previous period | | |
| Changes of items during the interim period | - | - |
| Balance at the end of period | 141,000 | 141,000 |
| General reserves | | |
| Balance at the end of previous period | 249,000 | 299,000 |
| Changes of items during the interim period | | |
| Reserves of general reserves | 50,000 | - |
| Total changes of items during the interim period | 50,000 | - |
| Balance at the end of period | 299,000 | 299,000 |
| Deferred retained earnings | | |
| Balance at the end of previous period | 132,950 | 51,957 |
| Changes of items during the interim period | | |
| Reserve against loss of investment abroad, etc. | -1,800 | -224 |
| Reversal of reserve against depreciation of construction of specified gas pipes | 356 | 356 |
| Reserves of general reserves | -50,000 | - |
| Dividends from surplus | -22,381 | -21,200 |
| Net income | 29,921 | 25,087 |
| Disposal of treasury stock | -2,098 | -11,710 |
| Cancellation of treasury stock | -34,539 | -11,622 |
| Total changes of items during the interim period | -80,992 | -19,313 |
| Balance at the end of period | 51,957 | 32,644 |
| Total Retained surplus | | |
| Balance at the end of previous period | 560,027 | 530,478 |
| Changes of items during the interim period | | |
| Reserve against loss of investment abroad, etc. | - | - |
| Reversal of reserve against depreciation of construction of specified gas pipes | - | - |
| Reserves of general reserves | - | - |
| Dividends from surplus | -22,831 | -21,200 |
| Net income | 29,921 | 25,087 |
| Disposal of treasury stock | -2,098 | -11,710 |

(Unit: million yen)

| | FY2007 (Apr.2007 to Mar. 2008) | FY2008 (Apr.2008 to Mar. 2009) |
|--|-----------------------------------|-----------------------------------|
| Cancellation of treasury stock | -34,539 | -11,622 |
| Total changes of items during the interim period | -29,548 | -19,446 |
| Balance at the end of period | 530,478 | 511,032 |
| Treasury stock | | |
| Balance at the end of previous period | -44,564 | -42,774 |
| Changes of items during the interim period | | |
| Repurchase of treasury stock | -39,572 | -10,462 |
| Disposal of treasury stock | 6,823 | 39,252 |
| Cancellation of treasury stock | 34,539 | 11,622 |
| Total changes of items during the interim period | 1,790 | 40,413 |
| Balance at the end of period | -42,774 | -2,361 |
| Total shareholders' equity | | |
| Balance at the end of previous period | 659,372 | 631,614 |
| Changes of items during the interim period | | |
| Dividends from surplus | -22,831 | -21,200 |
| Net income | 29,921 | 25,087 |
| Repurchase of treasury stock | -39,572 | -10,462 |
| Disposal of treasury stock | 4,725 | 27,542 |
| Changes of items during the interim period | - | - |
| Total changes of items during the interim period | -27,757 | 20,966 |
| Balance at the end of period | 631,614 | 652,581 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | | |
| Balance at the end of previous period | 42,597 | 27,727 |
| Changes of items during the interim period | | |
| Changes of items during the interim period other than shareholders' equity | -14,870 | -18,297 |
| Total changes of items during the interim period | -14,870 | -18,297 |
| Balance at the end of period | 27,727 | 9,429 |
| Deferred gains or losses on hedges | | |
| Balance at the end of previous period | 1,202 | 658 |
| Changes of items during the interim period | | |
| Changes of items during the interim period other than shareholders' equity | -544 | -10 |
| Total changes of items during the interim period | -544 | -10 |
| Balance at the end of period | 658 | 647 |

(Unit: million yen)

| | FY2007 (Apr.2007 to Mar. 2008) | FY2008 (Apr.2008 to Mar. 2009) |
|--|-----------------------------------|-----------------------------------|
| Valuation and translation adjustments | | |
| Balance at the end of previous period | 43,800 | 28,385 |
| Changes of items during the interim period | | |
| Changes of items during the interim period other than shareholders' equity | -15,414 | -18,308 |
| Total changes of items during the interim period | -15,414 | -18,308 |
| Balance at the end of period | 28,385 | 10,077 |
| Total net assets | | |
| Balance at the end of previous period | 703,173 | 660,000 |
| Changes of items during the interim period | | |
| Dividends from surplus | -22,831 | -21,200 |
| Net income | 29,921 | 25,087 |
| Repurchase of treasury stock | -39,572 | -10,462 |
| Disposal of treasury stock | 4,725 | 27,542 |
| Changes of items during the interim period other than shareholders' equity | -15,414 | -18,308 |
| Total changes of items during the interim period | -43,172 | 2,658 |
| Balance at the end of period | 660,000 | 662,658 |

(4)Events or Conditions Causing Significant Doubts Regarding Premise as a Going Concern

No applicable items.

6. Others

(1) Management reshuffle

Management reshuffle has been disclosed on 26th February, 2009.

(2) Non-Consolidated Operating results

<Gas sales for FY2008>

| | | | FY2008 (actual) | FY2007 (actual) | Change | % change | |
|---------------------|------------------------------|---------------------|---------------------|--------------------|--------|----------|------|
| No. of customers | | Thousand | 10,256 | 10,124 | 132 | 1.3 | |
| Gas sales volume | Residential | | m ³ | 32.40 | 33.48 | -1.08 | -3.2 |
| | | | Mil. m ³ | 3,368 | 3,427 | -59 | -1.7 |
| | Business | Commercial | Mil. m ³ | 1,952 | 2,047 | -95 | -4.6 |
| | | Other | Mil. m ³ | 916 | 928 | -12 | -1.3 |
| | Industrial | | Mil. m ³ | 5,280 | 5,593 | -313 | -5.6 |
| | Sub total | | Mil. m ³ | 8,148 | 8,568 | -420 | -4.9 |
| | Wholesale to other utilities | | Mil. m ³ | 2,073 | 2,058 | 15 | 0.7 |
| Total | | Mil. m ³ | 13,589 | 14,053 | -464 | -3.3 | |
| Average temperature | | °C | 16.6 | 16.6 | 0.0 | - | |

- Notes: 1. The upper row of figures for residential demand indicates gas sales per meter read (m³/household/month)
 2. "Other" for business demand indicates sales to public and medical institutions.
 3. Gas sales volumes are on the basis of 45MJ/ m³

<FY2008 balance of payments >

(Unit: billion yen)

| Income | | Change from previous year | Rate (%) | Expenses | | Change from previous year | Rate (%) | | |
|----------------------|-----------------------|---------------------------|----------|----------|------------------------|-----------------------------------|----------|-------|-------|
| Product | Gas sales | 1,225.7 | 159.9 | 15.0 | Operating expenses | Cost of sales | 773.7 | 146.5 | 23.3 |
| | | | | | | Sales and administrative expenses | 412.8 | 13.5 | 3.4 |
| | | | | | | Subtotal | 1,186.6 | 160.0 | 15.6 |
| Other sales | Construction orders | 41.9 | -6.5 | -13.5 | Other expenses | Construction orders | 42.7 | -5.3 | -10.9 |
| | Gas appliances, etc. | 98.0 | -9.3 | -8.6 | | Gas appliances | 94.5 | -9.9 | -9.5 |
| | Associated businesses | 82.4 | 36.0 | 77.7 | | Subsidiary businesses | 81.6 | 35.6 | 77.3 |
| | Subtotal | 222.4 | 20.2 | 10.0 | | Subtotal | 218.9 | 20.4 | 10.3 |
| Total sales | | 1,448.1 | 180.1 | 14.2 | Total expenses | | 1,405.6 | 180.5 | 14.7 |
| | | | | | Operating profit | | 42.5 | -0.3 | -0.7 |
| Non-operating income | | 13.7 | -5.6 | -29.3 | Non-operating expenses | | 16.4 | -1.4 | -8.3 |
| | | | | | Ordinary profit | | 39.8 | -4.5 | -10.2 |
| Extraordinary profit | | - | -4.2 | -100.0 | Extraordinary loss | | 1.0 | -1.3 | -54.7 |
| | | | | | Net Income | | 25.0 | -4.9 | -16.2 |

(Rounded down to nearest ¥100 million)

Notes: [1] Cost of sales includes cost of raw materials is ¥ 744.8 billion (increase by ¥ 145.9 billion, or 24.4%, from the previous year).

[2] Non-operating expenses include interest expenses is ¥ 9.3 billion (increase by ¥ 1.1 billion, or 13.3%, from the previous year).

| Crude-oil price (\$/bbl) | FY2008 | FY2007 | Change | ¥/\$ rate | FY2008 | FY2007 | Change |
|--------------------------|--------|--------|--------|-----------|--------|--------|--------|
| | 90.51 | 78.72 | 11.79 | | 100.71 | 114.44 | -13.73 |

(3) Capital expenses

The tables below present figures for capital investment in FY2007, FY2008 and FY2009.

(Unit: hundred million yen)

| | FY2007 (actual) | | FY2008 (actual) | | FY2009 (projection) | |
|--------------------------------|-----------------|-------|-----------------|-------|---------------------|-------|
| | | (%) | | (%) | | (%) |
| Production facilities | 69 | 7.6 | 88 | 8.3 | 172 | 14.2 |
| Distribution facilities | 732 | 79.3 | 831 | 78.1 | 813 | 67.0 |
| Business facilities | 116 | 12.6 | 139 | 13.1 | 219 | 18.1 |
| Associated business facilities | 4 | 0.5 | 4 | 0.5 | 8 | 0.7 |
| Total | 923 | 100.0 | 1,065 | 100.0 | 1,212 | 100.0 |

(Unit: hundred million yen)

| Terminal-related facilities (production facilities) | FY2007(actual) | FY2008 (actual) | FY2009 (projection) |
|---|-----------------|-----------------|---------------------|
| Sodegaura Terminal | 29 | 24 | 21 |
| Negishi Terminal | 8 | 35 | 92 |
| Ohgishima Terminal | 20 | 21 | 49 |
| Total | 57 | 80 | 162 |
| Mains and branches (distribution facilities) | FY2007 (actual) | FY2008(actual) | FY2009 (projection) |
| Demand-development mains and branches | (709km) 307 | (684km) 335 | (637km) 338 |
| Safety measure mains and branches | (220km) 125 | (255km) 151 | (255km) 160 |
| Planned mains and branches | (62km) 136 | (46km) 187 | (39km) 128 |
| Urban development mains and branches | (73km) 15 | (67km) 16 | (61km) 11 |
| Total | (1,063km) 584 | (1,052km) 691 | (991km) 639 |

2. Outlook for FY2009 (Non-consolidated)

(Unit: billion yen)

| | Sales | | Operating Income | Ordinary Income | Net income | |
|---------------------|-----------|---------|---------------------|--------------------|------------|-------|
| | Gas Sales | Others | | | | |
| FY2009 (projection) | 1,179.0 | 981.0 | 198.0 | 53.0 | 50.0 | 33.0 |
| FY2008 (actual) | 1,448.1 | 1,225.7 | 222.4 | 42.5 | 39.8 | 25.0 |
| Change | -269.1 | -244.7 | -24.4 | 10.5 | 10.2 | 8.0 |
| Rate of change | -18.6% | -20.0% | -11.0% | 24.6% | 25.4% | 31.5% |

<Gas sales projection for FY2009>

| | | | FY2009 (projection) | FY2008 (actual) | Change | Rate of change (%) | |
|----------------------|-----------------------------|---------------------|------------------------|--------------------|--------|-----------------------|-------|
| No. of gas customers | | Thousand | 10,360 | 10,256 | 104 | 1.0 | |
| Gas sales volume | Residential | Mil. m ³ | 3,388 | 3,368 | 20 | 0.6 | |
| | Business | Commercial | Mil. m ³ | 1,920 | 1,952 | -32 | -1.7 |
| | | Other | Mil. m ³ | 898 | 916 | -18 | -2.0 |
| | | Industrial | Mil. m ³ | 4,727 | 5,280 | -553 | -10.5 |
| | Sub total | | Mil. m ³ | 7,545 | 8,148 | -603 | -7.4 |
| | Supplies to other utilities | | Mil. m ³ | 2,008 | 2,073 | -65 | -3.1 |
| | Total | | Mil. m ³ | 12,941 | 13,589 | -648 | -4.8 |
| Ave. temperature | | °C | 16.9 | 16.6 | 0.3 | - | |
| Crude oil price | | \$/bbl | 50.00 | 90.51 | -40.51 | -44.8 | |
| Exchange rate | | ¥/\$ | 100.00 | 100.71 | -0.71 | -0.7 | |