

Financial Results Presentation Meeting

Interim results for FY2004 (Apr.-Sept. 2004)

Oct. 28, 2004
Tokyo Gas Co., Ltd.

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This presentation material can be obtained in our website.
URL:http://www.tokyo-gas.co.jp/IR/ir_e.html

Key Points of Interim Financial Results

◆ Increase in Revenue and Income

- Decrease in gas sales volume for residential customers because of high temperature
- Decrease in fixed costs such as depreciation
- Increase in number of consolidated subsidiaries
 (18 subsidiaries & 1 affiliate by equity method
 → 53 subsidiaries & 1 affiliate by equity method)

Summary of Interim Financial Results

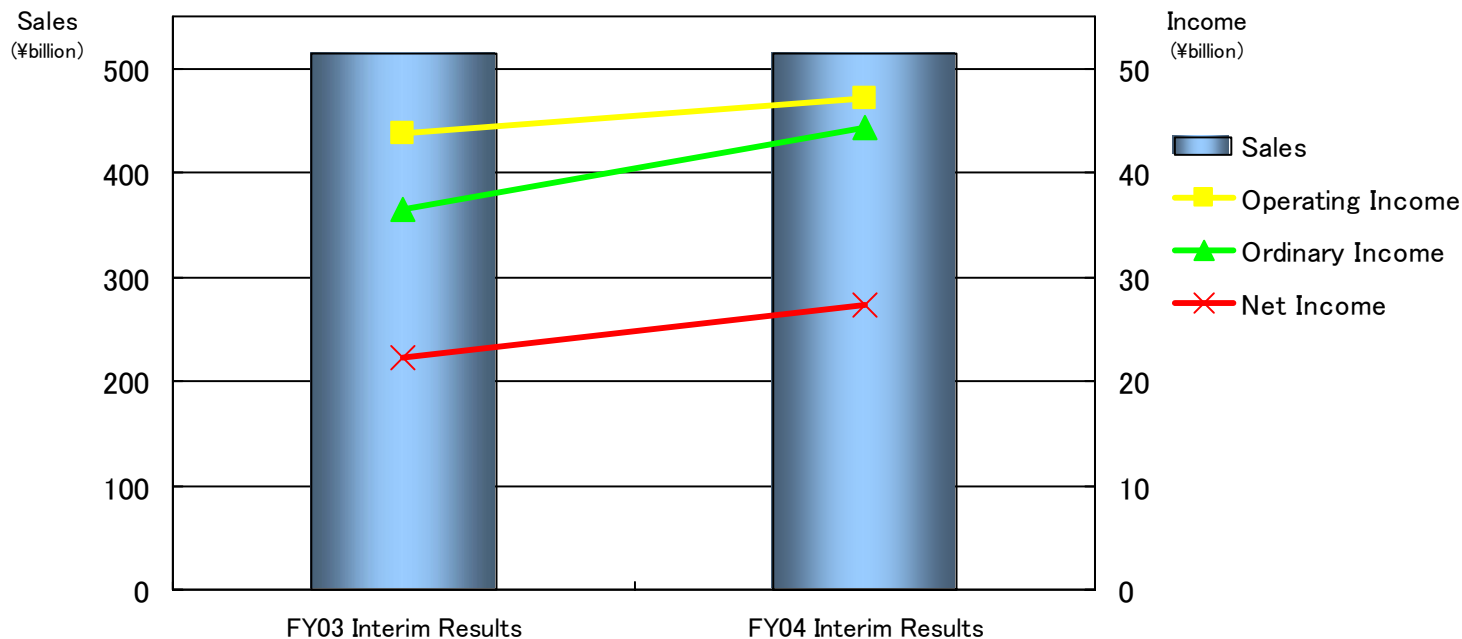
(Change from Previous Year)

(Unit: billion yen)

	FY03 Interim Results	FY04 Interim Results	Change from Previous year	Effect of increase in # of consolidated subsidiaries*
Sales	505.1	514.1	+9.0 (+1.8%)	+17.9
Operating Income	43.8	47.1	+3.3 (+7.7%)	+0.9
Ordinary Income	36.4	44.4	+8.0 (+21.8%)	+0.2
Net Income	22.2	27.4	+5.2 (+23.6%)	-0.3

Note: 1) Consolidated companies comprise 53 consolidated subsidiaries and 1 equity-method affiliate.

2) Figures are rounded down to nearest ¥0.1 billion.

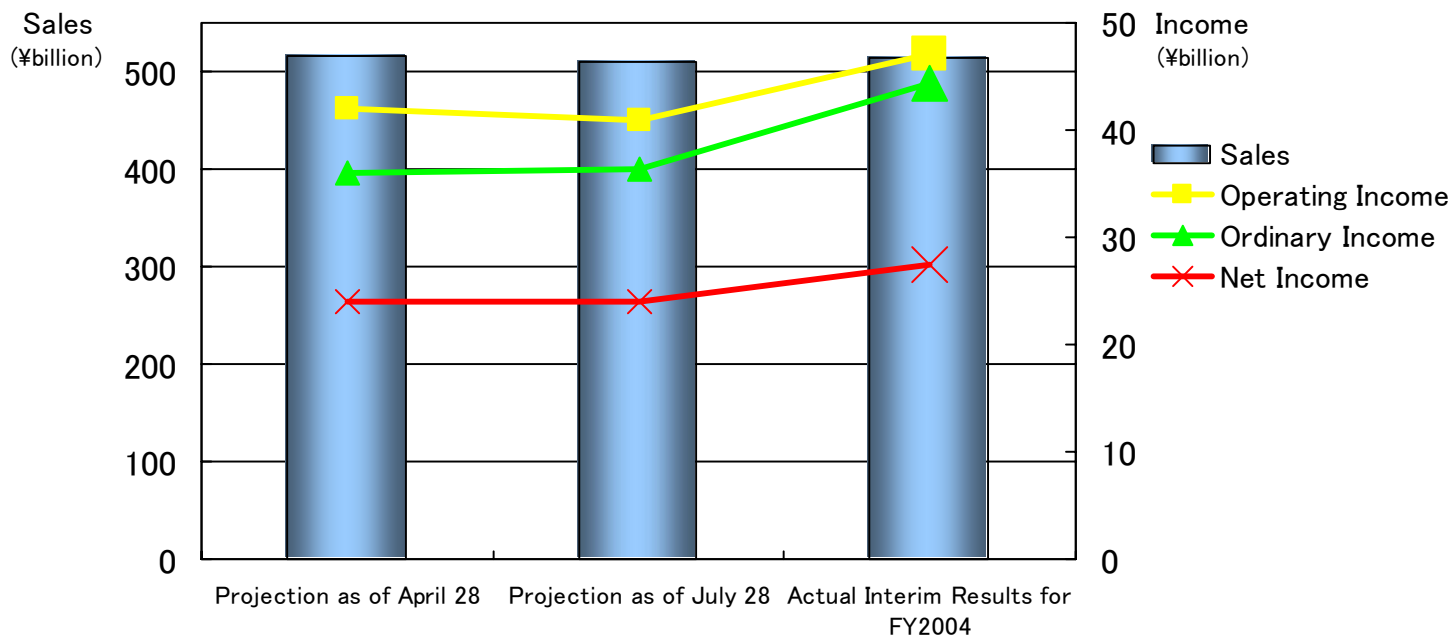


Summary of Interim Results (Change from Projection)

(Unit: billion yen)

	Projection as of Apr. 28	Projection as of Jul. 28	FY04 Interim Results	Change from projection as of Apr. 28	Change from projection as of Jul.28
Sales	516.0	511.0	514.1	-1.9 (-0.4%)	+3.1 (+0.6%)
Operating Income	42.0	41.0	47.1	+5.1 (+12.1%)	+6.1 (+14.9%)
Ordinary Income	36.0	36.0	44.4	+8.4 (+23.3%)	+8.4 (+23.3%)
Net Income	24.0	24.0	27.4	+3.4 (+14.2%)	+3.4 (+14.2%)

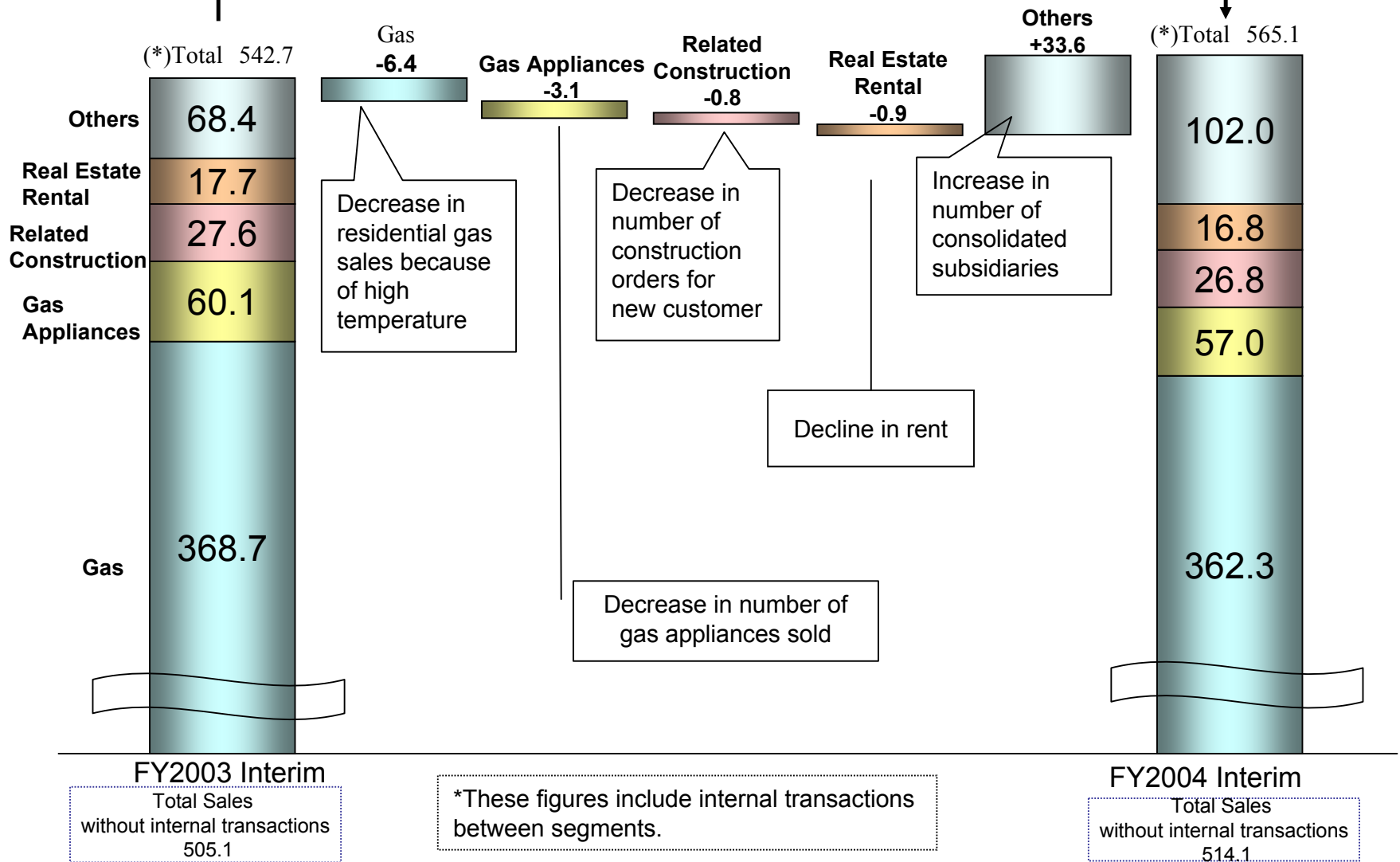
Note: Figures are rounded down to nearest ¥0.1 billion.



Reasons for Changes in Sales

(Unit: billion yen)

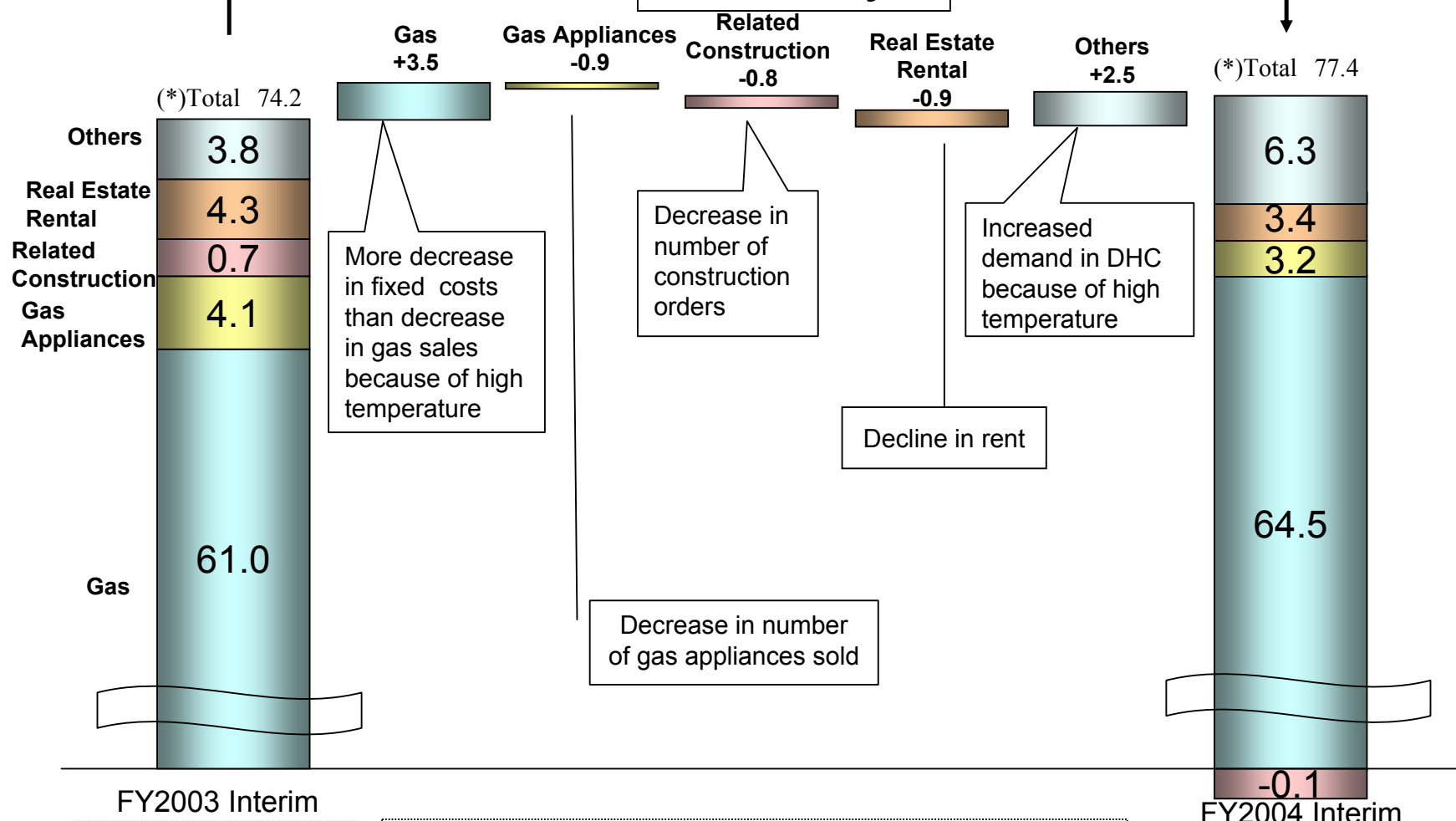
+22.4 billion yen



Reasons for Changes in Operating Income

(Unit: billion yen)

+3.2 billion yen



FY2003 Interim

Total Operating Income without internal transactions
43.8

*These figures do not include operating expenses that cannot be allocated to a specific segment.

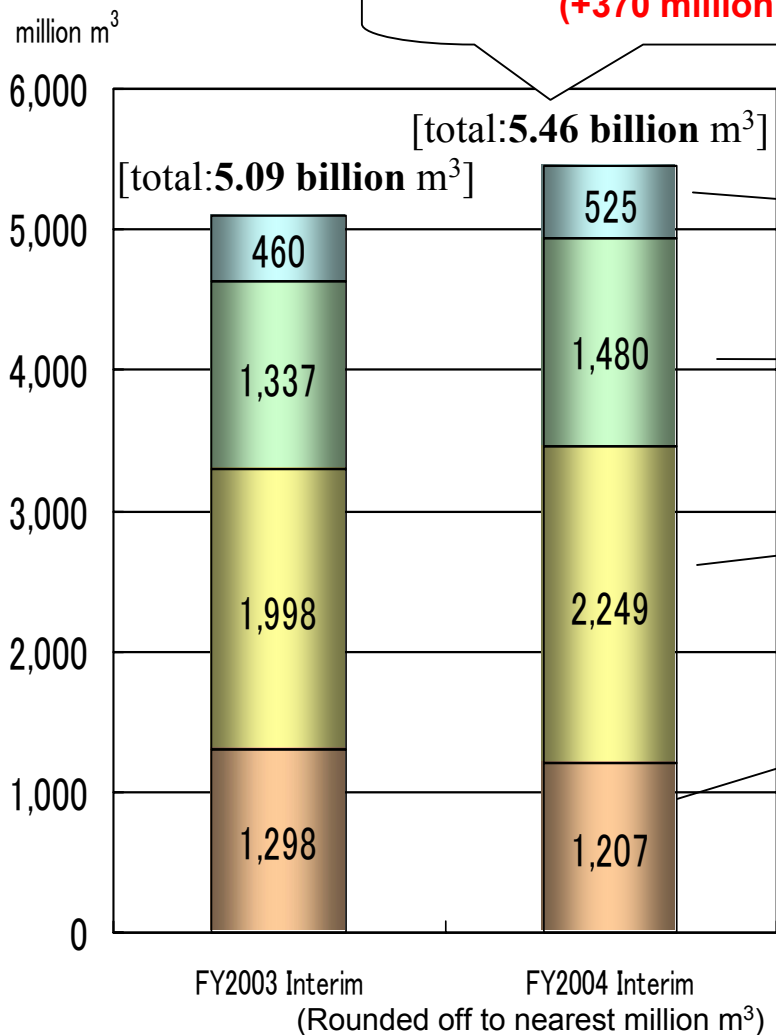
FY2004 Interim

Total Operating income without internal transactions
47.1

Interim Gas Sales Volume (consolidated)

7.2% increase from the previous year
(+370 million m³)

(Change from Previous Year)



<Reasons for Changes in Gas Sales Volumes>

Wholesale Supply: +14.1% (+65 million m³)

- Increased sales to other companies

Commercial and Other Use: +10.7% (+143 million m³)

- Increased demand in air conditioning due to high temperature
- Increased demand by new & existing customers

Industrial use: +12.6% (+251 million m³)

- Increased demand for power generation
- Increased demand by existing customers

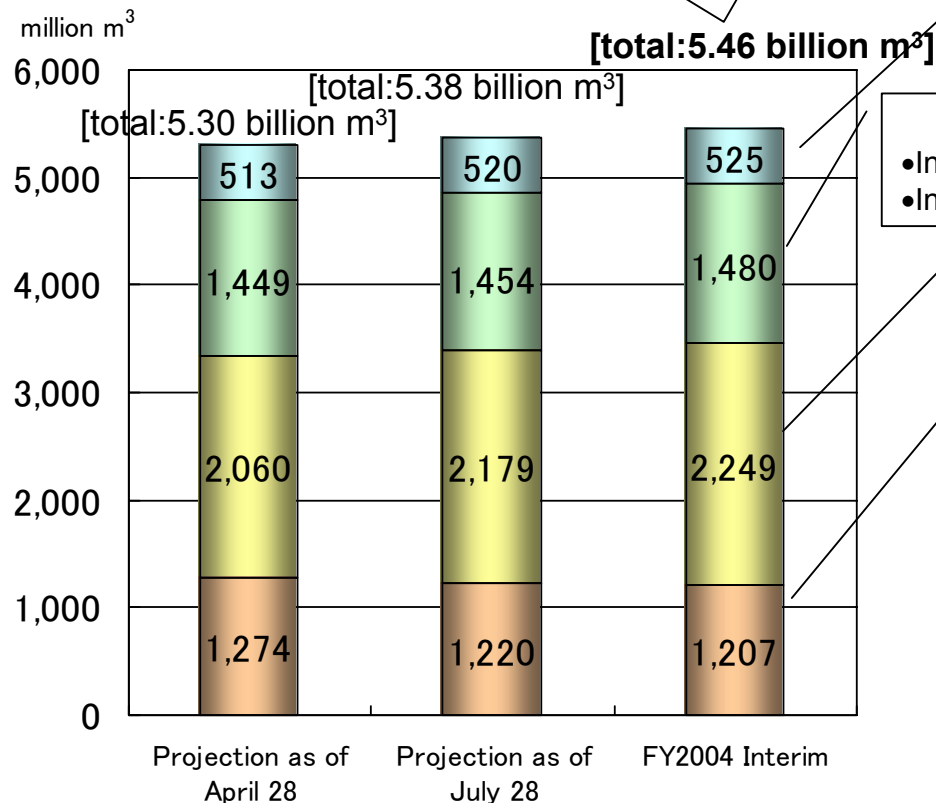
Residential Use: -7.0% (-91 million m³)

- Decrease in hot water demand due to high temperatures

Interim Gas Sales Volume (consolidated)

(Change from projections)

1.6% increase from projection as of Jul. 28
(+80 million m³)



(Rounded off to nearest million m³)

<Reasons for Changes in Gas Sales Volumes>

(vs. projection as of Jul. 28)

Wholesale Supply +1.0% (+5 million m³)

- Increased sales to other companies

Commercial and Other Use +1.8% (+26 million m³)

- Increased demand in air conditioning due to high temperatures
- Increased demand by new & existing customers

Industrial use +3.2% (+70 million m³)

- Increased demand for electric power generation
- Increased demand by existing customers

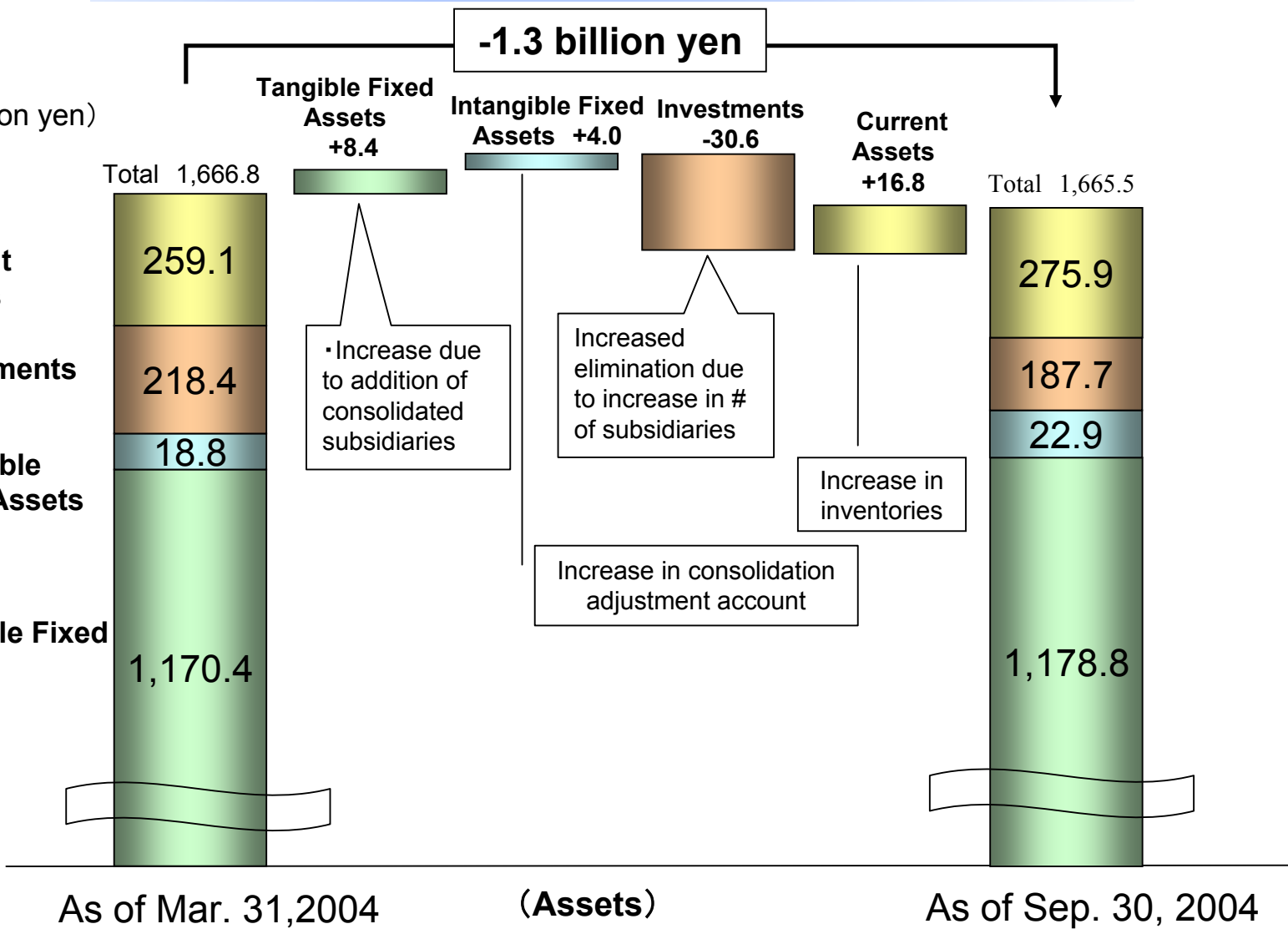
Residential Use -1.1% (-13 million m³)

- Decrease in hot water demand due to high temperatures

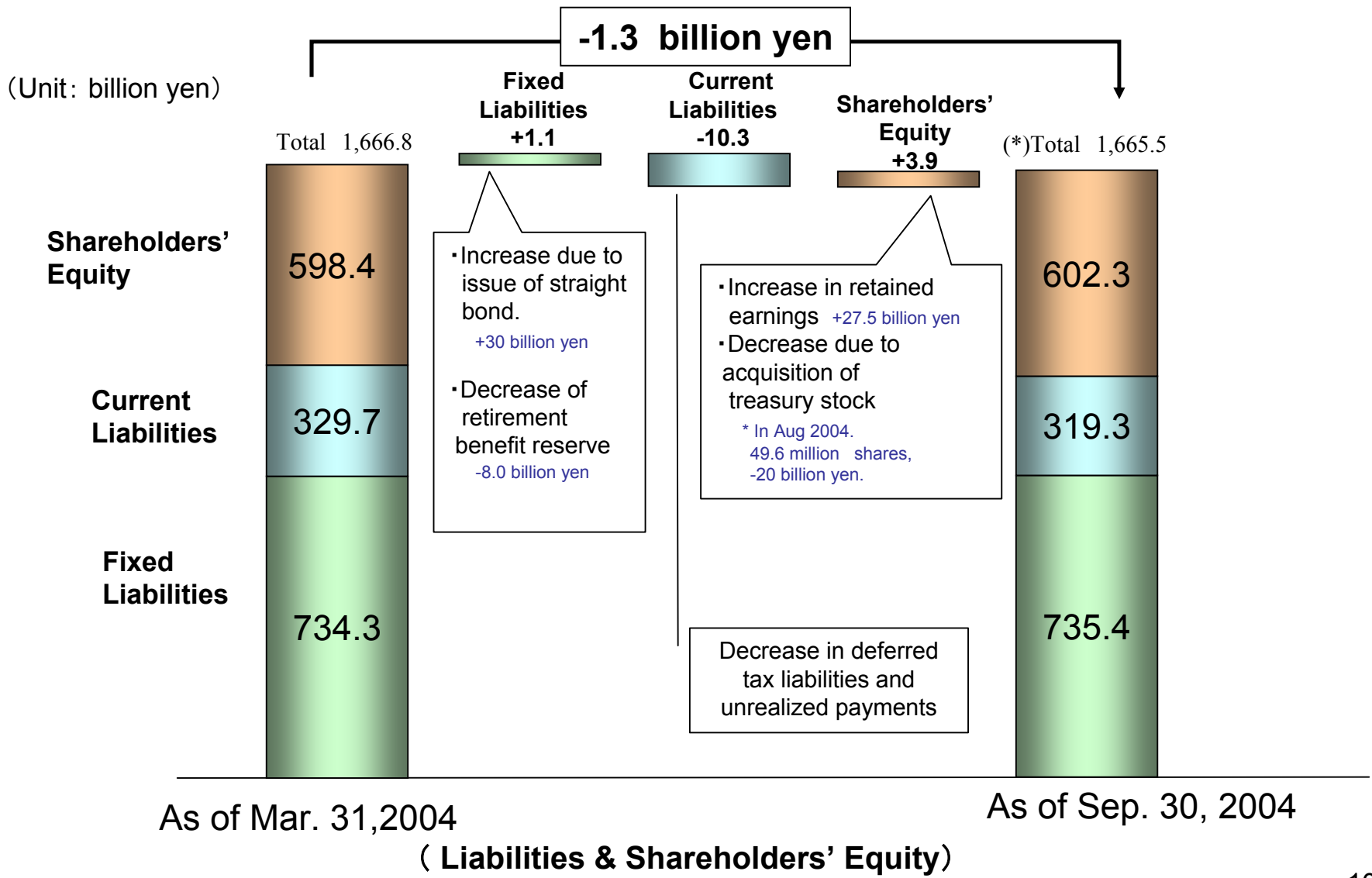
(Reference)	Projection as of Apr. 28	FY04 Interim Results	Change from projection as of Apr. 28	
Residential	1,274	1,207	-67	-5.3%
Industrial	2,060	2,249	+189	+9.2%
Commercial, Others	1,449	1,480	+31	+2.1%
Wholesale	513	525	+12	+2.3%
Total	5,298	5,460	+162	+3.1%

Reasons for Changes in Balance Sheet (Assets)

(Unit: billion yen)



Reasons for Changes in Balance Sheet (Liabilities & Shareholders' Equity)



Key points of FY2004 projection

◆ Increase in Revenue and Income

(year on year on ordinary income basis)

- Decrease in gas sales volume for residential customers because of hot summer
- Increase in raw material cost because of jump in crude oil prices



Keep originally planned net income by overall cost cut throughout the company*

*Expenses necessary to promote gas and gas appliances in opposition to electricity are increased

Rate reduction starting from Jan. 1, 2005

Outlook for FY 2004 (Change from FY03 Results)

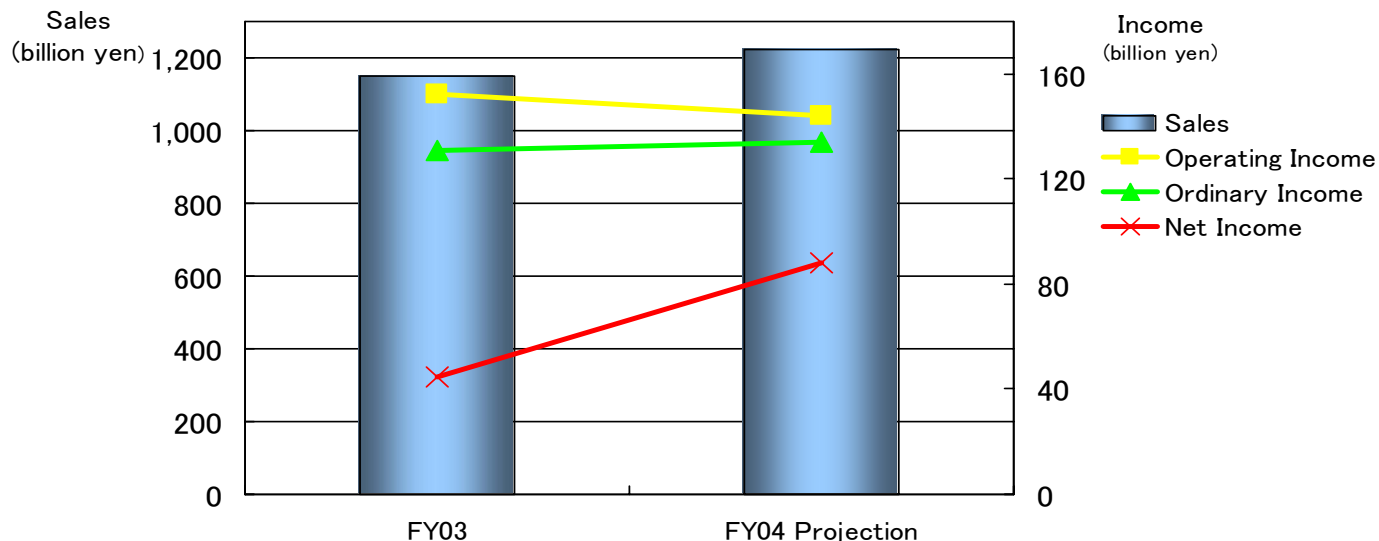
(Rounded off to nearest ¥0.1 billion)

(Unit: billion yen)

	FY03	FY04 Projection*	Change	Effect of increase in # of consolidated subsidiaries**
Sales	1,151.8	1,221.0	+69.2 (+6.0%)	+60.0
Operating Income	152.2	144.0	-8.2 (-5.4%)	+3.0
Ordinary Income	131.0	134.0	+3.0(+ 2.2%)	+3.0
Net Income	44.7	88.0	+43.3 (+96.5%)	+2.0
Exchange rate (¥/\$)	131.19	109.90	-3.29	-
Crude oil price (\$/bbl)	29.43	37.37	+7.94	-

*Effect of rate reduction is not incorporated in this projection.

**Comparison with financial results without increase in number of consolidated subsidiaries.

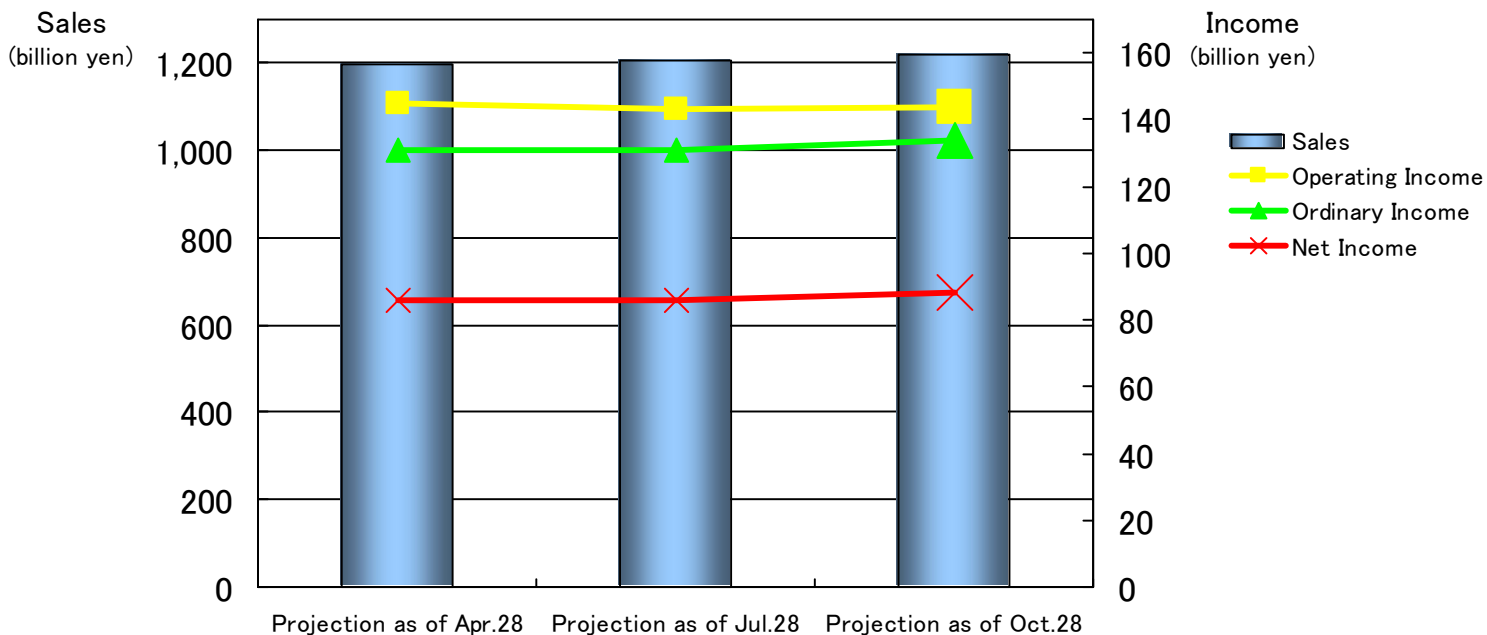


Outlook for FY 2004 (Change from past projections)

(Rounded off to nearest ¥100 million)

(Unit: billion yen)

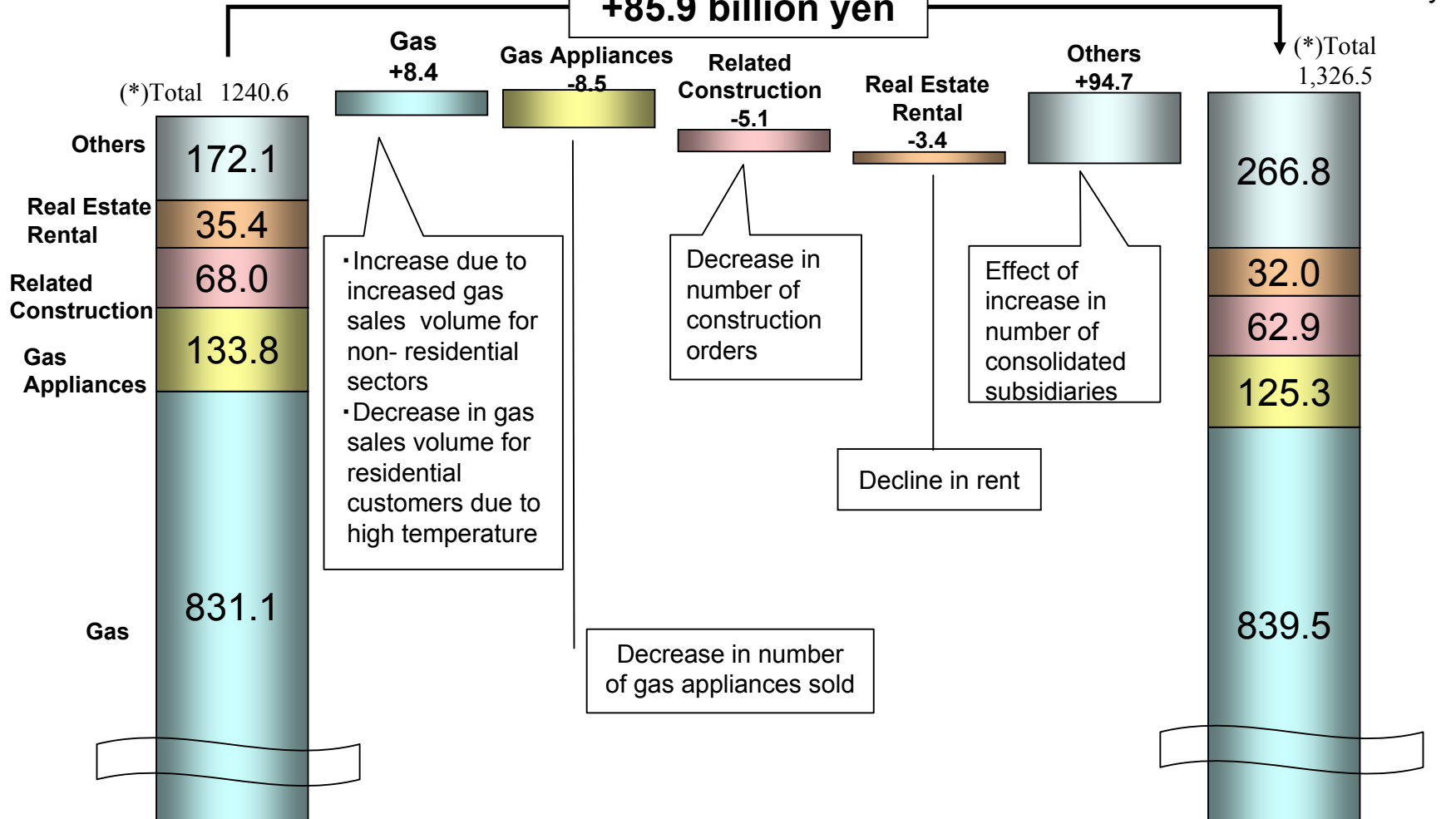
	FY04 projection as of Apr. 28	FY04 projection as of Jul. 28	FY04 projection as of Oct. 28	Change from projection as of Apr.28	Change from projection as of Jul.28
Sales	1,197.0	1204.0	1221.0	+24.0 (+2.0%)	+17.0 (+1.4%)
Operating Income	145.0	143.0	144.0	- 1.0 (-0.7%)	+1.0 (+0.7%)
Ordinary Income	131.0	131.0	134.0	+3.0 (+2.3%)	+3.0 (+2.3%)
Net Income	86.0	86.0	88.0	+2.0 (+2.3%)	+2.0 (+2.3%)
¥/\$	110.00	109.94	109.90	-0.10	-0.04
\$/bbl	30.00	33.24	37.37	+7.37	+4.13



Reasons for Changes in Sales

(Unit: billion yen)

+85.9 billion yen



FY03

Total Sales without internal transactions
1,151.8

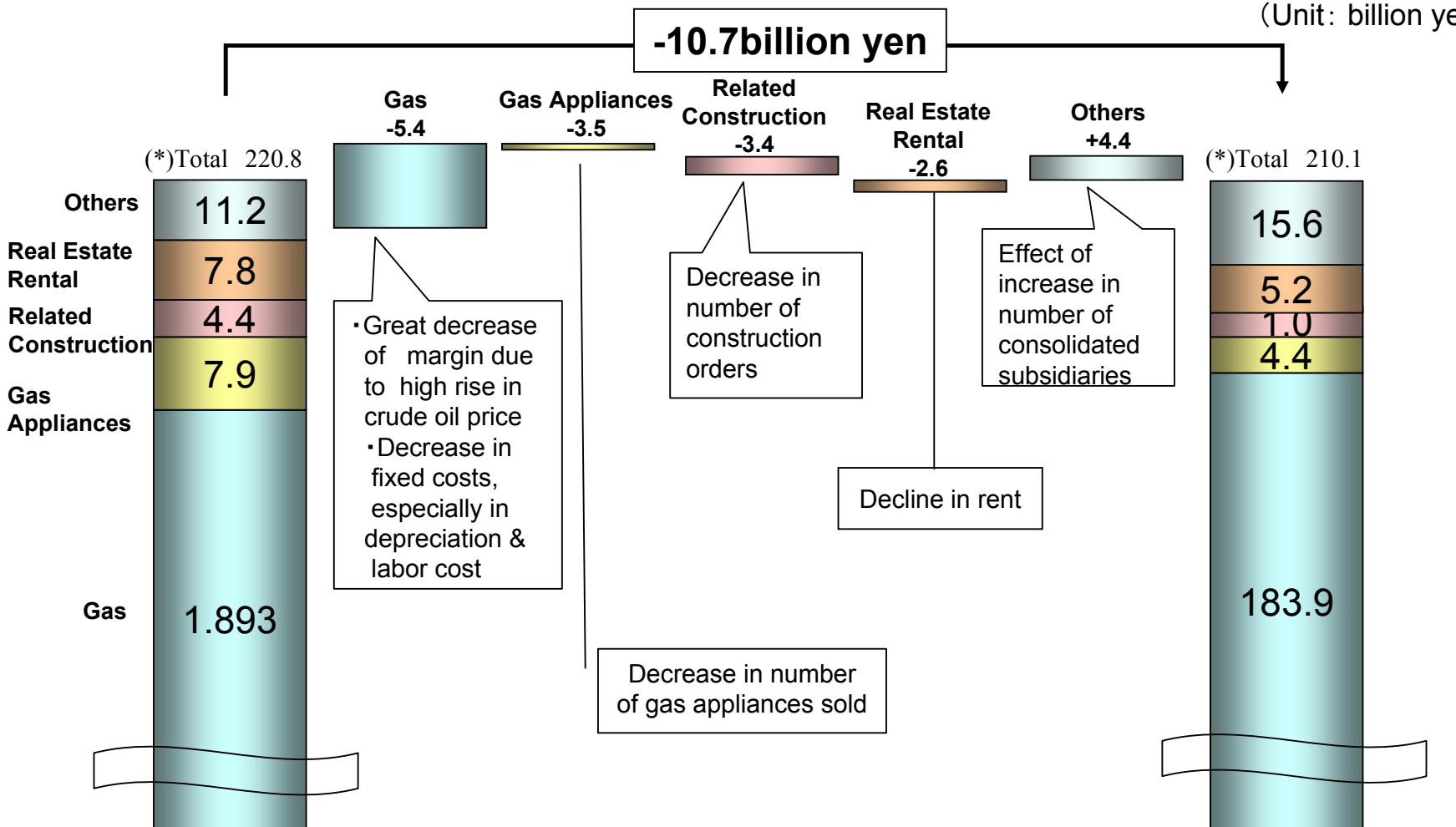
*These figures include internal transactions between segments.

FY04 projection

Total Sales without internal transactions
1,221.0

Reasons for Changes in Operating Income

(Unit: billion yen)



FY03

Total Operating Income without internal transactions
152.2

*These figures do not include operating expenses that cannot be allocated to a specific segment.

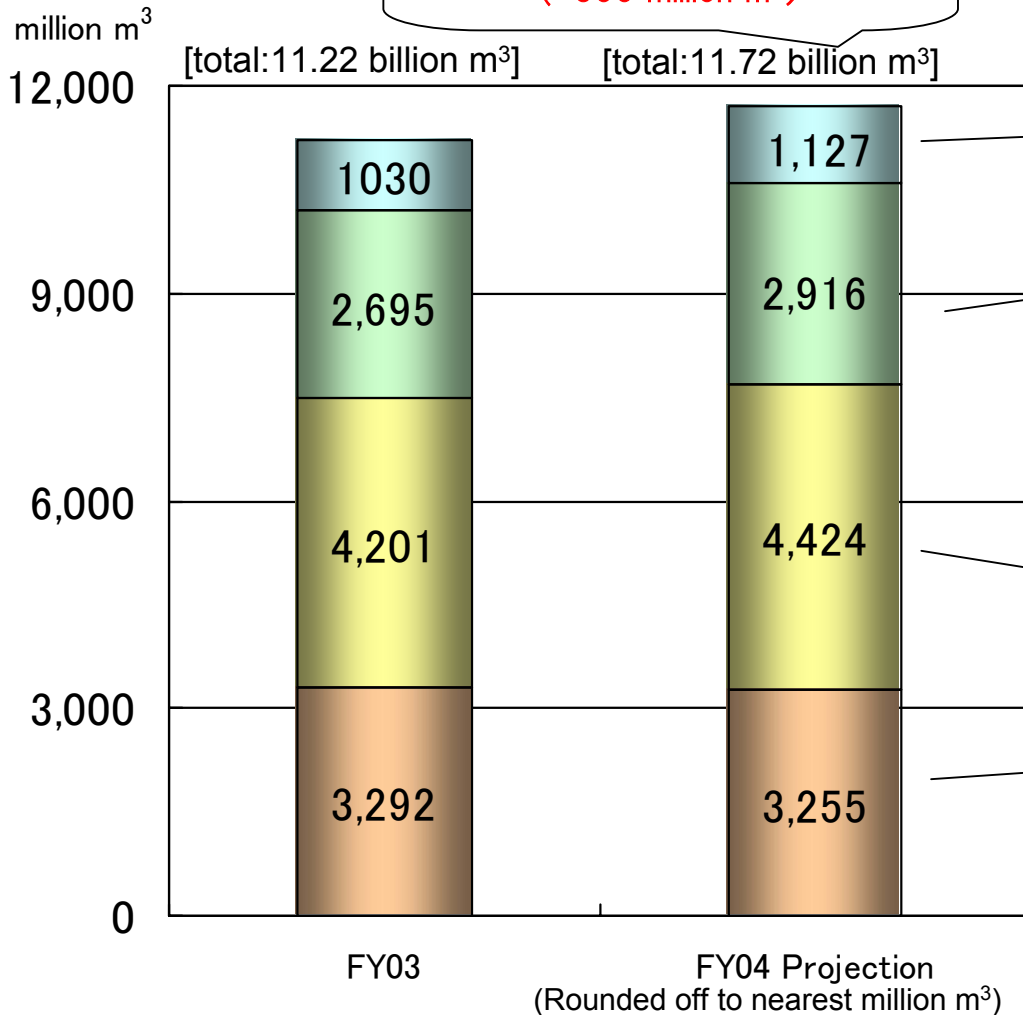
FY04 projection

Total Operating Income without internal transactions
144.0

Gas Sales Volume Projections

(Consolidated - Change from FY03)

4.5% Increase from the prior year
(+500 million m³)



<Reasons for Changes in Gas Sales Volume FY03 Actual>

Wholesale Supply: +9.4%

(+97 million m³)

- Steady growth in wholesale demand

Commercial and Other Use: +8.2%

(+221 million m³)

- Increased demand in air conditioning due to high temperatures
- Increased demand from new & existing customers

Industrial Use: +5.3% (+223 million m³)

- Increased demand for electric power generation
- Increased demand by existing customers

Residential Use: -1.1% (-37 million m³)

- Decreased hot water demand due to high temperatures

Gas Sales Volume Projections

0.7% increase from projection as of Jul.28 (+80 million m³)

(Consolidated: Change from past projections)

<Reasons for Changes in Gas Sales Volume Projection from projection as of Jul.28>

Wholesale Supply: +0.3% (+3 million m³)

- Steady growth in wholesale demand

Commercial and Other Use: +0.9%

(+26 million m³)

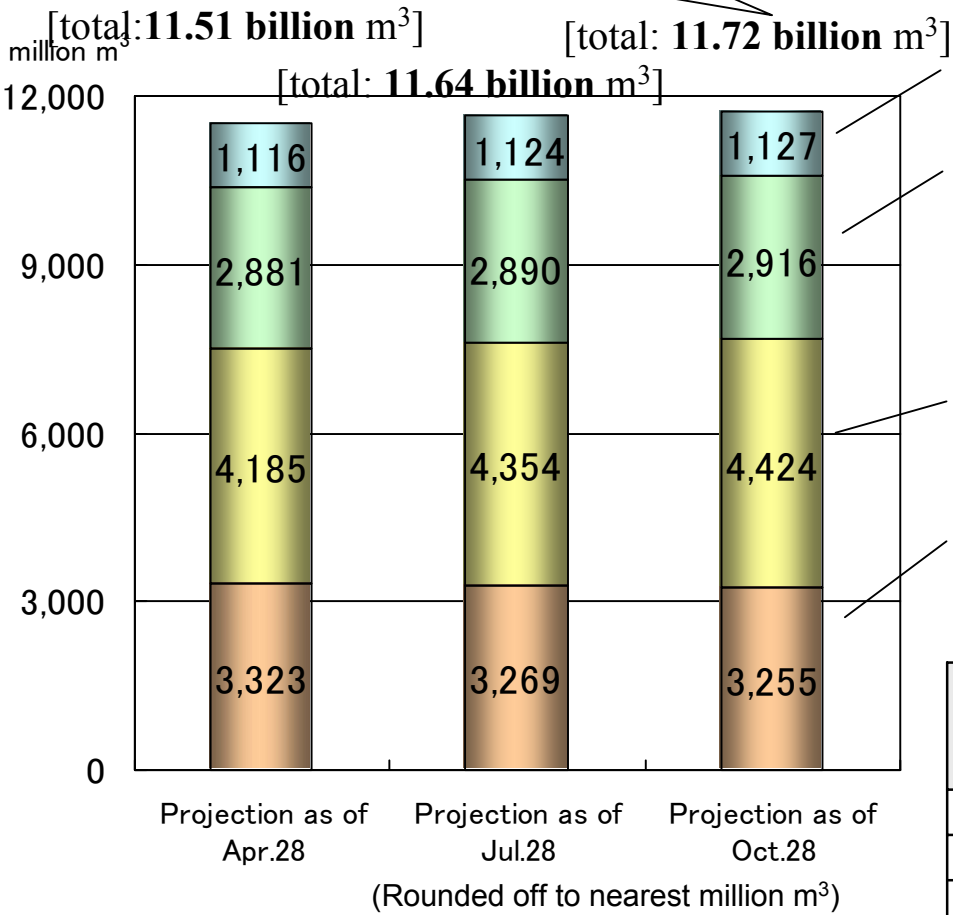
- Increased demand for air conditioning due to high temperatures
- Increased demand from new & existing customers

Industrial Use: +1.6% (+70 million m³)

- Increased demand for electric power generation
- Increased demand by existing customers

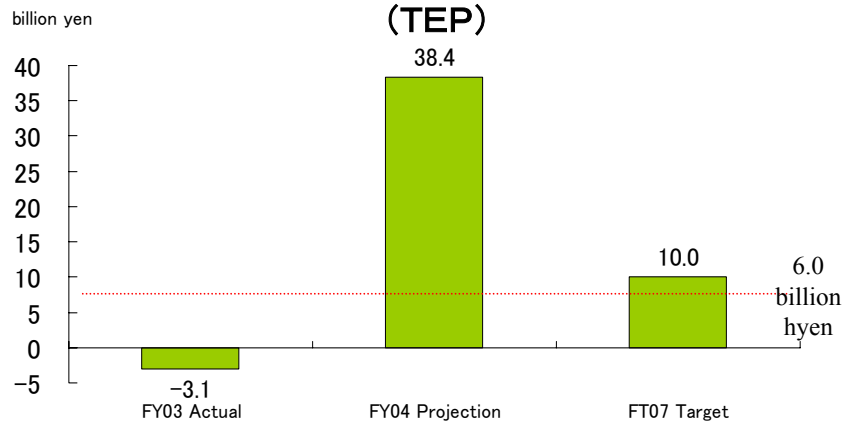
Residential Use: -0.4% (-14 million m³)

- Decrease in hot water demand due to high temperature



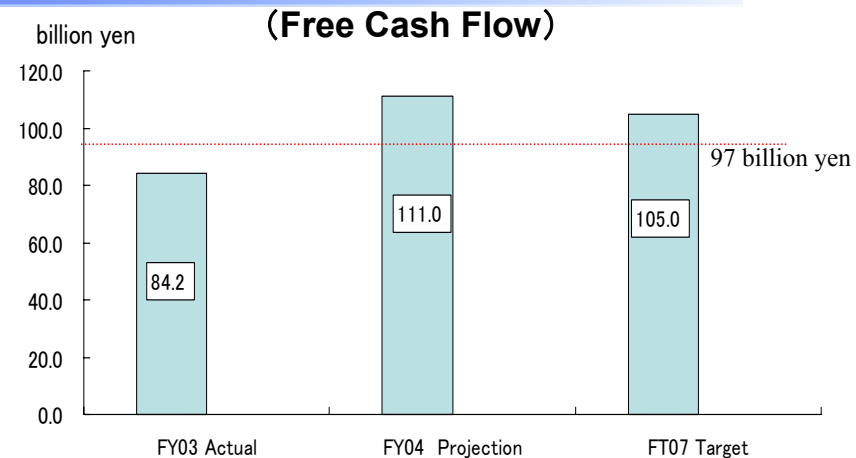
(Reference)	projection as of Oct. 28	projection as of Apr. 28	Change from projection as of Apr. 28	
Residential	3,255	3,323	-68	-2.0%
Industrial	4,424	4,185	239	5.7%
Commercial & Other	2,916	2,881	35	1.2%
Wholesale	1,127	1,116	11	1.0%
Total	11,722	11,505	217	1.9%

Main Performance Indicators

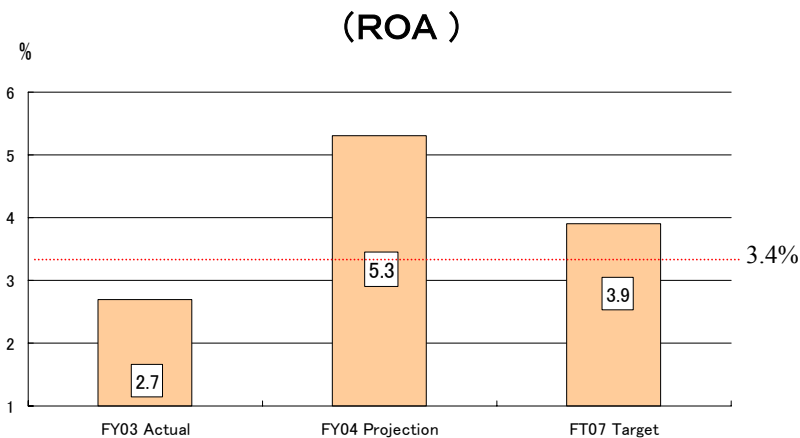


■ WACC: FY2003: 4.5%; FY2003: 4.5% (projection)

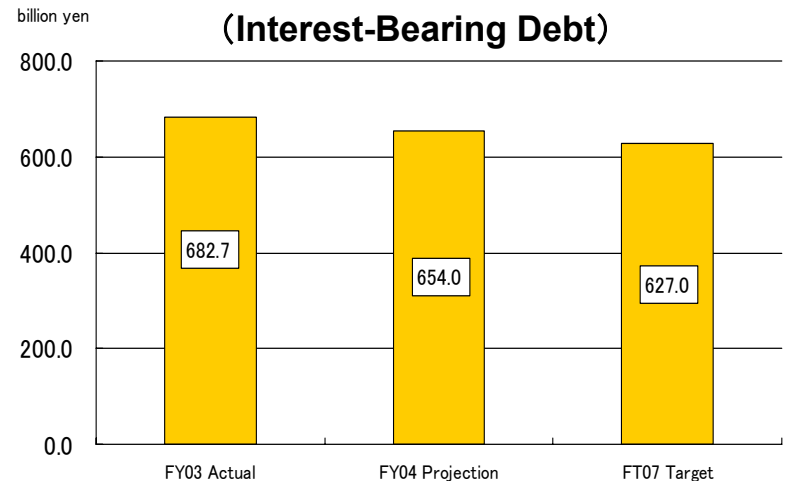
- Debt cost: 2.23% (after tax); 3.5% (before tax)
- Equity cost: 6.5% (=3.5% (risk-free rate) + 0.75 (β) x 4% (risk premium))



■ FCF=Net profit + depreciation (before long-term depreciation deductions) - Capex



■ ROA=Net Income/Average Total Asset



※ # of consolidated subsidiaries increased from 18 to 53 from FY2004.

※ Red Line shows 5-year average target announced in Frontier 2007.

3. Performance Indicators

Performance Indicators (Interim Results-1)

(Unit: billion yen)

	FY03 Interim Results	Projection as of Apr.28	Projection as of Jul.28	FY04 Interim Results	Change from FY03	Change from projection as of Apr.28	Change from projection as of Jul.28
Sales	505.1	516.0	511.0	514.1	+1.8%	-0.4%	+0.6%
Gas Sales	368.7	362.9	359.9	362.3	-1.7%	-0.2%	+0.7%
Operating Income	43.8	42.0	41.0	47.1	+7.7%	+12.1%	+14.9%
Ordinary Income	36.4	36.0	36.0	44.4	+21.8%	+23.3%	+23.3%
Net Income	22.2	24.0	24.0	27.4	+23.6%	+14.2%	+14.2%
TEP	-1.9	—	—	2.3	+4.2	—	—
Gas sales volume (million m3)	5,093	5,298	5,375	5,460	+7.2%	+3.1%	+1.6%
FX rate (yen/US\$)	118.08	110.00	109.88	109.80	-8.28	-0.20	-0.08
Oil price (\$/bbl)	28.43	30.00	34.49	36.73	+8.30	+6.73	+2.24
Average Temp.	21.7	22.7	23.4	23.4	+1.7	+0.7	±0

Performance Indicators (Interim Results-2)^(billion yen)

	FY03 Interim Results	projecti on as of Apr.28	projectio n as of Jul.28	FY04 Interim Results	Change from FY03	Change from projection as of Apr.28	Change from projection as of Jul.28
Total Assets(a)	1,634.1	—	—	1,665.5	+1.9%	—	—
Shareholders' Equity (b)	575.7	—	—	602.3	+4.6%	—	—
Equity Ratio: (b)/(a)	35.2%	—	—	36.2%	—	—	—
Outstanding Debt	769.7	—	—	722.2	-6.2%	—	—
Cash Flow from Operating Activities (c)	22.2	24.0	24.0	27.4	+23.6%	+14.2%	+14.2%
Cash Flow from Investing Activities (d) = (f) - (e)	24.9	10.0	10.0	20.5	-17.7%	+105.0%	+105.0%
CAPEX (e)	50.7	57.0	57.0	48.1	-5.0%	-15.6%	-15.6%
Depreciation (f)	75.7	67.0	67.0	68.7	-9.2%	+2.5%	+2.5%
Free Cash Flow: (c) + (d)	47.2	34.0	34.0	48.0	+1.7%	+41.2%	+41.2%
ROA: (c) / (a)	1.3%	—	—	1.6%	+0.3%	—	—
ROE: (c) / (b)	3.8%	—	—	4.6%	+0.8%	—	—
EPS (yen)	8.10			10.22	+2.12	—	—

(*)ROA=Net Income/Average Total Assets, ROE=Net Income/Average Shareholders' Equity

EPS: earnings per average number of shares issued and outstanding

Free Cash Flow =Cash flows from operating activities (Net Income) +Cash flows from investment activities (Depreciation-Capex) 21

Performance Indicators (FY2004 projection:No.1)

(billion yen)

	FY03 Results	Projection as of Apr.28	Projection as of Jul.28	FY04 projection	Change from FY03	Change from projection as of Apr.28	Change from projection as of Jul.28
Sales	1,151.8	1,197.0	1,204.0	1,221.0	+6.0%	+2.0%	+1.4%
Gas Sales	831.1	826.0	834.0	839.5	+1.0%	+1.6%	+0.7%
Operating Income	152.2	145.0	143.0	144.0	-5.4%	-0.7%	+0.7%
Ordinary Income	131.0	131.0	131.0	134.0	+2.3%	+2.3%	+2.3%
Net Income	44.7	86.0	86.0	88.0	+96.5%	+2.3%	+2.3%
TEP	-3.1	34.6	34.6	38.4	+41.5	+3.8	+3.8
Gas sales volume (million m3)	1,121.8	1,150.5	1,163.7	1,172.2	+4.5%	+1.9%	+0.7%
FX rate (yen/US\$)	113.19	110.00	109.94	109.90	-3.29	-0.10	+0.04
Crude oil price (\$/bbl)	29.43	30.00	33.24	37.37	+7.94	+7.37	+4.13
Average Temp.	16.3	16.8	17.2	17.2	+0.9	+0.4	±0

TOKYO GAS Performance Indicators (FY2004 projection:No.2)

(billion yen)

	FY03 Results	Projection as of Apr.28	Projection as of Jul.28	FY04 projection	Change from FY03	Change from projection as of Apr.28	Change from projection as of Jul.28
Total Assets(a)	1,666.8	1,677.0	1,677.0	1,637.0	-1.8%	-2.4%	-2.4%
Shareholders' Equity (b)	598.4	644.0	644.0	644.0	+7.6%	±0%	±0%
Equity Ratio: (b)/(a)	35.9%	38.4%	38.4%	39.3%	+2.5%	+0.9%	+0.9%
Outstanding Debt	682.7	679.0	679.0	654.0	-4.2%	-3.7%	-3.7%
Cash Flow from Operating Activities (c)	44.7	86.0	86.0	88.0	+96.9%	+2.3%	+2.3%
Cash Flow from Investing Activities (d) = (f) - (e)	39.4	16.0	16.0	23.0	-41.6%	+43.8%	+43.8%
CAPEX (e)	107.4	126.3	126.3	120.0	+11.7%	-5.0%	-5.0%
Depreciation (f)	146.8	142.3	142.3	143.0	-2.6%	+0.5%	+0.5%
Free Cash Flow : (c) + (d)	84.2	102.0	102.0	111.0	+31.8%	+8.8%	+8.8%
ROA: (c) / (a)	2.7%	5.1%	5.1%	5.3%	+2.6%	+0.2%	+0.2%
ROE: (c) / (b)	7.6%	13.8%	13.8%	14.2%	+6.6%	+0.4%	+0.4%
EPS (yen)	16.44	31.81	31.82	33.17	+16.73	+1.36	+1.35

(*) ROA=Net Income/Average Total Assets, ROE=Net Income/Average Shareholders' Equity

EPS: earnings per average number of shares issued and outstanding

Free Cash Flow =Cash flows from operating activities(Net Income) +Cash flows from investment activities (Depreciation-Capex) 23