

Presentation of 1Q-3Q financial results

FY2004 (Year ending March 31, 2005)

Feb. 2, 2005

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](http://www.tokyo-gas.co.jp/IR/ir_e.html)

Summary of Financial Results

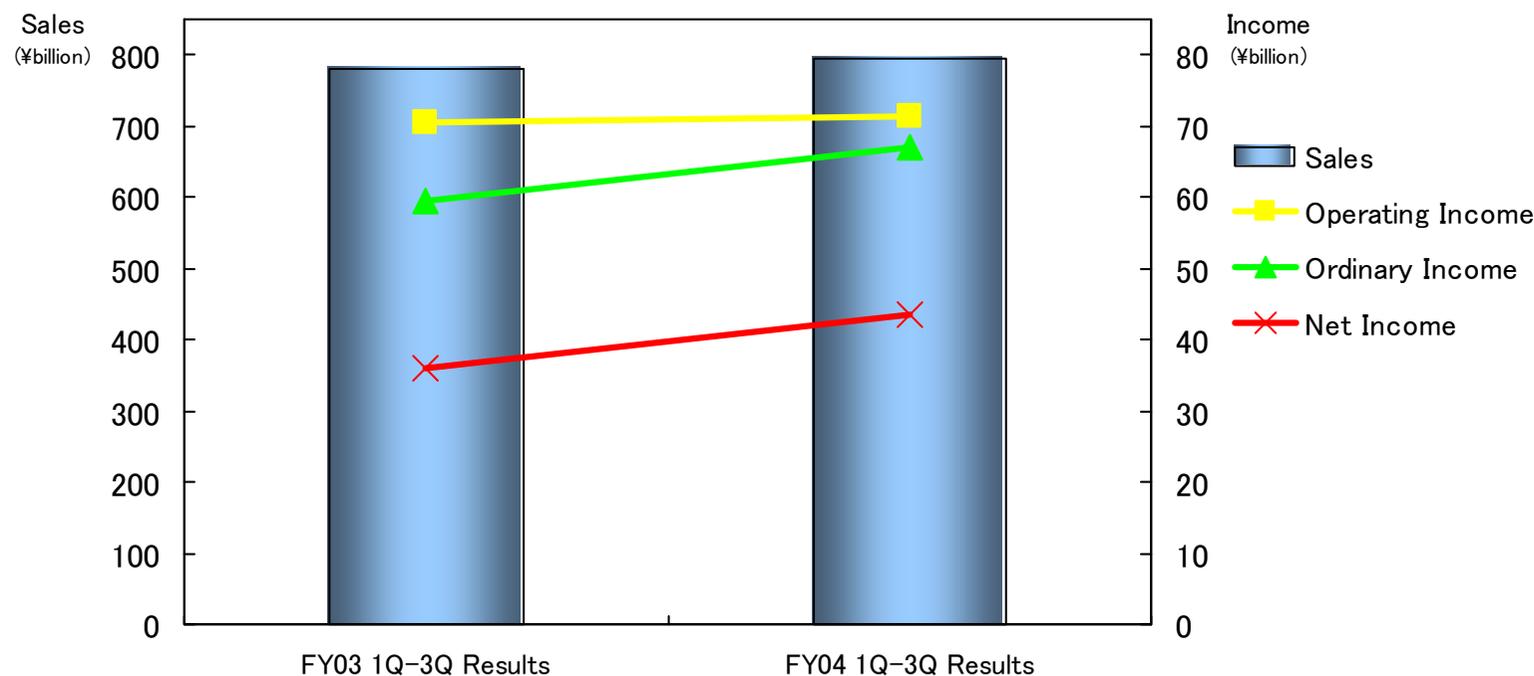
(Change from Previous Year)

(Rounded off to nearest million m³)

(Unit: billion yen)

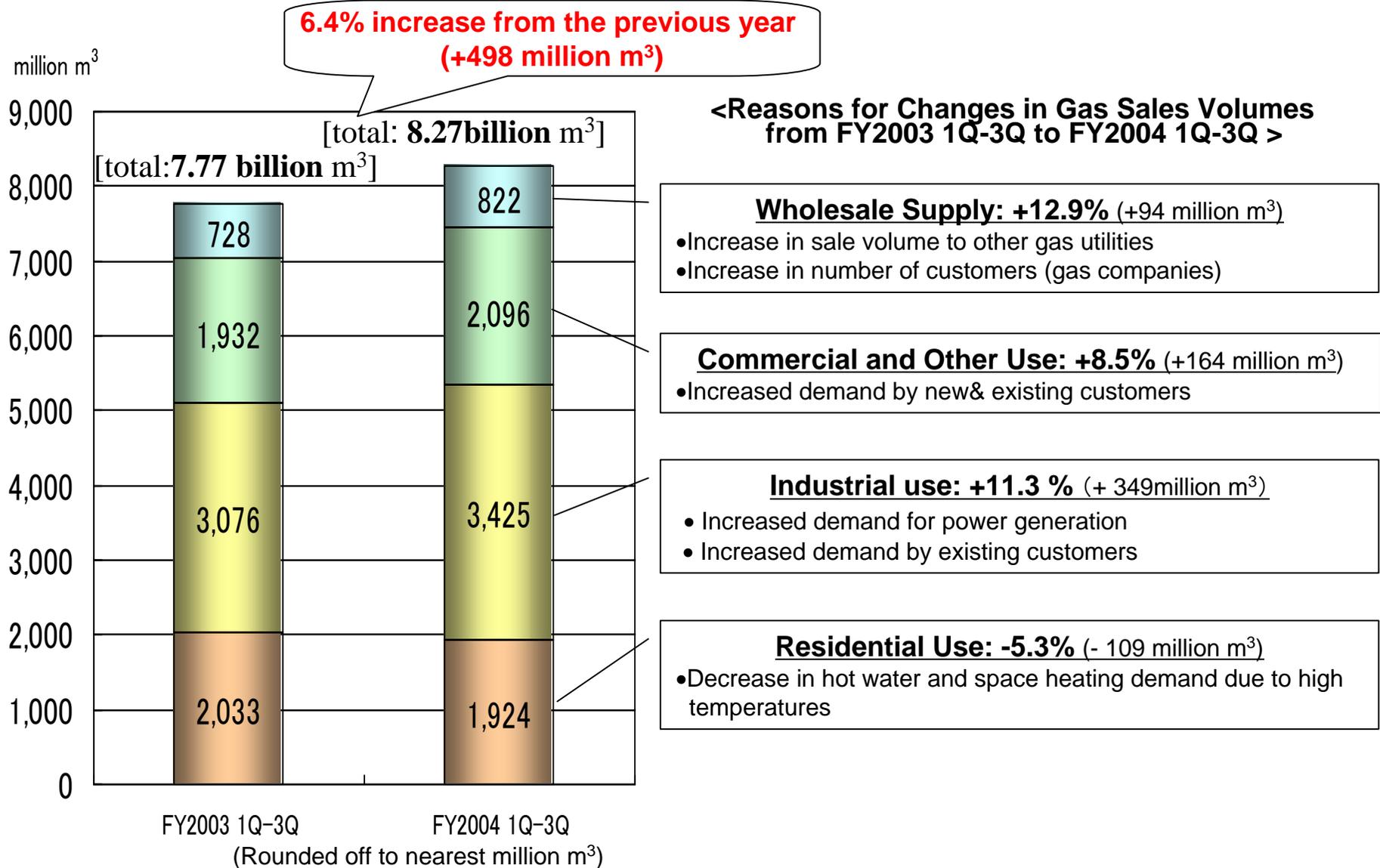
	FY03 1Q-3Q Results	FY04 1Q-3Q Results	Change from Previous year	Effect of increase in # of consolidated subsidiaries*
Sales	779.0	796.2	+ 17.2(+ 2.2%)	+27.1
Operating Income	70.5	71.5	+ 1.0(+ 1.5%)	+0.9
Ordinary Income	59.5	66.9	+ 7.4 (+12.5%)	+0.5
3Q Net Income	36.1	43.4	+ 7.3 (+20.1%)	-0.4

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



Gas Sales Volume (consolidated)

(Change from Previous Year)



Key points of FY2004 projection

◆ Decrease in Sales and Income from projection as of Oct. 28

- Decrease in gas sales volume for residential customers because of high temperatures
- Decrease in gas sales due to rate reduction starting from Jan.1, 2005

※Increase in Revenue and Income from previous year

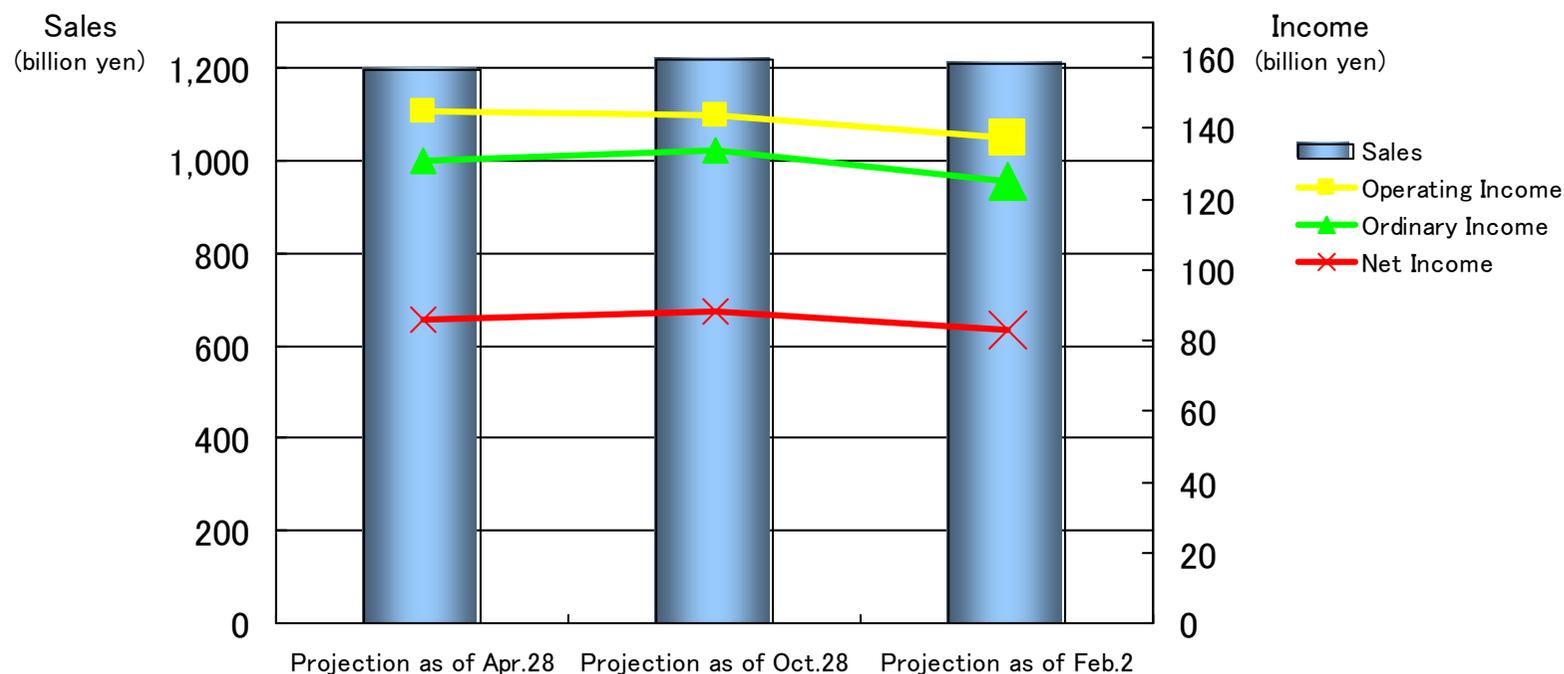
- Increase in Sales in because of the number of consolidated subsidiaries increased
- Decrease in Extraordinary losses
 - Lump-sum compensation for disparity in calculation of retirement benefits in FY2003
 - Early introduction of asset-impairment accounting for fixed assets in FY2003

Outlook for FY 2004 (Change from past projections)

(Rounded off to nearest ¥100 million)

(Unit: billion yen)

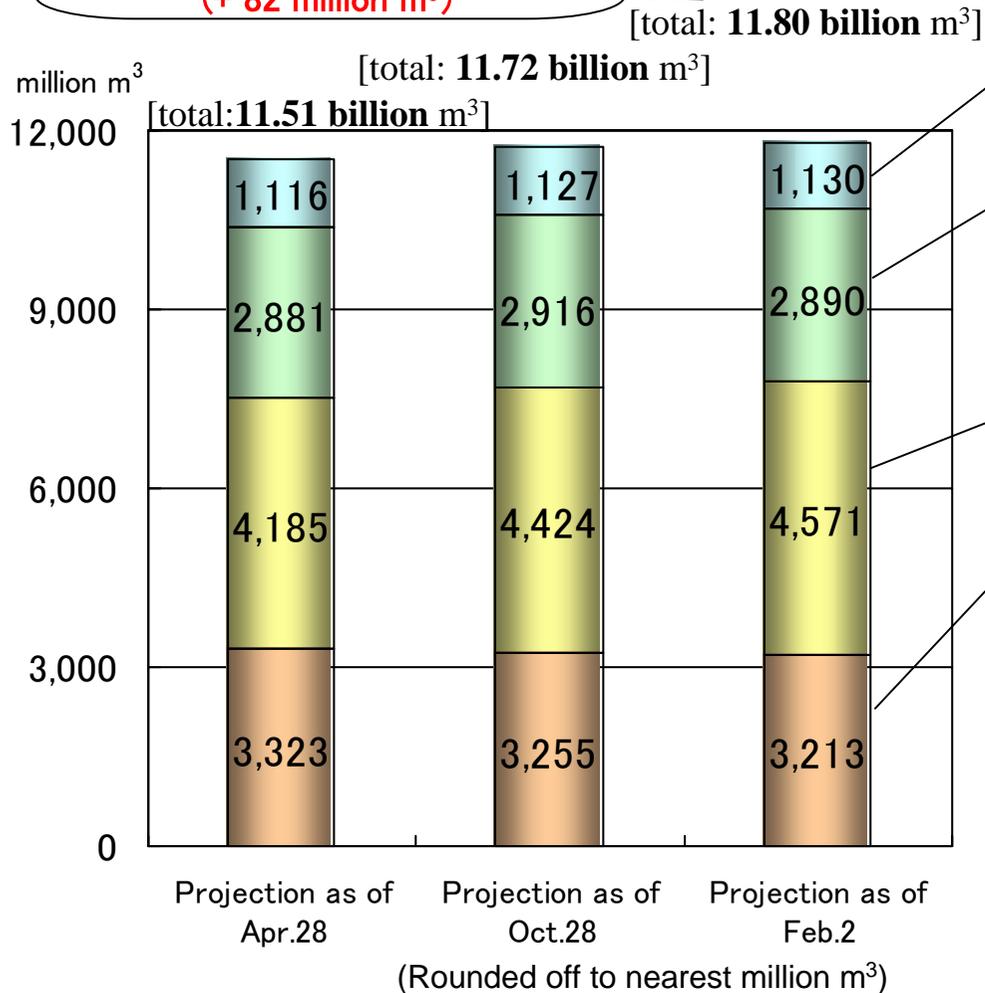
	FY04 projection as of Apr. 28	FY04 projection as of Oct. 28	FY04 projection as of Feb. 2	Change from projection as of Apr.28	Change from projection as of Oct.28
Sales	1,197.0	1,221.0	1,209.0	+ 12.0(+1.0%)	-12.0 (-1.0%)
Operating Income	145.0	144.0	137.0	- 8.0(-5.5%)	-7.0 (-4.9%)
Ordinary Income	131.0	134.0	125.0	-6.0 (-4.6%)	-9.0 (-6.7%)
Net Income	86.0	88.0	83.0	-3.0 (-3.5%)	-5.0 (-5.7%)
¥/\$	110.00	109.90	107.64	-2.36	-2.26
\$/bbl	30.00	37.37	38.01	+8.01	+0.64



Gas Sales Volume Projections

(Consolidated: Change from past projections)

0.7% increase from projection
as of Oct.28
(+ 82 million m³)



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

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

- Increase in sale volume to other gas utilities

Commercial and Other Use: -0.9%

(-26 million m³)

- Decrease in demand for air conditioning due to high temperatures

Industrial Use: +3.3% (+147 million m³)

- Increase in demand for electric power generation
- Increase in demand by existing customers

Residential Use: -1.3% (-42 million m³)

- Decrease in hot water & space heating demand due to high temperatures

(Reference)	projection as of Feb. 2	projection as of Apr. 28	Change from projection as of Apr. 28	
Residential	3,213	3,323	-110	-3.3%
Industrial	4,571	4,185	+386	+9.2%
Commercial & Other	2,890	2,881	+9	+0.3%
Wholesale	1,130	1,116	+14	+1.3%
Total	11,804	11,505	+299	+2.6%

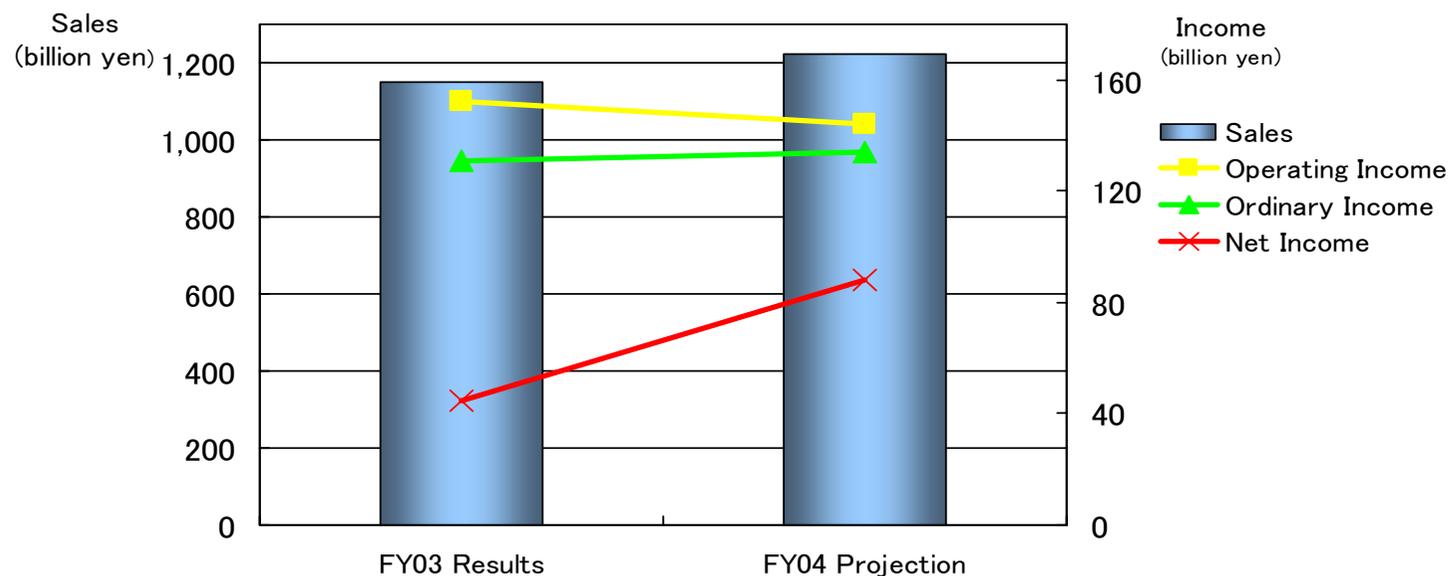
Outlook for FY 2004 (Change from FY03 Results)

(Rounded off to nearest ¥0.1 billion)

(Unit: billion yen)

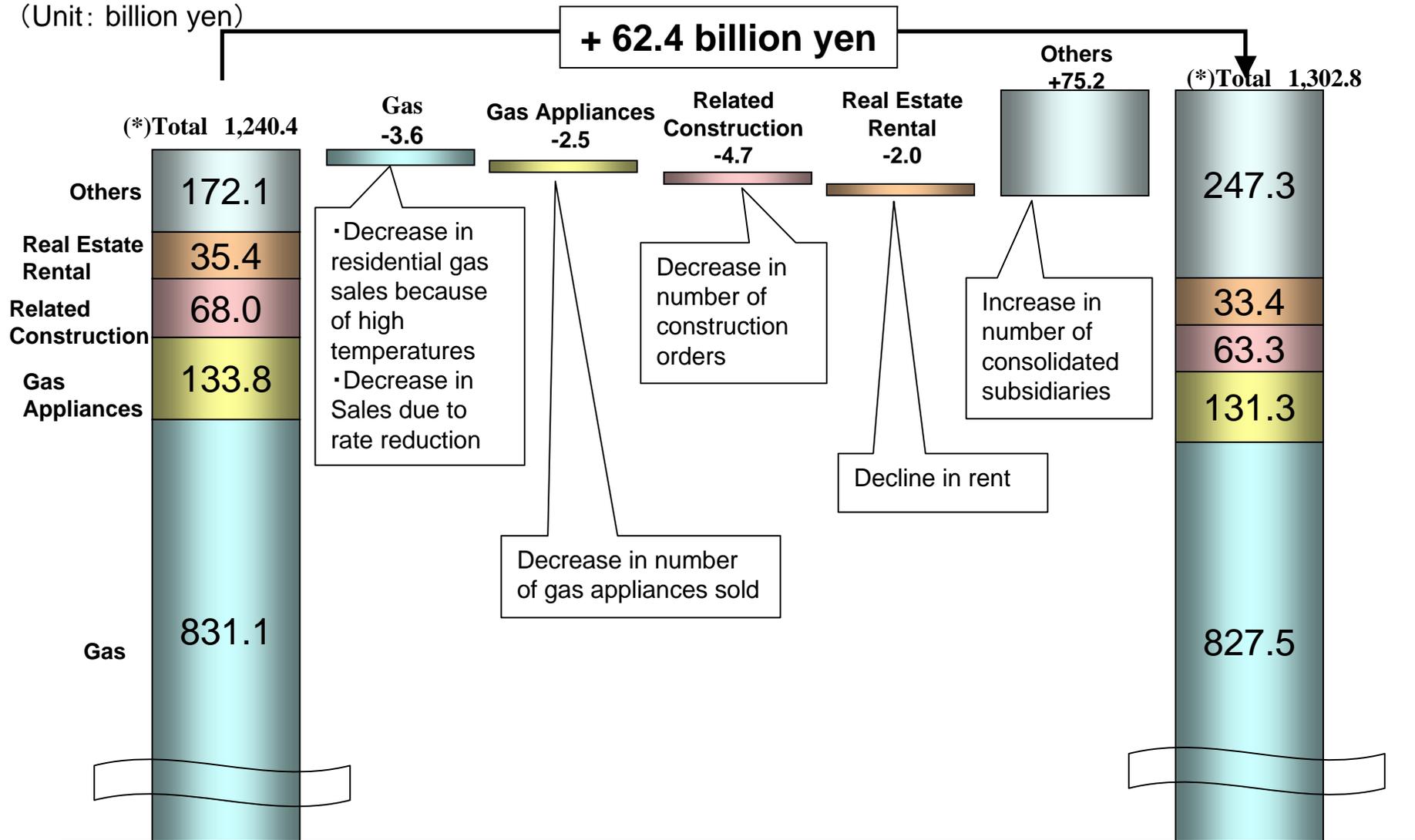
	FY03 Results	FY04 Projection as of Feb.2	Change	Effect of increase in # of consolidated subsidiaries*
Sales	1,151.8	1,209.0	+57.2 (+5.0%)	+ 60.0
Operating Income	152.2	137.0	-15.2 (-10.0%)	+3.0
Ordinary Income	131.0	125.0	-6.0 (- 4.6%)	+3.0
Net Income	44.7	83.0	+38.3 (+85.3%)	+2.0
Exchange rate (¥/\$)	113.19	107.64	-5.55	-
Crude oil price (\$/bbl)	29.43	38.01	+8.58	-

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



Reasons for Changes in Sales

(Unit: billion yen)



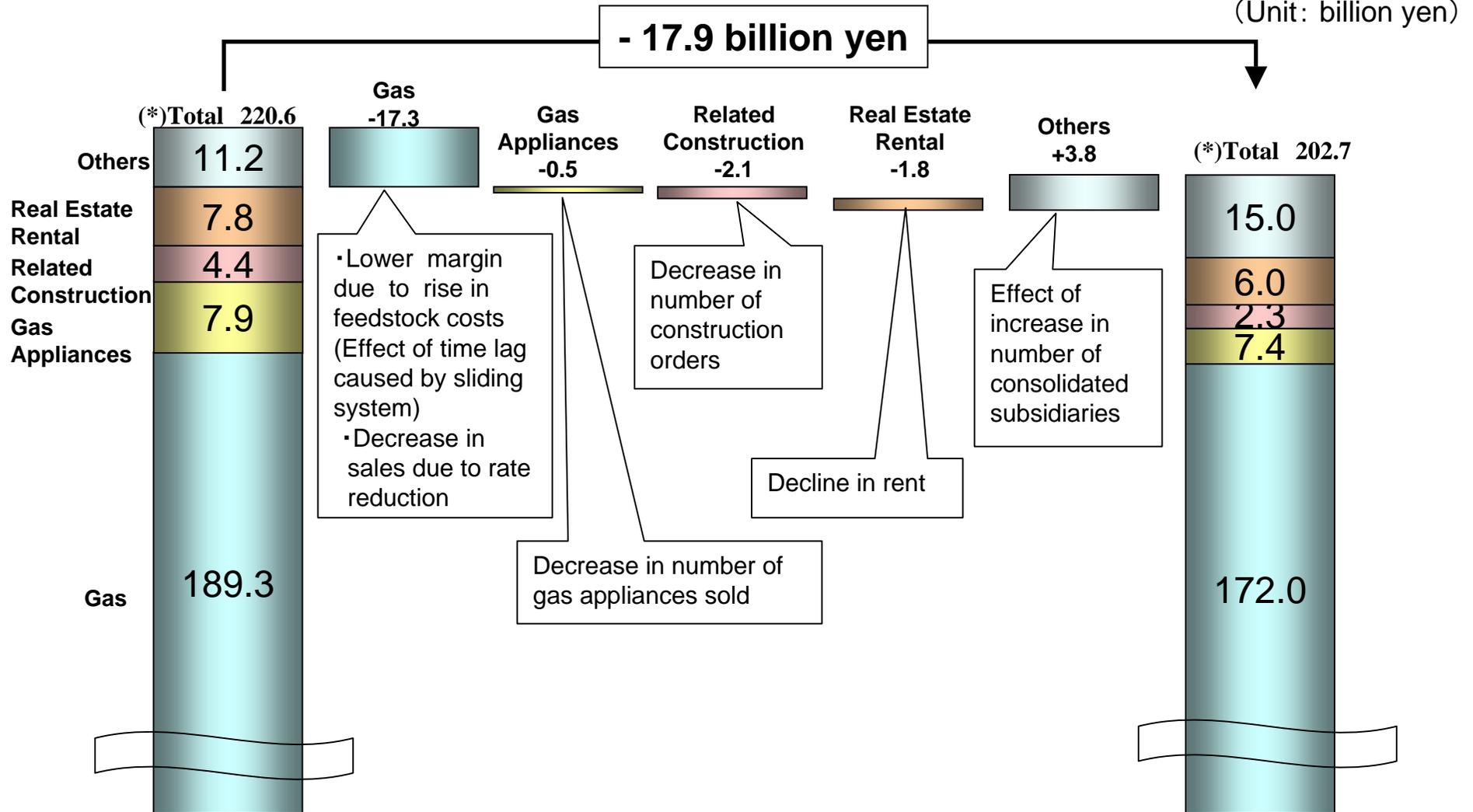
FY2003 Actual
Total Sales without internal transactions
1,151.8

*These figures include internal transactions between segments.

FY2004 Projection
Total Sales without internal transactions
1,209.0

Reasons for Changes in Operating Income

(Unit: billion yen)



FY03 Actual

Total Operating Income without internal transactions
152.2

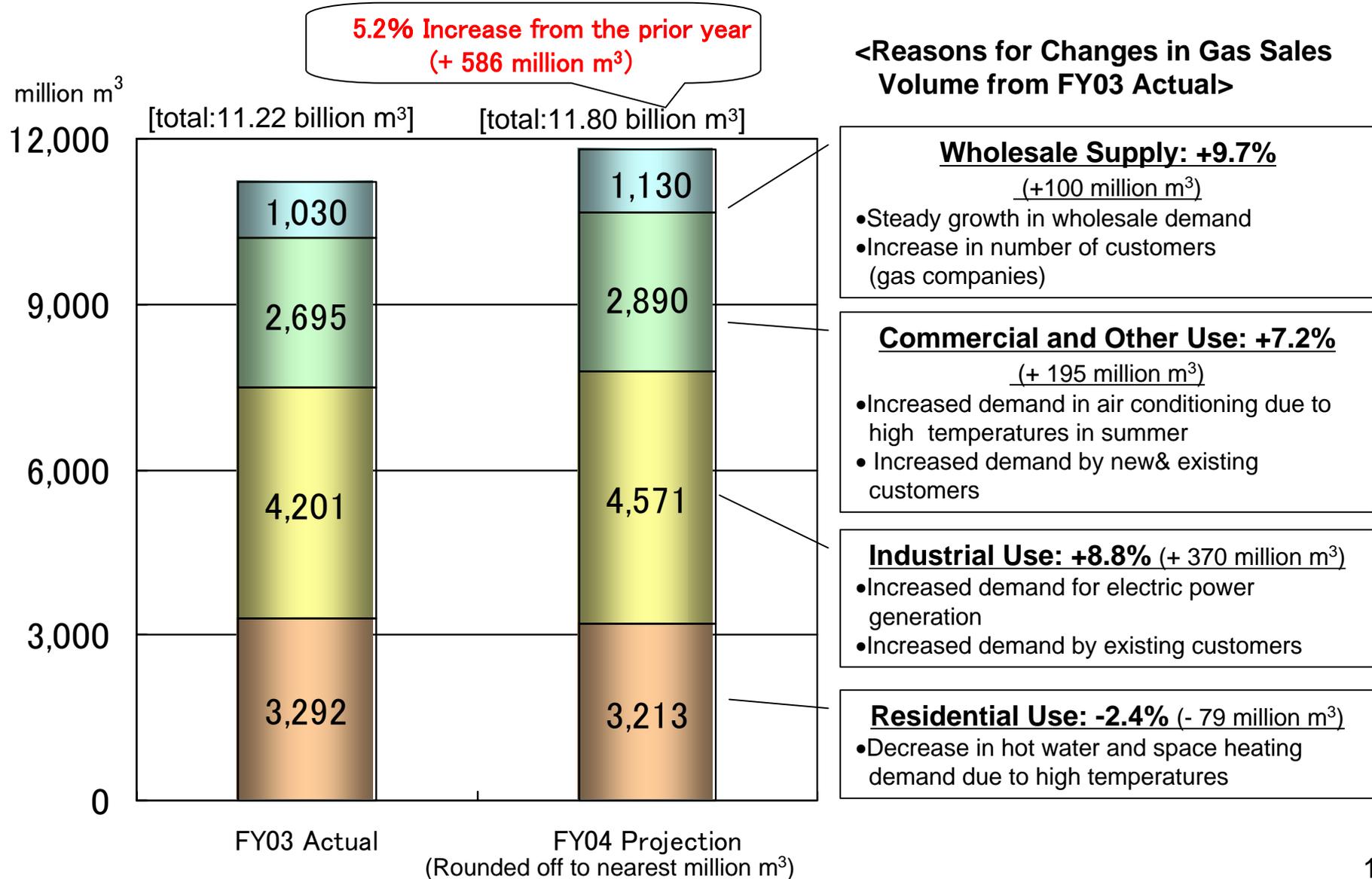
*These figures do not include operating expenses that cannot be allocated to a specific segment.

FY04 projection

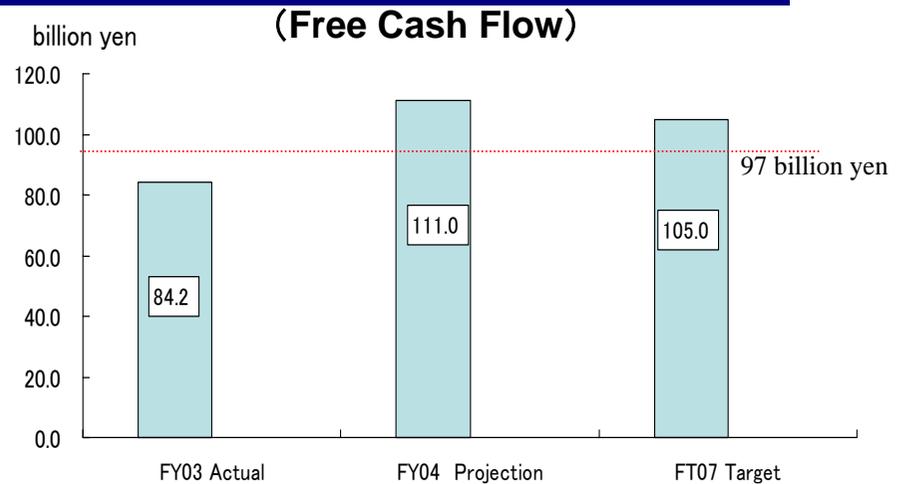
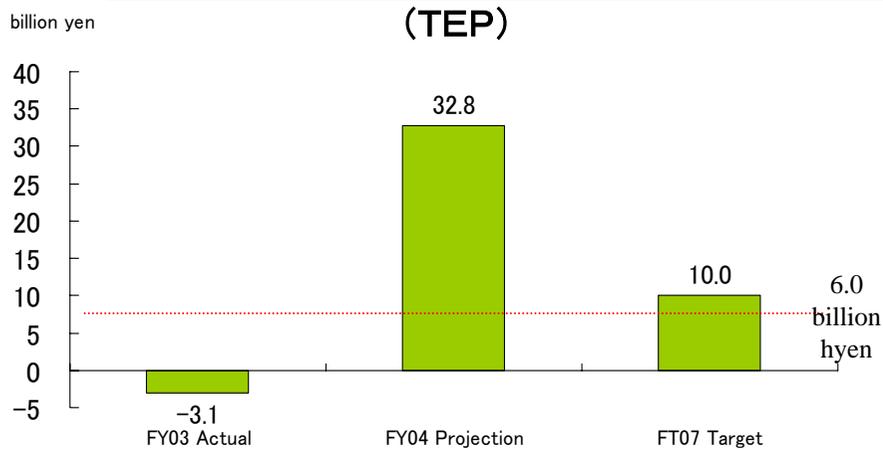
Total Operating Income without internal transactions
137.0

Gas Sales Volume Projection

(Consolidated - Change from FY03)



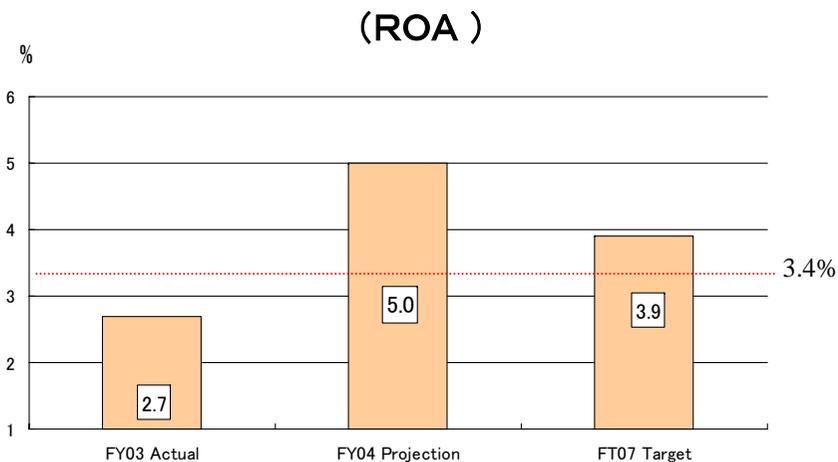
Main Performance Indicators



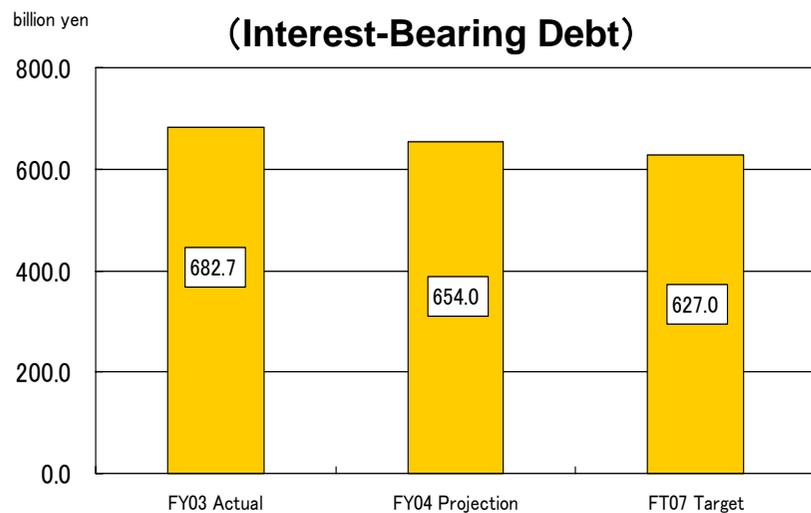
■ WACC: FY2003: 4.5%; FY2003: 4.5% (projection)

- 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

FY2004 Performance Indicators (1)

(Unit: billion yen)

	FY03 Results	Projection as of Apr.28	Projection as of Oct.28	Projection as of Feb.2	Change from FY03	Change from projection as of Apr.28	Change from projection as of Oct.28
Sales	1,151.8	1,197.0	1,221.0	1,209.0	+5.0%	+1.0%	-1.0%
Gas Sales	831.1	826.0	839.5	827.5	-0.4%	+0.2%	-1.4%
Operating Income	152.2	145.0	144.0	137.0	-10.0%	-5.5%	-4.9%
Ordinary Income	131.0	131.0	134.0	125.0	-4.6%	-4.6%	-6.7%
Net Income	44.7	86.0	88.0	83.0	+85.3%	-3.5%	-5.7%
TEP	-3.1	34.6	38.4	32.8	+35.9	-1.8	-5.6
Gas sales volume (million m ³)	11,218	11,505	11,722	11,804	+5.2%	+2.6%	+0.7%
FX rate (yen/US\$)	113.19	110.00	109.90	107.64	-5.55	-2.36	-2.26
Oil price (\$/bbl)	29.43	30.00	37.37	38.01	+8.58	+8.01	+0.64
Average Temp.	16.3	16.8	17.2	17.2	+0.9	+0.4	±0.0

FY2004 Performance Indicators (2)

(Unit: billion yen)

	FY03 Results	Projection as of Apr.28	Projection as of Oct.28	Projection as of Feb.2	Change from FY03	Change from projection as of Apr.28	Change from projection as of Oct.28
Total Assets(a)	1,666.8	1,677.0	1,637.0	1,632.0	-2.1%	-2.7%	-0.3%
Shareholders' Equity (b)	598.4	644.0	644.0	639.0	+6.8%	-0.8%	-0.8%
Equity Ratio: (b)/(a)	35.9%	38.4%	39.3%	39.2%	+3.3%	+0.8%	-0.1%
Outstanding Debt	682.7	679.0	654.0	654.0	-28.7	-25.0	±0.0
Cash Flow from Operating Activities (c)	44.7	86.0	88.0	83.0	+85.3%	-3.5%	-5.7%
Cash Flow from Investing Activities (d) = (f) - (e)	39.4	16.0	23.0	28.0	-29.0%	+75.0%	+21.7%
CAPEX (e)	107.4	126.3	120.0	115.0	+7.0%	-8.9%	-4.2%
Depreciation (f)	146.8	142.3	143.0	143.0	-2.7%	+0.5%	±0.0%
Free Cash Flow: (c) + (d)	84.2	102.0	111.0	111.0	+31.8%	+8.8%	±0.0%
ROA: (c) / (a)	2.7%	5.1%	5.3%	5.0%	+2.3%	-0.1%	-0.3%
ROE: (c) / (b)	7.6%	13.8%	14.2%	13.4%	+5.8%	-0.4%	-0.8%
EPS (yen)	16.44	31.81	33.17	31.29	14.85	-0.52	-1.88

(*) 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) 14