

Financial Results Presentation Meeting

Fiscal Year 2003 (April 2003 – March 2004)

April 28, 2004

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Notes regarding Forward Projections

Statements made in this presentation with respect to Tokyo Gas's present plans, projections, strategies and beliefs, and other statements herein that are not expressions of historical fact are forward-looking statements about the future performance of the company. As such, they are based on management's assumptions and opinions stemming from currently available information, and therefore involve risks and uncertainties. The company's actual performance may greatly differ from these projections due to these risks and uncertainties which include, without limitation, general economic conditions in Japan, changes in the foreign exchange rate of the yen, crude oil prices, and the weather.

1. FY 2003 Financial Results: Key Points

- ◆ Increase in Revenue and Income
(year on year on ordinary income basis)
 - Smooth growth in gas sales volume (+7.1% year on year)
 - Steady cost reduction

- ◆ Easing of future financial burdens as deregulation progresses
 - Lump-sum compensation for disparity in calculation of retirement benefits due to pension system reform
 - Early introduction of asset-impairment accounting for fixed assets

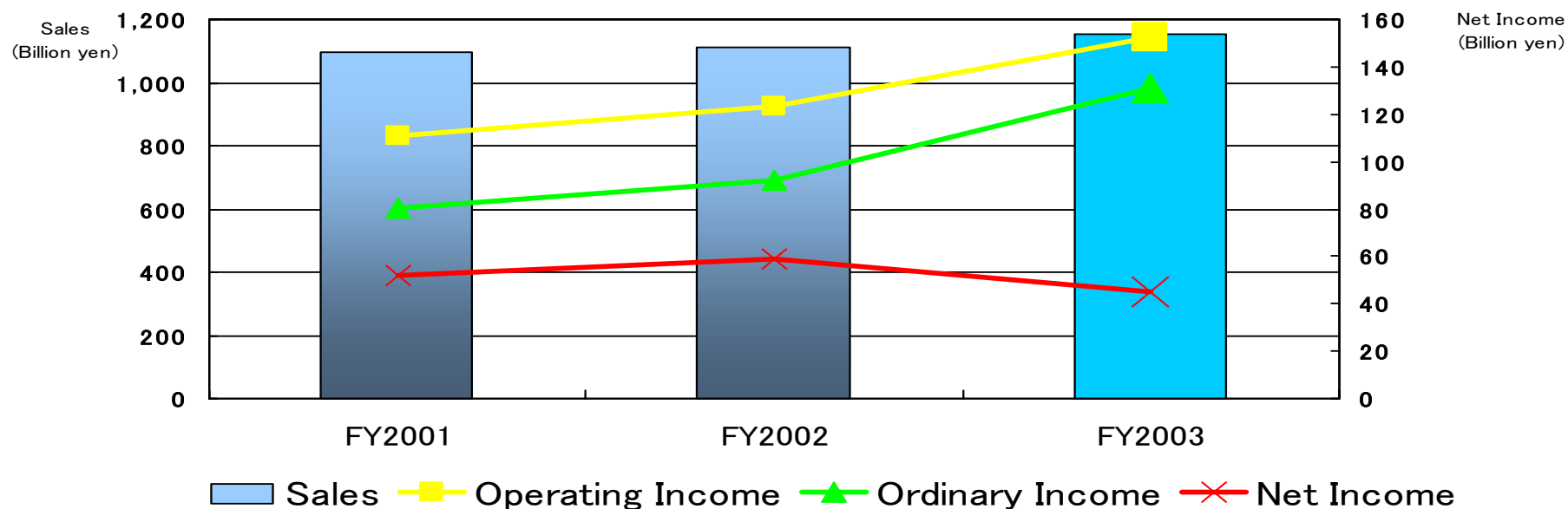
FY 2003 Results

(Consolidated Basis)

(Billion yen: rounded off to nearest ¥100 million)

	FY2002	FY2003	Change from FY2002
Sales	1,127.6	1,151.8	+ 24.2 (+ 2.1%)
Operating Income	123.2	152.2	+ 29.0 (+23.5%)
Ordinary Income	91.9	131.0	+ 39.1 (+42.6%)
Net Income	59.2	44.7	-14.5 (-24.3%)

Note: Consolidated companies comprise 18 consolidated subsidiaries and one equity-method affiliate

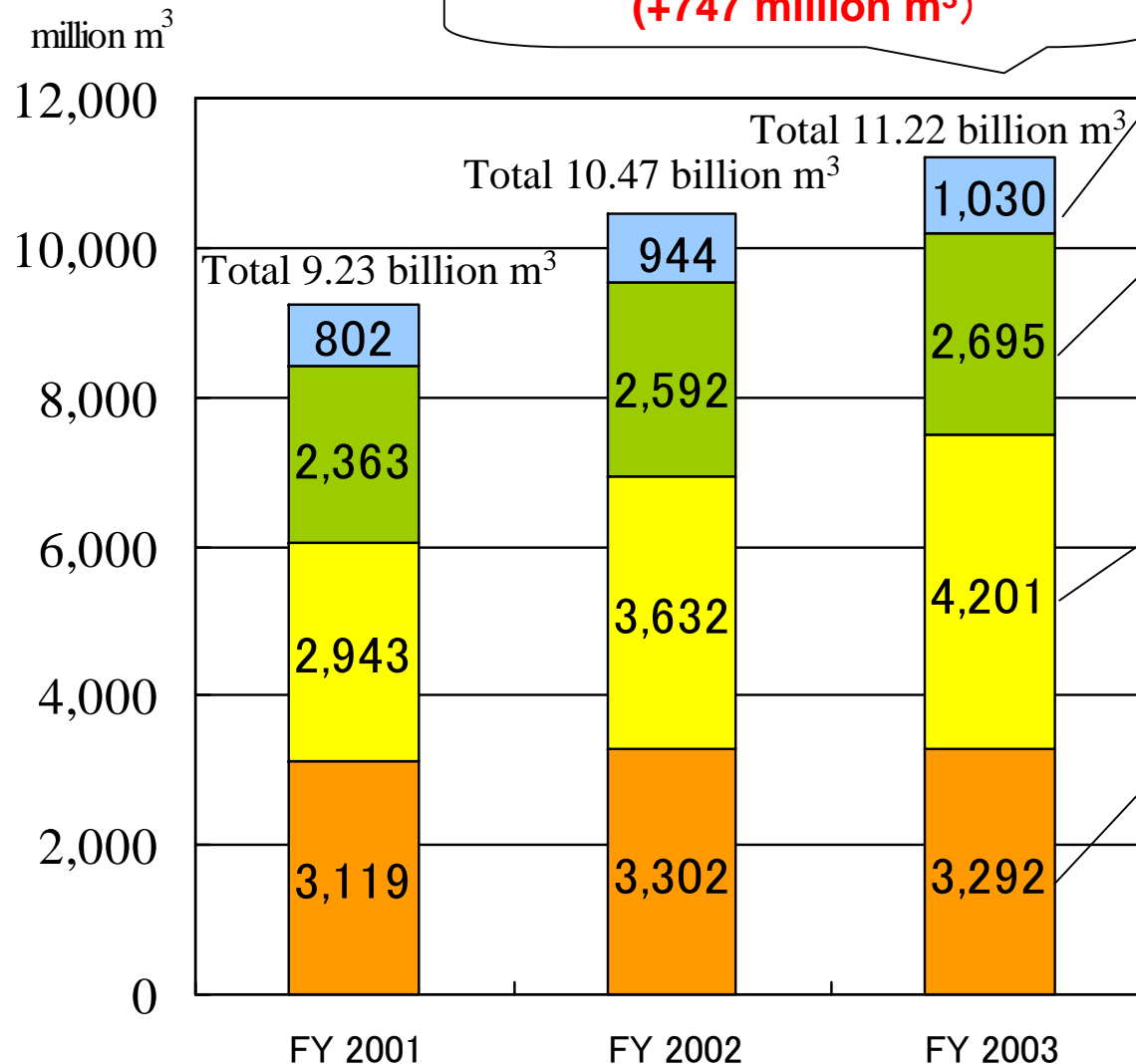


Gas Sales Volume

(Consolidated Basis)

**7.1% increase from the prior year
(+747 million m³)**

Reasons for Changes in Gas Sales Volumes (FY 2002 to FY 2003)



Wholesale Supply +9.1%

(+87 million m³)

- Increased sales to other gas companies

Commercial and Other Use + 4.0%

(+103 million m³)

- Increased demand from new customers
- Weak air conditioning and heating demand due to cool summer and warm weather in 2nd half of the year

Industrial Use +15.7%

(+569 million m³)

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

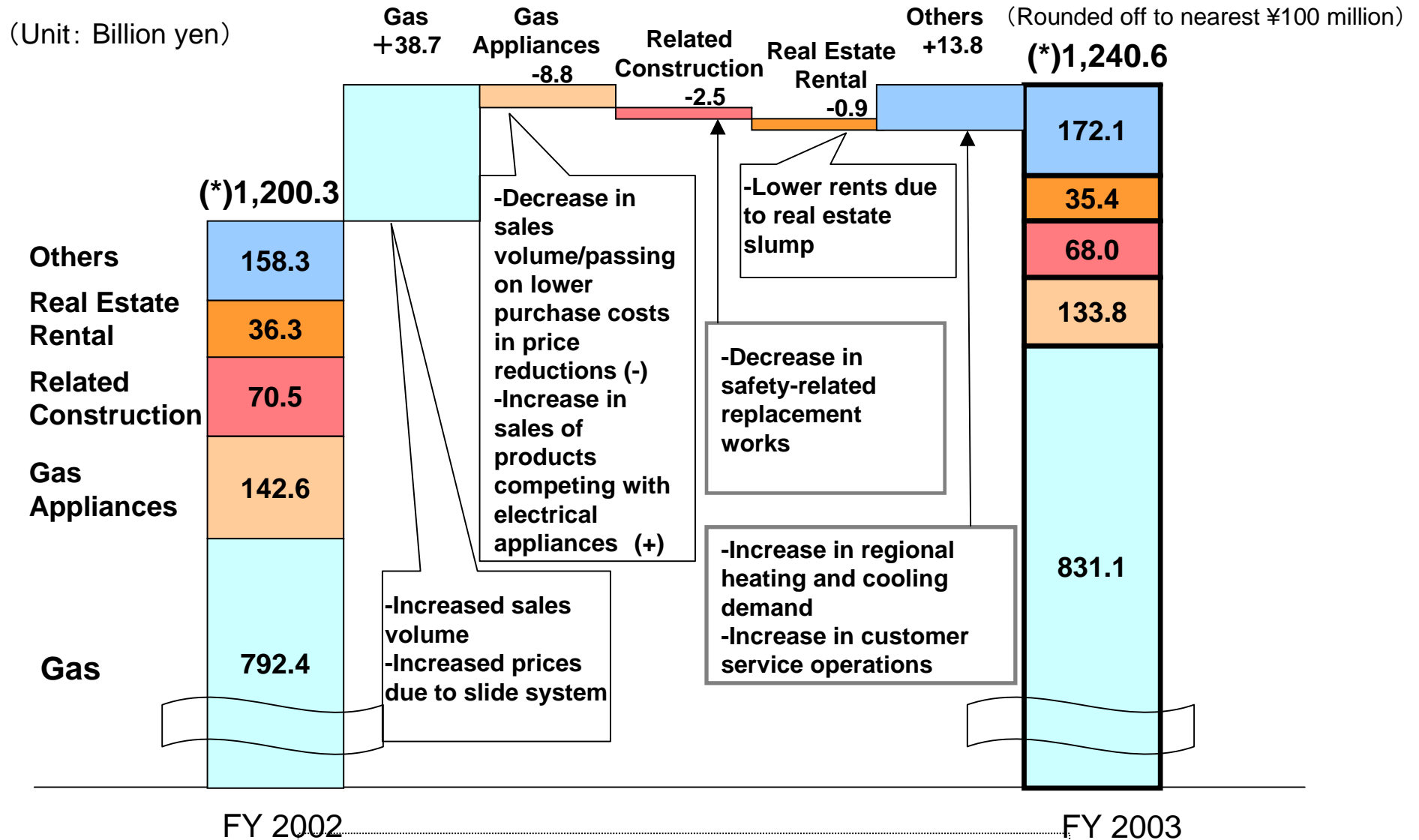
Residential Use -0.3%

(-10 million m³)

- Increased demand due to low temperature in beginning of year and summer
- Sluggish demand for hot water and space heating to warm weather in 2nd half of the year

(Rounded off to nearest million m³)

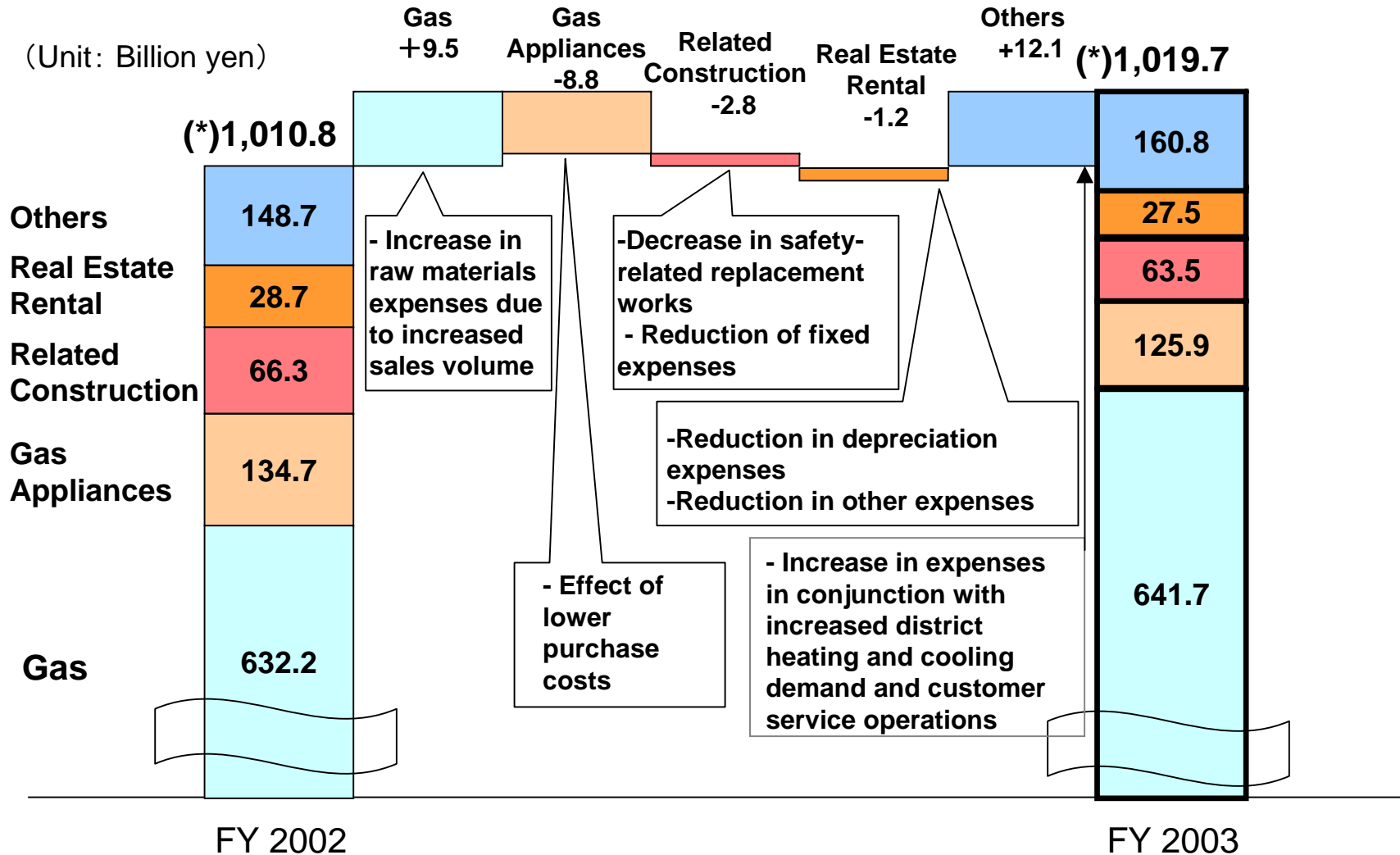
Reasons for Changes in Sales



(*) These figures include internal transactions

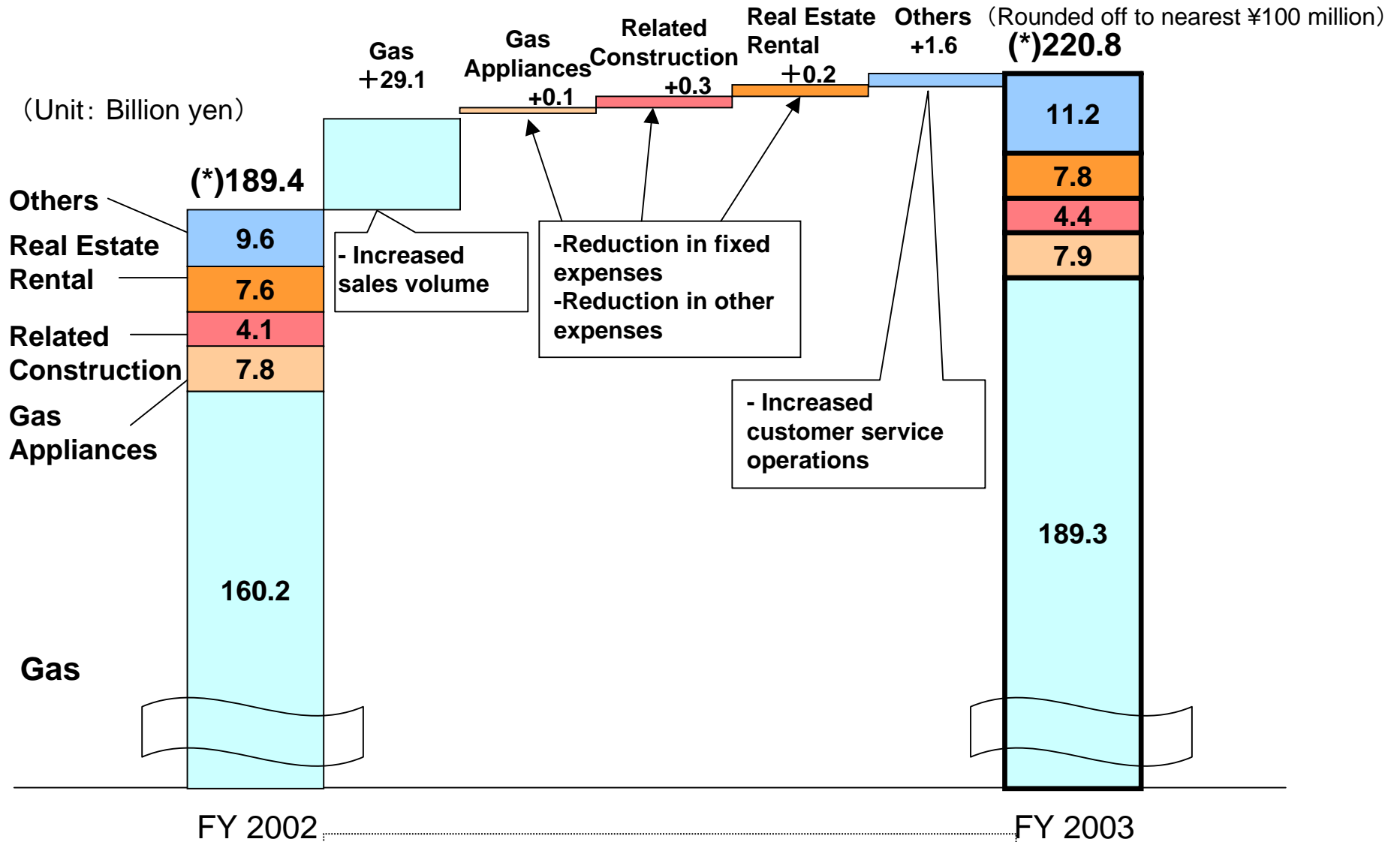
Reasons for Changes in Expenses

(Rounded off to nearest ¥100 million)



(*) These figures include expenses that transcend multiple segments

Reasons for Changes in Operating Income



(*) These figures do not include operating expenses that cannot be allocated to specific segments

Non-Operating Income/Loss & Extraordinary Income/Loss

(Billion yen; rounded off to nearest ¥100 million)

Non-Operating Income/Loss: -21.1 (+10.1)

● Non-operating Income:	9.1 (+1.6)
● Non-operating Loss:	30.3 (-8.4)
- Environmental expenses:	--- (-5.6)
- Interest expenses:	14.8 (-2.6)
- Loss on bond redemption:	6.5 (+0.2)

Extraordinary Income/Loss: -57.9 (-61.8)

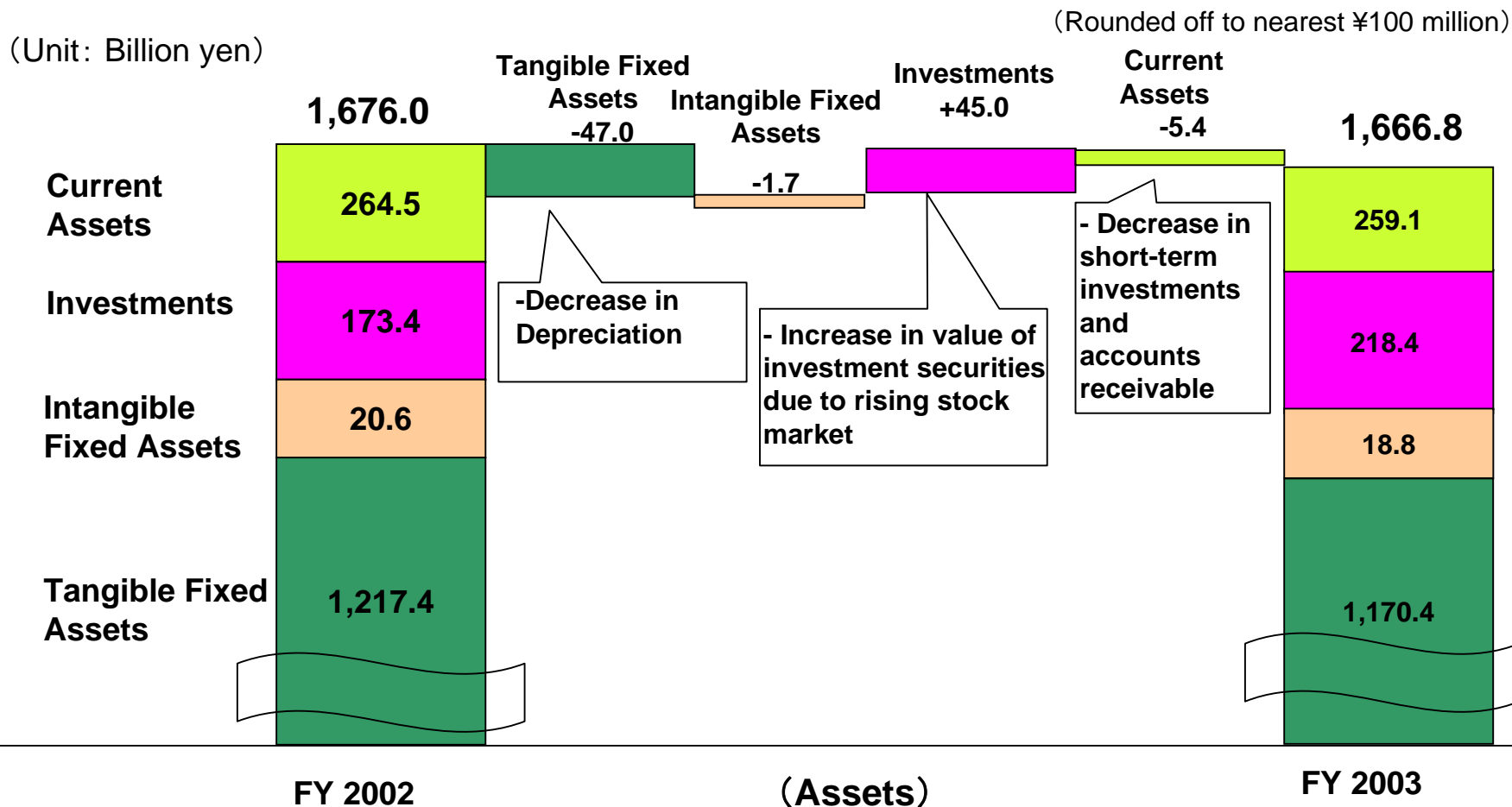
● Extraordinary Income:	8.4 (-0.2)
-Gain from dissolution of reserve fund for retirement benefits in conjunction with changes to corporate pension system:	5.6 (+5.6)
-Gain on sale of investment securities:	0.5 (-2.6)
● Extraordinary Loss:	66.3 (+61.6)
- Lump-sum compensation for disparity in calculation of retirement benefits:	58.9 (+58.9)
- Extraordinary loss for impairment of fixed assets:	3.3 (+3.3)

Consolidated Income (Summary)

(Billion yen; rounded off to nearest ¥100 million)

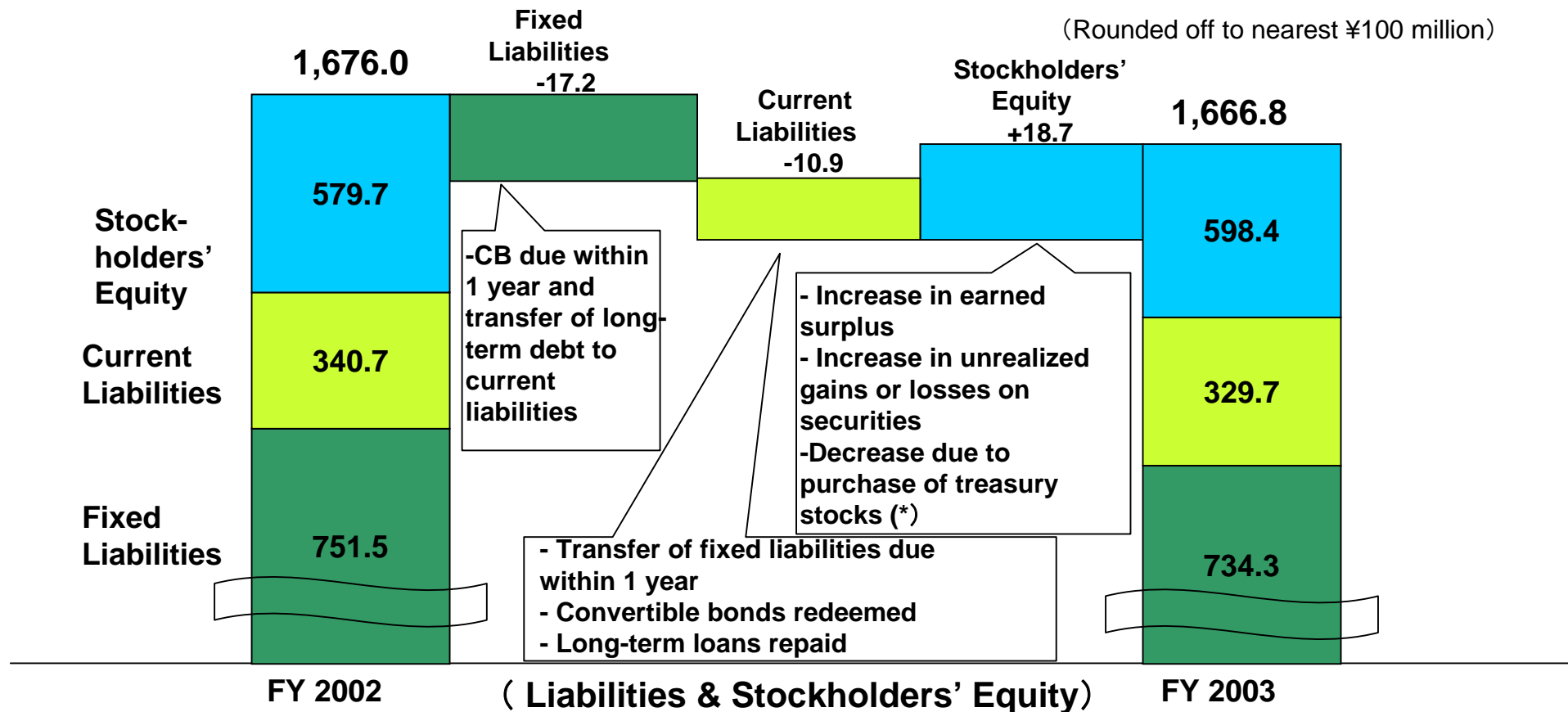
	FY 2003	Change from FY 2002	Percentage Change
Operating Income	152.2	+29.0	+23.5%
Ordinary Income	131.0	+39.1	+42.6%
Net Income	44.7	-14.5	-24.3%

Reasons for Changes in Balance Sheet (Assets)



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

(Rounded off to nearest ¥100 million)



(*) Purchase of treasury stocks

No. of shares purchased: 76.6 million

Total value: 27.8 million yen

Purchase period: May, Aug.-Sept 2003

2. Outlook for FY 2004 (April 2004 – March 2005)

- ◆ Performance Forecast
- ◆ Gas Sales Volume Projections

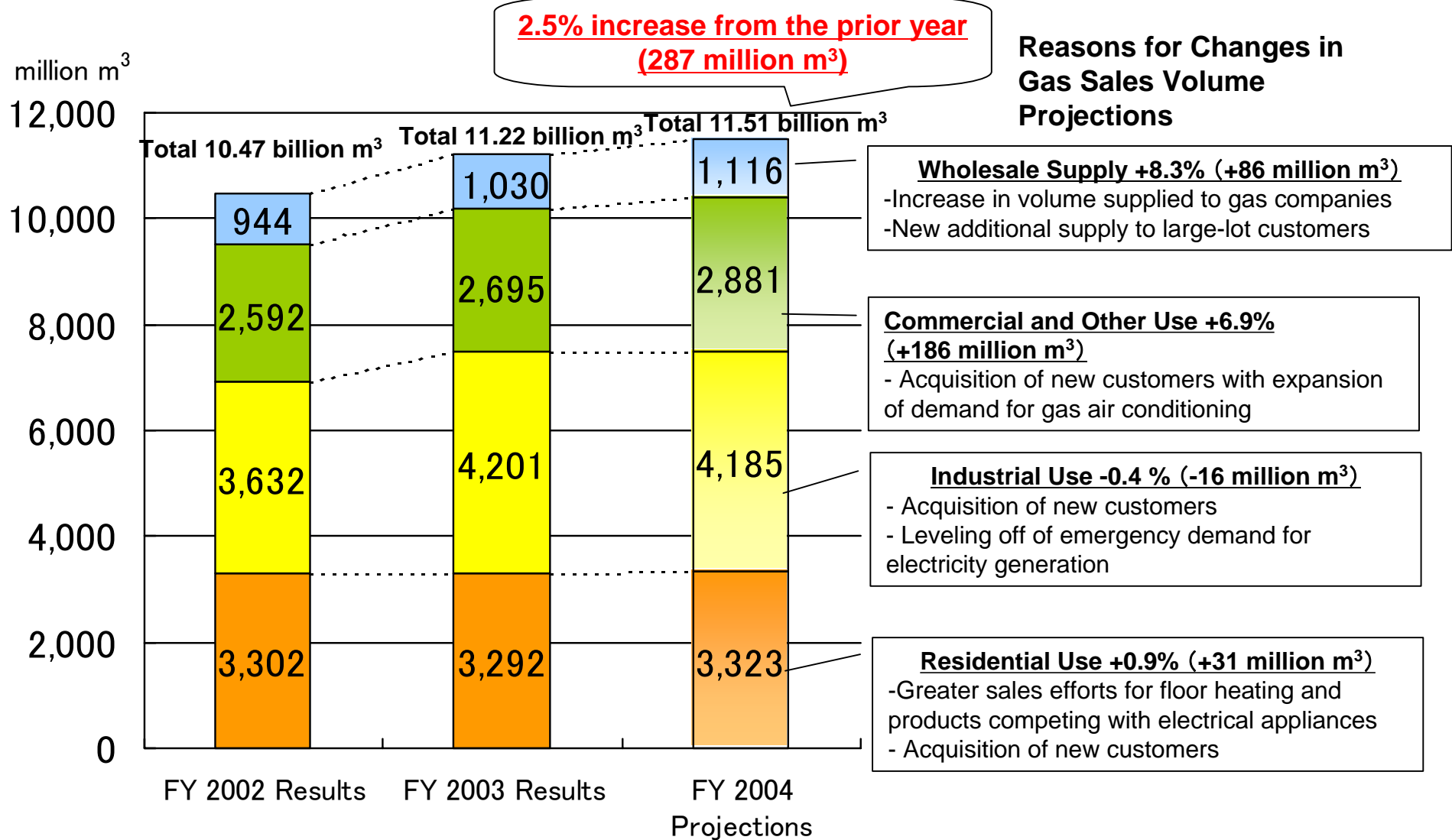
FY 2004 Performance Forecast

(Rounded off to nearest ¥100 million)

	FY 2003 Actual	FY 2004 Forecast	Change from FY 2003	
			Amount	Percentage
Sales	1,151.8	1,197.0	+45.2	+3.9%
Gas Sales	831.1	826.0	-5.1	-0.6%
Other Sales	320.7	371.0	+50.3	+15.7%
Total Expenses	999.6	1,052.0	+52.4	+5.2%
Operating Income	152.2	145.0	-7.2	-4.8%
Ordinary Income	131.0	131.0	-0	-0.1%
Net Income	44.7	86.0	+41.3	-92.0%

Note: From FY 2004 the number of consolidated subsidiaries will increase from 18 to 51

Gas Sales Volume Projections (Consolidated)



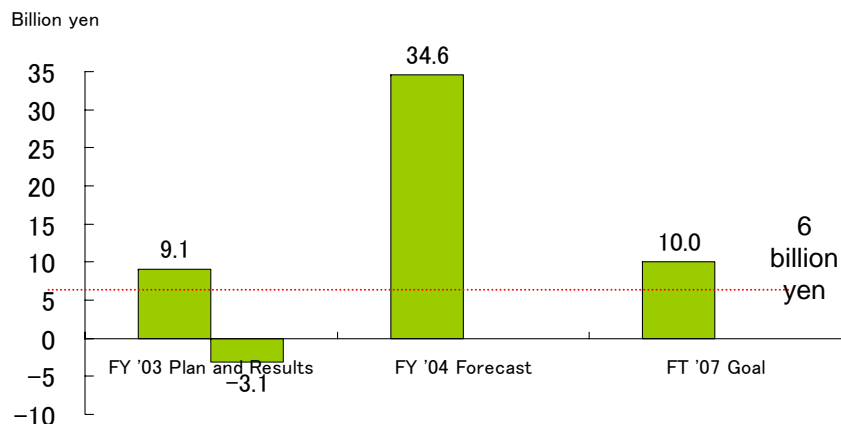
(Rounded off to nearest million m³)

3. Progress toward “Frontier 2007” Goals

- ◆ Main Performance Indicators
(TEP, FCF, ROA, Debts Outstanding)
- ◆ Returning More Profits to Shareholders
(Purchase of Treasury Stocks/Higher Dividends)
- ◆ Expansion into Energy Businesses

Main Performance Indicators

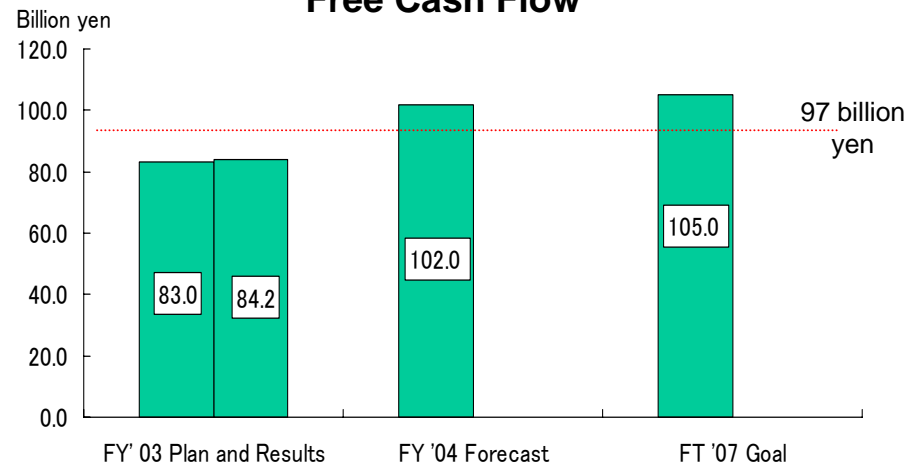
TEP (Tokyo Gas Economic Profit; EVA)



■ WACC: FY02: 4.5%; FY04 4.6% (forecast)

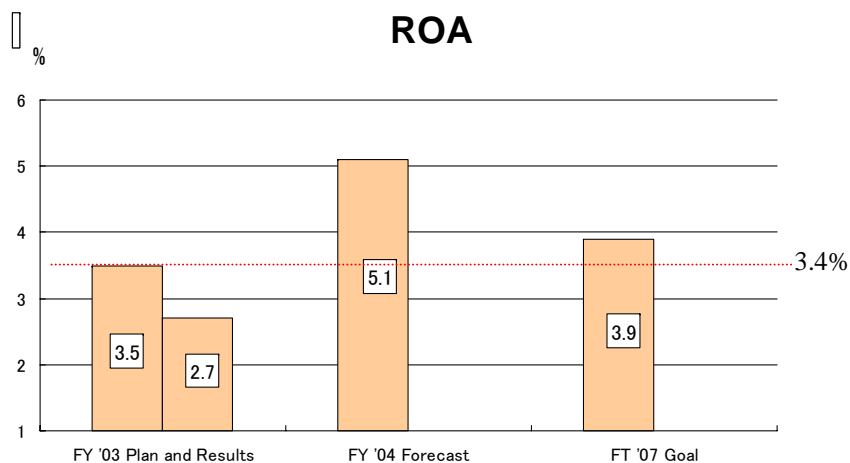
- Debt cost: 2.23% (after tax); 3.5% (before tax)
 - Equity cost: 6.5% (=3.5% (risk-free rate) + 0.75(β) × 4% (risk premium))

Free Cash Flow

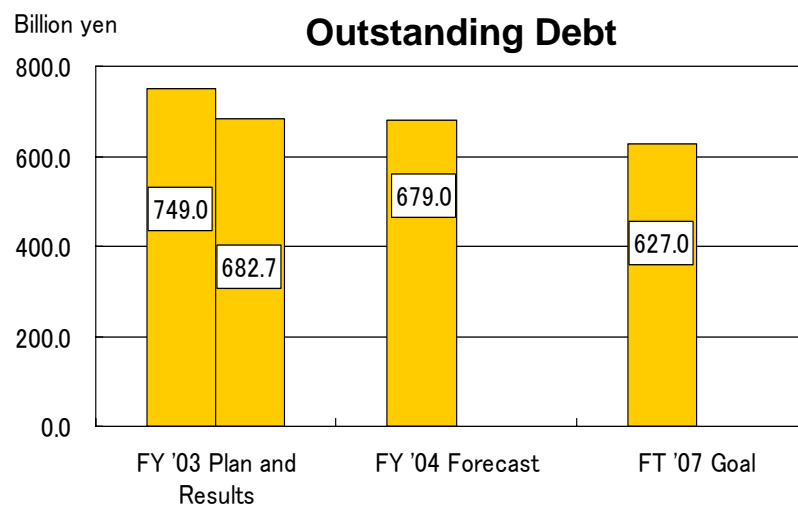


■ FCF=Net income + depreciation-capital expenditure

ROA



Outstanding Debt



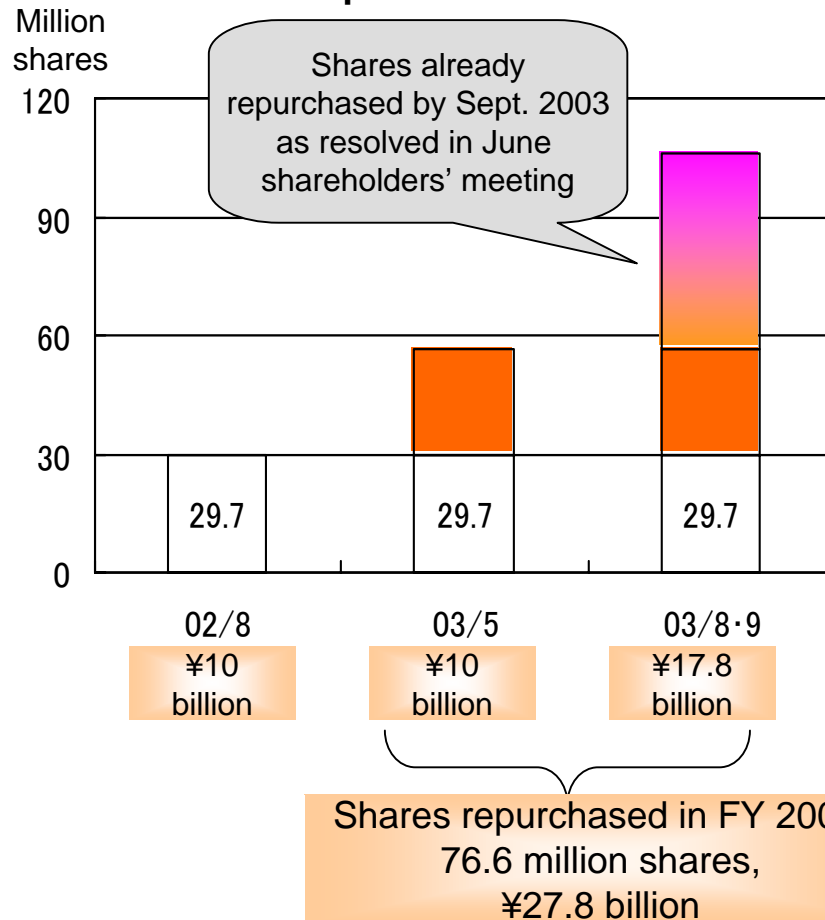
Notes: 1. From FY 2004 the number of consolidated subsidiaries will increase from 18 to 51. 2. The red lines show Frontier 2007 goals for 5-year averages. 3. The portions of FY 2003 results shown in dotted lines are the results if one-off factors in 2003 (extraordinary income/expenses from lump sum pension compensation) are disregarded

More Returns to Shareholders

Share Buy Back

Higher Dividends

— Shares repurchased to Date —



- Increase in dividend is planned from appropriation of FY 2003 income

Interim dividend: ¥3/share

Year-end dividend: increase from ¥3/share to ¥4/share

Annual dividend per share: increase from ¥6 to ¥7

Business Expansion into Energy-related Areas

1. Advance into Upstream and Transport Sectors

- Formal participation in the Darwin LNG Project (June 2003)
 - Tokyo Gas will purchase 1 million tons per year for 17 years starting from January 2006, all under an FOB contract
 - Joint investment with Tokyo Electric Power Company (TEPCO owns 6.72%, Tokyo Gas owns 3.28%)



- Tokyo Gas LNG tanker *Energy Frontier* put into commission (Sept. 2003)
 - This is Tokyo Gas's first wholly owned vessel (145,000 m³), and will be used to transport gas purchased under FOB contract

2. Expansion of Electric Power Business

- Tokyo Gas Bay Power Co., Ltd. began full-scale operations (Oct. 2003)
 - 100,000 kW generator, supply to Ennet Corporation
- Establishment of planning company Ohgishima Power Co., Ltd. (July 2003)
- Tokyo Gas Yokosuka Power Corporation – purchase of Tomen Power Yokosuka Corporation (240,000 kW) stock (July 2003)



- Operations scheduled to begin from FY 2006

3. Energy Services Business Development

- Energy Advance, Co. Ltd. to develop new markets
 - A total of 35 contracts (for approx. 60,000 kW) concluded by FY 2003
 - 18 grants from NEDO and other organizations (approx. 50,000 kW): highest number of grants awarded in the industry in the field of cogeneration
- NEDO: New Energy and Industrial Technology Development Organization

4. Advance into New Household Services

- Launched home security business (Apr. 2004) in partnership with Sohgo Security Services, Co., Ltd.
- Launched Hot Net Service (Apr. 2004) for remote control of floor heating and other appliances
- Launched full-scale sales of Anshin Kazai-kun fire insurance for household effects, jointly developed with Sompo Japan Insurance Inc. (Jan. 2003)



6. References

- ◆ **Performance Indicators (1)**
- ◆ **Performance Indicators (2)**

Main Performance Indicators (1)

(Billion yen)

	FY 2003 Actual			FY 2004 Forecast		
	FY '02 Actual	FY '03 Actual	% Change	FY '03 Actual	FY '04 Forecast	% Change
Sales	1,127.6	1,151.8	+2.1%	1,151.8	1,197.0	+3.9%
Gas Sales	792.4	831.1	+4.9%	831.1	826.0	-0.6%
Other Sales	335.2	320.7	-4.3%	320.7	371.0	+15.7%
Operating Income	123.2	152.2	+23.5%	152.2	145.0	-4.8%
Ordinary Income	91.9	131.0	+42.6%	131.0	131.0	-0.1%
Net Income	59.2	44.7	-24.3%	44.7	86.0	+92.0%
TEP	13.4	-3.1	---	-3.1	34.6	---
FX Rate (yen/US\$)	121.98	113.19	-8.79	113.19	110.00	-3.19
Oil Price (\$/bbl)	27.40	29.42	+2.02	29.42	30.00	+0.58
Average Temp. (°C)	16.1	16.3	+0.2	16.3	16.8	+0.5

Main Performance Indicators (2)

(Billion yen)

	FY 2003 Actual			FY 2004 Forecast		
	FY '02 Actual	FY '03 Actual	% Change	FY '03 Actual	FY '04 Forecast	% Change
Total Assets (a)	1,676.0	1,666.8	-0.6%	1,666.8	1677.0	+0.6%
Stockholders' Equity (b)	579.7	598.4	+3.2%	598.4	644.0	+7.6%
Equity Ratio (b)/(a)	34.6%	35.9%	—	35.9%	38.4%	—
Outstanding Debt	731.3	682.7	-6.6%	682.7	679.0	-0.5%
Cash Flow from Operating Activities (c)	59.2	44.7	-24.3%	44.7	86.0	+92.0%
Cash Flow from Investing Activities (d)=(f)-(e)	29.0	39.4	+35.9%	39.4	16.0	-53.1%
Capex (e)	111.9	107.4	-4.1%	107.4	126.3	+12.0%
Depreciation (f)	141.0	146.8	+4.2%	146.8	142.3	-3.1%
Free Cash Flow (c)+(d)	88.2	84.2	-4.5%	84.2	102.0	+29.2%
ROA : (c) / (a)	3.5%	2.7%	—	2.7%	5.1%	—
ROE: (c) / (b)	10.4%	7.6%	—	7.6%	13.8%	—
EPS (yen)	21.18	16.44	-22.4%	16.44	31.81	+93.4%

Note: ROA = Net income / Total assets (average of the beginning and ending balances); ROE = Net income / Stockholders' equity (average of the beginning and ending balances)

EPS: earnings per average number of shares issued and outstanding

Free cash flow = Cash flows from operating activities (Net income) + Cash flows from investing activities (depreciation – Capex)