

Unrivaled Advantages

Natural gas is the most environment-friendly fossil fuel, which augurs well for continued demand growth; it is also supported by government policy. Tokyo Gas has made this high-growth product the core of its business activities. It has developed city gas production and supply infrastructure in the Kanto region, Japan's largest consumer of energy, and applies its technology and experience in the fields of gas utilization and engineering to achieve sustained expansion of its customer base.

Leading to Increasing Strength and Sustained Growth

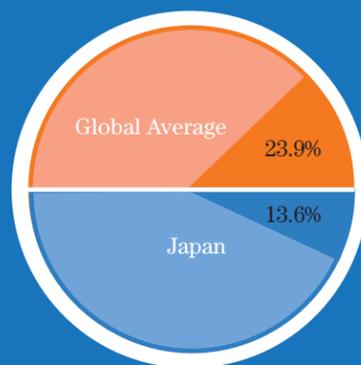
With the massive capital expenditure required to build up infrastructure behind it, Tokyo Gas is using its substantial cash flow to strengthen the core gas business, including new approaches to win and retain customers. Simultaneously, it is pursuing new areas of growth by leveraging opportunities emerging from the deregulation of the energy sector. Through this two-part approach, Tokyo Gas is determined to grow as an "energy frontier" group offering diverse energy solutions.

◀ See overleaf for a discussion of strategies to strengthen offensive and defensive positions.

Positive factors for growth

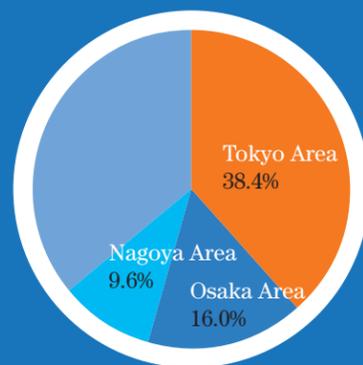
- ▶ Government policy driving growth in natural gas demand
- ▶ Potential for economic growth in the Kanto region
- ▶ Natural gas demand expected to grow for environmental reasons

Share of Natural Gas in Primary Energy Supply in Japan and Worldwide



Source: BP Statistical Review of World Energy 2004

Breakdown of GDP of Japan by Major Areas



Source: Cabinet Office, Government of Japan (Year ended March 31, 2002)
 Note: The Tokyo area includes Tokyo, plus the Kanagawa, Saitama, Chiba, Ibaraki, Tochigi, Gunma, Yamanashi and Nagano prefectures. The Osaka area includes Osaka, as well as the Hyogo, Kyoto, Shiga, Nara and Wakayama prefectures. The Nagoya area includes the Aichi, Gifu and Mie prefectures.

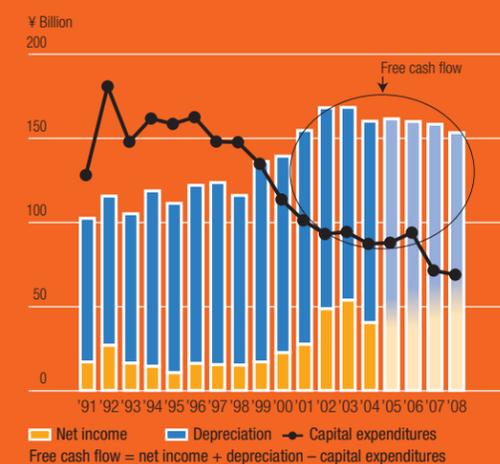
Our Strengths

- ▶ A trusted network with 9.4 million customers
- ▶ State-of-the-art solutions for every energy need
- ▶ Abundant cash flow for strategic business development

Gas Sales Volume & Customer Growth (Nonconsolidated)



Cash Flow and Capital Expenditures (Nonconsolidated)



All graph data for years ended March 31