



HIDEHARU UEHARA
Vice Chairman

KUNIO ANZAI
Chairman

NORIO ICHINO
President

Marking a Successful Start of “Frontier 2007” and on Track to Achieve Our Targets

Fiscal 2003, the year ended March 31, 2004, was the first year of Frontier 2007, the Tokyo Gas Group’s medium-term management plan for the five-year period to fiscal 2007. The plan clarifies future directions and strategies for the Tokyo Gas Group by thoroughly taking into account the maximum potential impact on our operations of progress in regulatory reform and expansion of the scope of liberalization. In this important initial year of the plan, we posted record consolidated net sales, with a 2.1% increase to ¥1.15 trillion, driven by strong gas sales. Net income declined because of an extraordinary loss resulting from lump-sum write off of the actuarial difference in retirement benefits. However, operating income was 23.5% higher at ¥152.3 billion. We believe that we have achieved a very successful launch of our medium-term plan.

If transient factors recorded as extraordinary losses were excluded, free cash flow would be substantially above the initial target for the fiscal year, and our projections indicate that we are on track to exceed the targets set for the final year of Frontier 2007. In recognition of this, we have increased the annual dividend per share from ¥6 to ¥7.

In fiscal 2004, we are determined to meet the expectations of all stakeholders, including shareholders and investors, by achieving further enhancement in our corporate value under our new Group structure.

KUNIO ANZAI
Chairman

Handwritten signature of Kunio Anzai in black ink.

HIDEHARU UEHARA
Vice Chairman

Handwritten signature of Hideharu Uehara in black ink.

NORIO ICHINO
President

Handwritten signature of Norio Ichino in black ink.