

The Tokyo Gas Group aims to enhance its corporate value by focusing on the development of a total energy business centering on natural gas. This vision is the key to our future as a high-profitability, high-growth group capable of achieving sustainable success and progress.

Tokyo Gas will continue to provide advanced energy solutions, primarily through the supply of natural gas to meet expanding demand.

As the most environmentally friendly, economical and convenient fossil fuel, natural gas has become a vital resource for modern society and lifestyles. Tokyo Gas has made natural gas the core of its diversified energy-related business.

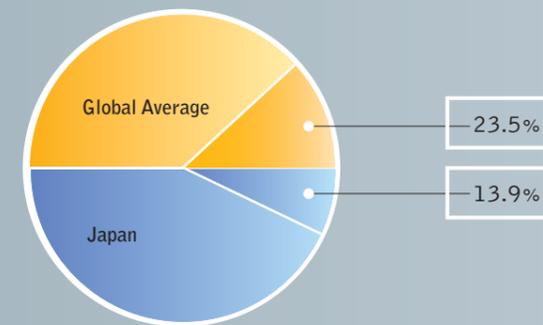
When Tokyo Gas was founded in 1885, Japan was just beginning to use gas on a significant scale. Since then, Tokyo Gas has helped to build the Japanese city gas and natural gas markets through its many pioneering achievements, including the introduction of natural gas as a resource for city gas in 1969. During its 120-year history, it has accumulated sophisticated gas utilization technology and earned a solid reputation for reliability as a supplier of gas to a wide spectrum of residential, industrial and commercial customers.

Today, Tokyo Gas serves over 9.8 million customers. With a brand image of "security, safety and reliability," it has extended its business to include advanced energy solutions and the provision of services that help to enhance the quality of life.

With an extensive network of gas pipelines and LNG receiving terminals, Tokyo Gas has steadily increased its advantage in the market. Its service area encompasses the Kanto region, which is the heart of the Japanese economy and the region with the greatest energy needs. Tokyo Gas is continually extending its pipeline network into areas where energy demand is expanding. The total length of pipelines in the network has reached 51,530 km.

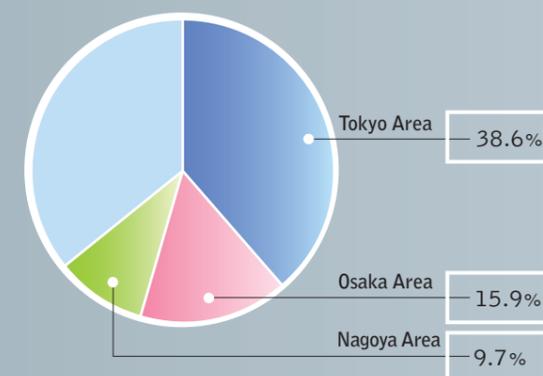
Natural gas demand is expected to grow because of its excellent environmental characteristics with the approach of the first Kyoto Protocol commitment period, which starts in 2008. Tokyo Gas is working to establish and expand its presence throughout the LNG value chain, participating in upstream projects and transportation as well as in import and supply operations in Japan. This strategy aims to ensure the Tokyo Gas Group's success in an energy sector that will become intensely competitive in the years ahead.

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



Source: BP Statistical Review of World Energy, June 2006

Breakdown of GDP of Japan by Major Areas



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

Contents

I.F.C.	Our Advantage
02	Outline of New Medium-term Management Plan
04	Financial Highlights
06	Segment Information
08	An Interview with the President
15	Creation and Cultivation of New Natural Gas Markets
16	For Residential Customers
18	For Industrial and Commercial Customers
20	Wide-area Development
22	Procurement of Gas Resources
24	Technology Development
25	Fulfilling our Commitment to Corporate Social Responsibility
26	Corporate Governance
26	Our Fundamental Concept of Corporate Governance
27	Management Structure
29	Board of Directors and Corporate Auditors
30	Internal Governance
31	Disclosure Policy
32	Group Management Structure
33	Initiatives for Environmental Protection and Safety
35	Financial Section
63	Consolidated Subsidiaries and Equity-method Affiliates
64	Investor Information