

Interim Results Presentation Meeting

First Half of Fiscal Year 2003 (April-Sept. 2003)

October 30, 2003

**Norio Ichino, President
Tokyo Gas Co., Ltd.**

Notes regarding Forward Projections and Insider Trading Regulations

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.

NOTE: Anyone who views this presentation before 12 hours have passed from the public announcement of the company's interim results (that is, before 2:00 a.m. on October 31, 2003 Japan Standard Time) is considered a "primary information recipient" under the insider trading regulations stipulated by Paragraph 3, Article 166 of the Securities and Exchange Law and Article 30 of the Securities and Exchange Law Enforcement Order. Please note that under these laws and regulations such persons are strictly prohibited from trading in the company's shares prior to the above-stated time.

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(Consolidated Basis)

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4. Reference Materials

1. FY 2003 1st Half Results

FY 2003 1st Half Summary

Gas Sales (Actual)

Net Sales, Expenses, Operating Income by Segment

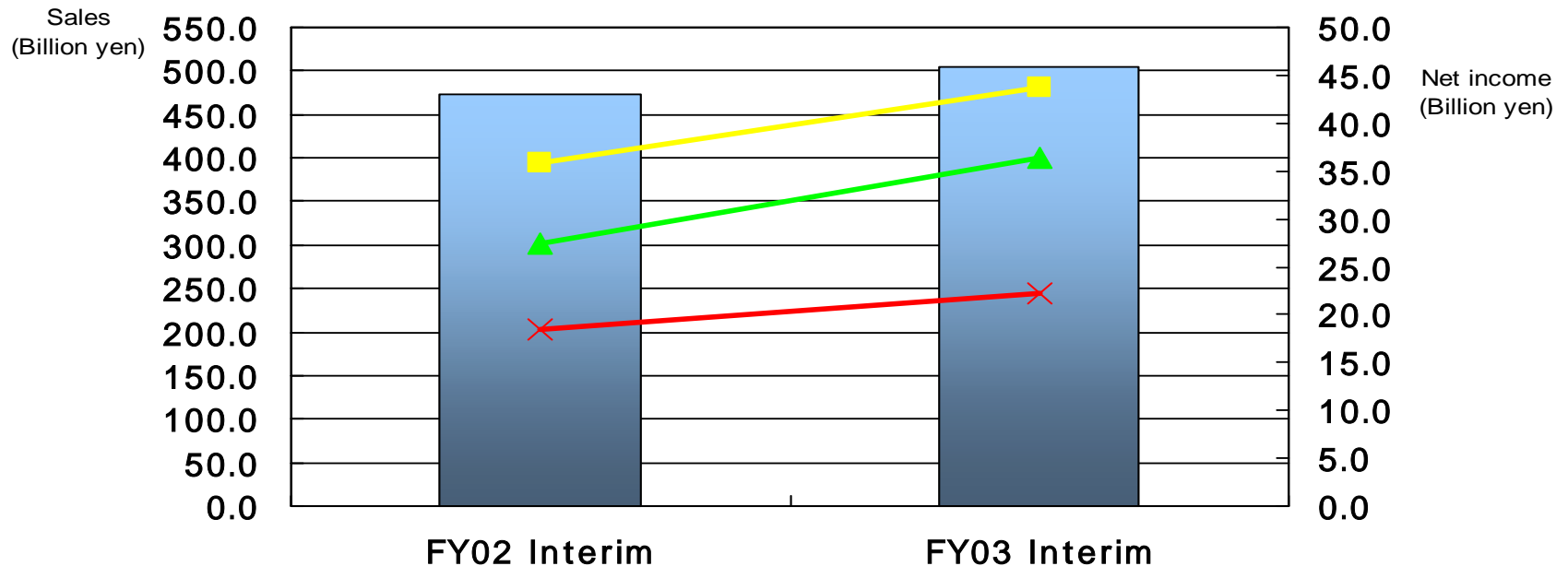
Non-Operating Income/Expenses & Extraordinary
Income/Expenses

Balance Sheet (Assets, Liabilities & Shareholders'
Equity)

FY 2003 1st Half Results

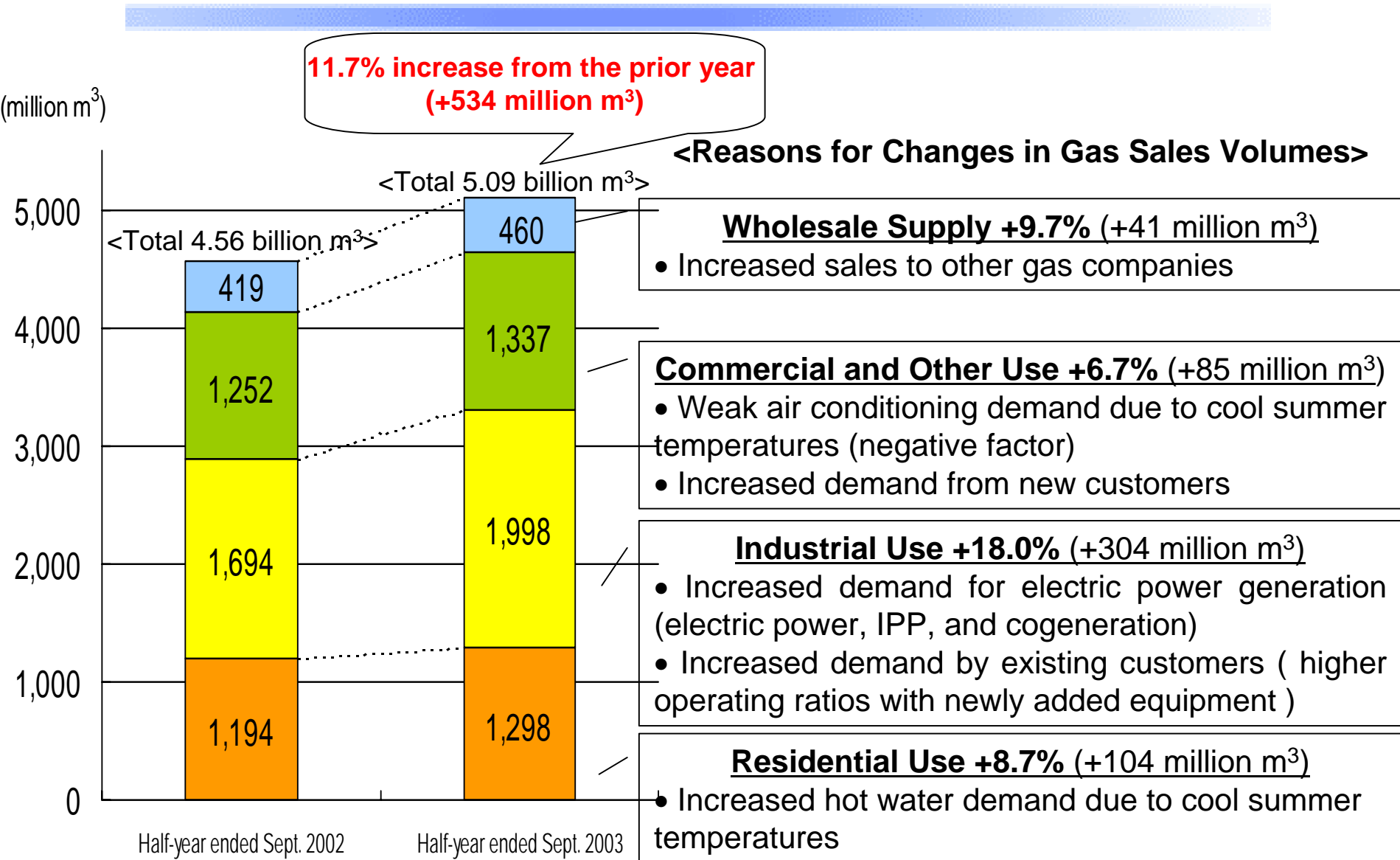
(Billion yen; rounded off to nearest ¥100 million)

	FY02 1 st Half Actual	FY 03 1 st Half Forecast (April 30)	FY03 1 st Half Actual	Change from FY 2002	Change from Forecast
Sales	473.6	487.0	505.1	+ 31.5 (+6.6%)	+ 18.1 (+3.7%)
Operating Income	35.9	17.0	43.8	+ 7.9 (+21.9%)	+ 26.8 (+157.6%)
Ordinary Profit	27.4	9.0	36.4	+ 9.0 (+32.5%)	+ 27.4 (+304.4%)
Net Profit	18.4	6.0	22.2	+ 3.8 (+20.6%)	+ 16.2 (+270.0%)



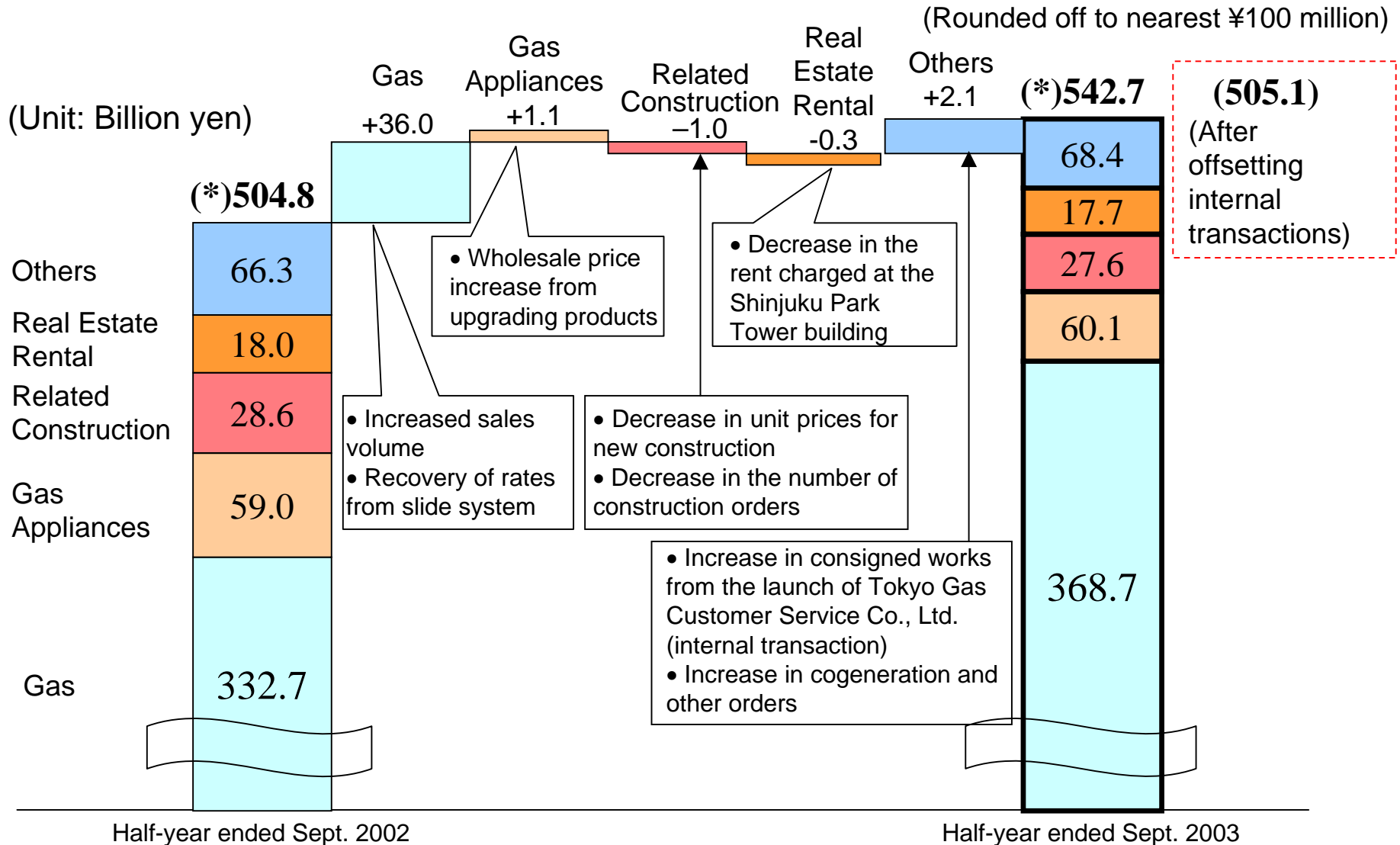
■ Sales
 —■— Operating Income
 —▲— Ordinary Income
 —×— Net Income

Actual Gas Sales



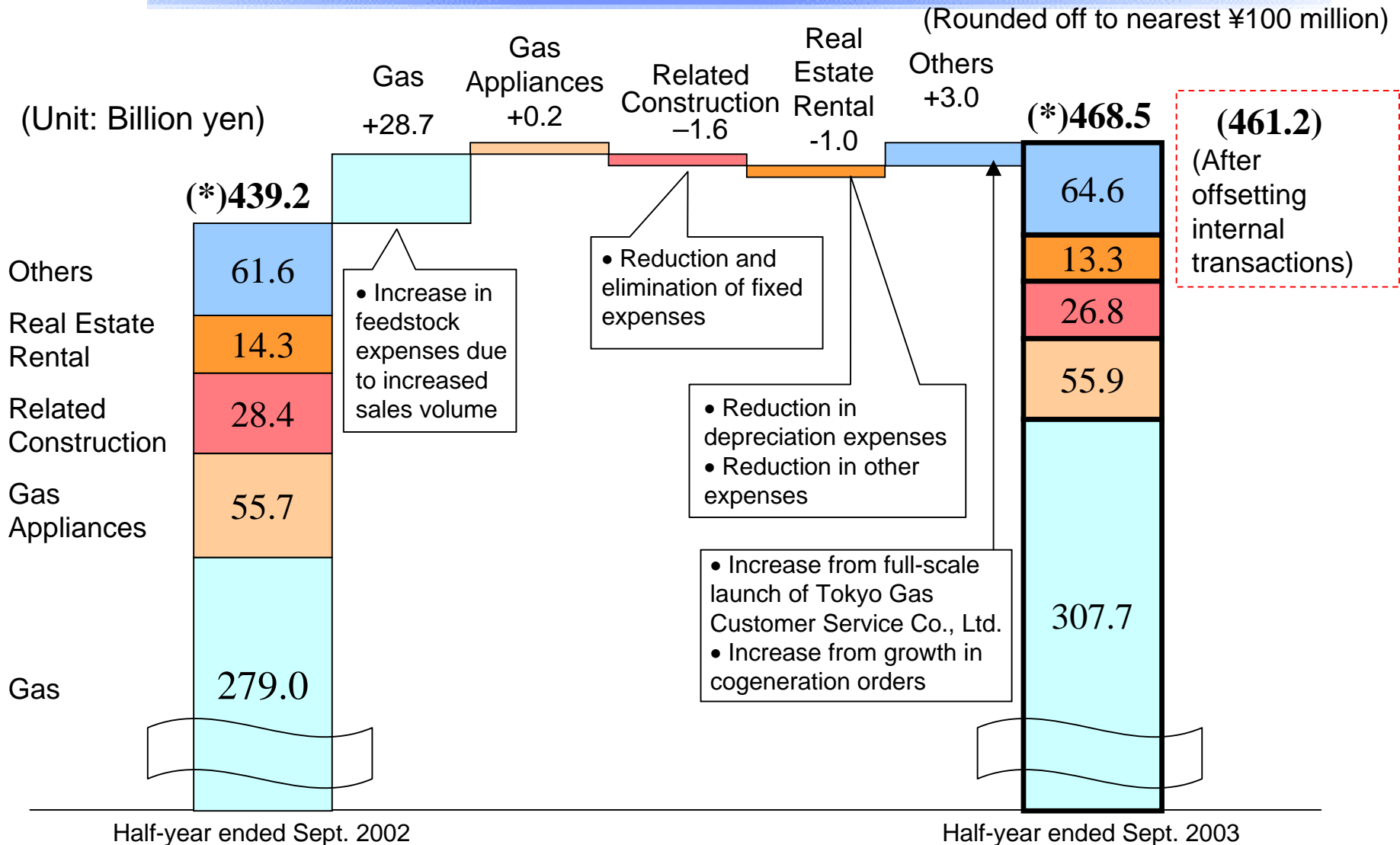
(Rounded off to nearest million m³)

Net Sales by Segment



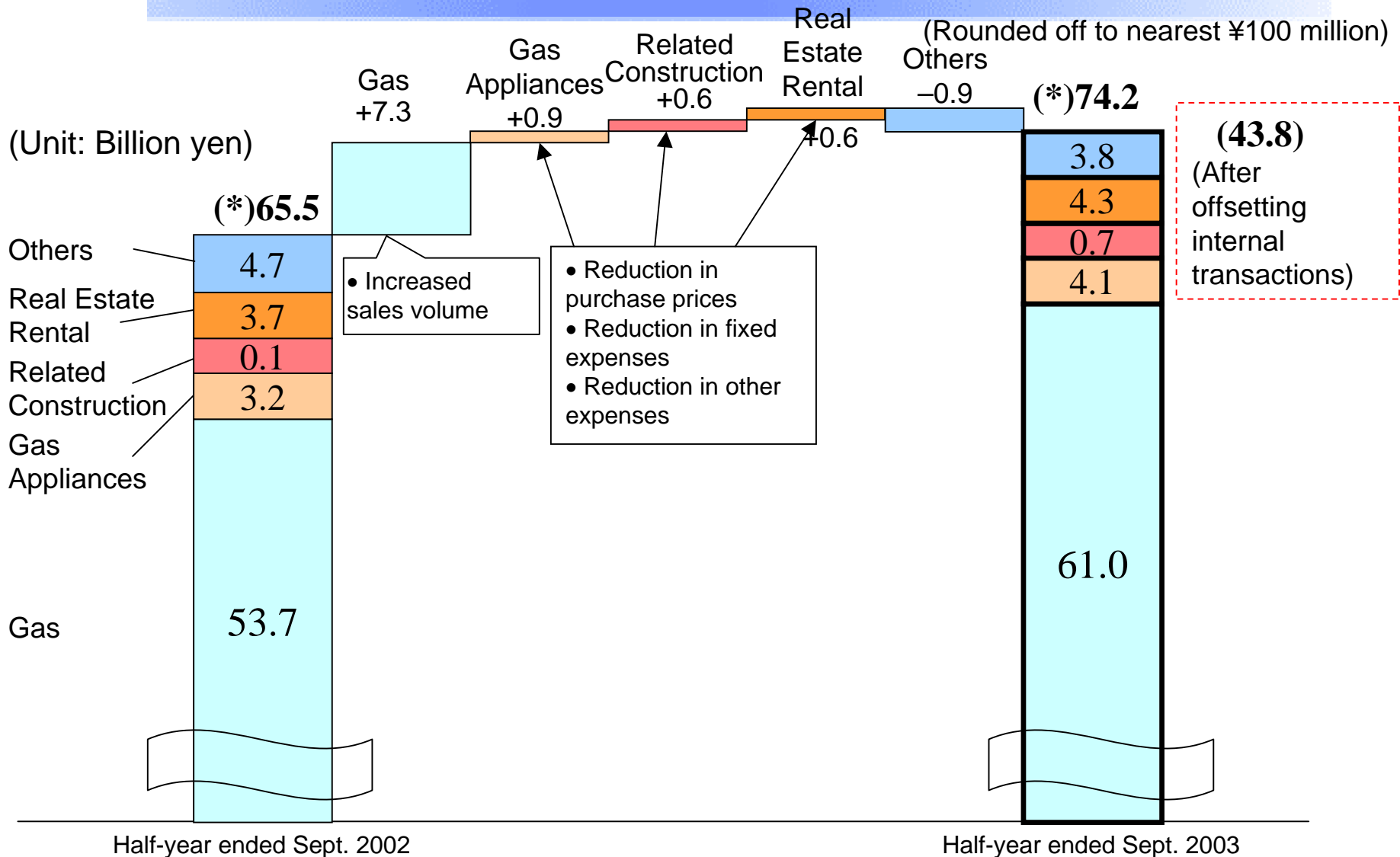
*These figures include internal transactions.

Expenses by Segment



*These figures include expenses that transcend multiple segments.

Operating Income by Segment



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

Non-Operating Income/Expenses & Extraordinary Profits/Losses

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

Non-operating Income/Expenses: -7.3 (+1.0)

Non-operating Income: 4.4 (+0.4)

Non-operating Expenses: 11.8 (-0.6)

· Interest expenses: 7.8 (-0.6)

Extraordinary Income/Expenses: -0.3 (-2.3)

Extraordinary Income

· Gain on sales of fixed assets: 0.1 (-0.1)

· Gain on sales of investment securities: 0.5 (-1.2)

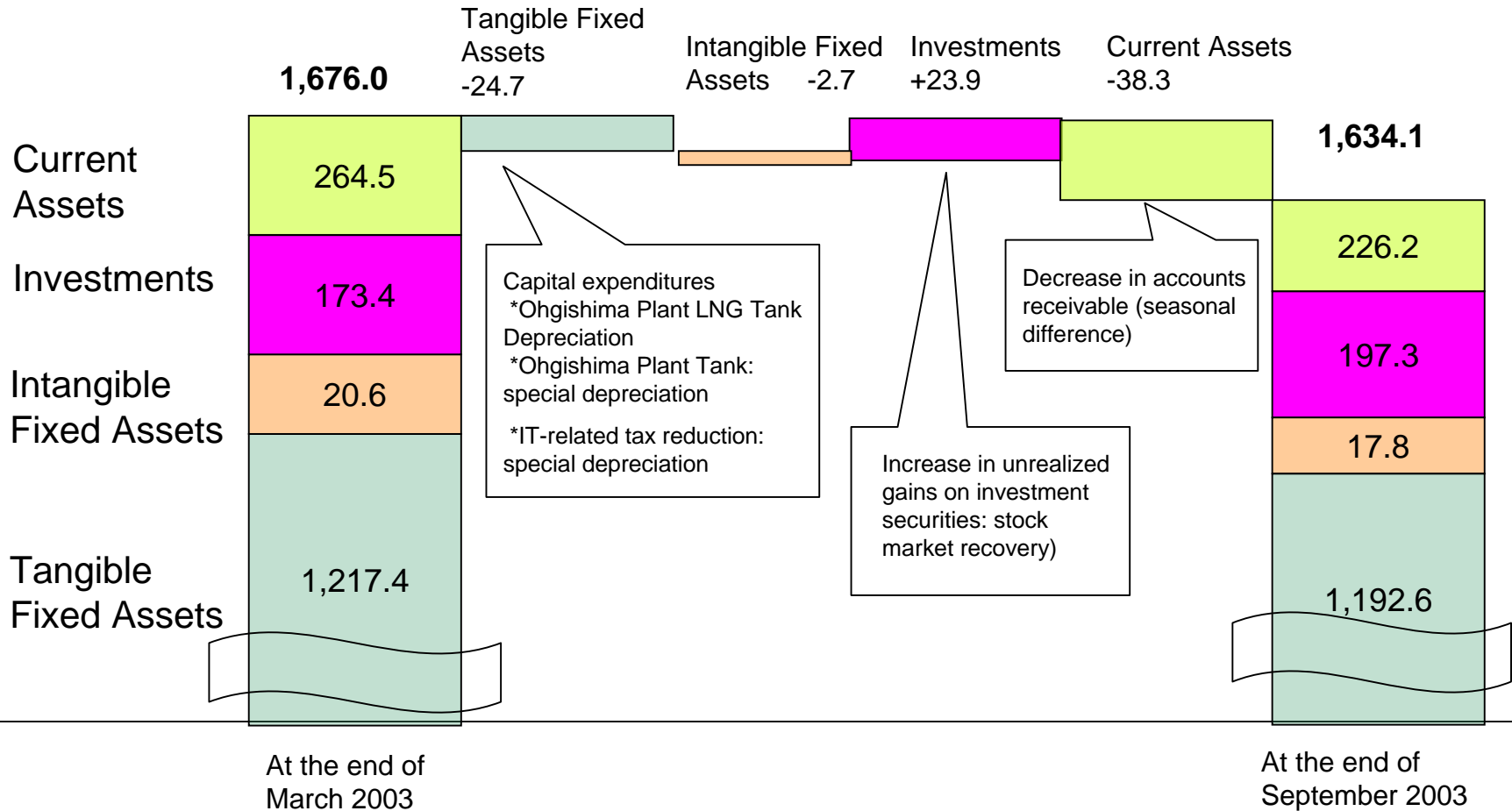
Extraordinary Expenses

· Loss from sale of fixed assets: 1.1 (+1.0)

Figures in () are changes from the 1st half in FY2002.

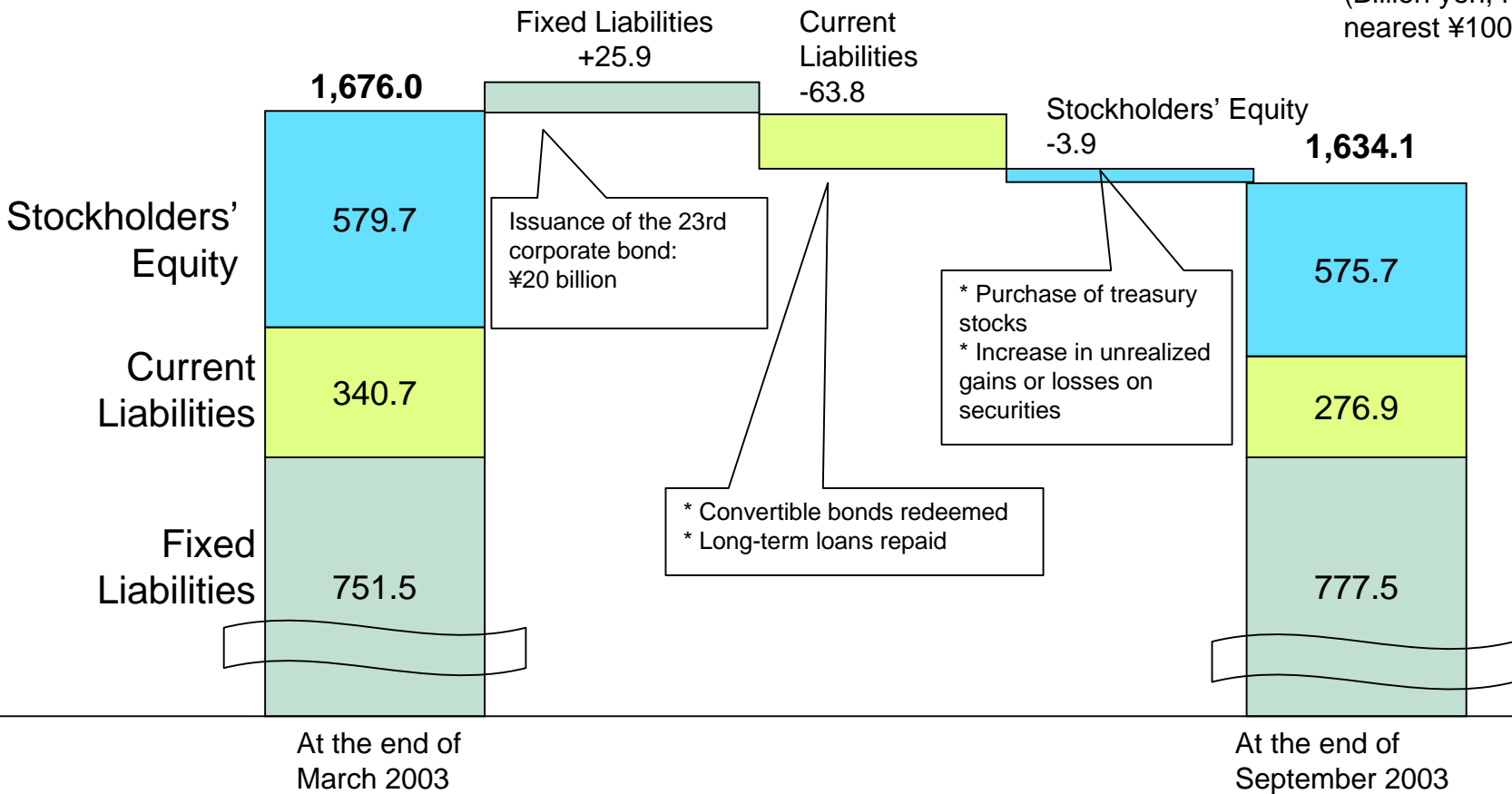
Balance Sheet (Assets)

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



Balance Sheet (Liabilities & Shareholders' Equity)

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



2. Outlook for the Full Fiscal Year (FY 2003 ending March 31, 2004)

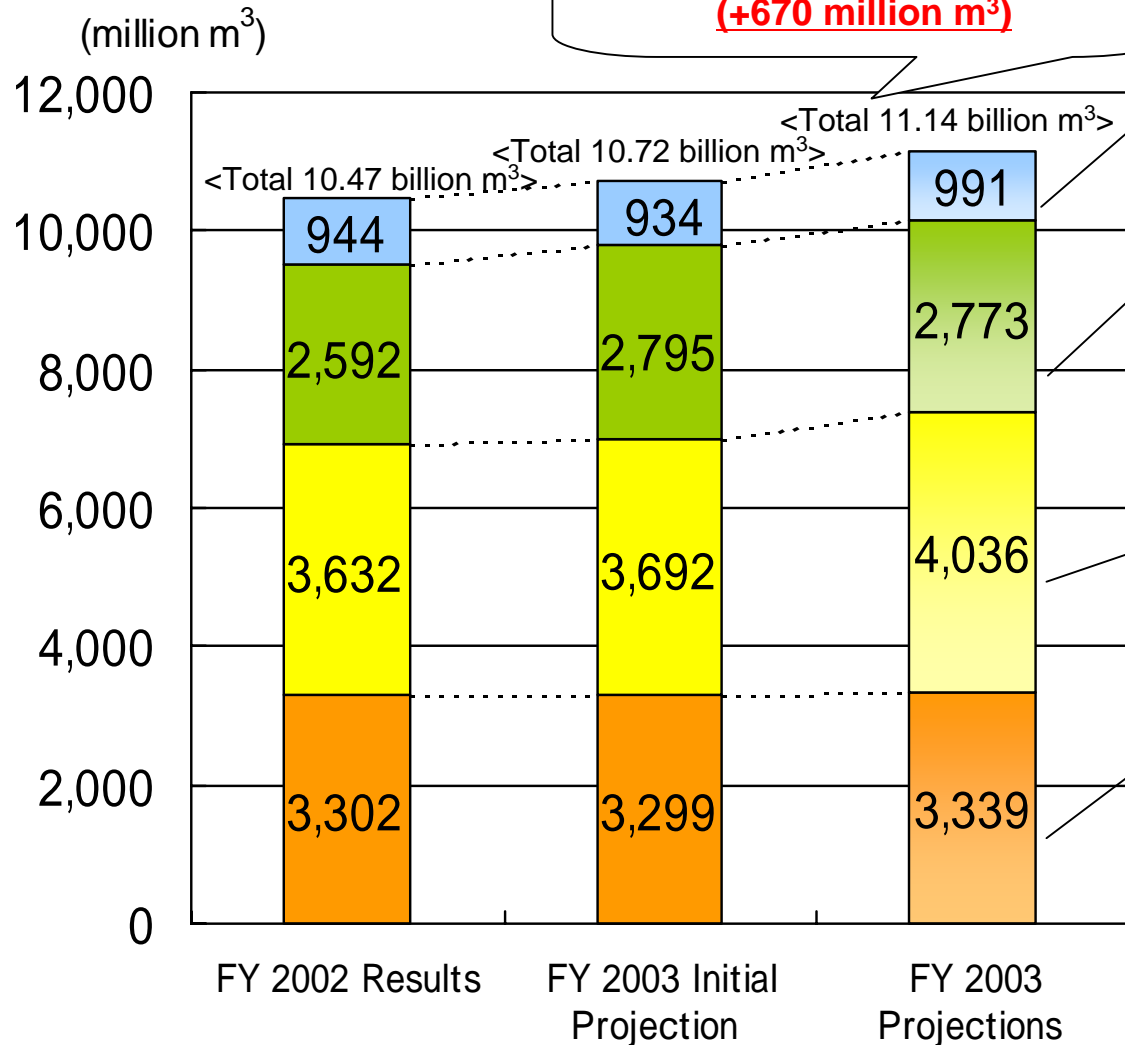
Gas Sales Volume Projections

FY 2003 Financial Projections

Gas Sales Volume Projections

**6.4% increase from the prior year
(+670 million m³)**

<Reasons for Changes in Gas Sales Volume Projections>



Wholesale Supply +5.0%
(+48 million m³)

- Steady growth in wholesale demand

Commercial and Other Use +7.0%
(+181 million m³)

- Acquisition of new customers
- Increased demand from favorable operations at existing large-lot customers

Industrial Use +11.1% (+403 million m³)

- Continuous increase in demand projected, especially for electric power generation

Residential Use +1.1% (+37 million m³)

- Decline compared with the extremely cold winter of FY2002
- Acquisition of new residential customers

(Rounded off to nearest million m³)

FY 2003 Performance Forecast

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

	FY 2002 Actual	FY 2003		Change	
		Initial Forecast	Revised Forecast	From FY 2002	From Initial Forecast
Sales	1,127.6	1,139.0	1,162.0	+34.4 +3.0	+23.0 +2.0%
Gas Sales	792.4	808.0	833.7	+41.2 +5.2	25.7 +3.2%
Other Sales	335.2	331.0	328.3	(6.8) (2.1%)	(2.7) (0.8%)
Operating Income	123.2	108.0	143.0	19.8 +16.0%	35.0 +32.4%
Ordinary Profits	91.9	89.0	122.0	30.1 +32.7 %	33.0 +37.1%
Net Income	59.2	58.0	76.0	16.8 +28.4%	18.0 +31.0%

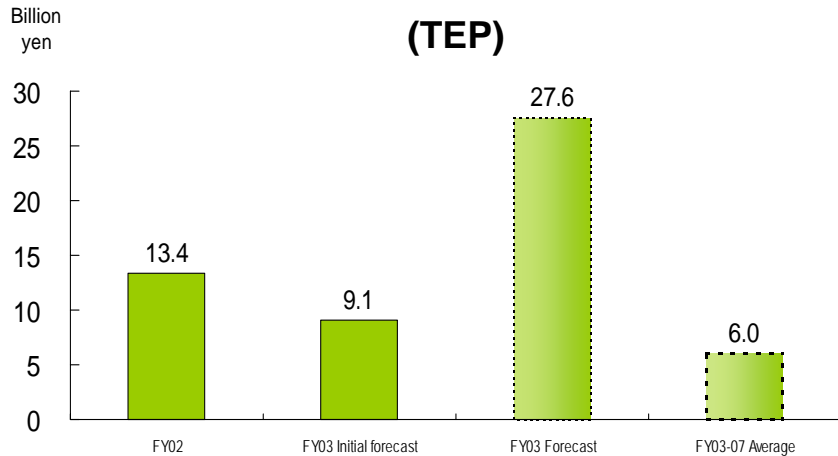
3. “Frontier 2007”: Progress in Its 1st Year (Highlights)

Main Performance Indicators
(TEP, FCF, ROA, Debts Outstanding)

Purchase of Treasury Stocks

Expansion to Energy Businesses

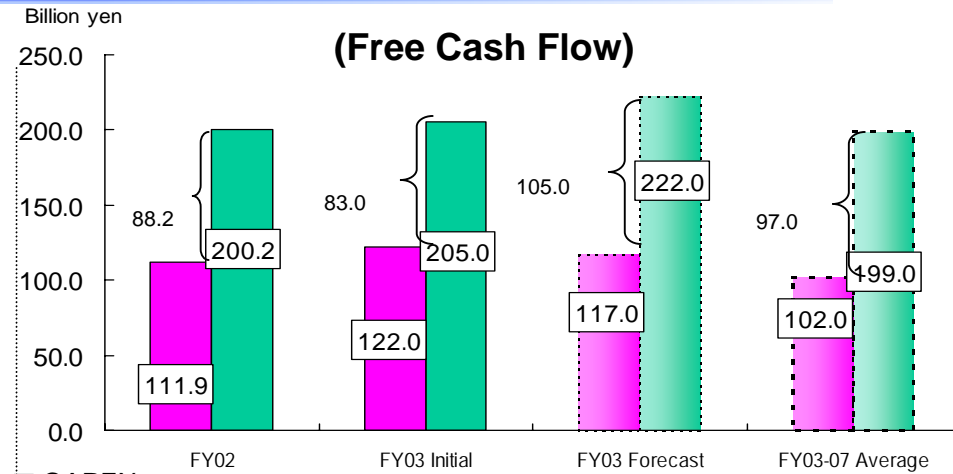
Main Performance Indicators



WACC: FY2002: 4.4%; FY2003: 4.5% (forecast)

· Debt cost: 2.23% (after tax); 3.5% (before tax)

· Equity cost: 6.5% (=3.5% (risk-free rate) + 0.75 () x 4% (risk premium))

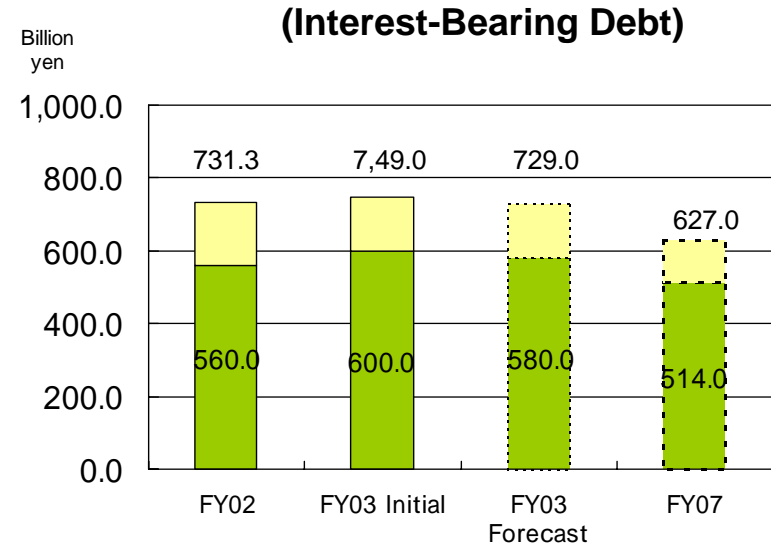
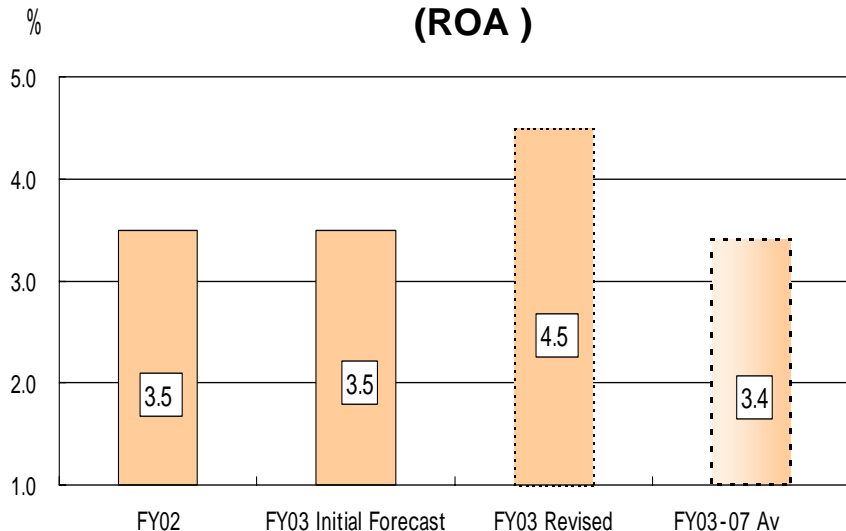


■ CAPEX

■ Net profit + depreciation (before long-term depreciation deductions)

Net Income: ¥ 59.2 B ¥ 58.0 B ¥ 76.0 B

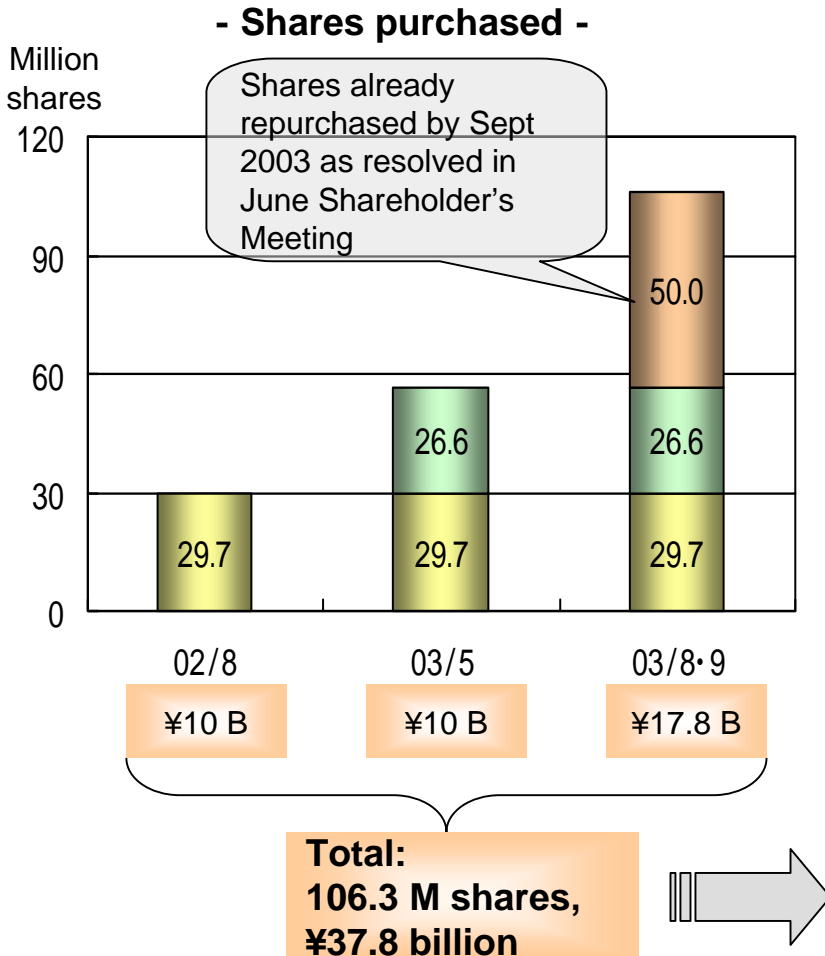
Depreciation: ¥ 141.0 B ¥ 147.0 B ¥ 146.0 B



■ Non-consolidated ■ Consolidated

Share Buy Back

Frontier 2007: a plan to buy back shares worth ¥100 billion in 5 years



Major Shareholders (as of Sept. 2003) (Million shares)

- 1st: Japan Trustee Services Bank (trust accounts)(151.9)
- 2nd: Nippon Life Insurance Company (151.5)
- 3rd: Master Trust Bank of Japan (trust accounts)(141.1)
- 4th: Daiichi Mutual Life Insurance (135.9)
- 5th: Tokyo Gas (108.8)**
- 9th: Tokyo Gas Employees' Stockholding Association (42.8)

Currently held as treasury stock

**To be used for CB, redemption of shares,
M&A, etc.**

Business Expansion into Energy-related Areas

<Advance into Upstream and Transport Sectors>

(1) Formal participation in the Darwin LNG Project (June; ownership ratio of 3.36%)

- Tokyo gas will purchase 1 million tons per year for 17 years starting from January 2006, all under an FOB contract.
- Joint investment and joint purchasing with Tokyo Electric Power Company (TEPCO will purchase 2 million tons per year, and has an ownership ratio of 6.72%.)

(2) Tokyo Gas LNG tanker *Energy Frontier* put into commission (September)

- This is Tokyo Gas's first wholly owned vessel (145,000 m³), and will be used to purchase FOB gas from Malaysia and western Australia.

Basic agreement on sales contract for Sakhalin II Project

- Tokyo gas will purchase 1.1 million tons per year for 24 years starting from April 2007, all on an FOB basis.
- Advantages include geographical proximity, abundant reserves, diversification of supply sources, and a competitive pricing mechanism.

Secure lower LNG prices
Gain greater flexibility
Expand the transport business

<Advance into the Electric Power Business>

(1) Tokyo Gas Bay Power Co., Ltd. begins full-scale operations (100,000 kW generator; sales to ENNET Corporation from October).

(2) Establishment of planning company Ohgishima Power Co., Ltd. (announced in July)

- Plans for a 1.2 million kW power plant (three 400,000 kW units) to begin operations from 2009
- Alliance with the Royal Dutch Shell Group

(3) Tokyo Gas Yokosuka Power Corporation

(Purchase of Tomen Power Yokosuka Corporation [240,000 kW] stock in July)

- IPP business to Tokyo Electric Power Company (90% of output)
- Operations scheduled to begin from FY 2006

Steady progress toward the 3 million kW initiative target

4. References

Performance Indicators (1)

Performance Indicators (2)

Main Performance Indicators (1)

(Billion yen)

	1 st Half			Annual		
	FY02 Actual	FY03 Actual	% Change	FY02 Actual	FY03 Forecast	% Change
Sales	473.6	505.1	+6.6%	1,127.6	1,162.0	+3.0%
Gas Sales	332.7	368.7	+10.8%	7,924	833.7	+5.2%
Other Sales	140.9	136.4	-3.2%	3,352	328.3	-2.1%
Operating Income	35.9	43.8	+21.9%	1,232	143.0	+16.0%
Ordinary Income	27.4	36.4	+32.5%	919	122.0	+32.7%
Net Income	18.4	22.2	+20.6%	592	76.0	+28.4%
TEP	(5.7)	-1.9	-66.7%	134	27.6	+106.0%
FX rate (yen/US\$)	¥123.07	118.08	- 4.99	121.98	114.04	- 7.94
Oil price (\$/bbl)	\$25.57	28.42	+ 2.85	27.39	28.21	+ 0.82
Average Temp.	22.5	21.7	- 0.8	16.1	16.3	+ 0.2

Main Performance Indicators (2)

(Billion yen)

	1 st Half			Annual		
	FY02 Actual	FY03 Actual	Y-Y Change	FY02 Actual	FY03 Forecast	Y-Y Change
Total Assets(a)	1,646.9	1,634.1	-0.8%	1,676.0	1,677.0	+0.1%
Stockholders' Equity (b)	562.7	575.7	+2.3%	579.7	616.0	+6.3%
Equity Ratio: (b)/(a)	34.2%	35.2%	-	34.6%	36.7%	-
Outstanding Debt	777.6	769.7	-1.0%	731.3	729.0	-0.3%
Cash Flow from Operating Activities (c)	18.4	22.2	+20.6%	59.2	76.0	+28.4%
Cash Flow from Investing Activities (d) = (f) - (e)	20.3	25.0	+23.0%	29.0	29.0	-0.1%
CAPEX (e)	47.9	50.7	+5.6%	111.9	117.0	+4.5%
Depreciation	68.3	75.7	+10.8%	141.0	146.0	+3.5%
Free Cash Flow (c) + (d)	38.7	47.2	+21.8%	88.2	105.0	+19.0%
ROA: (c) / (b)	1.1%	1.3%	-	3.5%	4.5%	-
ROE: (c) / (a)	3.3%	3.8%	-	10.4%	12.7%	-
EPS (yen)	6.57	8.10	+1.53	21.18	28.11	+6.93

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)

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