



Presentation of 1Q-3Q financial results

FY2006 (Year ending March 31, 2007)

Jan. 31, 2007

Tokyo Gas Co., Ltd.

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Summary of FY2006 1Q-3Q Results



Key Points of 1Q-3Q Financial Results

◆ Increase in Sales and Income (compared with FY2005 1Q-3Q)

[Positive factors]

- Rise in the unit price due to rate adjustment system
- Decrease in labor cost by one-off expense in actuarial differences

[Negative factors]

- Increase in raw material cost due to high rise in oil price
- Increase cost to better assure safety

■ Main reasons for change of 3Q ordinary income (non-consolidated) from previous year

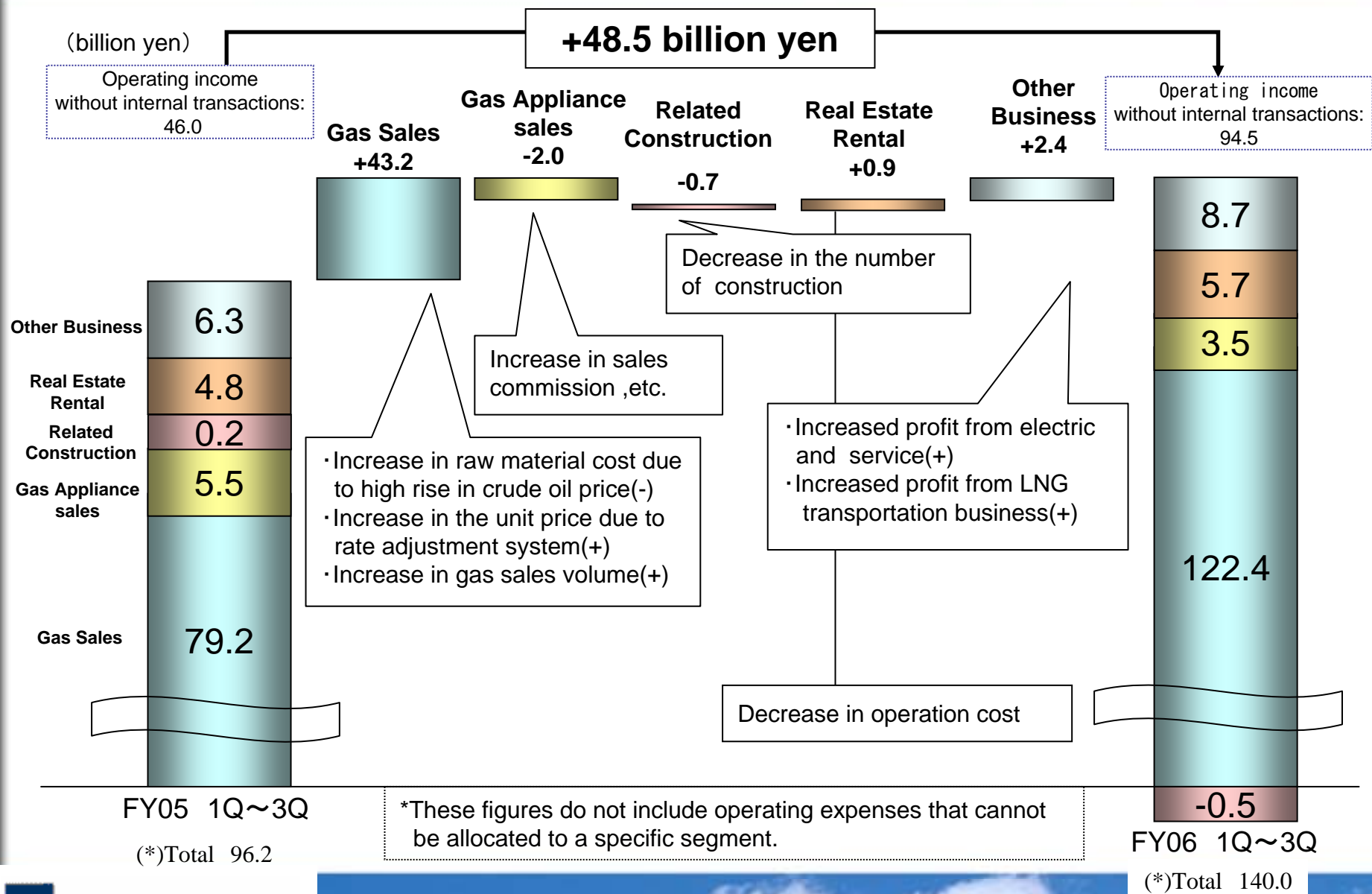
Gross margin from gas sales	+30.9 billion yen
Decrease in labor cost, etc.	+21.2 billion yen
Increase operating cost	-7.1 billion yen
Increase in operating expense of gas appliances and associated business sales	-2.8 billion yen
Non-operating profit and loss (derivatives, etc.)	+0.7 billion yen

Ordinary income +45.3 billion yen
(31.9 billion yen → 77.2 billion yen)

(billion yen)

	FY06 1Q-3Q Results	FY05 1Q-3Q Results	Change from Previous year
Sales	938.0	836.8	+101.2 (+12.1%)
Operating Income	94.5	46.0	+48.5 (+105.4%)
Ordinary Income	88.1	40.2	+47.9 (+119.0%)
Net Income	59.5	27.4	+32.1 (+116.7%)
Exchange rate(¥/US\$)	116.19	112.11	+4.08
Crude oil price(\$/bbl)	65.47	54.53	+10.94

Reasons for changes in Operating Income (compared with previous year)



Gas Sales Volume

(Change from Previous Year)

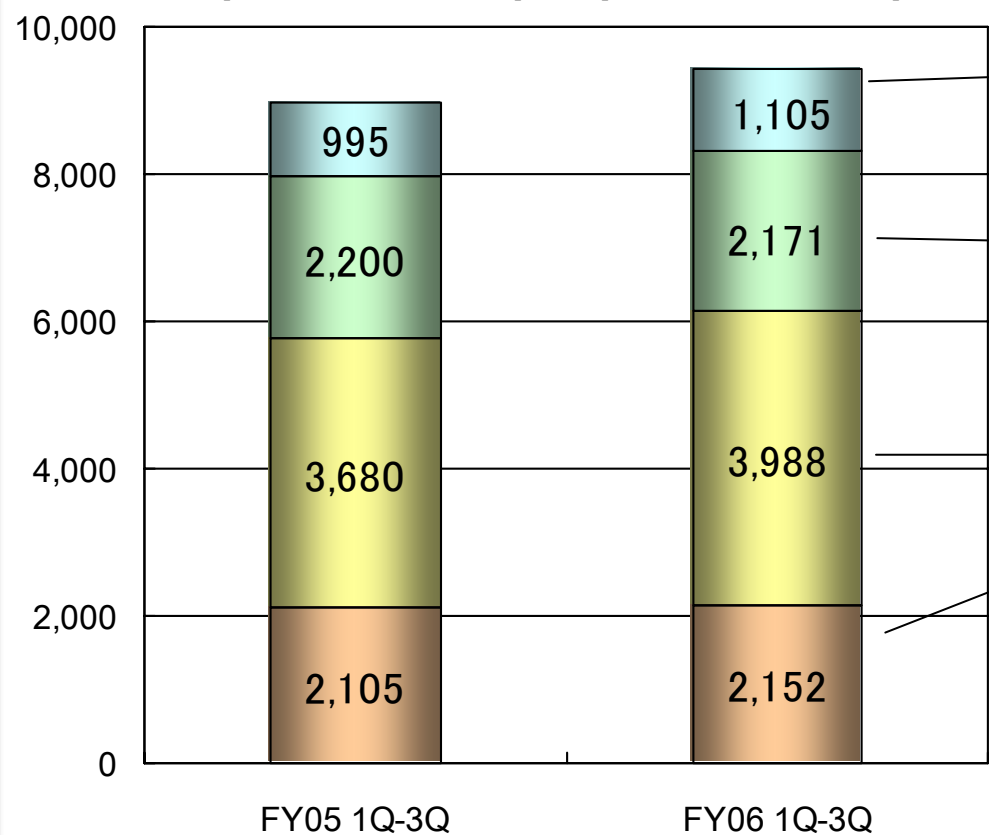
**4.9% increase from the previous year
(+436 million m³)**

(45MJ/m³)

million m³

[total: 8.98 billion m³]

[total: 9.42 billion m³]



(Rounded off to nearest million m³)

<Reasons for Changes in Gas Sales Volumes from FY2005 1Q-3Q to FY2006 1Q-3Q >

Wholesale Supply: + 11.1% (+110mil. m³)
 - Increase in sales to other gas utilities through developing new demand for those utilities

Commercial & Other Use: -1.3% (-29mil. m³)
 - Decreased air-conditioning demand due to low temperature in summer and high temperature in November and December

Industrial Use: +8.4% (+307 mil. m³)
 - Increased demand for new & existing customers

Residential Use: +2.2% (+ 47mil. m³)
 - Increase in the number of customers
 - Decreased hot water and space heating demand due to high temperature in November and December



Projection for FY2006 (April 2006 – March 2007)



Revision in FY2006 projection

◆ Increase in Sales and Income (compared with projection as of Oct.30)

[Positive factors]

- Decrease in raw material cost because of crude oil price decline
- Increase in gas sales volume

■ Main reasons for change of ordinary income (non-consolidated) from projection as of 10/30

Gross margin from gas sales	+12.0 billion yen
Non-operating profit and loss (weather derivatives, etc.)	+1.0 billion yen

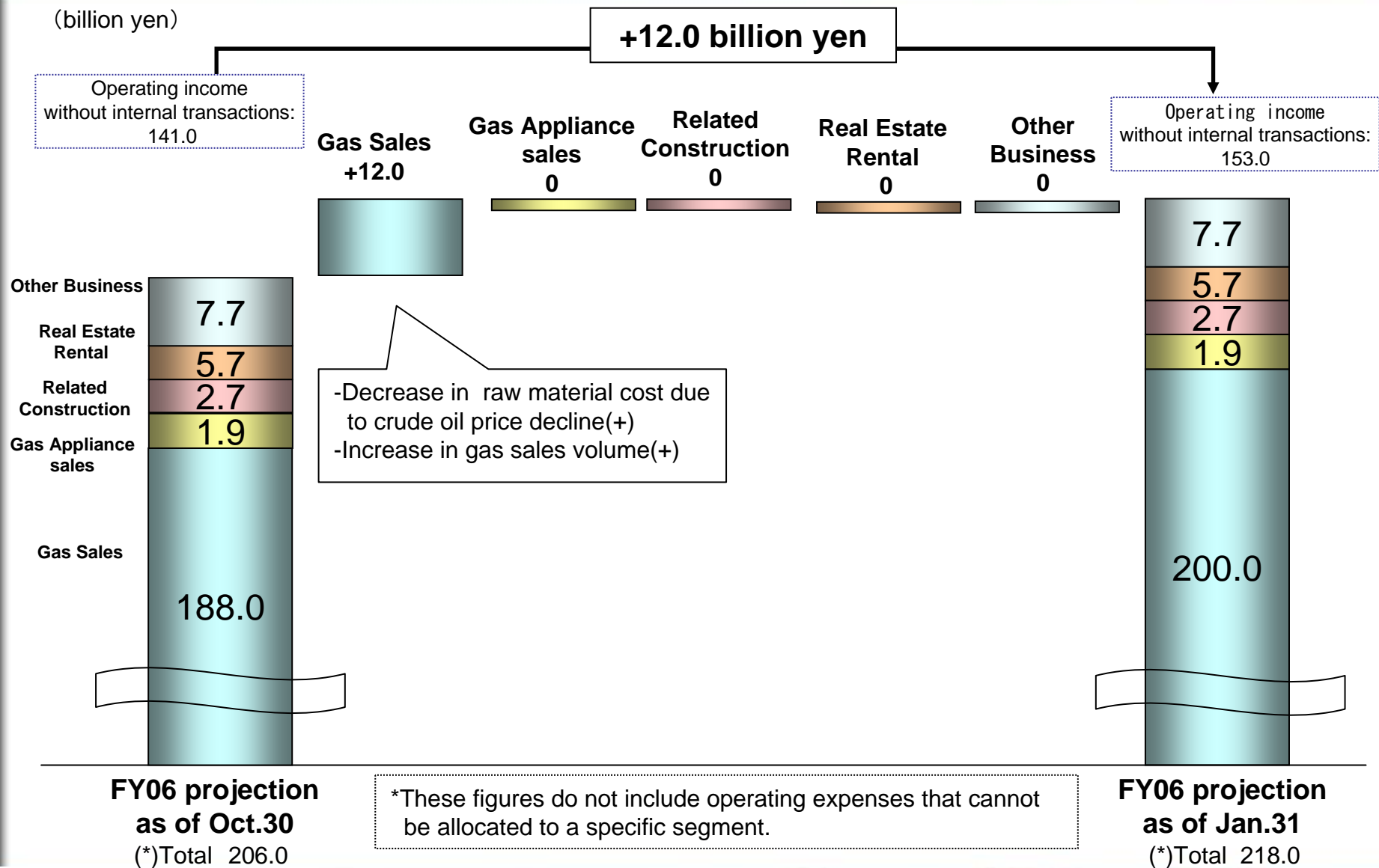
Ordinary profit (117.0billion yen→130.0 billion yen)	+13.0 billion yen

(Rounded off to nearest billion yen)

	FY06 projection as of Jan. 31	FY05 Results	FY06 projection as of Oct. 30	Change from FY05 Results	Change from projection as of Oct.30
Sales	1,395.0	1,266.5	1,392.0	+128.5(+10.2%)	+3.0(+0.2%)
Operating Income	153.0	112.3	141.0	+40.7(+36.2%)	+12.0(+8.5%)
Ordinary Income	144.0	98.6	131.0	+45.4(+45.9%)	+13.0(+9.9%)
Net Income	94.0	62.1	86.0	+31.9(+51.3%)	+8.0(+9.3%)
Exchange rate(¥/US\$)	117.14	113.32	117.69	+3.82	-0.55
Crude oil price(\$/bbl)	63.90	55.81	68.95	+8.09	-5.05
Temperature(°C)	16.6	16.2	16.5	+0.4	+0.1

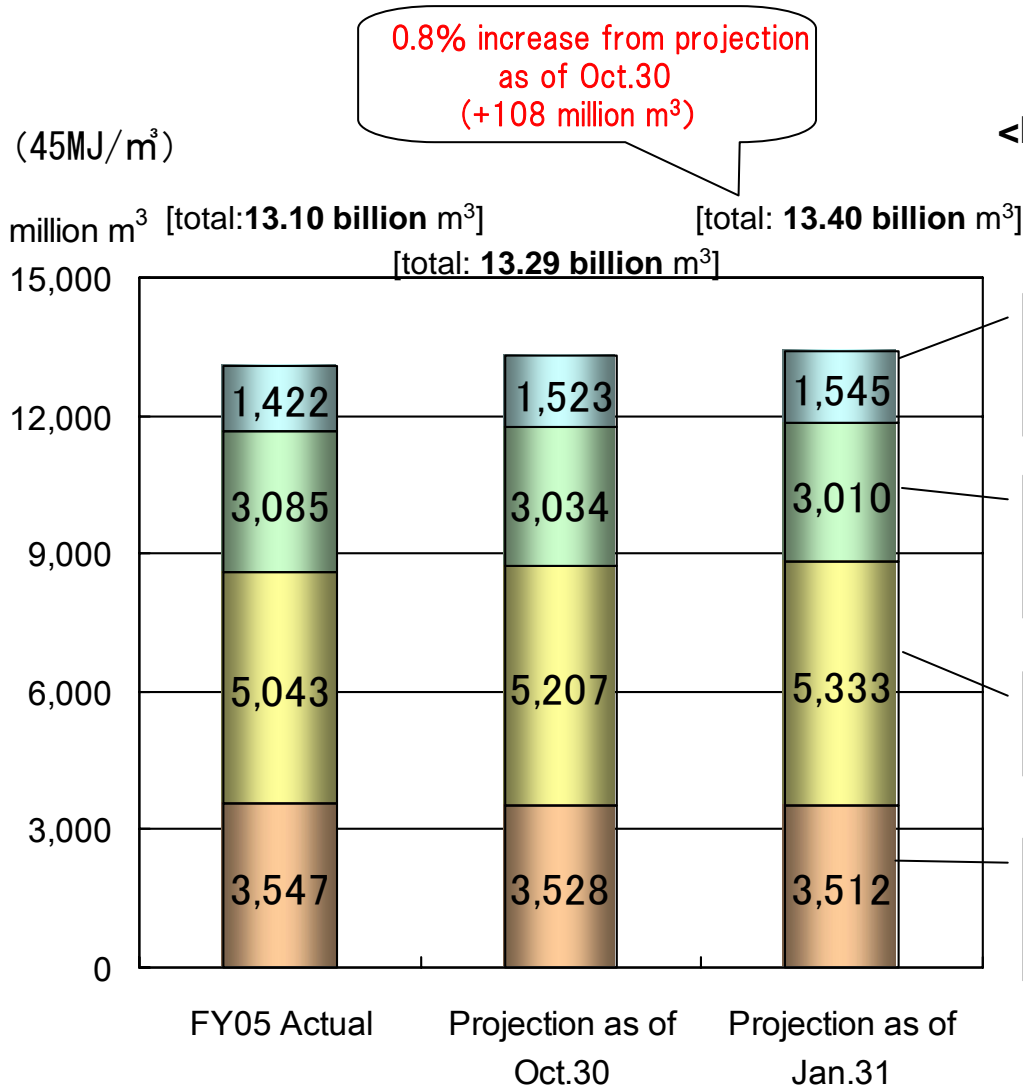
(Note) Change in our forecast for Jan. - Mar. :Exchange Rate ¥120/US\$, Crude Oil Price \$59.0/bbl

Reasons for Changes in Operating Income



Gas Sales Volume Projections

(Change from previous year and past projections)



<Reasons for Changes in Gas Sales Volume Projection from projection as of Oct.30>

Wholesale Supply: +1.4% (+22 mil. m³)

- Increase in sales to other gas utilities through developing new demand for those utilities

Commercial & Other Use: -0.8% (-24 mil. m³)

- Decreased air-conditioning demand due to high temperature in November and December

Industrial Use: +2.4% (+126 mil. m³)

- Increased demand of new & existing customer

Residential Use: -0.5% (-16 mil. m³)

- Decrease in hot water & space heating demand due to high temperature in November and December

(Rounded off to nearest million m³)

References



Performance Indicators (FY2006 projection-1)

(billion yen)

	FY06 projection	FY05 Results	Projection as of Oct. 30	Change from FY05	Change from projection as of Oct. 30
Sales	1395.0	1,265.5	1392.0	+128.5 (+10.1%)	+3.0 (+0.2%)
Operating Income	153.0	112.3	141.0	+40.7 (+36.2%)	+12.0 (+8.5%)
Ordinary Income	144.0	98.6	131.0	+45.4 (+45.9%)	+13.0 (+9.9%)
Net Income	94.0	62.1	86.0	+31.9 (+51.3%)	+8.0 (+9.3%)
EPS(¥)	35.02	23.48	32.01	+11.69 (+49.8%)	+3.01 (+9.4%)
BPS(¥)	289.04	270.46	286.13	+18.58 (+6.9%)	+2.91 (+1.0%)
TEP (EVA, Tokyo Gas version)	49.0	22.9	40.9	+26.1(+114.0%)	+8.1(+19.8%)
Gas sales volume (million m3)	13,399	13,098	13,291	+30.1 (+2.3%)	+10.8 (+0.8%)
FX rate (yen/US\$)	117.14	113.32	117.69	+3.82	-0.55
Crude oil price (\$/bbl)	63.90	55.81	68.95	+8.09	-5.05
Temperature (°C)	16.6	16.2	16.5	+0.4	+0.1

(*) EPS: Net Income / Average Number of Issued Shares
BPS: Shareholder's equity / Average Number of Issued Shares

Performance Indicators (FY2006 projection-2)

(billion yen)

	FY06 projection	FY05 Results	Projection as of Oct.30	Change from FY05	Change from projection as of Oct.30
Total Assets(a)	1692.0	1,693.8	1,684.0	-1.8 (-0.1%)	+8.0 (+0.5%)
Shareholders' Equity (b)	779.0	728.2	771.0	+50.8 (+7.0%)	+8.0 (+1.0%)
Equity Ratio: (b)/(a)	46.0%	43.0%	45.8%	+3.0%	+0.2%
Outstanding Debt	529.0	559.9	529.0	-30.9 (-5.5%)	0
Cash Flow from Operating Activities (c) + (d)	230.0	198.4	222.0	+31.6 (+15.9%)	+8.0 (+3.6%)
Net Income (c)	94.0	62.1	86.0	+31.9 (+51.3%)	+8.0(+9.3%)
Depreciation (d)	136.0	136.3	136.0	-0.3 (-0.3%)	0
CAPEX	138.0	119.4	140.0	+18.6 (+15.5%)	-2.0 (-1.4%)
ROA: (c) / (a)	5.6%	3.7%	5.1%	+1.9%	+0.5%
ROE: (c) / (b)	12.5%	9.0%	11.5%	+3.5%	+1.0%

(*) ROA=Net Income/Average Total Assets, ROE=Net Income/Average Shareholders' Equity
Operating Cash Flow = Net Income + Depreciation