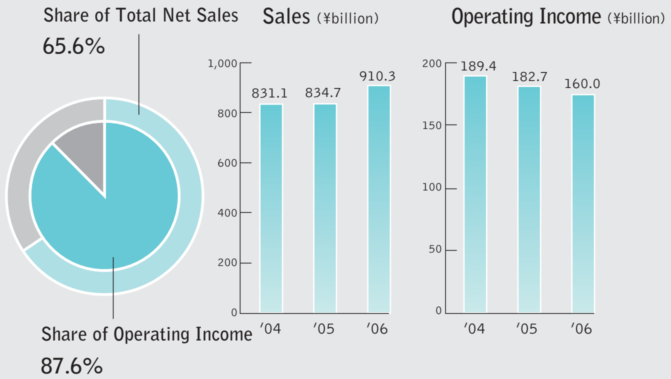
Segment Information

Gas Sales

Tokyo Gas produces city gas at three terminals, using LNG as the main resource, supplying it to over 9.8 million customers primarily in the Kanto region through a 51,530-km pipeline network.

We have Japan's largest gas supply capability, and are proactively extending pipelines to expand the customer base, focusing on the northern Kanto region, which offers strong potential for demand growth. In November 2005, the Tochigi Line was completed and began operation. Tokyo Gas also plans to extend its service area into areas where high demand is expected, while maintaining a steady supply.

[Sales excluding intra-group transactions constitute 98.7% of this segment's sales.]

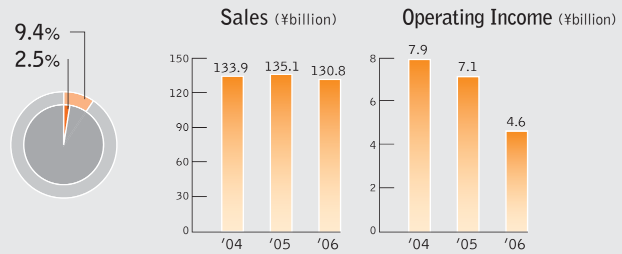


- In volume terms, gas sales increased by 7.1% year on year to 13,098 million m^3.
- Sales volumes exceeded the previous year's levels in all sectors. There were increases of 6.9% in the residential sector and 6.3% in the industrial sector, while sales to the commercial sector was 3.9% higher. Wholesaling to other gas companies increased by 18.6%.
- Despite the impact of rate revision implemented in January 2005, net sales increased by 9.1% year on year to ¥910.3 billion. This reflects a rise in unit prices made under the "gas rate adjustment system," combined with the expansion of sales volumes.
- Operating income declined 12.4% to ¥160.0 billion owing to a sharp increase in gas resource costs resulting from rising crude oil prices.

Gas Appliance Sales

This segment is involved in the sales of gas appliances bought from manufacturers, including gas cooktops, water heaters and TES (Tokyo Gas Eco System), which use hot water heated by gas to provide space heating and other home comforts, through about 320 outlets of Enesta and Enefit, service networks of Tokyo Gas.

[Sales excluding intra-group transactions constitute 98.1% of this segment's sales.]



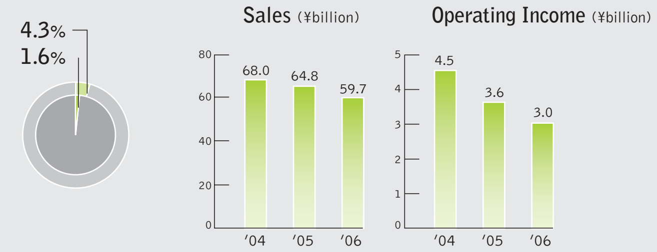
- Sales of high-value-added appliances remained strong. However, selling prices were eroded by escalating competition and other factors, with the result that segment sales decreased 3.2% to ¥130.8 billion.
- Investment in demand development to counter the "all-electric" promotion resulted in a 34.5% decrease in operating income to ¥4.6 billion.

Notes: 1) Segment sales include intra-group transactions.
2) All graph data for years ended March 31.

Related Construction

Tokyo Gas installs service pipes and gas cocks on the properties of new customers, as well as adding gas cocks and other equipment at buildings of existing customer sites.

[Sales excluding intra-group transactions constitute 93.3% of this segment's sales.]

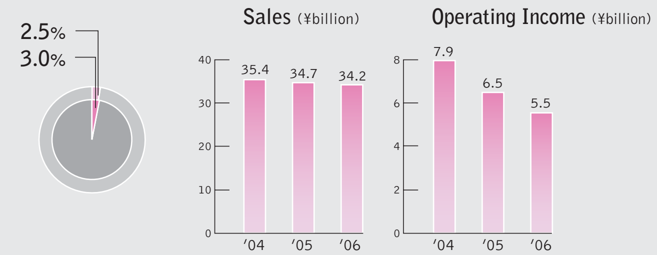


- There were declines in the number of new installations and safety upgrades. Segment sales fell by 7.8% year on year to ¥59.7 billion, and operating income by 16.8% to ¥3.0 billion.

Real Estate Rental

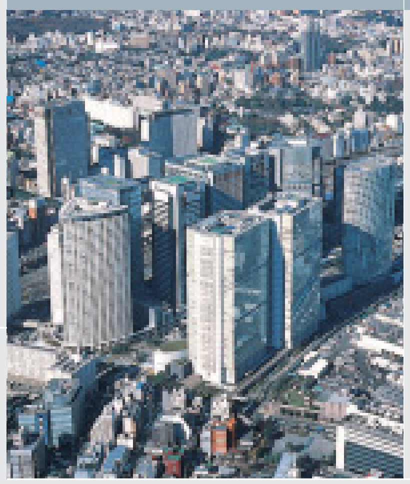
A subsidiary, Tokyo Gas Urban Development Co., Ltd., is primarily responsible for activities in this segment. The company leases and manages office buildings, including the Shinjuku Park Tower.

[Sales excluding intra-group transactions constitute 32.3% of this segment's sales.]



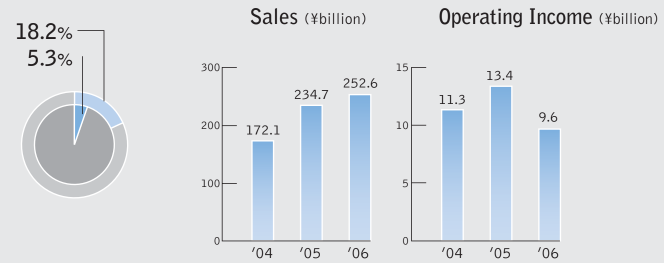
- Rent reductions caused segment sales to decline by 1.5% to ¥34.2 billion. Operating expenses were higher, in part because of expenditure on building renovation, with the result that operating income decreased by 16.1% to ¥5.5 billion.

Other Businesses



Business activities in this segment include district heating/cooling, energy services, LPG sales, industrial gas sales, credit leases, system integration and general engineering.

[Sales excluding intra-group transactions constitute 68.4% of this segment's sales.]



- There was healthy growth in the on-site energy service business. Other positive factors included increased operation of LNG vessels managed by Tokyo LNG Tanker Co., Ltd. Segment sales increased 7.6% to ¥252.6 billion.
- Operating income declined by 28.1% year on year to ¥9.6 billion. Reasons included an increase in the initial depreciation costs associated with the on-site energy service business.