May 22, 2002

FY2001 ended March 2002
Consolidated Results Bulletin
Tokyo Gas Co., Ltd.

Code No.: 9531
(URL http://www.tokyo-gas.co.jp)
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Shares listed on:
Tokyo Stock Exchange, Osaka Securities Exchange, Nagoya Stock Exchange
Location of head office (prefecture): Tokyo

Meeting of Board of Directors to approve end of year accounts: May 22, 2002
Application of U.S. accounting standards (yes/no): No

1. Consolidated results for FY2001 ended March 2002 (April 1, 2001 – March 31, 2002)

(1) Consolidated business results (Rounded down to the nearest million yen)

	Sales		Operating profits		Ordinary profits	
	(Unit: ¥1 million)	(%)	(Unit: ¥1 million)	(%)	(Unit: ¥1 million)	(%)
FY2001 ended Mar. 2002	1,097,589	1.0	110,607	6.7	80,626	20.6
FY2000 ended Mar. 2001	1,086,770	9.5	103,659	49.7	66,875	53.0

	Current net profits		Net earnings per share	Net earnings per share adjusted for latent shares	Net rate of return on shareholders' equity	Ratio of current profits to total capital	Ratio of current profits to sales
	(Unit: ¥1 million)	(%)	(Unit: ¥1)	(Unit: ¥1)	(%)	(%)	(%)
FY2001 ended Mar. 2002	51,911	88.1	18.47	16.66	9.3	4.6	7.3
FY2000 ended Mar. 2001	27,595	3.4	9.82	9.13	5.3	3.7	6.2

Note:
1. Profit or loss on investment accounted for by equity method:
   FY2001 ended March 2002 ¥310 million
   FY2000 ended March 2001 ¥348 million
2. Average number of shares outstanding during the term
   FY2001 ended March 2002 2,809,973,251 shares
   FY2000 ended March 2001 2,809,994,019 shares
3. Changes in accounting methods: Yes
4. Percentage figures on sales, operating profits, ordinary profits and current net profits indicate the percentage change on the previous year.

(2) Consolidated financial position

	Total assets	Shareholders' equity	Ratio to shareholders' equity	Shareholders' equity per share
	(Unit: ¥1 million)	(Unit: ¥1 million)	(%)	(Unit: ¥1)
FY2001 ended Mar. 2002	1,702,712	564,077	33.1	200.75
FY2000 ended Mar. 2001	1,797,669	552,790	30.8	196.72

Note: Number of outstanding shares (consolidated basis) at year end:
FY2001 ended March 2002 2,809,899,189 shares
FY2000 ended March 2001 2,810,003,266 shares

(3) Consolidated cash flow

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financing activities	Balance of cash and cash equivalents at year end
	(Unit: ¥1 million)	(Unit: ¥1 million)	(Unit: ¥1 million)	(Unit: ¥1 million)
FY2001 ended Mar. 2002	191,675	-111,820	-117,176	27,260
FY2000 ended Mar. 2001	187,512	-115,846	-104,426	64,575

(4) Scope of subsidiaries and affiliates and application of equity method
Consolidated subsidiaries: 14
Non-consolidated subsidiaries accounted for by equity method: 0
Affiliates accounted for by equity method: 1

(5) Changes in scope of consolidated subsidiaries and affiliates and application of equity method
Consolidated subsidiaries
- Newly added: 0
- Excluded: 0

By equity method
- Newly added: 0
- Excluded: 0

2. Results forecast for FY2002 ending March 2003 (April 1, 2002 - March 31, 2003)

	Sales	Ordinary profits	Current net profits
	(Unit: ¥1 million)	(Unit: ¥1 million)	(Unit: ¥1 million)
Mid-term	481,000	9,000	5,000
Full term	1,121,000	76,000	49,000

Reference: Forecast net earnings per share (full year): ¥17.44

* The forecast above was prepared on the basis of information available at the time of the release of this document. Due to various factors, the actual result may vary from the forecast data.

1. The Tokyo Gas Group

The Tokyo Gas Group is composed of Tokyo Gas Co., Ltd., and its 73 affiliates (consisting of 50 subsidiaries and 23 other affiliates). There are 14 consolidated subsidiaries, and the equity method is applied for one other affiliate. The Group is engaged in business in the divisions of gas, gas appliances, contracted construction work, building lease, and "other business."

The following are the main business fields of Tokyo Gas and its consolidated companies, and their business position, within each division.

Gas

Tokyo Gas Co., Ltd. manufactures, supplies and sells gas. It also engages in the wholesale supply of gas and LNG to city gas suppliers such as Chiba Gas Co., Ltd. and Tsukuba Gakuen Gas Co., Ltd.

Gas Malaysia Sdn. Bhd. (an affiliate accounted for by the equity method) supplies and sells gas in Malaysia.

Gas appliances

Tokyo Gas Co., Ltd. sells gas appliances through companies such as Kanpai Co., Ltd., Enestar Co., Ltd. and Enefit Co., Ltd. Gasstar Co., Ltd. and others sell gas appliances on a wholesale basis to Tokyo Gas Co., Ltd.

Contracted construction work

Gas-related construction work is performed by Tokyo Gas Co., Ltd. Gas pipe laying work orderd by Tokyo Gas Co., Ltd. is performed by Kanpai Co.,Ltd.

Building lease

Tokyo Gas Urban Development Co., Ltd. leases buildings to Tokyo Gas Co., Ltd. and others.

Other business

As an associated business, Tokyo Gas Co., Ltd. supplies hot and cold water and steam locally, and also sells LPG and coke through Tokyo Gas Energy Co., Ltd.

Using LNG cryogenic energy sold to it by Tokyo Gas Co., Ltd., Tokyo Oxygen and Nitrogen Co., Ltd. manufactures and sells products such as liquefied nitrogen.

Tokyo Gas Chemicals Co., Ltd. sells chemicals, etc. to Tokyo Gas Co., Ltd.

Tokyo Gas Engineering Co. Ltd. builds gas-related facilities, etc. ordered by Tokyo Gas Co., Ltd.

TG Information Network Co., Ltd. provides computerized data processing services, etc. to Tokyo Gas Co., Ltd.

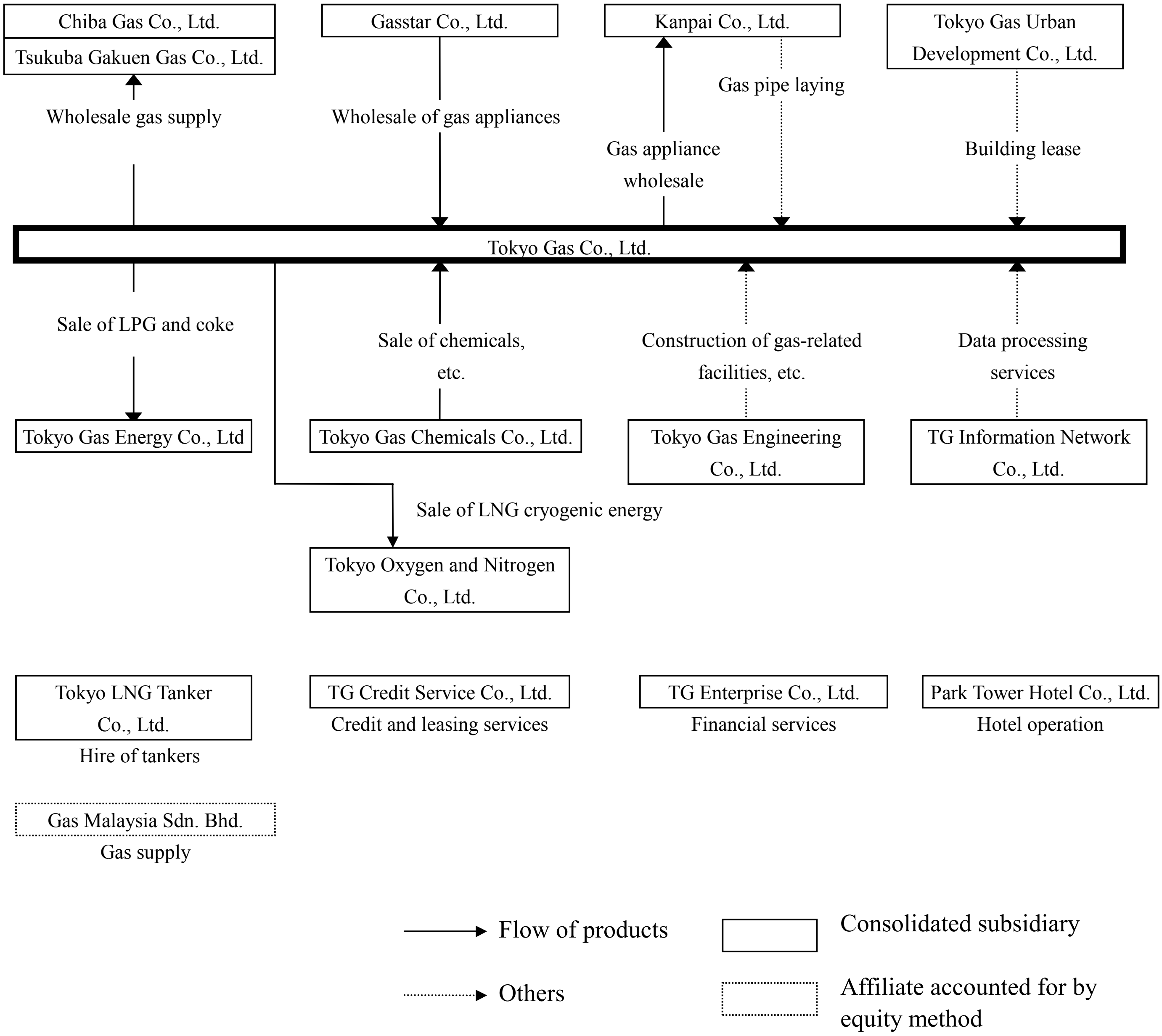
Tokyo LNG Tanker Co., Ltd. hires out LNG tankers and LPG tankers.

TG Credit Service Co., Ltd. provides various lease and credit services for payment for gas appliances sold by companies such as Enestar and Enefit.

TG Enterprise Co., Ltd. provides financial services for affiliates.

Park Tower Hotel Co., Ltd. is a hotel operator.

Diagram of group business relations



2. Business Policy

(1) Business policy

The age of megacompetition has arrived in the energy market . Electric and gas utilities participate in each other's fields. The entry of new competitors will continue as deregulation proceeds. In January 2001, an ad-hoc group was established to study the basic issues influencing the Japanese gas market. The group's mission is to propose regulatory framework that will be needed in ten years if Japan's gas industry is to comply with international standards and withstand competitive pressures. It also identifies the steps necessary to implement this framework.

Tokyo Gas views these changes in the business environment as an opportunity to broaden its business domain. To take full advantage of the changes and to achieve steady group-wide advancement, TG prepared a medium-term management plan (FY2000 - 2004) in November 1999. The plan depicts the optimal shape of the Tokyo Gas group as a "new public entity" while simultaneously satisfying its two prerequisites:
The contribution to customers and communities as a public service enterprise and increase in its corporate value as a joint-stock firm.

Now entering the third year of the current medium-term management plan, the Company is in the process of preparing a new Group-wide medium-term management plan to be announced this autumn. The new plan will embrace the creation of new business models adapted to the trend of accelerating deregulation. It will be aimed at further advancement as a "new public entity". Besides developing our city gas business unit, we are determined to intensify our efforts to develop businesses at the periphery of our core natural gas business (such as electric power, the supply or heat, energy transportation and sales) , in order to solidify the Group's position as a total energy supplier.

While promoting growth driven by our own gas business, we will be also stepping up our efforts to set up operations in new fields. The growth potential or each business unit will be objectively ranked with an emphasis on expanding income and profit on a consolidated basis. The withdrawal from unprofitable operations will be considered.

(2) Basic policy on allocation of earnings:

Tokyo Gas is working to increase its free cash flow through rigorous programs of higher management efficiency and by the aggressive development of demand. Besides being directed to the benefit of our customers and shareholders, the earnings generated from this increased free cash flow will be reinvested into new business domains and applied to make the company's financial position even more resilient.

(3) Consolidated management targets

Free cash flow	(¥ 100 million)	<FY2000-2004 5-year ave.>	615
Return on total assets (ROA)	(%)	<FY2000-2004 5-year ave.>	1.7
Ratio of consolidated profit to parent company's profit		<FY2000-2004 5-year ave.>	1.13

3. Business performance and financial position

(1) Business performance:

During FY2001, the economic circumstances surrounding corporate enterprises continued to be unfavorable. As personal consumption rapidly declined amid mounting apprehension about unemployment, and concern about deflation deepened.

In this economic situation, Tokyo Gas made a tremendous effort to boost sales to and city gas suppliers. As a result, gas sales were able to maintain firm growth. In spite of the influence of rate reductions and other such factors, gas sales increased, partially due to our ability to pass on increases in feedstock costs through revisions of the per-unit charges.

Although feedstock costs increased due to the influence of the weak yen and other developments, Tokyo Gas promoted further efficiency gains and continued cost containment measures.

As a result, the company posted consolidated sales of ¥1.0975 trillion, up 1.0% (from FY2000). operating profits of ¥110.6 billion were up 6.7%, while ordinary profits of ¥80.6 billion, climbed 20.6%. While TG posted an extraordinary loss of ¥10.8 billion, associated with unfunded obligations arising from the amendment of retirement benefit accounting standards in FY2000. The company posted an extraordinary profits of ¥3.4 billion, associated with capital gains on the sale of investment securities in FY2001. This brought its current net profit to ¥51.9 billion, up 88.1%.

<Situation in each division during the term>

1) Gas:
In FY2001, the gas sales volume amounted to 9.227 billion m^3, up 3.9% (from FY2000). Of this total, the residential demand was 3.119 billion m^3, down 1.5%. Although efforts were to acquire new customers and promote the spread of gas appliances, the demand in this sector slipped under the influence of what was the warmest winter on record.
Demand from commercial and other forms of business hit 2.363 billion million m^3, up 0.4%, due to factors such as the acquisition of new customers.
Industrial demand reached 2.943 billion m^3, up 14.5%, because of the acquisition of new customers and the increased operation at the facilities of existing customers.
In spite of the influence of rate reductions, gas sales managed to increase to ¥750.4 billion, up ¥9.7 billion (1.3%), thanks to the increased sales and a rate revision to pass on changes in feedstock costs.
Operating expenses went up by ¥10.4 billion (1.8%) because of the increase in feedstock costs and other items. As a result, operating profit stayed on roughly the same level as in FY2000 at ¥149.2 billion.

2) Gas appliances:
Products such as TES and underfloor heating systems drove an increase in gas appliance sales to ¥149.2 billion, up ¥2.6 billion (1.8%).
Operating expenses increased by ¥2.0 billion, (1.5%). Operating profit came to ¥7.2 billion, up ¥0.6 billion (9.3%).

3) Contracted construction work:
Sales decreased by ¥0.5 billion (-0.8%) to ¥71.3 billion. Operating expenses also decreased, by ¥0.2 billion (0.4%). As a result, operating profit came to ¥3.6 billion, down ¥0.3 billion (-7.7%).

4) Building lease:
Sales amounted to ¥37.5 billion, or about the same as in FY2000. Operating expenses increased by ¥1.9 billion (6.6%) because of a modification in the depreciation method for the Shinjuku Park Tower building. Operating

profit therefore declined by ¥1.9 billion (-24.7%) to ¥6.0 billion.

5) Other business
Sales in other business totaled ¥156.0 billion, down ¥3.5 billion (-2.2%), due to factors including a drop in sales of district heating and cooling systems. Operating expenses also declined by ¥4.2 billion (-2.8%), and operating profit consequently reached ¥10.7 billion, an increase of ¥0.6 billion (6.6%).

<Summary by segment>

(Unit: ¥ 100 million)

		Gas	Gas appliances	Contracted construction work	Building lease	Others
Sales	FY2001 (% of total)	7,504 (64.4%)	1,492 (12.8%)	713 (6.1%)	375 (3.2%)	1,560 (13.5%)
	FY2000 (% of total)	7,407 (64.1%)	1,465 (12.7%)	719 (6.2%)	376 (3.3%)	1,595 (13.8%)
	Amount of change Rate of change	97 1.3%	26 1.8%	-5 -0.8%	0 -0.1%	-35 -2.2%
Operating expenses	FY2001 (% of total)	6,012 (60.9%)	1,419 (14.4%)	676 (6.9%)	314 (3.2%)	1,452 (14.6%)
	FY2000 (% of total)	5,907 (60.4%)	1,398 (14.3%)	679 (7.0%)	295 (3.0%)	1,494 (15.3%)
	Amount of change Rate of change	104 1.8%	20 1.5%	-2 -0.4%	19 6.6%	-42 -2.8%
Operating profit	FY2001 (% of total)	1,492 (84.3%)	72 (4.1%)	36 (2.1%)	60 (3.4%)	107 (6.1%)
	FY2000 (% of total)	1,499 (83.9%)	66 (3.7%)	39 (2.2%)	80 (4.5%)	101 (5.7%)
	Amount of change Rate of change	-7 -0.5%	6 9.3%	-3 -7.7%	-19 -24.7%	6 6.6%

Note: Figures for sales include internal interdepartmental transactions. Figures for operating expenses do not include unapportionable expenses.

<Ratio of consolidated profits to parent's profit>

The ratio of consolidated profits to parent company's profits for FY2001 was as follows.

	Sales	Operating profits	Ordinary profits	Current net profit
FY2001	1.13	1.20	1.12	1.07
FY2000	1.13	1.21	1.14	1.01

Outlook for FY2002

(¥100 million)

	Sales	Operating profits	Ordinary profits	Current net profit
FY2002 (estimate)	11,210	1,020	760	490
FY2001 (actual)	10,975	1,106	806	519
Change	235	-86	-46	-29
Rate of change	2.1%	-7.8%	-5.7%	-5.6%

In FY2002, efforts to win new customers and stimulate the wider use of gas appliances are expected to push gas sales volume to 10.154 billion m^3, up 10.0% from FY2001. Sales are anticipated to reach ¥782.0 billion, up ¥31.6 billion or 4.2%, from FY2001.

The consolidated sales (consisting of these sales and those in other divisions) are forecast to increase by 2.1% and hit ¥1.121 trillion.

Due to factors such as the increase in feedstock costs, we are forecasting the following:

Operating profits: down ¥102 billion (-7.8%)
Ordinary profits: down ¥76 billion (-5.7%)
Current net profit: down ¥49 billion (-5.6%)

The ratio of consolidated profit to parent company's profit are shown below.

	Sales	Operating profits	Ordinary profits	Current net profit
FY2002	1.14	1.21	1.12	1.09

(2) Financial position:

(¥100 million)

	FY2001	FY2000	Change
Cash flow from operating activities	1,916	1,875	41
Cash flow from investing activities	-1,118	-1,158	40
Cash flow from financing activities	-1,171	-1,044	-127
Cash and cash equivalents during FY2001	-373	-327	-46
Cash and cash equivalents at beginning of year	645	973	-328
Cash and cash equivalents at end of year	272	645	-373

1) Cash flow from operating activities:
Cash and cash equivalents obtained as a result of operating activities amounted to ¥191.6 billion. This was derived mainly from the process of fixed assets depreciation (amortization in FY2001 came to ¥141.6 billion).

2) Cash flow from investing activities:
Cash and cash equivalents obtained as a result of investing activities amounted to ¥-111.8 billion. This derived mainly from the acquisition of tangible fixed assets such as gas supply facilities and intangible fixed assets such as software (expenditure: ¥112.6 billion).

3) Cash flow from financing activities
Cash and cash equivalents obtained as a result of financing activities amounted to ¥-117.1 billion. A total of ¥30 billion was raised through bond issuance, but the overall cash flow decreased due to the outflow of funds (¥120 billion) from redemption payments of convertible bonds at maturity.

<Consolidated Statements>

1. Consolidated balance sheet

(Unit: ¥1 million)

Account	FY2001 (Mar. 31, 2002)	FY2000 (Mar. 31, 2001)	Change
(Assets)			
Fixed assets	1,450,814	1,517,353	-66,539
Tangible fixed assets	1,249,936	1,292,178	-42,242
Production facilities	262,026	285,889	-23,863
Distribution facilities	549,416	505,477	43,939
Business facilities	76,154	80,601	-4,447
Other facilities	303,132	324,084	-20,952
Idle facilities	5	5	—
Construction in progress	59,199	96,121	-36,922
Intangible fixed assets	19,196	19,251	-55
Other intangible fixed assets	19,196	19,251	-55
Investments, etc.	181,681	205,923	-24,242
Investment securities	92,712	125,641	-32,929
Long-term loans receivable	6,338	4,945	1,393
Deferred tax assets	30,083	19,359	10,724
Miscellaneous investments	54,207	57,122	-2,915
Allowances for doubtful accounts	-1,660	-1,144	-516
Current assets	251,898	280,315	-28,417
Cash and deposits	23,040	21,509	1,531
Notes and accounts receivable	128,549	127,036	1,513
Inventories	28,758	27,419	1,339
Deferred tax assets	10,049	8,260	1,789
Other current assets	62,431	97,188	-34,757
Allowances for doubtful accounts	-932	-1,098	166
Total assets	1,702,712	1,797,669	-94,957

(Unit: ¥1 million)

Account	FY2001 (Mar. 31, 2002)	FY2000 (Mar. 31, 2001)	Change
(Liabilities)			
Fixed liabilities	836,977	874,231	-37,254
Straight bonds	253,233	248,843	4,390
Convertible bonds	235,693	245,445	-9,752
Long-term bank loans payable	191,960	214,040	-22,080
Deferred tax liabilities	1,652	2,662	-1,010
Estimated retirement benefits	125,554	134,215	-8,661
Allowances for repairs of gas holders	3,520	3,324	196
Other fixed liabilities	25,362	25,700	-338
Current liabilities	297,861	366,990	-69,129
Fixed liabilities due within one year	40,443	122,032	-81,589
Notes and accounts payable	38,055	43,285	-5,230
Short-term bank loans payable	42,709	39,921	2,788
Corporation tax payable, etc.	33,663	27,721	5,942
Deferred tax liabilities	18	5	13
Other current liabilities	142,971	134,023	8,948
Total liabilities	1,134,838	1,241,222	-106,384
Minority interest	3,796	3,656	140
(Shareholders' equity)			
Common stock	141,843	141,817	26
Capital reserve	2,064	2,038	26
Consolidated retained earnings	387,315	353,793	33,522
Mark-up from revaluation of securities	32,835	55,139	-22,304
Translation adjustment account	114	3	111
	564,172	552,793	11,379
Treasury stock	-95	-2	-93
Total shareholders' equity	564,077	552,790	11,287
Total liabilities, minority interest and shareholders' equity	1,702,712	1,797,669	-94,957

2. Consolidated statement of income

(Unit: ¥1 million)

Account	FY2001 (Apr. 2001~ Mar. 2002)	FY2000 (Apr. 2000~ Mar. 2001)	Change
Sales	1,097,589	1,086,770	10,819
Cost of sales	561,988	561,006	982
(Gross profit)	(535,600)	(525,764)	(9,836)
Supply and sales expenses	353,977	348,624	5,353
General and administrative expenses	71,015	73,480	-2,465
(Operating profit)	(110,607)	(103,659)	(6,948)
Non-operating income	7,605	8,372	-767
Interest income	187	205	-18
Dividend income	833	1,190	-357
Return on investment accounted for by equity method	310	348	-38
Amount equivalent to amortization for construction cost burdens	—	1,026	-1,026
Income from rents	1,003	881	122
Miscellaneous revenues	5,270	4,721	549
Non-operating expenses	37,586	45,156	-7,570
Interest paid	19,274	22,866	-3,592
Balance on commissioned construction	6,827	6,271	556
Loss from debenture redemption	4,618	—	4,618
Environmental conditioning costs	—	5,568	-5,568
Miscellaneous expenditures	6,866	10,449	-3,583
(Ordinary profit)	(80,626)	(66,875)	13,751
Extraordinary profits	4,200	163	4,037
Gain on sales of fixed assets	744	163	581
Gain on sales of investment securities	3,455	—	3,455
Extraordinary losses	1,965	21,953	-19,988
Loss from sale of fixed assets	241	46	195
Losses on compression of fixed assets	424	129	295
Unfunded obligations arising from amendment of retirement benefit accounting standards	—	21,776	-21,776
Expenses for special measures for product compensation	1,300	—	1,300
Current net profit before adjustment for tax, etc.	82,861	45,084	37,777
Corporation tax, residence tax and business tax	31,507	25,436	6,071
Adjustment for corporate taxes, etc.	-741	-8,026	7,285
Minority shareholder profit (loss)	184	80	104
Current net profit	51,911	27,595	24,316

3. Statement of consolidated retained earnings

(Unit: ¥1 million)

Account	FY2001 (Apr. 2001~ Mar. 2002)		FY2000 (Apr. 2000~ Mar. 2001)		Change
Initial balance of consolidated retained earnings		353,793		340,386	13,407
Decrease in consolidated retained earnings					
Dividends	18,265		14,050		
Directors' bonuses	125	18,390	137	14,187	4,203
Current net profit		51,911		27,595	24,316
End of year balance of consolidated retained earnings		387,315		353,793	33,522

4. Consolidated statement of cash flows

(Unit: ¥1 million)

Account	FY2001 (Apr. 2001~ Mar. 2002)	FY2000 (Apr. 2000~ Mar. 2001)	Change
I. Cash flow from operating activities			
Net profit before adjustment for tax, etc.	82,861	45,084	37,777
Depreciation	141,646	146,419	-4,773
Amortization of long-term prepaid expenses	3,917	3,955	-38
Loss on retirement of tangible fixed assets	3,576	3,348	228
Profit/loss on sale of investment securities	-3,457	—	-3,457
Profit/loss on valuation of investment securities	666	—	666
Loss from debenture redemption	4,618	3,368	1,250
Change in allowances for doubtful accounts	—	-643	643
Change in provision for retirement benefits	-8,661	6,462	-15,123
Interest and dividends earned	-1,020	-1,395	375
Interest paid	19,274	22,866	-3,592
Change in inventories	-1,339	—	-1,339
Change in accounts payable	-3,674	-1,673	-2,001
Change in consumption tax payable	2,748	-4,561	7,309
Other	-5,669	4,239	-9,908
Sub-total	235,486	227,471	8,015
Proceeds from interest and dividends	1,089	1,465	-376
Payment of interest	-19,325	-23,232	3,907
Payment of corporation tax, etc.	-25,574	-18,191	-7,383
Cash flow from operating activities	191,675	187,512	4,163
II. Cash flow from investing activities			
Purchases of investment securities	-3,711	-4,580	869
Proceeds from sale of investment securities, etc.	5,003	—	5,003
Purchases of tangible fixed assets	-104,883	-103,609	-1,274
Purchases of intangible fixed assets	-7,791	-7,599	-192
Spending on long-term prepaid expenses	-1,006	-1,499	493
Proceeds from sale of fixed assets	2,527	926	1,601
Expenditures based on lending for long-term loans	-1,693	-806	-887
Proceeds from recovery of long-term loans receivable	—	1,227	-1,227
Other	-265	94	-359
Cash flow from investing activities	-111,820	-115,846	4,026
III. Cash flow from financing activities			
Net decrease in short-term debt	2,788	-1,720	4,508
Net change in commercial papers	12,000	—	12,000
Proceeds from long-term debt	15,485	32,359	-16,874
Payments for long-term debt	-39,015	-53,539	14,524
Proceeds from bond issues	30,000	27,000	3,000
Payments for redemption of bonds	-120,054	-94,429	-25,625
Dividend payments	-18,236	-14,047	-4,189
Payment of dividends to minority shareholders	-50	-49	-1
Other	-92	—	-92
Cash flow from financing activities	-117,176	-104,426	-12,750
IV. Difference due to conversion of cash and cash equivalents	6	7	-1
V. Change in cash and cash equivalents	-37,314	-32,752	-4,562
VI. Cash and cash equivalents at beginning of year	64,575	97,327	-32,752
VII. Cash and cash equivalents at end of year	27,260	64,575	-37,315

5. Basis of consolidated financial statements

(1) Scope of consolidation

In preparing the accompanying consolidated financial statements, the following 14 principal subsidiaries of the Company were treated as consolidated subsidiaries: Tokyo Gas Urban Development Co., Ltd., Gastar Co., Ltd., Kanpai Co., Ltd., Tokyo LNG Tankers Co., Ltd., Tokyo Gas Energy Co., Ltd., Tokyo Gas Chemicals Co., Ltd., Park Tower Hotel Co., Ltd., Tokyo Oxygen & Nitrogen Co., Ltd., Chiba Gas Co., Ltd., TG Credit Service Co., Ltd., TG Information Network Co., Ltd., Tsukuba Gakuen Gas Co., Ltd., TG Enterprise Co., Ltd., and Tokyo Gas Engineering Co., Ltd.

The Company's principal non-consolidated subsidiary is Tokyo Gas Housing Co., Ltd.

The Company's total interests in the combined assets, sales, current net profit (loss) and retained earnings of non-consolidated subsidiaries are respectively small in value terms and qualitatively of little importance. Since they do not have a significant impact on the consolidated financial statements, these companies were not treated as being consolidated subsidiaries.

(2) Application of equity method

In preparing the accompanying consolidated financial statements, one principal affiliate of the Company, Gas Malaysia Sdn. Bhd., was accounted for by the equity method.

Non-consolidated subsidiaries and affiliates not accounted for by the equity method were excluded because the Company's total interests in their current net profits (loss) and retained earnings are small and qualitatively of little importance. They have only a very slight impact on consolidated net profit (loss) and retained earnings of Tokyo Gas.

The book-closing date used by Gas Malaysia Sdn. Bhd. does not coincide with that of the Company, therefore, financial statements for its business year were used.

(3) Items related to the business year of consolidated subsidiaries

The fiscal year for each of the consolidated subsidiaries coincides with that of the Company.

(4) Significant accounting policies

1) Criteria and methods of valuation of principal assets

・Bonds intended to be held to maturity were valued on an amortized cost basis, while other securities with a market price were valued by the market value method based on their market price on the book-closing date. (The variance of estimates was determined by the full capital injection method;while, the cost of securities sold was calculated by the moving average method.) Other securities without market prices were valued on a cost basis using the moving average method.

・Derivatives were valued by the market value method

・Inventories (products, feedstock and stores) were valued on a cost basis using the moving average method.

2) Method of depreciation of principal depreciable assets

Tangible fixed assets were mainly depreciated by the declining balance method. In addition, for the durable periods and salvage value, the standards used are the same as stipulated in the Corporation Tax Law. Depreciation of some buildings (excluding ancillary equipment), however, was calculated by the straight line method.

Previously, depreciation of the Shinjuku Park Tower building, owned by Tokyo Gas Urban Development

Co., Ltd, was calculated by the straight line method. However, a switch was made to the declining balance method beginning in FY2001 for the purpose of achieving of accounting policy unity between Tokyo Gas and its subsidiaries.

Because of this change, the cost of sales was higher by ¥3,720 million than would have been the case under the previous method. This led to corresponding decreases in gross profit, operating profit, ordinary profit, and current net profit before adjustment for tax.

The impact of the change on segment data is described in Note 4 under Paragraph (1) "Segment information by category of business" in Section 7 "Segment information".

Depreciation of intangible fixed assets was calculated by the straight line method. Software used by the company was depreciated using the straight-line method based on the usable life of the software in the company.

3) Standards for declaration of principal reserves

To hedge the risk of loss because of losses on accounts receivable, loans, etc., allowances for doubtful accounts are provided based on the historical irrecoverable loans rate for unsecured claims. An estimated collectibility rate for specific claims against already-bankrupt companies was used.

A retirement benefit reserve is provided for the payment of employees' retirement benefits expected to be paid at the end of FY2001, based on the estimated amounts of retirement benefit obligations and pension assets at the end of FY2001. For differences of mathematical calculation, proportionate distributions based on a certain number of years (generally ten) that are not more than the average remaining service years of employees at the time of occurrence are treated as a loss beginning in the term after that of occurrence.

The gas holder repairs reserve is the amount provided for the periodical repair of spherical gas holders. It is equal to the estimated cost of the next round of repairs allocated during the period up to the next round of repairs.

4) Treatment of principal leases

For accounting purposes, finance leases which do not transfer ownership of leased assets to the lessee, are treated as ordinary leases.

5) Method of hedge accounting

(A) Method of hedge accounting
Hedge accounting is based on deferral method. Currency swaps satisfying the conditions of allotment processing are based on allotment processing. Interest-rate swaps meeting the conditions of exceptional processing are based on exceptional processing.

(B) Hedge means and subjects
a. Hedge means: currency swap transactions
Hedge subjects: corporate bonds and borrowings denominated in foreign currency
b. Hedge means: interest-rate swap transactions
Hedge subjects: corporate bonds and borrowings
c. Hedge means: commodity swap transactions
Hedge subjects: fees for purchase of feedstock

(C) Hedge policy
In accordance with internal rules regarding risks, hedging is performed within a certain scope for risks associated with fluctuations in exchange rates, interest rates, and commodity prices.

(D) Method of assessing hedge efficacy:
This assessment is made by confirming the relationship of correspondence between hedge means and hedge subjects. However, an assessment is not made for currency swaps satisfying the conditions of allotment processing and for interest swaps satisfying the conditions of exceptional processing.

6) Treatment of consumption tax, etc.

Consumption tax, etc., is accounted for by the "net-of-tax" method.

(5) Scope of funds included in consolidated statements of cash flow

Funds included in consolidated statements of cash flow (cash and cash equivalents) are cash on hand, deposits withdrawable at any time, and short-term investments that are readily convertible to cash, redeemable within three months of date of acquisition, and unlikely to fluctuate in value.

6. Notes

(1) Cumulative depreciation of tangible fixed assets: ¥2,171,009 million (FY2000: ¥2,069,235 million)

(2) Notes receivable discounted: ¥48 million (FY2000: ¥223 million)

(3) Contingent liabilities:

Joint liabilities borne by other joint debtors: ¥3,540 million (FY2000: ¥4,411 million)

Contingent liabilities to meet project obligations: ¥75,000 million (FY2000: ¥65,000 million)

(4) No. of treasury stock: 266,000 shares, (FY2000: 8,000 shares, ¥2 million)

(5) Relation between cash and cash equivalents at end of year and amounts of items entered in consolidated financial statements

	FY2001	FY2000
Cash and deposits	¥23,040 million	¥21,509 million
Time deposits deposited over three months	-¥1,680 million	-¥1,200 million
Other current assets (short-term loans)	¥5,899 million	¥44,266 million
Cash and cash equivalents	¥27,260 million	¥64,575 million

7. Segment information

(1) Segment information by business category:

(Unit: ¥1 million)

		Gas	Gas appliances	Construction orders received	Building lease	Other business	Total	Corporate and eliminations	Consolidated
Current year	I. Sales and operating profit (loss) Sales								
	(1) External sales	750,438	148,270	67,632	15,685	115,561	1,097,589	—	1,097,589
	(2) Intersegment sales and transfers	—	932	3,705	21,866	40,449	66,952	(66,952)	—
	Total	750,438	149,203	71,337	37,551	156,011	1,164,541	(66,952)	1,097,589
	Operating expenses	601,229	141,959	67,688	31,460	145,211	987,549	(567)	986,981
	Operating profit (loss)	149,209	7,243	3,649	6,091	10,799	176,992	(66,384)	110,607
	II. Assets, depreciation expenses and capital expenditures								
	Assets	1,105,279	56,547	22,931	226,980	184,473	1,596,212	106,500	1,702,712
	Depreciation expenses	113,157	608	127	15,999	13,214	143,107	(1,461)	141,646
	Capital expenditures	91,501	313	203	2,189	11,939	106,148	(1,857)	104,290
Previous year	I. Sales and operating profit (loss) Sales								
	(1) External sales	740,731	145,434	67,610	15,602	117,391	1,086,770	—	1,086,770
	(2) Intersegment sales and transfers	—	1,081	4,296	21,998	42,185	69,563	(69,563)	—
	Total	740,731	146,516	71,907	37,601	159,577	1,156,333	(69,563)	1,086,770
	Operating expenses	590,784	139,888	67,951	29,515	149,450	977,591	5,520	983,111
	Operating profit (loss)	149,946	6,627	3,955	8,085	10,127	178,742	(75,083)	103,659
	II. Assets, depreciation expenses and capital expenditures								
	Assets	1,125,540	58,026	22,713	240,975	224,972	1,672,228	125,441	1,797,669
	Depreciation expenses	119,703	651	138	12,727	14,319	147,540	(1,120)	146,419
	Capital expenditures	98,100	548	103	2,048	10,181	110,983	(1,084)	109,898

Note: 1. Classification of business categories and main products in each business category
Business categories are classified by their aggregate sale category in accordance with the Gas Business Accounting Regulations standard.

Business categories	Main products
Gas	Gas
Gas appliances	Gas appliances
Contracted construction work	Gas construction work
Building lease	Lease and management of buildings, etc.
Other businesses	District heating and cooling, coke, LPG, petroleum products, credit leases, information processing services, general engineering

Note: 2. The main unapportionable operating expenses included under "corporate and eliminations" are general expenses relating to the administration department of the company submitting the consolidated financial statements.
FY2001: ¥66,428 million (FY2000: ¥73,478 million)

Note: 3. In the category of assets, the main company-wide assets included under "corporate and eliminations" are surplus operating funds (cash and cash equivalents), deferred tax assets, and long-term investment capital (investment securities).
FY2001: ¥159,806 million (FY2000: ¥182,013 million)

Note: 4. As noted in Section 5. "Changes in the basis of the preparation of consolidated statements" (4) 2) beginning with FY2001, the declining balance method is being applied instead of the straight line method for depreciation of the tangible fixed assets (i.e., the Shinjuku Park Tower building) of Tokyo Gas Urban Development Co., Ltd. As compared to the result using the former method, this change resulted in ¥3,720 million increase in the operating expenses during FY2001, and a corresponding decrease in operating profit.

(2) Segment information by location
Not applicable due to absence of overseas consolidated subsidiaries.

(3) Overseas sales
Not included due to the insignificance of overseas sales as a proportion of consolidated sales.

8. Market value of securities

(1) Marketable debt securities being held to maturity

(¥ 1 million)

Category	FY2001 (Mar. 31, 2002)			FY2000 (Mar. 31, 2001)		
	Book value	Market value	Net unrealized gain (loss)	Book value	Market value	Net unrealized gain (loss)
Market value in excess of the book value						
(1) Government and municipal bonds, etc.	29	31	2	29	31	2
(2) Corporate bonds	—	—	—	—	—	—
(3) Others	—	—	—	—	—	—
Total	29	31	2	29	31	2
Market value not in excess of the book value						
(1) Government and municipal bonds, etc.	—	—	—	—	—	—
(2) Corporate bonds	—	—	—	—	—	—
(3) Others	—	—	—	—	—	—
Total	—	—	—	—	—	—
Grand total	29	31	2	29	31	2

(2) Other marketable securities

(¥ 1 million)

Category	FY2001 (Mar. 31, 2002)			FY2000 (Mar. 31, 2001)		
	Acquisition cost	Book value	Net unrealized gain (loss)	Acquisition cost	Book value	Net unrealized gain (loss)
Book value in excess of the acquisition cost						
(1) Shares	12,706	64,867	521,160	13,405	100,474	87,069
(2) Bonds	4	6	1	4	6	1
(3) Others	—	—	—	—	—	—
Total	12,711	64,873	52,162	13,409	100,481	87,071
Book value not in excess of the acquisition cost						
(1) Shares	1,375	1,107	-268	1,301	1,250	-50
(2) Bonds	—	—	—	—	—	—
(3) Others	—	—	—	—	—	—
Total	1,375	1,107	-268	1,301	1,250	-50
Grand total	14,086	65,980	51,893	14,711	101,732	87,021

(3) Book values of main non-marketable securities

(¥ 1 million)

Category	FY2001 (Mar. 31, 2002)	FY2000 (Mar. 31, 2001)
	Book value	Book value
Stocks in subsidiaries and affiliates	17,866	14,009
Other securities		
Unlisted stocks (excluding over-the-counter stocks)	8,503	9,271

9. Derivative transactions

<FY2001>

(1) Interest-rate swaps
Since the profit (loss) from the valuation of assets, underlying derivatives transactions was small and insignificant in FY2001, market values, of such assets, and profit (loss) from valuation are omitted.
Contract values and notional amounts are also insignificant and therefore omitted.

(2) Currency swaps
Because hedge accounting is applied for, they are excluded from disclosure.

(3) Others
Because hedge accounting is applied for, they are excluded from disclosure.

<FY2000>

(1) Interest-rate swaps
Since the profit (loss) from valuation of assets, etc. underlying derivatives transactions was small and insignificant in FY2000, market values of such assets, etc. and profit (loss) from valuation are omitted.
Contract values and notional amounts are also insignificant and therefore omitted.

(2) Currency swaps
Because hedge accounting is applied for all currency swap transactions, they are excluded from disclosure.

(3) Others
No other derivative instruments were used.

10. Retirement benefits

(1) Outline of the retirement benefit program

The defined benefit plans (programs) consist of the qualified retirement (pension) plan, employee pension fund, and lump-sum retirement pay (grants).

(2) Retirement benefit reserve: (as of the end of FY2001) ¥125,554 million
(as of the end of FY2000) ¥134,215 million

(3) Items related to retirement benefit expenses (FY2001)

(¥ 1 million)

Item	FY2001 (Apr. 1, 2001~ Mar. 31, 2002)	FY2000 (Apr. 1, 2000~ Mar. 31, 2001)
1) Service expenses	9,292	9,939
2) Interest expenses	9,048	8,967
3) Expected earning from fund management	-4,612	-4,557
4) Disposal of expenses associated with difference due to amendment of retirement benefit accounting standards	0	21,776
5) Disposal of expenses associated with difference due to mathematical calculation	1,628	24
6) Disposal of expenses associated with past service debt	0	-3,950
7) Retirement benefit expenses (1)+2)+3)+4)+5)+6))	15,356	32,199

Note: Retirement benefit expenses of consolidated subsidiaries applying the simplified method are posted under Item 1) "Service expenses".

(4) Items related to the basis of calculation of retirement benefit debt, etc.

(¥ 1 million)

Item	FY2001 (Apr. 1, 2001~ Mar. 31, 2002)	FY2000 (Apr. 1, 2000~ Mar. 31, 2001)
Method of term allocation of projected retirement benefit payments	Term fixed-amount standard	Term fixed-amount standard
Discount rate	Mainly 3.0%	Mainly 3.0%
Rate of expected earning from fund management	Mainly 3.0%	Mainly 3.0%
Number of years for disposal of the amount of past service debt	Mainly 1 year	Mainly 1 year
Number of years for disposal of the difference due to mathematical calculation	Mainly 10 years	Mainly 10 years
Number of years for disposal of difference due to amendment of benefit accounting standards	—	1 year