

May 31, 2006

Dear Shareholders:

**NOTICE OF THE 206th ORDINARY GENERAL MEETING
OF SHAREHOLDERS**

We hereby inform you of the 206th Ordinary General Meeting of Shareholders of Tokyo Gas Co., Ltd. (hereinafter, “We” or “the Company”), to be held as described next page.

If you are unable to attend the meeting, you may exercise your voting rights through either of the methods described below. We respectfully request that you exercise your voting rights after reading the reference materials from page 31.

<Voting via Postal Mail>

Please indicate approval or disapproval for each item listed on the enclosed CARD FOR EXERCISE OF VOTING RIGHTS and send it back for the arrival by Wednesday, June 28, 2006.

<Voting via the Internet>

Please access the WEB-SITE FOR EXERCISE OF VOTING RIGHTS (<http://www.web54.net>) by using the voting code and password printed on the enclosed CARD FOR EXERCISE OF VOTING RIGHTS. In accordance with the online instruction, please input approval or disapproval for each item presented on the voting form and transmit by 6:00PM(GMT+9:00), Wednesday, June 28, 2006.

Sincerely yours,

Mitsunori Torihara
President, Representative Director
Tokyo Gas Co., Ltd.
5-20, Kaigan 1-chome, Minato-ku, Tokyo

-
- Notes: 1. For those attending, please present the enclosed CARD FOR EXERCISE OF VOTING RIGHTS at the reception desk upon arrival at the meeting.*
- 2. If you choose to exercise your voting right via the Internet, please take note of the enclosed Form Concerning Exercise of Voting Rights via the Internet.*
- 3. If shareholders duplicate the vote by exercising the voting rights by both via the postal mail and via the Internet, we will consider the latest vote to be valid. If we receive duplicate votes by both of them on the same date, we will consider the Internet vote to be valid.*

1. **DATE AND HOUR:** 10 a.m., Thursday, June 29, 2006

2. **PLACE:** Tokyo Gas Hamamatsu-cho Building, Conference Room (2F)
5-20, Kaigan 1-chome, Minato-ku, Tokyo

3. **Agenda of the Meeting:**

Matters to report:

1. The Business Report, Non-Consolidated Balance Sheet as of March 31, 2006, Non-Consolidated Statement of Income for the 206th Business Year (from April 1, 2005 to March 31, 2006)
2. Consolidated Balance Sheet as of March 31, 2006, Consolidated Statement of Income and Report of the Independent Auditors and the Board of Corporate Auditors for the 206th Business Year (from April 1, 2005 to March 31, 2006)

Matters to resolve:

- Proposal No. 1: Approval of the Proposed Appropriation of Unappropriated Retained Earnings for the 206th Fiscal Term
- Proposal No. 2: Acquisition of Treasury Stock
- Proposal No. 3: Partial Amendment to the Articles of Incorporation
- Proposal No. 4: Election of Twelve (12) Directors
- Proposal No. 5: Election of One (1) Corporate Auditor
- Proposal No. 6: Setting the Amount of Bonuses to Directors

Note: This notice has been posted on the Company website (<http://www.tokyo-gas.co.jp>). Please note that notifications of revisions to the reference materials prepared for the general meeting of shareholders and attachments will be posted on this website.

=====
Special Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

(English Translation of Business Report Originally Issued in Japanese Language)
<Accompanying documents>

Business Report

(From April 1, 2005 to March 31, 2006)

I. REVIEW OF OPERATIONS

1. Business Conditions and Results of Group Operations

(1) Operating Activities

Despite ongoing deflationary price conditions, strong performance in the business sector had a positive effect on the household sector through the improvement of employment and incomes and, thereby, helped the country's mild economic recovery. Meanwhile, further deregulation and an expansion of the scope of liberalization measures resulted in a renewal of fierce competition within the energy sector.

Under these economic and business conditions, the Tokyo Gas Group's concerted efforts to expand the use of natural gas led to a firm increase in the gas sales, and as a result consolidated net sales grew by a solid 6.4% to ¥1,266,501 million, compared with the previous year.

Although the company strove to minimize growth in costs by pursuing further improvement of management efficiency, gas resources and materials costs rose sharply due to surging crude oil prices and growing gas sales volume, resulting in higher operation expenses.

As a result, operating income fell 22.7% year-on-year to ¥112,345 million, and ordinary income declined 25.7% to ¥98,689 million. Net income for the year declined 26.1% compared with the previous year to ¥62,114 million, after considering extraordinary gains of ¥4,929 million on sales of investment securities and ¥2,257 million on sales of fixed assets, and an extraordinary loss of ¥5,127 million resulting from the cancellation of system development work.

A review of results by operating segment follows.

Gas Sales

Total customer numbers rose by 233 thousand during fiscal 2005, to 10,016 thousand as of March 31, 2006. Gas sales volume increased 7.1% year-on-year to 13,097,917 thousand m³.

Gas sales volume for residential use increased by 7.0% to 3,547,482 thousand m³, as a result of growing gas demand for water-heating and air-heating systems caused by lower-than-average temperatures throughout the year. Gas sales volume for business use (commercial, public-sector and medical facilities) grew by 3.9% over the previous fiscal year to 3,085,339 thousand m³ due to successful efforts to boost demand for gas-powered air-conditioning systems as our core products

that can help boost environmental performance. Gas sales volume for industrial use rose 6.3% to 5,043,269 thousand m³ as the Company focused sales efforts on promoting the eco-friendly profile of natural gas and leveraged the Group's engineering capabilities. Electric power generation drove most of the growth in industrial demand. Wholesale gas sales volume to other gas utilities climbed 18.7% to 1,421,827 thousand m³, due to higher demand from those utilities' customers. Higher gas sales volumes and unit-charge corrections based on the regulatory cost-adjustment formula for gas resources helped to offset the effect of lower gas tariffs. Total net sales in the Gas Sales segment rose 9.1% year-on-year to ¥910,320 million.

Gas Appliances

Despite ongoing efforts to develop and market gas cooking, water-heating and air-conditioning appliances that boast a high level of safety and also excel in terms of their comfort, convenience, environmental and economic benefits, total net sales volume in the Gas Appliances segment decreased 3.2% year-on-year to ¥130,825 million due to the fierce competition with other forms of energy.

Related Construction

Related construction work undertaken during fiscal 2005 included 278 thousand new installations. Revenue from Related Construction, however, declined by 7.8% year-on-year to ¥59,746 million, mainly due to downward revisions in our unit cost estimates for internal pipe installation (November 1, 2003) and our estimate scheme (April 21, 2005).

Real Estate

Total net sales in the Property Rental segment declined by 1.5% year-on-year to ¥34,187 million, mainly as a result of lower rental rates.

Other

Other sales increased 7.6%, to ¥252,595 million. This was due to factors like an increase in sales related to our vessel leasing business.

(2) Group Capital Expenditures

Total capital expenditures for the year amounted to ¥119,435 million. The total length of the pipeline network was extended by 2,029 km during fiscal 2005, to 54,687 km as of March 31, 2006. Currently, the Central Trunk Line is under construction.

(3) Group Financing Activities

Our outstanding bond balance declined by ¥49,197 million due to the conversion of convertible bonds and the redemption of ordinary bonds. Borrowings declined by ¥14,996 million during the year. As a result, consolidated interest-bearing liabilities declined by ¥64,194 million compared with the previous year-end, to ¥559,911 million.

(4) Prospective Group Challenges

Deregulation is making competition within individual energy sectors more intense than competition between sectors. To make the most of business opportunities centered around natural gas, the Tokyo Gas Group must, therefore, heighten its competitiveness by revising its corporate structure.

To address the changed business conditions noted above, the Tokyo Gas Group has formulated its “**Medium-term management plan for the Tokyo Gas Group, FY2006 - 2010**” and will pursue business strategies based upon it.

In more specific terms, the Tokyo Gas Group, as the leading total energy business, with gas as its cornerstone, aims to achieve sustainable growth and development. To do this by 2010, it will position the “Establishment of a total energy business with natural gas at its core,” “Increase in the brand value,” and “Structural Reform” as key objectives and undertake to achieve them as described below.

<Establishment of a Total Energy Business with Natural Gas as its Core>

The Tokyo Gas Group will pursue the wide-area development of a total energy business that will seek to provide multi-energy delivery with competitiveness stemming from the Group’s LNG value chain and one-stop energy services that satisfy customers by applying strengths in the form of technical and marketing capabilities.

In our residential business, we are offering TES the floor heating, ‘ECO-JOUZU’ the high-efficiency water heaters, ‘MiSTY’ the mist saunas, ‘PIPITTO-KONRO’ the Advanced stove burners, and other appliances that make daily life more comfortable. We have also positioned our LIFUEL (fuel cell) and ECOWILL (gas engines) as home generators and are working to increase their adoption.

In energy marketing, we are using our city gas network as a foundation for providing customers with diversified value through one-stop multi-energy delivery of LNG, LPG, electricity, and other forms of energy, as well.

In electric power generation, Tokyo Gas Bay Power is already up and running and Tokyo Gas Yokosuka Power is scheduled to come on line in 2006. Kawasaki Natural Gas Power Generation is presently under construction and planning for Ohgishima Power is underway in partnership with another group.

To support the wide-area development of multi-energy delivery and energy services, we are constructing our Chiba-Kashima Line and taking other steps to efficiently expand our pipeline network. At the same time, we are also strengthening our relationships with wholesale city gas companies and LPG companies, putting forth proposals for customers located far from gas lines to adopt the use of natural gas delivered by truck, and using coastal carriers to deliver natural gas to markets beyond a 200km radius in the Kanto area.

Furthermore, to realize LNG procurement at competitive prices, we are working to enhance our LNG value chain by developing effective alliances with domestic and foreign upstream LNG companies, carriers, terminals, gas suppliers, and other companies, as well.

<Increase in the Brand Value>

Through initiatives designed to steadily meet our corporate social responsibilities (CSR), we, in our daily contacts with customers, are working to enhance the Tokyo Gas brand image as safe, secure, and reliable and doing this with the fundamental objective of being a corporate group that customers and society will continue to rely on. On the environmental front, we are taking on a host of problems, including global warming. And in the realm of public safety, we are working to improve the safety of gas and maintain an advanced earthquake and disaster preparedness system. Our goals here are to maintain stable gas supplies, ensure safety and security, and be prepared for whatever disasters may occur.

<Structural Reform>

We will secure competitive advantage by overhauling our corporate structure, building optimal systems for developing a total energy business, and focus our business resources. To develop business over a wider geographic area, we will build marketing systems that allow us to robustly and efficiently develop demand based on a consideration of markets and factors like the locations and capacities of our distribution resources. To respond in detail to diversifying customer lifestyles and needs, we will reorganize and consolidated the sales and service capabilities of Tokyo Gas regional facilities, Enesta/Enefit retail outlets, and Tokyo Gas Customer Service Group into a unified system focused on serving local needs, and offer one-stop access to products and services that help to improve customers' daily lives.

To promote the efficient use of business resources, we will trim our consolidated workforce from 16,700 as of the end of fiscal 2005 to 15,700 as of the end of 2010 by shifting to a locally focused sales system and reducing the size of our headquarters, and we will reduce our asset balance and increase our asset efficiency by increasing real estate values through development and disposing of idle properties.

Distributing the Fruits of Performance

The cash flow that results from the solid implementation of the FY2006-2010 Group medium-term management plan will be actively invested in total energy business areas, which will be the source of the Tokyo Gas Group's future sustained growth, and appropriately distributed to stockholders.

Regarding the latter, we have set the goal for the overall distribution ratio (*) for the term of the FY2006-2010 Group medium-term management plan at 60%.

$$(*)n \text{ FY overall distribution ratio} = \frac{(n \text{ FY retained earnings appropriation for dividends} + (n+1) \text{ FY treasury stock purchases})}{(n \text{ FY consolidated net income})}$$

Going forward, the Tokyo Gas Group will continue working to increase its corporate value and meet the expectations of both stockholders and customers. Toward that end, we will greatly appreciate your ongoing understanding and support.

2.Changes in Operating Results and Assets

(1) Changes in Consolidated Operating Results and Assets

Millions of yen

Fiscal year ended March 31	2003 (203 rd fiscal term)	2004 (204 th fiscal term)	2005 (205 th fiscal term)	2006 (206 th fiscal term)
Net Sales	1,127,633	1,151,824	1,190,783	1,266,501
Ordinary Income	91,955	131,093	132,856	98,689
Net Income	59,201	44,787	84,047	62,114
Earnings per share (Yen)	21.18	16.44	31.47	23.48
Total Assets	1,676,064	1,666,828	1,668,734	1,693,898
Shareholders' Equity	579,706	598,453	648,766	728,231

Notes: 1. A new accounting standard for the impairment of fixed assets was applied from the 204th fiscal term.

2. The accounts of the following 34 firms were included in the scope of consolidation from the 205th fiscal term to reflect their material significance to the Tokyo Gas Group: Tokyo Gas Toyosu Development Co., Ltd., Tokyo Gas Yokosuka Power Co., Ltd., Dining Art Systems Co., Ltd., Living Design Center Co., Ltd., Tokyo Gas Bay Power Co., Ltd., TG Showa Co., Ltd., Toyoko Engineering Co., Ltd., East Japan Housing Evaluation Center Co., Ltd., Tokyo Carbonic Co., Ltd., Japan Super Freeze Co., Ltd., TG Telemarketing Co., Ltd., Green Tech Tokyo Co., Ltd., Miho Gas Co., Ltd., Shoei Gas Co., Ltd., Tokyo Gas Sports Co., Ltd., TG Auto Service Co., Ltd., Tokyo Gas Remodeling Co. Ltd., Washimiya Gas Co., Ltd., Urban Communications Inc., Tochigi Gas Co., Ltd., Tokyo Gas Techno-Service Co., Ltd., Tokyo Gas Building Service Co., Ltd., Toeki Service Center Co., Ltd., Showa Bussan Co., Ltd., TOSETZ Co., Ltd., TOYOKO LIVING Co., Ltd, Kanpai Customer Service Co., Ltd., Toyoko Customer Service Co., Ltd., Showa Unyu Co., Ltd., Tokyo Plant Service Co., Ltd., Tokyo Rare Gases Co., Ltd, Tokyo Auto Gas Co., Ltd., Tokyo Kiko Co., Ltd., and Kanpai Tech Co., Ltd.

203rd Fiscal Term Ended March 31, 2003

Net sales of gas rose 5.6% due to a 13.5% increase in gas sales volume, despite the negative impact of unit-charge corrections based on the regulatory cost-adjustment formula and higher gas resources costs. Companywide cost-cutting efforts also contributed to a gain in ordinary income of ¥11,329 million, or 14.1%, relative to the previous year.

204th Fiscal Term Ended March 31, 2004

Net sales of gas rose 4.9% due to a 7.1% increase in gas sales volumes and to the positive impact of unit-charge corrections based on the regulatory cost-adjustment formula. Companywide cost-cutting efforts offset higher gas resources costs arising from increased gas sales volume, resulting in a gain in ordinary income of ¥39,138 million, or 42.6%, compared with the previous year.

205th Fiscal Term Ended March 31, 2005

Net sales of gas rose by 0.4% due to a 6.5% increase in gas sales volumes and to the positive impact of unit-charge corrections based on the regulatory cost-adjustment formula. Operating expenses rose in response to higher gas sales and an expansion of the consolidation scope, but because of lower losses on bond redemptions and other reasons, ordinary income increased 1.3%, to ¥1,763 million.

206th Fiscal Term Ended March 31, 2006

Operating results for the 206th fiscal term are described above in I. 1. “Business Conditions and Results of Group Operations.”

(2) Changes in Non-Consolidated Operating Results and Assets

Millions of yen

Fiscal year ended March 31	2003 (203 rd fiscal term)	2004 (204 th fiscal term)	2005 (205 th fiscal term)	2006 (206 th fiscal term)
Net Sales	992,236	1,013,754	1,013,993	1,078,109
Ordinary Income	79,680	115,859	117,192	85,089
Net Income	53,633	40,273	78,666	55,299
Earnings per share (Yen)	19.19	14.78	29.46	20.90
Total Assets	1,381,359	1,410,023	1,382,265	1,396,728
Shareholders' Equity	528,264	540,217	574,059	642,953

Note: A new accounting standards relating to Impairment of Fixed Assets became effective from the 204th fiscal term.

II. CURRENT STATUS OF THE COMPANY (As of March 31, 2006)

1. Principal Group Business Activities

Business segment	Principal business activities
Gas Sales	Production, supply and sales of gas
Gas Appliances	Manufacture and sale of gas appliances and related installation work
Related Construction	Gas engineering works
Real Estate	Leasing and management of land and buildings
Other	District water/steam supply services, cokes, LPG, industrial gases, credit/lease financial services, system integration, contract engineering work

2. Shares

- (1) Number of shares authorized to be issued common stock 6,500,000,000 shares
(2) Number of shares issued common stock 2,810,171,295 shares
(3) One unit of shares (*tangen*) 1,000 shares
(4) Number of shareholders 176,451
(5) Major shareholders

Name	Investment in the Company		Investment by the Company in these shareholders	
	Number of shares held (Thousand)	Percentage of voting rights (%)	Number of shares held (Thousand)	Percentage of voting rights (%)
Nippon Life Insurance Company	163,000	5.80	0	0
The Dai-Ichi Mutual Life Insurance Company	155,962	5.55	0	0
Japan Trustee Services Bank, Ltd. (Trust Account)	100,216	3.57	0	0
The Master Trust Bank of Japan, Ltd. (Trust Account)	93,595	3.33	0	0
State Street Bank and Trust Company	76,193	2.71	0	0
State Street Bank and Trust Company 505103	70,525	2.51	0	0
Fukoku Mutual Life Insurance Company	67,504	2.40	0	0
Morgan Stanley & Co. International Limited	46,463	1.65	0	0
The Chase Manhattan Bank NA., London	45,069	1.60	0	0
Tokyo Gas Employees Shareholding Association	39,338	1.40	0	0

Note: Besides the shareholdings detailed above, the Company owns 117,825 thousand shares of treasury stock.

(6) Acquisition, disposition and holding of treasury stock

- 1) Acquisition of shares
 Common stock: 49,491,723 shares
 Total value of acquisitions: ¥20,355,076,769
- 2) Disposition of shares
 Common stock: 91,103,460 shares
 Total value of disposition: ¥34,660,280,058
- 3) Shares owned by the Company as of the balance sheet date
 Common stock: 117,825,346 shares

3. Status of Important Business Combinations

Major Subsidiaries

Company	Capital (¥ Million)	Percentage of voting rights (%)	Business
Tokyo Gas Urban Development Co., Ltd.	11,440	100.00	Real estate leasing, management and brokerage
Tokyo Gas Toyosu Development Co., Ltd.	5,000	100.00	Development the Toyosu site
ENERGY ADVANCE Co., Ltd.	3,000	100.00	Energy service business
Gaster Co., Ltd.	2,450	66.67	Manufacture and sale of gas appliances
Tokyo LNG Tanker Co., Ltd.	1,200	100.00	Leasing of tankers, delivery of LNG/LPG
Toyoko Engineering Co., Ltd.	1,025	100.00	Design and construction of gas pipeline, water supply and sewage pipes, air-conditioning systems
Tokyo Gas Energy Co., Ltd.	1,000	100.00 (11.50)	Sale of LPG and coke
Tokyo Gas Chemicals Co., Ltd.	1,000	100.00 (17.70)	Sale of industrial gases and tar products
Park Tower Hotel Co., Ltd.	1,000	100.00 (100.00)	Hotel operation
KANPAI Co., Ltd.	967	100.00 (13.04)	Design and construction of gas pipelines, water supply and sewage pipes, air-conditioning systems
Chiba Gas Co., Ltd.	480	100.00	Gas distribution
TG Credit Services Co., Ltd.	450	100.00	Leasing and credit administration in connection with gas appliances and construction
Tokyo Oxygen and Nitrogen Co., Ltd.	400	54.00 (54.00)	Manufacture and sale of liquefied oxygen/nitrogen
TG Information Network Co., Ltd.	400	100.00	System integration services
Tsukuba Gakuen Gas Co., Ltd.	280	100.00	Gas distribution
TG Enterprise Co., Ltd.	200	100.00	Intragroup financing services
Tokyo Gas Engineering Co., Ltd.	100	100.00	Comprehensive engineering services with a focus on energy-related works
Tokyo Gas Customer Service Co., Ltd.	50	100.00	Periodic safety check, billing and meter reading operations
TG IT Service Co., Ltd.	50	100.00	Intragroup system and network services
KANPAI LIVING SERVICE Co., Ltd.	50	100.00 (100.00)	Sale of gas appliances

Notes: 1. Figures shown in parentheses in the "Percentage of voting rights" column indicate portions of the Company's voting rights owned by subsidiaries of the Company.

2. Kanpai Co., Ltd. acquired and merged its operations with Toyoko-Engineering Co., Ltd. on April 1, 2006 and changed its name to Capty Co., Ltd.

3. KANPAI LIVING SERVICE Co., Ltd. acquired and merged its operations with Toyoko-Living Co., Ltd. on April 1, 2006 and changed its name to Capty-Livelic Co., Ltd.

Consolidated subsidiaries including the above 20 major subsidiaries and affiliated company were 55 companies. Total net sales were ¥1,266,501 million, and their total net income was ¥ 62,114 million.

4. Major Creditors

Creditor	Balance of borrowings (¥ Million)	Stockholding by creditors	
		Number of shares held (Thousand)	Percentage of voting rights (%)
Development Bank of Japan	44,807	0	0
Mizuho Corporate Bank, Ltd.	2,700	33,000	1.17
Mitsubishi UFJ Trust and Banking Corporation	2,500	6,677	0.24
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,100	11,488	0.41
Shinkin Central Bank	2,000	0	0
Sumitomo Mitsui Banking Corporation	1,700	5,977	0.21
Shinsei Bank, Limited	1,500	0	0
Nippon Life Insurance Company	1,450	163,000	5.80
The Daiichi Mutual Life Insurance Company	1,250	155,962	5.55

Notes: 1. Mitsubishi Trust and Banking Corporation and UFJ Trust Bank Ltd. merged on October 1, 2005. The name of the new entity is Mitsubishi UFJ Trust and Banking Corporation.

2. Bank of Tokyo-Mitsubishi, Ltd. and UFJ Bank, Ltd. merged on January 1, 2006. The name of the new entity is Bank of Tokyo-Mitsubishi UFJ, Ltd.

5. Employees

Consolidated Number of employees (Change from previous year)
16,675 (+5)

Note: "Employees" refers to permanent full-time staff and does not include part-time staff.

Non-Consolidated Number of employees (Change from previous year)	Average age (Years)	Average service years
8,200 (-247)	44.8	23.1

Note: "Employees" refers to permanent full-time staff and does not include workers on loan and part-time staff.

6. Principal Establishments

(1) The Company

Head office (Minato-ku, Tokyo)

Service branches (*Shiten*)

Name	Location
Southern Service Branch	Minato-ku, Tokyo
Central Service Branch	Meguro-ku, Tokyo
Eastern Service Branch	Koto-ku, Tokyo
Chiba Service Branch	Chiba, Chiba
Western Service Branch	Suginami-ku, Tokyo
Tama Service Branch	Tachikawa, Tokyo
Northern Service Branch	Kita-ku, Tokyo
Saitama Service Branch	Saitama, Saitama
Kanagawa Service Branch	Yokohama, Kanagawa
Kawasaki Service Branch	Kawasaki, Kanagawa
Western Kanagawa Service Branch	Fujisawa, Kanagawa

Service Branches (*Shisha*)

Name	Location
Hitachi Service Branch	Hitachi, Ibaraki
Johsoh Service Branch	Ryugasaki, Ibaraki
Kofu Service Branch	Kofu, Yamanashi
Gunma Service Branch	Takasaki, Gunma
Kumagaya Service Branch	Kumagaya, Saitama
Utsunomiya Service Branch	Utsunomiya, Tochigi
Nagano Service Branch	Nagano, Nagano

Residential Service Dept.

Name	Location
West Metropolitan Residential Service Regional Office	Meguro-ku, Tokyo
East Metropolitan Residential Service Regional Office	Arakawa-ku, Tokyo
Kanagawa Residential Service Regional Office	Yokohama, Kanagawa

Pipeline Dept.

Name	Location
West Metropolitan Pipeline Regional Office	Shinjuku-ku, Tokyo
East Metropolitan Pipeline Regional Office	Arakawa-ku, Tokyo
Kanagawa Pipeline Regional Office	Yokohama, Kanagawa

LNG Terminals

Name	Location
Negishi LNG Terminal	Yokohama, Kanagawa
Sodegaura LNG Terminal	Sodegaura, Chiba
Ohgishima LNG Terminal	Yokohama, Kanagawa

Others

Name	Location
Residential Service Division	Shinjuku-ku, Tokyo
Energy Sales and Service Division	Shinjuku-ku, Tokyo

Notes: As a result of the organizational changes that took effect on April 1, 2005, the following organization restructuring measures have been implemented.

- 1. The operations of the West Metropolitan Living Sales Department, West Metropolitan Appliance Service Department, and Local Customer Service Departments (South, Central, West, and Tama) were consolidated into the newly established West Metropolitan Residential Service Regional Office located in Meguro-ku, Tokyo.*
- 2. The operations of the East Metropolitan Living Sales Department, East Metropolitan Appliance Service Department, and Local Customer Service Departments (East, Chiba, North, and Saitama) were consolidated into the newly established East Metropolitan Residential Service Regional Office located in Arakawa-ku, Tokyo.*
- 3. The operations of the Kanagawa Living Sales Department, Kanagawa Appliance Service Department, and Local Customer Service Departments (Kanagawa, Kawasaki, and Kanagawa West) were consolidated into the newly established Kanagawa Residential Service Regional Office located in Yokohama, Kanagawa.*

(2) Principal subsidiaries

Name	Location
Tokyo Gas Urban Development Co., Ltd.	Shinjuku-ku, Tokyo
Tokyo Gas Toyosu Development Co., Ltd.	Minato-ku, Tokyo
ENERGY ADVANCE Co., Ltd.	Shinjuku-ku, Tokyo
Gaster Co., Ltd.	Yamato, Kanagawa
Tokyo LNG Tanker Co., Ltd.	Minato-ku, Tokyo
Toyoko Engineering Co., Ltd.	Yokohama, Kanagawa
Tokyo Gas Energy Co., Ltd.	Chuo-ku, Tokyo
Tokyo Gas Chemicals Co., Ltd.	Minato-ku, Tokyo
Park Tower Hotel Co., Ltd.	Shinjuku-ku, Tokyo
KANPAI Co., Ltd.	Shinagawa-ku, Tokyo
Chiba Gas Co., Ltd.	Sakura, Chiba
TG Credit Services Co., Ltd.	Shinjuku-ku, Tokyo
Tokyo Oxygen and Nitrogen Co., Ltd.	Sodegaura, Chiba
TG Information Network Co., Ltd.	Shinagawa-ku, Tokyo
Tsukuba Gakuen Gas Co., Ltd.	Tsukuba, Ibaraki
TG Enterprise Co., Ltd.	Minato-ku, Tokyo
Tokyo Gas Engineering Co., Ltd.	Shinjuku-ku, Tokyo
Tokyo Gas Customer Service Co., Ltd.	Shinjuku-ku, Tokyo
TG IT Service Co., Ltd.	Chiba, Chiba
KANPAI LIVING SERVICE Co., Ltd.	Ota-ku, Tokyo

Note: Effective November 14, 2005, TG Information Network Co., Ltd. moved its head office from Shinjuku-ku, Tokyo.

7. Directors and Corporate Auditors of the Company

Chairman, Representative Director		Kunio Anzai
Vice Chairman, Representative Director		Hideharu Uehara
President, Representative Director		Norio Ichino*
Representative Director	Executive Vice president, Chief Executive of Corporate Communications Division and Compliance Department	Mitsunori Torihara*
Representative Director	Executive Vice President, Chief Executive of Energy Sales and Service Division and General Manager of Volume Sales Department	Shigero Kusano*
Representative Director	Executive Vice President, Chief Executive of Energy Production Division	Kouya Kobayashi*
Director	Chief Executive of Energy Resources Division and in charge of Internal Audit Department	Tadaaki Maeda*
Director	Chief Executive of Strategic Planning Division	Tsuyoshi Okamoto*
Director	Chairman and Chief Executive Officer of Kikkoman Corporation	Yuzaburo Mogi
Director	Chief Executive Officer of Dial Service Co., Ltd.	Yuri Konno
Director	Standing Advisor, Asahi Kasei Corporation	Kazumoto Yamamoto
Standing Corporate Auditor		Hiroshi Hirai
Standing Corporate Auditor		Tsunenori Tokumoto
Corporate Auditor	Chairman of the Board, Hitachi Capital Corporation	Masayoshi Hanabusa
Corporate Auditor	Director, Yokohama Industrial Development Corporation	Tosimitu Shimizu

Notes: 1. Asterisks (*) denote members of the Board of Directors who concurrently hold the duty of Executive Officer.

2. Kunio Anzai completed his service as Chairman, Representative Director and was appointed Director and Advisor as of April 1, 2006.

3. Hideharu Uehara completed his service as Vice Chairman, Representative Director and was appointed Chairman, Director as of April 1, 2006.

4. Norio Ichino completed his service as President, Representative Director and was appointed Vice Chairman, Director as of April 1, 2006.

5. Mitsunori Torihara completed his service as Representative Director and was appointed President, Representative Director as of April 1, 2006.

6. Tadaaki Maeda completed his service as a Director and was appointed Representative Director as of April 1, 2006.

7. Takashi Kunitomi resigned his position as a Director as of March 31, 2006.

8. Kazumoto Yamamoto was appointed as a Director as of June 29, 2005.

9. Tsunenori Tokumoto and Toshimitsu Shimizu were appointed Auditors as of June 29, 2005.

10. Soichiro Akimoto and Kazuo Nemoto completed their terms as Auditors as of June 29, 2005.

11. Yuzaburo Mogi, Yuri Konno, and Kazumoto Yamamoto are Outside Directors whose appointment is required by Article 188-2-7-2 of the Commercial Code.

12. Masayoshi Hanabusa and Toshimitsu Shimizu are Outside Auditors whose appointment is required by Article 18-1 of the "Law for Special Exceptions to the Commercial Code Concerning Audit, etc. of Kabushiki Kaisha."

8. Total remuneration paid to directors and corporate auditors:

Directors (12): ¥450 million (including 1 retiree as of March 31, 2006)

Corporate auditors (6): ¥ 90 million (including 2 retirees as of June 29, 2005)

Note: The above figures do not include a total of ¥81 million paid to directors in the form of bonuses and severance payments on retirement, as well as a total of ¥38 million paid to corporate auditors in the form of severance payments on retirement. (Severance payments on retirement for directors and auditors were approved at the 205th ordinary general meeting of stockholders. Payment will be determined in a meeting of the board of directors in the case of directors, and a meeting of auditors, in the case of auditors.)

9. Payments to independent auditors

(1) Total payments to independent auditors by the Company and its subsidiaries

¥149 million

(2) Of the total amount listed in (1) above, total payments by the Company and its subsidiaries for certified auditing services provided under Article 2, Section 1 of the Certified Public Accountants Law of Japan.

¥143 million

(3) Of the total amount listed in (2) above, total payments to independent auditors by the Company for other services rendered as independent auditors.

¥ 73 million

Note: The auditing contract between the Company and the independent auditors makes no distinction between auditing services based on the “Law for Special Exceptions to the Commercial Code Concerning Audit, etc. of Kabushiki Kaisha” and auditing services based on the Securities & Exchange Law. Since no real distinction can be made in practice, the amount listed in (3) above also includes payments for auditing services based on the Securities & Exchange Law.

(English Translation of Financial Statements Originally Issued in the Japanese Language)

Non-consolidated Balance Sheet

(As of March 31, 2006)

(Millions of yen)

ASSETS	
Fixed assets.....	1,161,187
Property, plant and equipment.....	811,322
Production facilities.....	216,309
Distribution facilities.....	499,633
Service and maintenance facilities.....	56,075
Incidental business facilities.....	4,984
Shutdown facilities.....	984
Construction in progress.....	33,336
Intangible assets.....	16,453
Leaseholds.....	1,187
Software.....	14,569
Other intangible assets.....	696
Investments and other non-current assets.....	333,411
Investment securities.....	101,021
Investments in affiliated companies.....	101,215
Long-term loans.....	185
Long-term loans to affiliated companies.....	68,880
Investments.....	3
Long-term prepaid expenses.....	31,706
Deferred tax assets.....	27,505
Other investments and non-current assets.....	3,500
Allowances for doubtful accounts.....	(608)
Current assets.....	235,540
Cash and bank deposits.....	31,688
Notes receivable-trade.....	1,199
Accounts receivable-trade.....	93,882
Accounts receivable from affiliated companies-trade.....	12,242
Other receivables.....	11,066
Marketable securities.....	1
Finished goods.....	89
Raw materials.....	21,777
Supplies.....	6,595
Prepaid expenses.....	214
Short-term receivables due from affiliated companies.....	15,855
Deferred tax assets.....	9,660
Other current assets.....	32,178
Allowances for doubtful accounts.....	(911)
Total Assets.....	1,396,728

(Millions of yen)

LIABILITIES AND SHAREHOLDERS' EQUITY	
LIABILITIES	
Fixed Liabilities.....	514,148
Bonds.....	287,700
Convertible bonds.....	39,700
Long-term debt.....	56,749
Long-term payables to affiliated companies.....	337
Employees' severance and retirement benefits.....	119,024
Allowances for repairs of gas holders.....	3,069
Other non-current liabilities.....	7,568
Current Liabilities.....	239,626
Long-term debt due within one year.....	27,029
Accounts payable-trade.....	42,360
Other payables.....	28,611
Accrued expenses.....	40,412
Income taxes payable.....	29,353
Advances from customers.....	4,733
Deposits payable.....	1,714
CMS short-term debt due to affiliated companies.....	33,029
Short-term payables to affiliated companies.....	19,024
Other current liabilities.....	13,358
Total Liabilities.....	753,775
SHAREHOLDERS' EQUITY	
Capital.....	141,844
Common stock.....	141,844
Capital surplus.....	2,065
Additional paid-in capital.....	2,065
Retained earnings.....	494,930
Legal reserve.....	35,454
Reserve for advanced depreciation due to expropriation, etc.	954
Reserve for depreciation of special gas pipeline construction.....	1,954
Reserve for cost variations adjustment.....	141,000
General reserve.....	219,000
Unappropriated retained earnings.....	96,567
Difference in valuation.....	48,952
Net unrealized holding gains on securities.....	48,952
Treasury stock.....	(44,840)
Treasury stock.....	(44,840)
Total Shareholders' Equity.....	642,953
Total Liabilities and Shareholders' Equity.....	1,396,728

Notes to the Non-Consolidated Balance Sheet

1. Accumulated depreciation for property, plant and equipment
¥2,235,974 million
2. Significant accounting policies
 - (1) Depreciation of property, plant and equipment is computed by the declining-balance method. However, the straight-line method is applied for buildings (excluding building fixtures) acquired on or after April 1, 1998.
 - (2) The basis and method of valuation of securities are as follows:
Held-to-maturity debt securities are stated at amortized cost. Stocks issued by subsidiaries and affiliated companies are stated at cost, as determined by the moving-average method. Available-for-sale securities for which market value is readily determinable are reported at market value as of the close of accounts, with unrealized gains and losses, net of applicable taxes, reported in a separate component of shareholders' equity. The cost of securities sold is determined based on the moving-average method. Available-for-sale securities with no readily determinable fair market value are stated at cost, as determined by the moving-average method.
 - (3) Inventories (finished goods, raw materials and supplies) are stated at cost, as determined by the moving-average method.
 - (4) The Company provided a reserve for employees' severance and retirement benefits at March 31, 2006 based on the estimated amounts of projected benefit obligation and the fair value of the pension plan assets at that date.
 - (5) The Company provides a reserve for periodic maintenance and repair of spherical gas holding tanks by accruing the estimated related costs over the period until the next scheduled repair.
 - (6) All accounting transactions are booked exclusive of consumption taxes.
3. Receivables and payables due from/to subsidiaries included in those due from/to affiliated companies are as follows:

Long-term receivables due from subsidiaries	¥79,526 million
Long-term payables due to subsidiaries	¥337 million
Short-term receivables due from subsidiaries	¥24,893 million
Short-term payables due to subsidiaries	¥47,019 million
4. Investments in equity issued by subsidiaries included in "Investments in affiliated companies"
¥74,403 million
5. Assets pledged as collateral

Investments and other assets	¥40 million
------------------------------	-------------
6. Contingent liabilities for guarantee

Contingent liabilities for guarantee	¥16,816 million
(Of which to be borne by the Company	¥16,695 million)
Joint and several liabilities	¥14,072 million
Contingent liabilities related to debt-assumption	
underwriting contracts on corporate bonds	¥38,700 million
7. "Allowances for repairs of gas holders" are provided based on Article 43 of the repealed Japanese Commercial Code.
8. The increase in shareholders' equity as stipulated by Article 124, Section 3 of the repealed Japanese Commercial Code is ¥48,952 million.
9. All amounts of less than one million yen have been rounded down in the accounts.

Non-consolidated Statement of Income

(From April 1, 2005 to March 31, 2006)

(Millions of yen)

Product sales.....	896,613
Gas sales.....	896,613
Cost of sales.....	422,158
Beginning inventory.....	77
Cost of goods manufactured.....	412,420
Cost of goods purchased.....	11,626
Costs of good internally used.....	1,876
Ending inventory.....	89
(Gross income).....	(474,455
)
Selling expenses.....	309,710
General and administrative expenses.....	80,575
(Income from operation).....	(84,169)
Miscellaneous operating revenue.....	162,086
Revenue from related construction.....	52,287
Revenue from gas appliance sales.....	109,291
Other operating revenue.....	507
Miscellaneous operating expenses.....	155,786
Expense for related construction.....	50,025
Expense for gas appliance sales.....	105,760
Incidental revenue.....	19,408
Revenue from LNG sales.....	3,521
Revenue from remote control service.....	2,316
Revenue from power sales.....	4,202
Revenue from other associated business.....	9,367
Incidental expenses.....	18,888
Expense for LNG sales.....	3,441
Expense for remote control service.....	1,419
Expense for power sales.....	4,325
Expense for other associated business.....	9,701
(Operating income).....	(90,990)
Non-operating income.....	13,831
Interest income.....	1,076
Dividend income.....	1,836
Rental income.....	3,969
Gain from settlement of commodity derivatives.....	2,458
Miscellaneous income.....	4,490
Non-operating expenses.....	19,732
Interest expenses.....	1,595

Bond interest expenses.....	6,635
Adjustments of changes for construction of distribution facilities...	3,122
Loss from settlement of weather derivatives.....	5,660
Miscellaneous expenses.....	2,718
(Ordinary income).....	(85,089)
Extraordinary income.....	5,671
Gain on sales of fixed assets.....	867
Gain from sales of investment securities.....	4,804
Extraordinary expenses.....	5,887
Loss on sales of fixed assets.....	13
Loss on compression of fixed assets.....	298
Loss on cancellation of system development	5,576
(Income before income taxes).....	(84,873)
Income taxes-current.....	28,970
Income taxes-deferred.....	603
Net income.....	55,299
Retained earnings brought forward.....	54,231
Reversal of reserve for advanced depreciation due to expropriation, etc..	22
Loss on disposal of treasury stock.....	3,768
Interim dividends.....	9,218
Unappropriated retained earnings.....	96,567
<i>Notes: 1. Sales to subsidiaries</i>	<i>¥39,319 million</i>
<i>Purchases from subsidiaries</i>	<i>¥132,738 million</i>
<i>Transactions with subsidiaries other than operating transactions</i>	<i>¥5,491 million</i>
2. <i>Earnings per share</i>	<i>¥20.90</i>

Proposed Appropriation of Unappropriated Retained Earnings

(Yen)

Unappropriated retained earnings.....	96,567,158,455
Reversal of reserve for depreciation of special gas pipeline construction.....	621,168,427
Total.....	97,188,326,882
To be appropriated as follows:	
Dividends (¥3.50 per share).....	9,423,210,822
Bonuses to directors.....	67,000,000
General reserve.....	30,000,000,000
Unappropriated retained earnings to be carried forward.....	57,698,116,060

Notes: 1. The Company distributed interim dividends in the amount of ¥9,218,556,303 (¥3.50 per share) on November 28, 2005.

(English Translation of the Auditors' Report Originally Issued in the Japanese Language)

Independent Auditors' Report

May 12, 2006

The Board of Directors
Tokyo Gas Co., Ltd.

KPMG AZSA & Co.
Atsuki Kanazuka
Designated and Engagement Partner
Certified Public Accountant

Kunimitsu Ito
Designated and Engagement Partner
Certified Public Accountant

Osamu Nakai
Designated and Engagement Partner
Certified Public Accountant

We have audited the statutory report, that is the balance sheet, the statement of income, the business report (limited to accounting matters) and the proposed appropriation of unappropriated retained earnings, and its supporting schedules (limited to accounting matters) of Tokyo Gas Co., Ltd. for the 206th business year from April 1, 2005 to March 31, 2006 in accordance with Article 2-1 of the repealed "Law for Special Exceptions to the Commercial Code Concerning Audit, etc of Kabushiki Kaisha". With respect to the aforementioned business report and supporting schedules, our audit was limited to those matters derived from the accounting books and records. The statutory report and supporting schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the statutory report and supporting schedules based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require us to obtain reasonable assurance about whether the statutory report and supporting schedules are free of material misstatement. An audit is performed on a test basis, and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluating the overall presentation of the statutory report and supporting schedules. We believe that our audit provides a reasonable basis for our opinion. Our audit procedures also include those considered necessary for the Company's subsidiaries.

As a result of the audit, our opinion is as follows:

- (1) The balance sheet and the statement of income present fairly the financial position and the results of operations of the Company in conformity with related laws and regulations and the Articles of Incorporation of the Company.
- (2) The business report (limited to accounting matters) presents fairly the status of the Company in conformity with related laws and regulations and the Articles of Incorporation of the Company.
- (3) The proposed appropriation of unappropriated retained earnings has been prepared in conformity with related laws and regulations and the Articles of Incorporation of the Company.
- (4) With respect to the supporting schedules (limited to accounting matters), there are no items to be noted that are not in conformity with the provisions of the repealed Commercial Code.

Our firm and engagement partners have no interest in the Company, which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Report of the Board of Corporate Auditors

AUDIT REPORT

The Board of Corporate Auditors, having received a report from each Corporate Auditor on the method and results of his audit on the performance of duties of Directors during the 206th business year from April 1, 2005 to March 31, 2006 and, as a result of discussion, does hereby report the results of the audit as follows:

1. Method of Audit by Corporate Auditors

In accordance with audit standards and policy of Corporate Auditors set by the Board of Corporate Auditors, each Corporate Auditor has attended the meetings of the Board of Directors and other important meetings of the Company, received reports on the execution of duties from Directors, perused important documents and conducted examination of conditions of business and assets (including internal control systems such as legal compliance system and risk management system) at the head office and other major business offices. In addition, each Corporate Auditor requested from the Company's subsidiaries reports on their operations, making visits to subsidiaries and conducting examinations of statutory report and supporting schedules when deemed necessary. Each Corporate Auditor has also received from accounting auditors reports concerning accounting audits and their opinions and conducted examinations of statutory report and supporting schedules.

With respect to the Directors engaging in competing transactions, transactions involving conflict of interest between the Company and a Director, providing by the Company of a benefit without compensation, unusual transactions between the Company and its subsidiaries or shareholders and acquisition and disposition of its own shares, each Corporate Auditor has, in addition to the audit procedures described above, requested reports on Directors and conducted detailed investigation when deemed necessary.

2. Results of audit

- (1) The method and results employed and rendered by independent auditors, KPMG AZSA & Co. are fair and reasonable.
- (2) The contents of the business report present fairly the status of the Company in conformity with related laws and regulations and the Articles of Incorporation of the Company.
- (3) The proposed allocation of profit contains nothing in particular to be commented on in the light of the condition of assets of the Company and other circumstances.
- (4) The supporting schedules present fairly the matters to be described therein and contain nothing to be commented on.
- (5) With respect to the Directors' execution of their duties, including duties related to subsidiaries, neither unfair conduct, nor any material breach of laws, regulations or the Articles of Incorporation of the Company has been found.

With respect to the Directors engaging in competing transactions, transactions involving conflict on interest between the Company and a Director, providing by the Company of a benefit without compensation, unusual transactions between the Company and its subsidiaries or shareholders and acquisition and disposition of its own shares, no breach of duty has been found.

May 16, 2006

Board of Corporate Auditors
Hiroshi Hirai
Standing Corporate Auditor
Tsunenori Tokumoto
Standing Corporate Auditor
Masayoshi Hanabusa
Corporate Auditor
Toshimitu Shimizu
Corporate Auditor

(Note) Corporate Auditor Masayoshi Hanabusa and Toshimitu Shimizu are outside corporate auditors as provided in Article 18, Paragraph 1 of the repealed "Law for Special Exceptions to the Commercial Code Concerning Audit, etc. of Kabushiki Kaisha."

(English Translation of Financial Statements Originally Issued in the Japanese Language)

Consolidated Balance Sheet

(As of March 31, 2006)

(Millions of yen)

ASSETS	
Fixed Assets.....	1,391,882
Property, plant and equipment.....	1,140,302
Production facilities.....	216,123
Distribution Facilities.....	514,713
Service and maintenance facilities.....	59,461
Other facilities.....	298,951
Shutdown facilities.....	984
Construction in progress.....	50,068
Intangible assets.....	23,649
Consolidation difference.....	2,504
Other intangible assets.....	21,144
Investments and other non-current assets.....	227,931
Investment securities.....	145,047
Long-term loans.....	3,553
Deferred tax assets.....	36,385
Other investments and non-current assets.....	43,668
Allowances for doubtful accounts.....	(724)
Current Assets.....	302,016
Cash and bank deposits.....	49,116
Notes and accounts receivable-trade.....	147,059
Inventories.....	34,597
Deferred tax assets.....	12,765
Other current assets.....	59,326
Allowances for doubtful accounts.....	(848)
Total Assets.....	1,693,898

(Millions of yen)

LIABILITIES, MINORITY INTEREST AND SHAREHOLDERS' EQUITY	
LIABILITIES	
Fixed liabilities.....	661,945
Bonds.....	305,500
Convertible bonds.....	39,700
Long-term debt.....	151,539
Deferred tax liabilities.....	5,329
Employees' severance and retirement benefits.....	130,222
Allowances for repairs of gas holders.....	3,229
Other non-current liabilities.....	26,424
Current Liabilities.....	293,466
Long-term debt due within one year.....	45,597
Notes and accounts payable-trade.....	76,925
Bank loans.....	17,670
Income taxes payable.....	33,527
Deferred tax liabilities.....	178
Other current liabilities.....	119,566
Total Liabilities.....	955,411
MINORITY INTEREST.....	10,255
SHAREHOLDERS' EQUITY	
Common stock.....	141,844
Capital surplus.....	2,065
Retained earnings.....	572,599
Net unrealized holding gains on securities.....	56,510
Foreign currency translation adjustments.....	51
Treasury stock.....	(44,840)
Total Shareholders' Equity.....	728,231
Total Liabilities, Minority Interest and Shareholders' Equity.....	1,693,898

Consolidated Statement of Income

(From April 1, 2005 to March 31, 2006)

	(Millions of yen)
Net sales.....	1,266,501
Cost of sales.....	724,503
(Gross income).....	(541,998)
Selling expenses.....	352,388
General and administrative expenses.....	77,263
(Operating income).....	(112,345)
Non-operating income.....	10,863
Interest income.....	58
Dividend income.....	1,391
Equity in net income of an affiliated company.....	693
Gain from settlement of commodity derivatives.....	2,458
Miscellaneous income.....	6,261
Non-operating expenses.....	24,520
Interest expenses.....	11,014
Adjustments of changes for construction of distribution facilities...	3,016
Loss from settlement of weather derivatives.....	5,666
Miscellaneous expenses.....	4,823
(Ordinary income).....	(98,689)
Extraordinary income.....	7,601
Gain on sales of fixed assets.....	2,257
Gain from sales of investment securities.....	4,929
Gain from sales of stocks of investment in consolidated subsidiaries	414
Extraordinary expenses.....	5,443
Loss on sales of fixed assets.....	17
Loss on compression of fixed assets.....	298
Loss on cancellation of system development ...	5,127
Income before income taxes and minority interest in net income of consolidated subsidiaries.....	100,846
Income taxes-current.....	35,703
Income taxes-deferred.....	2,497
Minority interest in net income of consolidated subsidiaries.....	530
Net income.....	62,114

Notes to the Consolidated Financial Statements

(Basis of Presenting for Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries

Consolidated subsidiaries: 54

Tokyo Gas Urban Development Co., Ltd., Tokyo Gas Toyosu Development Co., Ltd., ENERGY ADVANCE Co., Ltd., Gaster Co., Ltd., Tokyo LNG Tanker Co., Ltd., Toyoko Engineering Co., Ltd., Tokyo Gas Energy Co., Ltd., Tokyo Gas Chemicals Co., Ltd., Park Tower Hotel Co., Ltd., KANPAI Co., Ltd., Chiba Gas Co., Ltd., TG Credit Services Co., Ltd., Tokyo Oxygen and Nitrogen Co., Ltd., TG Information Network Co., Ltd., Tsukuba Gakuen Gas Co., Ltd., TG Enterprise Co., Ltd., Tokyo Gas Engineering Co., Ltd., Tokyo Gas Customer Service Co., Ltd., TG IT Service Co., Ltd. and Kanpai Living Service Co., Ltd.

(2) Names, etc. of principal unconsolidated subsidiaries

The Company's principal unconsolidated subsidiary is TOKYO GAS AUSTRALIA PTY LTD.

Since the total amounts of the Company in the combined assets, sales and net income for fiscal 2005 and in the retained earnings of unconsolidated subsidiaries were respectively small in value terms and qualitatively of little importance, such companies had a materially insignificant impact on the Consolidated Financial Statements and were therefore excluded from the scope of consolidation.

2. Application of equity method

(1) Number of equity-method affiliates and unconsolidated subsidiaries

Number of unconsolidated subsidiaries accounted for equity method: 0

Number of equity-method affiliates: 1

Name of equity-method affiliate: GAS MALAYSIA SDN. BHD.

(2) Names, etc. of principal affiliates and unconsolidated subsidiaries not accounted for by the equity method

The Company's principal affiliate or unconsolidated subsidiary not accounted for by the equity method is Ark Hills Heat Supply Co., Ltd.

Unconsolidated subsidiaries and affiliates not accounted for by the equity method were excluded because the total amounts of the Company in the net income for fiscal 2005 and in retained earnings were small and qualitatively of little importance, resulting in only a very slight impact on consolidated net income and retained earnings.

3. Significant accounting policies

(1) Depreciation of property, plant and equipment is computed principally by the declining-balance method. However, the straight-line method is applied for buildings (excluding building fixtures) acquired on or after April 1, 1998.

(2) The basis and method of valuation of securities are as follows:

Held to maturity debt securities are stated at amortized cost.

Available-for-sale securities for which market value is readily determinable are reported at market value as of the close of accounts, with unrealized gains and losses, net of applicable taxes, reported in a separate component of shareholders' equity.

The cost of securities sold is determined based on the moving-average method.

Available-for-sale securities with no readily determinable fair market value are stated at cost, as determined by the moving-average method.

(3) Inventories (finished goods, raw materials and supplies) are stated at cost, as determined by moving-average method.

(4) The Company and consolidated subsidiaries provided a reserve for employees' severance and retirement benefits at March 31, 2006 based on the estimated amounts of projected benefit obligation and the fair value of the pension plan assets at that date.

- (5) The Company and certain consolidated subsidiaries provides a reserve for periodic maintenance and repair of spherical gas holding tanks by accruing the estimated related costs over the period until the next scheduled repair.
- (6) All accounting transactions are booked exclusive of consumption taxes.
- (7) The assets and liabilities of the consolidated subsidiaries, including the portion attributable to minority shareholders, are recorded based on the fair value at the time the Company acquired control of the respective subsidiaries.
- (8) Consolidation differences are amortized in equal amounts over ten years, except when such amounts are not materially significant, in which case the entire amount is amortized in a lump sum in the year in which the adjustment arises.

(Notes to the Consolidated Balance Sheet)

1. Accumulated depreciation for property, plant and equipment
¥2,633,166 million

2. Assets pledged as collateral

Property, plant and equipment	¥13,318 million
Investments and other non-current assets	¥77 million
Other current assets	¥1 million

3. Contingent liabilities for guarantee
Joint and several liabilities upon default of the other debtors
¥11,517 million
¥121 million

Contingent liabilities related to debt assumption
underwriting contracts on corporate bonds
¥38,700 million

4. The classification of assets and liabilities is in accordance with the repealed Japanese Commercial Code (Ministry of Justice ordinance No. 22, 2002) and gas utility accounting regulations (Ministry of International Trade and Industry ordinance No. 15, 1954).

5. All amounts of less than one million yen have been rounded down in the accounts.

(Notes to the Consolidated Statement of Income)

1. Earnings per share ¥23.48

2. The classification of income and expenses is in accordance with the repealed Japanese Commercial Code (Ministry of Justice ordinance No. 22, 2002) and gas utility accounting regulations (Ministry of International Trade and Industry ordinance No. 15, 1954).

3. All amounts of less than one million yen have been rounded down in the accounts.

(English Translation of the Auditors' Report Originally Issued in the Japanese Language)

Independent Auditors' Report

May 12, 2006

The Board of Directors
Tokyo Gas Co., Ltd.

KPMG AZSA & Co.

Atsuki Kanezuka
Designated and Engagement Partner
Certified Public Accountant

Kunimitsu Ito
Designated and Engagement Partner
Certified Public Accountant

Osamu Nakai
Designated and Engagement Partner
Certified Public Accountant

We have audited the consolidated statutory report, that is the consolidated balance sheet and the consolidated statement of income, of Tokyo Gas Co., Ltd. for the 206th business year from April 1, 2005 to March 31, 2006 in accordance with Article 19-2(3) of the repealed "Law for Special Exceptions to the Commercial Code Concerning Audit, etc. of Kabushiki Kaisha". The consolidated statutory report is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated statutory report based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require us to obtain reasonable assurance about whether the consolidated statutory report is free of material misstatement. An audit is performed on a test basis, and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluating the overall presentation of the consolidated statutory report. We believe that our audit provides a reasonable basis for our opinion. Our audit procedures also include those considered necessary for the Company's subsidiaries and consolidated subsidiaries.

As a result of the audit, in our opinion, the consolidated statutory report referred to above presents fair the consolidated financial position of Tokyo Gas Co., Ltd. and consolidated subsidiaries, and the consolidated results of their operations in conformity with related laws and regulations and the Articles of Incorporation of the Company.

Our firm and engagement partners have no interest in the Company, which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

(English Translation of the Corporate Auditors' Report Originally Issued in the Japanese Language)

Report of the Board of Corporate Auditors concerning Consolidated Financial Statements

Audit Report concerning Consolidated Financial Statements

The Board of Corporate Auditors, having received a report from each Corporate Auditor on the method and results of his audit on the consolidated statutory report (the consolidated balance sheet and the consolidated statement of income) for the 206th business year from April 1, 2005 to March 31, 2006 and, as a results of discussion, does hereby report the results of audit as follows:

1. Method of Audit by Corporate Auditors

In accordance with the audit standards and policy of the Corporate Auditors set by the Board of Corporate Auditors, each Corporate Auditor conducted examination of conditions of business and assets after receiving from Directors and accounting auditors reports concerning the consolidated statutory report and their opinions, and after requesting from the Company's subsidiaries and consolidated subsidiaries reports on their operations when deemed necessary.

2. Results of Audit

- (1) The method and results employed and rendered by independent auditors, KPMG AZSA & Co. are fair and reasonable.
- (2) After examination of subsidiaries and consolidated subsidiaries, nothing has been found that would necessitate comment with regard to the consolidated statutory report.

May 16, 2006

Board of Corporate Auditors

Hiroshi Hirai
Standing Corporate Auditor

Tsunenori Tokumoto
Standing Corporate Auditor

Masayoshi Hanabusa
Corporate Auditor

Toshimitu Shimizu
Corporate Auditor

(Note) Corporate Auditor Masayoshi Hanabusa and Toshimitu Shimizu are outside corporate auditors as provided in Article 18, Paragraph 1 of the repealed "Law for Special Exceptions to the Commercial Code Concerning Audit, etc. of Kabushiki Kaisha."

REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS

1. Total number of voting rights held by all shareholders: 2,670,380
2. Proposals and references

Proposal No. 1: Approval of the Proposed Appropriation of Unappropriated Retained Earnings for the 206th Fiscal Term

This proposal is summarized in the attached “Proposed Appropriation of Unappropriated Retained Earnings” (Page 21).

We hereby propose a year-end dividend of ¥3.50 per share. Together with the interim dividend of ¥3.50, the annual dividend per share shall be ¥7.00.

We also hereby propose to provide a general reserve of ¥30 billion in view of further strengthening the financial position of the Company.

Additionally, we hereby propose that a portion of the Company’s reserve for depreciation of special gas pipeline be deducted under the provisions of the Special Taxation Measures Law.

With respect to Bonuses to directors, (in consideration of the Company’s performance in the current period) we propose a payment of ¥67 million to the 12 Directors.

Proposal No. 2: Acquisition of Treasury Stock

We hereby propose to acquire 56 million common shares of our own stock with a limit of total acquisition costs of ¥35 billion during the period from the conclusion of the Ordinary General Meeting of Shareholders until the conclusion of the next Ordinary General Meeting of Shareholders in conformity with the provision of Paragraph 1, Article 156 of the Corporation Law, for the purpose of securing greater flexibility in performing its management measures such as financial polices in response to changes in economic conditions.

Proposal No. 3: Amendment to Articles of Incorporation

1. Rationale for change

Accompanying the implementation on May 1, 2006 of the “Corporation Law (Law No.86, 2005)” and the “Law on the Preparation of Related Laws accompanying the Implementation of the Corporation Law (Law No. 87, 2005)”; (hereafter referred to as the “Corporation and other Laws” in reference to the reasons for these amendments), the Company proposes the following amendments to the Articles of Incorporation.

(1) Accompanying the implementation of the Corporation and other Laws, items deemed to be in the current Articles of Incorporation

- 1 As the Company is a listed company of large size (*KOKAI DAIKAISHA*) with Board of Corporate Auditors, it will be deemed that there is a stipulation of an intent to establish and/or appoint a Board of Directors, Corporate Auditors, the Board of Corporate Auditors and Accounting Auditors. Accordingly, the creation of new provisions is proposed.
- 2 As the name of the share transfer agent was changed to the agent to manage shareholders registry and as it will be deemed that there is an intent to appoint such agent, required amendments are proposed.
- 3 As it will be deemed that there is a stipulation of an intent to issue share certificates relating to the shares of the Company, the creation of new provisions are proposed. Additionally, such required amendments are also proposed as moving the provisions on the non-issuance of share certificates relating to Less-than-One-Unit Shares to said provision on the issuance of share certificates.

(2) Substantive amendments to be made accompanying the implementation of the Corporation and other Laws

- 1 It is proposed that provisions will be newly created to restrict rights relating to Less-than-One-Unit Shares within a reasonable scope.
- 2 It is proposed that provisions will be added to enable the deemed provision of information through the disclosure of reference materials, business reports, accounting statements and consolidated accounting statements for the General Meeting of Shareholders over the Internet.
- 3 It is proposed to amend and add new provisions to stipulate that when a shareholder exercises his/her voting right by proxy, the number of such proxy shall be one (1), and that a shareholder must notify the Company in writing or by electromagnetic means when he/she exercises his/her voting right in diverse manner.
- 4 In order to achieve a flexible and efficient management of the Board of Directors, it is proposed that new provisions be created to enable the Company to deem that a resolution of the Board of Directors is adopted without holding a meeting of the Board of Directors, in case certain conditions are fulfilled.
- 5 To prepare for the possibility of circumstances where the number of Corporate Auditors does not meet mandatory requirement, such required amendments are proposed as making the validity of the preliminary election of substitute Corporate Auditors four (4) years in conformity with the term of office of Corporate Auditors, in case substitute Corporate Auditors are elected.

(3) Other formal amendments to be made

- 1 In order to carry out our business activities under the new legal system, required amendments are proposed to the terms and expressions noted in the existing Articles of Incorporation so as to conform to those used in the Corporation and other Laws.
- 2 Giving consideration to the ease of reading, it is proposed that new clauses and items be created, and the manner of showing be improved by adding punctuations and other means.
- 3 According to the proposed amendments of the above noted (1) to (2), it is proposed that required amendments be made with respect to the numbering of articles.

2. Details of proposed amendment

The details of the proposed amendment are as follows.

(Amendment shown underlined)

Current Articles of Incorporation	Proposed Changes
<p style="text-align: center;">CHAPTER I: GENERAL PROVISIONS</p> <p><Newly created></p>	<p style="text-align: center;">CHAPTER I: GENERAL PROVISIONS</p> <p><u>(Governing Body)</u> <u>Article 4</u> <u>The Company shall have the following governing bodies in addition to the general meeting of shareholders and Directors.</u> 1. <u>Board of Directors</u> 2. <u>Corporate Auditors and Board of Corporate Auditors</u> 3. <u>Accounting Auditor</u></p>
<p>(Public Notice) <u>Article 4</u> <u>Public notices of the Company shall be made electronically. However, in case an accident or any other unavoidable circumstance that preclude electronic notification arises, notices shall be given by publishing in the <i>Nihon Keizai Shimbun</i>.</u></p>	<p><u>(Method of Public Notice)</u> <u>Article 5</u> <u>Public notices shall be given by means of electronic notification. However, in case electronic notification is not available due to an accident or any other unavoidable circumstance, notices shall be given by publishing in the <i>Nihon Keizai Shimbun</i>.</u></p>

Current Articles of Incorporation	Proposed Changes
<p style="text-align: center;">CHAPTER II: SHARES</p> <p>(Total Number of Shares <u>Authorized to be Issued</u>) Article <u>5</u> The total number of shares <u>authorized to be issued</u> by the Company shall be six billion and five hundred million (6,500,000,000) shares.</p>	<p style="text-align: center;">CHAPTER II: SHARES</p> <p>(Total Number of Shares <u>Issuable</u>) Article <u>6</u> The total number of shares <u>issuable</u> by the Company shall be six billion and five hundred million (6,500,000,000) shares.</p>
<p>(Acquisition of the Company's Own Shares) Article <u>6</u> The Company may, by resolution of the Board of Directors, <u>purchase its own shares in accordance with the provision of Item 2, Paragraph 1 of Article 211-3 of the Commercial Code.</u></p>	<p>(Acquisition of the Company's Own Shares) Article <u>7</u> The Company may, by resolution of the Board of Directors, <u>acquire its own shares by means of transaction at the stock exchange markets or tender offer in accordance with the provision of Paragraph 2, Article 165 of the Corporation Law.</u></p>
<p>(Number of Shares Constituting One Share Unit) Article <u>7</u> The number of shares of the Company constituting one (1) share unit shall be one thousand (1,000) shares.</p>	<p>(Number of Shares Constituting One Share Unit) Article <u>8</u> The number of shares of the Company constituting one (1) share unit shall be one thousand (1,000) shares.</p>
<p>(Non-Issuance of Share Certificates for Less-Than-One-Unit Shares) Article <u>8</u> The Company shall <u>not issue any stock certificates for shares constituting less than one (1) share unit (hereafter referred to as "Less-than-One-Unit Shares")</u>, unless otherwise provided for in the Share Handling Regulations.</p>	<p>(Issuance of Share Certificate) Article <u>9</u> The Company shall <u>issue stock certificates for its shares. However, the Company shall not issue any stock certificates for less-than-one-unit shares</u>, unless otherwise provided for in the Share Handling Regulations.</p>

Current Articles of Incorporation	Proposed Changes
<Newly created>	<p data-bbox="805 302 1420 369"><u>(Rights of Shareholders Holding Less-Than-One-Unit Shares)</u></p> <p data-bbox="805 374 1420 441"><u>Article 10</u></p> <p data-bbox="805 445 1420 582"><u>Shareholders (including beneficial shareholders; hereinafter the same interpretation shall be applied) who hold less-than-one-unit shares shall be unable to exercise any right other than the rights set forth below.</u></p> <ol data-bbox="805 586 1420 873" style="list-style-type: none"> <li data-bbox="805 586 1420 654">1. <u>Rights set forth in each Item of Paragraph 2, Article 189 of the Corporation Law.</u> <li data-bbox="805 658 1420 772">2. <u>The right to receive an allocation of stock acquisition rights offering and a share offering in accordance with the number of shares held by the shareholder.</u> <li data-bbox="805 777 1420 873">3. <u>The right to demand purchase of additional shares as prescribed in the following Article</u>
<p data-bbox="164 907 786 974"><u>(Purchase of Less-Than-One-Unit Shares) Article 9</u></p> <p data-bbox="164 978 786 1355"><u>Shareholders (including beneficial shareholders; hereinafter the same interpretation shall be applied) of the Company who holds Less-Than-One-Unit Shares may demand the Company to sell them such number of shares as it may, together with the number of such Less-Than-One-Unit Shares, constitute the number of shares constituting one share unit, (hereinafter referred to as “purchase of additional shares”), in accordance with the stipulations of the Share Handling Regulations.</u></p>	<p data-bbox="805 907 1420 974"><u>(Purchase of Less-Than-One-Unit Shares) Article 11</u></p> <p data-bbox="805 978 1420 1254"><u>Shareholders who hold less-than-one-unit shares may demand the Company to sell them such number of shares as it may, together with the number of such less-than-one-unit shares, constitute the number of shares constituting one share unit (hereafter referred to as “purchase of additional shares”), in accordance with the stipulations of the Share Handling Regulations.</u></p>

Current Articles of Incorporation	Proposed Changes
<p>(Transfer Agent) Article <u>10</u> The Company shall have a <u>transfer agent in respect to shares and stock acquisition rights of the Company.</u> <u>The transfer agent and the location of the transfer agent's office where such administration shall be handled shall be determined by resolution of the Board of Directors, and public notice of such shall be made.</u> <u>The register of shareholders (including the register of beneficial shareholders; hereinafter the same interpretation shall be applied), the register of lost-share-certificates and register of stock acquisition rights of the Company shall be kept at the transfer agent's office.</u> <u>Registration of transfer of shares and stock acquisition rights; entering and recording in the register of beneficial shareholders, the register of lost-share-certificates and the register of stock acquisition rights; purchase and sale of Less-Than-One-Unit Shares; procedure on lost-share-certificates; and other administrative work relating to the shares and stock acquisition rights of the Company shall be handled by the transfer agent. These matters shall not be handled within the Company.</u></p>	<p>(Agent to Manage Shareholders Registry) Article <u>12</u> (1) The Company shall have <u>an agent to manage shareholders registry.</u> (2) <u>The agent to manage shareholders registry and the location of its handling office shall be determined by resolution of the Board of Directors, and public notice of such shall be made.</u> (3) <u>The preparation and keeping of the Company's register of shareholders (including the register of beneficial shareholders; hereinafter the same interpretation shall apply), the register of lost-share-certificates and the register of stock acquisition rights; and other administrative work related to the register of shareholders, the register of lost-share-certificates and the register of stock acquisition rights shall be entrusted to the agent to manage shareholders registry and shall not be handled by the Company itself.</u></p>
<p>(Handling of Shares and Stock Acquisition Rights) Article <u>11</u> <u>Registration of transfer of shares and stock acquisition rights; entering and recording in the register of beneficial shareholders and the register of stock acquisition rights; purchase and sale of Less-Than-One-Unit Shares; procedure on lost-share-certificates; other matters relating to the handling of shares and stock acquisition rights of the Company and fees thereof; and the denomination of share certificates shall be governed by rules determined by the Board of Directors including the Share Handling Regulations.</u></p>	<p>(Handling of Shares and Stock Acquisition Rights) Article <u>13</u> <u>The handling and fees of the Company's shares and stock acquisition rights shall be governed by applicable laws and regulations and/or these Articles of Incorporation and rules determined by the Board of Directors including the Share Handling Regulations.</u></p>

Current Articles of Incorporation	Proposed Changes
<p>(Record Date) <u>Article 12</u> <u>The Company shall deem that the shareholders entered or recorded in the final register of shareholders of the Company as of March 31 of each year are entitled to exercise their rights as shareholders at the immediately subsequent annual shareholders' meeting. In addition to the preceding paragraph and any other provisions in these Articles of Incorporation, the Company may, from time to time whenever necessary, upon giving prior public notice, designate a record date and deem the shareholders or registered pledgees entered or recorded in the final register of shareholders of the Company as of such date to be the shareholders or the pledgees entitled to exercise their respective rights.</u></p>	<p><Deleted></p>
<p>CHAPTER III: GENERAL MEETING OF SHAREHOLDERS</p> <p>(Convocation) <u>Article 13</u> <Text Omitted> <u>Unless otherwise provided for by law or regulations, the President of the Company shall convene a general meeting of shareholders in accordance with resolution of the Board of Directors. If the President is unable to act in this capacity, one of the other Directors shall convene the meeting in the order previously determined by resolution of the Board of Directors.</u></p>	<p>CHAPTER III: GENERAL MEETING OF SHAREHOLDERS</p> <p>(Convocation) <u>Article 14</u> <Not Amended> <Deleted></p>
<p><Newly created></p>	<p>(Record Date) <u>Article 15</u> <u>The record date of shareholders' voting rights in the ordinary general meeting of shareholders shall be the 31st of March of each year.</u></p>

Current Articles of Incorporation	Proposed Changes
<Newly created>	<p><u>(Convocation of Meeting and Chairman)</u> <u>Article 16</u> (1) <u>Unless otherwise provided for by law or regulations, the President of the Company shall convene a general meeting of shareholders in accordance with resolution of the Board of Directors and act as a chairman thereof.</u> (2) <u>If the President of the Company is unable to act in this capacity, one of the other Directors shall take his place in the order previously determined by resolution of the Board of Directors.</u></p>
<p>(Notices) <u>Article 14</u> <Text Omitted> <Newly created></p>	<p>(Notices) <u>Article 17</u> (1) <Not Amended> (2) <u>Upon convening a general meeting of shareholders, it may be construed that the Company has provided shareholders with necessary information that should be described or indicated in reference materials for the general meeting of shareholders, business reports, accounting statements and consolidated accounting statements, on condition that such information is disclosed through the Internet in accordance with the Ministry of Justice Ordinance.</u></p>
<p><u>(Chairperson)</u> <u>Article 15</u> <u>The President of the Company shall be a chairman of the ordinary meeting of shareholders.</u></p>	<Deleted>
<p>(Resolution) <u>Article 16</u> Unless otherwise provided for in laws and regulations or these Articles of Incorporation, any resolution of a <u>shareholders' meeting</u> shall be adopted by a majority of votes held by the attending shareholders. Resolution to be adopted pursuant to <u>Article 343 of the Commercial Code</u> shall be adopted by not less than two-thirds votes of the voting rights held by the attending shareholders who hold not less than one-third of the votes of <u>all</u> shareholders.</p>	<p>(Resolution) <u>Article 18</u> (1) Unless otherwise provided for in laws and regulations or these Articles of Incorporation, any resolution of a <u>general meeting of shareholders</u> shall be adopted by a majority of votes held by the attending shareholders <u>entitled to exercise their voting rights.</u> (2) Resolutions to be adopted pursuant to <u>Paragraph 2, Article 309 of the Corporation Law</u> shall be adopted by not less than two-thirds of the votes held by the attending shareholders who hold not less than one-third of the votes of shareholders <u>entitled to exercise their voting rights.</u></p>

Current Articles of Incorporation	Proposed Changes
<p>(Exercise of Voting Rights by Proxy) Article <u>17</u> A shareholder may exercise his/her voting right by proxy <u>who shall also be a shareholder</u> having a voting right in the Company. In case of this, however, <u>the authority of proxy must be proved by a letter of proxy.</u></p>	<p>(Exercise of Voting Rights by Proxy <u>and Other Matters</u>) Article <u>19</u> <u>(1) A shareholder may exercise his/her voting right by proxy, who shall be one (1) another shareholder</u> having voting right in the Company. In case of this, however, <u>the authority of proxy must be proved by a letter of proxy at each general meeting of shareholders.</u> <u>(2) Method of notifying the diverse exercise of voting rights stipulated in Paragraph 2, Article 313 of the Corporation law shall be in writing or by electromagnetic means.</u></p>
<p>(Minutes) Article <u>18</u> <u>The gist of the proceedings of the meeting and the results thereof shall be recorded in the minutes, and the Chairperson and Directors in attendance of the meeting shall place their signature and seal on said minutes.</u></p>	<p><Deleted></p>
<p>Chapter IV: DIRECTORS AND BOARD OF DIRECTORS</p> <p>(Number of Directors) Article <u>19</u> The Company shall not have more than fifteen (15) Directors. In case a vacancy arises, the Company may postpone filling such vacancy unless minimum number of Directors required by law has not been satisfied.</p>	<p>Chapter IV: DIRECTORS AND BOARD OF DIRECTORS</p> <p>(Number of Directors) Article <u>20</u> <u>(1) The Company shall not have more than fifteen (15) Directors.</u> <u>(2) In case a vacancy arises, the Company may postpone filling such vacancy unless minimum number of Directors required by law has not been satisfied.</u></p>
<p>(Election) Article <u>20</u> <u>Election of Directors shall require the attendance of shareholders holding one-third or more of the total voting rights of all shareholders.</u></p> <p>Election of Directors shall not be made by a cumulative voting.</p>	<p>(Election) Article <u>21</u> <u>(1) Resolution to elect Directors shall be adopted by a majority vote of the voting rights held by the attending shareholders holding not less than one-third of the total voting rights of all shareholders who are entitled to exercise their voting rights.</u> <u>(2) Election of Directors shall not be made by a cumulative voting.</u></p>

Current Articles of Incorporation	Proposed Changes
<p>(Term of Office) <u>Article 21</u> The term of office of a Director shall expire at the conclusion of the ordinary general meeting of shareholders for the latest <u>accounting period ending within one (1) year from his/her assumption of office.</u> <u>The term of office of a Director elected as a substitute or to increase the number of directors shall be the remaining term of office of other existing Directors expires.</u></p>	<p>(Term of Office) <u>Article 22</u> The term of office of a Director shall expire at the conclusion of the ordinary general meeting of shareholders for the latest <u>business year ending within one (1) year from his/her appointment of office.</u> <Deleted></p>
<p>(Representative Directors and Directors with Title) <u>Article 22</u> The Board of Directors may appoint, by its resolution, one Chairman, one President, and one or more Directors with other title as the need arises. <u>Representative Directors of the Company shall be appointed by resolution of the Board of Directors.</u> <u>Each representative Director shall perform his/her duty by resolution of the Board of Directors.</u></p>	<p>(Representative Directors and Directors with Title) <u>Article 23</u> (1) <u>Representative Directors of the Company shall be elected by resolution of the Board of Directors.</u> (2) <u>The Board of Directors may appoint, by its resolution, one Chairman, one President, and, where necessary, one or more Directors with other titles.</u> <Deleted></p>
<p>(Board of Directors) <u>Article 23</u> The Board of Directors shall consist of <u>Directors and shall determine significant matters of the Company other than those stipulated by applicable laws and regulations and these Articles of Incorporation.</u></p>	<p><Deleted></p>

Current Articles of Incorporation	Proposed Changes
<p>(Convocation of Meeting of the Board of Directors and Chairperson) <u>Article 24</u> <u>Notice of convocation of a meeting of the Board of Directors shall be dispatched to each Director and each Corporate Auditor no later than three (3) days prior to the date of such meeting; provided, however, that such period may be shortened in case of emergency. Notwithstanding the foregoing, the Board may be convened without following procedures as set forth herein in case there is unanimous agreement among the Directors and Corporate Auditors to that effect.</u> <u>Except as otherwise provided by laws and regulations, the Board of Directors shall be convened and presided over by the Chairman. If the Chairman is unable to act in this capacity, one of other Directors shall take his place in the order previously determined by resolution of the Board of Directors.</u></p>	<p>(Convocation of Meeting of the Board of Directors and Chairperson) <u>Article 24</u> <u>(1) Except as otherwise provided by laws and regulations, the Board of Directors shall be convened and presided over by the Chairman of the Board of Directors.</u> <u>(2) If the Chairman of the Board of Directors is unable to act in this capacity, one of other Directors shall take his place in the order previously determined by the Board of Directors.</u> <u>(3) Notice of convocation of a meeting of the Board of Directors shall be dispatched to each Director and Corporate Auditor three (3) days prior to the date of such meeting, provided, however, that such period may be shortened in case of emergency.</u> <u>(4) Notwithstanding the foregoing, the Board may be convened without following procedures as set forth herein in case there is unanimous agreement among the Directors and Corporate Auditors to that effect.</u></p>
<p>(Resolution of the Board of Directors) <u>Article 25</u> <u>Resolution of the Board of Directors shall be adopted with a majority of Directors in attendance and by a majority of those Directors.</u> <u>Directors with a special interest in respect to any resolution must not participate in the said resolution.</u></p>	<p><Deleted></p>
<p><Newly created></p>	<p>(Omission of Resolution of the Board of Directors) <u>Article 25</u> <u>When the requirements prescribed by Article 370 of the Corporation Law are satisfied, the Board of Directors shall be deemed to have adopted a resolution.</u></p>
<p>(Minutes of the Board of Directors) <u>Article 26</u> <u>The gist of the proceedings of the Board of Directors and the results thereof shall be recorded in the minutes, and Directors and Corporate Auditors in attendance shall place their signature and seal on said minutes.</u></p>	<p><Deleted></p>

Current Articles of Incorporation	Proposed Changes
<p>(Remuneration) Article <u>27</u> <u>The remuneration of Directors shall be determined by resolution of a general meeting of shareholders.</u></p>	<p>(Remuneration <u>etc.</u>) Article <u>26</u> <u>Directors' remuneration, bonuses and other monetary benefit received from the Company as consideration for execution of their duties (hereinafter referred to as "Remuneration etc.") shall be determined by resolution of a general meeting of shareholders.</u></p>
<p>(Exemption from Liability of Directors) Article <u>28</u> <u>With respect to Directors' (including former Directors) liability concerning acts prescribed in Item 5, Paragraph 1, Article 266 of the Commercial Code, the Company may, by resolution of the Board of Directors, exempt Directors from such liability within the scope of the maximum amount prescribed by Paragraph 12, 17 and 18 of Article 266 of the Commercial Code when the said Director undertook his duties in good faith and there was no gross negligence.</u></p>	<p>(Exemption from Liability of Directors) Article <u>27</u> <u>With respect to Directors' (including former Directors) liability under Paragraph 1, Article 423 of the Corporation Law, Directors may, by resolution of the Board of Directors, be exempted from their liability to the extent as prescribed by Paragraph 1, Article 425 of the Corporation Law where the said Director undertook his duties in good faith and without gross negligence.</u></p>
<p>Article <u>29</u> <Text Omitted></p>	<p>Article <u>28</u> <Unchanged></p>
<p><Newly created></p>	<p>(Regulations for the Board of Directors) Article <u>29</u> <u>Matters concerning the Board of Directors shall be governed by applicable laws and regulations and/or these Articles of Incorporation, as well as by Regulations for the Board of Directors established by the Board of Directors.</u></p>

Current Articles of Incorporation	Proposed Changes
<p>CHAPTER V: CORPORATE AUDITORS AND THE BOARD OF CORPORATE AUDITORS</p> <p>(Number of Corporate Auditors) Article 30 The Company shall have not more than five (5) Corporate Auditors. In case a vacancy arises, the Company may postpone filling such vacancy as long as there is no deficiency in the statutory number of Corporate Auditors. <u>In preparation for the event where the number of Corporate Auditors is less than the statutory requirement, a substitute for a Corporate Auditor (hereafter referred to as a “Substitute Corporate Auditor”) may be elected at the ordinary general meeting of shareholders in advance.</u></p>	<p>CHAPTER V: CORPORATE AUDITORS AND THE BOARD OF CORPORATE AUDITORS</p> <p>(Number of Corporate Auditors) Article 30 (1) The Company shall have not more than five (5) Corporate Auditors. (2) In case a vacancy arises, the Company may postpone filling such vacancy as long as there is no deficiency in the statutory number of Corporate Auditors. <Deleted></p>
<p>(Election) Article 31 <u>Election of a Corporate Auditor and Substitute Corporate Auditor shall require the attendance of shareholders holding not less than one-third of the voting rights of all shareholders.</u></p> <p>The validity of the election of Substitute Corporate Auditor shall expire at the opening of the <u>first ordinary general meeting of shareholders held after his/her election.</u></p>	<p>(Election) Article 31 <u>(1) Resolution to elect Corporate Auditors and Substitute Corporate Auditors shall be adopted by a majority of the votes held by the attending shareholders who hold not less than one-third of the votes of shareholders entitled to exercise their voting rights.</u> (2) The validity of the election of Substitute Corporate Auditors shall expire at the opening of the <u>ordinary general meeting of shareholders for the last business year that ends within four (4) years from their election.</u></p>
<p>(Term of Office) Article 32 The term of office of a Corporate Auditor shall expire at the conclusion of the ordinary general meeting of shareholders for <u>the latest accounting period ending within four (4) years from his/her assumption of office.</u> The term of office of a Corporate Auditor elected as a substitute <u>or the term of office of a Substitute Corporate Auditor who assumed office of a Corporate Auditor shall be the remaining term of office of the retired.</u></p>	<p>(Term of Office) Article 32 (1) The term of office of a Corporate Auditor shall expire at the conclusion of the ordinary general meeting of shareholders for <u>the last business year that ends within four (4) years from their appointment.</u> (2) The term of office of a Corporate Auditor elected as a substitute <u>(Substitute Corporate Auditor), and the term of office in the event that a Substitute Corporate Auditor assumes the office of a Corporate Auditor shall be the remaining term of office of his predecessor.</u></p>

Current Articles of Incorporation	Proposed Changes
<p>(Standing Corporate Auditor) Article 33 <u>One or more standing Corporate Auditors shall be appointed through mutual election from among the Corporate Auditors.</u></p>	<p>(Standing Corporate Auditor) Article 33 <u>The Board of Auditors shall appoint Standing Corporate Auditors from among the Corporate Auditors.</u></p>
<p>(Board of Corporate Auditors) Article 34 <u>The Board of Corporate Auditors shall consist of Corporate Auditors and, in addition to the authority granted by applicable laws or regulations, may determine matters relating to the conduct of the duties of the Corporate Auditors with its resolution. However, the Board of Corporate Auditors may not inhibit the exercise of the authority of a Corporate Auditor.</u></p>	<p><Deleted></p>
<p>(Convocation of the Board of Corporate Auditors) Article 35 Notice of convocation of a meeting of the Board of Corporate Auditors shall be dispatched to each Corporate Auditor no later than three (3) days prior to the date of such meeting; provided, however, that such period may be shortened in case of emergency. Notwithstanding the foregoing, the Board may be convened without following procedures as set forth herein in case there is unanimous agreement among the Corporate Auditors to that effect.</p>	<p>(Convocation of the Board of Corporate Auditors) Article 34 (1) Notice of convocation of a meeting of the Board of Corporate Auditors shall be dispatched to each Corporate Auditor no later than three (3) days prior to the date of such meeting; provided, however, that such period may be shortened in case of emergency. (2) Notwithstanding the foregoing, the Board may be convened without following procedures as set forth herein in case there is unanimous agreement among the Corporate Auditors to that effect.</p>
<p>(Resolutions of the Board of Corporate Auditors) Article 36 <u>Unless otherwise provided for in laws and regulations, any resolution of the Board of Corporate Auditors shall be adopted with a majority of the Corporate Auditors.</u></p>	<p><Deleted></p>
<p>(Minutes of the Board of Corporate Auditors) Article 37 <u>The gist of the proceedings of the Board of Corporate Auditors and the results thereof shall be recorded in the minutes, and Corporate Auditors in attendance shall place their signature and seal on said minutes.</u></p>	<p><Deleted></p>

Current Articles of Incorporation	Proposed Changes
<p>(Remuneration) Article <u>38</u> The remuneration of Corporate Auditors shall be determined by resolution of a general meeting of shareholders.</p>	<p>(Remuneration <u>etc.</u>) Article <u>35</u> The remuneration <u>etc.</u> of Corporate Auditors shall be determined by resolution of a general meeting of shareholders.</p>
<p>(Exemption from Liability of Corporate Auditors) Article <u>39</u> With respect to Corporate Auditors' (including former Corporate Auditors) liability, <u>the Company may, by resolution of the Board of Directors, exempt Corporate Auditors from such liability within the scope of the maximum amount prescribed by Paragraph 12 of Article 266 of the Commercial Code whose phraseology may be changed and applied based on Paragraph 18, Article 266 of the Commercial Code, which is applied correspondingly under Paragraph 1, Article 280 of the Commercial Code, when the said Corporate Auditor undertook his duties in good faith and there was no gross negligence.</u></p>	<p>(Exemption from Liability of Corporate Auditors) Article <u>36</u> With respect to Corporate Auditors' (including former Corporate Auditors) liability <u>under Paragraph 1, Article 423 of the Corporation Law, Corporate Auditors may, by resolution of the Board of Directors, be exempted from their liability to the extent as prescribed by Paragraph 1, Article 425 of the Corporation Law where the said Corporate Auditor undertook his duties in good faith and without gross negligence.</u></p>
<p><Newly created></p>	<p>(Regulations for the Board of Corporate Auditors) Article <u>37</u> <u>Matters concerning the Board of Corporate Auditors shall be governed by applicable laws and regulations and/or these Articles of Incorporation, as well as by Regulations for the Board of Corporate Auditors.</u></p>
<p>CHAPTER VI: ACCOUNTS (Business Year <u>and Settlement Date</u>) Article <u>40</u> The business year <u>of the Company shall be from the 1st of April of each year to the 31st of March of the following year, and the settlement date shall be the final day of the business year.</u></p>	<p>CHAPTER VI: ACCOUNTS (Business Year) Article <u>38</u> The business year shall be from the 1st of April of each year to the 31st of March of the following year.</p>
<p>(Profit Dividends) Article <u>41</u> <u>Profit dividends shall be distributed to the shareholders or pledgees entered or recorded in the final register of shareholders as of the 31st of March of each year.</u></p>	<p>(Record Date of Distribution of Retained Earnings) Article <u>39</u> <u>The record date of year-end dividends shall be the 31st of March of each year.</u></p>

Current Articles of Incorporation	Proposed Changes
<p>(Monetary Distributions) Article <u>42</u> By resolution of the Board of Directors, <u>monetary distributions may be made under the provisions of Article 293.5 of the Commercial Code to the shareholders or pledgees entered or recorded in the final register of shareholders as of the 30th of September of each year.</u> <u>Whether to make a monetary distribution, the amount of the said distribution and other required matters shall be determined by the Board of Directors within three (3) months from the date noted in the above Paragraph.</u></p>	<p>(Interim Dividends) Article <u>40</u> By resolution of the Board of Directors, <u>the Company may distribute interim dividends as of the 30th of September of each year as its record date.</u> <Deleted></p>
<p>(Time Limitation of Dividends Claims) Article <u>43</u> <u>If any profit dividends or monetary distribution remain unreceived for five (5) years from the day on which such profit dividends or monetary distribution become due and payable, the Company shall be relieved of the obligation to pay such dividends.</u></p>	<p>(Time Limitation of Dividends Claims) Article <u>41</u> <u>Where assets to be distributed as dividends are monetary and where the dividends remain unreceived for five (5) years from the day on which such dividends become due and payable, the Company shall be relieved from the obligation to pay such dividends.</u></p>
<p>(Period of the Conversion of Convertible Bonds and the Exercise of Rights of Corporate Bonds with Stock Acquisition Rights) Article <u>44</u> With respect to the initial <u>dividends or monetary distribution based on the provisions of Article 42</u> on shares issued upon the conversion of convertible bonds or the exercise of rights of corporate bonds with stock acquisition rights, such request for conversion or exercise of rights shall be deemed to have been made on the 1st of April when the request is made between the 1st of April and the 30th of September, and on the 1st of October when the request is made from the 1st of October and the 31st of March of the following year, and payments shall be made accordingly.</p>	<p>(Period of the Conversion of Convertible Bonds and the Exercise of Rights of Corporate Bonds with Stock Acquisition Rights) Article <u>42</u> With respect to the initial <u>distribution of retained earnings</u> on shares issued upon the conversion of convertible bonds or the exercise of rights of corporate bonds with stock acquisition rights, such request for conversion or exercise of rights shall be deemed to have been made on the 1st of April where the request is made between the 1st of April and the 30th of September, or on the 1st of October where the request is made from the 1st of October and the 31st of March of the following year, and payments shall be made accordingly.</p>

Proposal No. 4: Election of Twelve (12) Directors

The term of office of all the current directors ends at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, we hereby propose that you elect Twelve (12) new directors.

The nominees for the new directors are as follows:

No.	Name (Date of birth)	Brief personal history and representative positions in other companies			Number of the Company's shares held
1	Hideharu Uehara (February 9,1936)	April	1959	Joined the Company	215,831
		June	1988	General Manager of Planning Dept.	
		July	1991	General Manager of Accounting and Finance Dept.	
		June	1992	Executive General Manager of Corporate Planning Dept.	
		June	1993	Managing Director of Corporate Planning Dept.	
		June	1994	Managing Director	
		June	1995	Representative Director and Senior Managing Director	
		June	1996	Representative Director and Senior Managing Director, General Manager of Business Developments Dept.	
		June	1998	Representative Director and Executive Vice President	
		June	1999	President and Representative Director	
		June	2002	Representative Director and Executive President	
		June	2003	Representative Director and Vice Chairman	
		April	2006	Director and Chairman (Current Position)	
2	Norio Ichino (January 1, 1941)	April	1964	Joined the Company	160,617
		July	1991	Deputy Chief Executive of North District	
		June	1993	Assistant to Director in charge of Documents Dept.	
		June	1996	Executive General Manager of Corporate Planning Dept.	
		June	1998	Managing Director, Chief Executive of Business Developments Dept.	
		June	2000	Representative Director and Senior Managing Director, Chief Executive of Business Developments Dept.	
		June	2001	Representative Director and Senior Managing Director	
		June	2002	Representative Director and Executive Vice President, Chief Executive of Corporate Communication Div.	
		June	2003	Representative Director and Executive President	
		April	2006	Director and Vice Chairman (Current position)	

No.	Name (Date of birth)	Brief personal history and representative positions in other companies			Number of the Company's shares held
3	Mitsunori Torihara (March 12, 1943)	April	1967	Joined the Company	97,000
		Aug.	1993	General Manager of Kanagawa Sales Planning Dept.	
		June	1994	Deputy Chief Executive of Kanagawa Sales Dept.	
		June	1996	General Manger of Gas Resources Dept.	
		June	1998	Director, General manger of Gas Resources Dept.	
		June	2000	Managing Director	
		June	2002	Director and Chief Executive of Strategic Planning Div.	
		June	2003	Representative Director and Executive Vice President, Chief Executive of Strategic Planning Div.	
		April	2004	Representative Director and Executive Vice President, Chief Executive of Corporate Communication Div.	
		April	2006	Representative Director and Executive President (Current position)	
4	Shigero Kusano (March 25, 1944)	April	1967	Joined the Company	105,000
		June	1996	General Manager of Sales Planning Dept.	
		June	1997	General Manager of General Sales Dept.	
		June	1998	Director, General Manager of General Planning Dept.	
		June	2000	Managing Director	
		June	2002	Director and Chief Executive of Energy Sales and Service Div.; General Manager of Volume Sales Dept., Energy Sales and Services Div.	
		June	2003	Representative Director and Executive Vice President, Chief Executive of Energy Sales and Services Div.; General Manager of Volume Sales Dept, Energy Sales and Services Div. (Current position)	
5	Kouya Kobayashi (March 23, 1942)	April	1965	Joined the Company	86,171
		March	1994	General Manager of Information System Dept.	
		June	1995	General Manager of Living Planning Dept.	
		June	1998	Director, General Manager of Living Planning Dept..	
		June	2000	Managing Director	
		June	2001	Managing Director, General Manager of R&D Div.	
		June	2002	Director and Chief Executive of Pipeline and Safety Management Div.	
		April	2004	Representative Director and Executive Vice President, Chief Executive of Energy Production Div. (Current position)	

No.	Name (Date of birth)	Brief personal history and representative positions in other companies			Number of the Company's shares held
6	Tadaaki Maeda (February 11, 1946)	April	1970	Joined the Company	81,675
		July	1994	Planning Manger of Western Regional Business Div.	
		June	1996	Deputy General Manager of Western Regional Business Div.	
		June	1997	General Manager of Commodity Development Div.	
		June	2000	Director, General Manager of Energy Sales and service Div.	
		June	2002	Chief Executive of R&D Div.	
		April	2004	Chief Executive of Energy Resources Business Div.	
		June	2004	Director and Chief Executive of Energy Resources Business Div.	
		April	2006	Representative Director and Executive Vice President, Chief Executive of Strategic Planning Division (Current position)	
7	Tsuyoshi Okamoto (September 23, 1947)	April	1970	Joined the Company	55,000
		June	1996	Planning Manger of Northern Regional Business Div.	
		June	1997	Deputy General Manger of Northern Regional Business Div.	
		June	1998	General Manger of General Administration Dept.	
		June	1999	Assistant to Director, General Administration Dept.	
		June	2002	Executive of Strategic Planning Div., General Manager of Corporate Planning Div.	
		April	2004	Chief Executive of Strategic Planning Div.	
		June	2004	Director and Chief Executive of Strategic Planning Div.	
		April	2006	Director and Chief Executive of Corporate Communications Div.; in charge of Compliance Dept. and Internal Audit Dept. (Current position)	
8	Masaki Sugiyama (September 14, 1947)	April	1970	Joined the Company	26,231
		June	2000	General Manager, Production Dept., Production Div.	
		June	2002	Executive of Pipeline and Maintenance Dept. General Manager of Pipeline Div. Chief Executive of Pipeline Network Div.	
		April	2004	(Current position)	

No.	Name (Date of birth)	Brief personal history and representative positions in other companies			Number of the Company's shares held
9	Kunio Anzai (October 25, 1933)	April Sept. June June June June April June April	1956 1979 1982 1983 1986 1988 1989 1999 2006	Joined the Company General Manger of Gas Resources Dept. Director, General Manager of Gas Resources Dept. Managing Director Representative Director and Senior Managing Director Representative Director and Executive Vice President Representative Director and President Representative Director and Chairman Director and Advisor (Current Position)	353,752
		Other company: Representative Director and President, Ohtone Country Club			
10	Yuzaburo Mogi (February 13, 1935)	April March March March March February June June	1958 1979 1982 1989 1994 1995 2002 2004	Joined the Kikkoman Co., Ltd. Director Managing Director Representative Director and Senior Managing Director Representative Director and Executive Vice President Representative Director and President Director of the Company Representative Director and Chairman of the Board of Directors, Kikkoman Co., Ltd. (Current position)	10,000
		Other companies: Representative Director and Chairman of the Board of Directors, Tone Coca-Cola Bottling Co. Representative Director and President of Shouyu Kaikan K.K Director, Chairman and CEO, Kikkoman Foods, Inc. Director, Chairman of the Board, Kikkoman (S) Pte. Ltd. CEO, PRESIDENT KIKKOMAN INC. Director, Chairman of the Board, Kikkoman Intenational Inc.			
11	Yuri Konno (June 2, 1936)	May June	1969 2003	Representative Director and President, Dial Service Co., Ltd. Director of the Company (Current position)	1,000
		Other company: Representative Director and President, Living Science Institute			

No.	Name (Date of birth)	Brief personal history and representative positions in other companies			Number of the Company's shares held
12	Kazumoto Yamamoto (July 22, 1933)	April	1957	Joined Asahi Chemical Industry Co., Ltd. Director	20,000
		June	1983	Managing Director	
		June	1987	Senior Managing Director and	
		June	1993	Representative Director	
		June	1995	Representative Executive Vice President and Representative Director	
		June	1997	President and Representative Director	
		January	2001	President and Representative Director of Asahi Kasei Corporation	
		April	2003	Vice Chairman of the Board	
		June	2003	Full-time Counselor	
		June	2005	Director of the Company (Current position)	

- Notes:*
1. *Yuri Konno is the Representative Director and President of Dial Service Co., Ltd, which is a company that Tokyo Gas frequently contracts out switchboard, call center and other operations to.*
 2. *There is no special interest between the nominees above and the Company.*
 3. *The nominees above, Yuzaburo Mogi, Yuri Konno and Kazumoto Yamamoto are outside directors.*

Proposal No. 5: Election of One (1) Corporate Auditor

Based on the objective of seeking further enhanced corporate governance, we hereby propose that you elect one (1) new outside Corporate Auditor.

The nominees for the new Corporate Auditors are as follows:

The Board of Corporate Auditors has already given its prior accord to the submission of this proposal.

Name (Date of birth)	Brief personal history and representative positions in other companies			Number of the Company's shares held
Shoji Mori (September 7, 1943)	April	1966	Joined the Ministry of Finance	0
	May	1995	Director, Tokyo Regional Taxation Bureau	
	December	1998	Director-General, Financial Reconstruction Commission	
	January	2001	Commissioner, Financial Services Agency	
	August	2002	Counselor, Financial Services Agency	
	June	2003	Resigned	
	June	2003	Vice-President, Government Housing Loan Corporation	
	August	2005	Resigned	
	September	2005	Vice-Director, International Economic Research Institute	
			(Current position)	

Notes: There is no special interest between the nominee above and the Company.

Proposal No. 6: Setting the Amount of Bonuses to Directors

As there will be a change in the handling of bonuses to Directors accompanying the implementation of the Corporation Law and changes in accounting principle, the Company requests that the maximum amount of bonuses to Directors be newly set in addition to the existing amount of remuneration, and that the Company pay bonuses to Directors within such amount. Taking into consideration the number of Directors (which shall be not more than fifteen (15)) and the Company's business performance, the Company proposes to set the maximum amount of such bonuses at 90 million yen per annum.

If Proposal No. 4, "Election of Twelve (12) Directors," is approved, there will be twelve (12) Directors.