Matters Disclosed via the Internet
Pursuant to Laws and Regulations and the Articles of Incorporation

Notes to the Consolidated Financial Statements

Notes to the Non-Consolidated Financial Statements

214th Fiscal Year (April 1, 2013 to March 31, 2014)

TOKYO GAS CO., LTD.

The information relevant to matters that require disclosure in the "Notes to the Consolidated Financial Statements" and "Notes to the Non-Consolidated Financial Statements" are provided via the Internet by posting them on the Company's website (http://www.tokyo-gas.co.jp) pursuant to laws and regulations and the Company's Articles of Incorporation.

Notes to the Consolidated Financial Statements

From April 1, 2013 to March 31, 2014

[Basis of Preparing Consolidated Financial Statements]

1. Scope of consolidation
   (1) Number of consolidated subsidiaries
   Number of consolidated subsidiaries: 69
   Names of principal consolidated subsidiaries
   TOKYO GAS AUSTRALIA PTY LTD, Tokyo Gas America Ltd., Tokyo Gas Urban Development Co., Ltd., Tokyo Gas International Holdings B.V., Ohgishima Power Co., Ltd., Tokyo Gas Site Development Co., Ltd., Nagano Toshi Gas Inc., ENERGY ADVANCE Co., Ltd., Gaster Co., Ltd., Tokyo LNG Tanker Co., Ltd., Tokyo Gas Energy Co., Ltd., Capty Co., Ltd., Tokyo Gas Chemicals Co., Ltd., Chiba Gas Co., Ltd., Tokyo Gas Lease Co., Ltd., TG Information Network Co., Ltd., Tokyo Gas Engineering Co., Ltd., and Nijio Co., Ltd.

2. Application of equity method
   (1) Number of associates accounted for using equity method
   Number of associates accounted for using equity method: 6
   Name of principal entities accounted for using equity method:
   TOKYO TIMOR SEA RESOURCES INC., GAS MALAYSIA BERHAD.
   (2) Names, etc. of principal associates not accounted for using equity method
   The Company’s principal associates not accounted for using equity method is Ark Hills Heat Supply Co., Ltd.
   The associates not accounted for using equity method were excluded from the scope of application of equity methods, due to the immaterial effect of net income or loss (amount corresponding to our interest) and the total of retained earnings and others (amount corresponding to our interest) on the Consolidated Financial Statements and, as a whole, their insignificance.
3. Accounting policies
   (1) Valuation bases and methods of significant assets
      1) The valuation basis and method 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 carried at market value at the year end, with valuation differences, reported in a separate component of net assets. 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.
      2) Derivatives are valued by the fair value method.

3) Inventories (finished goods, raw materials and supplies) are stated at cost, as determined by the moving-average method (consolidated balance sheet values are calculated using the book value reduction method based on declining profitability).

(2) Methods of depreciation and amortization of significant depreciable assets

1) The declining-balance method is mainly applied for property, plant and equipment. However, the straight-line method is applied for buildings (excluding building fixtures) acquired on or after April 1, 1998. Durable years are determined based on the 'Corporation Tax Act'.

2) The straight-line method is mainly applied for intangible assets. Software for internal use is amortized by the straight-line method over the internally available period.

(3) Standard for significant provisions

1) To reserve for loss on doubtful accounts such as accounts receivable - trade and loans receivable, etc., general allowances are provided using a rate determined by past bad debts experience and also specific allowances are provided for the estimated amounts considered to be uncollectible after reviewing individual collectibles of certain doubtful accounts such as bankruptcy/rehabilitation claims.

2) The Company and certain consolidated subsidiaries provide provision for gas holder repairs for periodic maintenance and repair of spherical gas holding tanks by distributing the estimated related costs to each fiscal term during the period until the next scheduled repair.

3) Provision for safety measures is an allowance to provide outlays for expenses required to ensure the safety of gas consumers. The estimated future expenses required after the end of the fiscal year beginning on April 1, 2013 are individually recorded.

(4) Other significant matters for preparing Consolidated Financial Statements

1) All accounting transactions are booked exclusive of consumption taxes.

2) Method and period of amortization of goodwill

Goodwill is amortized over twenty years or less under the straight-line method depending on the reasons for recognition of goodwill.

3) Method for Accounting for Retirement Benefits

To provide for retirement benefits to employees, the Company records the amount of retirement benefit obligations, based on the estimated amount at the end of the current fiscal year, minus pension plan assets as a net defined benefit liability; note, however, that, in the case where the amount of pension assets exceeds that of retirement benefit obligations, it is recorded as a net defined benefit asset.

Actuarial differences are mainly recorded as expenses in one lump-sum in the fiscal year following the fiscal year in which the actuarial gain or loss is recognized.

Unrecognized actuarial differences and unrecognized prior service costs are posted as remeasurements of defined benefit plans in accumulated other comprehensive income under the net assets section after adjusting for tax effects.

4. Changes in basis of preparing consolidated financial statements

(1) Changes in accounting policies

1) The Company adopted "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Statement No. 26 issued on May 17, 2012; hereinafter referred to as "Standard") and

"Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25 issued on May 17, 2012; hereinafter referred to as "Guidance") from the end of the fiscal year beginning on April 1, 2013; note, however, that the provisions of Article 35 of Standard and Article 67 of Guidance are excluded.
The Company has changed the method to record amount of retirement benefit obligations minus pension plan assets as a net defined benefit liability; note, however, that in the case where the amount of pension plan assets exceeds that of retirement benefit obligations, it is recorded as a net defined benefit asset. Accordingly, unrecognized actuarial differences and unrecognized prior service costs are posted in net defined benefit liability or net defined benefit asset.
The application of Standard and Guidance is in accordance with transitional treatment provided for in Article 37 of Standard, and the amount of impact resulting from this change is added to or deducted from remeasurements of defined benefit plans under accumulated other comprehensive income.
As a result, at the end of the fiscal year under review, net defined benefit asset and net defined benefit liability are posted at 14,693 million yen and 84,965 million yen, respectively, and accumulated other comprehensive income increased by 1,313 million yen.
Note that net assets per share increased by 0.52 yen.

[Explanatory notes regarding the consolidated balance sheet]

1. Assets pledged as collateral
   (1) Breakdown of assets

Other facilities	¥6 million
Construction in progress	¥16,037 million
Investment securities	¥22,872 million
Long-term loans receivable	¥32 million
Cash and deposits	¥2,764 million

   (2) Liabilities secured by the collaterals

Other current liabilities	¥51 million

2. Accumulated depreciation of property, plant and equipment
   ¥3,467,882 million
3. Guarantee obligation etc.
   (1) Guarantee obligation ¥34,907 million
   (2) Contingent liabilities related to debt-assumption underwriting contracts on corporate bonds ¥38,700 million

[Explanatory notes regarding the consolidated statement of changes in equity]

1. Number of shares issued as of the end of this fiscal year
   2,517,551,295 shares
2. Dividends
   (1) Dividends of surplus of this fiscal year
      1) The following was decided by the resolution of the Annual Shareholders Meeting held on June 27, 2013.
         ・ Dividends of common share

(a)	Total amount of dividends	¥14,144 million
(b)	Dividends per share	¥5.50
(c)	Date of record	March 31, 2013
(d)	Effective date	June 28, 2013

      2) The following was decided by the meeting of the Board of Directors held on October 30, 2013.
         ・ Dividends of common share

(a)	Total amount of dividends	¥12,556 million
(b)	Dividends per share	¥5.00
(c)	Date of record	September 30, 2013
(d)	Effective date	November 29, 2013

   (2) Dividends of surplus to be carried out after the end of this fiscal year
      The following will be proposed at the Annual Shareholders Meeting to be held on June 27, 2014.
         ・ Dividends of common share

(a)	Total amount of dividends	¥12,556 million
(b)	Resource of dividends	Retained earnings
(c)	Dividends per share	¥5.00
(d)	Date of record	March 31, 2014
(e)	Effective date	June 30, 2014

[Explanatory notes regarding financial instruments]

1. Matters related to the status of financial instruments

   The Tokyo Gas Group invests funds in highly safe financial assets such as bank deposits and procures funds through bond issuance and loans from banks and other financial institutions.

   We mitigate customers' credit risks related to notes and accounts receivable – trade in accordance with each group company's credit control policy. In addition, investment securities are mainly shares and we check the shares' fair values on a quarterly basis regarding listed shares.

   Bonds payable and loans payable are mainly for capital investment (long-term) and for working capital (short-term), and we fix interest expenses by using interest rate swap transactions against the interest volatility risk involved in part of our long-term loans payable. In addition, when performing derivatives trading, we will draw up a plan therefor in accordance with our internal management rules and conduct the derivatives trading after receiving official approval.

2. Matters related to the fair value of financial instruments

   The following are the amounts on the consolidated balance sheet, their fair values and differences as of March 31, 2014.

(Millions of yen)

	Amount on the consolidated balance sheet (*1)	Fair value (*1)	Difference
(1) Investment securities and other securities	153,353	177,894	24,540
(2) Notes and accounts receivable - trade	253,715	253,715	-
(3) Bonds payable (*2)	[356,495]	[378,419]	(21,923)
(4) Long-term loans payable (*2)	[336,698]	[356,117]	(19,418)
(5) Notes and accounts payable - trade	[113,064]	[113,064]	-
(6) Derivatives	(874)	(874)	-

(*1) Figures in square brackets are those listed under liabilities.

(*2) (3) Bonds payable and (4) Long-term loans payable include items due within one year.

(Note 1) Matters related to the method of measuring the fair value of financial instruments

(1) Investment securities and other securities

   The fair value of stocks refers to quotes on their respective stock exchanges.

(2) Notes and accounts receivable - trade

   These items are listed at book value because they are settled in a short time and their fair value approximates the book values.

(3) Bonds payable

   The fair value of the Group's bonds payable is measured at the present value of the aggregate amount of principal and interest discounted using the rate for the period until their maturity where credit risk is inclusive.

(4) Long-term loans payable

   The fair value of long-term loans payable is measured by using a method in which the aggregate amount of principal and interest is discounted at the assumed interest rates for similar new loans payable. Of the Group's long-term loans payable with variable interest rates, the fair value of those subject to special accounting treatment for fixed interest rate swap transactions (see (6) below) is measured by using a method in which the aggregate amount of principal and interests treated with the said fixed interest rate swap transactions is discounted at the assumed interest rates for similar new loans payable.

(5) Notes and accounts payable - trade
These items are listed at book value because they are settled in a short time and their fair value approximates the book values.

(6) Derivatives
The fair value of derivatives is measured based on the prices presented by financial institutions with which we have transactions. Their fair value is included in the fair value of the said long-term loans payable, because interest rate swap transactions given the special accounting treatment are treated together with hedged long-term loans payable (see (4) above).

(Note 2) Shares of subsidiaries and associates (¥53,860 million on the consolidated balance sheet) as well as unlisted shares and others (¥51,982 million on the consolidated balance sheet) are not included in '(1) Investment securities and other securities' because they do not have market prices and therefore it is extremely difficult to determine their fair value.

[Explanatory notes regarding investment and rental properties]

1. Matters related to status of investment and rental properties
The Company and some subsidiaries have office buildings for rent and other properties (including land under development) in Tokyo and other regions.
2. Matters related to the fair value of investment and rental properties

(Millions of yen)

Amount on the consolidated balance sheet	Fair value
71,391	323,925

(Note 1) The amount on the consolidated balance sheet is the amount of acquisition cost less accumulated depreciation.
(Note 2) The fair value at the end of this fiscal year is mainly based on real-estate appraisal documents prepared by real-estate appraisers.

[Explanatory notes regarding per share information]

1. Net assets per share ¥402.91
2. Net income per share ¥43.10

[Explanatory notes regarding material subsequent events]

The Company decided by resolution at the meeting of the Board of Directors held on April 28, 2014 to acquire own shares pursuant to the provisions of Article 156 of the Companies Act as applied by replacing the relevant terms pursuant to the provision of Article 165, paragraph 3 of the said Act.
Details of the acquisition of own shares are as follows:

- Number of shares to be repurchased: 80,000 thousand shares (maximum: 3.2% of total number of shares issued)
- Type of money to be paid in exchange for shares and aggregate amount thereof:
  Cash, a maximum of ¥40,000 million
- Period during which the Company can repurchase shares:
  April 30, 2014 – March 31, 2015

[Other Explanatory notes]

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

Notes to the Non-Consolidated Financial Statements
From April 1, 2013 to March 31, 2014

1. Significant accounting policies
   (1) Valuation bases and methods of assets
      1) The valuation basis and method of securities are as follows:
         Shares of subsidiaries and associates are stated at cost, as determined by the moving-average method.
         Available-for-sale securities for which market value is readily determinable are carried at market value at the year end, with valuation difference, reported in a separate component of net assets. 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.
      2) Derivatives are valued by the fair value method.
      3) Inventories (finished goods, raw materials and supplies) are stated at cost, as determined by the moving-average method (balance sheet values are calculated using the book value reduction method based on declining profitability).
   (2) Methods of depreciation and amortization of non-current assets
      1) The declining-balance method is mainly applied for property, plant and equipment. However, the straight-line method is applied for buildings (excluding building fixtures) acquired on or after April 1, 1998.
         Durable years are determined based on the 'Corporation Tax Act'.
      2) The straight-line method is applied for intangible assets.
         Software for internal use is amortized by the straight-line method over the internally available period.
   (3) Standard for provisions
      1) To reserve for loss on doubtful accounts such as accounts receivable - trade and loans receivable, etc., general allowances are provided using a rate determined by past bad debts experience and also specific allowances are provided for the estimated amounts considered to be uncollectible after reviewing individual collectibles of certain doubtful accounts such as bankruptcy/rehabilitation claims.
      2) The Company provides provision for retirement benefits in the amount of the deemed obligations as of the balance sheet date based on the estimated amount of projected benefit obligation and the estimated fair value of the pension plan assets at that date.
         Actuarial differences are recorded as expenses in one lump-sum in the fiscal year following the fiscal year in which the actuarial gain or loss is recognized.
      3) The Company provides provision for gas holder repairs for periodic maintenance and repair of spherical gas holding tanks by distributing the estimated related costs to each fiscal term during the period until the next scheduled repair.
      4) Provision for safety measures is an allowance to provide outlays for expenses required to ensure the safety of gas consumers. The estimated future expenses required after the balance sheet date are individually recorded.

(4) All accounting transactions are booked exclusive of consumption taxes.

2. Explanatory notes regarding the non-consolidated balance sheet

(1) Assets pledged as collateral

Investment securities	¥541 million
Investments in subsidiaries and associates	¥12,942 million
Long-term loans receivable	¥32 million

(Amount of liabilities secured by the collaterals —)

(The above assets are pledged as collateral against debts incurred by companies in which the Company has invested.)

(2) Accumulated depreciation

Property, plant and equipment	¥2,870,622 million
Intangible assets	¥23,343 million

(3) Guarantee obligation, etc.

Guarantee obligation	¥93,873 million
Joint and several liabilities	¥13,800 million
Contingent liabilities related to debt-assumption underwriting contracts on corporate bonds	¥38,700 million

3. Explanatory notes regarding the non-consolidated statement of income

Trading volume with subsidiaries and associates

Net sales	¥275,770 million
Purchases	¥305,287 million
Trading volume other than net sales and purchases	¥10,776 million

4. Explanatory notes regarding the non-consolidated statement of changes in equity

Number of shares of treasury shares as of the end of this fiscal year 6,334,608 shares

5. Explanatory notes regarding deferred tax accounting

Principal sources of deferred tax assets and deferred tax liabilities

Deferred tax assets	Provision for retirement benefits
Deferred tax liabilities	Valuation difference on available-for-sale securities

6. Explanatory notes regarding transactions with related parties

Subsidiaries

Name	Percentage of voting rights holding (or being held) (%)	Relationship with related party	Contents of transaction	Amount of transaction (millions of yen)	Account name	Amount outstanding as of the end of FY2013 (millions of yen)
Tokyo Gas America Ltd.	Holding Direct 100.0	Subsidiary	Subscription for new shares (*1)	48,490	—	—
TOKYO GAS PLUTO PTY LTD.	Holding Indirect 100.0	Subsidiary	Loan guarantee (*2)	39,529	—	—

Business terms and policies for determination of business terms

(*1) The Company subscribed for Tokyo Gas America Ltd.'s shares at USD 487,000 per share.

(*2) A decision is made comprehensively after due consideration of the project plan.

7. Explanatory notes regarding per share information

Net assets per share	¥307.93
Net income per share	¥35.78

8. Explanatory notes regarding material subsequent events

The Company decided by resolution at the meeting of the Board of Directors held on April 28, 2014 to acquire own shares pursuant to the provisions of Article 156 of the Companies Act as applied by replacing the relevant terms pursuant to the provision of Article 165, paragraph 3 of the said Act. Details of the acquisition of own shares are as follows:

- Number of shares to be repurchased:
  Up to 80,000 thousand shares (3.2% of the common shares outstanding)
- Type of money to be paid in exchange for shares and aggregate amount thereof:
  Cash, up to ¥40,000 million
- Period during which the Company can repurchase shares:
  April 30, 2014 – March 31, 2015

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