

[English Translation Originally Issued in the Japanese Language]

Security Identification Code: 9531

May 31, 2007

Dear Shareholders:

**NOTICE OF THE 207th ORDINARY GENERAL MEETING
OF SHAREHOLDERS**

We hereby inform you of the 207th 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 by the deadline on 17:30 (GMT+9:00) Wednesday, June 27, 2007, the exercise expiration date, after reading the Reference Materials of General Meeting of Shareholders from page 41.

<Voting via Postal Mail>

Please indicate approval or disapproval for each item by placing a circle in the designated space provided in the enclosed CARD FOR EXERCISE OF VOTING RIGHTS, and return it to us for arrival by the above-stated exercise expiration date.

<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 the above deadline.

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, etc.’.

Sincerely yours,

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

Note: For those attending, please do not mail the enclosed CARD FOR EXERCISE OF VOTING RIGHTS, but instead bring it to the meeting and present it at the reception desk upon arrival.

1. Date and Hour:

10 a.m., Thursday, June 28, 2007

2. Place:

Tokyo Gas Hamamatsu-cho Building, Hall (2F)
5-20, Kaigan 1-chome, Minato-ku, Tokyo

3. Agenda:

(1) Matters to report:

The Business Report, Consolidated Financial Statements, Non-Consolidated Financial Statements and Report of the Independent Auditors and the Board of Corporate Auditors for the 207th Business Year (from April 1, 2006 to March 31, 2007)

(2) Matters to resolve:

Proposal No. 1: Approval of the Appropriation of Retained Earnings

Proposal No. 2: Election of Eleven (11) Directors

Proposal No. 3: Election of One (1) Corporate Auditor

4. Other Matters Determined by the Board of Directors Regarding the Convocation of the Ordinary General Meeting of Shareholders

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.

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 for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements 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, 2006 to March 31, 2007)

1. Matters concerning current state of Group Operations

(1) Business Conditions and Results

The Japanese economy during the period under review continued to follow its recovery path more or less on track as inflation rate generally remained flat and the strong performances in the corporate sector has positive repercussions on those of the household sector through improved employment and income conditions.

Meanwhile, amidst international crude oil price hikes and society-wide demand for reduction of environmental loads, the Japanese energy market was marked by the progress of deregulation including an expanded scope of liberalization and by the intensified competition among different energy categories as well as within the same energy category.

Under these economic and business conditions, during the year under review, which happened to be the first year of implementing the “Medium-Term Management Plan for Tokyo Gas Group, FY 2006-2010” formulated in January of last year, the Tokyo Gas Group sought actively to create and cultivate a new market for natural gas by developing its comprehensive energy business within the 200-kilometer radius around Tokyo in the Kanto region.

As a result of these intense business efforts, gas sales expanded steadily, and the Group’s consolidated sales amounted to ¥1,376,958 million, representing a year-on-year increase of 8.7% from those of the previous consolidated fiscal year.

Although, the Group made its maximum effort to further enhance its operating efficiency and curtail costs, operating expenses increased as raw material costs for gas rose in step with crude oil price hikes and the increased volume of gas sold.

Consequently, operating income grew by 44.5%, year-on-year, to ¥162,315 million, ordinary income rose 58.1%, year-on-year, to ¥156,039 million and net income for the year increased 62.1%, year-on-year, to ¥100,699 million. As extraordinary gains of ¥7,899 million as ¥5,851 million were posted, during the fiscal year under review, on sale of certain fixed assets and investment securities, respectively, while extraordinary losses of ¥7,227 million were posted as Loss on compression of fixed assets.

A review of results by operating segment follows.

1) Gas Sales

Total customer numbers rose by 191 thousand during fiscal 2006, to 10,207 thousand as of March 31, 2007. Gas sales volume increased 1.7% year-on-year to 13,314,634 thousand cubic meters.

Of this aggregate volume, the volume of household-bound gas sold decreased by 2.7%, year-on-year, to 3,451,675 thousand cubic meters as the household demand for air-heating and hot water dropped during the second half-year throughout which the air temperature remained considerably higher (on average, by 1.6 degrees Celsius) than that of the corresponding half-year of the previous fiscal year. Demand for hot water, however, did increase somewhat during the first half-year when the air temperature remained only moderately lower (on average, by 0.4 degree Celsius) than that of the corresponding half-year of the previous fiscal year. The volume of business-bound gas sold (for commercial, public and medical uses) stood at 2,972,370 thousand cubic meters, down 3.7% year-on-year, as the air temperature remained only moderately lower during the first half-year but considerably higher during the second half-year than that of the respective corresponding half-years of the previous fiscal year. The volume of industry-bound gas sold expanded by 5.8%, year-on-year, to 5,336,138 thousand cubic meters thanks to newly

cultivated demand and increased demand from the existing customers. The Group's wholesale supply to other gas suppliers increased by 9.3%, year-on-year, to 1,554,450 thousand cubic meters as a result of newly cultivated demand.

The overall gas sales increased by 9.8%, year-on-year, to ¥999,521 million as a result of adjustments of unit rates implemented under the raw material cost adjustment system, etc.

2) Gas Appliances

Thanks to 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 increased 3.5% year-on-year to ¥135,407 million.

3) Related Construction

Revenue from related construction work undertaken during fiscal 2006 decreased by 0.9% year-on-year to 59,229 million, due to number of new installations declined 6 thousand over the previous year to 272 thousand.

4) Real Estate

Total net sales in the Property Rental segment declined by 0.4% year-on-year to ¥34,034 million due to effect of closed decrepit building.

5) Other

Other sales increased 13.0%, to ¥285,407 million. This was due to factors like an increase in sales related to energy service business.

(2) Group Capital Expenditures

Total capital expenditures for this fiscal year amounted to ¥124,556 million. The total length of the pipeline network was extended by 890 km during this fiscal year, to 55,577 km as of March 31, 2007. Currently, the Central Trunk Line, Chiba-Kashima Line and Gunma Trans-trunk Line are under construction.

(3) Group Financing Activities

Our outstanding bond balance declined by ¥26,403 million due to the conversion of convertible bonds. Borrowings and others declined by ¥8,041 million during this fiscal year. As a result, consolidated interest-bearing liabilities declined by ¥34,444 million compared with the previous year-end, to ¥525,467 million.

(4) Prospective Challenges

While customers keep building up their expectations of natural gas in light of the heightened public awareness about energy security, measures to cope with global warming, and the recent crude oil price hikes, the Tokyo Gas Group faces an ever-growing challenge of enhancing its competitiveness in the energy market through such means as coping with the expanded scope of liberalization of the gas market, procuring competitive LNG and assuring public confidence in gas safety.

Given this state of affairs in the industry, the Tokyo Gas Group will strive to be a corporate group capable of sustaining its growth and development as the leader in the natural gas-based comprehensive energy business by steadily implementing measures centering on "establishment of Total Energy Business with Natural Gas as its Core," "Increase in the Brand Value," and "Structural Reform" set forth in its "Medium-Term Management Plan for the Tokyo Gas Group, FY 2006-2010."

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

Within the 200-kilometer radius around Tokyo in the Kanto region, Tokyo Gas Group is currently advancing its “Comprehensive Energy Business” whereby multiple energies comprising gas, heat and electricity are supplied and solutions satisfactory to customers are provided on a one-stop basis.

In our residential business, the Group is endeavoring to help people lead a comfortable and affluent life by offering TES floor heating systems, “ECO-JOUZU”, the energy-saving and high-performance water heaters, etc., and is also working to have home generating systems such as “LIFUEL” (fuel cell) and “ECOWILL” (gas engines) gain greater popularity.

In the energy marketing, recognizing the expanded scope of liberalization as a business opportunity, Tokyo Gas Group meets the needs of its corporate and industrial customers by providing them with a diverse range of solution and value on the basis of multiple energy supply including gas and electricity and an abundant variety of energy services.

With respect to the challenge of “wide-area development of multi-energy delivery and energy resources,” the Group is moving ahead efficiently with development of its gas pipeline network including the Chiba-Kashima Line that it began building in June of last year, and is responding to public needs for natural gas by delivering it to customers based in locations away from the pipeline network by LNG road tankers and to the markets located beyond the 200-kilometer radius around Tokyo in the Kanto Region by means of coastal vessels. Furthermore, to continue 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 Group 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.

Notably, in assuring stable supply, safety and security, Tokyo Gas Group is reinforcing and implementing its safety measures ahead of schedule, bearing in mind that it is an integral part of the Group’s social responsibility to make its maximum effort to help its customers make use of gas with a sense of security.

Specifically, the Group is advancing measures, ahead of schedule, to upgrade old pipelines needing leak-prevention works and those pipelines which are the properties of and located within the premises of its customers. At the same time, the Group is working actively to replace unsafe gas appliances with safe appliances, step up initiatives to periodically visit customers’ homes and perform safety checks, and to develop safer gas appliances.

Tokyo Gas Group takes serious note of the fact that it was subjected to an administrative disposition of the Japan Fair Trade Commission in May of 2007 on the ground that four of its subsidiaries had violated the Antitrust Act in connection with their business of constructing ‘ECO STATION’. As an operator of public utilities services, the Group is making Group-wide efforts to prevent recurrence of a similar incident by continuing with its education and training programs for bolstering the Group employees’ awareness of compliance with the relevant laws and regulations including the Antitrust Act, integrating its ‘ECO STATION’ construction business into a single subsidiary, and formulating a new code of conduct, so that Tokyo Gas Group as an operator of public utilities services will never make the same mistake again.

<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.

In April of 2007, with a view to establishing a closer personal relationship with each and every one of its customers and thoroughly cultivating the market, Tokyo Gas Group launched the “All-Tokyo Gas Community-based Customer Service Structure” which is meant to respond

meticulously to customer needs.

Furthermore, with the aim of providing its customers, on a one-stop basis, with products and services capable of helping them improve their quality of life, Tokyo Gas Group will reorganize and integrate the operations and service functions of its branches, Tokyo Gas Customer Service Group, and Enesta as the Group's subcontracting service firm into an integrated, community-based structure, and will establish new companies for playing key roles in these integrated functions sequentially from Fiscal 2008 onward.

At its meeting held on April 26, 2007, the Company's Board of Directors resolved, pursuant to the "Policy on Determination of Distribution of Surplus, etc." (for details of which, please refer to "7. Policy on Determination of Distribution of Surplus, etc." described later in this document), to set the ceiling on share buybacks for Fiscal 2007 at ¥39 billion with a view to attaining the targeted gross distribution propensity of 60%.

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

(5) Changes in Assets and Income, and Loss

Millions of yen

Fiscal year ended March 31	203 rd fiscal term (2003)	204 th fiscal term (2004)	205 th fiscal term (2005)	206 th fiscal term (2006)	207 th fiscal term (2007)
Net Sales	1,127,633	1,151,824	1,190,783	1,266,501	1,376,958
Ordinary Income	91,955	131,093	132,856	98,689	156,039
Net Income	59,201	44,787	84,047	62,114	100,699
Net Income per share (Yen)	21.18	16.44	31.47	23.48	37.50
Total Assets	1,676,064	1,666,828	1,668,734	1,693,898	1,692,635
Shareholders' Equity	579,706	598,453	648,766	728,231	806,045
Shareholders' Equity per share (Yen)	208.65	221.53	244.73	270.46	293.11

(6) Status of Principal Subsidiaries

Name of the Company	Capital (Million of yen)	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
Nagano Toshi Gas Co., Inc.	3,800	89.22	Gas distribution
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
Tokyo Gas Energy Co., Ltd.	1,000	100.00 (11.50)	Sale of LPG and coke
Capty Co., Ltd.	1,000	100.00 (12.38)	Design and construction of gas pipelines, water supply and sewage pipes, air-conditioning systems
Tokyo Gas Chemicals Co., Ltd.	1,000	100.00 (17.70)	Sale of industrial gases and tar products

Name of the Company	Capital (Million of yen)	Percentage of voting rights (%)	Business
Park Tower Hotel Co., Ltd.	1,000	100.00 (100.00)	Hotel operation
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	Asset management and lease business of real estate
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 (100.00)	Intragroup system and network services
Capy-Livelic 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. TG Information Network Co., Ltd. acquired and merged its operations with TG IT Service Co., Ltd. on April 1, 2007.
3. Consolidated subsidiaries including the above 20 major subsidiaries and affiliated company were 53 companies.

(7) Status of business assignment, corporate separation by absorption or corporation separation by incorporation

Effective July 1, 2006, the company executed a corporate separation by absorption whereby it caused Nagano Toshi Gas Co. Inc., a subsidiary, to take over the operations of its Nagano Service Branch.

(8) Main Business Activities (As of March 31, 2007)

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, LPG, industrial gases, credit/lease financial services, leasing of tankers, system integration, construction of facilities, engineering work, etc.

(9) Main Office and Factories (As of March 31, 2007)

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
Kumagaya Service Branch	Kumagaya, Saitama
Utsunomiya Service Branch	Utsunomiya, Tochigi
Gunma Service Branch	Takasaki, Gunma

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: Organization was changed as follows:

1. The businesses of West Metropolitan Residential Service Regional Office, East Metropolitan Residential Service Regional Office, and Kanagawa Residential Service Regional Office were reorganized and the following 5 branches were newly established. (Middle Branch: Meguro, West Branch: Suginami, East Branch: Arakawa, North Branch: Kita in Tokyo and Kanagawa Branch: Yokohama, Kanagawa)
2. The Residential Service Division was abolished and the Living Energy Division and the Living Corporate Sales and Service Division in Shinjuku, Tokyo, were newly established.
3. The Energy Sales and Service Division renamed changed the Energy Solution Division.

2) Principal subsidiaries

Name	Location
Tokyo Gas Urban Development Co., Ltd.	Shinjuku-ku, Tokyo
Tokyo Gas Toyosu Development Co., Ltd.	Minato-ku, Tokyo
Nagano Toshi Gas Co., Ltd.	Nagano, Nagano
ENERGY ADVANCE Co., Ltd.	Shinjuku-ku, Tokyo
Gaster Co., Ltd.	Yamato, Kanagawa
Tokyo LNG Tanker Co., Ltd.	Minato-ku, Tokyo
Tokyo Gas Energy Co., Ltd.	Chuo-ku, Tokyo
Capty Co., Ltd.	Shinagawa-ku, Tokyo
Tokyo Gas Chemicals Co., Ltd.	Minato-ku, Tokyo
Park Tower Hotel Co., Ltd.	Shinjuku-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.	Ota-ku, Tokyo
Tokyo Gas Customer Service Co., Ltd.	Shinjuku-ku, Tokyo
TG IT Service Co., Ltd.	Chiba, Chiba
Capty-Livelic Co., Ltd.	Ota-ku, Tokyo

Note: Effective May 8, 2006, Tokyo Gas Engineering Co., Ltd. moved its head office from Shinjuku-ku, Tokyo.

(10) Employees (As of March 31, 2007)

1) Number of employees in the Group

Consolidated Number of employees (Change from previous year)
16,451 (-224)

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

2) Number of employees in the Company

Non-Consolidated Number of employees (Change from previous year)	Average age (Years)	Average service years
7,968 (-232)	45.2	23.0

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

(11) Major Creditors (As of March 31, 2007)

Creditor	Balance of borrowings (Million of yen)
Mizuho Corporate Bank, Ltd.	41,012
Development Bank of Japan	39,743
The Daiichi Mutual Life Insurance Company	20,269
Nippon Life Insurance Company	14,802
Sumitomo Mitsui Banking Corporation	12,976
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	8,319
Mitsubishi UFJ Trust and Banking Corporation	7,500
Sumitomo Life Insurance Company	5,100
Japan Bank for International Cooperation	3,811
Shinsei Bank, Limited	3,400

2. Matters Related to Corporate Shares of the Company (As of March 31, 2007)

(1) Aggregate number of authorized shares	common stock:	6,500,000,000 shares
(2) Number of shares issued	common stock:	2,810,171,295 shares
(3) Stock trade unit		1,000 shares
(4) Number of shareholders		165,484
(5) Major shareholders		

Name	Number of shares held (Thousand)	Percentage The percentages of share ownership (%)
Nippon Life Insurance Company	163,000	5.80
The Dai-Ichi Mutual Life Insurance Company	155,962	5.55
The Master Trust Bank of Japan, Ltd. (Trust Account)	130,342	4.64
Japan Trustee Services Bank, Ltd. (Trust Account)	103,272	3.67
The Chase Manhattan Bank, N.A. London	70,685	2.52
Fukoku Mutual Life Insurance Company	68,504	2.44
State Street Bank and Trust Company	42,747	1.52
State Street Bank and Trust Company 505103	42,665	1.52
Tokyo Gas Employees Shareholding Association	36,717	1.31
Mizuho Corporate Bank, Ltd.	33,000	1.17

Notes: 1. The percentages of share ownership are calculated on the basis of the aggregate number of issued and outstanding shares.

2. Besides the shareholdings detailed above, the Company owns 97,537 thousand shares of treasury stock.

(6) Other principal items regarding shares

1) Acquisition of shares	
Common stock:	57,578,190 shares
Total value of acquisitions:	¥34,658,019,206
2) Disposition of shares	
Common stock:	77,866,014 shares
Total value of disposition:	¥34,933,149,938
3) Shares owned by the Company as of the balance sheet date	
Common stock:	97,537,522 shares

3. Matters Related to Stock Acquisition Rights (As of March 31, 2007)

Unsecured Convertible Bonds

Description	Date of issue (Maturity)	Kind of shares to be issued upon conversion	Issue price (millions of yen)	Outstanding issue (millions of yen)	Amount to be included in capital (Exercise price) (yen)
5th Unsecured Convertible Bonds	December 9, 1996 (March 31, 2009)	Common stock of the Company	50,000	32,618	170.00 (339.00)
6th Unsecured Convertible Bonds	December 9, 1996 (March 31, 2009)	Common stock of the Company	50,000	0	170.00 (339.00)

Notes: 1. The aggregate number of issued and outstanding shares will not change because shares to be issued upon conversion of Convertible Bonds will be covered by treasury stocks held by the Company.

2. There is no balance for the 6th Unsecured Convertible Bonds because the terms of redemption was reached.

4. Matters Related to Directors and Corporate Auditors of the Company

(1) Name, etc. of Directors and Corporate Auditors (As of March 31, 2007)

Name	Position and Business in Charge	Representative Position in other Companies
Hideharu Uehara	Director, Chairman of the Board	
Norio Ichino	Director, Vice Chairman of the Board	
Mitsunori Torihara	Representative Director, President Executive President	
Shigero Kusano	Representative Director, Executive Vice President, Division Manager of Energy Sales and Service Div. and General Manager of Volume Sales Dept.	
Kouya Kobayashi	Representative Director, Executive Vice President and Division Manager of Energy Production Div.	
Tadaaki Maeda	Representative Director, Executive Vice President and Division Manager of Strategic Planning Div.	
Takeshi Okamoto	Director, Senior Executive Officer and Division Manager of Corporate Communications Div. and in charge of Compliance Dept. and Internal Audit Dept.	
Masaki Sugiyama	Director, Senior Executive Officer and Division Manager of Pipeline Network Div.	
Kunio Anzai	Director, Advisor	
Yuzaburo Mogi	Outside Director	Chairman and Chief Executive Officer of Kikkoman Corporation
Yuri Konno	Outside Director	Chief Executive Officer of Dial Service Co., Ltd.
Kazumoto Yamamoto	Outside Director	Standing Advisor, Asahi Kasei Corporation
Hiroshi Hirai	Standing Corporate Auditor	
Tsunenori Tokumoto	Standing Corporate Auditor	
Masayoshi Hanabusa	Outside Corporate Auditor	Chairman of the Board, Hitachi Capital Corporation
Toshimitsu Shimizu	Outside Corporate Auditor	Director, Yokohama Industrial Development Corporation
Shoji Mori	Outside Corporate Auditor	Vice-Director, International Economic Research Institute

- Notes:
1. Hideharu Uehara completed his service as Chairman, and was appointed Advisor as of April 1, 2007.
 2. Norio Ichino completed his service as Vice Chairman and was appointed Chairman as of April 1, 2007.
 3. Shigero Kusano and Kouya Kobayashi resigned their positions as Representative Directors as of March 31, 2007.
 4. Takeshi Okamoto was appointed Representative Director as of April 1, 2007.
 5. Yokohama Industrial Development Corporation altered its name to IDEC Yokohama on April 1, 2007.
 6. Masayoshi Hanabusa has been involved with management of a finance company for many years, and is highly knowledgeable about financial and accounting matters.
 7. Shoji Mori has in-depth experiences in financial administration, and is highly knowledgeable about financial and accounting matters.

(2) Total remuneration paid to Directors and Corporate Auditors:

Directors	(12):	¥545 million
Corporate Auditors	(5):	¥103 million
Total	(17):	¥648 Million

- Notes:
1. *Of the foregoing amount, the aggregate amount of remuneration paid to six Outside Executive Officers (Outside Directors and Outside Corporate Auditors) was ¥62 million.*
 2. *The aggregate monthly remuneration payable to all Directors of up to ¥50 million was approved at the 205th Ordinary General Meeting of Shareholders, and the aggregate annual bonus payable to all Directors of up to ¥90 million at the 206th Ordinary General Meeting of Shareholders.*
 3. *The aggregate monthly remuneration payable to all Corporate Auditors of up to ¥12 million was approved at the 190th Ordinary General Meeting of Shareholders.*
 4. *In addition, the Company plans to pay Directors' severance payments on retirement aggregating ¥1,121 million to six(6) Directors (including ¥13 million to two(2) Outside Directors), plus Corporate Auditor's retirement aggregating of ¥14 million to one Corporate Auditor, who are retiring upon conclusion of the 207th Ordinary General Meeting of Shareholders. (Severance payments on retirement for Directors and Corporate Auditors were approved at the 205th Ordinary General Meeting of Shareholders. Payment will be determined in a Meeting of the Board of Directors in the case of Directors, and a conference of Corporate Auditors, in the case of Corporate Auditors.)*

(3) Policy on Determination of Remuneration, etc. for Executive Officers of the Company

As a means of enhancing its corporate governance, the Company sets forth its "Basic Policy on Executive Remuneration" as follows:

1) Role of executive officers and executive remuneration

The role demanded of the executive officers is to seek to enhance short-term and medium and long-term corporate value, and executive remuneration shall serve as an effective incentive for them to perform that role.

2) Level of executive remuneration

The level of executive compensation shall be suitable for the role, responsibility and performances of the executive officers.

3) Performance-linked remuneration system

The performance-linked remuneration system is meant to firmly motivate the executive officers to execute management strategies, and is also meant to reflect their performances clearly on their remuneration.

4) Stock-purchase guideline

By establishing the stock-purchase guideline, the Company shall reflect shareholders' viewpoints on its management, and shall also strive to enhance long-term shareholder value.

5) Assurance of objectivity and transparency

The Company shall assure objectivity and transparency of executive remuneration by establishing the "remuneration system advisory committee" comprising Outside Directors, Outside Corporate Auditors and the Company's Directors.

(4) Matters Related to Outside Executive Officers (Outside Directors and Outside Corporate Auditors)

1) Outside Director Yuzaburo Mogi

i. Status of concurrent Executive Officers held with other companies:

- Kikkoman Corp. Chairman and CEO
- Tone Coca-Cola Bottling Co., Ltd. Representative Director & Chairman
- Shouyu Kaikan K.K. Representative Director & President
- Kikkoman Foods, Inc. Director, Chairman & CEO
- Kikkoman (S) PTE. Ltd. Director, Chairman & the Board
- President Kikkoman Inc. Chairman
- Kikkoman International Inc. Director, Chairman of the Board
- Kikkoman Foods Europe B.V. Supervisory Board/President

ii. Status of concurrent Outside Executive Officers held with other companies:

- Hoya Corp. Outside Director
- Teijin, Ltd. Outside Director
- Meiji Yasuda Life Insurance Co. Outside Director
- Tobu Railway Co., Ltd. Outside Corporate Auditor
- Fuji Television Network, Inc. Outside Corporate Auditor

iii. Status of major activities during the fiscal year under review

Mr. Mogi's attendance rate at the meetings of the Board of Directors was 82%. Given his international viewpoints and experiences, Mr. Mogi provides the Company with a wide variety of advices on its management operations.

2) Outside Director Yuri Konno

i. Status of concurrent Executive Officers held with other companies:

- Dial Service Co., Ltd. President & CEO
- Living Science Institute Representative Director & President

The Company has business relationships including phone reception/consultation services with Dial Service Co.

ii. Status of concurrent Outside Executive Officers held with other companies:

Not applicable

iii. Status of major activities during the fiscal year under review

Ms. Konno's attendance rate at the meetings of the Board of Directors was 100%. From the perspectives of an entrepreneur of a venture business, a citizen and a woman, Ms. Konno provides the Company with a wide variety of advices on its management operations.

3) Outside Director Kazumoto Yamamoto

i. Status of concurrent Executive Officers held with other companies:

Not applicable

ii. Status of concurrent Outside Executive Officers held with other companies:

- Toto Ltd. Outside Director

iii. Status of major activities during the fiscal year under review

Mr. Yamamoto's attendance rate at the meetings of the Board of Directors was 82%. Given his strong management capability nurtured in the housing industry and deep insight into technological development, Mr. Yamamoto provides the Company with a wide variety of advices on its management operations

4) Outside Auditor Masayoshi Hanabusa

- i. Status of concurrent Executive Officers held with other companies:
 - Hitachi Capital Corporation. Chairman of the Board
The Company has business relationships including gas sale with Hitachi Capital Co., Ltd.
- ii. Status of concurrent Outside Executive Officers held with other companies:
 - Hitachi Ltd. Outside Director
 - Hitachi Chemical Co., Ltd. Outside Director
- iii. Status of major activities during the fiscal year under review
Mr. Hanabusa's attendance rate at the meetings of the Board of Directors and the Board of Corporate Auditors were 73% and 92% respectively. Given his strong business capability, expert knowledge and deep insight nurtured in the financing business, Mr. Hanabusa offers appropriate opinions both at the Board of Directors and at the Board of Corporate Auditors.

5) Outside Auditor Toshimitsu Shimizu

- i. Status of concurrent Executive Officers held with other companies:
 - Yokohama Industrial Development Public Corporation
Chief Director
 - Yokohama New Transit Co., Ltd. President
- ii. Status of concurrent Outside Executive Officers held with other companies:
 - Yokohama Stadium, Ltd. Outside Director
 - Yokohama Bayside Marina Co., Ltd. Outside Director
- iii. Status of major activities during the fiscal year under review
Mr. Shimizu's attendance rate was 91% and 100% at the meetings of the Board of Directors and the Board of Corporate Auditors, respectively. Given his experiences with local public authorities, Mr. Shimizu offers appropriate opinions both at the Board of Directors and at the Board of Corporate Auditors.

6) Outside Auditor Shoji Mori

- i. Status of concurrent Executive Officers held with other companies:
 - International Economic Research Institute
Vice Director
- ii. Status of concurrent Outside Executive Officers held with other companies:
Not applicable
- iii. Status of major activities during the fiscal year under review
Mr. Mori's attendance rate was 100% at the meetings of both the Board of Directors and the Board of Corporate Auditors. Given his experiences, expert knowledge and deep insight nurtured in financial administration, Mr. Mori offers appropriate opinions both at the Board of Directors and at the Board of Corporate Auditors.

5. Independent Auditor

(1) Name of Independent Auditor

KPMG AZSA & Co.

(2) Amount of Remuneration Paid to Independent Auditor for this Fiscal Year under Review

- 1) Total payments to Independent Auditor by the Company and its subsidiaries
¥255 million
- 2) Of the total amount listed in (1) above, remuneration and other payments to Independent Auditor by the Company.
¥103 million
- 3) Of the total amount listed in 2) above, for auditing services provided under Article 2, Paragraph 1 of the Certified Public Accountant Law of Japan.
¥71 million

Note: The auditing contract between the Company and the Independent Auditor makes no distinction between auditing services based on the "Corporate Law" 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, etc.

(3) Non-Audit Services

The Company commissions the Independent Auditor to perform, as non-audit services, certificate issue services pursuant to the regulations on calculation of income and expenditures by gas business segment and certain advisory services concerning internal control covering financial reporting.

(4) Policy on Decision to Dismiss or Refrain from Reappointing Independent Auditor

The Company appoints Independent Auditor by comprehensively taking into account their operating scale, track records, business execution structure and other pertinent factors and on condition that they are capable of executing fair and stringent accounting audits.

It is the policy of the Company to decide to dismiss or refrain from reappointing the appointed Independent Auditor in accordance with the provisions of Article 340, Section 1 of the Companies Act or if, in light of the aforementioned appointment criteria, Independent Auditor are deemed to be incapable of executing fair and stringent accounting audits.

6. Basic Policy on Development of Corporate Structures and Systems for Ensuring Appropriateness of Operations

At the meeting of its Board of Directors held on April 26, 2006, the Company passed a resolution on "Basic Policy on Development of Corporate Structures and Systems for Ensuring Appropriateness of Operations (Internal Control System)" as follows:

- 1) Corporate structure and system for ensuring that Directors will execute their duties in conformity with the relevant laws, Articles of Incorporation and other rules and regulations.
 - i. The Company shall establish, and its Directors and employees shall comply with, the "Corporate Action Philosophy" and "Our Code of Conduct" as the foundations of the compliance structure/system at the Tokyo Gas Group.
 - ii. The Company shall appoint an appropriate number of Outside Directors and Executive Officers in order to clarify separation of supervisory functions of management from executive functions of management and strengthen the managerial decision-making and supervisory functions of the Board of Directors.

- iii. The Company, in order to ensure objectivity and transparency of management, shall establish the advisory committee comprising Outside Directors, Outside Corporate Auditors and the Company's Directors as an advisory organ for deliberating on executive remuneration, etc.
 - iv. The Board of Directors, pursuant to the provisions of its regulations, shall determine the basic policy on internal control applicable to the Tokyo Gas Group.
 - v. The representative Directors shall fulfill their role and responsibility for developing internal control in accordance with the basic policy determined by the Board of Directors.
 - vi. Directors, if they discover any matter that may exert a material influence on management of the Tokyo Gas Group, shall inform the Board of Directors and Corporate Auditors of the said matter without delay.
 - vii. The Company shall establish a corporate structure and system where corporate auditors would be empowered to audit the duties executed by Directors in accordance with the corporate audit standard established by the Board of Corporate Auditors.
- 2) Corporate structure and system for preserving and managing information relevant to execution of Directors' duties
- i. The Company shall preserve and manage information relevant to execution of Directors' duties in a proper and secure manner according to preservation media and keep the said information available for inspection as needed, pursuant to the document-handling regulations and the information security management regulations.
- 3) Corporate structure and system for ensuring that Directors' duties will be executed in an efficient manner
- i. The Board of Directors shall pass resolutions on the agendas submitted for deliberation and resolution pursuant to the provisions of the relevant laws, Articles of Incorporation and the regulations of the Board of Directors. The Board of Directors, pursuant to the provisions of the said regulations, shall in principle convene one meeting per month or convene one as needed. Of the agendas submitted to the Board of Directors, those agendas which require prior deliberations or are otherwise critical enough to affect management shall be deliberated on at the Management Committee comprising Executive President, Executive Vice Presidents and Senior Executive Officers.
 - ii. Details of the persons in charge of executing operations based on the decisions of the Board of Directors, their responsibilities, and the relevant executing procedures shall be prescribed in the regulations on office organization, regulations on the mission statement, and regulations on official responsibilities and authorized powers.
 - iii. The Representative Director shall report the status of operational execution to the Board of Directors pursuant to the provisions of its regulations.
 - iv. The Board of Directors shall formulate the "Medium-Term Group Management Plan" and establish principal management objectives based on the said Plan. The Board of Directors shall concurrently ensure that Directors will execute their duties in an efficient and effective manner by setting annual objectives by operating unit and affiliate and by managing operating performances.
- 4) Corporate structure, system and regulations on management of risks of loss
- i. The Board of Directors shall establish regulations on risk management, and specify "material risks that the management should manage" as important risks associated with operational execution. The Board of Directors shall also review "material risks that the management should manage" annually.
 - ii. All the units concerned with projects involving investments, equity participations, loans and debt guarantees shall evaluate their profitability and risks and, based on the said evaluation, submit the relevant agendas to the Management Committee or the Board of Directors for approval. Derivative transactions shall be executed pursuant to the provisions of the regulations on management of market risks.
 - iii. In the event of any unforeseen circumstance such as a natural disaster, a manufacturing/supply trouble and a state of emergency, all the units concerned shall cope with the said circumstance in a prompt and proper manner by putting predetermined structures and systems in place in accordance with the regulations on the emergency

- countermeasures headquarters and other relevant emergency procedures.
- iv. The Company shall establish a corporate structure and system that would cause each of its unit and affiliates to grasp risks associated with operational execution on its own, and manage such risks by formulating and implementing necessary countermeasures on its own.
- 5) Corporate structure and system for ensuring that employees will execute their duties in conformity with the relevant laws, Articles of Incorporation, and other rules and regulations
- i. In order to ensure that its Directors and employees will comply with the “Corporate Action Philosophy” and the “Our Code of Conduct” the Company shall, pursuant to the provisions of the regulations of Business Ethics Committee, establish a Business Ethics Committee as a deliberating/coordinating organ to promote proper development/operation of the compliance structure and system at the Tokyo Gas Group. In order to facilitate proper development/operation of the compliance structure and system at each unit and affiliate, the Company shall establish a Compliance Department. In addition, the Company shall establish a “Tokyo Gas Group Compliance Consulting Unit” to offer consulting services on contraventions of the laws and Articles of Incorporation and other questionable compliance-related practices and acts.
 - ii. The Company shall establish a legal affairs unit with the General Administration Department with a view to further bolstering the corporate structure and system in which its Directors and employees will fully comply with the Antitrust Law, the Gas Enterprises Law, adhesive terms and conditions of gas supply, etc.
 - iii. The Company shall establish a corporate structure and system where Corporate Auditors would be empowered to audit the status of development/operation of its compliance structure and system and, if they detect or discover any problem, they would be entitled to demand that the situation be ameliorated.
 - iv. The Company shall establish an Internal Audit Department which must operate independently of any unit executing operations. The Internal Audit Department shall audit the status/operation of the Group’s compliance structure and system in accordance with the internal audit regulations, and shall report its findings to the Management Committee and Corporate Auditors.
 - v. The Company shall ensure the appropriateness and promptness of information disclosure that is demanded of all listed corporations.
- 6) Corporate structure and system for ensuring appropriateness of operations at the corporate group including affiliates
- i. The Company shall demand that its affiliates establish those rules and regulations which would be necessary for ensuring compliance with the “Corporate Action Philosophy” and the “Our Code of Conduct” and the appropriateness of operations. Each one of the affiliates’ Directors and Corporate Auditors shall assume the duty of due care and diligence of a good manager in ensuring the appropriateness of operations.
 - ii. The Company shall prescribe regulations on management of affiliates, and establish a corporate structure and system where its Directors would be empowered to manage its affiliates by approving and receiving reports on important matters including those related to its exercise of shareholder’s rights vis-à-vis the affiliates. The Company shall retain part of its powers over affiliates’ business operations.
 - iii. The Company shall establish a corporate structure and system where, if for purposes of affiliate management any of its affiliates is found to have a compliance-related problem including contravention of the laws or Articles of Incorporation, the relevant affiliate would be required to report such a problem to Compliance Department or other units of the Company as appropriate. In connection with the said problem, each one of the relevant affiliate’s Director and Corporate Auditors shall assume the duty of due care and diligence of a good manager.
 - iv. If any of the Company’s Directors detects or discovers any material compliance-related problem at any affiliate including contravention of the laws or Articles of Incorporation, he/she shall report the said problem to the Management Committee and Corporate Auditors

- without delay.
- v. The Company shall establish a corporate structure and system where its Corporate Auditors would be able to conduct their audits of affiliates in an efficient and effective manner in close coordination with Corporate Auditors of the relevant affiliates and Internal Audit Department. The Company shall also establish a corporate structure and system where, if audit findings reveal the presence of a problem in ensuring the appropriateness of operations of the whole of the Tokyo Gas Group, Corporate Auditors would be empowered to demand that the relevant Director ameliorate the situation.
 - vi. The Company shall establish a corporate structure and system where Internal Audit Department would be able to conduct its audits of affiliated in an efficient and effective manner in close coordination with the Corporate Auditors of the Company and affiliates, and report its findings to the Management Committee, corporate auditors, and the Directors and Corporate Auditors of the relevant affiliates.
- 7) Matters related to employees who are assigned to assist in the duties of Corporate Auditors, and matters related to independence of the relevant employees from Directors
- i. With the aim of providing its Corporate Auditors with necessary assistance, the Company shall establish a Corporate Auditors' Office staffed by full-time personnel who would operate independently of any unit executing operations.
 - ii. The Board of Directors shall pass a resolution on appointment or dismissal of the manager of the Corporate Auditors' Office subject to consent of Corporate Auditors. The Board of Directors shall decide on human resources-related matters of the said manager and other employees subject to consent of Corporate Auditors.
- 8) Corporate structures and systems for reporting by Directors and employees to Corporate Auditors, for reporting to other Corporate Auditors, and for ensuring that Corporate Auditors' audits will be executed in an effective manner
- i. The Company shall establish a corporate structure and system where its Corporate Auditors would be able to demand, as needed, that Directors and employees inform them of any matters necessary for execution of their duties.
 - ii. The Company shall guarantee that Corporate Auditors will have an opportunity to exchange views with Directors as needed; that they will be allowed to attend important meetings and express their views on lawfulness, etc. as needed; and that they will have access to important information.
 - iii. The Company shall establish a corporate structure and system where its Corporate Auditors would be able to ensure the effectiveness of their audits by coordinating with Independent Auditor, Corporate Auditors of its affiliates and Internal Audit Department.

7. Policy on Determination of Distribution of Surplus, etc.

The Company has clarified the targeted distribution to its shareholders by determining the policy on allocation of its cash flow under the "Medium-Term Management Plan for the Tokyo Gas Group, FY 2006-2010," as described as follows:

The Company will actively apply the cash flow it has generated through steady execution of "Medium-Term Management Plan for the Tokyo Gas Group, FY 2006-2010" to investments and loans in the fields of its comprehensive energy business which would be the source of the Tokyo Gas Group's sustained growth for the future, and will simultaneously allocate the fruitage of its management to the shareholders in an appropriate manner.

Specifically, Tokyo Gas has positioned share buybacks, in addition to cash distribution, as a form of its return to the shareholders, and has set the targeted gross distribution propensity (*) at 60% for the length of the current medium-term management plan.

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

8. Basic Policy on Control of a Joint-Stock Corporation

At the meeting of its Board of Directors held on April 26, 2007, the Company passed a resolution for the “Basic Policy on the Management Principles and Control of the Tokyo Gas Group” as follows:

The Tokyo Gas Group supplies city gas in a safe and stable manner to roughly ten million accounts of corporate and individual customers mainly in the greater metropolitan Tokyo region, and conducts businesses of extremely high public interest by offering the best possible mixture of various energies including gas, heat and electricity and by helping customers lead a comfortable life and build environment-friendly cities. The Group makes it one of its fundamental principles to continue to grow while enjoying a constant trust of its customers and shareholders.

Meanwhile, under the “Medium-Term Management Plan for the Tokyo Gas Group, FY 2006-2010,” the Group is currently moving ahead with its “Comprehensive Energy Business” across the broad 200-kilometer radius around Tokyo in the Kanto Region, and is aiming for its sustained growth by creating and cultivating a new natural gas market. In order to firmly establish this “Comprehensive Energy Business,” the Group needs to tackle various challenges on a long-term basis. To this end, the Group is making active investments and driving initiatives for corporate structural reform to be completed by the 2010s.

It is the basic management policy of the Company to achieve a stable long-term management and a steady enhancement of corporate value on the strength of these management principles and medium- and long-term business strategies, and to simultaneously allocate profits to its customers, shareholders and other stakeholders in a stable and balanced manner. With respect to financial returns to shareholders, the Company aims to set its gross distribution propensity (the ratio of distribution and share buybacks to net income) at 60% for the length of the current medium-term management plan.

Modality of the parties seeking to control the Company should ultimately be determined by the intent of the entire body of its shareholders. However, if any massive purchasing of the Company’s share is deemed to hinder attainment of the Group’s management principles, harm its corporate value or otherwise undermine the joint interests of its customers and shareholders, the Company would find the relevant act of massive share-purchasing to be inappropriate. In making this judgment, the Company would carefully examine impacts the relevant act of purchasing or buyoff proposal might have on the Company’s corporate value and joint interests of its customers and shareholders on the basis of the relevant purchaser’s actual business operations, future business plans, past investment behavior, etc.

At this particular time, no specific threat to the Company is being posed by any party attempting to acquire a massive quantity of its shares, and the Company does not currently intend to have any specific predetermined measures (the so-called “poison pills”) in place against the eventuality of emergence of such a massive share-acquirer. However, the Company does intend to constantly watch the conditions of the trading of its shares and will take immediate countermeasures as deemed appropriate if any party is found to be attempting to acquire a massive quantity of its shares.

Specifically, in such an event, the Company, along with outside experts, would evaluate the relevant buyout proposal and negotiate with the massive acquirer and would promptly decide upon and execute specific countermeasures if the relevant act of acquisition is found to harm its corporate value or undermine joint interests of its customers and shareholders.

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

Consolidated Balance Sheet

As of March 31, 2007

(Millions of yen)

ASSETS	
Fixed Assets.....	1,371,576
Property, plant and equipment.....	1,130,480
Production facilities.....	207,751
Distribution facilities.....	503,547
Service and maintenance facilities.....	64,012
Other facilities.....	301,503
Shutdown facilities.....	874
Construction in progress.....	52,790
Intangible assets.....	24,068
Goodwill.....	1,396
Other intangible assets.....	22,671
Investments and other non-current assets.....	217,027
Investment securities.....	144,666
Long-term loans.....	3,778
Deferred tax assets.....	28,043
Other investments and non-current assets.....	41,289
Allowances for doubtful accounts.....	(750)
Current Assets.....	321,058
Cash and bank deposits.....	42,616
Notes and accounts receivable-trade.....	166,382
Inventories.....	36,132
Deferred tax assets.....	11,989
Other current assets.....	64,868
Allowances for doubtful accounts.....	(929)
Total Assets.....	1,692,635

(Millions of yen)

LIABILITIES AND NET ASSETS	
LIABILITIES	
Fixed liabilities	601,454
Bonds.....	305,500
Convertible bonds.....	32,618
Long-term debt.....	127,778
Deferred tax liabilities.....	4,716
Employees' severance and retirement benefits.....	92,947
Allowances for repairs of gas holders.....	3,437
Reserve for safety measures.....	5,427
Other non-current liabilities.....	29,029
Current Liabilities.....	285,135
Long-term debt due within one year.....	42,742
Notes and accounts payable-trade.....	59,728
Bank loans.....	10,954
Income taxes payable.....	43,854
Deferred tax liabilities.....	106
Other current liabilities.....	127,748
Total Liabilities.....	886,589
NET ASSETS	
Shareholders' Equity	743,997
Common stock.....	141,844
Capital surplus.....	2,065
Retained earnings.....	644,652
Treasury stock.....	(44,564)
Difference in Valuation and Translation.....	51,103
Net unrealized holding gains on securities.....	49,706
Deferred hedge gains.....	1,095
Foreign currency translation adjustments.....	302
Minority Interest.....	10,944
Total Net Assets.....	806,045
Total Liabilities and Net Assets.....	1,692,635

Consolidated Statement of Income

From April 1, 2006 to March 31, 2007

(Millions of yen)

Net sales.....	1,376,958
Cost of sales.....	799,468
[Gross income].....	[577,489]
Selling expenses.....	343,962
General and administrative expenses.....	71,211
[Operating income].....	[162,315]
Non-operating income.....	13,100
Interest income.....	155
Dividend income.....	1,895
Equity in net income of an affiliated company.....	1,347
Rental income.....	1,500
Gain from settlement of weather derivatives.....	1,620
Exclusive facilities income.....	1,488
Miscellaneous income.....	5,092
Non-operating expenses.....	19,375
Interest expenses.....	10,369
Miscellaneous expenses.....	9,005
[Ordinary income].....	[156,039]
Extraordinary gains.....	13,750
Gain on sales of fixed assets.....	7,899
Gain from sales of investment securities.....	5,851
Extraordinary losses.....	7,257
Loss on sales of fixed assets.....	29
Loss on compression of fixed assets.....	7,227
[Income before income taxes and minority interest in net income of consolidated subsidiaries].....	[162,533]
Income taxes-current.....	49,335
Income taxes-deferred.....	11,711
Minority interest in net income of consolidated subsidiaries.....	786
Net income.....	100,699

Consolidated Statement of Changes in Net Assets

From April 1, 2006 to March 31, 2007

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	141,844	2,065	572,599	(44,840)	671,669
Changes during consolidated fiscal year					
Distribution of surplus (note)			(18,772)		(18,772)
Directors' bonus (note)			(67)		(67)
Net income			100,699		100,699
Disposal of treasury stocks			(8,403)	34,993	26,529
Acquisition of treasury stocks				(34,658)	(34,658)
Increase in consolidated subsidiaries			(1,404)		(1,404)
Changes in account items other than those under shareholders' equity during consolidated fiscal year (net amount)					
Total changes during consolidated fiscal year	—	—	72,052	275	72,327
Balance as of March 31, 2007	141,844	2,065	644,652	(44,564)	743,997

	Difference in valuation and translation				Minority interest	Total net assets
	Net unrealized holding gains on other securities	Deferred hedge gains	Foreign currency translation adjustments	Total difference in valuation and translation		
Balance as of March 31, 2006	56,510	—	51	56,562	10,255	738,487
Changes during consolidated fiscal year						
Distribution of surplus (note)						(18,772)
Directors' bonus (note)						(67)
Net income						100,699
Disposal of treasury stocks						26,529
Acquisition of treasury stocks						(34,658)
Increase in consolidated subsidiaries						(1,404)
Changes in account items other than those under shareholders' equity during consolidated fiscal year (net amount)	(6,803)	1,095	250	(5,458)	689	(4,769)
Total changes during consolidated fiscal year	(6,803)	1,095	250	(5,548)	689	67,558
Balance as of March 31, 2007	49,706	1,095	302	51,103	10,944	806,045

Note: ¥(9,423) million in Distribution of surplus and ¥(67) million in Directors' bonus are the items appropriated from retained earnings at the Ordinary General Meeting of Shareholders held in June, 2006.

Notes to the Consolidated Financial Statements

From April 1, 2006 to March 31, 2007

(Basis of Presenting for Consolidated Financial Statements)

1. Scope of Consolidation

Details of Assets and Amounts

(1) Number of consolidated subsidiaries

Consolidated subsidiaries: 52

Names, etc. of principal consolidated subsidiaries

Tokyo Gas Urban Development Co., Ltd., Tokyo Gas Toyosu 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., Park Tower Hotel 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., TG Enterprise Co., Ltd., Tokyo Gas Engineering Co., Ltd., Tokyo Gas Customer Service Co., Ltd., TG IT Service Co., Ltd. and Capty-livelic Co., Ltd.

(2) Names, etc. of principal unconsolidated subsidiaries

The Company's principal unconsolidated subsidiary is Tokyo Gas International Holdings B.V.

Since the total amounts of the Company in the combined assets, sales and net income for fiscal 2006 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.

The unconsolidated subsidiaries and affiliates not accounted for by the equity method were excluded from the scope of application of equity methods, due to the immaterial effect of Company's total interest on their net income and retained earnings to the consolidated financial statement and totally insignificant.

3. Accounting policies

(1) Asset valuation standards and asset valuation methods

1) 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 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) Derivative is valued by market value method.

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

- (2) The method of depreciation of material fixed assets
- 1) Depreciation of property, plant and equipment is computed mainly by the declining-balance method. Durable years and salvage value is determined based on the corporate-tax code. However, the straight-line method is applied for certain buildings (excluding building fixtures).
 - 2) Depreciation of intangible assets is computed by the straight-line method.
Software for internal use is amortized by straight-line method over the internally available period

(3) Standard for allowance

- 1) To reserve for loss on doubtful accounts such as accounts receivable-trade and loans, 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 collectibility of certain doubtful accounts such as bankruptcy/rehabilitation claims.
- 2) The Company and consolidated subsidiaries provided a reserve for employees' severance and retirement benefits at March 31, 2007 based on the estimated amounts of projected benefit obligation and the fair value of the pension plan assets at that date.
Actuarial differences are recorded as expenses in one lump-sum from the following fiscal year.
- 3) The Company and certain consolidated subsidiaries provide 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.
- 4) Reserve for security measures is an allowance to provide outlays for expenses required to ensure the safety of gas consumers. We have included the estimated amount for expenses required following the end of the current period to provide outlays for expenses required for free-of-charge inspection and verification of valve connections for gas appliances with air extractor vents, along with inspections and awareness-raising activities related to the safe use of gas appliances unequipped to prevent incomplete combustion, and expenses required to promote conversion to safe appliances.

(4) Important matters for preparing consolidated balance sheet

- 1) All accounting transactions are booked exclusive of consumption taxes.
- 2) Method and period of amortization of goodwill
Goodwill are amortized over twenty years or less (mainly ten years) under the straight-line method.

4. Assets and liabilities of the Company's subsidiaries

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 acquire control of the respective subsidiaries.

5. Changes in accounting principles or accounting procedures

- 1) Effective from the fiscal year under review, the Company adopted "Accounting Standard for Presentation of Net Assets in the Balance Sheets" (Accounting Standard No. 5 by Accounting Standard Board of Japan (ASBJ) dated December 9, 2005) and its "Implementation Guidance" (No. 8 by ASBJ dated December 9, 2005).
The amount equivalent to the previous total shareholders' equity was ¥794,005 million.
- 2) Effective from the fiscal year under review, the Company adopted "Accounting Standard for Business Combinations" (by Business Accounting Council dated October 31, 2003), "Accounting Standard for Business Divestitures" (Accounting Standard No. 7 by ASBJ dated December 27, 2005), and their "Implementation Guidance" (No. 10 by ASBJ dated December 27, 2005).
- 3) Effective from the fiscal year under review, the Company adopted "Accounting Standard for Directors' Bonus" (Accounting Standard No. 4 by ASBJ dated November 29, 2005). As a result, operating income, ordinary income and income before income taxes decreased by ¥67 million, respectively.

Explanatory note on consolidated balance sheet

1.Assets pledged as collateral	
(1) Breakdown of assets	
Distribution facilities	¥6,492 million
Service and maintenance facilities	¥83 million
Other facilities	¥18,034 million
Investment securities	¥35 million
Long-term loans	¥39 million
Other current assets	¥2 million
(2) Liabilities related to collateral	
Long-term dept	¥13,537 million
(In above, Long-term dept due within one year	¥1,660 million),
Bank loans	¥584 million
Other current liabilities	¥61 million
2.Accumulated depreciation for property, plant and equipment	¥2,713,656 million
3.Contingent liabilities for guarantees etc.	
(1) Contingent liabilities for guarantee	¥6,857 million
(2) Joint and several liabilities upon default of other debtors	¥41 million
(3) Contingent liabilities related to dept-assumption underwriting contractors on corporate bonds	¥38,700 million

Explanatory note to the consolidated statement of changes in net assets

1.Number of shares issued	
FY2006 ended March 2007	2,810,171,295 shares
2.Distribution	
(1) Distribution of surplus of this term	
1) The following was decided by the resolution of the shareholders' meeting held on June 29, 2006.	
Distribution of common shares	
i Total amount of distribution	¥9,423 million
ii Distribution per share	¥3.5
iii Date of record	March 31, 2006
iv Effective date	June 29, 2006
2) The following was decided by the meeting of the Board of Directors October 30, 2006.	
Distribution of common shares	
i Total amount of distribution paid	¥9,349 million
ii Distribution per share	¥3.5
iii Date of record	September 30, 2006
iv Effective date	November 28, 2006
(2) Distribution from surplus after this term	
1) The following was proposed by the resolution of the shareholders' meeting held on June 28, 2007.	
Distribution of common shares	
i Total amount of distribution paid	¥12,206 million
ii Resource of distribution	Retained earning
iii Dividend per share	¥4.5
iv Date of record	March 31, 2007
v Effective date	June 29, 2007

Explanatory notes regarding to per share

- | | |
|-------------------------|---------|
| 1) Net assets per share | ¥293.11 |
| 2) Earnings per share | ¥37.50 |

Explanatory notes to material subsequent events

The Company has decided to acquire the treasury stock in accordance with Article 165, Paragraph 3 of Corporate Law by the meeting of the Board of Directors held on April 26, 2007.

Details of the treasury stock acquisition are as follows:

Number of shares to be acquired

60,000 thousand shares (maximum number)

The grant of money and details in exchange for acquired shares

Cash 39,000 million (maximum amount)

Terms for acquiring shares

From April 27, 2007 to March 31, 2008

Explanatory note

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

Independent Auditors' Report

Transcript

May 11, 2007

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, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of Tokyo Gas Co., Ltd. as of March 31, 2007 and for the 207th business year from April 1, 2006 to March 31, 2007 in accordance with Article 444(4) of the Corporate Law. 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.

In our opinion, the consolidated statutory report referred to above presents fairly, in all material respects, the financial position and the results of operations of Tokyo Gas Co., Ltd. and its consolidated subsidiaries for the period, for which the consolidated statutory report was prepared, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the following.
As described as material subsequent events in Notes to the Consolidated Financial Statements, the Company decided the acquisition of treasury stock on April 26, 2007.

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 Financial Statements Originally Issued in the Japanese Language)

Non-Consolidated Balance Sheet

As of March 31, 2007

(Millions of yen)

ASSETS	
Fixed assets.....	1,135,534
Property, plant and equipment.....	789,468
Production facilities.....	207,999
Distribution facilities.....	483,764
Service and maintenance facilities.....	60,348
Incidental business facilities.....	4,511
Shutdown facilities.....	874
Construction in progress.....	31,970
Intangible assets.....	17,914
Leaseholds.....	1,197
Software.....	16,067
Other intangible assets.....	649
Investments and other non-current assets.....	328,150
Investment securities.....	96,967
Investments in affiliated companies.....	107,625
Long-term loans	190
Long-term loans to affiliated companies.....	72,269
Investments.....	3
Long-term prepaid expenses.....	28,981
Deferred tax assets.....	18,751
Other investments and non-current assets.....	3,881
Allowances for doubtful accounts.....	(519)
Current assets.....	246,724
Cash and bank deposits.....	23,141
Notes receivable-trade.....	1,209
Accounts receivable-trade.....	107,223
Accounts receivable from affiliated companies-trade.....	14,190
Other receivables.....	10,319
Marketable securities.....	1
Finished goods.....	86
Raw materials.....	21,933
Supplies.....	6,891
Prepaid expenses.....	304
CMS short-term loans to affiliated companies.....	15,452
Short-term receivables due from affiliated companies.....	1,972
Deferred tax assets.....	8,690
Other current assets.....	36,187
Allowances for doubtful accounts.....	(881)
Total Assets.....	1,382,259

(Millions of yen)

LIABILITIES AND NET ASSETS	
LIABILITIES	
Fixed Liabilities.....	452,828
Bonds.....	287,700
Convertible bonds.....	32,618
Long-term debt.....	33,704
Long-term payables to affiliated companies.....	333
Employees' severance and retirement benefits.....	81,765
Allowances for repairs of gas holders.....	3,144
Reserve for safety measures.....	5,315
Other non-current liabilities.....	8,247
Current Liabilities.....	226,257
Long-term debt due within one year.....	22,984
Accounts payable-trade.....	23,988
Other payables.....	35,870
Accrued expenses.....	37,058
Income taxes payable.....	38,180
Advances from customers.....	4,362
Deposits payable.....	2,219
CMS short-term debt due to affiliated companies.....	31,308
Short-term payables to affiliated companies.....	18,600
Other current liabilities.....	11,684
Total Liabilities.....	679,085
NET ASSETS	
Shareholders equity.....	659,372
Common stock.....	141,844
Common stock.....	141,844
Capital surplus.....	2,065
Additional paid-in capital.....	2,065
Retained earnings.....	560,027
Legal reserve.....	35,454
Other retained earnings.....	524,573
Reserve for advanced depreciation due to expropriation, etc.....	910
Reserve for depreciation of special gas pipeline construction.....	712
Reserve for cost variations adjustment.....	141,000
General reserve.....	249,000
Retained earnings carried.....	132,950
Treasury stock.....	(44,564)
Treasury stock.....	(44,564)
Difference in Valuation and Translation.....	43,800
Net unrealized holding gains on securities.....	42,597
Net unrealized holding gains on securities.....	42,597
Deferred hedge gains.....	1,202
Deferred hedge gains.....	1,202
Total Net Assets.....	703,173
Total Liabilities and Net Assets.....	1,382,259

Non-Consolidated Statement of Income

From April 1, 2006 to March 31, 2007

(Millions of yen)

Product sales.....	980,869
Gas sales.....	980,869
Cost of sales.....	474,069
Beginning inventory.....	89
Cost of goods manufactured.....	464,269
Cost of goods purchased.....	11,913
Costs of good internally used.....	2,115
Ending inventory.....	86
[Gross income].....	[506,800]
Selling expenses.....	298,634
General and administrative expenses.....	74,607
[Income from operation].....	[133,558]
Miscellaneous operating revenue.....	162,587
Revenue from related construction.....	51,037
Revenue from gas appliance sales.....	110,723
Other operating revenue.....	827
Miscellaneous operating expenses.....	160,597
Expense for related construction.....	49,480
Expense for gas appliance sales.....	111,117
Incidental revenue.....	28,729
Revenue from LNG sales.....	8,677
Revenue from power sales.....	5,020
Revenue from other associated business.....	15,031
Incidental expenses.....	27,499
Expense for LNG sales.....	8,036
Expense for power sales.....	5,010
Expense for other associated business.....	14,452
[Operating income].....	[136,778]
Non-operating income.....	15,900
Interest income.....	1,283
Dividend income.....	2,561
Rental income.....	4,413
Gain from settlement of weather derivatives.....	1,610
Exclusive facilities income.....	1,914
Miscellaneous income.....	4,117
Non-operating expenses.....	12,855
Interest expenses.....	1,424
Bond interest expenses.....	5,979
Miscellaneous expenses.....	5,451
[Ordinary income].....	[139,823]
Extraordinary gains.....	13,604
Gain on sales of fixed assets.....	7,756
Gain from sales of investment securities.....	5,847
Extraordinary losses.....	7,228
Loss on compression of fixed assets.....	7,227
[Income before income taxes].....	[146,199]
Income taxes-current.....	41,210
Income taxes-deferred.....	12,648
Net income.....	92,340

Non-Consolidated Statement of Changes in Net Assets

From April 1, 2006 to March 31, 2007

(Millions of yen)

	Net Asset									
	Common stock	Capital surplus		Legal reserve	Retained earnings					Total retained earnings
		Capital reserve	Total capital surplus		Other retained earnings					
				Reserve for advanced depression due to expropriation, etc.	Reserve for depreciation of special gas pipeline construction	Reserve for cost variation adjustment	General reserve	Retained earnings carried		
Balance as of March 31, 2006	141,844	2,065	2,065	35,454	954	1,954	141,000	219,000	96,567	494,930
Changes during fiscal year										
Reversal from Reserve for advanced depression due to expropriation, etc.					(43)				43	
Reversal from Reserve for depreciation of special gas pipeline construction (note)						(1,242)			1,242	
Accumulation of General reserve (note)								30,000	(30,000)	
Distribution of surplus (note)									(18,772)	(18,772)
Directors' bonus (note)									(67)	(67)
Net income									92,340	92,340
Acquisition of treasury stocks										
Disposal of treasury stocks									(8,403)	(8,403)
Changes in account items other than those under shareholders' equity during consolidated fiscal year (net amount)										
Total changes during fiscal year					(43)	(1,242)		30,000	36,383	65,097
Balance as of March 31, 2007	141,844	2,065	2,065	35,454	910	712	141,000	249,000	132,950	560,027

	Shareholders' equity		Difference in valuation and translation			Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized holding gains on securities	Deferred hedge gains	Total difference in valuation and translation	
Balance as of March 31, 2006	(44,840)	594,000	48,952	-	48,952	642,953
Changes during fiscal year						
Reversal from Reserve for advanced depreciation due to expropriation, etc.						-
Reversal from Reserve for depreciation of special gas pipeline construction (note)						-
Accumulation of General reserve (note)						-
Distribution of surplus (note)		(18,772)				(18,772)
Directors' bonus (note)		(67)				(67)
Net income		92,340				92,340
Acquisition of treasury stocks	(34,658)	(34,658)				(34,658)
Disposal of treasury stocks	34,933	26,529				26,529
Changes in account items other than those under shareholders' equity during consolidated fiscal year (net amount)			(6,355)	1,202	(5,152)	(5,152)
Total changes during fiscal year	275	65,372	(6,355)	1,202	(5,152)	60,220
Balance as of March 31, 2007	(44,564)	659,372	42,597	1,202	43,800	703,173

Note: ¥621 million in Reversal from reserve for depreciation of special gas pipeline construction, ¥(30,000) million in Accumulation of general reserve, ¥(9,423) million in Distribution of surplus and ¥(67) million in Directors' bonus are the items appropriated from retained earnings at the Ordinary General Meeting of Shareholders held in June, 2006.

Notes to the Non-Consolidated Financial Statements

From April 1, 2006 to March 31, 2007

1. Significant accounting policies

(1) Asset valuation standards and asset valuation methods

1) 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 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 market value method.

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

(2) The method of depreciation of fixed assets

1) Depreciation of property, plant and equipment is computed by the declining-balance method.

Durable years and salvage value is determined based on the corporate-tax code. However, the straight-line method is applied for buildings (excluding building fixtures) acquired on or after April 1, 1998.

2) Depreciation of intangible assets is computed by the straight-line method.

Software for internal use is amortized by straight-line method over the internally available period.

(3) Standard for allowances

1) To reserve for loss on doubtful accounts such as accounts receivable-trade and loans, 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 collectibility of certain doubtful accounts such as bankruptcy/rehabilitation claims.

2) The Company and consolidated subsidiaries provided a reserve for employees' severance and retirement benefits at March 31, 2007 based on the estimated amounts of projected benefit obligation and the fair value of the pension plan assets at that date.

Actuarial differences are recorded as expenses in one lump-sum from the following fiscal year.

3) The Company and certain consolidated subsidiaries provide 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.

4) Reserve for security measures is an allowance to provide outlays for expenses required to ensure the safety of gas consumers. We have included the estimated amount for expenses required following the end of the current period to provide outlays for expenses required for free-of-charge inspection and verification of valve connections for gas appliances with air extractor vents, along with inspections and awareness-raising activities related to the safe use of gas appliances unequipped to prevent incomplete combustion, and expenses required to promote conversion to safe appliances.

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

(5) Changes in accounting principles or accounting procedures

- 1) Effective from the fiscal year under review, the Company adopted “Accounting Standard for Presentation of Net Assets in the Balance Sheets” (Accounting Standard No. 5 by Accounting Standard Board of Japan (ASBJ) dated December 9, 2005) and its “Implementation Guidance” (No. 8 by ASBJ dated December 9, 2005). The amount equivalent to the previous total shareholders’ equity was ¥701,970 million.
- 2) Effective from the fiscal year under review, the Company adopted “Accounting Standard for Business Combinations” (by Business Accounting Council dated October 31, 2003), “Accounting Standard for Business Divestitures” (Accounting Standard No. 7 by ASBJ dated December 27, 2005), and their “Implementation Guidance” (No. 10 by ASBJ dated December 27, 2005).
- 3) Effective from the fiscal year under review, the Company adopted “Accounting Standard for Directors’ Bonus” (Accounting Standard No. 4 by ASBJ dated November 29, 2005). As a result, operating income, ordinary income and income before income taxes decreased by ¥67 million, respectively.

2. Explanatory notes on balance sheet

(1) Assets pledged as collateral

Investment securities	¥1 million
Investments in affiliated companies	¥1,047 million
Long-term loans	¥39 million
Long-term loans to affiliated companies	¥1,660 million
Other investments and non-current assets	¥0 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	¥2,282,371 million
Intangible assets	¥24,195 million

(3) Contingent liabilities for guarantees, etc.	
Contingent liabilities for guarantee	¥15,461 million
(Of which to be borne by the Company ¥15,420 million)	
Joint and several liabilities	¥14,082 million
Contingent liabilities related to debt-assumption underwriting contracts on corporate bonds	¥38,700 million

3. Explanatory notes on statement of income	
Trading volume with affiliated companies	
Sales	¥66,238 million
Purchases	¥149,089 million
Trading volume other than sales and purchases	¥6,676 million

4. Explanatory notes on statement of changes in net assets	
Number of treasury stocks as of the end of the fiscal year under review	97,537,522 shares

5. Explanatory notes regarding deferred tax accounting	
Principal sources of deferred tax assets and deferred tax liabilities	
Deferred tax assets	Employees' severance and retirement benefits
Deferred tax liabilities	Net unrealized holding gains on securities

6. Explanatory notes regarding transactions with related parties

Director

Name	Percentage of voting rights holding (or held)(%)	Relationship with regarding transactions	Contents of transaction	Amount of transaction (millions of yen)	Account name	Amount outstanding as of the end of the fiscal year (millions of yen)
Yuri Konno	(held by) Directly 0.0	Representative Director & President of Dial Service Co., Ltd.	Phone reception/consultation services, etc. with Dial Service Co.	20	Accrued expenses	2

Business terms and policies for determination of business terms

With respect to entrustment of phone reception/consultation services, specific amounts of commissions have been determined by agreement in the same manner as with respect to general transactions.

7. Explanatory notes regarding per share

Net assets per share	¥259.22
Earnings per share	¥34.39

8. Explanatory notes to material subsequent events

The Company has decided to acquire the treasury stock in accordance with Article 165, Paragraph 3 of Corporate Law by the meeting of the Board of Directors held on April 26, 2007.

Details of the treasury stock acquisition are as follows:

Number of shares to be acquired

60,000 thousand shares (maximum number)

The grant of money and details in exchange for acquired shares

Cash 39,000 million (maximum amount)

Terms for acquiring shares

From April 27, 2007 to March 31, 2008

9. Explanatory note

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

Independent Auditors' Report

Transcript

May 11, 2007

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 statutory report, comprising the balance sheet, the statement of income, the statement of changes in net assets and the notes to non-consolidated financial statements, and its supporting schedules of Tokyo Gas Co., Ltd. as of March 31, 2007 and for the 207th business year from April 1, 2006 to March 31, 2007 in accordance with Article 436 (2) of the Corporate Law. 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.

In our opinion, the statutory report and supporting schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Tokyo Gas Co., Ltd. for the period, for which the statutory report and supporting schedules were prepared, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the following.

As described as material subsequent events in Notes to the Non-Consolidated Financial Statements, the Company decided the acquisition of treasury stock on April 26, 2007.

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

Transcript

AUDIT REPORT

The Board of Corporate Auditors (the “Board”), having deliberated on the audit reports prepared by Corporate Auditors on the performance of the duties of Directors for the 207th business year from April 1, 2006 to March 31, 2007, does hereby report on its audit findings as follows:

1. Method and Contents of Audit by Corporate Auditors and the Board

- (1) The Board set the audit policy, audit plan, etc., debriefed Corporate Auditors on the status of execution and results of their audits, debriefed Directors and Independent Auditors on the status of execution of their duties, and requested explanations as needed.
- (2) While maintaining proper communication with Directors, internal audit staff and other employees, Corporate Auditors executed their audits in the manner described below in conformity with the corporate auditors’ audit standard established by the Board and in accordance with the audit policy, audit plan, etc. established by the Board.
 - (a) Corporate Auditors attended the meetings of the Board of Directors and other important meetings of the Company, debriefed Directors and employees on the status of execution of their duties as needed, inspected important documents, and examined the status of business operations and properties at the head office and main business units.

With respect to the subsidiaries, Corporate Auditors examined the status of subsidiaries’ operations and properties by maintaining proper communication with subsidiaries’ Directors, Corporate Auditors, etc. and physically visiting some of them as necessary.
 - (b) Corporate Auditors and the Board examined the contents of the resolutions of the Board of Directors on the development of the corporate structure and system to ensure that execution by Directors of their duties conformed to the provisions of the relevant laws and Articles of Incorporation and of the corporate structure and system which are prescribed in Article 100, Sections 1 and 3 of the Enforcement Regulations of the Corporate Law as being necessary for ensuring the appropriateness of operations of a joint-stock corporation, as well as the status of the corporate structure and system (internal control system) put in place by the said resolutions.
 - (c) Corporate Auditors verified and discussed the contents of the basic policy in Article 127, Section 1 of the Corporate Law on the Business Report based of the deliberation of the meetings of the Board of Directors and other important meetings of the Company.
 - (d) Corporate Auditors and the Board debriefed Independent Auditors on the status of execution of their duties, and requested explanations as needed. In addition, Corporate Auditors and the Board were informed by Independent Auditors that they were developing the “structure and system to ensure that their duties would be executed in a proper manner” (items prescribed in Article 159 of the Corporate Calculation Rules) in accordance with “Quality Control Standard for

Auditing” (by Business Accounting Council dated October 28, 2005), and requested explanations as needed.

Based on the aforementioned methods, Corporate Auditors and the Board examined the Company’s business report, financial statements (non-consolidated balance sheet, non-consolidated income statement, non-consolidated statement of changes in shareholders’ equity, and the notes on the non-consolidated financial statements), their supporting schedules, and consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated statement of changes in shareholders’ equity, and the notes on the consolidated financial statements) for the fiscal year under review.

2. Results of Audit

(1) Results of audit of business report and its supporting schedules

- (a) The business report and its supporting schedules present fairly the status of the Company in conformity with the relevant laws and Articles of Incorporation.
- (b) No misconduct or material fact running counter to the relevant laws or Articles of Incorporation has been found in respect of execution of Directors’ duties.
- (c) The contents of the resolutions of the Board of Directors on the internal control system are fair and reasonable. No item worthy of special mention has been found in respect of execution of Directors’ duties concerning the relevant internal control system.
- (d) The contents of basic policy for appointed ruler, who decide the Company’s policy of Finance and Business described on the Business Report has no specific problems which have to be pointed out.

(2) Results of audit of financial statements and their supporting schedules

The audit methods adopted and the results of audit rendered by KPMG Azsa & Co., Independent Auditors, are fair and reasonable.

(3) Results of audit of consolidated financial statements

The audit methods adopted and the results of audit rendered by KPMG Azsa & Co., Independent Auditors, are fair and reasonable.

May 16, 2007

Tokyo Gas Co., Ltd. Board of Corporate Auditors

Hiroshi Hirai,	Standing Corporate Auditor
Tsunenori Tokumoto,	Standing Corporate Auditor
Masayoshi Hanabusa,	Outside Corporate Auditor
Toshimitsu Shimizu,	Outside Corporate Auditor
Shoji Mori,	Outside Corporate Auditor

REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposals and references

Proposal No. 1: Approval of the Appropriation of Retained Earnings

We propose that retained earnings be appropriated in the manner described below:

1. Distribution of surplus (year-end distribution of dividend)

We propose that the year-end dividend be increased by ¥1 per share to ¥4.50 per share (thereby making the annual dividend of ¥8 per share including the interim dividend of ¥3.50 per share).

(1) Allocation of distributable property and its aggregate amount:

¥4.50 per share	Aggregate amount of dividend ¥12,206,851,979
-----------------	----------------------------------------------

(2) Dividend effective date

June 29, 2007

2. Appropriation of other retained earnings

We propose to provide a general reserve of ¥50 billion for the purpose of reinforcing the Company's financial position.

(1) Item and amount of surplus to be increased

General reserve	¥50,000,000,000
-----------------	-----------------

(2) Item and amount of surplus to be decreased

Unappropriated retained earnings carried forward	¥50,000,000,000
--------------------------------------------------	-----------------

Proposal No. 2: Election of Eleven (11) 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 Eleven (11) Directors.

The nominees for the Directors are as follows:

No.	Name (Date of birth)	Brief personal history and representative positions in other companies, etc.		Number of the Company's shares held	
1	Norio Ichino (January 1, 1941)	April	1964	Joined the Company	176,617
		July	1991	Deputy General Manager of Northern Regional Business Div.	
		June	1993	Assistant to Director in charge of Documents Dept.	
		June	1996	Director and General Manager of Corporate Planning Dept.	
		June	1998	Managing Director, Division Manager of Business Developments Div. and in charge of Property Custody Dept. and Public Relations Dept	
		June	1999	Managing Director, Division Manager of Business Developments Div. and in charge of General Administration Dept. and Public Relations Dept	
		June	2000	Representative Director, Senior Managing Director, Division Manager of Business Developments Div. and in charge of Human Resource Dept.	
		June	2001	Representative Director, Senior Managing Director and in charge of General Administration Dept. and Human Resource Dept.	
		June	2002	Representative Director, Executive Vice President, Division Manager of Corporate Communication Div. and in charge of Internal Audit Dept. and Compliance Dept.	
		June	2003	President, Representative Director and Executive President	
		April	2006	Director and Vice Chairman of the Board	
		April	2007	Director and Chairman of the Board (Current position)	

No.	Name (Date of birth)	Brief personal history and representative positions in other companies, etc.		Number of the Company's shares held	
2	Mitsunori Torihara (March 12, 1943)	April	1967	Joined the Company	115,000
June	1994	Deputy General Manager of Kanagawa Regional Business Div.			
June	1996	General Manger of Gas Resources Dept.			
June	1998	Director and General Manger of Gas Resources Dept.			
June	2000	Managing Director and in charge of Supplies Dept. and Gas Resources Dept.			
June	2001	Managing Director and in charge of Accounting Dept., Supplies Dept. and Gas Resources Dept.			
June	2002	Director, Senior Executive Officer and Division Manager of Strategic Planning Div.			
June	2003	Representative Director, Executive Vice President, Division Manager of Strategic Planning Div. and in charge of Internal Audit Dept. and Compliance Dept.			
April	2004	Representative Director, Executive Vice President, Division Manager of Corporate Communication Div. and in charge of Compliance Dept.			
April	2006	President, Representative Director and Executive President (Current position)			
3	Tadaaki Maeda (February 11, 1946)	April	1970	Joined the Company	91,675
June	1996	Deputy General Manager of Western Regional Business Div.			
June	1997	General Manager of Commodity Development Div.			
June	2000	Director and General Manager of Energy Planning Dept. of Energy Sales and Service Div.			
June	2002	Senior Executive Officer and Division Manager of R&D Div.			
April	2004	Senior Executive Officer, Division Manager of Energy Resources Business Div. and in charge of Internal Audit Dept.			
June	2004	Director, Senior Executive Officer, Division Manager of Energy Resources Business Div. and in charge of Internal Audit Dept.			
April	2006	Representative Director, Executive Vice President and Division Manager of Strategic Planning Div.			
April	2007	Representative Director, Executive Vice President, Division Manager of Energy Production Div. and in charge of Environment Dept. (Current position)			

No.	Name (Date of birth)	Brief personal history and representative positions in other companies, etc.		Number of the Company's shares held	
4	Tsuyoshi Okamoto (September 23, 1947)	April	1970	Joined the Company	69,000
		June	1997	Deputy General Manger of Northern Regional Business Div.	
		June	1998	General Manger of Documents Dept.	
		June	1999	Assistant to Director in charge of General Administration Dept.	
		June	2002	Executive Officer and General Manager of Corporate Planning Dept. of Strategic Planning Div.	
		April	2004	Senior Executive Officer and Division Manager of Strategic Planning Div.	
		June	2004	Director, Senior Executive Officer and Division Manager of Strategic Planning Div.	
		April	2006	Director, Senior Executive Officer, Division Manager of Corporate Communications Div. and in charge of Compliance Dept. and Internal Audit Dept.	
5	Masaki Sugiyama (September 14, 1947)	April	1970	Joined the Company	54,231
		June	2000	General Manager of Production Dept. of Production Div.	
		June	2002	Executive Officer and General Manager of Pipeline and Maintenance Dept. of Pipeline Div.	
		April	2004	Senior Executive Officer and Division Manager of Pipeline Network Div.	
		April	2006	Senior Executive Officer, Division Manager of Pipeline Network Div. and General Manager of Pipeline Planning Dept.	
		June	2006	Director, Senior Executive Officer and Division Manager of Pipeline Network Div.	
		April	2007	Director, Senior Executive Officer and Division Manager of Technological Development Div. (Current position)	

No.	Name (Date of birth)	Brief personal history and representative positions in other companies, etc.		Number of the Company's shares held	
6	Toshio Tezuka (December 13, 1946)	April June June June April April	1970 2001 2002 2003 2004 2007	Joined the Company General Manager of Urban Energy Business Dept. of Energy Business Div., Acting General Manager of Volume Sales Dept. of Energy Sales and Services Div. Executive Officer and General Manager of Urban Energy Business Dept. of Energy Sales and Services Div. Executive Officer, General Manager of Urban Energy Business Dept. of Energy Sales and Services Div., and Acting General Manager of Volume Sales Dept. of Energy Sales and Services Div. Senior Executive Officer and Division Manager of Wide-Area Business Div. Senior Executive Officer and Division Manager of Living Corporate Sales and Services Div. (Current position)	28,000
7	Shigeru Muraki (August 29, 1949)	July June June April April April	1972 2000 2002 2004 2006 2007	Joined the Company General Manager of Gas Resources Dept. Executive Officer and General Manager of Gas Resources Dept. of Strategic Planning Div. Senior Executive Officer and Division Manager of R&D Div. Senior Executive Officer and Division Manager of Technological Development Div. Senior Executive Officer, Division Manager of Energy Solution Div. and General Manager of Volume Sales Dept. of Energy Solution Div. (Current position)	47,236
8	Toshiyuki Kanisawa (November 23, 1948)	April June June June April April April	1972 1999 2001 2003 2004 2006 2007	Joined the Company Assigned to Business Planning Dept., Business Developments Div. Assigned to Affiliated Business Planning Dept., Affiliated Business Div. Executive Officer and General Manager of Service Planning Dept. of Customer Service Div. Executive Officer and General Manager of Corporate Planning Dept. Senior Executive Officer and Division Manager of Home Service Div. Senior Executive Officer and Division Manager of Living Energy Div. (Current position)	31,060

No.	Name (Date of birth)	Brief personal history and representative positions in other companies, etc.			Number of the Company's shares held
9	Kazumoto Yamamoto (July 22, 1933)	April	1957	Joined Asahi Chemical Industry Co., Ltd.	20,000
		June	1983	Director	
		June	1987	Managing Director	
		June	1990	Senior Managing Director	
		June	1993	Representative Director and Senior Managing Director	
		June	1995	Representative Director and Executive Vice President	
		June	1997	Representative Director and President	
		January	2001	Representative Director and President of Asahi Kasei Corporation (Company name changed)	
		April	2003	Vice Chairman of the Board	
		June	2003	Standing Advisor	
		June	2005	Outside Director of the Company (Current position)	
10	Katsuhiko Honda (March 12, 1942)	April	1965	Joined Japan Monopoly Corp.	0
		June	1992	Director of Japan Tobacco, Inc. (Company name changed)	
		June	1994	Managing Director	
		June	1996	Senior Managing Director	
		June	1998	Representative Director and Executive Vice President	
		June	2000	Representative Director and President	
		June	2006	Director and Advisor (Current position)	
11	Sanae Inada (April 3, 1944)	March	1970	Completed judicial apprenticeship program	5,000
		April	1970	Registered as attorney-at-law (First Tokyo Bar Association) (Incumbent lawyer)	

- Notes:
1. There is no special interest between the nominees for the Directors and the Company.
 2. The nominees for the Outside Directors are follows., Kazumoto Yamamoto, Katsuhiko Honda and Sanae Inada.
 3. Reasons etc. for our nomination of these three individuals as Outside Directors are as follows:
 - (1) We propose that Mr. Kazumoto Yamamoto be appointed as an Outside Director as we have judged that he would be able to offer us a broad range of advice on the Company's business operations in view of his strong management capabilities nurtured in the housing industry and deep insight into technological development. Mr. Yamamoto's tenure as an Outside Director will be two years as of the conclusion of the current general meeting of shareholders.
 - (2) We propose that Mr. Katsuhiko Honda be appointed as an Outside Director as we have judged that he would be able to offer us a broad range of advice on the Company's business operations in view of his cosmopolitan outlook nurtured by the aggressive overseas penetration of the tobacco industry and strong management capabilities with which he has implemented reforms in response to changes in business environment.
 - (3) Although Ms. Sanae Inada has not been involved with corporate management by means other than being an Outside Director, she is highly familiar with corporate legal affairs and possesses deep legal insight and experiences. We propose that Ms. Inada be appointed as an Outside Director as we have judged that she would be able to perform duties as an Outside Director in a proper manner and offer us a broad range of advice on the Company's business operations including compliance matters.

Proposal No. 3: Election of One (1) Corporate Auditor

The term of office of the current Corporate Auditor Hiroshi Hirai ends at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, we hereby propose that you elect one (1) Corporate Auditor.

The nominees for the new Corporate Auditor 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
Yasunori Takakuwa (January 28, 1948)	July	1971	Joined the Company	12,000
	June	2000	Assistant to Director in charge of General Administration Dept.	
	June	2002	Assigned to General Administration Dept., Corporate Communication Div.	
	June	2003	General Manager of Environment Dept.	
	April	2005	Executive Coordinator and General Manager of Environment Dept.	
	April	2007	Executive Coordinator and Assistant to Director in charge of Audit Dept. (Current position)	

Note: There is no special interest between the nominee for Corporate Auditor and the Company.