

To Those Shareholders with Voting Rights

Norio Ichino  
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5-20, Kaigan 1-chome, Minato-ku,  
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## **NOTICE OF THE 204th ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We hereby inform you of the 204th Ordinary General Meeting of Shareholders of Tokyo Gas Co., Ltd. (hereinafter, "We" or "the Company"), to be held as described below:

- 1. Date: 10 a.m., Tuesday, June 29, 2004**
- 2. Location: Tokyo Gas Building, Large Conference Room (2F)  
5-20, Kaigan 1-chome, Minato-ku, Tokyo**

**If you are unable to attend the meeting, please read the attached documents and return the Exercise of Voting Rights Form with your selections marked and registered seal affixed.** For those attending, please present the enclosed Exercise of Voting Rights Form at the reception desk upon arrival at the meeting.

### **3. Agenda of the Meeting:**

#### **Matters to report:**

Balance Sheet as of March 31, 2004 and Statement of Income and Unappropriated Retained Earnings and the Business Report for the 204th Fiscal Term (from April 1, 2003 to March 31, 2004)

#### **Matters to resolve:**

- Proposal No. 1: Approval of the Proposed Appropriation of Unappropriated Retained Earnings for the 204th Fiscal Term
- Proposal No. 2: Proposed Partial Amendments to the Articles of Incorporation
- Proposal No. 3: Acquisition of Treasury Stock

- Proposal No. 4: Election of Twelve (12) New Directors
- Proposal No. 5: Election of One (1) New Corporate Auditor
- Proposal No. 6: Payments of Retirement Bonuses to Retired Directors and a Retiring Corporate Auditor

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*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.*

## **Business Report**

(From April 1, 2003 to March 31, 2004)

### **I. REVIEW OF OPERATIONS**

#### **1. Business Conditions and Results of Operations**

##### **(1) Operating Activities**

Although employment conditions remained harsh in Japan during fiscal 2003 (the year ended March 31, 2004), there were signs of improved corporate earnings and an upturn in consumer spending, and the Japanese economy entered a gradual recovery. Further deregulation sparked intensified competition within the energy sector. Amid mixed economic and business conditions, the Company continued to do its utmost to expand the use of city gas.

A review of results by operating segment follows.

##### ***Gas Sales***

Total customer numbers rose by 201,000 over fiscal 2002, to 9,445,000 as of March 31, 2004. Gas sales volume increased 7.1% year-on-year to 11,210,636 thousand m<sup>3</sup>. Gas sales volume for residential use declined 0.3% to 3,244,016 thousand m<sup>3</sup>, despite increased numbers of residential customers and the continued spread of gas appliances as a result of ongoing marketing efforts. This was primarily a result of reduced demand related to water-heating and air-conditioning systems due to higher average temperatures than in the previous year in the second half of fiscal 2003. Gas sales volume for business use (commercial, public-sector and medical facilities) expanded 4.0% over the previous fiscal year to 2,604,473 thousand m<sup>3</sup>, as a result of our efforts to promote demand for gas-powered air-conditioning systems as core products that can help boost environmental performance. Gas sales volume for industrial use rose 15.8% to 4,165,845 thousand m<sup>3</sup>, as we focused sales efforts on promoting the eco-friendly profile of natural gas and leveraged our engineering capabilities. Electric power generation drove most of the growth in industrial demand. Wholesale gas sales volume increased 8.0% to 1,196,302 thousand m<sup>3</sup>, due to higher demand from other gas utilities.

As a result, total net sales in the Gas Sales segment increased 4.9% relative to the previous year to ¥823,509 million.

##### ***Related Construction***

Related construction work undertaken during fiscal 2003 included 297,000 new installations and 67,000 capacity expansion projects. Revenues from engineering works declined slightly compared with fiscal 2002, principally due to downward price revisions implemented on January 1, 2003 and November 1, 2003 for internal pipeline network projects. Segment net sales fell 2.4% year-on-year to ¥62,639 million.

##### ***Gas Appliances***

Despite our 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, sales volumes in the Gas Appliances segment were negatively impacted by slow consumer spending. Total net sales fell 8.6% year-on-year to ¥111,081 million.

### ***Other***

Net sales from other businesses fell 23.5% year-on-year to ¥15,983 million. This was principally due to the spin-off in July 2002 of Energy Advance Co., Ltd., a wholly owned subsidiary of the Company that is involved in the supply of district energy supply services.

### **(2) Sales and Income**

Total net sales from gas sales and the three other operating segments (related construction, gas appliance sales and other businesses) reached ¥1,013,754 million, an increase of 2.2% compared with the previous year. Cost reductions implemented across the entire business helped to offset higher feedstock costs arising from expanded gas sales volumes. Ordinary income rose 45.4% to ¥115,859 million.

Gains on a reduction in retirement benefit reserves associated with changes to the corporate pension system and other extraordinary gains amounted to ¥7,915 million. A lump-sum write-off of actuarial differences in retirement benefits and other extraordinary losses totaled ¥62,215 million. As a result, net income for the year fell 24.9% year-on-year to ¥40,273 million.

### **(3) Capital Expenditures**

Total capital expenditures for the year amounted to ¥86,743 million. Among the major production facilities completed in fiscal 2003 was an underground LNG (liquefied natural gas) storage tank at the Ohgishima LNG Terminal. The total length of the pipeline network was extended by 746 km during fiscal 2003, to 50,177 km as of March 31, 2004. Elements of the distribution infrastructure still under construction include the Kumagaya-Sano Line, the Chuo Line, and the Tochigi Line.

### **(4) Financing Activities**

Fresh straight bond issuance by the Company totaled ¥50,000 million during fiscal 2003. Following the assignment by the Company of bond obligations totaling ¥18,700 million to banks in line with agreed debt-assumption contracts, as well as the purchase and cancellation of liabilities worth ¥2,100 million. The outstanding balance of convertible bonds fell relative to the previous year-end, as a result of redemptions totaling ¥51,439 million and equity conversions totaling ¥9 million. During fiscal 2003, the Company instituted operation of a cash management system (CMS) designed to boost the return on short-term consolidated operating capital. As of the fiscal 2003 year-end, CMS-related borrowings by affiliates totaled ¥22,474 million. Total interest-bearing liabilities decreased by ¥6,808 million compared with the previous fiscal year-end, to ¥553,238 million.

### **(5) Prospective Challenges**

Deregulation is ushering in a new era of major competition in Japanese energy markets. The new entrants include gas and electric utilities, as well as companies from other sectors. Important amendments to the Gas Utility Industry Law came into force in April 2004 that promise to intensify competition in the gas sector by expanding the scope of unregulated business activities. With gas utilities also moving into electricity markets more aggressively, the environment surrounding the city gas supply business is undergoing a major transformation.

On the other hand, deregulation is also promoting the emergence of new, more highly integrated markets within the energy-related field that promise to bring together electricity, gas and other utilities, as well as creating various new energy and household services. We believe these moves will greatly expand the range of business opportunities available.

In October 2002, we formulated “Frontier 2007,” a new medium-term consolidated business plan that covers the five-year period of fiscal 2003–7. This plan aims to respond to major ongoing changes in the business environment by promoting company growth and development at the consolidated level, centering on our core field of expertise in energy supply and related services. The plan encompasses a variety of initiatives whose thrust is either reform or innovation.

### ***Business model reform and expansion of businesses in the energy-related field***

#### ***Electric power generation***

Our electric utility business builds on the LNG supply infrastructure. Subsidiary Tokyo Gas Bay Power Co., Ltd., which owns the Company’s first large-scale electric power generation facility (with a capacity of 100MW), initiated wholesale supply of electricity in October 2003. We are also considering the future possibility of a joint venture with another firm to expand the scale of generation facilities to 3,000MW.

#### ***Energy services***

Our business development efforts in this field are being spearheaded by a specially formed strategic subsidiary, Energy Advance Co., Ltd. Based on a growing customer network, this company is promoting the high environmental performance of natural gas co-generation systems and combining these products with the wealth of natural gas utilization technology that the Company has developed over the years. Total orders from the industrial and private sectors have already exceeded 60MW in generating capacity. We aim to be one of the leaders in the emerging energy services field in Japan, and business development efforts continue apace.

#### ***Upstream development and LNG transportation***

In our first venture into upstream development, we are participating in the Darwin LNG Project, which aims to develop the Bayu-Undan gas field between Australia and East Timor. Our first LNG tanker, the Energy Frontier, is already in operation. By entering the upstream and transportation sectors, we aim to generate profits along the entire LNG value chain, from gas development and production to liquefaction and transportation, thereby achieving vertical integration with our gas and electric utility operations.

#### ***New residential services***

We entered the non-life insurance business in January 2003. In April 2004, we began test marketing home security services, and a full-scale launch is planned for autumn 2004. These services aim to leverage our extensive expertise in equipment safety and security with the trust inspired by the Tokyo Gas brand. By persuading more residential customers to entrust us with the provision of security services, we hope to boost this brand value further.

### ***Creation of a consolidated group management system***

In April 2004, we introduced a strategic business unit system to enable the consolidated group to take advantage of shared business and commercial resources in order to raise value offered to customers.

The new strategic business unit system is designed to achieve the integration of both core and affiliated businesses, and thereby maximize corporate value. The new organization is divided into three categories: (1) strategic business units (to promote business strategy), (2) corporate elements (to formulate overall group strategy and manage the allocation of resources at the consolidated level), and (3) shared services/R&D elements (provision of services and technical support/development within the group, including consolidated accounting, materials and logistics, and real estate management).

### ***Strengthening of company structures***

The development of stronger company structures is viewed as a necessary precondition of business model reform to build a maximally competitive enterprise. Ongoing initiatives guided by this objective include the following: development of stricter and more comprehensive compliance systems; boosting asset efficiency, as measured by return on assets; increasing organizational and personnel efficiency; and the pursuit of cost reductions. Finally, the Company has sought to put its finances on a sounder footing by reforming its pension systems. This involved booking an extraordinary loss to cover a deficit in retirement benefits (arising from unrecognized actuarial differences).

Based on a new consolidated structure, the Company enters fiscal 2004 intent on raising corporate value and striving to meet the expectations of shareholders and customers. Management hopes that shareholders will grant us their continued understanding and support as we implement these policies.

## **2. Changes in Operating Results and Assets**

Millions of yen

Fiscal year ended March 31	2001 (201st fiscal term)	2002 (202nd fiscal term)	2003 (203rd fiscal term)	2004 (204th fiscal term)
Net Sales	965,619	974,566	992,236	1,013,754
Ordinary Income	58,542	72,249	79,680	115,859
Net Income	27,400	48,451	53,633	40,273
Earnings per Share (Yen)	9.75	17.24	19.19	14.78
Total Assets	1,490,157	1,411,444	1,381,359	1,410,023
Stockholders' Equity	508,185	517,070	528,264	540,217

*Notes: 1. Earnings per share for the 203rd fiscal term is calculated in accordance with the "Accounting Standard for Earnings per Share."*

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

**201st Fiscal Term Ended March 31, 2001**

Despite the negative effects of a reduction in the gas tariff, a 5.4% increase in net gas sales and an adjustment in unit charges based on the gas feedstock cost adjustment system had a favorable impact, increasing net gas sales by 10.3%. Despite the rise in feedstock costs reflecting the higher prices of crude oil, ordinary income increased by ¥23,613 million, or 67.6%, from the previous year as a result of the implementation of cost-cutting measures.

**202nd Fiscal Term Ended March 31, 2002**

Net gas sales increased by 1.3%, as the favorable impact of a 3.9% rise in net gas sales and an adjustment in unit charges based on the gas feedstock cost adjustment system offset the effects of a reduction in the gas tariff. Despite an increase in feedstock costs, which were boosted by a net fall in the value of the yen, lower depreciation expenses and company-wide cost-cutting efforts resulted in an increase in ordinary income of ¥13,707 million, or 23.4%, relative to the previous year.

**203rd Fiscal Term Ended March 31, 2003**

Net gas sales rose 5.6%, as the favorable impact of a 13.5% increase in gas sales volumes and an adjustment in unit charges based on the gas feedstock cost adjustment system offset the effects of a reduction in the gas tariff. Despite an increase in feedstock costs, company-wide cost-cutting efforts resulted in an increase in ordinary income of ¥7,431 million, or 10.3%, relative to the previous year.

**204th Fiscal Term Ended March 31, 2004**

Operating results for the 204th fiscal term are given above in I.1. “Business Conditions and Results of Operations.”

## II. CURRENT STATUS OF THE COMPANY (As of March 31, 2003)

### 1. Principal Business Activities

- (1) Production, supply and sale of city gas
- (2) Manufacture and sale of gas appliances and related engineering works

### 2. Shares

- (1) Number of shares authorized to be issued      6,500,000,000 shares
- (2) Number of shares issued                              2,810,171,295 shares
- (3) One unit of shares (*tangen*)                        1,000 shares
- (4) Number of shareholders                              187,544
- (5) Major shareholders

Name	Investment in the Company		Investment by the Company in these shareholders	
	Number of shares held (Thousand)	Percentage of voting rights (%)	Number of shares held (Thousand)	Percentage of voting rights (%)
Nippon Life Insurance Company	160,123	5.98	0	0
The Dai-Ichi Mutual Life Insurance Company	155,964	5.83	0	0
Japan Trustee Services Bank, Ltd. (Trust Account)	155,266	5.80	0	0
The Master Trust Bank of Japan, Ltd. (Trust Account)	151,530	5.66	0	0
Fukoku Mutual Life Insurance Company	78,504	2.93	0	0
State Street Bank and Trust Company	57,811	2.16	0	0
The Chase Manhattan Bank NA., London	45,918	1.72	0	0
Mizuho Corporate Bank, Ltd.	43,000	1.61	0	0
Employees Shareholding Association	40,688	1.52	0	0
Meiji Yasuda Life Insurance Company	34,849	1.30	0	0

*Notes: 1. Meiji Yasuda Life Insurance Company was formed by a merger of Meiji Life Insurance Company and The Yasuda Mutual Life Insurance Company on January 1, 2004.*  
2. Besides the shareholdings detailed above, the Company owns 109,025 thousand shares of treasury stock.



(6) Acquisition, disposition and holding of treasury stock

1) Acquisition of shares

Common stock: 77,113,646 shares

Total value of acquisitions: ¥28,037,877,438

2) Disposition of shares

Common stock: 261,010 shares

Total value of disposition: ¥92,768,670

3) Shares owned by the Company as of the balance sheet date

Common stock: 109,025,944 shares

### 3. Status of Important Business Combinations

Major Subsidiaries

Millions of yen

Company	Capital (¥ Million)	Percentage of voting rights (%)	Business
Tokyo Gas Urban Development Co., Ltd.	8,779	100.00	Real estate leasing, management and brokerage
ENERGY ADVANCE Co., Ltd.	3,000	100.00	Energy service business
Gaster Co., Ltd.	2,450	66.67	Manufacture and sale of gas appliances
KANPAI Co., Ltd.	1,300	100.00 (13.00)	Design and construction of gas pipelines, water supply and sewage pipes, air-conditioning systems
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
Tokyo Gas Chemicals Co., Ltd.	1,000	100.00 (17.70)	Sale of industrial gas and tar products
Park Tower Hotel Co., Ltd.	1,000	100.00 (100.00)	Hotel operation
Chiba Gas Co., Ltd.	480	99.94	Gas distribution
TG Credit Services Co., Ltd.	450	100.00	Leasing and credit administration in connection with gas appliances and construction
Tokyo Oxygen and Nitrogen Co., Ltd.	400	54.00 (54.00)	Manufacture and sale of liquefied oxygen/nitrogen
TG Information Network Co., Ltd.	400	100.00	System integration services
Tsukuba Gakuen Gas Co., Ltd.	280	100.00	Gas distribution
TG Enterprise Co., Ltd.	200	100.00	Intragroup financing services
Tokyo Gas Engineering Co., Ltd.	100	100.00	Comprehensive engineering services with a focus on energy-related works
Tokyo Gas Customer Service Co., Ltd.	50	100.00	Periodic safety check, billing and meter reading operations

Company	Capital (¥ Million)	Percentage of voting rights (%)	Business
TG•IT Service Co., Ltd.	50	100.00	Intragroup system and network services
KANPAI LIVING SERVICE Co., Ltd.	50	100.00 (100.00)	Sale of gas appliances

*Note: 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.*

Total net sales of the above 18 major subsidiaries were ¥286,372 million, and their total net income was ¥6,868 million.

#### 4. Major Creditors

Creditor	Balance of borrowings (¥ Million)	Stockholding by creditors	
		Number of shares held (Thousand)	Percentage of voting rights (%)
Japan Policy Investment Bank	58,032	0	0
Government Pension Investment Fund	4,243	0	0
Mizuho Corporate Bank, Ltd.	2,700	43,000	1.61
The Mitsubishi Trust & Banking Corp.	2,500	6,677	0.25
Bank of Tokyo Mitsubishi, Ltd.	2,100	15,560	0.58
Shinkin Central Bank	2,000	0	0
Sumitomo Mitsui Banking Corporation	1,700	5,977	0.22
Shinsei Bank, Ltd.	1,500	0	0
Nippon Life Insurance Co.	1,300	160,123	5.98
The Daiichi Mutual Life Insurance Company	1,050	155,964	5.83

#### 5. Employees

Number of employees (Change from previous year)	Average age (Years)	Average service years
8,753 (-2,585)	44.3	22.4

*Notes: 1. "Employees" refers to permanent full-time staff and does not include workers on loan and part-time staff.*

*2. The year-on-year change in the number of employees (a net decrease of 2,585 persons) was principally attributable to an increase in the number of employees on temporary loan associated with the outsourcing of customer service operations to Tokyo Gas Customer Service Co., Ltd.*

## 6. Principal Establishments

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	Nerima-ku, Tokyo
Saitama Service Branch	Saitama, Saitama
Kanagawa Service Branch	Yokohama, Kanagawa
Kawasaki Service Branch	Kawasaki, Kanagawa
Western Kanagawa Service Branch	Fujisawa, Kanagawa

Service branches (*Shisha*)

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

Pipeline Dept.

Name	Location
Southern Pipeline Regional Office	Minato-ku, Tokyo
Eastern Pipeline Regional Office	Arakawa-ku, Tokyo
Western Pipeline Regional Office	Setagaya-ku, Tokyo
Northern Pipeline Regional Office	Kita-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 Sales and Service Division	Shinjuku-ku, Tokyo
Energy Sales and Service Division	Shinjuku-ku, Tokyo
Affiliated Companies Division	Shinjuku-ku, Tokyo

*The following organizational changes took place on April 1, 2004.*

- Notes: 1. The Northern Service Branch relocated from Nerima-ku, Tokyo to Kita-ku, Tokyo.*
- 2. The Southern Pipeline Regional Office and the Western Pipeline Regional Office merged operations to form the West Tokyo Pipeline Regional Office in Shinjuku-ku, Tokyo.*
- 3. The Eastern Pipeline Regional Office and the Northern Pipeline Regional Office merged operations to form the East Tokyo Pipeline Regional Office in Arakawa-ku, Tokyo.*
- 4. The Residential Sales and Service Division ceased to exist and was integrated into the newly established Residential Sales Division in Shinjuku-ku, Tokyo.*
- 5. The Affiliated Companies Division ceased to exist and was merged into the Strategic Planning Division as the Affiliated Companies Department.*

## 7. Executive Management

Chairman, Representative Director		Kunio Anzai
Vice Chairman Representative Director		Hideharu Uehara
President, Representative Director		Norio Ichino*
Representative Director	Executive Vice President; Chief Executive of Production Division and Corporate Communications Division	Fumio Ohori*
Representative Director	Executive Vice President, Chief Executive of Strategic Planning Division, Corporate Auditors' Office and Compliance Dept.	Mitsunori Torihara*
Representative Director	Executive Vice President, Chief Executive of Energy Sales and Service Division and General Manager of Volume Sales Dept.	Shigero Kusano*
Director	Chief Executive of Pipeline and Safety Management Division	Kouya Kobayashi*
Director	Chief Executive of Affiliated Companies Division	Masahiro Ishiguro*
Director	Chief Executive of Volume Sales Dept.	Minoru Yokouchi*
Director	President of Kikkoman Corporation	Yuzaburo Mogi
Director	President and Representative Director of Dial Service	Yuri Konno
Director	President, The Japan Institute of International Affairs	Yukio Sato
Full-time Corporate Auditor		Soichiro Akimoto
Full-time Corporate Auditor		Hiroshi Hirai
Corporate Auditor	Advisor of Tokyo Electric Power Co., Ltd.	Shoh Nasu
Corporate Auditor	Executive Advisor of Yokohama Industrial Development Corporation	Kazuo Nemoto

- Notes:*
1. Asterisks (\*) denote members of the Board of Directors who concurrently hold the duty of Executive Officer.
  2. Hideharu Uehara, who was Representative Director and President previously, assumed the position of Representative Director and Vice Chairman as of June 27, 2003.
  3. Norio Ichino, who was Representative Director previously, assumed the position of Representative Director and President as of June 27, 2003.
  4. Mitsunori Torihara and Shigeru Kusano, who were Directors previously, assumed the positions of Representative Directors as of June 27, 2003.
  5. Yuri Konno and Yukio Sato assumed the position of Director as of June 27, 2003.
  6. Hiroshi Hirai assumed the position of Corporate Auditor and Full-time Corporate Auditor as of June 27, 2003.
  7. Shigeru Ogasawara and Kenshiro Koto retired from the position of Corporate Auditor as of June 27, 2003, due to expiration of tenure.
  8. Yuzaburo Mogi, Yuri Konno and Yukio Sato are outside directors stipulated in Article 188-2-7-2 of the Japanese Commercial Code.
  9. Shoh Nasu and Kazuo Nemoto are outside corporate auditors stipulated in Article 18-1 of "the Law for Special Exceptions to the Commercial Code Concerning Audit, etc. of Kabushiki-Kaisha."
  10. Fumio Ohori resigned from the position of Representative Director and assumed the position of Director as of March 31, 2004.
  11. Kouya Kobayashi resigned the position of Representative Director as of April 1, 2004.
  12. On April 1, 2004, the following changes were made in Director responsibilities:  
Mitsunori Torihara: Concurrently Executive Vice President; Chief Executive of Corporate Communications Division; and in charge of Compliance Dept.  
Kouya Kobayashi: Concurrently Executive Vice President and Chief Executive of Energy Production Division  
Masahiro Ishiguro: Concurrently Executive Vice President and Chief Executive of Corporate Service Division  
Fumio Ohori: Director and Counselor of Toyoko Engineering Co., Ltd.  
Minoru Yokouchi: Representative Director and President of Tokyo Gas Energy Co., Ltd.  
Kazuo Nemoto: Chairman of Sankeien Hoshokai Foundation

## **8. Total remuneration paid to directors and corporate auditors:**

Directors (12):                ¥329 million

Corporate auditors (6):    ¥82 million (including 2 retirees as of June 27, 2003)

*Note: The above figures do not include a total of ¥61 million paid to directors in the form of bonuses, severance payments on retirement, and remuneration (including bonuses) as employees held concurrently with directorships, as well as a total of ¥45 million paid to corporate auditors in the form of severance payments on retirement.*

**Non-consolidated Balance Sheet**

(As of March 31, 2004)

(Millions of yen)

**ASSETS**

Fixed Assets.....	1,193,530
Property, plant and equipment .....	869,849
Production facilities .....	245,572
Distribution facilities .....	527,829
Service and maintenance facilities .....	59,256
Incidental business facilities .....	5,147
Construction in progress.....	32,042
Intangible assets .....	14,645
Leaseholds.....	1,135
Other intangible assets .....	13,509
Investments and other assets .....	309,035
Investment securities.....	68,891
Investments in affiliated companies.....	123,908
Long-term loans.....	178
Long-term loans receivable from employees .....	4,250
Long-term loans to affiliated companies.....	28,388
Investments.....	6
Long-term prepaid expenses.....	35,495
Deferred income taxes.....	43,998
Other investments.....	5,282
Allowance for doubtful accounts.....	(1,365)
Current Assets.....	216,492
Cash and bank deposits.....	36,119
Notes receivable–trade .....	1,392
Accounts receivable–trade .....	83,749
Accounts receivable from affiliated companies–trade.....	9,534
Other receivables.....	10,818
Marketable securities.....	1
Finished goods.....	76
Raw materials.....	10,976
Supplies .....	6,500
Prepaid expenses .....	221
CMS short-term loans to affiliated companies.....	18,188
Short-term receivables due from affiliated companies.....	3,170
Deferred income taxes.....	9,181
Other current assets .....	27,487
Allowance for doubtful accounts.....	(927)
Total Assets.....	1,410,023

(Millions of yen)

**LIABILITIES**

Non-current Liabilities.....	599,866
Bonds .....	266,033
Convertible bonds.....	99,928
Long-term debt.....	74,367
Long-term debt due to affiliated companies .....	598
Reserve for retirement benefits .....	149,408
Reserve for gas holder repairs .....	3,253
Other non-current liabilities .....	6,277
Current Liabilities .....	269,938
Non-current liabilities due within one year .....	90,465
Accounts payable–trade .....	18,336
Other payables .....	27,406
Accrued expenses .....	38,130
Income taxes payable .....	35,015
Advances from customers .....	7,351
Deposits payable .....	1,567
CMS short-term borrowings from affiliated companies .....	22,474
Short-term payables to affiliated companies .....	18,569
Other current liabilities .....	10,621
Total Liabilities .....	869,805

**STOCKHOLDERS' EQUITY**

Capital .....	141,844
Common stock .....	141,844
Capital surplus .....	2,065
Additional paid-in capital .....	2,065
Retained earnings .....	403,442
Legal reserve.....	35,454
Reserve for advanced depreciation due to expropriation, etc. ....	976
Reserve for depreciation of special gas pipeline construction .....	3,317
Reserve for cost variations adjustment .....	141,000
General reserve .....	149,000
Unappropriated retained earnings .....	73,694
Difference in valuation .....	31,673
Net unrealized holding gains on securities .....	31,673
Treasury stock .....	(38,808)
Treasury stock .....	(38,808)
Total Stockholders' Equity .....	540,217
Total Liabilities and Stockholders' Equity .....	1,410,023

## Notes to the Non-Consolidated Balance Sheet

1. Accumulated depreciation for property, plant and equipment

¥2,068,473 million

2. Significant accounting policies

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

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

Held-to-maturity debt securities are stated using the amortized cost method.

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 stockholders' equity. The cost of securities sold is determined based on the moving-average method. Available-for-sale securities with no readily determinable fair market value are stated at cost, as determined by the moving-average method.

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

- (4) The Company provided a reserve for employees' retirement benefits at March 31, 2004 based on the estimated amounts of projected benefit obligation and the fair value of the pension plan assets at that date.

From the 204th fiscal term, the Company instituted a major change in its corporate pension system after new legislation governing defined-benefit pensions came into force. This change involved a shift from a tax qualified pension system to a contract type corporate pension system, which was also accompanied by the introduction of a cash-balance plan. These moves resulted in a reduction in the applied discount rate for retirement benefits, which produced an extraordinary gain of ¥5,664 million associated with the reduction of retirement benefit reserves. The Company also shortened the period for amortizing the costs of unrecognized actuarial differences from 10 years to 1 year, and booked unrecognized actuarial differences arising from past years as a lump-sum extraordinary loss of ¥58,956 million. The purpose of the change was to ensure that the Company's accounting statements treated retirement benefits on a more appropriate temporal basis, while also putting the Company's finances on a sounder footing.

Compared with the accounting methods previously applied, these changes resulted in an increase in ordinary income and reduction in income before income taxes of ¥6,315 million and ¥52,640 million, respectively.

- (5) The Company provides a reserve for periodic maintenance and repair of spherical gas holding tanks by accruing the estimated related costs over the period until the next scheduled repair.

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



3. From the 204th fiscal term, the Company adopted a new accounting standards relating to Impairment of Fixed Assets (issued by the Accounting Standards Board on August 9, 2002). The adoption of this standard resulted in an extraordinary loss of ¥1,651 million associated with a write-down of property, plant and equipment.
4. Classifications and terminology used in the accounts have been changed in accordance with revisions to the regulations governing gas utility accounting.
5. Receivables and payables due from/to subsidiaries included in those due from/to affiliated companies are as follows:
 

Long-term receivables due from subsidiaries	¥80,564 million
Long-term payables due to subsidiaries	¥585 million
Short-term receivables due from subsidiaries	¥29,697 million
Short-term payables due to subsidiaries	¥38,278 million
6. Investments in equity issued by subsidiaries included in “Investments in affiliated companies”
 

¥56,606 million
-----------------
7. Assets pledged as collateral
 

Property, plant and equipment	¥56 million
-------------------------------	-------------
8. Contingent liabilities for guarantee
 

(of which to be borne by the Company:	¥17,839million
Joint and several liabilities	¥17,438 million)
Contingent liabilities related to debt-assumption	¥14,404 million
underwriting contracts on corporate bonds	¥38,700 million
9. A reserve for gas holding tank maintenance and repairs is provided based on Article 43 of the Japanese Commercial Code.
10. The increase in stockholder’s equity as stipulated by Article 124, Section 3 of the Japanese Commercial Code is ¥31,673 million.
11. All amounts of less than one million yen have been rounded down in the accounts.

## Non-consolidated Statement of Income and Unappropriated Retained Earnings

(From April 1, 2003 to March 31, 2004)

(Millions of yen)

COSTS AND EXPENSES	INCOME
<b>Ordinary profit and loss</b>	
<b>Operating profit and loss</b>	
Cost of sales ..... 310,108	Product sales ..... 823,509
Beginning inventory ..... 83	Gas sales ..... 823,509
Cost of goods manufactured ..... 296,515	
Cost of goods purchased ..... 15,174	
Costs of goods internally used ..... 1,587	
Ending inventory ..... 76	
[Gross profit ..... 513,401]	
Selling expenses ..... 319,629	
General and administrative expenses ..... 78,257	
[Income from operation ..... 115,514]	
Miscellaneous operating expenses ..... 163,762	Miscellaneous operating revenue ..... 174,261
Expense for related construction ..... 58,834	Revenue from related construction ..... 62,639
Expense for gas appliance sales ..... 104,927	Revenue from gas appliance sales ..... 111,081
	Other operating revenue ..... 540
Incidental expenses ..... 15,041	Incidental revenue ..... 15,983
[Operating profit ..... 126,954]	
<b>Non-operating profit and loss</b>	
Non-operating expenses ..... 25,605	Non-operating income ..... 14,510
Interest expenses ..... 2,261	Interest income ..... 849
Bond interest expenses ..... 8,778	Dividend income ..... 1,945
Bond issue cost amortization ..... 249	Rental income ..... 4,562
Settlement adjustment charges	Reversal of environmental
for other construction contracts ..... 4,279	conditioning costs ..... 1,650
Loss on redemption of bonds ..... 6,574	Miscellaneous income ..... 5,502
Miscellaneous expenditure ..... 3,461	
[Ordinary income ..... 115,859]	
<b>Extraordinary profit and loss</b>	
Extraordinary expenses ..... 62,215	Extraordinary income ..... 7,915
Loss on reduction entries of fixed assets... 1,607	Gain on sales of fixed assets ..... 1,667
Loss on impairment of fixed assets ..... 1,651	Gain on sales of investment securities... 583
One time disposal of unrecognized	Gain on reversal of retirement benefit
actuarial losses ..... 58,956	reserve accompanying changes
	to corporate pension system ..... 5,664
[Income before income taxes ..... 61,560]	
Income taxes—current ..... 37,220	
Income taxes—deferred ..... (15,933)	
Net income ..... 40,273	
Total ..... 1,036,180	Total ..... 1,036,180

Net income .....	40,273
Retained earnings brought forward .....	41,516
Reversal of reserve for advanced depreciation due to expropriation, etc .....	9
Interim dividends .....	8,104
<b>Unappropriated retained earnings .....</b>	<b>73,694</b>
<i>Notes:</i>	
1. Sales to subsidiaries	¥30,079 million
Purchases from subsidiaries	¥134,906 million
Transactions with subsidiaries other than operating transactions	¥6,306 million
2. Earnings per share	¥14.78

### **Proposed Appropriation of Unappropriated Retained Earnings**

	(Yen)
Unappropriated retained earnings .....	73,694,219,583
Reversal of reserve for depreciation of special gas pipeline construction .....	741,446,572
<b>Total .....</b>	<b>74,435,666,155</b>
To be appropriated as follows:	
Dividends (¥4 per share) .....	10,804,581,404
Bonuses to directors .....	65,000,000
General Reserve .....	20,000,000,000
Unappropriated retained earnings to be carried forward .....	43,566,084,751

*Note: The Company distributed an interim dividend in the amount of ¥8,104,134,618 (¥3 per share) on November 25, 2003.*

**Report of Independent Certified Public Accountants**

**AUDIT REPORT**

May 10, 2004

To the Board of Directors,  
Tokyo Gas Co., Ltd.

KPMG AZSA & Co.

Representative Partner  
Engagement Partner      CPA      Toshiaki Yamaguchi

Representative Partner  
Engagement Partner      CPA      Hikoe Konishi

Engagement Partner      CPA      Kunimitsu Ito

We have audited the statutory report, that is the balance sheet, the statement of income and unappropriated retained earnings, the business report (limited to accounting matters) and the proposed appropriation of disposal of unappropriated retained earnings, and its supporting schedules (limited to accounting matters) of Tokyo Gas Co., Ltd for the 204rd business year from April 1, 2003 to March 31, 2004, in accordance with Article 2 Section 1 of “the Law for Special Exceptions to the Commercial Code Concerning Audit, etc. of Kabushiki Kaisha”. With respect to the aforementioned business report and supporting schedules, our audit was limited to those matters derived from the accounting books and records of the Company and its subsidiaries. These 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 audits as an independent auditor.

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

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

- (1) The balance sheet and the statement of income and unappropriated retained earnings present fairly the financial position and the results of operations of the Company in conformity with related laws and regulations and the Articles of Incorporation of the Company.

As discussed in Notes to the Non-Consolidated Balance Sheet, from the 204th fiscal term, the Company changed its method of accounting for reserve for employees' retirement benefits, and also adopted new Accounting Standards relating to Impairment of Fixed Assets.

Those changes are acceptable for the following reasons:

- 1) The Company changed the amortization period of unrecognized actuarial differences from 10 years to 1 year.

According to the enactment of the defined-benefit corporate pension law, the Company carried out major reforms in its corporate pension system involving a shift from a tax qualified pension system to a contract type corporate pension system and an introduction of a cash-balance plan.

With these reforms as an opportunity, the accounting change was made to ensure that the Company's accounting statements treated retirement benefits on a more appropriate temporal basis, while also putting the Company's finances on a sound footing.

- 2) The Company adopted new Accounting Standards relating to Impairment of Fixed Assets from the 204th fiscal term.

The change was made because the early adoption of the new Accounting Standards relating to Impairment of Fixed Assets was effective from the 204th fiscal term.

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

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

## **Report of the Board of Corporate Auditors**

### **AUDIT REPORT**

Regarding the execution of duties by the Directors for the 204th business year beginning April 1, 2003 and ending March 31, 2004, the Board of Corporate Auditors hereby submits its audit report, which has been prepared through discussions based on reports from the respective corporate auditors concerning the methods and results of audits performed.

#### **1. Overview of Auditing Methods Employed by Corporate Auditors**

Based on the auditing policies and other guidelines specified by the Board of Corporate Auditors, each corporate auditor has attended the meetings of the Board of Directors and other important meetings, received reports on business conditions from the directors and other relevant personnel, examined important approval documents and associated information, studied the operations and financial positions at headquarters and principal offices, and also requested reports from subsidiaries regarding their business conditions and, when necessary, studied their operations and financial positions at their offices. Moreover, the corporate auditors have received reports and explanations regarding the audits performed by independent auditors, and have examined the financial documents and supporting schedules.

Regarding competitive trade by any of the directors, trade implying conflict of interest involving the Company and any of its directors, the Company's gratis allocation of benefits, actions of trade counter to general practices between any subsidiary and any shareholder, and the acquisition and disposal of the Company's treasury stock, we studied in detail, when necessary, the conditions of such trade, if any, and requested reports from the directors and other relevant personnel, in addition to our auditing efforts using the aforementioned methods.

#### **2. Audit Results**

- (1) In our opinion, the methods and results employed and rendered by independent auditors, KPMG AZSA & Co. are fair and reasonable.
- (2) In our opinion, the business report fairly represents the Company's condition in accordance with the related laws and regulations and the Articles of Incorporation.
- (3) With regard to the proposed appropriation of unappropriated retained earnings, we have found no items of exception regarding the Company's financial status or other circumstances.
- (4) In our opinion, the supporting schedules fairly represent the items for which documentation should be expected. We have found no items of exception in that regard.

(5) With regard to the execution of duties by the Company's directors, we have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Incorporation.

We have moreover found no breach of duty by the directors with regard to competitive trade by any of the directors, trade implying conflict of interest involving the Company and any of its directors, the Company 's gratis allocation of benefits, actions of trade counter to general practices between any subsidiary and any shareholder, and the acquisition and disposal of the Company 's treasury stock.

May 13, 2004

Board of Corporate Auditors of Tokyo Gas Co., Ltd.  
Soichiro Akimoto, Full-time Corporate Auditor  
Hiroshi Hirai, Full-time Corporate Auditor  
Kazuo Nemoto, Corporate Auditor

Notes: 1. The corporate auditor, Kazuo Nemoto, is an outside auditor under Article 18-1 of "the Law for Special Exceptions to the Commercial Code Concerning Audit, etc. of Kabushiki-Kaisha."  
2. Mr. Shoh Nasu was absent from the meeting of corporate auditors held on May 13, 2004 due to illness. Accordingly, his name and seal have not been included on this Audit Report.

## **REFERENCE DOCUMENT FOR THE EXERCISE OF VOTING RIGHTS**

1. Total number of voting rights held by all shareholders: 2,677,391
2. Proposals and references

### **Proposal No. 1: Approval of the Proposed Appropriation of Unappropriated Retained Earnings for the 204th Fiscal Term**

This proposal is summarized in the attached “Proposed Appropriation of Unappropriated Retained Earnings” (Page 16).

We hereby propose a year-end dividend of ¥4 per share (¥3 per share was paid last year). If approved, total dividends for the 204th fiscal term, including the interim dividend of ¥3 per share already paid in November 2003, will be ¥7 per year.

We also hereby propose to provide a general reserve of ¥20 billion in view of further strengthening the financial position of the Company.

Moreover, we hereby propose that directors' bonuses of ¥65 million be provided for, considering the Company's general operating conditions.

Additionally, we hereby propose that a portion of the Company's reserve against depreciation of construction of special gas pipes be deducted under the provisions of the Special Taxation Measures Law.

### **Proposal No. 2: Proposed Partial Amendments to the Articles of Incorporation**

#### **1. Reason for the amendments**

- (1) Amendments to the Commercial Code of Japan and “the Law for Special Exceptions to the Commercial Code Concerning Audit, etc. of Kabushiki-Kaisha.” (Law No. 132 of 2003), which came into effect on September 25, 2003, allowed the Company to acquire treasury stock by resolution of the Board of Director based on Article of Incorporation. This change requires an amendment to the Articles of Incorporation.
- (2) The election of replacement auditors in advance was recognized in an ordinance (No. 1079) issued by the Civil Affairs Bureau of the Ministry of Justice on April 9, 2003. This ordinance establishes the necessary regulations and adds the requisite wording to the Japanese Commercial Code to allow for those situations when the number of corporate auditors falls below the statutory quorum.
- (3) The various changes referred above necessitate renumbering of articles.



2. Details of proposed amendments  
The proposed amendments are detailed below.

(Amendments shown underlined)

Current Articles of Incorporation	Proposed Amendments to Articles of Incorporation
<p>(New)</p>	<p><b><u>Article 6:</u></b> <u>(Acquisition of Treasury Stock)</u> <u>The Company may acquire treasury stock by resolution of the Board of Directors, in accordance with the provisions of Article 211-3, Section 1.2 of the Commercial Code of Japan.</u></p>
<p><b><u>Article 6:</u></b> (Omitted) <b>to <u>Article 28:</u></b></p>	<p><b><u>Article 7:</u></b> (Renumbered but retained in original form) <b>to <u>Article 29:</u></b></p>
<p><b><u>Article 29:</u></b> (Number of Corporate Auditors) The number of corporate auditors of the Company shall not exceed five (5). In case of a vacancy in the Board of Auditors, the Company may postpone election of a replacement auditor to fill the vacancy unless the number of current auditors is less than the statutory fixed number. (New)</p>	<p><b><u>Article 30:</u></b> (Number of Corporate Auditors) The number of corporate auditors of the Company shall not exceed five (5). In case of a vacancy in the Board of Auditors, the Company may postpone election of a replacement auditor to fill the vacancy unless the number of current auditors is less than the statutory fixed number. <u>If the number of current auditors is less than this statutory minimum, replacement auditors can be elected in advance at an ordinary general meeting of shareholders.</u></p>
<p><b><u>Article 30:</u></b> (Election of Corporate Auditors) For adoption of a resolution to elect corporate auditors, not less than one-third (1/3) of the voting rights held by all shareholders should be represented by the shareholders present at a general meeting of shareholders. (New)</p>	<p><b><u>Article 31:</u></b> (Election of Corporate Auditors) For adoption of a resolution to elect corporate auditors <u>or replacement auditors</u>, not less than one-third (1/3) of the voting rights held by all shareholders should be represented by the shareholders present at a general meeting of shareholders. <u>The election of any replacement auditors shall have effect until the next ordinary general meeting of shareholders.</u></p>

<p><b>Article 31:</b> (Term of Office of Corporate Auditors) The term of office of corporate auditors shall expire at the end of the ordinary general meeting of shareholders relating to the latest fiscal year that ends within <u>four (4)</u> years of their assumption of office. The term of office of any corporate auditor elected to fill a vacancy shall be the same as the remainder of the term of office of their predecessor.</p>	<p><b>Article 32:</b> (Term of Office of Corporate Auditors) The term of office of corporate auditors shall expire at the end of the ordinary general meeting of shareholders relating to the latest fiscal year that ends within four (4) years of their assumption of office. The term of office of any corporate auditor elected to fill a vacancy <u>or of any replacement auditor</u> shall be the same as the remainder of the term of office of their predecessor.</p>
<p><b>Article 32:</b> (Omitted) <b>to Article 42:</b></p>	<p><b>Article 33:</b> (Renumbered but retained in original form) <b>to Article 43:</b></p>
<p><b>Article 43:</b> (Conversion Date of Convertible Bonds and Exercise Date of New Stock Subscription Warrants Attached to Corporate Bonds) For the purposes of initial cash dividend payments arising from the conversion of convertible bonds or the exercise of stock subscription warrants attached to corporate bonds and interim cash dividend payments paid under the provisions of <b>Article 41</b> above, the relevant stock conversion dates and exercise dates shall be deemed to be the first day of the corresponding fiscal half-year (April 1 for claims made between April 1 and September 30, and October 1 for claims made between October 1 and March 31 in the next fiscal year), and dividends shall be paid accordingly.</p>	<p><b>Article 44:</b> (Conversion Date of Convertible Bonds and Exercise Date of New Stock Subscription Warrants Attached to Corporate Bonds) For the purposes of initial cash dividend payments arising from the conversion of convertible bonds or the exercise of stock subscription warrants attached to corporate bonds and interim cash dividend payments paid under the provisions of <b>Article 42</b> above, the relevant stock conversion dates and exercise dates shall be deemed to be the first day of the corresponding fiscal half-year (April 1 for claims made between April 1 and September 30, and October 1 for claims made between October 1 and March 31 in the next fiscal year), and dividends shall be paid accordingly.</p>

### Proposal No. 3: Acquisition of Treasury Stock

We hereby propose that you approve the Company's intention of acquiring 50 million common shares of its own stock with a limit of total acquisition costs of ¥20 billion during the period from the conclusion of this Ordinary General Meeting of Shareholders until the conclusion of the next Ordinary General Meeting of Shareholders in conformity with the provision of Article 210 of the Commercial Code of Japan, for the purpose of securing greater flexibility in performing its management measures such as financial policies in response to changes in economic conditions.

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

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

The nominees for the new directors are as follows:

<b>No.</b>	<b>Name (Date of birth)</b>	<b>Brief personal history and representative positions in other companies</b>	<b>Number of the Company's shares held</b>
1	Kunio Anzai (October 25, 1933)	April 1956 Joined the Company Sept. 1979 General Manager of Gas Resources Dept. June 1982 Director, General Manager of Gas Resources Dept. June 1983 Managing Director June 1986 Representative Director and Senior Managing Director June 1988 Representative Director and Executive Vice President April 1989 Representative Director and President June 1999 Representative Director and Chairman (Current position) Other company: Representative Director and President, Ohtone Country Club	321,752
2	Hideharu Uehara (February 9, 1936)	April 1959 Joined the Company July 1986 Assistant to Director in charge of Documents Dept. July 1987 Deputy General Manager of Facility Service Dept. June 1988 General Manager of Planning Dept. July 1991 General Manager of Accounting and Finance Dept. June 1992 Executive General Manager of Corporate Planning Dept. June 1993 Managing Director of Corporate Planning Dept. June 1994 Managing Director June 1995 Representative Director and Senior Managing Director June 1996 Representative Director and Senior Managing Director, General Manager of Business Developments Dept. June 1998 Representative Director and Executive Vice President June 1999 President and Representative Director June 2002 Representative Director and Executive President June 2003 Representative Director and Vice Chairman (Current position)	193,831

3	Norio Ichino (January 1, 1941)	<p>April 1964 Joined the Company</p> <p>July 1990 Chief Manager of Service Administration Group</p> <p>July 1991 Deputy Chief Executive of North District</p> <p>June 1993 Assistant to Director in charge of Documents Dept.</p> <p>June 1996 Executive General Manager of Corporate Planning Dept.</p> <p>June 1998 Managing Director, Chief Executive of Business Developments Dept.</p> <p>June 2000 Representative Director and Senior Managing Director, Chief Executive of Business Developments Dept.</p> <p>June 2001 Representative Director and Senior Managing Director</p> <p>June 2002 Representative Director and Executive Vice President, Chief Executive of Corporate Communication Div.</p> <p>June 2003 Representative Director and Executive President (Current position)</p>	119,617
4	Mitsunori Torihara (March 12, 1943)	<p>April 1967 Joined the Company</p> <p>July 1992 Manager of Management Planning Group</p> <p>Aug. 1993 General Manager of Kanagawa Sales Planning Dept.</p> <p>June 1994 Deputy Chief Executive of Kanagawa Sales Dept.</p> <p>June 1996 General Manager of Gas Resources Dept.</p> <p>June 1998 Director, General Manager of Gas Resources Dept.</p> <p>June 2000 Managing Director</p> <p>June 2002 Director and Chief Executive of Strategic Planning Div.</p> <p>June 2003 Representative Director and Executive Vice President, Chief Executive of Strategic Planning Div.</p> <p>April 2004 Representative Director and Executive Vice President, Chief Executive of Corporate Communication Div. (Current position)</p>	71,000
5	Shigero Kusano (March 25, 1944)	<p>April 1967 Joined the Company</p> <p>July 1992 Manager of Heating and Cooling No. 1 Group, Metropolitan Dept.</p> <p>Oct. 1992 Manager of Sales Promotion Group, Metropolitan Dept.</p> <p>Jan. 1993 Manager of Sales Promotion Group, Manager of Customer Sales Group, Metropolitan Dept.</p>	73,000

		<p>July 1993 Manager of Sales Promotion Group, Metropolitan Dept.</p> <p>June 1995 Manager of Sales Promotion Group, Energy Sales Dept.</p> <p>June 1996 General manager of Sales Planning Dept.</p> <p>June 1997 General Manager of General Sales Dept.</p> <p>June 1998 Director, General Manager of General Planning Dept.</p> <p>June 2000 Managing Director</p> <p>June 2002 Director and Chief Executive of Energy Sales and Service Div.; General Manager of Volume Sales Dept., Energy Sales and Services Div.</p> <p>June 2003 Representative Director and Executive Vice President, Chief Executive of Energy Sales and Services Div.; General Manager of Volume Sales Dept., Energy Sales and Services Div. (Current position)</p>	
6	Kouya Kobayashi (March 23, 1942)	<p>April 1965 Joined the Company</p> <p>July 1991 Assistant to Chief General Manager of Sales and Service Div.</p> <p>March 1994 General manager of Information System Dept.</p> <p>June 1995 General Manager of Living Planning Dept.</p> <p>June 1998 Director, General Manager of Living Planning Dept.</p> <p>June 2000 Managing Director</p> <p>June 2001 Managing Director, General Manager of R&amp;D Div.</p> <p>June 2002 Director and Chief Executive of Pipeline and Safety Management Div.</p> <p>April 2004 Representative Director and Executive Vice President, Chief Executive of Energy Production Div. (Current position)</p>	65,171
7	Tadaaki Maeda (May 8, 1942)	<p>April 1970 Joined the Company</p> <p>July 1992 Assistant to General Manager of General Planning Dept.</p> <p>July 1993 Assistant to General Manager of Technology Planning Dept, Group Manager of Research &amp; Planning Group</p> <p>Jan. 1994 Assistant to General Manager of Technology Planning Dept, Group Manager of Technology and Planning Group 1</p> <p>July 1994 General Manager of Planning, Western Regional Business Division</p> <p>June 1996 Deputy General Manager of Western Regional Business Division</p>	67,675

		<p>June 1997 General Manager of Commodity Development Division</p> <p>June 2000 Director, General Manager of Energy Sales and Service Division</p> <p>June 2002 Chief Executive of R&amp;D Division</p> <p>April 2004 Chief Executive of Energy Resources Business Division (Current position)</p>	
8	Takashi Kunitomi (January 12, 1946)	<p>April 1969 Joined the Company</p> <p>July 1991 Sales Manager of Knagawa Service Branch</p> <p>July 1997 General Manager of Research No.1 Group of Sales Research Dept.</p> <p>July 1994 Strategic Planning Division</p> <p>June 2000 Director, General Manager General Planning Dept.</p> <p>June 2002 Chief Executive of Residential Sales and Service Division</p> <p>April 2004 Chief Executive of Residential Sales Division (Current position)</p>	62,000
9	Tsuyoshi Okamoto (September 23, 1947)	<p>April 1970 Joined the Company</p> <p>July 1991 Group Manager of LNG No. 1Group, Material Division</p> <p>July 1992 Group Manager of Material Research &amp; Development Group, Material Division</p> <p>July 1994 Assistant to General Manager of Material Division, Group Manager of Material Research &amp; Development Group</p> <p>June 1996 Planning Manager of Northern Regional Business Division</p> <p>June 1997 Deputy General Manager of Northern Regional Business Division</p> <p>June 1998 General Manager of General Administration Dept.</p> <p>June 1999 Assistant to Director, General Administration Dept.</p> <p>June 2002 Executive of Strategic Planning Division, General Manger of Corporate Planning Dept.</p> <p>April 2004 Chief Executive of Strategic Planning Division</p>	13,000

10	Yuzaburo Mogi (February 13, 1935)	<p>April 1958 Joined the Kikkoman Co. Ltd.</p> <p>March 1979 Director</p> <p>March 1982 Managing director</p> <p>March 1989 Representative Director and Senior Managing Director</p> <p>March 1994 Representative Director and Executive Vice President</p> <p>Feb. 1995 Representative Director and President</p> <p>June 2002 Director of the Company (Current position)</p>	0
		<p>Other companies:</p> <p>Representative Director and Chairman of the Board of Directors, Tone Coca-cola Bottling Co.</p> <p>Representative Director and President of Shouyu Kaikan K.K</p> <p>Director, Chairman and President, Kikkoman Foods, Inc.</p> <p>Director, Chairman of the Board, Kikkoman (S) Pte. Ltd.</p> <p>President, PRESIDENT KIKKOMAN INC.</p> <p>Director and Chairman of the Board, Kikkoman International Inc.</p>	
11	Yuri Konno (June 2, 1936)	<p>May 1969 Representative Director and President, DIAL SEERVICE Co., Ltd.</p> <p>June 2003 Director of the Company (Current position)</p>	1,000
		<p>Other company:</p> <p>Representative Director and President, Living Science Institute</p>	
12	Yukio Sato (October 6, 1939)	<p>April 1961 Joined the Ministry of Foreign Affairs of Japan</p> <p>Jan. 1990 Director-General, Intelligence and Research Bureau</p> <p>Jan. 1992 Director-General, North American Affairs Bureau</p> <p>May 1994 Ambassador to the Embassy of Japan in the Netherlands</p> <p>Jan. 1996 Ambassador to the Embassy of Japan in Australia</p> <p>Sept. 1998 Ambassador to the United Nations</p> <p>Aug. 2002 Retirement</p> <p>Sept. 2002 Retired from the Ministry of Foreign Affairs</p> <p>Feb. 2003 President, The Japan Institute of International Affairs</p> <p>June 2003 Director of the Company (Current position)</p>	0

Notes: 1. Yuri Konno is the Representative Director and President of DIAL SERVICE Co., Ltd., which is a company that Tokyo Gas frequently contracts out switchboard, call center and other operations to.

2. There is no special interest between the nominees above and the Company.

3. The nominees above, Yuzaburo Mogi, Yuri Konno and Yukio Sato are outside directors stipulated in Article 188-2-7-2, of the Japanese Commercial Code.

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

The term of office of the current corporate auditor, Sho Nasu, expires at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, we hereby propose that you elect one (1) new corporate auditor.

The nominee for the new Corporate Auditor is 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
Masayoshi Hanafusa (October 10, 1934)	April 1957    Joined Hitachi Consumer Products Sales Inc. Aug. 1960    Joined Hitachi Credit Corporation June 1977    Director of Hitachi Credit Corporation June 1983    Managing Director of Hitachi Credit Corporation June 1987    Senior Managing Director of Hitachi Credit Corporation June 1991    Representative Director and President of Hitachi Credit Corporation Oct. 2000    Representative Director and President of Hitachi Capital Corporation June 2001    Representative Director and Chairman of Hitachi Capital Corporation June 2003    Director and Chairman of Hitachi Capital Corporation (Current position)	0

- Notes: 1. There is no special interest between the nominee above and the Company.  
2. Masashi Hanabusa is the outside director, as stipulated in Article 18-1 of "the Law for Special Exception to the Commercial Code Concerning Audit, etc. of Kabushiki-Kaisha."*



**Proposal No. 6: Payments of Retirement Bonuses to Retired Directors and a Retiring Corporate Auditor**

We hereby propose to pay retirement bonuses to Fumio Otori, Masahiro Ishiguro and Minoru Yokouchi, who are retiring as directors and Shoh Nasu, who is retiring as corporate auditor due to the expiration of their term at the conclusion of this Ordinary General Meeting of Shareholders within the reasonable range in accordance with the Company’s rule as a reward for the services rendered during their respective tenures. We propose that the actual amounts, timing and method of payments be left to the discretion of the Board of Directors for the retired director and to the Board of Corporate Auditors for the retiring corporate auditors.

The brief histories of the retiring directors and an corporate auditor in the Company are as follows:

Name	Brief personal history	
Fumio Otori	June 1996	Director, General Manager of Energy Div.
	June 1997	Director, General manager of North District
	June 1998	Managing Director, General Manager of Kanagawa District
	June 1999	Managing Director, General Manager of Pipeline and Safety Management Div.
	June 2000	Managing Director, General Manager of Production Div.
	June 2001	Senior Managing Director, General Manager of Production Div.
	June 2002	Representative Director and Executive Vice President, Chief Executive of Production Div.
	June 2003	Representative Director and Executive Vice President, Chief Executive of Production Div. and Corporate Communication Div.
	April 2004	Director of the Company (Current position)
Masahiro Ishiguro	June 2000	Managing Director
	June 2002	Director and Chief Executive of Affiliated Companies Div.
	April 2004	Representative Director and Executive Vice President, Chief Executive of Corporate Service Div. (Current position)
Minoru Yokouchi	June 2000	Director, Chief Executive of Energy Sales Dept.
	June 2001	Managing Director, Chief Executive of Energy Sales Dept.
	June 2002	Director and Chief Executive of Regional Sales and Services Div.
	April 2004	Director of the Company (Current position)
Shoh Nasu	June 2001	Corporate Auditor of the Company (Current position)

**Change of the name of the accounting firm**

Asahi & Co. that has been responsible for auditing the Company has changed its name to KPMG AZSA & Co.





