[English Translation Originally Issued in the Japanese Language]

Security Identification Code: 9531

May 30, 2008

Dear Shareholders:

NOTICE OF THE 208th ORDINARY GENERAL MEETING OF SHAREHOLDERS

We hereby inform you of the 208th Ordinary General Meeting of Shareholders of Tokyo Gas Co., Ltd. (hereinafter, "We" or "the Company") to be held as described below.

If you are unable to attend the meeting, you may exercise your voting rights through either of the methods described below. In that case, we respectfully ask you to exercise your voting rights by the deadline on 17:30 (GMT+9:00) Thursday, June 26, 2008, after reading the Reference Materials of General Meeting of Shareholders starting from page 41.

<Voting via Postal Mail>

Please indicate approval or disapproval for each proposal by placing a circle in the designated space in the enclosed CARD FOR EXERCISE OF VOTING RIGHTS, and return it by postal mail to us so that it arrives by the above deadline.

<Voting via the Internet and Others>

Please access the WEB-SITE FOR EXERCISE OF VOTING RIGHTS (**http://www.web54.net**) through personal computers or cell-phones and enter your voting code and password shown in the enclosed CARD FOR EXERCISE OF VOTING RIGHTS. Then, following the instructions on screen, please enter your approval or disapproval for each proposal and submit them by the above deadline.

If you exercise your voting rights via the internet, please read the enclosed, 'Instruction for Exercise of Voting Rights via the Internet and other methods'.

Sincerely yours,

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

1. Date and Hour:
   10 a.m., Friday, June 27, 2008

2. Place:
   Tokyo Gas Building 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 on the Consolidated Financial Statements" for the 208th Business Year (from April 1, 2007 to March 31, 2008)

(2) Matters to resolve:

Proposal No. 1: Approval of the Appropriation of Surplus

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

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

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

If duplicated votes are exercised by both postal mail and by internet, the vote arrives later shall be deemed valid.

If both of the duplicated votes arrive on the same date, the vote exercised via internet shall be deemed valid.

Note 1: For shareholders attending the Ordinary General Meeting of Shareholders, 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.

*Note 2: This notice has been posted on the Company website (***http://www.tokyo-gas.co.jp***). Please note that in the event there are any revisions to the Reference Materials for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements or Non-Consolidated Financial Statements, the notice for such revisions 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, 2007 to March 31, 2008)

1. Matters concerning current state of Group Operations

(1) Business Conditions and Results

The Japanese economy during the period under review was plagued by heightening uncertainty due to unstable conditions in the stock and exchange markets in the wake of the problems in the US arising from home financings to low credit individuals (sub-prime mortgage loan crisis) and galloping international crude oil prices.

Meanwhile, amidst the rising cost of LNG and increasing societal demand for alleviating the burden on the environment, 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, as a result of the full-scale implementation of the "Medium-Term Management Plan for the Tokyo Gas Group, FY 2006-2010", 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 ¥1,487,496 million, representing a year-on-year increase of 8.0% from the previous consolidated business 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 fell by 56.8%, year-on-year, to ¥70,048 million and ordinary income was down 57.2%, year-on-year, to ¥66,832 million. Net income for the year decreased 57.8%, year-on-year, to ¥42,487 million due to the posting of extraordinary gains, during the business year under review, as sale of certain investment securities and fixed assets amounting to ¥3,355 million and ¥1,849 million, respectively, while extraordinary losses of ¥1,078 million were recorded as loss on valuation of investment securities.

A review of results by operating segment follows.

1) Gas Sales

Total customer numbers rose by 173 thousand during this business year, to 10,380 thousand as of March 31, 2008. Gas sales volume increased 6.8% year-on-year to 14,215,172 thousand cubic meters.

Of this aggregate volume, the volume of household-bound gas sold increased by 2.3%, year-on-year, to 3,529,399 thousand cubic meters as we gained contracts with new customers and the household demand for air-heating and hot water increased during the second half-year, the period of higher demand for gas, due to a decline in air temperature (on average, by -1.1 degrees Celsius) even though demand for hot water decreased somewhat during the first half-year when the air temperature increased (on average, by 0.6 degree Celsius) than that of the corresponding half-years of the previous business year. The volume of business-bound gas sold (for commercial, public and medical uses) stood at 3,125,943 thousand cubic meters, up 5.2% year-on-year, as the air temperature jumped up during the first half-year but decreased during the second half-year than that of the respective corresponding half-years of the previous business year resulting in an increase in air conditioning demand, and other factors. The volume of industry-bound gas sold expanded by 7.4%, year-on-year, to 5,731,576 thousand cubic meters thanks to newly cultivated demand and increased demand from existing customers. The Group's wholesale supply to other gas suppliers increased by 17.6%, year-on-year, to 1,828,254 thousand cubic meters thanks to their development of new demands.

The overall gas sales increased by 8.8%, year-on-year, to ¥1,087,044 million as a result of adjustments of unit rates implemented under the raw material cost adjustment system, etc.

2) Gas Appliances

Despite 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 environmental friendliness, comfort, convenience and economic benefits, total net sales volume in the Gas Appliances segment decreased 2.3% year-on-year to ¥132,326 million due to stringent competition with other energy categories.

3) Related Construction

Revenue from related construction work undertaken during this business year decreased by 3.2% year-on-year to ¥57,325 million, due to the decline in the number of new installations by 11 thousand over the previous year to 261 thousand.

4) Real Estate

Total net sales in the Property Rental segment increased by 3.3% year-on-year to ¥35,169 million due to the increase in rented floor space in the Shinjuku Park Tower.

5) Other

Other sales increased 12.2%, to ¥320,361 million. This was due to factors such as an increase in sales related to energy service business.

(2) Group Capital Expenditures

Total capital expenditures for this business year amounted to ¥138,006 million. The total length of the pipeline network was extended by 771 km during this business year, to 56,348 km as of March 31, 2008. Currently, the Central Trunk Line, Chiba-Kashima Line and Gunma Line are under construction.

(3) Group Financing Activities

Our outstanding bond balance decreased by ¥4,423 million due to the conversion of convertible bonds despite a ¥29,900 million increase resulting from the issuance of the 28th and 29th unsecured bonds. Borrowings from creditors increased by ¥7,683 million. As a result, consolidated interest-bearing liabilities rose by ¥33,249 million compared with the previous year-end, to ¥558,716 million.

(4) Prospective Challenges

While customers build up their expectations for natural gas in light of the heightened public awareness about international energy security and measures to cope with global warming, the Tokyo Gas Group faces the ever-growing challenge of enhancing its competitiveness in the energy market higher in light of the intensification of competition with the household electricity sector and other sectors in a climate of increasing LNG prices due to galloping crude oil. In as such, the increase in the price of LNG in recent years vastly exceeded forecasts made at the time the Medium-Term Management Plan was formulated greatly affecting the revenue of the Tokyo Gas Group.

Given this drastically changing business environment, the Tokyo Gas Group will steadily implement measures centered on the tenets “Establishment of a 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 and, as part of these measures, fortifying its efforts for the stable supply of highly competitive LNG. Through these efforts, the Tokyo Gas Group will aim to be a corporate group capable of sustaining its growth and development constantly trusted by its customers, shareholders and society, and work towards increasing its corporate value as a leader in the natural gas-based comprehensive energy business, contributing to the development of the global society and improving the natural environment.

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

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

First, in our residential business, against offensive actions of electric power companies promoting electrified homes using electricity as the sole energy source, the Group is endeavoring to help people lead a comfortable and affluent life by offering TES floor heating systems and bathroom heating and drying systems as well as working to increase the popularity of "ECO-JOUZU", the energy-saving and high-performance water heaters, as well as "LIFUEL" (fuel cell) and "ECOWILL" (gas engines) home generating systems and other products that are both energy efficient and kind to the environment.

Second, in energy marketing, by recognizing the expanded scope of liberalization as a business opportunity and meeting the needs of its corporate and industrial customers, the Tokyo Gas Group provides a diverse range of solutions and value on the basis of multiple energy supply including gas and electricity and an abundant variety of energy services.

Additionally, with respect to the challenge of the "wide-area development of the comprehensive energy business," the Group is moving ahead efficiently with the development of its gas pipeline network that includes the Chiba-Kashima Line 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.

To promote its comprehensive energy business through its endeavor in these businesses, the Tokyo Gas Group must stably procure highly competitive LNG. The Group is working towards improving its LNG value chain by developing effective alliances with domestic and foreign upstream LNG companies, carriers, terminals, gas suppliers, and other companies through participating in the upstream LNG business and the ownership of LNG ships. In this business year, the Group executed a purchasing agreement and secured upstream interests in the Pluto LNG Project in Australia. In addition, the procurement of LNG from Sakhalin II in Russia will commence and a 6th Tokyo Gas operated ship is scheduled to begin service in the 2008 business year.

<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, the Tokyo Gas Group is fully implementing its safety measures 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 older gas pipelines in need of leak-prevention measures and those pipelines owned by and located within the premises of its customers. At the same time, the Group is working actively to formulate a self-imposed action plan, step up initiatives to teach people how to use gas appliances correctly, replace unsafe gas appliances and develop safer gas appliances.

At the G8 Summit to be held July this year in Toyako, Hokkaido, global warming countermeasures will be discussed as one of the main issues. The Tokyo Gas Group, in its role as a player in the energy industry, has placed environmental conservation high on its list of important managerial issues contributing to lower the burden placed by its customers on the environment through the promotion of environmentally-friendly natural gas. In the future, as a leader in environmental management, the Group will actively and continually effectuate comprehensive environmental countermeasures in its business activities as well as environmental communication activities and promote a medley of Group wide environmental conservation activities by developing and diffusing efficient, environmentally-friendly devices and systems and utilizing regenerable energy, such as biogas and solar heat.

<Structural Reform>

The Tokyo Gas Group will secure a greater competitive advantage by overhauling our corporate structure, building optimal systems for developing our comprehensive energy business and focusing our business resources.

As part of these efforts, a cooperation company of the Company, Enesta's gas appliance sales, repairs and installation and commencement and stopping of gas valve opening and closing service, offered when properties are moved in or vacated by customers, as well as Tokyo Gas Customer Service Group's gas facility safety inspections and meter reading services were reorganized and integrated to form "Tokyo Gas LIFEVAL", a one-stop provision of products and services conceived to increase the standard of living of people. More specifically, the area occupied by the Company, excluding regional areas, was divided into some 60 blocks for which Tokyo Gas LIFEVAL became the sole contact point for gas related services. The company began servicing 12 blocks (covered by 10 corporations) in April of this year as the regional interface of the Group and, by the end of the 2009 business year, it will cover all blocks with an aim to "build a close relationship with each and every customer" by offering services designed to encourage them to choose gas with peace of mind and providing for their diverse lifestyles and needs.

At its meeting held on April 25, 2008, the Board of Directors, pursuant to the "Policy on Determination of Dividends from Surplus, etc." (for details of which, please refer to "7. Policy on Determination of Dividends from Surplus, etc." described later in this document) and with the goal of distributing profits to shareholders, resolved to set the ceiling on acquisition of treasury stock for Fiscal 2008 at ¥10 billion and the deadline for same as October 28, 2008.

The environment that encompasses the Tokyo Gas Group has become increasingly unclear, however, going forward, the 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

Business year ended March 31	204th fiscal term (2004)	205th fiscal term (2005)	206th fiscal term (2006)	207th fiscal term (2007)	208th fiscal term (2008)
Net sales	1,151,824	1,190,783	1,266,501	1,376,958	1,487,496
Ordinary Income	131,093	132,856	98,689	156,039	66,832
Net Income	44,787	84,047	62,114	100,699	42,487
Net income per share (Yen)	16.44	31.47	23.48	37.50	15.94
Total Assets	1,666,828	1,668,734	1,693,898	1,692,635	1,703,651
Net assets	598,453	648,766	728,231	806,045	780,455
Net assets per share (Yen)	221.53	244.73	270.46	293.11	289.49

(6) Status of Principal Subsidiaries

Name of the Company	Shareholders' equity (Million of yen)	Percentage of voting rights (%)	Business
Tokyo Gas Urban Development Co., Ltd.	11,530	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
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
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
Capty-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. TGI Financial Solutions Co., Ltd. was established on April 1, 2008 through a company split of TG Information Network Co., Ltd.

3. The number of consolidated subsidiaries and affiliated companies including the above 19 principal subsidiaries were 59 companies.

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

There are no items to report.

(8) Main Business Activities (As of March 31, 2008)

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	Energy 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, 2008)

1) The Company

Head Office	(Minato-ku, Tokyo)	
Service Branches (*Shisha* and *Shiten*)	Middle Branch (Meguro-ku, Tokyo)	Southern Service Branch (Minato-ku, Tokyo) Central Service Branch (Meguro-ku, Tokyo)
	West Branch (Suginami-ku, Tokyo)	Western Service Branch (Suginami-ku, Tokyo) Tama Service Branch (Tachikawa, Tokyo)
	East Branch (Arakawa-ku, Tokyo)	Eastern Service Branch (Koto-ku, Tokyo) Chiba Service Branch (Chiba, Chiba)
	North Branch (Kita-ku, Tokyo)	Northern Service Branch (Kita-ku, Tokyo) Saitama Service Branch (Saitama, Saitama)
	Kanagawa Branch (Yokohama, Kanagawa)	Yokohama Service Branch (Yokohama, Kanagawa) Kawasaki Service Branch (Kawasaki, Kanagawa) Western Kanagawa Service Branch (Fujisawa, Kanagawa)
	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)	
Pipeline Dept.	West Metropolitan Pipeline Regional Office (Shinjuku-ku, Tokyo), East Metropolitan Pipeline Regional Office (Arakawa-ku, Tokyo), Kanagawa Pipeline Regional Office (Yokohama, Kanagawa)	
LNG Terminals	Negishi LNG Terminal (Yokohama, Kanagawa), Sodegaura LNG Terminal (Sodegaura, Chiba), Ohgishima LNG Terminal (Yokohama, Kanagawa)	
Others	Living Energy Division (Shinjuku-ku, Tokyo), Living Corporate Sales and Service Division (Shinjuku-ku, Tokyo), Energy Solution Division (Shinjuku-ku, Tokyo)	

2) Principal subsidiaries

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

(10) Employees (As of March 31, 2008)

1) Number of employees in the Group

Business segment	Consolidated Number of employees (Change from previous year)
Gas Sales	6,510 (+62)
Gas Appliances	1,774 (+32)
Related Construction	932 (-45)
Real Estate	180 (-1)
Other	5,532 (-365)
Corporate	972 (-234)
Total	15,900 (-551)

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
7,714 (-254)	45.6	22.8

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, 2008)

Creditor	Balance of borrowings(Million of yen)
Mizuho Corporate Bank, Ltd.	45,419
Development Bank of Japan	31,969
The Daiichi Mutual Life Insurance Company	20,719
Nippon Life Insurance Company	19,453
Sumitomo Mitsui Banking Corporation	13,319
Sumitomo Life Insurance Company	11,400
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	6,711
Saitama Risona Bank, Ltd.	6,530
Mitsubishi UFJ Trust and Banking Corporation	4,200
Japan Bank for International Cooperation	3,561

2. Matters Related to Shares of the Company (As of March 31, 2008)

(1) Aggregate number of authorized shares common stock: 6,500,000,000 shares

(2) Aggregate number of shares issued common stock: 2,741,571,295 shares

(a decrease of 68,600,000 shares year-on-year)

Note: The aggregate number of shares issued decreased as indicated above from the Retirement of treasury stock on October 9, 2007.

(3) Stock trade unit 1,000 shares

(4) Number of shareholders 162,457

(5) Major shareholders

Name of Shareholders	Number of shares held (Thousand shares)	Percentage The percentages of share ownership (%)
Nippon Life Insurance Company	163,000	5.95
The Dai-Ichi Mutual Life Insurance Company	155,962	5.69
Japan Trustee Services Bank, Ltd. (Trust Account)	115,998	4.23
The Master Trust Bank of Japan, Ltd. (Trust Account)	103,378	3.77
Fukoku Mutual Life Insurance Company	68,504	2.50
JPMorgan Chase Bank, N.A. 380055	58,710	2.14
State Street Bank and Trust Company	47,021	1.72
Tokyo Gas Employees Shareholding Association	37,082	1.35
State Street Bank and Trust Company 505103	33,030	1.20
JPMorgan Chase Bank, N.A. 385067	29,644	1.08

Notes: 1. The percentages of share ownership are calculated using the aggregate number of shares issued as a denominator.

2. Besides the shareholdings detailed above, the Company owns 84,937 thousand shares of treasury stock.

(6) Other principal items regarding shares

1) Acquisition of shares

Common stock: 69,608,711 shares

Total value of acquisitions: ¥39,572,223,306

2) Disposition of shares

Common stock: 13,608,733 shares

Total value of disposition: ¥6,823,656,764

3) Retirement of treasury stock

Common stock: 68,600,000 shares

Total value of cancellation: ¥34,539,414,000

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

Common stock: 84,937,500 shares

3. Matters Related to Stock Acquisition Rights (As of March 31, 2008)

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	28,195	170.00 (339.00)

Note: 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.

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

(1) Name, etc. of Directors and Corporate Auditors (As of March 31, 2008)

Name	Position	Business in Charge and Representative Position in other Companies, etc.
Norio Ichino	Director and Chairman of the Board	
Mitsunori Torihara	President, Representative Director and Executive President	
Tadaaki Maeda	Representative Director, Executive Vice President	Assistant to the President, Division Manager of Energy Production Div. and in charge of Environment Dept.
Takeshi Okamoto	Representative Director, Executive Vice President	Assistant to the President, In charge of Human Resources Dept., Secretarial Dept., General Administration Dept., Compliance Dept. and Internal Audit Dept.
Masaki Sugiyama	Director, Senior Executive Officer	Division Manager of Technological Development Div.
Toshio Tezuka	Director, Senior Executive Officer	Division Manager of Living Corporate Sales and Services Div.
Shigeru Muraki	Director, Senior Executive Officer	Division Manager of Energy Solution Div. and General Manager of Volume Sales Dept. of Energy Solution Div.
Toshiyuki Kanisawa	Director, Senior Executive Officer	Division Manager of Living Energy Div.
Kazumoto Yamamoto	Outside Director	Standing Advisor, Asahi Kasei Corporation
Katsuhiko Honda	Outside Director	Director and Advisor of Japan Tobacco, Inc.
Sanae Inada	Outside Director	Attorney-at-law
Tsunenori Tokumoto	Standing Corporate Auditor	
Yasunori Takakuwa	Standing Corporate Auditor	
Masayoshi Hanabusa	Outside Corporate Auditor	Special Consultant, Hitachi Capital Corporation
Toshimitsu Shimizu	Outside Corporate Auditor	Director, IDEC Yokohama
Shoji Mori	Outside Corporate Auditor	Vice-Director, International Economic Research Institute

Notes:
1. *Director Masaki Sugiyama was newly appointed to the post of Division Manager of IT Division on April 1, 2008 in addition to his post as Division Manager of Technological Development Division.*
2. *Outside Corporate Auditor Masayoshi Hanabusa has been involved with the management of a finance company for many years and is highly knowledgeable about financial and accounting matters.*
3. *Outside Corporate Auditor Shoji Mori has in-depth experience in financial administration and is highly knowledgeable about financial and accounting matters.*

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

Directors	(11):	¥427 million
Corporate Auditors	(5):	¥96 million
Total	(16):	¥523 Million

Notes:
1. *Of the foregoing amount, the aggregate amount of remuneration paid to six (6) Outside Directors and Outside Corporate Auditors was ¥55 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 was approved 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 one (1) Outside Corporate Auditor retiring upon conclusion of the 208th Ordinary General Meeting of Shareholders a severance payment on retirement of ¥2 million. As determined by the 205th Ordinary General Meeting of Shareholders, a total amount of ¥254 million as final severance payments on retirement for four (4)Directors is to be paid upon their retirement.*

(3) Policy on Determination of Remuneration, etc. for Directors and Corporate Auditors 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, 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 performance 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 performance clearly on their remuneration.

4) Stock-purchase guideline

The establishment of a stock-purchase guideline is meant to firmly motivate the executive officers to reflect the perspective of a shareholder in management and improve shareholder value over the long term.

5) Assurance of objectivity and transparency

The Company shall assure objectivity and transparency of executive remuneration by establishing the "Advisory Committee" comprising Outside Directors, Outside Corporate Auditors and the Company's Directors to govern the system of remunerations.

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

1) Outside Director Kazumoto Yamamoto

i. Status of concurrent Executive Director or other positions held with other companies:

・There are no items to report.

ii. Status of concurrent Outside Director and Outside Corporate Auditor positions held with other companies:

・TOTO LTD.	Outside Director
・Citizen Holdings Co., Ltd.	Outside Director

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

Mr. Yamamoto's attendance rate at the meetings of the Board of Directors was 100%. 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 opinions on its management operations.

2) Outside Director Katsuhiko Honda

i. Status of concurrent Executive Director or other positions held with other companies:

・There are no items to report.

ii. Status of concurrent Outside Director and Outside Corporate Auditor positions held with other companies:

・There are no items to report.

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

Mr. Honda's attendance rate at the meetings of the Board of Directors was 100%. Given his international career and managerial skills, Mr. Honda provides the Company with a wide variety of opinions on its management operations.

3) Outside Director Sanae Inada

i. Status of concurrent Executive Director or other positions held with other companies:
   ・There are no items to report.

ii. Status of concurrent Outside Director and Outside Corporate Auditor positions held with other companies:
   ・CHIYODA CORPORATION Outside Corporate Auditor

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

   Ms. Inada's attendance rate at the meetings of the Board of Directors was 100%. Given her high level legal knowledge and experience honed in corporate legal affairs as an attorney, Ms. Inada provides the Company with a wide variety of opinions on its management operations.

4) Outside Corporate Auditor Masayoshi Hanabusa

i. Status of concurrent Executive Director or other positions held with other companies:
   ・There are no items to report.

ii. Status of concurrent Outside Director and Outside Corporate Auditor positions held with other companies:
   ・Hitachi Research Institute Outside Director

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

   Mr. Hanabusa's attendance rate at the meetings of the Board of Directors and the Board of Corporate Auditors was 100%. 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 Corporate Auditor Toshimitsu Shimizu

i. Status of concurrent Executive Director or other positions held with other companies:
   ・IDEC Yokohama Director

ii. Status of concurrent Outside Director and Outside Corporate Auditor positions held with other companies:
   ・Yokohama Stadium, Ltd. Outside Director

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

   Mr. Shimizu's attendance rate was 100% at the meetings of the Board of Directors and the Board of Corporate Auditors. 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 Corporate Auditor Shoji Mori

i. Status of concurrent Executive Director or other positions held with other companies:
   ・International Economic Research Institute Vice Director

ii. Status of concurrent Outside Director and Outside Corporate Auditor positions held with other companies:
   ・There are no items to report.

iii. Status of major activities during the business 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 Business Year under Review

1) Total payments to Independent Auditor by the Company and its subsidiaries
   ¥290 million
2) Of the total amount listed in 1) above, remuneration and other payments to Independent Auditor by the Company.
   ¥120 million
3) Of the total amount listed in 2) above, for auditing services provided under Article 2, Paragraph 1 of the Certified Public Accountants Law of Japan.
   ¥77 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 "Financial Instruments and 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 "Financial Instruments and Exchange Law", etc..

(3) Non-Audit Services

The Company commissions the Independent Auditor to perform, as non-audit services, such as certain advisory services concerning internal control covering financial reporting and others.

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

The Company appoints the Independent Auditor by comprehensively taking into account their operating scale, track record, 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 not reappoint the appointed Independent Auditor in accordance with the provisions of Article 340, Paragraph 1 of the Corporate Law or if, in light of the aforementioned appointment criteria, the Independent Auditor is 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

With the commencement of the Internal Control System for financial reports described in the Financial Instruments and Exchange Law, the Company passed a resolution to revise the "Basic Policy on Development of Corporate Structures and Systems for Ensuring Appropriateness of Operations (Internal Control System) for the Tokyo Gas Group" at the meeting of its Board of Directors held on February 27, 2008 as follows:

(1) Corporate structure and system for ensuring that Directors will execute their duties in conformity with the relevant laws, the Articles of Incorporation and other rules and regulations.

1) The Company shall establish the "Corporate Action Philosophy" and "Our Code of Conduct" as the foundations of the compliance structure/system at the Tokyo Gas Group and its belonging member shall comply with them.
2) In order to ensure that its Directors and employees will comply with the "Relevant Laws", the "Management Principles", the "Corporate Action Philosophy" and the "Our Code of Conduct" the Company shall, pursuant to the provisions of the "Business Ethics Committee Regulations", 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.
3) 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.

4) 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.
5) The Board of Directors, pursuant to the provisions of the "Regulations of the Board of Directors", shall establish the "Basic policy on Development of Internal Control System for the Tokyo Gas Group".
6) Directors charged with the execution of operations shall fulfill their role and responsibility for developing a system of internal controls in accordance with the basic policy determined by the Board of Directors.
7) The Company shall establish "Regulations Concerning the Formulation, Implementation and Evaluation of Internal Controls Covering Financial Reporting" and, based on these Regulations, evaluate the effectiveness of internal controls relating to financial reporting and ensure the reliability of financial reports.
8) The Company shall establish "Regulations Concerning Insider Trading Prevention and Timely Disclosure" and, based on these Regulations, prevent the practice of insider trading within the Group and ensure the appropriateness and promptness of information disclosure that is demanded of all listed corporations by the "Securities Listing Regulations".
9) 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.
10) 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 Standards" established by the Board of Corporate Auditors.

(2) Corporate structure and system for preserving and managing information relevant to execution of Directors' duties

1) 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

1) The Board of Directors shall pass resolutions on the agendas submitted for deliberation and resolution pursuant to the provisions of the relevant laws, the 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.
2) 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".
3) The Representative Director shall report the status of operational execution to the Board of Directors pursuant to the provisions of the "Regulations of the Board of Directors".
4) The Board of Directors shall formulate the "Medium-Term Group Management Plan" and, based on the said Plan, establish principal management objectives and verify their progress periodically. 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

1) The Board of Directors shall establish "Risk Management Regulations" to promote the management of risks incurred by the Group as well as a Risk Management Promotion

Section, and specify “material risks that the management should manage” as important risks associated with operational execution by the Group. The Board of Directors shall also review “Principal Risks that the Management should manage” annually.

2) 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”.
3) 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 Emergency Countermeasures”.
4) 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, the Articles of Incorporation, and other rules and regulations

1) In order to facilitate proper development/operation of the compliance structure and system within the Group, the Company shall establish a Compliance Department. In addition, the Company shall establish a “Tokyo Gas Group Compliance Consulting Unit” to offer consulting services for the whole of the Group on contraventions of the laws and the Articles of Incorporation and other questionable compliance-related practices and acts.
2) 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, terms and conditions of gas supply, etc.
3) 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.
4) 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 accounting, operations, compliance, information system and risk management in accordance with the “Internal Audit Regulations”, and shall report its findings to the Management Committee and Corporate Auditors.

(6) Corporate structure and system for ensuring appropriateness of operations at the corporate group including affiliates

1) 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.
2) The Company shall prescribe “Regulations on the 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.
3) 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 the 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.

4) If any of the Company's Directors detects or discovers any principal compliance-related problem at any affiliate including contravention of the laws or the Articles of Incorporation, he/she shall report the said problem to the Management Committee and Corporate Auditors without delay.
5) 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.
6) The Company shall establish a corporate structure and system where Internal Audit Department would be able to conduct its audits of affiliates 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

1) 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.
2) 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

1) 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.
2) 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 principal meetings and express their views on lawfulness, etc. as needed; and that they will have access to important information.
3) 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 Dividends from Surplus and Others

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 acquisition of treasury stock, in addition to dividends, 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.

$$(*)\ \text{n FY overall distribution ratio} = \frac{\text{(n FY total dividends) + (n+1 FY treasury stock acquisition)}}{\text{n FY consolidated net income}}$$

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 dividends and acquisition of treasury stock 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, 2008

(Millions of yen)

ASSETS	
Fixed Assets	1,376,365
Property, plant and equipment	1,124,122
Production facilities	200,585
Distribution facilities	486,845
Service and maintenance facilities	60,765
Other facilities	303,189
Shutdown facilities	316
Construction in progress	72,419
Intangible assets	23,219
Goodwill	1,833
Other intangible assets	21,385
Investments and other assets	229,022
Investment securities	131,443
Long-term loans	18,485
Deferred tax assets	31,635
Other investments and non-current assets	48,072
Allowance for doubtful accounts	(614)
Current Assets	327,286
Cash and bank deposits	46,092
Notes and accounts receivable-trade	172,889
Inventories	38,526
Deferred tax assets	13,704
Other current assets	56,590
Allowance for doubtful accounts	(516)
Total Assets	1,703,651

(Millions of yen)

LIABILITIES AND NET ASSETS	
LIABILITIES	
Non-current liabilities	616,624
Straight bonds	331,489
Long-term debt	155,648
Deferred tax liabilities	3,066
Reserve for retirement benefits	93,557
Allowances for repairs of gas holders	3,558
Reserve for safety measures	2,957
Other non-current liabilities	26,346
Current Liabilities	306,570
Non-current liabilities due within one year	63,359
Notes and accounts payable-trade	99,352
Bank loans	8,378
Income taxes payable	25,150
Deferred tax liabilities	1
Other current liabilities	110,327
Total Liabilities	923,195
NET ASSETS	
Shareholders' equity	735,251
Common stock	141,844
Capital surplus	2,065
Retained earnings	634,116
Treasury stock	(42,774)
Valuation and translation adjustments	33,820
Net unrealized holding gains on securities	31,917
Deferred gains/losses on hedging instruments	424
Foreign currency translation adjustments	1,479
Minority Interest	11,382
Total Net Assets	780,455
Total Liabilities and Net Assets	1,703,651

Consolidated Statement of Income

From April 1, 2007 to March 31, 2008

(Millions of yen)

Net sales	1,487,496
Cost of sales	974,110
[Gross profit]	[513,386]
Selling expenses	370,795
General and administrative expenses	72,541
[Operating income]	[70,048]
Non-operating income	18,898
Interest income	446
Dividend income	1,513
Equity in net income of affiliated companies	3,775
Exchange gains	5,011
Miscellaneous income	8,151
Non-operating expenses	22,114
Interest expenses	10,460
Adjustments of charges for construction of distribution facilities	3,723
Expense for environmental consideration	2,722
Miscellaneous expenses	5,208
[Ordinary income]	[66,832]
Extraordinary gains	5,205
Gain on sales of fixed assets	1,849
Gain from sales of investment securities	3,355
Extraordinary losses	2,356
Impairment loss	567
Loss on reduction of fixed assets	710
Loss on valuation of investment securities	1,078
Income before income taxes	69,681
Income taxes-current	22,748
Income taxes-deferred	3,238
Minority interest in net income	1,207
Net income	42,487

Consolidated Statement of Changes in Net Assets

From April 1, 2007 to March 31, 2008

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007	141,844	2,065	644,652	(44,564)	743,997
Changes during consolidated business year					
Dividends from surplus			(22,831)		(22,831)
Net income			42,487		42,487
Acquisition of treasury stock				(39,572)	(39,572)
Disposal of treasury stock			(2,098)	6,823	4,725
Retirement of treasury stock			(34,539)	34,539	–
Increase in consolidated subsidiaries			113		113
Increase of equity-method affiliates			6,332		6,332
Changes in account items other than those under shareholders' equity during consolidated business year (net amount)					
Total changes during consolidated business year	–	–	(10,536)	1,790	(8,745)
Balance as of March 31, 2008	141,844	2,065	634,116	(42,774)	735,251

	Valuation and translation adjustments				Minority interest	Total net assets
	Net unrealized holding gains on securities	Deferred gains/losses on hedging instruments	Foreign currency translation adjustments	Total Valuation and translation adjustments		
Balance as of March 31, 2007	49,706	1,095	302	51,103	10,944	806,045
Changes during consolidated business year						
Dividends from surplus						(22,831)
Net income						42,487
Acquisition of treasury stock						(39,572)
Disposal of treasury stock						4,725
Retirement of treasury stock						–
Increase in consolidated subsidiaries						113
Increase of equity-method affiliates						6,332
Changes in account items other than those under shareholders' equity during consolidated business year (net amount)	(17,789)	(671)	1,177	(17,283)	438	(16,845)
Total changes during consolidated business year	(17,789)	(671)	1,177	(17,283)	438	(25,590)
Balance as of March 31, 2008	31,917	424	1,479	33,820	11,382	780,455

Notes to the Consolidated Financial Statements

From April 1, 2007 to March 31, 2008

[Basis of Presenting for Consolidated Financial Statements]

1. Scope of Consolidation

(1) Number of consolidated subsidiaries

Consolidated subsidiaries: 55

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. and Capty-Livelic Co., Ltd.

(2) Names, etc. of principal unconsolidated subsidiaries

The Company's principal unconsolidated subsidiary is Ohgishima Power Co., Ltd.

Since the total amounts of the Company in the combined assets, sales and net income for fiscal 2007 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 principal equity-method affiliates and unconsolidated subsidiaries

Number of unconsolidated subsidiaries accounted for equity method: 0

Number of equity-method affiliates: 4

Name of principal equity-method affiliates: TOKYO TIMOR SEA RESOURCES INC.
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 insignificance.

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 carried at market value at the year end, 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 by the declining-balance method. Durable years are determined based on the Corporation Tax Law. 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 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 retirement benefits at March 31, 2008 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 business year.

3) The Company and certain consolidated subsidiaries provided 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 is 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 Basis of Presenting for Consolidated Financial Statements

The method of depreciation of material fixed assets
As a result of the revision of the Corporation Tax Law, as of the year under review the Company and its domestic consolidated subsidiaries have changed the depreciation method for property, plant and equipment acquired on or after April 1, 2007, to the depreciation method prescribed by the revised Corporation Tax Law. In consequence, operating income, ordinary income, and income before income taxes each declined by ¥1,335 million.
In addition, as to property, plant and equipment acquired on or before March 31, 2007, as of the fiscal year following that in which assets reach 5% of their acquisition cost pursuant to the depreciation method prescribed by the Corporation Tax Law prior to its revision, the difference between an amount equal to 5% of the acquisition cost and the memorandum value is depreciated uniformly over five years and included in depreciation expenses. In consequence, operating income, ordinary income, and income before income taxes were each stated at ¥11,651 million lower than under the previous method.

[Explanatory notes on consolidated balance sheet]

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

Distribution facilities	¥6,779 million
Service and maintenance facilities	¥93 million
Other facilities	¥13,791 million
Investment securities	¥30 million
Long-term loans	¥37 million
Cash and bank deposits	¥1,736 million
Other current assets	¥4 million

   (2) Liabilities related to collateral

Long-term debt	¥11,325 million
(In above, Long-term debt due within one year	¥1,643 million)
Other current liabilities	¥59 million

2. Accumulated depreciation for property, plant and equipment ¥2,825,986 million
3. Contingent liabilities for guarantees etc.
   (1) Contingent liabilities for guarantee ¥6,471 million
   (2) Contingent liabilities related to debt-assumption underwriting contractors on corporate bonds ¥38,700 million

[Explanatory notes to the consolidated statement of changes in net assets]

1. Number of shares issued
   FY2007 ended March 2008 2,741,571,295 shares
2. Dividends
   (1) Dividends from surplus of this term
      1) The following was decided by the resolution of the shareholders' meeting held on June 28, 2007.
      Dividends of common shares

a	Total amount of dividends	¥12,206 million
b	Dividends per share	¥4.5
c	Date of record	March 31, 2007
d	Effective date	June 29, 2007

      2) The following was decided by the meeting of the Board of Directors October 29, 2007.
      Dividends of common shares

a	Total amount of dividends paid	¥10,625 million
b	Dividends per share	¥4.0
c	Date of record	September 30, 2007
d	Effective date	November 26, 2007

   (2) Dividends from surplus after this term
      1) The following was proposed by the resolution of the shareholders' meeting held on June 27, 2008.
      Dividends of common shares

a	Total amount of dividends paid	¥10,626 million
b	Resource of dividends	Retained earning
c	Dividend per share	¥4.0
d	Date of record	March 31, 2008
e	Effective date	June 30, 2008

[Explanatory notes regarding to per share information]

1)	Net assets per share	¥289.49
2)	Net income per share	¥15.94

[Explanatory notes to material subsequent events]

The Company has decided to acquire the treasury stock in accordance with Article 156 of the Corporate Law as applied mutatis mutandis to Article 165, Paragraph 3 of the law by the meeting of the Board of Directors held on April 25, 2008.

Details of the acquisition of treasury stock are as follows:

Number of shares to be acquired

25,000 thousand shares (maximum number)

The grant of money and details in exchange for acquired shares

Cash ¥10,000 million (maximum amount)

Terms for acquiring shares

From April 28, 2008 to October 28, 2008

[Explanatory note]

1. Adjustment of the cost for raw materials is subject to movements on trading contract renewals or price negotiations thereof with gas resource suppliers.
2. All amounts of less than one million yen have been rounded down in the accounts.

[English Translation of the Independent Auditors' Report Originally Issued in the Japanese Language]

Transcript

Independent Auditors' Report

May 13, 2008

The Board of Directors
Tokyo Gas Co., Ltd.

KPMG AZSA & Co.

Atsuki Kanezuka
Designated and Engagement Partner
Certified Public Accountant

Kunimitsu Ito
Designated and Engagement Partner
Certified Public Accountant

Osamu Nakai
Designated and Engagement Partner
Certified Public Accountant

We have audited the consolidated statutory report, 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, 2008 and for the year from April 1, 2007 to March 31, 2008 in accordance with Article 444(4) of the Corporate Law. The consolidated statutory report is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated statutory report based on our audit as independent auditors.

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

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.

1. As described as Basis of Presenting for Consolidated Financial Statements in Notes to the Consolidated Financial Statements, as a result of the revision of the Corporation Tax Law, as of the year under review the Company has changed the depreciation method for property, plant and equipment acquired on or after April 1, 2007, to the depreciation method prescribed by the revised Corporation Tax Law.
2. As described as Basis of Presenting for Consolidated Financial Statement in Notes to the Consolidated Financial Statements, as a result of the revision of the Corporation Tax Law, as of the year under review, as to assets acquired on or before March 31, 2007, as of the fiscal year following that in which assets reach 5% of their acquisition cost pursuant to the depreciation method prescribed by the Corporation Tax Law prior to its revision, the difference between an amount equal to 5% of the acquisition cost and the memorandum value is depreciated uniformly over five years and included in depreciation expenses.
3. As described as Explanatory notes to material subsequent events in Notes to the Consolidated Financial Statements, the Company decided to acquire the treasury stock on April 25, 2008.

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, 2008

(Millions of yen)

ASSETS	
Fixed Assets	1,156,657
Property, plant and equipment	774,608
Production facilities	200,783
Distribution facilities	467,987
Service and maintenance facilities	57,538
Incidental business facilities	4,104
Shutdown facilities	316
Construction in progress	43,877
Intangible assets	18,079
Leaseholds	1,222
Software	16,239
Other intangible assets	617
Investments and other assets	363,969
Investment securities	77,726
Investments in affiliated companies	131,741
Long-term loans	180
Long-term loans to affiliated companies	91,979
Investments	3
Long-term prepaid expenses	26,421
Deferred tax assets	23,415
Other investments and non-current assets	12,882
Allowance for doubtful accounts	(381)
Current Assets	244,807
Cash and bank deposits	11,830
Notes receivable-trade	1,099
Accounts receivable-trade	114,388
Accounts receivable from affiliated companies-trade	17,345
Other receivables	10,716
Marketable securities	1
Finished goods	119
Raw materials	24,538
Supplies	7,223
Prepaid expenses	397
CMS short-term loans to affiliated companies	19,296
Short-term receivables due from affiliated companies	1,726
Deferred tax assets	10,565
Other current assets	26,109
Allowance for doubtful accounts	(554)
Total Assets	1,401,464

(Millions of yen)

LIABILITIES AND NET ASSETS	
LIABILITIES	
Non-current Liabilities	493,738
Straight bonds	317,689
Long-term debt	82,372
Long-term payables to affiliated companies	301
Reserve for retirement benefits	82,143
Allowances for repairs of gas holders	3,275
Reserve for safety measures	2,826
Other non-current liabilities	5,131
Current Liabilities	247,725
Non-current liabilities due within one year	35,869
Accounts payable-trade	69,975
Other payables	29,066
Accrued expenses	35,420
Income taxes payable	18,941
Advances from customers	5,085
Deposits payable	1,522
CMS short-term debt due to affiliated companies	29,387
Short-term payables to affiliated companies	18,510
Other current liabilities	3,946
Total Liabilities	741,464
NET ASSETS	
Shareholders' equity	631,614
Common stock	141,844
Common stock	141,844
Capital surplus	2,065
Additional paid-in capital	2,065
Retained earnings	530,478
Legal reserve	35,454
Other retained earnings	495,024
Reserve for advanced depreciation due to expropriation, etc	910
Reserve for overseas investment loss	1,800
Reserve for depreciation of special gas pipeline construction	356
Reserve for cost variations adjustment	141,000
General reserve	299,000
Retained earnings carried	51,957
Treasury stock	(42,774)
Treasury stock	(42,774)
Valuation and translation adjustments	28,385
Net unrealized holding gains on securities	27,727
Net unrealized holding gains on securities	27,727
Deferred gains/losses on hedging instruments	658
Deferred gains/losses on hedging instruments	658
Total Net Assets	660,000
Total Liabilities and Net Assets	1,401,464

Non-Consolidated Statement of Income

From April 1, 2007 to March 31, 2008

(Millions of yen)

Product sales	1,065,839
Gas sales	1,065,839
Cost of sales	627,297
Beginning inventory	86
Cost of goods manufactured	616,843
Cost of goods purchased	12,992
Costs of good internally used	2,504
Ending inventory	119
[Gross profit]	[438,541]
Selling expenses	324,464
General and administrative expenses	74,888
[Income from operation]	[39,188]
Miscellaneous operating income	155,798
Revenue from related construction	48,489
Revenue from gas appliance sales	106,296
Other miscellaneous operating income	1,011
Miscellaneous operating expenses	152,461
Expense for related construction	48,001
Expense for gas appliance sales	104,460
Incidental revenue	46,410
Revenue from LNG sales	17,427
Revenue from power sales	5,627
Revenue from other associated business	23,355
Incidental expenses	46,072
Expense for LNG sales	17,662
Expense for power sales	5,653
Expense for other associated business	22,756
[Operating income]	[42,863]
Non-operating income	19,396
Interest income	1,614
Dividend income	2,011
Rental income	4,344
Exchange gains	4,934
Miscellaneous income	6,491
Non-operating expenses	17,883
Interest expenses	1,532
Bond interest expenses	6,182
Bond issue cost amortization	144
Adjustments of charges for construction of distribution facilities	3,795
Expense for environmental consideration	2,725
Miscellaneous expenses	3,503
[Ordinary income]	[44,376]
Extraordinary gains	4,229
Gain on sales of fixed assets	784
Gain from sales of investment securities	3,444
Extraordinary losses	2,343
Impairment loss	557
Loss on reduction of fixed assets	710
Loss on valuation of investment securities	1,075
[Income before income taxes]	[46,262]
Income taxes-current	14,130
Income taxes-deferred	2,211
Net income	29,921

Non-Consolidated Statement of Changes in Net Assets

From April 1, 2007 to March 31, 2008

(Millions of yen)

	Shareholders' equity										
		Capital surplus		Retained earnings							
					Other retained earnings						
	Common stock	Additional paid-in capital	Total capital surplus	Legal reserve	Reserve for advanced depreciation due to expropriation, etc..	Reserve for overseas investment loss.	Reserve for depreciation of special gas pipeline construction	Reserve for cost variations adjustment	General reserve	Retained earnings carried	Total retained earnings
Balance as of March 31, 2007	141,844	2,065	2,065	35,454	910	-	712	141,000	249,000	132,950	560,027
Changes during business year											
Reserve for overseas investment loss.						1,800				(1,800)	
Reversal from Reserve for depreciation of special gas pipeline construction (note)							(356)			356	
Accumulation of General reserve (note)									50,000	(50,000)	
Dividends from surplus (note)										(22,831)	(22,831)
Net income										29,921	29,921
Acquisition of treasury stock											
Disposal of treasury stock										(2,098)	(2,098)
Retirement of treasury stock										(34,539)	(34,539)
Changes in account items other than those under shareholders' equity during business year (net amount)											
Total changes during business year	-	-	-	-	-	1,800	(356)	-	50,000	(80,992)	(29,548)
Balance as of March 31, 2008	141,844	2,065	2,065	35,454	910	1,800	356	141,000	299,000	51,957	530,478

	Shareholders' equity		Valuation and translation adjustments			
	Treasury stock	Total shareholders' equity	Net unrealized holding gains on securities	Deferred gains/losses on hedging instruments	Total Valuation and translation adjustments	Total net assets
Balance as of March 31, 2007	(44,564)	659,372	42,597	1,202	43,800	703,173
Changes during business year						
Reserve for overseas investment loss.						-
Reversal from Reserve for depreciation of special gas pipeline construction (note)						-
Accumulation of General reserve (note)						-
Dividends from surplus (note)		(22,831)				(22,831)
Net income		29,921				29,921
Acquisition of treasury stock	(39,572)	(39,572)				(39,572)
Disposal of treasury stock	6,823	4,725				4,725
Retirement of treasury stock	34,539					-
Changes in account items other than those under shareholders' equity during business year (net amount)			(14,870)	(544)	(15,414)	(15,414)
Total changes during business year	1,790	(27,757)	(14,870)	(544)	(15,414)	(43,172)
Balance as of March 31, 2008	(42,774)	631,614	27,727	658	28,385	660,000

Notes to the Non-Consolidated Financial Statements

From April 1, 2007 to March 31, 2008

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 carried at market value at the year end, 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 are determined based on the Corporation Tax Law. 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 provided a reserve for retirement benefits at March 31, 2008 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 business year.

3) The Company provided 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 year 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

As a result of the revision of the Corporation Tax Law, as of the year under review, the Company has changed the depreciation method for property, plant and equipment acquired on or after April 1, 2007, to the depreciation method prescribed by the revised Corporation Tax Law. In consequence, operating income, ordinary income, and income before income taxes each declined by ¥1,065 million.

In addition, as to assets acquired on or before March 31, 2007, as of the fiscal year following that in which assets reach 5% of their acquisition cost pursuant to the depreciation method prescribed by the Corporation Tax Law prior to its revision, the difference between an amount equal to 5% of the acquisition cost and the memorandum value is depreciated uniformly over five years and included in depreciation expenses. In consequence, operating income, ordinary income, and income before income taxes were each declined by ¥10,940 million lower than under the previous method.

2. Explanatory notes on non-consolidated balance sheet

(1) Assets pledged as collateral

Investment securities	¥1 million
Investments in affiliated companies	¥889 million
Long-term loans	¥37 million
Long-term loans to affiliated companies	¥1,660 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	¥2,370,197 million
Intangible assets	¥22,236 million

(3) Contingent liabilities for guarantees, etc.

Contingent liabilities for guarantee	¥14,132 million
Joint and several liabilities	¥13,908 million
Contingent liabilities related to debt-assumption underwriting contracts on corporate bonds	¥38,700 million

3. Explanatory notes on non-consolidated statement of income

Trading volume with affiliated companies

Net sales	¥87,450 million
Purchases	¥149,663 million
Trading volume other than sales and purchases	¥6,467 million

4. Explanatory notes on non-consolidated statement of changes in net assets

Number of treasury stocks as of the end of the business year under review

84,937,500 shares

5. Explanatory notes regarding deferred tax accounting

Principal sources of deferred tax assets and deferred tax liabilities

Deferred tax assets	Reserve for 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 business year (millions of yen)
Yuri Konno	(held by) Directly 0.0	Director of the Company, Representative Director & President of Dial Service Co., Ltd.	Phone reception/consultation services, etc. with Dial Service Co.	6	-	-

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.

Note: Director Ms. Yuri Konno retired from the position of Director of the Company on June 28, 2007. The amount of transaction refers to the amount dealt with by the same day.

7. Explanatory notes regarding per share information

Net assets per share	¥248.43
Net income per share	¥11.22

8. Explanatory notes to material subsequent events

The Company has decided to acquire the treasury stock in accordance with Article 156 of the Corporate Law as applied mutatis mutandis to Article 165, Paragraph 3 of the law by the meeting of the Board of Directors held on April 25, 2008.

Details of the acquisition of treasury stock are as follows:

Number of shares to be acquired

25,000 thousand shares (maximum number)

The grant of money and details in exchange for acquired shares

Cash ¥10,000 million (maximum amount)

Terms for acquiring shares

From April 28, 2008 to October 28, 2008

9. Other explanatory note

Adjustment of the cost for raw materials is subject to movements on trading contract renewals or price negotiations thereof with gas resource suppliers.

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

[English Translation of the Independent Auditors' Report Originally Issued in the Japanese Language]

Transcript

Independent Auditors' Report

May 13, 2008

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 non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets and the notes to the non-consolidated financial statements, and its supporting schedules of Tokyo Gas Co., Ltd. as of March 31, 2008 and for the 208th business year from April 1, 2007 to March 31, 2008 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.

1. As described as significant accounting policies in Notes to the Non-Consolidated Financial Statements, as a result of the revision of the Corporation Tax Law, as of the year under review the Company has changed the depreciation method for property, plant and equipment acquired on or after April 1, 2007, to the depreciation method prescribed by the revised Corporation Tax Law.
2. As described as significant accounting policies in Notes to the Non-Consolidated Financial Statements, as a result of the revision of the Corporation Tax Law, as of the year under review, as to assets acquired on or before March 31, 2007, as of the fiscal year following that in which assets reach 5% of their acquisition cost pursuant to the depreciation method prescribed by the Corporation Tax Law prior to its revision, the difference between an amount equal to 5% of the acquisition cost and the memorandum value is depreciated uniformly over five years and included in depreciation expenses.
3. As described as Explanatory notes to material subsequent events in Notes to the Non-Consolidated Financial Statements, the Company decided to acquire the treasury stock on April 25, 2008.

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

[English Translation of the Corprate Auditors' Report Originally Issued in the Japanese Language]

Transcript

AUDIT REPORT

The Board of Corporate Auditors (the "Board"), having deliberated on the audit reports prepared by Corporate Auditors on the execution of the duties of Directors for the 208^{th} business year from April 1, 2007 to March 31, 2008, 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.

1) 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.

2) 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 the Articles of Incorporation and of the corporate structure and system which are prescribed in Article 100, Paragraphs 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.

3) Corporate Auditors verified and discussed the contents of the basic policy in Article 127, Item 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.

4) 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 net assets, 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 net assets, and the notes on the consolidated financial statements) for the business year under review.

2. Results of Audit

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

1) The business report and its supporting schedules present fairly the status of the Company in conformity with the relevant laws and the Articles of Incorporation.

2) No misconduct or material fact running counter to the relevant laws or the Articles of Incorporation has been found in respect of execution of Directors' duties.

3) 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.

4) 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 15, 2008

Tokyo Gas Co., Ltd. Board of Corporate Auditors

Tsunenori Tokumoto,	Standing Corporate Auditor
Yasunori Takakuwa,	Standing Corporate Auditor
Masayoshi Hanabusa,	Outside Corporate Auditor
Toshimitsu Shimizu,	Outside Corporate Auditor
Shoji Mori,	Outside Corporate Auditor

[English Translation Originally Issued in the Japanese Language]

REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposals and References

Proposal No. 1: **Approval of the Appropriation of Surplus**

We propose that surplus be appropriated in the manner described below:

Dividends from surplus (year-end dividends)

We propose that the year-end dividend be ¥4 per share in accordance with our "Policy on Determination of Dividends from Surplus and Others" referred to pages 17 and 18. Accordingly, the annual dividend, comprised of the interim dividend of ¥4 per share and the year-end dividend, is ¥8 per share.

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

¥4 per share Aggregate amount of dividends ¥10,626,535,180

(2) Dividend effective date

Monday, June 30, 2008

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

The term of office of all the current eleven (11) 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)	Career summaries, position and areas of responsibility in the Company, and representation of other corporations			Number of the Company's shares held
1	Norio Ichino (Date of birth : January 1, 1941)	April	1964	Joined the Company	194,617
		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.	
		November	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)	Career summaries, position and areas of responsibility in the Company, and representation of other corporations	Number of the Company's shares held
2	Mitsunori Torihara (Date of birth : March 12,1943)	April 1967 Joined the Company 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)	134,000
3	Tadaaki Maeda (Date of birth : February 11, 1946)	April 1970 Joined the Company 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)	107,675

No.	Name (Date of birth)	Career summaries, position and areas of responsibility in the Company, and representation of other corporations	Number of the Company's shares held
4	Tsuyoshi Okamoto (Date of birth : September 23, 1947)	April 1970 Joined the Company 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. April 2007 Representative Director, Executive Vice President and in charge of Human Resources Dept., Secretarial Dept., General Administration Dept., Compliance Dept. and Internal Audit Dept. (Current position)	84,000
5	Masaki Sugiyama (Date of birth : September 14, 1947)	April 1970 Joined the Company 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. April 2008 Director, Senior Executive Officer and Division Manager of Technological Development Div. and IT Div. (Current position)	70,231

No.	Name (Date of birth)	Career summaries, position and areas of responsibility in the Company, and representation of other corporations			Number of the Company's shares held
6	Toshio Tezuka (Date of birth : December 13, 1946)	April	1970	Joined the Company	41,000
		June	2001	General Manager of Urban Energy Business Dept. of Energy Business Div., Acting General Manager of Volume Sales Dept. of Energy Sales and Services Div.	
		June	2002	Executive Officer and General Manager of Urban Energy Business Dept. of Energy Sales and Services Div.	
		June	2003	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.	
		April	2004	Senior Executive Officer and Division Manager of Wide-Area Business Div.	
		April	2007	Senior Executive Officer and Division Manager of Living Corporate Sales and Services Div.	
		June	2007	Director, Senior Executive Officer and Division Manager of Living Corporate Sales and Services Div. (Current position)	
7	Shigeru Muraki (Date of birth : August 29, 1949)	July	1972	Joined the Company	60,236
		June	2000	General Manger of Gas Resources Dept.	
		June	2002	Executive Officer and General Manager of Gas Resources Dept. of Strategic Planning Div.	
		April	2004	Senior Executive Officer and Division Manager of R&D Div.	
		April	2006	Senior Executive Officer and Division Manager of Technological Development Div.	
		April	2007	Senior Executive Officer, Division Manager of Energy Solution Div. and General Manager of Volume Sales Dept. of Energy Solution Div.	
		June	2007	Director, Senior Executive Officer and Division Manager of Energy Solution Div. and General Manager of Volume Sales Dept. of Energy Solution Div. (Current position)	
8	Toshiyuki Kanisawa (Date of birth : November 23, 1948)	April	1972	Joined the Company	37,060
		June	1999	Assigned to Business Planning Dept., Business Developments Div.	
		June	2001	Assigned to Affiliated Business Planning Dept., Affiliated Business Div.	
		June	2003	Executive Officer and General Manager of Service Planning Dept. of Customer Service Div.	
		April	2004	Executive Officer and General Manager of Corporate Planning Dept.	
		April	2006	Senior Executive Officer and Division Manager of Home Service Div.	
		April	2007	Senior Executive Officer and Division Manager of Living Energy Div.	
		June	2007	Director, Senior Executive Officer and Division Manager of Living Energy Div. (Current position)	

No.	Name (Date of birth)	Career summaries, position and areas of responsibility in the Company, and representation of other corporations			Number of the Company's shares held
9	Kazumoto Yamamoto (Date of birth : 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 (Date of birth : March 12,1942)	April	1965	Joined Japan Monopoly Corp.	5,000
		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	
		June	2007	Outside Director of the Company (Current position)	
11	Sanae Inada (Date of birth : April 3, 1944)	March	1970	Completed judicial apprenticeship program	10,000
		April	1970	Registered as attorney-at-law (First Tokyo Bar Association)	
		June	2007	Outside Director of the Company (Current position)	

Notes: 1. There is no special interest between the nominees for the directors and the Company.

2. The nominees for the Outside Directors are: Mr. Kazumoto Yamamoto, Mr. Katsuhiko Honda and Ms. Sanae Inada.

3 Reasons for our nomination of these three individuals as Outside Directors and the tenures as the Outside Directors of the Company are as follows:

(1) We propose that Mr. Kazumoto Yamamoto be appointed as an Outside Director to allow the use of his strong management capabilities nurtured in the housing industry and deep insight for technological development in the Company's business operations. Mr. Yamamoto's tenure as an Outside Director of the Company will be three 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 to allow the use 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 in the Company's business operations. Mr. Honda's tenure as an Outside Director of the Company will be one year as of the conclusion of the current general meeting of shareholders.

(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 as a lawyer and possesses deep legal insight and experiences. We propose that Ms. Inada be appointed as an Outside Director to allow the use of her insight and experience in the Company's business operations as we have judged that she would be able to duly perform the duties of Outside Director. Ms. Inada's tenure as an Outside Director of the Company will be one year as of the conclusion of the current general meeting of shareholders.

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

The term of office of the current Outside Corporate Auditor Mr. Masayoshi Hanabusa ends and he retires at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, we hereby propose that you elect one (1) new Outside Corporate Auditor.

The nominee for the new Outside Corporate Auditor is as follows:

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

Name (Date of birth)	Career summaries, position and areas of responsibility in the Company, and representation of other corporations			Number of the Company's shares held
Yukio Masuda (Date of birth : March 22, 1941)	April	1964	Joined Mitsubishi Corporation	0
	June	1996	Director	
	April	1999	Managing Director	
	June	2001	Representative Director and Senior Executive Officer	
	April	2002	Representative Director and Executive Vice President	
	June	2006	Standing Consultant (Current position)	

Notes 1. There is no special interest between the nominee for Outside Corporate Auditor and the Company.

2. Reasons for our nomination of this individual as an Outside Corporate Auditor are as follows:
We propose that Mr. Yukio Masuda be appointed as an Outside Corporate Auditor to allow the use of his strong management capabilities nurtured in a major trading company and deep insight into the energy business in the implementation of audits of the Company.