[English Translation Originally Issued in the Japanese Language]

Security Identification Code: 9531
June 2, 2017

Dear Shareholders:

NOTICE OF CONVOCATION OF THE 217th ANNUAL SHAREHOLDERS MEETING

We hereby would like to inform you of the 217th Annual Shareholders Meeting of Tokyo Gas Co., Ltd. (hereinafter, '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 in the next page. In that case, we respectfully ask you to exercise your voting rights after reading the REFERENCE MATERIALS FOR THE SHAREHOLDERS MEETING starting from page 5.

Sincerely yours,

Michiaki Hirose
Representative Director, President
TOKYO GAS CO., LTD.
5-20, Kaigan 1-chome, Minato-ku, Tokyo

1. Date and Hour: 10 a.m., Thursday, June 29, 2017

2. Place: Tokyo Gas Building 2F
5-20, Kaigan 1-chome, Minato-ku, Tokyo

3. Agenda:

(1) Matters to report:

'Business Report,' 'Consolidated Financial Statements,' 'Non-Consolidated Financial Statements,' 'Independent Auditor's Report' and 'Audit Report' by the Audit & Supervisory Board on the Consolidated Financial Statements for the 217th fiscal year (from April 1, 2016 to March 31, 2017)

(2) Matters to resolve:

Proposal No. 1: Approval of the Appropriation of Surplus
Proposal No. 2: Partial Amendment to the Articles of Incorporation
Proposal No. 3: Share Consolidation
Proposal No. 4: Election of Eleven (11) Directors
Proposal No. 5: Election of Two (2) Audit & Supervisory Board Members

4. Exercise of Voting Rights:

(1) When attending the meeting

Please bring the enclosed voting form on the day of the meeting and present it to the receptionist.

(2) When not attending the meeting

1) When exercising voting rights by mail

Please indicate on the enclosed voting form your approval or disapproval for each proposal and post it.

Deadline: Form must be delivered by 5:30 p.m. on Wednesday, June 28, 2017.

[Handling of voting rights]

Where there is no indication of approval or disapproval for a respective proposal, the voting right will be considered to be exercised to approve for the resolutions in question.

2) Exercise of voting rights via the Internet and other methods

Please read 'Instruction for Exercise of Voting Rights via the Internet and other methods' starting from page 4 and enter your approval or disapproval for each proposal and submit them by 5:30 p.m. on Wednesday, June 28, 2017.

(3) Duplication of votes:

If duplicated votes are exercised both in Writing and via the Internet and other methods, the vote that arrives later shall be deemed valid. If both of the duplicated votes arrive on the same date, the vote exercised via the Internet and other methods shall be deemed valid.

Note 1: For shareholders attending the Annual Shareholders Meeting, 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: Based on the Company's Articles of Incorporation, you can delegate voting rights to only one proxy who is one of the shareholders holding voting rights. If a proxy will attend the meeting, please present the document certifying authority of such proxy, and your and the proxy's CARD FOR EXERCISE OF VOTING RIGHTS at the reception desk.

Note 3: Please note that 'Consolidated Statement of Changes in Equity,' 'Notes to the Consolidated Financial Statements,' 'Non-Consolidated Statement of Changes in Equity' and 'Notes to the Non-Consolidated Financial Statements' are posted on the Company's website given below, pursuant to laws and regulations and the provisions of the Company's Articles of Incorporation. Consolidated Financial Statements and Non-Consolidated Financial Statements provided in the ACCOMPANYING DOCUMENTS to this NOTICE OF CONVOCATION are a portion of the materials audited when the accounting auditor prepared the independent auditor's report.

Note 4: Please note that in the event there are any revisions to the REFERENCE MATERIALS FOR THE SHAREHOLDERS MEETING, Business Report, Consolidated Financial Statements or Non-Consolidated Financial Statements, the notice for such revisions will be posted on the Company's website as below.

[Company's website http://www.tokyo-gas.co.jp]

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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.

Instruction for Exercise of Voting Rights via the Internet and other methods

- If you prefer to excise your voting rights via the Internet, please confirm the following before exercising your rights.

1. Please use the following dedicated voting website.
   http://www.web54.net
   If you use a cell phone with a function to read barcodes, you can access by having your cell phone read the QR Code® on the right.
2. Please send your approval or disapproval for each proposal according to the instructions shown on screen by using your voting code and password shown in the enclosed CARD FOR EXERCISE OF VOTING RIGHTS.
3. Please exercise your voting rights via the Internet by **5:30 p.m. on Wednesday, June 28, 2017,** the day before the Annual Shareholders Meeting. If you exercise your voting rights more than once via the Internet, the vote exercised last shall be deemed valid.
4. Telecommunication charges (telephone fees) may be required in some cases. Please note that such charges will be borne by the shareholders.

- Inquiries

1. If you are not sure how to operate your PC or other device to exercise your voting rights:

   Dedicated telephone line of the Stock Transfer Agency Department 'Web Support,'
   Sumitomo Mitsui Trust Bank, Limited
   Telephone number in Japan: 0120-652-031 (9 a.m. to 9 p.m.)

2. Cases other than the above:

   Stock Transfer Agency Department 'Clerical Center,'
   Sumitomo Mitsui Trust Bank, Limited
   Telephone number in Japan: 0120-782-031 (9 a.m. to 5 p.m. every day except Saturdays, Sundays and national holidays)

* QR Code is a registered trademark of Denso Wave Incorporated.

To institutional investors:
In addition to exercising voting rights via the Internet as mentioned above, institutional investors may use the Electronic Voting Platform for Institutional Investors operated by ICJ Inc., in which Tokyo Stock Exchange, Inc. and other companies invest, only if they apply for the use of the platform in advance.

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REFERENCE MATERIALS FOR THE SHAREHOLDERS MEETING

Proposals and References

Proposal No. 1: Approval of the Appropriation of Surplus

We hereby would like to propose that surplus be appropriated in the manner described below:

Dividends from surplus (year-end dividends)

Based on the Company's 'Policy on Determination of Dividends from Surplus and Others' (see the Reference below), the Company will pay a year-end dividend of ¥5.5 per share.

Together with the midterm dividend of ¥5.5 per share, the total dividend to be paid during the year is ¥11 per share.

(1) Allocation of dividend property and its aggregate amount:
Cash ¥5.5 per share
Aggregate amount of dividends ¥12,628,163,647

(2) Dividend effective date
Friday, June 30, 2017

[Reference] Policy on Determination of Dividends from Surplus and Others

The Company will apply the cash flow it has generated based on 'Challenge 2020 Vision' to investments in 'Enhancing the LNG Value Chain,' which is aimed at new growth, and will simultaneously allocate the results of its management to the shareholders in an appropriate and timely manner.

Specifically, the Company has positioned acquisition of its own shares based on assumption of retirement, in addition to dividends, as a form of its return to the shareholders, and has set the targeted gross distribution propensity (the ratio of the amount of dividends and acquisition of its own shares to consolidated profit) at about 60% for each year until FY2020.

Moreover, by maintaining stable dividends, and comprehensively considering medium- and long-term profit levels, the Company will gently increase its dividends in line with growth.

$$\text{n FY gross distribution propensity} = \frac{\text{(n FY total dividends)} + \text{(n+1 FY acquisition of own shares)}}{\text{n FY consolidated profit}}$$

Proposal No. 2: Partial Amendment to the Articles of Incorporation

(1) Reason for amendment

In order to allow Outside Directors and Outside Audit & Supervisory Board Members of the Company to fulfill their expected roles and enable the Company to continuously attract human resources suitable for these positions, the Company proposes that the following provisions be newly established in Article 26 (Exemption from Liability of Directors) and Article 35 (Exemption from Liability of Audit & Supervisory Board Members) of the Articles of Incorporation pursuant to Article 427 of the Companies Act as a provision stating that the Company may enter into a limited liability contract with Outside Directors and Outside Audit & Supervisory Board Members.

The proposal of establishment of Article 26, Paragraph 2 of the Articles of Incorporation has already been consented to by each of the Audit & Supervisory Board Members.

(2) Contents of amendments

Contents of amendments are shown below.

(Amendments are underlined)

Current Provisions	Proposed Amendments
(Exemption from Liability of Directors) Article 26 (1) (Omitted) (Newly established)	**(Exemption from Liability of Directors)** Article 26 (1) (Same as at present) (2) The Company may enter into agreements with Outside Directors that limit their liability for damages under Article 423, Paragraph 1 of the Companies Act, to the extent stipulated by Article 425, Paragraph 1 of the Companies Act, provided that the Outside Directors have performed their duties in good faith and without gross negligence.
(Exemption from Liability of Audit & Supervisory Board Members) Article 35 (1) (Omitted) (Newly established)	**(Exemption from Liability of Audit & Supervisory Board Members)** Article 35 (1) (Same as at present) (2) The Company may enter into agreements with Outside Audit & Supervisory Board Members that limit their liability for damages under Article 423, Paragraph 1 of the Companies Act, to the extent stipulated by Article 425, Paragraph 1 of the Companies Act, provided that the Outside Audit & Supervisory Board Members have performed their duties in good faith and without gross negligence.

Proposal No. 3: Share Consolidation

(1) Reason for proposal

For the greater convenience of investors and other market participants, the Tokyo Stock Exchange and other stock exchanges nationwide are promoting an 'Action Plan for Consolidating Trading Units,' aiming to consolidate trading units for common shares of domestic listed companies to 100 shares per unit by October 1, 2018.

In light of the intent of this action plan, the Company decided to change the number of shares in a unit of shares from 1,000 shares to 100 shares by the resolution at the Board of Directors' meeting held on January 31, 2017, according to the provisions of the Companies Act.

After the change to the number of shares in a unit of shares, aiming to adjust the investment unit to the level desired by stock exchanges nationwide (50,000 yen or more but less than 500,000 yen), the Company also decided to carry out a share consolidation of the Company shares under which every 5 shares will be consolidated into 1 share (the 'Share Consolidation') and reduce its total number of shares issuable from 6.5 billion shares to 1.3 billion shares according to the ratio of the Share Consolidation.

Subject to the approval of this proposal as originally proposed, the aforementioned change in the number of shares in a unit of shares will take effect on October 1, 2017.

(2) Ratio of the consolidation

With regard to the shares issued by the Company, 5 shares will be consolidated into 1 share.

For shareholders who will have fractional shares of less than one share in the number of shares held as a result of share consolidation, the Company shall sell these in bulk and then distribute the sales proceeds to the shareholders in accordance with the fractional share ratios.

(3) Effective date of share consolidation

October 1, 2017

(4) Total number of shares issuable on the effective date

1,300,000,000 shares

By consolidating shares, the Company shall be deemed to have amended the provisions of the Articles of Incorporation concerning the total number of shares issuable on the effective date, pursuant to the provisions of Article 182, Paragraph 2 of the Companies Act.

[Reference]

Subject to the approval of this proposal as originally proposed, the Articles of Incorporation of the Company will be partially amended as follows on October 1, 2017.

The following table shows the current provisions of the Articles of Incorporation and proposed amendments.

(Amendments are underlined)

Current Provisions	Proposed Amendments
Article 6 The total number of shares issuable by the Company shall be six billion and five hundred million (6,500,000,000) shares.	Article 6 The total number of shares issuable by the Company shall be one billion and three hundred million (1,300,000,000) shares.
Article 8 The number of shares of the Company constituting one (1) share unit shall be one thousand (1,000) shares.	Article 8 The number of shares of the Company constituting one (1) share unit shall be one hundred (100) shares.

Proposal No. 4: Election of Eleven (11) Directors

The term of office of all the current eleven (11) Directors ends at the conclusion of this Annual Shareholders Meeting. Accordingly, we hereby propose the election of eleven (11) Directors.
The nominees for Directors are as follows:

No.	Name	Current position and areas of responsibility in the Company	Other
1	Tsuyoshi Okamoto	Director and Chairman of the Board	Reelection
2	Michiaki Hirose	Representative Director, President	Reelection
3	Takashi Uchida	Representative Director, Executive Vice President Chief Executive of Residential Sales and Service Div.	Reelection
4	Satoru Yasuoka	Representative Director, Executive Vice President Chief Executive of Energy Solution Div.	Reelection
5	Fumio Murazeki	Director, Senior Executive Officer President, Representative Director of TOKYO GAS LIQUID HOLDINGS CO., LTD.	Reelection
6	Masaru Takamatsu	Director, Senior Executive Officer In charge of Purchasing Dept., Secretary Dept., General Administration Dept., Compliance Dept., and Internal Audit Dept.	Reelection
7	Kunio Nohata	Senior Executive Officer Chief Executive of Power Business Div. In charge of Environmental Affairs Dept.	Newly elected
8	Takashi Anamizu	Senior Executive Officer Chief Executive of Global Business Div.	Newly elected
9	Akihiko Ide	Director	Reelection Outside Independent
10	Yoshinori Katori	Director	Reelection Outside Independent
11	Chika Igarashi	Director	Reelection Outside Independent

Notes: 1. There is no special interest between the nominees for Directors and the Company.
2. If the election of nominees for Outside Directors Akihiko Ide, Yoshinori Katori and Chika Igarashi are approved, then conditional upon the approval of Proposal No. 2 'Partial Amendment to the Articles of Incorporation,' the Company plans to enter into agreements with each one of them to limit their liability under Article 423, paragraph 1 of the Companies Act to the amount provided for in Article 425, paragraph 1 of the same Act.

No.	Name (Date of birth)	Career summary, position and areas of responsibility in the Company [Important concurrent posts]
1	Reelection Tsuyoshi Okamoto (September 23, 1947) Number of the Company's shares held 242,000	April 1970 Joined the Company June 1997 Deputy Chief Executive of Northern Regional Business Div. June 1998 General Manager 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 Chief Executive of Strategic Planning Div. June 2004 Director, Senior Executive Officer and Chief Executive of Strategic Planning Div. April 2006 Director, Senior Executive Officer, Chief Executive of Corporate Communication Div. and in charge of Compliance Dept. and Internal Audit Dept. April 2007 Representative Director, Executive Vice President and in charge of Personnel Dept., Secretary Dept., General Administration Dept., Compliance Dept. and Internal Audit Dept. April 2009 Representative Director, Executive Vice President and in charge of Personnel Dept., Secretary Dept., General Administration Dept. and Compliance Dept. April 2010 Representative Director, President April 2014 Director and Chairman of the Board June 2016 Outside Director of JAPAN POST BANK Co., Ltd (Current position) [Important concurrent posts] Outside Director of JAPAN POST BANK Co., Ltd
Reason for nomination as Director Mr. Tsuyoshi Okamoto is mainly engaged in operations related to personnel, general administration and corporate planning, and has been President for four years between April 2010 and March 2014. We propose that Mr. Tsuyoshi Okamoto be reelected as Director, since he has been serving as the Chairman of the Board since April 2014, and has abundant experience and in-depth knowledge in the Company's operations.		

No.	Name (Date of birth)	Career summary, position and areas of responsibility in the Company [Important concurrent posts]
2	Reelection Michiaki Hirose (October 2, 1950) Number of the Company's shares held 139,000	April 1974 Joined the Company April 2004 Executive Officer and Assistant to Chief Executive of Corporate Communication Div. April 2006 Executive Officer and General Manager of Corporate Planning Dept. of Strategic Planning Div. April 2007 Senior Executive Officer and in charge of Corporate Planning Dept., Infrastructure Project Dept., Finance Dept., Accounting Dept. and Affiliated Companies Dept. April 2008 Senior Executive Officer and in charge of Corporate Planning Dept., Investor Relations Dept., Finance Dept., Accounting Dept., Affiliated Companies Dept. and Gas Industry Privatization Research Project Dept. April 2009 Senior Executive Officer and in charge of Corporate Planning Dept. and Affiliated Companies Dept. June 2009 Director, Senior Executive Officer and in charge of Corporate Planning Dept., Corporate Communications Dept. and Affiliated Companies Dept. January 2010 Director, Senior Executive Officer and in charge of Corporate Planning Dept., Project Management Dept., Corporate Communications Dept. and Affiliated Companies Dept. April 2012 Representative Director, Executive Vice President and Chief Executive of Living Energy Div. April 2013 Representative Director, Executive Vice President and Chief Executive of Residential Sales and Service Div. April 2014 Representative Director, President (Current position)
Reason for nomination as Director Mr. Michiaki Hirose is mainly engaged in operations related to corporate planning and living. Since April 2014, he has been the President as a chief operational officer. We propose that Mr. Michiaki Hirose be reelected as Director, since he has abundant experience and in-depth knowledge in the Company's operations.		
3	Reelection Takashi Uchida (April 17, 1956) Number of the Company's shares held 40,000	April 1979 Joined the Company June 2006 General Manager of Pipeline Planning Dept. of Pipeline Network Div. April 2009 General Manager of Corporate Planning Dept. April 2010 Executive Officer and General Manager of Corporate Planning Dept. April 2012 Senior Executive Officer and in charge of Personnel Dept., Secretary Dept., Compliance Dept. and Internal Audit Dept. April 2013 Senior Executive Officer and Chief Executive of Energy Resources Business Div. June 2015 Director, Senior Executive Officer and Chief Executive of Energy Resources Business Div. April 2016 Representative Director, Executive Vice President and Chief Executive of Residential Sales and Service Div. April 2017 Representative Director, Executive Vice President and Chief Executive of Residential service Div. (Current position)
Reason for nomination as Director Mr. Takashi Uchida is mainly engaged in operations related to pipelines and energy resources. He is currently in the position of Executive Vice President. We propose that Mr. Takashi Uchida be reelected as Director, since he has abundant experience and in-depth knowledge in the Company's operations.		

No.	Name (Date of birth)	Career summary, position and areas of responsibility in the Company [Important concurrent posts]
4	Reelection Satoru Yasuoka (October 27, 1956) Number of the Company's shares held 60,000	April 1979 Joined the Company April 2006 General Manager of Industrial Gas Sales Dept. of Energy Sales and Service Div. April 2008 General Manager of Gas Resources Dept. of Energy Resources Business Div. April 2010 Executive Officer and General Manager of Gas Resources Dept. of Energy Resources Business Div. April 2011 Executive Officer and General Manager of Sales Marketing 1 Dept. of Living Corporate Sales and Services Div. April 2012 Senior Executive Officer and Chief Executive of Regional Development Marketing Div. April 2015 Senior Executive Officer and Chief Executive of IT Div. and in charge of Environmental Affairs Dept. and Fundamental Technology Dept. June 2015 Director, Senior Executive Officer, Chief Executive of IT Div. and in charge of Environmental Affairs Dept. and Fundamental Technology Dept. April 2016 Director, Senior Executive Officer, Chief Executive of Energy Solution Div. and General Manager of Volume Sales Dept. of Energy Solution Div. April 2017 Representative Director, Executive Vice President and Chief Executive of the Energy Solution Division (Current position)
Reason for nomination as Director Mr. Satoru Yasuoka is mainly engaged in operations related to energy sales and energy resources. He is currently in the position of Executive Vice President. We propose that Mr. Satoru Yasuoka be reelected as Director, since he has abundant experience and in-depth knowledge in the Company's operations.		
5	Reelection Fumio Murazeki (January 29, 1956) Number of the Company's shares held 36,000	April 1979 Joined the Company April 2009 General Manager of Residential Sales Planning Dept. of Living Energy Div. April 2010 Executive Officer and General Manager of Residential Sales Planning Dept. of Living Energy Div. April 2013 Senior Executive Officer and Head of Sales Marketing of Energy Solution Div. October 2014 Senior Executive Officer, Head of Sales Marketing of Energy Solution Div. and General Manager of Energy Sales & Service Planning Dept. April 2015 Senior Executive Officer, Chief Executive of Energy Solution Div. and General Manager of Volume Sales Dept. of Energy Solution Div. April 2016 Senior Executive Officer of the Company President, Representative Director of TOKYO GAS LIQUID HOLDINGS CO., LTD. June 2016 Director, Senior Executive Officer of the Company and Representative Director of TOKYO GAS LIQUID HOLDINGS CO., LTD. (Current position)
Reason for nomination as Director Mr. Fumio Murazeki is mainly engaged in operations related to living and energy sales. He is currently in the position of Senior Executive Officer of the Company and President, Representative Director of TOKYO GAS LIQUID HOLDINGS CO., LTD. We propose that Mr. Fumio Murazeki be reelected as Director, since he has abundant experience and in-depth knowledge in the Company's operations.		

No.	Name (Date of birth)	Career summary, position and areas of responsibility in the Company [Important concurrent posts]
6	Reelection Masaru Takamatsu (March 14, 1956) Number of the Company's shares held 66,000	April 1980 Joined the Company April 2005 General Manager of Home Service Planning Dept. of Home Service Div. April 2006 General Manager of Business Partnership Support Dept. of Home Service Div. April 2010 General Manager of LIFEVAL Project Management Dept. of Living Energy Div. April 2011 Executive Officer and General Manager of LIFEVAL Project Management Dept. of Living Energy Div. April 2012 Executive Officer and General Manager of Corporate Planning Dept. April 2014 Senior Executive Officer and in charge of Corporate Planning Dept. and Affiliated Companies Dept. April 2015 Senior Executive Officer and in charge of Corporate Planning Dept., Personnel Dept., Chiba-Ibaraki Project Dept., Group Management Project Dept., and Group Personnel System Project Dept. April 2016 Senior Executive Officer and in charge of Personnel Dept., Secretary Dept., General Administration Dept., Compliance Dept., and Internal Audit Dept. June 2016 Director, Senior Executive Officer and in charge of Personnel Dept., Secretary Dept., General Administration Dept., Compliance Dept., and Internal Audit Dept. April 2017 Director, Senior Executive Officer and in charge of Purchasing Dept., Secretary Dept., General Administration Dept., Compliance Dept., and Internal Audit Dept. (Current position)
Reason for nomination as Director Mr. Masaru Takamatsu is mainly engaged in operations related to living and corporate planning. He is currently in the position of Senior Executive Officer and in charge of such sections as the Purchasing Department and Secretary Department. We propose that Mr. Masaru Takamatsu be reelected as Director, since he has abundant experience and in-depth knowledge in the Company's operations.		
7	Newly elected Kunio Nohata (December 31, 1958) Number of the Company's shares held 16,000	April 1984 Joined the Company November 2006 General Manager of Infrastructure Project Dept. April 2008 Acting General Manager of Energy Sales & Service Planning Dept. of Energy Solution Div. April 2009 General Manager of Total Energy Business Dept. of Energy Solution Div. April 2011 General Manager of Gas Resources Dept. of Energy Resources Business Div. April 2013 Executive Officer and General Manager of Gas Resources Dept. of Energy Resources Business Div. April 2015 Senior Executive Officer, President, Representative Director of Tokyo Gas Engineering Solutions April 2017 Senior Executive Officer of the Company, Chief Executive of Power Business Div., In charge of Environmental Affairs Dept. (Current position)
Reason for nomination as Director Mr. Kunio Nohata is mainly engaged in operations related to energy sales and energy resources. He is currently in the position of Senior Executive Officer in charge of such as electric power business. We propose that Mr. Kunio Nohata be elected as Director, since he has abundant experience and in-depth knowledge in the Company's operations.		

No.	Name (Date of birth)	Career summary, position and areas of responsibility in the Company [Important concurrent posts]
8	Newly elected Takashi Anamizu (May 18, 1959) Number of the Company's shares held 27,244	April 1985 Joined the Company January 2010 General Manager of Project Management Dept. April 2012 General Manager of Residential Fuel Cell Business Development Dept. of Living Energy Div. April 2015 Executive Officer and General Manager of Sales Innovation Planning Dept. April 2016 Senior Executive Officer, Chief Executive of Energy Resources & Global Business Division April 2017 Senior Executive Officer, Chief Executive of Global Business Div. (Current position)
Reason for nomination as Director Mr. Takashi Anamizu is mainly engaged in operations related to living and energy resources. He is currently in the position of Senior Executive Officer in charge of overseas businesses. We propose that Mr. Takashi Anamizu be elected as Director, since he has abundant experience and in-depth knowledge in the Company's operations.		
9	Nominee for Outside Director Reelection Independent Officer Akihiko Ide (October 24, 1941) Number of the Company's shares held 9,000 Attendance to the Board of Directors meetings: 12 / 12 (100%)	April 1965 Joined Mitsubishi Metal Mining Company Ltd. (Current Mitsubishi Materials Corporation) June 1994 General Manager of General Affairs & Administration Dept. at Mitsubishi Materials Corporation June 1997 Director of Mitsubishi Materials Corporation June 2000 Managing Director of Mitsubishi Materials Corporation June 2002 Executive Vice President of Mitsubishi Materials Corporation June 2004 President of Mitsubishi Materials Corporation June 2010 Chairman of Mitsubishi Materials Corporation Director of Sakai Chemical Industry Co., Ltd. April 2015 Senior Advisor of Mitsubishi Materials Corporation June 2016 Advisor of Mitsubishi Materials Corporation Director of the Company (Current position) [Important concurrent posts] Director of Sakai Chemical Industry Co., Ltd.
Reason for nomination as Outside Director We propose that Mr. Akihiko Ide be reelected as an Outside Director so that the Company can continue to make use of the cosmopolitan outlook he has acquired in overseas businesses in the general materials industry, particularly in Asia, as well as the management capabilities broad outlook and in-depth knowledge he has acquired through a wide range of business development in resource business and others for the Company's management. Mr. Ide's tenure as an Outside Director of the Company will be two years as of the conclusion of this Annual Shareholders Meeting. The Company has designated Mr. Ide as the 'Independent Officer' (Independent Director), who will not have conflicting interests with general shareholders, and notified him to the listing stock exchanges (Tokyo Stock Exchange and Nagoya Stock Exchange).		

No.	Name (Date of birth)	Career summary, position and areas of responsibility in the Company [Important concurrent posts]
10	Nominee for Outside Director Reelection Independent Officer Yoshinori Katori (February 15, 1950) Number of the Company's shares held 3,000 Attendance to the Board of Directors meetings: 12 / 12 (100%)	April 1973 Joined Ministry of Foreign Affairs August 2004 Director-General of Consular Affairs Bureau August 2005 Press Secretary/Director-General for Press and Public Diplomacy of Minister's Secretariat August 2006 Ambassador Extraordinary and Plenipotentiary to the State of Israel October 2008 Ambassador for ASEAN, and Science and Technology Cooperation, Ministry of Foreign Affairs April 2010 Director-General of Foreign Service Training Institute, Ministry of Foreign Affairs March 2011 Ambassador Extraordinary and Plenipotentiary to the State of Indonesia October 2014 Retired from Ministry of Foreign Affairs June 2015 Director of the Company (Current position)
Reason for nomination as Outside Director We propose that Mr. Yoshinori Katori be reelected as an Outside Director so that the Company can continue to make use of the cosmopolitan and broad outlook and in-depth knowledge he has acquired over his many years as a diplomat for the Company's management. Mr. Katori's tenure as an Outside Director of the Company will be two years as of the conclusion of this Annual Shareholders Meeting. Although Mr. Katori has not been involved in corporate management, we consider that he is capable of appropriately performing his duties as Outside Director due to the aforementioned reasons. The Company has designated Mr. Katori as the 'Independent Officer' (Independent Director), who will not have conflicting interests with general shareholders, and notify him to the listing stock exchanges (Tokyo Stock Exchange and Nagoya Stock Exchange).		
11	Nominee for Outside Director Reelection Independent Officer Chika Igarashi (March 26, 1971) Number of the Company's shares held 0 Attendance to the Board of Directors meetings: 10 / 10 (100%)	April 1997 Registered as an attorney at law Joined a law firm in Tokyo Metropolitan area July 2006 Joined Asahi Law Office (Currently Nishimura & Asahi) June 2007 Registered as an attorney at law in New York State, USA June 2016 Director of the Company (Current position)
Reason for nomination as Outside Director We propose that Ms. Chika Igarashi be elected as Outside Director so that the Company can continue to make use of her high level of legal expertise built up through many years of experience in corporate legal affairs, broad outlook and in-depth knowledge for the Company's management. Ms. Igarashi's tenure as an Outside Director of the Company will be one year as of the conclusion of this Annual Shareholders Meeting. Although Ms. Igarashi has not been involved in corporate management, we consider that she is capable of appropriately performing her duties as Outside Director due to the aforementioned reasons. The Company has designated Ms. Igarashi as the 'Independent Officer' (Independent Director), who will not have conflicting interests with general shareholders, and notify her to the listing stock exchanges (Tokyo Stock Exchange and Nagoya Stock Exchange).		

Proposal No. 5: Election of Two (2) Audit & Supervisory Board Members

The term of office of the current Audit & Supervisory Board Members Mr. Tsutomu Oya and Mr. Kojiro Otani ends at the conclusion of this Annual Shareholders Meeting. Accordingly, we hereby propose the election of two (2) Audit & Supervisory Board Members.

The nominees for Audit & Supervisory Board Members are as follows.

The Audit & Supervisory Board has already given its prior consent to the submission of this proposal.

No.	Name	Current position in the Company	Other
1	Hideaki Arai	–	Newly elected
2	Masato Nobutoki	–	Newly elected Outside Independent

Notes: 1. There is no special interest between the nominees for Audit & Supervisory Board Members and the Company.

2. If the election of nominee for Outside Audit & Supervisory Board Member Masato Nobutoki is approved, then conditional upon the approval of Proposal No. 2 'Partial Amendment to the Articles of Incorporation,' the Company plans to enter into an agreement with him to limit his liability under Article 423, paragraph 1 of the Companies Act to the amount provided for in Article 425, paragraph 1 of the same Act.

No.	Name (Date of birth)	Career summary and position in the Company [Important concurrent posts]
1	Newly elected Hideaki Arai (January 12, 1956) Number of the Company's shares held 43,030	April 1979 Joined the Company April 2007 General Manager of Pipeline Network Div. April 2010 Executive Officer, General Manager of Pipeline Dept., Pipeline Network Div. April 2013 Senior Executive Officer, Chief Executive of Pipeline Network Div. April 2015 Senior Executive Officer, Chief Executive of Regional Development Marketing Div. April 2016 Senior Executive Officer, Chief Executive of Region Div. March 2017 Retired as Senior Executive Officer (Current position)
Reason for nomination as Audit & Supervisory Board Member We propose that Mr. Hideaki Arai be elected as Outside Audit & Supervisory Board Member so that the Company can make use of his abundant experience and in-depth knowledge concerning the Company acquired primarily through his engagement in the Pipeline Network Division and Region Division, and his service as Senior Executive Officer.		
2	Nominee for Outside Audit & Supervisory Board Member Newly elected Independent Officer Masato Nobutoki (September 29, 1956) Number of the Company's shares held 0	April 1981 Joined Mitsubishi Corporation September 2002 Head of the secretariat of Government Exhibition Projects for EXPO 2005 Aichi, Japan, Producer Associates Co. Ltd. April 2004 General Manager of Planning & Event Office of Government Exhibition Projects Dept., Japan Association for the 2005 World Exposition April 2007 Joined City of Yokohama Director General of City Growth Strategy Promotion Department, Economic Affairs Bureau, City of Yokohama April 2009 General Manager of Climate Change Policy Project, City of Yokohama May 2011 General Manager of Climate Change Policy Headquarters, City of Yokohama April 2012 Executive Director of Future City Promotion, Climate Change Policy Headquarters, City of Yokohama April 2016 Consultant of Future City Promotion, Climate Change Policy Headquarters, City of Yokohama (Current position)
Reason for nomination as Outside Audit & Supervisory Board Member Mr. Masato Nobutoki has not been involved in corporate management. However, we propose that he be elected as Outside Audit & Supervisory Board Member so that the Company can make use of his abundant experience and in-depth knowledge as a company employee and as a public officer of a local government agency. The Company plans to designate Mr. Nobutoki as an 'Independent Officer' (Independent Audit & Supervisory Board Member), who will not have conflicting interests with general shareholders, and notify him to the listing stock exchanges (Tokyo Stock Exchange and Nagoya Stock Exchange).		

[Reference]

Independence Standards for Outside Officers

TOKYO GAS CO., LTD.

The Company shall judge Outside Officers (Outside Directors and Outside Audit & Supervisory Board Members) to be independent if they do not fall under any of the categories numbered (1) to (10) below.

(1) Executive of a parent company or a fellow subsidiary company of the Company
(2) Executive of a subsidiary of the Company
(3) Major shareholder holding 10% or more of the Company's total shares outstanding (includes executives of a corporation, etc.)
(4) Major client or supplier of the Company whose transactions account for 2% or more of consolidated net sales (parties that are major clients or suppliers of the Company, or parties for whom the Company is a major client or supplier [includes executives of a corporation, etc.])
(5) Accounting Auditor or corporate attorney of the Company
(6) Individual that fell under any of categories (1) to (5) within the previous three years
(7) Executive of an organization receiving a large amount of donation from the Company (over the previous three business years, an average of ¥10 million or more annually or 30% or more of the organization's total average annual costs, whichever sum is greater)
(8) Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property-related benefits from the Company besides remuneration as an Officer (over the previous three business years, for an individual, an average of ¥10 million or more annually and for a corporation, etc., 2% or more of the corporation's consolidated net sales)
(9) Close relative of (1) to (8) (within the second degree of kinship)
(10) Individual serving as officer (inside director, inside audit & supervisory board member, executive, or executive officer) at a corporate group in which an Officer (Inside Director, Inside Audit & Supervisory Board Member, or Executive Officer) of the Tokyo Gas Group serves as outside officer

[English Translation of Business Report Originally Issued in Japanese Language]

Business Report

(From April 1, 2016 to March 31, 2017)

1. Matters Concerning Current State of Group Operations

(1) Business Conditions and Results

During the fiscal year under review, the Japanese economy remained on a gradual recovery trend with steady improvements in the employment and income environment, increases in employee compensation, and corporate income remaining at a high level, despite the lack of strength in the growth of consumer spending and capital expenditure, among others. Meanwhile, the global economy faced further uncertainties amid risks of vulnerability of the economies of emerging countries and resource-rich countries, as well as the support for an exit from the EU in the referendum in the U.K.

Against this economic backdrop, the environment surrounding the energy business has undergone dramatic changes, such as the full liberalization of retail sales of electricity in April 2016 and the full liberalization of retail sales of gas in April 2017.

Amid these dramatic environmental changes, the Tokyo Gas Group has been making multifaceted and comprehensive preparations to expand added value for our customers through comprehensive energy proposals so that customers would continue to choose Tokyo Gas.

Although we have worked on these intense initiatives and the sales volume of gas increased due mainly to low temperature in winter, net sales of the City Gas Sales segment dropped as a result of a decrease in sales unit price due to gas rate adjustment associated with the effect of lower crude oil prices. As a result, consolidated net sales decreased by 15.8% year on year to ¥1,587,085 million.

In terms of operating expenses, in addition to further promotion of business efficiency and the utmost efforts to restrict expenses as much as possible, there was a decline in city gas raw material costs associated with the effect of lower crude oil prices. As a result, operating expenses decreased by 9.7% year on year to ¥1,528,719 million.

As a result of the above, operating profit dropped by 69.6% year on year to ¥58,365 million, and ordinary profit dropped by 70.5% year on year to ¥55,688 million. As a result of the recording of gain on sales of non-current assets of ¥6,610 million and gain on sales of investment securities of ¥9,120 million under extraordinary income, and the recording of impairment loss on overseas upstream business of ¥2,408 million and the recording of income taxes, profit attributable to owners of parent dropped by 52.5% year on year to ¥53,134 million.

The category of main business activities has been revised from the fiscal year under review, and comparison with the previous fiscal year is based on the category after revision. The revised main business activities are described in '(8) Main Business Activities.'

We would like to report the review of results by operating segment, as follows.

1) City Gas Sales

Total customer numbers rose by 138 thousand during this fiscal year, to 11,536 thousand as of March 31, 2017. Gas sales volume increased by 1.8% year on year to 15,719,650 thousand cubic meters.

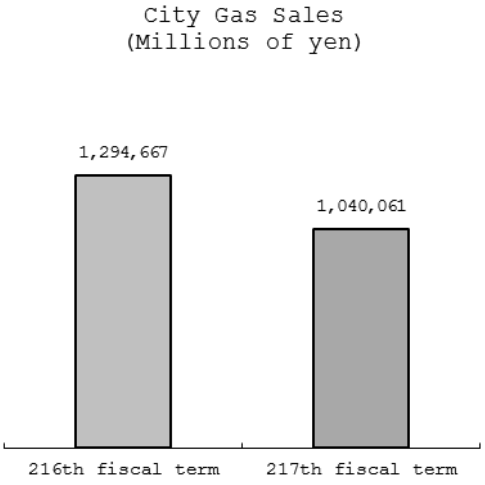
Of this amount, the volume of household-bound gas sold increased by 3.0% year on year to 3,466,389 thousand cubic meters, due mainly to higher demand for hot water supply affected by lower temperature in

winter, compared with the previous fiscal year. The volume of business-bound gas sold (for commercial, public and medical uses) was up 1.2% year on year to 2,708,792 thousand cubic meters, with a rise in air-conditioning demand due to higher temperature in late summer, compared with the previous fiscal year, and an increase in demand for hot water supply and air-conditioning on the back of lower temperature in winter, compared with the previous fiscal year. The volume of industry-bound gas sold increased 0.8% year on year to 7,292,956 thousand cubic meters, primarily driven by the expanding demand for industrial-use, especially for power generation. The Group's wholesale supplies to other gas utilities grew 4.2% year on year to 2,251,514 thousand cubic meters due to a growth in customer demand.

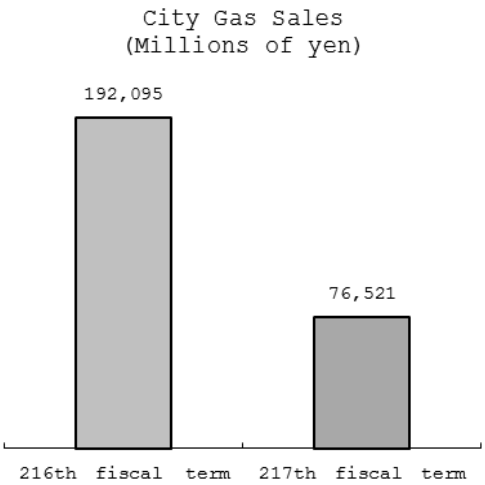
Reflecting a decrease in sales unit price due to gas rate adjustments, net sales decreased by 19.7% year on year to ¥1,040,061 million despite an increase in gas sales volume.

Segment profit decreased by 60.2% year on year to ¥76,521 million.

Net sales



Segment profit

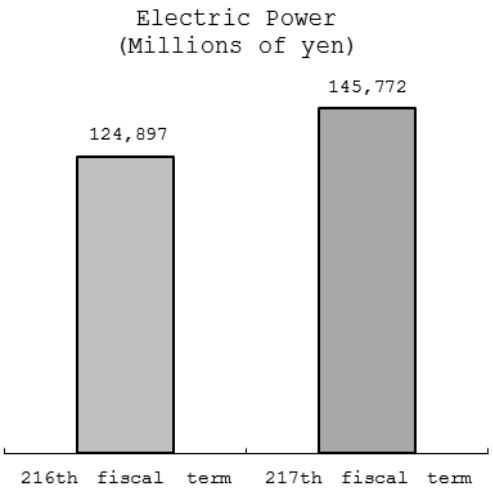


2) Electric Power

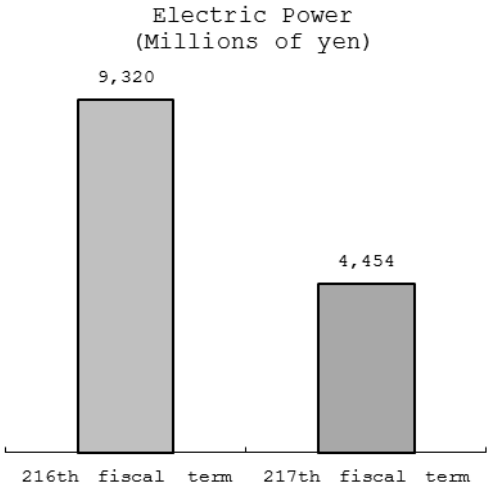
Net sales increased by 16.7% year on year to ¥145,772 million, as sales increased as a result of launching of supply for residential customers.

Segment profit decreased by 52.2% year on year to ¥4,454 million.

Net sales



Segment profit

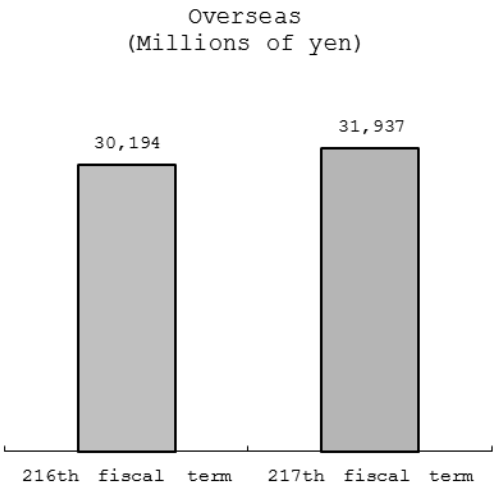


3) Overseas

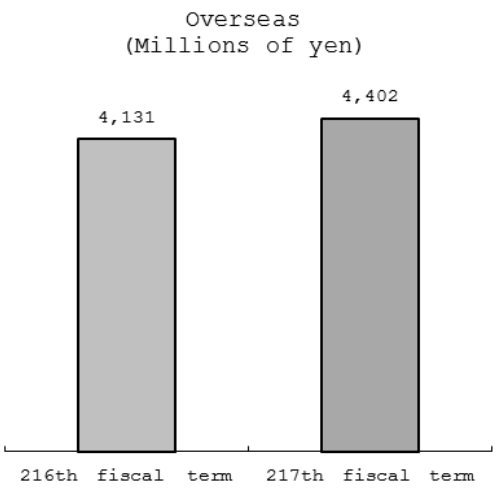
Net sales increased by 5.8% year on year to ¥31,937 million, as sales related to upstream business increased.

Segment profit increased by 6.5% year on year to ¥4,402 million.

Net sales



Segment profit

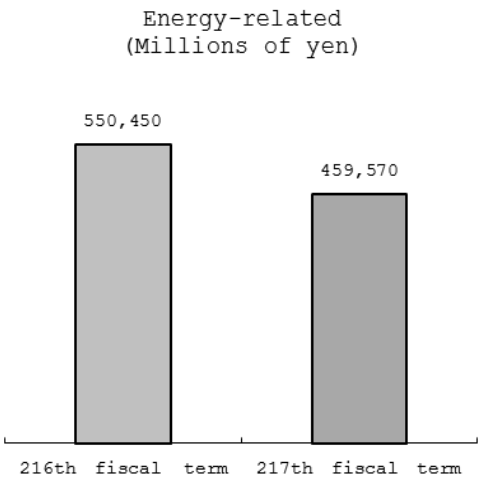


4) Energy-related

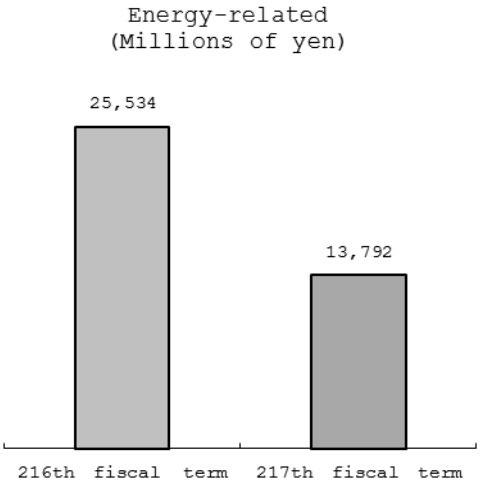
Net sales decreased by 16.5% year on year to ¥459,570 million, as sales related to selling price in the LNG sales business decreased.

Segment profit decreased by 46.0% year on year to ¥13,792 million.

Net sales



Segment profit

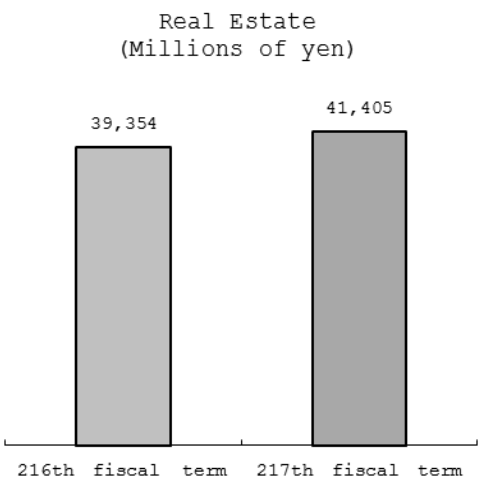


5) Real Estate

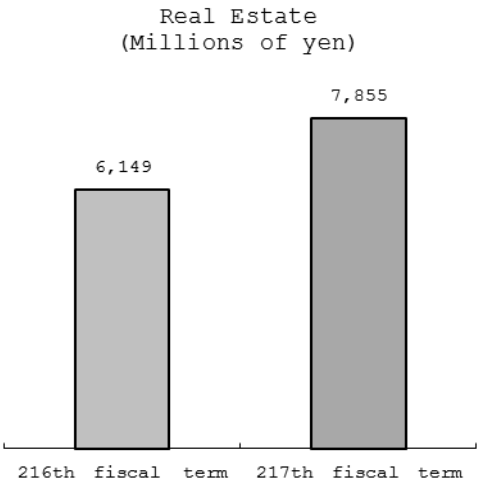
Net sales increased by 5.2% year on year to ¥41,405 million due to an increase in income from building rents.

Segment profit increased by 27.7% year on year to ¥7,855 million.

Net sales



Segment profit

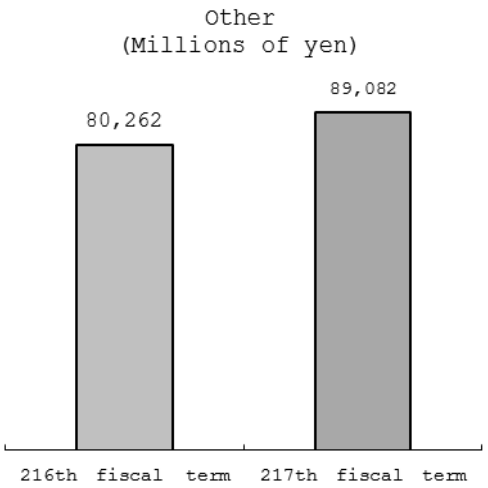


6) Other

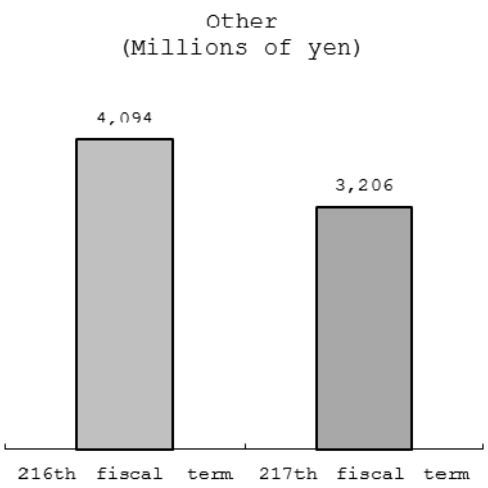
Net sales increased by 11.0% year on year to ¥89,082 million, as large-scale projects in information processing service increased.

Segment profit decreased by 21.7% year on year to ¥3,206 million.

Net sales



Segment profit



(2) Group Capital Expenditures

Total capital expenditures for this fiscal year amounted to ¥203,358 million.

In regard to distribution facilities, the total length of the pipeline network was extended by 557 kilometers during this fiscal year, to 63,062 kilometers as of March 31, 2017.

(3) Group Financing Activities

In this fiscal year, the Company raised funds totaling ¥49.0 billion through issuing the 40th and 41st Domestic unsecured bonds and obtaining loans payable. Consolidated interest-bearing liabilities decreased by ¥2,173 million compared with the previous year-end, to ¥713,596 million.

(4) Prospective Challenges

The Tokyo Gas Group formulated Challenge 2020 Vision in November 2011, about half a year after the Great East Japan Earthquake to serve as a vision for the Tokyo Gas Group's growth and development toward the future and to clarify the measures to bring this vision to reality. Following this vision, we will continue to respond to the needs of our customers, our society and our times. While contributing to realizing 'a prosperous, fulfilling way of life,' 'competitive domestic industries' and 'an environment-friendly society where people can live in peace of mind,' we will also strive to attain sustained growth of the Tokyo Gas Group by recognizing its corporate social responsibility and practicing transparent and fair management while striving for coexistence with the community. Meanwhile, the environment surrounding the Tokyo Gas Group has dramatically changed since the full liberalization of retail sales of gas began in April 2017 following the full liberalization of retail sales of electricity of April 2016.

In light of such changes in the environment, the Group regards FY2015-2017 as Step term for the Challenge 2020 Vision (*FY2012-2014 as Hop term,

FY2018-2020 as Jump term). Under our key initiatives to 'evolve the comprehensive energy business,' 'accelerate global business development' and 'construct a new group formation' towards achieving the Challenge 2020 Vision, the Group is boldly and expeditiously taking on the challenge by combining the Group's comprehensive capabilities.

<Evolve the Comprehensive Energy Business>

In the resource procurement and manufacturing sectors, in order to diversify resource procurement, we plan to commence procurement from the Cove Point Project, which is our first LNG sourced from the USA, and from the Ichthys Project in Australia. Also, we will undertake initiative of new LNG trading, including swaps aimed at optimization of the transportation costs. Furthermore, we will engage in LNG terminal operation that corresponds to the diversification of LNG procurement.

In the supply sector, we are working towards further enhancing our stable supply through the establishment of a systematic pipeline network, and continuing the safety initiatives that we have conducted up to this point, in order to provide customers with peace of mind in their continued use of gas after the full liberalization of retail sales of gas.

In the electric power sector, we have established a new Power Business Division. This will allow us to optimize procurement and sales, achieve more stable power procurement at lower prices, and expand sales. Furthermore, in FY2016, which was the first year of full deregulation of the electricity retail market, we concluded 728 thousand electricity contracts, and we secured a position as the No.1 company among new entrants in low-voltage power market. In FY2017, which will be the second year of this age of unparalleled energy market competition, in order to achieve a total of 1 million electricity contracts, we aim to be the true electricity company that is No.1 in providing customer satisfaction, which will make us the best true electricity company.

With regard to residential customers, we will establish new gas pricing menus and services in response to the full liberalization of retail sales of gas. Also, the Group members will be more united than ever in our effort to be chosen as a comprehensive provider of gas, electricity, and services, and we will continue to present proposal that enriches the lives of our customers.

With regard to our commercial and industrial customers, we will continue with proposals to provide energy solutions that suit customer needs, as well as contributing to urban development that is considerate of environmental and economic factors, as well as disaster prevention, such as by promoting smart energy network projects.

<Accelerate Global Business Development>

We aim to further increase and stabilize profits by utilizing overseas offices and personnel developed thus far. We will proceed with participation in new projects, particularly in Southeast Asia and North America, and evaluate business development in new areas. Furthermore, we will establish Global Business Division and proceed with risk management that leverages our past business experience and work to add the value of the business to address the increasing risks resulting from area expansion and accelerated business development.

<Construct a New Group Formation>

We will develop and implement growth strategies for our engineering service, liquid gas, living service, and urban development service (real estate)

businesses, which have been identified as businesses that will grow and develop in the future, in addition to our city gas business, our electric power business, and our overseas business.

In the engineering service business, Tokyo Gas Engineering Solutions will take the lead in providing engineering solutions that suit the needs of our customers, and expanding our business areas and business domains.

In the Liquid Gas business, we will improve the efficiency of logistics, the level of safety, and the level of customer service, through alliances with a range of players in the LP gas industry. Furthermore, in the industrial gas business, we will enhance our one-stop solutions, that combine LNG with engineering services, etc.

In the living service business, Lifeval, Enesta, and Enefit, etc., are working together to improve services when given the opportunity to interact with customers, in order to be able to provide better value and services. Furthermore, at the newly established Tokyo Gas Living Holdings, we are working to establish a uniform business promotion structure for the Group in the total facility domain.

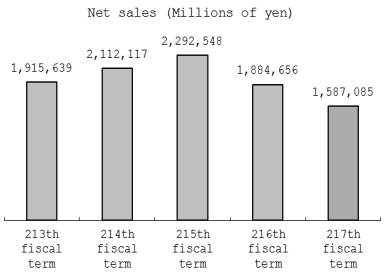
In the urban development service business, we aim to increase profits by contributing to community-based energy proposals and disaster-resilient community development through the utilization and management, etc., of the Group's real estate, and through alliances with players with strengths in the industry, led by Tokyo Gas Real Estate Holdings.

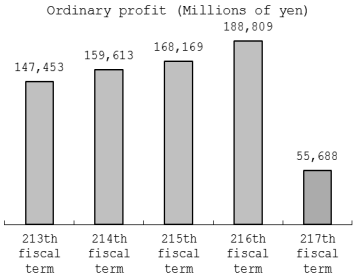
As described above, we will challenge ourselves to achieve the Challenge 2020 Vision and we are applying the combined power of the Group in order to improve our corporate brand of reliability, safety, and trust.

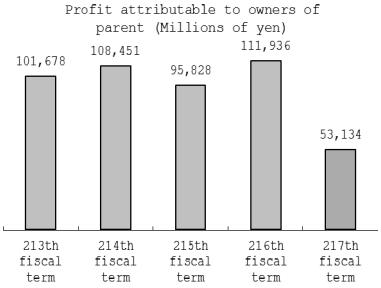
The Group, through the abovementioned initiatives, will endeavor to ensure the peace-of-mind, safety, and trust, continue working to increase its corporate value and shareholder value, and meet the expectations of both shareholders and customers. Toward that end, we will greatly appreciate your ongoing understanding and support.

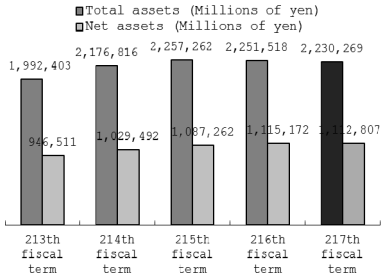
(5) Changes in Status of Assets and Profit and Loss

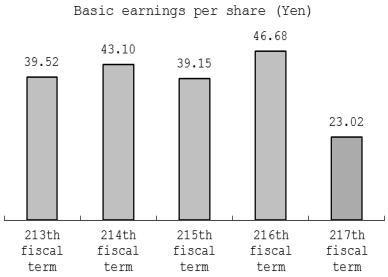
Categories (FY ended March 31)	213th fiscal term (2013)	214th fiscal term (2014)	215th fiscal term (2015)	216th fiscal term (2016)	217th fiscal term (2017)
Net sales (Millions of yen)	1,915,639	2,112,117	2,292,548	1,884,656	1,587,085
Ordinary profit (Millions of yen)	147,453	159,613	168,169	188,809	55,688
Profit attributable to owners of parent (Millions of yen)	101,678	108,451	95,828	111,936	53,134
Basic earnings per share (Yen)	39.52	43.10	39.15	46.68	23.02
Total assets (Millions of yen)	1,992,403	2,176,816	2,257,662	2,251,518	2,230,269
Net assets (Millions of yen)	946,511	1,029,492	1,087,262	1,115,172	1,112,807
Net assets per share (Yen)	360.70	402.91	438.28	460.35	479.74

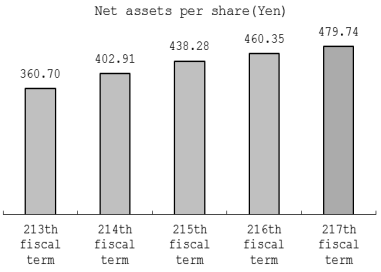












(6) Status of Principal Subsidiaries

Name of the company	The stated capital	Percentage of contribution of the Company (%)	Main business activities
TOKYO GAS AUSTRALIA PTY LTD	$1,589,337 thousand	100.00	LNG upstream businesses in Australia
Tokyo Gas America Ltd.	$603,000 thousand	100.00	LNG upstream businesses, etc. in the Americas
Tokyo Gas Urban Development Co., Ltd.	¥11,894 million	100.00	Real estate management, leasing and brokerage
Tokyo Gas Engineering Solutions Corporation	¥10,000 million	100.00	Energy service and comprehensive engineering service business
Tokyo Gas International Holdings B.V.	EURO 54,734 thousand	100.00	Overseas investment project
Ohgishima Power Co., Ltd.	¥5,350 million	75.00	Operation and management of power station
Tokyo Gas Site Development Co., Ltd.	¥5,000 million	100.00	Real estate development and leasing and management of land and buildings
Nagano Toshi Gas Inc.	¥3,800 million	89.22	City gas distribution
Tokyo LNG Tanker Co., Ltd.	¥1,200 million	100.00	Leasing of tankers delivering LNG/LPG and overseas shipping business
Tokyo Gas Energy Co., Ltd.	¥1,000 million	66.60	Sale of LPG
Capty Co., Ltd.	¥1,000 million	100.00	Design and construction of gas pipelines, water supply and sewage pipes, air-conditioning systems
Tokyo Gas Chemicals Co., Ltd.	¥1,000 million	100.00	Sale of industrial gases and chemicals
Tokyo Gas Lease Co., Ltd.	¥450 million	100.00	Credit administration and leasing in connection with gas appliances and construction
TOKYO GAS i NET CORP.	¥400 million	100.00	Information processing service business
Nijio Co., Ltd.	¥47 million	100.00	Wholesale of electricity

Note: The number of consolidated subsidiaries and equity-method associates including the above 15 principal subsidiaries were 76 companies.

(7) Status of Business Assignment, Corporate Separation by Absorption or Corporate Separation by Incorporation

On April 1, 2016, the Company transferred a business that oversees the Company's liquid gas business etc. to TOKYO GAS LIQUID HOLDINGS CO., LTD., through an incorporation-type company split. Furthermore, the Company conducted absorption-type mergers of consolidated subsidiaries Chiba Gas Co., Ltd. and Tsukuba Gakuen Gas Co., Ltd. on May 1, 2016, and succeeded the assets and liabilities concerning the city gas business of Miho Gas Co., Ltd. and the rights and obligations related to the businesses of said company through an absorption-type company split.

(8) Main Business Activities (As of March 31, 2017)

Business segment	Main business activities
City Gas Sales	Production, supply and sale of City gas
Electric power	Production, supply and sale of electricity
Overseas business	Overseas upstream business, midstream and downstream business
Energy-related	Engineering solution business, liquid gas business, LNG sales, gas appliances, gas installation work, Construction, etc.
Real Estate	Leasing and management of land and buildings, etc.
Other	Information processing service, shipping business, credit/lease financial services, etc.

(9) Main Business Offices and Factories (As of March 31, 2017)

1) The Company

Head Office	(Minato-ku, Tokyo)

Service Branches (*Shisha*, *Shiten and Jigyobu*)	Central Service Branch (Meguro-ku, Tokyo)
	Western Service Branch (Suginami-ku, Tokyo)
	Tama Service Branch (Tachikawa, Tokyo)
	Eastern Service Branch (Koto-ku, Tokyo)
	Chiba Branch Office (Chiba, Chiba)
	Northern Service Branch (Kita-ku, Tokyo)
	Saitama Branch Office (Saitama, Saitama)
	Kanagawa Branch Office (Yokohama, Kanagawa)
	  Yokohama Service Branch (Yokohama, Kanagawa)
	  Kawasaki Service Branch (Kawasaki, Kanagawa)
	  Western Kanagawa Service Branch (Fujisawa, Kanagawa)
	Hitachi Branch Office (Hitachi, Ibaraki)
	Johsoh Branch Office (Ushiku, Ibaraki)
	Gunma Branch Office (Takasaki, Gunma)
	Kumagaya Branch Office (Kumagaya, Saitama)
	Utsunomiya Branch Office (Utsunomiya, Tochigi)
	Sakura Branch Office (Sakura, Chiba)
	Tsukuba Branch Office (Tsukuba, Ibaraki)
	Ibaraki Branch Office (Mito, Ibaraki)

Pipeline Regional Office	Chuo Pipeline Regional Office (Shinjuku-ku, Tokyo) Seibu Pipeline Regional Office (Setagaya-ku, Tokyo) Tobu Pipeline Regional Office (Arakawa-ku, Tokyo) Hokubu Pipeline Regional Office (Kita-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) Hitachi LNG Terminal (Hitachi, Ibaraki)

2) Principal subsidiaries

Name	Location of Head Office	Name	Location of Head Office
TOKYO GAS AUSTRALIA PTY LTD	Australia	Tokyo LNG Tanker Co., Ltd.	Minato-ku, Tokyo
Tokyo Gas America Ltd.	United States of America	Tokyo Gas Energy Co., Ltd.	Chuo-ku, Tokyo
Tokyo Gas Urban Development Co., Ltd.	Shinjuku-ku, Tokyo	Capty Co., Ltd.	Shinagawa-ku, Tokyo
Tokyo Gas Engineering Solutions Corporation	Minato-ku, Tokyo	Tokyo Gas Chemicals Co., Ltd.	Minato-ku, Tokyo
Tokyo Gas International Holdings B.V.	Netherlands	Tokyo Gas Lease Co., Ltd.	Shinjuku-ku, Tokyo
Ohgishima Power Co., Ltd.	Yokohama, Kanagawa	TOKYO GAS i NET CORP.	Minato-ku, Tokyo
Tokyo Gas Site Development Co., Ltd.	Minato-ku, Tokyo	Nijio Co., Ltd.	Minato-ku, Tokyo
Nagano Toshi Gas Inc.	Nagano, Nagano		

(10) Status of Employees (As of March 31, 2017)

1) Number of employees in the Group

Business segment	Number of employees (Change from previous year)	
City Gas Sales	6,980	(+4)
Electric power	186	(+29)
Overseas business	55	(+11)
Energy-related	5,904	(-187)
Real Estate	1,094	(+18)
Other	1,756	(-6)
Corporate	848	(-44)
Total	16,823	(-175)

Notes: 1. 'Number of employees' refers to permanent full-time staff, includes employees seconded to the Company, and does not include employees seconded to other companies and temporary staff.
2. 'Change from previous year' is calculated based on business segments as they stand this fiscal year.

2) Number of employees in the Company

Number of employees (Change from previous year)	Average age (Years)	Average service years
8,219 (+246)	44.0	16.0

Notes: 1. 'Number of employees' refers to permanent full-time employees and employees seconded to the Company, and does not include employees seconded to other companies and temporary staff.
2. 'Average age' and 'Average service years' do not include those of employees seconded to the Company.

(11) Major Creditors and Balance of Borrowings (As of March 31, 2017)

Creditor	Balance of borrowings (Millions of yen)
Japan Bank for International Cooperation	101,364
Mizuho Bank, Ltd.	35,750
Meiji Yasuda Life Insurance Company	28,500
Syndicated Loan	25,000
The Dai-ichi Life Insurance Company, Ltd.	18,500
Sumitomo Life Insurance Company	18,000
Nippon Life Insurance Company	17,505
Mitsubishi UFJ Trust and Banking Corporation	14,400
The Ashikaga Bank, Ltd.	13,500
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	11,297

Note: Syndicated loan is a joint-financing instrument with Development Bank of Japan Inc. and Mizuho Bank, Ltd. as managers.

2. Matters Related to Shares of the Company (As of March 31, 2017)

(1) Aggregate number of authorized shares

Common share: 6,500,000,000 shares

(2) Aggregate number of shares issued

Common share: 2,302,856,295 shares
(A year-on-year decrease of 93,922,000 shares)

Note: The aggregate number of shares issued decreased as indicated above from the retirement of treasury share on August 16, 2016.

(3) Share trade unit

1,000 shares

(4) Number of shareholders

117,203

(5) Major shareholders

Name of shareholders	Number of shares held (Thousand shares)	Percentage of share ownership (%)
Nippon Life Insurance Company	156,480	6.82
The Dai-ichi Life Insurance Company, Ltd.	120,472	5.25
The Master Trust Bank of Japan, Ltd. (Trust Account)	106,307	4.63
Japan Trustee Services Bank, Ltd. (Trust Account)	98,750	4.30
Tokyo Gas Group Employees Shareholding Association	42,939	1.87
Japan Trustee Services Bank, Ltd. (Trust Account 5)	39,404	1.72
Fukoku Mutual Life Insurance Company	37,361	1.63
Mizuho Trust & Banking Co., Ltd. Employee Pension Trust Dai-ichi Mutual Life Insurance Company Account Standby Trustee Trust & Custody Services Bank, Ltd.	35,490	1.55
STATE STREET BANK WEST CLIENT-TREATY 505234	34,319	1.49
Japan Trustee Services Bank, Ltd. (Trust Account 9)	30,404	1.32

Note: Percentage of share ownership is calculated by the number of shares excluding treasury share (6,826,541 shares).

(6) Other principal items regarding shares

1) Acquisition of own share
   Common share: 94,058,153 shares
   Total value of acquisitions: ¥41,065,688,866
2) Disposal of treasury share
   Common share: 10,028 shares
   Total value of disposition: ¥4,560,139
3) Cancellation of treasury share
   Common share: 93,922,000 shares
   Total value of cancellation: ¥42,415,175,200
4) Shares owned by the Company as of the balance sheet date
   Common share: 6,826,541 shares

3. Matters Related to Share Option in Kind (As of March 31, 2017)

There are no items to report.

4. Matters Related to Directors and Audit & Supervisory Board Members of the Company

(1) Name, etc. of Directors and Audit & Supervisory Board Members (As of March 31, 2017)

Name	Position	Areas of responsibility in the Company and 'Important concurrent posts'
Tsuyoshi Okamoto	Director and Chairman of the Board	Outside Director of JAPAN POST BANK Co., Ltd
Michiaki Hirose	Representative Director, President	
Yutaka Kunigo	Representative Director, Executive Vice President	Assistant to the President, Head of Power Business, Chief Executive of Regasification & Power Generation Div. and in charge of Power Business Planning Dept.
Takashi Uchida	Representative Director, Senior Executive Vice President	Assistant to the President, Chief Executive of Residential Sales and Service Div.
Hiroaki Kobayashi	Director, Senior Executive Officer	Chief Executive of Pipeline Network Div.
Satoru Yasuoka	Director, Senior Executive Officer	Chief Executive of Energy Solution Div., General Manager of Volume Sales Dept. of Energy Solution Div.
Fumio Murazeki	Director, Senior Executive Officer	President, Representative Director of Tokyo Gas Liquid Holdings Co., Ltd.
Masaru Takamatsu	Director, Senior Executive Officer	In Charge of Personnel Dept., Secretary Dept., General Administration Dept., Compliance Dept. and Internal Audit Dept.
Akihiko Ide	Outside Director	Director of Sakai Chemical Industry Co., Ltd.
Yoshinori Katori	Outside Director	
Chika Igarashi	Outside Director	
Tsutomu Oya	Standing Audit & Supervisory Board Member	
Hideaki Obana	Standing Audit & Supervisory Board Member	
Yoshihiko Morita	Outside Audit & Supervisory Board Member	Outside Director of Kawasaki Heavy Industries, Ltd.
Kojiro Otani	Outside Audit & Supervisory Board Member	
Wako Tojima	Outside Audit & Supervisory Board Member	

Notes: 1. Representative Director Yutaka Kunigo retired as Representative Director, Executive Vice President as of March 31, 2017.

2. Director Hiroaki Kobayashi retired as Senior Executive Officer as of March 31, 2017.

3. Director Satoru Yasuoka was appointed to the position of Representative Director, Executive Vice President on April 1, 2017, and his areas of responsibility were changed from Chief Executive of Energy Solution Div. and General Manager of Volume Sales Dept. of Energy Solution Div. to Assistant to the President, Chief Executive of Energy Solution Div.

4. The areas of responsibility of Director Masaru Takamatsu were changed effective April 1, 2017 from Personnel Dept., Secretary Dept., General Administration Dept., Compliance Dept., and Internal Audit Dept. to Purchasing Dept., Secretary Dept., General Administration Dept., Compliance Dept., and Internal Audit Dept.

5. Outside Audit & Supervisory Board Member Yoshihiko Morita has in-depth experiences in international finance field activities and is highly knowledgeable about financial accounting matters.

(2) Total Value of Remuneration of Directors and Audit & Supervisory Board Members

Directors	(14 people):	¥499 million
Audit & Supervisory Board Members	(5 people):	¥106 million
Total	(19 people):	¥605 million

Notes:
1. The total number of Directors and Audit & Supervisory Board Members includes three (3) Directors retiring upon the conclusion of the 216th Annual Shareholders Meeting and the aggregate amount of remuneration paid includes the remuneration paid to these three Directors.
2. Of the foregoing amount, the aggregate amount of remuneration paid to seven (7) Outside Officers (Outside Directors and Outside Audit & Supervisory Board Members) was ¥64 million, which includes the remuneration paid to one (1) Outside Director retiring upon the conclusion of the 216th Annual Shareholders Meeting.
3. The aggregate monthly remuneration payable to all Directors of up to ¥50 million was approved at the 205th Annual Shareholders Meeting, and the aggregate annual bonus payable to all Directors of up to ¥90 million was approved at the 206th Annual Shareholders Meeting.
4. The aggregate monthly remuneration payable to all Audit & Supervisory Board Members of up to ¥12 million was approved at the 190th Annual Shareholders Meeting.

(3) Policy on Determination of Remuneration in Kind for Officer of the Company

As a means of enhancing its corporate governance, the Company sets forth its 'Basic Policy on Remuneration' and the Board or Directors, at its meeting held on February 23, 2012, resolved to revise it as follows:

1) Role of executive and remuneration
   The role demanded of the executive 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 remuneration
   The level of executive compensation shall be suitable for the role, responsibility and performance of the executive.
3) Remuneration of Directors and its composition
   i. Remuneration of Directors shall be paid within the scope of the remuneration limit approved at Shareholders Meeting.
   ii. Remuneration of Inside Directors shall comprise monthly remuneration and bonus.
      - Monthly remuneration shall comprise fixed remuneration paid in accordance with the post of each individual and performance-linked remuneration. A portion of fixed remuneration shall be allocated to the purchase of shares based on a share-purchase guideline and from the standpoints of reflecting the perspectives of shareholders on management and improving shareholder value over the long term. The amount of performance-linked remuneration shall be determined after evaluating company-wide performance and performance of operating units from the standpoints of motivating Inside Directors to execute management strategies and reflecting their performance clearly in their remuneration.
      - The amount of bonus to be paid shall be determined in accordance with the post of each Inside Directors after performance evaluation.
   iii. Remuneration of Outside Directors shall comprise monthly remuneration and bonus. Monthly remuneration shall comprise only fixed remuneration, while bonus shall be the same as that of Inside Directors.

4) Remuneration of Audit & Supervisory Board Members and its composition
   i. Remuneration of Audit & Supervisory Board Members shall be paid within the scope of the remuneration limit approved at Shareholders Meeting and determined through discussions among Audit & Supervisory Board Members.
   ii. Remuneration of Audit & Supervisory Board Members shall comprise only fixed monthly remuneration.
5) Assurance of objectivity and transparency of remuneration system
   The Company shall assure the objectivity and transparency of the system of remuneration by establishing and operating the 'Advisory Committee' comprising Outside Directors, Outside Audit & Supervisory Board Members and a number of Inside Directors (at least half of committee members shall be Outside Directors or Outside Audit & Supervisory Board Members, and an Outside Director or an Outside Audit & Supervisory Board Member shall be chairman) to govern the system of personnel affairs and remunerations of executives.

(4) Matters Related to Outside Officers

1) Outside Director Akihiko Ide
   i. The relationship between the other legal person in kind, in which outside officer having the 'Important concurrent posts,' with the Company:
      There is no special relationship between the Company and the legal person in kind.
   ii. Status of major activities during the business year under review
      Mr. Ide has attended 12 of 12 Board of Directors meetings. Mr. Ide provides the Company with a wide variety of opinions on its management operations by using the cosmopolitan outlook he has acquired in overseas businesses in the general materials industry, particularly in Asia, as well as the management capabilities and in-depth knowledge he has acquired through a wide range of business development in resource business and others.
      The Company designates Mr. Ide as the 'Independent Officer' (Independent Director), who will not have conflicting interests with general shareholders, and notified him to the listing stock exchanges (Tokyo Stock Exchange and Nagoya Stock Exchange).

2) Outside Director Yoshinori Katori
   i. The relationship between the other legal person in kind, in which outside officer having the 'Important concurrent posts,' with the Company:
      There are no items to report.
   ii. Status of major activities during the business year under review
      Mr. Katori has attended 12 of 12 Board of Directors meetings. Given his international way of thinking acquired as a diplomat, wide perspective and in-depth knowledge, Mr. Katori provides the Company with a wide variety of opinions on its management operations.
      The Company designates Mr. Katori as the 'Independent Officer' (Independent Director), who will not have conflicting interests with general shareholders, and notified him to the listing stock exchanges (Tokyo Stock Exchange and Nagoya Stock Exchange).

3) Outside Director Chika Igarashi

i. The relationship between the other legal person in kind, in which outside officer having the 'Important concurrent posts,' with the Company:

There are no items to report.

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

Ms. Igarashi has attended 10 of 10 Board of Directors meetings held after she was appointed at the 216th Annual Shareholders Meeting. Given her high level of legal expertise built up through many years of experience in corporate legal affairs, broad outlook and in-depth knowledge, Ms. Igarashi provides the Company with a wide variety of opinions on its management operations. The Company designates Ms. Igarashi as the 'Independent Officer' (Independent Director), who will not have conflicting interests with general shareholders, and notified her to the listing stock exchanges (Tokyo Stock Exchange and Nagoya Stock Exchange).

4) Outside Audit & Supervisory Board Member Yoshihiko Morita

i. The relationship between the other legal person in kind, in which outside officer having the 'Important concurrent posts,' with the Company:

There is no special relationship between the Company and the legal person in kind.

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

Mr. Morita has attended 12 of 12 Board of Directors meetings and 14 of 14 Audit & Supervisory Board meetings. Given his broad cosmopolitan outlook and in-depth knowledge acquired in the fields of international finance and overseas economic cooperation, Mr. Morita offers appropriate opinions both at meetings of the Board of Directors and the Audit & Supervisory Board.

The Company designates Mr. Morita as the 'Independent Officer' (Independent Audit & Supervisory Board Member), who will not have conflicting interests with general shareholders, and notified him to the listing stock exchanges (Tokyo Stock Exchange and Nagoya Stock Exchange).

5) Outside Audit & Supervisory Board Member Kojiro Otani

i. The relationship between the other legal person in kind, in which outside officer having the 'Important concurrent posts,' with the Company:

There are no items to report.

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

Mr. Otani has attended 12 of 12 Board of Directors meetings and 14 of 14 Audit & Supervisory Board meetings. Given the abundant experiences and in-depth knowledge in organizational management acquired at local government institutions, Mr. Otani offers appropriate opinions both at meetings of the Board of Directors and the Audit & Supervisory Board.

The Company designates Mr. Otani as the 'Independent Officer' (Independent Audit & Supervisory Board Member), who will not have conflicting interests with general shareholders, and notified him to the listing stock exchanges (Tokyo Stock Exchange and Nagoya Stock Exchange).

6) Outside Audit & Supervisory Board Member Wako Tojima

i. The relationship between the other legal person in kind, in which outside officer having the 'Important concurrent posts,' with the Company:

There are no items to report.

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

Ms. Tojima has attended 11 of 12 Board of Directors meetings and 13 of 14 Audit & Supervisory Board meetings. Given the abundant experience and deep insight as a science journalist, Ms. Tojima offers appropriate opinions both at meetings of the Board of Directors and the Audit & Supervisory Board.

The Company designates Ms. Tojima as the 'Independent Officer' (Independent Audit & Supervisory Board Member), who will not have conflicting interests with general shareholders, and notified her to the listing stock exchanges (Tokyo Stock Exchange and Nagoya Stock Exchange).

5. Status of Accounting Auditor (Independent Auditor)

(1) Name of Accounting Auditor

KPMG AZSA LLC

(2) Value of Remuneration of Accounting Auditor for this Business Year under Review

1) Total payments to Independent Auditor by the Company and its subsidiaries
   ¥279 million
2) Of the total amount listed in 1) above, remuneration and other payments to Independent Auditor by the Company
   ¥133 million
3) Of the total amount listed in 2) above, for auditing services provided under Article 2, Paragraph 1 of the Certified Public Accountants Act of Japan
   ¥125 million

Notes:
1. The auditing contract between the Company and the Accounting Auditor makes no distinction between auditing services based on the Companies Act and auditing services based on the Financial Instruments and Exchange Act. 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 Act, etc.
2. The Company's Audit & Supervisory Board discussed matters by taking into account, for example, the details of the audit plan prepared by the Accounting Auditor, and the basis of calculating remuneration and the past audit results, and then reached an agreement on the amount of remuneration of the Accounting Auditor in accordance with Article 399 of the Companies Act.
3. Of the principal subsidiaries of the Company, TOKYO GAS AUSTRALIA PTY LTD, Tokyo Gas America Ltd. and Tokyo Gas International Holdings B.V. are audited by auditing firms other than the Accounting Auditor of the Company.

(3) The Contents of Non-Audit Services

The Company commissions the Accounting Auditor to provide non-audit services such as financial due diligence reporting, drafting of comfort letters relating to issuance of unsecured bonds, and services relating to statements of income and expenditure for Wheeling Service.

(4) Policy on Determination to Dismiss or Refrain from Reappointing the Accounting Auditor

The Company appoints the Accounting 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 Accounting Auditor in accordance with the provisions of Article 340, Paragraph 1 of the Companies Act or if, in light of the aforementioned appointment criteria, the Accounting Auditor is deemed to be incapable of executing fair and stringent accounting audits.

6. Basic Policy on Development of Internal Control System and Overview of Operational Status of the System

I. Basic Policy on Development of Internal Control System

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 Company and its subsidiaries and associates' at the meeting of its Board of Directors held on March 24, 2017 and the said basic policy after revision ('Basic Policy on Development of Internal Control System') is as follows:

(1) Corporate structure and system for ensuring that Directors will execute their duties in conformity with the relevant acts, 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 Company and its subsidiaries shall comply with them.
2) In order to ensure that its Directors and employees will comply with the 'Relevant Acts,' 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 Company and its subsidiaries.
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 Audit & Supervisory Board Members 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.'
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 Company and its subsidiaries 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 Company and its subsidiaries, shall inform the Board of Directors and Audit & Supervisory Board Members of the said matter without delay.
10) The Company shall establish a corporate structure and system where Audit & Supervisory Board Members would be empowered to audit the duties executed by Directors in accordance with the 'Audit Standards' established by the Audit & Supervisory Board.

(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 acts, 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 'Execution Framework Regulations.'
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 medium- and long-term management plans, single-year management plans, and business strategies, and, based on them, establish principal management objectives and verify progress periodically, thereby ensuring that Directors execute their duties in an efficient and effective manner.

(4) Corporate structure, system and regulations on management of risks of loss

1) The Board of Directors shall establish 'Risk Control Regulations' to promote the management of risks incurred by the Company and its subsidiaries, as well as a Risk Management Committee and a risk management unit. In addition, the Board of Directors shall specify Group material risks as important risks associated with executing operations by the Company and its subsidiaries, and review them 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 subsidiaries 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 acts, 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 Company and its subsidiaries, 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 Company and its subsidiaries on contraventions of the acts 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 Act, the Gas Enterprises Act, terms and conditions of gas supply, etc.
3) The Company shall establish a corporate structure and system where Audit & Supervisory Board Members 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 accounting, operations, compliance, information system and risk management in the Company and its subsidiaries in accordance with the 'Internal Audit Regulations,' and shall report its findings to the Management Committee and Audit & Supervisory Board Members.

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

1) The Company shall demand that its subsidiaries 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 subsidiaries' Directors and Audit & Supervisory Board Members 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 Subsidiaries,' and establish a corporate structure and system where its Directors would be empowered to manage its subsidiaries by approving and receiving reports on important matters including those related to its exercise of shareholder's rights vis-à-vis the subsidiaries. The Company shall retain part of its powers over subsidiaries' business operations.
3) The Company shall establish a corporate structure and system where, if for purposes of subsidiaries management any of its subsidiaries is found to have a compliance-related problem including contravention of the acts or the Articles of Incorporation, the relevant subsidiaries 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 subsidiary's Directors and Audit & Supervisory Board Members 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 subsidiaries including contravention of the acts or the Articles of Incorporation, he/she shall report the said problem to the Management Committee and Audit & Supervisory Board Members without delay.

5) The Company shall establish a corporate structure and system where its Audit & Supervisory Board Members would be able to conduct their audits of subsidiaries in an efficient and effective manner in close coordination with Audit & Supervisory Board Members of the relevant subsidiaries 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 Company and its subsidiaries, Audit & Supervisory Board Members 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 subsidiaries in an efficient and effective manner in close coordination with the Audit & Supervisory Board Members of the Company and subsidiaries, and report its findings to the Management Committee, Audit & Supervisory Board Members, and the Directors and Audit & Supervisory Board Members of the relevant subsidiaries.

(7) Matters related to employees who are assigned to assist in the duties of Audit & Supervisory Board Members, and matters related to independence of the relevant employees from Directors

1) With the aim of providing its Audit & Supervisory Board Members with necessary assistance, the Company shall establish an Audit & Supervisory Board Members' 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 Audit & Supervisory Board Members' Office subject to consent of Audit & Supervisory Board Members. The Board of Directors shall decide on human resources-related matters of the said manager and other employees subject to consent of Audit & Supervisory Board Members.

(8) Corporate structures and systems for reporting by Directors and employees to Audit & Supervisory Board Members, for other reporting to Audit & Supervisory Board Members, and for ensuring that Audit & Supervisory Board Members' audits will be executed in an effective manner

1) The Company shall establish a corporate structure and system where its Audit & Supervisory Board Members 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 Audit & Supervisory Board Members 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 Audit & Supervisory Board Members would be able to ensure the effectiveness of their audits by coordinating with Independent Auditor, Audit & Supervisory Board Members of its subsidiaries and Internal Audit Department.

II. Overview of Operational Status of Internal Control System

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

During this fiscal year, the Board of Directors meeting was held 12 times, and we discussed and made decisions on important matters. Furthermore, Directors responsible for key policies reported to us on the execution of operations.

The Board of Directors received outside assessment and reports from the Accounting Auditor, and confirmed the reliability of financial reporting in accordance with the 'Regulations Concerning the Formulation, Implementation and Evaluation of Internal Controls Covering Financial Reporting.'

The Audit & Supervisory Board Members audited the above duties executed by Directors in accordance with the 'Audit Standards' established by the Audit & Supervisory Board.

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

The Company has properly prepared and kept the minutes of the Board of Directors meeting so that the Directors, etc. can view them at their request.

(3) Corporate structure and system for ensuring that Directors' duties will be executed in an efficient manner

During this fiscal year, the Board of Directors meeting was held 12 times, and we discussed and made decisions on important matters relating to organization, transfer and evaluation of employees, and business results, etc. Furthermore, Directors responsible for key departments reported to us on the execution of operations.

Other important matters concerning our business operations were discussed at the Management Committee, which consists of the President, Executive Vice Presidents and Senior Executive Officers, and the meeting was held 43 times during this fiscal year.

(4) Corporate structure, system and regulations on management of risks of loss

We perform an annual review of the Group material risks. The risk management unit and the Risk Management Committee ascertain the status of the risk management and consider the countermeasures.

We have established a framework of responding to large-scale disasters, accidents and contingencies in accordance with the 'Regulations on Emergency Countermeasures.' During this fiscal year, we took response actions on two occasions, which included responding to earthquakes.

(5) Corporate structure and system for ensuring that employees will execute their duties in conformity with the relevant acts, the Articles of Incorporation, and other rules and regulations

We have set up a 'Tokyo Gas Compliance Consulting Unit,' which deals with inquiries from staff in the Company and all of its subsidiaries. We are also using our intranet, etc. to inform everyone that we have a whistleblowing desk, while trying to increase awareness of the rules for preventing whistleblowers from being subject to unfair treatment.

The Internal Audit Department has 38 employees. It performs an audit on each department and subsidiary to examine compliance, effectiveness and efficiency of operations, and information security, then provides recommendations on improvements as needed. It also reports the audit findings, as appropriate, to the Management Committee and Audit & Supervisory Board Members.

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

The Directors received reports on important matters such as financial statements related to business results from its subsidiaries and gave prior approval in accordance with the 'Regulations on the Management of Subsidiaries and Associates' (Current 'Regulations on the Management of Subsidiaries'). In this fiscal year, the Internal Audit Department audited seven key subsidiaries.

Each subsidiary is using the 'Tokyo Gas Compliance Consulting Unit,' in accordance with the 'Regulations for the Operation of Compliance Consulting Unit.'

(7) Matters related to employees who are assigned to assist in the duties of Audit & Supervisory Board Members, and matters related to independence of the relevant employees from Directors

The Audit & Supervisory Board Members' Office has four staff members, and has a framework whereby the tasks of Audit & Supervisory Board Members can be performed smoothly.

The Board of Directors meeting resolved the appointment of the manager of the Audit & Supervisory Board Members' Office after having obtained the consent of the Audit & Supervisory Board Members. The Board of Directors has made decisions concerning the human resources-related matters of the manager of the Audit & Supervisory Board Members' Office and other employees after having obtained the consent of the Audit & Supervisory Board Members.

(8) Corporate structures and systems for reporting by Directors and employees to Audit & Supervisory Board Members, for other reporting to Audit & Supervisory Board Members, and for ensuring that Audit & Supervisory Board Members' audits will be executed in an effective manner

The Audit & Supervisory Board Members attend not only the Board of Directors meeting, but also other important meetings including the Management Committee and the Business Ethics Committee, where they check the progress of enhancing and operating the internal control system.

The Audit & Supervisory Board Members are making efforts to increase the effectiveness of audits by regularly organizing opportunities to exchange information and opinions with departments responsible for performing internal auditing, the Accounting Auditor, and Audit & Supervisory Board Members of subsidiaries. During this fiscal year, we organized three opportunities with departments responsible for performing internal auditing, seven opportunities with the Accounting Auditor, and four opportunities with the Audit & Supervisory Board Members of subsidiaries to exchange information and opinions.

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

Based on 'Challenge 2020 Vision,' the Company passed at the meeting of its Board of Directors held on January 31, 2012, a resolution on amendment of 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 their added values, 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.
On the strength of this management principle and medium- and long-term business strategy, it is the basic management policy of the Company to achieve stable long-term management and steady enhancement of corporate value by simultaneously allocating profits to its customers, shareholders and other stakeholders in a stable and balanced manner. The Company will distribute the financial returns to shareholders based on the 'Policy on Determination of Dividends from Surplus and Others' prescribed separately.

The Company, as a listed company, expects it could be posed by any party attempting to acquire a massive quantity of its shares or making a buyoff proposal, but whether to accept it should ultimately be determined by the intent of the entire body of the Company's shareholders. By looking at their purpose, method and others, however, the Company considers some of these massive share-purchasing attempts could damage its corporate value and joint interests of its customers and shareholders, and would find them 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 customers and shareholders on the basis of the relevant purchaser's actual business operations, future business plans, past investment behavior, etc.
The Company considers 'increasing corporate value' is the most effective defensive measure against an act of inappropriate massive share-purchasing. At this particular time, no specific threat to the Company is being posed by buyoff, and the Company does not currently intend to have any specific predetermined measures (the so-called 'poison pills') in place. 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.

[English Translation of Financial Statements Originally Issued in the Japanese Language]

Consolidated Balance Sheet

As of March 31, 2017

(Millions of yen)

ASSETS	
Non-current Assets	1,760,821
Property, plant and equipment	1,392,149
Production facilities	235,152
Distribution facilities	539,840
Service and maintenance facilities	53,623
Other facilities	416,142
Inactive facilities	316
Construction in progress	147,074
Intangible assets	79,215
Goodwill	1,600
Other	77,615
Investments and other assets	289,456
Investment securities	182,443
Long-term loans receivable	28,128
Net defined benefit asset	24
Deferred tax assets	40,127
Other	39,100
Allowance for doubtful accounts	(367)
Current Assets	469,447
Cash and deposits	132,626
Notes and accounts receivable-trade	194,240
Lease receivables and investment assets	24,097
Merchandise and finished goods	2,317
Work in process	12,466
Raw materials and supplies	40,763
Deferred tax assets	9,050
Other	54,259
Allowance for doubtful accounts	(374)
Total Assets	2,230,269

(Millions of yen)

LIABILITIES AND NET ASSETS	
LIABILITIES	
Non-current Liabilities	788,474
Bonds payable	314,997
Long-term loans payable	326,752
Deferred tax liabilities	11,299
Net defined benefit liability	73,524
Provision for gas holder repairs	3,262
Provision for safety measures	4,711
Provision for appliance warranties	10,298
Asset retirement obligations	11,975
Other	31,650
Current Liabilities	328,987
Current portion of non-current liabilities	56,395
Notes and accounts payable-trade	96,413
Short-term loans payable	10,333
Income taxes payable	20,000
Other	145,843
Total Liabilities	1,117,461
NET ASSETS	
Shareholders' Equity	1,034,076
Capital stock	141,844
Capital surplus	1,883
Retained earnings	893,436
Treasury shares	(3,087)
Accumulated Other Comprehensive Income	67,422
Valuation difference on available-for-sale securities	27,166
Deferred gains or losses on hedges	(990)
Foreign currency translation adjustment	36,399
Remeasurements of defined benefit plans	4,845
Non-controlling interests	11,309
Total Net Assets	1,112,807
Total Liabilities and Net Assets	2,230,269

Consolidated Statement of Income

From April 1, 2016 to March 31, 2017

(Millions of yen)

Net sales	1,587,085
Cost of sales	1,051,885
[Gross profit]	[535,200]
Supply and sales expenses	410,125
General and administrative expenses	66,708
[Operating profit]	[58,365]
Non-operating income	14,293
Interest income	901
Dividend income	2,178
Rent income	1,740
Share of profit of entities accounted for using equity method	3,583
Miscellaneous income	5,889
Non-operating expenses	16,971
Interest expenses	11,514
Adjustments of charges for construction of distribution facilities	2,564
Miscellaneous expenses	2,893
[Ordinary profit]	[55,688]
Extraordinary income	15,730
Gain on sales of non-current assets	6,610
Gain on sales of investment securities	9,120
Extraordinary losses	2,408
Impairment loss	2,408
[Profit before income taxes]	[69,010]
Income taxes - current	25,271
Income taxes - deferred	(10,305)
Profit	54,044
Profit attributable to non-controlling interests	910
Profit attributable to owners of parent	53,134

[English Translation of Financial Statements Originally Issued in the Japanese Language]

Non-Consolidated Balance Sheet

As of March 31, 2017

(Millions of yen)

ASSETS	
Non-current Assets	1,513,337
Property, plant and equipment	917,540
Production facilities	239,530
Distribution facilities	532,297
Service and maintenance facilities	60,425
Facilities for incidental businesses	7,907
Inactive facilities	316
Construction in progress	77,062
Intangible assets	56,097
Patent right	10
Leasehold right	1,719
Goodwill	129
Other	54,238
Investments and other assets	539,699
Investment securities	72,823
Investments in subsidiaries and associates	316,328
Long-term loans receivable	54
Long-term loans receivable from subsidiaries and associates	101,105
Investments in capital	16
Long-term prepaid expenses	22,217
Deferred tax assets	20,673
Other	6,728
Allowance for doubtful accounts	(246)
Current Assets	334,451
Cash and deposits	84,591
Notes receivable - trade	717
Accounts receivable - trade	123,572
Accounts receivable from subsidiaries and associates - trade	36,491
Accounts receivable - other	5,706
Finished goods	108
Raw materials	20,249
Supplies	10,736
Advance payments	988
Prepaid expenses	862
Short-term receivables from subsidiaries and associates	8,475
Deferred tax assets	6,948
Other	35,369
Allowance for doubtful accounts	(366)
Total Assets	1,847,788

(Millions of yen)

LIABILITIES AND NET ASSETS	
LIABILITIES	
Non-current Liabilities	651,610
Bonds payable	314,997
Long-term loans payable	239,337
Long-term debt to subsidiaries and associates	347
Provision for retirement benefits	72,044
Provision for gas holder repairs	2,849
Provision for safety measures	4,711
Provision for appliance warranties	10,298
Asset retirement obligations	311
Other	6,712
Current Liabilities	353,662
Current portion of non-current liabilities	44,782
Accounts payable - trade	64,619
Accounts payable - other	39,236
Accrued expenses	44,293
Income taxes payable	15,559
Advances received	5,814
Deposits received	1,700
Short-term debt to subsidiaries and associates	129,121
Other	8,533
Total Liabilities	1,005,273
NET ASSETS	
Shareholders' Equity	826,586
Capital stock	141,844
Capital stock	141,844
Capital surplus	2,065
Legal capital surplus	2,065
Retained earnings	685,764
Legal retained earnings	35,454
Other retained earnings	650,310
Reserve for advanced depreciation of non-current assets	4,475
Reserve for overseas investment loss	10,996
Reserve for adjustment of cost fluctuations	141,000
General reserve	339,000
Retained earnings brought forward	154,838
Treasury shares	(3,087)
Treasury shares	(3,087)
Valuation and Translation Adjustments	15,928
Valuation difference on available-for-sale securities	26,727
Valuation difference on available-for-sale securities	26,727
Deferred gains or losses on hedges	(10,799)
Deferred gains or losses on hedges	(10,799)
Total Net Assets	842,515
Total Liabilities and Net Assets	1,847,788

Non-Consolidated Statement of Income

From April 1, 2016 to March 31, 2017

(Millions of yen)

Product sales	1,011,990
Gas sales	1,011,990
Cost of sales	560,810
Beginning inventories	86
Cost of products manufactured	551,702
Purchase of finished goods	10,622
Costs of gas for own use	1,492
Ending inventories	108
[Gross profit]	[451,179]
Supply and sales expenses	368,170
General and administrative expenses	68,766
[Income on core business]	[14,242]
Miscellaneous operating revenue	159,755
Revenue from installation work	41,499
Revenue from gas appliance sales	108,503
Third party access revenue	426
Other miscellaneous operating revenue	9,326
Miscellaneous operating expenses	148,136
Expenses of installation work	40,630
Expenses of gas appliances sales	107,506
Revenue for incidental businesses	236,706
Revenue from LNG sales	91,231
Revenue from power sales	126,123
Revenue from other incidental businesses	19,351
Expenses for incidental businesses	233,081
Expenses for LNG sales	87,914
Expenses for power sales	125,781
Expenses for other incidental businesses	19,386
[Operating profit]	[29,486]
Non-operating income	22,006
Interest income	589
Dividend income	1,510
Dividends from subsidiaries and associates	9,915
Rent income	4,742
Miscellaneous income	5,247
Non-operating expenses	14,458
Interest expenses	4,400
Interest on bonds	5,315
Amortization of bond issuance cost	182
Adjustments of charges for construction of distribution facilities	2,597
Miscellaneous expenses	1,962
[Ordinary profit]	[37,034]
Extraordinary income	44,590
Gain on sales of non-current assets	6,595
Gain on sales of investment securities	7,677
Gain on sales of investment securities of subsidiaries and associates	14,863
Gain on extinguishment of tie-in shares	15,454
[Profit before income taxes]	[81,624]
Income taxes - current	18,532
Income taxes - deferred	(5,684)
Profit	68,777

Independent Auditor's Report

May 15, 2017

The Board of Directors
Tokyo Gas Co., Ltd.

KPMG AZSA LLC

Teruhiko Tanaka (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoshihide Takehisa (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoshihiro Uehara (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of Tokyo Gas Co., Ltd. as at March 31, 2017 and for the year from April 1, 2016 to March 31, 2017 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the

effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present 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 financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

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

Notes to the Reader of Independent Auditor's Report:
The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Independent Auditor's Report

May 15, 2017

The Board of Directors
Tokyo Gas Co., Ltd.

KPMG AZSA LLC

Teruhiko Tanaka (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoshihide Takehisa (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoshihiro Uehara (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of Tokyo Gas Co., Ltd. as at March 31, 2017 and for the year from April 1, 2016 to March 31, 2017 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's

internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the supplementary 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 financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

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

Notes to the Reader of Independent Auditor's Report:
The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

[English Translation of the Audit & Supervisory Board Members' Report Originally Issued in the Japanese Language]

AUDIT REPORT

The Audit & Supervisory Board (the 'Board'), having deliberated on the audit reports prepared by Audit & Supervisory Board Members on the execution of the duties of Directors for the 217th business year from April 1, 2016 to March 31, 2017, does hereby report on its audit findings as follows:

1. Method and Contents of Audit by Audit & Supervisory Board Members and the Board
   (1) The Board set the audit policy, audit plan, etc., debriefed Audit & Supervisory Board Members 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, Audit & Supervisory Board Members strived to maintain an environment for information gathering and auditing, and executed their audits in the manner described below in conformity with the audit & supervisory board members' audit standard established by the Board and in accordance with the audit policy, audit plan, etc. established by the Board.
      1) Audit & Supervisory Board Members attended the meetings of the Board of Directors, the Management Committee and other important meetings of the Company, debriefed Directors and employees on the status of execution of their duties, requested explanations 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, Audit & Supervisory Board Members examined the status of subsidiaries' operations and properties by maintaining proper communication with subsidiaries' Directors, Audit & Supervisory Board Members, etc. and physically visiting some of them as necessary.
      2) With respect to 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 acts 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 Companies Act' as being necessary for ensuring the appropriateness of operations of a corporate group consisting of a joint-stock corporation and its subsidiaries, and also the corporate structure and system (internal control system) put in place by the said resolutions, which are described in the business report, Audit & Supervisory Board Members and the Board debriefed Directors and employees on the status of the establishment and management of the corporate structure and system, requested explanations as needed, and made opinions.
      With respect to internal control covering financial reporting, the Audit & Supervisory Board Members debriefed the Directors and KPMG AZSA LLC on evaluation of the said internal control and status of audit and requested explanations as needed.
      3) Audit & Supervisory Board Members further discussed the contents of the Basic Policy, prescribed in Article 118, Item 3 of the 'Enforcement Regulations of the Companies Act,' stated in the Business Report based on deliberation at meetings of the Board of Directors and other occasions.
      4) Audit & Supervisory Board Members and the Board monitored and verified whether or not the Independent Auditors had maintained their independent positions and had conducted appropriate audits, debriefed Independent Auditors on the status of execution of their duties, and requested explanations as needed. In addition, Audit & Supervisory Board Members 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 131 of the 'Company Calculation Regulations') 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, Audit & Supervisory Board Members and the Board examined the Company's Business Report and its supporting schedules,

Financial Statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and the notes to the non-consolidated financial statements), their supporting schedules, and Consolidated Financial Statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and the notes to the consolidated financial statements) for the business year under review.

2. Results of Audit

(1) Results of audit of Business Report, etc.

1) The Business Report and its supporting schedules present fairly the status of the Company in conformity with the relevant acts and the Articles of Incorporation.

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

3) The contents of the Board of Directors' resolution on the internal control system are fair and reasonable. The descriptions in the business report and execution by Directors of their duties related to the said internal control system, including the internal control covering financial reporting, have no specific problems which have to be pointed out.

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 LLC, 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 LLC, Independent Auditors, are fair and reasonable.

May 17, 2017

Tokyo Gas Co., Ltd. Audit & Supervisory Board

Tsutomu Oya	Standing Audit & Supervisory Board Member
Hideaki Obana	Standing Audit & Supervisory Board Member
Yoshihiko Morita	Outside Audit & Supervisory Board Member
Kojiro Otani	Outside Audit & Supervisory Board Member
Wako Tojima	Outside Audit & Supervisory Board Member

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

Consolidated Statement of Changes in Equity

Notes to the Consolidated Financial Statements

Non-Consolidated Statement of Changes in Equity

Notes to the Non-Consolidated Financial Statements

217th Fiscal Year (April 1, 2016 to March 31, 2017)

TOKYO GAS CO., LTD.

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

Consolidated Statement of Changes in Equity

From April 1, 2016 to March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	141,844	1,878	910,353	(4,441)	1,049,634
Changes of items during period					
Dividends of surplus			(26,969)		(26,969)
Profit attributable to owners of parent			53,134		53,134
Purchase of treasury shares				(41,065)	(41,065)
Disposal of treasury shares				4	4
Retirement of treasury shares			(42,415)	42,415	
Decrease in the number of consolidated subsidiaries			(666)		(666)
Change in treasury shares of parent arising from transactions with non-controlling shareholders		4			4
Net changes of items other than shareholders' equity					
Total changes of items during period	–	4	(16,916)	1,354	(15,558)
Balance at end of current period	141,844	1,883	893,436	(3,087)	1,034,076

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income		
Balance at beginning of current period	26,298	(2,573)	44,945	(18,033)	50,636	14,900	1,115,172
Changes of items during period							
Dividends of surplus							(26,969)
Profit attributable to owners of parent							53,134
Purchase of treasury shares							(41,065)
Disposal of treasury shares							4
Retirement of treasury shares							–
Decrease in the number of consolidated subsidiaries							(666)
Change in treasury shares of parent arising from transactions with non-controlling shareholders							4
Net changes of items other than shareholders' equity	867	1,583	(8,545)	22,879	16,785	(3,591)	13,194
Total changes of items during period	867	1,583	(8,545)	22,879	16,785	(3,591)	(2,364)
Balance at end of current period	27,166	(990)	36,399	4,845	67,422	11,309	1,112,807

Notes to the Consolidated Financial Statements

From April 1, 2016 to March 31, 2017

[Basis of Preparing Consolidated Financial Statements]

1. Scope of consolidation

(1) Number of consolidated subsidiaries

Number of consolidated subsidiaries: 68

Names of principal consolidated subsidiaries

TOKYO GAS AUSTRALIA PTY LTD, Tokyo Gas America Ltd., Tokyo Gas Urban Development Co., Ltd., Tokyo Gas Engineering Solutions Corporation, Tokyo Gas International Holdings B.V., Ohgishima Power Co., Ltd., Tokyo Gas Site Development Co., Ltd., Nagano Toshi Gas Inc., Tokyo LNG Tanker Co., Ltd., Tokyo Gas Energy Co., Ltd., Capty Co., Ltd., Tokyo Gas Chemicals Co., Ltd., Tokyo Gas Lease Co., Ltd., TOKYO GAS i NET CORP., and Nijio Co., Ltd.

Gastar Co., Ltd. and Chiba Gas Co., Ltd., which were consolidated subsidiaries until the previous fiscal year, were excluded from the scope of consolidation in the current fiscal year due to the decrease in the share of voting rights following the sale of shares of Gastar Co., Ltd., and due to the absorption-type merger with Tokyo Gas Co., Ltd.

2. Application of equity method

(1) Number of associates accounted for using equity method

Number of associates accounted for using equity method: 8

Name of principal entities accounted for using equity method:

TOKYO TIMOR SEA RESOURCES INC., GAS MALAYSIA BERHAD

(2) Names, etc. of principal associates not accounted for using equity method

The Company's principal associates not accounted for using equity method is Ark Hills Heat Supply Co., Ltd.

The associates not accounted for using equity method were excluded from the scope of application of equity methods, due to the immaterial effect of profit or loss (amount corresponding to our interest) and the total of retained earnings and others (amount corresponding to our interest) on the Consolidated Financial Statements and, as a whole, their insignificance.

3. Accounting policies

(1) Valuation bases and methods of significant assets

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

Held-to-maturity debt securities are stated at amortized cost.

Available-for-sale securities with readily determinable fair value are carried at fair value based on the market price at the year end, etc., with valuation differences, reported in a separate component of net assets. The cost of securities sold is determined by the moving-average method.

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

2) Derivatives are valued by the fair value method.

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

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

1) The declining-balance method is mainly applied for property, plant and equipment. However, the straight-line method is applied for buildings (excluding building fixtures) acquired on or after April 1, 1998, and facilities attached to buildings and structures acquired on or after April 1, 2016.
Durable years are mainly determined based on the 'Corporation Tax Act'.

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

(3) Basis for significant provisions

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

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

3) Provision for safety measures is an allowance to provide outlays for expenses required to ensure the safety of gas consumers. We have individually recorded the estimated future expenses that will be required after the consolidated balance sheet date to install cushioning material for gas valves of built-in kitchens with drawer-type cabinets, and expenses required for work on exchanging valve connections for gas appliances with air extractor vents for valve connections without air extractor vents.

4) Provision for appliance warranties is an allowance to provide outlays for expenses required for services during warranty periods of appliances sold. The estimated future expenses required after the consolidated balance sheet date are recorded.

(4) Other significant matters for preparing Consolidated Financial Statements

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

2) Method and period of amortization of goodwill
Goodwill is amortized over twenty years or less under the straight-line method depending on the reasons for recognition of goodwill.

3) Method for Accounting for Retirement Benefits
To provide for retirement benefits to employees, the Company records the amount of retirement benefit obligations, based on the estimated amount at the end of the current fiscal year, minus pension plan assets as a net defined benefit liability; note, however, that, in the case where the amount of pension assets exceeds that of retirement benefit obligations, it is recorded as a net defined benefit asset.
Actuarial differences are mainly recorded as expenses in one lump-sum in the fiscal year following the fiscal year in which the actuarial gain or loss incurs. Also, the prior service costs are amortized using the straight-line method over a period (principally 1 year) set within the average remaining service period of employees as occurred.

Unrecognized actuarial differences and unrecognized prior service costs are posted as remeasurements of defined benefit plans in accumulated other comprehensive income under the net assets section after adjusting for tax effects. In the calculation of retirement benefit obligations, expected benefits are mainly attributed to the period up until the fiscal year under review on the benefit formula basis.

4) As for deferred tax accounting, the Company has applied the 'Revised Implementation Guidance on Recoverability of Deferred Tax Assets' (ASBJ Guidance No. 26) from the fiscal year under review. The adoption has no impact.

4. Changes in basis of preparing consolidated financial statements

(1) Changes in accounting policies

Following the revision to the Corporation Tax Act, the Company has applied the 'Practical Solution on a Change in Depreciation Method due to Tax Reform 2016' (ASBJ PITF No. 32, June 17, 2016) from the fiscal year under review, and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method.
The effect of these changes on profit and loss is immaterial.

[Explanatory notes regarding the consolidated balance sheet]

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

Other facilities	¥7 million
Construction in progress	¥35,635 million
Investment securities	¥20,001 million
Long-term loans receivable	¥28 million
Cash and deposits	¥7,788 million

   (2) Liabilities secured by the collaterals

Other current liabilities	¥50 million

2. Accumulated depreciation of property, plant and equipment
   ¥3,788,783 million
3. Guarantee obligation etc.

(1) Guarantee obligation	¥39,222 million

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

1. Number of shares issued as of the end of this fiscal year
   2,302,856,295 shares
2. Dividends
   (1) Dividends of surplus of this fiscal year
      1) The following was decided by the resolution of the Annual Shareholders Meeting held on June 29, 2016.
         ・ Dividends of common share

(a) Total amount of dividends	¥14,340 million
(b) Dividends per share	¥6.00
(c) Date of record	March 31, 2016
(d) Effective date	June 30, 2016

      2) The following was decided by the meeting of the Board of Directors held on October 28, 2016.
         ・ Dividends of common share

(a) Total amount of dividends	¥12,628 million
(b) Dividends per share	¥5.50
(c) Date of record	September 30, 2016
(d) Effective date	November 30, 2016

   (2) Dividends of surplus to be carried out after the end of this fiscal year
      The following will be proposed at the Annual Shareholders Meeting to be held on June 29, 2017.
         ・ Dividends of common share

(a) Total amount of dividends	¥12,628 million
(b) Resource of dividends	Retained earnings
(c) Dividends per share	¥5.50
(d) Date of record	March 31, 2017
(e) Effective date	June 30, 2017

[Explanatory notes regarding financial instruments]

1. Matters related to the status of financial instruments

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

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

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

2. Matters related to the fair value of financial instruments

The following are the amounts on the consolidated balance sheet, their fair values and differences as of March 31, 2017.

(Millions of yen)

	Amount on the consolidated balance sheet (*1)	Fair value (*1)	Difference
(1) Investment securities and other securities	70,409	84,880	14,471
(2) Cash and deposits	132,626	132,626	-
(3) Notes and accounts receivable - trade	194,240	194,240	-
(4) Bonds payable (*2)	[314,997]	[349,855]	(34,858)
(5) Long-term loans payable (*2)	[383,015]	[415,508]	(32,493)
(6) Derivatives	(1,111)	(1,111)	-

(*1) Figures in square brackets are those listed under liabilities. Net receivables and liabilities arising from derivative transactions are shown in net amounts. Figures in parentheses are posted to liabilities.

(*2) (4) Bonds payable and (5) Long-term loans payable include items due within one year.

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

(1) Investment securities and other securities

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

(2) Cash and deposits

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

(3) Notes and accounts receivable - trade

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

(4) Bonds payable

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

(5) Long-term loans payable

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

of principal and interests treated with the said interest rate swap transactions is discounted at the assumed interest rates for similar new loans payable.

(6) Derivatives

The fair value of derivatives is measured based on the prices presented by financial institutions with which we have transactions. Their fair value is included in the fair value of the said long-term loans payable, because interest rate swap transactions given the special accounting treatment are treated together with hedged long-term loans payable (see (5) above).

(Note 2) Shares of subsidiaries and associates (¥50,331 million on the consolidated balance sheet) as well as unlisted shares and others (¥61,702 million on the consolidated balance sheet) are not included in '(1) Investment securities and other securities' because they do not have market prices and therefore it is extremely difficult to determine their fair value.

[Explanatory notes regarding investment and rental properties]

1. Matters related to status of investment and rental properties

The Company and some subsidiaries have office buildings for rent and other properties (including land under development) in Tokyo and other regions.

2. Matters related to the fair value of investment and rental properties

(Millions of yen)

Amount on the consolidated balance sheet	Fair value
65,330	409,643

(Note 1) The amount on the consolidated balance sheet is the amount of acquisition cost less accumulated depreciation.

(Note 2) The fair value at the end of this fiscal year is mainly based on real-estate appraisal documents prepared by real-estate appraisers.

[Explanatory notes regarding per share information]

1. Net assets per share ¥479.74
2. Basic earnings per share ¥23.02

[Explanatory notes regarding material subsequent events]

1. Acquisition of own shares

The Company decided by resolution at the meeting of the Board of Directors held on April 28, 2017 to acquire own shares pursuant to the provisions of Article 156 of the Companies Act as applied by replacing the relevant terms pursuant to the provision of Article 165, paragraph 3 of the said Act.

Details of the acquisition of own shares are as follows:

- Number of shares to be repurchased: 15,000 thousand shares (maximum: 0.7% of total number of shares issued)
- Type of money to be paid in exchange for shares and aggregate amount thereof: Cash, a maximum of ¥7,000 million
- Period during which the Company can repurchase shares: May 2, 2017 – March 31, 2018

[Other Explanatory notes]

1. Share consolidation, etc.

In addition to the resolution at the Board of Directors meeting held on January 31, 2017, regarding the change in the number of shares in a unit of shares (from 1,000 shares to 100 shares) and the partial amendment to the provisions of the Articles of Incorporation, the Company resolved to include the share consolidation (consolidating every 5 shares into 1 share, and changing the total number of shares issuable from 6.5 billion shares to 1.3 billion shares) in the matters to be resolved at the 217th Annual Shareholders Meeting scheduled to be held in June 2017. Subject to the

approval of the proposal related to the share consolidation at this Annual Shareholders Meeting, the aforementioned change in the number of shares in a unit of shares, the share consolidation, and the partial amendment to the provisions of the Articles of Incorporation will take effect on October 1, 2017.

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

Non-Consolidated Statement of Changes in Equity

From April 1, 2016 to March 31, 2017

(Millions of yen)

	Shareholders' equity									
		Capital surplus		Retained earnings						
					Other retained earnings					
	Capital stock	Legal capital surplus	Total capital surplus	Legal retained earnings	Reserve for advanced depreciation of non-current assets	Reserve for overseas investment loss	Reserve for adjustment of cost fluctuations	General reserve	Retained earnings brought forward	Total retained earnings
Balance at beginning of current period	141,844	2,065	2,065	35,454	1,568	12,369	141,000	339,000	156,978	686,371
Changes of items during period										
Provision of reserve for advanced depreciation of non-current assets					3,010				(3,010)	
Reversal of reserve for advanced depreciation of non-current assets					(104)				104	
Reversal of reserve for overseas investment loss						(1,373)			1,373	
Dividends of surplus									(26,969)	(26,969)
Profit									68,777	68,777
Purchase of treasury shares										
Disposal of treasury shares									(0)	(0)
Retirement of treasury shares									(42,415)	(42,415)
Net changes of items other than shareholders' equity										
Total changes of items during period	-	-	-	-	2,906	(1,373)	-	-	(2,139)	(607)
Balance at end of current period	141,844	2,065	2,065	35,454	4,475	10,996	141,000	339,000	154,838	685,764

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total Valuation and translation adjustments	
Balance at beginning of current period	(4,441)	825,839	25,936	(11,756)	14,180	840,020
Changes of items during period						
Provision of reserve for advanced depreciation of non-current assets						-
Reversal of reserve for advanced depreciation of non-current assets						-
Reversal of reserve for overseas investment loss						-
Dividends of surplus		(26,969)				(26,969)
Profit		68,777				68,777
Purchase of treasury shares	(41,065)	(41,065)				(41,065)
Disposal of treasury shares	4	4				4
Retirement of treasury shares	42,415					-
Net changes of items other than shareholders' equity			790	957	1,747	1,747
Total changes of items during period	1,354	747	790	957	1,747	2,494
Balance at end of current period	(3,087)	826,586	26,727	(10,799)	15,928	842,515

Notes to the Non-Consolidated Financial Statements

From April 1, 2016 to March 31, 2017

1. Significant accounting policies

(1) Valuation bases and methods of assets

1) The valuation basis and method of securities are as follows:
Shares of subsidiaries and associates are stated at cost, as determined by the moving-average method.
Available-for-sale securities with readily determinable fair value are carried at fair value based on the market price at the year end, etc., with valuation differences, reported in a separate component of net assets. The cost of securities sold is determined by the moving-average method.
Available-for-sale securities with no readily determinable fair value are stated at cost, as determined by the moving-average method.

2) Derivatives are valued by the fair value method.

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

(2) Methods of depreciation and amortization of non-current assets

1) The declining-balance method is applied for property, plant and equipment. However, the straight-line method is applied for buildings (excluding building fixtures) acquired on or after April 1, 1998, and facilities attached to buildings and structures acquired on or after April 1, 2016.
Durable years are determined based on the 'Corporation Tax Act.'

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

(3) Basis for provisions

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

2) The Company provides provision for retirement benefits in the amount of the deemed obligations as of the balance sheet date based on the estimated amount of projected benefit obligation and the estimated fair value of the pension plan assets at that date. Actuarial differences are recorded as expenses in one lump-sum in the fiscal year following the fiscal year in which the actuarial gain or loss incurs. Also, the prior service costs are amortized using the straight-line method over a period (1 year) set within the average remaining service period of employees as occurred. In the calculation of retirement benefit obligations, expected benefits are attributed to periods up until the fiscal year under review on the benefit formula basis.

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

4) Provision for safety measures is an allowance to provide outlays for expenses required to ensure the safety of gas consumers. We

have individually recorded the estimated future expenses that will be required after the balance sheet date to install cushioning material for gas valves of built-in kitchens with drawer-type cabinets, and expenses required for work on exchanging valve connections for gas appliances with air extractor vents for valve connections without air extractor vents.

5) Provision for appliance warranties is an allowance to provide outlays for expenses required for services during warranty periods of appliances sold. The estimated future expenses required after the balance sheet date are recorded.

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

(5) As for deferred tax accounting, the Company has applied the 'Revised Implementation Guidance on Recoverability of Deferred Tax Assets' (ASBJ Guidance No. 26) from the fiscal year under review. The adoption has no impact.

2. Explanatory notes regarding changes in accounting policies

Following the revision to the Corporation Tax Act, the Company has applied the 'Practical Solution on a Change in Depreciation Method due to Tax Reform 2016' (ASBJ PITF No. 32, June 17, 2016) from the fiscal year under review, and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method.

The effect of these changes on profit and loss is immaterial.

3. Explanatory notes regarding the non-consolidated balance sheet

(1) Assets pledged as collateral

Investment securities	¥541 million
Investments in subsidiaries and associates	¥8,761 million
Long-term loans receivable	¥28 million
Investments in capital	¥3 million
(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	¥3,172,747 million
Intangible assets	¥30,041 million

(3) Guarantee obligation, etc.

Guarantee obligation	¥92,418 million

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

Trading volume with subsidiaries and associates

Net sales	¥195,668 million
Purchases	¥291,930 million
Trading volume other than net sales and purchases	¥15,057 million

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

Number of shares of treasury shares as of the end of this fiscal year 6,826,541 shares

6. Explanatory notes regarding deferred tax accounting

Principal sources of deferred tax assets and deferred tax liabilities

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

7. Explanatory notes regarding transactions with related parties
Subsidiaries

Name	Percentage of voting rights holding (or being held) (%)	Relationship with related party	Contents of transaction	Amount of transaction (millions of yen)	Account name	Amount outstanding as of the end of FY2016 (millions of yen)
TOKYO GAS PLUTO PTY LTD.	Holding Indirect 100.0	Subsidiary	Loan guarantee (Note)	31,826	—	—

Business terms and policies for determination of business terms
(Note) A decision is made comprehensively after due consideration of the project plan.

8. Explanatory notes regarding per share information

Net assets per share	¥366.94
Basic earnings per share	¥29.79

9. Explanatory notes regarding material subsequent events
Acquisition of own shares
The Company decided by resolution at the meeting of the Board of Directors held on April 28, 2017 to acquire own shares pursuant to the provisions of Article 156 of the Companies Act as applied by replacing the relevant terms pursuant to the provision of Article 165, paragraph 3 of the said Act.
Details of the acquisition of own shares are as follows:
- Number of shares to be repurchased:
  Up to 15,000 thousand shares (0.7% of the common shares outstanding)
- Type of money to be paid in exchange for shares and aggregate amount thereof:
  Cash, up to ¥7,000 million
- Period during which the Company can repurchase shares:
  May 2, 2017 – March 31, 2018

10. Other Explanatory notes
Share consolidation, etc.
In addition to the resolution at the Board of Directors meeting held on January 31, 2017, regarding the change in the number of shares in a unit of shares (from 1,000 shares to 100 shares) and the partial amendment to the provisions of the Articles of Incorporation, the Company resolved to include the share consolidation (consolidating every 5 shares into 1 share, and changing the total number of shares issuable from 6.5 billion shares to 1.3 billion shares) in the matters to be resolved at the 217th Annual Shareholders Meeting scheduled to be held in June 2017. Subject to the approval of the proposal related to the share consolidation at this Annual Shareholders Meeting, the aforementioned change in the number of shares in a unit of shares, the share consolidation, and the partial amendment to the provisions of the Articles of Incorporation will take effect on October 1, 2017.

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