

To: all concerned parties

April 28, 2017
Toho Gas Co., Ltd.

Notice of Change in the Number of Shares per Trading Unit, Consolidation of Shares, and Partial Amendment of the Articles of Incorporation

Toho Gas announces that, at its Board of Directors' meeting held on April 28, 2017, it resolved to change the number of shares per trading unit and to make a partial amendment of the Articles of Incorporation, and to submit the matter of the consolidation of shares to the 146th annual shareholders meeting on June 27, 2017.

1. Change in the number of shares per trading unit

(1) Reasons for change

All Japanese stock exchanges are promoting activity to consolidate trading units to 100 shares of common stock of all domestic listed companies by October 1, 2018 based on "Action Plan for Consolidating Trading Units."

As a company listed on the Tokyo Stock Exchange and the Nagoya Stock Exchange, Toho Gas respects the intentions of the Plan and has determined to change its single trading unit from 1,000 shares to 100 shares.

(2) Particulars of change

The number of shares per trading unit will be changed from 1,000 shares to 100 shares as of October 1, 2017.

(3) Conditions to change

Partial amendment of the Articles of Incorporation for this matter is made by the resolution of the Board of Directors' meeting.

However, this amendment is to take effect on October 1, 2017, subject to the approval at the annual shareholders meeting of the proposal regarding the consolidation of shares set forth in 2. below.

2. Consolidation of shares

(1) Purpose of consolidation

In changing the number of shares per trading unit from 1,000 shares to 100 shares, Toho Gas decided to consolidate its shares on the basis of 1 share for every 5 shares to adjust trading unit to an appropriate level.

(2) Particulars of consolidation

(i) Type of shares to be consolidated

Common stock

(ii) Consolidation ratio

On October 1, 2017, the shares held by shareholders recorded in the latest register of shareholders as of September 30, 2017 will be consolidated at the ratio of 5 shares to 1 share.

(iii) Number of shares reduced through consolidation

Outstanding shares before consolidation (as of March 31, 2017)	538,196,429 shares
Number of shares reduced through consolidation	430,557,144 shares
Outstanding shares after consolidation	107,639,285 shares

(Note 1) “Number of shares reduced through consolidation” and “Outstanding shares after consolidation” are theoretical values calculated based on “Outstanding shares before consolidation” and the consolidation ratio.

(Note 2) Toho Gas announces that its Board of Directors’ meeting held on March 30, 2017 approved the retirement of treasury stock of 2,730,000 shares on April 28, 2017, and the number of outstanding shares after the retirement will be 535,466,429 shares. Considering the retirement of treasury stock, “Outstanding shares after consolidation” will be 107,093,285 shares.

(3) Number of shareholders reduced through consolidation

The shareholder composition based on the register of shareholders as of March 31, 2017 is as follows.

	Number of shareholders (ratio)	Total number of shares (ratio)
Total	23,145 (100.0%)	538,196,429 shares (100.0%)
Less than 5 shares	320 (1.4%)	528 shares (0.0%)
5 or more shares	22,825 (98.6%)	538,195,901 shares (100.0%)

Due to the consolidation, 320 shareholders who each hold less than 5 shares (the total number of the shares held by those shareholders is 528 shares) will lose their status as shareholders.

(4) Treatment of fractional shares

If any fractional shares arise as a result of the consolidation of share, Toho Gas will sell all such fractional shares and distribute the proceeds to shareholders having fractional shares in proportion to their respective fractions.

(5) Total number of shares authorized to be issued as of the effective date

The total number of authorized shares will decrease on October 1, 2017 at the same rate as that of consolidation of shares (one fifth) in order to adjust the total number of authorized shares to an appropriate level.

Total number of shares authorized to be issued before change	Total number of shares authorized to be issued after change (as of October 1, 2017)
805,998,157 shares	160,000,000 shares

By implementing the consolidation of shares, amendments to the Articles of Incorporation pertaining to the total number of shares authorized to be issued shall be deemed effective as of the effective date of the consolidation of share (October 1, 2017).

(6) Conditions to consolidation

Subject to the approval of the proposal regarding the consolidation of shares at the annual shareholders meeting, the consolidation of shares will take effect on October 1, 2017.

3. Partial amendment of the Articles of Incorporation

(1) Reasons for change

The change is subject to the approval of the proposal regarding above “1. Change in the number of shares per trading unit” and “2. Consolidation of shares.” Toho Gas will make amendments of the Articles of Incorporation without resolution of a partial amendment of the Articles of Incorporation at the annual shareholders meeting pursuant to Article 182, Paragraph 2 and Article 195, Paragraph 1 of the Corporation Law.

(2) Particulars of change

Particulars of change are as follows.

Current Articles of Incorporation	Amendments
Article 6 (Total number of shares authorized to be issued) The total number of shares authorized to be issued of the Company is <u>805,998,157 shares</u> .	Article 6 (Total number of shares authorized to be issued) The total number of shares authorized to be issued of the Company is <u>160 million shares</u> .
Article 8 (Trading unit) One (1) trading unit of the Company’s common stock comprises <u>1,000 shares</u> .	Article 8 (Trading unit) One (1) trading unit of the Company’s common stock comprises <u>100 shares</u> .

(3) Conditions to change

Subject to the approval of the proposal regarding the consolidation of shares at the annual shareholders meeting, the partial amendment of the Articles of Incorporation will take effect on October 1, 2017.

4. Summary schedule

April 28, 2017	The Board of Directors’ meeting
June 27, 2017 (scheduled)	The 146th annual shareholders meeting
October 1, 2017 (scheduled)	Effective date of change of the number of shares per trading unit, consolidation of shares and partial amendment of the Articles of Incorporation.

(Note)

As set forth above, the effective date of the change of the number of shares per trading unit and consolidation of shares are scheduled to be October 1, 2017, however in relation to book-entry procedures, trades of Toho Gas shares by shareholders on each securities exchange, on and after September 27, 2017, will be done in a trading unit (100 shares after the consolidation) based on the assumption of the changes as above being effective.