

Our Position in the Market

Tokyo Gas is Japan's largest gas company both in terms of the number of customers—roughly 8.9 million in total—and gas sales volume. Our service area covers approximately 3,100 square kilometers in Tokyo and neighboring prefectures. It is located in the heart of the Kanto region, the largest and most densely populated region in Japan with a total of some 40 million people. Tokyo's position as the locus of Japanese commerce—many companies are headquartered here—makes our service area even more vibrant.

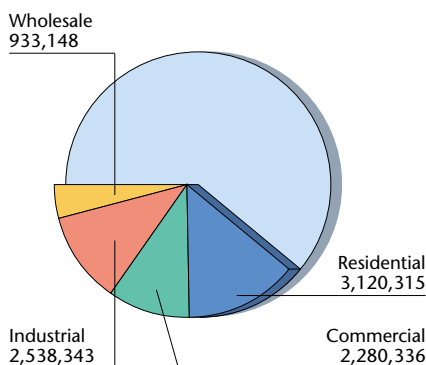
What's more, the Kanto region is Japan's most industrialized area, accounting for 38% of Japan's GDP. Gas demand in this enormous and economically diverse service area is expected to increase even in the future.



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Gas Sales Volume in Japan and Tokyo Gas by Sector

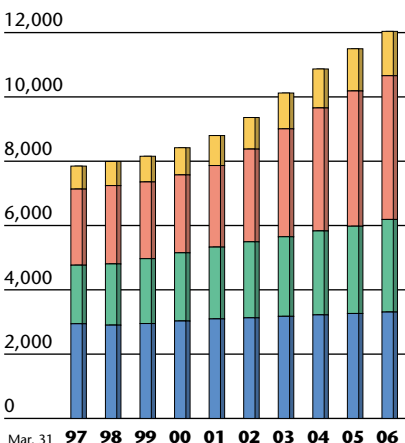
(Year ended March 31, 2001)
Unit: thousands of m³ (46.047 MJ/m³)



Japan 22,742,310
Tokyo Gas 8,872,142

Growth in Tokyo Gas Gas Sales Volume by Sector

Unit: million m³ (46.047 MJ/m³)

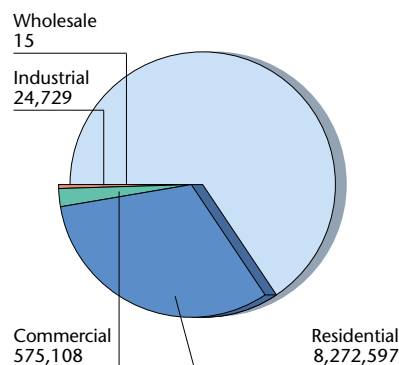


Residential Commercial Industrial Wholesale

Note: 2002~2006 are projected figures.

Number of Gas Customers in Japan and Tokyo Gas Customers

(As of March 31, 2001)



Japan 25,995,909
Tokyo Gas 8,872,449

* The above three graphs represent non-consolidated data.

Natural Gas—Energy of the Future

Natural gas has emerged as a main source of energy because it is both environmentally friendly and reserves are spread throughout the world. Compared to oil reserves, roughly 60% of which are concentrated in the Middle East, natural gas is found worldwide, including North America, Southeast Asia, Australia and Russia. Natural gas reserves are also expected to last longer than those of oil.

The Ministry of Economy, Trade and Industry revised its Long-term Energy Demand and Supply Outlook for Japan this year. The new outlook projects that natural gas demand will grow by 10.7%, as compared to the year ended March 2000, by the year ending March 2011. Overall energy demand, by comparison, is predicted to increase by 1.5%. Natural gas continues to play a major role in achieving the basic aim of the Japanese government's energy policy—to attain energy efficiency and promote environmental protection while providing energy security.

Tokyo Gas' Role in the Market

Ensuring a stable, diverse and long-term energy supply centered on natural gas is our main corporate mission. We are presently importing LNG based on long-term contracts from six major natural gas exporting areas: Alaska, Brunei,

Malaysia, Australia, Indonesia and Qatar. Tokyo Gas has considerable expertise and knowledge concerning LNG, having been the first Japanese company to import this energy resource from Alaska in 1969. Moving forward, Tokyo Gas intends to continue to supply competitively priced natural gas in response to diversifying market needs.

Complementing this procurement capability are our production systems—centering on the world's largest and most technologically advanced LNG receiving terminals—and our transmission and distribution network.

By leveraging the sum of these parts, we aim to carve out an even stronger position in Japan's energy sector. Prospects are bright. Average growth in demand of 6.5% per annum is forecast for Tokyo Gas' gas sales volume until the year ending in March 2006. This represents a high growth rate in comparison to growth forecasts for other energy sources and the Japanese economy as a whole.

At Tokyo Gas, natural gas is positioned as the cornerstone of the company's energy and energy-related operations. Building on this strong foundation, Tokyo Gas is aiming to power steady growth by evolving into a diversified energy services company, supplying heat and electricity as well as gas.

Tokyo Gas LNG Imports

Japan imported approximately 54.1 million tons of LNG in the year ended March 31, 2001. Tokyo Gas accounted for roughly 6.5 million tons of those imports.

