

Every day, Tokyo Gas rewards the trust placed in it by existing customers by exceeding their expectations through the exceptional value of its “total energy solutions.” At the same time, we are reaching out to prospective customers through the appealing benefits of our value proposition. Through these efforts we are opening up a new and more rewarding “energy frontier.”

## Face-to-Face with Customer **Value**





# Dynamic

Growth strategy for a new era: leveraging built-in strengths to enhance our potential

During the 120 years since its foundation, Tokyo Gas has supplied customers in the Tokyo metropolitan area and the greater Kanto region with city gas, an energy source that has become an essential part of people's lives and business activities.

Tokyo Gas has built a solid business base in this service area, the thriving economic center of Japan that generates more than 40% of the nation's gross domestic product within an area 100 kilometers in diameter. Our business structure is solidly grounded in natural gas. This low environmental-load energy source is finding increased use owing to low emissions of NO<sub>x</sub> and CO<sub>2</sub> and zero emissions of SO<sub>x</sub>, gases that cause atmospheric pollution and global warming. Tokyo Gas offers experience and technologies in the use of natural gas that it has honed over many years. At a time of progressive deregulation that is stimulating competition with suppliers of electricity and oil, as well as with new entrants in the natural gas business, Tokyo Gas has taken stock of the strengths it has cultivated over the years and begun to implement an aggressive growth strategy.

Even as it solidifies its position as a leader and trendsetter of Japan's gas industry, Tokyo Gas is undergoing a major structural transformation to remake itself into a corporate group that can serve as a "one-stop" supplier of heat, electric power, air conditioning and other forms of energy customers require.

## Increasing Added Value and Promoting the Use of Natural Gas

Tokyo Gas is implementing policies aimed at further expansion of its gas business. These include enlargement of the supply area in the Kanto region, where latent demand is great, the supply of comprehensive energy services centered on natural gas and wholesale distribution to gas companies outside its service area.

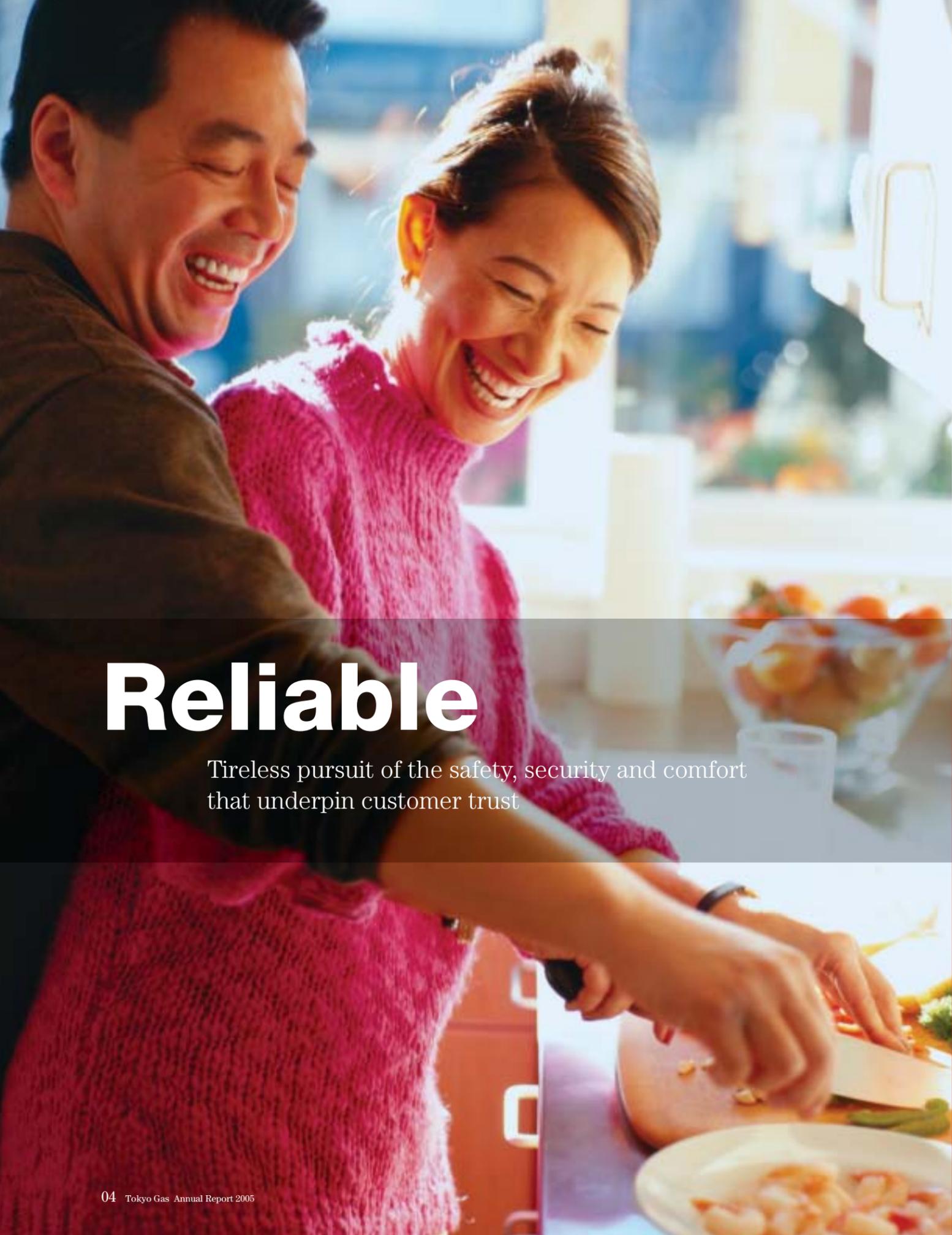
Over the years, Tokyo Gas has laid an extensive network of gas pipelines, exceeding 50,000 kilometers in total length, primarily in the greater Tokyo area. However, the advance of manufacturing plants and major commercial facility construction has reached the periphery of the Tokyo metropolitan area, and we are carefully gauging energy demand and providing energy solutions tailored to the needs of customers in outlying areas. With full consideration given to investment returns, Tokyo Gas is taking effective measures to extend pipelines, construct satellite stations and link facilities expansion to increased sales of city gas.

Tokyo Gas is also actively proposing comprehensive energy services involving

gas cogeneration systems, which offer excellent energy efficiency and low environmental load. Tokyo Gas is increasing added value and promoting wider use of natural gas by serving as a comprehensive source for the supply of heat, electric power and air conditioning that customers require, as well as the technical services to ensure their stable supply.

At the same time, Tokyo Gas leverages its engineering capabilities in the wholesale distribution of gas to other gas suppliers, implementing a strategy that promotes mutual growth by actively participating in the sales activities of wholesale gas customers.





# Reliable

Tireless pursuit of the safety, security and comfort that underpin customer trust

By nature of their position as proprietors of infrastructure essential to customers' lives and business activities, city gas companies are entrusted with the public mission of providing a stable and secure supply of gas.

With regard to securing the gas resources essential for stable supply, Tokyo Gas was the first company in Japan to import LNG and has perfected a means for the stable, low-cost procurement of this resource. We engage in the import of LNG from nine projects in six countries and has moved into upstream development and LNG transport using company-owned vessels, in further pursuit of this objective.

Tokyo Gas has implemented initiatives to put safety first in the process of producing city gas from LNG and delivering it to customers. We design production and supply facilities to withstand earthquakes of magnitude 7.2, the equivalent of the Great Hanshin Earthquake. Moreover, Tokyo Gas operates SUPREME, the world's most extensive super-dense real-time seismic motion monitoring and disaster mitigation system, which remotely monitors some 3,800 locations and shuts off gas supply in times of natural disaster. We work to ensure safety in residential use through such means as promoting the introduction of microchip-controlled gas meters with automatic shut-off functions and the enhancement of Gaslight 24, a system for round-the-clock emergency mobilization to respond to gas leaks and other problems.

## Proposing More Comfortable, Satisfying Lifestyles through New Ways of Using Gas

Tokyo Gas enjoys a bond of trust based on safety and security with 9.6 million households who have long appreciated the flavor of food cooked over an open flame and the convenience of water heated with gas. We are working to develop new appliances and propose new lifestyles to enable people to more fully experience the comfortable, satisfying living made possible by city gas.

Tokyo Gas has brought the comfort of city gas to every room in the home with the TES system for using hot water to enhance overall home comfort. TES system customers enjoy the benefits of expanded applications for gas such as the floor heating systems now included as standard equipment in about 80%\* of condominiums newly constructed in the Tokyo metropolitan area, bathroom heaters, clothes dryers and a new hot-water mist sauna. Launched in fiscal 2004, the TES Remote PLUS service has made possible a higher level of convenience

through the use of mobile phones and personal computers for the remote operation of gas appliances.

The TES system is already in use in more than a million residences. To express its appreciation to customers, in 2005 Tokyo Gas will conduct a large-scale campaign in celebration of its selling of one million systems. Another aim of the campaign is to ascertain customer needs and wants and to apply the information obtained to future business activities that will meet expectations and reward customer trust.



\*About 80% of all newly-built private condominiums in The Tokyo Gas' service area have floor-heating systems.