

**Investment in Bajio Power Project:
Participation in the Power Generation Business in Mexico**

Sep. 14, 2004
Tokyo Gas Co., Ltd.

Tokyo Gas Co., Ltd. (President: Norio Ichino) has agreed with InterGen to invest in Bajio Power Project in the inland of the United Mexican States and entered into the Stock Purchase Agreement with InterGen on August 27, 2004. This is the first project for Tokyo Gas to participate in power generation business out of Japan.

Bajio Power Project is a natural-gas-fired combined cycle IPP (Independent Power Producer) with power generation capacity of 601 megawatts (MW), located 260 kilometers northwest of the capital, Mexico City. The power station has been selling electricity to Comision Federal de Electricidad (CFE) as well as to customers in surrounding area since March 2002. Therefore, stable revenue can be expected.

Previously, the Bajio Power Project has been held by Bajio Holdings Ltd. (a 100% affiliate company of InterGen) and American Electric Power, owing 50% each. Tokyo Gas is to obtain 49% of the interests held by InterGen, to effectively own 24.5 % of the Bajio Power Project indirectly.

The investment will be made through Tokyo Gas International Holdings B.V., an affiliate company for foreign investment. Tokyo Gas also plans to assign part-time members of the board of Bajio Holdings.

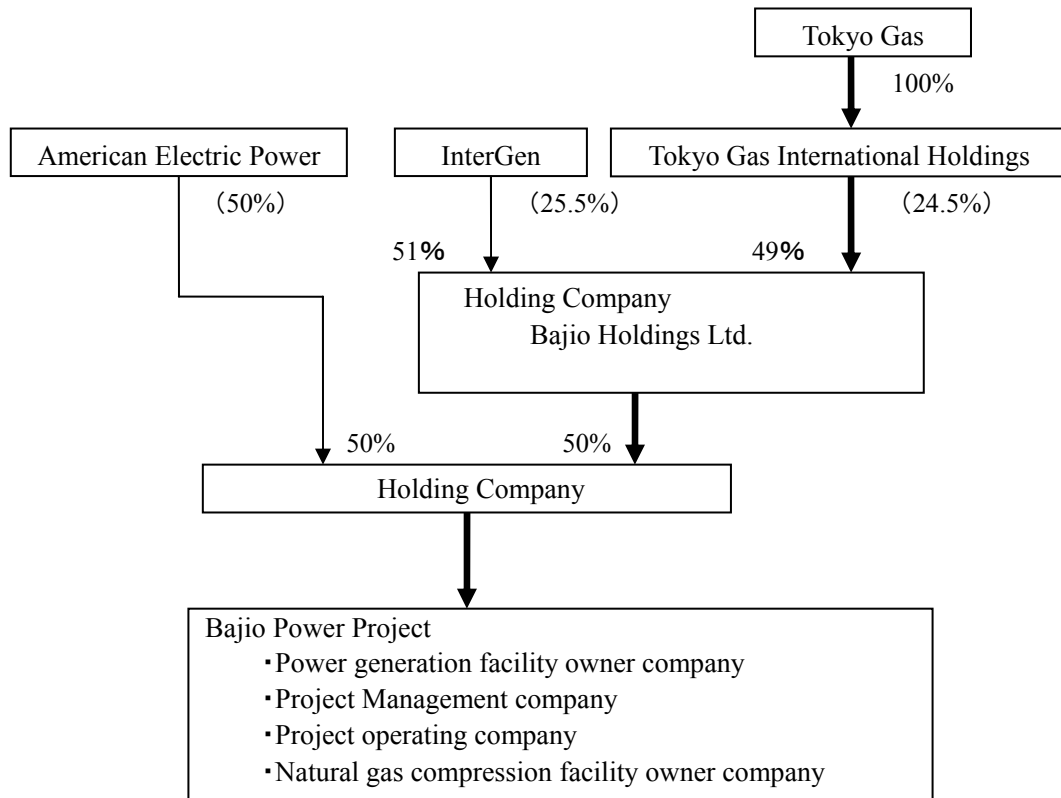
Mexico will be the second country for Tokyo Gas to participate in overseas natural gas related businesses after Malaysia. Tokyo Gas states development of overseas business as part of business expansion in energy related fields in “Frontier 2007”, the medium-term group management plan finalized and announced in October 2002. In terms of participating in fields which can utilize our technology and know-how, including overseas city gas and power generation business, we continue to proceed with prudence by considering profitability and stability.

The Major Components of the Power Plant are:

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|-------------------------------|--|
| (1) Power generation facility | 601MW gas turbine combined cycle |
| | gas turbine 3 units x 140MW (from GE) |
| | steam turbine 1 unit x 181MW (from GE) |
| (2) Fuel | Natural gas (back up: diesel) |
| (3) Operation started: | March 9, 2002 |

(4) Ownership (after the investment by TG)

- American Electric Power 50.0%
- InterGen 25.5%
- Tokyo Gas International Holdings 24.5%



Profile of InterGen

InterGen is a global power generation firm. The Company is operating or building a total of 20 power stations representing over 16,000 megawatts (MW). The Company has projects operating, under construction or in active development in the United States, the United Kingdom, the Philippines, Colombia, Mexico, China, Egypt, Turkey, Brazil, Australia, The Netherlands, Germany and Singapore. InterGen is a Shell-Bechtel venture.

Profile of American Electric Power

American Electric Power owns more than 36,000 megawatts of generating capacity in the United States and is the nation's largest electricity generator. AEP is also one of the largest electric utilities in the United States, with more than 5 million customers linked to AEP's 11-state electricity transmission and distribution grid. The company is based in Columbus, Ohio.

Location of Bajio Power Project

