

20 January 2009

**Withdrawal of the application for participation in the privatization of city gas business in Sendai**

Tokyo Gas Co., Ltd.

Tokyo Gas Co., Ltd. (headquartered in Tokyo; Mr. Mitsunori Torihara, President) ,Tohoku Electric Power Co., Inc. (headquartered in Miyagi Prefecture; Mr. Hiroaki Takahashi, President) and the Japan Petroleum Exploration Co., Ltd. (JAPEX; headquartered in Tokyo; Mr. Osamu Watanabe, President),filed an application for qualification screening with the Gas Bureau, City of Sendai in response to the call issued in September 2008 by the city of Sendai for applications for the project concerning privatization of the city gas business and in October 2008 was approved as the proper candidate.

Since the approval, the three companies have been conducting studies on the business and economic feasibilities, as well as careful investigation of contract conditions of the bureau. However, with the sudden change in economic conditions, the companies have drawn up a conclusion that it is extremely difficult to propose a purchasing price due to the increasing uncertainty of the business outlook. As a conclusion, the three companies have submitted an official notice of withdrawal to the Sendai city today.