

More Reasons to Choose Tokyo Gas

Tokyo Gas has two fundamental corporate missions. One is to deliver customers the best possible services. The other is to offer customers comfortable living environments by effectively utilizing gas for floor heating, cogeneration and other technologies that are both economically and environmentally sound. To raise the level of customer satisfaction and the competitiveness of natural gas, our core product, Tokyo Gas is enhancing services from various angles and offering customers more options.

Residential Customers—Our Largest Client Category

Numbering more than 8 million, and accounting for 90% of Tokyo Gas' customers, are residential customers. Our 18 branches offer total consulting solutions, including meter reading and inspections of appliances in homes once every 3 years, to ensure that customers are using gas safely. Tokyo Gas aims to spur demand among this massive customer pool and enable residential users to lead more comfortable lives by aggressively promoting gas floor heating. This system circulates hot water beneath the floor to warm a room's occupants from the feet up. Most customers have responded enthusiastically to gas floor heating. Tokyo Gas' goal is to make this system the de facto standard in households in Japan.

Spurring Commercial and Industrial Demand

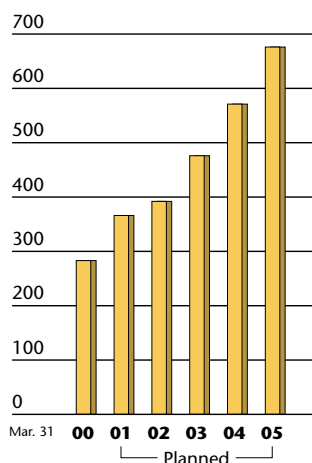
As environmental concerns deepen, customers are seeking ways to protect the environment and also reduce their total energy costs. Cogeneration solves both issues. A highly efficient system, cogeneration uses natural gas to simultaneously generate electricity and provide heat.

In the gas-fired air conditioning field, Tokyo Gas has a proven track record in GHPs (gas engine-driven heat pumps) and absorption-type gas air conditioning. Gas sales volumes in this field are expected to rise by a yearly average of 6.1% through the year ending March 2006.

Tokyo Gas is conducting aggressive sales activities targeted at hotels, hospitals and other institutions, as well as industrial users, by promoting the advantages of these natural gas systems.

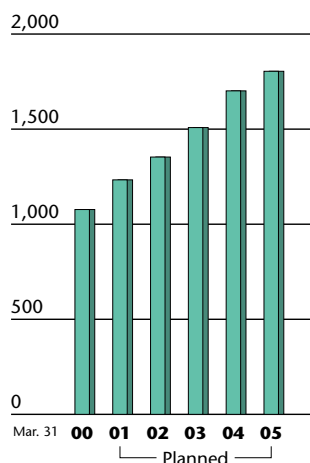
Cumulative number of floor heating systems installed

Unit: thousands of homes



Gas sales volume for cogeneration

Unit: million m³ (46.047 MJ/m³)



Demand for gas floor heating is expanding. Not only is floor heating clean and comfortable, but it boasts superior energy efficiency and cost advantages.





The Saitama New City Center district heating and cooling system covers an area of 27.3 hectares and services 1 cabinet office and 12 ministries. The system supplies heat in an energy-efficient and environmentally friendly manner.

District heating and cooling (DHC) systems, which incorporate cogeneration, have already been installed in well known urban projects in central Tokyo, Yokohama and Chiba. These DHC projects have won plaudits for their environmental friendliness and economic soundness. In April 2000, the Saitama New City Center district heating and cooling system was completed in Saitama Prefecture, becoming Tokyo Gas' 15th DHC operation. We intend to take full advantage of the expertise, technological capabilities and engineering skills we have acquired from such projects to power growth in gas demand.

Power generation is another area where expectations for growth in gas demand are high. Tokyo Gas is working to promote sales in this field while actively proposing energy solutions that incorporate cogeneration systems.

In the Limelight—Micro Turbines

On-site electricity generation systems, particularly that produced by micro turbines, is attracting attention as interest in small, distributed power generation systems grows. Tokyo Gas has already tested the largest number of micro turbines in Japan and in June 2001, the company began sales of 28kW Capstone Turbines.

Tokyo Gas has also successfully developed and tested a dry, low NOx combustor for a 270kW cogeneration system (right) together with Toyota Turbine and System Inc. The turbine is scheduled to go on the market in 2001.

In November 2000, Tokyo Gas invested in MyEnergy Corp., which was established by Tokyo Electric Power Co., Inc. and others. Tokyo Gas aims to champion an on-site energy business using micro turbines.

