

Diversification

The Tokyo Gas Group is determined to increase earnings as a diversified energy services company by carrying out core gas operations as well as operating energy-related businesses that complement and add value to those operations. Furthermore, to respond to the IT revolution and Japan's "graying" society as well as contribute to environmental protection, Tokyo Gas is actively promoting various new businesses such as urban development and information-related businesses that transcend the bounds of the energy sector. In respect of our 49 subsidiaries, we are working to raise their profitability and foster autonomy with a view to taking them public in the future. These actions are being taken in line with our Medium-Term Management Plan. This plan also calls for the streamlining of unprofitable businesses to maximize consolidated earnings.

Subsidiaries and Affiliate

Company	Equity Interest (%)	Area	Business
Tokyo Gas Energy Co., Ltd.	100	Energy sales	Sales of LPG and coke
Tokyo Gas Chemicals Co., Ltd.	100	LNG cryogenic energy	Sales of gas for industry and chemicals, LNG cryogenic energy technologies
Tokyo Oxygen and Nitrogen Co., Ltd.	54	LNG cryogenic energy	Production and wholesale of liquefied oxygen and nitrogen
Tokyo Gas Urban Development Co., Ltd.	100	Urban development	Real estate leasing, management and brokerage, etc.
Park Tower Hotel Co., Ltd.	100	Urban development	Management of Park Hyatt Tokyo
KANPAI CO., LTD.	93.2	General facility construction	Construction of gas, water and air conditioning facilities, as well as gas pipelines
Gastar Co., Ltd.	66.7	Home equipment services	Production and wholesale of gas appliances
TG Credit Service Co., Ltd.	100	Home equipment services	Leasing of gas appliances and information and communications equipment, construction loans
Chiba Gas Co., Ltd.	99.9	Gas distribution	Gas supply for Yachiyo and Narita City and surrounding areas
Tsukuba Gakuen Gas Co., Ltd.	100	Gas distribution	Gas supply for Tsukuba Science City and surrounding areas
Tokyo Gas Engineering Co., Ltd.	100	General engineering	Comprehensive engineering services with a particular focus on Gas production and supply, environmental protection and IT
TG Information Network Co., Ltd.	100	IT	System design; construction, operation and maintenance of networks; and sales of computer equipment, etc.
TG Enterprise Co., Ltd.	100	New businesses	Financial administration and building leasing for Tokyo Gas and related companies
Tokyo LNG Tanker Co., Ltd.	100	LNG transportation businesses	Ownership of LNG and LPG carriers
Gas Malaysia Sdn. Bhd.*	20	Overseas businesses	Supply of gas in Malaysia

* Equity-method affiliate



LEFT

A room at the Park Hyatt Tokyo, managed by Park Tower Hotel Co., Ltd. The modern interior and superb view of the Shinjuku district make a stay a truly memorable experience.

RIGHT

This ultra-low-temperature, deep-freeze warehouse for tuna is one example of the cryogenic utilization of LNG.

Topics

Branching Out Into the Information & Communications Business

In June 2000, Tokyo Gas reached an agreement with Marubeni Corporation and Vectant, Inc., a wholly owned Marubeni subsidiary, to deliver next-generation high-speed broadband communications over the "last-mile." As part of the agreement, Tokyo Gas acquired an equity stake in MetroAccess Co., Ltd., a Type 1 telecom carrier established by Marubeni and Vectant. Drawing on and fusing their collective infrastructures, expertise and client networks, the three companies expect to derive dramatic synergies in developing infrastructure for broadband networks. Since high-capacity optical fiber cables can be laid in channels owned by Tokyo Gas for district heating and cooling conduits, cost-competitive networks will be realized. In April 2001, MetroAccess launched broadband data communications services for companies in the Shinjuku metropolitan area, Tokyo.

Energy providers in the future must be more dimensional than simply supplying energy. They must also develop innovative business models that harness information and communications technologies. From the perspective of acquiring new expertise, Tokyo Gas' entry into this business marks a first step toward formulating new strategies in the information and communications industry.



Home Reform Agency Services for Comfortable Living Environments

In April 2001, Tokyo Gas teamed up with INAX Corporation and other companies to establish HomeClip Corp., which offers online home reconstruction agency services. In recent years, there has been a groundswell of interest toward creating comfortable living environments, particularly developing barrier-free housing as Japanese society ages. There is also a need to refurbish antiquated living accommodation. The size of the home reform market is estimated at around ¥10 trillion. Consumers are demanding services that give them easy access to comprehensive information on construction firms, products, price and other areas. HomeClip operates a one-stop portal site that "clips" various information on the "home" onto the Internet. The site allows users to gather information, select construction firms and even request estimates. It plays the instrumental role of introducing consumers to reliable refurbishing companies.

HomeClip's earnings are derived from registration charges and annual fees from refurbishing companies, agency commissions, and advertising revenues. The site aims to register 10,000 firms and serve 200,000 registered members in the next 5 years.



(<http://www.homeclip.co.jp>)

Key Ingredient for Breakthrough Diagnostic Method

Tokyo Gas has been working on the world's first process to separate and condense ^{13}C -Methane from LNG. The first shipments were made in May 2000, following completion of a plant to produce ^{13}C -Methane for commercial use using this technology. The ^{13}C -Methane is being processed into $^{13}\text{C}\text{O}_2$ by Tokyo Gas Chemicals and sold to Otsuka Pharmaceutical Co., Ltd. for use in a breakthrough drug that we developed with them. The drug diagnoses the existence of *Helicobacter pylori*, a common cause of gastritis and gastric ulcers, and makes for more patient-friendly diagnosis of these ailments. The drug was awarded the Japanese Prime Minister's Award of the Japan Industrial Technology Grand Prize in fiscal 2000. This drug is currently marketed in Japan, the Republic of Korea, Taiwan, Australia and Spain, and Otsuka Pharmaceutical has obtained sales licenses for at least 10 other countries.

Looking ahead, Tokyo Gas intends to develop diagnostic drug applications using ^{13}C -Methane to detect, for example, diabetes and pancreatic disease. By aggressively promoting ^{13}C -Methane in the pharmaceutical raw materials field, Tokyo Gas will develop new value-added businesses for LNG.

