

International Operations

Developing operations overseas is part of Tokyo Gas' drive to transform itself into a diversified energy services company with natural gas as our core business. We are actively participating in the development of natural gas projects overseas and expanding the scope of our operations into other fields, including ownership and operation of LNG carriers. Tapping our wealth of knowledge about natural gas and how to supply the gas, we are also contributing to the development of gas infrastructures and economic growth in other countries, particularly those in Asia. Additionally, we have forged partnerships with peer companies and with various institutions overseas for the purposes of technological and managerial information exchanges. The information we gather promotes efficient R&D and the formulation of strategies.

Advancing Upstream—Controlling the Total Energy Value Chain

In August 2001, Tokyo Gas announced that it would participate in the development of a gas project located off the coast of Victoria, Australia, the first such overseas project for the company. Facility construction is proceeding apace, with supply to the Australian market scheduled to start in the latter half of 2002.

In March this year, we announced our participation in the development of a gas field in the Joint Petroleum Development Area of East Timor and Australia, as well as in a gas liquefaction business in Darwin, Australia. Tokyo Gas will also start purchasing LNG from this project in 2006. This development means that Tokyo Gas will have a presence along the entire LNG value chain—from production and liquefaction, through sales and transportation using our own LNG carriers and marketing in the downstream market. This position will make it possible for us to extract maximum value from the natural gas business.

Tokyo Gas will continue to participate in all areas of the LNG value chain where such participation enhances our ability to procure natural gas and raises the competitiveness of the Group.

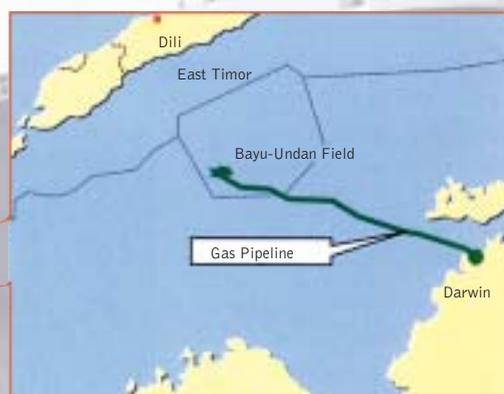
Tokyo Gas' Overseas Activities

Tokyo Gas has a proud track record in building gas supply infrastructures in other countries. Tokyo Gas and its group companies have been instrumental in a number of successful projects. In Malaysia, for example, we have been active in a natural gas distribution system project and a gas-fired cogeneration district cooling project—both firsts in that country. These accomplishments—the first full-fledged overseas projects by a Japanese energy utility company—are regarded as models for other Asian countries. Kuala Lumpur International Airport boasts one of the world's largest gas district cooling systems thanks to Tokyo Gas. Office buildings, hotels, and other facilities in central Kuala Lumpur have benefited as well from our technology. Meanwhile, Tokyo Gas Engineering Co., Ltd. has been providing technical consultation, for example, for the establishment of LNG receiving facilities in Korea, Taiwan, Thailand and Portugal. Moving forward, we intend to advance overseas projects that capitalize on our extensive technological expertise gained through our operations in Japan.

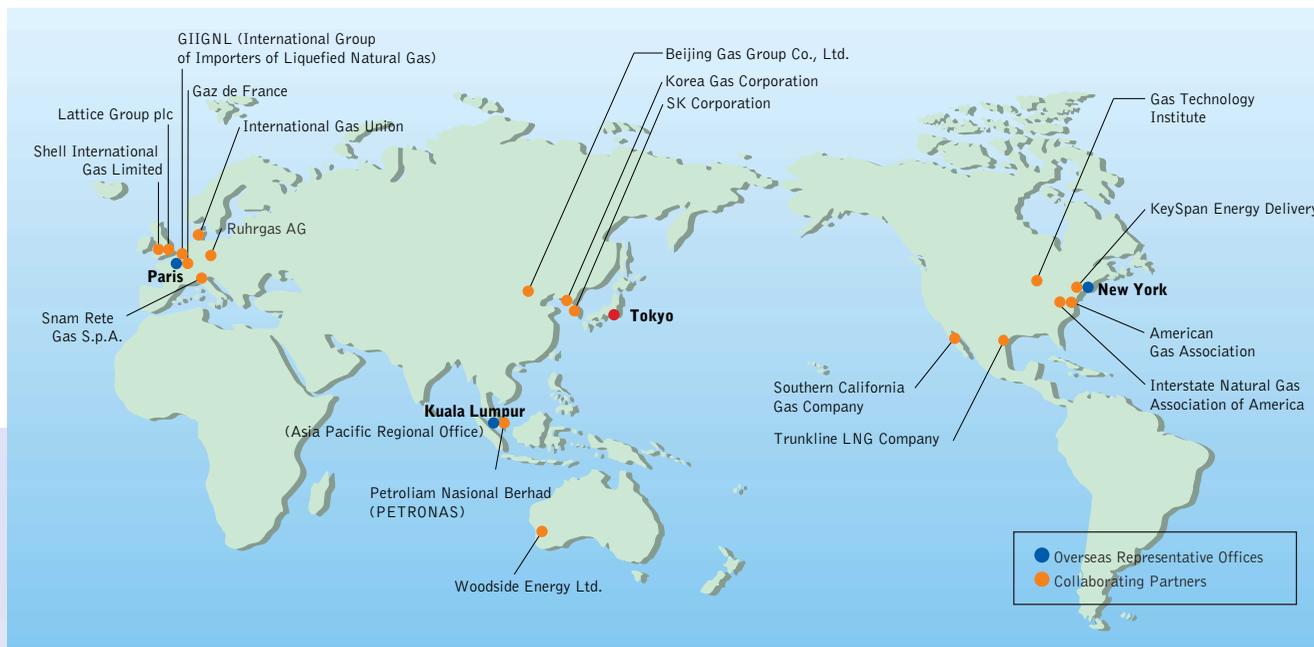
Overview of the Bayu-Undan Project

Location: Within the Joint Petroleum Development Area of East Timor and Australia
250km off the south coast of East Timor,
500km offshore from Darwin, Australia

Proven Natural Gas Reserves:
Approx. 3.4 trillion cubic feet of natural gas
Approx. 400 million barrels of LPG and condensate



Tokyo Gas' Overseas Representative Offices and Collaborating Partners



Information Exchanges Lead to Better Operations

We have three representative offices overseas: New York, Paris and Kuala Lumpur. Through these offices we are forging closer ties with energy-related companies and institutions around the globe. Collaboration involves the exchange of information and staff and contributes to improvements in our operations.

The offices also play a vital role in supplying information to foreign shareholders and in gathering information from the capital markets to help in formulating management policies. As deregulation sweeps through the Japanese energy industry, the importance of these activities is increasing to Tokyo Gas.



Left
Malaysian trainees

Right
Mr. Gerald Doucet, Secretary General of the World Energy Council, on a visit to Tokyo Gas.