

# Competitive Feedstock, Stable Supply and Safety Measures

Tokyo Gas stably procures cost-competitive feedstock, while its diversified disaster-prevention system covering every aspect of operations from the production and supply of city gas to its use fully assures safety.

## New LNG Contracts Will Improve Competitiveness and Enhance Flexibility

Tokyo Gas currently imports a total of 7.5 million tons of LNG annually from six countries, and continues to study sourcing of additional supply to respond to future increases in gas demand. Supply from the Malaysia III Project, the NWS Expansion Project in Australia, and the Darwin LNG Project should come online in sequence from 2004. Moreover, in May 2003, Tokyo Gas concluded a heads of agreement covering the purchase and sale of LNG produced by the Sakhalin II Project. The Sakhalin II Project is the first Russian project to supply natural gas to Northeast Asia, and its abundant reserves and proximity to the market are significant advantages. Contract terms of these new agreements and the use of Company-owned LNG carriers will add to competitiveness and flexibility in procuring LNG.

### ■ Tokyo Gas LNG Imports



The signing of the heads of agreement covering the purchase and sale of LNG produced by the Sakhalin II Project

## Maintaining Stable Supply

In tandem with the objective of a stable and economical feedstock procurement system, Tokyo Gas works to ensure stable supply by employing a thorough array of disaster-prevention facilities covering production, distribution and consumption to guarantee safety. The Center for Supply Control and Disaster Management conducts 24-hour monitoring and control of gas production and supply using the Total Gas Control System (TGCS). This supply control system is designed to assure a stable supply and to take necessary measures quickly and safely in the event of a disaster such as a major earthquake.

## Thorough Safety Measures

Disasters caused by earthquakes can threaten the safety of the city gas supply system. Prevention, response and restoration are the three pillars of the Company's comprehensive earthquake countermeasures. Prevention includes the incorporation of the latest earthquake-proof technology in the design of our production and supply facilities to prevent damage. In addition, we have constructed the world's most extensive ultra-high density real-time seismic motion monitoring and disaster mitigation system, which remotely shuts off the supply of gas should a gas leak emergency occur, thus substantially minimizing the threat of secondary damage. We have also developed and are now refining a restoration support system to determine the most efficient plan for safely and quickly restoring service in the event of an interruption in the supply of gas.