Environmental Contribution from Increased Use of Natural Gas

Tokyo Gas recognizes the vital importance of the natural environment and is determined to make a positive contribution to global environmental conservation and sustainable social development by promoting the use of environmentally sound resources and energy technologies. This philosophy is reflected in four policies that are making Tokyo Gas a leader in environmental management and an active participant in efforts to solve global environmental problems.

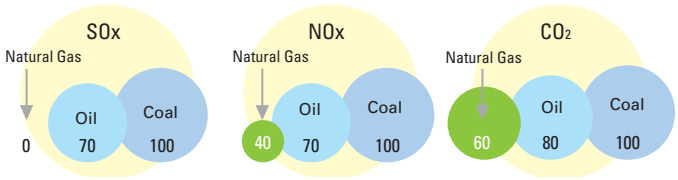
First, we are working to reduce the environmental load resulting from the use of energy by our customers; second, we are working to reduce the total environmental load resulting from our own business activities; third, we are strengthening our environmental partnerships with local and international communities; and fourth, we are promoting research and development relating to environmental technologies.

Our core business activity is to supply city gas. However, the main resource for city gas is natural gas, which has the smallest environmental footprint of any general-purpose fossil fuel. It emits almost no sulfur oxide (SOx) during combustion, while nitrogen oxide (NOx) and CO_2 emissions are around 40% and 80% respectively of the level for coal and oil.

We aim to fully exploit the advantages of natural gas in our business activities by developing highly efficient equipment and systems, such as cogeneration systems, that minimize the environmental load. We see this as an excellent strategy for reducing global warming and atmospheric pollution. Another priority is making natural gas available to as many customers as possible.

Tokyo Gas has developed its own environmental protection guidelines to ensure that the environmental advantages

Comparison of Emission Levels (Coal=100)



Global Warming Prevention Measures

1. In its city gas business, the Tokyo Gas Group aims to reduce CO_2 emissions from customers' facilities by 8 million tons by fiscal 2010, by promoting the use of natural gas, and by improving the efficiency of equipment and systems used with city gas.
2. The Tokyo Gas Group aims to reduce unit energy consumption in its business operations by an average of at least 1% per year over the medium-term future.
3. From a global perspective, the Tokyo Gas Group will contribute to the prevention of global warming by identifying greenhouse gas reduction or absorption projects in other countries, and by providing technical support for those projects.

Resource Recycling Promotion Guidelines

1. Industrial waste field
   There are major differences in the ways in which industrial waste is produced in manufacturing plants (production sites) and through other activities, such as construction. These categories will therefore have separate targets.
   Tokyo Gas will achieve zero emission status at all manufacturing plants by fiscal 2010.
   Tokyo Gas will increase its recycling ratio for other waste, including construction waste, to at least 91% by fiscal 2010.
2. Waste paper (paper recycling)
   Tokyo Gas will reduce by 10% the amount of wastepaper from its offices by fiscal 2010, compared with fiscal 2005.Tokyo Gas will increase the recycling ratio for waste paper from its offices to at least 85% by fiscal 2010.
   The amount of copier paper used will be reduced to 5,000 sheets per person per year by fiscal 2010.
3. Excavation spoil
   The amount of excavation spoil from road excavations ordered by Tokyo Gas will be reduced to 15% by fiscal 2010, through volume reductions, reuse and recycling.

Green Purchasing Guidelines

1. The green purchasing ratio for items purchased from electronic catalogs will be increased to at least 70% by fiscal 2010.
2. Tokyo Gas will encourage all group companies included in the consolidated accounts to introduce the electronic catalog purchasing system and implement green purchasing systems by 2010.
3. Tokyo Gas Group will promote green purchasing within the Tokyo Gas Group in accordance with the green purchasing promotion guidelines.

Results for Fiscal 2006 and Targets for Fiscal 2010

		Target for FY2006	Result for FY2006	Target for FY2010
Global Warming	Reduction of CO_2 emissions from customers' facilities	6.60 million tons	**6.61 million tons**	8.00 million tons
	Unit energy use in gas production facilities (Per unit of gas production)	1% or more reduction	**2.4% reduction***	1% or more reduction
	Unit energy use in district cooling/heating systems (Per heat sales volume unit)	1% or more reduction	**0.6% reduction***	1% or more reduction
	Unit energy use in Tokyo Gas business offices (Per city gas sales volume unit)	1% or more reduction	**6.3% reduction***	1% or more reduction
Resource Circulation	Industrial waste (manufacturing plants)	4 sites/10 sites	**5 sites/11 sites**	10 sites/10 sites
	Recycling of industrial waste (other sites)	More than 91%	**87%**	More than 91%
	Reduction ratio of waste paper	2% reduction	**3.9% reduction**	10% reduction from fiscal 2005
	Recycling of waste paper	More than 85%	**87%**	More than 85%
	Sheets of copy paper used per person per year	7,400	**7,180**	5,000
	Excavation spoil ratio	19%	**19.3%**	15%
Green Purchasing	Green procurement ratio	60%	**60%**	More than 70%
	Number of affiliated companies that have already introduced an electronic catalog purchasing system	35 companies	**38 companies**	48 companies

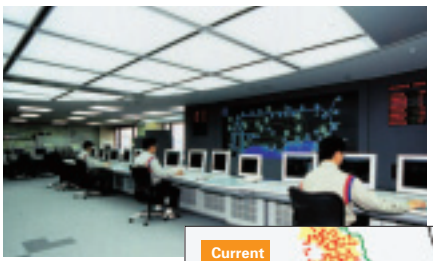
* Annual average reduction ratio (Unit energy use reduction ratio at power plants will be evaluated from fiscal 2007.)

of its city gas business are fully exploited. These guidelines call for the reduction of CO_2 emissions resulting from gas use by Tokyo Gas customers by eight million tons by fiscal 2010.

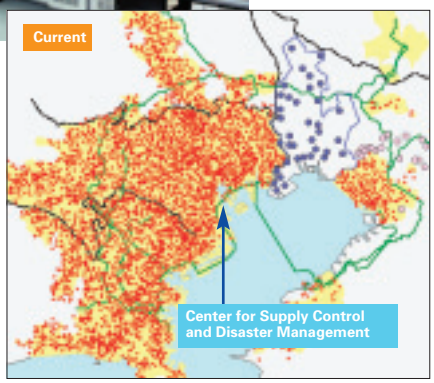
Advanced Disaster Prevention Measures

The supply of energy is vital to the continuation of economic activity and modern life. Throughout its history, Tokyo Gas has remained keenly aware of its responsibilities as a supplier of energy, including the responsibility to ensure safety. We continue to fulfill that responsibility through a wide range of measures.

Japan is an earthquake-prone country. Tokyo Gas maintains a high standard of safety by ensuring that key gas production and supply facilities are able to withstand major earthquakes on the scale of the disaster that struck the Hanshin-Awaji area in 1995. When seismic motion with an intensity of five or higher on the Japanese scale is detected, computerized meters shut off the supply of gas to customers' sites. At the same time, our Super-Dense Real-time Monitoring of Earthquakes (SUPREME) system instantly monitors data from a network of approximately 4,000 seismometers located throughout our service area. In order to prevent secondary disasters, our highly effective safety measures include automatic shut-off valves linked to seismometers and systems that allow remote shut-off of gas supply if an earthquake with the potential to cause major damage is detected. In addition to this ability to suspend gas supplies for safety reasons, we have also developed systems that allow supplies to be resumed quickly once the situation has returned to normal. We have strengthened our collaboration with group companies and suppliers and taken every possible measure to minimize inconvenience to customers by ensuring restoration of services as quickly as possible.



Control Room



SUPREME Seismic Sensors
Red points are sensor locations (Approximately 4,000)

Gaslight 24

Safety Inspections

This includes the implementation of restoration support systems, development of equipment and training of personnel.

Our day-to-day safety organization including the "Gaslight 24" team, is ready to respond to gas leaks and other safety-related problems on a 24/7 basis.

Elimination of Carbon Monoxide Poisoning

In fiscal 2006 Tokyo Gas announced the expansion of its measures to prevent CO poisoning. We will spend up to ¥10 billion on a campaign to encourage customers in the Tokyo Gas service area to replace kitchen and bathroom water heaters with imperfect oxygen depletion safety shut-off devices with new units that incorporate this important safety feature. The campaign will continue for approximately three years from January 2007.

Starting in April 2007, we will progressively increase our safety inspection work force by around 100 to support extensive inspection programs. We will also enhance our communication activities in order to foster customer confidence in the safety of gas by responding to safety-related questions and concerns.

Customer safety is the fundamental mission and the most important responsibility of a gas supplier. The entire Tokyo Gas organization has worked to fulfill its responsibility under the leadership exercised by the top management. In addition to our efforts to expand safety inspections and promote the replacement of unsafe appliances, we are also actively developing new technologies that will help to enhance safety.