

January 27, 2003

Tokyo Gas to Supply LNG to Hokkaido Gas (Hakodate sector)

Tokyo Gas Co., Ltd.

Tokyo Gas Co., Ltd (President: Hideharu Uehara) and Hokkaido Gas Co., Ltd. (President: Yozo Maeizumi) have announced their basic agreement on the supply of LNG to Hokkaido Gas (Hakodate sector) by sea using LNG coastal tankers.

Formal approval was given to Hokkaido Gas' LNG terminal construction plans by the Hakodate Port - Ports and Harbors Council in its session that concluded on January 21, 2003. As a result, the basic agreement will now be considered in more detail.

Currently, Hokkaido Gas' Hakodate sector is supplied with gas manufactured by converting petroleum feedstock; but the company has plans to switch over to natural gas in 2006. It has been decided that Tokyo Gas will provide the LNG required to achieve this objective, and that coastal LNG tankers provided by Hokkaido Gas will transport the LNG.

Outline of LNG supply project

1. Participants: Purchaser: Hokkaido Gas
Supplier: Tokyo Gas
2. Delivery: Delivered by coastal LNG tankers (provided by Hokkaido Gas) from Tokyo Gas' LNG shipment terminal
3. LNG shipment volume: Approx. 30,000 tons/year
4. Shipment start date: February 2006 (to be finalized)
5. LNG shipment terminal: Tokyo Gas Sodegaura Terminal (Nakasode, Sodegaura, Chiba, Japan)
6. LNG tanker type: Coastal tanker with approx. 1,000 ton capacity, length approx. 89 m (to be finalized)
7. LNG receiving terminal: New Hokkaido Gas Hakodate Terminal (temporary name) (Minato-cho, Hakodate, Hokkaido, Japan)

<Supplementary information>

Background for Decision to Supply Hokkaido Gas (Hakodate sector) with LNG by Coastal Tanker

Tokyo Gas is working to promote the widespread use of natural gas, which has a relatively low environmental load. For the supply of city-gas to utilities, in situations where it is difficult to use pipelines, road tankers are used to transport LNG. However, the distance between Tokyo and Hakodate makes LNG surface transportation by road tanker impractical. For this reason, LNG will be transported by sea between Tokyo and Hakodate, using coastal LNG tankers provided by Hokkaido Gas.

Profile of Hokkaido Gas Co., Ltd.

1. Head office: 7-3-1 Odorinishi, Chuo-ku, Sapporo, Japan
2. Capitalization: ¥ 3.8 billion approx. (end of FY2001)
3. Regions supplied: Sapporo, Otaru, Hakodate, Chitose, Ishikari, Kitahiroshima, Eniwa, and Kamiiso
4. Number of customers: 570,000 approx. (end of FY2001)
5. Gas sales volume: Approx. 267 million m³ (11,000 kcal/m³, 46.05 MJ/m³) (FY2001)

Profile of Tokyo Gas Co., Ltd.

1. Head office: 1-5-20 Kaigan, Minato-ku, Tokyo, Japan
2. Capitalization: ¥ 141.8 billion approx. (end of FY2001)
3. Regions supplied: Tokyo, Kanagawa, Saitama, Chiba, Ibaraki, Gunma, Tochigi, Yamanashi, and Nagano prefectures
4. Number of customers: 9.04 million approx. (end of FY2001)
5. Gas sales volume: Approx. 9,219 million m³ (11,000 kcal/m³, 46.05 MJ/m³) (FY2001)
6. Volume of LNG handled: Approx. 6.98 million tons (FY2001)