

September 30, 2008

**Tohoku Electric Power Company, Inc.**

Application to join bidding process for the City of Sendai's gas operations under privatization plan

Tohoku Electric Power Company, Tokyo Gas Co., Ltd. (Head office: Tokyo, President: Mitsunori Torihara) and Japan Petroleum Exploration Co., Ltd. (Head office: Tokyo, President: Osamu Watanabe), after examining the public call for offers put out by the City of Sendai in relation to the proposed privatization of its gas operations, have today filed an application to join the bidding process for the takeover of such operations. Tokyo Gas, a well-established gas utility company, will play the leading role in the joint application. The application was filed in accordance with the document, "Guidelines for applications to bid for the gas operations of City of Sendai."

Tohoku Electric Power Company, which supplies electric power generated with LNG and domestically produced natural gas, has been engaged in the development and utilization of LNG facilities and pipelines through our group firms Nihonkai LNG Co., Ltd. and Tohoku Natural Gas Co., Inc. Through such operations, which involve both wholesale sales to gas utilities and retail sales to customers such as large-scale manufacturing plants, we have helped develop and expand the natural gas market and thereby also contributed to the development of the regional economy.

At the same time, Tohoku Electric Power Company has established a trading relationship with the City of Sendai's Gas Bureau, supplying it with raw materials and entering into swap schemes.

Participating in the private takeover of the gas operations of the City of Sendai will allow us to further develop and pursue our goal of becoming a provider of comprehensive energy services. As an energy supplier that has long worked in the public interest as an energy supplier operating within the region of the City of Sendai, we are committed to ensuring a stable supply of gas, improving services and increasing energy security. In this way we hope to further contribute to the economic development of the surrounding area.

In connection with this aim of ensuring safe and stable supply services, which we have highlighted as our top priority in our application, we have entered into partnership with the Tokyo Gas Co., Ltd., the largest general gas operator in Japan, and the Japan Petroleum Exploration Co., Ltd., a company

engaged in the production, supply and distribution of natural gas.

Following the acceptance of our application by the City of Sendai, we will begin a close examination of the City of Sendai's gas operations business as well as an evaluation of its profitability and of the terms and conditions of the contract. Our final bid will then be based on the results of these examinations.