

January 20, 2009

Withdrawal from the bidding process for the privatization of the City of Sendai's gas services

Tokyo Gas Co., Ltd.

Tohoku Electric Power Co., Inc.

Japan Petroleum Exploration Co., Ltd.

In response to a call issued in September 2008 by the City of Sendai, Tokyo Gas Co., Ltd. (Headquartered in Tokyo; President: Mitsunori Torihara), Tohoku Electric Power Co., Inc. (Headquartered in Miyagi; President: Hiroaki Takahashi) and Japan Petroleum Exploration Co., Ltd. (Headquartered in Tokyo; President: Osamu Watanabe) filed an application with the City of Sendai's Gas Bureau to become a pre-qualified bidder in the privatization process the City's gas utility. In October 2008 the application was approved.

The three companies subsequently conducted investigations into the contents of the business and its profitability, and carefully examined the contract terms and conditions as part of efforts to develop a proposal. However, due to recent and sudden changes in the economy, the future outlook has become extremely uncertain and the three companies have jointly concluded that it is not possible to propose a transfer price at this time. As a result, the three companies today submitted a written notice of intention to withdraw their application to the City of Sendai.