

Measures against the Millennium Bug Y2K Problem

August 5,1999

The Millennium Bug is one of the most serious problems and cannot be overestimated. Teikoku has organized a special committee in January 1999 to address the Year 2000 (Y2K) Issue covering all regional offices; branch offices and affiliates/subsidiaries, by inspecting all computer systems ranging from the control units at the gas production sites to the processing units.

1. Current status

Throughout the preliminary study and analyses of the respective group who has internally its own systems, the special committee has been accumulating the possibilities of loss and damages derived from such problem. It is now integrating the tactics by crosschecking the best solution and protection toward those possibilities.

(1) Control and information processing system We have almost completed the contingency plan and conducted the trial test of:

- Production control system of the Minami Nagaoka Gas Field
- All observation system for our trunk and branch lines of Natural Gas
- Operational control system of our refinery & storage plant

(2) Administrative service system Teikoku's five internal systems of administration (Accounting, Procurement, Personnel, Marketing & Production statistics) have completed the contingency plan and confirmed the stable operation by the cross-examination with customers.

2. Costs and Expenses

We have been conducting the protection plan against the Y2K Problem in the upgrading process of computer system and re-development of the existing system. We do not have any expectation that the significant impact of expenditures will be seen on the conduct and results of the business for this problem in future.

3. Final Goal- Total contingency plans

The committee is currently finalizing all possible emergencies and protection plans

including the structural manual against the contingency by the end of this September.

4. For further questions/opinions to the above information, please contact:

Committee against the Y2K Problem

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Please note that the above information is disclosed for the readers to recognize Teikoku's activities at its own judgment against the possible Y2K Problem. We do not have an intention to demonstrate any occurrence of any guarantee or obligation, or any waiver of Teikoku's right in terms of the possible Y2K Problem.