

## Official Participation in the Darwin LNG Project

June 30, 2003

Tokyo Gas Co., Ltd.

Tokyo Electric Power Company, Incorporated

Tokyo Gas Co., Ltd. (Tokyo Gas) and Tokyo Electric Power Company, Incorporated (TEPCO) have completed the steps necessary to formally participate in the Darwin LNG Project for the development of the sea-bottom Bayu-Undan gas field, which lies within the sea area for joint petroleum development by Australia and East Timor. The project, which will produce and sell liquefied natural gas (LNG) at a location on the outskirts of the city of Darwin, Australia, is led by the ConocoPhillips Company, a U.S. firm.

In this regard, TEPCO and Tokyo Gas took steps to jointly acquire the U.S. firm, Philips Petroleum Timor Sea Inc., which formerly held a 10.08% share of the development rights to that gas field. TEPCO and Tokyo Gas concluded a Shave Sale & Purchase Agreement in March 2002, at a respective outlay ratio of 2:1. On March 12, 2002, we announced that we would make the actual share acquisition after the governments of Australia and East Timor gave official approval of the gas development plan.

On June 13, 2003 Australia and East Timor officially approved the plan. Tokyo Gas and TEPCO completed the share acquisition on June 27 and changed the name of the company to Tokyo Timor Sea Resources. At the same time, through our newly established subsidiaries (Tokyo Gas Darwin LNG and TEPCO LNG), we decided to participate in two additional projects. The first will construct the sea-bottom gas pipeline between the gas field and the suburbs of Darwin, while the second project will construct the liquefaction plant in the suburbs of Darwin.

The Bayu-Undan gas field is located about 500 kilometers off the coast of Darwin and 250 kilometers off the southern coast of East Timor. In addition to roughly 3.4 trillion cubic feet (or 100 billion cubic meters) of natural gas (equivalent to about 80 million tons of LNG), the field has reserves of about 400 million barrels of petroleum (liquefied petroleum gas and condensate). Besides production of petroleum from a floating facility beginning in the first quarter of 2004, the Darwin LNG Project's plans envision the start of shipments of LNG to TEPCO and Tokyo Gas beginning in the first quarter of 2006. (On the average fiscal year basis, TEPCO will receive 2 million tons, and Tokyo Gas, 1 million tons.)

Through participation in this project, Tokyo Gas and TEPCO will be directly involved in the development and production of both fuel and feedstock. Coupled with the LNG transport business, already initiated with our own tankers, we will be participating in the entire LNG process chain, from gas production and liquefaction to sale, transport, and consumption (through our electric power generation and gas production businesses). Consequently, TEPCO and Tokyo Gas believe that the project will contribute to our efforts to achieve a both stable and economical supply of fuel and feedstock.

As the pioneers of LNG import in Japan, both Tokyo Gas and TEPCO, together with the national and concerned state governments of Australia and East Timor, as well as ConocoPhillips, the Italian firm Ente Nazionale Idrocarburi (ENI), the Australian firm Santos, and the Japanese firm INPEX Corporation, are committed to working for the success of the project to open up a new LNG age.

### Rates of participation in the Darwin LNG Project

Group (parent company's location)	Participation Rate
ConocoPhillips (US)	56.72%
ENI (Italy)	12.04%
Santos (Australia)	10.64%
INPEX (Japan)	10.53%
<b>TEPCO (Japan)</b>	<b>6.72%</b>
<b>Tokyo Gas (Japan)</b>	<b>3.36%</b>

Note:

- The Darwin LNG Project business consists of three aspects: the Bayu-Undan gas field development, the pipeline, and the liquefaction plant. The rates of participation in each of these three segments are in accordance with those noted in the Table (above).
- Through our outlays at a ratio of 2:1, respectively, the TEPCO and Tokyo Gas participation in the Bayu-Undan gas field development takes the form of joint ownership of Tokyo Timor Sea Resources, which owns 10.08% of the gas field development rights.

### Companies participating in the Darwin LNG Project

[Tokyo Gas and TEPCO - Post-acquisition firm]

Name: Tokyo Timor Sea Resources (a U.S. corporation)  
 Acquired: June 2003  
 Form of participation: Ownership of 10.08% of the development rights to the Bayu-Undan gas field through Tokyo Timor Sea Resources (incorporated in Australia), its wholly-owned Australian subsidiary

[Tokyo Gas]

Name: Tokyo Gas Darwin LNG (an Australian corporation)  
 Established: April 2003  
 Form of participation: Ownership of 3.36% of the pipeline operation rights and 3.36% of the share of Darwin LNG Pty Ltd, the company owning the liquefaction plant to be built on the outskirts of Darwin and engaging in LNG production and sales

[TEPCO]

Name: TEPCO Darwin LNG (an Australian corporation)  
 Established: March 2003  
 Form of participation: Ownership of 6.72% of the pipeline operation rights and 6.72% of the share of Darwin LNG Pty Ltd, the company owning the liquefaction plant to be built on the outskirts of Darwin and engaging in LNG production and sales

## **Outline of the basic agreement on LNG sale and purchase**

### **Principals**

Seller: Darwin LNG

Buyers: TEPCO, Tokyo Gas

### **Contracted sales quantity (on the average FY basis)**

TEPCO: 2 million tons per year

Tokyo Gas: 1 million tons per year

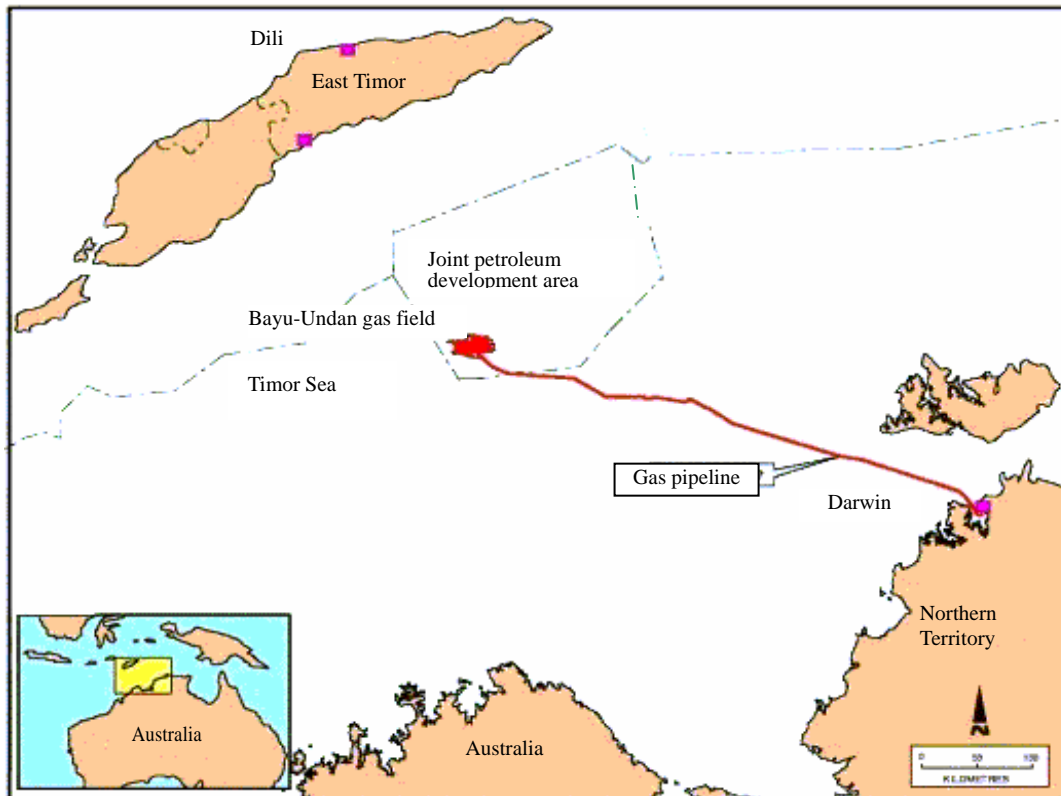
Contract term: 17 years beginning in 2006

Shipment terms: FOB (as the buyers, Tokyo Gas and TEPCO, will make arrangements for the LNG tankers and carry out the transport)

### Profile of the Bayu-Undan gas field

Location: Within the undersea area for joint petroleum development by Australia and East Timor. It is approximately 500 kilometers off the coast of Darwin, Australia and approximately 250 kilometers off the southern coast of East Timor

Estimated Reserves: Natural gas: about 3.4 trillion cubic feet  
Petroleum (LPG and condensate): about 400 million barrels



### Profile of ConocoPhillips

- ConocoPhillips was created in August 2002 by the merger of the two independent oil and gas companies, Conoco, Inc. and Phillips Petroleum Company. It is headquartered in Houston, Texas.
- ConocoPhillips is now the third largest U.S. oil and gas company. It has about 57,000 employees and total assets of about \$80 billion (USD).
- ConocoPhillips owns 70% of the rights to the Alaska LNG Project, through which it sells LNG to both Tokyo Gas and TEPCO.
- Phillips Petroleum Timor Sea Inc., which held a 10.08% share of the development rights to the Bayu-Undan gas field, was a wholly-owned subsidiary of the ConocoPhillips Group before its acquisition by Tokyo Timor Sea Resources.