

INPEX CORPORATION

TEIKOKU OIL CO., LTD

Joint Presentation Business Integration

November 7, 2005

INPEX

 **TEIKOKU**

DISCLAIMER

This presentation includes forward-looking statements that reflect the plans and expectations of INPEX CORPORATION (hereinafter 'INPEX') and TEIKOKU OIL CO., LTD. (hereinafter 'Teikoku') in relation to the integration described above and the benefits resulting from it. These forward-looking statements are based on the current assumptions and beliefs of INPEX and Teikoku in light of the information currently available to them, and involve known and unknown risks, uncertainties and other factors, and may be affected by such risks, uncertainties and other factors. Such risks, uncertainties and other factors include, without limitation, the following:

- **Changes in the relationship between the post-integration INPEX/Teikoku group (the "Group") with the governments of the countries or regions in which it will conduct business**
- **Changes in the Japanese government's energy policy and the Group's role within it**
- **Changes in prices or demand for crude oil and natural gas the Group will produce**
- **The risks of increased costs to develop and apply exploration, development, production and related technologies, and the uncertainty of such technologies producing expected results**

INPEX and Teikoku have no obligation to update publicly any forward-looking statements after the date of this presentation.

Agenda

- 1. Overview of Business Integration**
- 2. Benefits of Business Integration**
- 3. Growth Strategy of the New Company**

1. Overview of Business Integration

Objectives of Business Integration

State-owned oil companies devoted to acquisition of natural resources

Large oil development companies repeating M&A activity

Intensifying competition in securing oil/natural gas resources

Strengthening financial base

Further enhancement of corporate strength

Combining technical capabilities for resource development

Enhancing acquisition capability of acquiring valuable interests, leveraging government resource diplomacy

Establishing strong positioning within the international competitive market
Sustainable growth of the company / stable supply of energy to Japan

Outline of the New Company (Holding Company)

Company Name	Kokusai Sekiyu Kaihatsu Teiseki Holdings K.K. English Name: INPEX Holdings Inc.
Location	4-1-18 Ebisu Shibuya-ku, Tokyo
Date of Incorporation	April 3, 2006 (Plan)
Integration Process	Establish a holding company through Share Transfer (To become an operating holding company through merger of INPEX, Teikoku and new joint holding company by the annual shareholders' meeting of the second fiscal year(2008/6))
Share Transfer Ratio	<ul style="list-style-type: none">• 1 Holding Company common share for 1 INPEX common share• 1 Holding Company special class share for 1 INPEX special class share• 0.00144 Holding Company common shares for 1 Teikoku common share
Listing Exchange	Tokyo Stock Exchange (1st Section)

Business Integration Process

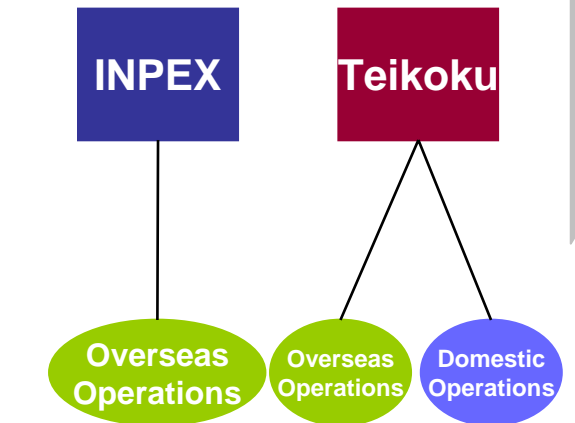
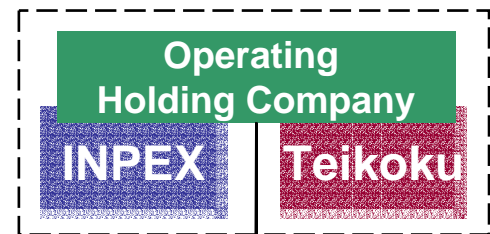
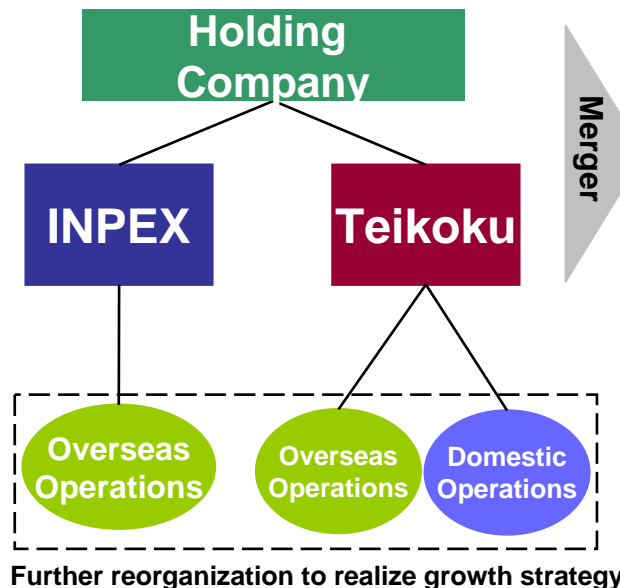
Current

Phase 1 (2006/4)

Phase 2 (2008/6)

Share Transfer

Merger



Proved reserves* (BOE millions):	
1,545	260 **
Probable reserves* (BOE millions):	
2,025	126 **
Production Volume* (1,000 BOE/d):	
330	42

Proved reserves* (BOE millions):	1,805
Probable reserves* (BOE millions):	2,152
Production Volume* (1,000 BOE/d):	372

Note : * Proved reserves and production volume are figures calculated in accordance with SEC regulations, and probable reserves are figures calculated in accordance with SPE / WPC standards (oil conversion). Includes owned proportion of equity-method affiliates. INPEX figures are based on DeGolyer & MacNaughton's deposit evaluation report. Teikoku figures are based on company evaluations prepared in accordance with the abovementioned standards, as of 12/31/2004. Holding Company figures are simple sums of Teikoku and INPEX's figures of FY 2004.
 ** Includes reserves currently in a governmental approval process for interests transfer



Schedule

11/5/2005

Signing of Stock Transfer Agreement

1/31/2006 (Plan)

Extraordinary Shareholders' Meeting

3/28/2006 (Plan)

Delisting of both companies

4/3/2006 (Plan)

Establishment and listing of Holding Company

June 2008 (Plan)

To become an operating holding company

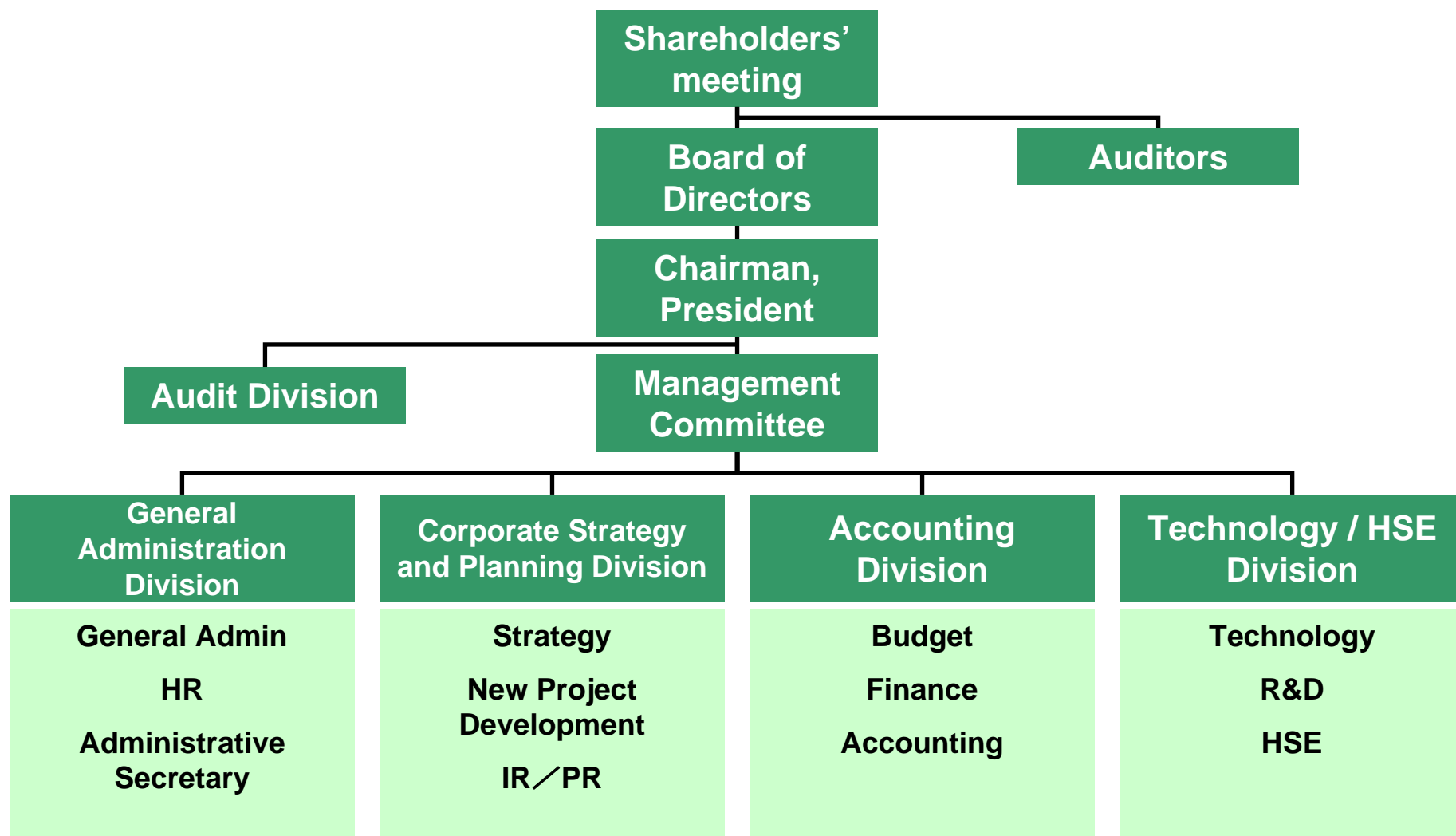
Members of the Board of Directors

Rep. Director & Chairman	Kunihiko Matsuo (Chairman of INPEX)
Rep. Director	Akira Isono (Chairman of Teikoku)
Rep. Director	Masatoshi Sugioka (President of Teikoku)
Rep. Director & President	Naoki Kuroda (President of INPEX)

Note: Other directors, auditors to be selected upon discussion prior to mailing of proxy statement for the Extraordinary Shareholders' Meeting



Functions of the New Company (Holding Company)



Pro Forma Financials

(Simple Sum)

(JPY in 100 millions)

FY 2004	INPEX	Teikoku	Simple Sum
Revenue	4,786	840	5,626
Operating Profit	2,687	135	2,822
Ordinary Profit	2,586	165	2,751
Net Income	765	93	858
Total Assets	7,792	2,405	10,197
Market Cap as of 11/4/2005*	15,704	3,579	19,284
Number of Employees	387	1,331	1,718

* Source: Bloomberg



2. Benefits of Business Integration

Benefits of Business Integration

Well-balanced Asset Portfolio

- To establish well-balanced portfolio through combining promising, complementary overseas and domestic assets

Strengthened Presence as a Global Independent Company

- To stabilize operational foundation through combining highly profitable overseas operations with high growth potential and stable domestic operations
- To increase recoverable reserves and production volume
- To expand overseas businesses operations

Enhanced Capability as an Operator

- Consolidation of advanced, practical technical capabilities and consolidation of acquisition of promising assets and experience through operation with ample experience in managing domestic/overseas operator projects and evaluating/acquiring promising overseas assets

Well-balanced Asset Portfolio

Promising, highly complementary assets

- As there is no overlap between INPEX (operating mainly in Asia/Oceania, Middle East, Caspian Sea) and Teikoku (with a domestic gas development base, operating overseas mainly in Central/South America and Africa), the overseas assets of each are highly complementary, and will bring expansion in operating areas and diversify country risk
- Reduction in business risk by a diversified combination of projects with differing risk profiles, such as exploration, development, and service operations

Domestic business stabilizing long-term operational foundation

- Domestic assets such as producing gas fields and undeveloped licensed areas as well as the gas pipeline network are free from country risk and foreign exchange risk, contributing to stronger portfolio balance and long-term stability in business operation

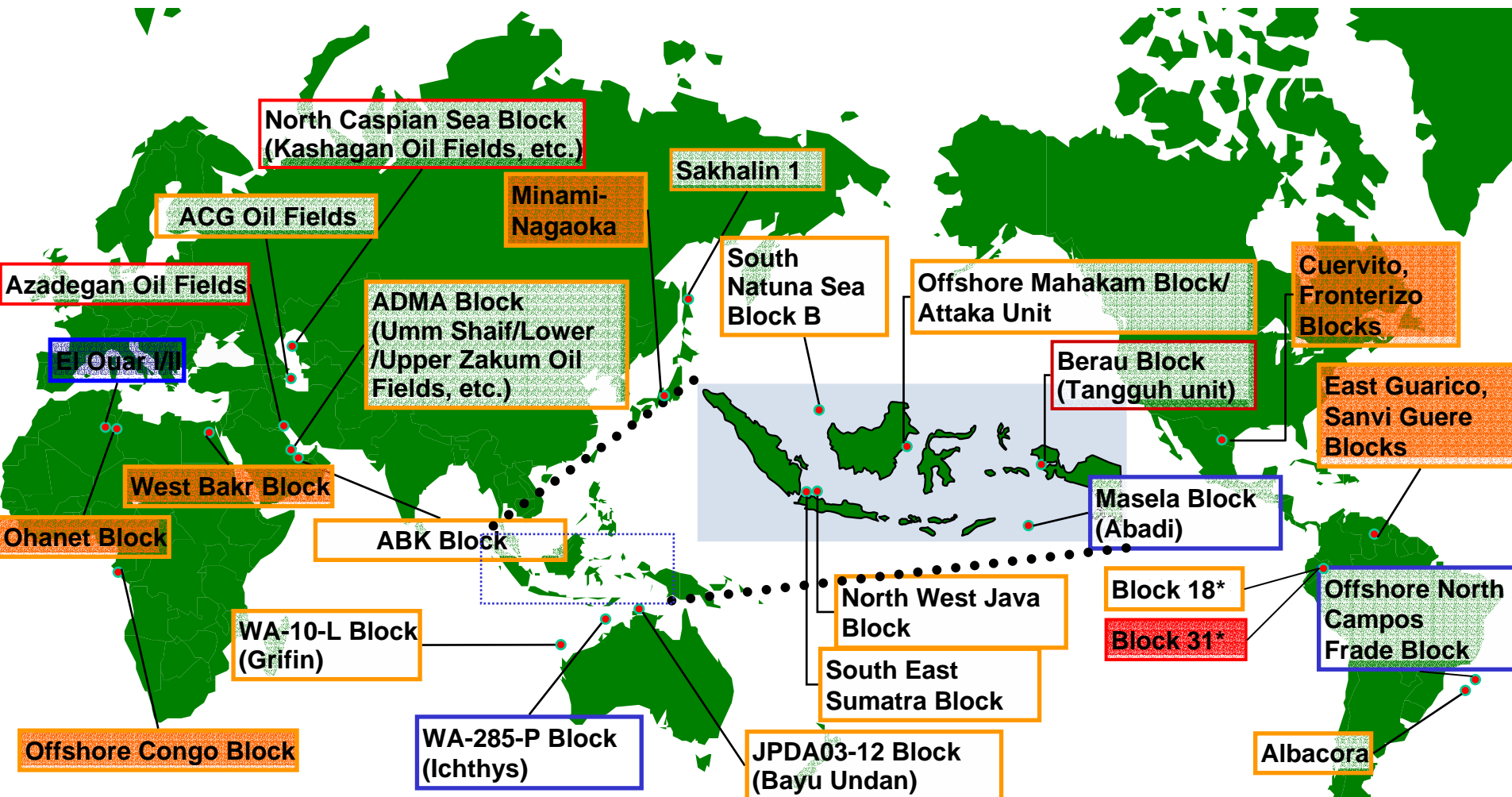
Possible expansion in new business domain

- In addition to domestic and overseas upstream operations, we intend to lay the path for establishing an LNG supply chain by combining the 1,300 km domestic gas pipeline network and vertical operational development of refining, power generation, etc. with the overseas gas assets.

Well-balanced Asset Portfolio

Existing Interests in Major Assets

Well-balanced Asset Portfolio
 Presence as a Global Independent Company
 Enhanced Capability as an Operator



INPEX: In Production In Development Undeveloped (Discovered)

Teikoku: In Production In Development Undeveloped (Discovered)



* In a governmental approval process for interests transfer 15

Well-balanced Asset Portfolio

Long-term Stability Brought by Domestic Business

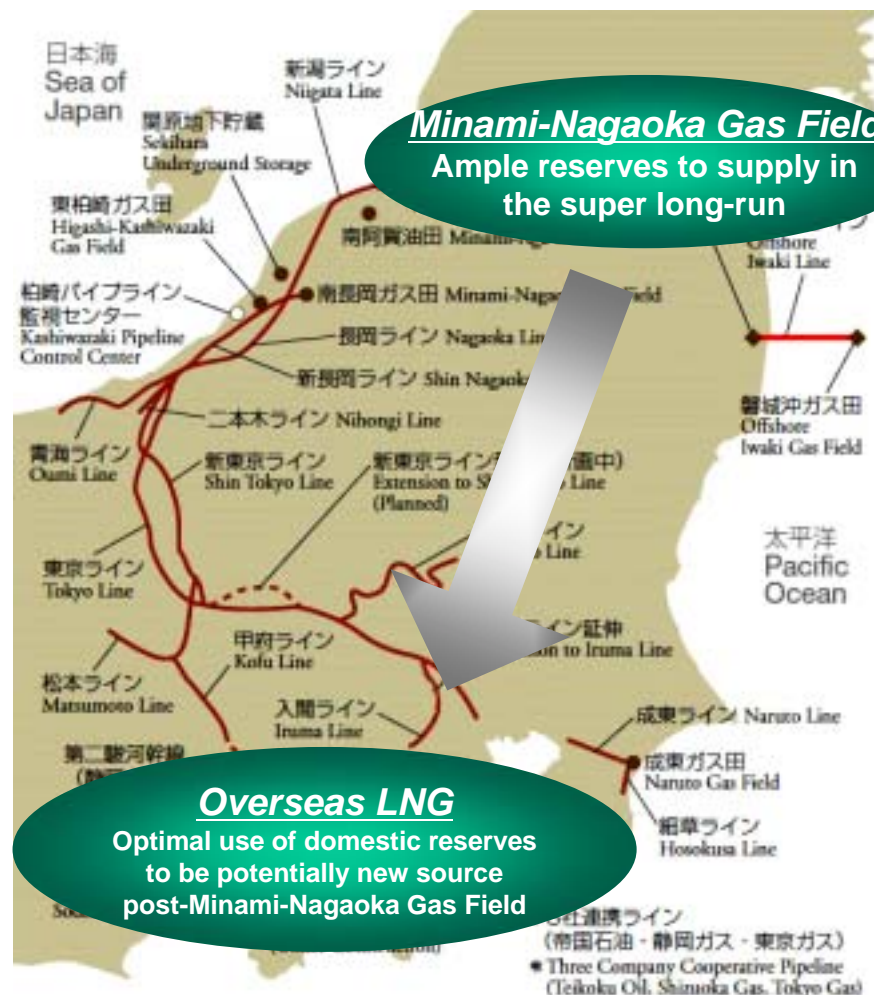
Well-balanced Asset Portfolio
Presence as a Global Independent Company
Enhanced Capability as an Operator

Minami-Nagaoka Gas Field in close proximity to lucrative markets

- Abundant reserves with no country risk (R/P: approx. 30 years)
- Further increase in reserves due to the Massive Hydraulic Fracturing (MHF) technique
- 1,300 km pipeline network affording direct links to the markets with high growth potential in the Kanto-Koshinetsu (Yamanashi, Nagano, Niigata) Region

Perpetuate domestic business through introduction of overseas LNG

- Produce the best mix of domestically produced gas and overseas LNG to maximize the utilization value of domestic reserves
- Secure sources of gas to follow the Minami-Nagaoka Gas Field to perpetuate the domestic business
- Consider the possibility of business development by effectively combining the pipeline network and overseas gas assets

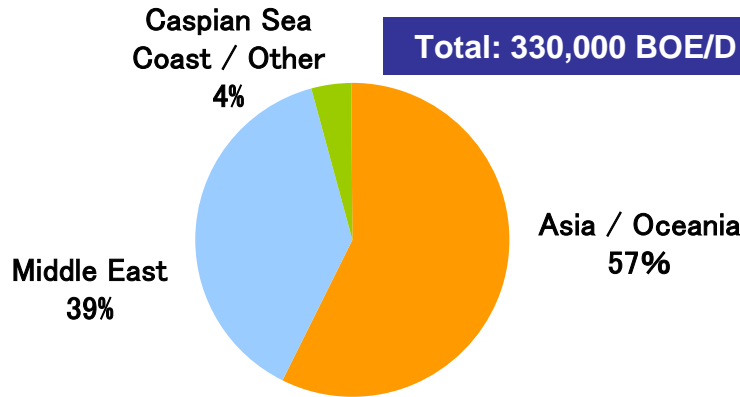


Well-balanced Asset Portfolio

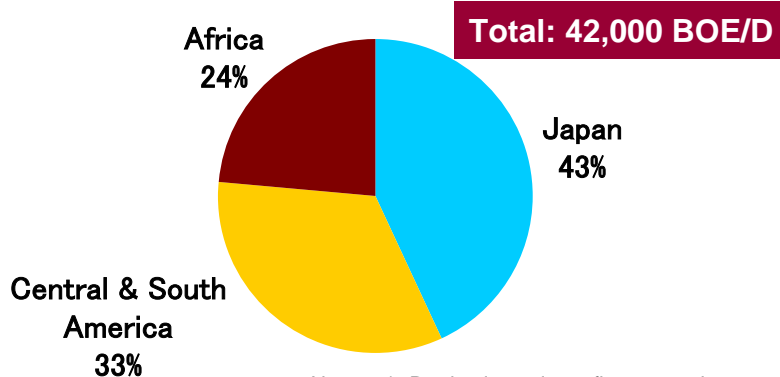
Production Volume by Region

Well-balanced Asset Portfolio
Presence as a Global Independent Company
Enhanced Capability as an Operator

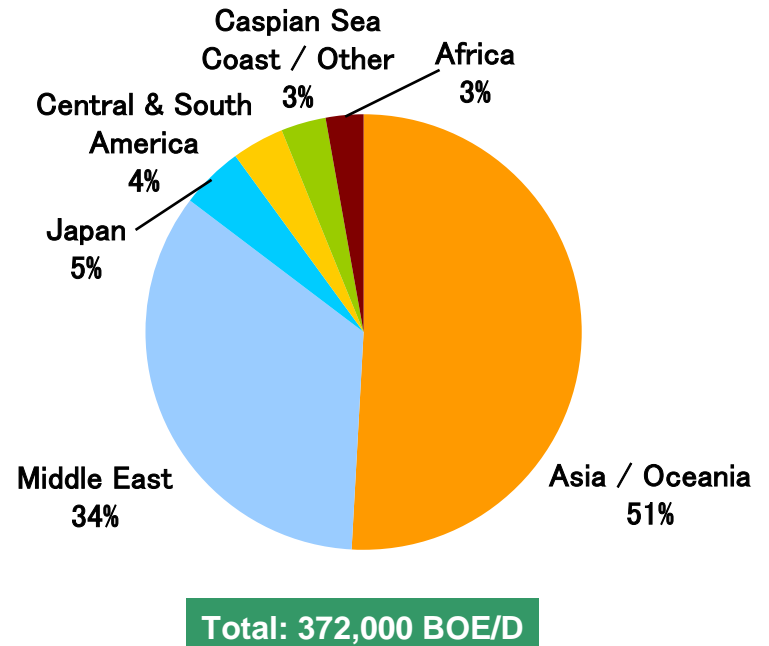
INPEX (FY 2004)



Teikoku (FY 2004)



New Company



Notes: * Production volume figures are in accordance with SEC regulatory standards including owned proportion of equity-method affiliates. Figures for the New Company are a simple sum of INPEX and Teikoku of FY2004

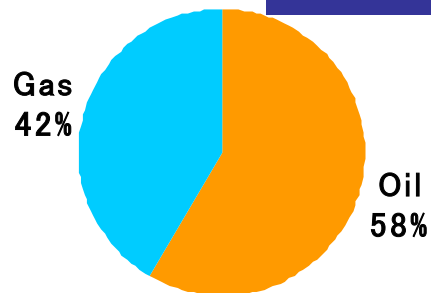
Well-balanced Asset Portfolio

Production Volume by Products

Well-balanced Asset Portfolio
Presence as a Global Independent Company
Enhanced Capability as an Operator

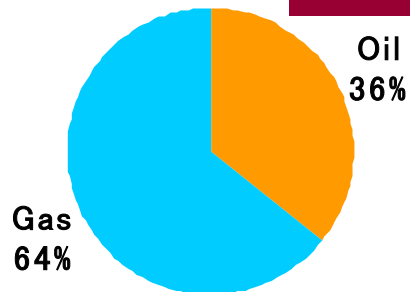
INPEX (FY 2004)

Total: 330,000 BOE/D



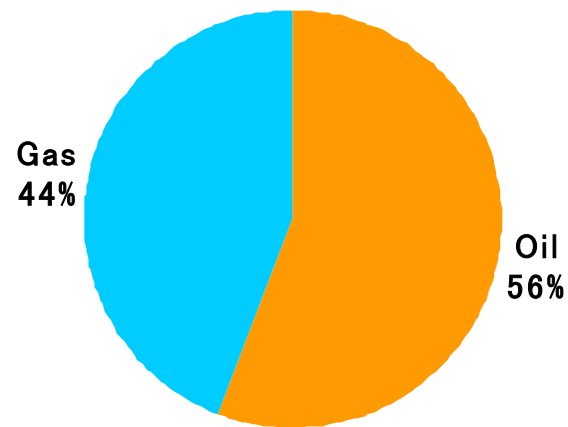
Teikoku(FY2004)

Total: 42,000 BOE/D



New Company

Total: 372,000 BOE/D



Notes: * Production volume figures are in accordance with SEC regulatory standards including owned proportion of equity-method affiliates. Figures for the New Company are a simple sum of INPEX and Teikoku of FY2004

Strengthened Presence as a Global Independent Company

Well-balanced Asset
Portfolio
Presence as a Global
Independent Company
Enhanced Capability as an
Operator

Stabilization of operational foundation

- Stabilization of operational foundation due to the combination of domestic operations, free from country risk and foreign exchange risk, and the highly profitable overseas operations with high growth potential

Expansion of scale of operations

- Proved reserves by SEC Standards (as of 3/31/2005): 1,805 million BOE
- Probable reserves by SPE/WPC Standards (as of 3/31/2005): 2,152 million BOE
- Net Production Volume (FY 2004): 372,000 BOE/D

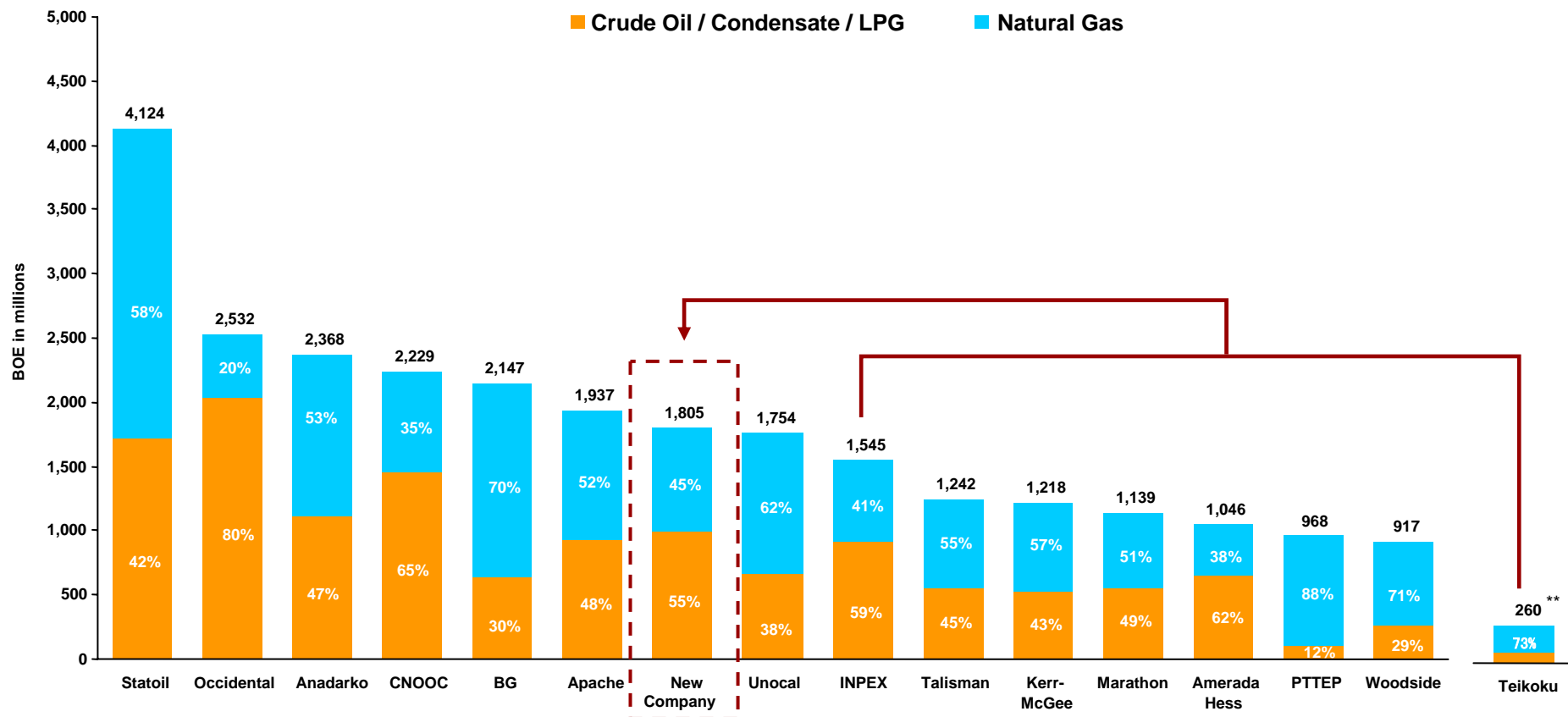
Expansion of overseas business operations

- Strengthened operational foundation through existing projects and expanded overseas assets through increasing opportunities to access new projects leveraging the government resource diplomacy

Strengthened Presence as a Global Independent Company Expansion of Proved Reserves*

Well-balanced Asset Portfolio
Presence as a Global Independent Company
Enhanced Capability as an Operator

(FY2004)



Source: Most recent publicly available financials (as of FY 12/2004, except for PTTEP (FY 12/2003) and INPEX (FY 3/2005) respectively; figure for the New Company is a simple sum, assuming that integration of INPEX and Teikoku took place in FY 2004)

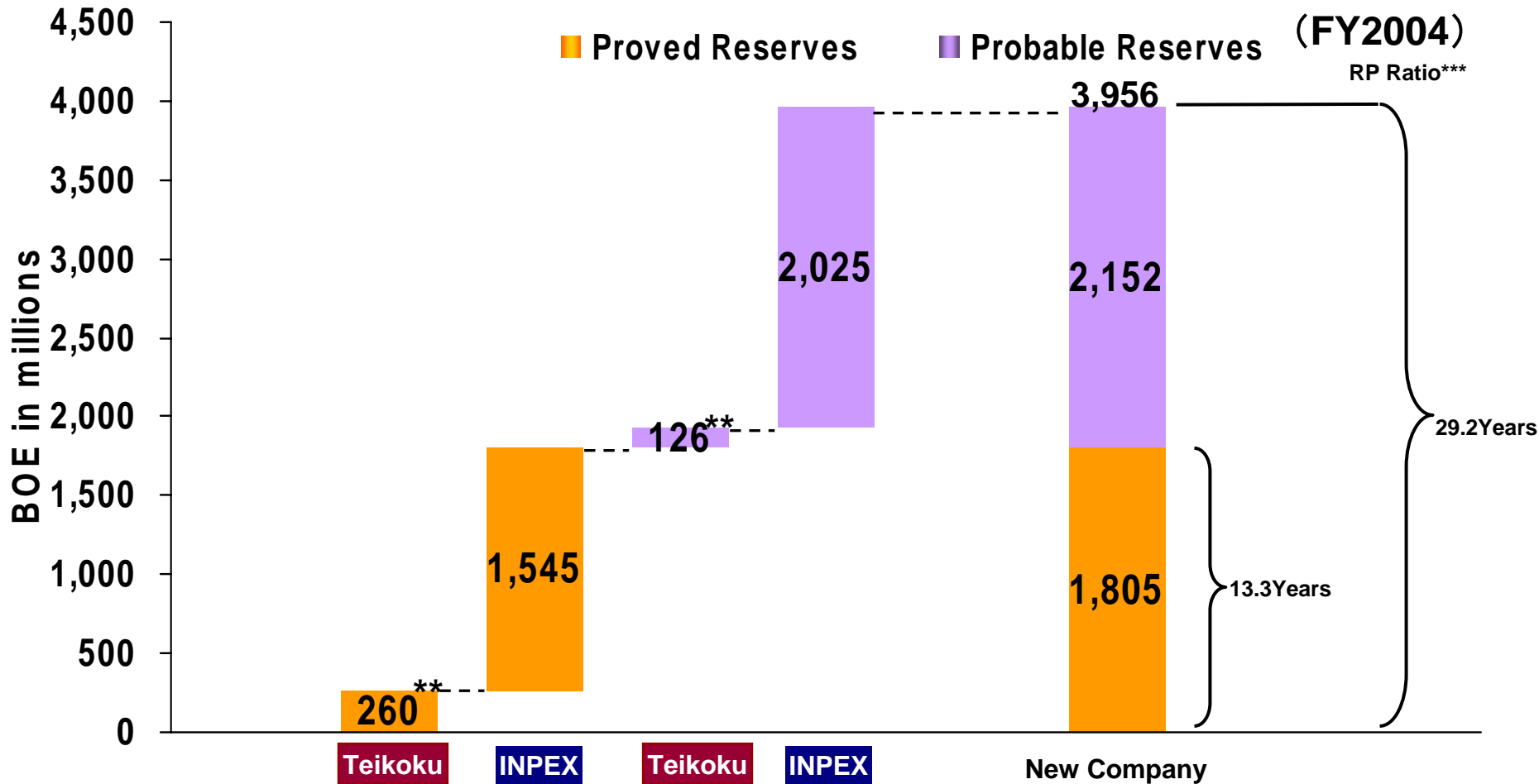
Note: * Proved reserves are figures calculated in accordance with SEC regulations. Includes owned proportion of equity-method affiliates. INPEX figures based on DeGolyer & MacNaughton's deposit evaluation report. Teikoku figures are based on company evaluations prepared in accordance with the abovementioned standards, as of 12/31/2004

** Includes reserves in a government approval process for interests transfer

Strengthened Presence as a Global Independent Company

Increase in Proved reserves and Probable reserves*

Well-balanced Asset Portfolio
 Presence as a Global Independent Company
 Enhanced Capability as an Operator



Note: * INPEX's probable reserves as of 3/31/2005 are figures calculated in accordance with SPE / WPC standards (including owned proportion of equity-method affiliates), based on DeGolyer & MacNaughton's deposit evaluation report. Teikoku figures are based on company evaluations prepared in accordance with the abovementioned standards, as of 12/31/2004

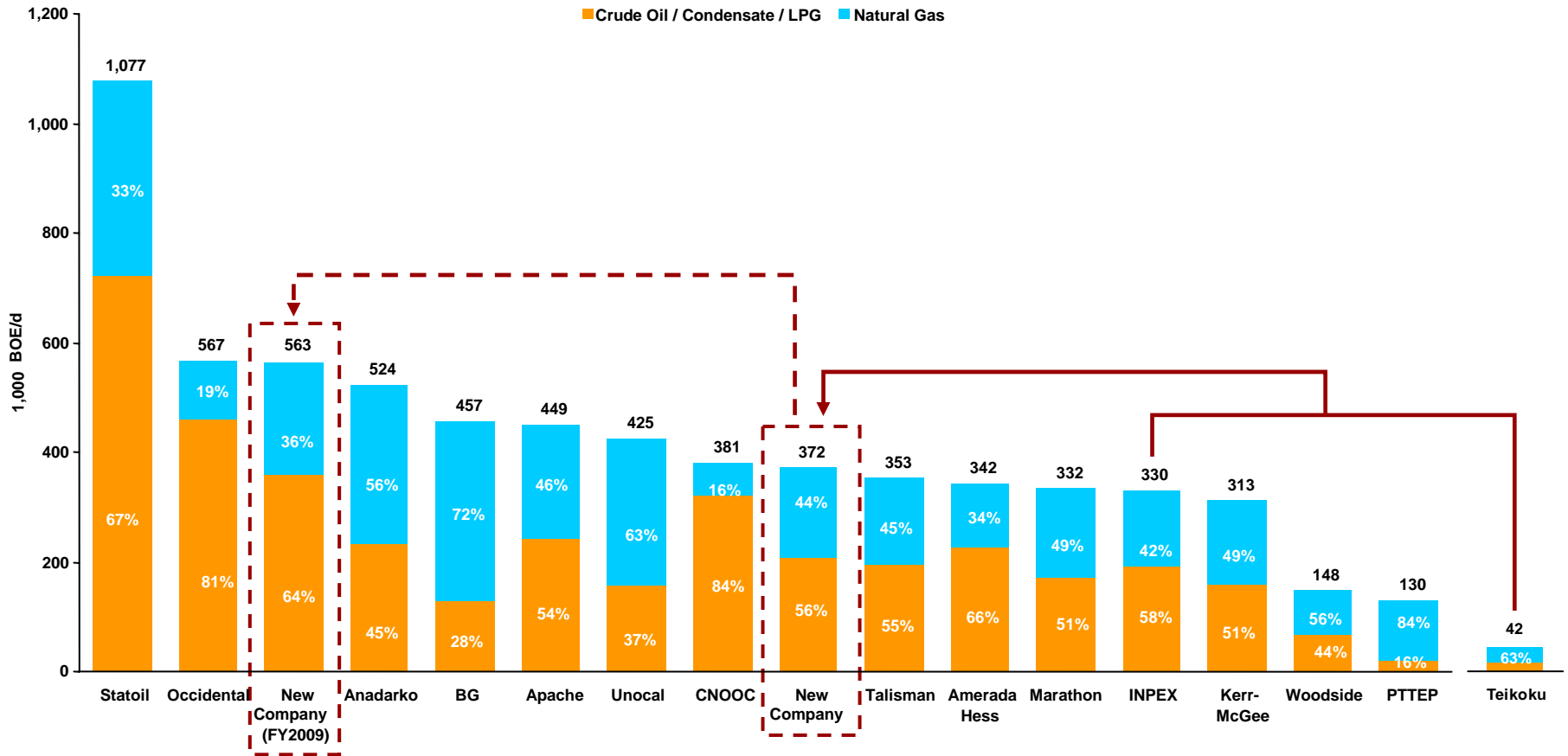
** Includes reserves currently in a governmental approval process for interests transfer

*** RP (Reserve Production) Ratio = "Proved reserves" or "Proved + Probable reserves" as of end of FY2004/ Actual FY 2004 Production Volume

Strengthened Presence as a Global Independent Company Increase in Production Volume*

Well-balanced Asset Portfolio
Presence as a Global Independent Company
Enhanced Capability as an Operator

(FY2004)



Source: Most recent publicly available financials for each company

Notes: * Company data as of FY 12/2004, except for INPEX (FY 3/2005) and PTTEP (FY 12/2003)

Figures for the New Company are simple sums, assuming that integration of INPEX and Teikoku took place in FY 2004 (Teikoku figures are FY 12/2004 figures)

Production volume figures are in accordance with SEC regulatory standards. Includes owned proportion of equity-method affiliates.



Enhanced Capability as an Operator

Consolidation of advanced, practical technical capabilities with ample experience in managing domestic/overseas operator projects and evaluating/acquiring promising overseas assets

- Combination of the abundant technological knowledge / experience acquired through cooperation with numerous oil majors and independent oil companies in the course of global operations, and the domestic and overseas operating experience as an operator, to greatly expand technical capabilities as an upstream company and capability of acquiring projects and management
- Effectively utilizing such operator capabilities and know-how as well as the technical research center to support operating activities
- Creation of a team of 700 technical staffs

Driving forward existing projects

- The expanded operator capabilities will be a stronger drive force to implement large projects such as Iran (Azadegan), Australia (Ichthys), and Indonesia (Abadi)

Enhanced Capability as an Operator

Expansion of Human Resources as a Genuine Upstream Company

Well-balanced Asset Portfolio
Presence as a Global Independent Company
Enhanced Capability as an Operator

INPEX

Engineers and external negotiation experts who have acquired abundant technological knowledge and experience in acquiring and operating promising assets through cooperation with numerous oil majors, leading independent oil companies and national oil companies of the oil producing country, in the course of the Company's global operations

<Mahakam, JODCO, ACG, etc.>

+

Teikoku

Abundant operating experience domestically and overseas (over 50 years domestically, over 10 years in Venezuela, etc.) as an operator, and many engineers with high technological know-how who have practiced such operations

<Minami-Nagaoka, Venezuela, Egypt, etc.>

**Complementary
/ Synergy
Effects**

Development of new, large-scale oil/gas fields such as Azadegan, Ichthys, and Abadi
Strengthening driving force of implementation of new operator projects

- 700 technical staffs (Teikoku 510 / INPEX 190)
- Utilizing the HQ Engineering Division, Technology Research Center, etc. to support global operating activities

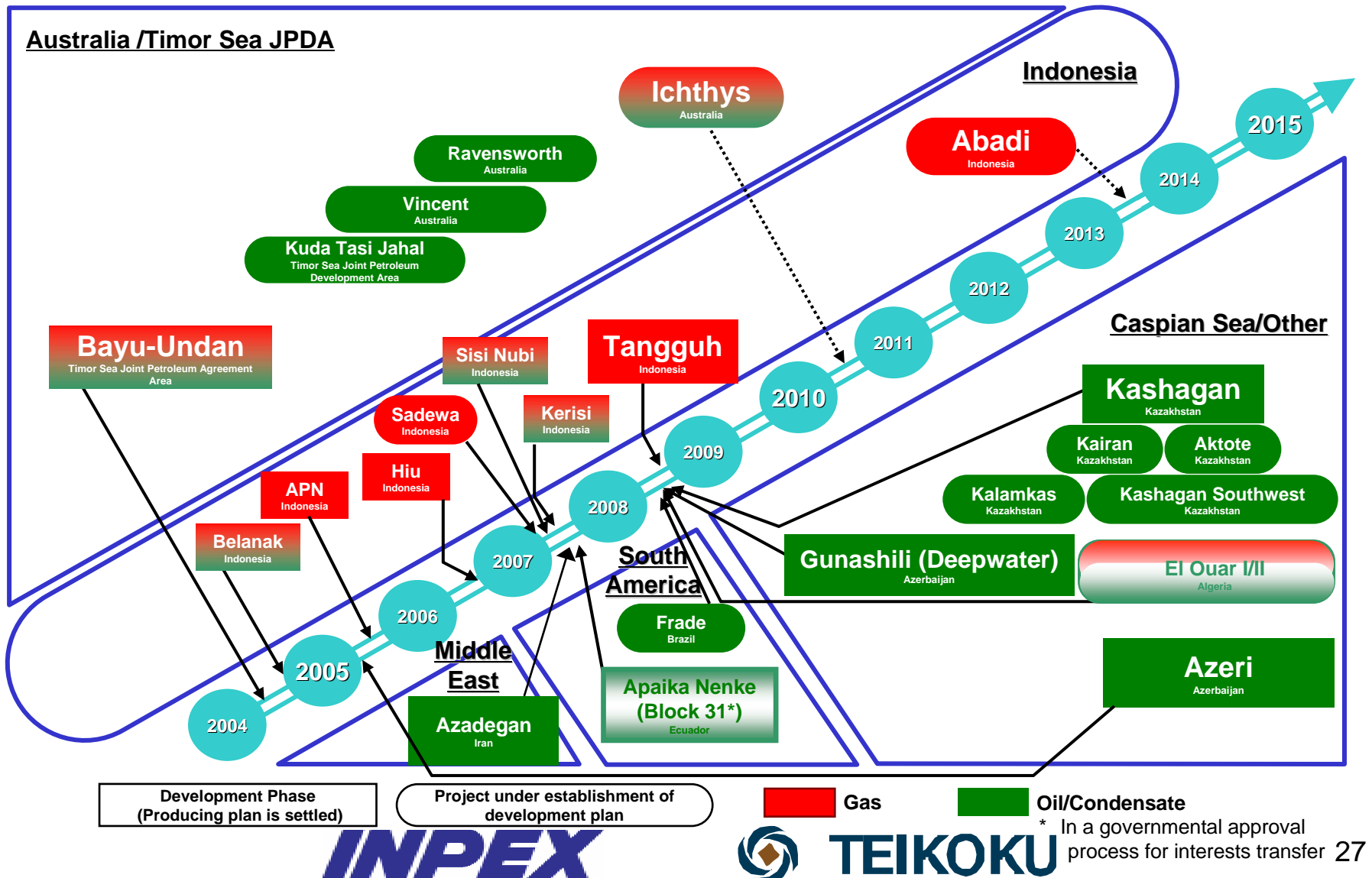
Other Expected Effects of Integration

- Speedy and precise realization of integration effects due to the combination of healthy financial positions, efficiency-oriented management policies, and corporate cultures of “simplicity and fortitude” that already exist commonly in the both companies
- Securing an efficient and proactive management structure through merger of INPEX, Teikoku and new joint holding company by the annual shareholders’ meeting of the second fiscal year (2008/6)

3. Growth Strategy of the New Company

Growth Strategy of the New Company

Production Commencement Schedule for New Oil and Gas Projects



Australia /Timor Sea JPDA

Indonesia

Ichthys
Australia

Abadi
Indonesia

Ravensworth
Australia

Vincent
Australia

Kuda Tasi Jahal
Timor Sea Joint Petroleum
Development Area

Bayu-Undan
Timor Sea Joint Petroleum
Agreement Area

Sisi Nubi
Indonesia

Tanggung
Indonesia

Caspian Sea/Other

Kashagan
Kazakhstan

Kairan
Kazakhstan

Aktote
Kazakhstan

Sadewa
Indonesia

Kerisi
Indonesia

Hiu
Indonesia

APN
Indonesia

Belanak
Indonesia

Kalamkas
Kazakhstan

Kashagan Southwest
Kazakhstan

Gunashili (Deepwater)
Azerbaijan

El Ouar I/II
Algeria

Frade
Brazil

**Apaika Nenke
(Block 31*)**
Ecuador

Azadegan
Iran

Azeri
Azerbaijan

Development Phase
(Producing plan is settled)

Project under establishment of
development plan

Gas

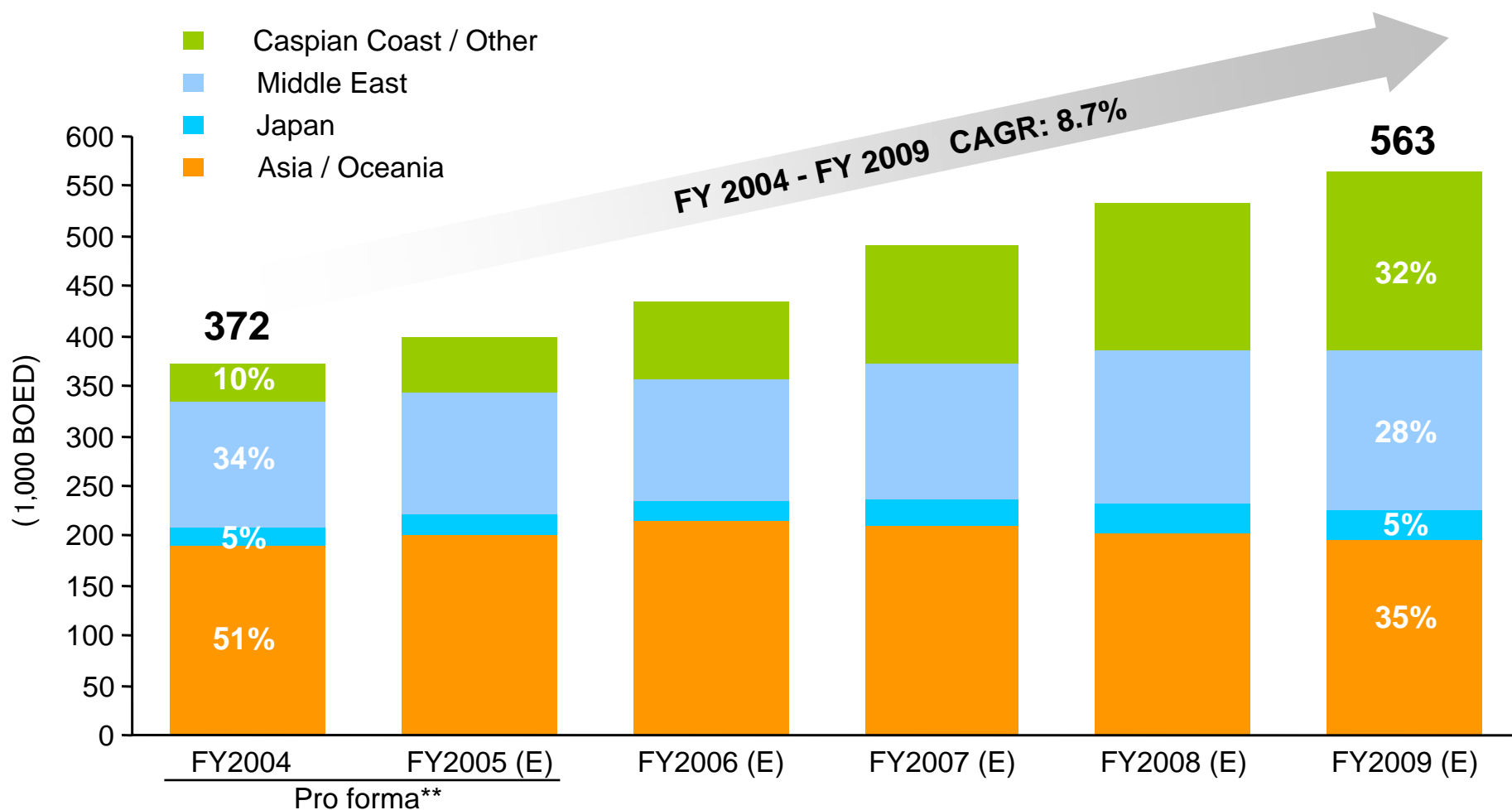
Oil/Condensate

* In a governmental approval
process for interests transfer

INPEX

TEIKOKU

Pro forma Volume Projections *

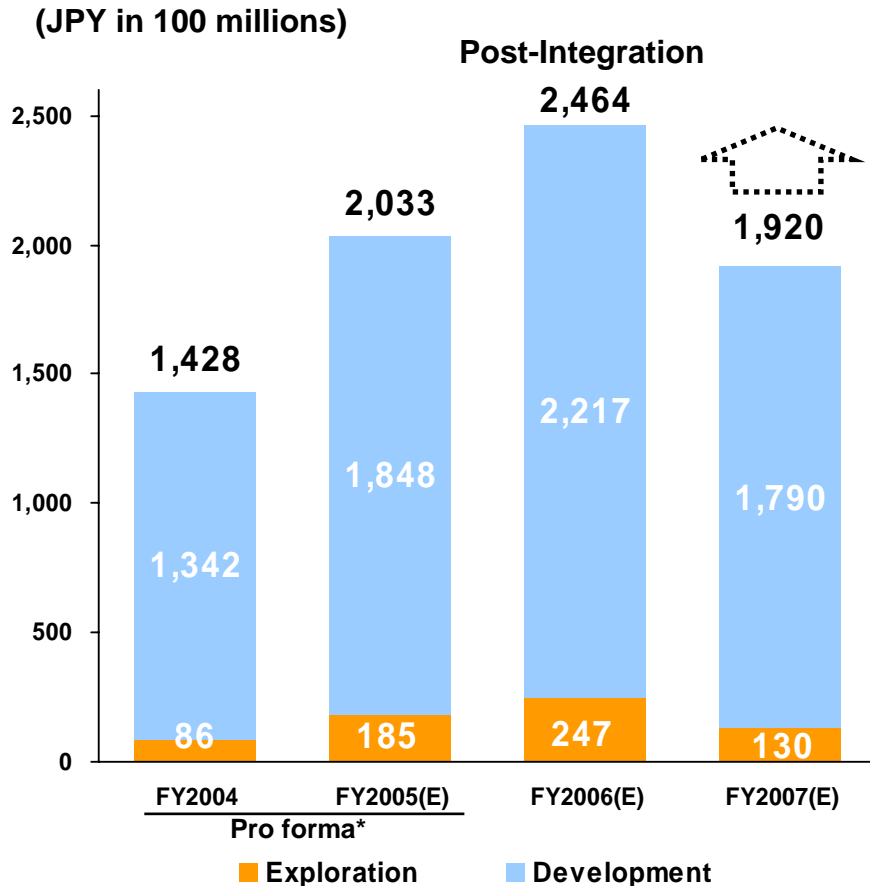


Notes: * Assuming oil prices of \$39 in 2005, \$33 in 2006, and \$30 thereafter

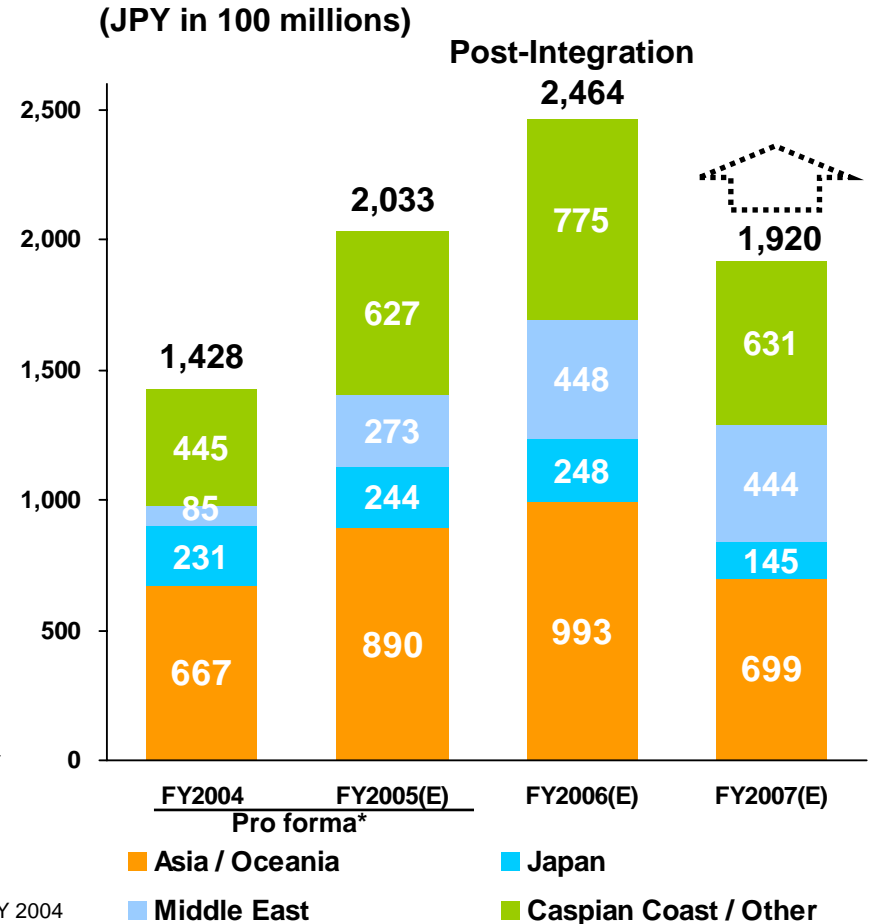
** Production Volumes are simple sums, assuming that integration of INPEX and Teikoku took place in FY 2004

Exploration / Development Investment Plan

By Activity



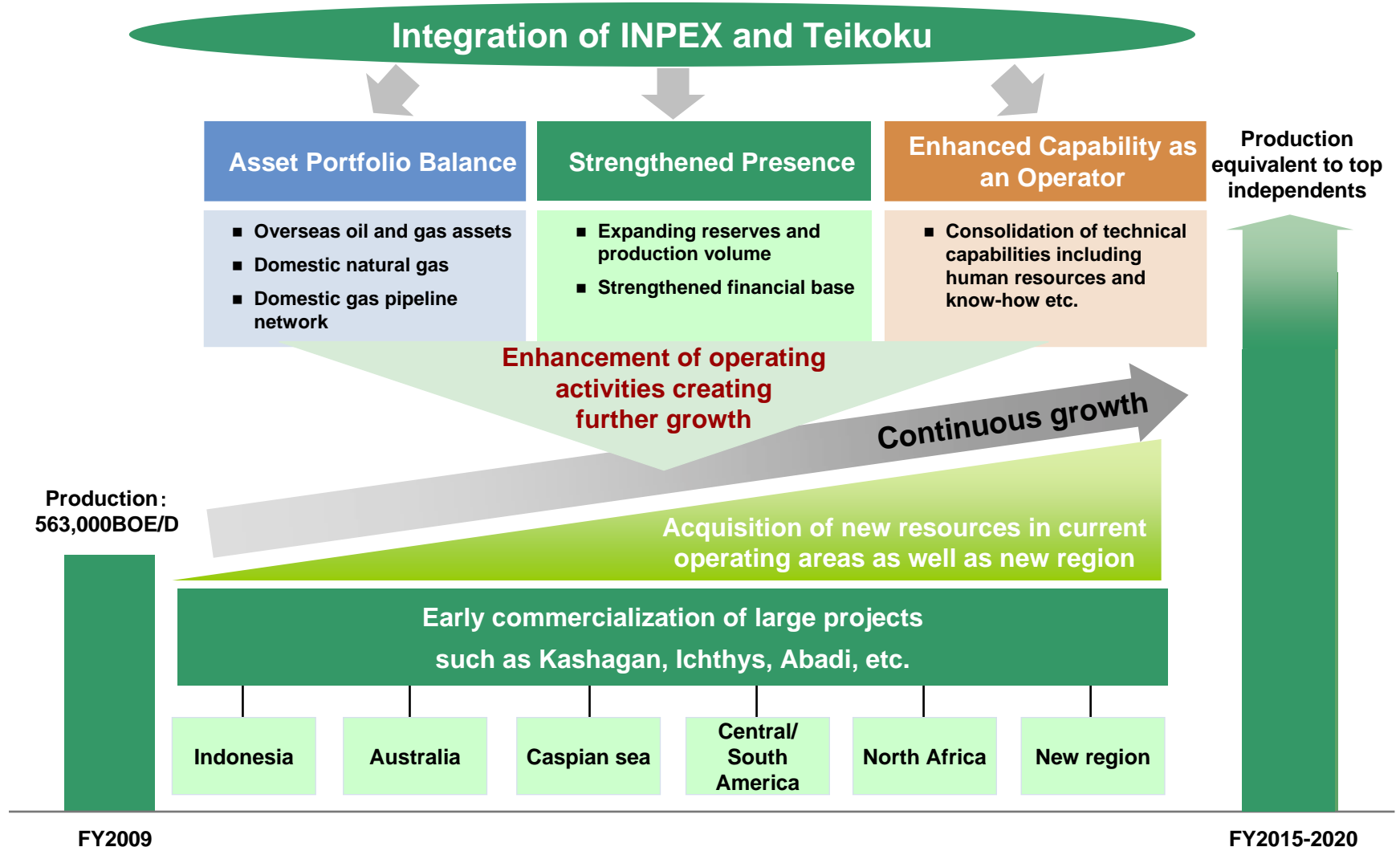
By Region



Note: * Simple sums, assuming that integration of INPEX and Teikoku took place in FY 2004



Acquisition of New Resources and Enhancement of Enterprise Value



Contact Information

INPEX

Corporate Strategy and Planning Unit / Public Affairs Unit

**Director, General Manager Corporate Strategy and Planning /
Public Affairs Unit**

Seiya Ito

**TEL: +81-3-5448-1238 (Corporate Strategy and Planning) /
1205 (Public Affairs Unit)**

Teikoku

Corporate Management Department

Senior General Manager

Shuheji Miyamoto

TEL: +81-3-3466-1233