

October 18, 2006

## Liquidation of Consolidated Subsidiaries

This is to notify that Teikoku Oil Co., Ltd., (Shibuya-ku, Tokyo; President: Masatoshi Sugioka; "TEIKOKU") a 100% subsidiary of INPEX Holdings Inc., has decided to liquidate its consolidated subsidiaries, Teikoku Oil Venezuela B.V., Teikoku Oil de Venezuela, C.A., and Teikoku Oil de Sanvi-Guere, C.A.

### **Supplemental Information:**

#### **1. Reasons of liquidation**

Teikoku Oil (Venezuela) Co., Ltd., TEIKOKU's 100% subsidiary, has operated the reactivation programs of oil and gas fields in East Guarico Unit and Sanvi-Guere Unit in the Bolivarian Republic of Venezuela ("Republic") under the operating services agreements since 1992. As announced in the press release "Basic agreement on alteration of the existing petroleum agreements" dated April 03, 2006, TEIKOKU proceeded with negotiations for the alteration of the services agreements with the national petroleum company of the Republic ("PDVSA"), and officially executed a Joint Venture Agreement on September 29, 2006 (local time).

Under the assumption that all powers and authorities of the future development and production operations in newly established areas in the East Guarico Unit are to be transferred to two (2) joint venture companies to be newly established with subsidiaries of PDVSA, Teikoku Oil (Venezuela) Co., Ltd. newly established Teikoku Oil & Gas Venezuela C.A., as an investing entity for such two (2) joint venture companies to respond to the new operating system.

Accordingly, TEIKOKU considers that Teikoku Oil de Venezuela, C.A. and Teikoku Oil de Sanvi-Guere, C.A., which are local operating companies in the Republic, and Teikoku Oil Venezuela B.V., the financing company to the both companies in the above, have finished their original functions, and has decided to liquidate such three (3) consolidated subsidiaries.

#### **2. Outline of three (3) companies to be liquidated**

##### **1) Teikoku Oil Venezuela B.V.**

Address: Amsterdam, Kingdom of the Netherlands

Establishment: December 27, 2000

Representative: Hidehiko Yako, Director  
Capital: 18,000 Euros  
Shareholder Teikoku Oil (Venezuela) Co., Ltd. (100%)  
Business Year: December 31

- 2) Teikoku Oil de Venezuela, C.A.  
Address: Caracas, the Bolivarian Republic of Venezuela  
Establishment: September 19, 1992  
Representative: Matsuro Manabe, President  
Capital: 2 million Bolivars  
Shareholder: Teikoku Oil (Venezuela) Co., Ltd. (100%)  
Business Year: December 31

- 3) Teikoku Oil de Sanvi-Guere, C.A.  
Address: Caracas, the Bolivarian Republic of Venezuela  
Establishment: March 2, 1994  
Representative: Matsuro Manabe, President  
Capital: 2 million Bolivars  
Shareholder: Teikoku Oil (Venezuela) Co., Ltd. (100%)  
Business Year: December 31

### **3. Schedule of liquidation**

The three (3) consolidated subsidiaries in the above will be liquidated as soon as necessary procedures are duly completed.

### **4. Outlook of operating results**

With respect to the liquidation of the consolidated three (3) subsidiaries as aforementioned, TEIKOKU posted extraordinary loss in its Consolidated Statement of Income for the Year ended March 2006. Accordingly, effects on INPEX Holdings Group's consolidated operating results for FY2006 and onward will not be material.