

Enabling the Sustainable Development of the LNG Industry

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President

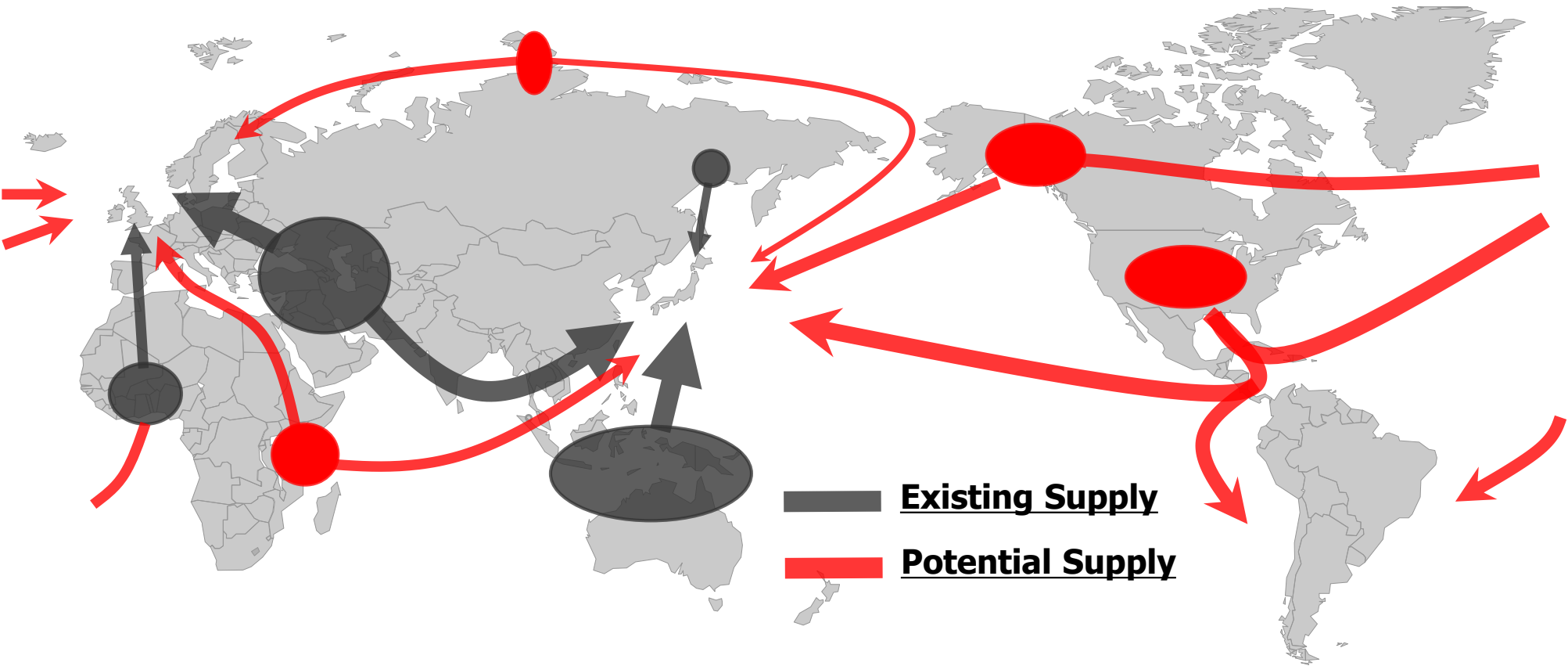
Tokyo Electric Power Company, Incorporated

6th November 2014



TOKYO ELECTRIC POWER COMPANY

LNG Industry Continues to Evolve



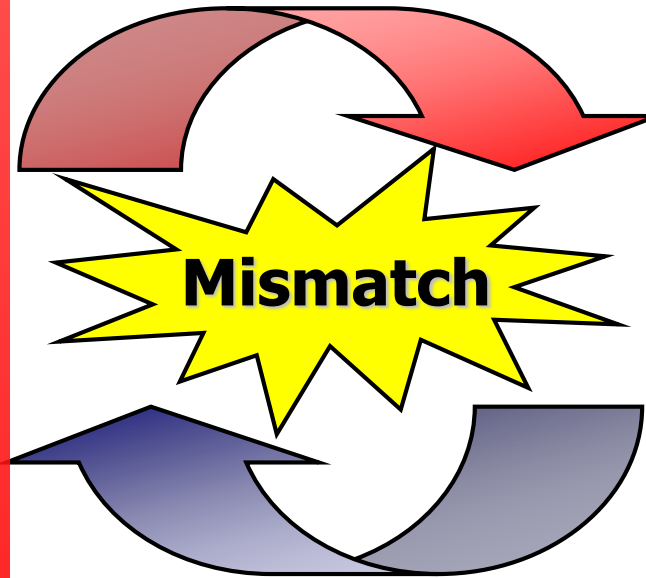
• *Increasing Diversification of Players*
• *Expansion of LNG Trade Flow*

...However, Uncertainties are Increasing?

- *Long-term / large-volume offtake*
- *Conventional delivery terms*
- *Price level justifying projects*

Sellers' Challenges

- ✓ Production difficulties in remote/technically challenging areas
- ✓ Risks in financing and marketing large-scale projects



Buyers' Challenges

- ✓ Uncertainty in future LNG demand
- ✓ Cost pressure on fuel procurement

- *Shorter term contracts*
- *Flexible delivery terms*
- *Competitive pricing level*

Actions to Overcome Challenges

Sellers' Actions

“Technical and financial innovation to reduce project cost”

- i.e.
- ✓ Unconventional gas development
 - ✓ Floating LNG
 - ✓ Project financing and project bonds

Buyers' Actions

“Robustness and competitiveness to overcome uncertainties”

- i.e.
- ✓ More diversified portfolios with larger scale
 - ✓ Optimized operation
 - ✓ High-efficiency power stations

“Mutual Enablers”

- ✓ Flexible delivery terms and price indices
- ✓ Risk sharing through buyer's equity participation

New projects will be launched to promote sustainable development of the LNG industry

Comprehensive Alliance with Chubu Electric

Purpose

- ✓ Creation of a global energy company to improve competitiveness of LNG into Japan.

Attributes

- ✓ Expansion of scale of procurement
- ✓ Optimization of the entire supply chain
- ✓ Replacement of aging thermal power plants

