

# Participation in the shale gas development joint venture in US Barnett Basin (supplement)



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## Three kinds of diversification

- Tokyo gas aims at reducing raw material procurement cost through three types of diversification.

Diversification	Content	Present	Future
1.Source	From where to procure?	Mainly from Asia and Australia	All over the world including Asia and Australia
2.Terms of Contract	How the terms as price, period, transportation, destination, etc. are determined?	Mainly oil-linked Mainly long-term Limited destination	Oil-linked, Henry-Hub linked, NBP-linked, etc. Combination of various periods Destination-free
3.LNG Global Network	What does the network (value-chain) look like?	Mainly between exporting countries and Japan	Networking global gas wells, power plants, etc.

### 【Limited risk of investment when we receive lean LNG】

	Assumed influence	Measures taken against risk
Risk 1	Additional investment made to receive lean LNG?	Approx. 60% of our storage LNG tank can receive various kinds of LNG including lean one at the same time. Therefore, no additional investment will be incurred.
Risk 2	Know-how to handle lean LNG is obtained?	We have a long history of handling lean LNG since 1969 without any major trouble. Then, we are well qualified to handle lean LNG.

## Objective for investing on US shale gas upstream interest

- In order to establish a bridgehead for constructing overseas LNG value chain, and to enhance LNG value chain posted in the long-term management strategy, “Challenge 2020 Vision”.

	Content	Specification
Objective 1	Diversification of upstream business	Diversification of upstream business, currently centered on Australia, etc.
Objective 2	Earning profit by making upstream investment	Earning profit by making investment on US upstream business
Objective 3	Stabilized profit	Stabilized total profit of Tokyo Gas group, in case of Henry-hub price hike, etc.