

**Sumitomo Corporation to enter into a Terminal Service Agreement And Tokyo Gas Co., Ltd. and Sumitomo Corporation to enter into Heads of Agreement for Sale and Purchase with Cove Point LNG**



**April 1, 2013**

## Realization of three kinds of Diversification

- Three kinds of diversification in raw material procurement for importing stable and reasonable LNG to Japan can be achieved through this project.

### <Three kinds of diversification in Tokyo Gas's raw material procurement strategy>

Diversification	Content	Present	This project
1.Source	From where to procure?	Mainly from Asia and Australia	USA
2.Terms of Contract	How the terms as price, period, transportation, destination, etc. are determined?	Mainly oil-linked Mainly long-term Limited destination	Henry-Hub linked Destination-free FOB: Flexibility
3.LNG Global Network	What does the network (value-chain) look like?	Mainly between exporting countries and Japan	Networking among global gas wells, power plants, etc. (Europe, Japan)

## Points to realize three kinds of diversification

### ■ How do you think of the possibility to export US LNG to Japan?

→ Approval will be granted one by one with the negotiation between governments.

### ■ How do you establish “Global Network”?

→ Although LNG of this project is assumed to be imported to Japan basically, we can establish global network by reselling this LNG to other countries with export permits, through TG Plus Co., which was established this February.

### ■ If you purchase gas from US market, how do you bear a risk that Henry Hub price will surge?

→ 1. We think the risk that Henry Hub price will surge is limited.

2. We aim to build a portfolio for stable and reasonable LNG procurement by this project. Even if Henry Hub price surges, the significance won't change.

3. We can stabilize the total profit of TG Group by increasing gas sales revenue from the interest in Barnett, when Henry Hub price surges.

### ■ Do you liquefy gas produced from US Barnett basin, where you announced recently to have interests?

→ We will liquefy gas which PSE optimally purchases from US market. The gas produced from US Barnett basin is isolated.

# 【Final Contract Structure】

