

April 27, 2012

Commencement of Negotiation regarding Procurement of U.S. Natural Gas from Cove Point LNG Project

Sumitomo Corporation
Tokyo Gas Co., Ltd.

Following the signing by Sumitomo Corporation (President: Susumu Kato; hereinafter, “Sumitomo Corporation”) of a precedent agreement (hereinafter, an “PA”) with respect to the bi-directional liquefied natural gas processing services with Dominion Cove Point LNG, LP (hereinafter, “Dominion”), the body implementing the Cove Point LNG Project in the State of Maryland, the United States (hereinafter, the “Project”), Sumitomo Corporation has started negotiation with Dominion to conclude a final terminal service agreement (hereinafter, a “TSA”). In this context, Sumitomo Corporation and Tokyo Gas Co., Ltd. (President: Tsuyoshi Okamoto; hereinafter, “Tokyo Gas”) have agreed to jointly work as a team to negotiate with Dominion.

The Project is envisaged to build a new LNG liquefaction plant in the existing Cove Point LNG import terminal owned and operated by Dominion (in Maryland, the United States), enabling Dominion to provide natural gas liquefaction service for export in the form of LNG. This means tolling customers concluding TSA with Dominion will be able to liquefy natural gas procured by themselves in the United States through the relevant LNG liquefaction plant. Upon obtaining the approval from the U.S. Department of Energy to export LNG to Japan or other nations that have not yet ratified a free-trade agreement (hereinafter, an “FTA”) and also the approval for plant construction from the authorities, in addition to other processes required including but not limited to the final investment decision on the Project, Dominion plans to commence construction of a new LNG liquefaction plant to start-up the Project operation by sometime in 2017.

Sumitomo Corporation and Tokyo Gas have so far conducted a comprehensive deliberation on potential cooperation regarding the natural gas business in the United States and the import of LNG to Japan. Following the conclusion of the PA between Sumitomo Corporation and Dominion, Sumitomo Corporation and Tokyo Gas have decided to work together as a team to negotiate the TSA with Dominion.

In addition, Sumitomo Corporation and Tokyo Gas contemplate that the natural gas liquefied for import to Japan should be procured from the Marcellus shale gas field, etc. where located adjacent to the Project and in which Sumitomo Corporation has an interest. If the Project is realized, it would be a LNG of its kind in the US derived from shale gas destined to Japan.

Sumitomo Corporation is the first Japanese company to participate in the development of a shale gas field in the United States and currently holds two interests, including one in the Marcellus shale gas field. In addition, Pacific Summit Energy LLC, a fully owned subsidiary, is

engaged in the gas trading business in the United States. Therefore, if the Project is finally agreed, Sumitomo Corporation will be able to establish a natural gas and LNG value chain in the United States across natural gas upstream development, through distribution and liquefaction, to LNG export.

Tokyo Gas is seeking to increase its procurement of LNG from un-conventional natural gas resources across the globe in order to diversify its portfolio, and to expand its global LNG value chain with the aim of reducing the costs of raw materials pursuant to its “Challenge 2020 Vision.” If the Project is finally agreed, these goals will be realized.

<Overall summary of the bi-directional LNG processing services defined in the PA>

Contracted quantity: Approximately 2,300,000 tons per annum (LNG amount)

Contracted period: 20 years from the start of operations of the LNG liquefaction plant

<Summary of Cove Point LNG Project>

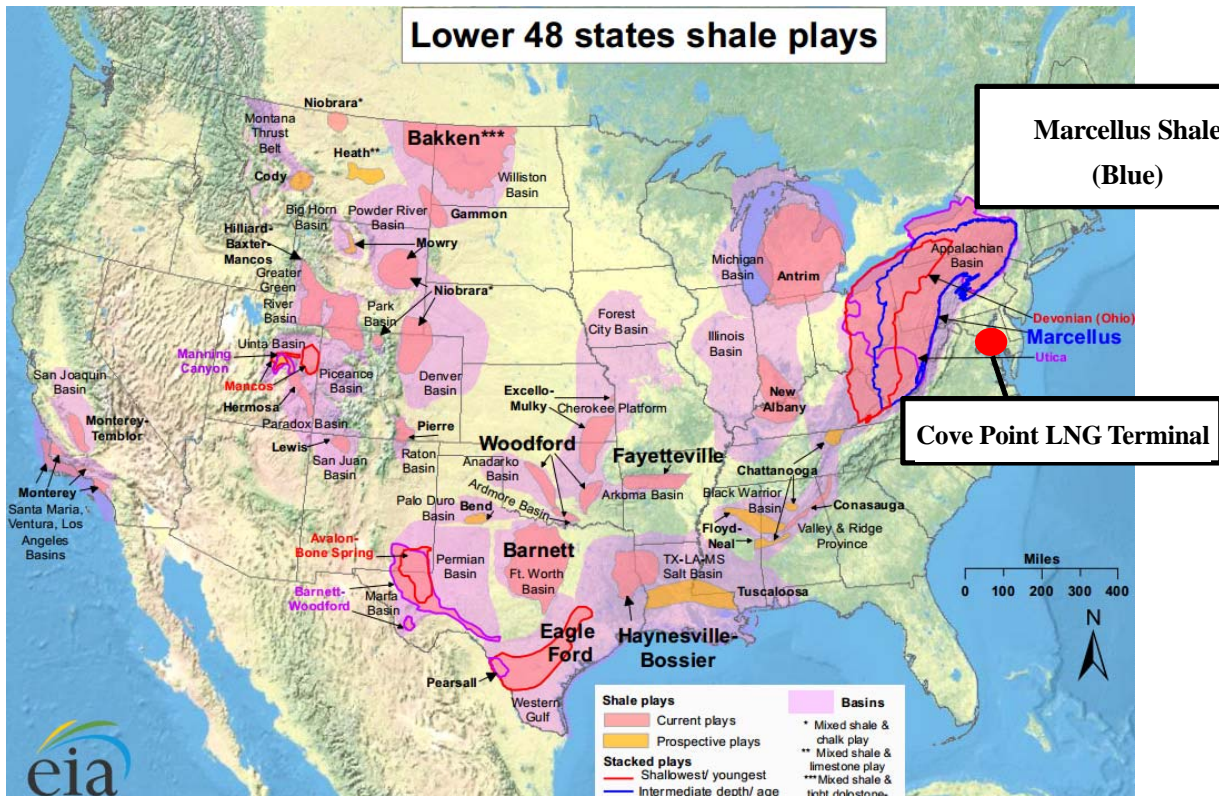
Project implementation body: Dominion Cove Point LNG, LP (*1)

Location: The State of Maryland, the United States

Liquefaction capacity: Approximately 5,000,000 tons per annum (planned) (*2)

*1 A fully owned subsidiary of Dominion Resources, Inc. engaged in power generation, power supply and gas distribution in the eastern part of the United States.

*2 The implementation of LNG liquefaction plant operations is envisaged to start in 2017. It is currently in operation as a LNG import terminal.



Map sourced from the homepage of the U.S. Energy Information Administration, with modifications by Sumitomo Corporation and Tokyo Gas.

<Shale Gas>

- Shale gas is a type of un-conventional gas, along with coalbed methane and tight sand gas.
- It is produced when pyrolytically generated crude oil, natural gas or other resources are trapped within shale formations.
(Shale gas accounts for 23% of the total natural gas production in the United States in 2010.)
- Besides the United States, where the production of shale gas is expected to increase in the future, enormous quantities of extractable shale gas have been confirmed all over the world including China, Argentina and South Africa.

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