

Tokyo Gas executes a HOA with Shell Eastern Trading for the supply of LNG

Tokyo Gas Co., Ltd. (President: Takashi Uchida; “Tokyo Gas”) has executed a heads of agreement (HOA) with Shell Eastern Trading (Pte) Ltd. for the supply of liquefied natural gas (LNG).

Since three years ago, Shell Eastern Trading (Pte) Ltd. and Tokyo Gas have been engaging in joint discussions to consider a new type of LNG agreement that can contribute to creating LNG demand. As a result, for the first time among the two companies, Shell and Tokyo Gas have come up with an innovative pricing formula that is based on coal indexation and included this to the agreement.

Under the agreement, Royal Dutch Shell plc. (“Shell”) supplies LNG to Tokyo Gas from the Shell Group’s global LNG portfolio, rather than from specific LNG projects.

The HOA will allow Tokyo Gas to secure a long-term, stable and competitive supply of LNG.

Tokyo Gas received Japan’s first-ever LNG cargo on November 4th 1969 and this year marks the 50th anniversary. Tokyo Gas Group will continue to provide stable and safe source of energy to all our customers.

Commenting on the HOA, Steve Hill, Shell’s Executive Vice President said:

“We are delighted to be partnering with Tokyo Gas and offering this innovative solution to meet their energy needs. Our broad portfolio enables us to provide reliable LNG supply as well as tailored solutions including flexible contract terms under a variety of pricing indices.”

Commenting on the HOA, Kentaro Kimoto, Tokyo Gas’s Managing Executive Officer said:

“With our long-term relationship and joint consideration, we were able to achieve an innovative agreement that would enhance further diversification of price indexation pursued by Tokyo Gas. We will continue to tackle new challenges that would contribute to the development of LNG industry. ”

[Outline of HOA]

Seller:	SHELL EASTERN TRADING (PTE) LTD
Buyer:	Tokyo Gas Co., Ltd.
Contract Duration:	April 2020 to March 2030
Contract Volume:	Average approx. 500,000 tons per annum
Delivery Terms:	DES (Delivered Ex-Ship)

[Outline of SHELL EASTERN TRADING (PTE) LTD]

Establishment:	May 1989
Head office:	Singapore
Shareholder:	Shell Eastern Petroleum (Pte) Ltd Shell Petroleum N.V.