

March 31, 2015

Toho Gas in Heads of Agreement with Petronas LNG Ltd. for LNG purchase

Toho Gas Co., Ltd. (“Buyer” , Koichi Yasui, President), has entered into a Heads of Agreement with Petronas LNG Ltd. (“Seller”) for a purchase of LNG by portfolio supply.

1. Introduction

We accurately keep track of any change in the environment for procuring energy, and strive for LNG procurement diversification, including diversification of the price-index, supply sources and types of contracts to ensure a stable energy supply to customers at a competitive price.

For the first time, we entered into a Heads of Agreement for a purchase of LNG by portfolio supply with the objective of flexibility of quantity and diversification of the price-index.

We will continue diversifying LNG procurement to ensure stable city gas supply to customers at a competitive price.

2. Outline of the Agreement

- (1) Parties : Seller Petronas LNG Ltd.
(Wholly-owned subsidiary of Petronas)
Buyer Toho Gas Co., Ltd.
- (2) Duration : 10 years from April 2017
- (3) Supply Sources : Petronas LNG Portfolio (Petronas LNG Complex in Bintulu, Malaysia and other LNG which Petronas delivers)
- (4) Price : Hybrid pricing combining linkages to both crude oil and Henry hub
- (5) Delivery : Ex-Ship (Seller arranges LNG transportation to Buyer’s receiving terminals)
- (6) Change of Destination : Feasible by prior agreement between the Parties

※Toho Gas plans to take 7 - 9 cargoes per annum

※Portfolio supply: A seller supplies a buyer with LNG from its multiple supply sources

※Henry hub price: price index of the U.S. natural gas market