

March 18, 2016

Toho Gas in Agreement with Petronas LNG Ltd. for LNG Purchase

Today (March 18), Toho Gas Co., Ltd. (Koichi Yasui, President) has entered into sale and purchase agreement with Petronas LNG Ltd. ("Seller") for the first 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.

We have positioned this contract as a strong candidate of the new LNG supply sources and have negotiated on a sale and purchase agreement of LNG with the objective of flexibility of quantity and diversification of the price-index. Today, we have entered into the sale and purchase agreement after discussion with the Seller about the contract details since entering into Heads of Agreement in March 31, 2015.

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 both domestically and overseas 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

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