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***ARGUS GAS CONNECTIONS
EUROPEAN LONG-TERM
CONTRACT PRICES***

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The most up-to-date Argus Gas Connections European Long-Term Contract Prices methodology is available on
www.argusmedia.com

Introduction

Argus Gas Connections includes monthly estimates of prices set by common oil-indexed and hybrid formulas common to long-term supply contracts.

Because of the highly commercially sensitive nature of such contracts, Argus publishes a series of prices representative of common contract structures based in whole or in part on a basket of Argus crude oil and oil products market assessments.

Prices are calculated each day on a calendar month basis and are published in Argus European Natural Gas. The latest prices available are included in each issue of Argus Gas Connections.

The oil index:

Argus publishes a central monthly price derived from a formula that includes a basket of crude oil, gasoil and fuel oil spot prices published daily in Argus Crude and Argus European Products.

As is common industry practice, the Argus oil-indexed gas price formula includes a lagged six-month average of the included underlying oil and oil products spot prices. Because of that lag, the price of oil-indexed gas for delivery in a given month is fixed some time before the start of delivery. For example, the oil-indexed price for gas delivered in August 2013 is fixed on the last spot trade in June 2013.

To provide guidance on the future movement of oil-indexed prices, Argus extends its series of oil-indexed prices into the future using the Argus publication of forward crude oil, gasoil and fuel oil prices. The oil-indexed gas prices that result are subject to change with each publication of Argus Gas Connections to reflect the movement of crude oil, gasoil and fuel oil forward prices.

Argus labels oil-indexed prices that rely on forward crude oil, gasoil and fuel oil market price assessments as "provisional" as they are subject to change. All other monthly prices represent fixed values that are no longer subject to change.

10 August AGC

For delivery in month

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec

Key:

	Average of spot assessments over the entire month
	Average of spot assessments over the month until the publication date
	Last forward market assessment for the appropriate forward period available before publication
	Delivery month

Example for a publication dated 10 August 2013:

The oil-indexed price for August 2013 would be based on a formula using monthly averages of daily Argus spot assessments for crude oil, gasoil and fuel oil published in January-June inclusive. This price would be fixed as of the final assessment of the three underlying oil and oil products markets at the end of June, and would no longer change, barring a revision to any of the underlying prices. The oil-indexed price for September 2013 would follow the same pattern, being based on February-July inclusive.

The oil-indexed price for October 2013 would be based on a formula using monthly averages of daily Argus spot assessments for crude oil, gasoil and fuel oil published in March-July inclusive and the averages of daily Argus spot assessments for crude oil, gasoil and fuel oil published between the start of August and the publication date of Argus Gas Connections. This price will remain subject to change for the remainder of August as new daily spot assessments for crude oil, gasoil and fuel oil are published and would be marked as "provisional". This price would become fixed at the end of August.

The oil-indexed price for November 2013 would be based on a formula using monthly averages of daily Argus spot assessments for crude oil, gasoil and fuel oil published in April-July inclusive, the averages of daily Argus spot assessments for crude oil, gasoil and fuel oil published between the start of August and the publication date of Argus Gas Connections, and the latest available forward market assessment for September delivery of crude oil, gasoil and fuel oil. This price will remain subject to change for the remainder of August and the whole of September as new daily spot and forward assessments for crude oil, gasoil and fuel oil are published and would be marked as "provisional". This price would become fixed at the end of September.

The below table illustrates the composition of the Argus oil-indexed gas price.

Prices that remain subject to change owing to the evolution of spot and forward price assessments of the underlying oil and oil products markets will be marked as “provisional” in the published version of Argus Gas Connections.

Discounted and hybrid indexes

To reflect recent changes to the structure of long-term gas supply contracts, *Argus* also publishes a series of discounted and hybrid prices.

Discounted prices

The discounted price series published in Argus Gas Connections reflects a flat discount to the oil-indexed price described above.

The discounted series published in Argus Gas Connections are:

- 5pc discount
- 7.5pc discount
- 10pc discount
- 12.5pc discount
- 15pc discount
- 20pc discount

Hybrid prices:

Hybrid prices are based on the oil-indexed formula described above but have been amended to include a varying percentage of gas market pricing.

The hybrid price series published in Argus Gas Connections are:

TTF-based:

- Oil index 90pc + 10pc TTF
- Oil index 80pc + 20pc TTF
- Oil index 70pc + 30pc TTF
- Oil index 60pc + 40pc TTF
- Oil index 50pc + 50pc TTF

Germany VTP (Trading Hub Europe)-based:

- Oil index 90pc + 10pc Germany VTP
- Oil index 80pc + 20pc Germany VTP
- Oil index 70pc + 30pc Germany VTP
- Oil index 60pc + 40pc Germany VTP
- Oil index 50pc + 50pc Germany VTP

Austria VTP-based:

- Oil index 90pc + 10pc Austria VTP
- Oil index 80pc + 20pc Austria VTP
- Oil index 70pc + 30pc Austria VTP
- Oil index 60pc + 40pc Austria VTP
- Oil index 50pc + 50pc Austria VTP

Example for a publication dated 10 August 2013

The 90:10 oil/TTF price for August 2013 would be based on a formula using monthly averages of daily *Argus* spot assessments for crude oil, gasoil and fuel oil published in January-June inclusive, which would form 90pc of the value. This component would be fixed as of the final assessment of the three underlying oil and oil products markets at the end of June. The TTF gas component of the

formula would be the average of the *Argus* front-month TTF assessment for August delivery, and would form 10pc of the final value. The TTF component, along with the final hybrid price for August, would be fixed as of the final *Argus* front-month TTF assessment at the end of July.

The 90:10 oil/TTF price for September 2013 would be based on a formula using monthly averages of daily *Argus* spot assessments for crude oil, gasoil and fuel oil published in February-July inclusive, which would form 90pc of the value. This component would be fixed as of the final assessment of the three underlying oil and oil products markets at the end of July. The TTF gas component of the formula would be the latest available *Argus* TTF front-month assessment, and would form 10pc of the final value. The TTF gas component, along with the final hybrid price for September, would remain subject to change for the remainder of August as new daily front-month TTF assessments are published and would be marked as “provisional”. The gas component, along with the final hybrid price for September, would be fixed as of the final *Argus* front-month TTF assessment at the end of August.

The 90:10 oil/TTF price for October 2013 would be based on a formula using monthly averages of daily *Argus* spot assessments for crude oil, gasoil and fuel oil published in March-July inclusive and the averages of daily *Argus* spot assessments for crude oil, gasoil and fuel oil published between the start of August and the publication date of Argus Gas Connections, which would form 90pc of the value. This component would remain subject to change for the remainder of August as new daily spot assessments for crude oil, gasoil and fuel oil are published. The TTF gas component of the formula would be the latest available *Argus* forward TTF market assessment for October delivery, and would form 10pc of the final value. The TTF gas component, along with the final hybrid price for October, would remain subject to change until the end of September as new daily TTF price assessments are published for October delivery and would be marked as “provisional”. The gas component, along with the final hybrid price for October, would be fixed as of the final *Argus* front-month TTF assessment at the end of September.

It will be clearly indicated in the published AGC tables which prices are FIXED and which are PROVISIONAL.

10 August AGC

For delivery in month				
Aug	Sep	Oct	Nov	Dec

	Average of front-month assessments over the entire month
	Average of front-month assessments over the month until the publication date
	Last forward market assessment for the appropriate forward period available before publication
	Delivery month

Publishing schedule

Argus will update these series of prices every UK publication date. The latest available prices for each month of delivery will be published in Argus Gas Connections.