



ARGUS GAS CONNECTIONS EUROPEAN BORDER PRICES

LAST UPDATED: OCTOBER 2008

The most up-to-date Argus European Gas market methodology is available on www.argusmedia.com

Introduction

Argus Gas Connections European border prices are Argus' monthly estimates of natural gas imported into key European markets, based on our understanding of the formulas used in standard long-term take or pay contracts. Because of the highly commercially sensitive nature of such contracts, no market reporting service is privy to the exact prices, but we aim to replicate the formulas in the contracts as closely as possible based on conversations with market participants. The assessments are cross-checked against published data on border prices, such as those released by the German government and Eurostat, although such data is published only with a time lag of several weeks.

Other than UK prices, the estimates are not based on actual market transactions, but on our assessment of the prices paid by importers to their key suppliers. UK prices are based on the spot market assessments published in Argus' daily European Natural Gas Report.

The formulas take an average of Argus assessments of a basket of oil and products prices from the Argus European Products Report with a variable time lag. Each month, the border prices will increase or decrease by the percentage change to the basket of Argus assessments prices.

The assessments make no assumption about the delivery point other than that the gas is delivered to each country's border, and the assessments are not volume weighted. They do not include taxes.

