World LNG Imports 1964 – 2007

- Americas
- Total Europe
- Total Asia

7.7%pa
US LNG Imports by Source 1968-2007

- Algeria
- Trinidad
- Egypt
- Nigeria
- Eq. Guinea
- M. East
- Pacific Basin

in mtpa

Regional LNG Production 1990 - 2007

In mtpa

- Pacific Basin
- Middle East
- Atlantic Basin
The Importance of the Middle East – Incremental Liquefaction Capacity 2008-2012

Graph showing incremental liquefaction capacity from 2008 to 2012 for Rest of the World, Qatar, and Yemen.
Regas Capacity Exceeds Liquefaction Capacity

<table>
<thead>
<tr>
<th></th>
<th>Capacity in Bcf/d</th>
<th>Capacity in mtpa</th>
</tr>
</thead>
<tbody>
<tr>
<td>In operation March 2007</td>
<td>52.7</td>
<td>400.0</td>
</tr>
<tr>
<td>Expected by 2010</td>
<td>29.1</td>
<td>221.2</td>
</tr>
<tr>
<td>Proposed</td>
<td>33.1</td>
<td>252.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>114.9</strong></td>
<td><strong>873.4</strong></td>
</tr>
</tbody>
</table>

Total Imports 2007: 172.6mt (22.6Bcf/d)

Source: IEA Natural Gas Market Review 2007
Regasification Capacity Scheduled to be Commissioned in 2008 and 2009

<table>
<thead>
<tr>
<th>Region</th>
<th>Capacity In Bcf/d</th>
<th>Capacity in mtpa</th>
</tr>
</thead>
<tbody>
<tr>
<td>N. America</td>
<td>10.8</td>
<td>112</td>
</tr>
<tr>
<td>Europe</td>
<td>4.1</td>
<td>42</td>
</tr>
<tr>
<td>Asia</td>
<td>1.5</td>
<td>16</td>
</tr>
<tr>
<td>Total</td>
<td>16.4</td>
<td>170</td>
</tr>
</tbody>
</table>
Number of new ships entering into service each year from 1964-2012
Index of End-year LNG Shipping and Liquefaction Capacity (end-2000 = 100)
LNG Short-Term Trades 1992-2007

In mtpa


LNG
Short-Term v Long-Term Trading in 2007

Short Term
17.3%

Long-term
82.7%
Why Has Short-term Trading Grown?

- Uncommitted LNG output from new LNG trains
- Removal or weakening of destination clauses in long-term contracts
- Unused regas capacity – utilisation rates globally around 50%
- Access to regas capacity in the liquid US and UK markets
- Buyers using short-term LNG to manage unexpected variations in natural gas demand
- Availability of ships for short-term charter
- Major LNG players developing trading functions
Short-Term LNG Trades 1997-2007 - Markets

In mtpa

Europe
Americas
Asia

LNG Cargoes from the Atlantic Basin to Asia
Jan 2006 to Mar 2008

In mt per month

Jan-06  Apr-06  Jul-06  Oct-06  Jan-07  Apr-07  Jul-07  Oct-07  Jan-08
Flexible LNG Follows the Price

![Graph showing LNG shipments to different destinations from January 2007 to March 2008. The graph compares LNG shipments to Europe, the US Gulf Coast, and Asia. The data is presented in millions of tons (mt) per month.](image-url)
The US has Become the Swing Market for LNG

- Collapse in UK prices cargoes to USA
- Japanese nuclear shutdown: cargoes to Asia

### US LNG Imports

- January 2007: 1.0
- February 2007: 1.0
- March 2007: 0.5
- April 2007: 2.0
- May 2007: 2.0
- June 2007: 2.0
- July 2007: 2.0
- August 2007: 1.0
- September 2007: 2.0
- October 2007: 0.5
- November 2007: 0.5
- December 2007: 0.5
- January 2008: 0.5
- February 2008: 0.5
- March 2008: 0.5
- April 2008: 0.5
Summary

- Global LNG Activity has doubled every 9 years over the last three decades.
- The Middle East’s share of supply has increased from 4% in the mid-nineties to over 25% in 2007.
- 57% of the liquefaction capacity due to come on stream by 2012 is in the Middle East.
- Regas capacity and shipping capacity has been brought into service more rapidly than liquefaction capacity.
- The short-term trading of LNG has grown over the last decade and accounted for nearly 30mtpa of production in 2007, when it represented just over one-sixth of total global activity.
- Flexible LNG follows price with the US acting as the swing market.
- US import levels will depend on the demand for LNG in other markets.
- The LNG market is expected to remain tight this year with output expected to increase by 4 to 7% - below historic levels and the market demand.
- The situation may ease in 2009 and 2010 as the Qatari mega-trains are commissioned and projects delayed from 2008 come on stream.
- Longer-term the sellers’ market is expected to continue which could constrain US imports.
Thank You