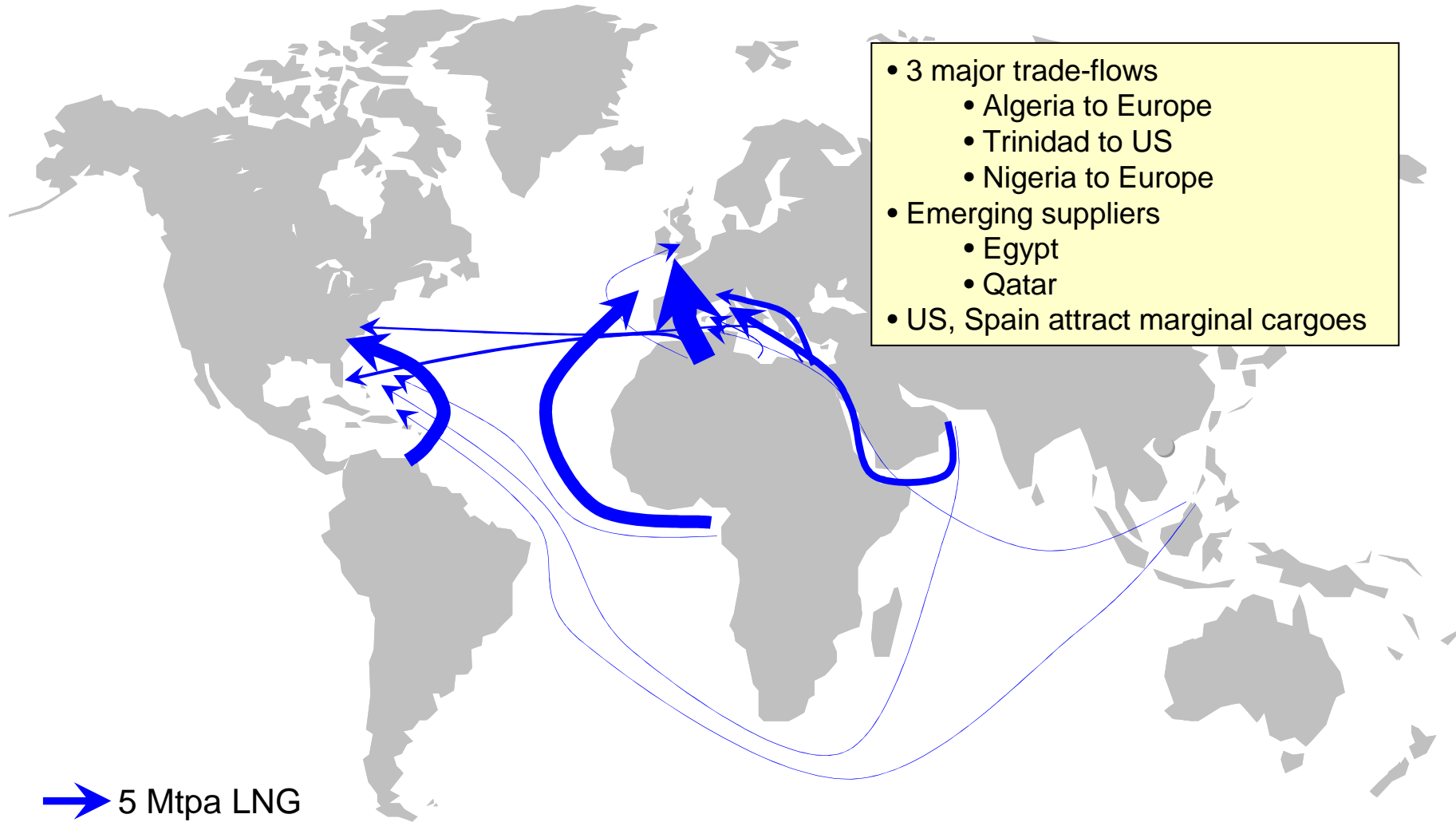




# Evolution of the LNG market

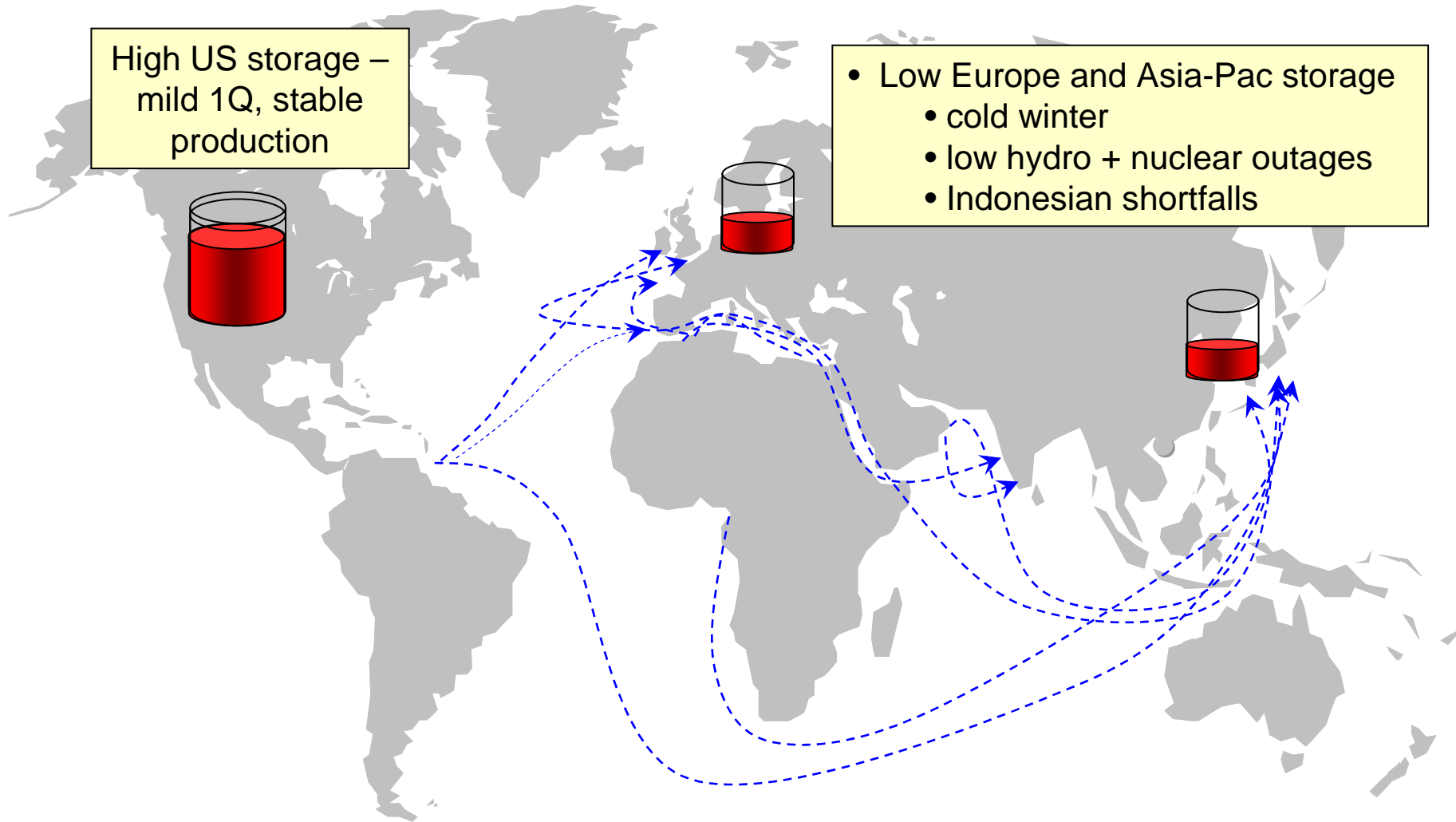
AC Quinn

# 2005 Atlantic Basin LNG flows: tendency for gas to flow east to west

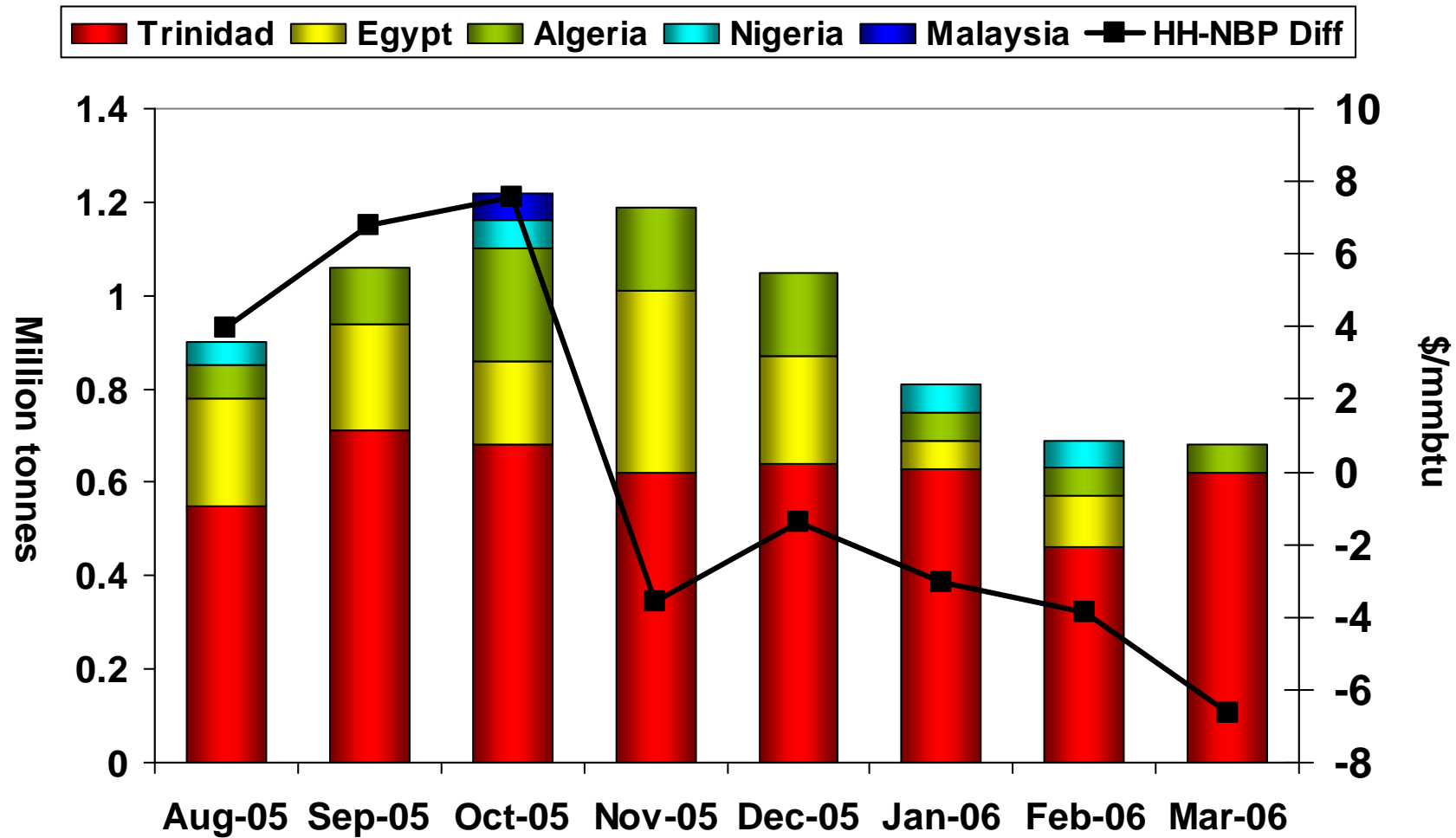


# Response to market signals

marginal cargoes flow west to east in 1Q 06



# Diversion of cargoes from US market in 1Q



Source: US D.O.E., Platts

# Final Thoughts



- The Atlantic Basin trade is affecting the Pacific trade
- Current supply tightness
  - Infrastructure build always slower than forecast
- But, gas demand forecasts, especially gas to power, lower than a few years ago
- The cycle will turn – when?