VOLATILE LNG PRICES HURT CUSTOMERS

- Gas Consumers suffer from volatility.
- LNG industry can reduce long-term price volatility.
- Stable LNG prices will lead to natural gas market growth.

LNG price volatility is difficult for global gas consumers.

Source: Shell LNG Outlook, February 20, 2017
• LNG is capital intensive.
• Majority of cost is infrastructure.
• Any cost-escalation is limited in magnitude.
• Long-term service life for liquefaction plants and related infrastructure (over 40 years in Indonesia, Brunei, Algeria, UAE, Alaska).

• Low risk technology:
  ▪ Natural gas treatment, pipelines, and liquefaction.

• Feed gas supply can be stabilized:
  ▪ Proven supplies or known production economics can provide the foundation for stable feed gas cost.
REQUIREMENTS FOR STABLE GAS & LNG PRICE

- Large, reliable, dedicated, available natural gas reserves.
- Natural gas supply that can have fixed or pre-set price.
- Eliminate the volatility of spot energy prices.
- Long-term competitive supply contracts secure good deals:

<table>
<thead>
<tr>
<th>For LNG Buyer</th>
<th>For LNG Seller</th>
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<tr>
<td>Stable LNG price for many years for gas customers.</td>
<td>Reliable cash flow for long-term project financing.</td>
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<td>Stable pre-set LNG shipping fuel cost.</td>
<td>Reliable customer relationship supports stable LNG purchase.</td>
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<td>Helps plan for market growth.</td>
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<td>Eliminates volatility of energy costs.</td>
<td>Supports important infrastructure investment.</td>
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Win-Win commitments underpin stable gas supply and price.
Projected supply-demand gap in 2026 and beyond.

Stable priced LNG can be part of the solution.

Global supply is sufficient now to secure long-term price certainty.
ENERGY IS PRIMARY DRIVER OF GDP GROWTH

• Fluctuating energy costs aggravate unstable economic growth.

• Predictable Natural gas price will increase global use of natural gas and result in cleaner air.

• Natural gas storage either geologically underground in vapor form or above-ground in LNG form provides clean backup energy to renewables such as solar and wind power.

• Imported LNG provides both:
  ▪ Cryogenic storage resupply in times of ultra-high demand through spot purchases, and
  ▪ Long-term stable price-setting competitive natural gas supply to keep pipeline delivered natural gas fairly priced.

Stable economic growth and clean air result from low volatility gas price.
• GDP growth is more predictable with stable energy cost.
• LNG can be sold with stable pre-set price from certain basins.
• Natural gas is a key component of green GDP growth.
• LNG with stable pre-set price will support GDP growth and clean skies for better quality of life for the people.