

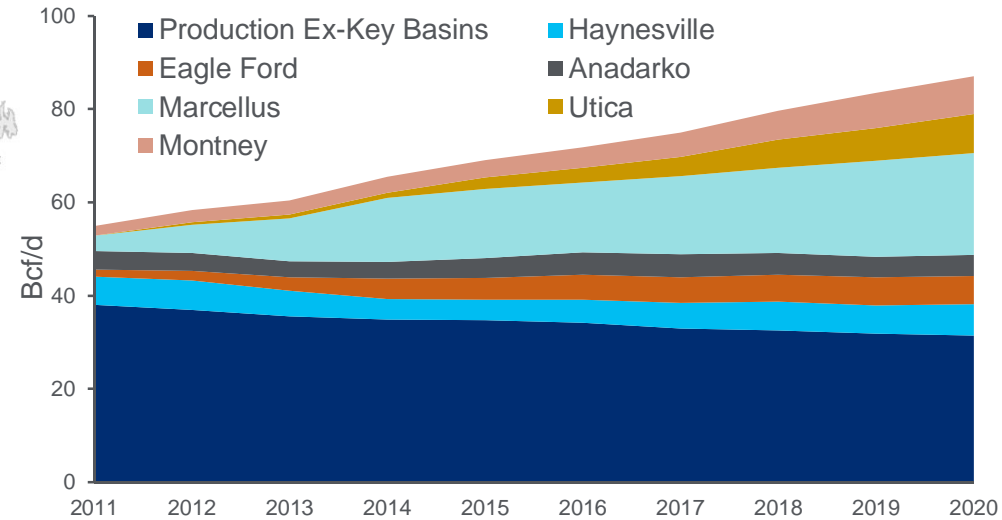
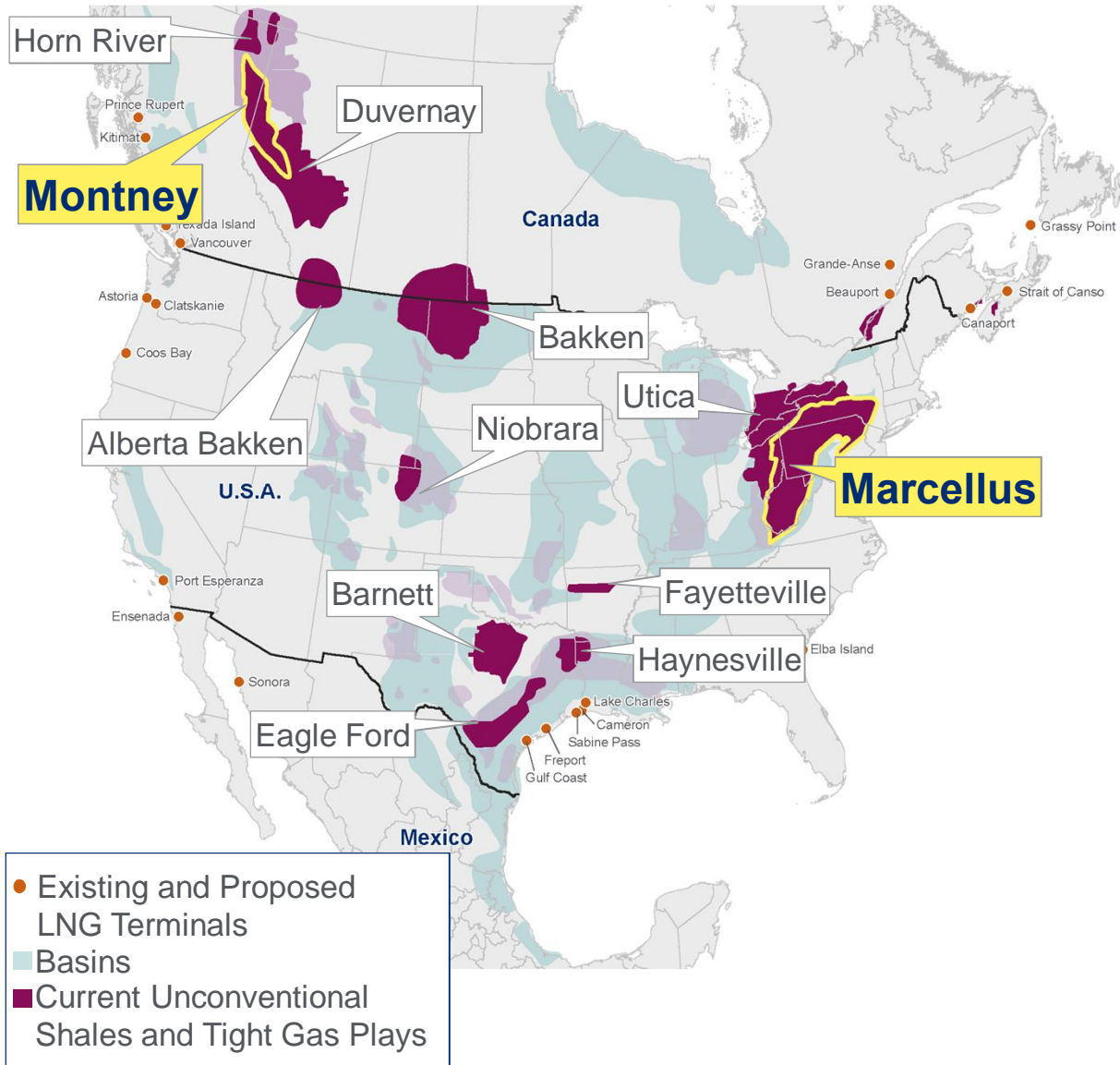
September 16, 2015

LNG Conference 2015

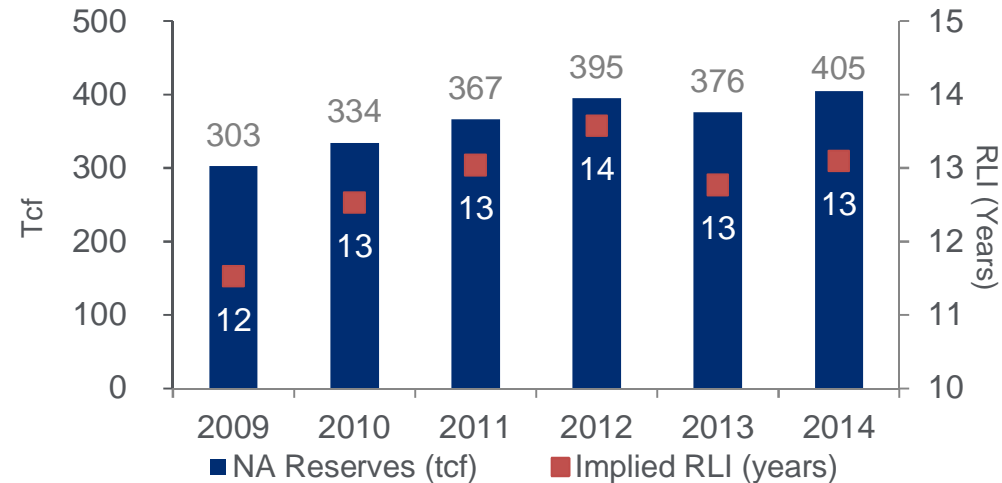
Kasey (Keisuke) Fukada - Managing Director, Citigroup

Unconventional Gas Development in North America

Future Canada and U.S. gas production growth driven by a few key shale plays



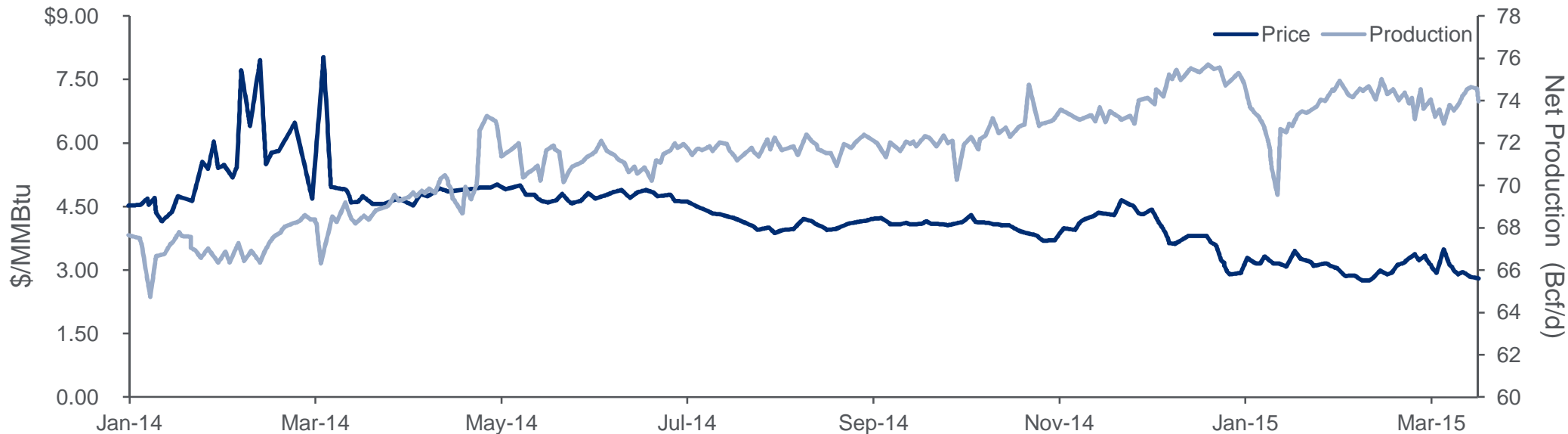
With large reserve base and long RLIs



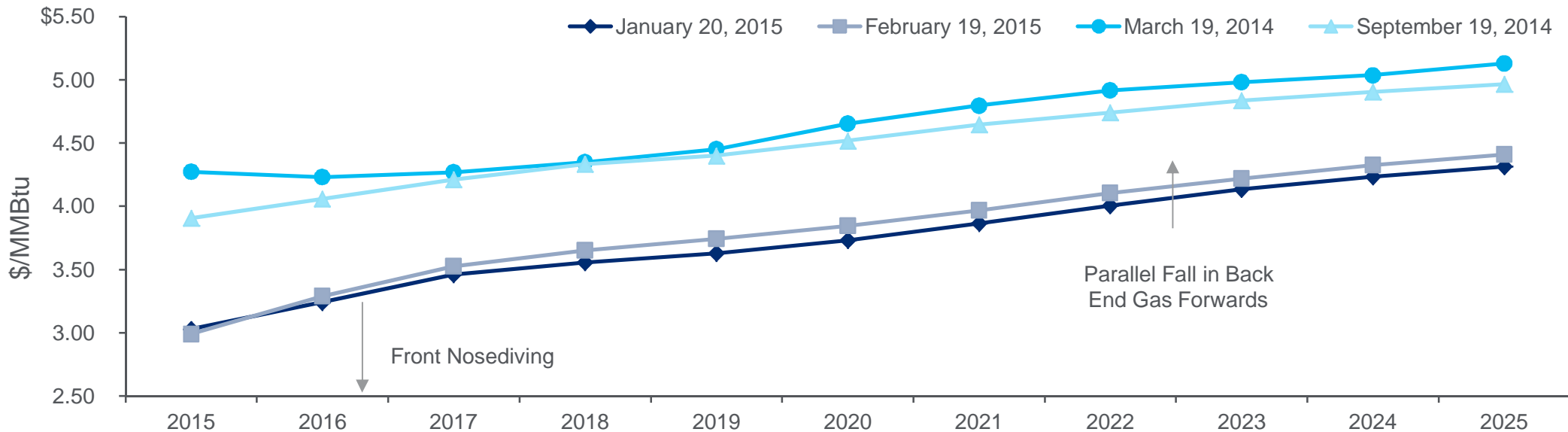
Source: Canadian Discovery, Citi Research, EIA

Current Reality: Golden Age+ of Gas Production Continues, Keeping Prices Low

Daily cash Henry Hub prices have nosedived just as production surged



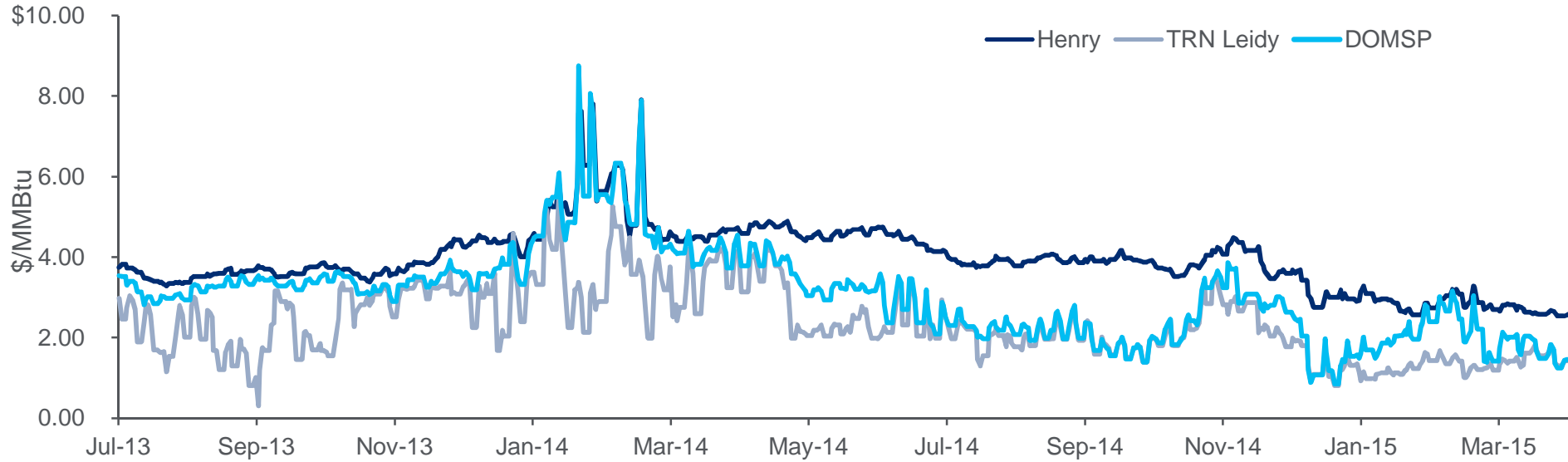
The front of the forward curve has collapsed due to oversupply



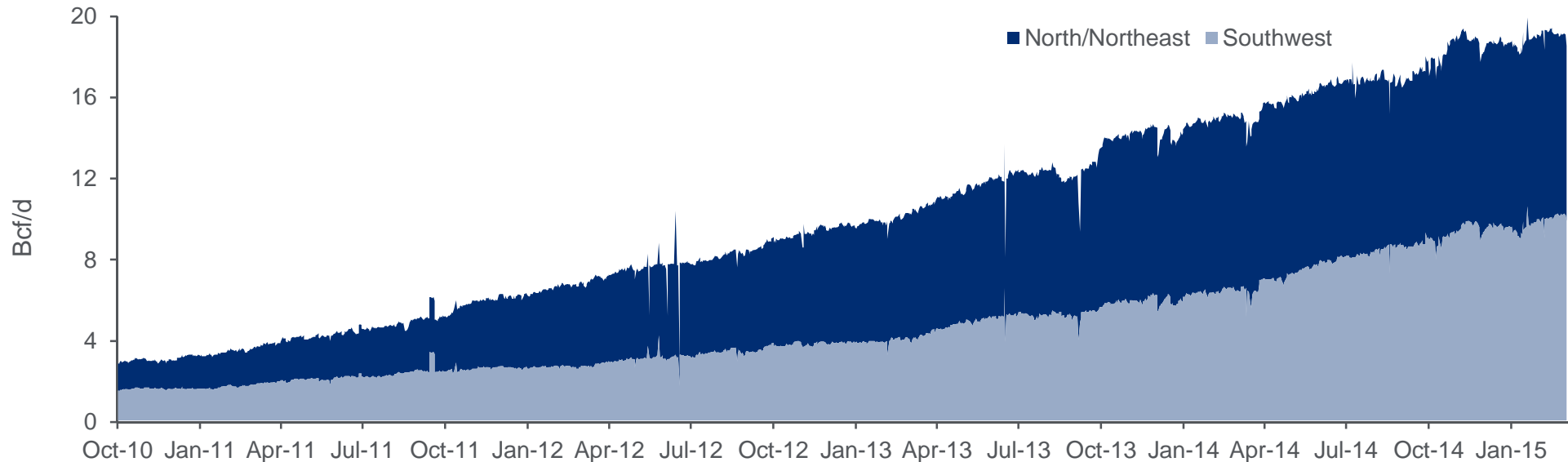
Source: Citi Research, EIA, Platts

Northeast U.S. Gas Production Looks to be Very Resilient, Adding to Oversupply

U.S. Northeast gas prices have fallen substantially, hovering around \$1.00/MMBtu



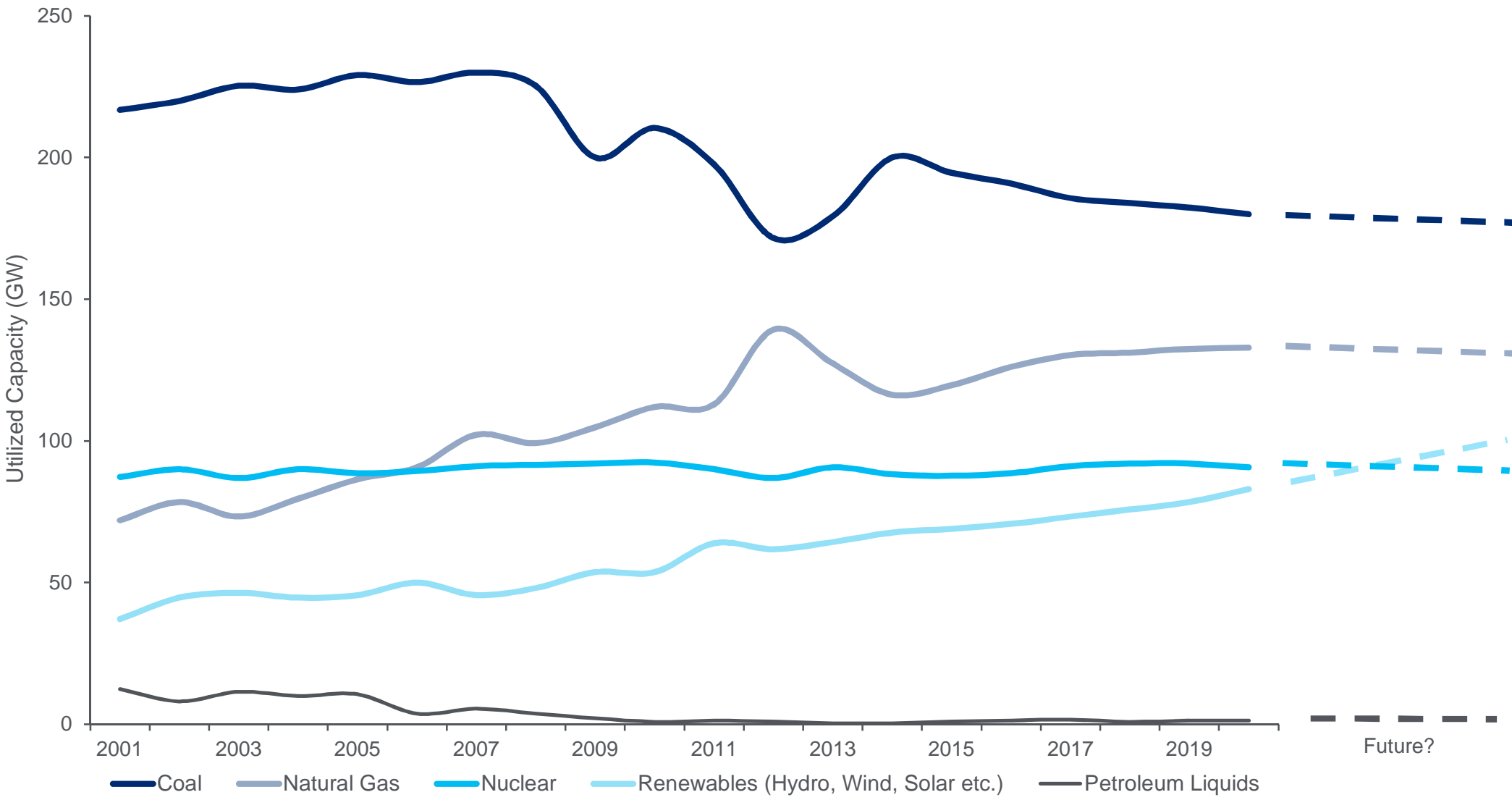
The strength of U.S. Northeast gas production has surprised higher beyond most expectations



Source: Citi Research, Bentek, EIA

Long-Term Gas Demand Growth Could Be Subdued on Weak Power Demand

Rapid rise of renewables limits the potential for much stronger gains in gas demand for power generation

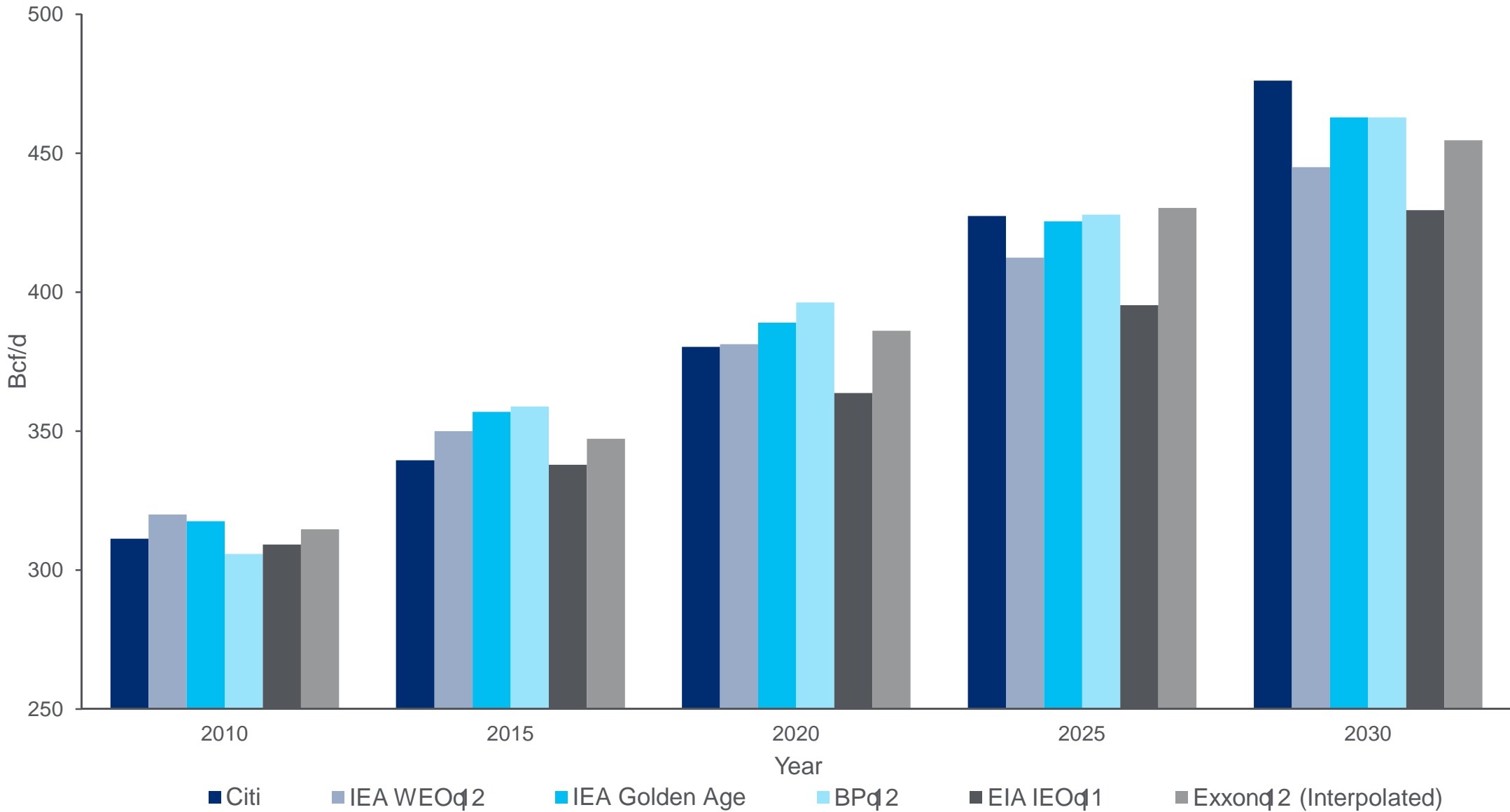


Source: Citi Research, EIA



LNG Demand Lackluster so Far; But Could Supply Shortage Loom Post-2020?

Global demand growth, though modest now, should accelerate with low prices in the out years

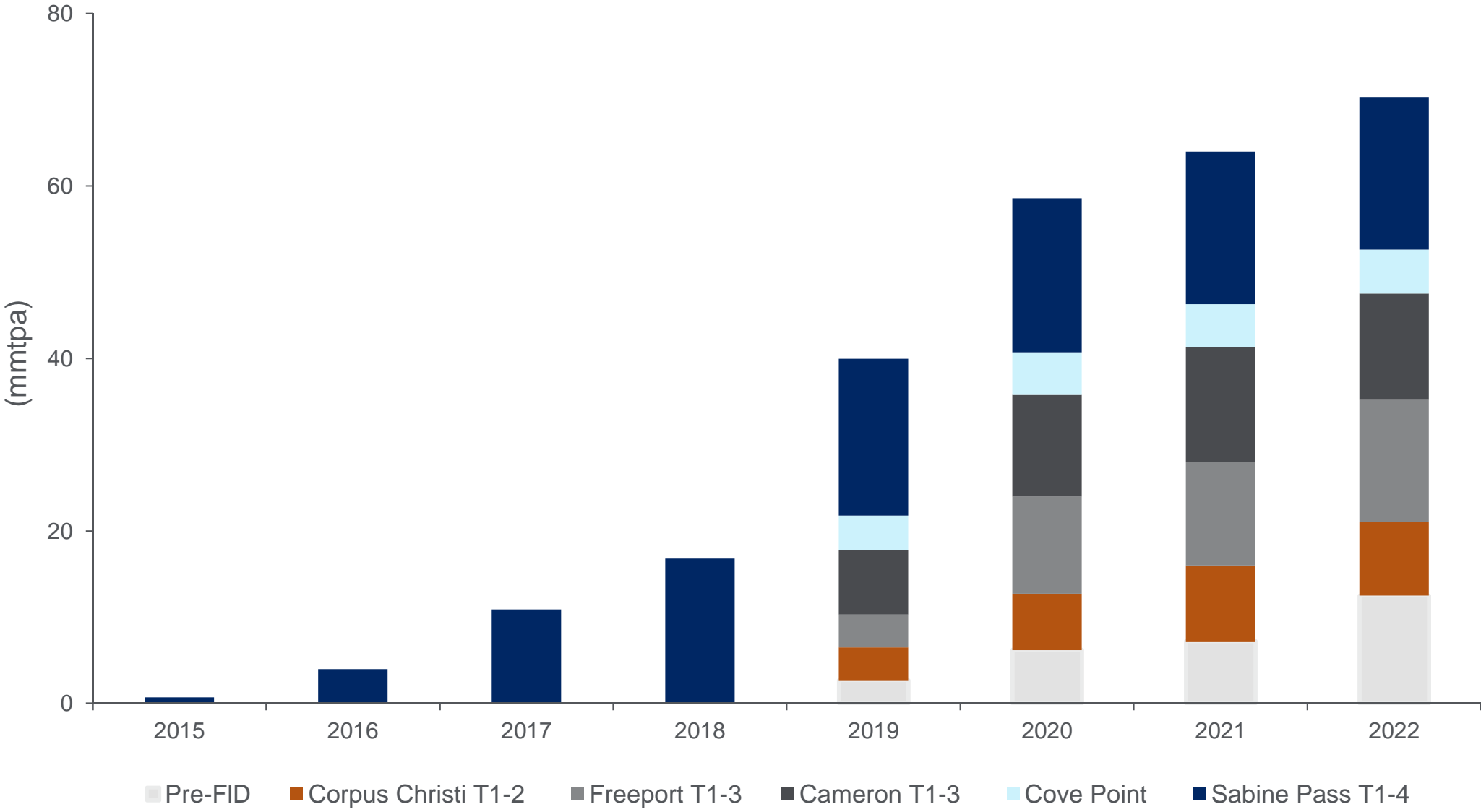


Source: BP, Citi Research, EIA, Exxon, IEA



The U.S. Gulf Coast Will Lead North American LNG Exports

Canadian LNG facilities are not expected to be online until after a number of U.S. facilities are already in operation

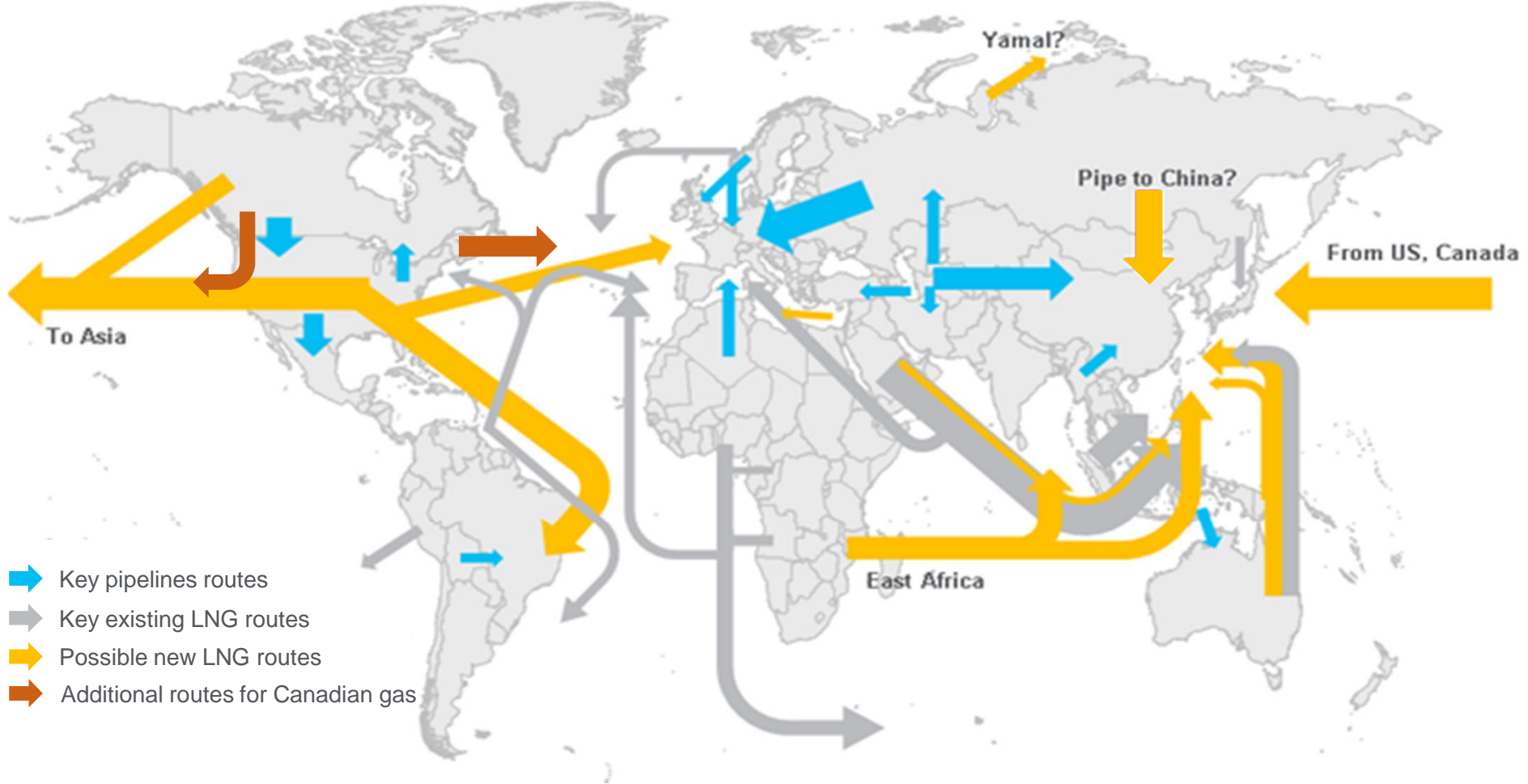


Source: Citi Research, Wood Mackenzie



North America to Lead a New Wave Of Global Gas Trade

Future global gas flow



Source: Citi Research, Wood Mackenzie

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Citi works with its clients in greenhouse gas intensive industries to evaluate emerging risks from climate change and, where appropriate, to mitigate those risks.

efficiency, renewable energy and mitigation