














Winter Outlook

*Heating season
2012-2013*

Winter outlook: Outline


- Review: How did we do last winter?
- Looking ahead to winter 2012-2013
 - *Market pressure points:
economy, weather, storage & drilling*
 - *Wild card factors*
 - *Winter expectations*
- Summary

Last year's projection: How did we score?

Price Pressure	2011-2012 Estimate	2011-2012 Actual	Last winter's Score
Weather			
Economy			
Overall demand			
Storage			
Supply			
Market Price Pressure			

Market Pressure Points 2012-2013

Economy

Winter season Period-to-period change Data source: Global Insight	Last winter 2011-2012 ACTUAL	This winter 2012-2013 FORECAST
Economy	Strained recovery	Weak momentum
GDP growth	2.2%	1.7%
Unemployment rate	8.5%	8.1%
Manufacturing	4.7%	3.0%
CPI	3.1%	1.4%
Winter-to-winter pressure on natural gas prices		

Weather demand: Winter season

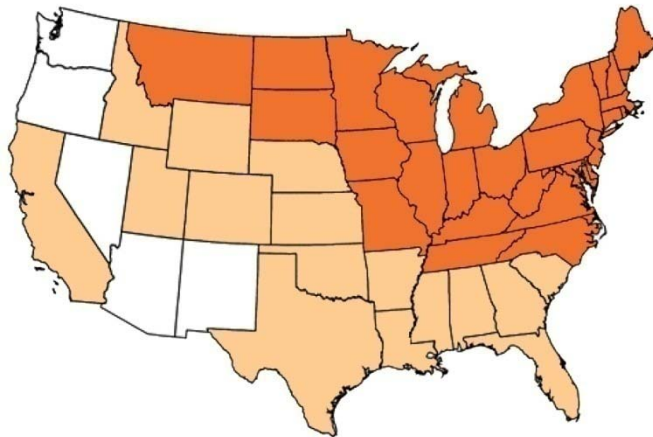
Data source: NOAA, EVA

Last winter Nov.- March

2011-2012
ACTUAL

Actual Season:

Warmest heating season on record (NOAA)
20 % warmer than 30-year average



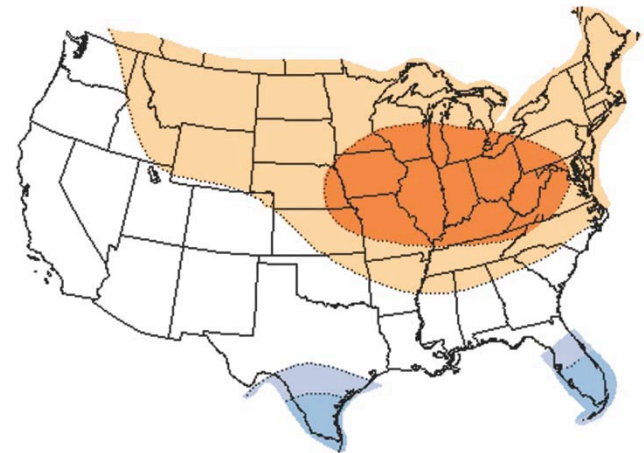
2,964 Heating degree days

This winter

2012-2013
FORECAST

EVA's projection:

Back to "normal"
20% colder than last year



3,544 Heating degree days

Winter-to-winter pressure on natural gas prices



Overall gas demand

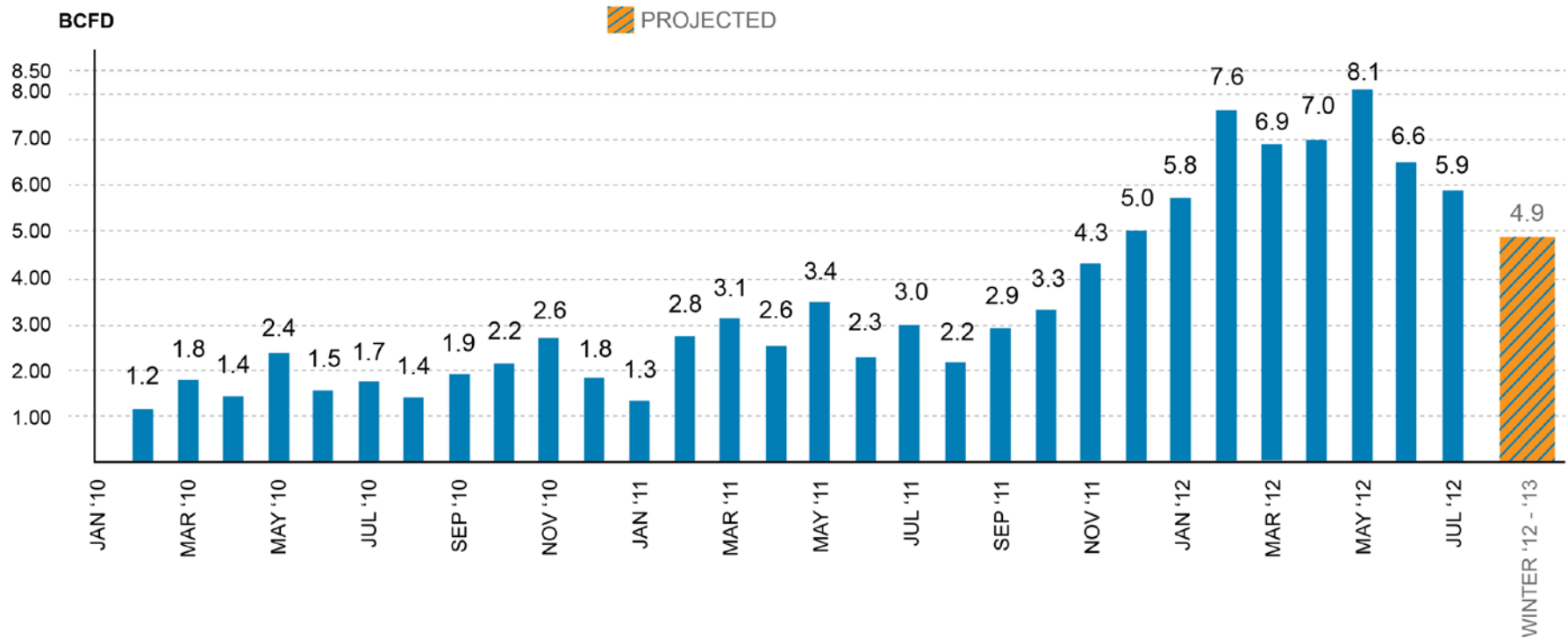
Winter season Period-to-period change <i>Data source: EVA</i>	Last winter 2011-2012 ACTUAL	This winter 2012-2013 FORECAST
Demand	78.0 Bcf/d	83.8 Bcf/d
• Electric	20.6	20.5
• Industrial	19.8	20.3
• Residential/Commercial	31.4	36.4
Growth sector	Electric	Residential/ commercial

Winter-to-winter pressure on
natural gas prices



Coal-to-Gas Switching Trend Continues

Monthly switching to natural gas-fired generation sustained for four years, but less than last winter



Source: Energy Ventures Analysis, 2012


Storage/Supply

Winter season Period-to-period change Data source: ICF	Last winter 2011-2012 ACTUAL	This winter 2012-2013 FORECAST
End of injection season	3,831 Bcf	3,900 Bcf
Percent of average fill (Five-year average)	99%	101%
New storage capacity	60 Bcf	Est. 50 Bcf

Winter-to-winter pressure
on natural gas prices



Production/Supply

Winter season Period-to-period change Data source: ICF	Last winter 2012-2012 ACTUAL	This winter 2012-2013 FORECAST
Annual well completions	13,334	8,990
Winter average production	64.9 Bcf/d	64.8 Bcf/d
Canadian imports	4.5	5.5
LNG imports	0.7	0.7
Mexican exports	1.2	1.1
Winter-to-winter pressure on natural gas prices		

Winter outlook: Wild cards

- Unexpected cold – or warm – snaps
 - Preparedness of Northeast for winter weather events
- Decline in natural gas liquids market
- Higher consumption by power sector

This season's winter outlook

Winter season
Period-to-period change

This winter
2012-2013
FORECAST

Economy



Weather



Overall demand



Storage



Overall supply



Winter-to-winter slight pressure
on natural gas prices



Natural gas spurring 50 major industrial projects 2012-2018

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NEW PROJECTS

17 Petrochemical
10 Steel
1 Fertilizer
1 Gas-to-liquids
*1 LNG

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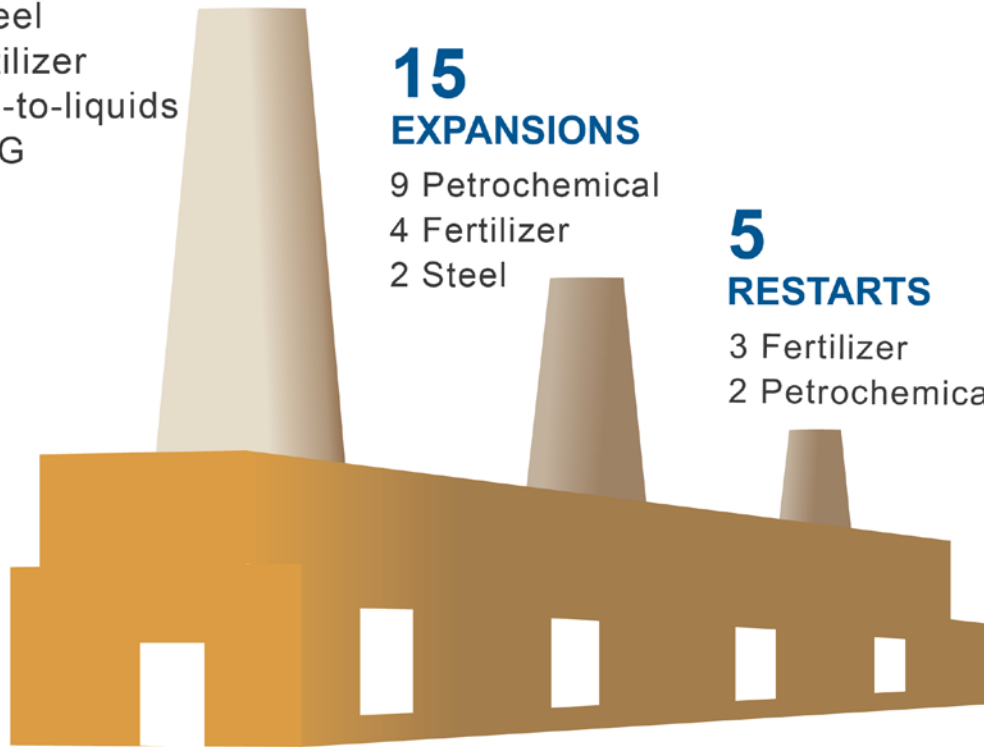
EXPANSIONS

9 Petrochemical
4 Fertilizer
2 Steel

5

RESTARTS

3 Fertilizer
2 Petrochemical



*1 LNG project (Sabine Pass) with DOE/FERC approval

Source: Energy Ventures Analysis, Inc.

Natural gas outlook: **Healthy Long-term**

- Supply diversity brings stability
- Significant coal-to-gas switching
- Ample supply to meet growing demand