

Quarterly Market Report  
News and Tips for Gas South Commercial Customers



Dear Valued GRA Member,

Gas South would like to thank you for your support and business in 2011, and we are excited about 2012. I wanted to take a moment and provide an overlook of the gas market for the upcoming year and some potential opportunities for your business.

Market prices have continued their slide over the last few months. The prompt month NYMEX natural gas contract was trading at \$3.67/dekatherm on October 1st and ended 2011 trading below \$3/dekatherm. In fact, the February 2012 NYMEX natural gas futures contract settlement at \$2.99/dekatherm on December 31st was the lowest mid-winter prompt month settlement since 2002.

The three key market fundamentals of mild December temperatures, record storage inventories, and abundant production have weighed heavily on prices. With 452 heating degree days recorded, December 2011 was the second warmest Atlanta December in the past 20 years. Mild temperatures throughout the country have depressed storage withdrawals, and the Energy Information Administration reports that storage inventory levels are running at a record surplus of 458 Bcf over the five-year average. And while the natural gas rig count has come down over the last three months, production rates still outpace demand amidst drilling efficiency improvements and sustained drilling in liquids-rich shale reservoirs where prices for natural gas liquids are more closely linked to crude oil.

As we look forward to 2012, Gas South remains committed to the partners, customers and industries we serve. We realize that our gas fuels your business and that your business fuels our growth. Thank you again for a great 2011.

Sincerely

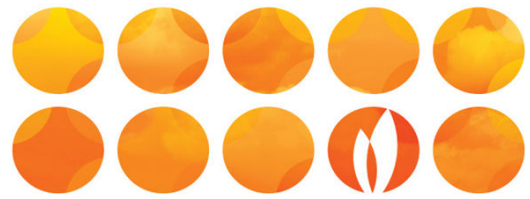
A handwritten signature in cursive script that reads "Chris Coan".

Chris Coan  
GM Business and Government Markets  
Gas South

Contact Us: Phone 1-866-426-2491 [Email: largebusiness@gas-south.com](mailto:largebusiness@gas-south.com)

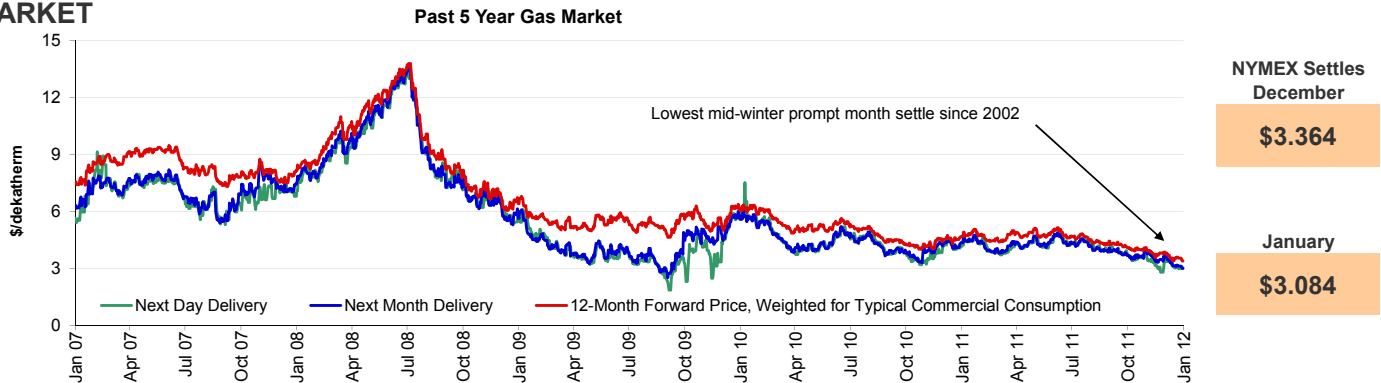
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# Monthly Market Report

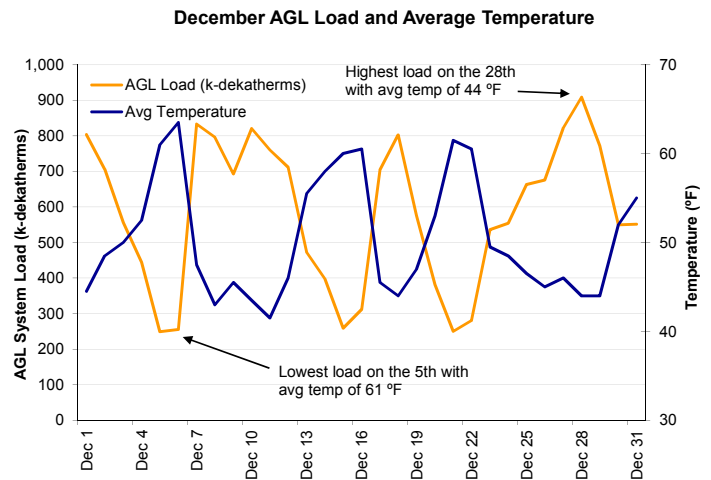
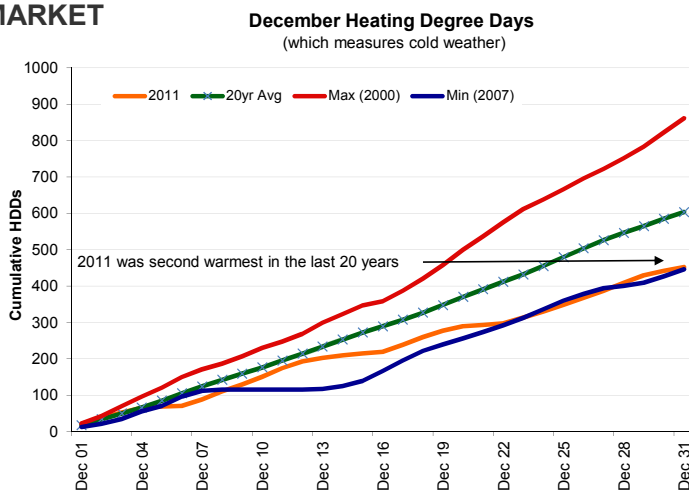


## News & Tips for Gas South Commercial Customers

### MARKET



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Natural Gas prices decreased in December 2011; the January contract expired at \$3.08/dekatherm.  
December was warmer than average in Atlanta, finishing with 452 HDDs, the second warmest in the last 20 years.

### SALES UPDATE

#### Take Advantage of the New Year

Please take note of some products that Gas South offers which could help your company take advantage of this dynamic market.

- **Blend and Extend** - If you are on a fixed rate you have the ability to extend your contract and take advantage of the current market conditions and blend the savings into your current rate.
- **Price Watch** - You tell us what fixed price you would be happy with, and we watch the market and lock in that rate if the market dips.
- **NYMEX with a Cap** - You float with the NYMEX prices but we cap your price so that a run up in NYMEX will not hurt your business.
- **Multiple Trigger Options** - To go from a NYMEX to a fixed rate.

If you have any questions, contact Gas South's Account Management Team to learn more about the unique products and services we offer to our commercial customers.



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