



HORNSBY & COMPANY, INC.

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Energy Risk  
Management Services

**HIGHLY CONFIDENTIAL**

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**WEEKLY STORAGE REVIEW**

The DOE released the latest weekly natural gas working storage data, reporting an 82 bcf increase from the previous week, which had no revisions. Working storage totaled 1,823 bcf as of Friday, April 24. The details are provided below:

<b>Region</b>	<b>Current Week Stocks (bcf)</b>	<b>Prior Week Stocks (bcf)</b>	<b>Net Change (bcf)</b>	<b>Year Ago Stocks (bcf)</b>
East	710	668	42	644
West	308	294	14	187
Producing	805	779	26	527
Total Lower 48	1,823	1,741	82	1,359

The latest data once again came in on the bearish side of consensus expectations, and as such the NYMEX is weakening further, with as of yet no sign of bottoming out, despite less pessimism on the economy and with WTI remaining in its broad range of the last several weeks. As we discussed this morning, we are finalizing our updated gas balances for 2009, and embracing the latest data we see no reason to revise our current thinking, which suggests a larger forecast net storage build for 2009 than previously expected by some 55 bcf. More importantly, however, we also have been compelled to increase our anticipated peak “overage” versus last year which is now expected to reach some 525 bcf by the end of May, compared to last week’s “overage” of 464 bcf. Thereafter, however, our numbers still suggest an improving balance through the combination of lower production and stabilizing manufacturing activity, despite higher LNG imports in the second half of the year from current levels. For 2009 as a whole, we now anticipate a net build in working storage of about 185 bcf.

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