



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 a 65 bcf increase from the previous week, which had no revisions. Working storage totaled 1,436 bcf as of Friday, May 2. The details are provided below:

Region	Current Week Stocks (bcf)	Prior Week Stocks (bcf)	Net Change (bcf)	Year Ago Stocks (bcf)
East	690	652	38	760
West	197	188	9	272
Producing	549	531	18	688
Total Lower 48	1,436	1,371	65	1,720

Assuming an even daily build for the week ending May 2, the latest working storage data would imply an end-April position of some 1.417 tcf, compared to our Base Case of about 1.37 tcf. Although at this point we are not inclined to materially revise our end-second quarter target of around 2.14 tcf, we will reserve final judgment pending completion of our updated natural gas balances and regular monthly report. At this point we have seen nothing in the numbers that would lead to a major revision one way or another, however, with manufacturing activity remaining broadly on track and consistent with our outlook for industrial sector natural gas demand. On the supply side, higher domestic production is being partially offset by lower LNG imports.

With regard to price, our final thoughts are also reserved for our discussion in our regular monthly report, and under our Base Case assumptions that WTI will average \$115.00 per barrel for the second quarter and about \$101.00 per barrel for the year, our forecast prompt NYMEX/Henry Hub average will likely be revised up to a degree from our current \$8.60 per mmBtu, but most likely remain under \$10.00 per mmBtu.

Information contained herein is believed to be reliable but its accuracy cannot be guaranteed. Past performance is not indicative of future results and the risk of loss is substantial in futures trading. Hornsby & Company, Inc. and W.H. Brown may, from time to time, have positions in the futures market relative to these recommendations.