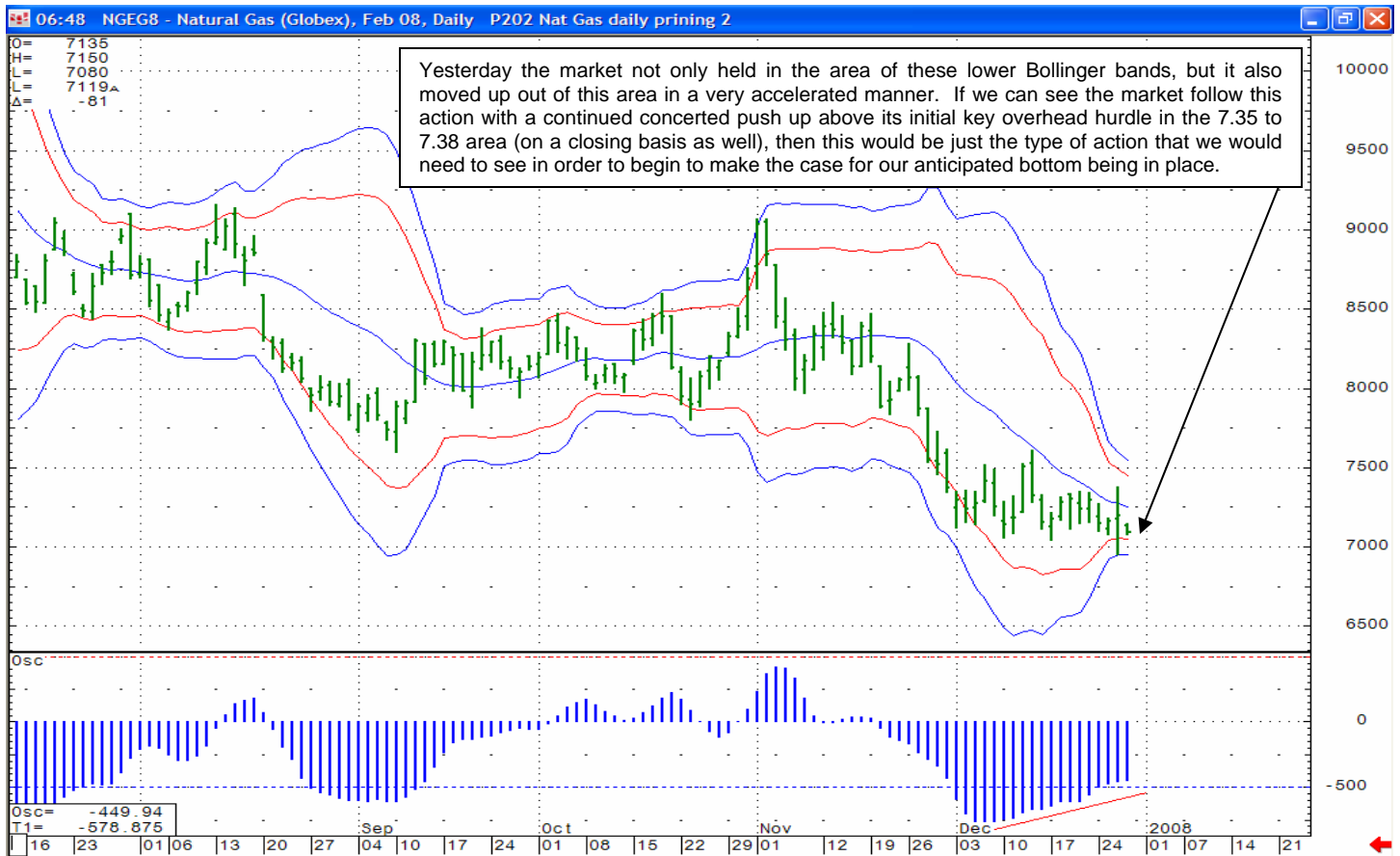


**Nat Gas Summary for 12/28/07:** In looking at the Feb contract today we see that yesterday's action did carry the market down to test the broad cluster of support in the 6.95 to 6.64 area. And the market not only held at the upper end of this band of support during this process, but it then was also able to move up out of this area in a very accelerated manner. Given that this action occurred as the Jan contract was going off of the board, and during the lighter volume typically experienced during the end of the year, we will need to see the market be able to hold onto these gains (and not give them back in an equally accelerated manner) in the ensuing days in order to verify its significance. In addition we have not yet seen the market be able to clear its first key short term hurdle in the 7.35 to 7.38 area. If the market were to be able to clear this initial hurdle in a continued accelerated manner (as well as on a closing basis) in rather short order, then we would expect this to bring about a substantial bout of aggressive short covering action (especially on the part of the funds), which could give us a good start on making the case for an intermediate term bottom being in place.

**Support:** 7.115 7.04 6.95 6.84 6.76 6.69 **Resistance:** 7.35-7.38 7.60 7.76 7.80



**Technical Discussion:** The market has to this point remained held in check on the downside by the cluster of support in the 6.95 to 6.64 area as anticipated. The question now is whether we are going to see a continuation of this base building process, or if we are going to see the market to move up out of this area in the type of impulsive manner that will begin to make the case for our anticipated bottom being put in place? Yesterday's explosive action may have been the beginning of such a process, but we will need to see some subsequent evidence in order to gain more confidence in this possibility.

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