

Goodrich Petroleum Corp.

(GDP:NYSE)

Outperform 2

Headquartered in Houston, Texas, Goodrich Petroleum Corp. is an independent exploration and production company that drills for, develops, and produces natural gas and crude oil primarily in the Cotton Valley Trend in east Texas and north Louisiana. At year-end 2007, the company had proved reserves of 358 Bcfe, of which 97% was gas and 31% was developed.

GDP: Growth on Full Throttle; Raising Target Price to \$50

- ◆ Goodrich reported earnings of \$0.03 (clean), after adjusting for an unrealized derivative loss. This was higher than our estimate of \$(0.03) and consensus estimate of \$(0.08). The beat on our model was due primarily to higher pricing and an encouraging beat on production volumes. On EBITDA, the company beat our estimate by a wide 23% and on operating cash flow by a whopping 38%!
- ◆ Production during 1Q08 averaged 57.9 MMcfe/d (15% organic sequential growth), above guidance of 55-57 MMcfe/d and about 5% higher than our estimate. For 2Q08, Goodrich has guided to volumes of 61-63 MMcfe/d, which compares well with our 59 MMcfe/d estimate. On the cost side, LOE came in-line with our estimate (at \$1.35/Mcfe) and at the midpoint of guidance of \$1.25-1.45/Mcfe. Salt water disposal facilities should continue to reduce unit LOE going forward, especially during the back half of the year as facilities are brought online at North Minden field and at the Cotton South prospect in the Angelina River trend.
- ◆ The operational update provided this quarter was relatively light, as a number of meaningful drilling projects are currently in progress (timeline discussed on page 2). In particular, the company will have results from its second horizontal well at Bethany-Longstreet in roughly a month and its second vertical Haynesville shale well in about two months. Overall, Goodrich completed 35 wells during the quarter with an average initial production (IP) rate of 2.2 MMcfe/d, which is about 20% higher than the historical average.
- ◆ Given Goodrich's impressive growth momentum (average 12.5% organic growth each of the past three quarters) and upside during the quarter, we believe Goodrich still has significant upside from these levels. To adjust for revised pricing assumptions and modestly higher volumes, we are increasing estimates, as shown below. We are also raising our target price to \$50, based on a total company NAV of ~\$50 which includes a heavily-risked value for traditional Cotton Valley acreage and Haynesville shale potential. We reiterate our **Outperform** rating.

| Non-GAAP | | | | | | | GAAP EPS |
|------------------|--------------|-------------|-------------|---------------|-------------|---------------|----------|
| EPS | Q1 | Q2 | Q3 | Q4 | Full | Full | |
| FY= Dec | Mar | Jun | Sep | Dec | Year | Year | |
| 2007A | \$(0.05) | \$(0.19) | \$(0.21) | \$(0.43) | \$(0.90) | \$(1.75) | |
| Old 2008E | (0.03) | (0.02) | (0.02) | 0.05 | (0.03) | NA | |
| New 2008E | 0.03A | 0.03 | 0.01 | (0.01) | 0.06 | (0.72) | |
| Old 2009E | 0.07 | 0.08 | 0.09 | 0.10 | 0.34 | NA | |
| New 2009E | 0.08 | 0.08 | 0.09 | 0.10 | 0.35 | 0.35 | |

Rows may not add due to rounding. Non-GAAP EPS excludes unrealized hedging losses, property impairments, and other extraordinary items.

Please read disclosure/risk information on page 5 and Analyst Certification on page 7.

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EQUITY RESEARCH

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Exploration and Production
Company Comment

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Current Price
 (5/8/2008) \$37.60
 Projected 12-Month Target Price:
Old: \$34.00 **New:** \$50.00

52-Week Range \$41.14-\$16.63
 Dividend/Yield \$0.00/0.0%
 Book Value (03/08) \$4.59
 Suitability Aggressive Growth

Shares Out. (mil.) 33.3
 Market Cap. (mil.) \$1252
 Avg. Daily Vol. (10 day) 1,078,910

Proj. 3-Yr EPS Growth Rate NM
 Proved NAV/Share \$21.33
 LT Debt (mil.)/% Cap. \$284/52%

P/E Ratios (Non-GAAP)
 2008E NM
 2009E NM

Revenues (mil.)

| | Old | New |
|-------|-------|-------|
| 2007A | \$121 | \$121 |
| 2008E | \$179 | \$201 |
| 2009E | \$237 | \$251 |

Cash Flow/Share

| | Old | New |
|-------|--------|--------|
| 2007A | \$3.86 | \$3.86 |
| 2008E | \$2.87 | \$4.60 |
| 2009E | \$4.00 | \$4.80 |

EBITDAX

| | Old | New |
|-------|-------|-------|
| 2007A | \$69 | \$69 |
| 2008E | \$115 | \$136 |
| 2009E | \$165 | \$181 |

Key Operational Highlights

Bethany-Longstreet (18,800 net acres): Goodrich is currently completing the horizontal Champe Graham 5H, its second horizontal well in the field targeting the Davis sand. This well is an offset to the first successful horizontal test at Bethany-Longstreet, the Champe Graham 3H, which flowed at an initial production (IP) rate of 4 MMcfe/d. Goodrich is looking for similar results from the Champe Graham 5H, which should have results in about 30 days.

Goodrich is also drilling its second vertical pilot targeting the **Haynesville shale** (the Clarence Brown #1 well). The first vertical well, the James Cook, encountered 220 net feet of thickness and encouraging gas shows. The well was completed in the vertical section at a little over 1 MMcfe/d. The Clarence well should have results in about 60 days. Ongoing plans for the full year include a handful of vertical tests (likely 5-6) across Bethany-Longstreet and Longwood fields before selecting a horizontal location, which will be drilled by the end of the third quarter. Currently, Goodrich has about 25,000 net acres prospective to the Haynesville in North Louisiana. Based on estimates made by peers in the play, Goodrich's leasehold in the play could have 1 Tcfe of reserve potential.

The Haynesville lies about 1,000-1,500 feet under the Cotton Valley formation. To drill deeper and complete the formation with a vertical test, Goodrich estimates an incremental \$400,000-500,000 relative to a traditional Cotton Valley well, although management noted that some peers had come in lower than this. An added \$500,000 in cost and 0.25 Bcfe additional recovery implies attractive F&D cost of \$2.00/Mcfe. Horizontal wells are an estimated \$5.5-6.5 million, with many peers guiding to reserve recovery estimates of 3-5 Bcfe/well.

Longwood Field, Caddo Parish (6,900 net acres) is also prospective to the Haynesville (given its proximity to and some structural consistency with Bethany-Longstreet). Goodrich plans to re-enter an existing vertical and drill two standalone vertical wells down to the Haynesville by year-end. The first standalone vertical should spud within 90 days.

Angelina River Trend (40,500 net acres): Goodrich is currently completing its sixth James Lime horizontal on the Cotton Prospect, where it has seen the best results from the formation. The Henderson 1H well was drilled to a lateral length of 4,000' and will be frac'd in about 45 days. The company also has a 40% non-operated interest in another James Lime well at Cotton that is drilling. Excluding a non-operated well, the USA LB #1, which encountered mechanical difficulties, Goodrich's well results at the Cotton prospect to date have been very encouraging (average 7 MMcfe/d IP):

- Middlebrook 1-H, 40% non-operated working interest: 6.9 MMcfe/d IP
- Wilson 4-H, 72% operated working interest: 6.8 MMcfe/d IP with a peak rate of 14.3 MMcfe/d
- LB Mast 1-H, 57% operated working interest: 8 MMcfe/d IP

This quarter, Goodrich will spud its first James Lime well at the Cotton South prospect, which is located near an encouraging offset well drilled by a competitor. In total, the company still expects to drill 10-15 James Lime wells this year.

Possible Package for Sale: South Henderson. South Henderson is a one-off field on the westernmost part of Goodrich's Cotton Valley acreage. While the area still has a good amount of upside, the company will likely focus on its contiguous acreage to the east of these properties, at Beckville-Minden, the Angelina River trend, and North Louisiana (Longwood and Bethany-Longstreet). The South Henderson properties comprised 30 Bcfe at year-end 2007 and have about 92 Bcfe of probable reserves. The field also has 20-acre spacing potential, and management has noted that the area is in high demand. Of course, no definite decision has been made to sell the properties, but these would likely be the first to go, and we estimate the company could get proceeds of around \$80-90 million.

Revised NAV and Stock Upside: To highlight the upside for Goodrich, we note that our ~\$50 total NAV is based on proved reserves as of year-end 2007 in addition to heavily-risked values for each Cotton Valley region (detailed in the following chart). Note that this includes no value for Bethany-Longstreet horizontals, downspacing in areas outside of Beckville and South Minden, Travis Peak wells outside of Cotton South and Allentown, and James Lime horizontals outside of Cotton and Allentown in the Angelina River trend. For the Haynesville, we risk the company's 25,000 net acres by 50%, and assume 3.5 Bcfe/well on 60-acre spacing, which is what many peers are using as parameters (based on a number of data points).

| Goodrich Petroleum Corporation | | | | |
|---|----------------------|--------------------|---------------------|------------------|
| NAV Analysis | | | | |
| <i>(\$ in thousands, except per unit data)</i> | | | | |
| Proved NAV | MMcfe | \$/Mcf | Value | \$/ Share |
| Proved Reserves - Pre-Tax PV10 (1) | 357,790 | \$ 3.26 | \$ 1,166,392 | \$ 36.45 |
| Net Hedging Assets (Liabilities) | | | (25,377) | (0.79) |
| Proved Reserve Sub-Total | 357,790 | \$ 3.19 | \$ 1,141,015 | \$ 35.66 |
| Current Assets (2) | | | 31,257 | 0.98 |
| Current Liabilities (2) | | | (93,170) | (2.91) |
| Long-Term Debt & Other Liabilities (2)(3) | | | (284,000) | (8.88) |
| Preferred Stock (Liquidation Value) | | | (112,500) | (3.52) |
| Proved Net Asset Value (4) | | | \$ 682,602 | \$ 21.33 |
| Fully Diluted Shares Outstanding | | | 32,000 | |
| Proved NAV / Share | | | \$ 21.33 | |
| Total Company NAV | | | Value | \$/ Share |
| Total Unproved Reserves (5) | CVT Inventory | Haynesville | | |
| Net Unrisked Reserve Potential | 1,359,000 | 1,166,667 | | |
| Prospective Acreage | 50% | 50% | | |
| Value (\$/Mcf) | \$ 0.50 | \$ 1.00 | | |
| Net Risked Reserve Potential (\$) | \$ 340,090 | \$ 583,333 | 923,423 | \$ 28.86 |
| Total Company Net Asset Value (4) | | | \$ 1,606,025 | \$ 50.19 |
| (1) Assumes RJ&A published forecasts | | | | |
| (2) Excludes hedging assets and liabilities, which are incorporated in asset value above | | | | |
| (3) Excludes deferred tax liability | | | | |
| (4) Comparable to Equity Value | | | | |
| (5) Ascribes value to current probable and possible reserves | | | | |
| *20 acre spacing on vertical wells at Beckville and Southeast Minden only | | | | |
| *40 acre spacing on vertical wells at Bethany-Longstreet and S. Henderson only | | | | |
| *60 acre spacing for Travis Peak wells at Cotton South and Bethune prospects (verticals) | | | | |
| *160 acre spacing on James Lime horizontals on Cotton and Allentown prospects only (Angelina River) | | | | |

Source: Goodrich and RJ Estimates.

Financial Model

| Goodrich Petroleum Corporation | | | | | | | | | | | |
|---|--------------------|--------------------|------------------|-------------------|-------------------|--------------------|------------------|------------------|------------------|------------------|-------------------|
| <i>(\$ in thousands, except unit data)</i> | | | | | | | | | | | |
| Pricing & Production | 2007 | Q108 | Q208E | Q308E | Q408E | 2008E | Q109E | Q209E | Q309E | Q409E | 2009E |
| Commodity Price Forecast | | | | | | | | | | | |
| Gas - Henry Hub (\$ / MMBtu) | \$ 6.86 | \$ 8.05 | \$ 9.00 | \$ 8.00 | \$ 7.00 | \$ 8.01 | \$ 7.00 | \$ 7.00 | \$ 7.00 | \$ 7.00 | \$ 7.00 |
| Oil - WTI (\$ / bbl) | \$ 69.70 | \$ 93.70 | \$ 100.00 | \$ 100.00 | \$ 105.00 | \$ 99.68 | \$ 110.00 | \$ 110.00 | \$ 110.00 | \$ 110.00 | \$ 110.00 |
| Average Price Differential (Historical: Net of Hedges) | | | | | | | | | | | |
| Gas - (\$ / Mcf) | \$ 0.12 | \$ 0.39 | \$ - | \$ 0.08 | \$ 0.14 | \$ 0.15 | \$ 0.14 | \$ 0.14 | \$ 0.14 | \$ 0.14 | \$ 0.14 |
| Oil - WTI (\$ / bbl) | \$ (4.63) | \$ 2.45 | \$ - | \$ - | \$ - | \$ 0.61 | \$ (1.10) | \$ (1.10) | \$ (1.10) | \$ (1.10) | \$ (1.10) |
| Company Realizations (Net of Hedges) | | | | | | | | | | | |
| Gas - (\$ / Mcf) | \$ 6.97 | \$ 8.51 | \$ 8.63 | \$ 8.26 | \$ 7.89 | \$ 8.31 | \$ 8.15 | \$ 8.08 | \$ 8.02 | \$ 7.95 | \$ 8.04 |
| Oil - WTI (\$ / bbl) | \$ 66.34 | \$ 96.15 | \$ 100.00 | \$ 100.00 | \$ 104.99 | \$ 100.33 | \$ 108.90 | \$ 108.91 | \$ 108.90 | \$ 108.91 | \$ 108.91 |
| Production | | | | | | | | | | | |
| Gas (MMcf) | 15,280 | 5,033 | 5,385 | 5,771 | 6,060 | 22,249 | 6,373 | 6,927 | 7,528 | 8,093 | 28,920 |
| Oil & Liquids (Mbbbls) | 118 | 39 | 39 | 40 | 41 | 159 | 40 | 41 | 42 | 42 | 165 |
| Total (MMcfe) | 15,991 | 5,267 | 5,622 | 6,012 | 6,303 | 23,205 | 6,613 | 7,173 | 7,779 | 8,346 | 29,911 |
| Gas (MMcf/d) | 41.9 | 55.3 | 59.2 | 62.7 | 65.9 | 60.8 | 70.8 | 76.1 | 81.8 | 88.0 | 79.2 |
| Oil & Liquids (Mbbbls/d) | 0.3 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.5 | 0.5 | 0.5 | 0.5 |
| Total (MMcfe/d) | 43.8 | 57.9 | 61.8 | 65.4 | 68.5 | 63.4 | 73.5 | 78.8 | 84.6 | 90.7 | 81.9 |
| % Gas | 95.6% | 95.6% | 95.8% | 96.0% | 96.1% | 95.9% | 96.4% | 96.6% | 96.8% | 97.0% | 96.7% |
| Sequential Change | | 14.7% | 6.7% | 5.8% | 4.8% | | 7.2% | 7.3% | 7.3% | 7.3% | |
| Yr / Yr Change | 0.9% | 55.4% | 51.2% | 40.4% | 35.8% | 44.7% | 27.0% | 27.6% | 29.4% | 32.4% | 29.3% |
| Unit Operating Statistics (\$ / Mcfe) | | | | | | | | | | | |
| Revenue | \$ 7.55 | \$ 8.87 | \$ 8.96 | \$ 8.60 | \$ 8.26 | \$ 8.66 | \$ 8.52 | \$ 8.43 | \$ 8.34 | \$ 8.26 | \$ 8.38 |
| Operating Costs | 1.92 | 1.94 | 1.93 | 1.81 | 1.69 | 1.84 | 1.54 | 1.53 | 1.53 | 1.52 | 1.53 |
| DD&A | 4.99 | 4.76 | 4.75 | 4.65 | 4.60 | 4.69 | 4.32 | 4.32 | 4.32 | 4.32 | 4.32 |
| Exploration Expense | 0.46 | 0.38 | 0.36 | 0.33 | 0.32 | 0.34 | 0.26 | 0.24 | 0.22 | 0.21 | 0.23 |
| G&A | 1.31 | 1.03 | 0.98 | 0.91 | 0.87 | 0.95 | 0.91 | 0.84 | 0.77 | 0.72 | 0.80 |
| Cash Taxes | - | - | - | - | - | - | - | - | - | - | - |
| Operating Income | \$ (1.12) | \$ 0.75 | \$ 0.95 | \$ 0.89 | \$ 0.78 | \$ 0.84 | \$ 1.48 | \$ 1.49 | \$ 1.50 | \$ 1.49 | \$ 1.49 |
| Income Statement | | | | | | | | | | | |
| Revenues | | | | | | | | | | | |
| Oil & Gas Revenues, Net of Hedging | \$ 120,794 | \$ 46,720 | \$ 50,395 | \$ 51,701 | \$ 52,091 | \$ 200,907 | \$ 56,315 | \$ 60,436 | \$ 64,895 | \$ 68,972 | \$ 250,618 |
| Other Revenues | - | - | - | - | - | - | - | - | - | - | - |
| Total Revenue | \$ 120,794 | \$ 46,720 | \$ 50,395 | \$ 51,701 | \$ 52,091 | \$ 200,907 | \$ 56,315 | \$ 60,436 | \$ 64,895 | \$ 68,972 | \$ 250,618 |
| Expenses | | | | | | | | | | | |
| Operating Costs | \$ 30,701 | \$ 10,222 | \$ 10,876 | \$ 10,870 | \$ 10,675 | \$ 42,643 | \$ 10,175 | \$ 10,996 | \$ 11,882 | \$ 12,702 | \$ 45,755 |
| DD&A | 79,766 | 25,085 | 26,703 | 27,958 | 28,996 | 108,742 | 28,570 | 30,986 | 33,606 | 36,056 | 129,218 |
| Exploration Expense | 7,346 | 2,003 | 2,000 | 2,000 | 2,000 | 8,003 | 1,750 | 1,750 | 1,750 | 1,750 | 7,000 |
| G&A | 20,888 | 5,440 | 5,500 | 5,500 | 5,500 | 21,940 | 6,000 | 6,000 | 6,000 | 6,000 | 24,000 |
| Other | - | - | - | - | - | - | - | - | - | - | - |
| Operating Income | \$ (17,907) | \$ 3,970 | \$ 5,316 | \$ 5,373 | \$ 4,920 | \$ 19,579 | \$ 9,820 | \$ 10,704 | \$ 11,657 | \$ 12,464 | \$ 44,645 |
| Other Income (Expense) | | | | | | | | | | | |
| Other Income (Expense) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interest Expense | (11,870) | (3,783) | (4,025) | (4,717) | (5,387) | (17,912) | (5,893) | (6,534) | (7,140) | (7,621) | (27,188) |
| Unrealized Gain (Loss) on Derivatives | (15,928) | (24,854) | - | - | - | (24,854) | - | - | - | - | - |
| Settlements/Asset Sales Gain (Loss) | (161) | - | - | - | - | - | - | - | - | - | - |
| Cum. Effect of Act. Prin. Chg., Net of Tax | - | - | - | - | - | - | - | - | - | - | - |
| Income (Loss) Before Taxes | \$ (45,866) | \$ (24,667) | \$ 1,291 | \$ 656 | \$ (467) | \$ (23,187) | \$ 3,927 | \$ 4,170 | \$ 4,517 | \$ 4,843 | \$ 17,457 |
| Current Income Taxes | - | - | - | - | - | - | - | - | - | - | - |
| Deferred Income Taxes | (3,034) | - | (452) | (230) | 163 | (519) | (1,374) | (1,460) | (1,581) | (1,695) | (6,110) |
| Net Income (Loss) | \$ (48,900) | \$ (24,667) | \$ 839 | \$ 426 | \$ (304) | \$ (23,706) | \$ 2,553 | \$ 2,710 | \$ 2,936 | \$ 3,148 | \$ 11,347 |
| Discontinued Ops, Net of Tax | \$ 11,630 | \$ 785 | \$ - | \$ - | \$ - | \$ 785 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Preferred Dividends | (6,047) | (1,512) | (1,512) | (1,512) | (1,512) | (6,048) | (1,512) | (1,512) | (1,512) | (1,512) | (6,048) |
| Net Income (Loss) to Common | \$ (43,317) | \$ (25,394) | \$ (673) | \$ (1,086) | \$ (1,816) | \$ (28,969) | \$ 1,041 | \$ 1,198 | \$ 1,424 | \$ 1,636 | \$ 5,299 |
| Non-Operating Adjustments | | | | | | | | | | | |
| Impairment / Provisions | 12,390 | 24,854 | - | - | - | 24,854 | - | - | - | - | - |
| Other Non-Recurring (Gains) Losses | 16,372 | - | - | - | - | - | - | - | - | - | - |
| Tax Adjustment | (6,945) | - | - | - | - | - | - | - | - | - | - |
| Operating Earnings | (21,500) | (540) | (673) | (1,086) | (1,816) | (4,115) | 1,041 | 1,198 | 1,424 | 1,636 | 5,299 |
| Weighted Average Basic Shares | 25,575 | 31,705 | 32,000 | 32,000 | 32,000 | 31,926 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 |
| Weighted Average Fully Diluted Shares | 25,711 | 31,705 | 32,000 | 32,000 | 32,000 | 31,926 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 |
| Earnings (Loss) / Share | | | | | | | | | | | |
| Basic | \$ (2.00) | \$ (0.80) | \$ (0.02) | \$ (0.03) | \$ (0.06) | \$ (0.91) | \$ 0.03 | \$ 0.04 | \$ 0.04 | \$ 0.05 | \$ 0.17 |
| Reported Fully Diluted | \$ (1.75) | \$ (0.75) | \$ 0.03 | \$ 0.01 | \$ (0.01) | \$ (0.72) | \$ 0.08 | \$ 0.08 | \$ 0.09 | \$ 0.10 | \$ 0.35 |
| Operating Fully Diluted | \$ (0.90) | \$ 0.03 | \$ 0.03 | \$ 0.01 | \$ (0.01) | \$ 0.06 | \$ 0.08 | \$ 0.08 | \$ 0.09 | \$ 0.10 | \$ 0.35 |
| Operating CFPS | \$ 3.86 | \$ 1.76 | \$ 0.94 | \$ 0.96 | \$ 0.95 | \$ 4.60 | \$ 1.07 | \$ 1.15 | \$ 1.25 | \$ 1.33 | \$ 4.80 |
| EBITDAX | 69,205 | 31,058 | 34,019 | 35,331 | 35,916 | 136,324 | 40,140 | 43,440 | 47,013 | 50,270 | 180,863 |

Important Investor Disclosures

The common stock of Goodrich Petroleum Corp. currently has an **Outperform** rating within our four-tiered rating system. Definitions of our ratings follow:

- Strong Buy (SB1)** Expected to appreciate and produce a total return of at least 15% and outperform the S&P 500 over the next six months. For higher yielding and more conservative equities, such as REITs and certain MLPs, a total return of at least 15% is expected to be realized over the next 12 months.
- Outperform (MO2)** Expected to appreciate and outperform the S&P 500 over the next 12 months. For higher yielding and more conservative equities, such as REITs and certain MLPs, an Outperform rating is used for securities where we are comfortable with the relative safety of the dividend and expect a total return modestly exceeding the dividend yield over the next 12 months.
- Market Perform (MP3)** Expected to perform generally in line with the S&P 500 over the next 12 months and is potentially a source of funds for more highly rated securities.
- Underperform (MU4)** Expected to underperform the S&P 500 or its sector over the next six to 12 months and should be sold.

Out of approximately 675 rated stocks in the Raymond James coverage universe, 56% have Strong Buy or Outperform ratings (Buy), 38% are rated Market Perform (Hold) and 6% are rated Underperform (Sell). Within those rating categories, 30% of the Strong Buy- or Outperform (Buy) rated companies either currently are or have been Raymond James Investment Banking clients within the past three years; 18% of the Market Perform (Hold) rated companies are or have been clients and 7% of the Underperform (Sell) rated companies are or have been clients.

Suitability ratings are not assigned to stocks rated Underperform (Sell). Projected 12-month price targets are assigned only to stocks rated Strong Buy or Outperform.

Suitability Categories (SR)

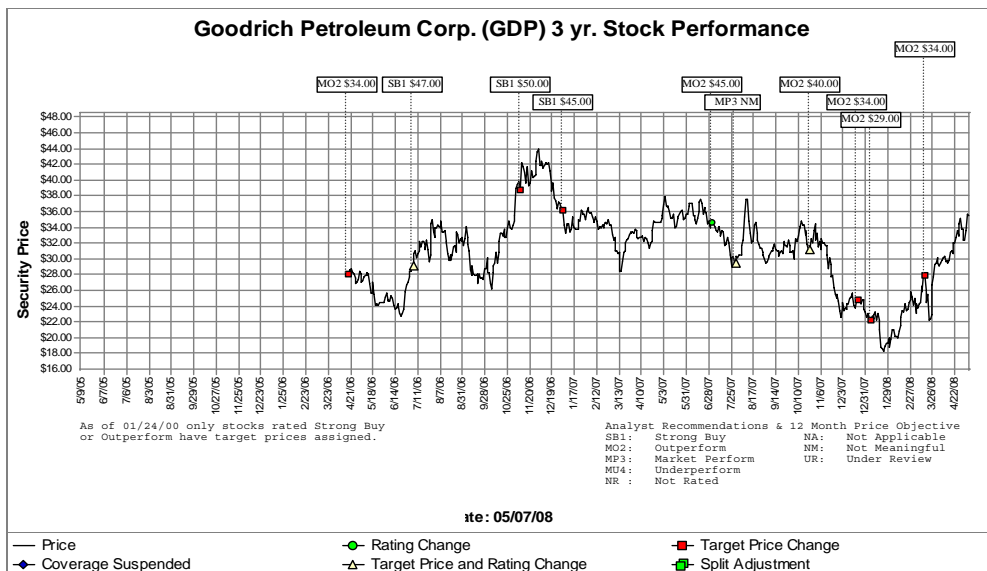
- Total Return (TR)** Lower risk equities possessing dividend yields above that of the S&P 500 and greater stability of principal.
- Growth (G)** Low to average risk equities with sound financials, more consistent earnings growth, possibly a small dividend, and the potential for long-term price appreciation.
- Aggressive Growth (AG)** Medium or higher risk equities of companies in fast growing and competitive industries, with less predictable earnings and acceptable, but possibly more leveraged balance sheets.
- High Risk (HR)** Companies with less predictable earnings (or losses), rapidly changing market dynamics, financial and competitive issues, higher price volatility (beta), and risk of principal.
- Venture Risk (VR)** Companies with a short or unprofitable operating history, limited or less predictable revenues, very high risk associated with success, and a substantial risk of principal.

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Raymond James Relationships: RJA expects to receive or intends to seek compensation for investment banking services from the subject companies in the next three months.

| Company Name | Disclosure |
|--------------------------|---|
| Goodrich Petroleum Corp. | Raymond James & Associates co-managed a follow-on offering of 6.4 million GDP shares at \$23.50 per share in December 2007. |

Target Prices: The information below indicates our target price and rating changes for GDP stock over the past three years.



| Update Date | Closing Price | Target Price | Rating |
|-------------|---------------|--------------|--------|
| 3/14/08 | 27.86 | 34.00 | 2 |
| 1/7/08 | 22.19 | 29.00 | 2 |
| 12/19/07 | 24.80 | 34.00 | 2 |
| 10/24/07 | 31.19 | 40.00 | 2 |
| 7/30/07 | 29.50 | NM | 3 |
| 7/2/07 | 34.63 | 45.00 | 2 |
| 1/3/07 | 36.18 | 45.00 | 1 |
| 11/8/06 | 38.71 | 50.00 | 1 |
| 7/5/06 | 29.08 | 47.00 | 1 |
| 4/19/06 | 28.12 | 34.00 | 2 |

Valuation Methodology: The Raymond James methodology for assigning ratings and target prices includes a number of qualitative and quantitative factors including an assessment of industry size, structure, business trends and overall attractiveness; management effectiveness; competition; visibility; financial condition, and expected total return, among other factors. These factors are subject to change depending on overall economic conditions or industry- or company-specific occurrences. For Goodrich Petroleum Corp., our valuation methodology focuses primarily on enterprise value to prior-year proved reserves, enterprise value to forward EBITDA multiple, and price to proved net asset value per share. We also consider these valuation metrics in relation to the company's peer group. We believe these valuation metrics are useful when considered in conjunction with the company's debt to book capitalization ratio, reserves to production ratio (i.e., reserve life), and our assessments of the company's risk profile, drilling inventory depth, production growth profile, and forward-looking production growth per debt-adjusted share. Our analysis often requires us to estimate the company's capital structure at certain future dates. We calculate the 12-month target price based on an enterprise value to forward EBITDAX multiple.

General Risk Factors: Following are some general risk factors that pertain to the projected 12-month target prices included on our research for stocks rated Strong Buy or Outperform: (1) Industry fundamentals with respect to customer demand or product / service pricing could change and adversely impact expected revenues and earnings; (2) Issues relating to major competitors or market shares or new product expectations could change investor attitudes toward the sector or this stock; (3) Unforeseen developments with respect to the management, financial condition or accounting policies or practices could alter the prospective valuation; or (4) External factors that affect the U.S. economy, interest rates, the U.S. dollar or major segments of the economy could alter investor confidence and investment prospects.

Specific Investment Risks Related to the Industry or Issuer

Oil and Gas Prices and OPEC

Financial and operating performance for companies in the E&P industry is affected by absolute and relative changes in oil and gas prices, which are influenced by a multitude of regional, national, and world factors. As such, future stock price performance will also be influenced by such factors. Agreements among OPEC members, including production limitations, may also affect worldwide commodity prices and financial and operational performance for companies in the E&P industry.

Risks for Goodrich Petroleum Corp.

Oil and Natural Gas Price Volatility

Prices for oil and natural gas fluctuate widely and Goodrich's revenues, profitability, and future growth depend substantially on prevailing prices for oil and gas. Also, lower oil and gas prices can influence the company's cash flow and capital available to reinvest in drilling projects, which could impact Goodrich's ability to grow its operations. To manage commodity price volatility, in the normal course of its business, Goodrich typically enters into hedging transactions on a portion of its expected production.

Potential Increases in Service Costs

Future increases in drilling and other service costs could affect Goodrich's profitability. As industry participants accelerate drilling activity in response to the high commodity prices, costs will likely rise. However, attractive rates of return may continue to be achievable, depending on the level of future commodity prices and Goodrich's hedging program.

Future Acquisition Risks

Property acquisitions are an important part of Goodrich's business model, and future transactions, particularly in the Cotton Valley Trend, are likely. Even though the company previously has been successful in executing and integrating many acquisitions, the success of future transactions or the availability of favorable future opportunities is difficult to predict. Ultimate transaction prices, project economics, form of consideration, future production profile, and other factors can all affect future profitability and Goodrich's stock price performance.

Financial Leverage

Goodrich historically has maintained an above-average level of financial leverage. Potential declines in future profitability and cash flow generation could impact its ability to service its debt obligations as well as its ability to reinvest its cash flow in operations.

Small Market Capitalization and Float

With Goodrich's small market capitalization, and relatively limited trading volume, GDP shares can be somewhat illiquid. The company's high insider ownership also results in a small float. As a result of these factors, for some investors, it may be difficult to buy or sell the stock without meaningfully moving the share price.

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