



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR FEBRUARY 15, 2008

NATURAL GAS MARKET NEWS

Energy traders were abuzz Friday as reports circulated that Houston-based hedge fund Saracen Energy Partners LP is the latest to join the ranks of organizations that have recently recorded large losses on wrong-way trades in the natural gas futures market. Some traders pointed to the fallout as explanation for this week's spike in natural gas futures.

A large majority of points rose Thursday in response to harsh winter weather either already in place or about to return. But despite a cold front moving through Friday, the Northeast forecast wasn't cold enough to prevent losses of up to about 45 cents at regional citygates. New York City deliveries fell about 35 cents as the Big Apple is slated to have temperatures peak around a quite unseasonable 50 degrees Friday (but the low will be sub-freezing).

PIPELINE MAINTENANCE

Gulf South Pipeline said on Index 195, the SLN 3132 Deep Lake CP#1 and SLN 3298 Bridgeline at Grand Chenier remain shut in during maintenance that began January 9. Capacity has been affected by as much as 50 MMcf at the Goodrich Compressor Station Unit #6 that began January 26 and has been extended through February 18. The Carthage Junction Compressor Station Units #1, #2, #1 will see capacity affected by as much as 75 MMcf in maintenance that began January 25. Finally, maintenance at Marksville Compressor Station Unit #2 began January 14 and has been extended through February 18. Capacity has been affected by as much as 150 MMcf.

West Coast Energy said that Unit #2 at Kobes Fort St. John will undergo a 2,500-hour inspection beginning February 18 through February 21. Westcoast said that upstream receipt points will experience higher than normal RGT System pressure.

Williston Basin Interstate Pipeline Company said that unplanned maintenance will be performed on the storage compressor units at Elk Basin Compressor Station. Maximum capacity for aggregate storage will be approximately 321 MMcf/d during this period.

ELECTRIC MARKET NEWS

As estimated by the EIA from data on railroad car loadings, U.S. coal production totaled approximately 22.5 mmst during the week ended February 9. This production estimate is about the same as last week's estimate, and 2% higher than in the estimate reported for the comparable week in 2007. Production east of the Mississippi River totaled 9.5 mmst, production west of the Mississippi River totaled 13.0 mmst.

Generator Problems

ECAR – FirstEnergy's 898 Mw Davis-Besse Nuclear unit ramped output up to 60% capacity. The unit was warming up offline at 5% yesterday.

MAIN – AmerGen's 1,022 Mw Clinton nuclear unit reduced production to 81% power, down from 96% power. The unit recently completed a refueling.

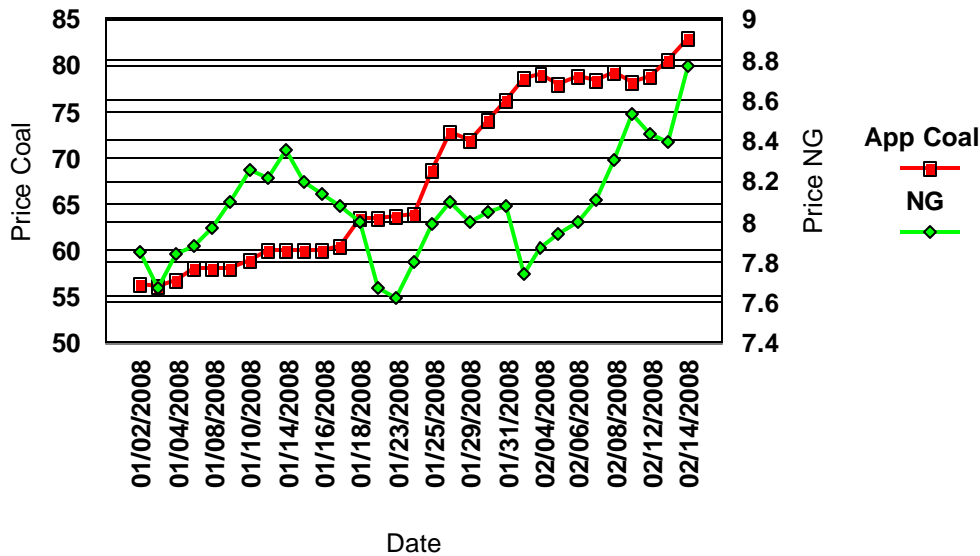
Exelon's 1,120 Mw Braidwood #2 nuclear unit cut power to 57%. The unit was operating at full power on Friday. The unit is scheduled for a refueling in late April. Braidwood #1 continues to operate at full power.

Exelon's Quad Cities nuclear facility returned output to near full power at both its units. Unit #1 ramped up to 97% and unit #2 up to 96%.

PJM – Exelon's 1,143 Mw Limerick #2 nuclear unit returned to full power. Limerick #1 inched up to 96% power.

The NRC reported that 91,053 Mw of nuclear capacity is online, up 1.09% from Thursday, and down 2.86% from a year ago.

Central Appalachian Coal vs. Natural Gas



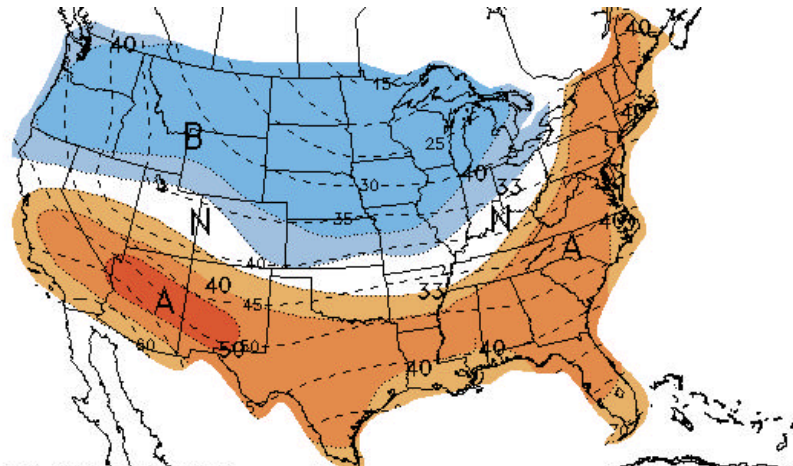
MARKET

COMMENTARY

The natural gas market again showed early strength, supported by a colder forecast in the 11-15 day period and firmer oil complex. Spot natural gas prices also moved higher today ahead of the President's Day Holiday, as the cash market traded for four-day gas. The Henry Hub ws up 23 cents, the Waha Hub in Texas was up 20 cents, the Transco Zone 6 into New York

was up 96 cents and the Midcontinent was up 13 cents. The March contract traded to a high of 8.847 early in the session, but could not muster follow through buying above the November high of 8.83. After the unusually strong week, profit taking in the energy complex lowered prices, and natural gas chopped lower to 8.636, before settling down 11.2 cents at 8.66.

The weather picture continues to trend colder for the remainder of February and that is holding natural gas in its newly established range. We feel that the market is overbought and could see some pressure as normal to above normal temperatures arrive next week, but with the 11-15 day forecast trending cooler, the market will be reluctant to race to the lows. After the volatility of this week, we feel the market will consolidate at these levels and take its lead from weather forecasts.



8-14 DAY OUTLOOK
TEMPERATURE PROBABILITY
MADE 15 FEB 2008
VALID FEB 23 - 29, 2008
DASHED BLACK LINES ARE CLIMATOLOGY (DEG F) SHADED AREAS ARE FCST VALUES ABOVE (A) OR BELOW (B) NORMAL UNSHADED AREAS ARE NEAR-NORMAL

The Commitment of Traders Report showed that as of February 11, non-commercial traders reduced their net short futures positions by 10,847 lots to 92,348 contracts, but they have increased their net short combined futures and options position by 12,956 lots to 131,726 contracts. We see resistance at 8.80-8.83, 8.912, 8.977, 9.05 and 9.44. We see support at 8.62, 8.555, 8.49, 8.344 and 8.00.