



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,
Karen Palladino & Zachariah Yurch
(212) 624-1132 (888) 885-6100

www.e-windham.com

POWER MARKET REPORT FOR FEBRUARY 27, 2008

NATURAL GAS MARKET NEWS

A global trading exchange and operator of over-the-counter (OTC) markets, IntercontinentalExchange (ICE), and Calgary-based Natural Gas Exchange Inc. (NGX), a leading energy exchange and clearinghouse, said Wednesday they will offer clearing and settlement services for physical OTC natural gas contracts beginning Monday (March 3).

British gas prices rose today as forecasts of cooler weather over the next few days threatened to push up demand and new records on the oil markets supported forward contracts. Gas for delivery rose by 0.40 pence to 51.85 pence per therm, while the working days of next week traded 0.55 pence higher at 52.25 pence. Although an earthquake, which hit Britain early on Wednesday, briefly shut a terminal that brings gas from Britain's largest storage site into the national network, the closure lasted less than two hours. March gas contracts gained 0.40 to 52.05, while winter 08 increased by 0.25 pence to 67 pence.

Generator Problems

FRCC – FPL's Turkey Point units #3 and #4 remain shut following a transmission grid disturbance.

SERC – Entergy's 1,207 Mw Grand Gulf #1 nuclear unit restarted and is warming up at 1% power. The unit shut February 23 to fix a feedwater heater.

ERCOT – The coal fired Unit #2 at the AEP Welsh Power Plant is expected to be restarted Wednesday afternoon.

WSCC – AES Corp.'s 495 Mw Alamitos #6 natural gas-fired power station shut for planned reasons.

The NRC reported that 88,883 Mw of nuclear capacity is online, down 1.55% from Tuesday, and up .37% from a year ago.

PIPELINE RESTRICTIONS

Florida Gas Transmission said that its linepack is currently low and cold weather is forecasted to move into Florida tonight and tomorrow morning; therefore, for today's gas day, FGT has to notify their customers in its Market Area that it is issuing an Overage Alert Day at 15% tolerance. FGT will not interrupt previously scheduled Market Area ITS-1 service below the elapsed prorated scheduled quantity.

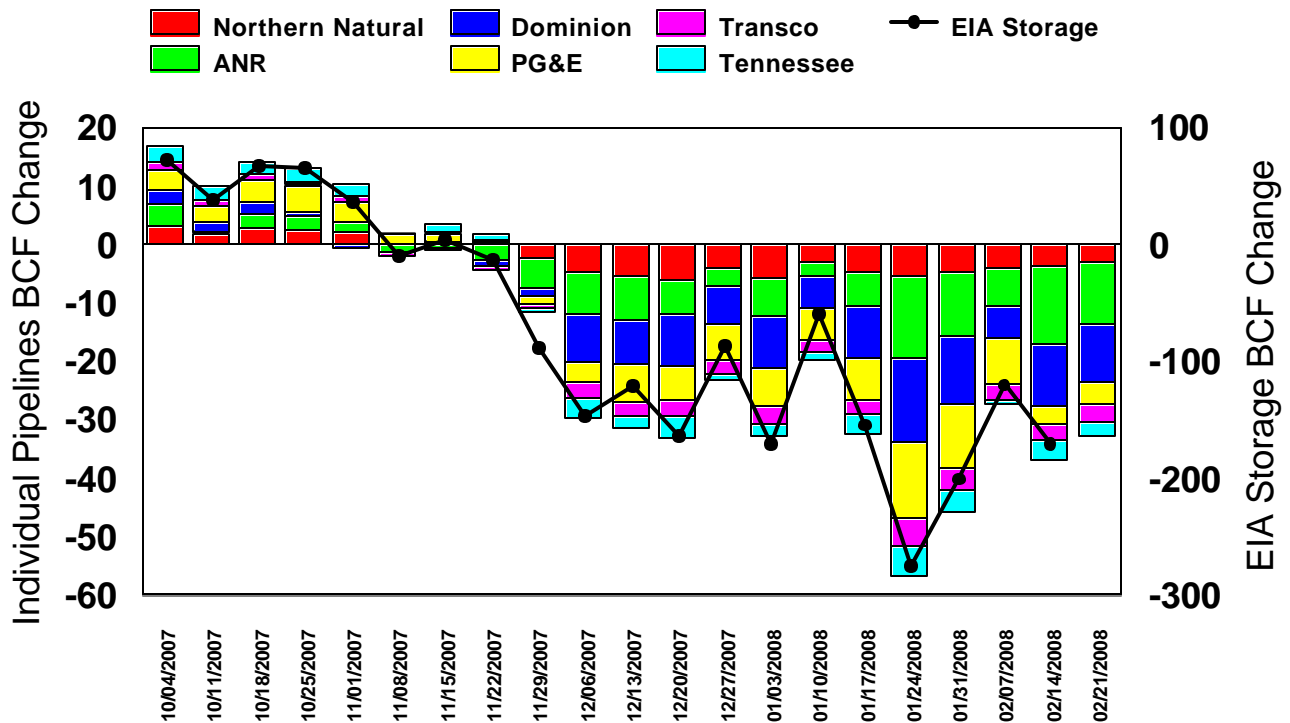
PIPELINE MAINTENANCE

KM Interstate Gas Transmission said that it has extended the March Casper Compressor Station maintenance through March 31.

KMIGT posted in its March maintenance posting that it would be performing maintenance at its Casper Compressor Station (Segments 45 and 730) from gas day February 25 through gas day March 7 and again from gas day March

Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg	Change	Basis	Change	Basis 5-Day
Location	Traded	Price		(As of 12:30 PM)		Moving Avg
Henry Hub	1,349,100	\$9.210	\$0.000	\$0.158	\$0.354	(\$0.163)
Chicago City Gate	1,031,100	\$9.428	(\$0.069)	\$0.376	\$0.119	\$0.160
NGPL- TX/OK	833,500	\$8.769	(\$0.057)	(\$0.283)	\$0.131	(\$0.454)
SoCal	655,300	\$8.670	\$0.016	(\$0.382)	\$0.204	(\$0.596)
PG&E Citygate	579,300	\$9.020	(\$0.000)	(\$0.032)	\$0.188	(\$0.222)
Dominion-South	665,900	\$10.030	\$0.119	\$0.978	\$0.307	\$0.516
Transco Zone 6	127,700	\$18.390	\$6.582	\$9.338	\$6.770	\$3.209

Weekly Change In Nat Gas Stocks

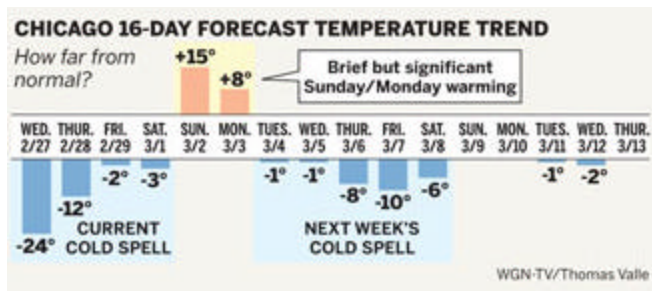


10 through March 21. The posting revises the duration of this maintenance to be from February 25 through March 31. Capacity through segments 45 and 730 will be limited to 178 MMcf/d. Based on the current level of nominations, this outage is not expected to impact shippers. However, conditions can change which may cause a reduction to scheduled quantities.

ELECTRIC MARKET NEWS

The Edison Electric Institute said electricity demand in the continental U.S. was up 2.2% in the week ended February 23 compared with the same week last year. The continental U.S. used 78,267 GWh of electricity, about a 1.3% decrease from the previous week.

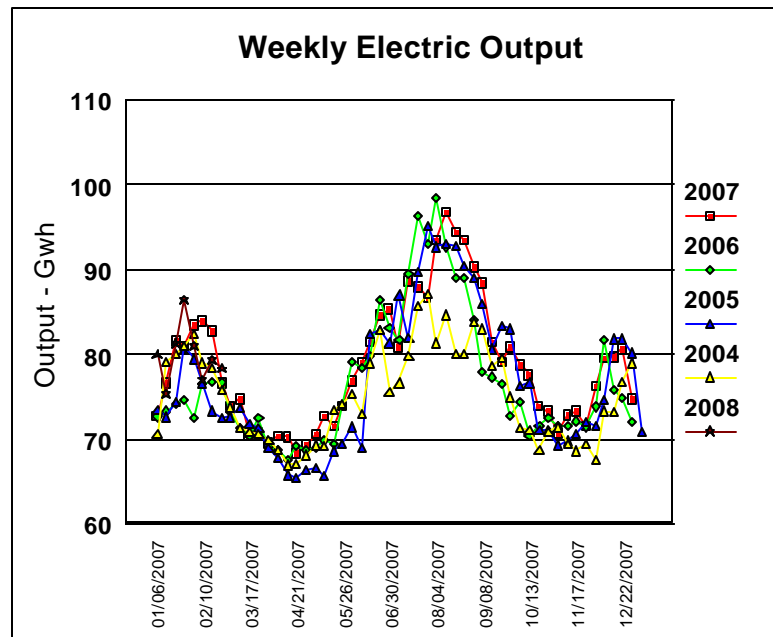
PPL Montana plans to nearly double the amount of clean, renewable electricity produced at its Rainbow hydroelectric plant on the Missouri River near Great Falls by constructing a new powerhouse with a 60 Mw turbine that has an improved, fish-friendly design. Starting in spring 2009, PPL Montana will begin construction of a new powerhouse. All eight of the smaller existing units at Rainbow Dam, which have a combined capacity of 35 Mw, will be eventually replaced with a single 60 Mw unit.



MARKET COMMENTARY

The natural gas market said goodbye to the March contract in the same manner that the spot contract had lead this market: with volatility. The market was under pressure the whole session, with the outgoing March contract slipping below the 9.00 level to go off the board down 27.6 cents at 8.93. The new spot April contract held the key 9.00 level to settle at 9.06 down 19.2 cents.

Expectations for the EIA's natural gas inventory report point to a slightly higher draw than the five-year average of 141 Bcf for the week, with many estimates focused around the 150-155 Bcf mark. With the recent storage reports undercutting the current surplus to the five-year average, a continuation of that pattern will continue to support this market. Also supporting natural gas, weather, where mixed long-range weather signals continue to keep a level of uncertainty in the natural gas market. Recent weather reports point to seasonal to above-average temperatures for the Northeast to some below-normal weather in the Midwest, with extreme, short-lived variations along the way over the coming weeks. The volatility in the weather models transitions to the volatility in price. We see support at 9.00, 8.911, 8.797, 8.62 and 8.50. We see resistance at 9.209, 9.393, 9.507 and 9.80.



NYMEX Natural Gas Options Most Active Strikes for February 27, 2008								
Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LN	4	8	P	8	03/26/2008	0.0428	9,470	37.22
LN	4	8	C	10	03/26/2008	0.1199	6,311	40.18
LN	4	8	P	7.75	03/26/2008	0.02	4,700	36.76
LN	4	8	C	11	03/26/2008	0.0381	3,800	45.68
LN	10	8	P	6	09/25/2008	0.0983	3,300	46.91
LN	5	8	C	10	04/25/2008	0.2708	2,910	38.23
LN	4	8	P	8.5	03/26/2008	0.1467	2,620	38.91
LN	9	8	P	6	08/26/2008	0.0441	2,600	41.28
LN	5	9	P	6.5	04/27/2009	0.2444	2,500	35.77
LN	8	9	P	6.5	07/28/2009	0.2921	2,500	36.91
LN	6	9	P	6.5	05/26/2009	0.2171	2,500	33.92
LN	9	9	P	6.5	08/26/2009	0.3332	2,500	38.19
LN	7	9	P	6.5	06/25/2009	0.2385	2,500	34.72
LN	4	9	P	6.5	03/26/2009	0.2101	2,500	35.36
LN	10	9	P	6.5	09/25/2009	0.4117	2,500	41.33
LN	4	8	P	8.25	03/26/2008	0.0834	2,400	38.03
LN	5	8	P	8	04/25/2008	0.1063	2,350	36.36
LN	10	8	P	7	09/25/2008	0.2313	2,350	45.28
LN	4	8	P	7.5	03/26/2008	0.0084	2,057	36.45
LN	5	8	P	8.5	04/25/2008	0.254	2,050	38.59
LN	7	12	C	15	06/26/2012	0.2937	2,000	13.32
LN	7	12	P	6.1	06/26/2012	0.2714	2,000	30.22
LN	7	12	P	7	06/26/2012	0.5386	2,000	32.95
LN	4	8	C	12	03/26/2008	0.0129	1,950	50.14
LN	6	8	P	8	05/27/2008	0.1678	1,800	36.66
LN	7	8	C	12	06/25/2008	0.1796	1,705	39.56