



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR MARCH 4, 2010

NATURAL GAS MARKET NEWS

NOAA said today that they look for El Nino to last through this spring in the Northern Hemisphere, bringing with it above normal temperatures across the northern tier of states, excluding New England and the Northern Plains, with below normal temperatures for the south-central and southeastern states for March through May.

Private weather forecaster AccuWeather today looked for a warm up in the Great Lakes and Northeast this weekend, but looked for a major trough to redevelop later next week and into the following week allowing temperatures across major population heating areas to average 2.5 degrees below normal for the week ending March 17th and 5.5 degrees below normal for the week ending March 24th.

Williams Partners LP announced today a binding open season to transport Marcellus natural gas supply as a result of an expansion on its Transco pipeline. The company is initiating a binding open season from March 4th through March 26th.

EIA Weekly Report

	02/26/2010	02/19/2010	607	02/26/2009
Producing Region	580	607	-27	604
Consuming East	861	935	-74	870
Consuming West	296	311	-15	242
Total US	1853	1853	0	1716

*storage figures in Bcf

Generator Problems

NPCC – Entergy’s 1030 Mw Indian Point #2 nuclear unit is scheduled to be shut around March 10 for planned refueling and maintenance. The plant was running at full power today.

PJM – Exelon’s 810 Three Mile Island nuclear unit was offline and at only 2% power this morning. The unit had been at full power yesterday.

SERC – Southern Nuclear’s 1149 Mw Vogtle #2 nuclear unit is preparing to be shut on March 7th for a planned refueling outage. The unit was at 98% power today down 1% from yesterday.

The NRC reported that there was some 88,603 Mw of nuclear power generated today, down 0.5% from yesterday and 1.6% lower than a year ago.

The head of China’s National Energy Administration said today that China has reached an initial agreement with Russia on the pricing formula for the supply of natural gas. The price will be linked to oil prices under a formula, but no details were given. Talks between the two nations continue on “other commercial terms” of the gas supply deal.

The Ukrainian state gas company, Naftogaz said it has paid its Russian gas bill for February in full. It was estimated the bill was \$638 million, down from January’s \$780 million.

Canadian Gas Association

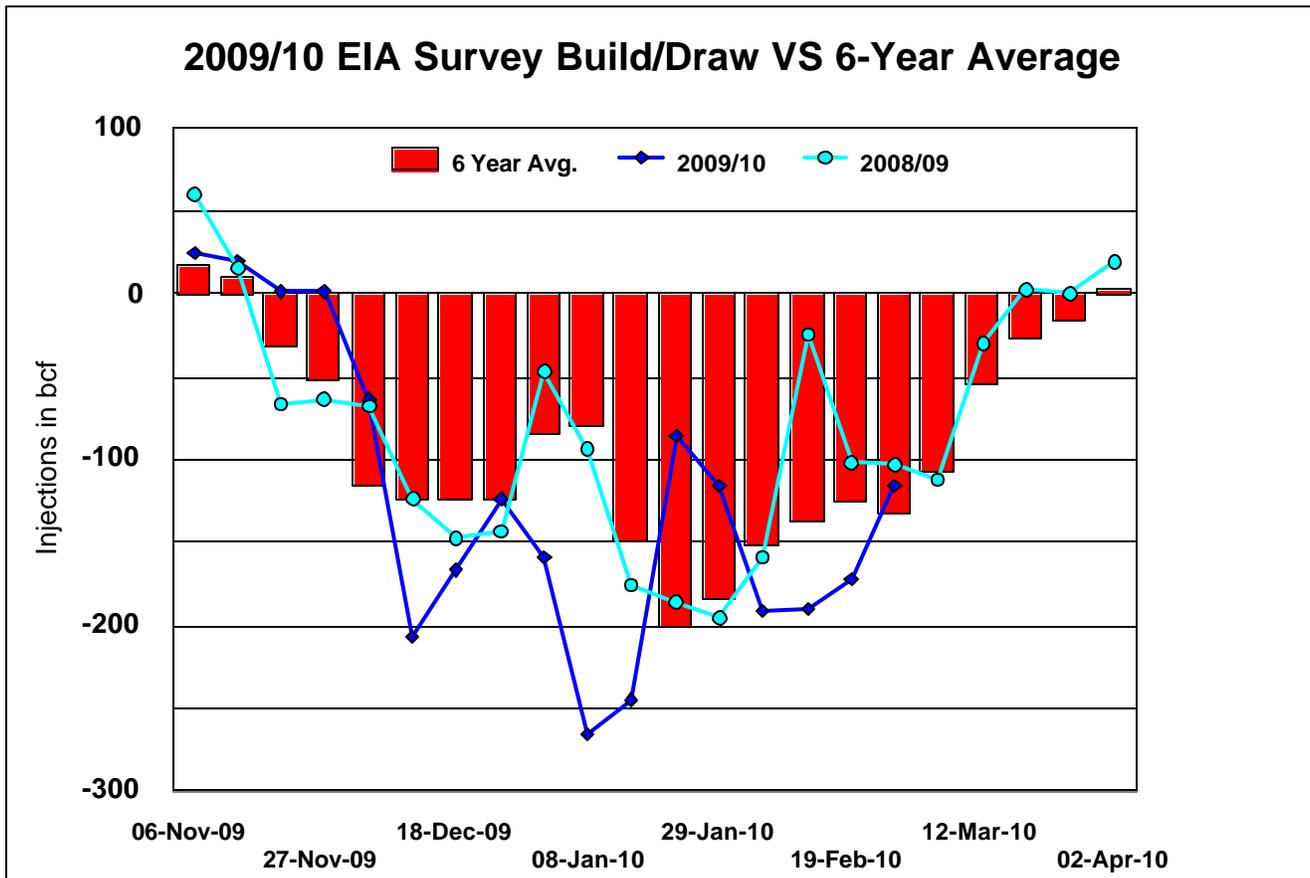
Weekly Storage Report

	26-Feb-10	19-Feb-10	27-Feb-09
East	80.6	90	77.4
West	193.8	202.8	159.5
Total	274.4	292.7	236.9

storage figures are in Bcf

Barclays Capital reported that Gazprom which has started linking a portion of its European gas sales to spot gas prices could have implications for the United States as each amount of the market captured by incremental Gazprom sales could mean fewer customers served by LNG or other European supply sources. Gazprom reportedly is seeking to tie 15% of its sales to European clients to spot gas

prices since late February. As a result Barclays is currently looking for some European LNG to be pushed westward into the U.S. market and as a result to push LNG imports into the United States to 3.2 Bcf/d this year.



Economic data released today included a surprise decline in pending sales of existing homes. The National Realtors Association reported that pending sales had fallen by 0.7% when market expectations had been for a modest gain of 0.1%. The government reported that new U.S. job claims fell last week, while the Commerce Department reported that U.S. factory orders rose by 1.7% in January after a 1.5% gain in December.

ELECTRIC MARKET NEWS

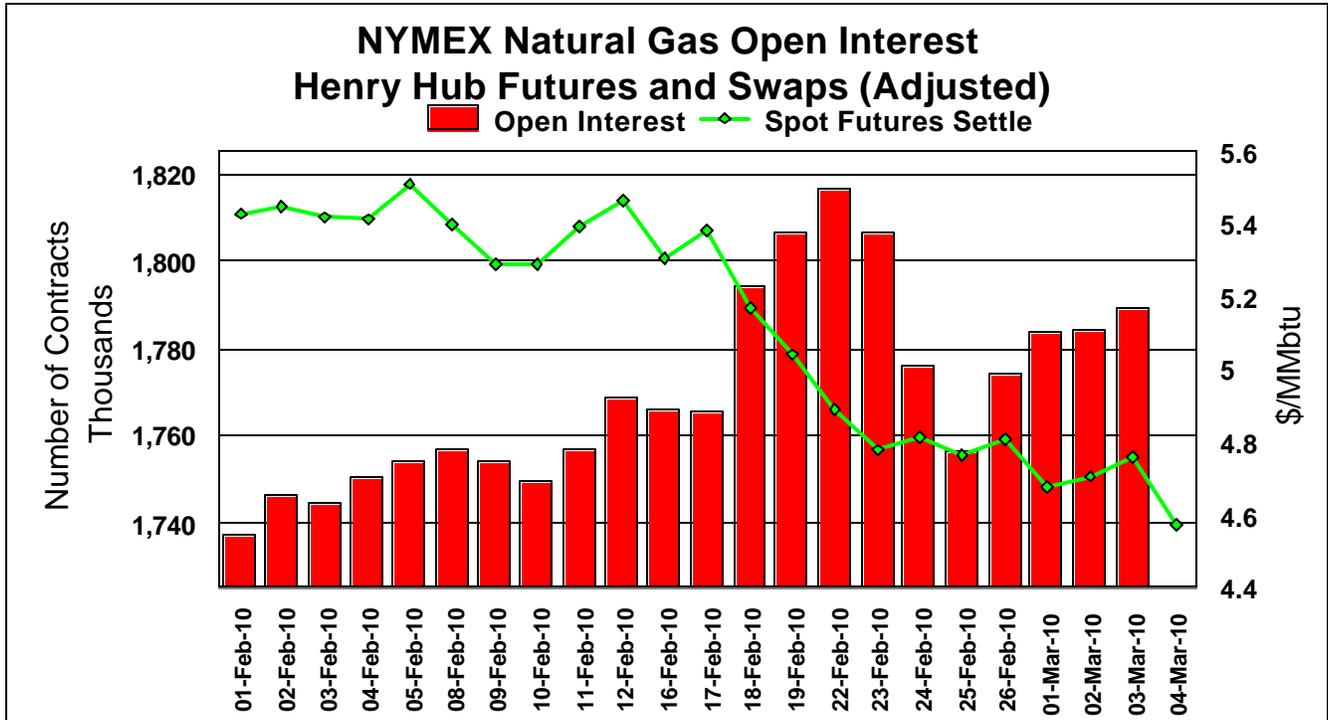
The New York Public Service Commission staff said Thursday it still did not think Entergy's plan to spinoff its non-regulated nuclear power plants was in the public interest. The full commission has yet to make a decision on the staff recommendation.

MARKET COMMENTARY

The natural gas market took today's storage report hard, as the weekly drawdown came in slightly smaller than expected. Following the release of the report prices immediately moved lower, dropping by nearly 20 cents basis the April contract before finding stability and then trading in a sideways pattern for the remainder of the day.

Open interest reported at midday appears to show that open interest on a combined and adjusted basis in the Henry Hub futures and swaps increased yesterday by over 5300 lots in what may have been a feeble attempt by some specs to bet on the market having reached a near term low. As a result when today's storage report was less than supportive these new weak longs may have quickly exited the market.

Going into a Friday trading session it would not surprise us to see the market attempt to post an inside trading session as long traders lick their wounds from this week while shorts could be hesitant to add to their existing short positions at these new near term lows. We see support tomorrow at \$4.55-\$4.53 followed by \$4.432 and \$4.31. Resistance we see at \$4.61 followed by \$4.764, \$4.79 and \$4.928. More distant resistance points we see at the gap in the charts at \$5.00-\$5.014, \$5.044 and \$5.159.



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