



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR MARCH 5, 2009

NATURAL GAS MARKET NEWS

U.S. factory orders in January dropped by 1.9% from a revised 4.9% decline in December, previously reported as a 3.9% decline. This was slightly better than market expectations for a 3.5% decline. This was the sixth consecutive monthly decline in factory orders. In other economic news released today the Department of Labor said initial claims for state unemployment insurance benefits fell by 31,000 to a seasonally adjusted 639,000 in the week ending February 28th from an upwardly revised 670,000 the prior week. In addition the Mortgage Bankers Association estimated that one in every eight U.S. households ended 2008 either late on their mortgage payments or in the foreclosure process.

ExxonMobil said today that it is “taking a long term view “ of the energy market and as a result will push ahead with plans to spend between \$25-\$30 billion annually over the next five years. The company said one of its priorities will be beginning the first phase of the Piceance Gas Project in Colorado. The company also noted that it expects the US Gulf Coast Golden Pass LNG terminal project to be online in 2010, rather than during 2009 as earlier expected. ExxonMobil said the project had been delayed due the impact of Hurricane Ike.

T. Boone Pickens said today that despite the recent plunge in oil prices, he sees oil prices will likely rise to \$250 per barrel in the not-to-distant future. He sees oil prices trading at \$60 per barrel within the two months and at \$75 per barrel by year's end.

EIA Weekly Report

	02/27/2009	02/20/2009	Change	Year ago
Producing Region	708	723	-15	545
Consuming East	793	876	-83	786
Consuming West	292	296	-4	191
Total US	1793	1895	-102	1523

*storage figures in Bcf

Generator Problems

NPCC – OPG's 535 Mw Unit #3 at the oil and gas fired Lennox power plant was shut for planned maintenance.

MISO – Ameren's 1190 Mw Callaway nuclear unit was back at full power this morning up 40% from Wednesday.

SPP – Entergy's 843 Mw Unit #1 at the Arkansas Nuclear One power station returned to full power earlier this morning. The unit had been at 62% capacity yesterday.

Entergy's 1207 Mw Grand Gulf #1 nuclear unit was back to full power this morning, up 12% from yesterday.

The NRC reported this morning that 91,170 Mw of nuclear generation capacity was on line, up 1.25% from yesterday and up 5% from the same time a year ago.

Gazprom said today that it had received full payment from the Ukraine for February gas deliveries and as a result erased the threat of yet another disruption in gas shipments over a payment dispute.

State run Japan Oil announced they had bought via tender this week around 2245 tonnes of LPG to add to its national reserves. The company bought 1,675 tonnes of propane and 570 tonnes of Butane.

Iran said it is in negotiations with Turkmenistan about compensation for a cut in natural gas deliveries during last year's winter. Iran suffered shortages of natural gas last year when Turkmenistan halted gas exports of up to 23 million cubic meters a day due to technical problems,

Canadian Gas Association

Weekly Storage Report

27-Feb-09 20-Feb-09 29-Feb-08

East	77.4	85.1	79.2
West	159.5	175.6	140.7
Total	236.9	260.7	219.9

storage figures are in Bcf

PIPELINE RESTRICTIONS

NGPL said that effective today and until further notice, it has limited capacity for gas going northbound through Segment 27 located on the Gulf Coast Mainline Receipt Zone. It also noted that it had limited

capacity available for deliveries at Columbia Gulf-Pecan Lake. The company also reported that effective today and until further notice it is at capacity for deliveries to Trunkline

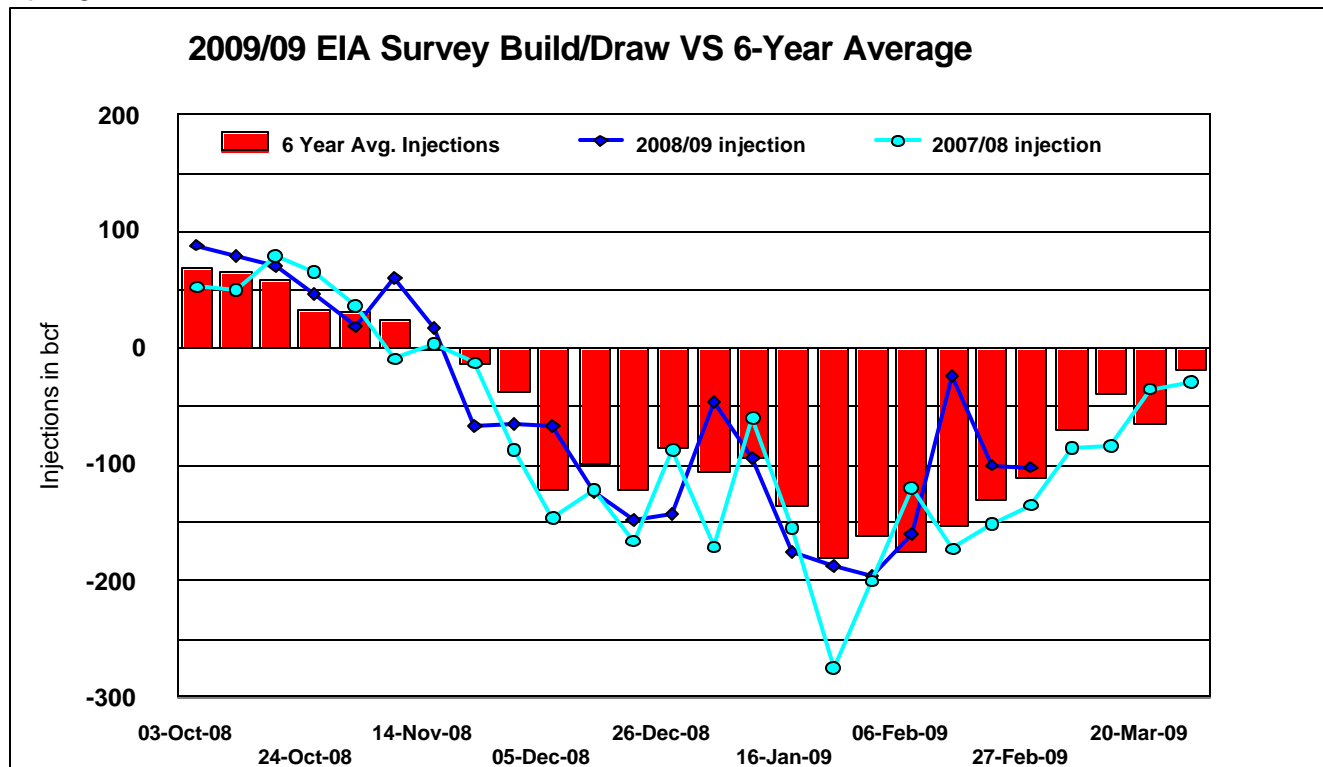
Natural Gas Cash Market						
ICE Next Day Cash Market						
Location	Volume Traded	Avg Price	Change	Basis (As of 12:30 PM)	Change	Basis 5-Day Moving Avg
Henry Hub	949,900	\$4.215	(\$0.011)	\$0.085	\$0.070	(\$0.206)
Chicago City Gate	850,900	\$3.787	(\$0.226)	(\$0.343)	(\$0.112)	(\$0.112)
NGPL- TX/OK	664,600	\$3.400	\$0.031	(\$0.730)	\$0.145	(\$0.804)
SoCal	334,800	\$3.350	\$0.015	(\$0.780)	\$0.129	(\$0.931)
PG&E Citygate	998,200	\$4.344	\$0.090	\$0.214	\$0.204	\$0.046
Dominion-South	372,300	\$4.488	(\$0.079)	\$0.358	\$0.035	\$0.709
USTRade Weighted	17,765,900	\$3.850	(\$0.044)	(\$0.280)	\$0.07	(\$0.206)

Lakeside. ITS/AOR and Secondary out of path Frim transports are at risk of not being fully scheduled.

PG&E California Gas transmission said that it has issued a customer-specific OFO for today's gas day.

PIPELINE MAINTENANCE

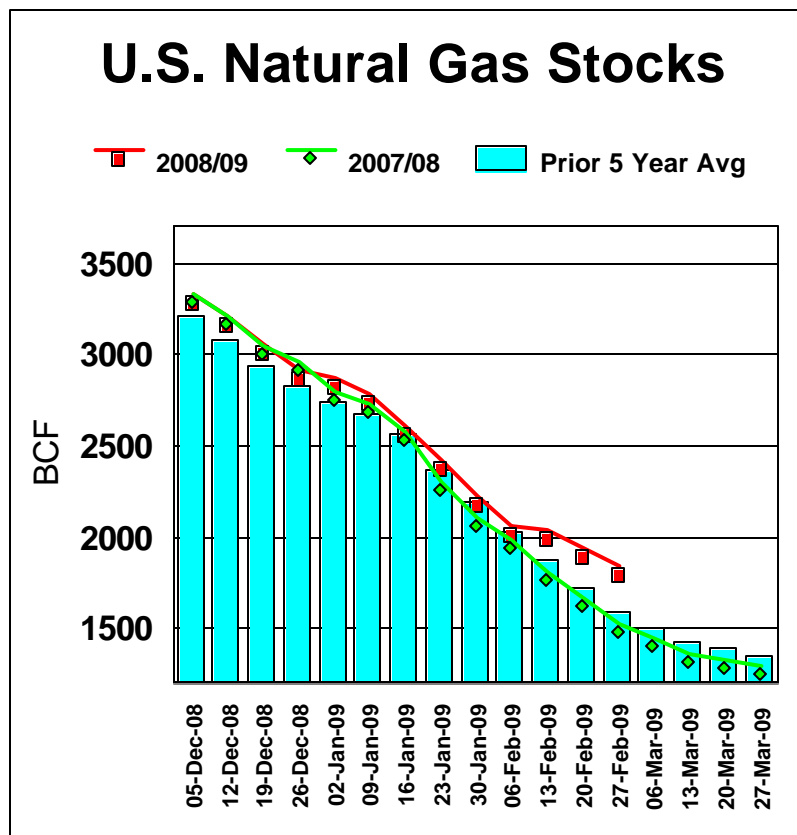
CIG said it has declared a force majeure event at the Morton Compressor Station located South of Springfield, Colorado. Flows will be reduced from 382 to 360 MMcf/d.



ELECTRIC MARKET NEWS

Alliant Energy announced today that it has canceled plans to build its proposed 649 Mw Sutherland 4 coal fired power plant in Iowa. The company said it canceled the project for several reasons including the current economic and financial climate, increasing uncertainty regarding regulation of greenhouse gas emissions and the terms placed on the plant by regulators. The company originally had planned to begin construction on the \$1.8 billion plant in the 1q09 with commercial operations beginning in 2013.

The director of Stanford University's Global Climate and Energy Project estimated that carbon allowances in a U.S. cap and trade program would have to hit \$50 to \$100 per tonne to support building capture equipment at coal fired power plants, which are the source of the biggest source of carbon dioxide emissions in the U.S. She estimated that this could push power bills up by 20% and



more in coal dependant generating regions. Pure streams of the gas could be buried with allowances at \$10 a tonne. In the European market, emission prices are approximately \$15 per tonne.

MARKET COMMENTARY

The natural gas market posted its second outside trading session in a row. While prices attempted to grind higher earlier this morning, following the release of a the storage report, prices began to erode as traders focused on the fact that as temperatures were significantly warming across the Midwest and into the east, storage levels are now 270 bcf above a year ago and 218 bcf above the five year seasonal average. The over hang of these stocks appears will only grow larger over year ago and five year seasonal averages in the final weeks of the heating season as the continued severe contraction of industrial demand coupled with

moderating temperatures could keep this market on the price defensive for the next several months.

With the oil and equity markets also failing to demonstrate any traction to the upside, we feel that the natural gas market will not be able to break out to the upside for the near term. We continue to look at the 40 day moving average as an effective boundary for prices on the upside. This level tomorrow is seen at \$4.51. Support we see tomorrow at \$4.06 followed by \$3.976, \$3.916, \$3.864 and \$3.66.