



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR MARCH 6, 2009

NATURAL GAS MARKET NEWS

Cheniere's CEO said Thursday that the company has bought a cargo of LNG for its Sabine Pass terminal, for delivery on March 25th from Trinidad & Tobago. The cargo will be the final testing cargo to the terminal before commercial deliveries commence. The terminal opened in April of 2008 and since then the company has imported three other test cargoes. The company noted that with NBP (UK) prices are coming closer and closer to Henry Hub prices, it does not make sense for cargoes from Trinidad to go to Europe anymore.

Baker Hughes reported that the number of rigs searching for gas in the United States stood at 916 down 54 rigs from the prior week and its lowest level since July 2003.

The IMF said on Friday that the world's largest economies may require even more spending to boost growth, but the bankers warned that world governments must take steps to address precarious longer-term finances.

The U.S. Labor Department reported this morning that 651,000 jobs were lost in February, pushing the unemployment rate to its highest level in 25 years. The Department also revised January and December job losses sharply higher as well.

PIPELINE RESTRICTIONS

NGPL said effective today and until further notice Segment 17 is at capacity as well as gas going northbound through Segment 18. The company noted that it is at capacity as well at Columbia Gulf Pecan Lake on Segment 24. Therefore ITS/AOR and Secondary out of path Firm transports are at risk of not being fully scheduled. The company also reported that it is at capacity for gas going northbound through Segment 13 in Iowa.

Generator Problems

MISO – NPPD's 760 Mw Cooper nuclear unit will return to service on Monday after shutting for a tube leak repair on Friday.

FPL's Duane Arnold nuclear unit remained off line this morning as operators ramp the unit's output up following completion of maintenance. The unit was at 17% capacity this morning up 2% from yesterday.

FRCC- FPL's 839 Mw St Lucie #2 nuclear unit was at 62% capacity, down 38% from yesterday.

ERCOT – Luminant's 750 Mw coal fired Unit #2 at the Martin Lake power plant was expected to be taken off line today to remove a heavy ash build up.

SERC – Operators at TVA's 1065 Mw Browns Ferry #1 nuclear unit continued repairs as the outage moved into its third week off line, due to problems with electrical connections to a transformer.

Duke Energy's 1129 Mw Catawba #2 nuclear unit is preparing to go into its scheduled refueling and maintenance outage. The unit was at 9% power this morning.

The NRC reported this morning that 89,982 Mw of nuclear generation capacity was on line, down 1.3% from yesterday and up 2.9% from the same time a year ago.

Dominion Transmission said it has lifted an OFO for systems north of Lindley Gate Station and Stateline facilities. The OFO was issued back on march 1st.

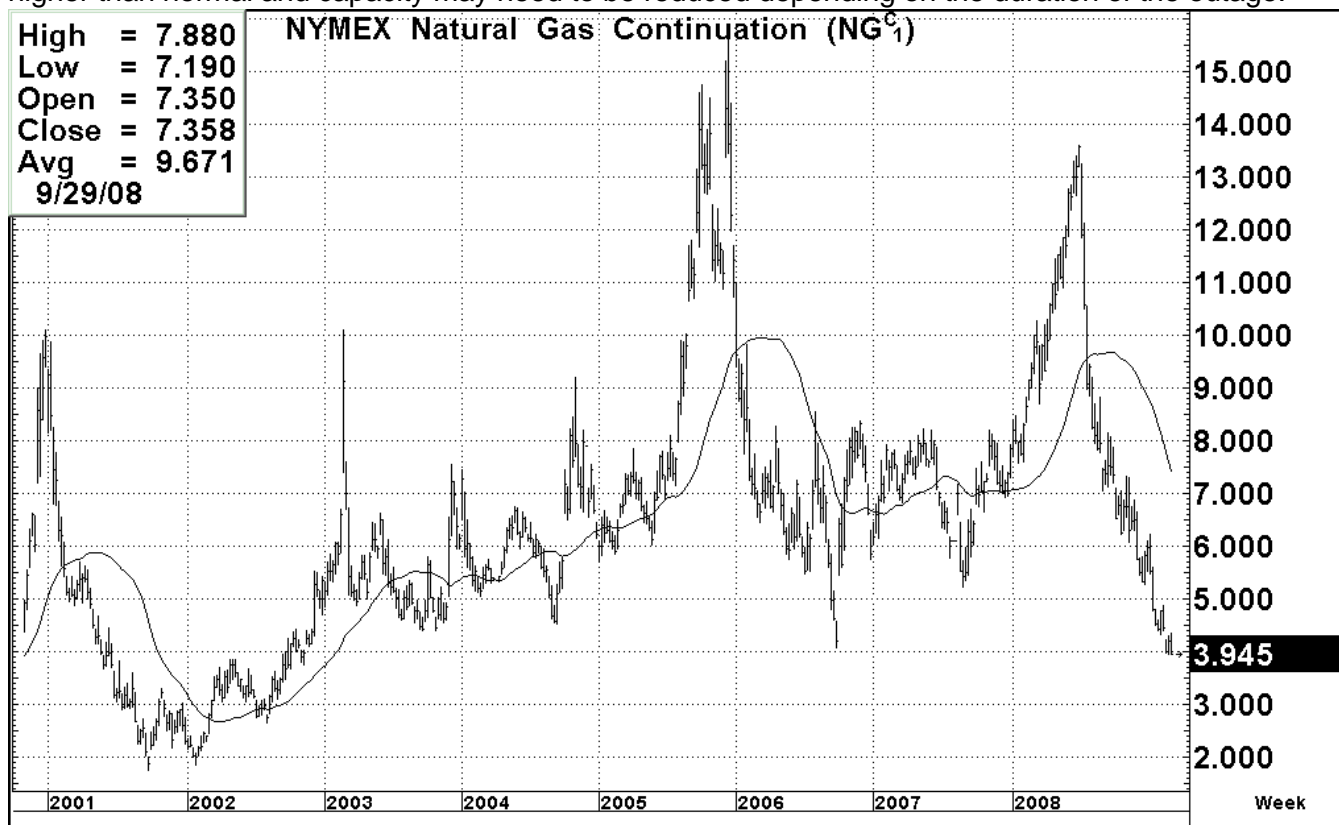
Natural Gas Cash Market						
ICE Next Day Cash Market						
Location	Volume Traded	Avg Price	Change	Basis (As of 12:30 PM)	Change	Basis 5-Day Moving Avg
Henry Hub	1,255,000	\$3.927	(\$0.288)	(\$0.052)	(\$0.118)	(\$0.175)
Chicago City Gate	745,300	\$3.418	(\$0.369)	(\$0.561)	(\$0.218)	(\$0.169)
NGPL- TX/OK	668,400	\$3.071	(\$0.329)	(\$0.908)	(\$0.178)	(\$0.787)
SoCal	427,200	\$3.186	(\$0.165)	(\$0.794)	(\$0.014)	(\$0.844)
PG&E Citygate	481,500	\$4.098	(\$0.246)	\$0.119	(\$0.095)	\$0.107
Dominion-South	347,300	\$4.203	(\$0.285)	\$0.224	(\$0.134)	\$0.674
UTrade Weighted	16,192,200	\$3.580	(\$0.269)	(\$0.399)	(\$0.12)	(\$0.175)

PG&E California Gas Transmission said that it has issued a system wide OFO for today due to a low inventory

PIPELINE MAINTENANCE

Gulf South Pipeline said that due to scheduled pigging operations and compressor and pipeline maintenance on its 42-inch line expansion, it was declaring a force majeure for Expansion Areas 16-19.

SoNat said it has experienced an unscheduled engine outage at Bienville Compressor Station. At this time the return to service is unknown. The company expects pressures west of the station will be higher than normal and capacity may need to be reduced depending on the duration of the outage.



ELECTRIC MARKET NEWS

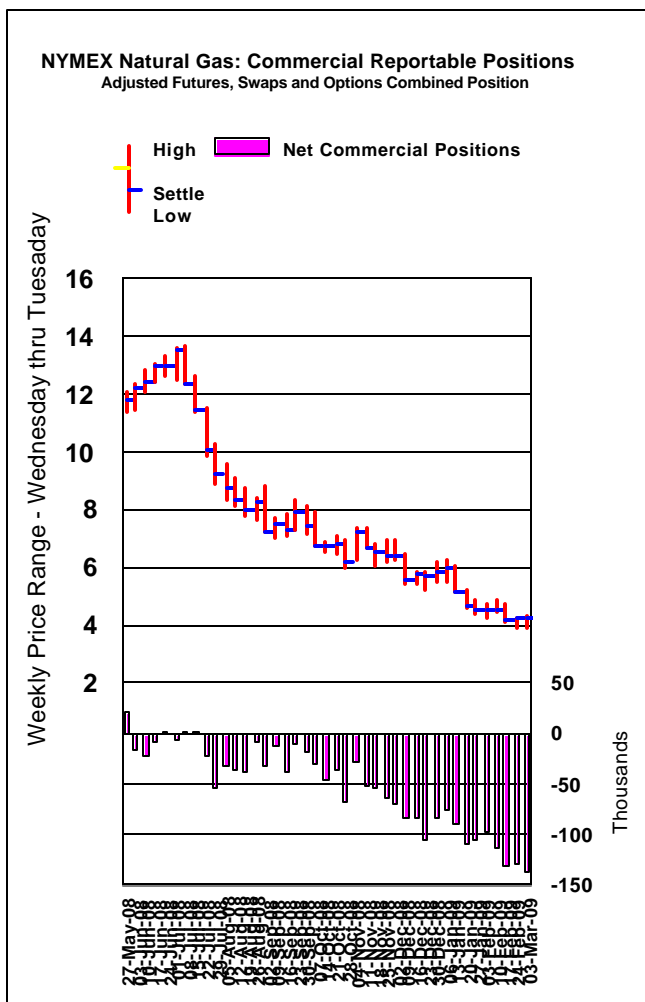
The EIA reported late Thursday that U.S. coal production totaled 22.777 million tons down 0.1% from the prior week and basically unchanged from the same week a year ago. Year to date production is running some 2.9% below a year ago.

Genscape reported that its U.S. coal burn index was down 1% this week from the previous week but was some 2% higher than the same week a year ago.

The U.S. Northwest River Forecast Center on Friday predicted that water run off at the Dalles Dam in the April-September period is expected to be 80% of normal up 1% from last week's forecast and some 19% less than last year. Water flows at the Grand Coulee Dam were expected to run at 88% of normal, some 3% better than last week's forecast and 10% less than a year ago.

MARKET COMMENTARY

The natural gas market unlike the oil and equity markets headed lower today. While the lows from last Friday at \$3.916 held during afternoon selling pressure, the spot futures contract settled below the \$4.00 price level for the first time since



November 2002. We look for this market to eventually move towards the \$3.50 level over the next several weeks. On Monday we see support for this market at \$3.91 followed by \$3.86, \$3.77, \$3.68 and \$3.62. Resistance we see at \$4.09, \$4.225, \$4.32 and \$4.47.

This afternoon's Commitment of traders Report showed that for the period ending March 3rd non-commercials increased their net long position by over 10,000 contracts in the Henry Hub futures and swaps contracts on a combined and adjusted basis. This was the largest net long position since last spring. It appears that the modest rally over this time period was this group looking to establish new longs with the belief that the \$4.00 price level could be the bottom for this market near term.

