



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR APRIL 2, 2009

NATURAL GAS MARKET NEWS

In its Monthly Natural Gas Production Report, the EIA said US gross natural gas production in January totaled 63.01 bcf/d in January, down 0.43% on the month but 3.9% higher on the year. It said federal offshore Gulf of Mexico production in January increased more than 9% as it continued to recover from last year's hurricanes. The EIA in its latest Natural Gas Monthly reported that consumption in January reached 87.3 bcf/d, some 0.3% less than a year ago. While residential and commercial consumption was 6.6% and 8.7% higher than a year ago due to higher heating demand, industrial and electric generation were off 12.3% and 8% respectively from January 2008. Net imports continue their trend lower and in January totaled only 8.1 bcf/d down 0.8% from December and 8.4% less than a year ago. LNG Imports in January were only 870 MMcf/d down 12.3% from December and 5.2% less than a year ago. The monthly report showed that working gas inventories at the end of January were at 2.141 tcf some 15 bcf less than the adjusted weekly report showed

Generator Problems

PJM – PSEG Nuclear's 1100 Mw Salem #1 nuclear unit was back to full power this morning, up from 85% power on Tuesday.

FRCC - FPL shut its 839 Mw St Lucie #2 nuclear unit. The unit was at 92% capacity on Wednesday. The unit was shut so operators could deal with a lowering condenser vacuum caused by algae and seaweed clogging the cooling water intake.

SPP – Entergy's 966 Mw River bend #1 nuclear unit was back to full power this morning. The unit had been at 88% power on Wednesday.

The NRC reported this morning that 82,670 Mw of nuclear generation capacity was on line, up 0.2% from yesterday and up 7.85% from the same time a year ago.

The French energy major, Total said today that the investment terms offered by Iran for developing its South Pars gas fields are "not attractive enough" to strike a deal

	EIA Weekly Report			
	03/27/2009	03/20/2009	Change	Year ago
Producing Region	731	709	22	497
Consuming East	641	664	-23	580
Consuming West	282	281	1	175
Total US	1654	1654	0	1252

*storage figures in Bcf

India's Reliance Industries has started pumping natural gas from its massive deep sea field in the Bay of Bengal.

The Ukrainian Prime Minister said today that the Ukraine would make timely and full payment to Gazprom for gas shipments made by Russia in March.

Gazprom reported that Russian gas production in March was 1.24 bcm/d down 12% from February and off 24% from the same month a year ago. Gazprom officials had noted on Tuesday that its European gas exports were likely to fall more than it had previously estimated due to the global financial crisis impacting demand.

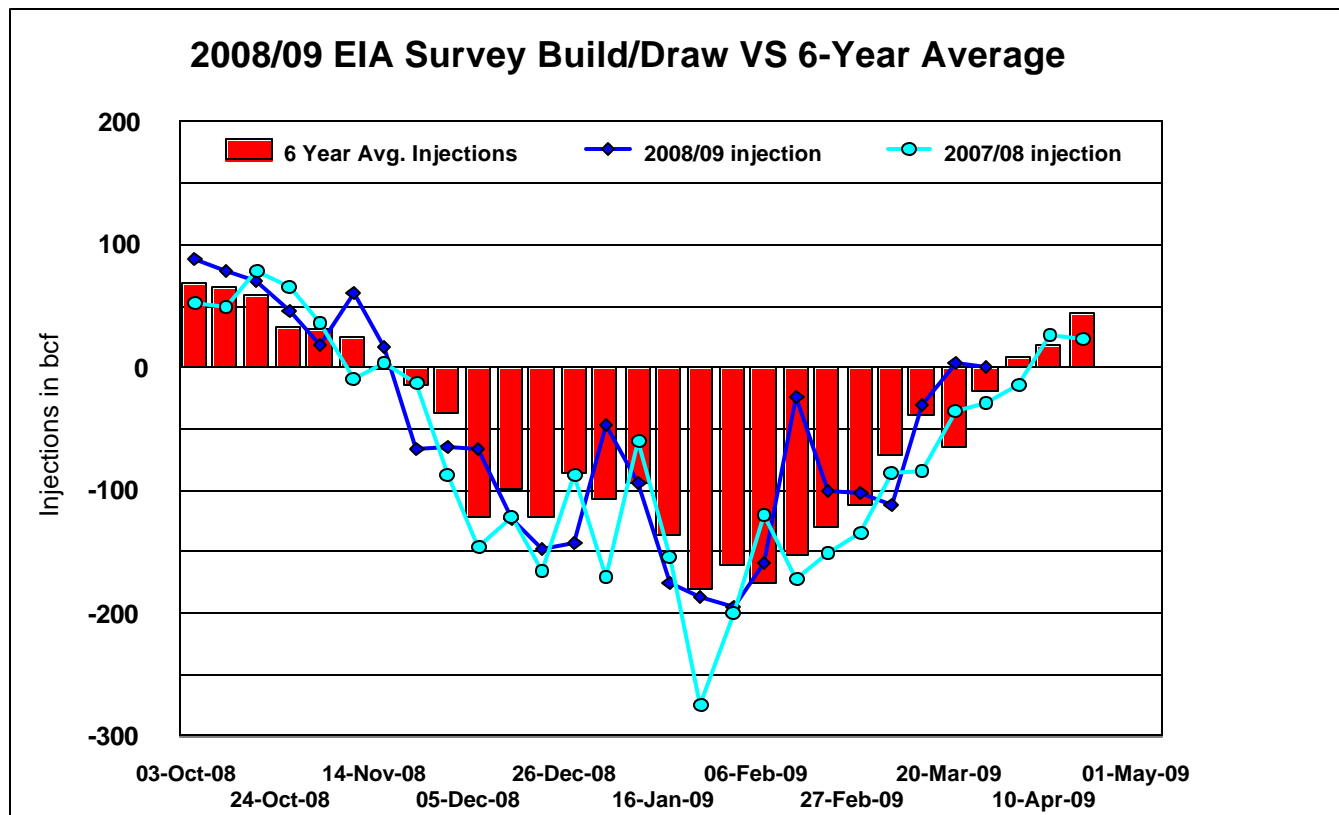
Canadian Gas Association

Weekly Storage Report

	27-Mar-09	20-Mar-09	28-Mar-08
East	60	61.9	42.5
West	130.1	129.9	117.7
Total	190.1	191.8	160.3

storage figures are in Bcf

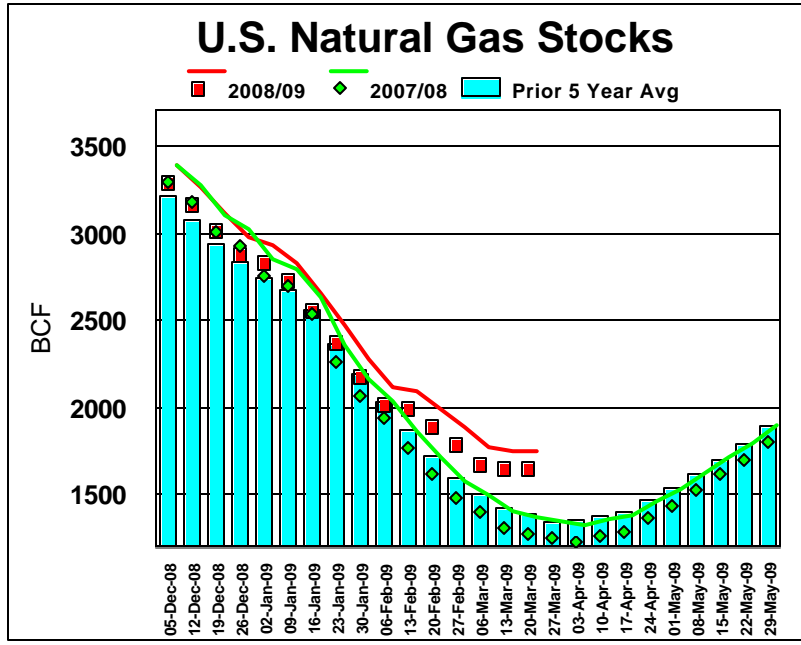
Thailand's PTT Exploration and Production said on Thursday that it planned to produce 1-2 million tonnes a year of LNG from Australian fields in the next five years.



The European Union natural gas monitors said that supplies of Russian natural gas to southeastern Europe are under control following a pipeline explosion earlier this week.

Enterprise Partners announced it has completed installation of two eight inch diameter pipelines that will increase throughput capacity of NGL's from the Norco fractionation facility west of New Orleans to refineries and petrochemical plants in southern Louisiana. The Norco facility has the capability to separate up to 75,000 b/d of NGLs.

Excelerate Energy's reportedly continues to experience technical difficulties at its Northeast Gateway LNG terminal offshore of Boston. A blockage in the pipeline leading from the terminal to the onshore grid has prohibited LNG offload since the problem was discovered in January. No timeline has been given for repairs. The company is currently loading a tanker full of LNG in Trinidad, which according to shipbrokers is headed into the North Atlantic. It appears the tanker will be headed to either the Northeast gateway, but if the problems



are still not resolved it could be diverted to the Teesside terminal.

The Labor Department said new US claims for state unemployment benefits increased by 12,000 to 669,000 in the week ending March 28. It is the highest level since October 1982. The four-week average increased by 6,500 to 656,750. The total continuing unemployment claims increased by 161,000 to 5,728,000, the highest since the government started keeping track of unemployment in 1967. The unemployment rate for workers with unemployment benefits increased by 0.1% to 4.3%, the highest level since May 1983.

The Commerce Department reported that US factory orders increased in February by 1.8% following six consecutive declines. Orders for manufactured goods were revised downward to a 3.5% decline in January. Demand for durable goods increased a revised 3.5% in February. Unfilled orders fell 1.4% in February after falling 2% in January. It was the fifth consecutive decline.

PIPELINE RESTRICTIONS

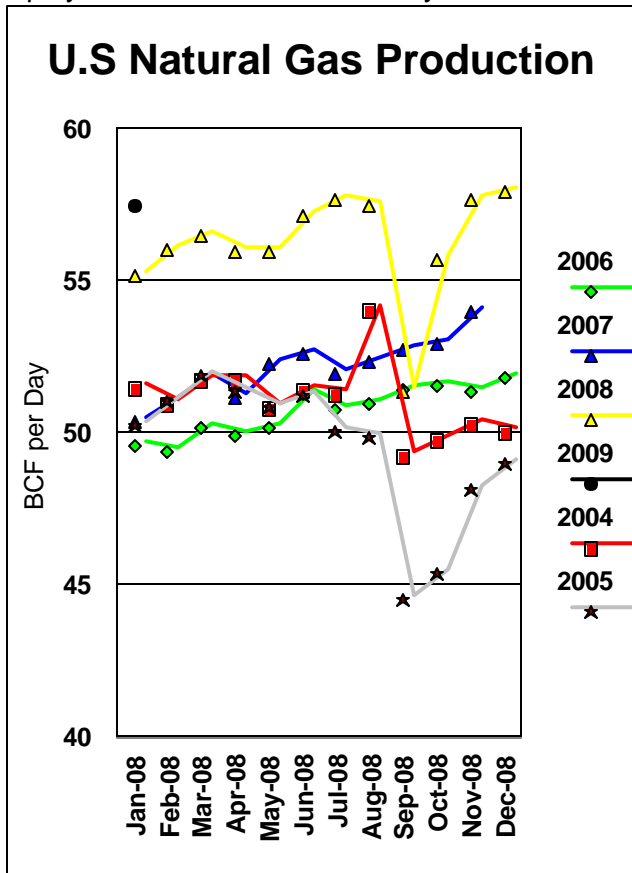
NGPL said effective for today and until further notice its Florida Vermillion point is at capacity for deliveries. ITS/AOR and Secondary Firm transports are at risk of not being fully scheduled.

FGT said that due to forecasts for warm temperatures in its service territory the company was issuing an overage alert day at 20% tolerance.

Cheyenne Plains Gas Pipeline said it has cancelled the force majeure at the Kim Compressor Station. Capacity at the facility was restored to 414 MMcf/d from 355 MMcf/d.

PIPELINE MAINTENANCE

Southern Natural Gas Pipeline said it has begun maintenance at its Gwinville compressor station. The work is expected to last two weeks. Flows through the station into the southern mainlines will be reduced approximately by 250,000 Dth/d.



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	800,800	\$3.693	\$0.132	(\$0.090)	(\$0.009)	(\$0.300)
Chicago City Gate	831,300	\$3.600	\$0.260	(\$0.183)	\$0.123	(\$0.424)
NGPL- TX/OK	1,061,700	\$3.340	\$0.092	(\$0.443)	(\$0.045)	(\$0.660)
SoCal	534,600	\$3.140	\$0.097	(\$0.643)	(\$0.040)	(\$0.666)
PG&E Citygate	748,600	\$3.687	\$0.104	(\$0.096)	(\$0.033)	(\$0.065)
Dominion-South	406,800	\$4.145	\$0.148	\$0.362	\$0.011	\$0.272
USTrade Weighted	18,931,200	\$3.535	\$0.128	(\$0.248)	(\$0.01)	(\$0.300)

Alliance Pipeline said minor maintenance will require it to take its Irma Compression station off line for six hours today. System throughout (AOS) is not likely to be impacted.

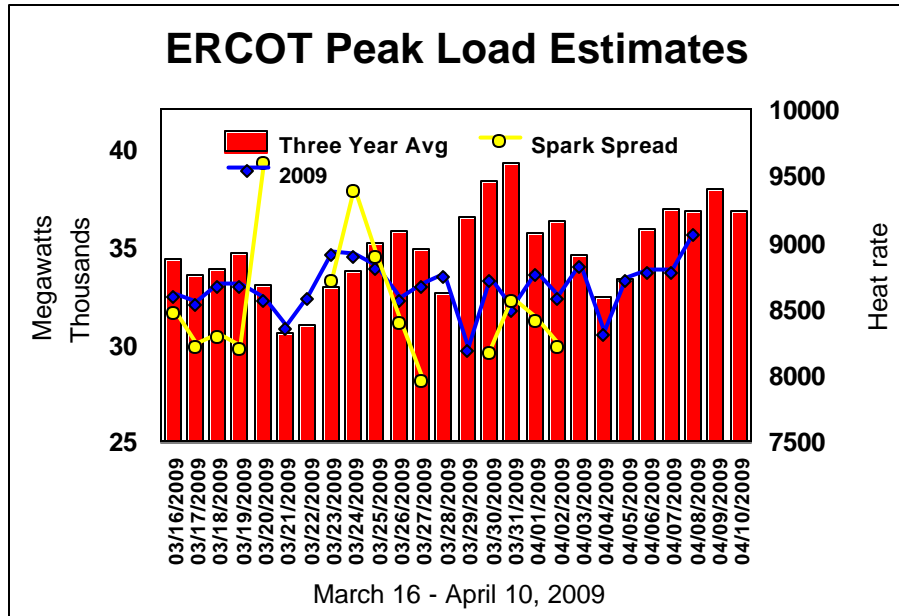
ELECTRIC MARKET NEWS

Constellation Energy and its subsidiary Constellation NewEnergy reported it has now enrolled 1,000 Mw of demand response capacity, making the company one of the leading demand response providers in North America.

First Energy said that in order to comply with a consent decree with the U.S. government it was

moving forward with converting two coal burning units at its R.E. Burger electricity generating plant to biomass by the end of 2012. These conversions would result in creating one the largest biomass fueled plants in the country with 312 Mw of generating capacity.

The FERC appealed a court decision that had curtailed its power to determine where to site transmission lines. In February, a federal appeals court ruled that FERC may not step in to determine where to site a power line if a state has

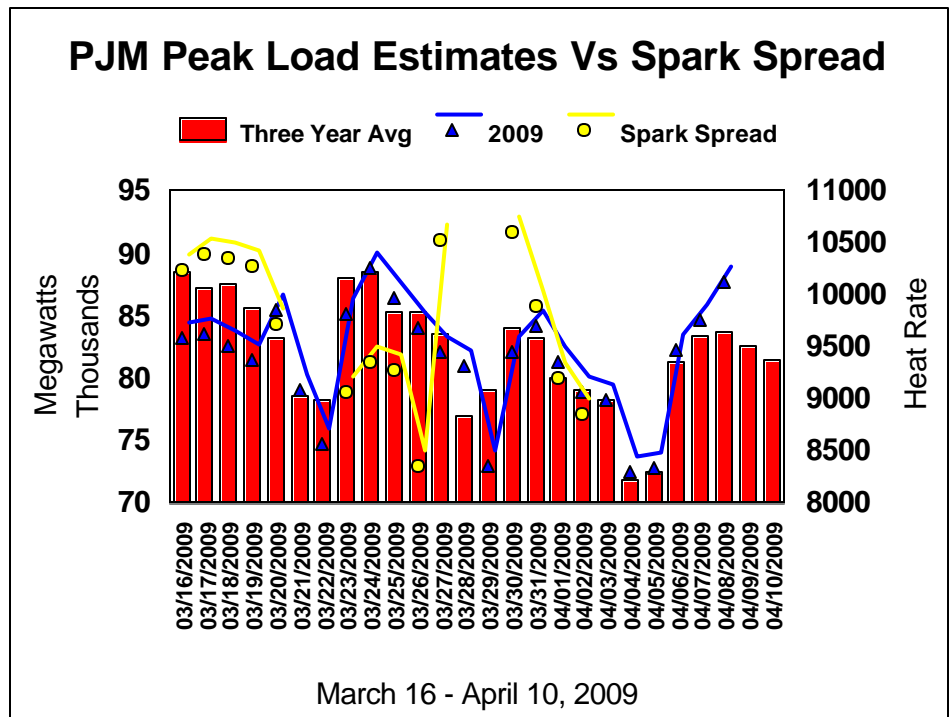


rejected the proposed line.

The U.S. Northwest River Forecast Center on Thursday predicted water runoff at the Dalles Dam would be 84% of normal during April to September, up 1% from the March 19th report. Last year the water run off was at 99% of normal.

MARKET COMMENTARY

The natural gas market today once again attempted to test the \$3.60 price support level and once again failed. While the initial reaction to the storage report had been supportive, but when traders got wind of the EIA reclassifying some working gas to base gas and made other corrections that resulted in a 9 bcf reduction in working inventories. As a result the unchanged report of inventories was thus seen in effect as slightly bearish. But once the \$3.60 price support held bears tossed the towel in once again and prices began to recover. In addition the bull run in the equity markets and the oil market, helped to keep the bears uneasy in holding positions as well.



NEW YORK MERCANTILE EXCHANGE(r)								
NYMEX OPTIONS CONTRACT LISTING FOR 04/02/2009								
-----CONTRACT-----				TODAY'S	PREVIOUS	ESTIMATED	DAILY	DAILY
				SETTLE	SETTLE	VOLUME	HIGH	LOW
LN	5	9 C	4	0.1718	0.1519	5041	0	0
LN	5	9 C	4.5	0.0646	0.0584	3185	0.075	0.055
LN	7	9 C	5	0.1851	0.1698	2225	0	0
LN	6	9 C	4.5	0.1784	0.1614	1875	0.1475	0.1475
LN	12	10 C	10	0.4376	0.4306	1725	0	0
LN	12	10 C	13	0.2032	0.1997	1725	0	0
LN	5	9 P	3.5	0.1369	0.1736	1550	0.125	0.125
LN	5	9 P	3.25	0.0707	0.0935	1400	0.0825	0.0825
LN	7	9 P	4	0.4427	0.4839	1400	0	0
LN	6	9 C	5	0.0903	0.0818	1310	0	0
LN	5	9 C	4.25	0.1063	0.0949	1300	0.1125	0.1125
LN	5	9 C	5	0.0233	0.0219	1275	0.03	0.025
LN	6	9 P	3.5	0.1959	0.2274	1227	0.205	0.205
LN	5	9 P	3.6	0.1736	0.2158	1195	0	0
LN	5	9 C	5.5	0.0085	0.0084	1000	0	0
LN	3	10 C	8.95	0.2839	0.2727	1000	0	0
LN	3	10 C	9	0.279	0.2679	1000	0	0
LN	5	9 P	3.75	0.2398	0.2926	825	0	0
LN	3	10 P	5.65	0.925	0.9404	800	0	0
LN	3	10 C	5.65	0.9899	0.962	800	0	0
LN	7	9 P	3	0.0974	0.1124	800	0	0
LN	3	10 P	4.75	0.4784	0.4878	750	0	0
LN	3	10 C	6.75	0.6393	0.6188	750	0	0
LN	10	9 C	6	0.2957	0.2827	675	0.3	0.3
LN	8	9 P	3.75	0.3711	0.4021	610	0	0
LN	8	9 P	3	0.1256	0.1402	600	0	0
LN	9	9 C	6	0.1888	0.1735	520	0	0
LN	7	9 P	3.25	0.1545	0.1753	500	0	0
LN	6	9 C	4.25	0.2468	0.2236	500	0	0

The natural gas market continues to look to us as trying to build a solid base of support as for the fifth trading session in a row this market has found support in the low \$3.60's. While natural gas prices are not demonstrating the full spill over lift from the equity and oil markets they could get some lift over the next week from improving electric generating loads as well as from the EIA's monthly production numbers which show that in January domestic production did show possibly the start of declining domestic production, as January's production levels were the lowest since June, if one disregards the hurricane disruptions that impacted August and September production levels.

We see support tomorrow \$3.63-\$3.60 followed by \$3.51, \$3.38 and \$3.286. Resistance we see at \$3.90-\$3.91 followed by \$4.40-\$4.06, \$4.17-\$4.19 and \$4.324. Additional resistance we see at \$4.46-\$4.474.

The March April spread like the flat price activity appears to be building a base of support at the 20-21 cent

level and appears to be set to retrace part of the sell off of the past few weeks. We would look for this spread to bounce back at least to the 27-cent level over the next week or two.

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