



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR APRIL 8, 2010

NATURAL GAS MARKET NEWS

Chevron in its 8-K filing today reported that its net production of natural gas in the United States in the first two months of 2010 averaged 1.37 bcf/d down 2.3% from the 4Q2010 and 0.7% less than the same quarter a year ago.

The Russian president on Friday will be present at the ceremonial official start of construction of the subsea section of the Nord Stream pipeline across the Baltic to Germany.

The president of Osaka Gas confirmed yesterday that the company has resold at least one LNG cargo, as it is unable currently to use all the LNG it has secured under long-term contracts due to poor local demand.

A relatively small Australian coal seam gas company, Icon Energy, which has no current LNG projects has signed a non-binding memorandum of understanding with the Chinese firm, Sinogas Group to sell 40 million tones of LNG over 20 years and expects to finalize the agreement by August. The company plans to supply the gas from its current tenements in South Australia and Queensland states, arrangements with existing joint venture partners and securing more tenements.

EIA Weekly Report

	04/02/2009	03/26/2010	Change	04/02/2009
Producing Region	627	596	31	742
Consuming East	750	753	-3	646
Consuming West	292	289	3	283
Total US	1669	1638	31	1671

*storage figures in Bcf

Qatar's RasGas confirmed that it has closed one of its LNG facilities for maintenance but declined to comment on when its latest LNG production facility would reopen following the maintenance. The RasGas Train 7, which has the capacity to produce 7.8 million tones per year of LNG for export, first opened in February and went into maintenance just several weeks later. The unit had been expected to reach full production by September. A lengthy closure of the facility could help to reduce the oversupply in the global LNG market. Output from the facility had been earmarked for the United States and Asia.

Gassco reported that the Kollsnes gas processing plant was expected to return to full service late Thursday. The shut down of the plant had slashed flows on the Langeled pipeline by 75% for several hours. Meanwhile Britain's Theddlethorpe gas

Generator Problems

NPCC – Entergy's 838 Mw FitzPatrick nuclear unit was at 55% power on Thursday down 45% from yesterday.

WSCC – Southern California Edison's 1070 Mw San Onofre #2 nuclear unit moved closer to being restarted, as it reached "mode 2", the last step before it begins producing electricity. The unit has been off line for extended refueling outage that began back in late September 2009.

SERC – Southern Nuclear's 1149 Mw Vogtle #2 nuclear unit continue to ramp up from its restart on Tuesday. The unit this morning was at 29% power up 12% from yesterday.

The NRC reported that there was some 75,052 Mw of nuclear power generated today, down 0.2% from yesterday and off 6.5% from a year ago.

Canadian Gas Association

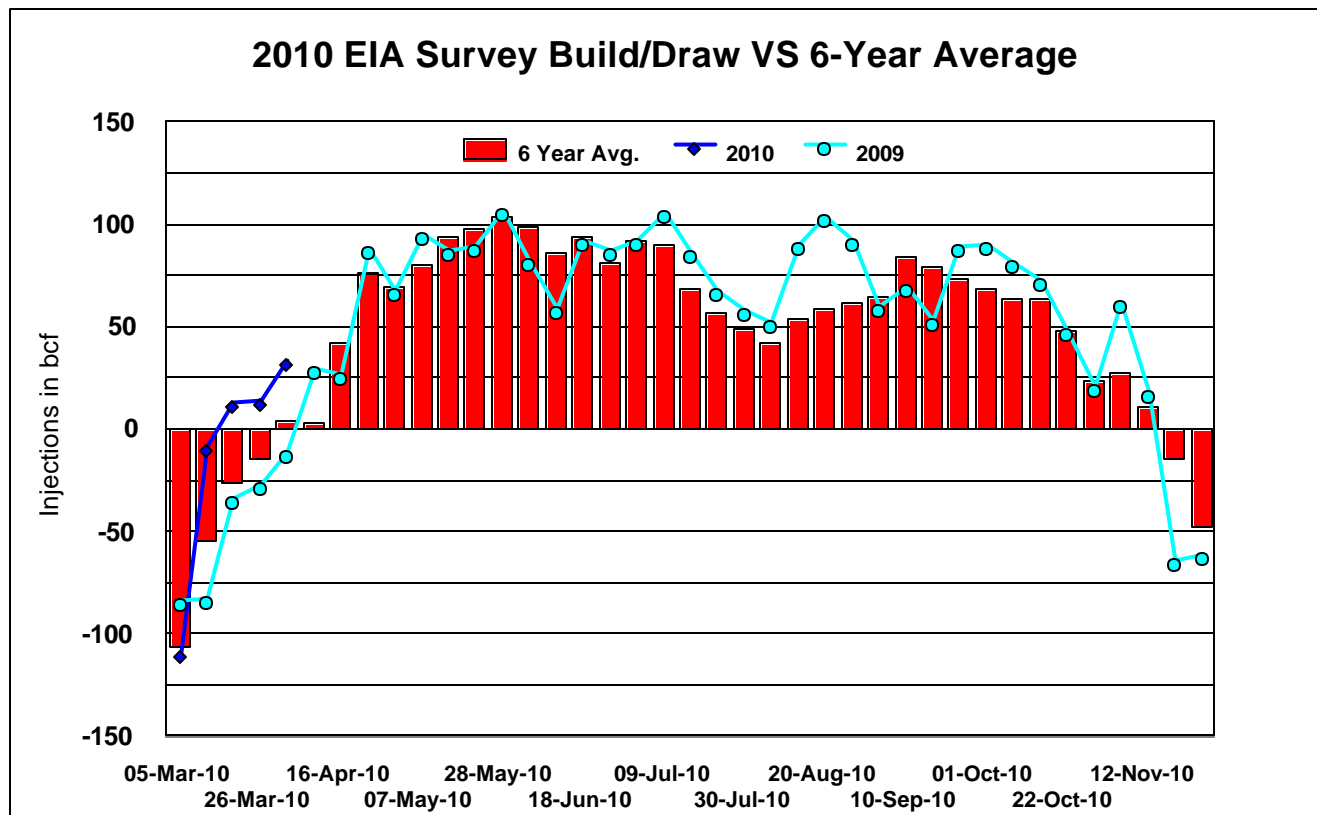
Weekly Storage Report

	02-Apr-10	26-Mar-10	03-Apr-09
East	81.6	79.5	64.7
West	200.9	193.7	133.7
Total	282.4	273.2	198.4

storage figures are in Bcf

terminal was shut for a day of planned maintenance, cutting flows to zero from 18 mcm/day earlier on Thursday.

Chevron reportedly has secured Venezuela’s approval to develop natural gas from Block 2 of the Plataforma Deltana gas project, which reportedly has 7 tcf of proven gas reserves. The project is being developed in conjunction with Gazprom and Total and is expected to start production by 2013.



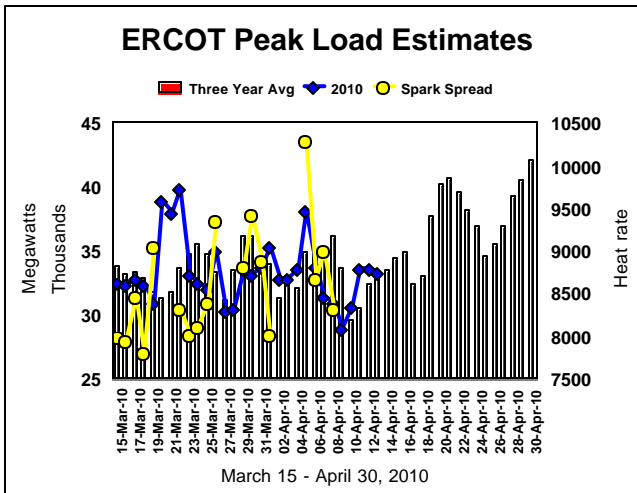
The Russian energy minister said today that Russia does not plan to cut natural gas production to support plummeting gas prices despite Algerian hopes that the gas exporters would discuss the issue at their upcoming producer meeting on April 19th. The minister said that the current fall in spot prices will not hurt the multiyear contracts by which Gazprom sells gas to Europe.

The Ukraine agreed with Russia to raise gas imports by about 10% this year just months after winning a concession from Russia to reduce imports. The ministry gave explanation for the increase. The Ukraine imported 26.8 bcm of Russian gas in 2009 down from 49 bcm in 2008.

The US Labor Department reported that initial claims for unemployment insurance benefits

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	1,169,900	\$3.921	(\$0.164)	(\$0.035)	(\$0.075)	(\$0.125)
Chicago City Gate	693,200	\$4.012	(\$0.177)	\$0.056	(\$0.077)	(\$0.087)
NGPL- TX/OK	716,200	\$3.845	(\$0.155)	(\$0.111)	(\$0.055)	(\$0.252)
SoCal	544,600	\$3.974	(\$0.244)	\$0.018	(\$0.144)	(\$0.094)
PG&E Citygate	689,100	\$4.456	(\$0.167)	\$0.500	(\$0.067)	\$0.440
Dominion-South	477,000	\$4.136	(\$0.157)	\$0.180	(\$0.057)	\$0.030
USTrade Weighted	21,414,600	\$3.950	(\$0.175)	(\$0.006)	(\$0.07)	(\$0.125)

increased by 18,000 to 460,000 in the week ending April 3rd. The previous week’s level was revised upwards to 442,000 from 439,000. It reported that the four-week moving average increased by 2,250



to 450,250 from the previous week's revised average of 448,000. The Labor Department also reported that the number of continuing claims fell by 131,000 to 4,550,000 in the week ending March 27th. The unemployment rate for workers with unemployment insurance for the week ending March 27th was 3.5%, down 0.1% from the prior week's unrevised rate of 3.6%.

PIPELINE RESTRICTIONS

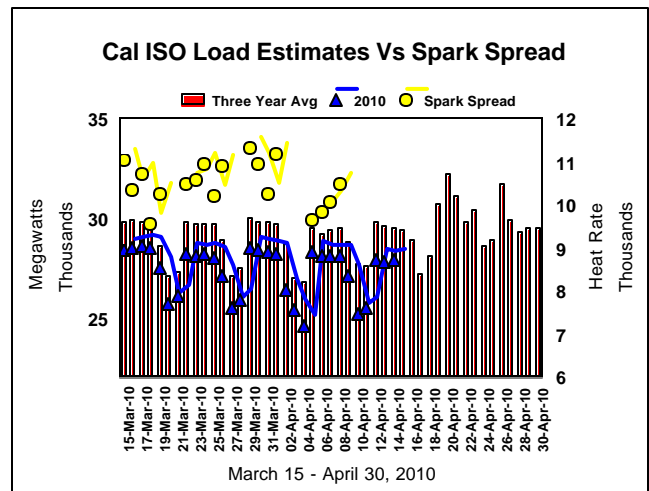
CIG reported that it has completed its repairs to a section of Line 5A in the Laramie Compressor Station Yard to permit the return to full service on Thursday. As a result it has canceled the declaration of force majeure and capacity was

returned to 770 MMcf/d.

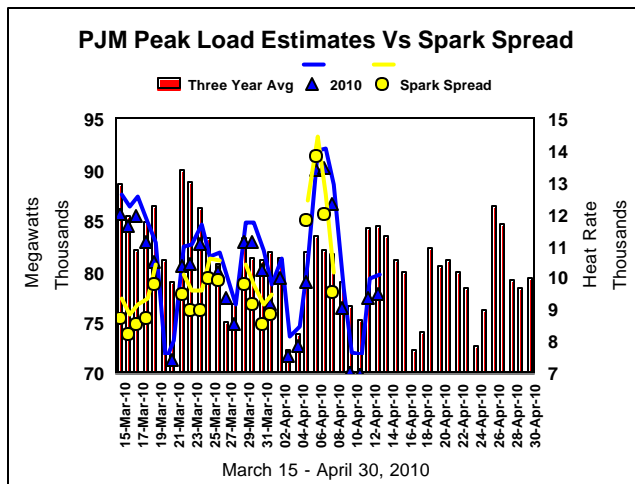
Tennessee Gas Pipeline is warning customers to match physical flow with scheduled quantities to prevent imbalances from occurring across the system that would threaten the system's operational integrity that would lead the company to declare an OFO.

PIPELINE MAINTENANCE

Kern River Transmission said that during scheduled annual maintenance and emergency shut down testing at the Dry Lake compressor station on April 6th, it discovered internal compressor engine damage that required an immediate replacement of the engine. In an effort to minimize the impact to its customers, the company is postponing the Veyo Unit #1 exchange scheduled for this week and has replaced it with the installation of a replacement engine at Dry Lake. During the outage the Veyo operational capacity will be 1,914,000 Dth, down slightly more than 150,000 Dth/d.



ELECTRIC MARKET NEWS



Barclays Capital in a research note released yesterday said that the supply of domestic offsets under a federal cap and trade program could reach about 250 million tons per year in 2020, with cumulative supply between 2012 and 2020 pegged at 1.5 billion tons.

MARKET COMMENTARY

The natural gas market today took a EIA Storage Report that was only 2 bcf higher than most expectations as a bearish signal and this market moved some 10 cents lower immediately. While the market did claw its way back up through the late morning and early afternoon it was only able to retrace 50-60% of the morning's sell off and as

a result was easily able to settle lower for the third day in a row and back below the \$4.00 barrier for the first time in the May contract since March 31st.

Open interest reported at midday by the CME showed that the combined and adjusted open interest in the Henry Hub futures and swaps contract increased yesterday by over 11,000 contracts and 20,000 contracts over the last two trading sessions. This appears to point to new shorts coming back into the market once again, following Tuesday's bearish news out of the EIA via its Short Term Energy Outlook.

Well it appears that we have missed our chance to sell at higher levels, as this market appears poised to test the \$3.81 here shortly. If the market is initially able to hold this support but not trade above the \$4.05 area then this market could be setting itself up for a head and shoulders pattern that could conceivably be targeting the \$3.28-\$3.30 area. Additional support points though we would be looking for would be \$3.713, \$3.66-\$3.63 and \$3.569. Resistance we see at \$3.982, \$4.04-\$4.05, \$4.093, \$4.152, \$4.267 and \$4.334.

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