



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR APRIL 16, 2010

NATURAL GAS MARKET NEWS

AccuWeather in their latest 20 day forecast noted that due to a split flow and blocking pulling back west of Hudson Bay will result in chillier than normal temperatures for much of the nation over the next 10-15 days. But the private weather forecaster sees the colder than normal pattern beginning to break after May 1st with temperatures turning normal to warmer than normal by may 10th.

Repsol YPF's Sestao Knutsen LNG tanker was expected to arrive at the Bahia Blanca LNG terminal in Argentina from Trinidad on May 10th.

Baker Hughes reported that the number of rigs search for natural gas in The United States climbed by 14 this week to a 14-month high of 973 rigs. This was the 16th straight weekly gain.

Reuters/University of Michigan's survey for consumer sentiment took a surprise downward turn today; as the index slipped to its lowest level in a year to 69.5 in early April, well below the 73.6 level recorded back in later March. Meanwhile the Economic Cycle Research Institute said its Weekly Leading Index slipped to 131.2 for the week ending April 9th, down from 131.8 the prior week. This was a 36-week low. While the group does not expect a double dip recession it expects the pace of U.S. economic growth will begin to throttle back in the next few months.

PIPELINE MAINTENANCE

The Southeast Supply Header pipeline has notified Southern Natural Gas of a pipeline condition that is affecting capacity to the Southern Natural-SESH interconnect in central

Generator Problems

NPCC- Entergy's 1030 Mw Indian Point #2 nuclear unit was at full power on Friday, up 8% from Thursday.

Entergy's 838 Mw FitzPatrick nuclear unit was at 94% power on Friday up 20% from Thursday.

PJM - PPL Corp's Susquehanna #2 nuclear unit fell to 63% of capacity down 31% from Thursday.

Exelon's Limerick #1 nuclear unit was at 98% power on Friday, up 18% from yesterday.

MISO - Xcel Energy's 538 Mw Prairie Island #2 nuclear unit remains at 80% power. The unit is expected to begin a refueling outage on April 17th.

Exelon's 1128 Mw Byron #1 nuclear unit was at 91% capacity this morning. The unit is scheduled to begin a maintenance outage on April 19th.

Exelon's 855 Mw Quad Cities #2 nuclear unit remained off line despite being restarted on Thursday.

Exelon's 798 Mw Palisades nuclear unit saw output cut back to 35% of capacity, down 65% from Thursday.

The 1190 Mw Callaway nuclear unit was at 99% power this morning and was expected to begin a maintenance outage on April 18th.

WSCC - SCE's 1172 Mw San Onofre #2 nuclear unit was at 90% power this morning, up 10% from Thursday.

FRCC - FPL's 853 Mw St. Lucie #2 nuclear unit tripped off line today.

SERC - Southern Nuclear's 876 Mw Hatch #2 nuclear unit was warming up this morning and at 3% power. The unit has been off line since February 7th for an extended refueling and maintenance outage.

TVA's 1100 Mw Browns Ferry #3 nuclear unit returned to full power on Friday, up 21% from Thursday.

The NRC reported that there was some 78,209 Mw of nuclear power generated today, down 1.3% from yesterday and off 2.4% from a year ago.

Mississippi until further notice and has created a force majeure condition.

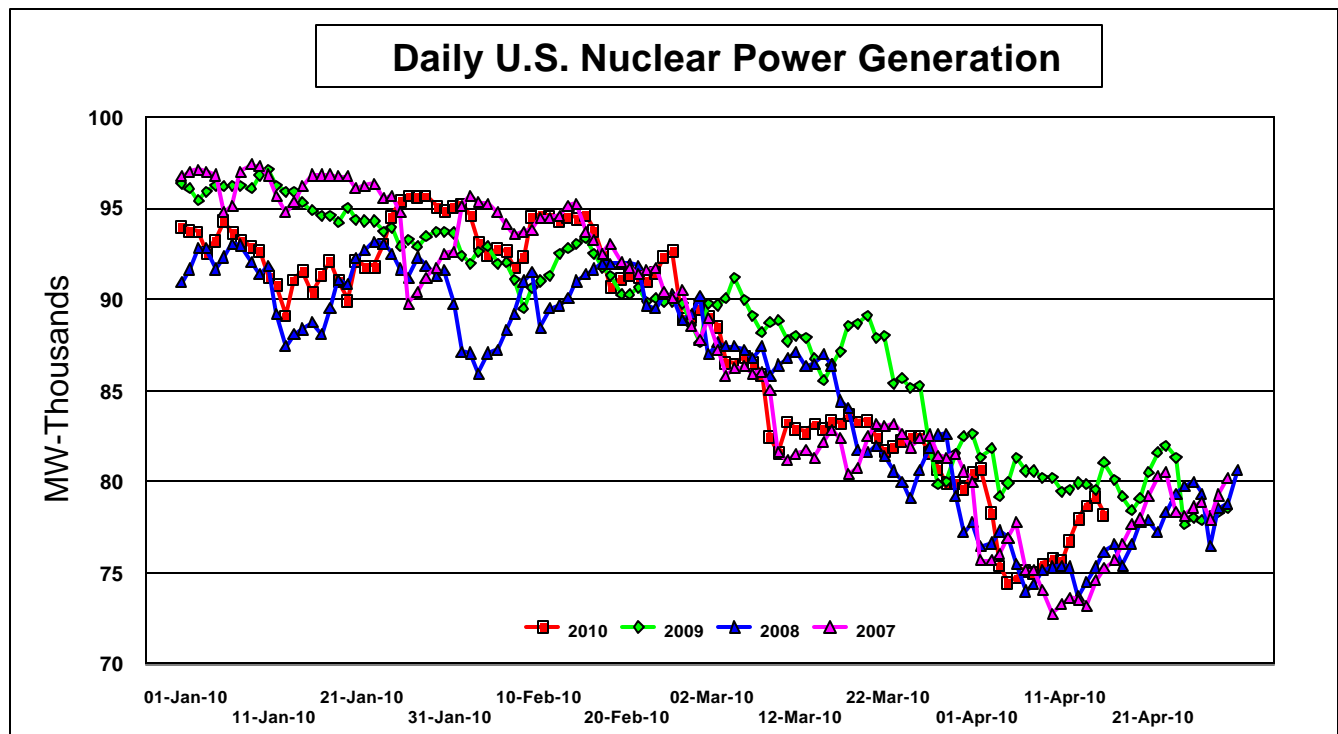
Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg	Change	Basis	Change	Basis 5-Day
Location	Traded	Price		(As of 12:30 PM)		Moving Avg
Henry Hub	949,000	\$3.966	(\$0.189)	(\$0.117)	(\$0.281)	(\$0.031)
Chicago City Gate	620,900	\$4.026	(\$0.139)	(\$0.057)	(\$0.241)	\$0.002
NGPL- TX/OK	970,700	\$3.862	(\$0.167)	(\$0.221)	(\$0.269)	(\$0.137)
SoCal	468,900	\$3.894	(\$0.189)	(\$0.189)	(\$0.291)	(\$0.059)
PG&E Citygate	708,900	\$4.445	(\$0.129)	\$0.362	(\$0.231)	\$0.458
Dominion-South	348,400	\$4.200	(\$0.120)	\$0.117	(\$0.222)	\$0.195
USTRade Weighted	21,364,500	\$3.956	(\$0.179)	(\$0.127)	(\$0.28)	(\$0.031)

Gulf South rescheduled maintenance at the Tallulah Compressor Station, that has

have three units. It has been rescheduled. It had been planned for May 4th, will now begin May 18th take 48 hours to complete. Based on system operations and nominations currently scheduled the work is not expect an impact on customers.

PIPELINE RESTRICTIONS

Tennessee Gas Pipeline said that today it has restricted Mainline Valve 223 and Station 307. The

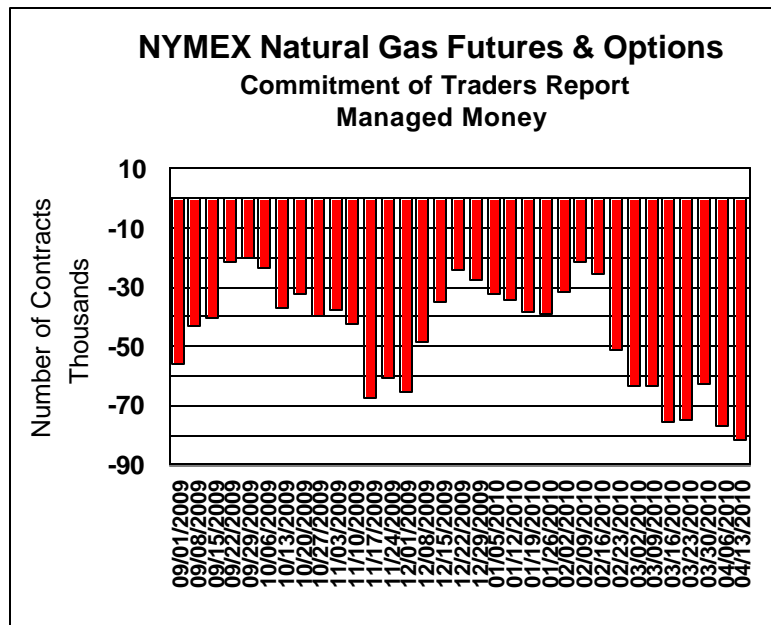


pipeline said it is restricted through 100% of supply-to-market interruptible service from both stations.

Northern Natural Gas said it is experiencing an unprecedented pattern flows on its system at this time of the year relating to the continued increase in the level of gas receipts from market area points (primarily from Northern Borders Pipeline) and a decrease in the level of field area receipts. The company warned that as the storage withdrawal season is ending and storage injections are beginning, Northern may experience difficulty in receiving gas from market area receipts that is in excess of market area deliveries and delivering such excess amount to field area storage for injections.

ELECTRIC MARKET NEWS

Genscape estimated today that U.S. coal use rose 2% last week from the week before as a result of cooler weather increasing power demand in the East and Southeast. Compared with the same week a year ago though coal consumption was down 9%.



Constellation Energy announced it has agreed to buy its first two power plants from Navasota Holdings Texas Partners for \$365 million. The utility is buying the Colorado Bend Energy Center and the Quail Run Energy Center. The natural gas fired power plants generate 550 Mw each and can be expanded by another 275 Mw.

MARKET COMMENTARY

The natural gas market today finally took a breather as the market posted an inside trading session and its smallest trading range since March 24th in the May contract. Traded volume also appeared to be the lightest since the end of March in the spot contract. While cash prices dropped in front of the weekend,

the short term approach of cooler temperatures next week coupled with backsliding of nuclear generation levels appeared to allow the market to finish slightly better on the day and back above the \$4.00 level. But with the Baker Hughes rig report still showing no sign of a pull back in drilling activity, we feel the bears will return to this market especially if the other commodity and equity markets remain on the defensive in the wake of the bearish economic mood generated from the Goldman Sachs news on Friday.

We look for initial support in the May contract to be \$4.016 on Monday followed by \$3.856 and \$3.81. Resistance we see at \$4.099 followed by \$4.174, \$4.269 and \$4.334. More distant resistance we see at \$4.483 and \$4.691.

The Oct – Jan spread which posted an inside trading day as well today, though looks vulnerable to a break to the downside, as the daily stochastics have convincingly rolled over to the downside for the first time in a month. If the support is breached at 97 cents, we feel that this spread has a good chance to quickly run back to an October discount of \$1.00-\$1.03.

This afternoon’s Commitment of Traders Report showed that for the week ending Tuesday April 13th, commodity funds increased their net short positions in Henry Hub futures swaps and options by over 5,000 lots to a new near term high of nearly 82,000 contracts.

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