



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR APRIL 20, 2011

NATURAL GAS MARKET NEWS

North America

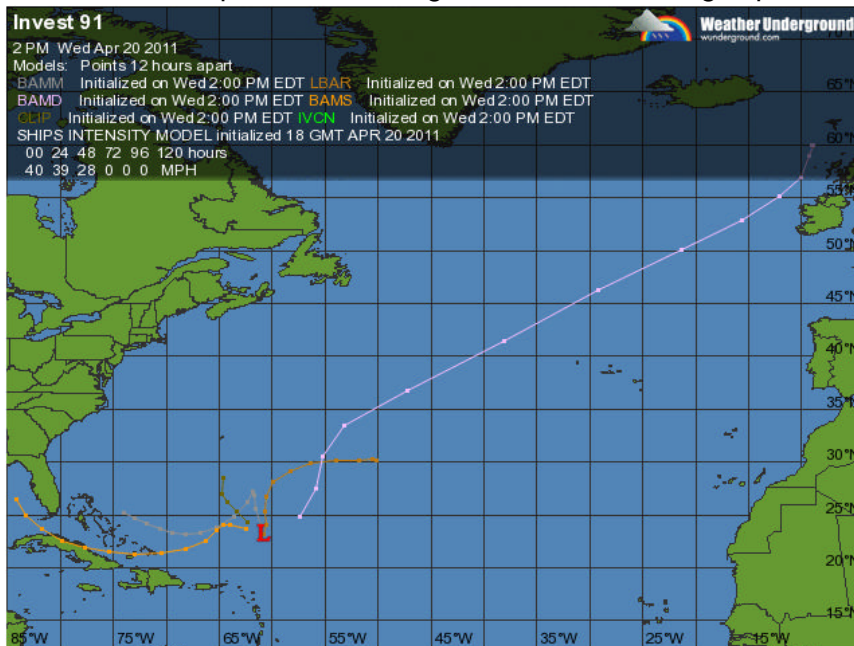
EnCana Corporation said today that it expects to focus on producing high premium oil and natural gas liquids this year as it tries to offset weak natural gas prices, which resulted in a 19% decline in its first quarter profit. The company noted that as a result of its commodity price hedging in the first quarter, its cash flow was \$138 million, after tax, higher than what the company would have generated without hedging its production. Production averaged 3.34 Bcfe/d some 0.5% less than fourth quarter levels but 2.1% higher than the first quarter of 2010. The company continues to look to spend about a fourth of its capital budget on the development of oil and NGLs. The company estimates its cost of production of natural gas has fallen by 25% in the past three years and now can remain profitable as long as NYMEX natural gas prices remain above \$3.75.

Generation Outages

NPCC – Constellation Energy's 621 Mw Nine Mile Point#1 nuclear unit ramped up to 34% power, up 33% from yesterday.

MISO- Exelon's 1164 Mw Byron #1 nuclear unit reportedly is on the verge of being restarted. The unit has been offline since March 14th for planned maintenance and refueling.

The NRC reported this morning that some 70,675 Mw of nuclear generation capacity is online, basically unchanged from yesterday and down 7.9% from a year ago.



State and local regulators in Pennsylvania reported that a well operated by Chesapeake Energy began spewing fluid late Tuesday night during the fracking process. An equipment failure occurred during well-completion activities, allowing the release of thousands of gallons of hydraulic fracking drilling fluids. The fluids initially spilled into a nearby waterway, though the flow has since been redirected. State regulators have tested the water and found no adverse affects on aquatic life as of yet. Several local residents in Lercy Township in Bradford County were evacuated.

The National Hurricane Center reported this afternoon that a low-pressure system some 460 miles east of San Juan Puerto Rico has a 20% chance of becoming a subtropical or tropical cyclone over the next couple of days.

International

Port officials at the South Hook LNG terminal reported that the Mekaines LNG tanker is slated to arrive at the terminal on April 22nd from Qatar. According to ship tracking services, the Golar Maria LNG tanker is expected to arrive at Milford Haven on April 29th. Meanwhile National Grid reported today that one of the worlds largest LNG tankers docked at the Isle of Grain terminal on Wednesday for the first time. Qatar's Bu Samra, which holds 265,000 cubic meters of LNG, was the first Q-Max tanker to arrive at the terminal since a new jetty was completed to facilitate handling these size ships back in December 2010.

Gazprom announced it will begin exploration activities in Bangladesh starting in October via a joint venture with the government. The initial exploration activities are

Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg	Change	Basis	Change	Basis 5-Day
<u>Location</u>	<u>Traded</u>	<u>Price</u>		(As of 12:30 PM)		<u>Moving Avg</u>
Henry Hub	931,200	\$4.334	\$0.140	\$0.012	\$0.037	\$0.006
Chicago City Gate	1,178,700	\$4.585	\$0.143	\$0.263	\$0.061	\$0.160
NGPL- TX/OK	703,700	\$4.232	\$0.123	(\$0.090)	\$0.041	(\$0.098)
SoCal	761,800	\$4.330	\$0.070	\$0.008	(\$0.012)	\$0.018
PG&E Citygate	1,747,100	\$4.475	\$0.098	\$0.153	\$0.016	\$0.158
Dominion-South	564,500	\$4.519	\$0.139	\$0.197	\$0.057	\$0.167
USTrade Weighted	22,991,000	\$4.358	\$0.119	\$0.036	\$0.04	\$0.006

expected to include the drilling of five wells. The country currently produces some 2 bcf/d of natural gas, less than its demand for more than 2.5 bcf/d. Demand for natural gas in the country is seen expanding by 7-8% per year.

Chinese LNG imports in March were estimated at 840,000 tonnes.

Gazprom reported today that due to the political situation in Libya, its involvement in the Elephant project has been temporarily suspended.

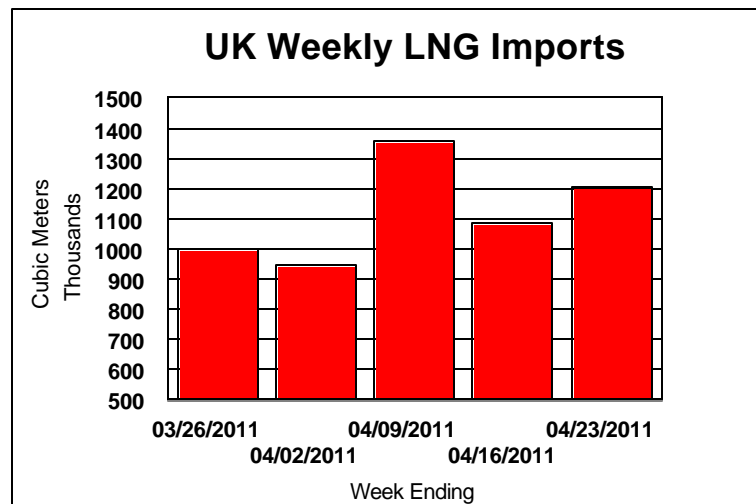
Australia's Origin Energy is expected to make an announcement over the next day on its Australia Pacific LNG project.

ELECTRIC MARKET NEWS

The Edison Electric Institute reported that for the week ending April 16th it estimated U.S. electric production reached 68,504 Gwh, some 1.9% less than the prior week but some 3.2% higher than the same week a year ago.

Despite the earlier announcement by NRG Energy that it was abandoning its plan to develop two new nuclear reactors in Texas, Southern's Georgia Power remains committed to moving forward with seeking federal government loan support

for its development of two more nuclear reactors at its Vogtle nuclear power station. Georgia Power is still looking for regulators to approve its design soon so construction and operating licenses can be issued this year to allow full construction activity to proceed on the \$14 billion project.



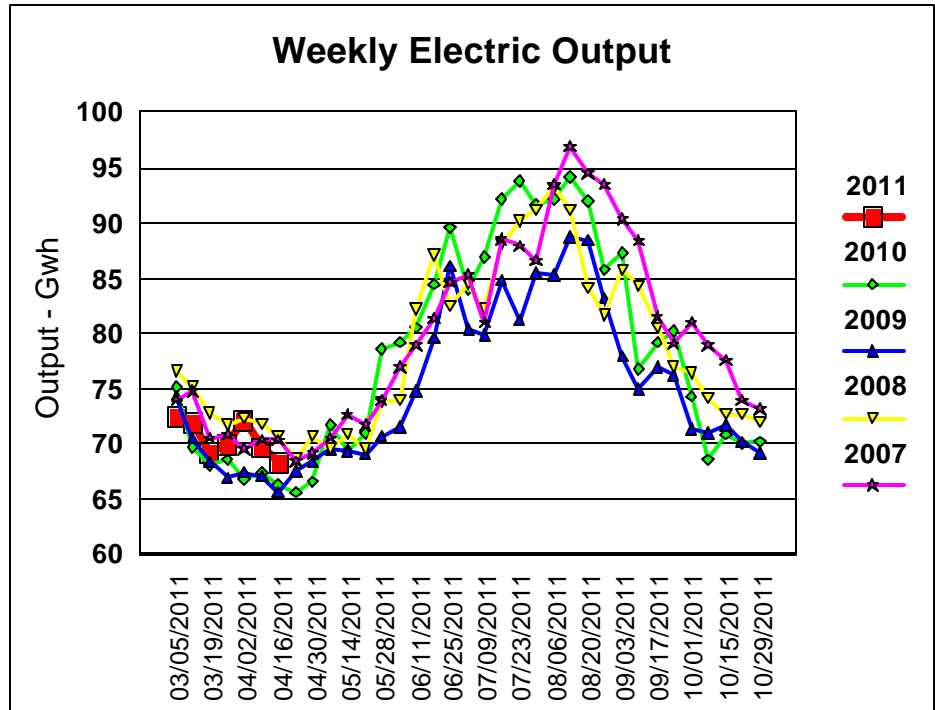
ECONOMIC NEWS

Barclays Capital said today that commodity assets under its management rose to \$412 billion in the first quarter of this year, up from \$376 billion in the fourth quarter of last year, and up from \$270 billion

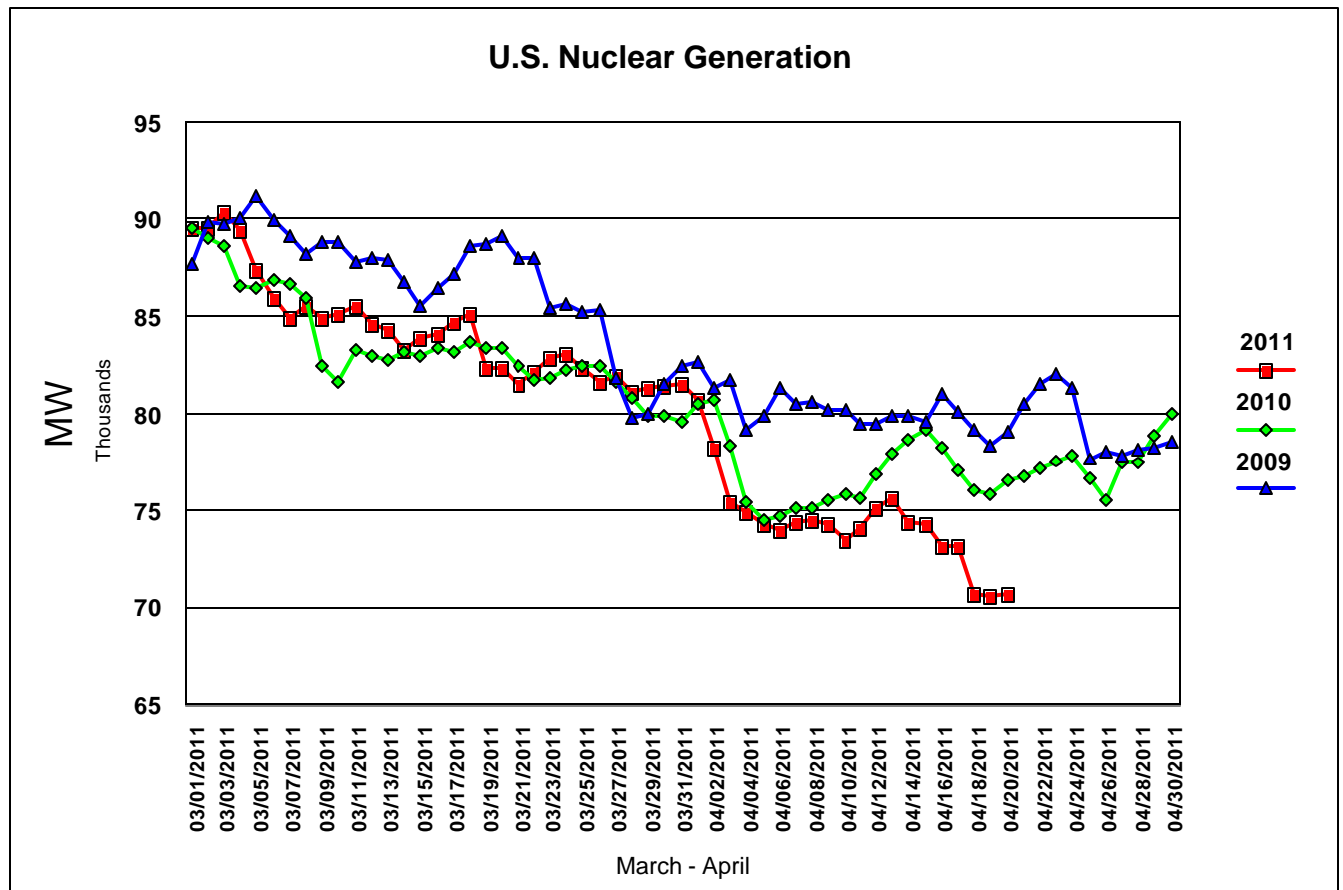
under management at the end of 2009. Energy and agricultural markets captured investor inflows of \$6.8 billion and \$7.1 billion respectively. Out of the \$412 billion under management, some \$178 billion was invested into commodity indexes, \$166 billion in exchange traded products and about \$68 billion in commodity linked structured products.

MARKET COMMENTARY

While many commodity markets were significantly higher today, the natural gas futures market only posted minor gains, with prices basically trading in a tight seven-cent sideways trading range throughout the day. Prices seemed to stall out up near the 62% retracement level of the sell off from late March through early April. While there has been little reason for the bulls to cash out given the continued restricted level of nuclear generation levels, there is little fresh news to signal a further jump higher in prices, especially in front of tomorrow's storage report.



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Market expectations for tomorrow's EIA Storage Report appear to be running between a 45-75 bcf build with most estimates centered around a 50-55 bcf build. The same week a year ago saw builds of an adjusted 75 bcf while the five-year season build is 34 bcf.

We continue to look to be a scale up seller of this market, and becoming more aggressive once nuclear generation levels begin to rebound and or the daily stochastics appear to be turning over and point downward once again. We see resistance at \$4.344-\$4.363 followed by \$4.45 and \$4.56. Support we see at \$4.21 followed by \$4.167 and \$4.145- \$4.125.

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