



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR APRIL 22, 2009

NATURAL GAS MARKET NEWS

EnCana reported today that as a result of production gains in East Texas and the Haynesville Shale play, its North American natural gas production in the first quarter rose by 4% even though the company drilled almost 25% less wells. The company though announced it was spending another \$290 million on its Haynesville gas play bringing the total up to \$580 million in development costs this year. The company now expects to drill a total of 50 net wells in this play in 2009. The company said that the new capital for this drilling activity would be sourced from other areas. The company also reported that it earned \$962 million in the first quarter, up from \$93 million last year, helped in part to a hedging gain of \$89 million, compared to a year earlier loss of \$737 million from hedging.

Barclay's Capital in a research note this week said that the dire predictions of a flood of LNG imports in coming weeks into the U.S. might be misplaced as demand weakness is not universal across Asian markets and Europe as some of these areas are experiencing in fact demand gains.

Generator Problems

NPCC – OPG's Pickering #4 nuclear unit retuned to service, while operators took the Darlington #1 nuclear unit off line for four to six weeks of tests.

SERC – Progress Energy's 937 Mw Brunswick #2 nuclear unit was still off line this morning and only at 4% capacity.

MISO – Exelon's 1194 Mw Braidwood #1 nuclear unit ramped up to 87% of capacity up 30% from yesterday.

ECAR- First Energy's 908 Mw Davis-Besse reactor has exited its outage and was at 14% power this morning.

WSCC – The 1150 Mw Columbia Generating Station was back to full power this morning, up 35% from yesterday.

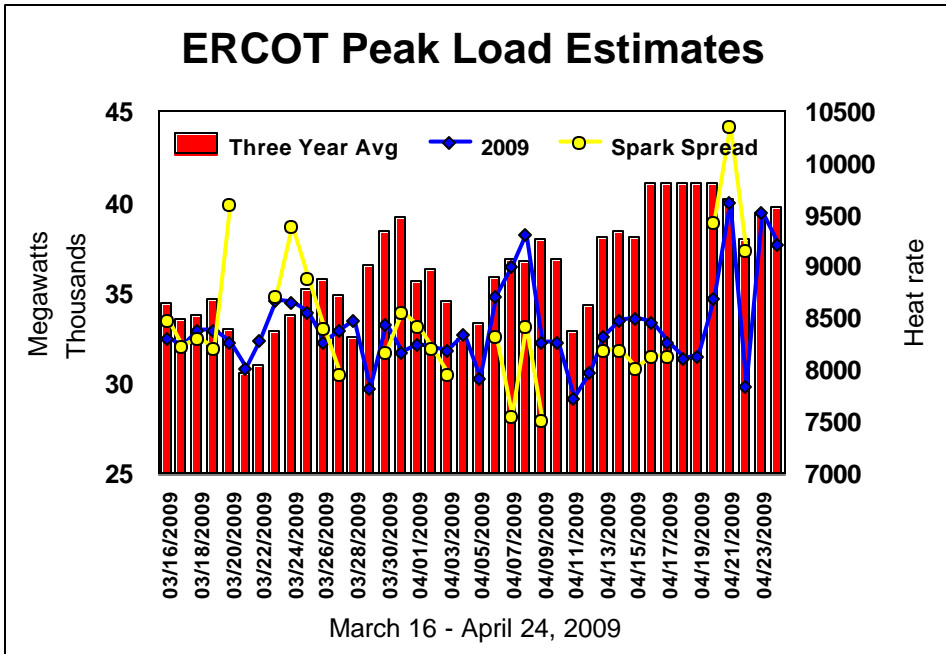
FRCC- FPL's 864 Mw St. Lucie #2 nuclear unit ramped higher by only 1% from yesterday and was at 86% power this morning.

Progress Energy's 838 Mw Crystal River nuclear unit was at 90% down from full power from yesterday.

The NRC reported this morning that 81,575 Mw of nuclear generation capacity was on line, up 1.4% from yesterday and up 2.8% from the same time a year ago.

| 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 | 743,700 | \$3.480 | \$0.049 | (\$0.029) | \$0.018 | (\$0.263) |
| Chicago City Gate | 755,000 | \$3.219 | (\$0.045) | (\$0.290) | (\$0.047) | (\$0.309) |
| NGPL- TX/OK | 755,000 | \$3.072 | (\$0.048) | (\$0.437) | (\$0.050) | (\$0.458) |
| SoCal | 368,100 | \$2.983 | (\$0.032) | (\$0.526) | (\$0.034) | (\$0.589) |
| PG&E Citygate | 775,000 | \$3.273 | (\$0.050) | (\$0.236) | (\$0.052) | (\$0.225) |
| Dominion-South | 327,700 | \$3.814 | \$0.042 | \$0.305 | \$0.040 | \$0.262 |
| USTrade Weighted | 17,263,200 | \$3.285 | \$0.020 | (\$0.224) | \$0.02 | (\$0.263) |

Reuters reported that Elba Island LNG terminal is scheduled to receive seven LNG cargoes in April versus three in March. The cargoes, all sourced by BG Group, have mostly come from



Egypt, but the last arrival expected on April 29th will be from Trinidad.

Reuters reported today that it appears three Croatian partners will formally agree to join five European energy firms in building the Adriatic LNG terminal on the island of Krk. The facility has a proposed 15 billion cubic meters annual capacity at a cost of \$1.03 billion. Construction is planned to start in 2010 and be operational in 2014.

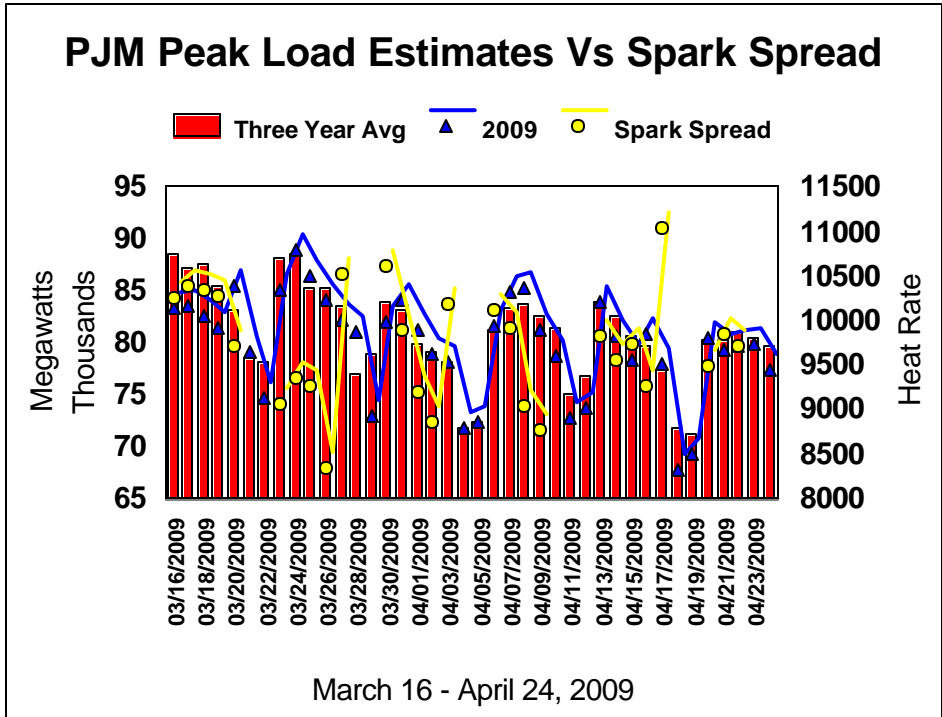
India's Petronet LNG has issued a force majeure for

five LNG cargoes for delivery in April and May to its 10 million metric ton a year Dahej terminal in western India due to technical problems. Petronet has a short-term agreement with BP and other firms to source about 1.5 million tones of LNG. It also buys 5 million tones a year of LNG from Qatar under a long-term contract.

Woodside Petroleum announced it has signed an agreement for the development of a LNG facility in western Australia's Kimberly region.

Chinese customs data showed that Chinese imports of LNG in March surged by 75% from a year earlier to 321,778 tonnes as not only long term imports from Australia arrived in China but a spot cargo from Trinidad and Tobago and Malaysia. China has already secured two spot LNG cargoes for April, including one from Russia, which reportedly was secured for less than \$5 per Mmbtu.

Gas flows from the Netherlands to Britain through the BBL pipeline dropped to zero for two hours this morning due to testing at the Bacton terminal in Britain. BBL reported that the test were expected to only last until midday, but the total volumes of gas delivered to Britain on Wednesday was not going to be reduced due to the disruption.



Reuters reported that the 145,000 cubic meter Maran Gas Coronis LNG tanker has docked at Britain's Isle of Grain terminal.

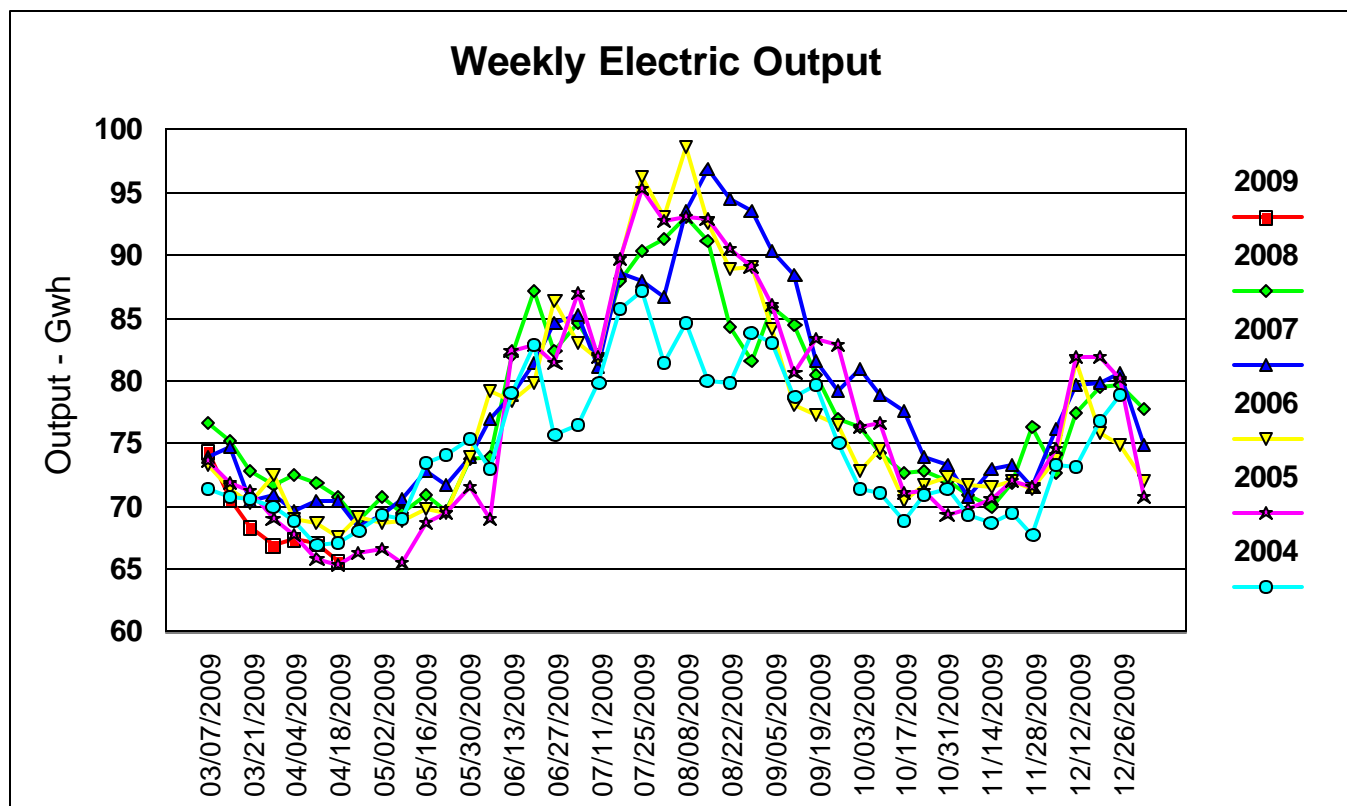
The volume of gas moved through the Ukraine to Europe in the first quarter of this year fell by just over 50% on the year to 17.6 billion cubic meters.

The FERC has approved two separate agreements requiring Anadarko Petroleum and Louisville Gas and Electric to pay fines for violating the agency's posting and bidding requirements of its capacity release policies.

PIPELINE MAINTENANCE

Panhandle Eastern Pipeline Company said there will be an outage on the Houstonia 100 Line from Gate Valve 112W in order to perform a pipe replacement beginning April 29th. The outage is expected to last 14 days. During this outage, the capacity through Houstonia will be limited to 1250 MMcf/d. At this time, the outage does not expect to impact shipper volumes.

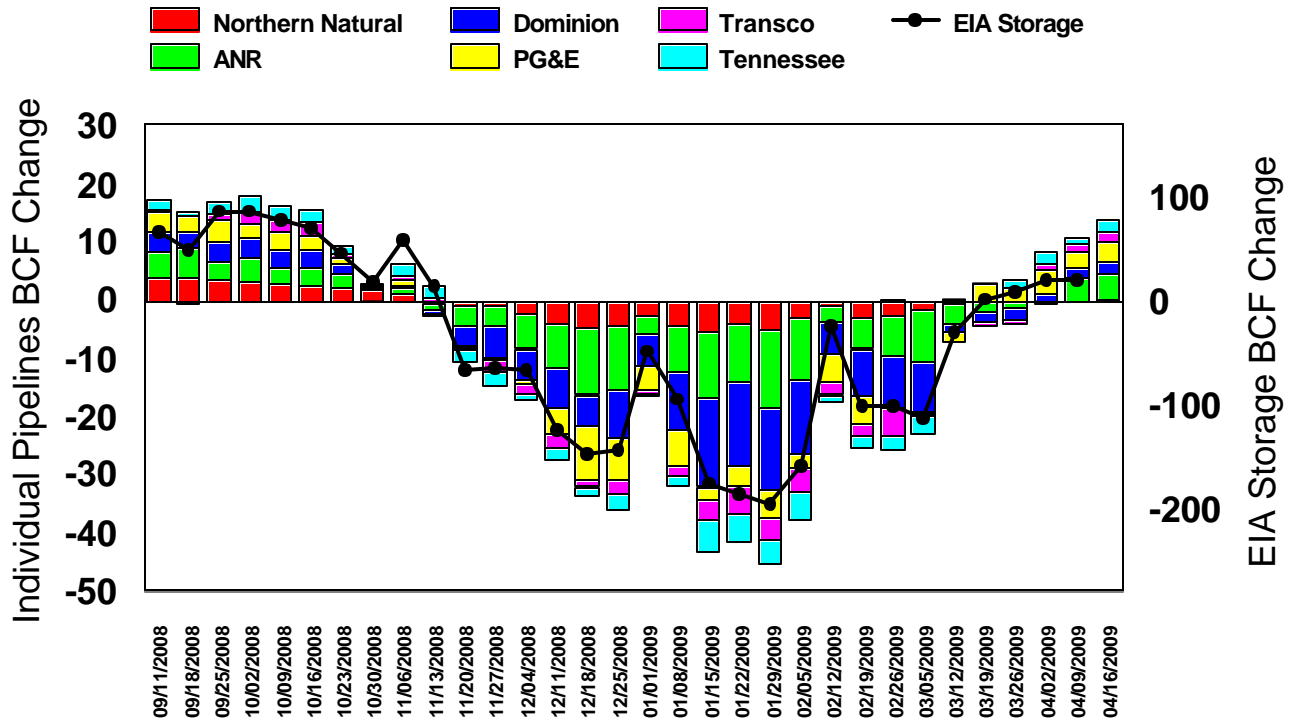
Gulf South said it will be performing system maintenance at the Goodrich Compressor Station Unit #5 beginning April 27th and lasting for three weeks. Capacity through the Goodrich Compressor Station could be reduced by as much as 50,000 Dth for the duration of the maintenance.



PIPELINE RESTRICTIONS

Midcontinent Express Pipeline said interim service from NGPL Lamar or HPL Lamar to Columbia Gulf Perryville Madison is projected to be available effective April 24th. The company expects to have pipeline capacity to transport up to 641,000 Dth/d to Columbia Gulf. MEP will continue to have primary firm deliveries available to NGPL Atlanta.

Weekly Change In Nat Gas Stocks



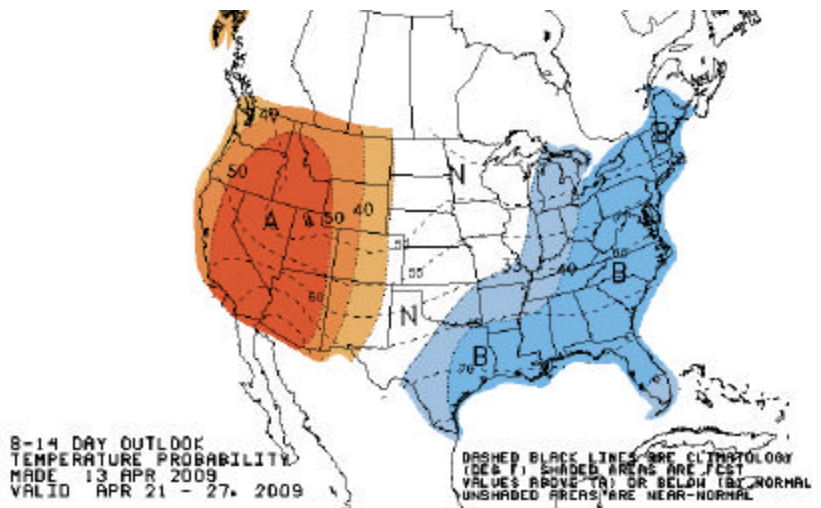
EI Paso Natural Gas said there is the moderate probability of declaring a Strained Operating Condition or Critical Operating Condition due to high line pack conditions.

Tennessee Gas Pipeline said that effective this morning it has restricted the Carthage Line Lateral through approximately 63% of Supply to Market Secondary Out of Path nominations.

ELECTRIC MARKET NEWS

FERC Chairman Wellinghoff said Wednesday that there may never be another new nuclear or coal power plant built in the United States as a result of the promise of renewable energy generation and demand side management. He noted the projected costs of new nuclear plants as prohibitive, possibly around \$7,000 per Kw with the price tag for new coal plants similarly high.

The NYISO reported yesterday that significant reductions in greenhouse gas emission rates, along with power plant emissions of SO₂, NO_x and CO₂ sharply declined in New York State. SO₂ rates dropped 77% over the ten-year period, with CO₂ rates dropping 28% and NO_x rates off 61%. As a result the emission rates of New York State's electricity generation rank among the lowest in the continental U.S.



| NEW YORK MERCANTILE EXCHANGE(r) | | | | | | | | | |
|---|----|----|---|---------|----------|-----------|-------|--------|--------|
| NYMEX OPTIONS CONTRACT LISTING FOR 04/22/2009 | | | | | | | | | |
| | | | | TODAY'S | PREVIOUS | ESTIMATED | DAILY | DAILY | |
| -----CONTRACT----- | | | | SETTLE | SETTLE | VOLUME | HIGH | LOW | |
| LN | 6 | 9 | P | 3 | 0.0573 | 0.0632 | 8275 | 0 | 0 |
| LN | 3 | 10 | C | 15 | 0.0355 | 0.0359 | 6750 | 0.0375 | 0.0375 |
| LN | 5 | 9 | C | 4 | 0.0068 | 0.0117 | 3525 | 0.01 | 0.009 |
| LN | 10 | 9 | P | 3 | 0.1986 | 0.2011 | 2950 | 0 | 0 |
| LN | 3 | 10 | P | 3 | 0.0277 | 0.0295 | 2750 | 0 | 0 |
| LN | 10 | 9 | C | 6 | 0.2233 | 0.214 | 2075 | 0 | 0 |
| LN | 7 | 9 | C | 4 | 0.3052 | 0.309 | 2025 | 0 | 0 |
| LN | 10 | 9 | P | 2.5 | 0.0885 | 0.0899 | 1950 | 0 | 0 |
| LN | 6 | 9 | C | 4.5 | 0.0548 | 0.0579 | 1825 | 0 | 0 |
| LN | 5 | 9 | P | 3.5 | 0.0932 | 0.1204 | 1680 | 0.095 | 0.095 |
| LN | 6 | 9 | C | 5 | 0.0185 | 0.0204 | 1625 | 0.021 | 0.021 |
| LN | 6 | 9 | P | 9 | 5.3505 | 5.3603 | 1500 | 0 | 0 |
| LN | 5 | 9 | P | 9 | 5.4676 | 5.4885 | 1500 | 0 | 0 |
| LN | 7 | 9 | C | 5 | 0.0856 | 0.0883 | 1500 | 0 | 0 |
| LN | 5 | 9 | C | 3.75 | 0.0354 | 0.0448 | 1500 | 0 | 0 |
| LN | 5 | 9 | C | 3.5 | 0.1252 | 0.1314 | 1450 | 0 | 0 |
| LN | 5 | 9 | P | 3.25 | 0.0205 | 0.0351 | 1175 | 0.0225 | 0.0225 |
| LN | 10 | 9 | C | 8 | 0.0782 | 0.0714 | 1050 | 0 | 0 |
| LN | 8 | 9 | C | 5 | 0.1821 | 0.1853 | 1050 | 0 | 0 |
| LN | 6 | 9 | C | 4 | 0.1478 | 0.1514 | 1025 | 0 | 0 |
| LN | 10 | 9 | P | 3.5 | 0.3739 | 0.3774 | 800 | 0 | 0 |
| LN | 9 | 9 | P | 3.25 | 0.2458 | 0.2493 | 800 | 0 | 0 |
| LN | 9 | 9 | C | 7 | 0.0673 | 0.0691 | 800 | 0 | 0 |
| LN | 5 | 9 | P | 3 | 0.0024 | 0.0063 | 800 | 0 | 0 |
| LN | 7 | 9 | P | 3.5 | 0.2549 | 0.2556 | 750 | 0 | 0 |

The Edison Electric Institute reported today that for the week ending April 18th, U.S. power production totaled 65,712 Gwh down over 2% from the prior week and off 4.7% from the same week a year ago.

MARKET COMMENTARY

The natural gas market today posted an inside trading session as traders appeared content to wait for tomorrow's storage report before committing to new positions in this market. Support at various trading hubs appeared also to help hold natural gas futures despite weaker oil prices for much of the day following a bearish oil inventory report. Market expectations for tomorrow's natural gas storage report appear to be centered on a 40-45 bcf build in stocks. Our estimates though are a bit higher looking for a 50-55 bcf

higher in part due to stronger stock builds at various pipeline storage levels as well as what we feel was an understating of inventories last week. Stocks last year rose an adjusted 25 bcf while the five year seasonal average shows a 35 bcf.

As a result we would look for this market following the report tomorrow to test Tuesday's low at \$3.448 and then looking to possibly challenge support at the bottom of its current channel at \$3.308. Resistance we see at \$3.55-\$3.56 followed by \$3.605 and \$3.786. More significant resistance we see at \$3.904, \$3.947, \$4.10 and \$4.255.

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