



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR APRIL 23, 2009

NATURAL GAS MARKET NEWS

Gas storage levels in Europe for the week ending April 20th rose across the continent, with storage levels in Britain and Belgium jumping nearly 4% to 39.25% full according to Reuters.

The president of Newfield Exploration Company said today that the company has slowed the pace of drilling in some of its Midcontinent operations for “economic reasons” such as low natural gas prices and a continuing decline in service costs, and it will await better economics to increase its activity in Woodford play.

PG&E California Gas Transmission has called a system wide OFO on its pipeline for today due to high gas supplies. The company estimates that ending inventories could reach 4193 million cubic feet. The pipeline restriction has a 5% tolerance.

General Motors reportedly is planning to temporarily close most of its U.S. factories for up to nine weeks this summer because of

Canadian Gas Association

Weekly Storage Report

	17-Apr-09	10-Apr-09	18-Apr-08
East	60.1	60	41.3
West	154.4	141.9	120.2
Total	214.5	201.9	161.5

storage figures are in Bcf

Generator Problems

SERC –Progress Energy’s 939 Mw Brunswick #2 nuclear unit was still off line this morning and was back in cold shutdown mode after warming up to 4% capacity yesterday.

MISO – Exelon’s 912 Mw Quad Cities #1 nuclear unit was at 94% power this morning down marginally from yesterday. The unit continues to coast down ahead of its planned refueling and maintenance outage scheduled for this weekend.

Exelon’s 1194 Mw Braidwood #1 nuclear unit was at 94% power this morning up 7% from yesterday.

ECAR- FirstEnergy’s continues to ramp production at its 908 Mw Davis-Besse nuclear plant to 92% power, up 32% from yesterday.

WSCC –The 1150 Mw Columbia Generating Station operating levels continue to fluctuate. This morning the unit was at 93% capacity off 7% from yesterday.

SPP – AEP’s 528 Mw Welsh #2 coal fired unit was being restarted over the next

ERCOT – Luminant planned to shut its 575 Mw Big Brown #2 coal fired unit for a scheduled outage beginning late Thursday evening.

Maintenance was scheduled for two hours Thursday morning on the #2 coal fired Martin Lake power plant.

FRCC- FPL’s 864 Mw St. Lucie #2 nuclear unit was at 85% power again this morning as traders expect the unit to be coasting down to a scheduled refueling outage.

Progress Energy’s 838 Mw Crystal River #3 nuclear unit returned to full power up 10% from yesterday.

The NRC reported this morning that 82,000 Mw of nuclear generation capacity was on line, up 0.5% from yesterday and up 2.8% from the same time a year ago.

slumping sales and growing inventories of unsold vehicles. While no exact dates were provided it appears they will occur around the normal two-week shutdown in July when changes are made from one model year to the next.

EIA Weekly Report

	04/17/2009	04/10/2009	Change	Year ago
Producing Region	779	756	23	506
Consuming East	668	651	17	596
Consuming West	294	288	6	180
Total US	1741	1695	46	1282

*storage figures in Bcf

BG Group's Rita Andrea LNG tanker is expected to arrive at Lake Charles LNG terminal on April 30th. Pan EurAsian Enterprises analysts see a potential of 56 bcf of LNG coming into the U.S in April with estimates from Waterborne Energy calling for 61 bcf in April and 67 bcf in May.

Canaport LNG said today that its new completed LNG terminal in New Brunswick is scheduled to receive its first LNG cargo in mid to late June. The cargo will be coming from Trinidad and Tobago. The terminal has a capacity to import 1.32 bcf/d.

The Rockies Express Pipeline said today that initial service into Illinois remains on schedule for mid-May, but some service into Indiana will be delayed until late May due to

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	635,900	\$3.455	(\$0.025)	\$0.052	\$0.073	(\$0.248)
Chicago City Gate	860,000	\$3.183	(\$0.037)	(\$0.220)	\$0.069	(\$0.295)
NGPL- TX/OK	999,700	\$3.044	(\$0.028)	(\$0.359)	\$0.078	(\$0.440)
SoCal	249,400	\$2.920	(\$0.063)	(\$0.483)	\$0.043	(\$0.573)
PG&E Citygate	742,600	\$3.296	\$0.023	(\$0.107)	\$0.129	(\$0.215)
Dominion-South	513,900	\$3.737	(\$0.077)	\$0.334	\$0.029	\$0.273
UTrade Weighted	18,084,500	\$3.252	(\$0.033)	(\$0.151)	\$0.07	(\$0.248)

weather-related problems especially surrounding the recent and continued flooding on the Wabash River. The pipeline though continues to confirm in-service dates of June 15th for Lebanon, Ohio and November 1st for Clarington, Ohio.

Ukrainian President Yushchenko late yesterday called for the revising of the Ukraine-Russian natural gas supply agreement signed just this past January. He said, "The agreement never strengthened stability among Russians, or among the Ukrainians, or among the Europeans" he went on to say that "we must find such a level of cooperation that would provide energy security for the EU." The Ukrainian President said that the agreement between the two countries, which sets a price formula for the Ukraine de facto sets prices higher than those paid by Germany or Italy. Under the agreement from January Naftogaz must make monthly payments to Gazprom for gas supplies within seven days of the end of the month, a schedule that the Ukraine finds hard to keep. Putin earlier this year threatened to cut gas supplies unless the payments are made promptly. The Ukrainian President said as a result there is a problem every month. He also mentioned that the agreement fails to address the issue of adjusting gas import volumes to avoid penalties.

According to the Labor Department, initial claims for unemployment benefits increased by 27,000 to 640,000 in the week ending April 18th. The four-week average fell by 4,250 to 646,750. Continuing unemployment claims increased a further 93,000 to 6,137,000, the highest level on record. The unemployment rate for workers with unemployment insurance increased 0.1% to 4.6%, its highest level since January 1, 1983.

PIPELINE MAINTENANCE

Midcontinent Express Pipeline said interim service from NGPL Lamar or HPL Lamar is projected to be available May 1st to Columbia Gulf Perryville Madison at approximately 500,000 Dth/d; Texas Gas Perryville Ouachita at 250,000 Dth/d; ANR Perryville Richland at 250,000 Dth/d; and NGPL Atlanta at 250,000 Dth/d.

Southern Natural Gas said it has determined that the Cox Bay/Point Code 014800 will not be impacted by maintenance on various sections of its pipelines between the Olga platform and Toca Compressor Station. This is the work the company was unable to be completed last year due to Hurricane Gustav and Ike.

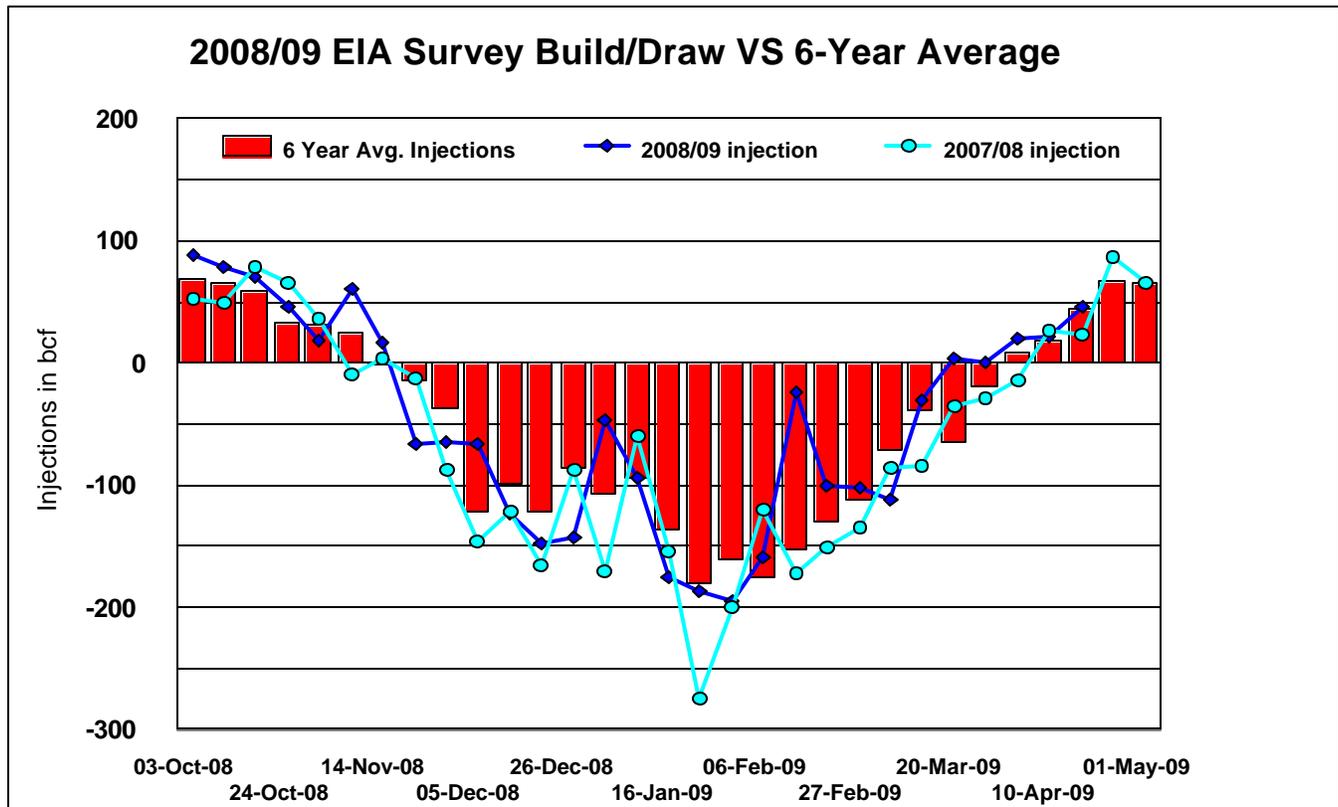
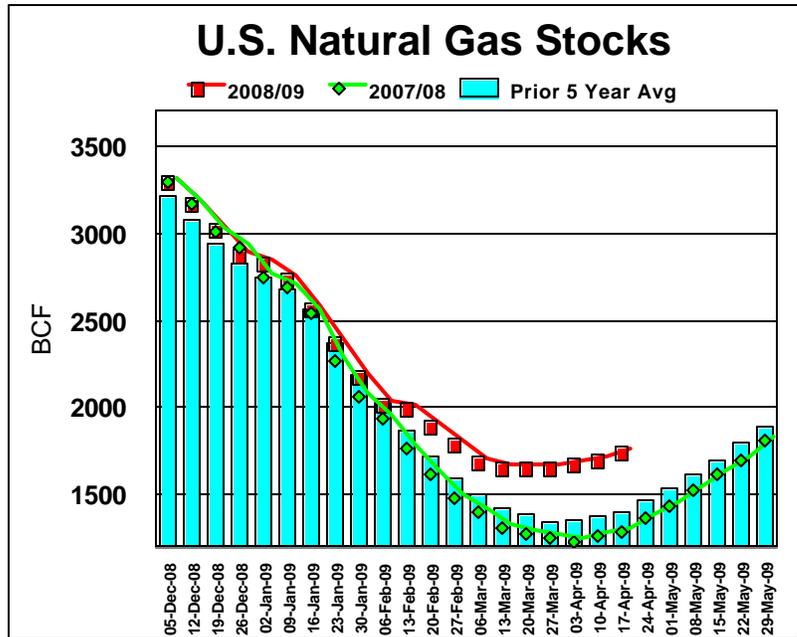
PIPELINE RESTRICTIONS

NGPL said effective for April 24th and until further notice the company will not schedule IBS Banks or Take Paybacks or LPS Parks or Loan Paybacks in the Market Delivery Zone or Production Zones on both the Amarillo and Gulf Coast Systems.

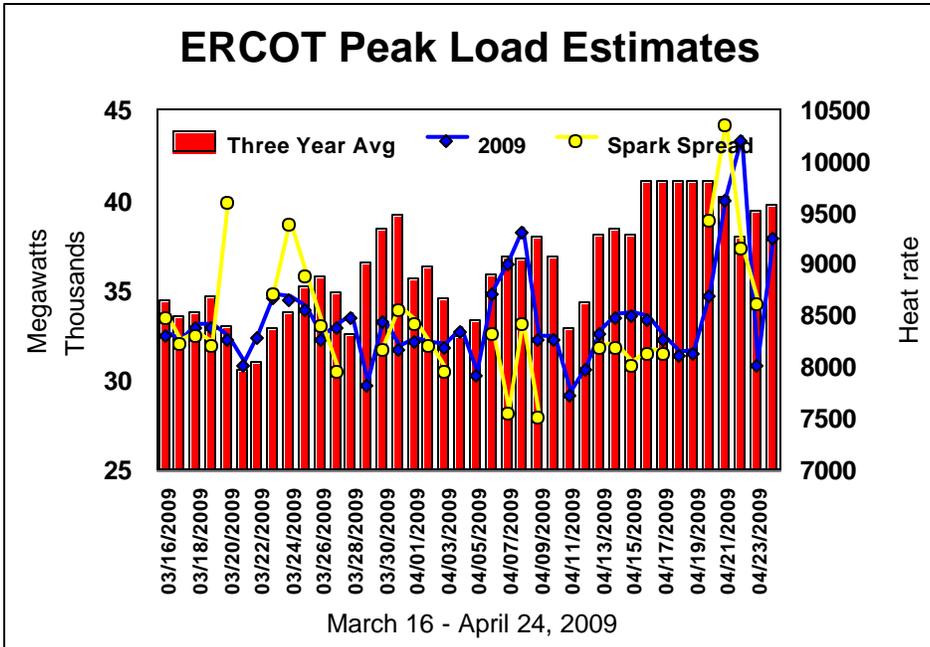
Tennessee Gas Pipeline said for gas day April 23^d it has restricted the Carthage Line lateral through approximately 66% of Supply to market Secondary Out of the Path nominations.

ELECTRIC MARKET NEWS

The U.K. minister responsible for energy and climate change said today that the U.K. will only allow new coal fired power plants to be built if they include provisions for the capture of carbon dioxide emissions for underground sequestration. He outlined that that the British government is supporting carbon capture to retain coal as a part of the power generation mix while curbing carbon-dioxide emissions. It is hoping that developing the technology will allow Britain to export the necessary equipment for the



process to other nations. Government funding may be supported by a levy on electricity bills that could add as much as 2% to customer charges by 2020. Operators of coal plants would receive fixed payments for either power they produce or the carbon dioxide that's stored. Once the technology is proven, all new coal plants would need to install it on units within five years. New plants including gas fired stations and incinerators for waste will need to show there's land available for carbon capture technology and indicate a proposed region and pipeline route for storage of the emissions.

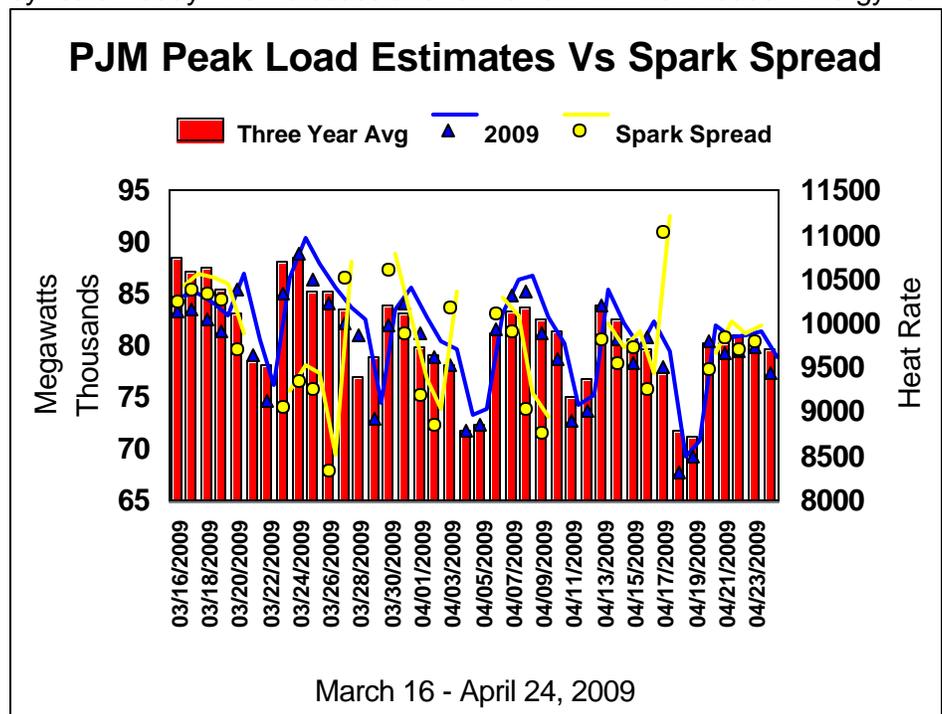


NYISO reported Wednesday that the amount of wind power generated in the state grew by 300% in the past year. By the end of March the state had 1274 Mw of installed wind generation, up from 424 in March 2008. The operator noted that another 8017 Mw of wind power project proposals have been submitted by developers to be studied by the NYISO for interconnection to the grid.

Ameren said today that it has suspended efforts to

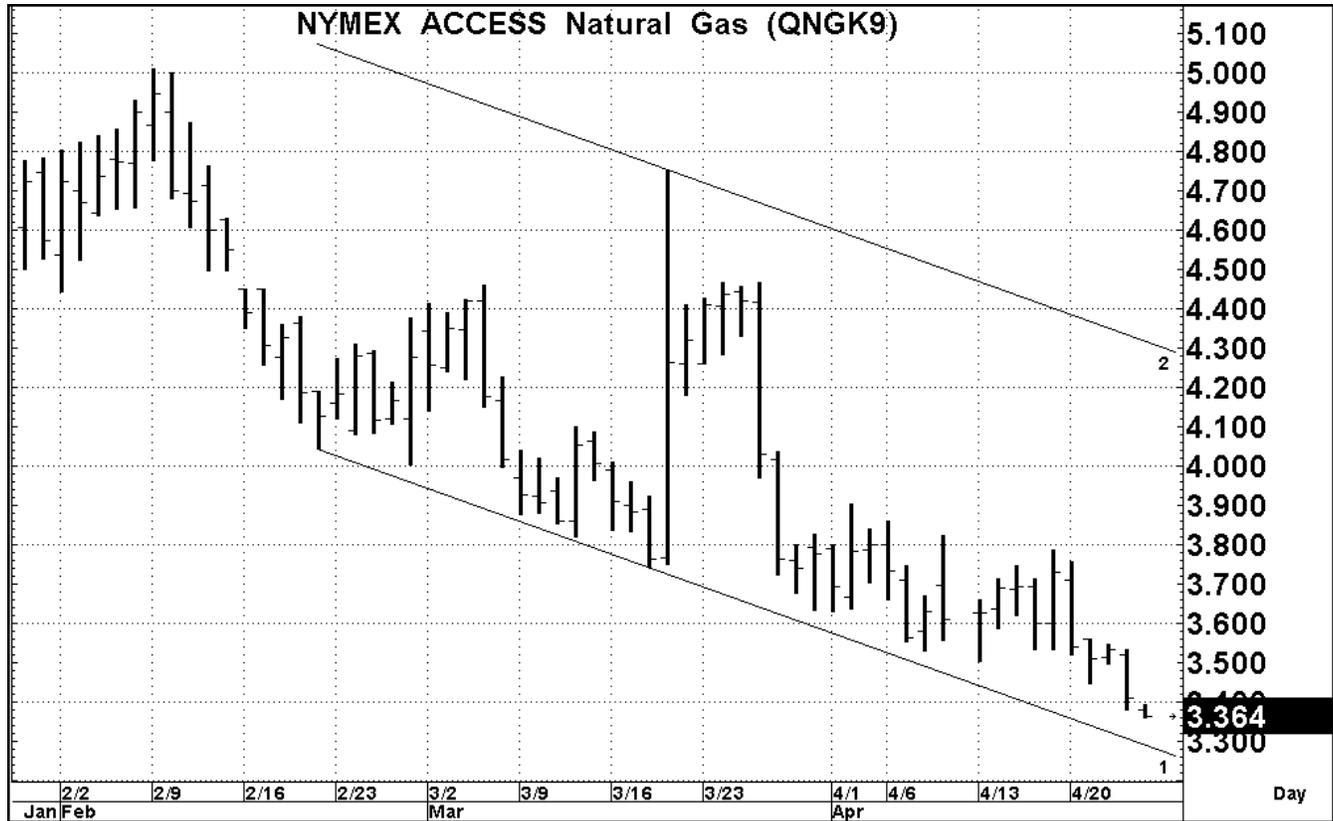
build a new nuclear reactor at its Callaway nuclear plant site after the Missouri state legislature could not guarantee the company would be able to recover costs during the construction of the plant. The 1600 Mw proposed nuclear unit had a price tag of \$6 billion.

Congressman Edward Markey said today that discussions on a bill in the House Energy and Commerce Committee regarding climate change legislation is focusing on how to structure carbon allowances. He noted that it was possible that there could be some free allocations of allowances, but declined to specify what entities would receive the allowances. A representative of the Edison Electric Institute testifying before Congress, any climate control legislation should initially provide power companies with free permits to emit GHG. This free allocation would initially cushion the economic impact of new climate legislation on



electric customers. It would also allow power companies time to adapt. The group called for auctioning only 5% of the total allowances initially.

The EIA reported today that U.S. coal production during the week ending April 18th reached 20.023 million tons, down 2.9% from the previous week and some 11.4% less than the same week a year ago. Year to date production is some 3.8% behind a year ago.



MARKET COMMENTARY

The poor economic news to start the day, that of the discouraging jobs report coupled with the news of extended plant shut downs this summer by General Motors, appeared to place the natural gas on the defensive. Then at mid-morning the release of a bearish inventory storage report helped to shove prices down even further breaking below Tuesday’s lows and sending prices below \$3.40. While prices were able to settle just above \$3.40, late day price erosion took prices back below this price level once again. We continue to look for this market to remain mired in its downward trending channel and look for prices to try to test the lower end of this channel, which tomorrow is at \$3.291. We see additional support at \$3.10, a spot low from early September 2002. Resistance we see at \$3.42 followed by \$3.786, \$3.824 with major resistance at \$3.893, \$4.404 and \$4.22.

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