



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,
& Karen Palladino

(212) 624-1132 (888) 885-6100

www.e-windham.com

NATURAL GAS & POWER MARKET REPORT FOR APRIL 25, 2011

NATURAL GAS MARKET NEWS

North America

Chesapeake Energy said Monday that it would not resume hydraulic fracturing in Pennsylvania until the well, which blew out last week, is permanently sealed and inspected. The company feels it needs to examine the well and see if changes to its procedures need to be made. The company declined to give a timetable for when the well will be permanently plugged. Chesapeake used a mixture of plastic, ground-up tires and heavy mud to temporarily plug the well on Thursday and is now considering its options for a permanent seal. The halt on fracking in the state affects seven well sites. The Pennsylvania Department of Environmental Protection issued a Notice of Violation (NOV) to Chesapeake on Friday and required the company to respond this week.

The FERC last Thursday issued a State of the Markets report and it noted that natural gas supply and demand set new records in 2010. The agency noted that in December U.S. natural gas production reached 63 bcf/d versus 58 bcf/d in early January 2010. This increase was driven by increased shale production, which accounted for 23% of total U.S. production by the end of 2010, up from just 13% of total production just two years ago. Production from Haynesville, Fayetteville and Marcellus basins alone grew by more than 7 bcf/d in the past four years. The agency noted that "in some plays such as Eagle Ford and North Barnett Shale in Texas and the Bakken Field in Dakotas, the breakeven cost for natural gas has fallen to zero and natural gas essentially has become a byproduct of oil and NGL drilling." The FERC noted that natural gas prices in the Rockies and Lower Midcontinent producing areas rose closer to Henry Hub in 2010 as increased takeaway capacity to higher priced markets lifted local prices. The difference between natural gas prices in the Northeast and the Henry Hub fell as increased local production and pipeline capacity gave the Northeast more options to obtain natural gas. Completion of the Rockies

Generation Outages

NPCC – Constellation Energy's 498 Mw Ginna nuclear power plant was shut on Sunday for scheduled refueling.

OPG's 490 Mw Nanticoke #1 coal fired power plant was shut late Thursday.

PJM – PSEG's 1174 Mw Salem #1 dropped to 8% power early Monday. The unit had been at full power last week.

Exelon's 1134 Mw Limerick #2 nuclear unit was restarted and was at 34% power. The unit had been taken off line at the end of March for scheduled maintenance.

MISO – Exelon's 1164 Mw Byron #1 nuclear unit exited its outage and ramped up to 40% power today. The unit had been shut since March 14th for refueling and maintenance.

WSCC- TransAlta's 401 Mw Sundance #6 coal fired power plant was shut Sunday afternoon.

ERCOT – AEP's Welsh #1 coal fired power plant was shutdown this evening.

SERC – Duke Energy's 1129 Mw Catawba #1 nuclear unit was shut early Monday.

Southern's 1150 Mw Vogtle #1 nuclear unit exited its outage on Sunday and had ramped up to 30% power on Monday morning. The unit had tripped off line on Thursday.

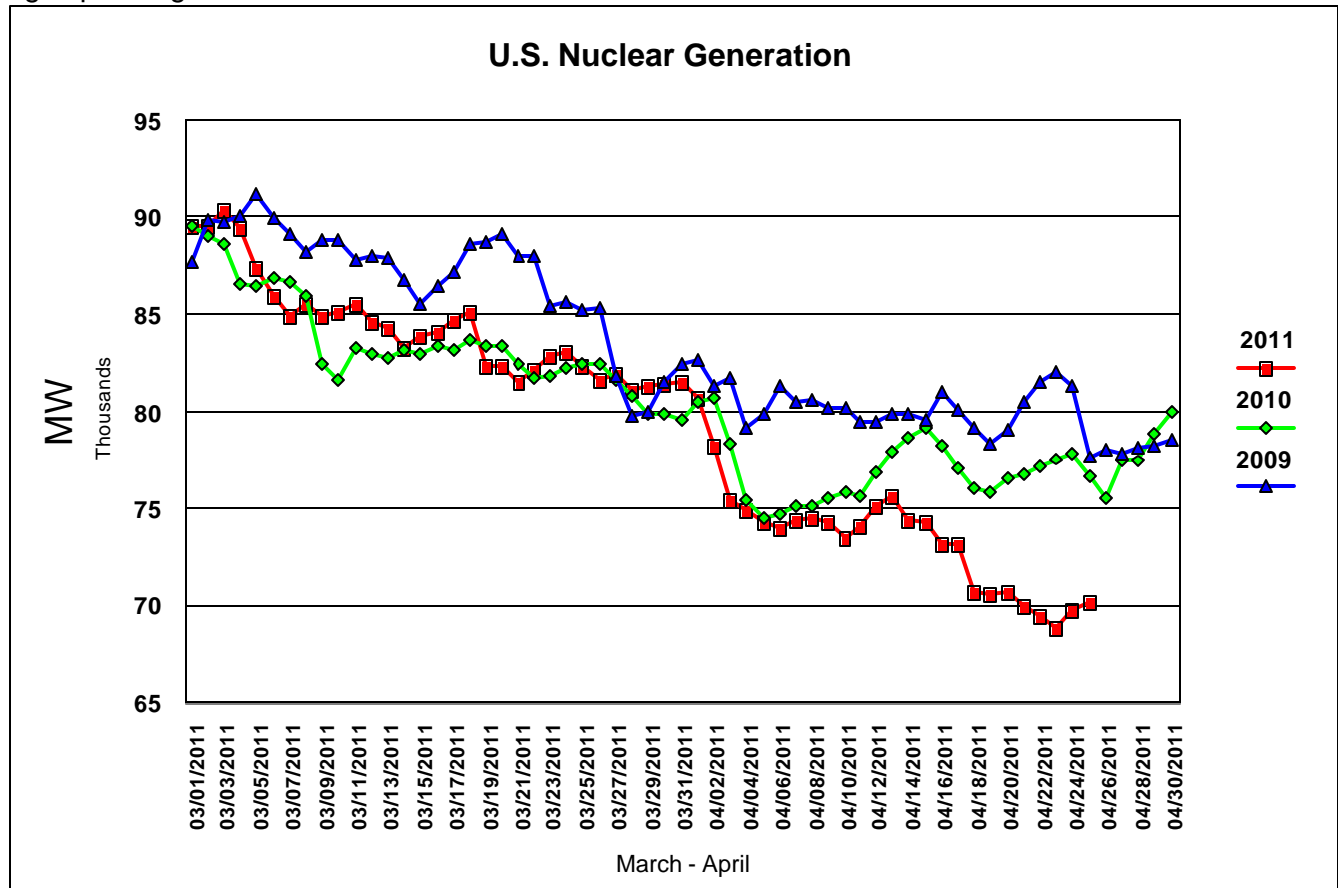
Dominion Resources 799 Mw Surry #1 nuclear unit exited its outage on Sunday and had ramped up to 99% power Monday. The Unit went off line on April 15th due to repairs needed to a switchyard.

Progress Energy's 920 Mw Brunswick #2 nuclear plant ramped up to 89% power on Monday from just 22% power recorded last Thursday.

The NRC reported this morning that some 70,217 Mw of nuclear generation capacity is online, up 0.6% from yesterday and down 7% from a year ago.

Express Pipeline, last year displaced Western Canadian gas and to a lesser extent gas from the Gulf Coast.

NGI's Shale Daily Unconventional Rig Count estimated today that there were some 950 rigs operating in the North American shale basins, down 1% or 13 rigs from last week. A year ago there were 824 rigs operating in these areas.



The U.S. Climate Prediction Center reported today that it is looking for some 47 HDD on a gas home heating customer weighted basis this week some 31% less than normal.

Private weather forecasting service WSI is calling for the northern United States to experience cooler than normal temperatures for the period of May through July, but temperatures could rebound in August. Meanwhile they see the southern half of the nation experiencing warmer than normal temperatures for this period.

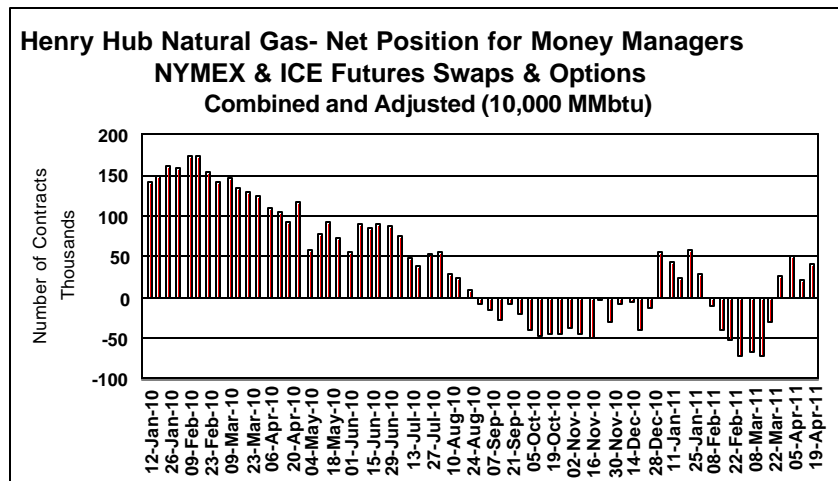
International

Gazprom said today that it expects European gas prices under its long-term contracts to average \$500 per 1000 cubic meters. The gas price is linked to a basket of oil products with a six to nine month lag. Gazprom also said it expects that its export volumes in April will be higher than in some of the winter months.

Qatargas said on Saturday that it has signed a 2.4 million tones per year three year contract to supply LNG to Britain's Centrica. The LNG supply will come from the company's Qatargas 4 project and will be delivered into the Isle of Grain terminal. This agreement concludes the original agreement reached in February.. The contract is Centrica's first long term contract to buy LNG from Qatar. This agreement would meet 10% of the UK's annual residential gas demand and a quarter of the company's gas sales.

Itochu said Tuesday its Japanese joint venture has signed an agreement to conduct a feasibility study with Gazprom to build a LNG plant in Vladivostok.

The Aamira LNG tanker reportedly is due to arrive at the South Hook LNG terminal on May 1st.



ELECTRIC MARKET NEWS

Genscape reported today that they estimated U.S. power output for the week ending April 21st fell 1.2% from the prior week but was 2.7% greater than the same week a year ago.

Genscape reported that U.S. coal consumption last week was basically unchanged from the prior week but was 1% higher than the same week a year ago.

Japan's Shikoku Electric Power said it would extend a maintenance shutdown of its nuclear reactor by two weeks this summer as a result of safety rules being tightened. As a result the company will have to rely greater fossil fueled generation to make up for the shortfall. The nuclear facility has a 890 Mw generating capacity.

Entergy said Monday that it plans to join the Midwest Independent System Operator so that its customers can enjoy the cost saving of up to \$1 billion over ten years.

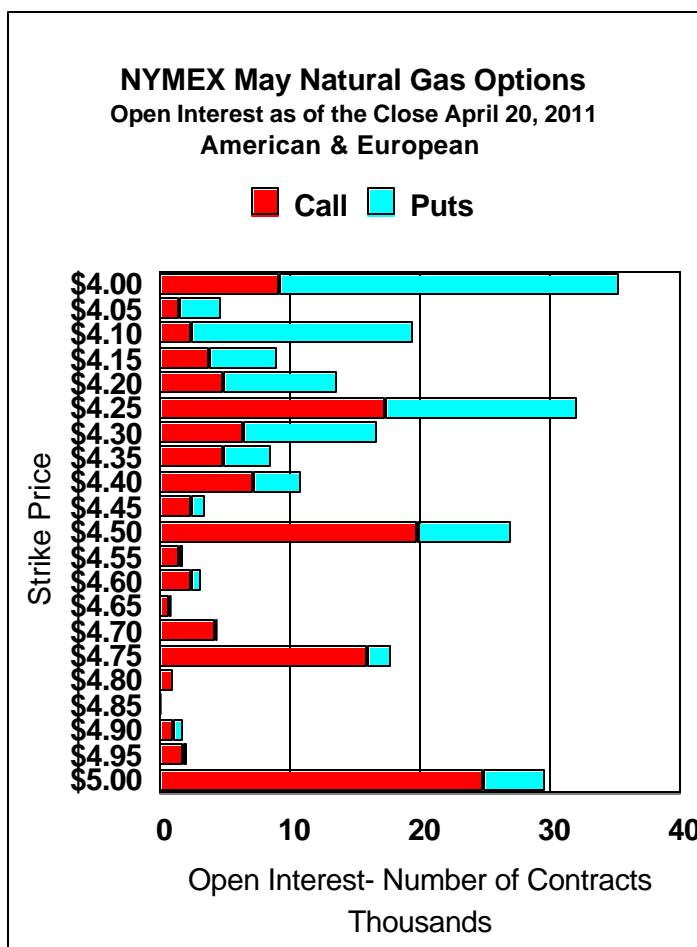
ECONOMIC NEWS

The US Commerce Department said new US single-family home sales increased more than expected in March. It said sales increased 11.1% to a seasonally adjusted 300,000 unit annual rate following an upwardly revised 270,000 unit pace in February.

The Federal Reserve Bank of Dallas' Texas monthly manufacturing index fell to 10.5 in April from 11.5 in March.

MARKET COMMENTARY

The natural gas market while working higher to set its highest trading level since March 29th just prior to the start of the floor session, failed to hold onto these gains as it appeared profit taking came into this market at the start of the floor session and pushed prices back down near the 200 day moving average. Prices for much of the morning remained contained in a relatively tight 5 cent trading range and as a result prices were able to settle lower for the first time in the last four



trading sessions on relatively light trading volume.. It appeared that this market may be finally running out of steam on the upside as the daily stochastics appear to be topping out and ready to roll over to the downside over the next couple of days. We would look for this event to be a signal to be an aggressive seller of this market again. It appears though with options set to expire tomorrow and the May futures contract on Wednesday the selling may take place in the June contract.

But basis the May contract we would look for support tomorrow \$4.35 followed by \$4.271, \$4.218-\$4.203 and \$4.16. Resistance we see at \$4.445-\$4.453, \$4.48, \$4.56 \$4.609 and \$4.879.

Friday's Commitment of Traders report showed that the commodity funds were a strong buyer for the week ending April 19th, as their net length in the Henry Hub futures, options and swaps on NYMEX and ICE increased by nearly 20,000 contracts on the week.

The information contained in this letter is taken from sources, which we believe to be reliable, but is not guaranteed by us as to accuracy or completeness and is sent to you for information purposes only. The Windham Group bases its market recommendations solely on the judgment of its personnel. Reproduction in whole or part or other use without written permission is prohibited.