



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR APRIL 28, 2011

NATURAL GAS MARKET NEWS

North America

Apache Corporation released its first quarter 2011 results today. It noted that its North American natural gas production reached 1,500,875 mcf in the quarter up 52.3% from the same quarter a year ago. Its average domestic natural gas price for the period was \$4.94 versus a \$6.06 price recorded a year ago.

ExxonMobil also reported their first quarter results this morning. They placed their natural gas production in the United States in the first quarter of this year at an average 3.904 mcf/d up from 1,335 mcf/d the prior year. These production gains were driven by unconventional gas production.

EIA Weekly Report

	04/22/2011	04/15/2011	Change	04/22/2010
Producing Region	793	780	13	723
Consuming East	666	652	14	862
Consuming West	226	222	4	723
Total US	1685	1654	31	1819

*storage figures in Bcf

The governments of Turkmenistan, Afghanistan, Pakistan and India are looking to conclude a deal by July 31 that would move the proposed TAPI pipeline forward. The pipeline would cost \$7.6 billion to build and would be operational possibly by 2016.

Gazprom said today that its sales of natural gas to Europe have increased by 12% in the first quarter of 2011, year on year. The company expects that these higher export volumes to Europe will continue throughout 2011.

The LNG Bonny tanker is scheduled to arrive at the Zeebrugge terminal on may 11th.

ELECTRIC MARKET NEWS

Exelon Corporation announced today it will buy Constellation Energy for \$7.9 billion. The deal will increase Exelon's current 5.4 million customers by another 1.2 million. The new combined company will have 55% of its power generation based in nuclear

Generation Outages

ERCOT – Luminant's 1150 Mw Comanche Peak nuclear replants ramped up to 77% power, up 31% from yesterday.

SERC – TVA's Brown Ferry nuclear units remained safely shut down after storms caused the facility to lose power late Wednesday. While external power was partially restored at the plant shortly after the shut down, damage assessment remains ongoing as more than 90 TVA transmission lines were brought down by the storms. TVA said it possibly may take days or weeks for all the generating units at the Browns Ferry facility return to service.

The NRC reported this morning that some 68,541 Mw of nuclear generation capacity is online, down 3.7% from yesterday and down 13.1% from a year ago.

International

Shell's North Sea Ormen Lange gas plant was shut down last night due to a technical problem at the land plant. As a result exports were disrupted.

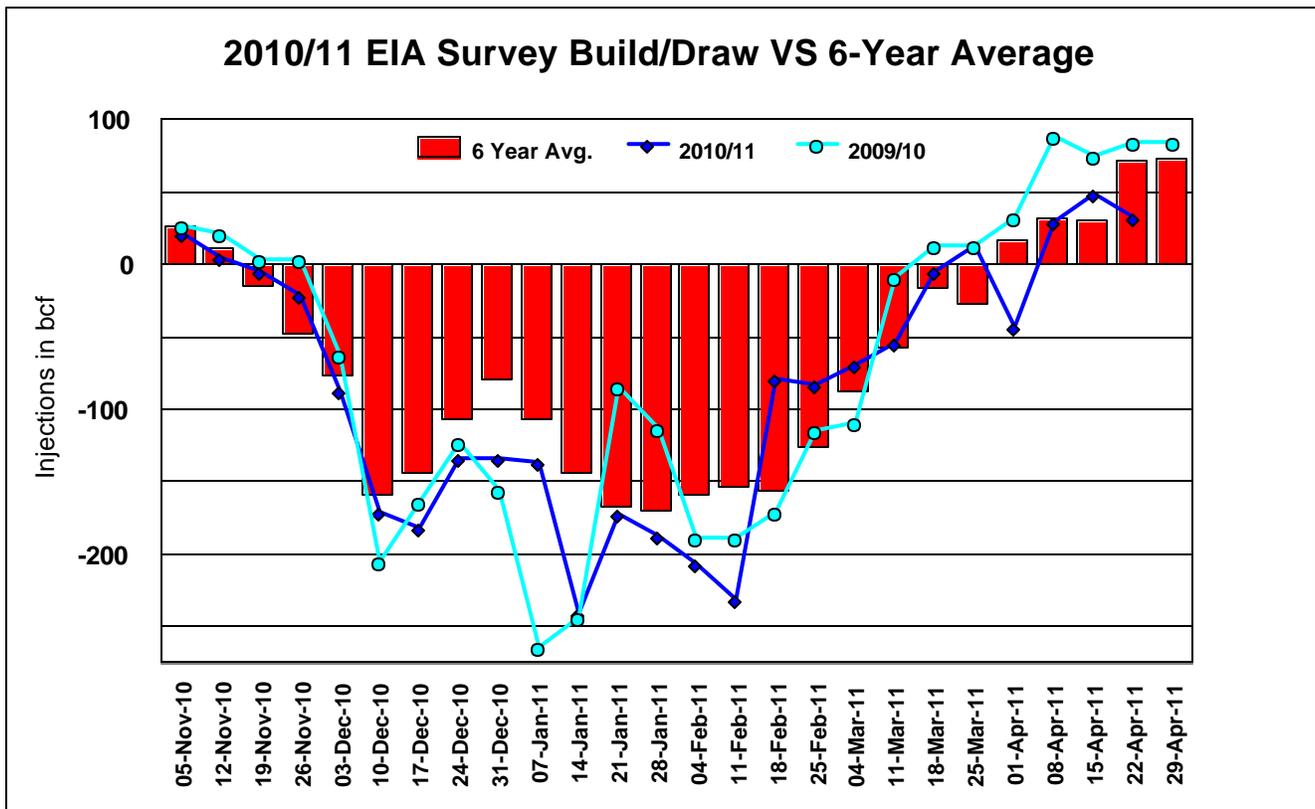
Canadian Gas Association

Weekly Storage Report

	22-Apr-11	15-Apr-11	23-Apr-10
East	54.5	59.1	88.9
West	157.3	150.8	224
Total	211.7	209.9	312.9

storage figures are in Bcf

assets, with 24% in antural gas and 8% in renewable and hydro. Total generating capacity will be 44,000 Mw.



Tokyo Electric Power has asked Tokyo Gas to consider bringing forward its plans for building a third generating unit at its Ohgishima combined gas-thermal plant. Tokyo Gas operates this facility via a jointventure with Showa Shell Sekiyu with a combined capacity of 800 Mw.

ECONOMIC NEWS

Coal stocks at major Chinese thermal power plants at the end of March totaled 50.71 million tones, some 17.7% higher than the same time a year ago.

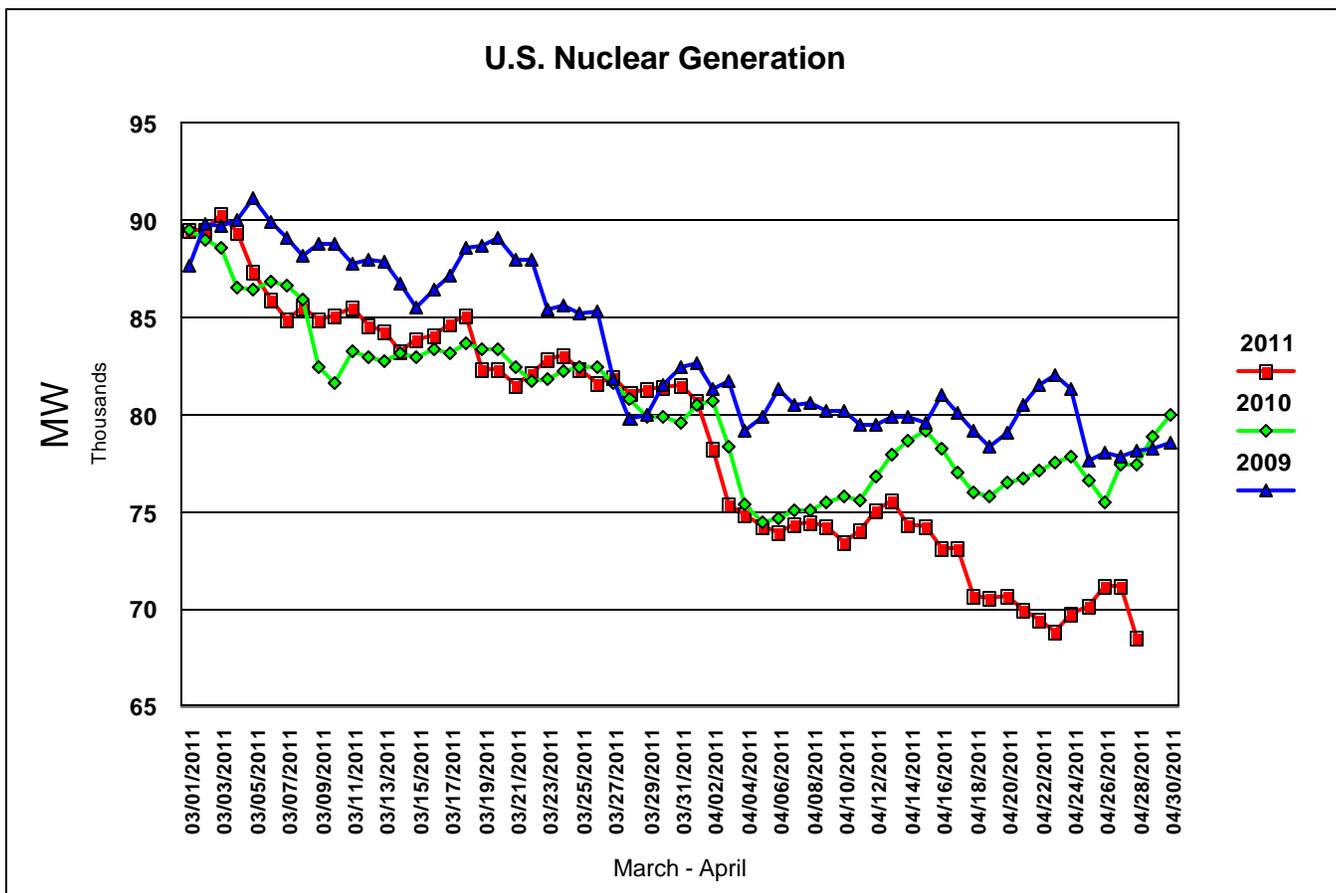
The US Labor Department said the number of initial unemployment claims increased by 25,000 to a seasonally adjusted 429,000 in the week ending April 23rd. The prior week’s figure was revised to 404,000 from an originally reported 403,000. The four week moving average of new claims increased by 9,250 to 408,500 in the week ending April 23rd. The Labor Department also stated that the number of continuing claims fell by 68,000 to 3,641,000 in the week ending April 16th. The unemployment rate for workers with unemployment insurance was 2.9% in the week ending April 16th, compared with 3% a week earlier.

US economic growth slowed more than expected in the first quarter as higher food and energy prices dampened consumer spending. The US Commerce Department said GDP increased at an inflation adjusted annual rate of 1.8% in the first quarter. The modest increase marked a significant slowdown from the economy’s pace in the fourth quarter, when GDP increased by 3.1%. The Commerce Department said consumer spending, accounting for about 70% of GDP, increased at a 2.7% rate in the first quarter, down from the 4% pace registered in the fourth quarter. Higher energy and food prices pushed the PCE Price Index up to 3.8% in the first quarter from 1.7% in the fourth quarter.

The National Association of Realtors' seasonally adjusted index for pending sales of existing homes increased by 5.1% on the month to 94.1. It is the highest level since November. February's reading was revised down to 89.5 from an original reading of 90.8.

The Federal Reserve Bank of Chicago's national activity index in March stood at +0.26 compared with +0.16 in February.

The Federal Reserve Bank of Kansas City's monthly manufacturing index fell to 17 in April from 39 in March.



According to a Bloomberg Index, US consumer confidence fell in the week ending April 24th following four consecutive weeks of improving sentiment. The index's overall consumer-comfort index reading was -45.1, down from -42.6 a week ago. The gauge of sentiment on the economy improved to -74.3 from -78.2.

The EIA Administrator Richard Newell said a 14% cut in the final 2011 fiscal year budget from the year earlier would force the EIA to cut back some energy data and analysis. It said its weekly reports on oil and natural gas inventories would not be affected. The budget provides \$95.4 million for the EIA, down \$15.2 million from the fiscal year 2010 level.

MARKET COMMENTARY

The natural gas market received a double boost higher today. The market received news of a significant decline in nuclear generation levels with the shutdown of TVA's Browns Ferry nuclear plants due to yesterday's storms and this morning's bullish natural gas storage report which showed a smaller than expected build in working gas inventories. As a result the spot futures market spiked

higher today reaching a new three-month high and still settled up 16.3 cents, posting its largest one-day gain in five weeks.

This morning's smaller than expected storage build highlighted an inventory deficit to last year that has grown from 50 bcf to 215 bcf in one week as well as erasing a 23 bcf surplus to the five year seasonal average last week to a small deficit of 11 bcf this week.

As nuclear generation continues to be severely restricted this market has no capacity to work lower, especially on the expectation of drilling activity may finally be beginning to slow in the natural gas patch and is showing up in the weekly storage report. With today's price action erasing the potential for the daily stochastics to roll over to the downside over the next couple of days we feel sellers need to be patient and wait for a signal to enter the market. We see near term resistance in the June contract at \$4.627 followed by \$4.668 and \$4.879. Support we see at \$4.392 followed by \$4.328 and \$4.263. More distant support is at \$4.128 and \$4.056.

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