



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MAY 1, 2008

NATURAL GAS MARKET NEWS

The chairman of Woodside Petroleum said today that global buyers of LNG are more willing to pay close to an oil price equivalent for their LNG purchases. He also confirmed that Woodside is planning to expand its LNG production on Australia's North West Shelf later this year. The project there currently produces 11.9 million mt/year. Capacity is seen increasing to 16.3 million my/year later this year when it brings on stream its 4.4 million mt/year fifth train. The company is planning significant expansion of its LNG production capacity over the coming years. By the end of 2010 the company hopes to have finalized its expansion plans for the Pluto, Brown and Sunrise assets.

The Institute for Supply Management reported that its index of national factory activity was unchanged in April from March at 48.6. A reading below 50 indicates contraction in activity. This was the third straight month of contraction and the fourth month out of five recording a contraction as well.

The Dallas Federal Reserve bank reported that despite recent strength in natural gas last month, spot prices remain well below international prices for LNG and below any normal parity with crude oil. Spot LNG prices in the world are currently

EIA Weekly Report

	04/25/2008	04/18/2008	Net chg	Last Year
Producing Region	531	506	25	665
Consuming East	652	598	54	701
Consuming West	188	181	7	260
Total US	1371	1285	86	1626

*storage figures in Bcf

selling for \$18-\$19 Mcf. They note that since the U.S. does not have any LNG export facility, the only avenue for arbitrage of natural gas prices between the United States and the rest of the world is a sharp reduction in LNG imports in which has been going on for the last several months. The bank sees that weak manufacturing activity, the development of domestic production and adequate inventory balances for keeping natural gas prices relatively stable or weak relative to crude oil prices. Looking longer term though the bank's analysts see much higher natural gas prices. They note that any recovery in U.S. manufacturing should sharply boost U.S. natural gas demand. Once LNG imports become the marginal source of U.S. supply, much higher international gas prices should prevail.

An analyst at Barclay's Capital noted that the EIA has reversed its previous estimates that domestic production was on the decline this year while demand was increasing. They noted the EIA Natural Gas Monthly report, which showed the healthy gain in domestic production on natural gas over January levels. The analyst also noted that while demand appeared to keep up with this improved domestic production

Generator Problems

ECAR – AEP continues to ramp up output at its 1060 Mw Cook #1 nuclear unit. The unit was at 66% power up 38% from Wednesday.

SERC – TVA's 1125 Mw Sequoyah #2 nuclear unit continues to coast down to its scheduled refueling outage scheduled to begin on May 4th. The unit was at 82% of power this morning.

Duke Power's 1129 Mw Catawba #1 nuclear unit was at 94% power this morning down 6%. Operators reportedly have begun coasting the unit down for a planned maintenance outage.

Progress Energy's 938 Mw Brunswick #1 nuclear unit was at 61% power this morning up 24% from Wednesday.

The NRC reported that 80,679 Mw of nuclear capacity is online, up 2.4% from Tuesday and up 1.01% from a year ago.

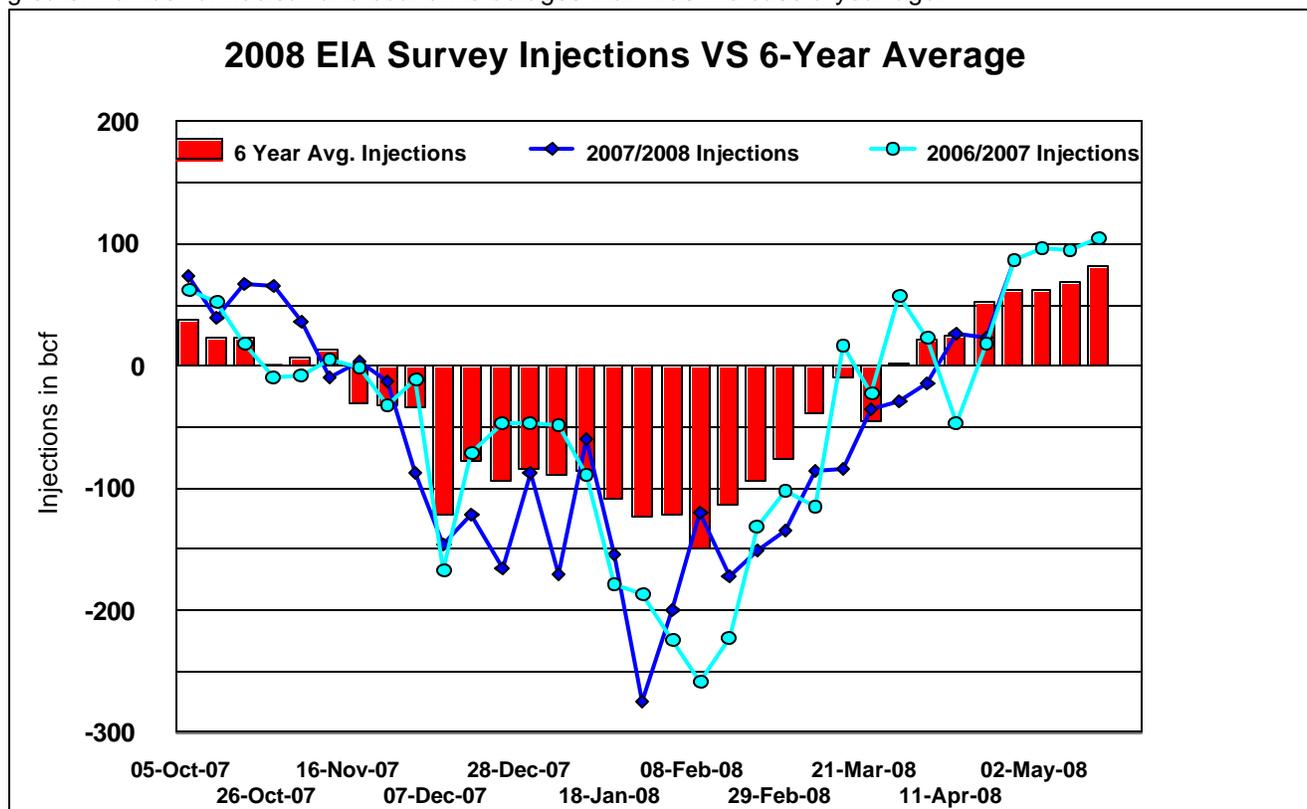
Canadian Gas Association

Weekly Storage Report

	25-Apr-08	18-Apr-08	27-Apr-07
East	51.1	41.3	62.8
West	124.8	120.2	47.1
Total	175.9	161.5	109.9

storage figures are in Bcf

level, he noted that the improved utility demand for natural gas in the first quarter was artificially high given the greater number of nuclear and coal units outages than was the case a year ago.



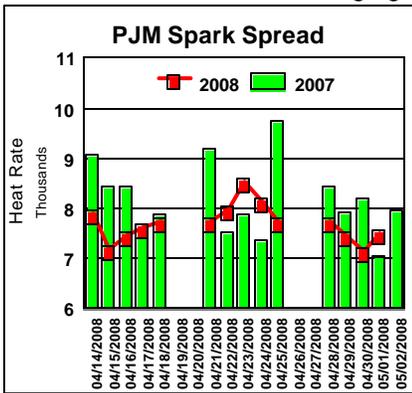
The U.S House and Senate are expected to vote today on another short-term extension to the 2002 farm bill in order to give negotiators additional time to reach an agreement with the Bush Administration on the legislation that the President has threatened to veto unless changes are made. The bill also contains provisions for closing the Enron loophole in the Commodity Exchange Act.

NRG Energy said today that it is approaching this summer and longer term with a “fundamentally bullish” attitude toward natural gas prices, as it attempts manage its 23,000 Mw of independent electric generating plants with an active hedging program. The company reported today that year to date it had added a substantial number of energy hedges on its base load portfolio. Higher natural gas prices and volatility provide the company to lock in higher “dark spreads” bringing power and fuel hedges more closely in line with one another through 2013. The power hedges added for 2009 through 2013, was an equivalent of over 28 million MWh or 9% of its total base load generation. The company noted that in 2008 its Marked to Market impacts from hedging activities also included a \$45 million loss from hedge ineffectiveness related to the

Company’s Texas region due to a change in the short-term correlation between natural gas and power prices. The company noted though the long-term gas and power price

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	1,903,600	\$10.660	(\$0.147)	\$0.125	\$0.143	(\$0.359)
Chicago City Gate	514,500	\$10.635	(\$0.151)	\$0.100	\$0.175	(\$0.073)
NGPL- TX/OK	1,241,700	\$10.285	(\$0.172)	(\$0.250)	\$0.154	(\$0.459)
SoCal	1,086,400	\$10.089	(\$0.261)	(\$0.446)	\$0.065	(\$0.577)
PG&E Citygate	570,100	\$10.649	(\$0.160)	\$0.114	\$0.166	(\$0.056)
Dominion-South	265,200	\$11.177	(\$0.221)	\$0.642	\$0.105	\$0.515
Transco Zone 6	304,500	\$11.456	(\$0.273)	\$0.921	\$0.053	\$0.755

correlation remains highly effective. The first quarter financial results in 2007 though posted a \$44 million gain from ineffectiveness in its hedging activity.

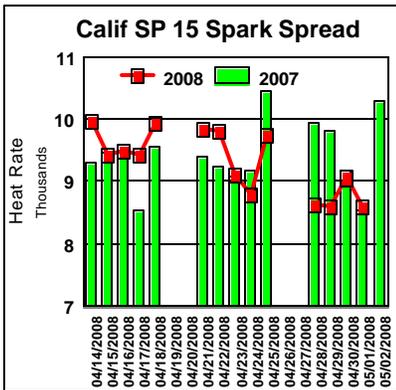
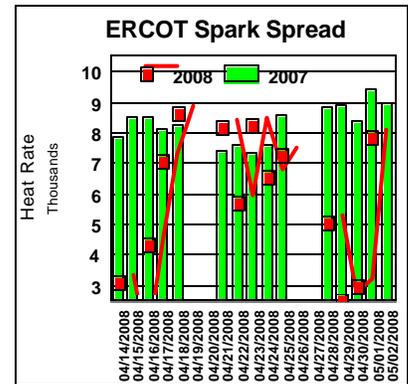


Chesapeake Energy Corp reported today that its production in the first quarter soared by 31% from a year earlier to 2.2 bcf equivalent per day. The company reported that realized gains and losses from natural gas and oil hedging activities in the first quarter of 2008 generated a \$1.42 per mcf gain and a \$19.41 loss per barrel or an overall realized hedging gain of \$214 million or \$1.05 per mcf. In the first quarter of 2007 the company reported realized hedging gains of \$2.95 per mcf and a \$8.33 per barrel gain or an overall gain of \$2.82 per mcf. As of May 1st the company reported that for the remainder of the year 76% of its natural gas production was hedged through swaps and futures and an additional 5% hedged via natural gas collars. For

2009 52% of the production has been hedged via swaps and futures and another 5% booked via natural gas collars. The company is projecting 608 bcf of production for April –December 2008, 928 bcf in 2009 and 1072 bcf in 2010.

PIPELINE RESTRICTIONS

SONAT reported that it is investigating a possible leak on its 14-inch Main Pass 107 pipeline located offshore Louisiana upstream of its Toca Compressor facilities. As a result it was forced to declare a Force Majeure of the receipt points up stream of the Toca Compressor.



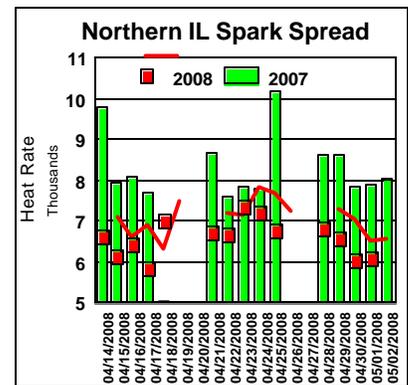
PIPELINE MAINTENANCE

ANR Pipeline said that it will begin unplanned engine repairs at its Joliet Compressor Station. As a result the company will reduce the total NGPL Joliet Interconnect capacity to 90,000 Dth/d available for the period through May 9^h. Based on current nominations, it is anticipated that the reduction may result in the curtailment of IT and Firm Secondary nominations.

ELECTRIC MARKET NEWS

Exelon Power announced it plans to pursue development of a 600 Mw combined cycle natural gas power plant to be built in Pennsylvania. The plant would be operational by 2012.

The FERC said today that they decided to delay action on a PJM Interconnection complaint against the Tower companies until after it completes its investigation of the companies. PJM has accused the Tower companies of market manipulation in the financial transmission rights and PJM’s day-ahead market. PJM has accused that after “experiencing substantial losses, Tower companies colluded by fraudulently distributing money out of affiliate Power Edge for the gain of one or more affiliates and intentionally withheld cash when Power Edge defaulted on its FTR obligations, thereby causing other PJM members to cover its losses. The Tower companies include Power Edge, Accord Energy, BJ Energy, Franklin Power, GLE Trading, Ocean Power and Pillar Fund. Behind them is the investment fund Tower Research Capital. Tower Research continues to contend that there was no collusion and that the problem was inadequate PJM credit policies. PJM also last month has filed a lawsuit in US District Court charging the managing director of Tower Research with racketeering.



The Northeast Power Coordinating Council said today that they see that New England, New York, Ontario and Quebec, as well as the Canadian Maritimes are likely to have sufficient supplies of electricity even under extreme

weather conditions this summer. The group feels that new transmission, generation and demand response programs have improved the ability of supplies to meet demand. The group sees New England and New York and to a lesser extent Ontario, will need to evoke limited emergency operating procedures only if widespread and prolonged heat and humidity occur at the same time as a severe loss of transmission, generation, demand response and available resources in neighboring regions.

The EIA reported this afternoon that U.S. coal production on the week ending April 26th stood at 22.661 million tons, down 0.7% from the previous week but 4.3% higher than the same week a year ago. Year to date production is running 3.2% higher than 2007.

MARKET COMMENTARY

The natural gas market this morning felt the selling pressure spill over from the oil markets as they tumbled lower. But following the release of a larger than expected EIA Storage Report at mid morning this market also tumbled lower and did not find support until midday, basically down near its 20 day moving average. The market traded basically in a sideways pattern for the remainder of the trading session as oil prices appeared to take back much of its morning losses. The cash markets while down on the day did not share the same degree of selling pressure as the futures markets did as most major trading points saw gains on basis relationships.

We feel that the natural gas market is building a small down trend currently but we do not think this is the start of a long-term downward move but would recommend waiting to see how far this retracement in value will take us. Currently the daily stochastics appear to be pointing to a downtrend that is not near ready to be looking for a bottom. We see major support tomorrow at the \$10.44-\$10.40 level followed by \$10.197 and \$9.914. Resistance we see at \$10.772, \$10.844-\$10.856, \$10.973. More distant resistance we see at \$11.089, \$11.127 and \$11.309.