



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR MAY 1, 2009

NATURAL GAS MARKET NEWS

Electronic trading of natural gas trading on NYMEX was interrupted for nearly 90 minutes at midday due to a technical computer problem. While open outcry trading was not effected, Globex trading resumed at 13:25 EDT.

Energy Partners Ltd reported that it and some of its subsidiaries filed for Chapter 11 bankruptcy protection.

Baker Hughes reported that for the current week ending Friday the number of U.S. natural gas drilling rigs fell by just one rig from the previous week to 741. This nearly half the number of rigs operating a year ago but the smallest weekly decline since mid January.

The Langeded natural gas pipeline from Norway will be closed for three days of maintenance next week. The pipeline will be off line from May 5th through May 8th.

Merrill Lynch analysts' today lowered their price outlook for U.K natural gas prices due to the outlook for rising supply and lower demand. Their new price outlook calls for U.K. day ahead prices to average 33 pence this year and 45 pence a therm next year.

TransCanada's CEO said today that he sees gas prices remaining weak through 2009. The company also outlined that it has decided to merge its larger Pathfinder Pipeline project into its Bison Pipeline project which would provide additional capacity to deliver Rocky Mountain natural gas to Midwest markets. The company also noted that it has launched initial engineering work for the \$26 billion

Generator Problems

NPCC – Atco/OPG's 580 mw Brighton Beach natural gas fired power plant was shut early Friday.

MISO – DTE Energy's 1122 mw Fermi #2 nuclear unit has exited its refueling outage and has ramped up to 13% power, up 3% from Thursday.

The 1166 Mw Wolf creek nuclear reactor has been restarted and was at 1% power this morning. The unit has been shut since April 28th.

Entergy's 789 Mw Palisades nuclear plant in Michigan was off line this morning at 5% power, as operators continue to start up the reactor following its recent outage.

AEP's 1090 Cook #2 nuclear unit remains off line at just 3% capacity this morning.

FRCC – Operators at FPL's 693 Mw Turkey Point #3 nuclear unit discovered a mechanical issue and as a result extended the current outage. The unit has been off line since March 16th.

ERCOT – AEP's 528 mw Welsh #1 coal fired power plant is scheduled to be off line from May 1st through May 5th for planned work on auxiliary equipment.

Xcel Energy's 535 Mw Tolk #1 coal fired unit is expected to be off line for May 1st through May 8th for inspections.

SERC – TVA's 1148 Mw Sequoyah #1 nuclear unit has restarted and was at 1% power this morning. The unit has been off line since April 28th.

Progress Energy's 937 Mw Brunswick #2 nuclear unit ramped up to 70% power this morning, up 34% from Thursday.

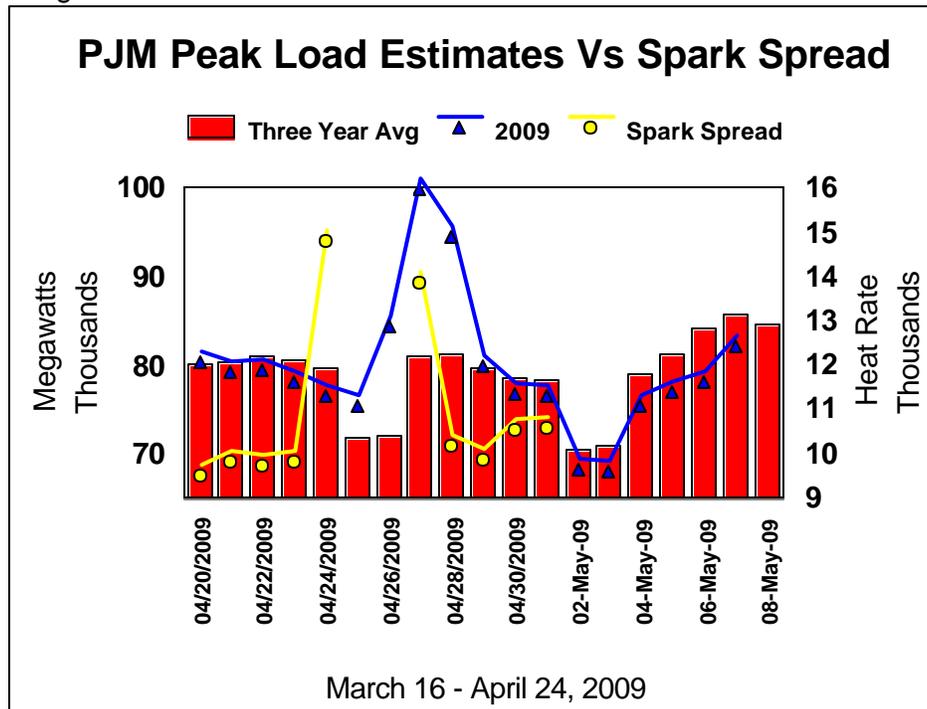
The NRC reported this morning that 77,725 Mw of nuclear generation capacity was on line, down 1% from yesterday and off 4.4% from the same time a year ago.

Alaskan natural gas pipeline and expects to ask producers to commit to shipping their gas on the line in the summer of next year.

The FERC on Friday issued a favorable final environmental review of Jordan Cove Energy Project's proposal to build a LNG import terminal and associated gas pipeline facilities in the Pacific Northwest.

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	926,300	\$3.295	\$0.048	(\$0.235)	(\$0.154)	(\$0.207)
Chicago City Gate	475,300	\$3.227	\$0.062	(\$0.303)	(\$0.110)	(\$0.182)
NGPL- TX/OK	619,000	\$3.043	\$0.047	(\$0.487)	(\$0.125)	(\$0.337)
SoCal	296,600	\$2.875	\$0.010	(\$0.655)	(\$0.162)	(\$0.510)
PG&E Citygate	489,500	\$3.250	\$0.033	(\$0.280)	(\$0.139)	(\$0.138)
Dominion-South	334,600	\$3.531	\$0.042	\$0.001	(\$0.130)	\$0.212
USTRade Weighted	17,234,300	\$3.124	\$0.018	(\$0.406)	(\$0.15)	(\$0.207)

Woodside Petroleum, Australia's second largest oil and gas producer said that none of its LNG customers have refused cargoes of LNG under long term supply contracts. The company said it is having no problem placing spot cargoes of LNG into the market, despite weaker demand because of the global recession.



Reuters reported that the LNG tanker, LNG Pioneer is heading from the North West Shelf export plant in Australia to the UK Isle of Grain Terminal and was expected to arrive May 26th. Another cargo, the Grandis, from the North West Shelf is expected at the Montoir terminal in France on May 9th.

The Commerce Department said factory orders fell 0.9% in March following a revised increase of 0.7% in February. It was the seventh decline in eight months. Initially, February's gain was reported as much

higher at 1.8%. Economists had expected a much smaller decline in factory orders of 0.6%. Demand for durable goods fell an unrevised 0.8% in March. Manufacturers' inventories in March fell by 0.8% after falling 1.3% in February.

The Institute for Supply Management reported that its monthly index of manufacturing activity in April increased to 40.1 in April from 36.3 in March. A reading below 50 indicates contraction in the manufacturing sector. The index has been below this threshold for 15 consecutive months. The Reuters/University of Michigan Surveys of Consumers said its final index of confidence increased to 65.1 in April from 57.3 in March. It was the highest level since September 2008 and the largest one month increase since October 2006. The index of current economic conditions increased to 68.3 last month from 63.3 in March.

PIPELINE RESTRICTIONS

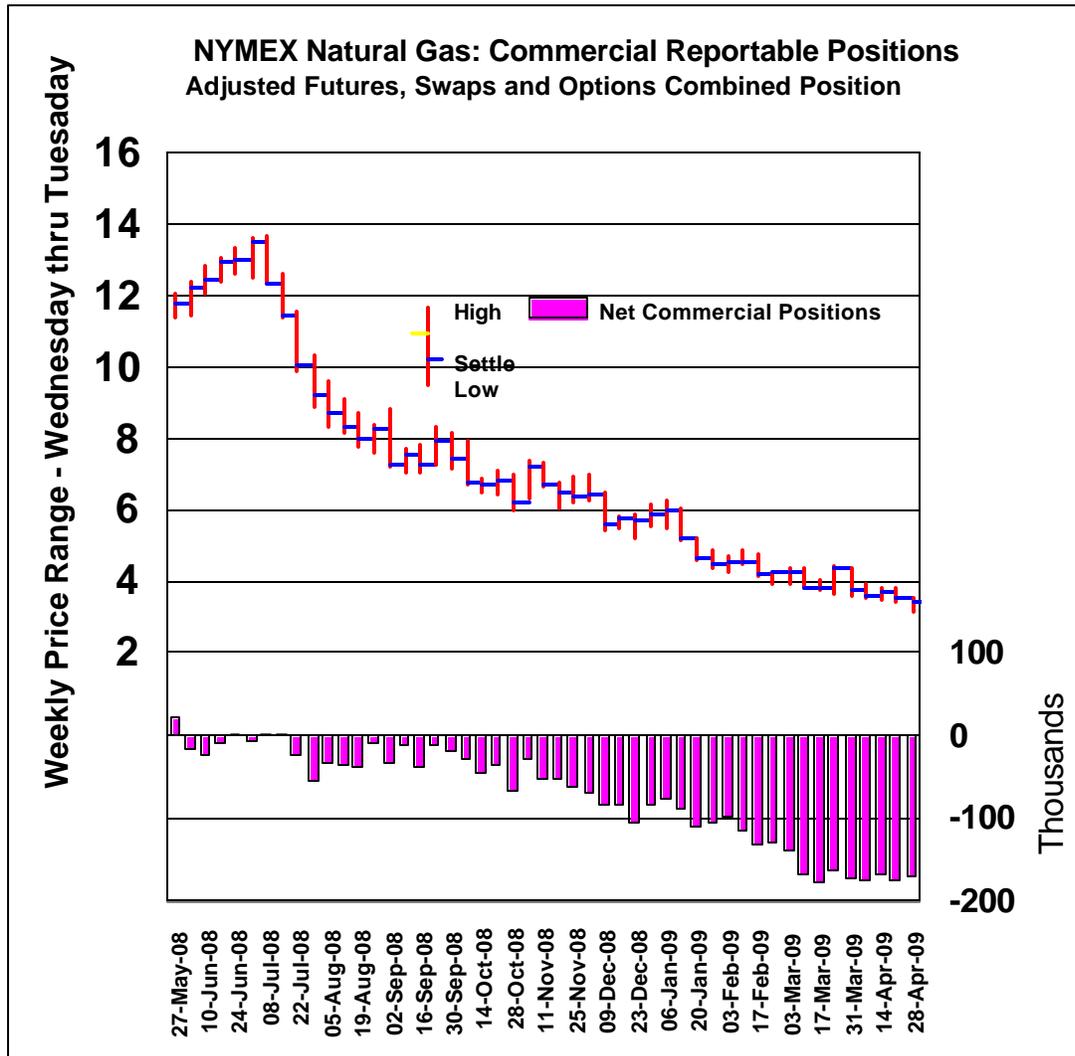
Enbridge reported that the Ethyl and Zachary receipt points on Midla are being affected by the Imbalance OFO ordered today by Transco. Transco ordered the OFO earlier in the day and required that all buyers ensure their daily "Due To" imbalance be no greater than 5% or 1000 Dth, whichever is greater. The OFO was called due to the operator experiencing high line pressure and line pack as a result of current operating conditions and maintenance restrictions.

Tennessee Gas Pipeline said due to reduced nominations, effective Intraday Cycle 1 for gas day May 1st, it will accept increases for nominations sourced from meters located on the Carthage Line Lateral.

SONAT said based on supplies and anticipated demand it expects storage requirements to exceed its injection capability by approximately 100,000 Dth for the weekend and as a result was expected to post an OFO.

PIPELINE MAINTENANCE

Kern River Transmission said the Goodsprings turbine engine has been inspected, modified and returned to service.



Gulf South Pipeline said unscheduled maintenance on the Marksville Compressor Unit #4 has been extended until further notice.

El Paso Natural Gas Company said it has determined that the Williams #5B crankshaft will have to be removed and replaced. The company thus declared a force majeure event and said the work which will take place between May 1st through June 30th and reduce capacity by 30 MMcf/d.

Wyoming Interstate Company said that additional repairs will extend the anticipated completion date to Wednesday, May 6th for the Douglas Compressor station. After repairs are completed, capacity at Medicine Bow Lateral will be restored by 400 MMcf/d to 1,520 MMcf/d.

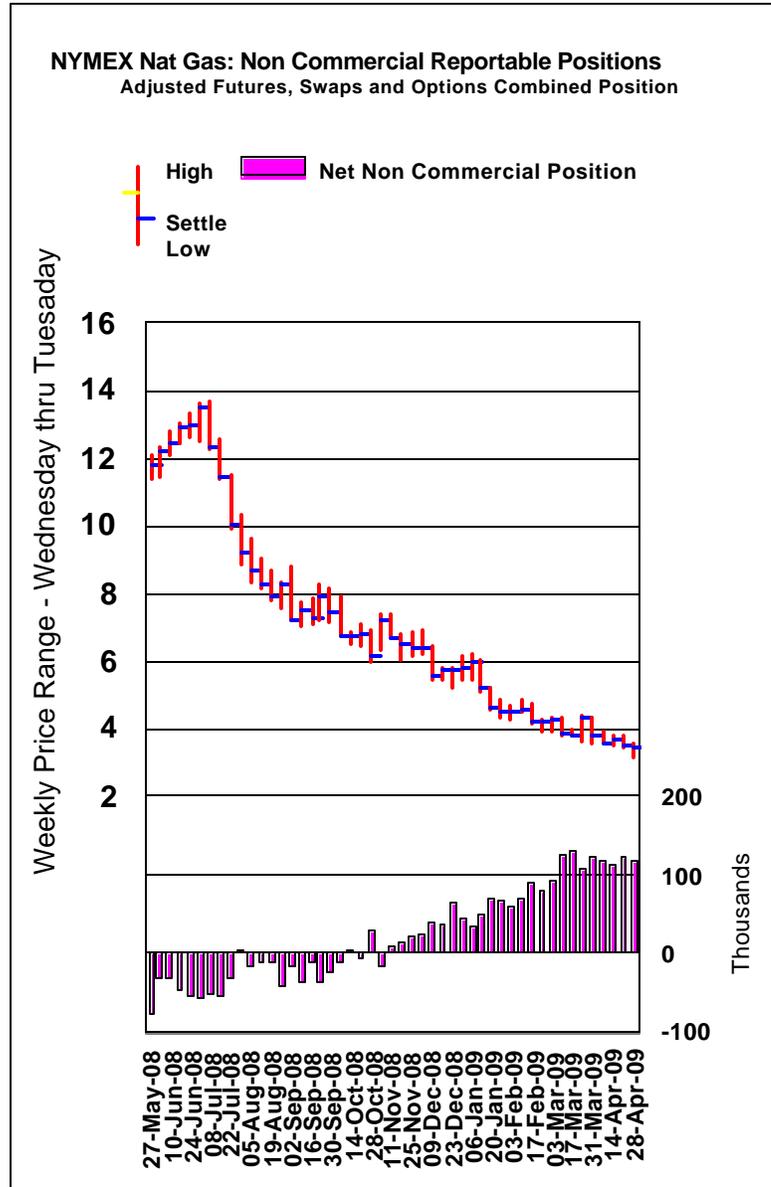
ELECTRIC MARKET NEWS

A U.S. appeals court earlier this week has ordered the FERC to reply by May 7th to a request filed with the court by a group of Midwest power market financial players, who say they are being forced out of business by a ruling the FERC made last November on revenue sufficiency guarantee charges. The RSG charges are incurred when demand in real time comes in higher than what was scheduled and the grid operator must dispatch generation to make up the difference. In the FERC’s November ruling, it had ordered MISO to retroactively settle the market going back several years and assess financial market participants RSG charges for their past and present activity in the market. In January, MISO began resettling the market, forcing 16 financial players into default.

The EIA reported that for the week ending April 25th U.S. coal production reached 20.350 million tons up 1.6% from the prior week, but some 9.3% less than the same week a year ago. Year to date production is 4.1% less than a year ago.

Genscape reported that its U.S. national coal burn index fell 4% from the same week a year ago but was up 2% from the previous week.

LS Power announced it has suspended its proposed 750 Mw Mid-Michigan pulverized coal power plant, due to economic and regulatory uncertainties. This was the third coal fired development project the company has dropped or suspended this year.



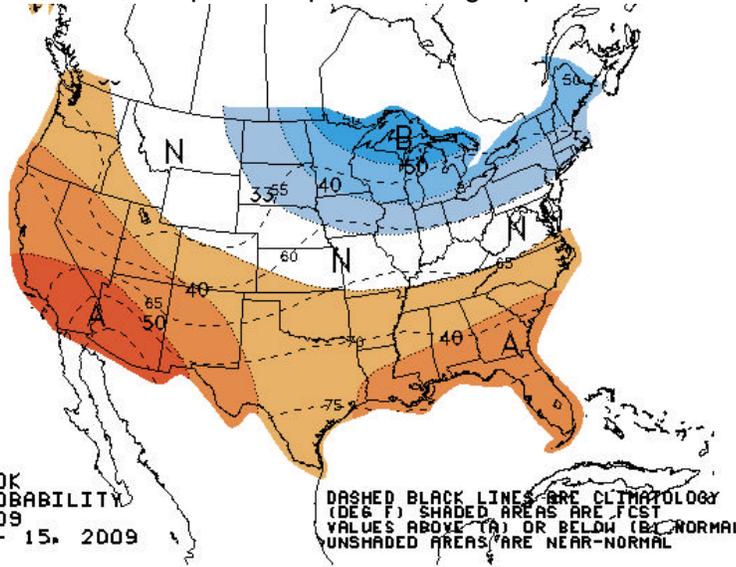
MARKET COMMENTARY

The natural gas market today finished not only higher but posted the widest daily trading for the week. It appeared traders positive reaction to the economic news released early this morning helped to push this market higher as well as the oil markets. The rally allowed natural gas prices retrace slightly more than half of the sell off from April 17th through yesterday. While cash markets appeared stronger today helped in part by sputtering nuclear generation levels the gains were not able to keep pace with the futures markets. It appears to us this market though remains firmly entrenched in its downward

trending channel and as a result we would see further price erosion next week. We see support initially at \$3.42-\$3.40, \$3.25, \$3,175. Resistance we see at \$3.59 followed by \$3.662, \$3.916 and \$4.115.

This afternoon's Commitment of Traders Report appears to have little insight into the market. Given that the report runs through April 28th, expiration day for the May contract, it showed that commercials as would be expected recorded the biggest change in their reportable combined and adjusted position in the Henry Hub futures, swaps and options. The group saw its net short position being reduced by

4,219 contracts, primarily as a result of a contraction in its short positions. Non commercials on the hand showed a decreased in its net long position by 4,692 contracts almost entirely as it added over 5,000 new shorts on the week.



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