



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR MAY 4, 2009

NATURAL GAS MARKET NEWS

Chesapeake Energy released their 1Q2009 results today. The company reported a net loss of \$5.746 billion as the company took a \$6.02 billion charge to write down the value of its oil and gas properties. The company though did report a realized hedging gain of \$519 million. The company reported that its natural gas production in the first quarter was 195.7 bcf down 0.2% from the fourth quarter but was still some 4.2% above the same quarter a year ago. The company, which two weeks ago had announced it was cutting another 200 mmcf/d of daily production bringing to a total of 400 mmcf/d of its gross natural gas production, shut in due to continued low wellhead prices. This production curtailment represents approximately 13% of Chesapeake's current gross operated natural gas production capacity. The wells that have been curtailed are primarily located in the Mid-Continent and Barnett Shale regions. The company reaffirmed that until natural gas prices strengthen, the company plans to limit production from most newly completed wells in the Barnett and Fayetteville shales to 2 mmcf/d and in the Marcellus and Haynesville shales to 5 and 10 mmcf/d respectively in addition to the 400 mmcf/d curtailment. The company said it was able to make this decision because of its strong financial condition and its extensive natural gas hedging positions. The company currently anticipates continuing to curtail natural gas production through the middle of this year. The company reported that open swap positions as of May 4th it has 44% of its 2Q-4Q total production hedged at an average cost of \$7.64 with 14% of its 2010 production hedged at \$9.69. It also reported that 42% of its 2Q-4Q production is hedged with open natural gas collar position with a floor price of \$7.08 and a ceiling

Generator Problems

NPCC – OPG's two 515 Mw Pickering nuclear power units were taken off line on Friday. As of Sunday three of the six nuclear units were on line.

OPG's 490 Mw Nanticoke #4 coal fired unit returned to service this morning.

OPG's 494 Mw Lambton #2 coal fired unit also returned to service this morning. The unit had been off line since April 20th.

PJM – Exelon's 619 Mw Oyster Creek nuclear unit has exited its refueling outage and has ramped up to 66% of capacity.

PSEG's 1209 Mw Hope Creek nuclear power unit started to exit its recent refueling outage and ramped up to 9%. The unit has been off line since April 10th for refueling.

MISO – Entergy's 778 Mw Palisades nuclear power unit in Michigan has exited its refueling outage and was at 99% of capacity up 94% from Friday.

The 1122 Mw Fermi #2 nuclear unit has exited its refueling outage and is back at full power.

AEP's 1090 Mw Cook #2 nuclear unit remains off line and at 14%, up 3% from Friday's levels.

The 1170 Mw Wolf creek nuclear unit was at 62% power this morning.

ERCOT – Luminant's 750 Mw Martin Lake #3 coal fired unit is expected to be restarted today. The unit had been shut done on May 3rd due to a boiler leak.

AEP's 528 Mw Welsh #1 coal fired unit was taken off line over the weekend for maintenance and is expected to remain off line through May 11th.

Luminant's 1150 Mw Comanche Peak #1 nuclear unit was at 76% power off 24% from Friday.

Luminant's 565 Mw Monticello coal fired Unit #1 was expected to be shut later on Monday

price of \$8.81. For 2010 8% of its projected production has been hedged utilizing a natural gas collar position with the average floor price of \$6.78 and a ceiling price of \$9.18.

Inside FERC's Gas Market Report showed on Friday that U.S. monthly spot prices in April declined by an average of 18 cents or 5.63% to \$3.02 Mmbtu. The pricing report noted that a number of pricing points plunged to multi-year lows, as the spot futures contract fell to its lowest level since September 2002.

Bentek Energy is forecasting storage in California could possibly be filled as early as July.

The Petroleum Services Association of Canada on Friday reported that the number of oil and gas wells drilled in 2009 will total only 10,000, which would be a 41% decrease compared to 2008. The projected drilling activity in 2009 is some 26% less than the estimate the group put out in just January of this year. The group noted that Canadian drilling activity has not been this low since 1999.

Russian Deputy Prime Minister Sechin warned today that the European Union may face a new energy crisis because of risks associated with oil and gas transit via the Ukraine. The deputy prime minister called on the EU to join with Russia in providing loans so the Ukraine can refill its underground gas storage reservoirs. He warned that this past winter the Ukraine was forced to tap its underground storage and as a result storage levels may be so low as to adversely affect the functioning of the Ukrainian gas pipeline system.

Generator Problems Continued

SERC – TVA's 1148 Mw Sequoyah#1 nuclear unit has exited its refueling outage and was back to 74% power.

Southern's 876 Mw Hatch #1 nuclear unit was shut early Monday. The unit had been at full power on Friday.

Progress Energy's 937 Mw Brunswick #2 nuclear unit returned to full power Monday, up 30% from Friday's levels.

WSCC – The 1150 Mw Columbia Generating Station has begun coasting down to a 40 day refueling and maintenance outage slated to begin on May 5th. The unit was at 90% capacity this morning.

The NRC reported this morning that 80,534 Mw of nuclear generation capacity was on line, up 2.1% from Friday and up 3.4% from the same time a year ago.

Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg	Change	Basis	Change	Basis 5-Day
Location	Traded	Price		<small>(As of 12:30 PM)</small>		Moving Avg
Henry Hub	1,101,300	\$3.470	\$0.174	(\$0.183)	\$0.052	(\$0.252)
Chicago City Gate	636,900	\$3.384	\$0.157	(\$0.269)	\$0.034	(\$0.203)
NGPL- TX/OK	541,200	\$3.193	\$0.150	(\$0.460)	\$0.027	(\$0.368)
SoCal	356,100	\$3.049	\$0.175	(\$0.604)	\$0.051	(\$0.532)
PG&E Citygate	401,600	\$3.373	\$0.123	(\$0.280)	(\$0.000)	(\$0.173)
Dominion-South	314,400	\$3.788	\$0.258	\$0.135	\$0.135	\$0.166
USTrade Weighted	18,721,100	\$3.299	\$0.175	(\$0.354)	\$0.05	(\$0.252)

The Indonesian energy watchdog group, BPMIGAS said Indonesia has no plans to cut LNG output this year even though its buyers are cutting imports due to the global economic slowdown.

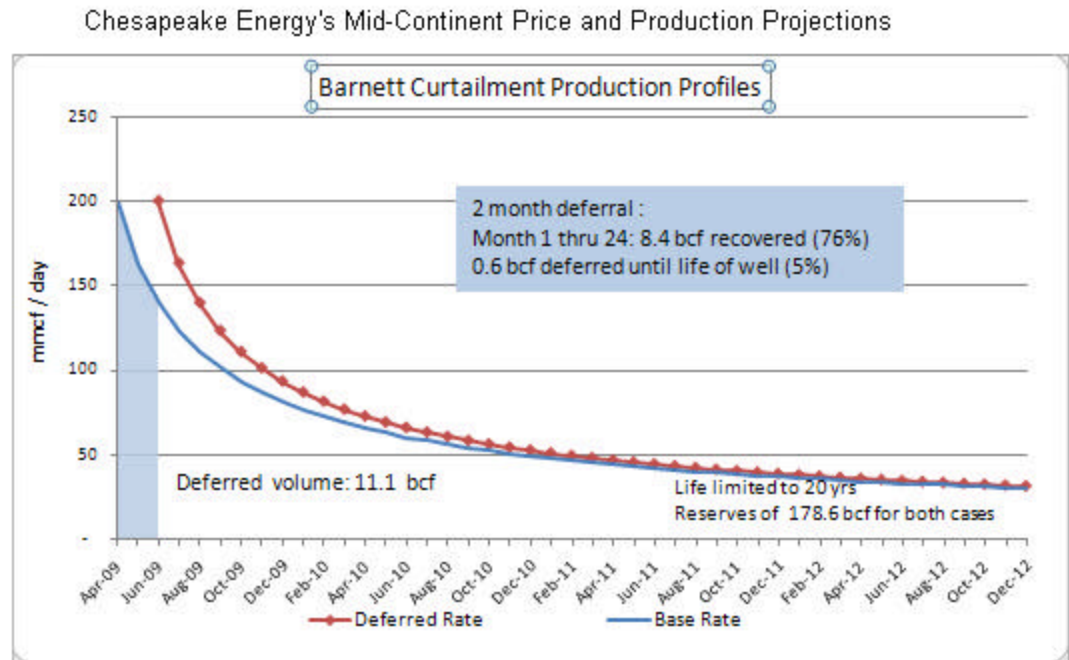
In March of this year, BPMIGAS said buyers of Indonesia's LNG had asked for the delay, diversion or cancelation of approximately 15 cargoes of LNG in 2009. Two of the 15 cargoes have already been sold into the spot market from the country's Bontang LNG plant. BPMIGAS also said exports of LNG from the Tangguh LNG plant in Papua are expected to start in June.

Reuters reported today that according to AISLive ship tracking data that the U.S. saw a steady supply of LNG imports over the weekend and increased imports are expected in the coming days and weeks. They reported that BP's British trader LNG tanker is scheduled to arrive at the Cove Point terminal on Tuesday, following GDF Suez's Iberica Knutsen, which arrived at the terminal on Friday. Elba Island terminal saw the LNG Khannur tanker arrive on Saturday and is expected to take in the Methane Heather Sally tanker on May 15th and the Serri Anggun tanker on May 17th. The Lake Charles terminal, which did not receive a cargo between November and March, could see five cargoes arrive there this month, with the first arriving on Tuesday.

Natural gas production by Gazprom in April reached 1.15 billion cubic meters per day, down 7% from March levels and off 28% from April 2008. This was the lowest level of production in a decade. Gazprom, which controls all trunk pipelines in Russia, has said it would ask independent producers to cap output to share in the pain of lower demand. Russia's total gas output including those from independent

producers reached 1.47 bcm in April, down 7% from March and off 23% from April 2008.

Spain's Gas Natural said Monday it had begun shipping LNG gas to EDF as part of a contract to supply 4 billion cubic meters to the French utility over four years.



Enterprise

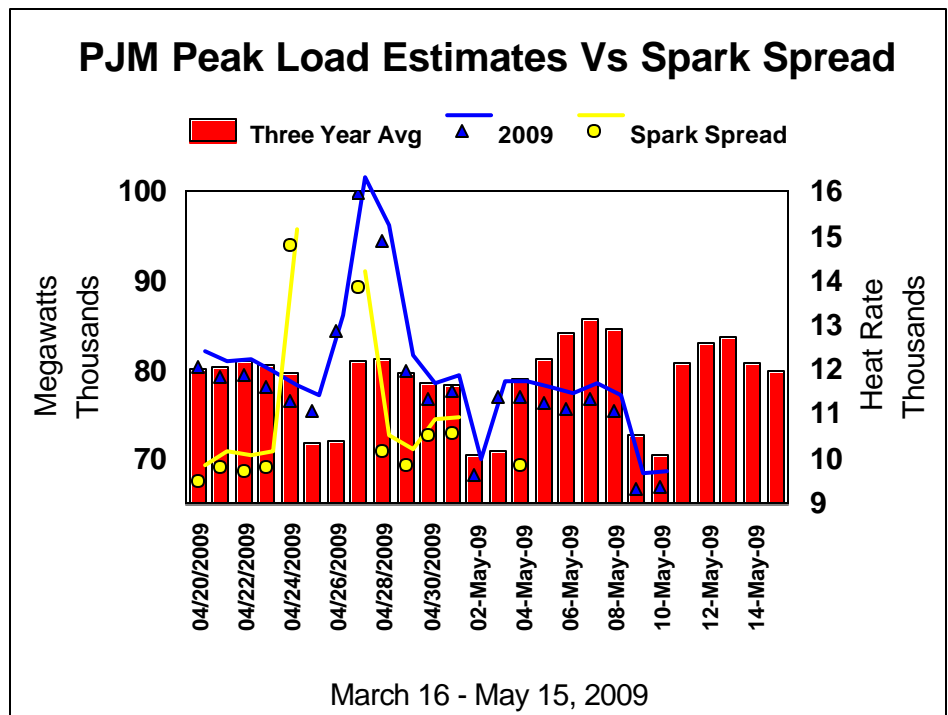
Partners announced today that it has purchased the Mont Belvieu, Texas rail and truck terminal previously owned by martin Midstream partners, as it adds to its service offerings the company has at the location.

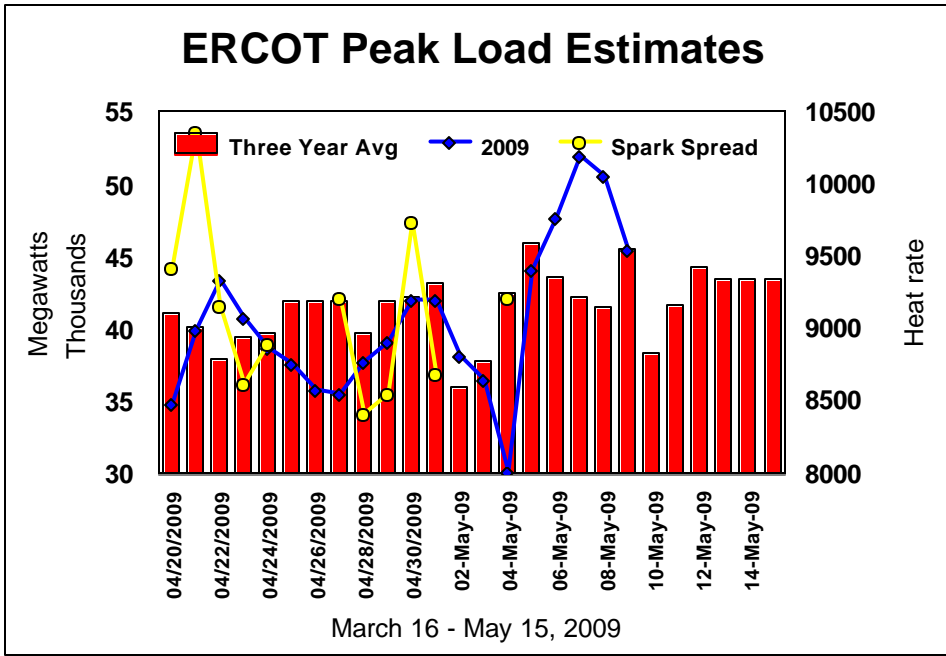
PIPELINE RESTRICTIONS

Tennessee Gas Pipeline issued a system wide OFO Action Alert on May 3^d and until further notice. The alert requires all balancing parties maintain an actual daily flow rate within 2% of scheduled quantities or 500 Dths, whichever is greater. Enbridge Pipelines said the Corinth and Barton receipt points on Alaten are being affected by the OFO.

PIPELINE MAINTENACE

NGPL said that effective May 4th and until further notice it will schedule IBS Banks or Take Paybacks or LPS Parks or Loan Paybacks in the market delivery zone for both





Amarillo and Gulf Coast systems.

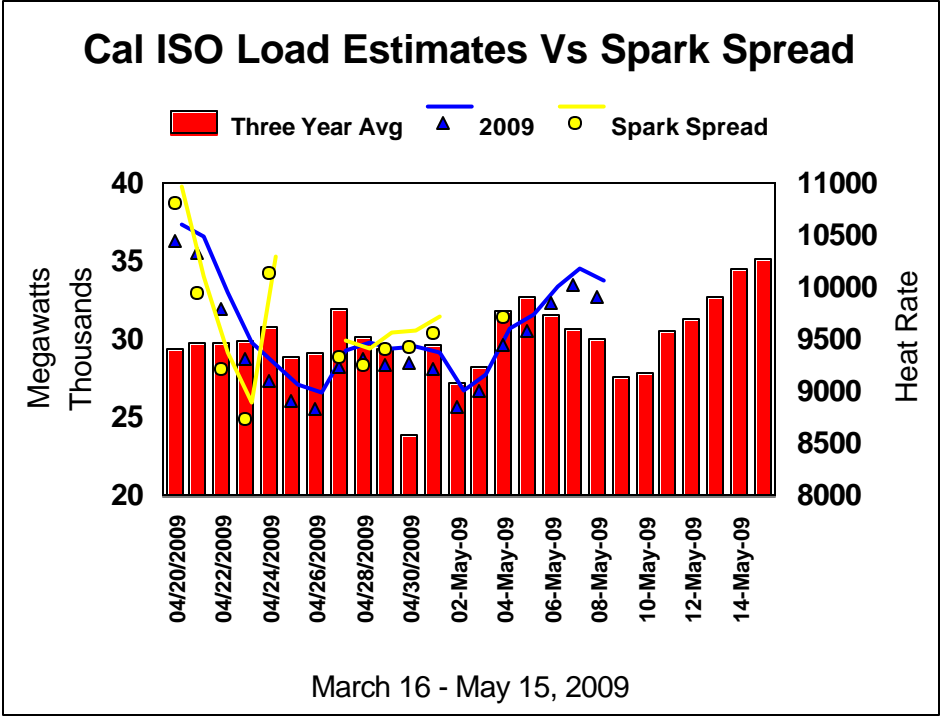
Alliance Pipeline said it would perform maintenance at several compression stations this week. Inspections, maintenance and improvements will require the Blueberry Hill Compression Station Unit #1 to be offline for 120 hours starting today. Capacity at constraint point #2 will be lowered to 9500 e3m3 during the period. The company's Whitecourt Lateral Meter/Compressor Station will also be taken off line on May 5th for 10

hours for inspections. Capacity will be reduced to 627 e3m3. Also on May 5th, Kerrobert Compressor Station will be taken off line for 36 hours and the Tampico Compressor Station will be off line for 24 hours for preventive maintenance. System throughout will be impacted but will be determined at a later time.

Gulf South reported this weekend that it has completed system maintenance at its Kiln Compressor Station. The work had been started on April 29th and had reduced capacity by as much as 125,000 Dth/d.

ELECTRIC MARKET NEWS

ConEd said today that it expects its customers in the New York area will pay less for electricity this summer than last year as a result of lower natural gas prices. They estimate that the average customers bill may drop by 7.6%.



The NYMEX announced today announced a new PJM Western Hub 50 MW peak calendar month real-time LMP swap futures contract, scheduled to begin trading on May 17 for trade date May 18. It will be available on the CME Globex® electronic trading platform. The commodity code will be 4SN, and the first listed month will be June 2009. The contract will be listed for five consecutive calendar years with a new calendar year added after the termination of the December contract month of the current year.

The contract will be 800 megawatt hours in size, based on 50 megawatts for peak daily hours, with a minimum price fluctuation of \$0.05.

The FERC announced it has approved a settlement, which will allow Aquila to withdraw from the Midwest Independent Transmission System Operator, effective November 8th. The company is seeking to become a full member of the Southwest Power Pool. Under the settlement, Aquila will pay the grid operator \$1.5 million exit fee. Aquila estimates the benefits of being a SPP member at about \$66 million.

Genscape reported this morning that it estimates that U.S. power production output rose 3.43% in the week ending April 30th from the prior week but was still 2% below the same week a year ago.

MARKET COMMENTARY

The natural gas market like most commodity markets and the equities market

NEW YORK MERCANTILE EXCHANGE(r)									
NYMEX OPTIONS CONTRACT LISTING FOR 05/04/2009									
				TODAY'S	PREVIOUS	ESTIMATED	DAILY	DAILY	
-----CONTRACT-----				SETTLE	SETTLE	VOLUME	HIGH	LOW	
LN	6	9	P	3	0.0254	0.0479	3725	0.03	0.03
LN	6	9	P	3.5	0.1374	0.2079	1955	0.145	0.145
LN	6	9	C	4.25	0.0759	0.0474	1950	0	0
LN	6	9	P	2.5	0.0017	0.0043	1750	0	0
LN	6	9	C	3.75	0.2239	0.1513	1700	0	0
LN	6	9	C	4.5	0.0416	0.0253	1675	0	0
LN	6	9	P	2	0.0001	0.0001	1500	0	0
LN	6	9	C	4	0.1334	0.0864	1475	0	0
LN	7	9	P	3	0.0709	0.096	1415	0	0
LN	6	9	P	3.6	0.177	0.261	1300	0	0
LN	7	9	C	4.75	0.1159	0.083	1300	0	0
LN	6	9	C	3.5	0.3622	0.2538	1275	0	0
LN	10	9	P	3.5	0.3729	0.4217	1250	0	0
LN	6	9	C	3.6	0.3019	0.207	1200	0.17	0.17
LN	8	9	C	5	0.1896	0.1466	1150	0	0
LN	7	9	P	2.75	0.0423	0.0561	1150	0	0
LN	8	9	C	4.5	0.3061	0.2425	1000	0.29	0.28
LN	6	9	P	3.25	0.0656	0.1085	950	0.08	0.08
LN	1	10	C	7	0.4294	0.3725	800	0.37	0.37
LN	8	9	P	3	0.1164	0.1479	725	0	0
LN	7	9	P	3.5	0.2053	0.2708	720	0	0
LN	3	10	P	3.5	0.0724	0.0827	700	0	0
LN	6	9	P	3.2	0.0552		650	0	0
LN	7	9	C	4.25	0.2284	0.1701	600	0	0
LN	7	9	P	2.5	0.0238	0.0318	600	0	0
LN	8	9	P	3.75	0.3784	0.4509	600	0	0
LN	10	9	P	3.25	0.2767	0.3159	600	0	0
LN	9	9	C	4.25	0.5135	0.4301	575	0	0
LN	9	9	C	4.2	0.5322	0.4465	574	0	0
LN	10	9	P	4	0.6062	0.6712	550	0	0
LN	10	9	C	4.15	0.72	0.6153	525	0	0
LN	10	9	P	4.15	0.6862	0.7613	525	0	0
LN	6	9	P	3.35	0.0899	0.1432	520	0	0

rallied today, as traders appeared to greet the economic news today coming from the housing and construction sectors as supportive. In addition Richmond Federal Reserve President Lacker said at midday while overall economic activity is contracting, it now appears as if the pace of contraction is diminishing and at some point later this year, activity will bottom out and begin expanding again. As a result natural prices were able to finish the day near the highs and at its highest end of day price since April 17th. The market in the past two days has seen values inflate for natural gas by over 10%. The strength in values was not confined to futures but in the cash markets as well which today actually outpaced the gains of the futures market as basis at most trading hubs strengthened. Next day trading activity at Henry Hub basis the ICE platform saw its best volume since the end of March.

But we feel the rebound over the past two and a half trading sessions of 50 cents is not the start of a new bull market but rather a technical correction of a bearish trend that remains intact. We feel the prospects of increasing imports of LNG coupled with limited power generation demand will continue to tamp out any potential bullish fires. We see prices approaching significant resistance which should be seen as an excellent selling opportunity scale up from \$3.75-\$4.10. We see initial resistance tomorrow at \$3.77 followed by \$3.93 and \$4.10. Additional major resistance would be seen at \$4.60. Support we see at \$3.57-\$3.55 followed by \$3.496, \$3.438 and \$3.251. Additional key support we see at \$3.158.

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