



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR MAY 6, 2010

NATURAL GAS MARKET NEWS

Baker Hughes reported this afternoon that the number of drilling rigs searching for natural gas stood at 953 rigs, down five from last week. This marked the second decline out of the last three weekly reports.

EnCana Corp reported that it has made significant new land acquisitions in the promising Michigan natural gas shale play. It reported that it has acquired about 250,000 net acres of land in the Collingwood shale play at an average cost of about \$150 per acre. It noted that the cost was well below prices paid at the state's most recent land sale earlier this week.

The U.S. Minerals Management Service reported today that the amount of oil spill related natural gas production shut in as a safety precaution remained unchanged on Friday at 6.2 MMcf/d.

Gassco reported today that Norway's Kollsnes gas processing plant was ramping up and nearing full capacity on Friday after being shut down on Thursday afternoon due to an electrical supply problem.

Excelerate Energy's LNG tanker Exquisite reportedly is scheduled to arrive at Britain's Dragon LNG terminal on May 14th.

Indonesia's energy minister said today that Indonesia may ask Japanese LNG buyers to cut the agreed volume of LNG in extended deals due to Indonesia's growing domestic gas needs. Indonesia has a 8.4 million tones per year contract due to expire by the end of 2010 and another 3.6

Generator Problems

NPCC – Unit #1 at the 1153 Mw Greenfield natural gas fired power plant was shut early Friday, while Uni #4 returned from its outage that began back on May 6th.

OPG's 580 Mw Brighton Beach natural gas fired power station was shut early Friday.

Constellation Energy's 1140 Mw Nine Mile Point #2 nuclear unit was at full power this morning, up 5% from Thursday.

ERCOT –AEP planned to shut its 690 Mw Oklaunion coal fired power station May 7-8th to fix a tube leak.

The Big Brown coal fired Unit #1 power station reported that it was undergoing maintenance today

MISO – Exelon's 855 Mw Quad Cities #2 nuclear unit was finally at full power this morning up 15% from yesterday.

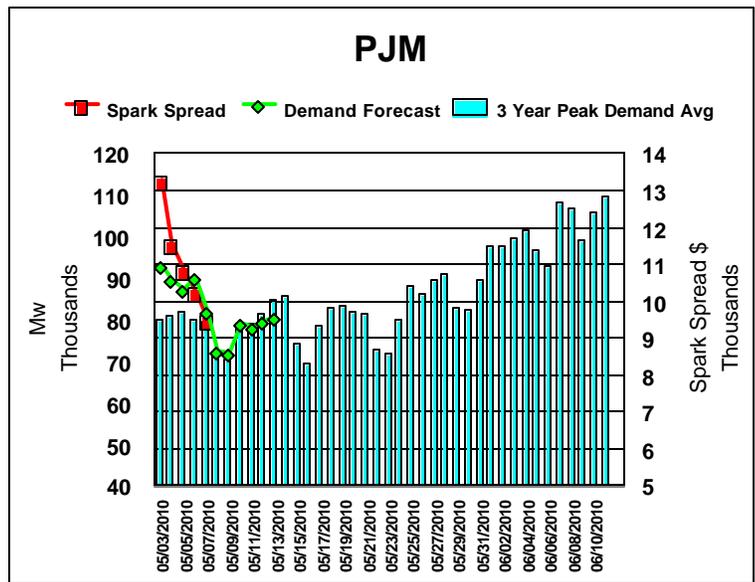
The NRC reported that there was some 84,729 Mw of nuclear power generated today, up 0.1% from yesterday and up 3.3% from a year ago.

Natural Gas Cash Market

ICE Next Day Cash Market

Location	Volume	Avg	Change	Basis	Change	Basis 5-Day
	Traded	Price		(As of 12:30 PM)		Moving Avg
Henry Hub	859,300	\$3.910	(\$0.060)	(\$0.041)	(\$0.061)	(\$0.043)
Chicago City Gate	489,100	\$3.993	(\$0.046)	\$0.042	(\$0.102)	\$0.029
NGPL- TXOK	693,700	\$3.828	(\$0.045)	(\$0.123)	(\$0.101)	(\$0.120)
SoCal	538,500	\$3.745	(\$0.097)	(\$0.206)	(\$0.153)	(\$0.140)
PG&E Citygate	886,700	\$4.130	(\$0.071)	\$0.179	(\$0.127)	\$0.253
Dominion-South	731,100	\$4.116	(\$0.106)	\$0.165	(\$0.162)	\$0.228
USTrade Weighted	20,807,800	\$3.886	(\$0.005)	(\$0.065)	(\$0.06)	(\$0.043)

million tpy deal ending 2011. In February 2009, six Japanese firms reached a deal in principal to extend the term for their Indonesian LNG contracts from 2011 for 10 years and agreed to buy a combined 3 million tpy of LNG from 2011 to 2015 and 2 million tpy from 2015 to 2020.



Canadian Natural Resources said this week that it would spend as much as C\$1 billion to buy natural gas properties in Alberta and British Columbia. The company noted that it would embark on an aggressive property acquisition program while prices for natural gas are low, anticipating that gas prices will eventually return to normal levels in two to three years.

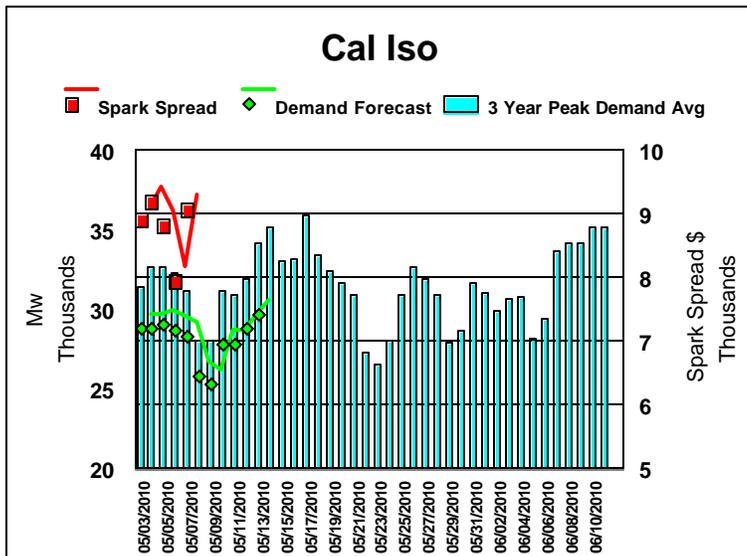
The US CFTC issued a warning to the market on Friday to remind participants that speculative trading limits apply throughout the trading day as well as at

the end of trading. A spokesman said the release of the advisory was not connected to Thursday's unusual market events. It gave no explanation for why it decided to issue the advisory.

According to the Labor Department, nonfarm payrolls in April increased by a higher than expected 290,000, the largest gain since March 2006. This followed an upwardly revised 230,000 gain in March. The US economy added an average of 143,000 jobs a month in the first four months of the year. The unemployment rate however increased to 9.9% in April. In a sign that the labor market remains weak, a broader measure of unemployment continued to increase. The underemployment rate increased to 17.1% in April from 16.9% in March. The report also showed that average hourly earnings of all employees increased by 1 cent to \$22.47 in April.

PIPELINE MAINTENANCE

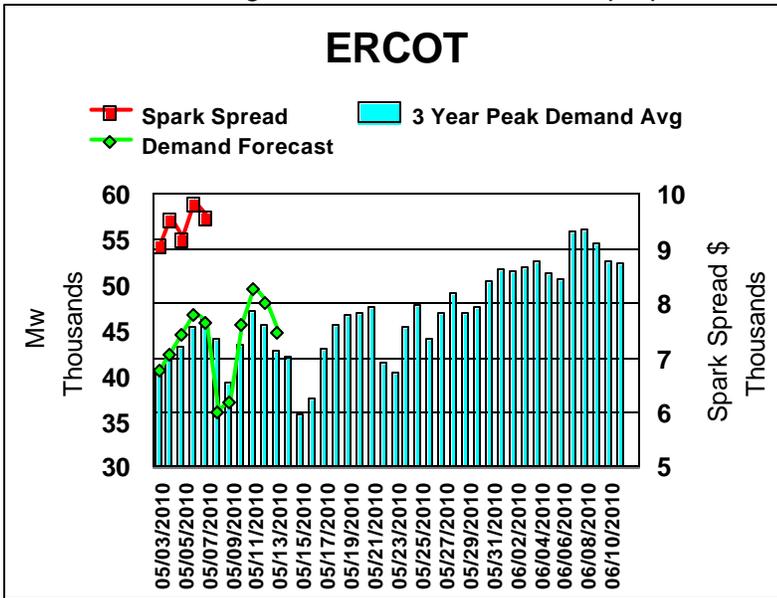
NGPL said that on May 17th and continuing through May 25th, it will perform inspections on sections of its pipeline west of Compressor Station 802 on the AG Line (Segment 15 and 17 of Natural TexOk Zone). During this work Segment 15 (Compressor Station 801 and east) will be at capacity and only primary and secondary in path transportation services will be scheduled through Segment 15.



PIPELINE RESTRICTIONS

NGPL said that effective for May 7th and continuing until further notice it has capacity available for deliveries at Florida Gas Jefferson. Interruptible transportation service/authorized overrun and secondary firm transports are available. The company also said it has capacity available for gas going southbound through Segment 26 for deliveries eastbound into Segment 25 or southbound into

Segment 22. ITS/AOR and secondary out of path firm transports are available. Withdrawals from South Texas Storage Point will be included for purposes of scheduling.



Tennessee Gas Pipeline said that for May 7th it has restricted Niagara Spur Backhaul Point. It has restricted through approximately 71% of market to supply secondary out of path nominations pathed through the point.

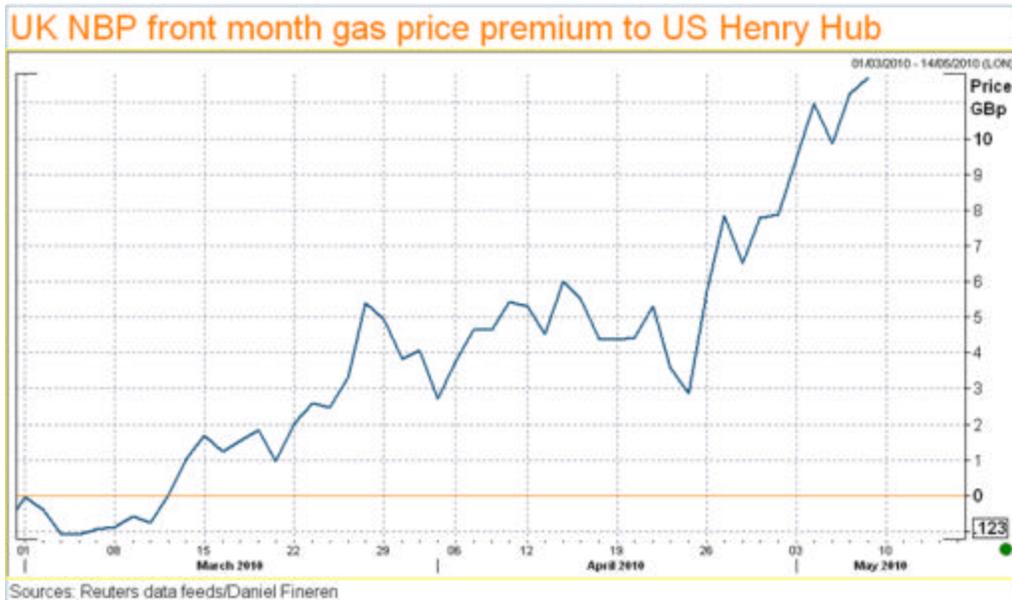
PG&E has issued another system wide OFO for May 8th due to high inventory. The company set a 7% tolerance requirement.

ELECTRIC MARKET NEWS

Progress Energy said that ongoing work to repair the containment wall at its Crystal River nuclear power station in Florida would keep the reactor shut into the third quarter of this year, at

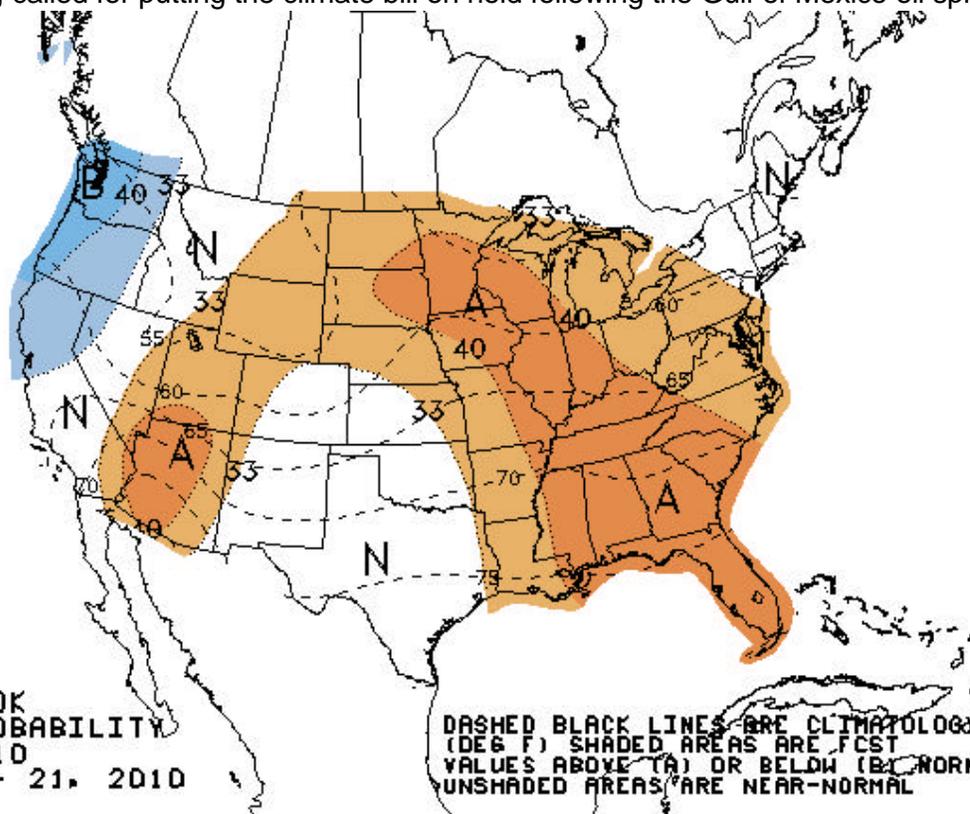
least seven months longer than scheduled. The unit originally was closed back on September 26, 2009 for refueling and maintenance and had been scheduled to return to service by mid December of 2009.

The IEA reported late yesterday that U.S. coal production during the week ending April 30th reached 20.9 million short tons, down 2.5% from the previous week but 5.4% higher than the same week a year ago. Coal production for the month of April was 4.2% higher than a year ago.



National Grid said today it has agreed to buy power from the Cape Wind Project, the U.S. first large scale, offshore wind farm, expected to begin operations in 2012. The companies are expected to file the power purchase agreement with Massachusetts's utility regulators on Monday. The agreement is expected to be a 15-year contract, under which National Grid will pay 20.7 cents per Kwh starting 2013. The price will increase 3.5% each year. Residential customers currently are paying approximately 8-10 cents a Kwh currently.

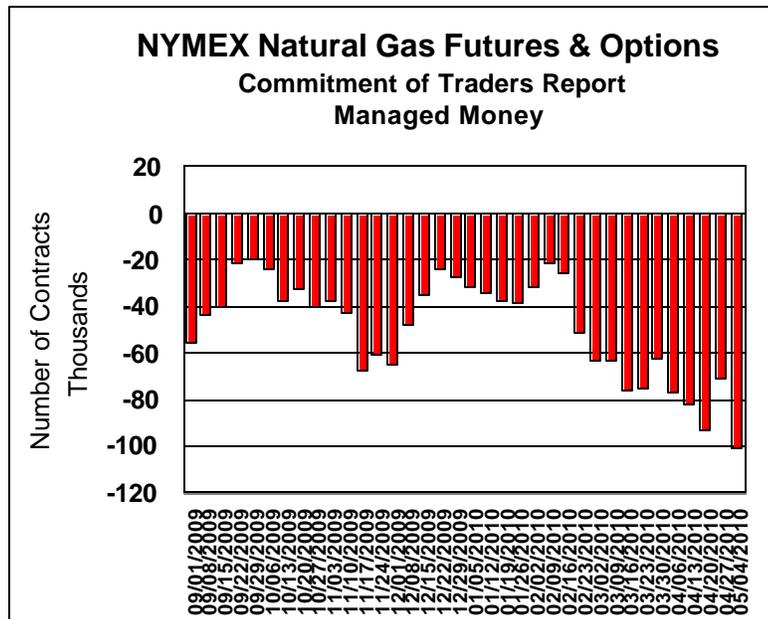
Republican US Senator Lindsey Graham, who has been collaborating on a compromise climate change and energy bill, called for putting the climate bill on hold following the Gulf of Mexico oil spill.



8-14 DAY OUTLOOK
TEMPERATURE PROBABILITY
MADE 7 MAY 2010
VALID MAY 15 - 21, 2010

MARKET COMMENTARY

The natural gas posted a typical Friday inside trading session with moderate to light volume. But the market was able to finish higher as traders late in the session received welcome and supportive news from Baker Hughes that the number of natural gas drilling rigs operating in the United States posted the second weekly decline out of the last three reporting weeks. This news appears to have prompted some short covering in front of the weekend especially given the ability of the natural gas market to hold support yesterday despite plunging oil markets and a bearish storage report.



We continue to look for this market to remain mired in its 6-week sideways trading pattern. We see support at \$3.8855 followed by \$3.823-\$3.81. Additional support we see at \$3.66. Resistance we see at \$4.072, \$4.101, \$4.14 and \$4.207. More distant resistance we see at \$4.342 and \$4.424.

This afternoon's Commitment of Traders Report showed that the combined futures and options in the Henry Hub contracts saw managed money sector increase their net short position by nearly 30,000 contracts to a new near time high with over 101,000 net short.

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