



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR MAY 9, 2007

NATURAL GAS MARKET NEWS

The National Hurricane Center reports that subtropical storm Andrea with wind speeds of 45 mph has formed 140 miles southeast of Savannah, Georgia. A tropical storm watch has been issued along the southeast coast of the United States from Altamaha Sound, Georgia southward to Flagler Beach, Florida. The center of the subtropical storm is expected to remain offshore of the U.S. Coast through at least Thursday morning.

Lehman Brothers will acquire the remaining two-thirds of Houston-based energy marketing and services company Eagle Energy Partners that it does not already own, the firm said Wednesday. The transaction will expand Lehman's energy trading business, particularly on the physical side, where it has had a relatively small presence.

The NYMEX announced that it will offer options trading for crude oil, natural gas, gold, and silver on the CME Globex electronic trading platform beginning on June 24 for trade date June 25. To ensure orderly exercise procedures, no expiring options will be accepted for trading after the close of open outcry trading on the day of expiration.

PIPELINE RESTRICTIONS

KM Interstate Gas Transmission said that effective today and until further notice, KMIGT has several restrictions for its system today. Segment 340 Ulysses, Segment 45/730 Casper, Segment 620-790 Rockport and Segment 775 are at AOR/IT/Secondary At Risk. In addition, effective today and until further notice, SSC Grant, CIG Weld, PEPL Grant, NNG Milligan, WBI Bridger, Petr Dev Newton and PIN 19350 CIG Glenrock are at IT/AOR/Secondary At Risk. Also, effective immediately, the Black Hills E&P Big Springs receipt point in Duel County, Nebraska is available for received quantities. Depending on the level of nominations, AOR/ITS and secondary quantities may be scheduled.

Tennessee Gas Pipeline said that at the Carthage Line Lateral, Tennessee anticipates restricting through approximately 44% of Supply to Market Secondary Out of the path nominations, pathed from meters located on the Carthage Line Lateral. In addition, Tennessee will not accept any Supply to Market increases pathed from

Generator Problems

ECAR – Consumers Energy 789 Mw Palisades nuclear unit shut yesterday due to low steam levels.

SERC – Entergy's 966 Mw River Bend nuclear unit continues to ramp power, increasing output to 86% today. Yesterday the unit was operating at 82% power.

MAIN – Ameren's 1,190 Mw Callaway nuclear unit restarted and is warming up offline at 8% capacity. The unit shut in early April for a regularly scheduled refueling and maintenance outage.

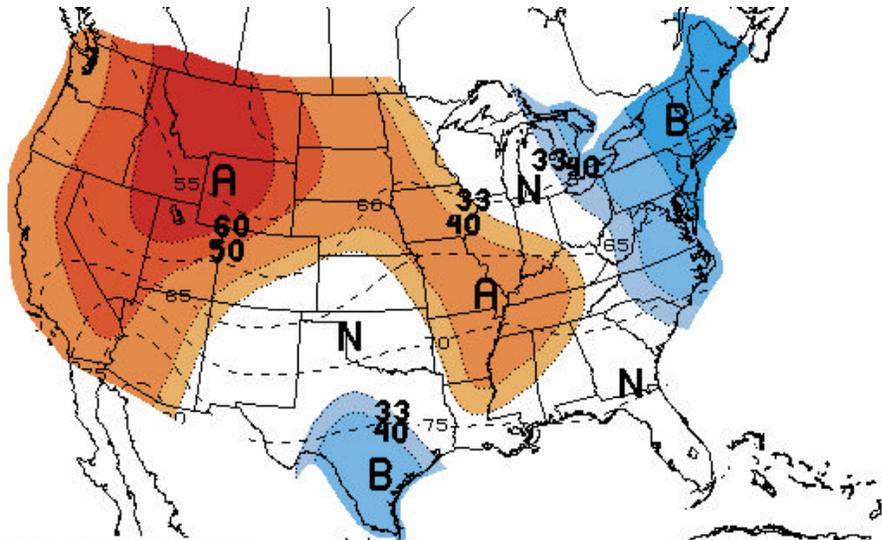
Exelon Generation's 912 Mw Dresden #2 nuclear unit reconnected to the grid and ramped up to 44% power. Dresden #3 continues to operate at 98% capacity.

Exelon's 1,225 Mw Byron #2 nuclear unit is operating at 85% capacity up slightly from yesterday's 82% rating. Byron #1 continues to operate at full power.

Exelon's 1,162 Mw LaSalle #2 nuclear unit returned to full power. Yesterday the unit was operating at 85% capacity. LaSalle #1 continues to operate at full power.

WE Energies' 516 Mw Point Beach #1 nuclear unit increased output to 93% capacity. Yesterday the unit was operating at 64%. Point Beach #2 remains at full power.

The NRC reported that 84,073 Mw of nuclear capacity is on line, up .18% from Tuesday, and up 4.02% from a year ago.



8-14 DAY OUTLOOK TEMPERATURE PROBABILITY MADE 9 MAY 2007 VALID MAY 17 - 23, 2007. DASHED BLACK LINES ARE CLIMATOLOGY (DEG F). SHADED AREAS ARE FCST VALUES ABOVE (A) OR BELOW (B) NORMAL. UNSHADED AREAS ARE NEAR-NORMAL.

meters located on the Carthage Line Lateral. At station 820CI Terminus SW Loop Line, Tennessee anticipates restricting through approximately 56% of Supply to Market Secondary Out of the Path Nominations.

TransColorado Gas Transmission said that Segment 220, Segment 250 and Segment 310 are listed as IT/AOR/Secondary At Risk, as is PIN 36100 Questar Greasewood.

Williston Basin Interstate Pipeline Company said that there will be two points in

capacity constraint for today's Timely Cycle. Penalties will be imposed at Northern Border-Manning and Northern Border-Glen Ullin.

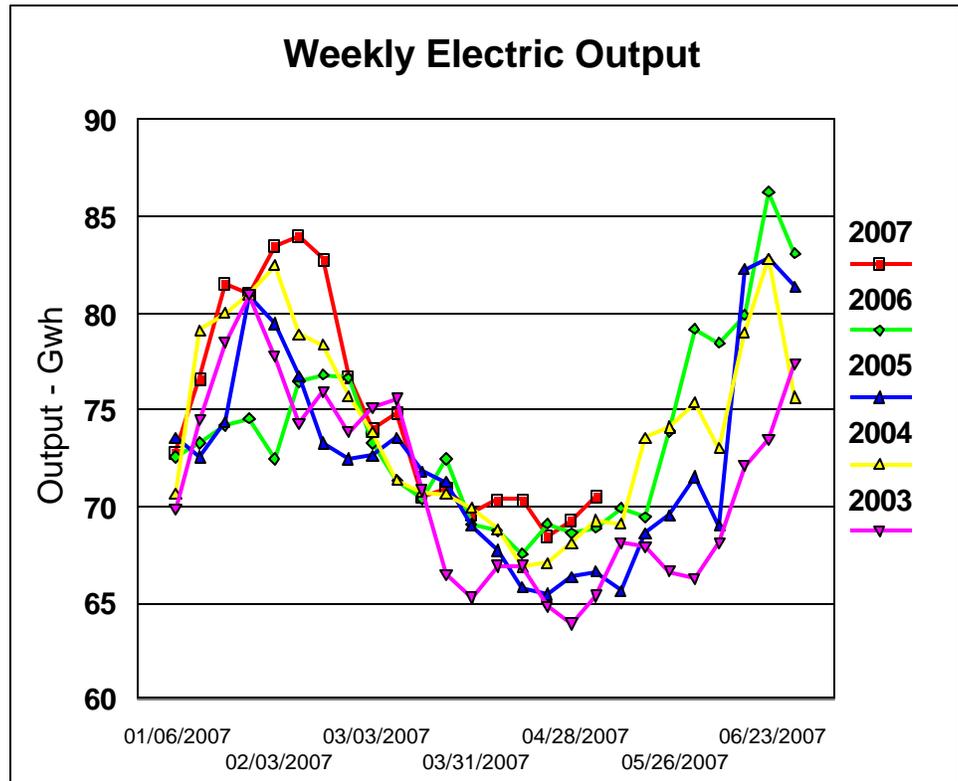
PIPELINE MAINTENANCE

Natural Gas Pipeline Company said that it has completed inspections of the pipeline in Segment 12 and has found no damage and that it has lifted the Force Majeure issued May 7. Effective immediately, Intra-day 1 cycle for today's nominations will be scheduled to their full contractual MDQ. ITS/AOR and Secondary out-of-path transports will be at risk depending on the level of nominations.

ELECTRIC MARKET NEWS

The Edison Electric Institute reported that power production in the continental United States for the week ended May 5 rose 2.5% from the same 2006 week to 70,567 GWh. For the first 18 months of the year, power production is up 4% from last year. For the 52 weeks ended May 5, power production was up 0.9% from the corresponding period in 2006.

A bill that would centralize state research on climate change and its impacts on California cleared the Energy, Utilities and Communications Committee of the state Senate yesterday. The measure drafted would establish a program



administered by the California Resources Agency to coordinate state spending on climate-related research and development. The bill also would create the Strategic Research Investment Council to set research priorities for climate-related activities.

MARKET COMMENTARY

The natural gas market opened about unchanged today as it traded in the same range as yesterday. June natural gas examined yesterday's low early this morning, trading to a low of 7.597, before spending most of the session between 7.62 and 7.69. Natural gas treaded water as the oil complex moved lower following its bearish inventory figures, but a late recovery in the oil complex, and particular strength in the products, boosted natural gas to a daily high of 7.74. The June contract settled up 8.3 cents at 7.72 in light of a heavily bearish inventory report tomorrow.

Expectations for tomorrow's EIA storage report continue to weigh on the market, as analysts are calling for a build of between 85 Bcf and 100 Bcf. A build within these expectations would push the year-on-five-year surplus to 300 Bcf while cutting the year-on-year deficit to 225 Bcf. A build at the upper end of the range of expectations will pressure the market to the daily trend crossing of 7.578, but without the help of a sinking oil market, we feel that natural gas will not be able to break that trend line. We see further support at \$7.54, \$7.48 and \$7.40. More distance support we see at \$7.15 and \$7.00. We see resistance at \$8.00-\$8.04, \$8.20 and \$8.68.