



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,
& Karen Palladino

(212) 624-1132 (888) 885-6100

www.e-windham.com

NATURAL GAS & POWER MARKET REPORT FOR MAY 10, 2010

NATURAL GAS MARKET NEWS

The Climate Prediction Center reported today that cooling degree data for the week ending May 8th, showed some 24 CDD were recorded on the week, some 71% more than normal and 14% higher than the same week a year ago. Cooling demand for the current week ending May 15th though is seen as reaching on 21 CDD on a population weighted basis nationwide, some 24% higher than normal but 12% less than the same week a year ago.

AccuWeather forecasters this morning released their updated 30-day forecast for the period of Mid-May through mid June and they were looking for temperatures to be above normal over the southeast and across the Plains, with most of the rest of the country near normal. Only the extreme Pacific coast was seen as possibly slight below normal.

Chesapeake Energy said today that it was planning to sell a 20% equity interest in its subsidiary Chesapeake Appalachia. It is looking to raise \$5 billion from the sale. The company also noted that by the end of the third quarter, it intends to enter into a joint venture on its Eagle Ford shale play.

Generator Problems

NPCC – OPG's 490 Unit #2 at the Nanticoke coal fired power station returned to service Monday. Unit #5 was shut.

PJM – PPL's Susquehanna #1 nuclear unit continues to ramp higher and was at 85% power this morning, up 5% from yesterday.

ERCOT – Operators at the Big Brown coal fired steam power station reportedly was performing maintenance on the ESP this morning, effecting Unit 2.

The coal fired Oklaunion Power Station was expected to be restarted over the next 24 hours as a tube leak was repaired.

CPS Energy planned to shut its JK Spruce coal unit at the Calaveras lake Plant on May 8th.

MISO – OPPD's 478 Mw Fort Calhoun nuclear unit was at 82% capacity, down from full power recorded last week.

Exelon's 1128 Mw Byron #2 nuclear unit has reconnected the grid over the weekend and ramped up to 83% today. The unit had been off line since April 17th.

SERC - Progress Energy's 938 Mw Brunswick #1 nuclear unit has exited its outage and has ramped up to 80% power this morning. The unit had been shut on May 6th.

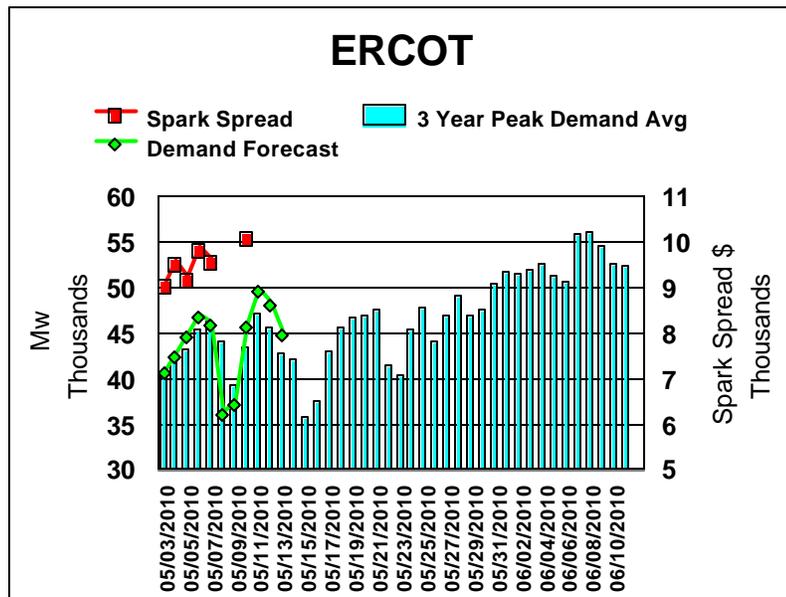
The NRC reported that there was some 85844 Mw of nuclear power generated today, up 1.9% from yesterday and up 3.3% from a year ago.

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	742,100	\$4.075	\$0.164	(\$0.128)	(\$0.063)	(\$0.036)
Chicago City Gate	448,500	\$4.179	\$0.187	(\$0.024)	(\$0.065)	\$0.051
NGPL- TX/OK	638,400	\$3.988	\$0.161	(\$0.215)	(\$0.091)	(\$0.110)
SoCal	556,500	\$3.936	\$0.191	(\$0.267)	(\$0.061)	(\$0.146)
PG&E Citygate	1,063,200	\$4.341	\$0.211	\$0.138	(\$0.041)	\$0.233
Dominion-South	864,600	\$4.314	\$0.197	\$0.111	(\$0.055)	\$0.237
USTRade Weighted	20,636,500	\$4.075	\$0.189	(\$0.128)	(\$0.06)	(\$0.036)

The U.S. Minerals Management Service reported today that shut ins due to the oil spill in the Gulf of Mexico remained at 6.2 million cf/d.

BG Group announced that it

continues to work with its Exco Resources and will set up a 50-50 joint venture company to operate the exploration and production assets in companies that hold Exco Resources assets in U.S. shale gas properties, some 654,000 acres, mostly in Pennsylvania and West Virginia. This deal will raise BG Group's net gas resources by 2.4 tcf.



The Algerian oil minister said today that poor gas prices likely will keep key global gas projects to be placed on hold. He sees the surplus of global gas supply could take 3-4 years to diminish. He noted that Algeria is currently exporting 6 bcf/d of natural gas.

The Qatari LNG tanker the Umm Bab, was scheduled to arrive in Belgium between May 22- May 25th. Meanwhile the 210,000 LNG tanker, Umm Al Amad was scheduled to arrive at Britain's Isle of grain import terminal on May 15th.

The director of oil and gas projects at Qatar Petroleum said today that the

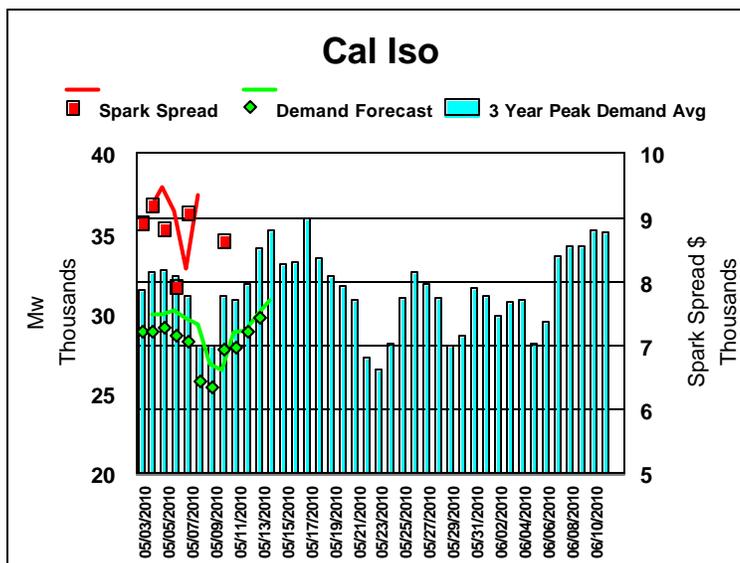
total cost of Qatar's Al Khaleej gas project with Exxon Mobil now stands at \$4.7 billion. The second phase of the project started earlier this year, which increases supply for Qatar's domestic market. Phase 2 of Al Khaleej was supplying 65% of Qatar's domestic demand. The company sees gas from the Barzan field will also supply domestic demand and will start up by 2014. Contracts on developing this supply are expected to be awarded by the end of the year.

The Qatari oil minister said it is in talks with India about supplying the country with an extra 4 million metric tons of LNG a year.

The LNG cargo exported from Belgium back in mid March reportedly has finally arrived in Kuwait.

Goldman Sach is a research note to clients today said that the slump in commodity prices last week created a "buying opportunity" because economies continue to improve. The bank said it favors copper, crude oil and precious metals. They see the S&P GSCI Enhanced Total return Index, should advance 17.6% in 12 months.

Iran reportedly has extended a new two-week ultimatum to Royal Dutch Shell and Repsol after the expiry of a one-week ultimatum issued last month. The ultimatum is in regards to contracts on South Pars phases 13 and 14.



U.S. government inspectors from the Interior Department reportedly have completed inspecting some 30 deepwater drilling rigs operating in the Gulf of Mexico and have found no safety problems to date

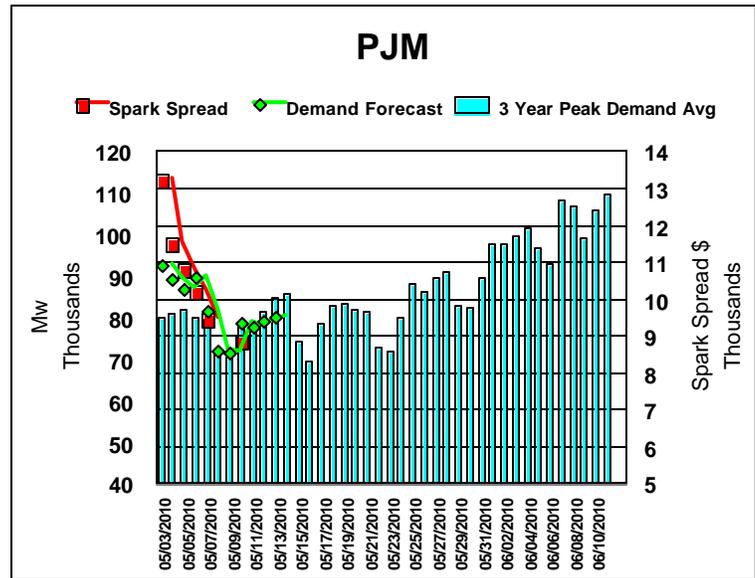
that would require any rigs to temporarily cease operations. Inspectors now will begin inspecting another 47 deepwater production platforms and these inspections are expected to take up to a month.

PIPELINE MAINTENANCE

Gulf South said it will perform compressor maintenance on the Destin Compressor Station Unit beginning 7 AM CDT, May 11th and lasting for 10 hours. Based on system operations and nominations, the company does not anticipate any impact to its shippers. The company also reported that it would be performing maintenance on Index 205 (Iowa Franklin 10 inch line) from May 14th for approximately one week.

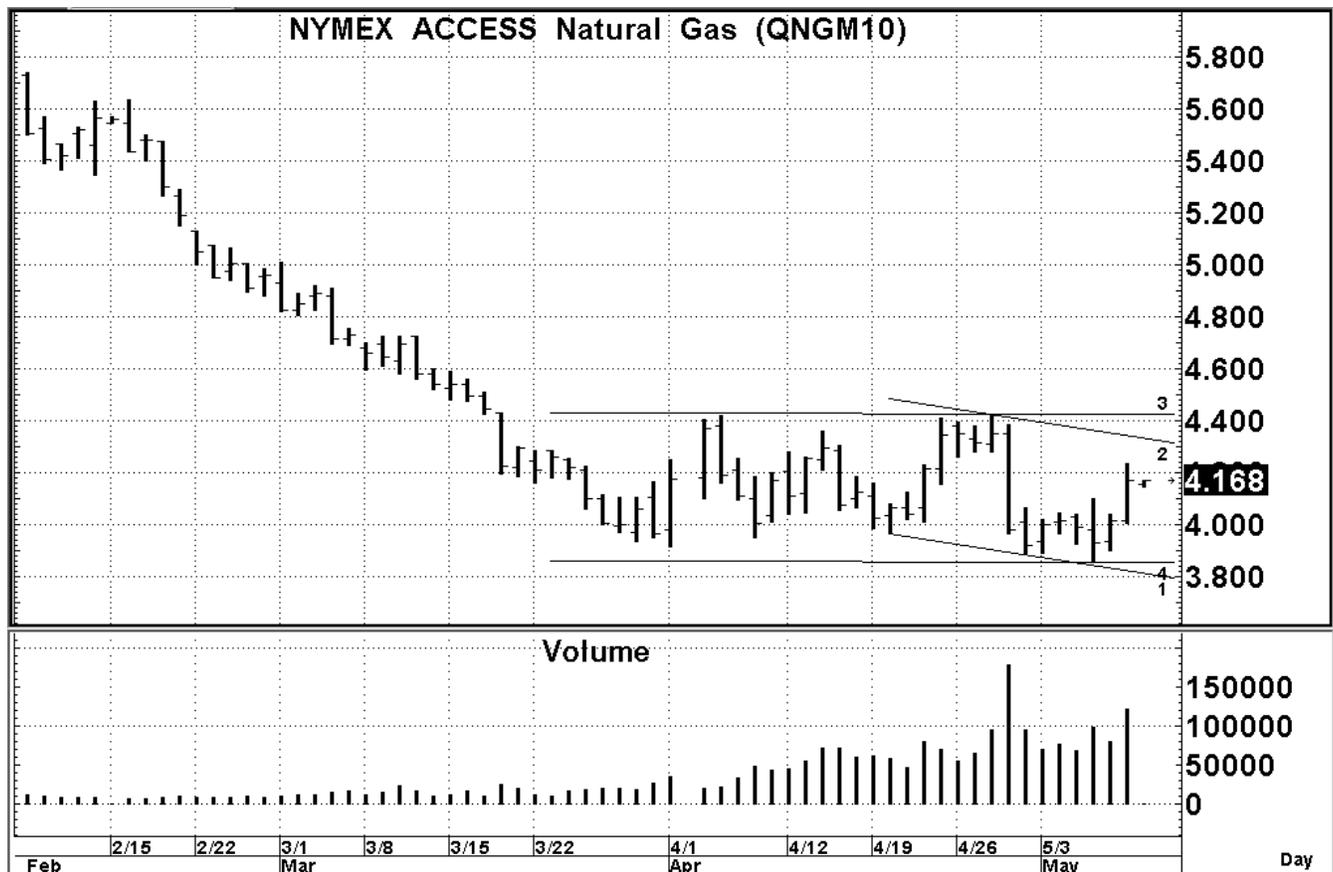
PIPELINE RESTRICTIONS

Tennessee Gas Pipeline has restricted through approximately 57% of market-to-supply secondary out of the path nominations pathed through the Niagara Spur Backhaul point.



ELECTRIC MARKET NEWS

Tokyo Electric Power, the largest utility in Asia, announced today it had agreed to buy a 9.2% stake in the South Texas nuclear project for 12 billion yen.



Genscape reported that U.S. coal use rose 3% last week from the week before but basically was equal to the same burn rate for the same week a year ago.

Genscape reported that U.S. power output for the week ending May 6th rose by 8% from the prior week and was 6.3% greater than the same week a year ago.

The most recent data from the U.S. Army Corps of Engineers, released on Friday showed that hydro generation for the Northwest United States remains down 45.3% year on year and in April was down 12% from March 2010.

MARKET COMMENTARY

The bulls returned to the natural gas market today. The market received support from the rebounding commodity and equity markets as news of the European banking support package was reported over the weekend. In addition with supportive weather forecasts coupled with news of declining drilling rig activity as reported on Friday allowed June prices to bounce back to the upper half of the sideways trading channel that this market has been in for the past two months. This substantially higher close also allowed the daily stochastics in the natural gas to cross to the upside, possibly indicating an upward trend for the first time this month.

While we look for the potential for some further upside in this market we do not look for this market to have the sufficient follow through buying to break out of the two month trading channel, at least not until the end of this week. We see initial resistance at \$4.235 followed by \$4.332 and \$4.423. Minor support we see at \$4.09, \$4.045, \$4.00-\$3.995 with more significant support at \$3.885 and \$3.813.

The information contained in this letter is taken from sources, which we believe to be reliable, but is not guaranteed by us as to accuracy or completeness and is sent to you for information purposes only. The Windham Group bases its market recommendations solely on the judgment of its personnel. Reproduction in whole or part or other use without written permission is prohibited.