



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR JUNE 10, 2009

NATURAL GAS MARKET NEWS

The tropical Atlantic remained very quiet today with high wind shear levels destroying any thunderstorm activity that may develop over Jamaica or Cuba by the weekend. Accuweather though notes that the western Gulf of Mexico could see a more conducive environment for tropical development late next week and into the following week. The forecasting group continues to see the hot temperatures entrenched over Texas for the next couple of weeks, possibly being its hottest spell for the entire summer.

The CEO of Qatargas said the company is considering diverting LNG exports to Britain to other countries due to oversupply and poor demand in the British market. Qatargas expects the market will remain "saturated" in the short term. He noted that Asia may be a potential market for these cargoes.

The AGA issued a new report that shows more states than ever are implementing regulations that allow local natural gas utilities to put in place energy efficiency programs that help customers reduce their energy bills. † noted that 19 states have regulations that permit the recovery of revenues and margins lost due to utility sponsored energy efficiency programs. Eleven states as well as Canada have approved financial incentives for utilities that invest in energy efficiency. The trade group noted that by the end of 2007, natural gas utilities in states that have energy efficiency or demand management programs achieved a savings of 9% of total natural gas usage per residential participant.

Total reported that its British gas import terminal at St. Fergus was closed down briefly Wednesday.

Generator Problems

NPCC – OPG's 535 Mw Lennox oil and gas fired Unit #2 returned to service Wednesday morning. The unit had been shut since April 24th.

OPG's coal fired Nanticoke #3 unit was shut for short-term maintenance.

Entergy's 1025 Mw Indian Point #3 nuclear unit remained at 57% power, unchanged from yesterday.

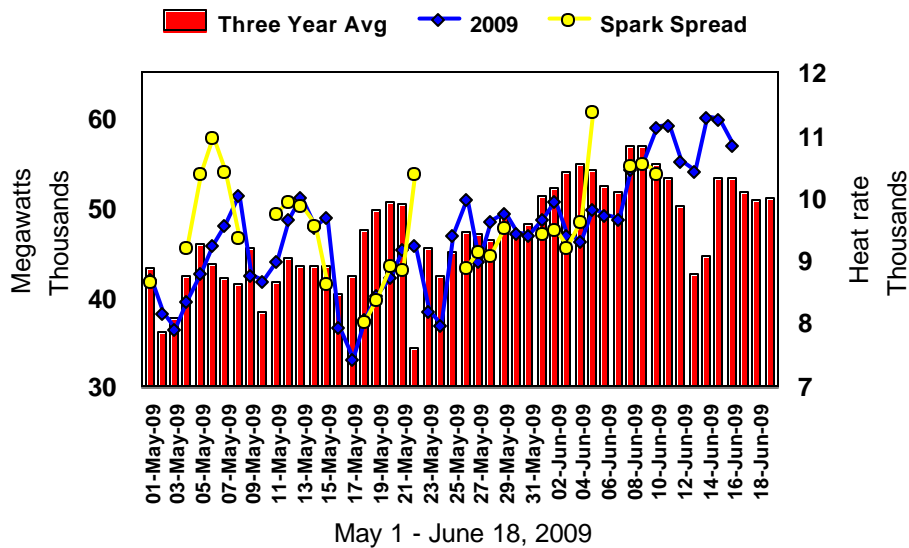
SERC – TVA's 1100 Browns Ferry #2 nuclear unit was preparing to reconnect to the grid as operators boosted operations to 20% of capacity, up 19% from yesterday.

WSCC – PG&E Helms #1 pump storage hydro unit was off line for unplanned reasons this afternoon.

The NRC reported this morning that 94,319 nuclear generation capacity was on line, up 0.2% from yesterday but off 1.44% from the same time 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	849,500	\$3.564	\$0.031	(\$0.161)	\$0.015	(\$0.552)
Chicago City Gate	693,400	\$3.326	\$0.072	(\$0.399)	\$0.079	(\$0.474)
NGPL- TX/OK	483,800	\$3.288	\$0.079	(\$0.438)	\$0.086	(\$0.524)
SoCal	316,500	\$2.609	\$0.044	(\$1.116)	\$0.051	(\$1.082)
PG&E Citygate	721,600	\$2.723	\$0.020	(\$1.003)	\$0.027	(\$0.967)
Dominion-South	175,800	\$3.792	\$0.011	\$0.067	\$0.018	\$0.009
UTrade Weighted	16,222,300	\$3.201	\$0.008	(\$0.524)	\$0.02	(\$0.552)

ERCOT Peak Load Estimates



The company though said the closure had nothing to do with the closure of the Vesterled gas pipeline from Norway.

The CEO of Gazprom said today that the South Stream gas pipeline that will transport Russian gas into Europe will have no funding difficulties and will be operative by the end of 2015. The line is planned to have a capacity of 63 billion cubic meters per year. He also said he would meet with the head of Ukraine's Naftogaz next week to discuss the current gas

situation between the two countries.

BP said in its annual review of global energy trends, it estimates that global gas production grew by 3.8% in 2008, much higher than the 3% growth rate in the 10 year trend. Much of this gain came in the United States, which recorded its highest ever annual increase in output.

PIPELINE RESTRICTIONS

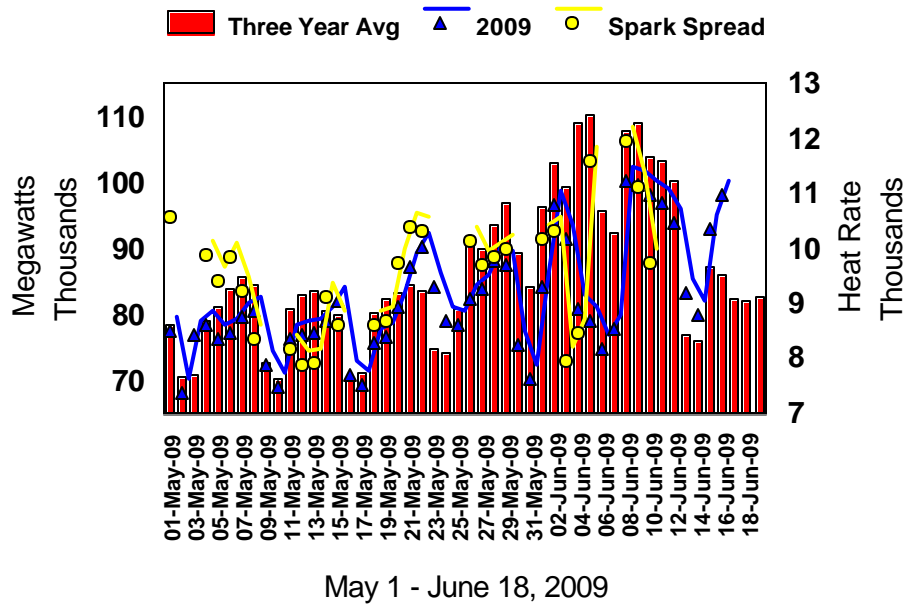
NGPL said effective today and until further notice Florida Vermillion has limited capacity available for deliveries. Limited ITS/AOR and Secondary Firm transports are available.

Tennessee Gas Pipeline said that effective for June 10th it would not accept any Supply to market nomination increases sourced from meters located on the Second Bayou Line 507A-1601 Lateral.

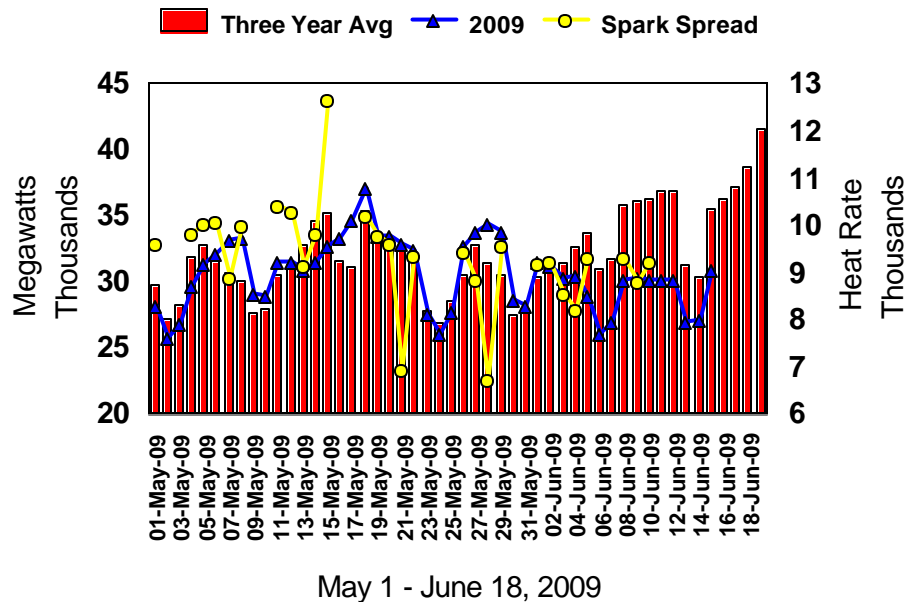
ELECTRIC MARKET NEWS

The shuttered coal fired Mohave Generating Station in Nevada will be decommissioned in 2010 and dismantled beginning in late 2009. It may become a renewable power station, but its fate has yet to be determined.

PJM Peak Load Estimates Vs Spark Spread



Cal ISO Load Estimates Vs Spark Spread



The Edison Electric Institute reported today that for the week ending June 6th electric generation in the U.S. totaled 71,584 Gwh, some 12.9% less than the same week a year ago, but 1.22% higher than the previous week.

MARKET COMMENTARY

While oil prices continue to soar, the bulls in the natural gas market have had a hard time translating those gains to the natural gas market, despite the apparent flow of new speculative buying coming into this market. In fact the natural gas market finished the day lower for the third consecutive

trading session. The NYMEX reported that open interest again grew in the Henry Hub futures and

swaps on Tuesday, and basis the trading interest today in the natural gas ETF, where over 64 million shares traded it appeared these new specs continued to show up today. But it appears that the commercials remain adamant sellers of this market especially given the lack of generating demand for natural gas outside of the Texas market.

Market expectations for Thursday's EIA Storage Report are running between a 105-115 bcf build in working gas inventories with the consensus centered around a 110 bcf build. Our model is coming slightly higher looking for a 115 bcf build. Last year saw an 84 bcf build in stocks while the five year seasonal average is a 91

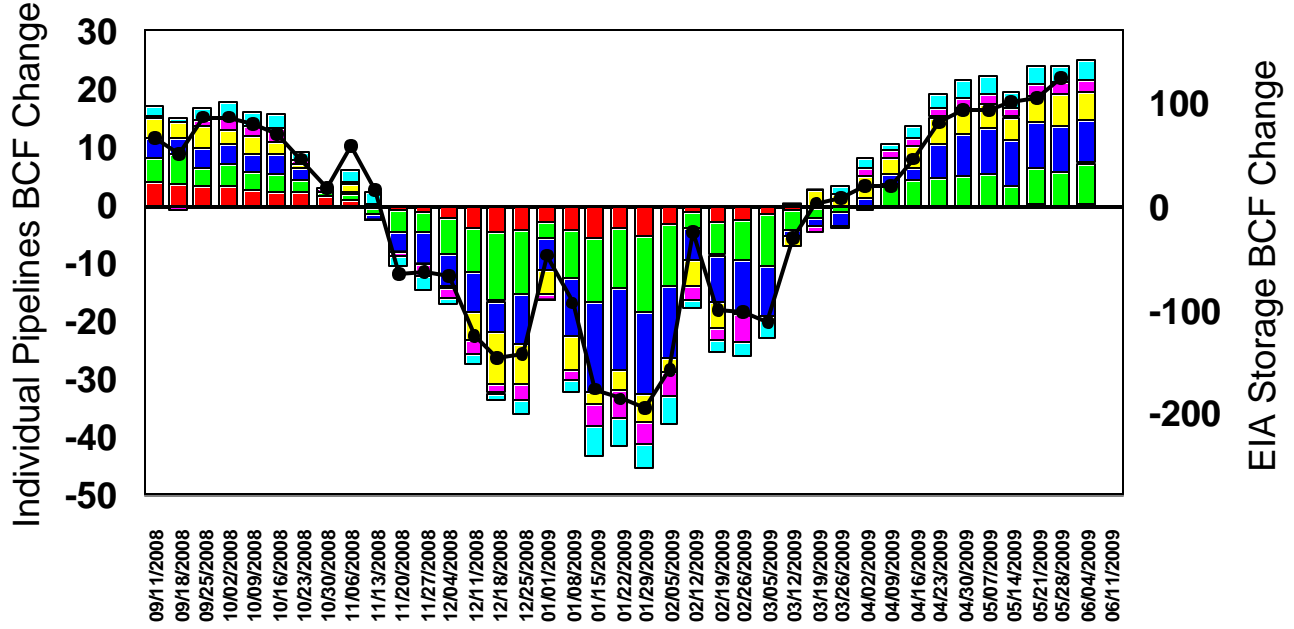
NEW YORK MERCANTILE EXCHANGE(r)									
NYMEX OPTIONS CONTRACT LISTING FOR 06/10/2009									
					TODAY'S	PREVIOUS	ESTIMATED	DAILY	DAILY
-----CONTRACT-----					SETTLE	SETTLE	VOLUME	HIGH	LOW
LN	5	11C	15	0.0888	0.0963	3500	0	0	
ON	10	9C	5	0.48	0.501	2077	0.49	0.47	
LN	2	10P	3	0.023	0.0222	2000	0	0	
LN	2	10P	2	0.0011	0.0011	2000	0	0	
LN	9	9P	3	0.1508	0.1473	1984	0	0	
ON	10	9C	5.5	0.35	0.371	1944	0.35	0.35	
LN	9	9P	2.5	0.0558	0.0542	1942	0	0	
LN	1	10P	3.5	0.0565	0.0549	1850	0	0	
LN	7	9P	3.25	0.0667	0.0616	1715	0	0	
LN	7	9P	3.5	0.1416	0.1349	1591	0	0	
LN	7	9C	5	0.0086	0.0101	1510	0	0	
LN	1	10P	5	0.3762	0.3644	1225	0	0	
LN	7	9P	3	0.0258	0.0225	1210	0	0	
LN	3	10P	4	0.1538	0.149	1100	0	0	
LN	1	10P	6	0.8424	0.8163	1080	0	0	
LN	4	10C	13	0.0478	0.0528	1075	0.04	0.04	
LN	3	10C	10	0.1837	0.2011	1050	0	0	
LN	2	11C	9.5	0.6807	0.71	1000	0	0	
LN	2	11C	7.5	1.2096	1.2532	1000	0	0	
LN	4	10P	3.5	0.085	0.0814	1000	0	0	
LN	11	9P	3	0.0906	0.088	1000	0	0	
LN	10	9P	2.5	0.0927	0.0913	1000	0	0	
LN	9	9P	2	0.0131	0.0127	1000	0	0	
LN	10	10C	20	0.0405	0.0443	1000	0	0	
LN	3	10P	3	0.0276	0.0268	1000	0	0	
LN	1	10C	12	0.0619	0.0685	1000	0	0	

bcf build.

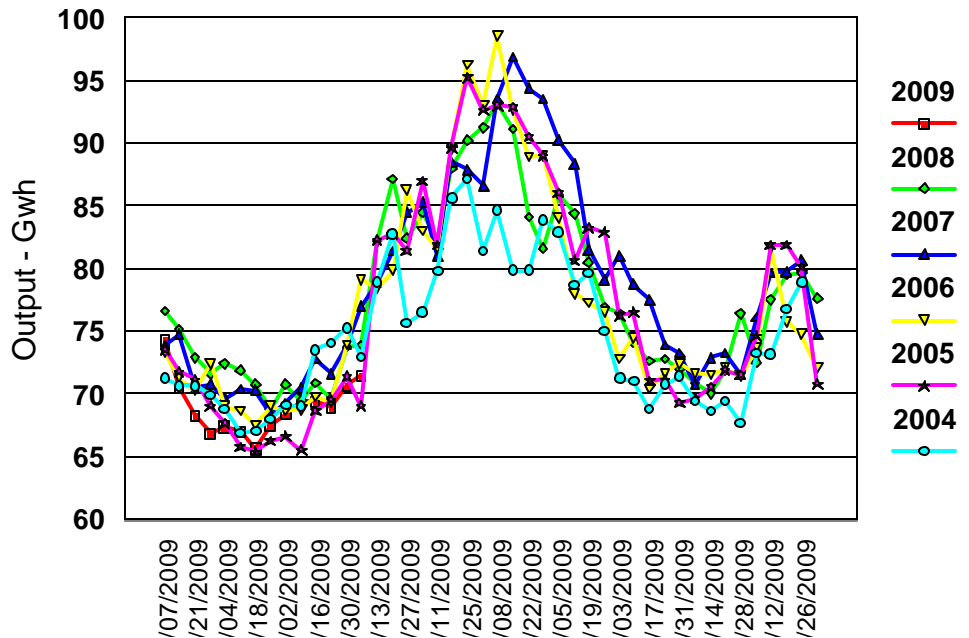
We feel if storage levels do come in at 110 bcf or higher this market will continue to remain under pressure. We continue to look to take profits on our shorts on any price move in the July contract below \$3.60. We see support tomorrow at starting at \$3.665-\$3.655 followed by \$3.57-\$3.55, \$3.50 \$3.434 and \$3.395. Resistance we see at \$3.86-\$3.88, \$3.939, \$4.00 and \$4.08.

Weekly Change In Nat Gas Stocks

■ Northern Natural ■ Dominion ■ Transco ● EIA Storage
■ ANR ■ PG&E ■ Tennessee



Weekly Electric Output



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