



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR JUNE 11, 2009

NATURAL GAS MARKET NEWS

Alaskan officials said today an announcement was imminent on a deal that would have ExxonMobil join with TransCanada in designing and possibly building the long sought Alaskan natural gas pipeline. If in fact this comes to pass it would signal the first major North Slope producer joining the planning process. The two other major North Slope producers are pursuing an alternative proposal. The project has a projected cost of \$30 billion to bring 4-4.5 bcf/d of gas southward to the lower 48 states.

Turkey's Energy Minister said today its discussions with European governments over the planned Nabucco pipeline could stretch into July, despite earlier statements that negotiations would be concluded this month. Turkey continues hold out for having access to 15% of the gas flows through the pipeline for its domestic usage.

EIA Weekly Report

	06/05/2009	05/29/2009	Chg	Year Ag
Producing Region	957	934	23	659
Consuming East	1091	1024	67	951
Consuming West	395	379	16	265
Total US	2443	2337	106	1875

*storage figures in Bcf

Developers of the Nord Stream natural gas pipeline said their timetable for financing has slipped a month or two, but the Russia-to-Germany subsea gas pipeline project remains within its original \$10.4 billion planned budget. Developers are confident of securing all its permits by the end of this year.

The Ukrainian president today issued a new appeal to the government to take urgent steps to ensure the financial stability of the national energy company, Naftogaz, or risk losing control of Ukraine's gas transport system as well as the health of the nation's financial system. He said the company's ability to pay Gazprom is based on the issuing of new credits. He said it was imperative that the terms of the January agreement be reviewed. Gazprom's CEO was quoted as saying that Gazprom will cut off gas to the Ukraine if the country does not pay its bills. He noted that while the Ukraine

Generator Problems

NPCC – OPG's 494 Mw Lambton #2 coal fired unit returned to service this morning. The unit had been off line since May 18th.

Energy's 1025 Mw Indian Point #3 nuclear unit remains at 57% power.

Bruce Power's 822 Mw Unit #5 at the Bruce nuclear power station returned to service today. The unit had been off line since June 7th.

Sithe Energy's Greway natural gas fired power plant entered into commercial service.

SERC – TVA's 1100 Mw Browns ferry #2 nuclear unit was still off line at 14% power this morning, down 6% from yesterday.

ERCOT – Luminant's 750 Mw coal fired Unit #3 at the Monticello power plant is scheduled to be off line Friday and Saturday.

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.

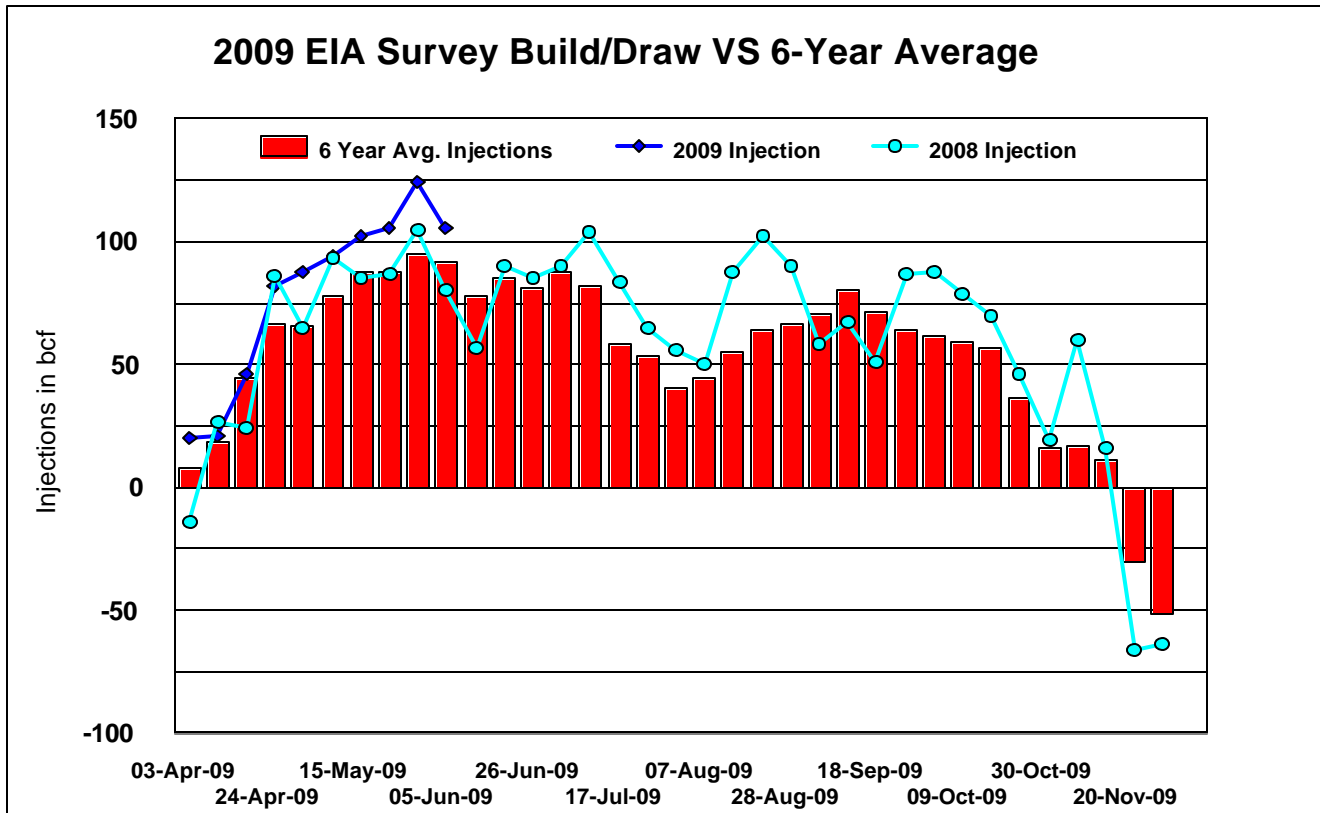
Canadian Gas Association

Weekly Storage Report

	05-Jun-09	29-May-09	06-Jun-08
East	140.4	129.4	97.1
West	246.2	232.9	197.6
Total	386.6	362.3	294.7

storage figures are in Bcf

has economic problems, other countries do as well. He noted that Moldova is worse off and they pay their bills. He noted that the Ukraine profits from their strategic hub position, as they have already

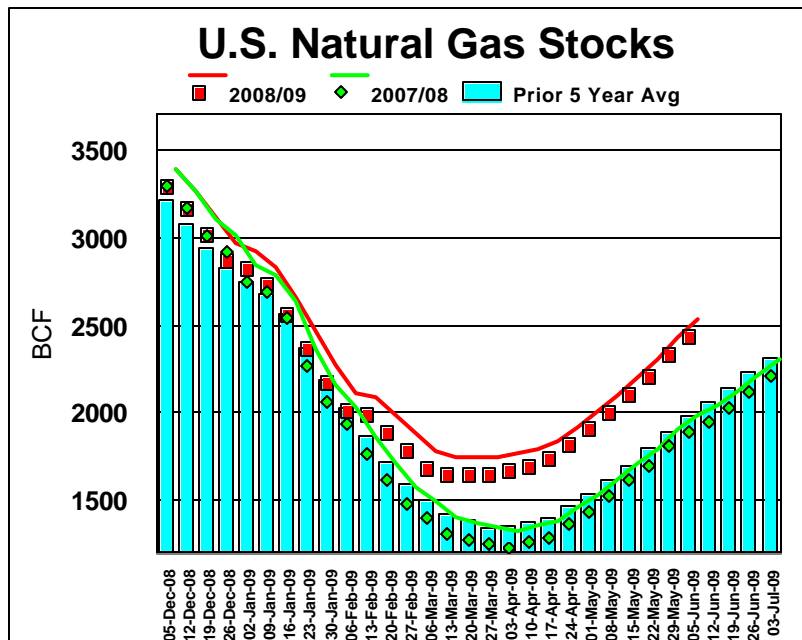


stolen gas in transit.

Qatargas again reiterated its comment from earlier in the week that the British natural gas market is saturated and said today that it may remain that way until 2014, especially if it brings a major plant, Train #5 on line later this year. He said the company is looking at alternative buyers in Europe, Asia and America. Qatargas had signed a deal to supply Britain with production from Trains 4 and 5, each of which have a production capacity of 7.8 million tones per year.

Reuters reported that gas storage levels continued to rise across Europe for the week ending June 8th. The estimated storage at NBP was at 72.5% of capacity, up 3.1% on the week.

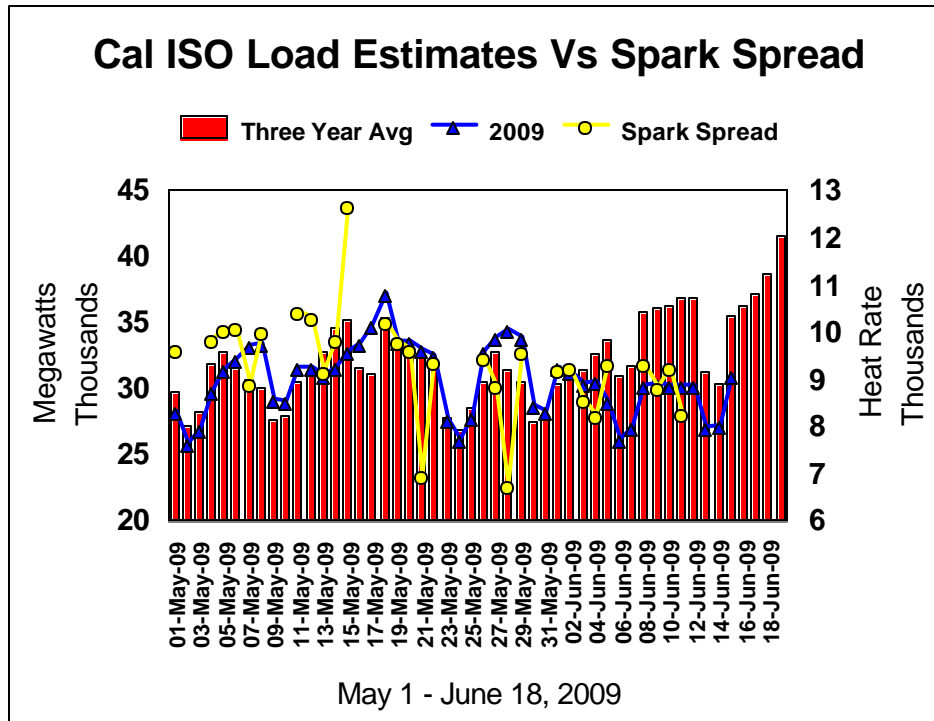
The National Weather Service reported today that temperatures this past May for the contiguous United States were above average, but based on its residential energy demand temperature index this translated to temperature related demand being 1% lower than normal.



PIPELINE RESTRICTIONS

Tennessee Gas Pipeline said that effective for today, June 11th, due to reduced nominations, it will accept increases for nominations sourced from meters locate don the Carthage Line Lateral.

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PIPELINE MAINTENANCE

Transco said late yesterday that it was forced to remove a section of its pipeline service for anomaly repair near the North Carolina/Virginia border. The work could take up to 6 weeks to complete.

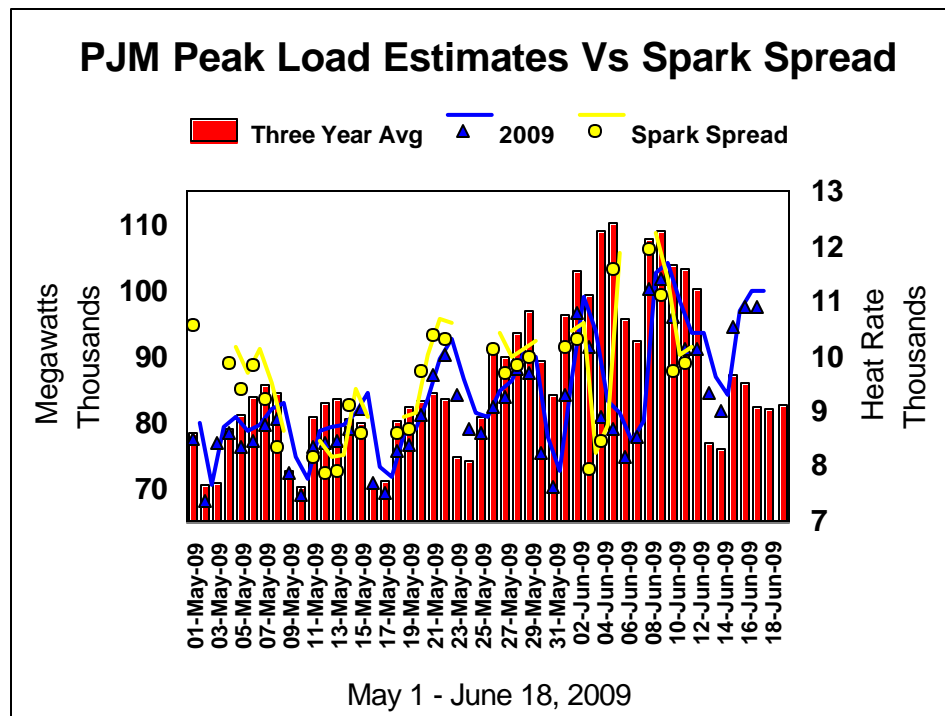
Effective June 13th, Interruptible and Secondary Firm transportation capacity through Station 170 will not be available.

Southern LNG said due to some issues returning Train 2 to service as part of Elba III Expansion work, the return of additional send out capacity will not be expected before June 15th. Until then capacity will be limited to 675 MMcf/d.

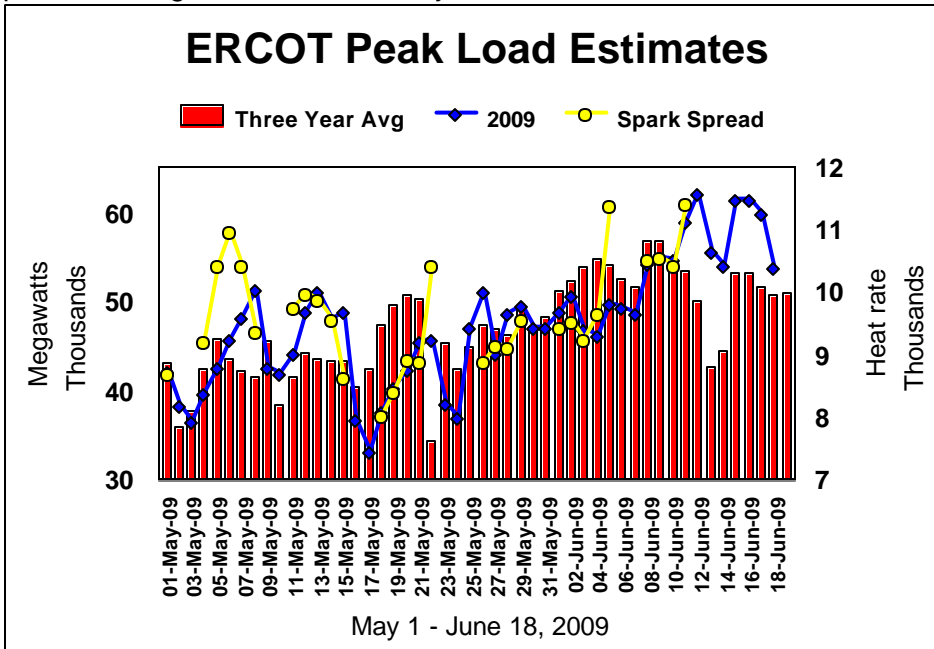
Williams said it should complete repairs on its Ignacio Gas Processing plant following a reputed pipeline at the facility last week. The plant has a capacity of 450 million cf/d.

ELECTRIC MARKET NEWS

SDG&E yesterday announced it will be launching two competitive solicitations this summer seeking a supply of renewable and conventional energy resources to meet its growing needs over the next several years. The



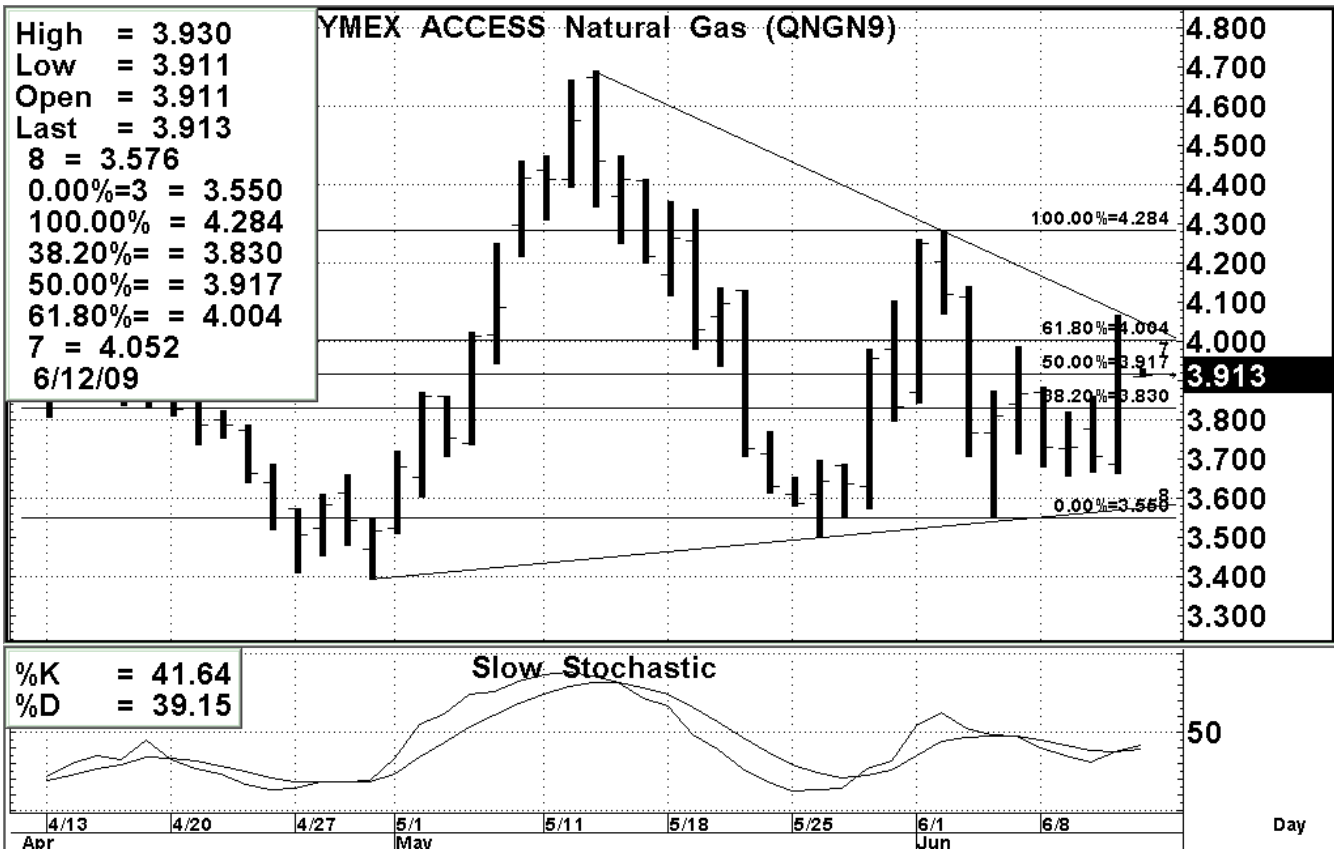
company is seeking to ultimately have 33% of its needs met by renewables by 2020, with 26% of its power coming from renewables by 2012.



Texas utilities were struggling to return service to customers in the Dallas, Texas area following the damage caused by numerous strong storms from a front that moved through the area. Some 260,000 customers lost power earlier today.

The CFTC commissioner Bart Chilton said today he believes that carbon trading is poised to become the world's largest commodity market within just a few years. He said a developed futures market alone for

carbon emissions could reach \$2 trillion in value under even conservative estimates. The World Bank estimated that in 2008 the carbon emissions trading market totaled \$92 billion. He noted the development of the U.S. carbon cap-and-trade market could face significant obstacles, largely political. The commissioner also said he supported legislation that would regulate OTC trading and plac elimits on excessive market speculation. He voiced concern that the recent spike in oil prices may have a



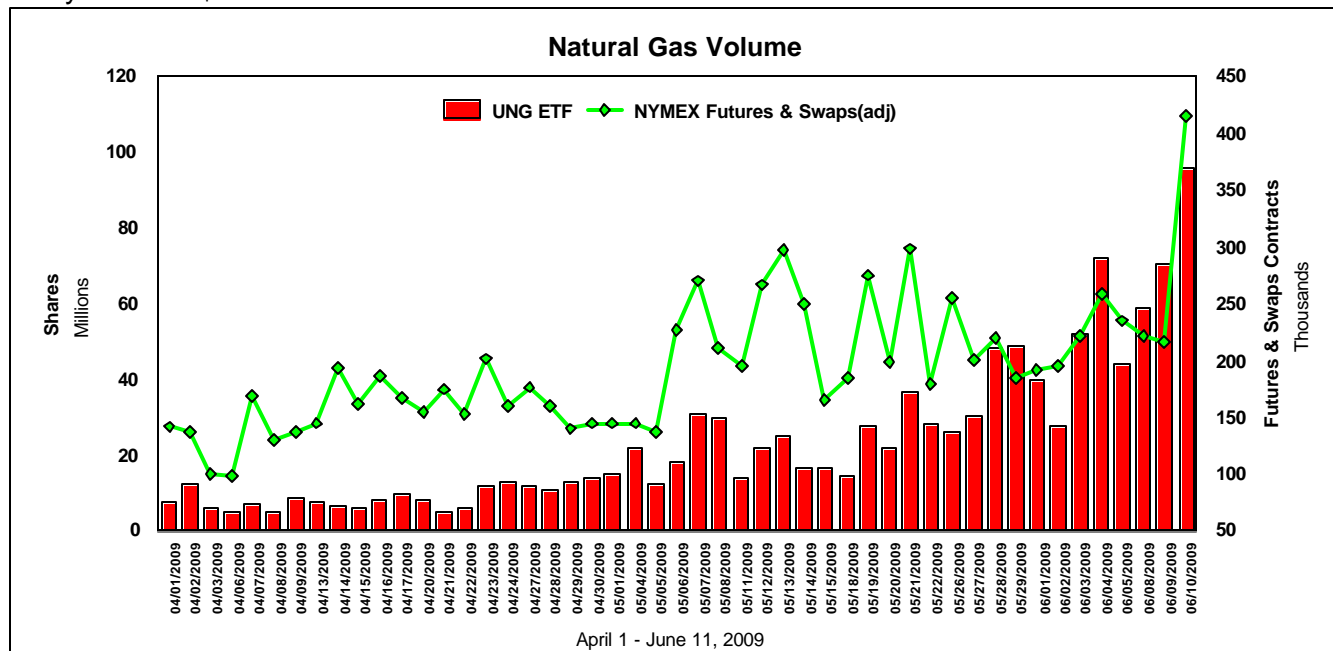
speculative force behind it.

MARKET COMMENTARY

Despite the release of a storage report that was in triple figures for the fourth week in a row, and current

stocks that typically are not recorded until the latter half of July, this market closed substantially higher today. The market early this morning held the lows of the past several days and began to work higher following in the footsteps of the bullish oil market. The bulls in the natural gas market did not halt their stampede until price approached a major resistance point, a month old downward trend line which today stood at \$4.081.

Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg	Change	Basis	Change	Basis 5-Day
Location	Traded	Price		(As of 12:30 PM)		Moving Avg
Henry Hub	749,000	\$3.506	(\$0.059)	(\$0.425)	(\$0.231)	(\$0.621)
Chicago City Gate	575,800	\$3.300	(\$0.027)	(\$0.630)	(\$0.232)	(\$0.537)
NGPL- TXOK	538,300	\$3.238	(\$0.050)	(\$0.693)	(\$0.255)	(\$0.584)
SoCal	347,100	\$2.608	(\$0.001)	(\$1.322)	(\$0.206)	(\$1.184)
PG&E Citygate	705,400	\$2.721	(\$0.002)	(\$1.209)	(\$0.207)	(\$1.077)
Dominion-South	277,400	\$3.764	(\$0.027)	(\$0.166)	(\$0.232)	(\$0.038)
USTrade Weighted	16,030,300	\$3.175	(\$0.026)	(\$0.755)	(\$0.23)	(\$0.621)



Speculative buying continues to be the major force in this market. Since the start of the month, open interest in the Henry Hub futures and swaps markets on a combined and adjusted basis has grown by 61,582 contracts with open interest just yesterday growing by nearly 11,000 contracts. Today volume was outstanding as the natural gas ETF set yet another record trading day with 96,385,938 shares traded, more than 5 times greater than the prior three month average traded daily volume. Volume in the futures and swaps on a combined and adjusted basis was also a record with 416,097 lots traded.

While we got close to our exit point, this market turned tail and ran away from our objective. While we remain bullish on this market we would not look to add to shorts unless prices move up into the \$4.30-\$4.60 level. Otherwise we are content to await sanity to return to the energy markets and see price drop back towards the \$3.60 level. We have to feel that despite soaring oil prices and a flood of speculative longs into this market, this market still could not settle back over \$4.00 today. Resistance tomorrow we see at 4.052 followed by \$4.67, \$4.284, \$4.516 and \$4.69. Support we see at \$3.708, \$3.656, \$3.57-\$3.55, \$3.50, \$3.484 and \$3.39.

NEW YORK MERCANTILE EXCHANGE(r)
 NYMEX OPTIONS CONTRACT LISTING FOR 06/11/2009

				TODAY'S	PREVIOUS	ESTIMATED	DAILY	DAILY	
-----CONTRACT-----				SETTLE	SETTLE	VOLUME	HIGH	LOW	
LN	8	9	P	2.5	0.0177	0.0282	8375	0.03	0.03
LN	7	9	P	3	0.0133	0.0258	6220	0.0175	0.0125
LN	7	9	P	3.5	0.0801	0.1416	5921	0.0725	0.0725
LN	8	9	P	3	0.0705	0.1015	5525	0.07	0.07
LN	8	9	P	3.5	0.1858	0.2509	2910	0	0
LN	10	9	P	3	0.1585	0.1916	2027	0.165	0.1575
LN	10	9	P	2.5	0.082	0.0927	2000	0.0825	0.0825
LN	7	9	C	4.5	0.0712	0.0362	1920	0	0
LN	8	9	P	3.75	0.2735	0.3593	1750	0.345	0.34
LN	8	9	C	4.25	0.4135	0.2999	1550	0	0
LN	8	9	C	3.75	0.6703	0.5072	1500	0.505	0.5
LN	10	9	C	8	0.1085	0.0853	1500	0	0
LN	7	9	P	3.25	0.0336	0.0667	1486	0.065	0.0375
LN	7	9	P	4	0.2815	0.4182	1405	0.43	0.42
LN	7	9	C	4	0.2145	0.1262	1321	0.125	0.125
LN	11	9	C	6	0.5429	0.4553	1266	0	0
LN	7	9	C	5	0.0194	0.0086	1250	0	0
LN	9	9	P	3	0.1159	0.1508	1250	0.115	0.115
LN	8	9	C	4	0.5298	0.391	1214	0.395	0.39
LN	11	9	C	8	0.1914	0.1574	1200	0	0
LN	11	9	P	5.25	0.8139	0.923	1150	0	0
LN	11	9	C	5.25	0.804	0.686	1150	0	0
LN	12	9	P	5.9	0.8236	0.9158	1050	0	0
LN	8	9	P	3.25	0.1188	0.1653	1050	0	0
LN	12	9	C	5.9	0.8474	0.7438	1050	0	0
LN	5	11	C	15	0.095	0.0888	1000	0	0

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