



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR JANUARY 4, 2011

NATURAL GAS MARKET NEWS

The Department of Energy reported today that U.S. imports of LNG in November fell to 31.9 bcf from 34.1 bcf imported in October. Imports were down 13% in November from the same month a year ago. Distrigas's Everett terminal accounted for 11 bcf of the total LNG imported on the month, while the new Golden Pass terminal in Texas took in 8.7 bcf for testing purposes. The Elba Island and the Sabine Pass terminals imported the remaining volumes. The other seven LNG importing terminals operating in the United States received no cargoes during the month. Three cargoes were re-exported from the United States in November, all sold by Cheniere Energy. Prices for these re-exported cargoes ranged between \$6.42-\$7.70 per MMBtu.

Generation Update

ERCOT – Xcel Energy's 346 Mw Harrington Station coal fired Unit #1 is scheduled to be shut down for short term maintenance to fix tube leaks, perform precipitator checks and other minor maintenance.

The NRC reported today that 94,394 Mw of generating capacity was online today, down 0.1% from yesterday and 1.2% higher than the same day a year ago.

National Grid Plc said three liquefied natural gas ships recently berthed at its Isle of Grain regassification terminal in Kent, England. The Seri Balhaf berthed Sunday, the Maersk Meridian berthed Monday and the Methane Heather Sally berthed Tuesday. Separately, the Al Aamriya liquefied natural gas tanker is due to arrive at Britain's Isle of Grain terminal on January 6th. The vessel has a capacity of 210,100 cubic meters of super cooled gas.

The Al Sadd and Bluesky liquefied natural gas tankers are due to arrive at Britain's South Hook and Dragon import terminals in Milford Haven, respectively. The Al Sadd has a capacity of 210,000 cubic meters of super-cooled gas while the Bluesky has a capacity of 145,700 cubic meters.

Statoil said its Snoehvit liquefied natural gas facility in the Arctic began restart procedures after a malfunction and is expected to reach full capacity this month. It is expected to reach full production during the second half of January.

National Grid reported that gas consumption in the UK was running around 384 mcm, which was some 7.5% above normal levels but well below national grid's market balancing alert trigger. The UK Met Office has forecast temperatures to trend towards seasonal norms next week.

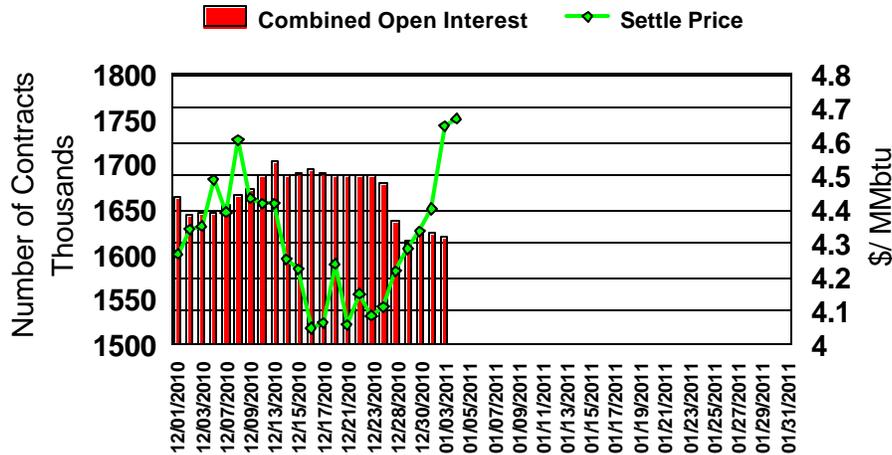
Markwest Energy Partnerse LP will construct a 120 million cubic feet/day processing complex in Logansport, West Virginia to serve EQT Corporation and other Marcellus producers.

ELECTRIC MARKET NEWS

The U.S. Northwest River Forecast Center today projected water run off at the Dalles Dam should be 87% of normal during the January – July period, down 5% from last week's estimate. A year ago this water flow was 79% of normal.

NYMEX Henry Hub Natural Gas

Adjusted Open Interest of Futures and Swaps
Versus Spot Settlement Price 2010/11



ECONOMIC NEWS

The US Commerce Department said US factory goods orders unexpectedly increased in November. It reported that orders for manufactured goods increased by 0.7% to \$423.85 billion on the month. Non-defense capital goods orders, excluding aircraft increased 2.6% in November after falling 3.2% in October.

MARKET COMMENTARY

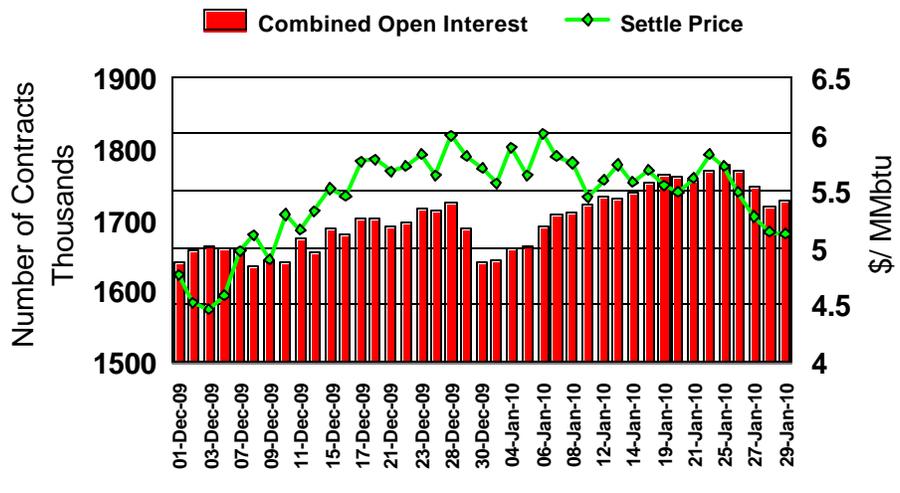
While natural gas futures prices were able to settle higher for the fourth consecutive trading session

today, as weather forecasts remained supportive for the next couple of weeks, the positive gains for the day remained muted as declining commodity prices, especially oil prices tempered the bullish

mood of the market. While there had been much talk in the market over the prior couple of months that at the start of the New Year there could be supportive buying coming into the market from index funds as they rebalanced their positions in the natural gas market, as there was a year ago. But so far that has not been demonstrated. The first trading session of the year saw total combined and adjusted open interest in Henry Hub futures and swaps saw a net decline of 2,695 lots. As a result it appears that the recent rally in futures prices has been driven more by short covering rather than new buying coming into the market.

NYMEX Henry Hub Natural Gas

Adjusted Open Interest of Futures and Swaps
Versus Spot Settlement Price 2009/10



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