



ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR FEBRUARY 12, 2010

NATURAL GAS MARKET NEWS

Pan EurAsian Enterprises estimated today that the LNG sendout from the Canaport, Northeast Gateway and Everett terminals may have provided about 40% of New England's natural gas supply. The group noted that these new incremental supplies have become substantial to the supply/demand balance for the region. The group estimates that the sendout from the LNG regasification vessels hooked up to the Northeast Gateway buoy has averaged about 277 MMcf/d since the beginning of the year. Similarly, imports from Canaport have averaged about 421 MMcf/d, while the Everett terminal has averaged 485 MMcf/d. As a result these new terminals have supplied slightly more than 50% of all the LNG delivered gas supplies to the U.S. thus far this winter. The group estimates that these supplies have helped to stabilize gas prices. A year ago they note that the Algonquin City gate price, often the highest priced gas in the United States averaged about \$3.66 per Mcf higher than Henry Hub, this winter the differential has narrowed to just \$1.84 per Mcf.

Generator Problems

NPCC – OPG's 490 Mw Nanticoke #8 coal fired unit was shut early Friday.

MISO – Exelon's 1043 Mw Clinton nuclear power plant was at 79% power February 11th, down 19% from Thursday.

ERCOT & SPP –Luminant's 750 Mw Martin Lake #3 coal fired unit was shut late Thursday to fix a tube leak.

Luminant reported that it was restarting its 750 mw Monticello coal unit.

The NRC reported that there was some 94,551 Mw of nuclear power generated today, up 0.15% from yesterday and 2.2% higher than a year ago was unavailable today.

EIA Weekly Report

	02/05/2010	01/29/2010	Change	02/05/2009
Producing Region	736	796	-100	726
Consuming East	1135	1251	-146	988
Consuming West	344	359	-20	328
Total US	2215	2406	-266	2043

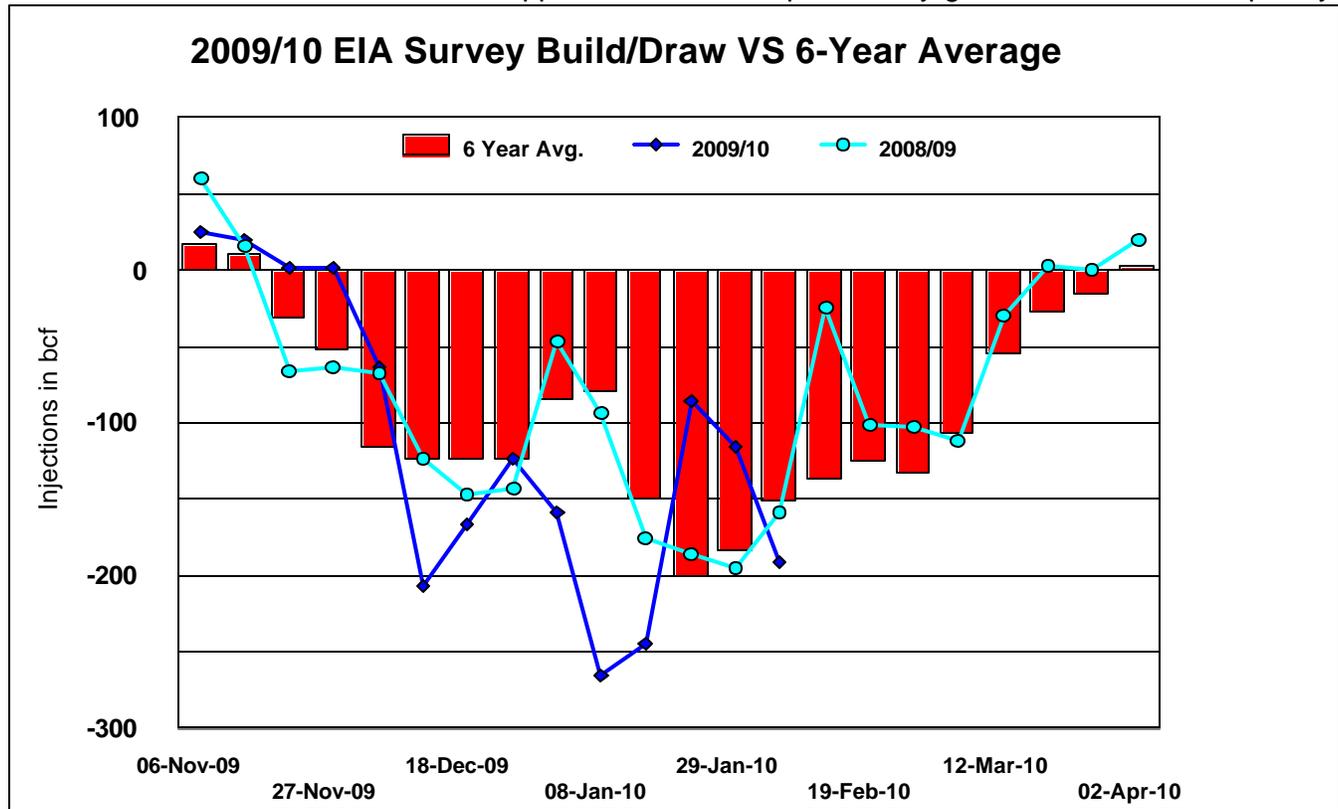
*storage figures in Bcf

Baker Hughes reported today that for the current week the number of drilling rigs that are searching for natural gas stood at 891 rigs, up 13 from a week ago. This was the seventh consecutive weekly increase and some 226 rigs more than the low recorded last July.

Waterborne Energy in its latest global production report on LNG, said it looks for 2010 to be the largest single year increase in the history of LNG. The company estimates that global production will increase by 26% over last year, with the bulk of the increase coming from plants that started operations last year but will be running at full capacity this year.

Cheniere Energy plans to re-export a cargo of LNG from its Sabine Pass terminal. Reuters was reporting that a cargo of previously imported LNG at Sabine Pass had been bought by Citigroup from Cheniere for transport to Spain.

Barclays Capital noted that stronger prompt month prices and an accommodative credit environment are offering natural gas producers an opportunity to continue increasing their drilling activity. Barclays looks for independent producers to be active in the coming months in increasing their rig activity. The bank noted that recent data tends to support the belief that productivity gains have almost completely



offset the drilling cuts that began during the second half of 2008. The bank, which earlier has forecasted U.S. gas production to bottom out by the middle of 2010, now estimates that gas production may have already bottomed out. They feel the completion of backlogged wells could continue to push production levels higher into the first quarter of this year. The bank's analysts noted that in particular, horizontal gas drilling has recovered fully and now stands at just below its peak in 2008. Gas directed rigs drilling horizontally wells now represent 59% of the rig count versus just 48% last year and 31% in 2008.

Finnish environmental officials gave the final approval needed before construction could begin on the Nord Stream natural gas pipeline through Finnish waters. The 55 bcm per year pipeline is expected

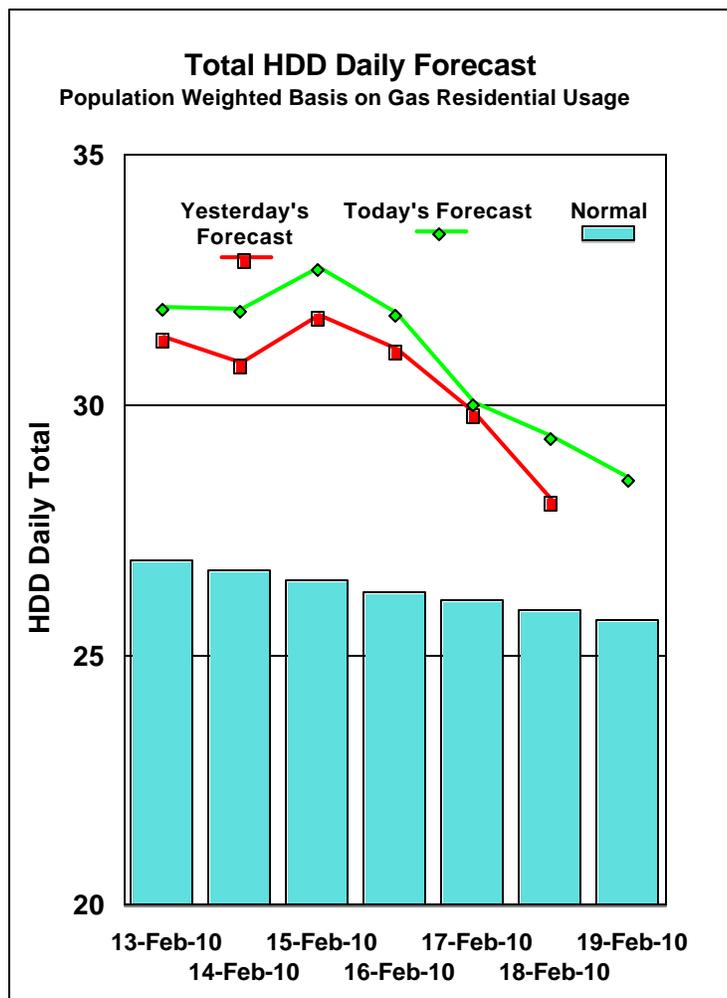
now to begin construction in April of this year and be operational by 2012.

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	633,500	\$5.482	(\$0.049)	(\$0.061)	(\$0.332)	\$0.218
Chicago City Gate	433,000	\$5.620	(\$0.048)	\$0.077	(\$0.271)	\$0.297
NGPL- TX/OK	837,500	\$5.346	(\$0.067)	(\$0.197)	(\$0.290)	\$0.018
SoCal	674,500	\$5.459	(\$0.074)	(\$0.084)	(\$0.297)	\$0.161
PG&E Citygate	733,000	\$5.611	(\$0.006)	\$0.068	(\$0.229)	\$0.276
Dominion-South	431,400	\$5.841	(\$0.086)	\$0.298	(\$0.309)	\$0.512
USTRade Weighted	20,258,400	\$5.520	(\$0.109)	(\$0.023)	(\$0.33)	\$0.218

The Commerce Department reported this morning that January retail sales grew by

0.5%, slightly better than the 0.3% the market had been expecting. The Commerce Department also revised December's numbers to a decline of only 0.1% versus its earlier estimate of a 0.3% decline.

The Commerce Department also reported that business inventories in December fell on a seasonally adjusted basis by 0.2%. The market had been expecting a 0.2% increase.



Enbridge Energy Partners said it plans to expand its East Texas gathering System by constructing three lateral pipelines into the Haynesville Shale play along with a larger diameter lateral pipeline from Shelby County, Texas to Carthage, Texas. The expansion would increase the company's takeaway capacity from Shelby, Nacogdoches and San Augustine counties in Texas to 900 MMcf/d.

UGI Corp said Friday that two of its subsidiaries are conducting a binding open season for 14.7 Bcf of firm underground storage service from three existing storage fields as it looks to capitalize on the growing need for natural gas storage in the Marcellus Shale region

PIPELINE MAINTENANCE

TransCanada announced it would perform a pressure test on the NPS Peace River Mainline beginning February 16th. The company noted that several stations will be nilled for three days to isolate the line section to be tested. Isolation of the line is expected to be completed by February 18th and then testing will commence on February 18th with an estimated completion date of March 15th. For the duration of the test

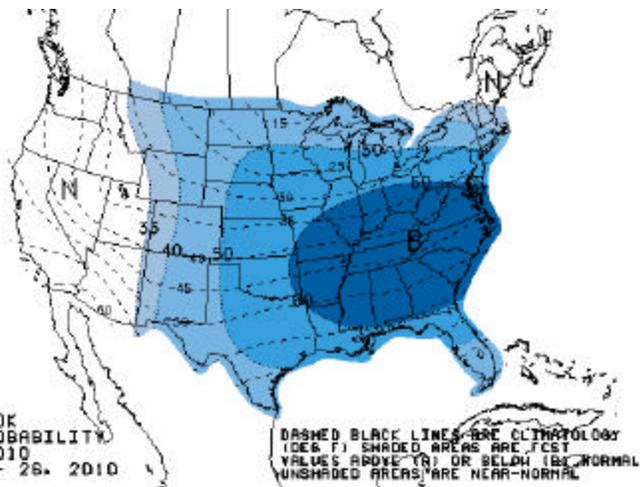
several stations will be restricted to a combined flow of 1500 MMcf/d vs a normal flow of 2500 MMcf/d.

Tennessee Gas Pipeline said the unit outage located at Station 321 should be completed on February 12th. It did not anticipate any volume cuts below normal operating capacity for February 13th.

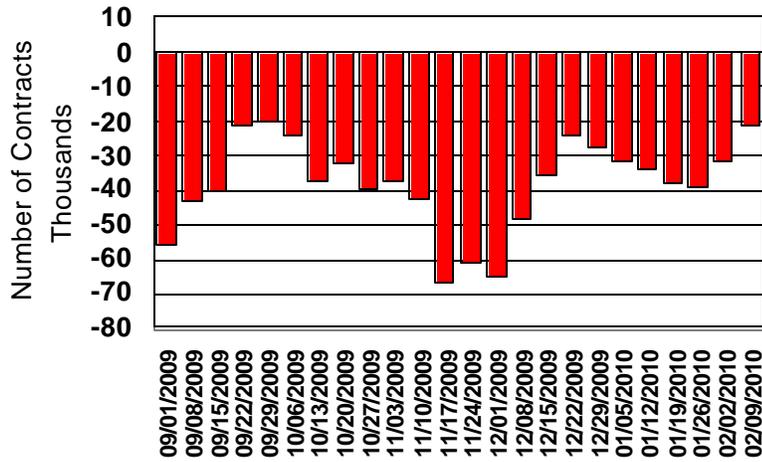
MARKET COMMENTARY

This morning's EIA Storage Report showed a larger than expected draw down on working gas inventories and it immediately boosted values in the futures market by 15 cents. While the market following the report traded in a relatively sideways trading range it was able to finish the day up for the third consecutive session. The market also posted its widest daily trading range since mid January.

The bulls we feel given the



**NYMEX Natural Gas Futures & Options
Commitment of Traders Report
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continued supportive weather forecasts and the expectations that next week's storage report will further erode the storage overhang next week, should stay in control of this market next week, barring any significant global economic malaise reappearing in the markets. If commodity funds continue to decrease their net shorts into next week we would not be surprised to see prices challenge the resistance trend line at \$5.601 to start next week. Additional resistance we see at \$5.68, \$5.804 and \$6.027. Support we see at today's lows at \$5.204 followed by \$5.06, \$4.937 and \$4.837.

Despite the Presidents Day Holiday next week the EIA's Natural Gas Storage Report will be released as usual on Thursday morning at 10:30 a.m. EST.

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