The Windham Group

Energy Futures Brokerage

ENERGY RISK MANAGEMENT

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NATURAL GAS & POWER MARKET REPORT FOR JULY 23, 2009

NATURAL GAS MARKET NEWS

On the economic front The Department of Labor reported that the number of workers filing new claims for jobless benefits rose by 30,000 to a seasonally adjusted 554,000 in the week ending July 18th. But the data was again distorted by an unusual pattern of layoffs in the automotive industry. The Labor Department also reported that the number of mass layoffs by U.S. employers edged down in June from May's record highs, with the hard-hit manufacturing sector accounting for 45% of the layoffs. The number of mass layoff actions, defined as job cuts involving 50 people from a single employer, slipped to 2,763 last month from 2,933 in May, which had tied a record high set in March. Since the recession started, there has been 39,822 mass layoff events, accounting for slightly more than 4 million jobs lost. Meanwhile the National Association of Realtors reported that their survey found the sales of previously owned homes in the United States increased at a faster than expected annual pace in June, rising by 3.6% to an annual rate of 4.89 million units. The group said that it is the first time its survey has found three consecutive months of gain since early 2004

Generator Problems

MISO – Exelon's 1118 Mw LaSalle #1 nuclear unit ramped up to 64% power early Thursday, up from 31% on Wednesday, after exiting an outage earlier this week.

ERCOT & SPP – AEP planned to restart their 675 Mw Pirkey coal fired power station over the next several days, following repairs on an electrical fault.

The NRC reported this morning that 95,405 Mw nuclear generation capacity was on line, up 0.4% from yesterday and off 2.3% from the same time a year ago.

EIA Weekly Report

	07/17/2009	07/10/2009	**Change**	07/17/2008
Producing Region	1043	1032	11	751
Consuming East	1467	1411	56	1299
Consuming West	442	443	-1	334
Total US	2952	2886	66	2384

*storage figures in Bcf

The Bank of Canada said today that it looks for the Canadian economy will post positive growth in the second half of this year, as the global economy has averted a worst case scenario and has begun to bottom out.

EnCana Corp reported Thursday its second quarter profit fell 80% as oil and gas prices sank, but operating results beat expectations on a strong showing from its oil sands division. The company also reported that it benefited from its lucrative forward sales of natural gas, which protected much of its production from the impact of sagging North American gas demand and weak prices. The company reported that its realized gas price was $6.99, down just 18% from the year before, as a result of hedging. It has also sold forward 45% of its 2010 gas output at prices averaging $6.09 per Mmbtu. Gas production slipped 1% to 3.79 bcf/d. The

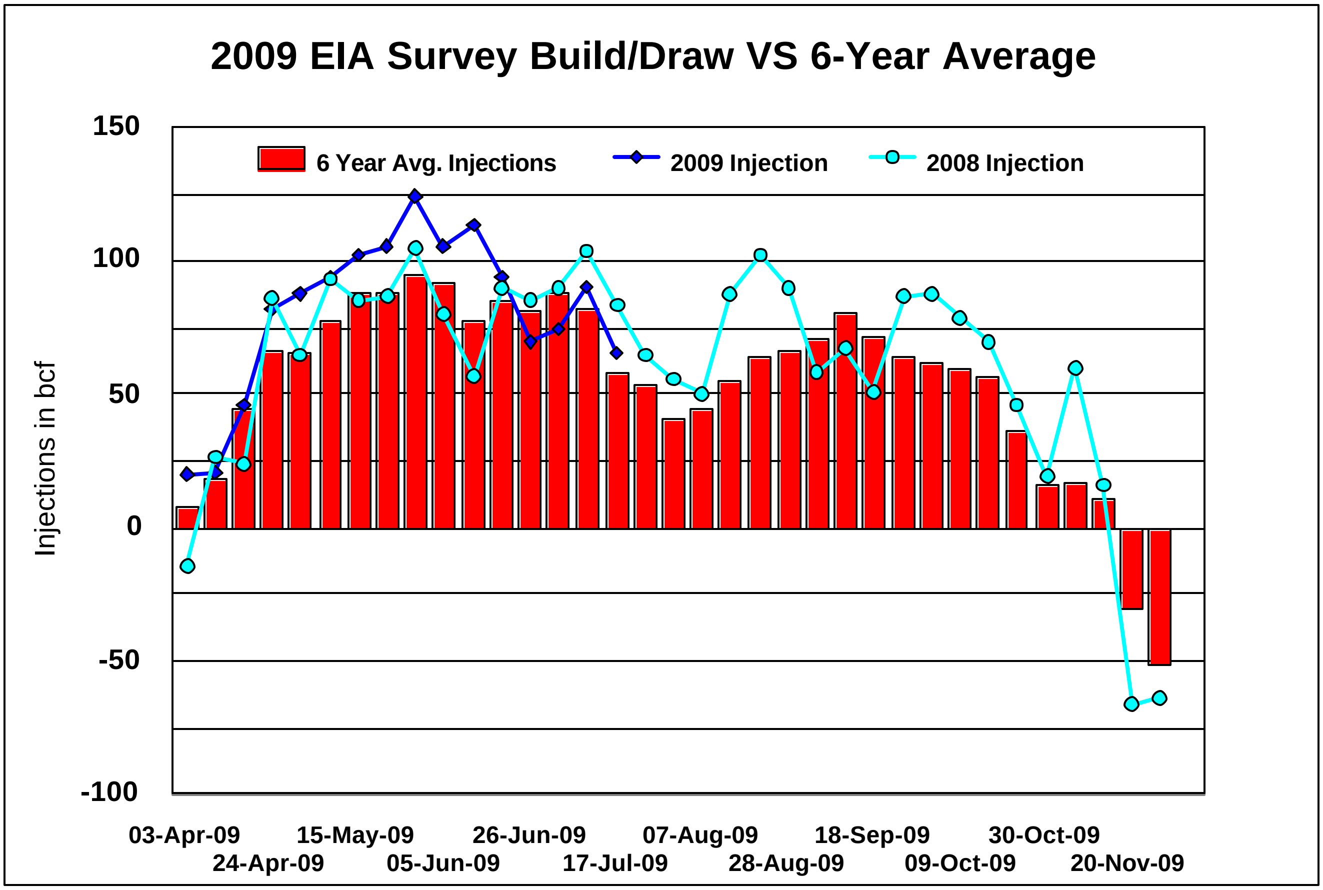
Canadian Gas Association

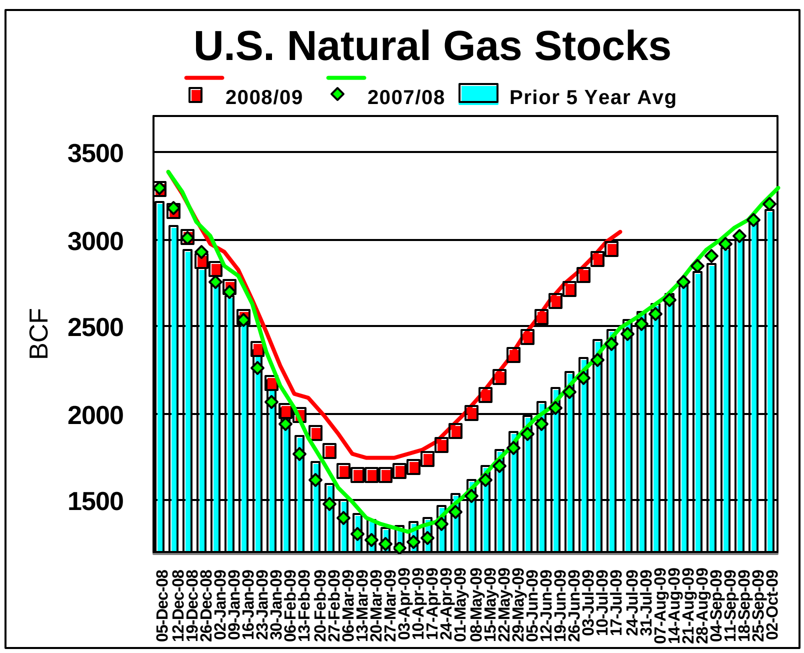
Weekly Storage Report

	17-Jul-09	10-Jul-09	18-Jul-08
East	198.2	191.1	152.6
West	301.7	293.8	252.4
Total	499.9	484.9	405.1

storage figures are in Bcf

company noted that gas output was helped by favorable royalty changes in Alberta, but was offset by volumes that have been shut in or delayed being brought on stream due to low prices. In all the company estimates that production was throttled back by 300-400 million cubic feet per day. The company feels that more than 50% of this production could be brought back on line quickly as conditions improve. The company reported that recent wells it has drilled in the Haynesville shale play in Louisiana have tested at as much as 20 million cf/d and those in British Columbia's Horn River area are at 11 million cf/d.

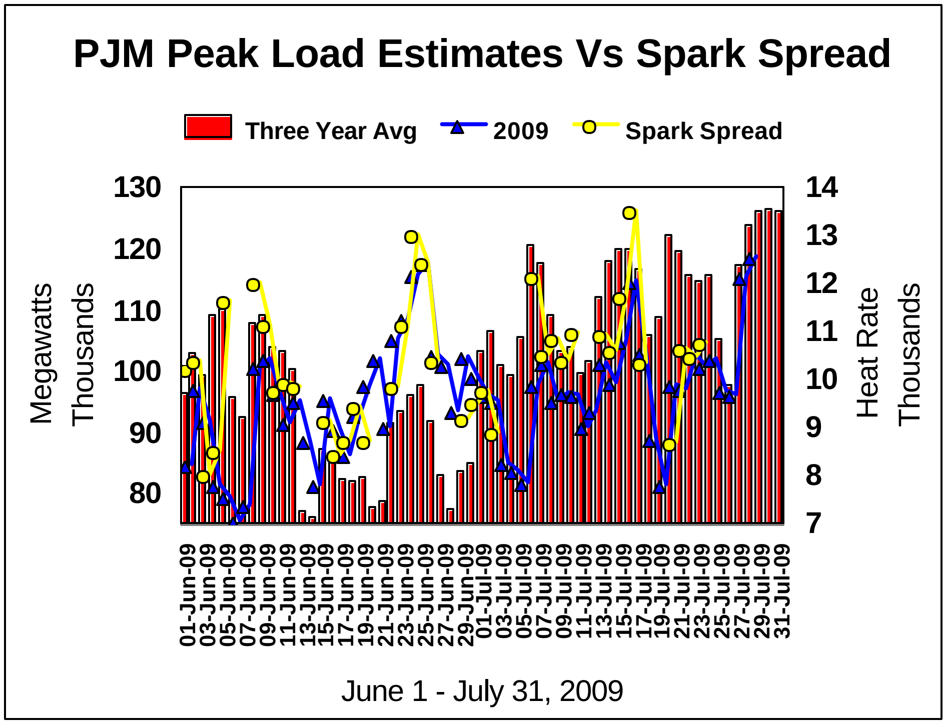




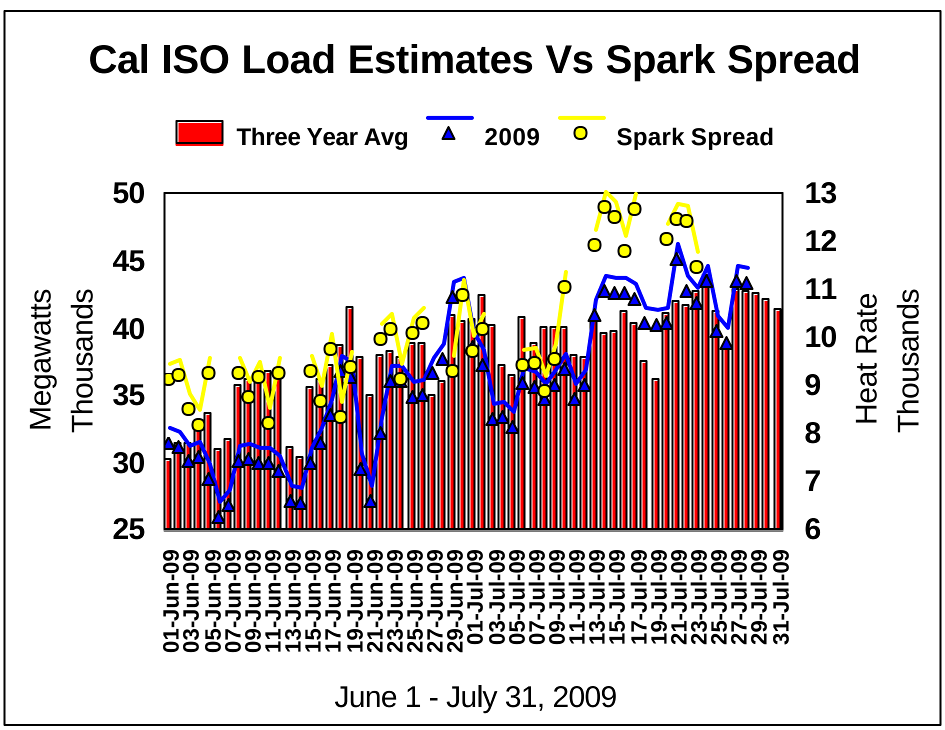
Outside of the threat risk of a sub-tropical or potential minor tropical system to southern New England and the Canadian Maritimes over the next two days the Tropical Atlantic remains very quiet.

The Millennium Pipeline said it is holding a nonbinding open season starting next week and running through August 7th, offering firm shippers unsubscribed firm forward haul capacity to be available November 1st.

The Natural Gas Supply Association said that the large natural gas suppliers that it represents used indexed prices for 66% of their next day volumes and for 87% of all their next month volumes based on the information for 2008 reported to the FERC on its Form 552.



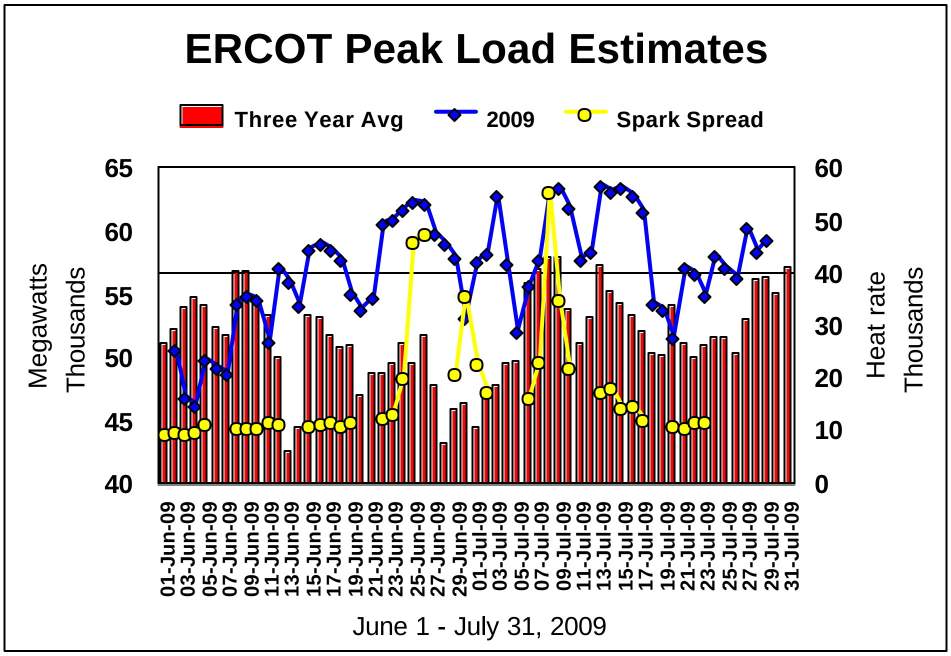
The Bank of Nova Scotia in its monthly commodity review reduced its price forecast outlook for natural gas in 2009 to average $4.00 down 25 cent per mmbtu from its prior forecast and 6 cents below the current year to date average. In 2010 the bank saw prices rebounding to $5.25 but still some 75 cents less than its prior forecast. The bank also noted that new shale and "tight gas" fields in the U.S. including Marcellus and Haynesville have helped to lift total U.S. production by almost 6% in 2008 from the previous year. The bank noted that the break even costs at these fields is between $3.19 and $4.45 and that should ensure ample supplies of gas and have a lowering price trend going forward.



Barclay's Capital released a technical analysis note that warned that natural gas prices may tumble below $3 per Mmbtu following this recent price rebound that brought spot prices between $3.87-$4.00. The analysts said that while the rebound has posted an "impressive weekly reversal candle" the overall downward trend remains in place. The analysts see prices rolling back over and testing support at $3.04 and potentially falling to as low as $2.52 within the next six weeks. Gas last traded that low in March 2002.

According to construction

officials the Total SA led Yemen LNG project could see a further delay in its start up, with the first cargo now not being exported until the fourth quarter. Earlier estimates had been for an August startup which just recently had been pushed back until September.



China's CNOOC Gas & Power has tendered to buy 1 to 3 spot cargoes of LNG for September delivery after buying two cargoes for August.

StatoilHydro confirmed today its gas discovery in the North Sea, that its preliminary drilling suggests a field that could hold 15-30 billion cubic meters of gas. The company also said the success of this exploration well could be the start of exploration in shallow areas of the North Sea.

Lyxor Asset Management, a subsidiary of Societe Generale said demand for commodities exchange traded funds surged in June, indicating a boost in investor interest in the asset class. The company said that commodity ETFs were the most popular products in its ETF range last month, with net inflows into the Lyxor ETF Commodities CRB totaling $176 million, a 57% increase month on month. Lyxor is the second largest ETF provider in Europe and manages around $1 billion globally in its commodity-based ETFs.

ELECTRIC MARKET NEWS

Bruce Power LP said today that it plans to refurbish it's A and B Bruce nuclear stations rather than building new reactors because it is more cost efficient. As a result the company was withdrawing its application to build new reactors at Nanticoke, Ontario, due to declining power demand in the central Canadian province which would have provided 6300 mw of power. The refurbishment avenue could increase power output capacity by 1500 Mw.

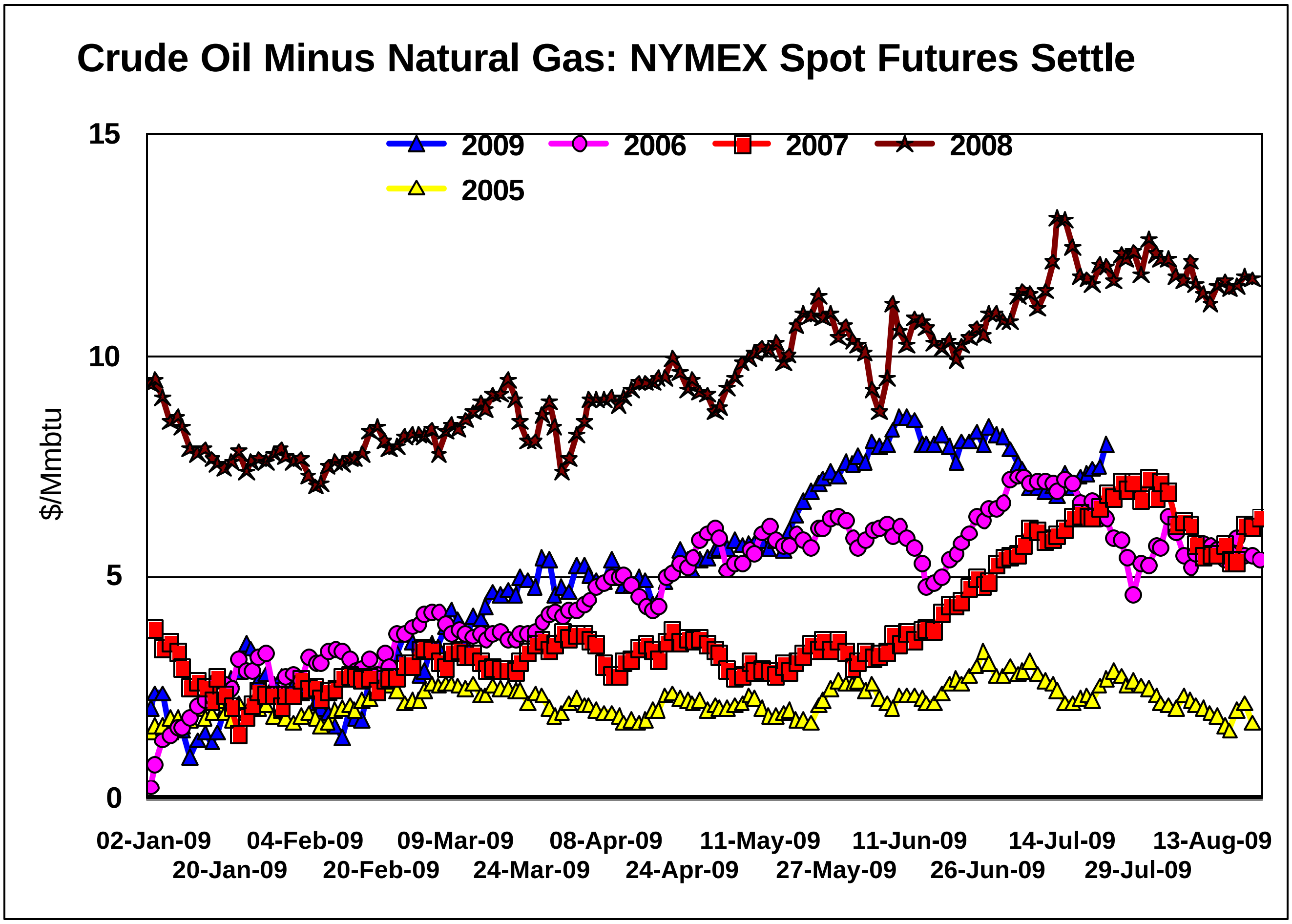
The EIA reported today that U.S. coal production last week was 20.7 million tons, some 3.8% higher than the previous week and 8.5% lower than a year ago.

Portland General reported today that its 740 Mw Colstrip #4 coal fired generating unit will remain offline until November. The unit has been off line since when during regularly scheduled maintenance in March it was discovered that two turbines were also found to be in need of repair.

MARKET COMMENTARY

The natural gas futures market this morning appeared to gain some strength from the oil markets as well as the underlying cash market that was firmer at most pricing points today. But after the release of the natural gas inventory statistics which was a neutral to slightly supportive report, appears to have been the opportunity for the bears to return to this market and drive it back down to the lower end of its trading range of the past week. As a result spot natural gas futures price fell to its biggest discount to spot crude oil prices since the end of June, at an $8.00 plus per mmbtu discount. While we remain directionally bearish on this market we would look to quickly cash out of the small short position established yesterday since we feel that this market will not move substantially below the $3.50 area without oil prices retreating as well.

We see support initially at $3.523-$3.50. This would be followed by $3.296, $3.25-$3.227 and $3.184.



We see minor resistance starting at $3.669 followed by $3.714 and $3.758. More significant resistance we see at $3.874-$3.904, $4.05 and $4.138.

We would continue to hold the Oct-Jan natural gas spread, looking for this spread again to widen back out to $1.70-$1.75 October discount to the January contract.