



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,
& Karen Palladino

(212) 624-1132 (888) 885-6100

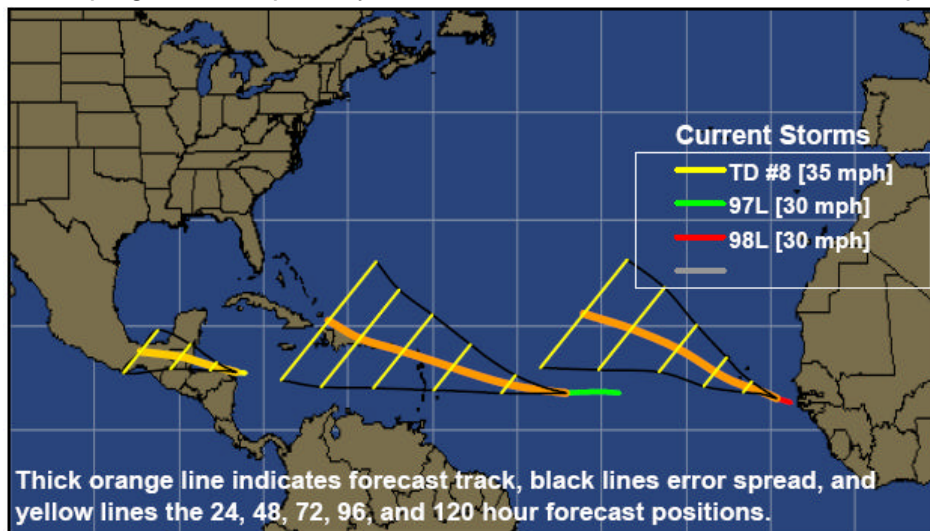
www.e-windham.com

NATURAL GAS & POWER MARKET REPORT FOR AUGUST 19, 2011

NATURAL GAS MARKET NEWS

North America

Tropical Storm Harvey is located off the coast of Honduras moving west-northwest at 10 MPH. The storm is expected pass across Honduras, Guatemala and Belize leaving accumulations between 3-8 inches. The storm does not pose a threat to the Gulf Coast. 97L poses more of a threat to the Gulf Coast, Florida, or Southeast late next week into next weekend than Tropical Storm Harvey. The large tropical wave continues to show signs of development and conditions become more conducive as it moves west at 20 MPH. This wave has a 40% chance of developing into a tropical cyclone in the next 48 hours. The last low pressure system, 98L, is located



175 southeast of the Cave Verde Islands producing showers and thunderstorms. This storm is expected to track above the Gulf Coast but it is uncertain where the storm will be in two weeks.

The US Federal Energy Regulatory Commission is starting an environmental review process for the Freeport LNG plant on Quintana Island, Texas. Freeport is attempting to export domestically

produced LNG but has only received approval to export to countries that have free trade agreements with the US. In order to export LNG Freeport will have to build an LNG export terminal. Freeport hopes to begin construction in 2012 and begin exports by the end of 2015. The plant would produce 12 million mt/year of LNG.

Williams Co. plans on sticking to its all cash \$5.49 billion bid to buy Southern Union Co. Williams believes there offer is better than Energy Transfer Equity LP because they are offering \$44 per share

Generation Outages

MRO- The 580mw Duane Arnold nuclear power plant in Iowa increased power to 45% capacity on Friday from 17% on Thursday. The plant, owned by NextEra Energy, started to exit an outage on August 17th after fixing a problem with the intake structure of the plant.

NPCC- Unit 3 at the Bruce A generating station was shut down on Thursday and is expected to begin resynchronization with the grid on August 20th. Units 4 through 8 have remained at full power. OPG's Lennox Units 1 and 2 are scheduled to return to power on August 20th after being shut on August 7th and August 10th respectively. The following Units are scheduled to resume power on August 21st; Atikokan and Naticoke 1 and 2 operated by OPG and Greenfield 3 operated by CPN/Mitsui. Operator Hyd-Qbc is scheduled to shut Gentilly 2 on Friday until October 15th.

SERC- Tennessee Valley Authority's Unit 2 at Browns Ferry nuclear power plant is ramping up toward full power after fixing a valve associated with a steam line. The 1,104mw plant in Alabama never lost power in Units 1 or 3 during the repairs.

The NRC reported this morning that some 93,731 Mw of nuclear generation was online, down 1.46% from yesterday and up 0.70% from a year ago.

versus the combination of cash and stocks that Energy Transfer Equity LP is offering. Both Williams and Energy Transfer Equity LP want Southern Union's 15,000 miles of natural gas pipeline that connect fields in Oklahoma and Texas to the Midwest and Florida.

International

Halliburton has completed the first horizontal, multistage hydraulic fracture shale gas well in Argentina. A well in the Los Molles shale formation placed 10 hydraulic fracture stages in the horizontal section at a depth of over 4,000 feet. It is estimated that Argentina has the third largest amount of unconventional reserves after China and the US.

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	681,700	\$3.993	\$0.012	\$0.045	(\$0.028)	\$0.075
Chicago City Gate	562,500	\$4.067	(\$0.001)	\$0.118	(\$0.041)	\$0.111
NGPL- TX/OK	705,400	\$3.962	\$0.021	\$0.014	(\$0.019)	(\$0.009)
SoCal	711,700	\$4.135	(\$0.027)	\$0.187	(\$0.067)	\$0.192
PG&E Citygate	771,800	\$4.283	(\$0.008)	\$0.335	(\$0.048)	\$0.339
Dominion-South	1,445,100	\$4.035	\$0.002	\$0.087	(\$0.038)	\$0.096
USTRade Weighted	18,080,700	\$4.033	\$0.012	\$0.085	(\$0.03)	\$0.075

Iran LNG Co. is in talks with Indonesia's Perusahaan Listrik Negara (PLN) to export about 1.5 million tonnes of LNG a year. PLN was in Iran in April to tour the facility and is preparing an offer to the Iranian firm. The deal is expected to last 10-15 years starting in 2013.

Iran restarted gas exports to Turkey on Thursday after an explosion last week halted exports along a pipeline. The cause of the explosion in eastern Turkey remains a mystery but sabotage is common on pipelines running between Iran, Iraq, and Turkey where Kurdish rebels operate.

KOGAS of South Korea is in negotiations with Russia's Gazprom to buy LNG from a plant in Vladivostok that is scheduled to come online in 2017. If the deal successfully goes through then Gazprom may double the plant's output to 20 million tonnes.

Russia has linked the offshore and onshore pipelines with the 'Golden Weld' in the Portovaya Bay. The 1,224-kilometer Line 1 pipeline has successfully passed pressure testing and the line will be filled with gas in the coming days. The pipeline is expected to start bringing gas to Germany by the fourth quarter of 2011. In addition half of the 600-kilometer Line 2 has already been constructed and should be complete by the end of 2012.

LNG TANKER	CAPACITY (cubic meters)	Expected Arrival	From	Destination
Mozah	266,000	August 19, 2011 (A)	Qatar	South Hook, Britain
Clean Power		August 19, 2011	Qatar	Hazira terminal, India
Ejnan		August 20, 2011	Qatar	Dahej, India
Grace Cosmos		August 20, 2011	Atlantic	Dahej, India
Al Mafyar	266,000	August 22, 2011	Qatar	South Hook, Britain
Lusail	146,000	August 22, 2011	Qatar	Zeebrugge, Belgium
Castillo De Vilalba		August 23, 2011	Nigeria	Dahej, India
Al Aamriya	210,000	August 23, 2011	Qatar	Isle of Grain, Britain
Al Mayeda	266,000	August 25, 2011	Qatar	South Hook, Britain
N/A	266,000	September 1, 2011	Qatar	Rotterdam, Netherlands
Simaisma	145,000	September 2, 2011	Qatar	Zeebrugge, Belgium

(A) Arrived (D) Delayed

ELECTRIC MARKET NEWS

PPL Electric Utilities was assigned an A- rating from Fitch Ratings on its new \$400 million issue of 3.00% first mortgage bonds due 2021. The proceeds will be used to repay short-term borrowing, intercompany loans and increase corporate cash

US coal consumption fell 3% in the past week and was 2% less than the same week last year. The decrease in coal consumption can be attributed to floods on the Missouri River slowed deliveries and cooler temperatures swept through the northern and the eastern parts of the US.

ECONOMIC NEWS

The Economic Cycle Research Institute said its Weekly Leading Index fell to 123.9 in the week ending August 12th from 127.6 the previous week, originally reported at 127.9%. The index's annualized growth rate fell to -0.1%, its lowest level since December 10, 2010 from 1.5% a week earlier.

Federal Reserve Bank of New York President William Dudley said headwinds from external shocks undermined US economic growth in the first part of the year, which is likely to break its momentum for the remainder of 2011. He said the economy is poised to pick up speed in the last few months of the year. However he added that persistent weakness in labor markets, a depressed housing sector and volatile global markets prompted him to revise downward his expectations of how quickly the economy would recover.

Separately, Cleveland Federal Reserve Bank President Sandra Pianalto said the US economy would likely grow 2% this year and 3% during each of the next two years. She said the inflation rate would probably fall from its current level during the rest of 2011 and into 2012.

Market Commentary

Unlike Thursday's session, Friday's session saw the natural gas market post an inside trading day. The market retraced its previous losses and traded in positive territory as traders remained cautious ahead of the weekend and covered their shorts. The natural gas market was supported by the possibility of two storms developing in the Atlantic. The National Hurricane Center was tracking a pair of areas with the potential for tropical storm development. A tropical wave 900 miles east of the Lesser Antilles has a 40% chance of forming into a tropical storm during the next 48 hours and a system just off the west coast of Africa has a 50% chance of storm formation during the period. The market also seemed to have been supported by weather forecasts for the next two weeks showing slightly warmer temperatures. The natural gas market posted a low of \$3.901 in overnight trading before bouncing off that level to a high of \$3.972 early in the morning. The market later settled in a sideways trading pattern during the remainder of the session. It settled up 4.8 cents at \$3.94.

The natural gas market on Monday will be driven by any development of the tropical waves in the Atlantic. Technically, the market is seen retracing some of its gains and finding support at its low of \$3.901 followed by \$3.867, \$3.843 and \$3.832. More distant support is seen at \$3.795 and \$3.731 and \$3.71. Resistance is however seen at \$3.95, its high of \$3.972, \$3.996, \$4.009, \$4.042, \$4.045, \$4.062 and \$4.143.

The latest Commitment of Traders showed that managed money funds continued to increase their net short position for the fifth consecutive week by 4,755 contracts to 117,131 contracts in the week ending August 19th, basis the disaggregated futures and options report.