



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 30, 2011

NATURAL GAS MARKET NEWS

North America

Tropical Storm Katia formed over the Atlantic on Tuesday about 535 miles southwest of the Cape Verde Islands. The storm had maximum sustained winds of 40 mph and is expected to intensify near hurricane conditions by either Wednesday or Thursday. There is also a storm system in the Caribbean with a 10% chance of developing into a tropical cyclone in the next 48 hours. Oil companies are monitoring the storm as it poses a threat to the western Gulf of Mexico. No offshore production has been shut and refineries are continuing normal operations. The region the storm may affect accounts for 30% of US oil output and 12% of US natural gas output.

Generation Outages

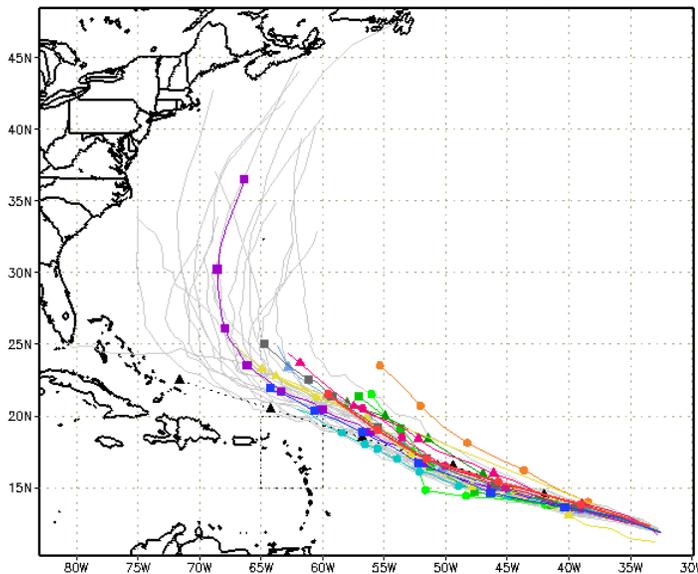
MRO- Xcel Energy's Monticello nuclear power station increased power to 97% early on Thursday up from 48% power on Monday. The 572 Mw station in Minnesota reduced power for planned maintenance on Monday.

NPCC- Following a precautionary measure for Hurricane Irene Dominion Resources Inc's Units 2 and 3 at the Millstone nuclear power plant reduced power to 50% over the weekend. As of early on Tuesday Unit 2 was running at full capacity and Unit 3 was ramped up to 93% power.

PJM- Exelon Corp's 619mw nuclear power plant, Oyster Creek, ramped up to 30% power on Tuesday. The New Jersey plant idled over the weekend due Hurricane Irene.

The NRC reported this morning that some 92,280 Mw of nuclear generation was operating this morning, 1.59% more than yesterday but 4.21% less than the same day a year ago.

XTRP 30/1800Z BAMD 30/1800Z GFDL 30/1200Z AVNO 30/1200Z CMC 30/1200Z
 TVCN 30/1200Z BAMM 30/1800Z UKM 30/1200Z AEMN 30/1200Z APxx 30/1200Z
 NHC 30/1500Z BAMS 30/1800Z NGPS 30/1200Z HWRP 30/1200Z QLP5 30/1200Z



storm_12
sfwmd.gov
weather@sfwmd.gov
30-Aug 14:51 EDT

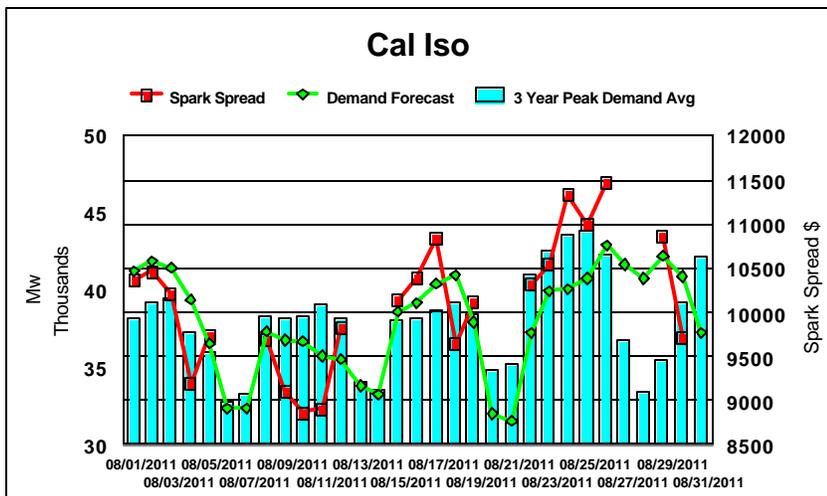
NHC Advisories and County Emergency Management Statements supersede this product. This graphic should complement, not replace, NHC discussions. If anything on this graphic causes confusion, ignore the entire product. For full info, see <http://my.sfwmd.gov/sfwmd/common/images/weather/plots.html>



Gross natural gas production in the lower 48 states rose 0.1% above May's revised output in June. It was the fourth straight monthly gain despite output declines in the Gulf of Mexico, Texas, New Mexico and Louisiana. Other state output increase 2.5% as new wells came online in North Dakota and in the Marcellus shale.

International

Qatar is about to pass Indonesia as the third-largest exporter of LNG to Japan. Indonesia has reduced exports to Japan by 36% from a



year earlier while Qatar has increased exports 53% from a year earlier. Indonesia has reduced export volumes to meet with rising domestic energy demands.

Japan's Osaka Gas Co. plans to build a 230,000 cubic meter LNG tank at its Senboku LNG terminal. The company plans to start building in 2012 and have the project finished by November 2015.

Ukraine intends to reduce natural gas imports from Russia by two-thirds in the coming years. Ukraine

currently imports 60% of its gas for domestic consumption from Russia says the gas price is too high. Kiev plans to cut gas consumption from 64 bcm in 2010 to 54 bcm in 2011. Ukraine hopes to cut imports from Russia to 12 bcm in five years from the 40 bcm it imported in 2010.

Greek gas company DEPA has agreed to a new deal with Russia's Gazprom. The long-term deal reduces the amount Greece will import for Russia and also lowers costs. In addition, DEPA wants to pay less for its imports of LNG from Algerian state owned company Sonatrach. DEPA wants a new deal that is competitive to other contracts Sonatrach has with Greek companies.

The Kollsnes gas processing plant in Norway will be shut for planned maintenance from September 24-26. A spokesman for the company would not comment on how much gas production would be reduced by but mentioned production at the nearby Kvitebjorn field would also be affected.

UK's South Hook LNG terminal is expecting the Aamira LNG tanker to arrive on September 6th from Qatar.

Britain's Isle of Grain terminal is expecting the 146,000 cubic meter load aboard the Maran Gas Coronis LNG tanker to arrive on September 4th.

ELECTRIC MARKET NEWS

There were still approximately 3.3 million households in the United States without power as of 8 AM EST Tuesday morning. This is down from the 5.5 million households without power on Monday.

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	841,300	\$3.847	(\$0.082)	(\$0.038)	(\$0.061)	\$0.077
Chicago City Gate	366,600	\$3.946	(\$0.018)	\$0.061	(\$0.037)	\$0.100
NGPL- TX/OK	747,800	\$3.824	(\$0.026)	(\$0.061)	(\$0.045)	(\$0.018)
SoCal	567,800	\$4.113	(\$0.028)	\$0.228	(\$0.047)	\$0.220
PG&E Citygate	858,200	\$4.220	(\$0.005)	\$0.335	(\$0.023)	\$0.321
Dominion-South	9,199,500	\$3.886	(\$0.077)	\$0.001	(\$0.095)	\$0.086
UTrade Weighted	18,973,700	\$3.918	(\$0.042)	\$0.033	(\$0.06)	\$0.077

The mandatory power curbs for large users in the greater Tokyo area will end September 9th, two weeks ahead of schedule because of an increase in supply. The government curbed power usage by large users to avoid blackouts.

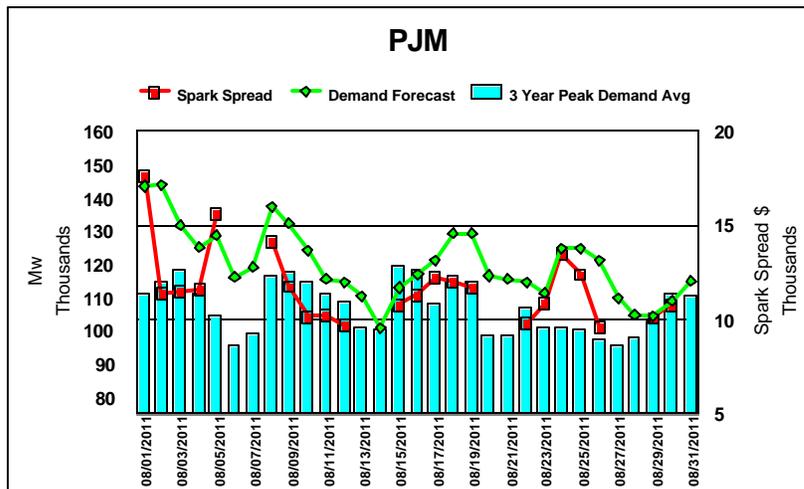
ECONOMIC NEWS

US consumer confidence fell in August to its lowest level in more than two years. The Conference Board said its index of consumer attitudes fell to 44.5 in August from a downwardly revised 59.2 in July, which was originally reported as 59.5. Consumers' outlook also deteriorated as the expectations index fell to 51.9 from 74.9. The present situation index fell to 33.3 from 35.7.

The Chicago Federal Reserve Bank President, Charles Evans, favors some of the more aggressive policy actions on the table to boost the economy. Mr. Evans feels that the central bank needs to provide support to the economy for a long period of time because the economy appears to be moving sideways.

Single-family home prices in the US fell in June from May levels by .1% on a seasonally adjusted basis according to the S&P/Case-Shiller composite index of 20 metropolitan areas. On a non-seasonally adjusted basis the index rose 1.1%. The 20 city index fell 4.5% from a year ago.

State Street said investor confidence fell in August to levels indicating strong risk aversion. Its global investor confidence index fell to 89.6 in August from 102.5 in July. State Street said the most significant decline was exhibited by North American investors, with confidence declining to 88.6 from July's 102.5.



The Euro zone's economic sentiment fell more than expected in August. The statistic that is an indicator of future economic growth fell to 98.3 in August below the analysts' projections of 100.5. The study also showed that consumer price expectations for the next 12 months rose from 25.4 to 26 and producer expectation inflation fell to 8.7% in August from 12.4% in July.

Market Commentary

The natural gas market ended in positive territory after the market sold off early in the session. In early morning trading, the market continued to trend lower and sold off to a low of \$3.78. It posted a low not seen since early March before it bounced off that level and never looked back. The market retraced its previous losses and posted a high of \$3.92 on a short covering rally ahead of the close. It settled up 5.2 cents at \$3.909. The natural gas market was supported by news that another storm had formed in the Atlantic. Tropical Storm Katia formed in the central Atlantic and was expected to strengthen into a hurricane by late Wednesday or Thursday. The market was also watching for developments of a tropical system in the Caribbean.

While the natural gas market may be supported by the storm concerns in the near term, any gains will be limited as weather forecasts continue to moderate. Prices are seen remaining on the defensive. Resistance is seen at its high of \$3.92 followed by \$3.931, \$3.958, \$3.962 and \$3.984. More distant resistance is seen at \$4.007, \$4.029, \$4.048 and \$4.096. Support is seen at \$3.85, \$3.82, \$3.78, \$3.731 and \$3.682.

The information contained in this letter is taken from sources, which we believe to be reliable, but is not guaranteed by us as to accuracy or completeness and is sent to you for information purposes only. The Windham Group bases its market recommendations solely on the judgment of its personnel. Reproduction in whole or part or other use without permission is prohibited.