



ENERGY RISK MANAGEMENT

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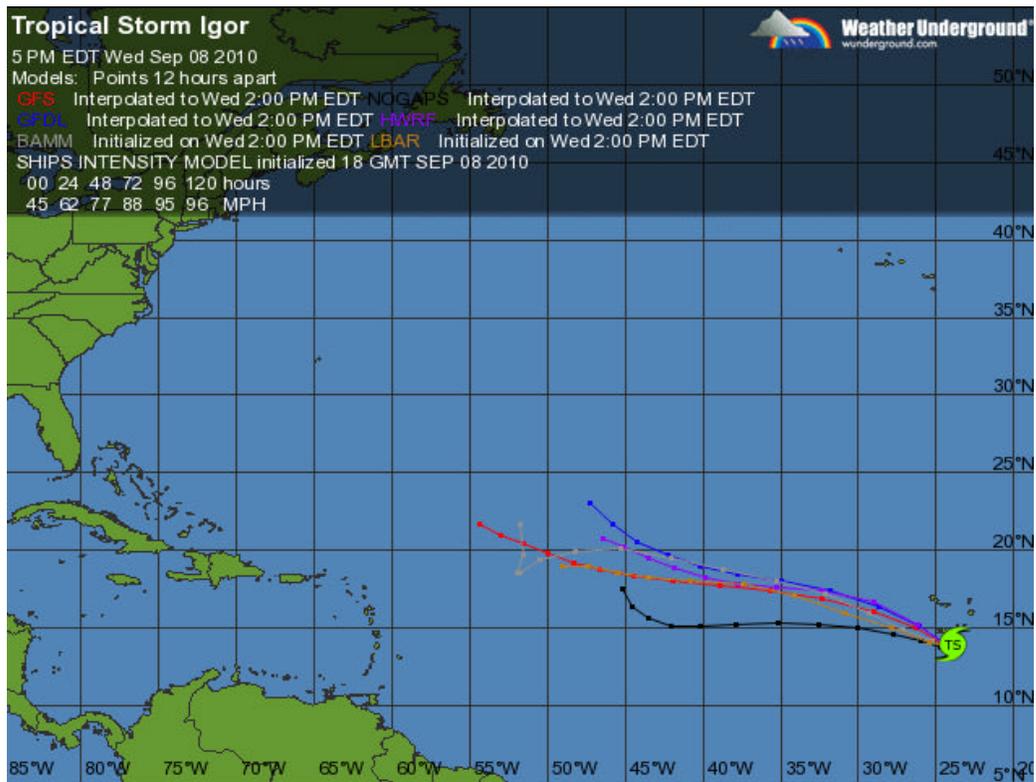
NATURAL GAS & POWER MARKET REPORT FOR SEPTEMBER 8, 2010

NATURAL GAS MARKET NEWS

The National Hurricane Center continues to watch the remnants of Tropical Storm Gaston move westward across the Caribbean. This morning the system was a few hundred miles south of the Dominican Republic sporting disorganized shower and thunderstorm activity. Government forecasters were assigning a nearly 0% probability that this system could become once again a tropical cyclone over the next 48 hours. Much more focus is on a well-defined low-pressure area located just south of the Cape Verde Islands, Invest 91-L that by midday had become Tropical Storm Igor. Currently this storm is still 7-8 days away from threatening any land areas. The track guidance models all appear to vary for the path of this potentially powerful hurricane from threatening the Lesser Antilles to simply curving northward out to sea. There continues to be a few models looking for some tropical development in the northwest Caribbean in a week to 10 days time.

The EIA released their latest Short Term Energy Report this morning. The agency sees 2010 U.S. gas production increasing by 2.1%, an upward revision of 0.2% from last month's estimate. But the agency sees production falling in 2011 by 1.9% slightly more than the 1.3% decline the agency had been forecasting last month.

Despite the EIA reducing its 2010 U.S. GDP growth forecast by 0.3% to 2.8%, it still revised upwards its 2010 U.S. gas consumption estimate from last month by 0.2% to 65 bcf/d. For 2011 the agency expects consumption will remain flat. But projected consumption of natural gas for power



generation is expected to grow by nearly 1.3 bcf/d to 20.2 bcf/d in 2010, in part due to a 23% increase in cooling degree-days this summer.

Sempra Energy has applied with the FERC for authorization to re-export LNG from its Cameron LNG terminal in Louisiana. Sempra is seeking authorization to

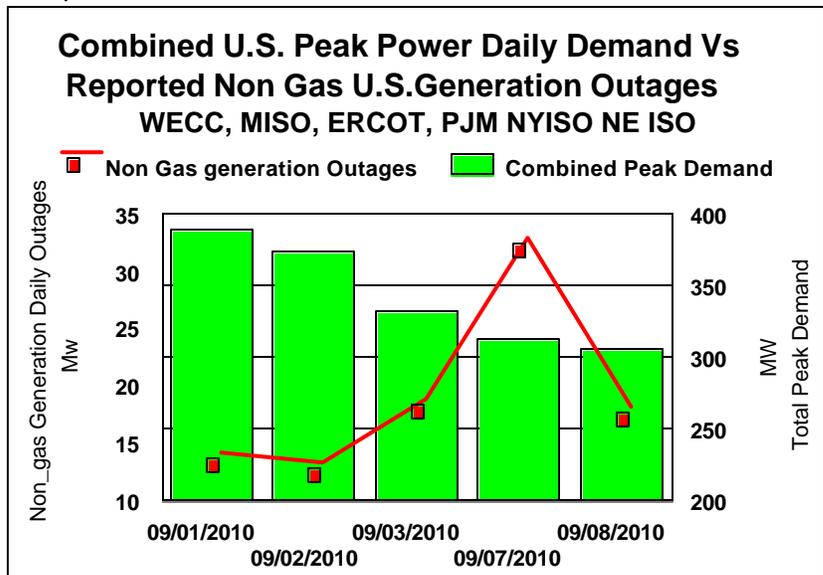
Natural Gas Cash Market						
ICE Next Day Cash Market						
	Volume	Avg	Change	Basis	Change	Basis 5-Day
Location	Traded	Price		(As of 12:30 PM)		Moving Avg
Henry Hub	725,500	\$3.812	(\$0.003)	(\$0.010)	\$0.021	(\$0.099)
Chicago City Gate	750,900	\$3.754	(\$0.021)	(\$0.068)	\$0.023	(\$0.049)
NGPL- TX/OK	685,700	\$3.671	(\$0.012)	(\$0.151)	\$0.032	(\$0.154)
SoCal	395,700	\$3.622	(\$0.036)	(\$0.200)	\$0.008	(\$0.178)
PG&E Citygate	579,300	\$3.839	(\$0.076)	\$0.017	(\$0.032)	\$0.061
Dominion-South	943,200	\$3.860	(\$0.063)	\$0.038	(\$0.019)	\$0.099
USTrade Weighted	19,938,100	\$3.703	(\$0.023)	(\$0.119)	\$0.02	(\$0.099)

export for a two-year period up to 250 bcf of LNG that had been imported into the United States from foreign sources. The company hopes to win approval so as to begin operations by February 1, 2011. No new construction would be needed at the facility. Currently spot LNG cargoes are fetching \$2.50 per Mmbtu more in Europe and \$5.00 in Asia.

Australia's LNG production hit a record high for 2009-10 financial year, driven by higher demand from north Asia. Australian LNG production grew by 7.5% last year to 18.7 million tonnes per year. Some two thirds of Australia's LNG exports went to Japan with 20% destined for China.

Gassco said today that they expect full export capacity at Norway's Kaarstoe gas processing plant by Thursday morning. The plant has resumed operations Wednesday and output was rising steadily today.

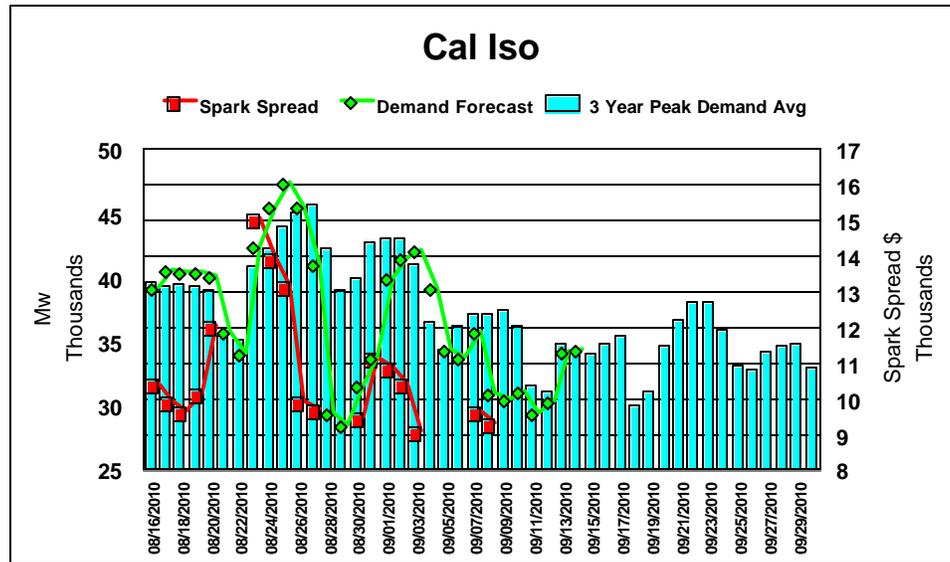
Reuters reported that Nigeria's LNG Imo tanker is scheduled to arrive at the Mexican LNG gas import terminal of Altamira on September 23rd. The ship last month had been re-routed from the UK to Brazil. In addition local Mexican port officials reported that the Golar Viking LNG tanker is expected to arrive in Mexico from Trinidad on Thursday.



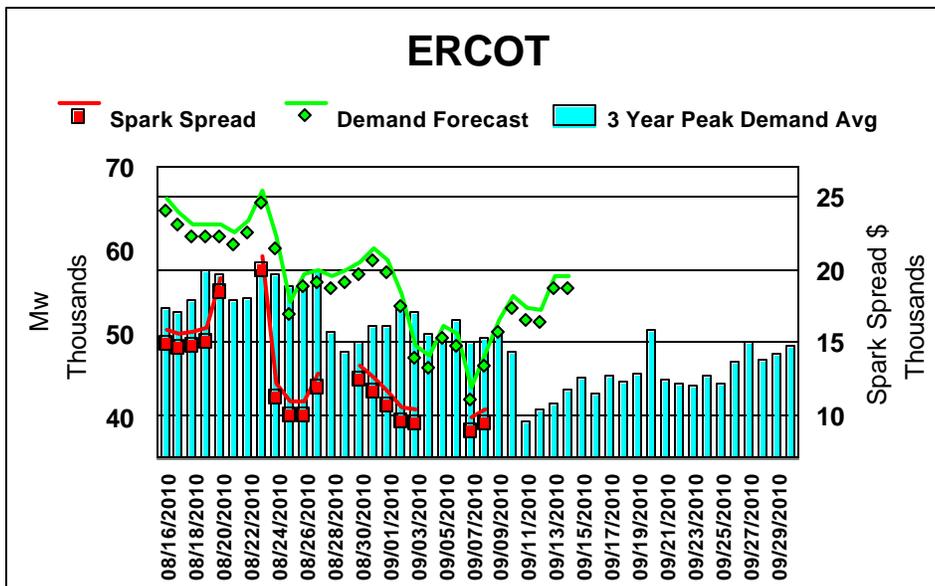
ELECTRIC MARKET NEWS

Enbridge agreed Wednesday to pay \$23.8 million for a 20% stake in a 35 Mw geothermal plant in Oregon being developed by U.S. Geothermal. The Neal Hot Springs geothermal project is currently under construction and is expected to be operational by the second quarter of 2012. The power will be delivered to the Idaho power grid under a 25-year purchase agreement.

The EIA in the latest Short Term Energy Outlook calls for U.S. electric demand in 2011 to decline by 0.4% based on the expectation that summer temperatures next year would return to more normal levels and industrial demand moderates as well. The agency just last month had been looking for 0.4% increase in power demand. Meanwhile the agency's 2010 power outlook was revised higher by 0.7% to a 4.7% increase.



The Ontario government said Wednesday that OPG will convert the 230 Mw Atikokan coal unit to burn wood pellets by the end of 2014, as part of the utility's plan to end the use of coal for electric production. Last year output from Ontario's 6400 Mw of coal-fired generation was the lowest in 45 years, down more than 70% from 2003 levels.



ECONOMIC NEWS

The Federal Reserve said in its Beige Book that there were widespread signs that economic growth had eased in the six weeks through the end of August. It suggested that the recovery was faltering along the East Coast and the Midwest. It said modest growth continued in five western districts, St. Louis, Minneapolis, Kansas City, Dallas and San Francisco. Growth

however was mixed or had slowed in five other areas including, New York, Philadelphia, Richmond, Atlanta and Chicago. The remaining two districts, Boston and Cleveland reported positive developments and improvements in business activity.

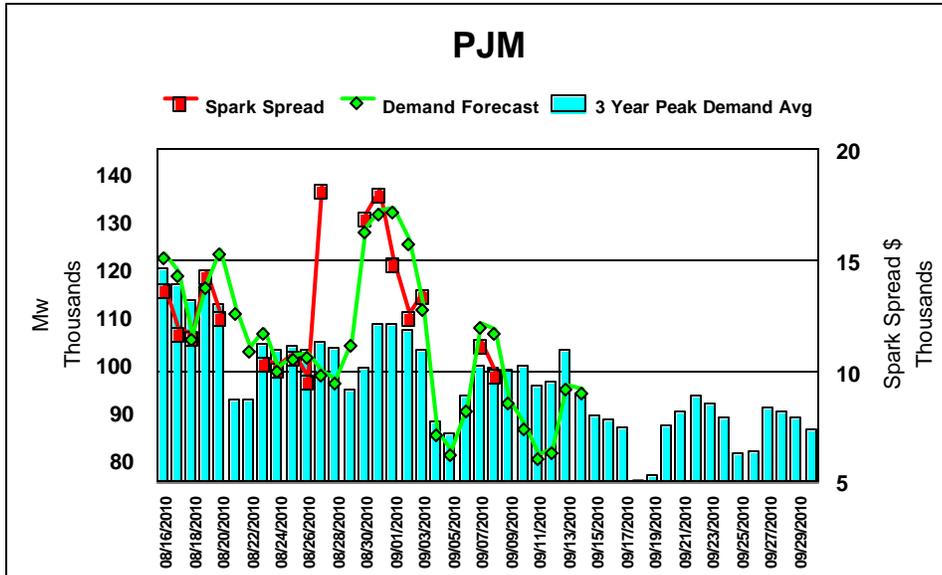
Regulators investigating the stock market flash crash last May still have not uncovered a cause. However stub quotes and other previously identified issues exacerbated the market's sharp fall. On May 6th, the Dow Jones industrial average fell about 700 points before sharply recovering, all in about 20 minutes.

MARKET COMMENTARY

The natural gas market today saw lighter volume as traders appeared willing to move to the sidelines in front of tomorrow's storage report. With electric generation levels falling off for the remainder of the

week coupled with a reduction in non-gas generation outages from yesterday, the spot cash market for gas weakened slightly today. The market continues to lack direction as the October contract posted its third inside trading session out of the last seven trading days.

Market expectations for tomorrow's EIA Storage Report appear to be running between a 52-65 bcf build with most estimates centered around a 57-59 bcf build in stocks. For the same week a year ago inventories grew by an adjusted 68 bcf while the five-year season average build is 61 bcf.



If tomorrow's storage report comes in within most market expectations we feel that this market will continue to move about in a directionless sideways fashion, as most will continue to mark time until this hurricane season moves beyond its peak period. We see significant resistance at \$3.946 followed by \$4.196 and \$4.352. Support we see at

\$3.81.5 followed by \$3.75, \$3.693 and \$3.651.. Additional support we see at \$3.415.

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