



ENERGY RISK MANAGEMENT

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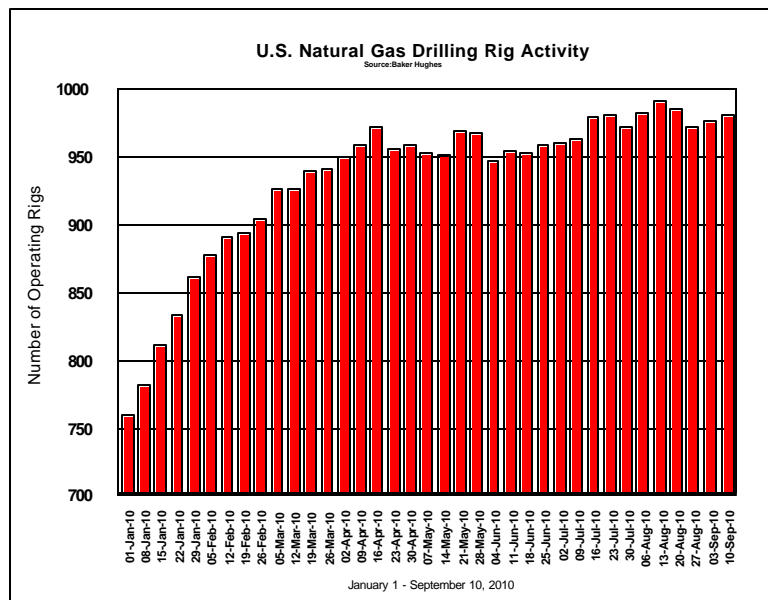
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NATURAL GAS & POWER MARKET REPORT FOR SEPTEMBER 10, 2010

NATURAL GAS MARKET NEWS

The National Hurricane Center this morning noted that Invest 92-L in the western Caribbean had become a bit better organized overnight and appeared to be forming some type of surface circulation. Forecasters continue to call for some slow development of this system over the next several days as it moves west-west-northwestward at only 5 mph. Forecasters were noting that there was a 40% chance that this system could become a tropical depression over the next 48 hours. Long-range computer track models have this system slowly moving across the Caribbean and not really posting significant intensification until possibly next Wednesday or Thursday when it moves past Jamaica. Meanwhile Igor regained its tropical storm strength at midday and is seen eventually strengthening into a potentially strong hurricane over the central Atlantic by the middle of next week. The track guidance on this storm remains either a threat to the Bahamas and the U.S. East Coast or it will remain out at sea.



Cheniere announced that it has received this week approval from the U.S. Department of Energy to export domestically produced LNG from the Sabine Pass terminal in Louisiana. The company won approval to export up to 16 million tones of LNG per year for 30 years from Sabine Pass, where

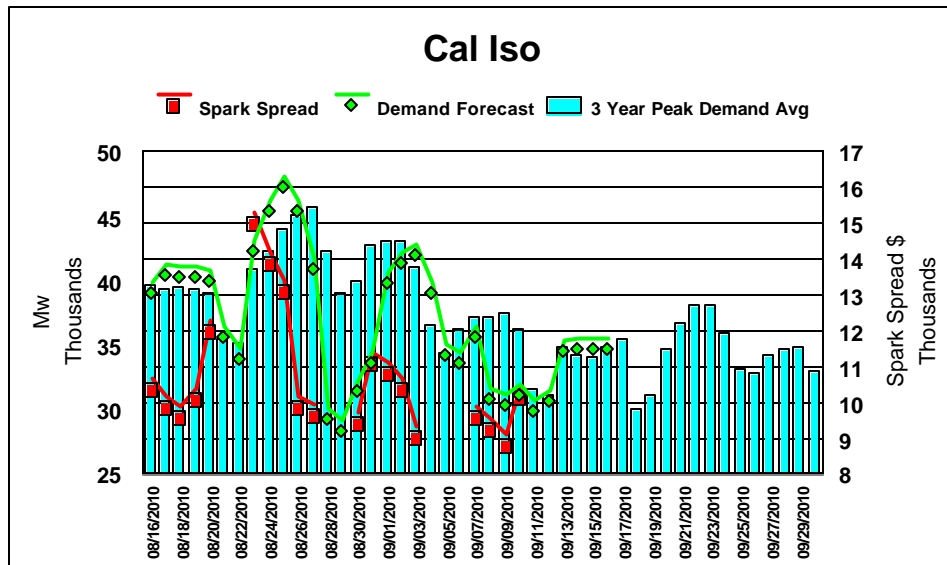
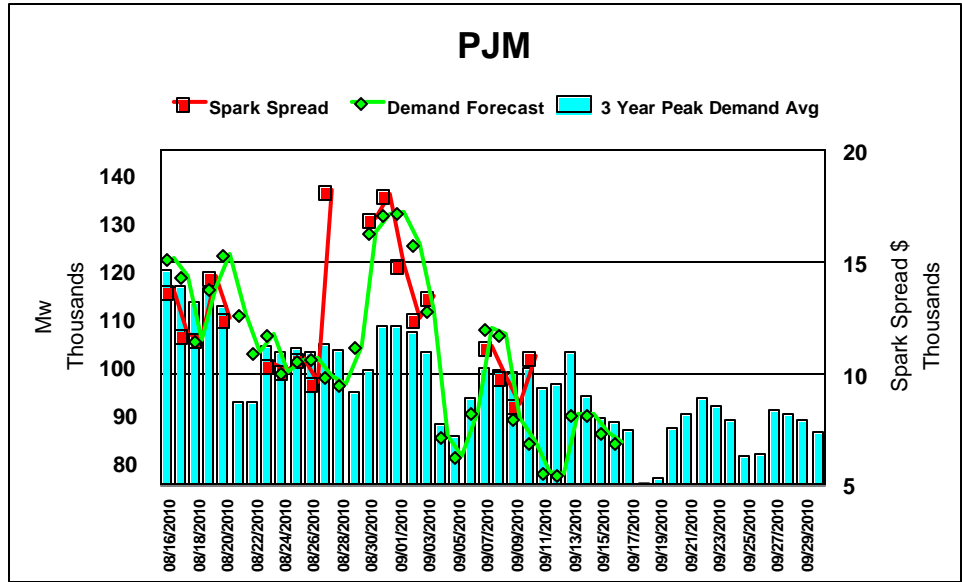
Cheniere plans to build a gas liquefaction plant.. The proposed plant, which is currently under review by the FERC, would be built on the site where the company currently

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	887,700	\$3.794	\$0.003	(\$0.095)	(\$0.176)	(\$0.112)
Chicago City Gate	785,800	\$3.763	(\$0.001)	(\$0.126)	(\$0.183)	(\$0.066)
NGPL- TXOK	664,700	\$3.696	\$0.019	(\$0.193)	(\$0.163)	(\$0.152)
SoCal	548,200	\$3.646	\$0.011	(\$0.243)	(\$0.171)	(\$0.181)
PG&E Citygate	593,200	\$3.892	\$0.069	\$0.003	(\$0.113)	\$0.057
Dominion-South	945,900	\$3.834	\$0.006	(\$0.055)	(\$0.176)	\$0.038
UTrade Weighted	19,595,300	\$3.722	\$0.006	(\$0.167)	(\$0.18)	(\$0.112)

operates an LNG import terminal.

Baker Hughes reported this afternoon that the number of natural gas drilling rigs in the U.S. increased for the second straight week, growing by 3 rigs to 980 rigs. The number of horizontal rigs, the type used to extract gas from shale regions, increased by 8 rigs from the previous week, reaching yet another new all time high of 911.

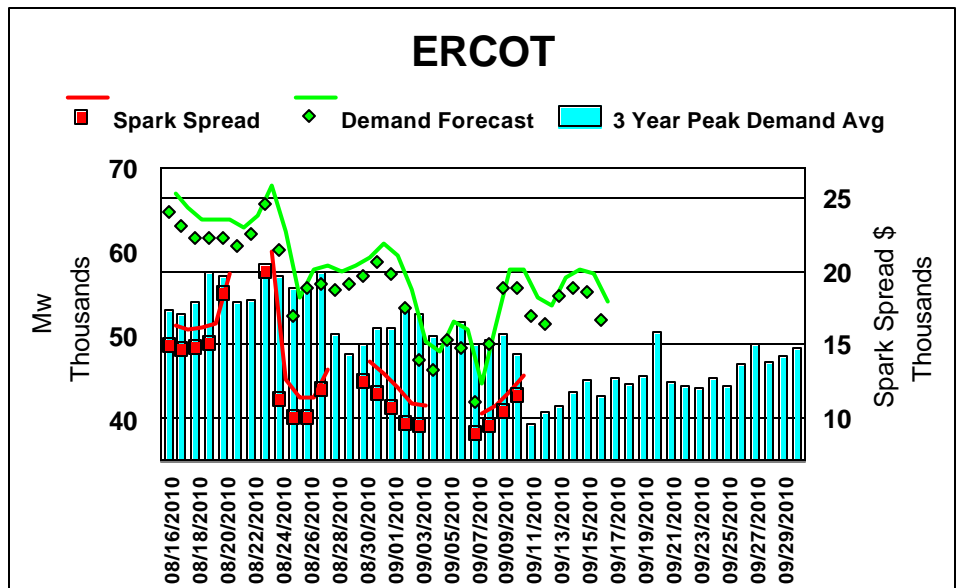
In San Bruno, California this morning a 30 inch gas pipeline ruptured and



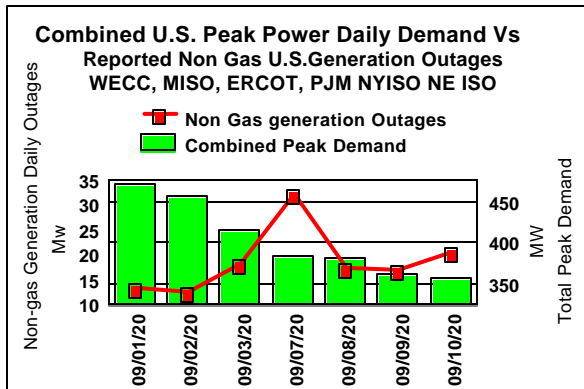
exploded, destroying 53 homes. PG&E and government regulators were beginning a comprehensive investigation into the cause of the rupture. PG&E said the damaged section of the line has been isolated and gas flow to the area gas distribution pipes has also been stopped. The company had crews also proactively surveying the gas transmission and distribution system.

According to port officials the 210,000 cubic meter LNG tanker, the Al Aamriya is scheduled to arrive at Britain's Isle of Grain LNG terminal on September 19th from Qatar. So far two LNG tankers have arrived in Britain this month with another expected on September 14th.

China National Petroleum Corp announced they have started building pipelines that will import both oil and gas from Myanmar and



expected to be completed and operational by the end of 2013. CNOOC, China's leading LNG importer also announced today that it hopes to start building a LNG receiving terminal in Hainan in March 2011 and plans to have the facility begin commercial operations in early 2014. The first phase of the facility would have a 2 million ton capacity per year, with the second phase seeing capacity expanded to 3 million tons. The cost of the project has been estimated at \$958.4 million.



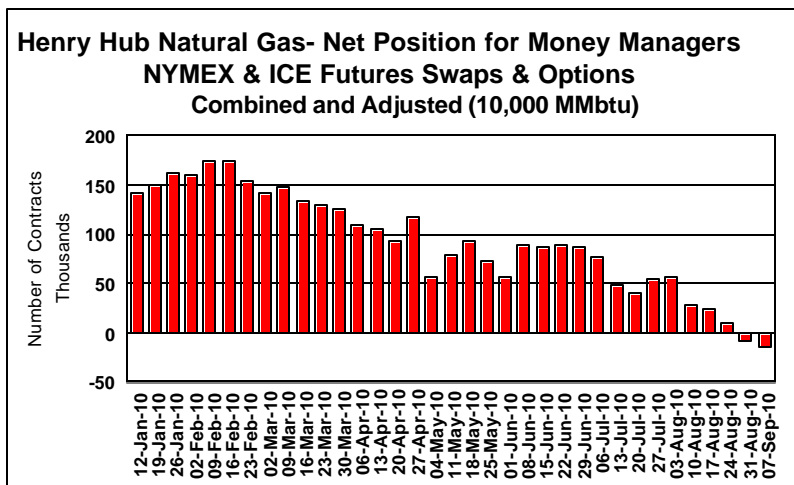
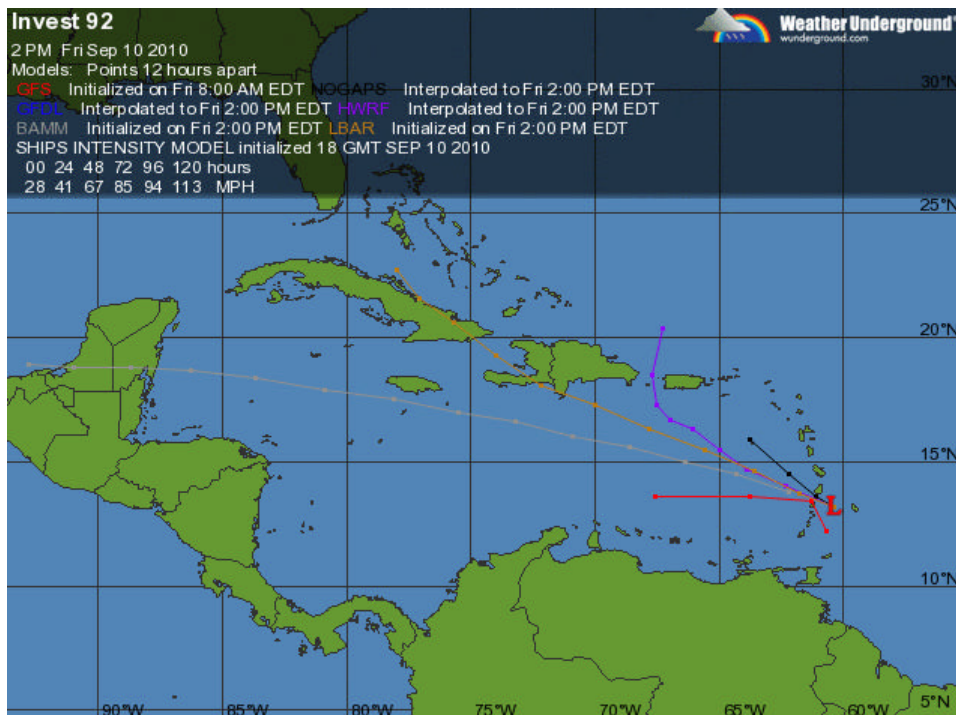
ECONOMIC NEWS

The U.S. Commerce Department reported this morning that wholesale inventories increased by 1.3% in July versus a market expectation of just a 0.4% increase. This was the largest increase in wholesale inventories

in two years. The June levels were revised higher by 0.2% to show a 0.3% increase. July wholesale sales were also stronger than expected growing by 0.6% on the month versus an expectation of just a 0.3% gain.

MARKET COMMENTARY

The natural gas market worked higher today supported by rising nuclear and coal power plant outages, supportive economic news and the growing threat to the Gulf of Mexico from tropical weather. In addition the market appeared to gain some spill over support



from the oil markets as the unexpected shutdown of a crude pipeline in the Midwest helped to send oil prices spiraling higher. But news late in the session that natural gas drilling activity continues to defy economic expectations, as the total number of natural gas rigs as well as the number of horizontal rigs both increased on the week, continues to point toward no near term decline in domestic natural gas production. As a result it will continue to be the tropics as a key to if this market can break out of its trading range of the past three weeks of \$3.69-\$3.95.

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