



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 OCTOBER 13, 2009

NATURAL GAS MARKET NEWS

The United States Natural Gas Fund, the natural gas ETF, said again today that it could invest in interests other than futures contracts to comply with accountability levels and position limits. The fund rebalanced its portfolio last month in an attempt to decrease positions in listed natural gas futures, while increasing the funds holdings in natural gas swaps. In a filing on Tuesday the ETF said it may invest in other interests including cash settled options on futures contracts, forward contracts for natural gas, cleared swaps contracts and OTC transactions on natural gas, crude oil and other petroleum based fuels. The fund though said that despite the move futures contracts will remain its principle investment.

Chevron said due to changing market conditions since it proposed the Casotte Landing LNG project in Mississippi, it has decided halt development of the project.

Chesapeake Energy said today that it has raised its natural gas production forecast for 2009 and 2010 and it also said that it planned to spend more on drilling. The company said that it expected production to rise 5% to 6% in 2009, compared to its prior forecast for an increase of 4-5%. For 2010,

Generator Problems

MISO –NextEra Energy's 580 Mw Duane Arnold nuclear unit ramped up to 85% power after exiting its outage on Monday.

Exelon shut down its 1150 Mw LaSalle #2 nuclear unit yesterday due to unidentified leakage from the reactor coolant system.

RFC- Exelon's 1112 Mw Peach Bottom #3 nuclear unit has started to exit a refueling outage and was up to 13% power early Tuesday.

SPP & ERCOT- Unit #2 at the coal fired Martin Lake power plant was reporting a disruption this morning but it lasted for only a brief time.

Luminant's Unit #1 at the coal fired Big Brown power plant was expected to go off line this evening for short-term maintenance work to fix a tube leak. The unit was expected back in service by tomorrow afternoon.

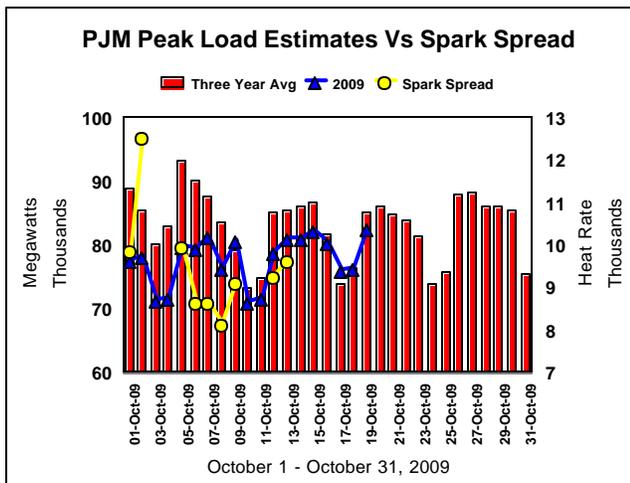
SERC – Duke Energy's 1100 Mw McGuire #2 nuclear unit ramped up to 78% power this morning, up 26% from yesterday.

The NRC reported this morning that total U.S. nuclear generation stood at 75,314 Mw down 0.5% from yesterday and down 6.7% from a year ago.

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	1,812,400	\$4.032	\$0.073	(\$0.517)	\$0.457	(\$0.733)
Chicago City Gate	1,197,500	\$4.589	\$0.177	\$0.039	\$0.528	(\$0.449)
NGPL- TXOK	1,352,200	\$3.973	\$0.093	(\$0.576)	\$0.444	(\$0.923)
SoCal	297,700	\$4.217	\$0.109	(\$0.332)	\$0.461	(\$0.713)
PG&E Citygate	660,500	\$5.133	\$0.076	\$0.584	\$0.427	\$0.071
Dominion-South	323,300	\$4.418	\$0.204	(\$0.132)	\$0.555	(\$0.651)
USTRade Weighted	25,410,800	\$4.211	\$0.106	(\$0.338)	\$0.46	(\$0.733)

Chesapeake expects production to increase by 8-10% compared to its prior forecast in August of a 7-8% increase. The company also announced it has raised its drilling budget this year

by \$150 million to \$3.15-\$3.35 billion and now expects to spend \$4.7 billion in 2010.

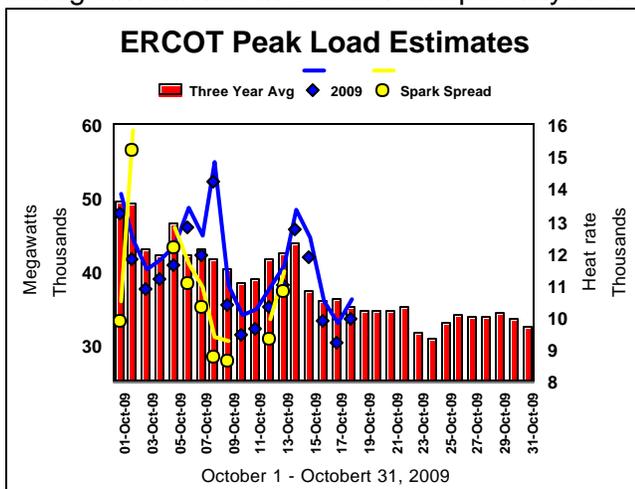


annually which would begin in 2014 or 2015. LNG early as next year. The Russian news agency later in the day noted that the two parties may reach an agreement on pricing for gas supplies early next year.

Indonesia said on Tuesday it plans to export 50 LNG cargoes from its Tangguh plant in Papua in 2010. While Indonesia originally expected to export 56 LNG exports this year, it since has revised that target to just 16 cargoes due to poor demand and technical problems at the plant. The second train at the facility is expected to come back up in the next few weeks.

PIPELINE RESTRICTION

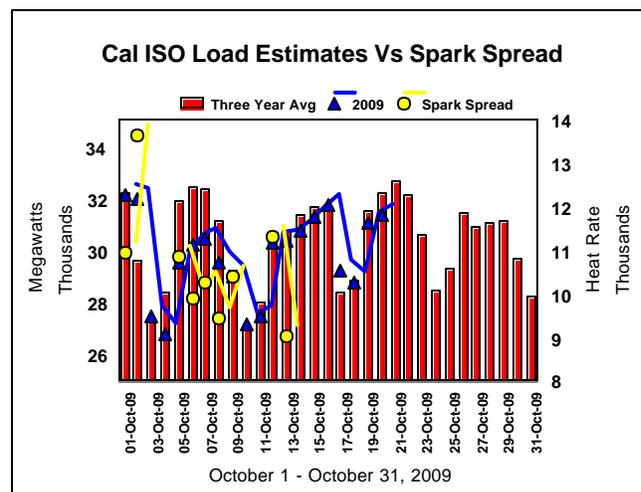
Northern Natural Gas said the system wide Underrun Limitation notice, in effect since September 22nd will be lifted and no longer in effect beginning October 14th. The SUL was placed into effect last month on its system in both the Market Area and the Field Area, due to high storage inventories and the projections of a record storage inventories in October and possibly November.



Centrica said Tuesday its South Morecambe gas field has been back on line since Monday. Gas from the field flows through a terminal at Barrow-in-Furness. Back in July, the company had reported that it had shut the field due to low gas prices.

The Al Ghashamiya LNG tanker is scheduled to arrive at the South Hook import terminal on October 20th.

China National Petroleum said today that it has not reached an agreement yet with Gazprom on the pricing of potential gas supply, despite earlier comments by Gazprom's CEO that the two sides were set to sign a deal that would have Gazprom sell 70 bcm of natural gas via a pipeline to China supplies from the Sakhalin-2 project could begin as

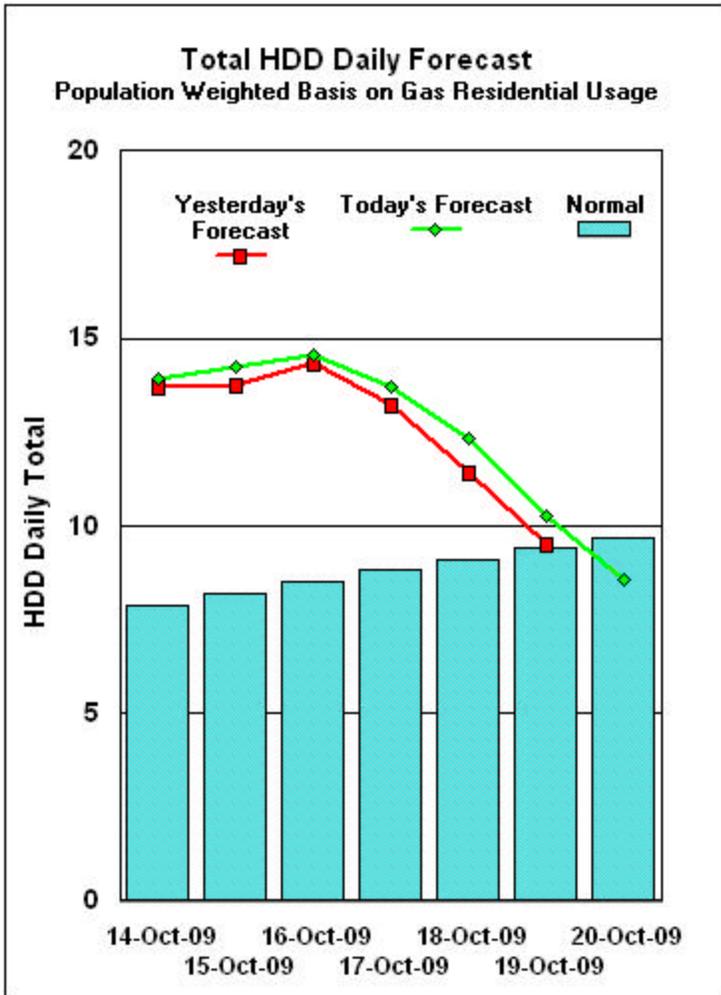


PIPELINE MAINTENANCE

Questar Pipeline said it will conclude Clay Basin testing on October 15th, at which time, the company said the Questar Pipeline withdrawal capacities will be 350,000 Dth and the Northwest Pipeline daily withdrawal capacity will be 320,000 Dth. Total daily withdrawal capacity will be 670,000 Dth. Also upon the completion of the testing, the daily injection capacity will be 255,000 Dth.

ELECTRIC MARKET NEWS

Southern Power announced it had broken ground on a new 720 Mw natural gas fired power plant



near Grover, North Carolina. The plant is expected to cost between \$350-\$400 million and enter service by early 2012.

The IEA said businesses and governments need to invest at least \$2.4 trillion by 2050 to develop 3,400 projects globally that trap and store the greenhouse gas and help cut emissions from fossil fuels by half from 2005 levels. It is about 6% of the total investment necessary to cut gas emissions 50% from 2005 level. Other tools include nuclear power, renewables and measures to improve energy efficiency. UK Energy and Climate Change Secretary Ed Miliband said the IEA's plans are ambitious and achievable though governments need to broker a global treaty to fight climate change in Copenhagen in December that includes a financing mechanism to help spread carbon-capture technology between countries.

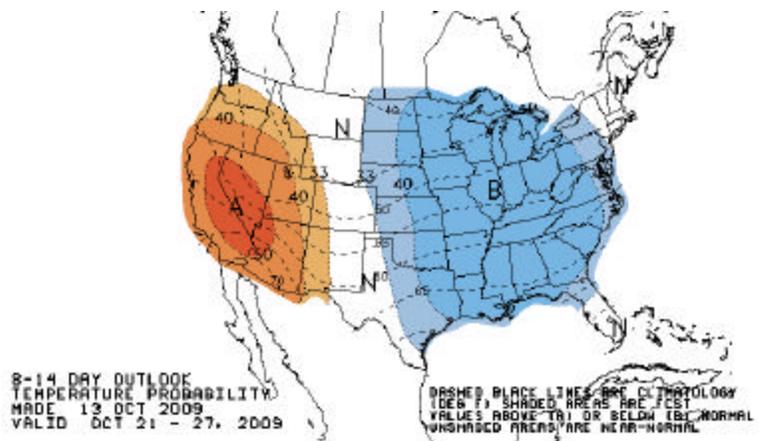
A bankruptcy court judge has approved the early termination by Miller Brothers Coal LLC of a contract to supply 1.3 million tons of coal per year to the Georgia Power Company. The company has been in bankruptcy since January. The contract had been for 1.3 million tons per year for 2009, 2010 and 2011 with the price for 2009 at \$53.27, \$47.99 in 2010 and \$32.77 for 2011.

San Antonio's municipal utility voted today to reduce its stake in the expansion of the South Texas Project nuclear power station. The project looks to add two 1350 Mw reactors at the existing nuclear generating facility. The utility is looking to cut in half its participation in the project.

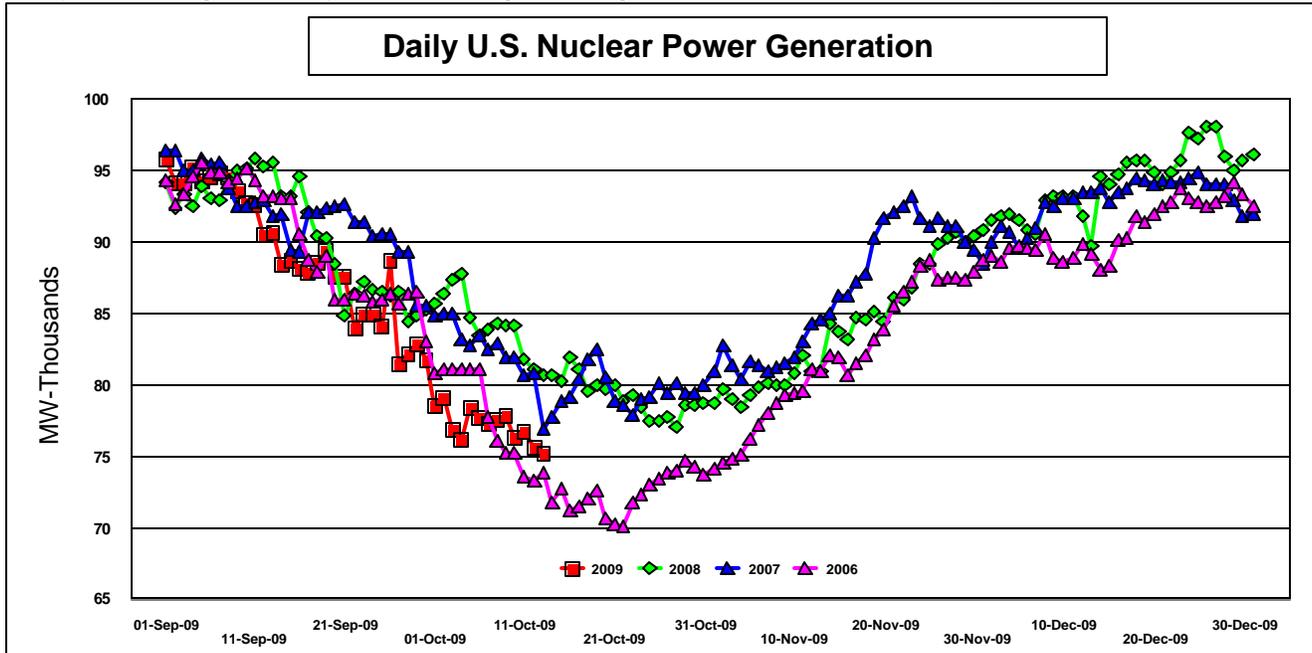
Coal supplies at U.S. power plants rose 1% this week from last week and were some 22% greater than the same time a year ago.

MARKET COMMENTARY

The day ahead cash market on ICE today posted a new record volume level today as cold temperatures began to spread into the Great Lakes and onto the East Coast and thus pushing cash values up at most trading hubs. Meanwhile though the futures market headed in the other direction as heating demand was expected to moderate by the start of next week as well as news that Chesapeake was actually seeing its production output revised upward for this year as well as next year. In addition the market received a shove downward when technically the market broke through the support of the lows of the prior two trading sessions as



well as the support line of the past six weeks this morning at \$4.652. Once this market broke this support it remained on the defensive despite the crude oil market ending the day up at levels not seen since August. It will be interesting to see if tomorrow's open interest report confirms that this sell off today was being driven by nervous longs looking to exit the market and take profits.



By late in the day the 8-14 day forecast from the National Weather Service once again flipped from yesterday's more bearish forecast and once again saw a more supportive outlook as the eastern half of the nation would have below normal temperatures once again. This market thus we feel will continue to be swayed by fluctuating weather forecast especially as nuclear generation levels remain depressed.

We see support tomorrow at \$4.51-\$4.49 followed by \$4.35, \$4.306 and \$4.113. Resistance we see at \$4.745, \$4.817, \$4.88, \$4.928 and \$5.12.

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 written permission is prohibited.

