



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 20, 2011

NATURAL GAS MARKET NEWS

North America

Surface analysis and Satellite imagery showed an area of constant convection in the western and southwestern Caribbean early Thursday morning. Experts are predicting that the system shows potential for tropical development over the next few days. The system needs to be monitored over the next few days since it is too early to accurately predict the trajectory and the strength this system may reach as it continues to move westward.

The National Oceanic and Atmospheric Administration expects La Nina to become the most important factor influencing weather throughout the country this winter. La Nina is expected to bring warmer and drier conditions throughout the south while bring wetter colder weather to the north, Great Lakes region, and the Northern Plains.

Generation Outages

MRO - FirstEnergy Corp's Perry nuclear power plant has begun to exit an outage and increased power to 36% early on Thursday from 5% on Wednesday. The plant had been shut since October 3rd to repair a startup transformer. Prairie Island's 545mw Unit 2 nuclear power unit is in the process of exiting an outage and ramped up to 7% power early on Thursday. The Xcel Energy Inc owned reactor had been shut since October 5th to replace a reactor coolant pump seal.

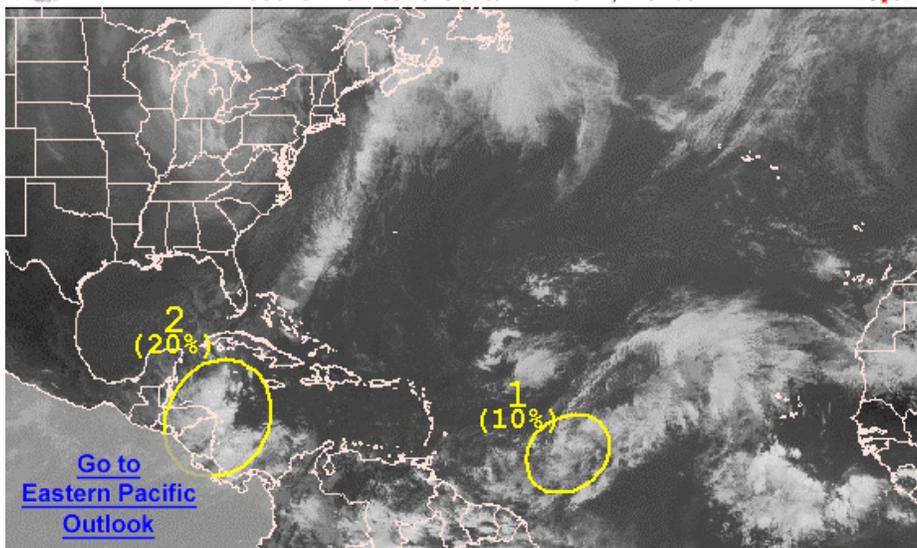
FRRC - NextEra Energy Inc was forced to manually shut its Unit 1 at the Saint Lucie nuclear power plant on Wednesday because of rising condenser backpressure. The rising condenser backpressure was caused by an unplanned trip of a circulating water pump. Plant officials did have not yet said when they expect the unit to return to service.

The NRC reported this morning that some 81,197 Mw of nuclear generation was online, down 0.48% from yesterday and some 0.96% below than the same day a year ago.



Graphical Tropical Weather Outlook

National Hurricane Center Miami, Florida



200 PM EDT THU OCT 20 2011

Satellite Image: 0100 PM EDT

Outlined areas denote current position of systems discussed in the Tropical Weather Outlook. Color indicates probability of tropical cyclone formation within 48 hours.

Low <30%
 Medium 30-50%
 High >50%

BP's Destin Pipeline will close its natural gas processing plant in Pascagoula, Mississippi for 17 days starting October 24th. BP plans to reroute gas supplies to an alternative offshore delivery point to mitigate the impact of the plant shutdown.

ExxonMobil has restarted its subsea pipeline in the Gulf of Mexico after being shut on September 20th when sheen was seen on the surface of the water. The 280 million cubic feet per day pipeline was restarted last week and is currently running at planned rates.

Energy Transfer Partners plans to construct a \$360 million natural gas gathering pipeline and cryogenic processing plant as a part of a long term agreement to provide services to ExxonMobil's XTO Energy Unit.

Royal Dutch Shell has purchased a marine terminal on Canada's Pacific Coast for as a place for a potential LNG export terminal.

The EPA is in the process of developing rules for wastewater produced by shale gas drilling. The EPA plans to propose rules for shale gas wastewater in 2014 and for coal bed methane wastewater in 2013.

Canadian Gas Association

Weekly Storage Report

	14-Oct-11	07-Oct-11	15-Oct-10
East	239	232.8	225.5
West	428.3	420	395.5
Total	667.3	652.8	621

storage figures are in Bcf

International

Cold weather in the UK prompted gas prices to reach a seven-month high as seasonal temperatures sunk well below seasonal norms causing demand to rise to its highest levels since March. Gas demand increased 10% above seasonal norms.

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	859,300	\$3.608	\$0.022	(\$0.041)	(\$0.009)	(\$0.063)
Chicago City Gate	924,500	\$3.838	\$0.011	\$0.189	(\$0.013)	\$0.105
NGPL- TX/OK	466,400	\$3.531	\$0.007	(\$0.118)	(\$0.017)	(\$0.106)
SoCal	502,100	\$3.579	(\$0.019)	(\$0.070)	(\$0.043)	(\$0.044)
PG&E Citygate	1,263,500	\$3.764	\$0.017	\$0.115	(\$0.007)	\$0.077
Dominion-South	320,100	\$3.687	\$0.031	\$0.038	\$0.007	\$0.007
USTrade Weighted	19,646,000	\$3.607	\$0.015	(\$0.042)	(\$0.01)	(\$0.063)

Italian gas company Eni plans to construct a LNG terminal in Mozambique. Eni believes that by the end of the project Mozambique will be able to produce approximately 300,000 barrels of oil equivalent per day.

PTT of Thailand predicts that the country will have lower gas consumption following the recent floods. As of Thursday two power plants have been closed and the CEO of PTT expects 2011 natural gas demand to be about 4.2 bcf/d.

Santos, an Australian firm plans to deliver the first gas from the \$16 billion Gladstone project in 2015 and has left its production guidance for 2011 at 47-50 million barrels of oil equivalent unchanged.

ELECTRIC MARKET NEWS

The Tennessee Valley Authority has announced changes in its contract with Bechtel Power to help improve output at the Watts Bar 2 nuclear power project that is scheduled to come online in 2013. The changes are expected to cut about 800 temporary construction workers.

EIA Weekly Report

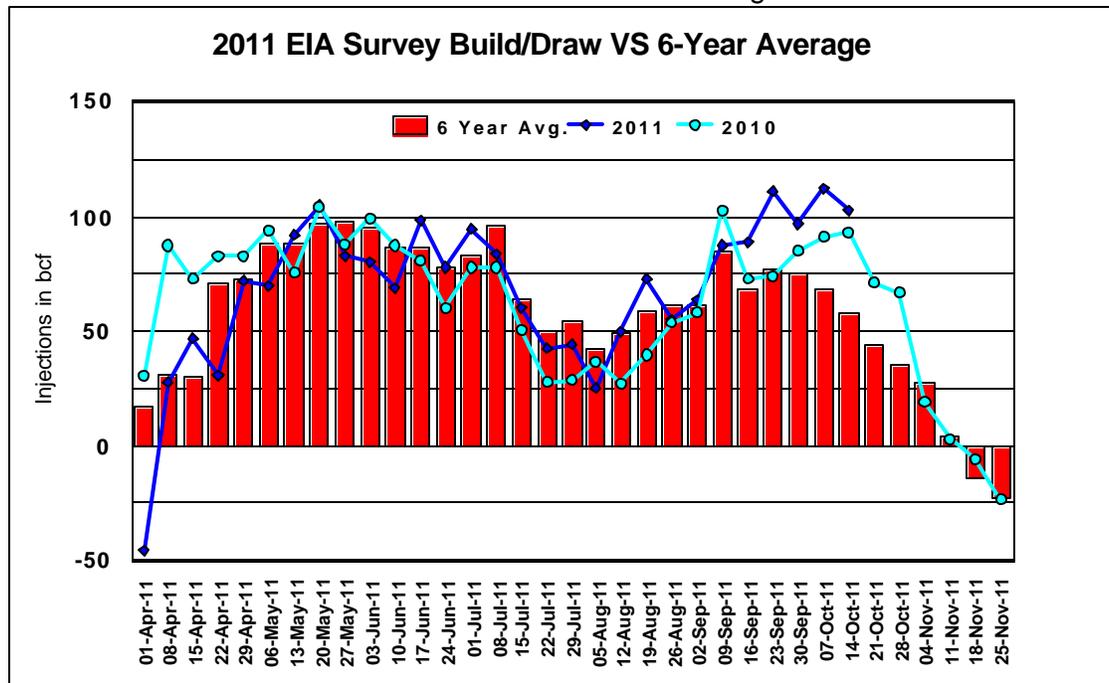
	10/14/2011	10/07/2011	Change	10/15/2010
Producing Region	1140	1104	36	1156
Consuming East	1993	1935	58	2007
Consuming West	491	482	9	507
Total US	3624	3521	103	3670

*storage figures in Bcf

ECONOMIC NEWS

The US Labor Department said initial unemployment claims fell by 6,000 to a seasonally adjusted 403,000 in the week ending October 15th. Claims filed in the previous week increased by 4,000 to an upwardly revised 409,000. It reported that the four week moving average of new claims fell by 6,250 to 403,000 last week. The report showed that the number of continuing unemployment claims totaled 3,719,000 in the week ending October 8th. The unemployment rate for workers with unemployment insurance for the week ending October 8th remained unchanged from the prior week at 2.9%.

The National Association of Realtors said US existing home sales fell more than expected in



September as banks tightened lending standards. Existing home sales fell 3% to an annual rate of 4.91 million units.

The Federal Reserve Bank of Philadelphia said its index of business conditions in the US Mid-Atlantic region increased to

8.7 in October from -17.5 in September. It unexpectedly expanded in October to its highest level in six months. It reported that new orders increased to 7.8 from -11.3 while shipments increased to 13.6 from -22.8.

Market Commentary

The natural gas market settled in positive territory for the second consecutive session amid some short covering. The market posted a low of \$3.571 in overnight trading and traded mostly sideways early in the session ahead of the release of the EIA natural gas storage report. It however rallied higher over 13 cents on the day as it posted a high of \$3.724. The market was supported by the EIA storage report showing a lower than expected build in natural gas inventories of 103 bcf compared with market expectations of a 110 bcf build. The market was also supported in light of weather forecasts calling for cooler weather over the South, Midwest and much of East Coast in the next six to ten days. The natural gas market later retraced some of its gains ahead of the close. It settled up 4.4 cents at \$3.63.

The natural gas market is seen remaining supported amid the weather forecasts. Initial support is seen at \$3.59, followed by its low of \$3.571 and \$3.559. More distant support is seen at \$3.532, \$3.512, \$3.489, \$3.446 and \$3.406. Resistance is however seen at \$3.666, \$3.712, its high of \$3.724 followed by \$3.777, \$3.795 and \$3.865.

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.