



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR OCTOBER 26, 2006

NATURAL GAS MARKET NEWS

Houston-based independent Cabot Oil & Gas Corp. on Thursday said the drop in natural gas prices in the Rocky Mountains prompted it and its partners to shut-in about 6 MMcf/d of gas from several newly completed wells. Cabot earlier this month also temporarily shut in 5.5 MMcf/d in West Virginia because of infrastructure work.

Shell Offshore Inc. said Thursday it is moving ahead to develop the ultra-deepwater Great White, Tobago and Silvertip fields in the Alaminos Canyon area of the Gulf of Mexico (GOM). Targeting the Lower Tertiary play, Shell, as operator, envisions using a spar facility moored in 8,000 feet of water that would be capable of handling 130,000 boe/d.

Norway's Statoil has found a reserve of 7 Tcf of natural gas in the Plataforma Deltana off Venezuela's coast. Exploration and certification contracts in Venezuela do not offer companies an automatic right to exploit what they discover.

PIPELINE RESTRICTIONS

Kern River Pipeline said that linepack has increased to high levels on the northern segment of the pipeline.

	EIA Weekly Report			
	10/20/2006	10/13/2006	Net chg	Last Year
Producing Region	1004	997	7	836
Consuming East	1990	1981	9	1861
Consuming West	467	464	3	431
Total US	3461	3442	19	3128

*storage figures in Bcf

natural gas pipeline for today's gas flow. PG&E issued the restriction because of high gas supplies on its system. Tolerance was set at 9%.

PIPELINE MAINTENANCE

Gulf South Pipeline said that the unscheduled maintenance on Goodrich Compressor Station Unit #5 has been extended through November 11. Capacity through the Goodrich Compressor Station could be reduced by as much as 50 MMcf/d.

Generator Problems

ECAR – Tennessee Valley Authority's 977 Mw Paradise #3 coal-fired power station shut for maintenance.

ERCOT – TXU Power's 1,150 Mw Comanche Peak #2 nuclear unit restarted following a refueling and maintenance outage. The unit is warming up offline at 8% capacity. Comanche Peak #1 remains at full power.

MAIN – Dominion Resources' 591 Mw Kewaunee nuclear unit exited a refueling outage today, reconnected to the grid and is operating at 30% capacity.

SERC – Entergy's 966 Mw River Bend nuclear unit ramped output to 89% capacity today. Yesterday, the unit was operating at 76% capacity.

Tennessee Valley Authority's 1,232 Mw Cumberland #1 coal-fired power station returned to service late yesterday following repairs to a tube leak.

The NRC reported that 73,410 Mw of nuclear capacity is on line, up .52% from Wednesday, but 6.55% lower than a year ago.

Natural Gas Pipeline Company said that Segment 17 is expected to remain at capacity due to operational conditions. IT/AOR and secondary out-of-path firm transports will be at risk of not being fully scheduled.

PG&E California Gas Transmission has called a system-wide operational flow order on its California

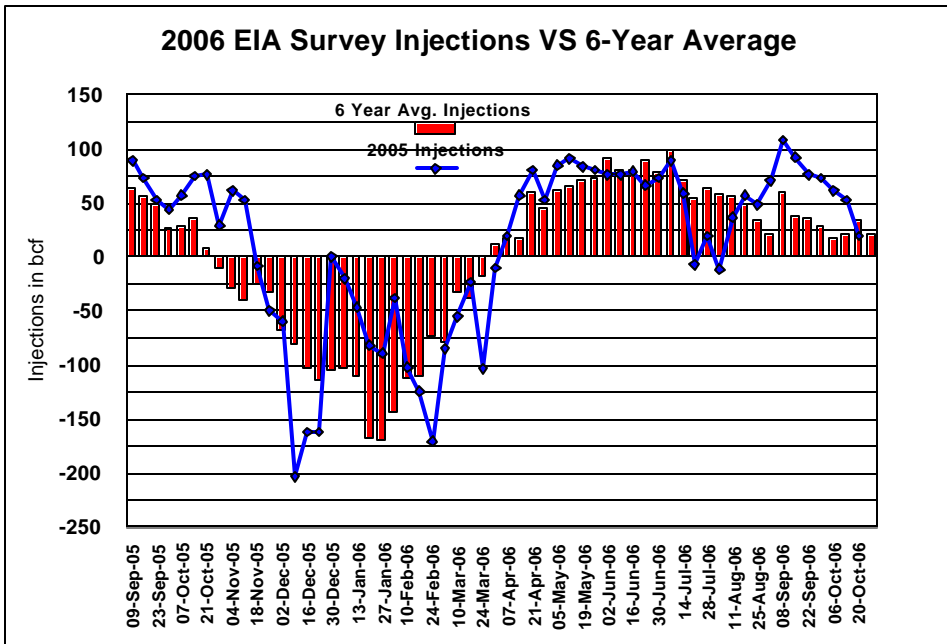
Williston Basin Interstate Pipeline Company said that the 8-inch looped line North of the Landeck Plant was identified as the line hit by a third party. The line has been isolated and repairs will begin as soon as possible. The line will be re-opened shortly and gas from LX-Bar, Middle Prong and Landeck should begin to flow shortly. One of the looped transmission lines north of Landeck on Line Section 14 was reported as blowing gas at 10:31 AM MT yesterday. Williston Basin also said that it has extended the unplanned maintenance at the Worland Compressor Plant until October 31 at 5:00 PM ET. At this time, Williston does not anticipate any restrictions to the system.

Canadian Gas Association

Weekly Storage Report

	20-Oct-06	13-Oct-06	21-Oct-05
East	244.1	242.8	244.6
West	216.1	214.6	253.3
Total	460.2	457.4	497.8

storage figures are in Bcf



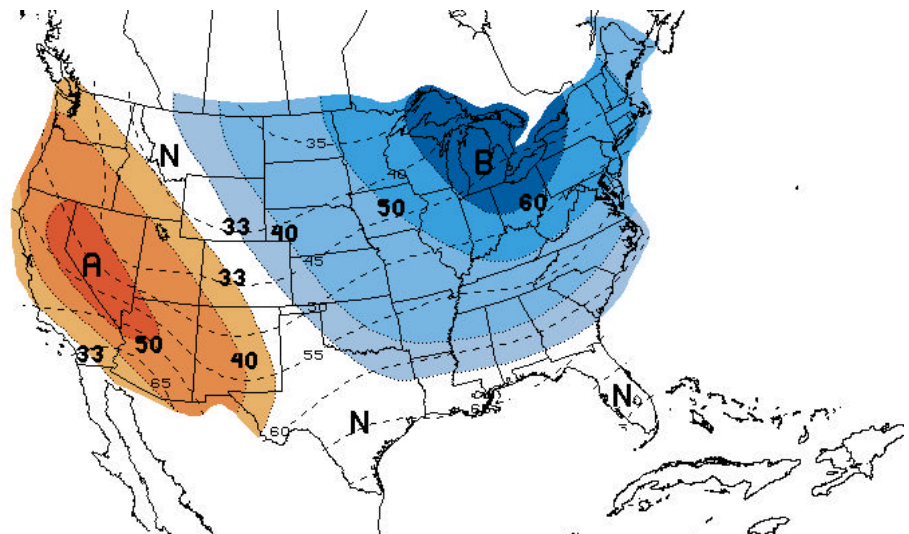
ELECTRIC MARKET NEWS

TXU Corporation has notified the Texas grid operator that it will continue to operate two of three natural gas-fired generating units it had planned to retire at its Valley power station. ERCOT told market participants that TXU retired only the oldest Valley unit, the 175 Mw unit 1, on October 1. TXU said it will operate units 2 and 3, totaling 940 Mw, to help meet the state's rapidly growing demand for electricity in the summer.

WPS Resources Corp. has received U.S. antitrust approval to acquire electric and natural gas utility

Peoples Energy Corp. for \$1.7 billion. WPS Resources said it would buy Peoples Energy as part of its expansion in the natural gas distribution business.

U.S. Energy Secretary Samuel Bodman is expected Friday to announce that the agency will spend \$450 million over the next 10 years to fund projects designed to demonstrate technologies capable of capturing and storing carbon dioxide. The money will be divided among seven regions across the country and be used to help fund large-scale carbon sequestration demonstration projects.

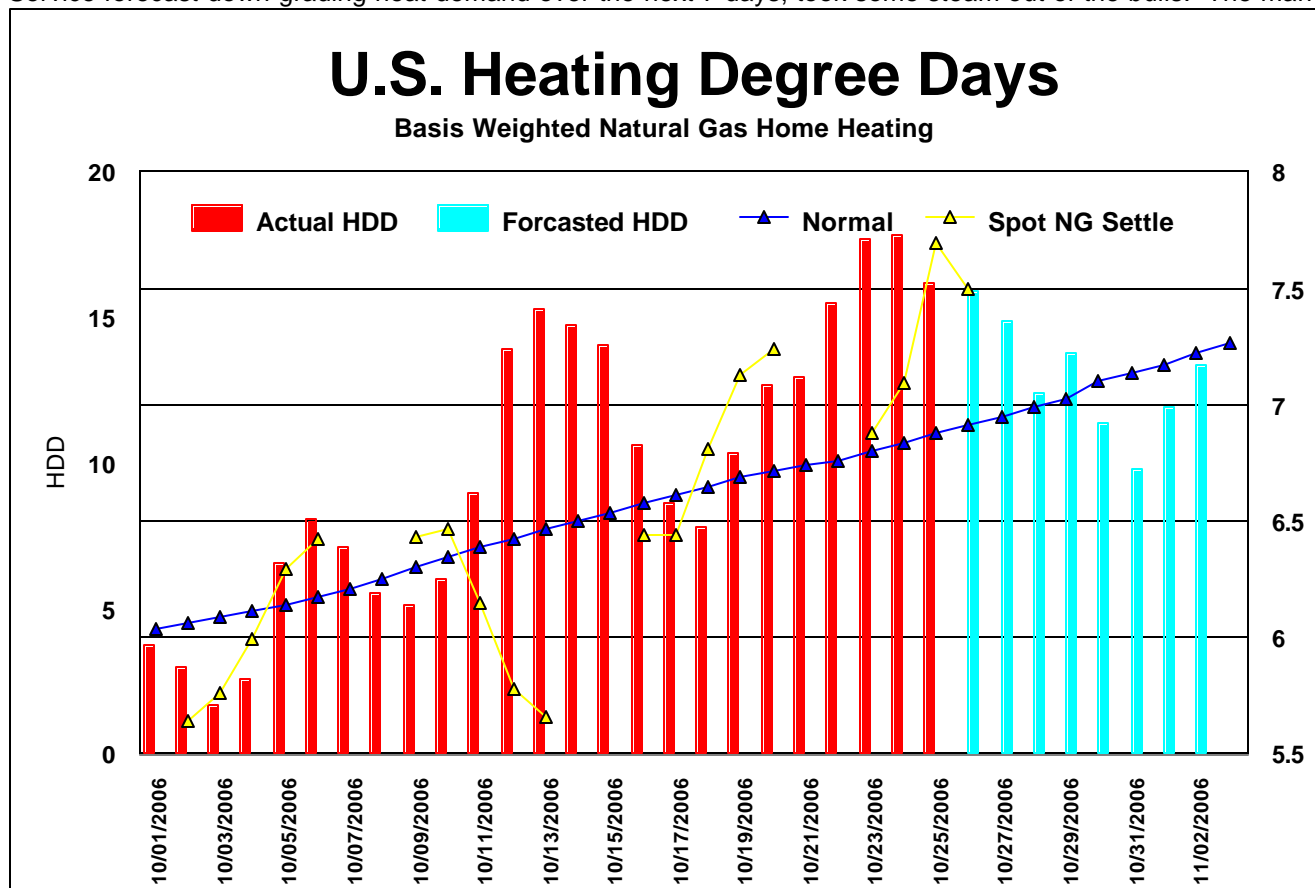


6-10 DAY OUTLOOK TEMPERATURE PROBABILITY MADE 26 Oct 2006 VALID Nov 01 - 05, 2006
 DASHED BLACK LINES ARE CLIMATOLOGY (100 F) SHADED AREAS ARE FCST VALUES ABOVE (A) OR BELOW (B) NORMAL UNSHADED AREAS ARE NEAR-NORMAL

MARKET COMMENTARY

The natural gas market opened 4 cents higher today after trading as high as 7.92 overnight on follow through buying from yesterday. However, a National Weather

Service forecast down grading heat demand over the next 7 days, took some steam out of the bulls. The market



did rise on the EIA's inventory report that showed a slightly smaller than expected build to inventories, boosting the November contract to a 7.83 high on the session. The market could not find continued traction at the upper level and returned to the downside eventually breaking back below 7.50 to a 7.45 intra-day low. November natural gas, which expires tomorrow, settled down 19.6 cents at 7.497.

The nation's total storage now stands at 3,461 Bcf, 333 Bcf over last year at this time and 315 Bcf above the five-year average. Storage currently stands at the highest total ever based on EIA data dating to 1994. The market remains susceptible to moderating weather we feel the December contract will work back below the 8.00 level as temperatures moderate later next week. Tomorrow's November futures expiration should be another choppy session as market players square their books. We feel that resistance at the 7.95-8.00 level will hold and the market will work lower. We see support at \$7.45, \$7.15, \$7.00, \$6.81 and \$6.40. We see further resistance at \$8.20 and \$8.61.

NYMEX Nat Gas Options Most Active Strikes for October 26, 2006								
Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LN	12	6	C	13	11/27/2006	0.0278	4,575	83.59
ON	12	6	C	9	11/27/2006	0.392	4,404	76.96
LN	12	6	C	11.5	11/27/2006	0.0786	4,000	81.83
ON	12	6	C	12	11/27/2006	0.056	3,550	83.83
ON	1	7	C	10	12/26/2006	0.445	2,630	68.88
LN	12	6	P	6	11/27/2006	0.0525	2,250	72.33
LN	1	7	C	12	12/26/2006	0.1832	2,150	71.14
LN	3	7	C	12	02/23/2007	0.3881	2,150	66.57
ON	12	6	P	7	11/27/2006	0.241	1,771	72.12
LN	4	8	C	10	03/26/2008	0.5692	1,750	25.42
LN	12	6	C	11	11/27/2006	0.1107	1,500	81.11
LN	12	6	P	7.5	11/27/2006	0.422	1,179	75.25
LN	2	7	C	12	01/26/2007	0.3241	1,150	68.63
ON	12	6	P	7.25	11/27/2006	0.324	1,139	72.66
LN	1	7	C	9	12/26/2006	0.7025	1,050	62.35
LN	4	7	C	9	03/27/2007	0.4836	1,000	41.27
ON	12	6	P	8	11/27/2006	0.665	967	74.19
LN	12	6	P	7	11/27/2006	0.2406	940	73.81
LN	4	7	P	7.2	03/27/2007	0.5784	900	49.12
LN	1	7	P	8	12/26/2006	0.6322	850	67.72
LN	1	7	P	6	12/26/2006	0.0825	850	66.62
LN	1	7	C	15	12/26/2006	0.0485	800	75.29
LN	2	7	C	15	01/26/2007	0.1099	800	71.15
LN	3	7	C	15	02/23/2007	0.1603	800	69.75
LN	12	6	C	9	11/27/2006	0.3917	800	74.65
ON	12	6	P	8.3	11/27/2006	0.841	760	75.10
ON	12	6	C	8.3	11/27/2006	0.609	710	75.04
ON	12	6	C	11	11/27/2006	0.111	707	82.63
LN	1	7	P	7	12/26/2006	0.2634	650	66.21
LN	12	6	P	5.5	11/27/2006	0.0189	650	72.14
LN	1	8	P	8.25	12/26/2007	1.0101	550	49.01
ON	1	8	C	8.25	12/26/2007	1.983	550	43.49
LN	1	8	C	8.25	12/26/2007	1.9555	550	22.27
ON	1	8	P	8.25	12/26/2007	1.015	550	41.92
LN	2	7	C	9	01/26/2007	0.9052	550	60.25
ON	2	8	C	8.25	01/28/2008	2.056	550	44.57
LN	2	8	C	8.25	01/28/2008	2.0231	550	22.56
LN	2	8	P	8.25	01/28/2008	1.0851	550	50.19
ON	2	8	P	8.25	01/28/2008	1.093	550	42.92
LN	3	8	P	8.25	02/26/2008	1.2399	550	52.21
ON	3	8	P	8.25	02/26/2008	1.252	550	44.64
LN	3	7	C	9	02/23/2007	0.9425	550	58.39
LN	3	8	C	8.25	02/26/2008	1.972	550	25.12
ON	3	8	C	8.25	02/26/2008	2.005	550	45.98
ON	4	8	C	8.25	03/26/2008	0.981	550	33.57
ON	4	8	P	8.25	03/26/2008	1.337	550	34.26
LN	4	8	P	8.25	03/26/2008	1.3221	550	43.73
LN	4	8	C	8.25	03/26/2008	0.9766	550	19.15
ON	5	8	P	8.25	04/25/2008	1.41	550	34.00
LN	5	8	C	8.25	04/25/2008	0.9068	550	18.45
LN	5	8	P	8.25	04/25/2008	1.3799	550	43.52

ON	5	8 C	8.25	04/25/2008	0.921	550	32.98
LN	6	8 C	8.25	05/27/2008	0.956	550	17.31
LN	6	8 P	8.25	05/27/2008	1.3671	550	43.36
ON	6	8 P	8.25	05/27/2008	1.384	550	33.36
ON	6	8 C	8.25	05/27/2008	0.958	550	32.45
ON	7	8 C	8.25	06/25/2008	1.042	550	33.30
LN	7	8 P	8.25	06/25/2008	1.3717	550	43.77
LN	7	8 C	8.25	06/25/2008	1.0263	550	16.76
ON	7	8 P	8.25	06/25/2008	1.4	550	34.07
ON	8	8 P	8.25	07/28/2008	1.442	550	34.96
LN	8	8 C	8.25	07/28/2008	1.0954	550	16.75
LN	8	8 P	8.25	07/28/2008	1.4119	550	44.72
ON	8	8 C	8.25	07/28/2008	1.113	550	34.22
ON	9	8 P	8.25	08/26/2008	1.5	550	36.50
LN	9	8 P	8.25	08/26/2008	1.4667	550	46.20
ON	9	8 C	8.25	08/26/2008	1.214	550	35.83
LN	9	8 C	8.25	08/26/2008	1.1924	550	17.38
ON	10	8 P	8.25	09/25/2008	1.552	550	37.96
ON	10	8 C	8.25	09/25/2008	1.323	550	37.40
LN	10	8 P	8.25	09/25/2008	1.5124	550	47.52
LN	10	8 C	8.25	09/25/2008	1.2933	550	17.74
ON	11	8 P	8.25	10/28/2008	1.371	550	35.59
LN	11	8 P	8.25	10/28/2008	1.3379	550	45.11
ON	11	8 C	8.25	10/28/2008	1.448	550	35.77
LN	11	8 C	8.25	10/28/2008	1.4115	550	11.91
ON	12	8 P	8.25	11/21/2008	1.229	550	34.25
ON	12	8 C	8.25	11/21/2008	1.611	550	35.19
LN	12	8 P	8.25	11/21/2008	1.1984	550	43.55
LN	12	6 C		10 11/27/2006	0.2068	504	77.99
LN	1	7 P	5	12/26/2006	0.0117	500	64.14
LN	1	8 P	5	12/26/2007	0.0921	500	44.21
LN	2	8 P	5	01/28/2008	0.1156	500	45.34
LN	3	8 P	5	02/26/2008	0.1398	500	45.46
LN	12	6 P	7.25	11/27/2006	0.3235	500	74.52

