



ENERGY RISK MANAGEMENT

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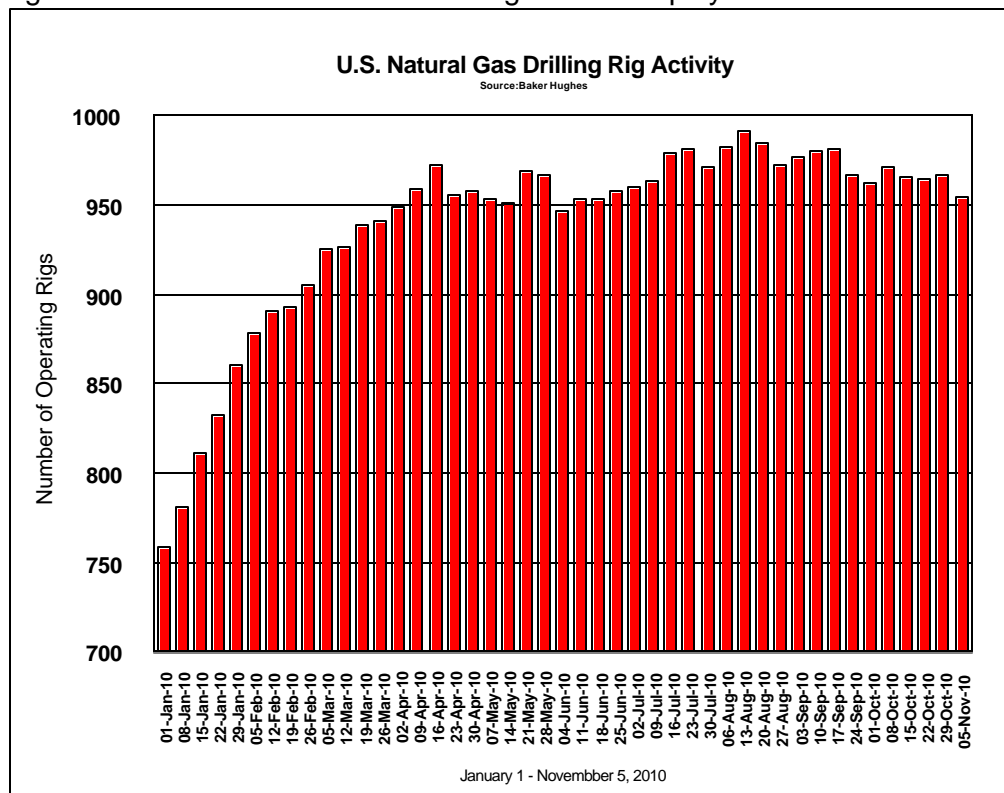
NATURAL GAS & POWER MARKET REPORT FOR NOVEMBER 5, 2010

NATURAL GAS MARKET NEWS

Tennessee Gas Pipeline late Thursday declared a force majeure on a portion of its natural gas pipeline system located in southwestern New York State, due to a necessary pressure reduction in a valve section. The problem was discovered during routine inspections. The company said that starting November 9th it would further investigate the anomaly, which was discovered in valve section 225-1 to 226-1. Following this investigation the company will determine if repairs are necessary, including any pipeline replacement.

The NRC reported today that some 78,183 Mw of generating capacity was online today, down 1.1% from yesterday and 5.8% higher than the same day a year ago.

Baker Hughes reported this afternoon that the number of drilling rigs searching for natural gas in the United States for the week ending November 5th fell by 12 to 955 rigs. This is the lowest number operating since the week of June 18th. But this supportive report was balanced by the report that the number of horizontal rigs operating in the United States rose by 24 to a new record high of 943. These rigs are most often used to search for gas in shale plays.



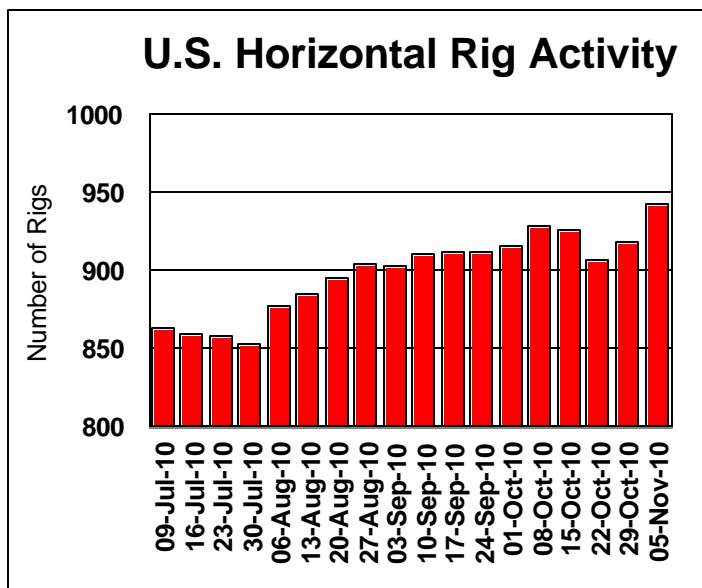
Reuters reported that according to shipping sources it appears that the Qatari LNG tanker, the Al Mafyar was passing through the Suez Canal on Friday and was due to arrive in Britain in mid-November. The ship can carry up to 266,000 cubic meters of LNG.

National Grid reported that gas flows from U.K. St. Fergus Mobil terminal resumed Friday. Output from the terminal dropped to zero on Thursday afternoon and saw intermittent flows

overnight.

The Ukrainian state energy firm, Naftogaz said it has paid Gazprom \$1.063 billion for October gas supplies.

Canada's Environmental Minister John Baird said he would assume responsibility for the stalled \$16.2 billion Mackenzie Arctic gas pipeline following the resignation of his predecessor Jim Prentice, who has headed up the project since 2006. The project is still awaiting a final ruling from the National Energy Board. Imperial Oil, which is leading the project, has said it will not make a final decision to go ahead with the project until 2013. The 760-mile line would move 1.2 bcf/d of gas along the Mackenzie River Valley.



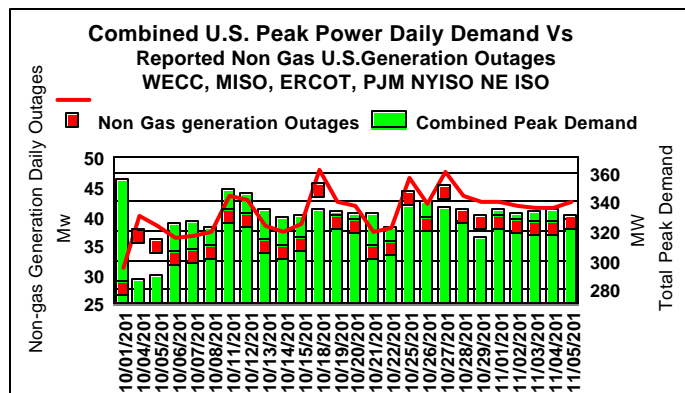
ECONOMIC NEWS

Fed Chairman Bernanke said today that sharp price hikes for globally traded commodities were an exception to generally muted prices for other products. He noted these higher prices are going to be a contributor to inflation in the U.S. but felt there was enough slack in the economy to prevent producers from passing higher prices on fully. Once inflation pressures become visible, the U.S. central bank will have to modify its current stance of accommodative monetary policy.

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	606,100	\$3.468	(\$0.057)	(\$0.413)	(\$0.200)	(\$0.384)
Chicago City Gate	633,800	\$3.673	(\$0.155)	(\$0.208)	(\$0.269)	(\$0.252)
NGPL- TX/OK	507,800	\$3.426	(\$0.045)	(\$0.455)	(\$0.159)	(\$0.528)
SoCal	307,300	\$3.447	(\$0.151)	(\$0.435)	(\$0.265)	(\$0.466)
PG&E Citygate	1,026,600	\$3.957	(\$0.102)	\$0.076	(\$0.216)	\$0.145
Dominion-South	418,500	\$3.710	(\$0.090)	(\$0.171)	(\$0.204)	(\$0.220)
USTrade Weighted	20,337,000	\$3.536	(\$0.086)	(\$0.345)	(\$0.20)	(\$0.384)

ELECTRICITY NEWS

The European Union said it would announce measures to tackle "gaming" of the UN's system of carbon offsetting before the end of this month. An expected ban would apply to disputed offsets used by companies to comply with the EU's emissions trading scheme in which they would avoid cutting their own emissions and would instead offset them by buying cheaper reductions in developing countries. The new proposal looks like it would call for a total ban from 2013 of the most common type of offsets for industry, which involve HFC-23, adipic acid and nitrous acids. The majority of the disputed carbon offsets are generated in China and India.



State and federal regulators said they are ready to cooperate with the Department of Justice in its civil investigation into the way Entergy Corporation operates its transmission system and power plants in Louisiana and three other states. Independent power producers and small utilities in the region have been complaining for years about how Entergy

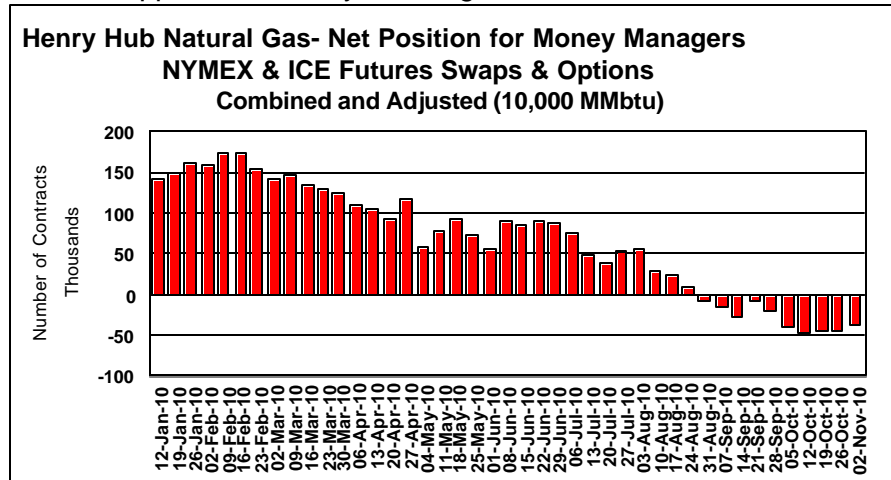
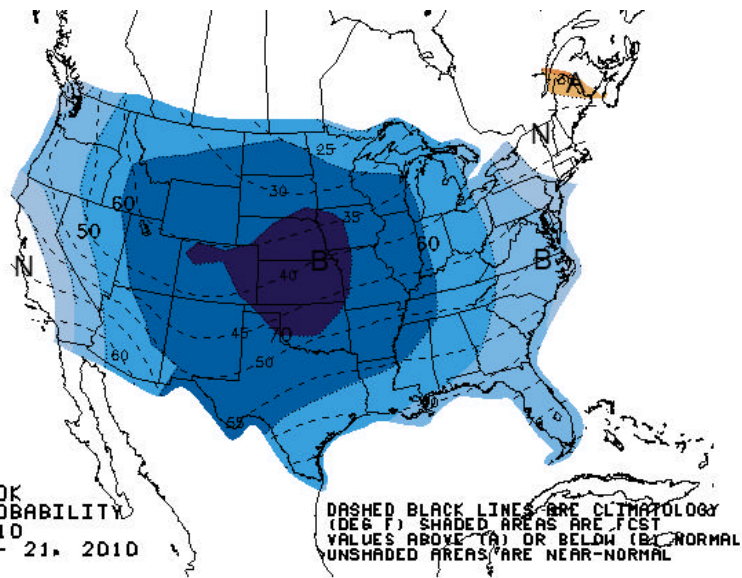
to cooperate with the Department of Justice in its civil investigation into the way Entergy Corporation operates its transmission system and power plants in Louisiana and three other states. Independent power producers and small utilities in the region have been complaining for years about how Entergy

controls access to its 15,000-mile transmission system. The company was notified back in September that the Department of Justice was looking into the matter.

MARKET COMMENTARY

The natural gas market finished higher for the second day in a row

helped by a supportive Baker Hughes report of a declining natural gas drilling rig count as well as a much more bullish weather forecast especially in the 8-14 and 11-15 day forecasts from yesterday. We would look for this market on Monday to retest recent highs especially if temperature forecasts remain supportive Monday morning. But even with bullish forecasts the outlook of record inventories



will act as a brake on any extended rally for this market in our mind. We see resistance on Monday starting at \$3.948-\$3.965 followed by \$4.017, \$4.138 and \$4.187. Additional resistance we see at \$4.321 and \$4.376. Support we see at \$3.846, \$3.804 and \$3.743. Additional support we see at the gap on the spot continuation chart from \$3.656-\$3.391.

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