



ENERGY RISK MANAGEMENT

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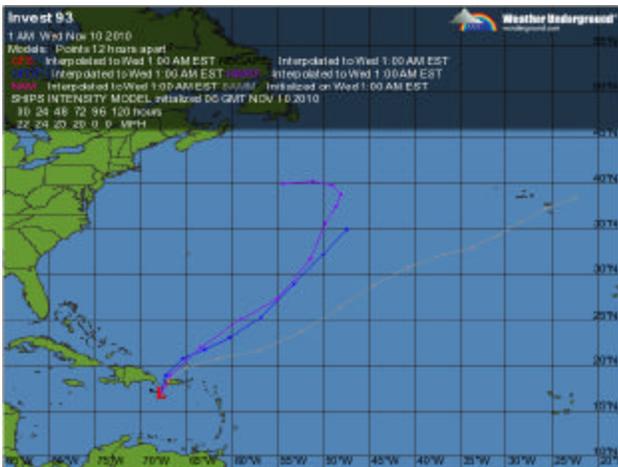
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NATURAL GAS & POWER MARKET REPORT FOR NOVEMBER 10, 2010

NATURAL GAS MARKET NEWS

The National Hurricane Center said today that the low-pressure system in the Caribbean near Puerto Rico still has only a 10% chance of becoming a tropical cyclone in the next 48 hours. The storm system though remains no risk to the Gulf of Mexico.

The NRC reported today that some 79,407 Mw of generating capacity was online today, up 0.6% from yesterday and 5.9% higher than the same day a year ago.



Tennessee Gas Pipeline said today that repair work continues at its Station 325 in Liberty, New Jersey, following an automatic shutdown earlier this week. The estimated reduction in capacity through the station has been averaging 50,000 dekatherms. The company hopes to have the evaluation of Unit 3A at the station to be completed on Thursday and once the cause is determined and resolved, the unit will return to service. Unit 2A was restored and resumed normal operation late Monday. The company has also reported that in southwestern New York, where it had been forced to declare a force majeure event, its review and assessment of a valve section 225-1 to 226-1 had been completed and that repairs to this section of the line can be completed without any pipe replacement, but pressure reductions there will continue until the valve repairs are completed. The work is expected to be completed by Friday.

Gazprom said it would start commercial talks with South Korea's Kogas on delivering at least 10 bcm of gas a year starting in 2017. The head of Gazprom noted that Europe remained Gazprom's number one gas export market, but noted Asian markets could reach comparable levels in the near future.

Poland's gas monopoly PGNiG may ask government regulators for a cut in the natural gas tariff. The current tariff was just raised by 6% in October, but due to the declining dollar, the import costs for PGNiG has decreased significantly.

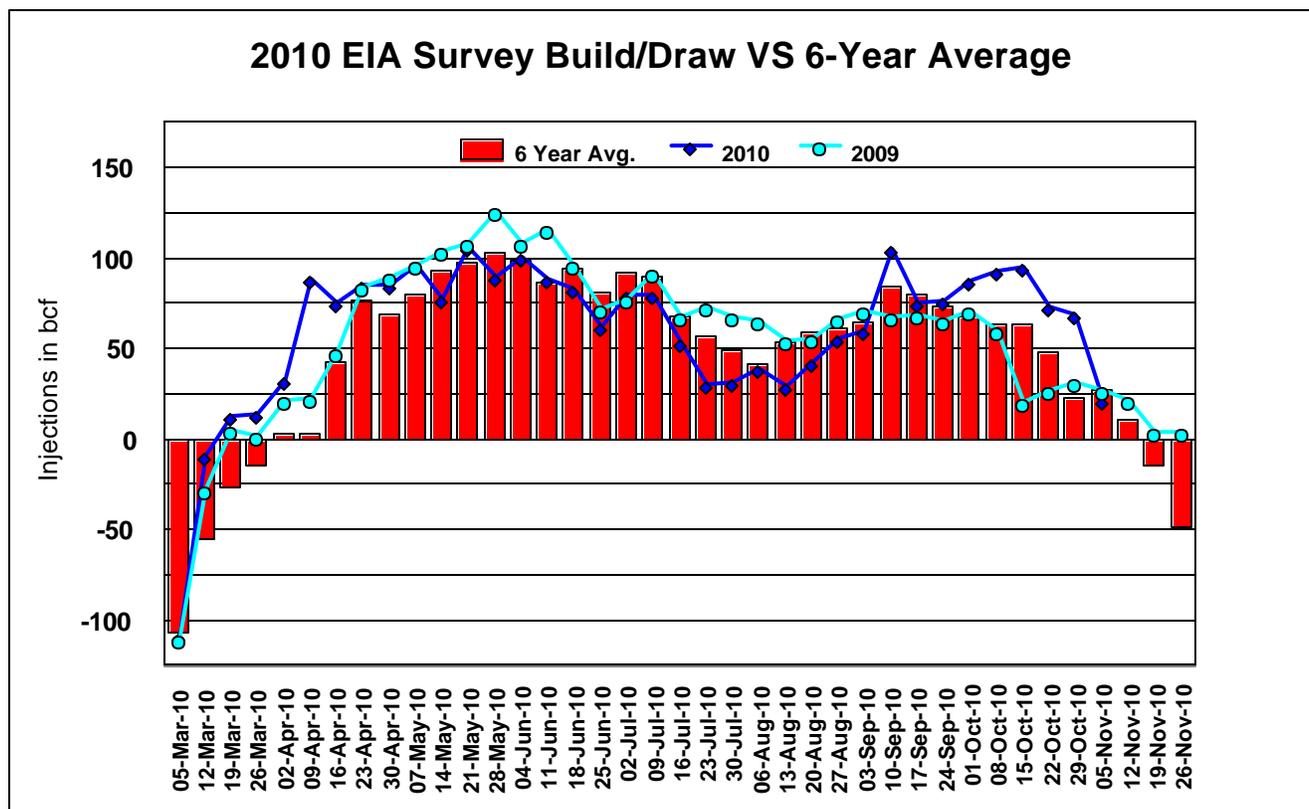
EIA Weekly Report

	11/06/2010	10/29/2010	Change	11/06/2009
Producing Region	1233	1218	15	1198
Consuming East	2087	2087	0	2092
Consuming West	520	516	4	520
Total US	3840	3821	19	3809

*storage figures in Bcf

BP announced Wednesday that it was taking steps to shut its Rhum oil and natural gas field that it jointly owns with Iran, confirming a warning last month that new European sanctions on Iran could interrupt the operation. The company said it

would take several days for the shutdown to be completed. The company was taking this action until the government can clarify the details of the new sanction regime. The field produces the equivalent of 15,000 b/d of oil and 6 million cubic meters of gas a day accounting for just 5% of BP's British North Sea oil production and less than 1% of gas output.



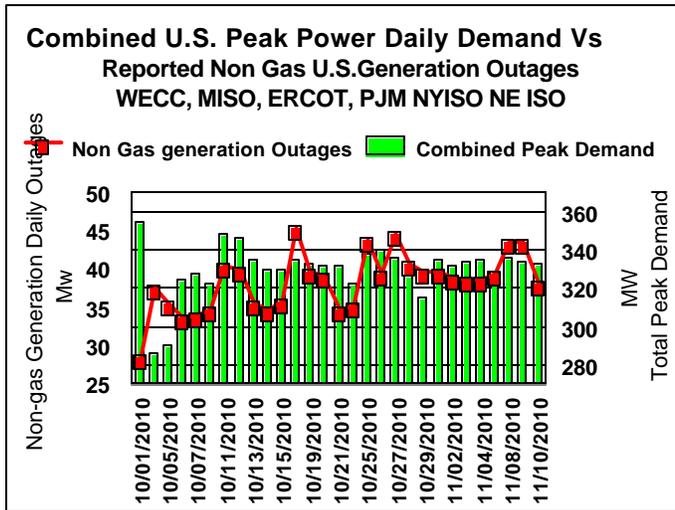
ECONOMIC NEWS

The Labor Department said initial unemployment claims fell by 24,000 to 435,000 in the week ending November 6th, the lowest level in four months. The previous week's figures were revised to 459,000 from 457,000. The four week moving average fell by 10,000 to 446,500 from the prior week's revised average of 456,500. It reported that the number of continuing claims fell by 86,000 to 4,301,000 from the preceding week's revised level of 4,387,000. The unemployment rate for workers with unemployment insurance in the week ending October 30th was 3.4%, down 0.1% from the prior week's revised rate of 3.5%.

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	650,000	\$3.998	\$0.235	(\$0.111)	\$0.190	(\$0.238)
Chicago City Gate	689,400	\$4.148	\$0.154	\$0.039	\$0.181	(\$0.120)
NGPL- TX/OK	564,700	\$3.851	\$0.204	(\$0.258)	\$0.231	(\$0.435)
SoCal	241,200	\$4.060	\$0.149	(\$0.049)	\$0.176	(\$0.274)
PG&E Citygate	970,300	\$4.541	\$0.023	\$0.432	\$0.050	\$0.255
Dominion-South	367,500	\$4.220	\$0.200	\$0.111	\$0.227	(\$0.094)
USTrade Weighted	20,511,400	\$4.085	\$0.163	(\$0.024)	\$0.19	(\$0.238)

The Labor Department said US import prices in October increased at the strongest pace since April due to higher oil and food prices. The price of goods imported into the US increased by 0.9% last month following a decline of 0.1% in September. The October monthly increase was driven by a 3% rise in fuel import prices while food prices increased by 1.1% in October.

The Commerce Department said the US trade deficit contracted sharply in September. The total US deficit in international trade of goods and services fell by 5.3% to \$44 billion from an upwardly revised \$46.48 billion in August. The US trade deficit with China fell to \$27.83 billion after reaching a record \$28.04 billion in August. The US bill for crude imports in September fell to \$20.96 billion from \$22.55 billion in August.



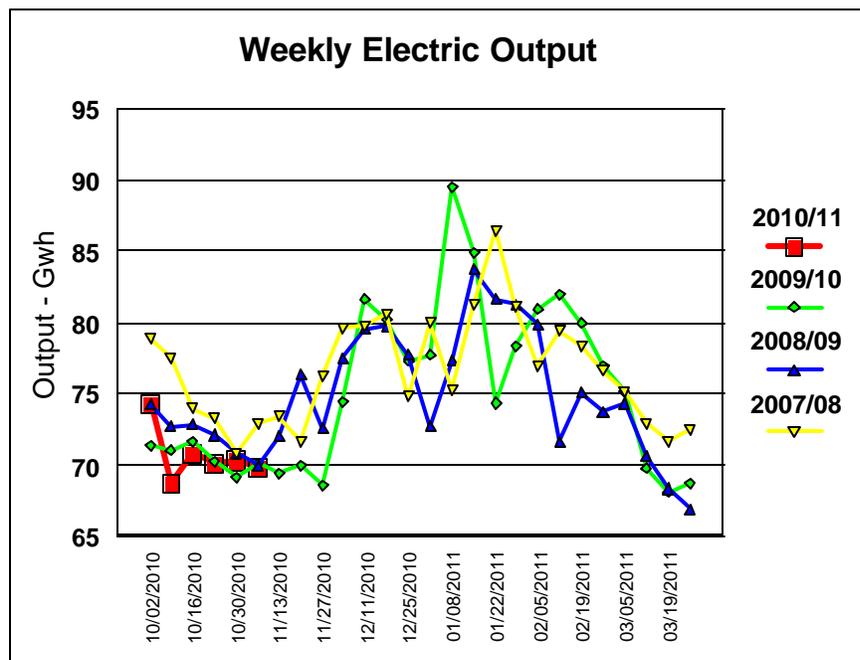
ELECTRICITY NEWS

The Edison Electric Institute reported today that for the week ending November 6th, electric production in the United States reached 69,921 Gwh, down 0.5% from the previous week and some 0.3% less than the same week a year ago.

TransAlta Corporation said today that it is planning on building a new 800 Mw gas fired power plant near the existing Sundance power plant in Alberta and will be interconnected to the site.

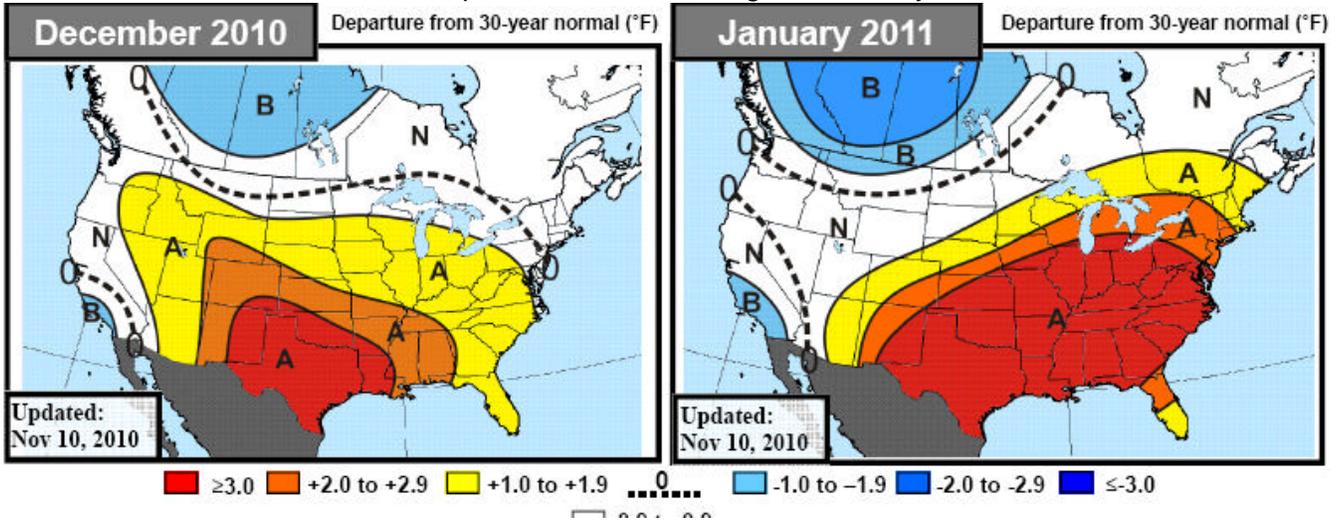
MARKET COMMENTARY

The natural gas market today posted an outside trading session, the first one since November 1st. The market today was driven by two things the storage report and weather forecasts. The EIA released its weekly storage report at midday and it showed a slightly smaller than expected build in working gas stocks. This was the first storage report in nine weeks that showed weekly injections falling behind the pace of injections from a year ago. But despite this smaller than expected injection rate, total stocks still set a new all time storage record of 3.84 tcf, some 3 bcf higher than last year's all time record level. While the release of the report



triggered a short-term move to the highs of the day, temperature forecasts though dominated the overall direction of the day. Midday temperature forecasts continued to trend towards a warmer forecast for much of the nation especially for the 11-15 day period, a reversal of market perceptions from late last week and earlier this week. Also widely watched private weather forecaster EarthSat late this morning was warning that U.S. heating degree days based on natural gas usage for December and January would also be disappointing, falling below year ago levels as well as seasonal averages. As a result prices were able to settle lower for the first time in four trading sessions.

While this afternoon's bearish temperature outlook had a low confidence factor assigned to it, the bulls in this market are obviously nervous. We continue to feel that with temperatures near term expected to moderate across the east as well as become warmer to much warmer than normal across the midsection of the nation coupled with record storage levels should help drag the futures market lower, back below the 40 day moving average, which tonight is at \$4.023. We see a challenge of the support line of the past several week rally which tomorrow is situated at \$3.895. Additional support we see at \$3.875 and \$3.786. More distant support we continue to mark at \$3.656-\$3.41. Resistance we see at \$4.25 followed by \$4.376 and \$4.43-\$4.455. The March-April 2011 spread today could not break through yesterday's high of 4.6 cents and spent most of the day on the defensive settling back at last Thursday settlement level of 2.8 cents and retracing over 65% of the rally of the past week. We would look for initial support at 2.5-2.4 cents followed by 2.1 cents and then the lows of the month at 1.4 cents. We continue to look for this spread to move into negative territory over the next month.



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