



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 NOVEMBER 16, 2011

NATURAL GAS MARKET NEWS

North America

Atlas Pipeline Partners plans to build an additional gas processing unit at its west Texas plant to accommodate increased gas production at its Permian Basin facility. The \$200 million project will increase plant capacity from 255 mmcf/d to 455 mmcf/d. The first phase will add 100 mmcf/d by the first quarter of 2013 and the second phase will add an additional 100 mmcf/d by the first quarter of 2015.

Generation Outages

SERC - The 920MW Unit 2 at the Brunswick nuclear power station closed on Tuesday following the discovery of an undisclosed leak while the plant was exiting a planned maintenance outage. Dominion's North Anna nuclear power plant increased power in its Unit 1 to 72% power early on Wednesday from 8% power on Tuesday. The plants Unit 2 continues to remain out of service.

The NRC reported this morning that some 84,786 Mw of nuclear generation was online, up 1.31% from yesterday and up 4.35% from the same day a year ago.

El Paso Corp's Tennessee Gas pipeline ruptured on Wednesday in Athens County, Ohio. Local media

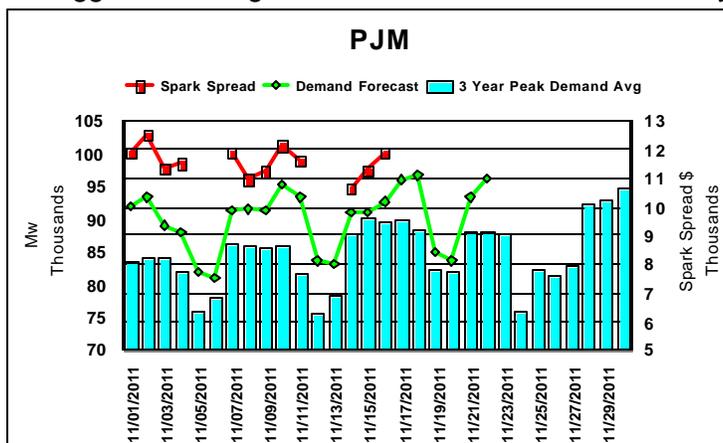
Natural Gas Cash Market						
ICE Next Day Cash Market						
Location	Volume Traded	Avg Price	Change	Basis (As of 12:30 PM)	Change	Basis 5-Day Moving Avg
Henry Hub	906,000	\$3.113	(\$0.006)	(\$0.258)	\$0.091	(\$0.153)
Chicago City Gate	1,329,400	\$3.408	\$0.044	\$0.037	\$0.095	(\$0.067)
NGPL- TX/OK	655,300	\$3.085	\$0.007	(\$0.286)	\$0.058	(\$0.322)
SoCal	551,900	\$3.549	\$0.040	\$0.178	\$0.091	\$0.064
PG&E Citygate	971,600	\$3.891	\$0.007	\$0.520	\$0.058	\$0.413
Dominion-South	782,500	\$3.281	\$0.073	(\$0.090)	\$0.124	(\$0.161)
USTRade Weighted	24,475,900	\$3.302	\$0.040	(\$0.069)	\$0.09	(\$0.153)

is reporting that a 12 mile stretch of pipeline has been isolated and cut off while gas was burning itself out. The media report also indicated that at least one person was injured from the explosion.

US Republicans are at odds with the Obama administration plan to expand regulations on fracking. The Interior Department is currently attempting to update rules for fracking on public lands and is trying to develop a proposal that would require drillers to disclose the chemicals they use while drilling for gas. Republicans are arguing that the new regulations have the potential to limit the development of the resource.

The head of Chesapeake Energy one of the US' biggest natural gas drillers does not want the country to ship gas overseas despite his company agreeing to supply fuel for a proposed export project. He hopes that through legislation in Washington the country will start to switch over diesel engines to natural gas however if the government creates unfavorable policies toward natural gas he is willing to ship his supplies to the highest bidder.

ExxonMobil Corp is looking at options to export liquefied natural gas from the US and Canada, a move that would represent a

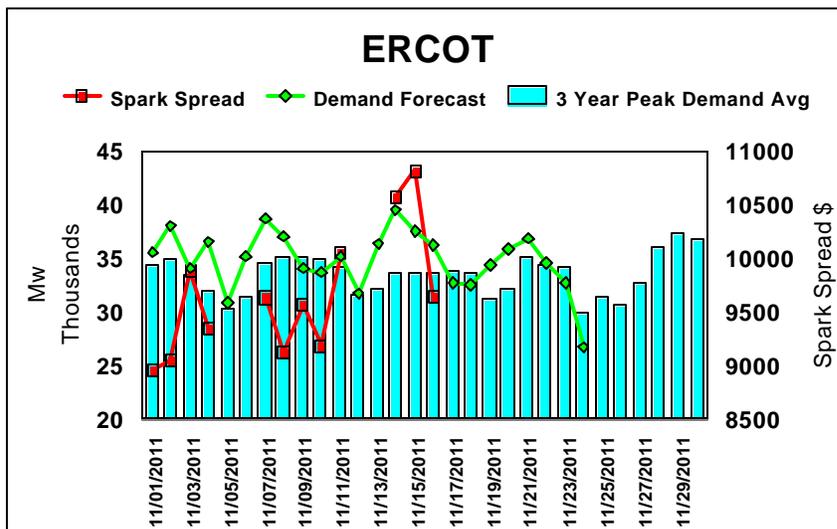


shift in strategy for the company that has built a receiving LNG terminal in Texas and was betting on domestic US consumption. ExxonMobil spent \$2 billion building the Golden Pass LNG terminal near the Texas-Louisiana border.

International

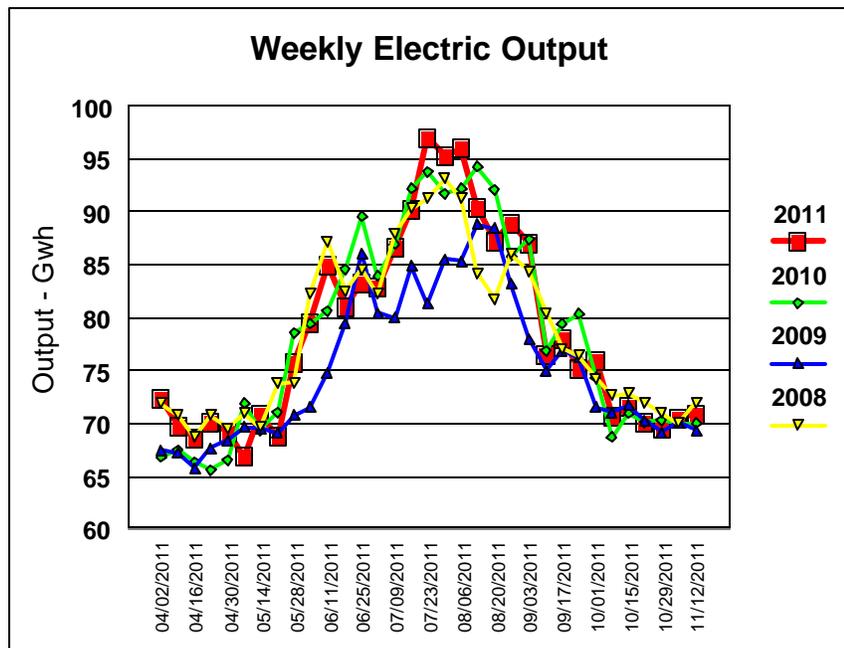
The trading branch of the French state-owned utility, Electricite de France, EDF Trading, has signed a deal to secure import capacity for two years at the new Gate LNG terminal in Rotterdam that opened in September.

Azerbaijan is in discussion with Turkey's Botas and BP to export excess gas volumes for the next six years as European consumers attempt to reduce their dependence on Russian gas supplies. Azerbaijan said that it plans to start selling small volumes to southeast Europe using their infrastructure but the actual route that has available capacity was not named. In addition, Azerbaijan said it is ready to sell Bulgaria 1 bcm of LNG.



The Russian government denied a report from a Ukrainian news agency that cited an unnamed government source saying the two countries had come to an agreement on price for natural gas deliveries in 2012. The Interfax news agency cited a spokesman for Prime Minister Putin saying that negotiations are continuing and it is still premature to say anything else.

Iraq, Shell and Mitsubshi are set to put the final signatures on the \$17.2 billion deal to process gas in three giant fields in southern Iraq on November 24th.



The joint venture between Saudi Aramco and Shell has secured approval from the Saudi government to explore for gas in the Rub al-Khali region. As a result the companies plan to drill three appraisal wells and conduct studies with the goal of further defining developmental prospects by 2013. The first phase of exploration included drilling seven exploration wells as Saudi Arabia tries to increase its gas production to meet domestic energy needs so it can export more crude oil.

The first Egyptian LNG cargo from Damietta since the start of 2010 is scheduled for delivery to France

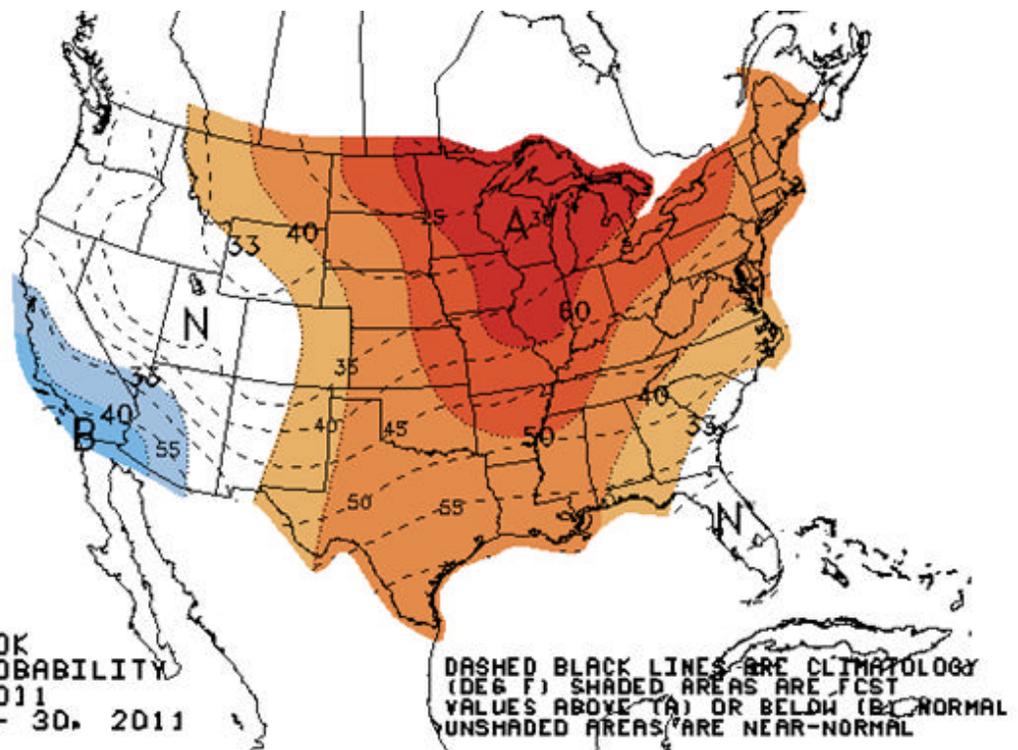
on December 5th. The Cadiz Knutsen is expected to transport a 138,000 cubic meter shipment to France's Fos Cavaou terminal.

The Turkish Finance Minister said that the country expects more Qatari investment in the country and is interested in building a LNG plant in order to take deliveries from Qatar and ship them to Europe. Qatargas said it plans to maintain deliveries to Europe although the shipments are subject to diversions to higher-paying markets in Asia. Yesterday, Gazprom officials hinted that Qatar would start to reduce shipments to Europe due to the Euro zone debt crisis.

Qazprom officials expanded LNG demand to exceed 80 million tonnes this year in Japan up from 70 million tonnes in 2010. The country also expects Japan's annually imports to exceed 100 million tonnes per year in the upcoming years, the total size of world's LNG market 10 years ago. The Russian company said that they expect total Asian demand for LNG this year to reach 152 million tonnes a 15% increase from 2010.

Economic News

The US Labor Department said the cost of living in the US declined in October from a month earlier, easing concerns over inflation. It reported that the Consumer Price Index fell a seasonally adjusted 0.1% in September, led by a decline in gasoline and other energy costs. Overall prices were up by



0.3% in September. The core CPI increased by 0.1% in October.

The Federal Reserve said US industrial production expanded in October as factory output increased. Overall production increased by 0.7% in October following a revised 0.1% decline in September. The Fed data showed that industries used 77.8% of their capacity last month compared with 77.3% in September.

The Mortgage Bankers Association said applications for US home mortgages fell last week. It said its seasonally adjusted index of mortgage application activity, which includes both refinancing and home purchase demand, fell by 10% in the week ending November 11th. The decline erased a gain of 10.3% the previous week. The MBA's seasonally adjusted index of refinancing applications fell by 12.2% while the index of loan requests for home purchases fell by 2.3%.

Market Commentary

The natural gas market settled in negative territory for the sixth consecutive session as it remains pressured by the mild weather forecasts. The market traded mostly sideways in overnight trading before it retraced some of its losses and posted a high of \$3.439 early in the session. The market was buoyed as traders covered their some of their positions. The market however erased its early gains and continued its downward trend. The market posted a low of \$3.326 ahead of the close. It settled down 6 cents at \$3.344.

Market expectations for Thursday's release of the EIA natural gas storage report is for a build of 26 bcf. Natural gas inventories fell an adjusted 1 bcf during the same week last year while the five year average build was 10bcf.

The natural gas market's gains will remain limited by the weather forecasts calling for temperatures as much as 15 degrees above normal expected in some US regions over the next ten days. The East Coast and South expected to see temperatures much above normal. The market will also remain pressured if tomorrow's report shows another above average build in inventories. The market is seen finding resistance at \$3.382, \$3.413, its high of \$3.439 followed by \$3.468, \$3.483 and \$3.526. More distant resistance is seen at \$3.553, \$3.659 and \$3.769. Support is seen at its low of \$3.326, \$3.30, \$3.257 and \$3.187.

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