



ENERGY RISK MANAGEMENT

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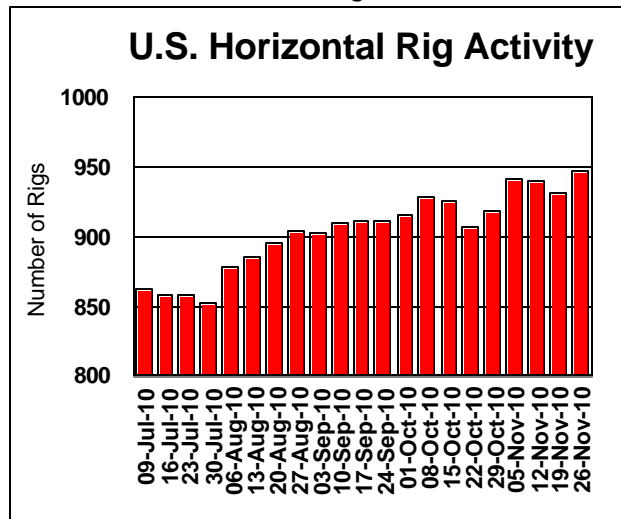
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NATURAL GAS & POWER MARKET REPORT FOR NOVEMBER 24, 2010

NATURAL GAS MARKET NEWS

Baker Hughes reported today that for the current week the number of rigs searching for natural gas in the United States rose by 17 from the previous week. The number of horizontal rigs operating, those typically used for shale gas extraction operating stood 948 up 16 from last week and a new all time high.

ConocoPhillips announced today that it has cut 80 jobs in its Western Canadian natural gas unit as part of moves to deal with weak natural gas prices. The company said the reductions were part of a package of moves that also included shutting off 28,000 boe/d



said today that exploration in the Umid gas field in the Caspian Sea has uncovered the largest gas reserves of gas since the giant Shah Deniz deposit. Preliminary estimates suggested the site could hold more than 200 bcm of gas and 30 million tones of condensate.

Generation Update

WECC – TransAlta’s 401 Mw Sundance #6 coal fired power plant returned to service early Wednesday.

ERCOT – Luminant planned to restart its 765 Mw Monticello #3 coal fired unit Wednesday through Thursday.

NPCC- Entergy’s Indian Point #2 nuclear unit returned to service today after being shutdown earlier this month due to a small transformer fire. The unit was at 23% power this morning.

OPG’s 490 Mw Nanticoke #7 coal fired power plant was shut late on Tuesday. Meanwhile Unit #6 returned to service late Tuesday.

The NRC reported today that some 87,792 Mw of generating capacity was online today, up 3.2% from yesterday and 5.7% higher than the same day a year ago.

worth of unprofitable gas production.

Spectra Energy reported that the Sable Offshore Energy project will undergo two planned outages in the next week. The company said Sable will be down for a partial day outage on Friday and return to full power on Saturday. It will also shut on Sunday and Monday, returning to full operation on Tuesday, November 30th. No supply will be available from Sable to flow on the Maritimes pipeline system during the outages. The project has the capacity to produce between 400-500 million cubic feet of gas per day and 20,000 b/d of NGL’s. Recently the project has been producing closer to 330 mmcf/d.

The state energy company of Azerbaijan, SOCAR

EIA Weekly Report

	11/19/2010	11/12/2010	Change	11/19/2009
Producing Region	1249	1246	3	1211
Consuming East	2069	2079	-10	2099
Consuming West	519	518	1	525
Total US	3837	3843	-6	3835

*storage figures in Bcf

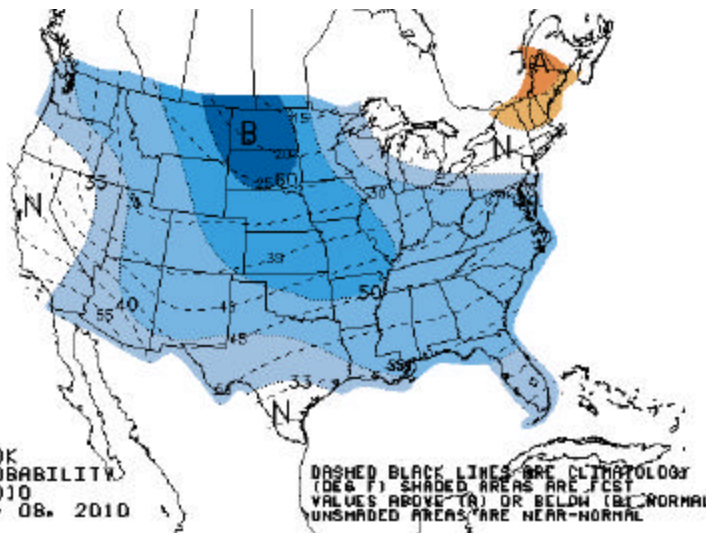
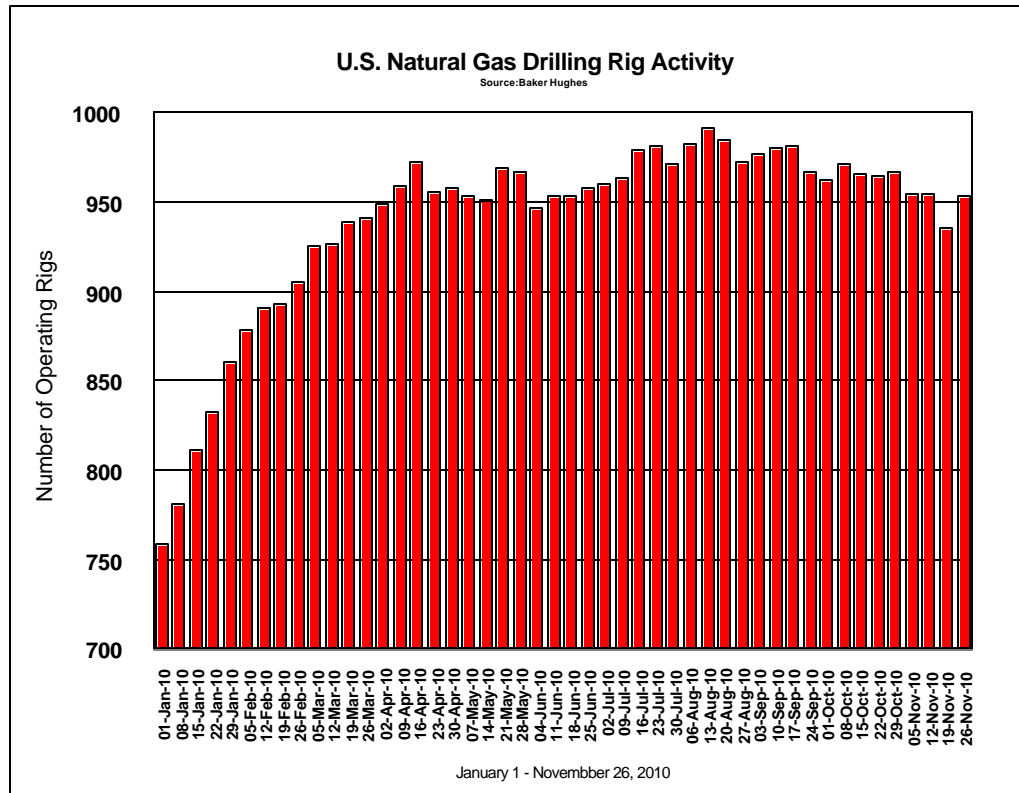
With expectations for cold temperatures across the UK and the potential snowfall of 6-8 inches in some parts of the country, demand for natural gas was expected to reach to eight month highs and as a result pushed spot gas prices to 21 month highs today. These cold temperatures are expected to last across Britain for the next 10 days.

ELECTRIC MARKET NEWS

The EIA said today that electric power generation in the United States dropped 4.1% from 2008 to 2009, the largest decline in sixty years reflecting a 2.6% fall in GDP. The drop last year also marketed the second consecutive decline in power generation, the first time that has

occurred since 1949. The overall decline in power generation was attributed mostly to the decline in industrial demand, which fell 9.1%. This allowed carbon dioxide emissions to drop 8.6% last year.

Three major research institutes said today that this year is so far tied for the hottest year in a temperature record dating back to 1850, underlying support for recent global warming estimates. The scientists estimate that current temperatures are 0.8 degrees above pre-industrial levels and 2010 is 0.5 degrees above the 1961-1990 average.

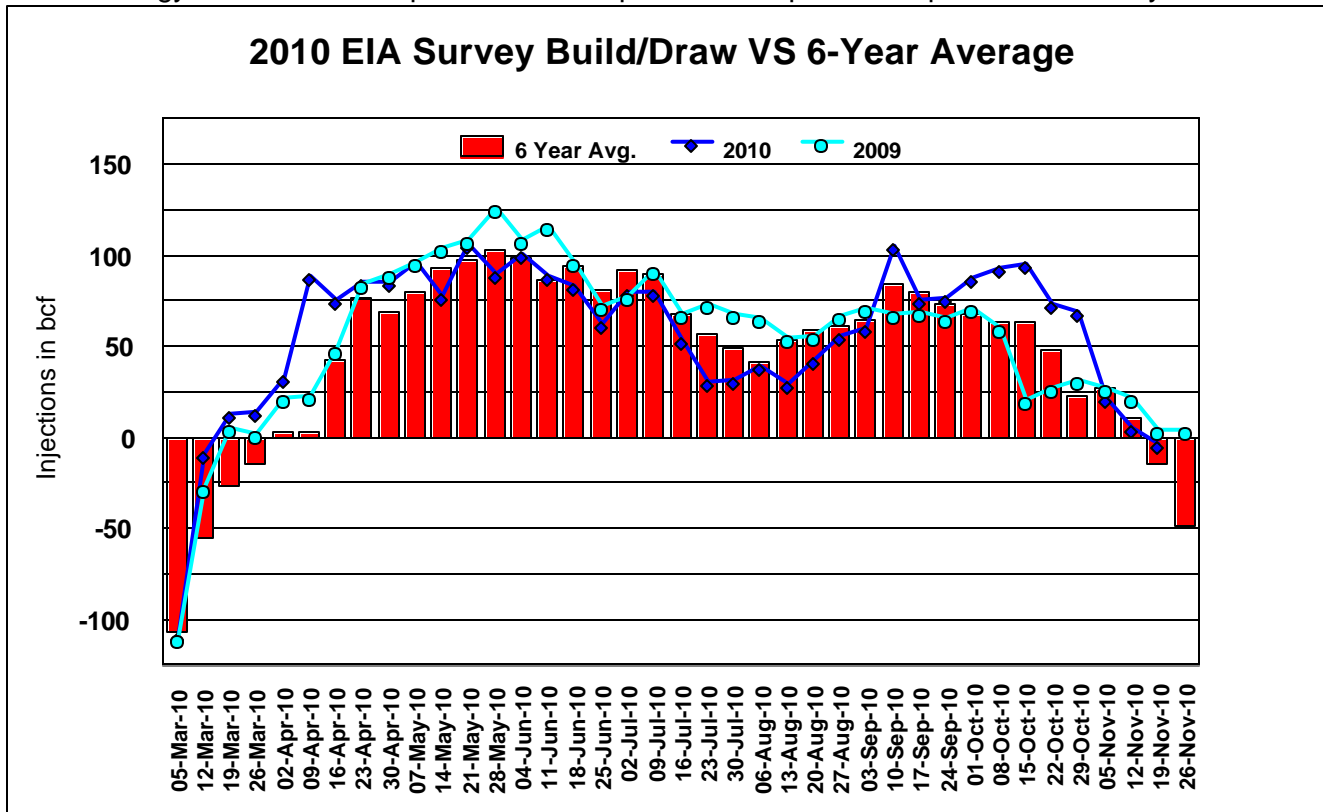


The European Commission reportedly on Thursday will finally publish proposals to restrict the use of certain industrial gas offsets in its emissions trading scheme from 2013. The proposals are expected to include limits on the use of UN-backed carbon offsets from lucrative projects that destroy potent industrial greenhouse gases.

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power sources. The government is slated to review tariff rates starting early next year and conclude the study by the autumn of 2011. Currently feed in tariffs introduced in October 2009 offer above market prices to producers of energy from renewable sources like the solar and wind projects. These rates are the richest and most comprehensive in North America and follow similar programs in Europe. These rates have been so high that it has prompted Japan to complain to the WTO that Ontario's Green Energy Act and its local procurement requirements represent a "prohibited subsidy".



ECONOMIC INDICATORS

The US Commerce Department said orders for durable goods saw the largest decline in two years during October. Durable goods orders fell by 3.3% to a seasonally adjusted \$196.05 billion, the largest decline since January 2009. New orders for non-defense capital goods excluding aircraft also fell by 4.5%. Durable goods orders in September increased by 5%. Meanwhile, the Commerce Department reported that consumer spending remained modest in October. Consumer spending increased by 0.4% in October, up from a revised 0.3% increase in September. It reported that incomes increased by 0.5%. Saving in October increased to a rate of 5.7%. The Commerce Department also reported that new home sales fell in October by 8.1% to a seasonally adjusted annual pace of 283,000. The fall was the fourth in six months. October's new home sales fell by 28.5% on the year. It reported that US building permits increased by 0.9% in October to 552.

The Federal Housing Finance Agency said US home prices fell by a seasonally adjusted 0.7% in September, bringing the 12-month decline to 3.4%. The US index is down 14.7% from its April 2007 peak.

The US Labor Department reported that initial unemployment benefits fell by 34,000 to 407,000 in the week ending November 20th. The previous week's figures were revised upwards to 441,000 to 439,000. The four-week moving average fell by 7,500 to 436,000 from the prior week's revised average of 443,500. It also reported that the number of continuing claims in the week ending November 13th fell by 142,000 to 4,182,000 from the preceding week's revised level of 4,324,000. The

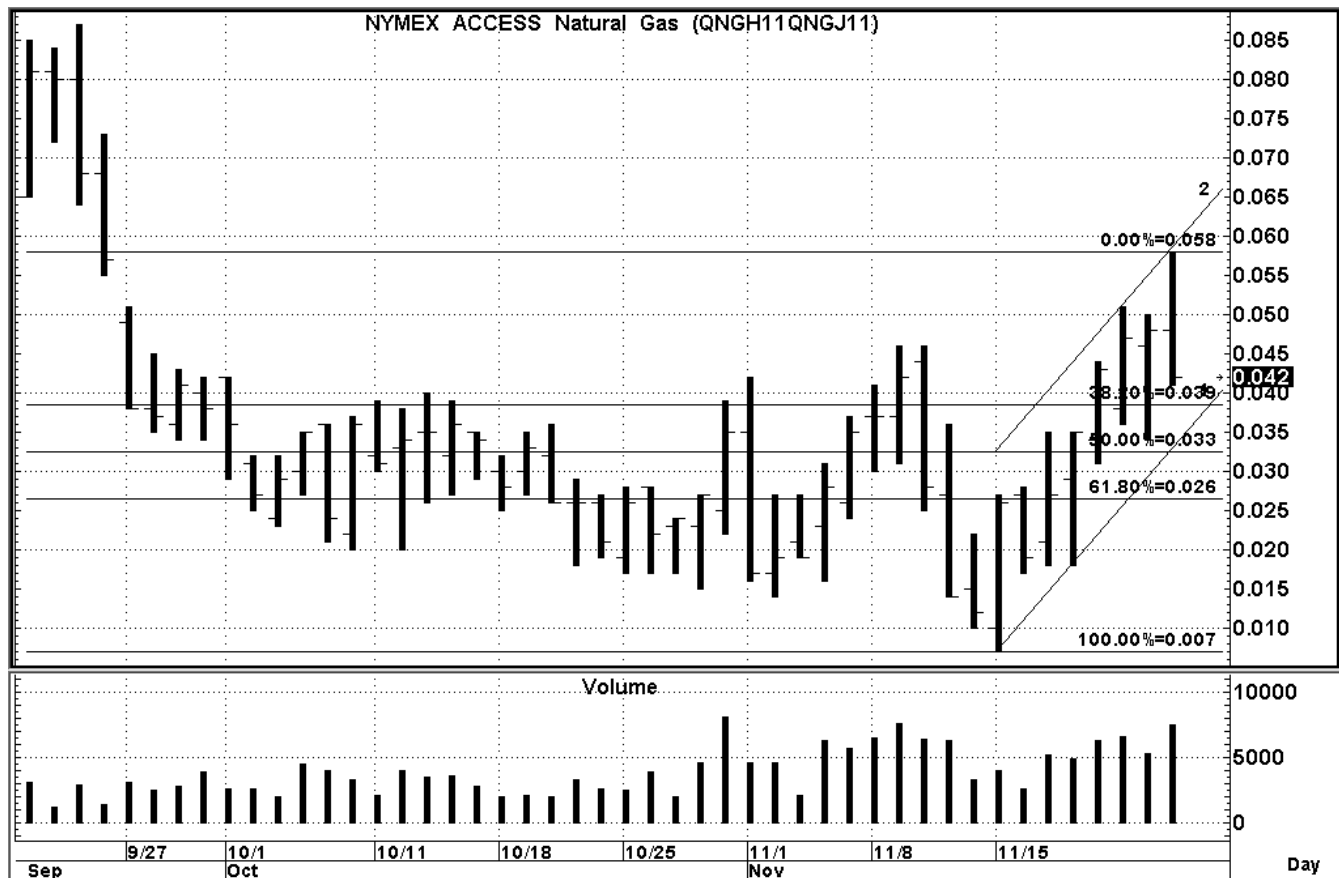
unemployment rate for workers with unemployment benefits in the week ending November 13th was 3.3%, down 0.1% on the week.

The Thomson Reuters/University of Michigan's final November reading on the overall index on consumer sentiment was 71.6, up from 67.7 in October and above November's preliminary reading of 69.3. The survey's barometer of current economic conditions was 82.1 in November, up from 76.6 in October and above the preliminary estimate of 79.7. The survey's gauge of consumer expectations also increased to 64.8 compared with 61.9 in October and 62.7 in early November.

The US CFTC said it will hold a public hearing on December 1st to unveil its proposed definitions for terms such as swap dealer and major swap participant. It will also discuss whether and how to put limits on algorithmic trading at its December 2nd meeting.

MARKET COMMENTARY

The December natural gas futures contract expired today and while its settlement price did not differ much from the prior settlements of the past couple of days, the way it got there was a bit more volatile than we expected. Prices up through midday had been in a relatively tight trading range of 5 cents, but following the release of the EIA Storage Report which posted the season's first stock withdrawal coupled yet with another modification in the 11-15 day forecast which was seen colder than the more moderate forecast released earlier this morning seemed to trigger a short covering burst that sent prices 15 cents higher in just 10 minutes and pushing December prices to their highest level since September 24th. But following the release of a less than supportive Baker Hughes report in the afternoon and the fact that today's storage report drawdown was only 1-2 bcf greater than most expectations, and current storage levels are still above year ago levels and some 334 bcf above the five year seasonal average, the market gave back near all of the gains from the afternoon's rally by the time futures market closed.



This price pattern was also reflected in the March-April spread which finally broke through the resistance of the past couple of days at 5.0-5.1 cents at midday and proceeded to back fill the gap in the daily chart from back on September 27th, before falling in the afternoon and settling back at 4.2 cents, the lowest level since November 18th.

We look for weather forecasts to continue to drive this market, especially if there is a forecast for a prolonged heat wave or cold snap is in the cards. We look for the January contract to find initial resistance at \$4.515, followed by \$4.681, \$5.00 and \$5.122. Support we see at \$4.315, \$4.262, \$4.184 and \$4.106.

Due to the Thanksgiving Holiday, our next daily report will be Monday November 29th.

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