



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,
& Karen Palladino

(212) 624-1132 (888) 885-6100

www.e-windham.com

ENERGY MARKET REPORT FOR FEBRUARY 5, 2009

Oil Movements reported that OPEC's oil exports, excluding Angola and Ecuador, are forecast to remain unchanged in the four weeks ending February 21st at 23.41 million bpd. The head of Oil Movements, Roy Mason, said shipments could start to increase as the approaching end of the refinery maintenance season in the US and Europe starts to generate crude demand.

According to the EIA, US petroleum product demand in the four weeks ending January 30 averaged 20.31 million barrels or 1.07 million bpd below the same four weeks a year ago. It is the smallest year on

Market Watch

Koch Supply and Trading has booked a supertanker to store about 2 million barrels of crude offshore in the UAE. Koch booked Artemis Glory for six months. The ship is likely to sit offshore near the Middle East fuel bunkering hub of Fujairah. Koch already has about 10 million barrels of crude floating on ships in the US Gulf Coast.

The US Labor Department reported that the number of US workers filing new claims for unemployment benefits increased by 35,000 to 626,000 in the week ending January 31st. It increased to a 26 week high. The prior week's number was revised up to 591,000 from 588,000. The four week average of new claims increased by 39,000 to 582,250. According to the report, continuing claims increased by 20,000 to 4,788,000, a new record high. The Labor Department is scheduled to issue its employment report for January. Analysts are expected a drop of 525,000 jobs. Separately, the Labor Department also showed that US productivity accelerated last quarter despite the economic contraction, a sign of how quickly companies have responded to the recession by cutting labor. Non-farm business productivity increased 3.2% at an annual rate in the fourth quarter. It reported that unit labor costs increased by 1.8% at an annual rate.

The Commerce Department reported that factory orders fell for the fifth consecutive month in December. Orders for manufactured goods fell by 3.9% following a downwardly revised 6.5% decline in November. It reported that for the entire year, factory orders increased by 0.4% after increasing by 1.9% in 2007. Demand for durable goods factory orders fell by 3% after falling by a revised 4% in November. Non-durable goods factory orders fell by 4.8% after falling by 8.7% in November.

Separately, the Institute for Supply Management's index of manufacturing activity showed US manufacturing contracted in January. Its index of manufacturing activity stood at 35.6%.

Low water surcharges are still being imposed on freight shipping on the Rhine and Danube River in Germany due to low water levels.

Bader al-Saad, the head of Kuwait's sovereign wealth fund KIA expects world oil prices to fall further in the next six months. He said Kuwait's plan to base its budget on a preliminary price of \$35/barrel is reasonable.

Iran's parliament speaker, Ali Larijani called for further investigation following a report by the national audit office that \$1 billion in surplus oil income had not arrived in the treasury. In a potentially embarrassing development for President Mahmoud Ahmadinejad before a June election, the audit report said \$1.058 billion in oil revenue in the 2006-07 budget year had not been transferred to the treasury.

The Canadian province of Alberta plans to offer short-term assistance to small and mid-sized oil and gas companies. Premier Ed Stelmach did not offer any details of the incentive program.

February Calendar Averages**CL – \$40.59****HO –\$1.3405****RB – \$1.2024**

year decline since last September. Gasoline demand fell by 218,000 barrels over the four week period on the year. Demand for distillates fell by 181,000 barrels in the four weeks.

Gunmen attacked a security vessel off the coast of Nigeria on Thursday in an oilfield operated by Canada's Addax Petroleum, the latest in a series of attacks on the country's deepwater oil industry. Industry executives said if the rise in piracy is not halted, smaller oil service firms may consider withdrawing.

Refinery News

British workers voted to end a week-long unofficial strike over the use of foreign workers at Total's Lindsey refinery. Maintenance and construction workers at the refinery will return to work on Monday after accepting a union-backed deal that will give British skilled workers 102 new jobs at the site. However a member of the negotiating committee for the GMB union welcomed the decision to return to work but said more disputes were likely over the use of foreign labor.

Valero Energy Corp restarted several units at its 340,000 bpd Corpus Christi, Texas refinery following planned and unplanned maintenance at the East and West Plant sections of the complex. A crude vacuum unit located in the East Plant was restarted late Wednesday after it was shut for unplanned maintenance on Tuesday to repair a leak. Units that were shut for planned maintenance on Complexes 1 and 3 of the West Plant were restarted on Thursday morning. A heavy oil cracker and fluid catalytic cracker unit and an alkylation unit were among the units previously shut.

BP Product reported a brief sulfur recovery unit problem at its Texas City, Texas refinery on Wednesday afternoon. It resumed normal operations on Wednesday evening.

Marathon Oil Corp expects the expansion of its Garyville, Louisiana refinery to be finished by the fourth quarter of the year. The project is 75% complete. It said the refinery will increase its crude oil refining capacity by 180,000 bpd. Its current capacity is 245,000 bpd.

Sunoco Inc will conduct planned maintenance at its 160,000 bpd Toledo refinery in Tulsa, Oklahoma this month.

Royal Dutch Shell plans to restart a catalytic cracking unit at its 412,000 bpd Pernis refinery in about two to three weeks. The unit was shut for safety reasons after a fire broke out at the refinery in early December but its shutdown was extended for economic reasons due to weak gasoline demand.

Total said it has restarted production at its 45,000 bpd Libyan Al-Jurf oilfield in January after an accident forced the company to halt production in April 2008. Output was shut in after equipment drilling the B-18 gas-injection well ran off course and damaged the B-12 production well.

Sinopec Corp's Zhenhai refinery is planning to process 391,100 bpd of crude oil or 15% more crude oil in February than in January. It is the second consecutive increase following refinery run cuts in November and December due to regular maintenance.

South Korea's SK Energy has cut its February crude processing rates to 850,000 bpd from 900,000 bpd in January due to weak gasoil margins. Meanwhile, South Korea's Hyundai Oilbank Corp has cut February crude processing rates by 9% to 310,000 bpd due to weak middle distillate margins. Also, S-Oil Corp has cut its February crude processing rates to 480,000 bpd from 500,000 bpd in January due to weak margins.

An additional 295,000 tons of February loading gas oil has been provisionally booked to move from Asia to Europe. The additional bookings will bring total East-West arbitrage volumes for loading this month to 450,000 tons, more than double the 215,000 tons seen for January. It would be the highest level since October, when about 800,000 tons were moved to Europe.

Separately, western fuel oil arriving in Asia in February is likely to fall to 2.7 million to 2.9 million tons from 3.5-3.6 million tons in January. Arbitrage flows from the West for March are estimated so far at 2.6-2.8 million tons.

Singapore's International Enterprise reported that the country's residual fuel stocks fell by 402,000 barrels to 17.306 million barrels in the week ending February 4th. It also reported that the country's light distillate stocks fell by 253,000 barrels to 8.934 million barrels while middle distillate stocks fell by 659,000 barrels to 12.189 million barrels.

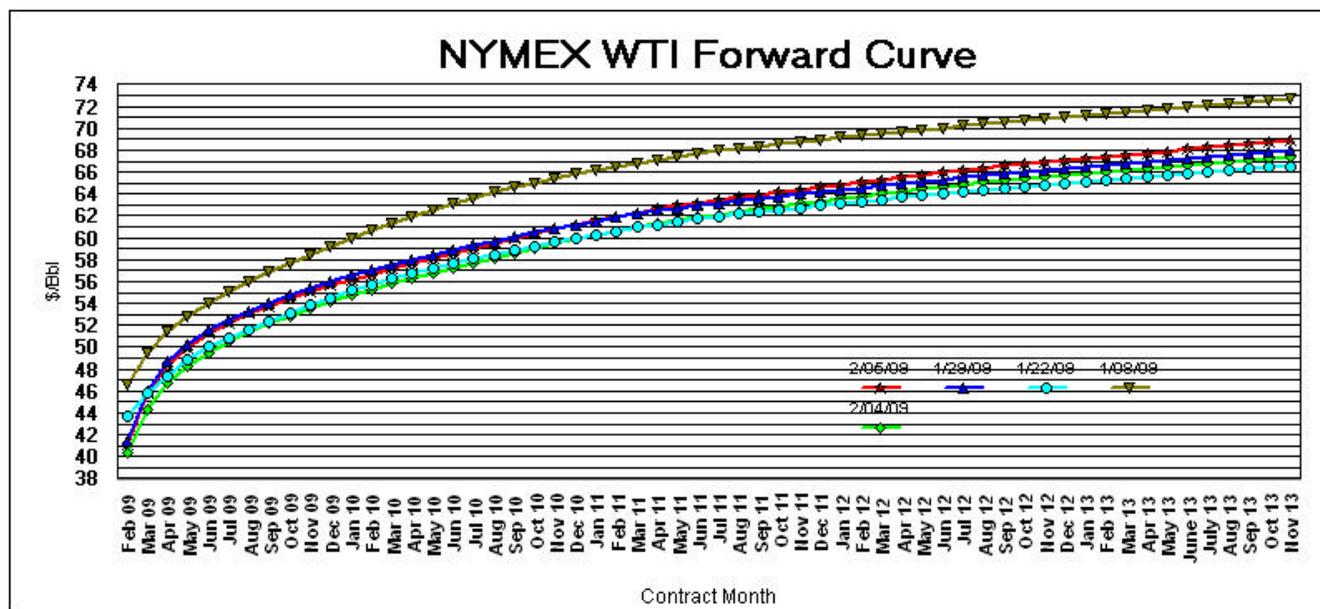
Oil product stocks in independent storage in the Amsterdam-Rotterdam-Antwerp terminal in the week ending February 5th were mostly lower on the week. Gasoline stocks fell by 5.93% on the week and by 10.5% on the year to 904,000 tons. Gas oil stocks fell by 11.76% on the week but increased by 65.2% on the year to 2.25 million tons while fuel oil stocks fell by 13.6% on the week and by 22.82% on the year to 629,000 tons. Naphtha stocks increased by 18.52% on the week and by 62.71% on the year to 96,000 tons while jet fuel stocks fell by 3.49% on the week but increased by 270.05% on the year to 803,000 tons.

Production News

According to a Reuters survey, non-OPEC supplies are expected to increase marginally in 2009, increasing concerns they are nearing their peak as low crude prices and scarce credit slows efforts to replace output from maturing fields. Non-OPEC producers are forecast to increase output by just 240,000 bpd to 50.04 million bpd in 2009.

Kuwait and Iraq are close to an agreement over oilfields in Kuwait's border. The two countries are close to an agreement on a mechanism to divide the Rumaila/Ratqa fields following talks this week. The Rumaila field has been producing 1.5 million bpd to 1.9 million bpd while the Ratqa field has been producing 45,000 bpd.

Crude production at BP's Plutonio oilfield in Angola increased by 61,000 bpd from January 30 and is close to capacity. Five cargoes or 153,000 bpd of Plutonio crude is scheduled to load in March.



Suncor Energy Inc reported that production at its oil sands facility during January averaged about 251,000 bpd. It is targeting average oil sands production of 300,000 bpd in 2009.

The head of Indonesia's Pertamina, Karen Agustiawan pledged to increase oil production and to improve the distribution of oil products in the country. She said under her leadership, Pertamina would increase its oil production by about 10% to 171,000 bpd this year, up from 156,000 bpd in 2008.

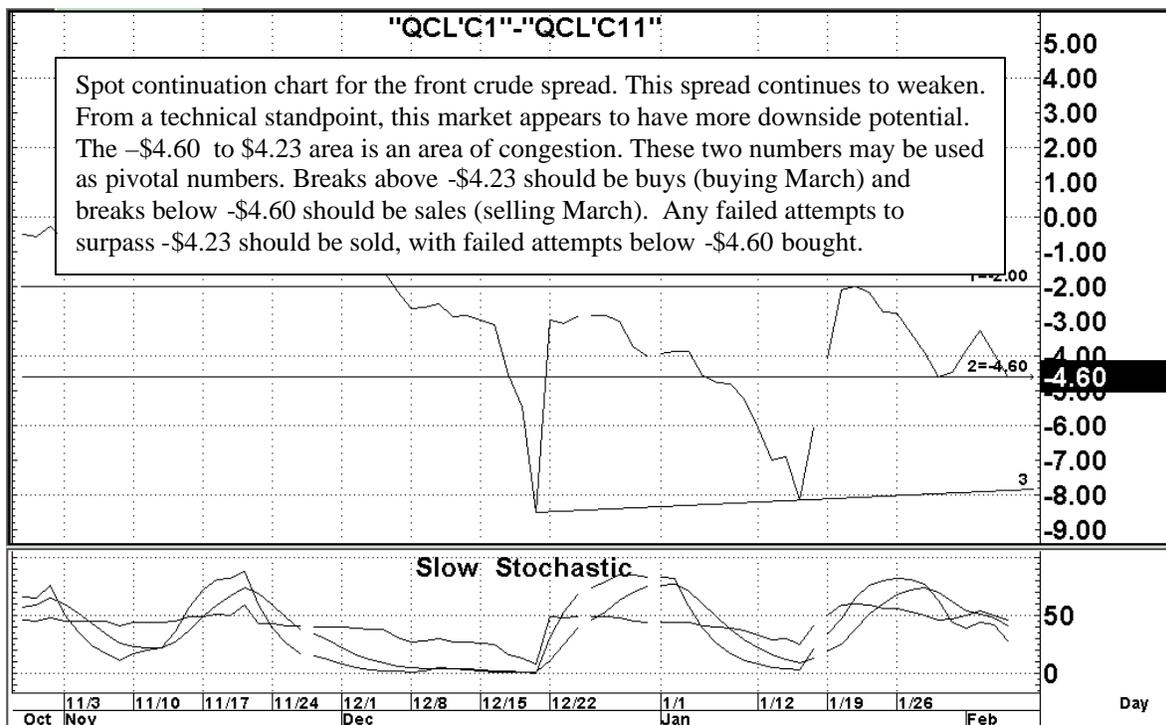
Russia's Surgut expects its production in 2009 to fall to 61 million tons or 1.2 million bpd from 61.7 million tons in 2008.

Chevron Corp announced a new deepwater oil discovery at the Buckskin prospect in the deepwater US Gulf of Mexico.

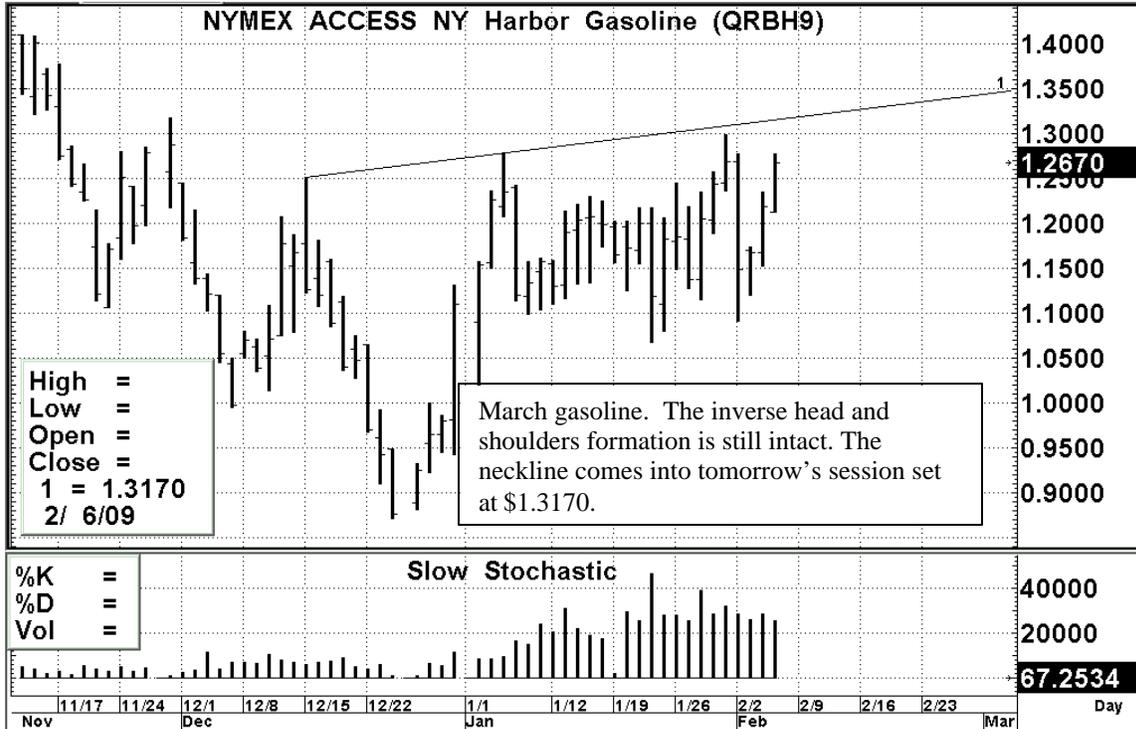
OPEC's news agency reported that OPEC's basket of crudes increased slightly to \$41.64/barrel on Wednesday from \$41.52/barrel on Tuesday.

Market Commentary

The energy markets gained strength today, following a higher stock market. A slight spurt in gasoline demand kept prices on the defense. Crude oil continues to be range bound between \$35.00 and \$50.00. Ample supplies in crude oil once again put pressure on the March/April spread, which bottomed out today's trading session at \$4.72. Given the current supply surplus, we would look for continued weakness in this spread, with -\$4.60 to -\$4.23 building into an area of congestion. Gasoline has been gaining strength off the recent spike in demand. The inverse head and shoulders pattern that has been forming on a daily bar chart for March is still intact. We would look for a continued run at the neckline, which comes into tomorrow's session set at \$1.3170. The supply surplus in crude oil and the recent surge in gasoline demand have lent strength to gasoline cracks. Technical indicators for the March gasoline crack spread are in overbought territory, but have not crossed to the downside. We would look for minor corrections to the downside and would use such corrections as buying opportunities. The March gasoline crack may retrace to the \$8.20 area, should it do so and hold we would buy the March gasoline and sell the March crude oil against it.



Open interest: Crude MAR.09 364,665 -5,806 APR.09 131,558 -679 MAY.09 72,832 -1,909 Totals: 1,244,596 -9,646 Heating oil MAR.09 61,105 -1,200 APR.09 34,250 -93 MAY.09 27,259 -17 Totals: 243,182 -1,813 New York Harbor RBOB Gasoline MAR.09 60,721 -2,955 APR.09 32,617 +1,222 MAY.09 20,361 +287 Totals: 180,225 - 708



Crude Support	Crude Resistance
39.11, 32.25, 29.66, 28.63, 26.65, 25.50	48.77, 50.07, 54.75, 55.98, 57.20
Heat Support	Heat resistance
1.3115, 1.3039, 1.2785, 1.1895	1.4813, 167.15, 171.85, 176.70, 1.8500
Gasoline support	Gasoline resistance
1.0988, 1.0680, 1.0128, 9590, .8978, .8755, 7850	1.2750, 136.14