



ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR FEBRUARY 15, 2008

OPEC said weakening world economic growth and demand prospects and continuing builds in US and European crude and gasoline inventories could soon force the group to cut its own production to avert a fall in crude prices. OPEC, in its February oil market report, said its total

production currently stood at 32 million bpd, which should result in rising world oil inventories in coming quarters. OPEC production, excluding Iraq, stood at 29.79 million bpd in January, up 136,000 bpd on the month. OPEC cut its forecast for 2008 world oil demand growth by 100,000 bpd to 1.2 million bpd. Total world crude demand this year is estimated at 87 million bpd. OPEC said demand for its oil was expected to fall by 375,000 bpd on the year compared with a decline of 307,000 bpd in its January report. Total demand for OPEC oil is expected to average 31.53 million bpd in 2008.

Ecuador's Oil Minister Galo Chiriboga said OPEC would consider taking action at its next meeting to support Venezuela in its legal dispute against ExxonMobil Corp. He added that Ecuador had no plans to follow Venezuela's threats to cut exports to the US.

The head of the IEA Nobuo Tanaka said consuming countries, including the US, will not need to tap strategic petroleum stocks to offset Venezuela's move to halt oil flows to ExxonMobil. He said that although the oil flow interruption was minimal and could easily be replaced, the IEA was watching the country's threats to cut more supplies very carefully. He reiterated calls for OPEC to increase its production at its next meeting to increase the spare capacity gap.

Feb Calendar Averages

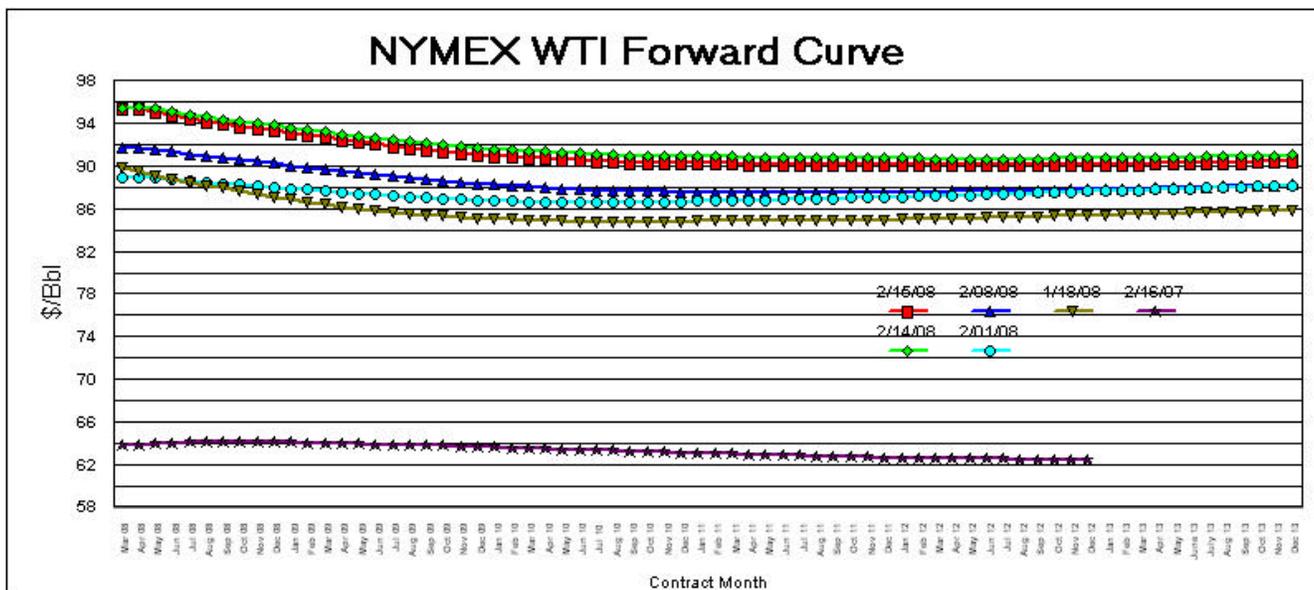
CL – 91.36
HO – 253.95
RB – 234.99

According to the EIA, ExxonMobil Corp's December imports from Venezuela increased by 21% on the month to 3.23 million barrels or 104,000 bpd. Chalmette Refining LLC imported 2.36 million barrels or 76,000 bpd in December. Overall the US imported 1.25 million bpd from Venezuela in December.

Market Watch

Former US Federal Reserve Chairman Alan Greenspan said high oil prices was harming the economy. He said it was remarkable that the US economy was able to do reasonably well with oil prices near historic highs.

The IEA said the US government needs to move more quickly on plans to increase automobile fuel efficiency standards, improve efficiency of power plants and take action on greenhouse gases. The IEA noted that the US rules lagged many of its member countries and were even behind standards set by China and India.



The chief US delegate to the IAEA, Gregory L. Schulte demanded that Iran confess to trying to make atomic arms. He said the measure for progress is whether Iran fully discloses its past weapons work and allows IAEA inspectors to verify the program is halted.

Refinery News

US Bernstein Research said oil refining margins in the US would increase by May as concerns over supply shortage would take over recession fears. It said refining margins should increase from \$8/barrel to \$20/barrel in the next four months. It said the timing of the upswing in margins this year may be delayed from seasonal norms because refinery maintenance shutdowns are expected to peak in March rather than the typical January-March period. An estimated 500,000 bpd of US refining capacity is offline due to runs cuts amid poor margins and is expected to increase to 800,000 bpd in March. Gasoline imports from Europe are likely to be lower than normal throughout February due to limited incentives for European oil companies to shift product in January.

All processing units affected by a power outage Tuesday at the Point Breeze section of Sunoco Inc's Philadelphia refinery were successfully restarted Thursday. It is expected to take a couple of days for operations to return to normal.

Royal Dutch Shell said it was importing gasoline to meet customer demand in Western Canada after problems at its Edmonton refinery cut fuel supplies. It said gasoline supplies were not sufficient however diesel supplies remain tight. The company is still unable to say when output at its Scotford refinery would return to its 98,000 bpd capacity.

Mexico's ports of Pajaritos and Cayo Arcas were reopened late Thursday after the port of Dos Bocas was reopened earlier in the day. Bad weather forced the ports to halt shipping on Wednesday.

Russia's Transneft said Russia would reverse crude flows through its Asian pipeline westwards later this year to pump the first barrels from East Siberia. It would allow Surgutneftegas to ship oil produced at the Talakan field westward. Surgut has said it would be able to produce 2 million tons or 40,200 bpd at Talakan from 2009 and triple its output by 2015.

China's General Administration of Customs reported that the country imported 13.94 million metric tons or 3.3 million bpd of crude oil in January, up 1.8% on the year. China's oil products imports

increased by 16.7% on the year in January to 3.23 million tons while exports of crude oil fell 40.8% on the year to 180,000 tons.

Kuwait News Agency reported that Kuwait closed the ports of Shuiba, Shuwaikh and Doha on Friday following a sand storm. It stated that operations could resume after midnight.

Indonesia's Pertamina bought 3.2 million barrels of sweet crude for April arrival, more than doubling the 1.55 million barrels purchased for March.

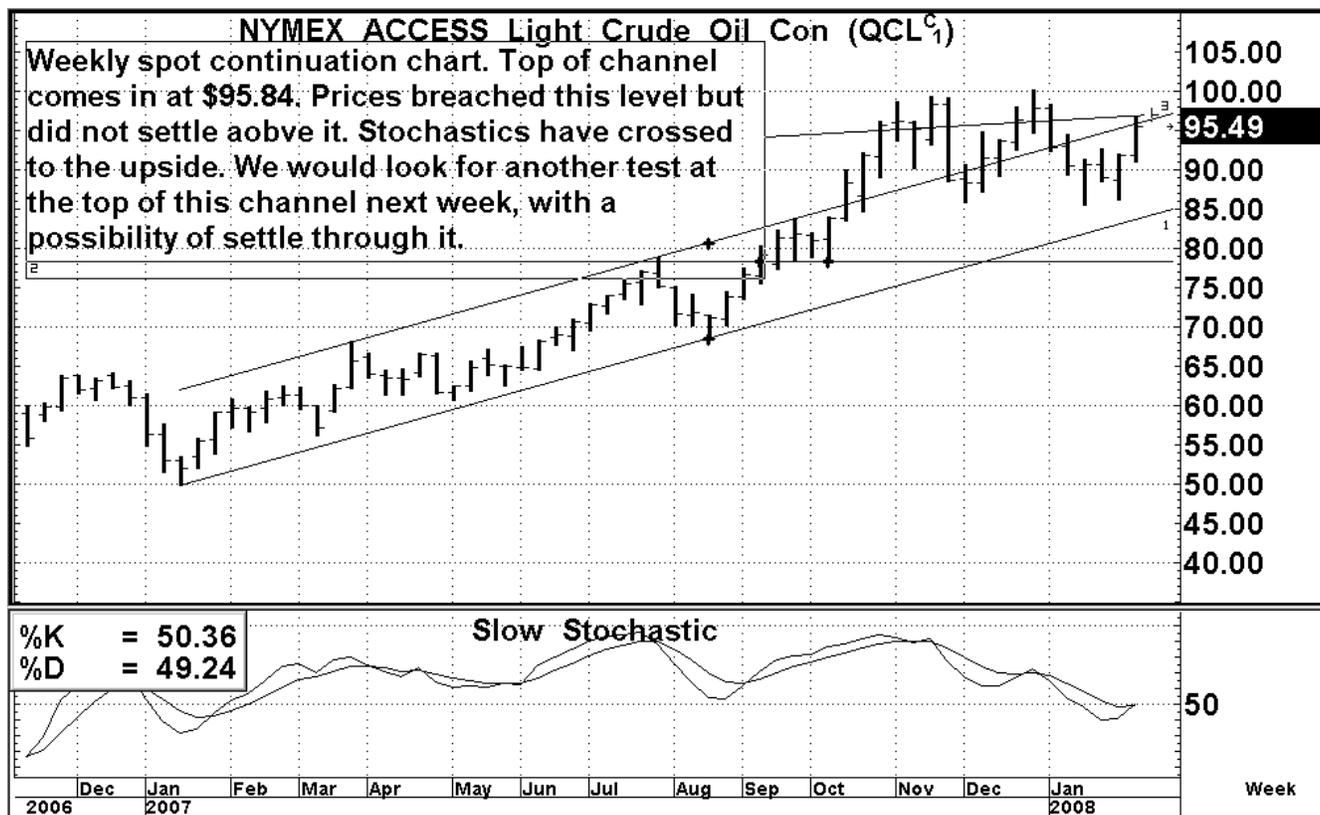
Production News

ExxonMobil Corp said it added 1.6 billion barrels of oil equivalent to its proved oil and natural gas reserves in 2007 or 101% of its production for the year. Exxon said its total oil and gas resource base stood at 72 billion barrels of oil equivalent at the end of 2007.

Total said it planned to register its interest in helping to rebuild Iraq's oil industry even though it has previously stated that it was too dangerous for now to operate there. Foreign oil companies have until Monday to register to bid for contracts. Negotiations between Iraq's central government and oil companies should get under way between July and September.

Russia's Rosneft is expected to increase its oil production to 130 million tons or 2.6 million bpd by 2010 and to 170 million tons or 3.4 million bpd by 2020 from its current production of 110 million tons.

OPEC's news agency reported that OPEC's basket of crudes increased by \$1.14/barrel to \$90.79/barrel on Thursday.



Market Commentary

Once again an overly sensitive crude oil market worked higher today, topping out at \$96.67. A weak dollar versus the euro was behind the run up in prices today, perhaps bolstered even higher by recirculated news regarding OPEC and the possibility of an output cut at its next meeting. This is the highest level the market has been since the beginning of January and fell 0.10 cents shy of the upward channel on the daily spot continuation chart. Basis the spot continuation weekly chart, the slow stochastics have crossed to the upside and prices breached but did not settle above the top of the ascending channel. With Venezuelan President Hugo Chavez talking strongly of cutting imports to the US and OPEC possibly cutting its production, the upside potential for next week appears good. Open interest in crude oil is 1,368,082 down 6,887, March08 106,075, down 41,100 and April08 309,575 up 21,720. The product markets ended mixed with the heating oil market settling down 1.97 cents at 264.69 and the RBOB market settling up 1.77 cents at 249.38. The heating oil market early in the session posted a high of 268.49 before it retraced its gains and sold off to a low of 262.88 in afternoon trading as traders took profits ahead of the weekend. The market later bounced off its low and retraced some of its losses. The RBOB market, which posted a low of 246.50 in overnight trading, rallied to a high of 252.42 early in the session. The market however retraced its gains and traded back towards its low on profit taking. It later bounced off its low and traded back into positive territory, pushing the RBOB crack spread to 9.24. The RBOB crack is seen finding resistance at 10.10. The markets next week will likely continue to trend higher as they trade back towards their previous highs seen in late December. In the heating, support is seen at 262.88, 261.86, 260.46, 258.14, 256.98 and 254.08. Resistance is seen at 265.55, 268.49, 270.38, 271.40 and 273.31. In the RBOB, support is seen at 247.55, 246.50, 239.13, 234.51, 233.87, 226.45 followed by 222.55 and 217.33. Resistance is seen at 250.00, 252.42, 253.28, 255.14, 257.90 and 261.10.

The Commitment of Traders report showed that non-commercials in the crude market built their net long positions by 12,474 contracts to 39,922 contracts in the week ending February 12th. The combined futures and options report also showed that non-commercials increased their net long position by 25,434 contracts to 118,044 contracts amid the market's renewed strength. The non-commercials have continued to add to their net long position during the past few trading sessions. The non-commercials in the product markets also increased their net long positions, with non-commercials in the heating oil market increasing their net long position by 2,579 contracts to 14,135 contracts and non-commercials in the RBOB market increasing their net long position by 9,186 contracts to 30,669

contracts on the week.

| | | Explanation |
|-----------|-------------------|--|
| CL | Resistance | 97.53, 98.22, 99.77, 100.15 |
| | Support | 95.50, up 4 cents 95.90, 96.67 |
| HO | Resistance | 270.38, 271.40, 273.31 |
| | Support | 265.55, 268.49 262.88 261.86, 260.46, 258.14, 256.98, 254.08 |
| RB | Resistance | 253.28, 255.14, 257.90, 261.10 |
| | Support | 250.00, 252.42 247.55, 246.50 239.13, 234.51, 233.87, 226.45, 222.55, 217.33 |