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ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR APRIL 2, 2009

World leaders agreed on a trillion dollar deal during the G20 meeting on Thursday to stimulate the world economy. They committed new resources of 1 trillion dollars that are available to the world economy through the International Monetary Fund and other institutions. They also agreed on plans to commission blacklists of tax havens and tighten financial rules to bring hedge funds and credit rating agencies under closer supervision.

The final communiqué forecast the measures taken would raise world output by 4% by the end of next year. Meanwhile, the US Financial Accounting Standards board moved to give banks more flexibility in valuing troubled assets. The changes, which will take effect in the second quarter, could reduce writedowns and soften losses in banks' earnings.

Market Watch

The Labor Department said new US claims for state unemployment benefits increased by 12,000 to 669,000 in the week ending March 28. It is the highest level since October 1982. The four-week average increased by 6,500 to 656,750. The total continuing unemployment claims increased by 161,000 to 5,728,000, the highest since the government started keeping track of unemployment in 1967. The unemployment rate for workers with unemployment benefits increased by 0.1% to 4.3%, the highest level since May 1983.

The Commerce Department reported that US factory orders increased in February by 1.8% following six consecutive declines. Orders for manufactured goods were revised downward to a 3.5% decline in January. Demand for durable goods increased a revised 3.5% in February. Unfilled orders fell 1.4% in February after falling 2% in January. It was the fifth consecutive decline.

The Institute for Supply Management's index of manufacturing activity, showed further sector contraction in March. The report showed the index at 36.3% from February's 35.8%.

Goldman Sachs increased its 2009 average Brent crude price forecast to \$50.20/barrel from \$50.40/barrel due to the impact of OPEC's supply cuts. It believes the combination of reduced OPEC production, accelerating non-OPEC supply reductions and moderating year on year demand declines will result in crude oil prices averaging at least \$50-\$60/barrel in the second half of 2009.

April Calendar Averages

CL – \$50.52
HO – \$1.3925
RB – \$1.4208

OPEC Secretary General Abdullah Salem el-Badri said OPEC is doing an excellent job at this time in implementing cuts totaling 4.2 million bpd. He said OPEC may be able to live with oil prices at around \$50/barrel in 2009. He however said that investment in the oil sector has been seriously impacted by the low price of crude.

Algeria's Energy Minister Chakib Khelil said OPEC producers' goal remained \$70-\$80/barrel and that an economic recovery plan unveiled Thursday appears to be a great effort to counter a world recession.

Iran and Venezuela on Thursday vowed to further strengthen ties and find common ways to cope with the world economic crisis during a meeting between Iran's President Mahmoud Ahmadinejad and visiting Venezuela President Hugo Chavez.

The IEA chief Nobuo Tanaka warned that it is likely to make further downward revisions to its global oil demand projections after the IMF and other international bodies recently cut their 2009 world economic growth forecasts.

According to Oil Movements, OPEC's exports are expected to fall by 960,000 bpd to 22.15 million bpd in the four weeks ending April 18th. This week's estimate is the lowest since May 2003.

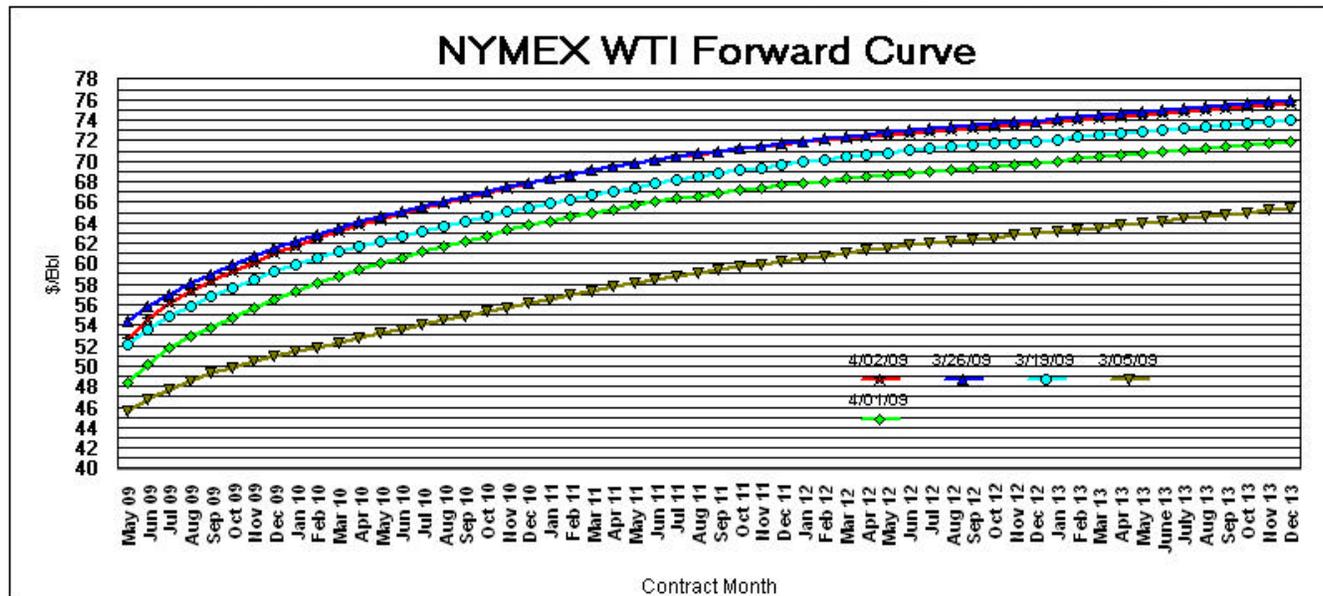
Refinery News

ConocoPhillips said it ran its worldwide refineries in the low 80% range in the first quarter of this year because of weak margins. It said utilization rates in the US are expected to be about 80% due to significant planned turnaround activity on the US Gulf Coast and East Coast. It estimates its total first quarter production to be 30,000 bpd of oil equivalent over its production level reported in the previous quarter.

Valero has completed two weeks of turnaround of a 37,000 bpd hydrocracker at its Benicia, California refinery and is in restart mode.

India's Reliance Petroleum will take at least a week to repair its fire hit coker plant in its new 580,000 bpd refinery. A fire started in the coker unit on Wednesday.

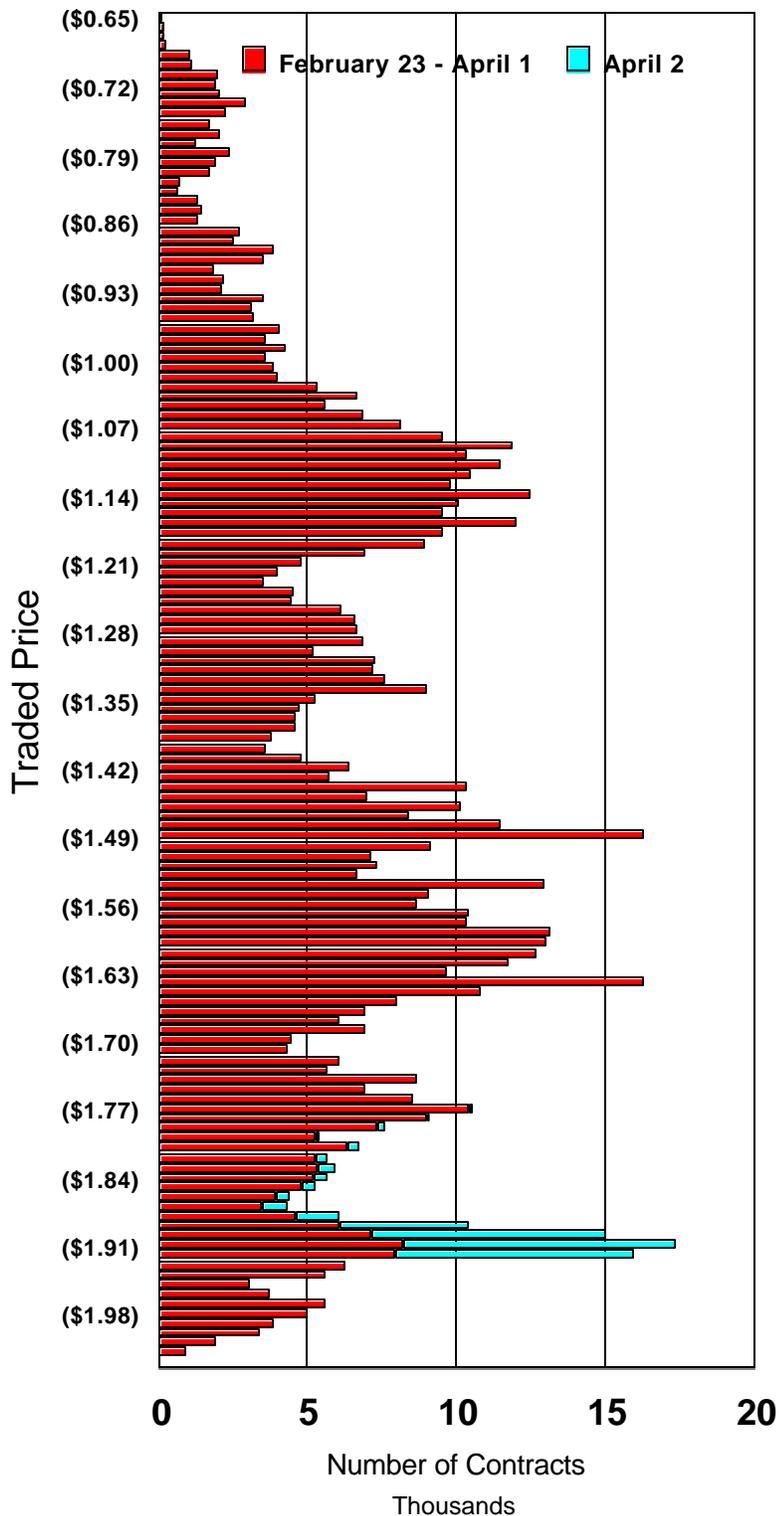
Sinopec's Qilu refinery will cut its April crude runs by 22% to 163,000 bpd from 209,000 bpd in March due to planned maintenance. It will shut down an 80,000 bpd crude oil unit and some relevant facilities including a hydrocracker, a continuous reformer and an ethylene unit from mid-April for 35 days of maintenance. Sinopec also plans to shut a 180,000 bpd crude unit at its Zhenhai refinery for about one month of regular maintenance in May. It will keep its operations in April at near full rates of about 415,000 bpd, steady from March. Sinopec's 100,000 bpd Shijiazhuang refinery is undergoing a major



NYMEX WTI: May June Spread

Price Vs Volume for February 23 - April 2, 2009

Trade Weighted Avg 3/31 -1.69, 4/1 -1.77, 4/2 -1.88



overhaul and will resume operations in late April. It started a 45 day maintenance period on March 15. Meanwhile, Sinopec will increase its crude processing rates in April at its 270,000 bpd Jinling refinery by 11% on the month amid signs of improving demand. It plans to run 253,1000 bpd of oil in April, up from 228,700 bpd in March. Sinopec will also increase its crude runs at its Maoming refinery in April by 16.6% to 267,700 bpd from 229,600 bpd in March.

PetroChina will increase its crude processing rate at its Jinzhou refinery in April by 16% on the month to 107,100 bpd amid signs of a demand recovery. It shut a 60,000 bpd crude unit in December on concerns of excess supply and weak demand.

South Korea's SK Energy will keep its crude runs steady at 970,000-980,000 bpd in April after it decided to postpone the shutdown of its No. 4 crude unit.

Qatar has delayed some energy sector projects, including the Shaheen refinery due to declining prices.

China's fuel oil imports in March likely fell by 30% on the month and by 19% on the year to about 1.62 million tons.

Indian Oil Corp bought at least one very large crude carrier of Nigerian crude via its first tender for June loading sweet crude. It purchased 2 million barrels of light, sweet Nigerian Qua Iboe crude from Vitol at dated Brent plus 50-60 cents. IOC bought 11.6 million barrels of sweet crude in three tenders for May loading cargoes.

Indonesia's Pertamina is importing 600,000 barrels of diesel in April, unchanged on the month. Indonesia's diesel stocks are above 25 days of demand compared with the usual 20-

23 days. Pertamina has deferred the delivery of 1.2 million barrels of term diesel from Middle Eastern supplier ENOC into the second quarter due to high stocks. The delivery will most likely happen in May or June. It is importing 420,000 barrels of jet fuel in April, unchanged on the month.

Gasoline stocks in independent storage in the Amsterdam-Rotterdam-Antwerp area in the week ending April 2nd increased by 13.55% on the week but fell by 29.3% on the year to 821,000 tons. Gas oil stock increased by 7.57% on the week and by 91.88% on the year to 2.316 million tons while fuel oil stocks increased by 0.97% on the week but fell by 10.17% on the year to 627,000 tons. Naptha stocks increased by 12.66% on the week and were unchanged on the year at 89,000 tons while jet fuel stocks fell by 1.61% on the week and by 223.89% on the year to 732,000 tons.

Singapore's International Enterprise reported that the country's residual fuel stocks fell by 688,000 barrels to 20.98 million barrels in the week ending April 1st. It also reported that Singapore's light distillate stocks built by 426,000 barrels to 9.037 million barrels and its middle distillate stocks built by 884,000 barrels to 12.032 million barrels on the week.

Production News

According to a Dow Jones survey, the 11 OPEC members bound by quotas cut their production in March by 0.9% or 225,000 bpd on the month to 25.595 million bpd. The OPEC members remained 750,000 bpd above their production target of 24.845 million bpd. Total OPEC production fell by 160,000 bpd to 27.91 million bpd. Saudi Arabia's oil production was unchanged at 7.9 million bpd. Iran, Nigeria, Angola

NEW YORK MERCANTILE EXCHANGE(r)									
NYMEX OPTIONS CONTRACT LISTING FOR 04/02/2009									
				TODAY'S	PREVIOUS	ESTIMATED	DAILY	DAILY	
-----CONTRACT-----				SETTLE	SETTLE	VOLUME	HIGH	LOW	
LC	5	9	C	55	1.97	0.78	1500	0	0
LC	5	9	P	44	0.49	1.19	750	0	0
LC	5	9	P	38	0.09	0.24	750	0	0
LC	6	9	C	70	0.82	0.44	600	0	0
LC	6	9	P	45	1.49	2.43	500	0	0
LO	5	9	P	40	0.16	0.43	10069	0.32	0.15
LO	6	9	C	60	2.69	1.48	5507	2.76	1.92
LO	5	9	C	60	0.69	0.23	4507	0.68	0.45
LO	6	9	P	35	0.25	0.46	4271	0.32	0.24
LO	6	9	P	40	0.67	1.15	4245	0.8	0.65
LO	6	9	P	25	0.01	0.03	4073	0.05	0.03
LO	5	9	C	55	1.97	0.78	3675	1.91	1.3
LO	5	9	P	45	0.62	1.49	3118	0.82	0.56
LO	12	9	C	105	1.02	0.72	2800	0	0
LO	6	9	C	56	4.18	2.41	2346	4.17	3.71
LO	5	9	P	52	2.66	5.1	2292	3	2.6
LO	6	9	C	55	4.63	2.72	2017	4.5	3
OB	9	9	C	1.3	0.3345	0.2594	550	0	0
OB	9	9	C	1.5	0.2325	0.1745	550	0	0
OB	9	9	C	2.1	0.0776	0.0538	500	0	0
OH	5	9	C	1.47	0.0837	0.0477	150	0	0
OH	5	9	C	1.6	0.0424	0.0219	122	0.0425	0.04
OH	6	9	P	1.23	0.046	0.0694	114	0.0525	0.0525
WA	9	9	C	0	0.47	0.4	1200	0	0
WA	11	9	C	0	0.54	0.4	1200	0	0
WA	10	9	C	0	0.53	0.36	1200	0	0
WA	7	9	C	0	0.42	0.4	650	0	0
WA	12	9	C	0	0.59	0.42	650	0	0
WA	8	9	C	0	0.46	0.4	650	0	0
WA	9	9	P	-2	0.48	0.39	550	0	0
WA	11	9	P	-2	0.5	0.4	550	0	0
WA	10	9	P	-2	0.53	0.44	550	0	0
WA	8	10	C	0	0.65	0.72	500	0	0
WA	4	10	C	0	0.64	0.66	500	0	0
WA	1	10	C	0	0.58	0.54	500	0	0
WA	2	10	C	0	0.62	0.57	500	0	0
WA	7	10	C	0	0.66	0.71	500	0	0
WA	3	10	C	0	0.64	0.62	500	0	0
WA	9	10	C	0	0.65	0.74	500	0	0
WA	11	10	C	0	0.67	0.79	500	0	0
WA	12	10	C	0	0.66	0.83	500	0	0
WA	5	10	C	0	0.63	0.67	500	0	0
WA	6	10	C	0	0.65	0.7	500	0	0
WA	10	10	C	0	0.65	0.76	500	0	0

and Venezuela all produced above their targets in March. Iran cut its production by 60,000 bpd to 3.58 million bpd, about 244,00 bpd above its target. Nigeria's production was unchanged on the month at 1.83 million bpd, 157,000 bpd above its 1.673 million bpd target while Angola produced 1.68 million bpd, 163,000 bpd above its quota and Venezuela produced 2.15 million bpd, 164,000 bpd above its quota. Meanwhile, Iraq's oil production increased by 65,000 bpd to 2.315 million bpd.

Oil exports from Iraq's southern Basra terminal fell to 1 million bpd on Thursday, down from 1.56 million bpd on Wednesday due to a technical fault with a processing unit. A South Oil Co official said he expects the problem to be resolved within two days.

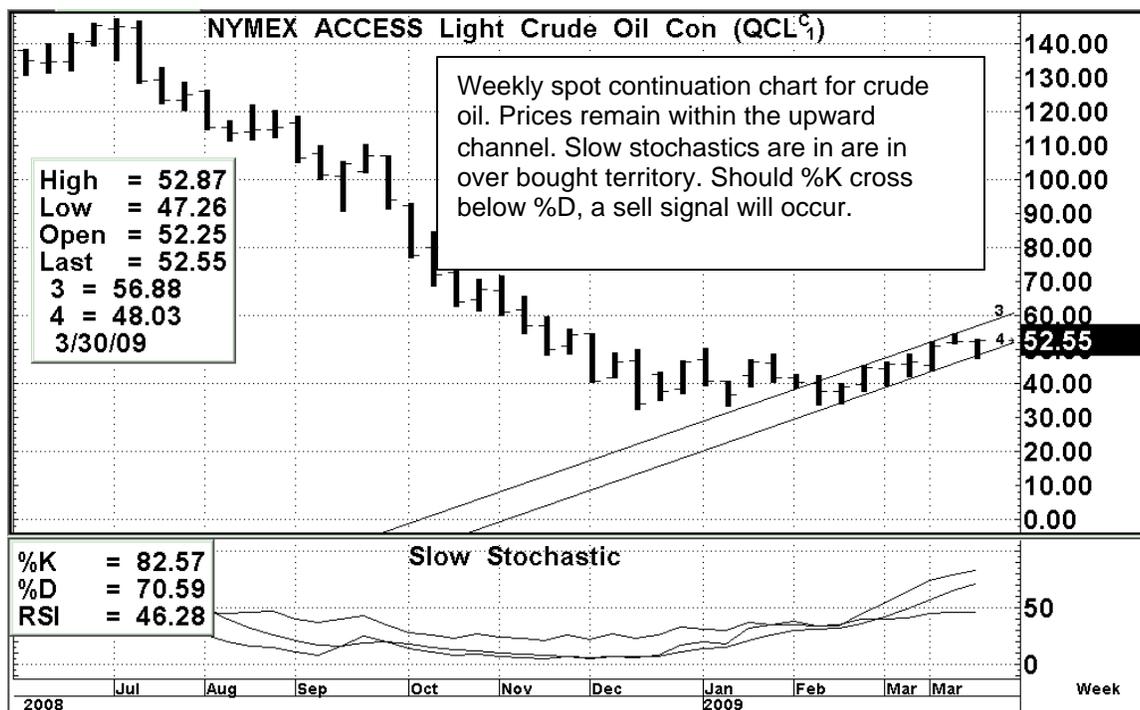
Russia's Energy Ministry reported that the country's oil production in March increased to 9.79 million bpd from 9.72 million bpd in February. It reported that oil exports via pipeline monopoly Transneft fell to 4.22 million bpd from 4.33 million bpd.

Colombia's crude oil production in February increased to an average of 646,000 bpd from 564,000 bpd in February 2008. Average crude production in the first two months of the year was 631,000 bpd.

Mexico's finance ministry expects the country's crude oil exports to fall by 18% in 2010, implying that crude oil production will fall by 245,000 bpd to below 2.5 million bpd next year. It estimates oil exports will fall to 1.125 million bpd in 2010 from 1.37 million bpd forecast for this year. Mexico's oil exports are already under the 1.37 million bpd target forecast for 2009. Crude exports over the first two months of 2009 averaged 1.315 million bpd. Pemex aims to maintain its production at between 2.7 million bpd and 2.8 million bpd this year by increasing output at its Chicontepec project. However analysts are skeptical that Pemex will be able to increase its production.

India's Oil Secretary R.S. Pandey said India will launch the next licensing round for 70 oil and gas blocks on April 9.

The first cargo loading of New Zealand's Maari crude will be delayed until May. The first cargo, likely carrying 300,000-350,000 barrels has been sold to an Australian refinery. Maari started operations in late

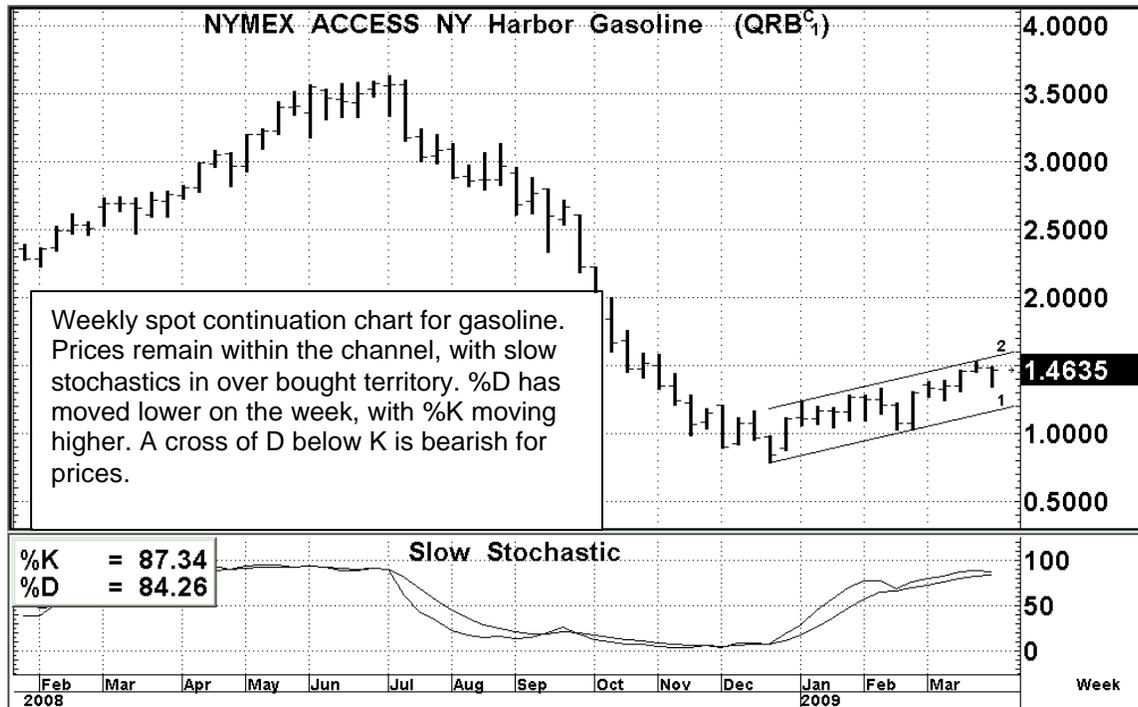


February after the first two of five production wells were connected to production facilities, with the other wells due on stream by the third quarter. The field will have a capacity of 35,000 bpd.

OPEC's news agency reported that OPEC's basket of crudes increased to \$47.18/barrel on Wednesday from \$46.65/barrel on Tuesday.

Market Commentary

In today's meeting by the Group of 20 Nations in London, the head of these nations agreed to measures in order to help fight the global recession. These measures were viewed as supportive for the market in terms of demand. Aiding the rise in prices was the dollar's weakness against the euro, which increased the appeal of commodities as an alternative investment. Crude oil rose the most in three weeks in response to these stimuli. It is our belief that the true fundamentals of this market were once again overshadowed by the aforementioned news. For this reason, we are leery of this move higher and its ability to sustain itself. U.S. commercial crude oil stocks are 38.639 million barrels above



the five-year average and 40.263 million above year-ago levels. Last week's increase of 2.844 million barrels put inventories at nearly a 16-year high. With demand for gasoline turning negative year-over-

year, and that of distillate based upon a four-week average, running 9.1% below that of a year ago, we cannot be too confident in today's move. Despite today's higher close, the front month spread showed signs of weakness, indicating a near term oversupplied market. The May crude oil contract continues to trade within the ascending channel based upon a spot continuation chart. Moving oscillators are in overbought territory with percent D set at 82.41 and percent K set at 70.55. A cross of percent D below percent K would indicate that prices have found a top and will head lower. The objective would be the channel bottom, which is set at \$48.03. Gasoline continues to trend within the upward channel basis a spot continuation chart. Technically, it appears that this market is getting top heavy, with moving oscillators in overbought territory. A cross of percent D below percent K is signal that prices should head lower. The technicals for heating oil are somewhat supportive, with moving oscillators trending in neutral territory. We would look for prices to work towards the \$1.5050 resistance level and to encounter difficulty to penetrate.

(CL) MAY.09 278,630 -1,010 JUN.09 203,850 +9,600 JUL.09 93,844 +165 AUG.09 35,478 +834
 Totals: 1,160,504+11,817 Heating oil MAY.09 57,393 -14 JUN.09 40,575 +620 JUL.09 23,285 -111
 AUG.09 13,239 +464 Totals: 252,699 +1,116 YORK HARBOR RBOB MAY.09 75,140 -3,274 JUN.09
 35,198 +1,086 JUL.09 20,877 +902 AUG.09 15,518 +251 Totals: 197,804 - 582

Crude Support	Crude Resistance
41.00,40.00,38.95, 32.25, 29.66, 28.63, 26.65, 25.50	54.75, 55.98, 57.20
Heat Support	Heat resistance
1.3400, 1.3057, 1.1359, 1.10951.0520	1.4865, 1.5050,1.5285, 1.5520 167.15, 171.85, 176.70, 1.8500
Gasoline support	Gasoline resistance
1.2700, 1.2625 1.1680,1.0128,9590, .8978, .8755, 7850	1.4900,1.5260, 1.5340,1.5800,

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