

W The
Windham Group



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,
& Karen Palladino

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

www.e-windham.com

ENERGY MARKET REPORT FOR MARCH 25, 2009

The UAE's President Sheikh Khalifa bin Zayed al-Nahayan said the fair price for oil is \$70-\$75/barrel.

Earlier on Wednesday, the UAE central bank governor said he did not expect oil prices to exceed about \$40-\$44/barrel this year and added that it would have great impact on the economies of the oil exporting region.

Brazil's Petrobras has presented a new proposal to its workers and is hoping for an end to a warning strike, which is in its third day. It hopes to end the national oil strike by Friday as talks continue. A meeting between Petrobras and the FUP oil workers' union ended on

Market Watch

According to the Commerce Department, new orders for US manufactured goods increased in February for the first time in seven months. It said durable goods orders increased by 3.4% to \$165.6 billion in February following a revised 7.3% decline the prior month. Inventories of manufactured durable goods fell for a second consecutive month in February by 0.9% to \$336.8 billion after falling by 1.1% in January.

Separately, the Commerce Department said sales of new homes increased by 4.7% to 337,000 in February. Home sales increased at their fastest pace since April 2008, from an upwardly revised 322,000 in January. The median sales price in February fell 18.1% to \$200,900 from a year earlier. The inventory of homes available for sale in February was 330,000, the smallest level since June 2002. Sales of previously owned homes increased 5.1% in February while housing starts increased 22.2% that month. Meanwhile, the Mortgage Bankers Association said applications for home loans increased last week as interest rates reached record lows after the Federal Reserve announced it would buy longer term US government debt.

The US dollar fell to a low against the euro on Wednesday after US Treasury Secretary Timothy Geithner said he was open to China's suggestion of moving toward SDR-linked currency system.

The US CFTC is considering major changes in how swap dealers obtain exemptions from speculative position limits. It is considering the elimination of hedge exemptions for swap dealers and replacing it with a stricter new type of limited risk management exemption which would impose additional reporting requirements and force dealers to certify that their clients who speculate off-exchange on commodity prices do not exceed position limits.

The NYMEX announced that a total of 681 contracts were delivered against the expired April crude contract.

Kuwait posted \$69.6 billion in revenues during the first 11 months of the fiscal year ending March 31. Kuwait's Finance Ministry reported that oil revenues totaled \$65.7 billion, up 63.6% on estimates of \$40.2 billion for the whole year. Kuwait plans to cut spending in 2009-2010 by 36% and is projecting a large deficit of \$14.6 billion.

Saudi Arabia's central bank governor, Muhammed al-Jasser said Saudi Arabia has no shortage of liquidity and added that credit increased 15% on the year in February.

A member of China's central bank's monetary policy advisory committee said the country's economy has reached its bottom but added that further interest rate cuts remain an option.

The UK government is encouraging the country's banks to continue lending to oil and gas companies operating in the North Sea and may assist them in obtaining funds from the European Investment Bank.

DOE Stocks

Crude – up 3.3 million barrels
Distillate – down 1.6 million barrels
Gasoline – down 1.1 million barrels
Refinery runs – down 0.1%, at 82%

Tuesday with no agreement, even though the company increased its offer on profit sharing. Petrobras said there have been no interruptions to production and that fuel supplies continued to be normal.

BP America President and chairman Lamar McKay said the sharp decline in energy prices in recent months presents serious challenges to oil and gas producers. However he said firms must continue investing if they are to meet future demand when the economy recovers.

The EIA estimated that compliance by OPEC members with target production cuts of 4.2 million bpd reached 67% in February. It said Saudi Arabia reached 100% compliance while Qatar reached a compliance rate of 83% and both the UAE and Kuwait reached a compliance rate of 79% in February. Nigeria reached a compliance rate of 59%, Libya reached 48% compliance, Iran reached 45% compliance, Venezuela reached 42% compliance, Angola reached 25% compliance and Ecuador reached 15% compliance. It estimated that Algeria did not comply with its production cuts and actually increased its production since September to 1.42 million bpd, above its 1.2 million bpd quota.

Refinery News

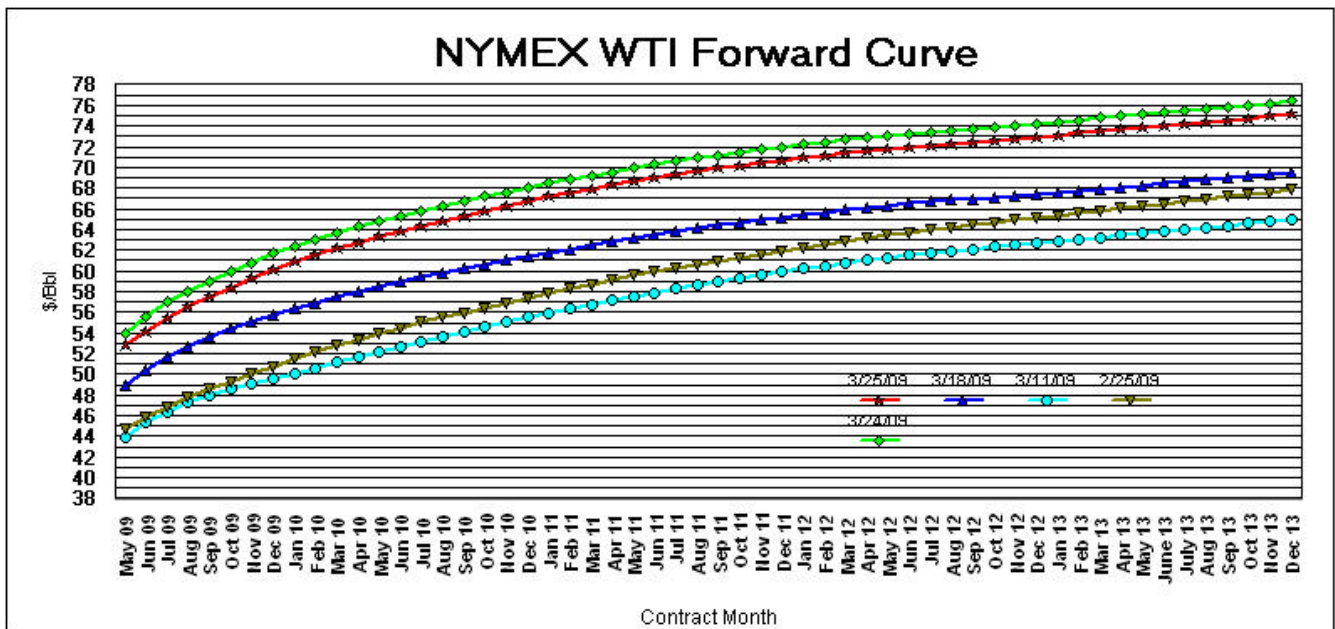
Prices for US ethanol credit prices, known as Renewable Identification Numbers or RINS, have fallen about 44% since late January for the 2008 vintage which expire in 2010. Prices for 2009 RINS, which expire in 2011, have fallen about 15% to 14 cents. The RIN prices have fallen as the premium of ethanol prices compared to gasoline prices has fallen to only a few cents per gallon from about 40 cents last month.

Enbridge Inc said it may not need a planned \$1.6 billion pipeline serving the Fort Hills oil sands project if Suncor Energy Inc buys Petro-Canada. It said should Suncor's bid succeed, the merged company could use existing pipeline capacity in the oil sands region for oil produced in the project's initial phase.

Showa Shell Sekiyu KK and Japan Energy Corp plan to refine less crude in the next three months due to lower domestic demand and heavier seasonal maintenance. Spring maintenance is expected to increase in Japan, with 636,000 bpd of crude capacity to be taken offline, up from 421,000 bpd last year. Showa Shell plans to refine 6.3 million kiloliters or 435,000 bpd in April-June, down 25% on the year due to maintenance and lower domestic demand. It plans to idle Yokkaichi refinery's No. 3 135,000 bpd crude distillation unit and Keihin refinery's No. 3 65,000 bpd crude distillation unit for part of the second quarter. Japan Energy Corp plans to refine 5.2 million kl or 359,000 bpd in the second quarter, down 7% on the year. The company is conducting scheduled maintenance on Mizushima refinery's 95,200 bpd No. 2 crude distillation unit between March 12 and May 9.

The Petroleum Association of Japan reported that the country's crude stocks in the week ending March 21 fell by 40,000 barrels on the week but built by 6.88 million barrels on the year to 97.63 million barrels. It reported that gasoline stocks built by 250,000 barrels on the week and by 330,000 barrels on the year to 14.47 million barrels as sales fell by 5.3% on the year to 970,000 bpd. Kerosene stocks built by 230,000 barrels on the week and by 460,000 barrels on the year to 12.13 million barrels while naphtha stocks fell by 40,000 barrels on the week to 10.82 million barrels. It reported that crude runs fell by 80,000 bpd on the week and by 520,000 bpd on the year to 3.76 million bpd, with refinery utilization rates falling by 1.6% on the week and by 10.6% on the year to 76.8%. Meanwhile, Japan's Oil Information Center reported that the country's average price of gasoline in Japan was 111.5 yen/liter or \$4.31/gallon on Monday, up 0.1 yen on the week.

March Calendar Averages
CL – \$47.37
HO – \$1.2684
RB – \$1.3751



Japan's Ministry of Finance reported that the country's customs-cleared crude oil imports in February fell by 13.9% on the year to 18.946 million kiloliters or 4.26 million bpd. Japan's imports of liquefied natural gas totaled 5.25 million tons last month, down 9.5% on the year.

The Istanbul Strait was closed to transit traffic on Wednesday due to strong currents. Five southbound tankers are waiting at the Istanbul Strait, with an estimated waiting time of one day. The Turkish straits provide the only navigable waterway between oil exporting Black Sea ports such as Poti, Supsa and Novorossiisk and the Aegean Sea.

China will proceed with its plan to increase its gasoline exports in April as it strives to draw down inventories. China's gasoline exports for April are set to reach at least 300,000 tons, up from revised estimate of 290,000 tons for March. Meanwhile, China's diesel exports for April are expected to total 250,000 tons so far with the final program yet to be finalized, nearing the estimate of 300,000 tons for March.

Saudi Aramco sold its fourth consecutive A960 cargo within a month at low price levels as the 44,000 bpd hydrocracker at its Ras Tanura refinery remains shut. Traders said the cargo will likely be delivered to the West, where it will be used as a feedstock.

Poland's Economy Minister Waldemar Pawlak said market conditions are conducive for buying fuel reserves from Lotos and PKN Orlen.

Production News

The Norwegian Petroleum Directorate said StatoilHydro found about 4 million cubic meters or 25 million barrels of recoverable oil near Snorre field.

Low prices and a severe winter cut Canada's 2.5 million bpd of oil export to the US by as much as 300,000 bpd.

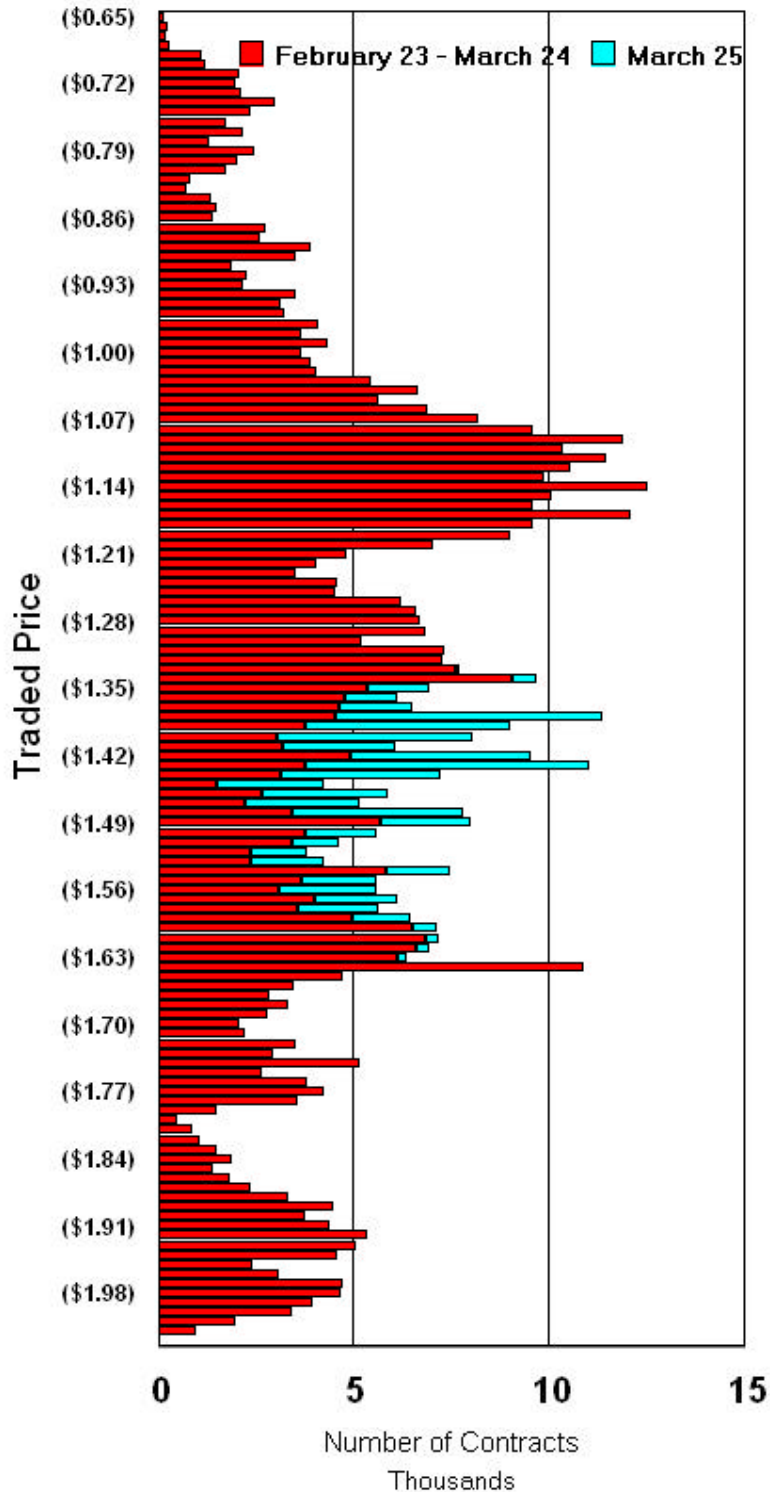
Petrobras' CEO Jose Sergio Gabrielli sees oil drilling from its sub-salt deposits as low risk. He said the sub-salt drilling and production is viable even with international crude prices between \$40-\$50/barrel.

Nigeria's cancellation early this year of oil exploration rights awarded to a South Korea's Korean National Oil Corp was politically motivated. KNOC has petitioned Nigeria's President Umaru Yar'Adua

NYMEX WTI: May June Spread

Price Vs Volume for February 23 - March 25, 2009

Trade Weighted Avg 3/23 -1.82, 3/24 -1.81, 3/25 -1.47



to reverse the decision to scrap the rights to the two offshore blocks estimated to hold about 2 billion barrels of crude and later filed a lawsuit. It said the government has no right to revoke the license after it was operating on the license for 18 months. Nigeria's President has been investigating many of the energy contract awarded during former President Olusegun Obasanjo's tenure.

Nigeria has lowered its official selling price of April Bonny Light and Qua Iboe crude by \$1.35 to dated Brent plus \$1.80/barrel. Its Brass Blend crude price was lowered by \$1.35 to dated Brent plus \$1.85 while its Pennington crude price was cut by \$1.55 to dated Brent plus \$3.00 and its Forcados crude price was cut by \$1.70 to dated Brent plus \$1.80. Its Amenam crude price was cut by \$1.20 to dated Brent plus \$1.75 and its Oso Cond. Was cut by \$1.50 to dated Brent plus \$1.10.

China increased the price of gasoline by 4.6% or 290 yuan or \$42.46/ton to 6,530 yuan while the price of diesel was increased by 180 yuan to 5,790 yuan. It is the first increase in domestic fuel prices since December 2008.

Russian domestic oil prices for April delivery increased by an average of 40% compared with March to 6,500-7,000 rubles or \$192.80 to \$207.60/ton at regional metering points. Russia's oil prices have rebounded in light of rising world oil prices and lower oil export duty set for next month.

OPEC's news agency reported that OPEC's basket of crudes increased further to \$50.44/barrel on Tuesday from \$50.18/barrel on Monday.

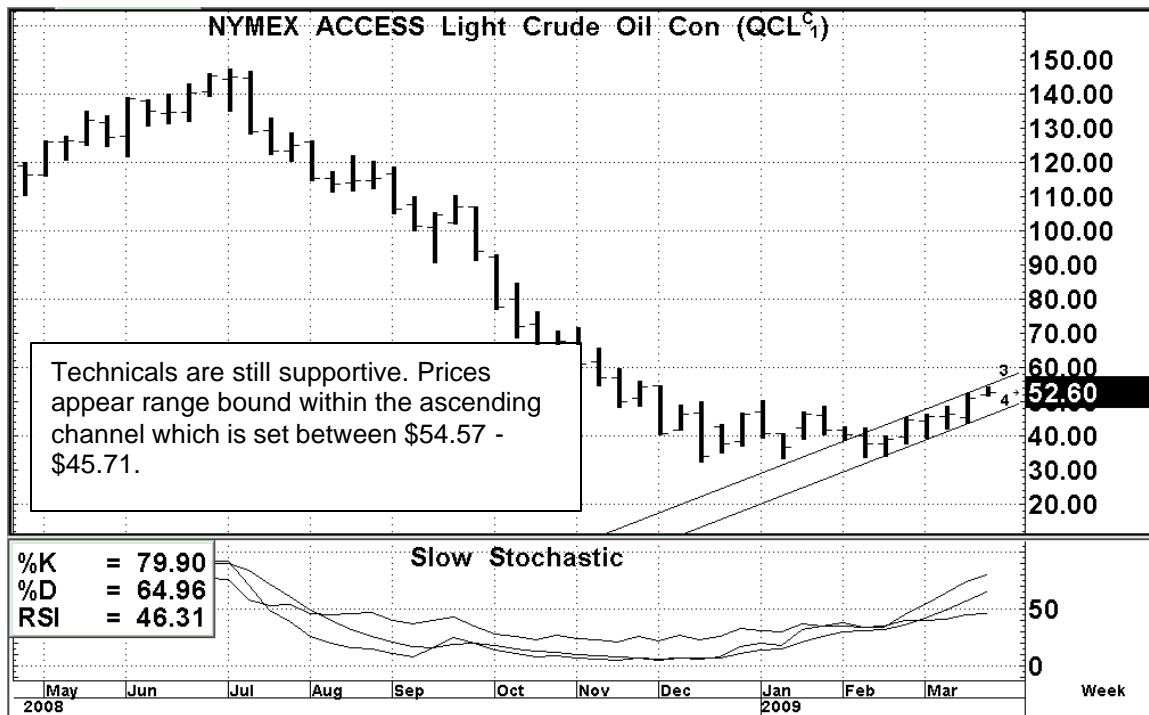
Market Commentary

NEW YORK MERCANTILE EXCHANGE(r)											
NYMEX OPTIONS CONTRACT LISTING FOR 03/25/2009											
							TODAY'S	PREVIOUS	ESTIMATED	DAILY	DAILY
-----CONTRACT-----							SETTLE	SETTLE	VOLUME	HIGH	LOW
LC	05	09	P	40.00		0.33	0.3	1200	0	0	
LC	05	09	P	45.00		0.98	0.88	1200	0	0	
LC	07	09	C	70.00		2.03	2.41	700	0	0	
LC	07	09	C	60.00		4.55	5.26	350	0	0	
LC	12	10	C	67.00		11.28	12	300	0	0	
LO	06	09	P	40.00		0.8	0.71	8302	1	0.7	
LO	05	09	P	40.00		0.33	0.3	4767	0.41	0.2	
LO	05	09	P	50.00		2.37	2.1	2593	2.65	2.08	
LO	06	09	P	35.00		0.31	0.28	2502	0.38	0.35	
LO	06	09	P	45.00		1.7	1.51	2018	1.75	1.72	
LO	06	09	C	80.00		0.36	0.47	1788	0.39	0.39	
LO	06	09	P	50.00		3.21	2.84	1608	3.5	3.15	
LO	12	09	P	40.00		2.05	1.91	1500	0	0	
LO	05	09	P	42.00		0.52	0.47	1458	0.55	0.41	
LO	06	09	C	75.00		0.59	0.75	1436	0.49	0.49	
LO	05	09	P	45.00		0.98	0.88	1415	1.07	0.72	
LO	05	09	C	55.00		2.62	3.29	1394	2.95	2.26	
LO	06	09	C	60.00		2.87	3.48	1345	3.4	2.62	
LO	06	09	C	70.00		0.98	1.22	1329	0.9	0.86	
LO	06	09	C	55.00		4.74	5.57	1305	4.62	4.62	
LO	12	10	P	40.00		2.29	2.17	1300	0	0	
LO	12	10	C	90.00		4.57	4.92	1250	0	0	
OB	05	09	C	1.8000		0.0375	0.041	543	0.0295	0.0295	
OB	06	09	P	1.3000		0.067	0.0652	320	0	0	
OB	04	09	C	1.5000		0.0294	0.0404	312	0	0	
OB	07	09	P	1.5200		0.1928	0.1876	301	0	0	
OB	06	09	P	1.5200		0.1646	0.1607	300	0	0	
OB	07	09	P	1.3000		0.0902	0.0874	300	0	0	
OH	06	09	C	1.5000		0.1508	0.1785	204	0.1513	0.1513	
OH	06	09	P	1.1000		0.0216	0.0194	200	0	0	
WA	07	09	C	2.00		0.1		325	0	0	
WA	07	09	P	-4.00		0.17		325	0	0	
WA	08	09	C	2.00		0.13		325	0	0	
WA	08	09	P	-4.00		0.19		325	0	0	
WA	09	09	C	2.00		0.15		325	0	0	
WA	09	09	P	-4.00		0.21		325	0	0	
WA	10	09	C	2.00		0.18		325	0	0	
WA	10	09	P	-4.00		0.25		325	0	0	
WA	11	09	C	2.00		0.19		325	0	0	
WA	11	09	P	-4.00		0.25		325	0	0	
WA	12	09	C	2.00		0.2		325	0	0	
WA	12	09	P	-4.00		0.27		325	0	0	

Crude oil finished lower today in response to bearish DOE numbers. The weekly inventory numbers indicated a build in crude oil stocks of 3.3 million barrels for the week ending March 20th. Inventories held in Cushing, OK, the NYMEX delivery point, decreased by 2.2 million barrels. Despite this decrease, stock levels in PADD II increased 1.2 million barrels, with imports into PADD II increasing 31,000 barrels. This paints a picture of an over supplied market in a time of economical uncertainty. The shape of the forward curve mirrors this, as the front month spread continues to trade at a discount to the deferred. Crude oil appears to be range bound, trading within the parameters of the ascending channel depicted on a weekly spot continuation chart. This range is set at \$45.71-\$54.57. Failures to break above this channel range should be considered selling opportunities, with the \$45.71 area, the downside target.

Gasoline inventories decreased by 1.1 million barrels, with imports averaging 1.1 million barrels per day. Demand was up slightly, increasing by 4.77%. This draw in inventories may be attributed to a decrease in imports of 13,000 barrels per day and the increase in demand. Basis a weekly spot

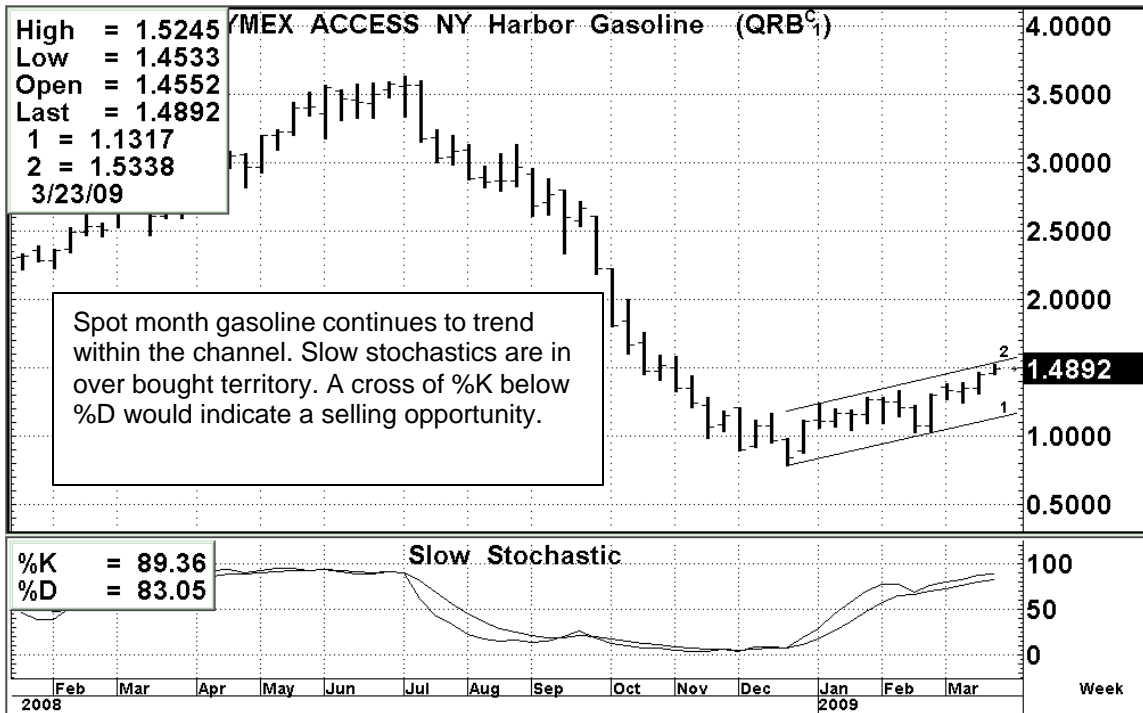
continuation chart for gasoline, prices continue to trade within the ascending channel, however slow stochastics are trending in over bought territory. We would look for prices to dip lower, working towards the channel bottom, which is set at \$1.1317. Heating oil stocks reflected a decrease of 1.6 million barrels week on week, with demand based upon a four-week average set at 3.8 million barrels, down



9.0% for the same period last year. Heating oil got hit the hardest, diminishing some of its recent unseasonable gains. Given the economic outlook, heating oil most likely will not enjoy the strength seen last year, when

trucking demand and global growth propelled this market to unseasonable highs. One supporting factor in this market may be the U.S. agricultural planting season, which typically brings with it demand for diesel. We do not however think that we will see the highs of last year.

(CL) MAY.09 305,206 -10,466 JUN.09 190,182 +2,977 JUL.09 89,181 +2,123 AUG.09 32,081 -494
 Totals: 1,160,240 -1,519 Heating oil APR.09 24,404 -1,900 MAY.09 57,909 +83 JUN.09 38,519 +823
 Totals: Totals: 266,131 - 727 NEW YORK HARBOR RBOB APR.09 21,030 -6,734 MAY.09 75,593
 +2,816 JUN.09 33,447 +290 Totals: 210,290 -3,274



Crude Support	Crude Resistance
54.05, 49.55, 47.21, 45.71, 44.72, 41.75, 40.00	54.57, 54.75, 55.20, 55.98, 57.20, 58.31
Heat Support	Heat resistance
1.4469, 1.3855, 1.3400, 1.3057, 1.2795, 1.1900, 1.143	1.5005, 1.5026, 1.5285, 1.5520, 160.24, 166.05, 168.43
Gasoline support	Gasoline resistance
1.4617, 1.4533, 1.4000, 1.375, 1.3356, 1.3060	1.5245, 1.5340, 1.5800

The information contained in this letter is taken from sources, which we believe to be reliable, but is not guaranteed by us as to accuracy or completeness and is sent to you for information purposes only. The Windham Group bases its market recommendations solely on the judgment of its personnel. Reproduction in whole or part or other use without written permission is prohibited.