



ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR APRIL 6, 2010

The EIA stated in its latest Short Term Energy Outlook that its assessment of world oil markets is relatively unchanged from last month's outlook and world oil prices will likely continue to increase in response to the world economic recovery. The EIA projects that world oil

demand will increase by 1.46 million bpd to 85.5 million bpd in 2010, down 0.1% from its previous forecast while demand in 2011 is expected to increase by 1.61 million bpd to 87.11 million bpd, up 0.7% from its previous forecast. Non-OPEC supply is estimated to increase by 600,000 bpd in 2010, about 500,000 bpd more than last month's outlook due to a revised forecast for production in North America. Non-OPEC supply is estimated to total 50.88 million bpd in 2010 and fall to 50.76 million bpd in 2011. OPEC crude oil production is expected to increase by 300,000 bpd to 29.4 million bpd in 2010 and increase by 630,000 bpd to 30.03 million bpd in 2011. The EIA estimates that commercial oil inventories held in OECD countries stood at 2.67 billion barrels at the end of the first quarter of 2010. It is equivalent to about 58 days of forward cover and about 69 million barrels more than the previous 5 year average. In regards to total US oil demand, the EIA reported that consumption will increase by 150,000 bpd to 18.84 million bpd in 2010, down 0.26% from its previous forecast. Demand in 2011 is expected to increase by 220,000 bpd to 19.06 million bpd, which is down 0.21% from its previous forecast. Gasoline demand in 2010 is expected to increase by 40,000 bpd to 9.03 million bpd, down 0.11% from its previous forecast while demand in 2011 is expected to increase by 70,000 bpd to 9.1 million bpd, down 0.11% from its previous forecast. Total gasoline stocks at the

Market Watch

Saudi Arabia is lowering its formula price to maintain market share and prevent other crudes from gaining market share in the growing Asian market. Saudi Arabia is protecting its market share since other countries are trying to create a presence in the Asian market, particularly Russia's ESPO and attempts by Venezuela and Brazil to move more crude to Asia.

The US Labor Department reported that the number of US workers laid off in February fell to its lowest level in more than a year. It said that for each job available at the end of February, there were 5.5 unemployed people. The US had 2.7 million job openings at the end of February. Employers hired four million, about 1.85 million people quit their jobs and 1.82 million were laid off, fired or otherwise let go.

API Stocks

Crude – up 1.07 million barrels

Distillate – up 723,000 barrels

Gasoline – down 2.957 million barrels

Refinery runs – up 2.6%, at 84.7%

start of the summer driving season, April 1st, stood at 224 million barrels, up 7 million barrels on the year. The EIA estimates that the average stock draw over the summer will be about 87,000 bpd compared with last summer's 25,000 bpd average stock draw. Distillate demand is estimated to remain unchanged at 3.63 million bpd in 2010, down 0.55% from its previous forecast while demand in 2011 is expected

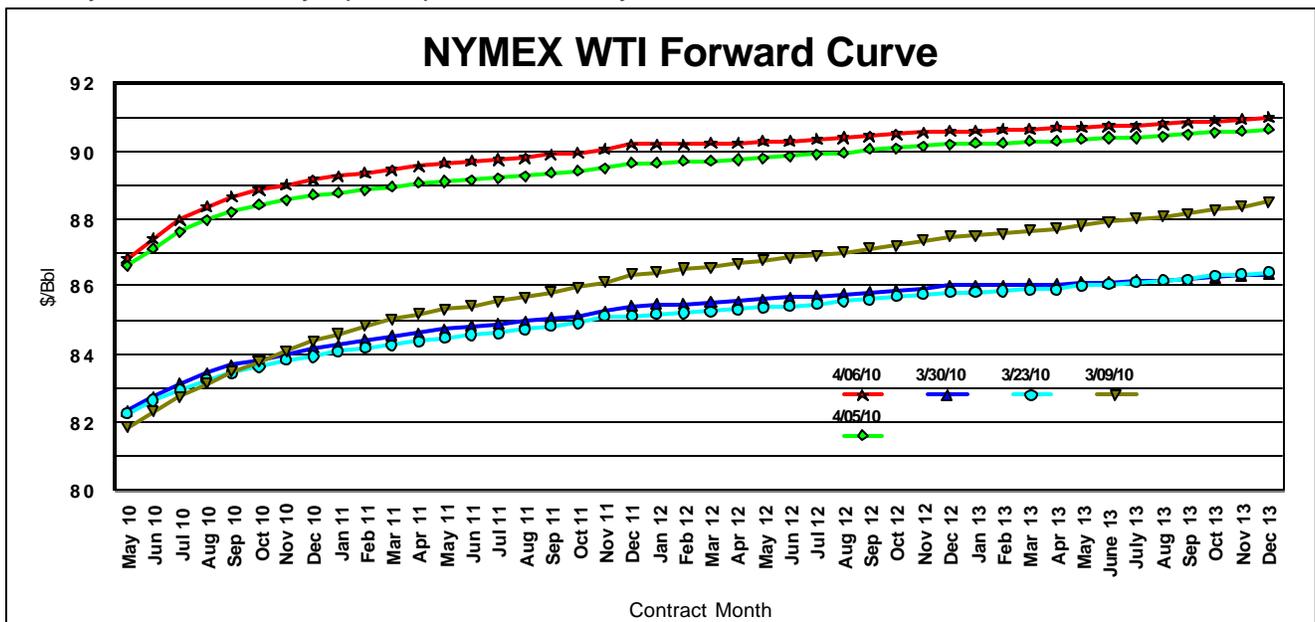
to increase by 80,000 bpd to 3.71 million bpd, down 1.07% from its previous estimate. Distillate stocks are projected to start the summer at 143.1 million barrels, down from last year's level of 143.6 million barrels and 24 million barrels higher than the previous 5 year average. The EIA also reported that retail gasoline prices, which averaged \$2.44/gallon last summer, is expected to average \$2.92/gallon during the current driving season. The monthly average gasoline price is expected to peak at about \$2.97/gallon in early summer. Diesel fuel prices, which averaged \$2.46/gallon last summer, are projected to average \$2.97/gallon this summer. WTI prices are expected to average above \$81/barrel this summer, slightly less than \$81/barrel for 2010 as a whole and \$85/barrel by the fourth quarter of 2011.

<p>April Calendar Averages CL – \$86.11 HO – \$2.2508 RB – \$2.3407</p>
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Qatar's Oil Minister Abdullah bin Hamad al-Attiyah said OPEC is unlikely to hold an emergency meeting over the latest oil price rally as consumer demand is still weak and inventories are high. He said oil inventories are the highest in history at 60 days. He said the latest price rally is not being driven by supply and demand fundamentals but by speculators. He said the price is now fluctuating with the dollar. Separately, Qatar's Oil Minister said the country is revising its Al Shaheen oil field development due to its high costs. Maersk Oil is carrying out the project to expand crude oil production capacity from the Al Shaheen field.

A senior Iranian official said the idea of international sanctions on Iranian oil exports is a joke, adding that Iran would not abandon its nuclear work despite mounting international pressure. Iran's Foreign Ministry spokesman said restricting Iran's oil and gas exports was illogical and that all sanctions would fail. He said Iran will never abandon its nuclear activities due to sanctions. The latest draft proposals agreed by the US, Britain, France and Germany include restrictions on new Iranian banks established abroad and on insurance of cargo shipments to and from Iran. Commenting on potential restrictions on Iran's petroleum imports, Oil Minister Masoud Mirkazemi said the country had the refining capacity to avoid a major impact.

China said it was considering whether to attend a nuclear disarmament conference in Iran later this month. Iran says experts and officials from 60 countries have been invited to the April 17-18 meeting. The meeting will be held just days after China's President Hu Jintao is due to attend a nuclear security summit in Washington. Chief Iranian nuclear negotiator Saeed Jalili was quoted as saying on Sunday by the official IRNA news agency that China would take part in the meeting. However China's Foreign Ministry said the country's participation was not yet confirmed.



Iran's Navy rescued an Iranian oil tanker attacked by Somali pirates in the Gulf of Aden. The Iran Faraz oil tanker was sailing from the southern Iranian port city of Bushehr to Izmir in Turkey when it came under attack by four pirate boats. The pirates fled and the tanker continued its journey towards Izmir.

According to MasterCard Advisors LLC, US gasoline demand increased by 1.2% to 9.645 million bpd in the week ending April 2nd. Gasoline demand was up 3.6% or 333,000 bpd from a year ago. In the past four weeks, gasoline demand was 9.589 million bpd, up 174,000 bpd or 1.8% on the year. It also reported that the US average retail price of gasoline fell by 1 cent to \$2.80/gallon. It was the first decline since February 19th.

Refinery News

Tesoro Corp reported flaring on Monday at its 100,000 bpd refinery in Wilmington, California. A hydrocracker unit tripped offline due to an issue related to the earthquake.

ConocoPhillips completed maintenance on its 100,000 bpd refinery in Ferndale, Washington. Work was conducted on its fluid catalytic cracking unit, diesel hydrotreater and alkylation unit.

Suncor Energy Inc is shutting down some units in preparation for maintenance at its 135,000 bpd refinery in Edmonton, Alberta.

Venezuela's PDVSA will shut its flexicoker unit at its 640,000 bpd Amuay refinery early Wednesday morning for several weeks of scheduled maintenance. The shutdown will halt production of gasoline and diesel, although exports are unlikely to be affected as PDVSA has stockpiled fuel for domestic consumption and overseas sales. PDVSA also said a fluid catalytic cracker at its Cardon refinery was fully operational again after a fire last week.

Indonesia's Pertamina has shut its 125,000 bpd crude distillation unit at its Balongan refinery on Monday due to an outage at a cooling unit. The unit is expected to remain offline for 10 days. Its 83,000 bpd residue fluid catalytic cracking unit is operating at less than 60% of capacity due to the crude unit outage.

Sinopec Corp's Guangzhou refinery has restarted operation of its 160,000 bpd crude unit on Tuesday after a fire shut its production in mid-March. The sudden closure in March cut the refinery's output by about 220,000 tons. It will resume throughput of about 1 million tons or 237,800 bpd in April.

China's CNOOC plans to increase its crude processing at its 240,000 bpd Huizhou refinery in April by about 25% on the month after completing repairs of its hydrocrackers. The refinery last month carried out repairs on its two hydrocracking units.

Qatar's Oil Minister Abdullah bin Hamad al-Attiyah said Qatar will stop importing diesel for domestic consumption following the start up of the new 146,000 bpd Ras Laffan condensate refinery. It currently produces 24,000 bpd of gas oil, 52,000 bpd of kerosene and jet fuel and 8,000 bpd of liquefied petroleum gas. Separately, Qatargas Operating Co Ltd plans to award a contract for phase two of its Ras Laffan refinery in the first half of next year. The engineering, procurement and construction contract would be awarded in the first half of 2011.

A tanker has been provisionally booked to carry 60,000 tons of gas oil from South Korea to Europe later this month, even though the arb window is shut. The last time gas oil arbitrage cargoes were fixed to sail to Europe from Asia was in November and December 2009. The vessel, the Stena Polaris, will load on April 22nd. Demand for low sulfur diesel could increase in Europe as supplies

tighten due to spring refinery maintenance. European oil refiners are expected to shut at least 1.3 million bpd of capacity in April. Or about 8% of Europe's combined capacity of 16 million bpd.

Production News

Anadarko Petroleum Corp reported a successful well test in Brazil's offshore Campos Basin. The Wahoo well No. 1 flowed at a sustained rate of about 7,500 bpd of crude and 4 mcf/d of natural gas. It believes the well will be capable of producing at a rate well in excess of 15,000 bpd.

OPEC's news agency reported that OPEC's basket of crudes increased further to \$81.31/barrel on Monday from \$79.93/barrel on Thursday. It also reported that OPEC's basket of crudes increased by \$1.65 to \$78.65/barrel in the week ending April 2nd.

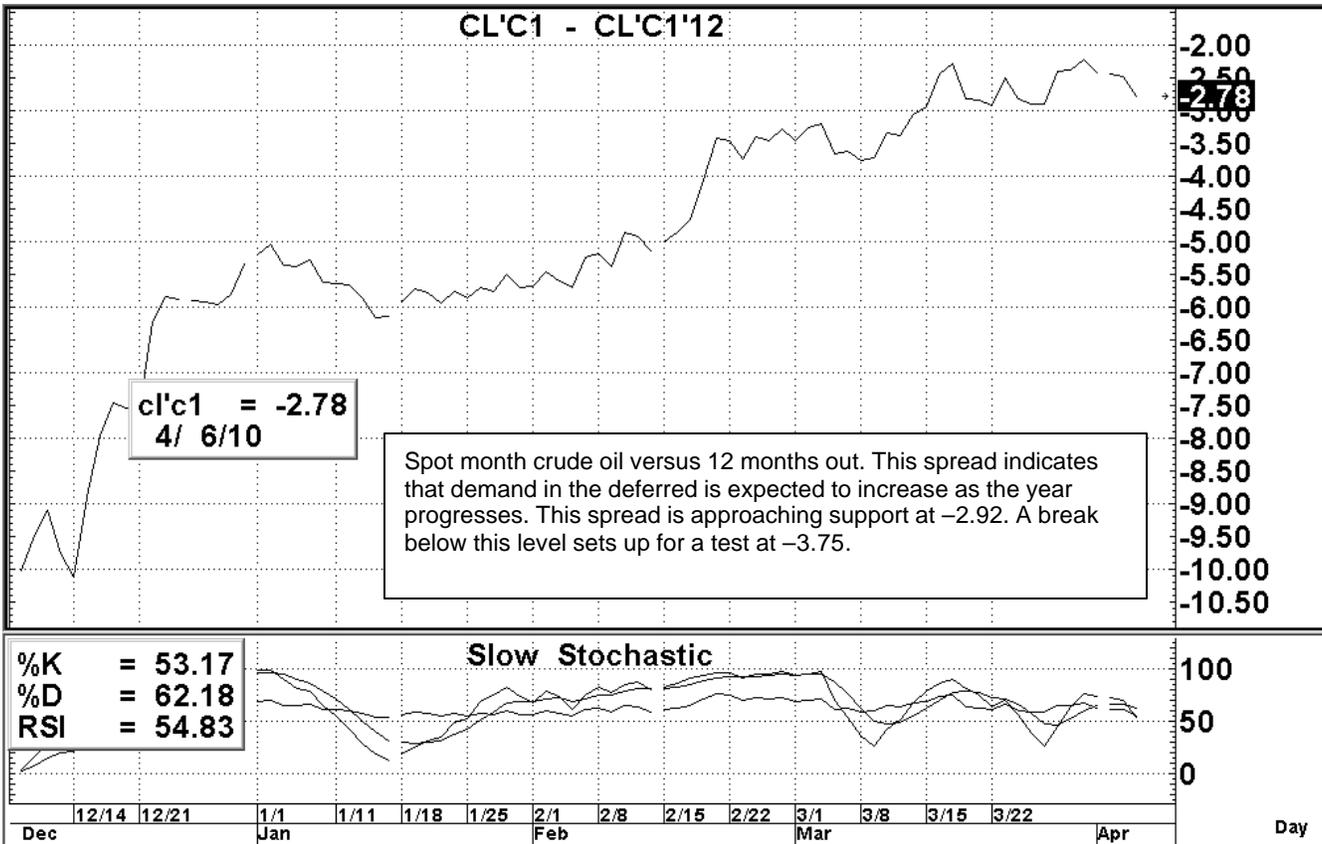
Market Commentary

The uptrend continued for energy prices today as we await the release of the DOE inventory report, which is expected to show a decrease in gasoline stocks of 1.9 million barrels, an increase of 1 million barrels in crude oil and distillate stocks are expected to decrease by 1.5 million barrels. A stronger dollar helped to contain prices just above the \$87.00 level. Economic optimism continues to influence this market despite bearish fundamentals. The shape of the forward curve continues to reflect expectations of positive demand growth as the year progresses. A continuation chart for the front month crude oil versus that of twelve months back has been coming under pressure and is approaching key support set at -\$2.92. A break below this level could see this spread weaken further with a possible test at -\$3.75. As mentioned in previous reports, we would like to see a consistent pattern in demand growth to support the belief that economic growth and its impact on demand is truly occurring. Technically, we feel that this market will continue higher, stretching towards the \$90.00 level.

Crude oil May 10 312,116 -13,540 June 10 185,916 -7,633, July 119,777 +2,580 Totals 1,333,090
15,978 Heating oil May 10 105,328 -1,014 June 10 56,554 +225 July 10 29,033 -150 Totals: 324,153 -
32. Gasoline May 10 129,235 -247 June 10 62,788 -578 July 10 34,510 +40 Totals 320,043 19.

The API reported that crude stocks built by 1.07 million barrels on the week, with a build of 1.18 million barrels in Padd 2 alone. It reported the build in crude stocks as imports increased by 737,000 bpd to 9.94 million bpd on the week. The API however reported that crude runs increased by 427,000 bpd to 14.507 million bpd. The API reported that distillate stocks built by 723,000 barrels on the week as production increased by 318,000 bpd to 3.999 million bpd, the highest level since the week ending December 4th. It also reported that apparent demand fell by 0.1% on the week and by 10.6% on the year to 4.056 million bpd while apparent demand basis its three week moving average fell by 0.8% on the week and by 4.6% on the year to 4.137 million bpd. It however reported that imports fell by 76,000 bpd or 32.2% to 160,000 bpd. Meanwhile, the API reported a larger than expected draw in gasoline stocks of 2.957 million barrels. It reported the draw as apparent demand increased by 2.8% on the week and by 7.6% on the year to 9.835 million bpd and apparent demand basis its three week moving average was unchanged on the week and up 4% on the year at 9.747 million bpd. It also reported the draw as gasoline production fell by 10,000 bpd or 0.1% on the week to 9.319 million bpd and imports fell by 11,000 bpd or 10.5% to 94,000 bpd.

Crude Support	Crude Resistance
85.40, 86.42, 84.55, 83.95, 83.18, 79.75-79.51, 78.43, 76.72, 75.00, 72.60, 71.31, 70.42, 69.50, 65.05, 64.70, 63.38, 62.70, 61.61, 60.95	87.85, 88.80, 89.10, 89.88, 92.75
Heat Support	Heat resistance
2.0180, 1.9975, 1.9860, 1.8570, 1.8280, 1.7670, 1.7565	2.4200, 2.4940,
Gasoline support	Gasoline resistance
2.1460, 2.1320, 2.0660, 2.0420, 1.9970, 1.9862, 1.8650, 1.85.65, 1.7900, 1.7200 1.6600	2.4850, 2.5040, 2.5115



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