



ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR APRIL 28, 2009

Venezuela's Oil Minister Rafael Ramirez estimated that oil prices may trade anywhere between \$50 and \$60/barrel by the end of the year in response to OPEC's output policy. He said OPEC has managed to stem the oil price decline and stabilize the price at a \$40/barrel floor for WTI. Separately, Venezuela's Oil Minister threatened to take over oil service companies that fail to agree on new rates for their services.

Refinery News

Valero Energy Corp said it is restarting its 182,000 bpd refinery in Delaware City, Delaware.

Valero Energy Corp said its first quarter net income increased by 18% as lower costs increased margins. It reported a net income of \$309 million, up from \$261 million a year earlier. Its revenue declined by 50% to \$13.8 billion on the lower sales of gasoline. Valero said US gasoline demand has increased slightly this year while domestic diesel demand has declined. It said gasoline demand could rebound during the summer, due to lower pump prices while demand for diesel and jet fuel will likely be slower in returning as it is more closely tied to the economy. It said it has no plans to shut any of its refineries due to the economic crisis. Valero's refineries,

Market Watch

Goldman Sachs said the recent oversupply of middle distillates, such as diesel, and contango will keep storage demand relatively strong, increasing inventory levels up even further. It said diesel prices have yet to sell off as storage demand for distillate remains strong. Goldman Sachs said current high inventory levels and any further build up would cap any hikes in crude oil prices.

The Conference Board's sentiment index increased to 39.2 in April from an upwardly revised 26.9 in March. The April reading was the highest since November 2008. The increase in the index was the highest seen since November 2005, in the aftermath of Hurricane Katrina.

The Orkney Islands Council Department of Harbours said a ship to ship transfer of 500,000 barrels of Norwegian Njord crude is under way in Scapa Flow, Scotland. This will bring the total number of barrels transferred in Scapa Flow this year to just over 7.5 million barrels.

BP Plc said it is adapting well to oil prices at \$50/barrel despite reporting first quarter profits that were much lower than a year ago. BP said its replacement cost net profit fell by 62% year on year to \$2.4 billion. The company produced just over 4 million bpd, up 2.5% on the year.

API Stocks

Crude – up 4.584 million barrels
Distillate – up 1.581 million barrels
Gasoline – down 2.56 million barrels
Refinery runs – down 0.6%, at 81.5%

with a combined capacity of 3.1 million bpd, are expected to operate between 2.44 million and 2.52 million bpd in the second quarter. Valero said its Gulf Coast refineries are expected to operate below capacity at between 1.35 million and 1.4 million bpd in the second quarter of 2009. Its West Coast refineries are expected to operate between 270,000 and 280,000 bpd while its Northeast refineries are expected to operate between 460,000 and 470,000 bpd. Midcontinent refineries are expected to operate between 360,000 and 370,000 bpd in the second quarter of the year. Valero Energy Corp also said its McKee, Texas refinery will undergo 21 days of turnaround on its #1 crude unit and fluid catalytic cracking unit starting in May. It also said its 95,000 bpd Three Rivers refinery in Texas will undergo a 24 day turnaround beginning in September while its 80,000 bpd fluid catalytic cracking unit at its Delaware City refinery will undergo 42 days of maintenance starting in September. Valero Energy has however delayed a turnaround on a coker unit at its St. Charles refinery in Norco, Louisiana until the first quarter of 2010. The unit was originally scheduled to shutdown in the fourth quarter of 2009.

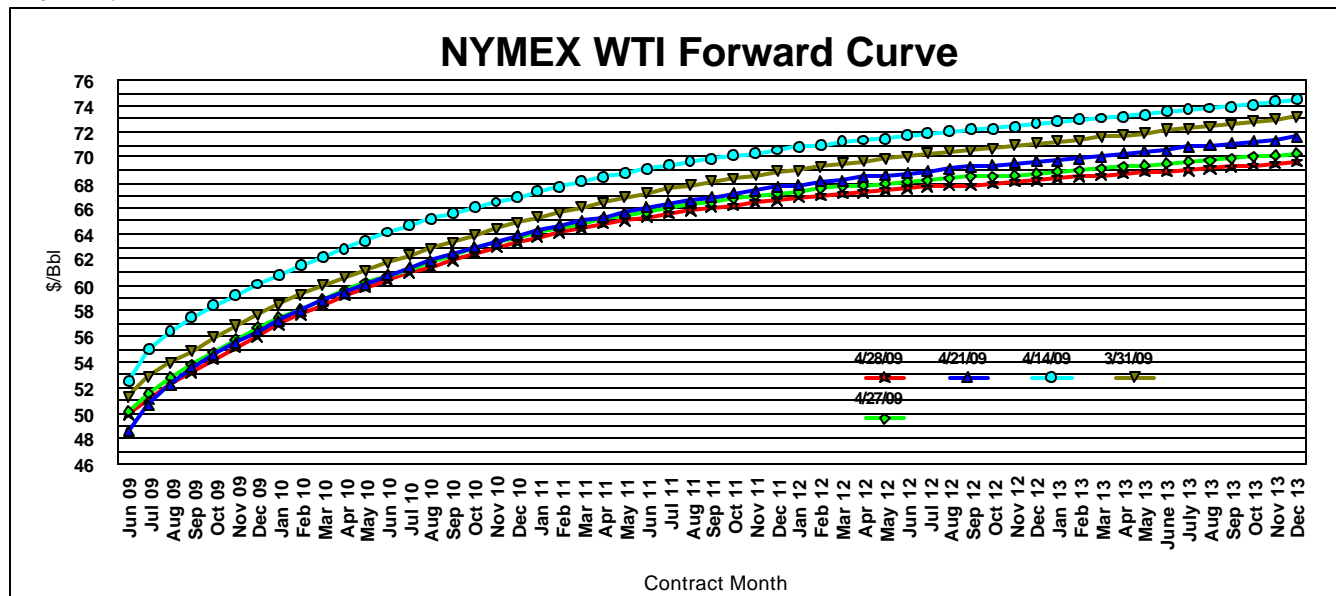
<p>April Calendar Averages CL – \$49.83 HO – \$1.3815 RB – \$1.4410</p>
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Shell Oil said it expects a hydrotreater to reach normal rates at its 333,700 bpd Deer Park, Texas refinery following its recent restart. The unit was shut April 18th after a leak in a pump seal caused a fire.

Marathon Oil Corp found the leak on the crude pipeline feeding the 226,000 bpd refinery in Catlettsburg, Kentucky and is in the process of repairing it. There is no timeframe for when the repairs will be completed and the refinery will continue to operate at reduced rates until then.

BP's 225,000 bpd Cherry Point oil refinery in Ferndale, Washington is undergoing maintenance. A hydrocracker unit and a reform were shut on April 15 for planned turnaround maintenance. It expects to complete the work near the end of May.

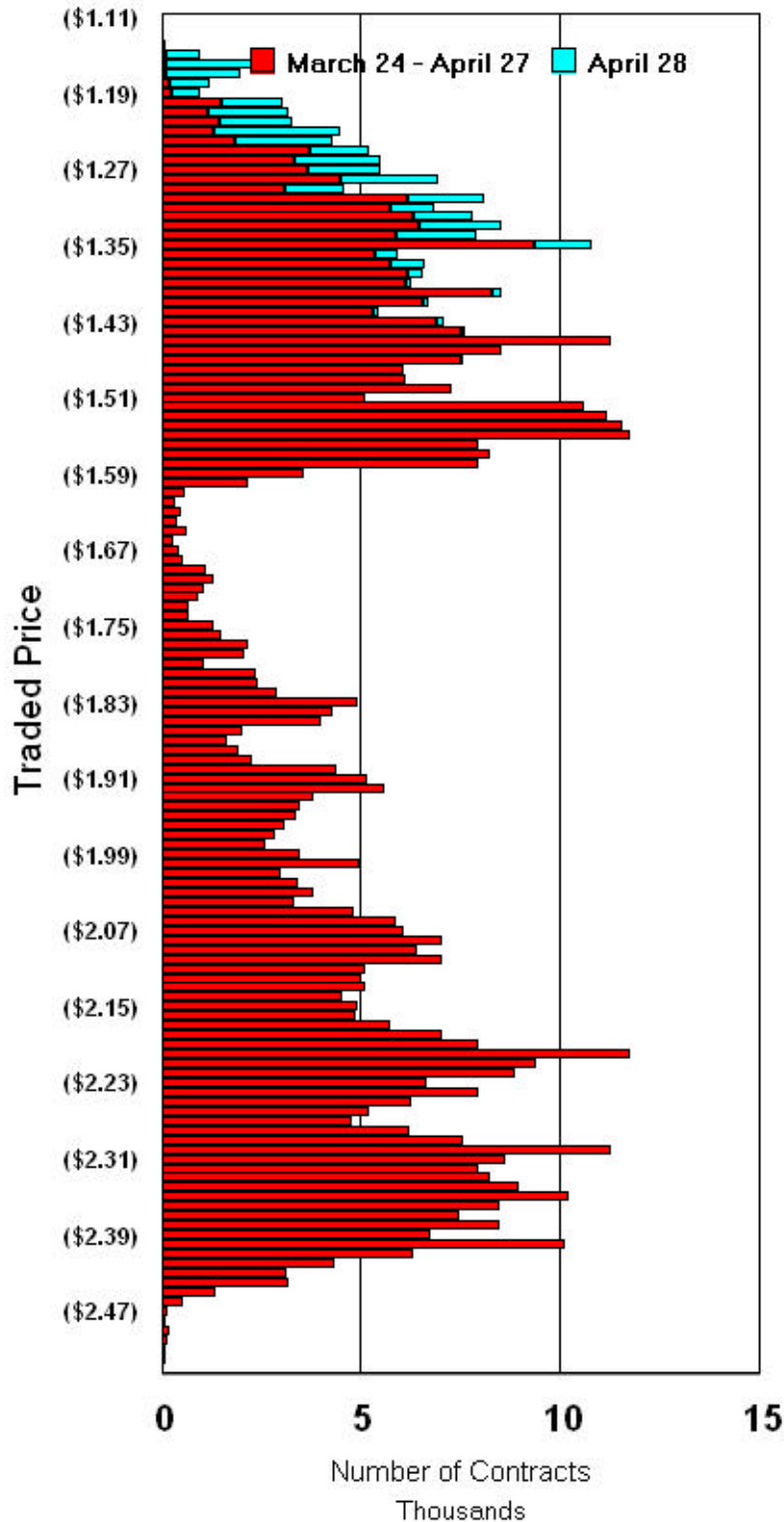
Tesoro Corp plans to restart its 72,000 bpd Kenai, Alaska refinery in the first week of May following 30 days of planned maintenance.



ExxonMobil Corp is planning 30-40 days of maintenance work on its fluid catalytic cracking unit at its Beaumont, Texas refinery in early May.

NYMEX WTI: June July Spread Price Vs Volume for March 24 - April 28, 2009

Trade Weighted 4/24 -1.37, 4/27 -1.42, 4/28 -1.11



A desulfurization unit at Kuwait Petroleum Corp's 80,000 bpd refinery in Rotterdam was shut earlier Tuesday following a fire. The unit was shut so the cause of the fire could be investigated while the rest of the refinery is operating normally.

Royal Dutch Shell has restarted its 33,000 bpd long residue catalytic cracker at its 500,000 bpd Bukom refinery following a three-week shutdown. Shell bought a total of 650,000 barrels of 97-octane gasoline from February to April from the Singapore cash market to fill the supply gap due to the shutdown.

PetroChina has cut its crude production and refinery throughput in the first quarter to cut heavy inventories. It reported a 5.7% cut in first quarter crude production over a year earlier, a 14.6% decline in refinery production and a 2.8% cut in fuel sales.

Kuwait's Oil Minister Sheikh Ahmad Abdullah Al Sabah met Chinese government and state oil company officials to discuss a planned joint venture 300,000 bpd refinery in southern China. Kuwait wants to supply all the oil that will be used by the refinery.

Indian Oil Corp plans to shut half of its 240,000 bpd Panipat refinery for 45-50 days in March-April next year to increase its capacity to 300,000 bpd. The refinery will shut a 120,000 bpd crude distillation unit, a hydrocracker and a delayed coker unit. Some other secondary units and another 120,000 bpd crude unit at the same refinery will be shut for about 20-22 days in September for routine maintenance and upgrading fuel quality.

The central gas processing facility at Saudi Aramco's 500,000 bpd Khursaniyah oilfield is expected to begin operations by October. The plant had been due to come online with the entire Khursaniyah project in December 2007. The onshore gas plant can process about 1 bcf of gas from the Abu Hadriya, Fadhili and Khursaniyah fields.

Separately, Saudi Arabia is not expected to sign a third gas oil supply contract this year, preferring to buy in the spot market.

Indonesia's SETDCO Group plans to build an oil refinery on Batam Island, near Singapore, with a capacity of 300,000 bpd. The crude for the refinery will come from the Middle East.

Azerbaijan plans to almost double throughput at its Baku-Novorossisk pipeline this year to 2.5 million tons from 1.3 million tons in 2008. Azerbaijan currently exports 1.1 million bpd, of which between 950,000 and 990,000 barrels are exported through the Baku-Tbilisi-Ceyhan pipeline.

Russia started construction of a crude pipeline to China, following an agreement between the two countries to exchange loans for oil early this month. Construction of the pipeline section in China will begin in May while the section cutting across the border in the Chinese province of Heilongjiang will be started in September. China agreed this month to lend \$10 billion to Russia's Transneft and another \$15 billion to Rosneft in exchange for 300 million tons of Russian oil to be transported

NEW YORK MERCANTILE EXCHANGE(r)									
NYMEX OPTIONS CONTRACT LISTING FOR 04/28/2009									
				TODAY'S	PREVIOUS	ESTIMATED	DAILY	DAILY	
-----CONTRACT-----				SETTLE	SETTLE	VOLUME	HIGH	LOW	
LC	6	9	P	40	0.29	0.33	1300	0	0
LC	6	9	C	55	0.99	1.17	1100	0	0
LC	7	9	P	40	0.77	0.75	1000	0	0
LC	7	9	P	45	1.9	1.84	700	0	0
LC	12	10	C	72	7.63	7.82	640	0	0
LC	12	10	P	72	16.07	15.86	640	0	0
LC	12	9	C	65	4.27	4.52	500	0	0
LC	12	9	P	65	13.11	12.81	500	0	0
LC	7	9	P	35	0.24	0.24	500	0	0
LC	6	9	P	45	1.01	1.08	500	0	0
LC	6	9	P	35	0.06	0.08	500	0	0
LC	12	11	C	135	1.79	1.84	500	0	0
LO	6	9	P	45	1.01	1.08	6857	1.39	1.05
LO	7	9	P	30	0.05	0.05	4957	0.13	0.1
LO	7	9	P	40	0.77	0.75	3997	1.2	0.85
LO	6	9	P	40	0.29	0.33	3494	0.44	0.28
LO	7	9	C	72.5	0.25	0.28	3450	0	0
LO	9	9	C	58	4.03	4.28	2675	0	0
LO	9	9	C	70	1.24	1.33	2552	0	0
LO	6	9	C	55	0.99	1.17	2479	1	0.75
LO	12	10	C	90	3.63	3.74	2400	0	0
LO	6	9	C	50	2.77	3.03	2078	2.72	2.3
LO	9	9	C	80	0.45	0.49	1926	0.45	0.45
LO	7	9	C	65	0.65	0.74	1741	0.62	0.62
LO	6	9	C	52	1.9	2.14	1524	1.9	1.5
LO	6	9	P	35	0.06	0.08	1515	0.1	0.05
LO	7	9	P	45	1.9	1.84	1501	2.3	2.3
LO	6	9	C	67	0.05	0.08	1450	0.05	0.05
OB	6	9	C	1.5	0.05	0.0546	978	0.0425	0.0425
OB	6	9	C	1.9	0.003	0.0037	226	0	0
OH	6	9	C	1.5	0.0285	0.0318	1300	0	0
OH	8	9	P	1.4	0.1501	0.1464	650	0	0
OH	6	9	P	1	0.0026	0.0026	500	0	0
OH	7	9	C	1.4	0.1	0.1057	400	0	0
OH	7	9	C	1.75	0.0217	0.0238	200	0	0
OH	6	9	C	1.75	0.0041	0.0049	200	0	0
WA	9	9	C	0	0.3	0.29	250	0	0
WA	9	9	P	-1	0.64	0.65	250	0	0
WA	6	9	C	0	0.19	0.16	250	0	0
WA	9	9	C	-1	0.66	0.66	250	0	0
WA	6	9	P	-2.5	0.17	0.22	200	0	0
WA	6	9	P	-3.5	0.05	0.07	200	0	0

over the pipeline over 20 years. Russia will transport about 15 million tons of crude every year to China upon the completion of the pipeline, which is scheduled for October 2010.

China's fuel oil imports have increased more than 50% to 650,000 tons so far in April from its lows in March as stocks built ahead of the January import tax increase were drawn down and higher pump prices prompted purchases of refining feedstock.

Production News

Mexico's Pemex said the country's oil industry continues to operate normally despite the outbreak of swine flu in the country that is believed to have killed 149 people. Pemex has implemented contingency plans including limiting the number of large corporate gatherings and shutting down air conditioning in its headquarters to prevent the spread of the illness.

Nexen Inc's North Sea Buzzard oilfield will shut down for four weeks in the third quarter for tie in and jacket installation of the fourth platform. The shutdown is scheduled to coincide with an expected slowdown of the Forties pipeline for maintenance.

Abu Dhabi National Oil Co will deepen cuts of its crude supplies to Asia in June compared to May. ADNOC notified term buyers in Asia that it will supply Murban crude at 18% below contracted volumes in June compared with a 15% cut in May. It will also cut supplies of Lower Zakum crude and Umm Shaif crude by 18% while it also cuts Upper Zakum crude supplies by 16% in June.

Nigerian National Petroleum Corp has lowered its official selling price for May Bonny Light and Qua Iboe crude by \$1.20 to dated Brent plus 60 cents. It cut its official selling price of Escravos Light crude by \$1.25 to dated Brent plus 15 cents. Its Agbami crude price was cut by \$1.60 to dated Brent minus 10 cents, its Brass Blend crude price was cut by \$1.25 to dated Brent plus 60 cents, its Pennington crude was cut by \$1.50 to dated Brent plus \$1.50 and its Forcados crude was cut by \$1.35 to dated Brent plus 45 cents.

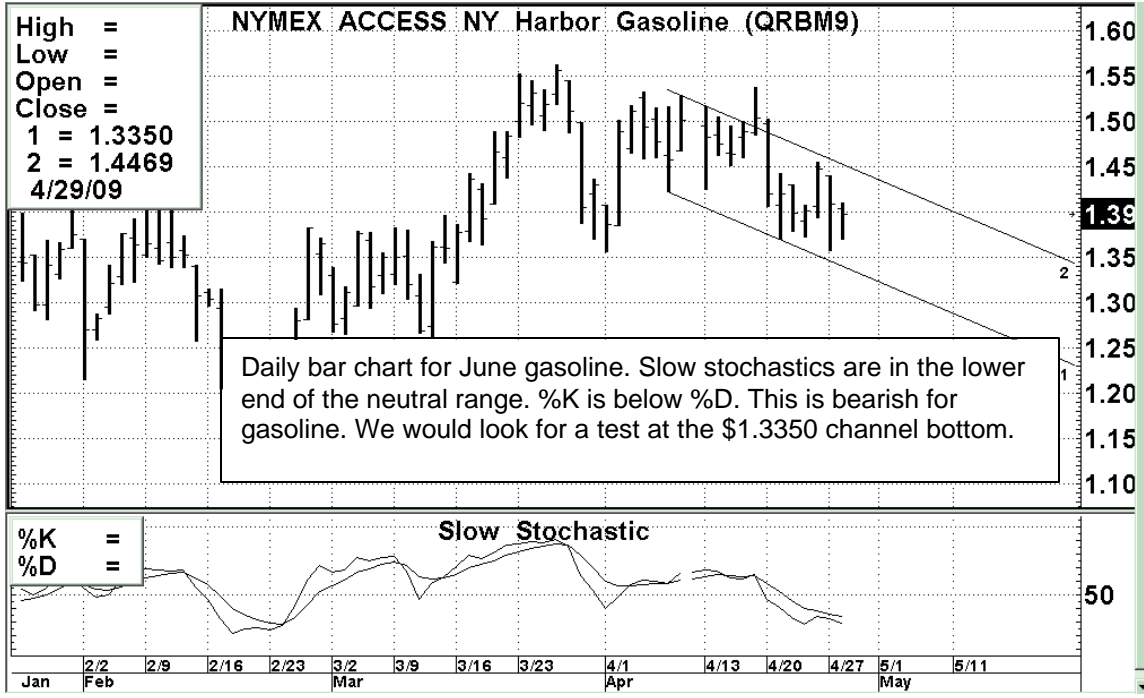
OPEC's news agency reported that OPEC's basket of crudes fell to \$49.21/barrel on Monday from \$49.97/barrel on Friday.

Market Commentary

It appears that the energy markets were affected by the swine flu as prices fell for the second day. Fears that economic recovery would be slowed due to global travel put sellers at the forefront of this market. Despite yesterday's rise off of its lows, it appears that new shorts have entered the market. Total open interest for crude oil increased by 3,854 contracts, with the first four months showing increases. The true fundamentals of this market remain bearish. There are no signs of economic recovery on the horizon, thereby lending no hope for a pick up in demand. DOE estimates do not offer any signs of support. According to a Dow Jones survey, crude oil stocks are expected to increase by 2.3 million barrels; gasoline stocks are expected to decrease by 300,000 barrels and distillate stocks are expected to increase by 200,000 barrels. Refinery runs are expected to be unchanged for the week ending 4/24. Once again the \$48.50 level came into play, with prices unable to penetrate to the downside. Previously, this level worked well as a pivotal area. Should prices penetrate this number, we would be inclined to be sellers of the June contract. We would look for crude oil to continue to trade lower, within the descending channel that can be depicted on a daily bar chart. Slow stochastics remain in neutral territory, with percent K dipping lower and percent D moving higher. Should percent K cross below percent D, a sell signal will occur. Gasoline continues to suffer at the hands of demand destruction, also trading lower on the day. The June contract experienced an inside trading session, settling lower on the day. Moving oscillators are trending lower in the bottom range of neutral territory. The initial downside objective for this contract is \$1.3560. Should prices reach this level and rebound, we would look to be buyers, likewise, should a penetration occur, we would look to be sellers. This

world is a world less traveled these days, plagued by slackening jet fuel and diesel demand. The Swine Flu has hit both the Americas and Europe, spreading bearishness throughout the cash and futures markets.

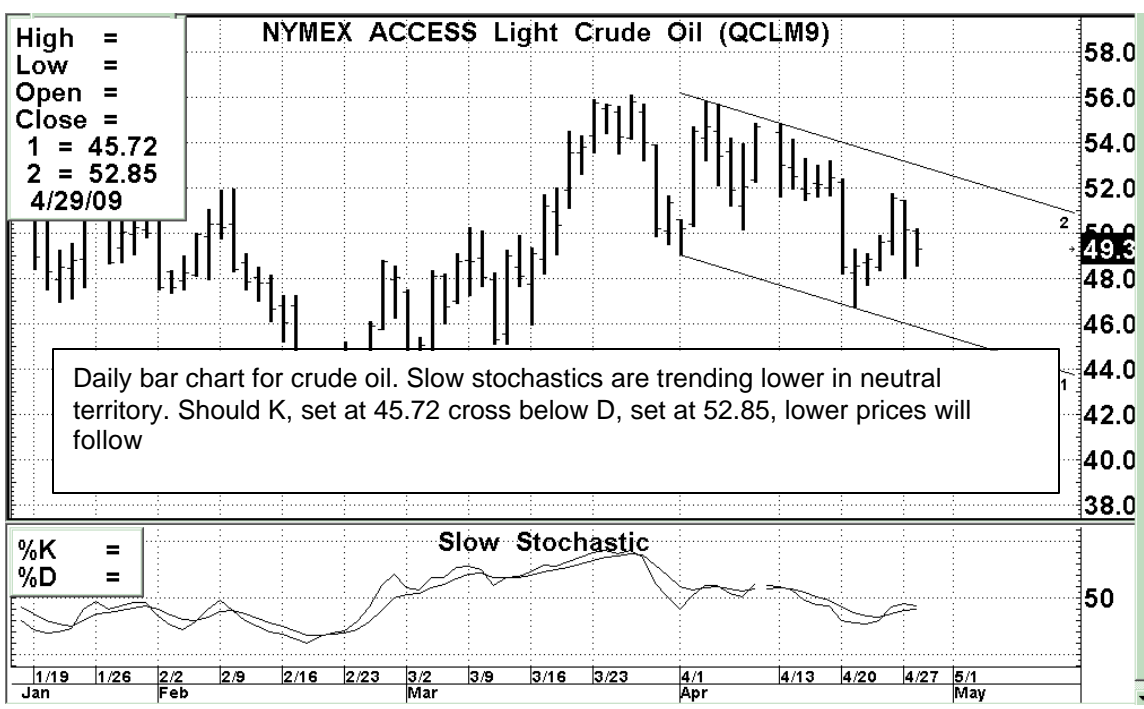
With this in mind, heating oil traded in a tight range within the descending channel that can be depicted on a daily bar chart. Technically, there is more room to the downside. Slow



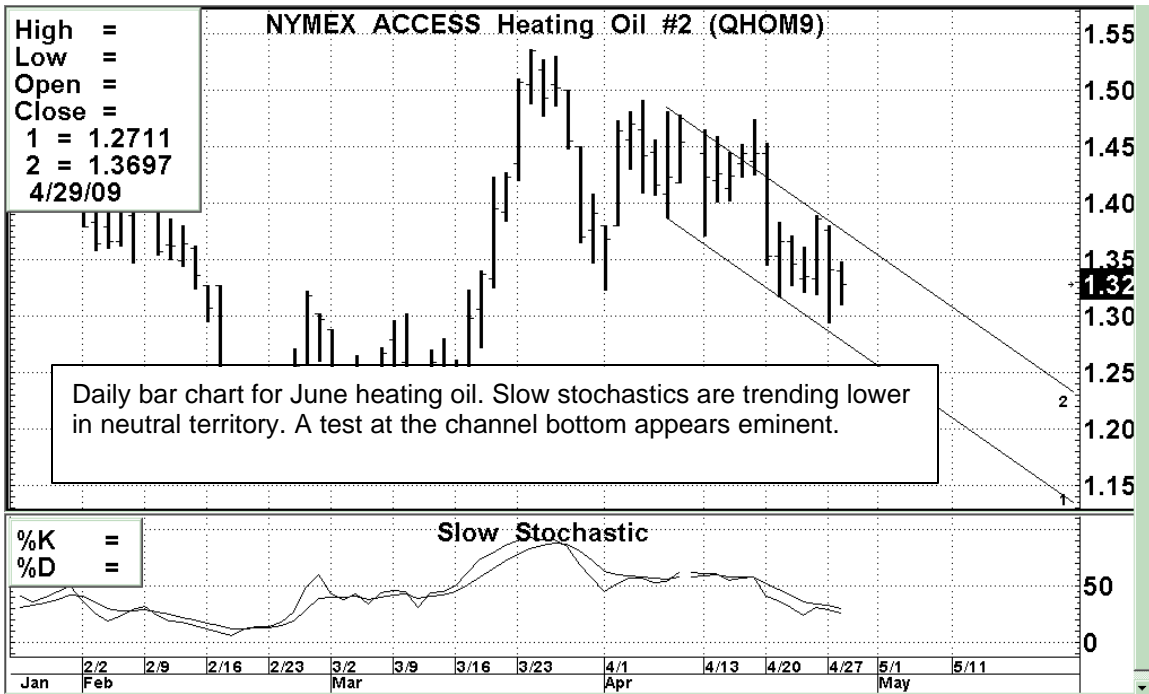
stochastics are trending lower, with both percent K set at 25.88 and percent D set at 30.41. Tomorrow, the aforementioned channel comes in set between \$1.2711 and \$1.3611. We would look for prices to work

towards the lower trendline of this channel.

Crude Oil (CL)
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 JUN.09 321,884 +920
 JUL.09 189,115 +1,425
 AUG.09 55,851 +1,549
 SEP.09 39,775



+120 Totals: 1,140,696 +3,854 N.Y. Heating Oil (HO) MAY.09 15,344 -2,762 JUN.09 64,475 +2,957
 JUL.09 34,120 +215 AUG.09 19,367 +1,045 SEP.09 15,666 Totals: 266,196 +1,583 NEW YORK
 HARBOR RBOB GASOLINE MAY.09 14,586 -4,400 JUN.09 78,323 +1,761 JUL.09 34,535 +707
 AUG.09 21,971 +9 SEP.09 18,355 -124 Totals: 210,344 -1,540



Crude Support	Crude Resistance
48.00, 46.68, 45.10, 44.50, 43.80, 40.00, 38.95, 32.25, 29.66, 28.63, 26.65, 25.50	, 53.94, 54.65, 55.98, 57.20
Heat Support	Heat resistance
1.2715, 1.2300, 1.1359, 1.1095, 1.0520	1.4593, 1.4715, 1.4865, 1.5050, 1.5143, 1.5285, 1.5520, 1.6715,
Gasoline support	Gasoline resistance
1.3560, 1.3400, 1.3180, 1.2700, 1.2625 1.1680, 1.0128, 0.9590,	1.4900, 1.5088, 1.5260, 1.5340, 1.5800,

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