



ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR MAY 5, 2009

Angola's OPEC Governor, Felix Ferreira said the country will not seek an increase in its OPEC production quota while it holds the OPEC presidency this year but has not ruled out considering such a request in the future. Trading schedules show that Angola exported 1.65 million bpd in May while June loading programs reveal an increase to about 1.78 million bpd, substantially over its implied quota of 1.52 million bpd. Angola's OPEC Governor said that current oil prices are

Market Watch

US Federal Reserve Chairman Ben Bernanke said the US recession appears to be losing steam, with growth likely to resume later this year on the back of firmer household spending, a bottoming housing market and an end to inventory liquidation. However he said the recovery will probably be slower than usual and warned that the unemployment rate may stay high for a time as businesses remain cautious about new hiring. He said fiscal and monetary stimulus should support demand.

Goldman Sachs said US crude oil is set to fall to \$45/barrel in the next two months on high inventories and weak demand for oil products before recovering to \$65/barrel by the end of the year.

According to Barclays Capital, crude oil may increase to \$71.55/barrel after breaching \$56.10/barrel. It said oil prices could increase to that level as traders attempt to exit their short positions, creating a short squeeze.

The US EPA issued a draft rule on Tuesday calling for increased use of advanced biofuels and to measure carbon dioxide emissions from the alternative motor fuels. It said gasoline prices will increase by 10.9 cents/gallon by 2022 if oil prices are at \$53/barrel. The move confirms the schedule of the 2007 Renewable Fuels Standard, which calls for the blending of 36 billion gallons or 136 billion liters per year of biofuels into gasoline by 2022. The mandate calls for 15 billion gallons of traditional ethanol blending per year by 2015 and 16 billion gallons of cellulosic ethanol. Meanwhile, the EPA said it does not see the need to waive the federal law that requires the US to blend 12.95 billion gallons of ethanol and other biofuels into gasoline during 2010.

The UAE will complete a pipeline for oil exports to bypass the Strait of Hormuz around two years later than initially scheduled. The pipeline will allow the UAE to pump about 60% of its crude exports to a port on the Gulf of Oman, avoiding the Strait of Hormuz, which Iran has threatened to block. The pipeline will initially have a capacity to pump 1.5 million bpd, with an option to increase it to 1.8 million bpd. The project, which also includes the construction of 12 million barrels of storage in Fujairah and terminal facilities for crude exports, will be completed in August 2011.

API Stocks

Crude – down 1.004 million barrels

Distillate – up 1.01 million barrels

Gasoline – down 2.9 million barrels

Refinery runs – up 1.8%, at 83.3%

satisfactory and it is too early to say whether OPEC will need to cut production again when it meets May 28th. He said OPEC is generally satisfied with compliance by OPEC member countries to adhere to the cutbacks promised since last year.

A consultancy, JBC Energy, said OPEC's 11 quota bound members were complying with 83% of agreed cuts in April and still have 705,000 barrels left to cut. It estimates OPEC-11 crude production at 25.55 million bpd in April, down 20,000 bpd on the month. It is 705,000 bpd above the production quota of 24.845 million bpd.

Separately, JBC Energy said oil traders that have been storing as much as 100 million barrels of crude on tankers to profit from forward prices are likely to start selling as the incentive to store crude falls. It said oil should soon start to return to the market as contango structures appear to be narrowing.

Abu Dhabi National Tanker Co is making preliminary inquiries to charter supertankers to store crude. It is unclear why ADNOC is looking for storage options or how many vessels it is seeking.

Standard & Poor's said Bahrain and Saudi Arabia are the most vulnerable of 19 global oil producers to weak oil prices because government finances and trade balances rely heavily on hydrocarbons. Saudi Arabia derives more than 85% of the state revenues from oil exports while crude oil accounts for about half of its GDP. Azerbaijan, Nigeria and Oman were one of the top five most vulnerable.

Refinery News

US refiners may cut refinery runs this summer for the first time in at least 20 years to deplete high inventories of oil products, such as diesel and jet fuel, as the sluggish economy cuts demand. An oversupply of distillates is expected to pressure prices and prompt refiners to cut runs. US distillate stocks increased to 144.1 million barrels last week, a record for late April. Crude and products stocks increased in nine consecutive weeks to 1.08 billion barrels, a 30 month high. Analysts said tanks are likely near full in regions like the US Gulf Coast and Midwest. Independent storage tanks in Europe's Amsterdam-Rotterdam-Antwerp oil terminal are nearly full and some oil companies have been storing gas oil and jet fuel in ships anchored offshore. Ships loaded with about 25 million barrels are already floating near Europe. Gasoline margins may not be enough to prevent cuts in refinery runs.

Enbridge Inc plans to retire 500,000 barrels of oil storage capacity as it looks to close some aging tanks at the Cushing, Oklahoma terminal. It plans to retire a small part of its capacity in the mid-continent, which is 16.7 million barrels.

Valero Energy Corp restarted a crude unit at its 210,000 bpd Delaware City, Delaware refinery. Last week, Valero said it restarted a fluid catalytic cracking unit at the refinery, where a plant wide shutdown started in March.

A second boiler at fluid catalytic cracking unit 3 at ExxonMobil Corp's 567,000 bpd Baytown, Texas refinery tripped off-line briefly on Monday while maintenance was performed on another boiler at the unit. CO Boiler A at fluid catalytic cracking unit 3 was out of service for about nine hours on Monday while CO Boiler B was shut for planned maintenance on April 29. The work at the boilers is not expected to impact supplies.

Shell Oil Corp's Puget Sound refinery in Anacortes, Washington is operating at planned rates Tuesday following a plant wide shutdown caused by a power interruption on April 23rd. It declared force majeure on crude oil receipts and implemented an allocation program to mitigate the

April Calendar Averages

CL – \$53.84

HO – \$1.4164

RB – \$1.5585

impact on its customers on April 23 because the power outage was an event beyond Shell's reasonable control. It is not clear whether the restriction has been lifted.

PetroCanada completed a planned maintenance turnaround at its 135,000 bpd Edmonton, Alberta refinery and expects to increase its production within a few days. The company did not say which units at the refinery were undergoing maintenance.

Kuwait National Petroleum Corp plans to partially shut a 50,000 bpd heavy oil unit at its 200,000 bpd Shuaiba refinery for scheduled maintenance in May. Work on the unit will start on May 10 and continue for 28 days. The shutdown will not affect the overall refining capacity of the refinery.

Sinopec Corp's 270,000 bpd Guangzhou refinery will process 33% less crude in May from April due to major maintenance work. It started a turnaround at a 160,000 bpd unit in late April, which almost cut its refinery output by 50% in May. It plans to process 141,300 bpd of crude in May compared with 219,000 bpd in April.

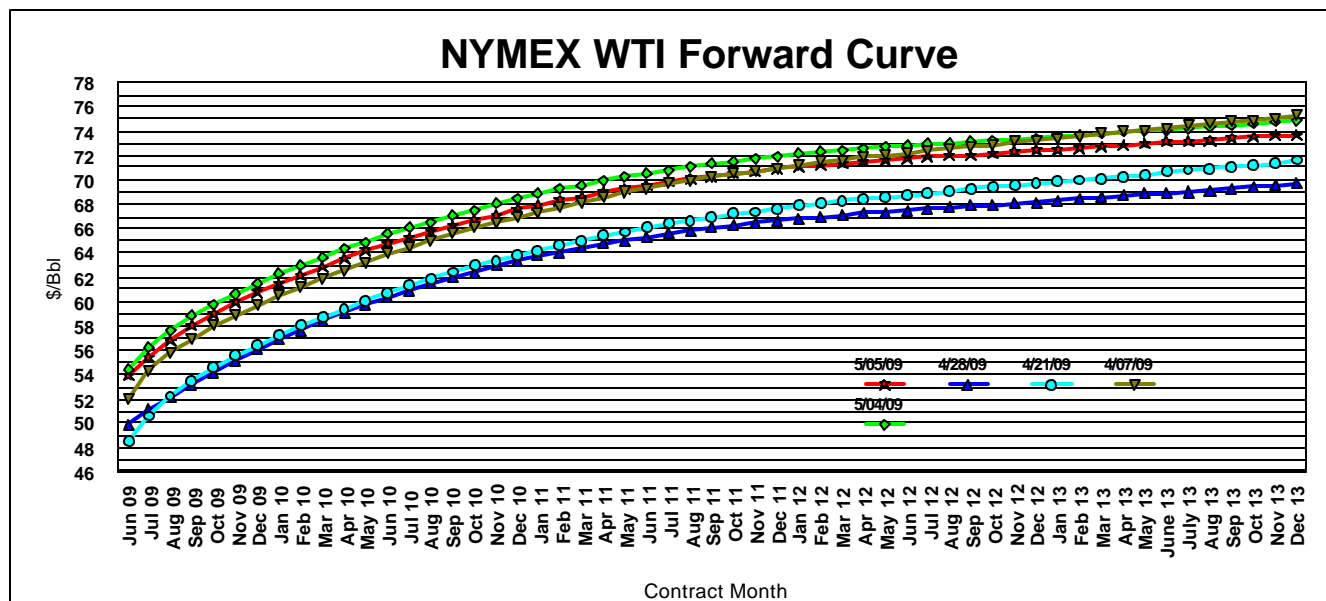
Royal Dutch Shell Plc hopes to restart its 85,000 bpd Clyde refinery by July. The Clyde refinery has been shut since November last year to address unscheduled outages.

Indonesia's Pertamina plans to import 5.4 million barrels of gasoline and 2.4 million barrels of diesel in June. Pertamina has 20 days' worth of gasoline stocks and 23 days of diesel oil stocks and plans to maintain its diesel stocks at 23-25 days.

According to the Caspian Pipeline Consortium, Kazakh and Russian oil exports via the CPC fell to 745,056 bpd in April, down 2.9% from 767,688 bpd in March. It transported 22.352 million barrels of crude in April compared with 23.798 million barrels in March.

Russia expects to start crude shipments from Kozmino oil terminal in December. During the first phase of shipments, the terminal will have the capacity to load 150,000 metric ton tankers and following the construction of a second loading terminal, Kozmino will have the capability to receive 300,000 metric ton tankers.

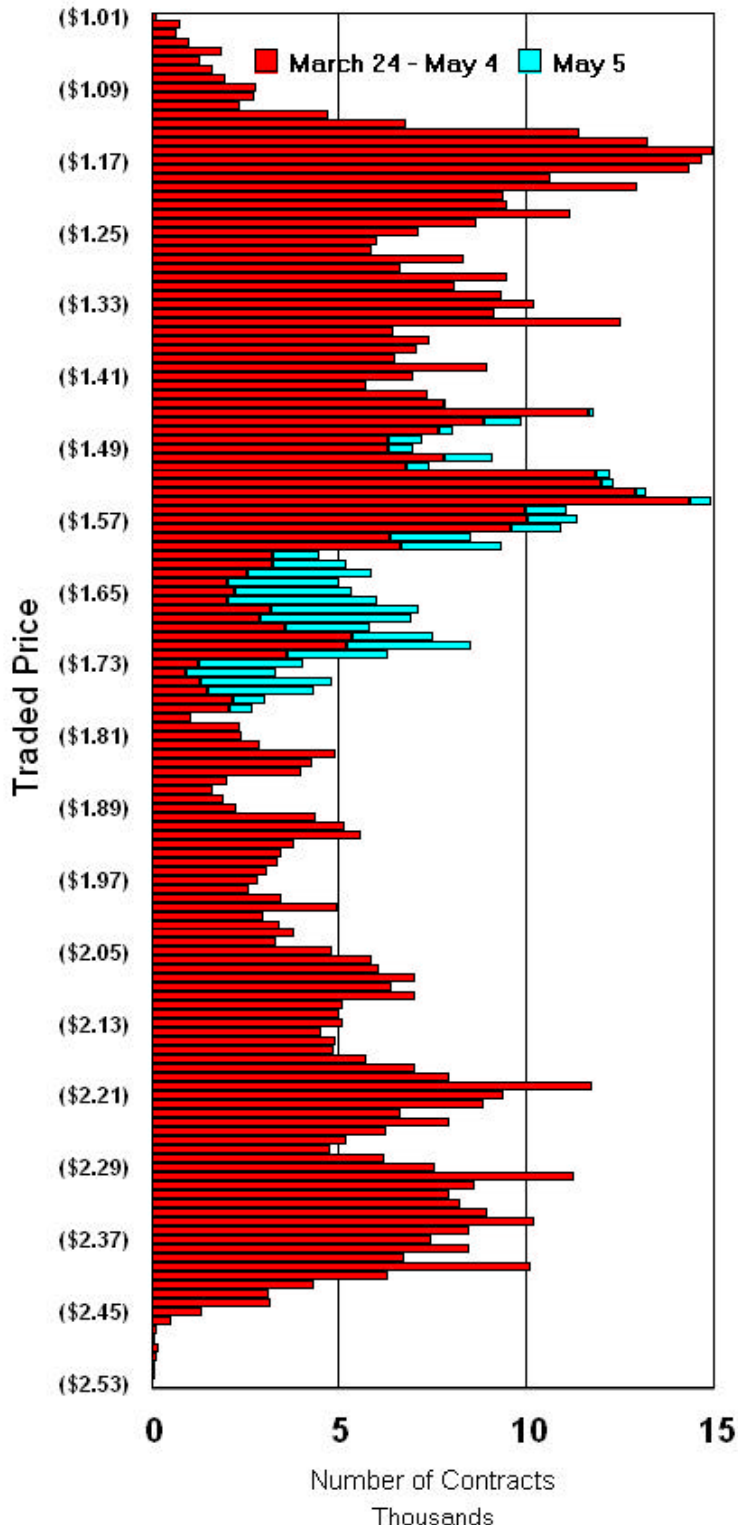
Saudi Arabia is expected to double its monthly spot aviation fuel supply available for exports starting in May due to lower domestic demand. Saudi Arabia, which sells about 550,000 barrels of spot aviation



NYMEX WTI: June July Spread

Price Vs Volume for March 24 - May 5, 2009

Trade Weighted 5/1 -1.22, 5/4 -1.62, 5/5 -1.65



fuel monthly, is likely to increase supply for spot sales to 1.1 million barrels monthly starting in May.

Brazil's ethanol exports for April increased to 201.6 million liters from 157 million liters in March. It is however down 86,900 liters on the year.

Russia's Transneft will seek between \$1 billion and \$1.2 billion in additional financing this year for its Nizhnekamsk refinery project.

Noble Group has leased clean storage space at Vopak's Sebarok terminal, enabling it to sell its first gasoline cargo in the Singapore cash market as it seeks to grow its oil products trade globally.

Production News

The US Minerals Management Service cut its forecast for Gulf of Mexico oil production over the next 10 years by 300,000 bpd to between 1.6 million bpd and 1.9 million bpd. Last year's forecast estimated oil production could increase to between 1.9 million bpd and more than 2.2 million bpd between 2008 and 2017. It also stated that natural gas production will resume its long term decline after an increase to more than 7 billion cubic feet/day this year.

Royal Dutch Shell said its Draugen field in Norway will be offline until mid-May while biannual maintenance is carried out. Its estimated 2008 oil production was 62,000 bpd.

Separately, Royal Dutch Shell has extended force majeure on its Forcados loadings in Nigeria for the entire month of May. A Shell spokesman said the extension to the force majeure followed a change to planned pipeline repairs due to the security situation in the area.

Royal Dutch Shell Plc also announced that its BC-10 development off the coast of Brazil will start production later this year. It has a 50% stake in the BC-10

NEW YORK MERCANTILE EXCHANGE(r)									
NYMEX OPTIONS CONTRACT LISTING FOR 05/05/2009									
				TODAY'S	PREVIOUS	ESTIMATED	DAILY	DAILY	
-----CONTRACT-----				SETTLE	SETTLE	VOLUME	HIGH	LOW	
AO	5	10C	65.3	9.19		400	0	0	
AO	6	10C	65.3	9.64		400	0	0	
AO	4	10C	65.3	8.68		400	0	0	
LC	7	9P	40	0.22	0.24	6025	0	0	
LC	6	9P	40	0.02	0.02	5650	0	0	
LC	12	11C	120	2.73	2.92	2000	0	0	
LC	12	11C	80	8.97	9.5	2000	0	0	
LC	12	11C	110	3.58	3.82	1000	0	0	
LC	6	9P	50	0.63	0.63	750	0	0	
LC	8	9C	62	2.83		500	0	0	
LC	12	11C	135	1.86	2	400	0	0	
LC	12	9C	75	2.74	3.09	400	0	0	
LC	6	9P	51	0.86		400	0	0	
LC	6	9C	57	0.79	1.11	400	0	0	
LC	12	9P	45	2	2	400	0	0	
LO	7	9P	40	0.22	0.24	9246	0.28	0.2	
LO	6	9P	40	0.02	0.02	5966	0.05	0.03	
LO	12	9C	100	0.43	0.52	5103	0.51	0.45	
LO	6	9P	50	0.63	0.63	3531	0.7	0.45	
LO	12	10C	100	2.76	3.02	2650	0	0	
LO	2	10C	100	0.87	0.97	2500	0	0	
LO	6	9C	54	1.9	2.46	2267	2.24	1.77	
LO	6	9P	51	0.86	0.84	2178	0.95	0.8	
LO	7	9C	60	1.98	2.46	2143	2.41	1.92	
LO	6	9C	60	0.26	0.43	2087	0.39	0.24	
LO	6	9P	45	0.1	0.12	1803	0.2	0.12	
LO	6	9C	54.5	1.66	2.13	1610	1.75	1.54	
LO	2	10P	35	0.73	0.72	1500	0	0	
LO	12	9P	61	7.64	7.51	1450	0	0	
LO	8	9P	50	2.18	2.15	1448	2.2	2.08	
LO	7	9P	45	0.68	0.7	1330	0.75	0.5	
LO	7	9P	50	1.7	1.69	1205	1.81	1.5	
LO	6	9C	55	1.45	1.89	1123	1.9	1.3	
LO	7	9C	65	0.82	1.13	1100	1.08	0.83	
LO	6	9P	49.5	0.54	0.54	1070	0.5	0.5	
OB	12	9C	1.9	0.0977	0.1157	1500	0	0	
OB	12	9C	1.5	0.2136	0.2344	750	0	0	
OB	12	9C	1.85	0.1078		550	0	0	
OB	12	9C	1.55	0.1939	0.2136	275	0	0	
OH	6	9P	1.35	0.0405	0.0394	725	0	0	
OH	6	9C	1.5	0.0448	0.0496	657	0	0	
OH	8	9P	1.25	0.0473		500	0	0	
OH	6	9P	1.23	0.0114	0.0112	303	0	0	
WA	7	9C	0	0.11	0.1	250	0	0	

block of Espirito Santo state. It also said the Perdido development about 200 miles from Houston is on schedule to start production next year.

Italy's Eni SpA said it obtained the operatorship and participating interests in two exploration licenses offshore Norway.

Iraq's oil exports from its main Basra terminal fell to 1.08 million bpd on Tuesday, down from 1.32 million bpd on Monday.

Indonesia's President Susilo Bambang Yudhoyono urged oil contractors working in the country to intensify exploration and increase production. The country's oil production has decline from about 1.5 million bpd in the 1990s to about 818,000 bpd. Indonesia has been offering new exploration rights and financial incentives for oil fields in a bid to stem a decline in production.

Brazil's Petrobras notified the National Petroleum Agency for a second time in a week that it found traces of oil and gas in a wildcat well drilled at the ES-T-372 inland block in the Espirito Santo Basin.

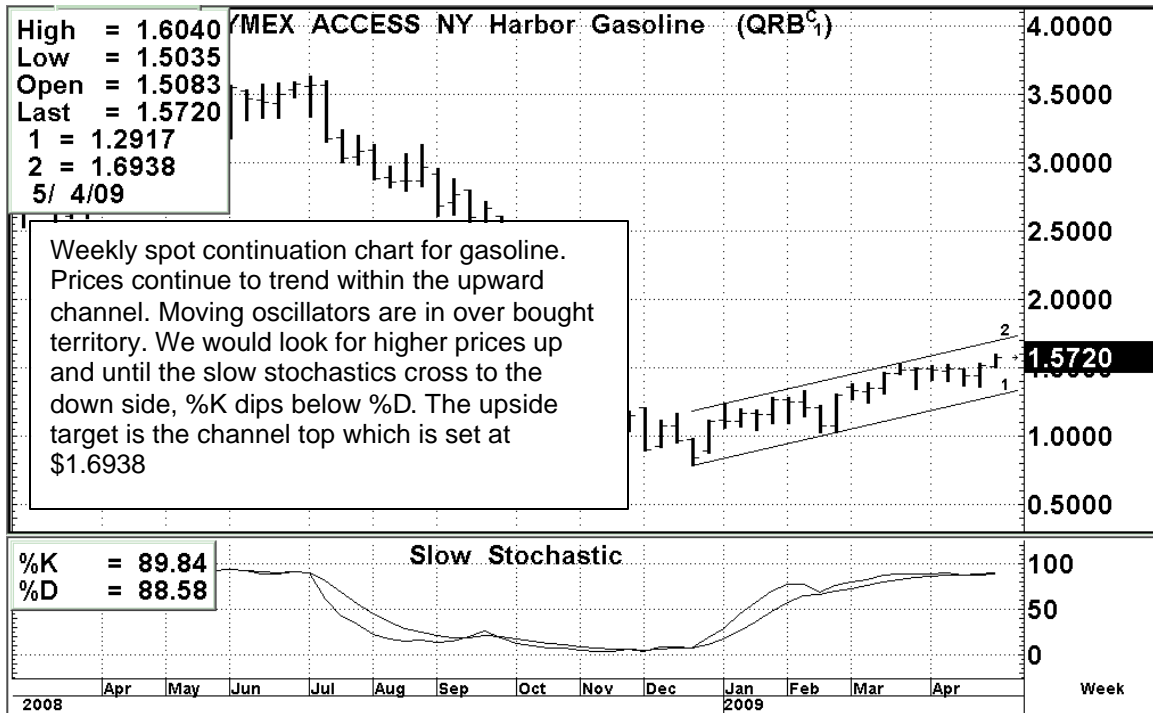
Chevron Corp plans to drill wildcat wells in the subsalt region of Brazil. Chevron expects to start production at its Frade field in the second half of 2009, producing about 90,000

bpd.

Brazil's National Petroleum Agency is studying possible renewals of oil production concessions. Petrobras has asked the ANP to clarify the criteria used to renew the production concessions, with the oldest remaining valid for 15 years. Separately, Brazil's NPA said delays to a new regulatory model for Brazil's oil industry could diminish the country's attractiveness to investors.

Saudi Aramco increased its June official selling price for crude sold to Europe and Asia but cut prices for its US customers. Its Arab Extra Light crude bound for Europe was increased by 60 cents to BWAVE minus \$2.10; its Arab Light crude was increased by \$1.25 to BWAVE minus \$2.80; its Arab Medium price was increased by \$1.15 to BWAVE minus \$3.85 and its Arab Heavy crude price was increased by \$1.50 to BWAVE minus \$4.30. Saudi Arabia's Arab Extra Light crude bound for the Mediterranean fell by 50 cents to BEAVE minus \$2.20 while its Arab Light crude was unchanged at BWAVE minus \$3.05. Its Arab Medium crude was increased by 35 cents to BWAVE minus \$4.30 and its Arab Heavy crude price was increased by 60 cents to BWAVE minus \$4.95. Meanwhile, its Arab Light crude bound for the US was cut by 70 cents to WTI minus \$2.95/barrel. Extra Light crude was cut by \$1.15 to WTI minus \$1.95/barrel; its Arab Medium price was cut by 25 cents to \$4.10/barrel and its Arab Heavy crude price was unchanged at WTI minus \$4.85.

Qatar increased its April retroactive official selling price for Qatar Marine crude to \$50.20/barrel, up \$4.62 on the month. It raised its Qatar Land price by \$4.60 to \$51.60/barrel.



OPEC's

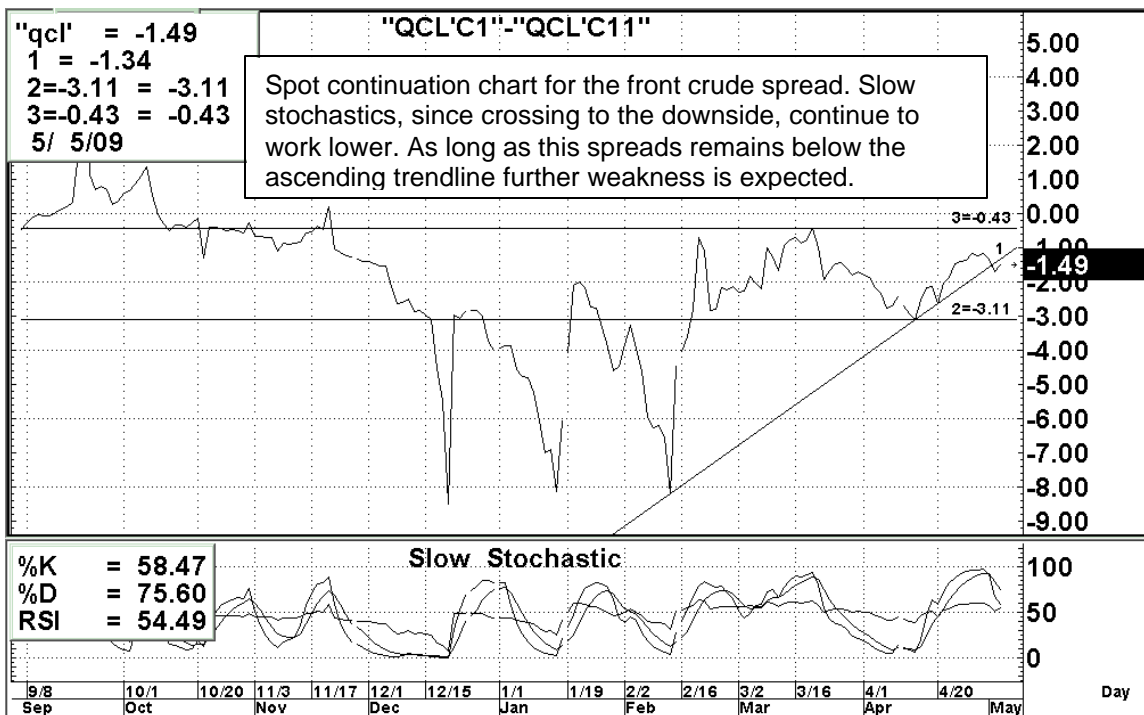
news agency reported that OPEC's basket of crudes increased further to \$52.11/barrel on Monday from \$50.41/barrel on Friday.

Market Commentary

Crude oil prices dipped today on expectations of builds in inventories. According to a Dow Jones survey, crude oil inventories for the week ending May1, increased by 2 million barrels, with gasoline increasing by 500,000 barrels and distillates increasing by 1 million barrels. Crude oil inventories are currently at 18-year highs. The shape of the forward curve continues to reflect a market that is awash in near term supply, despite the slight strengthening in the June/July spread. Given the current supply situation coupled with depressed demand, and the index rolls on this spread, we would look for continued weakness. Furthering our bearish stance is the diminishing profits for storing crude oil off shore. As this profit begins to fade in the deferred months, the cost to store inventory will no longer

turn a sizeable profit, forcing the release of such storage into the open market. For these reasons, we would look for the June/July crude oil spread to weaken further. Gasoline also came under pressure, bottoming out the session at \$1.5660. Tomorrow will be the fourth trading day of the month and as mentioned previously, gasoline in the month of May typically trades higher from the fourth trading day on, pausing briefly on the ninth business day, prior to moving higher. Based on this historical observation, we would look to be buyers of the June contract looking to take profits on one of the aforementioned days, depending upon market performance.

Crude Oil (CL) JUN.09 306,934 -5,193 JUL.09 222,442 +5,178 AUG.09 67,804 +2,109 SEP.09 46,160 +1,854 Totals: 1,190,304 +6,855 N.Y. Heating Oil (JUN.09 66,687 -2,522 JUL.09 34,335 -367 AUG.09 20,435 +219 SEP.09 16,942 +363 Totals: 257,559 -3,006 NEW YORK HARBOR RBOB (RB) GASOLINE JUN.09 86,018 -671 JUL.09 38,917 +781 AUG.09 24,355 +667 SEP.09 18,895 -205 Totals: 210,819 +95



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	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
1.5370, 1.5260, 1.3560, 1.3400, 1.3180,1.2700, 1.2625 1.1680,1.0128, .9590,	1.6040,1.6447, 1.6788, 1.7555

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