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ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR AUGUST 30, 2007

The UN's IAEA said Iran's cooperation with its investigation of past suspicious nuclear activities was a significant step forward. However its report confirmed that Iran continued to expand its uranium enrichment program but added that the enrichment and the building of nuclear reactors was continuing more slowly than expected. It said Iran was enriching uranium to the level sufficient to fuel a power plant and not to the concentration required for a weapon. Meanwhile Iran welcomed the report by the UN's IAEA. The deputy head of Iran's Atomic Energy Organization, Mohammad Saeedi said the IAEA ended all the baseless US accusations against Iran. He said the remaining issues between Iran and the agency over the disputed nuclear activities can be settled through negotiations. Meanwhile, the US downplayed the importance of an IAEA report. US State

Department spokesman Tom Casey said the international community was going to continue to increase the pressure. In response, the UK's Foreign Office said Iran had to take further steps to end the nuclear dispute. It said Iran had to move on the safeguards and transparency issues that the IAEA has requested and suspend its enrichment related and reprocessing activities.

Market Watch

Traders stated that the low level of gasoline stocks in the US has triggered bookings of prompt gasoline cargoes from Europe to the US. At least five 36,500-37,000 ton vessels carrying gasoline were booked on Thursday. The vessels carrying a total of 184,500 tons of gasoline are expected to sail from Northwest Europe. So far in August, European gasoline shipments to the US have totaled 1.3-1.4 million tons or 350,000-370,000 bpd, down from 485,000-510,000 bpd a year earlier.

The National Hurricane Center said a tropical wave in the central Atlantic Ocean was a little better defined on Thursday and could become the six tropical depression of the season in the next day or two. It said its upper level winds were expected to be favorable for development. Computer models show the system eventually moving into the Caribbean.

The Federal Trade Commission said there was no evidence of gasoline price gouging in the spring and summer of 2006. It stated that 75% of the price increases were due to regular seasonal effects during the driving season, increases in the price of crude oil and rising prices of ethanol. It said the rise in prices was also explained by declines in the production of gasoline by refiners, damage to refineries due to Hurricane Katrina and Rita the previous summer and increased demand for gasoline.

The US Commerce Department said GDP increased a 4% annual rate in the second quarter, up from an initial estimate of 3.4%.

According to Petrologistics, OPEC's 10 members are expected to produce 27.03 million bpd in August, relatively unchanged from 27.02 million bpd produced in July. Total production from the 12 member OPEC is expected to fall by 200,000 bpd to 30.7 million bpd due to lower shipments from Iraq. Iraq's oil production is expected to fall to 1.99 million bpd from 2.08 million bpd in July. Saudi Arabia's oil production is expected to total 8.7 million bpd, up from 8.64 million bpd in July.

Oil Movements reported that OPEC's oil exports are expected to increase by 580,000 bpd to 24.21 million bpd in the four weeks ending September 15 compared with 23.63 million bpd in the previous four weeks ending August 18. It said OPEC was pumping about 825,000 bpd less than the same time last year.

Reuters reported that world oil demand growth is set to remain strong in 2007 at nearly double last year's level, led by US and Chinese demand. According to a Reuters survey the average world oil

demand growth this year is seen at 1.41 million bpd, up from 1.39 million bpd in a previous survey. It is up from 800,000 bpd last year. The survey also showed demand for OPEC oil increasing by 890,000 bpd to 31.23 million bpd, up from 30.46 million in the previous survey.

Refinery Maintenance			
Company	Location	Unit	Duration
Western Refining	Yorktown, VA	10,000 bpd Reformer	Sept. 1 - Sept 22
Sunoco	Eagle Point, PA	150,000 bpd CDU	Sept 1 - Oct 1
		28,000 bpd Reformer	Sept 1 - Oct 1
Valero	Delaware	37,000 bpd Reformer	Oct 1- Nov 1
Valero	Paulsboro, NJ	105,000 bpd CDU	Oct 15- Nov 15
BP	Toledo, OH	100,000 bpd CDU	Sept 1 - Oct 10
		18,500 bpd Reformer	Sept 1 - Oct 10
		55,000 bpd FCC	Sept 1 - Oct 10
ConocoPhillips	Wood River, IL	45,000 bpd FCC	Sept 1 - Oct 1
ConocoPhillips	Ponca City, OK	25,000 bpd Reformer	August 1 - Sept 1
Marathon	Robinson, IL	52,500 bpd FCC	Sept 1 - Oct 7
Flint Hills	Pine Bend, MN	38,000 bpd CDU	Sept 1 - Oct 1
		100,000 bpd CDU	Sept 1 - Oct 1
Murphy	Superior, WI	35,000 bpd CDU	Sept 15-
Marathon	St Paul, MN	35,000 bpd CDU	Sept 1 - Oct 10
		40,000 bpd CDU	Sept 1 - Oct 10
		11,000 bpd Reformer	Sept 1 - Oct 10
		11,000 bpd Reformer	Sept 1 - Oct 10
Marathon	Catlettsberg, KY	100,000 bpd FCC	Sept 1 - Oct 1
Sinclair	Tulsa, OK	12,000 bpd Reformer	Sept 1 - Oct 1
Valero	Texas City, TX	83,000 bpd FCC	Oct 15- Nov 15
BP	Texas City, TX	75,000 bpd Reformer	Sept 20 - Oct 20
		60,000 bpd Resid	Sept 20 - Oct 20
Chalmette	Chalmette, LA	72,000 bpd FCC	Sept 5 - Sept 15
Citgo	Lake Charles, LA	125,000 bpd CDU	Oct 1 - Nov 1
ConocoPhillips	Lake Charles, LA	60,000 bpd CDU	Oct 1 - Nov 1
	Sweeny, TX	30,000 bpd FCC	Sept 15 - Oct 15
Flint Hills	Corpus Chrisit, TX	60,000 bpd CDU	Sept 1 - Oct 1
Total	Port Arthur, TX	35,000 bpd Reformer	Nov 1 - Dec 1
ExxonMobil	Baytown, TX	100,000 bpd CDU	Sept 1 - Sept 30
CHS	Laurel, MT	CDU	Aug 1 - Sept 7
		Coker	Aug 1 - Sept 7
Valero	Benicia, CA	30,000 bpd Coker	Oct 1- Oct 30
Valero	Wilmington, CA	54,000 bpd FCC	Nov 1 - Nov 30
ExxonMobil	Los Angeles, CA	CDU	Aug 20 - Oct 20
		Coker	Aug 20 - Oct 20
Chevron	El Segundo, CA	66,000 bpd CDU	4Q07

Refinery News

Cash gasoline differentials in the Chicago region increased by 5 cents due to refinery and pipeline maintenance. Explorer Pipeline has cut the amount of fuel it would allow customers to ship by 6% after a spill backed up the Houston to Chicago line's schedule. It however stated that throughput on the line had not been affected and added that the line was shipping about 655,000 bpd. The reduced deliveries are expected to last about two months.

The Longhorn Pipeline carrying refined products from the US Gulf Coast to El Paso, Texas was shut for maintenance. Its restart date was not immediately available. The planned work on the pipeline began on

August 24 and anomalies were found that required Longhorn Pipeline Partners to reduce pressure in the line to levels that would not enable products to pass through at the higher elevation of the Davis Mountains in west Texas.

Midwest refineries have planned a heavier load of maintenance this autumn, with 351,000 bpd of the region's 8.27 million bpd of crude distillation capacity scheduled to shut. Supplies of gasoline and diesel in the northern tier of the Magellan Pipeline are expected to tighten as two major refineries are expected to undergo maintenance.

Total Petroleum reported flaring at its 232,000 bpd Port Arthur, Texas refinery on Wednesday after the unexpected shutdown of a wet gas compressor at unit 835. It said the initial restart of the compressor resulted in a trip of the main air blower to the unit.

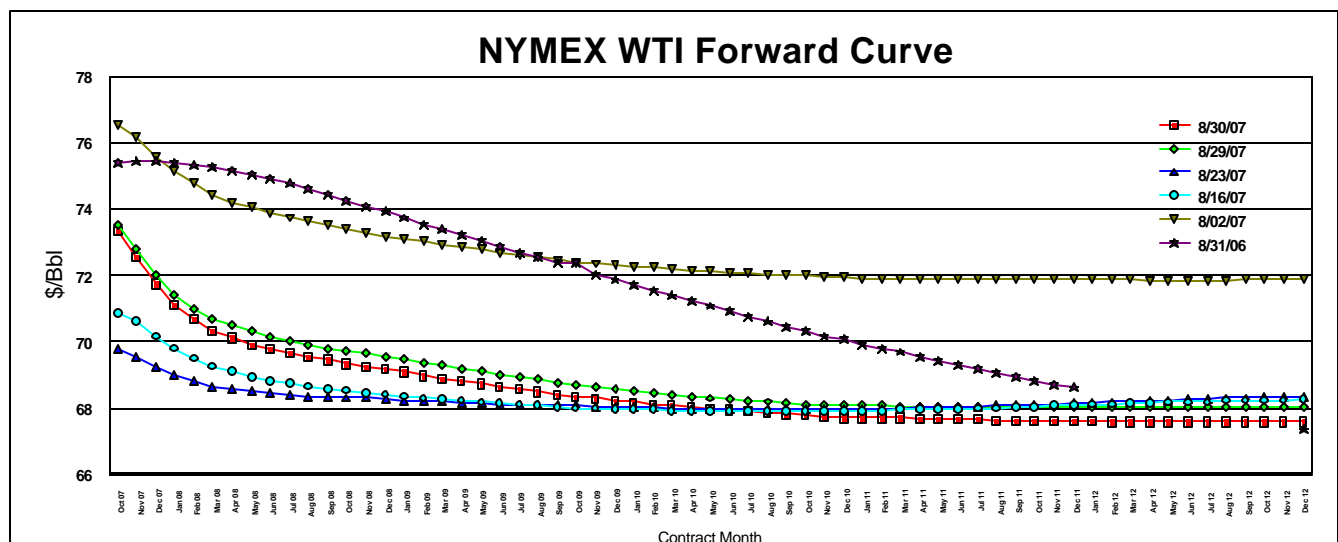
Lithuania's Mazeikiu Nafta is expected to shutdown for a turnaround that would last about a month and a half starting September 22. In preparation for the turnaround, Mazeikiu has been storing fuel products. The shutdown is not expected to have a negative effect on supply of fuel products for Baltic markets. Separately, Mazeikiu Nafta said it planned to build an oil pipeline to a terminal on the country's Baltic Sea coast, aimed at making supplies to the refinery more affordable. The pipeline would link the refinery with Lithuania's oil terminal Klaipėdos Nafta.

Russia's Lukoil said it aimed to increase its crude supplies to German refineries in September above its usual rate of about 500,000 metric tons or about 120,000 bpd. It is expected to supply 520,000 tons in August and about 600,000 tons in September. A Lukoil spokesman said the extra volumes would more than make up for a brief disruption to supply in July, when the company cut deliveries by only hundreds of tons. Russia's Transneft had reported that Lukoil cut supplies to Germany by as much as third.

China is expected to cut its gasoline exports in September to 90,000 tons from 210,000 tons in August amid strong domestic demand.

Production News

Iraq issued a tender to sell 5 million barrels of Kirkuk crude pumped through its northern pipeline to the Turkish terminal of Ceyhan. The crude would be loaded in cargo lots of 1-2 million barrels between September 1 and 24. An Iraqi oil official said tanks at Ceyhan held between 3 million and 4 million



NYMEX Petroleum Options Most Active Strikes for August 30, 2007

Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LO	10	7	C	75	09/17/2007	1.05	5,924	26.69
LO	12	7	C	41	11/13/2007	30.75	3,150	79.79
LO	12	7	C	90	11/13/2007	0.21	2,600	29.92
LO	12	7	P	65	11/13/2007	1.2	2,520	29.50
LO	11	7	P	62	10/17/2007	0.33	2,251	32.59
LO	12	7	C	80	11/13/2007	0.93	1,885	26.97
LO	10	7	C	74	09/17/2007	1.45	1,841	26.92
LO	10	7	C	85	09/17/2007	0.02	1,794	29.15
LO	11	7	C	76	10/17/2007	1.57	1,664	27.74
LO	10	7	P	70	09/17/2007	0.58	1,590	28.04
LO	10	7	C	90	09/17/2007	0.01	1,453	35.68
LO	11	7	P	68	10/17/2007	1.24	1,350	29.66
LO	2	8	C	67	01/16/2008	6.58	1,295	27.87
LO	10	7	C	67	09/17/2007	6.55	1,295	31.16
LO	10	7	P	71	09/17/2007	0.83	1,259	27.66
LO	10	7	C	76	09/17/2007	0.73	1,213	26.37
LO	12	7	C	45	11/13/2007	26.75	1,200	66.41
LO	11	7	P	65	10/17/2007	0.62	1,091	30.42
LO	3	8	C	70	02/14/2008	5.1	1,060	26.96
LO	11	7	P	72	10/17/2007	2.56	1,000	27.56
OB	4	8	P	1.9	03/26/2008	0.0952	700	28.47
OB	5	8	P	2.06	04/25/2008	0.1699	400	28.26
OB	3	8	C	2.15	02/26/2008	0.0904	200	30.84
OB	3	8	P	1.9	02/26/2008	0.1305	200	29.57
OB	10	7	P	1.85	09/25/2007	0.0408	196	41.87
OB	1	8	C	1.95	12/26/2007	0.1139	150	30.72
OH	1	8	C	2.4	12/26/2007	0.0424	450	30.20
OH	1	8	C	2.1	12/26/2007	0.1226	450	28.57
OH	10	7	P	2	09/25/2007	0.0451	300	30.84
OH	11	7	C	2.16	10/26/2007	0.0615	150	31.07
OH	11	7	P	1.94	10/26/2007	0.0458	150	30.38
OH	3	8	C	2.2	02/26/2008	0.105	100	29.11

barrels of Iraqi crude. The flow rate was about 260,000-290,000 bpd.

BP said repair work on the Central Area Transmission System pipeline, CATS, was completed ahead of schedule and a controlled restart is expected to begin later this week. Normal flows are expected to around the middle of September. The pipeline shutdown has cut a significant portion of the UK North Sea's oil and gas output. Oil production at most of the fields, which feed gas into CATS was affected. Analysts estimated up to 100,000 bpd of oil production may have been halted. Separately, the ConocoPhillips operated J-Block oil and gas fields in the North Sea are expected to start exporting to Britain on Friday. Also, Chevron said the 11,000 bpd Erskine oil and associated gas field should restart in the first week of September after repairs to the CATS pipeline were completed.

A PDVSA official said Venezuela is expected to complete talks with ExxonMobil and ConocoPhillips on the takeover of their Orinoco Belt assets in the coming weeks.

Russia's Lukoil said it planned to sign a contract with Venezuela on a joint venture by the end of the year. Separately, Lukoil is expected to increase its hydrocarbon output by 4% this year from about 2.2 million bpd of oil equivalent in 2006.

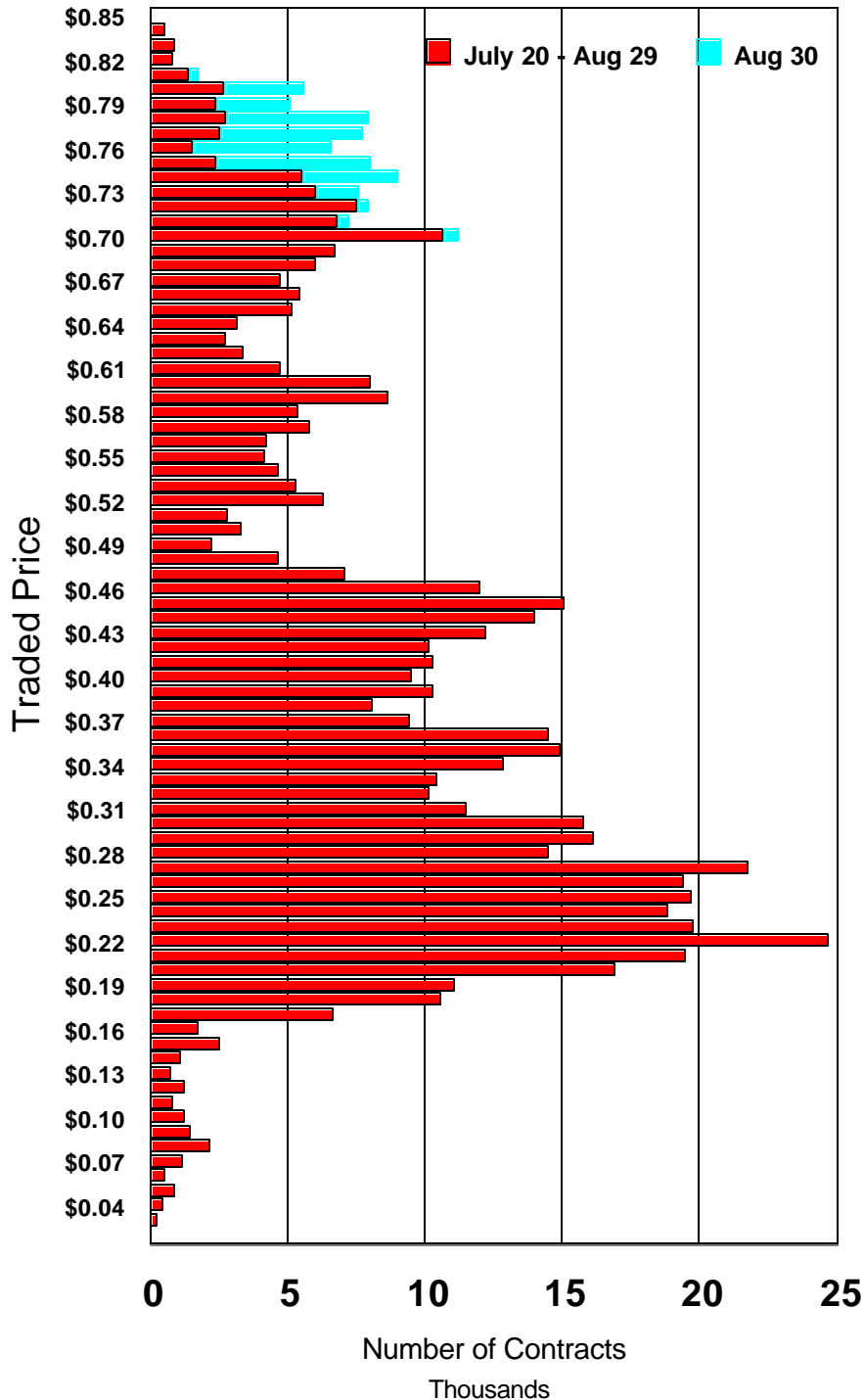
Singapore's International Enterprise reported that the country's residual fuel stocks fell by 414,000 barrels to 12.507 million barrels in the week ending August 29. It reported that light distillate stocks fell by 852,000 barrels to 7.165 million barrels while middle distillate stocks built by 207,000 barrels to 8.202 million barrels on the week.

India's Junior Petroleum and Natural Gas Minister Dinsha Patel said India's government was planning to expand its strategic crude oil reserves to 15 million tons. The government has already approved

NYMEX WTI: October November Spread

Price Vs Volume for July 20 - August 30, 2007

Trade Weighted Avg: 8/30 .76 8/29 .697 8/28 .567 8/27 .527 8/24 .376



plans for storage of 5 million tons or 36.65 million barrels of oil by 2012 to increase its energy security and avoid short term supply disruptions.

OPEC's news agency reported that OPEC's basket of crudes increased by 11 cents to \$68.30/barrel on Wednesday from \$68.19/barrel on Tuesday.

Market Commentary

The market was extremely difficult to trade today. Although the fundamentals and technicals are indicating higher prices, it was difficult trying to find an entry point. With all eyes on the gasoline market, one would think that higher prices are inevitable. This too proved to be a difficult buy. Midway into the session the cash price of gasoline was trading at a .50 cents premium to futures and yet the market continued to sell off. With tomorrow being Friday and a long weekend coming, we would look for prices to firm up and test the areas of resistance. We would trade cautiously at the listed numbers. Support comes in 73.00, 72.08, 71.53, 71.20 70.20 and 69.96 Resistance is set 74.00, 74.87, 75.95 and 76.97. Open interest in the crude built by a total of 9,314 lots. Open interest in the October contract fell by 1,907 lots while open interest in the November contract continued to build by 11,299 lots. The RBOB market remained supported by the gasoline stock draw and posted a high of 211.50 in overnight trading.

The market however sold off on profit taking. The market extended its losses to over 6.3 cents as it

posted a low of 203.69. The market however bounced off its low and traded above the 208.00 level as the strength in the cash market seemed to have limited its losses in light of reports of pipeline issues. It settled down 2.07 cents at 208.01. Similarly, the heating oil market posted a high of 205.20 in overnight trading

before it retraced its losses amid the weakness in the gasoline market and traded to 202.85. However the market

		Explanation	
CL	Resistance	74.00, 74.87, 75.95, 76.97	Previous highs
	73.36, down 15 cents	73.96	Thursday's high
Support		73.00, 72.75	Thursday's low
		72.08, 71.53, 71.20, 70.20, 69.96	Previous lows
HO	Resistance	207.27, 207.98, 208.89	62% (216.16 and 192.90), Previous highs
	202.84, down 1.35 cents	204.50, 205.20	Thursday's high
Support		202.20	Thursday's low
		199.25, 199.15, 196.21, 195.15, 194.83	Previous lows
RB	Resistance	211.62, 213.10, 213.65	Previous high, 62% retracement (230.77 and 184.52), Previous high
	208.01, down 2.07 cents	209.50, 211.50	Thursday's high
Support		206.49, 205.40, 203.69	Thursday's low
		201.70, 200.78, 196.05	Previous lows

traded off its low and settled in a sideways trading pattern. The heating oil market later sold off even further to a low of 202.20 ahead of the close and settled down 1.35 cents at 202.84. The product markets will likely continue to retrace their earlier losses as traders liquidate their positions ahead of the September contract expiration and the long holiday weekend. The RBOB market is seen finding support at 206.49, 205.40 and 203.69. More distant support is seen at 201.70, 200.78 and 196.05. Meanwhile resistance is seen at 209.50, 211.50, 211.62, 213.10 and 213.65.