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Windham Group



ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,
Zachariah Yurch & Karen Palladino
(212) 624-1132 (888) 885-6100

www.e-windham.com

ENERGY MARKET REPORT FOR NOVEMBER 9, 2007

Lehman Brothers said in their Friday research note that they expected December WTI prices may push through the \$100 price level ahead of the Tuesday expiration of December crude oil options. Analysts there said the large open interest at the \$100 strike could act as a magnet to draw crude oil prices past the three digit milestone. "Perhaps, before Tuesday, holders of these calls will attempt to push oil to \$100 in a last effort to force these options into the money. Trading next week could be among the most volatile in years, Lehman said with 360,000 December contracts outstanding ahead of Friday's futures expiration.

A senior Chinese official said Friday

Market Watch

Wachovia reported Friday morning that it had suffered a \$1.1 billion loss on the subprime mortgage debt market in October, while Capital One Financial Corp reported more of its credit card customers were having trouble paying their bills. Capital One, the largest independent MasterCard and Visa credit card issuer, said Friday that its rate of net charge-offs on a managed basis rose to 3.28% in October from 2.86% in the third quarter. The credit card company said the charge off rate in U.S. cards rose to 5.11% from 4.13% for the same period, while the rate of loans at least 30 days past due rose to 4.75% from 4.46%. The company on Tuesday had boosted its forecast for 2008 credit losses to between \$4.9 billion and the mid \$5 billion range. Just three weeks ago the company had estimated the loss at \$4.9 billion. JP Morgan Chase said late Friday it could have further leveraged loan write downs in the fourth quarter if market conditions worsen.

BNP Paribas announced today that it was creating a new commodity index, Commodity Market Representative Index, which will include a weighted basket of commodity futures contracts with different maturities for individual commodities. The index will have 25 components, including energy, agriculture and metals. The total number of contracts on multiple maturities achieving the fully representative investment aspect of the CMRI is a wide as 116 contracts averaging 4.64 futures contracts per constituent. Meanwhile JP Morgan announced today that it has developed a new commodity index which will invest all along the futures curves rather than just the front end, which dominates existing index products. The new index is designed to reduce the negative roll yield, by spreading investments more widely across contract months. The JP Morgan Commodity Curve Index includes open interest weighted baskets of commodities contracts in 33 exchange traded contracts, including NYMEX platinum and palladium, CBOT soybean meal, NYBOT orange juice, LIFFE robusta coffee and white sugar and MGE spring wheat. Weightings are around 46% in energy, 25% industrial metals, 8% precious metals, 18% agricultural and 3% livestock. The index will be weighted by open interest, with the index holding exposure along the entire futures curve in proportion to open interest.

China overnight rebutted the IEA's report earlier this week when it said China would soon be the world's top energy user and carbon dioxide emitter, calling the estimate subjective and politically ill-judged.

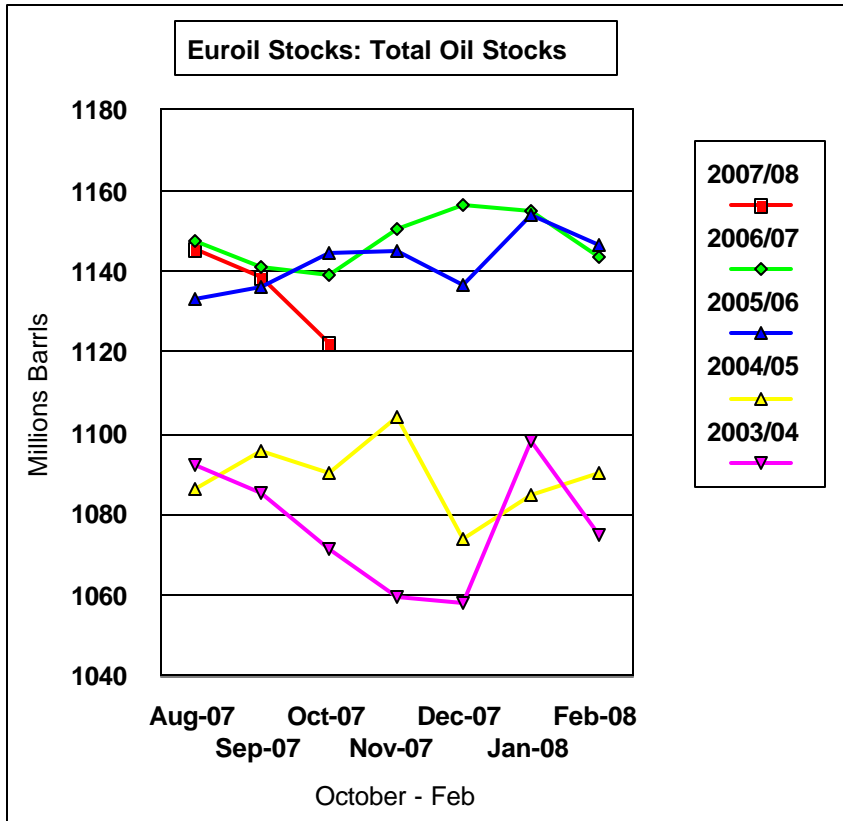
that oil prices are not China's main consideration when deciding whether to pump oil into its strategic reserve tanks. China only began filling its strategic stockpile last year but already has 3 million tones in storage as of September. Back in September when prices were \$20 lower Chinese officials said that it was not a good time to buy for the stockpile due to the high price. It is uncertain that these most recent comments have signaled a change in Chinese thinking. China is scheduled to complete construction of its strategic storage tanks by some time next year and capacity will be 100 million barrels

Tokyo Electric Power said that its oil purchases in October remained strong as it purchases 3.1 million barrels of fuel oil, some 3 times more than it consumed a year ago, as a result of the utility needing to boost oil generation resources in the wake of the closure of its Kashiwazaki-Kariwa nuclear power station in July. Oil purchases though have declined from the peak purchases of 4.57 million barrels recorded in August.

Senior officials in Indonesia said today that the government may have a problem with its domestic subsidy bill if global oil prices reach \$100 a barrel and remain near these levels for an extended period of time. Indonesia's fuel subsidy bill may climb to \$9.86 billion this year up some 61% from what the government had originally budgeted for this fiscal year. The government said though it has no plans to raise domestic fuel prices. Officials reported that in December the country will import 12.26 million barrels of products down 7.8% from November levels.

Refinery News

Valero Energy Corp's Port Arthur, Texas refinery cut its operations by 140,000 bpd to 185,000 bpd following a fire Thursday. Valero expects the refinery's units to restart over the next few days. The unit affected by the fire, one of the plant's diesel hydrotreaters, remains offline without an estimated date of restart.



Citgo Petroleum shut a coker unit at its Corpus Christi, Texas refinery following a malfunction. The 44,500 bpd coker unit has been shut until repairs can be made. The shutdown of the coker has led to cuts in the processing rates of a number of other units.

Total officials said that its 328,000 b/d Gonfreville refinery is not back to its full production capacity due to leaks in its cracking unit. The plans this fall had been undergoing a major planned turnaround and was expected to be restarted back on October 15th. Operators expect the full restart to take place in the next few days.

South Korea's S-Corp said it will export up to 120,000 tonnes of spot gasoil for December, unchanged from November levels. The company said it was continuing to maximize its

refinery runs.

South Korea's SK Incheon said it has increased its crude processing rate to 210,000 b/d from 170,000 b/d it ran in October as a result of improved margins.

EuroilStock reported today oil inventories overall declined in October, with crude oil, middle distillates, fuel oil dropping a respective, 1.0%, 2.5% and 1.8% from September levels. Gasoline though posted a 0.3% increase on the month. Total oil stocks stand at some 34.68 million barrels below year ago levels, with gasoil off 9.75 million barrels and crude oil off 4.68 million barrels.

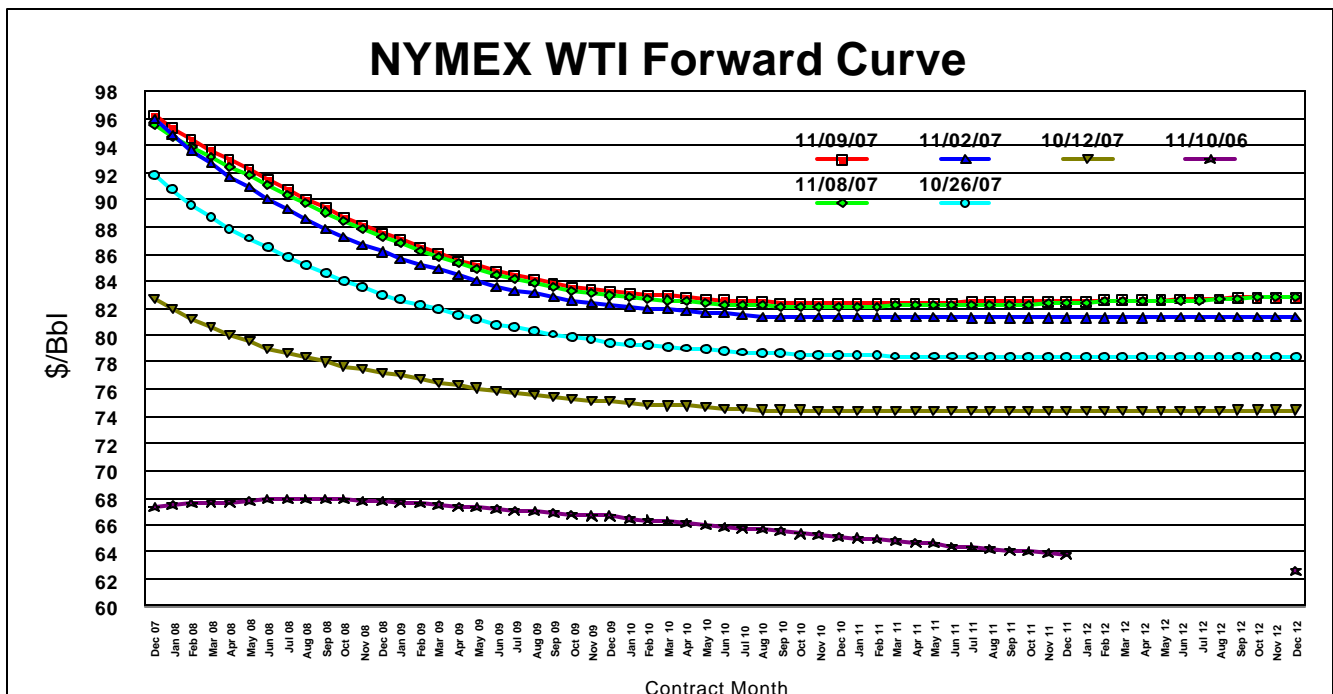
Both EIA and API inventory reports will be delayed until Thursday due to Monday's Veteran's Day Holiday.

Production News

Output of Mars crude has been partially curtailed by as much as 150,000 bpd. A source said the cuts were due to maintenance on one of the production platforms that feeds into the Mars crude stream.

BP said the restart of production of the 80,000 b/d Valhall oilfield in the North Sea has been pushed back to Saturday. Operators had hoped that production would have been restarted late Friday. StatoilHydro said it had resumed production on one platform at the Visund field and would probably restart the second platform closed at the Oseberg South field late Friday, following the passage of the major storm through the area. The company had originally reported it would shut in 320,000 b/d of production in front of the storm but in reality it had only shut in 110,000 b/d of production. ConocoPhillips though reported it ended up shutting in two more platforms than it originally announced. Dutch Transport Ministry officials said that the storm surge barrier protecting Rotterdam and its harbor started reopening on Friday after being closed on Thursday.

Nexen Inc said routine inspection on the Buzzard platform following storms in the North Sea revealed that the upper section of one of the three power generation turbine exhaust stacks was damaged. It said the platform was temporarily shutdown and platform staffing levels have been reduced. It said a



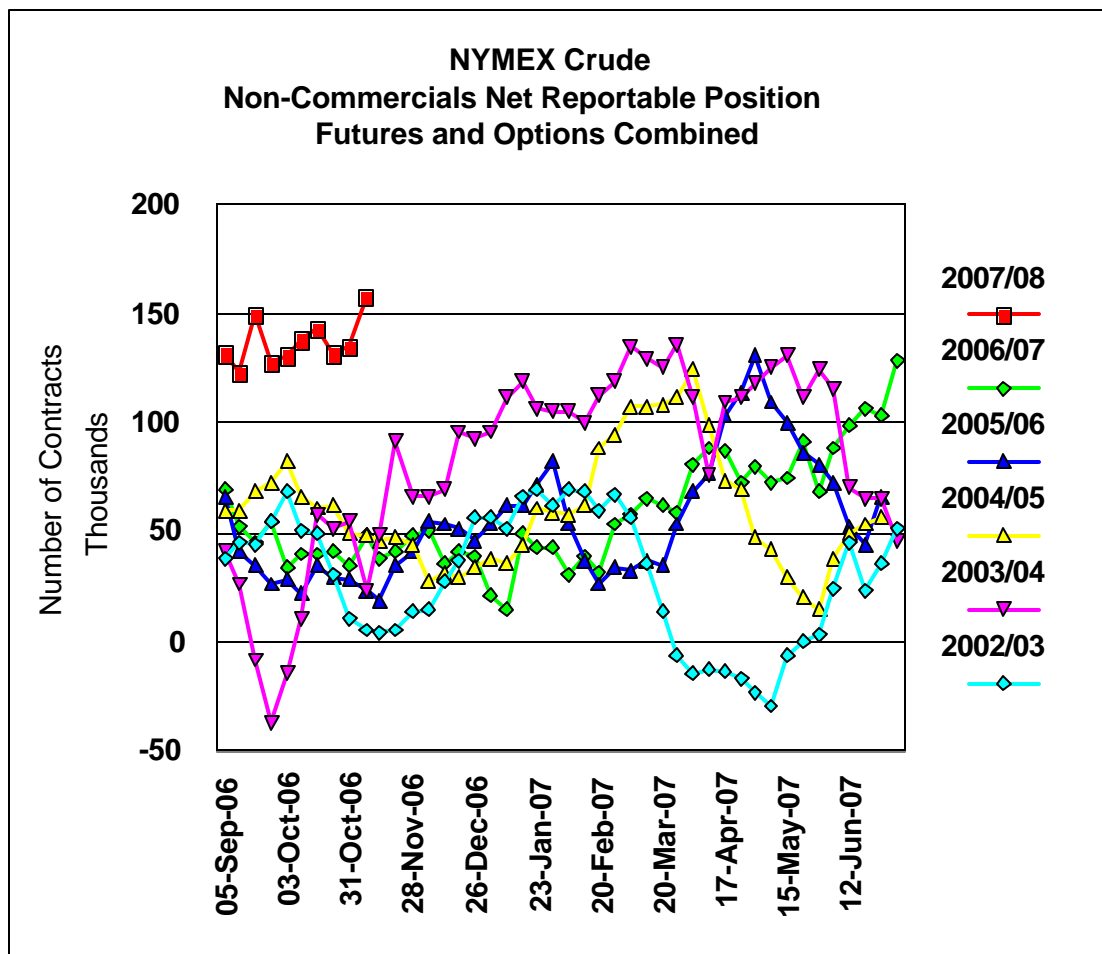
full inspection of the damage would take place as soon as the weather situation improves, at which time a decision would be made as to when production operations can safely resume.

Norway's Oseberg crude stream is scheduled to load around 213,000 b/d in December, up from 180,000 b/d lifted in November.

Brent crude oil stream is estimated in December to average 162,000 b/d down from 204,500 b/d in November.

China reportedly has asked for a 30% increase in crude oil imports from Saudi Arabia for 2008 as it is scheduled to bring on line two new oil refineries. China though unlike other Asian consumers that are reducing

Iranian imports is also looking to increase imports from that OPEC producer as well. Iran accounts for 12% of China's crude oil imports.



The OPEC reference crude oil basket price was \$90.71 a barrel on Thursday unchanged from Wednesday.

Venezuela's oil minister said today that OPEC members will discuss creating a currency basket to price their crude during the November 17-18 meeting of heads of state in Saudi Arabia. Venezuela noted that it is more worried about the impact on its export revenues by a decline in the U.S. dollar than any economic slowdown in America.

The EIA said today that it estimates OPEC member nations are expected to take in a record \$658 billion this year from their oil exports, and should see these revenues grow by \$104 billion next year. The agency said that OPEC provides almost half of total U.S. crude oil imports.

Petroecuador reported that its crude oil exports fell by 8.7% to 188,247 bpd in October compared with the previous month. It is down from last year's level of 217,174 bpd.

Market Commentary

Crude oil has settled higher eleven out of the last twelve trading sessions and isn't showing any signs of giving up. There have been no signs of the economy making a recovery and the dollar continues to take a hit. With options expiring on Tuesday, time is limited for speculators to force prices up to \$100.00. We would look for another run up to that level, but our confidence is not as great as it initially was. We would continue to buy and sell against the listed support and resistance numbers and would not look for this upward trend to change unless prices can settle below 88.30. Total open interest in crude oil is 1,535,255 down 10,650, December 320,421 down 31,777 and January 290,040 up 14,499. Support for December comes in at 95.00, 93.10, 92.25, 91.50, 87.55 and 84.68. Resistance is set 96.70, 97.75, 98.62, 99.80 and 100.33.

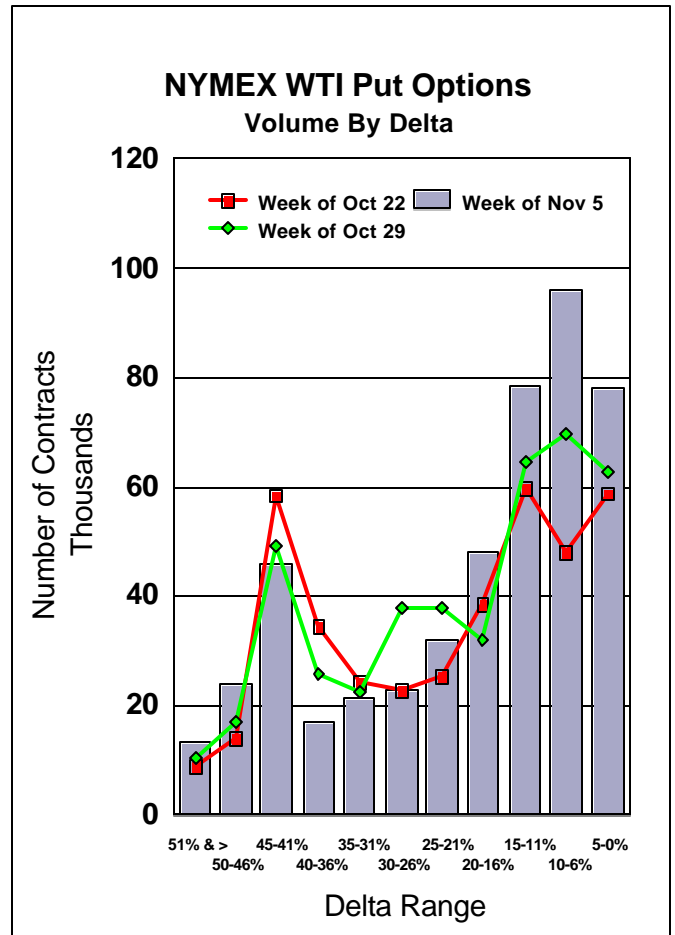
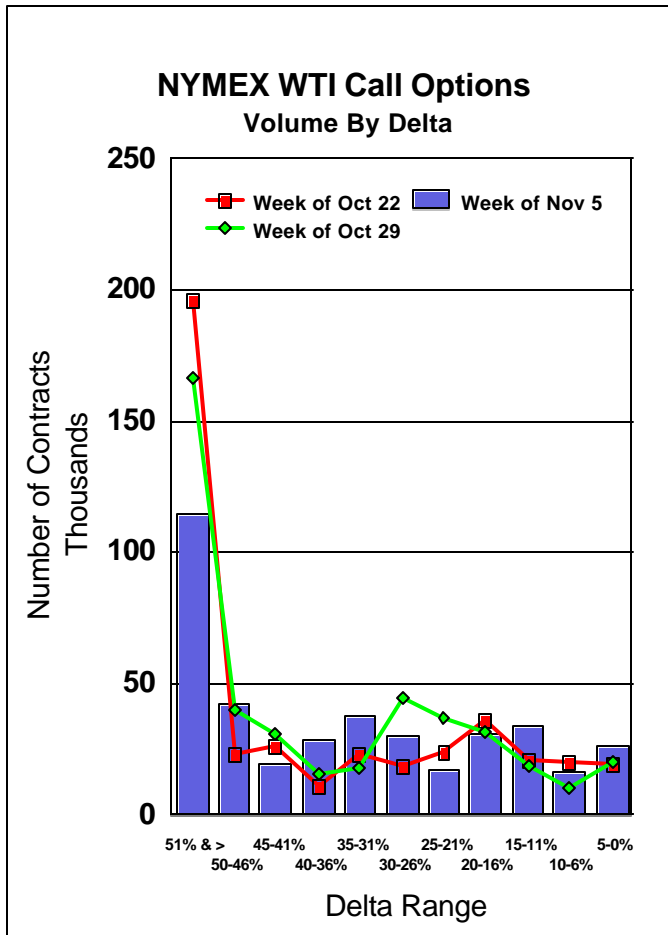
The \$100 December calls continued to be a focal point for option trading today as it was the most active strike trading over 7000 times, in what appears to be traders reducing their exposure in this strike. Open interest reported at midday showed that as of the close of business Thursday total open interest in the strike

NYMEX Petroleum Options Most Active Strikes for November 9, 2007

Symbol	Month	Year	Call/Put	Strike	Exp Date	Settle	Volume	IV
LO	12	7	C	100	11/13/2007	0.35	7,070	37.54
LO	7	8	P	70	06/17/2008	0.95	5,600	28.13
LO	12	7	P	95	11/13/2007	0.86	3,303	35.66
LO	6	8	C	100	05/15/2008	3.79	3,203	27.17
LO	6	8	C	120	05/15/2008	1.32	3,143	31.83
LO	1	8	P	85	12/13/2007	0.87	3,119	37.77
LO	1	8	C	120	12/13/2007	0.29	3,050	45.29
LO	12	8	C	100	11/17/2008	3.95	3,013	24.35
LO	1	8	P	88	12/13/2007	1.34	2,903	35.70
LO	12	7	C	98	11/13/2007	0.79	2,859	36.52
LO	7	8	P	75	06/17/2008	1.65	2,800	27.17
LO	1	8	P	84.5	12/13/2007	0.81	2,701	38.15
LO	6	8	P	75	05/15/2008	1.24	2,675	27.19
LO	2	8	P	70	01/16/2008	0.14	2,651	36.56
LO	1	8	C	100	12/13/2007	2.35	2,641	36.33
LO	1	8	P	90	12/13/2007	1.87	2,458	35.36
LO	12	7	C	96	11/13/2007	1.6	2,366	35.75
LO	2	8	P	82	01/16/2008	1.04	2,051	32.98
LO	12	10	P	69.5	11/16/2010	4.6	2,000	21.32
LO	12	12	P	69.5	11/14/2012	5.92	2,000	21.65
LO	12	8	P	80	11/17/2008	4.6	2,000	24.43
OB	5	8	C	2.8	04/25/2008	0.1297	247	30.94
OB	5	8	C	2.74	04/25/2008	0.1465	247	30.57
OB	3	8	C	2.46	02/26/2008	0.1898	125	34.61
OB	5	8	C	2.57	04/25/2008	0.2079	125	29.69
OB	3	8	P	2.46	02/26/2008	0.1733	125	34.57
OB	5	8	P	2.57	04/25/2008	0.1908	125	29.65
OB	1	8	P	2.2	12/26/2007	0.0401	101	38.49
OB	1	8	C	2.44	12/26/2007	0.137	100	38.61
OB	1	8	P	2.3	12/26/2007	0.0694	100	38.49
OB	2	8	P	2.2	01/28/2008	0.06	100	36.38
OB	1	8	P	2.44	12/26/2007	0.1301	100	38.61
OH	12	7	C	2.7	11/27/2007	0.0528	711	37.22
OH	12	7	C	1.9	11/27/2007	0.7188	400	71.37
OH	1	8	C	2.85	12/26/2007	0.0542	400	34.99
OH	1	8	C	2.6	12/26/2007	0.1341	400	31.76
OH	12	7	C	2.62	11/27/2007	0.0826	305	35.99
OH	2	8	P	2.48	01/28/2008	0.0888	300	31.63
OH	12	7	C	2.6	11/27/2007	0.0926	250	35.99
OH	12	7	C	1.93	11/27/2007	0.6888	200	67.98
OH	12	7	C	2.37	11/27/2007	0.2583	153	36.45
OH	12	7	C	1.95	11/27/2007	0.6688	120	65.83
OH	1	8	C	2.63	12/26/2007	0.1191	100	31.72
OH	12	7	C	1.94	11/27/2007	0.6788	100	66.75
OH	12	7	P	2.37	11/27/2007	0.01	100	35.91
OH	1	8	P	2.63	12/26/2007	0.1174	100	31.76
OH	12	7	P	2.06	11/27/2007	0.0001	100	36.91

dropped by 966 lots to 41,333 contracts. Open interest in this strike has dropped by 11,840 lots since

October 26th. Overall trading volume in crude oil options this week saw a significant jump in put interest in those with deltas of 20% or less (see charts)



The Commitment of Traders report showed that non-commercials in the crude market continued to build their net long positions as the market aims to reach the \$100 level. Non-commercials increased their net long position by 22,696 contracts to 105,816 contracts. The combined futures and options report also showed that non-commercials increased their net long position by 23,742 contracts to a record level of 158,551 contracts. The funds have likely lightened their position in the last few trading sessions as resistance remains at \$100. Non-commercials in the RBOB heating oil market cut their net long position by 3,571 contracts to 47,790 contracts while non-commercials in the heating oil market also cut their net long positions by 9,216 contracts to 21,229 contracts.