

A.W. Peters, Inc.

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My main goal over the past few months was finding a way for my customers to get adequate affordable price protection without leaving them exposed to any wild fluctuations that may occur. I wanted to construct a program that addressed ALL of the possible scenarios that have happened over the past few years. Whether that was the last speculator driven price rise in the summer of 2008, or the corresponding collapse that left all of us holding the bag. I cannot afford another disastrous year like that and I don't want my valued customers to have to go through that either.

I am very happy to tell you we have hired Angus Energy and RenRe Energy Limited, two companies at the forefront of the heating oil risk management field. They have created the perfect capped program. And they are responsible for the implementation all of the puts and calls that hedge all of the gallonage that we will sell on this capped budget program. And for the first time it's very affordable.

The option cost is down from the high's of 50 and 60 cents per gallon last year to a more reasonable rate of 30 cents per gallon. That fee buys you the perfect insurance policy for any scenario that may occur. Lets say that the cap price is 3.199 per gallon. That final capped price is the maximum you would pay. Let's say your consumption is 800 gallons. Your fee would be \$ 240.00

If the price goes to \$4.199 per gallon you will be saving \$1.00 per gallon or \$800 for a cost of \$24 per month. Consequently, if the market collapses to \$2.00 your price will go down as well. That means a lower price per gallon and budget payment. This is certainly the best plan as far as covering everyone's butt in every scenario.

We will also offer the same budget collar plan that many of you used last year to limit your exposure to the wild fluctuations that seem to have become the standard in the industry. That plan will have a ceiling price and a floor limit. Your price will fall in that range depending on the price of the day at the time of each delivery. You do not get the benefit of unlimited downside protection, but your costs are capped at no charge to you.

The industry has become so complex with all the various options that are available and the financial exposure a small company like ours has to deal with is a little bit overwhelming. So I wanted the comfort of knowing all of my customers are protected to a degree that they are comfortable with, and that my business is protected as well.

I have included both proposals for your consideration, feel free to e-mail or call with any questions. Deadlines are in BOLD face.

Sincerely,

Jeffrey S. Peters
President