

MOHEGAN OIL PRICE PROTECTION DISCLAIMER

MOHEGAN OIL

DISCLAIMER

WE DO NOT OFFER PRICE PROTECTION PROGRAMS

The reason we don't offer price protection programs is simple. We don't believe they are safe and we don't believe they are honest. We are the oldest oil dealership in southeastern Connecticut under continuous family ownership and we would never risk our good name for a program that places our customer's money at risk.

We would never ask our customer to sign a contract in order to buy oil. They buy oil from us because they want to not because they have to. It's old-fashioned values like these that keep our customer's loyalty.

We believe that most dealers **who** offer these programs don't fully understand them and most consumers don't fully understand the risk that they are taking. During the 2007-2008 heating season, the failure of F&S Oil in Waterbury was well publicized in both print and broadcast journalism.

Those 12,000 consumers lost their money and they're not getting it back, despite the best of intentions of state agencies. This has happened before in Connecticut and all around the Northeast to other dealerships and it will happen again.

There is Connecticut state law 05-229 that is supposed to protect oil customers from oil dealers who do not properly hedge their oil programs. This law is not being enforced. If it was, F&S Oil wouldn't have failed. The law states that an oil dealer who offers these programs must have 75% of the oil they offer hedged by futures or put in storage or post a 50% bond. Although a well-intentioned law, it doesn't guarantee the delivery of your oil or your money.

Ask yourself one question. Can I afford to lose the money I have set aside for my oil purchases this heating season?

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Pricing programs are aggressively marketed to small fuel oil dealers by Wall Street brokers. They offer oil contracts that are traded on the New York Mercantile Exchange or Nymex. They set up the pricing program for the dealer and show them how to charge large fees to pay for the brokerage commissions. This is the same exchange that is currently being investigated by the FBI, SEC, U.S. Commodity Futures Trading Commission, and U.S. Senate Congressional Committees for fraud and price manipulation.

These are the same Wall Street banks that packaged worthless mortgages and structured investments for sale to financial institutions around the world. We know how that turned out.

The fact is that oil futures were meant for large end users of petroleum such as multinational oil companies, airlines and large corporations. They were never meant to be used by your local oil dealer. They're just too risky an investment, especially if the market that trades them is under investigation for fraud.

Finally, before you invest in any fuel oil pricing program, please understand that you are taking a risk, you will have to pay large fees that you won't get back if you later change your mind or become unhappy with the dealer. The dealer always has an "out" clause written into the contract but you don't. He may cancel the contract at any time due to market conditions, weather, and acts of war. You can lose your money if the dealer defaults. The price of oil can go way down and the dealer doesn't have to follow the market even though it says he will in the contract.

All of the above are reasons why we don't offer these programs and we're not alone. Over half of the full service fuel oil dealers like us don't offer pricing programs. The prudent and least expensive way to buy your fuel oil is to let the price float. Then average the cost per gallon over the course of the heating season. Most winters you will come out ahead over any pricing program.

Integrity, honesty and old-fashioned 24-hour service mean more to us than adding a few customers through price program gimmicks.