

White Mountain Oil & Propane, Inc.
2011-2012 Fuel Purchase Programs



Easy Payment Budget Plan, Price Cap Insurance & Pre-Buy Programs

In 2010-2011, our Price Cap Insurance Program alone provided over \$600,000 in savings to our valued customers. The following document provides you a comprehensive guide to each of our price protection and payment plans.

Summary Overview of Programs

Easy Pay Budget Account	Regular Account	Pre-Buy Program
<p align="center"><i>“Make level monthly payments for 12 months.”</i></p>	<p align="center"><i>“Purchase fuel as it’s delivered. Cash discount opportunity.”</i></p>	<p align="center"><i>“Purchase fuel in advance at a fixed price.”</i></p>
<ul style="list-style-type: none"> • Fixed monthly payments (June – May) • 4% (APR) Dividend paid on credit balances • Senior discount available • Price Cap Insurance <u>optional</u> <p><i>Price Cap Insurance Provides:</i></p> <ul style="list-style-type: none"> • Protection against price increases above cap price • Take advantage of lower prices if they occur. <p>Price cap insurance is priced by the gallon and based on annual gallons used over the past 2 years.</p>	<ul style="list-style-type: none"> • Opportunity for a \$0.10/gal discount if payments are made within 10 days of delivery. • Price Cap Insurance <u>optional</u> <p><i>Price Cap Insurance Provides:</i></p> <ul style="list-style-type: none"> • Protection against price increases above cap price • Take advantage of lower prices if they occur. <p>Price cap insurance is priced by the gallon and based on annual gallons used over the past 2 years.</p>	<ul style="list-style-type: none"> • No need for Price Cap Insurance since gallons are paid for in advance • All contracted gallons must be paid for in advance • No protection should prices fall below pre-buy price. • Limited to the total gallons a customer chooses to purchase.

The Easy Payment Budget Plan

The Easy Payment Budget Plan provides you an opportunity to enjoy level monthly payments for 12 months ***based on our best estimates*** for the coming year.

The cost per gallon used to calculate budgets is not a cap price and it is not a guaranteed (fixed) price - it is an estimated cost per gallon based on our projections. Budgets are calculated in May and the new budget year begins on June 1st each year. The budget year ends on May 31st each year. Budgets are calculated using the following method:

$$\text{(Total of the Prior 2 Years Gallons Used } \div 2 \text{) } \times \text{ (Estimated Budget Price/Gal) } \div 12 \text{ Months}$$

The Budget Payment Plan is an ***ESTIMATE ONLY***. Because of the volatility in fuel prices and to simplify the budgeting process for our customers, we include the *estimated* cost per gallon of our Price Cap Insurance in the customer's monthly payment. The Budget Program price per gallon **includes** an estimated **\$ 0.25 /gal** for this Price Cap Insurance. Information about this Price Cap Insurance Protection will be mailed to customers as soon as the program is implemented (normally in the August-September timeframe).

If a customer elects not to purchase Price Cap Insurance, the fee charged can be credited back to their account and their monthly budget payment can be lowered accordingly. Customers must make this "opt out" decision before the end of August each year.

Customers on the Easy Payment Budget Plan enjoy the following benefits:

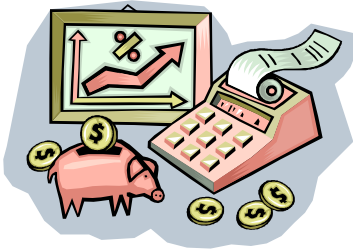
1. All budget customers receive a 4% (APR) dividend on credit balances at the close of each month.
2. Freedom from finance charges, as long as all budget payments are current.
3. The Senior Citizen's (65 & older) Discount is for Easy Payment Budget Program customers only. Seniors must sign up for this program to earn the extra 5¢ per-gallon discount.
4. The price of Price Cap Insurance is estimated and built into the 12-month budget, allowing the customer to pay for this insurance over a 12-month period.
5. Even commercial accounts can go on a Budget. In fact, we encourage this participation.

Since most of our budget plan customers elect to also purchase Cap Price Insurance, we have included cost of this insurance in their monthly budget payment. The cost is currently estimated to be approximately **\$ 0.25 /gal** x their total gallons budgeted.

Remember...

- **A Budget is an estimated payment plan.** It's a method of paying for your fuel in equal monthly payments all year long. We highly recommend that customers establish a budget plan.
- **Cap Price Insurance is a value-added, optional service.** Customers choose whether or not to purchase this price protection insurance. Customers can add this optional service (when the 2011-2012 prices have been set) to either the Budget or Regular payment plan

Easy Payment Budget Plan



- Fixed monthly payments
- 4% (APR) Dividend paid on credit balances
- Senior discount available

Optional Service:

- ✓ Price Cap Insurance

Regular ("non-budget) Plan



- Opportunity for a \$0.10/gal discount if payments are made within 10 days of delivery.

Optional Service:

- ✓ Cap Price Insurance

Customer Frequently Asked Questions The Easy Payment Budget Plan

1. *Is the Budget price per gallon the actual price I will pay for all fuel deliveries?*

No. The price per gallon that your monthly budget payment is computed on is a planning estimate only. When a delivery is made to your home or business, your account will be charged the actual market price that day.

2. *What happens at the end of May if I have extra money in my account, do I lose it?*

No! Any remaining credit balances can be either applied to your new (next year's) budget or it can be refunded to you directly upon request.

3. *What happens at the end of May if I owe money?*

We ask that all remaining balances as of May 31st be paid in full by the end of June each year.

4. *What happens if I miss a budget payment?*

It's very important that all budget accounts be kept current. The high cost of fuel has forced this to become a necessity for both the consumer and White Mountain Oil & Propane, Inc. Any budget account that falls two (2) or more payments in arrears will be placed on "Budget Hold" and no further deliveries will be made until the account is made current.

5. *Is my service contract and other labor, parts, etc. covered by my budget payment?*

No, only fuel and Price Cap Insurance can be budgeted.

6. *Can I pay for my budget payments electronically?*

Yes, our various E-Pay programs make paying for your monthly budget payment easy. We can automatically charge your budget payment to a debit or credit card (MasterCard, Visa and Discover accepted) on the 10th of every month or you can always pay at your leisure online at www.whitemountainoil.com!

7. *What happens if I sell my home or move away in the middle of the budget year?*

Any credit balances at the time the account is closed can be refunded to the customer directly upon their request. Any outstanding balances due must be paid in full.

8. *If I decide to "opt out" of the Price Cap Insurance, will my budget change?*

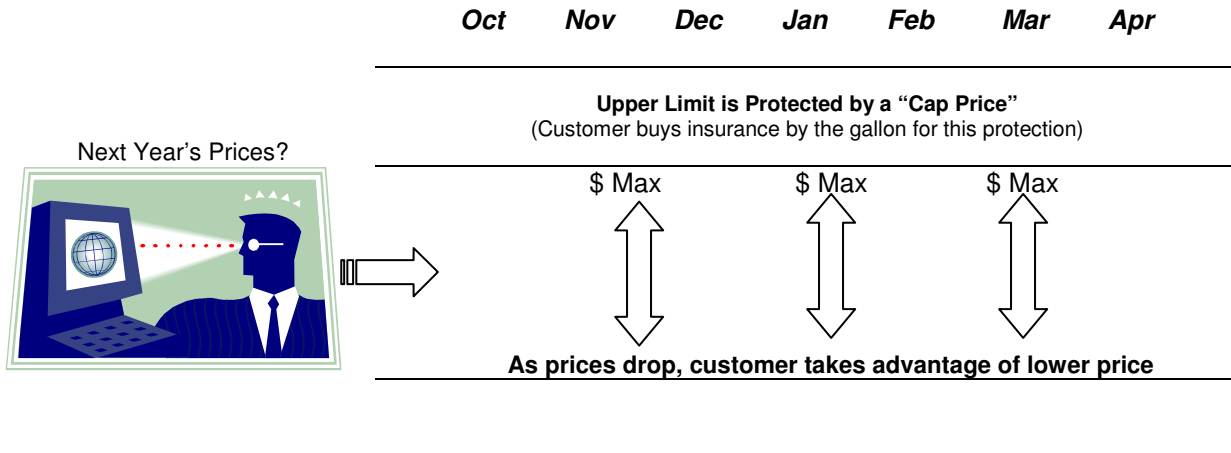
We would be happy to reduce your budgeted price per gallon by the amount of the Price Cap Insurance upon request.

The Price Cap Insurance Program

A “capped” price, or ceiling price, is a maximum price per gallon you will pay regardless of market fluctuations. If your account has a price cap set, you pay the established price if it is lower than the cap price. *When prices rise, you will pay up to the cap price but no higher.* Without price cap insurance protection (and assuming you have not chosen to participate in a pre-buy or fixed price program), there is no limit to the potential price increases one might see.

Price Cap Insurance can be purchased regardless of whether you are on a budget or not. The fees associated with the Price Cap Insurance Program are announced as soon as they are available (typically in the August-September timeframe), and a letter explaining the program and final pricing is then mailed out all customers who are participating in the program.

To provide this service, White Mountain Oil & Propane must pay (by the gallon) in advance for this price protection. However, we do allow customers to include the cost of this insurance in their budget and spread that cost out over 12 months.



Frequently Asked Questions Price Cap Insurance

1. *What is price cap insurance and why do I need it?*

This program provides peace of mind all year long by offering a price ceiling while, at the same time, allowing you to benefit from lower prices when they occur. A “capped” price, or ceiling price, is a maximum price per gallon you will pay regardless of market fluctuations. If your account has a price cap set, you pay the established price if it is lower than the cap price. *When prices rise, you will pay up to the cap price but no higher.* Without price cap insurance protection (and assuming you have not chosen to participate in a pre-buy or fixed price program), there is no limit to the potential price increases one might see.

2. *Why Do I Have To Pay for Price Cap Insurance?*

To provide this service, White Mountain Oil & Propane must pay for price protection insurance when purchasing fuel in the futures market. In recent years the cost of this insurance has increased dramatically, making it necessary to charge for price protection guarantees. However, we do allow our customers to include the cost of this insurance in their budget and spread that cost out over 12 months.

3. *Is White Mountain Oil the only company charging for Cap Price Insurance?*

No, most other fuel companies charge similar fees if they offer a cap price insurance program.

4. *How much does price cap insurance cost?*

The cost of price cap insurance in the 2011-2012 Program is estimated to be approximately \$ 0.25/gal but is subject to change as the market changes.

5. *How long is the Cap Insurance coverage valid?*

The 2011-2012 program will be effective from 10-01-2011 through 4-30-2012. Only gallons delivered during this period will be covered by the Price Cap Insurance Program.

6. How does White Mountain Oil & Propane handle the sale of Price Cap Insurance?

Customers who are on a budget or who had Price Cap Insurance last year are automatically renewed and charged for the insurance. Customers are charged based on the average annual gallons used over the prior 2 years. If a customer chooses to “opt out” of the insurance, we ask that they do so within 30 days of receiving their Price Cap Insurance Program contract.

7. Can I spread out the payments for my price cap insurance?

- Budget customers – Yes, the fee will be charged against your budget.
- Non-Budget – Payable in full before a cap price will be implemented.

8. How late into the budget year can one purchase cap price insurance?

Typically, the Price Cap Insurance Program enrollment period ends in August.

The Fixed Price Program (“Pre-buy”) Program

A “fixed” or guaranteed price is where a customer pays in advance for a set number of gallons at an agreed upon price. Once a customer’s pre-buy gallons are used up they revert to their normal price schedule in effect at that time. These programs begin on October 1st and end on April 30th each year.

Pricing in this program change daily. Quotes for a pre-buy purchase can be obtained at any time by contact our Sales Department at 603-356-6386.