



spring 2007

PERSONALLY SPEAKING

setting the record straight

Dear Friends,

Before the heating season began last fall, we anticipated a long, cold winter and skyrocketing fuel prices. But with a mild start to winter and a quiet hurricane season, world energy prices fell.

While this was good news for most people, some of our customers with fixed price agreements believed we were taking advantage of them. This was not the case.

Because of the nature of our fixed price agreement, we couldn't lower prices to reflect fluctuating market rates. When customers signed on to the program, we in turn signed a binding contract with our suppliers for the entire year.

As much as we would have liked to drop prices as we did for those on different programs, we were bound to our supplier agreements, and we had to keep you locked into the agreed-upon rate.

By the same token, if prices had risen above the fixed price, we could not have broken the contract to charge you more. As with any contract, both sides must fulfill their end of the bargain. For our part, we have never broken a contract

with either our customers or suppliers during our 70 years in business.

Of course, a fixed price is just one of the options we give you for stabilizing your costs. See the article on page 4 for details. Right now, we're preparing to offer price protection programs for the upcoming season. We will mail you program information this summer.

Despite continued market volatility, our goal remains the same: to provide you with competitive prices and guarantee you responsive, courteous service. Please let us know how we can better serve you.

Warmly,

Richard C. Bologna



upgrade and save with the best

At Westmore Fuel we always make available to you the best comfort systems that have been designed with cutting-edge technology. That's why we recommend **Buderus boilers**, which will deliver reliable heating for many years.

SAVE \$250

when you book an installation of a **Buderus boiler** by July 31.

Don't wait. Call us today or return the enclosed card.



Designed with the latest combustion and manufacturing technologies, the Buderus boiler features a Logamatic control system that ensures consistent temperatures by monitoring indoor and outdoor sensors. And perhaps most important, a Buderus boiler features one of the highest operating efficiencies of any oil boiler on the market.

Replacing an older boiler can save you 30% on your fuel bills. While your old equipment may still be keeping your house warm, it's only a matter of time before it could break down—and leave you out in the cold.

Upgrade to the very best with Buderus and get \$250 off your purchase.

Win a wide-screen plasma TV!



Picture yourself in the comfort of your home, lying down with a bowl of popcorn, watching your favorite show on a wide-screen TV.

Value: \$1,799!

Read this newsletter and answer the questions on the enclosed reply card. All entries received by 7/2/07 with the correct answers will be entered into a drawing for the TV.

Grand Prize: Panasonic 42-inch wide-screen TV, featuring the new Panasonic plasma panel, which can display 29 billion colors for an incredibly vivid picture!

Congratulations to John C. Logan, winner of the Maytag refrigerator in our fall newsletter contest. Look for the winner of the LG Electronics washer and dryer contest in our next newsletter.

No purchase necessary. A purchase will not improve chance of winning. See enclosed card for details.

where are oil prices heading?

Steady growth in world demand. Unusual weather. Instability in major oil-producing countries. Unrestrained speculation in the oil market. All of these factors have created so much uncertainty that it's anybody's guess about where prices will go next.

It seems like the only thing that's predictable these days are reports about the huge profits that the major oil companies are making. And whenever these reports appear on the news, some people mistakenly believe local heating oil dealers like us are getting a big share of these profits. This couldn't be further from the truth.

separate operations

We don't own the oil fields, the drilling rigs or the refineries, so any profits from these operations have nothing to do with us. We're boxed in by the prices our suppliers charge us for the oil. In reality, approximately 75% of our total price covers the cost of the heating fuel alone. The rest goes toward our delivery fleet, service vehicles, employee wages and, hopefully, a reasonable profit. But in years like this, even that's not a given.

We hope things calm down in the energy markets. But no matter what happens, and in spite of whatever conditions come our way, we want you to remember that we're here for you. You can count on us to keep your winters free from worry.



Winter weather had its ups and downs, and many industries were affected.

weather warms some wallets but chills others

Winter's warm start made a lot of people happy. You could take your kids to the park and leave the coats behind, or keep firing up your backyard barbecue grill on weekends. Many heating systems stayed "asleep" until December. The lack of demand also contributed to a drop in world oil prices, another reason to celebrate.

But since one-fifth of the U.S. economy is directly impacted by the weather, winter's delay caused complications for many businesses. Ski resorts couldn't make snow. Winter coats and other cold weather apparel gathered dust on store racks. And oil dealers sat on a lot of gallons of heating oil while their delivery trucks remained idle in garages.

Some heating oil companies reacted by laying off staff. But when winter finally got here, their customers were left in the lurch, waiting a long time for service from depleted crews.

It was similar to the difficulty that airline JetBlue encountered during the Valentine's Day ice storm. Passengers were left stranded in ice-coated planes on the tarmac for as long as 11 hours. David Neeleman, the CEO of JetBlue, admitted the need for "more tools and resources for crew members" and "improved procedures" to avoid future operational problems.

In contrast, we always have enough staff to provide service when you need it, and without delay. We have a lot of experience dealing with severe weather, and we track weather forecasts carefully so we can be ready for the worst.

uncertainty reigns in all sectors

Many people—including us—have become frustrated by the volatile nature of oil prices, but it's important to remember that price uncertainty is not limited to the oil industry. Any item traded on a commodities exchange goes through periods of ups and downs. That includes everything from platinum and gold to coffee and sugar, as well as propane and natural gas. In fact, price volatility is taking place across all energy sectors. Natural gas prices have doubled in the past few years and electric rates continue to soar.

Speculators, who make their living buying and selling commodities, have a huge effect on the direction of prices. They can cause prices to shoot

up or plummet at even the whisper of a problem.

To understand this impact, consider this: While the world uses 85 million barrels of crude oil a day, ten times that amount is bought and sold every day in the commodities markets. That

much trading causes big fluctuations in prices. And while heating oil represents just a fraction of total petroleum consumption, its price is heavily influenced by the current price of crude oil.

You can imagine how challenging this is for companies like us who would like nothing better than to give you stable pricing.



top three ways to SAVE on your heating bills



upgrade your system

You can take a big chunk out of next year's bills by replacing your old heating system. Today's oil heat systems are extremely clean and efficient, thanks to major improvements in equipment. Systems burn **95% cleaner** than before and use substantially less fuel.

New, oil heat systems also have "smart" controls for more reliable operation. Advances include self-diagnostic features that alert you—and us—to potential problems before a system breaks down.

maintain your system

When your heating system is inspected, cleaned and adjusted regularly, it will operate at peak efficiency and save you money on that year's heating bills.

The longer you neglect your system, the higher your fuel bills will be, the less comfortable you'll feel and the bigger risk of a breakdown you'll face. Lack of maintenance can also shorten the life span of your heating system.

To prevent these problems, a professional tune-up will include cleaning and adjusting the burner, inspecting the heat exchanger, testing safety controls and emission levels, lubricating all moving parts and removing carbon deposits.

program your temperatures

Use a programmable thermostat to adjust your home's temperature for different times. For example, you can program day, night and weekend settings to match your schedule.

If your thermostat is several years old and you've lost the owner's manual, you may be able to go online to the manufacturer's website and find programming instructions for your particular model.

your family can trust our family

A lot goes on behind the scenes of an oil heat dealer, and the way the dealer does business separates the good from the bad.

Unfortunately, there will always be companies willing to cut corners so they can add a few more customers with bait-and-switch tactics.

Here are some good reasons you can put your trust in us.

Training and more training.

We invest in ongoing, extensive training for our employees. This ensures that when we do work for you, we get the job done right the first time. This greatly reduces your inconvenience. Our training program also

ensures you get accurate information and a courteous response from members of our office staff.

Trustworthy employees. We insist on a drug-free work environment. We never want you to worry about the trustworthiness of someone who is doing work in or around your home.

Always there for you. We have a system in place to provide priority emergency service, including nights and weekends, for customers whose equipment breaks down.

Convenient payment options.

We understand that heating bills can be a big burden, so we offer flexible payment options for qualified customers to lighten the load for you during winter.





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- ✓ win a wide-screen plasma TV*
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*No purchase necessary. A purchase will not improve chance of winning. See enclosed card for details.

we give you choices in price protection

We offer you price protection as an option to give you peace of mind and price stability in a volatile market.

Unfortunately, the unpredictability of world energy markets makes it impossible for us to give you an ironclad guarantee of savings. Here are the price protection choices we give you:

cap price program

A cap price sets a ceiling—or cap—on our retail price. We program our computers so you always get the lowest price. If the retail price goes below the cap, you pay the lower price. If the retail price goes above the cap, you pay the lower cap price. There is an additional “insurance” cost that is incorporated in the price per gallon to give you this “downside” price protection.

fixed price program

This is a single, unit price per gallon for the entire year. The price is based on the energy market at the time of the agreement. Your price will not go up or down.

retail price program

This is the price per gallon set by us, based on the wholesale price of heating oil. This is the method we used to price our oil before the advent of price protection agreements, and we continue to use it today. Historically, the retail price is sometimes above the fixed price and sometimes below it. There is no added cost for you and no long-term annual commitment.



always at your (emergency) service

Sometimes Mother Nature likes to remind us who’s the boss. The first reminder came on March 2, when about 3 inches of rain fell in 12 hours, overwhelming storm drainage systems. Next, the nor’easter in mid-April pelted us with more than 6 inches of rain over a 24-hour period. The result was flooded basements and hundreds of drowned heating systems.

During the week following the nor’easter, we received 465 calls to restore heat in homes affected by the flooding. Unfortunately, repairing damage from natural disasters is

generally more time consuming because it requires all of the system’s water-damaged electrical components to be replaced.

To meet this heavy demand, we kept rotating our shifts so we could provide nonstop, 24-hour emergency service to everyone who lost their heat. By doing this, we were able to restore heat to everyone

who called us. ***At one point, our 8 technicians each worked 16-hour days for one solid week!***

As you might guess, our ability to provide you with responsive service was put to the extreme test. But we came through with flying colors, as we have done for 70 years. This is a vital part of the ***Westmore full service difference.***

We truly believe that the peace of mind we offer you, thanks in large part to the professional, skilled service of our expert technicians, is unmatched by any company in this area.

