

SIGMA WEEKLY REPORT

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March 5, 2010

PMPA DECISION

On March 2, 2010, the Supreme Court determined that a franchisee cannot file suit under the Petroleum Marketing Practices Act ("PMPA") for constructive termination if it signed up for a renewal of its franchise. In the case, Mac's Shell Service v. Shell Oil Products, the Court considered under what circumstances a service station operator could bring suit against an oil refiner or distributor for "constructive termination" under the PMPA. Several gas station franchisees filed a lawsuit alleging that the franchisor had constructively terminated their franchises and constructively failed to renew their relationships by modifying the terms of their lease agreements. Essentially, the franchisees were arguing that the terms of the franchise agreement had changed so radically when terms were renewed, the original agreement was constructively terminated. But the Court decided that if you sign up for another term, you haven't been terminated, even if the terms of the agreement have changed.

MORE PUSHBACK ON EPA'S GREENHOUSE GAS RULING

Companion bills were introduced in both the House and Senate on March 4 by coal-state Democrats. The measures would bar the Environmental Protection Agency from regulating greenhouse gas emissions from power plants and other stationary sources for two years. Sen. Jay Rockefeller (D-WV) introduced his bill (S. 3072) in the Senate, and Reps. Nick Rahall (D-WV), Alan Mollohan (D-WV), and Rep. Rick Boucher (D-VA) unveiled a companion measure in the House. This comes on the heels of a resolution put forth by Senator Lisa Murkowski (R-AK) and forty other cosponsors to disapprove of and prohibit EPA's current plan to regulate greenhouse gases through the Clean Air Act.

HOUSE PASSES JOBS BILL

On March 4, the House approved a job-creation bill that extends surface transportation programs through the year, shores up the depleted Highway Trust Fund, and expands a popular infrastructure bond program. The House-passed bill was scaled back from a much larger

measure in the Senate in an effort to speed it through Congress. You'll recall that last week, the Senate passed a larger version of the House bill, a \$15 billion package that would give payroll tax relief for businesses that hire unemployed workers. It also would extend the Highway Trust Fund, the "Build America" bond program and expense deductions for small businesses. The House revisions mean the measure will have to be reconsidered by the Senate. The Senate is expected to take up the legislation (H.R. 2847) after it completes work on a package of tax policy extensions (H.R. 4213).

BIODIESEL TAX CREDIT

Earlier this week, Senate Majority Leader Harry Reid (D-NV) and Finance Committee Chairman Max Baucus (D-MT) introduced Jobs Bill II (H.R. 4213). In the bill, the one dollar per gallon biodiesel blender's tax credit was included in the tax extender package. The biodiesel tax credit expired December 31, 2009. Congress will likely take action on the measure next week.

DEMOCRATS READY TO MOVE HEALTHCARE

Congressional Democrats are completing a revision of comprehensive health care legislation that could garner enough votes to pass both chambers — most likely through expedited budget reconciliation procedures. This type of legislation would only require a simple majority of votes, fifty-one in the Senate and 2/3 of the House. Democrats were working on revised language that was being written jointly by House and Senate lawmakers and White House officials, but it is not yet clear what the final legislation will include. House leaders aim to bring a final healthcare measure to the floor for a vote before Congress adjourns for its two-week spring recess, which begins March 26.

PLAN AHEAD FOR JULY

Make your plans now to come to Washington, DC, on July 19-21 and attend SIGMA's [Summer Legislative Meeting](#). The meeting will be held at the Park Hyatt hotel. For information, go to <http://sigma.org/blog>.

LEVIN TO HEAD WAYS AND MEANS COMMITTEE

Representative Charles B. Rangel (D-NY) relinquished his position as Chair of the Ways and Means Committee on Wednesday after being admonished by the House ethics committee. Representative Sander Levin (D-MI) will step in as the acting chairman of the committee.

GENERAL COUNSEL: REGISTER NOW FOR TUCSON!

SIGMA is hosting an exclusive General Counsel Masters Program in Tucson, AZ, on April 28-30 in conjunction with SIGMA's Spring Convention. At this meeting, industry experts will discuss: Contracts and Sales Agreements; PMPA; Employment Law Updates; and Credit, Collections, Dealer Issues, etc. Participants will gain a new network of peers that they can communicate with about the complicated issues they face on a daily basis. This program is for SIGMA marketer members' General Counsel only. **Those in attendance will also be eligible for CLE credits.** For the latest information on the program, including the schedule and registration form, please [CLICK HERE](#) or visit <http://sigma.org/blog>.

2010 SCHOLARSHIP INFORMATION

SIGMA is pleased to offer a scholarship program designed to assist in the education of marketers' employees, their children and dependents of employees. This year, there are nine scholarships available totaling \$18,000, thanks to the generous donations of ERI, TelventDTN, and Caliber Consulting! The program is open to college bound high school seniors. Undergraduate, Graduate and PhD students may also apply. As part of the criteria, applicants must volunteer in community or school. The scholarships will be awarded in September. For more detailed information, visit www.sigma.org.

CSP OUTLOOK LEADERSHIP

Bringing together leaders in their fields, Outlook 2010 is the platform for an extraordinary line-up of industry speakers. From global, political and economic issues to innovative leadership strategies, Outlook 2010 is a key place for industry retailers to be! Keynote speakers include; Bill O'Reilly, Saj-nicole Joni, Peter Vidmar, and Capt. Chesley "Sully" Sullenberger. Outlook 2010 will be held in Salt Lake City on August 22-24 at the Grand America Hotel. For more information on the meeting or to register, go to www.outlookconference.com.

SIGMA SPRING CONVENTION EDUCATION

The [SIGMA Spring Convention](#) is right around the corner. Make your plans now and register for this always fun and well attended event! In addition to peer networking, golf, and social events, we've planned some great education sessions that you can't afford to miss. The [Spring Convention](#) will be held April 29 – May 2 at the Loews Ventana Canyon Resort in Tucson. Education descriptions below!

THURSDAY, APRIL 28

Track 1

1:00 p.m. – 2:00 p.m.

RFS2 Overview and Fuel and Bio Fuel Opportunities and Resources

This is a one-stop, jammed packed session with lots of market information. This session will start with an overview on RFS2, followed by collage of new fuel and bio-fuel business opportunities and resources. After you get an update on RFS 2 from GEVO, the Renewable Fuels Association will give you a quick business snapshot on what they can offer your business. Catch it all in one place!

2:10 – 3:00

Mitigate Fleet Risks: Effective Fleet Safety Strategies for 2010 and Beyond Rod Labbe, Federated Insurance

Do your drivers understand the root causes of most severe transportation accidents? We'll discuss case studies on speed management, objects in motion, liquid surge, technical rolling, outward tracking, driver training, hazard perception, visual searches, space and load management, night operation, extreme driving conditions, mechanical fatigue and vehicle maintenance, emergency maneuvers, skid control and recovery and accident/incident response. Attend this session and learn effective awareness programs to implement before lives are changed forever.

3:10 – 4:00

Building Your Supply Channel and Manage Risk John Gretzinger, FC Stone

Diversity of supply is a business norm today and takes time, solid processes and tools to manage the risk. Attend this session and get a case study perspective that outlines recommended mix of supply deals and corresponding agreements. Understand what it takes to make it happen: capital requirements, people resources, accounting processes to name a few. The finale -- risk management tools to manage your price risk and add value as you move up the supply chain.

4:10 – 5:00

Captive Insurance: A Look Behind the Numbers

Gerald Johnson and Tom Stewart, Holmes & Murphy

Not having liability insurance is not an option. How you have coverage is. Attend this session and get a perspective on the captive insurance -- specifically, the definition of a "Group Captive" and the history. What are the various captive structures and when you have a claim, how are they handled? All this "real world" information will be explained in a case study format.

Track 2

1:00 -2:00

**Better Purchase Agreement
for Better, Smoother Closings**

Betsi Bixby, Meridian Associates

What Harvard and Wharton don't teach you about petro M&A that you need to know: How to be powerfully effective at purchase agreement strategy and negotiation; The top 7 reasons acquisitions don't close as agreed and how to avoid them; Argumentative clauses only attorneys love that unnecessarily create big legal fees; Most importantly -- how to earn and deserve buyer trust in you and your agreement.

2:10 – 3:00

**Forecasting Foodservice:
What Lies Ahead in 2010?**

Kevin Higar, Technomic, Inc.

Higher food costs, a slumping economy, increased awareness of health and nutrition: These issues came together, spurring an explosion in organic lines while at the same time squeezing sales at QSRs and fast-casual spots. What's in store for the rest of 2010, and how will c-store foodservice programs be affected? What are our threats and where are our opportunities? How do branded foodservice programs fare against proprietary food programs? Recognizing the new consumer patterns as they emerge will better prepare you to adapt your foodservice marketing strategy.

3:10 – 4:00

PCI: The Other Side of Compliance

Shekar Swamy, ATC Technologies

PCI compliance is a given. There is no end line—this is a forever process. Attend this session and understand: Where do things stand today? Find out about key dates and more! Staying compliant takes effort and understand that improved processes equals improved compliance—understand the link and how to! Get a clearer perspective from a best practice case study approach to validate your process and ongoing compliance

4:10 – 5:00

**Retailing an Alternative Fuel:
Results from DOE's Market Focus Group**

The alternative fuel retail efforts keep advancing. When do you get involved and why? The effort will have opportunities, challenges and but also rewards. How are your peers looking at this opportunity? Attend this session and learn first hand what DOE market studies via focus groups have uncovered.

Track 3

1:00 – 2:00

**Dealer Networks: Risks,
Reward, Marketing and Support**

David Zakrzewski, Coulson Oil; Rod Smith, RH Smith Distributing; Kerry Oliver, Carter Energy

Seventy plus percent of retail convenience stores are dealer operated. As your customer, their viability has a direct impact on your bottom line. Supporting your customer through innovative programs takes work but has great rewards. Hear how marketers have: implemented dealer merchandise buying co-op's, developed dealer maintenance programs, handled dealer diversity and recognized the evolving role of the dealer rep.

2:10 – 3:00

**Advancing Logistic and
Supply Management Trends**

Cathy Duncan, Telvent DTN and a Marketer Panel
Description to come

3:10 – 4:00

How the Banking World is Changing

Brad Yates and Davidson Hall, Stephens, Inc.

Brad Yates and Davidson Hall will discuss the state of the leveraged loan market from an issuer and lender perspective. Topics of discussion will include return of the secondary leverage loan market, popularity of the "amend and extend" strategy, slight reemergence of the cash flow market, ABL market strength. Across the high yield spectrum, we plan to discuss such topics as the overall resurgence of the high yield product, strategies for employing high yield bonds versus leveraged loans, discuss yields across various risk classes and where yields are projected to go over the next 6-24 months.

4:10 – 5:00

2010: Union Organizing Update

Steve Wheelless, Steptoe & Johnson

When 2009 rolled over to 2010, union organizing efforts did not go away. This session will cover: Labor law reform update: what did the unions get? What's on the horizon? Union organizing activity by region; Union organizing tactics/themes/issues; and Employer response strategies. Be proactive and keep current—a must attend session.

FRIDAY, APRIL 29

Track 1

1:30 – 2:30

Mitigating

Environmental Litigation

*Urs Broderick Furrer, Esq., Harriton & Furrer LLP;
Jeffrey A. Johnson, Acton Mickelson Environmental,
Inc. (AME)*

As leaders in the distribution of petroleum products, marketers maintain a portfolio of retail fuel outlets that may have contributed contaminants to the environment; hence, environmental liability is a major cost of doing business. How major is the question? To keep costs in control attend this session and learn ways to mitigate costs and why doing so is important. You will learn: Why planning ahead can lower liability risk, what common mistakes today can prove costly in litigation tomorrow and tales from the trenches – defending environmental lawsuits

2:40 – 3:40

Maintaining Sales Before and After an Acquisition

Scott McLoughlin, Achievement Strategy

Marketers continue to acquire other marketers each year. For some, what they buy is not what the next value is to their company. Make sure you keep what you have and retain what you are buying. Attend this session and learn: How to stay focused on current business—retention and growth. What are transition opportunities and challenges? Plus, you will learn how to develop and retain and grow what you are buying and anticipate the business name transitions and logistical issues.

3:50 – 4:40

New Products in the Pipeline: CBOB and its Growing Influence in the Discretionary Blend Markets

Ben Brockwell, OPIS

Changes in the market can provide a marketer with plenty of opportunity. Ben Brockwell with OPIS will take you through the growing influence of CBOB in the market. Specifically, learn why “Gulf Coast” CBOB is becoming the primary reference for swaps transactions, and why using CBOB to make E-10 vs. 87 octane makes sense. Plus in the session, you’ll learn the adjustments pipelines are making for CBOB to allow easier trading

SATURDAY, APRIL 30

8:30 – 11:30

General Session & Business Meeting

What Every Businessman Needs to Know About the Coming Financial Reform

Robert Clark, Senior Partner

at the law firm of Bracewell & Giuliani LLP

Robert Clark’s career provides a unique perspective on financial reforms. He will address what it is we are trying to fix, how far along we are in the process to make changes, and finally, what it means for lending.

Energy Alternatives: What’s Real, What’s Not? Implications for Producers, Marketers, and Consumers

John Hofmeister, retired President of

Shell Oil Company and the Founder

and CEO of Citizens for Affordable Energy

Change is scary to many people so the big question is—Why Change? Is this a flash in the pan? What will drive “real behavior changes? We all wish for a crystal ball—where would I as a marketer invest—targeted or a shot gun approach? Lastly, he will touch on how marketers can get involved and be “leaders” solving problems.

How Big is Big!

*Bart Chilton, Chairman of the CFTC’s Energy
and Environmental Markets Advisory Committee*

Through effective oversight, the CFTC enables the futures markets to serve the important function of providing a means for price discovery and offsetting price risk. Given the past market events and adjustments needed, Bart Chilton will address from a CFTC perspective these topics: financial regulator reform, position limits on energy and commodities and whether or not exemptions should be revisited.

LUBES SHARE GROUP

Join us May 12 -13, 2010, for the SIGMA Share Group on Lubes/Lubrication at the Eaglewood Resort in Itasca, IL (15 minutes from O’Hare Airport). We’ll cover a variety of topics including: Market Trends and Benchmarks, Fixed Delivery Costs Model, “Green” Update, and Sales Development. For complete information, go to www.sigmap.org.