

By Joe Aliperta

BP "Helios Power"

BP has introduced a new and exciting advertising campaign that focuses on "environmental awareness" and doing things "a little better!" The launch of video, radio and print advertisements will begin in the early part of April and run through June 5. The overall message will be conveyed by distinct Beyond Petroleum animated voices and characters! Additionally, there will be several consumer giveaways such as colorful paper bags, planting seeds and children's playing cards on site; all to make your consumer's shopping experience "a little better."

CITGO "Earn Double Rebates"

Defend your market share and help promote customer loyalty by allowing your customers to earn up to 8% on rebates on all purchases made within the first 60 days of opening their new account. This exciting promotion will began on April 1 and will run through the end of June. Cardholders will also enjoy a 4% rebate and up to a maximum of \$50 each month on all purchases made after the 60-day period. Be on the look out for the arrival of point of purchase materials, and make sure to have them displayed throughout the promotion.

MARATHON "Fuel up with Free Marathon Gas"

Help reduce your credit card processing fees by 1% and increase consumer spending at your location with the New Marathon Platinum MasterCard. Consumers can enjoy a 10% rebate on all purchases within the first 60 days of activation and up to 5% on those thereafter. Be sure to properly display all point-of-sale materials and replace your old applications with the New Take-One version upon arrival. Calling all dealers! Be on the lookout for Marathon's New Mystery Shopper program! Contact your marketing representative for further details.

MOBIL "Up to \$40 in Rebates for New Accounts"

Become a part of ExxonMobil's biggest Credit Card promotion in history! This exciting campaign kicked off May 1 and will run through the end of August. Now dealers as well as consumers can reap the benefits of this exciting offer. Consumers can enjoy a \$10 rebate for every purchase made greater than \$10, for each of the first billing periods. Dealers are rewarded with over \$15,000 in incentives by generating up to 100 new accounts!

Top 10

The following are the Top 10 categories in terms of percentage of in-store sales for 2006:

1. Cigarettes (34.4% of in-store sales)
2. Packaged beverages (13.8%)
3. Beer (12.2%)
4. Foodservice (12.1%)
5. Other tobacco (3.8%)
6. Candy (3.7%)
7. Salty snacks (3.2%)
8. General merchandise (2.0%)
9. Fluid milk products (1.9%)
10. Packaged sweet snacks (1.5%)

Source: NACS, 2006

C-Store Industry Sales Surge *Continued*

Escalating credit card fees had an enormous impact on the drop in industry profits. Credit card fees surged 22%, rising \$1.2 billion to reach \$6.6 billion in 2006 and for the first time ever top overall industry profits. Credit card fees now are the industry's second largest expense, accounting for 8.3% of industry gross margin dollars, second only to total labor expenses (33.5%).

NACS is an international trade association representing more than 2,200 retail and 1,800 supplier member companies. The U.S. c-store industry, with more than 145,000 stores across the country, posted \$569.4 billion in total sales in 2006, with \$405.8 billion in motor fuels sales.

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"The function of leadership is to produce more leaders, not more followers."
- Ralph Nader



New Tools Available from Parent

Due to the extreme price volatility and downward pressure on fuel margins, we have developed some tools intended to enable you to be more aware of the changing price structure at the racks, as well as a means of monitoring your margins. We encourage you to take advantage of these tools and incorporate them into your operation.

On-line Price Notification: You can pull up the current product prices on-line on the Parent website (www.parentpetroleum.com). You simply fill out a short form and provide us with your email address and we'll issue you an ID number and password; this will enable you to pull up your prices anytime, versus waiting for a fax or email from us. At some point in the not-too-distant future, this system will replace faxes and phone calls, so it will be advantageous to familiarize yourself with this convenient informational tool.

(continued inside)

On the Job with Jim Hockemeyer



Parent Petroleum's Lube and Fuels Sales Representative Jim Hockemeyer enjoys the daily challenge of his work in a highly volatile industry. According to Jim, there's never a dull moment.

Each month, Jim Hockemeyer racks up nearly 2,400 miles on his vehicle as he drives throughout the southern and western suburbs of Chicago and just over the state line into Indiana calling on his customers. Jim may have a home office but he's rarely there. He believes a steady presence with his customers is invaluable to his role as a sales representative for Parent Petroleum.

An Illinois native with a degree in business, Jim began his career in sales in the lubricant industry in 1984 by operating quick lubes. In 1994, Jim started selling lubricants for a Mobil distributor and in 2000 he opened up his own quick lube with two other partners. Jim joined Parent Petroleum in 2004 as a sales representative for the lube side of the operations.

"I was excited to join the Parent team," says Jim, who has been involved with the quick lube industry as an owner/operator for more than two decades. "With a strong presence and excellent reputation in the greater Chicago area, it was a good move for me." Today, Jim handles sales for both the lubes and fuels segments of the company. Jim knows the industry, the products he sells and is a people person. He has the right combination of skills that has enabled him to be successful in his role. "I genuinely like people and enjoy getting out and talking with our customers," Jim explains. "Developing relationships and keeping in touch with customers are essential in my work. I appreciate every opportunity to talk about our products, problem-solve, troubleshoot and essentially, do whatever it takes to ensure our customers are satisfied with our products and services."

Like Parent, Jim is a man of his word, believes in following through and tackling each and every task right away. According to Jim, one of Parent's strongest attributes is its integrity. "The company really cares about its employees and customers," says Jim. "I appreciate the fact that Parent is constantly giving us the tools and training so that we can do our jobs to the best of our ability. This helps keep us on top of our trade and is an invaluable resource to our customers."

New Tools from Parent

continued

Break-Even Calculator: To use this tool, you simply log onto our website, plug in your laid-in base cost, freight, and selling price, and your current margin will be calculated. It's fast, easy, and very accurate. Simply follow the prompts to "fuels" and select "break-even calculator," and you're there. There is a separate calculator for gasoline and diesel.

We have received extremely positive feedback from those dealers currently utilizing these tools. Please don't hesitate to contact your marketing representative if you need assistance incorporating this technology into your operation.

Did You Know?

By adding a GROSS RECEIPTS TAX on Motor Fuel, over 6 million Illinois licensed drivers will pay an additional 4.444 cents per gallon on motor fuel. That amounts to over \$144 million dollars a year additional tax on motor fuel! This is unfair and should be stopped immediately. Make your voice heard on this issue by contacting your local state representative or senator.

Behind the Scenes with Bhavik Patel



Bhavik Patel's first venture into the petroleum and convenience store industry is his new, state-of-the-art CITGO fueling center and convenience store. Having a close working relationship with representatives from Parent Petroleum helped bring this dream to reality.

Bhavik Patel immigrated to the United States from India in 1984 in search of a better life. Life has been better, but not always easy. While Bhavik had no immediate family in Illinois, he had cousins in the Chicago area and they encouraged him to start his life in America in the windy city.

Backed with an accounting degree and a strong work ethic, Bhavik landed his first job as an employee at a Dunkin' Donuts franchise. While working at this job, he went to Lincoln Tech to earn his automotive technician certification. Bhavik opened B & G Automotive, a family owned and operated automotive service and repair shop, in the Village of Schaumburg in 1995.

In 1999, he heard there was a former Amoco service station on a half-acre parcel at a busy intersection in the village. While it would be a major undertaking to build a state-of-the-art fueling and convenience store, that was not near the battle he faced in terms of some unique challenges associated with this location. After three years of hard work with the many village and county officials, Bhavik transformed an abandoned and unattractive corner into an impressive and viable business operation. B & G CITGO features eight fueling positions, convenience store, ATM, Western Union, free air, public phone, and hot and cold food and beverage items. Bhavik boasts an impressive and dedicated staff, professional, friendly service and convenient hours.

While the market conditions have been tough on this new business in terms of timing, Bhavik looks at the bright side - the cyclical nature of the oil industry, the growing community and steady stream of local traffic that is the backbone of his business. Bhavik is especially thankful for CITGO's Temporary Competitive Allowance, which ensures that his margin doesn't fall below a minimum threshold.

C-Store Industry Sales Surge

Source: NACS

Convenience store industry sales surged 15% to reach \$569.4 billion in 2006, continuing a four-year run of extraordinary growth, with industry sales almost double the 2002 total of \$290.6 billion, according to data recently released by the National Association of Convenience Stores (NACS), the association for convenience and petroleum retailing.

Despite sales topping the half-trillion-dollar mark for the first time in history, industry profits in 2006 decreased 23.5%, falling to \$4.8 billion. This decrease was largely attributable to a drop in motor fuels margins and the continuing escalation of credit card fees, which now surpass industry profits.

The \$74.1 billion increase in industry sales was the largest yearly increase ever recorded, fueled by a 17.9% surge in motor fuels sales, which rose to \$405.8 billion. The industry's motor fuels sales growth outpaced the 13% increase in motor fuels prices reported by the U.S. Department of Commerce, meaning that the convenience store industry continued to grow motor fuels market share, which is estimated to now be 82%.

In-store sales also showed strong growth, rising 8.3% in 2006, surpassing the overall sales growth of virtually all other competing retail channels and surpassing the overall retail sales growth of 5% in 2006 reported by the U.S. Department of Commerce. Industry merchandise sales rose 8.7%, while foodservice sales rose 5%.

Despite the strong industry sales, overall profits dropped, as continued motor fuels price volatility and consumer price sensitivity forced retailers to squeeze margins on fuels to attract customers. On a percentage basis, motor fuels gross margins dropped to 5.7%, the lowest level since 1983. While motor fuels sales now account for 71.3% of total c-store industry sales, it accounts for only 33.7% of industry profits.

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