



**pennsylvania**  
DEPARTMENT OF BANKING

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**SECRETARY OF BANKING**

December 10, 2007

To: Chief Executive Officers of State and National Banks, State and Federally Chartered Savings Banks and State and Federally Chartered Savings and Loan Associations

In a recent meeting with representatives of Pennsylvania heating oil dealers, the Department of Banking was advised that the winter of 2007-2008 may be a very difficult period for many of the approximately 600 dealers currently operating in the Commonwealth.

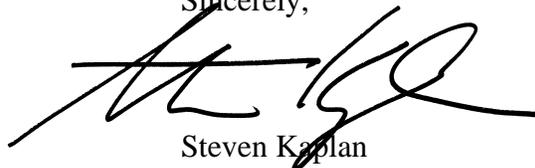
As you know, crude oil prices have risen to record levels nationally over the past several months and fuel oil costs have also risen to unexpectedly high levels. This is likely to place a great amount of stress on the cash flow positions and lines of credit maintained by Pennsylvania heating oil dealers.

We have been advised that the dealers are paying almost 60% more for inventory than they paid last year, significantly impacting their working capital needs. The resulting higher prices to consumers are also likely to slow receivables turnover, which will undoubtedly lead to increased borrowing requests by many dealers.

The heating oil distribution business is important to Pennsylvania's economy and the over 1.2 million homes and non-residential customers it serves. While due diligence must always be undertaken in specific customer situations, I encourage you and your institution to work with these important businesses in meeting their credit needs when it is reasonably possible and within your usual prudent lending practices.

Thank you.

Sincerely,



Steven Kaplan