

January 5, 2009 Status of Employee Retirement Plans

Foremost, it is important to state that your investments in your retirement plan(s) are safe and secure. Regrettably, many of you have reminded me that you would have liked to have control sooner but that is still not the case as I write this notice.

Early on in this case, the Receiver became aware of the employees' overall concern for the security of their investments in their retirement plans. Former plan Trustees and/or Administrators were unable or unwilling to authorize obligatory administration of the plan(s).

Initially, the Receiver ensured that all employee withholdings and contributions were made properly to their investment accounts.

Satisfied that employee contributions were made satisfactorily, the Receiver performed the obligatory annual accounting to ensure all necessary tax compliance forms were prepared and submitted to protect the participants.

The Receiver has worked closely with the U.S. Department of Labor and CT Department of Labor to ensure all parties were in agreement with intended closing of the 401K plans and consequent remission of funds to the participants.

While the Receivership operates under the jurisdiction of Ct Superior Court, the plans are governed by Federal laws and obligations.

Commencing in summer, 2008, the Receiver has worked earnestly to obtain approval from Federal authorities to close the plan(s) and direct the proceeds to be surrendered to the participants.

In October 2008, the Receiver requested the assistance of a Senior Investigator at the U.S. Department of Labor to ask for help to terminate the 401(K) plans for both F & S Oil Company and Grace Energy LLC. The Senior Investigator sent a written report to the Department of Labor attorneys requesting that they approve the termination, and then assign the task of terminating the plans.

Helming & Company followed up with our liaison in November and December, 2008 to check on the status of the terminations, which remain incomplete. We are currently awaiting a response, so that we can appropriately respond to the inquiries we receive from former F & S and Grace Energy employees. We are hopeful as we have been in the past two months that permission to close these plans is imminent and we will continue to follow up with the U.S. Department of Labor attorneys.