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WARREN J. MCCORMACK
STATE FLEET MANAGER

MEMORANDUM

To: All participants of the South Carolina Fuel Management System

From: Donald Woodward, State Fuel System Coordinator

Re: Contract Pricing Resumed

Date: February 18, 2009

Starting on September 12, 2008, the regular contract pricing for retail fuel transactions was suspended due to the extreme volatility in prices. This suspension was continued due to extraordinarily large margins between retail and wholesale fuel prices. These margins have only recently reached the point that allowed the regular contract pricing for commercial unleaded retail fuel to resume. Also during this time, many commercial fuel stations in South Carolina began switching to E10 fuel (Unleaded fuel that contains 10% Ethanol.). This switch has required the state to incorporate the use of a new E10 fuel index for its contract pricing.

Consequently, effective January 1, 2009 regular contract pricing was resumed for Retail Unleaded (regular, mid-grade, & premium) Fuel using OPIS pricing for the E10 fuel index. Diesel fuel will continue to be priced at a pass through yielding a net calculation of:

$$(\text{Retail Diesel Pump Price} - \$0.163 = \text{Temporary Price})$$

State Fleet Management will continue to monitor the fuel market to determine when regular contract pricing may resume for retail diesel transactions. We appreciate your continued support of the Fuel System Program.