



### Paraco Gas Branch Map

In 1968, Paraco Gas began as one man's vision, growing over the years to become the 25-branch propane company it is today. From just a handful of loyal customers to over 75,000 strong today, Paraco has become the 13th ranked propane marketer in *LP Gas Magazine's* Top 50.

Our family owned company prides itself on excellent customer service and our commitment to maintaining that personal touch. We look forward to keeping that vision alive as we move forward and welcome the opportunity to grow our business through strategic acquisitions.

### Welcome to Paraco's First Edition of



*Greetings All,  
It is with pleasure that I introduce our "Paraco Connection" Newsletter. I hope you enjoy reading the articles provided.*

*We welcome your feedback and any ideas you may have on additional information we can provide in future editions. I look forward to hearing from you soon!*

**John Armentano**  
Vice President  
Corporate Business Development & Acquisitions

**MEET THE ACQUISITION TEAM!**

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### "Did you know?"

**Contribution Limit for 401(k) Plans**  
The maximum employee contribution rises to \$16,500 in 2009 from \$15,500 for 401(k) and similar workplace retirement plans, including 403(b)s and the federal Thrift Savings Plan. Workers age 50 and older in 2009 can put in an additional \$5,500, making their maximum \$22,000. These limits remain the same in 2010.

**Capital Gains Tax Rate**  
The tax rate on capital gains from the sale of assets held longer than one year remains at 0% for people in the 10 percent or 15 percent tax brackets. The 15 percent maximum tax rate on long-term capital gains for taxpayers in higher brackets also remains the same. Rates are scheduled to increase in 2011.

ordinary tax rates of 33 and 35 percent to return to 36 and 39.6 percent and setting the top tax rate on capital gains and qualified dividend income at 20 percent.

**Payroll Tax Credit**  
For 2009 and 2010, Congress gave workers a credit of 6.2 percent of their earned income, capped at \$400 for single filers and \$800 for joint filers. For single filers, the credit starts phasing out at \$75,000 of Adjusted Gross Income and dries up at \$95,000. The phase-out zone for couples is \$150,000-\$190,000. Employees will get credit in advance via lower income tax withholding in each paycheck, not as a rebate check.

Self-employed taxpayers can reduce their quarterly estimated payments to get an advance benefit from the credit. The exact amount of the payroll tax credit for the year will be calculated on the filers' tax returns. Recipients of Social Security benefits, Railroad Retirement benefits, Supplemental Security Income or veteran disability pensions get a one-time \$250 check for 2009. Federal retirees who don't receive Social Security payments also get a \$250 check.



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### A Message from one of the owners of Paraco Gas

My family has proudly owned and operated Paraco Gas for over 40 years. My father started our company with a vision of providing the best possible products and service in our industry. That remains the cornerstone of our business today. We are proud to be one of the largest independent propane marketers in the Northeast and are interested in growth opportunities in your market. If you have considered selling your company and feel this is the right time to do so, I would like to speak with you.

Like your company, we take a great deal of pride in providing quality service and products at a fair price to our customers. Anyone who has worked his lifetime building a foundation of trust and respect between his company and his customers would want to see that trust continue. At Paraco, we understand the relationship between a local marketer and his customers. The trust and respect developed are the reasons why we have been successful in growing our business. Over the years, Paraco has grown considerably, acquiring over 25 companies. We currently service nine states across the Eastern Seaboard. We are incredibly proud of the strong relationships we have established and maintain with the companies we have acquired. We are committed to carrying on the tradition of local service from a family owned and operated business.

Our operating philosophy of providing the safest environment for our employees and customers is not just a lot of words but a way of doing business. We feel our training, which provides us with a strong, reliable and safe workforce, is the best in our industry. Safe, productive employees are the best sales tools any company can have. We can relate to the importance of continuing to provide the customer with the highest level of service. Our commitment is to honor and continue the strong bonds you have built with your customers for many years to come.

Even if you are not in the market to sell your business today, we feel we can be a useful resource to you. Whether you want to discuss safety issues, product supply strategy, use of PERC (Propane Education & Research Council) or marketing ideas. Paraco has a wealth of knowledge and experience to assist you.

**John Armentano, Vice President, Business Development & Acquisitions**  
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## What's New at PERC April 19, 2010

### PERC Expands Research Portfolio, Unveils Marketer Training

Meeting in Atlanta on April 8 and 9, the Propane Education & Research Council (PERC) approved 11 grant funding requests, including a \$726,038 grant for research on a propane-diesel combustion system. If successful, the system could help heavy-duty diesel engines meet tough new emissions standards without costly exhaust treatment systems. One of the co-funders of the research project is Paccar, the maker of Kenworth and Peterbilt trucks.

The propane-diesel combustion project joins a growing portfolio of PERC research and development projects, many of which are helping to bring new propane-fueled products to the markets propane serves: residential, commercial, agricultural,

and on-road and off-road engine fuel markets. Economists from ICF International told the Council in Atlanta that they expect total odorized propane sales to decline three percent in the next five years. But they also see significant opportunities for the propane industry to drive propane demand with an aggressive program of new product development.

The Council unveiled its new Marketer Technology Training Program at the 59th Southeastern Convention & International Propane Expo of the National Propane Gas Association in April. The training introduces marketers to propane-fueled devices; commercial mowers, tankless water heaters and irrigation engines which can all offset seasonal demand. It will roll out this year at sites around the country.

Marketers can learn more about the products that PERC has sponsored in *Propane Technology Review 2010*, a newly released report on PERC's research and development programs, partnerships and projects. It highlights the many PERC-supported advances in propane technology in the residential, commercial, agricul-

tural, engine fuel and operational areas. Among the advances: the Generac premium generator set, the Freewatt Plus heat-and-power system, irrigation engines, handheld outdoor equipment, lawn mowers, a Collins school bus and the Roush Ford F-250.

Safety and training remain a priority of the Council, and it recently delivered new items designed to help marketers sustain and build propane's exemplary safety record. One of them, Initial OSHA & DOT First 90-Day Employee Hazmat Training, a new e-learning DVD, can help marketers comply with the federal hazmat training requirements. The Safety & Training Administrative Record System (STARS), included on the DVD, allows you to incorporate your company policies into the curriculum and track employee training. Initial OSHA & DOT First 90-Day Employee Hazmat Training (catalog item 009015) is available from the Propane Marketing and Resource Catalog (the Propane MaRC) at [www.propanemarc.com](http://www.propanemarc.com) and from the catalog at 866-905-1075.



Paraco's trailer has a new look...maybe you have seen it around. At Paraco we are always excited to update the look of our fleet. We pride ourselves on putting our best foot forward in the communities we service. We are also proud to sponsor local sports teams and get great exposure in return...it's a win/win for everyone!



*In the words of Malcolm Gladwell, "Who we are cannot be separated from where we're from."*

When I joined the Paraco Gas Corporate Development & Acquisitions team in July of 2009, I brought with me 11 years of experience in the propane industry and over 20 years of sales/marketing experience. But those are just bullet points for a resume. What does it really mean?

The experiences I have gained in the propane industry and beyond have enabled me to build relationships and, more importantly, trust. When independent propane marketers are looking at the possibility/opportunity of selling their business, what matters most to business owners is trust. My experience has afforded me the unique opportunity of being a sounding board, informational resource and trusted advisor. I consider myself privileged to have earned the trust of my colleagues in our industry.

Business experience, training and life's challenges have prepared me well for who I am today. Managing a team of people, being responsible for costs, juggling delivery priorities and serving customers...these are the successes of my career and part and parcel of the everyday activities of propane marketers. I look forward to sharing my experience and lending a helping hand to propane marketers as they face these challenges and others.

Having an MBA is an unlikely asset in the propane industry. Business training has enabled me to help marketers with break-even and margin analysis and bring insight to the "value" of their business. Writing business plans and helping marketers plan for the sale of their business are both challenges I enjoy and another part of who I am today.

In another related way, I personally understand the struggles of starting a business, rising insurance rates, having partners and even selling a business (my spouse once owned a DME healthcare business). I can remember vividly scenes from those years of my life: the day the partners bought the business, the weeks we did "without" because things were tight, breaking ground for a new building, buying out a partner who left the business, and finally selling the business. These decisions were not easy.

Who I am as a member of the business development team of Paraco Gas cannot be separated from where I am from. When you are prepared and need help with a succession plan, I can help because I understand the propane industry as well as your business needs, and I will work to maintain the integrity of the customer relationships that you and your families have spent a lifetime building. Where I am from and where I am today make up who I am...a person you know and trust, personally and professionally.

*-Joe Calhoun*

## BY THE WAY... HAVE YOU SEEN OUR AD?

**What does quality time mean to you?**

If you've worked a lifetime building a foundation of trust between your company and your customers, you want to see that trust continue.

At Paraco, we understand this relationship.

Like you, we take pride in providing quality service and products at a fair price to our customers. Paraco Gas is a family owned and operated company that has been practicing the traditional values of dedication to customers and the community for over four decades.

If you are considering selling your propane business, call us today.

For a professional consultation and more details, contact:

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### New Woodbine Facility

In 2007 Paraco acquired Blue Flame Gas in Woodbine, New Jersey. With the help of Roger Swagler (former owner), Paraco was able to move into a new state-of-the-art building in the spring of 2010. The Paraco plant includes four 30,000-gallon propane storage tanks.

