



New Jersey Gasoline, C-Store, Automotive Association (NJGCA)

(Formerly New Jersey Gasoline Retailers Association)

66 Morris Avenue – Suite 1E

Springfield, NJ 07081

973-376-0066 | www.njgca.org

FOR IMMEDIATE RELEASE

Contact: Sal Risalvato, Executive Director

Office: 973-376-0066

Cell: 201-745-1914

November 15, 2011

Exxon compelled to sell locations to small business owners thanks to 2009 law

*Fruit of 2009 Right of First Refusal law seen in today's property transfer announcement;
Small business owners protected from having locations sold out from under them*

Sal Risalvato, Executive Director of the New Jersey Gasoline, Convenience, Automotive Association (NJGCA), made the following remarks regarding today's news that Exxon will divest their gasoline retail locations in New Jersey:

"This could be a great day for small business owners, as today's news has been a long time coming. In 2008, NJGCA learned that Exxon were seeking to quickly divest their remaining retail assets in New Jersey. We knew from previous divestitures that when Big Oil companies sell-off their real estate assets, they typically bundle multiple stations together and sell them to a large distributor. Previously in doing so, they unfairly denied current lessees the opportunity to purchase the locations their businesses were built on, even if they can match the distributors' price", said Risalvato. "But Today is a different day, and thanks to the law that was signed by Governor Corzine in 2009, these dealers will have the opportunity to match an offer by Exxon and purchase their properties"! Risalvato exclaimed.

"If recent history has taught us anything about these kinds of transactions, it's that the new landlords – typically mega distributors – always assure their new tenants that nothing will change, but ultimately drive them out of business. We saw this in southern New Jersey a few years ago, when big distributor Lehigh Gas purchased 60 locations from Exxon, promised the lessees that nothing would change, and then proceeded to raise their rents and sell them gasoline at uncompetitive wholesale prices – all delivered in a "take it or leave it" manner. The result was overwhelming losses for these

businesses, many of which had to turn in their keys and lost everything they worked to build. We couldn't allow that to happen a second time and urgently pressed the Legislature to act!" Sal said. "Unfortunately Lehigh Gas is one of the winning bidders of these Exxon locations. That means any dealer that does not purchase his property from Exxon will be subject to the same harsh dealings with Lehigh that the 60 South Jersey locations have been subject to" said Risalvato.

To combat this threat, NJGCA structured a coalition of Exxon lessee dealers, pro-business legislators, and fellow NJGCA franchisee members who sold other gasoline-brands to lobby Trenton for a Right of First Refusal. Later Shell and Lukoil dealers also joined the coalition to combat similar divestitures from their Big Oil landlords.

"These small business owners worked hard to maintain their businesses, but in doing so, they also directly increased the value and business viability of their locations. To make their establishments successful, these entrepreneurs borrowed against their homes, worked long hours, and fought a very volatile energy market to hash out a living and put people to work. After all that, Isn't it only fair and equitable for them to have the first crack at buying their stations?", Risalvato asked.

After months of work, NJGCA was finally able to get the measure passed in the legislature and signed into law by Governor Corzine in June 2009. NJGCA and its members would like to once again thank Governor Corzine for helping to make this law a reality. Our sincerest appreciation also extends to Assemblymen Patrick Diegnan, Jon Bramnick, Upendra Chivukula, and Ruben Ramos, as well as Senators Gerry Cardinale and Paul Sarlo, for sponsoring this bill in the General Assembly and State Senate respectively. Without their continued support and advocacy, these Exxon lessees wouldn't have the opportunity to own their stations today.

"Today's announcement is the latest example of how pro-small business legislation – when properly implemented – can be advantageous for the consumers and the business community. Exxon and Big Oil win because they get to sell their properties for the same price they would have sold them to a mega distributor. Small business franchisees win because they get to own the location their businesses are built upon. And most importantly, consumers and motorists win because there is greater competition in the market", said Risalvato.

"What's more, this is also the newest instance to see Right of First Refusal in action. Though the potential sale of Exxon's properties in northern New Jersey was the spark that got this legislation moving in 2008, it was utilized earlier this year to permit 50 Shell franchisees to purchase their locations. In doing so, 50 small business owners now own the land under their establishments and a mega distributor was prevented from extending their control further on the gasoline retail market", said Sal.

"Sadly, the corporate responsibility illustrated by Shell, and the anticipated actions of Exxon, has been utterly lost on executives at Lukoil. Only a few months after Governor Corzine made First Right of Refusal law in New Jersey, Lukoil willfully and purposefully ignored the new statute to transfer a group of stations to a distributor without giving their franchisees a shot at owning the locations first. These retailers have brought a law suit for violations of their rights and a case is pending in Federal Court. I fully anticipate that

we will ultimately see the improper actions of Lukoil remedied by the court”, Risalvato stated.

####