

Offer to Purchase
All Outstanding Shares of Common Stock
of
United Fuel & Energy Corporation
at
\$0.30 Net Per Share in Cash
by
Goldstream, Inc.
a direct wholly-owned subsidiary of
Southern Counties Oil Co.,
A California Limited Partnership

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., EASTERN STANDARD TIME, ON FEBRUARY 5, 2010, UNLESS THE OFFER IS EXTENDED (SUCH DATE AND TIME, AS IT MAY BE EXTENDED, THE “EXPIRATION DATE”).

Goldstream, Inc., a Nevada corporation (“*Purchaser*”), is offering to purchase all outstanding shares of common stock, par value \$0.001 per share (“*Shares*”), of United Fuel & Energy Corporation, a Nevada corporation (“*United Fuel*”), at a price of \$0.30 per Share, net to the seller in cash (less any required withholding taxes and without interest) (the “*Offer Price*”), upon the terms and subject to the conditions set forth in this Offer to Purchase (together with any amendments or supplements hereto, this “*Offer to Purchase*”) and in the related Letter of Transmittal (together with any amendments or supplements thereto, the “*Letter of Transmittal*” and, together with this Offer to Purchase, the “*Offer*”). The Offer is being made in connection with the Agreement and Plan of Merger, dated as of December 24, 2009 (together with any amendments or supplements thereto, the “*Merger Agreement*”), among United Fuel, Southern Counties Oil Co., A California Limited Partnership and Purchaser’s direct parent (“*SCOC*”), and Purchaser, pursuant to which, after the completion of the Offer and the satisfaction or waiver of certain conditions, United Fuel will be merged with and into Purchaser, and Purchaser will be the surviving corporation (the “*Merger*”).

The United Fuel board of directors has, subject to the terms and conditions set forth in the Merger Agreement (i) determined, upon recommendation of a special committee of the board of directors (the “*Special Committee*”), that the Merger Agreement and the transactions contemplated thereby are in the best interests of United Fuel and the holders of Shares, (ii) approved the Merger Agreement and the transactions contemplated thereby, (iii) recommended the Offer to the holders of Shares, and (iv) recommended the Merger Agreement and the transactions thereby to the holders of Shares, if such recommendation becomes necessary.

The Offer is not subject to any financing condition. The Offer is subject to various conditions. See Section 13 – “*Conditions of the Offer.*” A summary of the principal terms of the Offer appears on pages 1 through 7 of this Offer to Purchase. You should read this entire document carefully before deciding whether to tender your Shares.

January 7, 2010

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IMPORTANT

If you desire to tender all or any portion of your Shares to us pursuant to the Offer, you should either (a) complete and sign the Letter of Transmittal for the Offer, which is enclosed with this Offer to Purchase, in accordance with the instructions contained in the Letter of Transmittal, mail or deliver the Letter of Transmittal (or a manually executed facsimile thereof) and any other required documents to Computershare Trust Company, N.A. (the “*Depository*”) for the Offer, and deliver the certificates for your Shares to the Depository along with the Letter of Transmittal (or a manually executed facsimile thereof) by following the procedures described in Section 3 – “*Procedures for Tendering Shares*” of this Offer to Purchase, prior to the Expiration Date (as defined in Section 1 of this Offer to Purchase) of the Offer, or (b) request that your broker, dealer, commercial bank, trust company or other nominee effect the transaction for you. If you hold Shares registered in the name of a broker, dealer, commercial bank, trust company or other nominee you must contact that institution to tender your Shares to us pursuant to the Offer.

If you desire to tender your Shares to us pursuant to the Offer and the certificates representing your Shares are not immediately available, or you cannot deliver all required documents to the Depository prior to the Expiration Date, you may tender your Shares to us pursuant to the Offer by following the procedures for guaranteed delivery described in Section 3 – “*Procedures for Tendering Shares*” of this Offer to Purchase.

* * *

Questions and requests for assistance may be directed to Georgeson Inc. (the “*Information Agent*”) at its address and telephone number set forth on the back cover of this Offer to Purchase. Requests for additional copies of this Offer to Purchase, the Letter of Transmittal, the notice of guaranteed delivery (the “*Notice of Guaranteed Delivery*”) and other tender offer materials may be directed to the Information Agent. You may also contact your broker, dealer, commercial bank, trust company or other nominee for assistance.

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SUMMARY TERM SHEET

Purchaser, a direct wholly-owned subsidiary of SCOC, is offering to purchase all outstanding shares of common stock, par value \$0.001 per share, of United Fuel at a price of \$0.30 net per share in cash (less any applicable withholding taxes and without interest), as further described herein, upon the terms and subject to the conditions set forth in this Offer to Purchase and the accompanying Letter of Transmittal. The following are some questions you, as a stockholder of United Fuel, may have and answers to those questions. This Summary Term Sheet highlights selected information from this Offer to Purchase. This Summary Term Sheet may not contain all of the information that is important to you and is qualified in its entirety by the more detailed descriptions and explanations contained in this Offer to Purchase and the accompanying Letter of Transmittal. To better understand our Offer to you and for a complete description of the legal terms of the Offer, you should read this Offer to Purchase and the accompanying Letter of Transmittal carefully and in their entirety. Questions or requests for assistance may be directed to the Information Agent at its address and telephone numbers set forth on the back cover of this Offer to Purchase. Unless otherwise indicated in this Offer to Purchase or the context otherwise requires, all references in this Offer to Purchase to “we,” “our,” or “us” refer to Purchaser or SCOC, as the context requires.

WHO IS OFFERING TO BUY MY SECURITIES?

- The Offer is by Purchaser, a recently formed Nevada corporation and a direct wholly-owned subsidiary of SCOC. Purchaser has been organized in connection with this Offer and has not carried on any activities other than entering into the Merger Agreement relating to, and activities in connection with, this Offer. See Section 9.
- SCOC is engaged in the business of petroleum distribution throughout the western United States.

WHAT ARE THE CLASSES AND AMOUNTS OF SECURITIES SOUGHT IN THIS OFFER?

- Purchaser is seeking to purchase all of the issued and outstanding shares of common stock, par value \$0.001 per share, of United Fuel (“Shares”). See the Introduction and Section 1.

HOW MUCH IS PURCHASER OFFERING TO PAY AND WHAT IS THE FORM OF PAYMENT?

- Purchaser is offering to pay \$0.30 per Share, net to you in cash (less any applicable withholding taxes and without interest), upon the terms and subject to the conditions contained in this Offer to Purchase and in the accompanying Letter of Transmittal.
- If you are the record owner of your Shares and you tender your Shares in the Offer, you will not have to pay any brokerage fees or similar expenses. If you own your Shares through a broker, dealer, commercial bank, trust company or other nominee and your broker, dealer, commercial bank, trust company or other nominee tenders your Shares on your behalf, your broker, dealer, commercial bank, trust company or other nominee may charge a fee for doing so. You should consult your broker, dealer, commercial bank, trust company or other nominee to determine whether any charges will apply.

WHY IS PURCHASER MAKING THIS OFFER?

- Purchaser is making this Offer because Purchaser and SCOC want to acquire United Fuel. See Sections 1 and 11.

WHAT ARE THE MOST SIGNIFICANT CONDITIONS OF THE OFFER?

- The Offer is conditioned upon, among other things, the following:
 - there having been validly tendered and not validly withdrawn prior to the expiration date for the Offer, as it may have been extended or re-extended pursuant to the Merger Agreement, that number of Shares other than the Excluded Shares (as defined in Section 13), that, when added to that number of Shares other than the Excluded Shares purchased, other than through the Offer, by SCOC or Purchaser after the execution of the Merger Agreement and prior to the commencement of the Offer, represents at least a majority of the total number of Shares other than the Excluded Shares outstanding on the date of the Merger Agreement. We refer to this condition (as more fully described in Section 13), which equals 7,818,036 Shares, as the “*Minimum Tender Condition*;”
 - no applicable law and no permanent injunction or other judgment, order or decree having been entered, enacted, promulgated, enforced or issued by any court or other governmental entity of competent jurisdiction in the United States or any material foreign jurisdiction not being and remaining in effect which has the effect of prohibiting the consummation of the Offer, the Merger or the other transactions contemplated by the Merger Agreement;
 - there not having existed any temporary restraining order, preliminary injunction, pending or threatened any suit, action or proceeding by any governmental entity which challenges or seeks to enjoin the closing of the Offer, the Merger or other transactions contemplated by the Merger Agreement; and
 - there not having been any occurrence, event, change, effect or development that, individually or in the aggregate, has had or is reasonably expected to result in any material adverse change to the business of United Fuel (as more fully described in Section 13).
- SCOC reserves the right to waive any of the conditions to the offer in its sole discretion, other than the Minimum Tender Condition.
- The Offer is subject to other conditions as well. A more detailed discussion of the conditions to consummation of the Offer is contained in the Introduction, Section 1 and Section 13.

DOES AN AGREEMENT EXIST GOVERNING THE OFFER?

- Yes. United Fuel, SCOC and Purchaser have entered into the Merger Agreement. The Merger Agreement provides, among other things, for the terms and conditions of the Offer and, following consummation of the Offer, the Merger.

DO YOU HAVE FINANCIAL RESOURCES TO MAKE PAYMENT?

- Yes. SCOC, the direct parent of the Purchaser, will provide Purchaser with sufficient funds to purchase the Shares in the Offer. The Offer is not conditioned upon entering into any financing arrangements. See Sections 11 and 12.

IS YOUR FINANCIAL CONDITION RELEVANT TO MY DECISION TO TENDER IN THE OFFER?

- No. SCOC has sufficient resources that will be used to provide Purchaser with the funds necessary to purchase the Shares in the Offer.
- Purchaser has been organized solely in connection with the Merger Agreement and this Offer and has not carried on any activities other than in connection with the Merger Agreement and this Offer. Because the form of payment consists solely of cash that will be provided to us by SCOC and because of the lack of any relevant historical information concerning us, our financial condition is not relevant to your decision to tender in the Offer. See Section 12.

HOW LONG DO I HAVE TO DECIDE WHETHER TO TENDER IN THE OFFER?

- You will have at least until 5:00 p.m., Eastern Standard Time, on Friday, February 5, 2010, to decide whether to tender your Shares in the Offer, unless Purchaser extends the Offer, in which event you will have until the expiration date of the Offer as so extended. If you cannot deliver everything that is required to make a valid tender by that time, you may be able to use a guaranteed delivery procedure that is described in Section 3 of this Offer to Purchase. See also Section 1.

CAN THE OFFER BE EXTENDED, AND UNDER WHAT CIRCUMSTANCES?

- Purchaser may, in its discretion, but subject to applicable law, extend the period of time during which the Offer remains open, including if the conditions to the Offer have not been satisfied.
- Purchaser may extend the period of time during which the Offer remains open for any period if, as of the date on which the Offer would initially expire, any of the Offer conditions shall not be satisfied or waived (if waivable by Purchaser) until such time as all of the conditions to the Offer are satisfied or validly waived.
- Purchaser is not required to extend the Offer beyond February 12, 2010 or at any time that SCOC or Purchaser is permitted to terminate the Merger Agreement.

HOW WILL I BE NOTIFIED IF THE OFFER IS EXTENDED?

- If Purchaser extends the Offer or decides to provide for a subsequent offering period, we will inform Computershare Trust Company, N.A., the Depository for this Offer, of that fact and will issue a press release giving the new expiration date no later than 9:00 a.m., Eastern Standard Time, on the next business day after the day on which the Offer was previously scheduled to expire. See Section 1.

HOW DO I TENDER MY SHARES?

- To tender Shares, you must deliver the certificates representing your Shares, together with a completed Letter of Transmittal and any other documents required by the Letter of Transmittal, to the Depository not later than the time the Offer expires. The Letter of Transmittal is enclosed with this Offer to Purchase. If you are unable to deliver any required document or instrument to the Depository by the expiration of the Offer, you may gain some extra time by having a broker, a bank or other fiduciary that is an eligible guarantor institution guarantee that the missing items will be received by the Depository by using the enclosed Notice of Guaranteed Delivery. For the

tender to be valid, however, the Depositary must receive the missing items within three trading days after the date of execution of such Notice of Guaranteed Delivery. See Section 3.

- If you cannot deliver all necessary documents to the Depositary in time, you may be able to complete and deliver to the Depositary, in lieu of the missing documents, the enclosed Notice of Guaranteed Delivery, provided you are able to comply fully with its terms. See Section 3.
- In all cases, payment for tendered Shares will be made only after timely receipt by the Depositary of certificates for such Shares and a properly completed and duly executed Letter of Transmittal and any other required documents for such Shares. See Section 2.

UNTIL WHAT TIME CAN I WITHDRAW PREVIOUSLY TENDERED SHARES?

- You may withdraw previously tendered Shares any time prior to the expiration of the Offer. Shares tendered during the subsequent offering period, if any, may not be withdrawn. See Section 4.

HOW DO I WITHDRAW PREVIOUSLY TENDERED SHARES?

- To withdraw previously tendered Shares, you must deliver a written or facsimile notice of withdrawal with the required information to the Depositary while you still have the right to withdraw. If you tendered Shares by giving instructions to a broker, dealer, commercial bank, trust company or other nominee, you must instruct the broker, dealer, commercial bank, trust company or other nominee to arrange for the withdrawal of your Shares. See Section 4.

WHAT DOES THE BOARD OF DIRECTORS OF UNITED FUEL THINK OF THE OFFER?

- United Fuel's board of directors has recommended acceptance of the Offer. United Fuel's full statement on the Offer is set forth in its Statement of Solicitation/Recommendation (the "*Statement of Solicitation/Recommendation*"), which accompanies this Offer.
- Certain members of the Board of Directors of United Fuel may be deemed to have interests in the transactions contemplated by the Merger Agreement that are different from or in addition to the United Fuel's stockholders generally. These interests may create potential conflicts of interest. United Fuel's description of these potential conflicts of interest is set forth in the Statement of Solicitation/Recommendation.

WILL THE TENDER OFFER BE FOLLOWED BY A MERGER IF ALL THE SHARES ARE NOT TENDERED?

- If, pursuant to the Offer, Purchaser accepts for payment and pays for at least 7,818,036 Shares (i.e., that number of Shares that meet the Minimum Tender Condition), United Fuel will seek to merge with and into Purchaser. If the Merger occurs, United Fuel's separate existence will cease and each issued and then outstanding Share (other than any Shares held in the treasury of United Fuel, or owned by SCOC, Frank P. Greinke, the Greinke Trust (as defined in the Introduction below) or any direct or indirect wholly-owned subsidiary of United Fuel or SCOC and any Shares held by United Fuel stockholders properly seeking dissenter's rights for their Shares) will be canceled and converted automatically into the right to receive \$0.30 per Share, in cash, less any applicable withholding taxes and without interest (the "*Merger Consideration*"). See the Introduction.

IF I DECIDE NOT TO TENDER, HOW WILL THE OFFER AFFECT MY SHARES?

- If you decide not to tender your Shares in the Offer and the Merger occurs as described above, you will receive in the Merger the right to receive the same amount of cash per Share as if you had tendered your Shares in the Offer.
- If you decide not to tender your Shares in the Offer and the Merger does not occur, and Purchaser purchases Shares that have been tendered (i.e., Purchaser decides to purchase the tendered Shares even if the Minimum Tender Condition is not met), there may be very few remaining stockholders. If Purchaser purchases enough Shares in the Offer to meet the Minimum Tender Condition and if all other conditions to the Merger are satisfied, we are obligated under the Merger Agreement to cause the proposed Merger to occur. Following acceptance of Shares for payment but prior to the Merger, or if the Merger does not occur as described above, Purchaser reserves the right at any time, subject to applicable law, to purchase Shares through the exercise of the Top-Up Option (as defined below). See Section 7.

WHAT IS THE MARKET VALUE OF MY SHARES AS OF A RECENT DATE?

- On December 29, 2009, the last full trading day prior to the public announcement of the terms of the Offer and the Merger, the reported closing sales price per Share on the OTC Pink Markets was \$0.10 per Share.
- On December 31, 2009, the first full trading day after public announcement of the Offer, the reported closing price per Share reported on the OTC Pink Markets was \$0.29 per Share. See Section 6.

IF I ACCEPT THE OFFER, WHEN AND HOW WILL I GET PAID?

- If the conditions to the Offer as set forth in the Introduction and Section 13 are satisfied or waived and Purchaser consummates the Offer and accepts your Shares for payment, we will pay you an amount equal to the number of Shares you tendered multiplied by \$0.30 in cash without interest (and less any amounts required to be deducted and withheld under any applicable law) promptly following expiration of the Offer. See Sections 1 and 2.

WHAT IS THE TOP-UP OPTION AND WHEN COULD IT BE EXERCISED?

- Immediately following acceptance for payment of the Shares tendered into the Offer, United Fuel has agreed, subject to certain conditions, to grant Purchaser an option to purchase (the “*Top-Up Option*”), at a price per Share equal to the Offer Price, a number of newly issued Shares (the “*Top-Up Shares*”) equal to the number of Shares that, when added to the number of Shares owned by Purchaser at the time of exercise of the Top-Up Option, constitutes one Share more than 90% of the total Shares that would be outstanding immediately after the issuance of all Shares subject to the Top-Up Option. The Top-Up Option is intended to expedite the timing of the completion of the Merger by permitting Purchaser to effect a short-form merger pursuant to applicable Nevada law. See Section 11 and Section 14.

HOW WILL MY OUTSTANDING OPTIONS AND WARRANTS BE TREATED IN THE OFFER AND THE MERGER?

- Options and warrants to acquire Shares may not be tendered into the Offer. If you wish to tender Shares subject to options or warrants, you must first exercise your options or warrants (to the

extent each are exercisable) in accordance with their terms in sufficient time to tender the Shares received into the Offer.

- In connection with the Merger, all options that are settled in or relate to Shares will be canceled in exchange for an amount in cash equal to the number of shares of United Fuel Common Stock subject to each United Fuel Option, multiplied by the excess, if any, of (i) the Merger Consideration over (ii) the per-share exercise price under such option.
- In connection with the Merger, all warrants will be converted into warrants of Purchaser and will evidence the same rights as contained in the warrants issued by United Fuel, including the right to receive, as a result of the Merger, the Merger Consideration upon exercise of the warrants.

WHAT ARE THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE OFFER AND THE MERGER?

- If you are a U.S. holder, the receipt of the Offer Price or the Merger Consideration, as applicable, will be a taxable transaction for U.S. federal income tax purposes, and may also be a taxable transaction under applicable state, local, or foreign income or other tax laws. The Offer Price and the Merger Consideration each consist of cash payments. Stockholders are urged to consult with their own tax advisors to determine the particular tax consequences to them (including the application and effect of any state, local or foreign income and other tax laws) of the Offer and the Merger. For a more detailed explanation of the U.S. federal income tax considerations relevant to the Offer and the Merger, see Section 5 - "*Certain Material United States Federal Income Tax Considerations.*"

WILL I HAVE DISSENTER'S RIGHTS?

- No dissenter's rights are available in connection with the Offer. If the Merger is consummated, United Fuel's stockholders whose Shares have not been purchased by Purchaser pursuant to the Offer, and who have not voted in favor of the Merger will have certain rights under Section 92A.380 of the Nevada Revised Statutes ("*NRS*"), to receive payment in cash of the fair value of their Shares. United Fuel's stockholders who perfect these rights by complying with the procedures set forth in Section 92A.440 of the NRS will be paid the amount Purchaser estimates to be the fair value of the Shares, plus accrued interest, within 30 days of receipt by Purchaser of demand for payment. Such stockholders may notify Purchaser of their own estimate of the fair value of their Shares. If such demand for payment remains unsettled, Purchaser must commence a court proceeding to determine the fair value of the Shares and accrued interest. Any such judicial determination of the fair value of Shares could be based upon considerations other than, or in addition to, the price paid in the Offer and the market value of the Shares, including asset values and the investment value of the Shares. The value so determined could be more or less than the price paid by Purchaser pursuant to the Offer. You should be aware that an investment banking opinion as to the fairness, from a financial point of view, of the consideration payable in a sale transaction, such as the Offer or the Merger, is not an opinion as to fair value under Section 92A.320 of the NRS. If any stockholder of United Fuel who demands dissenter's rights under Section 92A.440 of the NRS fails to perfect, or effectively withdraws or loses his or her right to dissent, as provided in the NRS, each of the Shares of such holder will be converted into the right to receive an amount equal to the Offer Price.
- The foregoing summary of the rights of dissenting stockholders under the NRS does not purport to be a complete statement of the procedures to be followed by United Fuel's stockholders

desiring to exercise any available dissenters' rights, and is qualified in its entirety by the full text of Section 92A.300 et seq. of the NRS set forth on *Exhibit A* attached hereto. See Section 14.

WITH WHOM MAY I TALK IF I HAVE QUESTIONS ABOUT THE OFFER?

- You can call Georgeson Inc., the Information Agent, toll-free at (800) 509-0984. See the back cover of this Offer to Purchase.

References to "dollars" and "\$" in this Offer to Purchase shall be to United States dollars.

**To All Holders of Shares of
UNITED FUEL & ENERGY CORPORATION**

INTRODUCTION

Goldstream, Inc., a Nevada corporation (“*Purchaser*”), is offering to purchase all outstanding shares of common stock, par value \$0.001 per share (“*Shares*”), of United Fuel & Energy Corporation, a Nevada corporation (“*United Fuel*”), at a price of \$0.30 per Share, net to the seller in cash (less any required withholding taxes and without interest) (the “*Offer Price*”), upon the terms and subject to the conditions set forth in this Offer to Purchase (together with any amendments or supplements hereto, this “*Offer to Purchase*”) and in the related Letter of Transmittal (together with any amendments or supplements thereto, the “*Letter of Transmittal*” and, together with this Offer to Purchase, the “*Offer*”). The Offer is being made in connection with the Agreement and Plan of Merger, dated as of December 24, 2009 (together with any amendments or supplements thereto, the “*Merger Agreement*”), among United Fuel, Southern Counties Oil Co., A California Limited Partnership and Purchaser’s direct parent (“*SCOC*”), and Purchaser, pursuant to which, after the completion of the Offer and the satisfaction or waiver of certain conditions, United Fuel will be merged with and into Purchaser, and Purchaser will be the surviving corporation (such corporation, the “*Surviving Corporation*” and such merger, the “*Merger*”) and a direct wholly-owned subsidiary of SCOC. Capitalized terms used, but not defined, herein shall have the respective meanings given to them in the Merger Agreement.

If your Shares are registered in your name and you tender directly to the Depository (as defined below), you will not be obligated to pay brokerage fees or commissions or, subject to Instruction 6 of the Letter of Transmittal, transfer taxes on the purchase of Shares by us. If you hold your Shares through a broker or bank you should check with your broker or bank as to whether they charge any service fees. However, if you do not complete and sign the IRS Form W-9 that is provided with the Letter of Transmittal, or an IRS Form W-8BEN or other IRS Form W-8, as applicable, you may be subject to a required backup federal income tax withholding of 28% of the gross proceeds payable to you. Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be refunded or credited against your U.S. federal income tax liability. See Section 5 - “*Certain Material U.S. Federal Income Tax Consequences of the Offer and the Merger.*” We will pay all charges and expenses of Computershare Trust Company, N.A., the depository for the Offer (the “*Depository*”), and Georgeson Inc., the information agent for the Offer (the “*Information Agent*”).

The Offer is not subject to any financing condition. The Offer is conditioned upon, among other things, the following:

- **there having been validly tendered and not validly withdrawn prior to the expiration date for the Offer, as it may have been extended or re-extended pursuant to the Merger Agreement, that number of Shares other than the Excluded Shares (as defined in Section 13), that, when added to that number of Shares other than the Excluded Shares purchased, other than through the Offer, by SCOC or Purchaser after the execution of the Merger Agreement and prior to the commencement of the Offer, represents at least a majority of the total number of Shares other than the Excluded Shares outstanding on the date of the Merger Agreement. We refer to this condition (as more fully described in Section 13), which equals 7,818,036 Shares, as the “*Minimum Tender Condition*;”**
- **no applicable law and no permanent injunction or other judgment, order or decree having been entered, enacted, promulgated, enforced or issued by any court or other governmental entity of competent jurisdiction in the United States or any material foreign jurisdiction not**

being and remaining in effect which has the effect of prohibiting the consummation of the Offer, the Merger or the other transactions contemplated by the Merger Agreement;

- **there not having existed any temporary restraining order, preliminary injunction, pending or threatened any suit, action or proceeding by any governmental entity which challenges or seeks to enjoin the closing of the Offer, the Merger or other transactions contemplated by the Merger Agreement; and**
- **there not having been any occurrence, event, change, effect or development that, individually or in the aggregate, has had or is reasonably expected to result in any material adverse change to the business of United Fuel (as more fully described in Section 13).**

SCOC and Purchaser reserve the right to waive any of the conditions to the Offer in their sole discretion, other than the Minimum Tender Condition. The Offer is also subject to certain other terms and conditions. See Section 13 – “Conditions of the Offer.”

The Offer will expire at 5:00 p.m., Eastern Standard Time, on Friday, February 5, 2010, unless the Offer is extended. See Sections 1, 13 and 14 – “Terms of the Offer,” “Conditions of the Offer” and “Certain Legal Matters.”

The United Fuel board of directors has, subject to the terms and conditions set forth in the Merger Agreement (i) determined, upon recommendation of a special committee of the board of directors (the “Special Committee”), that the Merger Agreement and the transactions contemplated thereby are in the best interests of United Fuel and the holders of Shares, (ii) approved the Merger Agreement and the transactions contemplated thereby, (iii) recommended the Offer to the holders of Shares, and (iv) recommended the Merger Agreement and the transactions thereby to the holders of Shares, if such recommendation becomes necessary.

For factors considered by United Fuel’s board of directors, see United Fuel’s Statement of Solicitation/Recommendation (the “Solicitation/Recommendation Statement”), a copy of which is being furnished to stockholders concurrently with this Offer to Purchase.

The Offer is being made in connection with the Merger Agreement, pursuant to which, after the completion of the Offer and the satisfaction or waiver of certain conditions, the Merger will be effected. At the effective time of the Merger (the “Effective Time”), each Share issued and outstanding immediately prior to the Effective Time (other than any Shares held in the treasury of United Fuel and each Share owned by SCOC, Frank P. Greinke, the Greinke Personal Living Trust (the “Greinke Trust”) or any direct or indirect wholly-owned subsidiary of United Fuel or SCOC immediately prior to the Effective Time which will be canceled without any conversion thereof and no payment or distribution will be made with respect thereto and any dissenting Shares) will be canceled and will be converted automatically into the right to receive consideration equal to the Offer Price (the “Merger Consideration”) payable, without interest, to the holder of such Share, upon surrender of the certificate that formerly evidenced such Share or, with respect to uncertificated Shares, upon the receipt by the Depository of an Agent’s Message (as defined below) relating to such Shares. The Merger Agreement is more fully described in Section 11 – “Purpose of the Offer and Plans for United Fuel; Summary of the Merger Agreement.” Section 5 – “Certain Material U.S. Federal Income Tax Consequences of the Offer and the Merger” below describes certain material U.S. federal income tax consequences of the sale or exchange of Shares in the Offer and the Merger.

Consummation of the Merger is conditioned upon, among other things, the approval of the Merger substantially as set forth in the Merger Agreement by the requisite vote of stockholders of United

Fuel at a meeting or by written consent, unless the Merger is consummated as a short-form merger in accordance with Section 92A.180 of the Nevada Revised Statutes (the “NRS”) as described below. Under the NRS, the articles of incorporation of United Fuel and the bylaws of United Fuel, the affirmative vote or written consent of a majority of the issued and outstanding Shares (a “Majority Vote”) and two-thirds of the issued and outstanding shares of Series A Cumulative Convertible Preferred Stock, par value \$0.001 per share, of United Fuel (“Preferred Shares”), are the only votes of any class or series of United Fuel’s stock that would be necessary to approve the Merger at any required meeting of United Fuel’s stockholders or by written consent. **If, following the purchase of Shares by us pursuant to the Offer, during any subsequent offering period, or otherwise, we meet the minimum conditions of the Offer (including the Minimum Tender Condition), because we own outstanding Shares representing a Majority Vote and we own all of the Preferred Shares, we will be able to effect the Merger without the affirmative vote or written consent of any other stockholder. We have agreed pursuant to the Merger Agreement to cause all Shares owned by us to be voted in favor of or to provide written consent to the adoption of the Merger Agreement and approval of the Merger.**

Section 92A.180 of the NRS provides that, if a corporation owns at least 90% of the outstanding shares of each class of a subsidiary corporation, the corporation holding such stock may merge such subsidiary into itself, or itself into such subsidiary, without any action or vote on the part of the board of directors or the stockholders of such other corporation (a “short-form merger”). In the event that Purchaser acquires at least 90% of the then outstanding Shares pursuant to the Offer (including through the exercise of the Top-Up Option (as defined in Section 11)), Purchaser may take all necessary and appropriate action to cause the Merger to become effective, in accordance with Section 92A.180 of the NRS without a meeting of the stockholders of United Fuel. See Section 11 – “Purpose of the Offer and Plans for United Fuel; Summary of the Merger Agreement” and Section 14 – “Certain Legal Matters.”

Stockholders who have not tendered their Shares and continue to own their Shares at the time of the Merger and fulfill certain other requirements of the NRS will have dissenters’ rights in connection with the Merger. See Section 14 – “Certain Legal Matters.”

This Offer to Purchase and the related Letter of Transmittal contain important information and both documents should be read carefully and in their entirety before any decision is made with respect to the Offer.

THE TENDER OFFER

1. Terms of the Offer

Upon the terms and subject to the prior satisfaction or waiver of the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any extension or amendment), we will accept for payment, purchase and pay for all Shares validly tendered prior to the Expiration Date, and not properly withdrawn in accordance with the procedures set forth in Section 4 – “*Withdrawal Rights*.” The term “*Expiration Date*” means 5:00 p.m., Eastern Standard Time, on Friday, February 5, 2010, unless we, in accordance with the Merger Agreement, have extended the initial offering period of the Offer, in which event the term “*Expiration Date*” will mean the latest time and date at which the offering period of the Offer, as so extended by us, will expire.

The Offer is conditioned upon the satisfaction of the Minimum Tender Condition and the other conditions described in Section 13 – “*Conditions of the Offer*.” We may terminate the Offer without purchasing any Shares if certain events described in Section 11 – “*Purpose of the Offer and Plans for United Fuel; Summary of the Merger Agreement*” occur.

To the extent permitted by applicable law, we expressly reserve the right to waive any condition and to make any other changes to the terms and conditions of the Offer. However, pursuant to the Merger Agreement, we have agreed that we will not, without the prior written consent of United Fuel:

- (1) reduce the number of Shares subject to the Offer,
- (2) reduce the Offer Price or change the form of consideration payable in the Offer,
- (3) change, modify or waive the Minimum Tender Condition,
- (4) impose conditions to the Offer in addition to the conditions set forth in Section 13 – “*Conditions of the Offer*,” or
- (5) otherwise amend the Offer in any manner adverse to the holders of the Shares.

In our sole and absolute discretion, we may increase the Offer Price payable in the Offer without the consent of United Fuel. If we increase the consideration being paid for Shares accepted for payment in the Offer on or before the Expiration Date, such increased consideration will be paid to all stockholders whose Shares are purchased in the Offer, whether or not such Shares were tendered before the announcement of the increase in consideration. We also expressly reserve the right to modify the terms of the Offer, subject to the restrictions previously identified in paragraphs (1) through (5) above.

Upon the terms and subject to the satisfaction or waiver of the conditions of the Offer as of the Expiration Date, promptly following the Expiration Date, we will accept for payment, purchase and pay for any Shares validly tendered, and not properly withdrawn, prior to the Expiration Date. Unless the Merger Agreement or the Offer is terminated in accordance with its terms, we may extend the Offer for any period at our sole discretion and must extend the Offer from time to time for such period as may be required by any applicable law, rule, regulation, interpretation or position if any applicable law, rule, regulation, interpretation applicable to the Offer requires such extension.

We are not required to extend the Offer beyond February 5, 2010 or at any time we are entitled to terminate the Merger Agreement. See Section 11 – “*Purpose of the Offer and Plans for United Fuel; Summary of the Merger Agreement*.”

There can be no assurance that we will be required or permitted under the Merger Agreement to extend the Offer. During any extension of the initial offering period pursuant to the paragraphs above, all Shares previously tendered and not withdrawn will remain subject to the Offer and subject to withdrawal rights. See Section 4 – “*Withdrawal Rights.*”

If, subject to the terms of the Merger Agreement, we make a material change in the terms of the Offer or the information concerning the Offer, or if we waive a material condition of the Offer, we will disseminate additional tender offer materials and extend the Offer if required by applicable law. The minimum period during which a tender offer must remain open following material changes in the terms of the tender offer or the information concerning the tender offer, other than a change in the consideration offered or a change in the percentage of securities sought, will depend upon the facts and circumstances, including the relative materiality of the terms or information changes. With respect to a change in the consideration offered or a change in the percentage of securities sought, a tender offer generally must remain open for a minimum of ten business days following such change to allow for adequate disclosure to stockholders.

We expressly reserve the right, in our sole discretion, subject to the terms and conditions of the Merger Agreement and applicable law, to not accept for payment any Shares if, at the Expiration Date, any of the conditions to the Offer set forth in Section 13 – “*Conditions of the Offer*” have not been satisfied or upon the occurrence of any of the events set forth in Section 13. Under certain circumstances, SCOC and Purchaser may terminate the Merger Agreement and the Offer.

United Fuel has agreed to provide us with its list of stockholders and security position listings for the purpose of disseminating the Offer to holders of Shares. This Offer to Purchase and the related Letter of Transmittal will be mailed to record holders of Shares whose names appear on United Fuel’s stockholder list and will be furnished to brokers, dealers, commercial banks, trust companies and similar persons whose names, or the names of whose nominees, appear on the stockholder list or, if applicable, who are listed as participants in a clearing agency’s security position listing, for subsequent transmittal to beneficial owners of Shares.

2. Acceptance for Payment and Payment for Shares

Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any such extension or amendment), promptly after the Expiration Date, we will accept for payment, purchase and pay for, all Shares validly tendered, and not properly withdrawn, prior to the Expiration Date.

In all cases, payment for Shares tendered and accepted for payment pursuant to the Offer will be made only after timely receipt by the Depository of (a) certificates representing such Shares pursuant to the procedures set forth in Section 3 – “*Procedures for Tendering Shares,*” (b) a Letter of Transmittal (or facsimile thereof), properly completed and duly executed, with any required signature guarantees, and (c) any other documents required by the Letter of Transmittal or any other customary documents required by Depository. See Section 3 – “*Procedures for Tendering Shares.*”

For purposes of the Offer, we will be deemed to have accepted for payment and thereby purchased Shares validly tendered, and not properly withdrawn, prior to the Expiration Date if and when we give oral or written notice to the Depository of our acceptance for payment of such Shares pursuant to the Offer. Upon the terms and subject to the conditions of the Offer, payment for Shares accepted for payment pursuant to the Offer will be made by deposit of the purchase price therefor with the Depository, which will act as agent for the tendering stockholders for purposes of receiving payments from us and transmitting such payments to the tendering stockholders. **Under no circumstances will interest be paid**

on the Offer Price for Shares, regardless of any extension of the Offer or any delay in payment for Shares.

If any tendered Shares are not accepted for payment pursuant to the terms and conditions of the Offer for any reason, or if certificates are submitted for more Shares than are tendered, certificates for such unpurchased Shares will be returned (or new certificates for the Shares not tendered will be sent), without expense to the tendering stockholder promptly following expiration or termination of the Offer.

3. Procedures for Tendering Shares

Valid Tender of Shares. Except as set forth below, to validly tender Shares pursuant to the Offer, (a) a properly completed and duly executed Letter of Transmittal (or a manually executed facsimile thereof) in accordance with the instructions of the Letter of Transmittal, with any required signature guarantees, and any other documents required by the Letter of Transmittal, must be received by the Depository at its address set forth on the back cover of this Offer to Purchase prior to the Expiration Date and certificates representing Shares tendered must be delivered to the Depository prior to the Expiration Date, or (b) the tendering stockholder must comply with the guaranteed delivery procedures set forth below.

Signature Guarantees and Stock Powers. Except as otherwise provided below, all signatures on a Letter of Transmittal must be guaranteed by a financial institution (including most commercial banks, savings and loan associations and brokerage houses) that is a member in good standing of a recognized Medallion Program approved by the Securities Transfer Association, Inc., including the Security Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program and the Stock Exchanges Medallion Program (each, an “*Eligible Institution*”). Signatures on a Letter of Transmittal need not be guaranteed (a) if the Letter of Transmittal is signed by the registered owner(s) of Shares tendered therewith and such registered owner has not completed the box entitled “*Special Payment Instructions*” or the box entitled “*Special Delivery Instructions*” on the Letter of Transmittal or (b) if such Shares are tendered for the account of an Eligible Institution. See Instructions 1 and 5 of the Letter of Transmittal. If the certificates for Shares are registered in the name of a person other than the signer of the Letter of Transmittal, or if payment is to be made or certificates for Shares not tendered or not accepted for payment are to be returned to a person other than the registered owner of the certificates surrendered, then the tendered certificates must be endorsed or accompanied by appropriate stock powers, in either case, signed exactly as the name or names of the registered owner(s) or holder(s) appear on the certificates, with the signatures on the certificates or stock powers guaranteed as described above. See Instructions 1 and 5 of the Letter of Transmittal.

If certificates representing Shares are forwarded separately to the Depository, a properly completed and duly executed Letter of Transmittal (or facsimile) must accompany each delivery of certificates.

Guaranteed Delivery. A stockholder who desires to tender Shares pursuant to the Offer and whose certificates for Shares are not immediately available and cannot be delivered to the Depository prior to the Expiration Date, or who cannot deliver all required documents to the Depository prior to the Expiration Date, may tender such Shares by satisfying all of the requirements set forth below:

- such tender is made by or through an Eligible Institution;
- a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form provided by Purchaser, is received by the Depository (as provided below) prior to the Expiration Date; and

- the certificates for all tendered Shares, in proper form for transfer, together with a properly completed and duly executed Letter of Transmittal (or facsimile thereof), with any required signature guarantees, and any other required documents, are received by the Depository within three trading days after the date of execution of such Notice of Guaranteed Delivery.

The Notice of Guaranteed Delivery may be delivered by hand to the Depository or transmitted by telegram, facsimile transmission or mail to the Depository and must include a guarantee by an Eligible Institution in the form set forth in such Notice of Guaranteed Delivery.

THE METHOD OF DELIVERY OF SHARES, THE LETTER OF TRANSMITTAL AND ALL OTHER REQUIRED DOCUMENTS IS AT THE ELECTION AND RISK OF THE TENDERING STOCKHOLDER. DELIVERY OF ALL SUCH DOCUMENTS WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE DEPOSITARY. IF SUCH DELIVERY IS BY MAIL, IT IS RECOMMENDED THAT ALL SUCH DOCUMENTS BE SENT BY PROPERLY INSURED REGISTERED MAIL WITH RETURN RECEIPT REQUESTED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE TIMELY DELIVERY.

Other Requirements. Notwithstanding any provision of the Merger Agreement, we will pay for Shares validly tendered pursuant to the Offer, and not properly withdrawn, prior to the Expiration Date only after timely receipt by the Depository of (a) certificates for such Shares, (b) a Letter of Transmittal (or facsimile thereof), properly completed and duly executed, with any required signature guarantees, and (c) any other documents required by the Letter of Transmittal. Accordingly, tendering stockholders may be paid at different times depending upon when certificates for Shares with respect to Shares are actually received by the Depository. **Under no circumstances will we pay interest on the purchase price of Shares, regardless of any extension of the Offer or any delay in making such payment.**

Binding Agreement. Our acceptance for payment of Shares tendered pursuant to one of the procedures described above will constitute a binding agreement between the tendering stockholder and us upon the terms and subject to the conditions of the Offer.

Appointment as Proxy. By executing and delivering a Letter of Transmittal as set forth above, the tendering stockholder irrevocably appoints our designees as such stockholder's proxies, each with full power of substitution, to the full extent of such stockholder's rights with respect to the Shares tendered by such stockholder and accepted for payment by us and with respect to any and all other Shares or other securities issued or issuable in respect of such Shares on or after the date of the Merger Agreement. All such proxies and powers of attorney will be considered coupled with an interest in the tendered Shares. Such appointment is effective when, and only to the extent that, we accept for payment Shares tendered by such stockholder as provided herein. Upon the effectiveness of such appointment, all prior powers of attorney, proxies and consents given by such stockholder will be revoked, and no subsequent powers of attorney, proxies and consents may be given (and, if given, will not be deemed effective). Our designees will, with respect to the Shares or other securities and rights for which the appointment is effective, be empowered to exercise all voting and other rights of such stockholder as they, in their sole discretion, may deem proper at any annual, special, adjourned or postponed meeting of the stockholders of United Fuel, by written consent in lieu of any such meeting or otherwise. We reserve the right to require that, for Shares to be deemed validly tendered, immediately upon our payment for such Shares we must be able to exercise full voting, consent and other rights to the extent permitted under applicable law with respect to such Shares and other securities, including voting at any meeting of stockholders or executing a written consent concerning any matter.

Determination of Validity. All questions as to the validity, form, eligibility (including time of receipt) and acceptance of any tender of Shares will be determined by us in our sole and absolute discretion, which determination will be final and binding. We reserve the absolute right to reject any and all tenders determined by us not to be in proper form or the acceptance for payment of or payment for which may, in our opinion, be unlawful. We also reserve the absolute right to waive any defect or irregularity in the tender of any Shares of any particular stockholder whether or not similar defects or irregularities are waived in the case of any other stockholder. No tender of Shares will be deemed to have been validly made until all defects and irregularities relating thereto have been cured or waived. None of SCOC, Purchaser or any of their respective affiliates or assigns, the Depositary, the Information Agent, or any other person will be under any duty to give notification of any defects or irregularities in tenders or incur any liability for failure to give any such notification. Our interpretation of the terms and conditions of the Offer (including the Letter of Transmittal and the Instructions thereto and any other documents related to the Offer) will be final and binding.

4. Withdrawal Rights

Except as otherwise provided in this Section 4, tenders of Shares pursuant to the Offer are irrevocable. A stockholder may withdraw Shares tendered pursuant to the Offer at any time prior to the Expiration Date.

For a withdrawal of Shares to be effective, a written or facsimile transmission notice of withdrawal must be timely received by the Depositary at its address set forth on the back cover of this Offer to Purchase. Any notice of withdrawal must specify the name of the person having tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name of the record holder of the Shares to be withdrawn, if different from that of the person who tendered such Shares. The signature(s) on the notice of withdrawal must be guaranteed by an Eligible Institution, unless such Shares have been tendered for the account of any Eligible Institution. If certificates representing the Shares have been delivered or otherwise identified to the Depositary, the name of the registered owner and the serial numbers shown on such certificates must also be furnished to the Depositary prior to the physical release of such certificates.

All questions as to the form and validity (including time of receipt) of any notice of withdrawal will be determined by us, in our sole discretion, which determination will be final and binding. No withdrawal of Shares will be deemed to have been properly made until all defects and irregularities have been cured or waived. None of SCOC, Purchaser or any of their respective affiliates or assigns, the Depositary, the Information Agent, or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give such notification. Withdrawals of tenders of Shares may not be rescinded, and any Shares properly withdrawn will be deemed not to have been validly tendered for purposes of the Offer. However, withdrawn Shares may be retendered by following one of the procedures for tendering Shares described in Section 3 – “*Procedures for Tendering Shares*” at any time prior to the Expiration Date.

If we extend the Offer or we are unable to accept for payment Shares pursuant to the Offer, for any reason, then, without prejudice to our rights under the Offer, the Depositary may nevertheless, on our behalf, retain tendered Shares, and such Shares may not be withdrawn except to the extent that tendering stockholders exercise withdrawal rights as described in this Section 4 prior to the Expiration Date.

In the event we provide a subsequent offering period following the Offer, no withdrawal rights will apply to Shares tendered during such subsequent offering period or to Shares tendered in the Offer and accepted for payment.

5. Certain Material U.S. Federal Income Tax Consequences of the Offer and the Merger

The following is a summary of the material U.S. federal income tax considerations relevant to the Offer or the Merger, as the case may be, applicable to United Fuel stockholders whose Shares are tendered and accepted for payment pursuant to the Offer, or whose Shares are converted into the right to receive the Merger Consideration in the Merger. This summary is based upon existing U.S. federal income tax law, which is subject to change or differing interpretations (possibly with retroactive effect). This summary does not address all aspects of U.S. federal income taxation which may be relevant to particular United Fuel stockholders in light of their individual investment circumstances, such as stockholders subject to special tax rules (e.g., financial institutions, insurance companies, broker-dealers and tax-exempt organizations) or to stockholders who acquired Shares in connection with stock option, stock purchase or restricted stock plans or in other compensatory transactions, or as part of a straddle, hedge, conversion, constructive sale or other integrated security transaction for U.S. federal income tax purposes, all of whom may be subject to tax rules that differ significantly from those discussed below.

This summary does not discuss any U.S. federal income tax considerations relevant to United Fuel stockholders who are not “*U.S. holders*” (as defined below). If you are not a U.S. holder you should consult with your tax advisor as to the U.S. federal, state, local, and foreign tax laws applicable to the Offer and the Merger. This summary is limited to United Fuel stockholders who hold their Shares as “*capital assets*” (generally, property held for investment) under the Internal Revenue Code of 1986 (the “*Code*”). You are urged to consult your tax advisor regarding the U.S. federal income tax considerations relevant to the Offer and the Merger, as well as the effects of state, local, and foreign tax laws.

For purposes of this summary, a “*U.S. holder*” is an United Fuel stockholder that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States; (ii) a corporation or other entity taxable as a corporation that is created in, or organized under the law of, the United States or any state or political subdivision thereof; (iii) an estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or (iv) a trust, (A) the administration of which is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (B) that has otherwise elected to be treated as U.S. person under the Code.

If a partnership holds Shares, the tax treatment of a partner in such partnership will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership that holds Shares, you should consult your tax advisor regarding the tax considerations relevant to the Offer and the Merger.

This discussion is for general information only and should not be construed as tax advice. It is a summary and does not purport to be a comprehensive analysis or description of all potential U.S. federal income tax consequences of the Offer and the Merger. We urge you to consult your tax advisor with respect to the particular U.S. federal, state, and local, or foreign tax consequences of the Offer and the Merger to you.

General

The receipt of the Offer Price or the Merger Consideration, as applicable, by a U.S. holder whose Shares are tendered and accepted for payment pursuant to the Offer or whose Shares are converted into the right to receive the Merger Consideration in the Merger will be a taxable transaction for U.S. federal income tax purposes.

Information Reporting and Backup Withholding

Information reporting to the IRS generally will be required with respect to payments of the Offer Price or the Merger Consideration, as applicable, to holders other than corporations and other exempt recipients. In addition, under the “*backup withholding*” provisions of the United States federal income tax laws, the Depository may be required to withhold a portion of the amount of payments made to certain holders pursuant to the Offer or the Merger, as applicable. To prevent U.S. federal income tax backup withholding with respect to payments, a U.S. holder must provide the Depository with such holder’s correct taxpayer identification number (“*TIN*”) and certify that such holder is not subject to backup withholding by completing the IRS Form W-9 in the Letter of Transmittal. Certain holders (including, among others, all corporations and certain foreign individuals and entities) may not be subject to backup withholding. If a holder does not provide its correct TIN or fails to provide the certifications described above, the IRS may impose a penalty on the holder, and payments to the holder pursuant to the Offer or the Merger, as applicable, may be subject to backup withholding. All U.S. holders should complete and sign the IRS Form W-9 included in the Letter of Transmittal to provide the information necessary to avoid backup withholding. Foreign stockholders should complete and sign the appropriate Form W-8 (a copy of which may be obtained from the Depository or the Information Agent) to avoid backup withholding. Such stockholders should consult a tax advisor to determine which Form W-8 is appropriate. See Instruction 9 of the Letter of Transmittal.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a U.S. holder’s United States federal income tax liability provided the required information is timely furnished to the IRS.

6. Price Range of Shares; Dividends

The Shares are currently traded on the Pink OTC Markets. From January 1, 2007, through May 13, 2009, the Shares were traded on the OTC Bulletin Board (the “*OTCBB*”). The following table sets forth, for the calendar quarters indicated, the high and low sales prices per Share on the OTCBB with respect to the years ended December 31, 2008 and December 31, 2007 as stated in United Fuel’s Annual Report on Form 10-K for the year ended December 31, 2008 and from public sources with respect to the subsequent periods noted below.

	<u>High</u>	<u>Low</u>
Fiscal Year Ended December 31, 2009:		
First Quarter	\$ 0.70	\$ 0.13
Second Quarter	\$ 0.40	\$ 0.15
Third Quarter	\$ 0.22	\$ 0.12
Fourth Quarter	\$ 0.29	\$ 0.05
	<u>High</u>	<u>Low</u>
Fiscal Year Ended December 31, 2008:		
First Quarter	\$ 2.19	\$ 1.05
Second Quarter	\$ 1.60	\$ 0.81
Third Quarter	\$ 1.00	\$ 0.48
Fourth Quarter	\$ 0.82	\$ 0.33

	<u>High</u>	<u>Low</u>
Fiscal Year Ended December 31, 2007:		
First Quarter	\$ 1.75	\$ 1.03
Second Quarter	\$ 1.86	\$ 1.39
Third Quarter	\$ 1.73	\$ 0.81
Fourth Quarter	\$ 2.71	\$ 0.40

On December 29, 2009, the last full trading day prior to the public announcement of the terms of the Offer and the Merger, the reported closing sales price per Share on the Pink OTC Markets was \$0.10. On December 31, 2010, the first full trading day after public announcement of the Offer, the reported closing sales price per Share on the Pink OTC Markets was \$0.29. United Fuel has never paid dividends on shares of its common stock. In United Fuel's Annual Report on Form 10-K for the year ended December 31, 2008, United Fuel indicated that it will continue to retain its earnings for use in its business and it did not anticipate paying dividends on Shares in the foreseeable future. **Stockholders are urged to obtain a current market quotation for the Shares.**

7. Possible Effects of the Offer on the Market for the Shares

Effect of Merger. Following the completion of the Offer and subject to the satisfaction or waiver of certain conditions, United Fuel will be merged with and into Purchaser, and Purchaser will be the surviving corporation (the "*Surviving Corporation*"). The Articles of Incorporation of Purchaser and the Bylaws of Purchaser will be the Articles of Incorporation and the Bylaws of the Surviving Corporation until changed or amended. Purchaser's sole director immediately prior to the Effective Time will be the initial director of the Surviving Corporation until the earlier of his resignation or removal or until his successor is duly designated, and the officers of Purchaser immediately prior to the Effective Time will be the initial officers of the Surviving Corporation until the earlier of their resignation or removal or until their respective successors are duly designated.

Possible Effects of the Offer on the Market for the Shares. The purchase of Shares pursuant to the Offer will reduce the number of Shares that might otherwise trade publicly and could adversely affect the liquidity and market value of the remaining Shares held by the public. The purchase of Shares pursuant to the Offer can also be expected to reduce the number of holders of Shares. We cannot predict whether the reduction in the number of Shares that might otherwise trade publicly would have an adverse or beneficial effect on the market price or marketability of the Shares or whether it would cause future market prices to be greater or less than the Offer Price.

8. Certain Information Concerning United Fuel

The following description of United Fuel and its business has been taken from United Fuel's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, and is qualified in its entirety by reference to such report.

United Fuel distributes fuel, including diesel gasoline and lubricant products to customers in markets in the southwestern and south central United States. United Fuel also has commercial cardlock operations.

United Fuel is a Nevada corporation with corporate headquarters located at 1800 W. Katella Ave. Suite 102, Orange, California 92863. United Fuel's telephone number at such corporate headquarters is (714) 923-3010.

Available Information. Until May 14, 2009, United Fuel was subject to the information and reporting requirements of the Securities Exchange Act of 1934, as amended (“*Exchange Act*”) and pursuant to the Exchange Act was obligated to file reports and other information with the Securities and Exchange Commission (“*Commission*”) relating to its business, financial condition and other matters. Certain information, as of particular dates, concerning United Fuel’s business, principal physical properties, capital structure, material pending litigation, operating results, financial condition, directors and officers (including their remuneration and stock options granted to them), the principal holders of United Fuel’s securities, any material interests of such persons in transactions with United Fuel, and other matters was required to be disclosed in proxy statements and periodic reports distributed to United Fuel’s stockholders and filed with the Commission prior to May 14, 2009. Such reports, proxy statements and other information should be available for inspection at the public reference room at the Commission’s office at 100 F Street, NE, Washington, DC 20549. Copies may be obtained by mail, upon payment of the Commission’s customary charges, by writing to its principal office at 100 F Street, NE, Washington, DC 20549. Further information on the operation of the Commission’s Public Reference Room in Washington, DC can be obtained by calling the Commission at 1-800-SEC-0330. The Commission also maintains an Internet web site that contains reports, proxy statements and other information about issuers, such as United Fuel. The address of that site is <http://www.sec.gov>. United Fuel also maintains an Internet website at <http://www.ufeonline.com>. Since May 14, 2009 United Fuel has posted on its website financial information with respect to United Fuel. Other than such financial information, the information contained in, accessible from or connected to United Fuel’s website is not incorporated into, or otherwise a part of, this Offer to Purchase. The website addresses referred to in this paragraph are inactive text references and are not intended to be actual links to the websites.

Sources of Information. Except as otherwise set forth herein, the information concerning United Fuel contained in this Offer to Purchase has been based upon publicly available documents and records on file with the Commission, other public sources and, with respect to recent financial information regarding United Fuel, information contained on United Fuel’s website. Although we have no knowledge that any such information contains any misstatements or omissions, none of SCOC, Purchaser or any of their respective affiliates or assigns, the Information Agent or the Depositary assumes responsibility for the accuracy or completeness of the information concerning United Fuel contained in such documents and records or for any failure by United Fuel to disclose events which may have occurred or may affect the significance or accuracy of any such information.

Potential Conflicts of Interest. Certain members of the Board of Directors of United Fuel may be deemed to have interests in the transactions contemplated by the Merger Agreement that are different from the United Fuel’s stockholders generally. These interests may create potential conflicts of interest. United Fuel’s description of these potential conflicts of interest is set forth in the Statement of Solicitation/Recommendation.

9. Certain Information Concerning Purchaser and SCOC

Purchaser. Purchaser is a Nevada corporation and, to date, has engaged in no activities other than those incident to its formation and to the Offer and Merger. Purchaser is a direct wholly-owned subsidiary of SCOC. The principal executive offices of Purchaser are located at 1800 W. Katella Ave. Suite 400, Orange, California 92863, where our telephone number is (714) 744-7140.

SCOC. SCOC is a California limited partnership that distributes petroleum products throughout the western United States. SCOC was formed in 1991. SCOC’s principal executive offices are located at 1800 W. Katella, Suite 400, Orange, California 92863. SCOC’s telephone number at such principal executive offices is (714) 744-7140.

Additional Information. The sole director of Purchaser is Mr. Greinke, the Chairman of the Board and Chief Executive Officer of United Fuel. Information regarding Mr. Greinke may be found in United Fuel's Amendment No. 1 to Form 10-K for the fiscal year ended December 31, 2008. The name, business address, citizenship, present principal occupation and employment history for the past five years of each of the executive officers of Purchaser are set forth in *Exhibit B* to this Offer to Purchase.

None of SCOC, Purchaser or, to the knowledge of SCOC or Purchaser after reasonable inquiry, any of Greinke or the persons listed in *Exhibit B*, has during the last five years (a) been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (b) been a party to any judicial or administrative proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, U.S. federal or state securities laws or a finding of any violation of U.S. federal or state securities laws.

Purchaser does not believe its financial condition is relevant to your decision whether to tender your Shares and accept the Offer because (a) the Offer is being made for all outstanding Shares solely for cash; (b) the Offer is not subject to any financing condition; (c) if the Offer is consummated, Purchaser will acquire all remaining Shares for the same price in the Merger; and (d) SCOC has, and will arrange for Purchaser to have, sufficient funds to purchase all Shares validly tendered and not properly withdrawn in the Offer and to acquire the remaining outstanding Shares in the Merger.

10. Background of the Offer

Background of the Offer and the Merger; Past Contacts or Negotiations between SCOC and United Fuel

For information regarding the background of the Offer and the Merger, please see United Fuel's Solicitation/Recommendation Statement, a copy of which is being furnished to stockholders concurrently with this Offer to Purchaser.

11. Purpose of the Offer and Plans for United Fuel; Summary of the Merger Agreement

The purpose of the Offer and the Merger is for SCOC and its affiliates, through Purchaser, to acquire the entire equity interest in, United Fuel. Pursuant to the Merger, SCOC will acquire all of the Shares of United Fuel not purchased pursuant to the Offer, the Top-Up Option or otherwise. Stockholders of United Fuel who sell their Shares in the Offer will cease to have any equity interest in United Fuel or any right to participate in its earnings and future growth. If the Merger is consummated, non-tendering stockholders also will no longer have an equity interest in United Fuel. On the other hand, after selling their Shares in the Offer or the subsequent Merger, stockholders of United Fuel will not bear the risk of any decrease in the value of United Fuel.

At the Effective Time, the Articles of Incorporation of Purchaser and the Bylaws of Purchaser, as in effect immediately prior to the Effective Time, will be the Articles of Incorporation and the Bylaws of the Surviving Corporation until thereafter amended as provided by law and such Articles of Incorporation and Bylaws. The officers and director of Purchaser will become the officers and director of the Surviving Corporation until their respective successors are duly elected or appointed. See "*The Merger—Organizational Documents, Directors and Officers of the Surviving Corporation*" below.

Summary of the Merger Agreement

The following is a summary of certain provisions of the Merger Agreement. This summary is qualified in its entirety by reference to the full text of the Merger Agreement, a copy of which is included as an exhibit to the Solicitation/Recommendation Statement. Capitalized terms used, but not defined, herein shall have the respective meanings given to them in the Merger Agreement.

The Offer

The Offer. The Merger Agreement provides that SCOC and Purchaser will commence the Offer to purchase any and all of the outstanding Shares. The obligations of Purchaser to, and of SCOC to cause Purchaser to, accept for payment and pay for, any Shares tendered pursuant to the Offer are subject only to the conditions described in Section 13 – “*Conditions of the Offer*” (each such condition, an “*Offer Condition*”). Purchaser expressly reserves the right to, in its sole discretion, waive, in whole or in part, any Offer Condition or modify the terms of the Offer; provided, however, that, without the prior written consent of United Fuel, Purchaser will not (i) reduce the number of Shares subject to the Offer, (ii) reduce the Offer Price or change the form of consideration payable in the Offer, (iii) change, modify or waive the Minimum Tender Condition, (iv) add to the conditions set forth in “*Conditions of the Offer*” or (v) otherwise amend the Offer in any manner adverse to the holders of Shares.

The initial expiration date of the Offer is 5:00 p.m., Eastern Standard Time, on Friday, February 5, 2010. Notwithstanding anything in the Merger Agreement to the contrary, Purchaser may, in its sole discretion, without United Fuel’s consent, extend the Offer on one or more occasions for any period, if on any then-scheduled expiration date of the Offer any of the Offer Conditions is not satisfied or, in Purchaser’s sole discretion, waived, until such time as such condition or conditions are satisfied or waived; provided, however, that in no event will Purchaser be required to extend the Offer beyond February 12, 2010 or at any time Purchaser is entitled to terminate the Merger Agreement.

On the terms and subject to the conditions of the Offer and the Merger Agreement, Purchaser will accept and pay for all Shares validly tendered and not validly withdrawn pursuant to the Offer as soon as practicable after the expiration date of the Offer (as it may be extended and re-extended). Purchaser expressly reserves the right to, in its sole discretion, following acceptance for payment of Shares upon expiration of the Offer (the “*Offer Closing*”), extend the Offer for a subsequent offering period.

United Fuel Actions. United Fuel has consented to the Offer, the Merger and the other transactions contemplated by the Merger Agreement.

Top-Up Option. United Fuel has granted Purchaser an irrevocable option (the “*Top-Up Option*”) to purchase up to that number of newly issued Shares (the “*Top-Up Option Shares*”) equal to the number of Shares that, when added to the number of Shares owned by SCOC and Purchaser immediately following consummation of the Offer, constitutes one Share more than 90% of the Shares then outstanding on a fully diluted basis (after giving effect to the issuance of the Top-Up Option Shares) or, as may be elected by SCOC, on a primary basis as of immediately prior to the issuance of such shares, for consideration per Top-Up Option Share equal to the Offer Price. The Top-Up Option is subject to certain additional terms and conditions, including that Purchaser must own as of such time less than one Share more than 90% of the Shares then outstanding.

The Merger

The Merger. The Merger Agreement provides that, after the completion of the Offer and subject to the satisfaction or waiver of certain conditions, United Fuel will be merged with and into Purchaser, and Purchaser will be the Surviving Corporation.

Organizational Documents, Director and Officers of the Surviving Corporation. The Merger Agreement provides that at the Effective Time, the Articles of Incorporation of Purchaser and the Bylaws of Purchaser will be the Articles of Incorporation and the Bylaws of the Surviving Corporation until thereafter changed or amended as provided therein or by applicable law. Purchaser's sole director immediately prior to the Effective Time will be the initial director of the Surviving Corporation until the earlier of his resignation or removal or until his successor is duly designated, and the officers of United Fuel immediately prior to the Effective Time will be the initial officers of the Surviving Corporation until the earlier of their resignation or removal or until their respective successors are duly designated.

Effects of the Merger; Exchange of Certificates

Conversion of Shares. At the Effective Time, each Share issued and outstanding immediately prior to the Effective Time (other than (i) any Shares held in the treasury of United Fuel, (ii) any Shares owned by Purchaser, and (iii) any dissenting Shares) will be converted automatically into the right to receive the Merger Consideration, which is comprised of cash equal in amount to the Offer Price paid in the Offer.

Treatment of Options. The Merger Agreement provides that effective as of the Effective Time, United Fuel will take all necessary action to provide that, effective as of the closing of the Merger (the "Closing"), United Fuel Stock Plans and all United Fuel stock options outstanding immediately before the Closing will be canceled and of no further force or effect. Each holder of outstanding options under United Fuel's stock plans shall receive consideration equal to (A) the number of Shares subject to each such option, multiplied by the excess, if any, of (i) the Merger Consideration over (ii) the per-share exercise price under such option.

Treatment of Preferred Shares. The Merger Agreement provides that each Preferred Share issued and outstanding immediately prior to the Effective Time shall be converted into one validly issued, fully paid and nonassessable share of preferred stock, \$0.001 par value per share, of the Surviving Corporation and otherwise shall not be affected or changed by the Merger or any other transaction contemplated by the Merger Agreement, and such shares of the Surviving Corporation shall be the only shares of preferred stock of the Surviving Corporation that are issued and outstanding immediately after the Effective Time. Following the Effective Time, each certificate evidencing ownership of Preferred Shares shall evidence ownership of such shares of preferred stock of the Surviving Corporation.

Treatment of Warrants. Each warrant of United Fuel (the "United Fuel Warrant") issued and outstanding immediately prior to the Effective Time shall be converted into a warrant of the Surviving Corporation and shall evidence the same rights as contained in the United Fuel Warrant, including the right, as a result of the Merger, to receive the Merger Consideration upon exercise of the United Fuel Warrant.

Representations and Warranties

Representations and Warranties of United Fuel. In the Merger Agreement, United Fuel has made customary representations and warranties to SCOC and Purchaser with respect to, among other matters, its organization and qualification, subsidiaries, certificate of incorporation and bylaws, capitalization,

authority relative to the Merger Agreement, no conflict, required filings and consents, brokers and related party transactions.

For purposes of the Merger Agreement, the phrase “*Company Material Adverse Effect*” means, with respect to United Fuel, any change, effect, event, occurrence, state of facts or development which individually or in the aggregate (i) results in any change or effect that is materially adverse to the business, financial condition, properties, assets, liabilities (contingent or otherwise) or results of operations of United Fuel and its subsidiaries, taken as a whole, or (ii) prevents or materially impedes, interferes with, hinders or delays the consummation by United Fuel of the Merger or the other transactions contemplated by the Merger Agreement; provided that none of the following will be deemed, either alone or in combination, to constitute a Company Material Adverse Effect: (A) any change relating to the economy or securities markets in general, (B) any adverse change, effect, event, occurrence, state of facts or development attributable to conditions affecting the industry in which United Fuel participates, including any changes in prices for oil, gas, condensate and other gaseous and liquid hydrocarbons or any combination thereof or any substances extracted or refined from hydrocarbons, (C) any failure, in and of itself, by United Fuel to meet any internal or published projections, forecasts or revenue or earnings predictions for any period ending on or after the date of the Merger Agreement (provided, that the underlying causes of such failure may be considered in determining whether a Company Material Adverse Effect has occurred), (D) the effect of any change in any applicable law or (E) any change, effect, event, occurrence, state of facts or development resulting from any action required pursuant to the terms of the Merger Agreement; except, in the cases of clauses (A), (B) or (D) above, if such change, effect, event, occurrence, state of facts or development disproportionately affects United Fuel and its subsidiaries as compared to other participants in the industry in which United Fuel participates.

Representations and Warranties of SCOC and Purchaser. In the Merger Agreement, each of SCOC and Purchaser has made customary representations and warranties to United Fuel with respect to, among other matters, corporate organization, good standing, authority relative to the Merger Agreement, no conflict, required filings and consents, financing, brokers and prior purchases of securities of United Fuel.

For purposes of the Merger Agreement, “*Parent Material Adverse Effect*” means, with respect to SCOC, any change, effect, event, occurrence, state of facts or development which individually or in the aggregate prevents or materially impedes, interferes with, hinders or delays the consummation by SCOC of the Merger or the other transactions contemplated by the Merger Agreement.

The representations and warranties contained in the Merger Agreement have been made by each party to the Merger Agreement solely for the benefit of the other parties, and such representations and warranties should not be relied on by any other person. In addition, such representations and warranties:

- **have been qualified by information set forth in a confidential disclosure letter exchanged by the parties in connection with signing the Merger Agreement (the information contained in this disclosure letter modifies, qualifies and creates exceptions to the representations and warranties in the Merger Agreement);**
- **will not survive consummation of the Merger;**
- **may be intended not as statements of fact, but rather as a way of allocating the risk to one of the parties to the Merger Agreement if those statements turn out to be inaccurate; and**

- **were made only as of the date of the Merger Agreement and as of the Closing Date or such other date as is specified in the Merger Agreement.**

Covenants

Conduct of Business. The Merger Agreement provides that, until the Effective Time, except as otherwise consented to by SCOC in writing (such consent not to be unreasonably delayed), and except as disclosed in the United Fuel Disclosure Letter or as otherwise explicitly required by the Merger Agreement, United Fuel will, and will cause its subsidiaries to, conduct their respective businesses only in the ordinary course of business consistent with past practice, and United Fuel and its subsidiaries will use commercially reasonable efforts to preserve intact their business organizations, to preserve their assets and properties in good repair and condition, to keep available the services of their current officers and employees and to preserve, in all material respects, the current relationships of United Fuel and its subsidiaries with customers, suppliers, licensors, licensees, distributors and other entities with which United Fuel or its subsidiaries have business dealings.

No Solicitation. Neither United Fuel, its subsidiaries, nor its representatives will, directly or indirectly, (i) solicit, initiate or encourage, or take any other action designed to, or which is reasonably expected to, facilitate, any Company Takeover Proposal, (ii) enter into any agreement with respect to any Company Takeover Proposal or (iii) enter into, continue or otherwise participate in any discussions or negotiations regarding, or furnish to any entity any non-public information with respect to, or otherwise cooperate with, any proposal that constitutes, or is reasonably expected to lead to, any Company Takeover Proposal. United Fuel will, and will cause its subsidiaries and its representatives to, immediately cease and cause to be terminated all existing discussions or negotiations with any entity conducted with respect to any proposal that constitutes, or is reasonably expected to lead to, any Company Takeover Proposal and request the prompt return or destruction of all non-public information previously furnished. Notwithstanding the foregoing, at any time prior to the Offer Closing, in response to a bona fide written Company Takeover Proposal that the board of directors of United Fuel (the “United Fuel Board”) determines (after consultation with outside counsel and its financial advisor) constitutes, or is reasonably expected to lead to, a Superior Proposal, and which Company Takeover Proposal was not solicited after the date of the Merger Agreement, was made after the date of the Merger Agreement and did not otherwise result from a breach of the solicitation provisions of the Merger Agreement, United Fuel may, if a majority of the United Fuel Board determines (after consultation with outside counsel) that it is necessary to take such actions to comply with its fiduciary duties to United Fuel’s stockholders, and subject to compliance with all no solicitation rules and after giving SCOC written notice of such determination, (x) furnish information with respect to United Fuel and its subsidiaries to the entity making such Company Takeover Proposal (and its representatives) pursuant to a customary confidentiality agreement; provided that such customary confidentiality agreement expressly provides the right for United Fuel to comply with the terms of the Merger Agreement, and (y) participate in discussions or negotiations with the entity making such Company Takeover Proposal (and its representatives) regarding such Company Takeover Proposal.

The term “*Company Takeover Proposal*” means any inquiry, proposal or offer from any entity relating to, or that is reasonably expected to lead to, any direct or indirect acquisition or purchase, in one transaction or a series of transactions, of any material portion of the assets or businesses of United Fuel and its subsidiaries, taken as a whole, or 20% or more of any class of equity securities of United Fuel or any its subsidiaries, any tender offer or exchange offer that if consummated would result in any person beneficially owning 20% or more of any class of equity securities of United Fuel or any of its subsidiaries, or any merger, consolidation, business combination, recapitalization, liquidation, dissolution, joint venture, binding share exchange or similar transaction involving United Fuel or any of its subsidiaries pursuant to which any entity or the stockholders of any entity would own 20% or more of any

class of equity securities of United Fuel or any of its subsidiaries or of any resulting parent company of United Fuel, other than the transactions contemplated by the Merger Agreement.

For purposes of the Merger Agreement, the term “*Superior Proposal*” means a bona fide Company Takeover Proposal which the United Fuel Board determines in good faith (after consultation with outside counsel and its financial advisor) to be (i) more favorable to the stockholders of United Fuel than the Offer and the Merger, taking into account all relevant factors (including all the terms and conditions of such proposal and the Offer and the Merger Agreement (including any changes to the terms of the Offer and the Merger Agreement proposed by SCOC in response to such offer or otherwise)) and (ii) reasonably capable of being completed, taking into account all financial, legal, regulatory and other aspects of such proposal.

Neither the United Fuel Board nor any committee (other than the Special Committee) thereof will, (i) (A) withdraw (or qualify or modify in a manner adverse to SCOC or Purchaser), or publicly propose to withdraw (or qualify or modify in a manner adverse to SCOC or Purchaser), the adoption, approval, recommendation or declaration of advisability by the United Fuel Board or any such committee thereof of the Merger Agreement, the Offer, the Merger or the other transactions contemplated by the Merger Agreement or (B) recommend, adopt, approve or declare advisable, or propose publicly to recommend, adopt, approve or declare advisable, any Company Takeover Proposal (any action described in this clause (i) being referred to as a “*Company Adverse Recommendation Change*”) or (ii) adopt, approve, recommend or declare advisable, or propose to adopt, approve, recommend or declare advisable, or allow United Fuel or any of its subsidiaries to execute or enter into, any letter of intent, memorandum of understanding, agreement in principle, merger agreement, acquisition agreement, option agreement, joint venture agreement, partnership agreement or other similar agreement constituting or related to, or that is intended to or is reasonably expected to lead to, any Company Takeover Proposal (other than a confidentiality agreement referred to above). Notwithstanding the foregoing, at any time prior to the Effective Time, the United Fuel Board may make a Company Adverse Recommendation Change if a majority of the United Fuel Board determines (after consultation with outside counsel) that it is necessary to take such actions to comply with its fiduciary duties to the stockholders of United Fuel under applicable law; provided, however, that no such Company Adverse Recommendation Change may be made until after the fifth calendar day following SCOC’s receipt of written notice (a “*Company Notice of Adverse Recommendation*”) from United Fuel advising SCOC that the United Fuel Board intends to take such action and specifying the reasons thereof, including the terms and conditions of any Superior Proposal that is the basis of the proposed action by the United Fuel Board (it being understood and agreed that (x) any amendment to any material term of such Superior Proposal or (y) with respect to any previous Company Adverse Recommendation Change, any material change in the principal stated rationale by the United Fuel Board for such previous Company Adverse Recommendation Change, will, in the case of either (x) or (y), require a new Company Notice of Adverse Recommendation. Upon receipt of the Company Notice of Adverse Recommendation, SCOC shall have the right to propose changes to the terms of the Merger Agreement. In determining whether to make a Company Adverse Recommendation Change, the United Fuel Board will take into account any changes to the terms of the Merger Agreement proposed by SCOC in response to a Company Notice of Adverse Recommendation or otherwise.

United Fuel will promptly advise SCOC orally and in writing (and in any case within 24 hours) of any Company Takeover Proposal or any inquiry that is reasonably expected to lead to any Company Takeover Proposal, the material terms and conditions of any such Company Takeover Proposal or inquiry (including any changes thereto) and the identity of the entity making any such Company Takeover Proposal or inquiry, and (ii) United Fuel will (A) keep SCOC informed of the status and material details (including any change to any material term thereof) of any such Company Takeover Proposal or inquiry and (B) provide to SCOC upon request by SCOC copies of all correspondence and other written material sent or provided to United Fuel or any of its subsidiaries from any entity that describes any of the terms or

conditions of any Company Takeover Proposal or inquiry. In addition, during the period from the date of the Merger Agreement through the Offer Closing, United Fuel will not terminate, amend, modify or waive any provision of any confidentiality agreement to which it or any of its subsidiaries is a party. During such period, United Fuel will enforce the provisions of any such agreement, as it deems appropriate.

Notwithstanding anything to the contrary in the Merger Agreement, if at any time before the Effective Time, the Special Committee (after consultation with, and taking into account the advice of, its outside legal advisors and financial consultants) determines that the Offer, the Merger, the Merger Agreement and the other transactions contemplated thereby are no longer in the best interests of United Fuel, in the best interests of all of the stockholders of United Fuel or in the best interests of those stockholders who are not Affiliates of SCOC, Purchaser, Greinke or the Greinke Trust, the Special Committee, upon written notice to SCOC, may withdraw its recommendation to the board of directors of United Fuel of the Offer, the Merger, the Merger Agreement and the other transactions contemplated thereby.

Stockholder Litigation. United Fuel shall give SCOC the opportunity to participate (at SCOC's expense) in the defense or settlement of any stockholder Litigation against United Fuel and its directors relating to the Offer, the Merger or the other transactions contemplated by the Merger Agreement; provided, however, that no such settlement shall be agreed to without SCOC's prior written consent, which consent shall not be unreasonably withheld or delayed, except that SCOC shall not be obligated to consent to any settlement which does not include full release of SCOC and its Affiliates or which imposes an injunction or other equitable relief upon SCOC or any of its Affiliates (including, after the Effective Time, the Surviving Corporation).

Director and Officer Indemnification and Insurance. At all times after the Effective Time, SCOC will cause the Surviving Corporation to indemnify and hold harmless all past and present directors, officers and employees of United Fuel to the same extent such persons are indemnified as of the date of the Merger Agreement by United Fuel pursuant to its articles of incorporation and bylaws and indemnification agreements, if any, in existence on the date of the Merger Agreement with any directors, officers or employees of United Fuel for acts or omissions occurring at or prior to the Effective Time. SCOC will cause the Surviving Corporation to provide, for an aggregate period of not less than three (3) years from the Effective Time, United Fuel's past and current directors and officers a prepaid insurance and indemnification policy that provides coverage for events occurring prior to the Effective Time with respect to directors' and officers' liability in an amount and scope no less favorable than United Fuel's existing directors' and officers' insurance policy (the "*D&O Insurance*") or, if substantially equivalent insurance coverage is unavailable, the best available coverage; provided, however, that such D&O Insurance must include a provision that (i) as a matter of priority in any such bankruptcy, insolvency or other reorganization of United Fuel, the insurer under the D&O Insurance shall first pay any monies available under the D&O Insurance under Coverage A, then under Coverage C, then under Coverage B and lastly under Coverage D and (ii) any exclusion for coverage in a situation where one insured person under the D&O Insurance brings a claim against another insured person under the D&O Insurance does not apply to a claim brought against a past or present director of United Fuel by a bankruptcy trustee, examiner, liquidator, receiver, rehabilitator or creditors' committee of or for United Fuel or any assignee of any of the foregoing. The D&O Insurance shall not be cancellable by SCOC, Purchaser or otherwise without the consent of each of the directors of United Fuel serving on the date of the Merger Agreement.

Conditions to Consummation of the Merger

Pursuant to the Merger Agreement, the respective obligations of United Fuel, SCOC and Purchaser to effect the Merger are subject to the satisfaction or waiver of the following conditions:

- The approval of United Fuel’s stockholders will have been obtained, if required by the NRS;
- No applicable law and no temporary restraining order, preliminary or permanent injunction or other judgment, order or decree entered, enacted, promulgated, enforced or issued by any court or other governmental entity of competent jurisdiction in the United States or any material foreign jurisdiction will be and remain in effect which has the effect of prohibiting the consummation of the Merger or the other transactions contemplated by the Merger Agreement;
- There will not be pending or threatened any suit, action or proceeding by any governmental entity which challenges or seeks to enjoin the Merger or the other transactions contemplated by the Merger Agreement;
- Purchaser will have previously accepted for payment all Shares validly tendered and not withdrawn pursuant to the Offer;
- The respective obligations of United Fuel, SCOC and Purchaser to effect the Merger are subject to the satisfaction (without waiver) of the Minimum Tender Condition; and
- The obligation of UFEC to effect the Merger is subject to SCOC’s prepayment of the D&O Insurance (this condition is not waivable except by a written instrument waiving this condition signed by all of the directors of United Fuel serving on the date of the Merger Agreement).

Termination

The Merger Agreement may be terminated and the Offer and the Merger may be abandoned at any time prior to the Effective Time:

- (a) by mutual written consent of SCOC and United Fuel;
- (b) by either SCOC or United Fuel:
 - (i) if the Offer Closing has not occurred by February 12, 2010 (the “*Outside Date*”); provided, however, that such right to terminate the Merger Agreement will not be available to any party whose failure to perform in all material respects any covenant or agreement contained in the Merger Agreement has been the cause of, or resulted in, the failure of the Offer Closing to have occurred on or by such date; or
 - (ii) if any judgment having the effect of prohibiting the consummation of the Merger or the other transactions contemplated by the Merger Agreement becomes final and nonappealable;
- (c) prior to the Offer Closing, by SCOC, if United Fuel has breached or failed to perform in any material respect any of its representations, warranties, covenants or other agreements contained in the Merger Agreement, which breach or failure to perform (i) would give rise to the failure of a condition set forth in clauses (iv) or (v) of Section 13 - “*Conditions of the Offer*” and (ii) is incapable of being cured, or is not cured, by United Fuel within 20 calendar days following receipt of written notice of such breach or failure to perform from SCOC;
- (d) by SCOC:

- (i) at any time prior to the Offer Closing, upon a United Fuel Adverse Recommendation Change; or
 - (ii) at any time prior to the Effective Time, if the Special Committee changes its recommendation to the board of directors of United Fuel regarding the Merger and the Merger Agreement; or
 - (iii) if the United Fuel Board fails to reaffirm publicly its recommendation to United Fuel's stockholders to tender their Shares in the Offer and to approve the Merger within seven days of SCOC's written request for such reaffirmation;
- (e) prior to the Offer Closing by SCOC, if United Fuel has materially breached any of the no solicitation provisions;
- (f) prior to the Offer Closing by United Fuel, if (i) SCOC or Purchaser has breached or failed to perform in any material respect any of its representations, warranties, covenants or other agreements contained in the Merger Agreement, which breach or failure to perform (A) would result in the representations and warranties of SCOC and Purchaser contained in the Merger Agreement and in any certificate or other writing delivered by SCOC or Purchaser pursuant to the thereto that are qualified by materiality or Parent Material Adverse Effect not being true and correct in all respects both as of the date of the Merger Agreement and as of the date of the Offer Closing (such date, the "*Offer Closing Date*") as though made on and as of the Offer Closing Date (except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties will be true and correct in all respects on and as of such earlier date) or (B) the representations and warranties of SCOC and Purchaser in the Merger Agreement and in any certificate or other writing delivered by SCOC or Purchaser pursuant thereto that are not so qualified not being true and correct in all material respects both as of the date of the Merger Agreement and as of the Offer Closing Date as though made on and as of the Offer Closing Date (except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties will be true and correct in all material respects on and as of such earlier date); or (ii) SCOC and Purchaser shall not have performed in all material respects all obligations required to be performed by them under the Merger Agreement at or prior to the Closing Date, and in the case of either (i) or (ii) above, such breach or failure to perform is incapable of being cured, or is not cured, by SCOC within 20 calendar days following receipt of written notice of such breach or failure to perform from United Fuel;
- (g) by United Fuel, at any time prior to Offer Closing, to accept and enter into a binding agreement with respect to a Superior Proposal; provided that for the termination of the Merger Agreement pursuant to this provision to be effected, United Fuel will have complied with the no solicitation provisions regarding Company Takeover Proposals and United Fuel will have paid the Company Termination Fee described below; or
- (h) by United Fuel, if (1) Purchaser fails to commence the Offer and such breach is not cured within 20 calendar days following receipt of written notice of such breach from United Fuel, (2) the Offer shall have expired or been terminated without Purchaser having purchased any Shares pursuant thereto or (3) Purchaser, in violation of the terms of the Merger Agreement, fails to accept for payment and to purchase validly tendered Shares pursuant to the Offer; provided, however, that the right to terminate the Merger

Agreement pursuant to clause (2) above shall not be available if United Fuel's failure to fulfill any covenant or agreement contained in the Merger Agreement has been the cause of, or resulted in, the Offer having expired or terminated without Purchaser having purchased any Shares pursuant thereto.

Effect of Termination. Except as provided below, all fees and expenses incurred in connection with the Offer, the Merger, the Merger Agreement and the transactions contemplated by the Merger Agreement will be paid by the party incurring such fees or expenses, whether or not the Offer or the Merger is consummated.

In the event that: (w) (A) prior to the Offer Closing, a Company Takeover Proposal has been made to United Fuel and such Company Takeover Proposal becomes publicly known or has been made directly to the stockholders of United Fuel generally prior to the Offer Closing and, in either case, such Company Takeover Proposal has not been publicly withdrawn at least two business days prior to the Offer Closing or any entity has publicly announced an intention (whether or not conditional) to make a Company Takeover Proposal, (B) the Merger Agreement is terminated by SCOC pursuant to United Fuel's breach or failure to perform in any material respect any of its representations, warranties, covenants or other agreements contained in the Merger Agreement, which breach or failure to perform (i) would give rise to the failure of a condition set forth in clauses (iv) or (v) of Section 13 - "*Conditions of the Offer*" and (ii) is incapable of being cured, or is not cured, by United Fuel within 20 calendar days following receipt of written notice of such breach or failure to perform from SCOC or prior to the Offer Closing by SCOC, or United Fuel materially breaches any of the no solicitation provisions; and (C) within 12 months after such termination, United Fuel enters into a definitive agreement to consummate a Company Takeover Proposal or consummates a Company Takeover Proposal; or (y) the Merger Agreement is terminated by SCOC at any time prior to the Offer Closing, upon an United Fuel Adverse Recommendation Change or if the United Fuel Board fails to reaffirm publicly its recommendation to United Fuel's stockholders to tender their Shares in the Offer and to vote in favor of the Merger within seven days of SCOC's written request for such reaffirmation; or (z) the Merger Agreement is terminated by United Fuel, at any time prior to Offer Closing, to accept and enter into a binding agreement with respect to a Superior Proposal, provided United Fuel has complied with the no solicitation provisions regarding Company Takeover Proposals, then United Fuel will pay SCOC a fee equal to \$225,000 (the "*Company Termination Fee*") by wire transfer of same-day funds on the date of termination of the Merger Agreement (except that in the case of termination pursuant to clause (w) or (x) above, United Fuel will pay SCOC the Company Termination Fee upon the date of execution of such definitive agreement.

In the event that the Merger Agreement is terminated by SCOC prior to the Offer Closing, pursuant to United Fuel having breached or failed to perform in any material respect any of its representations, warranties, covenants or other agreements contained in the Merger Agreement, which breach or failure to perform (i) would give rise to the failure of a condition set forth in clauses (iv) or (v) of Section 13 - "*Conditions of the Offer*" and (ii) is incapable of being cured, or is not cured, by United Fuel within 20 calendar days following receipt of written notice of such breach or failure to perform from SCOC (and no amount is payable by SCOC pursuant to the prior paragraph) or by United Fuel if (i) SCOC or Purchaser shall have breached or failed to perform in any material respect any of its representations, warranties, covenants or other agreements contained in the Merger Agreement, which breach or failure to perform (A) would result in the representations and warranties of SCOC and Purchaser contained in the Merger Agreement and in any certificate or other writing delivered by SCOC or Purchaser pursuant thereto that are qualified by materiality or Parent Material Adverse Effect not being true and correct in all respects both as of the date of the Merger Agreement and as of the Offer Closing Date as though made on and as of the Offer Closing Date (except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall be true and correct in all respects on and as of such earlier date) or (B) the representations and warranties of

SCOC and Purchaser in the Merger Agreement and in any certificate or other writing delivered by SCOC or Purchaser pursuant thereto that are not so qualified not being true and correct in all material respects both as of the date of the Merger Agreement and as of the Offer Closing Date as though made on and as of the Offer Closing Date (except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall be true and correct in all material respects on and as of such earlier date); or (ii) SCOC and Purchaser shall not have performed in all material respects all obligations required to be performed by them under the Merger Agreement at or prior to the Closing Date, and in the case of either (i) or (ii) above, such breach or failure to perform is incapable of being cured, or is not cured, by SCOC within twenty (20) calendar days following receipt of written notice of such breach or failure to perform from United Fuel, then the party not terminating the Merger Agreement will pay to the party terminating the Merger Agreement a fee equal to out-of-pocket fees and expenses incurred by the party terminating the Merger Agreement in connection with the Merger, the Merger Agreement and the transactions contemplated thereby but not in excess of \$100,000 by wire transfer of same-day funds three (3) business days after the date of such termination of the Merger Agreement as referred to in this sentence; provided that the foregoing will not limit or be deemed to limit any liability of the party not terminating the Merger Agreement or damages or other remedy to which the party terminating the Merger Agreement may be entitled as a result of any willful breach of the Merger Agreement by the party not terminating the Merger Agreement; provided, further that (A) United Fuel will not be obligated to make a payment under this paragraph if United Fuel has paid or is required to pay the Company Termination Fee set forth in the prior paragraph, and any fees paid by United Fuel under this paragraph will be credited against any such Company Termination Fee to the extent that such fee subsequently becomes payable by United Fuel and (B) SCOC will not be obligated to make a payment pursuant to this section if the D&O Insurance is not commercially available to SCOC prior to the Offer Closing.

If United Fuel fails promptly to pay any amount due pursuant to this section, and, to obtain such payment, SCOC commences a suit which results in a judgment against United Fuel for such amount due pursuant to this section, United Fuel will pay to SCOC its out-of-pocket costs and expenses (including attorneys' fees and expenses) in connection with such suit, together with interest on such amount at the prime rate as published in the *Wall Street Journal* in effect on the date such payment was required to be made.

Amendment

Subject to the provisions of the Merger Agreement, the Merger Agreement may be amended by the parties thereto, by action taken or authorized by their respective boards of directors, at any time before or after approval by the stockholders United Fuel of the matters presented in connection with the Merger; provided, however, that after any approval of the transactions contemplated by the Merger Agreement by the stockholders of United Fuel, there may not be, without further approval of the stockholders of United Fuel, any amendment of the Merger Agreement that changes the amount or the form of the consideration to be delivered under the Merger Agreement to the holders of Shares, or which otherwise expressly requires, pursuant to applicable law, the further approval of such stockholders. No amendment will be made to the Merger Agreement after the Effective Time. The Merger Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties.

Waiver

Subject to provisions of the Merger Agreement, at any time prior to the Effective Time, any party to the Merger Agreement may (i) extend the time for the performance of any of the covenants, obligations or other acts of any other party thereto or (ii) waive any inaccuracy of any representations or warranties or compliance with any of the agreements, covenants or conditions of any other party or with any conditions

to its own obligations. Any agreement on the part of a party to the Merger Agreement to any such extension or waiver will be valid only if set forth in an instrument in writing signed on behalf of such party by its duly authorized officer. The failure of any party to the Merger Agreement to assert any of its rights under the Merger Agreement or otherwise will not constitute a waiver of such rights. The waiver of any such right with respect to particular facts and other circumstances will not be deemed a waiver with respect to any other facts and circumstances and each such right will be deemed an ongoing right that may be asserted at any time and from time to time.

Effects of Inability to Consummate the Merger

If, following the consummation of the Offer, the Merger is not consummated for any reason (see “*Conditions to Consummation of the Merger*” above), SCOC, which owns 100% of the common stock of Purchaser, will indirectly control the number of Shares acquired by Purchaser pursuant to the Offer, as well as any other Shares held by SCOC or its subsidiaries. As a result of its ownership of such Shares and right to designate nominees for election to the United Fuel board of directors (assuming no waiver of the Minimum Tender Condition, which would require consent by United Fuel), SCOC indirectly will be able to control decisions of the United Fuel board of directors and the decisions of Purchaser as a stockholder of United Fuel. This concentration of control in one stockholder may adversely affect the market value of the Shares.

12. Source of Funds

The Offer is not conditioned upon SCOC’s or Purchaser’s ability to finance the purchase of Shares pursuant to the Offer. SCOC has sufficient funds in cash to consummate the purchase of Shares in the Offer and the Merger Agreement and the other transactions described above, and will cause or arrange for Purchaser to have, sufficient funds in cash available to consummate such transactions.

We do not believe Purchaser’s financial condition is relevant to your decision whether to tender your Shares and accept the Offer because (a) the Offer is being made for all outstanding Shares solely for cash, (b) the Offer is not subject to any financing condition, (c) if Purchaser consummates the Offer, Purchaser will acquire all remaining Shares for the same price in the Merger, and (d) SCOC and/or one or more of its affiliates has, and will arrange for Purchaser to have, sufficient funds to purchase all Shares validly tendered in the Offer, and not properly withdrawn, prior to the Expiration Date and to acquire the remaining outstanding Shares in the Merger.

13. Conditions of the Offer

Notwithstanding any other provisions of the Offer, Purchaser will not be required to, and SCOC will not be required to cause Purchaser to, accept for payment or, pay for any tendered Shares unless:

- (i) there will have been validly tendered and not validly withdrawn prior to the expiration date for the Offer (as it may have been extended or re-extended pursuant to the Merger Agreement) that number of Shares, other than Shares owned of record by each of SCOC, its Subsidiaries, the Greinke Trust, Frank P. Greinke, and United Fuel Investments, LP, and their respective affiliates, and each of their respective officers and directors (other than directors of United Fuel other than Frank P. Greinke and those directors who are otherwise affiliates of the foregoing) (collectively, the “*Excluded Shares*”), that, when added to that number of Shares other than the Excluded Shares purchased, other than through the Offer, by SCOC or Purchaser after the execution of the Merger Agreement and prior to the commencement of the Offer, represents at least a majority of the total

number of Shares other than the Excluded Shares outstanding on the date of the Merger Agreement (the “*Minimum Tender Condition*”);

- (ii) No applicable law and no permanent injunction or other judgment, order or decree entered, enacted, promulgated, enforced or issued by any court or other governmental entity of competent jurisdiction in the United States or any material foreign jurisdiction will be and remain in effect which has the effect of prohibiting the consummation of the Merger or the other transactions contemplated by the Merger Agreement;
- (iii) There will not be existing any temporary restraining order, preliminary injunction, pending or threatened suit, action or proceeding by any governmental entity which challenges or seeks to prohibit or enjoin the Offer Closing, the Merger or the other transactions contemplated by the Merger Agreement;
- (iv) (A) The representations and warranties of United Fuel contained in the Merger Agreement and in any certificate or other writing delivered by United Fuel pursuant thereto that are qualified by materiality or Company Material Adverse Effect will be true and correct in all respects both as of the date of the Merger Agreement and as of the Offer Closing Date as though made on and as of the Offer Closing Date (except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties will be true and correct in all respects on and as of such earlier date) and (B) the representations and warranties of United Fuel in the Merger Agreement and in any certificate or other writing delivered by United Fuel pursuant thereto that are not so qualified will be true and correct in all material respects both as of the date of the Merger Agreement and as of the Offer Closing Date as though made on and as of the Offer Closing Date (except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties will be true and correct in all material respects on and as of such earlier date);
- (v) United Fuel will have performed in all material respects all obligations required to be performed by it under the Merger Agreement at or prior to the Offer Closing Date;
- (vi) There will not be pending any suit, action or proceeding by any governmental entity seeking to prohibit or impose any material limitations on SCOC’s ownership of United Fuel or the operation of all or a material portion of SCOC’s or United Fuel’s businesses or assets (whether held directly or through subsidiaries), or to compel SCOC or United Fuel or any of their respective subsidiaries to dispose of or hold separate any material portion of the business or assets of SCOC or United Fuel (whether held directly or through subsidiaries) in any such case which is reasonably likely to be materially adverse to SCOC or to have a Company Material Adverse Effect;
- (vii) Since the date of the Merger Agreement there will not have been any occurrence, event, change, effect or development that, individually or in the aggregate, has had or is reasonably expected to have a Company Material Adverse Effect; and
- (viii) United Fuel and SCOC will not have reached an agreement that the Offer or the Merger Agreement be terminated, and the Merger Agreement will not have been terminated in accordance with its terms.

The foregoing conditions will be in addition to, and not a limitation of, the rights of SCOC and Purchaser to extend, terminate and/or modify the Offer pursuant to the terms of the Merger Agreement.

The foregoing conditions are for the benefit of SCOC and Purchaser, may be asserted by SCOC or Purchaser regardless of the circumstances giving rise to the failure of any such conditions to be satisfied and may be waived by SCOC or Purchaser in whole or in part at any time and from time to time in their sole discretion (except for the Minimum Tender Condition, which is not waivable), in each case, subject to the terms of the Merger Agreement and the applicable rules and regulations of the Commission. The failure by SCOC or Purchaser at any time to exercise any of the foregoing rights will not be deemed a waiver of any such right and each such right will be deemed an ongoing right which may be asserted at any time and from time to time.

14. Certain Legal Matters

General. Except as otherwise set forth in this Offer to Purchase, based on SCOC's and Purchaser's review of publicly available filings by United Fuel with the Securities and Exchange Commission and other information regarding United Fuel, SCOC and Purchaser are not aware of any licenses or other regulatory permits that appear to be material to the business of United Fuel and that might be adversely affected by the acquisition of Shares by Purchaser or SCOC pursuant to the Offer or of any approval or action by any governmental, administrative or regulatory agency or authority which would be required for the acquisition or ownership of Shares by Purchaser or SCOC pursuant to the Offer. In addition, SCOC and Purchaser are not aware of any filings, approvals or other actions by or with any governmental authority or administrative or regulatory agency that would be required for SCOC's and Purchaser's acquisition or ownership of the Shares. Should any such approval or other action be required, SCOC and Purchaser currently expect that such approval or action, except as described below under "*State Takeover laws*," would be sought or taken. There can be no assurance that any such approval or action, if needed, would be obtained or, if obtained, that it will be obtained without substantial conditions; and there can be no assurance that, in the event that such approvals were not obtained or such other actions were not taken, adverse consequences might not result to United Fuel's or SCOC's business or that certain parts of United Fuel's or SCOC's business might not have to be disposed of or held separate. In such an event, we may not be required to purchase any Shares in the Offer. See Section 13 – "*Conditions of the Offer*."

Stockholder Approval. United Fuel has represented in the Merger Agreement that execution, delivery and performance of the Merger Agreement by United Fuel and the consummation by United Fuel of the Offer and the Merger have been duly and validly authorized by all necessary corporate action on the part of United Fuel, and no other corporate proceedings on the part of United Fuel are necessary to authorize the Merger Agreement or to consummate the Offer and the Merger (other than, with respect to the Merger, the adoption of the Merger Agreement by the holders of a majority of the then-outstanding Shares and the holders of two-thirds of the Preferred Shares, if and to the extent required by applicable law, and the filing and recordation of the Certificate of Merger and other documents as required by the NRS). As described below, such approval is not required if the Merger is consummated pursuant to the short-form merger provisions of the NRS. The Shares entitled to vote in accordance with the NRS, United Fuel's articles of incorporation and bylaws and the affirmative vote of two-thirds of the Preferred Shares are the only securities of United Fuel entitled to vote on the Merger. If following the purchase of Shares by Purchaser pursuant to the Offer, Purchaser and its affiliates own more than a majority of the outstanding Shares, Purchaser will be able to effect the Merger without the affirmative vote or written consent of any other stockholder of United Fuel. SCOC and Purchaser have agreed pursuant to the Merger Agreement that they will cause all Shares then owned by them and their subsidiaries to be voted in favor of the adoption of the Merger Agreement and approval of the Merger.

Short-Form Merger. The NRS provides that if a parent company owns at least 90% of each class of stock of a subsidiary, the parent company can effect a short-form merger with that subsidiary without the action of the other stockholders of the subsidiary. Accordingly, if as a result of the Offer, the Top-Up

Option or otherwise, Purchaser directly or indirectly owns at least 90% of the Shares, SCOC could, and (subject to the satisfaction of waiver of the conditions to its obligations to effect the Merger contained in the Merger Agreement) is obligated under the Merger Agreement, to effect the Merger without prior notice to, or any action by, any other stockholder of United Fuel if permitted to do so under the NRS. Even if SCOC and Purchaser do not own 90% of the outstanding Shares following consummation of the Offer, SCOC and Purchaser could seek to purchase additional Shares in the open market, from United Fuel or otherwise in order to reach the 90% threshold and effect a short-form merger. The consideration per Share paid for any Shares so acquired, other than Shares acquired pursuant to the Top-Up Option, will be equal to the Offer Price.

State Takeover Laws. A number of states (including Nevada, where United Fuel is incorporated) have adopted takeover laws and regulations which purport, to varying degrees, to be applicable to attempts to acquire securities of corporations which are incorporated in such states or which have substantial assets, stockholders, principal executive offices or principal places of business therein.

As a Nevada corporation, United Fuel is subject to Section 78.438 of the NRS. In general, Section 78.438 of the NRS would prevent an “*interested stockholder*” (generally defined in Section 78.426 of the NRS as a person beneficially owning 10% or more of a corporation’s voting stock) from engaging in a “*combination*” (as defined in Section 78.416 of the NRS) with a Nevada corporation for three years following the time such person became an interested stockholder unless before such person became an interested stockholder, the board of directors of the corporation approved the transaction in which the interested stockholder became an interested stockholder or approved the business combination. We believe we comply with the requirements of such “*interested stockholder*” provisions.

Dissenter’s Rights. No dissenter’s rights are available to the holders of Shares in connection with the Offer. If the Merger is consummated, each holder of Shares at the Effective Time who has neither voted in favor of the Merger nor consented thereto in writing, and who otherwise complies with the applicable statutory procedures under Section 92A.440 of the NRS, will be paid the amount Purchaser estimates to be the fair value of the Shares, plus accrued interest, within 30 days of receipt by Purchaser of demand for payment. Such stockholders may notify Purchaser of their own estimate of the fair value of their Shares. If such demand for payment remains unsettled, Purchaser must timely commence a court proceeding to determine the fair value of the Shares and accrued interest.

Any such judicial determination of the fair value of the Shares could be based upon considerations other than or in addition to the price paid in the Offer and the market value of the Shares. Stockholders should recognize that the value so determined could be higher or lower than the price per Share paid pursuant to the Offer or the per share price to be paid in the Merger. Moreover, Purchaser may argue in a proceeding that, for purposes of such a proceeding, the fair value of the Shares is less than the price paid in the Offer and the Merger.

The foregoing summary of the rights of dissenting stockholders under the NRS does not purport to be a statement of the procedures to be followed by stockholders desiring to exercise any dissenter’s rights under Nevada law. The preservation and exercise of dissenter’s rights require strict and timely adherence to the applicable provisions of Nevada law. The foregoing discussion is not a complete statement of law pertaining to dissenter’s rights under Nevada law and is qualified in its entirety by reference to Nevada law, including without limitation, Section 92A.380 of the NRS, a copy of which is attached hereto as *Exhibit A*.

15. Fees and Expenses

We have retained the Depositary and the Information Agent in connection with the Offer. Each of the Depositary and the Information Agent will receive customary compensation, reimbursement for reasonable out-of-pocket expenses, and indemnification against certain liabilities in connection with the Offer, including liabilities under the federal securities laws.

As part of the services included in such retention, the Information Agent may contact holders of Shares by personal interview, mail, electronic mail, telephone, telex, telegraph and other methods of electronic communication and may request brokers, dealers, commercial banks, trust companies and other nominees to forward the Offer materials to beneficial holders of Shares.

Except as set forth above, we will not pay any fees or commissions to any broker or dealer or other person for soliciting tenders of Shares pursuant to the Offer. Brokers, dealers, commercial banks and trust companies will upon request be reimbursed by us for customary mailing and handling expenses incurred by them in forwarding the offering material to their customers.

16. Miscellaneous

We are not aware of any jurisdiction where the making of the Offer is prohibited by any administrative or judicial action pursuant to any valid state statute. If we become aware of any valid state statute prohibiting the making of the Offer or the acceptance of the Shares, we will make a good faith effort to comply with that state statute or seek to have such statute declared inapplicable to the Offer. If, after a good faith effort, we cannot comply with the state statute, we will not make the Offer to, nor will we accept tenders from or on behalf of, the holders of Shares in that state.

The Offer does not constitute a solicitation of proxies for any meeting of United Fuel's stockholders. Any solicitation which Purchaser or any of its affiliates might seek would be made only pursuant to separate proxy materials complying with the requirements of the NRS.

No person has been authorized to give any information or make any representation on behalf of SCOC or Purchaser not contained in this Offer to Purchase or in the Letter of Transmittal and, if given or made, such information or representation must not be relied upon as having been authorized. Neither delivery of this Offer to Purchase nor any purchase pursuant to the Offer will, under any circumstances, create any implication that there has been no change in the affairs of SCOC, Purchaser, United Fuel or any of their respective subsidiaries since the date as of which information is furnished or the date of this Offer to Purchase.

Goldstream, Inc.

January 7, 2010

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SECTION 92A.300 ET SEQ. OF THE NRS

RIGHTS OF DISSENTING OWNERS

NRS 92A.300 Definitions. As used in [NRS 92A.300](#) to [92A.500](#), inclusive, unless the context otherwise requires, the words and terms defined in [NRS 92A.305](#) to [92A.335](#), inclusive, have the meanings ascribed to them in those sections.

(Added to NRS by 1995, 2086)

NRS 92A.305 “Beneficial stockholder” defined. “Beneficial stockholder” means a person who is a beneficial owner of shares held in a voting trust or by a nominee as the stockholder of record.

(Added to NRS by 1995, 2087)

NRS 92A.310 “Corporate action” defined. “Corporate action” means the action of a domestic corporation.

(Added to NRS by 1995, 2087)

NRS 92A.315 “Dissenter” defined. “Dissenter” means a stockholder who is entitled to dissent from a domestic corporation’s action under [NRS 92A.380](#) and who exercises that right when and in the manner required by [NRS 92A.400](#) to [92A.480](#), inclusive.

(Added to NRS by 1995, 2087; A [1999, 1631](#))

NRS 92A.320 “Fair value” defined. “Fair value,” with respect to a dissenter’s shares, means the value of the shares immediately before the effectuation of the corporate action to which he objects, excluding any appreciation or depreciation in anticipation of the corporate action unless exclusion would be inequitable.

(Added to NRS by 1995, 2087)

NRS 92A.325 “Stockholder” defined. “Stockholder” means a stockholder of record or a beneficial stockholder of a domestic corporation.

(Added to NRS by 1995, 2087)

NRS 92A.330 “Stockholder of record” defined. “Stockholder of record” means the person in whose name shares are registered in the records of a domestic corporation or the beneficial owner of shares to the extent of the rights granted by a nominee’s certificate on file with the domestic corporation.

(Added to NRS by 1995, 2087)

NRS 92A.335 “Subject corporation” defined. “Subject corporation” means the domestic corporation which is the issuer of the shares held by a dissenter before the corporate action creating the dissenter’s rights becomes effective or the surviving or acquiring entity of that issuer after the corporate action becomes effective.

(Added to NRS by 1995, 2087)

NRS 92A.340 Computation of interest. Interest payable pursuant to [NRS 92A.300](#) to [92A.500](#), inclusive, must be computed from the effective date of the action until the date of payment, at the average rate currently paid by the entity on its principal bank loans or, if it has no bank loans, at a rate that is fair and equitable under all of the circumstances.

(Added to NRS by 1995, 2087)

NRS 92A.350 Rights of dissenting partner of domestic limited partnership. A partnership agreement of a domestic limited partnership or, unless otherwise provided in the partnership agreement, an agreement of merger or exchange, may provide that contractual rights with respect to the partnership interest of a dissenting general or limited partner of a domestic limited partnership are available for any class or group of partnership interests in connection with any merger or exchange in which the domestic limited partnership is a constituent entity.

(Added to NRS by 1995, 2088)

NRS 92A.360 Rights of dissenting member of domestic limited-liability company. The articles of organization or operating agreement of a domestic limited-liability company or, unless otherwise provided in the articles of organization or operating agreement, an agreement of merger or exchange, may provide that contractual rights with respect to the interest of a dissenting member are available in connection with any merger or exchange in which the domestic limited-liability company is a constituent entity.

(Added to NRS by 1995, 2088)

NRS 92A.370 Rights of dissenting member of domestic nonprofit corporation.

1. Except as otherwise provided in subsection 2, and unless otherwise provided in the articles or bylaws, any member of any constituent domestic nonprofit corporation who voted against the merger may, without prior notice, but within 30 days after the effective date of the merger, resign from membership and is thereby excused from all contractual obligations to the constituent or surviving corporations which did not occur before his resignation and is thereby entitled to those rights, if any, which would have existed if there had been no merger and the membership had been terminated or the member had been expelled.

2. Unless otherwise provided in its articles of incorporation or bylaws, no member of a domestic nonprofit corporation, including, but not limited to, a cooperative corporation, which supplies services described in [chapter 704](#) of NRS to its members only, and no person who is a member of a domestic nonprofit corporation as a condition of or by reason of the ownership of an interest in real property, may resign and dissent pursuant to subsection 1.

(Added to NRS by 1995, 2088)

NRS 92A.380 Right of stockholder to dissent from certain corporate actions and to obtain payment for shares.

1. Except as otherwise provided in [NRS 92A.370](#) and [92A.390](#), any stockholder is entitled to dissent from, and obtain payment of the fair value of his shares in the event of any of the following corporate actions:

(a) Consummation of a conversion or plan of merger to which the domestic corporation is a constituent entity:

(1) If approval by the stockholders is required for the conversion or merger by [NRS 92A.120](#) to [92A.160](#), inclusive, or the articles of incorporation, regardless of whether the stockholder is entitled to vote on the conversion or plan of merger; or

(2) If the domestic corporation is a subsidiary and is merged with its parent pursuant to [NRS 92A.180](#).

(b) Consummation of a plan of exchange to which the domestic corporation is a constituent entity as the corporation whose subject owner's interests will be acquired, if his shares are to be acquired in the plan of exchange.

(c) Any corporate action taken pursuant to a vote of the stockholders to the extent that the articles of incorporation, bylaws or a resolution of the board of directors provides that voting or nonvoting stockholders are entitled to dissent and obtain payment for their shares.

(d) Any corporate action not described in paragraph (a), (b) or (c) that will result in the stockholder receiving money or scrip instead of fractional shares except where the stockholder would not be entitled to receive such payment pursuant to [NRS 78.205](#), [78.2055](#) or [78.207](#).

2. A stockholder who is entitled to dissent and obtain payment pursuant to [NRS 92A.300](#) to [92A.500](#), inclusive, may not challenge the corporate action creating his entitlement unless the action is unlawful or fraudulent with respect to him or the domestic corporation.

3. From and after the effective date of any corporate action described in subsection 1, no stockholder who has exercised his right to dissent pursuant to [NRS 92A.300](#) to [92A.500](#), inclusive, is entitled to vote his shares for any purpose or to receive payment of dividends or any other distributions on shares. This subsection does not apply to dividends or other distributions payable to stockholders on a date before the effective date of any corporate action from which the stockholder has dissented.

(Added to NRS by 1995, 2087; A [2001, 1414, 3199](#); [2003, 3189](#); [2005, 2204](#); [2007, 2438](#))

NRS 92A.390 Limitations on right of dissent: Stockholders of certain classes or series; action of stockholders not required for plan of merger.

1. There is no right of dissent with respect to a plan of merger or exchange in favor of stockholders of any class or series which, at the record date fixed to determine the stockholders entitled to receive notice of and to vote at the meeting at which the plan of merger or exchange is to be acted on, were either listed on a national securities exchange, included in the national market system by the National Association of Securities Dealers, Inc., or held by at least 2,000 stockholders of record, unless:

(a) The articles of incorporation of the corporation issuing the shares provide otherwise; or

(b) The holders of the class or series are required under the plan of merger or exchange to accept for the shares anything except:

(1) Cash, owner's interests or owner's interests and cash in lieu of fractional owner's interests of:

(I) The surviving or acquiring entity; or

(II) Any other entity which, at the effective date of the plan of merger or exchange, were either listed on a national securities exchange, included in the national market system by the National Association of Securities Dealers, Inc., or held of record by a least 2,000 holders of owner's interests of record; or

(2) A combination of cash and owner's interests of the kind described in sub-subparagraphs (I) and (II) of subparagraph (1) of paragraph (b).

2. There is no right of dissent for any holders of stock of the surviving domestic corporation if the plan of merger does not require action of the stockholders of the surviving domestic corporation under [NRS 92A.130](#).

(Added to NRS by 1995, 2088)

NRS 92A.400 Limitations on right of dissent: Assertion as to portions only to shares registered to stockholder; assertion by beneficial stockholder.

1. A stockholder of record may assert dissenter's rights as to fewer than all of the shares registered in his name only if he dissents with respect to all shares beneficially owned by any one person and notifies the subject corporation in writing of the name and address of each person on whose behalf he asserts dissenter's rights. The rights of a partial dissenter under this subsection are determined as if the shares as to which he dissents and his other shares were registered in the names of different stockholders.

2. A beneficial stockholder may assert dissenter's rights as to shares held on his behalf only if:

(a) He submits to the subject corporation the written consent of the stockholder of record to the dissent not later than the time the beneficial stockholder asserts dissenter's rights; and

(b) He does so with respect to all shares of which he is the beneficial stockholder or over which he has power to direct the vote.

(Added to NRS by 1995, 2089)

NRS 92A.410 Notification of stockholders regarding right of dissent.

1. If a proposed corporate action creating dissenters' rights is submitted to a vote at a stockholders' meeting, the notice of the meeting must state that stockholders are or may be entitled to assert dissenters' rights under [NRS 92A.300](#) to [92A.500](#), inclusive, and be accompanied by a copy of those sections.

2. If the corporate action creating dissenters' rights is taken by written consent of the stockholders or without a vote of the stockholders, the domestic corporation shall notify in writing all stockholders entitled to assert dissenters' rights that the action was taken and send them the dissenter's notice described in [NRS 92A.430](#).

(Added to NRS by 1995, 2089; A 1997, 730)

NRS 92A.420 Prerequisites to demand for payment for shares.

1. If a proposed corporate action creating dissenters' rights is submitted to a vote at a stockholders' meeting, a stockholder who wishes to assert dissenter's rights:

(a) Must deliver to the subject corporation, before the vote is taken, written notice of his intent to demand payment for his shares if the proposed action is effectuated; and

(b) Must not vote his shares in favor of the proposed action.

2. If a proposed corporate action creating dissenters' rights is taken by written consent of the stockholders, a stockholder who wishes to assert dissenters' rights must not consent to or approve the proposed corporate action.

3. A stockholder who does not satisfy the requirements of subsection 1 or 2 and [NRS 92A.400](#) is not entitled to payment for his shares under this chapter.

(Added to NRS by 1995, 2089; A [1999, 1631](#); [2005, 2204](#))

NRS 92A.430 Dissenter's notice: Delivery to stockholders entitled to assert rights; contents.

1. The subject corporation shall deliver a written dissenter's notice to all stockholders entitled to assert dissenters' rights.

2. The dissenter's notice must be sent no later than 10 days after the effectuation of the corporate action, and must:

(a) State where the demand for payment must be sent and where and when certificates, if any, for shares must be deposited;

(b) Inform the holders of shares not represented by certificates to what extent the transfer of the shares will be restricted after the demand for payment is received;

(c) Supply a form for demanding payment that includes the date of the first announcement to the news media or to the stockholders of the terms of the proposed action and requires that the person asserting dissenter's rights certify whether or not he acquired beneficial ownership of the shares before that date;

(d) Set a date by which the subject corporation must receive the demand for payment, which may not be less than 30 nor more than 60 days after the date the notice is delivered; and

(e) Be accompanied by a copy of [NRS 92A.300](#) to [92A.500](#), inclusive.

(Added to NRS by 1995, 2089; A [2005, 2205](#))

NRS 92A.440 Demand for payment and deposit of certificates; retention of rights of stockholder.

1. A stockholder to whom a dissenter's notice is sent must:

(a) Demand payment;

(b) Certify whether he or the beneficial owner on whose behalf he is dissenting, as the case may be, acquired beneficial ownership of the shares before the date required to be set forth in the dissenter's notice for this certification; and

(c) Deposit his certificates, if any, in accordance with the terms of the notice.

2. The stockholder who demands payment and deposits his certificates, if any, before the proposed corporate action is taken retains all other rights of a stockholder until those rights are cancelled or modified by the taking of the proposed corporate action.

3. The stockholder who does not demand payment or deposit his certificates where required, each by the date set forth in the dissenter's notice, is not entitled to payment for his shares under this chapter.

(Added to NRS by 1995, 2090; A 1997, 730; [2003, 3189](#))

NRS 92A.450 Uncertificated shares: Authority to restrict transfer after demand for payment; retention of rights of stockholder.

1. The subject corporation may restrict the transfer of shares not represented by a certificate from the date the demand for their payment is received.

2. The person for whom dissenter's rights are asserted as to shares not represented by a certificate retains all other rights of a stockholder until those rights are cancelled or modified by the taking of the proposed corporate action.

(Added to NRS by 1995, 2090)

NRS 92A.460 Payment for shares: General requirements.

1. Except as otherwise provided in [NRS 92A.470](#), within 30 days after receipt of a demand for payment, the subject corporation shall pay each dissenter who complied with [NRS 92A.440](#) the amount the subject corporation estimates to be the fair value of his shares, plus accrued interest. The obligation of the subject corporation under this subsection may be enforced by the district court:

(a) Of the county where the corporation's principal office is located;

(b) If the corporation's principal office is not located in this State, in Carson City; or

(c) At the election of any dissenter residing or having its principal office in this State, of the county where the dissenter resides or has its principal office.

↳ The court shall dispose of the complaint promptly.

2. The payment must be accompanied by:

(a) The subject corporation's balance sheet as of the end of a fiscal year ending not more than 16 months before the date of payment, a statement of income for that year, a statement of changes in the stockholders' equity for that year and the latest available interim financial statements, if any;

(b) A statement of the subject corporation's estimate of the fair value of the shares;

(c) An explanation of how the interest was calculated;

(d) A statement of the dissenter's rights to demand payment under [NRS 92A.480](#); and

(e) A copy of [NRS 92A.300](#) to [92A.500](#), inclusive.

(Added to NRS by 1995, 2090; A [2007, 2704](#))

NRS 92A.470 Payment for shares: Shares acquired on or after date of dissenter's notice.

1. A subject corporation may elect to withhold payment from a dissenter unless he was the beneficial owner of the shares before the date set forth in the dissenter's notice as the date of the first announcement to the news media or to the stockholders of the terms of the proposed action.

2. To the extent the subject corporation elects to withhold payment, after taking the proposed action, it shall estimate the fair value of the shares, plus accrued interest, and shall offer to pay this amount to each dissenter who agrees to accept it in full satisfaction of his demand. The subject corporation shall send with its offer a statement of its estimate of the fair value of the shares, an explanation of how the interest was calculated, and a statement of the dissenters' right to demand payment pursuant to [NRS 92A.480](#).

(Added to NRS by 1995, 2091)

NRS 92A.480 Dissenter's estimate of fair value: Notification of subject corporation; demand for payment of estimate.

1. A dissenter may notify the subject corporation in writing of his own estimate of the fair value of his shares and the amount of interest due, and demand payment of his estimate, less any payment pursuant to [NRS 92A.460](#), or reject the offer pursuant to [NRS 92A.470](#) and demand payment of the fair value of his shares and interest due, if he believes that the amount paid pursuant to [NRS 92A.460](#) or offered pursuant to [NRS 92A.470](#) is less than the fair value of his shares or that the interest due is incorrectly calculated.

2. A dissenter waives his right to demand payment pursuant to this section unless he notifies the subject corporation of his demand in writing within 30 days after the subject corporation made or offered payment for his shares.

(Added to NRS by 1995, 2091)

NRS 92A.490 Legal proceeding to determine fair value: Duties of subject corporation; powers of court; rights of dissenter.

1. If a demand for payment remains unsettled, the subject corporation shall commence a proceeding within 60 days after receiving the demand and petition the court to determine the fair value of the shares and accrued interest. If the subject corporation does not commence the proceeding within the 60-day period, it shall pay each dissenter whose demand remains unsettled the amount demanded.

2. A subject corporation shall commence the proceeding in the district court of the county where its principal office is located. If the principal office of the subject corporation is not located in the State, it shall commence the proceeding in the county where the principal office of the domestic corporation merged with or whose shares were acquired by the foreign entity was located. If the principal office of the subject corporation and the domestic corporation merged with or whose shares were acquired is not located in this State, the subject corporation shall commence the proceeding in the district court in Carson City.

3. The subject corporation shall make all dissenters, whether or not residents of Nevada, whose demands remain unsettled, parties to the proceeding as in an action against their shares. All parties must be served with a copy of the petition. Nonresidents may be served by registered or certified mail or by publication as provided by law.

4. The jurisdiction of the court in which the proceeding is commenced under subsection 2 is plenary and exclusive. The court may appoint one or more persons as appraisers to receive evidence and recommend a decision on the question of fair value. The appraisers have the powers described in the order appointing them, or any amendment thereto. The dissenters are entitled to the same discovery rights as parties in other civil proceedings.

5. Each dissenter who is made a party to the proceeding is entitled to a judgment:

(a) For the amount, if any, by which the court finds the fair value of his shares, plus interest, exceeds the amount paid by the subject corporation; or

(b) For the fair value, plus accrued interest, of his after-acquired shares for which the subject corporation elected to withhold payment pursuant to [NRS 92A.470](#).

(Added to NRS by 1995, 2091; A [2007, 2705](#))

NRS 92A.500 Legal proceeding to determine fair value: Assessment of costs and fees.

1. The court in a proceeding to determine fair value shall determine all of the costs of the proceeding, including the reasonable compensation and expenses of any appraisers appointed by the court. The court shall assess the costs against the subject corporation, except that the court may assess costs against all or some of the dissenters, in amounts the court finds equitable, to the extent the court finds the dissenters acted arbitrarily, vexatiously or not in good faith in demanding payment.

2. The court may also assess the fees and expenses of the counsel and experts for the respective parties, in amounts the court finds equitable:

(a) Against the subject corporation and in favor of all dissenters if the court finds the subject corporation did not substantially comply with the requirements of [NRS 92A.300](#) to [92A.500](#), inclusive; or

(b) Against either the subject corporation or a dissenter in favor of any other party, if the court finds that the party against whom the fees and expenses are assessed acted arbitrarily, vexatiously or not in good faith with respect to the rights provided by [NRS 92A.300](#) to [92A.500](#), inclusive.

3. If the court finds that the services of counsel for any dissenter were of substantial benefit to other dissenters similarly situated, and that the fees for those services should not be assessed against the subject corporation, the court may award to those counsel reasonable fees to be paid out of the amounts awarded to the dissenters who were benefited.

4. In a proceeding commenced pursuant to [NRS 92A.460](#), the court may assess the costs against the subject corporation, except that the court may assess costs against all or some of the dissenters who are parties to the proceeding, in amounts the court finds equitable, to the extent the court finds that such parties did not act in good faith in instituting the proceeding.

5. This section does not preclude any party in a proceeding commenced pursuant to [NRS 92A.460](#) or [92A.490](#) from applying the provisions of [N.R.C.P. 68](#) or [NRS 17.115](#).

(Added to NRS by 1995, 2092)

**INFORMATION CONCERNING
THE EXECUTIVE OFFICERS OF SCOC AND PURCHASER**

Mimi S. Taylor

Mimi S. Taylor is the Chief Financial Officer for SCOC and Treasurer for Purchaser. Ms. Taylor was employed with Bush O'Donnell & Co. from 1996 until 2003, ultimately serving as Chief Financial Officer and a member of the Board of Directors. Prior to joining with Bush O'Donnell & Co. Ms. Taylor was with Coopers & Lybrand in Business Assurance and Audit.

At SCOC, Ms. Taylor is responsible for the organization's shareholders financial planning and accounting practices, a well as its relationship with lending institutions, and the financial community.

In 2007, Ms. Taylor was named Top Private CFO of the Year by the Orange County/Long Beach Chapter of the California Society of CPAs.

Ms. Taylor graduated from the University of Notre Dame with a Bachelor's Degree in Business Administration, with an emphasis in Accounting.

Robert W. Bollar

Robert W. Bollar, is General Counsel and Corporate Secretary for SCOC and Corporate Secretary for Purchaser. He was born in 1961, and raised in Torrance, California.

At SCOC, Mr. Bollar oversees all transactions, litigation, regulatory compliance, corporate governance policy creation/enforcement and insurance purchasing. He is corporate Secretary for all the operating entities under the SCOC umbrella. He assumed his current responsibilities in 1998. Prior to joining SCOC, he worked at Cummins & White as a summer associate, associate, partner, and managing partner. Mr. Bollar has an AV Martindale-Hubbel Peer Review Rating.

Mr. Bollar earned his Juris Doctor from the McGeorge School of Law, University of the Pacific in 1986, and his bachelor's degree from the University of Southern California in 1983, majoring in Communication Arts & Sciences and Political Science.

The Letter of Transmittal, certificates for Shares and any other required documents should be sent by each stockholder of United Fuel or such stockholder's broker, dealer, commercial bank, trust company or other nominee to the Depository as follows:

The Depository for the Offer is:



If delivering by mail:

Computershare Trust Company, N.A.
c/o Voluntary Corporate Actions
P.O. Box 43011
Providence, RI 02940-3011

*If delivering by facsimile
transmission:*

For Eligible Institutions Only:
(617) 360-6810
For Confirmation Only Telephone:
(781) 575-2332

If delivering by overnight courier:

Computershare Trust Company, N.A.
c/o Voluntary Corporate Actions
Suite V
250 Royall Street
Canton, MA 02021

Any questions or requests for assistance may be directed to the Information Agent at its telephone number and location listed below. Requests for additional copies of this Offer to Purchase and the Letter of Transmittal may be directed to the Information Agent at its telephone number and location listed below. You may also contact your broker, dealer, commercial bank or trust company or other nominee for assistance concerning the Offer.

The Information Agent for the Offer is:



Georgeson Inc.
199 Water Street, 26th Floor
New York, NY 10038

or

CALL TOLL-FREE (800) 509-0984
E-mail: unitedfueloffer@georgeson.com

Banks and Brokerage Firms please call:

(212) 440-9800