

## FINANCIAL ADVISORY AGREEMENT

FINANCIAL ADVISORY AGREEMENT, dated as of October 2, 2012 (this “Agreement”), by and between Metro Fuel Oil Corporation with its principal place of business at 500 Kingsland Ave., Brooklyn, NY 11222 (“Metro” or the “Company”) and Carl Marks Advisory Group LLC, with its principal place of business at 900 Third Avenue, New York, NY 10022 (“CMAG”).

WHEREAS, Metro desires to engage the financial advisory services of CMAG, subject to and on the terms and conditions hereinafter set forth; and

WHEREAS, CMAG has agreed to provide such financial advisory services subject to and on such terms and conditions.

NOW, THEREFORE, in consideration of the above premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Engagement:** Metro engages CMAG, and CMAG hereby agrees to serve Metro as its exclusive financial advisor and to provide the services described in Section 2 hereof (the “Engagement”). Metro understands and acknowledges that CMAG has and will continue to have other engagements during the term of this Agreement.
2. **Scope:** CMAG will serve as the financial advisor to Metro and assist the Company’s restructuring advisor AlixPartners LLC (“AlixPartners”), in connection with its exploration of a prospective sale or merger of all or substantially all of the Company in one or more transactions, (each a “Transaction”). As used herein the term Transaction shall mean any of the following, whether consummated out of court or through a court approved sale transaction under Section 363 of the Bankruptcy Code, or similar mechanism, and/or pursuant to one or more Plans: a transaction or series of related transactions whereby, directly or indirectly, control of or a material interest in the securities, assets or business of the Company is acquired by or combined with any person or entity through the sale or exchange of capital stock, debt or assets, a conversion of debt to equity, a lease of assets with or without a purchase option, a merger or consolidation, a tender or exchange offer, a leveraged buy-out, the formation of a joint venture or

partnership, or any other business combination or similar transaction. In support of any Transaction, CMAG will provide the following services, as required:

- (a) Review Metro's business plan and other information in working with management and AlixPartners to stimulate interest among potential acquirers or merger candidates (collectively, the "Acquirers");
- (b) Formulate and implement a strategy for identifying additional prospective Acquirers, approaching them and ascertaining their level of interest in a Transaction;
- (c) Assist and support Metro and AlixPartners coordinate the sales effort, due diligence process, manage data flow between management and potential acquirers and assist in the negotiation and structuring of the aspects of each proposed Transaction;
- (d) Discuss with Metro all interested parties, coordinate the negotiation process with Metro, participate in negotiations, and otherwise reasonably assist Metro in effectuating the Transaction;
- (e) Analyze the relative merits of competing Transaction proposals for Metro's evaluation;
- (f) Assist Metro, AlixPartners and counsel in negotiating appropriate bid protections and bid procedures for any potential stalking horse bidder;
- (g) Assist in conducting any court approved auction and sale hearing;
- (h) With the participation and approval of the Board of Directors of Metro or its designated representatives, assist in negotiations with selected potential Acquirers, assist in structuring a Transaction on terms deemed acceptable to Metro, assist in managing the documentation and closing process associated with the Transaction, and facilitate discussions between the legal, accounting, tax and business transaction teams of Metro and the selected Acquirers with the objective of reaching a closing on terms acceptable to Metro; and
- (i) Perform other such services as may reasonably be required and mutually agreed upon by Metro and CMAG.

To the extent that CMAG determines that any services under this section involve an offering or exchange of securities, such services will be provided by Carl Marks Securities LLC (“CMS”), its broker dealer affiliate.

3. **Term**: The term of this Agreement (the “Term”) shall commence as of the date of this Agreement and shall continue unless canceled with or without cause by either party on thirty (30) days prior written notice, in which event any compensation and expenses owing to CMAG pursuant to Sections 4 and 5 below shall be immediately due and payable. If at any time during the residual period (“Residual Period” as defined below), Metro completes a Transaction with any party introduced by CMAG or with whom CMAG has had discussions on behalf of Metro, (defined as “Covered Parties” in Section 9), and the closing of such Transaction occurs within the Residual Period, Metro shall pay CMAG the applicable compensation and expenses pursuant to Sections 4 and 5 below, payable within five (5) days following the closing of each Transaction. A Residual Period shall extend for twelve (12) months from the date of termination of this Agreement.

4. **Compensation**: As compensation for the financial advisory services to be rendered hereunder by CMAG, Metro shall pay CMAG the following fees:

- (i) **Monthly Advisory Fee**: A fixed fee (a “Monthly Advisory Fee”) at the rate of \$75,000 per monthly period, which shall be payable in advance commencing from the date of this Agreement, and at the beginning of each subsequent monthly period in which financial advisory services are to be provided hereunder. In the event of a Transaction, beginning with the fifth monthly period of the Engagement, 100% of such Monthly Fee shall be credited towards the Completion Fee (as defined below).
- (ii) **Completion Fee**: A fee (a “Completion Fee”) in the amount of \$650,000, which will be paid in cash and earned in full and due upon the completion of a Transaction, or a series Transactions, with any party during the term of this Agreement or with any Covered Party within the Residual Period. For purposes of this Agreement, CMAG shall only be entitled to earn one Completion Fee

regardless of the number of Transactions necessary to complete the sale or merger of all or substantially all of the Company as set forth in Section 2 above.

5. **Expenses**: CMAG shall be entitled to reimbursement for all reasonable expenses incurred by it in the performance of its duties (the “Expenses”) upon presentation of appropriate documentation therefore. The Expenses shall include, but not be limited to, transportation of any of CMAG personnel, employees or associates on business related to the Engagement, cost of hotels, meals, etc. Such Expenses shall also include, but not be limited to, all reasonable legal fees incurred by CMAG in connection with the performance of the Engagement, provided that Metro first consents to the retention of such counsel for such services. All Expenses will be reimbursed by Metro upon receipt of invoices therefore, which shall be submitted promptly after the end of each week in which CMAG renders services.

6. **Indemnification**: Metro will indemnify CMAG and hold it harmless for all acts or omissions, and all decisions made, by CMAG (other than as a result of CMAG’s gross negligence, willful misconduct or fraud) while performing services for Metro and agrees to pay directly, upon presentation thereof, all statements or invoices for all fees and expenses, including reasonable attorneys’ fees actually and necessarily incurred by CMAG in connection with the defense of any such claims based on CMAG’s alleged acts, omissions or decisions (other than made or taken through gross negligence or willful misconduct), including any suit or proceeding relating thereto and any appeal therefrom and the costs of any settlement thereof (“Claim”), provided that with respect to costs incurred in any appeal of a judgment, Metro first consents to appealing such judgment (which consent shall not be unreasonably withheld or delayed), notwithstanding anything to the contrary in Section 5. CMAG shall have the sole right to select counsel of its choosing and control the defense of any such Claim, but Metro shall have the right to accept or reject any settlement of any Claim for which indemnification is sought by CMAG hereunder (which acceptance or rejection shall not be unreasonably withheld or delayed). For purposes of this Section, “CMAG” includes its members, officers, directors, employees and/or agents, and CMAG’s affiliates and each of their respective shareholders, members, officers, directors, employees and/or agents. The provisions of this Section 6 shall survive the term of this Agreement.

7. **Proprietary Work Product and Confidential Company Information:** Metro acknowledges and agrees that any work product including, without limitation, any information, advice, recommendations or other content of any reports, presentations or other communications produced by CMAG is for the sole use of Metro and is not intended for distribution to, or to be relied upon by, any third party.

In addition, CMAG acknowledges and agrees that as a result of the services to be provided hereunder, the persons performing such services may acquire knowledge and information of a secret and confidential nature. CMAG further acknowledges and agrees that this information constitutes valuable property of Metro generally not being disseminated or made known to persons or organizations outside Metro at all, or if made known, being done so only under specific and restrictive conditions such as to ensure that it does not become readily available to the public, and also that confidential information of others may be received by Metro with restrictions on its use and disclosure. Accordingly, CMAG agrees that:

- (i) CMAG and any person performing any services for CMAG hereunder shall not, during the Term nor at any time thereafter, disclose to anyone outside Metro any secret or confidential information of Metro or its subsidiaries or affiliates, except as authorized by Metro. Metro information which is not readily available to the public shall be considered secret and confidential for the purpose of this Agreement and shall include, but not be limited to, information relating to Metro and its subsidiaries and affiliates, customers, processes, products, apparatus, data, compounds, business studies, business and contracting plans, business procedures and finances;
- (ii) CMAG and any person performing any services for CMAG hereunder shall not, during the Term nor at any time thereafter, disclose to any other person or use secret or confidential information of others, which, to the knowledge of CMAG, has been disclosed to Metro with restriction on the use or disclosure thereof, in violation of those restrictions.
- (iii) CMAG and any person performing any services for CMAG hereunder shall not, during the Term nor at any time thereafter, disclose to Metro or induce Metro to

use, without prior permission of the owner, any secret or confidential information or material of others of which CMAG is or may become possessed; and

- (iv) Notwithstanding the foregoing, CMAG and any person performing services for CMAG hereunder shall not be liable for the disclosure of information which may otherwise be deemed confidential hereunder:
  - (a) if the information is in, or becomes part of, the public domain, other than by CMAG's disclosure of the information; or
  - (b) if the information is furnished to a third party by Metro without restriction on the third party's right to disseminate the information;
  - (c) if the information is already of record in CMAG's files at the time of disclosure, or is disclosed to CMAG by a third party as a matter of right;
  - (d) if the information is disclosed with Metro's written approval; or
  - (e) if the information is compelled to be revealed via subpoena, civil investigative demand or other judicial or administrative process

The provisions of this Section 7 shall survive the termination of this Agreement.

8. **Client Cooperation; Reliance on Client's Information:** Metro acknowledges and agrees that the ability of CMAG to perform the Engagement requires the full cooperation and assistance of Metro and its personnel. Accordingly, Metro covenants and agrees to furnish to CMAG all information, documents and other materials requested by CMAG and to make available to CMAG for meetings, conference calls and otherwise all personnel designated by CMAG to enable CMAG to receive on a timely basis, in writing and verbally, all information requested by CMAG related to the Engagement under this Agreement. Metro acknowledges and agrees that CMAG, in performance of the Engagement, will be relying on the truth, completeness and accuracy of the written documentation delivered and the verbal communications made by Metro and its representatives to CMAG in connection with all matters relating to the Engagement.

9. **Covered Party:** Within 30 days after the effective date of any termination or expiration, CMAG shall deliver to the Company, a list of all parties who CMAG has had discussions concerning the Transaction(s) prior to receipt of the notice of termination. Each listed party shall

be considered a “Covered Party” and collectively shall be considered the “Covered Parties” for purposes of Section 4.

10. **Notices**: All notices, requests, demands and other communications provided for by this Agreement shall be in writing addressed to the parties at the address for such party first set forth above, and shall be transmitted by either facsimile (fax), personal or overnight courier delivery or by certified mail. All notices, etc. shall be deemed given when received by the party to whom it is addressed.

11. **Successors and Assigns**: This Agreement shall inure to the benefit of, and be binding upon, each of Metro and CMAG and their respective successors and assigns. Neither party may assign its rights and/or obligations under this Agreement without the written consent of the other, which consent shall not be unreasonably withheld or delayed.

12. **Applicable Law**: This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, without reference to principles of conflicts of law.

13. **Amendments**: No amendment, modification, termination or waiver of any provision of this Agreement or consent to any departure by any party therefrom shall be effective unless in writing signed by the parties hereto, and, in any event, shall be effective only in the specific instance and for the specific purpose for which given.

14. **No Waiver; Cumulative Remedies**: No failure or delay on the part of any party in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude the exercise of any other right, power or remedy. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

15. **Headings**: Headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.

16. **Counterparts**: This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

17. **Waiver of Jury Trial:** Each of the parties to this Agreement hereby waives its right to a jury trial with respect to any claim, action, suit or proceeding made or brought by one of the parties against the others in connection with or arising from this Agreement.

18. **Publication:** CMAG may, at its expense, place an announcement in such newspapers, periodicals, electronic publications and other print as CMAG may choose stating that CMAG has acted as a financial advisor for the Company in connection therewith.


19. **Independent Contractor Relationship:** CMAG shall serve as an independent contractor to Metro pursuant to the terms and conditions of this Agreement and this Agreement does not create and shall not be construed to create a relationship of principal and agent, joint venturer, co-partners, employer and employee, master and servant or any similar relationship between CMAG and Metro, and the parties hereto expressly deny the existence of any such relationship.

20. **Non-Solicitation:** For a period of two-years from the date of this Agreement, or one-year following its termination, whichever is later; Metro, (or any of its Affiliates) will not (A) solicit or cause to be solicited any employee, agent or representative of CMAG with whom Metro, (or any of its Affiliates) has had contact, or who became known to Metro, (or any of its Affiliates) during CMAG's provision of services; or (B) hire or cause to be hired any employee, agent or representative of CMAG, with whom Metro, (or any of its Affiliates) has had contact, or who became known to Metro, (or any of its Affiliates) during CMAG's provision of services and who was, within twelve (12) months of such proposed hiring, an employee, agent or representative of CMAG. As used herein, the term "Affiliates" shall mean and include any person, firm, corporation or other entity directly or indirectly controlling, controlled by or under common control with Metro.

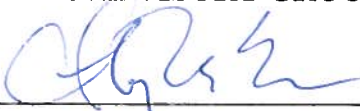


IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first written above.

**METRO FUEL OIL CORPORATION**

By:   
Name:  
Title:

**CARL MARKS ADVISORY GROUP LLC**

By:   
Christopher K. Wu  
Partner