



OFFICIAL PRICE NOTIFICATION

Dec 01, 2018

SOUTHERN COUNTIES LUBRICANTS, LLC

Dear Scott Parry,

Effective January 14, 2019, or as stated in our commercial contract, Houghton International is increasing prices for our product lines in United States and Canada.

We are implementing this increase because we continue to experience ongoing escalation in raw material, transportation, and other operating costs required to continue manufacturing and marketing our products and services. We are committed to providing you with innovative product technology and sustainable solutions and services to help you improve productivity, reduce operating and TCO costs and minimize risks. These price increases are result of several external market forces that are impacting our industry, including:

- Multiple increases in base oils in 2018, driven in part by snug-to-tight supply in the Americas as well as rising demand
- Increases in additive product costs
- Increases in packaging and transportation costs in NAFTA
- Tariffs on various raw materials being imported into United States
- And increases in regulatory requirements impacting product development, product stewardship and manufacturing operations

We continue to focus on improvements not only in our supply chain and operations but also with our suppliers and product improvements to minimize the impact of similar increases. Unfortunately, we do not anticipate any near term market developments that will reverse these cost increase trends. We are also focused and committed to product availability, and at this point have taken required actions to ensure certainty of supply of our products for your purchase.

Details of the new pricing for products you have recently purchased are attached. For any questions, please contact your local Houghton International Technical Sales Representative.

In closing, I want to thank you for your business. We value and appreciate our partnership and are committed to serving your needs today and in the future.

Very truly yours,

Jeewat Bijlani
President - Americas