



LUBRICANTS

April 23, 2019

Dear Phillips 66 Lubricants Marketer,

This letter is to advise you that Phillips 66[®] Lubricants will raise finished lubricants prices up to 8% with an effective date of Wednesday, May 29, 2019. This 8% increase is in addition to the 6% increase in price that was communicated on Monday, April 1, 2019, with an original effective date of Monday, May 6, 2019, for an increase in total of up to 14%. Both announced increases will become effective on Wednesday, May 29, 2019, to lessen the administrative burden of two separate price increases.

Pricing will be evaluated on a product-by-product basis, and individual products may fall outside of the price increase amount. These changes are driven by continued increases in raw material costs that have occurred despite our best efforts to limit their impact on our product manufacturing.

We realize price increases impact both you and your customers. This notice is intended to allow reasonable time for you to communicate to your customers. Your prices will be available on [Lubestream](#) the week ending May 17, 2019.

We expect increased demand prior to the price change. To ensure a fair order fulfillment process, we will limit the volume Marketers can purchase to 110% of their monthly base volume delivered through Tuesday, May 28, 2019. Individual base volumes are based on the average monthly volume purchased during the period of March 2018 through February 2019, with some products excluded from the base volume calculations. Any volume purchased in excess of base volumes will be priced at the price increase amount. Please contact your Territory Manager with any questions about your base volume.

Phillips 66 Lubricants remains committed to providing our customers with high quality products at competitive prices. As always, we thank you for your continued business, support and understanding.

Sincerely,

A handwritten signature in black ink, appearing to read "Dirk Macfarlane".

Dirk Macfarlane
Manager, Finished Lubricants