



January 27, 2020

Dear Phillips 66[®] Sales Team,

This letter is to advise you that Phillips 66[®] Lubricants will raise finished lubricants prices up to 12% with an effective date of Monday, March 2, 2020. Pricing will be evaluated on a product-by-product basis and individual products may fall outside of the price increase amount. This change is driven by recent increases in raw material costs that have occurred despite our best efforts to limit their impact on our product manufacturing.

We realize this price increase impacts both you and your customers. This notice is intended to allow reasonable time for you to communicate to your customers. Segment-specific price increases will be provided the week ending February 21, 2020. New customer-specific prices and list prices incorporating this increase will be available for download on Lubestream shortly thereafter.

We expect increased demand prior to the price change. To ensure a fair order fulfillment process, we will limit the volume Marketers can purchase up to 110% of their monthly base volume delivered from Monday, February 3, 2020, through Friday, February 28, 2020. Individual base volumes are based on the average monthly volume purchased during the period of January through December 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 Phillips 66 Account Manager with any questions about your base volume.

To fairly meet the needs of all customers, we ask that Marketers place orders consistent with the historical needs of their customers. Phillips 66 Lubricants reserves the right to limit purchases of any product if deemed to be excessive.

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