



May 30, 2006

To our customers:

Ergon has tried to incorporate rising transportation costs as a part of the price increases that have been implemented over the past 18 months. However as fuel costs continues to remain high we have received freight increases and the freight companies have maintained surcharges as a protection on fuel costs. Ergon has decided to pass these charges on to the customer as a separate line item on truck freight on your invoice. While this would not replace price changes due to market conditions and other costs factors, it does eliminate one of the more volatile factors that are difficult to recover.

The surcharge will go into effect June 15 and will be 20% of the actual truck freight costs. This is based on the past 6 months of truck freight surcharges which have ranged from a high of 24.5% to 17%. We will adjust the surcharge on the 1st day of every month based on the changes charged Ergon. You will be able to access the changes by going to our web site www.ergonlubes.com. This will be the mechanism we use to communicate future surcharge changes.

Ergon values its customers and business. As we have all struggled the last few years with the changing market impacts of our business Ergon has been appreciative of your cooperation and our relationship. As always if you would like to discuss this policy please feel free to contact your Account Manager.

Mike Burnett
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