



UNITED ASPHALTS
 ——— NOEMELL ———

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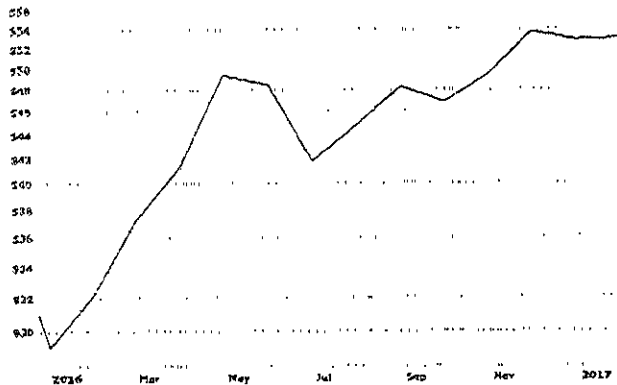
February 6, 2017

Re: Carton & Bulk Asphalt Price Increase

Thank you for being a loyal customer of United Asphalts. We value your business and we want to give you as much notice as possible about changing market conditions that affect pricing. We have enjoyed a longer than usual period of stable pricing, however raw material costs, particularly asphalt flux, have recently increased significantly.

As you know, United Asphalts never compromises on the quality of our products or packaging. This requires us to pass on some of these raw material cost increases. This letter is intended to provide you notice that for all orders placed on or after March 10, 2017 we will have a 5-7% increase from current levels. Please note, this notice does not change the status of any currently outstanding quotes.

What is driving the increase in raw material costs for roofing asphalt? Historically, asphalt pricing is loosely connected to the price of a barrel of oil and typically follows the same pricing trends. On February 11, 2016, the price of a barrel of oil was \$26.21. On February 6, 2017, the price of a barrel was \$53.54. This is an increase of 104%.



In addition, asphalt prices are also affected by the fact that most petroleum manufacturers have the ability to reduce the amount of asphalt they produce when the market value of asphalt is less than the market value of alternative fuel products that the refinery can produce from asphalt flux. So, as the value of these alternative asphalt products increases so does the cost of asphalt flux. Both of these factors have contributed to our increased raw material costs.

We have received price increases from our suppliers in three out of the last four months. We hope that prices will stabilize from here although indications are we will continue to see increases into summer, especially when the road paving season starts. We will continue to carefully analyze pricing every 30 days moving forward to ensure that you are well informed about any future changes in pricing.

Please be assured that we will continue to do all we can to minimize the impact of future price increases and give you as much notice and information as possible. Please do not hesitate to contact us with any questions, concerns or special job needs.

Sincerely,

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