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Lubricants

US Industry Study with Forecasts for **2012 & 2017**

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Lubricants

US Industry Study with Forecasts for ***2012 & 2017***

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Table of Contents

(continued on next page)

Lubricants

US Industry Study with Forecasts for ***2012 & 2017***

(continued from previous page)

COMPANY PROFILES

List of Tables/Charts

EXECUTIVE SUMMARY

MARKET ENVIRONMENT

LUBRICANT BASE OILS

LUBRICANT PRODUCTS

LUBRICANT MARKETS

INDUSTRY STRUCTURE

Lubricants

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While volume gains will be restricted by longer-lasting lubricants, growth in value will continue to be driven by the impact of high base oil costs and shifts toward higher-quality formulations.

US market value to reach $17 billion in 2012

Demand for lubricants in the US will increase nearly one percent per year to 2.5 billion gallons in 2012, growing off a weak base. Market value will approach $17 billion, an annual increase of more than four percent from 2007. Advances will largely be a result of climbing demand for engine oils, which will benefit from the increasing number of motor vehicles in use. Additionally, growth in the manufacturing sector is expected to fuel demand for industrial lubricants such as hydraulic fluids, process oils and greases. However, volume gains will be restricted by trends toward longer-lasting lubricants, which extend oil drain intervals and reduce overall lubricant requirements. The growth in value will continue to be driven by the impact of high base oil costs and shifts toward higher-quality formulations.

Significant shifts in demand for lubricating base oils are expected, as performance requirements of finished lubricants continue to change. Together, higher quality basestocks such as Group II, II+ and III petroleum oils, as well as synthetic types, are expected to increase their share of the market at the expense of Group I base oils, particularly over the longer term. Better quality base oils are necessary for lubricants to comply with the variety of new standards in the industry, including ILSAC GF-5 motor oils, API CJ-4 diesel engine oils, and DEXRON-VI transmission fluids.

Engine oils to benefit from oil change market

Demand for engine oils -- which accounted for nearly half of total lubricant demand in 2007 -- will be boosted by the increasing number of motor vehicles in use, although this will be offset somewhat by trends toward smaller automobiles, less frequent oil changes and a decline in the miles driven per automobile. The “Do-It-For-Me” engine oil change market will continue to benefit from the decline in the “Do-It-Yourself” market as aging baby boomers continue to change sectors. Dealerships are expected to benefit the most from this switch as they use oil changes as a loss leader to attract customers for the more profitable repair work. Above average engine oil demand is also expected to come from the agricultural sector and the construction industry.

Demand for process oils is forecast to lag overall lubricant demand. Although process oils are often incorporated into the finished product, making them less vulnerable to factors such as recycling and extended drain intervals, some weakness in key markets such as cosmetics and toiletries and inks is likely to dampen gains. Demand for transmission and hydraulic fluids is projected to reverse recent declines, although growth will be below average for the industry due to changing standards for automatic transmission fluids, which will continue to increase drain intervals.

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Sample Text, Table & Chart

LUBRICANT BASE OILS

Synthetic Lubricants

US demand for synthetic lubricants is forecast to advan
cent annually through 2012 t ynthe
to gain market share at the e icant
ing performance and enviro dem
fully synthetic and synthetic best
for growth will be in engine cont
consumer acceptance. How ll fac
tion from highly refined petro n som
similar performance and environmental properties more cost
than synthetic lubricants. For the purposes of this report, a s
bricant is one whose basestock is manufactured by chemical
organic reaction. This definition is in contrast to a lubricant
oil is extracted or refined from naturally occurring sources.
lubricants formulated with Group III petroleum base oils are
termed synthetic, these products are included as conventional in this
report. Additionally, in the case of synthetic blends, only the synthetic
portion of the blend is included in the totals.

SAMPLE TEXT

Synthetic lubricants are designed to provide primarily the same lubrication functions as petroleum lubricants. However, synthetic lubricants can also be custom formulated to meet a combination of requirements for specific applications. Synthetic lubricant formulations typically provide enhanced performance properties versus their petroleum counterparts. Such properties include:

- petroleum compatibility
- hydrolytic stability
- low volatility
- viscosity temperature behavior
- low temperate fluidity
- paint and elastomer compatibility

62

TABLE IV-16

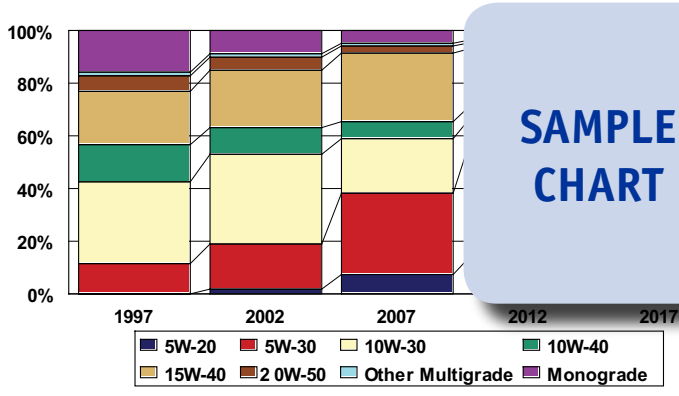
TRANSMISSION & HYDRAULIC FLUID DEMAND
(million gallons)

Item	1997	2002	2007	2012	2017
Motor Vehicles in Use (mil)	2				1.7
gal/vehicle					9
Transmission & Hydraulic Fluids					7
By Type:					
Automatic Transmission Fluids					5
Tractor Hydraulic/Transmission F					3
Power Steering & Other Fluids					9
By Market:					
Light Vehicle Aftermarket					0
Commercial/Industrial					8
Durable Goods Manufacturing					7
Transportation Equip Aftermarket					2
% transmission					8
Lubricant Demand	2800	2660	2455	2550	2600

SAMPLE TABLE

CHART IV-16

MOTOR VEHICLE ENGINE OIL DEMAND BY GRADE, 1997-2017
(percent of total)



SAMPLE CHART

Lubricants

US Industry Study with Forecasts for ***2012 & 2017***

Sample Profile, Table & Forecast

TABLE V-27

NONDURABLE GOODS LUBRICANT DEMAND
(million gallons)

Item	1997	2002	2007	2012	2017
Nondurable Goods Shpts (bil 2000$)	17				220
gal lubricant/mil $ shpts					38
Nondurable Goods Lubricants					34
By Market:					
Plastics & Rubber					71
Food & Beverages					59
Cosmetics & Toiletries					49
Printing Inks					43
Chemicals					41
Paper & Textiles					36
Other					35
By Product:					
Process Oils					28
General Industrial Oils					83
Other Lubricants					23
% nondurable goods	1				1.7
Lubricant Demand	2800	2660	2435	2350	2600

SAMPLE TABLE

COMPANY PROFILES

Sonneborn LLC
575 Corporate Drive, Suite 415
Mahwah, NJ 07430
201-760-2940
http://www.sonneborn.com

Annual S
Employr

Key Proc ricants
and refri

SAMPLE PROFILE

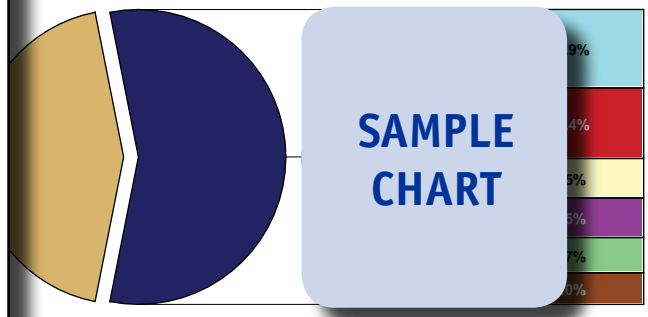
Son , petrolatums,
microcry ons. The Company
serves th essing, polymer processing, telecommunications, refrigeration and air conditioning, general industrial and other markets.

The Company's lubricants include several ink oils, white oils, compressor lubricants, petrolatums and refrigeration oils. Sonneborn's ink oils, which are marketed under the WITSOL brand name, are hydrocarbon solvents used in the formulation of printing inks. White oils from the Company encompass products marketed under the HYDROBRITE, CARNATION, KAYDOL, KLEAROL, PROTOL, GLORIA, ERVOL, RUDOL, BLANDOL and BENOL brand names. In general, these mineral oils consist of saturated aliphatic and alicyclic non-polar hydrocarbons; and are hydrophobic, colorless, tasteless, odorless and chemically inert. Among the end-use markets for these lubricants are the pharmaceuticals, personal care, food processing, baking, agricultural and adhesives industries. For example, HYDROBRITE plastic oils are used in the formation of rigid polyvinyl chloride pipe, window

354

CHART VI-1

FINISHED LUBRICANT MARKET SHARE, 2007
($13.4 billion)



SAMPLE CHART

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Other Studies

Fuel & Lubricant Additives

The US market for fuel and lubricant additives is analyzed in this study. It presents historical demand data for 1997, 2002 and 2007 and forecasts for 2012 and 2017 by type and application. The study also considers market environment, environmental and regulatory factors affecting demand, as well as the overall outlook for the petroleum industry. Included are profiles of industry competitors and evaluations of company market share.

#2409 ..... 12/2008..... $4500

Well Stimulation Materials

Buoyed by historically high oil and gas prices, US demand for well stimulation materials will grow 14% annually through 2012. All important product types will register strong growth as US oilfield operators struggle to sustain production levels. Proppants, the largest category, will double in market value. This study analyzes the $2.8 billion US well stimulation material industry, with forecasts for 2012 and 2017 by product and regional market. It also evaluates market share and profiles industry competitors.

#2358 ..... 06/2008..... $4600

Solvents

Demand for solvents in the US will reach 11.8 billion pounds in 2012. Esters and alcohols will exhibit the best growth within the conventional solvents product group, though green solvents such as hydrogen peroxide and supercritical fluids will post more rapid gains. This study analyzes the $5.5 billion US solvents industry, with forecasts for 2012 and 2017 by solvent product, market and function. It also considers market environment factors, evaluates company market share and profiles industry players.

#2357 ..... 06/2008..... $4600

World Biofuels

Global demand for biofuels will grow 20% annually through 2011, despite concerns about their impact on the environment and food supplies. Bioethanol and biodiesel will lead gains. North America will remain dominant while the Asia/Pacific region and Western Europe grow faster. This study analyzes the 37.7 million metric ton world biofuel industry, with demand and production forecasts for 2011 and 2016 by fuel, world region and for 16 countries. It also evaluates market share and profiles major players.

#2287 ..... 03/2008..... $5500

World Lubricants

Global demand for lubricants will reach 41.8 million metric tons in 2010. Gains will by driven by increasing motor vehicle ownership and use and growth in manufacturing activity. Engine oils will continue to claim over half of demand, while process oils will grow the fastest. Manufacturing markets will lead gains. This study analyzes the $35.7 billion world lubricant industry for 2010 and 2015 by formulation, product, world region and for 31 countries. It also evaluates market share and profiles major players.

#2182 ..... 04/2007..... $5400

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The Freedonia Group, Inc., is a leading international industry market research company that provides its clients with information and analysis needed to make informed strategic decisions for their businesses. Studies help clients identify business opportunities, develop strategies, make investment decisions and evaluate opportunities and threats. Freedonia research is designed to deliver unibiased views and reliable outlooks to assist clients in making the right decisions. Freedonia capitalizes on the resources of its proprietary in-house research team of experienced economists, professional analysts, industry researchers and editorial groups. Freedonia covers a diverse group of industries throughout the United States, the emerging China market, and other world markets. Industries analyzed by Freedonia include:

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