

**Quarterly
Newsletter
December 2018
Issue - 6**



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LEWIS & Raulerson, INC.

"Integrity Driven. . . Service Powered"

Retailers Enjoy Golden Parachute in The Last Inning!

By: Bill Raulerson



Retailers enjoy "Golden Parachute" in last inning. As I write this letter, the spot market is trying to find its floor while the street continues to drop, which indicates our parachute is close to landing. However, we should be grateful for the slow ride down. Retailers have enjoyed an early Christmas gift during the last quarter. For our customers that sell retail motor fuel to the motoring public or those end-users that consume motor fuel at their business; our margins have improved, and their cost of goods sold has dropped respectively during the 4th quarter of 2018, which is good for the country.



As you are aware, we have experienced an 18-month drought during the last two years that has significantly eroded motor fuel margins to the lowest levels in recent decades. When you consider credit card fees, maintenance and investment, the return has been non-existent.

Thankfully, crude oil and refined product prices began to plummet in October 2018 which has given much-needed relief to anyone in the retail sector. Two contributing factors are weak crude prices and plentiful gasoline in coastal areas. By Halloween, spot wholesale prices had dropped some \$.20 -\$.38 cent per gallon while average pump prices were only down by \$.05-\$.07 CPG resulting in super margins. In recent decades, the U.S. was the largest consumer and importer of petroleum demand at 21.5 MMBD; however, in recent years, the U.S. has become the behemoth producer of transportation fuels to meet not only North American demand, but it also exports an additional 4 MMBD. The result has produced 12 MMB above last year's inventory; hence, falling crude and refinery product prices.

While the oil markets will continue to be volatile, whether by weather, political events, supply or demand, it is our time to enjoy, if just for an inning. So, as squirrels harvest nuts and put away for winter, save your cash reserves for the 1st quarter of 2019, because you will certainly need it.

Thank you all for the warm welcome you gave me during my recent market rides. I enjoyed visiting with you all, Merry Christmas and Happy New Year to you and your families!

Good Selling, Bill



The Reminder That I Need

By: David Turner, President



The last two months of the year are considered by the vast majority of us to be the holiday season where we give thanks and reflect on our blessings at Thanksgiving; celebrate family, a specific religious event (based on our faith) and gift-giving at Christmas; and, bring one year to a close and seek renewal for a fresh beginning at New Year's. For me, however, it is when I take an opportunity to ride one of our markets and visit with a group of customers. This year I chose to visit the Alabama market.

Alabama is a unique place where technology and cultural diversity meet country roads. College football is king, the barbeque sauce is white and tornado shelters litter the landscape to protect its citizens from the violence of those horrible events. Its people are wonderful, and our dealers are no different. It's always great to visit old

SWEET HOME ALABAMA

friends like Mario, in Huntsville, the eternal optimist and from whose place I always leave feeling a sense of hope for the future; Nari, in Decatur who I've never seen without a smile on his face and is a wonderful businessman; Ali and Sam on the Beltline who are such gracious hosts and are always eager to share their Persian culture with us; Steve and Mary who have the most awesome store concept I've ever seen with their selection of craft beers, wines and spirits; The Merkles in Sylacauga who are such a wonderful representation of love and family; Bruce Culpepper and his fine staff at Waterfront Grocery which is one of the first sites we signed in Alabama many years ago and has such a prominent presence on the banks of

Guntersville Lake; and Leonard at Victory who has successfully navigated the move to America for better opportunity and who has such a sharp mind for business. And then there are the new customers like John at River Bridge, a young man who oozes the ultimate entrepreneurial spirit and gives me hope for the future of our younger generation; Tony at Danville, a gentleman with a great personality and fresh ideas who left the glamour of southern California for the comfort of Sweet Home Alabama; and the Blackmon family in Blountsville who are the epitome of what's right about America's small towns. Those are to name just a few of the many that we are tremendously honored to supply in that region.

Alabama serves as a reminder to me that we have a great dealer and commercial network positioned throughout Georgia, Florida, Alabama and South Carolina. It reminds me that our dealers, and customers at large, represent the best of the American spirit through their devotion to family, work ethic and personal integrity, embodying the idea of everything that I come to work for each day. That's a reminder for which I am grateful and need every so often.

To our customers and friends, thank you all for your patronage and to our wonderful employees, we're grateful for your service to our company.

Merry Christmas, Happy New Year and a wonderful Holiday season to you all.



Truck Amuck: Part II

By Anna Lewis, Corporate Secretary



In last quarter's newsletter, I explored the fun, frivolity and frustration of mastering new vehicle dashboards. My plan was to zoom in on cell phones with this issue, but, alas, I have more vehicular headaches and challenges to report. So, for now, I am once again in the over-engineered Ford F 150:

Avery (son/pilot) and I drive out to the L&R office in the beastly truck so he can water the palms in front of the building. "It'll only take a minute," Avery says as he parks me with the drooling doggie duo, Remie and Buttercup, in my lap—again! Only this time, we have been promoted to the death seat: front right. Avery leaves the windows down for us and parachutes from the cockpit to attend to the watering task. Five minutes, fifteen minutes. Bill comes out to sneak a smoke and engages in conversation with Avery; David joins in to make a merry trio. They are having a grand old time while it's starting to get hot, very hot, once again, in the parked truck. I reach over to turn the key. Where is it? Then I remember you have to press a button to crank the truck. There it is! Ha, press the button (*note the fob has to be within range for this to happen, so what have we really accomplished by replacing the key? I still have a "thing" I have to keep up with and find if I want to unlock my vehicle*). Admittedly, I have wondered why we still have keys in the 21st century as, with all the technology around, how many doors and gates still require us to use an antiquated key much the same as a medieval jailer?

Ford got it right with the outside combination lock where you just threw your keys under the seat, locked the doors and walked away with **nothing to lose** or lock for later. Pure genius! However, Ford ruined that a few years ago by *not* allowing you to lock your keys in the vehicle anymore; no idea why—they took away what many consider to be their greatest selling feature. Anyhow, I press the button in the F-150 to achieve ignition, but no response "What"?

Oh, yes—you have to have your *foot* on the *brake* to *crank* the vehicle! Why? I have never known a vehicle since the 1960s manual transmission GMC truck

that my brother and I lurched down a hill to its unfortunate fate in a pond, that cranked *in gear*. It's *park*, or maybe *neutral* for automatic transmissions (note: I Googled this later—"no auto transmission cars crank in anything but neutral or park, the latter being a braked rendition of the former"). Why then do we need to put the foot on the *brake* to crank now? Was there a rash of thrill-seeking drivers trying to crank their auto transmission vehicles in gear? As previously stated, that is not possible, so foot on the brake is totally unnecessary for cranking. Braking to crank is counterintuitive to the "give it some gas" pressing of the accelerator to crank (in neutral or park) that most baby boomers grew up with. Alas, I need to realize the market is no longer baby boomers.

At any rate, I attempt to stretch my left leg over the F-150 console, most unladylike and quite challenging with my canine appendages. To anyone watching, it appeared I was playing a maniacal game of "Twister" that went awry. That was not going to work. So, I have to bench press Remie, making sure Buttercup is unharmed by the action, unbuckle my seatbelt, open the door, wait for the ladder to descend, climb down, go around, get in on the driver's seat, put my *foot* on the *brake* and press the button. Success! Now, *how was it we got that AC to come on again?*

My 2004 Mercury Marauder has no GPS, so driving is still somewhat of a thrill of adventure (also a police interceptor engine which is another sort of thrill, but I digress). When Avery and I recently returned from a trip to Brunswick in the Marauder, we had a typical mother/son conversation about exactly

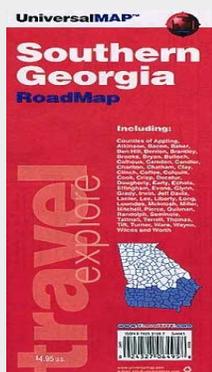
where the Satilla River empties into the Atlantic, knowledge I ashamedly did not recall. Avery drives while I try over and over to get a connection to my iPad, so I can be ooh so techno-savvy and easily look this up on a Google map. I got it. No, the screen froze, wait, no, lost signal. This goes on for 20 minutes before I

say, "Avery, look in the door pocket by you and hand me that Georgia road map." Unfolding the long neglected prehistoric paper map, we had our answer In less than 20 sec-

onds (St. Andrews sound, North of Cumberland Island).

I just got a new Jeep to go where Marauders should not. I love it now, but when I first picked it up and drove away, I came to a stop sign. The engine cut off! I panicked and froze. Cars honked behind me. I switched to neutral and started to get out of the vehicle to push it to the side of the road, but the engine came back on when I lifted my foot! O.K., maybe that was a one-time thing. The same thing happened each time I had to stop. By the time I was home, I was saying unprintable words. I was going to have to take this vehicle back and tell them it keeps stalling out. Obviously, I don't subscribe to Motor Trend Magazine or have friends with newer vehicles. Fortunately, before I made a total display of my automotive ignorance, I called Mr. Jimmy Raulerson, and he explained to me that this is how vehicles work now. Why? To save gas and reduce emissions. It is very disconcerting to have your car go completely dead every time you stop. I also Googled this "start-stop" bit of engineering chicanery, and consensus is there is no consensus. Some say it wears out the starter and battery, and puts one in peril at the point of a tricky "punch it" merge; others disagree. What it saves in poisonous emissions is likely neutralized with one plane flight across the country. It seems it's better accepted in Europe where there is much more stop and go traffic than on the long stretches of American highway. Anyhow, thank goodness there is a button to override this latest "improvement" as that is just way too much control to give up.

Change is hard to accept, and exponentially rises with the straight line slope of physical age. Patience is a virtue which I severely lack; change requires this patience and the ability to adapt. In younger days I did adapt: from AM to FM to 8-track to cassette tape to CD to digital, though each change was a little more challenging than the one prior. I do hope my Marauder and Jeep last me until my final reward and there are no new vehicles in the hereafter and that I do not need keys wherever that may be.



The Gift of Giving

By: Casey Hall, Executive Assistant



What captivates me most about the holiday season is that everyone is more inclined to give back. Everyone takes a moment out of their hectic day to reach out with a helping hand and/or share a kind word.

I still remember the first time I did something significant for someone outside of my family. I was a young mother just married and living out of state. I was home visiting for the holidays and ran into a dear friend on Christmas Eve. She was working in the fast food industry and had to work late on Christmas Eve away from her children. I joked and asked her if *"Santa was going to pay them a visit later that night"*. She hung her head and said *"No"* with a soft voice. Her family had fallen on hard times. I can't recall what difficulty had befallen them, but I'll never forget the sadness in her eyes. My heart hurt as I listened to her. I drove away determined to do something, to make a difference even if it was a small gesture...anything to restore her hope. I called my mom and told her what had happened. We immediately dug under our Christmas tree for any gift that was suitable for a young family. We put all of the wrapped items in a large gift bag

and rushed back to her place of employment. She met me at the door with open arms. The spirit of Christmas filled the room. I learned that night about the true meaning of Christmas. The true meaning of Christmas is sharing God's many blessings. The best gift anyone can give, I believe, is the gift of giving back to others in need.

I know for sure that's what we're here to do: spread joy during all the seasons.

I believe that's why I'm so thankful to work for a company that gives back. We give back, not just at the end of the year after our annual golf outing, but all throughout the year. I received a call from a local church about children needing food for the weekend. The church partners with local schools and donates "special" backpacks every Friday. Each "special" backpack contains food to last over the weekend & they are given to children in need. Our company of course, took action. We now give



monthly to the program. Our leaders never waiver on helping. They are always ready and willing to lend a helping hand.

Lewis & Raulerson – Friendly Express Charitable Foundation, Inc. recently held its 18th Annual Charity Golf Tournament, benefiting several charities including: Dreams Come True, Georgia Baptist Children's Home, Coastal Coalition for Children, Satilla Hospice and Kingdom Care to name a few. The tournament was a huge success. This year's tournament raised an excess of \$130,000 and a combined total of more than \$1,000,000 since its humble beginnings in 2000. At the core of our foundation stands our commitment to enhance the lives of children and families in our community.

A sincere THANK YOU to all participants, volunteers and sponsors. It's with their generosity, hard work and dedication that the event is successful year after year.

I encourage each of you to give back this season. The gift of giving doesn't have to cost a penny. It can be the gift of your time or extending a helping hand. Call an old friend, check on an elderly neighbor, or give to a child in need.

Merry Christmas and Happy New Year from our family to yours.



Attn: Feedback
P.O. Box 59
Waycross, GA 31502

LET US KNOW HOW WE'RE DOING!!

QUESTIONS—CONCERNS—FEEDBACK

WE WOULD LOVE TO HEAR FROM YOU!!

Lewis & Raulerson Industrial Lubricants Update

By: Mike Cifranic, Industrial Sales / Technical Consultant



As the new year begins, I thought it would be a good time to review status and key developments in the industrial lubes business on the L&R side. The complexion is certainly changing as one of our longtime customers will be moving on while several new opportunities are in play to strengthen and expand the base of our "industrial piece".

As many of you know, Rayonier has been engaged in a corporate process to reduce purchasing costs through a strategic sourcing consultant. All purchased products and services including lubricants were included in the evaluation. We were told "it was very close" but decision was made to change to ExxonMobil/ Walthall earlier this year. The process to transition was delayed considerably which allowed L&R to maintain supply for the entire remainder of 2018. The transition date has now been set however for December 31, 2018. Our commitment after the initial notification was to continue same quality service and professionalism as is customary with Lewis & Raulerson for remainder of the term. In recent exit meeting, they expressed their appreciation for that and stated that all at the mill level, both plants, without exception, had nothing but praise for our support over the years. Going forward, we remain ready to resume service should the new supplier fail to meet the standard set by Lewis & Raulerson and expected by Rayonier.

Over the last several years, Lewis & Raulerson acquired and developed a lube supply position at the West Fraser Lumber mill in Whitehouse Florida. This account took a major leap forward in 2018 as we added the hydraulic oil business to the L&R



West Fraser expands in U.S., acquires Gilman lumber.

Source: Karen M. Koenig, Wood Working Network

products already in place since first supply in 2015. L&R will continue work to earn the remaining portion of the business at this plant in 2019. Moreover, West Fraser purchased 7 Gilman Building Product mills in the GA/FL area in 2018 and we have already begun efforts toward helping at those sites.

In 2016 Clay Parker re-signed a previous Lewis & Raulerson industrial customer, Varn Wood, in Hoboken GA. The account was secured in large part due to our service offering that the then current supplier (or any of the other local competitors) was incapable of providing. Early benefits of those services brought to the table by Clay solidified the relationship and the decision to return to L&R. In 2018 we continued to build on the relationship here with monthly meetings, scheduled periodic training, and lubes related PM services to complement our quality lube supply.

Earlier this year, assets of the Nahunta Pellets operation were purchased by longtime area pellet producing and marketing company, FRAM Renewable Fuels LLC. The new entity will resume operations as Archer Forest Products. FRAM is in the process of upgrading production equipment and making modifications to the plant in order to begin a more efficient operation in January of 2019. L&R is pleased to have been chosen to provide the startup supply for fuel and lubes. An L&R fuel and full lubes tank package previously on loan at the old Nahunta plant was refurbished and sold to Archer. Thanks to Randy, Gene and PSG for their work to get these tanks updated and in required operating condition. We look forward to supporting this new operation and expect to earn business opportunity at the many other FRAM sites.

In 2018 the partnership between Lewis & Raulerson and GA Biomass continued to strengthen as service and equipment was provided to improve oil cleanliness in the operation. In the fourth quarter, the initial supply contract renewed, and L&R will continue to provide the quality products and application support GA Biomass has become accustomed to as they

strive for continuous improvement in pellet output. In addition to ongoing efforts toward increased pellet roll life, L&R is proposing a project to install an onsite bulk handling system that will reduce handling costs and improve efficiency for both L&R and GA Biomass. We anticipate this effort will result in a significant win-win for both companies in the coming years.

Over the last several years we have picked up additional business around the Fernandina area that continues to provide ongoing opportunity growth.

L&R started the new Lignotech processing plant adjacent to Rayonier on all Shell synthetic products in 2018. Prior to delivery of any product and well in advance of startup, L&R and Shell engineering, worked with startup personnel at the plant to insure optimal OEM specified products were supplied. Lignotech takes a by-product from the pulpmaking process at Rayonier (lignon) and converts it into a wide range of highly profitable consumer products.

Genesee & Wyoming Railroad/First Coast Fernandina location was brought on in 2016. Initial supply was for RR Engine Oil and in 2019 we expect to add grease product supply. L&R's service capability was key in acquiring this business. Additional opportunities are expected at other GWRR sites in GA and FL panhandle area based on performance at the First Coast site.

Eight Flags Energy Fernandina- L&R started this new power plant on the Shell "Gas to Liquid" synthetic turbine oil in 2016. Potential for additional turbine installations at this and other locations on the island have been mentioned. The Shell product continues to perform well, and we anticipate it to be the favored choice for future turbine installations.

So that sums up the highlights on the L&R industrial lubes side. I trust all are enjoying a blessed Christmas season and finding time to work in a college game or two... (not the least of which would be the Rose Bowl on New Year's Day). Have a safe and Happy New Year!

Drive, Dedication and Determination

By: Connie Cofield
Business Development Manager, AL



I recently had the opportunity to visit with my friends at Market Square. Market Square is an Exxon branded site in Newnan, GA. The couple that operate the site amaze me with their drive, dedication and determination.

Al and his wife, Hamida work seven days a week, she works the morning shift and he works the evenings. They're an amazing team, dedicated to their work, pushing beyond any obstacle in their way, like super heroes.

I got to know them on a more personal level in recent months as I learned they lost a son a few years ago and how horrible it was for their family. I also saw how they bonded together to form an amazing team with determination to move forward for their other children. They inspired me by their story and it has stayed with me since my visit. My customers are like family. We're all working for a brighter tomorrow. I wish Al, Hamida and their family all the best.



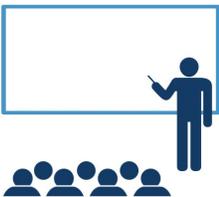
2018 Conference

By: Sarah Music, Controller



Lewis & Raulerson and Friendly Express were invited to attend the 2018 PDI Annual User Conference in Dallas, Texas this year.

The user conference was packed full of onsite training classes. We hope the conference will bring customer satisfaction regarding new features and beneficial knowledge to our daily accounting practices. Highlights of the trip included a stay at the beautiful Gaylord Texan Resort and an amazing guest speaker line-up that included 6-Time Emmy Award Winning TV Broadcaster & Comedian and Author, Ross Shafer. Pictured Below: Karla West, Sarah Music, Lisa Lytle, Tara Dixon and Tony Strickland



Surviving Hurricane Michael

By: Clay Parker, Petroleum Products



Every storm that threatens your home town is a major event. Even those times when the storm turns out to be a non-event, the storm will have a major impact on the demand for fuel, groceries, supplies, etc. Michael made landfall on a Wednesday afternoon in early October as the most powerful storm to hit the Gulf coast since 1924.

In Thomasville, the eye of the storm was projected to pass right over the top of our town. Precautions were taken, and people hunkered down for what we thought was going to be a catastrophic event. As we watched the storm hit land, it took a slight wobble to the west. Wind projections dropped for Thomasville from 100+mph to sub 50 mph. We felt both blessed and lucky. However, this turn meant that others would be hit harder than they expected.

In the world of instant information we don't have to wait until the news comes on or a paper is published to get news and information anymore. We watched in horror and disbelief as our family, friends and neighbors from Mexico Beach, FL to Bainbridge, GA took a direct hit from Michael. Homes were destroyed, businesses leveled, crops destroyed and sadly, lives were lost.

Thursday morning found all of us, who were able to get to the office, at work and ready to help our customers. Petroleum Products was faced with spreading a limited amount of product to customers who were open and trying to fill the needs of the public while the terminals were trying to get back in operation. Existing supplies of fuel were allocated to first responders, medical facilities and governmental agencies and finally the few stores that were open. Fuel supply remained tight for more than a week after the storm, but we were able to keep the fuel flowing to our customers

Plantation Petroleum had customers with generators that were trying to preserve their poultry house, power their business or power their homes. The poultry business was hit particularly hard. More than 70 poultry houses were destroyed and had to be burned in place to prevent the spread of disease caused by the decaying animal carcasses. Many of our poultry customers had generators, but the tanks were small and called for frequent fuel deliveries. Farmers and loggers raced to salvage what they could. More than two hundred additional fuel deliveries were made in the days following the storm.

The Thomasville team of Plantation Petroleum and Petroleum Products worked long hours and weekends to do our part in helping our neighbors and customers overcome the damage caused by Michael. In the coming months, roofs will be repaired, houses rebuilt and other storms will have to be dealt with, but the lessons learned will remain. Take every storm seriously and have contingency plans in place.



MEET THE TEAM

Stacy Harris, Accounts Payable



Stacy has been with L&R since 2004. She has a vast knowledge of the accounting department having worked in various roles. She is versatile and resourceful. Thank you, Stacy for your hard work and dedication.



MEET THE TEAM

Kyle Cox, Transport Driver



Kyle Cox started as a driver for L&R in September in 2010. He is also one of our trainers. He trains new drivers on every aspect of the job. Thank you, Kyle for your hard work and dedication.

LEWIS & RAULERSON, INC.
P.O. BOX 59
WAYCROSS, GA 31502

Congratulations On Your Perfect Mystery Shop Average Score!!!

Thank you for your hard work and dedication!

100% AVG FOR YEAR:

FE 79 - Chevron

FE 50 - Shell

H&H Food Mart - Exxon

K Grace Shell - Shell

Parker Food Mart - Shell

A&H Food Mart - Shell

100% AVG FOR 4TH QTR:

FE 31 - Shell

Heflin Food Mart - Exxon

Merkle Mountain Shell - Shell

Stop N Save 22 - BP

Kwik N Pik – Chevron

Shell Food Mart (Moultrie) – Shell

Sam's Food Mart #2 - Sunoco

100%

Way-to-Go!