



Dan Peterson | VICE PRESIDENT, TECHNICAL DEVELOPMENT

AMSOIL is a very fortunate company as we have many loyal customers. I can only guess at all the reasons why people keep coming back to AMSOIL. Maybe it is because they like the outstanding service they get from their AMSOIL Dealers. Or maybe it is due to the range of products or the personal, hometown service they receive from AMSOIL corporate. It could also have something to do with the commitment from AMSOIL to always provide the best value available anywhere. When you buy AMSOIL products, you know you are always going to get the best. I am happy that we provide a combination of reasons for customers to come back again and again. You can call me old-fashioned or naive, but I think people keep coming back because AMSOIL stands apart from this world full of gimmicks, get-rich-quick schemes and here-today, gone-tomorrow unbelievable claims. AMSOIL is simply devoted to delivering the best value possible, day in and day out. I would like to have a list of AMSOIL-like companies so I wouldn't have to search around for who makes the best stuff and who I can count on for the long term.

Since I am the technology guy, I would like to focus on the value that we strive to build into new and reformulated products. Customers buy products based on their perception of the value they will receive from a product and how the product's benefits compare to the product's cost. And there are a lot of choices out there, so your proposition

Quality products are the result of focused effort.

When quality and performance are the main goals, value and customer loyalty are natural side effects.

has to continually be better than the next guy's or you won't stay in business. So how do we go about continually building new value into AMSOIL products? It starts with AI's commitment to be the best. This does not mean that we have only one motor oil and it is the best in the world; it means that whether it is OE, XL, European Car Formula or Signature Series, we are committed to being the best in that category. When someone chooses an AMSOIL product, that customer can be confident it provides the best value possible.

So what special skills do we have that allow us to continually create the best value in each category? Can't anyone do this? Well, I didn't grow up in the big city, but it seems to me that if you are always striving to meet only the minimum requirements while making the most money possible, you get pretty good at making the most money possible on products that barely meet the minimum technical requirements. It is very different at AMSOIL. We are never going to have the cheapest products on the market, and that's a good thing when you are counting on a thin film of oil to keep your \$40,000 new car running for the next 15 years. We start with a different challenge: How do we make products that significantly exceed technical requirements at a price point that customers can afford. If you start with this challenge in mind, you get pretty good at making products that significantly exceed minimum technical requirements at an affordable price.

By always pushing the limits of what can be done technically, we can break barriers and build new value into products that couldn't be done if we focused solely on cost optimization. One of these new plateaus was recently reached at AMSOIL with the first successful double-length sequence IIIG test. This is an engine test used for API licensing. It runs in a very severe set of conditions, including high oil temperatures and exhaust gas contamination for 100 hours. It tests the ability of the motor oil to resist thickening and keep the engine clean. Our Signature Series 5W-30 product was tested in a planned double-length test (200 hours) to see if it could reach this summit. Not only did it pass, it did so with flying colors. You can expect to see the results from this test in the very near future. We do not know of a commercially available motor oil that has ever reached this mark. Not that they would be striving toward this goal if they are continually getting really good at making more money by meeting the minimum requirements. ■

From the President's Desk

The very first AMSOIL motor oil introduced in 1972 created opportunity for thousands of Dealers. An entirely new market was being forged, and AMSOIL Dealers led the charge. That product laid the quality-first foundation on which the AMSOIL brand is built. I insisted from the start that we would push the boundaries of performance.

Our second product, AMSOIL 2-Cycle Oil, was introduced in 1973 and expanded the opportunity for our Dealers even further. Again, we challenged the status quo. I wanted our Dealers to have a product that outperformed all others. It had to be the very best. At that time I was working with a highly specialized and competent additive supplier, and I knew very well that the additive used would be critical to wear protection. I would start with a pure synthetic base oil, but it would be the additive that carried the load.

As we began formulating, the supplier recommended the additive percentage that should be used. I knew, at that percentage, it would be a good oil, but I wanted to push the limits.

"How much higher can I go?" I asked.

I could tell it was the first time he had ever been asked that question. "Higher," he said, "why would you want to do that? It's very expensive."

"Because I want to make a better oil," I said.

A week or so later the supplier got back to me with the maximum percentage that could be used. So that's where I took it. We had the oil tested at Southwest Research at a mix ratio of 300:1. Keep in mind that the best anyone else was doing at that time was maybe 50:1. We were at 300:1 and passed with flying colors. We eventually introduced the oil at 100:1 because from a marketing perspective no one would have believed a 300:1 mix ratio.

We continued to introduce new products, and by 1980 we had over 20. Each created new opportunities for our Dealers to increase sales. Today, with over 200 products, there are virtually no markets in which we can't play.

Of course, developing new products is now much more complex than it was in the past. Most Dealers and Preferred Customers would be quite surprised at the tremendous effort involved in bringing a new product to market. It's considerably more complicated and labor-intensive than simply developing a concept, formulating the product and introducing it to our Dealers and customers.

In fact, most of the heavy lifting is done during the front-end analysis. Each product AMSOIL develops is scrutinized through a detailed step-by-step process, with input from individuals representing technical, manufacturing, marketing and sales. Thorough evaluation is given to a full range of variables, including formulation issues, customer needs, competitive landscape, market potential, manufacturing processes, pricing and volume projections. We also evaluate the product's potential to fit in our Dealers' portfolios. Will our Dealers find success in sales?

Finally, we assess the marketing support our Dealers will need to best penetrate the market. Beyond the data bulletins and sales brochures we may support your efforts through press releases and national magazine campaigns. It may be that the most effective support would be found through a push online or ramped-up visibility at one of our racing events or in the television spots we gain

through our sponsorships. Maybe it's support through video, social media or point-of-purchase displays. Or maybe it's through the technical and field studies in which we invest so heavily.

Whatever the case, Dealers can be assured that every product AMSOIL introduces has been analyzed to the fullest. The entire goal is to put our Dealers in the best possible position to succeed. And be assured also that the same commitment to quality I had with the development of our original products remains firmly with us today. That will never change.



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