SETTLEMENT AGREEMENT

This Settlement Agreement (the "Agreement") is made by and between the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") and Innospec, Inc., a Delaware corporation ("Innospec" or "Respondent").

In or about June 2001, Innospec acquired Bycosin, a Swedish corporation with a local sales office in Cuba. OFAC alleges that between the date of the acquisition and through the date of the sale of this entity to a non-U.S. third person on or about November 15, 2004, Innospec violated the Cuban Assets Control Regulations, 31 C.F.R. Part 515, by (a) maintaining a local sales office in Cuba; (b) engaging in sales and services to a business in Cuba and dealing in property in which a Cuban national had an interest relating to the general operation of real property, business personal property, automobiles, and business travel; (c) employing Cuban nationals; (d) entering into contracts with Cuban power companies; and (e) holding bank accounts with financial institutions located in Cuba (collectively, the "Alleged Violations").

OFAC and Respondent agree as follows:

1. In consideration of the undertakings of Respondent in paragraph 2 below, OFAC agrees to release and forever discharge Respondent, without any finding of fault, from any and all civil liability in connection with the Alleged Violations, or any other Cuba sanctions-related conduct disclosed or known to OFAC prior to the date of this Agreement arising under the legal authorities that OFAC administers.

2. In consideration of the undertakings of OFAC in paragraph 1 above, Respondent agrees:

   A. Within 30 days of the date Respondent receives the unsigned copy of this Agreement (the "Receipt Date"), to:

      (i) sign, date and mail an original signed copy of this Agreement to the Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, NW, Washington, DC 20220, Attn.: Assistant Director for Enforcement II. Respondent should retain a copy of the signed Agreement and a receipt or other evidence which shows the date on which the signed Agreement was mailed to OFAC; and

      (ii) pay to the U.S. Department of the Treasury the total amount of $2,200,000.00 to be paid on the following installment schedule:

          $700,000 within 30 days from the date of this Settlement Agreement;
          $450,000 on or before December 31, 2010;
          $450,000 on or before December 31, 2011;
          $300,000 on or before December 31, 2012;
          $300,000 on or before December 31, 2013.

Respondent's payments must be made either by an electronic funds transfer in accordance with the attached "Electronic Funds Transfer (EFT) Instructions" or by check payable to the "U.S. Treasury" and referencing FAC No. CU-236089.

Respondent must also:

   B. Comply with the terms of this Agreement until the date on which the total amount due under paragraph 2.A(ii) has been paid in full.

   C. Within 15 days of the date Respondent receives the signed Agreement, to:

      (i) upon receiving information that the business practices of Innospec in Cuba have changed following the sale of the business to the non-U.S. third person, provide OFAC with written evidence of such changes;
      (ii) promptly notify OFAC if any Cuban national or Cuban entity becomes a shareholder, officer, or director of Innospec; and
      (iii) establish and enforce policies and procedures to ensure that its current and future business practices in Cuba comply with all applicable laws and regulations.

Respondent further agrees that if it is determined that the Alleged Violations occurred, OFAC may impose administrative monetary penalties not to exceed $1,000,000.00 on Respondent, or take any other actions authorized by law.
B. To waive any claim by or on behalf of Respondent, whether asserted or unasserted, against OFAC, the U.S. Department of the Treasury, and/or its officials and employees, arising out of the facts giving rise to the civil penalty matter that resulted in this Agreement, including but not limited to OFAC's investigation of the Alleged Violations, and of any possible legal objection to this Agreement at any future date.

This Agreement shall not in any way be construed as an admission by Respondent that Respondent engaged in any of the Alleged Violations.

This Agreement has no bearing on any past, present, or future OFAC actions, including the imposition of civil penalties, with respect to any activities by Respondent other than those set forth in paragraph 1.

OFAC may, in its sole discretion, post the facts of this Agreement, including the identity of any entity involved, the settlement amount, and a brief description of the Alleged Violations on OFAC's website. OFAC also may issue or participate in a press release including this information.

This Agreement consists of three pages, plus an attachment, and expresses the complete understanding of OFAC and Respondent regarding resolution of OFAC's civil penalty matter involving the Alleged Violations. No other agreements, oral or written, exist between OFAC and Respondent regarding resolution of this matter.

This Agreement shall inure to the benefit of and be binding on each party, as well as its respective successors or assigns.

[The remainder of this page left intentionally blank.]
Respondent accepts the terms of this Settlement Agreement this 17th day of March 2010.

Signature

DAVID C. WILLIAMS
Respondent's Printed Name (or in the case of an entity, name of Respondent's duly authorized representative)

[Vice President, General Counsel and Chief Compliance Officer]
Printed Title of Respondent's Duly Authorized Representative and Name of Entity (if applicable)

☐ Please check this box if you have not enclosed payment with this Agreement and will instead be paying or have paid by electronic funds transfer (see paragraph 2(A)(ii) and the electronic funds transfer instructions attached to the Agreement).

Date: March 17, 2010

Adam Szubin
Director
Office of Foreign Assets Control

1500 Pennsylvania Avenue, NW
Annex Building, 2nd Floor
Washington, DC 20220

Enforcement Division II
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