

January 25, 2016

Dear Valued Customer,

Due to the increases in various raw materials, we are being assessed a surcharge from our suppliers. These surcharges must be passed along to all users of the grades to which they apply. They will go into effect with shipments as of **February 1st, 2016**. We will continue to monitor the situation and communicate any changes in surcharges when they occur.

<b>Surcharge (Grade)</b>	<b>February 2016 Scrap Surcharge (\$/cwt)</b>	<b>Alloy Surcharges (Cr, Ni, Mo, V, Mn) (\$/cwt)</b>
<b>Carbon and Alloy Bars thru 1" and any stock which Banner must buy as CF before grinding</b>	<b>\$.80</b>	
<b>Carbon and Alloy Bars over 1" thru 3.5"</b>	<b>\$.73</b>	
<b>Large Carbon and Alloy Bars above 3.5"</b>	<b>\$.75</b>	
<b>4140</b>		<b>\$1.15</b>
<b>4340</b>		<b>\$2.24</b>
<b>8620</b>		<b>\$1.18</b>
<b>10V45</b>		<b>\$.75</b>
<b>Manganese (Applicable to all Carbon and Alloy grades)</b>		<b>\$.05</b>

We appreciate your business. Please do not hesitate to contact us with any questions or concerns.

Sincerely,

Dave Simak  
Marketing Manager

February 2016 Surcharge  
Letter