

January 23, 2018

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, 2018**. We will continue to monitor the situation and communicate any changes in surcharges when they occur.

| Surcharge (Grade) | February 2018 Scrap Surcharge (\$/cwt) | Alloy Surcharges (Cr, Ni, Mo, V, Mn) (\$/cwt) |
|--|---|--|
| Carbon and Alloy Bars thru 1" and any stock which Banner must buy as CF before grinding | \$11.07 | |
| Carbon and Alloy Bars over 1" thru 3.5" | \$10.25 | |
| Large Carbon and Alloy Bars above 3.5" | \$11.69 | |
| 4140 | | \$2.63 |
| 4340 | | \$7.15 |
| 8620 | | \$3.39 |
| 10V45 | | \$1.48 |
| Manganese (Applicable to all Carbon and Alloy grades) | | \$0.45 |

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

Sincerely,

Erik Hansen
VP of Sales - Commercial

February 2018 Surcharge Letter