Marathon #041217-MEC

Pricing for contract #041217-MEC offers Sourcewell participating agencies 12% to 18% discount off MSRP.

Date: January 4, 2021

To: All Marathon Channel Partners and Customers

From: Brad Agoston, Director of Engineering and Product Management

Subject: Marathon Equipment Company - STEEL SURCHARGE ANNOUNCEMENT – EFFECTIVE JANUARY 15, 2021

As we are all too aware, 2020 has presented an unprecedented number of unique challenges and disruptions to our businesses. We applaud our dealers' collective efforts in supporting our mutual customers without disruption. Unfortunately, the challenges of 2020 continue.

The domestic steel market is experiencing higher demand levels as capacity is constrained due to COVID-19 related labor disruptions, raw material shortages, and freight delays. These market dynamics are resulting in significant steel price escalation.

In Q4 2020, steel prices have increased 47% from Q2-Q3 2020 averages. Current steel price forecasts for Q1-2021 reflect 72% increases over Q2-Q3 averages.

While long term steel price forecasts currently reflect easing price pressure later in 2021, the impact of near-term steel price increases is extraordinary and cannot be offset by productivity improvements or market timing due to the high steel content of our products. Accordingly, due to these factors, Marathon Equipment Company **must respond by implementing a 6% steel surcharge on all units and options ordered on or after January 15, 2021 and continuing until further notice.**

Marathon monitors the steel market daily and will **provide quarterly updates to the steel surcharge level**, which will be communicated accordingly.

With great anticipation, we look forward to better days ahead and remain hopeful for a return to business as normal in the near future. We *Thank You* for understanding and your attendant communications to our end-user customers that this situation is beyond our control and we are doing our best to mitigate the impact to our product pricing.

Sincerely,

Brad Agoston

Director of Engineering and Product Management

Marathon Equipment Company