



General Processing Guidelines



TABLE OF CONTENTS

	<u>Page</u>
Introduction.....	3
Material Receipt.....	3
Inventory Management.....	3
Inbound Metal Provisioning.....	3
Inventories.....	4
Packaging.....	4
Consequential Damages.....	4
Transfer of Ownership.....	4
Internal Yield Guarantee.....	5-6
RC Held Metal.....	6
Customer Rejects/Held Metal.....	6
Reapplication of Held Metal.....	7
External Prime Yield.....	7
Field Reject.....	7-8
General Warranty Information.....	8
Freight.....	8
Order Management.....	9
Product Development.....	10



Roll Coater, Inc. General Processing Guidelines

The following represents the general guidelines under which Roll Coater (RC) processes Customer-owned metal. These guidelines, in conjunction with the Price Quotation, will govern business between Roll Coater and our Customers. Adjustments to these guidelines must be negotiated and documented with acceptance by both the Customer and Roll Coater.

◆ **MATERIAL RECEIPT:**

The outside of the packaged coil will be visually inspected upon receipt. Copies of the original bill of lading and the receiving inspection report are available on CoilTrak™. Visible non-conformances (i.e. torn paper, visible damage, etc.) will be noted on the receiving inspection report and documented as part of the coil record. To retain maximum protection, coils are not unpacked until the time of processing. For this reason, “hidden” damage (which cannot visually be detected at the time of receipt), non-conformances, and results of thickness and width checks will be reported at the time of processing. Although RC assumes responsibility for all Customer-owned metal located in one of its facilities, RC cannot be liable for coils that are directed to be unpackaged prior to processing, which develop rust or similar deterioration.

◆ **INVENTORY MANAGEMENT:**

Customers maintain ownership of their metal and will be responsible for all aspects of inventory coordination of inbound and outbound metal to and from RC facilities.

Normal lead-time for a single process is one to two weeks after receipt of purchase order, full order quantity of metal, and raw materials. Approximately three business days should be allotted for each subsequent process.

When the Customer requires a physical inventory audit be performed at a RC site, RC will provide the necessary personnel to assist with coil location and reconciliation. Arrangements for on-site audits should be made through the Inside Sales or the Outside Sales Representative.

◆ **INBOUND METAL PROVISIONING:**

For RC to operate at the line speeds for which the quoted prices are calculated, minimum coil lengths are needed. Coils processed at RC require a minimum input length of 5,000 lineal feet and a minimum output length of 3,000 lineal feet regardless of width. Coils should be of sufficient weight to yield finished coil weights within the minimum/maximum coil weights specified on the order. Those not meeting the order parameters may result in incomplete production and/or additional charges. Coils that deviate from the input and output length requirements should be negotiated and stated on the quote at the time of the quotation, or negotiated prior to production. To optimize inbound coil sizes, please refer to Roll Coater CoilTrak™ website, <http://coiltrak.rollcoater.com/CoilTrak/Home.aspx>, for RC plant capabilities.

The Tension Level process may cause a reduction (necking) of the metal width. Customers should provision adequate width for this process. RC will not be responsible for under-width coils that occur as a result of leveling or re-leveling that is directed by the Customer.



◆ **INVENTORIES:**

Customers may view their inventories on a real-time basis through CoilTrak™ at <http://coiltrak.rollcoater.com/CoilTrak/login.aspx>. Please view the website or contact your Outside or Inside Sales Representative for additional information as to how to access your information through the Internet.

RC will commit to process and ship on a First-In-First-Out (FIFO) basis unless otherwise directed by the Customer. RC encourages Customers to monitor and turn their bare inventories frequently and will continue to provide storage for finished goods that have been in ready-to-ship status up to one hundred twenty (120) calendar days.

For coils received and subsequently removed by the Customer prior to processing (through no fault of RC), in/out charges may apply.

◆ **PACKAGING:**

Standard packages are:

- Coils 10,000 lbs. or less:
Eye vertical, 1-ID band at flap, 1 circumference band
Stretch wrap coil to skid
- Coils greater than 10,000 lbs.:
Eye vertical, 2-ID bands, 1 circumference band
Stretch wrap coil to skid

RC recommends that shipments be packaged, loaded, and shipped eye vertical. Defects or transit damage as a result of specified packaging or eye horizontal load orientation are the Customer's responsibility.

Packaging materials used by RC are not considered to be re-usable for their original application or recyclable by RC. Because RC is sensitive to environmental issues and encourages recycling wherever possible, RC will assist in providing information on contacts through our suppliers for recycling of cores, skids, etc.

◆ **CONSEQUENTIAL DAMAGES:**

RC's claim liability will be limited to metals, RC processing charges that have been paid, and freight for RC processed coils. RC will not accept incidental charges, administrative charges or other consequential damages.

◆ **TRANSFER OF OWNERSHIP:**

Should a Customer wish to transfer ownership of its material to a Customer or Ship-to prior to the material being shipped from the RC facility, RC can administer these requests subject to the following SEC guidelines:

- 1) Material must be in prime status – the coil(s) cannot be on HFI or in reject status.
- 2) An order must be received from the new owner that includes an acknowledgement to pay any applicable charges and a firm ship date must be provided.



◆ **INTERNAL YIELD GUARANTEE:**

In order to maximize finished yields, Customers are responsible for providing 100% prime, coat-able material to RC. RC guarantees Customers the following performance on total throughput during the reconciliation period:

	Appliance and Critical Surface Applications*	Non-appliance / non-critical surface applications*			
		.027 and Under	.0271 thru .036	.0361 thru .050	.0501 and Over
STEEL	95%	98%	97%	96%	95%
ALUMINUM	96%	99%	98%	97%	96%

**Unusual applications may differ from published values.*

Note: For widths over 60" internal yield guarantees will be decreased by 2%.

Special notes for yield guarantees related to slit and/or embossed items: Slitting and/or embossing increases the allowable loss by 1/2% per process (a total of 1% if slit and embossed). Customer offal for slitting (engineered side trim) or heads and tails in the embossing process, are not included in the guaranteed yield, and is the Customer's responsibility.

RC will reimburse the Customer quarterly for material cost on the portion of RC responsibility rejects and scrap exceeding the allowance (less scrap or secondary value as applicable), based upon actual bare metal cost provided by the Customer. RC may request purchase documentation to verify metal costs and freight charges. In order to facilitate the removal of RC reject material, RC will take ownership and dispose of all RC responsibility scrap and reject on a monthly basis. RC responsibility reject coils 5,000 lbs or less will be considered scrap. Scrap debits will be honored based on first issue American Metal Market current month, stated market (shown below), net to RC less \$30/ton handling.

RC Armorel, AR:	St Louis #2 Dealer Bundle
RC Greenfield IN:	Chicago #2 Dealer Bundle
RC Hawesville, KY:	St Louis #2 Dealer Bundle
RC Kingsbury, IN:	Chicago #2 Dealer Bundle
RC Weirton, WV:	Pittsburgh #2 Dealer Bundle

RC responsibility reject coils in excess of 5,000 lbs will be considered secondary. RC can sell the secondary coils and will honor debits based on values provided by the Quality Recovery Specialist at the time of the sale.

For Customer convenience, RC offers an alternative program of 100% metal cost reimbursement for scrap and reject when generation is attributed to RC fault. This program has a modest cost and must be applicable to all orders submitted to, and processed by, RC. Metal prices are provided by the Customer at the time of quotation (and semi-annually thereafter and are the basis for the premium. RC will reconcile monthly, and provide the Customer with reconciliation, normally within 30 days. Customers who participate in RC's 100% program will be compensated for scrap based on first issue *American Metal Market* current month, stated market (shown above) net to RC, less \$30/ton handling.



The following procedures are in effect for both yield programs:

RC will provide reconciliation to the Customer on an actual weight basis, following the end of the reconciliation period. The detail should be adequate for the Customer to settle any issues or claims with their source related to each coil processed by RC. Allowance is calculated on total materials completed during the reconciliation period, not to individual coils. The accounting will be based upon the combined results at all of RC's locations. For any RC reconciliation program, the dollar amount related to the weight of the coating was deducted in the algorithm used to initially calculate the base prices provided in the reference pricing pages. Gross weight of metal and coating is the basis of the yield reconciliation. Full coil RC rejects may be reviewed on an individual basis at Customer request.

Debits submitted after receipt of the reconciliation will insure accurate and timely credit to your account. Debits must be submitted within 1 year of the reconciliation to Roll Coater, Inc., Accounts Receivable, 8440 Woodfield Crossing, Bldg 2 - Fifth Floor, Indianapolis, IN 46240.

◆ **RC HELD METAL:**

RC reserves the right to rework coils to meet the original Customer's specifications. Coils that are not suitable for salvage to the original specifications will be referred to, and dispositioned by, the Customer and administered by the RC Quality Recovery team. Should the Customer determine the material to be non-salvageable, RC will status the material as "reject". For coils that are salvageable to a different size/specification, RC will secure Customer authorization and a new order.

◆ **CUSTOMER REJECTS/HELD METAL:**

Customer reject coils are defined as metal with surface and/or metallurgical defects in steel coils equal to or greater than 2,500 pounds and aluminum coils equal to or greater than 800 pounds. All non-prime coils that are the responsibility of the Customer will be held for Customer disposition. Metal issues will be documented and reported within five (5) business days after suspension. Samples or pictures will be made available whenever possible.

We encourage timely disposition of metal-related hold coils and request disposition be received within 45 days of notification of metal failure. Customer-responsibility hold coils dispositioned to rework will be reprocessed on a commercially reasonable best effort basis. For this reason, subsequent claims for the original defect reason will not be accepted on reworked/salvaged material.

We appreciate your assistance in shipping reject material as quickly as possible after disposition, preferably within 30 days. As a service to our Customers, RC offers to administer the resale of Customer's reject metal based on values provided by the Quality Recovery Specialist at the time of the sale. When RC ships Customer reject metal, an invoice for processing will be issued and a debit for the resale value will be honored.

When coils are put on-line and Customer defects are identified, RC will run up to two (2) coils before suspending the balance of production. In those cases where RC stops coating a coil for causes of metal defect, and runs the coil through the line, Roll Coater reserves the right to be reimbursed for the costs associated with the processing of customer/substrate related rejections.

◆ **REAPPLICATION OF HELD METAL:**

In some cases, coils may not be suitable for the intended application but can be reprocessed on a commercially reasonable best effort basis to meet an alternate application. The Customer needs to provide a purchase order number and written instructions against which to reprocess and ship the reapplied metal. Reprocessing charges will be invoiced at the time of the reprocessing, based upon the gross weight of the metal to be reprocessed.

◆ **EXTERNAL PRIME YIELD:**

RC makes every reasonable attempt to remove non-conforming material at the time of processing. Imperfections encountered within a coil at time of processing may be flagged or marked, and wrapped in a main coil so as not to create a large number of small coils. However, as a result of the continuous coil nature of the coil coating process, it is impractical to remove all intermittent imperfections that may be present in either metal or coating. This is taken into consideration in the pricing process at time of quotation, hence it is expected that the Customer will accept the following without claim to Roll Coater:

- manufacturing setup blanks and normal head or tail losses
- a minimal quantity of unusable metal

Upon detection of an imperfection, the process would be to run 300 lineal feet beyond the point of identification to see if the imperfection runs out. Should the imperfection run out, the coil portion with the imperfection should be accounted for under the prime yield allowance for that coil.

Should the imperfection persist beyond the 300 lineal feet, the balance of the coil should be pulled, placed on hold, and a representative sample secured (from the coil as supplied) and notated with the Roll Coater coil identity (P-tag) of the source coil. The sample and balance of the coil should be held pending instructions from the RC Field Tech Representative or Quality Recovery Department. To expedite disposition, all documentation should be faxed or e-mailed to the RC Quality Recovery Specialist.

The Quality Recovery team will provide findings and disposition. In cases where RC requests material be returned for inspection or salvage, a material return authorization number will be provided and return freight will be paid. If RC does not authorize return of the material, the Quality Recovery team will coordinate removal or scrap of imperfect material.

Claims for non-warranty coating systems must be received within 1 year of processing date at RC. To facilitate timely claim handling, debits should reflect a RC claim number and include a breakdown of all costs. RC's liability will be limited to metals, RC processing charges that have already been paid, and freight. Debits submitted to Roll Coater, Inc., Accounts Receivable, 8440 Woodfield Crossing, Bldg 2 - Fifth Floor, Indianapolis, IN 46240 after receipt of the reconciliation will insure accurate and timely credit to your account.

◆ **FIELD REJECT:**

When the Customer has processed product that is deemed non-prime, in order to satisfactorily research the claim Roll Coater needs the following data:

- Representative samples of the defect
- RC coil number(s)
- Coil invoice number(s)
- Quantity held as non-prime
- Description of the problem



◆ **FIELD REJECT (continued):**

RC may request to inspect the processed product at the point of manufacture, prior to disposition and removal of claim material. Reasonable opportunity to inspect the material should be made available to RC. RC will not be responsible for handling damage, transit damage, manufacturing setup blanks, normal head or tail losses (outer and inner wraps) and the like. These defects are inherent to coil-supplied products produced in a continuous process, and as such are excluded from prime product claims, PPMs or financial liability.

Material may only be returned to RC with a claim number issued by the RC Quality Recovery Specialist or Field Technical Representative. If RC authorizes non-prime coils to be returned, they will be inspected and/or reprocessed and placed in good inventory if prime.

Claims that do not have an extended warranty supplied by the paint company must be received within 1 year of processing date at RC. RC cannot accept debits, claims, rejects or returns unless accompanied by a claim number issued by the RC Quality Recovery Specialist or a RC Field Technical Representative. To facilitate processing, debits should include the RC claim authorization number, RC coil tag number, pounds accepted for debit, metal cost, and coating charge, itemized. Additionally, if the disposition of resale/scrap is made at the Customer/Ship-to location, resale/scrap credit should be included on the debit. Debits should be sent to Roll Coater, Inc., Accounts Receivable, 8440 Woodfield Crossing, Bldg 2 - Fifth Floor, Indianapolis, IN 46240.

When the paint company has provided an extended warranty beyond 1 year, should complaints arise please forward the information directly to the Senior Director of Quality and Technology, Roll Coater Inc. 8440 Woodfield Crossing, Bldg 2 - Fifth Floor, Indianapolis, IN 46240. In addition to the information bulleted above, the following data is also required:

- Quality photographs
- Date material was shipped to the job site
- Date when product applied
- Location
- Size of building and/or complaint
- Contact name and phone number
- Samples when available

When appropriate, Accounting transactions are to be initiated upon final disposition of claim and agreement by both parties. Liability for all claims is limited to metal, applied coatings and freight. Roll Coater will not be responsible for consequential or compensatory damages.

◆ **GENERAL WARRANTY INFORMATION:**

RC applies coatings in accordance with coating supplier specifications. Requests for applications that deviate from coating supplier specification parameters will be considered, but such applications will void future claims for product suitability and/or field performance.

◆ **FREIGHT:**

All material is F.O.B. RC's dock, both inbound and outbound. RC has no responsibility for freight cost, freight claims for damage in transit, or material liability on either inbound or outbound shipments. In order to provide timely resolution, the recipient should provide prompt notification of any paperwork discrepancies upon receipt.

RC reserves the right to refuse to load or unload any equipment and/or materials deemed unsafe.



◆ **ORDER MANAGEMENT:**

Orders are subject to acceptance and credit approval by RC's corporate office in Indianapolis, IN. In order to facilitate timely and accurate production, Customer purchase orders should include (but are not limited to) the following:

- ◆ Sold-To Name, Address, Duns Number
- ◆ Ship-To Name, Address, Duns Number
- ◆ Complete Metal Description
- ◆ Quantity
- ◆ Date Wanted
- ◆ Order Reference Number (P.O., Customer Order, etc.)
- ◆ End Use
- ◆ Stenciling
- ◆ Part Number, if applicable
- ◆ Coating System, including color, codes, and dry film thickness (DFT)
- ◆ Metal surface, shape requirements and a copy of the part Specification (if published). *Note: In the absence of a specification, RC will process according to the coating manufacturer's Product Data Sheet.*
- ◆ Maximum coil/skid weight
- ◆ ID, OD Minimum and Maximum
- ◆ Direction of Wind (over wind or under wind at entry; over wind or under wind at exit)
- ◆ Price and RC Quote Number
- ◆ Ship Mode, Delivery and Unloading Instructions
- ◆ Slit Tolerance (when applicable)
- ◆ Emboss Pattern and Depth (when applicable)
- ◆ Special Comments (including specific information relating to the order)

Upon acceptance of the order, RC will initiate the purchase of the raw materials needed to fulfill the order. Should raw materials become aged or obsolete through no fault of RC or their suppliers, the Customer will be responsible for the disposal and/or costs of these materials. Should purchase order changes in coatings, order quantities, etc. result in residual raw materials such as paints, primers, or laminates for which RC has (or has previously received) orders, the Customer will be responsible for the consumption, disposal and/or costs of these materials.

Occasionally, Customers will request RC to have certain quantities of raw materials stocked on their behalf in anticipation of future orders. RC can accommodate these requests with written guidelines from the Customer outlining the following: quantity of metal to be coated on a monthly basis and the paint codes or colors that are appropriate.

On repeat substrate, metal types, metal sizes and color, the following is the allowable shipping variation from ordered quantity:

	Allowable Over-Ship -----	Allowable Under-Ship -----
500 tons or more	3%	3%
250 tons to under 500 tons	5%	5%
50 tons to under 250 tons	10%	10%
10 tons to under 50 tons	20%	15%
5 tons to under 10 tons	25%	20%
under 5 tons	50%	25%

It is the Customer's responsibility to notify RC if an order is a non-repeat, one-time requirement. Orders should include the required minimum lineal footage when production quantities are critical.



◆ **PRODUCT DEVELOPMENT:**

Product Development (PD) runs are defined as those that are developmental and/or experimental in nature. RC will coat these orders on a commercially reasonable best effort basis. PD runs will not be subject to or included in yield allowance limits, PPM's, or subsequent financial liabilities. PD items will remain in trial status until released by RC's Product Development department. As referenced on the quotation, trial pricing is subject to review prior to commercialization.