



AA Metals, Inc.

Addendum to Claim Policy

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Claim Policy for Aluminum Extrusion Products

This document outlines the policy and procedures for the filing/processing of claims for aluminum extrusion products on AA Metals, Inc. (“AAM”) and procedures regarding disposition of claims. All claims submitted to AAM by the customer will be evaluated on the basis of validity and in accordance with our policies and procedures.

Unauthorized deductions occurring prior to disposition and settlement of a claim constitute nonpayment. Subsequent consequences include, but are not limited to shipping hold, credit hold, additional service fees on past due amounts and/or loss of discounts.

1. General Requirements

The AAM claim policy is part of the terms and conditions of sale and covers claim on:

- A) **Material defects only.** AAM does not reimburse for: surface scratches; handling damage if customer transferred after AAM delivery to original delivery point; labor and/or freight and/or transfer charges, and any other charges associated with claims resulting from material defects.
- B) AAM supplies standard distributor quality from our depots or directly from the mill. We must be notified at time of the purchase order placement of any special end use requirements for our evaluation.
- C) AAM expects customer to use reasonable judgement in defining a product’s non-conformance, based upon end use requirements. A claim shall be declined if the technical investigation reveals an unreasonable discrepancy between end use requirements and extent or severity.

2. Notification of rejection

Customer must provide AAM a summary list of claim material when notifying about claim, with minimum weight of 1,000lbs on each summary. All of the following must be provided on the summary list:

- AAM Invoice Number, Invoice Date, Lot and Heat number listed with each AAM part number along with defective quantity in both pounds and pieces
- A simple description of mill defect for each claimed part number or piece

AAM will inspect material by identifying die marks and verifying mill defects. Rejected material must be set aside at customer facility and easy to identify from the claim summary paperwork provided to AAM.

3. Settlement of the rejection

- A) No claim will be honored on material that has already been processed.
- B) A claim initiated and presented by a third party will be not be considered.
- C) All shipment that arrives wet or damaged must be signed for as such on the delivering bill of lading with a copy provided to AAM claims team (claims@aaametals.com).
- D) The absolute maximum time limit for mill defects is 180 days from material invoice date, while water stain defects must be filed within 30 days from invoice date. Under no circumstances will any claim be considered past this time limit.
- E) Claim may be settled for raw material less scrap value. AAM will use public market scrap value (<http://www.scrapregister.com/scrap-prices/united-states/260>) to determine scrap value if customer scrap rate is deemed unacceptable. No material may be scrapped or otherwise disposed of without our written approval from AAM.
- F) AAM reserves the right to pick up or request return of the defective material.

This “Claim Policy for Aluminum Extrusion Products” is effective from the date it is provided to customer, and will be provided by Seller as a part of sales order confirmation of all aluminum extrusion order confirmed by AAM.