

## Metal contracts

If a customer buys metal from KME for subsequent processing into products in accordance with customer specifications or for delivery of stock items at a later phase, this metal position is confirmed as a "metal contract". This contract enters into force when KME confirms in writing the type of metal, the quantity, the price and the date this fixation is due.

The customer is obliged to fully execute the metal contract by placing orders within the confirmed period ("specification period" - generally 3 months from the date of the fixation). The orders must contain the precise product specification. The product price is either a combination of the metal price as stipulated in the metal contract together with the processing price as agreed with the customer, or it is determined by a reference in the metal contract to a product price list published by KME.

If the metal contract still features a remaining quantity after the due date has passed, the customer will be advised immediately and given a reminder to purchase the remaining quantity within 10 working days. If the customer allows this period of notice to elapse, KME is entitled to cancel the remaining volume. Cancellation is implemented in accordance with the daily price of the LME on the date of cancellation. If the cancellation causes a loss for KME, the customer will be invoiced the respective amount plus any additional costs. This is to be settled immediately.

If the customer informs KME in writing that he intends to continue to use the remaining quantity from the metal contract after the purchase period has expired, KME is entitled to calculate a 1% price supplement on the metal price per month commenced for the quantity not taken.

Remaining quantities from metal contracts which are less or equal to 150kg will be cancelled by KME without consulting the customer. The customer has no claim to deliveries of products against such low remaining quantities and consequently need not expect any disadvantages ensuing from cancellation of such quantities.

If several metal contracts are concluded with a customer, the oldest metal contract will always be used for determining the price (FIFO rule) for the delivery of products in each individual case.

KME accepts metal price fixations in accordance with the metal quotation of the previous day up to a metal price increase of less or equal to EUR40/ton. Metal price increases in excess of this figure are charged to the customer.

## Metal accounts/Tolling orders

Metal accounts must show cover to the amount of the scheduled delivery quantity at least 6 weeks prior to the confirmed delivery date to the customer if the orders are to be set off against a metal account. In this connection, the tolling order conditions agreed with the customer are to be taken into consideration.

The metal account should have a stock level of at least approximately the monthly purchase quantity.

The physical delivery of metals is to take place 6 weeks prior to the confirmed delivery date at the latest.

If the customer's metal account does not show adequate cover when an order is placed, a tolling order will not be processed and delivery delays will ensue. The customer waives all claims vis à vis KME concerning delayed delivery as a consequence of such circumstances.

In the case of insufficient metal cover on the delivery date, KME is entitled to carry out corresponding metal price fixations for the orderer and at the orderer's expense, and invoice these to the orderer at the time of delivery.