

Scrap Reconciliation

Steelscape continually strives for 100% prime yield. However, current coil processing technology does not allow for such a prime yield. Therefore, Steelscape uses the following guidelines in the reconciliation of scrap losses. These yield allowances will be applied on total quantity ordered.

Allowed Yield Loss

- Paint – 3%
- Slit – 3%
- Embossed – 1%
- Cut-to-Length – 1%

Note: These yields are exclusive of each other, both by individual line and with each pass through the line. For example: 1) The allowable yield on a single-pass painted and slit product will be 3% for the paint line with an additional 3% allowable yield loss on the slit processing of the product; 2) The allowable yield on a multiple-pass painted and slit product will be 3% for each pass through the paint line (3% each x2) with an additional 3% allowable yield loss on the slit processing of the product.

Order Size

- **Steel:** Steelscape yields require and are based upon orders of $\geq 40,000$ lbs. Order quantities of 20,000 to 39,999 lbs. have Allowed Yield Loss of 4.5%. There is **no yield guarantee** on steel order quantities $< 20,000$ lbs.
- **Aluminum:** Steelscape yields require and are based upon orders of $\geq 14,000$ lbs. Order quantities of 7,000 to 13,999 lbs. have Allowed Yield Loss of 4.5%. There is **no yield guarantee** on order quantities $< 7,000$ lbs.

Coil Size

- **Steel:** There is **no yield guarantee** on coils $< 10,000$ lbs. Coils supplied at below standard quality will be subject to higher allowed yield losses and special handling fees.
- **Aluminum:** There is **no yield guarantee** on coils $< 3,400$ lbs. Coils supplied at below standard quality will be subject to higher allowed yield losses and special handling fees.

Losses Included in Scrap Reconciliations

- Croppings of coil heads and tails
- Splices
- Line Stops
- Miscellaneous Croppings
- Coil Rejects \leq 2,500 lineal feet if Steelscape is at fault
- Steel Coil Rejects > 2,500 lineal feet if Steelscape is at fault may be considered when the incoming coil weight is < 15,000 lbs.
- Aluminum Coil Rejects > 2,500 lineal feet if Steelscape is at fault may be considered when the incoming coil weight is < 5,000 lbs.

Scrap Factor

The scrap factor is based on a % of **total quantity ordered by sales order line item per process required**.

Scrap Reconciliation Reports

Steelscape will process the scrap reconciliation by the 20th of each month for the previous month's scrap. Credits/payments will be processed once per quarter for any scrap in excess of the allowed yield loss.

Non-Allowable Rejections

If during the processing of material, difficulties are encountered which result in an individual coil loss outside the normal operating allowance, Steelscape will be responsible for the reimbursement of the agreed upon metal value for that coil, regardless of through put quantity. Steelscape will retain ownership of the material and credit the customer's account for the material involved regardless of yield performance.

Material Value

The customer will be reimbursed at the original metal value for the coils for all losses determined to be caused by Steelscape that exceed the stated yield allowance. Proof of original metal value for each coil will be required by Steelscape prior to customer reimbursement.

Steelscape retains ownership of all scrap losses regardless of cause, and all rejects determined to be caused by Steelscape.

All losses incurred during no charge developmental trials will be considered allowable.