



Claims Policy for Secondary Hot Rolled & Cold Rolled Sheet & Strip – Oct. 19 2009

1. Categories

Essar Algoma offers unapplied secondary product in three categories S1, S2 & S3.

2. Quality

The quality levels & warranty conditions are explained in the following table & in the Policy details as written in the following document. Please note that the excess prime product category will be covered by our standard Claims Policy.

3. Product Attributes

The Essar Algoma tolerances and attributes are listed below. These are;

Product Attribute	S1	S2	S3
Grade	Standard (Std)	Std/Non-Std	Std/Non-Std/Hybrid
Surface Quality	Standard	Standard	Standard
Useable Surface Area	>=85%	>=70%	>= 50%
Gauge/Width	Full ASTM	<= 1.5 x Full ASTM	<= 2 x Full ASTM
Flatness	<= Full ASTM	<= 2x Full ASTM	> 2x Full ASTM
Coil Weight - tons	>10t	>7t	>5t
Coil Condition (Internal Spec)	Standard	<= 2x Standard	> 2x Standard
Chemistry – S1, 2 & 3	Chemistry Certificate Provided		
Mechanical Properties – S1, 2 & 3	Test Report if available & standard by grade		

Notes

- The grades offered will be S1 standard grades only, S2 standard & or non-standard grades, & S3 standard & or non-standard grades & hybrids.
- The gauge, width & flatness tolerances as indicated are to the applicable ASTM specification for the product type as identified in the offering made to the purchaser. The product is to be sold as average gauge & as minimum width. Claims for gauge will be assessed using the applicable ASTM gauge tolerance against the coil gauge reported on the offering.
- The Essar Internal Spec for coil condition will be provided by separate copy. These conditions include telescoping, oscillation, loose wraps & collapsed coils.

- The Essar internal Spec for unprocessed coils is also available by separate copy. This spec addresses such things as coil end condition & other exceptions that are common to the steel industry for unprocessed coiled products.
- The tolerance attributes apply to the useable surface area only.
- Claims will not be accepted if the product meets the guidelines in the above table.
- Formability & weldability are not guaranteed.
- All products are intended for Resale purposes and are not guaranteed for any specific end use.
- The Essar Algoma Coil Sheet & Strip Claims Policy & the Condition of Sale Policy will generally apply but not in place of the exceptions noted in this document.
- All other quality attributes are subject to the Essar Algoma's internal standards and are subject to discussion at the time of sale.

4. Claims Policy for Secondary Product

Claims presented within 90 days of the delivery for surface, shape, dimensional tolerances etc. in the coil body are subject to the established claims policies.

Secondary product will be offered with a quality description of the product & claims will be honored where the description is found to be wholly inaccurate preventing the product from being used for the purchased end use. Similarly claims will be honored where the useable area of the product deviates by more than 5% of the delivered coil weight from the attribute as listed.

5. Secondary Quality

Surface Quality – This product is offered with localized injurious defects with the expectation that the customer will be able to utilize a minimum yield by weight by managing the processing of the product to cut around the non conforming surface area of the coil. The offering is to include a general description of the defect location to help customers assess their ability to yield good product the coil as offered. Essar expects that the defects that are found are removable by either slitting and or shearing. The coil condition is to be expected to exhibit minor physical damage & or non conformity. Stains & or rust as described in the offering may be removed by repickling however Essar Algoma will not be held accountable for customer claims that result directly due to the failure of the repickling process.

Defect Reasons – The typical defect reasons could include roll marks, stain, rust, pitting, slivers, pinch marks, stickers, and cold mill scratches.

Shape – S1 flatness will conform to the full ASTM applicable tolerances for the prime portion of the coil after adequate leveling. Claims for an off flat condition should be presented following the standard claims policy practices & procedures. It should be noted that coils may be sold in either the processed & or unprocessed condition. S2 & S3 coils will be sold as is and may exhibit a shape condition that exceeds the applicable full tolerance ASTM spec. Claims for shape will not be accepted for these two categories when the offering clearly identified that a non conforming shape condition pre-existed on the said coil.

6. Other Applicable Policies & Documents

The Essar Algoma Claims Policy & Condition of Supply Policy can be found on the Essar Algoma website. The Internal Standards including the Coil Condition & Unprocessed Coil Standards can be obtained through your Sales Representative.