



CONVERSION CONTRACT TERMS AND CONDITIONS

1. **PRICE:** The prices or charges specified include all converting fees and costs, weighing fees and handling or other costs involved in unloading, caring for, converting, packing and loading the materials for shipment.
2. **WARRANTIES:**
 - A. Kaiser warrants that the materials supplied for conversion will be of good quality and workmanship and will meet and comply with all of the specifications or other indicated, relevant specifications on delivery.
 - B. Converter warrants that the converted materials (hereinafter sometimes called "products") will be of good quality and workmanship and will meet and comply with all of the specifications of or other indicated relevant specifications on completion of conversion and on shipment. The warranties of Converter set forth above are in addition to any standard warranty or service guarantee given by Converter to Kaiser.
3. **SCRAP AND SCRAP ALLOWANCE:**
 - A. Unless otherwise provided herein, all scrap generated from Kaiser materials supplied for conversion hereunder (a) shall belong to Kaiser, (b) shall be segregated from all other materials and marked so that it can be readily identified as Kaiser's and (c) shall be loaded and shipped from time to time, in accordance with Kaiser's instructions. All transportation costs for such scrap shall be for Kaiser's account unless otherwise agreed.
 - B. Converter warrants that the amount of scrap generated will not exceed the allowance (if any) indicated on the face hereof. For any scrap in excess thereof, Converter shall pay Kaiser as damages an amount equal to (a) the product of Kaiser's published price per pound for the materials furnished as of the date of shipment to Converter times the amount (expressed in pounds) of scrap generated over and above the scrap allowance, less (b) the scrap value thereof, if any. If there is no published price, the market value of such materials, as determined from sales of comparable materials by Kaiser, shall apply.
4. **WEIGHTS:** All weights shall be determined from properly certified scales.
5. **RELEASES:** Kaiser may use its standard Purchase Order or other forms for placing orders or releases with Converter. Any such forms are administrative only and shall not alter this Contract.
6. **SHIPMENTS:**
 - A. Converter shall furnish all labor and materials required for, and shall suitably perform, all loading, packing, marking and shipping of Kaiser's materials or products in accordance with the instructions furnished by Kaiser or, if no instructions are specified, shall perform such services in accordance with common carrier requirements and in a manner so as to secure the lowest transportation cost.
 - B. Converter shall load and ship by such carriers and routes, to such destinations, and in such amounts and units, as Kaiser may direct from time to time and under Bills of Lading supplied by Kaiser.
 - C. Converter shall be liable for any difference in freight charges arising from its failure to follow Kaiser's directions or properly describe any shipment.
 - D. Kaiser shall be responsible for all transportation charges to and from Converter's plant, unless otherwise provided herein.
 - E. Converter shall assist Kaiser, when requested, in obtaining documents and other information necessary for the prosecution of claims against carriers.

7. REJECTIONS AND RETURNS:

A. All converted materials or products are subject to inspection by Kaiser or Kaiser's customers, as the case may be, within a reasonable time after arrival at their indicated destination.

B. If upon such inspection, any such materials or products are found to be defective or of inferior quality or workmanship or not in compliance with the applicable specifications, or in violation of any of Converter's warranties hereunder, Kaiser, in addition to any other remedies it may have, may at its election (a) return such materials or products to Converter's plant for reprocessing and reshipment all at Converter's cost and expense; (b) require Converter to reimburse Kaiser for Kaiser's sales price of the converted materials or products less their scrap value; or (c) require Converter to reimburse Kaiser for (i) all transportation costs on such materials or products to and from Converter's plant, plus (ii) allocable conversion charges paid, plus (iii) an amount equal to Kaiser's published price on such materials or products in their unconverted form (or, if there is no published price, market value as determined from sales of comparable materials by Kaiser), less (iv) the scrap value of such materials or products.

C. Converter shall advise Kaiser promptly of any complaints received from Kaiser's customers, but shall not handle or deal with such complaints. Kaiser shall have control over all customer complaints, but shall advise Converter promptly of any such complaints so that Converter, if it so elects, will have an opportunity to promptly inspect the products in the presence of a Kaiser representative before they are scrapped, as permitted by Paragraph B of this Article 7.

8. INVOICES AND OTHER DOCUMENTATION:

A. All invoices shall refer to this Contract and shall show the precise quantity of products covered thereby.

B. If any invoice covers, in whole or in part, products which have been shipped, the original or a copy of the relevant Bills of Lading must accompany the invoice together with the address and name of the person or firm to which the shipments were made.

C. In any event, Converter shall provide Kaiser with the original or a copy of all Bills of Lading on shipments made by it of Kaiser materials, products or other items.

9. INSURANCE:

A. Converter shall, at its expense, procure and maintain the following insurance:

(a) WORKERS' COMPENSATION INSURANCE in the amount required by all applicable laws, including, without limitation, the Longshore and Harbor Workers' Compensation Act and any other federal compensation act or maritime act, and EMPLOYER'S LIABILITY INSURANCE to a limit of not less than \$1,000,000. Converter before commencing any work hereunder shall be qualified under the workers' compensation laws of the state or states in which the work or any portion of the work is to be performed and shall at all times comply with the provisions of said laws. All subcontractors of Converter shall be required by Converter to maintain the above described insurance coverage and to comply with qualification requirements of all applicable workers' compensation laws; Converter shall do so on behalf of its subcontractors if its subcontractors fail to maintain said insurance or to comply with said qualification requirements.

(b) COMPREHENSIVE GENERAL LIABILITY INSURANCE, including, without limitation, automobile liability covering Converter and its employees for all of Converter's operations hereunder, including, without limitation, the operations of all subcontractors, the operation of vehicles and equipment by Converter or any and all subcontractors and liability assumed under the "Indemnity" provision of this Contract, with limits of not less than \$5,000,000 as a combined single limit for injury to, or death of, any person or persons and for property damage, including consequential loss, arising out of any single occurrence.

(c) ALL RISK INSURANCE covering all Kaiser-owned materials, products and other items against direct physical loss or damage from the perils of fire and lightning, vandalism, malicious mischief, theft and the perils set forth in the extended coverage endorsement, namely, windstorm, hail, explosion, vehicles, smoke, riot and civil commotion and the perils of collapse, dropping, collision and sprinkler leakage.

The amount of insurance provided shall be not less than the highest average monthly value of Kaiser-owned materials, products and other items in Converter's possession from time to time during the term of this Contract.

B. Prior to commencement of any work hereunder, Converter shall provide Kaiser with certificates of insurance which demonstrate compliance with the terms of this Article 9. The All Risk and Comprehensive General Liability Policies (a) shall name Kaiser Aluminum as an additional insured, (b) shall provide that other insurance which Kaiser may have to insure loss shall be in excess of and not contribute to a loss to which the insurance provided herein by Converter is applicable, and (c) shall provide that the insurer waives any right to subrogation which might arise by reason of any payment under the policies against Kaiser Aluminum, its subsidiaries, its affiliated companies and the agents and employees of any of the foregoing.

C. Insurance deductibles, if any, shall not exceed \$10,000 per occurrence and shall be absorbed entirely by Converter with no contribution by Kaiser. In the event of a reduction or exhaustion of any aggregate limit, Converter shall secure additional insurance or shall have excess insurance available so as to comply with the above requirements as to limits.

D. At the time of a loss, Converter shall provide Kaiser with a written report of the loss.

10. INSPECTION AND RECORDS:

A. Converter shall keep accurate and detailed records and accounts and shall render periodic reports to Kaiser on its operations hereunder in such form and at such times as Kaiser may reasonably require.

B. Converter shall permit Kaiser, their customers and regulatory authorities right of access to all of the Converter's facilities involved in the order and to applicable records at any reasonable time.

C. Converter shall inspect all Kaiser-owned materials and other items on receipt at its plant and shall advise Kaiser promptly of any shortages, defects or damages thereto; and if the conversion of any such items may be affected thereby, Converter shall delay conversion pending advice from Kaiser.

11. TERMINATION:

A. Converter may terminate this Contract prior to its expiration date as may be permitted on the face hereof, but not otherwise, without Kaiser's express written consent.

B. Kaiser may terminate this Contract prior to its expiration date (a) as may be permitted on the face hereof, (b) if Converter shall default in the timely performance hereof or breach any of its obligations hereunder, or (c) if Converter fails to pay any indebtedness when due or if Converter becomes insolvent or in the event any voluntary or involuntary proceedings are instituted by or against Converter in bankruptcy or insolvency or in the event a receiver, trustee or assignee for the benefit of creditors of Converter is appointed, but not otherwise, without Converter's express written consent.

C. In the event Converter gives any notice of termination of this Contract as may be permitted hereby prior to the expiration of its term, Converter shall, if so requested by Kaiser, complete its performance of all orders and releases placed by Kaiser prior to its receipt of such notice or which may be reasonably completed by Converter prior to the effective date of termination.

D. In the event of the expiration or earlier termination of this Contract, Converter shall ship all Kaiser-owned equipment, materials and products in its possession as directed by Kaiser and at Kaiser's expense.

12. DELAYS:

A. Neither party shall be liable for any delay or failure in the performance of its obligations under this Contract if such performance is delayed or prevented due to a circumstance of Force Majeure. For the purposes of this Contract, the term "Force Majeure" means acts of God; strikes, lockouts or other industrial disturbances; wars, whether declared or undeclared; blockages; insurrections; riots; earthquakes; typhoons; hurricanes; floods; epidemics; fires; explosions; serious breakage or accidents to machinery or equipment; failure of transportation or usual sources of supply; acts or restraints of governmental authority, whether legitimate or not; and, without being limited by the above, any other cause, occurrence or failure which is not within the reasonable control of the party affected. Upon the occurrence of a circumstance of Force Majeure, the party affected shall

immediately notify the other party of the nature, anticipated duration and probable effect thereof in reasonable detail and take every reasonable step to resume its performance with the least possible delay; provided, however, that nothing herein shall be deemed to require either party to settle any strike, lockout or other industrial disturbance on terms which in its opinion are not satisfactory.

B. In the event of a circumstance of Force Majeure affecting Converter, Kaiser may, at its option, replace any incomplete or pending orders or releases for conversion of materials, or place new orders or releases for conversion of materials, with other converters during the period of such Force Majeure, upon written notice to Converter. Unless otherwise agreed, (a) the quantity of converted materials ordered elsewhere shall be deducted from the quantity of converted materials to be supplied hereunder, and (b) Kaiser shall have no liability to Converter with respect thereto except for the payment of amounts due in respect of converted materials completed prior to the effective date of such notice.

13. TITLE:

A. Kaiser shall at all times have title to the products and to any other materials, tools or equipment supplied by Kaiser. Converter shall do nothing to jeopardize Kaiser's title to any such items and shall be liable for all loss of, or damage to, any such items.

B. Converter shall segregate all Kaiser-owned items from all other items in its possession and shall mark all Kaiser-owned items so that they are readily identifiable at all times as belonging to Kaiser. If requested by Kaiser, Converter shall execute and deliver all such security agreements, financing statements and other documents as may be necessary to confirm Kaiser's ownership and title to all Kaiser-owned items under the Uniform Commercial Code of the state or states where any Kaiser-owned items are, or are to be, located while in Converter's possession.

C. Except as Kaiser otherwise agrees, all Kaiser-owned items shall be used and shipped only under this Contract; and Converter shall not exchange or substitute any like items there for.

14. PATENTS, TRADE SECRETS, COPYRIGHTS AND TRADEMARKS:

A. Converter shall indemnify, defend and hold Kaiser, Kaiser's customers and their successors in

interest harmless from and against any action against any and all of them based on a claim that the manufacture, use or sale of the converted materials or products constitutes infringement of any U.S. Patent, now or hereafter issued, or violates any other proprietary interest including, without limitation, copyrights, trademarks and trade secrets, if Converter is notified promptly in writing and is given authority, information and assistance, at Converter's expense, for the defense of the action, unless the converted materials or products (a) are made in accordance with designs, specifications or formulae furnished by Kaiser and (b) are not of a kind normally manufactured or sold by Converter.

B. If the converted materials or products (a) are made in accordance with designs, specifications or formulae furnished by Kaiser and (b) are not of a kind normally manufactured or sold by Converter, Kaiser shall indemnify, defend and hold Converter and its successors in interest harmless from and against any action against any and all of them based on a claim that the manufacture, use or sale of the converted materials or products constitutes infringement of any U.S. Patent, now or hereafter issued, or violates any other proprietary interest including, without limitation, copyrights, trademarks and trade secrets, if Kaiser is notified promptly in writing and is given authority, information and assistance, at Kaiser's expense, for the defense of the action.

15. INDEMNITY:

A. Converter shall indemnify, save harmless and defend Kaiser, its subsidiaries, its affiliated companies and the directors, officers, employees, agents and representatives of any of the foregoing from and against any and all suits, actions, legal proceedings, claims, demands, damages, costs and expenses of whatsoever kind or character, including, without limitation, attorneys' fees and expenses, arising out of or by reason of any liability or obligation in any manner caused or occasioned by or claimed to be caused or occasioned by, any act, omission, fault or negligence of Converter or anyone acting on its behalf, including, without limitation, subcontractors and suppliers, their subcontractors and suppliers and the directors, officers, employees, agents and representatives of any of the foregoing, in connection with or incident to this Contract or with respect to the goods

furnished or services performed hereunder except where caused by the concurrent negligence of Kaiser, its directors, officers, employees, agents and representatives (other than Converter or anyone acting on its behalf), in which event Converter's liability for the payment of damages, costs and expenses hereunder shall be reduced in proportion to the negligence of Kaiser, its directors, officers, employees, agents and representatives (other than Converter or anyone acting on its behalf) on the basis of comparative negligence or fault.

B. Without limiting the foregoing, Converter shall indemnify, save harmless and defend Kaiser, its subsidiaries, its affiliated companies and the directors, officers, employees, agents and representatives of any of the foregoing from and against any and all suits, actions, legal proceedings, claims, demands, damages, costs and expenses of whatsoever kind or character, including, without limitation, attorneys' fees and expenses, arising out of or by reason of any injuries (including death) or damage to any person or entity employed by or acting on Converter's behalf in connection with or incident to this Contract or with respect to the goods furnished or services performed hereunder except where caused by the concurrent negligence of Kaiser, its directors, officers, employees, agents and representatives (other than Converter or anyone acting on its behalf), in which event Converter's liability for the payment of damages, costs and expenses hereunder shall be reduced in proportion to the negligence of Kaiser, its directors, officers, employees, agents and representatives (other than Converter or anyone acting on its behalf) on the basis of comparative negligence or fault.

C. Converter's obligations under this Article 15 and under Article 14 "Patents, Trade Secrets, Copyrights and Trademarks" shall continue without limitation as to time, notwithstanding the extinguishment of other rights and duties under this Contract by completion, Contract termination or cancellation or any other manner.

16. TAXES:

A. Converter shall be responsible for and shall pay all contributions, taxes and assessments which are measured by wages, salaries or other remuneration paid to persons employed by Converter or its subcontractors in its performance of this Contract, or which arise by virtue of their employment, and which now or hereafter may be

imposed by any governmental body. Such contributions, taxes and assessments shall include, without limitation, those for social security, disability, unemployment and other benefits, and for income withholding taxes. Converter shall comply with all administrative regulations relating to such matters.

B. Converter shall be responsible for and shall pay all taxes, excises, assessments or other charges of any kind levied by any governmental body on or because of its performance of this Contract or on or because of the use of any equipment, supplies, material or labor in the performance of this Contract.

17. LAWS AND REGULATIONS: Throughout the performance of this Contract, Converter shall comply with all applicable federal, state and local laws, ordinances and regulations, whether existing or hereafter enacted, of all governing bodies having jurisdiction over Converter's activities hereunder, including, without limitation, all applicable toxic or hazardous substance information and/or control laws and regulations.

18. NOTICES: All notices under this Contract shall be in writing and may be served by either party on the other by hand, facsimile, telex, telegram, cablegram or regular mail addressed to the respective party at the address indicated in this Contract. The address of either party may be changed at any time by written notice of such change to the other party. Any such notice shall be effective upon delivery to the intended recipient or seven (7) days after being placed in the ordinary course of the mail, postage paid and properly addressed, whichever occurs first.

19. INDEPENDENT CONTRACTOR: Converter shall perform this Contract solely as an independent contractor and not as the agent or employee of Kaiser.

20. ASSIGNMENT AND SUBCONTRACTING: Neither this Contract nor any right, privilege or obligation hereunder shall be assigned or delegated by subcontract or otherwise in whole or in part by Converter without the prior written consent of Kaiser. Any attempted assignment without such prior written consent shall be void.

21. WAIVER: No waiver of any provision of this Contract shall constitute a waiver of any other

provision of this Contract or of the same or any other provision in any other instance. No waiver shall be effective except in writing signed by the authorized representatives of the parties hereto.

22. ENTIRE CONTRACT: This Contract contains the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all negotiations, proposals, agreements and understandings, whether written or oral, with respect thereto. No amendment, variance or change in the provisions of this Contract shall be effective except in writing signed by the authorized representatives of the parties hereto.
23. APPLICABLE LAW: This Contract shall be governed by and construed in accordance with the laws of the State of California without reference to principles regarding conflicts of laws.