



GENERAL CONDITIONS OF SALES – Version 04

1. The sales of Aperam South America products shall be in compliance with these general conditions of sales, except for any amendment of the terms set forth herein.

2. THE ORDERS

2.1 Purchase order / order

It is the customer's formal or oral manifestation to the sales area and its acceptance is subject to formal confirmation from Aperam South America in terms of quantity, deadline and remaining commercial conditions.

2.2 Product Specification

When placing the order to Aperam South America, the Customer shall specify in details the product of interest and its application.

2.2.1 If there are discrepancies with the internal standards of Aperam South America products, the feasibility of meeting the order placed shall be evaluated.

2.2.2 The non-specified conditions shall be considered according to the internal standards of Aperam South America.

2.3 Cancellation of Orders

Aperam South America is not committed to accepting cancellations or modifying orders in case the relevant product has already been produced or is being produced.

2.4 Dates for order confirmation and invoicing

Considering its several product lines, Aperam South America works with the following order confirmation period: monthly, 10-day period and weekly confirmation.

10-day period confirmation –

- 1st 10-day period = from day 1 to day 10
- 2nd 10-day period = from day 11 to day 20
- 3rd 10-day period = from day 21 to day 30/31

Weekly confirmation

- 1st week of the month
- 2nd week of the month
- 3rd week of the month
- 4th week of the month

2.5 Aperam South America considers confirmation as the period for invoicing products at the Plant.

2.6 Deadlines confirmed for invoicing are subject to alterations, in the event of unforeseeable circumstances or force majeure, or even operational problems, and customers shall be informed.

2.7 As for the orders that are not met within the confirmed deadline due to commercial or industrial reasons, the customers shall consider the following 10-day period or week as the new deadline for delivery. A follow-up shall be made through the "EDI" report, which is sent on a daily basis.



2.8 Guarantees

Aperam South America reserves itself the right to require from the Customer, in advance, a bank guarantee, a standby bank guarantee letter or another guarantee for any type of supply.

3. PRICES

3.1 The prices are those in force on the date of confirmation of the order by Aperam South America.

3.1 The prices are those in force on the date of invoicing, which shall be previously informed to the Customer.

3.2 In the event of sales to be paid by installments, a financial rate will be added to the price, considering that applied on the date the product is invoiced.

4. CANCELLATION OF SUPPLY

4.1 The supply may be either legally postponed or cancelled, totally or partially, by Aperam South America, with no liability whatsoever, regardless of court summons or judicial or extrajudicial notification, in the following cases:

- a) if the Customer becomes a defaulter in fulfilling any of its obligation towards Aperam South America;
- b) if the Customer undergoes foreign exchange protest or has any litigation or execution against it, showing clear evidences of insolvency, being up to Aperam South America to analyze the risks of the business;
- c) if the Customer has its bankruptcy determined, requires self-declared bankruptcy, or homologation of judicial or extrajudicial recovery;
- d) for acts of God or force majeure such as: fire, strike, flood, war, calamity, riots, operational problems or accident followed by total or partial stoppage, recognized shortage of raw materials, fuel, electric power or any other circumstances that are beyond the control of Aperam South America and that hinder the compliance with the deadline established or with the supply of the product.

5. WEIGHT

5.1 The weights listed on the Invoice are measured by precision equipment that are periodically calibrated by a government authorized agency, according to the laws in force.

5.2 The permitted tolerance is plus or minus 1% (one percent) of the weight of the products listed on the Invoice. .

5.3 Aperam South America considers as met the orders delivered according to variations indicated in the following table:

Flat Products	Quantity (t)	Tolerance (%)	
		Lower Limit	Upper Limit
Cold Rolled Stainless	From 9.12 to 27.0	-12	+10
	From 27.1 to 90	-8	+8
	Above 90.1	-5	+5
Hot Rolled Stainless (Coil and Sheet)	Up to 12.0	-20	+10
	From 12.1 to 36.0	-15	+10
	From 36.1 to 120.0	-10	+10
	Above 120.1	-5	+5
Hot Rolled Stainless (Heavy Plate)	Up to 20.0	-20	+20
	From 20.1 to 120.0	-10	+10
	Above 120.1	-5	+5
GO and GNO Electrical Steels	Up to 12.0	-20	+10
	From 12.1 to 36.0	-15	+10
	From 36.1 to 120.0	-10	+10
	Above 120.1	-5	+5
Carbon and Low Alloy, Hot and Cold Rolled	Up to 36.0	-20	+20
	From 36.1 to 120.0	-10	+10
	Above 120.1	-5	+5

6. PRODUCT IDENTIFICATION AND PACKAGING

6.1 Aperam South America has standard identification and packaging for its products.

6.2 Any packaging different from standards may be used, upon previous request of the Customer, and corresponding expenses shall be borne by the Customer.

6.3 The Customer shall observe Aperam South America's instructions for product storage and handling, as well as the unpacking procedure for the product.

6.4 Any and all damage that may be caused to the product, employees or third parties arising from failure to follow these instructions shall be the sole responsibility of the Customer.

7. PRODUCT INSPECTION

A) At the Customer's facilities

7.1 It is the Customer's obligation to carry out inspections, in a strict manner, upon product reception. Any and all deviation detected on the products received shall be registered on the bill of lading.



7.2 The Customer shall preserve intact the product identification (Identification Tag) to make it easier to clarify any doubt, address a claim or return the product.

B) At Aperam South America facilities

7.3 Aperam South America has inspections criteria that guarantee compliance between specification and product. The Quality Certificate (QC) sent by e-mail or that accompanies the product is the guarantee certificate of said product.

7.4 The Customer, upon previous agreement, may, at its own costs, inspect the product before shipping, directly or through third parties, as long as the Customer respects the period of time established by Aperam South America for such inspection, which is 3 (three) working days after notice is given.

7.5 Once this period of time is over, Aperam South America reserves itself the right to make the necessary arrangements for shipping the product according to its own inspection criteria.

8. SHIPPING

8.1 The cost of transport to the place of delivery, unless previously agreed, shall be borne by the Customer.

8.2 Aperam South America will indicate the means of transportation as well as the Carrier it deems more adequate to serve the customer, taking into consideration issues related to safety, agility on loading, shipping and address for delivery of the product.

8.3 In case there is an insurance contract for the load to be transported, the corresponding amount shall be described on the Invoice by Aperam South America.

8.4 When contracting a Carrier indicated by Aperam South America, in case of damage, delay or loss during transport, Aperam South America will reimburse the Customer, reserving itself the right of regress or subrogation with the carriers and insurance companies.

8.5 Optando o Cliente pela contratação de transportadora diversa daquela indicada pela Aperam South America, será assinado o Termo de Responsabilidade (Anexo 1), obedecendo-se as normas internas de segurança e transporte. Neste caso, a responsabilidade da Aperam South America cessa com embarque da mercadoria.

Subject: Annex 1 – Term of Responsibility

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9. DELIVERY OF THE PRODUCT

9.1 Upon the contracting out of the carriers appointed by Aperam South America, the products shall be delivered according to the following terms:

A) In case of road transportation, the carriers appointed by Aperam South America will have a

maximum deadline, in working days, to deliver the product to the Customers, starting on the 1st working day after the invoice issuing date, as per table below:

Destination region	Time required	
	Full Load	Break Bulk
Steel Valley – Vale do Aço -	01 working day	02 working days
Minas Gerais	02 working days	03 working days
Southeast (RJ, SP, ES)	03 working days	04 working days
Middle-west, Bahia	04 working days	05 working days
South, North and Northeast	05 working days	06 working days

B) In case of rail transportation, the time to deliver the product to the Customers will be 7 working days, starting on the 1st working day after the invoice issuing date.

10. LIABILITY FOR DEFECTIVE PRODUCT

10.1 Aperam South America will be responsible for defects detected on the products produced by its areas, provided they are caused exclusively by manufacturing processes or they are not compliant with the technical specifications agreed and appointed by the Customer.

10.2 The following may be subject to claims: difference in weight, size and mistaken product, among others.

10.3 For such deviations, when specified upon the receiving of the product, the Customer shall register the event on the bill of lading and send a claim protocol to the sales department so that the necessary measures can be taken.

10.4 For internal defects, those considered as such that can only be observed when the product is processed by the Customer, a period of 180 (one hundred of eighty) days will be granted starting from the effective delivery date.

10.5 The products produced and supplied by Aperam South America shall be considered as accepted for all purposes in case of failure to present the notification within the deadlines established hereinabove.

10.6 In both cases, the claim must be formalized and the relevant product shall be put at Aperam South America's disposal for inspection, and once a claim is formalized, such product cannot be submitted to any processing..

10.7 Using the product before inspection implies in the waiver of such claim by the Customer.

10.8 The invoice payment date will not be postponed due to claims regarding product quality.

10.9 The above conditions shall be observed, including by service providers, and it is the Customers' responsibility to fully inform them.



10.10 Each and every return of products has to be preceded by a formalization of claim, analysis of the facts and authorization by Aperam South America.

10.11 A product returned without formalization and acknowledgement by Aperam South America will not be accepted and the Customer will be subject to pay for the related costs, including freight and insurance expenses.

10.12 Aperam South America will only bear costs for the return of the product in case of legitimate claim and in case such return has been authorized.

10.13 In case of product return, the Customer may request replacement of product. The time required for manufacturing and replacing the product shall be established upon agreement between Aperam South America and the Customer.

10.14 Upon receiving the authorization to return the product, the Customer must ensure that the product is properly packaged, identified, weighed and in conditions to be safely transported and the Customer shall issue all necessary documentation.

10.15 If the claim is legitimate, the reimbursement to the Customer or the correction of the problem will take place by means of commercial agreement.

10.16 In case the defect is detected after the material is processed, an eventual reimbursement to the Customer shall be entailed to the possibility of identifying and confirming the origin of the material manufactured by Aperam South America among the finished products.

10.17 Any judicial or extrajudicial proceedings intended against the Customer and that involves or may involve products produced by Aperam South America shall be immediately notified to Aperam South America by the Customer.

11. FINAL PROVISIONS

11.1 The order placement or order by the Customer will imply in integral knowledge and acceptance of the present "General Conditions of Sales", which shall prevail over any other purchasing conditions or any documents by the Customer, whose terms are in disagreement with the present document.

11.2 A Aperam South America reserves itself the right to change its contractual conditions, being however obliged to inform in advance about the new conditions that may eventually take effect. For that purpose, it may use each and every existing communication means. The new terms of the General Conditions of Sales shall be made available in Aperam South America's website (<http://www.aperam.com/brasil>) for reference to those interested.

12. COURT OF ARBITRATION

The jurisdiction of the City of São Paulo is appointed to resolve any issues in the purchase and sales agreement based on these General Condition of Sales.