

## CAL-AURUM INDUSTRIES STATEMENT OF POLICY

Cal-Aurum Industries, Inc. (CAI) has in the past, and will in the future, continue to adhere to the policies as enunciated by the Metal Finishing Association of Southern California, Inc.

It is generally recognized that even after employing all the science known to us, including well established process controls and capable personnel with years of training, there still remain risks in the electroplating and metal finishing fields. As a consequence, in order to avoid misunderstandings, we have set forth the conditions outlined below under which CAI will accept your material for processing.

1. Whenever we are provided material with detailed instructions as to treatment, our responsibility shall end with the carrying out of those instructions. Type of material, tolerances and specifications for processing shall be declared in writing prior to our processing<sup>1</sup>.
2. Our liability for any cause is limited to the cost of direct labor and material of the product directly damaged by our processing or three times our processing charges on such material, whichever is the lesser. Charges for our services are based on this Policy limiting our liability.
3. Liabilities greater than those outlined in paragraph (2) above must be agreed to in writing and approved by CAI management. In the event of such an agreement, a higher fee may be required for our services.
4. Parts, materials, etc. as processed by us shall be presumed to be accepted as satisfactory by you if we are not notified of damages, shortages or other discrepancies within thirty (30) days<sup>2</sup> of your receipt of the same.  
Rejected material must be returned to us for rework. Further processing or assembly of rejected parts, materials, etc., by you or any other party shall constitute a waiver of any liability on our part.
5. Where operations or processes performed by us are in the nature of “salvaging” parts or material, the work is accepted on a “best effort” basis and no liability shall attach to us unless previously agreed upon in writing prior to processing the material.
6. In the event that results of metal finishing operations are unsatisfactory due to metal imperfections, changes in grade or composition of materials, manufacturing and/or fabrication imperfections, usages for which the plating or other finishing operation was not reasonably designed, and similar variables over which we have no control, the customer would be required to pay the contracted amount for the finishing operation performed.

We are sure you will agree that the conditions set forth above are both realistic and reasonable, thereby permitting us to continue providing quality metal finishing at economical prices. All materials processed by CAI are subject to the conditions outlined in this document.

**Note <sup>1</sup>:** In the case of conflicting contract requirements, this policy shall take precedence.

**Note <sup>2</sup>:** While the Metal Finishing Association of Southern California suggested policies call for a period of ten (10) working days for notification, Cal-Aurum is extending the period to thirty (30) days.