

Cancellation Policy North America

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This Cancellation Policy ("Policy") is being delivered to you ("Buyer") and describes (i) the practices, policies and procedures of Haynes International, Inc. ("Seller") upon Seller's receipt from Buyer of a cancellation of a Purchase Order Contract ("POC") and (ii) the Buyer's obligations to Seller upon Seller's acceptance of Buyer's request for cancellation of a POC

Seller is under no obligation to accept any request for cancellation of a POC. Seller may accept a request for cancellation of a POC in its sole discretion.

Any request for cancellation must be in writing and delivered by registered, certified or overnight mail to the following address: Sales Department-RFC, Haynes International, Inc., 1020 West Park Avenue, Kokomo, Indiana 46904-9013.

Upon Seller's acceptance of Buyer's request for cancellation of a POC, the Seller shall immediately suspend further processing on the POC on the date such notification is accepted to the extent specified in the request for cancellation.

Upon Seller's acceptance of Buyer's request for cancellation of a POC, the following cancellation charges, less salvageable scrap value to be determined by the Seller, shall be immediately due and payable by Buyer to Seller.

(A) Ten percent (10%) of the POC Value (as defined below) of Goods (as defined below) for which the Seller has not yet melted material.

(B) Fifty percent (50%) of the POC Value (as defined below) of Goods (as defined below) for which the Seller has melted material which is still in ingot form, plus

(C) Seventy percent (70%) of the POC Value of Goods for which the Seller has in production beyond ingot form and prior to Haynes' final routing, plus

(D) Ninety-five percent (95%) of the POC Value of Goods for which the Seller has on the Haynes' final routing, or has stocked in a Haynes' service center facility, or has stocked in finished goods inventory or any other finished goods produced for or purchased for the Buyer, plus

(E) One Hundred percent (100%) of all shipping, duty, customers charges, and/or insurance fees on Goods that have been shipped prior to Seller's acceptance of the Buyer's request for cancellation of the POC, plus

(F) All costs of Seller arising out of the cancellation of the POC and settling and paying claims arising, directly or indirectly, out of the canceled POC, including, but not limited to attorneys' and other professional fees.

For the purposes of this Policy, "Goods" means goods contracted to be purchased by Buyer from Seller pursuant to the terms of the POC and for which Seller has accepted Buyer's request for cancellation. For the purposes of this Policy, "POC Value" means the price Buyer has contracted to pay for the Goods upon Seller's completion of its obligations under the POC, less any shipping, duty, customers charges, and/or insurance fees on Goods that have not been shipped prior to Seller's acceptance of the Buyer's request for cancellation of the POC.

Seller's acceptance of Buyer's request for POC cancellation does not affect the Buyer's liability for payment in full under the terms and conditions of the POC for any and all Goods shipped to the Buyer prior to written notification of cancellation.

Buyer's request for cancellation of a POC shall constitute an offer to waive all claims of Buyer, its affiliates, customers, partners or others arising directly or indirectly out of such POC against Seller and its affiliates. Following Seller's acceptance of Buyer's request for cancellation of a POC, Seller and its affiliates shall have no further liability to Buyer, its affiliates, customers, partners or others arising directly or indirectly out of such POC.

In addition, following Seller's acceptance of Buyer's request for cancellation of a POC, Buyer shall defend, indemnify, and hold Seller and its affiliates and each of their employees, officers, directors, shareholders, contractors and agents harmless from any and all third party claims (whether actual or threatened), liability, loss, damage, or expense or cause of action arising directly or indirectly out of a cancelled POC, including without limitation reasonable legal fees and expenses arising out of or related to Seller's breach or alleged breach of the POC or any of the representation and warranties contained therein. Seller shall promptly notify Buyer of such claim and shall, at Buyer's expense, provide reasonable cooperation to Buyer in defense or settlement of such claim. Buyer shall have sole control over the defense and settlement of any such third party claim; however, Buyer shall not acquiesce to any judgment or enter into any settlement that adversely affects Seller's rights or interest without prior written consent of Seller.

This Policy specifies the entire agreement between the parties with regard to the subject matter hereof. This Policy may not be modified except in a writing executed by duly authorized representatives of both parties. This Policy shall be governed and construed according to the law of the State of Indiana, excluding its choice of law provisions. All procedures arising here from shall be litigated in court(s) situated in Howard County, Indiana, and the parties consent to jurisdiction and venue therein and hereby waive any right to object to jurisdiction and venue. The waiver or failure of any party to exercise in any respect any right provided for under this Policy shall not be deemed a waiver of any future right hereunder. No provision of this Policy which may be found to be unenforceable shall in any way invalidate any other provision or provisions of this Policy, all of which shall remain in full force and effect.