



## Blanket Contract Policy

The following addresses Southwire Company's standard pricing policy for long-term (defined as three months or longer) contracts for Energy Cable products.

Customers may elect either A) Firm Pricing or B) Adjustable Pricing

### A) Firm Pricing

A hedge contract may be used to fix the cost of aluminum or copper content. To qualify for a metal hedge contract, customers must sign a "Firm Pricing Agreement" that acknowledges that the customer is responsible to financially settle any discrepancies in hedged volumes versus actual purchased volumes.

### B) Adjustable Pricing

Southwire standard escalation/de-escalation procedure is as follows:

#### **ALUMINUM PRICE ADJUSTMENT POLICY**

Southwire's aluminum base is the average of the METALS WEEK U.S. Transaction daily prices for the previous month. Invoice prices will be adjusted by the following procedures:

#### **CONDUCTOR AND CABLE PRICED PER CWT**

Unit Price Adjustment = (% Aluminum Content) X (Amount of change of the Aluminum Base/Cwt).

#### **CONDUCTOR AND CABLE PRICED PER MFT**

Unit Price Adjustment = (Weight of Aluminum/Mft divided by 100) X (Amount of change of the Aluminum Base/Cwt).

## **COPPER PRICE ADJUSTMENT POLICY**

Southwire's copper base is the average of the daily closing COMEX prices for the previous month. Invoice prices will be adjusted by the following procedures:

### **CONDUCTOR PRICED PER CWT**

Unit Price Adjustment = (% Copper Content) X (Amount of Increase or Decrease of the Metal Base/Cwt).

### **CONDUCTOR PRICED PER MFT**

Unit Price Adjustment = (Weight of Copper/Mft divided by 100) X (Amount of Increase or Decrease of the Metal Base/Cwt).

All contracts are entered into with the expectation that while the actual volumes may vary from the requested amounts, that such variation should be reasonable. In such cases as actual volume variances may exceed  $\pm 15\%$ , Southwire reserves the right to limit the additional volume or cancel the contract in the case of volume shortfall.

All blanket contracts are priced based on the assumption that Southwire's raw material, energy and transportation costs will remain relatively stable for the duration of the contract period. Notwithstanding anything to the contrary within the contract agreement, Southwire reserves the right to modify prices upon a material increase in any of such costs.

Effective: 01/01/2011