



CODE OF REGULATIONS
OF
SURFACE ENGINEERING COATING ASSOCIATION

Adopted:
November 30, 1999

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OF
SURFACE ENGINEERING COATING ASSOCIATION

Article I

Members

Section 1.1 Qualifications. Voting membership in the Corporation shall be open to all individuals and entities who both (i) market coating services to non-affiliated entities and (ii) have been engaged for at least one year in the process of applying various coatings, using physical vapor deposition (PVD) and/or chemical vapor deposition (CVD), to cutting tools, forming tools, molds, precision components, and decorative applications; (iii) in one or more owned or leased plants located in North America. The number of members of the Corporation shall not be limited. As conditions of being accepted as a voting member, each applicant for membership shall be required to agree to (i) be bound by this Code of Regulations and (ii) report to the Managing Director such member's net sales and other statistics, in such form and at such times as established by the Board of Trustees, for the purposes of compiling and distributing to the membership composite industry sales figures.

Section 1.2 Initial Voting Members. The initial voting members of the Corporation shall be the employers of the initial trustees as identified in the Corporation's Articles of Incorporation. Said initial members shall not be required to file an application. However an initial member shall be required to agree to (i) be bound by this Code of Regulations and (ii) submit net sales and other statistics as a condition of continued membership.

Section 1.3 New Voting Members. Any individual or entity qualifying for membership as provided in Section 1.1 may apply for such membership by submitting to the Corporation an application in writing, stating its intent and agreement to abide by and conform to the Corporation's articles of incorporation and this Code of Regulations. Such application shall identify the locations of the applicant's plant or plants, (ii) the kinds of coatings being applied and processes used and (iii) the type of tools or other products such coatings are being applied to. The initiation fee for a new voting member shall be established from time to time by the Board of Trustees. Election to voting membership shall be by a majority vote of the voting members of the Corporation represented at a regular or special meeting in person or by proxy.

Section 1.4 Associate Members. The Board of Trustees may, by resolution, establish classes of associate membership of the Corporation or designate a specific individual or entity as an associate member of the Corporation. Associate membership shall be available to individuals (including retired individuals) or entities having a direct educational, technical, regulatory or business relationship to the membership.

Associate members of the Corporation shall be entitled to, and be invited to, attend all regular and special meetings of the voting members of the Corporation. Associate members shall have no vote on any topic unless their vote is required by any applicable statute.

Section 1.5 Resignations—Claims to Assets. Any member may resign at any time by giving notice in writing to the Corporation, to become effective at the end of the calendar month in which such resignation is received by the Corporation; provided, however, that each such resigning member shall be liable for all dues, assessments and pro rata share of obligations incurred by the Corporation for the fiscal year in which the resignation becomes effective. Any individual member who resigns or retires from the coating industry shall be considered as having resigned as of the date of such resignation or retirement and shall be subject to the provisions of this section. If a corporate or other entity member resigns, leaves the coating industry or goes out of business altogether, such member shall nonetheless remain liable for the foregoing dues, assessments and obligations. No resigning member shall have any claim against any funds or property of the Corporation.

Section 1.6 Regular Meetings. Regular meetings of voting members shall be held at least two times a year at such time, date and place as may be fixed by the members at the previous meeting, or by the Managing Director as authorized by the members. The last regular meeting of each calendar year shall be designated as the annual meeting.

Section 1.7 Special Meetings. Special meetings of voting members shall be called by the Managing Director upon request made to the Managing Director by three or more voting members. The time, date and place for such meetings shall be determined by the Managing Director. Calls for special meetings shall specify the purposes thereof.

Section 1.8 Notices of Meetings. The Managing Director shall give each member two weeks written notice of each regular and special meeting, accompanied by a written agenda. Provided however, in the case of a special meeting to resolve a financial, legal or regulatory emergency, the Managing Director shall give each member not less than five (5) days notice by facsimile transmission or by email transmission, accompanied by an agenda and a brief statement of the nature of the emergency. All notices shall state the time, date, place and purpose of the meeting. Confirmed facsimile transmissions and email transmissions shall constitute written notice.

Section 1.9 Place of Meetings. Meetings of voting members shall be held at the principal office of the Corporation unless otherwise specified by the members or Managing Director, whichever is authorized to determine the place pursuant to Section 1.6 or 1.7.

Section 1.10 Written Actions. Any action which may be authorized or taken at a meeting of the voting members may be authorized or taken without a meeting with the affirmative vote or approval of, and in a writing signed by, a majority of the voting members unless a greater proportion of the members' authorization or approval is required by this Code of Regulations or by applicable statute. Facsimile transmissions and email transmissions from a voting member shall constitute a writing signed by such voting member.

Section 1.11 Meetings by Telephone. Meetings of voting members may be held by means of communication equipment provided that all persons participating in such meeting can hear and communicate with each other.

Section 1.12 Voting. For purposes of voting on each matter properly submitted to the voting members for their vote, consent, waiver, release, or other action, each voting member shall have one vote. Presence of a voting member must be by an individual having the authority to act for that member.

Section 1.13 Quorum and Transaction of Business—Proxy. The presence of a majority of the entire authorized number of voting members in person or by proxy shall constitute a quorum for the transaction of business to be considered at such meeting. The act of a majority of the voting members present at a meeting at which a quorum is present shall be the act of the members unless a greater proportion of the members' authorization or approval is required by this Code of Regulation or by applicable statute. A voting member shall be deemed to be present at any meeting in which the member is represented by a person holding a written proxy from the voting member, a copy of which was delivered to the Managing Director in advance of the meeting.

Section 1.14. Suspension or Expulsion. A member of this Corporation shall be subject to expulsion or suspension from this Corporation only for one or more of the following reasons:

- (a) Non-payment of dues, assessments or other prorata share of obligations incurred by the Corporation for a period of thirty days from the date on which they were due and payable.
- (b) Failure to report in a timely manner the net sales or other statistics as determined by the Board of Trustees.
- (c) Participation in activities which bring, or may tend to bring, the Corporation and/or its members into conflict with any of the laws of the United States, any state or territory therefor or the laws of any foreign country, province or state.

Before any member may be expelled or suspended under item (b) or (c) above, such member shall be served with a full statement of charges against the member and be provided with an adequate opportunity to be heard before a meeting of the voting members of the Corporation at which a quorum is present in person or by proxy. No member shall be expelled or suspended under item (b) or (c) above unless two-thirds of the voting members present at the aforementioned meeting vote in favor thereof. No hearing and no two-thirds vote of the members shall be required to expel or suspend a member because of non-payment under item (a) above. Expulsion shall operate as a release and assignment to the Corporation of any and all pecuniary interests of the expelled member in the funds or property of the Corporation.

Article II

Board of Trustees

Section 2.1 Number of Trustees—Qualifications. The number of trustees shall be equal to the number of voting members and shall automatically increase or decrease with the admission or deletion of a voting member. A trustee shall be an individual who is either (i) an equity owner of a voting member or (ii) an active or retired employee of a voting member.

Section 2.2 Election of Trustees. Each voting member shall be eligible to nominate one individual to the Board of Trustees. Each voting member may designate an alternate trustee who shall be entitled to attend meetings of the Board of Trustees, to be counted for quorum purposes and to vote if the designated trustee is absent from the meeting of trustees. Voting members shall nominate its trustee, and if desired, alternate trustee by means of a written notice to the Managing Director in advance of the annual meeting. The Managing Director shall prepare a list of all such nominees and shall submit such list to the voting members at their annual meeting. Trustees shall be elected *en masse* by voice vote of the voting members present at the annual meeting.

Section 2.3 Term of Office, Resignation, Removal, Vacancies

2.3.1 Term of Office—Subject to the other provisions of this Section 2.3 Trustees shall serve one year terms commencing immediately following the annual meeting of the members at which they are elected and terminating at the following annual meeting.

2.3.2 Resignation—Any trustee may resign at any time upon written notice to the Board of Trustees. Any trustee shall be deemed to have resigned automatically if the trustee's employment by a voting member of the Corporation is terminated for any reason other than retirement.

2.3.3 Removal— A trustee may be removed only by a two-thirds vote of the voting members in attendance at an annual or special meeting of the members and only if the question of such removal is listed specifically on the agenda or revised agenda for such meeting sent to the members as required by Section 1.8.

2.3.4 Vacancies—Upon the resignation or removal of a trustee nominated by a voting member, such voting member shall submit to the Board of Trustees the name of new nominee to serve as trustee. The Board of Trustees, by majority vote, may appoint such individual to the Board of Trustees to serve until the next annual meeting of the voting members.

Section 2.4 Quorum and Transaction of Business. All trustees, as elected under Section 2.2 and 2.3., shall be considered for quorum and voting purposes. The presence of a majority of the whole authorized number of trustees shall constitute a quorum for the transaction of business. The Board of Trustees shall act only through resolutions adopted by a majority vote of the entire authorized Board of Trustees.

Section 2.5 Regular Meetings. Regular meetings of the Board of Trustees shall be held immediately prior to, simultaneously with or following regular meetings of the members.

Section 2.6 Special Meetings. A special meeting of the Board of Trustees shall be called by the Managing Director upon request made to the Managing Director by three or more trustees, and shall be held at such time, date and place, as determined by the Managing Director. Calls for special meetings shall specify the purposes thereof.

Section 2.7 Notices of Meetings. The Managing Director shall give each trustee (and alternate trustee) two weeks written notice of each regular and special meeting, accompanied by a written agenda. Provided however, in the case of a special meeting to resolve a financial, legal or regulatory emergency, the Managing Director shall give each trustee (and alternate trustee) not less than two (2) days notice by facsimile transmission or email transmission accompanied by an agenda and a brief description of the nature of the emergency. All notices shall state the time, date, place and purpose of the meeting. Confirmed facsimile transmissions and email transmissions shall constitute written notice.

Section 2.8 Place of Meetings. Meetings of trustees shall be held at the principal place of the Corporation unless otherwise specified by the trustees in the case of regular meetings or by the Managing Director in the case of special meetings.

Section 2.9 Written Actions. Any action which may be authorized or taken at a meeting of the trustees may be authorized or taken without a meeting with the affirmative vote or approval of, and in a writing signed by, all of the trustees. Facsimile transmissions and email transmissions from a trustee shall constitute a writing signed by such trustee.

Section 2.10 Meetings by Telephone. Meetings of trustees may be held by means of communication equipment provided that all persons participating in such meeting can hear and communicate with each other.

Article III

Committees

Section 3.1 Executive Committee. The Board of Trustees may from time to time, by resolution passed by a majority of the entire authorized Board, create an executive committee of three or more trustees and such non-trustees as are appointed by the Board. Unless the Board otherwise specifies, the members of such committee shall be the President, Vice President and Secretary of the Corporation, to serve during the term of their respective offices, together with such other trustees or non-trustees as may be elected by the Board to serve at the pleasure of the Board. Unless the Board of Trustees otherwise designates, the President shall be chairman of the executive committee. Except as otherwise provided herein and in the resolution creating an executive committee, such committee shall, during the intervals between the meetings of the Board of Trustees, possess and may exercise all of the powers of the Board of Trustees in the management of the business and affairs of the Corporation, other than voting on matters requiring a majority or two-thirds vote of the entire authorized Board of Trustees. The executive

committee shall keep full minutes, records and accounts of its proceedings and transactions. All actions by the executive committee shall be reported to the full Board of Trustees at its meeting next succeeding such action and shall be subject to control, revision and alteration by the Board of Trustees, provided that no rights of third persons shall be prejudicially affected thereby. Vacancies in the executive committee shall be filled by the trustees, and the trustees may appoint one or more trustees as alternate members of the committee who may take the place of any absent member or members at any meeting. The Managing Director shall be an ex-officio, non-voting member of the executive committee.

Section 3.2 Meetings of Executive Committee. Subject to the provisions of this Code of Regulations, the executive committee shall fix its own rules of procedure and shall meet as provided by such rules or by resolutions of the Board of Trustees, and it shall also meet at the call of the President or any two members of the committee. Unless otherwise provided by such rules or by such resolutions, notice by mail or telephone of the time and place of each meeting of the executive committee shall be given at least two days prior to the meeting, which notice need not specify the purposes thereof. A majority of the executive committee shall be necessary to constitute a quorum. The executive committee may act in a writing, or by telephone with written confirmation, with or without a meeting, but no such action of the executive committee shall be effective unless concurred in by a majority of all members of the committee. Facsimile transmissions and email transmissions from a member of the executive committee shall constitute a writing of such member.

Section 3.3 Nominating Committee. The Board of Trustees may, by resolution, appoint a nominating committee comprised of present or former Presidents of the Corporation charged with the responsibility of nominating one or more individuals to stand for election as an officer of the Corporation.

Section 3.4 Other Board Committees. The Board of Trustees may, by resolution, provide for such other standing or special committees of the trustees as it deems desirable and discontinue the same at its pleasure. Each such committee shall have such powers and perform such duties or functions, not inconsistent with law, as may be delegated to it by the Board. The Managing Director shall be an ex-officio member of any such committee.

Article IV

Officers

Section 4.1 Titles. The offices of the Corporation shall be a President, Vice President, Secretary, Treasurer, Managing Director and such assistant secretaries or assistant treasurers as may be designated from time to time by the Board of Trustees. The President, Vice President and Secretary shall be elected by majority vote of the voting members at their annual meeting. All other officers shall be appointed by the Board of Trustees. The offices of President, Vice President and Secretary shall be held only by duly elected and acting trustees. The office of Treasurer shall be held only by a trustee or by the Managing Director. The offices of Treasurer, assistant secretary and assistant secretary may be combined with any other office.

Section 4.2 Term of Office. An individual shall serve a one year term in each of the offices of President, Vice President and Secretary. At each annual meeting of the members, (i) the individual then serving as Vice President shall be automatically nominated and shall run unopposed for the office of President and (ii) the individual then serving as Secretary shall be automatically nominated and shall run unopposed for the office of Vice President. If the individual nominated for President or Vice President fails to receive votes at least equal to 50% of the total number of voting members present in person or proxy at such annual meeting, such individual shall cease serving as an officer at the end of his or her then current term. In such event, the Managing Director shall conduct, at that same annual meeting, an election for the purpose of electing an individual to serve in the office to be vacated. At each annual meeting of the members, one or more trustees shall be nominated for the office of Secretary. Nominations shall be received both from the nominating committee (if active) and from the floor at the annual meeting of the members. Any trustee who is nominated and seconded by voting members from the floor shall be placed on the ballot.

Section 4.3 Duties of the President. The President shall, subject to the powers of the Board of Trustees, exercise supervision over the business of the Corporation and over its officers, agents, and employees and shall see that all orders and resolutions of the Board of Trustees are carried into effect. The President shall have authority to execute bonds, mortgages, notes, agreements, deeds, and other instruments requiring the President's signature on behalf of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Trustees to some other officer or agent of the Corporation. The President shall have such powers and perform such other duties as the Board of Trustees or this Code of Regulations may, from time to time, prescribe.

Section 4.4 Duties of the Vice President. The Vice President, shall have such powers and duties as may from time to time be assigned to him or her by the Board of Trustees, or the President. At the request of the President, or in the case of the President's absence or disability, the Vice President shall perform all the duties of the President and, when so acting, shall have the duties of the President and, when so acting, shall have the powers of the President. The authority of the Vice President to execute bonds, mortgages, notes, agreements, deeds and other instruments shall be coordinate with like authority of the President.

Section 4.5 Duties of the Secretary. The Secretary shall be responsible for keeping minutes of all the proceedings of the members, Board of Trustees and committees and shall make proper record of the same; shall have authority to execute and deliver certificates as to any of such proceedings and any other records of the Corporation; shall have authority to sign deeds, mortgages, bonds, agreements, notes and other instruments to be executed by the Corporation which require his or her signature; shall keep such books and records as may be required by law or by the Board of Trustees; and, in general, shall perform all duties incident to the office of secretary and such other duties as may from time to time be assigned to him by the Board of Trustees or the President. The Board of Trustees may delegate some or all of the duties of the Secretary to the Managing Director to be performed at the direction of the Secretary.

Section 4.6 Duties of the Treasurer. The Treasurer shall have general supervision of all finances; shall receive and be in charge over all money, bills, notes, deeds, leases, mortgages, and similar property belonging to the Corporation and shall do with the same as may from time to time be required by the Board of Trustees; shall cause to be kept adequate and correct accounts of the business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, together with such other accounts as may be required, and upon the expiration of his or her term of office shall turn over to his or her successor or to the Board of Trustees all property, books, papers, and money of the Corporation in his or her hands; and shall have such other powers and duties as may from time to time be assigned to him or her by the Board of Trustees or the President. The Board of Trustees may delegate some or all of the duties of the Treasurer to the Managing Director to be performed at the direction of the Treasurer.

Section 4.7 Duties of the Managing Director. The Managing Director shall be appointed by a majority vote of the entire authorized Board of Trustees, shall serve at the pleasure of the Board of Trustees and shall have the powers and duties set forth in Article V.

Article V

Managing Director

Section 5.1 Appointment. The Board of Trustees shall appoint the Managing Director who shall be an individual or entity not actively employed by, or having an equity ownership in, a voting member on such basis as is mutually agreed to by both parties. The Board of Trustees may appoint either an individual or an entity to serve as Managing Director. References herein to the Managing Director shall, in the case of an entity, mean where appropriate the Managing Director's authorized agent. The Managing Director shall be authorized to perform such duties as the Board of Trustees shall from time to time determine, which duties shall include, but not be limited to, those specified in Section 5.2 hereof.

Section 5.2 Duties. The Managing Director shall:

- a. Give each member and trustee (and alternate trustee) written notice of all meetings as provided under Section 1.8 and 2.7, respectively, attend all meetings of the members, trustees, and any committees of members and trustees, and, at the direction of the members and trustees, may preside at meetings of members and trustees and shall have the power to call special meetings of members and trustees as provided under Sections 1.7 and 2.6, respectively (provided however that the Managing Director shall have no right to be present at any deliberations of the Board of Trustees on the question of the appointment or termination of the Managing Director).
- b. Subject to direction from the Secretary, keep accurate books and records of the business of the Corporation; record and keep minutes of all meetings of members, trustees, and any committees of members and trustees, and promptly send copies of such minutes to all members and trustees.

- c. Subject to direction from the Treasurer, collect and disburse all monies of the Corporation, keep accurate records of all receipts and expenditures, preserve all vouchers; prepare, present and furnish a financial statement at each regular trustees meeting, and present an audited financial statement of receipts and disbursements at any time directed by the majority of the voting members or trustees.
- d. Conduct the general correspondence of the Corporation, and collect, compile and disseminate such statistical and other information as directed by the voting members or the trustees, subject however, to maintaining the confidentiality of such information as is required by law.
- e. As directed by the Board of Trustees, act as the official representative of the Corporation in contacts with governmental agencies, standard setting organizations, other official bodies and other industries.
- f. Serve as an ex-officio, non-voting member of all committees.
- g. Prepare and present for approval by the Board of Trustees at its regular fall meeting a proposed budget for the following year for the Corporation.
- h. Calculate Corporation dues, assessments and other charges for each member in accordance with directions from the Board of Trustees, send out dues statements to all members and maintain the confidentiality of the dues, assessments or other charges assessed against each member as required by law.

Article VI

Dues and Revenues

Section 6.1 General Provision. The Corporation shall in no way operate for profit and will raise no revenue other than that which is required for the payment of the general operating expenses of the Corporation and such other expense as may be authorized from time to time at the regular or special meetings of the members or trustees.

Section 6.2 Corporate Assessments. The Board of Trustees shall have the sole responsibility for establishing and assessing all amounts due from voting members and associate members in the nature of annual dues, special assessments, fees and other charges (collectively "Assessments") that are required to fund the operations of the Corporations and to establish reasonable reserves. At the discretion of the Board of Trustees, such Assessments may be assessed (i) uniformly, by type of member or in graduated levels and (ii) in fixed amounts or by formula based upon the sales or other common characteristics of members, such as number of employees or total payroll.

Section 6.3 Associate Member Dues. Assessments for associate members of the Corporation shall be established from time to time by the Board of Trustees.

Section 6.4 Other Sources of Income. The Board of Trustees may establish rules for the Corporation to have other sources of revenue (such as publication income or admissions to trade shows or symposiums).

Article VII

Indemnification and Insurance

Section 7.1 Authorization.

- a. This Section shall apply to any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative. It shall apply to expenses (including attorneys' fees) incurred by him or her in connection with such action, suit or proceeding by reason of the fact that he or she is or was a trustee, officer, employee, Committee Member, agent, or Managing Director of the Corporation. It shall also apply if he or she is or was serving at the request of the Corporation as a trustee, director, officer, employee, Committee Member or agent of another corporation or other organization. In the case of actions other than those by or in the right of the Corporation, it shall apply to judgments, fines and amounts paid in settlement as well as expenses. If such a person seeks indemnification from the Corporation where the foregoing applies, then the Corporation shall determine or cause to be determined in the manner provided in Section 1702.12 of the Revised Code of Ohio whether or not indemnification is proper in the circumstances. Indemnification shall be proper when the person claiming such indemnification has met the applicable standard of conduct set forth in Section 1702.12 of the Revised Code of Ohio. To the extent that it is so determined that such indemnification is proper, the person claiming indemnification shall be indemnified. Indemnification shall also be made when so ordered by a court.
- b. The indemnification provided above shall not be deemed exclusive of any rights to which those seeking indemnification may be entitled. Other rights of indemnification may include those under the Corporation's Articles of Incorporation or any agreement, vote of members or disinterested trustees, or otherwise. Such rights of any person shall apply both as to action in his or her official capacity and as to action in another capacity while holding such office or position. Such rights shall continue as to a person who has ceased to be a trustee, officer, employee, Committee Member, agent or Managing Director and shall inure to the benefit of the heirs, executors, and administrators of such a person.
- c. Any non-trustee who is serving as a member of any Committee by appointment of the Board of Trustees shall be deemed an agent of the Corporation for purposes of this Article VII.

Section 7.2 Insurance. The Corporation, to the extent permitted by Chapter 1702 of the Revised Code of Ohio, may purchase and maintain insurance on behalf of any person who is or was a trustee, officer, employee, Committee Member, agent or Managing Director of the Corporation, or is or was serving at the request of the Corporation as a trustee, director, officer, employee, Committee Member or agent of another corporation or other organization.

Article VIII

Fiscal Year

Section 8.1 Fiscal Year. The fiscal year of the Corporation shall be the twelve month period ending on such date as the Board of Trustees shall from time to time determine.

Article IX

Amendments

Section 9.1 Amendment of Code of Regulations. This Code of Regulations may be amended or repealed by the voting members by a two-thirds vote of the entire membership in a written action pursuant to Section 1.10 or by resolution adopted at a regular or special meeting of the members. The language of all proposed amendments shall be submitted to all voting members in writing at least ten days before the meeting at which such amendments are presented for action. Facsimile transmissions and email transmissions shall constitute written notice.

In the event fewer than two-thirds of the voting members attend the regular or special meeting at which amendment to this code of regulations is to be considered, (i) all votes cast at such meeting shall be tabulated; (ii) the Managing Directors shall send written ballots on the question of amendment to all voting members who did not attend the meeting and (iii) the votes expressed on the returned ballots shall be aggregated with the votes cast at the meeting to determine whether the amendment passes or fails.

Section 9.2 Dissolution. Upon the dissolution of the Corporation or the winding up of its affairs, the assets of the Corporation shall be distributed exclusively for the common business interests of the voting members or to organizations which are exempt from federal income tax under Section 501(c)(b) of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent federal tax laws.