

Union Electric Steel Corporation
TERMS AND CONDITIONS OF PURCHASE

1. ACCEPTANCE, TERMS AND CONDITIONS OF CONTRACT

This purchase order expressly limits acceptance to the terms and conditions of this purchase order and the Buyer hereby objects to any different or additional terms or conditions in any response to this purchase order.

2. PRICE

Seller represents and warrants that its prices for the goods or services herein are the lowest prices charged by the Seller of buyers who purchased the same or smaller volume of goods or services within the year prior to the date of this purchase order. Seller agrees that any price reduction of goods or services herein made after this order was placed but prior to delivery will apply to this order.

3. PAYMENTS

Unless otherwise expressly set forth in this contract, the terms of payment are net 60 days after Buyer's receipt of either Seller's valid invoice, or the goods, whichever is later. Payment by Buyer of an invoice from Seller shall not constitute acceptance of the goods covered by the invoice. If payments are required to be made under this contract by Buyer in a currency other than USD, Seller shall provide Electronic Funds Transfer (EFT) instructions to Buyer, and Buyer shall make such payments to Seller electronically, to the extent permitted by law. Buyer shall have the right, at any time, to set off and apply against any monetary obligations that Buyer owes to Seller hereunder, or any obligations that Seller, or any of its parents, subsidiaries or affiliates, may owe to Buyer.

4. EXTRA CHARGES

Absent an express agreement in the contract, the Buyer will not accept, pay for or be liable for any extra charges of any kind or nature including, without limitation, packing, cartage, returnable containers, any insurance charges or any surcharges for fuel, energy, raw materials or otherwise.

5. SHIPPING

All shipments of material or equipment specified in this contract shall be made by the Seller in the manner and to the location(s) instructed by Buyer, and delivered F.O.B. destination and freight prepaid. In the absence of specific routing instructions, the Seller shall contact Buyer's representative to receive such instructions.

All shipments shall contain packing slips showing description of material, quantity, weight, Buyer's purchase order number and piece number. Buyer's purchase order number and Seller's packing slip number shall be placed on all invoices, packages and bills of lading.

Damage to any articles resulting from improper packaging will be charged to Seller.

6. TAXES

Seller assumes exclusive liability under all laws that impose taxes or other exactions on the manufacture or sale of articles to be furnished hereunder, or on any services rendered by Seller, and agrees to pay any and all such taxes except those which the Buyer specifically agrees or is by law required to pay. Any taxes to be paid by Buyer shall be separately stated on the invoice. Invoices should not include any taxes for which Buyer has furnished a valid exemption certificate.

7. TIME OF SHIPMENT -- DELAYS

TIME IS OF THE ESSENCE. The Seller agrees to make shipments to meet agreed delivery dates, and failure to meet such dates constitutes a breach of contract. If the Seller has promptly notified the Buyer of a delay in performance for unforeseeable material reasons beyond the Seller's control, the Buyer may, in its sole and exclusive discretion, agree to establish a new delivery date. The Buyer, however, retains the right to cancel the entire contract or any unperformed part thereof, regardless of the reasons for delay.

8. WARRANTY

In addition to any other express warranties, the Seller warrants that all goods shall conform to all applicable drawings, specifications, instructions, data, samples, models, standards and regulations. The contract also includes the implied warranties of merchantability and fitness for a particular purpose, and the warranty of title and against infringement, as set forth in the Uniform Commercial Code as enacted, interpreted and construed in the Commonwealth of Pennsylvania, United States of America. Seller agrees to perform all services in connection with this contract in a professional, competent and workmanlike manner. Seller shall indemnify, defend and hold Buyer harmless from any breach of any Seller's warranty without prejudice to other rights of the Buyer. All Seller's warranties will run to Buyer, its customers, successors, assigns, users of the goods and any party who may be affected by the Seller's goods or services.

9. BUYER'S PROPERTY

All property used by Seller in connection with this contract which is owned, furnished, charged to, or paid for by Buyer, including, but not limited to, materials, tools, dies, molds, patterns, fixtures, equipment, drawings and other technical information specifications, and any replacement thereof shall be and remain the property of Buyer subject to removal and inspection by Buyer at any time without cost or expense to Buyer, and Buyer shall have free access to Seller's premises for the purpose of inspecting or removing such property. All such property shall be identified and marked as Buyer's property and adequately insured by Seller at its expense in an amount equal to the replacement cost with loss payable to Buyer. Seller shall assume all liability for, maintain and repair such property, and return the same to Buyer upon written request in its original condition, reasonable wear and tear excepted.

10. LIENS, ENCUMBRANCES & SECURITY INTERESTS

Seller represents and warrants that no lien, encumbrance or security interest will be filed by anyone against Buyer, Buyer's property or the goods furnished under this contract, and Seller agrees to indemnify, protect, defend and hold harmless Buyer, its affiliates, successors and assigns (and its respective directors, employees and agents) from and against all claims, demands, judgments, settlements, costs, losses and damages and attorney fees arising from any such liens, encumbrances or security interests and defend, at Seller's expense, including reasonable attorney's fees, any and all suits or actions, based on such claims.

11. COMPLIANCE WITH LAWS, GOVERNMENT CONTRACT PROVISIONS

Seller shall comply with all federal, state and local laws, rules, Executive Orders, and regulations, including, without limitation by enumeration, Federal Acquisition Regulations (FARs), the Fair Labor Standards Act, Contract Work Hours and Safety Standards Act, Walsh-Healy Public Contracts Act, and acts pertaining to Equal Employment Opportunity, Nondiscrimination, Small and Disadvantaged Business, Veterans Employment and Rehabilitation, and amendments to any of the foregoing. Seller warrants the goods and/or services supplied hereunder comply with any current applicable standards under Federal and State Occupational Safety and Health Acts. If the Seller fails to comply with this provision, the Buyer, in its sole and exclusive discretion, shall have the right to cancel in whole or in part any obligation under this contract without liability or penalty of whatsoever kind or nature.

This contractor and subcontractor shall abide by the requirements of 41 CFR 60-1.4A, 60-300.5A, and 60-741.5A. These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex or national origin. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, national origin, protected veteran status or disability.

12. CONFIDENTIALITY; NO PUBLICITY

Seller shall keep in confidence and agrees not to disclose or publicize the fact that Buyer has contracted with Seller, and shall not disclose any details, specifications, designs, drawings or other information contained in this contract or disclose to any third party information relating to Buyer's purchasing systems or practice, without Buyer's prior written permission. Unless otherwise generally known to the public, all information disclosed by Buyer to Seller is confidential and proprietary and Seller agrees that it will not disclose or use such information except for the purpose of performing its obligations under this contract. All of Buyer's disclosed information, including but not limited to drawings and documents, are the property of Buyer and are to be returned to Buyer upon demand. Seller agrees that no information disclosed by it to Buyer will be confidential unless due notice thereof is given in advance to and accepted by Buyer in writing.

13. BUYER'S RIGHTS AND REMEDIES

Where the Seller repudiates or breaches the contract or the Buyer rightfully rejects or justifiably revokes acceptance, the Buyer may cancel the contract and, with or without such cancellation, the Buyer may pursue any of the Buyer's remedies listed in the Uniform Commercial Code as enacted, interpreted and construed in the Commonwealth of Pennsylvania, including, without limitation, the recovery of consequential and incidental damages. The Buyer retains a security interest in goods in his or its possession for any payments made to the breaching Seller and any expenses reasonably incurred in the inspection, receipt, transportation, care and custody of delivered goods which the Buyer may hold and resell as an "aggrieved seller" pursuant to the Uniform Commercial Code. If the breached contract is not within the Uniform Commercial Code, the Buyer may pursue any common law remedy for breach of contract to protect the Buyer's expectation, reliance and restitution interests as recognized in the Commonwealth of Pennsylvania. The Buyer has the right to the remedy of specific performance where such remedy would be recognized in courts of the Commonwealth of Pennsylvania. The Buyer's remedies are cumulative and are in addition to any other remedies provided by law, equity, or statute.

14. PATENTS

Seller shall indemnify, protect, defend and hold harmless Buyer, its affiliates, successors and assigns; (and its and their respective directors, officers, employees and agents), its customers and the users of Seller's goods from all claims, demands, judgments, settlements, costs, losses, damages and attorney fees arising directly or indirectly from any claim or loss incurred as a result of actual or alleged infringement of any patent, copyright, trademark, trade secret, or other actual or alleged intellectual property right of any third party arising from Buyer's purchase, use or sale of goods or services supplied under this contract, and to defend at Seller's expense, including reasonable attorney's fees, any and all suits or actions, based on such rights or remedies of Buyer and will survive acceptance and use of, and payment for, the goods, and completion, termination, or cancellation of this contract. If the goods or deliverables, or the use of such goods or deliverables, are held to constitute an infringement and their sale or use is enjoined, Seller shall, at its expense and option, either procure for Buyer and its affiliates the right to continue to use such goods or deliverables or shall be responsible for damages to Buyer, including consequential damages and attorney's fees incurred and arising from the use of such goods or deliverables.

15. SELLER'S INDEMNIFICATION AND WAIVER

Seller shall indemnify, protect, defend (at Seller's expense, including reasonable attorney's fees) and hold harmless Buyer, its affiliates, successors and assigns (and its and their respective directors, officers, employees and agents), from and against all claims, demands, judgments, settlements, costs, losses, damages, suits or actions arising from: (1) personal injury, including death, or property loss or damage to Buyer or to others (including Seller and employees and invitees of Seller and of Buyer) arising out of or in any manner connected with the production and delivery of, or any defect in, goods supplied hereunder, whether caused by Seller, or a supplier of Seller, or employees or invitees of either of them, (2) Seller's breach of any provision of this contract, including without limitation the confidentiality obligations and the warranties made herein; (3) any negligent or wrongful act or omission of Seller, its employees, consultants or subcontractors; or (4) Seller's failure to comply with applicable laws and regulations in filling this contract. WITH RESPECT TO CLAIMS AGAINST BUYER BY SELLER'S EMPLOYEES, SELLER AGREES TO, AND HEREIN DOES, EXPRESSLY WAIVE ITS IMMUNITY, AS A COMPLYING EMPLOYER UNDER WORKERS' COMPENSATION LAW, FOR ANY AND ALL ACTS OF NEGLIGENCE, WHETHER PASSIVE OR ACTIVE, BUT ONLY TO THE EXTENT THAT SUCH IMMUNITY WOULD BAR OR AFFECT RECOVERY UNDER OR ENFORCEMENT OF THIS INDEMNIFICATION OBLIGATION. This waiver will apply to any immunity conferred upon an employer by any state's constitution or workers' compensation laws with respect to liability for claims asserted against a third party by a seller's employee. The obligations in this clause are in addition to Seller's duty to provide insurance and will not be altered by any limitation on the amount or type of damages, compensation, or benefits payable by Seller under any Workers' Compensation Act, U.S. Longshoremen's and Harbor Workers' Act, or any other employee benefit act.

16. BUYER'S POWER OF TERMINATION

The parties agree that the Buyer shall have the power to terminate this contract for its own convenience, in whole or in part, by written notice to Seller at any time. Upon notice of termination, Seller will immediately cease performance and delivery of all goods and all services set forth in the notice of termination. Unless the termination is caused by the Seller's breach or failure to assure adequate performance, the Buyer will pay Seller on a pro rata basis for goods delivered as of the date of termination, and for actual, reasonable expenses incurred by the Seller for work-in-process up to the date of termination, provided, however, that such expenses do not exceed the pro-rata share of the price set forth in the contract. All work-in-process for which the Buyer has paid will, at Buyer's option, become the property of the Buyer and will be released by the Seller for Buyer's removal on demand. The provisions of this item (16) are without prejudice to any other rights or remedies of the Buyer.

17. INSURANCE

Seller agrees to maintain the following minimum types of insurance coverage from a commercially responsible insurer: (a) Workers' Compensation Insurance or qualification as a self-insurer to satisfy the laws of the states which have jurisdiction over Seller's employees. To the extent permitted by law, Seller's Workers' Compensation Insurer or Seller, if self-insured, agrees to waive rights of subrogation against Buyer; (b) Employers' Liability Insurance for Bodily Injury per accident with limits of not less than \$1,000,000 and Bodily Injury by Disease with limits of not less than \$1,000,000 per policy; and (c) Commercial General Liability Insurance for bodily injury, personal injury and property damage, including coverage for goods/completed operations and contractual liability, with combined limits of not less than \$5,000,000 per occurrence. Upon Buyer's request, Seller will provide Buyer with written certification, reasonably acceptable to Buyer, of Seller's compliance with the requirements listed in this paragraph. Seller may satisfy the limits of insurance required herein with any combination of primary and umbrella/excess insurance policies. The insurance requirements in this paragraph are separate and distinct from any other obligations of Seller contained herein, and neither the issuance of any insurance policy nor the minimum limits specified herein will be deemed to limit or restrict in any way Seller's liability arising under this contract. All required insurance must be primary coverage without right of contribution from any insurance maintained by Buyer.

If this contract covers work or services to be performed on Buyer's premises, Seller will provide Workers Compensation insurance on all its employees and supply to Buyer lien waivers and certificates of insurance for automotive and other insurance satisfactory to Buyer prior to commencement of the work.

If this contract covers processing, such as machining or heat treatment, of material for installation intact as a component or ingredient of a product assembled for resale, or component for Buyer's own use, Seller agrees to furnish Buyer a certificate or certificates evidencing Seller's comprehensive general liability insurance and goods liability insurance coverage.

18. GRATUITIES

Seller represents and warrants that neither it nor any of its employees, agents, or representatives has offered or given any gratuities to Buyer's employees, agents, or representatives with a view toward securing this contract or securing favorable treatment with respect thereto.

19. LIMITATION OF SELLER'S REMEDIES

In the event of breach of contract by Buyer, Buyer shall be liable to Seller only for actual monetary damages suffered by Seller and in no event shall Buyer be liable for any amount greater than the amount of this contract. In no event shall Buyer be liable to Seller for consequential, incidental, or special damages of any kind. The parties agree to reduce the period for commencing any action for breach to one year from the date the cause of action accrued.

20. FORCE MAJEURE

Buyer reserves the right to cancel this contract, in whole or in part, or to delay payment for, or acceptance of, goods or services for causes beyond Buyer's control.

21. ASSIGNMENT

Any attempted assignment of rights or delegation of duties by Seller under this contract without the Buyer's written consent shall be null and void. The parties agree that the Seller has no power to assign rights or delegate duties absent the Buyer's written consent.

Any consent by Buyer to assignment (or delegation) shall not be deemed to waive Buyer's right to recoupment and/or set off of claims arising out of this or any other transactions with Seller, its divisions, affiliates, or subsidiaries, or to settle or adjust matters with Seller without notice to permitted successors and assigns.

22. INTEGRATION, MODIFICATION AND WAIVER

The parties intend to be bound exclusively by the terms and conditions set forth in this purchase order which shall constitute the complete, exclusive and fully integrated statement of the terms and conditions of their contract. The parties shall not be bound by any terms or conditions of whatsoever kind or nature outside the terms of this document. *THE PARTIES ALSO AGREE THAT TERMS OR CONDITIONS BASED ON USAGE OF TRADE OR COURSE OF DEALING SHALL NOT BE USED TO INTERPRET OR SUPPLEMENT THE TERMS AND CONDITIONS OF THIS AGREEMENT.* Any attempted modification of this contract in any form shall be null and void unless it is evidenced by a writing signed by both parties. Absent definite and substantial reliance, any term or condition that has been waived expressly or by course of performance shall not constitute a permanent waiver of that or any other term or condition and may be reinstated exclusively by notice of such reinstatement.

23. DISPUTE RESOLUTION

The parties hereby agree to exclude application of the United Nations Convention on Contracts for the International Sale of Goods to any contract made pursuant to this purchase order. Any dispute arising under this contract will be governed by the law of the Commonwealth of Pennsylvania, United States of America, including the Pennsylvania statutes of limitations, but excluding conflict of laws provisions. Any dispute arising under this contract shall be adjudicated exclusively in a Commonwealth of Pennsylvania or United States Federal court located in Pittsburgh, Pennsylvania. The Seller waives any and all objections that it might otherwise have as to personal jurisdiction and venue in these exclusive tribunals.