

TERMS AND CONDITIONS OF PURCHASE OF WORTHINGTON PRECISION METALS, INC.

1. **ACKNOWLEDGEMENT AND AGREEMENT TERMS:** Seller shall immediately sign and return an acknowledgment of the order indicating Seller's acceptance thereof and all of the terms and conditions stated herein. Seller's acceptance of this order must be limited to the terms hereof. If the order is issued in response to Buyer's offer, then Buyer's acceptance is limited to the express terms contained herein and in the order. Any conduct by Seller that recognizes the existence of a contract pertaining to the subject matter of the order constitutes an acceptance thereof and of all the terms and conditions herein. Any additional or different terms proposed by Seller in its quote, offer or acknowledgement or that in any other manner vary in any degree the terms and conditions of this order are hereby objected to and rejected. No person is authorized to bind Buyer to any order except according to these terms and conditions, and they may not be added to, modified superseded or altered, except by a written agreement or modification signed by the General Manager or Purchasing Manager. No part of this agreement may be assigned or subcontracted without Buyer's prior written approval.
2. **PRICES; QUANTITIES:** Prices for the goods and services offered to Buyer shall not be less favorable than those currently extended by Seller to any other customer for the same or similar goods in equal or less quantities. If Seller reduces its prices for such goods and services during the term of this order, then Seller agrees to reduce the prices to Buyer correspondingly. If no prices are specified, then Seller will bill goods at not more than the prices last quoted to or paid by Buyer, or the prevailing market prices, whichever are lower. In the event of a minimum invoice charge, Seller must either ship a quantity equivalent to a minimum charge or advise Buyer of the charge. Buyer reserves the right to increase quantities to take advantage of any price break. No charges will be allowed for packaging, palletizing, shipping, storage, insurance or similar matters unless Buyer otherwise agrees in writing. Buyer shall not be liable for goods shipped to Buyer in excess of specified quantities and may return such goods at Seller's expense. Terms of payment shall not be less favorable to Buyer than net sixty days.
3. **CHANGES TO ORDER:** Buyer shall have the right at any time to make changes in drawings, designs specifications, materials, packaging, time and place of deliveries and method of transportation. If any such changes cause an increase or decrease in the cost, or the time required for the performance, an equitable adjustment shall be made and this contract shall be modified in writing accordingly. Seller agrees to accept any such change subject to this paragraph.
4. **SHIPMENTS:** Shipments shall be made in accordance with Buyer's shipping instructions, which are subject to revision with respect to undelivered quantities. Seller shall mark all cases and packages with Buyer's order number. Seller shall send packaging lists showing contact information and Buyer's order number, release number, item number and commodity number with each box, case or package. Whenever possible, Seller shall fasten packaging lists to the outside of each box, case or package securely but in such a manner that they may be removed for reference. Seller shall render separate invoices for each purchase order. If freight is prepaid or chargeable separately to Buyer, then Seller shall also submit the original freight bill with invoice.
5. **TIME OF DELIVERY:** Time is of the essence on this order. If Seller fails to make delivery on or before the promised date, then Buyer may, in addition to any other remedy that may be available to it, purchase elsewhere and charge Seller for any resultant loss, unless late shipment has been authorized by Buyer in writing. Seller shall bear any additional transportation charges it incurs to meet delivery requirements unless such charges are necessitated by Buyer's request for rerouting or expedited handling. If Seller ships late or will be using expedited freight he must notify the purchasing department via e-mail.
6. **INSPECTION:** Goods will be received subject to Buyer's inspection and acceptance at destination, and Seller shall bear all risk of loss before acceptance. Payment shall not constitute acceptance. Buyer may reject any goods that are, in Buyer's judgment, defective or nonconforming, and at Buyer's option and without prejudice to any other legal remedy, Buyer may hold such goods at Seller's risk or return them at Seller's expense. Defects are not waived by acceptance of goods, by payment or by failure to notify Seller thereof.
7. **NEW EQUIPMENT:** On purchase orders covering new machinery or equipment, Buyer reserves the right to specify as a condition of the order that Seller furnish Buyer with triplicate sets (one of which shall be reproducible) or informational material such as drawings (including detailed drawings), wiring diagrams, operation and lubricating instructions, preventive maintenance instructions and complete parts lists. When such material is specifically listed in Buyer's purchase order, the order will not be considered as having been fully consummated, and final payment for the equipment will not be made, until such material has been furnished.
8. **BUYER'S PROPERTY:** All information, tooling, design and specifications supplied or paid for by Buyer shall be and remain Buyer's property and shall be held by Seller for Buyer unless directed otherwise. Seller will account for such items and keep them in good working condition and full covered by insurance at all times without expense to Buyer. If full or partial payment is made to Seller prior to the delivery of all goods or the performance of all services hereunder, then title to all goods identified to this order at the time of such payments or thereafter shall pass to Buyer and Seller shall be deemed a bailee of all goods remaining in Seller's possession, but in no event shall the risk of loss pass to Buyer until the goods are delivered to the destination specified herein and accepted. Seller agrees to maintain insurance coverage in types and amount satisfactory to Buyer for all goods that are or become so identified at anytime to this order. Additionally, Seller grants to Buyer a security interest in all goods that are or may become so identified, which security interest shall be in addition to Buyer's other rights under this order or applicable laws, and Seller agrees to execute promptly such financing statements or other documents as Buyer may require to perfect or protect that interest.

TERMS AND CONDITIONS OF PURCHASE OF WORTHINGTON PRECISION METALS, INC.

9. **CONFIDENTIALITY:** Seller shall consider all specifications, drawings, prototype articles and information furnished by Buyer or prepared by Seller for Buyer in connection with the accompanying order, to be confidential and Seller shall not disclose any such information to any other person, or use such information itself for any purpose other than performing this contract, unless Seller obtain Buyer's written permission to do so. Seller shall not advertise or publish the fact that Buyer has contracted to purchase goods and services from Seller, nor shall any information relating to this order be disclosed without Buyer's written permission. Unless otherwise agreed to in writing, no commercial, financial or technical information disclosed in any manner or at any time by Seller to Buyer shall be deemed secret or confidential and Seller shall have no rights against Buyer with respect thereto except such rights as may exist under applicable patent laws.
10. **INSURANCE:** Seller shall maintain all necessary insurance coverage, including comprehensive and general liability and comprehensive automobile liability insurance, employer's liability insurance (with minimum coverage of \$100,000 for each accident) and comply with all statutory worker's compensation requirements. Minimum coverages for the general liability and automobile insurance shall be for both bodily injury and property damage at \$1,000,000 for each occurrence and in the aggregate. All such insurance shall (a) cover all services provided by Seller to Buyer in connection with the purchase order, whether at the premises of Seller, Buyer or any of Buyer's customers, (b) name Buyer as an additional insured (except for the workers compensation insurance), (c) provide waiver of subrogation in favor of Buyer, and (d) be primary over any other insurance available to Buyer or any self-insurance program of Buyer. If any such services are performed at the premises of Buyer or any of Buyer's customers, Seller shall keep such premises free and clear of all mechanics liens, and furnish Buyer with proper affidavits and/or waivers certifying thereto upon request. Seller agrees to submit certificates of insurance, evidencing such coverages when requested by Buyer. In the event that Seller's obligations hereunder require or contemplate performance of services by Buyer's employees, or persons under contract to Seller, to be done on Buyer's property or the property of Buyer's customers, Seller agrees that all such work shall be done as an independent contractor and that the persons doing such work shall not be considered Buyer's employees, and Seller shall indemnify, defend and hold harmless Buyer from any and all claims or liabilities arising out of such work.
11. **WARRANTIES:** SELLER WARRANTS THAT THE GOODS AND SERVICES TO BE FURNISHED HEREUNDER WILL BE (A) FREE FROM DEFECTS IN MATERIALS AND WORKMANSHIP, (B) MERCHANTABLE, (C) IN FULL CONFORMITY WITH BUYER'S SPECIFICATIONS, DRAWINGS AND DATA AND WITH SELLER'S SAMPLES, LABELS AND ADVERTISEMENTS, (D) FIT FOR THE USE INTENDED BY BUYER, IF SELLER HAS REASON TO KNOW OF SUCH INTENDED USE, (E) CONVEYED WITH GOOD TITLE, FREE FROM ALL SECURITY INTERESTS, LIENS AND ENCUMBRANCES, AND (F) IN COMPLIANCE WITH ALL FEDERAL, STATE AND LOCAL LAWS AND REGULATIONS (INCLUDING OCCUPATIONAL HEALTH AND ENVIRONMENTAL CONTROL REGULATIONS) APPLICABLE TO THEIR MANUFACTURE, PROVISION, SALE OR INTENDED USE. These warranties are not waived by, and shall survive, inspection, acceptance and use of the goods or provision of the services and shall be in addition to any other warranty given by Seller. No implied warranties are excluded. These warranties shall run to Buyer, its successors, assigns and customers, and to the users of the purchased products or services.
12. **PATENTS:** Seller warrant that goods or services specified herein and their sale or intended use, alone or in combination, will not infringe any United States or foreign patent, copyright or trademark. Seller agrees upon receipt of notification to promptly assume full responsibility for defense of any claim, suit or proceeding that may be brought against Buyer or Buyer's agents or customers for any actual or alleged infringement of any patent, design, trademark, or other proprietary interest by reason of sale or use of goods or services furnished hereunder, and Seller further agrees to indemnify Buyer, Buyer's agents and customers against any and all liability, losses royalties, damages and expenses (including attorney's fees) resulting from any such claim, suit or proceeding, including any settlement. Buyer may be represented by and actively participate through Buyer's own counsel in any such suit or proceeding if Buyer so desires, and the costs of such representation shall be paid by Seller. In the event the sale or use of such goods may be enjoined, Buyer may, at Buyer's sole option, pursue any available remedy, including without limitation, requiring Seller to either procure for Buyer the right to continue selling or using such goods or to modify them so they become noninfringing.
13. **INDEMNIFICATION:** SELLER SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS BUYER, BUYER'S EMPLOYEES AND AGENTS AGAINST ANY AND ALL CLAIMS, LIABILITIES, LOSSES, DAMAGES AND EXPENSES (INCLUDING ATTORNEY'S FEES) THAT BUYER MAY SUFFER OR SUSTAIN OR BE IN ANY WAY SUBJECT TO ON ACCOUNT OF INJURY TO OR DEATH OF ANY PERSON OR DAMAGE TO OR LOSS OF PROPERTY ARISING OUT OF PERFORMANCE OF THIS CONTRACT BY SELLER, SELLER'S AGENTS, EMPLOYEES OR SUBCONTRACTORS OR ARISING OUT OF RESULTING IN ANY WAY FROM ANY DEFECT IN THE GOODS OR SERVICES PURCHASED HEREUNDER, OR FROM ANY ACT OR OMISSION BY SELLER, SELLER'S AGENTS, EMPLOYEES OR SUBCONTRACTORS. This indemnification shall be in addition to Seller's warranty obligations.

TERMS AND CONDITIONS OF PURCHASE OF WORTHINGTON PRECISION METALS, INC.

14. **TERMINATION:** Buyer may terminate this order or any part hereof for cause in the event of any default by Seller, or if Seller fails to provide Buyer, upon request, with reasonable assurances of future performance. In the event of termination for cause, Buyer shall not be liable to Seller for any amount, and Seller shall be liable to Buyer for any and all damages sustained directly or indirectly by reason of Seller's default. Buyer may also at any time terminate this order or any part hereof for Buyer's sole convenience. In the event of such termination, Seller shall immediately stop all work hereunder, and shall immediately cause any of Seller's suppliers or subcontractors to cease such work. Seller will be paid a reasonable termination charge consisting of a percentage of the order price reflecting the percentage of the work performed prior to the notice of termination, plus actual direct costs resulting from termination. Seller will not be paid for any costs that Seller could reasonably have avoided. Buyer will make no payment for finished work, work in process or raw materials fabricated or procured in excess of any order or release.
15. **REMEDIES:** If (a) Seller becomes insolvent, makes an assignment for the benefit of its creditors, (b) a bankruptcy, insolvency, reorganization or arrangement proceeding is commenced by or against Seller, (c) Seller is unable to pay its debts as they mature, (d) Seller fails to supply adequate assurances of due performance of this order within ten days after a written request by Buyer for such assurances, (e) any financial or other circumstances exist that, in the opinion of Buyer, could prevent or delay the due performance by Seller under this order or (f) Seller fails to timely perform any of its obligations under the purchase order, then Buyer may, at its option, declare Seller in default under this order. In such event, Buyer may, at its option, exercise any or all of the following remedies in addition to any other rights or remedies available to it at law or in equity: (1) cancel all or any part of this order without incurring any liability thereby; or (2) recover all loss, damage and expense sustained by it, directly, indirectly or consequentially, as the result of any such default. All warranties shall survive the performance of the purchase order, delivery, acceptance and payment. Buyer's remedies, and the damages recoverable by Buyer, shall in no way be limited except in writing signed by the President or a Vice President of Buyer. Buyer's failure to insist on performance of any of the terms or conditions herein or to exercise any right or privilege or Buyer's waiver of any breach hereunder shall not hereafter waive any other terms, conditions, or privileges, whether of the same or similar type. All claims for money due or to become due from Buyer shall be subject to deduction or setoff by Buyer by reason of any counterclaim arising out of this or any other transaction with Seller.
16. **LIMITATIONS ON LIABILITY.** In no event shall Buyer be liable for anticipated profits or for incidental or consequential damages. Buyer's liability on any claim of any kind arising in connection with this order shall in no case exceed the price quoted to Buyer for the goods or services or unit thereof that gives rise to the claim. Buyer shall not be liable for consequential damages or penalties of any description. Any action resulting from any breach on Buyer's part as to the goods or services delivered hereunder must be commenced by Seller within one year after the cause of action has accrued.
17. **COMPLIANCE WITH LAWS.** Seller shall comply with all applicable federal, state and local laws and codes in performing its obligations hereunder and, if any services are performed by Seller at the premises of Buyer or any of Buyer's customers in connection with the purchase order, Seller shall comply with all safety rules and regulations in effect at such premises. Seller specifically represents that the products and services provided hereunder shall comply with the Fair Labor Standards Act of 1938, as amended.
18. **FORCE MAJEURE:** The purchase order is subject to modification or cancellation by Buyer without cost to Buyer in the event that fire, accidents, labor disputes, wars, government acts, terrorist acts or any other conditions beyond the Buyer's control affect its ability to purchase goods or services hereunder.
19. **GOVERNING LAW:** This agreement shall be construed and enforced according to the domestic substantive laws of the State of Ohio without giving effect to any choice or conflict of laws provision or rule that would cause the application of the domestic substantive laws of any other state. If any provision of this order declared unlawful or invalid, the remaining provisions shall nevertheless continue in full force and effect.
20. **ENTIRE AGREEMENT:** This agreement, consisting of these terms and conditions and those on the accompanying order, constitutes the entire agreement between the parties with respect to the subject matter hereof and all prior discussions and agreements are merged herein and the terms herein, and the terms hereof may not be modified except by a written instrument executed by the General Manager or Purchasing Manager.

WORTHINGTON PRECISION METALS, INC.