

DIEHL TOOL STEEL, INC. ("BUYER")  
PURCHASE ORDER  
GENERAL TERMS AND CONDITIONS

1. ACCEPTANCE

Seller has read and understands this Contract and agrees that Seller's acceptance or commencement of any work or services under this Contract shall constitute Seller's acceptance of these terms and conditions only. Seller shall notify Buyer in writing within two (2) business days of receipt of Buyer's Purchase Order ("Contract") hereof, if Seller objects to any of its provisions. The absence of any such notice constitutes acceptance of the Contract and commitment to its terms and conditions.

2. SHIPMENT AND DELIVERY

The time or times specified for shipment and/or delivery on the Contract hereof are of the essence of this Contract. If the goods are not shipped and/or delivered within the time or times so specified, Buyer may, in its sole and absolute discretion, cancel this Contract with respect to all or any undelivered part or installment of the goods and hold Seller liable for all damages. Unless otherwise provided in the Contract hereof, the goods may not be delivered in installments. If this Contract does provide for delivery in installments, or if Buyer agrees in writing to accept delivery in installments, and Seller defaults in making timely delivery of any such installment or breaches any other term or condition hereof, Buyer may, at its option, by giving written notice to Seller of its election so to do, cancel this Contract or any undelivered portion thereof and/or may defer or delay payment under this Contract until such breach or default is cured. In the event of any such cancellation by Buyer, Buyer shall have the right to recover damages against Seller suffered by reason of Seller's default hereunder.

3. TRANSFER OF TITLE

Unless otherwise specified by Seller and agreed to by Buyer, title to goods shall transfer to Buyer when goods are delivered to Buyer at the destination shown on the Contract hereof.

4. EXPENSES AND RISK

Unless otherwise specified on the Contract hereof, all expenses and risks with respect to the goods are for Seller's account until such goods are delivered to Buyer at the destination shown on the Contract hereof.

5. INSOLVENCY

Buyer may immediately terminate this Contract without liability to Seller in any of the following or any other comparable events: (a) insolvency of Seller; (b) filing of a voluntary petition in bankruptcy by Seller; (c) filing of any involuntary petition in bankruptcy against Seller; (d) appointment of a receiver or trustee for Seller; or (e)

execution of an assignment for the benefit of creditors by Seller, provided that such petition, appointment or assignment is not vacated or nullified within 15 days of such event. Seller shall reimburse Buyer for all costs incurred by Buyer in connection with any of the foregoing, including, but not limited to, all attorney's or other professional fees.

6. TERMINATION

Buyer reserves the right to terminate all or any part of this Contract, without liability to Seller, if Seller: (a) repudiates or breaches any of the terms of this Contract, including Seller's warranties; (b) fails to perform services or deliver goods as specified by Buyer; (c) fails to make progress so as to endanger timely and proper completion of services or delivery of goods; and does not correct such failure or breach within 10 days (or such shorter period of time if commercially reasonable under the circumstances) after receipt of written notice from Buyer specifying such failure or breach. In addition, Buyer may terminate this Contract upon giving at least 60 days' notice to Seller, without liability to Seller, if Seller (i) sells, or offers to sell, a material portion of its assets, or (ii) sells or exchanges, or offers to sell or exchange, or causes to be sold or exchanged, a sufficient amount of its stock that effects a change in the control of Seller. In addition to any other rights of Buyer to terminate this Contract, Buyer may, at its option, immediately terminate all or any part of this Contract, at any time and for any reason, by giving advance written notice to Seller.

7. TAXES

Any and all taxes of the U.S. or any state or subdivision thereof now or hereafter imposed with respect to the sale, processing or transportation of the goods shall be for Seller's account and payable by Seller.

8. BUYER'S PROPERTY

All designs, documents, drawing, specification, tools, equipment and material of any type furnished by Buyer to Seller or paid for by Buyer ("Buyer's Property") shall be and remain Buyer's sole property, and no title thereto shall pass to Seller hereunder. Seller shall mark Buyer's property "property of Buyer" or otherwise adequately identify it as Buyer's property; keep Buyer's Property separate from other property; use Buyer's Property only for the purpose of performing this contract; bear all risk of loss or damage to Buyer's Property until it has been returned to Buyer; and keep Buyer's Property free of any lien or encumbrance.

9. INSPECTION

Buyer has bargained for the goods listed on the Contract hereof and commercially equivalent goods are not acceptable without its prior written approval. All goods shipped or delivered to Buyer shall strictly conform to all specifications, drawings, samples, packing, packaging or other descriptions or instructions of Buyer and shall be subject to final inspection, approval and/or rejection by Buyer or its agent. Goods which do not so conform may be rejected in whole or in part at Buyer's

option and, if rejected, may be returned by Buyer to Seller at Seller's risk or may be held for disposition by Buyer at Seller's risk after written notice of such rejection by Buyer to Seller. Any delay in inspecting the goods, in giving notice of rejection to Seller or in returning any rejected goods to Seller shall not be deemed an acceptance of such goods by Buyer or be deemed a waiver of Buyer's right to inspect, make any claim, or reject or return such goods.

10. WARRANTY

Seller warrants/guarantees that the goods purchased hereunder shall be: (a) of first quality unless otherwise stated on the Contract hereof; (b) free from any defects in design, workmanship or materials; (c) merchantable; (d) fit for the uses for which they normally are intended and to which they normally are put; and (e) fit for use in Buyer's particular field of business and for any specific or special purpose or use which Seller knows is contemplated by Buyer. In the event of a breach of any warranty set forth herein, Buyer may return such goods to Seller at Seller's expense and then Seller, at Buyer's option, shall either: (i) promptly deliver to Buyer new goods, or make the returned goods conform to the warranties and deliver them to Buyer, all at Seller's risk and expense, or (ii) refund to Buyer the price of the returned goods stated in this Contract. Nothing contained herein shall limit Buyer's rights to claim damages and to terminate this Contract by reason of Seller's breach of warranties.

11. INTELLECTUAL PROPERTY

Seller agrees: (a) to defend, hold harmless and indemnify Buyer, its successors and customers against any claims of infringement (including patent, trademark, copyright, industrial design right, or other proprietary right, or misuse or misappropriation of trade secret) and resulting damages and expenses (including attorney's and other professional fees) arising in any way in relation to the goods or services contracted, including such claims where Seller has provided only part of the goods or services; Seller expressly waives any claim against Buyer that such infringement arose out of compliance with Buyer's specification; (b) that Buyer has the right to repair, reconstruct, or rebuild the specific goods delivered under this Contract without payment of any royalty to Seller; (c) that parts manufactured based on Buyer's drawings and/or specifications may not be used for its own use or sold to third parties without Buyer's express written authorization; and (d) to the extent that this Contract is issued for the creation of copyrightable works, the works shall be considered "works made for hire"; to the extent that the works do not qualify as "works made for hire", Seller hereby assigns to Buyer all right, title and interest in all copyrights and moral rights therein.

12. INDEMNIFICATION

Seller shall indemnify and hold harmless Buyer and its successors, assigns and customers against all claims, demands, judgments, costs, reasonable attorneys' fees and disbursements, expenses and injuries of any kind or nature arising from, and

upon request of such indemnitee shall defend any suit or proceeding commenced against such indemnitee based upon the breach by Seller of any warranty set forth in Paragraph 10 hereof or any actual or claimed infringement of any patent, copyright, trademark or service mark with respect to the goods or services furnished by Seller to Buyer hereunder.

13. PACKAGING/MARKING

Seller shall pack all goods and mark all goods and packages in accordance with Buyer's instructions. Any packages or goods not so packed or having labels or marks other than those specified by Buyer may, at Buyer's option and at Seller's risk and expense, be returned to Seller for repacking and/or remarking. Seller shall make no charge to Buyer for packing or marking unless specifically provided on the Contract hereof.

14. FORCE MAJEURE; LABOR DISRUPTION

Any delay or failure of either party to perform its obligations shall be excused if Seller is unable to produce, sell or deliver, or Buyer is unable to accept delivery, buy or use, the goods or services covered by this Contract, as the result of an event or occurrence beyond the reasonable control of the party and without its fault or negligence, including, but not limited to, acts of God, actions by any governmental authority (whether valid or invalid), fires, floods, windstorms, explosions, riots, natural disasters, wars, sabotage, labor problems (including lockouts, strikes and slowdowns), inability to obtain power, material, labor equipment or transportation, or court injunction or order; provided that written notice of such delay (including the anticipated duration of the delay) shall be given by the affected party to the other party as soon as possible after the event or occurrence (but in no event more than 10 days thereafter). During the period of such delay or failure to perform by Seller, Buyer, at its option, may purchase goods and services from other sources and reduce its schedules to Seller by such quantities, without liability to Seller, or have Seller provide the goods and services from other sources in quantities and at times requested by Buyer, and at the price set forth in this Contract. If requested by Buyer, Seller shall, within 10 days, provide adequate assurances that the delay shall not exceed 30 days. If the delay lasts more than 30 days or Seller does not provide adequate assurance that the delay will cease within 30 days, Buyer may immediately terminate this Contract without liability. In addition, Seller at its expense shall take such actions as are necessary to ensure the supply of goods and services to Buyer for a period of at least 30 days during any anticipated labor disruption or resulting from the expiration of Seller's labor contract(s).

15. NO IMPLIED WAIVER

The failure of either party at any time to require performance by the other party of any provision of this Contract shall in no way affect the right to require such performance at any time thereafter, nor shall the waiver of either party of a breach

of any provision of this Contract constitute a waiver of any succeeding breach of the same or any other provision.

16. NON-ASSIGNMENT

Unless otherwise specifically prohibited by applicable law, Seller may not assign or delegate its rights or obligations under this Contract without Buyer's prior written consent.

17. RELATIONSHIP OF PARTIES

Seller and Buyer are independent contracting parties and nothing in this Contract shall make either party the agent or legal representative of the other for any purpose whatsoever, nor does it grant either party any authority to assume or to create any obligation on behalf of or in the name of the other.

18. SEVERABILITY

If any term(s) of this Contract is invalid or unenforceable under any statute, regulation, ordinance, executive order or other rule of law, such term(s) shall be deemed reformed or deleted, as the case may be, but only to the extent necessary to comply with such statute, regulation, ordinance, order or rule, and the remaining provisions of this Contract shall remain in full force and effect.

19. ENTIRE AGREEMENT

This agreement covering products as listed on the Contract hereof and any attachments hereto, constitutes the entire understanding between the parties and supersedes, with respect to the goods or services covered hereby, (a) any prior oral or written communications, representations or agreements, and (b) any additional or different terms and conditions stated by seller in accepting or acknowledging this order, unless in writing and signed by an officer of Buyer or by the appropriate group head of Buyer. No rescission, modification or waiver of this Contract or any provision hereof or any right of Buyer shall be binding upon Buyer unless in writing and signed by an officer of Buyer. No waiver by Buyer of any default or breach shall be deemed a waiver of any other prior or subsequent default or breach.

20. GOVERNING LAW; JURISDICTION

Any controversy or claim arising out of, in connection with or relating to this Contract or the interpretation, performance or breach thereof shall be settled by arbitration in the City of Cincinnati, under the rules of the American Arbitration Association or its successor, and judgment on the award rendered may be entered in any court having jurisdiction thereof. In any arbitration proceeding in which an award is made in favor of Buyer, Buyer shall be entitled, in addition to other damages awarded to it, to recover from Seller all of Buyer's costs and expenses of the arbitration, including its reasonable attorney's fees. This Contract shall be deemed to have been made in, and its interpretation and performance thereunder shall be governed by the laws of the State of Ohio.

21. REMEDIES

Buyer shall not be limited to its rights and remedies against the Seller for any cause whatsoever to those set forth in this Contract, but shall have such other rights and remedies as may be available to it, including all rights under the Ohio Uniform Commercial Code.

22. EXPORT CONTROLS

Neither party shall export, directly or indirectly, any technical data acquired from the other pursuant to this Contract or any product utilizing any such data to any country for which the U.S. Government or any agency thereof at the time of export requires an export license or other governmental approval without first obtaining such license or approval. Seller agrees to not disclose any information that is subject to export control under the ITAR or under the EAR for control reasons other than anti-terrorism (collectively "export controlled information") without the prior written consent of Buyer in each instance.

23. COMPLIANCE WITH LAWS

Seller, and any goods or services supplied by Seller, shall comply with all applicable laws, rules, regulations, orders, conventions, ordinances or standards of the country of destination or that relate to the manufacture, labeling, transportation, importation, exportation, licensing, approval or certification of the goods or services, including, but not limited to, those relating to environmental matters, data protection and privacy, wages, hours and conditions of employment, subcontractor selection, discrimination, occupational health/safety and motor vehicle safety. Seller further represents that neither it nor any of its subcontractors will utilize child, slave, prisoner or any other form of forced or involuntary labor, or engage in abusive employment or corrupt business practices, in the supply of goods or provision of services under this Contract. Seller agrees to comply with all applicable anti-corruption laws, including the U.S. Foreign Corrupt Practices Act, and that neither it nor any of its subcontractors will directly or indirectly provide or offer to provide, anything of value to or for the benefit of, any official or employee of a governmental authority to obtain or retain any contract, business opportunity, or other benefit, or to influence any act or decision of that person in his/her official capacity. In the event the goods ordered herein are purchased for incorporation into merchandise to be sold by Buyer under a United States Government contract or subcontract, the terms required to be inserted herein by that contract or subcontract shall be deemed to apply to this Contract, including the equal opportunity, affirmative action, clean air and water, small business and small disadvantaged businesses clauses prescribed by statute, all of which shall be deemed to be incorporated herein. At Buyer's request, Seller shall certify in writing its compliance with the foregoing. Seller shall indemnify and hold Buyer harmless from and against any liability claims, demands or expenses (including attorney's or other professional fees) arising from or relating to Seller's noncompliance.

24. CLAIM/ACTION  
ANY ACTION OF ANY KIND AGAINST BUYER BY SELLER MUST BE COMMENCED  
WITHIN ONE YEAR AFTER THE DATE SELLER'S RIGHT, CLAIM, DEMAND OR CAUSE OF  
ACTION FIRST ACCRUES.