

**LATROBE SPECIALTY METALS COMPANY TERMS
AND CONDITIONS FOR GOODS
(June 2011)**

1. **Definitions:** The term "Contract" means these Terms and Conditions for Purchase of Goods ("Terms and Conditions"), together with all documents specifically referenced herein and any written purchase order, contract or agreement which attaches, incorporates or otherwise references these Terms and Conditions. The term "Company" means Latrobe Specialty Metals Company, or its subsidiary(ies), or affiliate(s) executing this Contract. The term "Vendor" means any individual, corporation or other entity who is to supply Goods purchased by the Company pursuant to this Contract. The term "Goods" means the goods or materials sold by Vendor and purchased by Company under this Contract. "Order" means any purchase order, including all terms and conditions on the face and reverse side and all specifications issued there under and all drawings, models, and samples furnished with it.

2. Acceptance. The sole liability of the Company shall be limited to the payment for all acceptable Goods delivered under this Agreement as authorized by Purchaser's issuance of purchase order(s). Company's Purchasing Department is the only department authorized to issue purchase orders. Company shall have no liability to Vendor for any orders issued by anyone other than Company's Purchasing Department. Any Order issued under these terms is Company's offer to Vendor, and acceptance is strictly limited to these terms. Company shall not be bound by and specifically objects to any differing terms or conditions, unless agreed to in writing between the parties. Vendor commencement of performance or the acceptance of the Order in any manner shall conclusively evidence agreement to the Order and its terms as written.

3. Routing, Risk of Loss, Shipments and Delays. (a) Time is of the essence in the performance of the Order by Vendor. (b) Company may select mode of transportation, routing of, and carrier for the Goods. Vendor shall be liable for excess transportation costs resulting from deviation from Company's instructions. (c) Goods shall be delivered by Vendor to Company's business from which Goods

are ordered, unless otherwise specified. Risk of loss and title to Goods shall remain with Vendor until after goods are delivered and all nonconformities are cured. (d) Company's weight and count are conclusive, and Company shall have no liability for payment for goods delivered in excess of the quantity ordered. Excess Goods may be returned to Vendor at Vendor expense. (e) Vendor waives any right to modify its delivery obligations by the allocation of production and delivery among its customers as set forth in Section 2-615 of the Uniform Commercial Code. (f) Vendor shall not deliver any Goods in advance of requested delivery schedule. If Goods are received more than fifteen (15) days ahead of schedule, Company reserves the right to return the Goods at Vendor's expense or keep the Goods and make payments as if the delivery was made per the delivery schedule. The delivery dates contained in any Order are the dates that the Goods are required on the dock at the Company's facility.

4. Delivery, Packing and Crating. Goods shall be suitably prepared for shipment to secure lowest transportation rates (unless a premium method is specified) and comply with carrier regulations. No charges are allowed for packing, crating, freight express, or cartage unless authorized by Company. Delivery dates for the Products shall be those stated on Purchaser's purchase orders. Such delivery dates are "on dock" at Purchaser's facility. Seller will notify Purchaser immediately of any anticipated late deliveries or any impending shutdown of facilities for any reason. Purchaser's acceptable delivery window is maximum [five (5)] working days early, zero (0) days late.

5. Inspection of Goods, Rejection of Goods and Revocation of Acceptance. After receipt of Goods, Company shall have a reasonable time, but not less than seven (7) days, in which to inspect and accept or reject Goods. Payment for Goods shall not constitute acceptance. Company may reject Goods not conforming to the Order. For all rejected Goods, Vendor shall provide Company, at Company's option, a full refund for or replacement of the Goods, at Vendor's risk and expense including transportation costs both ways. Company may, at its option, purchase substitute Goods in lieu of rejected Goods, and Vendor shall be

liable for any additional difference in costs. Acceptance of part of the Goods shall not bind Company to accept the remainder. Acceptance of all or part of Goods shall not deprive Company of the right to revoke acceptance and return any part of the Goods or the right to make a claim for damages because of the failure of the Goods to conform to the Order. Company shall not be liable to Vendor for failure to accept Goods for reasons beyond Company's reasonable control.

6. Warranties. Vendor warrants that all Goods delivered shall strictly conform to the Order, shall be of good design, material, and workmanship, free from defects, merchantable and fit for their intended purpose, and shall meet applicable industrial and governmental safety and environmental standards. Vendor warrants that services, if any, performed in conjunction with the Order will be performed in a workmanlike manner. Vendor further warrants that Vendor will have title to and the right to sell such Goods at the time of delivery, and that all such Goods shall be new (unless otherwise specified in the Order) at the time of delivery. Vendor shall also transfer to Company the warranty on goods and services incorporated into Goods acquired by the Order. All warranties shall survive any inspections, delivery, acceptance or payment by Company, and shall run to Company, its successors, assigns, customers and users of Goods. Repairs or replacements of the Goods shall be made by the Vendor, without cost to Company, at any time within the warranty period of the Goods, when the Goods are defective.

7. Pricing and Payment. If at any time during this Agreement, Seller offers for sale any of the Products covered by this Agreement at a lower price for similar quantities, then it shall be deemed as of the effective date thereof that prices hereunder have been amended to reflect such lower prices for similar quantities. Seller shall promptly notify Purchaser of any such price reduction. Company's standard payment terms are Net 60 days from receipt of Vendor's invoice.

8. Indemnification. Vendor shall defend, indemnify and save harmless Company from and against any liability, including reasonable cost of settlement, loss, cost, damage, claims, fines, civil and criminal penalties, or

expense, including reasonable attorneys' fees, arising from: (a) any claims which may be made against Company by reason of injury or death to person, or damage to property, claimed to have been suffered by any person or other entity including but not limited to Vendor employees, agents, subcontractors, and subcontractor's employees, and alleged to have been caused by defective Goods furnished hereunder or by any act or omission of Vendor or any subcontractor of Vendor or any of their employees or agents; (b) any damage to Company's property, including property occupied or used by, or in the care, custody or control of Vendor, alleged to have been caused by defective Goods supplied by Vendor or any act or omission of Vendor, or any subcontractor of Vendor or any of their employees or agents; (c) any claims resulting from an actual or alleged breach of warranty, express or implied, or other actual or alleged breach of the Order by Vendor; and (d) any claims resulting directly or indirectly out of the failure of Vendor to comply with the provisions of paragraphs 8 and 9 of this agreement.

9. Infringement. Vendor shall defend Company against all claims and proceedings based upon actual or alleged infringement of any patent or copyright by any Goods, or based upon actual or alleged misappropriation or wrongful use of any proprietary or confidential information involving any Goods, and Vendor shall hold Company harmless from any resulting losses, liabilities, damages, costs, attorneys' fees and expenses. Vendor shall be notified of such claims or proceedings immediately. Vendor's obligations under this clause shall not apply to the extent any Goods are manufactured pursuant to detailed designs furnished by Company, or to any infringement arising from the use or sale of Goods in combination with items not furnished by Vendor if such infringement would not have occurred from the use or sale of such Goods solely for the purpose for which they were designed or delivered to the Company.

10. Insurance. Vendor will maintain insurance coverage at its own expense in the following minimum amounts: (a) Worker's Compensation - statutory limits for the state or states in which the work is to be performed; (b) Employer's Liability - \$1,000,000; (c)

Commercial General Liability - \$1,000,000 combined single limit per occurrence including Premises and Operations, Independent Contractors, Contractual Liability and Products and Completed Operations coverages; and (d) Automobile Liability (including owned, hired and non-owned vehicles) - \$1,000,000 combined single limit per occurrence. Company shall be named as an additional insured party under each of these policies with the exception of the policies covering Worker's Compensation and Automobile Liability. Upon request, Vendor shall furnish to Company a certificate of insurance evidencing such coverage.

11. Compliance with Statutes and Governmental Regulations. Vendor warrants that in the performance of work under this Order, it has complied, or will comply, with all applicable federal, state, and local laws and ordinances and all lawful orders, rules and regulations thereunder, including, but not limited to, the Fair Labor Standards Act of 1938 as amended, the Walsh-Healy Public Contracts Act as amended, the Copeland Anti Kickback Act as amended, the Occupational Safety and Health Act of 1970 as amended, and Executive Order 11246 as amended, 29 CFR Part 471 Appendix A; 41 CFR Section 60-1.4(c); 41 CFR Section 60-250.4 and/or Section 60-300.5; and 41 CFR Section 60-741.5 with respect to affirmative action program and posting requirements, or Equal Employment Opportunity. If this order is for an amount in excess of \$100,000 and if Vendor is not otherwise exempt, then Vendor stipulates the following: (a) that none of the Vendor's facilities is listed on the Environmental Protection Agency List of Violating Facilities pursuant to 40 CFR 15.20; (b) that Vendor agrees to comply with all the requirements of Section 114 of the Clean Air Act, including all related regulations and guidelines; and (c) that Vendor agrees that the Order is expressly conditional on the Vendor promptly notifying Company in the event Vendor receives any communication from the Environmental Protection Agency indicating that a facility to be utilized in the performance of the Order is being considered for listing on the EPA list of Violating Facilities. Where applicable, Vendor and its sub-tiers shall comply with the requirements of Clause 7.4.2 (a-j) of AS9100:2004 and ANSI standard Z540-1 of ISO 10012-1. *Affirmative Action Notice: vendors and*

subcontractors are notified that they may be subject to the provisions of: 29 CFR Part 471 Appendix A; 41 CFR Section 60-1.4(c); 41 CFR Section 60-250.4 and/or Section 60-300.5; and 41 CFR Section 60-741.5 with respect to affirmative action program and posting requirements.

12. Cancellation. Any Order may be canceled by Company in whole or in part by oral notification followed by written confirmation to Vendor. Cancellation shall be without liability, damages, or penalty to Company.

13. Assignment. None of the amounts due or to become due, nor any of the work to be performed under the Order, shall be assigned or subcontracted by Vendor without Company's written consent.

14. Company's Property, Confidentiality. (a) Company retains title to all information and materials furnished to Vendor to facilitate performance under the Order. Such information and materials shall be (i) treated as Company's confidential information, (ii) used exclusively by Vendor to complete the Order, and (iii) returned to Company at its direction or upon completion, termination, or cancellation of the Order, along with copies or reproductions, unless otherwise agreed in writing by Company. (b) All property of Company furnished to Vendor for performance of work under the Order shall remain property of Company and shall be segregated from Vendor's property and be individually marked as Company's property. Such property shall be exclusively for performance under the Order and shall be returned to Company at its written request, or upon termination, cancellation or Order completion. (c) Goods made in accordance with Company's specifications or drawings shall not be furnished or quoted to any other entity. (d) Title to drawings associated with the manufacture of Goods ordered by Company will be assigned to Company upon request. (e) Company reserves the right to audit Vendor's compliance with the terms and conditions of this agreement.

15. Taxes. Except with respect to the direct pay permit for certain sales and use taxes within the Commonwealth of Pennsylvania, Vendor shall be responsible for the payment of all

other taxes, fees, and duties including, but not limited to, income, franchise, or business privilege tax.

construed pursuant to the laws of the Commonwealth of Pennsylvania.

16. Company's Right to Make Changes. Company may at any time, by written notice to Vendor, make changes in the drawings, specifications, quantities, schedules and shipping instructions under the Order. If any such change increases or decreases the cost of performing the Order, or the time required for its performance, an equitable adjustment in prices and/or schedules shall be made provided that any claim by Vendor for such adjustment shall be presented in writing to Company immediately after the change is ordered by Company.

17. Damages. Company may deduct from the price due under this or any other agreement all or any part of any damages resulting from any breach of this agreement, including but not limited to damages incurred as a result of late delivery, rework, return, removal, replacement, correction, reinstallation, or rejection of nonconforming goods or service. Company will not deduct damages pursuant to this paragraph before (i) notifying Vendor of Company's intent to do so and (ii) providing Vendor with documentation reasonably supporting the amount of the deduction.

18. Cumulative Remedies. All of Company's rights and remedies under these terms or at law are cumulative and non-exclusive.

19. Entire Agreement. Unless otherwise agreed to, in writing, between the parties, these terms constitute the entire agreement between the parties with respect to the subject matter of any Order pertaining to it, and supersedes all previous proposals (both oral and written), negotiations, representations, commitments, writings and all other communications between the parties. No waiver, alteration, modification or addition to the Order shall be binding unless expressly agreed in writing by a duly authorized representative of Company. The failure of Company to insist on performance of any provision of this agreement shall not be construed as a waiver of either that provision or any other provision in any later instance.

20. Governing Law. This agreement shall be deemed to have been made in, and shall be