UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.

TERMS AND CONDITIONS OF SALE

1. All orders, payment-terms, and shipments are subject to approval by Seller's Credit Department. The Seller may at any time decline to make any shipment or delivery or perform any work except upon receipt of payment or security or upon terms and conditions satisfactory to Seller's Credit Department.

2. All payments, hereunder, shall be made in United States currency or the equivalent thereof specified by Seller.

3. All prices, herein stated or heretofore quoted or proposed, shall be adjusted to the Seller's prices in effect at time of shipment. In addition to price, the Buyer shall pay any applicable taxes. Such purchase price must be paid in accordance with the terms on the face hereof without deductions, set offs, counterclaims, backcharges or any other charges whatever and the obligations of Buyer to Seller shall remain unimpaired irrespective of disputes which may arise between Buyer and other persons or entities. Unless stated to the contrary on the face hereof, Seller reserves the right to apply a protective coating to the goods. No claim shall be made against Seller for failure to apply a protective coating.

4. **(a)** Unless otherwise specified on the face hereof, all deliveries shall be F.O.B. points of shipment.
   (b) Seller will use all reasonable efforts to comply with Buyer's request as to method and route of transportation, but Seller reserves the right, if such method or route of transportation is not reasonably available, to use an alternate method or route of transportation, whether or not at a higher rate. In any such case, Seller shall notify Buyer of any such change as promptly as possible.
   (c) Except as specifically provided on the face hereof, Seller shall not be responsible for switching, spotting, handling, storage, demurrage or any other transportation or accessorial service, nor for any changes incurred therefore.
   (d) Seller shall not be liable for loss or damage resulting from delay or failure of delivery or performance due to Seller's production or any labor shortage or difficulty, to fire, flood, accident, quarantine restrictions, earthquake, tornado, epidemic or other casualty or act of God, to war, riot, civil disobedience or other emergency, acts of civil or military authorities, to compliance with orders, priorities or requests of any governmental agencies to embargoes, to failure of suppliers or subcontractors to meet delivery schedules, to inability or delay in obtaining labor or materials, for transportation, or to any cause, conditions or contingency, beyond the reasonable control of Seller, whether similar to those enumerated or not. In the event of any of the foregoing, Seller may apportion its production and all stock material among its customers in such manner as it may consider equitable.
   (e) Risk of loss shall pass to Buyer upon Seller's delivery to carrier or upon tender to Buyer's agent whichever occurs first.
   (f) Buyer hereby grants to Seller a security interest in all goods subject to this Order Acknowledgement (except for work by Seller on Buyers goods) and in all proceeds thereof until the complete purchase price and all additional costs and charges as adjusted, are paid by Buyer.
   (g) Buyer shall be responsible for filing and pursuing claims with carriers for loss or damage in transit.
   (h) Railroad and other transportation permits as and when required are to be obtained by Buyer.

5. All materials sold pursuant hereto will upon shipment conform to the description on the face hereof. Standard products furnished hereunder shall be produced in accordance with Seller's standard practices subject to Seller's standard mill tolerances and variations consistent with good mill practice with respect to dimensions, weight, straightness, section, composition and mechanical properties. All products, however, including those produced to meet an exact specification, shall be subject to Seller's practical testing and inspection methods and to normal mill practice on over and under shipments. The Seller reserves the right to subcontract any or all processing of the material, including testing and inspection, without further notice to the Buyer. The Seller reserves the right to use internally developed and validated GDS test methods for chemical analysis of residual elements for which no commercial standard test method is available.

Conversion services will be provided on a “Best Effort Basis only” and in addition to the Terms and Conditions, stated herein, are subject to Universal Stainless & Alloy Products, Inc. Conversion Policy dated 12/00.

THE USE OF ANY SAMPLE MODEL OR ILLUSTRATION OR THE FURNISHING OF INFORMATION SUPPLIED IN PARAGRAPH 10 HEREOF, EXCEPT AS INCLUDED ON THE DESCRIPTION ON THE FACE HEREOF, IS FOR ILLUSTRATIVE PURPOSES ONLY AND NOT PART OF A BASIS FOR THE BARGAIN AND SHALL NOT BE CONSTRUED AS A WARRANTY OR GUARANTEE.

SELLER'S SOLE OBLIGATION WITH RESPECT TO GOODS OR SERVICES FURNISHED PURSUANT HERETO SHALL BE STRICTLY AND EXCLUSIVELY LIMITED TO THE REPAIR OR REPLACEMENT OF NONCONFORMING GOODS. IN NO EVENT SHALL SELLER BEAR THE COSTS OF REMOVAL AND/OR REINSTALLATION OF NONCONFORMING GOODS. IN NO EVENT SHALL THE LIABILITY OF SELLER EXCEED THE PURCHASE PRICE OF THE GOODS.

6. THESE TERMS AND CONDITIONS ARE IN LIEU OF ALL WARRANTIES AND GUARANTEES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATIONS. WARRANTIES OF MERCHANTABILITY AND WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE. NO PROMISE OR AFFIRMATION OF FACT MADE BY ANY EMPLOYEE, AGENT OR REPRESENTATIVE OF SELLER SHALL CONSTITUTE A WARRANTY OR GUARANTEE OR GIVE RISE TO ANY LIABILITY OR OBLIGATION.

   SELLER'S OBLIGATIONS UNDER THESE TERMS AND CONDITIONS RUN ONLY TO BUYER AND ARE NON-TRANSFERRABLE AND NON-ASSIGNABLE EITHER DIRECTLY, INDIRECTLY OR BY OPERATION OF LAW. Buyer, its employees, agents and representatives shall not claim, represent, imply nor permit its purchasers, distributors, applicators or contractors to claim, represent, or imply that such obligations extend or are available to persons or entities other than Buyer. To the limit of its legal right to do so, Buyer shall cause any third party to cease and desist any such representation.

   IN NO EVENT SHALL SELLER BE LIABLE TO BUYER OR ANY OTHER PERSON OR ENTITY FOR, AND BUYER AGREES TO INDEMNIFY AND SAVE SELLER HARMLESS WITH RESPECT TO, CLAIMS OR ACTIONS FOR CONSEQUENTIAL, INCIDENTAL, SPECIAL, LIQUIDATED, PENAL OR OTHER DAMAGES IRRESPECTIVE OF WHETHER SUCH CLAIMS OR ACTIONS FOR SUCH DAMAGES ARE BASED UPON CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY WARRANTY, THE PROVIDING OF GOODS OR SERVICES PURSUANT TO PARAGRAPH 10 HEREOF OR OTHERWISE.

7. Any clause required to be, included in a contract of this type by any applicable and valid Federal, state or local law, executive order or administrative rule or regulation having the effect of law including, without limitation, the Fair Labor Standards Act of 1938, as amended, the Equal Employment Opportunity clause pursuant to Executive Order 11246, the Utilization of Minority Business Enterprises clauses pursuant to Executive Order 11625, the Affirmative Action for Handicapped Workers clause pursuant to the Vocational Rehabilitation Act of 1973 and Executive Order 11758, the Listing of Employment Openings for Veterans clause pursuant to Executive Order 11701 pursuant to the Vietnam Era Veteran’s Readjustment Assistance Act of 1974, shall be deemed to be incorporated herein and complied with by the Seller. Appropriate compliance certifications shall be executed by the Seller as required.

8. In order to insure prompt inspection by Buyer and to eliminate improper methods of storage and other abuse of goods sold, Seller must be notified in writing concerning the nonconformity of the goods to the description on the face hereof within sixty (60) days after the Buyer receives the goods or should have discovered such nonconformity. Such written notice shall set forth with particularity the nature and extent of the nonconformity. Seller must be given the opportunity, upon written demand to inspect the material claimed to be nonconforming to the description. Any legal action

based upon nonconformity of the goods must be commenced within one year from the date of delivery of the goods.

In no event shall Seller be responsible for claims resulting in whole or in part, directly or indirectly, from the use or abuse of nonconforming goods or for the costs of labor and /or materials expended on any goods. Nonconforming goods, except for samples, may only be returned to Seller upon receipt of Seller's written authorization to do so. All transportation costs with respect to such returns shall be paid by Seller prior to shipment. All claims for shortages must be made in writing within fifteen (15) days after receipt of the goods by Buyer or its agent and Specify with particularity the exact shortage complained of. Consignees must give immediate written notice to the carrier's agent at destination in the event of damage or loss in transit. Failure to furnish such written claim within such prescribed period of time shall terminate all liability of Seller.

Buyer must demonstrate that any alleged nonconformity to the description was solely caused by a breach by Seller.

9. The Buyer cannot cancel or modify purchase orders or hold up release except with Seller's written consent.

10. Any technical data, production data, production estimates and performance figures, advice, drawings and specifications furnished by Seller with respect to goods and/or services supplied and the use of any such data, figures, advice, drawings and specifications are the Buyer's risk.
11. If Buyer shall fail to make payments on this or any other agreement between Buyer and Seller in accordance with the terms hereof or thereof, Seller may defer further shipments and defer rendering further services until such payments are made, or, at its option, cancel this agreement with respect to any further performance. If pursuant to this provision, Seller shall defer any shipments or services or cancel in whole or in part this agreement, Buyer shall be liable for and reimburse Seller for all damage, including any and all consequential damage incurred by Seller by reason of such deferment or cancellation.

12. This is an offer by Seller to sell the goods and/or services described on the face hereof and not an acceptance of our confirmation of any purchase order. Acceptance of this offer by Buyer is expressly and exclusively limited to the terms and conditions herein and on the face hereof, such terms, conditions and limitations (a) are the only terms, conditions and limitations to which Seller will agree, (b) supersede all prior statements, proposals, quotations, negotiations, representations and agreements, (c) shall constitute the entire agreement between Seller and Buyer, (d) shall take precedence over all other terms, conditions and limitations in the purchase order and all other forms and documents of Buyer or any other person or entity that are inconsistent herewith or in addition hereto, (e) serve as a written objection to and rejection of all such inconsistent or additional terms, conditions and limitations. The terms, conditions and limitations herein can be modified, altered or added to only by a subsequent written instrument on Seller's letterhead signed by an authorized representative of Seller which shall set forth with particularity and not through incorporation by reference with precise terms, conditions and limitations modified, altered or added with specific written reference to the terms, conditions and limitations of this offer which are modified altered or added. No prior inconsistent course of dealing, course of performance or usage of trade, if any, shall constitute a waiver of or serve to explain or interpret these terms, conditions and limitations.
13. Failure of Seller to enforce any of the terms, conditions and limitations of this agreement shall not be construed as a waiver of any other terms, conditions or limitations herein or on the face hereof, and the failure of Seller to exercise any rights arising from default of Buyer or otherwise shall not be deemed to be a waiver of such right or any other right. The terms, conditions and limitations herein and on the face hereof may be enforced and rights of Seller enforced at any time in whole or in part by the Seller.

14. The law of Pennsylvania in effect on the date of the acceptance of this offer by Buyer shall apply in interpreting the terms, conditions and limitations herein and on the face hereof without regard to which party drafted the language herein or on the face hereof, prior course of dealing, course of performance or usage of trade. If any of such terms, conditions or limitations are in whole or in part held to be a violation of applicable law, this offer, when accepted shall be interpreted as if such

provisions were limited to the extent legally permitted, or if such provision is prohibited in its entirety, it shall be null and void, and the agreement as so modified shall remain in full force and effect.

15. Except for products manufactured or fabricated in accordance with Buyer's specifications, the Seller assures Buyer that the goods sold pursuant to this agreement do not infringe the claim of any United States patent covering such goods. In the event any suit or legal proceeding is brought against Buyer claiming that the goods or any part thereof constitute an infringement of any patent of the United States, the Seller agrees to defend at its own expense that portion of any legal proceeding relating to such infringement claim and to pay all damages or costs awarded on such infringement claim against Buyer, provided Buyer gives Seller prompt notice in writing of any such claim and also gives Seller all necessary authority, information and assistance to enable Seller, at its option to settle or defend such claim.

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