

ALCOA FORGED PRODUCTS, a division of Alcoa Inc.

TERMS AND CONDITIONS OF SALE
(Rev. September 2006)

THESE TERMS AND CONDITIONS OF SALE STRICTLY APPLY TO SELLER'S PRODUCTS AND SERVICES. SELLER'S ACCEPTANCE OF ANY ORDER FOR ITS GOODS OR SERVICES IS EXPRESSLY MADE CONDITIONAL UPON BUYER'S ACCEPTANCE OF THESE TERMS AND CONDITIONS, AND SELLER OBJECTS TO ANY ADDITIONAL OR DIFFERENT TERMS AND CONDITIONS, WHETHER CONTAINED IN BUYER'S FORMS OR OTHERWISE. SELLER WILL NOT BE DEEMED TO HAVE WAIVED THESE TERMS AND CONDITIONS OF SALE IF IT FAILS TO OBJECT TO PROVISIONS CONTAINED IN BUYER'S FORMS OR OTHERWISE.

1. **Acceptance.** Any order placed by Buyer is subject to written acceptance by Seller. Acceptance is subject to Buyer's agreement to all of these terms and conditions, which will constitute the sole terms and conditions of any accepted order. Buyer's agreement will be conclusively established (i) when Buyer has received and retained these terms and conditions for ten days without objection, or (ii) by Buyer's acceptance of or payment for all or any part of the goods or services.
2. **Change of Price.** Unless otherwise agreed to in writing by the parties, pricing and charges will be established at the time Seller accepts Buyer's order for goods or services by sales order acknowledgement or otherwise. Such prices and charges do not include state or federal excise, sales or use taxes (if any). All such taxes in effect or hereafter levied which are applicable to the order are in addition to such prices and will be paid by Buyer. Buyer will make payment pursuant to Seller's invoices at the prices provided herein subject to any applicable agreement between the parties as to (a) material repricing or alloy cost adjustments; (b) labor or utilities cost adjustments; or (c) development order, or other type, price redetermination. Buyer shall submit with each payment a statement, which clearly states, without commingling, Seller's invoice numbers, quantity of goods and amount being paid. Buyer's obligation to make full and timely payment for each shipment will be without rights of set-off. The prices and charges stated do not include state or federal excise, sale or use taxes, if any. All such taxes in effect or hereafter levied which are applicable to the order are in addition to such prices and will be paid by Buyer.
3. **Payment.** Unless stated otherwise by Seller, payment terms are net 30 days from the date of Seller's invoice. In the event that Buyer fails to pay Seller's invoices when due, buyer will be obligated to pay Seller, on all amounts so unpaid, interest, at the maximum permissible rate for overdue accounts, from the date such payment was due until the date paid by Buyer. Such interest will be due and payable without demand or protest by Seller. Whenever reasonable grounds for insecurity arise with respect to due payment by Buyer, Seller may demand different terms of payment and may demand assurance of Buyer's due payment. Any such demand may be oral or written and Seller may, upon the making of such demand, stop production and suspend shipment hereunder. If, within the period stated in such demand, Buyer fails or refused to agree to such different terms of payment or fails or refuses to give adequate assurance of due payment, Seller may, at its option, treat such failure or refusal as a repudiation of the portion of the order which has not been fully performed, or may resume production and may make shipment under reservation of possession or of a security interest and may demand payment against tender of documents of title. In all cases, acceptance of an order is conditional for a period of up to three business days to confirm credit worthiness.
4. **Shipment/Delivery/Insurance.** All delivery or shipping dates are estimates only. Unless otherwise agreed to, all goods are sold:

International: Cargo and Insurance Paid (CIP) to agreed place of destination as defined and governed by Incoterms 2000. Seller shall bear all risk of loss or damage to the goods until they pass the border of the continental United States, at which time title and risk of loss or damage will pass the Buyer. Notwithstanding the foregoing, Seller will be responsible for any loss or damage which results from Seller's failure to properly package the goods in accordance with Buyer's packaging instructions.

Domestic US: FOB shipping point (Supplier's plant, Freight Collect. Buyer shall bear all risk of loss or damage to the goods once they have been delivered to Buyer's carrier at the shipping point (Seller's plant).
5. **Delays.** Seller will use reasonable efforts to fill the order in accordance with the estimated delivery or shipping date, but Seller will not be responsible for any delays in filling the order nor liable for any losses or damages resulting from such delays, and the order will not be subject to cancellation for such delays.

6. **Force Majeure.** Seller will not be liable for delays in filling this order or failure in the performance of any of its obligations hereunder caused by accidents, labor disputes or disruptions, strikes, sabotage and terroristic acts, shortages of labor, materials, fuel or power, fires, floods or other acts of God, acts or omissions of Buyer, delays in transportation or lack of transportation facilities, priorities required, requested or granted for the benefit of the government, restrictions imposed by law or any rules or regulations thereunder, or any cause, whether similar to or dissimilar from those enumerated, beyond Seller's reasonable control.
7. **Method of Transportation.** The agency and method of transportation of the goods and the routing of the goods to the delivery point will be designated by Seller. If Seller complies with Buyer's request with respect to the use of any agency or method of transportation or any routing other than that which would otherwise be designated by Seller, all packing, marking, shipping, transportation and other charges which are in excess of the charges which would otherwise be incurred by Seller will be for Buyer's account.
8. **Shipments; Shipping Weights**
 - (a) Seller may make partial shipments hereunder and may invoice for each such partial shipment separately. Each partial shipment will be deemed to be a separate sale, however, delay in delivery of any partial shipment will not relieve buyer of its obligation to accept delivery of remaining shipments hereunder.
 - (b) Seller's shipping weights will govern for each shipment or partial shipment hereunder. Should Buyer dispute the shipping weight of any shipment of partial shipment hereunder, Buyer will promptly notify Seller in writing of the reasons for such dispute and provide to Seller all necessary documents to substantiate the difference.
9. **Warranty.** Seller warrants to Buyer that the goods or services will conform, as of the date of delivery, to the applicable specifications, drawings, samples, descriptions, and other requirements of this Contract and be free from defects in, material, and workmanship. Further, Seller warrants that it will convey good title to all goods hereunder, and that such goods will be delivered free from any lawful security interest or other lien or encumbrance unknown to Buyer. **SELLER MAKES NO WARRANTY THAT THE GOODS OR SERVICES WILL BE MERCHANTABLE OR FIT FOR ANY PARTICULAR PURPOSE. SELLER MAKES NO WARRANTY, EXPRESS OR IMPLIED, EXCEPT SUCH AS IS EXPRESSLY SET FORTH HEREIN.** Such warranty is limited to a maximum period of six months from the date of delivery or performance, and no claims thereunder may be made after such period. Samples, if any, supplied by Seller will not be representations or warranties of any type, either express or implied.
10. **Limitation of Liability.**
 - (a) Seller's liability and buyer's exclusive remedy for any tender of nonconforming or defective goods or breach of warranty is expressly limited to Seller's choice of: (i) the repair of non-conforming or defective goods' (ii) the replacement of non-conforming or defective goods with conforming goods at Seller's plant; or (iii) the repayment of that portion of the purchase price represented by non-conforming or defective goods. Such repair, replacement or repayment will be made only upon return of the non-conforming or defective goods. Transportation costs for returning non-conforming or defective goods will be borne by Seller only after inspection by Seller and receipt by Buyer of definite shipping instructions from Seller.
 - (b) In no event will Seller be liable for any incidental, consequential, indirect, special, contingent, or punitive damages arising out of or relating to: (i) any breach of contract or warranty, tort (including negligence and strict liability), or other theories of law with respect to products sold or services rendered by Seller, or undertakings, acts or omissions relating thereto; (ii) the tender of defective or non-conforming goods; (iii) breach of any other provision of this agreement; or (iv) any claim of any kind arising out of or relating to any order or Seller's performance in connection therewith. In any event, Seller's liability will not exceed the purchase price of the goods on which such liability is based. Buyer assumes all other liability for any loss, damage or injury to persons or property arising out of, connected with or resulting from the use of Seller's products, either alone or in combination with other products.
11. **Inspection, Acceptance or Rejection.** Buyer will make adequate inspection of the goods immediately after their receipt and will give Seller prompt notice of any non-conformity or defect, and Buyer's failure in either respect will constitute a waiver of such non-conformity or defect. Buyer shall be deemed to have accepted all goods or services when it fails to state any objection within thirty days of its receipt of such goods or services.

- 12. Indemnity.** Buyer will release, hold harmless, indemnify and defend Seller, its present and future officers, directors, officials, employees, agents, subsidiaries, affiliates, successors and assigns, from and against any liability (including without limitation liability for negligence or strict liability), demands, suits, penalties, fines, forfeitures, claims, losses, damages, suits and costs, regardless of the basis of liability or legal principle involved, which any or all of them may suffer, incur, be responsible for or pay as a result of or caused by, arising out of or relating to the goods or services supplied hereunder to the extent that Seller has conformed with Buyer's instructions, specifications or designs.
- 13. Termination; Changes.** Buyer may not terminate an order without the prior written consent of Seller. If Seller consents to such termination, reasonable termination charges computed by Seller will be assessed in connection with such termination, and shall be due and payable not later than 60 days after submittal of said termination charges. Any changes requested by Buyer to an order will be subject to the consent of Seller and subject to an equitable price and/or delivery adjustment as determined by Seller.
- 14. Intellectual Property.** Unless otherwise agreed to in a writing signed by Seller, Seller will not be bound by any obligations of confidentiality or non-disclosure. No right, title, or interest in and to any development, invention, or work of authorship, conceived or developed by Seller during the course of performance hereunder, is conveyed to the Buyer. Seller does not grant to Buyer, and nothing contained herein will obligate or be construed to obligate the Seller to grant to Buyer, any license under any patents or other intellectual property owned by the Seller.
- 15. Infringement.**
- (a) Seller agrees to indemnify Buyer against court assessed damages (excluding consequential damages) and costs resulting from infringement of any patents issued in the country of origin of the goods or other intellectual property right extant in that country at the time of Seller's acceptance of the order provided that such goods are in the condition furnished to the Buyer by the Seller and cover standard commercial compositions offered for sale generally by Seller at the time of acceptance by it of the order or standard commercial forms, shapes or constructions offered for sale generally by Seller at the time of acceptance by it of the order, to the extent that such compositions, forms, shapes or constructions are supplied hereunder. Such indemnity shall exclude (a) designs, specifications, instructions or drawings provided or expressly or implicitly required by Buyer, or (b) incorporation of the goods into or combination of the goods with goods or materials provided by Buyer or third parties. In any event, Seller's liability for infringements will be limited to the purchase price of the goods raising the infringement.
- (b) Buyer agrees, for the goods delivered under the order, to indemnify Seller against court assessed damages (excluding consequential damages) and costs resulting from infringement of any patents issued in any country or any other intellectual property right by goods meeting specifications, designs, drawings or instructions furnished or expressly or implicitly required by Buyer.
- (c) Neither party will be entitled to indemnification as to any claim for which it does not give prompt notice to the other party and full opportunity at the expense of such person to defend and dispose of such claim.
- 16. Equipment.**
- (a) Any equipment (including jigs, dies and tooling) which Seller constructs or acquires for use exclusively in the production of goods for Buyer will be and remain Seller's property and in Seller's possession and control, and any charges by Seller therefore will be for the use of such equipment only. Should Buyer desire Seller to use the equipment for the benefit of a third party, Buyer shall send Seller written authorization to do so.
- (b) Any materials or equipment owned or furnished by Buyer to Seller will be carefully handled and stored by Seller when in Seller's possession, but Seller will not be liable for damage or loss thereof.
- (c) When for three (3) consecutive years no orders acceptable to Seller are received from Buyer for goods requiring the use of such equipment, Seller may, by written notice to Buyer at Buyer's last known address, request Buyer to make disposition thereof at Buyer's expense. If Buyer fails to do so, Seller may make such use or disposition thereof without liability or obligation to Buyer.
- 17. Buyer Part, Specification or Drawing Number.** Use of any Buyer part, specification or drawing number in this agreement is for identification only and does not require that the goods be produced or services provided in accordance therewith unless Seller agrees in writing otherwise. Should Seller agree otherwise, then goods identified with such number will be produced in accordance with specifications thereof as modified with Buyer's approval.

18. **Export Sales.** Goods, services and information supplied under this agreement may be subject to U.S. and other export laws and regulations. For shipments outside of the U.S., Seller will be responsible for obtaining the appropriate export license(s) necessary to permit shipment of the ordered item, and Buyer will cooperate with Seller in obtaining such export licenses at Seller's request. Seller will have no liability to Buyer in the event that an export license is not approved or is later withdrawn or suspended. Seller may, in its sole discretion, agree to engage in a "routed transaction", in which case Buyer shall provide all documents and take all actions requested by Seller to comply with U.S. export requirements. For shipments within the U.S., it is the responsibility of the Buyer or other exporter to comply with all U.S. export control laws and regulations. Seller will not comply with boycott related requests except to the extent permitted by U.S. law and then only at Seller's discretion.
19. **Credit and Return Material Authorization.** All Parts being returned to Seller from Buyer must be prior authorized for return via Seller's Credit and Return Material Authorization ("CARMA") process. Such CARMA authorization will be issued to Buyer within two (2) working days of notification of Buyer's request in writing to Seller. The Parties will agree to any special instructions associated with the return of such product at the time the CARMA authorization is issued by Seller. All CARMA requests should be directed to the responsible account manager or to Alcoa Forged Products sales group at 216-641-3600.
20. **Waiver.** No provision hereof and no breach of any provision will be deemed waived by reason of any previous waiver of such provision or of any breach thereof.
21. **Assignment.** These terms and conditions, and any accepted order, shall be binding on Buyer, its successors and assigns. In the event that a change of control occurs which affects Buyer, Seller may terminate these terms and conditions and/or any accepted order, at any time by providing Buyer (or its successors and assigns) with five (5) days written notice.
22. **Seller's performance.** An accepted order may be performed, and all rights hereunder may be enforced against Buyer, by Seller or any subsidiary, parent or affiliate of Seller. Seller has the right to designate which facility of Seller or its subsidiary, parent or affiliate will perform all or any part of such order. Seller has the right to change the Seller facility that is manufacturing the Parts upon notice to Buyer; in the event that a Buyer qualification is required for the new facility, Buyer agrees to cooperate with Seller in its pursuing such qualification.
23. **Amendment.** These terms and conditions and the terms of any accepted order may be modified only by a writing signed by Seller.
24. **Severability.** The invalidity, in whole or in part, of any provision will not affect the remainder of such provision or any other provision.
25. **Integration.** These terms and conditions, including Seller's attachments hereto and made a part hereof, constitute the entire understanding between the parties and supersede any previous oral or written understandings with respect to the subject matter hereof.
26. **Survival.** The provisions entitled or regarding Limitation of Liability, Export Sales, Infringement, Intellectual Property, Warranty, Force Majeure, Indemnity, Delays and all other articles providing for limitation of or protection against liability of Seller and/or its Suppliers, shall apply notwithstanding any other provision of the contract and shall survive termination, cancellation or expiration of the contract or any accepted order.
27. **Applicable Law.** These terms and conditions and all accepted orders will be governed by, and interpreted in accordance with, the laws of the State of Ohio, excluding those relating to choice or conflicts of law and excluding the International Convention on Contracts for the International Sale of Goods.
28. **Standard Quantity Tolerances.** Unless otherwise stated on Alcoa's sales order acknowledgement, the quantity tolerance applicable to each line item of goods specified on the order shall be: (a) the applicable standard quantity tolerance stated on the applicable Alcoa price data sheet in effect at the time of shipment of such item or portion thereof, or (b) if there is no applicable standard quantity tolerance stated on the applicable Alcoa price data sheet or if there is no applicable Alcoa price data sheet, the applicable standard quantity tolerance stated below:

<u>Product</u>	<u>Quantity</u>	<u>Tolerance (plus or minus %)</u>
Hand Forgings:	1 – 9	+0% / -0%
	10 – 49	+10% / -10%

50 – 249	+10% / -3%
250 and up	+3% / -3%

Die Forgings:	<u>Quantity</u>	<u>Tolerance (plus or minus pieces)</u>
	1 - 2	+1 / -0
	3 - 5	+2 / -1
	6 - 19	+3 / -1
	20 - 29	+4 / -2
	30 - 39	+5 / -2
	40 - 49	+6 / -3
	50 - 59	+7 / -3
	60 - 69	+8 / -4
	70 - 79	+9 / -4
	80 - 99	+10 / -5
	<u>Quantity</u>	<u>Tolerance (plus or minus %)</u>
	100 - 199	+10% / -5%
	200 - 299	+9% / -4.5%
	300 - 599	+8% / -4%
	600 - 1,249	+7% / - 3.5%
	1,250 - 2,999	+6% / -3%
	3,000 - 9,999	+5% / -2.5%
	10,000 - 39,999	+4% / 2%
	40,000 - 299,999	+3% / -1.5%
300,000 and up	+2% / 1%	

- 29. Government Orders.** It is recognized by the parties that in instances where work is being performed under orders for the U.S. Government or Prime Contractors contracting with the U.S. Government, Applicable DAR/DFAR or other Government regulatory clauses may apply. In the event of a conflict between and such Government clauses and the Terms and conditions contained herein, the terms and conditions contained herein shall take precedence.