

RAW MATERIALS GENERAL TERMS OF PURCHASE

North American Stainless (hereinafter called "NAS") agrees to buy from the SELLER, and SELLER agrees to sell to NAS on the basis of the following general terms and conditions:

RECEIVING CONDITIONS: Receiving times will be 24 hours a day, with the exception of holidays. Sellers may not deviate from receiving times without prior approval from NAS. The Seller shall assume and pay any and all loss or damage to the merchandise from any cause whatsoever until delivered to NAS at the F.O.B. point specified in this Purchase Contract.

WEIGHING: Trucks and Rail Cars must gross weigh in and light weigh out over NAS scales (truck and rail scales). Weight of barges will be determined by unloading the content of the barge on trucks or rail cars and weighing in the previously stated manner. The weight thus determined shall be final for settlement. Without an official net weight for billing purposes NAS will "conservatively" estimate a net weight for payment.

RADIOACTIVITY CLAUSE: The Seller hereby certifies that its material is not radioactive. Should any radioactivity whatsoever be detected by NAS metering equipment, the material shall be returned promptly to the Seller, who shall assume, and promptly pay, all damage and expenses, particularly those of location, transportation and handling of the radioactive part, which shall be deemed the property of the Seller. If despite the controls and detection systems established by both parties, any material containing radioactivity is melted, the Seller shall assume, and promptly pay, all the expenses of decontamination and handling of the radioactive waste, and shall also, defend and indemnify NAS and third parties for any damages or costs.

PURCHASED MATERIAL: The material sold must comply with the Raw Materials Specifications provided by NAS to the Seller. Detailed requirements are included in the contract and supersede any general requirements outlined in the Raw Materials Specifications with the exception of those items that have been prohibited in the Raw Material Specification.

The Seller will assure that there will be no mercury switches or any other mercury containing products in the material shipped to NAS. Seller shall ensure that shredded auto-scrap Brokers and/or upstream suppliers shall participate in the National Vehicle Mercury Switch Recovery Program (NVMSRP) or another EPA-approved program. A written statement from the Broker and/or upstream suppliers attesting to participation in the NVMSRP or another EPA-approved program is required with each contract between NAS and Seller. The Seller shall be considered the "Broker" with regards to imported items and any regulatory reporting under TSCA shall be solely the responsibility of the Seller and its the upstream supplier. Transactions under or covered by this document imply that the Seller certifies compliance with this provision.

INSPECTION: Seller acknowledges and agrees that a material portion of the price NAS pays for Seller's material is earned by sorting, classification and inspection thereof to ensure that it conforms to NAS's specifications and these General Terms of Purchase. All merchandise bought is subject to inspection and testing by NAS within a reasonable time after arrival at NAS's Ghent works. If upon inspection or testing such merchandise is found to be unsatisfactory, of inferior quality, or fails to conform to and in all particulars meet the criteria specified in this Purchase Contract, then without prejudice to any of its rights and remedies NAS may return the merchandise or any part thereof to the Seller, and all amounts theretofore paid by NAS to the Seller on account of the purchase price of such returned merchandise, together with any cost incurred by NAS in connection with the original delivery or return of such merchandise shall be repaid to NAS by the Seller, or setoff from current payables to Seller, unless otherwise specifically provided herein. Neither the inspection nor acceptance of the merchandise shall release the Seller from any of the warranties or other provisions of the Purchase Contract or the general terms of purchase. NAS reserves the right even after it has paid for and accepted the merchandise to make a claim against the Seller on account of any merchandise ordered that does not prove to be satisfactory.

Seller acknowledges and agrees that a material portion of the price NAS pays for Seller's material is earned by sorting, classification and inspection thereof, and that "closed containers" (as that term is defined herein) are dangerous to NAS's operations due to the potential for contained liquids to explode in NAS's furnace as a result of instant thermal expansion. Accordingly, Seller shall inspect all material to ensure that no 'closed containers' are shipped to NAS. In the event that NAS locates 'closed containers' within Seller's material, the parties agree that the measure of potential damages would be difficult to assess and that NAS shall be entitled to charge liquidated damages to Seller of two thousand dollars (\$2000) per closed container found by NAS. A "closed container" shall be deemed to be any enclosure that has the potential to retain any liquid, whether or not the enclosure is vented or has openings through which liquids might drain if properly oriented to gravity.

In the case of purchase of scrap the quality control will be realized by trial meltings using about 20% of the material received in the shipment (or from the total shipments). Analysis of molten results shall be final for the assessment of chemical composition.

In the case of alloys where payment is based on chemical composition, NAS will test a sample of material to ensure the composition is as per Seller's information. In case of discrepancy between NAS test results and the Seller's, another sample from the same lot will be sent to an independent laboratory for testing. The results from the independent laboratory shall be deemed valid and final results for the assessment of chemical composition.

If any quantity of material does not comply with the requirements noted in this contract, NAS will have the option of receiving replacement material from the Seller. If NAS chooses the option of replacement, the Seller will ensure the prompt replacement of the material and any extra cost incurred in order to replace the material promptly will be on the account of the Seller. If the Seller cannot replace the material promptly and this delay leads to adverse effects to NAS, the Seller will be liable for all the costs associated with the adverse effects. NAS will also be free to source alternative material from other sources and charge the Seller the cost of the material

NAS's customer(s), and statutory/regulatory authorities have the right of entry to Seller's facilities to determine and verify the quality of work and material. This right extends to the applicable areas of all facilities at any level of the supply chain involved in the order and to all applicable records. Such investigations at facilities will be performed jointly by NAS, the Seller, customer, statutory/regulatory authorities, and subcontractor as applicable. NAS reserves the right to require and request evidence of Seller ensuring that their personnel are aware of: their contribution to product or service conformity; their contribution to product safety; and the importance of ethical behavior.

PASSAGE OF TITLE: Title to any specific shipment of material pursuant to this Purchase Contract shall be deemed to pass to NAS only upon satisfaction of both of the following conditions: First, the material must be physically transferred to any lot within Section 2 of the NAS industrial subdivision (e.g. south of US Highway 42), Carroll County, Kentucky; and second, NAS shall have issued a firm Purchase Contract specifying a "PD" identification number, as distinguished from consigned material having "MC" identification numbers.

VALIDITY OF PURCHASE CONDITIONS: This Purchase Contract, together with any written documents which are attached hereto and incorporated by specific reference, constitute the entire agreement between NAS and the Seller and supersedes all previous communications either written or oral. All such previous communications shall be considered void and withdrawn and no stipulations, representations or agreements made by NAS, or any of its officers, agents or employees shall be binding unless reduced to writing and attached to or incorporated in this Purchase Contract by reference as above provided and no local, general or trade custom shall alter or vary the terms hereof. In the event that a term or condition of these General Terms of Purchase conflicts with a term or condition in a document attached hereto or pertaining to the transaction contemplated hereby, these General Terms of Purchase shall be deemed by the parties to be controlling and shall supersede the terms of such attached or pertinent document. As a material consideration for North American Stainless placing the order specified herein, the Seller agrees to name North American Stainless as an additional insured on its insurance policies.

JURISDICTION: The Purchase Contract contemplated between the Seller and NAS, as well as these General Terms of Purchase shall be governed, construed and interpreted in accordance with the laws of the Commonwealth of Kentucky.

#017-04