



GOODS AND SERVICES

TERMS AND CONDITIONS OF PURCHASE

The Terms & Conditions set forth below ("Terms and Conditions") have been issued to you as a potential supplier ("Contractor" or "Supplier") to AK Steel Corporation. ("Company" or "Buyer"). As a condition to becoming an approved Supplier of goods or services to the Company, including any on-site services to be performed at any of Company's facilities or on Company's premises, a signed copy of this document must be on file in the Company's offices indicating Supplier's acceptance, without exception or modification, of the Company's standard Terms and Conditions. Failure to sign and return this document will be considered a refusal of acceptance of these Terms and Conditions and Supplier will not be considered for future work with Company.

1. OFFER, ACCEPTANCE AND MODIFICATION. This Purchase Order, comprised of these Terms and Conditions, any information contained on the face hereof and any documents incorporated herein by specific reference, is an offer ("Offer") to Supplier by Buyer to purchase the goods or services ("Goods") designated on the face hereof. Upon acceptance by Supplier, this Offer shall become a binding contract between Buyer and Supplier ("Agreement"), and shall be the complete and exclusive statement of such agreement, superseding any prior discussions or agreements, written or oral, relating to the purchase of Goods. Supplier may accept this Offer by signing on the face hereof, but in any event beginning work hereunder shall constitute acceptance of the Offer by Supplier. Acceptance is expressly limited to the terms of this Offer. Modifications proposed by Supplier are expressly rejected and are not part of the Agreement except upon Buyer's issuance of a Purchase Order Amendment ("Amendment") expressly accepting any such modification.

2. PURCHASE PRICE. The purchase price for the Goods shall be as stated on Buyer's Purchase Order ("Purchase Price"). All pricing is firm and not subject to change unless otherwise agreed in writing by Buyer.

3. PAYMENT TERMS. Except as otherwise specified in Buyer's Purchase Order, payment terms are Net Sixty (60) days.

4. CHANGES. Buyer may at any time by Amendment or other writing signed by it, change the design (including drawings, materials, and specifications), processing, method of packing and shipping, quantity and the place of delivery of the Goods. In such case, the time for performance and Purchase Price shall not change unless Supplier notifies Buyer in writing, within ten (10) days of receipt of such change that an adjustment in Purchase Price or time for performance is necessary. If Buyer determines that any such change materially affects cost or timing, Buyer shall equitably adjust the Purchase Price and delivery schedules. Supplier shall not make changes to the Agreement without Buyer's written approval.

5. BAILED PROPERTY. Supplier is responsible, as a bailee, for loss of, and damage to, any property owned or controlled by Buyer and possessed by Supplier for use in carrying out this Agreement (“Buyer’s Property”), including responsibility for loss and damage which occur despite Supplier’s exercise of reasonable care, but excluding normal wear and tear. Supplier shall (a) properly house and maintain Buyer’s Property on Supplier’s premises (b) mark Buyer’s Property “Property of Severstal”, or as otherwise required by Buyer (c) refrain from commingling Buyer’s Property with the property of Supplier or with that of any third party, and (d) maintain Buyer’s Property as personal property. Buyer’s Property shall not be used by Supplier for any purpose other than the performance of the Agreement. Supplier authorizes Buyer (at Buyer’s sole option) to file financing statements evidencing Supplier as the debtor/bailee and Buyer as the secured party/bailor of Buyer’s Property. Supplier will indemnify and defend Buyer against claims or liens adverse to Buyer’s ownership of Buyer’s Property. Buyer shall have the right to enter Supplier’s premises at reasonable times to inspect Buyer’s Property and Supplier’s records pertaining thereto and to take possession of Buyer’s Property. Upon Buyer’s request, Supplier shall immediately deliver Buyer’s Property to a carrier selected by Buyer, properly packed and marked in accordance with the requirements of the carrier and Buyer, at Buyer’s option F.O.B. Carrier, Supplier’s facility or F.O.B. Buyer’s facility, freight collect. Supplier waives, to the extent permitted by law, any lien (whether mechanics, moldbuilder, molder, special tool building, UCC or otherwise) or other rights that Supplier might otherwise have on any of Buyer’s Property.

6. VOLUME PROJECTIONS. Supplier acknowledges that any estimates, forecasts or projections of future anticipated volume or quantity requirements for Goods supplied by Buyer are for informational purposes only and are subject to change at any time.

7. SHIPPING RELEASES. If delivery dates for the Goods are not specified on the face of the Purchase Order, Supplier shall procure materials and fabricate, assemble, and ship Goods only as authorized in shipment releases issued by Buyer. Deliveries will be made only in the quantities and on the dates specified by Buyer. Buyer may return over-shipments to Supplier at Supplier’s risk and expense. Buyer may, from time to time, and with reasonable notice, change or temporarily suspend shipping schedules specified in the Purchase Order or shipment release.

8. PACKING, MARKING, AND SHIPPING. (a) Supplier shall pack and ship the Goods in accordance with the requirements of Buyer and the carrier transporting such Goods. Supplier shall mark each package in accordance with Buyer’s instructions and any additional instructions of the carrier. Supplier will reimburse Buyer for costs incurred as a result of improper packing, marking, routing, or shipping. (b) Supplier shall not charge separately for packing, marking or shipping unless Buyer authorizes such charges in writing, in which case Supplier shall add such charges to its invoice as a separate item and attach supporting data. (c) Buyer may require shipment of the Goods by a more expeditious method of transportation if Supplier fails to meet shipping deadlines set forth in the Purchase Order or shipping release. Supplier shall bear the cost difference of such expedited transportation unless such failure is due to an excusable delay per



Section 19. (d) Supplier shall bear the risk of loss for any loss, damage or injury which results from, or occurs during shipment of the Goods.

9. PACKING SLIPS AND BILLS OF LADING. (a) Supplier shall obtain a straight bill of lading from the carrier of the Goods and shall include on each packing slip and the bill of lading the number of the Purchase Order and the location of the destination facility. (b) Supplier shall include a numbered master packing slip with each shipment. If less than a carload or truckload is being shipped, the slip shall be included in one of the packages which shall be marked "Packing Slip Inside". In carload and truckload shipments, the master packing slip shall be enclosed in an unsealed envelope that is affixed near the door on the inside of the freight vehicle. (c) Supplier shall retain the original bill of lading for two years from the date of shipment.

10. EXPORT/IMPORT. For each international shipment, Supplier shall include a price invoice with the master packing slip and upon request shall furnish all other required export/import documents. Export credits and customs drawbacks shall belong to Buyer or its designee. Upon request, Supplier shall furnish in satisfactory form all documents required to obtain export credits and customs drawbacks or to satisfy any other government requirement, including certificates that identify the country of origin of the materials used in the Goods and the value added in each country.

11. ACCEPTANCE AND INSPECTION. Receipt of the Goods does not constitute acceptance. All Goods are subject to Buyer's right of inspection and rejection. Any such inspection shall not relieve Supplier of its obligations hereunder. Goods that are rejected may be returned to Supplier at Supplier's expense, or retained and corrected at Buyer's election. Supplier shall cooperate with Buyer in determining appropriate method(s) of correction. Supplier shall reimburse Buyer for all expenses of correcting non-conforming Goods as well as any and all other expenses arising from or incident to rejection of the Goods.

12. PROPRIETARY RIGHTS. (a) Except as otherwise stated in this Agreement, neither party transfers to the other party any patent, trade secret, trademark, copyright or other intellectual property right owned by such party ("Intellectual Property Right"). (b) Supplier grants to Buyer and its affiliated companies a nonexclusive, royalty free, irrevocable license of Supplier's Intellectual Property Rights to: (i) use, sell, and modify Goods and incorporate the Goods into other products for use or sale; and (ii) in the case where Supplier is unable to perform or has breached this Agreement, to make Goods or have Goods made by an alternate source for the remaining duration of the Agreement or as otherwise mutually agreed to in writing. Buyer may share with third parties any drawings or other information provided by or through Supplier and related to the Goods. (c) All works of original authorship, ideas, inventions (whether patentable, patented or not), know-how, processes, compilations of information, and other intellectual property created by Supplier for which the development was paid for by Buyer (collectively, "Proprietary Materials"), and all Intellectual Property Rights in such Proprietary Materials, are owned by Buyer. Supplier agrees that all such Proprietary Materials created by Supplier for which the development was paid for by Buyer are "works made



for hire” as that term is used in connection with the U.S. Copyright Act. (d) Supplier shall be solely responsible for the defense or settlement of every claim of infringement of any present or future patent, copyright, industrial design right, or other proprietary right that results from the sale or use of the Goods (i) alone, (ii) in combination by reason of their content, design, or structure, or (iii) in combination in accordance with Supplier’s recommendations, or at Buyer’s option provide all reasonable assistance to Buyer in Buyer’s handling of such claims. Supplier’s obligations shall apply even though Buyer furnishes all or any portion of the design and specifies all or any portion of the processing.

13. CONFIDENTIALITY. In connection with the Purchase Order, Supplier may have access to Buyer’s confidential information, including, without limitation inventions, developments, know how, specifications, business plans, results of testing, systems, financial information, product information, methods of operation, customer information, supplier information and compilations of data (“Confidential Information”). Supplier shall use Buyer’s Confidential Information only for the purposes contemplated under this Agreement and shall not disclose it to third parties or otherwise use it for its own advantage or to Buyer’s detriment. Confidential Information shall not include information which: (a) is or becomes publicly available without breach of this Agreement by Supplier; (b) was known to Supplier prior to its receipt from Buyer as evidenced in writing; or (c) is developed by Supplier independently of its access to Buyer’s Confidential Information. Supplier is permitted to disclose Buyer’s Confidential Information to its employees, agents and authorized subcontractors (“Agents”) on a need to know basis only, provided that such Agents have written confidentiality obligations to Supplier no less stringent than the confidentiality obligations herein. Supplier shall be liable for any breach of this Paragraph 13 by its Agents. Upon termination of the Agreement, Supplier shall at Buyer’s election, return or destroy Buyer’s Confidential Information and shall not use Buyer’s Confidential Information for its own or any third party’s benefit. Supplier’s confidentiality obligations shall survive termination of the Agreement for so long as Buyer’s Confidential Information remains confidential. In order to assure that Buyer is able to obtain the full benefit of the restrictions set forth in this Section, Buyer shall be entitled to injunctive relief, including, but not limited to, emergency, preliminary, temporary and permanent injunctions, from any court of competent jurisdiction as may be necessary to enjoin any violation of the foregoing covenants, without the necessity of proving immediate irreparable harm or an inadequate remedy at law.

14. WARRANTY. (a) Supplier warrants, whether or not it is a merchant of the Goods provided under this Agreement, that all Goods supplied by it: (i) shall be of good quality and free from defects, latent and patent, in design, materials and workmanship; (ii) shall conform to all specifications, drawings and descriptions furnished, specified or adopted by Buyer; (iii) shall be merchantable and suitable and sufficient for their intended purpose; and (iv) shall be free of any lien or claim of any third party. (b) If Supplier breaches its warranty obligations hereunder, Buyer shall be entitled to any and all legal remedies provided under the laws of the State of Michigan, including but not limited to those contained in Michigan’s version of the Uniform Commercial Code. (c) Supplier will



indemnify and hold Buyer harmless against all costs damages, losses, claims and expenses (including actual costs for attorneys, experts and consultants, settlement costs and judgments) occasioned by, resulting from, or arising out of any claim by a third party for death, personal injury, or property damage which results from: (i) any defect or alleged defect in the Goods supplied by Supplier; (ii) any noncompliance or alleged noncompliance by Supplier with any of its representations, warranties or obligations under this Agreement; or (iii) any negligence or fault or alleged negligence or fault of Supplier in connection with the design or manufacture of the Goods.

15. SUBCONTRACTING AND ASSIGNMENT. Supplier may subcontract for goods or services to be incorporated in the Goods to be provided under this Purchase Order, but Supplier shall not subcontract or assign all of its duties hereunder without Buyer's prior written approval.

16. ADVERTISING. Supplier shall not refer to Buyer, this Agreement or any relationship between Buyer and Supplier in advertising or public releases without Buyer's written approval.

17. COMPLIANCE WITH LAW. (a) Supplier as well as all Goods furnished by Supplier shall comply with all federal, state, provincial, local and foreign laws, orders, rules, regulations and ordinances, including import and export laws and regulations and any and all safety laws, regulations and standards, that may be applicable to Supplier's performance of its obligations under the Agreement (b) Any clause required to be included in an Agreement of this type by any applicable federal, state or local law, rule or regulations shall be deemed to be incorporated herein by reference (c) Buyer serves from time to time as a Contractor for the United States government. Supplier shall comply with federal laws, rules, and regulations applicable to subcontractors of government Contractors, including but not limited to those found in Title 48, Code of Federal Regulations.

18. SETOFF. Buyer will administer on a Net Settlement Basis all of the accounts of the Supplier or its Related Companies arising from the Purchase Orders and other agreements the Supplier or its Related Companies have with Buyer or its Related Companies. Net Settlement Basis means that, unless prohibited by law, the Buyer may without notice set off and recoup against the Buyer's accounts payable to the Supplier any amounts for which the Buyer determines in good faith the Supplier or its Related Companies are liable to it or its Related Companies under any Purchase Order or other agreements with the Supplier or its Related Companies. A Related Company is any parent company of the Buyer or Supplier, as appropriate, and any subsidiary or affiliate in which any of them owns or controls at least 25% of the voting stock, partnership interest or other ownership interest. A set off and recoupment described above may include the actual professional fees and other costs of enforcement incurred by the Buyer or Related Company. Supplier shall have no right of setoff.

19. EXCUSABLE DELAYS. Neither Buyer nor Supplier shall be liable for a failure to perform that arises from causes or events beyond its reasonable control and without its



fault or negligence, including labor disputes of any kind. In the event of a delay in performance, Buyer, at its option, may acquire possession of all finished goods, work in process, and parts and materials produced or acquired for the work hereof, and, upon Buyer's request, Supplier shall immediately deliver such property to a carrier selected by Buyer, properly packed and marked in accordance with the requirements of the carrier and Buyer, at Buyer's option F.O.B. carrier, Supplier's facility, freight collect.

20. SALES AND USE TAXES. (a) Supplier must not include sales or use taxes for Goods that will be shipped to, or services that will be furnished in, locations for which Buyer has a direct pay permit.

The applicable permit number and location is:

Michigan 87-0716669

(b) Supplier must include sales or use tax on other Goods if Supplier is licensed to do so by the tax authorities of the destination. Supplier must identify the sales or use tax on Supplier's invoice as a separate item.

21. TERMINATION AT OPTION OF BUYER. (a) Buyer may terminate this Purchase Order, in whole or in part, at any time, by a written notice of termination to Supplier. Buyer shall have such right of termination notwithstanding the existence of an excusable delay per Section 19. (b) Upon receipt of the notice of termination, Supplier, unless otherwise directed by Buyer, shall: (i) return to Buyer or its designee all Buyer's Property; (ii) terminate promptly all work and services under the Purchase Order; (iii) transfer title and deliver to Buyer the finished Goods, the work in process, and the parts and materials which Supplier produced or acquired in performance of the Purchase Order and which Supplier cannot use in producing goods for itself or for others; (iv) settle all claims by subcontractors for actual costs that are rendered unrecoverable by such termination; and (v) take actions necessary to protect property in Supplier's possession in which Buyer has an interest. (c) Upon termination by Buyer under this Section, Buyer's sole obligation to Supplier shall be: (i) payment of the Purchase Price for all finished Goods which conform to the requirements of the Purchase Order; (ii) payment of Supplier's actual cost of the work in process and parts and materials transferred to Buyer in accordance with subsection (b)(iii) hereof; (iii) payment of Supplier's actual cost of settling the claims by subcontractors referenced in subsection (b)(iv) hereof; and (iv) payment of Supplier's actual cost of carrying out its obligation of subsection (b)(v) hereof. Buyer's obligations under this Section shall not exceed those Buyer would have had to Supplier in the absence of termination. Upon such termination, Supplier agrees to waive all claims for damages, including those for loss of anticipated profits and accept the remedy set forth in this Paragraph 21 as its sole and exclusive remedy. Buyer shall have no liability for undelivered Goods that are considered Supplier's "standard stock". (d) Supplier shall furnish to Buyer, within one month after the date of termination, Supplier's termination claim, which shall consist exclusively of the items of Buyer's obligations to Supplier that are listed in subsection (c) hereof. Buyer may audit Supplier's records, before or subsequent to payment, to verify amounts requested in Supplier's termination claim. (e) Notwithstanding any terms in this Agreement to the contrary, Buyer shall not be liable to Supplier under 21 (c), if Buyer terminates this Purchase Order because of Supplier's default or breach.

22. LIENS AND CLAIMS. All Goods provided hereunder shall be free of all liens, claims and encumbrances. Supplier agrees that it will hold Buyer harmless from all liens or claims which may at any time be asserted by Supplier's subcontractors or materialmen and, if requested to do so, Supplier shall obtain from its subcontractors and file with Buyer a release, in form acceptable to Buyer, of construction lien claims to which such subcontractors may at any time be entitled. Supplier's final invoice must be accompanied by an affidavit showing full payment of all bills for labor and material and all sums due Supplier's subcontractors. Supplier's acceptance of final payment shall constitute a waiver of all claims against Buyer.

23. WAIVER. The failure of Buyer to enforce any one or more of the provisions of this Agreement shall not be construed to be a waiver thereof, nor shall such failure affect the validity of Buyer's Purchase Order, this Agreement or the right of Buyer thereafter to enforce each and every such provision.

24. OWNERSHIP OF DRAWING AND DOCUMENTS. Ownership of drawings, plans, reports, designs, specifications, software and other technical documents developed and/or supplied by Supplier under any Purchase Order shall vest in Buyer except that all pre-existing copyrighted and/or patented intellectual property rights shall remain the property of Supplier.

25. QUALITY ASSURANCE. Unless otherwise agreed by Buyer, Supplier shall maintain a documented quality program that is fundamentally comparable to ISO 9001:2000 or TS16949.

26. APPLICABLE LAW AND VENUE. This Agreement shall be governed by construed and enforced in accordance with the laws of the State of Michigan without giving effect to its conflicts of law provisions. Venue shall be proper in, and Buyer and Supplier irrevocably submit to the jurisdiction of the state and federal courts located in the State of Michigan.

27. SUPPLEMENTAL TERMS FOR SERVICES PERFORMED AT BUYER'S SITE. In addition to the forgoing terms and conditions, Suppliers furnishing services to Buyer, at any of Buyer's facilities or on Buyer's premises shall be bound by the following:

(a) General Conditions Supplier represents that it has examined the site; that it is familiar with Buyer's and other contractors' operations in the area thereof; and that its proposal is based upon full knowledge of all conditions affecting the performance of Supplier's services, all of which shall be performed in such manner as to cause the least interference with Buyer's operations. All materials and equipment shipped to the site shall be consigned direct to Supplier, who shall pay all freight and demurrage charges and handle with the carrier involved all other matters pertaining to such shipment. Supplier shall also be responsible for the unloading, checking and storage of all materials and equipment. All workmanship and materials shall be subject to the written approval of Buyer's representative, and Supplier shall bear the expense of removing,



reconstructing, replacing or refinishing rejected work and making good other work affected thereby. The requirements of all laws, ordinances and regulations shall be observed and Supplier shall obtain and bear the cost of all required permits, licenses and/or inspections.

(b) Safety Provisions Supplier shall comply with all safety rules and practices established by Buyer and with all applicable state and local safety and sanitary laws, regulations and ordinances and shall advise Buyer promptly of any situation it deems to be unsafe. Supplier's disregard for or continued violation of such laws, rules and regulations shall be deemed a material breach of this Agreement. Supplier shall at all times protect all persons and property from injury, damage or loss and shall use only duly inspected and certified equipment and duly licensed and qualified operators. Supplier shall furnish its personnel and those working under Supplier's direction with all required protective equipment and shall enforce proper use of such protective equipment. Additionally, Supplier and all of Supplier's employees, agents and subcontractors shall utilize the AK Steel Corporation issued SNAP card to enter and exit the AK Steel Corporation facility.

(c) Fire Prevention Flammable liquids having a flash point below 110°F, such as gasoline and benzene (except when in use as fuel in operating equipment), and dynamite and other explosives, shall not be brought to, used, or disposed of at the site without permission of the Buyer's representative. All such flammable liquids shall be confined either to safety containers approved by Underwriter's Laboratories, Inc., or the fuel tanks of operating equipment. The Supplier shall keep the site of the work free of waste materials, rubbish and debris. No burning or welding operations shall be performed without the written approval of Buyer's representative authorized to issue such approval. Other fire prevention measures, including special requirements for roofing operations established by the Buyer, shall be followed.

(d) Taxes Unless otherwise specifically set forth in this Purchase Order, the price(s) quoted by Supplier include all applicable federal, state and local taxes of whatever character and description.

(e) Review of Supplier's Drawings Supplier shall submit all required drawings for review by Buyer in sufficient time to prevent delays in the delivery of materials.

(f) Liability Insurance Supplier shall procure and maintain with such companies as acceptable to Buyer insurance policies in amounts and against such risks as required by Buyer. Supplier shall, upon Buyer's request, name Buyer as an additional named insured on such policies and provide Buyer with applicable certificates of insurance.

(g) Indemnity (a) To the fullest extent permitted by law, Supplier shall be exclusively responsible for, bear, relieve, indemnify, defend and hold Buyer and its agents, employees, Contractors, subcontractors, laborers and materialmen (the "Indemnitees") harmless from and against any and all claims, actions, damages, liabilities, losses, costs and expenses, including but not limited to attorneys' fees and settlement costs,



arising directly or indirectly out of or resulting from or in connection with the services or goods to be provided by Supplier, or the obligations of Supplier, under this Purchase Order, provided that any such claim, action, damage, liability, loss, cost or expense (i) is attributable to bodily injury, sickness, disease or death, or injury to or destruction of tangible property (including environmental damage and damage to natural resources, whether or not covered by the Comprehensive Environmental Response, Compensation and Liability Act or any other state or federal law), including the loss of use resulting therefrom, or (ii) is attributable to any violation of any law, ordinance or regulation (including all environmental laws) of any federal, foreign, state or local governmental authority, and (iii) does not arise out of the sole negligence or willful misconduct of the Buyer or any of its agents or employees. (b) If any suit, claim or other proceeding shall be asserted against the Indemnitees on account of any cause of action referred to above, then Supplier, in addition to indemnifying the Indemnitees, shall promptly, at its sole expense, assume the defense of any legal proceedings or settlement discussions relating to the foregoing or any other matter for which Supplier is required to indemnify Indemnitees under this Purchase Order, subject to Supplier at all times keeping the Indemnitees up to date in writing as to the status thereof and provided that such defense shall be through legal counsel reasonably acceptable to the Indemnitees and no admission of liability shall be made by Supplier without the prior written consent of the Indemnitees. Indemnitees may, at their expense, retain counsel of their choosing to participate in the defense of any such suit, claim or other proceeding.

(h) Responsibility for Other Risks Supplier assumes all risks, hazards and conditions encountered in the performance of the work, such as, but not limited to, bad weather, delays in delivery of material and equipment, strikes and labor disputes (whether directed against Supplier, Buyer and/or other Contractors) and embargoes, and no extra payment or charge will be allowed on account thereof. Buyer shall likewise not be held responsible for any damage, loss or expense incurred by Supplier through the fault of any other Contractor employed by Buyer.

(i) Changes and Extras No changes in plans or specifications, or extra work, will be permitted or paid for unless the details and cost thereof shall have been approved by Buyer's written Amendment.

(j) Construction Services Performed at Buyer's Site Contractors providing construction services on Buyer's premises shall:

(i) furnish Builder's Risk Insurance to provide "All-Risk" coverage for said project on a replacement cost basis. This insurance will include the interests of the Owner; Supplier and all tiers of subcontractors in the work. The Builders Risk will not provide coverage against loss by theft or disappearance of any materials (unless the materials are to be incorporated into the project), tools, or equipment of the Supplier or any tier of subcontractor, or any other person furnishing labor or materials for the work and Contractor agrees to indemnify, defend, and hold the Owner and its officers, agents, and employees harmless from any such loss, theft or disappearance.



(ii) comply with the “Safety and Engineering Practices” as set forth in the “Manual of Accident Prevention in Construction” as published by the Associated General Contractors of America.

By my signature below, I represent and warrant that I am an Officer of Supplier, or am otherwise duly authorized to approve these terms and conditions on Supplier’s behalf; I have reviewed this document in its entirety and agree, on behalf of Supplier, to be bound by each and every term set forth herein.

Supplier Name: _____ Signature: _____

Date: _____ Print Name: _____

Title: _____