



GENERAL TERMS AND CONDITIONS FOR PURCHASE OF MATERIALS, PARTS AND SERVICES

GENERAL

These terms and conditions and associated documents as issued, represent an integral part of, and are applicable to, all orders including but not limited to the sale of goods, equipment, parts, components, steel, forgings, service, production and otherwise, by any entity (hereinafter "Supplier") to THYSSENKRUPP CRANKSHAFT CO. (hereinafter "Buyer"). Any and all terms and provisions specified by the Supplier which, in any way, change, modify or supplement these general terms and conditions are null and void and of no effect. In particular, in case of conflicting language, the provisions of these general terms and conditions shall override any disclaimer, limitation of warranty, limitation of liability or any other provisions contained in the documents of a Supplier.

1. ACCEPTANCE

Supplier, by the acceptance of a Purchase Order, accepts all the terms and conditions hereof. These terms and conditions supersede and take precedence over any and all previous oral or written arrangements in connection with this order. This Purchase Order is made on the understanding that the same may be accepted by Supplier only on the terms set out herein, which terms may not be amended nor modified except by written consent of Buyer's authorized representative.

2. EXTRA CHARGES, TAXES

No extra charges will be allowed unless mutually agreed to by both parties, in writing. Supplier assumes full liability for, and shall pay for delinquency, all sales, use, customs, excise or other taxes or government impositions of any kind now or hereafter imposed on the goods sold hereunder, and Supplier shall indemnify and hold Buyer harmless from any liability and expense thereon.

3. TIME OF DELIVERY/QUANTITIES

If the Supplier does not comply with Buyer's delivery schedule or the quantities reflected, Buyer, at its option, may either accept a revised delivery or quantity listing, or may cancel the Purchase Orders either in whole or in part, without liability to the Buyer. Delivery of goods shall not be deemed complete until the goods have actually been received by Buyer. Risk of damage or loss in transit shall be upon the Supplier.

4. INSPECTION

Buyer, at its option, may reject and return, at Supplier's risk and expense, or retain and correct, all supplies, material or equipment that fail to conform to the requirements of a Purchase Order, even if the nonconformity does not become apparent until the manufacturing or processing stage. If Buyer elects to correct the supplies, it will consult with Supplier on the method of correction. Supplier, in any event, agrees to reimburse Buyer for all reasonable expenses resulting from rejection or correction.



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5. INVOICING/PAYMENT

(a) Unless otherwise agreed by Buyer, or by term set forth in the Purchase Order, payment for goods, equipment and services shall not be required to be made until the 90th day after receipt of the said goods and an invoice for same. Buyer may at its discretion take any and all discounts afforded by Supplier.

(b) Supplier agrees that all of its accounts with Buyer will be administered on a net settlement basis and that Buyer may set off debits or credits against any of Supplier's accounts regardless of the Purchase Orders from which such debits or credits arose.

6. QUALITY MANAGEMENT

(a) The Supplier is responsible for the quality of the products and/or services it supplies and/or manufactures.

(b) The Supplier undertakes to install and permanently use a quality management system according to the requirements of ISO 9001 or TS 16949.

(c) The Supplier shall ascertain and record the effects of hazard resulting from supplied product and the measures for their avoidance and use suitable preventative methods of quality planning.

(d) The Supplier commits itself to continuous observation and examination of its products and processes for existing potential hazards beyond the time of delivery and, as the case may be, shall take appropriate measures for their prevention. The Supplier shall notify the Buyer immediately of newly discovered potential hazards.

(e) The Supplier agrees to comply with all applicable federal, state and local laws and to indemnify KGC against all liability for the Supplier's failure to comply. The Supplier further agrees that it will comply with requirements of the Fair Labor Standards Act of 1938, as amended, in producing the goods or performing the services. All goods furnished hereunder shall comply with Occupational agency requirements in effect at the time of shipment. Equipment shall not exceed a noise level of 80 dBA when in operation and under normal working conditions.

(f) A certificate of calibration must accompany all gages at the time of delivery to Buyer.

7. PROCESS DOCUMENTATION

(a) The Supplier undertakes to record in writing the manufacturing process including the supply of raw material. Series production shall not be commenced until samplings have been approved by Buyer.

(b) The Supplier undertakes to inform the Buyer immediately of any intentional or unintentional variance and change in the raw material supply, the plant and the manufacturing process or location. Changes require the written consent of the Buyer. In case of variances, the Buyer can demand the provision of new samplings.

8. WARRANTY

Supplier represents and warrants to Buyer that:

(a) the goods and services supplied hereunder will conform to the specifications, drawings, samples or other descriptions furnished or specified by Buyer and will be merchantable, of quality material and workmanship and free of defect.

(b) the goods and services will be fit and sufficient for the purpose intended by Buyer.

(c) the goods and services conform to all safety standards within the United States of America.

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(d) the warranty period for goods and materials will be the greater of one (1) year after final acceptance by Buyer, or the period specified in the Purchase Order.

(e) in the event of any breach of any warranty of the Supplier, Buyer may require Supplier to promptly replace, adjust, correct or repair the defective or non-conforming goods, equipment or services, as well as any and all other property damaged, at Supplier's expense.

9. INDEMNITY

(a) The Supplier will indemnify and save and hold the Buyer free and harmless of and from and defend against any and all claims, demands, suits, or legal proceedings, costs and expenses (including attorneys fees and judgments) that are related in any way to Supplier's performance or obligations under a Purchase Order, including claims based upon Supplier's breach of warranty. To the full extent permitted by applicable law, Supplier will indemnify Buyer, its directors, officers and employees for all expenses incurred by Buyer in connection with such claims. Supplier's obligation to defend and indemnify under this Article will apply regardless of whether the claim arises in tort, negligence, contract, warranty, strict liability or otherwise.

(b) Supplier will indemnify and hold Buyer harmless with respect to the costs of (i) recall campaigns and other corrective service actions that, in Buyer's reasonable judgment, are required to rectify nonconformity's in the supplies and (ii) costs of Buyer associated with mandatory shut down of production lines, either in the event of a nonconforming supply or a failure to deliver the product on a timely basis pursuant to the Purchase Order.

10. PROPRIETARY AND CONFIDENTIAL INFORMATION

(a) All drawings, specifications, documents, information, data and other material provided by Buyer to the Supplier or otherwise obtained by the Supplier in connection with the Purchase Order, including, without limitation, all information with respect to the facilities of Buyer or its customers, as well as all information and material derived therefrom:

- (i) are proprietary;
- (ii) remain the exclusive property of the Buyer;
- (iii) shall be treated confidentially by Supplier;
- (iv) shall not, without Buyer's express prior written consent, be disclosed by the Supplier to any person or used by the Supplier for any purpose not expressly authorized by Buyer in writing in connection with the performance of the Purchase Order.

(b) Supplier will not sell or otherwise dispose of any product that incorporates any trademark, patentable invention, copyright work, industrial design or other matter which is the subject of any intellectual property right of Buyer, except where specifically authorized by Buyer in writing.

(c) All materials and equipment furnished by Buyer shall be protected against loss or damage by insurance maintained by Supplier. The Supplier shall indemnify and save Buyer harmless from all claims that may be brought against Buyer's property.



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11. ASSIGNMENT

Supplier will not assign any of its substantive duties under a Purchase Order without Buyer's written approval. Any such assignment shall not prohibit Buyer from enforcing any of its rights against both the Assignor and the Assignee.

12. TERMINATION/MODIFICATION

(a) Unless a Purchase Order specifically states otherwise, Buyer may terminate/modify its purchase obligations under a Purchase Order, in whole or in part, at any time by a written notice of termination to Supplier.

(b) Upon receipt of the notice of termination/modification, Supplier, unless otherwise directed by Buyer, will:

(i) terminates promptly all work under a Purchase Order and/or adjust its production consistent with a modification.

(ii) transfers title and deliver to Buyer the finished work, the work in progress, and the parts and materials that Supplier produced in accordance with the Purchase Order.

(iii) takes actions reasonably necessary to protect property in Supplier's possession in which Buyer has an interest until disposal instructions are received.

13. DEFAULT/REMEDIES

(a) The Supplier will be liable to Buyer for any and all damages incurred by Buyer, including but not limited to: direct, incidental, special and consequential damages arising out of any default, breach of contract, breach of warranty or repudiation by the Supplier.

(b) The Buyer may, at its option, cancel the Purchase Order, or any part thereof, in the event of the following:

(i) any default, breach or repudiation by the Supplier with respect to any Purchase Order;

(ii) if the Supplier should become insolvent or shall make a general assignment for the benefit of creditors;

(iii) if the Supplier shall file a voluntary petition in bankruptcy or such proceeding be filed against the Supplier;

(iv) if the transaction of Supplier's business shall be suspended.

In the event that such cancellation should occur, the Supplier shall remain liable to Buyer for any and all damages incurred by Buyer, including but not limited to: direct, incidental, special and consequential damages.

(c) The individual remedies either reserved in the Purchase Order or herein stated will be in addition to any remedies provided by law. No waiver of any breach of any provision of a Purchase Order shall constitute a waiver of any other breach of such or any other provision.



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14. APPLICABLE LAW

(a) A Purchase Order shall be governed by the laws of the State of Illinois without regard to conflict of laws provisions.

(b) For all litigation of disputes or controversies which may arise between the Supplier and Buyer, both parties consent to the exclusive jurisdiction of the courts of the State of Illinois and the United States District Court for such state and agree that any such disputes and controversies shall be determined exclusively by one of such courts. Supplier also agrees that any and all process served upon the Supplier outside of the state where Buyer's principal place of business is located shall have the same force and effect as if such service had been made within such state.