

## **General Terms and Conditions for the Supply of Goods and Services by VSMPO Tirus GmbH (hereinafter referred to as "VSMPO")**

### **§ 1 Application of the General Terms and Conditions of Business**

- 1.1 These General Terms and Conditions of Business (hereinafter the "Terms and Conditions") shall apply to the exclusion of all others for all goods and services supplied by VSMPO as well as the offers made by VSMPO. Terms and conditions of business of the contracting party, which conflict with or deviate from these Terms and Conditions, shall only apply if a member of VSMPO's management board or one of its holders of commercial powers of attorney or a person authorized by VSMPO for this purpose expressly accepts them. The general terms and conditions of business of the contracting party shall not be binding, even if their application has not been expressly rejected by VSMPO. Any tacit acceptance of the general terms and conditions of business of the contracting party through acceptance inferred from VSMPO's conduct shall be excluded hereby.
- 1.2 These Terms and Conditions shall also apply to future contractual relationships. They shall apply irrespective of whether reference has been made to them in any specific case.
- 1.3 Amendments and additions which deviate from these Terms and Conditions must be made in writing. This shall not apply to amendments agreed upon with members of VSMPO's management board or one of its holders of commercial powers of attorney or other persons authorized by VSMPO to agree on amendments or additions.

### **§ 2 Offer to Contract and Conclusion of Contract; Copyright to VSMPO's**

- 2.1 VSMPO's offers shall be subject to change without notice and are not binding. A contract shall not be concluded until VSMPO has confirmed its acceptance of the contracting party's order. A contract between VSMPO and the contracting party shall also be concluded without any confirmation on its part if VSMPO supplies the goods and services ordered and the contracting party accepts them.
- 2.2 VSMPO shall have two weeks after receipt to accept an order or contract. In all cases, acceptance of an order is conditional for a period of up to five business days to confirm credit worthiness of the contracting party.
- 2.3 The contracting party may not change, cancel, or terminate an order without the prior written consent of VSMPO. If VSMPO so consents, the contracting party shall pay VSMPO all reasonable charges and expenses incurred by VSMPO as a consequence of such change, cancellation, or termination, provided, however, that in no event shall the contracting party be obligated to pay more than the total agreed price of the products in question.
- 2.4 Unless agreed otherwise, VSMPO shall retain the title and copyright to any offers or cost estimates VSMPO makes as well as the title and copyright to drawings, diagrams, descriptions and other documents and materials made available to the contracting party regardless of whether they were prepared by VSMPO or third parties. The contracting party may not make the aforementioned items themselves or the contents thereof available to third parties without VSMPO's express approval. Any use of the aforementioned items and documents and any reproduction shall only be permitted insofar as this is necessary for the conclusion or performance of contracts. The aforementioned documents and materials as well as reproductions must be returned to VSMPO without delay, at the expense of the contracting party, if no contract is concluded or if they are no longer required for the further

performance of the contract.

- 2.5 The contracting party must follow VSMPO's instructions on the use of the items and documents mentioned in clause 2.4. In particular, the contracting party must comply with the restrictions on use stipulated in the documents and may not use the items and documents for purposes for which they were not intended.

### **§ 3 Prices and Terms of Payment; Rights of Set Off**

- 3.1 Unless agreed otherwise, VSMPO's prices shall be "ex works". The transport and packing shall not be included in the price, but shall be invoiced separately.
- 3.2 The applicable value added tax is not included in VSMPO's prices. The value added tax will be charged and shown separately in the amount prescribed by law on the invoice date if VSMPO's delivery is subject to value added tax.
- 3.3 In the case of exports, the contracting party must pay the fees and charges incurred for supply to the recipient country, in particular the customs duties and any additional legal fees and charges incurred in the recipient country itself. Therefore, freight to the ultimate point of destination and any other related charges, such as import agent's fees, consular fees, fees for the preparation of consular documents, storage, demurrage and insurance shall be paid by the contracting party unless otherwise stated. If VSMPO must initially pay the fees and/or charges related to exports itself, the contracting party must reimburse VSMPO for them.
- 3.4 The contracting party shall pay one hundred per cent (100%) of the price of the products per shipment upon VSMPO's invoices therefore and evidence of delivery. If VSMPO cannot make delivery as scheduled due to any force majeure cause, any amounts otherwise payable upon delivery shall be payable upon readiness for delivery against VSMPO's invoice therefore and its certification (i) as to such cause, and (ii) that the products are ready for delivery at the factory.
- 3.5 In the event that the contracting party fails to pay VSMPO's invoices when due, (i) VSMPO may terminate the respective contract upon written notice to the contracting party, (ii) suspend further deliveries to the contracting party, or (iii) continue performance if VSMPO deems it reasonable to do so.
- 3.6 VSMPO's invoices shall be immediately due and they must be paid within 30 days from contracting party's receipt of them. Upon the expiration of the payment period, the contracting party shall be in default without need of a payment reminder from VSMPO. In the event of a default in payment, VSMPO shall be entitled to request the default interest stipulated by law. VSMPO's rights to claim for further damage and any other rights shall not be prejudiced hereby.
- 3.7 The contracting party shall submit with each payment a statement that clearly states VSMPO's invoice numbers, the quantity of products and the amount being paid.
- 3.8 Whenever reasonable grounds for insecurity arise with respect to due payment by the contracting party, VSMPO may demand different terms of payment and may, orally or in writing, demand assurance of contracting party's due payment. VSMPO may, upon the making of such demand, stop production and suspend shipment hereunder. If, within the period stated in such demand, the contracting party fails or refuses to agree to such different terms of payment or fails or refuses to give additional assurance of due payment, VSMPO may make shipment under reservation of a security.
- 3.9 In the event of a cashless payment, the timely credit of the payment shall be decisive for the contracting party's compliance with the time limit.

- 3.10 The contracting party shall only be entitled to set off its counter-claims against VSMPO's claims where its counter-claims have been established as valid by a non-appealable judgment or are uncontested. This shall also apply to the assertion of any retention right.
- 3.11 VSMPO shall only accept discountable bills of exchange if this has been expressly agreed; VSMPO's acceptance shall be without any warranty regarding protest and solely on account of payment. Bills of exchange and checks shall only be considered as payment once they have been successfully redeemed.

#### **§ 4 Delivery Time and Delays in Delivery**

- 4.1 All delivery or shipping dates are estimates only unless a fixed date of delivery is agreed on in writing. If no fixed dates are agreed on in writing, VSMPO will use reasonable efforts to fulfil the order within a commercially reasonable time following an acceptance of an order.
- 4.2 The contracting party shall make timely application for any required export license. The contracting party shall timely obtain and maintain any required import license, exchange permit or any other governmental authorization required of it for the transaction in question. VSMPO shall not be liable in the event any authorization of any government is delayed, denied, revoked, restricted or not renewed, and the contracting party shall not be relieved thereby of its obligations to pay VSMPO for products or any other charges which are the obligation of the contracting party hereunder. Without limiting the foregoing, the contracting party agrees that it shall not make any disposition of United States- or Russian Federation-origin products (or technical data) purchased from VSMPO by way of trans-shipment, re-export, diversion or otherwise, other than in and to the country of ultimate destination specified in contracting party's order or declared as the country of ultimate destination specified in contracting party's order or declared as the country of ultimate destination on VSMPO's or its agent's invoices, except as said laws and regulations may permit.
- 4.3 In order for VSMPO to deliver by the agreed date VSMPO must have received in good time all documents, other information and any necessary permits and releases to be supplied by the contracting party. Punctual delivery is also dependent on receipt of any advance payments made by the contracting party. If these prerequisites are not met in good time due to reasons for which VSMPO is not responsible, the delivery dates shall be extended by a reasonable time.
- 4.4 Disruptions to operations due to force majeure, strikes and lockouts for which VSMPO is not responsible as well as shortages of supplies and raw materials shall entitle VSMPO to rescind the contract, although VSMPO has not performed its duties under it, where the aforementioned circumstances prevent, more than temporarily, the supply of goods or services and where moreover this was not foreseeable at the time the contract was concluded.
- 4.5 Punctual delivery by VSMPO is subject to its own suppliers having delivered the correct goods to VSMPO on time.
- 4.6 If VSMPO is late in supplying goods or services or if it becomes impossible for VSMPO to supply them, any claims for damages by the contracting party shall be limited in accordance with clause 10.
- 4.7 The contracting party shall not be entitled to rescind the contract due to delays in delivery for which VSMPO is not responsible. If the contracting party is entitled to rescind the contract due to a delay in delivery for which VSMPO is responsible, VSMPO shall be entitled to demand that it state in writing within a reasonable time limit whether it plans to rescind the contract or insist on delivery. If the contracting party fails to declare its intention within the reasonable time limit set for doing so, it must set VSMPO another reasonable time limit for

the delivery of the goods. It may only rescind the contract after the time limit has expired and VSMPO has not delivered the goods.

- 4.8 If it was agreed with the contracting party that VSMPO would supply its goods or services not on a particular fixed date but within a certain period of time, then VSMPO shall be entitled to supply its goods or services even prior to the expiration of such period of time. If a fixed date has been agreed upon with the contracting party, VSMPO shall be entitled to supply the goods or services earlier by a reasonable amount of time if VSMPO has given the contracting party adequate notice of this. This shall not apply if the goods or services can only be supplied on the agreed date for reasons evident to VSMPO.

#### **§ 5 Transfer of Risk**

- 5.1 The supply of goods shall be made "ex works", unless agreed otherwise.
- 5.2 The risk shall in all cases be transferred to the contracting party if it is late in accepting the supply of the goods or services in question.
- 5.3 At the request of the contracting party, VSMPO shall take out transport insurance for the goods supplied. The contracting party shall bear the costs for the insurance.
- 5.4 Unless otherwise specified in the statement of work, VSMPO shall package the products in accordance with VSMPO's usual packaging procedures and transport the products by a suitable carrier. The agency and method of transportation of the products and the routing of the products to the delivery point will be designated by VSMPO. If VSMPO complies with contracting party'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 VSMPO, all packing, marking, shipping, transportation, and other charges which are in excess of the charges which would otherwise be incurred by VSMPO will be for the contracting party's account.

#### **§ 6 Deliveries of Goods; Use of Third Parties**

- 6.1 Partial deliveries shall be permitted, if reasonable for the contracting party. This shall also apply to excess or short deliveries common to the trade.
- 6.2 If the contracting party fails to accept the goods or services supplied or breaches other duties to cooperate, VSMPO shall be entitled to all of its statutory rights to claim damages and full compensation for additional expenses.
- 6.3 VSMPO shall be entitled to engage third parties to fulfill its duties.

#### **§ 7 Special Provisions for Set-up and Installation**

- 7.1 VSMPO shall only undertake the set-up and installation on the basis of separate agreements.
- 7.2 If VSMPO assumes responsibility for the set-up and installation, the contracting party must provide at its own cost in due time all necessary specialized and auxiliary personnel, supplies, energy and water at the place where they will be used; in addition, it must provide any necessary utility connections, heating and lighting and make all other preparations necessary for the set-up and installation.
- 7.3 If VSMPO advises the contracting party in the set-up and/or installation of its products, irrespective of whether the set-up and/or installation is undertaken by the contracting party itself or by third parties, without any special agreement, this advice shall only be intended as a reply to specific questions related to the set-up and/or installation. Such advice shall not constitute any supervision on its part of the set-up and/or installation.

- 7.4 The contracting party must in all cases notify VSMPO of any potential risks and special circumstances at the time of the set-up and installation.

#### **§ 8 Claims Made on Account of Material Defects**

- 8.1 All descriptions of the goods and services supplied shall constitute descriptions and not guarantees of quality. If VSMPO supplies goods or services based on performance specifications, the quality of the goods and services to be supplied shall be described comprehensively in the performance specifications.
- 8.2 VSMPO shall be liable for the fact that the products will, at the time of shipment, conform to VSMPO's description of the products, subject to VSMPO's standard manufacturing and commercial tolerances, variations and practices. Such liability as to description shall not be transferable by the contracting party without the express written consent of VSMPO.
- 8.3 VSMPO makes no warranty and is not liable for the fact that the products will be merchantable or fit for any particular purpose. Samples, if any, supplied by VSMPO shall not be considered to constitute representations or warranties of any type, either express or implied.
- 8.4 The contracting party may not reject a delivery due to minor defects. Deviations common to the trade shall not constitute defects.
- 8.5 The contracting party shall be obliged to carefully inspect the goods delivered without delay after their delivery. This shall also apply if VSMPO delivers them to a third party at the instruction of the contracting party. The goods delivered shall be considered as approved, if a defect which a careful inspection would have revealed, is not reported without delay. If the defect was not obvious upon careful inspection, the period for reporting it (in writing) in due time shall begin on the day it is discovered. If a defect is discovered prior to the use of the goods delivered, particularly prior to their being integrated into other goods, the contracting party must desist from any further use which would hinder or make it impossible to later inspect the goods and find the defect or which would hinder or make it impossible to remedy the defect or which would hinder or make it impossible to return the defective goods to VSMPO in connection with its supplementary performance obligations or which could cause damage to the goods delivered.
- 8.6 The contracting party must give VSMPO a reasonable opportunity to inspect a defect without delay during normal business hours. If a report of a defect is intentionally false or false due to gross negligence, the contracting party shall be liable for the damage incurred by VSMPO as a result.
- 8.7 VSMPO shall not be liable for defects arising through the improper use by the contracting party or third parties of the goods supplied by VSMPO. This shall apply in particular to those defects which are the result of incorrect integration into other goods. VSMPO shall also not be liable for the normal wear and tear of the goods supplied by VSMPO.
- 8.8 In the event of a material defect, VSMPO shall be obliged, at its choice, to either deliver replacement goods which are free from defects or remedy the defect (supplementary performance). As part of its supplementary performance, VSMPO shall be obliged to bear all necessary expenses, in particular for transporting replacement goods, travel in connection with remedying the defect, labor and materials, provided these do not increase due to the fact that the goods purchased were brought to a place other than the original place of delivery or shipment. This shall not apply if the transfer to another place is in conformity with the stipulated use of the goods delivered. If the form of supplementary performance chosen by VSMPO is the delivery of goods which are free from defects, the defective goods must be

sent back to VSMPO freight paid; the contracting party shall be obliged to select the least expensive type of shipment.

- 8.9 If it is not possible to effect supplementary performance, the contracting party shall be entitled, at its choice, to rescind the contract, reduce the purchase price, claim damages instead of performance or demand reimbursement of wasted expenditure. The contracting party shall not be entitled to claim damages instead of performance or demand reimbursement of wasted expenditure due to minor defects. The existence of minor defects shall also not entitle the contracting party to rescind the contract. Supplementary performance shall be considered ineffective if VSMPO is not able to remedy the defect within a reasonable time limit set by the contracting party, if VSMPO fails to remedy the defect after making two attempts, if VSMPO seriously and definitely refuses to effect supplementary performance or if supplementary performance would be unreasonable for the contracting party. VSMPO's rights in accordance with § 275 of the German Civil Code (Bürgerliches Gesetzbuch) to refuse supplementary performance in a particular form shall not be prejudiced hereby.
- 8.10 If one form of supplementary performance has been unsuccessful so that the contracting party is entitled to choose either another form of supplementary performance or instead to exercise its statutory rights, VSMPO shall be entitled to request that it notify VSMPO of its decision within a reasonable time limit. The contracting party must notify VSMPO in writing of its decision. Decisive for the compliance with the time limit shall be VSMPO's receipt of the contracting party's written notification. If the contracting party fails to exercise its rights in due time, it may only assert such rights, particularly the right to rescission or damages, if supplementary performance has not been successful within a new and reasonable time limit which it has set.
- 8.11 Claims against VSMPO on account of material defects shall lapse within one year of delivery to the contracting party or a third party nominated by it. The limitation of claims in accordance with this provision shall also apply to claims for damages due to the delivery of defective goods with the exception of claims based on intentional or gross negligent conduct or claims for damages caused by injury to life, limb or health. If the law provides for a longer limitation period with respect to construction work or the use of things for construction work, the statutory limitation period shall apply.

#### **§ 9 Liability for Defects in Title**

- 9.1 If VSMPO is liable for defects in title in relation to the goods delivered, its supplementary performance shall not be the delivery of goods which are free from defects in title or the repair of defects. Instead VSMPO's supplementary performance shall involve the acquisition of the relevant rights; the conclusion of a license agreement with the holder of the rights or a modification of the goods so that they do not violate legal rights as long as the contracting party can reasonably be expected to accept such modification. VSMPO shall be entitled to choose between the aforementioned forms of supplementary performance.
- 9.2 Otherwise, the provisions regarding material defects in clause § 8 of these Terms and Conditions shall apply mutatis mutandis.

#### **§ 10 Limitation of Claims for Damages**

- 10.1 VSMPO shall be liable for the intentional or grossly negligent conduct of the organs of the company and its vicarious agents; its liability for damage caused by injury to life, limb or health shall exist irrespective of the degree of fault involved.
- 10.2 Moreover, VSMPO shall be liable for the slight negligence of the organs of the company and its vicarious agents in cases of impossibility, delay in performance, breach of warranty or

breach of a fundamental duty. In these cases, VSMPO's liability shall be limited to the usual contractual damage, which VSMPO could reasonably be expected to foresee at the time VSMPO concluded the contract.

- 10.3 Any liability on VSMPO's part beyond the liability in accordance with clauses 10.1 and 10.2 of these Terms and Conditions, regardless of the legal reason involved, shall be hereby excluded. This shall apply in particular to all claims made on account of a breach of contract, culpa in contrahendo and tortious conduct.
- 10.4 All restrictions of liability in accordance with 10.1 to 10.3 of these Terms and Conditions shall also apply for the benefit of the organs of VSMPO and its vicarious agents.
- 10.5 Any claims in accordance with the Product Liability Act (Produkthaftungsgesetz) shall not be affected hereby.
- 10.6 The contracting party will release, hold harmless, indemnify, and defend VSMPO, 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, claims, fines, penalties, forfeitures, 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 default of the contracting party, its employees or agents.

#### **§ 11 Use of Products**

The contracting party represents and warrants to VSMPO that (i) none of the products will be used in connection with the use or handling of nuclear material or the construction of a nuclear installation, (ii) the contracting party will not use any of the products for any purpose that is illegal under the laws of any country in which products will be transported, stored or used, and (iii) the products will not be purchased in violation of, or subject to any penalty pursuant to any export control, anti-boycott compliance requirement, antitrust, fair trade, or other legal obligation.

#### **§ 12 Retention of Title**

- 12.1 VSMPO hereby reserves title to all goods delivered until all claims arising from the business relationship with the contracting party have been fulfilled, in particular until the current account has been balanced (right to a balanced account). In the event the contracting party breaches the contract, particularly in the event of a default in payment, VSMPO shall be entitled to rescind the contract if the contracting party has not performed within a reasonable grace period and to take back or attach any goods VSMPO has delivered. After taking back one or more items delivered, VSMPO shall be authorized to sell it/them; the sale proceeds must be credited towards the contracting party's debts to VSMPO following a deduction for its reasonable selling costs.
- 12.2 The contracting party shall be obliged to store the goods delivered on VSMPO's behalf and to treat them carefully. If maintenance and inspection work is necessary, the contracting party must conduct such work in due time at its own cost.
- 12.3 In case of attachment or other interference with the goods by third parties, the contracting party must notify VSMPO in writing without delay so that VSMPO can file an action pursuant to § 771 of the Code of Civil Procedure (Zivilprozessordnung). If the third party is unable to compensate VSMPO for court costs and/or extra-judicial costs pursuant to § 771 of the Code of Civil Procedure, the contracting party shall be liable for VSMPO's losses.

- 12.4 The contracting party shall be entitled to resell the goods delivered in the ordinary course of business, but it shall not be entitled to convey title to them or pledge them as security. The contracting party hereby assigns to VSMPO in advance its claims in the amount of the final invoice (i.e. value added tax is included) against its purchasers or third parties, which result from the resale of the goods. This assignment shall secure VSMPO's claims in the same way as the retention of title provision in clause 12.1 of these Terms and Conditions. The contracting party shall be entitled to enforce the aforementioned claims even after they have been assigned. However, VSMPO shall be entitled to enforce the claims itself if the contracting party fails to meet its payment obligations, is late in payment, ceases payment or a request to open insolvency proceedings in respect of the contracting party is made. In the aforementioned cases, VSMPO may revoke the contracting party's authority to enforce the claims. VSMPO may moreover demand that the contracting party inform VSMPO without delay regarding the details of the assigned claims and the identity of its debtors, provide VSMPO with a written assignment of the claims, and provide VSMPO with all information and documents necessary for enforcing the claims.
- 12.5 If the goods delivered are inextricably mixed or combined with other goods not belonging to VSMPO, VSMPO shall acquire co-ownership rights in the ratio the value of the goods belonging to VSMPO (final invoice amount including value added tax) bears to the value of all of the mixed or combined goods. If the goods are mixed or combined in such a way that the contracting party's product must be seen as the main product, the parties hereby agree that the contracting party shall transfer its ownership share to VSMPO on a prorated basis. The contracting party shall store on VSMPO's behalf the goods belonging to VSMPO exclusively and the goods in respect of which VSMPO is co-owner.
- 12.6 The contracting party also assigns to VSMPO all of its claims, which secure its claims against its buyer or a third party, where the claims arise from the combination of the goods delivered with real property. Clause 12.4 of these Terms and Conditions shall apply mutatis mutandis.
- 12.7 VSMPO hereby agrees to release the securities to which VSMPO is entitled at the contracting party's request to the extent that the realizable value of its securities exceeds the value of the claims to be secured by more than 10%. VSMPO shall be entitled to select which securities VSMPO wishes to release.

### **§ 13 Final Provisions**

- 13.1 All legal relationships arising in connection with the conclusion, performance or termination of this contract shall be subject to the substantive law of the Federal Republic of Germany. The UN Convention on Contracts for the International Sale of Goods (CISG) shall be excluded.
- 13.2 Unless otherwise agreed to by the parties, VSMPO 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 VSMPO during the course of performance hereunder, is conveyed to the contracting party. VSMPO does not grant to the contracting party any license under any patents or other intellectual property owned by VSMPO.
- 13.3 Neither party may make any assignment of its rights or obligations hereunder (except that VSMPO may grant security interests in its property and rights hereunder), other than to its corporate affiliate, without the express written consent of the other party.
- 13.4 Failure of VSMPO to enforce any of terms and conditions of this contract shall not be construed as a waiver thereof or a waiver of any other terms or conditions herein, and the failure of VSMPO to exercise any rights arising from default of the contracting party or

otherwise shall not be deemed to be a waiver of such right or any other right. The terms and conditions of this contract and the rights of VSMPO may be enforced at any time in whole or in part.

- 13.5 Frankfurt am Main shall be the place of performance.
- 13.6 The courts of Frankfurt am Main shall have exclusive jurisdiction for all litigation. However, VSMPO shall also be entitled to sue the contracting party at other venues laid down by statute if VSMPO wishes to.
- 13.7 Clauses 13.1 und 13.6 of these Terms and Conditions shall only apply to merchants, legal persons under public law and public law funds.