

---

**FROM**

Eric THIEBAULT

**DATE**

24 August 2011

**PHONE**

+33 (0)5.67.19.17.45

**E-MAIL**

eric.thiebault@airbus.com

**COPY**Eric ZANIN  
Oliver DREIER  
Alexis GONZALEZ-CHIAPPE  
Jean-Luc MAYSOUNAVE**AUBERT & DUVAL**

Paul MORGEN &amp; Hubert SCHAFF

Parc Technologique La Pardieu  
6 Rue Condorcet  
63063 Clermont-Ferrand Cedex 1**Aubert & Duval Titanium Scrap recycling project**

Dear Sirs,

Firstly, we would like to thank you for considering AIRBUS as a potential strategic partner in the Aubert & Duval Titanium Scrap Recycling project.

AIRBUS have a great interest in the Aerospace Titanium Supply Chain optimization as demonstrated by the long term partnership signed by our companies in Paris Air show in June 2011 and consider the set-up of a scrap recycling chain as a fundamentally interesting initiative.

During the presentation performed by A&D on 9<sup>th</sup> of June in Toulouse we expressed some concerns and /or expectations regarding the project viability and Airbus contribution.

Therefore we deeply analyzed the following update referenced above that was given to us during Le Bourget Air show.

As a matter of fact, we consider that this update does not fully answer to our concerns

1. Volume: AIRBUS generated scraps (either directly or by our local machinist network) are far below the volume expected by Aubert & Duval (1350 tons).
2. Technical Risk: Aubert & Duval identified the technical challenges involved in this quite complex and new (for A&D) melting process. However no external / international expertise has been confirmed to support the industrialization of the furnace.
3. Cost model: According to your data, the economical model may only work on a very limited basis (assuming large volumes and low pricing on scrap) and will very unlikely meet the ingot market price we have today while impacting our work packages sub contracts.
4. Financing: Considering the above and the limited financial data we have today , it is today premature to envisage any Airbus financial contribution to the establishment of this supply chain

Last but not list there is a need for strategic alignment with UKTMP as this initiative would somewhere compete with the recently signed deals between our companies at le Bourget.

Consequently, Airbus are not in a position at the present stage to commit on engaging in the “Aubert & Duval Titanium Scrap Recycling” project submission to the ADEME administration.

However we propose you to re-assess this position in a more mature stage as the approach remains fundamentally interesting.

For this purpose I suggest you contact my successor from September 1<sup>st</sup>, Oliver Dreier.

Yours faithfully



**Eric THIEBAULT**  
Head of Titanium Forgings & Castings  
EADS Lead Buyer