

Memorandum of Understanding

between

EADS Deutschland GmbH

and

UKAD

Relating to the Integrated Supply Chain in Support of
Airbus / EADS Titanium Forging & Fastener Requirements
by the UKTMP / A&D joint venture (hereinafter UKAD)

Agreement Reference: Airbus/MAT/MOU/412

This Memorandum of Understanding is made on the 8th day of February 2008 by:

1. **EADS Deutschland GmbH**

Postfach 80 11 60
81663 Munich
GERMANY

(to whom it may hereinafter being referred to as EADS/Airbus)
A German Limited Liability Company ("Gesellschaft mit beschränkter Haftung" (GmbH))
having a share capital of ten million Euros (€10,000,000), whose principle place of business is
in Munich, and which is registered with the Commercial Register at the Local Court of Munich
under HRB 107 648 and whose national V.A.T. identification number is DE 167015661;
represented by

- Jan Zesewitz – EADS International / Senior Vice President Marketing duly
empowered by EADS Deutschland GmbH
- Craig Smith – Vice President Airbus Material Procurement / Chairman of EADS
Material Board

And

2. **UKAD**, a company in the process of being incorporated and to exist under the laws of France
and to have its registered office in France, hereby represented by

- (i) Aubert & Duval S.A.S. (to whom it may hereinafter being referred to as "A&D")
Tour Maine Montparnasse
33, avenue du Maine
75755 Paris Cedex 15

Created and existing under the law of France, registered in the Trade and
Company register under R.C.S. Paris 90 B 18870 SIREN 380 342 808, having a
share capital of 144 564 928 euros, whose national VAT identification number is
FR 73380 342 808

represented by Mr Georges DUVAL Chairman, and,

- (ii) Ardor Holdings (UK) Limited (to whom it may hereinafter being referred to as
"Ardor")
Suite 10a
Saville Court,
Saville Place
Clifton
Bristol BS8 4EJ
United Kingdom

Created and existing under the laws of England and Wales Companies Act 1985,
whose registered office and place of business is at 77 Brook Street, Mayfair,
London W1K 4HY, UK registered in the Trade and Company Register under Ardor
(UK) Ltd, 5651095, having a share capital of twenty million pounds Sterling

represented by Mr Sylvain Gehler – Director of Ardor (UK) Limited and duly
empowered by Ardor Holdings (UK) Limited

and witnessed by the producer Ust-Kamenogorsk Titanium and Magnesium
Plant (UKTMP) represented by Mr. Bagdat Shayakhmetov - President

, respectively, hereby acting jointly in their quality of future shareholders of UKAD.

To whom it may hereinafter being referred to as the "Parties".

WHEREAS:

The Parties recognise the importance of an integrated titanium supply chain. The objective of the Parties under the terms of this Memorandum of Understanding ("MOU") is:

- the establishment of an integrated supply chain, with the ultimate goal of enabling A&D to procure its Titanium Billet requirements for EADS/Airbus applications predominantly from UKAD in order to achieve benefit in terms of security of supply and stable and competitive end product prices relating to Forgings and Fasteners;

and

- the supply by UKAD of Titanium Bar, as feedstock, in support of EADS/Airbus' Fastener supply chain

To that aim and in consideration of the preexisting business relationship existing between EADS/Airbus and Ardor (UK) Ltd, A&D and Ardor Holdings (UK) Limited have entered into discussions and eventually decided to create and incorporate an equally and jointly owned entity, namely UKAD, mostly dedicated to the Purpose;

EADS/Airbus manages the procurement and allocation of Titanium Billets from its current raw material suppliers (including UKAD) through manufacturers (forging houses including A&D). The following principles will apply:

- Titanium Billet production by UKAD shall, as a minimum, cover A&D's tonnage requirements in support of its contractual commitments to EADS/Airbus in relation to close to form Forging supply;
- A&D will, based on UKAD tonnage as set forth in Article 3, use UKAD Titanium Billets in support of its Forging supply contractual commitments to EADS/Airbus;
- A&D Titanium Billet requirements which cannot be supported via supply from UKAD under the terms of this MOU shall be purchased against EADS/Airbus' other Titanium supply contract ("Titanium ConBid").

EADS/Airbus will provide A&D opportunities to develop its business in Titanium close to form Forging supply, utilising, where tonnage is available, UKAD Titanium Billets, on new programmes.

This MOU is subject to the following conditions to be fulfilled under all current Contracts in place between A&D and EADS/Airbus related to the supply of Forgings (including Titanium, Aluminium and Steel Forgings and rolled products (all metals)):

- finalisation of agreement between A&D and EADS/Airbus related to the supply of Titanium Forgings for the period 1 January 2009 through 31 December 2020 inclusive and other contracts between A&D and Airbus for 1st of January 2009 through 31 December 2012 at least, which agreement shall be reached no later than 31st of March 2008; including but not limited to, finalization of payment terms agreement in relationship with the financing of the UKAD project.
- A&D to provide to Airbus details of its current purchasing conditions related to the procurement of Aluminium Billets / Slabs, including volumes, prices and technical definitions no later than 31st of March 2008.

NOW THEREFORE IT IS AGREED AS FOLLOWS:

Article 1 - Purpose

This MOU summarises the key points in respect of the trading relationship between EADS/Airbus, UKAD and A&D related to the supply of Titanium Billets in support of Airbus' aircraft build programmes and has been entered into by the parties pending formal Frame Contract signature.

The purpose of this MOU is to determine the general terms and conditions which shall prevail between the Parties under which UKAD shall sell and deliver and EADS/Airbus and /or its enabled suppliers shall purchase and take delivery of the Products (as hereinafter defined):

- Billets used for close to form die forgings, predominantly in support of A&D's supply contract with Airbus; and
- Blooms, Bars and RCS for Fasteners applications.

The parties agree to review, on a regular basis, the terms and conditions of this MOU and the subsequent Frame Contract in order to assess opportunities to add new products. With specific regard to the support of A&D's contractual commitments to EADS/Airbus, UKAD hereby agrees to review the possibility of the production and supply of Titanium Sheet, Plates and Fastener Wires, and the potential supply of Titanium Billets in alternative material grades.

Article 2 -Duration

This MOU shall enter into force with effect from the signature hereof and shall remain in force until either December 31, 2020 ("Initial Term") or signature of the related Frame Contract, whichever shall first occur.

The parties shall meet no later than January 1, 2019 in order to review performance and to discuss a possible extension of the MOU and/or subsequent related Frame Contract through 31 December 2025.

Article 3 - Quantity

During the Initial Term, UKAD undertakes to supply, in accordance with the terms of this MOU and/or the subsequent related Frame Contract, the requirement tonnages forecast by EADS/Airbus, as indicated below:

shipped metric tons	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
RCS9"	1083	1072	1231	1354	1462	1609	1770	1946	2141	2355
4" Bars	464	460	527	580	627	689	758	834	917	1009
Billets	459	781	834	1035	1133	1809	2038	2291	2568	2875
TOTAL	2006	2313	2592	2969	3222	4107	4566	5071	5626	6239

EADS/Airbus commitments to procure the above annual quantities subject to the achievement and maintenance by UKAD of satisfactory Quality and Delivery performance levels.

A review of actual consumption versus forecast requirements shall take place between the parties on an annual basis.

The parties agree that modification of the tonnage commitments detailed in this MOU and the subsequent Frame Contract are acceptable provided that such adjustments remain within a range of +/-15% of the original tonnage commitments detailed herein

However, in the event of a change in the annual tonnage commitment, EADS/Airbus is required to provide the following notice periods to UKAD:

- a notice period of 3 months is required for a variation of +/-10%; and
- a notice period of 4 months is required for a tonnage variation of +/-15%

The tonnage modification limits shall apply to RCS 9", 4" Bar and Forging Billets. Any 4" bars tonnage can be replaced by equivalent Forging Billets tonnage at EADS/Airbus' discretion.

UKAD agrees to use its best efforts to produce higher tonnages at, as a minimum, the same prices detailed herein, if so requested by EADS/Airbus. In the event of a requirement to increase the annual tonnage, EADS/Airbus shall notify UKAD and UKAD shall revert to EADS/Airbus, within a reasonable time consistent with respective constraints so that to confirm agreement on such request.

Article 4 - Approval

Within 4 weeks from signing this MOU, UKAD shall submit to EADS/Airbus a project plan covering all requirements related to the qualification of Titanium Ingots, Billets and associated Forgings, and Fastener Bar

- For Titanium Billet, this qualification plan is based on the existing methods of approval used in Airbus France, the approval of Forging parts by family of parts (number of families to be defined).

1 part per family will be produced utilising UKAD Titanium Billets fully tested (by cut up of the parts or additional material of the parts). UKAD will bear the cost of this approval.

- For Fastener Bar, UKAD will bear the cost of the approval, based on the Dynamet & Perryman specifications.

Any additional approval costs will be borne by EADS/Airbus.

Article 5 - Prices

5.1 Base Prices

For 6-4 Titanium Alloy, in accordance with the specifications detailed in Appendix 2 hereto, base prices have been agreed as follows:

- For Titanium Billets: All prices are in \$/kg, for supply in random lengths and, for delivery anywhere within the E.E.C. in accordance with Delivery Duty Unpaid (DDU) Incoterms 2000:

Dia 240 to 360 mm	=	30,50
Dia 200 to 239 mm	=	31,00
Dia 150 to 199 mm	=	32,00
Dia 130 to 149 mm	=	34,50

- For Fastener Bar: All prices are in \$/kg, for supply in random lengths, for delivery to either Kalamazoo (Michigan, USA) or Houston (Pennsylvania, USA), in accordance with Delivery Duty Unpaid (DDU) Incoterms 2000, for quantity multiples representing a full container shipment (18 tonnes):

RCS 9" -	Jan 2011 - Dec 2015	=	27,80
	Jan 2016 - Dec 2020	=	27,30
4" bars		=	37,30

EADS/Airbus reserve the right to add additional delivery locations as required.

5.2 - Price Evolution

Pricing shall be firm and fixed for all material ordered during the period 1st January 2011 through 31 December 2020 inclusive.

Pricing shall only be adjusted in exceptional circumstances (including €/ \$ exchange rate) where the economic best interests of the parties are at risk or if the cost elements of the titanium melted production process have proven to have changed significantly and reflected as such by titanium market price trends. The parties agree to review such circumstances and shall mutually agree to a new price baseline.

Reference value used for the MoU prices is 1€ = 1,5 USD

ARTICLE 6 Applicable Law and Settlement of Disputes

6.1 Applicable Law

This MOU and associated Orders placed hereunder shall be governed by and construed and shall take effect in accordance with the Laws of France.

6.2 Settlement of Disputes

6.2.1 Amicable Resolution

In the event of a dispute, controversy or claim ("Dispute"), arising out or in connection with the MOU, including any question regarding its existence, validity or termination, the Parties shall use their best endeavours to resolve the Dispute amicably.

6.2.2 Arbitration

If the Parties fail to resolve amicably the Dispute within a period of three (3) months, then such Dispute shall be finally determined and settled by arbitration under the Rules of Conciliation and Arbitration of the International Chamber of Commerce. The number of arbitrators shall be three (3) and the place of arbitration shall be Paris. The language to be used in the arbitral proceedings shall be English.

For and on behalf of **EADS**

Name: Mr Jan ZESEWITZ
Title: Senior Vice President Marketing
EADS International
Europe, Russia, CIS & Canada


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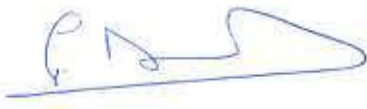
Name: Mr Craig SMITH



Title: Vice President Material Procurement
Chairman of EADS Material Board

For and on behalf of **Aubert & Duval**

Name: Mr Georges DUVAL
Title: Chairman


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For and on behalf of **Ardor Holdings (UK)**

Name: Mr Sylvain GEHLER
Title: Director


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AS WITNESS:

Approved and on behalf of **Ust-Kamenogorsk Titanium and Magnesium Plant**

Name: Mr. Bagdat SHAYAKHMETOV

Title: President


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