

Minutes of Meeting

To
Sylvain Gehler (UKAD),
Raphael Duflos (Airbus), Jens-Uwe Knief (Airbus),
Thomas Cochelin (Airbus)

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Olivier Cauquil (Airbus) , Steve Owens (Airbus)

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Date / time: 12-nov-15

12 November 2015

Location: Blagnac

Topic : Airbus – UKAD Contract : Way forward (Short term / Long term)

Present : Raphael Duflos (Airbus), Jens Uwe Knief (Airbus), Thomas Cochelin (Airbus), Sylvain Gehler (UKAD)

The objective of the present meeting was to define a way forward for Airbus – UKAD partnership looking so as to maximize the benefit of the Airbus – UKAD relationship, looking in particular both at the short term (2016/2017) and at the long term so as to minimize risk (impact of potential turnover short-fall for 2024).

The following points have been addressed during the meeting, in the set of measures dedicated to reshape current contract for the above mentioned objectives:

- 1- Airbus and UKAD have worked on a proposed scenario (2016-2018) which allows:
 - a. To integrate the offer proposed by UKTMP on the 13th of October, regarding ingots at best price which will be transformed at UKAD (included in UKAD turnover over the contract)
 - b. To smoothen the production ramp up at UKAD (2016-2018)
 - c. To allow to push out investment (thanks to smoothened ramp up)
 - d. Airbus proposes that a third party (eg Utexam) would be the one owning ingots / billets.

Both Parties will review this scenario internally by the 8th of December.

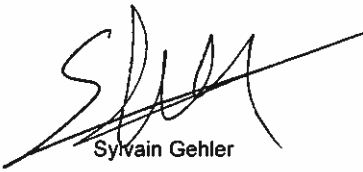
Both Parties intend to avoid having a widespread of Airbus consumers impacted. Airbus to assess (potentially with A&D) how to best capture these savings in Airbus Supply chain.

UKAD to provide billet prices by 19th November 2015.

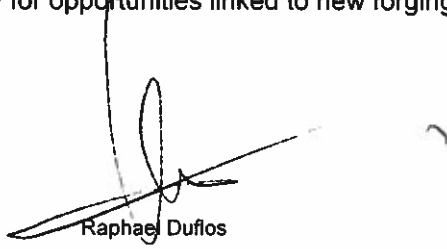
Detailed scenario (monthly consumption of the ingots/billets) will be sent out by Airbus not later than 13th November 2015.

- 2- Airbus intends to propose (pending internal confirmation) :
 - a. 70% market share for European forgers (non A&D), assuming contractual performance by UKAD (including bonus malus approach based on performance),
 - b. Some additional Forging key projects (eg A&D A330 Neo parts first source, Alcoa cantilever and sidestay A350-900 2nd source)

- c. Qualification of some new projects with Ecotitanium (starting 2018) once in production (included in UKAD volume)
- 3- UKAD intends to make a proposal by 31st of January 2016
- a. To limit the exposure on the existing turnover commitment / 2024 risk, following Airbus request. One of the options could be looking at a set up allowing UKAD to have a pay back and a reasonable return on their investment, while at the same time allowing UKAD and Airbus to control their risk and to intervene upfront to correct the situation, subject to UKAD board approval.
- 4- Both parties agree to work on reactivity for opportunities linked to new forging projects.



Sylvain Gehler
UKAD
President



Raphael Duflos
Airbus
Vice President Metallic Forgings and Castings Procurement