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## CONTRACT

between

ALSTOM

Atomenergomash LLC

and

ALSTOM Power Systems

SA

for the Supply of Turbine

Hall Equipment

for BALTIC Nuclear

Power Plant Unit 1 & 2

Dated: March 20th, 2012

Contract Ref:

19/10/2012

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[SIGNATURE]

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This Contract is made and entered into by and between

ALSTOM Atomenergomash LLC, a company organized under the laws of Russian Federation, having its registered office at 2, Zheleznodorozhnaya Ulitsa, Podolsk, Moscow Region 142103, Russian Federation, hereinafter referred to as "AAEM" or "Buyer",

and

ALSTOM Power Systems SA, a corporation organized under the laws of France, having its registered office at 2 quai Michelet 3, 92300 Levallois-Perret, France, hereinafter referred to as "Alstom" or "Seller".

Seller and Buyer may be referred to individually as a "Party" or collectively as the "Parties".

WITNESSED

Whereas, Seller is in the business of designing, manufacturing and supplying various equipment and services for the nuclear power generation industry, and

Whereas, Buyer wishes to purchase equipment and services from Seller based on ARABELLE™ technology to be used for a nuclear power plant project to be located at Kaliningrad Region of the Russian Federation (the "Project" or "Baltic Project"), and

Whereas, to that end, Seller has made a proposal to Buyer on December 22nd, 2011

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for the supply of equipment and services and Buyer has accepted such proposal, and

Whereas, the Parties now wish to set forth the terms and conditions that shall apply to this Contract.

THEREFORE IT IS HEREBY AGREED as follows:

## Article 1. DEFINITIONS and INTERPRETATIONS

### 1.1 Definitions

In this Contract, the following capitalized words and expressions shall, unless the context otherwise requires, bear the meanings hereinafter ascribed to them.

"Affiliate" shall mean, as to any Party, an entity that directly or indirectly controls or is controlled by or is under common control with, that Party; the term "control" being used in the sense of power to elect or appoint a majority of directors or to direct the management of a company.

"Applicable Laws" shall mean the governing law of this Contract as stated in Article 24.1 as well as any statute, law, regulation, ordinance, rule, judgment, order, decree, directive, mandatory guideline or policy, or any similar form of decision of or determination by, or any interpretation or administration of any of the foregoing by the government, any political subdivision or any governmental, quasi-governmental, judicial, public or statutory instrumentality, administrative agency, authority, body or other entity having jurisdiction over the Work in effect at the date of Alstom's proposal to Buyer.

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"Applicable Codes" shall mean all applicable design codes as specified in the Technical Specifications for the Work.

"Buyer's Approvals" shall mean all licenses, permits, and other authorizations and approvals from all applicable governmental bodies and agencies required for the import, certification, installation, commissioning, maintenance and operation of the Equipment.

"Buyer's Customer" shall mean Open Joint Stock Company Consolidated NPP equipment procurement Directorate (CEPD OJSC).

"Buyer Risks" shall mean loss, damage and/or delay arising from any of the following causes:

- a) Force Majeure impacting the Buyer;
- b) pressure waves caused by aircraft or other aerial devices traveling at sonic or supersonic speeds;
- c) the use or occupation of the Site by the Equipment for the purposes of the Contract;
- d) interference, whether temporary or permanent with any right of way, light, air, or water or with any easement

wayleaves or right of a similar nature which is the inevitable result of the construction of the Works in accordance with the Contract;

e) acts, omissions, delay, breach of contract or of statutory duty of the Buyer and/or Buyer's other contractors and/or third parties not under the control of Seller;

f) damage which is the result of the installation of the Equipment in accordance with the Contract;

g) use of the Works or any part thereof or a failure to follow Seller's installation, operation and maintenance recommendations and good industry practice;

h) fault, error, defect or omission in the design of any part of the Equipment or any information furnished by the Buyer or Buyer's other contractors and/or third parties not under the control of Seller;

i) handling, storage or onward transportation after Delivery.

"Buyer's Scope of Supply" or "Buyer's Scope" shall mean all of Buyer's obligations contained herein.

"Change in Laws" shall mean a change in the Applicable Laws, Applicable Codes, tax or any other applicable regulation (including mandatory technical standards) coming into force after the date of signature of the Main Contract which make performance of the Work more onerous or results in delays to the Delivery Schedule.

"Commencement Date" shall mean the date at which all the conditions set forth in Article 2.2 herein are fulfilled and on which the Parties shall begin performance of their respective Scopes of Supply/Work.

"Commercial Operation" shall mean the use of a Unit for producing electricity for sale.

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"Component" shall mean those items of Equipment (as per Exhibit 1: 1.2.1 – "Division of Work", column "Equipment") identified as subject to Equipment Delay Liquidated Damages in Exhibit 2.

"Confidential Information" shall mean any and all information in any form (whether oral, documentary, magnetic, electronic, graphic or digitized), containing or consisting of information or material of a commercial, financial or technical nature or in the nature of intellectual property of any kind and relating (wholly or in part) to design, engineering, manufacture or business of the Alstom products and/or the Buyer products and includes without limitation designs, drawings, photographs, circuits, calculations, measurements, techniques, processes, markets, suppliers, organization, personnel, facilities, assets, financial condition or results and other data relating thereto, exchanged during the negotiation or performance of the Contract by the Parties.

"Contract" shall mean the present agreement, together with the Exhibits hereto.

"Contract Price" shall mean the total amount payable to the Seller in accordance with clause 5.1.1 in respect of the Work performed by Seller pursuant to this Contract.

"Contract Schedule" shall mean the schedule set forth in Exhibit 3 that details the dates corresponding to the performance of a particular obligation by a Party.

"Control Points" shall mean a point in the process of manufacturing or assembling the

Equipment at which Buyer may witness a test or inspect the Equipment, as described in said Exhibit 5.

"Critical Documentation" shall mean the Documentation subject to Documentation Delay Liquidated Damages and identified as such in Exhibit 2.

"Defects Liability Period" shall mean the period of time during which Seller is responsible for remedy or repair of defects in the Equipment in accordance with Article 12.

"Delivery" shall mean delivery of the Equipment as set forth therefore in Articles 6 and 7 of this Contract.

"Delivery Schedule" shall mean the schedule set forth in Exhibit 2 that details the dates of Delivery of the Documents and Equipment.

"Delivery Term" shall have the meaning defined in Article 6 of this Contract.

"Documentation" shall mean those documents identified in Exhibit 2 and required to be submitted to Buyer by Seller.

"End User Certificate" shall mean the certificate described in Article 27.2.

"Equipment" shall mean the steam turbine, generator, MSR, HP Heaters, Extraction condensate pumps before polishing (or any part thereof) as further defined in Exhibit 1.

"Facility" shall mean the power generation plant in which the Equipment is to be installed.

"Force Majeure" shall mean an event or

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circumstance beyond the control of a party, which that party could not reasonably have foreseen or avoided and which was not substantially attributable to that party, including but not limited to:

- (a) War including the war in the neighbouring countries, hostilities (whether war be declared or not), invasion, act of foreign enemies, mobilization for war, requisition or embargo;
- (b) Rebellion, terrorism, revolution, insurrection, military or usurped power, or civil war;
- (c) Riot, commotion or disorder, unless restricted solely to employees of Seller or of its subcontractors.
- (d) Ionizing radiation or contamination by radio-activity except as may be attributable to Seller's use of such radiation or radio-activity;
- (e) Contamination by or other hazardous effects of any toxic substance except as may be attributable to Seller's use of such substance;
- (f) Operation of the forces of nature such as earthquake, hurricane, monsoon, lightning, tornado, or volcanic activity, drought, flood, landslide, fire, storms;
- (g) National or regional industrial disputes or targeted disputes which are part of a national or regional campaign and which it is not reasonably within the powers of a party to prevent or stop;
- (h) Explosion, accident, structural collapse or chemical contamination;
- (i) Transport accident, air crash, shipwreck, train wreck or failure or delay of transportation due to mentioned Force Majeure events;
- (j) Strike, work-to-rule actions, go-slows or similar labor difficulties (excluding such events which are attributable to Seller);
- (k) Major difficulties in procurement of raw materials as evidenced by reasonable supporting documentation;

(l) Epidemics, diseases, plagues, quarantine measures;

(m) Discovery of historically significant artefacts on the site;

(n) Failure by a Government entity to grant any authorization, consent or permit within reasonable time after application therefore having been duly made, or revocation by a Government entity of any authorization, consent or permit (unless such revocation is due to a default of the affected Party).

“Hazardous Substances” shall mean any material, the generation, handling, transportation, or storage of which is regulated by Applicable Laws, rules, or regulations applicable to hazardous or toxic materials, or any material that, in the absence of appropriate protective equipment, is harmful to human health and safety, including asbestos.

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“Incoming Control Certificate” shall mean certificate to be issued after inspection of the Equipment on Site in accordance with clause 4.4 herein.

“Intellectual Property Rights” shall mean any patent, registered design, copyright, trade mark, trade name, trade secret, know-how, know-why or other intellectual or industrial property right relating to the Work.

“Main Contract” shall mean Contract N° 2012-■■■■-002/2/07/2012 signed between ALSTOM Atomenergomash and CEPD OJSC on 02.02.2012 for the supply of Turbine Hall equipment for Baltic Nuclear Power Plant Unit 1&2.

“NTP” or “Notice To Proceed” shall mean the written notice sent by Buyer to Seller authorizing Seller to proceed with the Work.

“Nuclear Damage” shall mean any damage, loss or claim (including damage to the nuclear power plant for which the Work is being performed and any property on or off the Site) resulting directly or indirectly from a Nuclear Incident in such nuclear power plant and includes any incidental or consequential damages, losses, costs or expenses flowing from any of the foregoing.

“Nuclear Fuel” shall mean any material that is capable of producing energy by a self-sustaining chain process of nuclear fission.

“Nuclear Incident” shall mean any occurrence or succession of occurrences having the same origin which causes damage,

provided that such occurrence or succession of occurrences, or any of the damage caused by, arises out of or results from the radioactive properties, or a combination of radioactive properties with toxic, explosive or other hazardous properties of Nuclear Fuel or radioactive products or wastes or with any of them.

“Nuclear Material” shall mean: (i) Nuclear Fuel, other than natural uranium and depleted uranium, capable of producing energy by a self-sustaining chain process of nuclear fission outside a nuclear reactor, either alone or in combination with some other material, and (ii) radioactive products or waste (which means any radioactive material produced in, or any material made radioactive by exposure to the radiation incidental to, the production or utilization of Nuclear Fuel, but does not include radioisotopes which have reached the final stage of fabrication so as to be usable for any scientific, medical, agricultural, commercial or industrial purpose).

“Owner” shall mean the owner and/or operator of the facility into which the Equipment is to be incorporated, i.e. Open Joint Stock Company Rosenergoatom.

“Performance Guarantee” shall mean the guaranteed performance of the Equipment set forth in Exhibit 6.

“Prime Contractor” –shall mean Open Joint Stock Company NIZHNY NOVGOROD ENGINEERING ATOMENERGOPROEKT (NIAEP OJSC).

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“Prime Designer” shall mean Open Joint Stock Company Saint-Petersburg Research & Design Institute ATOMENERGOPROEKT (CPbAEP OJSC).

“Provisional Acceptance” shall mean occurrence of the conditions for provisional acceptance or deemed provisional acceptance specified in Article 11 herein.

“Secondary Loop Package” shall mean the Steam Turbine and auxiliaries, Generator and auxiliaries, Moisture Separator Reheater, Condenser, Condenser Ball Cleaning System, Low Pressure and High Pressure Heaters, Feedwater Storage and Deaerator Tank, District Heaters, Closed Cooling Circuit components, Extraction Condensate Pumps, Feedwater Pumps, Vacuum Pumps, By Pass Valves, Electrical equipment, Piping and Valves (or any part thereof) as further defined in Exhibit 1.

“Seller’s Scope of Work” or “Work” shall mean the Equipment and Services to be provided to Buyer by Seller under this Contract.

“Seller’s Approvals” shall mean all licenses, permits, and other authorizations and approvals from all applicable governmental bodies and agencies required to be in Seller’s name.

“Services” shall mean the engineering, project management and transport services provided by Seller to Buyer in accordance with the Contract.

“Site” shall mean the place where the Facility

is located, as identified in the Contract.

“Subcontractor” shall mean, as to a Party, any contractor, vendor, or supplier that provides equipment or other goods or services to that Party.

“Territory” shall mean the country of Russia (Kaliningrad Oblast), where the Site is located.

“Unit” shall mean an individual set forming part of the Equipment related to Seller’s Scope of Work to be supplied for each Baltic NPP unit.

“Unit Price” shall mean that portion of the Contract Price payable in respect of an individual Unit as defined hereinabove.

#### 1.2 Interpretations

In this Contract,

- The singular includes the plural and the masculine includes the feminine and neuter and vice versa;
- References to persons shall include bodies corporate, unincorporated associations and partnerships;
- References to articles are, unless expressly identified otherwise, references to the articles of this Contract;
- The heading and sub-headings of this Contract are inserted for convenience only and shall not affect the construction or interpretation thereof; and

- The preamble forms part of this Contract.

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### 1.3 Precedence

The Contract shall consist of these terms and conditions of Contract and the Exhibits. These terms and conditions of Contract shall prevail over any conflicting term of the Exhibits, and the higher alphabetically denominated Exhibit shall prevail over any conflicting term in any lower alphabetically denominated Exhibit (such that Exhibit 1 has the highest precedence of any Exhibit, Exhibit 2 the second highest and so on). Any conditions or requirements not expressly incorporated into the Contract shall have no force or effect.

## Article 2. Contract Effectiveness and Commencement of Work

2.1. This Contract shall become effective upon signature by the authorized representatives of all Parties.

2.2. The Contract commencement date shall be the date of signature of the Contract by the authorized representatives of the Buyer and the Seller ("the Commencement Date").

### 2.3. Subsequent Condition

Within 30 days from the Commencement Date, the following conditions shall be fulfilled:

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a) Further to proper notification by a) Seller of this present Contract to the relevant Governmental body of France and of the Russian Federation in accordance with the Bilateral Liability Agreement on Third Party Liability for Nuclear Damage caused in connection with Deliveries from the French Republic for Nuclear Installations in the Russian Federation signed on 20th June 2000 between France and the Russian Federation: receipt by the Seller from the Russian authorities of the relevant notification letter, duly executed with the Russian Authority approval.

Should the condition a) here above not be fulfilled within thirty (30) days from Commencement Date, Seller shall be entitled to suspend the Work according to Clause 18 of the present Contract.

Should the condition a) here above not be fulfilled within ninety (90) days from the Commencement Date, the Seller may terminate the Contract according to Clause 18 -Termination by Seller- without incurring any liability whatsoever towards the Buyer nor any other party to the Project. The Buyer shall hold harmless the Seller from any claims from other party of the Project caused by such termination.

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In such case the Parties shall:

- (i) assess the substantiated costs of all work performed and commitments entered into prior to such termination and the reasonable costs of demobilization incurred by the Seller,
- (ii) balance these costs against the advance payment received, if any.

## Article 3. Seller's Scope of Work

3.1 This Contract is for the design and supply of Equipment and Services. The supply by Seller of the Work shall be in conformance with this Contract and in particular the Technical Specifications (Exhibit 1) and the Quality Management (Exhibit 5) and the applicable Mandatory Normative Legal Acts of Russian Federation which shall be



provided by the Buyer.

3.2 The Seller must obtain and maintain all Seller Approvals that are required to be issued in Seller's name in accordance with all Applicable Laws. Upon the Seller's reasonable written request, the Buyer must make reasonable steps to assist the Seller to obtain and/or maintain the Seller Approvals and support the Seller in its dealings with the relevant authorities in connection with obtaining any such Seller Approvals.

3.3 In undertaking its obligations under the Contract and agreeing to the Contract Schedule, Seller relies upon Buyer performing its obligations in a timely manner.

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3.4 Seller's design shall be based upon the information provided to Seller by Buyer (including, but not limited to initial and interface data) and Seller shall be entitled to rely upon the completeness and accuracy of such information provided to him. The Seller shall not be liable for Site preparation works, construction, installation, commissioning, start-up, testing and operation of the Equipment and the correctness of all data and information provided to Seller by Buyer (or its other contractors) under or in connection with this Contract.

To the extent of occurrence of any change in the information provided by Buyer to Seller and which Seller has relied upon in preparing the Technical Specifications or in performing the design and such variations impact Seller's Performance Guarantee or the operability of the Equipment or causes additional work, cost or time then Seller shall be entitled to an equitable adjustment of the Contract Price and Contract Schedule. Such adjustment shall be considered as a Change Order made in accordance with Article 19.1 herein.

3.5 Seller shall not provide any Site services.

3.6 Notwithstanding the foregoing and any conflicting term of this Contract (including its Exhibits), Seller shall have no liability for the acts and/or omissions of any party performing the installation, commissioning, start-up,

testing and operation of the Equipment. Seller gives no guarantee and accepts no liability for the Contract Schedule for completion of the installation, commissioning, start-up, testing and operation of the Equipment or the quality of workmanship of, or information provided by, the installation or commissioning contractor or any party not a Subcontractor of Seller.

3.7 Notwithstanding anything to the contrary stated in the present Contract, both Parties agree that Seller/Buyer obligations or activity covered by the License and Technology Transfer Agreement ("LTTA") signed between ALSTOM Power Systems SA (formerly ALSTOM Power Turbomachines), ALSTOM Atomenergomash LLC, Machine Building Plant "ZIO-Podolsk" OJSC, Atomenergomash OJSC, ALSTOM Holdings and ALSTOM Power Holdings SA on December 13th, 2007, shall be governed exclusively by the LTTA. Liability in respect of such obligations or activities shall be exclusively dealt with under and in accordance with LTTA. Transfer of documentation in relation with LTTA is governed exclusively by the LTTA. Transfer of documentation in relation with this Contract is governed exclusively by this Contract.

3.8 Any other obligation contained in the Contract, although not expressly set forth in this Article 3.

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### Article 4. Buyer's Obligations

4.1 Buyer shall be responsible for obtaining and maintaining all Buyer's Approvals. Upon the Buyer's reasonable written request, the Parties shall cooperate in dealings with the relevant authorities in connection with obtaining any

such Buyer Approvals until obtaining of such Buyer Approvals.

4.2 The Buyer must pay the Seller the Contract Price and other amounts payable under this Contract in accordance with Clause 5.

4.3 Buyer must take Delivery of the Equipment in accordance with Article 6 and Exhibit 2 (Delivery Schedule).

4.4 Buyer undertakes to obtain preliminary acceptance of the Equipment by Buyer's Customer and issuance of Incoming Control Certificate without any reserve within seventy (70) days after Delivery in accordance with clause 6.1 of the Contract.

4.5 On or before the issuance of the Notice to Proceed, the Buyer must appoint a representative to be the contact for the Seller with respect to the performance of the Work, who will be authorized to act and administer this Contract on the Buyer's behalf. The Buyer may change the Buyer's representative by written notice to the Seller.

4.6 More generally, Buyer will guarantee the quality, delivery time schedule and all other aspects for the performance

of its scope of work specified in the Main Contract and will be responsible for performance deficiency resulting from failure to comply with the above.

Except for the design provided by Seller, Buyer shall remain liable for the quality, the performance, the completeness and the conformity of its scope of supply and services to be supplied in accordance with the Main Contract.

4.7 Any other obligation contained in the Contract, although not expressly set forth in this Article 4.

## Article 5. Price, Terms of Payment, Taxes & Duties

### 5.1 Contract Price

5.1.1 The Price to be paid by Buyer to Seller for the Work shall be as follows:

Equipment and Services Price per Unit including the technical documentation as set forth in Exhibit 2:

Price of Unit 1: 205 694 000.00 Euro

Two hundred five millions six hundred ninety four thousand euro,

Price of Unit 2: 168 294 000.00 Euro

One hundred sixty eight millions two hundred ninety four thousand euro

Total Contract Price: 373 988 000 Euro

(Three hundred seventy three millions nine hundred eighty eight thousand euro),

5.1.2 The Parties agree to prepare jointly

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within thirty (30) days of signature of the Contract the Cost Calculation Form as defined in Annex 3 of contract between Buyer and Buyer's Customer and attached here in Exhibit 13.

The Contract Price defined in clause 5.1.1 is based on economic conditions prevailing at the time of submission of the offer by Seller to Buyer.

Some of these economic conditions and in particular specific commodity markets could change materially and affect adversely Seller's project economics in the course of performance of its Work.

The Parties agree that in case of such material changes the Seller will provide the Buyer with all relevant information to present the situation to the Buyer's Customer and substantiate a request for change in price in the Main Contract. This substantiation can be developed, among other approaches, on the basis of escalation formula attached for information in Exhibit 4 as a valuable and transparent indicator of the evolution of economic conditions.

After preparing and reviewing the final argumentation with Seller, Buyer shall do its best efforts to secure from Buyer's Customer an equitable price adjustment to off-set changes in the project/contract execution conditions identified by Seller and shall do its best efforts to have this adjustment formalized in a supplementary agreement to the Main Contract within 60 days.

If and only when, Buyer's Customer agree on the above price adjustment under the Main Contract, Buyer will provide Seller with the entire amount of such price adjustment by amendment to this Contract to properly indemnify Seller from the changes which occurred in the economic conditions of its Work.

Similarly, Buyer shall pass in full to Seller the benefits of price increase approved by Buyer's Customer or Buyer's cost savings, resulting from design optimization performed by Seller in the course of project execution.

5.1.3 In the event of an unforeseeable change in the prevailing market conditions result in increased cost of labor, materials, equipment and/or any other costs associated with Seller's scope the Parties shall seek to agree on an equitable adjustment to the Contract Price and/or guaranteed Delivery Dates of the Equipment, taking into account the relevant changes in market conditions associated with Seller's scope.

## 5.2 Terms of Payment

5.2.1 Payments shall be made at Seller's domicile, without any deduction for cash discount, expenses, taxes, levies, financing charges, fees, duties and the like.

5.2.2 The Contract Price shall be paid in accordance with Exhibit 4 upon

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achievement of the applicable milestones. Milestones of payment shall be finalized on a mutual agreement within thirty (30) days after the Contract signature, provided that the overall profile of the curve of payment submitted by Seller to Buyer (attached in Exhibit 4) shall not be affected.

5.2.3 Buyer shall not set-off any claims it may have against Seller against sums owed to Seller without prior written agreement of Seller.

5.2.4 In case of late payment, the Buyer shall pay interest on the overdue sum for the period of delay at three percent (3%) above the 3 months LIBOR rate for the currency of the Contract Price.

5.2.5 Unless a shorter period is expressly set out elsewhere in the Contract, payments shall be made within thirty (30) days of submission of invoices.

5.2.6 Seller shall be entitled to suspend performance of its obligations under the Contract when payment due is not paid within thirty (30) days from the invoice due date.

5.2.7 Seller will furnish from an internationally reputed bank:

(a) Per Unit, an Advance Payment Bank Guarantee ("APBG") in the amount of 100% of the Advance Payment and on a form substantially similar to the APBG Form provided in Exhibit 8. This guarantee shall:

- (i) be reduced automatically pro rata to the value of Equipment delivered;
- (ii) be issued not later than twenty (20) calendar days after the Commencement Date;
- (iii) expire automatically thirty (30) calendar days after completion of Delivery of the last component of the Equipment for Unit 1 and 2 accordingly whether it is returned or not;
- (iv) contain a calendar expiry date; and
- (v) shall not be transferable.

(b) Per Unit, a Performance Bank Guarantee ("PBG") in the amount of 5% of the Unit Price and on a form substantially similar to the PBG Form provided in Exhibit 8. This guarantee shall:

- (i) be issued not later than twenty (20) calendar days after the Commencement Date;
- (ii) expire automatically sixty (60) calendar days after completion of Delivery of the last component of the Equipment for Unit 1 and 2 accordingly, whether the original bank guarantee document is returned or not;

- (iii) contain a calendar expiry date; and
- (iv) shall not be transferable.

(c) Per Unit, a Warranty Bank Guarantee in the amount of 5% of the Unit Price and on a form substantially similar to the Warranty Bank Guarantee Form provided in Exhibit 8. This guarantee shall:

- (i) be issued not later than thirty (30) calendar days after the delivery of the last component of the Equipment for Unit 1 and 2 accordingly;
- (ii) expire automatically ninety (90) calendar days after expiration of the Warranty Period of the Equipment as per clause 12.1.2, whether the original bank guarantee document is returned or not;
- (iii) contain a calendar expiry date; and
- (iv) shall not be transferable.

### 5.3 Taxes & Duties

5.3.1 The Contract Price includes the cost of all taxes payable by Seller outside of the Territory. All other taxes, import and other duties and charges in the Territory shall be borne and paid by the

Buyer.

5.3.2 The Contract Price is net and exclusive of taxes, withholding taxes, fees, duties and charges, present and future that may be levied in the Territory. If any such taxes or deductions are required to be paid by Seller, Buyer shall increase the amount of its payments to Seller by such amounts in order for Seller to receive the sums net of any deductions.

### 5.4 Financing Clause

When entering into this Contract, the Parties take into account that Rosenergoatom, whether directly or via its subsidiary company Baltic NPP OJSC, intends to finance in Euro the part of Contract pertaining to the scope of manufacturing and supply of ALSTOM Power Systems SA acting as an appointed sub-supplier under the Main Contract. Such financing will be raised under cover provided by the French state export credit agency, namely the COFACE.

In such an event, ALSTOM Power Systems SA will invoice Rosenergoatom directly in Euro and receive direct payments in Euro made upon the instruction of Rosenergoatom.

Upon receipt by Buyer of the notice from Rosenergoatom stating that the financing covered by COFACE in Euro is approved, the Parties shall take all necessary actions to amend the Contract accordingly.

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5.5. Any change in the Scope of Works to be performed by Seller and associated modification of the Contract Price correlated with a change of Buyer's scope of work under the Main Contract shall only apply with receipt of a prior written consent of Buyer's Customer, and after the Main Contract is amended accordingly.

5.6 Any increase of the Contract Price for Change in the governing law defined in article 24.1.1 shall only apply with receipt of a prior written consent of Buyer's Customer and after the Main Contract is amended accordingly.

#### Article 6 Delivery - Transfer of Title & Risk

6.1 Delivery of Equipment shall be CIF port of Kaliningrad region in accordance with Incoterms 2010 (to be specified before any shipment). Partial shipment is permitted. This shall be referred to as "Delivery Term".

6.2 Title in Equipment shall pass to Buyer upon Delivery in accordance with the Delivery Term.

6.3 Risk of loss or damage to the Equipment shall pass to Buyer upon Delivery in accordance with the relevant Delivery Term.

6.4 Buyer shall be the importer of the Equipment and shall be responsible for

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obtaining all import permits, customs clearance formalities and payment of import duties. Should any additional permits, consents or licenses ("Permits") be required for the Delivery of the Equipment, then Buyer shall obtain and maintain at its costs those Permits required of it by the applicable Delivery Term (but excluding any obligation to perform customs clearance formalities at the port of import or to obtain import permits or licenses) or as otherwise expressly required of it under the Contract.

6.5 The Seller shall carry out, or cause Seller's Subcontractor to carry out, a packing inspection of all goods prior to packing for final Delivery. Seller shall notify Buyer twenty three (23) days prior to such inspection of the place and time of this packing inspection and the type of goods involved in order to permit Buyer and/or its authorized representative the opportunity to verify completeness of goods. In such case, Buyer shall bear its own costs for attending the above-mentioned inspection. Seller shall also notify date for shipment of the Equipment. Buyer within eight (8) calendar days after receipt of the Seller's notice shall confirm the exact Equipment shipment date in writing.

Upon completion of the inspection at loading, a packing list will be prepared

by Seller or its Subcontractor. If applicable, a discrepancy report noting any discrepancies or damage shall be issued. The packing list and discrepancy report shall be valid pre-shipment evidence of the status of completeness of the goods. Buyer, or its authorized representative, shall note any discrepancies or observations on the

discrepancy report. The Buyer's participation in verifying completeness of goods shall not release the Seller from liability for an incomplete delivery attributable to the Seller.

The Equipment cannot be shipped without Buyer writing confirmation.

If Buyer or its authorized representative fails to attend any such inspection Seller shall, at its discretion, be entitled to carry out the inspection in the absence of the Buyer, and Buyer shall be deemed to have accepted Seller's inspection. Seller shall then effect Delivery of the goods.

6.6 If Seller is ready to make Delivery of the Equipment (or any part thereof), but is delayed by (i) act or omission of Buyer and/or Buyer's Customer for more than ninety (90) days from shipment date notified by Seller in accordance with clause 6.5 above, (ii) any third party not under the control of Seller, or (iii) Force Majeure event, Seller may effect Delivery to a storage location agreed with Buyer, or in default of such agreement, to a storage location which Seller deems appropriate under the circumstances. Delivery to such location shall constitute completion of Delivery in accordance with the Delivery Term and payment becoming payable upon

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Delivery shall become payable against presentation of warehouse storage certificate. Title in the Equipment and risks of loss or damage to the Equipment shall therefore pass upon completion of Delivery as described above.

In such case, Buyer and Seller shall mutually agree on new date for shipment and delivery of the Equipment. Seller shall transport the Equipment as per the Delivery Term. Buyer shall reimburse Seller for all costs of storage, handling and additional transportation costs reasonably incurred within thirty (30) days of receipt of Seller's invoice for payment of such costs.

6.7 Seller shall have no liability for loss, damage and/or delay attributable to Buyer's Risks. Liability for Buyer's Risks shall remain with Buyer.

#### Article 7. Delivery Time, Extension of Time & Costs

7.1 Seller shall make Delivery of the Equipment in accordance with the Delivery Schedule set forth in Exhibit 2 (Delivery Schedule).

7.2 Seller shall be entitled to reasonable extensions of time and costs in the event of suspension, default, disruption or delay caused by any acts or

omissions of the Buyer, Buyer's other contractors and/or third parties not under the control of Seller, or attributable to Force Majeure. Extensions of time and costs shall also be due in case of Buyer's instructions or variations and/or in the event Seller has been delayed from achieving a milestone necessary to invoice for payment.

#### Article 8. Quality Assurance & Technical Documentation

##### 8.1 Quality Assurance

8.1.1 Seller undertakes to fulfill requirements for quality assurance in compliance with Exhibit 5 to the Contract.

##### 8.2 Technical Documentation

8.2.1 Documentation to be submitted to Buyer is identified in Exhibit 2. The Documentation shall be delivered in accordance with Document Delivery Schedule as per Exhibit 2.

The Parties shall additionally, within a time period of not more than ninety (90) calendar days from the signature of the Contract, agree on the scope, format and dates for the design, engineering, erection, commissioning, operation

and maintenance documentation (including the 3D model of the turbine generator plant) to be furnished by the Seller to the Buyer, by entering into a Supplementary Agreement to the Contract which will define an additional documentation list (Exhibit 2-a).

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8.2.2 Documentation requiring Buyer's review/approval/acceptance are identified in Exhibit 2. Documents that are identified for review/approval/acceptance by Buyer shall be returned to Seller stating the review status and the details of any necessary modifications within fifteen (15) days of receipt by Buyer. In case of failure to meet the deadline for approval of Documentation not attributable to the Seller, Seller shall be entitled to extensions of time and costs, and Buyer shall not be entitled to apply Documentation Delay Liquidated Damages to the Seller. These provisions may be amended by the Supplementary Agreement as per clause 8.2.1.

All of Buyer's comments shall be incorporated in a single transmittal for each document. All documents that are not approved/accepted by Buyer shall be corrected by Seller and resubmitted to Buyer within ten (10) days after receipt thereof, or any other mutually agreed period. Both Parties agree to do their best efforts to limit the number of iteration to 2 for each document. These provisions may be amended by the Supplementary Agreement as per clause 8.2.1.

The rules for Documentation numbering/coding, the format in which it should be furnished, the methods of dispatch will be defined in a Supplementary Agreement to the Contract, as per clause 8.2.1.

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8.2.3 Any request for changes in the Documentation, other than a request to amend a feature which is non-compliant with the Contract and the Supplementary Agreement to the Contract, as per clause 8.2.1, shall be treated as a request for a Change Order in accordance with Article 19.1.

8.2.4 To the extent that the Contract and the Supplementary Agreement to the Contract, as per clause 8.2.1 call for Seller's review and comment on Buyer provided information, Seller shall give its comments in good faith, but Seller shall have no liability for the accuracy or completeness of such information review or comments or for any use made thereof.

8.2.5 In case of any delay and/or modifications caused or imposed by Buyer and/or Buyer's Customer and/or Owner and/or any third parties not under the control of Seller or any governmental body having authority over the Project, including without limitation on a document already approved, Seller shall be entitled to additional costs and extension of time for the associated re-works. Implementation of modifications shall be subject to prior approval in accordance with Article 19.1.

8.2.6 All Documentation shall be provided in English.

8.2.7 In the event of any defect or omission in the Documentation, Buyer's remedy shall be to require the Seller to promptly and diligently correct such defect or omission.

8.2.8 The Parties understand that Clause 10.14 of the Main Contract provides for large Documentation delay liability of the Buyer towards the Buyer's Customer. The Parties recognize that seamless engineering communication between Seller and Buyer is key in managing the process of issuing Documentation to Buyer's Customer.

In order to optimize this communication, Seller will help that the Documentation issued by Seller is well understood by Buyer, Buyer's Customer and General Designer, and that questions or expectations of Buyer are well addressed by Seller.

## Article 9. Environmental & Safety Responsibilities

9.1 Buyer shall be responsible for pre-existing conditions at the Site, including pollution, contamination, Hazardous Substances and for the generation, emission, handling, storage, removal or disposal of such substances. Buyer shall defend, indemnify, and hold harmless Seller (including its Affiliates and/or Subcontractors) from any claims, liability, or damage arising out of or related to the Hazardous Substances for which Buyer is responsible under this Article 9.1, except to the extent that any such claims, liability, or damage are caused by the negligence of Seller, its Affiliates or Subcontractors.

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9.2 (a) The Parties agree that the Site areas where Seller's employees/personnel will perform Work shall be free of Hazardous Substances, including asbestos, and that Seller's employees/personnel shall not be exposed to Hazardous Substances. Seller shall not be required to perform any work in any areas where a health or safety hazard exists, or is reasonably suspected to exist. In case Hazardous Substances are encountered on Site by the employees/personnel of a Party during the course of carrying out the Work, such Party shall immediately notify the other Party. Seller will be entitled to stop its Work in progress and remove its employees/personnel from the concerned area until the Hazardous Substances are removed. Buyer shall be responsible for, and Seller shall not be involved in, removal and disposal of Hazardous Substances and costs related thereto.

(b) The Parties shall immediately liaise to determine the actions necessary to minimize delays, if any, to the Work as a result of Hazardous Substances. The time for performance of the Work shall be extended accordingly. Buyer shall reimburse Seller's costs incurred for Buyer's non-compliance with this Clause 9.2.

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(c) Should any claim be made by Seller's personnel or any third party against Seller as a result of the presence of Hazardous Substances at Site (except through the negligence of Seller, its Affiliates or Subcontractors), Buyer shall indemnify and hold harmless Seller against any and all losses, damages, costs and expenses awarded against or incurred by Seller.

9.3 Seller shall be entitled to immediately withdraw its personnel from the Site or the Territory if, in Seller's opinion, there exists a significant threat of terrorism, hijack, public disorder or victimization of individuals associated with the Site, or similar risks exists in the area to the public generally. To the extent that matters referred to in this Article 9.3 occur without the fault or negligence of Seller, then Seller shall be entitled to relief in time from performance of its obligations and reimbursement of its costs, including additional travel, waiting time, accommodation, demobilization from and remobilization to the Site.

## Article 10. Inspection & Tests

10.1 Inspection and testing of the Equipment prior to Delivery shall be carried out by Seller in accordance with the Exhibit 5. Seller shall notify Buyer of the scheduled date of Buyer Witness Points not later than twenty three (23) days prior to the inspection or test. Buyer shall notify Seller in writing of its absence or presence at the inspection

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or test no later than five (5) days after receipt of Seller's notification of the inspection or test. Seller shall provide Buyer reasonable escorted access to manufacturing facilities to witness the inspection and testing.

Buyer shall not be entitled to require Seller to postpone or reschedule inspection or testing for any reason except for cases described in Exhibit 5. If, following a written notice of the Seller, Buyer does not attend an inspection or test at the appointed place and time, Buyer shall be deemed to have waived its right to witness such inspection or test.



Representatives of the Buyer's Customer, Prime Contractor, Construction Manager and Buyer's authorized organization shall have the right to perform check points acceptance in accordance with Quality Plans. For accommodation conditions for the said visiting representatives see Exhibit 12.

10.2 Any request by Buyer to amend the Buyer Witness Points shall be made in writing by Buyer not later than ten (10) weeks prior to Seller's scheduled date for such inspection or test. Such request shall be treated as a Change Order in accordance with Article 19.1 herein. Seller shall endeavor to accommodate any such request, provided that such request can be

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reasonably accommodated by Seller and its Subcontractors without disruption of the Work or work for other customers.

10.3 In case of a non-conformance of the Equipment with the Technical Specifications, Seller shall submit to Buyer in accordance with the Exhibit 5 and Seller's Quality Assurance program a correction plan giving details on the methodology Seller intends to implement to rectify such non-conformance. For non-conformances that can be corrected at a later stage, Seller shall not be prevented from proceeding with the Work, including shipment of the Equipment.

10.4 The Seller will provide necessary data for development of ToR (Terms of Reference) /TC (Technical Conditions) and test program for the Equipment and deliver technical support to enable the Buyer to get approval of them by Buyer's Customer.

#### Article 11. Provisional Acceptance

11.1 Provisional Acceptance for a Unit shall occur as soon as the respective Unit passed Provisional Acceptance test as defined in Exhibit 6 ("Provisional Acceptance Test"). Provisional Acceptance of any single Unit shall take place independent of any other Unit's Provisional Acceptance.

11.2 Provisional Acceptance shall occur the earliest of: (i) for Unit 1 – 29th

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March, 2018, and for Unit 2 – 29th March, 2020 ("End-Date"), (ii) as soon as the Provisional Acceptance Test is successfully achieved for the respective Unit in accordance with Article 11.1, or (iii) upon Commercial Operation of the respective Unit.

Should Provisional Acceptance of a Unit not occur by the End-Date, Provisional Acceptance of such Unit shall be deemed to have occurred and shall produce all effects attached to Provisional Acceptance under the Contract. For the avoidance of doubt the End-Date shall not be extended for any reason other than delays attributable to events of Force Majeure or suspension of work.

11.3 If any part of the Equipment is used (except for the purposes of commissioning, start-up or carrying out the Provisional Acceptance Test) then Provisional Acceptance of that part or any other part used in connection therewith shall be deemed to have issued. If the Equipment is so used then the technical Performance Guarantee shall be deemed to have been successfully achieved and shall produce all effects of Provisional Acceptance under the Contract.

#### Article 12. Warranty & Defects Liability

##### 12.1 Warranty of Equipment

12.1.1 Seller warrants that the Equipment when delivered will be free of defects in design, material and workmanship ("Warranty" or "Defects Liability").