

...

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

Baltic NPP Unit 1 & Unit 2 - Equipment Supply Contract/ March 20th, 2012
CONFIDENTIAL DOCUMENT

...

CONTENTS

Terms and Conditions of the Contract

Article 1. Definitions and Interpretations
Article 2. Contract Effectiveness and Commencement of Work
Article 3. Seller's Scope of Work
Article 4. Buyer's Obligations
Article 5. Price, Terms of Payment, Taxes & Duties, Financing
Article 6. Delivery – Transfer of Title & Risk
Article 7. Delivery Time - Extension of Time & Costs
Article 8. Quality Assurance & Technical Documentation
Article 9. Environmental & Safety Responsibilities
Article 10. Inspection & Tests
Article 11. Provisional Acceptance
Article 12. Warranty & Defects Liability
Article 13. Contractual Liquidated Damages and Performance Guarantee
Article 14. Compensation
Article 15. Nuclear Liability & Insurance
Article 16. Limits of Liability

Baltic NPP Unit 1 & Unit 2 – Equipment Supply Contract/ March 20th, 2012
CONFIDENTIAL DOCUMENT

Article 17. Insurance
Article 18. Default, Suspension & Termination
Article 19. Changes in Law & Change Orders

Article 20. Confidentiality
Article 21. Intellectual Property Rights
Article 22. Subcontract
Article 23. Force Majeure
Article 24. Applicable law & Dispute Resolution
Article 25. Notice
Article 26. General Provisions
Article 27. Export Control
Article 28. Legal Addresses and Banking Details of the Parties

List of Exhibits

Exhibit 1 - Technical Specifications
Exhibit 2 - Delivery Schedule
Exhibit 3 - Contract Schedule
Exhibit 4 - Terms and Conditions of Payments
Exhibit 5 - Quality Management
Exhibit 6 - Performance Guarantee, Performance Test and Heat Balance
Exhibit 7 - Termination Schedule
Exhibit 8 - Advance Payment Bank Guarantee Form, Performance Bank Guarantee Form

Baltic NPP Unit 1 & Unit 2 – Equipment Supply Contract/ March 20th, 2012
CONFIDENTIAL DOCUMENT

Exhibit 9 - Approved Subcontractors List
Exhibit 10 - End User Certificate Template
Exhibit 11 - Change Order Form

Exhibit 12 - Conditions of Staying Buyer's Customer's, Prime Contractor's, Buyer's Customer-Developer's and Buyer's Authorized Organization's Specialists at Buyer's/Seller's/Subcontractor's Production site

Exhibit 13 - Cost Calculation Form

[SIGNATURE]

Baltic NPP Unit 1 & Unit 2 – Equipment Supply Contract/ March 20th, 2012
CONFIDENTIAL DOCUMENT

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

Baltic NPP Unit 1 & Unit 2 – Equipment Supply Contract/ March 20th, 2012
CONFIDENTIAL DOCUMENT

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.

Baltic NPP Unit 1 & Unit 2 – Equipment Supply Contract/ March 20th, 2012

CONFIDENTIAL DOCUMENT

"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.

Baltic NPP Unit 1 & Unit 2 – Equipment Supply Contract/ March 20th, 2012
CONFIDENTIAL DOCUMENT

"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

Baltic NPP Unit 1 & Unit 2 – Equipment Supply Contract/ March 20th, 2012

CONFIDENTIAL DOCUMENT

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.

Baltic NPP Unit 1 & Unit 2 – Equipment Supply Contract/ March 20th, 2012

CONFIDENTIAL DOCUMENT

“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,