**SUPPLY CONTRACT**

**No. \_\_\_\_\_\_\_\_**

«\_\_\_»\_\_\_\_\_\_\_\_\_ 2012

1. PARTIES

(A) \_\_\_\_\_\_\_\_\_\_, a legal entity established and organized under the laws of \_\_\_\_\_\_\_\_\_\_, located at \_\_\_\_\_\_\_\_\_\_  ("Supplier") and

(B) \_\_\_\_\_\_\_\_\_\_ LLC, a legal entity established and organized under the laws of the \_\_\_\_\_\_\_\_\_\_  ("Purchaser")

have concluded the present Сontract as provided herein below:

**2. SUBJECT MATTER**

 2.1. The Supplier shall manufacture, deliver equipment \_\_\_\_\_\_\_\_\_\_\_\_. The Purchaser shall accept and pay for equipment, tooling, facilities, spare parts and other related goods (hereinafter - "Goods"), in accordance with the Invoice. The Invoices are stated in accordance with purchase notifications (Annex №1) and specification №1 (Annex №2).

2.2. While performing their obligations under the Contract, the Parties are required to follow the provisions of the Contract and the \_\_\_\_\_\_\_\_\_\_ (\_\_\_\_\_\_\_\_\_\_) dated \_\_\_\_\_\_\_\_\_\_ (hereinafter - the "Global Terms and Conditions"), which are submitted to the Supplier at the time of signing this Contract. The Global Terms and Conditions shall apply as long as they do not contradict the applicable Russian legislation.

2.3. Term delivery of the Goods – not later than \_\_\_\_\_\_\_\_\_\_ - \_\_\_\_\_\_\_\_\_\_

**3. REQUIREMENTS TO GOODS**

 3.1. All goods must be accompanied by relevant certificates issued in accordance with the laws of the Russian Federation.

 3.2. This product and all its parts, and materials used must be new, not previously installed.

 3.3. Supplied goods should be quantitative measures in accordance with the Annexes to the agreement.

 3.4. The quality of the Goods delivered and the warranty should be provided a quality management system in production that is certified in compliance with the requirements of GOST of Russia.

 3.5. The supplied goods shall conform to applicable standards and regulations for fire, sanitary and electrical safety, regulations on industrial safety in its operation, the requirements for ergonomics and electromagnetic compatibility in accordance with the nomenclature of the Goods in respect of which the legislative acts of the Russian Federation provides for the mandatory certification.

**4. DOCUMENTS**

4.1 The Goods to be supplied shall be accompanied by the documents listed below. Any other documents will be subject to additional negotiations between Purchaser and Supplier.

4.2. Certificates mentioned in items 3-6 are issued for the Goods subject to mandatory certification and provide the Purchaser prior to shipment of equipment for the presentation of public authorities.

4.3. The copies of the documents mentioned in items 1-8 shall be faxed and e-mailed by the Supplier within 24 hours after the shipment of the Goods at the addresses given by the Purchaser.

4.4. All documents mentioned in items 9-17 shall be wrapped in waterproof paper and packed together with the Goods into the case which should be additionally marked as follows: “Technical documentation”. On the receipt of the documents the Supplier and the Purchaser sign acceptance act.

4.5. All manuals should be made in Russian or English.

4.6. The Supplier will issue Invoices at the time of shipment.  Each Invoice shall include, without limitation: \_\_\_\_\_\_\_\_\_\_

Per each item: \_\_\_\_\_\_\_\_\_\_

Packing price and transportation costs (if applicable under the terms of delivery) should not be indicated separately but should be included in the unit price and total cost of the Goods. Minimum of three (3) originals of every Invoice should be provided to the Purchaser.

**5. DELIVERY TERMS**

5.1. The term of delivery shall be \_\_\_\_\_\_\_\_\_\_, Russian Federation in accordance with INCOTERMS 2010.

5.2. In case of any changes in the mentioned above delivery address (4.6 3), the Purchaser shall send a written notice to the Supplier informing about the new delivery address two (2) weeks prior to the date of shipment and will agree with the Supplier about the modification of the Letter of credit , if necessary.

 The Supplier shall notify the Purchaser about the delivery date not later than five (5) working days prior to the delivery.

5.3. Delivery of the Goods is carried out only after the preliminary acceptance of the Goods according to the list of Goods (mentioned in Annex No. 2to the present contract) at Supplier’s place by Purchaser`s representatives fulfilled in the following way:

5.3.1. In 40 calendar days before preliminary acceptance the Goods the Supplier should notify the Purchaser about readiness to accept Purchaser`s representatives for pre-acceptance. The Purchaser dispatches 2 specialists for participation in preliminary acceptance of the Goods for 5 working days. The Supplier provides visa support for Purchaser`s specialists.

5.3.2.  After preliminary acceptance of the the Goods at Supplier`s premises with participation of Purchaser`s specialists the Parties shall sign the Goods preliminary acceptance Protocol.

5.3.3. If defects or discrepancy of the Goods specification with the contract conditions will be ascertained during preliminary acceptance the Supplier has to eliminate defects and repeat the preliminary acceptance. In this case the Supplier should bear all costs for additional staying of Purchaser`s specialists.

5.4. Delivery as per the  present contract is considered fulfilled, if the following terms are kept by the Supplier:

- the Goods are delivered to the delivery place according to the contract terms within the ordered content and of appropriate quality

- the Purchaser received the set of the shipping documents issued for its name along with the cargo.

- the Purchaser has released in the hands of  the Supplier’s Carrier 1 (one) photocopy of the transport document (CMR) with its stamp and date in original . Stamp pattern must  correspond to that shown in the  Letter of Credit.

- Purchaser is obtained from the carrier:

  1. Explanation for the cost of transporting goods to the customs border of the Customs Union to the importation of goods into the Russian Federation.

 2. Explanation of the cost of transporting the goods after crossing the customs border of the Customs Union to import goods in Russia.

5.5. In case of extra logistics expenses with regards to the delivery of the Goods and documents  caused by the delay of delivery  by Supplier and/or wrong or insufficient information and documentation the Supplier shall reimburse the Purchaser such proved extra logistics expenses on the basis of the written claims issued by the Purchaser and in the amount proved and specified in such claim on the first demand and promptly upon the presentation of relevant documents evidencing such expenses after mutual agreement of such claims.

5.6. The Supplier shall notify the Purchaser regarding any special transportation and storage requirements with regard to delivery of the Goods.

5.7. The Supplier shall guarantee that there are no dangerous goods and materials among the Goods.

**6.  ACCEPTANCE OF GOODS**

6.1. The Purchaser shall check the Goods on conformity with the quantity, quality, and integrity of the packing as well as the conformity to the data specified in the shipping documentation, at the delivery address. The Purchaser shall confirm the receipt by the signing of the documents hereof

6.2. If the Purchaser has any claims concerning the Goods, including if the Goods supplied does not comply with the Purchase Notification, the Purchaser shall send to the Supplier the claim within 60 (sixty) days since the date of the receipt to the Purchaser’s Warehouse, located at the address specified in Article 4 hereof, and which shall specify the following:

(1) Number and date of the Contract;

(2) Description of the Goods;

(3) Volume and price of the relevant Goods;

(4) Transportation documents with respect to the Goods;

(5) Description of claims of the Purchaser.

The Purchaser shall send to the Supplier the Act on Revealed Discrepancies in Quantity or Quality of Imported Goods along with the claim, using the form attached as the Annex No.1 hereto.

6.3. The Supplier shall be obligated, at its own expense, to take out any of the Goods, which the Purchaser refused to accept due to non-compliance of these goods to the quality, quantity requirements or assortment, or, if so requested by the Purchaser, to replace such Goods or with the goods complying to the relevant Purchase Notification or to supply.

6.4. If the quantity of the delivered by the Supplier Goods is higher then the quantity ordered by the Purchaser in the Purchase Notification and the excess will be seized by the Russian customs authorities, the Supplier shall organize and carry out their return and bear the costs of the return of excess Goods on its own expense.

6.4.1. All costs for disposal, the state duty payment and customs clearance of the excess of the Supplier, the Supplier shall pay their own expenses.

6.5. If the delivered Goods does not comply with quality or assortment requirements, the Purchaser has the right to receive the replacement of such Goods with the goods complying to the relevant Purchase Notification or the Purchaser has the right to receive from the Supplier the compensation of the expenditures for fixing, repairing and bringing the Goods or packing to the condition suitable for further use.

In this case, the Supplier, at the request of the Purchaser shall arrange for the delivery of the Goods within the period specified by the Purchaser, its transport and at their own expense. In case of impossibility of delivery for urgent change, the Contractor shall, within five (5) working day written notice to the Purchaser. In this case, as well as in the case of no response within the specified period, the Purchaser shall have the right to organize emergency supply of similar goods from other suppliers.

6.6. Acceptance of the Goods for the Purchaser exercises the quality of the Goods after the installation and commissioning. At the expiration of ten (10) further shifts smooth operation of the pipeline in case of malfunctions or defects by the Purchaser the Goods delivered, the buyer must send the claim to the Supplier under the p.6.2.

**7. PACKING**

7.1. Goods should be packed up meeting requirements of normative documents and ensuring safety and quality of product during its transportation and storage.

7.2. The packing and corrosion protection shall secure full safety of the Goods from any kind of damage or corrosion if it does not arise from abnormal or accidental occurrences the packing is not designed for, when the Goods are transported by truck. The packing is to be fit for transshipments by crane or forklifts.

Packing size pallets more than should be marked with the center of gravity.

7.3.The Supplier shall draw up for each case, a detailed packing list stating the number of packed  items, their type or model, number of  items as per specification, net and gross weight and contact number.

7.4. The Supplier shall be held liable to the Purchaser for any damage, injury or breakage occurred to the Goods due to improper packing and for corrosion caused by insufficient or inadequate corrosion protection of the Goods.

7.5.The packing shall be non-returnable unless otherwise agreed by the Parties in writing.

**8. PRICE**

8.1. The price of the Goods will be in Euro and will be indicated in the Annex №2. More detailed schedule of the Goods shall be specified in the Purchase Notification and in the Invoice.

**9. VALUE OF THE CONTRACT**

9.1. The total maximum value of the Goods to be supplied under this Contract is \_\_\_\_\_\_\_\_\_\_\_\_\_  Euro 00  eurocents (\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Euro  00 eurocents).

9.2. The total aggregate purchase price of all Goods purchased hereunder shall not exceed such amount.

**10. PAYMENT**

10.1. All payments for Goods shall be made by means of documentary, irrevocable letter of credit opened in favor of the Supplier  on the contract sum without VAT \_\_\_\_\_\_\_\_\_\_  Euro 00  eurocents (\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Euros  00 eurocents).

10.2. Issuing bank is \_\_\_\_\_\_\_\_\_\_. Advising and Nominated bank is \_\_\_\_\_\_\_\_\_\_ or another acceptable bank, timely indicated by the Supplier.

Partial shipments and partial drawings under the Letter of Credit are allowed.

10.3.Letter of credit shall be  opened on the \_\_\_\_\_\_\_\_\_\_   - \_\_\_\_\_\_\_\_\_\_ as the latest if the following preconditions are fulfilled :

1) the Supplier provides the Purchaser with the document that confirms the fact the Supplier is the Federal Republic of Germany resident according to the Agreement between Russian Federation and \_\_\_\_\_\_\_\_\_\_  on Avoiding Double Taxation of Income and Property Value.  Confirmation document must  be assured by the state authority of the Germany or other appropriate representative authority and apostiled.

2) the Supplier notifies the Purchaser about readiness for Goods delivery.

10.4. The Letter of Credit will be available at the Nominated bank by deferred payment \_\_\_\_\_\_\_\_\_\_ banking  days  from the invoice date against presentation of the following documents: \_\_\_\_\_\_\_\_\_\_

Each document to be presented under Letter of credit must contain:

1) Contract  number and date

2) Letter of credit number

Additional conditions to be written in the letter of Credit:

1) Hand written documents accepted

2) Typographical or spelling errors shall not constitute a discrepancy unless with regard to quantity and amount

3) Stamps and or head papers accepted in any languages

Letter of credit documents shall be prepared in English

10.5. All documents shall be given to Negotiating bank within \_\_\_\_\_\_\_\_\_\_ calendar days from the delivery date, i.e. the date appearing in the photocopy of CMR with the original dated stamp of the Purchaser,  but within the expiry date of letter of credit – \_\_\_\_\_\_\_\_\_\_ - \_\_\_\_\_\_\_\_\_\_

10.6. The letter  of credit shall be corresponded \_\_\_\_\_\_\_\_\_

10.7. All expenses  and commissions for opening,  modification, confirmation and execution of the letter of credit on the territory of the Russian Federation shall be paid by the Purchaser and all expenses beyond the bounds of the Russian Federation shall be paid by the Supplier.

10.8. In case of necessity to prolong or renew the letter of credit because of breaching contract liability by the Supplier, the Supplier bears all costs and fees for the extension and renewal of letter of credit .

10.9. In case of cancellation contract, the Supplier shall undertake every possible actions without delay  in order to cancel the letter of credit opened according to this contract.

**11. NOTICES**

11.1. All notices, inquiries, invoices and other communications provided hereunder shall be forwarded by the Purchaser at the addresses and to the numbers set forth below:

11.2. All notices, inquiries, invoices and other communications provided hereunder shall be forwarded by the Supplier at the address, specified at the end of the Contract.

**12. LIABILITY OF THE PARTIES.**

12.1. If obligations for this Contract, annexes or additional agreements failed to be performed or are improperly performed, the Parties shall bear responsibility in accordance with the legislation of the Russian Federation.

12.2. Claims for damages with respect to consequential or financial damage (e.g. costs of loss of production, loss of profit) are excluded.

**13. FORCE MAJEUR**

13.1. The Parties shall be exempt from liability for full or partial failure to perform obligations under this Сontract in case of force majeure; the circumstances shall be testified by the Chamber of Commerce of the Russian Federation or by another appropriate body according to its established procedure.

13.2. Performance of the Parties’ obligations shall be respectively transferred for the period of effect of force majeure or their consequences. It is compulsory that either party notifies the other Party in written form of its impossibility to execute the obligations according to the Contract not later than three (3) working days from the date the mentioned circumstances come into effect.

13.3. If these circumstances last for more than 30 (thirty) consecutive working days, either Party shall have the right to refuse further performance of obligations under the Contract, having notified the other Party about the Contract termination 2 (two) weeks beforehand and having coordinated all issues in question and final settlement arrangements.

**14. CONFIDENTIALITY**

14.1. The Parties shall treat all information under this Contract, financial, commercial and other information, including the information on costs and validity of the Contract, volume of supplies and plans on future cooperation of the Parties as confidential.

**15. ARBITRATION**

15.1. The Parties shall take efforts to resolve any disputes and claims resulting from or in connection with this Contract by negotiations.

15.2. If the dispute cannot be resolved in an amicable way through negotiations within thirty (30) calendar days since the date of starting such negotiations, the matter shall be referred for final settlement to the Arbitration court at Tatarstan.

**16. TERMS OF VALIDITY AND CONTRACT TERMINATION**

16.1. This Contract shall become effective from the moment of it's signing by the Parties and will be valid till \_\_\_\_\_\_\_\_\_\_\_, but in any case until the full implementation of its obligations.

16.2. This Contract may be unilaterally terminated by the Purchaser at any time upon written notice provided to the Supplier not less than fifteen (15) calendar days before the expected date of termination.

16.3. The Purchaser has the right to unilaterally terminate the Purchase Notification, if the Supplier is late with the delivery of the Goods for the time exciding twice the period of the delivery specified in the Purchase Notification. In case such termination occurs, the losses of the Supplier will not be compensated.

**17. SPECIAL CONDITIONS**

17.1. The Purchaser shall have the right to send its authorized representatives at any reasonable time to inspect and review any documents and materials in or under the Supplier’s possession or control, which concern the performance by the Supplier of its obligations.

17.2.The Supplier shall keep all accounting documents, records and other documentation relevant to this Contract and the performance hereunder within a period of two years as of the date of expiration or early termination of this Contract.

**18. MISCELLANEOUS**

18.1. This Contract has been executed in 2 (two) originals, each in the English and Russian languages. In case of any discrepancies the Russian text shall prevail.

18.2. All changes to this Contract are valid only if they are made in writing and signed by both parties.

18.3. This Contract and changes to the Contract (addendums, annexes, etc.) may be executed by exchange of signed copies of the Contract or changes to the Contract by fax.

**19. WARRANTY**

19.1. The Supplier warranties:

19.1.1. That the delivered new goods meet the high standards for this kind of the goods by the date of signing the contract.

19.1.2. High quality of materials used in the goods, perfect workmanship and high production and assembling engineering quality.

19.1.3. That the delivered goods were produced in full compliance with the description, technical specifications and provisions of this contract and its Appendixes.

19.1.4. That the scope of supply and quantity of the delivered goods meet the provisions of this contract and its Specifications (Appendixes).

19.1.6. That the Supplier possesses the necessary rights to all patents and licenses as related to the new goods delivered under this contract, engineering processes, software, knowledge and experience. Should any third party assert a claim for infringement of patent or license rights for the new goods and should the Purchaser be sued, the Supplier undertakes, at his own expense, to defend the Purchaser, provided that the Purchaser informs the Supplier about such a sue well in advance. The Supplier undertakes, at his own expense, to defend, the procedure being left, at his disposal, and in case of adjudication the Supplier shall undertake direct expenses related with infringement of such rights under the court decision.

19.2. The warranty period for normal and trouble-free operation of the goods are 24 months from the date of the Act of Acceptance signing (J1)   and confirmation of main characteristics execution of bodies quality and capacity of the Goods.

19.3. Should within the warranty period some unit of the goods become defective and/or non-complying with the contract, the Supplier shall upon the Purchaser's request and within the reasonable period without any Purchaser’S additional payment eliminate the defects found by repairing them or replacing the defective goods or its parts under \_\_\_\_\_\_\_\_\_\_\_. The Supplier is obliged to reimburse all the expenses, including customs fees, customs broker services, arising from import of new units instead of claimed ones. The invoice shall be made on the basis of Customs Declaration issued for customs registration of the parts, sent instead of claimed ones.

19.4. The defective goods or its parts replaced shall be returned to the Supplier upon his request and at his own expense within the time agreed by the parties. All transportation and customs expenses related to return and/or replacement of the defective parts shall be borne by the Supplier.

19.5 The said warranty period for the rectified goods or its parts supplied instead of defective ones shall be prolonged by the period during which they could not be used because of the revealed defects.

When the warranty time has expired, then the Purchaser shall not be entitled to make any claims for defects against the Supplier.

19.6 The post-guarantee-service will be carried out according to a separate agreement between Supplier and the Purchaser.

19.7 The supplier shall study the Purchaser claims and if necessary send its specialist to solve the claims within 5 working days after claims being received.

**20. LEGAL ADDRESSES AND BANK INFORMATION OF THE PARTIES**